



Republic of North Macedonia

THE NORTH MACEDONIA
FREE ZONES AUTHORITY

WHO WE ARE

TIDZ is the focal point for investors seeking support to invest in North Macedonia free economic and industrial zones.

14 free economic zones available with ready-to-use infrastructure and other favorable conditions.

CURRENT PORTFOLIO

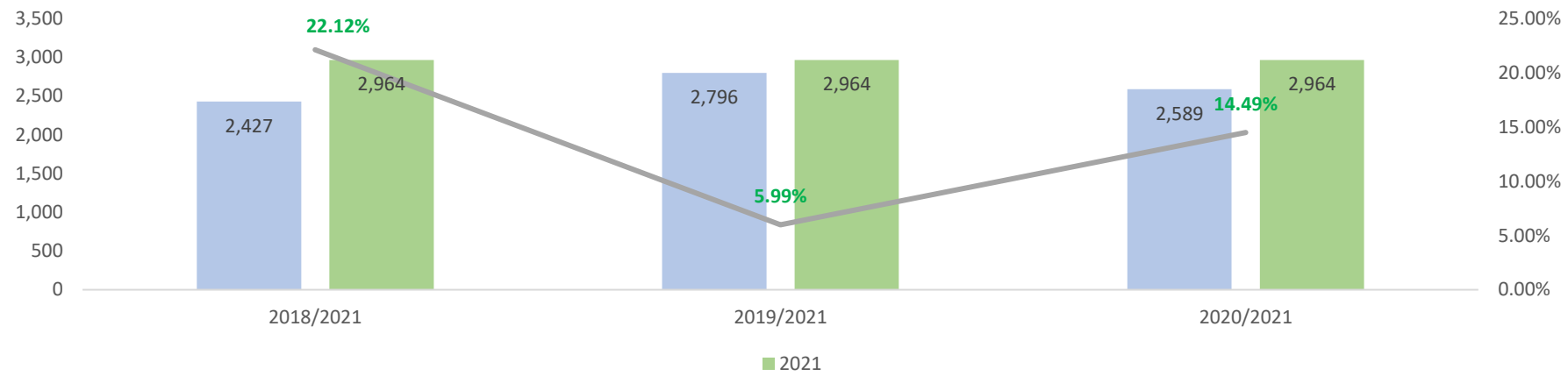
34 capacities, owned by foreign investors from USA, Canada, S.Korea, Germany, Italy, Turkey..

These companies generated approx. EUR 3 bn of exports in 2021 (record high) which equals to 47% of North Macedonia exports.

The good investment conditions and support packages contributed to increased economic activities in the free zones, even in the pandemic 2020.

