



# THE IMPACT OF BILATERAL RELATIONS BETWEEN TÜRKİYE AND NORTH MACEDONIA ON FOREIGN TRADE

Hasan Emre Karakaya

# THE IMPACT OF BILATERAL RELATIONS BETWEEN TÜRKİYE AND NORTH MACEDONIA ON FOREIGN TRADE

Hasan Emre Karakaya

- To what extent do bilateral relations between the Republic of Türkiye and North Macedonia affect the country's foreign trade figures ?
- How have political and cultural activities affected foreign trade transactions between the two countries ?
- Why do Turkish investors tend to invest in North Macedonia ?

## Problem Definition and Significance

Bilateral relations between the Türkiye and North Macedonia have experienced comprehensive economic developments over the past five years thanks to their common historical, cultural, and political bond. Türkiye and North Macedonia officially established relations in 1991, following North Macedonia's declaration of independence. Türkiye was the second country to recognize North Macedonia after the Greece.

Facing economic and political challenges, Türkiye began relations with the newly independent Macedonia during this period and initiated joint efforts to carry out important activities in the Balkan region. Türkiye demonstrated its support as a soft power element to the Balkan people, who were

experiencing difficult times, especially after NATO's intervention in Kosovo. With each passing day, Türkiye has become an important power in the region by developing its bilateral relations with Balkan countries, especially Macedonia. Looking roughly at the trade figures between Türkiye and North Macedonia, the trade volume between the two countries, which was \$515 million in 2019, has risen to approximately \$900 million as of 2024. The target for 2025 is \$2 billion. This economic growth has accelerated thanks to the customs advantages of the FTA between the two countries and investments made in North Macedonia by Turkish entrepreneurial companies. Türkiye must increase its market share in North Macedonia to achieve its goal and must carry out efforts to this end. It should engage in activities that

encourage investors. It should maintain the trade balance between the two countries.

By examining the numerical data presented in our study, we will conduct a numerical analysis of bilateral relations over the last five years. The study investigates the impact of bilateral relations between the two countries on Türkiye's foreign trade.

## Expansion of economic relations and free trade agreement between Republic Türkiye and North Macedonia

Economic relations between the Türkiye and the North Macedonia began to develop shortly after the establishment of diplomatic relations between the two countries in the 1990s and have since become one of the fundamental pillars of cooperation between the two countries. Particularly since the 2000s, mutual investments, proportional growth

in trade volume, and economic agreements have established bilateral economic relations on an institutional and stable footing. In this developing process, the Türkiye-North Macedonia (FTA), which entered into force in 1999, paved the way for deeper economic ties between the two countries and further advanced economic relations by facilitating mutual trade.

The FTA is structured to encourage the free movement of goods, reduce customs duties, and eliminate various trade restrictions. With this agreement, reciprocal customs duties between Türkiye and North Macedonia have been largely eliminated, non-tariff barriers have been reduced, and bureaucratic processes hindering trade have been simplified. This development has enabled Turkish businesspeople to access the North Macedonian market more easily and has allowed Turkish goods to become more competitive in this country.

Chart 2.2 (Türkiye's exports to Macedonia, 2014-2024)

| Product Label | Türkiye's exports to North Macedonia, [Unit : US Dollar thousand] |        |        |        |        |        |        |        |        |        |        |
|---------------|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|               | 2014  | 2015   | 2016   | 2017   | 2018   | 2019   | 2020   | 2021   | 2022   | 2023   | 2024   |
| All products  | 355262  | 324613 | 378097 | 360253 | 396838 | 408908 | 415936 | 570555 | 698242 | 647388 | 712591 |

Source: TradeMap

Analysis at the export figures of the Türkiye to the North Macedonia, we see a generally stable pattern of increases and decreases. The export volume, which continued to increase even during the 2019 pandemic, highlights Türkiye's strong economy and its ap-

proach to managing the process. However, due to the global economic downturn experienced over the past three years and the resulting changes in countries' market shares on a global scale, Türkiye's exports to North Macedonia have declined.

