



Republika e Kosovës
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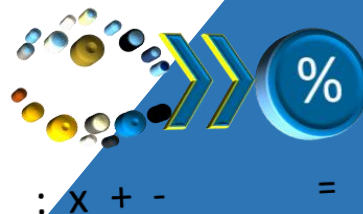
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SECTOR C



MANUFACTURING INDUSTRY



October 2021

TABLE OF CONTENTS

List of Abbreviations.....	5
List of Tables.....	6
List of e Figures.....	8
Introduction.....	9
Methodology.....	10
PART ONE	
MACROECONOMIC ANALYSIS	11
1.1 Gross Domestic Product.....	11
1.2 Foreign Direct Investments by economic activity.....	13
1.3 Foreign Direct Investments by countries.....	14
1.4 Financial Market.....	15
1.5 Labour Force.....	15
PART TWO	
SECTORIAL ANALYSIS - SECTOR C	17
1 Number of enterprises, employment and annual turnover.....	17
1.1 Enterprises by size and sub-sectors.....	22
2 Export and Import with EU countries, CETFTA, EFTA and other countries, for Sector C (Manufacturing Industry).....	24
2.1 Export and Import with EU countries.....	31
2.2 Export and Import with CEFTA countries.....	35
2.3 Export and Import with EFTA countries.....	39
2.4 Export and Import with other countries.....	43
SUB-SECTOR DEVELOPMENT	
1 Production of food products.....	46
1.1 Number of enterprises, employment and turnover in the food products manufacture sub-sector.....	46
1.2 Export and import in the food products manufacture sub-sector.....	49
2 Manufacture of beverages.....	53
2.1 Number of enterprises, employment and turnover in the beverage manufacture sub-sector.....	53
2.2 Export and import in the beverage manufacture sub-sector.....	54

3	Manufacture of textile.....	57
3.1	Number of enterprises, employment and turnover in the textile sub-sector.....	58
3.2	Export and import in the textile sub-sector.....	59
4	Manufacture of apparel.....	62
4.1	Number of enterprises, employment and turnover in the apparel sub-sector.....	63
4.2	Export and import in the apparel sub-sector.....	64
5	Manufacture of leather and leather products.....	67
5.1	Number of enterprises, employment and turnover in the leather sub-sector.....	67
5.2	Export and import in the leather sub-sector.....	69
6	Manufacture of wood and wood and cork products, except furniture; Manufacture of Straw Articles and Plaiting Materials.....	72
6.1	Number of enterprises, employment and turnover in the wood sub-sector.....	73
6.2	Export and import in the wood sub-sector.....	76
7	Manufacture of paper and paper products.....	80
7.1	Number of enterprises, employment and turnover in the paper sub-sector.....	81
7.2	Exports and imports in the paper sub-sector.....	84
8	Manufacture of Chemical Products.....	88
8.1	Number of enterprises, employment and turnover in the chemical products sub-sector.....	88
8.2	Exports and imports in the chemical products sub-sector.....	91
9	Manufacture of Rubber and Plastic Products.....	96
9.1	Number of enterprises, employment and turnover in the plastics sub-sector.....	96
9.2	Exports and imports in the plastics sub-sector.....	98
10.	Manufacture of non-metal products.....	101
10.1	Number of enterprises, employment and turnover in the non-metal products sub-sector.....	102
10.2	Export and import in the non-metal products sub-sector.....	105
11	Manufacture of metals.....	109
11.1	Number of enterprises, employment and turnover in the metal sub-sector.....	110
11.2	Export and import in the metal sub-sector.....	112
12	Manufacture of fabricated metal products, except Machinery and Equipment	116
12.1	Number of enterprises, employment and turnover in the fabricated metal product sub-	116

	sector.....	
12.2	Export and import in the fabricated metal product sub-sector.....	119
13	Manufacture of furniture.....	122
13.1	Number of enterprises, employment and turnover in the furniture sub-sector.....	123
13.2	Export and import in the furniture sub-sector.....	126
14	Summary.....	129
15	Recommendations.....	134
16	References.....	135

List of Abbreviations

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 Depository Corporations
MIET	-	Ministry of Industry, Entrepreneurship and Trade
AAIRD	-	Annual Average Interest Rate on Deposits

List of Tables

Table 1	Gross Domestic Product by economic sectors.....	12
Table 2	FDI by economic sectors, 2014 – 2019.....	13
Table 3	FDI by countries of origin, 2014 – 2019.....	14
Table 4	Effective interest rates on ODC loans.....	15
Table 5	Labour force participation 2015-2019.....	16
Table 6	Unemployment rate 2015 – 2018.....	16
Table 7	Sector-C, number of enterprises, employees and turnover.....	17
Table 8	Sector-C, export and import with EU countries, CEFTA, EFTA and other countries.....	27
Table 9	Sector-C, export and import with EU countries.....	31
Table 10	Sector-C, export and import with CEFTA countries.....	35
Table 11	Sector-C, export and import with EFTA countries.....	39
Table 12	Sector-C, export and import with other countries.....	43
Table 13	Number of enterprises, employment and turnover in the food products manufacture sub-sector.....	47
Table 14	Export and import in the food products manufacture sub-sector.....	50
Table 15	Number of enterprises, employment and turnover in the beverage manufacture sub-sector.....	53
Table 16	Export and import in the beverage manufacture sub-sector.....	55
Table 17	Number of enterprises, employment and turnover in the textile sub-sector.....	57
Table 18	Export and import in the textile sub-sector.....	60
Table 19	Number of enterprises, employment and turnover in the apparel sub-sector.....	63
Table 20	Export and import in the apparel sub-sector.....	65
Table 21	Number of enterprises, employment and turnover in the leather sub-sector.....	67

Table 22	Export and import in the leather sub-sector.....	69
Table 23	Number of enterprises, employment and turnover in the wood sub-sector.....	73
Table 24	Export and import in the wood sub-sector.....	76
Table 25	Number of enterprises, employment and turnover in the paper sub-sector.....	81
Table 26	Export and import in the paper sub-sector.....	85
Table 27	Number of enterprises, employment and turnover in the chemical industry sub-sector.....	89
Table 28	Export and import in the chemical industry sub-sector.....	92
Table 29	Number of enterprises, employment and turnover in the rubber and plastic industry sub-sector.....	97
Table 30	Export and import in the rubber and plastic industry sub-sector.....	99
Table 31	Number of enterprises, employment and turnover in the non-metal products manufacturing sub-sector.....	102
Table 32	Export and import in the non-metal products manufacturing sub-sector.....	106
Table 33	Number of enterprises, employment and turnover in the metal manufacturing sub-sector.....	110
Table 34	Export and import in the metal manufacturing sub-sector.....	112
Table 35	Number of enterprises, employment and turnover in the fabricated metal product manufacturing sub-sector.....	117
Table 36	Export and import in the fabricated metal product manufacturing sub-sector.....	119
Table 37	Number of enterprises, employment and turnover in the furniture manufacturing sub-sector.....	123
Table 38	Export and import in the furniture manufacturing sub-sector.....	126

List of Figures

Figure 1	Sector-C, enterprises, employment and turnover by regions.....	21
Figure 2	Sector-C, sub-sectors by the size of enterprises.....	22
Figure 3	Export-to-Import ratio in the food products manufacture sub-sector.....	52
Figure 4	Export-to-Import ratio in the beverage manufacture sub-sector.....	56
Figure 5	Export-to-Import ratio in the textile sub-sector.....	61
Figure 6	Export-to-Import ratio in the apparel sub-sector.....	66
Figure 7	Export-to-Import ratio in the leather sub-sector.....	71
Figure 8	Export-to-Import ratio in the wood sub-sector.....	78
Figure 9	Export-to-Import ratio in the paper sub-sector.....	87
Figure 10	Export-to-Import ratio in the chemical industry sector.....	95
Figure 11	Export-to-Import ratio in the rubber and plastic industry sub-sector.....	100
Figure 12	Export-to-Import ratio in the non-metal products manufacturing sub-sector.....	108
Figure 13	Export-to-Import ratio in the metal manufacturing sub-sector.....	115
Figure 14	Export-to-Import ratio in the fabricated metal product manufacturing sub-sector.....	121
Figure 15	Export-to-Import ratio in the furniture manufacturing sub-sector.....	128

Introduction

In order to improve its standard of living and to balance the negative trade balance, the Republic of Kosovo needs a much faster pace of growth of exports and investments in industry.

Kosovo's industry until the end of the 80s had a considerable level of development, but in the 90s there were major setbacks in development, production, employment, exports, etc. Total decline of the industry sectors was affected by this phase and the war. Thus, Kosovo went through an emergency economic and social phase, which was quite difficult. Dynamic development of the private sector in small and medium enterprises (SMEs), with special emphasis on manufacture and privatization initiatives are the first steps of the processes towards the development of a market economy and integration into regional and international institutions. In Kosovo's economy micro, small and medium enterprises constitute the main pillar of the economy, with about 99%.

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 Industry, Entrepreneurship and Trade, based on processed statistical data, have prepared the Annual Manufacturing Industry Report 2020 on the development of industrial sub-sectors within Sector-C.

The purpose of drafting the Annual Report is to present the main trends in the development of Kosovo's economy, for the period 2018-2020, with a special emphasis on the main industrial branches during 2020, but also a comparative analysis for the last two years, 2019-2020, as well as the trend of developments in the Manufacturing Industry sectors.

The data analysed, 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 MIET staff, specifically by statistical data processors and industrial policy makers in the Department of Industry.

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: Food processing, Beverages, Textile, Apparel, Leather, Timber, Paper, Chemical Industry, Fabricated Metal Product Manufacturing (except Machinery and Equipment), Plastic and Rubber, Non-metal minerals, Metals and Furniture manufacturing. The description of these sub-sectors in this Report is listed according to the codes, as listed in NACERev2.

Data for sub-sectors, in addition to being processed according to two-digit codes, such as 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, Employment 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, analysis with the data, 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 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 and recommendations related to the situation and manufacture trends in the Manufacturing Industry in Kosovo.

Calls and source of information have been indicated for all the data used in the Analytical Report for the Manufacturing Industry.

PART ONE

MACROECONOMIC ANALYSIS

Gross Domestic Product (GDP) at current prices in 2020 was 6,771.6 million euros. The real decline in 2020 compared to 2019, was 5.34%, while GDP, per capita, for 2020 was 3772 euros. Real GDP growth in the Manufacturing Industry in 2020 was 1.2%, while Sector-C in GDP has a share of about 13.35%¹.

In 2020, Kosovo had exports amounting to 474.9 million euros, while in 2019 the value of exports was 383.5 million euros, which means an increase of 23.83%. In 2020, imports amounted to 3.29 billion euros, while in 2019 imports were 3.49 billion euros, which shows a decrease by 5.73%². The export-to-import ratio in 2020, based on the presented trade exchange data, presents a negative trade balance, where imports were covered with exports at about 12.59%.

Regarding the Manufacturing Industry, the share in exports in 2020 is 398.46 million euros, while in 2019 it was 291.70 million euros, expressed as a percentage in 2020 exports have increased by 36.6%.

Imports in 2020 in Sector-C were 3.06 billion euros, while in 2019 imports were 3.35 billion euros, which shows that there was an increase of 5.9%.

The share of the Manufacturing Industry in total exports in 2020 was about 83.9%, an increase in share by around 8% compared to 2019, while in total imports the share of the Manufacturing Industry was 93%, which shows that there is no change compared to the previous year.

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

Sector-C, the Manufacturing Industry has a share of 13.35% 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 economy, and has grown steadily above the average of the Western Balkan countries.

¹ <https://ask.rks-gov.net/media/6295/bpv-2008-2020.pdf>

² Statistical Yearbook of Kosovo 2021, Kosovo Agency of Statistics

The main economic activities that have contributed to GDP growth in the period 2018-2020 were: Wholesale and Retail Trade, Manufacturing Industry, Agriculture, Hunting, Forestry, Fishing, Real Estate Business, Construction, etc.

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

NaceRev.2	Economic Activities	Year 2018	Year 2019	Year 2020
A	Agriculture, hunting, forestry and fishing	6.5	7.2	7.4
B	Extractive industry	2.2	2.0	2.0
C	Manufacturing Industry	13.1	12.9	13.4
D	Electricity and gas supply	3.5	3.4	3.9
E	Water supply	0.7	0.7	0.6
F	Construction	8.4	8.2	7.7
G	Wholesale and retail trade; repair of vehicles and motorcycles	12.5	12.8	12.8
H	Transport and storage	4.5	4.4	3.9
I	Hotels and restaurants	1.9	2.1	1.6
J	Information and communication	1.9	1.9	2.0
K	Financial and insurance activities	3.6	3.9	4.1
L	Real Estate Business	7.1	7.0	7.3
M	Professional, scientific and technical activities	1.5	1.4	1.6
N	Administrative and support activities	0.7	0.7	0.7
O	Public administration and protection; compulsory social security	5.8	5.9	6.6
P	Education	3.8	3.7	3.8
Q	Health and social work activities	2.2	2.2	2.7
R	Art, entertainment and recreation	0.4	0.2	0.2
S	Other services	0.4	0.4	0.4
T	Household activities as an employer; Undifferentiated goods-and-services producing activities of households for own use	-	-	-
	GVA at basic prices	80.6	80.8	82.6
	Taxes on products	19.4	19.2	17.4
	Subsidies on products	-	-	-
	Gross Domestic Product	100	100	100

Source: Kosovo Agency of Statistics/Series 5: National Accounts Statistics

According to Table no. 1, manufacturing industry is the economic activity that contributes the most in the GDP with 13.4% to the total value of GDP. Wholesale and retail trade; repair of vehicles and motorcycles ranks second, with a share of 12.8%, while construction sector is third with about 7.7% of the share in the total value of GDP.

Out of a total of 20 activities presented in Table no.1, 9 activities marked an increase, among which the highest increase was marked by the activity of Public Administration and Defence; Compulsory social security, then Manufacturing Industry, Electricity supply, gas supply, etc. The highest decline in GDP was recorded in the activity of Hotels and restaurants, Transport and storage, Construction, and so on.

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 provide better investment conditions. In addition to lower taxes, cheaper and skilled labour force, 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 2020, compared to 2019, have recorded the highest growth in the Financial and insurance activities, where it shifted from a value of 13.9 million euros, to a value of 84 million euros.

FDI, in the industry sector in 2020, decreased from 14.22 million € to 5.5 million €.

The data also show that the economic activity of Construction from a negative value in 2019 (17.1 million euros) marked an increase of 10.8 million euros in 2020, and the sector of Mining and quarrying, from a negative value (6.9 million euros) it has been invested in 28.8 million euros, and this means that this economic activity marked a positive value for the first time in the last 5 years.

From an investment value perspective, the sector that has recorded the highest investment value is the real estate activity with 201.1 million euros, while if we compare it with the previous year, this sector has decreased by 22.7 million euros.

Table 2. FDI by economic sectors, 2016 – 2020 (in million euros)

Sectors	2016	2017	2018	2019	2020
Agriculture, forestry and fishery	1.3	(1.3)	0.1	1.5	2.8
Mines and quarries	(19.1)	(4.9)	(2.7)	(6.9)	28.8
Manufacturing	4.2	6.1	(17.7)	14.2	(5.5)
Supply of energy, gas, stem and air conditioning	(0.4)	(0.8)	12.1	13.5	27.5
Water supply, sewerage, waste management	0.6	0.0	2.5	(0.6)	0.2
Construction	28.1	5.1	24.8	(17.1)	10.8
Wholesale and retail trade, repair of motor vehicle and motorcycles	14.0	9.0	19.6	(6.7)	(7.8)
Transport and storage	0.9	(0.8)	(0.2)	(6.2)	(16.0)
Accommodation and food service activities	0.8	1.1	1.8	1.4	1.1
Information and communication	(4.2)	(3.8)	(9.6)	2.3	2.1
Financial and insurance activities	19.0	55.2	15.5	13.9	84.4
Real estate activities	139.7	154.7	205.2	223.8	201.1
Professional, scientific and technical activities	5.8	5.7	5.2	3.4	3.8
Administrative and supporting activities	21.9	23.7	4.7	3.7	0.8
Public administration and defence; compulsory social security	1.9	1.3	0.9	1.7	1.1
Education	0.8	0.7	0.7	1.3	1.3
Health and social work activities	1.3	(1.0)	(0.4)	0.6	0.3
Art, entertainment and recreation	0.1	0.0	0.5	0.5	(0.1)
Other service activities	3.9	3.7	7.2	2.8	1.8
Unspecified activities	(0.3)	1.5	2.0	7.6	3.0

Source: Kosovo Agency of Statistics / Statistical Yearbook of Kosovo 2021

In addition to Financial and insurance activities, Construction and mining and quarrying, increases in FDI in 2020, compared to 2019, were also recorded in the sector of supply with

energy, gas, steam and air conditioning, agriculture, forestry and fishery, water supply, sewerage, waste management as well as professional, scientific and technical activities.

In the context of FDIs by economic sectors, as seen in Table no. 2, in 2020, compared to 2019, a decline was recorded in the sector of real estate, manufacturing, transport and storage, wholesale and retail trade, repair of motor vehicles and motorcycles, etc.

1.3 Foreign Direct Investment by country

Foreign Direct Investment (FDI) by countries, during 2015-2020, have a steady trend of increasing the value of FDIs. The total value of FDIs for 2020 was 341.7 million euros, which means that there was an increase of 34.2%, compared to 2019.

Table 3.FDI by countries of origin, 2016 – 2020 (in million euros)

Countries		Years					
		2015	2016	2017	2018	2019	2020
AT	Austria	33.5	9.9	20.3	11.2	11.9	27.6
DE	Germany	45.3	25.7	55.9	60.3	70.2	67.5
SI	Slovenia	5.6	-4.5	1.2	-8.7	6.1	7.9
GB	Great Britain	26.6	13.6	27.0	57.4	0.8	21.0
CH	Switzerland	72.9	61.8	50.6	71.0	61.9	62.4
TR	Turkey	55.4	42.7	29.5	12.2	-31.9	15.3
NL	Netherlands	-36.4	-23.1	-14.1	-39.7	1.9	0.1
AL	Albania	40.1	28.6	2.4	22.3	15.2	39.4
LU	Luxemburg	0.1	0.6	2.1	1.9	1.3	-2.2
RS	Serbia	0.8	-0.6	-1.4	0.4	0.4	6.0
USA	United States of America	25.0	23.0	20.3	35.5	22.8	30.4
FR	France	3.2	2.8	3.6	5.6	3.4	3.7
BG	Bulgaria	1.6	0.4	0.5	2.1	1.0	0.9
NMK	North Macedonia	0.1	3.2	-1.0	1.3	2.0	1.8
BA	Bosnia and Herzegovina	0.8	1.2	0.7	0.4	0.1	0.1
HR	Croatia	0.1	-1.7	0.7	-1.0	0.9	-1.2
MT	Malta	0.1	0.1	0.0	0.0	0.0	0.0
CY	Cyprus	0.1	0.4	0.8	1.3	2.9	0.9
SK	Slovakia	0.1	0.8	0.1	0.5	1.4	0.3
CA	Canada	1.1	2.5	3.0	3.2	5.3	4.7
CZ	Czech Republic	1.3	0.2	0.7	1.5	0.4	0.5
AE	United Arab Emirates	1.4	3.6	13.4	-2.5	3.8	1.9
NO	Norway	2.9	3.4	3.5	5.1	4.9	3.2
KW	Kuwait	0.0	0.2	0.0	-1.1	0.7	0.1
ES	Spain	-0.8	0.2	2.5	0.3	0.7	0.0
EG	Egypt	0.0	0.0	0.0	0.0	0.0	0.0
IT	Italy	5.7	1.9	7.0	2.7	7.9	3.5
GR	Greece	-0.2	-0.4	-1.2	-0.3	0.1	0.0
HU	Hungary	0.3	0.6	0.4	0.1	19.1	23.7
Other	Other	22.1	22.8	26.9	29.1	39.6	22.3
Total		308.8	220.0	255.4	272.1	254.6	341.7

Source: Central Bank of Kosovo, <https://bqk-kos.org/statistics/time-series/?lang=en>

Among the countries with the highest FDI investments, for 2020 is Germany, with investments of 67.5 million euros, although compared to 2019 there is a decrease by 3.8%. Switzerland ranks second in terms of investments, with 62.4 million euros, which compared to 2019 there is an increase by 0.8%, followed by Albania with 39.4 million euros, USA with 30.4 million euros, Austria with 27.6 million euros, etc.

