

Chapter 1: Doing Business in Kosovo

- Market Overview
- Market Challenges
- Market Opportunities
- Market Entry Strategy
- Market Fact Sheet

Market Overview

[Return to top](#)

Five years after declaring independence from Serbia, Kosovo has made important but incomplete progress on creating the business and legislative environment required to reach its economic potential. The government dedicated itself to supporting the principles of a free market economy with its 2011 “Economic Development, Vision, and Action Plan,” which commits Kosovo to five pillars of economic growth: maintaining macro-fiscal sustainability, improving the investment environment, developing public infrastructure, revitalizing the agriculture sector, and enhancing human capital. With guidance of the international community, the government has received good marks on some of these objectives, especially macro-fiscal status, but needs to make improvement on development of public infrastructure, support for the long-term revitalization of the agricultural sector, and progress on reversing its substantial trade deficit. Kosovo has markedly improved its rank in the World Bank’s Ease of Doing Business report for 2013, primarily as a result of simplifying business licensing and registration procedures and the establishment of a National Council for Economic Development under the stewardship of Minister of Trade and Industry (MTI). Stubborn bureaucratic bottlenecks, a culture of tolerating corruption, and the lack of implementation of strategic goals have inhibited full realization of the government’s economic vision. The government has not implemented meaningful judicial reform, strengthened contract enforcement, resolved endemic procurement irregularities, or completed land registration and titling improvements, all of which contribute to uncertainty in the business environment.

The government has received mixed reviews for its privatization efforts. Against a backdrop of growing public animosity toward foreign investment and privatization of national assets, the government privatized the publicly owned energy distribution network and the national telecom carrier in mid-2012 and early 2013, respectively. Procedural errors and delays marred the tenders. The government failed to prepare the public for the benefits the transactions would bring. Some private investors have also complained of a lack of governmental support for privatized socially-owned enterprises, which often face competitive disadvantages as the new owners attempt to bring them up to modern specifications and operation. Among the major projects in the near term, the government issued a public tender for a new coal-fired power plant (“Kosovo C”) in March 2013, is currently reviewing proposals to build a modern resort village near Brezovica with a start date of the end of 2013 or the beginning of 2014, and plans to issue a tender later in 2013 for construction of a highway from Pristina south to the Macedonian border.

Political and Administrative Overview

On February 17, 2008, the Kosovo Assembly voted to declare independence from Serbia. The United States was among the first countries to recognize the newly independent state. In July 2010, the International Court of Justice ruled Kosovo’s declaration of independence did not violate international law. Although the list of countries that recognizes Kosovo continues to grow, major powers, including Russia, India, and China, do not recognize Kosovo’s independence, blocking its

entry into the United Nations and other international bodies. Kosovo's relations with the European Union, while generally positive, are complicated by five EU member states (Cyprus, Greece, Romania, Slovakia, and Spain) that do not recognize Kosovo's independence, leading the EU to remain "status-neutral" toward Kosovo.

After experiencing several changes in democratic leadership in early 2011, the political situation in Kosovo is currently stable. An ongoing dialogue process between Kosovo and neighboring Serbia has resulted in numerous agreements that have made trade, commerce, and travel between the two countries easier. In April 2013, the two governments reached an accord through the EU on the normalization of relations that permits more local administration for Serbian majority areas in the north of the country in exchange for the cessation of Government of Serbia operations and the extension of Kosovo law there; the agreement is in the process of being implemented by both parties.

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 in 2010. 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 political support and funding.

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 there is an appropriate legal framework in place. With the notable exception of the Central Bank of Kosovo, Customs, and some instances of the Kosovo Statistics Agency (KSA), data collection has been generally inconsistent and is often not subject to rigorous methodology. This has resulted in a partial and at-times distorted view of Kosovo's economy. There is strong anecdotal evidence that Kosovo's parallel economy could be anywhere from 30-40% of GDP, which in 2012 totaled €4.9 billion. This amount escapes formal taxation and is not captured in the consolidated budget. Remittances from the Diaspora community account for more than 10% of GDP.

Market Challenges

[Return to top](#)

Despite a flat 10% corporate tax rate and low employer contributions to employee pensions, 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. Exceptions exist where the investment in Kosovo is part of a regional business strategy, the product is unique or a western brand, or the investor operates in areas where there is little competition. The government has managed to improve its "Ease of Doing Business" indices by removing unnecessary regulations, licensing and permitting requirements; this effort is, however, incomplete.

Kosovo's traditionally weak judicial system is an impediment to foreign investment and has inspired little investor confidence that business interests will be fully or efficiently protected under the law. The Kosovo Bar Association includes few firms capable of providing legal services at a level expected in a more developed business market.

Public procurement in Kosovo is a challenge. The government does not have the capacity to successfully manage large-scale transactions on its own. Local and regional distributors in these fields have consistently complained about irregularities in public tenders at the national and

municipal levels. A review of the evidence bears out many of their allegations. On the private sector front, tenders for higher-end goods, such as medical appliances, automobiles, and essential pharmaceuticals are conducted generally without incident, and larger contracts often contain an Alternative Dispute Resolution clause.

Kosovo's relatively underdeveloped physical infrastructure, including a general lack of modern roads, Class A office space, and dilapidated rail facilities also present challenges for companies.

Kosovo has a young population (an estimated 60% are under 30 years of age); the decimation of the education system in the 1990s has led to a generation that is of working age but in some cases lacks the necessary training and development to be a successful workforce. Conversely, as a result of many Diaspora Kosovars returning to Kosovo and international exchanges, the number of young Kosovars who speak English and have western educations is growing.

Market Opportunities

[Return to top](#)

Kosovo reported a GDP growth rate under 3% in 2012, among the highest in the region and throughout Europe. Leading domestic industries include agriculture, metals and mining, and construction materials. A significant portion of GDP comes in the form of remittances from the Kosovar Albanian Diaspora living in the United States and Western Europe. For 2012, the Central Bank of Kosovo estimated the Diaspora contributed €605 million to relatives in Kosovo, which is approximately 12% of GDP. In addition, the International Community provides substantial financial assistance, though this is beginning to decline.

The country's narrow export base has resulted in a significant trade deficit and a push for local development and investment. Kosovo's largest exports are scrap metals, nickel and lead; these markets have recently begun improving after subsiding in the wake of the global financial crisis.

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

Sector	No. of Companies	Share (%)	Initial Capitalization (in €)
Transportation and Hotel Services	546	10.70	2,580,702,541.00
Trade	2018	39.50	300,546,689.67
Financial	155	3.00	431,888,436.90
Construction	595	11.7	1,205,855,208.16
Processing	769	15.07	698,257,006.13
Consulting	582	11.40	28,549,320.05
Other Services	397	7.80	148,826,761.00
Education	41	0.80	1,565,600.00
Total	5103	100	5,396,191,562.91

The privatization of more than 600 socially owned enterprises (SOEs) continues under the authority of the Privatization Agency of Kosovo (PAK), an independent government institution overseen by the Assembly. PAK's Chairman resigned in May 2013 over allegations of poor management, and the post remains unfilled as of the filing of this report. Responsibility for the privatizations transferred from the Kosovo Trust Agency (KTA), a former UNMIK entity, in 2009. In 2011, the Kosovo Assembly

passed three important laws pertaining to streamlining privatization, facilitating swifter resolution of creditor, ownership and property claims against SOE's arising from the privatization and liquidation.

Kosovo and its citizens are highly pro-American and welcome U.S. investment in various sectors:

Energy Sector: Kosovo's vast lignite coal resources, strategic regional location, along with the substantial power deficit in Southeastern Europe, provide opportunities for energy projects on a regional scale.

Mining: The mining sector is an important contributor to Kosovo's economy but has declined in relevance due to a lack of investment in equipment, facilities, and the development of new mines. This sector has significant foreign investment potential, and the Independent Commission of Mines & Minerals (ICMM) has issued over 500 exploration and mining licenses since 2007. Serbia still asserts ownership of one of Kosovo's largest mine, Trepca, despite its location in Kosovo and Kosovo's legal right pay creditors and privatize the asset.

Telecommunications: This sector is currently static following the government's sale of the national provider, Post and Telecommunications of Kosovo (PTK), to a German-led consortium in April 2013. Once financing is finalized and the transfer of ownership takes place, expected in September of 2013, there may be significant opportunities for billing, technical support, and software service providers. Additionally, the telecommunications regulator is currently revising 3 and 4 G regulations to permit licenses in the broad-band spectrum. There may be opportunities to provide services in support of such technology once the licenses are complete.

Health: There is an urgent and growing need for quality basic and specialized health and medical services, facilities and products. Many Kosovo citizens travel to other countries to meet their health care needs 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, and sanitation projects. The Kosovo Government and the private sector are seeking project designers, engineers and managers, as well as high quality production inputs, machinery and tools. The Pristina International Airport is one of the busiest in the region, servicing over 1.5 million passengers in 2012; the airport is now undertaking an expansion following its successful and transparent private concession to a French-Turkish consortium (Limak-Aeroport de Lyon). The investor has already started construction of a new 42,000 square meters terminal and plans to invest €100 million over the next two years in a new control tower, better landing runways, new car park and new access road from the capital. Following a successful tender for the Route 7 (Ibrahim Rugova) Highway, the government plans on tendering Route 6 to connect the capital with the Macedonian border.

Food Products: There is considerable demand for U.S. food products, such as frozen meat, chicken, canned goods, cereals, and alcoholic and non-alcoholic beverages. There is a growing demand for fresh and organic products from the region.

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, along with reasonable English language skills, among local employees. Lack of a unified law on Intellectual Property Rights and its forceful implementation, however, present a challenge that the government is working to overcome.

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

The Investment Promotion Agency of Kosovo (IPAK) listed Turkey as the largest investor in Kosovo in the first half of 2012, followed by Switzerland, Germany, the UK, and Slovenia. Other major investors include the United States, Austria, and France.

Market Entry Strategy

[Return to top](#)

- 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, telecommunications and 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.



COUNTRY FACT SHEET: KOSOVO

PROFILE

Population in 2012 (Millions):

ECONOMY	2010	2011	2012
Nominal GDP (Current Billions \$U.S.)	5.6	6.5	6.2
Nominal GDP Per Capita (Current \$US)			
Real GDP Growth Rate (% change)	3.9	5.0	2.1
Real GDP Growth Rate Per Capita (% change)			
Consumer Prices (% change)	3.5	7.3	2.5
Unemployment (% of labor force)			
Economic Mix in : N/A			

FOREIGN MERCHANDISE TRADE (\$US Millions)	2010	2011	2012
Kosovo Exports to World			
Kosovo Imports from World			
U.S. Exports to Kosovo	11.2	15.6	20.7
U.S. Imports from Kosovo	0.09	0.31	0.26
U.S. Trade Balance with Kosovo	11.1	15.3	20.5
Position in U.S. Trade:			
Rank of Kosovo in U.S. Exports	191	194	187
Rank of Kosovo in U.S. Imports	219	215	216
Kosovo Share (%) of U.S. Exports	0	0	0
Kosovo Share (%) of U.S. Imports	0	0	0
Principal U.S. Exports to Kosovo in 2012:			
1. Food & Kindred Products (41.3%)			
2. Computer & Electronic Products (24.1%)			
3. Special Classification Provisions, Nesoi (17%)			
4. Transportation Equipment (5.1%)			
5. Fabricated Metal Products, Nesoi (4.7%)			
Principal U.S. Imports from Kosovo in 2012:			
1. Food & Kindred Products (49.8%)			
2. Computer & Electronic Products (15%)			
3. Goods Returned (Exports For Canada Only) (14.3%)			
4. Used Or Second-Hand Merchandise (6.8%)			
5. Miscellaneous Manufactured Commodities (5.9%)			

FOREIGN DIRECT INVESTMENT	2010	2011	2012
U.S. FDI in Kosovo (US \$Millions)			
FDI in U.S. by Kosovo (US \$Millions)			

DOING BUSINESS/ECONOMIC FREEDOM RANKINGS

World Bank Doing Business in 2013 Rank: 98 of 185

Heritage/WSJ Index of Economic Freedom Rank: N/A

Source: Created by USDOC/ITA/OTII-TPIS from many sources: FDI from USDOC, Bureau of Economic Analysis. US Trade from USDOC, Census Bureau, Foreign Trade Division. Kosovo Trade with World from United Nations where available. National Macroeconomic data from IMF/World Bank databases including World Economic Outlook and World Development Indicators. .WORLD and other country aggregates are summaries of available UN COMTRADE, IMF and other data, and coverage varies over time and by source, but typically represents greater than 85 percent of world trade and production. Note: Principal U.S. Exports and Imports Are 3-digit NAICS Categories

Chapter 2: Political and Economic Environment

[State Department's Background Notes for Kosovo](#)

Chapter 3: Selling U.S. Products and Services

- Using an Agent or Distributor
- Establishing an Office
- Franchising
- Direct Marketing
- Joint Ventures/Licensing
- Selling to the Government
- Distribution and Sales Channels
- Selling Factors/Techniques
- Electronic Commerce
- Trade Promotion and Advertising
- Pricing
- Sales Service/Customer Support
- Protecting Your Intellectual Property
- Due Diligence
- Local Professional Services
- Web Resources

Using an Agent or Distributor

[Return to top](#)

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 and 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.

