

WHY CHOOSE KOSOVO?

Kosova Chamber of Commerce
www.oek-kcc.org



Indicated by
giz German Development Cooperation

The text "Indicated by" is in a small font above the word "giz" in a large, bold, red font. To the right of "giz" is the text "German Development Cooperation" in a very small font.

Kosovo is located in the center of the **Balkans**, offers easy access to air, road, rail, and three seaports such as:

**Thessaloniki,
Greece:**

329 km

**Durrës,
Albania:**

262 km

**Tivar (Bar),
Montenegro:**

299 km

Travel distance from **Pristina** to the **Regional Centers** expressed in kilometers (km):

Skopje:

86 km

Tirana:

256 km

Sofia:

279 km

Belgrade:

355 km

Sarajevo:

390 km

Zagreb:

741 km

Budapest:

747 km

Budget allocation:

3,314.3 mil.€

(LB 2024)

Number of Population:

1,586,659

(census April 2024)

GDP Growth Rate:

4.07%

(KAS)

GDP per capita:

6.101 €

(KAS)

Kosovo has the youngest population in Europe, with **55%** of its population under 30 and over one-third under the age of 18.

Financial and banking sector in Kosovo.

The number of banks:

- 11 of which with foreign ownership 8,
Value of assets 7,404.0 mil.
- Rate of non-performing loans 2.1%

The number of microfinances:

- 9 of which with foreign ownership 6,
Value of assets 583.7 mil.
- Rate of non-performing loans 2.0%

Fitch Ratings: BBB-

Contribution of financial sector with % on GDP:

Financial and insurance activities contribute to GDP with **4.3% in 2023**, **3.9% in 2022** and **3.7% in 2021**,

Tax policies

Corporate Income Tax: 10%

Personal Income Tax: 0 - 10% (progressive)

(VAT) Value Added Tax: max. rates 18%; 8%; and 0%

Mandatory Pension Contribution: 5%

Specific Tax Code for Depreciation

- **Category 1:** Buildings - five percent (**5%**)
- **Category 2:** Vehicles and office equipment - twenty percent (**20%**)
- **Category 3:** Machinery and heavy transport vehicles - fifteen percent (**15%**)

Low Operating Costs

- **Labor Costs:** Low operating costs with a minimum gross monthly wage of €350 (from October 2024).
- **VAT: 8%** for basic products (services and food basket) and **18%** for other products.
- **Dividend Tax: 0%.**

Sectors of Kosovo's Economy (2023)

The top 5 sectors contribute in % of GDP: Wholesale, retail trade, repair of motor vehicles etc.14.2 %, Manufacturing 12.8 %, Construction 8.2 %, Agriculture, forestry and fishing 7.8%, Real estate activities 5.9%.

Labour productivity in industry (BCD - NACE Rev. 2):

97.4 (2022)

Average monthly gross wages:

610.0 € (KAS)

Exports of goods and services, in % of GDP:

39.7%

Exports of goods and services:

3,836.5 mil. euro

The top 5 sectors of employment by activities (LFS): G Wholesale, retail trade, repair of motor vehicles etc. 20.0%, Construction 11.8%, Education 9.9 %, Manufacturing 9.2%, Public Administration 8.3%.

Imports of goods and services, in % of GDP:

70.5 %

Imports of goods and services,

6,803.1 mil. Euro

Exports of goods, EUR m:

863.1

Imports of goods, EUR m:

5912.8

The technology sector in Kosovo is thriving. Rapid growth has been enabled by the following:

60%

of the population is under 35 and interested in new and innovative employment opportunities, such as the digital sector.

100%

broadband internet penetration and **110%** mobile penetration

Kosovo has been ranked **1st in the Western Balkans** and **11th out of 23 emerging European Nations** in the IT competitiveness index, according to the Future of IT 2023 Report published by Emerging Europe.

According to the report, Kosovo has **the highest number of IT students per 100,000 of population.** Close bilateral cooperation with Germany, Switzerland, and Austria in the IT industry.

Demography of the ICT sector.

Companies:

+1000

Employees:

+12,000

Ownership:

77% local

Gender representation:

62% men /

38% women

ITC export:

**285 m € + 36%(2022) +
407%(2020)**

Main Markets:

**50% DACH Countries,
29% USA&Canada,
15% Balkan.**

Market Presence:

**84% of ICT companies
in Kosovo export their
products/services.**

Kosovo ICT Sector Horizontal Markets

Custom Development / Outsourcing	56%
Web design/development	54%
IT Consulting	49%
Mobile Solutions	40%
IT Project Management	37%
E-commerce	33%
Product maintenance, Support and Customization	29%
Business Process Optimization	23%
Customer Management (CRM) Software Quality Assurance	23%
Software Quality Assurance	23%

Business Intelligence/ Data Warehousing	19%
Document Management	15%
ERP / Supply Chain	13%
Navigation Applications	13%
Marketing	13%
Tools/COTS	12%
Corporate Security	10%
Embedded Engineering and Development	10%
Knowledge Management/Operations	6%
New Media Production	5%

Main profiles of ICT Companies

Software
Development 50%
IT services 23%

Telecom 5%
Digital Marketing 5%
Data Science 4%

Business Environment in Kosovo.

Kosovo offers a highly attractive and favorable environment for foreign investors, due to advantages such as a favorable tax system, abundant natural resources, quick and easy business registration processes, transparent foreign investment laws, and other benefits.

For companies seeking to invest in a low-cost location with easy access to the EU, Central Europe, and Balkan markets, Kosovo presents a highly attractive business opportunity. The country boasts a functional banking system, extensive internet networks, and the ability to register a business within just two days.

The World Bank's "Doing Business 2020" report confirms Kosovo's steady and consistent progress toward creating a business-friendly climate and attracting investments. In the 2020 report, Kosovo is ranked 57th globally.



Free Market

- **Stabilization and Association Agreement (SAA) with the European Union (EU): Free Trade Agreement with the EU (28 countries).**
 - **A market of over 500 million people—the third largest in the world by population, after China and India.**
- **Central European Free Trade Agreement (CEFTA): Includes 7 non-EU member countries: Albania, Bosnia and Herzegovina, Kosovo, North Macedonia, Moldova, Montenegro, and Serbia.**
 - **Population: 21 million.**
- **Generalized System of Preferences (GSP) Program with the USA, Japan, and Norway.**
- **Free Trade Agreement with Turkey (FTA).**



Import Liberalization:

LMP

Exemption for production lines and machinery used in the manufacturing process.

LPN

Exemption for energy resources for producers - Decision 13/07.

LPP

Exemption for raw materials used in the manufacturing process.

LQP

Exemption for free circulation for production

PTI

Exemption for information technology equipment

LPR

Exemption for spare parts.

LDT

Exemption according to Annexes 1 & 2 of the Tax Administration of Kosovo (TAK) for purchasing raw materials domestically.

LAP

Exemption according to the TMA and Annexes 1-2 of TAK.

Infrastructure and telecommunication:

Air transport:

Pristina International Airport. "Adem Jashari" has operated with the new terminal since 2013 with the latest digital technology, security systems and contactless technology for passengers, currently operating over 20 airlines.

Number of flights (arrivals and departures):

11,219

Number of passengers (in million):

3,420

Roads of Kosovo by categories:

Motorway	137.2 km	5.8%
National	753.0 km	31.6%
Regional	1,495.0 km	67.2%

Mobile Phone Users:

Prepaid Users:

1,548,074

Postpaid Users:

283,185

Total Users:

1,831,260





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