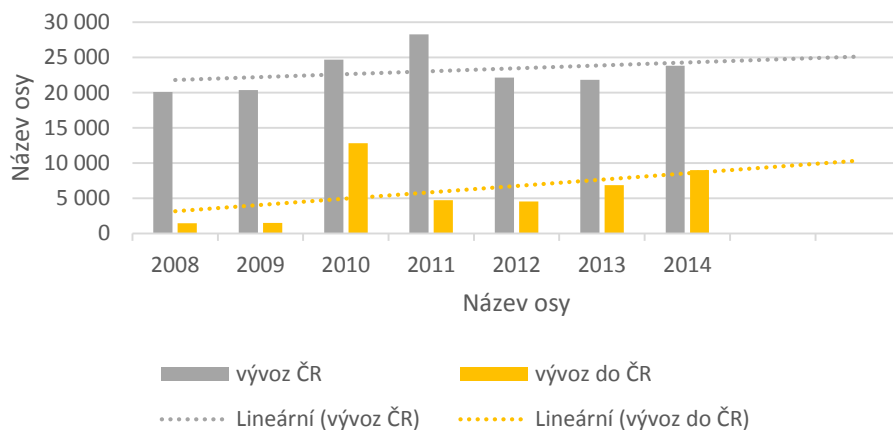


Allbánie										
rok	2008	2009	2010	2011	2012	2013	2014			
Oficiální návštěvy České del.	4	4	1	3	3	2	2			
Oficiální návštěvy v ČR	3	3	1	2	3	3	3	průměr	průměr per capita	změna v %
vývoz ČR	20 070	20 370	24 675	28 291	22 147	21 802	23 833	<b>23 027 EUR</b>	8,22 EUR	18,75%
vývoz do ČR	1430	1 480	12 816	4 704	4 546	6 850	8 988	<b>5 831 EUR</b>	2,08 EUR	528,53%
obrat	21 500						32 821			52,66%
počet zaměstnanců ZÚ										
bilaterální dohody	2	2	2	1	2	2				
rozvojová pomoc USA	24,101,000	23,030,000	29,521,000	27,706,000	22,717,000	21,578,000	16,826,321			

### Albánský export/import s Českou republikou



Zdroje, ze kterých byl přehled sestaven:

Přehled zahraniční politiky ČR 2008, 2009, 2010

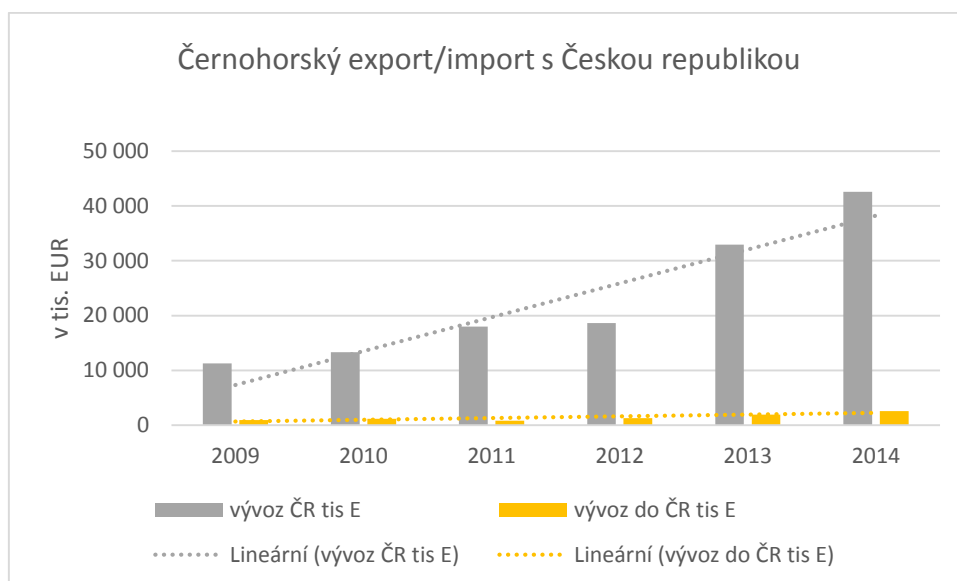
Analýza české zahraniční politiky pro rok 2011, 2012, 2013, 2014

Souhrnná teritoriální informace Albánie

Statistická data OECD

Webové stránky ZÚ Tirana

Černá Hora												
rok	2008	2009	2010	2011	2012	2013	2014					
Oficiální návštěvy České del.	1	3	1	2	2	1	1					
Oficiální návštěvy v ČR	1	2	2	1	2	1	1	<b>průměr</b>	průměr per capita	změna v %	změna 2008/2009	
vývoz ČR tis E	23 758	11 259	13 318	17 991	18 626	32 957	42 535	<b>22 781</b>	36,74 EUR	277,79%	- 111,01%	
vývoz do ČR tis E	5 119	962	1 177	810	1 277	1 966	2 595	<b>1 987</b>	3,20 EUR	169,75%	- 432,12%	
obrat	28 877	12 221					45 130			269,28%	- 271,57%	
bilaterální dohody	0	x	3	2	0	1	0					
rozvojová pomoc USA	9,307,000	8,498,000	10,648,000	10,927,000	6,425,000	4,862,000	4,494,845					
								počet obyvatel	620 029			



Zdroje, ze kterých byl přehled sestaven:

Přehled zahraniční politiky ČR 2008, 2009, 2010

Analýza české zahraniční politiky pro rok 2011, 2012, 2013, 2014

Souhrnná teritoriální informace Černá Hora

Statistická data OECD

Webové stránky ZÚ Podgorica

Makedonie										
rok	2008	2009	2010	2011	2012	2013	2014			
Oficiální návštěvy České del.	3	6	1	4	3	3	2			
Oficiální návštěvy v ČR	1	4	1	3	2	1	3	<b>průměr</b>	průměr per capita	změna v %
vývoz ČR	41 600	49 960	38 099	50 032	65 603	72 602	72 349	<b>55 749</b>	26,99 EUR	73,92%
vývoz do ČR	8 810	14 290	15 230	80 558	155 712	176 162	206 952	<b>93 959</b>	45,48 EUR	2249%
obrat	8 810						279 301			3070%
bilaterální dohody	2	1	2	0	0	1	1			
rozvojová pomoc USA	26,128 ,000	23,315 ,000	27,975 ,000	28,915 ,000	28,915 ,000	16,970 ,000	12,295 ,872			
								počet obyvatel	2 065 769	



