



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-X.2003 (in US Dollar million)	Changes in %
					compared to the same period of the previous year
Foreign trade	X.2003	335.5	11.9	2,950.8	18.2
Export	X.2003	124.6	6.1	1,105.1	20.9
Import	X.2003	210.9	15.7	1,845.7	16.7
Balance	X.2003	-86.3	33.1	-740.6	10.9
					compared to the end of the previous year
Foreign debt	X.2003	1,691.0	3.0	-	11.4
Exchange rate on foreign exchange market	X.2003				
					compared to the same period of the previous year
(Denars per unit foreign currency)					
MKD / USD		52.18	-2.6		-16.0
MKD / EURO		61.24	0.1		0.4

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



3.1.

Foreign trade⁶

In October 2003, the foreign trade registered monthly increase of 11.9%...

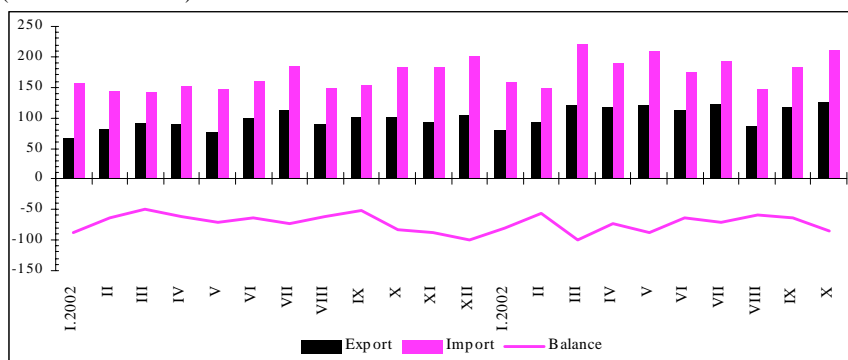
...with more dynamic increase being registered in the import of goods

In October 2003, the foreign trade of the Republic of Macedonia registered monthly increase of 11.9%, and equaled US Dollar 335.5 million. The export reached US Dollar 124.6 million, which is an increase of 6.0% compared to the previous month, while the import increased by 15.7% and equaled US Dollar 210.9 million. Having in mind the increased dynamics in the import, the trade deficit increased by 33.4% on a monthly basis and equaled US Dollar 86.3 million, while the export - import coverage ratio reduced to US Dollar 59.1%. In October, from the aspect of the exports⁷, monthly increase was registered in the following export categories of higher significance: iron and steel (15.2%) and mineral fuels (33.0), the share of which in the total export equaled 27.9%. The increase in the import is due to the increase in the temporary import of textile for further processing (23.6%), the import of mineral fuels (11.4%), the import of boilers and other factory machines and motors (35.4%), and in the import of electric motors and appliances (27.1%).

On annual basis, an increase in the total foreign trade of the Republic of Macedonia of 17.7% was registered. The exports and the imports registered an increase that amounted to 24.0% and 14.2%, respectively, while the trade deficit was higher by 2.6%.

Chart 21

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



Cumulative increase in the foreign trade of 18.2% in the January - October 2003 period was registered

In the January - October 2003 period, the foreign trade registered a cumulative increase of 18.2% and equaled US Dollar 2,951.0 million. The exports increased by 20.9% and reached US Dollar 1,105.3 million, while the imports increased by 16.7%, thus reaching US Dollar 1,845.7 million. From the aspect of the exports, the most significant increase was registered in the following categories: clothes and textile (21.9%), iron and steel (63.0%) and mineral fuels (by 3 times). From the aspect of the imports, remarkable increase was registered in the import of textile for further processing (25.9%), the temporary import of iron and steel for further processing (36.2%) and mineral fuels (35.3%). The increased import of boilers and other factory machines and motors (11.9%), as well as the import of electric motors and appliances (52.2%), points to the improved import structure, i.e. to the increased share of capital goods in the total import during the analyzed period, as a precondition for the increase in the production and in the export potential. The export - import coverage ratio during the analyzed period equaled 59.9%, which is an increase of 2.1 percentage points compared to the same period of the previous year.

⁶ 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

⁷ According to the classification of products on the basis of tariff numbers

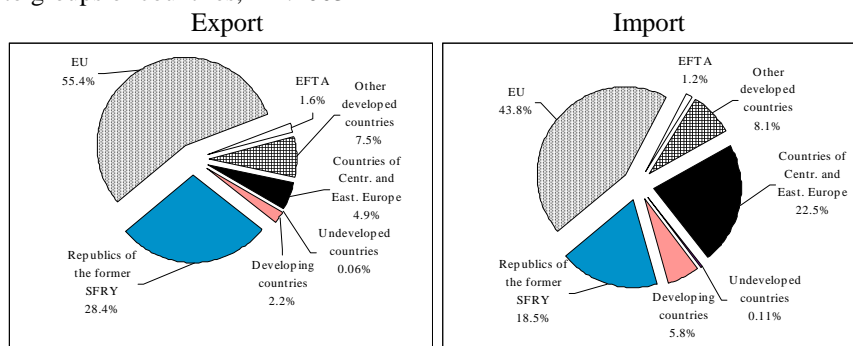


More dynamic increase in the exports compared to the imports in the trade with the European Union

In the January - October 2003 period, 55.4% of the total export and 43.8% of the import were registered with the European Union as the dominant foreign trade partner of the Republic of Macedonia. The export of goods in this group of countries registered more dynamic increase (32.2%) compared to the import (11.8%), while the export - import coverage ratio increased by 11.1 percentage points compared with the same period of the previous year, thus reaching 75.7%. During the analyzed period, the Republics of the former SFRY participated with 28.4% in the Macedonian export and with 18.5% in the imports. The placement in this group of countries increased by 9.6%, while the import is higher by 10.0% compared to the same period of the previous year, and the export - import coverage ratio equaled 92.1%, which means that it preserved almost the same level in comparison with the same period of the previous year. The foreign trade with the Central and Eastern European countries⁸ registered unfavorable structural change as a result of the higher increase in the imports (32.2%) compared to the exports (10.1%), with the export - import coverage ratio being lower by 2.6 percentage points, thus reducing to 13.0%

Chart 22

Foreign trade of the Republic of Macedonia according to groups of countries, I-X.2003



Analyzed by countries, the most significant foreign trade partners of the Republic of Macedonia in the January - October 2003 period are Germany, Greece and Serbia and Montenegro, the share of which in the total trade equaled 42.9%. The most significant increase during the analyzed period was registered in the trade with Greece (57.7%), the cumulative share of which in the total export reached 13.4%. Simultaneously, increase in the export was also registered in the trade with Germany (18.2%) and Serbia and Montenegro (9.5%), with their share in the total export being equal to 20.7% and 20.3%, respectively. From the aspect of the import, an increase was registered in the foreign trade with Greece (28.8%), Germany (8.3%), Serbia and Montenegro (18.5%), Russia (67.4%) and Bulgaria (10.9%), the share of which in the Macedonian import reached 49.9%. The positive balance in the trade with the three largest trading partners was registered only with Serbia and Montenegro (126.4%), given the lower export - import coverage ratio relative to the same period of the previous year (by 10.6 percentage points). The improvement in the export - import coverage ratio was registered in the trade with Germany (by 8.0 percentage points) and Greece (by 10.8 percentage points), which equaled 96.1% and 58.8%, respectively.

⁸ This group of countries encompasses the former Soviet Republics as well.