**Free trade and FDI in Kosovo: prospects for integration into the EU and Turkish production networks**

TABLE 1. *Kosovo’s external trade indicators*

|  |  |  |  |
| --- | --- | --- | --- |
| Indicators | 2008 | 2011 | 2014 |
| Exports of goods and services (current, m. €) | 595.4 | 944.4 | 1095.2 |
| Goods exports (current, m €) | 198.5 | 319.2 | 324.6 |
| Service exports (current, m €) | 396.9 | 625.2 | 770.6 |
| Exports of goods and services (% of GDP) | 15.1 | 19.8 | 19.9 |
| Imports of goods and services (current, m €) | 2,178.5 | 2,861.2 | 2,972.7 |
| Goods imports (current, m €) | 1,928.2 | 2,492.4 | 2,538.2 |
| Service imports (current, m €) | 250.3 | 368.9 | 434.5 |
| Imports of goods and services (% of GDP) | 55.3 | 59.9 | 54.0 |
| Trade balance on goods and services (current, m €) | -1,583.2 | -1,916.9 | -1,877.6 |
| Trade balance in goods (current, m €) | 1,729.8 | 2,173.2 | 2,213.7 |
| Trade balance in services (current, m €) | 146.6 | 256.3 | 336.1 |

*Source*: Central Bank of Kosovo (various years)

**TABLE 2**. *Kosovo’s exports and imports of goods with the EU and Turkey (current, m. €)*

|  |  |  |  |
| --- | --- | --- | --- |
| Indicators | 2012 | 2013 | 2014 |
| Exports with the EU | 199.9 | 204.9 | 238.3 |
| Imports with the EU | 1,050.1 | 1,083.2 | 1,081.1 |
| Trade balance with the EU | -850.20 | -878.30 | -842.80 |
| Exports with Turkey | 11.4 | 7.4 | 10.4 |
| Imports with Turkey | 199.9 | 204.9 | 238.3 |
| Trade balance with Turkey | -188.50 | -197.50 | -227.90 |

*Source*: Kosovo Agency of Statistics (various years)

FIGURE 1. *Average nominal tariff rates for EU and Turkey before and after agreements enter into force*

*Source:* Author’s calculations based on KAS (2015) data.

*Note:* Averages have been calculated based on the total number of tariff lines in Kosovo Customs’ Tariff Code (TARIK) of 2012. The same has been used to negotiate with the EU and Turkey counterparts.

TABLE 3. *The schedule of concessions granted in the SAA and the FTA with Turkey*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Sectors | SAA with EU | | FTA with Turkey | |
| Schedules (years) | Products covered (HS-8 digit) | Schedules (years) | Products covered (HS-8 digit) |
| Agriculture Sector | Zero | 1,204 | Zero | 433 |
| Five | 353 | Six | 214 |
| Seven | 180 | Eight | 39 |
| Ten | 8 | Ten | 19 |
| - | - | Ten-A | 16 |
| Excluded | 11 | Excluded | 1,035 |
| Processed Agriculture Products (PAPs) | Zero | 135 | Zero | 69 |
| Five | 98 | Six | 94 |
| Seven | 76 | Eight | 32 |
| Ten | 4 | Ten | 6 |
| - | - | Ten-A | 10 |
| Excluded | 3 | Excluded | 105 |
| Fish Products | Zero | 490 | Zero | 29 |
| Five | 1 | Six | 6 |
| Seven | 1 | Ten | 1 |
| Excluded | 0 | Excluded | 456 |
| Industrial products | Zero | 4,763 | Zero | 2,254 |
| Five | 1,131 | Four | 210 |
| Seven | 925 | Six | 1,234 |
| - | - | Eight | 2,651 |
| - | - | Ten | 470 |
|  | Excluded | 0 | Excluded | 0 |

**TABLE 4.** *Kosovo’s stock of FDI in the post war years (selected countries; in m. €)*

|  |  |
| --- | --- |
| Country | Amount |
| European Union | 1,101.6 |
| Germany | 299.5 |
| Slovenia | 222.3 |
| Austria | 183.4 |
| Holland | 162.6 |
| Great Britain | 64.5 |
| Bulgaria | 33.2 |
| Other EU | 136.0 |
| Turkey | 351.4 |

*Source*: Central Bank of Kosovo (various years)

**TABLE 5**. *Net flow of FDI in Kosovo (selected countries; in m. €)*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | 2008 | 2011 | 2014 | 2015 |
| Germany | 44.0 | 66.6 | 29.4 | 45.3 |
| Slovenia | 44.3 | 16.2 | -9.4 | 5.6 |
| Austria | 51.3 | 19.6 | 30.3 | 33.5 |
| Holland | 25.9 | 4.7 | -7.8 | -24.1 |
| Great Britain | 36.6 | 80.1 | -39.5 | 26.6 |
| Turkey | 23.8 | 34.7 | 20.0 | 57.8 |
| Total | 369.9 | 384.4 | 151.2 | 324.4 |

TABLE 6. *Kosovo: net foreign investment flows, by sector, 2007-2014*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Sector (% of total net FDI flows) | 2007 | 2011 | 2014 | Average |
| Agriculture | 1.79 | 0.14 | 0.11 | 1.16 |
| Industry | 26.95 | 10.89 | -10.85 | 15.78 |
| Construction | 1.17 | 34.63 | -13.13 | 9.1 |
| Services | 66.23 | 37.89 | 122.95 | 66.2 |
| Other | 3.83 | 16.43 | 0.91 | 7.75 |

*Source*: Central Bank of Kosovo *Times Series* (various years)

*Notes:* averages over the whole time period