



# Doing Business in Kosovo: 2010 Country Commercial Guide for U.S. Companies

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# Chapter 1: Doing Business in Kosovo

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## Market Overview

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In partnership with the private sector and the international community, Kosovo is developing a modern and diverse economy that generates revenues for the Kosovo Consolidated Budget, invests in critical commercial and physical infrastructure, provides business and employment opportunities for the citizens of Kosovo, and attracts foreign investment.

On February 17, 2008, the Kosovo Assembly declared the independence of Kosovo. The United States immediately recognized and formally established diplomatic relations with Kosovo. Prior to the declaration, Kosovo was administered by the United Nations Interim Administrative Mission in Kosovo (UNMIK). At the time of this writing, Kosovo has been recognized by 65 countries, including 22 EU Member States. The Constitution of the Republic of Kosovo entered into force on June 15, 2008, along with over 40 foundation laws, as stipulated by the Comprehensive Settlement Plan formulated by UN Special Envoy Martti Ahtisaari. Although civil authority was transferred to the Government of Kosovo (GOK) from UNMIK with adoption of the Constitution, the International Civilian Office (ICO) serves as a supervisory authority as outlined in Ahtisaari's plan. Kosovo's current legal system is multifaceted and evolving. Applicable laws include Kosovo laws, UNMIK laws and regulations, and any applicable laws of the Former Socialist Republic of Yugoslavia that were in effect in Kosovo as of March 22, 1989. This situation has resulted in a complex and in some cases incomplete legal framework for businesses in Kosovo. The GOK is still working on filling legislative gaps that remain, with support from the U.S. and other interested international donors.

The political situation in Kosovo remained stable in 2009, but substantial bureaucratic deficiencies, as well as a lack of professional and technical capacity at the local and central government level, remain. Judicial institutions and law enforcement agencies currently lack the capacity to fully implement and enforce the rule of law. Court case backlogs are increasing. Corruption is widespread and anti-corruption efforts suffer from a lack of cohesive, forceful action and follow-through with punitive measures. The Anti-Corruption Agency began operations in 2006 but lacks capacity, political support and funding.

Public administration is inefficient and subject to political interference. The civil service and public finance management functions lack full transparency and accountability, despite the legal framework in place. This has also hindered accurate and reliable data collection. With few exceptions, most data collection in Kosovo has been inconsistent and not subject to rigorous methodology, resulting in a partial view of how Kosovo's economy is performing. Due to this statistical uncertainty, anecdotal reports estimate that Kosovo's parallel economy could be anywhere from 30-40% of GDP.

While Kosovo reported positive GDP growth in 2009, estimated at 3.5%, the country's narrow export base has resulted in a significant trade deficit. In 2009, exports decreased by 31% but imports also fell by 1.6% resulting in an overall negative cumulative trade balance of around 45% of GDP. Kosovo's largest exports are scrap metals, nickel and lead, which have suffered significantly in the wake of the global financial crisis.

The Investment Promotion Agency of Kosovo (IPAK) reported the UK as the largest investor in Kosovo in 2008, followed by Croatia, Austria and Slovenia. Other major investors include Albania, Macedonia, Germany, Switzerland, Turkey and Bulgaria. Data for 2009 are still being compiled, but show a Dutch metal processing company as the biggest investor at over 4 million Euros, followed by a German elevator manufacturing company with 1.5 million Euros.

Albania was the first country to sign an FTA with Kosovo in 2003, followed by Macedonia in 2005. The Kosovo-Macedonia FTA stipulates that Kosovo imports have complete, duty-free access to the Macedonian market, but in reality Macedonia often still imposes duties at the border, particularly on agricultural imports. In 2006 Kosovo signed FTAs with Croatia and Bosnia-Herzegovina, and became a signatory to the Central European Free Trade Area (CEFTA) and European Common Aviation Area through UNMIK. CEFTA came into force in July 2007 and by September 2007 all signatories ratified the agreement, including Serbia. Despite membership, Serbia and Bosnia-Herzegovina do not recognize Kosovo customs stamps as valid, causing Kosovo goods to either be refused entry or charged full duties. Kosovo is also a member of the Athens Process on Energy for the Southeastern Europe Energy Community Treaty. This is a significant step for Kosovo toward achieving increased regional cooperation and securing alternate sources of energy.

The table below shows intended foreign investment capital by sector, planned from 2004 onwards. Actual figures are not available at this writing. Source: Investment Promotion Agency of Kosovo (IPAK), 2009.

<b>Sector</b>	<b>No. of Companies</b>	<b>Share (%)</b>	<b>Initial Capitalization (in €)</b>
<b>Transportation and Hotel Services</b>	383	13.58	1,426,797,048
<b>Trade</b>	1246	44.18	173,813,649
<b>Financial</b>	79	2.80	162,466,437
<b>Construction</b>	307	10.89	111,097,117
<b>Processing</b>	396	14.04	125,159,572
<b>Consulting</b>	72	2.55	2,960,490
<b>Other Services</b>	323	11.45	17,807,969
<b>Education</b>	14	0.50	680,500
<b>Total</b>	2820	100	2,020,782,782

Electricity in Kosovo is produced by two lignite-fired thermal power plants, known as Kosovo A and Kosovo B, using 1950s and 1970s technology, and a small hydropower plant. Although the power plants have a production capacity of 1478 megawatts (MW), the two facilities are only producing 800 MW on average. The hydropower plant produces an additional 32 MW. Poor management, severe capital under-investment, and lack of preventive maintenance have led to chronic power shortages and outages in Kosovo. Most transmission lines are operational following post-conflict repairs, but substations remain in poor technical condition. The national provider, the Kosovo Electric Corporation (KEK), has not been able to meet customer needs as a result of these on-going conditions, requiring Kosovo to import electricity in order to make up some of this deficit.

In July 2009, the USG, World Bank, and European Commission developed with the Government of Kosovo a multi-track approach to advance sector reform via privatization of the KEK distribution function, development of a new power plant, and development of a new mine to meet the needs of the existing and new plants. This approach will also permit the closure of one generation unit and privatization of the other, along with development of renewable energy and increased energy efficiency. Private sector participation in the network distribution and supply side of KEK is anticipated to improve and expand the distribution network, increase billing and collections, reduce electricity losses, and improve the security of supply and overall service quality.

The GOK, based on recommendations from the Project Steering Committee, reached a decision in December 2009 that the “New Kosovo” Power Plant (previously known as “Kosovo C”) would consist of a new mine component and phased construction of new generation capacity, starting with an initial 500 MW phase and including an option for an additional 500 MW. In addition GOK authorized the call for Expressions of Interest (EOI) for the project. The deadline for submission of pre-qualification documents was January 31, 2010, and for submission of formal EOI is February 28, 2010.

The GOK, with financial assistance from the World Bank, has also engaged consultants to conduct preliminary environmental and social assessments for the construction of a new hydropower plant at Zhur, in western Kosovo. The Zhur hydropower plant is envisaged to produce a maximum of 300 MW of electricity. The study is expected to be completed in early 2010.

The mining sector has traditionally been an important contributor to Kosovo's economy but declined in the 1990s from lack of investment in equipment, facilities and development of new mines. Kosovo has a varied geology containing a range of exploitable metal and mineral deposits. A geophysical survey completed by the Joint Airborne-Geosciences Capability in 2006-2007 revealed higher than expected deposits of gold, chrome and nickel, as well as aluminum, copper, iron metals and lead-zinc deposits. The Independent Commission for Mines and Minerals (ICMM) regulates Kosovo's minerals sector, issues exploration and mining licenses, and ensures legislative compliance with international mining, environmental and safety standards. ICMM also provides key technical information to prospective bidders. This sector has significant foreign investment potential.

The privatization of socially-owned enterprises (SOE) continued in 2009 after responsibility was transferred from the Kosovo Trust Agency, a former UNMIK entity, to the Privatization Agency of Kosovo (PAK). The new Kosovo-run PAK has launched

multiple waves of privatization since beginning operations in August 2008, tendering 258 SOEs from which 569 new companies were formed. The SOE privatization process has generated 429 million euro (approximately 603 million U.S. dollars) since 2004, and has garnered the interest of approximately 10,000 local and foreign investors, according to PAK. Continued privatization of publicly-owned enterprises (POE), as well as financing incentives from bi-lateral and multi-lateral institutions, is likely to stimulate investment growth in the near future.

## Market Challenges

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Kosovo's small population, estimated at around 2.2 million people, may initially discourage investment in industries requiring a substantial scale of profitability, except where investment in Kosovo can be part of a regional business strategy.

Although Kosovo's current tax system could be considered investment-friendly, with corporate income taxes in line with those of regional neighbors, Kosovo still offers few business incentives for investment, such as tax holidays or deferment of customs duties for agricultural, industrial or manufacturing equipment and other inputs. Likewise, there are few tangible incentives for export-oriented businesses to service regional markets.

Kosovo's weak judicial system and lack of contract law are serious impediments to investment and have inspired little investor confidence that business interests will be protected under the law. The Kosovo bar association includes virtually no firms capable of providing legal services at a level expected in the West.

Kosovo's poor commercial and physical infrastructure, including lack of modern roads, office space, ports (Kosovo is landlocked) and rail facilities, present challenges for companies. The Pristina International Airport is the busiest in the region, servicing over 1.2 million passengers in 2009, but the airport has little by way of import-export facilitation capacities. This may change in the near future, with the Government of Kosovo's recent decision to concession the airport to a private investor. That process is underway, with tender documents issued at the end of 2009. Bids close March 31, 2010, and the winner is expected to be announced by summer.

There are concerns about the quality and skill of Kosovo's labor pool. Although Kosovo has a young population (at least 60% are under 30 years of age), some American and foreign companies fear that significant resources would be needed to develop and train human capital.

Corruption is one of the biggest obstacles to investment in Kosovo and anti-corruption efforts suffer from a lack of cohesive, forceful action and follow-through with punitive measures.

## Market Opportunities

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Energy Sector: Kosovo's vast lignite coal resources, strategic regional location and the substantial power deficit in Southeastern Europe provide opportunities for Kosovo to become a power supplier in the Balkans region. Projects utilizing hydro and wind power also offer potential. The process to start privatization of the national electricity distribution network is expected sometime in 2010.

Mining: The mining sector has traditionally been an important contributor to Kosovo's economy but declined in the 1990s from lack of investment in equipment, facilities and development of new mines. Kosovo has a varied geology containing a range of exploitable metal and mineral deposits. A geophysical survey completed by the Joint Airborne-Geosciences Capability in 2007 revealed higher than expected deposits of gold, chrome and nickel, as well as aluminum, copper, iron metals and lead-zinc deposits. The Independent Commission for Mines and Minerals (ICMM) regulates Kosovo's minerals sector, issues exploration and mining licenses, and ensures legislative compliance with international mining, environment and safety standards. ICMM also provides key technical information to prospective bidders. This sector has significant foreign investment potential, and the ICMM has issued 272 exploration and mining licenses since 2007.

Telecommunications: This sector offers significant investment potential, as the current national provider is unable to meet growing demand for better mobile phone products and services at reasonable prices. The Kosovo Government recently announced its intention to privatize the national phone carrier, Post and Telecommunications of Kosovo (PTK), which provides both mobile and landline services. The Inter-Ministerial Committee for PTK privatization has selected a consortium of international companies to serve as transaction advisers for privatization of PTK. Final tender is expected to be published in the summer of 2010.

Health: There is an urgent and growing need for quality basic and specialized health and medical services, facilities and products. Many Kosovo citizens travel to other countries to meet their health care needs.

Infrastructure Development: Kosovo is in vital need of infrastructure development, to include modern roads, highways, housing and real estate, health/medical institutions and sanitation projects. The Kosovo Government and the private sector are seeking project designers, engineers and managers, as well as high quality production inputs, machinery and tools.

Food Products: There is considerable demand for U.S. food products, such as chicken, canned goods, frozen foods, cereals, and alcoholic and non-alcoholic beverages.

IT: A potential growth market, the Kosovo Government has expressed an interest in the country developing into a regional industry hub for IT-related products and services. Companies report a high level of IT competency among local employees. Lack of a comprehensive law on Intellectual Property Rights, however, presents a challenge that the GOK is working to overcome.

As Kosovo's economy develops, so too will the need for expert financial, legal, architectural, engineering and graphic design services.

## **Market Entry Strategy**

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- Conduct appropriate market research and due diligence to adequately assess the investment climate.

- Visit Kosovo and meet potential partners, government officials and business associations. This is essential for understanding the local business climate, how to conduct business in this market, and for developing contacts.
- Establishing strong personal ties is key to doing business in Kosovo.
- Choose good legal representation (usually international) to protect business and investment interests.
- Exercise due diligence when identifying a local agent or partner to enhance business opportunities.
- Be prepared to invest significant financial resources for business development, given Kosovo's limited banking and financial sectors.
- Note that commercial and physical infrastructure, including electricity, telecommunications and transport facilities, are inadequate and not reliable.

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## **Chapter 2: Political and Economic Environment**

For the political and economic environment in Kosovo, please see the U.S. State Department's Background Notes on Kosovo at:

<http://www.state.gov/r/pa/ei/bgn/100931.htm>

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## Chapter 3: Selling U.S. Products and Services

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### Using an Agent or Distributor

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Foreign companies doing business in Kosovo are not required to have a local agent, but it is advisable to retain one in order to enhance knowledge of local economic and market conditions. Kosovo does not have laws regulating local agent and distributorship agreements. Any local agent or distributorship relationship should be clearly defined and stipulated by contract. Agreements should be registered with the local courts which act as the sole arbiter in case of a contractual dispute.

The U.S. Embassy Pristina (USEP) does not have a Foreign Commercial Service (FCS) presence but maintains close contact with the FCS office at U.S. Embassy Zagreb. USEP does offer business facilitation services. USEP's Economic/Commercial Officer and Commercial Assistant can assist in identifying possible business partners and conducting preliminary, informal background checks on local companies.

### Establishing an Office

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All foreign and local companies wanting to do business in Kosovo are required to register with the Ministry of Trade and Industry's Business Registration Agency. Registration forms may be downloaded from [www.arbk.org](http://www.arbk.org). Registering a business normally takes three days, and the following types of business can be registered: a sole proprietor enterprise, a general partnership, a limited liability company, a limited partnership and a joint stock company. There is no limitation on foreign ownership of local companies, and foreign investors face no restrictions on moving capital and profits outside of Kosovo. Non-citizens are permitted to own property in Kosovo. Several U.S. citizens have purchased business property through the privatization of socially-owned enterprises (SOEs), conducted by the Privatization Agency of Kosovo ([www.pak-ks.org](http://www.pak-ks.org)).