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

Establishing an Office

[Return to top](#)

All foreign and local companies expecting to do business in Kosovo are required to register with the Ministry of Trade and Industry's (MTI's) Business Registration Agency. Registration forms may be downloaded from <http://www.arbk.org/en/Home>. Registering a business normally takes three days, and the following types of business can be registered: sole proprietor enterprise, general

partnership, limited liability company, limited partnership, and a joint stock company. There is no limitation on foreign ownership of local companies, and foreign investors face no restrictions on moving capital and profits outside of Kosovo. Non-citizens are permitted to own property in Kosovo without restriction (subject only to the same limitations as a local owner). Several U.S. citizens have purchased business property through the privatization of socially-owned enterprises (SOEs), conducted by the Privatization Agency of Kosovo (www.pak-ks.org).

Franchising

[Return to top](#)

There are no major Western franchises in the hospitality or restaurant industry in Kosovo, though there are a handful of successful retail outlets and licensees in Kosovo. With improved legal and physical infrastructure, the Kosovo market is open for additional opportunities, especially in the hotel, restaurant and hospitality industries. Current U.S. franchises and licensees include: Coca-Cola, RC Cola (bottling license in Kosovo, distribution rights for Serbia, Macedonia, Albania and Montenegro), Nike (distribution license for Kosovo) and Office One Superstore, and Hertz Rent-a-Car. Other international companies present in Kosovo include Benetton (Italy), Terra Nova (Italy), Zara (Spain), Mango (Spain), Bitsiani (Greece), SBC Computers (Serbia) and Maxi Mart (Serbia). Improvements in IPR enforcement are necessary, however, to protect the rights of the grantor. Local consumers seek high quality, reliable products and services at reasonable prices. There is a sizable international community resident in Kosovo, and large numbers of Kosovo citizens residing abroad return several times a year, demanding higher quality goods and services and expanding the potential franchise market.

Direct Marketing

[Return to top](#)

Many foreign companies actively market their products and services in Kosovo. The Internet is used, but more traditional means of advertising, such as television and 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

[Return to top](#)

According to the Foreign Investment Law (Kosovo Assembly Law 02/L-33), foreign investors may wholly own businesses in all sectors of the economy, with the exception of the manufacture or distribution of military products, where equity is limited to 49 percent. Foreign investors in all other areas are subject to the same licensing requirements as local investors. Foreign investors may be required to file a statement with local authorities identifying principal stakeholders and 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

[Return to top](#)

The government consumes a wide range of products and services; its procurement process is based on the tendering procedures outlined in the Public Procurement Law, which is applicable to all procurement-related actions involving funds from the Kosovo Consolidated Budget. The law provides guarantees for equal treatment and non-discrimination, transparency, fair competition and accountability. Foreign companies are permitted to bid on an equal basis with local firms. There are no local content requirements; however, a new amendment to the Public Procurement Law gives preference to local products purchased in small quantities when the price and quality are comparable to other products. Nevertheless, vendors routinely complain about the irregular

conduct in public tenders, both at the national and municipal levels, and have generally found the official appeals system inadequate to redress their grievances.

Distribution and Sales Channels

[Return to top](#)

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 chain "ELKOS" has opened mega stores in key cities and foreign companies have partnered with local businesses to open supermarkets, including Interex, Jusk, and Lesna. Kosovo is landlocked and all goods arrive by road, limited rail from Macedonia, and air transport. The closest seaports are Durres, Albania and Thessaloniki, Greece (about 130 miles and 170 miles from Pristina, respectively). A pair of newly built highways constructed by the U.S.-Turkish consortium, Bechtel-Enka, connects Kosovo to Durres, which can be reached in less than four hours from Pristina by vehicle. The Government of Albania has assigned its port at Shinjen for use by Kosovo.

Selling Factors/Techniques

[Return to top](#)

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. While the capacity of newly established local marketing firms is improving, local companies distributing U.S. goods usually seek marketing assistance from the producer or will let the foreign company market the product directly. Domestic and regional business fairs are useful for identifying and establishing contacts with local distributors. Although English is widely spoken in Kosovo, it is advisable that sales materials be printed in both Albanian and Serbian, if possible.

Electronic Commerce

[Return to top](#)

E-Commerce in Kosovo is in an emergent phase. Nine commercial banks (ProCredit, Raiffeisen, NLB and TEB, BKT, BPB, and Banka Ekonomike) have introduced Internet banking. Currently only two publicly-owned utilities, Post of Kosovo (formerly part of PTK) and the Kosovo Electric Corporation (KEK), offer customers options to pay bills on-line.

Trade Promotion and Advertising

[Return to top](#)

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

Advertising and Marketing Firms

[Return to top](#)

Zero Pozitive Publicis

Ulpiana, te Kulla 31, 10000 Pristina

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

E-mail: info@zeropozitive.com

Website: <http://www.zeropozitive.com/>

Ogilvy Kosova – Karrota LLC

Ilaz Agushi 4, 10000 Pristina

Telephone: +381 (0)38 232 333

E-mail: info@ogilvyks.com

Web: www.ogilvyks.com

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

Rrota (Advertising Agency)
Kroi i Bardhe 60-62
Telephone: +381 (0)38 544 299
E-mail: info@rrota.net
Website: <http://www.rrota.com>

Paper Communications
Mujo Ulqinaku No12, 10000 Pristina
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
Telephone: +381 (0)38 243 841
E-mail: info@init.tv; alush@init.tv

Pixels Production
Perandori Justinian12, Pejton, 10000 Pristina
Telephone: +381 (0)38 749 357
Cell: +377 (0)44 749 357 or +386 (0)49 749 357
E-mail: gazi@pixels-production.com; info@pixels-production.com
Web: <http://www.pixels-production.com/>(Albanian-language only)

Newspapers

[Return to top](#)

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

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

Express (Albanian news portal)
Dardania 1/1, 10000 Pristina
Telephone: +381 (0)38 76 76 76

Fax: +381 (0)38 76 76 78

E-mail: <mailto:info@gazetaexpress.com>; marketing@gazetaexpress.com

Website: <http://www.gazetaexpress.com/>

Kosova Sot (Albanian-language daily)

Interpress Compound, Industrial Zone, 10000 Pristina

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

E-mail: <mailto:kosovasot.marketing@gmail.com>

Web: www.kosova-sot.info

Lajm (Albanian-language daily)

Meto Bajraktari 18-1, 10000 Pristina

Telephone: +377 44 215 791

E-mail: <mailto:lajmgazeta@gmail.com>

Website: <http://www.lajmonline.com/>

Bota Sot (Albanian-language daily)

Bedri Pejani 3, 10000 Pristina

Telephone: +381 (0)38 237 732; E-mail: redaksia_pr@botasot.info; marketing@botasot.info

Website: <http://www.botasot.info/>

Epoka e Re (Albanian-language daily)

Gazeta Epoka e Re, Across from ex- UNMIK HQ, 10000 Pristina

Telephone: +377 44 127 434; +386 49 127 434

E-mail: mm_epokaere@yahoo.com; epokaere@hotmail.com

Tribuna (Albanian-language daily)

Telephone: +381 38 227 138;

E-mail: gazeta@tribunashqiptare.info; <mailto:marketing@tribunashqiptare.info>

Website: <http://www.gazetatribuna.com/en/>

Radio Stations

[Return to top](#)

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

Tel: +381 (0)38 242 273

Radio Blue Sky, covers all of Kosovo

Tel: +381 (0)38 242 273

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

Radio 21 – Tel: +381 (0)38 241 522

Television Stations

[Return to top](#)

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

Address: Xhemal Prishtina 12, 10000 Pristina

Telephone: +381 (0)38 230 102/103;
Fax: +381 (0)38 235 336;
E-mail: post@rtklive.com; <mailto:marketing@rtklive.com>
Website: <http://www.rtklive.com/new/en/>

RTV21, privately owned television station.
Media House, RTV21, 10000 Pristina
Tel/Fax: +381 (0)38 55 00 88
E-mail: <mailto:lajmet@rtv21.tv>; shpresa.rtv21@gmail.com (marketing);
Website: <http://www.rtv21.tv/>

Koha Vision, privately owned, part of Koha Group.
Mother Theresa Street n.n., 10000 Pristina
Tel: +381 (0)38 248 014/015
Fax: +381 (0)38 226 442
E-mail: lajmet@kohavision.net; marketing@koha.net; ktvmarketing@yahoo.com
Website: www.kohavision.net

Klan Kosova TV (Cable TV only)
Qendra Tregtare, Bregu i Diellit, kati i dyte, 10000 Pristina
Tel: +381 (0) 38 767 680; +381 (0) 38 551 144
E-mail: info@klankosova.tv; <mailto:marketing@lemondesignstudios.com>;
Website: <http://www.klankosova.tv/>

Pricing

[Return to top](#)

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

[Return to top](#)

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

Protecting Intellectual Property

[Return to top](#)

The Kosovo Assembly passed three significant laws in 2011 regarding intellectual property rights (IPR): the Law on Patents, 04 L-029, the Law on Trademarks 04 L-026, and the Law on Industrial Design 04 L-028, which, together with UNMIK Regulation 2006/46 on Copyright and Related Rights, provide legal protection of intellectual property rights; authorizes enforcement of trademark, copyright and patent laws; and any related international conventions. In addition, the new Penal Code that entered into force on January 1, 2013 establishes criminal penalties for copyright and patent violations. The Ministry of Trade and Industry (MTI) established the Industrial Property Rights Office (IPO) in 2007 tasked with IPR protection. The 1981 Yugoslav Law on Protection of Inventions, Technical Improvements and Distinctive Signs, and the 1991 Law on Authors Rights are also considered applicable laws in Kosovo's courts. Newly enacted legislation adheres to international conventions, such as: The Paris Convention, the Madrid Protocol, TRIPS Agreement, the Budapest Treaty and several of the European Council Directives on protection of IPR. In order to increase the effectiveness in implementing IPR rights, the Government has established the National Intellectual

Property Council following the IPO's initiative. The Council aims to increase inter-agency coordination in implementing IPR and comprises IPO, the Copyright Office, Kosovo Customs, Kosovo Police's Department for Economic Crimes and Corruption, the Market Inspectorate, the Judicial and Prosecutorial Council, the Medicines Agency, the Food and Veterinary Agency, and the Environmental Protection Agency. The Task Force against Forgery and Piracy in the field of copyright and related rights was established by the Government in January 2013. Nevertheless, sales of pirated CDs, DVDs, and knock-off apparel are rampant in Kosovo, owing mainly to the ineffective enforcement of existing laws.

Due Diligence

[Return to top](#)

Standards and Poor's is expected to issue a sovereign credit rating for Kosovo in mid-2013, and the Central Bank of Kosovo has issued several tranches of Treasury Bills to the banking sector to high demand. There are no credit rating agencies in Kosovo that 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 in particular are essential, as the Privatization Agency of Kosovo (PAK) does not extend liability warranties to purchasers. U.S. companies are strongly encouraged to perform due diligence checks on private firms as well, to ensure that the local company:

- Is not facing any bribery or corruption charges;
- Enjoys a certain level of financial stability that will enable it to meet financial obligations; and,
- The company and its owners enjoy a sound 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). While the U.S. Embassy in Pristina (USEP) does not have a Department of Commerce office, USEP's Economic/Commercial Officer and Commercial Assistant can conduct preliminary, informal background checks on local companies. For more information, please visit http://pristina.usembassy.gov/economic_section.html.