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 2020 a slight drop is noticed by 0.1% in the interest rate, compared to 2019.

The effective interest rate in the industry sector is 6.0%.

Table 4. Effective Interest Rates on ODC loans

Sectors	Interest rate 2019	Interest rate 2020
Consumer loan	7.0%	6.8%
Mortgage loan	5.7%	5.7%
Agricultural loan	9.1%	9.3%
Industrial loan	6.4%	6.0%
Service loan	6.3%	6.0%
Other sectors	6.3%	6.3%
Average Interest Rate	6.8%	6.7%

Source: Central Bank of Kosovo, Annual Report 2020

Table 4 reflects an increase of effective interest rates in the agricultural sector, a decrease is noticed in four sectors, while there is no change in “Other Sectors” and “Mortgage Loans”.

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 employed 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 2016 - 2020

Labour Force	2016	2017	2018	2019	2020
Labour force participation (in %)	38.7%	42.8%	40.9 %	40.5 %	38.3%
Women's labour force participation (in %)	18.6%	20.0%	18.4%	21.1 %	20.8%
Men's labour force participation (in %)	58.3%	65.3%	63.3%	59.7 %	56.0%

Source: Kosovo Agency of Statistics /Statistical Yearbook of Kosovo 2021

The labour force participation rate during 2020 has decreased by 2.2%, compared to 2019. Women's labour force participation in 2020 is 20.81%, compared to 21.1% in 2019, which means that there has been a decrease in the participation of women in the labour force by 0.30%. Men's labour force participation in 2020 is 56%, compared to 2019, where this category has recorded a decrease of 3.7%.

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

- Total unemployment rate 25.9%
- Unemployment rate among women 32.3%
- Unemployment rate among men 23.5%

Table 6. Unemployment rate 2016 - 2020

Unemployment rate	2016	2017	2018	2019	2020
Total unemployment rate (in %)	27.5%	30.5%	29.6%	25.7 %	25.9%
Unemployment rate among women (in %)	31.8%	36.6%	33.4%	34.4 %	32.3%
Unemployment rate among men (in %)	26.2%	28.7%	28.5%	22.6 %	23.5%

Source: Kosovo Agency of Statistics / Statistical Yearbook of Kosovo 2021

Based on Table no. 6, during 2020 the total unemployment rate recorded a decrease by 0.20%, compared to 2019.

During the years 2016-2020, the highest unemployment was recorded in 2017 with 30.5%, while the lowest was in 2019, with 25.7%.

The unemployment rate among women in 2020 is 32.3%, compared to 34.4% in 2019, where there was a decrease by 2.1%, whereas in 2020 an increase by 0.9% or from 22.6% to 23.5% was recorded in the unemployment rate among men.

PART TWO

SECTORIAL ANALYSIS – SECTOR C

1. Number of enterprises, employees and annual turnover

Sector analysis in this report includes the Manufacturing Industry, according to NACE Rev2, sub-sectors listed by codes 10-33 within Sector-C. In this part of the report is analysed data relating the number of enterprises, number of employees, value of annual turnover and

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 into a new product.

exports/imports.

In addition to 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 comparative data show that, during the last two years, there has been an increase in employment and annual turnover, while in 2020 the number of enterprises recorded an increase, whereas in 2019 recorded a decrease compared to 2018.

Employment – The share of the Manufacturing Industry in the employment rate by economic activity in 2020 marked a decrease by 0.1%, compared to 2019.

Sector C- Manufacturing industry, in the employment rate according to economic activity has a share of 11.8%.³

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

Code	Manufacturing Industry – Sector C	Number of enterprises			Number of employees			Turnover		
		Year 2018	Year 2019	Year 2020	Year 2018	Year 2019	Year 2020	Year 2018	Year 2019	Year 2020
10	Food products processing	1,244	1,160	1369	6,153	6,725	8,081	223,630,843.00	272,988,285.79	320,080,653
11	Manufacture of beverages	89	74	78	1,822	1,823	2,138	107,448,551.00	118,109,350.97	106,226,278
12	Manufacture of tobacco products	1	1	2	25	44	26	449,889.00	3,820,491.62	1,469,544
13	Manufacture of textiles	127	111	176	817	629	802	14,687,985.88	15,382,963.26	16,064,405
14	Manufacture of apparel	226	210	325	857	856	1,151	7,308,961.05	8,514,956.19	9,958,677
15	Manufacture of leather and related products	37	29	43	430	379	420	6,812,630.46	7,156,650.38	5,816,943
16	Manufacture of wood and wood products and cork	445	408	477	1,390	1,429	1,766	37,920,774.44	44,504,258.47	46,187,845
17	Manufacture of paper and paper products	97	93	107	430	463	720	23,641,515.80	28,067,238.66	39,799,270

³ Kosovo Agency of Statistics / Labour Force Survey 2020.

18	Printing and reproducing of recorded media	159	145	177	586	709	785	17,556,813.99	20,090,947.79	19,575,032
19	Manufacture of coke and refined petroleum products	7	6	8	62	109	116	12,461,749.68	17,136,402.83	12,659,485
20	Manufacture of chemical products	104	85	114	642	624	762	24,145,349.45	27,811,433.84	31,935,510
21	Manufacture of basic pharmaceutical products and pharmaceutical preparations	8	4	7	94	89	103	3,681,554.00	1,223,165.01	1,771,159
22	Manufacture of rubber and plastic products	504	481	572	2,374	2,793	3,513	114,531,279.02	131,057,171.90	140,418,212
23	Manufacture of mineral non-metal products	478	443	511	3,796	4,454	5,082	195,005,725.73	279,099,052.93	281,102,702
24	Metal manufacturing	99	93	121	1,051	1,110	1,280	46,172,078.36	90,553,454.17	93,040,815
25	Manufacturing of fabricated metal products	600	581	736	2,471	2,494	3,112	117,431,916.21	105,628,083.82	116,637,375
26	Manufacture of computers, electronic and optical products	21	15	25	54	48	71	1,915,630.00	1,733,787.38	1,820,758
27	Manufacture of electrical equipment	31	27	33	228	215	224	11,337,693.11	13,085,468.61	16,714,116
28	Manufacture of machinery and equipment n.e.c.	25	28	33	122	131	174	7,840,938.69	8,815,334.17	17,741,140
29	Manufacture of motor vehicles, trailers and semi-trailers	2	2	N/A	36	47	53	1,018,339.09	1,533,577.98	1,644,936
30	Manufacture of other means of transportation	5	2	8	43	44	54	1,779,881.00	1,680,403.73	2,044,626
31	Manufacture of furniture	406	393	514	2,314	2,608	3,833	63,113,256.08	70,687,899.95	94,977,517
32	Other manufacture n.e.c.	88	80	98	219	266	281	4,777,194.58	7,066,347.56	6,795,081
33	Repair and installation of machinery and equipment	59	62	103	82	89	144	16,765,129.40	6,157,605.19	4,638,213
	Total	4,862	4,533	5,637	26,098	28,179	34,691	1,061,435,679.02	1,281,904,332.20	1,389,120,291.43

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

The data in Table no. 7, regarding Sector-C, show that in 2020 there was an increase of 23.11% in employment, and an increase of 7.97% in 2019, compared to the previous year. Also, Sector-C recorded an increase in turnover, in 2020 by 8.36%, compared to the previous year, also an increase in 2019 by 20.77%, compared to the previous year. In addition to increase in employment and turnover, in 2020 was recorded increase also in the number of enterprises by 24.35%, compared to 2019.

Within Sector-C, the “Food processing” sub-sector, in terms of employment, in 2020, has the highest share of 23.29%, and an increase of 20.16%, compared to 2019. Also this sub-sector increased the turnover by 17.25% and number of enterprises by 18.02%.

The second sub-sector of Sector C, in terms of share, is the “Manufacture of mineral non-metal products” with 14.65%, and an increase in employment of 14.09%. This sub-sector, also in 2020, has marked an increase in the number of enterprises by 15.35% and an increase in turnover by 0.72%, compared to the previous year.

The “Manufacture of furniture” sub-sector ranks third with a share of 11.05% in employment within Sector-C, and in 2020 has marked an increase in employment by 46.96%, but has also marked an increase in the other two indicators, in turnover by 34.36% and in number of enterprises by 30.79%, compared to the previous year.

The fourth sub-sector within Sector-C in the employment indicator is the “Manufacture of rubber and plastic products” sub-sector, which during 2020 has a share of 10.13% in employment and has increased by 25.77%, while in the number of enterprises by 18.92% and in the annual turnover by 7.14%.

The fifth sub-sector within Sector-C, in terms of employment, is the “Manufacturing of fabricated metal products” sub-sector, with a share of 8.97%, which during 2020 has increased by 24.79%. Also, this sub-sector has marked an increase in the number of enterprises by 26.68% and in turnover by 10.42%, compared to the previous year.

The sixth sub-sector is the “Manufacture of beverages” sub-sector, with a share in employment of 6.16%. In 2020 has marked an increase in employment by 17.26%, as well as an increase in the number of enterprises by 5.41%, but with a decrease in turnover by 10.06%, compared to the previous year.

The seventh sub-sector, in terms of employment, in 2020, is the “Manufacture of wood and wood products and cork”, with a share of 5.09%, and an increase in employment by 23.63%, an increase in the number of enterprises by 16.91%, as well as an increase in turnover by 3.78%, compared to 2019.

The eighth sub-sector in terms of share in employment within Sector-C, is the “Manufacture of metals” sub-sector, with 3.69%, and in 2020 has marked an increase in employment by 15.35%, an increase in the number of enterprises by 30.11%, and an increase in turnover by 2.75%, compared to the previous year.

The “Manufacture of apparel” sub-sector has a share of 3.32% in employment, an increase in employment in 2020 by 34.41%, and an increase in the number of enterprises by 54.76% and turnover by 16.96%, compared to 2019.

The “Manufacture of textile” sub-sector has a share of 2.31% in employment, an increase in 2020 by 27.49%, an increase in the number of enterprises by 58.56% and an increase in turnover by 4.43%, compared to 2019.

The “Printing and reproducing of recorded media” sub-sector has a share of 2.26% in employment, an increase in 2020 by 10.75%, and an increase in the number of enterprises by 22.07%, while a decrease in turnover by 2.57%, compared to the previous year.

The “Production of chemical products” sub-sector has a share of 2.20% in employment in 2020, an increase of employment by 22.11%, and an increase in the number of enterprises by 34.12% and increase in turnover by 14.83%, compared to 2019.

The “Manufacture of paper and paper products” sub-sector has a share of 2.08% in employment, an increase of employment in 2020 by 55.61%, and an increase in number of enterprises by 15.05% and in turnover by 41.8%, compared to the previous year.

The “Manufacture of leather and leather products” sub-sector, in 2020, had a share of 1.21% in employment of Sector-C, which is an increase by 10.83%, and an increase in the number of enterprises by 48.28%, while a decrease in turnover by 18.72 %, compared to the previous year.

The “Other manufacturing n.e.c.” sub-sector in 2020 had a share of 0.81% in employment, which is an increase by 5.57%, as well as an increase in the number of enterprises by 22.5%, while a decrease in turnover by 3.84%, compared to 2019.

The “Manufacture of electrical equipment” sub-sector marked a share of only 0.65% in employment. During 2020 there was an increase by 4.27%, also an increase in the number of enterprises by 22.22%, and an increase in turnover by 27.73%, compared to the previous year.

The “Manufacture of machinery and equipment n.e.c.” sub-sector has a share of 0.5% in employment, and in 2020 has increased by 32.75%, and an increase in the number of enterprises by 17.86% and turnover by over 100%, compared to the previous year.

The “Repair and installation of machinery and equipment” sub-sector has a share of 0.42% in employment of Sector-C in 2020, and marked an increase by 61.65%, as well as an increase in the number of enterprises by 66.13%, while it has marked a decrease in turnover by 24.68%, compared to 2019.

The “Manufacture of coke and refined petroleum products” sub-sector has a share of 0.33% in employment. In 2020, there was an increase in employment by 6.26% and an increase in the number of enterprises by 33.33%, while a decrease in turnover by 26.13%, compared to the previous year.

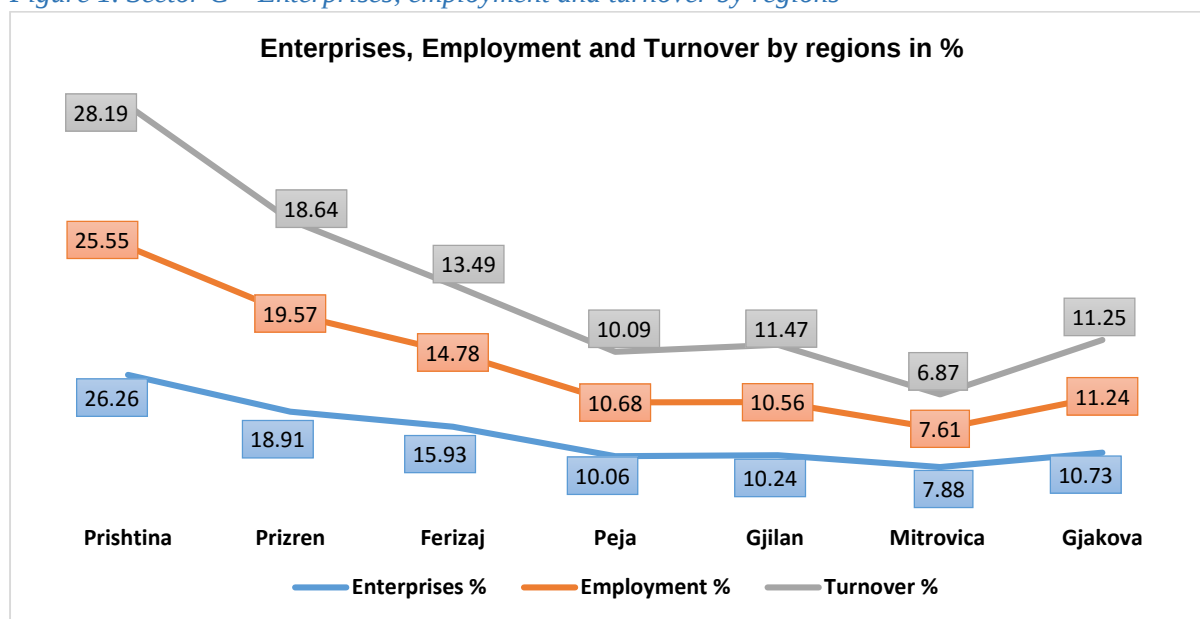
The “Manufacture of computers, electronic and optical products” sub-sector has a share of 0.20% in employment of Sector-C. In 2020, there was an increase in employment by 48.95%, and an increase in the number of enterprises by 66.67% and in turnover by 5.02%, compared to the previous year.

The “Manufacture of other means of transportation” sub-sector has a share of 0.16% in employment of Sector-C. In 2020, it marked an increase by 22.03% in employment, an increase in turnover by 21.67%, while it marked an increase from 2 to 8 enterprises, compared to the previous year.

Within Sector-C, the sub-sector with the lowest potential for employment was marked in the “Production of tobacco products” sub-sector, with a share of only 0.07%, a decrease during 2020 by 41.35%. Also, this sub-sector has marked a high decrease in turnover by 61.54%, but an increase by 100% in the number of enterprises, compared to 2019.

According to the data of Table no. 7, we may say that by analysing the overall economic situation in the country, as a result of the impact of the COVID-19 pandemic, we notice that even the “Manufacture of basic pharmaceutical products and pharmaceutical preparations” sub-sector, although with a low share of only 0.30% within Sector-C, in 2020 marked an increase by 16.06% in employment, high increase of 75% in number of enterprises and annual turnover of 44.8%, compared to the previous year.

Figure 1. Sector C – Enterprises, employment and turnover by regions



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

The data presented in figure no.1, show that Prishtina region leads with the highest number of enterprises in Sector-C at 26.26%. Also this region leads with the highest number of employees at 25.55% as well as in turnover at 28.19%.

According to these indicators, Prizren region ranks second in the number of enterprises at 18.91%, 19.57% in the number of employees and 18.64% in annual turnover.

According to the presented data, the region of Ferizaj ranks third in number of enterprises at 15.93%, 14.78% in employees and 13.49% in annual turnover, compared to other regions.

Peja region ranks fourth in the number of enterprises with 10.06%, 10.68% in employees and 10.09% in annual turnover.

Gjilan region ranks fifth with 10.24%, of enterprises, 10.56% of employees, while it ranks fourth in turnover with 11.47%.

The region of Gjakova ranks sixth in enterprises with 10.73%, fourth in employment with 11.24% employees, and 11.25% in turnover.

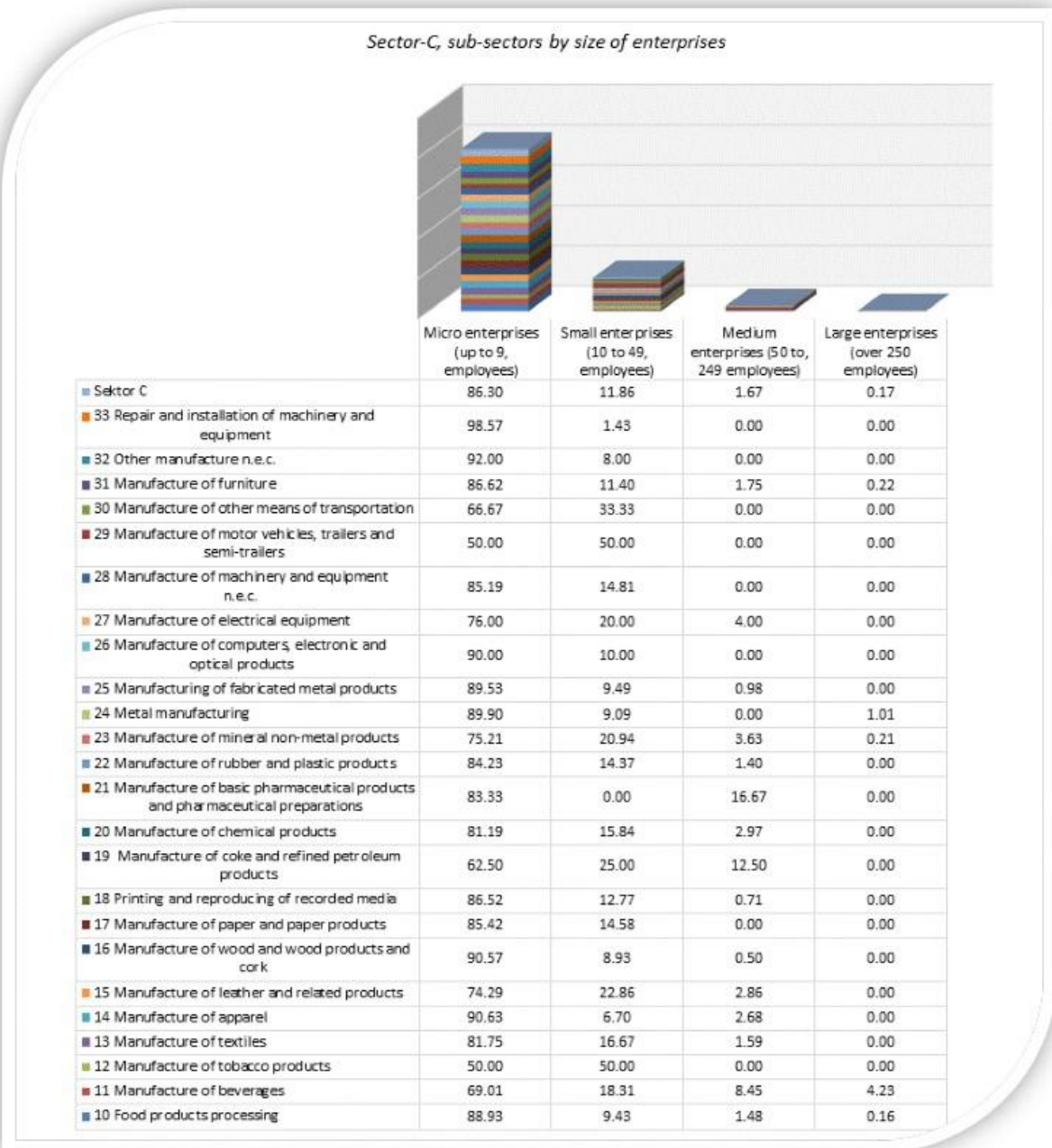
Mitrovica region ranks seventh in the number of enterprises with 7.88% , 7.61% in employees, and 6.87% in turnover. From the analysis of these data it can be concluded that in some regions there is an increase in indicators, e.g. in employment as a result of reaching

trade agreements with dimensions in exports as is the case of Gjakova region with enterprises in the sub-sectors of textiles, wood and furniture.