## **Franchising**

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Kosovo's business climate looks favorably on the franchising model. There are a handful of successful franchises in Kosovo, and the market is open for additional opportunities. Local consumers seek high quality, reliable products and services at reasonable prices. There is a sizable international community permanently resident in Kosovo, and large numbers of overseas Kosovo citizens come back to the country several times a year, expanding the potential franchise market. Several U.S. franchises and licensees have been successfully established, such as Coca-Cola, RC Cola (bottling license in Kosovo, distribution rights for Serbia, Macedonia, Albania and Montenegro), Nike (distribution license for Kosovo) and Office One Superstore. Re/Max has expressed a strong interest in the market. Other international companies present include Benetton (Italy), Terra Nova (Italy), Zara (Spain), Mango (Spain), Bitsiani (Greece), SBC Computers (Serbia) and Maxi Mart (Serbia). Potential for franchises is strongest in the restaurant, hotel, catering and apparel industries. Improvements in IPR legislation are necessary, however, to protect the rights of the grantor.

## **Direct Marketing**

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Foreign companies actively market their products and services in Kosovo. Advertising on television and radio, and in local newspapers, as well as distributing leaflets directly to the public, are considered the most effective ways to market products and services. The Internet is not used as widely due to poor economic and educational circumstances, and unreliable power. Nevertheless, Internet penetration is increasing rapidly, particularly among young people. Direct mailing is not a viable option due to the unreliability of Kosovo's national postal system.

## **Joint Ventures/Licensing**

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According to the Foreign Investment Law (Kosovo Assembly Law 02/L-33 applicable together with the UNMIK Regulation 2006/28), foreign investors may wholly own businesses in all sectors of the economy, with the exception of the manufacture or distribution of military products, where equity is limited to 49 percent. Foreign investors in all other areas are subject to the same licensing requirements as local investors. Foreign investors may be required to file a statement with local authorities identifying principal stakeholders and type of investment. No other filing requirements in excess of those required for similar domestic businesses are required for foreign investors.

## **Selling to the Government**

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The Kosovo Government is a large consumer of a wide range of products and services. The government procurement process is based on the tendering procedures outlined in the Public Procurement Law, which is applicable to all procurement-related actions involving funds from the Kosovo Consolidated Budget. The law provides guarantees for equal treatment and non-discrimination, transparency, fair competition and accountability. Foreign companies are permitted to bid on an equal basis with local firms. There are no local content requirements.

## **Distribution and Sales Channels**

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Many local importers are also wholesalers, distributors and retailers. Until 2001, retail goods were sold almost exclusively through small family-owned businesses. More recently, foreign companies have partnered with local businesses to open supermarkets, shopping centers and other retail stores. Kosovo is landlocked and all goods arrive by road or air transport. The closest seaports are Durres, Albania and Thessaloniki, Greece (about 115 miles and 160 miles away from Pristina, respectively).

### **Selling Factors/Techniques**

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American goods and services enjoy an excellent reputation in Kosovo. If an American representative is unable to be in Kosovo full-time, a local agent or distributor is recommended. While the capacity of newly established local marketing firms is improving, local companies distributing U.S. goods usually seek marketing assistance from the producer or will even let the foreign company market the product directly. Domestic and regional business fairs are useful for identifying and establishing contacts with local distributors. Although English is widely spoken in Kosovo, it is advisable that any sales material be printed in both Albanian and Serbian.

### **Electronic Commerce**

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E-Commerce in Kosovo has just started to emerge, with four commercial banks (ProCredit, Raiffeisen, NLB and TEB) recently introducing Internet banking. Currently only two publicly-owned enterprises, Post and Telecommunications of Kosovo (PTK) and the Kosovo Electric Corporation (KEK), offer customers options to pay bills on-line.

### **Trade Promotion and Advertising**

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Local advertising and marketing firms provide services primarily to domestic companies, but also to a handful of established international firms operating in Kosovo. Several companies offer strictly promotional services, while others, such as Zero Pozitive and Ogilvy, offer fully integrated marketing and advertising packages.

#### **Advertising and Marketing Firms:**

##### Zero Pozitive Publicis

Tringe Smajli, 3rd floor, 10000 Pristina

Telephone: +381 (0)38 22 00 20/22 00 30/22 00 50

E-mail: [info@zeropozitive.com](mailto:info@zeropozitive.com)

##### Ogilvy Kosova – Karrota LLC

Ilaz Agushi 4, 10000 Pristina

Telephone: +381 (0)38 232 333

E-mail: [contact@ogilvyks.com](mailto:contact@ogilvyks.com)

Web: [www.ogilvyks.com](http://www.ogilvyks.com)

##### CMB Production (Marketing Agency)

Mother Theresa, Radio Kosova Annex, n.n.

10000 Pristina

Telephone: +381 (0)38 225 611; 249 078

E-mail: [info@cmbonline.net](mailto:info@cmbonline.net); [marketing@rtklive.com](mailto:marketing@rtklive.com)

Rrota (Advertising Agency)  
Telephone: +381 (0)38 544 299  
Cell: +377 (0)44 243 299  
E-mail: [info@rrota.net](mailto:info@rrota.net)

Paper Communications  
Qamil Hoxha 4/9, 10000 Pristina  
Telephone: +381 38 22 69 55/56  
E-mail: [contact@paperconsultancy.com](mailto:contact@paperconsultancy.com)

Init Production (Ad Agency/Production)  
25b Mother Theresa, 10000 Pristina  
Telephone: +381 (0)38 243 841  
E-mail: [info@init.tv](mailto:info@init.tv)

Pixels Production  
26 Xhavit Mitrovica, 10000 Pristina  
Telephone: +381 (0)38 749 357  
Cell: +377 (0)44 749 357 or +386 (0)49 749 357  
E-mail: [gazi@pixels-production.com](mailto:gazi@pixels-production.com); [info@pixels-production.com](mailto:info@pixels-production.com)  
Web: [www.pixels-production.com](http://www.pixels-production.com) (Albanian-language only)

Prishtina Film (Multimedia Marketing)  
Cell: +377 (0)44 500 723  
E-mail: [bgjoci@yahoo.com](mailto:bgjoci@yahoo.com);  
Website: [www.prishtinafilm.org](http://www.prishtinafilm.org)

### **Newspapers:**

Koha Ditore (Albanian-language daily)  
Mother Theresa Street 31, 10000 Pristina  
Telephone: +381 (0)38 249-104/105; 243 875  
Fax: +381(0)38 249-106  
E-mail: [redaksia@kohaditore.com](mailto:redaksia@kohaditore.com)  
Website: [www.koha.net](http://www.koha.net)

Zeri (Albanian-language daily)  
Media House Annex, nn, 10000 Pristina  
Telephone: +381 (0)38 249 071; 222- 451;249-751 (marketing)  
Fax: +381 (0)38 249 071; 222-451  
E-mail: [redaksia@zeri.info](mailto:redaksia@zeri.info); [zeri\\_d@hotmail.com](mailto:zeri_d@hotmail.com) ;  
Web: [zeri.info.com](http://zeri.info.com)

Express (Albanian-language daily)  
Dardania 1/1, 10000 Pristina  
Telephone: +381 (0)38 76 76 76  
Fax: +381 (0)38 76 76 78  
E-mail: [info@gazetaexpress.com](mailto:info@gazetaexpress.com); [marketing@gazetaexpress.com](mailto:marketing@gazetaexpress.com)  
Website: [www.gazetaexpress.com](http://www.gazetaexpress.com)

Kosova Sot (Albanian-language daily)

Interpress Compound, Industrial Zone, 10000 Pristina

Telephone: +381 (0)38 60 10 10; 601 007;

Fax: +381 (0)38 545 070

E-mail: [redaksia@kosova-sot.info](mailto:redaksia@kosova-sot.info); [kosovasot.marketing@gmail.com](mailto:kosovasot.marketing@gmail.com);

Web: [www.kosova-sot.info](http://www.kosova-sot.info)

Lajm Ekskluzive (Albanian-language daily)

Rr. UCK 58, 10000 Pristina

Telephone: +381 (0)38 243-021

Fax: +381 (0)38 243-009

E-mail: [redaksia@gazetalajm.info](mailto:redaksia@gazetalajm.info); [marketingu@gazetalajm.info](mailto:marketingu@gazetalajm.info)

Website: [www.gazetalajm.info](http://www.gazetalajm.info)

Bota Sot (Albanian-language daily)

Bedri Pejani 4, 10000 Pristina

Telephone: +381 (0)38 226 881;

E-mail: [redaksia\\_pr@botasot.info](mailto:redaksia_pr@botasot.info); [marketing@botasot.info](mailto:marketing@botasot.info)

Epoka e Re (Albanian-language daily)

Gazeta Epoka e Re, 10000 Pristina

Telephone: +381 38 227 557

E-mail: [mm\\_epokaere@yahoo.com](mailto:mm_epokaere@yahoo.com); [epokaere\\_mm@hotmail.com](mailto:epokaere_mm@hotmail.com)

Infopress (Albanian-language daily)

November 28 nn; 10000 Pristina

Telephone: +381 (0)38 222 464; +381 (0)38 222 502;

E-mail: [info@infopress-rh.com](mailto:info@infopress-rh.com); [marketingu@infopress-rh.com](mailto:marketingu@infopress-rh.com)

Website: [www.infopress-rh.com](http://www.infopress-rh.com)

Tribuna Shqiptare (Albanian-language daily)

Telephone: +381 38 227 138;

E-mail: [gazeta@tribunashqiptare.info](mailto:gazeta@tribunashqiptare.info); [info@tribunashqiptare.info](mailto:info@tribunashqiptare.info);  
[marketing@tribunashqiptare.info](mailto:marketing@tribunashqiptare.info)

**Radio Stations:**

There are four national radio stations, two publicly owned and two privately owned:

RTK-Radio Televizioni i Kosoves is a public television station with two radio stations:

Radio Kosova, covers all of Kosovo

Tel: +381 (0)38 242 273

Radio Blue Sky, covers all of Kosovo

Tel: +381 (0)38 226 553

RTV21 is a privately owned television station that also owns a radio station:

Radio 21 – Tel: +381 (0)38 241 522

Radio Dukagjini is a privately owned radio station owned by the Dukagjini Group.

Pristina Office: Tel: +381 (0)38 248 142/143  
Peja Office: Tel: +381 (0)38 34 281

### **Television Stations:**

RTK-Radio Televizioni i Kosoves is Kosovo's public TV station (also broadcasting via satellite) and owns two radio stations.

Address: Xhemal Prishtina 12, 10000 Pristina  
Telephone: +381 (0)38 230 102/103;  
Fax: +381 (0)38 235 336;  
E-mail: [post@rtklive.com](mailto:post@rtklive.com); [marketing@rtklive.com](mailto:marketing@rtklive.com);  
Website: <http://www.rtklive.com/new/en/>

RTV21, privately owned television station.

Media House, RTV21, 10000 Pristina  
Tel/Fax: +381 (0)38 55 00 88;  
E-mail: [lajmet@rtv21.tv](mailto:lajmet@rtv21.tv); [Shpresa.rtv21@gmail.com](mailto:Shpresa.rtv21@gmail.com) (marketing)  
Website: [www.rtv21.tv](http://www.rtv21.tv)

Koha Vision, privately owned, part of Koha Group.

Mother Theresa Street n.n., 10000 Pristina  
Tel: +381 (0)38 248 014/015  
Fax: +381 (0)38 226 442  
E-mail: [lajmet@kohavision.net](mailto:lajmet@kohavision.net); [marketing@koha.net](mailto:marketing@koha.net); [ktvmarketing@yahoo.com](mailto:ktvmarketing@yahoo.com)  
Website: [www.kohavision.net](http://www.kohavision.net)

Klan Kosova

Qendra Tregtare, kati i dyte, 10000 Pristina  
Tel: +381 (0) 38 767 680; +381 (0) 38 551 144  
E-mail: [info@klankosova.tv](mailto:info@klankosova.tv); [marketing@lemondesignstudios.com](mailto:marketing@lemondesignstudios.com)  
Web: [www.klankosova.tv](http://www.klankosova.tv)

### **Pricing**

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Local consumers are price conscious and actively seek out sales and discounts. Local businesses frequently offer promotions and sales events in order to attract customers and gain market share. U.S. firms should study the market carefully to ensure that their goods and services are competitively priced.

### **Sales Service/Customer Support**

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After-sales service and customer support are considered to be the responsibility of the local agent or distributor.

### **Protecting Your Intellectual Property**

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Section 10 of UNMIK Regulation 2001/2 ensures protection of intellectual property rights (IPR), authorizing enforcement of trademark, copyright and patent laws in accordance with existing international conventions. Several pieces of specific IPR legislation have

also been passed, covering patents, trademarks, industrial design and copyright. The Industrial Property Office in the Ministry of Trade and Industry is responsible for registering patents, trademarks and industrial designs. The Ministry of Culture, Youth and Sport is responsible for copyright protection but has yet to implement the Copyright Law. The 1981 Yugoslav Law on Protection of Inventions, Technical Improvements and Distinctive Signs, and the 1991 Law on Authors Rights are also considered applicable law in Kosovo courts. Despite this legal foundation, there is insufficient protection of intellectual, industrial and commercial property rights in Kosovo, and intellectual property rights are visibly infringed. A significant number of counterfeit consumer goods (notably CDs, DVDs, clothing items and computer software) are available for sale and traded openly. The development of a strong IPR regime will be critical for attracting future investment in Kosovo.

## **Due Diligence**

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In the absence of local credit rating companies, U.S. businesses are advised to perform due diligence checks prior to developing relationships with local firms. Due diligence checks on socially-owned enterprises in particular are essential, as the Privatization Agency of Kosovo (PAK) does not extend liability warranties to purchasers. U.S. companies are strongly encouraged to perform due diligence checks on private firms as well, to ensure that:

- the local company is not facing any bribery or corruption charges;
- the local company enjoys a certain level of financial stability that will enable it to meet financial obligations; and
- the local company and its owners enjoy a sound professional reputation in Kosovo.

USEP's Economic/Commercial Officer and Commercial Assistant can assist in identifying possible business partners and conducting preliminary, informal background checks on local companies. For more information, please visit [http://pristina.usembassy.gov/economic\\_section.html](http://pristina.usembassy.gov/economic_section.html).

