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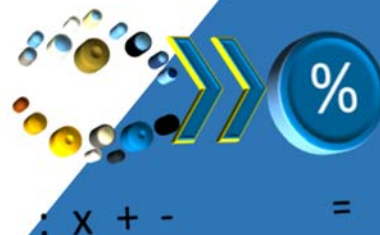
Departamenti i Industrisë - Divisioni për Politika Industriale

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● **SECTOR C**

● **MANUFACTURING
INDUSTRY**



November, 2020

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List of acronyms

KAS	-	Kosovo Agency of Statistics
TAK	-	Tax Administration of Kosovo
EU	-	European Union
KCB	-	Kosovo Consolidated Budget
GDP	-	Gross Domestic Product
CBK	-	Central Bank of Kosovo
CEFTA	-	Central Europe Free Trade Agreement
DI	-	Department of Industry
KC	-	Kosovo Customs
DIP	-	Division of Industrial Policy
EFTA	-	European Free Trade Association
FDI	-	Foreign Direct Investment
CPI	-	Consumer Price Index
PPI	-	Producer Price Index
ODC	-	Other Depositary Corporations
MTI	-	Ministry of Trade and Industry
CEFTA	-	Central Europe Free Trade Agreement
AARID	-	Annual Average Interest Rate in Deposits

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Introduction

Kosovo's economy has been transformed into a market economy, where small and medium enterprises (SMEs) constitute the key backbone of the economy reaching to approx. 99%. In order to improve its standard of living and to balance the negative trade balance, Kosovo needs a much faster pace of growth of exports and investments in industry.

The development of the Manufacturing Industry sectors is of utmost importance for the country's economy as the Manufacturing Industry contributes directly to increasing the value of manufacture in the country as well as to increasing the number of employees with different profiles.

To have a detailed overview of the state or trends of industry development, industrial policymakers within the Ministry of Trade and Industry, based on processed statistical data have prepared the Annual Analytical Report 2019 on the development of industrial sub-sectors within Sector-C which includes data for the Manufacturing Industry.

The purpose of drafting the Annual Report is to present the main trends in the development of Kosovo's economy, for 2017-2019, with a special emphasis on the main industrial branches during 2019, but also a comparative analysis for the last two years, 2018-2019, as well as the trend of developments in the Manufacturing Industry sectors.

The data analysed that is contained in this report can be used by institutions, academicians, policymakers, operating businesses (current and those with potential in the private sector), investors, donors, researchers, etc. Thus, the report on Sector-C (Manufacturing Industry) provides a more detailed overview of the main trends influencing the country's industry and facilitates the work of all relevant actors in designing more effective development policies, based on measurable indicators. In addition to the main indicators of the sectoral / industrial level (number of enterprises, employees, turnover, etc.), which contribute to the industrial development, this report also includes indicators of the macroeconomic level, those of the financial market, labour market, then investment as well as foreign trade, with a separate explanation for sub-sectors.

Methodology

The report was compiled using research methods of various research reports as well as quantitative and qualitative data received from the Kosovo Agency of Statistics, the Central Bank of Kosovo and other relevant institutions.

Quantitative and qualitative data have been processed and analysed by MTI staff, specifically by statistical processors and industrial policy makers in the Department of Industry and calls and source of information have been indicated for all the data used in the Analytical Report.

In order to provide accurate information presented in tabular and figurative forms, combination and comparison methods were used for the presented data.

Statistical data are processed in the general part for the Manufacturing Industry of Sector-C, the general values that include codes 10-33 as well as in specific parts for the sub-sectors, such as: Textile, Apparel, Leather, Timber, Paper, Chemical Industry, Fabricated Metal Product Manufacturing (except Machinery and Equipment), Plastic and Rubber, Metals and Furniture manufacturing. The description of these sub-sectors in this Report is listed according to the codes, as listed in NACRev2.

Data for sub-sectors, in addition to being processed according to two-digit codes, the data for export and import, are also presented according to the activities of the three-digit code, while data for sub-activities for Enterprises, Employees and Turnover in Kosovo are presented according to the four digits code.

From the processed statistical data, detailed analyses have been compiled for GDP, FDI, export and import trends in the Manufacturing Industry both in the region and with other countries. In this report, data analysis, according to the four-digit code are also presented for the number of employees in industry, number of enterprises and turnover value, by municipalities in the seven regions of Kosovo.

After the analysis presented regarding the general data and trends for the Manufacturing Industry, Sector-C, this report also contains the conclusions related to the situation and manufacture trends in the Manufacturing Industry in Kosovo.

PART ONE

MACROECONOMIC ANALYSIS

Gross domestic product (GDP) at current prices in 2019 was 7.103 billion euros. The real growth in 2019 compared to 2018, was 4.94%, while GDP, per capita, for 2019 was 3,986 euros. Real GDP growth in the manufacturing industry in 2019 was 5.3%¹. Sector-C in GDP, in the last 3 years has a share of about 12%. In 2019, Kosovo had relatively low exports, worth 383.49 million euros, and also in 2018 the value of exports was 367.5 million euros, which means an increase of 4.35%. In 2019, imports amounted to 3.49 billion euros, while in 2018 imports were 3.34 billion euros, which shows an increase of 4.48%².

The export-to-import ratio in 2019, based on the reflected trade exchange data, presents a negative trade balance, where the imports were covered with exports at about 11%.

Regarding the Manufacturing Industry, the share in exports in 2019 is 291.70 million euros, while in 2018 it was 258.25 million euros, expressed as a percentage in 2019 exports have increased by 12.95%. Imports in 2019 in sector C, was 3.25 billion euros, while in 2018 imports were 3.12 billion euros, which shows that there was an increase of 4.2%.

The share of the Manufacturing Industry in total exports in 2019 was about 76%, while in total imports about 93%.

Other challenges that are hindering Kosovo's economic development include the relatively high level of informal economy, unskilled labour, lack of access to finance, low labour force participation (especially youth and women) and relatively high levels of the presumption of corruption.

1.1 Gross Domestic Product

Gross Domestic Product (GDP) is the most important economic indicator of national accounts, which represents the economic performance of a country at a given period of time. GDP is also a measure of the value of all products and services produced in an economy. Therefore, it is important that GDP is measured to reflect the state of an economy and its dynamics. Compared to 2018, in 2019, the share of Sector-C in GDP increased by 0.37%.

Sector-C, the Manufacturing Industry has a share of 11.67% in GDP.

Kosovo's economy in the last decade has recorded a positive rate of economic growth, despite the challenges posed by the fluctuations in the global economy, especially the European one and has grown steadily above the average of the Western Balkan countries.

¹ <https://ask.rks-gov.net/media/5599/bruto-produkti-vendor-bpv-me-qasjen-e-shpenzimeve-dhe-të-prodhitimit-2019.pdf>

² Statistical Yearbook-2019, Kosovo Agency of Statistics

According to economic activities, at current prices, GDP in 2018 was 6.72 billion euros, while in 2019 7.08 billion euros, which reflected a growth of 335.37 million euros.³

The main economic activities that have contributed to GDP growth in the period 2017-2019 were: wholesale and retail trade, manufacturing Industry, agriculture, hunting, forestry, fishing, real estate business, construction, etc.

Table 1. Gross Domestic Product by economic activities, at current prices (in%)

By activities	Year 2017	Year 2018	Year 2019
A. Agriculture, hunting, forestry and fishing	9,1	7,2	7,7
B. Extractive industry	2,3	2,2	2,0
C. Manufacturing Industry	10,9	11,3	11,7
D. Electricity, gas supply	3,6	3,5	3,5
E. Water supply	0,8	0,7	0,6
F. Construction	8,0	8,7	8,5
G. Wholesale and retail trade; repair of vehicles and motorcycles	12,5	13,0	13,0
H. Transport and storage	3,7	4,0	3,9
I. Hotels and restaurants	1,3	1,3	1,3
J. Information and communication	1,8	1,9	1,8
K. Financial and insurance activities	3,1	3,5	3,8
L. Real Estate Business	7,6	7,4	7,1
M. Professional, scientific and technical activities	1,5	1,5	1,4
N Administrative and support activities	0,7	0,7	0,8
O. Public administration and defence; compulsory social security	7,4	7,8	7,9
P. Education	3,8	3,8	3,6
Q. Health and social work activities	1,8	1,9	1,8
R. Art, entertainment and recreation	0,4	0,4	0,2
S. Other services	0,2	0,2	0,2
T. Household activities as an employer; Undifferentiated goods and services that produce household activities for their own use	0,0	0,0	0,0
GVA at basic prices	80,5	80,8	80,9
Taxes on products	20,3	19,9	20,0
Subsidies on products	..	..	..
Gross Domestic Product	100,0	100,0	100,0

Source: Kosovo Agency of Statistics / Statistical Yearbook of Kosovo 2020 / edited by DIP- / MTI

According to table no. 1, Wholesale and retail trade; repair of vehicles and motorcycles, is the activity which contributes with 13% to the total value of GDP. The Manufacturing Industry ranks second, with a share of 11.67%, while the third sector in a row is the construction sector with about 8.5%, of the share in the total value of GDP.

³ Kosovo Agency of Statistics; <http://askdata.rks-gov.net/PXWeb>

1.2 Foreign Direct Investment by economic activity

Foreign investments directly contribute to the increase of opportunities for economic integration by creating stable and long-term links in international markets.

The world's largest companies transfer their capital to those countries that offer better investment conditions. In addition to lower taxes, cheaper and skilled labour, companies are also interested in the rule of law in the country of investment, but also in securing investment by the beneficiary country.

Foreign direct investments in Kosovo, for 2019, compared to 2018, have recorded the highest growth in the industry sector, where it shifted from a negative value (16) million euros, to a positive value of 10.5 million euros.

FDI, in the industry sector in 2019, is € 10.5 million..

From an investment value perspective, the real estate sector has recorded an investment value of 236.8 million euros.

Table 2. FDI by economic sectors, 2015 - 2019 (in million euros)

Sectors	2015	2016	2017	2018	2019
Agriculture	1.0	1.2	(1.3)	0.1	1.5
Mines	(36.9)	(19.1)	(4.9)	(2.7)	(0.6)
Industry	20.7	4.6	5.7	(16.0)	10.5
Energy	11.9	3.4	(1.0)	26.2	24.6
Construction	46.3	28.2	5.0	24.8	(19.9)
Commercial services	12.0	14.5	10.3	20.2	(7.4)
Hotels	0.0	0.7	0.8	1.8	1.4
Transport and Communication	(6.1)	(9.1)	(7.9)	(16.6)	(6.3)
Financial services	64.3	19.0	55	14.5	15.7
Real Estate	189.6	167.6	187.2	207.5	236.8
Other services	4.5	9.4	4.9	10.3	7.9
Other activities	1.4	(0.6)	1.6	2.0	7.6

Source: Kosovo Agency of Statistics / Statistical Yearbook of Kosovo 2020

In addition to the industry sector, compared to 2018, in 2019, FDI also recorded a growth in the real estate sector, financial services, agriculture and other activities.

In the context of FDI by economic sectors, as seen in table no. 2, 2019, compared to 2018 recorded a decline in the sector of mining, construction, commercial services, transport and communications, energy, hospitality and other services.

1.3 Foreign Direct Investment By Country

Foreign Direct Investment (FDI) by countries, during 2016-2019, have a steady trend of increasing the value of FDI. The total value of FDI for 2019 was 271.8 million euros, which means that there was a decrease of 0.11%, compared to 2018. If we take into account the

growth trend over the years, then the highest increase is recorded in 2015 compared to 2014, about 100%. A high decrease in FDI is recorded in 2016 by 28.8%, compared to 2015.

Table 3. FDI by countries of origin, 2014 - 2019 (in million euros)

Countries	2014	2015	2016	2017	2018	2019
England	(39.5)	26.6	13.6	27	57.4	2.3
Austria	30.3	33.5	9.9	20.3	11.2	12
Bosnia	0.3	0.8	1.2	0.7	0.4	0.4
Bulgaria	14.5	1.6	0.4	0.5	2.1	1.0
Czech Republic	0.4	1.3	0.2	0.7	1.5	0.4
Cyprus	0.3	0.1	0.4	0.8	1.3	2.9
Egypt	0	0	0	0	0.0	0
United Arab Emirates	1.3	1.4	3.6	13.4	(2.5)	4.0
France	3.3	3.2	2.8	3.6	5.6	3.4
Greece	(0.6)	(0.2)	(0.4)	(1.2)	(0.3)	(0.2)
Germany	29.4	45.3	25.7	55.9	60.3	72.9
Netherlands	(7.8)	(36.4)	(23.1)	(14.1)	(39.7)	0.8
Italy	3.3	5.7	1.9	7	2.7	6.7
Kuwait	0.5	0	0.2	0	(1.1)	0.7
Canada	0.9	1.1	2.5	3	3.2	5.3
Croatia	1.1	0	(1.7)	0.7	(1.0)	0.9
Luxembourg	1.2	0.1	0.6	2.1	1.9	1.7
Macedonia	3.2	0.1	3.2	(1.0)	1.3	2.7
Norway	5.9	2.9	3.4	3.5	5.1	4.9
Malta	0	0	0.1	0	0	0
Slovakia	0.2	0.1	0.8	0.1	0.5	1.4
Slovenia	(9.4)	5.6	(4.5)	1.2	(8.7)	8.0
Albania	20.4	40.1	28.6	2.4	22.3	19.5
USA	14.7	25	23.0	20.3	35.5	21.3
Turkey	20	55.4	42.7	29.5	12.2	(17.3)
Switzerland	38.2	72.9	61.8	50.6	71.0	61.9
Serbia	2.4	0.8	(0.6)	(1.4)	0.4	0.1
Spain	0	(0.8)	0.2	2.5	0.3	0.7
Other	16.6	22.4	23.3	27.3	29.2	39.6
Total	151.1	308.6	219.8	255.4	272.1	271.8

Source: Central Bank of Kosovo, edited by DIP / MTI

Among the countries with the highest FDI investments, for 2019 are Germany, with investments of 72.9 million euros compared to 60.3 million euros in 2018. Switzerland ranks second in terms of investments, with 61.9 million euros, although compared to 2018 there was a decrease of 12.8%, followed by the USA with 21.3 million euros, Austria with 12 million euros, etc.

Turkey has a high decrease in FDI in 2019 by 17.3 million euros, compared to 2018.

1.4 Financial Market

Regarding the effective interest rates of Other Depository Corporations (ODCs), if we take the average interest rates for the sectors reflected in table no. 4, in 2019, there is a slight decrease in the interest rate, compared to 2018.

The effective interest rate in the industry sector is 6.38%.

Table 4. Effective interest rates on ODC loans

Sectors	Interest rate 2018	Interest rate 2019
Consumer loan	7.5%	7.0%
Mortgage Loan	6.0%	5.7%
Agricultural Loan	9.2%	9.1%
Industrial Loan	6.1%	6.4%
Service Loan	6.4%	6.3%
Other sectors	6.3%	6.3%
Average Interest Rate	6.9%	6.8%

Source: Central Bank of Kosovo, edited by DIP / MTI

During 2019, there was an increase of the effective interest rate recorded in the industry sector by 0.28%, compared to 2018, also in the section "other sectors" there was a slight increase of 0.01% in percentage of the effective interest rate.

1.5 Labour Force

According to the labour law in Kosovo, an employment relationship can be established with any person from the age of eighteen (18) years. The labour force consists of employees persons and unemployed persons, while inactive persons are not considered part of the labour force. Labour force participation rate is the percentage of the working age population of a country that is actively engaged in the labour market.

Table 5. Labour Force Participation 2015 - 2019

Labour force	2015	2016	2017	2018	2019
Labour force participation (in%)	37.6%	38.7%	42.8%	40.9 %	40.5 %
Women's labour force participation (in%)	18.1%	18.6%	20.0%	18.4%	21.1 %
Men's labour force participation (in%)	56.7%	58.3%	65.3%	63.3%	59.7 %

Source: Kosovo Agency of Statistics / Statistical Yearbook of Kosovo 2020

The labour force participation rate during 2019 has decreased by 0.4%, compared to 2018. Women's labour force participation in 2019, is 21.1% compared to 18.4% in 2018, which means that there has been an increase in the participation of women in the labour force by 2.7%. During 2019, men's labour force participation is 59.7 compared to 2018, where this category has recorded a decrease of 3.6%.

Unemployment rate is the percentage of the labour force that is not employees. The labour force is defined as the basis for this indicator and not the working age population reflected in table no. 6.

- The overall unemployment rate 25.7%
- Unemployment rate among women 34.4%
- Unemployment rate among men 22.6%

Table 6. Unemployment rate 2015 - 2019

Unemployment rate	2015	2016	2017	2018	2019
The overall unemployment rate (in %)	32.9%	27.5%	30.5%	29.6%	25.7 %
Unemployment rate among women (in %)	36.6%	31.8%	36.6%	33.4%	34.4 %
Unemployment rate among men (in %)	31.8%	26.2%	28.7%	28.5%	22.6 %

Source: Kosovo Agency of Statistics / Statistical Yearbook of Kosovo 2020

Based on table no. 6, during 2019 the overall unemployment rate decreased by 3.9%, compared to 2018.

During the years 2015-2019, the highest unemployment was recorded in 2015, with 32.9%, while the lowest was in 2019, with 25.7%.

The unemployment rate among women in 2019 is 34.4% compared to 33.4% in 2018, where there was an increase of 1%. Significant decrease was recorded in the Unemployment rate among men by 4.9%, or from 28.5% to 22.6%, in 2019.

PART TWO

SECTORAL ANALYSIS - SECTOR C

1. Number of employees, enterprises and annual turnover

Sector analysis in this report includes the Manufacturing Industry, according to NACE Rev2, sub-sectors listed according to codes, 10 to 33, within Sector-C, which has to do with the number of enterprises, the number of employees, the value of annual turnover and with exports / imports.

Manufacturing industry-Sector C, involves the physical or chemical transformation of a material, substance or component into a new product, but cannot be the only and universal criterion for defining the manufacturing industry, and as a general rule, manufacture deals with conversion of raw materials in a new product.

In addition to the presentation of statistical data, the analysis also shows the decreasing or increasing trends in industry sectors, not only in the last year but also for the period comparable to the previous year and trends in the three-year period. In table no. 7 data show that, during the last three years, there has been a decrease in the number of enterprises and an increase in the other two indicators, such as the number of employees and the annual turnover.

Employment - The share of the Manufacturing Industry in the employment rate, according to economic activity, in 2019, has increased by 1.6%⁴, compared to 2018.

Sector C- Manufacturing industry, in the employment rate according to economic activity has a share of 11.9%.

Table 7. Sector C, number of enterprises, employees and turnover

Code	I Manufacturing Industry - Sector (C)	Number of enterprises			Number of employees			Turnover		
		Year 2017	Year 2018	Year 2019	Year 2017	Year 2018	Year 2019	Year 2017	Year 2018	Year 2019
10	Food products processing	1,225	1,244	1160	5,622	6,153	6,725	221,985,121	223,630,843	272,988,285.79
11	Manufacture of beverages	77	89	74	1,685	1,822	1,823	95,781,864	107,448,551	118,109,350.97
12	Manufacture of tobacco products	1	1	1	80	25	44	-	449,890	3,820,491.62
13	Manufacture of textiles	123	127	111	835	817	629	17,223,678	14,687,986	15,382,963.26
14	Manufacture of apparel	215	226	210	746	857	856	7,420,579	7,308,961	8,514,956.19
15	Manufacture of leather and related products	35	37	29	428	430	379	6,672,866	6,812,630	7,156,650.38
16	Manufacture of wood and wood products and cork	456	445	408	1,212	1,390	1,429	35,778,577	37,920,774	44,504,258.47

⁴ Kosovo Agency of Statistics / <http://askdata.rks-gov.net/PXWeb>

17	Manufacture of paper and paper products	94	97	93	450	430	463	21,924,010	23,641,516	28,067,238.66
18	Printing and reproducing recorded media	154	159	145	580	586	709	17,491,425	17,556,814	20,090,947.79
19	Manufacture of coke and refined petroleum products	8	7	6	49	62	109	7,667,889	12,461,750	17,136,402.83
20	Manufacture of chemical products	94	104	85	561	642	624	20,971,231	24,145,349	27,811,433.84
21	Manufacture of basic pharmaceutical products and pharmaceutical preparations	9	8	4	219	94	89	4,007,664	3,681,554	1,223,165.01
22	Manufacture of rubber and plastic products	484	504	481	2,270	2,374	2,793	106,575,041	114,531,279	131,057,171.90
23	Manufacture of non-metallic mineral products	469	478	443	3,588	3,796	4,454	182,765,876	195,005,726	279,099,052.93
24	Metal manufacturing	102	99	93	1,039	1,051	1,110	65,106,448	46,172,078	90,553,454.17
25	Fabricated Metal Product Manufacturing	566	600	581	2,236	2,471	2,494	92,735,945	117,431,916	105,628,083.82
26	Manufacture of computers, electronic and optical products	23	21	15	48	54	48	2,325,824	1,915,630	1,733,787.38
27	Manufacture of electrical equipment	36	31	27	189	228	215	8,561,887	11,337,693	13,085,468.61
28	Manufacture of machinery and equipment n.e.c	23	25	28	104	122	131	7,096,666	7,840,939	8,815,334.17
29	Manufacture of motor vehicles, trailers and semi-trailers	2	2	2	31	36	47	783,531	1,018,339	1,533,577.98
30	Manufacture of other means of transport	3	5	2	49	43	44	3,334,519	1,779,881	1,680,403.73
31	Manufacture of furniture	380	406	393	1,862	2,314	2,608	48,959,032	63,113,256	70,687,899.95
32	Other manufacture n.e.c.	80	88	80	172	219	266	3,686,814	4,777,195	7,066,347.56
33	Repair and installation of machinery and equipment	46	59	62	62	82	89	7,467,925	16,765,129	6,157,605.19
Total		4,705	4,862	4,533	24,117	26,098	28,179	986,324,412	1,061,435,679	1,281,904,332

Source: Kosovo Agency of Statistics, edited by DIP / MTI

The data in table no. 7, regarding Sector-C, show that in 2019 there was an increase of 7.97% in employees, compared to the previous year, while in 2018 compared to 2017, there was an increase of 8.21%. Also, Sector-C recorded an increase in turnover, in 2019 by 20.77%, compared to the previous year, while 2018 compared to 2017 had an increase of 7.61%. While employees and turnover recorded an increase, in 2019 the number of enterprises recorded a decrease of 6.76%, compared to 2018. During 2019, "Food Products processing" sector recorded the highest percentage of 23.87 % in employees, 21.30% in turnover and 25.59% in number of enterprises. According to employees, "Manufacture of non-metallic mineral products" sector is ranked second with an annual turnover of 21.77% and 16% employees, while according to the number of enterprises this sub-sector is ranked third with about 10%. The "Manufacture of rubber and plastic products" sector, which is considered a sub-sector with potential for development, within Sector C, has a share of 10.22% in turnover, 9.91% in employees and 10.61% in the number of enterprises.

The sub-sector of furniture manufacture has shown a good trend of growth over the last three years in both indicators, employees and turnover. Within Sector-C, in 2019 this sub-sector, had a share of 5.51% in turnover, 9.26% in employees and 8.67% in the number of enterprises.

The Data of table no. 7, show that during 2019 the "Fabricated Metal Product Manufacturing" had a share of 8.24% in the total turnover of Sector-C, 8.24%, 8.85% in employees and 12.82% in the number of enterprises.

Within Sector-C, one of the sub-sectors with good potential in turnover and employees is the sub-sector "Manufacture of beverages", which has a share of 9.21% in the total value of turnover, 6.47 % in employees while in the number of enterprises the percentage is quite low, with only 1.63%.

The report also reflects the data for the wood sector, which within Sector-C, has a share of 3.47% in the turnover, 5.07% in employees and 9 % in the number of enterprises.

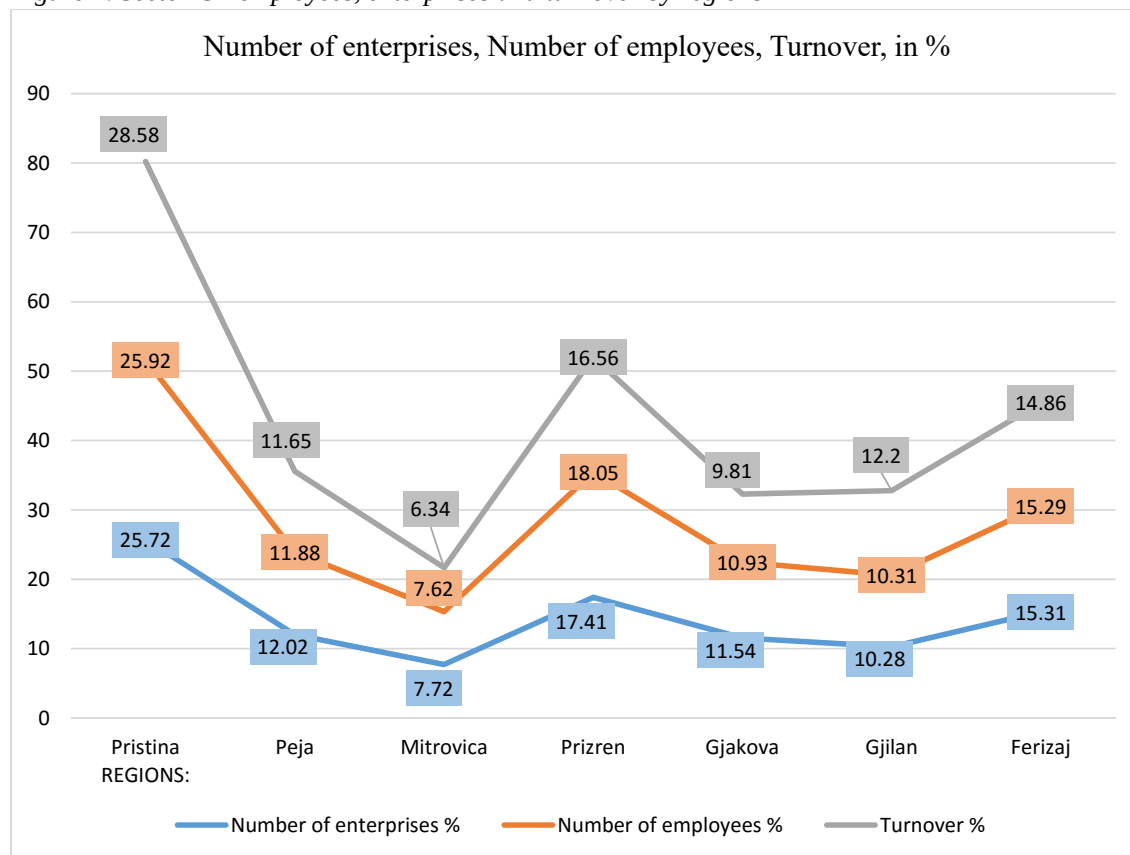
In 2019, the value of turnover in the sub-sector "Metal manufacturing", in the total of Sector-C, is 7.06%, while the share in employees is 3.94% and 2.05 % in the number of enterprises.

The sub-sector "Manufacture of chemical products" has a share of 2.17%, in turnover, 2.21 % in employees and 1.88% in the number of enterprises.

Within Sector-C, although the paper sector did not record a high value, it has a share of 2.19% in turnover, 1.64 % in employees and 2.05 % in the number of enterprises.

During 2019, "Manufacture of textiles" and "Apparel manufacture" sectors, within Sector-C, had an insignificant impact on turnover, while the impact on employees and the number of enterprises was better. The textile sector has a share of 2.23% in employees and 2.45% in number of enterprises, while the apparel sector within Sector-C, had a share of 3.04 % in employees and 4.63% in the number of enterprises and approximately 1 % turnover.