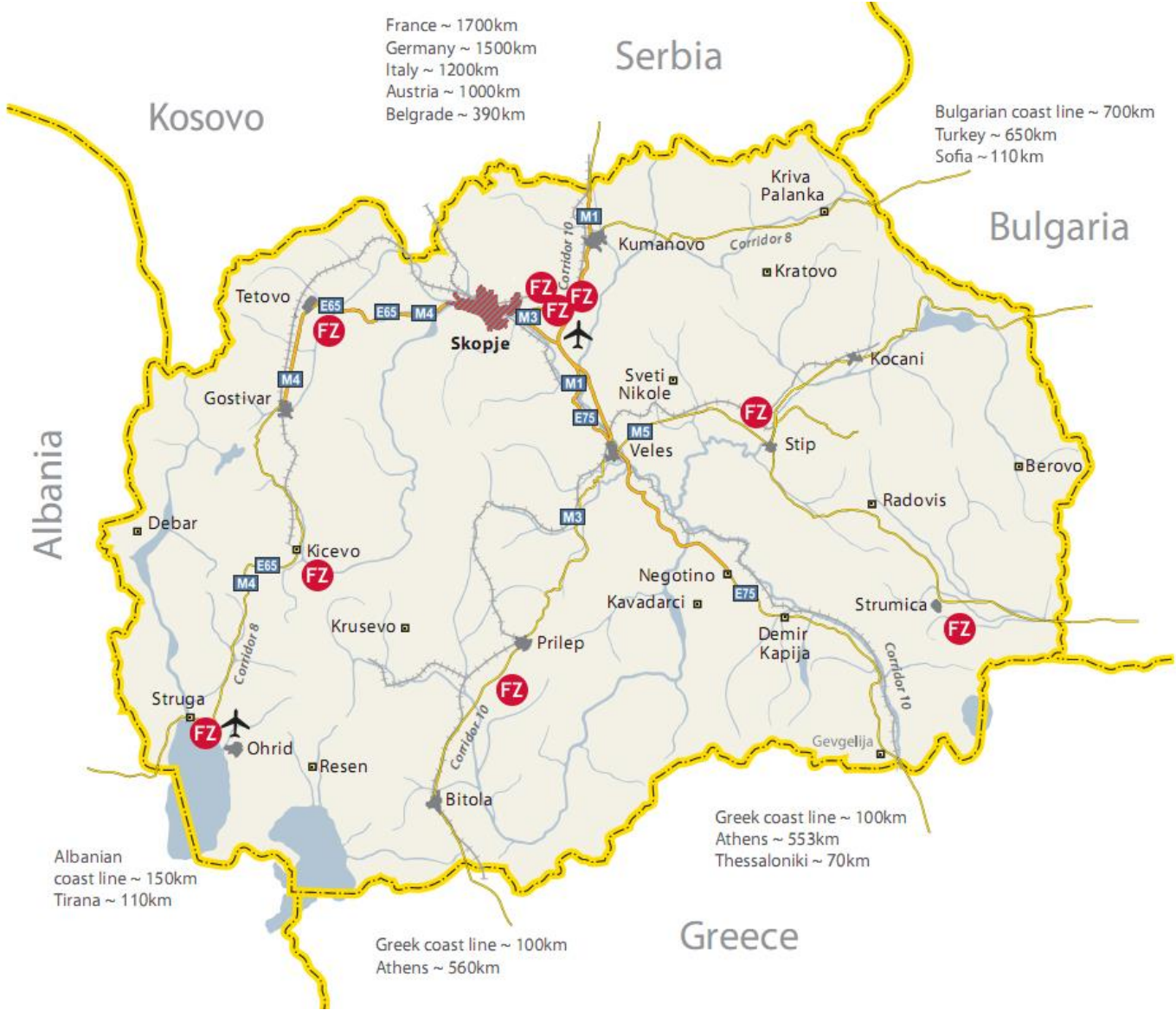
DTIDZ - Highest economy activities in four years

Comparison: TIDZ expor 2021 vs previous years:



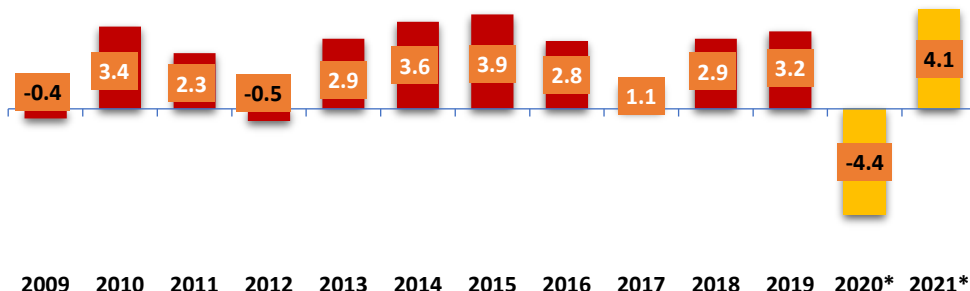
- Highest economy activity in the zones in 2021.
- The export grew by 15% in comparison to the 2019 and 22% compared to 2018, making it the record-high in the last 4 years.