## **Local Professional Services**

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### **Auditing Firms**

Deloitte LLP, [www.deloitte.com](http://www.deloitte.com)

Grant Thornton, [www.grant-thornton.com.mk/AboutUs/GTKosovo.htm](http://www.grant-thornton.com.mk/AboutUs/GTKosovo.htm)

### **Banking**

ProCredit Bank, [www.procreditbank-kos.com](http://www.procreditbank-kos.com)

Raiffeisen Bank, [www.raiffeisen-kosovo.com](http://www.raiffeisen-kosovo.com)

NLB Prishtina, [www.nlbprishtina-kos.com](http://www.nlbprishtina-kos.com)

Central Bank of Kosovo, [www.bqk-kos.org](http://www.bqk-kos.org)

## **Insurance Companies**

Dukagjini Insurance, [www.insurancedukagjini.com](http://www.insurancedukagjini.com)

SIGURIA, [www.ks-siguria.com](http://www.ks-siguria.com)

SIGAL, [www.sigal-ks.com](http://www.sigal-ks.com)

## **Courier Services**

### Fedex

Eqrem Cabej St. 147, 10000 Pristina

Contact: Astrit Gosalci, Sales Representative

Tel: +381 (0)38 550 870

Fax: +381 (0)38 550 890

Cell: +377 (0)44 550 225

Email: [fedexkosovo@gmail.com](mailto:fedexkosovo@gmail.com)

(Please note that Fedex provides express mail services only)

### UPS

Contact: Genc Dushi, Executive Director of A.L. Dushi Services (an authorized service contractor for UPS)

12 Qamil Hoxha Street, 10000 Pristina

Tel: +381 (0)38 242-222

Fax: +381 (0)38 249 999

E-mail: [gencdushi@aldushi.com](mailto:gencdushi@aldushi.com)

### DHL

Mother Teresa Street, 10000 Pristina

Tel: +381 (0)38 545-545

Website: [www.dhl.com](http://www.dhl.com)

E-mail: [dhl@kujtesa.com](mailto:dhl@kujtesa.com)

## **Freight Forwarding**

Some local shipping companies own trucks registered in third countries, making transit of goods much easier across territories that do not recognize Kosovo, as well as for more efficient transport throughout the region. Memoranda of Understanding with Macedonia and Albania have been signed to smooth the transit of Kosovo-registered trucks. Please contact the Kosovo Transport Association, or any of the following shipping companies, about how to transport goods in and out of Kosovo.

### Kosovo Transport Association.

Tel: +381 (0)280 21 183

Cell: +377 (0)44 131 482

E-mail: [kosova\\_tir@yahoo.com](mailto:kosova_tir@yahoo.com)

SHPK EURO IMPORT, Gjilan, Cell: +377 (0)44 133 209

NPT GRATIS COMMERC, Mitrovica, Cell: +377 (0)44 501 100

CINI COMMERC, Prizren: Cell: +377 (0)44 119 022

VARNA, Rogocice, Cell: +377 (0)44 183 570

NT NDERIMI, Ferizaj, Cell: +377 (0)44 503 868

#### Railtrans

Dardania BL9 LB4, n.n., 10000 Pristina

Tel/Fax: +381 (0) 38 551 021/551 470

Cell: +377 (0) 44 333 231/329 881

E-mail: [info@railtrans.biz](mailto:info@railtrans.biz); [naim.spahiu@railtrans.biz](mailto:naim.spahiu@railtrans.biz)

Web: <http://www.railtrans.biz>

#### **Hotels**

There are several privately-owned hotels in Pristina, as well as a handful of privatized socially-owned enterprises offering accommodation.

#### Hotel Prishtina,

Tel: +381 (0)38 223-284/ 225-339

Cell: +377 (0)44 118-649

E-mail: [reservations@hotelprishtina.com](mailto:reservations@hotelprishtina.com)

#### Hotel Victory

Tel: +381 (0)38 543-277/ 543-276

Cell: +377 (0)44 504 429

Fax: +381 (0)38 54 3-286

E-mail: [reservation@hotel-victory.com](mailto:reservation@hotel-victory.com)

#### Hotel Baci

Tel: +381 (0)38 548-356/ 548-359

Cell: +377 (0)44 309-309

Fax: +381 (0)38 548 358

E-mail: [hotelbaci@hotmail.com](mailto:hotelbaci@hotmail.com)

#### Grand Hotel Pristina

Tel: +381 (0)38 220-210/ 220-211

Fax: +381 (0)38 248 138

E-mail: [reception@grandhotel-pr.com](mailto:reception@grandhotel-pr.com)

#### Hotel Apollonia

Tel: +381 (0)38 250 477

Cell: +381 (0)38 112 579

For more information on Pristina hotels please visit:

[www.hotelieria.com/Kerkimi/Qtytet/Prishtine/1\\_1-5/kerkimi.htm](http://www.hotelieria.com/Kerkimi/Qtytet/Prishtine/1_1-5/kerkimi.htm)

#### **Legal Firms**

The U.S. Embassy Pristina assumes no responsibility for the professional ability or integrity of lawyers or law firms. Please note that all fees for services rendered by the firm selected are the responsibility of the individual who requests the services. Neither

the U.S. Embassy Pristina nor the United States Government can assume responsibility for the fees or expenses incurred in use of services from these lawyers.

For the list of attorneys please click:

[http://pristina.usembassy.gov/attorney\\_information.html](http://pristina.usembassy.gov/attorney_information.html)

## Web Resources

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**Kosovo Government:** [www.ks-gov.net](http://www.ks-gov.net)

**UNMIK** (United Nations Mission in Kosovo): [www.unmikonline.org](http://www.unmikonline.org)

**EULEX** (European Union Rule of Law Mission): [www.eulex-kosovo.eu](http://www.eulex-kosovo.eu)

**ICO** (International Civilian Office): [www.ico-kos.org](http://www.ico-kos.org)

**Kosovo Customs:** [www.dogana-ks.org/?cid=2,1](http://www.dogana-ks.org/?cid=2,1)

**Privatization Agency of Kosovo:** [www.pak-ks.org](http://www.pak-ks.org)

**Investment Promotion Agency of Kosovo:** [www.invest-ks.org](http://www.invest-ks.org)

**Business Registration Agency:** <http://www.arbk.org/arb/>

**Kosovo Chamber of Commerce:** [www.odaekonomike.org](http://www.odaekonomike.org)

**American Chamber of Commerce in Kosovo:** [www.amchamksv.org](http://www.amchamksv.org)

**Kosovo Pension Savings and Trust:**

<http://www.trusti.org/trusti/Home/tabid/36/language/en-US/Default.aspx>

**Statistical Office of Kosovo:** <http://www.ks-gov.net/ESK/eng/>

**Central Bank of Kosovo:** [www.bqk-kos.org](http://www.bqk-kos.org)

**Kosovo Railways:** [www.kosovorailway.com/home.php?lang=1&mod=home&cat=23](http://www.kosovorailway.com/home.php?lang=1&mod=home&cat=23)

**Pristina International Airport:** [www.airportpristina.com](http://www.airportpristina.com)

**Radio and Television of Kosovo (RTK):** [www.rtklive.com](http://www.rtklive.com)

**Kohavision:** [www.kohavision.net](http://www.kohavision.net)

**Radio and Television 21:** [www.rtv21.tv](http://www.rtv21.tv)

**Koha Ditore Daily Newspaper:** [www.koha.net](http://www.koha.net)

**Express Daily Newspaper:** [www.gazetaexpress.com](http://www.gazetaexpress.com)

**Lajm Daily Newspaper:** [www.gazetalajm.info](http://www.gazetalajm.info)

**Kosovalive Newsagency:** [www.kosovalive.com/?cid=2](http://www.kosovalive.com/?cid=2)

**Kosovapress Newsagency:** [www.kosovapress.com](http://www.kosovapress.com)

**Telegrafi:** <http://www.telegrafi.com/>

**Kosovo Information Center:** [www.kosova.com/kategoria/english](http://www.kosova.com/kategoria/english)

**Post and Telecom of Kosovo:** [www.ptkonline.com](http://www.ptkonline.com)

**Kosovo Public Tenders:** <http://www.ks-gov.net/krpp/Default.aspx?PID=Notices&LID=2&PCID=-1&CtlID=SearchNotices&stat=2>

**Economic Initiative for Kosovo:** [www.eciks.org/english](http://www.eciks.org/english)

Please note that all of Kosovo's laws and regulations can be located at:  
[www.gazetazyrtare.com](http://www.gazetazyrtare.com) or [www.unmikonline.org/regulations/unmikgazette/index.htm](http://www.unmikonline.org/regulations/unmikgazette/index.htm)

**Foreign Investment Law:** <http://www.invest-ks.org/repository/docs/Law%20on%20foreign%20investment.pdf>

**Law on Business Organizations:**  
[http://www.kuvendikosoves.org/common/docs/liqjet/2007\\_02-L123\\_en.pdf](http://www.kuvendikosoves.org/common/docs/liqjet/2007_02-L123_en.pdf)

**Law on Public Procurement:**  
[http://www.kuvendikosoves.org/common/docs/liqjet/2003\\_17\\_en.pdf](http://www.kuvendikosoves.org/common/docs/liqjet/2003_17_en.pdf) and as amended  
[http://www.kuvendikosoves.org/common/docs/liqjet/2009\\_03-L-158\\_en.pdf](http://www.kuvendikosoves.org/common/docs/liqjet/2009_03-L-158_en.pdf)

**Public Tendering Procedures:**  
<http://www.ks-gov.net/krpp/Default.aspx?PID=StdForms&LID=2>

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## Chapter 4: Leading Sectors for U.S. Export and Investment

### Commercial Sectors

- [Telecommunications](#)
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### TELECOMMUNICATIONS

#### Overview

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\* There are no reliable data being collected in this industry. Data provided are raw estimates.

	2007(est.)	2008 (est.)	2009 (est.)
<b>Total Market Size</b>	900,000+	900,000+	1.4 million
<b>Total Local Production</b>	95%	95%	< 95%
<b>Total Exports</b>	N/A	N/A	40,898
<b>Total Imports</b>	\$110 million	\$ 34.4 million (To PTK only)	\$11.5 million
<b>Imports from the U.S.</b>	N/A	N/A	\$2.054 million

Although political and technical issues exist, Kosovo's 85 percent landline market penetration rate, weak mobile phone saturation, and relatively high rates make the country's telecommunications sector very attractive for U.S. firms.

Kosovo's telecommunications sector is dominated by the publicly-owned enterprise Post and Telecommunications of Kosovo Joint Stock Company (PTK J.S.C.), which has a monopoly on landline services. PTK also offers mobile telephony through its subsidiary VALA (1,000,000+ customers). Kosovo's telecommunications sector is one of the least expensive in the region and has the poorest quality of service. In order to compete with new entrants to the local market, VALA has upgraded its network, striving to provide higher quality and more reliable service. In October of 2009 Vala issued another 200,000 number with a new prefix 045 instead of 044, reaching 1,000,000 clients.

Mobtel, a Serbian company specializing in services aimed at the Kosovo Serb community, does not have a license to operate in Kosovo. When Mobtel was purchased in 2006 by the Norwegian company Telenor, Mobtel voluntarily ceased operations in most parts of Kosovo, but Telenor continues to provide service illegally in minority areas. It is estimated that more than 200,000 people are using the services of unlicensed providers like Telenor, including service that encroaches into Kosovo's territory from Macedonia and Montenegro.

Slovenija Telekom, a Slovenian state-owned company partnering with local firm IPKONET, won the tender for a second mobile phone operator issued in 2006. The

tendering process was marred by allegations of irregularities, and an earlier iteration of the tender was annulled, but IPKONET did start operations in January 2008. By the beginning of 2009, both IPKONET and PTK separately reached agreement with Mobile Virtual Network Operators (MVNO) to brand their products in Kosovo. “D3” mobile was launched in December 2008 using IPKONET’s infrastructure, and “Z-Mobile” with PTK in December 2009.

Kosovo is unable to obtain its own country code from the International Telecommunication Union without United Nations membership. As a result, Kosovo continues to use Serbia’s country code (381) for landline calls, and VALA rents, at considerable cost, Monaco’s country code (377). IPKONET uses Slovenia’s country code (386).

### **Best Products/Services**

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- General service mobile (GSM) operator
- GSM network supplies, equipment and technology
- Network management
- Telecommunications infrastructure development

### **Opportunities**

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Kosovo’s youthful and growing population; public demands for higher quality products and services with reasonable prices; and the country’s antiquated telecommunications infrastructure afford lucrative opportunities for U.S. companies in the short and long term. On November 18, 2009, the Kosovo Government launched privatization of PTK, and selected “Telco AG Consortium” as transaction advisor to assist Kosovo Government on privatization process. Based on the “Telco AG Consortium” assessment, currently underway, the privatization process should be finalized in August 2010.

### **Resources**

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#### **Telecommunications Regulatory Authority (TRA):**

Tel: +381-38 212-345; E-mail: [info@art-ks.org](mailto:info@art-ks.org); Website: [www.art-ks.org](http://www.art-ks.org)

#### **Post and Telecom of Kosovo Joint Stock Corporation (PTK J.S.C.):**

[www.ptkonline.com/newsite/en](http://www.ptkonline.com/newsite/en)

## ENERGY

### Overview

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\* The data for 2009 covers period until Nov 30<sup>th</sup> ; Data provided are raw estimates.

	2007	2008	2009
<b>Total Market Size</b>	2.3 million (est.)	2.3 million (est.)	2.3 million (est.)
<b>Total Local Production</b>	847 MW 4,332. 958 MWh	847 MW 4,526,923MWh (KEK net generation plus hydro)	847 MW 4,350,125 MWh (KEK net generation plus hydro)
<b>Total Exports</b>	587 561 MWh* (\$17,908,919)	125,277 MWh (\$6,411,681)	106,630 MWh (\$3.07 million)
<b>Total Imports</b>	642 349 MWh* (\$67,476,191)	457,817 MWh (\$72,058,957)	517,689 MWh (\$58.2 million)
<b>Imports from the U.S.</b>	N/A	N/A	N/A

\* Import/export amounts are comprised of the actual exchange of power, valued according to KEK's estimated price of €32.00 (\$44.75) / MWh. The average price for imports is €79.81 (\$111.61) / MWh and €20.42 (\$28.55) / MWh for exports

Energy is potentially an attractive sector for U.S. and foreign investment. Kosovo is currently unable to meet domestic need, and demand for energy is rising both locally and in the region. The World Bank estimates current demand in Southeastern Europe at 30,000 MW/year, with a supply deficit of around 15,000 MW. Kosovo's strategic location in Southeastern Europe, and vast lignite coal resources, provide solid opportunities for an independent power producer (IPP) to service Kosovo and the region.