Local Professional Services

[Return to top](#)

Auditing Firms

Deloitte LLP, www.deloitte.com

Grant Thornton, www.grant-thornton.com.mk/AboutUs/GTKosovo.htm

Banking

ProCredit Bank, www.procreditbank-kos.com

Raiffeisen Bank, www.raiffeisen-kosovo.com

NLB Prishtina, www.nlbprishtina-kos.com

Banka Ekonomike www.bekonomike.com

Banka per Biznes www.bpbbank.com

Banka Kombetare Tregtare www.bkt-ks.com

TEB www.teb-kos.com

Turkiye Is Bankasi www.isbank.com.tr

Komercijalna Banka AD Beograd www.kombank.com (NOTE: This bank operates in Serb majority inhabited areas)

Insurance Companies

Illyria Insurance, <http://www.illyriainsurance.com/?page=2,1>

SIGURIA, <http://www.ks-siguria.com/ks-siguria/eng/>

SIGAL, <http://www.sigal-ks.com>

Note: You can find more information on banks and insurance companies in the Central Bank of Kosovo website: Central Bank of Kosovo, www.bqk-kos.org

Courier Services

FedEx

Eqrem Cabej St. 147, 10000 Pristina

Contact: Astrit Gosalci, Sales Representative

Tel: +381 (0)38 550 870

Cell: +377 (0)44 550 225

Email: fedexkosovo@gmail.com

(Please note that Fedex provides express mail services only)

UPS

Contact: Artan Bislimi, Manager of A.L. Dushi Services (an authorized service contractor for UPS)

105/1 UCK Street, 10000 Pristina

Tel: +381 (0)38 242-222

Fax: +381 (0)38 249 999

E-mail: artanb@aldushi.com

DHL

25b Mother Teresa Street, 10000 Pristina

Tel: +381 (0)38 545-545

Website: www.dhl.com

E-mail: dhl@kujtesa.com

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 any of the following shipping companies, about how to transport goods in and out of Kosovo.

Kosovo Transport Association

Cell: +377 44 30 80 00

E-mail: laki.company@gmail.com

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

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

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

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

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

Railtrans

Dardania BL9 LB4, n.n., 10000 Pristina

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

Cell: +377 (0) 44 333 231/329 881
E-mail: info@railtrans.biz ; naim.spahiu@railtrans.biz
Web: <http://www.railtrans.biz>

Hotels

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

For more information on Pristina hotels please visit:
<http://www.inyourpocket.com/kosovo/pristina/hotels>

Hotel Emerald
Tel: +381 (0) 38 588 888
E-mail: contact@emeraldhotel.info; reservation@emeraldhotel.info
Web: www.emeraldhotel.com Tel: +381 (0)38 223-284/ 225-339
Cell: +377 (0)44 118-649

Hotel Pristina
+381 (0) 38 22 32 84
E-mail: reservations@hotelprishtina.com
Web: <http://www.hotelprishtina.com/>

Hotel Sirius
Tel: +381 (0) 38 22 22 80
Cell: +377 (0) 44 740 126
E-mail: <mailto:info@hotelsirius.net>
Web: <http://hotelsirius.net/web/?lang=en>

Hotel Swiss Diamond
Tel: +381 (0) 38 220 000
Fax: +381 (0) 38 250 000
E-mail: <mailto:reservations@sdhprishtina.com>
Web: <http://swissdiamondhotelprishtina.com/>

Hotel Victory
Tel: +381 (0)38 543-277/ 543-276
Cell: +377 (0)44 504 429
Fax: +381 (0)38 54 3-286
E-mail: reservation@hotel-victory.com; info@hotel-victory.com
Web: <http://www.hotel-victory.com/en>

Legal Firms

The U.S. Embassy Pristina assumes no responsibility for the professional ability or integrity of lawyers or law firms. Please note that all fees for services rendered by the firm selected are the responsibility of the individual who requests the services. Neither the U.S. Embassy Pristina nor the United States Government can assume responsibility for the fees or expenses incurred in use of services from these lawyers.

For the list of attorneys please click: http://pristina.usembassy.gov/attorney_information.html

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

Investment Promotion Agency of Kosovo: www.invest-ks.org

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

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: <http://esk.rks-gov.net/eng/>

Central Bank of Kosovo: <http://www.bqk-kos.org/?cid=2,1>

Kosovo Railways: <http://www.kosovorailway.com/?lang=en>

Pristina International Airport: www.airportpristina.com

Radio and Television of Kosovo (RTK): www.rtklive.com

Kohavision: www.kohavision.net

Radio and Television 21: www.rtv21.tv

Koha Ditore Daily Newspaper: www.koha.net

Express Daily Newspaper: www.gazetaexpress.com

Zeri Daily Newspaper: <http://www.zeri.info/>

Lajm Daily Newspaper: www.gazetalajm.info

Kosovalive Newsagency: www.kosovalive.com/?cid=2

Kosovapress Newsagency: www.kosovapress.com

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

Kosovo Information Center: www.kosova.com/kategoria/english

Post and Telecom of Kosovo: www.ptkonline.com

Kosovo Public Tenders: <http://krpp.rks-gov.net/Default.aspx?LID=2>

Economic Initiative for Kosovo: www.eciks.org/english

Please note that all of Kosovo's laws and regulations can be located at:

www.gazetazyrtare.com or <http://www.kuvendikosoves.org/?cid=2,122>

Foreign Investment Law: http://www.kuvendikosoves.org/common/docs/ligjet/2005_02-L33_en.pdf

Law on Business Organizations: http://www.kuvendikosoves.org/common/docs/ligjet/2007_02-L123_en.pdf

Law on Public Procurement:

<http://www.kuvendikosoves.org/common/docs/ligjet/Law%20on%20public%20procurement.pdf>

Public Tendering Procedures:

<http://krpp.rks-gov.net/Default.aspx?LID=2>

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

Commercial Sectors

- [Telecommunications](#)
- [Energy](#)
- [Mining](#)
- [Health](#)
- [Infrastructure Development](#)
- [Agribusiness](#)

TELECOMMUNICATIONS

Overview

[Return to top](#)

In April 2013, the government privatized 75% of the shares of the publicly owned Post & Telecom of Kosovo (PTK). The winning consortium of Axos Capital (Germany), Najafi Companies (United States) with British Telecom as an advisor has until July 16 to finalize financing of the €277 million deal; reportedly the consortium has approached IFC and the European Bank for Reconstruction and Development (EBRD) for debt and equity financing. The government will retain the remaining 25% of the company's shares. PTK has a monopoly on landline services. The latest Telecommunications Regulatory Authority (TRA) report shows over 143,000 internet users with 48% household penetration. There are three main providers, IPKO, PTK and Kujtesa covering over 95% of Kosovo's Internet market. PTK offers mobile telephone services through its subsidiary VALA (1,000,000+ customers, which equates to 68% 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. It has fallen behind in data services and currently uses antiquated EDGE technology. The TRA is currently updating regulations to include the issuance of 3 and 4G licenses. Mobile telephony penetration on Kosovo is 87%, covering over 99% of inhabited places and 85% of Kosovo's territory.

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 by, Mobtel voluntarily ceased operations in most parts of Kosovo. Telenor continues to provide service illegally in some minority Serb areas of the country. It is estimated that more than 200,000 people are using the services of unlicensed providers like Telenor, including service that encroaches into Kosovo's territory from Macedonia and Montenegro.

Slovenija Telekom, a Slovenian state-owned company partnering with local firm IPKONET, won the tender for a second mobile phone operator issued in 2006. The tendering process was marred by allegations of irregularities, but IPKONET started operations in January 2008. By the beginning of 2009, both IPKONET and PTK separately reached agreement with Mobile Virtual Network Operators (MVNO) to brand their products in Kosovo. "D3" mobile was launched in December 2008 using IPKONET's infrastructure, and "Z-Mobile" with PTK in December 2009.

Through the auspices of the EU, Kosovo and Serbia are reported to be close to an agreement allowing Kosovo to get its own unique country code. Currently, Kosovo uses Serbia's country code (381) for international landline calls, while VALA rents Monaco's country code (377) at considerable extra costs. IPKONET uses Slovenia's country code (386), also resulting in higher tariffs for end users.

Best Products/Services

[Return to top](#)

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

Opportunities

[Return to top](#)

The Government of Kosovo privatized 75% of the shares of the publicly owned telecom PTK in April 2013 to a German-U.S. consortium led by Axos Capital. The consortium has until July 16, 2013 to finalize financing of the €277 million deal and another 60 days to close on the sale. Once fully complete, the transaction may provide opportunities for the billing support, technical, and software sectors. Other opportunities may result from the eventual approval by the TRA of new regulations to permit 3 and 4 G licensing.

Resources

[Return to top](#)

Telecommunications Regulatory Authority (TRA):

Tel: +381-38 212-345; E-mail: info@art-ks.org; Website: www.art-ks.org

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

ENERGY

Overview

[Return to top](#)

	2010	2011	2012*
Total Market Size	5,598GWh	5,952 GWh	5,421 GWh
Total Local Production	847 MW 5,108 GWh (KEK net generation plus hydro)	847 MW 5,167 GWh(KEK net generation plus hydro)	847 MW ⁽¹⁾ 5,220 GWh ⁽²⁾ (KEK net generation plus hydro)
Total Exports	195 GWh \$5.2 million	278 GWh \$12.5 million	371 GWh \$15.2 million
Total Imports	685 GWh \$39.7	785 GWh \$54.7million	572 GWh \$59.5 million
Imports from the U.S.	N/A	N/A	N/A

(1) Production capacity in MW

(2) Production in GWh

* Estimates for 2013 are likely to fall in line with 2012 levels but are only estimates. The exact figures will not be known until 2014.

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, both locally and in the region. The World Bank estimates current demand in Southeastern Europe at 30,000 MW/year, with a supply deficit of around 15,000 MW. Kosovo's strategic location in Southeastern Europe, and vast lignite coal resources, provide opportunities for an independent power producer (IPP) to service Kosovo and the region. Recent amendments to the Law on Mines and Minerals allow for private entities to request exploration and mining licenses for lignite, for the first time.

There is a vital need for stable, baseload power generation in Kosovo that can meet consumer demand. Power shortages and outages have grown less frequently, but can still occur when generation and import capacity can't meet the demand. Electricity in Kosovo is produced by two lignite-fired thermal power plants, known as Kosovo A and Kosovo B, using 1960s and 1970s technology, respectively, and a small hydropower plant (HPP) in the north of the country. Given the current status of energy equipment, the two thermal power plants are currently only capable of producing up to 880 MW, and the hydropower plant produces an additional 32 MW reaching the capacity of over 42 MW when four other smaller HPPs are added. However, Kosovo is estimated to need over 1,400 MW on peak hours on daily basis 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 July 2009, in consultation with the European Commission, World Bank, and USG, the Government of Kosovo developed a new energy strategy, a multi-track approach to advance sector reform via privatization of Kosovo's Energy Distribution and Supply company (KEDS), closure of Kosovo A by 2017, rehabilitation of Kosovo B, development of a new power plant ("Kosovo C"), and the pursuit of renewable and energy efficient measures.

The government sold KEDS in a multi-bidder process to the Turkish consortium of Limak-Calik 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 and reduce electricity losses, and improve the security of supply and overall service quality.

In late 2012, the government removed Kosovo B from the tendering package for Kosovo C and is still reviewing options for managing the rehabilitation of Kosovo B. Despite delays, the Kosovo C project is back on track. The government released the final Request for Proposals in March 2013, with bids due by the last quarter of 2013.

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 plans for moving forward with the project are unclear at this time.

A World Bank study estimated that the existence in Kosovo of 12 billion tons of lignite coal would enable Kosovo's generating capacity to increase an additional 2000 MW. Kosovo has the 5th largest proven lignite coal reserves in the world, and the World Bank ranked Kosovo first in Europe in potential cost efficiency of electricity generation. A significant amount of money would be needed to develop all aspects of Kosovo's energy sector. Kosovo's power industry provides enormous potential and a promising starting point for U.S. companies wanting to enter the Southeastern Europe energy market.

