German Economic Team

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POLICY STUDY
NORTH MACEDONIA

Identifying promising target groups and promotional measures to attract FDI to North Macedonia

by Björn Vogler

Executive summary

Based on the results from the target group analysis, the initial focus of investment attraction measures should be on electronics, medical devices, automation & robotics, automotive and IT & BPO (Priority 1)

- Agro-processing and defence should be assigned Priority 2. No outreach activities are recommended for pharma in the short term (Priority 3)
- The segmentation emphasises FDI projects embracing innovation, green transition, digitalisation and AI opportunities and supports a geographical diversification

Target group	Priority	Target segments	Target countries / regions
Electronics	Priority 1: Targeted investor outreach	» Industrial and power electronics (e.g. parts and components for PV and energy storage systems) » Communication components (e.g. connectors) » High-reliability AI datacentre components » Electronics Manufacturing Services (EMS)	» France, Germany, Sweden » Japan, Republic of Korea, Singapore, Taiwan » Canada, US
Medical devices	Priority 1: Targeted investor outreach	» Components for implants, CT and MRI scanners » Electromechanical assemblies » Emergency medical services vehicle integration	» France, Germany, Switzerland, UK » Japan » US
Automation & robotics	Priority 1: Targeted investor outreach	» Precision components (e.g. smart sensors) » Engineering and test centres of integrators » Integration of further machinery segments (e.g. packaging) depending on results	» France, Germany, Italy, Switzerland » Japan, Republic of Korea » US

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Target group	Priority	Target segments	Target countries / regions
IT & BPO	**Priority 1:** Targeted investor outreach	» Software development (enterprise & industrial software, cybersecurity, AI and data analytics) » ITO / delivery centres, Shared Service Centres ➢ Across segments, focus on verticals at the interface to other target groups (e.g. MedTech and predictive maintenance solutions)	» France, Germany, Ireland, Poland, Romania, Switzerland, UK » US
Automotive	**Priority 1:** Targeted investor outreach with existing investors	» Suppliers of existing investors in the region » Automotive components focusing on electric / hybrid vehicle applications » Commercial / special purpose vehicle assembly	» France, Germany, Italy » Japan, Republic of Korea » US » Locations of suppliers
Agro-processing	**Priority 2:** Individual outreach in specific niches	» Processing of medicinal and aromatic plants » Processing of fruits and vegetables (e.g. apples) » Integration of further segments, incl. nuts and (certified organic) wine, depending on results	» France, Germany, Italy, Switzerland » Quatar, UAE » US
Defence	**Priority 2:** Individual outreach with political support	» Small arms, ammunition » Defence electronics » Structural components for armoured vehicles » MRO Maintenance, Repair & Overhaul	» Türkiye » Further NATO member states
Pharma	**Priority 3:** No outreach measures	» Generics » Pharmaceutical packaging » Processing of medicinal plants (integrated into target group agro-processing)	» France, Germany, Switzerland, UK » India, Israel » US

Executive summary

The main focus of promotional measures should be on targeted investor outreach allowing a direct communication to address investors' interests

- In addition, virtual events are recommended for electronics and IT & BPO. Trade fairs / conferences can be used for complementary market intelligence and follow-up activities
- Collaborations with intermediaries (incl. existing investors) offer a promising potential, e.g. for virtual investment seminars and investor outreach
- The effectiveness of promotional measures should be increased by developing a country branding combining differentiation and consistency across channels and stakeholders

Target group	Relevant trade fairs / conferences	Relevant intermediaries
Electronics	» electronicAsia, Hong Kong (13-16 Oct 2025) » Hannover Messe, Hannover (20-24 April 2026) » Electronica, Munich (10-13 Nov 2026)	» Cluster organisations and associations in target countries, e.g. ZVEI, ECPE European Center for Power Electronics (Germany)
Medical devices	» MEDICA, Duesseldorf (17-20 Nov 2025)	» International associations, e.g. GMTA Global Medical Technology Alliance, MedTech Europe » Cluster organisations and associations in target countries, e.g. BVMed (Germany)
Automation & robotics	» Robotworld, Goyang / Seoul (5-8 Nov 2025) » iREX, Tokyo (3-6 Dec 2025) » Hannover Messe, Hannover (20-24 April 2026) » Automatica, Munich (22-25 July 2027)	» Cluster organisations and associations in target countries, e.g. DRV, VDMA, ZVEI, Robot Valley Saxony (Germany)

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Target group	Relevant trade fairs / conferences	Relevant intermediaries
IT & BPO	» Shared Services & Outsourcing Week, Amsterdam (21-23 Oct 2025) » Web Summit, Lisbon (11-14 Nov 2025) » Gitex Europe, Berlin (30 June - 1 July 2026)	» International associations, e.g. ABSL » Cluster organisations and associations in target countries, e.g. BITKOM, Deutscher Outsourcing Verband, Silicon Saxony (Germany)
Automotive	» Automotive World, Tokyo (21-23 Jan 2026) » IZB, Wolfsburg (27-29 Oct 2026) » IAA Mobility, Munich (7-12 Sept 2027)	» Existing investors in the automotive industry » Cluster organisations and associations in target countries, e.g. VDA, Cluster Automotive Bavaria (Germany)
Agro-processing	» Anuga, Cologne (4-8 Oct 2025) » Spices & Herbs Global Expo, Rimini (21-23 April 2026)	» Cluster organisations and associations in target countries, e.g. FoodRegio, Food-Processing Initiative, BVE (Germany)
Defence	» No investment promotion activities at trade fairs recommended in the short term	» Ministry of Defence, Office of the Prime Minister
Pharma	» CPhI Worldwide, Frankfurt (28-30 Oct 2025) » Pharmapack Europe, Paris (21-22 Jan 2026)	» International associations, e.g. EFPIA » Cluster organisations and associations in target countries, e.g. HealthCapital, Pro Generika (Germany)

Executive summary

To tap the FDI potential, reform measures should address the entire investment attraction cycle. Related policy tools such as TIDZs and incentive schemes should be aligned with the defined target group focus

» According to the interviews, next to investment promotion, reform measures should focus on increasing the effectiveness of:

- Aftercare activities: Aligned with the proposed target group definition, aftercare should be intensified realising its potential beyond pure investment retention
- Organisational structures for investment attraction: The institutional set-up should also reflect the target group oriented approach, which requires adequate resources and industry-specific expertise to cover the entire spectrum of different target groups

» In addition, the target group definition is of relevance for refining further policy tools:

- The value proposition of TIDZs should be adjusted placing more emphasis on the development of specialised zones
- Incentive schemes should be aligned to the needs of the prioritised target groups, e.g. shifting the focus towards labour cost competitiveness and skills development and harmonising the definition of eligible expenditure for state aid purposes with international standards

» Further proposals for improving the investment climate can be found in the Policy Study PS ALL 2025/03 (“Improving the business climate – boosting investment. Proposals from foreign investors in North Macedonia”)

Outline

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4. Recommendations
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1. Introduction

Background

- FDI plays a critical role for the development of North Macedonia's economy
- The Ministry of Foreign Affairs and Foreign Trade is planning to design an FDI strategy as a basis to intensify investment attraction efforts
- A target group oriented approach contributes towards increasing the quantity, quality and development impact of FDI projects

Purpose of this policy study

- To support the development of the FDI strategy, this policy study analyses and prioritises promising target groups – reflecting both:
  - The existing legal / strategic framework and investment conditions in North Macedonia
  - Recent / emerging investment trends and patterns at the global and regional level
- It includes recommendations on the design of effective outreach activities and complementary measures to secure and fast-track investment projects