Zdroje, ze kterých byl přehled sestaven:

Přehled zahraniční politiky ČR 2008, 2009, 2010

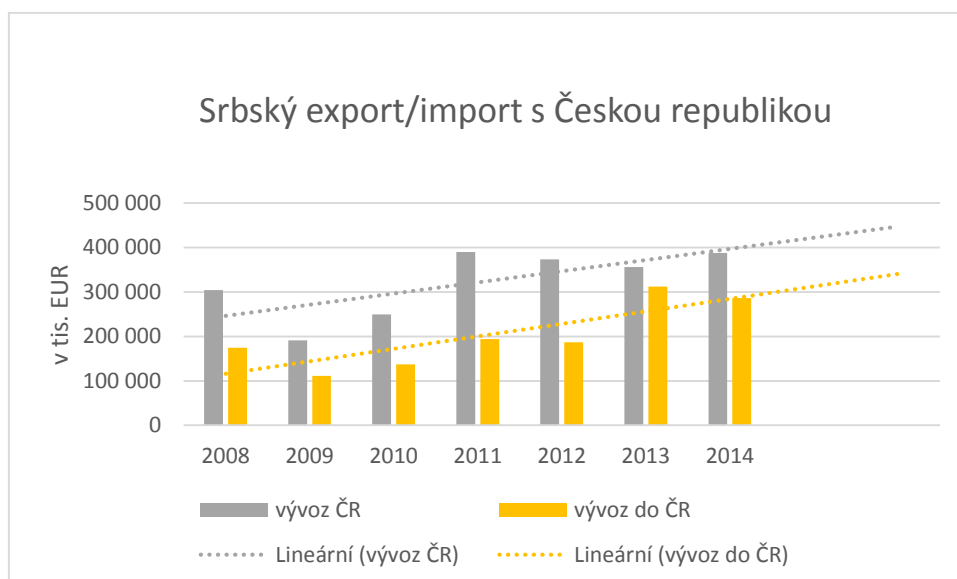
Analýza české zahraniční politiky pro rok 2011, 2012, 2013, 2014

Souhrnná teritoriální informace Makedonie

Statistická data OECD

Webové stránky ZÚ Skopje

Srbsko											
rok	2008	2009	2010	2011	2012	2013	2014				
Oficiální návštěvy České del.	4	5	6	5	6	6	5				
Oficiální návštěvy v ČR	4	5	3	5	6	4	4	<b>průměr</b>	průměr per capita	změna v %	ekonomická krize
vývoz ČR	304 015	191 291	249 512	390 292	373 201	355 922	387 799	<b>321 719</b>	44,76 EUR	28 %	-59%
vývoz do ČR	174 544	111 046	137 237	193 838	186 936	312 301	285 914	<b>200 259</b>	27,86 EUR	64 %	-57%
obrat	478 559						673 713			41 %	
bilaterální dohody	2	2	3	2	1	2	1				
rozvojová pomoc USA	52,687,000	49,187,000	51,553,000	48,939,000	38,837,000	31,022,000	23,202,291				
							počet obyvatel	7 186 862			



Zdroje, ze kterých byl přehled sestaven:

Přehled zahraniční politiky ČR 2008, 2009, 2010

Analýza české zahraniční politiky pro rok 2011, 2012, 2013, 2014

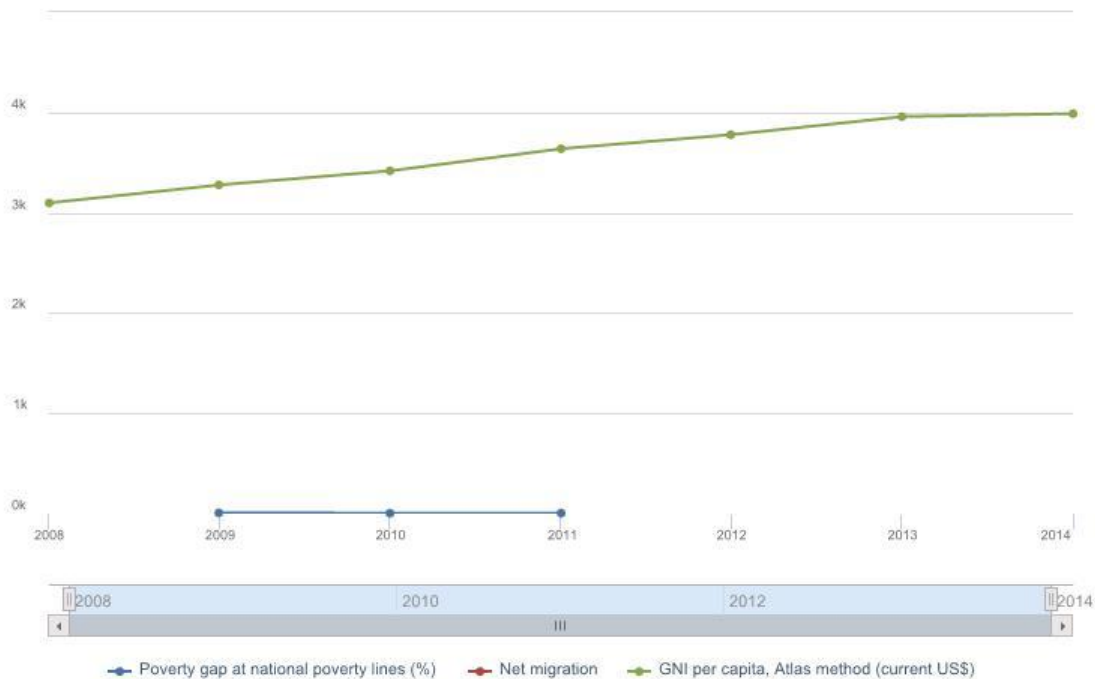
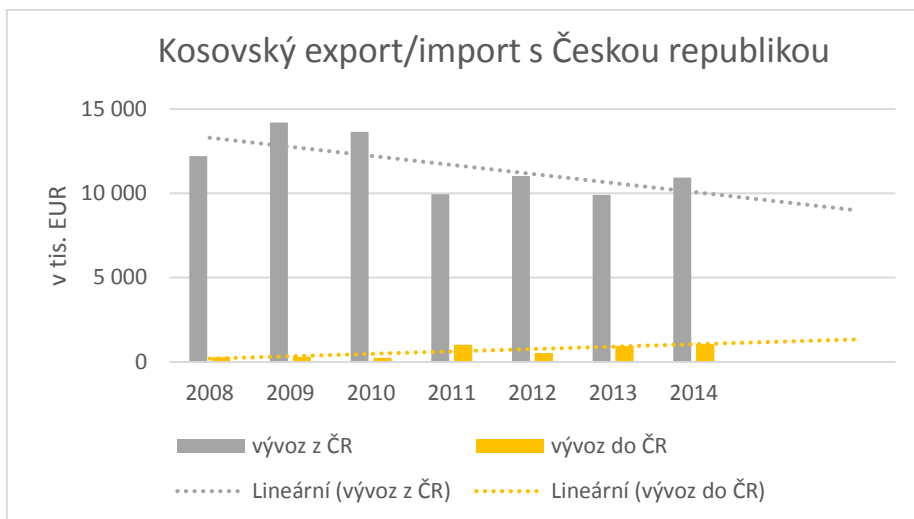
Souhrnná teritoriální informace Srbsko

