



III. Foreign Trade and Foreign Exchange Developments in the Republic of Macedonia

Basic indicators for the foreign trade and foreign exchange developments

	month	(in US Dollar million)	Monthly changes in %	I-VI.2003 (in US Dollar million)	Changes in %
					compared to the same period of the previous year
Foreign trade	VI.2003	288.9	-12.0	1,751.1	24.2
Export	VI.2003	112.5	-6.3	644.5	27.0
Import	VI.2003	176.4	-15.3	1,106.6	22.5
Balance	VI.2003	-64.0	-27.5	-462.2	16.8
					compared to the end of the previous year
Foreign debt	VI.2003	1,615.4	-1.1	-	6.4
					compared to same month of the previous year
Exchange rate on foreign exchange market (Denars per unit foreign currency)	VI.2003				
MKD / USD		53.69	3.4		-13.5
MKD / EURO		61.28	-0.2		0.5

Source: State Statistical Office of the Republic of Macedonia and National Bank of the Republic of Macedonia



3.1.

Foreign trade¹³

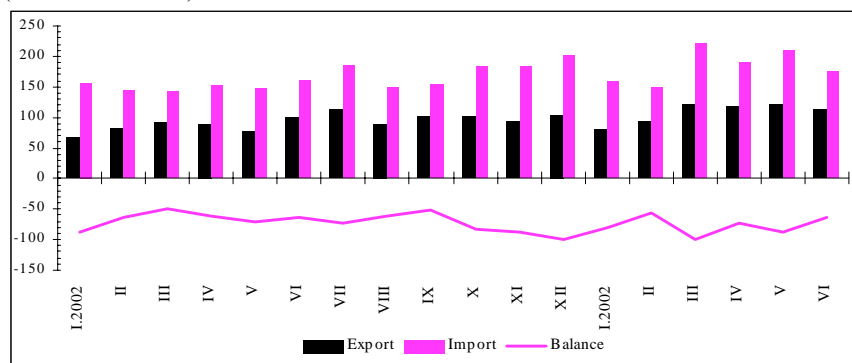
In June 2003, the foreign trade of the Republic of Macedonia decreased by 12.0% on a monthly basis...

... with a simultaneous decrease in the export and import of goods being registered

In June 2003, both basic components of the foreign trade of the Republic of Macedonia, the export and the import, registered a monthly decline of 6.3% and 15.3%, respectively, causing a decrease in the total volume of the trade of 12.0%. In June 2003, the total volume of the foreign trade of the Republic of Macedonia equaled US Dollar 288.9 million, while export and import amounted to US Dollar 112.5 million and US Dollar 176.4 million, respectively. In the structure of the exports¹⁴, in June 2003, the dominant share of 25.1% accounts for the "clothes"; "iron and steel" participate with 18.9%, while 12.9% of the exports account for "beverages and tobacco". The monthly decrease in the exports is due to the decline in all export products of higher importance, i.e. in "iron and steel" of 13.5%, "refined petroleum products" of 12.0%, and "clothes" of 10.3%. Regarding the structure of the imports, in June 2003, the most significant share in the total imports of 5.3% accounts for the "motor vehicles"; then "petroleum and refined petroleum products" with their share being equal to 5.0%, and the import of "iron and steel" the participation of which in the total imports equals 4.8%. The monthly decrease in the imports is primarily due to the lower import of petroleum and refined petroleum products (monthly decline of 47.1%), as well as the significant drop in the import of clothes, due to the high comparison base (the import of clothes in June was one tenth of the import registered in May, when the highest import of clothes on a monthly basis in the last five years was registered). In line with such movements, the trade balance deficit equaled US Dollar 64.0 million, which is a decrease of 27.6% on a monthly basis.

The annual comparison (June 2003 / June 2002), shows that the total foreign trade of the Republic of Macedonia registered an increase of 10.9%, with an increase being registered in both the exports and the imports of 14.3% and 8.9%, respectively. The trade deficit slightly increased by 0.6% on annual basis.