1. Introduction

The target group analysis was carried out in several stages. As a starting point, potential target groups were shortlisted

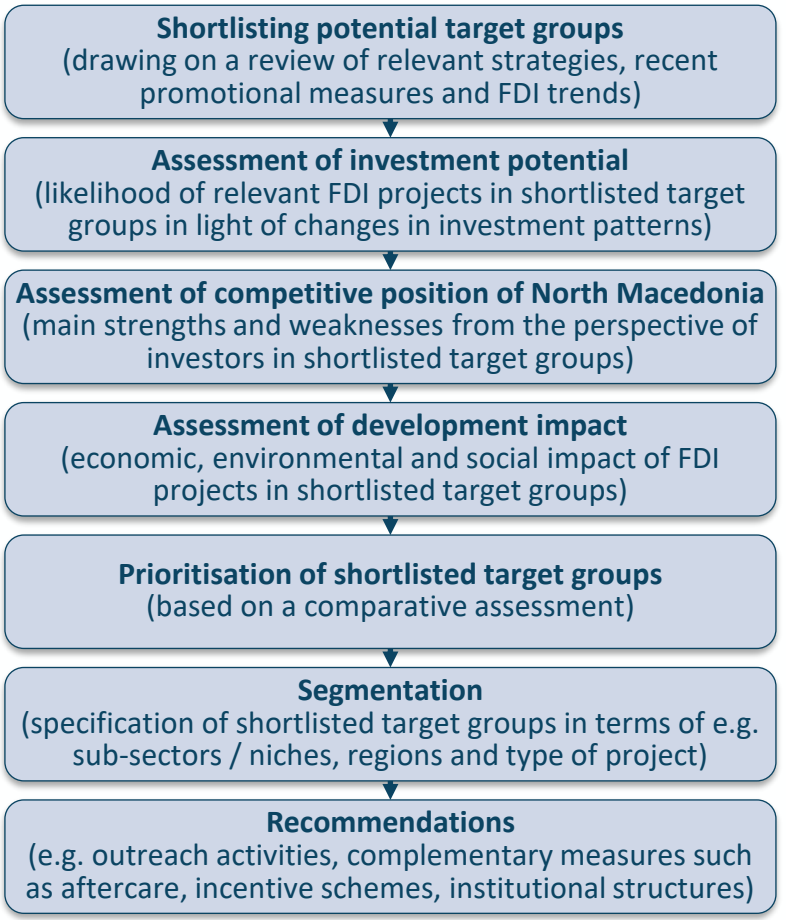
- The shortlist was derived drawing on a review of the existing legal / strategic framework and research on recent investment promotion measures, FDI projects and trends
- The focus was on target groups that:
  - Can generate substantial effects in terms of permanent employment and value addition
  - Are suitable for typical outreach activities of Invest North Macedonia considering the complexity of investment projects (e.g. scope of stakeholders, role of specific opportunities such as tenders)
- Against this backdrop, renewable energy generation, for example, was not shortlisted
  - While such projects play a central role as enabler for investment attraction and decarbonisation, their direct employment effects are rather low. The projects also tend to be complex and are often linked to auctions or similar procedures
  - At the same time, the target group analysis placed strong emphasis on GreenTech segments (e.g. components for the generation and storage of renewable energy)
- In most countries, the target groups for investment promotion do not fully correspond with strategic sectors in the overarching policy framework, as not all strategic sectors offer strong FDI potential, and promotion efforts can also help develop new value chains

1. Introduction

Next, an in-depth analysis of the shortlisted target groups was conducted focusing on the dimensions (1) investment potential, (2) competitive position and (3) development impact

- The analysis of the three dimensions, which is summarised in chapter 3, was based on:
  - 20 face-to-face and online interviews (approx. 60 min each) with investors, associations, agencies and industry experts in North Macedonia and at the international level
  - Complementary research (e.g. review of industry and investment trend studies)
- Drawing on a comparative assessment, recommendations were derived – comprising:
  - Promising segments for promotional measures
  - Outreach activities (incl. potential platforms such as trade fairs and strategic partners)
  - Complementary measures (e.g. aftercare, incentive schemes, institutional structures)

Stages of the target group analysis



2. Shortlisting of target groups

The initial research and interviews carried out indicate a need to diversify the structure of FDI projects and tap the potential of new target groups

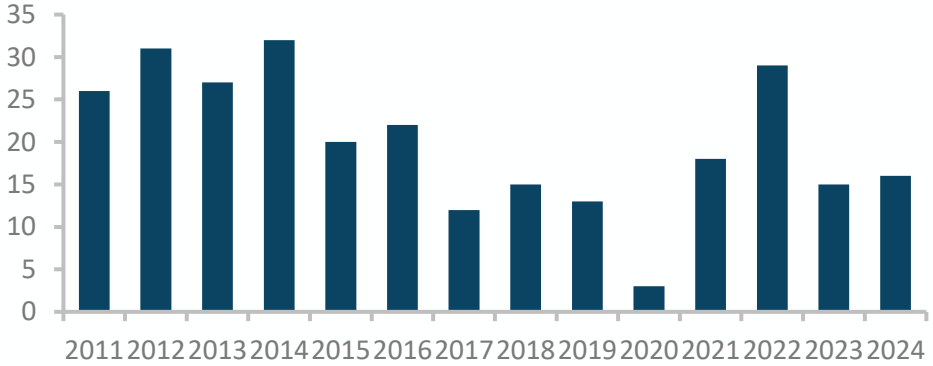
» Following a temporary increase in 2022, the number of announced FDI greenfield projects has recently fallen back to a lower level

- According to the interviews, the increase in 2022 was fuelled by nearshoring and catch-up effects after the pandemic
- In 2023 and 2024, the number of projects remained at a significantly lower level compared with the first half of the previous decade

» The interviews suggest that while there have been a number of initial investments in the recent past (e.g. by BMZ), the focus has shifted towards expansions and reinvestments (e.g. by Gerresheimer, Kostal, Magna)

- Expansions and reinvestments are generally considered positive
- They often involve an upgrading of processes and demonstrate long-term commitment by investors
- However, there is a need to widen the base of initial investments in the country

Announced FDI greenfield projects* in North Macedonia



Source: Own representation based on UN Trade and Development (UNCTAD, 2025)

*Greenfield projects refer to new physical investments (or expansions of an existing operation) that create new jobs and capital investment

2. Shortlisting of target groups

In this context, there is also a need to avoid overdependence on the automotive supply industry and to reflect the impact of demographic trends

» North Macedonia relies heavily on the automotive supply and vehicle manufacturing industry (e.g. VDL Van Hool) for both FDI and exports. It has been very successful in attracting investment projects from this industry, which accounts for:

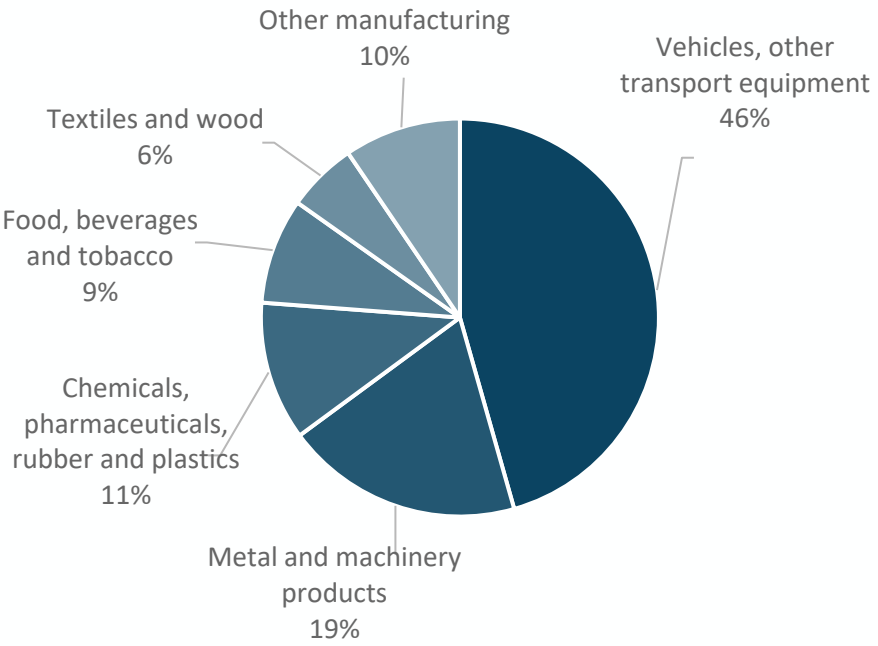
- More than 40% of the manufacturing FDI stock and total exports
- More than half of the FDI projects in TIDZs and several further major investments outside the zones (e.g. Dräxlmaier)

» However, the industry is currently undergoing a profound transformation process affecting its investment potential

» At the same time, demographic trends are limiting the labour potential which can be tapped for new FDI projects

» Thus, the focus should be shifted towards target groups and segments with projects entailing a higher degree of automation

Manufacturing FDI stock in North Macedonia (2024)



Source: Own representation based on National Bank of the Republic of North Macedonia (NBRNM, 2025)

2. Shortlisting of target groups

Considering the identified requirements for an adjustment of the target group focus, the following trends shaping FDI patterns are of particular relevance:

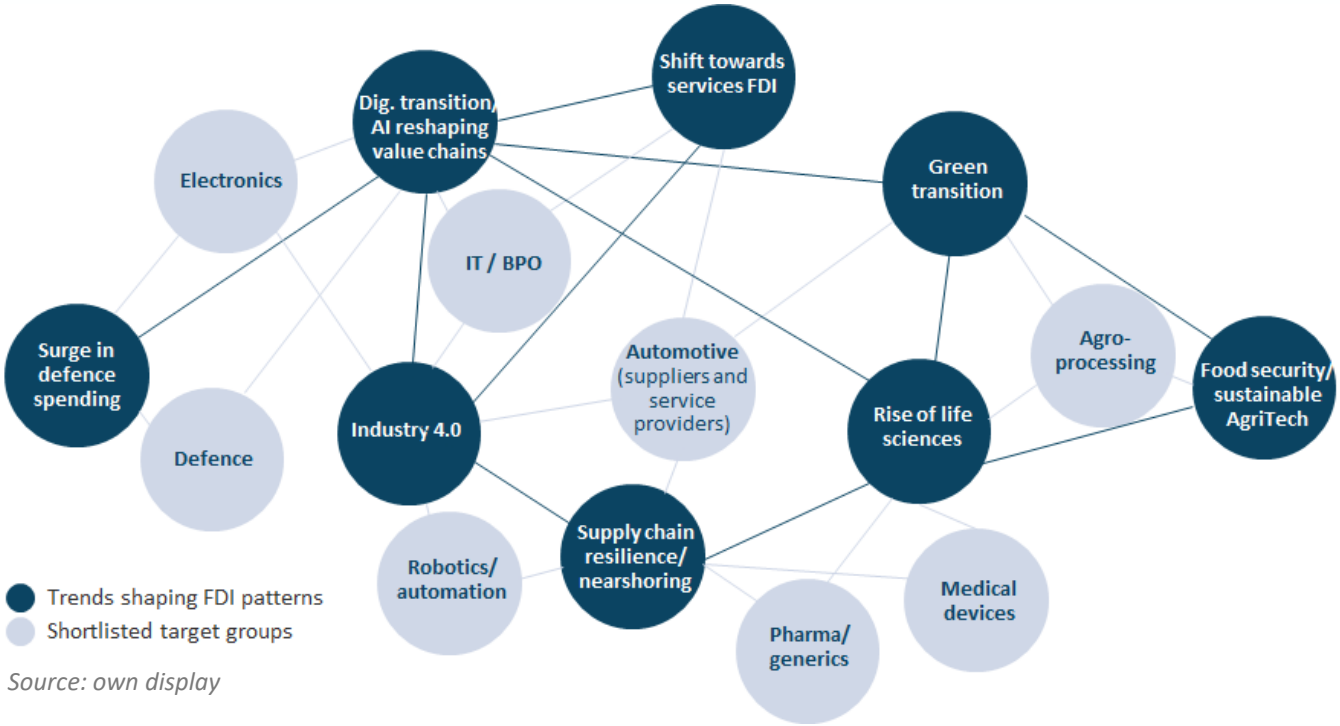
Digital transition / AI reshaping value chains	• Key driver for transformation of value chains and investment patterns – closely interrelated with other trends (e.g. Industry 4.0, supply chain resilience / nearshoring) • FDI increasingly flowing into locations with data talent, AI startups and digital engineering ecosystems
Green transition	• Opening up promising investment and innovation potentials (e.g. battery storage systems, e-mobility) • Locations with renewable energy access, net zero supply chains, circular economy infrastructure and low-carbon logistics well received by investors under pressure to reduce environmental footprint
Shift towards services FDI	• Services outpacing manufacturing in terms of number and volume of announced FDI greenfield projects • At the same time, servicification of manufacturing (integration of services, e.g. predictive maintenance) • Increasing focus of investors on digital talent and connectivity as well as conducive regulatory framework
Supply chain resilience / nearshoring	• European companies expected to relocate / contract further parts of their activities to nearby locations • Sites allowing a rapid implementation of projects (e.g. with facilities for rent) well received by investors due to time pressure in the context of relocations
Industry 4.0	• Main driver for nearshoring making small-batch and customised production profitable • Shift from cost- to capability-based competition focusing on ecosystems supporting automation and AI- / data-driven production with more energy-efficient, traceable and circular processes
Rise of life sciences	• Life sciences becoming a central pillar of innovation-oriented FDI driven by a combination of demographic, technological, regulatory and geo-political trends • Diversification of production closer to EU markets with strong focus on regions with specialised clusters
Food security / sustainable AgriTech	• Reconfiguration of value chains and increasing investment dynamics in light of climate change, supply chain disruptions and changing consumer demands • Transformation of FDI greenfield activity by AgriTech placing more emphasis on tech-related capabilities
Surge in defence spending	• Surging budgets and technological trends reshaping FDI dynamics in defence and dual-use industries • Location decisions depending less on generic cost factors and more on security policy, procurement access, skills and ecosystem depth

2. Shortlisting of target groups

Taking into account these key trends as well as further research carried out, the target groups electronics, medical devices, automation & robotics, automotive, IT & BPO, agro-processing, defence and pharma were shortlisted

- The figure below maps the shortlisted target groups as well as the key trends shaping FDI patterns and shows how they interrelate
- In addition, the existing capabilities of the industrial ecosystem (e.g. SMT capabilities and precision mechatronics), the relevant strategic framework and the focus of recent investment promotion activities were taken into account in the shortlisting process

Shortlisted target groups:



Source: own display

3. Target group analysis: electronics

Investment potential	» Very promising investment potential at both the global and regional level – Electronics & semiconductors among the top FDI sectors globally in 2024 with 1,445 announced greenfield projects in electronics & electrical equipment worth USD 182 bn (UNCTAD, 2025) – Increasing FDI dynamics in the Western Balkans in the recent past and positive outlook with AI, supply chain diversification and green transition as key drivers according to the interviews
Competitive position	» Strong presence of automotive suppliers (e.g. Aptiv, Kemet, Kostal, Marquardt) with relevant competencies (e.g. SMT capabilities, electronics assembly, precision mechatronics, passive component manufacturing, testing and quality management) » Drawing on the interviews, recent (re)investments (e.g. by BMZ, Gentherm and Kostal) indicating also conducive conditions for higher-value battery and power electronics » Highly qualified workforce at competitive costs » Modernisation of relevant (dual) VET and academic educational programmes (e.g. at Ss. Cyril and Methodius University in Skopje and University of Information Science and Technology in Ohrid) and established collaboration between foreign investors, VET schools and universities
Development impact	» Important contribution to export-led growth generating spillover effects in related sectors (e.g. robotics & automation, energy) » Considerable upgrading potential due to multi-process and multi-sector profile; stepwise relocation is common offering the potential to attract more advanced operations over time » Share of women employees typically higher than in most other manufacturing industries – For instance, women accounting for up to 60% of employees in interviewed automotive suppliers with a strong footprint in electronics – Above average employment of women in component assembly, quality inspection and testing » In general, moderate environmental impact of FDI projects depending on the type of product and manufacturing process; at the same time, important role in the green transition enabling circular and low-carbon solutions (e.g. components for EVs and smart grids)

3. Target group analysis: medical devices

Investment potential	» Robust FDI dynamics in medical devices and products industry at global level driven by combination of demographic, technological, economic and regulatory trends; between 2019 and 2023, seventeenth largest FDI industry in terms of number of projects (UNCTAD, 2025) » Increasing presence of foreign investors in Western Balkans (e.g. Gerresheimer and Rontis in North Macedonia, Fresenius and Schott in Serbia) indicating relevant potential
Competitive position	» Conducive conditions in terms of proximity and access to key markets, competitive labour and operating costs as well as relevant educational programmes (e.g. at Ss. Cyril and Methodius University in Skopje and Goce Delcev University in Štip) » Established supplier base with relevant capabilities, several existing investors already serving the MedTech market (e.g. producing components such as cables and connectors for medical implants) » Broad awareness of synergies between automotive supply and medical devices industry in the context of regional transformation strategies at the international level (e.g. in Germany) » However, no distinct profile of North Macedonia as a MedTech location yet and intensifying competition for investment projects at the international level
Development impact	» Major contribution of industry to innovation, R&D and exports as well as to upgrading the industrial structure – incl. stepwise relocation of products / processes by investors » Substantial image and linkage effects, e.g. at the interface to the IT or even automotive and vehicle manufacturing industry (emergency medical services vehicles) » One of the manufacturing industries with the highest share of women employees – Women accounting for more than half of the global workforce in the medical device sector (World Bank, 2019) – Women holding 23.6 % of leadership positions in the largest global MedTech companies (Medical Design & Outsourcing, 2023) » In general, moderate environmental impact of FDI projects (e.g. plastic and hazardous waste) depending on the type of device / product and manufacturing process

3. Target group analysis: automation & robotics

Investment potential	» Automation & robotics has been contributing to a sharp increase in FDI greenfield projects (from 656 to 1,121 projects) in the machinery & equipment industry globally during the last three years (UNCTAD, 2025) » Compared to the global level, lower FDI dynamics in the Western Balkans with a focus on smaller acquisitions (e.g. ABB acquiring Bosnia and Herzegovina's software service provider Meshmind) and sales functions (e.g. KUKA in Serbia) and no major FDI project in North Macedonia so far » Increasing FDI activity expected driven by the green and digital transition, rising labour costs and shortages in application industries and the need for higher productivity and supply chain resilience » Furthermore, additional potential could be tapped in related machinery and equipment segments
Competitive position	» Favourable conditions in terms of application / market potential (e.g. automotive suppliers), collaboration opportunities with specialised local companies (e.g. MANEX, Aspect, GENITOR) and further capabilities of the industrial ecosystem (e.g. actuators, sensorics, electronics and IT) » Highly qualified and cost-effective workforce, relevant educational programmes » Despite early stage of development of the industry, North Macedonia could benefit from first mover advantage; no country in the region with a distinct profile as automation & robotics hub yet » However, complementary measures needed to improve competitive position (e.g. target group specific incentive and upskilling programmes, specialised competence centres)
Development impact	» Successful automation & robotics FDI projects can have a catalytic effect: – On the domestic economy raising productivity and competitiveness across industries – On investment attraction upgrading North Macedonia's value proposition as locations demonstrating readiness for smart manufacturing become more attractive in light of key trends » Creation of highly skilled jobs, with an increase in the number of women in relevant academic programmes and employment in line with the average level in the manufacturing sector as reported by interview participants » Environmental impact of FDI in automation & robotics highly context-dependent; potential to reduce the footprint per unit of production in combination with renewable energy

3. Target group analysis: IT & BPO

Investment potential	» Very high FDI dynamics at the global level: information and communication services remained the top FDI industry by project number – accounting for approximately 18% of all global FDI greenfield projects in 2024 (UNCTAD, 2025) » Relevant potential at the regional level confirmed by increasing presence and expansions of foreign investors in the Western Balkans (e.g. Seavus / Qinshift and Concentrix in North Macedonia) as well as recent new investments (e.g. by Engineering Group in Albania)
Competitive position	» Diversified landscape of investors ranging from BPO services (e.g. Teleperformance, Concentrix) to software engineering and IT services (e.g. Netcetera, Seavus / Qinshift, Endava) indicating conducive conditions drawing on: – Emerging tech ecosystem and cluster structures with approx. 3,000 ICT firms (2024) and a cost-competitive, skilled and multilingual workforce with approx. 25,000 specialists and more than 1,300 ICT graduates annually (MASIT, 2025) – Expanding range of academic and training programmes (e.g. AI-focused curricula at the Faculty of Computer Science and Engineering of the Ss. Cyril and Methodius University in Skopje or private initiatives such as Qinshift Academy or Brainster Next) » Established shared service centres (e.g. PwC) and functions of several manufacturing investors, e.g. Johnson Mattey (precious metal accounting), KEMET (sales & customer service) » Competencies in verticals at the interface to other target groups (e.g. MAK-System in MedTech) » However, number of remaining structural challenges limiting the scope of investment projects that can be attracted, e.g. shortage of senior specialists, brain drain, quality of educational system
Development impact	» Contribution towards raising productivity and upgrading the economic and export structure » Generating image & spillover effects, potential to attract FDI to (urban) locations outside Skopje » Creating highly skilled employment opportunities, particularly for women making up a large and growing share of students in IT and STEM programmes as reported by interview participants » Comparatively lower environmental impact; however, considering energy consumption, the focus should be on projects emphasising sustainability, not just cost-effectiveness

