

# **Investment opportunities and experiences in Kosovo**

**Hamëz MORINA, Project Manager IPAK-Vienna & Vice-  
President ECIKS**

**Vienna, 25. October 2011**

# **Investment and business climate in Kosovo**

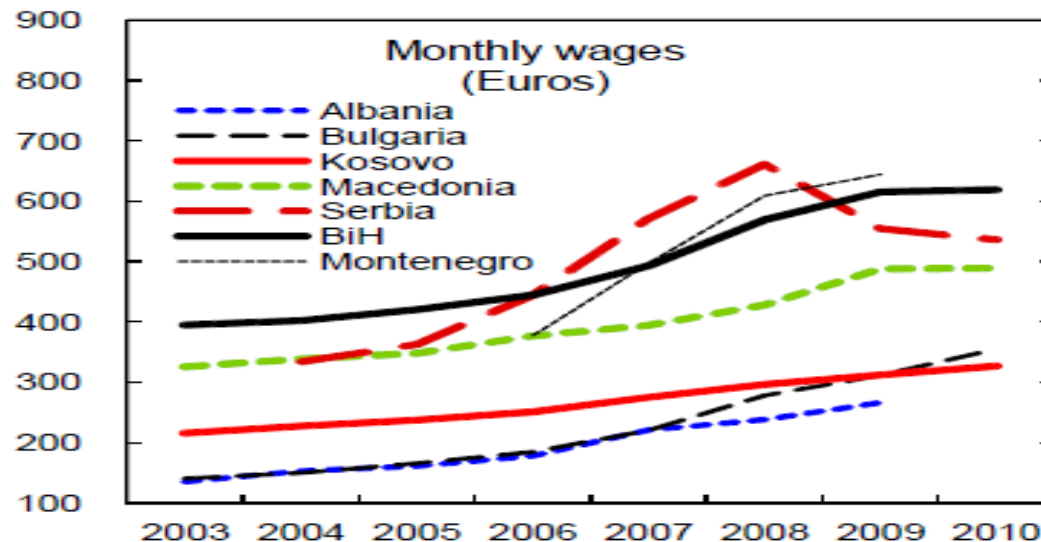
# INVESTMENT AND BUSINESS CLIMATE

- **Stable macroeconomic environment**
  - Real GDP Growth in 2011 - 5.3%
  - Average inflation in past 5 years- 3.1%
- **Euro - official currency**
- **EU compatible legal system**
  - Equal treatment of foreign investors
- **Sound banking system**



# FLEXIBLE LABOUR MARKET

- Young and dynamic Population
- High literacy of foreign languages
- Cultural proximity to western Europe



Source: IMF

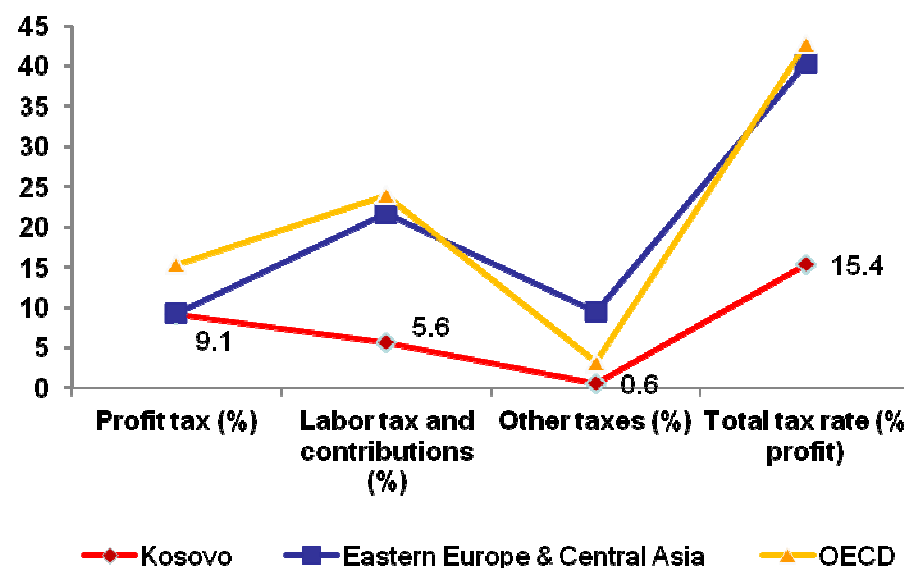
# LOW TAX BURDEN AND LIBERAL TRADE REGIME

