

# **7th International Scientific Conference on IT, Tourism, Economics, Management, and Agriculture (ITEMA 2023)**

## **BILATERAL TRADE PERFORMANCE AND UNTAPPED TRADE POTENTIALS BETWEEN NORTH MACEDONIA AND CROATIA**

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## Introduction

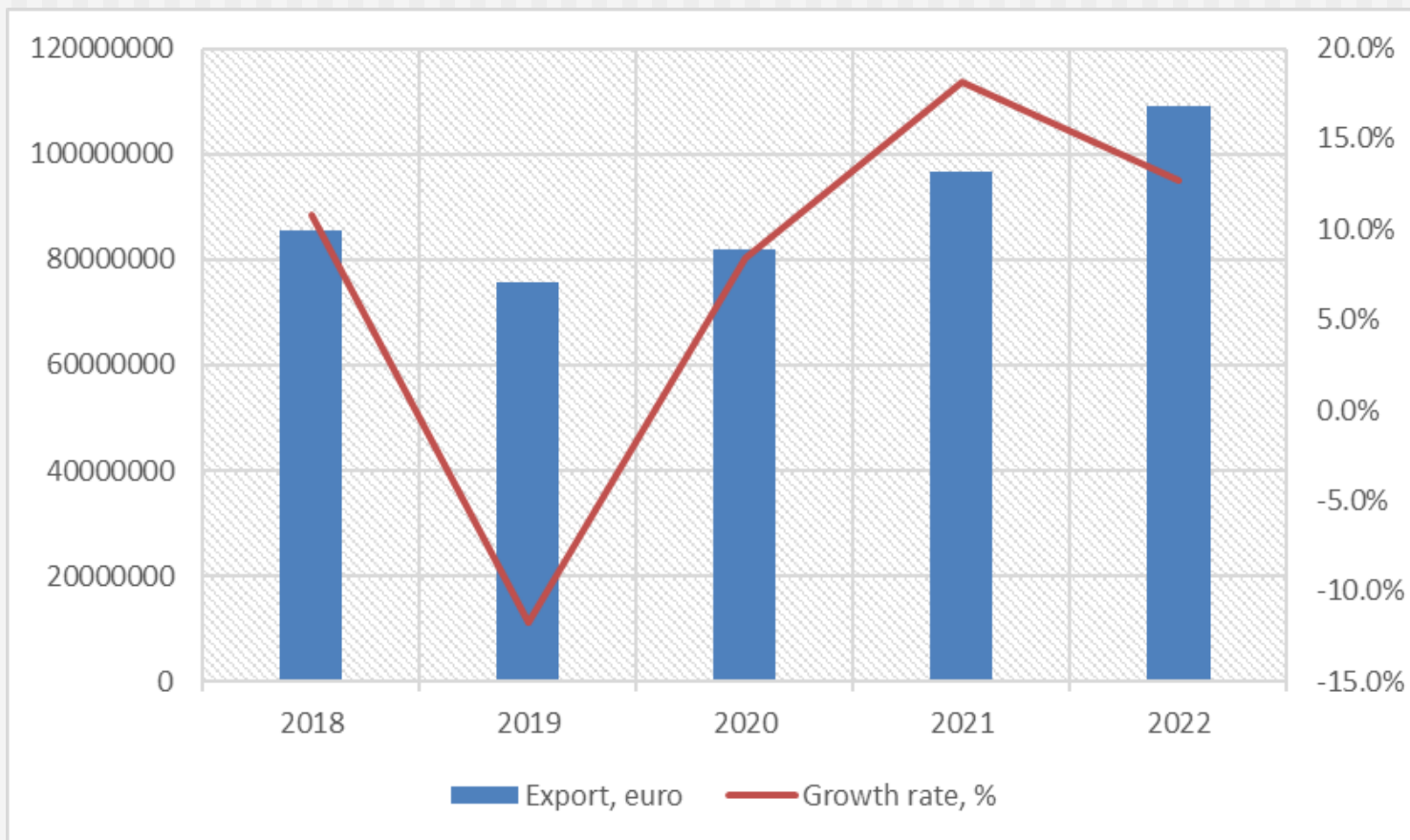
The main aim of the paper is to **empirically investigate the bilateral trade performance** between North Macedonia and Croatia and to **identify the untapped trade opportunities and potentials** between both countries.