3. Target group analysis: automotive

Investment potential	» Strong, albeit declining, role in global and regional FDI patterns – Among top 5 manufacturing FDI industries globally in 2024; but decrease in projects (from 989 to 942) and CAPEX (from USD 91 bn to USD 85 bn) compared to 2023 (UNCTAD, 2025) – Track record of North Macedonia with investments by renowned Tier 1 and Tier 2 suppliers and vehicle manufacturers; but slowdown in initial investments and shift towards reinvestments » Current transformation of the industry affecting the investment potential, which can be tapped by North Macedonia, in particular with respect to investors from Germany » At the same time, according to the interviews, Chinese automotive suppliers offering an increasing investment potential, in particular in e-mobility related supply chains » In the short term, most promising opportunities seen along supply chains of existing investors
Competitive position	» Promising best-cost, near-EU option for suppliers looking to diversify production away from over-concentrated regions, with: – Cooperation opportunities with Tier 1 and Tier 2 suppliers, proximity to OEMs – Established industrial ecosystem with a highly-skilled talent pool, strong ties between different actors incl. close collaboration between investors and educational institutions » Automotive forming a priority of regional initiatives » However, limited labour potential requiring shift towards more automated processes
Development impact	» Strengthening an industry, which is of strategic importance for exports and investments – Diversifying the supplier base upgrading value chains as well as value proposition – Embedding existing investors more strongly in local economy reducing the risk of relocations » Employment effects and environmental impact depending on specific type of project – More advanced processes contributing to an upgrading of the employment structure – While projects can increase energy & resource consumption, emissions and waste streams, a shift to higher-value precision manufacturing offers the potential to introduce more efficient low-carbon processes and to cluster green infrastructure

3. Target group analysis: agro-processing

Investment potential	» In principle, promising investment potential at the global level; agro-processing and food among the top 10 manufacturing FDI industries – approx. 6% of projects in 2024 (UNCTAD, 2025) » However, relevant investment potential rather limited in the short term according to interviews – Within Western Balkans, concentration of FDI projects from agro-processing and food industry in Serbia and Bosnia and Herzegovina (e.g. Nestlé, Mamminger, Meggle, Dr. Oetker) – Potential for North Macedonia gauged more positively in niches, e.g. processing of medicinal & aromatic plants and fruits & vegetables, (certified organic) wine
Competitive position	» Favourable agro-climatic conditions, longstanding tradition in agro-processing (incl. established viticulture and winemaking tradition) and strong export orientation » Strategic priority of the government, e.g. “Smart agriculture and food” as a priority domain in the Smart Specialisation Strategy (MES, 2023) » However, very intense competition at the international level and no investment track record – only few and mainly small investments (e.g. Apple Land from UAE) » Range of challenges limiting the potential to attract agro-processing investors, incl.: – Size of the local market / industry, farm structure, reliability of raw material supply – Deficits regarding infrastructure & logistics, regulatory and standards compliance
Development impact	» Strategic importance of agriculture sector due to its substantial socio-economic footprint » Increasing value addition and exports reducing reliance on raw and semi-finished products » Synergies with further target groups, e.g. automation & robotics and IT (e.g. AgriTech) » Creating employment opportunities with particular emphasis on rural areas and women – Women accounting for 47% of the workforce in food-processing in Europe and Central Asia (ILO, 2025) – Notably lower gender pay gap in processing than in traditional agriculture (FAO, 2023) » Modern processing technology used by foreign investors and adoption of greener practices, reducing the environmental footprint compared to older domestic facilities

3. Target group analysis: defence

Investment potential	» FDI in the defence sector showing very strong growth at the global level, albeit from a low base – Approx. 100 global greenfield FDI announced in the space and defence industry in 2023, up from 60 projects in 2022 (Irwin-Hunt, 2024) – Continued strong growth expected driven by surging defence spending (e.g. NATO's 5% target) » The announced cooperation between ATS Group and Turkish company MKE, the opening of an office by the Turkish defence electronics company ASELSAN in Skopje as well as several enquiries received by chambers and agencies in North Macedonia indicate a relevant investment potential
Competitive position	» Favourable investment conditions and relevant capabilities in the industrial ecoystem building on: – NATO membership, EU accession process and related funding opportunities – Deepening strategic cooperation with Türkiye – Existing industrial traditions and specialised companies (e.g. ATS Group focusing on small-calibre ammunition, ballistic composites and relevant machinery & equipment) – Established skills and supplier base in related areas (e.g. electronics, IT, metal products) – Competitive cost structures » However, local industry still at an early stage of development and very intense int. competition » To improve value proposition, a consistent strategic and institutional framework incl. mechanisms for funding / PPP projects is needed
Development impact	» Tapping dual-use potentials and contributing to industrial diversification » Fostering technology transfer and generating spillover effects in related industries » Supporting infrastructure development, e.g. repositioning TIDZs / developing specialised zones » Environmental impact and employment effects depending on the type of project – Share of women in defence industry typically lower than in most manufacturing industries according to interviews, with exceptions in tech-driven sub-sectors – While FDI can bring advanced technologies, activities can be resource- and energy-intensive (e.g. risks related to emissions and waste), requiring strong environmental governance

3. Target group analysis: pharma

Investment potential	» Increasing role of pharma industry in global FDI patterns (UNCTAD, 2025) – In 2024, largest increase in the number of FDI greenfield projects of all industries (27.2%) – Among top 10 manufacturing industries in terms of FDI volume (USD 22.1 bn in 2024) » Further growth expected driven by demographic, technological and regulatory trends » However, relevant investment potential rather limited in the short term according to interviews – Pharma investments in the Western Balkans focusing on Serbia (e.g. Stada) – North Macedonia's potential rated more positively in niches, e.g. processing of medicinal plants
Competitive position	» Number of competitive domestic pharma companies (e.g. Alkaloid, Bionica and Replek) active in producing generics, non-prescription medicines, vitamins and supplements » Recent investments, e.g. by Gerresheimer (pharmaceutical packaging), and enquiries, e.g. from Domaco DNH (supplements based on natural ingredients), indicating competitiveness in related value chains » However, no FDI projects attracted in core segments of the pharma industry so far » Shortage of skilled labour pointed out as key challenge in interviews; number of graduates from vocational training and university programmes lower than recruitment needs of local companies » Small local market, no distinct profile and investment track record as pharma location » At the same time, intensifying international competition for pharma FDI, also at regional level (e.g. Serbia and Bulgaria)
Development impact	» Considerable impact of pharma FDI with respect to innovation dynamics, R&D and exports as well as upgrading the industrial structure » In addition, substantial linkage and image effects » Interview findings indicating a potential to create highly-skilled jobs with an above-average value added and share of women in employment (45-60%) » Environmental footprint varying by product type and process – moderate impact of production of generics and processing of medicinal plants

4. Recommendations – target groups & segments

Electronics, medical devices, automation & robotics, automotive and IT & BPO should form the initial focus. The segmentation emphasises FDI projects embracing innovation, green transition, digitalisation and AI opportunities

» Agro-processing and defence should be assigned Priority 2. No outreach activities are recommended for pharma in the short term (Priority 3)

» Across the target groups, the segmentation places strong emphasis on projects, which:

- Drive and scale innovation, foster technology transfer and build local talent strengthening the country's innovation ecosystem and upgrading the industrial structure (e.g. MedTech)
- Support the green transition and deliver products and services to reduce the environmental footprint (e.g. e-mobility, PV and storage components) complementing national efforts to expand renewable energy generation
- Leverage digital technologies and AI solutions to enhance productivity and efficiency (e.g. predictive maintenance) while contributing to the green transition and fostering innovation dynamics

» Investment promotion measures should be refocused based on the prioritisation and intensified as soon as possible

» The prioritisation should be regularly reviewed (every 2-3 years) considering the results, changes in the investment environment and an upgrading of the target group mix

4. Recommendations – target groups & segments

At the same time, the proposed segmentation supports a geographical diversification of target markets