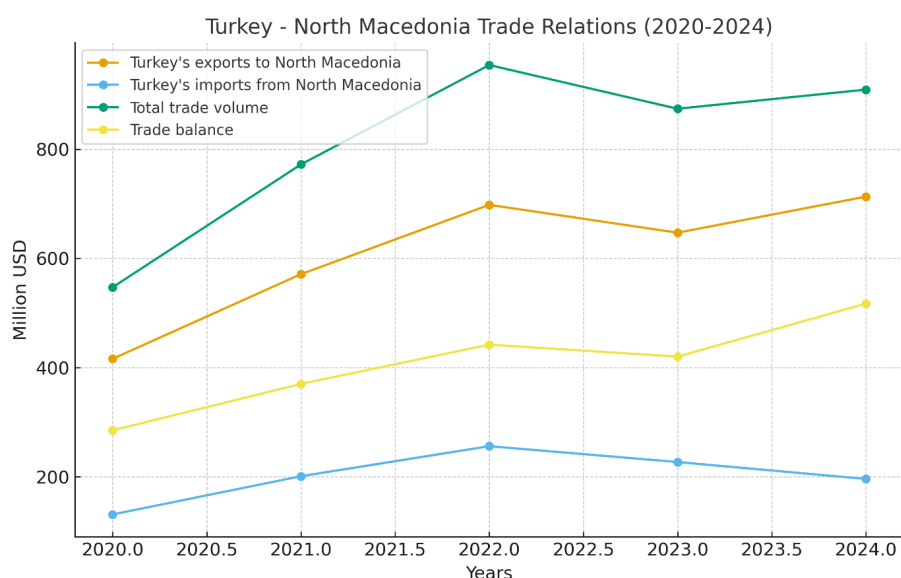
**Chart 2.1 (Export Figures Following the FTA between North Macedonia and the Republic of Türkiye, 2014-2024)**

| Product Code        | North Macedonia's Exports to Türkiye [Unit : US Dollar thousand] |       |       |       |       |       |       |        |        |        |        |
|---------------------|--|-------|-------|-------|-------|-------|-------|--------|--------|--------|--------|
|                     | 2014   | 2015  | 2016  | 2017  | 2018  | 2019  | 2020  | 2021   | 2022   | 2023   | 2024   |
| <b>All products</b> | 67605  | 73807 | 70721 | 75390 | 96167 | 87244 | 97669 | 151241 | 222063 | 196083 | 165439 |

Source: TradeMap

Analysis at the table of North Macedonia's exports to Türkiye; With the FTA signed in 1999, over the last 10 years, except for the global lockdown in 2019 due to the COVID-19 pandemic, North Macedonia's exports to Türkiye have shown a fluctuating increase throughout all years until 2023. The export volume of

North Macedonia, which was at the level of USD 67 million 605 thousand in 2014, reached the level of USD 222 million in 2022 and peaked. After 2022, as a result of the general market stagnation and sectoral contraction that occurred, there has been a 25.50% decline in mutual trade since the peak.



**Chart 2.3 (Total Foreign Trade Figures between the Türkiye and North Macedonia 2020-2024)**

| [Unit, Million USD]                          | 2020 | 2021 | 2022 | 2023 | 2024 |
|--|------|------|------|------|------|
| <b>Türkiye's Exports to North Macedonia</b>  | 416  | 571  | 698  | 647  | 713  |
| <b>Türkiye's Import From North Macedonia</b> | 131  | 201  | 256  | 227  | 196  |
| <b>Total Trade Volume</b>                    | 547  | 772  | 954  | 874  | 909  |
| <b>Trade Balance</b>                         | +285 | +370 | +442 | +420 | +517 |

Source: TradeMap

Türkiye and North Macedonia Trade data of line chart is as bellow

- As seen in the chart, over the last 5 years;
- Türkiye's exports to North Macedonia have increased by 71.39%.
  - Türkiye's imports from North Macedonia

have increased by 49.61%.

- The foreign trade volume between the two countries has increased by 66.17%.
- The foreign trade balance between the two countries has increased by 81.40% in favor of Türkiye.

**Chart 2.4** (List of supplier markets for products imported by North Macedonia in 2024)

| World          | 11966612 | -3543607 |
|----------------|----------|----------|
| United Kingdom | 1322396  | -1212505 |
| Germany        | 1301906  | 2051896  |
| China          | 1165717  | -1108976 |
| Greece         | 1066897  | -782580  |
| Serbia         | 848195   | 33982    |
| Türkiye        | 816657   | -651218  |
| Bulgaria       | 635851   | -161976  |
| Italy          | 519120   | -296402  |
| Poland         | 433714   | -324281  |
| Hungary        | 232080   | 75960    |

Source: TradeMap (Unit Thousand USD)

The chart shows the countries from which North Macedonia imports the most. The United Kingdom and Germany, which are geographically close, are at the top of the chart. China, an important supplier country for the whole world, is in third place. Türkiye ranks sixth on this chart. In line with the new targets agreed between the two countries (USD 2 billion in foreign trade volume), Türkiye is expected to move up to fourth place in the near future.

