

## OUR SERVICES

**Invest North Macedonia** through its Export Promotion Department supports domestic export-oriented companies in promoting products and services by:

Organizing business meetings with targeted potential business partners.

Supporting domestic export-oriented companies in promoting products and services by participating in trade fairs and organizing B2B meetings.

Education for the latest trends in the industry, but also direct meetings with potential buyers.

Positioning a target company in the international business environment by entering new markets.

Preparing market reports.

Organizing training for domestic companies.

Organizing meetings with domestic companies during a visit of a foreign company in the Republic of North Macedonia.

Collaboration with the relevant chambers of commerce, and the Textile Trade Association of the Republic of North Macedonia.

Developing a new online marketplace – Export portal for manufacturers, factories, traders, and suppliers where the domestic companies offer their goods and services.



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The Government of the Republic of North Macedonia is committed to economic growth and development in the country. Financial measures have been created to support the economy, whose main purpose is to stimulate investment and technological development and increase the competitiveness of Macedonian companies.

The Law on Financial Support to Investments regulates the types, amount, conditions, manner, and procedure for granting financial support to investments of business entities that will invest in the Republic of North Macedonia.

## FINANCIAL SUPPORT MEASURES FOR INVESTMENTS & COMPETITIVENESS

### 1. Creating New Jobs

- ✓ Support of 20% for each paid net wage for wages 50% higher than the minimum wage
- ✓ Annual amount up to €4.400 for each new job
- ✓ Up to 5 years

### 2. Cooperation with local suppliers

(only for companies located in TIDZs)

### 3. Growth of the competitiveness of companies

- ✓ 10% of the justified investments costs
- ✓ up to 1.000.000€ annually within 5 years

### 4. Investment projects of significant economic interest in North Macedonia

#### Qualification criteria:

- ✓ Investment of at least €4 million & 300 new jobs
- ✓ Investment of at least €15 million

#### Forms of support:

- ✓ Payment of assets amount to personal income tax paid to newly employed persons (10 years)
- ✓ Payment of assets amount to profit payment tax (10 years)
- ✓ Cash amounting to 10% of the justified investment costs, up to €1.000.000 (5 years)
- ✓ Cash payments per employee for the net wage paid if 50% higher than minimal (5 years)

### 5. Increase in capital Investments & Income

- ✓ 10% return of justified investment costs for the purchase of NEW MACHINES & EQUIPMENT and/or Investments In Facilities /Land, as well as for Intangible Assets
- ✓ Maximum support of investment up to 1.000.000
- ✓ Period of investment: Up to 5 years

### 6. Acquisition of companies that are facing difficulties

- ✓ One-time pay-out of 10% invested in the period of 12 months
- ✓ Enterprise in the bankruptcy procedure
- ✓ Enterprise in the liquidation procedure
- ✓ Maximum amount of 1.000.000 €

### 7. Establishing R&D centers and activities

- ✓ 50% of the total justified costs for industrial research
- or
- ✓ Maximum amount of support up to €1.000.000
- ✓ Up to 5 years

## TEXTILE & CLOTHING INDUSTRY



## ADDITIONAL FINANCIAL SUPPORT MEASURES

### BALANCED REGIONAL DEVELOPMENT

financial support depending on the planning region where the productive initial investment is realized. Additional financial support:

- Calculated as a percentage difference between the planning region with the highest value of GDP per capita and the value of GDP per capita in the planning region in which the productive initial investment is realized
- Applied to the approved amount of financial support for the year to which the payment request applies.

### For PRODUCTIVE INITIAL INVESTMENTS of BUSINESS ENTITIES ESTABLISHED BY CITIZENS OF NORTH MACEDONIA

who have/had a permanent /temporary residence abroad /outside of the country for a period of at least 5 YEARS until the day of application, the amount of financial support it is increased by 15% of the justified investment costs, UP to €1.000.000 ANNUALLY.

CITIZENS OF NORTH MACEDONIA SHOULD OWN AT LEAST 51% OF THE OWNERSHIP OF THE BUSINESS ENTITY



## OVERVIEW

### THE TEXTILE AND CLOTHING INDUSTRY

is one of the most developed and diversified sectors in North Macedonia in terms of industrial production, employment, and export earnings and is the 2nd biggest industrial sector of the country. The textile and clothing sector contributes 17% of the industry's GDP and 14% of total country exports. More than 800 companies in the textile-clothing industry are actively involved in various levels of production. Most companies work CM (cut-make) or CMT(cut-make & trim) and 15% of them can offer a "full package". The country offers potential for new foreign direct investment but also for outsourcing, strategic alliances, and joint ventures with local well-established companies.

The textile industry plays a vital role in the country's social well-being through employment in numerous regions of the country.



