Doing Business in Kosovo:

2015 Country Commercial Guide for U.S. Companies


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Chapter 1: Doing Business in Kosovo

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Market Overview

- The Republic of Kosovo is considered Europe’s poorest country, but since the end of 1999 Kosovo has experienced annual economic growth averaging 4.5 percent and is one of only four European countries that recorded positive annual growth during the last few years. Kosovo continues to take steps towards the creation of a market-oriented economy. The Government of Kosovo is working on improving the investment climate by strengthening the legal environment necessary to attract and retain foreign investment. Foreign Direct Investment, nevertheless, declined 45% in 2014, in part due to the prolonged government formation process following 2014 elections and continued high levels of corruption. Kosovo’s unemployment rate is estimated at 40 percent. The difficult labor-market conditions affect youth and women disproportionately and risk undermining the country’s social fabric. Despite these challenges, Kosovo’s relatively young population, low labor costs, and abundant natural resources have attracted foreign investment, with several international firms and franchises already present in the market. A new government was formed in December 2014 on a pro-growth, economic-development platform focused on stimulating foreign investment and providing incentives to increase domestic production.

- According to the Kosovo Statistical Agency, Kosovo’s main trade partners are European Union (EU) countries (approximately 43% of imports and 13.7% of exports), and its neighbors through the Central European Free Trade Agreement (CEFTA - approximately 28% of imports and 36% of exports). Kosovo continues to run a large trade deficit, with exports covering only about 13% of imports.

- The Central Bank of Kosovo (CBK) identified Switzerland as the largest investor in Kosovo in 2014 (€38.2 million), followed by Austria (€30.1 million), and Germany (€29.4 million). U.S. investment totaled €14.6 million.

- The Kosovo Investment and Enterprise Support Agency at the Ministry of Trade and Industry (KIESA) is responsible for promoting foreign investment in Kosovo. KIESA’s list of top five advantages to invest in Kosovo includes:
  1) A liberal trade regime through CEFTA that allows producers in Kosovo to export duty-free to CEFTA members. The EU Autonomous Trade Preference regime also enables duty-free exports for the majority of Kosovo goods to the EU market. A Stabilization and Association Agreement (SAA) with the EU is expected to be signed in 2015 which will reinforce trade liberalization and remove many of the remaining trade and tariff barriers for the European Union.
2. Kosovo’s **location** in the heart of the Balkans offers easy access to the Balkans and CEFTA members, which represent a market of approximately 28 million people.

3. Improving **infrastructure** evident by the completion of a modern highway to Albania and a second highway to Skopje, Macedonia currently under construction. Kosovo’s international airport terminal was completed in 2013 and hosts over one million passengers a year.

4. Kosovo’s **young workforce** has an average age of 26; most are multi-lingual (often speaking English and German).

5. Kosovo’s has very competitive **labor costs and tax policies**. Kosovo’s average monthly salary of €360 is amongst the lowest in Europe and the current tax regime is business-friendly with a flat 16% VAT rate and a 10% corporate income tax.

- Kosovo continues to improve its ranking in the World Bank’s Doing Business report, moving up from 81 in 2014 to 75 in 2015. The biggest improvements were made in simplifying the procedures required to open a new business, which saw an improvement from its rank of 100 in 2014 to 42 in 2015, and on dealing with construction permits, moving from a rank of 148 to 135. The government is working on new incentives for foreign investment, including tax breaks and additional legal protections.

- Major foreign investment projects in the near term include the ongoing construction of a €600M highway to Macedonia, the revitalization and development of the Brezovica year-round resort village, and the construction of a new 600MW coal-fired thermal power plant. Kosovo is part of the EU-funded Western Balkans 6 core transportation network that aims to connect all major ports and cities in the Balkans.

### Political and administrative overview

- Following Kosovo’s declaration of independence in 2008, the political situation has been relatively stable, with occasional protests and inter-ethnic incidents. Kosovo Force (KFOR), a NATO peacekeeping mission, remains in the country to ensure freedom of movement and a safe and secure environment. Although Kosovo has been recognized by over 100 countries and is a member of international organizations, including the International Monetary Fund and World Bank, its membership in the United Nations and other important international organizations continues to be blocked by non-recognizers, such as Russia.

- For the first time, Kosovo held national elections throughout its entire territory under Kosovo law in 2014. Despite minor problems, international observers declared the elections to have been free and fair. Political maneuvering left the country without a new government for nearly six months. The current government, consisting of the two largest parties and ethnic minority representatives, has a large majority in the parliament.

- The European Union is facilitating a dialogue between Pristina and Belgrade with the goal of normalizing relations between the two countries. In the past year, the two sides agreed on integrating the police and judiciary and made progress on
energy, telecommunications, and insurance issues. Such agreements will integrate the northern Kosovo market and eliminate cross-border requirements for supplemental vehicle insurance. A similar dialogue between the Kosovo and Serbia chambers of commerce aims to increase commercial cooperation.

- Deficiencies in bureaucratic and technical capacities at the local and central government levels remain a challenge to economic development. Backlogs in court cases continue despite the 2010 adoption of a “National Backlog Reduction Strategy” by the Kosovo Judicial Council. Corruption is widespread and reflects a “cost-of-doing-business” mentality prevalent in many parts of the region. Anti-corruption efforts suffer from a lack of cohesion, forceful action, and follow-through measures, including prosecution. The Anti-Corruption Agency began operations in 2006 but lacks capacity, political support, and funding. The GoK’s Privatization Agency of Kosovo (PAK) leads the effort to privatize socially-owned enterprises while the government has the authority to potentially privatize publicly-owned enterprises. The process has often been perceived as corrupt and non-transparent. Kosovo Serbs have demanded that PAK refrain from any further attempt to privatize enterprises located in the Serb-majority areas. Asset ownership disputes between Kosovo and Serbia continue.

- Public administration is often inefficient and subject to political interference. The civil service and public finance management functions lack full transparency and accountability even when an appropriate legal framework is in place. Attempts to enact civil service reform failed in 2014 and are not under consideration in 2015. With the notable exception of the Central Bank of Kosovo (CBK), Customs, and possibly the Kosovo Statistics Agency (KSA), data collection has been generally inconsistent and is often not subject to rigorous methodology. These deficiencies result in a partial, and sometimes distorted, view of Kosovo’s economy. Strong anecdotal evidence places Kosovo’s informal economy at 30-40% of GDP, which in 2014 totaled €5.5 billion. This amount escapes formal taxation and is not captured in the consolidated budget.

**Market Challenges**

- Market size: Kosovo’s population -- officially 1.8 million people based on census results published in 2012 -- may present a challenge to investment in industries requiring a substantial economy of scale to realize profitability. Investing in Kosovo as part of a regional business strategy, having a unique or western-brand product, or operating in areas in which little competition exists can help overcome this limitation. The government has managed to improve its “Ease of Doing Business” indices by removing unnecessary regulations and licensing and permitting requirements; this effort is, however, incomplete.

- Weak judicial system: In addition to a significant backlog, Kosovo’s judicial system lacks the competency and business orientation to enforce commercial contracts. The Kosovo Bar Association includes very few firms capable of providing legal services at a level expected in a more developed business market.
Corruption: Perceived and actual corruption is widespread in Kosovo. Senior-level public officials have been accused of bribery, racketeering, and other forms of corruption. Corruption is widespread and reflects a “cost-of-doing business” mentality prevalent in many parts of the region. Anti-corruption efforts suffer from a lack of cohesion, forceful action, and follow-through measures, including prosecution. In April 2015, however, the new government suspended several indicted public-procurement officials.

Public procurement: The government does not have the capacity to successfully manage large-scale public-sector transactions on its own. The GoK contracts international firms as transaction advisors that has resulted at times in conflicts of interests and delays. Local and regional distributors have consistently complained about irregularities in public tenders at the national and municipal levels. On the private-sector front, tenders for higher-end goods, such as medical appliances, automobiles, and essential pharmaceuticals, are conducted generally without incident. Most large contracts contain an Alternative Dispute Resolution clause.

Weak IPR enforcement: Despite having EU-compliant legislation on IPR protection, there is a general shortage of awareness. Legal professionals often lack the necessary expertise to deal with IPR cases. This situation is an impediment to franchisee growth in the Kosovo market.

Workforce: According to a RIINVEST Institute Study and the 2014 EU Progress Report, Kosovo’s young, educated, and multi-lingual workforce is often mismatched with the skill sets required by employers, increasing training costs.

Market Opportunities

The CBK reported a GDP growth rate of 3% in 2014, among the highest in the region. Leading domestic industries include agriculture, metals and mining, and construction materials. The CBK estimated that contributions from Kosovo’s diaspora totaled €693 in 2014, which is over 12% of GDP.

The country’s narrow export base has resulted in a significant trade deficit requiring an increase in local manufacturing and investment. Kosovo’s largest exports are scrap metal, nickel, and lead.

Following is a snapshot of Kosovo’s economy broken down by business sector:

<table>
<thead>
<tr>
<th>Sector</th>
<th>No. of Companies</th>
<th>Share (%)</th>
<th>Initial Capitalization (in €)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transportation and Hotel Services</td>
<td>467</td>
<td>8.17</td>
<td>177,544,998.00</td>
</tr>
<tr>
<td>Trade</td>
<td>1890</td>
<td>13.01</td>
<td>282,705,405.54</td>
</tr>
<tr>
<td>Financial</td>
<td>83</td>
<td>14.46</td>
<td>314,357,393.45</td>
</tr>
<tr>
<td>Construction</td>
<td>629</td>
<td>55.89</td>
<td>1,214,880,117.16</td>
</tr>
<tr>
<td>Processing</td>
<td>479</td>
<td>7.75</td>
<td>168,514,608.35</td>
</tr>
<tr>
<td>Consulting</td>
<td>375</td>
<td>0.67</td>
<td>14,670,223.15</td>
</tr>
<tr>
<td>Other Services</td>
<td>95</td>
<td>0.01</td>
<td>172,750.00</td>
</tr>
<tr>
<td>----------------</td>
<td>----</td>
<td>------</td>
<td>-----------</td>
</tr>
<tr>
<td>Education</td>
<td>41</td>
<td>0.03</td>
<td>729,100.00</td>
</tr>
<tr>
<td>Total</td>
<td>4059</td>
<td>100</td>
<td>2,173,574,595.65</td>
</tr>
</tbody>
</table>

Kosovo’s highly pro-American population welcomes U.S. investment in various sectors, including:

- **Energy**: Kosovo’s vast lignite-coal resources and strategic regional location, along with the substantial power deficit in Southeastern Europe, provide opportunities for energy-generation projects.

- **Mining**: This important contributor to Kosovo’s economy has declined in relevance due to a lack of investment in equipment, facilities, and development of new mines. This sector has significant foreign investment potential, and the Independent Commission of Mines and Minerals (ICMM) has issued over 500 exploration and mining licenses since 2007. Serbia claims ownership of one of Kosovo’s largest mines, Trepca, despite its location in Kosovo. PAK plans to draft a restructuring plan for Trepca that addresses outstanding creditor claims and privatizes the complex.

- **Telecommunications**: The sale of 75% of state-owned Post and Telecommunications of Kosovo (PTK) to a German-led consortium failed in late 2013. As a result, PTK lags behind in the introduction of more advanced technologies, such as 3G and 4G, which its competitor IPKO (Telekom Slovenia) launched in January 2014. The telecommunications regulator has adopted regulations to permit 3G and 4G licenses. Opportunities to provide services in support of 4G may exist in the near future.

- **Health**: Kosovo has 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, and local solutions present a potentially lucrative opportunity for outside investors.

- **Infrastructure Development**: Kosovo is in vital need of infrastructure development, including modern roads, housing, healthcare, water, and sanitation projects. The GoK and the private sector are seeking project designers, engineers, and managers, as well as high-quality production inputs, machinery, and tools. The concession of Adem Jashari Pristina International Airport to French-Turkish consortium resulted in the construction of a new 42,000-square-meter terminal, control tower, parking lot, runway, and access road improvements. Following the completion of the Route 7 (Pristina-Albania) Highway in 2013, construction of Route 6 connecting Pristina with the Macedonian border by an American-Turkish consortium began in 2014. Further improvements of road and railway infrastructure connecting Kosovo with its neighbors are planned as part of the Western Balkans 6 initiative, opening more opportunities in road construction over the next few years.

- **Food Products**: Considerable demand exists for U.S. food products, such as frozen meat, chicken, canned goods, cereals, and alcoholic and non-alcoholic beverages. There are no American food franchises currently operating in
Kosovo. However, the regional Cinnabon franchisee is planning to open a retail location in Kosovo in 2015 or 2016. Demand for fresh and organic products from the region is also growing.

- **IT**: The Kosovo Government has expressed an interest in developing the country into a regional industry hub for IT-related products and services. Companies report a relatively high level of IT competency and English-language skills in Kosovo’s workforce. Weak IPR enforcement, however, impedes FDI.

- **Other Services**: As Kosovo’s economy develops, the need for expert financial, legal, architectural, engineering, public relations, and graphic design services will grow.

**Market Entry Strategy**

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

- Visit Kosovo and meet potential partners, government officials, and business associations. This is essential for understanding the local business climate.

- Establish strong personal ties, which is key to doing business in Kosovo.

- Choose good legal representation (usually international) to protect 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 and some transport facilities, are inadequate and not reliable.

- Consider opportunities to develop company-based workforce training and development programs with local partners to build necessary labor inputs for the investments.

More information on doing business in Kosovo is available at the U.S. Embassy in Kosovo’s website: [http://pristina.usembassy.gov/business.html](http://pristina.usembassy.gov/business.html)
Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

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

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Using an Agent or Distributor

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 distributor agreements. Any local agent or distributorship relationship should be clearly defined, stipulated by contract, and contain an Alternative Dispute Resolution (ADR) clause. Agreements should also be registered with local courts in case of a legal disagreement.

U.S. Embassy Pristina (USEP) was announced as the 59th Department of Commerce-Department of State Commercial Partnership Post in January 2014. Through our partner Post (Commercial Service Vienna), we can provide business facilitation and some Commercial Services to interested U.S. and U.S.-affiliated businesses. Please see our website for more information.

http://pristina.usembassy.gov/services_for_us_companies.html

Establishing an Office

Kosovo made progress in the 2015 World Bank’s Doing Business index on the “starting a business” component, rising six places over the past year. The procedures for opening a business are the same for local and foreign companies. The steps, as described by the World Bank, are: (i) open a bank account in Kosovo; (ii) register with the Kosovo Business Registration Agency (KBRA) of the Ministry of Trade and Industry; (iii) obtain a VAT number; (iv) make a company seal; (v) obtain inspection of the business premise by the Tax Administration; and (vi) register local employees for the pension scheme with the Tax Administration. Business registration usually takes two days. The following types of business can be registered: sole-proprietor enterprise, general partnership, limited-liability company, limited partnership, and joint-stock.
company. Registration forms vary by type of the business and are found on the KBRA’s website at: http://www.arbk.org/en/Home

There is no limitation on foreign ownership of local companies, and foreign investors face no restrictions on capital and profits outside of Kosovo. Several U.S. citizens have purchased business property through PAK’s privatization of socially-owned enterprises initiative. KBRA reported 14 new American companies registered during June 2014-January 2015, marking the highest number of foreign companies registered in the period.

**Franchising**

According to the KBRA, there are no legal requirements for franchising; partners can agree internally on the form of such partnership.