Nowadays, economic interdependence between Türkiye and North Macedonia is gradually increasing. Türkiye isn't only a trading partner for North Macedonia, but also a strategic partner of investment.

This relationship can be evaluated not only in terms of numerical, but also in terms of employment opportunities, technology transfer, and the coming together of cultures.

In summary, the FTA cornerstone in the growth of economic relations between Türkiye and North Macedonia. The FTA has developed the markets of both countries, increased investments, strengthened the infrastructure of both sides, and encouraged diversified economic cooperation. In the near future, cooperation between Türkiye and North Macedonia is expected to expand into other sectors such as digitalization,



green economy, and innovation. continuity the FTA, enhancing its implementation mechanisms, and encouraging more active

participation from the private sector in this work are critical for the sustainability of economic relations in the AME.

**Chart 3.1** (Products with the highest sales in Türkiye’s exports to North Macedonia)

| Sectoral Analysis: Export and Import Items  |                                      |   |                               |   |
|---|--------------------------------------|---|-------------------------------|---|
| Product Label   | Türkiye’s exports to North Macedonia |   |                               |   |
|   | Value in 2024, USD thousand          | Annual growth in value between 2020-2024, %, p.a. | Share in Türkiye’s exports, % | Equivalent ad valorem tariff faced by Türkiye |
| Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof                         | 80601                                | 12  | 0                             | 0   |
| Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ... | 70471                                | 30  | 0                             | 0   |
| Iron and steel  | 68835                                | 63  | 1                             | 0   |
| Plastics and articles thereof   | 58011                                | 14  | 1                             | 0   |
| Aluminium and articles thereof  | 42082                                | 28  | 1                             | 0   |
| Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; ...      | 40624                                | 26  | 1                             | 0   |
| Articles of iron or steel   | 37899                                | 13  | 0                             | 0   |
| Vehicles other than railway or tramway rolling stock, and parts and accessories thereof               | 32990                                | 6   | 0                             | 0   |
| Articles of apparel and clothing accessories, knitted or crocheted                                    | 29095                                | 6   | 0                             | 0   |
| Wood and articles of wood; wood charcoal  | 20327                                | 15  | 1                             | 0   |

Source: TradeMap

To better understand the bilateral trade relations between the Türkiye and North Macedonia, it is important to examine exports and imports by sector based on foreign trade data. The formation of foreign trade relations between the two countries reflects not only the scale and competitiveness of the trade conducted but also their production capacity, economic complementarities, and mutual dependencies.

Among the products Türkiye exports to North Macedonia, nuclear reactors, boilers, machinery, and mechanical appliances, and parts thereof are the most prominent. Also Other products are generally high-value-added goods. This explains why there is such a significant difference in the trade balance, as discussed in the previous section. Analysis at the list of products Türkiye imports

from North Macedonia in the next chart, we see fewer value-added products and mostly raw or semi-finished goods.

In summary, while Türkiye sells more valuable and value-added products to North Macedonia, it imports low-value-added products from North Macedonia. This situation ensures that the trade

balance between the two countries is in Türkiye's favor. Also, when considering the items sold, it is evident that Turkish entrepreneurs have gained an advantage by being able to sell value-added products in the Macedonian market, highlighting why this market is important for Turkish entrepreneurs.

**Chart 3.2** (Products with the highest sales in Türkiye's import to North Macedonia)

| PRODUCT LABEL  | Türkiye's imports from North Macedonia |   |                               |   |
|--|--|---|-------------------------------|---|
|  | Value in 2024, USD thousand            | Annual growth in value between 2020-2024, %, p.a. | Share in Türkiye's imports, % | Equivalent ad valorem tariff applied by Türkiye |
| Iron and steel   | 61500                                  | 10  | 0                             | 0   |
| Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television  | 38804                                  | 25  | 0                             | 0   |
| Copper and articles thereof  | 26194                                  | 104   | 0                             | 0   |
| Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof                      | 14985                                  | 109   | 0                             | 0   |
| Railway or tramway locomotives, rolling stock and parts thereof; railway or tramway track fixtures | 10910                                  | 20  | 4                             | 0   |
| Aluminium and articles   | 7035                                   | 23  | 0                             | 0   |
| Pulp of wood or of other fibrous cellulosic material; recovered (waste and scrap)                  | 4784                                   | 44  | 0                             | 0   |
| Ceramic products   | 4307                                   | -19   | 1                             | 0   |
| Wadding, felt and nonwovens; special yarns; twine, cordage   | 3545                                   | 14  | 1                             | 0   |

