

EXPORT
RÅDDET

SWEDISH TRADE COUNCIL





Kosovo - Country Presentation

Fact Pack

The Swedish Trade Council in Serbia
June 2009

THE SWEDISH TRADE COUNCIL MAKES IT EASIER FOR SWEDISH COMPANIES TO GROW INTERNATIONALLY

Sweden:

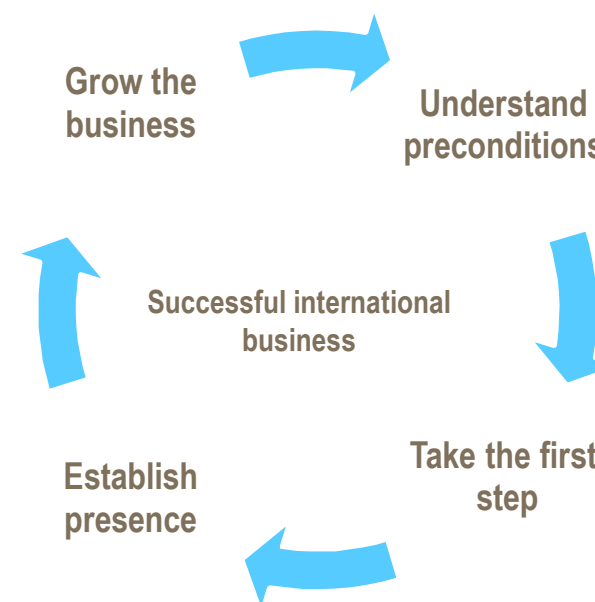
- Headquarters in Stockholm, 80 employees
- 22 regional export advisers
- All Trade Commissioners regularly visit different parts of Sweden

Abroad:

- 66 offices, 500 employees in 57 countries
- Through partners and networks we cover more than 100 countries

Belgrade

- Operational since 2001



Vision of the office:

STC in Belgrade is the primary consulting partner for Swedish companies doing business in Bosnia-Herzegovina, Serbia, Macedonia, Kosovo, Albania and Montenegro

KOSOVO IN BRIEF

Area:	10,887 km ²
Population:	1.8 million (2008est)
Language:	Albanian, Serbian
Capital:	Pristina
Biggest cities:	Pristina, Mitrovica, Pec
GDP:	2.4 BEUR (2007 est.)
Currency:	EUR
Inflation:	2% (2007 est.)
Unemployment:	43% (2007 est.)
Main exports:	Mining and processed metal products, scrap metals, leather products
Main imports:	Foodstuffs, wood, petroleum, chemicals, machinery, electrical equipment



Source: Map: CIA World Fact Book, IPAK

NEWLY INDEPENDENT KOSOVO OPEN FOR INVESTMENTS

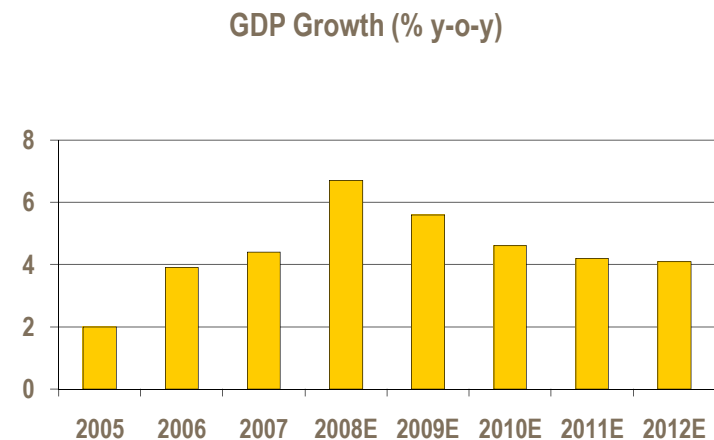
- Kosovo is the most undeveloped country in the region and has suffered from years of armed conflicts, strive for independence and mismanagement
- The newly gained independence has increased hope for development even if problems such as high unemployment rate, corruption, political instability and poor infrastructure persist
- Kosovo is enjoying extensive economic and political support from the international community
 - The economic performance over the past years has slightly improved
 - Kosovo has a trade agreement with the EU as well as with countries in the region through CEFTA
 - A liberal trade regime due to trade liberalization, restructuring and reforms of the business framework
- Business opportunities exist in a number of fields
 - Continued international support through e.g. EU IPA funds
 - Short business registration procedures, low cost of registration and favorable tax regime
 - However, the risks of doing business in Kosovo caused by political uncertainty and unstable institutional framework should be kept in mind