With improved legal and physical infrastructure, the Kosovo market is open for certain franchising opportunities, especially in the hotel, restaurant, and hospitality industries.

Current U.S. franchisees and licensees include: Coca-Cola, RC Cola (bottling license in Kosovo, distribution rights for Serbia, Macedonia, Albania, and Montenegro), Nike (distribution license for Kosovo), Office One Superstore, Apple (branch of Apple Premium Reseller in Croatia), Century 21, Hertz Rent-a-Car, and Cinnabon (not yet operating).

**Direct Marketing**

Many foreign companies actively market their products and services in Kosovo. The Internet is used, but more traditional means of advertising, such as television, radio, and leaflets, are considered generally more effective. Direct mailing is not a viable option due to the unreliability of Kosovo’s postal system.

**Joint Ventures/Licensing**

The Foreign Investment Law (Kosovo Assembly Law 04/L-220), allows foreign investors to wholly own businesses in all sectors of the economy, with 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. Licensing is done by the economic regulator in the respective sector. Foreign investors may be required to file a statement with local authorities identifying principal stakeholders and types of investment. No other filing requirements in excess of those required for similar domestic businesses are required for foreign investors.

**Selling to the Government**

Kosovo is not a WTO member and thus not a signatory of the Government Procurement Agreement. Similarly, Kosovo is not party to a government procurement chapter in a U.S. FTA.

The procurement process in Kosovo is based on the tendering procedures outlined in the Public Procurement Law, which applies 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. Despite an absence of local-content requirements, the amended Public Procurement Law gives preference to local bidders when the quality and price are comparable to foreign bidders. There are opportunities in areas such as energy, healthcare equipment, and infrastructure. Nevertheless, vendors routinely complain about irregular conduct in public tenders at the national and municipal levels, and have generally found the official appeals system inadequate to redress grievances.

### Distribution and Sales Channels

Many local importers are also wholesalers, distributors, and retailers. Until 2001, retail goods were sold almost exclusively through small, family-owned businesses. In the last several years, locally owned supermarket chains “ELKOS” and “Viva Fresh” opened mega stores in key cities, and foreign companies have partnered with local businesses to open supermarkets such as Interex, Jusk, Lesna, and Conad. Because Kosovo is land-locked, all goods arrive by road, limited rail service from Macedonia, or air. Goods usually arrive at border crossing points and afterwards are taken to customs terminals for clearance. The closest seaports are Durres, Albania and Thessaloniki, Greece (about 130 miles and 170 miles from Pristina respectively). A newly-built highway connects Kosovo to Durres with a drive time from Pristina of less than four hours.

### Express Delivery

FedEx, DHL, and UPS operate in Kosovo. It normally takes two days for express delivery to arrive from major U.S. cities, and the service is considered reliable. Goods arriving on express delivery undergo the same customs procedures as goods arriving through other channels. De minimis amount for customs duty purposes are those goods worth less than €22 per delivery.

### Selling Factors/Techniques

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

### Electronic Commerce

E-Commerce in Kosovo is growing. The service and trade sectors are the primary users of e-commerce; however, the majority of their sales are done through traditional methods. Nine commercial banks have introduced internet banking, and all utility companies offer customers on-line bill payment options. The Ministry of Public Administration intends to launch an e-procurement platform in 2015. The following are notable B2B websites: [http://ceed-kosovo.org/](http://ceed-kosovo.org/), [http://www.stikk-ks.org/](http://www.stikk-ks.org/).

### Trade Promotion and Advertising


Local advertising and marketing firms primarily provide services to domestic companies, but also cater to a handful of established international firms operating in Kosovo. Several companies offer strictly promotional services, while others, such as Zero Pozitive and ProCon, offer fully-integrated marketing and advertising packages. In addition, the Congress and Event Organization is a private company that organizes local and regional tradeshows.

In the context of Embassy Pristina’s commercial services partnership with Embassy Vienna, we offer Single Company Promotion (SCP) services.

**Advertising and Marketing Firms:**
Zero Pozitive Publicis  
Ulpiana, te Kulla 31  
10000 Pristina, Kosovo  
Telephone: +381 (0)38 22 00 20/22 00 30/22 00 50  
E-mail: info@zeropozitive.com  
Web: http://www.zeropozitive.com/

ProCon Group  
Mother Theresa Square, N.n  
10000 Pristina, Kosovo  
Telephone: +381 38 738 383  
Email: info@procon-ks.com  
Web: www.procon-ks.com

CMB Production (Marketing Agency)  
Mother Theresa, Radio Kosova Annex, n.n.  
10000 Pristina, Kosovo  
Telephone: +381 (0)38 225 611;  
E-mail: info@cmbonline.net  
Web: http://www.cmbonline.net/english/home.htm

Rrota (Advertising Agency)  
Kroi i Bardhe 60-62  
10000, Pristina, Kosovo  
Telephone: +381 (0)38 544 299  
E-mail: info@rrota.net  
Web: http://www.rrota.com

Paper Communications  
Mujo Ulqinaku No12  
10000 Pristina, Kosovo  
Telephone: +381 38 60 99 60  
E-mail: info@paper.al

Init Production (Ad Agency/Production)  
Rexhep Luci 5, Hyrja 2, Kati 2  
10000 Pristina, Kosovo  
Telephone: +381 (0)38 243 841  
E-mail: info@init.tv; alush@init.tv
Pixels Production
Perandori Justinian12, Pejton
10000 Pristina, Kosovo
Telephone: +381 (0)38 749 357; +377 (0)44 749 357 or +386 (0)49 749 357
E-mail: gazipixels-production.com; info@pixels-ks.com
Web: www.pixels-ks.com

Congress & Event Organization
Rrustem Statovci 14
10000 Pristina, Kosovo
Telephone: +381 (0)38 220 003
Email: info@ceokos.com
Web: www.kosovafair.com

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

Zeri (Albanian-language daily)
Media House Annex, nn
10000 Pristina, Kosovo
Telephone: +381 (0)38 249 071; 222- 451;249-751 (marketing)
Fax: +381 (0)38 249 071; 222-451
E-mail: marketing@zeri.info
Web: www.Zeri.info

Express (Albanian news portal)
Dardania 1/1
10000 Pristina, Kosovo
Telephone: +381 (0)38 76 76 76
Fax: +381 (0)38 76 76 78
E-mail: marketing@gazetaexpress.com
Web: http://www.gazetaexpress.com/

Kosova Sot (Albanian-language daily)
Interpress Compound, Industrial Zone
10000 Pristina, Kosovo
Telephone: +381 (0)38 60 10 10; 601 007;
E-mail: kosovasot.marketing@gmail.com
Web: www.kosova-sot.info

Lajm (Albanian-language daily)
Meto Bajraktari 18-1
10000 Pristina, Kosovo
Telephone: +377 44 215 791
E-mail: lajmgazeta@gmail.com
Web: http://www.lajmonline.com/

Bota Sot (Albanian-language daily)
Bedri Pejani 3
10000 Pristina, Kosovo
Telephone: +381 (0)38 237 732
E-mail: redaksia_pr@botasot.info; marketing@botasot.info
Web: http://www.botasot.info

Epoka e Re (Albanian-language daily)
Gazeta Epoka e Re, Across from ex- UNMIK HQ
10000 Pristina, Kosovo
Telephone: +377 44 127 434; +386 49 127 434
E-mail: epokaere@hotmail.com

Tribuna (Albanian-language daily)
Media Palace, 10000, Pristina, Kosovo
Telephone: +381 38 227 138;
E-mail: gazeta@tribunashqiptare.info; mailto:marketing@tribunashqiptare.info
Web: http://www.gazetatribuna.com/en/

Radio Stations:
There are three national radio stations, and three nationwide TV channels:

RTK-Radio Televizioni i Kosoves is a public television channel with two radio stations:
Radio Kosova, covers all of Kosovo
Radio Kosova Building, Mother Theresa Street
10000 Pristina, Kosovo
Telephone: +381 (0)38 242 273
Web: http://www.rtklive.com/new/radiokosova/

Xhemail Prishtina 12
10000 Pristina, Kosovo
Telephone: +381 (0)38 230 102/103;
Fax: +381 (0)38 235 336;
E-mail: post@rtklive.com; marketing@rtklive.com

RTV21 (privately owned television station that also owns a radio station)
Media House, RTV21
10000 Pristina, Kosovo
Telephone/Fax: +381 (0)38 55 00 88
Kosovo uses the Euro as its currency. As a result, the Central Bank of Kosovo does not have an independent monetary policy, and prices largely reflect market trends in the larger Eurozone. Prices include a VAT flat rate of 16%. The GoK plans to introduce new fiscal laws to increase the VAT rate to 18% for select luxury items and lower the VAT to 8% on selected basic consumption goods. 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

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

Protecting Your Intellectual Property

Kosovo has sound legislation on IPR protection, including penalties foreseen in the Criminal Code. In addition, a number of government institutions and inter-agency bodies are charged with IPR enforcement and protection. However, implementation of related laws is poor due to low public awareness and a general lack of professional knowledge of the staff dealing with these issues, including judges and lawyers. Counterfeit apparel, CDs, DVDs, and foods are openly traded in the market. Despite several actions of the Task Force against Piracy to confiscate pirated materials, the problem persists. All related laws are scheduled for amendment in 2015 to further comply with EU directives. The upcoming signing of the Stabilization and Association Agreement with EU may prompt action to strengthen IPR protection in the near future due to Agreement’s requirements.
Several general principles are important for effective management of intellectual property rights in Kosovo. First, it is important to have an overall strategy to protect your IPR. Second, IPR may be protected differently in Kosovo than in the United States. Third, rights must be registered and enforced in Kosovo under local laws. For example, your U.S. trademark and patent registrations will not protect you in Kosovo. There is no such thing as an “international copyright” that will automatically protect an author’s writings throughout the entire world. Protection against unauthorized use in a particular country largely depends on the national laws of that country. However, most countries do offer copyright protection to foreign works under certain conditions; these conditions have been greatly simplified by international copyright treaties and conventions.

Because registering patents and trademarks is based on a first-in-time, first-in-right basis, you should consider applying for trademark and patent protection even before selling your products or services in the Kosovo market. It is vital to understand that intellectual property is primarily a private right and that the U.S. government cannot enforce rights for private individuals in Kosovo. The rights’ holders must register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IPR consultants who are experts in Kosovo law. For the list of attorneys please click http://pristina.usembassy.gov/attorney_information.html

While the U.S. Government stands ready to assist, there is little we can do if the rights holder has not taken these fundamental steps necessary to securing and enforcing the intellectual property in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the USG can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to legal doctrines, such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should U.S. Government advice be seen as a substitute for the responsibility of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on potential partners. A good partner is an important ally in protecting IPR. Consider carefully, however, whether to permit your partner to register your IPR on your behalf. Doing so may create a risk that your partner will list itself as the intellectual property owner and fail to transfer the rights should the partnership end. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in Kosovo require constant attention. Work with legal counsel familiar with Kosovo laws to create a solid contract that includes non-compete clauses and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IPR and stop counterfeiting. There are a number of Kosovo or U.S.-based organizations. These include:

- The U.S. Chamber and local American Chambers of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
Pharmaceutical Research and Manufacturers of America (PhRMA)
Biotechnology Industry Organization (BIO)

IPR Resources

A wealth of information on protecting IPR is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the U.S. and other countries -- call the STOP! Hotline: 1-866-999-HALT or visit www.STOPfakes.gov.

- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the U.S. Patent and Trademark Office (USPTO) at: 1-800-786-9199, or visit http://www.uspto.gov.

- For more information about registering for copyright protection in the United States, contact the U.S. Copyright Office at: 1-202-707-5959, or visit http://www.copyright.gov/.

- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, please visit the “Resources” section of the STOPfakes website at http://www.stopfakes.gov/resources.

- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: www.stopfakes.gov/businesss-tools/country-ipr-toolkits. The toolkits contain detailed information on protecting and enforcing IP in specific markets and also contain contact information for local IPR offices abroad and U.S. government officials available to assist SMEs.

- The U.S. Department of Commerce has positioned IPR attachés in key markets around the world. Kosovo is not covered in this program.

Due Diligence

No credit rating agencies in Kosovo cover private-sector actors. All U.S. businesses are advised to perform their own due-diligence checks prior to developing relationships with local firms. Due-diligence checks on socially-owned enterprises are particularly essential since 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;
- enjoys a certain level of financial stability that will enable it to meet financial obligations; and
- enjoys, along with its owners, a solid professional reputation in Kosovo.

Businesses are also encouraged to consult the chambers of commerce (American, Kosovo, Turkish, and German) and the Kosovo Business Alliance (KBA). In addition,
the U.S. Embassy’s Economic/Commercial team offers fee-based International Company Profile (ICP) services containing limited background checks on local companies. For more information, please visit:

http://pristina.usembassy.gov/business.html

**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)
Banka Ekonomike, [www.bekonomike.com](http://www.bekonomike.com)
Banka per Biznes, [www.bpbbank.com](http://www.bpbbank.com)
Banka Kombetare Tregtare, [www.bkt-ks.com](http://www.bkt-ks.com)
TEB, [www.teb-kos.com](http://www.teb-kos.com)
Turkiye Is Bankasi, [www.isbankkosova.com](http://www.isbankkosova.com)
Komercijalna Banka AD Beograd, [www.kombank.com](http://www.kombank.com) (NOTE: This bank operates only in Serb-majority areas)

**Insurance Companies**
Illyria Insurance, [http://www.illyriainsurance.com/?page=2,1](http://www.illyriainsurance.com/?page=2,1)
SIGAL, [http://www.sigal-ks.com](http://www.sigal-ks.com)

Note: You can find more information on banks and insurance companies on the Central Bank of Kosovo’s website: [www.bqk-kos.org](http://www.bqk-kos.org)

**Courier Services**
FedEx
Eqrem Cabez St. 147
10000 Pristina, Kosovo
Contact: Astrit Gosalci, Sales Representative
Tel: +381 (0)38 550 870; +377 (0)44 550 225
E-mail: fedexkosovo@gmail.com
(Please note that Fedex provides express mail services only)

UPS
105/1 UCK Street
10000 Pristina, Kosovo
Contact: Artan Bislimi, Manager of A.L. Dushi Services (an authorized service contractor for UPS)
Tel: +381 (0)38 242-222
Fax: +381 (0)38 249 999
E-mail: artanb@aldushi.com

DHL
Freight Forwarding

Some local shipping companies own trucks registered in third countries, making transit of goods 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, and several Kosovo-based companies have partnerships with firms in Albanian-majority areas of Serbia. Please contact the Kosovo Transport Association or one of the following shipping companies about how to transport goods in and out of Kosovo.

Kosovo Transport Association
Telephone: +377 44 30 80 00
E-mail: laki.company@gmail.com

SHPK Euro Import, Gjilan/Gnjilane, Kosovo, Telephone: +377 (0)44 133 209

NPT Gratis Commerc, Mitrovica/e, Kosovo, Telephone: +377 (0)44 501 100

CINI Commerc, Prizren, Kosovo, Telephone: +377 (0)44 119 022

Varna, Rogocice, Kosovo, Telephone: +377 (0)44 183 570

NT Nderimi, Ferizaj/Uroševac, Kosovo, Telephone: +377 (0)44 503 868

Railtrans
Dardania BL9 LB4, n.n.
10000 Pristina, Kosovo
Tel/Fax: +381 (0) 38 551 021/551 470; Cell: +377 (0) 44 333 231/329 881
E-mail: info@railtrans.biz; 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 accommodations. For more information on Pristina hotels, please visit: http://www.inyourpocket.com/kosovo/pristina/hotels.