Source: TradeMap

The RCA analysis chart between the two countries is as bellow;

Interpretation:

RCA >1 ☐ Country has a comparative advantage in that product

RCA <1 ☐ No comparative advantage

$$RCA_{ij} = \frac{\text{SHARE OF PRODUCT "J" IN BILATERAL TRADE OF COUNTRY "I"}}{\text{SHARE OF PRODUCT "J" IN TOTAL BILATERAL TRADE}}$$

**Chart 3.3 (RCA Analysis of Product Data in Foreign Trade between North Macedonia and Türkiye)**

| Product (HS Section)         | Türkiye's Imports from N. Macedonia (000 USD) | Share in Türkiye's Imports (%) | Türkiye's RCA (Imports) | Türkiye's Exports to North Macedonia (000 USD) | Share in Türkiye's Exports (%) | Türkiye's RCA (Exports) |
|------------------------------|---|--------------------------------|-------------------------|--|--------------------------------|-------------------------|
| Iron & Steel                 | 61500   | 37,1                           | 2,18                    | 68835  | 15,1                           | 0,91                    |
| Electrical Machinery         | 38804   | 23,4                           | 1,38                    | 70471  | 15,5                           | 0,94                    |
| Copper & Articles            | 26194   | 15,8                           | 0,93                    |  |                                |                         |
| Nuclear Reactors & Machinery | 14985   | 9                              | 0,53                    | 80601  | 17,7                           | 1,08                    |
| Railway/Tramway Equipment    | 10910   | 6,6                            | 0,39                    | 32990  | 7,2                            | 0,44                    |
| Aluminium & Articles         | 7035  | 4,2                            | 0,25                    | 42082  | 9,2                            | 0,58                    |
| Pulp of Wood / Cellulose     | 4784  | 2,9                            | 0,17                    |  |                                |                         |
| Ceramic Products             | 4307  | 2,6                            | 0,15                    |  |                                |                         |
| Wadding, Felt, Yarns         | 3545  | 2,1                            | 0,12                    |  |                                |                         |
| Plastics & Articles          |   |                                |                         | 58011  | 12,7                           | 0,75                    |
| Furniture                    |   |                                |                         | 40624  | 8,9                            | 0,53                    |
| Articles of Iron/Steel       |   |                                |                         | 37899  | 8,3                            | 0,49                    |
| Apparel & Clothing           |   |                                |                         | 29095  | 6,4                            | 0,38                    |
| Wood & Wood Articles         |   |                                |                         | 20327  | 4,5                            | 0,27                    |

Source: TradeMap

## Regional Integration and Türkiye's Role

For many years, Balkan countries have been advancing their rapprochement with Europe by implementing various reforms aimed at European Union membership. Türkiye pursues a policy of encouraging the EU and NATO

membership of countries in the region. This reflects Türkiye's understanding of stability in the Balkans. Türkiye has also played an active role in multilateral platforms such as the "Southeast European Cooperation Process", the "Black Sea Economic Cooperation Organization", and the "Regional Cooperation



Council”. In addition, Türkiye is laying the concrete foundations for regional economic integration through bilateral FTA, investment incentives, and infrastructure projects. Türkiye’s investments to increase its trade volume with North Macedonia and other countries in the region are as follows:

- Türkiye’s integration into the Trans-European (TEN-1) network
- Türkiye’s updating of all systems at its border crossings with Europe and the Balkan region to ensure faster and more secure operations
- Establishing routes for direct RoRo and container transportation services from İstanbul, Derince, and Tekirdağ ports to ports in the Balkan region
- Establishing numerous Logistics Centers

- and Free Zones in Türkiye’s Thrace region
- Establishing highway and logistics center systems developed jointly as a result of agreements provided by TIKA.