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 2020.

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



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

The data presented in figure no. 2, Sector-C, by the size of enterprises show that in Kosovo, 86.3% are micro enterprises, followed by 11.86% small enterprises, 1.67%, medium enterprises and 0.17% 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 98.57%, of the total enterprises in this category, followed by the sub-sector "Other manufacture n.e.c ", with 92% and sub-sector "Manufacture of apparel" ranked third with 90.63%.

In the category of small enterprises, subsectors "Manufacture of motor vehicles, trailers and semi-trailers" and "Manufacture of tobacco products", participate with 50% each in the number of enterprises within Sector-C, followed by subsector " Manufacture of coke and refined petroleum products" with 25% of the total number.

In the category of medium enterprises, the subsector "Manufacture of basic pharmaceutical products and pharmaceutical preparations" leads with 16.67%, followed by enterprises in the subsector "Manufacture of coke and refined petroleum products", with 12.5% and the subsector "Manufacture of beverages" is ranked third in the category of Medium enterprises, with 8.45%.

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 4.23%, followed by the sub-sector "Manufacture of metals" with 1.01%, the sub sector "Manufacture of furniture" rank third with 0.22%, the sub sector "Manufacture of non-metallic mineral products" ranks fourth with 0.21% and the sub sector " Processing of food products " ranks last with 0.16%. It is worth noting that most of the sub-sectors that make up the Sector-C nomenclature do not belong to the category of large enterprises.

Within Sector-C, subsector "Manufacture of metal" consists of 89.9% micro enterprises, 9.09% small enterprises, while from the category of medium enterprises there is 0%, as a result that these businesses from this sub-sector have managed to develop, (increase production capacity and number of employees), which means that they have moved to the category of large enterprises with 1.01%, within Sector-C.

The Subsector "Manufacture of furniture", conducts its economic activity in micro enterprises at 86.62%, small enterprises at 11.4%, medium enterprises at 1.75% and in the category of large enterprises at 0.22%.

The sub-sector "Manufacture of non-metallic mineral products" consists of 75.21% micro enterprises, 20.94% small, 3.63% medium and 0.21% large enterprises. From this categorization we also have the sub-sector with participation in all categories of enterprises, such as the "Food processing" which conducts its economic activity in 88.93% micro enterprises, 9.43% in small, 1.48% medium and 0.16% large enterprises. The last in terms of share in all categories of enterprises by size, ranks the subsector "Manufacture of beverages"

with 69.01% in micro enterprises, 18.31% small enterprise, 8.45% medium enterprises and 4.23% large enterprises where in this categorization it has the highest percentage in the number of enterprises within Sector-C, for 2020.

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

The indicator of the number of export enterprises, according to the sub-sectors of the manufacturing industry, shows the share of enterprises in exports. According to the OECD “Less than 10% of enterprises are exporters to all countries,”⁴.

Sektor-C, has a share of 84% in total sector

Out of a total of 5,637 enterprises within Sector C, 1007 or 17.9% are export enterprises. 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 2018-2020.

• Exports, Sector - C

The total value of exports, for 2020, to EU countries, CEFTA, EFTA and other countries, was 474.88 million euros, while the manufacturing industry sector had a share at a value of 398.46 million euros, or about 84% in total export.

The data in table no. 8, show that the growth of Sector-C exports for 2020, is higher by 36.6%, compared to 2019, as the growth of exports in 2019 compared to 2018 was 12.95%.

Exports during 2020 in Sector-C are dominated by the sub-sector "Metal manufacturing" with a share of 28.21%, while compared to 2019, this sub-sector has increased by 48.17%. Most exports from this sub-sector are made to the following countries: in Albania with 41.04%, in Italy with 16.45%, in Northern Macedonia with 8.11%, in Serbia with 7.84%, etc.

Exponential growth of exports from Kosovo, in the sub-sector "Manufacturing of metals", in 2020, was recorded to Slovenia, Sweden, Albania, Great Britain and the Netherlands.

It is worth mentioning that, while Kosovo had not exported in 2019 to China, in 2020 it exported the products of this sub-sector in the amount of 2.97 million euros.

The subsector "Manufacture of plastic and rubber products" is ranked the second with a share of 14.63%, within Sector-C, while this subsector has increased by 13.19%, compared to 2019. The products of this subsector are mainly exported to the Netherlands. with 14.98%, in Serbia with 8.37% and in Albania with 7.86%.

Significant growth of Kosovo's exports, in the sub-sector "Manufacture of plastic and rubber products", in 2020 was recorded to France in the amount of 1.46 million euros from 646

⁴ Exports by enterprise size class - OECD i Library / https://www.oecd-ilibrary.org/docserver/entrepreneur_aag-2013-11-en.pdf?

thousand euros in 2019. Belgium ranks second in terms of growth of exports with 96%, then Switzerland with 41%, Germany with 23%, Albania with 21%.

One of the countries that Kosovo had high value exports in 2019 was the Netherlands with 10.3 million euros, while in 2020 exports marked a decrease of 8.73 million euros or 15%. Decrease in exports of products in this sub-sector was also recorded to Northern Macedonia, by 6.5%.

In terms of share in exports, subsector "Manufacture of furniture" ranks third with 8.42% and an increase of over 100%, compared to the previous year. Furniture products are mainly exported to the US with 35.74%, to Switzerland with 25.54%, to Germany with 12.18%, etc. The country to which it is exported the most, in the sub-sector "Manufacture of furniture" in 2020, are: USA with a value of about 12 million euros, while in 2019 the value of exports was about 155 thousand euros. This increase in Kosovo's exports to the USA is a result of the mattress sale agreement. In second place is the Netherlands with an increase of 441 thousand euros from about 50 thousand euros in 2019, which shows that the value of Kosovo's exports to this country has multiplied. In 2020, Albania ranks third with an increase of 95%, compared to 2019, while Kosovo's exports to Austria, Switzerland and Macedonia have increased by over 40%. It is worth noting that while in 2019, Kosovo did not export to Canada, in 2020 it exported in the amount of 1.68 million euros.

Within the sub-sectors, the subsector "Food processing" ranks fourth in exports with 8.38%, which in 2020 has increased by 17.51%, compared to the previous year. Food products were exported to Albania with 16.51%, to Germany with 14.74%, to Serbia 13.8%, Northern Macedonia 10.45%, etc.

The increase in Kosovo's exports, in the sub-sector "Food processing", in 2020 compared to 2019, is to Germany with 95%, Serbia with 53%, Sweden with 38%, etc.

While a significant decline in exports was recorded to Austria by 42%, in Bosnia and Herzegovina by 29% and in Northern Macedonia by 4%. The subsector "Manufacture of beverages", within Sector-C has a share of 7.45% and with an increase in exports of 3.49%, compared to the previous year. Beverage products were exported to Albania with 46.80%, to Northern Macedonia with 15.72%, to Bulgaria with 5.98%, to Croatia with 5.73%, etc.

The subsector "Manufacture of fabricated metal products", there is a share of exports at 7.96% and a significant increase of 35.3%, compared to 2019. Exports of these products are mainly done to Switzerland with 17.83%, Germany with 15.9%, Albania with 12.36%, and the Netherlands with 9.34% etc.

The increase of Kosovo's exports in 2020, in the sub-sector "Manufacture of fabricated metal products", compared to 2019 is to France by over 100%, the Netherlands 71%, Germany and Albania by 56% and Belgium by 55%. While there was a decrease in exports to Kazakhstan by 34% and a slight decrease of exports to Northern Macedonia by 3%.

The sub-sector "Manufacture of chemical products" within Sector-C, has a share in exports at 4.93%, with a high increase of over 100%, from the previous year. These products have been exported to Albania at 15.85%, to Great Britain at 12.41%, to Italy at 11.89%, to Germany at 10.3% etc.

Exponential growth in 2020 in the sub-sector " Manufacture of chemical products ", was recorded in exports to Great Britain, in the amount of 2.44 million euros from 12 thousand euros in 2019, as well as Sweden from about 32 thousand euros to 690 thousand euros in 2020. While Kosovo had not exported in 2019 to the Czech Republic, in 2020 it has exported in the amount of 517 thousand euros.

The sub-sector " Manufacture of beverages ", within Sector-C has a share of 7.45% and with an increase in exports of 3.49% compared to the previous year. Beverage products were exported to Albania with 46.80%, to Northern Macedonia with 15.72%, to Bulgaria with 5.98%, to Croatia with 5.73%, etc..

Increase of Kosovo's exports, in the sub-sector "Production of Beverages", in 2020 compared to 2019, is marked in exports to Germany by 53%, to Croatia by 30%, to Bulgaria by 28%, to Switzerland by 26%, etc.

While the decline in exports was recorded in exports to Serbia by 39%, Montenegro by 38%, Bosnia and Herzegovina by 25%, etc.

The sub-sector " Manufacture of textiles ", within Sector-C accounts for 4.5% and with an increase in exports of over 100%, compared to the previous year. Textile products are exported to the USA with 42%, to Germany with 12%, to Albania with 11%, etc..

The exponential growth of Kosovo's exports, in 2020 compared to 2019, is recorded in the sub-sector " Manufacture of textiles " in exports to the US in value from 625 thousand euros to 7.62 million euros, to Lebanon from 42 thousand euros to 543 thousand euros, to Switzerland from 82 thousand euros to 351 thousand euros and to Albania from 651 thousand euros to 1.9 million euros, while a decrease was recorded in exports to Germany by 4%.

The sub-sector " Manufacture of wearing apparel ", within Sector-C has a share of 1.29% and with an increase in exports by 57% compared to the previous year. Wearing apparel products are exported to the USA with 33%, to Italy with 11%, to Germany with 9%, Switzerland 7% etc.

The exponential growth of Kosovo's exports, in 2020 compared to 2019, was recorded in the sub-sector " Manufacture of textiles" in exports to the USA in value from 384 thousand euros to 1.69 million euros and in Australia from 20 thousand euros to 122 thousand euros. Also, an increase of over 100% was recorded in exports to Switzerland, Germany and Qatar. Exports to the Netherlands decreased by 57%, to Northern Macedonia by 27%, to Italy by 8%, etc.

Subsector " Manufacture of leather and leather products", within Sector-C has a share of 0.59% and with a decrease in exports by 24%, compared to the previous year. Leather products are exported to France with 30%, to Albania with 29%, to Poland with 23%, etc.

The increase of Kosovo's exports, in 2020 compared to 2019, in the sub-sector " Manufacture of leather and leather products ", has been recorded in exports to Albania from 214 thousand euros to 667 thousand euros. It is worth mentioning that Kosovo did not export products of this sub-sector in 2019 to Poland, in 2020 it exported in the amount of 536 thousand euros. A high decline was recorded in exports to Italy by 84%, to France by 43%, etc.

The Subsector "Manufacture of wood and of wood and cork products, except furniture; manufacture of straw articles and plaiting materials", within Sector-C has a share of 2.61% and with an increase in exports by 35.6% compared to the previous year. Wood and cork products are exported to Switzerland with 36.5%, to Germany with 28.12%, etc. The increase of Kosovo's exports in 2020 compared to 2019, in this sub-sector, has been recorded in exports to Germany by 96%, to Switzerland by 51%, etc. It is worth noting that Kosovo has exported to Greece, although not in large value, from 23 thousand euros in 2019 to 164 thousand in 2020. Decreases have been recorded in exports to Albania by 30%, to Slovenia by 8% , to Northern Macedonia by 5%, etc.

The Subsector " Manufacture of paper and paper products ", within Sector-C has a share of 0.73% and with an increase in exports by 41.9% compared to the previous year. Paper products were exported to Albania with 37.6%, to Northern Macedonia with 23.4%, etc. The increase of Kosovo's exports in 2020 compared to 2019, in this sub-sector, has been recorded in exports to Albania, Germany, France, Serbia and Montenegro by over 100% of the value. In 2020 a new export market for paper products is Austria worth 123 thousand euros. Decreases in exports were recorded in exports to Bosnia and Herzegovina by 46%, to Northern Macedonia by 30%, etc.

Subsector "Manufacture of non-metallic mineral products", within Sector-C has a share of 2.4% and with an increase in exports by 26.63% compared to the previous year. The products of this sub-sector are exported to Switzerland with 22%, to Albania with 17%, to Northern Macedonia with 14%, to Germany and Montenegro with 13% each, etc.

The increase of Kosovo's exports in 2020 compared to 2019, of non-metallic products has been recorded in exports to Montenegro, Croatia and Romania by over 100% of the value, while at about 40%, it has been exported to Switzerland and Serbia. In 2020 a new export market for non-metallic mineral products is the Republic of Korea worth 96 thousand euros. A decrease in exports was recorded in exports to Italy by 48%, to Albania by 2.7%, etc.

• Imports, Sector-C

The total imports from EU countries, CEFTA, EFTA and other countries, for 2020, is 3.29 billion euros, while Sector-C has a share of 3.06 billion euros, or about 93%.

Sector-C accounts for 93% of total imports.

During 2020, imports in Sector-C are dominated by the sub-sector "Food processing products" with 15.24%, although compared to 2019, this sub-sector has had a slight increase of 1.61%. These products are imported from Germany at 9.20%, from Italy at 9.16%, from Northern Macedonia at 9%, from Turkey at 7.67%, from Serbia at 6.92%, etc.

The sub-sector "Manufacture of motor vehicles, trailers and semi-trailers" ranks second in imports with a share of 8.76% in Sector-C imports, but with a decrease of 10.53% from the previous year. These vehicles were imported from Germany at 69.88%, from France at 5.32%, from Great Britain at 3.79%, from Italy at 2.46%, etc.

Subsector " Manufacture of chemical products", ranks third in imports, with a share of 8.40% and has increased by 8.03% compared to 2019. Chemical products are mainly imported from Germany 12.89%, from Turkey 12.76% , from Italy 5.95%, from Northern Macedonia 5.78%, from Slovenia 3.02%, etc.

The sub-sector "Manufacture of coke and refined petroleum products" ranks fourth with a share in Sector-C of 8.07% and a decrease of 37.58% from the previous year. These products were imported from Greece 31.23%, from Russia 9.16%, from Northern Macedonia 8.34%, from Italy 8.28%, from Israel 8.19%, etc.

The metal production industry, although in imports ranks fifth, within Sector-C has a share of 7.88% and has decreased by 8.81% compared to 2019. Metal products are imported from Albania 35.45 % , from Northern Macedonia 10.9%, from Turkey 9.36%, Bosnia and Herzegovina 6.98%, etc.

The sub-activity "Manufacture of machinery and equipment", in 2020, within Sector-C accounts for 6.75%, but has decreased by 5.14% compared to 2019. These products are imported from China 21.25%, from Germany 18.73%, from Turkey 16.78%, from Italy 12.48%, etc.

According to the share within Sector-C, the subsector " Manufacture of non-metallic mineral products" ranks seventh with 5.59%, with a modest increase of 2.15% in imports compared to the previous year. These products were imported from Albania 19.93%, from Northern Macedonia 16.23%, from China 10.12%, from Turkey 8.23%, etc.

Looking at Table no. 8, the largest number of sub-sectors belonging to Sector-C, have decreased in imports during 2020 compared to the previous year, which is a good indicator, given the fact that the economy of our country has a deep trade imbalance. Therefore this year makes us hope for an increase in exports and replacement of imports.

Table 8. Value of Exports and Imports with CEFTA, EFTA, EU, and other Countries 2018 – 2020

Code	Manufacturing industry - Sector C	Export			Balance		Import			Balance	
		2018	2019	2020	Difference (2020>2019)	Difference % (2020>2019)	2018	2019	2020	Difference (2020 >2019)	Difference in % (2020>2019)
10	Food processing products	34,588,451.58	28,424,151.36	33,402,372.88	4,978,221.52	17.51	430,684,698.03	459,196,871.23	466,609,046.82	7,412,175.59	1.61
11	Manufacture of beverages	27,565,225.96	28,665,800.23	29,666,793.39	1,000,993.16	3.49	78,580,037.59	82,588,664.30	77,586,544.73	(5,002,119.57)	(6.06)
12	Manufacture of tobacco products	-	-	-	-		64,847,952.16	68,512,606.49	63,009,976.51	(5,502,629.98)	(8.03)
13	Manufacture of textiles	6,136,824.19	7,875,908.03	17,948,552.17	10,072,644.14	127.89	58,660,751.55	56,796,552.95	66,662,771.63	9,866,218.68	17.37
14	Manufacture of wearing apparel	2,179,544.62	3,293,023.19	5,156,424.34	1,863,401.15	56.59	105,171,177.93	118,008,278.57	98,738,284.03	(19,269,994.54)	(16.33)
15	Manufacture of leather and leather products	2,735,479.11	3,080,819.54	2,335,812.77	(745,006.77)	(24.18)	44,554,440.03	49,380,964.63	38,212,879.80	(11,168,084.83)	(22.62)
16	Manufacture of wood and of wood and cork products, except furniture; manufacture of straw articles and plaiting materials.	5,408,715.00	7,677,012.54	10,409,819.21	2,732,806.67	35.60	69,299,228.65	75,584,593.05	68,913,586.17	(6,671,006.88)	(8.83)
17	Manufacture of paper and paper products	2,420,018.61	2,039,439.64	2,893,870.02	854,430.38	41.90	58,497,122.07	61,938,776.04	58,771,929.99	(3,166,846.05)	(5.11)
18	Printing and reproducing recorded media	-	-	-	-		430,172.03	192,046.50	140,039.96	(52,006.54)	(27.08)
19	Manufacture of coke and refined petroleum products	1,344,980.72	2,655,565.82	1,428,173.61	(1,227,392.21)	(46.22)	393,716,432.65	395,650,224.84	246,979,760.45	(148,670,464.39)	(37.58)
20	Manufacture of chemical products	5,867,275.26	8,160,771.92	19,634,905.19	11,474,133.27	140.60	226,642,896.45	237,989,157.53	257,101,389.35	19,112,231.82	8.03
21	Manufacture of basic pharmaceutical products and	1,874,824.80	931,976.93	735,067.86	(196,909.07)	(21.13)	69,038,489.78	69,624,461.97	93,239,025.99	23,614,564.02	33.92

	pharmaceutical supplements										
22	Manufacture of rubber and plastic products	46,454,152.31	51,494,994.46	58,284,613.04	6,789,618.58	13.19	151,108,932.16	155,217,193.08	151,630,341.62	(3,586,851.46)	(2.31)
23	Manufacture of non-metallic mineral products	7,843,754.76	7,592,128.25	9,613,701.30	2,021,573.05	26.63	166,279,334.09	167,647,853.52	171,245,487.79	3,597,634.27	2.15
24	Metal manufacturing	63,135,997.19	75,872,939.29	112,420,890.58	36,547,951.29	48.17	263,854,273.63	264,476,551.92	241,185,291.40	(23,291,260.52)	(8.81)
25	Fabricated Metal Product Manufacturing	21,478,381.68	23,451,261.04	31,730,428.78	8,279,167.74	35.30	110,032,985.05	112,031,510.36	124,107,528.74	12,076,018.38	10.78
26	Manufacture of computers, electronic and optical products	3,019,765.97	5,318,945.82	8,256,502.33	2,937,556.51	55.23	110,119,840.51	108,667,847.51	108,189,194.60	(478,652.91)	(0.44)
27	Manufacture of electrical equipment	2,254,567.39	4,180,545.40	3,768,112.38	(412,433.02)	(9.87)	149,458,728.23	148,011,315.93	151,215,298.70	3,203,982.77	2.16
28	Manufacture of machinery and equipment n.e.c.	6,554,436.54	8,057,317.86	9,424,222.44	1,366,904.58	16.96	214,632,826.68	217,871,513.60	206,678,136.71	(11,193,376.89)	(5.14)
29	Manufacture of motor vehicles, trailers and semi-trailers	2,180,302.39	2,924,958.97	4,086,495.42	1,161,536.45	39.71	253,292,372.42	299,743,201.02	268,176,636.63	(31,566,564.39)	(10.53)
30	Manufacture of other means of transport	43,898.84	87,518.23	106,339.81	18,821.58	21.51	10,480,382.61	8,368,461.37	15,983,817.52	7,615,356.15	91.00
31	Manufacture of furniture	10,541,831.77	15,316,687.30	33,561,425.11	18,244,737.81	119.12	49,638,936.13	49,691,848.08	38,988,969.43	(10,702,878.65)	(21.54)
32	Other manufacture n.e.c.	4,623,853.10	4,599,984.53	3,596,557.03	(1,003,427.50)	(21.81)	42,744,366.08	46,106,308.49	47,986,428.74	1,880,120.25	4.08
	Total	258,252,281.79	291,701,750.35	398,461,079.66	106,759,329.31	36.60	3,121,766,376.51	3,253,296,802.98	3,061,352,367.31	(191,944,435.67)	(5.90)

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

2.1. Export and import with EU countries

Exports to EU countries for 2020 amounted to 144.17 million euros, i.e. an increase of 38%, while the value of imports is 1.41 billion euros, and represents an increase in imports of about 12.46% compared to 2019.