- **Tax reform**

- Corporate income tax 10 %
- Personal income tax 0-10 %
- VAT 16 %

- **Trade Agreements**

- CEFTA 2007
- Preferential trade agreement with EU
- Preferential trade agreement with USA

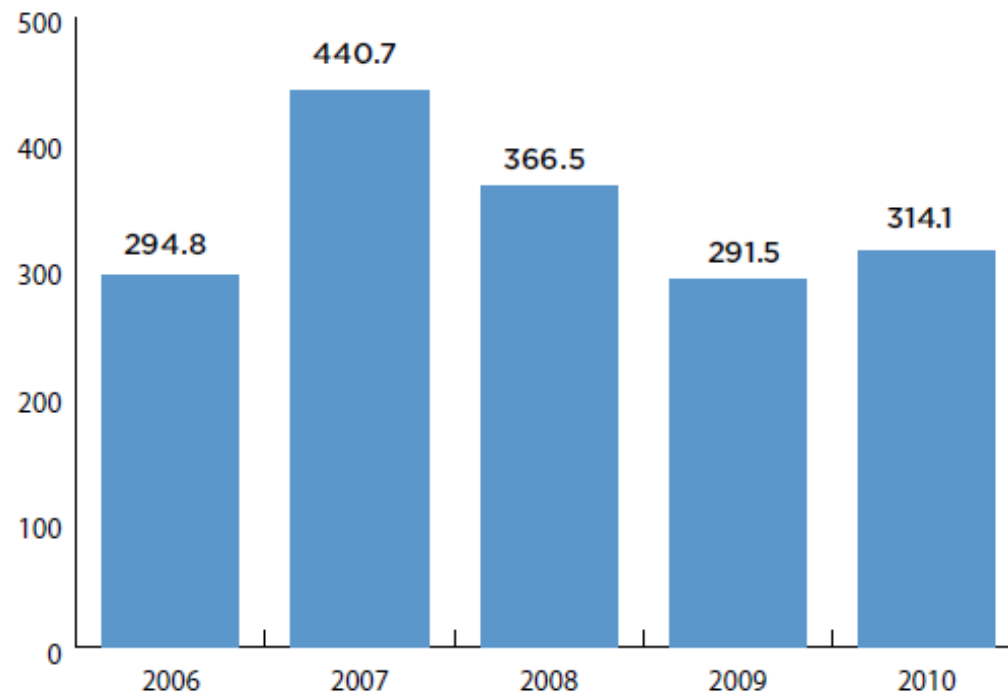


Source: WB

# **Foreign investments in Kosovo**

## FDI INFLOW in million € 2006 – 2010

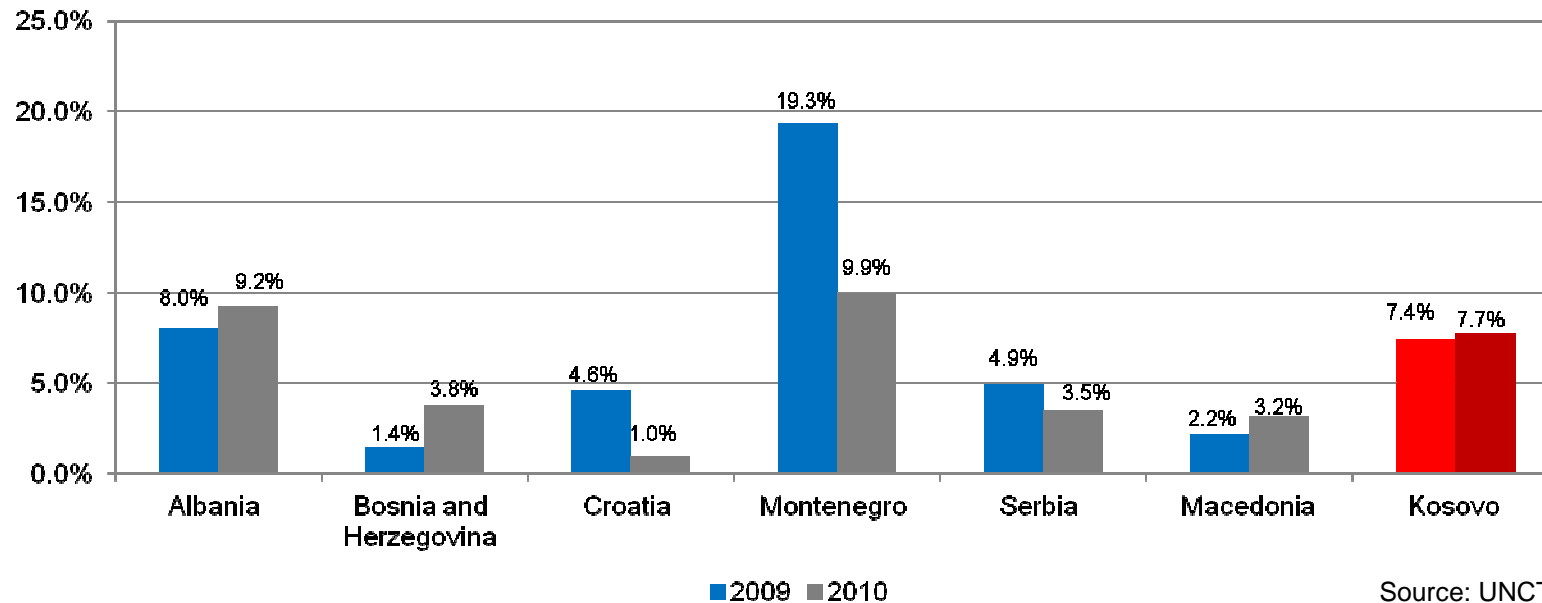
- In 2010 Kosovo managed to attract 10% of total FDI inflows in SEE