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

Best Prospects/Services

[Return to top](#)

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

Opportunities

[Return to top](#)

- New, independent power plants (coal or hydro powered)
- Renewable energy, especially wind and water
- Energy Efficiency, especially in residential dwellings

Resources

[Return to top](#)

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

Kosovo Energy Regulatory Office: www.ero-ks.org

Kosovo Ministry of Economic Development: <http://mzhe.rks-gov.net/> World Bank Kosovo Office: www.worldbank.org/kosovo

MINING

Overview

[Return to top](#)

* 2012 data are aggregated from Kosovo Customs, Independent Commission on Mines and Minerals (ICMM), and IMF statistics. Total Imports includes imported raw materials, which may become part of finished goods for re-export.

	2010	2011	2012*
Total Market Size	N/A	N/A	741,000 tons
Total Local Production	Unknown	Unknown	\$76,690,000
Total Exports	\$180 million	\$191 million	\$195 million

Total Imports	\$52 million	\$119 million	\$86 million
Imports from the U.S.	\$76,279	\$77,607	\$2.7 million (est.)

* Estimates for 2013 are likely to fall in line with 2012 levels but are only estimates. The exact figures will not be known until 2014.

The mining sector has traditionally been an important contributor to Kosovo's economy, but the industry declined during the 1990s from lack of investment in equipment, facilities and 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) has had to resume ownership of mines after investors did not fulfill contractual obligations and 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 the legislated process to evaluate creditors and reorganize the enterprise. Kosovars consider Trepça's assets as a national birthright and the enterprise is fraught with political, as well as legal, challenges.

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

Best Prospects/Services

[Return to top](#)

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

Opportunities

[Return to top](#)

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

Resources

[Return to top](#)

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

International Commission on Mines and Minerals (ICMM): www.kosovo-mining.org

Midin Bojaxhiu, Director

Rr. Enver Maloku
Pristina
Tel: +381 (0)38 240 252
Fax: +381 (0)38 245 844
E-mail: icmm@kosovo-mining.org
Website: www.kosovo-mining.org

HEALTH

Overview

[Return to top](#)

There are few comprehensive, reliable data being collected in this industry. Data for 2010-2011 are based on Customs sources. Data for 2012 are based on sources from Kosovo Customs and the Kosovo Statistical Agency.

	2010	2011	2012*
Total Market Size	N/A	N/A	N/A
Total Local Production	Unknown	Unknown	Unknown
Total Exports	\$ 301,500	\$ 538,163	\$ 388,500
Total Imports	\$ 50.75 million	\$ 67.56 million	\$ 65.4million
Imports from the U.S.	\$ 2.14 million	\$ 8.4 million	\$ 12.35 million

* Estimates for 2013 are likely to fall in line with 2012 levels but are only estimates. The exact figures will not be known until 2014.

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, leaves many opportunities for U.S. companies to provide a variety of health-related services, including basic and specialized treatments, hospitals, clinics, emergency medical treatment facilities, and high quality medicines and pharmaceutical products.

Best Prospects/Services

[Return to top](#)

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

Opportunities

[Return to top](#)

- Private hospitals, clinics and emergency medical facilities
- Dental clinics
- Medical supplies and pharmacies

- Provision of medical equipment and supplies
- Professional staff training and consulting

Resources

[Return to top](#)

National Institute of Public Health

Prof. Naser Ramadani, Executive Director

Tel: +381 (0)38 541 432

Cell: +377 (0)44 503-526

E-mail: naser.ramadani@niph-kosova.org

Kosovo Medicine Agency

Ilir Dushi, Chief Executive Officer, ilir.dushi@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

Pristina 10000

Tel: +381 (0)38 512 807

Fax: +381 (0)38 512 810

Ministry of Health

Gani Shabani, Acting Permanent Secretary

Zagreb st. nn. (Former Lung Hospital in Dragodan/Arberi), Pristina

Tel: +381 (0)38 212 113

Email: <mailto:gani.shabani@rks-gov.net>

Website: <http://www.msh-ks.org/en/ministry.html>

Ministry of Health

Lindita Avdyli, Director of Pharmaceutical Department

Zagreb st. Nn. (Former Lung Hospital in Dragodan/Arberi), Pristina

Tel: +381 (0)38 212 298

Email: lindita.avdyli@rks-gov.net

INFRASTRUCTURE DEVELOPMENT

Overview

[Return to top](#)

Infrastructure development is an important part of Kosovo's economic development. There are growing demands for quality urban housing, Class A office space, government buildings, schools, roads, highways and basic health and sanitation systems, among other infrastructure needs. The Kosovo Government has completed the first phase of urban planning strategies for Pristina and major roads and highways throughout the country. Among the most visible foreign construction projects in Kosovo is Route 7 (the Ibrahim Rugova National Highway) being constructed by U.S.-Turkish consortium, Bechtel-Enka. The highway, a modern dual carriageway, connects the greater Pristina area to the border with Albania and will finish in 2013, extending to the north of Pristina. A new tender for Route 6, the so-called "Pristina-Skopje Highway," will be announced later in 2013. Limited government revenues mean that the Government of Kosovo may have to pursue funding

models, such as public-private partnerships that may include investor-side finance. A Turkish-French consortium (Limak-Aeroport de Lyon) runs the Pristina International Airport concession. With regard to commercial real estate, the U.S. Government has urged the Kosovo Government to pass legislation conducive to attracting investment, such as a recent law allowing purchasers to obtain 99-year commercial leases. This model is currently being used to attract international investors to develop a year-round recreational resort village near Brezovica. An inter-ministerial council is currently reviewing Expressions of Interest from five international consortia, and expects to select the winning proposal later in 2013.

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

Best Prospects/Services

[Return to top](#)

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

Opportunities

[Return to top](#)

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

Resources

[Return to top](#)

Ministry of Infrastructure: www.mi-ks.net

Pristina International Airport: www.airportpristina.com

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

Kosovo Railways: www.kosovorailway.com

AGRIBUSINESS

Overview

[Return to top](#)

Data for 2010-2011 are taken from Kosovo Customs and are estimates. Data for 2012 include statistics from the Statistical Agency. Data for local production are raw estimates based on the latest official data.

	2010	2011	2012***
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Total Market Size (\$)	1.4 billion	1.45 billion	1.5 billion
Total Local Production*	\$805 million	\$845 million	\$845 million (est.)
Total Exports**	\$31 million	30 million	\$39 million
Total Imports**	\$618 million	\$642 million	\$737 million
Imports from the U.S.	\$18.4 million	\$22 million	\$25 million

*Does not include processed goods, only primary production

** Include both primary and processed goods

*** Estimates for 2013 are likely to fall in line with 2012 levels but are only estimates. The exact figures will not be known until 2014.

Historically, Kosovo is noted for its agricultural production, but today Kosovo imports much of the food consumed in the country. The country has abundant, productive agricultural land that is not optimally used, with economies of scale being hampered by small parcels and poor and inconsistently applied property rights. There is little valued-added food processing established in Kosovo. This is largely due to the lack of investment during the past two decades. Consequently, there's great potential for increased domestic agricultural production and expanded food processing.

According to the World Bank, domestic demand is expected to grow faster 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 has surged more than for any other food category, and expected to continue growing. In addition, it is likely that foreign demand—in particular, regional demand—will bring sizable opportunities for growth and profit in the fruits and vegetable sector. Demand for milk and dairy products in the domestic market is also predicted to grow.

Best Prospects/Services

[Return to top](#)

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

Opportunities

[Return to top](#)

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

Resources

[Return to top](#)

World Bank, 'Kosovo - Unlocking Growth Potential: Strategies, Policies, Actions', April 2010, www.worldbank.org/kosovo

Ministry of Agriculture, Forestry and Rural Development
Ramadan Gagica, Chief of Cabinet

Mother Theresa Street 35

Pristina

Tel. +381 38 200 38476

Fax +381 38 213 182

<http://www.mbpzhr-ks.net>

Kosovo Ministry of Economic Development: <http://mzhe.rks-gov.net/>

DRAFT

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

[Return to top](#)

Kosovo is a member state of the Central European Free Trade Agreement (CEFTA) but has not yet sought membership in the World Trade Organization. No tariff is owed on goods coming in from other CEFTA member States with exceptions for some agricultural products such as wheat. A 10% customs duty must be paid on all other imported goods. Kosovo adopted a Customs and Excise Code in compliance with European Union and World Customs Organization standards in early 2009:

http://www.assembly-kosova.org/common/docs/ligjet/2008_03-L-109_en.pdf

Kosovo uses an integrated tariff schedule, broken down into goods categories and applicable rates, which can be viewed here: <http://dogana.rks-gov.net/Uploads/Documents/tarik/index.htm>

In general, a 16% value added tax (VAT) is levied on goods entering Kosovo, irrespective of their origin. The VAT is assessed on the cost, insurance and freight of the good, plus the customs duties and excise taxes. Some products are subject to an additional excise tax, including petroleum, tobacco, vehicles, and alcohol. 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, but in either case can significantly increase the final price of the good to end consumers. In 2013, the government put forth a draft law that would have significant exemptions to the list of VAT-exempt goods, mostly in the areas of agricultural inputs, chemical agents, wood products, health and medical devices, and some medicines. That law is currently undergoing revisions.

Trade Barriers

[Return to top](#)

Kosovo has no general restrictions on imports. When applicable, products are required to undergo sanitary, phytosanitary or veterinary inspections. According to reforms made in 2012 by the Food and Veterinary Agency (FVA) functioning under the Prime Minister's Office, import permits for milk and dairy products have been waived while permits are still required for import of 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 as proof of origin of the products.

U.S. companies must complete an application form and fill out a health certificate to import food products of animal origin including poultry products. The Government of Kosovo accepts USDA food safety inspection service certificates. The FVA's Phytosanitary Division requires control certificates and certificates of origin for all imports. 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 that will be processed into pharmaceutical products. Licenses can be obtained from the Kosovo Medicines Agency (KMA), and are valid for six months, with additional six months in case the import was not completed as scheduled. The KMA has issued the following quality and safety requirements for pharmaceutical products:

- (A) Every imported pharmaceutical product must be accompanied by a certificate ensuring product quality and safety, such as a certificate from the World Health Organization's Certification on the Quality of Pharmaceutical Products Moving in International Commerce;
- (B) Documents declaring the intended use of the product in Kosovo;
- (C) Certificate of Analysis showing test results of a pharmaceutical product may be required in some circumstances; and
- (D) The shelf life of imported pharmaceutical products must be valid for at least one year from the date of entry into Kosovo.

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

Import Requirements and Documentation

[Return to top](#)

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. In order for the SAD to be completed, the following documentation is required: a certificate of origin, a commercial invoice, and a Bill of Lading. As part of an agreement with Serbia, Kosovo will separately channel customs revenue collected at the northern gates based on destination, whether the goods are bound for northern Kosovo or elsewhere.

U.S. Export Controls

[Return to top](#)

Most electronic equipment and products can enter Kosovo without a U.S. export license. 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 both coordinate the licensing process with each other, as well as with the Department of Defense. If a U.S. firm has a product that may require an export license, the 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

[Return to top](#)

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

Labeling and Marking Requirements

[Return to top](#)

Labels must contain the following information: name of the product; full address of the importer and country of origin; net quantity/weight/volume of the product; ingredients; method of storage (transport, use or maintenance); and any applicable consumer warnings. Labels must be in Kosovo’s 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 best to adopt the European date system of expiry or spell out the month of expiration on the label.

Prohibited and Restricted Imports

[Return to top](#)

The importation of narcotics is prohibited. The importation of most non-hunting use firearms is prohibited.

Customs Regulations and Contact Information

[Return to top](#)

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

To contact Kosovo Customs, please visit <http://www.dogana.rks-gov.net>

Standards

[Return to top](#)

- Overview
- Standards Organizations
- Conformity Assessment
- Product Certification
- Accreditation
- Publication of Technical Regulations
- Labeling and Marking
- Contacts

Overview

[Return to top](#)

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

Information on particular Kosovo standards, as well as testing and certification, can be obtained from the Ministry of Trade and Industry’s Department for Standards and Metrology (www.mti-ks.org).