Based on Table no. 9, out of the total Kosovo - EU trade exchanges for 2020, exports had a share of 26%, while imports had a share of 90.74% namely an increasing trend in exports compared to the previous year.

Table 9. Value of Exports and Imports with EU countries for 2018– 2020

Code	Manufacturing industry, Sector-C	Export			Balance		Import			Balance	
		2018	2019	2020	Difference	Difference in %	2018	2019	2020	Difference	Difference in %
					(2020 >2019)	(2020>2019)				(2020 >2019)	(2020>2019)
10	Food processing products	15,082,335.64	10,200,710.55	13,178,958.60	2,978,248.05	29.2	199,105,288.62	270,298,066.20	261,901,243.38	(8,396,822.82)	(3.11)
11	Manufacture of beverages	4,995,245.58	5,473,128.63	6,456,618.94	983,490.31	17.97	26,021,867.32	55,107,797.10	40,596,444.54	(14,511,352.56)	(26.33)
12	Manufacture of tobacco products	-	-	-	-		41,792,056.23	49,255,240.41	46,168,805.65	(3,086,434.76)	(6.27)
13	Manufacture of textiles	2,467,159.55	3,788,717.63	3,840,869.08	52,151.45	1.38	7,977,414.19	7,929,205.65	7,127,854.00	(801,351.65)	(10.11)
14	Manufacture of wearing apparel	1,061,574.28	2,042,388.01	1,890,517.46	(151,870.55)	(7.44)	8,205,765.46	7,432,895.22	5,676,436.48	(1,756,458.74)	(23.63)
15	Manufacture of leather and leather products	2,128,796.75	2,570,831.25	1,442,825.65	(1,128,005.60)	(43.88)	3,763,189.55	4,252,600.02	3,238,301.52	(1,014,298.50)	(23.85)
16	Manufacture of wood and of wood and cork products, except furniture; manufacture of straw articles and plaiting materials.	1,357,154.93	3,112,584.10	4,743,204.51	1,630,620.41	52.39	24,746,781.03	38,620,394.41	30,195,842.71	(8,424,551.70)	(21.81)
17	Manufacture of paper and paper products	117,955.83	192,086.18	590,510.97	398,424.79	207.42	24,803,665.74	34,051,389.79	27,748,346.19	(6,303,043.60)	(18.51)
18	Printing and reproducing recorded media	-	-	-	-		64,706.15	47,165.52	21,713.70	(25,451.82)	(53.96)

19	Manufacture of coke and refined petroleum products	77.76	535.05	45,994.86	45,459.81	8,496.37	216,457,787.04	205,572,380.02	135,657,078.52	(69,915,301.50)	(34.01)
20	Manufacture of chemical products	1,977,752.24	3,137,342.94	10,259,254.03	7,121,911.09	227	118,725,038.15	139,793,906.33	140,242,511.42	448,605.09	0.32
21	Manufacture of basic pharmaceutical products and pharmaceutical supplements	81,912.60	17,520.00	-	(17,520.00)	(100.00)	45,105,305.24	47,944,225.47	57,724,657.19	9,780,431.72	20.4
22	Manufacture of rubber and plastic products	21,070,930.83	25,466,885.43	28,403,227.43	2,936,342.00	11.53	73,260,684.83	81,664,634.12	73,875,700.18	(7,788,933.94)	(9.54)
23	Manufacture of non-metallic mineral products	1,366,795.28	1,834,013.95	2,290,815.98	456,802.03	24.91	54,789,670.69	60,825,685.50	51,408,920.13	(9,416,765.37)	(15.48)
24	Metal manufacturing	1,804,643.12	20,690,712.12	36,720,531.68	16,029,819.56	77.47	37,867,343.46	59,298,364.72	46,357,191.42	(12,941,173.30)	(21.82)
25	Fabricated Metal Product Manufacturing	7,195,530.59	9,464,910.03	15,629,796.69	6,164,886.66	65.13	45,162,475.02	52,897,096.94	51,310,860.99	(1,586,235.95)	(3.00)
26	Manufacture of computers, electronic and optical products	388,034.96	2,287,040.96	3,291,252.08	1,004,211.12	43.91	26,318,532.12	28,988,870.78	25,053,553.88	(3,935,316.90)	(13.58)
27	Manufacture of electrical equipment	609,221.73	869,658.06	888,130.18	18,472.12	2.12	44,070,023.07	53,098,346.80	48,787,559.90	(4,310,786.90)	(8.12)
28	Manufacture of machinery and equipment n.e.c.	2,259,488.52	2,944,540.30	3,833,599.99	889,059.69	30.19	129,737,414.35	112,081,734.77	99,365,153.16	(12,716,581.61)	(11.35)
29	Manufacture of motor vehicles, trailers and semi-trailers	818,311.06	1,329,593.58	1,219,522.33	(110,071.25)	(8.28)	232,960,058.91	275,939,984.88	234,483,389.92	(41,456,594.96)	(15.02)
30	Manufacture of other means of transport	9,558.50	9,133.96	5,660.66	(3,473.30)	(38.03)	3,036,545.33	2,003,524.33	2,078,898.90	75,374.57	3.76
31	Manufacture of furniture	3,649,272.54	5,518,831.18	6,863,507.74	1,344,676.56	24.37	11,605,332.23	11,603,778.03	7,456,528.64	(4,147,249.39)	(35.74)
32	Other manufacture n.e.c.	3,529,190.71	3,519,163.57	2,579,009.15	(940,154.42)	(26.72)	11,616,242.23	14,667,964.57	15,902,511.31	1,234,546.74	8.42
	Total	71,970,943.00	104,470,327.48	144,173,808.01	39,703,480.53	38.00	1,387,193,186.96	1,613,375,251.58	1,412,379,503.73	(200,995,747.85)	(12.46)

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

- **Exports to EU countries**

The subsector "Manufacturing of metals" is ranked first in exports with EU countries with 25.47%, while it has recorded a high increase of over 77.47% compared to 2019. Countries to which metal products have been exported are Italy with 50.37%, Finland with 13.58%, Sweden with 13.44%, etc.

The sub-sector "Manufacture of rubber and plastic products" has a share of 19.70% in the total exports to EU countries, while compared to the previous year it increased by 11.53%. This export was mainly realized to Germany with 37.01%, Netherlands 30.75%, and Belgium with 13.48%, etc.

In 2020, the subsector "Food products processing" has a share of 9.14%, while it decreased by 29.20% compared to the previous year. The destination market for exports of food products was Germany with 37.35%, Italy with 20.92% and Austria with 7.49%

Increase in exports to EU countries in 2020 compared to 2019 was recorded by the subsector "Manufacture of fabricated metal products" by 65.13%. In the total exports of Sector-C with EU countries, this sub-sector has a share of 10.84%. The products of this sub-sector were exported to Germany at 32.28%, to the Netherlands at 18.96%, to France 17.84% and to Italy at 10.75%. etc.

Also, during 2020, compared to 2019, there was an increase marked by the subsector "Manufacture of chemical products" by over 100% and with a share of 7.12% within exports to EU countries. Chemical products were exported to Italy with 22.75%, to Germany with 19.71%, to the Netherlands with 16.7%, etc..

Decrease in exports during 2020 was recorded by the subsector "Manufacture of basic pharmaceutical products and pharmaceutical preparations" by 100%, and subsector "Manufacture of leather and related" by 43.88%.

- **Imports with EU countries**

From the data presented in Table no. 9 it is noted that only 4 out of 23 sub-sectors have marked an increase in imports with EU countries during 2020, while a decline was marked by other 19 sub-sectors of Sector C.

The sub-sector "Manufacture of basic pharmaceutical products and pharmaceutical preparations", with 20.4% has marked an increase in 2020 compared to 2019 in imports with EU countries, within Sector C, although with a low share of only 4.09% in 2020. From these data we conclude that the report addresses the time when our country and the entire globe was faced with the Covid-19 pandemic. Pharmaceutical products were imported from

Germany with 24.07%, from Slovenia 15.45%, from Italy with 15.29%, from Denmark with 7.74%, from Austria with 7%, etc.

Subsector "Food processing products" has a share of 18.54% in imports within Sector C, but in 2020 there was a decrease in imports by 3.11% compared to 2019. Food products were imported from Germany 16.4%, from Italy 16.32%, from Poland 12.05%, from Slovenia 10.86% , from Croatia 10.66%, etc.

The sub-sector "Manufacture of motor vehicles, trailers and semi-trailers ", within Sector-C, has a share of imports with EU countries of 16.6%, this subsector has decreased by 15.02% in 2020 compared to the previous year. Imports were made from Germany with 79.92%, from France with 6.09%, from the Czech Republic with 3.88%, etc.

The sub-sector "Manufacturing of chemical products" has a share of 9.93% in the total imports with EU countries, within Sector C. In 2020, there was a slight increase in imports by 0.3% compared to the previous year. Chemical products are imported from Germany with 23.64%, from Italy with 10.9%, from Poland with 10.59%, from Austria with 7.32%, etc.

The sub-sector "Manufacture of coke and refined petroleum products", has a share of 9.6%, while there was a significant decrease in imports in 2020 by 34.01% compared to the previous year. These products are imported from Greece 56.85%, from Italy 15.07%, from Bulgaria 8.84%, etc.

The subsector "Manufacture of machinery and equipment n.e.c" accounts for 7.04% of imports with EU countries, with a decrease in imports in 2020 of 11.35% compared to the previous year. The highest import was realized from Germany with 38.95% and from Italy with 25.96%, from Austria with 5.27%, etc.

The share in imports of the sub-sector "Manufacture of rubber and plastic products" is 5.23%, but with a decrease of 9.54% compared to 2019. The products of this sub-sector are imported from Germany 44.2%, from Bulgaria with 10.43%, from Italy 9.83%, from Poland 7.9%, etc.

The sub-sectors with the lowest import potential within imports with EU countries are "Manufacture of textiles", with 0.5% and with a decrease in imports in 2020 by 10.11%, followed by the sub-sector "Manufacture of wearing apparel", with a share of 0.4%, down 23.63% and also the subsector "Manufacture of leather and leather products ", with 0.2% and a decrease of 23.85%

2.2. Export and import with CEFTA countries

Table 10 shows values of exports and imports with CEFTA countries for subsectors (10 to 33) in Sector-C,.

In general, exports with CEFTA countries within Sector C, in 2020, have marked a significant increase of 50.94%, against the decline of imports of 17.76%, although we continue to have a trade deficit of 372.47 million euro.

Table 10. Value of Exports and Imports with CEFTA countries for industry sectors, 2018 – 2020

Code	Manufacturing industry, Sector-C	Export			Balance		Import			Balance	
		2018	2019	2020	Difference (2020 > 2019)	Difference in % (2020 > 2019)	2018	2019	2020	Change (2020 > 2019)	Difference in % (2020 > 2019)
10	Food processing products	17,041,347.33	14,357,962.18	15,822,484.52	1,464,522.34	10.20	131,263,249.23	63,581,293.51	93,560,843.04	29,979,549.53	47.15
11	Manufacture of beverages	20,992,801.46	21,341,142.71	20,740,122.01	(601,020.70)	(2.82)	48,273,487.33	22,472,368.09	32,540,492.94	10,068,124.85	44.80
12	Manufacture of tobacco products	-	-	-	-	-	2,636,871.60	1,645,261.50	2,277,951.00	632,689.50	38.46
13	Manufacture of textiles	1,757,528.84	3,040,604.31	5,228,563.64	2,187,959.33	71.96	2,342,480.35	1,108,200.27	2,822,984.26	1,714,783.99	154.74
14	Manufacture of wearing apparel	731,217.75	517,408.79	488,449.48	(28,959.31)	(5.60)	1,563,651.31	511,477.99	1,132,013.28	620,535.29	121.32
15	Manufacture of leather and leather products	529,904.61	500,696.70	877,298.80	376,602.10	75.22	1,391,126.05	719,700.93	1,222,866.53	503,165.60	69.91
16	Manufacture of wood and of wood and cork products, except furniture; manufacture of straw articles and plaiting materials.	1,531,782.82	1,879,859.73	1,744,933.42	(134,926.31)	(7.18)	22,175,711.80	15,500,859.88	19,325,981.97	3,825,122.09	24.68
17	Manufacture of paper and paper products	2,228,012.70	1,790,001.45	2,188,547.87	398,546.42	22.27	22,118,035.70	13,921,943.96	17,775,005.88	3,853,061.92	27.68
18	Printing and reproducing recorded media	-	-	-	-	-	-	-	-	-	-
19	Manufacture of coke and refined petroleum products	1,344,902.96	2,655,010.77	1,382,178.75	(1,272,832.02)	(47.94)	116,179,032.43	70,576,780.70	33,593,347.96	(36,983,432.74)	(52.40)

20	Manufacture of chemical products	3,675,880.08	4,795,288.74	6,602,405.92	1,807,117.18	37.69	40,822,848.83	17,719,070.31	33,877,240.24	16,158,169.93	91.19
21	Manufacture of basic pharmaceutical products and pharmaceutical supplements	339,794.93	579,108.09	86,049.36	(493,058.73)	(85.14)	9,689,288.57	5,823,574.61	10,450,113.77	4,626,539.16	79.45
22	Manufacture of rubber and plastic products	15331416.87	14,537,627.77	15,555,357.82	1,017,730.05	7.00	33892012.02	21463573.9	26491523.57	5,027,949.67	23.43
23	Manufacture of non-metallic mineral products	4,233,047.40	3,597,513.73	4,921,744.61	1,324,230.88	36.81	67,415,416.30	56,526,379.01	72,491,495.96	15,965,116.95	28.24
24	Metal manufacturing	23,818,193.33	21,059,759.26	66,234,411.33	45,174,652.07	214.51	179,309,575.20	134,771,893.14	136,655,869.68	1,883,976.54	1.40
25	Fabricated Metal Product Manufacturing	5,868,510.18	7,218,038.23	9,224,505.71	2,006,467.48	27.80	22,086,923.40	8,159,565.03	18,128,793.07	9,969,228.04	122.18
26	Manufacture of computers, electronic and optical products	1,740,539.91	1,932,229.50	3,201,790.63	1,269,561.13	65.70	708,452.68	49,994.83	230,590.18	180,595.35	361.23
27	Manufacture of electrical equipment	712,460.45	2,108,626.08	1,498,768.21	(609,857.87)	(28.92)	28,054,917.18	12,778,039.02	19,164,292.92	6,386,253.90	49.98
28	Manufacture of machinery and equipment n.e.c.	2,991,315.35	3,495,179.99	3,957,021.33	461,841.34	13.21	7,855,406.59	3,163,047.99	8,038,065.30	4,875,017.31	154.12
29	Manufacture of motor vehicles, trailers and semi-trailers	596,889.78	810,090.04	1,538,426.36	728,336.32	89.91	1,134,086.36	344,331.00	634,105.24	289,774.24	84.16
30	Manufacture of other means of transport	13,624.46	43,530.78	47,315.01	3,784.23	8.69	172,810.91	8,487.17	165,502.77	157,015.60	1,850.03
31	Manufacture of furniture	1,196,476.45	3,282,665.87	4,387,380.58	1,104,714.71	33.65	12,171,537.96	6,715,247.71	7,349,145.23	633,897.52	9.44
32	Other manufacture n.e.c.	992,123.16	775,137.63	786,967.29	11,829.66	1.53	999,009.65	133,691.20	1,065,362.68	931,671.48	696.88
	Total	107,667,770.82	110,317,482.35	166,514,722.65	56,197,240.30	50.94	752,255,931.45	457,694,781.75	538,993,587.47	81,298,805.72	17.76

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

- **Export to CEFTA countries**

During 2020, exports to CEFTA countries, in Sector-C, were dominated by the sub-sector "Manufacturing of metals" with a share of 39.78%. In 2020, this sub-sector has marked an increase in exports by over 100% compared to 2019. The countries to which most metal products are exported are: Albania with 69.66%, Northern Macedonia with 13.76%, Serbia with 13.31% and Bosnia and Herzegovina with 2.91%.

The sub-sector "Manufacture of beverages" accounts for 12.46 % of exports to these countries. This sub-sector recorded a decrease in exports by 2.82% compared to 2019. Beverage products are exported mainly to Albania with 66.94%, Northern Macedonia with 22.49%, Serbia with 5.73%, etc.

The sub-sector "Food products processing" in the exports of Sector-C with CEFTA countries has recorded a share of 9.5%. In 2020 this sub-sector has marked an increase of over 10.2% compared to the previous year.

The products of this sub-sector were exported to Albania 34.86%, to Serbia with 29.13% to North Macedonia 22.06% and to Bosnia and Herzegovina with 10.33%, etc..

Subsector "Manufacture of rubber and plastic products" within Sector-C has a share in exports of 9.34%. This sub-sector has recorded an increase in exports of 7% compared to the previous year. The countries to which most of rubber and plastic products were exported to are Serbia at 31.35%, to Albania at 29.45%, to North Macedonia at 24.51%, and Montenegro at 8.42%, etc.

Increase in exports by 75.22% was recorded by the sub-sector "Manufacture of leather and leather products", but had a low share in Sector-C with only 0.53%. Countries where leather products were exported are Albania with 76.06%, Montenegro with 5.54%, etc.

The subsector "Manufacture of textiles", although with a low share in exports to CEFTA countries with only 3.14% in 2020, it has recorded an increase of 71.96% compared to the previous year. These products were exported to Albania with 36.53%, to Northern Macedonia with 29.89%, to Serbia with 16.53%, to Bosnia and Herzegovina with 14.11%, etc.

The highest decline in exports to CEFTA countries was recorded by "Manufacture of basic pharmaceutical products and pharmaceutical preparations" by 85.14%, although it has a very low share of only 0.03%.

- **Imports with CEFTA countries**

Kosovo's imports with CEFTA countries, in 2020, are characterized by a significant increase in products from Sector-C, (Manufacturing Industry), in most sub-sectors.

Within the sub-sectors of Sector C, the highest share in imports with CEFTA countries is marked by the sub-sector " Metal manufacturing " with 25.35%. In 2020, this sub-sector has recorded an increase in imports by only 1.4% compared to 2019. Metal products were mainly imported from Albania with 62.56%, from Northern Macedonia with 19.24%, from Bosnia and Herzegovina with 12.31%, from Serbia with 5.58%, etc.

Subsector "Food Products processing" accounts for 17.36%. of imports with CEFTA countries. But in 2020 there was an increase in imports by 47.15% compared to the previous year. Food products were imported from Northern Macedonia at 44.90%, from Serbia at 34.52%, from Bosnia and Herzegovina at 9.94%, from Albania at 7.53%, etc.