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The research methodology applied to explore the bilateral trade performance is based on **growth sources analysis of bilateral trade** at product level

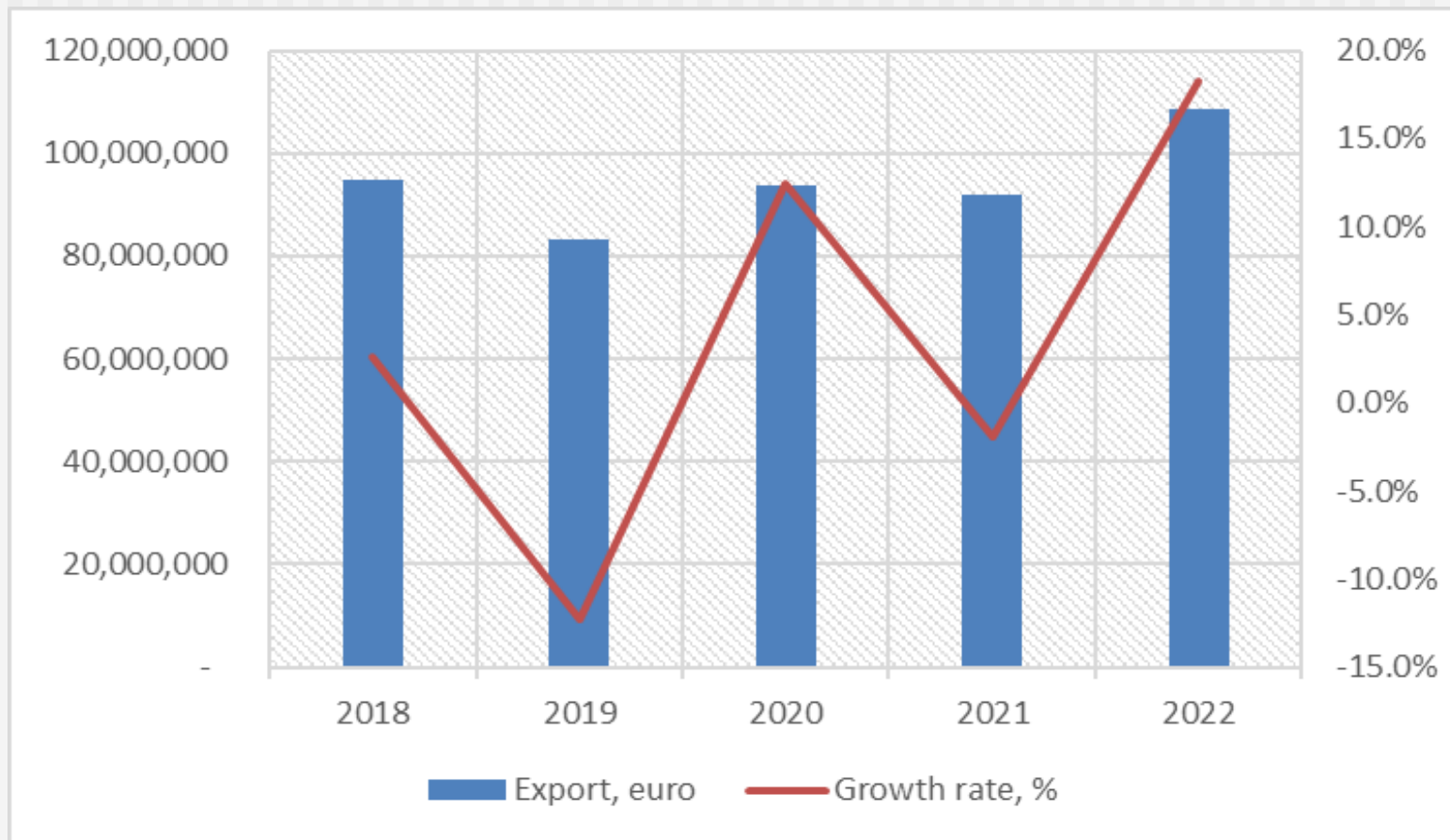
The identification of the untapped bilateral trade potentials is based on estimation of **Export Potential indicator** developed by the International Trade Center (ITC).

# Macedonia's export to Croatia, 2018-2022



Year	2018	2019	2020	2021	2022
Export, euro	85,579,271	75,542,846	81,901,471	96,723,217	109,048,697
Growth rate, %	10.8%	-11.7%	8.4%	18.1%	12.7%

## Croatia's export to North Macedonia, 2018-2022



Year	2018	2019	2020	2021	2022
Export, euro	94,928,347	83,245,582	93,597,118	91,835,957	108,646,098
Growth rate, %	2.6%	-12.3%	12.4%	-1.9%	18.3%