Hotel Emerald
Telephone: +381 (0) 38 588 888
E-mail: contact@emeraldhôtel.info; reservation@emeraldhôtel.info
Web: www.emeraldhôtel.com

Hotel Pristina
Telephone: +381 (0) 38 22 32 84
E-mail: reservations@hotelprishtina.com
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 U.S. 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

Principle Business Associations

The American Chamber of Commerce in Kosovo, the Kosovo Chamber of Commerce, the German Chamber of Commerce, and the Kosovo Business Alliance are the main business organizations in Kosovo; most are open to U.S. companies. Their primary role is to protect the interests of the business community and advocate for policies to improve the doing business environment. These associations lobby the governmental on business issues. In June, the government re-activated the inter-ministerial National Economic Council, with the aim of bringing together the business community and policymakers to discuss issues of concern.

Limitations

Kosovo legislation does not stipulate that any particular sector or service is only available to its nationals. Foreigners can own property and invest in the same way as locals.

Web Resources

Kosovo Government: www.rks-gov.net
UNMIK (United Nations Mission in Kosovo): www.unmikonline.org
EULEX (European Union Rule of Law Mission): www.eulex-kosovo.eu
Kosovo Customs: http://dogana.rks-gov.net/en/
Privatization Agency of Kosovo: www.pak-ks.org
Kosovo Investment Promotion and Enterprise Agency: www.invest-ks.org
Kosovo Chamber of Commerce: www.oek-kcc.org
American Chamber of Commerce in Kosovo: www.amchamksv.org
Kosovo Pension Savings and Trust: http://www.trusti.org/
Statistical Office of Kosovo: https://ask.rks-gov.net/eng/
Central Bank of Kosovo: http://www.bqk-kos.org
Kosovo Railways: www.trainkos.com
Pristina International Airport: http://airportpristina.com
Radio and Television of Kosovo (RTK): www.rtlive.com
Kohavision: www.kohavision.net
Koha Ditor Daily Newspaper: www.koha.net
Express News Portal: www.gazetaexpress.com
Zeri Daily Newspaper: http://www.zeri.info
Lajm Daily Newspaper: www.gazetalajm.info
Kosovalive News Agency: www.kosovalive.com/?cid=2
Kosovapress News Agency: www.kosovapress.com
Telegrafi: www.telegrafi.com
Kosovo Information Center: www.kosova.com/kategoria/english
Post and Telecom of Kosovo: www.ptkonline.com
Economic Initiative for Kosovo: www.eciks.org/english

Please note that all of Kosovo’s laws and regulations can be found at: http://gzk.rks-gov.net/ or http://www.kuvendikosoves.org/?cid=2,122.

Foreign Investment Law:
Law on Business Organizations:
Law on Public Procurement:
Public Tendering Procedures:
Chapter 4: Leading Sectors for U.S. Export and Investment

Commercial Sectors

- Energy
- Mining
- Health
- Telecommunications
- Infrastructure

Agricultural Sectors

- Agribusiness
Energy

Overview

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015 (estimated)</th>
<th>2016 (estimated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Market Size</td>
<td>5,722.3 GWh</td>
<td>5,425 GWh</td>
<td>5,530 GWh</td>
<td>5,326 GWh</td>
</tr>
<tr>
<td>Total Local Production</td>
<td>6,020 GWh</td>
<td>5,009 GWh</td>
<td>5,584 GWh</td>
<td>5,578 GWh</td>
</tr>
<tr>
<td>Total Exports</td>
<td>755.5 GWh</td>
<td>452 GWh</td>
<td>553 GWh</td>
<td>650 GWh</td>
</tr>
<tr>
<td></td>
<td>$29 million</td>
<td>$16.5 million</td>
<td>$16.5 million</td>
<td>$20.3 million</td>
</tr>
<tr>
<td>Total Imports</td>
<td>457.8 GWh</td>
<td>868 GWh</td>
<td>575 GWh</td>
<td>398 GWh</td>
</tr>
<tr>
<td></td>
<td>$38.7 million</td>
<td>$50.8 million</td>
<td>$34 million</td>
<td>$25 million</td>
</tr>
<tr>
<td>Imports from the U.S.</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:
- Total Local Production: KESCO
- Total Exports: KESCO
- Total Imports: KESCO

Energy is potentially an attractive sector for U.S. and foreign investment. Kosovo is currently unable to meet its domestic need, and demand for energy is rising locally and regionally. 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 opportunities for an independent power producer (IPP) to service Kosovo and the region. The Law on Mines and Minerals allows for private entities to request exploration and mining licenses for lignite.

There is a vital need for stable, base-load power generation in Kosovo that can meet consumer demand. Power shortages and outages have grown less frequent, but can still occur when generation and import capacity do not meet demand or when there is a service failure at one of Kosovo’s power plants. Electricity in Kosovo is produced by two lignite-fired thermal power plants, known as Kosovo A and Kosovo B, that use 1960s and 1970s technology respectively, as well as a small hydropower plant (HPP) in the north of the country. The two thermal power plants are currently capable of producing up to 880 MW, and the hydropower plant produces an additional 32 MW (reaching a capacity of over 42 MW when four other smaller HPPs are added). However, industry estimates place Kosovo’s daily needs at over 1,400 MW on peak hours by 2020. High import prices, caused in part by a general regional deficit of energy, inhibit the government’s ability to fully offset the deficit in domestic production.

In 2013, in consultation with the European Commission, World Bank, and U.S. Government, the Government of Kosovo developed a new energy strategy. This multi-track approach seeks to advance sector reform via privatization of Kosovo’s Energy Distribution and Supply company (KEDS), closure of Kosovo A, rehabilitation of Kosovo
B, development of a new power plant (“Kosovo C”), and the pursuit of renewable and energy-efficient measures. The World Bank is funding an energy-efficiency project aimed at reducing energy consumption and fossil-fuel use in government buildings. Several commercial banks offer eco-loans to private customers for energy-efficiency purposes.

The government sold KEDS to a Turkish consortium in a multi-bidder process in June 2012, and the transfer of ownership took place May 2013. The new owners have pledged to invest heavily to improve and expand the distribution network, increase collections, reduce electricity losses, and improve the security of supply and overall service quality. In January 2015, KEDS unbundled its operations, separating supply from distribution and created KESCO, the electricity-supply provider.

In 2014, a U.S. company submitted a bid related to the construction of a new lignite-fired thermal power plant. The government is evaluating the bid and intends to finalize the process by the end of 2015.

The government, with financial assistance from the World Bank, engaged consultants to conduct preliminary environmental and social assessments for the construction of a new hydropower plant at Zhur in southern Kosovo. The Zhur hydropower plant is envisaged to produce a maximum of 305 MW of electricity. The government’s current plans for the project are unclear.

The government has expressed interest in exploring the potential for solar, wind, and geothermal energy. Reliable baseline data are required for all sources, including hydro. Development of projects will require the 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. Increased base-load fossil-fuel generation will be needed as a back-up to new renewable energy generation.

Sub-Sector Best Prospects

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

Opportunities

- New, independent power plants
- Renewable energy, especially wind and water
- Energy efficiency, especially in residential dwellings
Kosovo Energy Supply: www.kesco-energy.com
Kosovo Energy Regulatory Office: www.ero-ks.org
Ministry of Economic Development: http://mzhe.rks-gov.net/
World Bank Kosovo Office: www.worldbank.org/kosovo
Mining

Overview

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015 (estimated)</th>
<th>2016 (estimated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Market Size</td>
<td>$716 million</td>
<td>$716 million</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Total Local Production</td>
<td>$76.7 million</td>
<td>$76.7 million</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Total Exports</td>
<td>$66 million</td>
<td>$48.6 million</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Total Imports</td>
<td>$659 million</td>
<td>$509 million</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Imports from the U.S.</td>
<td>19.8 million</td>
<td>$39 million</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:
- Total Local Production: Estimates
- Total Exports: Statistical Agency
- Total Imports: Statistical Agency
- Imports from U.S.: Statistical Agency

The mining sector has traditionally been an important contributor to Kosovo's economy, but the industry declined during the 1990s due to a lack of investment in equipment, facilities, and the development of new mines. As a result, significant foreign investment potential exists in this sector. Kosovo has a varied geology containing a range of exploitable metal and mineral deposits. A joint British-Finnish geosciences project completed 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.

Many of the existing mines have been privatized, with varying degrees of success. In some cases, the Privatization Agency of Kosovo (PAK) had to resume ownership of mines after investors did not fulfill contractual obligations. The agency is in the process of re-privatizing many of these properties. The Trepça mining complex 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. Significant investment in the complex is at a standstill while the Privatization Agency of Kosovo carries out a legislatively-mandated process to evaluate creditors and reorganize the enterprise. Serbia claims ownership of several of Trepça's assets.

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 provides key technical information to prospective bidders.
Sub-Sector Best Prospects

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

Opportunities

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

Web Resources

Kosovo Energy Regulatory Office: www.ero-ks.org
Kosovo Ministry of Economic Development: http://mzhe.rks-gov.net/
Kosovo Privatization Agency: www.pak-ks.org

Midin Bojaxhiu, Director of ICMM
Armend Daci Street
Pristina, Kosovo
Tel: +381 (0)38 240 252
Fax: +381 (0)38 245 844
E-mail: icmm@kosovo-mining.org
Web: www.kosovo-mining.org
Health

Overview

There is little comprehensive, reliable data for the health-care industry in Kosovo. Data for 2013-2014 are sourced from the Kosovo Statistical Agency. We estimate similar import/export levels for 2015-2016.

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015 (estimated)</th>
<th>2016 (estimated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Market Size</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Total Local Production</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Total Exports</td>
<td>$320,429</td>
<td>$142,000</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Total Imports</td>
<td>$70.3 million</td>
<td>$62.6 million</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Imports from the U.S.</td>
<td>$9.8 million</td>
<td>$3 million</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:
Total Local Production: N/A
Total Exports: Statistical Agency
Total Imports: Statistical Agency
Imports from U.S.: Statistical Agency

Kosovo’s poor health and medical facilities lead many local residents 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 needs create 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. Although Kosovo’s public health facilities are available to all Kosovo citizens, many public health services in Serb-majority areas are paid for by the Government of Serbia.

Sub-Sector Best Prospects

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

Opportunities

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

**National Institute of Public Health**
Prof. Naser Ramadani, Executive Director
Telephone: +381 (0)38 541 432; +377 (0)44 503-526
E-mail: naser.ramadani@niph-kosova.org

**Kosovo Medicine Agency**
Arianit Jakupi, Acting Chief Executive Officer, arianit.jakupi@rks-gov.net
Ardian Rugova Head of Medicine Registration, ardian.rugova@rks-gov.net
Haki Ejupi Head of Licensing and Imports, haki.ejupi@rks-gov.net
Address: City Hospital Roundabout
University Clinic Center
10000 Pristina, Kosovo
Telephone: +381 (0)38 512 807
Fax: +381 (0)38 512 810
Web: https://akppm.com/en

**Ministry of Health**
Gani Shabani, Secretary General
Zagreb st. nn. (Former Lung Hospital in Dragodan/Arberi)
Pristina, Kosovo
Telephone: +381 (0)38 212 113
Email: gani.shabani@rks-gov.net

**Ministry of Health**
Lindita Avdyli, Director of Pharmaceutical Department
Zagreb st. Nn. (Former Lung Hospital in Dragodan/Arberi)
Pristina, Kosovo
Telephone: +381 (0)38 212 298
Email: lindita.avdyli@rks-gov.net
Web: http://msh-ks.org/en/

**Kosovo Statistical Agency**
Zenel Salihu, No.4
Pristina, Kosovo
Telephone: +381 (0) 38 200 31 129
Email: infoask@rks-gov.net
Web: http://ask.rks-gov.net/eng/
Infrastructure

Overview

Infrastructure improvements are essential to Kosovo’s economic development. Demand is growing for quality urban housing, Class-A office space, government buildings, schools, roads, highways, and basic health and sanitation systems, among other infrastructure needs.

The GoK has completed the first phase of urban planning strategies for Pristina and major roads and highways throughout the country. The most visible foreign construction project in Kosovo is Route 7 (the Ibrahim Rugova National Highway) constructed by a U.S.-Turkish consortium. The highway, a modern dual carriageway, connects the greater Pristina area to the border with Albania. A new highway, Route 6, being built by the same consortium, will connect Pristina and the Macedonian border near Skopje.

The GoK will continue to allocate funding toward infrastructure development, increasing the demand for qualified private contractors to implement these projects. Kosovo’s participation in the Western Balkans 6 initiative will likely include additional funding for infrastructure projects.

Due to limited government revenue, however, the Government of Kosovo might have to pursue alternative funding models, such as public-private partnerships, for some infrastructure projects.

The U.S. Government has urged the GoK to consider legislation conducive to attracting commercial real estate investment, including allowing purchasers to obtain 99-year commercial leases. This model was successfully used to attract international investors to develop a year-round recreational resort village near Brezovica. The €409 million contract with a French consortium was signed in April 2015. Construction is expected to begin later in the year.

Several U.S. citizens have invested significant resources in construction, real estate, financial services, and infrastructure development in anticipation of growth in this sector.

Sub-Sector Best Prospects

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

Opportunities

- Residential housing
- Commercial buildings, office space
- Improvements to Pristina-Peja/Pec and Pristina-Mitrovica/e highways
- Professional architectural and engineering design and management services
- First-rate hardware store or supplying of equipment, tools, accessories and inputs

Web Resources

Ministry of Infrastructure: www.mi-ks.net
Pristina International Airport: www.airportpristina.com
Kosovo Railways: www.trainkos.com
Public operator Post and Telecoms of Kosovo (PTK) has the monopoly on landline services. Due to its failed privatization process in late 2013, PTK lagged in investments and delayed upgrading its technology to 3G and 4G until the beginning of 2015.

The latest Regulatory Authority of Electronic and Postal Communications (RAEPC) report shows 183,127 internet users with 61.4% household penetration. Three main companies -- IPKO, PTK, and Kujtesa -- provide internet service for about 90% of Kosovo’s Internet market.

PTK offers mobile telephone services through its subsidiary VALA and has over 1,000,000 customers (57% of the overall market). Kosovo’s telecommunications sector is one of the least expensive in the region and comparatively has the same quality of voice services as other providers in the region. VALA fell behind in data services and exclusively used 2G EDGE technology until late 2014. The RAEPC updated regulations to include the issuance of 3G and 4G licenses. Mobile telephony penetration in Kosovo is over 97%, covering over 99% of inhabited places and 88% of Kosovo’s territory.

Slovenija Telekom, a Slovenian state-owned company partnering with local firm IPKO, won the 2006 tender for a second mobile-phone operator. Although the tendering process was marred by allegations of irregularities, IPKO started operations in January 2008. By the beginning of 2009, both IPKO and PTK separately reached agreements with Mobile Virtual Network Operators (MVNO) to brand their products in Kosovo. “D3” mobile was launched in December 2008 using IPKO’s infrastructure, and “Z-Mobile” was launched in December 2009 using PTK’s infrastructure. Effectively, four mobile providers currently operate in Kosovo.