The subsector " Manufacture of non-metallic mineral products " is ranked third with a share in imports of 13.45%. In 2020, this sub-sector has marked an increase in imports by 28.24% compared to 2019. Products for this sub-sector have been imported from Albania at 47.07%, from Northern Macedonia at 38.34%, from Serbia at 14.40%, etc.

From priority sub-sectors, a significant increase in imports during 2020 has been recorded by the subsector "Manufacture of textiles" by over 100% compared to the previous year, although with a low share of only 0.52%. These products were imported from Serbia at 48.62%, from Northern Macedonia at 46.72%, from Albania at 4.57%, etc..

The highest decrease in imports with CEFTA countries, within Sector C, during 2020, was recorded by the subsector "Manufacture of coke and refined petroleum products" of 52.40% compared to 2019. Coke products were imported from Northern Macedonia at 61.28%, from Albania at 29.08%, from Serbia at 9.19%, etc.

2.3 Export and Import with EFTA countries

Kosovo's exports to EFTA member countries for 2020 have recorded a value of 38.73 million euros, with an increase of 32.79%, while imports have reached the value of 24.83 million euros with a decrease of 21.44% compared to 2019.

Table 11. Value of Exports and Imports with EFTA countries for industry sectors, 2018 - 2020

Code	Manufacturing industry, Sector-C	Export		2020	Balance		Import			Balance	
		2018	2019		Difference (2020>2019)	Difference in % (2020> 2019)	2018	2019	2020	Difference (2020 >2019)	Difference in % (2020>2019)
10	Food processing products	853,603.47	769,721.14	940,383.22	170,662.08	22.17	1,169,212.70	1,174,757.97	1,269,685.90	94,927.93	8.08
11	Manufacture of beverages	784,657.52	936,411.26	1,165,846.05	229,434.79	24.50	458,167.26	520,749.71	334,431.68	(186,318.03)	(35.78)
12	Manufacture of tobacco products	-	-	-	-		12,390,823.39	9,304,367.00	4,924,526.54	(4,379,840.46)	(47.07)
13	Manufacture of textiles	136,364.40	81,883.57	474,158.46	392,274.89	479.06	107,916.42	119,480.66	110,129.59	(9,351.07)	(7.83)
14	Manufacture of wearing apparel	151,059.56	121,479.90	351,781.10	230,301.20	189.58	1,134,346.01	1,000,551.16	1,114,344.29	113,793.13	11.37
15	Manufacture of leather and leather products	4,366.75	7,137.07	4,551.06	(2,586.01)	(36.23)	47,358.98	31,469.11	58,184.98	26,715.87	84.90
16	Manufacture of wood and of wood and cork products, except furniture; manufacture of straw articles and plaiting materials.	2,466,566.47	2,601,368.57	3,869,950.84	1,268,582.27	48.77	1,383,812.95	1,722,671.09	1,417,783.31	(304,887.78)	(17.70)
17	Manufacture of paper and paper products	48,673.00	38,656.39	89,680.54	51,024.15	131.99	313,776.06	408,142.57	420,023.52	11,880.95	2.91
18	Printing and reproducing recorded media	-	-	-	-		118,457.87	-	-	-	
19	Manufacture of coke and refined petroleum products	-	20.00	-	(20.00)	(100.00)	320,306.27	520,882.13	353,981.98	(166,900.15)	(32.04)

20	Manufacture of chemical products	159,263.71	164,444.14	293,053.61	128,609.47	78.21	1,315,978.86	798,371.46	912,702.40	114,330.94	14.32
21	Manufacture of basic pharmaceutical products and pharmaceutical supplements	-	-	540,300.00	540,300.00	-	1,825,867.10	2,171,639.95	1,981,112.15	(190,527.80)	(8.77)
22	Manufacture of rubber and plastic products	5455866.8	7,498,335.98	10,592,959.00	3,094,623.02	41.27	1456336.19	1329700.29	950653.8	(379,046.49)	(28.51)
23	Manufacture of non-metallic mineral products	1,661,604.33	1,584,746.34	2,136,675.17	551,928.83	34.83	969,426.10	1,255,337.25	881,333.64	(374,003.61)	(29.79)
24	Manufacture of metals	1,491,975.55	1,434,712.54	1,320,338.20	(114,374.34)	(7.97)	628,629.81	766,561.06	822,106.27	55,545.21	7.25
25	Manufacture of fabricated metal products	8,058,706.60	4,971,062.92	5,705,004.31	733,941.39	14.76	1,323,173.32	1,777,431.56	906,513.45	(870,918.11)	(49.00)
26	Manufacture of computers, electronic and optical products	460,068.57	603,544.66	439,115.44	(164,429.22)	(27.24)	1,787,038.94	1,718,210.78	2,421,932.54	703,721.76	40.96
27	Manufacture of electrical equipment	894,220.70	1,128,991.17	1,318,182.27	189,191.10	16.76	1,356,342.99	1,061,129.13	1,017,043.46	(44,085.67)	(4.15)
28	Manufacture of machinery and equipment n.e.c.	158,635.52	378,588.70	218,351.44	(160,237.26)	(42.32)	3,981,646.59	3,250,076.84	2,614,280.30	(635,796.54)	(19.56)
29	Manufacture of motor vehicles, trailers and semi-trailers	400,038.09	276,287.72	471,186.08	194,898.36	70.54	316,355.64	238,394.11	250,053.79	11,659.68	4.89
30	Manufacture of other means of transport	20,659.88	31,353.49	53,274.14	21,920.65	69.91	295,858.30	248,216.59	406,871.36	158,654.77	63.92
31	Manufacture of furniture	5,645,064.53	6,337,998.92	8,596,968.62	2,258,969.70	35.64	994,990.85	1,033,619.27	836,766.14	(196,853.13)	(19.05)
32	Other manufacture n.e.c.	81,410.03	207,443.92	158,198.95	(49,244.97)	(23.74)	1,067,538.09	1,160,181.67	828,910.48	(331,271.19)	(28.55)
	Total	28,932,805.48	29,174,188.40	38,739,958.50	9,565,770.10	32.79	34,763,360.69	31,611,941.36	24,833,371.57	(6,778,569.79)	(21.44)

Source: Kosovo Agency of Statistics, processed by DIP

- **Export to EFTA countries**

The subsector "Manufacture of rubber and plastic products" within Sector-C, for 2020, has a share in exports to EFTA countries of 27.34%. While within the subsector it has recorded an increase by 41.27% compared to 2019. Products are mainly exported to Switzerland with 99.87% and Norway with 0.13%.

Regarding exports to EFTA countries, the subsector "Manufacture of furniture" is ranked second with a share of 22.19% within Sector C, while it has increased by 35.64% compared to 2019. In 2020, the products of this sub-sector were exported to Switzerland at 99.71%, to Iceland at 0.24%, to Norway at 0.5%.

The sub-sector "Manufacture of fabricated metal products" with EFTA countries has a share of 14.73%. But in 2020, there was an increase in exports by 14.76% compared to the previous year. The products of this sub-sector have marked the highest export to Switzerland, with 99.18%, to Norway with only 0.77% and Iceland with 0.05%.

The sub-sector "Manufacture of wood and of wood and cork products, except furniture; manufacture of straw articles and plaiting materials", within sector-C, is ranked fourth with a share of exports to these countries with 9.99%. In 2020, exports increased by 48.77% compared to the previous year. Wood products were exported to Switzerland with 98.21%, Iceland with 1.02% and Norway with 0.77%

In 2020, exports marked a high increase in the sub-sector "Manufacture of textile" by over 100%, compared to 2019, although it has a low share in total exports with EFTA countries, of only 1.22%. Textile products were exported to Switzerland with 74.06% and Norway with 25.94%.

Based on the analysed data, from the priority sub-sectors, the highest decrease in exports was recorded in the sub-sector "Manufacture of leather and leather products" with 36.23% in 2020 compared to 2019, but with a share of only 0.01%. The products of this sub-sector are mainly exported to Switzerland with 100%.

During 2020, in terms of exports to EFTA countries, the largest number of sub-sectors has shown a positive trend.

- **Imports with EFTA countries**

Imports with EFTA countries are dominated by the subsector "Manufacture of tobacco products" with 19.83%. In 2020, this sub-sector has decreased by 47.07%, compared to 2019. Tobacco products are imported from Switzerland at 100%.

Sub-sector "Manufacture of machinery and equipment n.e.c." has a share of 10.28% in imports with EFTA countries. While in 2020 it has decreased by 19.56% compared to the previous year. These products are imported from Switzerland 98.53%, from Norway 1.44%, and Iceland 0.03%.

Sub-sector "Manufacture of basic pharmaceutical products and pharmaceutical preparations", accounts for 7.98% of imports, while within the sub-sector, in 2020, has decreased by 8.77% compared to the previous year. These products are imported from Switzerland 97.16% and Norway 8.77%.

From the priority sub-sectors, the highest decrease in imports with EFTA countries in 2020 was marked by the sub-sector "Manufacture of fabricated metal products" with 49% compared to the previous year, although it has a share of 3.65% in the imports with these countries.

Overall, imports with EFTA countries in 2020 have decreased in about 13 sub-sectors compared to the previous year.

2.4. Export and Import with other countries

Exports to other countries for 2020, have reached the value of 49.03 million euros and compared to 2019 there is a slight decrease of 2.71%, but which represents less than 5% of the value of trade exchange with other countries.

Imports with other countries for 2020 have recorded the value of 1.08 billion euros and compared to 2019 decreased by 5.69%. Kosovo's trade exchange with other countries is 95.68% of the value of imports and 4.32% of exports.

Table 12. Value of Exports and Imports with other countries for 2018 - 2020

Code	Manufacturing Industry – Sector (C)	Export			Balance		Import			Balance	
		2018	2019	2020	Difference (2020 > 2019)	Difference in % (2020 > 2019)	2018	2019	2020	Difference (2020 > 2019)	Difference in % (2020 > 2019)
10	Food processing products	1,611,165.14	3,095,757.49	3,460,546.54	364,789.05	11.78	99,146,947.48	124,142,753.55	109,877,274.50	(14,265,479.05)	(11.49)
11	Manufacture of beverages	792,521.40	915,117.63	1,304,206.39	389,088.76	42.52	3,826,515.68	4,487,749.40	4,115,175.57	(372,573.83)	(8.30)
12	Manufacture of tobacco products	-	-	-	-		8,028,200.94	8,307,737.58	9,638,693.32	1,330,955.74	16.02
13	Manufacture of textiles	1,775,771.40	964,702.52	8,404,960.99	7,440,258.47	771.25	48,232,940.59	47,639,666.37	56,601,803.78	8,962,137.41	18.81
14	Manufacture of wearing apparel	235,693.03	611,746.49	2,425,676.30	1,813,929.81	296.52	94,267,415.15	109,063,354.20	90,815,489.98	(18,247,864.22)	(16.73)
15	Manufacture of leather and leather products	72,411.00	2,154.52	11,137.26	8,982.74	416.93	39,352,765.45	44,377,194.57	33,693,526.77	(10,683,667.80)	(24.07)
16	Manufacture of wood and of wood and cork products, except furniture; manufacture of straw articles and plaiting materials.	53,210.78	83,200.14	51,730.44	(31,469.70)	(37.82)	20,992,922.87	19,740,667.67	17,973,978.18	(1,766,689.49)	(8.95)
17	Manufacture of paper and paper products	25,377.08	18,695.62	25,130.64	6,435.02	34.42	11,261,644.57	13,557,299.72	12,828,554.40	(728,745.32)	(5.38)
18	Printing and reproducing recorded media	-	-	-	-		247,008.01	144,880.98	118,326.26	(26,554.72)	(18.33)
19	Manufacture of coke and refined petroleum products	-	-	-	-		60,759,306.91	118,980,181.99	77,375,351.99	(41,604,830.00)	(34.97)

20	Manufacture of chemical products	54,379.23	63,696.10	2,480,191.63	2,416,495.53	3,793.79	65,779,030.61	79,677,809.43	82,068,935.29	2,391,125.86	3.00
21	Manufacture of basic pharmaceutical products and pharmaceutical supplements	1,453,117.27	335,348.84	108,718.50	(226,630.34)	(67.58)	12,418,028.87	13,685,021.94	23,083,142.88	9,398,120.94	68.67
22	Manufacture of rubber and plastic products	4,595,937.81	3,992,145.28	3,733,068.79	(259,076.49)	(6.49)	42,499,899.12	50,759,284.77	50,312,464.07	(446,820.70)	(0.88)
23	Manufacture of non-metallic mineral products	582,307.75	575,854.23	264,465.54	(311,388.69)	(54.07)	43,104,821.00	49,040,451.76	46,463,738.06	(2,576,713.70)	(5.25)
24	Manufacture of metals	36,021,185.19	32,687,755.37	8,145,609.37	(24,542,146.00)	(75.08)	46,048,725.16	69,639,733.00	57,350,124.03	(12,289,608.97)	(17.65)
25	Manufacture of fabricated metallic products	355,634.31	1,797,249.86	1,171,122.07	(626,127.79)	(34.84)	41,460,413.31	49,197,416.83	53,761,361.23	4,563,944.40	9.28
26	Manufacture of computers, electronic and optical products	431,122.53	496,130.70	1,324,344.18	828,213.48	166.93	81,305,816.77	77,910,771.12	80,483,118.00	2,572,346.88	3.30
27	Manufacture of electrical equipment	38,664.51	73,270.09	63,031.72	(10,238.37)	(13.97)	75,977,444.99	81,073,800.98	82,246,402.42	1,172,601.44	1.45
28	Manufacture of machinery and equipment n.e.c	1,144,997.15	1,239,008.87	1,415,249.68	176,240.81	14.22	73,058,359.15	99,376,654.00	96,660,637.95	(2,716,016.05)	(2.73)
29	Manufacture of motor vehicles, trailers and semi-trailers	365,063.46	508,987.63	857,360.65	348,373.02	68.44	18,881,884.50	23,220,491.03	32,809,087.68	9,588,596.65	41.29
30	Manufacture of other means of transport	56.00	3,500.00	90.00	(3,410.00)	(97.43)	6,975,168.07	6,108,233.28	13,332,544.49	7,224,311.21	118.27
31	Manufacture of furniture	51,018.25	177,191.33	13,713,568.17	13,536,376.84	7,639.41	24,867,075.09	30,339,203.07	23,346,529.42	(6,992,673.65)	(23.05)
32	Other manufacture n.e.c.	21,129.20	98,239.41	72,381.64	(25,857.77)	(26.32)	29,061,576.11	30,144,471.05	30,189,644.27	45,173.22	0.15
	Total	49,680,762.49	47,739,752.12	49,032,590.50	1,292,838.38	2.71	947,553,910.40	1,150,614,828.29	1,085,145,904.54	(65,468,923.75)	(5.69)

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

- **Export with other countries**

Based on the data presented in Table no.12, it is noted that in exports with other countries, the sub-sectors "Manufacture of furniture" and "Manufacture of textile" have the lead, as a result of trade agreements between domestic companies and the United States.

The sub-sector "Manufacture of furniture" ranks first with a share in exports to other countries of 27.97%, with an increase of over 100% of exports in 2020 compared to the previous year. Furniture products are exported to the US with 87.46%, to Canada with 12.29%, etc.

The sub-sector "Manufacture of textile" ranks second with a share in exports to these countries of 17.14%. In 2020 it has increased by over 100% compared to the previous year. Textile products were exported to the USA 90.72%, to Lebanon 6.45%, etc.

Sub-sector "Manufacture of metal", within Sector-C, for 2020, has a share in exports of 16.61%, while in 2020 it marked a significant decrease of 75.08% compared to the previous year. The products produced by this sub-sector are mainly exported to Great Britain 57.15%, to China 36.46%, to India 6.25%, etc.

Sub-sector "Manufacture of rubber and plastic products", in 2020, ranks fourth with 7.61% share in exports, while within the sub-sector has decreased by 6.49% compared to 2019. The products of this sub-sector are mainly exported to Turkey with 87.26%, to the USA with 7.91%, etc.

The sub-sector "Food processing" accounts for 7.06% of exports to these countries. Within this sub-sector, in 2020, exports increased by 11.78% compared to 2019. Food products were exported to Turkey 28.90%, to the USA 18.33%, to the United Kingdom 11%, etc.

From these presented data it is noticed that, during 2020, the lowest share in exports with other countries was recorded by the sub-sector "Manufacture of leather and leather products" with 0.02%, although compared to the previous year it has marked an increase in exports by over 100%. These products are exported entirely to Canada, with 100% export.

- **Import with other countries**

Within Sector-C, sub-sector "Food processing", has a share of 10.13% in imports, while in 2020, this sub-sector has decreased by 11.49% compared to 2019. Food products were imported from Turkey 32.59%, from Brazil 28.14%, from the USA 6.84%, etc.

Sub-sector "Manufacture of wearing apparel", ranks second in imports with a share of 8.37% within Sector-C, in 2020. This sub-sector has marked a decrease of imports by 16.73% compared to 2019. Apparel products are imported from Turkey 52.28%, from China 21.37%, from Bangladesh 11.67%, etc.

Sub-sector "Manufacture of machinery and equipment n.e.c.", ranks third with a share of imports of 8.91% in 2020, and has decreased by 2.73% compared to the previous year. Machinery products are imported from China 45.43%, from Turkey 35.88%, etc.

The sub-sector with the lowest share in imports is "Manufacture of beverages", with 0.38% and a decrease of 8.30% in 2020 compared to the previous year. Beverage products are imported from Turkey 45.5%, from Korea 15.37%, from the United Kingdom 12.92%, etc.

1. PROCESSING OF FOOD PRODUCTS

By food processing industry is meant the change of agricultural and livestock products into products for intermediate or final consumption.

Kosovo has great potential for the development of this sector based on a rich relief, with abundant fertile lands for the cultivation of agricultural products. For this reason, investors have great opportunities to invest in the food processing industry.

The food sector, although there is a high import of food products, especially livestock products, has made significant progress in development and is expanding its reach in the domestic market and is penetrating the EU market. This sub-sector faces challenges in addition to requests from EU countries for documentation, certification and specific food requirements. Manufacturers in Kosovo also experience difficulties in exports with CEFTA countries regarding trade policies applied by those countries.

Exports in the sub-sector "Food processing" during 2020, in Sector-C, has a share of 8.83% but compared to the previous year, has increased by 17.51%, while dominated by imports with 15.24%.

According to USAID, food processing is the underutilized sector and has significant growth potential⁵.

1.1 Number of enterprises, employment and turnover in the food processing sub-sector

In 2020, the sub-sector "Food processing" has 8081 employees in 1369 enterprises and a turnover of 320.08 million euros.

In 2020, this sub-sector has marked an increase in employment by 20%, in the number of enterprises by 18% and in turnover by 17%, compared to 2019.

Sub-sector (10) in the total of Sector C participates with:

- 20% of enterprises,
- 23% of employees and
- 19% of turnover.