Statistická data OECD

Webové stránky ZÚ Bělehrad



<b>Kosov o</b>										
rok	2008	2009	2010	2011	2012	2013	2014			
Oficiální návštěvy České del.	2	2	2	3	2	1	2			
Oficiální návštěvy v ČR	2	1		3	1	2	3	<b>průměr</b>	průměr per capita	změna v %
vývoz z ČR v tis €	12 193	14 200	13 644	9 948	11 018	9 898	10 926	<b>11 690</b>	6,44 EUR	- 10,39%
vývoz do ČR v tis €	278	290	241	1 012	532	937	1 057	<b>621</b>	0,34 EUR	280,22%
Obrat V tis €	12 471						11 983			- 3,91%
bilaterální dohody	1	0	15*su kcese Jugos.	2	1* ratifikace	0	0			
rozvojová pomoc USA	147,14 8,000	123,033,0 00	99,270 ,000	85,42 8,000	66,73 2,000	62,41 9,000	54,11 6,444			
rozvojová pomoc ČR	2,44 mil EUR	322 tis EUR nové*	3 520 USD	43 mil. Kč	44,2 mil. Kč	46 mil Kč	<b>počet obyvatel</b>	<b>1 815 606</b>		
		*běží projekt z 2008								



Country : Kosovo

Source: World Development Indicators

Created on: 01/04/2016

Zdroje, ze kterých byl přehled sestaven:

Přehled zahraniční politiky ČR 2008, 2009, 2010

Analýza české zahraniční politiky pro rok 2011, 2012, 2013, 2014

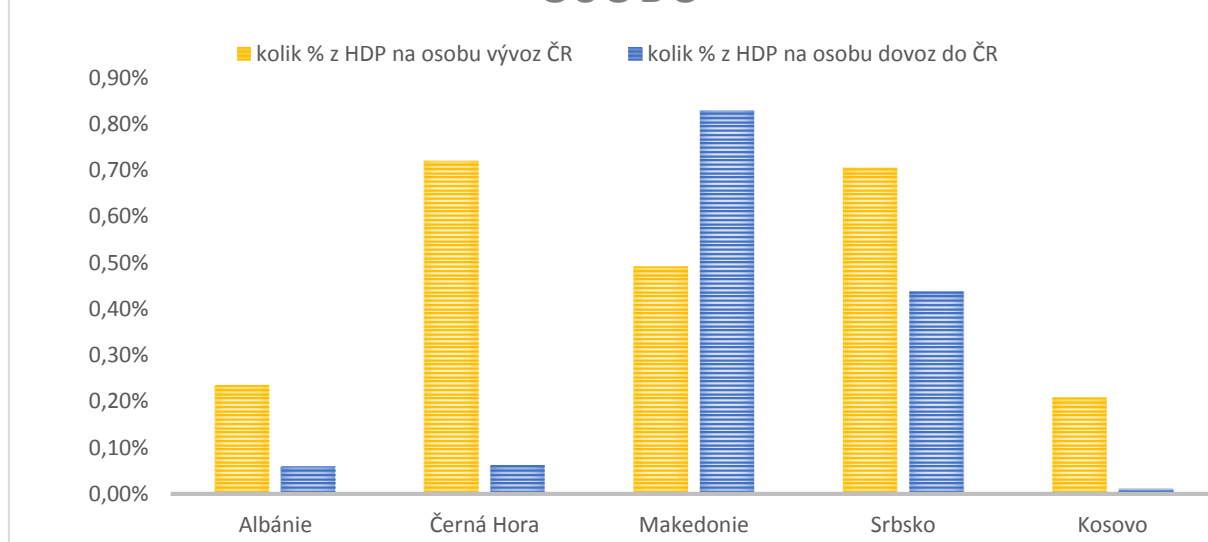
Souhrnná teritoriální informace Kosovo

Statistická data OECD

Webové stránky ZÚ Přeština

průměr per capita	Albánie	Černá Hora	Makedonie	Srbsko	Kosovo
vývoz z ČR	8,22 EUR	36,97 EUR	26,99 EUR	44,76 EUR	6,44 EUR
dovoz do ČR	2,08 EUR	3,20 EUR	45,48 EUR	27,86 EUR	0,34 EUR
HDP na osobu k roku 2014	3 491,00 EUR	5 136,00 EUR	5 485,00 EUR	6 353,00 EUR	3 084,00 EUR
kolik % z HDP na osobu Vývoz	0,24%	0,72%	0,49%	0,70%	0,21%
kolik % z HDP na osobu Dovoz	0,06%	0,06%	0,83%	0,44%	0,01%

## POMĚR EXPORTU/IMPORTU K HDP NA OSOBU



Všechny data uvedené v tabulce pocházejí z přehledů portálu [www.businessinfo.cz](http://www.businessinfo.cz) a přehledů pro jednotlivé země srovnání.