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

- Organize procedures on the formulation of standards; approve and apply such standards; certify products, services, quality systems and personnel.
- Organize procedures on standardization, accreditation and certification based on international and European standardization systems.
- Approve, adapt and implement international and European standards, except in the area of telecommunications.
- Revise existing standards in Kosovo.
- Accredite quality testing laboratories and certification and inspection organizations, after approval by relevant authorities.
- Represent Kosovo at international, European and regional organizations according to Article One of the law, taking into consideration the international agreements to which Kosovo is a party.
- Conclude cooperative agreements with similar organizations of other countries, with respect to information area, exchange of publications, experience, and staff training in the areas stated in Article One of this law, with the aim to facilitate trade and issues of mutually interest.
- Conclude agreements with similar organizations of other countries for mutual official recognition of analytical reports from accredited laboratories, trademarks, labels and similar materials according to conformity and safety.
- Promote studies, publications, scientific research and cooperation on areas of standards and standardization; promote and coordinate scientific, technical and cultural initiatives related to standards and standardization.
- Maintain and administer standardizations archive on foreign and local standards, upon request shall communicate technical information to domestic and foreign subjects that conduct business activities in the territory of Kosovo.
- Prepare the laws and by-laws for activities it covers.
- Propose tariff fees for the Ministry of Finance and for services which KSA offers to third parties.

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

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

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

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

Accreditation

[Return to top](#)

The Accreditation Directorate became member of the European Accreditation Corporation in December 2009.

Publication of Technical Regulations

[Return to top](#)

The Government publishes all laws and regulations in the Official Gazette: www.gazetazyrtare.com.

Labeling and Marking

[Return to top](#)

Each certified manufacturer is granted the "KK" symbol. This symbol is obligatory, although the "CE" mark can act as a substitute. In order to sell products in Kosovo, U.S. exporters are required to apply the "CE" marking whenever their product is covered by specific product legislation. CE stands for European Conformity, which is necessary for all products entering European Union.

Contacts

[Return to top](#)

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Trade Agreements

[Return to top](#)

The Government of Kosovo manages its international relations. Under an agreement reached with Serbia, Kosovo may be represented at some regional fora that include non-recognizing states under the name Kosovo*, with a footnote clarifying that the name is made without prejudice to Kosovo's legal status. In cases where the agreement does not apply, UNMIK ensures Kosovo's ability to fulfill international obligations under agreements where UNMIK is the signatory on behalf of Kosovo.

The government has signed Free-Trade Agreements (FTA) with Albania, Macedonia, Croatia and Bosnia-Herzegovina and negotiations for a new agreement with Turkey are ongoing. Kosovo became a signatory to the Central European Free Trade Area (CEFTA) and European Common Aviation Area as an adjunct to UNMIK. Since 2011, Serbia and Bosnia-Herzegovina accept Kosovo's custom stamps and documents as part of the EU-facilitated dialogue. Kosovo is also a member of the Athens Process on Energy for the Southeastern Europe Energy Community Treaty. This is a significant step for Kosovo toward achieving increased regional cooperation and securing alternate sources of energy.

The U.S. has renewed its Generalized System of Preferences (GSP) for Kosovo. The wine producer, Stone Castle, is one of the few firms in Kosovo which exports to the U.S. market, mainly in New York City area.

Trade Relations with the European Union

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

Web Resources

[Return to top](#)

Kosovo Customs: <http://dogana.rks-gov.net/en/Home>

Official Gazette: www.gazetazyrtare.com

Ministry of Economy and Finance: <http://mf.rks-gov.net/en-us/fillimi.aspx>

Ministry of Trade and Industry: <http://www.mti-ks.org/en-us/Ministry-of-Trade-and-Industry>

Kosovo International Trade Guide: <http://itg-rks.com/en-us/Home>

Chapter 6: Investment Climate Statement

Openness to Foreign Investment

Kosovo's doing business climate is challenging, despite many investment opportunities and the lack of strong competition in certain sectors. The Government of Kosovo (Government), specifically the Ministry of Trade and Industry (MTI) and the Investment Promotion Agency of Kosovo (IPAK) actively promote foreign investment and welcome the expansion of the private sector. Nevertheless, public distrust of the private sector; opposition to the government's policy of privatizing all Socially Owned Enterprises (SOEs) and many Publicly Owned Enterprises (POEs), rent-seeking behavior on the part of some government officials, and unreliable energy supply all increase the risk and cost of investment in Kosovo.

Kosovo is a secular, western-oriented country that desires to be part of Euro-Atlantic institutions, such as the European Union. Current legislation and regulations are purposely written with EU standards in mind. Perceptions of official corruption, the growing state bureaucracy, weak property rights protections, and the lack of universal recognition of Kosovo's 2008 independence at times prove to be obstacles to attracting higher levels of foreign investment. These obstacles exist notwithstanding the government's stated pro-business posture, the country's strategic location, rich natural resources, low wages, and the entrepreneurial nature of its citizens. Kosovo has attracted foreign investment in certain fields, namely construction, infrastructure, and the privatization of state assets, especially in mining, telecom, and SOEs. Among the most visible foreign investment projects in Kosovo is Route 7 (the Ibrahim Rugova National Highway) currently being constructed by American-Turkish consortium, Bechtel-Enka, and the Turkish-French consortium, Limak-Aeroport de Lyon, which operates the Pristina International Airport concession. International firms and franchises, including Coca-Cola, RC Cola, FedEx, UPS, DHL, Deloitte, Booz Allen Hamilton, Hertz, and Microsoft either have an established presence or a local agent in Kosovo. A flat 10% corporate tax and temporary exemptions on paying Value Added Taxation (VAT) for new exporters help to attract foreign investors and businesses. Despite this, there are as yet no western-style franchises in the hotel or hospitality industries in Kosovo.

The American Chamber of Commerce (AmCham), the Kosovo Chamber of Commerce (KCC), and the Kosovo Business Alliance (KBA) are active and directly involved in strengthening the private sector business climate in Kosovo. At times, they appear to have the government's ear on business matters, reflected in their seats on the government's economic policy discussion body, the National Council for Economic Development (NCED); however, the government does not always act on their requests or proceed on resolving issues in a timely fashion. In October 2012, Kosovo's President Atifete Jahjaga helped launch the Kosovo Women's Chamber of Commerce. The purpose of the Chamber is to provide connections, mentoring, and support for women entrepreneurs and business leaders.

Businesswomen in Kosovo typically are challenged by a lack of access to finance and cultural attitudes concerning the role of women in business.

Kosovo is a member of the International Monetary Fund (IMF) and the World Bank, and became a member of the European Bank for Reconstruction and Development (EBRD) in December 2012. EBRD Membership will enable the country to seek investment funds from the Bank, especially in the areas of energy, transport, and municipal services. In January 2013, Kosovo is scheduled to sign a framework agreement with the European Investment Bank (EIB).

Legal System

The legal system in Kosovo is complex, with three legal frameworks operating simultaneously: The Applicable Law includes a diminishing number of legal acts from the former Yugoslavia enacted until 1989; United Nations Interim Administrative Mission in Kosovo (UNMIK) Regulations; and laws passed by the Kosovo Assembly. The government is harmonizing the language among the various sources of law. While the legislative framework for a market-oriented economy is in place, poor implementation of law and contract enforcement, legal uncertainties regarding local recognition of foreign arbitral awards, and a nascent modern judiciary hinder economic growth and investment. To aid in this effort, the U.S. Government and the EU have substantial training and assistance programs in place to help improve judicial branch capacities.

The Kosovo Assembly and UNMIK, which governed Kosovo under UN Security Council Resolution 1244, have passed pro-business legislation that specifically seeks to attract foreign investment. Under domestic legislation, foreign firms operating in Kosovo are granted the same privileges as local businesses, except that foreign investors may not hold more than 49% ownership in a business producing or selling military-related products (Reg. No. 2001/3, Section 6). A new draft law on Foreign Investment is under consideration by the Assembly. If passed, the new law would further improve the legal infrastructure and help address inconsistencies in current legislation that unduly discourage foreign investment.

All major sectors of the Kosovo economy are open to foreign investment. In 2011, the Government took substantive steps to further open Kosovo to foreign investment through the passage of the Public Private Partnership (PPP) Law, no. 04 L-045 of 2011. The new PPP Law has been harmonized with the European Council regulations and the EU *Acquis Communautaire*. The law creates separate definitions for Concession and PPP, meaning that FDI transactions can be structured more flexibly. A provision for unsolicited proposals has been removed, ensuring that all procurements are the result of a competitive bidding process, while prior limits on the length of investment projects have been removed.

Kosovo's commercial laws are available to the public in Albanian and Serbian, with English translations available, 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>. These documents are "as adopted" and a full understanding of a specific

legal issue may require research into various legal acts and amendments. USAID is assisting the development of the first-ever legal information database, which is anticipated to include all governing normative acts. While national laws are generally available, access to municipal regulations is often difficult. USAID is similarly assisting with transparency in this regard, including encouraging municipalities to post municipal regulations on their websites.

Privatizations

The government privatized energy distribution and supply in mid-2012, with Turkish consortium Limak/Çalik scheduled to assume control in May 2013. The government is preparing to issue a tender for a new coal-fired power plant, "New Kosovo," in early 2013, for which there are four pre-qualified investors. The government is also considering options for privatizing an existing 2x330 MW lignite power plant. The privatization process for Kosovo's publicly owned Post & Telecom of Kosovo (PTK) is underway. Five international investors have been prequalified to compete in the tender, for which the government has set a January 31 bid deadline. Private investment will also be sought for a new year-round tourism resort in Brezovica, near the border with Macedonia. The government also plans tenders for the maintenance and tolling of its new highway network: National Route 7, which is currently under construction, and the future Route 6, which will connect Pristina to the Macedonia border. The Privatization Agency of Kosovo (PAK), an independent agency, is legally mandated to handle the disposition of Kosovo's numerous SOE assets. While the Kosovo Assembly adopted a law on liquidation of these assets in 2011, the government's inability to appoint a new PAK board has set back the agency's efforts in this regard over the last six months.

Business Registration

Kosovo has undertaken several reforms to improve its business environment, including elimination of charter capital requirements for Limited Liability Companies (LLCs), elimination of the business registration fee, and elimination of the work permit. The Government has drafted a new Law on Licenses and Permits that aims to streamline and simplify the system with a view toward further improving the business environment. These reforms helped lift Kosovo 19 places to 98/185 in the World Bank's Doing Business Report for 2013.

Kosovo has an active business registration process. MTI reported registration of over 9,200 new businesses in 2012, indicating local enterprise development is growing. In 2012, however, more than 1,100 businesses failed for a variety of reasons, including poor business model planning and a lack of access to credit. Business registrations are processed by the MTI Agency for Business Registration through offices located in municipalities, and are normally issued within three business days; the process of completing all necessary steps, including secondary requirements, such as municipal business licenses or technical inspections, however, can take as long as two weeks.

Businesses are required to obtain two mandatory fiscal records: a fiscal number and a Value-Added Tax (VAT) number from the Tax Administration. Additional filings may be necessary for individual businesses. In addition to the national-level requirements, businesses are at times required to obtain

a business license from the municipality in which they plan to operate. This practice is being phased out, with several larger municipalities, except for Pristina, recently adopting ordinances that reduce, suspend, or eliminate the business license fees.

Property Ownership and Taxation

Kosovo's economy is based on a private property ownership model, with significant state and publicly owned assets, whose privatization is scheduled to be completed in the coming years. Determining private property ownership remains a challenge. Formal property transfers require a review by a court; however, property transfers often occur via informal agreements between buyers and sellers who frequently do not record them. While this practice is declining, it is still widespread. Finished commercial and habitable residential buildings are subject to property tax, while unimproved land is not. The government adopted a new Construction Law in 2012, which streamlined and simplified the process for obtaining construction permits, and requires that the calculation of construction permit fees be based on cost recovery principles. This and other business-minded reforms helped contribute to Kosovo's significant improvement the World Bank's Doing Business Index Report for 2013. The government is also moving forward with a comprehensive construction code based on European norms, as well as similar reforms in spatial planning/land use regulation and a program for legalization of existing construction that is expected to commence in 2013.