⁵ Market system and constraints analysis 2020

Table 13. Number of enterprises, employment and turnover in the food processing sub-sector

Code	Subsector (10): Processing of food products	Number of enterprises			Number of employees			Turnover		
		Year 2018	Year 2019	Year 2020	Year 2018	Year 2019	Year 2020	Year 2018	Year 2019	Year 2020
1011	Processing and preserving of meat	92	87	94	635	698	773	36,485,449.17	44,034,025.68	39,533,108.08
1012	Processing and preserving of poultry meat	1	1	1	12	10	8	300,368.13	249,682.46	189,417.97
1013	Production of meat and poultry meat products	11	9	13	24	22	37	1,040,271.12	981,920.07	1,766,197.40
1020	Processing and preserving of fish, crustaceans and molluscs	3	2	2	5	6	8	85,704.27	250,197.32	203,762.48
1031	Processing and preserving of potato	2	1	2	210	200	199	8,989,961.43	10,502,825.02	11,311,075.83
1032	Processing of fruit and vegetable juice	10	11	14	78	78	96	6,371,870.84	6,132,471.76	7,089,545.04
1039	Other processing and preserving of fruits and vegetables	34	24	37	504	563	632	23,496,392.74	25,074,460.78	25,140,529.96
1041	Processing of oils and fats	2	2	5	7	1	8	338,753.29	132,931.39	922,157.41
1051	Production of dairy products	54	43	51	477	685	1211	43,867,173.32	66,645,799.03	100,541,103.89
1052	Manufacture of ice cream	25	20	23	99	107	146	1,096,770.24	1,431,025.68	3,378,921.62
1061	Processing of cereal products	45	42	50	427	449	482	39,655,498.02	40,723,928.29	39,135,938.85
1062	Processing of starch and starch products	1	1	1	4	6	7	550,927.68	601,120.80	537,544.56
1071	Manufacture of fresh bread, buns and sweets	818	782	888	2805	2915	3444	35,091,709.69	44,941,773.73	44,423,645.31
1072	Manufacture of rusks and biscuits; production of canned pastries and cakes	36	35	42	208	230	263	5,020,981.04	5,706,820.66	6,833,295.52
1073	Manufacture of pasta, spaghetti and similar flour products	16	14	17	79	139	46	2,291,434.97	3,950,312.17	803,818.25
1081	Manufacture of sugar	4	3	6	1	9	21	17,943.40	198,385.50	350,870.24
1082	Manufacture of cocoa, chocolate and sweets	17	13	20	246	273	288	6,267,204.25	7,538,939.89	19,736,506.89
1083	Processing of tea and coffee	27	21	31	39	34	46	722,564.79	740,769.32	1,529,302.48
1084	Processing of spices and sauces	5	5	7	40	43	56	1,360,103.41	1,605,183.77	1,851,105.39
1085	Processing of ready meals and dishes	9	15	23	43	38	57	280,702.68	296,650.63	387,667.28
1086	Processing of homogenized foods and dietary foods	-	-	1	-	-	2	-	-	785,717.09
1089	Processing of other food products n.e.c.	28	26	35	190	196	215	8,245,776.14	9,222,312.35	8,445,829.42
1091	Processing of prepared feed for farm animals	4	3	6	20	24	36	2,053,282.58	2,026,749.49	5,183,592.26
Total		1244	1160	1369	6153	6725	8081	223,630,843.20	272,988, 285.79	320,080,653.22

Source: Kosovo Agency of Statistics, processed by DPI/DI

According to Table no. 13, in this sub-sector, in 2020, sub-activity "Manufacture of fresh bread, buns and sweets", leads in terms of number of employees with 43%, number of enterprises with 65% and turnover 63%. While, within this sub-sector, it ranks second in turnover, with an increase of 14%. In this sub-activity, if we compare the data with last year we notice that, in 2020, all three indicators have decreased.

Sub-activity "Manufacture of dairy products" has 15% employees in 51 enterprises, while in turnover leads with a share of 31%. It is worth noting that in this sub-activity, in 2020, all three indicators have increased, but the most significant increase is observed in employment by 77% and turnover by 53%, compared to 2019.

Sub-activity "Meat processing and preservation", ranks third in employment with 9% in 94 enterprises, while in turnover has a share of 12%.

Sub-activity "Other processing and preservation of fruits and vegetables" although it has a smaller number of enterprises, namely 37, within the sub-sector, ranks fourth in employment with a share of 8%, while in turnover ranks fifth with 8%.

It is worth noting that the sub-activity "Processing of cereal products", although with a low figure in employment, in turnover has a good share of 13% within the sub-sector.

In terms of regional coverage, in the sub-activity "Manufacture of fresh bread, buns and sweets", leads the region of Prishtina with 27% of the number of enterprises followed by the region of Prizren with 25% and Gjakova with 12%, etc. The region of Prishtina leads in employment with 33%, Prizren with 16%, Peja with 12%, etc. The sub-activity "Manufacture of fresh bread, buns and sweets" in turnover leads the region of Prishtina with 28%, then the region of Peja and Gjilan with 19%, etc.

Sub-activity "Manufacture of dairy products" in terms of the number of enterprises leads in the region of Prizren with 31%, Prishtina 27%, then Ferizaj, Peja and Gjakova with 12%, etc. Also, the Prizren region leads in employment with 46%, Prishtina with 20%, Peja with 17%, etc. In this sub-activity, the Prizren region leads in turnover with 40%, followed by the Prishtina region with 32.4%, etc.

Sub-activity "Processing and preserving of meat", 24.5% of enterprises are in the region of Prishtina, Prizren and Gjakova with 20% each, etc. Also in employment leads the Prishtina region with 33.5%, the Prizren region 23%, Gjakova 21%, etc.

In this sub-activity, the region of Prishtina leads in turnover with 44%, followed by Prizren region with 19%, Gjakova 15%, etc

2.1 Exports and imports in the food production sub-sector

Exports in the sub-sector "Food processing", in 2019, decreased by 7% compared to the previous year, while in 2020 increased by 4% compared to 2019.

Imports in this sub-sector, in 2019, increased by 7% compared to the previous year. This sub-sector in 2020 has increased by 1.61%.

Exports of this sub-sector participate with 9.34% in the total exports and 27.63% in the total imports of Sector C.

The ratio between exports and imports of this sub-sector is 7% exports and 93% imports. The trade balance in this sub-sector has marked an improvement in exports compared to 2019.

Of the total number of enterprises of Sector-C, the sub-sector "Manufacture of food products" has 1.31% export enterprises, while within this sub-sector, out of 1369 enterprises, 5.41% are export enterprises.

Table 14. Export and import in the food processing sub-sector

Code	Food processing sub-sector	Export			Difference (2019-2020)	Difference in % 2019- 2020	Import			Difference (2019-2020)	Difference in % 2019- 2020
		2018	2019	2020			2018	2019	2020		
10	Processing of food products	34,588,451.58	32,153,033.08	33,402,372.88	1,249,339.80	4	430,684,698.03	459,196,871.23	466,609,046.82	7,412,175.59	1.61
10.1	Processing and Preserving of Meat and Meat Products	10,857,386.95	7,015,035.39	6,155,790.22	(859,245.17)	(12.25)	88,039,126.53	100,664,165.57	88,696,683.37	(11,967,482.20)	(11.89)
10.2	Processing and Conservation of Fish, Crustaceans and Molluscs	20,707.20	18,008.44	6,533.61	(11,474.83)	(63.72)	7,071,211.19	7,788,336.36	8,443,091.48	654,755.12	8.41
10.3	Processing and Preservation of Fruits and Vegetables	10,727,839.07	9,097,401.41	13,905,362.71	4,807,961.30	53	29,712,131.52	31,803,636.41	31,094,537.63	(709,098.78)	(2.23)
10.4	Processing of Vegetable and Animal Oils and Fats	333,436.04	1,537,263.21	1,437,901.14	(99,362.07)	(6.46)	32,641,745.77	34,702,933.10	36,932,348.16	2,229,415.06	6.42
10.5	Production of Dairy Products	710,848.53	757,746.19	854,518.78	96,772.59	13	55,527,177.90	58,437,998.13	57,903,482.99	(534,515.14)	(0.91)
10.6	Processing of Cereal, Starch and Starch Products	3,962,013.88	1,864,440.86	2,116,550.33	252,109.47	13.52	17,308,832.43	17,788,465.83	22,539,856.13	4,751,390.30	26.71
10.7	Production of Bread, Sweets, Pasta Products	1,222,228.52	4,974,874.69	1,107,662.38	(3,867,212.31)	(7.73)	49,374,185.69	49,251,004.78	50,990,892.92	1,739,888.14	3.53
10.8	Production of Other Food Products	6,753,991.39	6,888,262.89	7,491,231.17	602,968.28	8.75	138,713,923.97	149,418,912.93	156,592,215.94	7,173,303.01	4.80
10.9	Production of Prepared Foods for Animals	-	-	326,822.54	326,822.54	-	12,296,363.03	9,341,418.12	13,415,938.20	4,074,520.08	43.62

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

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

The total value of exports of the sub-sector "Food processing" is 33,402 million euros. Exports to EU countries are 40%, to CEFTA countries 47%, to EFTA countries 3% and other countries 10%.

Based on table no.14, in 2020 this sub-sector has marked an increase of 3.89%, compared to 2019. Sub-sector "Food processing" has managed to export to EU countries in the amount of 13,178 million euros. The products of this sub-sector are mostly exported to Germany with 36% and to Italy with 20%.

In terms of exports to CEFTA countries, products of the sub-sector "Food processing" are mostly exported to Albania with 35%, Serbia with 29% and Macedonia with 22%. With the EFTA countries, this sub-sector has exported only to Switzerland, in the amount of 940 thousand euros, or 100%, which makes it the most targeted country for the market.

While the export with other countries has marked the value of 3 million euros and the products of this sub-sector are mostly exported to Turkey with 32%, USA with 20%, Iraq 9% etc.

Within the sub-sector, the activity "Processing and Preservation of Fruits and Vegetables" leads in exports with 42%, followed by the activity "Manufacture of Other Food Products" with 22.43%, etc.

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

The total import in the sub-sector "Manufacture of food products" is 466 million euros. Imports from EU countries are 57.4%, from CEFTA countries 20%, from EFTA countries 0.27% and from other countries 22%.

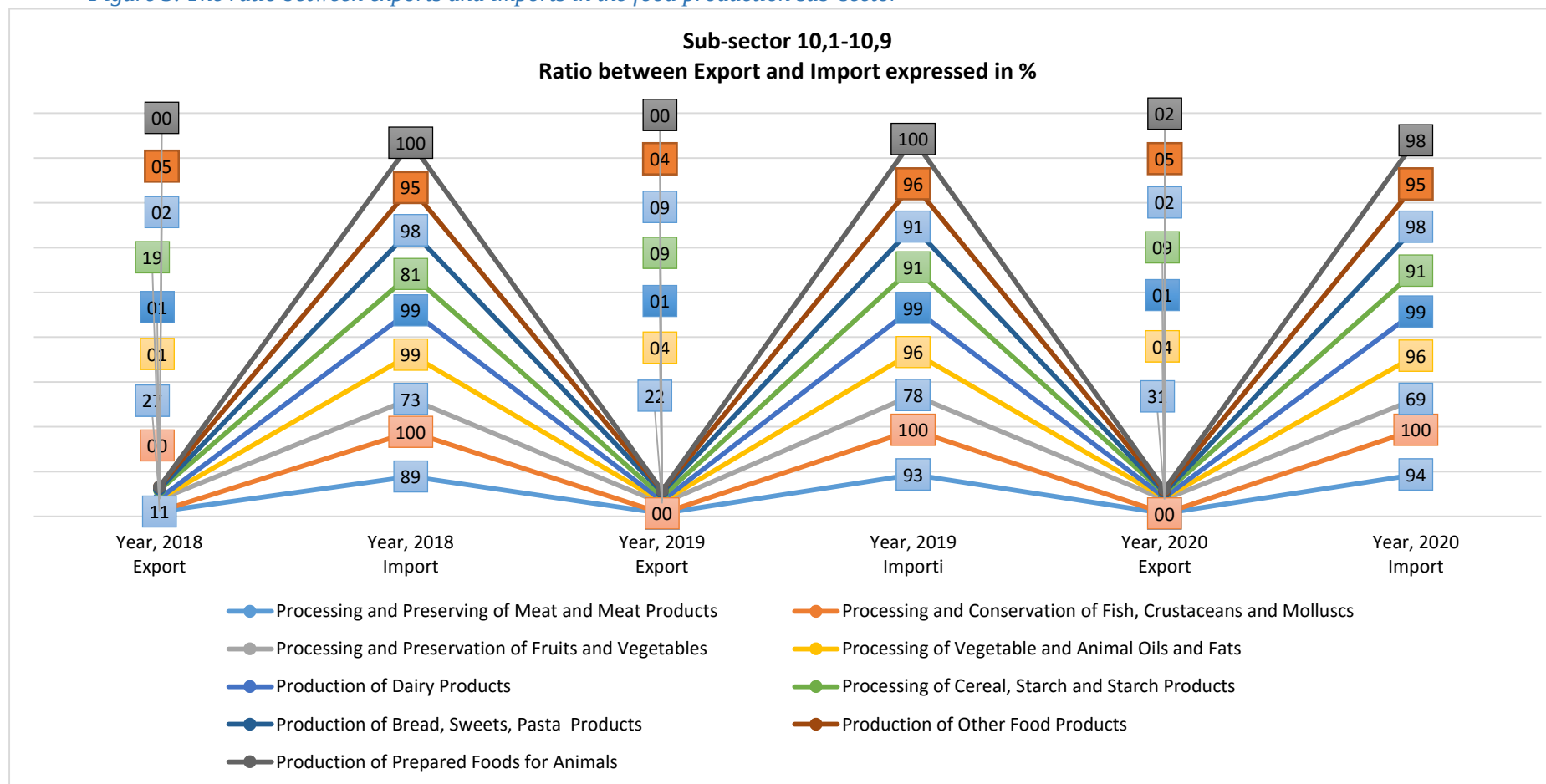
Imports, in the sub-sector "Food processing", are dominated by EU countries, in the amount of 267 million euros. The import of these products is mostly carried out from Germany with 16%, from Poland with 12%, Slovenia 11%, Croatia 10% etc.

In terms of imports with CEFTA countries, the products of the sub-sector "Food processing" are mostly imported from Macedonia with 45% and Serbia with 35%. Regarding import with EFTA countries 90% of products are imported from Switzerland.

Imports with other countries have marked the value of 103 million euros and the products of this sub-sector are mostly imported from Turkey with 34.4%, from Brazil with 30%, etc.

Within the sub-sector "Manufacture of food products", among the most influential activities in increasing imports, in 2020, is "Manufacture of Other Food Products" with 34%, followed by the activity "Processing and Preservation of Meat and Meat Products" with 19%, "Manufacture of Dairy Products" with 12%, compared to 2019.

Figure 3. The ratio between exports and imports in the food production sub-sector



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

Trade exchange data for the activities "Processing and preservation of fruits", for 2020, show that exports have increased by 8.7%, while imports marked a decrease by the same rate as well as the activity "Processing of prepared animal feed" marked an increase in exports by 2.4% compared to imports, compared to the previous year.

2. MANUFACTURE OF BEVERAGES

Manufacture of beverages in Kosovo as a sector has its history in the manufacture of BIO beverages from non-alcoholic to alcoholic beverages. Considering the involvement of the manufacture chain, starting from fruit and vegetable growers to the final manufacturer of beverages, this sector has great potential for the economic development of the country. All this based on the sources of drinking water in Kosovo, with plain and sparkling water springs as well as fertile lands for planting and fermentation of other beverages.

Beverage manufacturers in Kosovo, in cooperation with fruit and vegetable growers have increased the quality of their manufacturing with 100% BIO. As a result, domestic manufacturers have been able to export their products to many countries around the world, from countries in the region, EU member states, the United States to the Arab states.

Kosovo has a long tradition in viticulture and is well known for the areas for grape cultivation and fermentation in alcoholic beverages. The places where most grapes are cultivated and fermented are Rahovec and Suhareka with an area of about 3,000 ha. Viticulture is considered as a very important sector for investments and with a lot of potential for the economic development of Kosovo.

2.1 Number of enterprises, employment and turnover in the sub-sector of beverage manufacturing

In 2020, the sub-sector "Manufacture of beverage products", has 2138 employees in 81 enterprises and with a turnover of 106.22 million euros.

Employment in this sub-sector, in 2020, has increased by 17% and the number of enterprises by 9%, while turnover has decreased by 10%, compared to 2019.

Sub-sector (11) in the total of sector C participates with:

- 1.15% of enterprises,
- 6.16% of employees and
- 6.21% in turnover

Table 15. Number of enterprises, employment and turnover in the sub-sector of Manufacture of beverages.

Code	Sub-sector (11): Manufacture of Beverage products	Number of enterprises			Number of employees			Turnover		
		Year 2018	Year 2019	Year 2020	Year 2018	Year 2019	Year 2020	Year 2018	Year 2019	Year 2020
1101	Distilling, rectifying and blending of spirits	16	17	19	29	39	69	1,525,277.23	1,068,316.26	2,097,740.41
1102	Manufacture of wine from grapes	14	13	15	492	491	645	6,362,990.88	6,543,313.83	5,328,657.06
1104	Manufacture of other undistilled fermented beverages	3	1	2	37	2	2	2,958,671.90	10,255.07	15,951.81
1105	Manufacture of beer	9	7	8	330	315	327	33,594,644.02	35,678,929.10	25,377,382.78
1107	Manufacture of soft drinks; Manufacture of mineral water and other bottled water	47	36	37	934	977	1095	63,006,966.93	74,808,536.71	73,406,545.55
Total		89	74	81	1822	1823	2138	107,448,550.96	118,109,350.97	106,226,277.61

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

According to Table no. 15, in 2020, sub-activity "Manufacture of soft drinks; Manufacture of mineral water and other bottled water" dominates in all three indicators: in employment with 51%, in number of enterprises with 46% and in turnover with 69%. This sub-activity, although there was an increase in employment and number of enterprises, in turnover had a decrease of 3%, compared to 2019.

The sub-activity "Manufacture of wine from grapes" has 30% employees in 15 enterprises and in turnover ranks third with 5%. This sub-activity, in 2020 has a decrease in turnover by 18.5%, while it has marked an increase in employment by 31% and in the number of enterprises by 15%, compared to the previous year.

Sub-activity "Manufacture of beer", although it has a smaller number of employees and enterprises, in turnover ranks second with a share of 24%. In this sub-activity, the turnover has decreased by 29%, compared to 2019.

It is worth mentioning that the sub-activity "Distilling, rectifying and blending of spirits" in 2020 has marked an increase in turnover by 96% compared to 2019.

At regional level, in sub-activity "Manufacture of soft drinks; Manufacture of mineral water and other bottled water" the region of Gjilan leads with 40% employees in 11 enterprises and in turnover with 37%, followed by the region of Prizren with 26% employees in 7 enterprises and with a turnover of 43%, etc.

Sub-activity "Manufacture of wine from grapes" has the largest number of employees in the region of Gjakova with 61%, with number of enterprises 87% and turnover 94%.

2.2 Exports and imports in the manufacture of beverages sub-sector

Exports in the sub-sector "Manufacture of beverage products", in 2020, has increased by 3.5% compared to the previous year, also in 2019 has increased by 4%, compared to 2018.

Imports in this sub-sector, in 2020, decreased by 6% compared to the previous year. This sub-sector in 2019 had an increase of 5% compared to 2018.

Exports of this sub-sector participate with 8.30% in the total exports and 4.59% in the total imports, of Sector C.

The ratio between exports and imports in this sub-sector is 28% exports and 72% imports. The trade balance in this sub-sector has marked an improvement in exports by 2% compared to 2019.

Out of the total number of enterprises of Sector-C, the sub-sector "Manufacture of beverage products" has 0.53% export enterprises, while within this sub-sector, out of 81 enterprises, 97.04% are export enterprises.

Table 16. Export and import in the manufacture of beverages sub-sector

Code	Manufacture of Beverages Sub-Sector	Export			Difference (2019-2020)	Difference in % 2019-2020	Import			Difference (2019-2020)	Difference in % 2019-2020
		2018	2019	2020			2018	2019	2020		
11	Manufacture of beverages	27,565,225.96	28,665,800.23	29,666,793.39	1,000,993.16	3.49	78,580,037.59	82,588,664.30	77,586,544.73	(5,002,119.57)	(6.06)
11.0	Manufacture of beverages	27,565,225.96	28,665,800.23	29,666,793.39	1,000,993.16	3.49	78,580,037.59	82,588,664.30	77,586,544.73	(5,002,119.57)	(6.06)

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

• Exports to EU countries, CEFTA, EFTA and other countries

The total value of exports in the sub-sector "Manufacture of beverages" is 29.66 million euros. Exports to EU countries are 23%, to CEFTA countries 70% to EFTA countries 4% and other countries 3%.

Based on table no. 16, in 2020 this sub-sector has increased by 3.49% compared to 2019. Sub-sector "Manufacture of beverages" has managed to export to EU countries in the amount of 6.77 million euros. The products of this sub-sector are mostly exported to Bulgaria with 25.61% and to Croatia with 25%.

In terms of exports to CEFTA countries, the products of the sub-sector "Manufacture of beverages" are mostly exported to Albania with 67% and Macedonia with 22%. Exports to EFTA countries in this sub-sector there were exports only to Switzerland, worth 1.16 million euros, or 100%, which makes it the country most targeted for the market. While the export with other countries has marked the value of 991 thousand euros and the products of this sub-sector are mostly exported to Turkey with 32% and USA 26%.