On-line text:

[www.services.czechtrade.cz/pdf/sti/kosovo-2015-11-29.pdf](http://www.services.czechtrade.cz/pdf/sti/kosovo-2015-11-29.pdf)

[www.services.czechtrade.cz/pdf/sti/makedonie-fyrom-2015-06-01.pdf](http://www.services.czechtrade.cz/pdf/sti/makedonie-fyrom-2015-06-01.pdf)

[www.services.czechtrade.cz/pdf/sti/cerna-hora-2015-06-01.pdf](http://www.services.czechtrade.cz/pdf/sti/cerna-hora-2015-06-01.pdf)

[www.services.czechtrade.cz/pdf/sti/albanie-2015-06-01.pdf](http://www.services.czechtrade.cz/pdf/sti/albanie-2015-06-01.pdf)

[www.services.czechtrade.cz/pdf/sti/srbsko-2015-06-01.pdf](http://www.services.czechtrade.cz/pdf/sti/srbsko-2015-06-01.pdf)

[www.mzv.cz/file/1124574/manual\\_Export\\_do\\_Srbska.pdf](http://www.mzv.cz/file/1124574/manual_Export_do_Srbska.pdf)



	Albánie	Černá Hora	Makedonie	Srbsko	Kosovo
vývoz z ČR	8,22 EUR	36,97 EUR	26,99 EUR	44,76 EUR	6,44 EUR
dovoz do ČR	2,08 EUR	3,20 EUR	45,48 EUR	27,86 EUR	0,34 EUR
HDP na osobu k roku 2014	3 491,00 EUR	5 136,00 EUR	5 485,00 EUR	6 353,00 EUR	3 084,00 EUR
kolik % z HDP na osobu V	0,24%	0,72%	0,49%	0,70%	0,21%
kolik % z HDP na osobu D	0,06%	0,06%	0,83%	0,44%	0,01%
<b>Pořadí</b>	<b>1.</b>	<b>2.</b>	<b>3.</b>	<b>4.</b>	<b>5.</b>
	Srbsko	Černá Hora	Makedonie	Albánie	Kosovo
vývoz z ČR	44,76 EUR	36,97 EUR	26,99 EUR	8,22 EUR	6,44 EUR
	Makedonie	Srbsko	Černá Hora	Albánie	Kosovo
dovoz do ČR	45,48 EUR	27,86 EUR	3,20 EUR	2,08 EUR	0,34 EUR
	Černá Hora	Srbsko	Makedonie	Albánie	Kosovo
kolik % z HDP na osobu V	0,72%	0,70%	0,49%	0,24%	0,21%
	Makedonie	Srbsko	Černá Hora	Albánie	Kosovo
kolik % z HDP na osobu D	0,83%	0,44%	0,06%	0,06%	0,01%

## Všechny hodnoty jsou vyjádřeny v USD, kurz v práci 24,60 CZK/1 USD, kurz dle ČNB

Česká pomoc	Albánie	Černá Hora	Makedonie	Srbsko	Kosovo
2008	420	560	390	7700	2650
2009	460	170	390	4480	3440
2010	540	190	190	3580	3520
2011	470	70	220	3190	1060
2012	420	100	190	2380	2260
2013	220	210	180	1610	1320
2014	240	220	200	1710	2160
celkem	2 770 000 USD	1 520 000 USD	1 760 000 USD	24 650 000 USD	16 410 000 USD

počet obyv.	2 800 138	620 029	2 065 769	7 186 862	1 815 606
pomoc/obyv.	0,99 USD	2,45 USD	0,85 USD	3,43 USD	9,04 USD

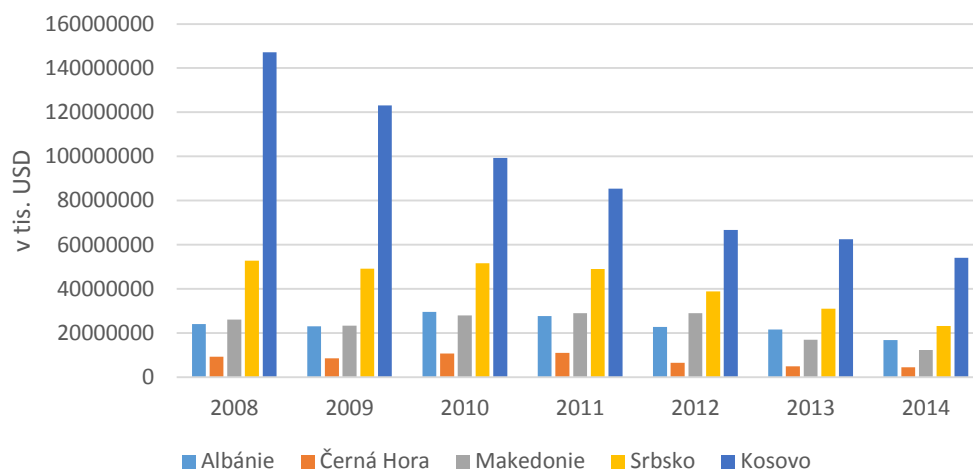
Americká pomoc	Albánie	Černá Hora	Makedonie	Srbsko	Kosovo
2008	24 101 000	9 307 000	26 128 000	52 687 000	147 148 000
2009	23 030 000	8 498 000	23 315 000	49 187 000	123 033 000
2010	29 521 000	10 648 000	27 975 000	51 553 000	99 270 000
2011	27 706 000	10 927 000	28 915 000	48 939 000	85 428 000
2012	22 717 000	6 425 000	28 915 000	38 837 000	66 732 000
2013	21 578 000	4 862 000	16 970 000	31 022 000	62 419 000
2014	16 826 321	4 494 845	12 295 872	23 202 291	54 116 444
celkem	165 479 321 USD	55 161 845 USD	164 513 872 USD	295 427 291 USD	638 146 444 USD

počet obyv.	2 800 138	620 029	2 065 769	7 186 862	1 815 606
pomoc/obyv.	59,10 USD	88,97 USD	79,64 USD	41,11 USD	351,48 USD