Figure 1. Sector C - employees, enterprises and turnover by regions



Source: Kosovo Agency of Statistics, edited by DIP / MT

The data presented in figure no.1, show that Prishtina region leads with the highest number of enterprises in Sector-C at 25.72%. Also this region leads with the highest number of employees at 25.92% as well as in turnover at 28.58%. According to these indicators, Prizren region ranks second at 17.41% in the number of enterprises, 18.05 % in the number of employees and 16.56% in annual turnover. According to the presented data, the region of Ferizaj is ranked third at 15.31% in number of enterprises, 15.29 % in employees and 14.86% in annual turnover, compared to other regions.

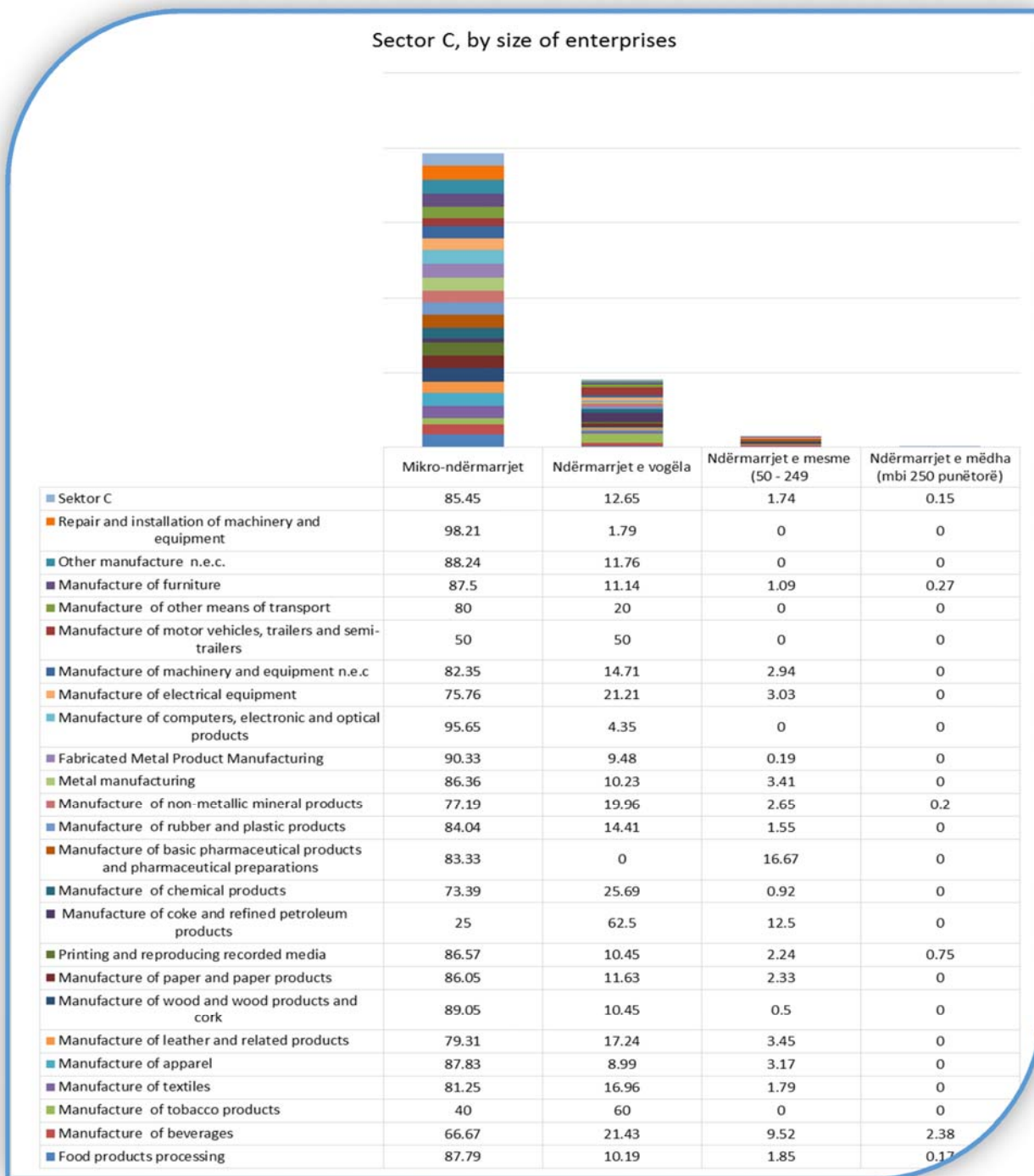
Peja region, ranks fourth, with 12.02% in the number of enterprises, 11.88% in employees and 11.65 % in annual turnover. Gjakova region ranks fifth with 11.54% of enterprises, then with 10.93% of employees while it is ranked sixth with 9.81% in turnover. Gjilan region ranks sixth with 10.28 % in the number of enterprises, 10.31% in employees while it ranks fourth in turnover with 12.2%.

Mitrovica region ranks seventh in terms of number of enterprises with 7.72%, 7.62% in employees and 6.34% in turnover.

1.1. Enterprises by size and sub-sectors

In the context of economic development, given the importance of Sector-C and based on statistical analysis, data have been processed in terms of size of enterprises in the sub-sectors of the manufacturing industry, for 2019.

Figure 2. Sector-C, sub-sectors by size of enterprises



Source: Kosovo Agency of Statistics, developed by DIP / MTI

The data presented, in figure no. 2, Sector-C, by the size of enterprises show that in Kosovo, 85.45%, are micro enterprises, followed by 12.65% small enterprises, 1.74%, medium enterprises and 0.15% large enterprises. Within Sector-C (10-33) only five sub-sectors belong to the category of large enterprises.

From the category of micro-enterprises, the sub-sector with the largest number of enterprises is "Repair and installation of machinery and equipment", with a total of 98.21%, of the total enterprises, in this category, followed by the sub-sector "Manufacture of computers, electronic and optical products ", with 95.65% and sub-sector "Fabricated Metal Product Manufacturing" ranked third with 90.33%.

In the category of small enterprises, subsector "Manufacture of coke and refined petroleum products", accounted for 62.5%, within Sector-C, followed by sub-sector "Manufacture of chemical products", with 25.69% and sub-sector "Manufacture of beverages ", with 21.43%.

The category of medium enterprises is led by the subsector "Manufacture of basic pharmaceutical products and pharmaceutical preparations" with 16.67%, followed by enterprises in the subsector "Manufacture of coke and refined petroleum products", with 12.5% and the third, in the category of Medium enterprises, subsector "Beverage manufacture " is ranked with 9.52%.

From the evaluation of the analysed data, the category of large enterprises, in the country's economy, has a small number of enterprises. The sub-sector with the largest number of enterprises, from this categorization, is "Manufacture of beverages" with 2.38%, followed by the subsector "Printing and remanufacture of recorded media" with 0.75% and the last to rank is the subsector "Manufacture of furniture" with 0.27%. It is worth noting that most of the sub-sectors that constitute the Sector-C nomenclature do not belong to the category of large enterprises.

Within the Sector-C, subsector "Food processing products," has 87.79% micro enterprises, 10.19% of small enterprises, 1.85% medium and 0.17% large enterprises.

The sub-sector "Furniture manufacture " conducts its economic activity in micro enterprises at 87.5%, small enterprises at 11.14%, medium enterprises at 1.09% and in the category of large enterprises at 0.27%.

The sub-sector "Printing and remanufacture of recorded media" conducts its economic activity in the category of micro enterprises at 86.57%, small enterprises at 10.45%, medium enterprises 2.24% and large enterprises 0.75%.

The sub-sector "Manufacture of non-metallic mineral products" consists of 77.19% micro enterprises, 19.96% small, 2.65% medium and 0.2% large enterprises. From this categorization we have the last sub-sector within Sector-C, with a share in all categories of enterprises, such as "Beverage manufacture " which conducts its economic activity in 66.67% micro enterprises, 21.43% small, 9.52 % medium and 2.38% in large enterprises.

2. Export and import with EU countries, CEFTA, EFTA and other countries, for Sector - C (Manufacturing industry)

The indicator of the number of exporting enterprises, according to the sub-sectors of the manufacturing industry, shows the share of enterprises in exports. According to the OECD "Most companies are not exporters: in all countries, less than 10% of firms are exporters"⁵.

Out of a total of 4,553 Sector-C enterprises, 752 or 16.74% are exporting enterprises⁶.

The data in table no. 8, presents a reflection of import and export values with CEFTA countries, EFTA, EU and other countries, for Sector C sub-sectors, for the years 2017-2019.

Sector-C, in the total export has a share of 76.06%.

• Exports, Sector-C

Total exports to EU countries, CEFTA, EFTA and other countries, for 2019, was 383.49 million euros, while the manufacturing industry sector had a share at a value of 291.70 million euros, or 76.06%, in general export framework.

The data in table no. 8, show that the share of Sector-C for 2019, is higher by 12.95%, compared to 2018.

Exports during 2019 in Sector-C are dominated by the sub-sector "Metal manufacturing" with a share of 26.01%, while compared to 2018, this sub-sector has increased by 20.17%. The countries that exported the most from this sub-sector are: India with 43.03%, Italy with 17.99% and Albania with 10.78%.

The subsector "Manufacture of plastic and rubber products" is ranked the second with a share of 17.65% within Sector-C, while this subsector has increased by 10.85% compared to 2018. The products of this subsector are mainly exported to the Netherlands. with 20.03%, in Germany with 16.57% and in Switzerland with 14.55%.

The subsector "Manufacture of beverages" ranks third in terms of the share of exports with 9.83% and an increase of 3.99% compared to the previous year. Beverage products are mainly exported to Albania at 47.9%, North Macedonia at 15.03% and Serbia at 6.82%.

Within the sub-sectors, "Food processing products" sub-sector ranks fourth in terms of exports with 9.74%, but has decreased by 17.82% compared to the previous year. Food products were exported to Albania at 17.1%, to North Macedonia at 12.84%, and to Serbia at 10.63%.

"Fabricated Metal Product Manufacturing" subsector has a share of exports at 8.04% and an increase of 9.19% compared to 2018. The export of these products is mainly done in Switzerland with 20.16%, in Germany with 13.77%, in North Macedonia with 11.43% and in Albania with 10.73%.

⁵ Exports by enterprise size class - OECD iLibrary / https://www.oecd-ilibrary.org/docserver/entrepreneur_aag-2013-11-en.pdf?

⁶ Kosovo Agency of Statistics, edited by DIP/ MTI

- **Imports, Sector-C**

Total imports from EU, CEFTA, EFTA countries and other countries for 2019 is 3.49 billion euros, while Sector-C has a share at of 3.25 billion euros, or about 93%.

During 2019, imports in Sector-C are dominated by the subsector "Food processing products" with 14.11%, although compared to 2018 this subsector has had a slight increase of 6.62%. The subsector "Manufacture of coke and refined petroleum products" ranks second with a share of 12.16%, while compared to 2018 this subsector has increased by only 0.49%.

The sub-sector "Manufacture of motor vehicles, trailers and semi-trailers" ranks third in imports with a share of 9.21% and has increased by 18.34% compared to 2018.

The metal manufacturing industry, although ranks fourth in terms of imports, within Sector-C it has a share of 8.13% and has recorded an increase of only 0.24% compared to 2018.

The sub-sector "Printing and remanufacture of recorded media" in 2019 has recorded a more pronounced decrease in imports by 55.36% compared to 2018. A decrease in imports has also recorded the sub-sector "Manufacture of textiles" by 3.18% compared to the previous year.

Evaluated from the perspective of countries that have realized higher imports during 2019, according to Sector-C are: "Food processing products", "Manufacture of coke and refined petroleum products", "Manufacture of motor vehicles, trailers and semi-trailers", "Metal manufacturing" as well as "Manufacture of chemical products".

The sub-sector "Food processing products" had the highest imports from North Macedonia with 10.94%, followed by Brazil with 10.14%, Germany with 9.77%, Italy with 8.98% and Turkey with 8.44%.

The second sub-sector with high imports in 2019 is "Manufacture of coke and refined petroleum products". The products of this subsector are imported from Greece 29.7%, from Israel 1.58%, from North Macedonia 9.97%, from Italy 9.04%, etc.

In the subsector "Manufacture of motor vehicles, trailers and semi-trailers", the highest import values were realized from Germany 68% and from France with 5.64%. Based on the analysed data, it appears that in the subsector "Metal manufacturing", the highest imports were made from Albania with 38.11%, North Macedonia with 12.34% and Turkey with 11.83%.

The sub-sector "Manufacture of chemical products" ranks last with imports, while the countries from which the products of this sub-sector were imported are: Germany with 12.44%, from Turkey with 12.36%, from China with 8.07%, etc.

Table 8. Value of Exports and Imports with CEFTA, EFTA, EU, and other Countries 2017 - 2019

Code	Manufacturing industry - Sector (C)	Export			Balance		Import			Balance	
		2017	2018	2019	Change (2018-2019)	Change in % 2018-2019	2017	2018	2019	Change (2018-2019)	Change in % 2018-2019
10	Food processing products	37,502,152.01	34,588,451.58	28,424,151.36	(6,164,300.22)	(17.82)	426,988,952.95	430,684,698.03	459,196,871.23	28,512,173.20	6.62
11	Manufacture of beverages	24,194,115.30	27,565,225.96	28,665,800.23	1,100,574.27	3.99	76,485,548.54	78,580,037.59	82,588,664.30	4,008,626.71	5.10
12	Manufacture of tobacco products	-	-	-	-	-	62,087,168.25	64,847,952.16	68,512,606.49	3,664,654.33	5.65
13	Manufacture of textiles	6,205,923.58	6,136,824.19	7,875,908.03	1,739,083.84	28.34	52,144,762.42	58,660,751.55	56,796,552.95	(1,864,198.60)	(3.18)
14	Manufacture of wearing apparel	1,465,160.74	2,179,544.62	3,293,023.19	1,113,478.57	51.09	89,105,964.99	105,171,177.93	118,008,278.57	12,837,100.64	12.21
15	Manufacture of leather and leather products	3,531,648.80	2,735,479.11	3,080,819.54	345,340.43	12.62	40,897,608.37	44,554,440.03	49,380,964.63	4,826,524.60	10.83
16	Manufacture of wood and of wood and cork products, except furniture; manufacture of straw articles and materials combined-weaving.	5,357,326.52	5,408,715.00	7,677,012.54	2,268,297.54	41.94	64,815,776.40	69,299,228.65	75,584,593.05	6,285,364.40	9.07
17	Manufacture of paper and paper products	2,554,842.69	2,420,018.61	2,039,439.64	(380,578.97)	(15.73)	56,441,943.96	58,497,122.07	61,938,776.04	3,441,653.97	5.88
18	Printing and reproducing recorded media	-	-	-	-	-	277,927.85	430,172.03	192,046.50	(238,125.53)	(55.36)
19	Manufacture of coke and refined petroleum products	1,249,675.42	1,344,980.72	2,655,565.82	1,310,585.10	97.44	318,127,062.07	393,716,432.65	395,650,224.84	1,933,792.19	0.49
20	Manufacture of chemical products	5,714,545.48	5,867,275.26	8,160,771.92	2,293,496.66	39.09	213,552,971.43	226,642,896.45	237,989,157.53	11,346,261.08	5.01

21	Manufacture of basic pharmaceutical products and pharmaceutical supplements	695,643.09	1,874,824.80	931,976.93	(942,847.87)	(50.29)	65,778,071.50	69,038,489.78	69,624,461.97	585,972.19	0.85
22	Manufacture of rubber and plastic products	36,886,716.18	46,454,152.31	51,494,994.46	5,040,842.15	10.85	142,299,337.72	151,108,932.16	155,217,193.08	4,108,260.92	2.72
23	Manufacture of non-metallic mineral products	6,620,730.98	7,843,754.76	7,592,128.25	(251,626.51)	(3.21)	155,868,547.43	166,279,334.09	167,647,853.52	1,368,519.43	0.82
24	Metal manufacturing	83,307,151.89	63,135,997.19	75,872,939.29	12,736,942.10	20.17	205,753,206.18	263,854,273.63	264,476,551.92	622,278.29	0.24
25	Fabricated Metal Product Manufacturing	13,782,596.54	21,478,381.68	23,451,261.04	1,972,879.36	9.19	101,979,284.00	110,032,985.05	112,031,510.36	1,998,525.31	1.82
26	Manufacture of computers, electronic and optical products	1,540,536.02	3,019,765.97	5,318,945.82	2,299,179.85	76.14	90,111,453.14	110,119,840.51	108,667,847.51	(1,451,993.00)	(1.32)
27	Manufacture of electrical equipment	1,709,086.34	2,254,567.39	4,180,545.40	1,925,978.01	85.43	139,947,496.24	149,458,728.23	148,011,315.93	(1,447,412.30)	(0.97)
28	Manufacture of machinery and equipment n.e.c.	5,167,933.83	6,554,436.54	8,057,317.86	1,502,881.32	22.93	167,303,979.61	214,632,826.68	217,871,513.60	3,238,686.92	1.51
29	Manufacture of motor vehicles, trailers and semi-trailers	1,216,818.93	2,180,302.39	2,924,958.97	744,656.58	34.15	258,995,415.18	253,292,372.42	299,743,201.02	46,450,828.60	18.34
30	Manufacture of other means of transport	12,953.87	43,898.84	87,518.23	43,619.39	99.36	5,392,237.21	10,480,382.61	8,368,461.37	(2,111,921.24)	(20.15)
31	Manufacture of furniture	7,259,136.72	10,541,831.77	15,316,687.30	4,774,855.53	45.29	40,831,638.62	49,638,936.13	49,691,848.08	52,911.95	0.11
32	Other manufacture n.e.c.	5,050,006.85	4,623,853.10	4,599,984.53	(23,868.57)	(0.52)	38,427,106.23	42,744,366.08	46,106,308.49	3,361,942.41	7.87
33	Repair and installation of machinery and equipment	-	-	-	-	-	-	-	-	-	-
	TOTAL	251,024,701.78	258,252,281.79	291,701,750.35	33,449,468.56	12.95	2,813,613,460.28	3,121,766,376.51	3,253,296,802.98	131,530,426.47	4.21

Source: Kosovo Agency of Statistics, processed by DIP / MTI

2.1. Export and import with EU countries

Exports to EU countries for 2019 amounted to 104.47 million euros, which means that they have increased by 45.16%, while the value of imports is 1.61 billion euros, and represents an increase in imports of about 16.31% compared to year 2018.

Based on table no. 9, out of the total trade exchanges for 2019, Kosovo - EU exports had a share of 6.48%, while imports had a share of 93.52%, we can say that we have an increasing trend compared to the previous year.

Table 9. Value of Exports and Imports with EU countries for 2017– 2019

Code	Manufacturing industry - Sector (C)	Export			Balance		Import		Balance		
		2017	2018	2019	Change (2018-2019)	Change in % 2018-2019	2017	2018	2019	Change (2018-2019)	Change in % 2018-2019
10	Food processing products	15,617,862.63	15,082,335.64	10,200,710.55	(4,881,625.09)	(32.37)	180,835,567.09	199,105,288.62	270,298,066.20	71,192,777.58	35.76
11	Manufacture of beverages	4,798,982.26	4,995,245.58	5,473,128.63	477,883.05	9.57	22,401,578.19	26,021,867.32	55,107,797.10	29,085,929.78	111.77
12	Manufacture of tobacco products	-	-	-	-	-	47,397,117.13	41,792,056.23	49,255,240.41	7,463,184.18	17.86
13	Manufacture of textiles	3,011,472.64	2,467,159.55	3,788,717.63	1,321,558.08	53.57	6,202,212.06	7,977,414.19	7,929,205.65	(48,208.54)	(0.60)
14	Manufacture of wearing apparel	558,499.63	1,061,574.28	2,042,388.01	980,813.73	92.39	6,212,593.14	8,205,765.46	7,432,895.22	(772,870.24)	(9.42)
15	Manufacture of leather and leather products	2,025,120.42	2,128,796.75	2,570,831.25	442,034.50	20.76	3,342,015.18	3,763,189.55	4,252,600.02	489,410.47	13.01
16	Manufacture of wood and of wood and cork products, except furniture; manufacture of straw articles and materials combined-weaving.	1,771,693.02	1,357,154.93	3,112,584.10	1,755,429.17	129.35	24,319,108.90	24,746,781.03	38,620,394.41	13,873,613.38	56.06
17	Manufacture of paper and paper products	178,685.29	117,955.83	192,086.18	74,130.35	62.85	22,861,197.68	24,803,665.74	34,051,389.79	9,247,724.05	37.28
18	Printing and reproducing recorded media	-	-	-	-	-	77,828.95	64,706.15	47,165.52	(17,540.63)	(27.11)

19	Manufacture of coke and refined petroleum products	5,860.00	77.76	535.05	457.29	588.08	206,727,435.24	216,457,787.04	205,572,380.02	(10,885,407.02)	(5.03)
20	Manufacture of chemical products	2,356,125.23	1,977,752.24	3,137,342.94	1,159,590.70	58.63	114,676,488.20	118,725,038.15	139,793,906.33	21,068,868.18	17.75
21	Manufacture of basic pharmaceutical products and pharmaceutical supplements	15,767.30	81,912.60	17,520.00	(64,392.60)	(78.61)	39,959,156.14	45,105,305.24	47,944,225.47	2,838,920.23	6.29
22	Manufacture of rubber and plastic products	15,760,855.34	21,070,930.83	25,466,885.43	4,395,954.60	20.86	66,261,229.61	73,260,684.83	81,664,634.12	8,403,949.29	11.47
23	Manufacture of non-metallic mineral products	861,807.16	1,366,795.28	1,834,013.95	467,218.67	34.18	50,617,015.62	54,789,670.69	60,825,685.50	6,036,014.81	11.02
24	Metal manufacturing	1,738,869.62	1,804,643.12	20,690,712.12	18,886,069.00	1,046.53	26,157,403.22	37,867,343.46	59,298,364.72	21,431,021.26	56.59
25	Fabricated Metal Product Manufacturing	4,571,292.68	7,195,530.59	9,464,910.03	2,269,379.44	31.54	38,348,351.50	45,162,475.02	52,897,096.94	7,734,621.92	17.13
26	Manufacture of computers, electronic and optical products	335,359.94	388,034.96	2,287,040.96	1,899,006.00	489.39	26,196,400.16	26,318,532.12	28,988,870.78	2,670,338.66	10.15
27	Manufacture of electrical equipment	392,045.46	609,221.73	869,658.06	260,436.33	42.75	42,874,096.73	44,070,023.07	53,098,346.80	9,028,323.73	20.49
28	Manufacture of machinery and equipment n.e.c.	2,051,041.60	2,259,488.52	2,944,540.30	685,051.78	30.32	89,708,334.94	129,737,414.35	112,081,734.77	(17,655,679.58)	(13.61)
29	Manufacture of motor vehicles, trailers and semi-trailers	532,948.93	818,311.06	1,329,593.58	511,282.52	62.48	237,270,671.98	232,960,058.91	275,939,984.88	42,979,925.97	18.45
30	Manufacture of other means of transport	600.00	9,558.50	9,133.96	(424.54)	(4.44)	2,404,294.88	3,036,545.33	2,003,524.33	(1,033,021.00)	(34.02)
31	Manufacture of furniture	2,049,384.80	3,649,272.54	5,518,831.18	1,869,558.64	51.23	8,429,726.52	11,605,332.23	11,603,778.03	(1,554.20)	(0.01)
32	Other manufacture n.e.c.	4,242,303.40	3,529,190.71	3,519,163.57	(10,027.14)	(0.28)	10,555,635.96	11,616,242.23	14,667,964.57	3,051,722.34	26.27
33	Repair and installation of machinery and equipment	-	-	-	-	-	-	-	-	-	-
	TOTAL	62,876,577.35	71,970,943.00	104,470,327.48	32,499,384.48	45.16	1,273,835,459.02	1,387,193,186.96	1,613,375,251.58	226,182,064.62	16.31

Source: Kosovo Agency of Statistics, processed by DIP / MTI

- **Exports to EU countries**

The sub-sector "Manufacture of rubber and plastic products" has a share of 24.38%, in the total exports to EU countries, while compared to the previous year it increased by 20.86%. This export was mainly realized in the Netherlands with 40.51%, in Germany with 33.5%, and in Belgium with 7.69%.

The share of export with EU countries is the sub-sector "Metal manufacturing" is ranked second with 19.80%, while it has recorded a high increase of over 100% compared to 2018. Countries to which metal products have been exported are , in Italy with 65.96%, and Finland with 16.44%.

In 2019, the subsector "Food processing products" has a share of 9.76%, while it decreased by 32.37% compared to the previous year. The destination market for exports of food products was in Germany with 24.79%, in Italy with 21.88% and in Austria with 16.59%.

Increase in exports to EU countries in 2019 compared to 2018 was recorded by the subsector "Fabricated Metal Product Manufacturing" by 31.54%. In the total exports of Sector-C with EU countries, this sub-sector has a share of 9.05%. The products of this sub-sector were exported to Germany at 34.11%, to the Netherlands at 18.3%, to Italy at 13.15% and to France 12.31%.

Also, during 2019, compared to 2018, two other sub-sectors have recorded growth, such as "Manufacture of wood and wood products and cork, except furniture, straw products and knitting products" over 100% and sub-sector "Manufacture of wearing apparel by 92.39%.

Decrease in exports during 2019 was recorded by the subsector "Manufacture of basic pharmaceutical products and pharmaceutical supplements" at 78.61%, and subsector "Manufacture of other means of transport" at 4.44%.

- **Imports with EU countries**

The data show that the sub-sector "Manufacture of motor vehicles, trailers and semi-trailers" has recorded the highest import of 7.10% in the share of imports of Sector-C. This sub-sector in imports has increased by 18.45% compared to the previous year.

Subsector "Food processing products" has a share of imports at 16.75% and has increased by 36.76% compared to 2018.

The third sub-sector in Sector-C is "Manufacture of coke and refined petroleum products", with a share of imports at 12.74%. This sub-sector has recorded a decrease in imports by 5.03% compared to 2018,

In Sector-C, the sub-sector of "Chemical Industry" ranks fourth, with 8.66% and in 2019 has recorded an increase in imports by 17.75% compared to the previous year.

Subsector "Manufacture of machinery and equipment n.e.c" has a share of 6.95% in imports of Sector-C. In 2019, this subsector has decreased by 13.61% compared to 2018.

In 2019, the sub-sector "Manufacture of rubber and plastic products" has increased by 11.47% compared to the previous year. The share of this sub-sector in the imports of Sector-C is 5.06%.

The analysis of the data shows that the country with which the highest import was realized in the sub-sector "Manufacture of motor vehicles, trailers and semi-trailers" is from Germany at 73.87%. In the subsector "Food processing products", imports were made from Germany 16.6%, from Italy 15.25%, from Poland 11.86%, from Slovenia 10.83%, etc.

Imports in the sub-sector "Manufacture of coke and refined petroleum products" were realized by Greece with 57.33%, Italy with 17.4% and Bulgaria with 10.78%. In the subsector "Manufacture of chemical products", the countries with which the import was realized from are: Germany 21.8%, Italy 10.82%, Poland 8.75%, etc.

Subsector "Manufacture of machinery and equipment n.e.c", has realized the highest import from Germany at 31.29% and from Italy at 32.88%. Analysed as a field of activity with high imports is also the subsector "Manufacture of rubber and plastic products". The products of this sub-sector were imported from Germany 41.12%, Italy 9.41%, Poland 9.18%, Bulgaria 8.63%, etc.

2.2. Export and import with CEFTA countries

In Sector-C, subsectors (10 to 33), import and export values with CEFTA countries for 2019 are reflected in table no.10.

In general, we continue to have a trade deficit with CEFTA countries in the amount of 347.37 million euros, however, exports for 2019 have increased by 2.46%, despite the decline in imports by 39.16%.