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

Through the auspices of the EU, Kosovo and Serbia are working towards an agreement allowing Kosovo to obtain its own unique international dialing code. Currently, Kosovo uses Serbia’s country code (381) for international landline calls, while VALA rents Monaco’s country code (377) at considerable cost. IPKO uses Slovenia’s country code (386), also resulting in higher tariffs for end users.

Sub-Sector Best Prospects

- General service mobile (GSM) operator
- GSM network supplies, equipment, and technology
- Network management
- Telecommunications infrastructure development, including WiMax and other municipal wireless internet services.

**Opportunities**

IPKO launched 3G and 4G in 2014, while PTK launched 4G in April 2015 with the help of American-French consortium Alcatel-Lucent. Both operators are committed to improving their 4G services so there will be opportunities for provision of related infrastructure.

**Web Resources**

**Regulatory Authority of Electronic and Postal Communications (RAEPC):**
Tel: +381-38 212-345; E-mail: info@art-ks.org; Web: www.arkep-rks.org

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

**IPKO Telecommunications, LLC:** Email: info@ipko.com; Web: www.ipko.com
Agricultural Sectors

Agribusiness

Data for 2013-2014 are taken from the Kosovo’s Statistical Agency. Data for local production are raw estimates based on the latest official data from 2011.

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015 (estimated)</th>
<th>2016 (estimated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Market Size*</td>
<td>$1.6 billion</td>
<td>1.6 billion (est.)</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Total Local Production*</td>
<td>$833 million</td>
<td>$833 million (est.)</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Total Exports**</td>
<td>$47.8 million</td>
<td>$42.8 million</td>
<td>N/A</td>
<td>N/A</td>
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<tr>
<td>Total Imports**</td>
<td>$797.5 million</td>
<td>$670 million</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Imports from the U.S.</td>
<td>$22 million</td>
<td>$15 million</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

* Does not include processed goods, only primary production  
** Includes both primary and processed goods  
*** Estimates for 2015-2016 are likely to fall in line with 2014 levels  

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:
- Total Local Production: Estimates  
- Total Exports: Statistical Agency  
- Total Imports: Statistical Agency  
- Imports from U.S.: Statistical Agency

Despite being known for its agriculture, Kosovo currently imports much of its domestic consumption. The country has abundant, productive land that is not optimally used, with economies of scale hampered by small parcels and poor, inconsistently-applied property rights. Given the relative absence of valued-added food processing in Kosovo, largely due to a lack of investment over the past two decades, great potential exists for increased domestic agricultural production and expanded food processing.

According to the World Bank’s "Kosovo - Unlocking Growth Potential: Strategies, Policies, Actions" report from 2010, the growth of domestic demand is expected to rise for horticultural and livestock products. Domestic demand has begun to grow in recent years as purchasing power increases, particularly in urban areas. Over the past decade, demand for fruits and vegetables surged more than for any other food category, and is expected to continue growing. KIESA foresees that regional demand will bring sizeable opportunities for growth and profit in the fruit and vegetables sector. Demand for milk and dairy products in the domestic market is also expected to grow.

Sub-Sector Best Prospects

- Fruits and vegetables sector
- Livestock and dairy sector
- Value-added food processing

Opportunities
- Greenhouses
- Livestock
- Food processing facilities
- Dairy processing facilities

Web Resources

Ministry of Agriculture, Forestry, and Rural Development
Kapllan Halimi, General Secretary
Mother Theresa Street 35
Pristina, Kosovo
Telephone: +381 38 200 38476
Fax: +381 38 213 182
Web: http://www.mbpzhr-ks.net

Kosovo Investment and Enterprise Support Agency (KIESA)
Web: www.invest-ks.org

Kosovo Ministry of Economic Development:
Web: http://mzhe.rks.gov.net/

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Chapter 5: Trade Regulations, Customs and Standards

- Import Tariffs
- Trade Barriers
- Import Requirements and Documentation
- U.S. Export Controls
- Temporary Entry
- Labeling and Marking Requirements
- Prohibited and Restricted Imports
- Customs Regulations and Contact Information
- Standards
- Trade Agreements
- Web Resources

Import Tariffs

Kosovo is a member state of the Central European Free Trade Agreement (CEFTA) and has expressed interest in seeking observer status in the World Trade Organization during 2015. Most agricultural equipment is imported free of customs duties, while 16% VAT must be paid for construction materials coming from CEFTA members. Most imports from CEFTA countries are duty free, except for certain agricultural products such as wheat. A 10% customs duty and 16% VAT must be paid on all other imported goods.

VAT is assessed on the cost, insurance, and freight of the good. Certain products are also subject to an additional excise tax. These include petroleum, tobacco, vehicles, and alcohol. The 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. This tax can significantly increase the final price of the good for consumers. In 2014, a law was enacted to expand the list of VAT-exempt goods, mostly agricultural inputs, chemical agents, wood products, health and medical devices, and some medicines. The government is considering possible changes to allow for duty-free imports of inputs used for the manufacture of exports, but no action has been taken at this time.


Kosovo uses an integrated tariff schedule broken down into goods categories and applicable rates: http://dogana.rks-gov.net/tarik/TARIK_PDF_01012015_ENG/INTRODUCTION.pdf.

Trade Barriers

Kosovo has no general restrictions on imports. When applicable, products are required to undergo sanitary, phytosanitary, or veterinary inspections. 2012 reforms by the Food and Veterinary Agency (FVA), which functions under the Prime Minister’s Office, waived import permits for milk and dairy products while still requiring them for imported meat, poultry, and live animals. The permits are issued upon the importing companies’ presentation of health certificates from the exporting country and certificates of origin.
U.S. companies must complete an application form and health certificate to import animal food products, including poultry products. The GoK accepts USDA food-safety inspection service certificates. The FVA’s Phytosanitary Division requires control certificates and certificates of origin for all imports. Import licenses are required for pharmaceutical and tobacco products. A similar system is in place to export scrap metals. An import license is required for production inputs and raw materials associated with manufacturing of pharmaceutical products. Licenses can be obtained from the Kosovo Medicines Agency (KMA) for six months, with an additional six months in case the import was not completed as scheduled. The KMA requires that the shelf-life of imported pharmaceutical products must be valid for at least one year from the date of entry into Kosovo. Its quality and safety requirements for pharmaceutical products also demand every import be accompanied by:

(A) a certificate ensuring product quality and safety, such as 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) a certificate of analysis showing test results of a pharmaceutical product may be required in some circumstances; and

These procedures may be revised shortly, and we recommend contacting the KMA for up-to-date guidance. 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

Kosovo’s Customs Law requires a single administrative document (SAD) to be completed by the importer. The SAD must be obtained from the Kosovo Customs’ office in Pristina. Completion of the SAD requires the certificate of origin, commercial invoice, and customs goods declaration.

U.S. Export Controls

Most electronic equipment and products can enter Kosovo without a U.S. export license. However, U.S. businesses are strongly advised to obtain export licenses from the Department of Commerce’s Bureau of Industry and Security (BIS) or the Department of State’s Bureau of Verification, Compliance, and Implementation (VCI), depending on the product. BIS and VCI 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 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 on export controls can be obtained from the U.S. Department of Commerce, Export Controls – Bureau of Industry and Security at: http://www.bis.doc.gov/licensing/exportingbasics.htm.

**Temporary Entry**

Kosovo permits the temporary importation of products for re-exportation provided they do not undergo any change while in country. Such goods are assessed import duties at a rate of 3% of value for every month or fraction of a month in storage. Kosovo has "bonded" customs warehouses, which are privately owned storage facilities that allow importers to store goods duty free until they are released into the local economy or re-exported free-of-charge. Their use, however, is limited. Companies importing warranty and non-warranty items for repair must be authorized by Customs for internal repair or repair under Customs’ control.

**Labeling and Marking Requirements**

Labels must contain the 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 two official languages -- Albanian and Serbian. Consumer protection legislation requires that technical products be accompanied by instructions for usage, the manufacturer's specifications, a list of authorized maintenance offices, warranty information, warranty period, and other applicable data. For food importers, it is advisable to use the European date system of expiry or spell out the month of expiration on the label. The Law on Consumer Protection prohibits distribution of advertising messages at mailboxes or doors if the consumer has placed a written ban against placing them. It also mandates that advertising messages via cell phones and emails must have a message body enabling the consumer to annul the subscription. More information on labeling requirements can be found on the website of the Ministry of Trade and Industry at: http://www.mti-ks.org/en-us/Ministry-of-Trade-and-Industry.

**Prohibited and Restricted Imports**

The importation of narcotics is prohibited. The importation of most non-hunting use firearms is prohibited. The importation of certain chemicals and pharmaceuticals is restricted.

**Customs Regulations and Contact Information**

Kosovo Customs  
**Contact:** Adriatik Stavileci, Spokesperson  
Telephone: +381 (0)38 541 031  
E-mail: adriatik.stavileci@dogana-ks.org  
Web: http://www.dogana.rks.gov.net

Laws and regulations are translated into English and are available online. The Customs and Excise Code can be found at: http://www.kuvendikosoves.org/common/docs/ligjet/2008_03-L-109_en.pdf
Overview

Kosovo’s Law on Standardization reflects European and international systems of standards, and outlines procedural rules on drafting, approval, determination, and application of these standards in Kosovo. Product certification also falls under this law. Kosovo does not have its own national standards, but uses European/CEN and International Standardization Organization (ISO) standards from the General Directorate of Standardizations in Albania. The EU’s 2014 Progress Report notes Kosovo adopted 6,520 EU standards by late 2014. Kosovo and the EU are expected to sign a Stabilization and Association Agreement in 2015. The Kosovo Standardizations Agency (KSA) had identified construction codes/euro codes as a priority for the government. Kosovo is not member of ISO or any other international or regional standardization body. The government is pursuing membership and/or alternatives methods of cooperation with these organizations.

Standards Organizations

The KSA and Accreditation Directorate (AD) within the Ministry of Trade and Industry (MTI) are the only government bodies responsible for standardization and accreditation activities in Kosovo. The government requires the KSA to:

- 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.
- Maintain and administer a standardizations archive on foreign and local standards; upon request, 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.

KSA does not develop national standards, but uses SK EN and SK EN ISO standards. It also uses ASTM standards through an agreement in place.

**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. Kosovo is not a WTO member and is not subject to this requirement. **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 Internet URL: [http://www.nist.gov/notifyus/](http://www.nist.gov/notifyus/).

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**Conformity Assessment**

The Kosovo Standardization Agency and Accreditation Directorate (AD) are the primary conformity and accreditation assessment bodies in Kosovo.

**Product Certification**

Product certification falls under the Law on Standardization. Every certified product must carry a certification marking, indicating that the product has undergone appropriate testing and conforms to relevant regulations. Kosovo does not have a national product certification body, but it has certified experts in ISO 9001 and similar areas cooperating with relevant foreign companies in the certification of Kosovo businesses. U.S. exporters have not reported problems related to product-certification requirements. In 2014, KSA signed a certification agreement with the Turkish Standardizations Institute, but it is not being implemented pending amendments to the Law on Standardization. Kosovo has no product certification agreements with the United States.

**Accreditation**

The Accreditation Directorate is the national accreditation body in Kosovo. It has been a member of the European co-operation for Accreditation (EA) since 2009 and a member of the International Laboratory Accreditation Cooperation (ILAC) and International Accreditation Forum (IAF) since 2010. AD has signed a number of agreements with its counterparts in the region. Test certificates from laboratories in EAC countries and from countries with which AD has agreements are accepted. Six inspection bodies, 27 testing laboratories, and one calibration laboratory are currently accredited by the AD. More information on accreditation is available at the AD’s website: [www.dak-ks.org](http://www.dak-ks.org).

**Publication of Technical Regulations**

The Government publishes all laws and regulations in the Official Gazette: [http://gzk.rks-gov.net](http://gzk.rks-gov.net). Only final regulations are published. U.S entities can comment on regulations by attending the relevant working groups, upon invitation by the government agency.
sponsoring the regulation. Kosovo maintains an annual legislative program available on the website of the Office of Prime Minister at: http://www.kryeministri-ks.net/?page=2,1.

**Labeling and Marking**

Labels must contain the 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 two official languages -- Albanian and Serbian. New legislation on consumer protection was completed in 2012. Technical 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. For food importers, it is advisable to use the European date system of expiry or spell out the month of expiration on the label. More information on labeling requirements can be found on the website of the Ministry of Trade and Industry at: http://www.mti-ks.org/en-us/Ministry-of-Trade-and-Industry.

**Contacts**

**Kosovo Standardization Agency**  
Hafiz Gara, Chief Executive  
Telephone: +381 (0)38 200 36 539; +377 (0)44 626 802  
E-mail: Hafiz.gara@rks-gov.net; askinfo@ks.gov.net

**Kosovo Accreditation Directorate**  
Osman Hajdini, Acting Director  
Telephone: +381 (0)38 200 36 563  
E-mail: osman.hajdini@rks-gov.net

**Kosovo Department of Metrology**  
Blerim Sokoli, Department Director  
Telephone: +381 (0)38 200 36 537  
E-mail: blerim.sokoli@rks-gov.net

**Office of the Prime Minister**  
**Kosovo Food and Veterinary Agency**  
Valdet Gjinovci, Executive Director  
Telephone: +381 (0)38 551 957; +377 (0)44 800 444  
E-mail: valdet.gjinovci@rks-gov.net

**Kosovo Medicines Agency**  
Arianit Jakupi, Acting CEO  
Telephone: +381 (0)38 512 807  
E-mail: arianit.jakupi@rks-gov.net

**Trade Agreements**

The GoK’s Ministry of Trade and Industry manages its international trade relations. In some cases, opposition by non-recognizing states means that Kosovo is included under the name Kosovo*, with a footnote clarifying that the name is made without prejudice to Kosovo’s legal status. In other cases, UNMIK ensures Kosovo’s ability to fulfill
international obligations under agreements where UNMIK is the signatory on behalf of Kosovo.

Kosovo is a member of the Central European Free Trade Area (CEFTA) and has signed Free-Trade Agreements (FTA) with Albania, Macedonia, Croatia, Bosnia-Herzegovina, and Turkey. The Stabilization and Association Agreement aimed at liberalizing trade with the EU is expected to be signed in 2015. Preparations for negotiations on a double-taxation agreement with Austria began in March 2015. Kosovo is member of the European Common Aviation Area and member of the Athens Process on Energy for the Southeastern Europe Energy Community Treaty.


Licensing Requirements for Professional Services:

According to KBRA, many professional services do not need licensing. The Law on the License and Permit System adopted in 2013 stipulates the procedures and general criteria for licensing of foreign professional services by competent boards of respective ministries. Legal and accountancy professions require licensing. Foreigners who wish to practice law in Kosovo must register with the Kosovo Bar Association, present their home country Bar Association certificate and law license, and pass a test on their knowledge of Kosovo legislation. Afterwards they can apply for license at the Ministry of Justice. Details on licensing of foreign lawyers may be found on the website of Kosovo Bar Association at: http://www.oak-ks.org/en-us/Home.

Similarly, to become a licensed accountant, a foreign professional must apply for registration with the Society of Certified Accountants and Auditors of Kosovo (SCAAK), documenting their professional standing from their respective home country, and pass SCAAK’s eligibility test. The decision on licensing is taken at the Kosovo Council for Financial Reporting, part of the Ministry of Finance.