LOCATION

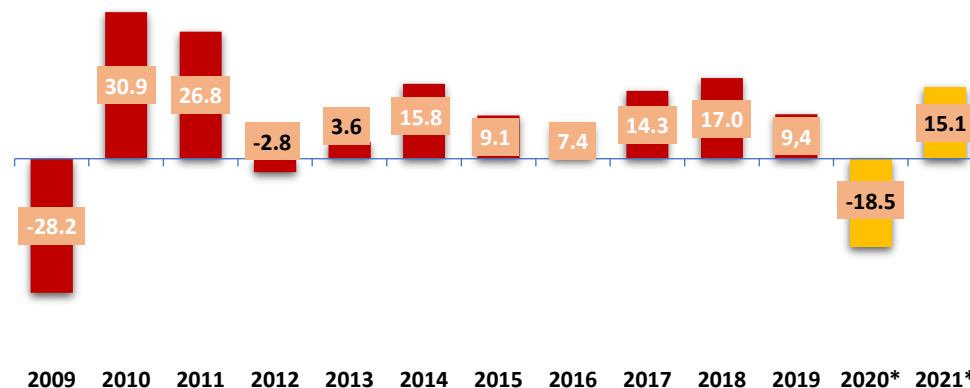


Stable Macroeconomic Indicators

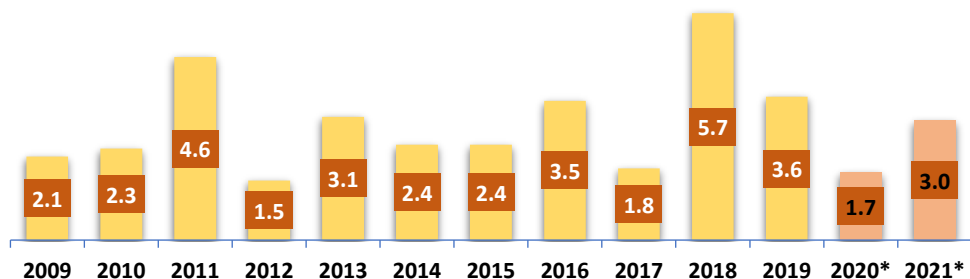
REAL GDP GROWTH RATE (%)



EXPORT GROWTH RATE (%)



FDI (% of GDP)



Source: SSO and MoF; * Projection

INFLATION

Low inflation: avg < 2% annually over the last 18 years

CURRENCY

North Macedonian Denar pegged to the DM/€ for the last 26 years (€1= MKD 61.5)

AVERAGE NETTO SALARY IN 2020

€480 per month

CREDIT RATINGS 2019/2020

Standard & Poor's: BB-, Stable Outlook
Fitch: BB+, Stable Outlook

BUDGET DEFICIT IN 2020

Budget Deficit: 8.1% of GDP

Free Trade Agreements

- EU – European Union (27 countries)
- EFTA – European Free Trade Association (4 countries)
- CEFTA – Central European Free Trade Agreement (7 countries)
 - Bilateral Free Trade Agreements with:
Turkey and Ukraine



***provide access to markets in 40 countries with 600 million consumers**

Political stability

- **NATO member since 2020**



- **EU – Candidate country (compliance with EU reg.)**



Major recent investors in Greenfield sites



Plant 1: €80M; 350 employees; Exhaust catalyst manufacturer; The biggest exporter from Macedonia
Plant 2: €65M; 550+ employees;



Plant 1: 500 employees; Aluminum exterior parts
Plant 2 & 3: €70M; 1000 employees; Aluminium battery frames & Aluminium extrusions



€15M; 500+ employees; Production of electronic and safety components



Plant 1: €25M; 800 employees; Production of buses and coaches for the US and EU markets;
Second investment stage: €15M; 450+ employees



€15M; 400 employees; Production of airbag inflators



€10M; 200 employees; Global leader in paper surface treatments and polymeric films