There is a vital need for additional and reliable electricity in Kosovo itself. Power shortages and outages occur daily due to poor transmission and distribution networks, and antiquated generation capacity. Electricity in Kosovo is produced by two lignite-fired thermal power plants, known as "Kosovo A" and "Kosovo B," using 1950s and 1970s technology, and a small hydropower plant. Although the power plants have a production capacity of 1478 megawatts (MW), the two facilities are only producing 800 MW at this time. The hydropower plant produces an additional 32 MW.

The Kosovo Electric Corporation Joint Stock Company (KEK J.S.C.), a state-owned public utility, understands significant resources are needed in the short run to improve overall capacity, but poor economic conditions, exacerbated by low bill collection rates and bad company management has made these investments difficult. In response, the Government of Kosovo in 2009 approved the unbundling of Kosovo's electricity distribution network to form a new company for privatization. Privatization is now scheduled to begin in 2010. Private sector participation in the network distribution and supply side of KEK is anticipated to improve and expand the distribution network, increase billing and collections, reduce electricity losses, and improve the security of supply and overall service quality.

A World Bank study estimates that the existence of 12 billion tons of lignite coal would enable Kosovo's generating capacity to increase an additional 2000 MW. Kosovo has some of the largest lignite coal reserves in the world, and World Bank ranked Kosovo first in Europe in potential cost efficiency of electricity generation. In addition, the Government of Kosovo has stated its interest in attracting American investment to the energy sector, as an IPP or a partner in the refurbishment of older power plants. A significant amount of money would be needed to develop all aspects of Kosovo's energy sector, particularly connecting the transmission and distribution networks to regional grids. However, Kosovo's power industry provides enormous potential and a promising starting point for U.S. companies wanting to enter the Southeastern Europe energy market.

The GOK, based on the recommendations from the Project Steering Committee reached a decision in December 2009 that the "New Kosovo" Power Plant (previously known as "Kosovo C") would consist of a new mine component and phased construction of new generation capacity, starting with an initial 500 MW phase and including an option for an additional 500 MW. In addition GOK authorized the call for Expression of Interest (EOI) for the project. The deadline for submission of pre-qualification documents is January 31, 2010, and for submission of formal EOI is February 28, 2010.

Privatization of "Kosovo B": The two Kosovo B units have a design capacity of around 630 MW, although it currently operating at roughly 500 – 540 MW owing to problems with turbines and boilers that de-rate its capacity. Following a fire, the EC financed complete reconstruction of a modern control room for the plant, at a reported cost of € 300 m. USAID is currently preparing to carry out separate technical/economic and environmental feasibility work (see note below), as well as to advise the Government on this transaction, to be undertaken in a coordinated fashion with NKPP. Based on existing studies and experience, it is believed that this plant can be rehabilitated to meet the EU standards (in particular, the Large Combustion Plant Directive 2001/80/EC). The GOK is moving ahead to issue relevant Government Decrees to launch the process and establish a Project Steering Committee, chaired by the Minister of Finance. The World Bank has indicated in principle their willingness to consider a Partial Risk Guarantee for the project.

"Kosovo A": There is strong interest, particularly from the EC, in closure of Kosovo A as soon as possible and linking this action with support for any new project. The GOK is committed to meeting the requirements of the Large Combustion Plant Directive by 2017, while the Prime Minister in a press conference indicated he is aiming to close Kosovo A by 2015. The EC has contracted for a study to assess the issues in retirement of Kosovo A, including costs for clean-up of the site and of alternative sources of supply. It is clear that the cost of closure without new available capacity would be quite high (for 2008 Kosovo A generation of 1,239 GWh, reasonable assumptions on the costs of compensatory imports suggest around €100 m. per year). Although the recent call for Expressions of Interest for rehabilitation of unit A2 by KEK has raised concern about Kosovo's willingness to work toward early closure, both GOK and KEK have reiterated that the decision will be made based on economically justifiable interim power needs up to 2015.

Hydropower plants (HPP) range widely in size, from micro HPPs that operate on so-called "run of river" regimes, to small, medium and large facilities typically defined by the

rated capacity of installed generator turbines, which in turn is related to size of water storage and available flow volume or “head” (i.e., ability to deliver the water at useful speed). The ability to control release makes HPP facilities particularly useful to generate peaking power - as opposed to base load - and for frequency regulation. It also means that looking at rated capacity creates an inaccurate impression of the actual output of power. Smaller and less regular generation from HPPs creates system management issues related to timing and volumes of feed-in; a well-defined, special tariff regime is also required. Kosovo has a complex hydro-geology, including four trans-boundary river basins; while it has abundant rainfall and water flows, there are relatively limited opportunities for large-scale HPP development. The most notable potential large project for Zhur HPP is discussed in the final section.

A stated energy policy objective of the GOK is to develop and increase use of renewable energy sources, including HPP. To this end, the Ministry of Energy and Mining (MEM) has undertaken a prefeasibility study to assess HPP potential in Kosovo which identified technical and economic opportunities to develop at least ten (10) small HPPs. As detailed on the next page, total estimated capacity of these 10 new SHPPs is 64MW, with estimated annual generation potential of 294 GWh.

Development of renewable energy and increased energy efficiency: The World Bank has been studying the potential for the Zhur Hydro Power plant. The GOK has expressed interest in exploring the potential for solar, wind and geothermal energy. Reliable baseline data are required for all sources including hydro and development of projects must be coupled with establishment of a suitable regulated tariff regime that clearly addresses all aspects of system reliability and any subsidies that may be required. The World Bank has been providing the Energy Regulatory Office assistance to develop a renewable energy tariff regime. End-use energy efficiency improvements will become increasingly attractive once collection discipline is complete and full-cost tariffs provide proper incentives. Several donors are already beginning to develop programs in this area.

USAID and the World Bank have been working closely to coordinate environmental analysis and site monitoring for the mine/power complex at Kosovo A and B. As part of the NKPP, the World Bank has prepared a Strategic Environmental and Social Assessment, involving scoping and public consultations; a detailed EIA Handbook; and mining feasibility studies. The EC has also financed studies on new mine development and air emission controls. World Bank consultants are working on the RFP for NKPP that will require the winning bidder to submit a comprehensive and acceptable environmental and social assessment. USAID will finance an environmental assessment related to the coordinated Kosovo B transaction that will provide potential investors with baseline information and understanding of the environmental risks.

## **Best Prospects/Services**

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- Turbines
- Generators
- Power systems spare parts
- Power operation and maintenance services
- Legal and consulting services

## Opportunities

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- New, independent power plants (coal or hydro powered)
- Rehabilitation and/or privatization of two older generation units, Kosovo A and B
- Wind energy
- Distribution (Grid)

## Resources

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Kosovo Energy Corporation J.S.C. (Joint Stock Company): [www.kek-energy.com](http://www.kek-energy.com)

Kosovo Energy Regulatory Office: [www.ero-ks.org](http://www.ero-ks.org)

Kosovo Ministry of Energy and Mining: [www.ks-gov.net/mem](http://www.ks-gov.net/mem)

World Bank Kosovo Office: [www.worldbank.org/kosovo](http://www.worldbank.org/kosovo)

## MINING

### Overview

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\* There are no reliable data being collected in this industry. Data for 2009 are based on Customs sources and include period Jan 01 – Nov 30.

	2007 (estimated)	2008 (estimated)	2009 (actual)
Total Market Size	N/A	N/A	N/A
Total Local Production	Unknown	\$201 million	Unknown
Total Exports	\$42 million	\$201 million	\$16.3 million
Total Imports	Unknown	\$349.5 million	\$44,000
Imports from the U.S.	0	0	N/A

The mining sector has traditionally been an important contributor to Kosovo's economy, but this industry declined during the 1990's from lack of investment in equipment, facilities and development of new mines. Despite these obstacles, significant foreign investment potential exists in this sector. Kosovo has a varied geology containing a range of exploitable metal and mineral deposits. A geophysical survey completed by the Joint Airborne-Geosciences Capability (UK-Finland) in 2006-2007 revealed higher than expected deposits of gold, chrome and nickel, as well as aluminum, copper, iron metals and lead-zinc deposits. Kosovo also possesses the world's fifth-largest proven reserves of lignite coal.

All existing mines except for one are currently state-owned, although eventual privatization of all mines is planned. The Trepça mining complex (officially known as Trepça Mines Ltd.) contains Kosovo's largest and most developed mines. At the height of production in the 1960s and 1970s, Trepça employed over 22,000 workers throughout

the former Yugoslavia, although most mining operations and processing facilities were located in Kosovo. While portions of Trepça are operational today, it will take significant capital investment to bring operations up to international standards and reach profitability. It should be noted that several international companies have significant claims on Trepça that have yet to be sorted out. A moratorium on claims was issued in 2005, and a Chapter Eleven-like process has been discussed as a way to get Trepça back into production and clear the way for privatization.

The Independent Commission for Mines and Minerals (ICMM) regulates Kosovo's minerals sector, issues exploration and mining licenses, and ensures legislative compliance with international mining, environment and safety standards. ICMM also provides key technical information to prospective bidders. Two U.S. invested firms has been awarded exploration licenses.

### **Best Prospects/Services**

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- Exploration, mining and extraction
- Legal and consulting services
- Equipment and spare parts sales; maintenance services

### **Opportunities**

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- Possible ownership or operation of new and existing mines
- Sales of equipment, spare parts and maintenance services
- Minerals exports to global markets

### **Resources**

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**Kosovo Energy Regulatory Office:** [www.ero-ks.org](http://www.ero-ks.org)

**Kosovo Ministry of Energy and Mining:** [www.ks-gov.net/mem](http://www.ks-gov.net/mem)

**Kosovo Privatization Agency:** [www.pak-ks.org](http://www.pak-ks.org)

**International Commission on Mines and Minerals (ICMM):** [www.kosovo-mining.org](http://www.kosovo-mining.org)

Azem Rexhaj, Director

Rr. Enver Maloku

Pristina

Tel: +381 (0)38 240 252

Fax: +381 (0)38 245 844

E-mail: [icmm@kosovo-mining.org](mailto:icmm@kosovo-mining.org)

Website: [www.kosovo-mining.org](http://www.kosovo-mining.org)

## HEALTH

### Overview

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\* There are no reliable data being collected in this industry. All data are estimates.  
Data for 2009 are based on Customs sources and include period Jan 01 – Nov 30.

	2007 (est.)	2008 (est.)	2009 (est.)
Total Market Size	2.3 million (est.)	2.3 million (est.)	2.3 million
Total Local Production	0	0	Unknown
Total Exports	0	0	\$ 163,681
Total Imports	\$70-80 million	\$70-80 million	\$ 62.2 million
Imports from the U.S.	Unknown	Unknown	\$ 3.07 million

Kosovo's poor health and medical facilities lead many local citizens to seek health care services in neighboring countries, even for routine check-ups. The growing demand for quality health care, and the lack of government resources to meet these urgent needs, leaves many opportunities for U.S. companies to provide a variety of health-related services, including basic and specialized treatments, hospitals, clinics, emergency medical treatment facilities, and high quality medicines and pharmaceutical products.

### Best Prospects/Services

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- Hospitals, clinics and other medical facilities
- Emergency medical treatment services
- Medicines, pharmaceutical products and pharmacies
- Hospital management, staff training, legal services
- Dental clinics

### Opportunities

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- Private hospitals, clinics and emergency medical facilities
- Dental clinics
- Medical supplies and pharmacies
- Provision of medical equipment and supplies
- Professional staff training and consulting

### Resources

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#### National Institute of Public Health

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## **INFRASTRUCTURE DEVELOPMENT**

### **Overview**

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\* There are no reliable data being collected in this industry. All data are estimates.  
Data for 2009 are based on Customs sources and include period Jan 01 – Nov 30.

	2007 (est)	2008 (est)	2009 (est)
Total Market Size	2.3 million	2.3 million	2.3 million
Total Local Production	Unknown	Unknown	\$577 million (Public Investments)
Total Exports	0	0	\$ 1 million
Total Imports	\$ 496 million	Unknown	\$ 290 million
Imports from the U.S.	0	0	\$4,900

Infrastructure development will be an important part of Kosovo's economic development for years to come. There are growing demands for quality housing, office space, government buildings, schools, roads, highways and basic sanitation systems, among

other infrastructure needs. The Kosovo Government has completed the first phase of urban planning strategies for Pristina, Kosovo's capital city, as well as major roads and highways throughout the country. However, lack of government funding for these projects, as well as the government's delay in issuing zoning laws, building codes or construction and registration permits, have complicated this work. The USG has engaged the GOK to pass legislation conducive to attracting investment, such as a recent law allowing buyers to obtain 99-year leases.

It is anticipated the Government of Kosovo will allocate more funding toward infrastructure development, increasing the demand for qualified private contractors to implement these projects. Several American citizens have invested significant resources in construction, real estate, financial services and infrastructure development in anticipation of growth in this sector.

### **Best Prospects/Services**

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- Project designers
- Project managers
- Engineering specialists
- Architectural services
- Interior design services
- Heavy machinery
- High quality tools, accessories and production inputs

### **Opportunities**

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- Residential housing
- Commercial buildings, office space
- Morine-Merdare highway
- Improvements to Pristina-Skopje; Pristina-Peja; Pristina - Mitrovica highway
- Professional architectural and engineering design and management services
- First-rate hardware store or supplying of equipment, tools, accessories and inputs

### **Resources**

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Ministry of Transport and Telecommunication: [www.mtpt.org](http://www.mtpt.org)

Pristina International Airport: [www.airportpristina.com](http://www.airportpristina.com)

Post and Telecom Kosovo (PTK): [www.ptkonline.com/newsite/en](http://www.ptkonline.com/newsite/en)

Kosovo Railways: [www.kosovorailway.com](http://www.kosovorailway.com)

Road Construction Association of Kosovo: [www.rruga.org](http://www.rruga.org)

## Chapter 5: Trade Regulations and Standards

- [Import Tariffs](#)
- [Trade Barriers](#)
- [Import Requirements and Documentation](#)
- [U.S. Export Controls](#)
- [Temporary Entry](#)
- [Labeling and Marking Requirements](#)
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### Import Tariffs

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Tariffs, customs duties and any other applicable import taxes are levied upon entry of the goods into Kosovo. A new Customs and Excise Code, in compliance with European Union and World Customs Organization standards, was implemented by Kosovo Customs in early 2009: [http://www.assembly-kosova.org/common/docs/ligjet/2008\\_03-L-109\\_en.pdf](http://www.assembly-kosova.org/common/docs/ligjet/2008_03-L-109_en.pdf). Kosovo applies an integrated tariff schedule, broken down into goods categories and applicable rates, which can be viewed here: <http://unmikcustoms.org/tarik>. Generally, a 10% customs duty must be paid on all imported goods, with the exception of wheat and goods originating from Central European Free Trade Agreement (CEFTA) countries.