Kosovo's rankings in select surveys are noted below where data are available:

Transparency International Corruption Index	2012	105/176
World Bank Doing Business	2012*	98/185
MCC Government Effectiveness	2012	38%
MCC Rule of Law	2012	31%
MCC Control of Corruption	2012	38%
MCC Fiscal Policy	2012	73%
MCC Regulatory Quality	2012	90%
MCC Business Start Up	2012	33%
MCC Natural Resource Protection.	2012	32%

NOTE: For MCC data, figures run from 0% to 100% (the highest). See more at <http://www.mcc.gov/documents/scorecards/score-fy13-kosovo.pdf>. Kosovo's lack of UN membership limits the availability of UN data for use in the MCC report card. The Heritage Foundation did not cover Kosovo in its Global Economic Freedom Report for 2012 but is expected to begin covering the country in 2013.

**For the prior year, the World Bank ranked Kosovo 117 out of 185 countries based on 2011 data. World Bank data are published at the end of the calendar year, e.g., 2012 data are found in the World Bank Report for 2013.*

Conversion and Transfer Policies

The Foreign Investment Law, no. 2005/02-L33, guarantees unrestricted use of income from foreign investment after taxes and other liabilities are paid. This includes transfers to other foreign markets or foreign currency conversions. All currency conversions and transfers are processed in accordance with EU banking procedures. Conversions are made at the market rate of exchange. Foreign investors are permitted to open bank accounts in any currency.

Expropriation and Compensation

Article 8 of the Foreign Investment Law protects foreign investments from unreasonable expropriation, and guarantees due process and timely compensation payment for valid claims with fair market prices. In April 2005, UNMIK approved an eminent domain clause in order to prevent lawsuits deriving from property expropriations and sales occurring as part of the privatization process of SOEs.

Dispute Settlement

Legal Provisions and Resources

A new Law on Enforcement of Procedures came into force in January 2013. It permits claimants to utilize bailiffs licensed by the Ministry of Justice to execute court-ordered judgments. The Kosovo Assembly adopted several important laws in the area of commercial law in recent years. Of importance is the 2012 adoption of the Kosovo Law on Obligations, repealing the particular former Yugoslavia law in this area. This provides the basic framework law for contracts as well as torts. In addition, the government adopted Laws on Arbitration and Mediation in 2007. The Assembly has also adopted amendments to the Law on Contested Procedure, addressing its inconsistencies with the Law on Arbitration, thus dealing with one of the key impediments to enforcing arbitral awards.

In 2011, the Kosovo Assembly passed three important laws pertaining to privatization matters: the Law on the Privatization Agency of Kosovo 04/L-034, the Law on the Reorganization of Certain Enterprises and their Assets 04/L-035 (the "Trepca Law"), and the Law on the Special Chamber of the Supreme Court of Kosovo. The Special Chamber is composed of eight international and twelve local judges who handle disputes and claims related to privatization and economic restructuring. The Special Chamber has primary jurisdiction over appeals against the decisions of the Privatization Agency of Kosovo (PAK), as well as creditor, ownership, and property claims brought against SOEs and POEs, and claims arising from the privatization and liquidation of SOEs. The procedures for claimants wishing to institute proceedings are detailed in PAK Law no. 04/L-034.

The National Assembly approved major overhauls in 2012 to the 2004 UNMIK-based Criminal Code and the Code of Criminal Procedure. The new Criminal Code and Criminal Procedure Codes entered into force on January 1, 2013, are fully compliant with the EU Convention on Human Rights, have modernized definitions and best practices, and are meant to reduce waste of judicial resources. The Law on Courts also entered into force on January 1, 2013 and significantly changes and simplifies the current structure of the courts. The new court structure will include Basic Courts, a Court of Appeals, and the Supreme Court. The Basic Courts and Court of Appeals will each have a Department for Commercial Matters, Department for Administrative Cases, a Department for Serious Crimes, a General Department, and a Department for Minors.

The new Law on Courts also changed the structure and jurisdiction of the Commercial Court. There will now be a Department for Commercial matters operating within the Basic Court of Pristina with jurisdiction for the entire territory of Kosovo. The jurisdiction of the Court changed to specifically include “disputes between domestic and foreign economic persons in their commercial affairs.” In addition, it includes reorganization, bankruptcy and liquidation of economic persons; disputes regarding impingement of competition; and protection of property rights and intellectual property. The Commercial Department now has jurisdiction over economic disputes between both legal and natural persons. Cases in the Commercial Court are resolved between six months to one year on average. Once a judgment is final, however, its execution has often been lengthy and problematic. Backlogs should be significantly reduced with the implementation of the 2013 Enforcement of Procedures law (see above) and its bailiff system, which has been successively used in a number of countries in the region. Foreign investors are litigants in about 10% of the cases and these are mainly trademark cases. The Court of Appeals also includes a Commercial Matters Department and deals with all appeals coming from the Pristina Basic Court’s Department for Commercial matters.

One of the main obstacles to dispute resolution is the backlog in the overall court system. A significant portion of this backlog consists of utility bills and loan collections. The Commercial Court is the primary institution responsible for resolving economic and commercial disputes between legal entities. To address the backlog, the Kosovo Judicial Council adopted a Backlog Reduction Strategy in 2010 and cooperation mechanisms (MOUs) with Post Telecom of Kosovo (PTK) and electricity utility Kosovo Energy Corporation (KEK). While some progress has been achieved, significant obstacles remain.

Kosovo’s judicial system, although improving, still suffers from many weaknesses. Although local courts recognize foreign arbitral awards, enforcement is weak and time-consuming. In addition, the lack of secondary legislation pertaining to bankruptcy hinders the work of the Kosovo Commercial Court in discharging bankruptcy cases.

Alternative Dispute Resolution

Chapter 4 of the Foreign Investment Law assigns jurisdiction for business dispute resolution to Kosovo courts. Foreign investors are free, however, to agree upon arbitration or another alternative dispute resolution mechanism. The American and Kosovo chambers of commerce operate

alternative dispute resolution centers and an increasing number of businesses are stipulating use of these centers in their contracts. The results of arbitration are enforceable by local courts, since Kosovo has voluntarily accepted the International Center for Settlement of Investment Disputes (ICSID) Convention and enshrined it in local law. The Foreign Investment Law stipulates that investors select from the following standards for investment dispute arbitration:

- 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 are available at the Arbitration Tribunals within the Kosovo Chamber of Commerce and American Chamber of Kosovo. The Kosovo Arbitration Rules are a set of model rules that are 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 use the arbitration option, the law requires that 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.

Performance Requirements and Incentives

The Government does not specify performance requirements as a condition for establishing, maintaining or expanding investments in Kosovo. A 16% across-the-board value added tax (VAT) came into force in January 2009. Article 27 of the Law on Value Added Tax, no. 2009/03-L-146, provides exemptions for VAT on certain goods, which include medicines, medical services, pharmaceutical products, agricultural inputs and public education services. Reduced VAT rates of as low as 5% and enhanced rates up to 21% are also provided for certain goods and services; however, the Assembly has not acted to trigger these rates. To encourage investment, the government grants businesses certain VAT-related privileges: For companies importing capital goods, the government grants a six-month VAT deferment upon presentation of a bank guarantee. Suppliers may export goods and services without being required to collect VAT from foreign buyers. Suppliers may claim credit for taxes on inputs, either by offsetting those taxes against gross VAT liabilities or by claiming a refund. A 10% flat corporate tax is in force, helping to attract FDI.

In September 2000, the EU formally recognized Kosovo as an autonomous customs territory and amended its General Scheme of Preferences, eliminating quantitative restrictions for most industrial products from Kosovo. By June 2002, the EU granted preferential treatment to all imports from Kosovo, removing all remaining tariff ceilings for industrial products, including steel and textiles, and improving access to EU markets for agricultural products. Kosovo Customs continues to work to harmonize certificates of origin standards with EU Customs. In December 2008, the United States designated Kosovo a beneficiary developing country under the Generalized System of Preferences (GSP) program. While there are only a few companies that currently take advantage of this designation, the GSP program provides an incentive for investors to export products, such as light manufacturing and certain agricultural goods, in Kosovo and export them duty-free to the United States.

Customs of Kosovo issued an Internal Administrative Instruction (AI) that reduces the number of documents needed to export and import. This AI provides that only two documents are now required to export: a commercial invoice and a customs export declaration, and that only three documents are now required to import – a commercial invoice, a customs import declaration, and a certificate of origin.

Right to Private Ownership and Establishment

Government regulations and the Foreign Investment Law do not interfere with the establishment, acquisition, or sale of interests in enterprises by private entities. Private ownership rights can be extended to foreign investors. 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.

Protection of Property Rights

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 the property laws in Kosovo reflect international best practice, there is also widespread agreement that this pluralistic legal environment would benefit from a harmonization exercise.

In general, the current institutional framework is not designed to resolve claims and challenges to property rights in an efficient and effective manner; government ministries, municipal authorities, and independent agencies often have overlapping jurisdictions to deal with property concerns. The court system is backlogged with property-related cases. The cadastral record, having been moved out of the country in 1999 (see below) and with many documents destroyed or lost, is slowly being rebuilt. The delay also limits the development of a formal property market needed for more stable economic growth. Concerns about restitution of property and the privatization of SOEs have not yet been fully resolved, while concerns related to the rights of minority communities exacerbate tensions between groups. Illegal construction in Kosovo abounds, and obstacles to women's right to inherit land, maintain marital property, and protect their property rights claims in the court system are widespread. This piecemeal approach to reform over the past decade has left the country with a patchwork of uncertain property rights, which continues to undermine long-term growth and economic stability.

Resolution of residential, agricultural and commercial property claims remains a serious and contentious issue in Kosovo. Most property records were destroyed or removed to Serbia by the Serbian government during the 1998-1999 conflict, making determination of rightful ownership for the majority of properties complex. There have been cases of multiple ownership claims on a single property, each claimant presenting a variety of ownership documents as proof. As part of the EU-facilitated dialogue, Kosovo and Serbia agreed that Serbia would copy the cadastral records it removed from Kosovo in 1999. The EU would then transfer the copies to Kosovo, where a tripartite technical agency would compare and adjudicate any differences between the Serbian record and the records maintained in Kosovo. Copying of the cadastre in Serbia, estimated to take two years, is scheduled to begin in February 2013. Separately, the backlog of property cases in Kosovo's court system is significant. With respect to the 1998-1999 armed conflict, the Kosovo Property Agency (KPA), formerly the Housing and Property Directorate (HPD), has authority to receive, register, and resolve property claims 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 received 41,099 total claims of which 36,488 are for agricultural property. The KPA is also mandated to deal with a limited number of activities which formerly belonged to **the HPD**, established under UNMIK Regulation 2000/23, and is now mandated to implement **Housing and Property Claims Commission (HPCC)** decisions which were pending enforcement. Legislation pending in the National Assembly will transform the KPA into the Kosovo Property Verification and Compliance Agency with the additional mandate of implementing the EU dialogue agreement on the cadastre.

The Kosovo Assembly passed three laws in 2011 that relate to intellectual property rights (IPR): the Law on Patents, 04 L-029, the Law on Trademarks 04 L-026, and the Law on Industrial Design 04 L-028 which, together with UNMIK Regulation 2006/46 on Copyright and Related Rights, provide for

stronger protection of intellectual property rights, authorizes enforcement of trademark, copyright and patent laws, and any related international conventions. 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 the 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 of the European Council Directives on protection of IPR. In order to increase the effectiveness in implementing IPR rights, the government has adopted the IPR Strategy and has established the National Intellectual Property Council following the IPO's initiative. The Council aims to increase inter-agency coordination in implementing IPR and comprises IPO, the Copyright Office, Customs, Kosovo Police's Department for Economic Crimes and Corruption, Market Inspectorate, the Judicial and Prosecutorial Council, Medicines Agency, Food and Veterinary Agency, and the Environmental Protection Agency. The presence of institutions notwithstanding, there is a general lack of capacity of the relevant staff engaged in IPR protection and the government needs to conduct more training and enforcement actions.

Protection of intellectual property is poor. A number of counterfeit consumer goods (notably CDs, DVDs, and clothing items) are available for sale and are openly traded.