Chart 24
Exports, imports and balance of foreign trade
(in US Dollar million)



¹³ Preliminary data of the Statistical Office of the Republic of Macedonia. The export of goods is presented on f.o.b. basis, while the import of goods is presented on c.i.f. basis

¹⁴ The share of certain products is based on the division in sectors and units, according to the system of the international trade classification.



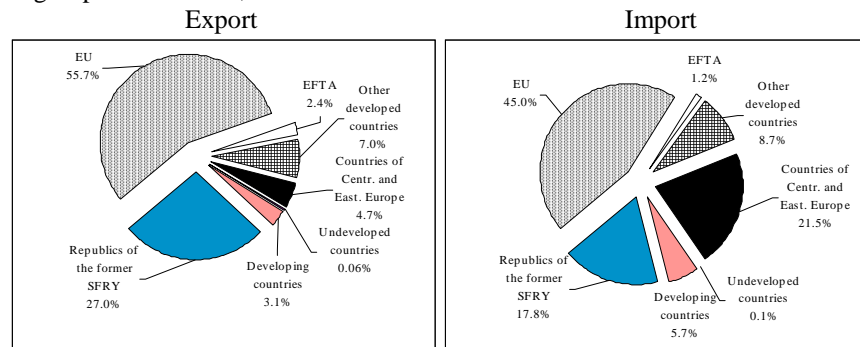
In the first half of 2003, an increase in the foreign trade of 24.2% was registered

In the first half of 2003, the foreign trade of the Republic of Macedonia reached US Dollar 1,751.1 million, which is a cumulative increase of 24.2%. Increase in the export component of 27.0% was recorded, with an increase in the imports of 22.5% being registered (the exports and the imports reached US Dollar 644.5 million and US Dollar 1,106.6 million, respectively during the analyzed period). From the aspect of the structure of the exports, in the January - June 2003 period relative to the same period of the previous year, the sale of iron and steel increased by 75.2%. This is due to the improved performances of the domestic steel industry, as well as to the strengthened cooperation among the steel industries in the region directed towards its improvement. Simultaneously, the textile industry (it almost completely refers to the further processed products) registered an increase in the export of clothes of 29.0% compared to the same period of the previous year. Regarding the imports, the analysis made from the aspect of separate products, in the first half of 2003, points to an increase in the import of iron and steel of 60.8%, and in comparison with the same period of the previous year, "petroleum and refined petroleum products" increased by 43.0%, while the import of "medical and pharmaceutical products" increased by 36.7%. The import - export coverage ratio in the January - June 2003 period equals 58.2%, which is an improvement of 2.0 percentage points compared to the same period of the previous year.

European Union - dominant group of countries in the foreign trade of the Republic of Macedonia

In the January - June 2003 period, 55.7% of the total amount of exported goods were placed the European Union (EU), while 45.0% of the total imported goods in the Republic of Macedonia originate from the EU. During the analyzed period, compared to the same period of the previous year, the export to EU increased by 32.9%, while the import by 23.8%, so the export-import coverage ratio with the EU equals 72.1%. The placement of goods in the Republics of the former SFRY, increased by 16.3%, while the import from this region increased by 17.0%. The placement of goods in the Central and Eastern European countries registered an increase of 23.3%, while the imported goods originating from these countries increased by 26.9%.

Chart 25
Foreign trade of the Republic of Macedonia according to groups of countries, I-VI.2003



In the first six months of 2003, observed from the aspect of individual countries, the most important trading partners of the Republic of Macedonia are the following: Germany (with its share in the total foreign trade being equal to 15.8%), Greece (14.8%) and Serbia and Montenegro (13.0%). In the first half of 2003, compared to the same period of the previous year, the export to and the import from Germany increased by 16.3% and 13.8%, respectively; the export to and import from Greece increased by 64.0% and 63.3%, respectively; and the export to and the import from Serbia and Montenegro is higher by 15.4% and 26.7%, respectively. The import - export coverage ratio with Germany, Greece and Serbia and Montenegro equals 93.3%, 49.6% and 117.4%, respectively.