€6M; Up to 300 people; Production of wiring harness and cables



Ramp-up of up to 300 employees; Production of wiring harness and cables



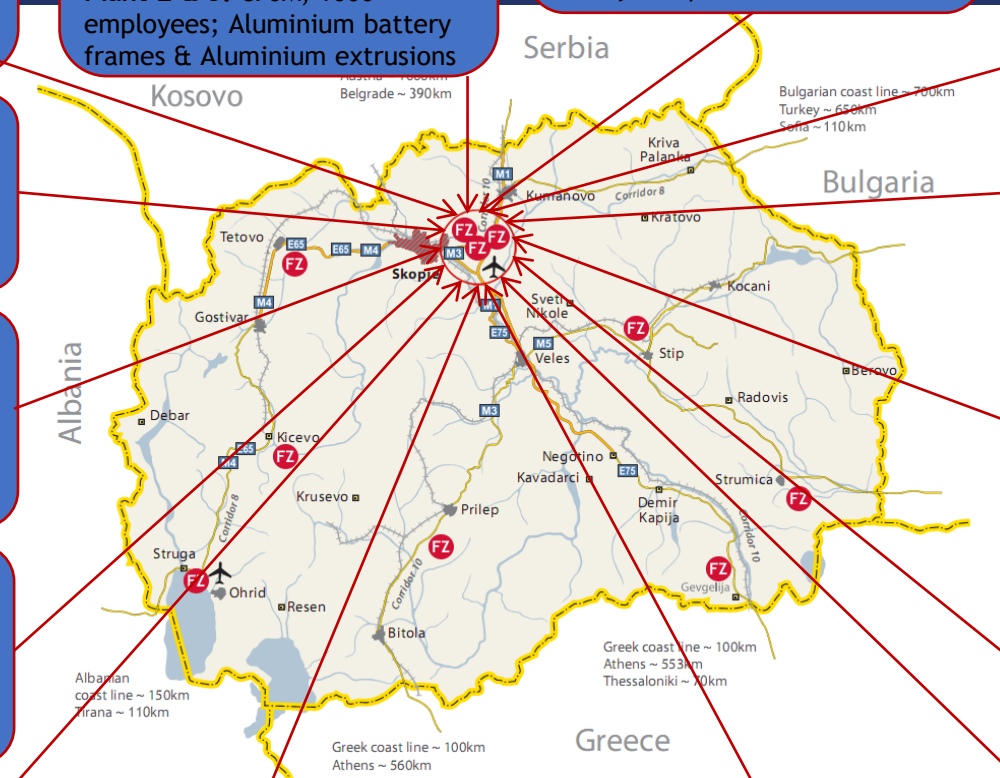
Ramp-up of up to 300 employees; Production of polyurethane parts for automotive industry



€20M; 300 employees; Production of sophisticated electrical components



€5M; Up to 200 people; Production of sensors, encoders, and measuring instruments.



Major recent investors in Greenfield sites



Over €15M; 2,000 employees;
Production of airbag cushions
and modules



€15M+; Ramp-up of up to 3,000
employees;
Production of seat covers



€35M; 750 employees; Production
of PCBs, plastic and molded
containers and final assembly



€30M+; Ramp-up to 2,500
employees; Production of
interconnect products



€70M+; 1,000 employees;
Production of mechatronic and
electronic products



€15M; 1,200 employees;
Production of cables, solenoids
and mechatronics



Ramp-up of up to 1,000 employees;
Production of automotive mirrors
and components



€20M ; 2,000 employees;
Production of seat and steering
wheel climate technologies



€3M+; 250 employees; Plastic
injection molding of car parts



€12M; Up to 1,200 employees;
Production of electrical appliances
and devices



€25M+; 6,200 employees;
Production of wires and cables;
Second phase expansion



€35M; 6,000+ employees;
Production of wiring harness and
electrical management systems



€15M; 500 employees;
Production of industrial woven
fabrics (insulating materials)



€40M; 250 employees;
Production of wall-hung boiler
components



Cut&trim plants for seat covers
Plant 1, Free Zone Stip:
€20M; 2,100+ employees
Plant 2, Fre Zone Strumica:
€20M; 1,500 employees

TNE NEW CONCEPT

What do we offer



NEWLY INTRODUCED **ONE-STOP SERVICE APPROACH** FOR SUPPORT CLOSELY FOLLOWING INTERNATIONAL PRACTICE TO ENSURE INVESTORS BENEFIT.



FOCUS ON HIGH-QUALITY INVESTMENTS.