Web Resources

Kosovo Customs: http://dogana.rks-gov.net/en/Home
Kosovo Bar Association: www.oak-ks.org/en-us/home?
Society of Certified Accountants and Auditors (SCAAK): www.scaak.org

Law on Permit and License System:

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The Republic of Kosovo declared independence from Serbia in 2008. Kosovo’s neighbor to the north, Serbia does not recognize it as a sovereign state, but has begun to normalize relations in accordance with the Brussels Agreement of April 2013. With a population of 1.8 million and land area 6,765 square miles, landlocked Kosovo is considered Europe’s poorest country, yet it does have some mineral and coal deposits. Kosovo’s official unemployment rate is 30.9 percent, although some estimates are as high as 45 percent. In an effort to foster economic development, the Government of Kosovo (GoK) has implemented reforms to improve the investment climate, prompting improved rankings in the World Bank’s Doing Business reports from 81 (2014) to 75 (2015). Kosovo is continuing efforts to transform its socialist legacy to a market-oriented economy, and the GoK is working to strengthen the legal environment necessary to attract and retain foreign investment.

Corruption, practiced and perceived, and a lack of contract enforcement create high barriers to foreign investment. According to the World Bank, Kosovo’s economy is characterized by: limited integration into the global economy; the success of its Diaspora in foreign labor markets, resulting in a steady stream of remittances; pro-growth budgetary priorities; and continued international financial support. Vocal political opposition to the government’s privatization policies, corruption, political or self-interested interference by government officials, disagreements over asset ownership
between Kosovo and Serbia, and unreliable energy supply increase the risk and cost of investments in Kosovo.

Despite these challenges, Kosovo's relatively young population, low labor costs, and abundant natural resources have attracted foreign investment, with several international firms and franchises already present in the market. There are opportunities for U.S. businesses to invest, especially in the food, IT, infrastructure, and energy sectors. The newly-elected government is seeking to further improve the business climate through the adoption of a multi-year development program focused on providing incentives for economic growth. These include amendments to tax and foreign investment legislation. The banking sector in Kosovo is stable and liquid, but high interest rates stifle commercial endeavors, prompting the government to enter into credit-guarantee arrangements with international donors to improve access to credit for businesses.

Openness to Foreign Investment

Attitude toward Foreign Direct Investment

Kosovo's laws do not discriminate against foreign investors. The GoK – specifically the Prime Minister's Office, Ministry of Trade and Industry (MTI), Kosovo Investment and Enterprise Support Agency (KIESA), Ministry of Finance (MOF), and Ministry of Economic Development (MED) – actively promotes foreign investment and welcomes the expansion of the private sector. However, the lack of a single GoK organization empowered and responsible for coordinating all foreign investment opportunities is a hurdle to some projects. While the Kosovo economy continues to transition from socialism to capitalism, some public distrust of the private sector remains.

Other Investment Policy Reviews

Kosovo is not a member of OECD, WTO, or UNCTAD; there are no investment policy reviews from these organizations. However, the World Bank Group has published a "Doing Business 2015" Economic Profile for Kosovo. Additionally, in late 2014, the NGO "RIINVEST INSTITUTE" and the European Union issued "Business Climate in Kosovo, A Cross Regional Perspective." This report reviews the development of the business environment in Kosovo from 2009 to 2012, as well as the current business climate, and identifies mid-term opportunities and risks.

The report is available online in English at: http://www.riinvestinstitute.org/publikimet/pdf/Business_Climate_in_Kosovo1421852590.pdf

Laws/Regulations of Foreign Direct Investment

The legal system in Kosovo has three layers of legislation operating simultaneously. This includes laws enacted by the former Yugoslavia through 1989, regulations issued by the United Nations Interim Administrative Mission in Kosovo (UNMIK), and laws passed by the Kosovo Assembly. With international assistance, the GoK has been moving towards a legal structure that follows European standards. Although the legislative framework for a market-oriented economy is in place, poor enforcement, uncertainties regarding legal recognition of foreign arbitral awards, and the need for additional judicial reform hinder economic growth and investment. To address these
challenges, the U.S. Government and the EU provide assistance aimed at enhancing Kosovo’s judiciary. Licensed private enforcement agents began assisting enforcement of contract dispute decisions in 2014 and have experienced moderate success in executing collections on non-performing loans.

All major sectors of the Kosovo economy are open to foreign investment. The Kosovo Assembly and UNMIK, which governed Kosovo until 2008 under UN Security Council Resolution 1244, passed pro-business legislation that specifically seeks to attract foreign investment. Under Kosovo law, foreign firms operating in Kosovo are granted the same privileges as local businesses except in the production and selling of military goods, where foreign firms cannot hold more than a 49 percent ownership (Reg. No. 2001/3, Section 6). In 2011, the Government took substantive steps to further open Kosovo to foreign investment through the passage of the Public-Private Partnership (PPP) Law. The PPP Law was harmonized with European Council regulations and EU Acquis Communitaire. The law creates separate definitions for a concession versus a PPP, allowing FDI transactions to be structured more flexibly. Limits on the length of investment projects and a provision allowing for unsolicited proposals were removed. The Kosovo Assembly passed the Law on Foreign Investment in late 2013, improving the legal infrastructure and addressing inconsistencies that had unduly discouraged foreign investment. The GoK is currently amending the law to further streamline bureaucracies and strengthen protection for foreign investors.

Kosovo’s commercial laws are available to the public in Kosovo’s official languages (Albanian and Serbian), as well as in English. They can be found on the Kosovo Assembly’s website at: www.assembly-kosova.org/?cid=2,191 and on the Government’s Official Gazette website at: http://www.gazetazyrtare.com/e-gov/index.php?lang=en. Business registration information can be found in English on the website of the Kosovo Business Registration Agency at http://www.arbk.org/en/Home.

Industrial Promotion

Kosovo does not yet have a comprehensive industrial policy/investment program. The Investment and Enterprise Support Agency of the Ministry and Trade and Industry lists IT, agribusiness, mining, and textiles as priority sectors for investment. The Agency has held several tradeshows abroad to promote investment opportunities in Kosovo, but has experienced limited success. Kosovo’s Investment and Promotion Agency (KIPA) is charged with promoting Kosovo’s brand to potential investors. However, KIPA has not been fully functional since 2014 due to continued vacancies in key KIPA leadership positions and expected revisions to Kosovo’s investment policy.

Limits on Foreign Control

Generally, Kosovo Law does not interfere with the establishment, acquisition, or sale of interests in enterprises by private entities. Under Kosovo law, foreign firms operating in Kosovo are granted the same privileges as local businesses except in the production and selling of military related-goods, where foreign firms cannot hold more than 49 percent ownership (Reg. No. 2001/3, Section 6). Foreign investors can receive private ownership rights. Foreign investment is not subject to approval by the Government of Kosovo, except when such approval would be 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 entities;
c. foreign investors with less than a majority stake in an investment are 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.

Privatization Program

The GoK has been progressively privatizing the assets of state-owned enterprises (SOEs) since the early 2000s. The Privatization Agency of Kosovo (PAK), an independent agency, is legally mandated to handle the disposition of Kosovo’s SOE assets. As of 2015, PAK had created a trust fund of over EUR 600 million from the sale of approximately 300 SOEs. The privatization process is open to foreign investors and follows Kosovo’s public procurement laws. However, bidding processes have often been criticized in the media as non-transparent and illegal. Kosovo’s energy distribution and supply system was privatized in mid-2012, and sold in May 2013 to a Turkish consortium – Limak/Çalik. After 10 years of preparations and several specification changes, the government issued a tender for a new coal-fired power plant, “Kosovo C,” in 2014. A single bid from American company was received in 2015 and is currently under evaluation. A concession for the construction and operation of a year-round ski and tourism resort in Brezovica is also expected to be finalized in 2015. Recent amendments to the Publically Owned Enterprise (POE) law that gave the GoK authority to transform current SOEs into government-controlled POEs could lead to backsliding in Kosovo’s commitment to a private sector-driven economy.

Screening of FDI

Kosovo law does not require FDI to be screened, reviewed, or approved. However, the lack of predictable government processes or procedures to attract and secure FDI creates uncertainty, allows for abuse and corruption, and permits the politicization of most private investment activities.

Competition Law

Aimed at limiting unfair competition, the Law on Competition and the Law on Antidumping and Countervailing Measures were adopted in 2010 and amended in 2014. The Competition Authority, established in 2008 and consisting of four members and a chairperson appointed by the Assembly, is in charge of implementing these laws, as well as the Law on Consumer Protection. The Authority has been nonfunctional since November 2013 due to the expiration of its members’ mandates and a prolonged delay by the Kosovo Assembly in appointing new members.

Investment Trends
According to Kosovo Central Bank (CBK) data, FDI in 2014 (January to September) totaled EUR 104.6 million, representing a 44.7 percent decrease compared to the same period in 2013. Explanations cited for this dramatic decrease include the uncertain investment climate created by the lack of a new government in the second half of 2014 and the lingering impact of the EU financial crisis. Public investment, according to CBK decreased by 22.3 percent compared to 2013 for the same reasons.

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<td>globalinnovationindex.org/content.aspx?page=data-analysis</td>
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<td>World Bank GNI per capita</td>
<td>2013</td>
<td>USD 3,940</td>
<td>data.worldbank.org/indicator/NY.GNP.PCAP.CD</td>
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**Millennium Challenge Corporation Country Scorecard**


**Conversion and Transfer Policies**

Foreign Exchange

Kosovo adopted the Euro in 2002; however, it is not an official Eurozone member. The 2013 Foreign Investment Law guarantees unrestricted use of income from foreign investment following the payment of taxes and other liabilities. This guarantee includes rights for transfers to other foreign markets or foreign currency conversions, which must be 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.

Remittance Policies

Remittances are an important source of finance for at least 43 percent of Kosovo's population and represented over 12 percent of GDP (or over EUR 600 million) in 2014. The majority of remittances come from Kosovo's diaspora in European countries,
especially Germany and Switzerland. The Central Bank reports that remittances are mainly used for personal consumption with negligible amounts for investment purposes. Kosovo is not identified as a country of "primary concern," "of concern," or "monitored" in the Bureau of International Narcotics and Law Enforcement's 2014 International Narcotics Control Strategy Report (INCSR) at http://www.state.gov/j/inl/rls/nrcrpt/2014/database/index.htm.

Expropriation and Compensation

Articles 7 and 8 of Kosovo’s Foreign Investment Law protect foreign investments from expropriation not in the public interest, and guarantees due process and timely compensation based on fair market prices. UNMIK approved the addition of an eminent domain clause to Kosovo's expropriation regulations in April 2005 to curtail lawsuits arising from the expropriation and sale of property through the privatization of state-owned enterprises (SOEs). While there are no specific sectors prone to expropriation, recent highway construction has led to expropriations of households, farm land, and businesses along construction routes. There have been no recent changes to Kosovo's expropriation laws and regulations.

Dispute Settlement

Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts

Kosovo has a civil legal system. Ownership of property and contracts are enforced according to relevant legislation. In January 2013, Kosovo enacted a Law on Enforcement Procedures permitting claimants to utilize bailiffs licensed by the Ministry of Justice to execute court-ordered judgments. The 2012 Law on Obligations repeals the former Yugoslav Law on Obligations and provides a basic legal framework for contracts and torts. In addition, the government adopted Laws on Arbitration and Mediation in 2007, and later harmonized these laws with the Law on Contested Procedures. These actions addressed key impediments to enforcing arbitral awards.

In 2011, the Kosovo Assembly passed three laws of particular importance to privatization matters: the Law on the Privatization Agency of Kosovo, the Law on the Reorganization of Certain Enterprises and their Assets (Trepca Law), and the Law on the Special Chamber of the Supreme Court of Kosovo. Comprised of eight international judges and 12 local judges, the Special Chamber adjudicates disputes and claims related to privatization and economic restructuring. It has primary jurisdiction over appeals against decisions by the PAK involving the privatization and liquidation of SOEs, and creditor, ownership, and property claims brought against SOEs and POEs. The procedures for claimants wishing to institute proceedings are detailed in the PAK Law.

The Law on Courts, which also entered into force in 2013, significantly changed and simplified the current structure of the courts. Kosovo’s court structure includes Basic Courts, a Court of Appeals, and a Supreme Court. The Basic Courts and Court of Appeals each have a Department for Administrative Cases, Department for Serious Crimes, General Department, and Department for Minors.

The Law on Courts also changed the structure and jurisdiction of the Commercial Court, creating a Department for Commercial Matters within the Basic Court of Pristina that has jurisdiction for the entire territory of Kosovo and a Department within the Court of Appeals. The Court’s jurisdiction changed to specifically include disputes between domestic and foreign economic persons in their commercial affairs. Its jurisdiction also includes reorganization, bankruptcy, and liquidation of economic persons; disputes regarding impairment of competition; and protection of property rights and intellectual property. The Department for Commercial Matters has jurisdiction over economic disputes between legal and natural persons. The Court of Appeals also includes a Commercial Matters Department that addresses all appeals coming from the Pristina Basic Court’s Department for Commercial Matters. Commercial cases take on average six months to one year to resolve.

Kosovo’s judicial system, although improving, still suffers from many weaknesses. The judicial branch often is perceived as influenced by the executive branch. Local courts recognize foreign arbitral awards but not foreign court awards. Enforcement is weak and time consuming. There are no specialized courts that have standing to hear intellectual property claims, and Kosovo’s judiciary lacks the subject-matter expertise to effectively handle complex economic crimes.

Bankruptcy

Through USAID support, Kosovo is drafting a bankruptcy law in line with U.S. best practices. Currently, bankruptcy is criminalized under the Criminal Code. In the World Bank’s 2015 Doing Business report, Kosovo ranked 164 out of 171 in addressing insolvency, a slight improvement from the previous year’s ranking of 166.

Investment Disputes

Article 16 of Kosovo’s Foreign Investment Law assigns exclusive jurisdiction for business disputes to the domestic courts. Foreign investors are free, however, to agree to arbitration proceedings or another alternative dispute resolution mechanism. There are no statistics on investment disputes from the last 10 years.

International Arbitration

In 2009, Kosovo became a party to the International Centre for Settlement of Investment Disputes (ICSID Convention) and has incorporated the Convention into national law. The Foreign Investment Law stipulates that investors may utilize the following alternative dispute resolution mechanisms:

a. the 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.

Since 2011, arbitration services have been available at arbitral tribunals within the Kosovo Chamber of Commerce and American Chamber of Commerce in Kosovo. Kosovo's Arbitration Rules use a set of model rules based on the 2010 United Nations Commission on International Trade Law (UNCITRAL) Model Rules for Commercial Arbitration. They are consistent with international best practices. The Law on Foreign Investment also favors the use of arbitration. To utilize this option, the law requires the disputed agreement/contract include an arbitration clause.

In addition, in accordance with the Law on Mediation, the Ministry of Justice has established a Mediation Commission, which has adopted the necessary rules to create mediation services and has trained and certified several mediators. For more information, visit: http://www.kosovo-arbitration.com/en

ICSID Convention and New York Convention
Kosovo became a member state to the ICSID convention in 2009, but is not a signatory to the Recognition and Enforcement of Foreign Arbitral Law (1958 New York Convention).