Transparency of Procurement Regulatory System

The 2011 Law on Public Procurement, no. 04/L-042, devolves the power of procurement to the budgetary units (i.e. ministries, municipalities and independent agencies) except in the cases where the government authorizes the Central Procurement Agency within the Ministry of Finance to procure goods and/or services on behalf of the government. All tenders are advertised in Albanian and Serbian, as well as in English in cases of large tenders. The Public Procurement Regulatory Commission (PPRC) recently initiated procurement audits of the various Kosovo ministries, municipal authorities and agencies receiving funds from the Kosovo Consolidated Budget. The GoK is in the process of amending the Law on Public Procurement to ensure domestic products will have an advantage during purchase of goods through public contracts, as requested by the business associations.

All legal, regulatory and accounting systems in Kosovo were created to adhere to European Union standards and follow best international practices. Laws passed in the Assembly are generally business friendly. However, the practice of public procurement in Kosovo is an ongoing challenge. While the government seeks transparency in publishing the rules, regulations, and procedures of the tendering process on the Public Procurement Regulatory Commission (PPRC) website at: <http://krpp.rks-gov.net/Default.aspx?LID=2>, there have been numerous irregularities reported by international companies competing in high-value public procurements. Complaints to the Procurement Review Body (PRB) are often handled in a timely manner but are at times no more than formalizations of individual agency's procurement decisions; in cases where the PRB has decided

against the agency's decision, the agency often has not complied with the PRB's findings, leaving the complainant little recourse but to pursue a legal case in the Supreme Court.

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. This includes supervising and regulating Kosovo's banking sector, insurance industry, pension funds, and micro-finance institutions; and performing other normal central bank tasks, including cash management, transfers, clearing, management of funds deposited by the Ministry of Finance or other public institutions, collection of financial data, and management of a credit register. The CBK recently applied for a SWIFT code in order to fully ensure the safety of the Kosovo banking system. Kosovo's lack of universal recognition stymied a prior attempt to obtain a code. The CBK is not authorized to grant loans to banks but successfully issued the first government securities in the form of 90-day Treasury bills at 3.5% on January 17, 2012. Only commercial banks were able to participate in the auction, as they met the criteria of primary bond traders per the Regulation on Treasury Bonds. A secondary market to allow banks and other clients to trade the securities is under development. The Government raised €74 million through Treasury bills last year and is planning to raise another €80 million through six month and one year Treasury bills in 2013. The Government hosted Standard and Poor's in July to evaluate Kosovo for its first-ever international credit rating and the outcome is expected to be made public in early 2013.

Kosovo's private banking sector remains well-capitalized and profitable. Difficult economic conditions generally, the lack of strong rule of law and contract enforcement processes, and a risk-averse posture have caused banks to be conservative in lending. This overall cautiousness in the banking sector is evident in its excess reserves, which are above the minimum level required by the Central Bank of Kosovo. Most deposits are demand deposits and total assets of the three largest banks, which are international banks, amount to 71.8% of the entire banking sector in Kosovo. As of June 2012, Kosovo's banks increased loans at an annual rate of 6%; however, this was half the rate of the year before. Approximately 76% of all lending activity is to businesses. Despite positive trends, relatively little lending is directed to long-term investment activities. High interest rates (averaging approximately 14%) and collateral requirements act as disincentives to borrowers. The slow-down in lending is most notable in the northern part of Kosovo where a weak and ineffectual municipal court system and tension arising from protests and blockades following the government's July 2011 action to take control of its northern border gates have also slowed commercial lending.

At the beginning of 2013, there were nine commercial banks, including the newly opened IS Bank of Turkey, and thirteen licensed insurance companies in Kosovo.

The official currency of Kosovo is the Euro although the country is not part of the eurozone. Given that the Central Bank of Kosovo does not have independent monetary policy, prices react heavily to market trends in the larger eurozone.

Corporate Social Responsibility

Now that Kosovo's economy has reached a more mature stage of development, characterized by necessary legislation, institutions, and an improving business climate, the private sector is beginning to adopt and pursue international best practices on corporate social responsibility (CSR). Thanks to the efforts of the business community, CSR is becoming a more widely recognized concept. AmCham Kosovo, for example, has made raising funds for local charities, such as those supporting autistic children and organizations that promote employment of persons with disabilities, the main purpose of its annual gala dinner.

Political Violence

In the summer of 2011, a trade dispute with neighboring Serbia, one of Kosovo's largest trading partners, led to a blockade of cross-border trade between the countries for approximately two months. Isolated incidents of inter-ethnic and politically-motivated violence, as well as sporadic political protests, have occurred since then, but none of these events adversely affected Kosovo's political stability or overall economic situation. The Kosovo Police, Kosovo Security Force, the European Union's Rule-of-Law Mission in Kosovo (EULEX), and the NATO Kosovo Security Force (KFOR) have responded to and investigated these events, according to their legal mandate. Kosovo's judiciary is augmented by EULEX, which has a Monitoring, Mentoring, and Advising (MMA) role in rule of law matters.

Corruption

The World Bank's "Doing Business" Report for 2013 ranks Kosovo 98 out of 185 economies, an improvement of 19 places in one year. Corruption, real and perceived, remains one of the most serious problems in attracting foreign investment in Kosovo. Transparency International's 2012 "Corruption Perceptions Index" ranked Kosovo 105 out of 176 countries and territories surveyed, similar to the prior year's results.

General Advice

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 and measures to detect and prevent corruption, including foreign bribery. U.S. persons and firms operating or investing in foreign markets should become familiar with the relevant anti-corruption laws of both Kosovo 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, and requiring them to uphold their obligations under relevant international conventions. A U.S. firm that believes a competitor is seeking to use bribery of a foreign public

official to secure a contract should bring this to the attention of appropriate U.S. agencies, as noted below.

Anti-Bribery Treaties and Conventions

U.S. Foreign Corrupt Practices Act: In 1977, the United States enacted the Foreign Corrupt Practices Act (FCPA), which makes it unlawful for a U.S. person, and certain foreign issuers of securities, to make a corrupt payment to foreign public officials for the purpose of obtaining or retaining business for or with, or directing business to, any person. The FCPA also applies to foreign firms and persons who take any act in furtherance of such a corrupt payment while in the United States.

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

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 in the expansion of the international framework to fight corruption. Several significant components of this framework are the Organization of Economic Cooperation and Development (OECD) Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD Anti-bribery Convention), the United Nations Convention against Corruption (UN Convention), the Inter-American Convention against Corruption (OAS Convention), the Council of Europe Criminal and Civil Law Conventions, and a growing list of U.S. free trade agreements. Kosovo is party to the OECD Anti-bribery Convention and the Council of Europe Convention at this time.

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

the conduct of international business. The United States meets its international obligations under the OECD Anti-bribery Convention through the U.S. FCPA.

UN Convention: The UN Anticorruption Convention entered into force on December 14, 2005, and there are 143 parties to it as of December 2009:

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

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

Free Trade Agreements: While it is U.S. Government policy to include anticorruption provisions in free trade agreements (FTAs) that it negotiates with its trading partners, the anticorruption provisions have evolved over time. The most recent FTAs negotiated now require trading partners to criminalize “active bribery” of public officials (offering bribes to any public official must be made a criminal offense, both domestically and trans-nationally) as well as domestic “passive bribery” (solicitation of a bribe by a domestic official). All U.S. FTAs may be found at the U.S. Trade Representative Website: <http://www.ustr.gov/trade-agreements/free-trade-agreements>. Kosovo does not currently have a FTA with the United States.

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

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

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

Local Information: Public sector corruption in government procurement tenders and privatization including bribery of public officials, and officials seeking payoffs, remains a major challenge for U.S. firms operating in Kosovo. Corruption also remains widespread in private industry, adversely affecting commercial development. The Law on the Suppression of Corruption was passed in May 2005, creating an Anti-Corruption Agency (ACA) to address this problem. This agency is tasked with, among other duties, preparing an anti-corruption strategy for Assembly approval, conducting administrative investigations of alleged corruption cases, and monitoring proper implementation of the Corruption Law. Citizens can report suspected corruption via a toll-free hotline number 044 082 82 or through the Anti-Corruption Agency's website at www.akk-ks.org. For 2011, Anti-Corruption Agency figures show an increase of reports received by ACA and of those that were forwarded for investigation and prosecution. There are several government institutions and agencies in Kosovo that combat corruption as are Investigation Units within Customs, Tax Administration, Kosovo Police, Prosecution, Financial Intelligence Unit, Public Review Body an agency adjudicating complaints on public tenders, and Office of Auditor General. Transparency International Kosovo has a presence in Kosovo through the Kosovo Democratic Institute, a local anti-corruption watchdog nongovernmental organization, and there are also several independent local NGOs that monitor and publish anti-corruption reports.

In 2008, the Kosovo government took additional legislative steps to combat corruption. Government officials are now required to disclose all gifts received, as stipulated by the Law on Suppression of Corruption. In June 2009, the Assembly passed the Law on Declaration, Origin and Control of Assets of Senior Public Officials requiring government officials to file asset declarations upon entry and exit from government service. ACA reports indicate that over 95% of all senior officers declared their assets; non-reporting officials were subject to court proceedings, with fines resulting in some cases. In January 2010, the Kosovo Assembly adopted a new Law on Anti-Corruption that brought a new approach to combating corruption. Kosovo's Financial Intelligence Unit has the authority to conduct analysis in support of criminal investigations. Currently, the Assembly is considering amendments to

the Law on the Prevention of Money Laundering and Terrorism Financing; when passed, the amended law will be largely compliant with the EU *Acquis Communautaire*.

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

Anti-Corruption Resources: Additional resources for individuals and companies regarding the combating of corruption in global markets include the following:

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

and the regulatory environment. See

<http://www.weforum.org/en/initiatives/gcp/GlobalEnablingTradeReport/index.htm>.

- Additional country information related to corruption can be found in the U.S. State Department's annual *Human Rights Report* available at <http://www.state.gov/g/drl/rls/hrrpt/>.
- Global Integrity, a nonprofit organization, publishes its annual *Global Integrity Report*, which provides indicators for 92 countries with respect to governance and anti-corruption. The report highlights the strengths and weaknesses of national level anti-corruption systems. The report is available at: <http://report.globalintegrity.org>.
- World Bank's Ease of Doing Business Report: <http://www.doingbusiness.org/rankings>.
- Heritage Foundation: Please note the Heritage Foundation will begin covering Kosovo during 2013; general data for other countries can be found at: <http://www.heritage.org/Index/Ranking>.
- For Millennium Challenge Corporation (MCC) Kosovo Rankings please go to: <http://www.mcc.gov/documents/scorecards/score-fy13-kosovo.pdf>.

Bilateral Investment Agreements

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

OPIC and Other Investment Insurance Programs

The U.S. Overseas Private Investment Corporation (OPIC) has been involved in Kosovo since 2000, providing financing, political risk insurance and other investment vehicles to American investors. In June 2009, OPIC signed an investment agreement with Kosovo. With OPIC assistance, American investors are currently involved with projects in the energy and real estate development sectors. Kosovo is also a member of the World Bank, the Multilateral Investment Guarantee Agency, the International Monetary Fund, and the EBRD.

Labor

The Kosovo Assembly passed the Law on Labor no. 03/L-212 in 2010, which requires employers to observe all applicable employee protections. These include a 40-hour full-time work week, payment of overtime, adhering to occupational health and safety standards, respecting annual leave benefits

and ensuring up to 12 months of maternity leave, which includes 6 months of paid leave at a reduced rate followed by six months of unpaid leave. The labor law calls for a minimum wage, which the Economic and Social Council of Kosovo decided would be € 130 per month in 2012. The Ministry of Labor and Social Welfare has created a compliance office that has the authority to inspect employer adherence to labor law requirements. Labor disputes are adjudicated in local courts. Labor disputes are formally adjudicated in local courts, but access to courts and predictability of judgment presents investor risk.

Kosovo requires businesses to pay a 5% social security contribution per employee, one of the lowest rates in Europe.

Foreign-Trade Zones/Free Ports

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

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

Foreign Direct Investment Statistics

Kosovo does not currently have a formalized system for collecting foreign direct investment data. The Investment Promotion Agency of Kosovo (IPAK) estimates over 2,800 foreign companies of all types and sizes are currently operating in Kosovo. Central Bank figures show the Euro zone crisis has had an impact on the level of FDI with €86.2 million invested in Kosovo in the first half of 2012, or about 50% less than in the same period of 2011. The top foreign investors by country for the first half of the previous year were: Turkey (€21.8 million), Switzerland (€20.1 million), Germany (€19.8 million), UK (€10.6 million) Slovenia (€5.4 million) and USA (€3.7 million). Top sector investments for foreign businesses at the end of the second quarter include real estate (37%), construction (27%), financial services (9%), production (7%), transport and telecommunications (5%), trade services (3%), advisory services (3%) and other (9%).