Table 10. Value of Exports and Imports with CEFTA countries for industry sectors, 2017 - 2019

Code	Manufacturing industry - Sector (C)	Export			Balance		Import			Balance	
		2017	2018	2019	Change (2018-2019)	Change in % 2018-2019	2017	2018	2019	Change (2018-2019)	Change in % 2018-2019
10	Food processing products	18,827,525.22	17,041,347.33	14,357,962.18	(2,683,385.15)	(15.75)	145,620,586.09	131,263,249.23	63,581,293.51	(67,681,955.72)	(51.56)
11	Manufacture of beverages	18,191,511.10	20,992,801.46	21,341,142.71	348,341.25	1.66	49,338,687.40	48,273,487.33	22,472,368.09	(25,801,119.24)	(53.45)
12	Manufacture of tobacco products	-	-	-	-	-	4,990,419.05	2,636,871.60	1,645,261.50	(991,610.10)	(37.61)
13	Manufacture of textiles	949,114.00	1,757,528.84	3,040,604.31	1,283,075.47	73.00	3,060,385.91	2,342,480.35	1,108,200.27	(1,234,280.08)	(52.69)
14	Manufacture of wearing apparel	564,189.06	731,217.75	517,408.79	(213,808.96)	(29.24)	1,709,919.02	1,563,651.31	511,477.99	(1,052,173.32)	(67.29)
15	Manufacture of leather and leather products	1,505,616.97	529,904.61	500,696.70	(29,207.91)	(5.51)	1,571,524.89	1,391,126.05	719,700.93	(671,425.12)	(48.26)
16	Manufacture of wood and of wood and cork products, except furniture; manufacture of straw articles and materials combined-weaving.	1,212,221.00	1,531,782.82	1,879,859.73	348,076.91	22.72	22,640,883.08	22,175,711.80	15,500,859.88	(6,674,851.92)	(30.10)
17	Manufacture of paper and paper products	2,318,052.59	2,228,012.70	1,790,001.45	(438,011.25)	(19.66)	22,464,253.75	22,118,035.70	13,921,943.96	(8,196,091.74)	(37.06)
18	Printing and reproducing recorded media	-	-	-	-	-	-	-	-	-	-
19	Manufacture of coke and refined petroleum products	1,243,675.42	1,344,902.96	2,655,010.77	1,310,107.81	97.41	83,327,418.63	116,179,032.43	70,576,780.70	(45,602,251.73)	(39.25)
20	Manufacture of chemical products	3,047,406.42	3,675,880.08	4,795,288.74	1,119,408.66	30.45	41,310,972.44	40,822,848.83	17,719,070.31	(23,103,778.52)	(56.60)
21	Manufacture of basic pharmaceutical products and pharmaceutical supplements	309,595.60	339,794.93	579,108.09	239,313.16	70.43	9,996,722.08	9,689,288.57	5,823,574.61	(3,865,713.96)	(39.90)
22	Manufacture of rubber and plastic products	12341027.74	15331416.87	14,537,627.77	(793,789.10)	(5.18)	36,430,727.26	33,892,012.02	21463573.9	(12,428,438.12)	(36.67)
23	Manufacture of non-metallic mineral products	3,851,144.04	4,233,047.40	3,597,513.73	(635,533.67)	(15.01)	67,919,716.28	67,415,416.30	56,526,379.01	(10,889,037.29)	(16.15)
24	Metal manufacturing	20,348,114.81	23,818,193.33	21,059,759.26	(2,758,434.07)	(11.58)	150,014,214.38	179,309,575.20	134,771,893.14	(44,537,682.06)	(24.84)
25	Fabricated Metal Product Manufacturing	4,493,593.70	5,868,510.18	7,218,038.23	1,349,528.05	23.00	25,561,151.11	22,086,923.40	8,159,565.03	(13,927,358.37)	(63.06)

26	Manufacture of computers, electronic and optical products	602,446.82	1,740,539.91	1,932,229.50	191,689.59	11.01	552,086.90	708,452.68	49,994.83	(658,457.85)	(92.94)
27	Manufacture of electrical equipment	761,255.08	712,460.45	2,108,626.08	1,396,165.63	195.96	28,279,875.98	28,054,917.18	12,778,039.02	(15,276,878.16)	(54.45)
28	Manufacture of machinery and equipment n.e.c.	2,211,708.94	2,991,315.35	3,495,179.99	503,864.64	16.84	10,197,552.15	7,855,406.59	3,163,047.99	(4,692,358.60)	(59.73)
29	Manufacture of motor vehicles, trailers and semi-trailers	217,020.50	596,889.78	810,090.04	213,200.26	35.72	534,484.89	1,134,086.36	344,331.00	(789,755.36)	(69.64)
30	Manufacture of other means of transport	9,706.26	13,624.46	43,530.78	29,906.32	219.50	88,104.74	172,810.91	8,487.17	(164,323.74)	(95.09)
31	Manufacture of furniture	900,190.16	1,196,476.45	3,282,665.87	2,086,189.42	174.36	12,492,330.55	12,171,537.96	6,715,247.71	(5,456,290.25)	(44.83)
32	Other manufacture n.e.c.	729,515.42	992,123.16	775,137.63	(216,985.53)	(21.87)	1,220,963.33	999,009.65	133,691.20	(865,318.45)	(86.62)
33	Repair and installation of machinery and equipment	-	-	-	-	-	-	-	-	-	-
	TOTAL	94,634,630.85	107,667,770.82	110,317,482.35	2,649,711.53	2.46	719,322,979.91	752,255,931.45	457,694,781.75	(294,561,149.70)	(39.16)

Source: Kosovo Agency of Statistics, processed by DIP / MTI

- **Export to CEFTA countries**

During 2019, exports to CEFTA countries, in Sector-C were dominated by the sub-sector "Manufacture of beverages" at 19.35%. This sub-sector has increased by 1.66%, compared to 2018. Beverage products are mainly exported to Albania at 63.79%, North Macedonia at 20.19% and Serbia at 9.16%.

Subsector "Metal manufacturing " within Sector-C, participates in exports with 19.09%. In 2019, this sub-sector recorded a decrease in exports by 11.58% compared to 2018. The countries to which most metal products were exported are: Albania 38.85%, Serbia 28.48% and North Macedonia 25.27% .

Subsector "Manufacture of rubber and plastic products" within Sector-C has a share in exports of 13.18%. This sub-sector has recorded an increase in exports over 100% compared to the previous year.

The countries to which most of rubber and plastic products were exported to are: Serbia at 31.38%, North Macedonia at 28.05%, Albania at 25.93% and Montenegro at 8.21%.

The sub-sector "Food processing products" has recorded an influential share in the exports of Sector-C with CEFTA countries at 13.02%. In 2019, this sub-sector has increased by over 100% compared to the previous year.

The products of this sub-sector were exported to Albania 33.86%, to North Macedonia 25.42%, to Serbia 21.04% and to Bosnia and Herzegovina 15.94%.

- **Imports with CEFTA countries**

Kosovo's imports with CEFTA countries in 2019 are characterized by a significant decline in products of the manufacture sector, in the largest number of sub-sectors.

In the sub-sector "Metal manufacturing ", the share in total imports is 29.45%. In 2019, this sub-sector has recorded a decrease in imports by 24.84% compared to 2018.

Subsector "Manufacture of coke and refined petroleum products" has a share in the total import of Sector-C by 15.42%, but within this subsector there is a decrease in imports by 39.25% compared to the previous year.

Subsector "Food processing products" ranks third with the share within Sector-C at 13.89%, but within the subsector there is a significant decrease in imports by 51.56% compared to 2018.

The subsector "Manufacture of non-metallic mineral products" is ranked fourth with a share of imports of 12.35% within Sector-C. In 2019, this sub-sector recorded a decrease in imports by 16.15% compared to 2018.

From the evaluation of the analysed data, the imports that Kosovo has realized with the CEFTA member states in the sub-sector "Metal manufacturing " are mainly from Albania with 74.79% and from North Macedonia at 24.21%.

The products of the subsector "Manufacture of coke and refined petroleum products" were mostly imported from North Macedonia at 55.90% and from Albania at 43.21%.

Kosovo's imports in the field of subsector "Food processing products" are mostly realized from North Macedonia with 78.99%, then from Albania with 10.74% and from Montenegro with 5.71%.

In the sub-sector "Manufacture of non-metallic mineral products" imports were realized from North Macedonia in the amount of 51.18% and from Albania for 47.94%.

2.3 Export and Import with EFTA countries

Kosovo's exports to EFTA member countries for 2019 have recorded a value of 29.17 million euros, with an increase of only 0.83%, while imports have recorded the value of 31.61 million euros with a decrease of 9.07% compared to 2018.

Table 11. Value of Exports and Imports with EFTA countries for industry sectors, 2017 - 2019

Code	Manufacturing industry - Sector (C)	Export			Balance		Import			Balance	
		2017	2018	2019	Change (2018-2019)	Change in % 2018-2019	2017	2018	2019	Change (2018-2019)	Change in % 2018-2019
10	Food processing products	994,663.15	853,603.47	769,721.14	(83,882.33)	(9.83)	1,134,046.28	1,169,212.70	1,174,757.97	5,545.27	0.47
11	Manufacture of beverages	736,171.49	784,657.52	936,411.26	151,753.74	19.34	567,664.78	458,167.26	520,749.71	62,582.45	13.66
12	Manufacture of tobacco products	-	-	-	-	-	4,293,277.81	12,390,823.39	9,304,367.00	(3,086,456.39)	(24.91)
13	Manufacture of textiles	160,181.26	136,364.40	81,883.57	(54,480.83)	(39.95)	102,167.63	107,916.42	119,480.66	11,564.24	10.72
14	Manufacture of wearing apparel	244,526.47	151,059.56	121,479.90	(29,579.66)	(19.58)	793,869.95	1,134,346.01	1,000,551.16	(133,794.85)	(11.79)
15	Manufacture of leather and leather products	911.41	4,366.75	7,137.07	2,770.32	63.44	38,140.21	47,358.98	31,469.11	(15,889.87)	(33.55)
16	Manufacture of wood and of wood and cork products, except furniture; manufacture of straw articles and materials combined-weaving.	2,361,700.62	2,466,566.47	2,601,368.57	134,802.10	5.47	1,494,573.13	1,383,812.95	1,722,671.09	338,858.14	24.49
17	Manufacture of paper and paper products	28,435.21	48,673.00	38,656.39	(10,016.61)	(20.58)	298,019.90	313,776.06	408,142.57	94,366.51	30.07
18	Printing and reproducing recorded media	-	-	-	-	-	10,614.02	118,457.87	-	(118,457.87)	(100.00)
19	Manufacture of coke and refined petroleum products	140.00	-	20.00	20.00	0	360,248.03	320,306.27	520,882.13	200,575.86	62.62
20	Manufacture of chemical products	160,247.60	159,263.71	164,444.14	5,180.43	3.25	1,269,455.91	1,315,978.86	798,371.46	(517,607.40)	(39.33)
21	Manufacture of basic pharmaceutical products and pharmaceutical supplements	-	-	-	-	-	2,251,146.97	1,825,867.10	2,171,639.95	345,772.85	18.94

22	Manufacture of rubber and plastic products	4807344.79	5455866.8	7,498,335.98	2,042,469.18	37.44	1,116,016.42	1456336.19	1329700.29	(126,635.90)	(8.70)
23	Manufacture of non-metallic mineral products	1,326,907.37	1,661,604.33	1,584,746.34	(76,857.99)	(4.63)	1,142,571.89	969,426.10	1,255,337.25	285,911.15	29.49
24	Metal manufacturing	1,018,089.09	1,491,975.55	1,434,712.54	(57,263.01)	(3.84)	562,676.71	628,629.81	766,561.06	137,931.25	21.94
25	Fabricated Metal Product Manufacturing	3,435,209.71	8,058,706.60	4,971,062.92	(3,087,643.68)	(38.31)	828,994.16	1,323,173.32	1,777,431.56	454,258.24	34.33
26	Manufacture of computers, electronic and optical products	231,941.75	460,068.57	603,544.66	143,476.09	31.19	1,580,848.43	1,787,038.94	1,718,210.78	(68,828.16)	(3.85)
27	Manufacture of electrical equipment	552,017.70	894,220.70	1,128,991.17	234,770.47	26.25	1,231,882.48	1,356,342.99	1,061,129.13	(295,213.86)	(21.77)
28	Manufacture of machinery and equipment n.e.c.	166,476.61	158,635.52	378,588.70	219,953.18	138.65	2,800,211.87	3,981,646.59	3,250,076.84	(731,569.75)	(18.37)
29	Manufacture of motor vehicles, trailers and semi-trailers	78,878.20	400,038.09	276,287.72	(123,750.37)	(30.93)	326,545.27	316,355.64	238,394.11	(77,961.53)	(24.64)
30	Manufacture of other means of transport	2,647.61	20,659.88	31,353.49	10,693.61	51.76	305,838.88	295,858.30	248,216.59	(47,641.71)	(16.10)
31	Manufacture of furniture	4,259,681.72	5,645,064.53	6,337,998.92	692,934.39	12.28	1,201,090.09	994,990.85	1,033,619.27	38,628.42	3.88
32	Other manufacture n.e.c.	54,630.74	81,410.03	207,443.92	126,033.89	154.81	971,615.91	1,067,538.09	1,160,181.67	92,643.58	8.68
33	Repair and installation of machinery and equipment	-	-	-	-	-	-	-	-	-	-
	TOTAL	20,620,802.50	28,932,805.48	29,174,188.40	241,382.92	0.83	24,681,516.73	34,763,360.69	31,611,941.36	(3,151,419.33)	(9.07)

Source: Kosovo Agency of Statistics, processed by DIP / MTI

- **Export to EFTA countries**

In 2019, subsector "Manufacture of rubber and plastic products" has a share in exports to EFTA countries at 25.70%, while the subsector has recorded an increase by 37.44% compared to 2018. Exports of these products is realized in Switzerland for 99.94%.

The export to EFTA countries is the subsector "Furniture manufacture " is ranked second at 21.72% and with an increase in the subsector at 12.28% compared to 2018. In 2019, the products of this subsector were exported to Switzerland at 92.56% and in Iceland at 6.73%.

The sub-sector "Fabricated Metal Product Manufacturing" with EFTA countries recorded exports at 17.04%, but in the sub-sector has decreased by 38.31% compared to the previous year. The products of this sub-sector have recorded the highest export in Switzerland with 95.11% and in Norway only 4.49%.

Within the sub-sector of wood products, in 2019, with EFTA countries has recorded an increase in exports by 5.47% compared to 2018. In 2019, we have an increase in exports in the sub-sector "Leather and leather products" by 63.44% compared to 2018.

From the analysed data, the largest number of sub-sectors within Sector-C have shown exports with positive values and therefore we can conclude that 2019 had a positive balance in the export of products compared to the previous year.

- **Imports with EFTA countries**

Imports with EFTA countries are dominated by the subsector "Manufacture of tobacco products" with 29.43% but within the subsector, in 2019 has decreased by 24.91% compared to 2018.

The sub-sector "Manufacture of machinery and equipment n.e.c" has a share of 10.28% in EFTA countries, while within the sub-sector it has decreased by 18.37% compared to the previous year.

Subsector "Manufacture of basic pharmaceutical products and pharmaceutical supplements" participates in imports at 6.87%, while within the subsector in 2019 it increased by 18.94% compared to the previous year.

The analysed data show that Kosovo has realized the highest import from Switzerland with the following subsectors: subsector "Manufacture of tobacco products", at over 100% subsector "Manufacture of machinery and equipment n.e.c" at 98.78% and subsector "Manufacture of basic pharmaceutical products" and pharmaceutical supplements" at 93.22%.

2.4. Export and Import with other countries

Exports to other countries for 2019, have recorded the value of 47.73 million euros and compared to 2018 there is a decrease of 3.91%, but which represents less than 5% of the value of trade exchange with other countries.

Imports with other countries for 2019 have recorded the value of 1.15 billion euros and compared to 2018 increased by 21.43%. Kosovo's trade exchange with other countries is 95% of the value of imports and 5% of exports.

Table 12. Value of Exports and Imports with other countries for 2017 - 2019

Cpde	Manufacturing industry - Sector (C)	Export			Balance		Import			Balance	
		2017	2018	2019	Change (2018-2019)	Change in % 2018-2019	2017	2018	2019	Change (2018-2019)	Change in % 2018-2019
10	Food processing products	2,062,101.01	1,611,165.14	3,095,757.49	1,484,592.35	92.14	99,398,753.49	99,146,947.48	124,142,753.55	24,995,806.07	25.21
11	Manufacture of beverages	467,450.45	792,521.40	915,117.63	122,596.23	15.47	4,177,618.17	3,826,515.68	4,487,749.40	661,233.72	17.28
12	Manufacture of tobacco products	-	-	-	-	-	5,406,354.26	8,028,200.94	8,307,737.58	279,536.64	3.48
13	Manufacture of textiles	2,085,155.68	1,775,771.40	964,702.52	(811,068.88)	(45.67)	42,779,996.82	48,232,940.59	47,639,666.37	(593,274.22)	(1.23)
14	Manufacture of wearing apparel	97,945.58	235,693.03	611,746.49	376,053.46	159.55	80,389,582.88	94,267,415.15	109,063,354.20	14,795,939.05	15.70
15	Manufacture of leather and leather products	-	72,411.00	2,154.52	(70,256.48)	-	35,945,928.09	39,352,765.45	44,377,194.57	5,024,429.12	12.77
16	Manufacture of wood and of wood and cork products, except furniture; manufacture of straw articles and materials combined-weaving.	11,711.88	53,210.78	83,200.14	29,989.36	56.36	16,361,211.29	20,992,922.87	19,740,667.67	(1,252,255.20)	(5.97)
17	Manufacture of paper and paper products	29,669.60	25,377.08	18,695.62	(6,681.46)	(26.33)	10,818,472.63	11,261,644.57	13,557,299.72	2,295,655.15	20.38
18	Printing and reproducing recorded media	-	-	-	-	-	189,484.88	247,008.01	144,880.98	(102,127.03)	(41.35)
19	Manufacture of coke and refined petroleum products	-	-	-	-	-	27,711,960.17	60,759,306.91	118,980,181.99	58,220,875.08	95.82

20	Manufacture of chemical products	150,766.23	54,379.23	63,696.10	9,316.87	17.13	56,296,054.88	65,779,030.61	79,677,809.43	13,898,778.82	21.13
21	Manufacture of basic pharmaceutical products and pharmaceutical supplements	370,280.19	1,453,117.27	335,348.84	(1,117,768.43)	(76.92)	13,571,046.31	12,418,028.87	13,685,021.94	1,266,993.07	10.20
22	Manufacture of rubber and plastic products	3,977,488.31	4,595,937.81	3,992,145.28	(603,792.53)	(13.14)	38,491,364.43	42,499,899.12	50,759,284.77	8,259,385.65	19.43
23	Manufacture of non-metallic mineral products	580,872.41	582,307.75	575,854.23	(6,453.52)	(1.11)	36,189,243.64	43,104,821.00	49,040,451.76	5,935,630.76	13.77
24	Metal manufacturing	60,202,078.37	36,021,185.19	32,687,755.37	(3,333,429.82)	(9.25)	29,018,911.87	46,048,725.16	69,639,733.00	23,591,007.84	51.23
25	Fabricated Metal Product Manufacturing	1,282,500.45	355,634.31	1,797,249.86	1,441,615.55	405.36	37,240,787.23	41,460,413.31	49,197,416.83	7,737,003.52	18.66
26	Manufacture of computers, electronic and optical products	370,787.51	431,122.53	496,130.70	65,008.17	15.08	61,782,117.65	81,305,816.77	77,910,771.12	(3,395,045.65)	(4.18)
27	Manufacture of electrical equipment	3,768.10	38,664.51	73,270.09	34,605.58	89.50	67,561,641.05	75,977,444.99	81,073,800.98	5,096,355.99	6.71
28	Manufacture of machinery and equipment n.e.c.	738,706.68	1,144,997.15	1,239,008.87	94,011.72	8.21	64,597,880.65	73,058,359.15	99,376,654.00	26,318,294.85	36.02
29	Manufacture of motor vehicles, trailers and semi-trailers	387,971.30	365,063.46	508,987.63	143,924.17	39.42	20,863,713.04	18,881,884.50	23,220,491.03	4,338,606.53	22.98
30	Manufacture of other means of transport	-	56.00	3,500.00	3,444.00	-	2,593,998.71	6,975,168.07	6,108,233.28	(866,934.79)	(12.43)
31	Manufacture of furniture	49,880.04	51,018.25	177,191.33	126,173.08	247.31	18,708,491.46	24,867,075.09	30,339,203.07	5,472,127.98	22.01
32	Other manufacture n.e.c.	23,557.29	21,129.20	98,239.41	77,110.21	364.95	25,678,891.03	29,061,576.11	30,144,471.05	1,082,894.94	3.73
33	Repair and installation of machinery and equipment	-	-	-	-	-	-	-	-	-	-
	TOTAL	72,892,691.08	49,680,762.49	47,739,752.12	(1,941,010.37)	(3.91)	795,773,504.62	947,553,910.40	1,150,614,828.29	203,060,917.89	21.43

Source: Kosovo Agency of Statistics, processed by DIP / MTI

- **Export with other countries**

Regarding the export with other countries, the subsector “Metal manufacturing” within Sector-C, for 2019, has a share of 68.47%, while compared to 2018, within the subsector, it recorded a decrease for 9.25%. The products manufactured from this subsector are mainly exported to India at 99.89%.

In 2019, the subsector “Manufacture of rubber and plastic products”, ranks second with share in exports at 8.36%, while within the subsector it recorded a decrease of 13.14%, compared to 2018. The products of this subsector are mainly exported to Turkey at 73.31% and to USA at 18.57%.

The subsector “Processing of food products” has a share of 6.48%, of the export within the Sector-C. In 2019, the export within this subsector, recorded an increase of 92.14%, compared to 2018. Food products are exported to Turkey at 31.66%, to USA with 10.08%, United Arab Emirates UAE with 5.28%, followed by Singapore with 5.20% and Iraq with 5.03%.

The table no.13 shows that during 2019 the subsector “Manufacture of textiles” recorded a decrease in exports at 45.67% and “Manufacture of paper and paper products” for 26.33%, compared to 2018.

- **Import with other countries**

The subsector “Processing of food products” within the Sector-C has a share of 10.79% in import, while in 2019, this subsector recorded an increase of 25.21%, compared to 2018.

The subsector “Manufacture of coke and refined petroleum products”, has a share of 10.34% within the Sector-C. In 2019, increase in imports within this sector is 95.82%, compared to the previous year.

Subsector “Manufacture of wearing apparel”, has a share of 9.48%, in imports within the Sector-C. In 2019, this subsector recorded an increase in imports for 15.70%, compared to 2018.

The products of the subsector “Processing of food products”, are imported from Brazil with 37.52%, from Turkey with 31.23%, from USA with 7.97%, etc.

Import in the subsector “Manufacture of wearing apparel”, was realized from Turkey at 53.64%, from China 22.83% and from Bangladesh with 9.64%.

The subsector “Manufacture of coke and refined petroleum products”, imported from Israel 38.5%, Turkey with 16%, Saudi Arabia 14.28%, Russia with 11.30%, etc.

1. MANUFACTURE OF TEXTILES

After 1999, the textile industry has grown with the proper combination of tradition, creativity and experience, where lots of new private enterprises emerged from families who have a tradition in the processing of leather, fur, shoe, knitting, weaving, sewing, new sophisticated designers, traders and foreign investments.

Subsector “Manufacture of textiles” has a potential for a considerable potential for the expansion of employment, turnover and increase of exports.

In Kosovo, there are currently 111 private enterprises engaged in the manufacture of textiles. The majority of them are manufacturers of final products. In this subsector there is considerable space for investors.

Manufacturing enterprises of this industry in Kosovo are mainly concentrated in the following regions: Prishtina, Prizren, Ferizaj, and Gjakova.

Textile products from Kosovo are mostly exported to the EU countries and CEFTA countries.

1.1 Number of enterprises, employment and turnover in the subsector Manufacture of textiles

In 2019, 111 enterprises were identified in the subsector of textile with 629 employees and a turnover value of 15.38 million euros.

According to table no.13, this subsector recorded a decrease of 23% in employment and in the number of enterprises for 13%, while there was an increase of 4.7% in turnover, compared to 2018.

Subsector (13) in the total of sector C:

- 2.45% of enterprises,
- 2.23% employees and
- 1.20% in turnover.

Table13. Number of enterprises, employment and turnover in the textile subsector

Code	Subsector (13): Manufacture of textiles	Number of enterprises			Number of employees			Turnover		
		Year 2017	Year 2018	Year 2019	Year 2017	Year 2018	Year 2019	Year 2017	Year 2018	Year 2019
1310	Preparation and spinning of textile fibres	12	10	9	9	13	14	461,132.57	41,747.06	56,682.82
1320	Weaving of textile	10	11	9	58	77	70	2,697,238.20	2,237,604.04	2,927,144.22
1330	Textile Finishing	33	32	29	386	358	172	6,151,302.38	5,755,599.36	6,046,688.34
1391	Manufacture of knitted and crocheted fabrics	2	6	4	3	13	6	28,176.60	37,386.77	46,730.27
1392	Manufacture of made-up textile articles, except apparel	8	10	8	87	53	57	2,420,088.16	1,821,818.51	1,752,403.58
1393	Manufacture of carpets and rugs	3	3	3	89	70	27	1,374,023.07	810,232.14	476,332.29
1395	Manufacture of non- woven and articles made from non-wovens, except apparel	1	1	1	2	4	3	-	-	2,400.00
1396	Manufacture of other technical and industrial textiles	7	4	4	14	24	25	593,094.80	699,221.89	832,652.48
1399	Manufacture of other textiles n.e.c	47	50	44	187	205	255	3,498,622.70	3,284,376.11	3,241,929.26
TOTAL		123	127	111	835	817	629	17,223,678.48	14,687,985.88	15,382,963.26

Source: Kosovo Agency of Statistics, processed by DIP/ MTI

Subactivity “Manufacture of other textiles n.e.c”, in 2019, has the largest number of enterprises within the subsector, with 44 enterprises, even though there is a decrease of 12%, compared to the previous year. Similarly, the subactivity “Textile Finishing” there is a decrease of 9,37% even though it is ranked second with 29 enterprises.

Subactivity “Manufacture of other textiles n.e.c”, has an influence in employment with 255 employees or with 24% more than in 2018, while the subactivity “Textile finishing” even though it is ranked second has recorded a considerable decline in employment for 52%, compared to the previous year.

Even though the subactivity, “Textile finishing”, recorded a decline in employment, in 2019, it remains a leader in turnover with 6.04 million euro, and it has a share of 39% in the total of the subsector manufacture of textiles.

Regarding the regional level, within the activity "Manufacture of other textiles, n.e.c.", the largest number of enterprises is distributed in the region of Ferizaj with 11 enterprises, followed by the region of Prishtina with 10 enterprises. This sub-activity is also a leader in terms of employment, where the region of Prishtina has 144 employees.

In the sub-activity "Manufacture of other textiles n.e.c.", the largest turnover is in the region of Prishtina with 56.12%, followed by the region of Ferizaj with 15.6% and Mitrovica with 13%.

The sub-activity "Textile finishing", which ranks second in this sub-sector, has the largest number of enterprises in the region of Prishtina with 14 enterprises, followed by the region of Gjakova with 5 enterprises, while Prizren and Ferizaj with 3 enterprises each. In terms of employment, this sub-activity has 76 employees in the region of Prishtina, 38 employees in the region of Gjilan and 26 employees in the region of Prizren. Sub-activity "Textile finishing", leads in turnover, in the region of Gjilan with 54.5%, and in the region of Prishtina with 24.19%.

It is worth noting that the sub-activity "Textile finishing" compared to other sub-activities, in the region of Pristina has the largest number, with 14 enterprises.

According to table no.13, the sub-activity "Manufacture of carpets and rugs", had the same trend in 2018 and 2019, while employment has resulted in a downward trend of 61.42% in 2019 and 21.35% in 2018, compared to the previous year. The downward trend has continued in turnover for 41.21% in 2019 and 41.03% in 2018, compared to the previous year.