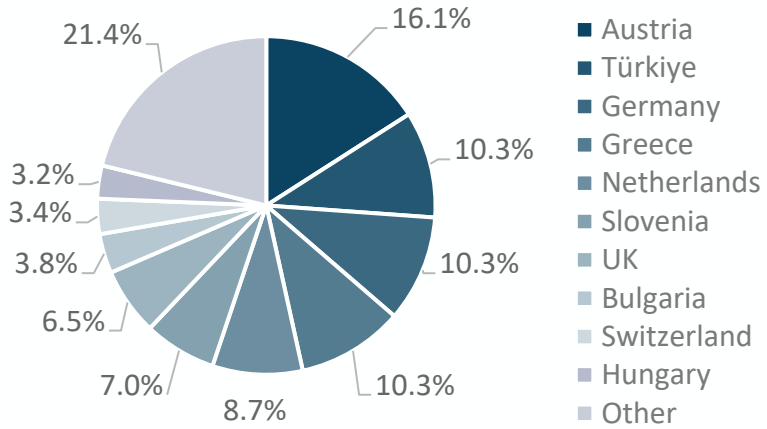
» The composition of North Macedonia's FDI stock reflects a strong concentration from a small number of source countries

- Austria is the leading source country, followed by Türkiye, Germany and Greece
- EU member states account for more than two thirds of the FDI stock
- Several globally leading source countries for FDI and greenfield projects are underrepresented
- This applies to the US, China, Japan, UAE, Republic of Korea and Taiwan, among others

» Against this backdrop, the segmentation is geared towards greater geographical diversification of target markets to:

- Strengthen resilience
- Fully unlock the investment potential

FDI stock in North Macedonia (2024)



Source: Own representation based on National Bank of the Republic of North Macedonia (NBRNM, 2025)

Value of announced FDI greenfield projects by source (2024)

Rank	Country	Value (USD bn)	Share in total value
1.	US	229.5	17.2%
2.	China	85.6	6.4%
3.	Japan	79.0	5.9%
4.	UK	74.5	5.6%
5.	UAE	72.0	5.4%
6.	Germany	71.5	5.3%
7.	France	71.1	5.3%
8.	Republic of Korea	65.7	4.9%
9.	Taiwan	59.8	4.5%
10.	Netherlands	52.0	3.9%

Source: Own representation based on UN Trade and Development (UNCTAD, 2025)

4. Recommendations – investment promotion

The table below shows the proposed prioritisation, investment promotion measures and segmentation for the shortlisted target groups

Target group	Priority	Recommended measures	Target segments	Target countries / regions
Electronics	1	» Targeted investor outreach » Complementary follow-up activities and market intelligence at trade fairs and conferences » Online investment seminars in collaboration with intermediaries and existing investors	» Industrial and power electronics (e.g. parts and components for photovoltaics, energy storage systems, smart grids) » Communication components (e.g. connectors) » High-reliability AI datacentre components (e.g. passive components) » Electronics Manufacturing Services (EMS)	» France, Germany, Sweden » Japan, Republic of Korea, Singapore, Taiwan » Canada, US
Medical devices	1	» Targeted investor outreach » Complementary follow-up activities and market intelligence at trade fairs and conferences	» Components for implants (e.g. relays, switching elements and batteries), CT and MRI scanners » Electromechanical assemblies (e.g. defibrillators) » EMS (emergency medical services) vehicle integration	» France, Germany, Switzerland, UK » Japan » US
Automation & robotics	1	» Targeted investor outreach » Complementary follow-up activities and market intelligence at trade fairs and conferences	» Production of precision components (e.g. smart sensors, energy management modules, actuators and grippers) » Engineering and test centres of integrators » Integration of further machinery segments (e.g. packaging, food processing) depending on results	» France, Germany, Italy, Switzerland » Japan, Republic of Korea » US

4. Recommendations – investment promotion

Target group	Priority	Recommended measures	Target segments	Target countries / regions
IT & BPO	1	» Targeted investor outreach » Complementary follow-up activities and market intelligence at trade fairs and conferences » Online investment seminars in collaboration with intermediaries and existing investors	» Software development (enterprise & industrial software, cybersecurity, AI and data analytics) » ITO / delivery centres (e.g. testing, maintenance & support), Shared Service Centres ➢ Across segments, focus on verticals at the interface to other target groups (e.g. MedTech and predictive maintenance solutions)	» France, Germany, Ireland, Poland, Romania, Switzerland, UK » US
Automotive	1	» Targeted investor outreach in collaboration with existing investors	» Suppliers of existing investors (e.g. metal-precision parts, tool repairs, lab services) » Automotive components (e.g. mechatronic, injection-moulded, metal-based components) focusing on electric / hybrid vehicle applications » Commercial / special purpose vehicle assembly	» France, Germany, Italy » Japan, Republic of Korea » US » Locations of suppliers
Agro-processing	2	» Individually approaching potential investors in identified niches » Complementary market intelligence, e.g. in the context of trade fairs	» Processing of medicinal and aromatic plants (e.g. for food, cosmetics and pharma industry) » Processing of fruits and vegetables (e.g. apples, plumbs, tomatoes, gherkins) » Integration of further segments, incl. nuts and (certified organic) wine, depending on results	» France, Germany, Italy, Switzerland » Quatar, UAE » US
Defence	2	» Individual investor outreach with political support (e.g. organised delegations) » Complementary G2G efforts	» Small arms, ammunition » Defence electronics (e.g. components for UAVs) » Structural components for armoured vehicles » MRO Maintenance, Repair & Overhaul	» Türkiye » Further NATO member states
Pharma	3	» No outreach measures in the short term recommended – focus on systematic market intelligence	» Generics and pharmaceutical packaging » Processing of medicinal plants (integrated into target group agro-processing)	» France, Germany, Switzerland, UK » India, Israel » US

4. Recommendations – investment promotion

The main focus of promotional efforts should be on measures that allow a direct communication with potential investors in the prioritised target groups to convince them of the business opportunities offered and address their concerns

- Particular emphasis should be on target group specific outreach campaigns, which can be combined with virtual investment seminars to directly engage with potential investors and address a target audience across several countries
- Leading trade fairs of relevance for the prioritised target groups can be used for complementary market intelligence and follow-up activities
- In addition, networks with intermediaries in the target groups at the national and international level should be strengthened
- Invest North Macedonia's website and social media engagement should also be refined and extended reflecting the defined target group spectrum
- To raise awareness, in particular among new target groups, ad placement could complement the marketing mix depending on available budgets. There should be a clear focus on media channels of relevance for the prioritised target groups
- The effectiveness of the promotional measures should be increased by developing an overarching country branding combining a clear strategic positioning, differentiation and consistency across channels and stakeholders

4. Recommendations – investment promotion

Targeted outreach campaigns should form a core element of investment promotion measures

- The focus is on identifying potential investors in the defined target segments / niches and approaching them directly with a tailor-made contact package to create awareness of North Macedonia as an attractive investment location and generate interest
- Targeted outreach has proven to be a cost-effective investment promotion approach
- It requires dedicated resources and profound industry-specific expertise to:
  - Plan the campaigns and develop tailor-made contact packages
  - Identify, contact and build relationships with key investors
- Relationship management (incl. systematic follow-up) is a key success factor
- The number of campaigns / companies need to be aligned with available resources

Process for implementing targeted outreach campaigns

Source: own display

4. Recommendations – investment promotion

The outreach campaigns can be combined with target group specific virtual investment seminars

- Virtual events open up new opportunities to reach out to investors and to address specific target groups across several countries
- They have proven to be a cost-effective investment promotion tool allowing to directly engage with potential investors
- A key success factor for investment seminars as well as for outreach campaigns relates to target group specific presentations
- The presentations should be aligned with the information needs of investors and include specific investment opportunities
- Furthermore, the programme should include contributions from existing investors and from independent industry experts (e.g. associations)