Web Resources

- U.S. Department of State: www.state.gov
- U.S. Department of Commerce: www.commerce.gov
- U.S. Trade and Development Agency: www.ustda.gov
- U.S. Embassy Pristina: <http://pristina.usembassy.gov>
- The World Bank: http://info.worldbank.org/governance/wgi/sc_country.asp

- International Monetary Fund: <http://www.imf.org/external/country/UVK/index.htm>
- The Overseas Private Investment Corporation: www.opic.gov
- Investment Promotion Agency of Kosovo: <http://www.invest-ks.org>
- Economic Initiative for Kosovo: www.eciks.org/english
- World Economic Forum (WEF) <http://www.weforum.org>
- European Bank for Reconstruction and Development: www.ebrd.com

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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)

[Return to top](#)

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. The following instruments are used in Kosovo for payments abroad: remittances, documentary collections, checks, and letters of credit. There are currently no credit rating agencies operating in Kosovo. As of mid-2013, Kosovo was in the final stages of gaining its own SWIFT code.

How Does the Banking System Operate

[Return to top](#)

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

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

As of January 1, 2013, nine commercial banks operated in Kosovo, six of them were foreign-owned, comprising 89% of total banking system assets, while two domestic banks accounted for the remaining 11%. The latest entry to the Kosovo market was Tyrkiye Is Bankasi (Is Bank, of Turkey), which opened in late 2012. Commercial banks accounted for 75% of the financial sector assets and pension funds, insurance companies, and other financial intermediaries made up the rest. In June of 2012, financial sector assets amounted to € 4.8 billion, recording an annual growth rate of 4.8%.

Neither the banking sector nor local commercial enterprises are sufficiently capitalized to finance large investment projects. In the past three years, there has been little private investment in Kosovo, outside of housing construction. About 69% of bank loans have maturities of two years or more with maturities of two to five years accounting for 44% of loans. Almost 80% of banks' liabilities are demand deposits.

Credit Cards

Kosovo is still primarily a cash economy, although credit cards are becoming increasingly accepted in Pristina and in 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 now in Kosovo and 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

[Return to top](#)

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 use of the euro in Kosovo.

U.S. Banks and Local Correspondent Banks

[Return to top](#)

There are no U.S. banks or affiliates in Kosovo.

Project Financing

[Return to top](#)

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

Overseas Private Investment Corporation (OPIC):

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

OPIC 1100 New York Ave, NW Washington, DC 20572 Tel: (202) 336-9700 Fax: (202) 408-5155
Website: www.opic.gov

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

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

U.S. Trade and Development Agency, Scott Greenip, Country Manager for Eurasia, Washington, D.C.
area Tel: (703) 875-4357 Fax: (703) 875-4009 Website: 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, Tel: +381 38 224 454 ext 111. www.worldbank.org

European Investment Bank

The EIB is the European Union's bank. It is owned by and represents the interests of the European Union Member States. It works closely with other EU institutions to implement EU policy. Kosovo is expected to sign a Framework Agreement with EIB in 2013.

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

Council of Europe Bank

The Council of Europe Development Bank (CEB) is a multilateral development bank with a social vocation. Established on 16 April 1956 in order 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, Tel: +33(0)1 47 55 55 00
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

Anton Kobakov, Head of Office
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PO Box 122
Pristina, Kosovo Tel: +381 (0)38 242 07000 Fax: +381 (0)38 242 07071
E-mail: kobakova@ebrd.com Website: www.ebrd.com

Web Resources Return to top

Central Banking Authority of Kosovo

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

Raiffeisen Bank Kosovo

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

ProCredit Bank

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

Bank for Business

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

Banka Ekonomike

Address: Migjeni st. 1, 10000 Pristina Phone: +381 (0)38 244 396
Fax: +381 (0)38 243 828
Website: www.bekonomike.com
E-mail: bek@bekonomike.com

NLB Prishtina

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

TEB

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

Banka Kombëtare Tregtare

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

Komercijalna Banka AD Beograd

Gracanica Branch

Gracanica

38205 Gracanica

Tel: +381 (0)28 423 822

Fax: +381 (0)28 425 295

Web: <http://www.kombank.com>

E-mail: posta@kombank.com

Note: Komercijalna Banka operates in majority Serb inhabited areas only.

Turkyie Is Bankasi

Kosovo Branch

UÇK St. No. 43, Pristina

Tel.381 (0) 38 22 45 41

Fax.381 (0) 38 22 45 42

Web: <http://www.isbank.com.tr/>

Export-Import Bank of the United States: www.exim.gov

Export-Import Bank Country Limitation Schedule:

<http://www.exim.gov/tools/countrylimitationschedule/index.cfm>

OPIC: www.opic.gov

U.S. Trade and Development Agency: www.ustda.gov

Small Business Administration Office of International Trade: www.sba.gov/oit

U.S. Department of Agriculture Commodity Credit Corporation:

<https://www.fsa.usda.gov/FSA/webapp?area=about&subject=landing&topic=sao-cc>

U.S. Agency for International Development: www.usaid.gov

Chapter 8: Business Travel

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

Business Customs

[Return to top](#)

Business meetings occur at any time of the business day, which usually starts at 8:00 a.m. and goes to 4:00 p.m. Government ministries and offices are open Monday through Friday during these hours. Business meetings can either be formal or informal. English is generally understood by most communities in Kosovo. 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 Kosovar Albanians over the age of 35 speak Serbian; however, unless you know your interlocutors well, it is preferable to use English or Albanian if they are viable options. Kosovo Serbs operating a business are generally fluent in English, though there is variation, but rarely in Albanian. Many Kosovars – Albanians more so than Serbs – have studied in the United States. Kosovars of all ethnic backgrounds are hospitable to foreigners, especially westerners. Invitations to lunch, dinner, receptions and 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. Note: Many Kosovars smoke, and it remains to be seen how well a new ban on smoking in public places will be followed. 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

[Return to top](#)

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

Visa Requirements

[Return to top](#)

U.S. citizens need a passport to enter Kosovo that will be valid at least six months upon entry. No visa is required, but visitors may be asked to produce documentation to demonstrate the purpose of

their visit. 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.

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 prior to traveling to Kosovo.

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

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

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

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

Telecommunications

[Return to top](#)

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

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

Kosovo's Internet service is provided by two privately-owned companies, Kujtesa and IPKO, both offering high-speed internet access. Free Wi-Fi has become a usual occurrence in Pristina cafes and restaurants.

Transportation

[Return to top](#)

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, optionally, and also acts as a travel agent. There are a considerable number of private taxis available.

Language

[Return to top](#)

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

Health

[Return to top](#)

Kosovo's public health and medical facilities are in poor condition. Numerous private clinics are of varying quality. Many Kosovars and internationals travel to Macedonia 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.

Local Time, Business Hours, and Holidays

[Return to top](#)

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

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

[Return to top](#)

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

[Return to top](#)

<http://travel.state.gov/>

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

Chapter 9: Contacts, Market Research, and Trade Events

- Contacts
- Market Research
- Trade Events

Contacts

[Return to top](#)

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

Tel: +381 38 211 821;

Email: ramadan.gagica@rks-gov.net

Website: <http://www.mbpzhr-ks.net/>

Ministry of Economic Development

36 Mother Theresa, 10000 Pristina

Tel: +381 (0) 38 200 215 35/215 00/215 01

Fax: +381 (0) 38 200 215 03

Web: <http://mzhe.rks-gov.net/>

E-mail: hana.bahtiari@ks-gov.net; adea.muharremi@ks-gov.net

Ministry of Finance

New Government Building, Mother Teresa St., 10000 Pristina

Tel: +381(0)38 200 34 101

Email: agodeni@mfe-ks.org

Ministry of Health

St. Zagreb n.n, 10000 Pristina

Tel: +381 38 213 886; + 381 38 200 24 131

Website: <http://www.msh-ks.org/>

Email: faik.hoti@ks-gov.net

Ministry of Trade and Industry

St. Muharrem Fejza, 10000 Pristina

Tel: + 381(0) 38 512 059; + 381(0) 38 512 133

Fax: + 381 38 512 798

Email: zkp.mti@rks-gov.net

Website: <http://www.mti-ks.org/>

Kosovo Customs Service

Veternik 1, Industrial Zone, 10000 Pristina

Tel: +381 (0)38 540 350; 541 030/031/032

Fax: +381 (0)38 544 839

Email: HQ@dogana.rks-gov.net

Web: www.dogana.rks-gov.net

Privatization Agency of Kosovo

8 Ilir Konushevci St., PAK HQ, 10000 Pristina

Tel: +381 (0)38 500 400

Fax: +381 (0)38 248 076

Website: www.pak-ks.org

E-mail: info@pak-ks.org

Investment Promotion Agency of Kosovo (IPAK)

Ministry of Trade and Industry (MTI)

Muharrem Fejza str. n.n, Lagja Spitalit, 10000 Pristina

Tel: + 381 (0)38 200 36 542; 26 541

E-mail : agneska.kastrati@rks-gov.net

Web: www.invest-ks.org

Kosovo Business Registration Agency

Muharrem Fejza Str, n.n, Lagja e Spitalit, 10000 Pristina

Tel: +381 (0)38 512 265

E-mail: infoarbk@rks-gov.net

Website: www.arbk.org

Industrial Property Office

Muharrem Fejza Str, n.n, Lagja e Spitalit, 10000 Pristina

Tel: +381 (0)38 200 36 526

Email: isa.dukaj@ks-gov.net

Web: www.mti-ks.org

Business and Trade Associations:

American Chamber of Commerce in Kosovo

Fehmi Agani 36/3, 10000 Pristina

Phone: +381 (0)38 246 012; +381 (0)38 248 012

Contact: Mr. Visar Bajra, Executive Director

Website: www.amchamksv.org

E-mail: info@amchamksv.org

Kosovo Chamber of Commerce

Mother Teresa 20, 10000 Pristina

Tel: +381 (0)38 224 741

Fax: +381 (0)38 224 299

Contact: Mr. Safet Gerxhaliu, President

Website: www.oek-kcc.org

E-mail: info@oek-kcc.org

Kosovo Business Alliance

Dardania, SB-6,6/6, B-4, 10000 Pristina

Phone/Fax: +381 (0)38 551 311

E-mail: lumnije_akb@hotmail.com

German Chamber of Commerce in Macedonia

Guro Gakovik 65, 1000 Skopje, Macedonia
Tel: + 389 2 3296 785, + 389 2 3296 787
Fax: +389 2 3296 790
Kosovo POC : Mr. Ramadan Abdulai
E-mail: abdulai@ahk.mk
Website: <http://mazedonien.ahk.de>

Turkish Chamber of Commerce in Kosovo

Imzot Nike Prela nr. 42, Ulpianë, 10000 Pristina
Phone/Fax: + 381 (0) 38 550 100
Contact: Esin Muzbeg
Email: esin.muzbeg@kt-to.org
Website: <http://www.kt-to.org>

Market Research

[Return to top](#)

To view market research reports produced by the U.S. Commercial Service, please visit: www.export.gov/mrktresearch/index.asp and click on "Country and Industry Market Reports". Please note that these reports are only available to U.S. citizens and U.S. companies. Site registration is required but free of charge.

Trade Events

[Return to top](#)

Visit the following website for information on upcoming trade events:

www.export.gov/tradeevents/index.asp

[Return to table of contents](#)

Chapter 10: Guide to Our Services

The U.S. Commercial Service offers customized solutions to help your business enter and succeed in markets worldwide. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers.

For more information about the services the U.S. Commercial Service offers U.S. businesses, please visit:

www.export.gov/mrktresearch/index.asp

www.export.gov

[Return to table of contents](#)

U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest **Export Assistance Center** or the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRADE**, or visit:

www.export.gov/eac/index.asp.

To the best of our knowledge, the information contained in this report is accurate as of the date of publication. 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.