Duration of Dispute Resolution
Kosovo's courts recognize international arbitration awards. The court system has a backlog of cases mostly related to utility bills and loan collections. These cases often take months or years to resolve. Following the finalization of a judgment by the court, the execution of judgment is often lengthy and problematic. The Law on Enforcement Procedure through the private bailiff system has slightly improved execution of court decisions. Foreign investors are litigants in about 10 percent of the cases, most of which relate to trademarks.

Performance Requirements and Incentives

WTO/TRIMS
Kosovo is not a World Trade Organization (WTO) member, but it plans to apply for observer status in 2015.

Investment Incentives
The Government of Kosovo is currently drafting comprehensive investment incentive legislation. All investment incentives are presently negotiated on an ad-hoc basis.

A 16 percent across-the-board value added tax (VAT) came into force in January 2009. Article 27 of the Law on Value Added Tax provides exemptions for VAT on certain goods, such as medicines, medical services, pharmaceutical products, agricultural
inputs, and public education services. Reduced VAT rates as low as 5 percent and enhanced rates up to 21 percent are also provided for certain goods and services. The Kosovo Assembly is currently assessing VAT changes to include a general VAT increase to 18 percent and a parallel reduction in targeted categories to stimulate economic development.

To encourage investment, the government grants businesses certain VAT-related privileges, such as a six-month VAT deferment upon presentation of a bank guarantee for companies importing capital goods. Suppliers may export goods and services without being required to collect VAT from foreign buyers. A Kosovo Customs internal Administrative Instruction (AI) has reduced required paperwork for imports and exports. Only two documents are currently required to export goods: a commercial invoice and a customs export declaration. Three documents are required for imports: a commercial invoice, a customs import declaration, and a certificate of origin.

Suppliers may claim tax credits on their inputs. A 10 percent flat corporate tax helps attract FDI. To improve the investment climate, the new government plans to introduce legislative changes beginning in 2016 to exempt more goods from Customs duties and to provide tax breaks for businesses that provide a certain level of investment and employment.

Research and Development
There are no government financed and/or subsidized research and development programs in Kosovo.

Performance Requirements
The Government of Kosovo does not specify performance requirements as a condition for establishing, maintaining, or expanding investments in Kosovo. There are no onerous requirements that would inhibit the mobility of foreign investors or their staff. There are no conditions on permission to invest.

Data Storage
Kosovo does not have rules on data storage.

Right to Private Ownership and Establishment
Both foreign and domestic private entities have the right to establish and own business enterprises and engage in all forms of remunerative activity in Kosovo.

Protection of Property Rights
Interests in property are enforced based on the Law on Property and other Real Rights, adopted in 2009. The law defines the following security interests on property: pledges used over tangible/intangible assets except on immovable property, mortgage used only over immovable property, and personal guarantees. Mortgage agreements must be registered with municipal cadastral offices, while their enforcement may be through courts or extra-judicial procedures. In practice, enforcement of mortgages is challenging
because banks sell properties below market value, leading to conflicts between the new and former owners. Pledge agreements must be registered with the pledge registry that is a centralized registry office in the Business Registration Agency. Personal guarantees do not need to be registered.

Generally, Kosovo’s de jure property-related laws are well structured and provide for security and transferability of rights. As a result of regime changes, confiscation, and conflict, a complex legal and regulatory framework prevails. Although general agreement exists that many of Kosovo’s property laws reflect international best practice, the pluralistic legal environment would benefit from harmonization. Government ministries, municipal authorities, and independent agencies often have overlapping jurisdictions; and the court system is backlogged with property-related cases. Many cadastral records were destroyed, lost, or moved out of the country in 1999 (see below), though the registry is being rebuilt. Issues with records limit the development of the formal property market needed for more stable economic growth. Concerns about the restitution of property and the privatization of SOEs have not yet been fully resolved and issues related to the rights of minority communities sometimes lead to inter-ethnic tensions.

Resolution of residential, agricultural, and commercial property claims remains a serious and contentious issue in Kosovo. Most property records were destroyed or relocated to Serbia by the Serbian government during the 1998-1999 conflict, making determination of rightful ownership for the majority of properties complex. Cases of multiple ownership claims on a single property, with each claimant presenting a variety of ownership documents as proof, are common. The EU-facilitated Kosovo-Serbia dialogue process is helping address the cadastral record taken in 1999 from Kosovo by Serbia. The Kosovo Property Agency (KPA), formerly the Housing and Property Directorate (HPD), has the authority to receive, register, and resolve property claims from the 1998-1999 conflict on private immovable property, including agricultural and commercial property. Decisions taken by the Kosovo Property Claims Commission within the KPA are subject to a right of appeal only to the Supreme Court. KPA has received 42,696 total claims, of which 37,645 relate to agricultural property. The KPA is also mandated to deal with a limited number of activities that formerly belonged to the UNMIK-era HPD and to implement Housing and Property Claims Commission (HPCC) decisions pending enforcement. Legislation currently in the National Assembly will transform the KPA into the Kosovo Property Comparison and Verification Agency with the additional mandate of implementing the EU dialogue agreement on cadastral records.

In an attempt to better identify owners of agricultural lands, the government conducted an agricultural census in November 2014. This effort took place over 50 years after the last census and without participation of northern Serb-majority municipalities. The final results of the census will be published in September 2015.

The World Bank's Doing Business report noted that Kosovo made transferring property easier in 2014 by introducing a new notary system and combining procedures for drafting and legalizing sale and purchase agreements.

**Intellectual Property Rights**

The Law on Patents, Law on Trademarks, and Law on Industrial Design, together with the relevant Criminal Code provisions, provide for strong protection of intellectual
property rights, authorize enforcement of trademark, copyright, and patent laws, and comply with related international conventions. In 2013, the Assembly adopted the Law on Geographical Indices, bringing Kosovo's IPR legal base closer to that of the EU. MTI established the Industrial Property Rights Office (IPO) in 2007, which is tasked with IPR protection. The 1981 Yugoslav Law on Protection of Inventions, Technical Improvements, and Distinctive Signs, and 1991 Law on Authors Rights are also considered applicable law in Kosovo's courts. These laws adhere to international treaties and conventions, such as the Paris Convention, Madrid Protocol, Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement, Budapest Treaty, and several European Council Directives on protection of IPR.

To enhance IPR enforcement and increase interagency coordination, the government has adopted an IPR Strategy and established the National Intellectual Property Council and a Task Force against Piracy. The Council and Task Force have similar structures and are comprised of the IPO, Copyright Office, Customs, Kosovo Police Departments for Economic and Cyber Crimes, Market Inspectorate, and Ministry of Justice. The Council also includes the Kosovo Prosecutorial Council, courts, and other government and non-governmental institutions. All IPR-related laws are scheduled to be amended in 2015 to further comply with the related EU directives.

Registration of intellectual property is based on regional and international practices. A trademark registration process takes approximately nine months to be completed, while patents take about 18 months. Public awareness on the importance of brand protection and associated IPR is low. A number of counterfeit consumer goods, notably CDs, DVDs, and clothing items, are available for sale and openly traded. The government tracks and reports on seizures of counterfeit goods. In 2013, the government began implementing an anti-piracy awareness campaign resulting in the confiscation of more than 40,000 pirated items and initiation of several criminal procedures. Customs reported in 2014 confiscation of counterfeit goods valued at over EUR 4 million and the initiation of five court cases.

Kosovo is not a WIPO member. There is no WIPO profile for Kosovo.

Resources for Rights Holders
Embassy POC: Ardiana Meholli

The American Chamber of Commerce in Kosovo website is www.amchamksv.org


Transparency of Regulatory System

The 2011 Law on Public Procurement devolves the power of procurement to budgetary units (i.e., ministries, municipalities, and independent agencies) except when the government authorizes the Ministry of Finance’s Central Procurement Agency to procure goods and/or services on its behalf. All tenders are advertised in Albanian and Serbian, as well as in English in cases of large tenders. The Public Procurement Regulatory Commission (PPRC) initiates procurement audits of the various Kosovo ministries,
municipal authorities, and agencies receiving funds from the Kosovo Consolidated Budget. In March 2014, the Kosovo Assembly passed amendments to the Law on Public Procurement in line with a request by business associations to encourage the purchase of domestic goods through public contracts. All legal, regulatory, and accounting systems in Kosovo were created in line with EU standards and best international practices. Draft laws are published on the website of the Assembly and distributed to stakeholders; public hearings on proposed laws are also held.

In practice, public procurement practices in Kosovo are still being reformed. While the government seeks transparency in the process, international companies competing in high-value public procurement projects have reported numerous irregularities. Some procurement managers in Kosovo's budgetary units have been indicted for corruption. Few private-sector associations and non-governmental organizations serve as watchdogs or organize stakeholder input on regulatory processes. The GoK has prioritized the implementation of an e-procurement system to help regulate public tenders in a transparent manner.


Kosovo is not listed on the www.businessfacilitation.org and is not a member of UNCTAD.

**Efficient Capital Markets and Portfolio Investment**

The Central Bank of Kosovo (CBK) is an independent body responsible for fostering the development of competitive, sound, and transparent banking and financial sectors. It supervises and regulates Kosovo's banking sector, insurance industry, pension funds, and micro-finance institutions. The CBK also performs other standard central bank tasks, including cash management, transfers, clearing, management of funds deposited by the Ministry of Finance and other public institutions, collection of financial data, combating money laundering, and management of a credit register. The regulatory system is in line with EU Directives and international standards. There are no restrictions, beyond normal regulatory requirements, related to capital sourcing, fit, and properness of the investors. The CBK has taken all required measures to improve policies for the free flow of financial resources. Requirements under the proposed Stabilization and Association Agreement with the EU require the free flow of capital. The government respects IMF Article VIII. Kosovo has an open market economy and interest rates are determined by the market. Credit allocation by financial institutions is conducted by individual banks implementing risk profiles. Access to credit for the private sector is limited, with high interest rates imposed by commercial banks and micro-financial institutions.

**Money and Banking System, Hostile Takeovers**

As of the beginning of 2015, Kosovo has 10 commercial banks and 14 licensed insurance companies. The official currency of Kosovo is the Euro even though the country is not a member of the Eurozone. Given that the Central Bank of Kosovo does
not have an independent monetary policy, prices react heavily to market trends in the larger Euro zone.

Kosovo’s private banking sector remains well-capitalized and profitable. Difficult economic conditions, weak contract enforcement, and a risk-averse posture have limited banks’ lending activities, although there were signs of improvement during 2014. This cautious approach is evident in their excess reserves, which are above the minimum level required by the Central Bank of Kosovo. Total assets of the three largest banks, which are international, amount to 67.2 percent of Kosovo’s entire banking sector assets. As of December 2014, total assets stood at EUR 3.2 billion. In 2014, the lending activities of commercial banks increased at an annual rate of 4.2 percent, indicating a faster pace of growth compared to the 2013 rate of 2.4 percent. This growth, according to the Central Bank, was due to a public-sector salary increase in the second half of 2014 that resulted in increased consumption. Approximately 70 percent of all lending activity is to businesses.

Despite positive trends, relatively little lending is directed toward long-term investment activities. Prevailing high interest rates (averaging approximately 10.6 percent) and collateral requirements act as disincentives to borrowers. Slower lending is notable in the northern part of Kosovo due to a weak judiciary, slow economic growth characterized by informal business activities, and few qualified borrowers.

There are no restrictions for foreigners to open bank accounts. They can do so upon submission of valid ID documentation.

**Competition from State Owned Enterprises**

Kosovo has 61 state-owned enterprises, 44 of which are municipality managed. These state-owned enterprises are primarily in the central heat, waste, and water sectors. The list of state-owned enterprises is published on the website of the Ministry of Economic Development, which monitors their operations: [http://mzhe.rks-gov.net/?page=2,1](http://mzhe.rks-gov.net/?page=2,1)

The majority of Kosovo’s state-owned enterprises operate at a loss and need government subsidies to survive. A few, such as Post and Telecommunications (PTK) and the Kosovo Energy Corporation (KEK), generate profits and have statutory requirements to distribute dividends to the government annually. State-owned enterprises do not receive a larger percentage of government contracts in sectors that are open to foreign competition, and they purchase goods and services from the private sector, including international firms.

Kosovo is not a WTO member and does not have a Government Procurement Agreement in place. Private companies can compete with state-owned enterprises in terms of market share and other incentives in relevant sectors. There are no state-owned banks, development banks, or sovereign funds in Kosovo. State-owned enterprises are subject to the same tax laws as private companies. They do not receive material advantages and are not subject to hard budget constraints.

**OECD Guidelines on Corporate Governance of SOEs**

POEs are led by boards of directors that report to the Ministry of Economic Development. Appointment of boards and senior executives is largely based on political
patronage, with little importance placed on qualifications. All directors must complete an annual training course on corporate governance. State-owned enterprises must submit annual reports and are subject to external audits. State-owned enterprises are generally perceived as corrupt and nepotistic by the public due to their political and governmental ties. Court cases involving state-owned enterprises are often delayed by the large judicial backlog. Decisions are not made public.

**Sovereign Wealth Funds**

Kosovo does not have sovereign wealth funds.

**Corporate Social Responsibility**

Corporate Social Responsibility (CSR) is a relatively new concept in Kosovo, but is a policy priority for the new government. The private sector has begun to implement CSR principles within their own organizations and through the leadership of CSR-focused NGOs.

**OECD Guidelines for Multinational Enterprises**

As stated above, CSR is a new concept in Kosovo, and the government has not yet promoted CSR-related principles or the Guidelines for Multinational Enterprises.

**Political Violence**

Kosovo has experienced minor civil unrest in the form of demonstrations and sporadic ethnic clashes. Demonstrations often focus on high unemployment and dissatisfaction with government policies. These protests have sometimes involved physical intimidation, destruction of public property, and violence. The frequency of protests increases during times of political tension. Demonstrations often take place in the downtown area near government or international organization buildings.

**Corruption**

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 in international business, for example 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 generally makes it unlawful for U.S. persons and businesses (domestic concerns), and U.S. and foreign public companies listed on stock exchanges in the United States or which must file periodic reports with the Securities and Exchange Commission (issuers), to offer, promise or make a corrupt payment or anything of value to foreign officials to obtain or retain business. 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. In addition to the anti-bribery provisions, the FCPA contains accounting provisions applicable to public companies. The accounting provisions require issuers to make and keep accurate books and records and to devise and maintain an adequate system of internal accounting controls. The accounting provisions also prohibit individuals and businesses from knowingly falsifying books or records or knowingly circumventing or failing to implement a system of internal controls. In order to provide more information and guidance on the statute, the Department of Justice and the Securities and Exchange Commission published *A Resource Guide to the U.S. Foreign Corrupt Practices Act*, available in PDF at: [http://www.justice.gov/criminal/fraud/fcpa/guidance/](http://www.justice.gov/criminal/fraud/fcpa/guidance/). For more detailed information on the FCPA generally, see the Department of Justice FCPA website at: [http://www.justice.gov/criminal/fraud/fcpa/](http://www.justice.gov/criminal/fraud/fcpa/).

**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 Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (negotiated under the auspices of the OECD), 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. Kosovo is not party to these other instruments.