Source: BQK

# FDI AS PERCENTAGE OF GDP IN SEE

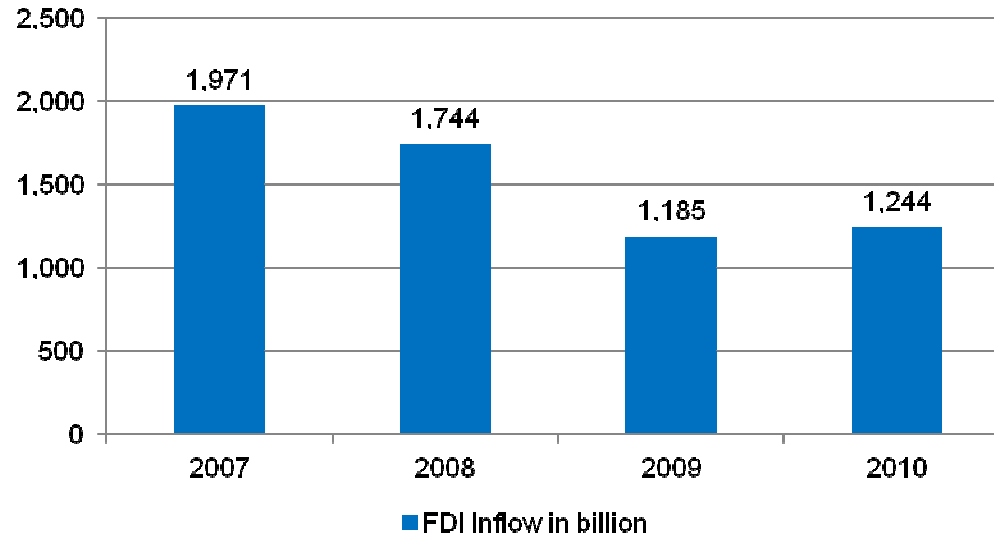
- FDI contribution to GDP was 5.5% in SEE in 2010
- In Kosovo above the average 7.7%



# GLOBAL FDI INFLOWS

- Worldwide still 37% lower than FDI inflow peak in 2007
- FDI to return to pre-crisis level in 2012 (1.4 – 1.6 trillion)
- 50% of total FDI in developing and transition economies

