

# Competitiveness in South East Europe 2021

A Policy Outlook

## North Macedonia



Since the publication of the 2018 Competitiveness Outlook report, North Macedonia has improved its performance in 8 of the 15 policy areas scored in the assessment. Although there is clear progress in setting up policies to enhance competitiveness – at least in about half of the dimensions covered in this assessment – if they are to have a lasting impact then their effective and continuous implementation, monitoring and upgrading should remain a key priority.

### Key facts (2020)



GDP growth:

**-4.5%**



Unemployment:

**16.4%**  
of total labour force



Exports of goods and services:

**58.1%**  
of GDP



Net FDI:

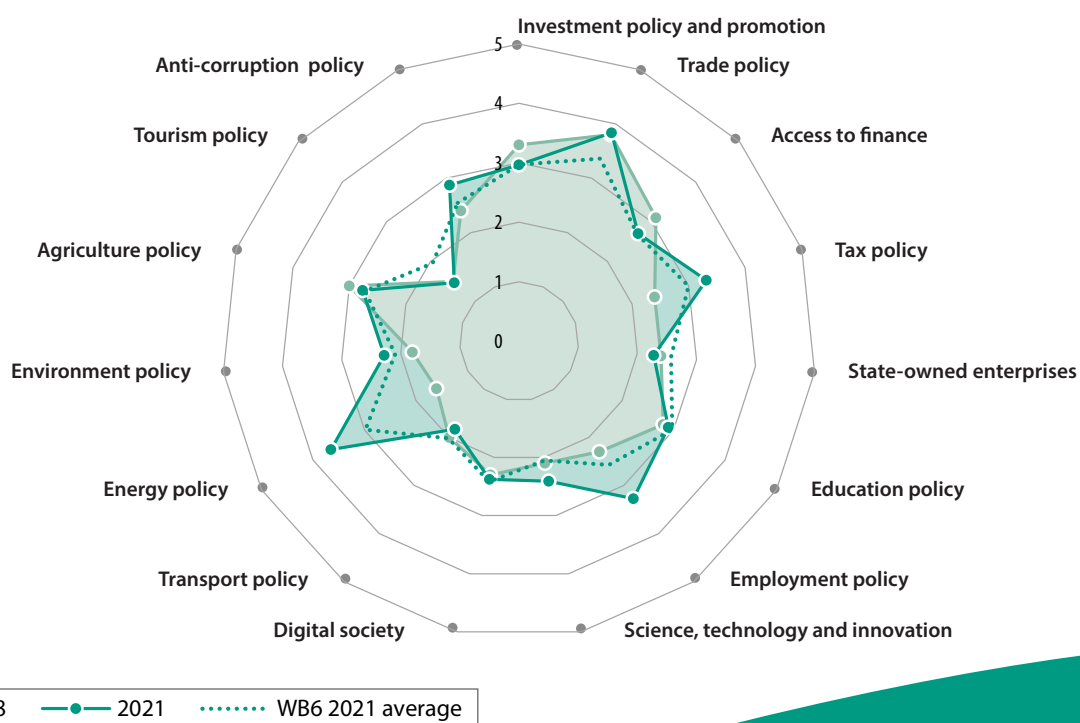
**1.9%**  
of GDP



Personal remittances received:

**3.4%**  
of GDP

### North Macedonia's Competitiveness Outlook performance (2018 and 2021)



## Main achievements



In August 2018, North Macedonia joined the Inclusive Framework on Base Erosion and Profit Shifting (BEPS) and in January 2020 it signed the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent BEPS getting closer the legislative framework closer to OECD standards.



The OECD Services Trade Restrictiveness Index (STRI) analysis shows that North Macedonia has further lowered restrictions on services trade since 2018, which makes it an attractive economy to foreign service providers.



The 2018 pilot Youth Guarantee Scheme to tackle high youth unemployment has been implemented and resulted in a strong fall of the youth unemployment rate, from 44% in Q4/2018 to 35% Q4/2019. However it is higher than the WB6 and EU averages.



The State Commission for the Prevention of Corruption has seen its responsibilities expand with the 2019 Law on the Prevention of Corruption and Conflicts of Interest and its annual budget increased from MKD 27 million in 2018 to MKD 55 million in 2020.

## Main priorities



Less than 1% of solid waste is recycled (compared to a 47% average in the EU), meaning almost 99% goes to landfills. Moreover, only 24 wastewater treatment plants were operating in 2019 (24.5% of the required capacity) underlining the necessity to improve municipal waste and wastewater management.



Only 25% of individuals used the Internet to interact with public authorities in 2019, compared to an EU average of 55%. Many important services allow only for one-way interaction, showing a need to boost e-government services and digital inclusion overall.



There has been no attempt to define, disclose or estimate the costs of State-owned enterprises' (SOEs) non-commercial objectives. Developing a state ownership policy that outlines the rationales for state ownership and the expectations of SOEs would be a first step towards professionalising state ownership practices.



North Macedonia lags behind in tourism development. An intra-governmental body could improve co-ordination among ministries and other public institutions, while actively involving private and public stakeholders in developing and implementing tourism strategies.

## Competitiveness in South East Europe 2021

### A Policy Outlook

The third edition of *Competitiveness in South East Europe: A Policy Outlook* comprehensively assesses policy reforms in the WB6 economies across 16 policy dimensions crucial to their competitiveness. It leverages a highly participatory assessment process, which brought together the views of OECD experts, WB6 policy makers and local non-governmental stakeholders to create a balanced and realistic depiction of their performance. The report seeks to provide WB6 policy makers with a multi-dimensional benchmarking tool, enabling them to compare performance against regional peers as well as OECD good practices, and to design future policies based on rich evidence and actionable policy recommendations. Economy-specific profiles complement the regional assessment and provide each WB6 economy with an in-depth analysis of their competitive potential as well as policy recommendations tailored to their specific challenges to inform their structural economic reforms and sustainable development agenda.