**OECD Antibribery Convention:** The Antibribery Convention entered into force in February 1999. As of January 2015, there are 41 parties to the Convention, including the United States (see [http://www.oecd.org/corruption/oecданtibriberyconvention.htm](http://www.oecd.org/corruption/oecданtibriberyconvention.htm)). Major exporters China and India are not parties, although the U.S. Government strongly endorses their eventual accession to the Antibribery Convention. The Antibribery Convention obligates the Parties to criminalize bribery of foreign public officials in international business transactions, which the United States has done under U.S. FCPA. Kosovo is not an OECD member and is not one of the seven non-members who adopted this Convention. The Criminal Code regulates anti-bribery measures and there is no specific Anti-Bribery Law.

**UN Convention:** The UN Convention entered into force on December 14, 2005, and there are 174 parties to it as of March 2015 (see [http://www.unodc.org/unodc/en/treaties/CAC/signatories.html](http://www.unodc.org/unodc/en/treaties/CAC/signatories.html)). The UN Convention requires countries to establish criminal and other offences to cover a wide range of acts
of corruption, from basic forms of corruption such as bribery and solicitation, embezzlement, and 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.

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 January 2015, the OAS Convention has 34 parties (see http://www.oas.org/juridico/english/Sigs/b-58.html) and the follow-up mechanism created in 2001 (MESICIC) has 31 members (see http://www.oas.org/juridico/english/mesicic_intro_en.htm).

Council of Europe Criminal Law and Civil Law Conventions on Corruption: Many European countries are parties to either the Council of Europe (CoE) Criminal Law Convention on Corruption, the Civil Law Convention on Corruption, or both. The Criminal Law Convention requires criminalization of a wide range of national and transnational conduct, including bribery, money-laundering, and accounting offenses. It also incorporates provisions on liability of legal persons and witness protection. The Civil Law Convention includes provisions on whistleblower protection, compensation for damage relating to corrupt acts, and nullification of a contract providing for or influenced by corruption, 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 49 member States (48 European countries and the United States). See http://www.coe.int/t/dghl/monitoring/greco/general/about_en.asp. As of January 2015, the Criminal Law Convention has 44 parties and the Civil Law Convention has 35 (see http://conventions.coe.int/Treaty/Commun/QueVoulezVous.asp?CL=ENG&NT=173; http://conventions.coe.int/Treaty/Commun/QueVoulezVous.asp?CL=ENG&NT=174). Kosovo is not a direct party to either convention, but it has voluntarily chosen to abide by some provisions and the Charter on Local Government.

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.

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. and Foreign 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 United States provides commercial advocacy on behalf of exporters of U.S. goods and services bidding on public sector contracts with foreign governments and government agencies. An applicant for advocacy must complete a questionnaire concerning its background, the relevant contract, and the requested U.S. Government assistance. The applicant must also certify that it is in compliance with applicable U.S. law, that it and its affiliates have not and will not engage in bribery of foreign public officials in connection with the foreign project, and that it and its affiliates maintain and enforce a policy that prohibits bribery of foreign public officials. 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 reported 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). Potential violations of the FCPA can be reported to the Department of Justice via email to FCPA.Fraud@usdoj.gov.

**Guidance on the U.S. FCPA:** The Department of Justice’s (DOJ) FCPA Opinion Procedure enables U.S. firms and individuals and issuers to request a statement of the Justice Department’s present enforcement intentions under the anti-bribery provisions of the FCPA regarding actual, prospective 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) and general information is contained in Chapter 9 of the publication *A Resource Guide to the U.S. Foreign Corrupt Practices Act*, at [http://www.justice.gov/criminal/fraud/fcpa/guidance/](http://www.justice.gov/criminal/fraud/fcpa/guidance/). Although the Department of Commerce has no enforcement role with respect to the FCPA, it supplies general information 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 General Counsel, U.S. Department of Commerce, website, at [http://www.commerce.gov/os/ogc/transparency-and-anti-bribery-initiatives](http://www.commerce.gov/os/ogc/transparency-and-anti-bribery-initiatives). 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.

Kosovo has enacted strong legislation to combat corruption, but the government has thus far been unsuccessful in efforts to investigate, prosecute, confiscate the assets of, and jail corrupt individuals. The Anti-Corruption Agency and the Office of Auditor
General are government agencies mandated to fight corruption. The Law on Prevention of Conflict of Interest and Discharge in Public Function, as well as the Law on Declaration, Origin, and Control of Property of Public Officials, are intended to combat nepotism. They require senior public officials and their family members to disclose their property and its origins. The Criminal Code also punishes bribery and corruption; however, corruption is widespread. The Embassy is unaware of any government activity to encourage private companies to establish internal codes of conduct. U.S. companies operating in Kosovo adhere to their FCPA requirements, but the Embassy is unaware of any local company that has internal control systems to detect and prevent corruption. Kosovo participated in 2013 as an observer member in the Anti-Corruption conference organized by the United Nations Convention against Corruption (UNCAC) and has attended several international conferences on anti-corruption with the support of the Council of Europe and UNDP. Kosovo's laws protect NGOs that investigate corruption. Corruption is recognized as one of Kosovo's largest obstacles to attracting FDI.

**UN Anticorruption Convention, OECD Convention on Combating Bribery**
Kosovo is not a UN or OECD member, and it is not a signatory to these anti-corruption conventions.

**Resources to Report Corruption**
Contact at government agency or agencies are responsible for combating corruption:
Hasan Preteni
Director
Kosovo Anti-Corruption Agency
Nazim Gafurri Street, No 31, Pristina, Kosovo
+38138 518 980
hasan.preteni@rks.gov.net

Contact at "watchdog" organization (international, regional, local or nongovernmental organization operating in the country/economy that monitors corruption, such as Transparency International):
Ismet Kryeziu
Executive Director
Kosovo Democratic Institute
18/6, Mother Theresa Boulevard, Pristina, Kosovo
+38138 248 038
ikryeziu@kdi-kosova.org

**Anti-Corruption Resources**
Some useful resources for individuals and companies regarding combating corruption in global markets include the following:

• The U.S. Securities and Exchange Commission FCPA Unit also maintains an FCPA website, at: https://www.sec.gov/spotlight/fcpa.shtml. The website, which is updated regularly, provides general information about the FCPA, links to all SEC enforcement actions involving the FCPA, and contains other useful information.


• The Trade Compliance Center hosts a website with anti-bribery resources, at http://tcc.export.gov/Bribery. This website contains an online form through which U.S. companies can report allegations of foreign bribery by foreign competitors in international business transactions.

• 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/.


• GRECO monitoring reports can be found at: http://www.coe.int/t/dghl/monitoring/greco/evaluations/index_en.asp.

• MESICIC monitoring reports can be found at: http://www.oas.org/juridico/english/mesicic_intro_en.htm.

• The Asia Pacific Economic Cooperation (APEC) Leaders have also recognized the problem of corruption and APEC Member Economies have developed anticorruption and ethics resources in several working groups, including the Small and Medium Enterprises Working Group, at http://businessethics.apec.org/, and the APEC Anti-Corruption and Transparency Working Group, at http://www.apec.org/Groups/SOM-Steering-Committee-on-Economic-and-Technical-Cooperation/Working-Groups/Anti-Corruption-and-Transparency.aspx. For more information on APEC generally, http://www.apec.org/.

There are many other publicly available anticorruption resources which may be useful, some of which are listed below without prejudice to other sources of information that have not been included. The listing of resources below does not necessarily constitute U.S. Government endorsement of their findings.

• Transparency International (TI) publishes an annual Corruption Perceptions Index (CPI). The CPI measures the perceived level of public-sector corruption in approximately 180 countries and territories around the world. The CPI is available at: http://www.transparency.org/research/cpi/overview. 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/research/gcr.


- The World Economic Forum publishes every two years the Global Enabling Trade Report, which assesses the quality of institutions, policies and services facilitating the free flow of goods over borders and to their destinations. At the core of the report, the Enabling Trade Index benchmarks the performance of 138 economies in four areas: market access; border administration; transport and communications infrastructure; and regulatory and business environment. See http://www.weforum.org/reports/global-enabling-trade-report-2014.

- Global Integrity, a nonprofit organization, publishes its annual Global Integrity Report, which typically assesses anti-corruption and good governance mechanisms in diverse countries. (The 2012 and 2013 reports covered a small number of countries as the organization focused on re-launching a modernized methodology in mid-2014.) For more information on the report, see https://www.globalintegrity.org/global-report/what-is-gi-report/.

**Bilateral Investment Agreements**

Kosovo signed Free Trade Agreements (FTA) with Albania and Macedonia in 2003 and 2005 respectively. The Kosovo-Macedonia FTA stipulates that Kosovo imports have complete duty-free access to the Macedonian market. In reality, however, Macedonia still imposes some duties at the border, particularly on agricultural imports. In September 2013, Kosovo and Macedonia had a 10-day trade dispute over Macedonia’s failure to remove restrictions on wheat imports by the deadline set by the Central European Free Trade Area (CEFTA). As a result, Kosovo authorities banned imports of all Macedonian goods, leading to a border blockade by the Macedonian transporters’ association.

In 2006, Kosovo, through UNMIK assistance, signed FTAs with Croatia and Bosnia-Herzegovina, and became a signatory to CEFTA and EU Common Aviation Area. CEFTA came into force in July 2007. By September 2007, all signatories ratified the agreement, including Serbia. As with the FTA with Macedonia, CEFTA signatories continue to charge various fees for Kosovo goods. Kosovo’s FTA with Turkey will come
into force in 2015. In 2015, Kosovo aims to liberalize trade with the EU as part of a Stabilization and Association Agreement.

In March 2015, Kosovo and Austria started preparations to negotiate a double-taxation treaty.

Kosovo’s membership in the Athens Process on Energy for the Southeastern Europe Energy Community Treaty is a significant step for Kosovo toward achieving increased regional cooperation and securing alternate sources of energy.

Bilateral Taxation Treaties

The United States does not have bilateral investment or taxation treaties with Kosovo, but the United States designated Kosovo a beneficiary developing country under the Generalized System of Preferences (GSP) program in 2008. While only a few companies currently take advantage of this designation, the GSP program provides an incentive for investors to export certain products duty-free to the United States.

OPIC and Other Investment Insurance Programs

The U.S. Overseas Private Investment Corporation (OPIC) has been active in Kosovo since 2000. OPIC provides financing, political risk insurance, and other investment vehicles to U.S. investors. In June 2009, OPIC signed an investment incentives agreement with Kosovo, which streamlines OPIC’s ability to support U.S. companies’ investments. With OPIC assistance, U.S. investors are currently involved in projects in the energy and real estate development sectors. Kosovo is also a member of the World Bank Group’s Multilateral Investment Guarantee Agency (MIGA), the International Monetary Fund (IMF), and the European Bank for Reconstruction and Development (EBRD).

Labor

According to the Kosovo Statistical Office, almost two thirds of Kosovo’s 1.2 million population are of working age (15-64). The official unemployment rate is 30.9 percent, with youth unemployment as high as 55.9 percent. Unemployment is 59.9 percent among the uneducated and 15.5 percent among university-level graduates. There are no reliable statistics on Kosovo’s informal economy, but it is believed to be around 40 percent of the GDP. Informality dominates the agriculture, trade, and services sectors. Labor unions are active in certain sectors. They often lobby aggressively to limit foreign competition.

Kosovo’s education system has been criticized for not sufficiently linking its curriculum to the needs of Kosovo’s business community. Kosovo’s large, young labor force remains idle due to mismatches between applicant skills and employer needs. The Law on Labor requires employers to observe all applicable employee protections, including a 40-hour full-time work week, payment of overtime, adherence to occupational health and safety standards, annual leave benefits, and up to 12 months of maternity leave (six months of paid leave at a reduced rate, followed by six months of unpaid leave). The Labor Inspectorate within the Ministry of Labor and Social Welfare is responsible for ensuring these rights. The Labor Law distinguishes between layoffs and firings and calls for a
The monthly minimum wage, which the government set in 2011 at EUR 130 for employees under 35 and EUR 170 for those over 35 years of age.

The previous government negotiated public-sector salary annual increases of 25 percent for 2014-2016. The first increase took effect in May 2014 and caused inflationary pressures on private-sector wages. The new government respected the 2014 increase, but rejected subsequent increases of 25 percent for 2015 and 2016. In March 2014, the previous government, labor unions, and private-sector representatives signed a collective bargaining agreement. However, the new government only implemented one provision of the agreement that allows for a 0.5 percent salary increase for each year of credible work experience for public sector teachers. The new government is arguing for more comprehensive revisions to the Labor Law. Public-sector employees, including doctors, teachers, and judges, sporadically went on strike to demand implementation of the entire agreement and better working conditions.

The Ministry of Labor and Social Welfare established a compliance office with the authority to inspect employer adherence to labor laws. Labor disputes are formally adjudicated in local courts, but access to courts and the unpredictability of judicial decisions create significant risks to investors.

Kosovo requires businesses pay a 5 percent social security contribution per employee, one of the lowest rates in Europe. A new Law on Health Insurance, adopted in April 2014 and scheduled to take effect in 2016, will establish an additional 3.5 percent payment per employee for national health insurance.

Foreign-Trade Zones/Free Ports

The Kosovo Customs and Excise Code is business friendly. It is 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 domestically-produced goods from designated industries can be stored in bonded warehouses when these goods meet export criteria. Foreign firms are permitted to import production inputs for the manufacture of export goods without paying taxes or customs duties.

The Customs Code permits the establishment of zones for manufacturing and export purposes. The government has approved economic zones in the municipalities of Gjakova/Djakovo and South Mitrovica/e, but they have not begun operations.

Foreign Direct Investment Statistics

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy
### Table 3: Sources and Destination of FDI

#### Direct Investment from/in Counterpart Economy Data

<table>
<thead>
<tr>
<th>From Top Five Sources</th>
<th>To Top Five Destinations (US Dollars, Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Inward Direct Investment</strong></td>
<td><strong>Outward Direct Investment</strong></td>
</tr>
<tr>
<td>Total Inward</td>
<td>3,914</td>
</tr>
<tr>
<td>Turkey</td>
<td>407</td>
</tr>
<tr>
<td>Germany</td>
<td>327</td>
</tr>
<tr>
<td>Slovenia</td>
<td>299</td>
</tr>
<tr>
<td>Switzerland</td>
<td>215</td>
</tr>
<tr>
<td>Netherlands</td>
<td>201</td>
</tr>
</tbody>
</table>

"0" reflects amounts rounded to +/- USD 500,000.

