

Investment Protection and Investor-State Dispute Resolution in North Macedonia

Toni Deskoski and Vangel Dokovski

1 General Overview

Located in the central Balkans, North Macedonia shares borders with Albania to the west, Bulgaria to the east, Greece to the south, and Serbia and Kosovo to the north. It is a landlocked country. Operating as an open economy, North Macedonia actively seeks foreign direct investment (FDI). The country has implemented legislation to provide foreign investors with equal opportunities compared to domestic counterparts and offers various incentives to attract such investments. To facilitate this, North Macedonia has established an agency dedicated to attracting and assisting foreign investors. Additionally, the Office of the Deputy Prime Minister for Economic Affairs serves as the primary point of contact for foreign investors and plays an active role in resolving investor-state disputes.

The Republic of North Macedonia, a candidate country for EU membership and a NATO member since March 2020, is working to establish a legal framework for the protection of foreign investments in accordance with EU law. As part of this effort, the government is in the final stages of adopting a new Draft Model Bilateral Investment Treaty (BIT), which is based on the EU Model clauses.

North Macedonia offers an attractive investment climate with a legal framework that largely complies with international standards. Foreign companies, especially those operating within the Technological Industrial Development Zones (TIDZ), often report positive investment experiences and maintain good relations with government officials.

2 Foreign Investment Trends in North Macedonia

In the absence of adequate domestic savings, foreign investments play a vital role in the development of North Macedonia's economy. According to UNCTAD's World Investment Report 2023, net FDI flows to North Macedonia