A 16% value added tax (VAT) is also levied on all goods entering Kosovo, assessed on the CIF, or cost, insurance and freight of the good, plus the customs duties and excise taxes. Some products are subject to excise tax, including petroleum, cigarettes, vehicles, alcohol, and television antennas. Excise tax is applied as a flat percentage rate of the value of the item or as a pre-determined amount depending on the item.

### Trade Barriers

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Kosovo has no restrictions on imports. When applicable, products are required to undergo sanitary, phytosanitary or veterinary inspections. All agricultural importers must obtain an import license from the Prime Minister's Office (OPM) of Food and Veterinary Agency (FVA). The Office will issue import licenses within five (5) working days of receipt of the application. Veterinary certificates are required for the importation of live animals and animal products. U.S. companies must complete an application form and fill out a health certificate to import food products of animal origin including poultry products. The Government of Kosovo accepts USDA food safety inspection service certificates. The FVA's Phytosanitary Division requires control certificates and certificates of origin for all imports. All agricultural products require an import license and accompanying documentation.

Import licenses are required for pharmaceutical products and tobacco products. A similar system will be implemented for the import of live animals and for the export of

scrap metals. An import license is required for production inputs and raw materials that will be processed into pharmaceutical products. Licenses can be obtained from the Kosovo Drug Regulatory Authority and are valid for five years. The Kosovo Drug Regulatory Authority has issued the following quality and safety requirements for pharmaceutical products:

(A) Every pharmaceutical product which is imported must be accompanied by a certificate ensuring product quality and safety, such as a certificate from the World Health Organization's Certification on the Quality of Pharmaceutical Products Moving in International Commerce;

(B) Documents declaring the intended use of the product in Kosovo;

(C) Certificate of Analysis showing test results of the pharmaceutical product may be required in some circumstances;

(D) The shelf life of imported pharmaceutical products must be valid for at least one year from the date of entry into Kosovo.

Information on sanitary requirements can be obtained from Kosovo Ministry of Health.

Information on phytosanitary and veterinary requirements can be obtained from the Kosovo Food and Veterinary Agency in the Office of the Prime Minister.

#### **Import Requirements and Documentation**

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The Kosovo Customs Law requires a single administrative document (SAD) be completed by the importer. The SAD can only be obtained from the Kosovo Customs' office in Pristina. In order for the SAD to be completed, the following documentation is required: a certificate of origin, a commercial invoice, and a Bill of Lading.

#### **U.S. Export Controls**

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Most high technology equipment and products can enter Kosovo without a U.S. export license. However, American businesses are strongly advised to obtain export licenses from either the Department of Commerce's Bureau of Industry and Security, or the Department of State's Bureau of Verification, Compliance and Implementation (VCI), depending on the product. BIS and VCI both coordinate the licensing process with each other, as well as with the Department of Defense. If a U.S. firm has a product that may require an export license, the U.S. company must obtain the export commodity control number (ECCN) from the manufacturer. The U.S. exporter can also obtain the ECCN by filling out the BIS-748 Multipurpose Form. To order forms, you may submit a request by fax at (202) 219-9182 or call our Exporter Counseling Division at (202) 482-4811 or from the following link: <http://www.bis.doc.gov/licensing/facts4.htm>. More detailed information can be obtained from the U.S. Department of Commerce, Export Controls – Bureau of Industry and Security at: [www.bis.doc.gov/licensing/exportingbasics.htm](http://www.bis.doc.gov/licensing/exportingbasics.htm).

## Temporary Entry

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Kosovo permits the temporary importation of products that will be re-exported and will not have undergone any change while in country. Goods falling into this category will be assessed import duties at a rate of three percent for every month, or fraction of a month, during which the goods are under temporary importation procedure.

## Labeling and Marking Requirements

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Labels must contain the following information: name of the product; full address of the importer and country of origin; net quantity/weight/volume of the product; ingredients; method of storage (transport, use or maintenance); and any applicable consumer warnings. Labels must be in Kosovo's official languages. New legislation on consumer protection will require a description for "transformed" products (note: the definition of "transformed" will be determined by future implementing regulations). Technically complicated products must be accompanied by instructions for usage, the manufacturer's specifications, a list of authorized maintenance offices, warranty information, warranty period, and other applicable data.

## Prohibited and Restricted Imports

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The importation of weapons and narcotics is prohibited.

## Customs Regulations and Contact Information

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Albanian and Serbian are the official languages of Kosovo, and English is widely used. All regulations are translated into Albanian, Serbian and English.

To contact Kosovo Customs, please visit [www.dogana-ks.org](http://www.dogana-ks.org).

## Standards

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## Overview

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Kosovo's Law 2004/12 on Standardization reflects European and international systems of standards, and the law outlines the procedural rules on drafting, approval, determination, and application of these standards in Kosovo. Product certification also falls under this law.

Information on particular Kosovo standards, as well as testing and certification, can be obtained from the Ministry of Trade and Industry's Department for Standards and Metrology ([www.mti-ks.org](http://www.mti-ks.org)), the responsible authority for Kosovo's standards regime.

## **Standards Organizations**

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The Kosovo Standardization Agency (KSA), and Accreditation Directorate (AD) within the Ministry of Trade and Industry, is the only government body responsible for standardization and accreditation activities in Kosovo. The KSA and AD fulfills the following duties:

--Organize procedures on the formulation of standards; approve and apply such standards; certify products, services, quality systems and personnel;

--Organize procedures on standardization, accreditation and certification based on international and European standardization systems;

--Approve, adapt and implement international and European standards, except in the area of telecommunications;

--Revise existing standards in Kosovo;

--Accredit quality testing laboratories and certification and inspection organizations, after approval by relevant authorities;

--Represent Kosovo at international, European and regional organizations according to Article One of the law, taking into consideration the international agreements to which Kosovo is a party;

--Conclude cooperative agreements with similar organizations of other countries, with respect to information area, exchange of publications, experience, and staff training in the areas stated in Article One of this law, with the aim to facilitate trade and issues of mutually interest;

--Conclude agreements with similar organizations of other countries for mutual official recognition of analytical reports from accredited laboratories, trademarks, labels and similar materials according to conformity and safety;

--Promote studies, publications, scientific research and cooperation on areas of standards and standardization; promote and coordinate scientific, technical and cultural initiatives related to standards and standardization;

--Maintain and administer standardizations archive on foreign and local standards, upon request shall communicate technical information to domestic and foreign subjects that conduct business activities in the territory of Kosovo;

--Prepare the laws and by-laws for activities it covers;

--Propose tariff fees for the Ministry of Finance and Economy and for services which KSA offers to third parties.

## **U.S. National Institute of Standards and Technology's (NIST) "Notify U.S." Service**

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other member countries. **Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at: [www.nist.gov/notifyus](http://www.nist.gov/notifyus).

### **Conformity Assessment**

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The Kosovo Standardization Agency and Accreditation Directorate are the primary conformity assessment bodies in Kosovo.

### **Product Certification**

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Every certified product must carry a certification marking. The certification marking indicates that the product has undergone appropriate testing, verifying the product conforms to relevant regulations. Kosovo has no product certification agreements with the United States or any other country.

### **Accreditation**

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The Kosovo Standardization Agency and Accreditation Directorate administer the services for national accreditation. The Accreditation Directorate became member of the European Accreditation Corporation in December 2009.

### **Publication of Technical Regulations**

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The Kosovo Government Official Gazette publishes all laws and regulations: [www.gazetazyrtare.com](http://www.gazetazyrtare.com).

### **Labeling and Marking**

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Each manufacturer that receives certification is granted the "KK" symbol. This symbol is obligatory, although the "CE" mark can act as a substitute. In order to sell products in Kosovo, U.S. exporters are required to apply the "CE" marking whenever their product is covered by specific product legislation.

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**Trade Agreements**

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The Government of Kosovo manages its own international relations, but UNMIK does still play a facilitation role when Kosovo's status is not recognized by all parties. UNMIK also ensures Kosovo's ability to fulfill international obligations under agreements where UNMIK is the signatory on behalf of Kosovo.

Albania was the first country to sign a free trade agreement (FTA) with Kosovo in 2003, followed by Macedonia in 2005. The Kosovo-Macedonia FTA stipulates that Kosovo imports have complete, duty-free access to the Macedonian market but in reality, Macedonia still imposes duties at the border, particularly on agricultural imports. In 2006 Kosovo signed FTAs with Croatia and Bosnia-Herzegovina, and became a member through UNMIK to the Central European Free Trade Agreement (CEFTA) and the EU Common Aviation Area. CEFTA came into force in July 2007 and by September 2007, all signatories ratified the agreement, including Serbia. Regardless of this Serbia and Bosnia-Herzegovina do not allow Kosovo goods to be imported or transit through their territories respectively since they do not recognize Kosovo. Kosovo is also a member of the Athens Process on Energy for the Southeastern Europe Energy Community Treaty.

**Trade Relations with the European Union**

The EU has extended autonomous trade preferences to Kosovo, which provide unlimited, duty-free access to the EU market, with some exceptions for sensitive products such as veal, textiles and wine, among others.

**Web Resources**

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Kosovo Customs: [www.dogana-ks.org](http://www.dogana-ks.org)

Official Gazette: [www.gazetazyrtare.com](http://www.gazetazyrtare.com)  
Ministry of Economy and Finance: [www.mfe-ks.org](http://www.mfe-ks.org)  
Ministry of Trade and Industry: [www.mti-ks.org](http://www.mti-ks.org)

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## Chapter 6: Investment Climate

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### Openness to Foreign Investment

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The Government of Kosovo (GOK) and the Ministry of Trade and Industry (MTI) actively promote foreign investment in Kosovo. In January 2001, UNMIK adopted Regulation 2001/3 on Foreign Investment in Kosovo, and the Kosovo Assembly passed the Foreign Investment Law in November 2005, promulgated by UNMIK in April 2006. Under this law, foreign firms operating in Kosovo are granted the same privileges as domestic businesses, with the exception that foreign investors may not hold more than 49 percent ownership in businesses producing or selling military products (Reg. No. 2001/3, Section 6).

The Law on Weapons passed the Assembly and was promulgated by the President in October 2009, allowing local security firms to carry weapons in limited circumstances. These instances are restricted to bodyguard services and cash (or equivalent) transporters, but allow local security firms to compete with international ones for the first time. New business registration with MTI's official registry has steadily increased, indicating some local enterprise development. Since 1999, over 95,000 private businesses have been registered, although MTI states that over half of these businesses are technically inactive. All business license applications are processed by the Agency for Business Registration in Pristina and normally issued within three business days, making Kosovo one of the easiest places in the region to set-up a business.

While the basic legislation of a market-oriented economy is in place, determining property ownership remains a challenge. These legal uncertainties, in addition to weak law implementation and poor contract enforcement, continue to hinder economic growth and investment. All commercial laws are available to the public in English on the Kosovo Assembly's Website at [www.assembly-kosova.org/?cid=2,191](http://www.assembly-kosova.org/?cid=2,191) and on the UNMIK website at: [www.unmikonline.org/regulations/unmikgazette/index.htm](http://www.unmikonline.org/regulations/unmikgazette/index.htm).

## **Conversion and Transfer Policies**

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Section 9 of UNMIK Regulation 1999/24 and Article 9 of the Foreign Investment Law guarantees unrestricted use of income from foreign investment, after taxes and other liabilities. This includes transfers to other foreign markets or foreign currency conversions. All currency conversions and transfers are processed in accordance with EU banking procedures. Conversions are made at the market rate of exchange. Foreign investors are permitted to open bank accounts in any currency.

## **Expropriation and Compensation**

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Section 7 of UNMIK Regulation 1999/24 and Article 8 of the Foreign Investment Law protect foreign investments from expropriation, and guarantee due process and timely compensation payment for valid claims. In April 2005, UNMIK approved an eminent domain clause in order to prevent lawsuits deriving from property expropriations and sales occurring as part of the privatization process. This clause only applies to cases of Socially Owned Enterprise (SOE) privatization.

## **Dispute Settlement**

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Section 17 of UNMIK Regulation 1999/24 and Chapter 4 of the Foreign Investment Law assign jurisdiction for business dispute resolution to Kosovo courts. However, foreign investors are free to agree upon arbitration or another, alternative dispute resolution mechanism. The results of arbitration are enforceable by local courts. The Foreign Investment Law stipulates investors select from the following standards for investment dispute arbitration:

- a. the International Center for Settlement of Investment Disputes (ICSID) Convention, if both the foreign investor's country of citizenship and Kosovo are parties to said convention at the time of the request for arbitration;
- b. the ICSID Additional Facility Rules, if the jurisdictional requirements for personal immunities per Article 25 of the ICSID Convention are not fulfilled at the time of the request for arbitration;
- c. the United Nations Commission on International Trade Law Rules. In this case, the appointing authority referred to therein will be the Secretary General of ICSID; or
- d. the International Chamber of Commerce Rules.

English is the official language in the event of a commercial legal dispute.

Kosovo's commercial court has jurisdiction over disputes involving shipping, intellectual property rights and unfair trade practices. The court's effectiveness has been undermined by extremely long delays in the adjudication of commercial court cases and poor enforcement of existing laws. These impediments also adversely affect utility bill and overdue loan collections.

Municipal courts handle bankruptcy procedures for all companies except SOEs, according to Kosovo bankruptcy law. The Pristina Municipal court has a special bankruptcy division.

The Special Chamber of the Supreme Court on Kosovo Trust Agency Related Matters was established under Section 1 of UNMIK Regulation 2002/13. The Special Chamber is composed of three international and two local judges who handle disputes and claims related to privatization and economic restructuring. The Special Chamber has primary jurisdiction over appeals against the decisions of the KTA, as well as creditor, ownership and property claims brought against SOEs and POEs, and claims arising from the privatization and liquidation of SOEs. The procedures for claimants wishing to institute proceedings are detailed in UNMIK Regulation 2003/23. A new Special Chamber law is being drafted to handle related cases for the KTA successor agency, the Privatization Agency of Kosovo (PAK).