## KEY FIGURES

- 35% OF THE TOTAL NUMBER OF EMPLOYEES IN THE INDUSTRY
- THE HIGH-QUALITY STANDARD OF MACEDONIAN PERSONNEL WITH ATTRACTIVE COSTS
- HIGHLY MODERNIZED PRODUCTION PLANTS
- SHORT TRANSPORTATION/ DELIVERY TIMES
- GOOD GEOGRAPHIC LOCATION AND FAVORABLE ECONOMIC CONDITIONS
- 100% FOREIGN OWNERSHIP OF A COMPANY ALLOWED
- OPERATING COSTS ARE AMONG THE LOWEST IN EUROPE AND EASTERN EUROPE

## FOREIGN INVESTMENT REGIME

- Macedonian Constitution guarantees fair treatment of foreign investors
- Complete protection of the ownership rights of foreign investors
- The Republic of North Macedonia is a member of MIGA (Multilateral Investment Guarantee Agency)
- Investment protection treaties with numerous countries
- 100% foreign ownership of a company allowed
- No restrictions for repatriation of profits

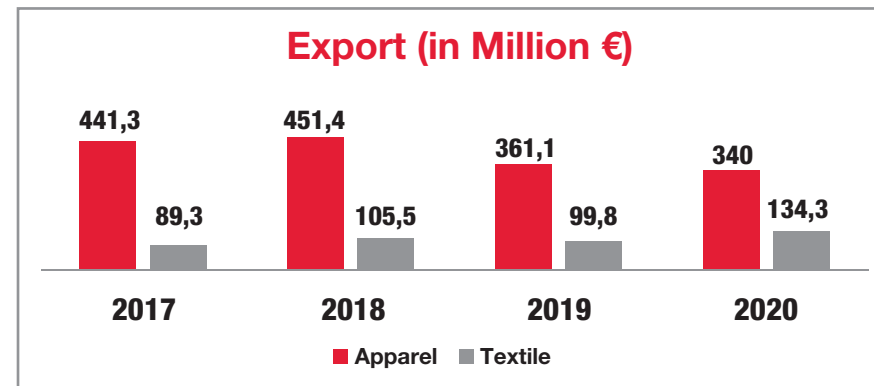


## EXPORT MARKETS

With a long tradition in clothing and textiles, this sector is the second-largest export industry in North Macedonia and is mainly export-oriented. The competitive export advantages of the Macedonian apparel industry are:

- Short period from orders to delivery
- Flexibility of delivery size together with exceptional value for money
- Good quality of performance
- High productivity
- Good transport and logistics services

The garment industry in North Macedonia exports mainly to EU countries. 93% of the production is organized by the CM or CMT (Cut, Make& Trim) system for foreign markets. Full production and own-brand production are partly exported and the rest is placed in the domestic market.



## POPULAR FASHION BRANDS IN NORTH MACEDONIA INCLUDE:



## TEXTILE TRADE ASSOCIATION-TEXTILE CLUSTER

**Textile Trade Association-Textile Cluster** is a non-profit NGO, whose primary goal is improving companies' competitiveness, thus registering world trends and changes in the global market, as well as adjusting the participants' production to such trends and changes.

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### Activities & Services

Development of information database for its members on:

- Market specifications of target countries
- Market trends (fairs and exhibitions reports)
- Potential suppliers of raw materials and accessories
- Quality certifications
- Organization of educational and training seminars for its members.

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### 69 members companies

- horizontally and vertically integrated; Members' structure:

- Garment producers;
- Transport companies;
- Agent, logistic, and service companies;
- Textile machines representatives;
- Accessories representatives;
- IT and consultant companies;

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### Services for producers

- Promotion of possibilities for the development of members' own final products-brand development;
- Support export-oriented activities of producers;
- Improvement of productivity, efficiency, and management skills;
- Image improvement of Macedonian export products;
- Search for new opportunities in world markets;
- Promotion of successful producers.

The most important export destination, with more than **63,7%** of exports are

- Germany
- Greece
- Netherlands
- Italy
- Great Britain
- Austria
- Switzerland
- Bulgaria
- Denmark



Clothing exports amounted to more than

**€560M**  
**in 2021**

(about 13% of total exports)

## COMPETITIVE ADVANTAGES



### 1 Qualified workforce supply

North Macedonia offers a cost-competitive environment for textile manufacturing. With nearly half of the population under 30 years of age, companies operating out of North Macedonia can rely on an ample source of trained and qualified professionals to contribute to the growth of their business. The average gross monthly salary in 2021 was €698, the average gross monthly salary in textile manufacturing was €555, and the average gross monthly salary in the manufacture of wearing apparel was €437.

### 2 Good reputation in the global market.

The local manufacturers have a good reputation in the global market. Macedonian companies have been present in the EU and US markets for decades and are known for their quality and professionalism

### 3 Proximity to Western Europe, a large consumer market

North Macedonia's proximity to the rapidly growing textile industries in Central Europe, Eastern Europe, and Turkey, makes it an ideal location. The geographical proximity to these markets allows low distribution costs and 'just-in-time' product delivery from North Macedonia.

### 4 Excellent transportation and logistics net-works

Although a landlocked country, North Macedonia benefits from a strategic geographical position at the crossroads of two major pan – European transportations corridors (Corridor VIII and X) linking Central Europe to the Adriatic and the Black Sea. The railway network extends over 900 km from Belgrade to the port of Thessalonica (Aegean Sea) through Skopje. Macedonia has two international airports in Skopje and Ohrid.

### 5 High flexibility and readiness to adapt to the demands of foreign markets

### 6 Favorable economic conditions

North Macedonia offers a cost-competitive operating environment for textile manufacturing. The operating costs for the textile industry in Macedonia are among the lowest in Europe and Eastern Europe:

- 10% Corporate & Personal income tax (among the lowest in Europe)
- 0% Tax on retained earnings
- Double taxation treaties with many European countries
- 0% tax for operation in the Technological Industrial Development Zones
- VAT at 18%, with 5% on specific items