Outline of a target group specific presentation

(1)	Setting the scene, highlighting trends driving investment decisions in the target group (e.g. nearshoring)
(2)	Existing company landscape, value chains and collaboration opportunities for the target group
(3)	Skills and talent pool (e.g. information on relevant workforce, educational and VET programmes)
(4)	Relevant industrial infrastructure (e.g. TIDZs, Tech Parks, facilities for rent, utilities, connectivity)
(5)	Cost structure (e.g. comparison of labour and operating costs) and incentive programmes for target group
(6)	Track record (examples of successful investment projects) and specific investment opportunities
(7)	Investment facilitation and aftercare service (incl. dedicated contact persons)

4. Recommendations – investment promotion

It has proven helpful to use target group relevant trade fairs and industry events for follow-up activities and complementary market intelligence

- Meetings at trade fairs allow to assess whether a company has genuine interest in an investment
- Thus, when planning outreach campaigns, dates of relevant trade fairs should be taken into account
- Meetings need to be arranged in advance
- Attending trade fairs is also an effective way to gain industry intelligence
- Obtaining a booth is not necessary for this measure
- A list of relevant trade fairs for the shortlisted target groups is provided in the table on the right

Relevant trade fairs / industry events

Target group	Trade fair / event	Location	Date
Electronics	electronicAsia	Hong Kong	13-16 Oct 2025
	Hannover Messe	Hannover	20-24 April 2026
	Electronica	Munich	10-13 Nov 2026
Med. devices	MEDICA	Duesseldorf	17-20 Nov 2025
Automation & robotics	Robotworld	Goyang/ Seoul	5-8 Nov 2025
	iREX	Tokyo	3-6 Dec 2025
	Hannover Messe	Hannover	20-24 April 2026
	Automatica	Munich	22-25 July 2027
IT & BPO	Shared Services & Outsourcing Week	Amsterdam	21-23 Oct 2025
	Web Summit	Lisbon	11-14 Nov 2025
	Gitex Europe	Berlin	30 June-1 July 2026
Automotive	Automotive World	Tokyo	21-23 Jan 2026
	IZB	Wolfsburg	27-29 Oct 2026
	IAA Mobility	Munich	7-12 Sept 2027
Agro-processing	Anuga	Cologne	4-8 Oct 2025
	Spices & Herbs Global Expo	Rimini	21-23 April 2026
Defence	No investment promotion activities at trade fairs recommended in the short term		
Pharma	CPhI Worldwide	Frankfurt	28-30 Oct 2025
	Pharmapack Europe	Paris	21-22 Jan 2026

4. Recommendations – investment promotion

Furthermore, developing strategic partnerships with intermediaries in the target groups should constitute a priority

- Intermediaries are an often underestimated source of contacts
- There is a wide spectrum of intermediaries to partner up with:
  - Industry and cluster organisations
  - Service providers (e.g. consultants, accelerators)
  - TIDZs, tech parks, embassies
  - International organisations
  - Existing investors
- Joint activities could include:
  - Identifying and approaching potential investors (e.g. suppliers, members)
  - Virtual seminars and PR activities

Relevant intermediaries for the shortlisted target groups

Target group	Intermediaries
Electronics	» Cluster organisations and associations in target countries, e.g. ZVEI, BITKOM, ECPE European Center for Power Electronics (Germany)
Medical devices	» International associations, e.g. GMTA Global Medical Technology Alliance, MedTech Europe » Cluster organisations and associations in target countries, e.g. HealthCapital, BVMed (Germany)
Automation & robotics	» Cluster organisations and associations in target countries, e.g. DRV Deutscher Robotik Verband, VDMA Fachverband Robotik + Automation, ZVEI Fachverband Automatisierung, Robot Valley Saxony (Germany)
IT & BPO	» International associations, e.g. ABSL » Cluster organisations and associations in target countries, e.g. BITKOM, Deutscher Outsourcing Verband, Silicon Saxony (Germany)
Automotive	» Existing investors in North Macedonia » Cluster organisations and associations in target countries, e.g. VDA, Cluster Automotive Bavaria (Germany)
Agro-processing	» Cluster organisations and Associations in target countries, e.g. FoodRegio, Food-Processing Initiative, BVE (Germany)
Defence	» Ministry of Defence, Office of the Prime Minister
Pharma	» International associations, e.g. EFPIA European Federation of Pharmaceutical Industries and Associations » Cluster organisations and associations in target countries, e.g. HealthCapital, Pro Generika (Germany)

4. Recommendations – complementary measures

In order to tap the FDI potential, the entire investment attraction cycle should be addressed

- Successful investment promotion agencies take a target group oriented approach throughout all stages and dimensions
- The target group definition forms the basis for interlocking different instruments / activities
- According to the interviews, next to investment promotion, reform measures should focus on:
  - Aftercare activities
  - Organisational structures for investment attraction
- Economic diplomacy can also make an important contribution towards implementing a target group oriented approach
- In addition, the target group definition is of relevance for refining further investment policy tools such as TIDZs and incentives

Investment attraction cycle

Source: own display

4. Recommendations – complementary measures

Aligned with the proposed target group definition, aftercare should be intensified realising its potential beyond pure investment retention

- The importance of aftercare has increased significantly at the international level
  - The original focus was on retaining investment. However, aftercare has also proven a very effective way to attract and secure additional FDI projects
  - Up to 75% of FDI projects are expansions or reinvestments; systematic aftercare helps to understand and influence investment decision (ECORYS, 2013, p.68)
- Furthermore, regular exchange with investors provides valuable information on target group specific investment trends and potentials
- Aftercare also allows IPAs to get access to the contact network of investors opening up opportunities to attract suppliers, customers etc.
- As a starting point, the finding of this study could be discussed with existing investors

Aftercare function of Berlin Partner (Germany)

Building on thorough research and consultations with strategic partners, the IPA introduced a structured aftercare programme already in 2010:

- The agency recruited four specialised key account managers who were integrated into the existing industry teams and additional specialists for sites, HR and finance who joined a project support unit
- Approx. 400 strategic investors were selected based on defined criteria such as size, employment potential, contribution towards innovation dynamics
- Regular meetings are organised with each strategic investor in order to discuss previous and planned projects as well as challenges and support needed
- The support offered by the key account managers integrates the agency's own as well as the services of strategic partners (e.g. chambers, associations)
- The joined service portfolio comprises areas such as sites, finance & incentives, recruitment & training, permits, clusters, innovation, internationalisation

During the first five years, reinvestment projects with a volume of EUR 1.5 bn could be secured. The agency continuously refined its aftercare operation during the following years and received the fDi Strategy Award for "Best Aftercare Services" in 2021 (fDi Intelligence, 2023)

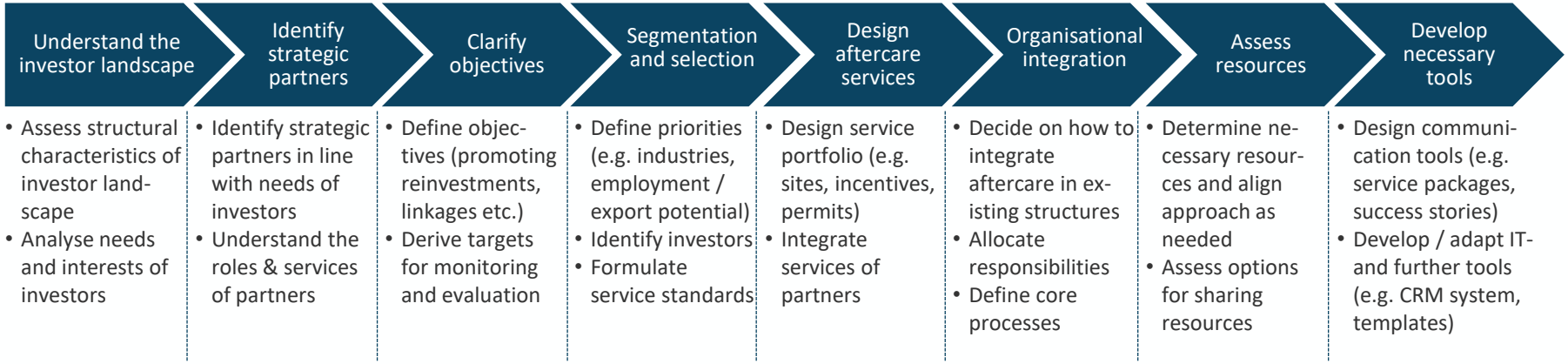
Source: Vogler (2020)