Source: IMF Coordinated Direct Investment Survey

### Table 4: Sources of Portfolio Investment

IMF data presented in table 3 differ slightly from the Central Bank of Kosovo’s (CBK) data. CBK data for 2013 show a total USD 3.573 billion in Inward Direct Investment, with major investors being Germany (USD 426 million), Turkey (USD 302 million), Slovenia (USD 234 million), Switzerland (USD 232 million), and the Netherlands (USD 93 million). Likewise, total outward investment from the CBK is USD 145 million, including Albania (USD 37 million), Germany (USD 18 million), Macedonia (USD 10.5 million), Switzerland (USD 9.2 million), and the United States (USD 7.9 million).
## Portfolio Investment Assets

### Top Five Partners (Millions, US Dollars)

<table>
<thead>
<tr>
<th></th>
<th>Total Equity Securities</th>
<th>Total Debt Securities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>All Countries</strong></td>
<td>1,645 100%</td>
<td>1,082 100%</td>
</tr>
<tr>
<td>Ireland</td>
<td>616 37%</td>
<td>562 100%</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>290 18%</td>
<td></td>
</tr>
<tr>
<td>Germany</td>
<td>217 13%</td>
<td>217 20%</td>
</tr>
<tr>
<td>France</td>
<td>207 13%</td>
<td></td>
</tr>
<tr>
<td>Belgium</td>
<td>76 5%</td>
<td>76 7%</td>
</tr>
<tr>
<td>Ireland</td>
<td>54 5%</td>
<td></td>
</tr>
</tbody>
</table>

Source: IMF Coordinated Portfolio Investment Survey

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### Contact Point at Post

- Ardiana Meholliz
- Economic Advisor
- U.S. Embassy Pristina,
- Phone: +381 38 5959 3183
- Email: meholliaz@state.gov

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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
- Project Financing
- Web Resources

How Do I Get Paid (Methods of Payment)

About 75% of Kosovo importers regularly receive goods under short-term supplier credits. Longer term financing may be sought for larger purchases, but may be difficult to obtain. For payments abroad, remittances, documentary collections, checks, and letters of credit are used in Kosovo. No credit rating agencies currently operate in Kosovo. Kosovo obtained its own SWIFT code in 2013 and the IBAN format for bank accounts in 2014.

How Does the Banking System Operate

Kosovo uses the Euro as its national currency even though the country is not a member of the European Central Bank and has no independent monetary policy of its own.

Kosovo’s banking system is strong and liquid. The CBK is an independent public agency with the authority to license, supervise, and regulate financial institutions and insurance companies in Kosovo. The CBK has adopted banking rules and regulations in line with the Basel Accords and EU directives.

As of April, 2015, 10 commercial banks operated in Kosovo, eight of which were foreign-owned and comprised about 90% of total banking system assets. Two domestic banks accounted for the remaining 10%. Commercial banks accounted for 70% of the financial sector assets. Pension funds, insurance companies, and other financial intermediaries comprise the rest. In December of 2014, financial-sector assets amounted to €4.5 billion, recording an annual growth rate of 7.4%.

Neither the banking sector nor local commercial enterprises are sufficiently capitalized to finance large investment projects. Over the past three years, there has been little private investment in Kosovo outside of housing construction. Approximately 68% of bank loans have maturities of two years or more, with maturities of two to five years accounting for 47% of loans. Transferable deposits represent 47.2% of banks’ liabilities.

Kosovo signed the Foreign Account Tax Complaint ACT (FATCA) with the United States in March 2015. FACTA is an information-sharing agreement between the GoK and the U.S. Department of Treasury that ensures that American citizens and legal permanent residences with foreign-held bank accounts comply with their U.S. tax obligations.

There are no special rules or regulations that might impact U.S. businesses.
Credit Cards

Kosovo is still primarily a cash economy, although credit cards are becoming increasingly accepted in Pristina and commercial centers around the country. All major banks issue MasterCard and Visa credit cards. Major retail stores and hotels accept credit cards, and ATMs are available throughout Kosovo.

E-banking

E-banking has been present for some time in Kosovo. All commercial banks, except Tyrkiye Is Bankasi, provide e-banking services.

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

Kosovo has adopted the Euro as its national currency. The CBK has no monetary policy tools to influence the Euro. Other than reporting the removal or importation of €10,000 into the country to Kosovo Customs, there are no currency or payment restrictions related to the use of the Euro in Kosovo.

U.S. Banks and Local Correspondent Banks

There are no U.S. banks and local correspondent banks in Kosovo. ExIm Bank does not have any programs in Kosovo.

Project Financing

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
Telephone: (202) 336-9700
Fax: (202) 408-5155
Web: 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 programs,
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.

The United States Trade and Development Agency
1000 Wilson Blvd., Suite 1600
Arlington, VA 22209
Phone: (703) 875-4357
Email regional office for Europe: mena_e@ustda.gov
Web: www.ustda.gov

World Bank

The World Bank serves as a vital source of financial and technical assistance to developing countries around the world.

Kosovo Resident Representative: Jan Peter Olters, Country Manager
Pristina, Kosovo
Telephone: +381 38 224 454 ext 111
Web: www.worldbank.org

European Investment Bank

The EIB is the European Union's bank. It is owned by and represents the interests of European Union Member States. It works closely with other EU institutions to implement EU policy. In June 2013, the EIB signed a Framework Agreement with Kosovo, allowing it to finance priority projects, particularly in the areas of the environment, transport, telecommunications, and energy infrastructure. EIB’s involvement will facilitate the co-financing of projects with other donors and support the implementation of the Western Balkans Investment Framework and the Western Balkans Enterprise Development and Innovation Facility.

European Investment Bank Representative – Matteo Rivellini, Senior Loan Officer (Slovenia, Croatia & Western Balkans lending)
Luxembourg
Telephone: +352 43 79 88417
Web: www.eib.org

Council of Europe Bank

The Council of Europe Development Bank (CEB) is a multilateral development bank with a social vocation. Established in 1956 to bring solutions to the problems of refugees, its scope of action has progressively widened to other sectors of action directly contributing to strengthening social cohesion in Europe.

Thierry Poirel, Head of Loans and Social Development
Paris, France
Telephone: +33(0)1 47 55 55 00
Web: www.coebank.org
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**
Elena Petrovska, Head of Office
Pristina-Fushe Kosove Main Road
PO Box 122
Pristina, Kosovo
Telephone: +381 (0)38 242 07000
Fax: +381 (0)38 242 07071
E-mail: petrovskae@ebrd.com
Web: www.ebrd.com

**Web Resources**


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


USDA Commodity Credit Corporation: [http://www.fsa.usda.gov/ccc/default.htm](http://www.fsa.usda.gov/ccc/default.htm)


European Investment Bank: [http://www.eib.org](http://www.eib.org)

Council of Europe Development Bank: [http://www.coebank.org](http://www.coebank.org)

European Bank for Reconstruction and Development: [http://www.ebrd.com](http://www.ebrd.com)

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- Business Customs
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- Visa Requirements
- Telecommunications
- Transportation
- Language
- Health
- Local Time, Business Hours and Holidays
- Temporary Entry of Materials and Personal Belongings
- Web Resources

Business Customs

Business meetings occur at any time of the business day, which usually starts at 8:00 a.m. and ends at 4:00 p.m. Government ministries and offices are open Monday through Friday during these hours. Business meetings can be formal or informal.

English is generally understood by business professionals in most communities in Kosovo, but not by the general public. Depending on one’s audience, saying a few words in Albanian or Serbian or knowing a few greetings or phrases in other local languages, such as Turkish, will impress locals who nearly universally admire the United States. Most Kosovo-Albanians over the age of 35 speak Serbian; however, unless you know your interlocutors well, it is preferable to use English or Albanian. Kosovo-Serbs who operate businesses are generally fluent in English, but rarely in Albanian. Many Kosovo nationals – Albanians more so than Serbs – have studied in the United States.

Kosovo nationals of all ethnic backgrounds are hospitable to foreigners, especially westerners. Invitations to lunch, dinner, receptions, even religious family customs, and other official and/or private family hospitalities are normally offered and should be accepted if possible. Be prepared for small talk dominating much of the discussion and do not be concerned if your interlocutor does not immediately get down to business. If offered, be prepared to accept coffee, tea, or other beverages, which are signs of respect for the host.

Dress at meetings should be business attire, but a formal suit is not expected. It is preferable to print business cards with one side in English and the other side in Albanian and/or Serbian. It is advisable, but not necessary, to have a temporary local or international mobile phone, which can be obtained locally. While not expected, giving gifts depends on the closeness of the relationship. If it is known that your local contact will provide you with a gift, be prepared to offer one in exchange. Emphasis is not placed on the value of the item, but on the thought.

Travel Advisory

The State Department Consular Information Sheet for Kosovo is available at: http://pristina.usembassy.gov/information_for_travelers.html.
## Visa Requirements

To enter Kosovo, U.S. citizens need a passport 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. Visitors allowed entry to Kosovo are 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.

Prior to traveling to Kosovo, 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).

U.S. companies that require travel of foreign businesspersons to the United States should be advised that security evaluations are handled via an interagency process. Visa applicants should go to the following links.

State Department Visa Website: [http://travel.state.gov/visa/](http://travel.state.gov/visa/)
United States Embassy in Pristina: [http://pristina.usembassy.gov](http://pristina.usembassy.gov)
United States Embassy in Macedonia: [http://macedonia.usembassy.gov](http://macedonia.usembassy.gov)

## Money

Kosovo has adopted the Euro as its currency. Serbia’s Dinar is also used in the northern part of the country. Visa and Master credit cards are increasingly accepted, and ATMS are available throughout Kosovo. Travelers’ checks are not routinely accepted.

## Telecommunications

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.

Kosovo’s Internet service is provided by two privately-owned companies, Kujtesa and IPKO, and from the public provider PTK. According to a recent report of the telecom regulator, over 61% households have Wi-Fi at home. Free Wi-Fi has become increasingly common in Pristina’s cafes and restaurants. Like elsewhere in Europe, appliances in Kosovo run on 220 voltages. Plug adapters and power converters are needed for U.S. appliances.

## Transportation

The most convenient way to travel to and from Kosovo is through its modern international airport, located in Slatina, 20 minutes from the capital Pristina. Road transportation options for business travelers are limited to car rentals or private taxi.
There are two international rental firms, Europcar and Hertz, 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, and also acts as a travel agent. A considerable number of private taxis are available.

**Language**

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

**Health**

Kosovo’s public health and medical facilities are in poor condition. The quality of the numerous private clinics varies. Many locals and internationals travel to Macedonia, Albania, Serbia, and Turkey for more complex health-care services and 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**

Kosovo is six hours ahead of U.S. Eastern Standard Time. Kosovo local time is GMT plus one hour. The Government of Kosovo’s official working hours are from 8:00 am to 4:00 pm, Monday through Friday. Banking hours depend on the bank and the location, although most are open from 9:00 am to 5:00 pm and closed on public holidays. Some banks are open on Saturdays from 9:00 am to 2:00 pm.

U.S. Embassy Pristina hours are 8:00 am to 5:00 pm, Monday through Friday. U.S. Embassy Pristina closes for U.S. and Kosovo holidays.

Kosovo adheres to the western 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 Christian holidays are also observed.

Public-sector officials and private-industry representatives often take vacation from July to September. The week between New Year’s and Orthodox Christmas is also a popular time to take leave.


**Temporary Entry of Materials and Personal Belongings**

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

http://travel.state.gov
http://pristina.usembassy.gov/information_for_travelers.html
http://macedonia.usembassy.gov

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- Market Research
- Trade Events

Contacts

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).

Ministry of Agriculture, Forestry and Rural Development
St. Mother Theresa n.n
10000 Pristina, Kosovo
Telephone: +381 38 211 821
E-mail: gresa.amula@rks-gov.net
Web: http://www.mbpzhr-ks.net/

Ministry of Economic Development
36 Mother Theresa
10000 Pristina, Kosovo
Telephone: +381 (0) 38 200 215 35/215 00/215 01
Fax: +381 (0) 38 200 215 03
E-mail: florenta.islami@rks-gov.net
Web: http://mzhe.rks-gov.net/

Ministry of Finance
New Government Building, Mother Teresa St.
10000 Pristina, Kosovo
Telephone: +381 (0)38 200 34 101
E-mail: kaltrina.gashi@mf-rks.org
Web: www.mf.rks-gov.net

Ministry of Health
St. Zagreb n.n
10000 Pristina, Kosovo
Telephone: +381 38 213 886; +381 38 200 24 131
E-mail: faik.hoti@ks-gov.net
Web: http://www.msh-ks.org/

Ministry of Trade and Industry
St. Muharrem Fejza
10000 Pristina, Kosovo
Telephone: +381(0) 38 512 059; + 381(0) 38 512 133
Fax: + 381 38 512 798
E-mail: zkp.mti@rks-gov.net
Web: http://www.mti-ks.org/

Kosovo Customs

6/24/2015
Veternik 1, Industrial Zone
10000 Pristina, Kosovo
Telephone: +381 (0)38 540 350; 541 030/031/032
Fax: +381 (0)38 544 839
E-mail: HQ@dogana.rks.gov.net
Web: www.dogana.rks.gov.net

Privatization Agency of Kosovo
8 Ilir Konushevci St., PAK HQ
10000 Pristina, Kosovo
Telephone: +381 (0)38 500 400
Fax: +381 (0)38 248 076
E-mail: info@pak-ks.org
Web: www.pak-ks.org

Kosovo Investment and Enterprise Support Agency (KIESA)
Ministry of Trade and Industry (MTI)
Muharrem Fejza str. n.n, Lagja Spitalit
10000 Pristina, Kosovo
Telephone: + 381 (0)38 200 36 542; 26 541
E-mail: besian.mustafa@rks.gov.net
Web: www.invest-ks.org

Kosovo Business Registration Agency
Muharrem Fejza Str, n.n, Lagjja e Spitalit
10000 Pristina, Kosovo
Telephone: +381 (0)38 512 265
E-mail: infoarbk@rks.gov.net
Website: www.arbk.org

Industrial Property Office
Muharrem Fejza Str, n.n, Lagjja e Spitalit
10000 Pristina, Kosovo
Telephone: +381 (0)38 200 36 526
Web: www.mti-ks.org

Business and Trade Associations:

American Chamber of Commerce in Kosovo
Perandori Justinian, No. 13
10000 Pristina, Kosovo
Telephone: +381 (0)38 609 013
Contact: Mr. Arian Zeka, Executive Director
E-mail: info@amchamksv.org
Web: www.amchamksv.org

Kosovo Chamber of Commerce
Mother Teresa 20
10000 Pristina, Kosovo
Telephone: +381 (0)38 224 741
Fax: +381 (0)38 224 299
Contact: Mr. Safet Gerxhaliu, President
Web: www.oek-kcc.org

Kosovo Business Alliance
Dardania, SB-6, 6/6, B-4
10000 Pristina, Kosovo
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Kosovo-German Chamber of Commerce
Luan Haradinaj St, 18/1
10000 Pristina, Kosovo
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Web: http://www.kdww.org/

Turkish Chamber of Commerce in Kosovo
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E-mail: info@kt-to.org
Web: http://www.kt-to.org

To view market research reports produced by the U.S. Commercial Service please go to the following website: 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. Registration to the site is required, and is free.

Please click on the link below for information on upcoming trade events.


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Chapter 10: Guide to Our Services

The President’s National Export Initiative marshals federal agencies to prepare U.S. companies to export successfully, connect them with trade opportunities, and support them once they do have exporting opportunities.

The U.S. Embassy Pristina’s Economic and Commercial Section, through its U.S. Commercial Partnership post in Vienna, offers customized services to help U.S. exporters, particularly small and medium sized businesses, successfully expand exports to the Kosovo market. Our services include:

- Single Company Promotion
- Business Facilitation Services
- Gold Key Matching Service
- Platinum Key Service
- International Partner Search

To learn more about the Federal Government’s trade promotion resources for new and experienced exporters, please click on the following link: [www.export.gov](http://www.export.gov)

For more information on the services the Embassy Pristina’s services, please click on the following link: [http://pristina.usembassy.gov/services_for_us_companies.html](http://pristina.usembassy.gov/services_for_us_companies.html)

U.S. exporters seeking general export information/assistance or country-specific commercial information can also contact (800) USA-TRAD(E).

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, the Department of Commerce does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. The Department of Commerce can assist companies in these endeavors.