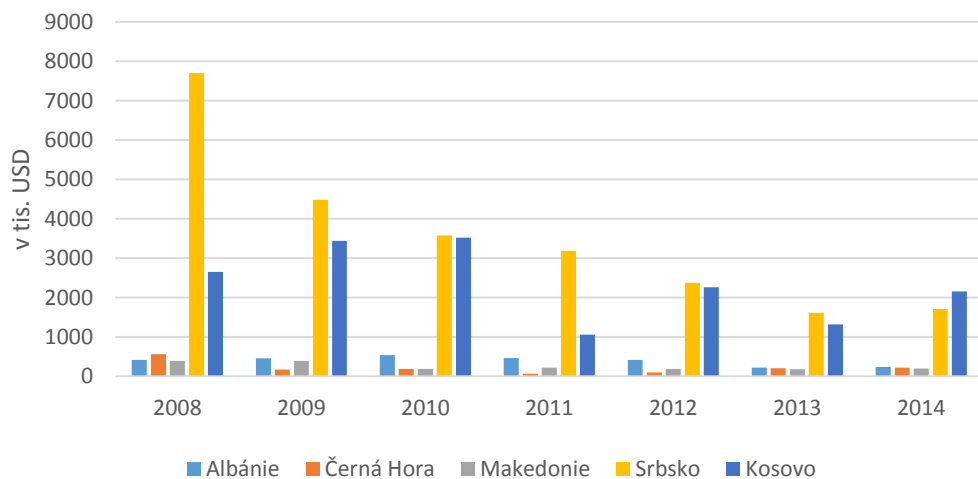
pořadí	1.	2.	3.	4.	5.
stát	Kosovo	Srbsko	Černá Hora	Albánie	Makedonie
pomoc ČR pC	9,04 USD	3,43 USD	2,45 USD	0,99 USD	0,85 USD
celková suma	16 410 000,00 USD	24 650 000,00 USD	1 520 000,00 USD	2 770 000,00 USD	1 760 000,00 USD

pořadí	1.	2.	3.	4.	5.
stát	Kosovo	Černá Hora	Makedonie	Albánie	Srbsko
<b>pomoc USA pC</b>	<b>351,48 USD</b>	<b>88,97 USD</b>	<b>79,64 USD</b>	<b>59,10 USD</b>	<b>41,11 USD</b>
celková suma	638 146 444 USD	55 161 845 USD	164 513 872 USD	165 479 321 USD	295 427 291 USD

### Rozvojová pomoc USA



### Rozvojová pomoc ČR







REPUBLIC OF KOSOVO  
Ministry of Trade and Industry

# INVESTING IN KOSOVO



**IPAK**  
INVESTMENT PROMOTION AGENCY OF KOSOVO



## 2. Declaration of the Government on attracting foreign investment

Dear Investor,

The Government of Kosovo's Vision for the next three years foresees a deep and thorough reform on five vital economic development areas. These Five key strategic areas which will enable the Government to achieve a steady economic growth including maintaining macro-fiscal stability; investments and support to the private sector; development of the public infrastructure; re-vitalizing agriculture and development of the human capital.

During the next three years the Government of Kosovo aims to achieve a steady annual economic growth of 7 to 8%. The Government will increase the efficiency of the public expenditures and will ensure the continuous increase of the revenues. The tax policy in Kosovo is the best in the region. Income taxes are between 0-10% and corporate taxes are 10%. Value added tax is 16%, the lowest in the region. Labor force is the most cost-efficient in the region with the average gross salary in 2011 is around €330 per month. From 2007 Kosovo averaged an economic growth of about 5%.

The Government of Kosovo has recognized that increasing investments and support to the development of the private sector represents the basis for a sustainable economic development of the country.

Kosovo is a place which provides many investment opportunities. It has a good strategic position, it is the lowest cost country in the Eurozone, it has the youngest population in Europe and it has low taxes and cost-efficient labor force. The banking system is one of the most stable in the Region, and privatization of the publicly owned enterprises is in progress which brings lots of great opportunities for foreign Investors. Today, Kosovo has more than 4,000 companies of foreign and mixed ownership. This investment is spread across a wide range of business sectors as well as investment in publicly-owned assets sold by the Government as part of its privatization program.

In addition, Kosovo enjoys recently renewed customs-free access to European Union and the United States through EU Autonomous Trade Preferences and Generalized System of Preferences respectively. This allows all investors to export to EU and US without any customs tariff.

We have identified some of our strongest potential sectors for investors. We believe that Kosovo will be an important market for foreign investors in several sectors, including Business Process Outsourcing (BPO), food processing, energy and mining, wood processing, metals and metal processing, textiles, information technology, tourism and construction.

We have already started to address the issues of business registration, construction licenses, registration of property, the issue of financial loans, investor protection, taxes, reducing the procedures for imports and exports, enforcement of contracts and closing of businesses. In the short term, we have managed to open 22 'one stop shops' throughout Kosovo. These municipal business centers will ease the procedure and shorten the time for business registration. In the mid-term, by 2014, we aim to cut all business licenses by at least 50%.

This reform, certainly, will be accompanied by a legal reform which we create all the necessary conditions for it to happen. Recently we passed the law on Business Associations and Internal Trade which allows potential investors to start a business in just a few days. The government has also drafted a package of 12 basic laws for this year which will set the stage for the deep economic and trade reforms. These laws will amend the Customs Code to harmonize it with the EU Law; regulate internal and external trade of Kosovo; will improve execution procedures and registration of the property rights and will regulate the notary, cadaster, financial reporting.

We assure you that the Government of Kosovo will remain focused in further improving the business climate and in speeding up the regional and European integration of Kosovo. We will provide full support for your business and investment activities in our country and we sincerely welcome you in Kosovo.

**Mimoza Kusari-Lila**  
Deputy Prime Minister for Economy  
Minister of Trade and Industry

# 1 General Data

## Geography

<b>Land area:</b>	10,887 km <sup>2</sup>
<b>Terrain:</b>	Low flood plains throughout central Kosovo, surrounded by mountains to the north, west and south.
<b>Land Use:</b>	52 % agriculture, 39 % forests
<b>Capital:</b>	Prishtina - est. population 200,000

## Population

<b>Population:</b>	approximately 1.8 million
<b>Ethnic composition:</b>	90 % Albanians, 5 % Serbs, 2 % Muslim Slavs (Bosniaks, Gorans), 2 % Roma and 1 % Turks
<b>Distribution:</b>	42 % urban, 58 % rural
<b>Diaspora:</b>	over 800,000 people living abroad
<b>Languages:</b>	Albanian, Serbian, English.