1.2 Exports and imports in the subsector Manufacture of textiles

Exports in the subsector "Manufacture of Textiles", in 2019, increased by 28.34%, while in 2018, there was a decrease of 1.11%, compared to 2017.

In 2019, imports in this subsector decreased by 3.18%, while in 2018 there was an increase of 12.49% compared to 2017.

Exports of this subsector participate with 2.7% in the total exports and 1.75% in the total imports, of Sector-C.

Of the total number of enterprises of Sector-C, there are 0.29% exporting enterprises in the subsector "Manufacture of Textiles", while within this subsector, out of 111 enterprises, 11.71% are exporting ones.⁷

Trade exchange (export-to-import ratio), in this subsector is 12.18% export and 87.82 import%.

Tabela14. Export and import in the subsector Manufacture of Textiles

Code	Subsector Manufacture of textiles	Export			Difference (2018-2019)	Difference in % 2018-2019	Import			Difference (2018-2019)	Difference in % 2018-2019
		2017	2018	2019			2017	2018	2019		
13	Manufacture of textiles	6,205,923.58	6,136,824.19	7,875,908.03	1,739,083.84	28.34	52,144,762.42	58,660,751.55	56,796,552.95	(1,864,198.60)	(3.18)
13.1	Preparation and spinning of textile fibers	1,103,564.87	509,170.62	137,430.84	(371,739.78)	(73.01)	1,105,647.34	1,123,102.91	1,222,642.44	99,539.53	8.86
13.2	Weaving of textiles	275,220.37	511,127.80	1,416,543.36	905,415.56	177.14	13,614,577.73	15,814,106.35	16,208,427.98	394,321.63	2.49
13.9	Manufacture of other textiles (with activities: 9.1,9.2,9.3,9.4,9.5,9.6,9.9)	4,827,138.34	5,116,525.77	6,321,933.83	1,205,408.06	23.56	37,424,537.35	41,723,542.29	39,365,482.53	(2,358,059.76)	(5.65)

Source: Kosovo Agency of Statistics, processed by DIP/ MTI

⁷Kosovo Agency of Statistics, processed by DIP/ MTI

The total value of exports in this subsector is 7.87 million euros, while exports to EU countries are 48.11%, to CEFTA countries 38.61%, EFTA countries 1.04% and other countries 12.25%.

The subsector "Manufacture of Textiles" has exported to EU countries, worth 3.78 million euros, while the country to which it has exported the most is Germany with 59%.

Exports to CEFTA countries are 3.04 million euros, while North Macedonia is the country where it has been exported the most with 27.9%, Serbia with 26% and Albania with 21.4%.

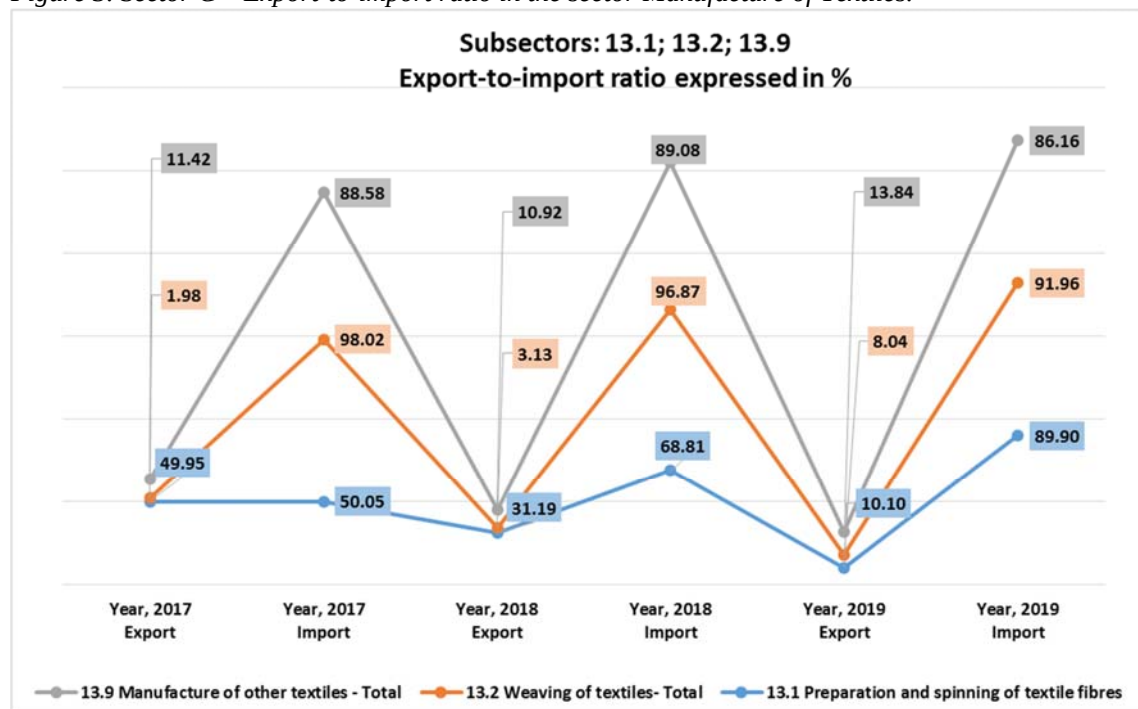
The activity "Manufacture of other textiles" in 2019, has recorded a higher export of 77.92%, compared to 2018.

Imports in the sub-sector "Manufacture of Textiles", in 2019, decreased by 3.28% compared to the previous year, while in 2018 there was an increase of 12.5%, compared to 2017.

This sub-sector recorded the highest import from other countries in the amount of 47.63 million euros, while the countries from which it was imported the most are, Turkey with 58% and China with 35.7%.

The products of the activities that are mostly imported are "Manufacture of other textiles" with 69% and "Weaving of Textiles" with 28.5%.

Figure 3. Sector C – Export-to-import ratio in the sector Manufacture of Textiles.



Source: Kosovo Agency of Statistics, processed by DIP/ MTI

Trade exchange according to figure no. 3, shows that the activity "Manufacture of other textiles" in 2019 has recorded a positive trend in exports, about 3% in relation to imports.

2 MANUFACTURE OF WEARING APPAREL

Wearing apparel is one of the oldest, largest and most globalized industries. In the past, products from Kosovar manufacturers have targeted other markets throughout Western and Eastern Europe as well as the United States of America.⁸

The wearing apparel industry in terms of potential, as well as the totality of products, is an important branch in the broad family of industry branches. The branches of the textile and apparel industry are spread almost all over Kosovo.

Kosovo enterprises and manufacturers for apparel and leather can be divided into three categories⁹:

- a) Cut, Make, and Trim (CMT): Also known as “cut & sew”, lohn, and façon. This is the major opportunity in general for apparel manufacturers in the SEE region.
- b) Domestic apparel retailers: Many smaller companies sell standard apparel products and uniforms to the highly fragmented local and adjacent countries market and to local government.
- c) Fashion: There are several high-end women’s fashion designers in Kosovo that sell through their ateliers and in stores in the main cities.

Apart from being labour-intensive, the wearing apparel workforce is female-dominated, and many of the firms in this subsector are women-owned or women-run.

The wearing apparel industry in Kosovo is also characterized by the specifications of the regional manufacturing of products. Activities in the region of Peja, Gjakova and Prizren region specialized in the manufacture of jeans, blouses and uniforms, then Gjiilani specializes in wedding dresses that require more handwork, Podujeva in the manufacture of sportswear and uniforms and Suhareka is the centre of shoe manufacture. In terms of sales, most of the products are sold in the domestic market, but some of them are mainly exported to EU countries.

⁸<http://www.universum-ks.org/blog/karriera/biznesi-tekstilit-nje-mundesite-per-qe-ndermarresit-te-investojne-ne-kosove>

⁹ <http://kosovowood.org/LinkClick.aspx?fileticket=y0NkNbvG-LI%3D&tabid=184&portalid=1&mid=761&language=sq-AL>

2.1 Number of enterprises, employment and turnover in the subsector of wearing apparel

“The subsector of wearing apparel” according to table no.15, in 2019, had 856 employees, 210 enterprises, and a turnover of 8.51 million euros.

In 2019, this sub-sector recorded a decrease in employment, for one less employee, and in the number of enterprises by 7%, while turnover increased by 16.5%, compared to 2018.

Subsector (14) participation in the total of C-sector:

- 4.63% of enterprises,
- 3.04% of employees and
- 0.66% in turnover.

Table 15. Number of enterprises, employment and turnover in the subsector of wearing apparels

Code	Subsector (14): Manufacture of wearing apparel	Number of enterprises			Number of employees			Turnover		
		2017	2018	2019	2017	2018	2019	2017	2018	2019
1411	Manufacture of leather clothes	3	3	4	50	55	2	166,853.40	163,510.37	45,649.68
1412	Manufacture of workwear	26	32	28	191	158	204	2,054,825.76	1,245,523.05	2,254,721.10
1413	Manufacture of other outerwear	125	126	117	443	494	503	4,325,890.83	4,265,857.81	4,388,924.98
1414	Manufacture of underwear	2	1	1	3	3	3	67,907.43	63,959.37	58,660.51
1419	Manufacture of other wearing apparel and accessories (gloves, hats, scarves, etc.)	31	31	27	34	109	112	479,118.29	1,191,889.37	1,298,806.18
1420	Manufacture of articles of fur			2			2			21,787.00
1431	Manufacture of knitted hosiery	4	5	4	9	12	11	178,082.90	210,419.63	251,713.33
1439	Manufacture of other knitted and crocheted apparel	23	28	28	16	26	19	147,900.40	167,801.45	194,693.41
TOTAL		196	226	210	746	857	856	7,420,579.01	7,308,961.05	8,514,956.19

Source: Kosovo Agency of Statistics, processed by DIP/MTI

The subactivity “Manufacture of other outerwear” ranks first compared to other subactivities in terms of the number of enterprises, employment and turnover. This subactivity has a share of 79% in the total of the enterprises of the subsector, 70% in employment and 94% in turnover.

The subactivity “Manufacture of workwear” ranks second, whereby in the total of the subsector’s enterprises it has a share of 13.4%, 23.84% in employment and 26.5% in turnover.

In 2019, the subactivity "Manufacture of other outerwear" recorded a decrease in the number of enterprises by 7.14%, while in employment it increased by 2% and in turnover by 3% compared to 2018.

Although there is a decrease of 12.5% of enterprises, the subactivity "Manufacture of workwear" in 2019 recorded a significant increase in employment by 29% and turnover by 81% compared to 2018.

Regarding the regional level, the largest number of enterprises within the sub-activity "Manufacture of other outerwear" is distributed in the region of Prishtina with 31 enterprises, followed by the region of Gjakova with 25 and the region of Prizren with 19 enterprises. This sub-activity is also a leader in terms of employment with the largest number of employees in the region of Prishtina with 227 employees, followed by the region of Gjakova with 161 employees, etc.

Regarding the value of turnover, the sub-activity "Manufacture of other outerwear" has the highest turnover in the region of Prishtina with 47.5% and the region of Gjakova with 32.7%.

The subactivity "Manufacture of workwear" is ranked second in the subsector of apparel and the largest number of enterprises is in the region of Peja with 7 enterprises and 87 employees and the region of Gjakova with 6 enterprises and 88 employees .

While in the sub-activity "Manufacture of workwear", the region of Gjakova leads in turnover with 68.7% and the region of Peja with 22.8%.

The third sub-activity in a row is "Manufacture of other knitted or crocheted apparel". The largest number of enterprises is located in the region of Prishtina, with 17 enterprises, while the Prizren region leads in employment with 10 employees.

It is worth noting that the sub-activity "Manufacture of other wearing apparel and accessories (gloves, hats, scarves, etc.)" although ranks fourth in terms of number of enterprises and employment, it ranks third in turnover with 15.3%.

2.2. Export and import in the subsector of wearing apparel

Export in the “Manufacture of wearing apparel” subsector recorded a significant increase in the last three years. In 2019 this subsector recorded an increase of 51.1 %, compared to the previous year, similarly there was an increase of 48.8% in 2018 compared to 2017.

In addition to the export in this subsector, in 2019 there was also increase in import for 12.21% compared to the previous year, while in 2018, it recorded an increase of 18%, compared to 2017.

Exports of this subsector participate with 1.22% in the total of exports and 3.63% in the total of imports, of the Sector-C.

Of the general number of Sector-C enterprises, there are 0.33% exporting enterprises in the subsector “Manufacture of wearing apparel”, while within this subsector, out of 210 enterprises, 7.14% are exporting ones.¹⁰

Trade exchange (export-to-import ratio), in this subsector is 2.71% export and 97.29 % import.

Table 16. Exports and imports in the subsector of wearing apparel

Code	Subsector Manufacture of wearing apparel	Export			Difference (2018-2019)	Difference in % 2018-2019	Import			Difference (2018-2019)	Difference in % 2018-2019
		2017	2018	2019			2017	2018	2019		
14	Manufacture of wearing apparel, except fur apparel	1,465,160.74	2,179,544.62	3,293,023.19	1,113,478.57	51.09	89,105,964.99	105,171,177.93	118,008,278.57	12,837,100.64	12.21
14.1	Manufacture of wearing apparel, except fur apparel	1,269,754.87	1,942,304.25	2,713,627.99	771,323.74	39.71	74,913,935.62	88,060,654.36	100,177,489.64	12,116,835.28	13.76
14.2	Manufacture of articles of fur	-	-	-	-	-	73,861.61	25,687.91	23,558.64	(2,129.27)	(8.29)
14.3	Manufacture of knitted and crocheted apparel	195,405.87	237,240.37	579,395.20	342,154.83	144.22	14,118,167.76	17,084,835.66	17,807,230.29	722,394.63	4.23

Source: Kosovo Agency of Statistics, processed by DIP/MTI

¹⁰ Kosovo Agency of Statistics, processed by DIP/MTI

- **Export with the EU, CEFTA, EFTA and other countries**

The total amount of exports in this subsector is 3.29 million euros, while export with the EU countries is 62%, CEFTA countries 17.51%, EFTA countries 3.69 % and with other countries 18.61%.

Products of the subsector “Manufacture of wearing apparel”, in the EU countries are mostly exported to Italy with 31.24% and Netherlands with 23.41%.

Regarding the CEFTA countries, the products of the subsector “Manufacture of wearing apparel” are mostly exported to North Macedonia with 56.19% and Albania with 24.40%.

In EFTA countries, the products of the subsector “Manufacture of wearing apparel” are exported to Switzerland 99.97%.

Regarding export with other countries, the products of the subsector “Manufacture of wearing apparel” are mostly exported to the USA with 62.74%, then to Qatar 10.44% and to Turkey with 10.4%.

In 2019, within the subsector “Manufacture of wearing apparel” the activity “Manufacture of wearing apparel, except fur apparel” compared to other activities of this subsector, recorded an increase, in export, with 71.58%, compared to 2018.

- **Import with the EU, CEFTA, EFTA and other countries**

In 2019, import in the subsector “Manufacture of wearing apparel” recorded an amount of 118 million euros. In 2019, this subsector recorded an increase of 10.88%, compared to 2018.

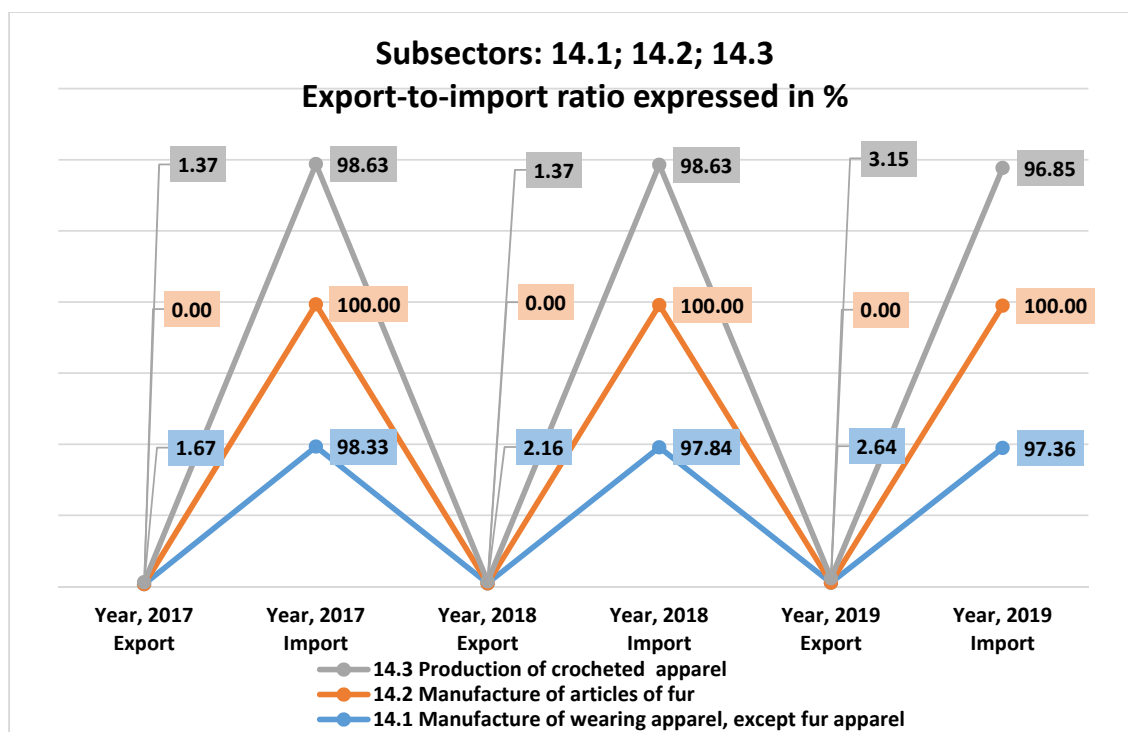
The total amount of imports in this subsector is 1.18 billion euros, while the import with EU countries is 1.70%, CEFTA countries 0.23%, EFTA countries 11.11% and with other countries 21.22%.

The highest import from other countries, in the amount of 109.04 million euros. The highest import in this subsector is from Turkey with 53.65%, China with 22.84%, which means that these two countries account for 76.49 % of the import compared to other countries.

Subsector “Manufacture of wearing apparel”, during 2019, from CEFTA countries, recorded import in the amount of 511 thousand euros. The highest import was made by the North Macedonia with 72.14% and Albania with 16.43%.

The activity “Manufacture of wearing apparel, except fur apparel” compared to other activities dominates the import with 85%. The countries with the largest import are Turkey with 49.25% and China with 20.59%.

Figure4. Sector C – Export-to-import ratio in the sector Manufacture of wearing apparel



Source: Kosovo Agency of Statistics, processed by DIP/MTI

According to figure no. 4, for 2019, trade exchange shows that there was a positive trend in export, the activity “Manufacture of crocheted and knitted apparel”, about 1.78% in relation to import, and “Manufacture of wearing apparel, except fur apparel” for 0.48%. The activity “Manufacture of articles of fur” realized 100% import during three years, 2017-2019.

3. MANUFACTURE OF LEATHER AND RELATED PRODUCTS

The leather industry in Kosovo dates from the tradition of leather tanners and curriers and shoe factories, dating from 1945.

Manufacture of leather-footwear recorded a systematic decrease in industrial manufacture since 1989/1990, as a result of regime which culminated in a war in 1998/1999.

The economy of Kosovo during this period did not operate as an economic totality, and given the economic position in the past, the punitive measures taken against this country had a negative impact on the development of industrial manufacture of the leather-footwear sector. During this period, the utilization of technology was made disorderly by not maintaining them in order to subject them to destruction.

From the statistical analysis of this subsector, foreign trade, namely trade exchange, has a downward trend in export while the import has increased in the last three years.

3.1 Number of enterprises, employment and turnover in the manufacture of leather and related products subsector

The subsector of leather and related products has a solid impact on employment, with a slight fluctuation over the last three years. The number of enterprises, employees and annual turnover for 2017-2019 is analysed based on this.

In 2019, this sub-sector recorded 29 enterprises, 379 employees, and the annual turnover in the amount of 7.15 million euros. This sub-sector has recorded a decrease in employment for 51 employees or 11.87% and in the number of enterprises by 21.62%, while the turnover has increased by 5.05%, compared to 2018.

Subsector (15) participates in the total of C-Sector:

- 0.64% of enterprises,
- 1.34% of employees and
- 0.56% of turnover.

Table17. Number of enterprises, employment and turnover in the subsector Manufacture of leather

Code	Subsector (15): Manufacture of leather and related products	Number of enterprises			Number of employees			Turnover		
		2017	2018	2019	2017	2018	2019	2017	2018	2019
1511	Tanning and dressing of leather; dressing and dyeing of fur	4	2	1	5	4	0	22,280.60	10,500.40	9,647.20
1512	Manufacture of luggage, handbags and the like, saddlery and harness	9	11	9	34	31	38	678,433.55	706,814.59	872,234.49
1520	Manufacture of footwear	22	24	19	389	395	341	5,972,151.90	6,095,315.47	6,274,768.69
Total		35	37	29	428	430	379	6,672,866.05	6,812,630.46	7,156,650.38

Source: Kosovo Agency of Statistics, processed by DIP/MTI

Data analysed on the distribution of enterprises, the subsector "Manufacture of leather products", show that the region of Prizren has the largest number of enterprises at 41.4%, employees at 58.42%, and turnover at 50.55%. The region with a high distribution is also that of Prishtina with active enterprises for 17.24%, with an annual turnover of 10.92%, and employees at 8%, where it can be said that it lags behind in the last two indicators in relation to other regions.

Based on these comparative data, within this subsector, the sub-activity with the highest number of employees is "Manufacture of footwear", in the region of Prizren with 64.50%, employees. Under the activity "Manufacture of luggage, handbags and the like, saddlery and harness", in the region of Prishtina there is a high number of employment with 72%.

From the data in table no. 17, in 2019, the sub-activity "Manufacture of footwear", within the subsector recorded 19 active enterprises but with a decrease of 21.62% of the number of enterprises, compared to 2018. In this sub-activity, there are 379 employees or 13.67% less than in the previous year, while the annual turnover in this sub-activity is 6.27 million euros, with an increase of 2.94%, compared to 2018.

The sub-activity "Manufacture of luggage, handbags and the like, saddlery and harness" ranks second with 38 employees or 22.58% more than in 2018. Also the annual turnover, during 2019, in this activity has increased by 23.40%, while the number of enterprises has decreased by 18.18% compared to 2018.

3.2 Export and import in the subsector of Manufacture of leather and related products

In 2019, export in the subsector “Manufacture of leather and related products” recorded an increase of 12.62%, compared to the previous year, while in 2018, it recorded a decrease of 22.54%, compared to 2017.

In 2019, import in this subsector recorded an increase of 10.83%, compared to the previous year, similarly in 2018 there was an increase of 8.94% compared to 2017.

Trade exchange (export-to-import ratio) in this subsector is 94.13% import and 5.87% export.

From the total number of enterprises of the Sector-C, the subsector “Manufacture of leather and related products” has 0.11% exporting enterprises, while within this subsector, from 29 enterprises, 17.24% are exporting.¹¹

Exports of this subsector participate with 1.05% in the total of exports and 1.52% in the total of imports, of Sector-C.

Table 18. Export and import in the subsector of Manufacture of leather (15).

	Subsector (15): Manufacture of leather and related products	Export			Balance		Import			Balance	
		2017	2018	2019	Value 2018-2019	% 2018-2019	2017	2018	2019	Value 2018-2019	% 2018-2019
15	Manufacture of leather and related products	3,531,648.80	2,735,479.11	3,080,819.54	345,340.43	12.62	40,897,608.37	44,554,440.03	49,380,964.63	4,826,524.60	10.83
15.1	Tanning and dressing of leather; manufacture of luggage, handbags, saddlery and harness; dressing and dyeing of fur	963,675.58	956,459.59	846,035.43	(110,424.16)	(11.55)	7,841,743.02	8,857,972.36	9,418,650.59	560,678.23	6.33
15.2	Manufacture of footwear	2,567,973.22	1,779,019.52	2,234,784.11	455,764.59	25.62	33,055,865.35	35,696,467.67	39,962,314.04	4,265,846.37	11.95

Source: Kosovo Agency of Statistics, processed by DIP/MTI.

¹¹Kosovo Agency of Statistics, processed by DIP/MTI

- **Export with EU, CEFTA, EFTA and other countries**

The total amount of exports in the subsector “Manufacture of leather and related products” is 3.08 million euro. The products are mainly exported to EU countries with 83.45%, CEFTA countries with 16.25%, while at a very low percentage to EFTA countries at 0.23% and to other countries at only 0.07%. The countries to which most products from this subsector are exported is Italy at 39.32%, France at 39.12% and to Albania at 6.94%.

According to table no.18, the Activity “Manufacture of footwear” recorded an amount of 2.23 million euros, in 2019 it recorded an increase in export for 25.62% compared to 2018.

Footwear products to EU countries were exported to Italy with 64.95%, to France with 26.56%, to Germany 5.29%, etc.

Export of footwear products, to CEFTA countries, was mainly carried out with Albania with 38.29%, to North Macedonia with 36.93% and to Montenegro with 17.72%.

Within the EFTA countries, the products of this activity are exported to Switzerland with 99.99%.

In groups of other countries, exports of these products were carried out to USA with 50.1% and to Turkey with 49.9%.

The value of exports in the activity “Tanning and dressing of leather; manufacture of luggage, handbags, saddlery and harness; dressing and dyeing of fur”, in 2019 was in an amount of 846 thousand euro, and recorded a decrease of 11,55%, compared to 2018.

Within the EU countries, these products, were mostly exported to France, with 93.02%, to Italy with 6.65%, while within the CEFTA countries, to Albania with 78.36% and to North Macedonia with 21.51%. The products of this activity, in 2019, within the EFTA are exported to Switzerland with 100%.

- **Imports with the EU, CEFTA, EFTA and other countries**

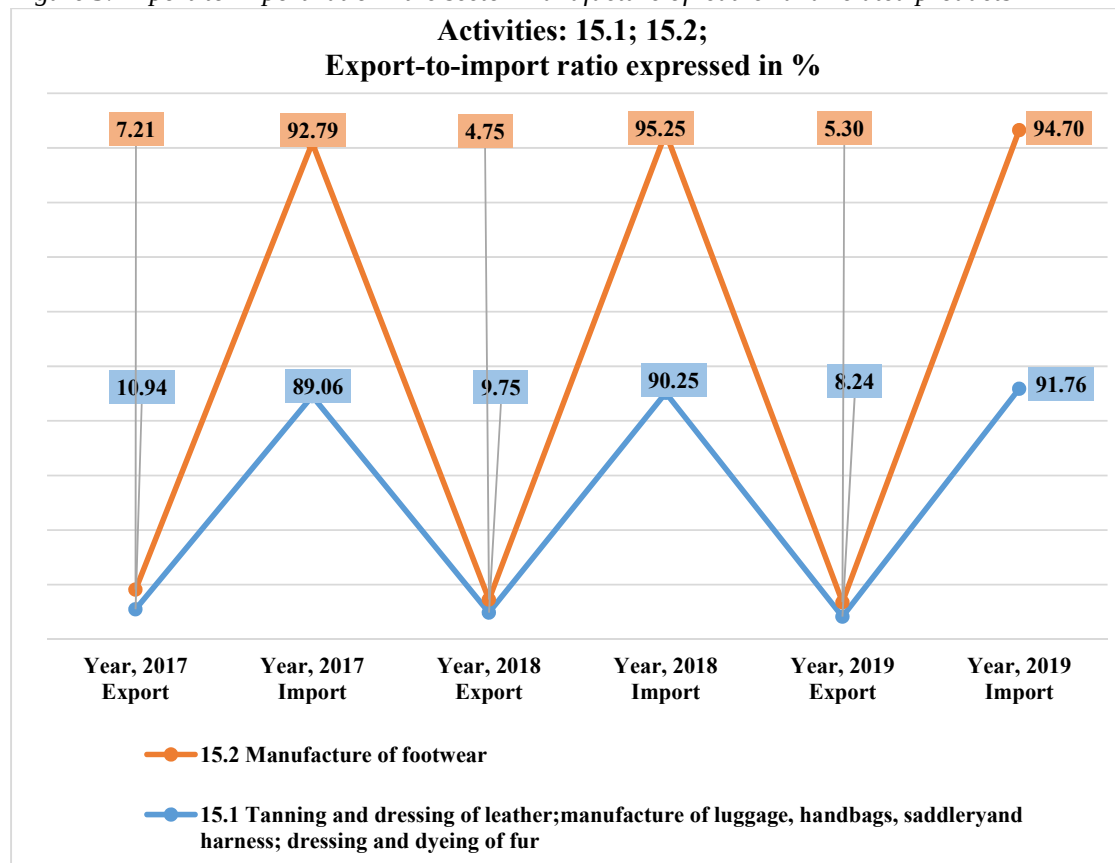
The total amount of imports within the subsector “Manufacture of leather and related products” is 49.38 million euros, import with EU countries is 8.61%, with CEFTA countries, 1.46%, EFTA 0.06% and with 89.87% other countries.