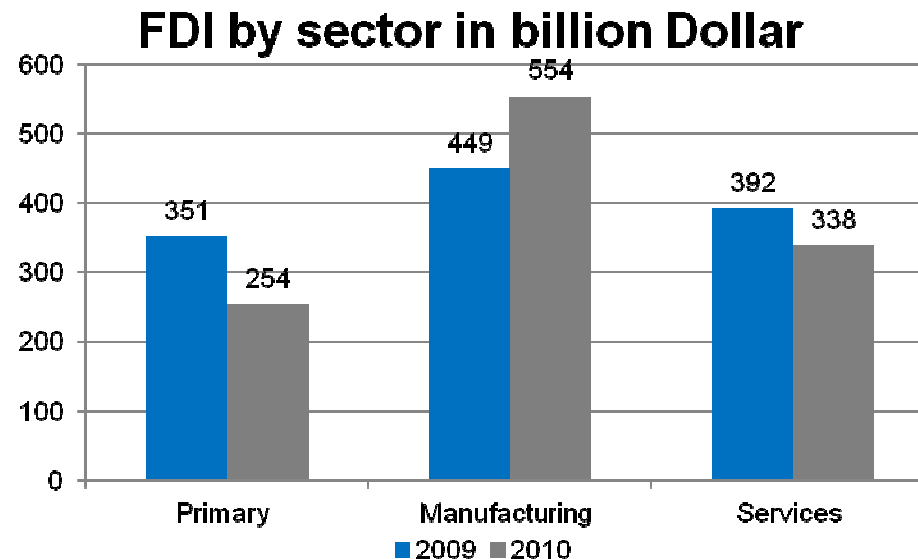
**FDI Inflow in billion Dollar**



Source: UNCTAD

# GLOBAL FDI BY SECTOR

- FDI in manufacturing growing
- Slight decrease in primary and services sector
- FDI by modes of entry - Greenfield FDI 68% / M&A 32%



Source: UNCTAD

**Investment opportunitites**

# AUTOMOTIVE AND ELECTRONIC COMPONENTS, ICT

- **Automotive and electronic components**
  - Long tradition
  - Cost effective labor
  - Suitable position for just-in-time production for Western markets
  
- **Software development, shared services, call centers**
  - Available know-how (technical and lingual)
  - Cost effective labor
  - Large stock of local IT-companies



Photo: CISCO Academy - Kosovo

# EXAMPLE: Projects in ICT

- **Wertheim & Rrota**
  - **Developing software for biometric data recognition**
  - **Highly qualified software developers employed**
  - **Prototype testing**
  
- **Evroenergie**
  - **Servicing energy companies in western markets**
  - **Highly qualified energy consultants employed**
  - **Serving local and regional demand**

# AGRICULTURE

- 53% of total surface agricultural land
- Suitable and fertile land for cultivation of fruits and vegetables
- Opportunities on reviving livestock production, meat and dairy production (Import Substitution)
- Medical herbs & wild fruits