## Legal Framework

**Applicable Law:** Laws passed by the Kosovo Assembly enacted on 15 June 2008 and thereafter; Regulations enacted by the United Nations Interim Administration in Kosovo (UNMIK) between 10 June 1999 and 14 June 2008; Laws dated prior to 22 March 1989, enacted before the abolishment of Kosovo's autonomy within the Social Federal Republic of Yugoslavia; and laws dated between 22 March 1989 and 10 June 1999, enacted after the abolishment of Kosovo's autonomy, provided that they are not discriminatory and are required to fill a legal gap.

**Regulations available at:** [www.assembly-kosova.org](http://www.assembly-kosova.org)

## Economic Description

**Currency:** EURO

**Gross Domestic Product (GDP):** In 2011: €4.7 billion, Per capita: €2,700.

**Inflation:** On average 4.4 % per annum over the past five years.

**Financial Sector:** Two tier banking system consisting of Central Bank of the Republic of Kosovo and eight private Banks, 11 Insurance companies and two pension schemes.

**Enterprises:** over 60,000 active SMEs in 2011, app. 50 % of total SMEs engaged in trade industry. The number of SOEs in PAK's portfolio is 595, out of which 329 SOE were partially privatized, resulting with the sale of 688 New Companies and Assets sold through liquidation sales.

**Budget:** In 2012 totalling app. €1.52 billion.

**Tariff duties:** 10 % customs duties on imports, no duties on capital and intermediary goods, and selected raw materials; Excise tax on fuel, tobacco alcohol and luxury goods. No duties and taxes on exports.

**Tax System:** VAT 16 %, Corporate Profit Tax 10 %, Personal Income Tax progressive max. 10 %.

**Free trade:** Customs-free access to the EU market based on the EU Autonomous Trade Preference (ATP) Regime, Central European Free Trade Agreement - CEFTA and preferential treatment of exported goods in the US market.

**Labour market:** Average labour cost 330 Euro in 2011, skilled and well educated work force.

**Location factors:** Competitive, well educated and young workforce, enviable natural resources (mining, agriculture), low taxes and a transparent tax system, customs free access to the markets of CEFTA, EU and USA, Euro as official currency.



### 4.3 Key economic indicators

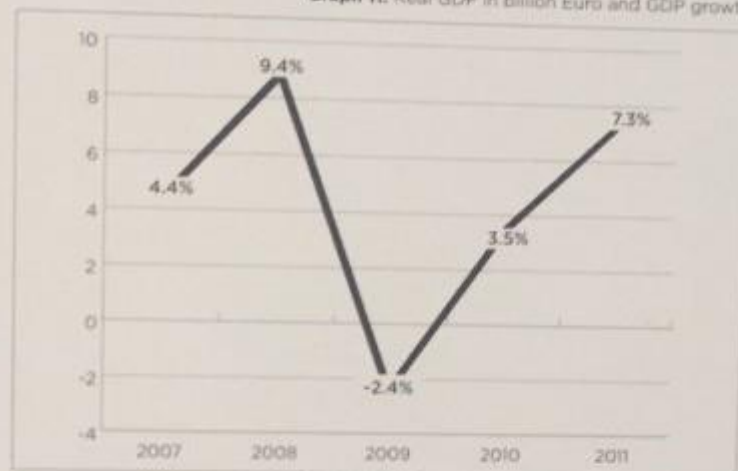
The real development of the economy measured by the gross domestic product (GDP) has been favourable in the past years, showing a positive and continuously increasing trend. Despite the effects of the international financial crisis, Kosovo was one of the few countries in Europe that experienced positive economic growth in recent years.

As donor support decreases, the private sector consumption and investments are becoming the most important factors behind economic growth. These investments are mainly being driven by the fast expanding financial sector. Moreover, the Kosovo Government runs a stable and forward-looking fiscal policy. The tax revenue base has been widened, thus enabling the Government expenditures to increase and in turn support economic growth.

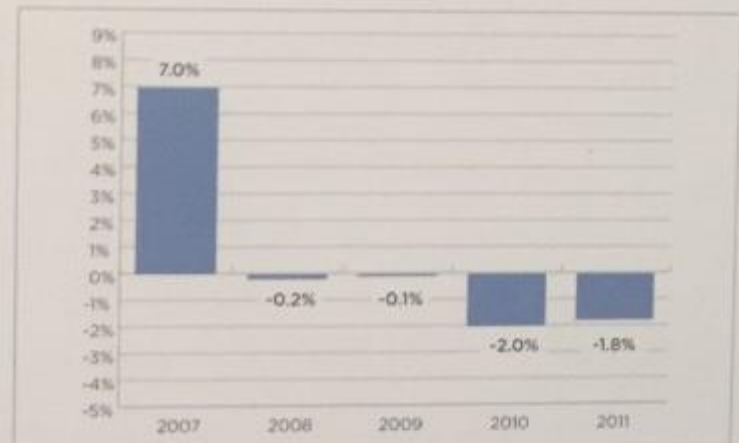
Apart from the favourable economic performance, Kosovo runs a very stable monetary policy. Kosovo is one of the few countries outside the EU-zone that has introduced the Euro as its official currency. By eliminating the exchange rate risk, transaction costs have been reduced, thus facilitating the promotion of trade and investment. Due to the absence of monetary instruments resulting from the use of the Euro, Kosovo does not run any monetary policy risk either. Prices are expected to remain stable in the future.



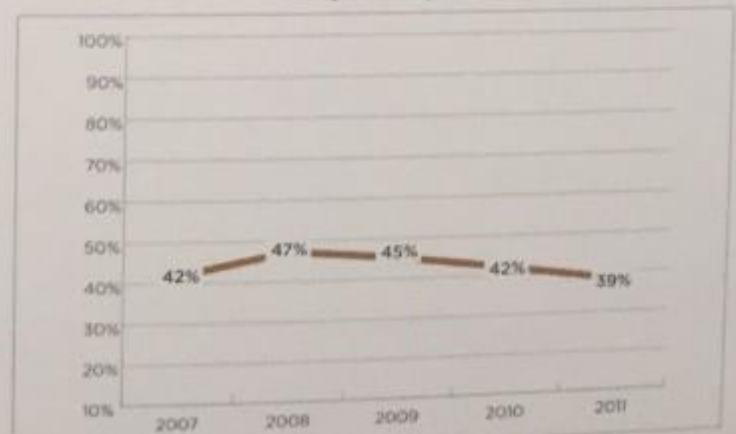
Graph 11: Real GDP in billion Euro and GDP growth



Graph 12: Inflation in Kosovo



Graph 13: Budget balance



Graph 14: Unemployment rate



### 1. Youngest population in Europe

With an average age of 25 years, Kosovo has the youngest population in Europe. Albanian and Serbian are the official languages; English and German are widely used. With two public and numerous private universities (45,000 students), a high knowledge society is emerging from the young and dynamic population. Many Kosovars who have lived and studied abroad are acting as a bridge to Western cultures and guarantee business success for foreign operations in Kosovo.