Countries from which the products of the subsector “Manufacture of leather and related products” were mostly imported are: China with 41.70%, Turkey with 22.99% and Vietnam with 12.67%.

Based on the data from the table above, a high import can be noted, for 2019, from the activity “Manufacture of footwear”, with 11.95%, compared to 2018. The countries from which the footwear products were mostly imported within the EU countries are Italy with 37.02% and Slovenia with 18.78%.

Import of products of the activity “Manufacture of footwear” from CEFTA countries, was mainly carried out from Albania with 74.5%. The products of this activity from EFTA countries, are imported from Switzerland with 88.41% and from other countries, mainly from China 44.11%.

Figure 5. Export-to-import ratio in the sector Manufacture of leather and related products



Source: Kosovo Agency of Statistics, processed by DIP/MTI

According to figure no. 5, the trend of trade exchange for the activity “Manufacture of footwear” recorded an increase in export for 0.55% while the activity “Tanning and dressing of leather; manufacture of luggage, handbags, saddlery and harness; dressing and dyeing of fur” recorded a decrease of 1.51% in export.

4. MANUFACTURING OF WOOD AND CORK PRODUCTS, EXCEPT FURNITURE; MANUFACTURING OF ARTICLES OF STRAW AND PLAING MATERIALS

This subsector includes the Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials. More specifically, this division includes the manufacture of wooden products, such as lumber, plywood, veneers, wooden containers, wooden flooring, wooden trusses, and prefabricated wooden buildings. The manufacture processes include sawing, planing, shaping, laminating, and assembling of wood products starting from logs, or shaped by lathes or other shaping tools.

Based on (National Forest Inventory 2012/13), the forest area in Kosovo comprises of 481 thousand ha (44.7% of total area) and it may be deemed as good resource for the economy of Kosovo.

The Kosovo wood processing subsector is considered in all competitiveness analyses including the USAID EMPOWER Sector Assessment and Selection Report of 2015, Analysis of the Wood Building Material Value Chain 2018, implemented by International Development Ireland, funded by the EU for the Ministry of Trade and Industry, Study of skills needs in the wood processing sector in Kosovo 2017, implemented by the Kosovo Education Centre (KEC) in association with SPARK, funded and managed by European Union. These analyses and the UNDP assessments for this subsector show that the wood subsector in Kosovo has a great economic development potential.

The total roundwood manufacture in the EU reached an estimated 470 million m³ in 2017; almost 8 million m³ (1.7%) more than the peak output recorded in 2007. Among EU Member States, Sweden produced (73 million m³) in 2017, followed by Finland, Germany and France (each producing between 51 and 64 million m³). Almost a quarter (23.2%) of the EU-28's roundwood manufacture in 2017 was used as fuelwood, while the remainder was industrial roundwood used for sawnwood and veneers, or for pulp and paper manufacture.¹²

¹²Ec.europa.eu. (2019). Annual manufacture of roundwood, EU-28, 1999–2017

4.1 Number of enterprises, employees and turnover in the subsector of Manufacture of wood and of products of wood

According to table no.19, the subsector of “Manufacture of wood and of products of wood and cork” has 1,429 employees in 408 enterprises and annual turnover of 44.50 million euros.

In 2019, employment in this subsector recorded an increase of 2.77% and a turnover of 17.36%, while the number of enterprises declined for 10.53%. From these data, it can be concluded that the growth of employment and turnover has been influenced by the expansion of existing businesses in this subsector.

Subsector (16) participates to the total of the C-Sector:

- 9 % of enterprises,
- 5.07% of employees and
- 3.47% of turnover.

Distribution of enterprises, employees and turnover are presented in more detail in table no. 19.

Table 19. Number of enterprises, employees and turnover in the subsector of wood

Code	Subsector (16): Manufacture of wood and of products of wood and cork	Number of enterprises			Number of employees			Turnover		
		2017	2018	2019	2017	2018	2019	2017	2018	2019
1610	Sawmilling and planing of wood	123	120	116	286	333	330	8,463,409.98	8,794,853.21	8,272,590.04
1621	Manufacture of veneer sheets and wood-based panels	9	7	5	18	19	19	825,666.42	1,044,726.50	982,935.03
1622	Manufacture of assembled parquet floors	3	3	2	11	8	8	676,625.30	684,995.90	628,732.46
1623	Manufacture of other builders' carpentry and joinery	243	239	215	682	787	807	18,567,543.16	21,080,927.57	27,069,582.46
1624	Manufacture of wooden containers	6	4	5	6	11	16	674,927.55	118,240.64	506,990.33
1629	Manufacture of other products of wood; manufacture of articles of cork, straw and plaiting materials	72	72	65	209	232	249	6,570,404.44	6,197,030.62	7,043,428.15
Total		456	456	408	1,212	1,390	1,429	35,778,576.85	37,920,774.44	44,504,258.47

Source: Kosovo Agency of Statistics, processed by DIP/MTI

According to Table 19, the most influential subactivity in employment within this subsector is the Manufacture of other builders' carpentry and joinery with 56.47% employees, followed by the activity “Sawmilling and planing of wood” with 23.09% of employees, followed by “Manufacture of other products of wood; manufacture of articles of cork, straw and plaiting material” with 17.42% employees, while other subactivities with about 1% of share in employment.

Based on the highest number of enterprises and the value of turnover in the sub-sector "Manufacture of wood and wood products and cork", the ranking of sub-activities is the same as in the case of employment, except for the sub-activity "Manufacture of parquet flooring".

By regional extension of the number of enterprises, to the sub-sector "Manufacture of wood and wood products and cork", Prishtina region leads, with 20.10%, followed by Peja region with 18.87%, Gjakova and Gjilan region with 12.75%, Prizren region with 12.25%, Ferizaj region with 12.01% and Mitrovica region with 11.27%.

Sub-activity "Manufacture of veneer sheets and wood-based panels", in terms of the number of enterprises is focused in Ferizaj region with 80%, while in the activity "Manufacture of parquet flooring", with 50% of enterprises, participate the Ferizaj and Gjakova region, while under the activity "Manufacture of wooden containers" dominates in Prishtina region with 40%.

In employment, this sub-sector leads in Peja region with 20.41%, Mitrovica with 19.33%, Prishtina with 18.48%, Ferizaj with 12.01%, Gjakova with 10.95%, Gjilan with 10.47% and in Prizren region with 8.35%.

Employment in the sub-activity "Manufacture of veneer sheets and wood-based panels" dominates in Ferizaj region with 74.13%, while in the sub-activity "Manufacture of parquet flooring" compared to other regions, that of Gjakova leads with 75%. Employment in the sub-activity "Manufacture of wooden containers" is oriented in Prishtina region with 57.94%.

In the sub-sector "Manufacture of wood and wood products and cork" Mitrovica region leads in turnover with 35.53% , although in terms of number of enterprises this region ranks last. Turnover in Prishtina region is 15.96%, Peja region is 12.32%, Gjakova region 12.22%, Ferizaj region with 10.88%, Prizren region with 7.37% and in Gjilan region with 5.72%.

Gjakova region leads in the sub-activity "Manufacture of parquet flooring" in turnover with 95.50%, and in the sub-activity, "Manufacture of other products of wood; manufacture of articles of cork, straw and plaiting materials with 32.70%. Mitrovica region, leads in the sub-activity "Sawmilling and planing of wood" with 30.99% and in the sub-activity "Manufacture of other builders' carpentry and joinery" with 48.50%. In the sub-activity "Manufacture of veneer sheets and wood-based panels", Ferizaj region leads in turnover with 86.73%, while Prishtina region leads in the sub-activity "Manufacture of wooden containers" with 85.78%.

4.2 Exports and imports in the sub-sector of manufacture of wood and wood products

Exports in the sub-sector of "Manufacture of wood and wood products and cork", in 2019, has increased by 41.94%, compared to the previous year, while in 2018 there was an increase of only 1%, compared to 2017.

Imports in this sub-sector, in 2019, increased by 9.07%, compared to the previous year, while in 2018, there was a decrease of 6.92%, compared to 2017.

The export-to-import ratio in this sub-sector is 9.22% exports and 90.78% imports. Trade balance, in this sub-sector, has recorded an improvement in exports by 1.98%, compared to 2018.

Of the total number of enterprises of Sector-C, under the sector "Manufacture of wood and wood products and cork" there is 1.74% exporting enterprises, while within this sub-sector, out of 408 enterprises, 19.36% are exporters.¹³

Exports of this sub-sector participate with 2.63% in the total exports, and 2.32% in the total imports of Sector-C.

Table 20. Export and import in sub-sector (16), Manufacture of wood and wood products and cork, except furniture; manufacture of straw articles and knitted-woven materials

Code	Sub-sector (16): Manufacture of wood and of products of wood and cork, except furniture; manufacture of straw articles and knitted-woven materials	Export			Change (2017-2018)	Change in % 2017-2018	Import			Change (2017-2018)	Change in % 2017-2018
		2017	2018	2019			2017	2018	2019		
16	Manufacture of wood and of products of wood and cork, except furniture; manufacture of straw articles and knitted-woven materials	5,357,326.52	5,408,715.00	7,677,012.54	2,268,297.54	41.94	64,815,776.40	69,299,228.65	75,584,593.05	6,285,364.40	9.07
16.1	Wood sawing and carpentry	654,712.96	551,831.93	736,305.28	184,473.35	33.43	15,304,840.74	13,192,537.20	15,972,814.49	2,780,277.29	21.07
16.2	Manufacture of wood products, cork, straw and interwoven materials - knitting	4,702,613.56	4,856,883.07	6,940,707.26	2,083,824.19	42.90	49,510,935.66	56,106,691.45	59,611,778.56	3,505,087.11	6.25

Source: Kosovo Agency of Statistics, developed by DIP/MTI

¹³ Kosovo Agency of Statistics, processed by DIP/MTI

The total value of exports to this sub-sector is EUR 7.67 million, export to EU countries is 40.54%, to CEFTA countries 24.49%, EFTA 33.89% and other countries 1.08%.

According to table no. 20, under the sector "Manufacture of wood and of wood and cork products, except furniture; manufacture of straw articles and interwoven materials-knitting" has recorded an increase in the value of exports by EUR 2.26 million. Within this sub-sector, the activity "Manufacture of wood products, cork, straw and interwoven materials-knitting", in 2019, has recorded the highest increase in the value of exports, by EUR 2.08 million, or 42.90%, compared to 2018.

Within the sub-sector, the activity "Manufacture of wood products, cork, straw and interwoven materials-knitting", participates in exports with 90.41%, while the activity "Sawing wood and carpentry" with only 9.59%

In 2019, the activity "Sawing wood and carpentry", has recorded an increase in imports by 21.07%, while in monetary value the highest increase is in the activity "Manufacture of wood products, cork, straw and interwoven materials-knitting" for EUR 3.50 million, or 6.25%.

- **Exports to EU countries, CEFTA, EFTA and other countries**

Products of the activity "Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials", from Kosovo are exported to Switzerland 32.71%, to Germany 19.46%, to Albania 12.02%, to Serbia 8.37%, to Slovenia 7.84%, to Sweden 7.60% etc..

Exports to EU countries, in 2019, have increased by 100%, compared to the previous year, until 2018 this sub-sector has decreased by 23.40%, compared to 2017. Kosovo has exported the products of this sub-sector to Germany 47.99%, to Slovenia 19.34%, to Sweden 18.75%, etc.

Exports with CEFTA countries, in 2019, have increased by 22.72%, compared to 2018. Kosovo has exported products of the sub-sector "Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and interwoven materials - knitting", in Albania 49.09%, in Serbia 34.18%, in North Macedonia 14.78%, etc.

Exports, in the timber sub-sector, to EFTA countries were realized mainly in Switzerland with 96.55%. The data also show that in the total exports of this sub-sector, Switzerland has a share of 32.71%.

- **Imports with EU countries, CEFTA, EFTA and other countries**

Imports of "Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials", Kosovo performs them from Montenegro with 18.82%, from Germany 15.01%, from Turkey 14.66%, from Bulgaria 11.80%, etc.

The total value of imports in this sub-sector is 75.58 million euros, where imports with EU countries is 51.11%, with CEFTA countries 20.51%, EFTA 2.28% and other countries 26.10%.

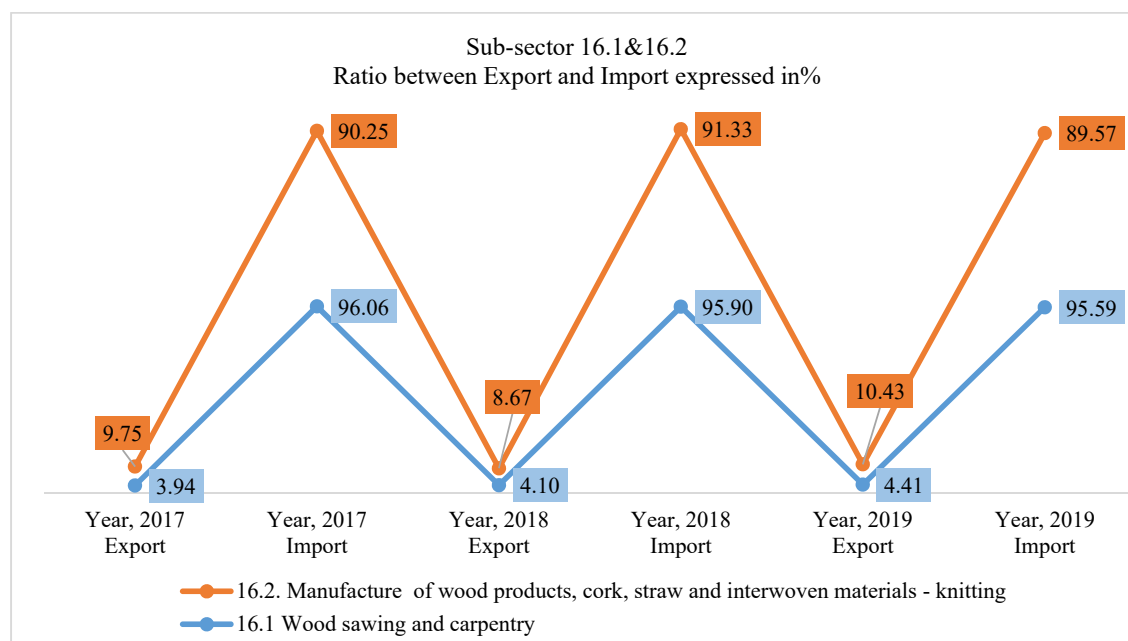
Imports from EU countries, in the sub-sector, "Manufacture of wood and wood products and cork, except furniture; manufacture of straw articles and interwoven materials - knitting" are performed by Germany with 29.37%, by Bulgaria 23.08%, by Romania 10.54% etc.

In imports with other countries, Turkey dominates with 56.18%, in the sub-sector "Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and interwoven materials - knitting".

Import of products of the sub-sector "Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials" of CEFTA countries, is dominated by Montenegro with 91.77%.

In figure no. 6, the ratio and trend between exports and imports is presented, according to activities, at a three-digit level, for the years 2017-2019.

Figure 6. The export-to-import ratio in the wood sector



Source: Kosovo Agency of Statistics, processed by DIP/MTI

The trend of trade exchange, activity, "Sawing wood and carpentry" according to figure 6, for the period 2017-2019, is in favour of imports. In the activity "Manufacture of wood products, cork, straw and interwoven materials - knitting", in 2019, within the trade exchange, exports increased by 1.76%, while in the activity "Sawing wood and carpentry", there is an increase in exports only by 0.31%, compared to 2018..

5. MANUFACTURE OF PAPER AND PAPER PRODUCTS

The paper sub-sector is among the leading industries in the world, paper consumption and its manufacturing is constantly increasing.

Global paper and cardboard manufacture stands at around 411 million metric tons in 2016. More than half of the output is attributed to the packaging paper, while almost a one third is attributed to the graphic paper. The three largest paper producers in the world are China, the United States and Japan. These three countries account for more than half of the world's total paper manufacture.¹⁴

The pulp and paper industry has received a lot of criticism from all over the world, especially from environmental groups, logging for the paper industry has been linked to increased global deforestation.¹⁵

The paper sub-sector in this report includes the manufacture of paper and cardboard dough and the Manufacture of paper and cardboard items including: corrugated paper and cardboard manufacture, as well as paper and cardboard packaging, manufacture of household and sanitary goods and of toilet requisites, manufacture of office paper material, manufacture of wallpapers, manufacture of other articles of paper and paperboard n.e.c.

In Kosovo are mainly produced: paper bags, paper bags, corrugated cardboard for packaging, boxes according to market requirements, kitchen paper, toilet paper, tissues, etc.

The paper industry in Kosovo has been researched in other reports, in this case according to the GAP Institute (Analysis for the paper and cardboard industry, May 2016), where the manufacture and processing of paper and cardboard is divided into two areas, that of processing toilet paper and the manufacture and processing of cardboard.

Regarding the paper sector in the Republic of Kosovo, MTI, specifically the Department of Industry, based on statistical data received from the Kosovo Agency of Statistics, in a positive trend and that there is a development in exports is under the activity of Manufacture of corrugated paper and paperboard, and paper and cardboard packaging. If we take into account the number of enterprises and employment within the paper sector, then the Manufacture of household and sanitary goods and of toilet requisites leads in both enterprise number and employment.

¹⁴ www.statista.com, 2019

¹⁵ <https://www.statista.com/topics/1701/paper-industry>

5.1 Number of enterprises, employment and turnover in the sub-sector of Manufacture of paper and paper products

Viewed by the number of enterprises and employment, the paper sector does not have such a high impact on the number of enterprises and employment, however as a sub-sector, in 2019, there was an increase in employment by 7.67% and turnover by 18.72%, while the number of enterprises has decreased by 4.12%, compared to 2018.

Sub-sector (17) in the total of Sector-C participates:

- 2.05% of enterprises,
- 1.64% of employees and
- 2.19% in turnover.

All sub-activities have recorded an increase in employment, with the exception of the sub-activity "Manufacture of wallpaper", which has decreased by 2 employees.

The distribution of enterprises, employment and turnover, are reflected in more detail in table no. 21.

Table 21. Number of enterprises, employment and turnover in the paper sub-sector

Code	Sub-sector (17): Manufacture of paper and paper products	Number of enterprises			Number of employees			Turnover		
		Year 2017	Year 2018	Year 2019	Year 2017	Year 2018	Year 2019	Year 2017	Year 2018	Year 2019
1712	Manufacture of paper and cardboard	-	-	14	-	-	39	-	-	7,577,422.92
1721	Manufacture of corrugated paper and paperboard, and paper and cardboard packaging	22	20	19	153	139	141	7,142,704.89	6,965,685.70	7,955,117.77
1722	Manufacture of household and sanitary goods and of toilet requisites	27	31	30	172	173	202	6,127,862.16	7,414,236.88	9,733,949.20
1723	Manufacture of paper stationery	10	12	11	21	17	24	777,560.53	508,858.10	694,077.32
1724	Manufacture of wallpaper	2	2	2	5	4	2	31,794.83	8,986.37	21,463.68
1729	Manufacture of other articles of paper and paperboard n.e.c	17	17	17	61	55	56	1,359,243.55	1,691,665.02	2,085,207.77
Total		94	97	93	450	430	463	21,924,009.81	23,641,515.80	28,067,238.66

Source: Kosovo Agency of Statistics, developed by DIP/MTI

According to table no. 21, under the most influential activity in employment is "Manufacture of household and sanitary goods and of toilet requisites ", with 43.63% employees, then follows "Manufacture of corrugated paper and cardboard, as well as packaging of paper and cardboard" with 30.45% employees, "Manufacture of other articles of paper and paperboard, for example". with 12.10% employees, etc.

Sub-activity "Manufacture of household and sanitary goods and of toilet requisites ", in relation to other sub-activities, it also leads in number of enterprises and turnover, although in number of enterprises it has decreased, for one enterprise, compared to the previous year.

Sub-sector "Manufacture of paper and paper products" in terms of regional distribution, with number of enterprises, leads Prishtina region with 36.56%, the second region is Prizren with 24.73%, Ferizaj with 15.05%, Peja with 9.68%, Gjilan with 5.38%, Gjakova with 5.38% and Mitrovica region with 3.23%.

The sub-activity "Manufacture of Paper and cardboard", in terms of the number of enterprises is dominated by Prishtina region with 42.86% and Prizren region with 35.71%. Prizren region also leads in the sub-activity "Manufacture of corrugated paper and paperboard, and paper and cardboard packaging" with 42.11%.

In the sub-activity "Manufacture of household and sanitary goods and of toilet requisites " leads the Prishtina region with 40%, also this region leads in the sub-activity, "Manufacture of other articles of paper and paperboard n.e.c" with 47.06%. The region of Prishtina and Ferizaj, in number of enterprises, leads in the sub-activity, "Manufacture of paper stationery" with 27.27% and under the activity "Manufacture of wallpaper" with 50% of enterprises.

In employment in the sub-sector "Manufacture of paper and paper products", leads Prishtina region with 35.34%, then ranks Prizren region with 29.96%, Ferizaj region with 15.27%, Peja region with 10.10%, Gjilan region with 6.56%, Gjakova region with 2.16% and Mitrovica region with 0.61%.

Sub-activity "Manufacture of corrugated paper and paperboard, and paper and cardboard packaging", in terms of employment dominates in Prizren region with 63.76%, also this region leads in the sub-activity, "Manufacture of paper stationery" with 43.75%

Prishtina region, in employment, leads with the sub-activities "Manufacture of household and sanitary goods and of toilet requisites " with 64.66% and "Manufacture of wallpaper" with 57.14%. Sub-activity "Manufacture of other articles of paper and paperboard n.e.c.". leads with 68.62% in the Ferizaj region.

In turnover, in the sub-sector "Manufacture of paper and paper products" leads Prishtina region with 43.95%, then ranks Prizren region with 26.59%, Ferizaj region with 12.35%, Peja region with 8.31%, Gjilan region with 7.85%, Gjakova region 0.72% and Mitrovica region 0.21%.

Prishtina region leads in turnover to the sub-activity “Manufacture of paper and cardboard” with 68.18%, “Manufacture of household and sanitary goods and of toilet requisites ” with 68.26% and the sub-activity "Manufacture of wallpaper" with 75.35%. Ferizaj region leads in turnover to the sub-activity “Manufacture of paper stationery” with 31.67% and “Manufacture of other articles of paper and paperboard n.e.c” with 83.51%. Prizren region leads in turnover in the sub-activity "Manufacture of corrugated paper and paperboard, and paper and cardboard packaging" with 56.39%

5.2 Exports and imports in the sub-sector of Manufacture of paper and paper products

Exports to the sub-sector "Manufacture of paper and paper products" have decreased in 2019 by 15.73% and in 2018 by 5.28%, compared to the previous year.

Imports in this sub-sector have increased in 2019 by 5.88%, and in 2018 by 3.64%, compared to the previous year.

Exports of this sub-sector participate with 0.70% in the total exports and 1.90% in the total imports, of Sector-C

The export-to-import ratio in this sub-sector is 3.19% exports with 96.81% imports.

In 2019, the export-to-import ratio has shown a negative trend in exports by 0.78%, compared to 2018.

Of the total number of enterprises of Sector-C, sub-sector “Manufacture of paper and paper products” has 0.53% exporting enterprises, while within this sub-sector, out of 93 enterprises, 25.81% are exporting.¹⁶

¹⁶ Kosovo Agency of Statistics, processed by DIP/MTI

Table no.22. Export and import in sub-sector (17) Manufacture of paper and paper products

Code	Sub-sector (17): Manufacture of paper and paper products	Export			Change (2017-2018)	Change in % 2017-2018	Import			Change (2017-2018)	Ndryshimi në % 2017-2018
		2017	2018	2019			2017	2018	2019		
17	Manufacture of paper and paper products	2,554,842.69	2,420,018.61	2,039,439.64	(380,578.97)	(15.73)	56,441,943.96	58,497,122.07	61,938,776.04	3,441,653.97	5.88
17.1	Manufacture of pulp, paper and paperboard	479,226.78	210,940.22	171,671.62	(39,268.60)	(18.62)	20,456,218.12	20,811,670.21	22,965,412.42	2,153,742.21	10.35
17.2	Manufacture of paper and paperboard articles	2,075,615.91	2,209,078.39	1,867,768.02	(341,310.37)	(15.45)	35,985,725.84	37,685,451.86	38,973,363.62	1,287,911.76	3.42

Source: Kosovo Agency of Statistics, developed by DIP/MTI

- **Exports to EU countries, CEFTA, EFTA and other countries**

The total value of exports to the sub-sector "Manufacture of paper and paper products", is EUR 2.04 million. Exports to EU countries are 9.42%, to CEFTA countries, 87.77%, to EFTA countries 1.90% and other countries 0.92%.

Exports are dominated by 91.58%, in the activity "Manufacture of paper and cardboard items", while the activity "Manufacture of pulp, paper and paperboard" in exports has a share of 8.42%.

According to table no. 22, in 2019, the activity "Manufacture of pulp, paper and paperboard" decreased by 18.62% and "Manufacture of paper and cardboard items", 15.45% compared to the previous year.

If we look at the monetary value, in 2019, a negative trend in exports has recorded the activity, "Manufacture of paper and cardboard items" for EUR 341 thousand, compared to 2018.

The products of the activity "Manufacture of paper and paper products" are exported to North Macedonia with 47.83%, to Albania with 26.70%, Bosnia and Herzegovina with 7.18%, Germany with 6.21, etc.

In 2019, Kosovo with EU countries has had a positive trend in exports in the sub-sector "Manufacture of paper and paper products" by 4.54%, while with CEFTA countries, EFTA and other countries, there has been a decrease in exports, compared to 2018.

Products of the sub-sector "Manufacture of paper and paper products" in EU countries, mainly exported to Germany with 65.90%, France 13.15% and Spain 12.54%.

Regarding CEFTA countries, Kosovo mainly exports "Manufacture of paper and paper products" products to North Macedonia with 54.50% and Albania with 30.42%.

Exports to EFTA countries are concentrated in Switzerland with 85.63%, Iceland with 14.36% and Norway with 0.01%.

- **Imports with EU countries, CEFTA, EFTA and other countries**

The total value of imports in the sub-sector "Manufacture of paper and paper products" is EUR 61.93 million. Imports from EU countries are 54.98%, from CEFTA countries 22.48%, from EFTA countries 0.66% and other countries 21.88%.

Imports mainly dominate with 62.92%, in the activity "Manufacture of other articles of paper and paperboard" while the activity "Manufacture of paper, paper and cardboard dough" in imports has a share of 37.08%.

According to table no. 22, in 2019, increase in imports has recorded the activity "Manufacture of pulp, paper and paperboard" by 10.35% and "Manufacture of paper and cardboard items" by 3.42% compared to 2018.