• Imports with EU countries, CEFTA, EFTA and other countries

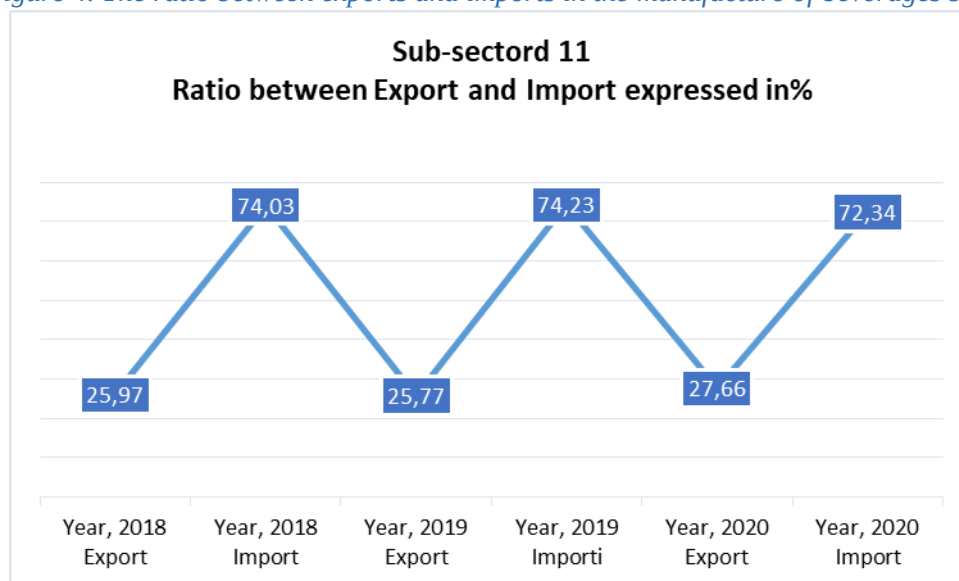
The total import in the sub-sector "Manufacture of beverages" is 77.58 million euros. Imports from EU countries are 53%, from CEFTA countries 42%, from EFTA countries 0.43% and from other countries 4.62%.

Imports in the sub-sector "Manufacture of beverages" are dominated by EU countries, in the amount of 41.12 million euros. The import of these products is mostly carried out from Bulgaria with 28%, from Austria with 22%, Slovenia 14%, Croatia 9% etc.

In terms of imports with CEFTA countries, the products of the sub-sector "Manufacture of beverages" are mostly imported from Serbia with 43% and Macedonia with 35%. Import of products of "Manufacture of beverages" with EFTA countries is done from Switzerland with 95%.

Imports with other countries amounted to 3.58 million euros. The products of this sub-sector are mostly imported from Turkey with 52% and from Korea with 18%.

Figure 4. The ratio between exports and imports in the manufacture of beverages sub-sector



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

Data on trade exchange for "Manufacture of beverages" activities for 2020, show that exports have increased by 1.89%, while imports have decreased by the same rate.

3. MANUFACTURE OF TEXTILES

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, footwear, knitting, weaving and sewing, new sophisticated designers, traders and foreign investments.

In Kosovo in 2020 there are 173 private enterprises engaged in the manufacture of textiles, where 90% of them are producers of final products. In this sub-sector there is considerable space for investors, for the production of final garments from yarn and fabrics.

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

Textile products in Kosovo have been exported to Eastern and Western European countries as well as to the United States of America.

3.1 Number of enterprises, employment and turnover in the manufacture of textiles sub-sector

In 2020, 173 enterprises were identified in the textile sub-sector, with 802 employees and a turnover value of 16.06 million euros.

According to table no. 17, this sub-sector has marked an increase in employment by 28%, in the number of enterprises by 56%, and in turnover by 4.43%, compared to 2019.

Sub-sector (13) participates in the total of sector C with:

- 3.1% of enterprises,
- 2.3% of employees and
- 1.2% in turnover.

Table 17. Number of enterprises, employment and turnover in the textile subsector

Code	Subsector (13): Manufacture of textiles	Number of enterprises			Number of employees			Turnover		
		Year 2018	Year 2019	Year 2020	Year 2018	Year 2019	Year 2020	Year 2018	Year 2019	Year 2020
1310	Preparation and spinning of textile fibres	10	9	14	13	14	17	41,747.06	56,682.82	48,369.60
1320	Weaving of textile	11	9	11	77	70	76	2,237,604.04	2,927,144.22	2,273,755.62
1330	Finishing of textile	32	29	44	358	172	254	5,755,599.36	6,046,688.34	6,893,915.44
1391	Manufacture of knitted and crocheted fabrics	6	4	4	13	6	5	37,386.77	46,730.27	25,672.38
1392	Manufacture of made-up textile articles, except apparel	10	8	10	53	57	55	1,821,818.51	1,752,403.58	1,436,549.07

1393	Manufacture of carpets and rugs	3	3	3	70	27	59	810,232.14	476,332.29	1,068,044.26
1394	Manufacture of rope, twine and netting	-	-	1	-	-	1	-	-	745.00
1395	Manufacture of non-woven and articles made from non-wovens, except apparel	1	1	1	4	3	4	-	2,400.00	900.00
1396	Manufacture of other technical and industrial textiles	4	4	6	24	25	27	699,221.89	832,652.48	1,004,119.08
1399	Manufacture of other textiles n.e.c	50	44	79	205	255	304	3,284,376.11	3,241,929.26	3,312,334.39
Total		127	111	173	817	629	802	14,687,985.88	15,382,963.26	16,064,404.84

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

Sub-activity "Manufacture of other textiles n.e.c.", in 2020, has the largest number of enterprises within the sub-sector, with 79 enterprises, 36% employed and 19% turnover.

The sub-activity "Finishing of textiles" ranks first in turnover with 44%, and has increased by 32% in employment and 52% in the number of enterprises.

While the sub-activity "Weaving of textile" compared to the two sub-activities mentioned above has a much smaller number in employment and number of enterprises, but in turnover it stands well with a share of 16%, although in 2020 there was a decrease of 22% compared to the previous year.

Regarding the regional level, sub-activity "Manufacture of other textiles n.e.c.", has the largest number of enterprises distributed in the region of Ferizaj with 28%, the region of Prishtina with 26.5% of enterprises, followed by the region of Prizren with 14% of enterprises etc. While in employment the region of Prishtina leads with 58.5%, followed by the region of Ferizaj with 14% etc.

The sub-activity "Manufacture of other textiles n.e.c.", has the largest turnover in the region of Prishtina with 52.5%, and Ferizaj 25%.

Sub-activity "Finishing of textiles", which comes second in this sub-sector, has the largest number of enterprises in the region of Prishtina with 50%, then the region of Gjakova with 16%, etc. In terms of employment, this sub-activity has 37% employees in the region of Prishtina, 22.3% employees in the region of Gjilan and 19% employees in the region of Gjakova.

The sub-activity "Finishing of textiles", in terms of turnover the region of Gjilan leads with 44.5%, followed by Prizren with 24% and Prishtina with 22.5%.

According to table no.17, the sub-activity "Weaving of textiles", in regional terms, the largest turnover is in the region of Mitrovica with 98%.

3.2 Export and import in the sub-sector of Manufacture of textiles

Exports in the sub-sector "Manufacture of textiles", in 2020, has increased over 100%, compared to 2019, there was an increase also in 2019 by 28.34%, compared to 2018.

Imports in this sub-sector, in 2020, has increased by 17%, while in 2019 there was a decrease of 3.18% compared to 2018.

The ratio between exports and imports in this sub-sector is 21.21% exports and 78.79% imports. Trade balance, in this sub-sector, has marked an improvement in exports by 9.3% compared to 2019.

Exports of this sub-sector participate with 5% in the total exports and 4% in the total imports, of Sector C.

Of the total number of enterprises of Sector-C, sub-sector "Manufacture of textiles" has 0.27% export enterprises, while within this sub-sector, out of 173 enterprises, 8.67% are export enterprises.

Table 18. Export and import in the manufacture of textiles sub-sector

Code	Subsector: Manufacture of textiles	Export			Difference (2019-2020)	Difference in % 2019-2020	Import			Difference (2019-2020)	Difference in % 2019- 2020
		2018	2019	2020			2018	2019	2020		
13	Manufacture of textiles	6,136,824.19	7,875,908.03	17,948,552.72	10 072 644,14	127,89	58,660,751.55	56,796,552.95	66,662,771,63	9,866,218.68	17.37
13.1	Preparation and spinning of textile fibres	509,170.62	137,430.84	674.710	537,278.88	390.94	1,123,102.91	1,222,642.44	1,395,265.48	172,623.04	14.12
13.2	Weaving of textile	511,127.80	1,416,543.36	1,845,939.00	429,396.08	30.31	15,814,106.35	16,208,427.98	15,258,306.34	(950,121.64)	(5.86)
13.9	Manufacture of other textiles (with activities: 9.1,9.2,9.3,9.4,9.5,9.6,9.9)	5,116,525.77	6,321,933.83	15,427,903.00	9,105,969.18	144.04	41,723,542.29	39,365,482.53	50,009,199.81	10,643,717.28	27.04

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

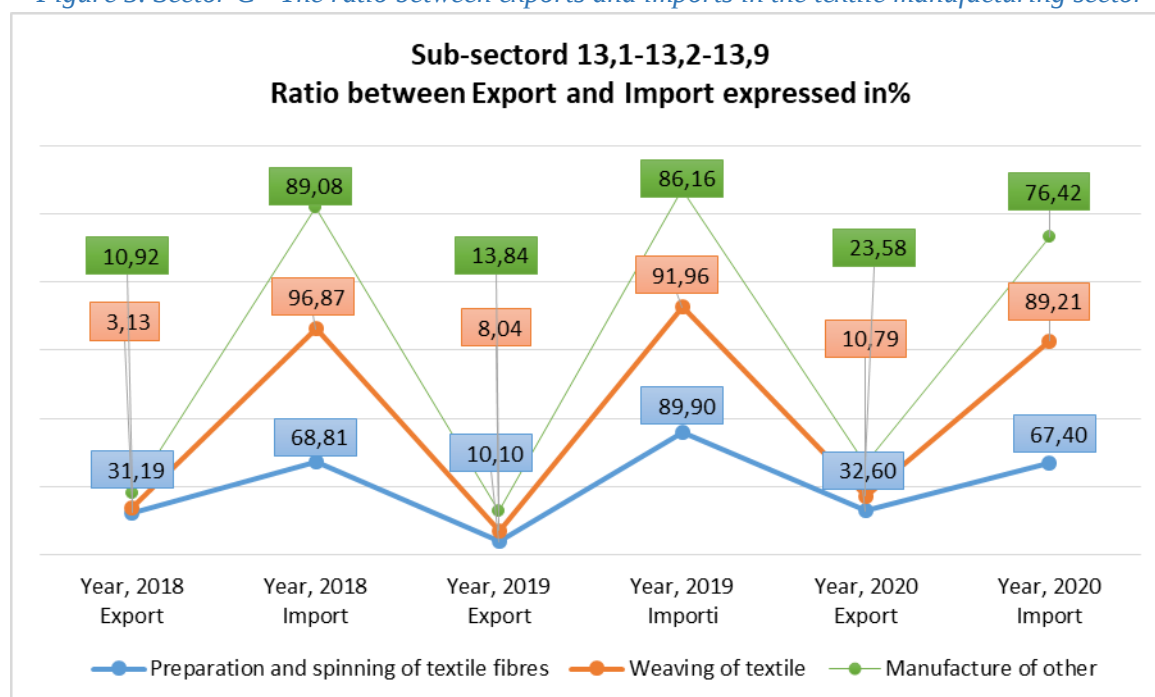
- Export with EU countries, CEFTA, EFTA and other countries

The total value of exports in this sub-sector is 17.94 million euros, while exports to EU countries is 21.4%, to CEFTA countries 29%, EFTA 2.64% and other countries 47%. Sub-sector "Manufacture of textiles" has exported to EU countries in the amount of 3,580 million euros, while the country to which it has exported the most is Germany with 55.5%. Export to CEFTA countries is 3.04 million euros, while mostly is exported to Albania with 36.5% and Macedonia with 30%. The activity "Manufacture of other textiles" in 2020, has marked a higher export over 100% compared to 2019.

• Import with EU countries, CEFTA, EFTA and other countries

Import in the sub-sector "Manufacture of textiles" in 2020 have a value of 66 million euros. This sub-sector in 2020 has increased by 17.37% compared to 2019. Import with EU countries is 11%, with CEFTA countries 4.23%, EFTA 0.16% and with other countries 84.5%. This sub-sector recorded the highest import from other countries in the amount of 56 million euros, while the countries from which it was imported the most are Turkey with 54% and China with 41%. The products of the activities that are mostly imported are "Manufacture of other textiles" with 75%.

Figure 5. Sector C - The ratio between exports and imports in the textile manufacturing sector



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

Trade exchange, according to Figure no. 5, shows that the activity "Preparation and spinning of textile fibres" in 2020 has marked a positive trend in exports, about 22.5% compared to imports.

4. MANUFACTURE OF WEARING APPAREL

The industry of wearing apparel in Kosovo was the second largest industry in Kosovo, after mining. 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.

The industry of wearing apparel 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 wearing apparel industry are relatively spread throughout Kosovo.

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

- a) Cut, Make, and Trim (CMT): Also known as “cut & sew”, *lohn*, and *fason*. 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 markets.
- 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.⁶

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.

While Prishtina is the center of academic and commercial institutions with leading manufacturers and exporters, the region of Peja, Gjakova and Prizren are specialized in the manufacturing of jeans, blouses and uniforms, then Gjilan is specialized in wedding dresses that require more handicrafts, Podujeva in the manufacturing of sportswear and uniforms and Suhareka is the center of shoe manufacturing.

In terms of sales, most products are sold in the domestic market but some of them are exported mainly to countries in the region such as: Albania, Montenegro, Macedonia, Bosnia, etc.

⁶ <http://kosovowood.org/LinkClick.aspx?fileticket=y0NkNbvG-LI%3D&tabid=184&portalid=1&mid=761&language=sq-AL>

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

The subsector of “wearing apparel” according to table no.19, in 2020, had 1151 employees, 325 enterprises, and a turnover of 9.95 million euros.

In 2020, this sub-sector recorded an increase in the three indicators: employment by 34.4%, number of enterprises by 55% and turnover by 17%, compared to 2019.

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

- 5.8 % of enterprises,
- 3.31% of employees and
- 0.71% in turnover.

Table 19. 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		
		Year 2018	Year 2019	Year 2020	Year 2018	Year 2019	Year 2020	Year 2018	Year 2019	Year 2020
1411	Manufacture of leather clothes	3	4	6	55	2	5	163,510.37	45,649.68	43,379.40
1412	Manufacture of workwear	32	28	40	158	204	336	1,245,523.05	2,254,721.10	2,740,757.66
1413	Manufacture of other outerwear	126	117	189	494	503	611	4,265,857.81	4,388,924.98	4,852,617.33
1414	Manufacture of underwear	1	1	4	3	3	11	63,959.37	58,660.51	239,725.57
1419	Manufacture of other wearing apparel and accessories (gloves, hats, scarves, etc.)	31	27	44	109	112	143	1,191,889.37	1,298,806.18	1,635,999.21
1420	Manufacture of articles of fur		2	1		2	2		21,787.00	10,969.42
1431	Manufacture of knitted hosiery	5	4	6	12	11	13	210,419.63	251,713.33	221,612.30
1439	Manufacture of other knitted and crocheted apparel	28	28	35	26	19	30	167,801.45	194,693.41	213,615.94
TOTAL		226	210	325	857	856	1151	7,308,961.05	8,514,956.19	9,958,676.83

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

The sub-activity “Manufacture of other outerwear”, compared to other sub-activities ranks first in terms of the number of enterprises, employment and turnover. This sub-activity has a share of 58% in the total of the enterprises of the subsector, 53% in employment and 49% in turnover. In the second place is ranked the sub-activity "Manufacture of workwear" where it has a share of 12% in the total of the enterprises of the subsector, 29% in employment and 27.5% in turnover.

The sub-activity "Manufacture of other wearing apparel and accessories (gloves, hats, scarves, etc.)" is ranked third with 12.4% employees in 44 enterprises and with a turnover of 16.4%.

Sub-activity "Manufacture of underwear" is surprising this year, due to the fact that it has marked a significant increase in the three indicators, in employment, number of enterprises and turnover with an increase of over 100%. This activity in the sub-sector total, in employment participates with 1%, in number of enterprises with 1.2%, while in turnover participates with 2.41%.

Regarding the regional level, the sub-activity "Manufacture of other outerwear", has the largest number of enterprises distributed in the region of Prishtina with 27%, followed by the region of Gjakova with 20% and the region of Prizren with 16 %. This sub-activity is also a leader in terms of employment, where it has the largest number of employees in the region of Prishtina with 50% of employees and in the region of Gjakova with 27.5% of employees.

Regarding the value of turnover, the sub-activity "Manufacture of other outerwear", has the highest turnover in the region of Prishtina with 61% and the region of Gjakova with 22%.

Sub-activity "Manufacture of workwear" has the largest number of enterprises in the region of Gjakova with 22%, the region of Peja, Ferizaj and Mitrovica with 15% each. The Gjakova region also leads in employment with 51%, followed by the Peja region with 29%.

While in terms of turnover in the sub-activity "Manufacture of workwear", the region of Gjakova leads with 49%, followed by the region of Peja with 28%.

The third sub-activity in a row is "Manufacture of other wearing apparel and accessories (gloves, hats, scarves, etc.)". The largest number of enterprises is located in the region of Prishtina with 34%, followed by Ferizaj with 18% and Gjilan with 14%, while in employment and turnover, the region of Peja leads with 66% of employees and in turnover with 80%.

4.2. Export and import in the sub-sector of wearing apparel

Export in the "Manufacture of wearing apparel" subsector recorded a significant increase in the last three years. In 2020 this subsector recorded an increase of 57 % compared to the previous year, similarly there was an increase of 51% in 2019 compared to 2018.

Imports in this sub-sector, in 2020, have decreased by 16% compared to the previous year, while in 2019 there was an increase of 12.21% compared to 2018.

The ratio between exports and imports in this sub-sector is 5% exports and 95% imports. The trade balance in this sub-sector has marked an improvement in exports by 2.29%, compared to 2019.

Exports of this subsector participate with 1.44% in the total of exports and 5.85% in the total of imports, of the Sector-C.

Of the total number of enterprises of Sector-C, the sub-sector "Manufacture of wearing apparel" has 0.39% export enterprises, while within this sub-sector, out of 325 enterprises, 6.77% are export enterprises.

Table 20. Exports and imports in the subsector of wearing apparel

Code	Subsector Manufacture of wearing apparel	Export			Difference (2019-2020)	Difference in % 2019- 2020	Import			Difference (2019-2020)	Difference in % 2019- 2020
		2018	2019	2020			2018	2019	2020		
14	Manufacture of wearing apparel, except fur apparel	2,179,544.62	3,293,023.19	5,156,424.31	1,863,401,15	56.59	105,171,177.93	118,008,278.57	98,738,284.03	(19,269,994.54)	(16.33)
14.1	Manufacture of wearing apparel, except fur apparel	1942304.25	2713627.99	4,629,931.00	1,916,303,32	70.62	88,060,654.36	100,177,489.64	82,365,196.68	(17,812,292.96)	(17.78)
14.2	Manufacture of articles of fur	0	0	0	-	-	25,687.91	23,558.64	15,377.12	(8,181.52)	(34.73)
14.3	Manufacture of knitted and crocheted apparel	237240.37	579395.20	526,493.03	(52,902.17)	(9.13)	17,084,835.66	17,807,230.29	16,357,710.23	(1,449,520.06)	(8.14)

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

• Export with the EU, CEFTA, EFTA and other countries

The total amount of exports in this sub-sector is 5.15 million euros, while exports with EU countries is 38%, CEFTA countries 9.4%, EFTA 7% and other countries 46%. The products of the sub-sector "Manufacture of wearing apparel", in the EU countries, are mostly exported to Italy with 30% and to Germany with 25%. Regarding the CEFTA countries, the products of the sub-sector "Manufacture of wearing apparel" are mostly exported to North Macedonia with 43.3% and to Montenegro with 24%.