### 2. High availability of skilled and cost effective labor

The average monthly cost of labor in Kosovo is slightly over 300 Euro. Wages in Kosovo are unburdened by costly social contributions; unlike those in the countries of the region, with ca. 300,000 existing jobseekers and ca. 20,000 (8,000 graduates) new jobseekers entering the labor market every year, a sufficient stream of labor of all profiles is guaranteed. Any foreigner who has visited Kosovo will confirm the exceptional dynamic and entrepreneurial spirit of the Kosovars.



### 3. EURO as the official currency

Euro is the official currency in Kosovo, thereby eliminating currency and exchange rate risks. The Euro gives Kosovo a considerable advantage over its competitors in the region by making it more attractive to foreign investment and by ensuring financial and macroeconomic stability. It also enables Kosovo to offer the lowest transaction costs in the region.



### 4. Free access to markets of EU, US and CEFTA

Kosovo derives three major benefits from trade liberalization, namely improved export possibilities, a better investment environment, and stable relations with its neighbors. Exporters enjoy free access to a market of over 500 million consumers. Kosovo is a member of CEFTA and it benefits from non-reciprocal, customs-free access to the EU market based on the EU Autonomous Trade Preference (ATP) Regime. Kosovo goods also enjoy preferential treatment in the US market.



### 5. Low taxes

Kosovo has a simple and straightforward tax system. International Accounting Standards apply.

- The tax burden is very low:
- Personal Income Tax 0-10 %
  - AT 16 %
  - Corporate Income Tax 10 %
  - Mandatory contributions for employees only 5 % of gross salaries



### 6. Stabilizing political environment

Kosovo's independence marks the end to a long period of economic and political uncertainty. In addition to increased stability being created in the entire region, it presents a perspective of regional economic development and EU integration. So far, Kosovo has been recognized by the most powerful nations worldwide and has become a member of international institutions such as the International Monetary Fund and the World Bank. The international presence in Kosovo is strengthening the stabilization process and the rule of law and is bringing legal security to foreign investments.





## 10. Great investment opportunities

Kosovo is well endowed with natural resources and agricultural land. The sectors of agricultural, food and wood processing, construction, textile, IT, automotive components, energy, and mining offer the most opportunities for foreign investors. Bearing in mind the advantages of a young, skilled and multilingual population as well as the low taxes, IT-outsourcing is an interesting opportunity.



Government of the Republic of Kosovo  
Ministry of Trade and Industry  
Kosovo Investment and Enterprise Support Agency

# 10 top reasons to invest in KOSOVO.



## 8. Strategic location and developing infrastructure

Located in the heart of the Balkans, Kosovo's capital Prishtina is one hour driving time to any neighboring country. Ongoing infrastructure projects include modern highway connections to Albania, Serbia, and Macedonia. The driving time to the Albanian Sea Port of Durres is three hours, and Thessaloniki Sea Port four hours. In addition, the recently concessioned Prishtina International Airport offers daily air connections to many major European cities.



## 9. Sound banking system

Kosovo's financial sector has been built on completely new foundations. All financial institutions in Kosovo are private and have remained stable despite the financial crisis. There are eight licensed banks, two pension funds, 19 other financial intermediaries, 28 financial auxiliaries and ten insurance companies in Kosovo. Six out of eight banks in Kosovo are foreign-owned.

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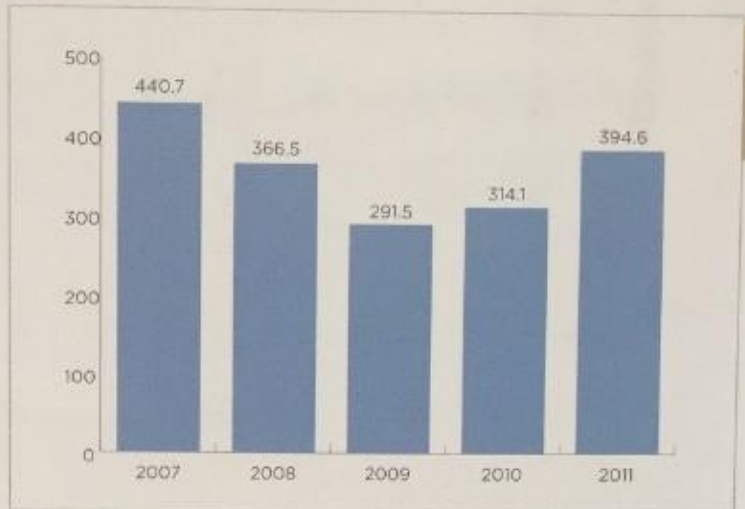
## 2. EU-compatible legislation

Since 1999, Kosovo's legal system has been re-built and is now completely compatible with the EU legislation. Foreign investors enjoy national treatment, protection against expropriation and nationalization. The repatriation of profits and transfer of invested capital is free and unrestricted. All laws and regulation in Kosovo are available online and in English, making Kosovo's legislation system the most transparent in the region

## 4.1 FDI Inflows

Taking into consideration the favourable business climate, stable macroeconomic environment and the excellent opportunities across different business sectors, Kosovo is increasingly becoming an attractive place for doing business. As a result, the interest of foreign investors has been increasing steadily throughout recent years. Kosovo has attracted over 1 billion Euro of FDIs in the past three years. After a peak in 2007 with 440 million Euro of FDI, a slight decrease has been seen in 2008 and 2009, this mainly due to the impact of the global financial downturn. In 2010 Kosovo had positive growth of FDI inflows reaching 394.6 million Euro.