If we look at the monetary value, the highest increase of imports, in 2019, was in the activity "Manufacture of pulp, paper and paperboard" for 2.15 million euros, compared to 2018,

The products of the sub-sector "Manufacture of paper and paper products", were imported from Albania with 14.51%, from Turkey 12.82%, from Germany 8.62%, from Italy 8.05%, from North Macedonia 7.82% etc.

Imports with EU countries were realized by Germany 15.67%, Italy 14.65%, Greece 10.15%, Slovenia 9.10% etc.

Products of the sub-sector "Manufacture of paper and paper products" from CEFTA countries, were imported mainly from Albania with 64.57% and North Macedonia with 34.78%.

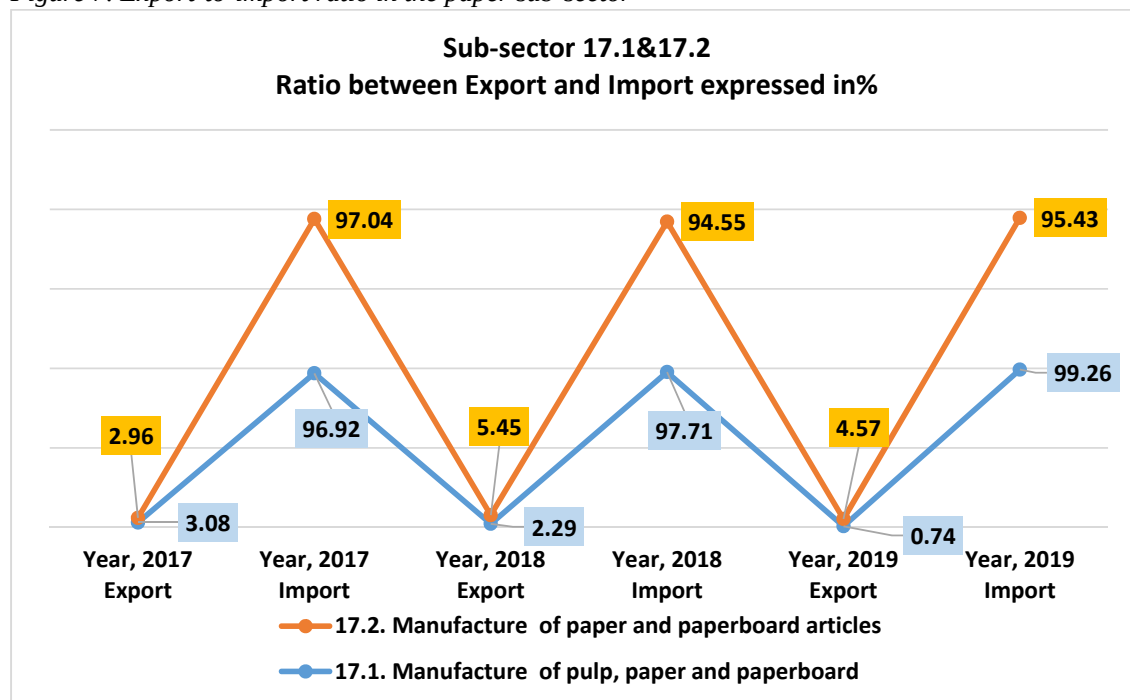
Products of the sub-sector "Manufacture of paper and paper products" from EFTA countries are imported from Switzerland 94.12% and from Norway with 5.88%.

While the export of products of the sub-sector "Manufacture of paper and paper products" with other countries was only 0.91%, imports from other countries is 21.88%. Within other countries, imports were realized mainly from Turkey with 58.60% and from China with 22.19%.

Based on statistical data, we consider that we need to improve the trade balance, in the activity "Manufacture of paper and cardboard items", specifically in the activity "Manufacture of household and sanitary goods and of toilet requisites ", where the export-to-import ratio of this sub-activity is, export about 0.30% and import 99.70%.

Figure no.7, presents the trend of export and import of the sub-sector of "Manufacture of paper and paper products".

Figure 7. Export-to-import ratio in the paper sub-sector



Source: Kosovo Agency of Statistics, processed by DIP / MTI

The trend of trade exchange of the activity "Manufacture of pulp, paper and paperboard" has recorded a negative trade balance, as imports have increased, while exports have decreased in the last three years.

In 2019, the activity, "Manufacture of paper and cardboard items" in exports has decreased by 0.88%, compared to 2018.

6. MANUFACTURE OF CHEMICAL PRODUCTS

The chemical industry is one of the important branches of the modern economy and its products are used in other sectors of the economy, such as agriculture, manufacturing, construction and services.

The chemical industry is very complex with more than 200 sub-sectors, the number of products of this sub-sector reaches 1 million products. A group of sub-sectors of the chemical industry usually has three components, which are as following¹⁷:

- Chemical industry related to the extraction and enrichment of mines and chemical raw materials - phosphate rock, sodium and potassium salts, sulphur, etc..
- Main chemical industry, manufacture of mineral fertilizers, acids, salts, alkalis, etc..
- Polymer industry, based mainly on organic synthesis and including the manufacture of synthetics and plastics, chemical fibers, synthetic rubber, synthetic dyes, etc.

It is worth noting that most of the raw materials and intermediate factors used by Kosovar businesses in this industry are imported. Imports are made mainly from European Union (EU) countries as well as from the member states of the Central European Free Trade Agreement (CEFTA).

One fifth of companies are supplied with raw materials by local traders, while almost 13% of them are supplied directly by foreign manufacturers. In addition, 25% of companies stated that they use raw materials and intermediates produced locally and also imported. In the end, only 10% of companies rely on domestic supplies, from their own manufacture or other local suppliers.¹⁸

6.1 Number of enterprises, employment and turnover in the sub-sector of chemical products manufacture

Under the sector "Manufacture of chemical products", according to table no. 23, in 2019, has 624 employees in 85 companies, as well as an annual turnover of EUR 27.81 million. In 2019, there was a decrease in employment by 2.8% and in the number of enterprises by 18.27%, while turnover increased by 15.18%, compared to 2018.

Sub-sector (20) in the total of Sector-C participates:

- 1.88% of enterprises,
- 2.21% of employees and
- 2.17% in turnover.

From these data we can conclude that companies have invested in digitalization lines, in which case we have labour replacement, but this is also reflected by the lack of activity in some of the sub-activities presented in table no. 23.

¹⁷ <https://farbitis.ru/sq/geography-of-the-world-economy/world-chemical-industry/>

¹⁸ Chemical Industry Profile, 2016 / MTI

Table 23. Number of enterprises, employment and turnover in the activities of the sub-sector of the chemical industry

Kodi	Subsector (20): Manufacture of Chemical Products	Number of enterprises			Number of employees			Turnover		
		Year 2017	Year 2018	Year 2019	Year 2017	Year 2018	Year 2019	Year 2017	Year 2018	Year 2019
2011	Manufacture of industrial gases	3	3	2	13	14	10	299,425.79	299,679.47	280,891.60
2012	Manufacture of dyes and pigments	2	2	1	17	8	9	595,331.79	471,050.06	579,545.04
2013	Manufacture of other inorganic-basic chemicals	4	3	2	43	47	44	1,479,770.31	1,727,891.63	1,864,096.67
2014	Processing of other organic based chemical products	4	4	3	13	23	9	24,713.10	113,274.10	59,187.64
2015	Manufacture of chemical fertilizers and nitrogen compounds	1	4	1	2	4	3	244,530.12	247,404.65	165,485.65
2016	Manufacture of plastics in primary forms	24	25	20	148	196	167	3,691,338.17	4,933,653.21	4,107,799.45
2017	Manufacture of synthetic rubber in primary form	1	0	19	1	0	227	58,349.50	-	14,824,990.12
2020	Manufacture of pesticides and other agrochemical products	1	1	23	9	8	120	211,731.68	247,535.86	4,199,296.74
2030	Manufacture of paints, varnishes and similar coatings, printing inks and mastic	16	16	5	166	187	5	9,342,372.00	12,033,722.66	68,709.08
2041	Manufacture of soap, detergents and cleaning products, as well as polishing preparations	26	28	3	118	117	14	4,610,112.03	3,206,250.87	1,294,907.27
2042	Manufacture of perfumes and toilet preparations	2	5	5	3	6	11	119,791.07	80,762.87	301,528.38
2051	Manufacture of explosives	2	3	1	5	8	6	-	279,502.69	64,996.20
2052	Manufacture of adhesives	4	6	0	7	11	0	89,001.14	254,957.35	0.00
2053	Manufacture of essential oils	2	2	0	11	10	0	60,769.02	230,596.65	0.00
2059	Manufacture of other chemical products p.k.t.	1	1	0	0	0	0	55,564.04	16,949.15	0.00
2060	Manufacture of synthetic and artificial fibers	1	1	0	5	3	0	88,431.55	2,118.23	0.00
Total		94	104	85	561	642	624	20,971,231	24,145,349	27,811,433.84

Source: Kosovo Agency of Statistics, processed by DIP/MTI

Based on table no. 23, in 2019, under the activity "Manufacture of synthetic rubber in primary form" generates higher employment from the sub-sector "Manufacture of Chemical Products" with 36.41% employees in 19 enterprises and with an annual turnover of 53.31%.

In 2019, this trend is followed by the sub-activity "Manufacture of plastics in primary forms", with 26.78% in 20 enterprises and with an annual turnover of EUR 4.10 million, but with a decrease in turnover of 16.74%, compared to 2018.

In 2019, Sub-activity "Manufacture of pesticides and other agrochemical products", has 19.19% employees in 23 enterprises and an annual turnover of EUR 4.19 million, an increase of over 100%, compared to the previous year.

Under the sector "Manufacture of chemical products" in the region of Prishtina, in 2019, there are 26 enterprises with 25.27% employees and turnover of 29.20%.

After the region of Prishtina, Prizren is ranked with 16.90% employees in 17 enterprises and with a turnover of 14.35%. Gjilan region and Mitrovica region have the same number of enterprises with 11.76%, but with different number of employees, with 20.12% and 15.06% respectively, while in circulation Gjilan region has a share of 8.40% and Mitrovica region with 19.03 %.

In Gjilan region, sub-activity "Manufacture of plastics in primary forms" has the highest number of employees with 68.34% while the region of Mitrovica leads in employment with 35.72% in the sub-activity "Manufacture of paints, varnishes and similar coatings, printing inks and mastic".

Sub-activity "Manufacture of soap, detergents and cleaning products, as well as gloss preparations", in 2019, leads Prishtina region with 55.18%, in employment within the sub-activity. Prizren region ranks with 25.82%, in employment from this activity, then Gjakova region with 5.22%.

6.2 Exports and imports in the sub-sector of manufacture of chemical products

Exports in the sub-sector "Manufacture of chemical products", has increased in 2019 by 39.09% and in 2018 by 3.45%, compared to the previous year.

Imports in the sub-sector "Manufacture of chemical products", has increased in 2019 by 5.01% and in 2018 by 6.13%, compared to the previous year.

Exports of this sub-sector participate with 2.80% in the total exports and 7.31% in the total imports, of Sector-C.

Trade exchange (ratio of export to import) in this sub-sector is 96.68% import and 3.32% export.

Out of the total number of enterprises of Sector-C, sub-sector "Manufacture of chemical products" accounts for 0.51% of exporting enterprises, while within this sub-sector, out of 85 enterprises, 27.06% are exporting ones.¹⁹

Table 24. Export and import in sub-sector (20) manufacture of chemical products

	Subsector (20): Manufacture of Chemical Products	Export			Balance		Import			Balance	
		2017	2018	2019	Value	%	2017	2018	2019	Value	%
					2018-2019	2018-2019				2018-2019	2018-2019
20	Manufacture of chemical products	5,671,848.94	5,867,275.26	8,160,771.92	2,293,496.66	39.09	213,552,971.43	226,642,896.45	237,989,157.53	11,346,261.08	5.01
20.1	Manufacture of basic chemicals, fertilizers and nitrogen compounds, plastics and synthetic rubber in primary forms	1,328,914.82	566,872.29	1,530,808.56	963,936.27	170.04	79,942,768.02	90,067,083.28	94,065,788.50	3,998,705.22	4.44
20.2	Manufacture of pesticides and other agrochemical products	-	294,871.58	1,026.90	(293,844.68)	(99.65)	3,714,670.87	3,496,322.12	4,417,244.74	920,922.62	26.34
20.3	Manufacture of paints, varnishes and similar coatings, printing inks and mastic	1,543,941.25	1,723,577.99	2,360,820.24	637,242.25	36.97	33,297,740.63	34,178,607.51	32,347,161.50	(1,831,446.01)	(5.36)
20.4	Manufacture of soaps and detergents, cleaning and polishing preparations, perfumes and toilet preparations	2,202,954.03	2,768,627.84	3,620,187.96	851,560.12	30.76	67,404,332.51	69,361,328.31	76,683,237.90	7,321,909.59	10.56
20.5	Manufacture of other chemical products	504,390.10	402,265.37	504,856.79	102,591.42	25.50	25,751,657.99	25,917,944.44	27,271,826.60	1,353,882.16	5.22
20.6	Manufacture of synthetic and artificial fibres	91,648.74	111,060.19	143,071.47	32,011.28	28.82	3,441,801.41	3,621,610.79	3,203,898.29	(417,712.50)	(11.53)

Source: Kosovo Agency of Statistics, developed by DIP / MTI.

¹⁹ Kosovo Agency of Statistics, developed by DIP / MTI

- **Exports to EU countries, CEFTA, EFTA and other countries**

The total value of exports to the sub-sector "Manufacture of chemical products" is 8.16 million euros. Exports to EU countries are 33.44%, to CEFTA countries 58.76%, to EFTA countries 2.02% and to other countries by 0.78%.

Exports of the sub-sector "Manufacture of chemical products" are mostly performed in Albania with 27.37%, in North Macedonia with 16.51%, and in Germany with 11.08%.

Exports in this sub-sector with EU countries, in 2019, have increased by 58.63%, compared to the previous year.

Exports to CEFTA countries, in 2019, to the sub-sector "Manufacture of chemical products", have a value of 4.79 million euros and have increased by 30.45%, compared to the previous year.

In 2019, exports to EFTA countries increased by 3.25% and to other countries by 17.13%, compared to the previous year.

According to table no. 24, the activity "Manufacture of soaps and detergents, cleaning and polishing preparations, perfumes and toilet preparations", in 2019, has recorded an increase in exports by 30.76% compared to 2018.

The products of this activity have been exported to EU countries, to the Netherlands with 33.56%, to France with 17.77%, to Belgium with 7.64% etc.

In CEFTA countries, the products of the activity "Manufacture of soaps and detergents, cleaning and polishing preparations, perfumes and toilet preparations", were exported to Albania with 42.47%, in North Macedonia with 33.82%, in Serbia with 9.33%, etc.

Exports to EFTA countries from this activity are realized in Switzerland with 100%, while in other countries in the USA with 99.99%.

The activity "Manufacture of paints, varnishes and similar coatings, printing inks and mastic" within the sub-sector, participates in exports with 36.97%.

In EU countries this activity has realized export to Germany with 77.12%, in Belgium with 12.17%, in Sweden with 3.01% etc..

The products of this activity in CEFTA countries have been exported to Albania with 43.23%, to Montenegro with 37.34%, to North Macedonia with 4.02% etc.

Regarding exports to EFTA countries, from this activity is performed in Switzerland with 100%, while in other countries, in Iraq with 99.85%.

- **Imports with EU countries, CEFTA, EFTA and other countries**

The total value of imports in the sub-sector "Manufacture of chemical products" is EUR 273.98 million. Imports from EU countries are 58.74%, from CEFTA countries 7.45%, from EFTA countries 0.34% and from other countries 33.47%

Imports in the sub-sector "Manufacture of chemical products", in 2019 participate with 7.31%, within the imports of Sector-C.

Imports of chemical products were realized from Albania with 27.37%, from North Macedonia with 16.51% and from Germany with 11.08%.

In 2019, imports increased by 17.75% with EU countries and by 21.10% with other countries, while we have a decrease in imports in CEFTA countries by 56.60% and with EFTA countries by 37.96%, compared to 2018.

According to table no. 24, the activity "Manufacture of basic chemicals, fertilizers and nitrogen compounds, plastics and synthetic rubber in primary forms" in imports has increased by 4.44%, compared to 2018.

Imports of products of this activity, with EU countries, are realized from Germany with 22.76%, from Austria with 18.67%, from Greece with 8.02% etc.

Imports with CEFTA countries are realized from North Macedonia with 69.91%, from Serbia with 20.86%, from Albania with 8.17% etc.

Imports from EFTA countries, from this activity are realized from Switzerland with 85.75%, and from Norway with 14.24%, while with other countries the import of this activity is realized from China with 25.30%, from Turkey with 25.13%, from Iran with 11.87%, from Saudi Arabia with 10.37%, from Russia with 8.26%, from the USA with 5.24 etc.

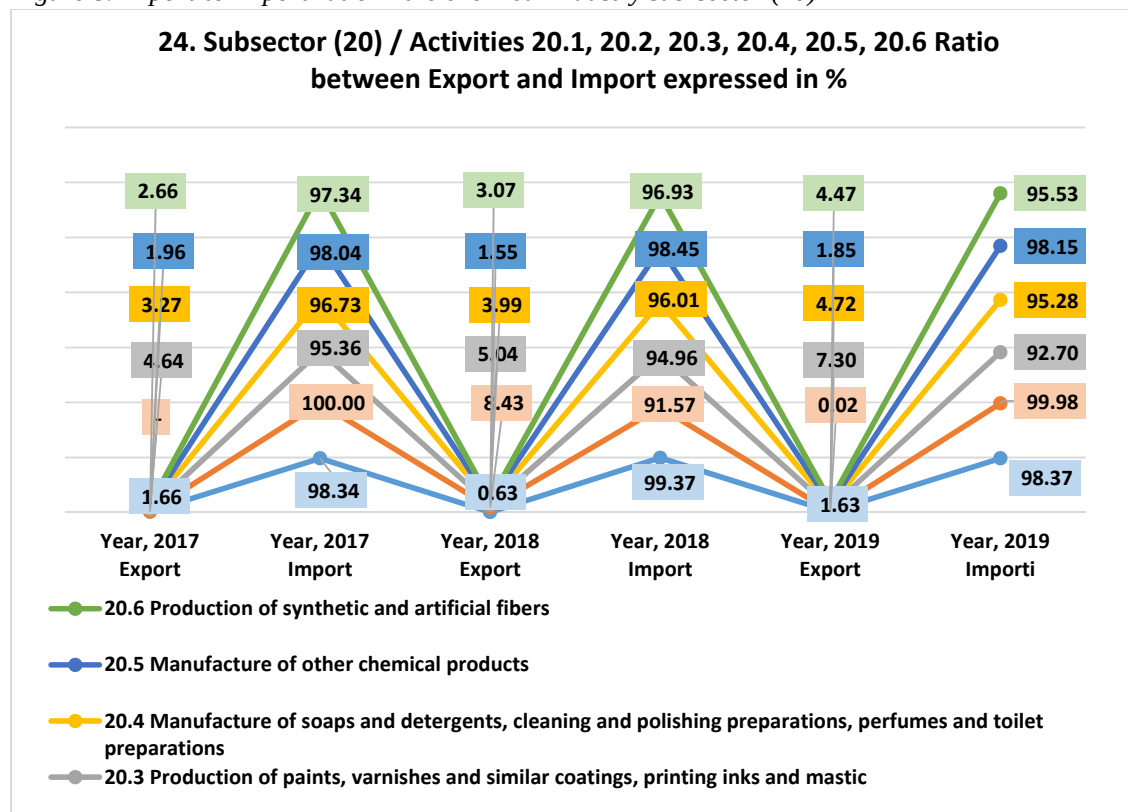
The products of the activity "Manufacture of soaps and detergents, cleaning and polishing preparations, perfumes and toilet preparations", are imported from EU countries, mainly from Germany with 19.7%, from Poland with 15.49% and from Italy with 13.68%.

Imports with CEFTA countries were realized from North Macedonia with 96.18%, from Albania with 2.37% and from Serbia with 1.32%.

The import of products of this activity, from EFTA countries, is performed from Switzerland with 96.83% and from Liechtenstein with 2.70% while from other countries from Turkey with 69.32%, from China with 17.9% etc.

Imports of other activities from the sub-sector "Manufacture of chemical products", have a lower trend of imports, excluding the activity "Manufacture of paints, varnishes and similar coatings, printing paints and mastic" with a decrease in imports in 2019, by 5.36%, compared to 2018.

Figure 8. Export-to-import ratio in the chemical industry sub-sector (20)



Source: Kosovo Agency of Statistics, developed by DIP / MTI

Figure no. 8, reflects the trade exchange between exports and imports, where the activity "Manufacture of paints, varnishes, and similar coatings, printing paints and masks" in 2019, has recorded an increase in exports by 2.25%, compared to imports.

The activity "Manufacture of pesticides and other agronomic products" in 2019, has recorded a decrease in exports by 8.41%, compared to the previous year.

7. MANUFACTURE OF RUBBER AND PLASTIC PRODUCTS

Plastic is an organic substance originally obtained from fuel processing. A plastic bag can usually be used for just 30 minutes, but it will take 500 years for it to decompose. Plastic is durable and has obvious flexibility, therefore, plastic has reached practically applicable levels in every field. The biodegradation of plastic takes 500 to 1000 years.²⁰

Despite public concerns about plastic pollution, we must acknowledge that plastic materials are very resource efficient not only in their production phase but also during their utilization phase. Moreover, the plastics industry is of key importance to Europe. About 60,000 companies operate in the industry providing over 1.5 million jobs. The turnover of these companies can be estimated at 350 billion euros. The overall European plastics industry has a trade balance of around € 15 billion in 2016. About 60% of world plastics production appeared in Europe (60 million tonnes in 2016), mainly thermoplastics, polyurethanes, and other plastics, such as thermosets, adhesives, coatings or adhesives. The six largest European countries (Germany, Italy, France, Spain, the United Kingdom and Poland) and the Benelux cover almost 80% of European demand in 2016. But also for the Republic of Kosovo, plastic production is playing an important role in industrial development.

The main products manufactured by rubber and plastic enterprises in Kosovo are: manufacture of bags, waste bags, inflatable bottles, plastic bottles, plastic pharmaceutical and jewellery boxes, plastic windows and doors, shutters, plastic pipes for water and sewage, plastic buckets, plastic packaging for yogurt, tire wrappers, rubber plastics, trapezoidal belts, conveyor belts, various rubber and plastic toys, etc.

7.1 Number of enterprises, employment and turnover in the sub-sector of rubber and plastic product manufacture

Sub-sector "Manufacturing of rubber and plastic", in 2019, has 2,793 employees in 481 enterprises and an annual turnover of 131.06 million euros.

This sub-sector has recorded an increase in employment by 17.64% and in turnover by 14.4%, while the number of enterprises has decreased by 4.56%, compared to 2018.

Sub-sector (22) share in the total of Sector-C:

*10.61% of enterprises,
9.91% of employees and
10.22% of*

²⁰ <http://akm.gov.al/assets/riciklimi-i-plastikes.pdf>

Table 25. Number of enterprises, employment and turnover in the sector of rubber and plastics industry

Code	Sub-sector (22): Manufacture of rubber and plastic products	Number of enterprises			Number of employees			Turnover		
		2017	2018	2019	2017	2018	2019	2017	2018	2019
2211	Manufacture of rubber tyres and tubes; retreading and rebuilding of rubber tyres	4	5	4	29	29	36	755,410	1,098,590	1,564,812.02
2219	Manufacture of other rubber products	3	3	4	3	3	232	103,268	89,622	4,956,057.26
2221	Manufacture of plastic plates, sheets, tubes and profiles	29	32	31	168	192	213	10,015,664	11,625,250	13,166,811.33
2222	Manufacture of plastic packing goods	30	31	30	230	276	300	13,996,601	18,288,152	20,143,123.31
2223	Manufacture of builders' plastics ware	340	352	335	1,521	1,565	1,655	67,578,458	67,912,731	73,855,737.00
2229	Manufacture of other plastic products	78	81	77	319	309	356	14,125,639	15,516,934	17,370,630.98
Total		484	504	481	2,270	2,374	2,793	106,575,041	114,531,279	131,057,171.90

Source: Kosovo Agency of Statistics, processed by DIP/MTI

According to table no. 25, in 2019, the sub-activity "Manufacture of builders' plastics ware" dominates in all three indicators: employment by 59%, enterprises by 70% and turnover by 56.35%.

The sub-activity "Manufacture of other plastic products" has 12.7% employees in 77 enterprises with a turnover of 13.25%, while the sub-activity "Manufacture of plastic packing goods" has 10.74% employees in 300 enterprises with an annual turnover of 15.37%.

It is worth mentioning that in 2019, the sub-sector "Manufacture of rubber and plastic products" has recorded a decrease in the number of enterprises, while there has been an increase in employment and turnover.

At the regional level, the sub-activity "Manufacture of builders' plastics ware" leads in this sub-sector in Prishtina's region with employment of 26.88% in 84 enterprises and turnover of 32.72%. Gjiilan's region has 17.28% employees in 51 enterprises and a turnover of 21.34%, while Prizren's region has 16.79% employees in 55 enterprises and a turnover of 17.26%.

In this sub-sector, the sub-activity "Manufacture of other plastic products" has recorded a larger number of enterprises in the region of Prizren with 21 enterprises and in the region of Prishtina with 20 enterprises. In the region of Prishtina, this sub-activity has 42.42% employees and a turnover of 52.49%, while in the region of Prizren, it has 24.72% employees and a turnover of 26.23%.

The sub-activity "Manufacture of plastic packing goods" has 10.74% employees in 30 enterprises and a turnover of 15.37% euros. This activity has the largest turnover in the region of Ferizaj with 60%, an enterprise with 115 employees, followed by the region of Prizren with 17.84%, with 66 employees in 9 enterprises, then the region of Gjakova with 10.32%, 7 enterprises with 26 employees, etc.

7.2 Export and import in the sub-sector of manufacture of rubber and plastic products

Export of the sub-sector "Manufacture of rubber and plastic products" amounted to 155.21 million euros. In 2019, this sub-sector has increased by 10.85%, compared to 2018.

Imports in the sub-sector of "Manufacture of rubber and plastic products" has increased by 2.72% in 2019, compared to 2018. While in 2018, compared to 2017, it has increased by 6.19%.

Exports of this sub-sector participate with 17.65% in the total of exports and 4.77% in the total of imports of Sector-C.

Trade exchange (export-to-import ratio), in this sub-sector, is 24.91% for export and 75.09% for import.

Of the total number of enterprises of Sector-C, the sub-sector "Manufacture of rubber and plastic products" has 3.66% exporting enterprises, while within this sub-sector, 34.51% out of 481 enterprises are exporting ones.²¹

Table 26. Export and import in the sub-sector "Manufacture of rubber and plastic products"

Code	Sub-sector "Manufacture of Rubber and Plastic Products"	Exports			Difference (2018-2019)	Difference in % 2018-2019	Import			Difference (2018-2019)	Difference in % (2018-2019)
		2017	2018	2019			2017	2018	2019		
22	Manufacture of rubber and plastic products	36,886,716.18	46,454,152.31	51,494,994.46	5,040,842.15	10.85	142,299,337.72	151,108,932.16	155,217,193.08	4,108,260.92	2.72
22.1	Manufacture of rubber products	5,261,908.91	5,467,377.83	4,974,513.89	(492,863.94)	(9.01)	24,919,855.99	27,518,551.20	30,153,645.31	2,635,094.11	9.58
22.2	Manufacture of plastic products	31,624,807.27	40,986,774.48	46,520,480.57	5,533,706.09	13.50	117,379,481.73	123,590,380.96	125,063,547.77	1,473,166.81	1.19

Source: Kosovo Agency of Statistics, processed by DIP/MTI

²¹ Kosovo Agency of Statistics, processed by DIP/MTI

- **Exports to EU, CEFTA, EFTA countries and other countries**

The total value of exports in this sub-sector is 51.49 million euros. Exports to EU countries are 49.46%, to CEFTA countries 28.23%, to EFTA countries 14.56% and to other countries 7.75%.