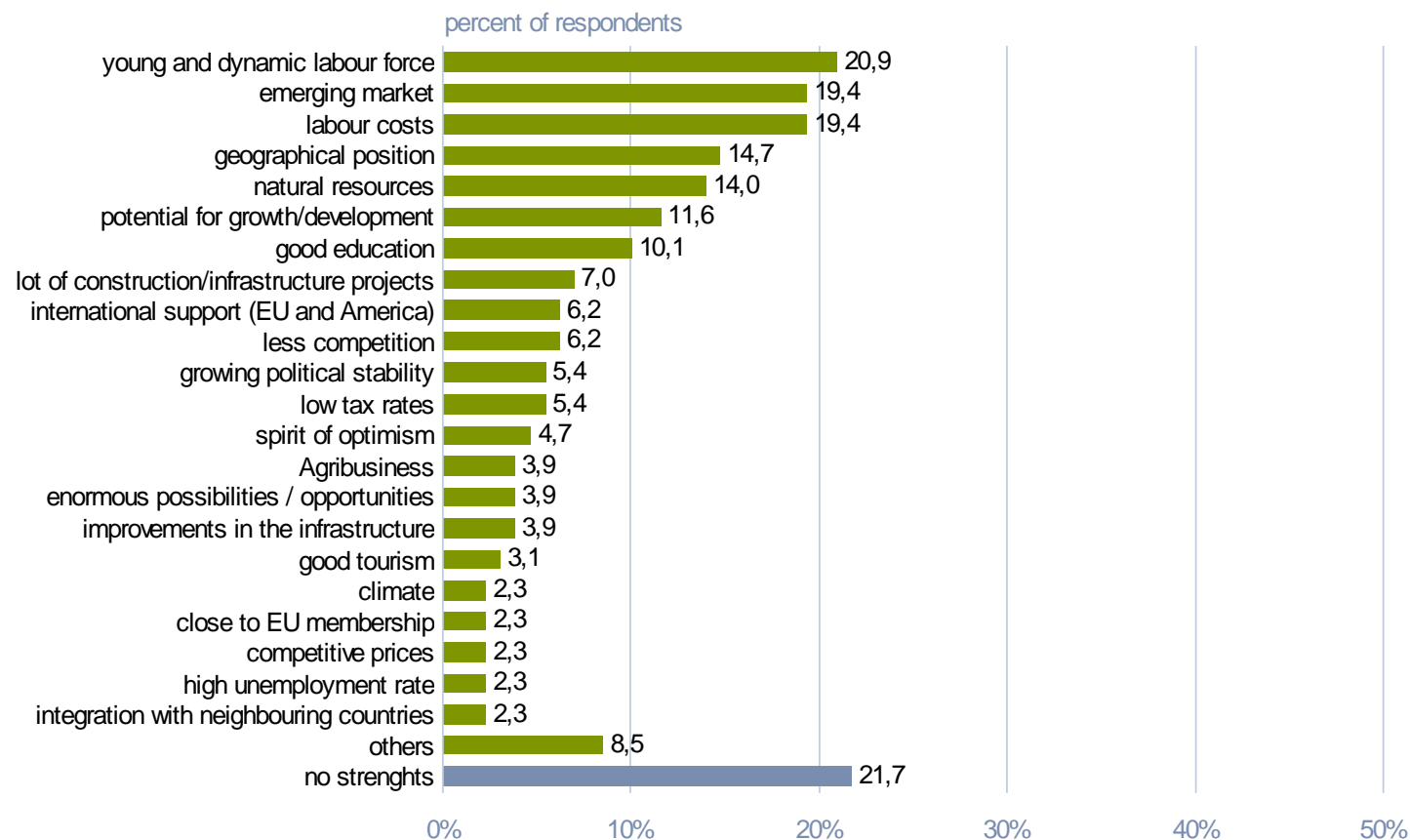
Photo: Vineyards in Theranda, Kosovo

# Example: PROJECTS IN AGRICULTURE

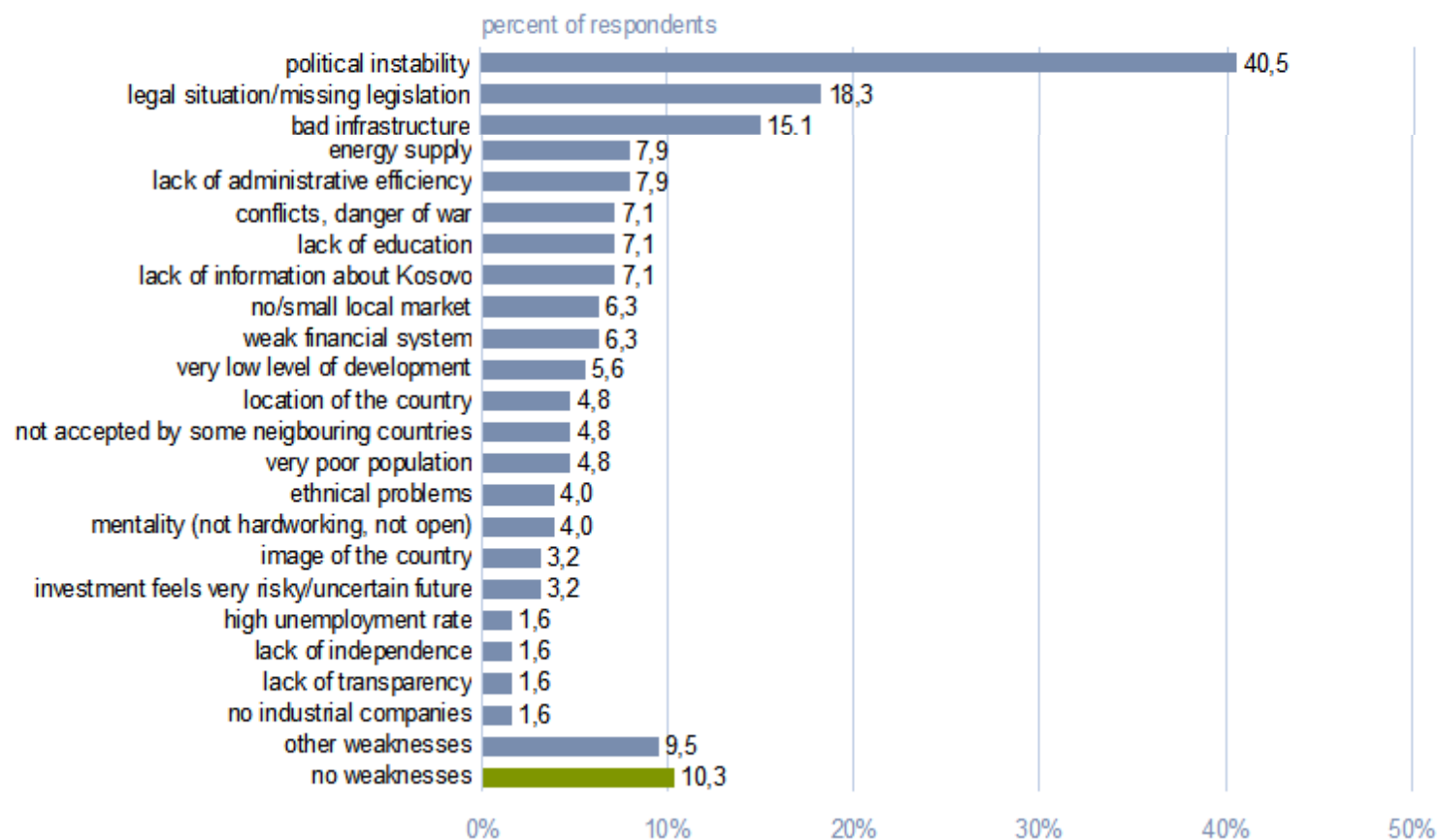
- **Etlinger & Kolm Pfluger**
  - Cultivation and processing of vegetables (pepper, cucumbers)
  - Final products exported to Austria
  
