The inability of the Macedonian state electricity company ESM and poor planning combined with the inertia of the competent ministries for the first four months of this year have created a deficit in the country’s foreign exchange reserves of about 300m euros.
Instead of “hedging” the risk of a certain increase in the price of electricity on the stock exchange in August last year, together with the ESM, the ministries waited to “come offside” and in November reached for a banal and trivial solution, declaring an energy crisis. Thus, they gave themselves the legitimacy to pay funds from the state budget for the purchase of gas for heating Skopje and the import of expensive electricity at prices on the Hungarian stock exchange HUPEX. In doing so, they exposed numerous private companies and municipalities, as well as their public utility companies to electricity costs of over 200 euros per MWh.
The Minister of Economy, Bekteshi, announced that he would reconsider the responsibility of the General Director of the ESM, Vasko Kovacevski, and his team after the end of the energy crisis.
The question arises – after spending about 200 million euros of foreign exchange reserves for the import of electricity and over 100 million euros for the import of natural gas – who made the purchase at the highest prices in December 2021 and January this year?
The import of natural gas and electricity at stock exchange prices from the beginning of January to the end of April “melted” about 300 million euros of the state foreign exchange reserves of Northern Macedonia.
Official data in the latest Factor analysis show that the country’s foreign exchange reserves were reduced by more than 400 million euros from January to April. These are official data published by the National Bank, an institution that organizes and controls the foreign exchange market. They confirm that the demand for foreign exchange and the reduction of foreign exchange reserves are largely a consequence of energy imports.
Changes in foreign exchange reserves since the beginning of the year mainly reflect the growing needs of companies for foreign exchange due to higher energy imports in the context of significant growth in global prices of these products, the Central Bank explained.
The domestic manufacturer ESM is continuously recording a decline in production, especially in the thermal power plants REK Bitolj and TPP Oslomej, because it does not use even 60% of the installed thermal capacity. The inability of the ESM management is a key reason for the high exposure of foreign exchange reserves to the payment of electricity import costs. Northern Macedonia must also import other energy sources, such as natural gas and petroleum products, because they are not at home.
According to the data available on the website of the electricity system operator MEPSO, over 530,000 MWh of electricity was imported in January and February this year. Data for March and April are not yet available. These are imports for the needs of the domestic economy, but also for balancing the imbalance caused by the deficit of domestic production.

In this period, according to official data from the National Bank, the country’s foreign exchange reserves were reduced by more than 250 million euros due to imports of expensive energy sources (electricity, natural gas, fuel oil and petroleum products). However, data on how much ESM paid for balancing costs in the January-April period is not publicly available, but they exceeded 80m euros last year, according to a report by the energy regulator.
Imports are mostly paid in foreign currency at prices on the HUPX stock exchange in Hungary. It is the high stock market price that has exhausted the state’s foreign exchange reserves, considering that imported energy is paid for in local currency.
Source: faktor.mk