In EU countries, the countries where the products of the sub-sector "Manufacture of rubber and plastic products" have been exported the most are the Netherlands with 40.51%, Germany with 33.50%, Belgium with 7.9%, Bulgaria with 3.84%, etc.

Exports to CEFTA countries are mainly made to Serbia with 31.38%, North Macedonia with 28.05% and Albania with 25.93%.

Within the sub-sector "Manufacture of rubber and plastic products", the highest share is that of the activity "Manufacture of plastic products" with 87%.

In EFTA countries, the exports of the sub-sector "Manufacture of rubber and plastic industry" is concentrated in Switzerland with 99.94%. While in other countries, this sub-sector has mostly exported to Turkey with 73.31% and to the United States of America with 18.57%.

- **Imports with EU, CEFTA, EFTA countries and other countries**

The total value of imports in this sub-sector is 155.21 million euros, the imports with EU countries is 18.66%, with CEFTA countries 9.73%, with EFTA countries 14.76% and with other countries 9.88%.

Regarding EU countries, Kosovo has imported products of the sub-sector "Manufacture of rubber and plastic industry" from Germany with 41.12%, from Italy 9.41%, etc.

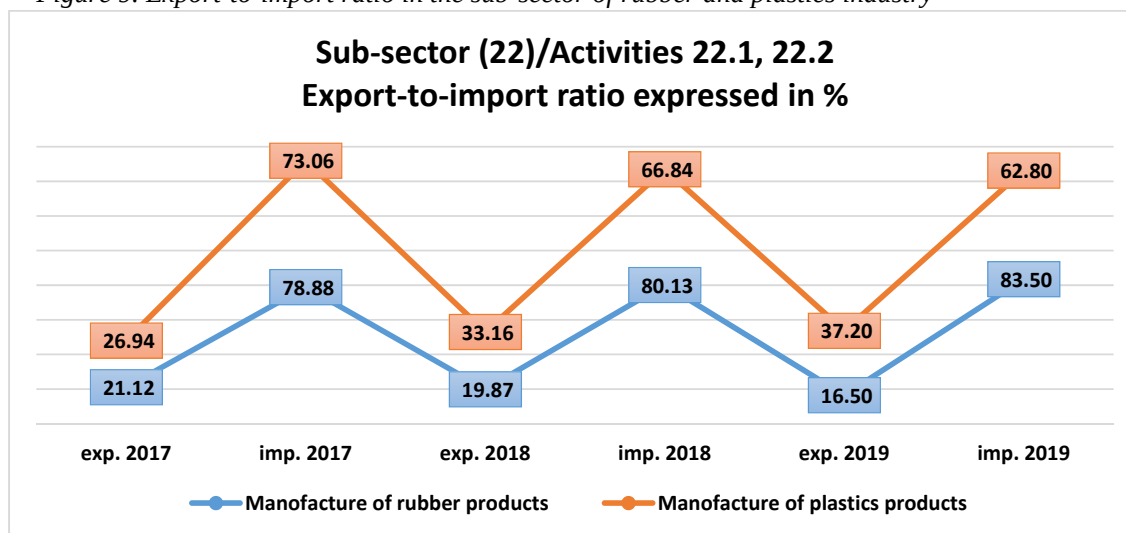
Regarding CEFTA countries, imports of products of the sub-sector "Manufacture of rubber and plastic industry" with 91.35% is made from North Macedonia, followed by Albania with 6.82%.

Regarding EFTA countries, the products of the sub-sector "Manufacture of rubber and plastic industry" were imported from Switzerland with 99.85%, while in terms of other countries, this sub-sector has mainly imported from Turkey with 46.14% and from China with 43.09 %.

The sub-sector "Manufacture of rubber and plastic industry", in 2019, has recorded an increase in imports by 2.66%. The activity "Manufacture of rubber products" has recorded an increase in imports with 9.58% and the activity "Manufacture of plastic products" with 1.19%.

Within this sub-sector, the activity "Manufacture of plastic products" marks the highest import with 80.57%, while the activity "Manufacture of rubber products" with 19.43%.

Figure 9. Export-to-import ratio in the sub-sector of rubber and plastics industry



Source: Kosovo Agency of Statistics, processed by DIP/MTI

Trade exchange trend according to figure no. 9 shows that the activity "Manufacture of plastic products" has recorded a positive trend in exports in 2018 by 6%, while in 2019 by 4%, in relation to imports, while the activity "Manufacture of rubber products" in 2019 has recorded a negative trend in exports by 3.5%.

8. MANUFACTURE OF METAL

Manufacture of metal includes the activities of smelting and/or refining ferrous and non-ferrous metals from ore, pig or scrap, using electrometallurgical and other process metallurgic techniques. It also involves the manufacture of metal mixtures and super-mixtures by introducing other chemical elements into the pure metals.

The output of smelting and refining, usually in ingot form, is used in rolling, drawing and extruding operations to make products such as plate, sheet, strip, bars, rods, wire or tubes, pipes and hollow profiles and in molten form to make castings and other basic metal products.

Sub-sector of the Metal manufacturing is characterized by a small group of large enterprises (traditional industries developed in Kosovo before 1990s, most of which have already been privatized), which consist of the majority of manufacturing, exports and employment. Enterprises of this sub-sector exploit Kosovo's rich resources of metal ores (e.g. nickel) to produce base metals that are commonly exported, manufacture of end products (steel tubes, steel pipes, heat radiators, galvanized steel products, etc.).

In this sub-sector, the largest number of registered enterprises are micro and small enterprises, most of which deal with the manufacture of metal constructions and products used in the construction industry. Also, a large number of enterprises have the manufacture of metal components, through processing activity powder metallurgy, treatment and coating of metals, and manufacture of precious metal products, yarns and aluminium.

In terms of product-market value, the most important persuasive activity is that of ferronickel processing, followed by end-use iron and steel products.

So far, there have been no government incentives directly targeting the sector of metal processing.²²

However, there are some incentives aimed at supporting local manufacturers in general and which are important for metal manufacturing companies as well, such as exemption of goods from customs duty. The most important incentive in this regard is the 0% customs duty on imports of machinery and raw materials intended for further processing by manufacturing companies.

²² Profile of metal manufacturing industry sector (2014)/MTI

8.1 Number of enterprises, employees and turnover in the sub-sector of metal

In 2019, the sub-sector "Metal manufacturing " has 93 enterprises with 1,110 employees and an annual turnover of 90.55 million euros.

In 2019, this sub-sector has recorded an increase in employment by 5.58% and turnover by 96.12%, while the number of enterprises has decreased by 6.06%, compared to 2018.

Sub-sector (24) participation in the total of Sector-C:

- 2.05% of enterprises,
- 3.94% of employees and
- 7.06% of turnover.

Table 27. Number of enterprises, employment and turnover in the sub-sector of metal manufacture

Code	Sub-sector (24): Manufacture of Metal	Number of enterprises			Number of employees			Turnover		
		2017	2018	2019	2017	2018	2019	2017	2018	2019
2410	Manufacture of basic iron and steel and of ferro-alloys	25	22	23	882	867	873	59,537,285.43	38,129,953.58	74,628,127.25
2420	Manufacture of tubes, pipes, hollow profiles and related fittings of steel	7	4	6	9	18	74	112,077.73	283,224.11	6,898,965.32
2433	Cold forming or folding	8	1	2	12	13	13	177,196.58	1,345,677.12	1,468,194.43
2434	Cold drawing of wire	25	9	8	32	12	11	398,234.14	207,999.28	242,964.92
2441	Precious metals manufacture	23	22	20	60	28	22	4,107,516.26	266,901.07	284,072.62
2442	Aluminium manufacture	2	24	21	8	64	69	16,896.98	4,849,685.85	5,897,531.06
2444	Copper manufacture	1	1	1	1	4	5	-	18,467.28	20,703.77
2451	Casting of iron	4	4	3	10	6	8	353,677.70	324,765.49	316,089.68
2452	Casting of light metals	1	3	1	1	9	7	-	40,341.52	125,770.66
2453	Casting of light metals	1	8	7	24	30	30	399,213.47	702,213.06	651,245.86
2454	Casting of other non-ferrous metals	7	1	1	-	-	0	4,350.00	2,850.00	19,788.60
	TOTAL	104	99	93	1039	1051	1110	65,106,448.29	46,172,078.36	90,553,454.17

Source: Kosovo Agency of Statistics, processed by DIP/MTI

Based on table no. 27, in 2019, the sub-activity generating the most employment is "Manufacture of basic iron and steel and of ferro-alloys", with 78.64% employees in 23 active enterprises. This sub-activity has recorded an increase in the number of enterprises by 4.55% and in turnover by 95.72%, compared to 2018.

Within the sub-sector "Manufacture of metal", the sub-activity "Manufacture of tubes, pipes, hollow profiles and related fittings of steel", in 2019, has 74 employees in 6 enterprises with over 100% of annual turnover, compared to 2018.

From the data analysed, in 2019, the sub-activity "Manufacture of Aluminium", within the sub-sector, has 69 employees in 21 enterprises and with an annual turnover of 6.51%. Other sub-activities within this sub-sector have maintained the same employment trend, with small differences in the other two indicators, in the number of enterprises and turnover, from year to year.

The sub-sector "Manufacture of metal", in the region of Prishtina, has the highest number of employees with 85.69% in 31 enterprises and an annual turnover of 90.78%. Prizren region has 15.05% enterprises with 3.82% employees and an annual turnover of 2.28%. Gjakova region has 13.98% enterprises, 2.36% employees and an annual turnover of 0.47%, and the Ferizaj region has a similar number of enterprises, 13.98%, with 1.85% employees and a turnover of 3.57%.

Within the sub-sector "Manufacture of metal", the sub-activity with the highest number of employees is "Manufacture of basic iron and steel and of ferro-alloys" with 78.65%, and that in the region of Prishtina with 94.66% employees. Also, in the region of Prishtina, the sub-activity "Manufacture of tubes, pipes, hollow profiles and related fittings of steel" has 72% employees and "Manufacture of Aluminum" has 63.26% in the region of Prishtina.

8.2 Exports and imports in the sub-sector of metal

Export in the sub-sector "Manufacture of metal" has increased in 2019 by 20.17% while in 2018 by 24.21%, compared to the previous year. This sub-sector, in 2019, has recorded an increase in imports by only 0.24%, and an increase by 28.24% in 2018, compared to the previous year.

Trade exchange (export-to-import ratio) in this sub-sector is 77.71% for imports and 22.29% for exports, and, compared to 2018, exports has a tendency to increase in relation to imports.

Exports of this sub-sector participate with 26.01% in the total of exports and 8.12% in the total of imports of Sector-C.

Out of the total number of enterprises of Sector-C, the sub-sector "Manufacture of metal" has a 0.33% share of exporting enterprises, while within this sub-sector, 16.13% out of 93 enterprises are exporting ones.²³

Table 28. Presents export and import data in sub-sector (24) Metal manufacturing , at 3-digit level

	Sub-sector Metal manufacturing (24).	Export			Balance		Import			Balance	
		2017	2018	2019	Value 2018-2019	% 2018- 2019	2017	2018	2019	Value 2018-2019	% 2018- 2019
24	Metal manufacturing	83,307,151.89	63,135,997.19	75,872,939.29	12,736,942.10	20.17	205,753,206.18	263,854,273.63	264,476,551.92	622,278.29	0.24
24.1	Manufacture of basic iron and steel and of ferro-alloys	61,054,910.35	36,945,115.30	53,063,717.63	16,118,602.33	43.63	155,914,705.53	206,344,411.50	200,178,343.60	(6,166,067.90)	(2.99)
24.2	Manufacture of tubes, pipes, hollow profiles and related fittings of steel	19,384,493.40	22,663,168.17	19,008,271.59	(3,654,896.58)	(16.13)	6,744,399.30	9,457,833.00	11,419,861.34	1,962,028.34	20.75
24.3	Manufacture of other products of first processing of steel	675,953.59	1,101,923.64	1,331,868.94	229,945.30	20.87	16,249,486.97	16,662,483.48	17,687,320.64	1,024,837.16	6.15
24.4	Manufacture of basic precious and other non-ferrous metals	2,154,421.88	2,371,727.03	2,393,600.74	21,873.71	0.92	25,767,484.10	30,310,007.21	33,492,560.75	3,182,553.54	10.50
24.5	Casting of metals	37,372.67	54,063.05	75,480.39	21,417.34	39.62	1,077,130.28	1,079,538.44	1,698,465.59	618,927.15	57.33

Source: Kosovo Agency of Statistics, processed by DIP/MTI

²³ Kosovo Agency of Statistics, processed by DIP/MTI

- **Exports to EU, CEFTA, EFTA countries and other countries**

The value of exports to the sub-sector "Metal manufacturing " is 75.87 million euros. Exports to EU countries are 27.27%, to CEFTA countries 27.76%, to EFTA countries 1.89% and to other countries 43.08%.

Exports of the sub-sector "Metal manufacturing " are mostly made to India with 43.03%, Italy with 17.99% and Albania with 10.78%.

Exports to EU countries, in 2019, in this sub-sector, are worth 20.69 million euros and have recorded a high increase of over 100%, compared to the previous year.

In 2019, exports to CEFTA countries have decreased by 11.58%, to EFTA countries by 3.84%, and to other countries by 9.25%, compared to 2018.

According to table no. 28, the activity "Manufacture of basic iron and steel and of ferro-alloys", in 2019, has recorded a high value in exports by 53.06 million euros with an increase of 43.63%, compared to 2018.

The products of this activity, in terms of EU countries, are mostly exported to Italy with 70.30%, to Finland with 17.65% and to the United Kingdom with 4.38%.

Exports of these products, in terms of CEFTA countries, were made to Albania with 74.67%, to North Macedonia with 20.23%, and to Serbia with only 3.26%.

Exports to EFTA countries from this activity were made to Switzerland with 96.13% and to Norway with only 3.87%, while regarding other countries, the exports of this activity were made to India with 99.99%.

The activity "Manufacture of tubes, pipes, hollow profiles and related fittings of steel" has recorded an export value of 19 million euros, but with a decrease of 16.13% in 2019, compared to the previous year. Exports of products from this activity to EU countries were made to Bulgaria with 52.06%, to the Netherlands with 23.95%, to Germany with 17.12%, etc.

Exports to CEFTA countries were made to Albania with 37.92%, to Serbia with 27.28%, to North Macedonia with 27.15%, etc.

Exports to EFTA countries from this activity were made to Switzerland with 100%, while exports to other countries were made to the USA with 100%.

- **Imports with EU, CEFTA, EFTA countries and other countries**

The total value of imports in the sub-sector "Metal manufacturing " is 264.47 million euros, 22.42% from EU countries, 50.96% from CEFTA countries, 0.29% from EFTA countries, and 26.33% from other countries.

In 2019, imports in the sub-sector "Metal manufacturing " had a share of 264.47 million euros or 8.12%, in the total imports of Sector-C.

The highest percentages of imports from this sub-sector were made from Albania with 38.11%, from North Macedonia with 12.34% and from Turkey with 11.83%.

Based on the data of 2019, regarding the sub-sector "Metal manufacturing ", imports have increased by 56.59% from EU countries, by 21.94% from EFTA countries, and by 51.23% from other countries, while imports from CEFTA countries have decreased by 24.84%, compared to 2018.

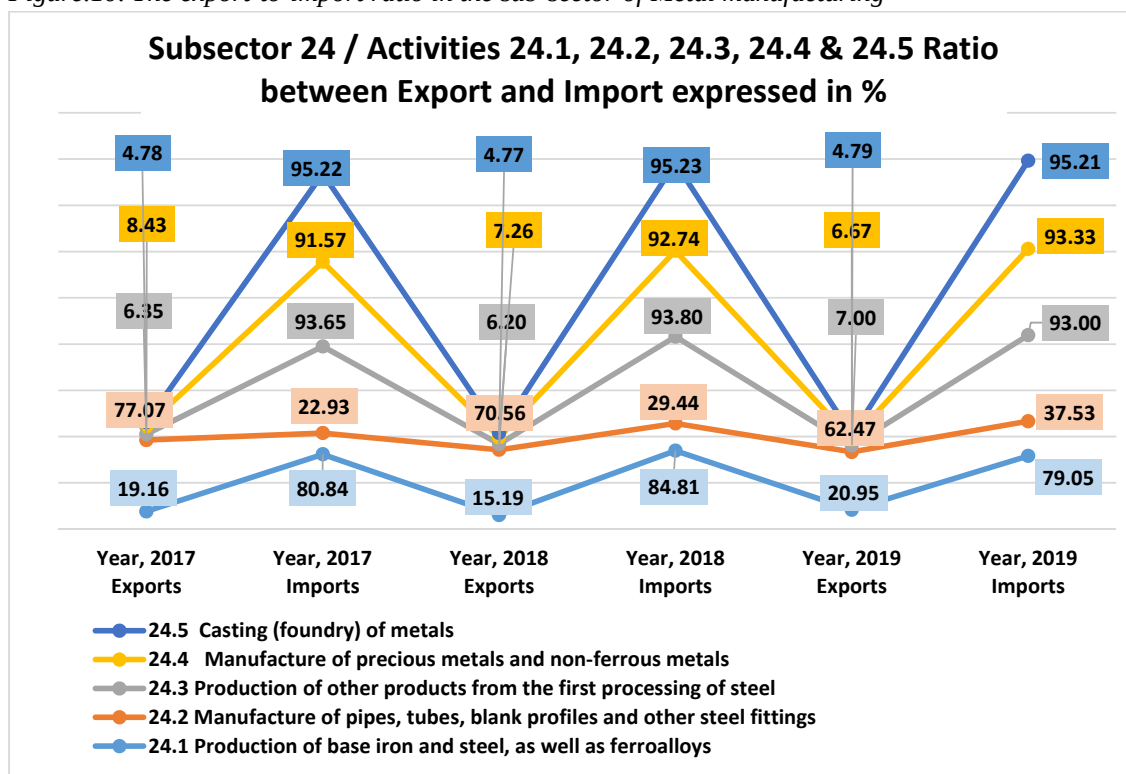
According to table no. 28, the activity "Manufacture of basic iron and steel and of ferro-alloys" was worth 200 million euros, while in 2019, this activity has recorded a decrease in imports by 2.99%, compared to 2018.

The products of this activity, regarding EU countries, have been imported from Greece with 50.55%, from Italy with 33.51%, from Romania with 7.57%, etc.

Imports of products of the activity "Manufacture of basic iron and steel and of ferro-alloys" from CEFTA countries were made from Albania with 78.24%, from North Macedonia with 20.77%, and from Moldova with only 0.97%. Products from EFTA countries have been imported from Switzerland with 100%, while regarding other countries, the import was made from Turkey with 38.65%, from Ukraine with 29.03%, from Russia with 24.24%, etc.

Products of the activity " Manufacture of basic precious and other non-ferrous metals" were, within EU countries, imported from Italy with 31.61%, from Greece with 21.72% and from Austria with 11%. Imports from CEFTA countries were realized from Albania with 98.61%, from North Macedonia with 1.13% and from Bosnia and Herzegovina with only 0.16%, while from EFTA countries, it was mainly imported from Switzerland with 99.88% and from Norway only with 0.12%, while from other countries, it was imported from Turkey with 62.41%, from China with 26.46%, etc.

Figure.10. The export-to-import ratio in the sub-sector of Metal manufacturing



Source: Kosovo Agency of Statistics, developed by DIP/MTI

According to figure no. 10, trade exchange of activity “Manufacture of basic iron and steel and ferro-alloys” in 2019, exports increased by 5.76%, while imports decreased by the same rate compared to the previous year.

Activity “Manufacture of tubes, pipes, hollow profiles and related fittings, of steel” has recorded a decline in exports by 8.09%, compared to the previous year.

9. MANUFACTURE OF FABRICATED METAL PRODUCTS, EXCEPT MACHINERY AND EQUIPMENT

This sub-sector includes the processing of metal products turning them into final products such as: knives, gloves, cylinders, various tools, screwdrivers, wire and some other products.

Metal manufacturing enterprises are almost entirely privately owned and are spread throughout Kosovo, most of which are in the Prishtina region. These enterprises employ about 8.85% of employees in Kosovo. The enterprises of this sub-sector are mainly owned by men, as only 5.3% of the labour force are women and 7% of the companies are women shareholders.²⁴

The Metal manufacturing sector continues to be an important source of revenue in Kosovo, although not to the same extent as in the past. The largest number of Metal manufacturing enterprises are engaged in treatment and coating of metals or manufacture of metal structures and components for the construction industry. Investments of Metal manufacturing companies are more capital nature rather than related to workforce. However, the Metal manufacturing sector has the potential to increase manufacture and collaboration with other sectors.

Metal manufacturers in Kosovo, can significantly increase the amount of metal that are intended for export and at the same time meet the local market demand with better quality and lower prices.

Support for this subsector includes addressing capital gaps and skills, facilitating sector categorization, as well as encouraging and obtaining quality certifications.²⁵

9.1 Number of enterprises, employees and turnover in the subsector of manufacture of fabricated metal products, except machinery and equipment

In 2019 sub-sector "Manufacture of fabricated metal products", has 2,494 employees in 581 companies with turnover worth EUR 105.62 million.

In 2019, employment in this sub-sector increased by 1%, while the number of enterprises decreased by 3.1% and turnover by 11%, compared to 2018.

Subsector (25) participation in the total of sector C:

- 13% of enterprises,
- 8.85% of employees and
- 8.24% in turnover

²⁴ Sector Profile of the Metal Manufacturing industry (2014)/MTI

²⁵ <http://empowerkosovo.org/al/perpunimi-i-metalit/>

Table 29. Number of enterprises, employ and turnover in the subsector of Manufacture of fabricated metal products

Code	Subsector(25): Manufacture of fabricated metal products	Number of enterprises			Number of employees			Turnover		
		Year 2017	Year 2018	Year 2019	Year 2017	Year 2018	Year 2019	Year 2017	Year 2018	Year 2019
2511	Manufacture of metal structures and parts of structures	179	208	210	1,277	1,435	1,390	65,457,924.85	82,246,440.01	67,804,937.42
2512	Manufacture of doors and windows of metal	119	121	212	265	298	305	7,771,445.85	8,123,751.84	9,832,475.99
2521	Manufacture of central heating radiators and boilers	5	7	7	16	16	18	183,788.89	265,978.61	311,183.96
2529	Manufacture of other tanks, reservoirs and containers of metal	3	4	4	4	3.00	4	275,269.91	18,913.57	105,013.13
2540	Manufacture of weapons and ammunition	1		-	-	-	-	944.90	-	-
2550	Forging, pressing, stamping and roll-forming of metal; powder metallurgy	55	59	51	172	181	207	5,794,567.84	7,226,231.29	8,278,369.09
2561	Treatment and coating of metals	39	41	35	78	81	70	1,951,008.13	2,161,903.66	2,053,676.32
2562	Machining	71	69	64	164	175	131	4,813,040.85	8,155,592.56	5,069,039.86
2571	Manufacture of cutlery	2	2	2	3	3	2	10,403.86	6,395.30	6,190.59
2572	Manufacture of locks and hinges	2	2	2	2	2	2	21,051.00	-	15,454.00
2573	Manufacture of tools	3	3	4	2	2	1	2,952.00	2,583.00	27,435.50
2591	Manufacture of steel drums and similar containers	1	1	1	2	3	5	39,512.51	48,541.50	52,393.52
2592	Manufacture of light metal packaging	4	2	2	11	5	7	143,503.22	84,391.17	79,478.61
2593	Manufacture of wire products, chain and springs	17	16	16	63	71	73	2,724,165.74	3,375,177.55	3,383,093.78
2594	Manufacture of fasteners and screw machine products	4	4	3	10	9	6	58,067.35	194,467.22	165,963.86
2599	Manufacture of other fabricated metal products n.e.c	61	61	68	167	187	272	3,488,298.06	5,521,548.93	8,443,378.19
TOTAL		566	600	581	2,236	2,471	2,494	92,735,945	117,431,916	105,628,083.82

Source: Kosovo Agency of Statistics, processed by DIP/MT

According to Table no. 29, in this subsector, in 2019, in the sub-activity " Manufacture of metal structures and parts of structures" has a share of 55.7% employees in 210 enterprises, and turnover of 64%.

Under the activity " Manufacture of doors and windows of metal" has 12.2% employees in 212 enterprises and a share of turnover at 9.31%, while activity "Manufacture of other fabricated metal products n.e.c" has a share of 10.9% employees in 68 enterprises and 8% turnover. This sub-activity in 2019 had an increased turnover at 52%, compared to the previous year.

Sub-activity "Manufacture of other fabricated metal products n.e.c ", ranks third in turnover, within the sub-sector, and has increased by 52%, compared to the previous year.

In 2019, sub-activity " Manufacture of tools", although with low value within the sub-sector, there is a significant increase in turnover at over 100%.

In terms of regional coverage, sub-activity "Manufacture of metal structures and parts of structures", the largest number of enterprises is recorded in the Pristina region with 25.7%, followed by Peja, with 21%. This sub activity also has the largest number of employees in Ferizaj with 39.42%, followed by the region Pristina and Prizren with 16:11% 16.4%.

In terms of turnover value, sub-activity "Manufacture of metal structures and parts of structures" in Ferizaj has a share of 31.65%, followed by the Pristina region with 23:33%, then the region of 10.71 Gjakova, Prizren with 10:45%, etc.

Sub-activity "Manufacture of doors and windows of metal", has the largest number of enterprises in the region of Prishtina with 22.3%, followed by the region of Gjilan with 18.75% and the region of Peja with 17%. This sub-activity in the region of Prishtina has 30.5%, employees, in the region of Peja with 23.3%, in the region of Prizren with 13.20%, the region of Ferizaj with 11.15% etc. Regarding turnover, Pristina region leads with 37.10%, followed by Peja, with 23.85%, the region of Ferizaj 17.74%, etc.

Sub-activity "Manufacture of other metal products n.e.c. leads in the Pristina region with 38.9% of employees and 24 companies with a turnover of 42%. While the Gjilan region has 5 companies with 20.6% of employees and annual turnover of 31.84%.

9.2 Exports and imports in the sub-sector of Manufacture of fabricated metal products, except machinery and equipment

In 2019, sub-sector "Manufacture of fabricated metal products, except machinery and equipment", has recorded an increase in exports by 9.19% and in imports by 1.82%, compared to 2018.

Trade Exchange (the export-to-import ratio) of this sub-sector is 17:30 82.70%% export and import.

Exports of this sub-sector have a share of 8.04% of total exports and 3.44% of total sector C imports.

