

COUNTRY FACTSHEET

North Macedonia



North Macedonia's economic growth is expected to accelerate to 3.1 percent in 2025 — supported by robust public investment and a pickup in export growth.

Labor market indicators continued to improve in line with output gains in the first semester of 2025. However, there is a pressing need to encourage more labor force participation, especially among women and youth, by equipping them with the skills and support needed to respond to the needs of an evolving labor market.

Risks to the outlook stem from both domestic and external factors, including weak public investment management, slowing key trade partners activity and continued outmigration.

North Macedonia's economic growth accelerated in the first semester of 2025, reaching 3.2 percent, supported primarily by domestic demand, and robust activity in the services and construction sectors. On the fiscal front, both deficit and debt remain above the fiscal rules set in 2022, and public debt is projected to exceed last year's level and stay above 60 percent of GDP in 2025.

The medium-term outlook is positive, though downside risks remain. Growth is projected to average 3 percent in 2025 – 2027. Risks include weak investments and slower activity in key trading partners. Headline inflation is expected to drop below the 2 percent long-term average by 2027, as core pressures ease gradually.

The RER highlights a positive economic performance for North Macedonia. Sustaining it will require prudent management of public finances, and accelerated reforms — especially in the areas of public administration, energy, human capital, and digitalization.

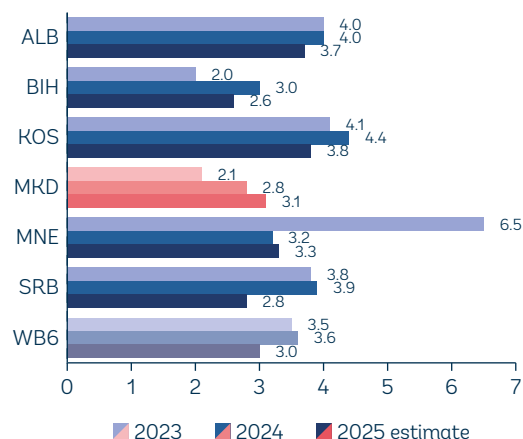
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World Bank Country Manager for North Macedonia

Moving to high income will require higher productivity, better competitiveness, and sustainable growth. Key priorities include unlocking the underused labor potential, promoting fair competition, boosting innovation, and shifting resources to higher value-added sectors.

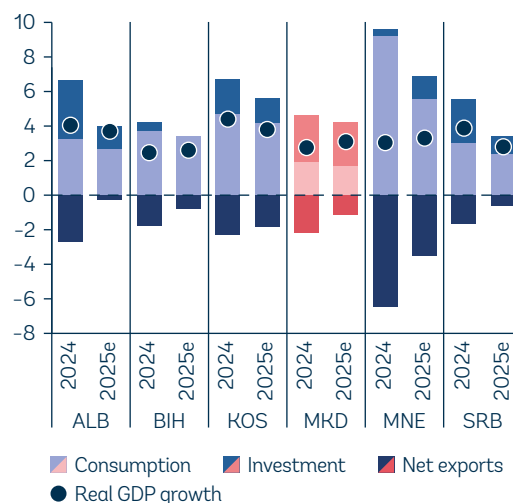
Real GDP growth

Percent



Annual Growth Composition

Percentage point



Source: National statistical offices and World Bank estimates.
Note: WB6 = Western Balkans six; e = estimate.



For more information and previous editions of the Western Balkans Regular Economic Report, click [here](#).