For criminal cases, the Criminal Code of Kosovo and the Kosovo Code of Criminal Procedure apply. The criminal court structure includes the Supreme Court of Kosovo, District Courts, Municipal Courts and Courts of Minor Offenses, including a High Court of Minor Offenses. Per 100,000 inhabitants, the Kosovo judicial system has 19 judges and prosecutors, and three courts, which is close to European standards. Despite the high proportion of judges, prosecutors and courts, a significant backlog of cases remains pending, pointing to a significant need for improved efficiency and capacity of the justice system.

### **Performance Requirements and Incentives**

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The GOK does not specify performance requirements as a condition for establishing, maintaining or expanding an investment in Kosovo. A 16 percent across-the-board value added tax (VAT) came into force as of January 2009. In order to encourage investment, businesses importing capital goods are granted a six-month VAT payment deferral upon presentation of a bank guarantee. Suppliers may export goods without being required to collect VAT from the foreign buyer. Suppliers may claim credit for taxes on inputs, either by offsetting those taxes against gross VAT liabilities or by claiming a refund.

In September 2000, the EU formally recognized Kosovo as an autonomous customs territory and amended its General System of Preferences, eliminating quantitative restrictions for most industrial products from Kosovo. By June 2002, the EU granted preferential treatment to all imports from Kosovo, removing remaining tariff ceilings for industrial products, including steel and textiles, and improving access to EU markets for agricultural products. Kosovo Customs is working to harmonize certificates of origin standards with EU Customs. In December 2008, the United States designated Kosovo a beneficiary developing country under the Generalized System of Preferences (GSP) program.

### **Right to Private Ownership and Establishment**

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GOK regulations and the Foreign Investment Law do not interfere with the establishment, acquisition or sale of interests in enterprises by private entities. Ownership rights can be extended to foreign investors. Foreign investment is not subject to approval by the Government of Kosovo, except when such approval is required for similar domestic businesses. The following rights also apply:

- a. foreign investors may transfer property rights, including permits, to other legally qualified persons in the same manner and to the same extent as domestic investors;
- b. foreign investors have the right to purchase residential and non-residential property to the same extent as domestic businesses;

- c. foreign investors with less than a majority stake in an investment shall be protected as domestic minority shareholders in accordance with applicable law;
- d. foreign investments are subject to the same tax obligations as domestic businesses; and
- e. foreign investors may establish subsidiary enterprises, branches and representative offices in the same manner and to the same extent as domestic businesses.

## **Protection of Property Rights**

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UNMIK Regulation 2002/22 promulgated the law adopted by the Kosovo Assembly to establish an immovable property rights register, as a method of protecting private land ownership. The Kosovo Cadastral Agency (KCA) has authority for the overall administration of the official register, with municipal cadastral offices recording immovable property rights in the official register under the authority of the KCA. Liens against movable property are protected under UNMIK Regulation 2001/5, detailing the specific procedures by which liens can be created, enforced and applied against third parties. This regulation applies to all transactions, regardless of form, intended to create a lien. UNMIK Regulation 2002/21 promulgated the law adopted by Kosovo Assembly on mortgages, establishing a uniform system for securing and registering liens against immovable property, and to create a mortgage and lien registry.

However, the resolution of residential, agricultural and commercial property rights remains a serious and contentious issue in Kosovo. Most property records were destroyed or removed to Serbia by the Serbian government during the last conflict, making determination of rightful ownership for the majority of properties complex at best. There have been cases of up to 20 ownership claims to a single property, presenting a variety of ownership documents as proof. The Kosovo Property Agency (KPA), formerly the Housing and Property Directorate (HPD), has been tasked with adjudicating roughly 40,000 property disputes from March 23, 1989 to October 13, 1999, and working toward resolution of agricultural and commercial property claims. Until the disputes are resolved, no new properties can be registered with the agency. In the meantime, property sales and transfers, some involving false documents, are on-going, further complicating the resolution process. In addition to the KPA, Kosovo's court system has its own large backlog of property cases.

Section 10 of UNMIK Regulation 2001/2 ensures protection of intellectual property rights (IPR), authorizing enforcement of trademark, copyright and patent laws, and any related international conventions. The Industrial Property Rights Office was established in 2007 within the Ministry of Trade and Industry, tasked with IPR protection. Several pieces of legislation have been passed on IPR protection, including patent, trademark, industrial design and copyright laws. The 1981 Yugoslav Law on Protection of Inventions, Technical Improvements and Distinctive Signs, and the 1991 Law on Authors Rights are also considered applicable law in Kosovo's courts. Effective inter-agency coordination on implementing intellectual property rights protection laws remains a challenge but is improving, as the GOK becomes more aware of its responsibilities in this area. A number of counterfeit consumer goods (notably CDs, DVDs, clothing items and computer software) are available for sale and traded openly. Although Kosovo is not a counterfeit goods producer, the development of a strong intellectual property rights regime will encourage future investment and economic development in Kosovo.

## **Transparency of Regulatory System**

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In order to promote fair and open competition for government tenders, as well as transparency in the procurement and regulatory process, the GOK publishes the rules, regulations and procedures of the tendering process on the following websites: [www.assembly-kosova.org](http://www.assembly-kosova.org) and [www.pm-ksgov.net](http://www.pm-ksgov.net). As Kosovo continues to establish regulatory institutions, procedures for obtaining licenses and permits can vary widely, with a corresponding variance in process transparency.

The Public Procurement Agency in the Kosovo Ministry of Public Services manages bulk procurement and services provisions for the GOK. All Public Procurement Agency tenders are advertised in English, Albanian and Serbian. The Public Procurement Regulatory Commission recently initiated procurement audits of the various Kosovo ministries, municipal authorities and agencies receiving funds from the Kosovo consolidated budget.

## **Efficient Capital Markets and Portfolio Investment**

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The Central Bank of Kosovo (CBK) is an independent body responsible for fostering the development of competitive, sound and transparent banking and financial sectors. This includes supervising and regulating Kosovo's banking sector, insurance industry, pension funds and other micro-finance institutions, and performing a number of other normal central bank tasks, including cash management, transfers, clearing, management of funds deposited by the Ministry of Finance and Economy or other public institutions, collection of financial data and management of a credit register. The CBK is not authorized to grant loans to banks.

Kosovo's banking system and non-financial enterprises are not prepared to finance large investment projects in the private sector. In the past three years, there has been minimal private investment in Kosovo outside of real estate construction and development. About 80% of bank loans are short-term credits with interest rates ranging from 12-14%. Most deposits are demand deposits.

The insurance sector is small but has grown steadily in recent years. At the end of 2009, there were eleven licensed insurance companies in Kosovo.

## **Political Violence**

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In 2009, there were some isolated incidents of inter-ethnic and politically-motivated violence and sporadic political protests, but none of these events adversely affected Kosovo's political stability. UNMIK was replaced in December 2008 by the European Union's Rule-of-Law Mission in Kosovo (EULEX), which continues to serve. The Kosovo Protection Corps (KPC), a civilian emergency preparedness service, was replaced by the Kosovo Security Force (KSF) in 2009.

## **Corruption**

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Corruption, including bribery, raises the costs and risks of doing business. Corruption has a corrosive impact on both market opportunities overseas for U.S. companies and the broader business climate. It also deters international investment, stifles economic growth and development, distorts prices, and undermines the rule of law.

It is important for U.S. companies, irrespective of their size, to assess the business climate in the relevant market in which they will be operating or investing, and to have an effective compliance program or measures to prevent and detect corruption, including foreign bribery. U.S. individuals and firms operating or investing in foreign markets should take the time to become familiar with the relevant anticorruption laws of both the foreign country and the United States in order to properly comply with them, and where appropriate, they should seek the advice of legal counsel.

The U.S. Government seeks to level the global playing field for U.S. businesses by encouraging other countries to take steps to criminalize their own companies' acts of corruption, including bribery of foreign public officials, by requiring them to uphold their obligations under relevant international conventions. A U. S. firm that believes a competitor is seeking to use bribery of a foreign public official to secure a contract should bring this to the attention of appropriate U.S. agencies, as noted below.

**U.S. Foreign Corrupt Practices Act:** In 1977, the United States enacted the Foreign Corrupt Practices Act (FCPA), which makes it unlawful for a U.S. person, and certain foreign issuers of securities, to make a corrupt payment to foreign public officials for the purpose of obtaining or retaining business for or with, or directing business to, any person. The FCPA also applies to foreign firms and persons who take any act in furtherance of such a corrupt payment while in the United States. For more detailed information on the FCPA, see the FCPA Lay-Person's Guide at: <http://www.justice.gov/criminal/fraud/docs/dojdccb.html>.

**Other Instruments:** It is U.S. Government policy to promote good governance, including host country implementation and enforcement of anti-corruption laws and policies pursuant to their obligations under international agreements. Since enactment of the FCPA, the United States has been instrumental to the expansion of the international framework to fight corruption. Several significant components of this framework are the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD Antibribery Convention), the United Nations Convention against Corruption (UN Convention), the Inter-American Convention against Corruption (OAS Convention), the Council of Europe Criminal and Civil Law Conventions, and a growing list of U.S. free trade agreements. This country is party only to the OECD Antibribery Convention and the Council of Europe Convention at this time, but generally all countries prohibit the bribery and solicitation of their public officials.

**OECD Antibribery Convention:** The OECD Antibribery Convention entered into force in February 1999. As of December 2009, there are 38 parties to the Convention including the United States (see <http://www.oecd.org/dataoecd/59/13/40272933.pdf>). Major exporters China, India, and Russia are not parties, although the U.S. Government strongly endorses their eventual accession to the Convention. The Convention obligates the Parties to criminalize bribery of foreign public officials in the conduct of international business. The United States meets its international obligations under the OECD Antibribery Convention through the U.S. FCPA.

Section 15 of UNMIK Regulation 2001/3 states that foreign investors shall observe business practices consistent with existing European standards, including the Convention on Combating Bribery of Foreign Government Officials in International Business Transactions (Organization for Economic Cooperation and Development, Paris, 21 November 1997). Violation of this convention could disqualify a foreign investor from doing business in Kosovo.

**UN Convention:** The UN Anticorruption Convention entered into force on December 14, 2005, and there are 143 parties to it as of December 2009 (see <http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>). The UN Convention is the first global comprehensive international anticorruption agreement. The UN Convention requires countries to establish criminal and other offences to cover a wide range of acts of corruption. The UN Convention goes beyond previous anticorruption instruments, covering a broad range of issues ranging from basic forms of corruption such as bribery and solicitation, embezzlement, trading in influence to the concealment and laundering of the proceeds of corruption. The Convention contains transnational business bribery provisions that are functionally similar to those in the OECD Antibribery Convention and contains provisions on private sector auditing and books and records requirements. Other provisions address matters such as prevention, international cooperation, and asset recovery. Kosovo is not currently a party to the UN Convention, but is a party via UNMIK Regulation 2001/3 to the OECD Convention (see above).

**OAS Convention:** In 1996, the Member States of the Organization of American States (OAS) adopted the first international anticorruption legal instrument, the Inter-American Convention against Corruption (OAS Convention), which entered into force in March 1997. The OAS Convention, among other things, establishes a set of preventive measures against corruption, provides for the criminalization of certain acts of corruption, including transnational bribery and illicit enrichment, and contains a series of provisions to strengthen the cooperation between its States Parties in areas such as mutual legal assistance and technical cooperation. As of December 2009, the OAS Convention has 33 parties (see <http://www.oas.org/juridico/english/Sigs/b-58.html>). Kosovo is not currently a signatory to the OAS Convention.

**Council of Europe Criminal Law and Civil Law Conventions:** Many European countries are parties to either the Council of Europe (CoE) Criminal Law Convention on Corruption, the Civil Law Convention, or both. The Criminal Law Convention requires criminalization of a wide range of national and transnational conduct, including bribery, money-laundering, and account offenses. It also incorporates provisions on liability of legal persons and witness protection. The Civil Law Convention includes provisions on compensation for damage relating to corrupt acts, whistleblower protection, and validity of contracts, inter alia. The Group of States against Corruption (GRECO) was established in 1999 by the CoE to monitor compliance with these and related anti-corruption standards. Currently, GRECO comprises 46 member States (45 European countries and the United States). As of December 2009, the Criminal Law Convention has 42 parties and the Civil Law Convention has 34 (see [www.coe.int/greco](http://www.coe.int/greco).)

Section 15 of UNMIK Regulation 2001/3 states that foreign investors shall observe business practices consistent with existing European standards, including:

-- the Convention on Laundering, Search, Seizure, and Confiscation of the Proceeds of Crime (Council of Europe, Strasbourg, 8 July 1990); and

-- the Criminal Law Convention on Corruption (Council of Europe, Strasbourg, 27 January 1999).

Violation of these conventions could disqualify a foreign investor from doing business in Kosovo.

**Free Trade Agreements:** While it is U.S. Government policy to include anticorruption provisions in free trade agreements (FTAs) that it negotiates with its trading partners, the anticorruption provisions have evolved over time. The most recent FTAs negotiated now

require trading partners to criminalize “active bribery” of public officials (offering bribes to any public official must be made a criminal offense, both domestically and trans-nationally) as well as domestic “passive bribery” (solicitation of a bribe by a domestic official). All U.S. FTAs may be found at the U.S. Trade Representative Website: <http://www.ustr.gov/trade-agreements/free-trade-agreements>. Kosovo does not currently have a FTA with the United States.

**Local Laws:** U.S. firms should familiarize themselves with local anticorruption laws, and, where appropriate, seek legal counsel. While the U.S. Department of Commerce cannot provide legal advice on local laws, the Department’s U.S. and Foreign Commercial Service can provide assistance with navigating the host country’s legal system and obtaining a list of local legal counsel.

**Assistance for U.S. Businesses:** The U.S. Department of Commerce offers several services to aid U.S. businesses seeking to address business-related corruption issues. For example, the U.S. and Foreign Commercial Service can provide services that may assist U.S. companies in conducting their due diligence as part of the company’s overarching compliance program when choosing business partners or agents overseas. The U.S. Foreign and Commercial Service can be reached directly through its offices in every major U.S. and foreign city, or through its Website at [www.trade.gov/cs](http://www.trade.gov/cs).

