

FYR OF MACEDONIA

The country's economic performance improved considerably prior to the recent global economic crisis. The stabilization in the last decade, coupled with stronger reforms created grounds for a more robust recovery. Average real GDP growth reached around 3.7 percent from 2003-2006 and accelerated to around 6 percent during 2007 and the first three quarters of 2008 bringing the country's growth rate closer to regional averages.

The Macedonian economy has so far weathered the global economic crisis better than most countries in the region. The crisis resulted in a collapse of external demand and a sharp drop in private capital flows. The first signs of slowing growth emerged in the second half of 2008; by mid-2009 the economy was officially in recession and as of the third quarter of 2009, GDP had contracted by 1.4 percent. Nevertheless, the contraction has been less severe than experienced elsewhere in the region. This appears to be due to a slower adjustment in domestic demand, as a result of considerable fiscal expansion since late-2008, and the relatively healthy financial sector.

The economy is projected to grow by 2 percent during 2010, benefiting from continued fiscal expansion, improving demand and prices of Macedonian exports as well as carefully managed monetary policy. Still, slower growth in the main trading partners and financing concerns may jeopardize the recovery.

The former Yugoslav Republic of Macedonia was granted candidate country status for EU membership in 2005. EU continues to be the main trading partner accounting for 60% of total imports and 47% of total exports. The second most important trade destination are the neighbouring countries in the Western Balkan with about 34% of exports and about 11% of imports.

The railway reform in 2007 devided Macedonian Railways (Makedonski Zeleznici) in the infratstructure manager and the transport undertaking - MZ Transport AD - Skopje. Macedonia is crossed by pan-European corridors 10 and 8.

The board of the Macedonian Railways AD Transport is confident that the conditions in the company are improved from several aspects:

to restore transport, railways will connect with other former Yugoslav republics from the new project and moreover strengthen the financial relief of the obligations. The first half of financial year is far better for Macedonian Railways compared to last year, declared recently Oliver Derkoski, director of Macedonian Railways AD Transport, who added that there is a great role of the state law to transform the railways, and moreover taking over much of the old obligations.

Background figures in railways (2009):

699 km length of lines

234 km electrified lines

2000 x 1 000 passengers carried

154 x 1 000 000 passenger-km

3000 x 1 000 tonnes carried

497 x 1 000 000 tonne-kilometres

Economics	2008	2009
GDP (current billions US\$)	9.52	9.22
GDP growth (annual %)	5	-1
Exports of goods and services (% of GDP)	53	44
Imports of goods and services (% of GDP)	79	67
Industry, value added (% of GDP)	34	36

Ease of Doing Business Rank 2010

World	rank 32
Eastern Europe & Central Asia	rank 5