INDIVIDUALIZED INVESTORS PACKAGE BASED ON THE INVESTORS 10 YEAR PROJECTIONS ON REVENUES, PROFITS, EMPLOYMENTS AND SALARIES.

State support – structure

Standard structure:

- 10% on CAPEX + 10% on competitiveness
- Up to 10 years exemption from (or paid subsidies) personal and income tax
- Maximum cumulation: up to 50% of eligible investment costs

Introducing a new approach (Flexible structure)

- Business plan analysis (focusing on the period of return on investment for the state, amount of salaries, profit, previous movements - balance sheets)
- Flexibility in contracts (cut-off after 36 - 48 months for assessment of the degree of realization of the investment plan and "negotiations" for adjustment)
- "Moving" limits on annual payments, depending on available budget funds
- Shortening the CAPEX payment period and competitiveness (investment period + 1)
- Increasing participation in cash measures vs. subsidies / exemptions in the overall structure

Incentives

Among incentives offered the Government provides:

Up to 50% Government support in the max period of 10 years - We are flexible and focused on providing tailor-made solutions

Different elements can be included in the schemes:


- ✓ 10-year tax holiday for profit and corporate tax and 100% reduction of personal income tax for a period of up to 10 years.
- ✓ Support growth of capital investments and income with a return of 10+10% of investment costs in new machines and equipment or investment in buildings
- ✓ Exemption on paying utility taxes to the local municipality, and fees for land building permits
- ✓ R&D measure - refinement (50% return on investment)
- ✓ Cash swap for subsidies for paid personnel and profit tax n-2 (shortening the period of completion of "tax" measures, with a certain discount)
- ✓ State support mechanism packages for staff training aiming increased productivity.

Incentives - infrastructure, land and construction


- ✓ Long-term lease on land in free zones in Republic of North Macedonia up to 99 years at concessionary prices
- ✓ We offer service for construction and lease of facilities
(option) The Directorate for TIDZ to finance, build and lease facilities for investors
- ✓ Access to newly established service for build&lease facilities - investors are offered possibility to buy land.
- ✓ Free connection to natural gas, water and sewage network.
- ✓ Each individual offer can consist of all or part of these elements, with different share in overall accumulation and varying intensity.

Infrastructure type:

 Utility / service

 Energy (including connection to the main power lines in the country)

 Transport (including connection to the main road / rail corridors in the country)

 Service + (new services for accommodation of workers from and outside the country, education, child care and health)

After care



“SINGLE ENTRY POINT”

AFTERCARE SYSTEM

Single Entry
Point concept

Three pillars support
services –
Newly introduced fast
track protocols with
other institutions

Personalized support -
Each company has own
unique single contact
person for direct
communication

Digitalized process/online
problem report

Results 2021 – The new concept



New agreements (signed and / or in the phase of formal approval by the Government) in TIDZ with a total investment volume of 188 million euros.



Creation of 2700 new jobs

Targets 2024



1 billion eur. investment volume and creation of 14,000 jobs in the next 3 years



We are currently negotiating with 30 companies - a total investment volume of 500 million and creation of 8,500 new jobs



FDI DATA ANALYSIS

2010 – 2020

Skopje, 29.11.2021

The Analysis

10-year analysis of the operations of companies in the TIDZ (2010 - 2020)

Aiming to make an insight into the economic performance of the companies from DTIDZ, several indicators were analyzed in accordance with the available data from the annual accounts reports of the DTIDZ clients (a total of 34 entities).

The official documents were provided by the Central Registry of the Republic of Northern Macedonia, after which a database was created which was used to select the necessary indicators and to determine their dynamics through the analyzed period 2010 - 2020.

Key findings

The 10-year analysis of the operations of companies in the TIDZ (2010 - 2020) shows

- ✓ 16% average annual revenue growth
- ✓ 32% average annual growth of net income
- ✓ 55% average annual productivity growth
- ✓ 10% average annual salaries growth
- ✓ 16% average return on capital

*The results of the 10-year analysis will serve as a basis for creating measures to encourage higher quality investments (higher salaries and payments to the Budget).

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