Of the total number of Sector-C enterprises, sub-sector "Manufacture of fabricated metal products, except machinery and equipment" has a share of 2.36% exporting enterprises, while within this sub-sector, out of 581 enterprises, 18.42% are exporting ones.²⁶

²⁶ Source: Kosovo Agency of Statistics, processed by DIP / MTI

Table 30. Export and import in mother-manufacturing sector of fabricated metal products

Code	Sub-sector Manufacture of fabricated metal products	Export			Change (2018-2019)	Change in % 2018-2019	Import			Change (2018-2019)	Change in % 2018-2019
		2017	2018	2019			2017	2018	2019		
25	Fabricated Metal Product Manufacturing	13,782,596.54	21,478,381.68	23,451,261.04	1,972,879.36	9.19	101,979,284.00	110,032,985.05	112,031,510.36	1,998,525.31	1.82
25.1	Manufacture of structural metal products	5,616,414.37	9,952,232.96	9,859,784.15	(92,448.81)	(0.93)	21,035,788.56	22,009,763.39	20,870,865.02	(1,138,898.37)	(5.17)
25.2	Manufacture of tanks, reservoirs and containers of metal	2,872,096.12	2,998,453.49	2,720,552.64	(277,900.85)	(9.27)	11,219,433.24	8,936,208.52	10,022,954.98	1,086,746.46	12.16
25.3	Manufacture of steam generators, except central heating hot water boilers	87.00	789.00	7702.61	6,913.61	876.25	561,203.32	276,184.65	1,114,416.51	838,231.86	303.50
25.4	Manufacture of weapons and ammunition	-	-	-	-	-	2,481,654.05	2,601,674.24	2,862,128.02	260,453.78	10.01
25.7	Manufacture of cutlery, tools and general hardware	368,479.88	803,092.37	1,563,640.88	760,548.51	94.70	25,468,499.36	27,478,669.54	28,790,940.01	1,312,270.47	4.78
25.9	Manufacture of other fabricated metal product (with activities 9.1,9.2,9.3,9.4,9.9)	4,925,519.17	7,723,813.86	9,299,580.76	1,575,766.90	20.40	41,212,705.47	48,730,484.71	48,370,205.82	(360,278.89)	(0.74)

Source: Kosovo Agency of Statistics, processed by DIP/MTI

- **Exports to EU countries, CEFTA, EFTA and other countries**

Total value of exports to the sub-sector “Manufacture of fabricated metal products, except machinery and equipment” is 23.45 million euros. Exports to EU countries are 40.36%, to CEFTA countries, 30.78%, to EFTA countries 21.20% and other countries 7.66%.

Based on table no. 30, export to sub-sector “Manufacture of fabricated metal products, except machinery and equipment”, is growing, in the last three years. In 2019, this sub-sector has recorded an increase of 9.19%, while the highest increase was in 2018, with 55%, compared to 2017.

Sub-sector “Manufacture of fabricated metal products, except machinery and equipment”, has managed to export to EU countries, worth 9.46 million euros. The products of this sub-sector are mostly exported to Germany with 34.11%, to the Netherlands with 18.30% and to Italy with 13.15%.

Regarding exports to CEFTA countries, sub-sector products “Manufacture of fabricated metal products, except machinery and equipment”, mostly they are exported to North Macedonia with 37.14% in Albania to 35% in Serbia and by 17%.

Exports to the EFTA countries most often carried out in Switzerland, worth 4.72 million euros, or 95%, making this country the highest market target. While exports to other countries has recorded the value of 1.79 million euros and this sub-sector mostly products are exported to Kazakhstan by 75.8%.

In the framework of sub-sector “Manufacture of fabricated metal products, except machinery and equipment”, activity "Manufacture of metal structures" leads in exports with 42%, followed by activity "Manufacture of other metal products" with 39.65%.

- **Imports to the EU countries, CEFTA, EFTA and other countries**

General imports, in the sub-sector “Manufacture of fabricated metal products, except machinery and equipment” is 112.03 million euros. Imports from EU countries are 47.22%, from CEFTA countries 7.28%, from EFTA countries 1.59% and from other countries 43.91%.

Imports in the sub-sector "Manufacture of fabricated metal products, except machinery and equipment", dominated by EU countries, worth 52.89 million euros. Imports of these products are mostly conducted by Germany with 41.35% and Italy with 15.75%.

Regarding imports with CEFTA countries, sub-sector products “Manufacture of fabricated metal products, except machinery and equipment”, mostly imported from Albania to 55.13% and from North Macedonia with 39.8%.

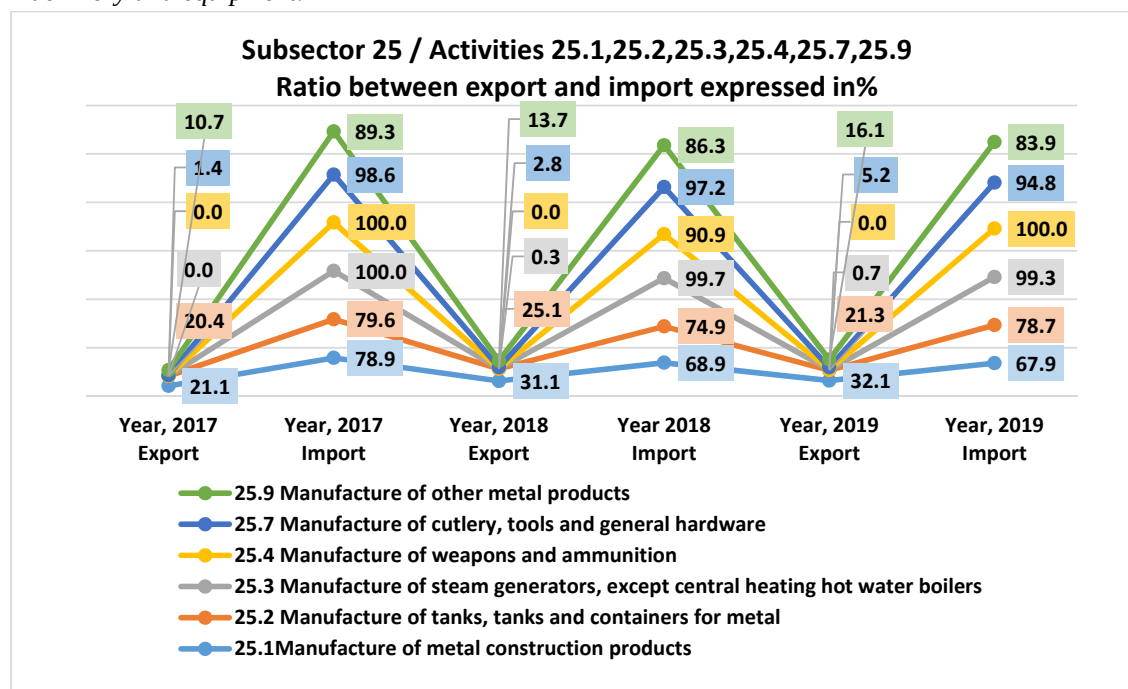
Imports with EFTA countries are mostly realized from Switzerland with 96.81%.

While import with other countries recorded a value of 49.19 million euros, mostly under this sector products are imported from Turkey with 55% and China 39%.

In framework of the sub-sector “Manufacture of fabricated metal products, except machinery and equipment”, among the most influential activities in the growth of imports, in 2019, is "Manufacture of other metal products" with 43.18% and the activity "Manufacture of cutlery, tools and general hardware" with 25.17%, compared to 2018.

In figure no. 11, presents the export-to-import ratio by activities at the three-digit level, for the years 2017-2019, which presents the trend of trade exchange of exports and imports over the years.

Figure 11. Export-to-import ratio in the sub-sector manufacture of fabricated metal products, except machinery and equipment.



Source: Kosovo Agency of Statistics, processed by DIP / MTI

Trade exchange data for activities “Manufacture of other metal products”, “Manufacture of cutlery, tools and general hardware” for 2019, show that exports increased by 2.4%, while imports decreased by the same rate compared to the previous year.

In 2019, the activity “Manufacture of metal construction products” has recorded an increase in exports by 1% compared to imports. Also activity “Manufacture of steam generators, except central heating hot water boilers” has recorded an increase in exports by 0.4% compared to imports.

Activity “Manufacture of weapons and ammunition” records imports at 100%.

10. Manufacture of furniture

The furniture industry is an industry dominated by micro, small and medium enterprises, both in Kosovo and in other EU countries.

EU countries are world leaders in the high-level segment of the furniture market. Nearly two out of every three high-level furniture products sold in the world are manufactured in the EU. Also, in the EU countries, employment in this subsector is about 1 million workers in 130 thousand enterprises, generating an annual turnover of about 96 billion Euros.²⁷

In the report, (Report “The EU Furniture Market Situation and a Possible Furniture Products Initiative”, 2014), Germany, Italy, Poland and France are ranked among the top 10 European manufacturers in the furniture industry and hold a combined share of 17% of world manufacturing and almost 60% of EU manufacturing. Globally, 77% of furniture manufacturing is in the top 10 countries such as China 40%, United States of America 14%, Germany 5%, Italy 4%, India 3%, Japan 3%, Poland 2%, Canada 2%, Brazil 2% and France 2%.

The furniture import/consumption ratio, expressed in percentage, by country was: Asia and the Pacific 8%, North America 40%, 28 EU countries 47%, Norway, Switzerland, Iceland 76%, Europe outside the EU (including Russia) 33%, South America 10%, Middle East and Africa 49%.²⁸

Furniture manufacturing companies are installing the modernized technological process, albeit with financial difficulties. However, the products in this subsector are of good quality with an increasing trend in export.

The furniture manufacturing subsector in Kosovo plays an important role on the participation of enterprises, employment, exports and turnover in the manufacturing industry.

Exports of this sub-sector compared to the previous year have increased by 45% in 2019, and import have increased by only 0.11.

²⁷ Furniture industry - European Commission · Internal Market, Industry, Entrepreneurship and SMEs (2019)

²⁸ Report “The EU Furniture Market Situation and a Possible Furniture Products Initiative”. (2014)

10.1 -Number of enterprises, employees and turnover in the furniture sub-sector

The furniture sub-sector, similar to other sub-sectors, has an impact on employment with 2,608 employees in 393 enterprises and an annual turnover of EUR 70.68 million.

This sub-sector, in 2019, has recorded an increase in employment by 12.72% and in turnover by 12%, while in the number of enterprises it has decreased by 3.20%.

Sub-sector (31) in the total of Sector-C participates::

- 8.67% of enterprises,
- 9.26 % of employees and

Table 31. Number of enterprises, employees and turnover in the furniture sub-sector

Code	Sub-sector of furniture manufacture (31)	Number of enterprises			Number of employees			Turnover		
		Year 2017	Year 2018	Year 2019	Year 2017	Year 2018	Year 2019	Year 2017	Year 2018	Year 2019
3101	Manufacture of office and shop furniture	64	72	69	239	305	425	3,357,478.44	4,915,731.80	6,280,777.07
3102	Manufacture of kitchen furniture	148	166	154	452	582	532	7,056,919.49	7,954,702.10	8,353,849.31
3103	Manufacture of mattresses	13	15	13	263	418	541	19,234,785.07	29,059,984.09	32,207,161.00
3109	Manufacture of other furniture	155	153	157	908	1,009	1,110	19,309,848.61	21,182,838.09	23,846,112.57
Total		380	406	393	1,862	2,314	2,608	48,959,031.61	63,113,256.08	70,687,899.95

Source: Kosovo Agency of Statistics, processed by DIP/ MTI

According to table no. 31, the most influential sub-activity in employment, in this sub-sector, is “Manufacture of Other Furniture” with 1,110, or 42.56% employees. In the second place, in terms of employment, is ranked the sub-activity “Manufacture of Mattresses”, with 541 or 20.74% employees, while in turnover this activity leads with 45.56%.

In 2019, all sub-activities have recorded an increase in employment with the exception of the sub-activity “Manufacture of Kitchen Furniture”, which recorded a decrease by 8.59%, compared to 2018. All sub-activities have recorded an increase in turnover while in the number of enterprises only the sub-activity “Manufacture of Other Furniture” has recorded an increase.

In terms of number of enterprises, the sub-sector “Manufacture of Furniture”, is concentrated in the region of Ferizaj with 41.22%, followed by the region of Prishtina with 17.05%, Prizren with 10.43%, Peja with 9.67%, Gjiilan with 9.41%, Mitrovica with 7.12% and Gjakova with 5.09%.

In terms of employment, the sub-sector “Manufacture of Furniture” leads in the region of Ferizaj with 27.55%, followed by the region of Peja with 16.67%, Gjakova with 15.05%, Prishtina with 13.64%, Gjiilan with 12.50%, Prizren 7.60% and Mitrovica with 6.9%.

The region of Ferizaj leads in the number of enterprises and employees in all activities, except for the sub-activity “Manufacture of Mattresses” where region of Gjakova leads in terms of employees at 64.02%.

In terms of turnover, region of Peja leads in the sub-sector “Manufacture of Furniture” with 28.96%, followed by the region of Gjakova with 24.21%, Ferizaj with 14.30%, Gjilan with 11.46%, Prishtina with 10.33%, Prizren with 7.05% and Mitrovica with 3.70%. Ferizaj region, although leading in number of enterprises and number of employees, is ranked third in turnover.

In terms of turnover, the region of Ferizaj leads in the sub-activity “Manufacture of Office and Shop Furniture” with 33.51% and “Manufacture of Kitchen Furniture” with 37.30%, while the region of Peja leads in the sub-activity “Manufacture of Mattresses” with 44.93%, and the region of Gjilan leads in the sub-activity “Manufacture of Other Furniture” with 27.04%.

10.2 Furniture sub-sector exports and imports

“Manufacture of Furniture” subsector exports and imports have recorded an increase in 2019 by 45.29% and in 2018 by 45.22%, compared to the previous year.

In 2019, import in the sub-sector “Manufacture of Furniture” recorded an increase by only 0.11% and in 2018 by 21.57, compared to the previous year.

In 2019, the export-to-import ratio in this sub-sector is 23.56% exports and 76.44% imports, the export-to-import ratio has recorded a positive trend with an increase of 6.04%, compared to 2018.

Exports of this sub-sector participate with 5.25% in the total exports and 1.53% in the total imports, of Sector-C.

Out of the total number of enterprises of Sector-C, the sub-sector “Manufacture of Furniture” recorded 2.01% exporting enterprises, while within this sub-sector, out of 393 enterprises, 23.16% are exporting enterprises.²⁹

Table 32. Export and import in the sub-sector (31), Manufacture of Furniture

Code	Sub-sector (31): Manufacture of furniture	Export			Difference (2018 - 2019)	Difference in 2018-2019	Import			Difference (2018 - 2019)	Difference in % 2018-2019
		2017	2018	2019			2017	2018	2019		
31	Manufacture of furniture	7,259,136.72	10,541,831.77	15,316,687.30	4,774,855.53	45.29	40,831,638.62	49,638,936.13	49,691,848.08	52,911.95	0.11
31.0	Manufacture of furniture	7,259,136.72	10,541,831.77	15,316,687.30	4,774,855.53	45.29	40,831,638.62	49,638,936.13	49,691,848.08	52,911.95	0.11

Source: Kosovo Agency of Statistics, processed by DIP/MTI

²⁹ Kosovo Agency of Statistics, processed by DIP/MTI

- **Export with EU, CEFTA, EFTA and other countries**

The total value of exports in the sub-sector “Manufacture of Furniture” is EUR 15.31 million. Exports to EU countries are 36.03%, to CEFTA countries 21.43%, to EFTA countries 41.38% and to other countries 1.16%.

Export in EU countries is concentrated in Germany with 60.78% and in Belgium with 13.16%.

The sub-sector “Manufacture of Furniture” in 2019, has recorded a trend of increasing exports to CEFTA countries by 10.08%, compared to 2018.

Exports to EFTA countries, in this sub-sector, have increased in 2019 by 12.28%, and in 2018 by 32.52%, compared to the previous year.

Export of products of this sub-sector, with other countries, is low, with only 1.16%, or worth EUR 177 thousand.

The products of the sub-sector “Manufacture of Furniture” were exported to Switzerland with 38.30%, to Germany with 21.90%, to Albania with 7.57%, in North Macedonia 7.45%, etc.

In CEFTA countries, Kosovo has realized the highest export in Albania with 35.32%, then in North Macedonia with 34.77%, in Serbia with 22.01% etc.

In the EFTA countries, the main country where the products of “Manufacture of Furniture” are exported is Switzerland with 92.56%.

Within other countries, exports of products of the sub-sector “Manufacture of Furniture” were realized mainly in the United States of America with 87.38%, although in monetary value, the export is only EUR 154 thousand.

- **Import with EU, CEFTA, EFTA and other countries**

The total value of imports in the sub-sector of “Manufacture of Furniture” is EUR 49.69 million. Imports with EU countries is 23.40%, with CEFTA countries is 13.51%, with EFTA countries is 2.08% and with other countries is 61% .

In 2019, EU countries' imports of the products of the sub-sector “Manufacture of Furniture” have recorded a decrease by 23.77%, whereas in 2018 was recorded an increase by 45.57%, compared to the previous year

In 2019, CEFTA countries' imports in this sub-sector have decreased by 49.77%, while in 2018 by only 0.18%, compared to the previous year.

In terms of import with EFTA countries, in 2019, the sub-sector “Manufacture of Furniture” has decreased by 74.42%, while in 2018, there was an increase of 21.60%, compared to the previous year.

In 2019, imports from other countries have increased by 21.66% and in 2018 by 32.84%, compared to the previous year.

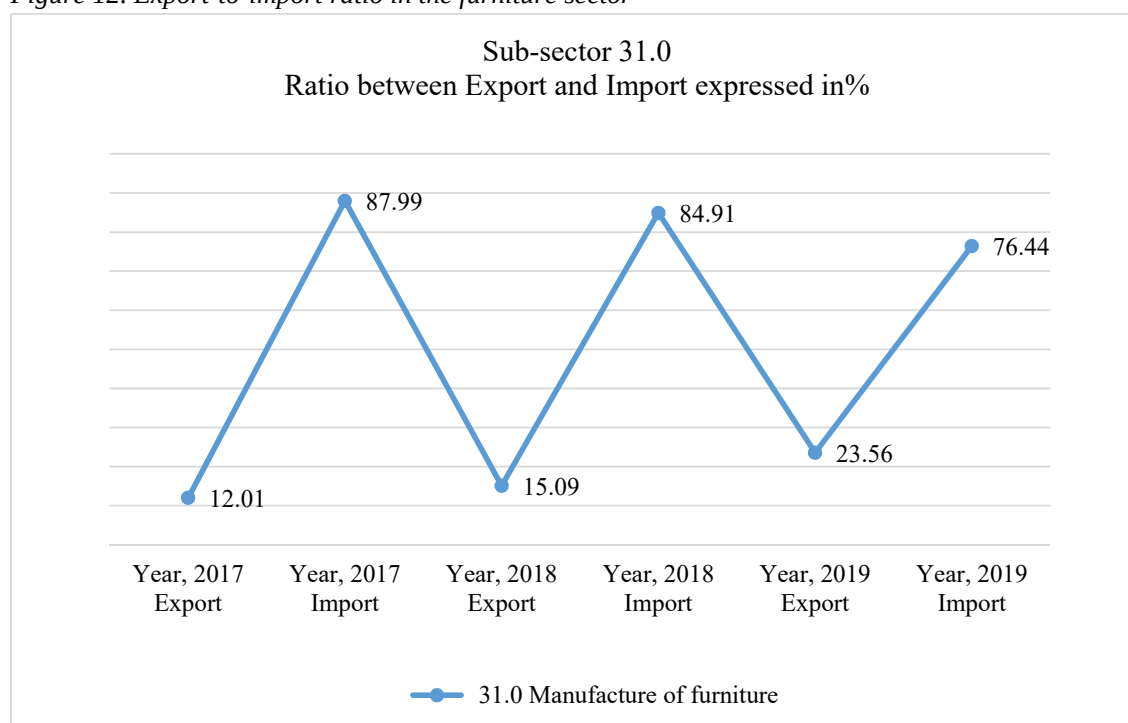
Within EU countries, Kosovo has imported the products of “Manufacture of Furniture”, mostly from Poland with 33%, from Italy with 24.55% and from Germany with 12.52%.

Among CEFTA countries, Kosovo has realized the highest number of imports from Albania with 55.41% and North Macedonia with 42.77%.

Imports of “Manufacture of Furniture” products from EFTA countries are mainly from Switzerland with 97.43%.

Imports of products of the sub-sector “Manufacture of furniture”, from other countries, are mainly from Turkey with 48.99% and China with 44.81%.

Figure 12. Export-to-import ratio in the furniture sector



Source: KAS, processed by DIP/MTI

Trade exchange, over the years, of the activity “Manufacture of Furniture”, according to Figure no. 12, is in favour of imports, however during 2017-2019, import recorded a downward trend.

In 2019, compared to the previous year, exports increased by 8.47%, compared to imports.

13. Summary

Of the twenty-three (23) sub-sectors that make up the nomenclature of Sector-C, fifteen (15) of them have recorded a higher number of exports by 12.95%, compared to imports of 4.21 %, compared to 2018. Therefore it can be concluded that Sector-C has a significant impact on economic development, potential to generate employment, impact on improving the trade balance, fulfilling market demands with quality products, replace the requirements for imported products, increase of revenues for the state budget, etc.

Sector-C (Manufacturing industry)

- Sector-C (Manufacturing industry) has a share of 11.67% in Kosovo's GDP;
- In 2019, the share of Sector-C in GDP increased by 0.37%, compared to 2018;
- In 2019, the share of the manufacturing industry in total exports was about 76%, while in total imports about 93%;
- In 2019, the share of export was EUR 291.7 million, while in 2018 it was EUR 258.25 million, which shows that exports increased by 12.95%;
- In 2019, imports in Sector-C were EUR 3.25 billion, while in 2018 they were EUR 3.12 billion, which means that it has increased by 4.2%;
- Sector-C, in terms of employment rate by economic activity has a share of 11.9%;
- Within Sector-C, 16.74% are exporting enterprises;
- The effective interest rate in the manufacturing industry sector is 6.38%.

Sub-sector of Manufacture of Textile

- Sub-sector of "Manufacture of Textile" in Sector-C, has a share of 2.23% in employees and 2.45% in number of enterprises;
- It has a share of 2.05% in total exports;
- It has a share of 2.7 % in exports of Sector-C;
- It has a share of 1.62% in total imports;
- It has a share of 1.75% in imports of Sector-C;
- In 2019, in the textile sub-sector, the difference in the number of enterprises is -13%, in employees (-23%), in turnover 4.7%, in exports 28.34% and in imports 3.18%, compared to 2018.

Sub-sector of Manufacturing of Wearing Apparel

- Sub-sector of "Manufacturing of Wearing Apparel" in Sector-C, has a share of 3.04% in employees and 4.63% in number of enterprises;
- It has a share of 0.86 % in total exports;
- It has a share of 1.22 % in exports of Sector-C;
- It has a share of 3.37 % in total imports;
- It has a share of 3.63% in imports of Sector-C;

- In 2019, in the wearing apparel sub-sector, the difference in the number of enterprises is (-7%), in employee (-1%), in turnover 16.5%, in exports 51.09% and in imports 12.21%, compared to 2018.

Sub-sector of Manufacture of Leather and Leather Products

- The sub-sector of “Manufacture of Leather and Leather Products” in Sector-C, has a share of 1.34% in employees and 0.64% in number of enterprises;
- It has a share of 0.8 % in total exports;
- It has a share of 1.05 % in exports of Sector-C;
- It has a share of 1.41 % in total imports;
- It has a share of 1.52 % in imports of Sector-C;
- In 2019, in the sub-sector of the leather, the difference in the number of enterprises is (-21.62%), in employment (-11.87%), in turnover 5.05%, in exports 12.62% and in imports 10.83%, compared to 2018.

Sub-sector of Manufacture of Wood and of Products of Wood and Cork, except Furniture; Manufacture of Articles of Straw and Plaiting Materials

- The sub-sector of “Manufacture of Wood” in Sector-C, has a share of 5.07% in employees and 9% in number of enterprises;
- It has a share of 2 % in total exports;
- It has a share of 2.63 % in exports of Sector-C;
- It has a share of 2.16 % in total imports;
- It has a share of 2.32 % in imports of Sector-C;
- In 2019, in the wood sub-sector, the difference in the number of enterprises is (-10.53%), in employment 2.77%, in turnover 17.36%, in export 41.94% and in import 9.07%, compared to 2018.

Sub-sector of Manufacture of Paper and Allied Products

- The sub-sector “Manufacture of Paper and Allied Products” in Sector-C, has a share of 1.64% in employees and 2.05% in number of enterprises;
- It has a share of 0.53 % in total exports;
- It has a share of 0.70 % in exports of Sector-C;
- It has a share of 1.77 % in total imports;
- It has a share of 1.90 % in imports of Sector-C;
- In 2019, in the paper sub-sector, the difference in the number of enterprises is (-4.12%), in employment 7.61%, in turnover 18.72%, in export (-15.73%) and in import 5.88%, compared to 2018.

Sub-sector of Manufacture of Chemical Products

- The sub-sector “Manufacture of Chemical Products” in Sector-C, has a share of 2.21 % in employees and 1.88 % in number of enterprises;
- It has a share of 2.13 % in total exports;
- It has a share of 2.80 % in exports of Sector-C;
- It has a share of 6.81 % in total imports;

- It has a share of 7.31 % in imports of Sector-C;
- In 2019, in the sub-sector of the chemical industry, the difference in the number of enterprises is (-18.27%), in employment (-2.8%), in turnover 15.18%, in exports 39.09% and in imports 5.01%, compared to 2018.

Sub-sector of Manufacture of Rubber and Plastic Products

- The sub-sector of “Manufacture of Rubber and Plastic Products”, in Sector-C, has a share of 9.91 % in employees and 10.61 % in number of enterprises;
- It has a share of 13.43 % in total exports;
- It has a share of 17.65 % in exports of Sector-C;
- It has a share of 4.44 % in total imports;
- It has a share of 4.77 % in imports of Sector-C;
- In 2019, in the rubber and plastics sub-sector, the difference in the number of enterprises is (-4.56%), in employment 17.64%, in turnover 14.4%, in exports 10.85% and in imports 2.72%, compared to 2018.

Sub-sector of Manufacture of Metal

- The sub-sector of “Manufacture of Metal”, in Sector-C, has a share of 3.94 % in employees and 2.05 % in number of enterprises;
- It has a share of 19.78 % in total exports;
- It has a share of 26.01 % in exports of Sector-C;
- It has a share of 7.56 % in total imports;
- It has a share of 8.12 % in imports of Sector-C;;
- In 2019, in the sub-sector of metals, the difference in the number of enterprises is (-6.06%), in employment 5.58%, in turnover 96.12%, in export 20.17% and in import 0.24%, compared to 2018.

Sub-sector of Manufacture of Fabricated Metal Products, Except Machinery and Equipment

- The sub-sector “Manufacture of Fabricated Metal Products, Except Machinery and Equipment”, in Sector-C, has a share of 8.85 % in employees and 13 % in number of enterprises;
- It has a share of 6.12 % in total exports;
- It has a share of 8.04 % in exports of Sector-C;
- It has a share of 3.2 % in total imports;
- It has a share of 3.44 % in imports of Sector-C;
- In 2019, in the sub-sector of fabricated metal products, the difference in the number of enterprises is (-3.1%), in employment 1%, in turnover (-11%), in exports 9.19% and in imports 1.82%, compared with the year 2018.

Sub-sector of Manufacture of Furniture

- The sub-sector of “Manufacture of Furniture”, in Sector-C, has a share of 9.26 % in employees and 8.67 % in number of enterprises;
- It has a share of 3.99 % in total exports;
- It has a share of 5.25 % in exports of Sector-C;
- It has a share of 1.42 % in total imports;
- It has a share of 1.53 % in imports of Sector-C;
- In 2019, in the furniture sub-sector, the difference in the number of enterprises is (-3.20%), in employment 12.72%, in turnover 12%, in exports 45.29% and in imports 0.11%, compared to 2018.

Recommendation

- In order to improve the standard of living, to balance the large negative trade balance and to increase exports, Kosovo needs to invest in the sub-sectors of the manufacturing industry, specifically in manufacturing;
- Establish cross-sectoral links, networking, between manufacturers, suppliers and distributors in cooperation with relevant institutions to identify challenges and take concrete steps to intervene and resolve obstacles;
- Investments in advanced technologies, which enable the increase of product value, applying in the required standards, in accordance with the demands of the EU market;
- Responsible educational institutions and other stakeholders should cooperate with business sector in designing vocational education programs, in order to respond to the needs and demands of the labour market in the sub-sectors of Sector-C;
- Develop export markets research programs as well as professional training programs for meeting the market demands;
- Overcome the obstacles of businesses caused by the lack of electricity, during the manufacture process, enabling its substitution with other alternatives;
- Investments by Government and Businesses in Research and Development (R&D) for innovative and value-added products;
- Investments in the digitalization of production lines, as well as in the green econo

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