Finally , Over the past five years, the Türkiye and North Macedonia have seen significant growth in bilateral trade, thanks to the active use of the FTA, which has facilitated direct investments between the two countries. This has led to a substantial increase in foreign trade transactions, improvements in transportation and logistics infrastructure, and greater integration between the two nations, fostered by close ties and mutual trust. As a result of these efforts, the volume of foreign trade between the Türkiye and North Macedonia has increased as shown in the table below.

| Years | Türkiye’s Export<br>(Million USD) | Türkiye’s Import<br>(Million USD) | Total Trade Volume<br>(Million USD) |
|-------|-----------------------------------|-----------------------------------|-------------------------------------|
| 2020  | 365                               | 52                                | 417                                 |
| 2021  | 409                               | 61                                | 470                                 |
| 2022  | 478                               | 77                                | 555                                 |
| 2023  | 523                               | 84                                | 607                                 |
| 2024  | 562                               | 89                                | 651                                 |

As can be seen, the volume of foreign trade between the two countries has shown an average annual increase of over 10%. Foreign trade items have increased, particularly in the construction sector, as well as in the retail clothing, machinery, and electrical appliances sectors. Products imported from North Macedonia have mainly been iron & steel , electrical machinery, and copper, creating a foreign trade balance in Türkiye’s favor and demonstrating Türkiye’s economic

superiority over North Macedonia and the Balkans. Another factor in the strengthening of relations between the two countries is investments with direct Turkish capital. Türkiye ranks among the top five countries making the most direct investments in North Macedonia.

The chart below shows the distribution of direct investments from Türkiye over the last five years;

| Years | Direct Investments from Türkiye to North Macedonia (Millions Euros) |
|-------|---|
| 2020  | 78  |
| 2021  | 93  |
| 2022  | 106   |
| 2023  | 119   |
| 2024  | 131   |

Turkish companies workforce, educational support, and social responsibility projects have strengthened Türkiye's image as a "strategic partner" in North Macedonia over the past five years. Furthermore, projects carried out in North Macedonia by the TİKA have contributed to infrastructure and institutional capacity development, which has helped integrate Türkiye's "soft power" elements into economic relations.

As a result of all these developments , in Trade Balance, over the past five years, Tür-

kiye has achieved a trade surplus of USD 2 billion 34 million. Investments made by Türkiye in North Macedonia have increased by 68%. Nowadays Turkish investments account for 38% of total investments in North Macedonia. Turkish companies have gained a significant market share in North Macedonia by investing in various sectors. Cultural and Institutional between these two country these collaborations stand out as soft power instruments supporting the sustainability of economic relations.

BSF Center for Political, Economic and Social Research is the center of Balkan Studies Foundation based in Skopje. Our mission is to help societies and governments build a sustainable justice, equality, development and regional cohesion.

All rights reserved.

No part of this publication may be reproduced or transmitted in any form or by any means, electronic or mechanical including photocopying, recording or any information storage or retrieval system, without the prior written permission of the copyright holder. Please direct all enquiries to the publishers.

BSF Center for Political, Economic and Social Research does not express opinions of its own.

The opinions expressed in this publication are the responsibility of the author(s).

Copyright © IDEFE, 2026

*Editor:* Dilek Kütük

*Editorial Board:* Sevba Abdula, Bujamin Bela, Adnan Mestan, Zuhail Mert Uzuner,

Mustafa Işık, Muharrem Shtavica, Enes Turbic

*Coordinator:* Hanife Etem, Şengül İnce

*Design:* Faruk Özcan

*Printed by:* Ajgraf

Cite this paper: Karakaya, H.E. (2026), The Impact of Bilateral Relations between Türkiye and North Macedonia on Foreign Trade, BSF Perspective, Skopje: IDEFE Publications.

**Hasan Emre Karakaya** is a Business Development Specialist and South Marmara Region Sales and Marketing Specialist at Destan Heavy Logistics. He graduated from Bursa Technical University in 2024 with a degree in International Trade and Logistics and is currently pursuing studies in Management Information Systems at Anadolu University.

Before joining Destan Heavy Logistics, Karakaya worked at Militzer & Münch between 2022 and 2024 as a Sales and Marketing Specialist, where he gained valuable experience in logistics operations and international trade relations.

His interests focus on economic analysis and trade relations between Türkiye and other countries. He conducts research on bilateral economic relations from a socio-political perspective, analyzing trade data and identifying promising market areas for development.

In 2024, he published a study titled "The Importance of Free Zones from Local to Global: SWOT Analysis of the Bursa Free Zone," reflecting his analytical approach to regional economic growth and international trade dynamics.