- **Kropfitsch Mehl**
  - Support in cereal production
  - Production of flour

**What do investors think about  
Kosovo?**

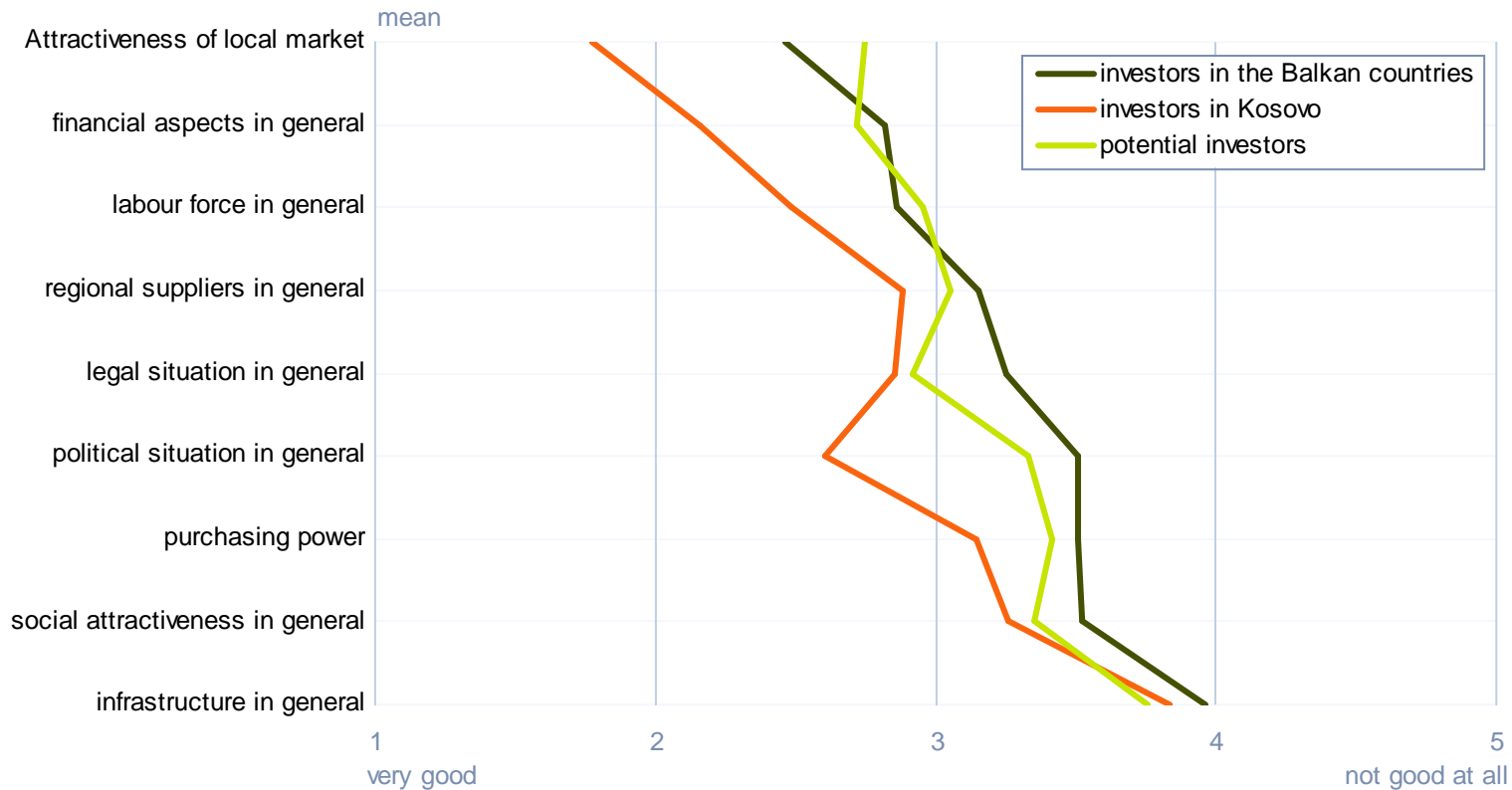
# SURVEY– INVESTING IN KOSOVO: ADVANTAGES