4. Recommendations – complementary measures

Successful aftercare relies on a structured, customer- and partner-driven approach

- The focus should be on building up mutually beneficial relationships with existing investors, moving aftercare onto a proactive footing and emphasising individual engagements
- This requires a dedicated team with clearly allocated responsibilities and a realistic spectrum of services and customers allowing a systematic follow-up and needs-oriented support
- It has proven helpful to coordinate and share resources with strategic partners, making use of synergies and available competences

Key steps for designing an aftercare programme



Source: adapted from Vogler (2020)

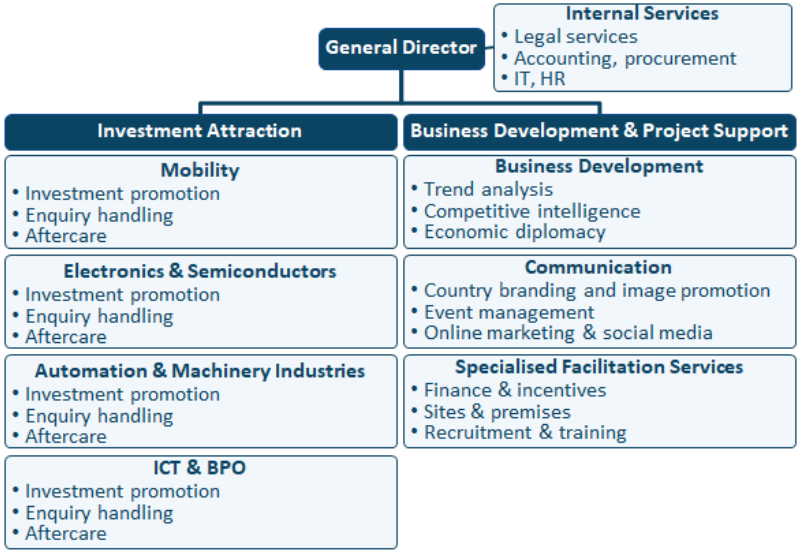
4. Recommendations – complementary measures

The institutional set-up should also reflect the target group oriented approach

» Agencies around the globe increasingly adopt a target group oriented organisational model, which offers the following benefits:

- Industry-specific expertise & networks can be systematically built up
- It facilitates the use of synergies
- It is transparent and easy to understand for customers, employees and stakeholders
- It provides a sound basis for efficient processes following a “one face to the customer” approach

Exemplary target group oriented model



Source: own display

» As shown in the example, industry-specific units for investment attraction are often combined with units pooling cross-cutting competencies to avoid duplication, e.g. specialised facilitation services, event management and economic diplomacy

» In this context, it is considered good practice to also align the economic diplomacy model with the target group oriented approach and to ensure effective coordination and knowledge-transfer between the different institutions involved

4. Recommendations – complementary measures

Target group related synergies should be taken into account in decisions, whether to extend, merge or split mandates of existing agencies

- The scope and clarity of mandates affect the effectiveness of agencies
- Various countries have recently restructured their institutional framework for investment and export promotion, innovation, SME and zone development
- The merging of mandates, and in some cases mandate splits, account for a large share of institutional reforms

Exemplary integrated model

Source: own display

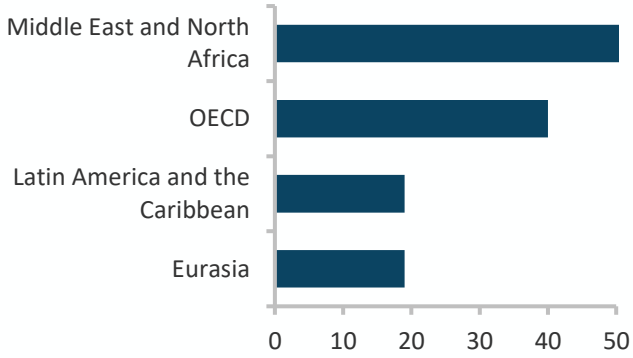
- An integrated development agency combining several related mandates (see example on the right) is a suitable model in case of:
  - Strong vertical focus across related policy packages
  - Synergetic priority target groups throughout different mandates
- In case of differing target groups or a more horizontal approach in related policy areas / other mandates, a separate specialised investment agency is more advisable

4. Recommendations – complementary measures

The following cross-cutting success factors should be considered when designing target group oriented organisational structures:

- The target group oriented approach relies on high-level commitment, adequate resources and industry-specific expertise to develop the necessary contact networks
  - Investment promotion professionals, in particular at the management level, should be familiar with the specific needs of investors building on private sector experience
  - An appropriate number of positions is needed to cover the spectrum of different target groups
  - OECD Mappings show, that IPAs in OECD countries employ on average 40 investment promotion staff, plus additional staff for further tasks (OECD, 2020)
  - Resources should be consolidated rather than fragmented across institutions to ensure efficiency

Number of investment promotion staff in IPAs in different regions



Source: Own representation based on Organisation for Economic Cooperation and Development (OECD, 2020)

- Recent OECD research indicates that IPAs with a higher degree of institutional and operational independence tend to be more effective (OECD, 2020)
- Supervisory boards or inter-institutional councils incl. private sector representatives have proven helpful in ensuring strategic guidance and coordination

4. Recommendations – complementary measures

Beyond investment promotion, related policy tools such as TIDZs and incentive schemes should be aligned with the defined target group focus

» To tap the potential in the manufacturing target groups, the value proposition of TIDZs should be adjusted placing more emphasis on the development of specialised zones

- Specialised zones focus on developing / upgrading specific industries and value chains
- Investors can benefit from an advanced target group oriented infrastructure and service portfolio (e.g. “plug and play” models with production and office space for rent, training and testing facilities, community building and linkage promotion services)

» Incentive schemes should be aligned to the needs of the prioritised target groups

- Considering the expected profile of future investment projects, profit tax exemptions tend to be less effective according to the interviews
- The focus should be shifted towards labour cost competitiveness and skills development (e.g. wage subsidies scaled by job quality, payroll tax relief, co-funding of training expenses)
- In addition, interview partners expressed a need to harmonise the definition of eligible expenditure for state aid purposes with international standards

» Further proposals for improving the investment climate can be found in the Policy Study PS ALL 2025/03 (“Improving the business climate – boosting investment. Proposals from foreign investors in North Macedonia”)

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About the German Economic Team

Financed by the Federal Ministry for Economic Affairs and Energy, the German Economic Team (GET) advises the governments of Ukraine, Belarus*, Moldova, Kosovo, Armenia, Georgia* and Uzbekistan on economic policy matters. Berlin Economics has been commissioned with the implementation of the consultancy.

**Within the framework of project activities in Georgia, we are in contact solely with reform-oriented partners for the time being; in Belarus advisory activities are suspended*

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