## What does Macedonia export in Croatia, export structure?

Product Code	Product Label	Macedonia's exports to Croatia	
		Value in 2022, USD	Annual growth in value between 2018-2022, %
'200599	Vegetables and mixtures of vegetables, prepared or preserved otherwise than by vinegar, non-frozen	7,896,000	13
'730661	Tubes and pipes and hollow profiles, welded, of square or rectangular cross-section, of iron	7,869,000	8
'721230	Flat-rolled products of iron or non-alloy steel, of a width of < 600 mm, hot-rolled or cold-rolled	6,323,000	22
'220421	Wine of fresh grapes, incl. fortified wines, and grape must whose fermentation has been arrested	5,015,000	-2
'190590	Bread, pastry, cakes, biscuits and other bakers' wares, whether or not containing cocoa	4,614,000	4
'070960	Fresh or chilled fruits of the genus Capsicum or Pimenta	4,010,000	14
'721491	Bars and rods, of iron or non-alloy steel, not further worked than hot-rolled, hot-drawn	3,880,000	133
'721070	Flat products of iron or non-alloy steel, of a width of >= 600 mm, hot-rolled or cold-rolled	3,804,000	-1
'020410	Fresh or chilled lamb carcasses and half-carcasses	3,093,000	12
'720852	Flat-rolled products of iron or non-alloy steel, of a width of >= 600 mm, not in coils, simply	2,959,000	1

## What does Croatia export in Macedonia, export structure?

Product Code	Product Label	Croatia's exports to Macedonia	
		Value in 2022, USD	Annual growth in value between 2018-2022, %, p.a.
'300490	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes, ...	9,351,000	6
'701090	Carboys, bottles, flasks, jars, pots, phials and other containers, of glass, of a kind used	7,889,000	8
'210690	Food preparations, n.e.s.	5,724,000	7
'480519	Fluting paper, uncoated, in rolls of a width > 36 cm or in square or rectangular sheets with ...	4,801,000	34
'180632	Chocolate and other preparations containing cocoa, in blocks, slabs or bars of <= 2 kg (excl. ...	4,686,000	-4
'210410	Soups and broths and preparations therefor	3,975,000	12
'340220	Surface-active preparations, washing preparations, auxiliary washing preparations and cleaning ...	3,550,000	-1
'854449	Electric conductors, for a voltage <= 1.000 V, insulated, not fitted with connectors, n.e.s.	2,733,000	53
'480524	Testliner "recycled liner board", uncoated, in rolls of a width > 36 cm or in square or rectangular	2,637,000	30
'330590	Preparations for use on the hair (excl. shampoos, preparations for permanent waving or straightening	2,598,000	11

# Methodology framework

Export potential Indicator, **EPI** is based on three components:

$$\text{Unrealized Potential}_{ijk} = EP_{ijk} - \min(\bar{Q}_{ijk}, EP_{ijk})$$

## 1) Supply component:

*i* – exporting country  
*j* – importing country (target market)  
*k* – product (HS-6 code)

$$\text{Supply}_{ik}^{EP} = \text{ProjectedMS}_{ik} \times \text{ExIm}_{ik} \times \text{GTA}_{ik}$$

## 2) Demand component:

$$\text{Demand}_{ijk} = \text{ProjectedM}_{jk} \times \text{MTA}_{ijk} \times \text{Distance}_{ijk}$$

## 3) Easiness to trade

$$\text{Easiness}_{ij} = \frac{v_{ij}}{\sum_k (\text{Supply}_{ik}^{EP} \times \text{Demand}_{ijk}^{\text{Static}})}$$

# The Macedonian export potentials to Croatia

Sector	Export value (2022), US\$	Unrealized export potentials (2023-2027), US\$	Predicted export value, 2027, US\$
Agricultural products	9,180,725	1,966,621	11,147,346
Foodstuffs	33,445,527	12,007,998	45,453,525
Mineral products	537,135	1,667,945	2,205,080
Chemicals and Allied Industries	6,396,473	9,745,638	16,142,111
Plastics / Rubbers	12,212,501	1,586,738	13,799,239
Raw Hides, Skins, Leather, and Furs	345,964	10,018	355,982
Wood & Wood Products	422,391	1,059,321	1,481,712
Textiles	2,637,485	6,190,726	8,828,211
Footwear / Headgear	15,326	1,348,542	1,363,868
Stone / Glass	1,907,166	2,233,718	4,140,885
Basic Metals and Metal products	34,200,278	13,466,838	47,667,115
Machinery / Electrical	8,064,109	13,844,384	21,908,492
Transportation	401,261	1,705,720	2,106,982
Miscellaneous	4,144,212	2,012,792	6,157,005
<b>Total</b>	<b>113,910,554</b>	<b>68,847,000</b>	<b>182,757,553</b>



# Policy recommendations:

- 1) **Improving the bilateral trade facilitation between both countries**

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- 2) **Creating better economic, trade and investment circumstances**
- 3) **Increasing the business cooperation by building stronger networks (B2B events, buyers missions, bilateral economic conferences, international fairs etc.)**

**THANK YOU FOR YOUR ATTANTION!**

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**Q & A!**