The Departments of Commerce and State provide worldwide support for qualified U.S. companies bidding on foreign government contracts through the Commerce Department’s Advocacy Center and State’s Office of Commercial and Business Affairs. Problems, including alleged corruption by foreign governments or competitors, encountered by U.S. companies in seeking such foreign business opportunities can be brought to the attention of appropriate U.S. government officials, including local embassy personnel and through the Department of Commerce Trade Compliance Center “Report A Trade Barrier” Website at [tcc.export.gov/Report\\_a\\_Barrier/index.asp](http://tcc.export.gov/Report_a_Barrier/index.asp).

**Guidance on the U.S. FCPA:** The Department of Justice’s (DOJ) FCPA Opinion Procedure enables U.S. firms and individuals to request a statement of the Justice Department’s present enforcement intentions under the antibribery provisions of the FCPA regarding any proposed business conduct. The details of the opinion procedure are available on DOJ’s Fraud Section Website at [www.justice.gov/criminal/fraud/fcpa](http://www.justice.gov/criminal/fraud/fcpa). Although the Department of Commerce has no enforcement role with respect to the FCPA, it supplies general guidance to U.S. exporters who have questions about the FCPA and about international developments concerning the FCPA. For further information, see the Office of the Chief Counsel for International Counsel, U.S. Department of Commerce, Website, at [http://www.ogc.doc.gov/trans\\_anti\\_bribery.html](http://www.ogc.doc.gov/trans_anti_bribery.html). More general information on the FCPA is available at the Websites listed below.

Exporters and investors should be aware that generally all countries prohibit the bribery of their public officials, and prohibit their officials from soliciting bribes under domestic laws. Most countries are required to criminalize such bribery and other acts of corruption by virtue of being parties to various international conventions discussed above.

**Local Information:** Public sector corruption, including bribery of public officials, remains a major challenge for U.S. firms operating in Kosovo. Corruption also remains widespread in private industry, adversely affecting commercial development. The Law on the Suppression of Corruption was passed in May 2005, and stipulated the creation of an Anti-Corruption Agency (ACA) to address this problem. This agency is tasked with, among other duties, preparing an anti-corruption strategy for Assembly approval, conducting administrative investigations of

alleged corruption cases, and monitoring proper implementation of the Corruption Law. Citizens can report suspected corruption via a toll-free hotline or through the Anti-Corruption Agency's website at [www.akk-ks.org](http://www.akk-ks.org). In March 2008, the Anti-Corruption Agency announced that it had received 61 reports of corruption in 2007, estimated to have cost the government 31 million Euros (approximately 40 million U.S. dollars). The Agency estimated that corruption had cost the government six million Euros (7.8 million U.S. dollars) by July 2008. In total, ACA received in 2008 146 corruption reports, though not all were passed on for further investigation and prosecution. In 2009 the Anti-Corruption Agency figures show an increase of over 20% for reports that were forwarded for investigation and prosecution.

In 2008, the government took additional legislative steps to combat corruption. Government officials are now required to disclose all gifts received, as stipulated by the Law on Suppression of Corruption. This law will be supplemented by legislation (currently in draft form waiting to pass the second Assembly reading) requiring government officials to file asset declarations upon entry and exit from government service. Since 2003, a Financial Intelligence Unit (FIU) staffed by Italian Guardia di Finanza officers conducted financial inspections of public bodies and enterprises, as well as other organizations funded by the Kosovo Consolidated Budget. The FIU also has the authority to conduct criminal investigations.

Additionally, Section 15 of UNMIK Regulation 2001/3 states that foreign investors shall observe business practices consistent with existing European standards, including:

- the Convention on Laundering, Search, Seizure, and Confiscation of the Proceeds of Crime (Council of Europe, Strasbourg, 8 July 1990);
- the Convention on Combating Bribery of Foreign Government Officials in International Business Transactions (Organization for Economic Cooperation and Development, Paris, 21 November 1997); and
- the Criminal Law Convention on Corruption (Council of Europe, Strasbourg, 27 January 1999).

Violation of these conventions could disqualify a foreign investor from doing business in Kosovo.

There are frequent reports of irregularities in public tendering procedures. The recent revision of the Public Procurement Law and a significant increase in public audits from the Office of the Auditor General are important steps forward. The Public Procurement Law clearly defines the division between executive and regulatory functions, in accordance with EU practices. Tax evasion is high, and both local and foreign businesses are concerned about the professional ethics of government officials, who are reportedly accepting bribes or extorting firms in exchange for licenses, permits, movement of paperwork or even routine public services. Traditional lending and business practices tend to favor personal connections and nepotism over creditworthiness.

### **Anti-Corruption Resources**

Some useful resources for individuals and companies regarding combating corruption in global markets include the following:

- Information about the U.S. Foreign Corrupt Practices Act (FCPA), including a “Lay-Person’s Guide to the FCPA” is available at the U.S. Department of Justice’s Website at: <http://www.justice.gov/criminal/fraud/fcpa>.
- Information about the OECD Antibribery Convention including links to national implementing legislation and country monitoring reports is available at: [http://www.oecd.org/department/0,3355,en\\_2649\\_34859\\_1\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/department/0,3355,en_2649_34859_1_1_1_1_1,00.html). See also new Antibribery Recommendation and Good Practice Guidance Annex for companies: <http://www.oecd.org/dataoecd/11/40/44176910.pdf>
- General information about anticorruption initiatives, such as the OECD Convention and the FCPA, including translations of the statute into several languages, is available at the Department of Commerce Office of the Chief Counsel for International Commerce Website: [http://www.ogc.doc.gov/trans\\_anti\\_bribery.html](http://www.ogc.doc.gov/trans_anti_bribery.html).
- Transparency International (TI) publishes an annual Corruption Perceptions Index (CPI). The CPI measures the perceived level of public-sector corruption in 180 countries and territories around the world. The CPI is available at: [http://www.transparency.org/policy\\_research/surveys\\_indices/cpi/2009](http://www.transparency.org/policy_research/surveys_indices/cpi/2009). TI also publishes an annual *Global Corruption Report* which provides a systematic evaluation of the state of corruption around the world. It includes an in-depth analysis of a focal theme, a series of country reports that document major corruption related events and developments from all continents and an overview of the latest research findings on anti-corruption diagnostics and tools. See <http://www.transparency.org/publications/gcr>.
- The World Bank Institute publishes Worldwide Governance Indicators (WGI). These indicators assess six dimensions of governance in 212 countries, including Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law and Control of Corruption. See [http://info.worldbank.org/governance/wgi/sc\\_country.asp](http://info.worldbank.org/governance/wgi/sc_country.asp). The World Bank Business Environment and Enterprise Performance Surveys may also be of interest and are available at: <http://go.worldbank.org/RQQXYJ6210>.
- The World Economic Forum publishes the *Global Enabling Trade Report*, which presents the rankings of the Enabling Trade Index, and includes an assessment of the transparency of border administration (focused on bribe payments and corruption) and a separate segment on corruption and the regulatory environment. See <http://www.weforum.org/en/initiatives/gcp/GlobalEnablingTradeReport/index.htm>.
- Additional country information related to corruption can be found in the U.S. State Department’s annual *Human Rights Report* available at <http://www.state.gov/g/drl/rls/hrrpt/>.
- Global Integrity, a nonprofit organization, publishes its annual *Global Integrity Report*, which provides indicators for 92 countries with respect to governance and anti-corruption. The report highlights the strengths and weaknesses of national level anti-corruption systems. The report is available at: <http://report.globalintegrity.org/>.

## **Bilateral Investment Agreements**

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Albania was the first country to sign an FTA with Kosovo in 2003, followed by Macedonia in 2005. The Kosovo-Macedonia FTA stipulates that Kosovo imports have complete, duty-free access to the Macedonian market but in reality, Macedonia still imposes duties at the border, particularly on agricultural imports. In 2006 Kosovo signed FTAs with Croatia and Bosnia-Herzegovina, and became a signatory to the Central European Free Trade Area (CEFTA) and EU Common Aviation Area. CEFTA came into force in July 2007 and by September 2007 all signatories ratified the agreement, including Serbia. However, as with the FTA with Macedonia, CEFTA signatories continue to charge various fees for Kosovar goods. Kosovo is also a member of the Athens Process on Energy for the Southeastern Europe Energy Community Treaty. This is a significant step for Kosovo toward achieving increased regional cooperation and securing alternate sources of energy.

## **OPIC and Other Investment Insurance Programs**

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The U.S. Overseas Private Investment Corporation (OPIC) has been involved in Kosovo since 2000, providing financing, political risk insurance and other investment vehicles to American investors. In June 2009, OPIC signed an investment agreement with Kosovo. With OPIC assistance, American investors are currently involved with projects in the energy and real estate development sectors.

## **Labor**

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UNMIK approved Regulation 2001/27, the Essential Labor Law, remains in force while Kosovo drafts a new comprehensive labor law. The Ministry of Labor and Social Welfare has announced in their 2010 legislative strategy their intention to prepare a draft Labor Law and send it to the Assembly by late March 2010. The law requires employers to observe all applicable employee protections, including a 40-hour full-time work week, payment of overtime, adhering to occupational health and safety standards, respecting annual leave benefits and ensuring 90 days of maternity leave. The labor law calls for a minimum wage but does not set an amount. The Ministry of Labor and Social Welfare has created a compliance office that has the authority to visit places of employment to assess employer adherence to labor law requirements. Labor disputes are adjudicated in local courts.

## **Foreign Trade Zones/Free Ports**

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The Kosovo Customs and Excise Code is business-friendly, compliant with EU and World Customs Organization standards, and addresses topics such as bonded warehouses, inward and outward processing, transit of goods, and free trade zones, with the aim of facilitating trade and stimulating export growth. In addition to imported goods, some Kosovo-produced goods from designated industries can also be stored in bonded warehouses, when applicable legislation dictates these goods meet export criteria. Foreign firms are permitted to import production inputs without paying taxes or customs duties for the manufacture of export goods.

The Customs Code permits the establishment of free zones for manufacturing and export purposes, but none have been established yet.

## Foreign Direct Investment Statistics

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Kosovo does not currently have a formalized system for collecting foreign direct investment data. However, the Investment Promotion Agency of Kosovo estimates over 2,800 foreign companies are currently operating in Kosovo. Top sector investments for foreign businesses include trading (51%), service industries (20%), manufacturing industries (13%) and construction (12%).

## Web Resources

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The Overseas Private Investment Corporation: [www.opic.gov](http://www.opic.gov)  
U.S. Department of Commerce: [www.commerce.gov](http://www.commerce.gov)  
U.S. Trade and Development Agency: [www.ustda.gov](http://www.ustda.gov)  
U.S. Embassy Pristina: <http://pristina.usembassy.gov>  
Investment Promotion Agency of Kosovo: <http://www.invest-ks.org>  
Economic Initiative for Kosovo: [www.eciks.org/english](http://www.eciks.org/english)

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## Chapter 7: Trade and Project Financing

- [How Do I Get Paid \(Methods of Payment\)](#)
- [How Does the Banking System Operate](#)
- [Foreign-Exchange Controls](#)
- [U.S. Banks and Local Correspondent Banks](#)
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### How Do I Get Paid (Methods of Payment)

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About 75% of Kosovo importers regularly receive goods under short-term supplier credits. Longer term financing may be sought for larger purchases but could be difficult to obtain. The following instruments are used in Kosovo for payments abroad: remittances, documentary collections, checks, and letters of credit. There are currently no credit rating agencies operating in Kosovo.

### How Does the Banking System Operate

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Kosovo's financial sector has developed rapidly during the last six years, particularly in banking. The Central Banking Authority of Kosovo (CBAK), the successor of the Banking and Payments Authority of Kosovo, is a distinct public entity with the authority to license, supervise and regulate financial institutions in the territory of Kosovo. The CBAK has adopted banking rules and regulations that are in line with the Basel Accords and EU directives.

Kosovo uses the euro as its national currency, although the country is not a member of the European Central Bank.

Eight private commercial banks dominate Kosovo's financial sector, many of them foreign-owned, comprising around 80% of total financial assets. Insurance companies, pension funds and other financial intermediaries make up about 20% of the financial sector. At the end of 2009, financial sector assets amounted to EUR 2.1 billion, a 20% increase compared to the previous year.

Neither the banking sector nor local commercial enterprises are ready to finance large investment projects in the private sector. In the past three years, there has been little private investment in Kosovo, outside of housing reconstruction. About 80 percent of bank credits are short-term credits, which do not support long-term investments. Most of deposits are demand deposits.

### Cards

Kosovo is primarily a cash economy. Two major banks issue MasterCard and Visa credit cards. Major retail stores and hotels accept credit cards, and ATMs are available in most major towns in Kosovo.

## **E-banking**

E-banking is new in Kosovo. Only three commercial banks have started providing e-banking. Private account holders use a token for security and corporate cards come with a card reader, to be used when performing transactions over the Internet.

## **Foreign-Exchange Controls**

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Kosovo has adopted the euro as its national currency. The CBAK has no monetary policy tools to influence the euro. There are no currency or payment restrictions related to use of the euro in Kosovo.

## **U.S. Banks and Local Correspondent Banks**

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There are no U.S. banks or affiliates in Kosovo. The most professional, reputable banks are the Austrian Raiffeisen Bank and German based ProCredit Bank.

## **Project Financing**

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The following are international bilateral and multilateral institutions that provide project financing:

### **Overseas Private Investment Corporation (OPIC):**

OPIC is a U.S. Government agency that promotes economic growth in developing and high-risk countries or regions by encouraging U.S. private investment. OPIC's investment incentive tools are loan guarantees, direct loans and political risk insurance. OPIC has supported two projects in Kosovo, a hydro power plant project and a real estate development project.

OPIC

1100 New York Ave, NW

Washington, DC 20572

Tel: (202) 336-9700

Fax: (202) 408-5155

Website: [www.opic.gov](http://www.opic.gov)

### **U.S. Trade and Development Agency (USTDA):**

USTDA is a U.S. government agency that advances economic development and U.S. commercial interests in developing and middle income countries. The agency funds various forms of technical assistance, early investment analysis, training, orientation visits and business workshops that support the development of a modern infrastructure and a fair and open trading environment. Contracts funded by USTDA grants must be awarded to U.S. companies. USTDA has been active in Kosovo's telecommunications and information technology (IT) sectors.

U.S. Trade and Development Agency

Contact: Ms. Jamie Merriman, Country Project Officer

Washington, DC 20523-1602

Tel: (703) 875-4357

Fax: (703) 875-4009  
Website: [www.tda.gov](http://www.tda.gov)

### **European Bank for Reconstruction and Development (EBRD):**

The EBRD is an international financial institution that supports projects in 30 countries from central Europe to central Asia. Investing primarily in private sector clients whose needs cannot be fully met by the market, the EBRD promotes entrepreneurship and fosters transition towards open and democratic market economies.

