

February 9, 2022

**Statement by the Staff Representative on the Republic of North Macedonia
Executive Board Meeting
February 14, 2022**

This statement provides information that has become available since the issuance of the Staff Report. The thrust of the staff appraisal remains unchanged.

1. On February 8, the government announced that it had reached an agreement with the trade unions and employers on an ad-hoc increase in the statutory net minimum wage to 18,000 denars paid from April 2022. This represents an increase of about 18.5 percent relative to the current level, in line with the potential increase in the minimum wage outlined in the staff report.
2. Future statutory minimum wage increases will be based on an amended mechanism as the average of the annual growth in the cost of living and the growth rate of the average wage, provided that the minimum wage is not less than 57 percent of the average wage.
3. The agreement will need to be adopted by law to become effective.
4. The minimum wage increase was discussed during the mission, as laid out in the staff report. Staff project that the net minimum wage would reach 60 percent of the net average wage in 2022, which is high by regional standards. Staff's view continues to be that minimum wage increases should also consider productivity developments, to preserve competitiveness and employment.