# SURVEY– INVESTING IN KOSOVO: DISADVANTAGES



# SURVEY– INVESTING IN KOSOVO: PERCEPTIONS



# FDI CHALLENGES

- **Image problem**
- **FDI-Incentives**
- **Effective After-care**
- **Ranking in Doing Business Report**
- **Economic cooperation as a pre-phase for FDI**
- **Focused FDI promotion**

**Online database of locations,  
buildings and projects**

# ONLINE DATABASE: FRONT END

(<http://locations.invest-ks.org/>)



[Home](#)

[Locations](#)

[Buildings](#)

[Projects](#)

Sector

Municipality

Select



Select



SEARCH

## Projects (3)

Your bookmarks(0)



### Packaging Production

Municipality: [Prizren](#)

Sector: [Paper and paper products](#)

Estimated investment: **0.00 €**

Expected Way of Investment: [Partnership](#)

[More >](#)



### Roof Tile Production

Municipality: [Prizren](#)

Sector: [Construction](#)

Estimated investment: **14,600,000.00 €**

Expected Way of Investment: [Joint Venture](#)

[More >](#)



### Saffron Production

Municipality: [Rahovec](#)

Sector: [Agriculture](#)

Estimated investment: **0.00 €**

Expected Way of Investment: [Joint Venture](#)

[More >](#)

Add your Project / Location / Building to the online database. [Add](#)



[View Larger](#)

**About Investment Promotion  
Agency of Kosovo – Office in  
Vienna**

# ABOUT IPAK-Vienna

- **IPAK: Free-of-charge services for investors**
- **Mission:**
  - Promote FDI
  - Facilitate the investment process
- **Office in Vienna**
  - Responsible for German speaking region
  - Financed by Austrian Development Cooperation (ADC)
  - Implemented by ECIKS

# ABOUT IPAK-Vienna

- Organized 25 promotional events
- 1100 foreign investors identified and contacted
- Over 200 potential investors serviced
- Implementation of 22 investment projects supported
- Over 900 new jobs created

# WHAT NEXT?

**Contact us and get informed about the concrete  
investment opportunities**

## **INVESTMENT PROMOTION AGENCY OF KOSOVO**

**Office in Vienna - Implemented by ECIKS**

Financed by:

Österreichische

 Entwicklungszusammenarbeit

Nussdorfer Strasse 20/23  
A-1090 Wien

Web: <http://www.ipak-vienna.org>

E-Mail: [info@ipak-vienna.org](mailto:info@ipak-vienna.org)

Tel.: +43 1 890 50 26

Fax.: +43 1 890 50 26 26

# WHAT NEXT?

**Contact us and get informed about the concrete  
investment opportunities**

## **INVESTMENT PROMOTION AGENCY OF KOSOVO**

**Office in Vienna - Implemented by ECIKS**

Financed by:

Österreichische

 Entwicklungszusammenarbeit

Nussdorfer Strasse 20/23  
A-1090 Wien

Web: <http://www.ipak-vienna.org>

E-Mail: [info@ipak-vienna.org](mailto:info@ipak-vienna.org)

Tel.: +43 1 890 50 26

Fax.: +43 1 890 50 26 26