EBRD Pristina Resident Office  
Fabio Serri, Head of Office  
Agim Ramadani Street  
Pristina, Kosovo  
Tel: +381 (0)38 248 153  
Fax: +381 (0)38 248 152  
E-mail: [serrif@ebrd.com](mailto:serrif@ebrd.com)  
Web site: [www.ebrd.com](http://www.ebrd.com)

### **Web Resources**

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#### **Central Banking Authority of Kosovo**

Address: 33 Garibaldi Street, 10000 Pristina  
Phone: +381 (0)38 222 055  
Fax: +381 (0)38 243 763  
Website: [www.bqk-kos.org](http://www.bqk-kos.org)

#### **Raiffeisen Bank Kosovo**

Address: UÇK Street 51, 10000 Pristina  
Phone: +381 (0)38 226 400, 401  
Fax: +381 (0) 38 226 408  
E-mail: [info@raiffeisen-kosovo.com](mailto:info@raiffeisen-kosovo.com)  
Website: [www.raiffeisen-kosovo.com](http://www.raiffeisen-kosovo.com)

#### **ProCredit Bank**

Address: Skenderbeu Street, 10000 Pristina  
Phone: +381 (0)38 240 248  
Fax: +381 (0)38 248 777  
E-mail: [info@procreditbank-kos.com](mailto:info@procreditbank-kos.com)  
Website: [www.procreditbank-kos.com](http://www.procreditbank-kos.com)

#### **Bank for Business**

Address: Vellusha Street, no.6, 10000 Pristina  
Phone: +381 (0)38 244 666  
Fax: +381 (0)38 243 656/243 657  
E-Mail: [hq@bpb-bank.com](mailto:hq@bpb-bank.com), [info@bpbbank.com](mailto:info@bpbbank.com)  
Website: [www.bpb-bank.com](http://www.bpb-bank.com)

#### **Economic Bank**

Address: Migjeni st. 1, 10000 Pristina

Phone: +381 (0)38 244 396  
Fax: +381 (0)38 243 828  
Website: [www.bekonomike.com](http://www.bekonomike.com)  
E-mail: [bek@bekonomike.com](mailto:bek@bekonomike.com)

**NLB Prishtina**

Address: St.Rexhep Luci No.5, 10000 Pristina  
Phone: +381 (0)38 234 111  
Fax: +381 (0)38 246 189  
E-mail: [info@nlbprishtina-kos.com](mailto:info@nlbprishtina-kos.com)  
Website: [www.nlbprishtina-kos.com](http://www.nlbprishtina-kos.com)

**TEB**

Address: Agim Ramadani No.15, 10000 Pristina  
Phone: +381 (0)38 230 000  
Fax: +381 (0)38 224 699  
Website: [www.teb-kos.com](http://www.teb-kos.com)  
E-mail: [info@teb-kos.com](mailto:info@teb-kos.com)

**Banka Kombëtare Tregtare**

Kosovo Branch  
Kosta Novakovic No. 9  
Qyteza Pejton, 10000 Pristina  
Telephone: +381 (0)38 222 910  
Fax: +381 (0)38 222 907  
Web: [www.bkt.com.al](http://www.bkt.com.al)  
E-mail: [infoBktKosova@bkt.com.al](mailto:infoBktKosova@bkt.com.al)

**Komercijalna Banka AD Beograd**

Mitrovica Branch  
St. Kralja Petra Prvog No.33  
40000 Mitrovica  
Tel: +381 (0)28 423 822  
Fax: +381 (0)28 425 295  
Web: <http://www.kombank.com>  
E-mail: [posta@kombank.com](mailto:posta@kombank.com)

**Export-Import Bank of the United States:** [www.exim.gov](http://www.exim.gov)

Export-Import Bank Country Limitation Schedule:  
[www.exim.gov/tools/country/country\\_limits.html](http://www.exim.gov/tools/country/country_limits.html)

**OPIC:** [www.opic.gov](http://www.opic.gov)

**U.S. Trade and Development Agency:** [www.tda.gov](http://www.tda.gov)

**Small Business Administration Office of International Trade:** [www.sba.gov/oit](http://www.sba.gov/oit)

**U.S. Department of Agriculture Commodity Credit Corporation:**  
[www.fsa.usda.gov/cc/default.htm](http://www.fsa.usda.gov/cc/default.htm)

**U.S. Agency for International Development:** [www.usaid.gov](http://www.usaid.gov)

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## Chapter 8: Business Travel

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### Business Customs

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Business meetings normally occur in both mornings and afternoons. Saying a few Albanian or Serbian greetings or words will impress Kosovo Albanians and Kosovo Serb contacts alike. Kosovo Albanians are considered easy-going and open with Americans. Kosovo Serbs are cautious but open to doing business with U.S. companies or investors. Be prepared for small talk and then business discussion. Always accept coffee, tea and alcoholic beverages, which are sign of respect for the host. Invitations to lunch, dinner, receptions and other hospitalities are normally offered and should always be accepted. Many people in Kosovo smoke cigarettes and smoking is permitted and tolerated in public places. Dress should be business attire. It is highly suggested to print business cards with one side in English and the other side in Albanian or Serbian. It is advisable, but not necessary, to have a temporary local or international mobile phone. Giving gifts depends on the closeness of the relationship.

### Travel Advisory

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The State Department Consular Information Sheet for Kosovo is available at: [http://pristina.usembassy.gov/information\\_for\\_travelers.html](http://pristina.usembassy.gov/information_for_travelers.html).

### Visa Requirements

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U.S. citizens need a passport to enter Kosovo that will be valid at least six months upon entry. No visa is required, but visitors may be asked to produce documentation to demonstrate the purpose of their visit. Generally, visitors allowed to enter Kosovo will be permitted to stay for up to 90 days. Persons who wish to prolong their stay beyond 90 days will need to register at the Office for Registration of Foreigners, located in the Main Police Headquarters in Pristina.

U.S. business travelers are highly encouraged to obtain general and country-specific travel information from the U.S. Department of State's website at [http://travel.state.gov/travel/cis\\_pa\\_tw/cis/cis\\_4170.html](http://travel.state.gov/travel/cis_pa_tw/cis/cis_4170.html) prior to traveling to Kosovo.

U.S. Companies requiring the travel of foreign businesspersons to the United States should visit the following links:

U.S. State Department Visa Website: <http://travel.state.gov/visa/index.html>

United States Visas.gov: [www.unitedstatesvisas.gov](http://www.unitedstatesvisas.gov)

United States Embassy in Pristina: <http://pristina.usembassy.gov>

United States Embassy in Macedonia: <http://macedonia.usembassy.gov>

## **Telecommunications**

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Kosovo has both fixed line and mobile telephony services, which are in the process of being modernized and updated. Telephone charges are the lowest in the region. U.S. calling cards are not accepted in Kosovo.

Prepaid cellular phones may be rented locally for a fee. There are charges on all calls made from and received on cellular phones. "World phones" do not receive reliable coverage in Kosovo.

Kosovo's Internet service is provided by two privately-owned companies, Kujtesa and IPKO, both offering high-speed internet access. There are a number of Internet cafes in Pristina.

## **Transportation**

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Transportation options for business travelers are limited to car rentals or private taxi. There is one international rental firm, Europcar, represented by a local agent at Pristina International Airport. Local travel company MCM offers similar services, with locations at the airport and downtown Pristina. Another local firm, Limo Prishtina, offers car rentals with or without a driver, optionally, and also acts as a travel agent. There are a considerable number of private taxis available.

## **Language**

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Albanian and Serbian are the official languages in Kosovo. English is widely spoken and understood but it is advisable to have an interpreter.

## **Health**

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Kosovo's public health and medical facilities are in poor condition. Numerous private clinics are also considered to be sub-standard. Many Kosovars and internationals travel to Macedonia for basic health care services or medical treatment.

For additional medical information, visit the U.S. Embassy Pristina's website at: [http://pristina.usembassy.gov/medical\\_information2.html](http://pristina.usembassy.gov/medical_information2.html).

## **Local Time, Business Hours, and Holidays**

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Kosovo local time is GMT plus 1 (one) hour. Kosovo is 6 (six) hours ahead of U.S. Eastern Standard Time.

The Government of Kosovo's official working hours are from 8:00am to 4:00pm, Monday through Friday. Banking hours depend on the bank and the location, although most are open from 9:00am to 5:00pm. Some banks are open on Saturdays from 9:00am to 2:00pm. Most businesses work longer hours from 8:00am to 7:00pm, Monday through Saturday. Some are also open on Sundays from 9:00am to 11:00am.

The U.S. Embassy Pristina hours are 8:00am to 5:00om, Monday through Friday.

Kosovo uses the Gregorian calendar. Two major Muslim holidays are observed based on the lunar calendar: Eid al-Fitr marks the end of the fasting month of Ramadan and Eid al-Adha marks the conclusion of the pilgrimage (Hajj) to Mecca. The exact dates of these holidays are determined by the government and religious leaders in advance of their observance. Catholic and Orthodox holidays are also observed.

Public sector officials and private industry representatives often take vacation from July to September.

The U.S. Embassy Pristina closes for both Kosovo and U.S. holidays.

## **Temporary Entry of Materials and Personal Belongings**

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Most standard business equipment for individual use may be brought into Kosovo temporarily without incurring customs duties. Exhibition materials may be imported for temporary use but a tax-based bank guarantee must be paid. Upon departure, the guarantee is reimbursed to the importer. If the items are sold in Kosovo, customs duties will be applied. Exhibition organizers generally designate a local freight forwarder and a clearing agent for specific events, in order to assist foreign exhibitors with entry procedures.

## **Web Resources**

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<http://travel.state.gov/>  
<http://travel.state.gov/visa/index.html>  
<http://pristina.usembassy.gov/consular.html>

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## Chapter 9: Contacts, Market Research, and Trade Events

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- [Market Research](#)
- [Trade Events](#)

### Contacts

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Kosovo's country code for fixed line telephony is 381. There are also regional area codes in Kosovo. Country codes for cellular service are +377 (VALA) and +386 (IPKO).

#### **Kosovo Customs Service**

Customs HQ, Bill Clinton Boulevard, 10000 Pristina  
Tel: +381 (0)38 540 350; 541 030/031/032  
Fax: +381 (0)38 540 836  
Email: [HQ@dogana-ks.org](mailto:HQ@dogana-ks.org)  
Web: [www.dogana-ks.org](http://www.dogana-ks.org)

#### **Privatization Agency of Kosovo**

8 Ilir Konushevc St., PAK HQ, 10000 Pristina  
Tel: +381 (0)38 500 400  
Fax: +381 (0)38 248 076  
Website: [www.pak-ks.org](http://www.pak-ks.org)  
E-mail: [info@pak-ks.org](mailto:info@pak-ks.org)

#### **Ministry of Energy and Mining**

28 Mbretresha Teuta St., 10000 Pristina  
Tel: +381 (0) 38 200 215 35  
Fax: +381 (0) 38 200 215 03  
Web: <http://www.ks-gov.net/mem/>  
E-mail: [mem.informimi@gmail.com](mailto:mem.informimi@gmail.com)

#### **Ministry of Economy and Finance**

New Government Building, Mother Teresa St., 11 Floor, Office No 8, 10000 Pristina  
Contact: Ms. Anita Bejiqi, Executive Assistant to the Minister  
Tel: +381 (0)38 213 115/200 34 101  
Email: [abejiqi@mfe-ks.org](mailto:abejiqi@mfe-ks.org)

#### **Investment Promotion Agency of Kosovo (IPAK)**

Ministry of Trade and Industry (MTI)  
Muharrem Fejza str. n.n, Lagja Spitalit, 10000 Pristina  
Tel: + 381 (0)38 200 36-527/36-541  
Fax: +381 (0) 38 512 798  
e-mail : [mustafe.hasani@ks-gov.net](mailto:mustafe.hasani@ks-gov.net)  
Web: [www.invest-ks.org](http://www.invest-ks.org)

#### **Kosovo Business Registration Agency**

Muharrem Fejza Str, n.n, Lagja e Spitalit, 10000 Pristina  
Contact: Mr. Mehdi Pllashniku, Acting Head,

Tel: +381 (0)38 200 36 559  
Fax: +381 (0) 38 512 798  
E-mail: [mehdi.pllashniku@ks-gov.net](mailto:mehdi.pllashniku@ks-gov.net)  
Website: [www.arbk.org](http://www.arbk.org)

**Industrial Property Office**

Muharrem Fejza Str, n.n, Lagjja e Spitalit, 10000 Pristina  
Tel: +381 (0)38 200 36 526  
Fax: +381 (0) 38 512 798  
Contact: Mr. Isa Dukaj, Director  
Email: [isa.dukaj@ks-gov.net](mailto:isa.dukaj@ks-gov.net)  
Web: [www.mti-ks.org](http://www.mti-ks.org)

**Business and Trade Associations:**

**American Chamber of Commerce in Kosovo**

Gustav Majer 6, 10000 Pristina  
Phone: +381 (0)38 246 012; +381 (0)38 248 012  
Contact: Mr. Leke Musa, Executive Director  
Website: [www.amchamksv.org](http://www.amchamksv.org)  
E-mail: [info@amchamksv.org](mailto:info@amchamksv.org)

**Kosovo Chamber of Commerce**

Mother Teresa 20, 10000 Pristina  
Tel: +381 (0)38 224 741  
Fax: +381 (0)38 224 299  
Contact: Mr. Besim Beqaj, President  
Website: [www.oek-kcc.org](http://www.oek-kcc.org)  
E-mail: [info@oek-kcc.org](mailto:info@oek-kcc.org)

**Kosovo Business Alliance**

Dardania, SB-6,6/6, B-4, 10000 Pristina  
Phone/Fax: +381 (0)38 541 683  
Contact: Mr. Agim Shahini, President

**Market Research**

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To view market research reports produced by the U.S. Commercial Service, please visit: [www.export.gov/mrktresearch/index.asp](http://www.export.gov/mrktresearch/index.asp) and click on "Country and Industry Market Reports".

Please note that these reports are only available to U.S. citizens and U.S. companies. Site registration is required but free of charge.

**Trade Events**

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Visit the following website for information on upcoming trade events:  
[www.export.gov/tradeevents/index.asp](http://www.export.gov/tradeevents/index.asp)

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