Apart from investment pioneers such as the Raiffeisen Bank and Procredit, which entered the Kosovar market at the beginning of the transition phase, there are many other foreign companies engaged in a wide range of business sectors. According to the Business Registry data for 2011, there are more than 4,000 companies of foreign and mixed ownership that have already used the opportunity to invest in Kosovo. The large amount of foreign companies operating in Kosovo is living proof of the opportunities and benefits that the country offers, and also represents a base of quality products and a successful service-providing community.



Graph 10: FDI Inflow in million Euro

### Foreign companies in Kosovo



## 6.1 Labour market

Kosovo is blessed with a young, skilled, multilingual and motivated labour force with a strong entrepreneurial spirit.

With 70 percent of the population being under the age of 35, Kosovo is considered to have the youngest population in Europe. This young population has a high literacy of foreign languages. Albanian and Serbian are both official languages, and given the long-term presence of a large international community, English has been established as a de-facto third official language. Owing to the large Kosovar Diaspora, German and other European languages are frequently heard.

Taking into consideration the high availability of the work force and the liberal labour law that governs the local labour market, hiring employees in Kosovo is both time saving and simple. According to the "Doing Business 2012" of the World Bank, Kosovo can outperform most of its neighbouring countries when it comes to the simplicity of hiring new employees. The same applies to the cost of making workers redundant which, equal to a salary of 7.2 weeks, is below the regional average.

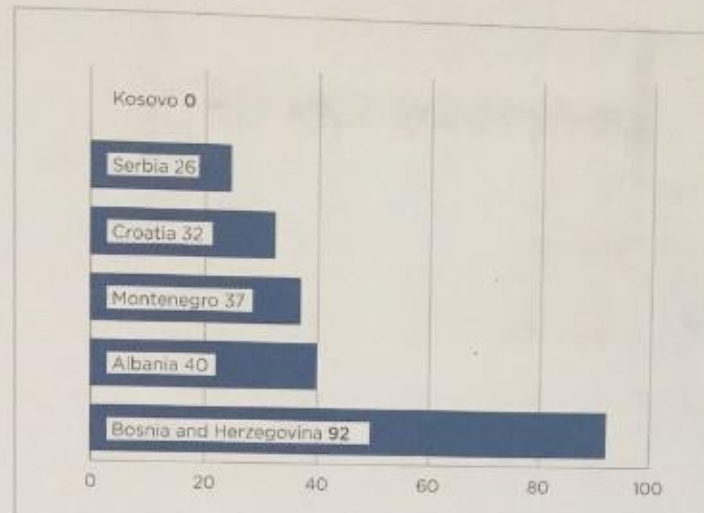
Furthermore, the highly flexible labour market offers a sufficient work force with varied skills and levels of education and training. Although according to the data covering job-seeker statistics the main part of the labour market supply consists of basic skilled labour, there are sufficient quantities of highly educated jobseekers as well.

The main advantage of the Kosovo labour force remains its low cost. With the average monthly labour cost estimated at EUR 330 it is the most competitive in the region.

Country	Average monthly labour cost (euro)
Kosovo	330
Macedonia	491
Serbia	512
Croatia	1049
Bosnia and Herzegovina	651

Table 3: Overview of the monthly labour cost in the region - 2011

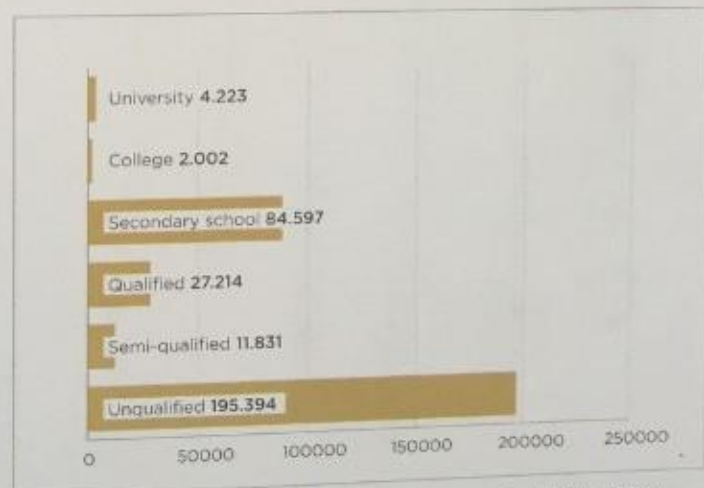
Furthermore, personal income tax in Kosovo is very low at only four percent of the average gross salary, and the wages are unburdened by



Graph 16: Difficulty of hiring index (0-100)



Graph 17: Redundancy costs (week salary)



Graph 18: Registered jobseekers (2011)

costly social contributions, unlike the salaries in most neighbouring countries. The only mandatory contributions on total gross wages paid are those for individual pension savings accounts, financed by the employer (5 percent) and the employee (5 percent).



### 7.3 Transport and distribution

Located in the heart of the Balkans, Kosovo serves as a connecting bridge between the countries of South Eastern Europe. Through its unique geographical position and its liberal trade regime, it offers instant access to the interesting and growing market in the Balkans and Central Europe, comprising 100 million potential customers.

Kosovo's capital Prishtina is within one hour's driving time to any neighbouring country (Albania, Montenegro, Macedonia, and Serbia), thereby providing a connection for all countries in the region.

#### Road network

The road network consisting of 630 km of main roads has been rebuilt to a high extent during the past years, but some completely new roads have also been constructed. With the construction of the highway that will connect Kosovo with Albania on one side and with Serbia on the other, Kosovo is becoming an important gateway in the corridor that will connect the Adriatic Sea with Western Europe.

#### Railway

The railway network in Kosovo has a combined length of 330 km. It covers the entire territory, connecting both the south with north and east with west. On the south side as well as the north side the railway line provides access to the international railway network. The ongoing rehabilitation and modernisation of Kosovo railways provides a solid base to satisfy the growing demand on logistical services. The project for the construction of the new line that will connect the capital of Kosovo, Prishtina, to the port of Durres in Albania is under development.

#### Air communication

Besides the road and railway network, Kosovo has a modern international airport. With over one million passengers per year, Prishtina International Airport is ranked among the most frequented airports of the region, serving several international airlines and offering flights to the most important European centres.



Graph 25: Travel distances from Prishtina to major regional centres

for Euro 100 million investments in modernisation and expansion of the Airport. This should help the Prishtina International Airport to become a regional hub in the near future.