Source: Euromonitor International, UNMIK, UNDP

A GRADUALLY GROWING ECONOMY

- ONGOING PRIVATIZATION OF THE INDUSTRY

- GDP was approximately 2,4 BEUR in 2007 and growth rate was over 4%
- Trade deficit amounted to over 1,4 BEUR in 2007, with exports reaching 165 MEUR and imports 1,6 BEUR
 - So far, mostly low-value goods are exported
 - Imports mainly consist of minerals, machinery, electrical equipment and food commodities
- Most of the trade is regionally oriented
 - Macedonia, Serbia, Germany, Greece and Italy are important trade partners
 - Free access to EU markets and CEFTA member countries' markets



Source: Statistical office of Kosovo, IPAK

INTERESTING SECTORS FOR SWEDISH COMPANIES

Mining

- Kosovo has important deposits of lead, zinc, nickel and magnesium
- The privatization processes are still in its initial stages which provides opportunities for investors
- Opportunities exist in the mining process as well as in supply of equipment to mining activities

Energy

- Kosovo has significant reserves of lignite
- Great needs for electricity generation and distribution as supply is not keeping up with increasing demand
- Thermo-electric power plants will constitute an important electricity source for a foreseeable time
- Significant investments expected in coal production capacities
- Opportunities in supply of equipment and know-how

Transport, infrastructure and construction

- Ongoing and upcoming investments in infrastructure
- Significant underinvestment over the past 20 years
- Shortage of in-house construction and engineering skills and capacities
- Plans to spend over 600 MEUR on highway and magistral road construction and upgrades 2008-2012
- Opportunities for equipment suppliers and technical consultants

A MARKET WITH INCREASING OPPORTUNITIES - BUT BE AWARE OF TRANSITIONAL CHALLENGES

STRENGTHS AND OPPORTUNITIES

- Favourable tax and investment regime
- Existing free trade agreements
- Labour at low cost levels. Young population
- Euro is the official currency
- Big needs in all sectors
- Strong international support

CHALLENGES

- Political changes/instability
- Energy sector's inability to give continuous supply
- Bureaucracy and corruption
- Weak governmental institutions
- Continuous brain drain

Source: Interviews, STC analysis

TIME CONSUMING AND DEMANDING TO DO BUSINESS IN SOUTH CENTRAL EUROPE

- NETWORK AND LOCAL KNOWLEDGE ARE ESSENTIAL

- Networking and maintaining of personal relations is essential for successful business.
 - Without a functioning network it is hard to do business
 - The time has to be invested to visit the market and meet with people
- In general time consuming to do business and to find reliable information in the Balkans
 - Information has to be double/triple checked
- Examples of practicalities to look into and to have in mind:
 - Language, bureaucracy, corruption, transport issues, long processes, good lawyer and accountant
- Sweden, Swedes and Swedish companies have an exceptionally good name

The Swedish brand is very helpful on the markets of South Central Europe

KOSOVO PROVIDES BUSINESS OPPORTUNITIES FOR SWEDISH COMPANIES

- About 4-5 hours from Sweden
- Advantageous tax rates for investors
- Attractive salary levels
- Investment needs within many sectors
- Possibility to get international support for investments
- Unexplored market potential

... which has contributed to...

a number of Swedish companies are starting to discover this new market

STC Belgrade is the natural partner for all Swedish companies who want to establish or develop their business in Kosovo

USEFUL CONTACTS

- Government of Kosovo www.ks-gov.net/portal/eng.htm
- Ministry of Trade and Industry in Kosovo www.mti-ks.org
- Investment Promotion Agency www.invest-ks.org

THE SWEDISH TRADE COUNCIL IN SOUTH CENTRAL EUROPE

The STC offices in South Central Europe collaborate extensively, enabling a more efficient way of coordinating activities between the markets, making us more adaptive and flexible to meet our clients' demands and needs

If you are interested in learning more about our services, please contact one of our offices:

Bulgaria

Address:

The Swedish Trade Council
2A Saborna street,
7th floor
1000 Sofia
Bulgaria

Tel: +359 2 9 264 265

Fax: +359 2 9 264 100

E-mail: bulgaria@swedishtrade.se

Romania

Address:

The Swedish Trade Council
European Business Center,
3rd Floor
Bd. Mircea Vodă nr. 24
code 030662 Bucharest
Romania

Tel: +40 21 302 37 12

Fax: +40 21 302 37 14

E-mail: romania@swedishtrade.se

Serbia

Address:

The Swedish Trade Council
Genex Apartmani / A 302
Vladimira Popovica 6
11070 Belgrade
Serbia

Tel: +381-11-311 30 17

Fax: +381-11-222 33 02

E-mail: stcbelgrad@swedishtrade.se