In the EFTA countries, the products of the sub-sector "Manufacture of wearing apparel" are exported to Switzerland 99%. Regarding export with other countries, the products of the subsector "Manufacture of wearing apparel" are mostly exported to the US with 72%. Within the sub-sector "Manufacture of wearing apparel", in 2020, the activity "Manufacture of wearing apparel, except fur apparel" compared to other activities of this sub-sector has increased in exports by 70.62% compared to 2019.

• Import with the EU, CEFTA, EFTA and other countries

In 2020, import in the subsector “Manufacture of wearing apparel” recorded an amount of 98 million euros. In 2020, this sub-sector has decreased by 16.33% compared to 2019. Import with EU countries is 6%, with CEFTA countries 2%, EFTA 0.11% and with other countries 92%.

The highest import is from other countries, in the amount of 90 million euros. The highest import in this subsector is from Turkey with 52%, from China with 21%, which means that these two countries account for 73% of imports compared to other countries.

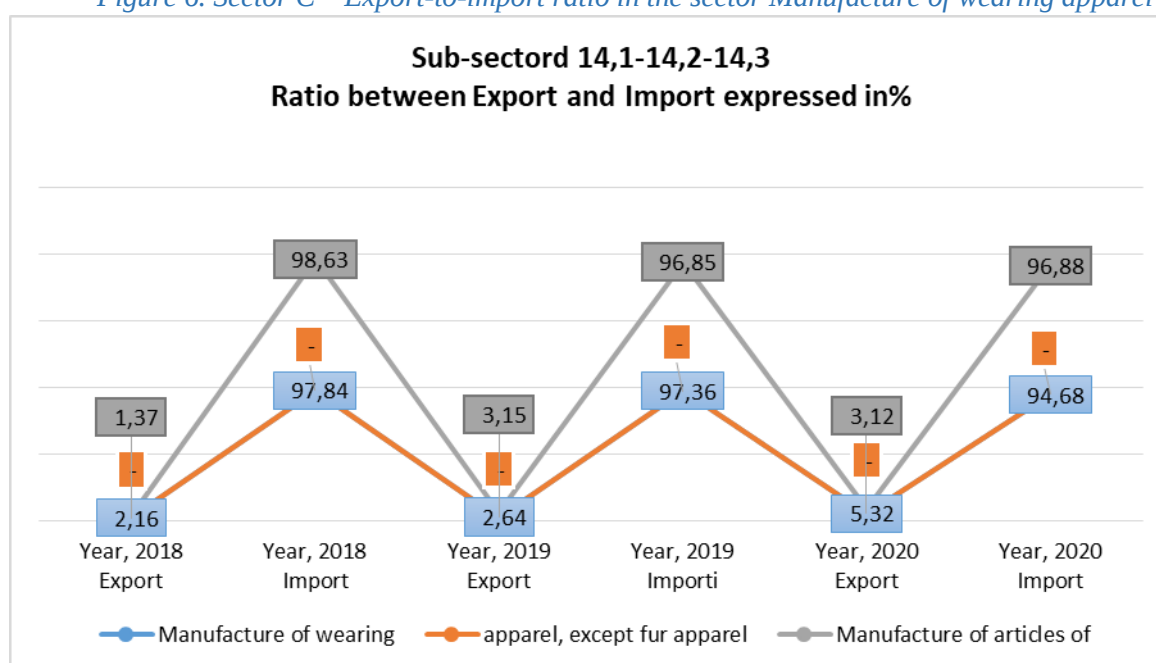
In EU countries, the highest imports are from Germany with 16.4%, from Italy with 15.8% and from Belgium with 15%.

Subsector “Manufacture of wearing apparel”, during 2020, from CEFTA countries, recorded import in the amount of 1.13 million euros. The highest imports were made from Serbia with 55% and North Macedonia with 38%.

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%.

From the EFTA countries, the amount of import is 1.11 million euros, the highest import is recorded from Switzerland with 99%.

Figure 6. Sector C – Export-to-import ratio in the sector Manufacture of wearing apparel



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

According to figure no. 6, for 2020, trade exchange shows that the activity "Manufacture of wearing apparel, except fur apparel", has marked a positive trend in export, about 2.68% compared to import.

5. MANUFACTURE OF LEATHER AND LEATHER 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 sub-sector, trade exchange, in the last three years, has a downward trend in export, especially in the data of 2020, while import has also decreased compared to previous years.

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

The subsector of “Leather and leather products” has an optimum impact on employment, with a slight fluctuation over the last three years. The number of enterprises, employees and annual turnover for 2018-2020 is analysed based on this.

In 2020, this sub-sector recorded 43 enterprises, 420 employees, and the annual turnover in the amount of 5.77 million euros. This sub-sector has recorded an increase in employment for 41 employees or 10.82% and in the number of enterprises by 48.28%, while the turnover has decreased by 23.03%, compared to 2019.

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

- 0.76% of enterprises,
- 1.21% of employees and
- 0.42% of turnover.

Table 21. Number of enterprises, employment and turnover in the subsector Manufacture of leather

Code	Subsector (15): Manufacture of leather and leather products	Number of enterprises			Number of employees			Turnover		
		Year 2018	Year 2019	Year 2020	Year 2018	Year 2019	Year 2020	Year 2018	Year 2019	Year 2020
1511	Tanning and dressing of leather; dressing and dyeing of fur	2	1	2	4	0	3	10,500.40	9,647.20	33,664.85
1512	Manufacture of luggage, handbags and the like, saddlery and harness	11	9	14	31	38	40	706,814.59	872,234.49	800,745.93
1520	Manufacture of footwear	24	19	27	395	341	377	6,095,315.47	6,274,768.69	4,982,531.9
Total		37	29	43	430	379	420	6,812,630.46	7,156,650.38	5,816,942.68

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

The analysed data for the sub-sector "Manufacture of leather and leather products", according to the regional distribution in the number of enterprises, show that the region of Prizren leads with 32.56%, followed by the region of Prishtina with 30.23%, the region of Peja with 16.28%, the regions of Ferizaj and Gjakova with 6.98% each, while the region of Mitrovica with 4.65% and the region of Gjilan with 2.33%.

In terms of number of employees in this sub-sector, the region of Prizren leads with 49.29%, followed by the region of Prishtina with 18.33%, the region of Ferizaj with 13.33%, the region of Peja with 11.9%, the region of Mitrovica with 6.19%, the region of Gjakova with 0.71% and the region of Gjilan with only 0.24%, in terms of employment. According to the annual turnover, the regional ranking represents the region of Prizren with 48.23%, the region of Ferizaj with 24.07%, the region of Prishtina with 16.61%, the region of Peja with 9.14%, the region of Mitrovica with 1.26%, the region of Gjakova with 0.67% and the region of Gjilan with only 0.02%.

From the analysed data, if we treat the number of enterprises by sub-activity, then "Manufacture of footwear", leads in the region of Prizren with 48.15%, followed by the region of Prishtina with 25.93%, then the region of Peja with 14.81%, the region of Ferizaj with 7.41%, the region of Mitrovica with 3.7%, etc.

The second sub-activity in terms of the number of enterprises is "Manufacture of luggage, handbags and the like, saddlery and harness" where the region of Prishtina leads with 42.86%, followed by the region of Peja with 21.43%, then the region of Gjakova with 14.29%, then the regions of Prizren, Ferizaj and Gjilan, with 7.14%.

Based on these comparative data, within this sub-sector, the sub-activity with the highest number of employees is "Manufacture of footwear", where the region of Prizren leads with 54.64% employees. The second region in terms of employment in this sub-activity is Ferizaj with 13.53%, followed by the region of Peja with 13.26%, the region of Prishtina with 11.67%, the region of Mitrovica with 6.9%, etc.

Sub-activity "Manufacture of luggage, handbags and the like, saddlery and harness", ranks second in terms of employment, in the region of Prishtina with about 82.5%, then the region of Ferizaj with 12.5%, the regions of Prizren and Gjilan with 2.5%, etc.

Ranking of regions by annual turnover in the sub-activity "Manufacture of footwear", within the sub-sector, for 2020, which has 4.98 million euros, leads the region of Prizren with 56.27%, followed by the region of Ferizaj with 27.51%, the region of Peja with 10.5%, etc.

In the second place in terms of annual turnover is ranked the sub-activity "Manufacture of luggage, handbags and the like, saddlery and harness", in the region of Prishtina with 93.34%, the region of Ferizaj with 3.64%, followed by the region of Gjakova with 1.56%, etc.

Sub-activity "Tanning and dressing of leather; dressing and dyeing of fur", in terms of annual turnover dominates in the region of Gjakova with 78.95%, and the region of Mitrovica with 21.05%.

5.2 Export and import in the subsector of Manufacture of leather and leather products

In 2020, export in the subsector “Manufacture of leather and leather products” recorded a decrease of 24.18% compared to the previous year, while in 2019, it recorded an increase of 12.62% compared to 2018.

In 2020, import in this subsector recorded a decrease of 22.62% compared to the previous year, while in 2019 there was an increase of 10.83% compared to 2018.

Trade exchange (export-to-import ratio) in this subsector is 94.24% import and 5.76% export.

From the total number of enterprises of the Sector-C, the subsector “Manufacture of leather and related products” has 0.11% export enterprises, while within this subsector, from 43 enterprises, 13.95% are export enterprises.⁷

Exports of this subsector participate with 0.59% in the total of exports and 1.24% in the total of imports, of Sector-C.

Table 22. Export and import in the subsector of Manufacture of leather (15).

Code	Subsector (15): Manufacture of leather and leather products	Export			Balance		Import			Balance	
		2018	2019	2020	Value	%	2018	2019	2020	Value	%
					2019-2020	2019-2020				2019-2020	2019-2020
15	Manufacture of leather and leather products	2,735,479.11	3,080,819.54	2,335,813	(745,006.77)	(24.18)	44,554,440.03	49,380,964.63	38,212,879.80	(11,168,084.83)	(22.62)
15.1	Tanning and dressing of leather; manufacture of luggage, handbags, saddlery and harness; dressing and dyeing of fur	956,459.59	846,035.43	119,632	(726,403.63)	(85.86)	8,857,972.36	9,418,650.59	6,408,762.01	(3,009,888.58)	(31.96)
15.2	Manufacture of footwear	1,779,019.52	2,234,784.11	2,216,181	(18,603.14)	(0.83)	35,696,467.67	39,962,314.04	31,804,117.79	(8,158,196.25)	(20.41)

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

⁷ Kosovo Agency of Statistics, processed by DIP/DI.

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

The total amount of exports in the subsector "Manufacture of leather and related products" is 2.33 million euros. The products are mainly exported to EU countries with 61.77%, to CEFTA countries with 37.56%, while at a very low percentage in EFTA countries with 0.19% and in other countries with only 0.48%. The countries to which the products of this sub-sector are mostly exported is France with 29.64%, Albania with 28.57%, Poland with 22.96%, etc.

According to Table no.22, the activity "Manufacture of footwear", in the amount of 2.21 million euros, in 2020, has marked a decrease in exports by 0.83% compared to 2019.

Shoe products, in EU countries, are exported to France with 45.05%, to Poland with 39.34%, to Italy with 13.87%, etc.

Export of footwear products to CEFTA countries, was mainly carried out to Albania with 78.17%, to North Macedonia with 14.82% and to Montenegro with 5.8% etc.

Within the EFTA countries, the products of this activity are exported to Switzerland with 100%.

In the group of other countries, exports of these products were carried out to Canada with 100%.

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 2020 was in an amount of 119 thousand euro, and recorded a decrease of 85.86% compared to 2019.

Within the EU countries, these products were mostly exported to France with 98.27%, to Germany with 1.30%, while within the CEFTA countries, to North Macedonia with 46.16%, to Albania with 31.41%, to Serbia with 22.37%, etc. The products of this activity, in 2020, 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 leather products" is 38.21 million euros, import with EU countries is 8.49%, with CEFTA countries 3.2%, EFTA 0.15% and with other countries 88.16%.

Countries from which the products of the subsector "Manufacture of leather and leather products" were mostly imported are: China with 38.12%, Turkey with 21.55% and Vietnam with 14.88%.

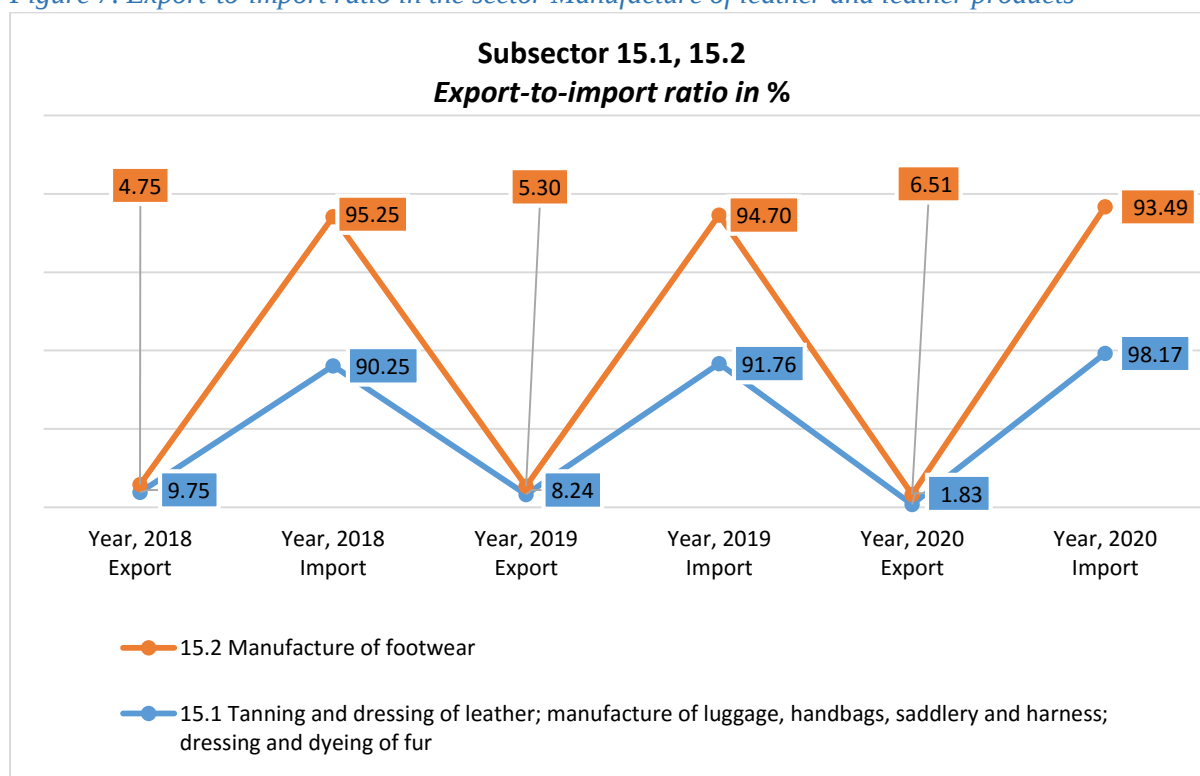
Based on the data from the table above, we note that if we treat imports by activities within this sub-sector, "Manufacture of footwear", in 2020, has marked a decrease in imports by 20.41% compared to 2019. The countries from which the footwear products were mostly

imported within the EU countries are Italy with 31.53%, Croatia with 26.33%, Portugal with 10.42%, etc.

Import of products of the activity “Manufacture of footwear” from CEFTA countries, was mainly carried out from Serbia with 56.7%, from Albania with 37.53%, from North Macedonia 5.27%, etc. The products of this activity from EFTA countries are imported from Switzerland with 97.44% and from Norway with 2.56%. Imports of these products from other countries are imported mainly from China with 39.55%, from Turkey with 24.22%, from Vietnam with 19.31%, etc.

The second activity is “Tanning and dressing of leather; manufacture of luggage, handbags, saddlery and harness; dressing and dyeing of fur”, which in 2020 recorded a lower import by 31.96%, compared to the previous year. These products in EU countries are imported from Italy with 59.52%, from Poland with 15.29%, etc. From CEFTA countries, mainly imported from Serbia with 41.8%, from north Macedonia with 37.52%, from Albania with 17.72%, etc. With EFTA countries from Switzerland with 99.02%, etc. With other countries from China with 61.85%, from Turkey with 25.53%, etc.

Figure 7. Export-to-import ratio in the sector Manufacture of leather and leather products



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

According to Figure no. 7, the trend of trade exchange, in 2020, of the activity "Manufacture of footwear" recorded an increase in exports by 1.21%, as well as the activity "Tanning and dressing of leather; manufacture of luggage, handbags, saddlery and harness; dressing and dyeing of fur", recorded a decrease in exports by 6.41%, compared to the previous year.

5. MANUFACTURING OF WOOD AND CORK PRODUCTS, EXCEPT FURNITURE; MANUFACTURING OF ARTICLES OF STRAW AND PLAINTING 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 subsector 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 .⁸

⁸ Ec.europa.eu. (2019). Annual production of roundwood, EU-28, 1999–2017

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

According to table no.23, the subsector of “Manufacture of wood and of products of wood and cork” has 1,766 employees in 477 enterprises and annual turnover of 46.18 million euros.

This sub-sector, in 2020, recorded a significant increase in employment by 24%, while in turnover by 3.78% and in the number of enterprises by 17%.

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

- 8.46 % of enterprises,
- 5.09% of employees and
- 3.32% of turnover.

Table 23. 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		
		Year 2018	Year 2019	Year 2020	Year 2018	Year 2019	Year 2020	Year 2018	Year 2019	Year 2020
1610	Sawmilling and planing of wood	120	116	138	333	330	419	8,794,853.21	8,272,590.04	12,631,352.40
1621	Manufacture of veneer sheets and wood-based panels	7	5	6	19	19	16	1,044,726.50	982,935.03	574,390.14
1622	Manufacture of assembled parquet	3	2	5	8	8	14	684,995.90	628,732.46	554,456.06
1623	Manufacture of other builders' carpentry and joinery	239	215	237	787	807	996	21,080,927.57	27,069,582.46	23,570,202.06
1624	Manufacture of wooden containers	4	5	7	11	16	29	118,240.64	506,990.33	2,011,903.17
1629	Manufacture of other products of wood; manufacture of articles of cork, straw and plaiting materials	72	65	84	232	249	292	6,197,030.62	7,043,428.15	6,845,541.19
Total		445	408	477	1,390	1,429	1,766	37,920,774.44	44,504,258.47	46,187,845.02

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

According to Table no. 23, the most influential sub-activity in employment within this subsector is the "Manufacture of other builders' carpentry and joinery" with 56.40% employees. Followed by the sub-activity “Sawmilling and planing of wood” with 23.73% employees, while the third sub-activity in a row is "Manufacture of other products of wood; manufacture of articles of cork, straw and plaiting material" with 16.53% employees etc.

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.

In terms of regional distribution of the number of enterprises, in the sub-sector "Manufacture of wood and wood products and cork", the region of Prishtina leads with 18.24%, followed by the region of Prizren with 15.51%, the region of Gjilan and Gjakova with 14.47% , the region of Ferizaj with 13.21% and the region of Mitrovica with 9.85%.

In terms of sub-activities with the largest participation of enterprises, "Manufacture of other builders' carpentry and joinery", the region of Prizren leads with 17.72%, followed by the region of Prishtina with 16.88%, then comes the region of Peja with 15.19%, the region of Gjilan with 14.77%, region of Gjakova with 14.35% etc.

The second sub-activity is "Sawmilling and planing of wood", in this sub-activity the region of Prizren leads with 15.94%, then comes the region of Ferizaj with 15.22%, the region of Prishtina and Gjilan with 14.49%, the region of Peja and Gjakova with 13.77% each and the region of Mitrovica with 12.32%.

Another sub-activity which has a good impact on the number of enterprises is "Manufacture of other products of wood; manufacture of articles of cork, straw and plaiting materials". In this sub-activity the region of Prishtina leads with 25%, then comes the region of Gjilan with 16.67%, the region of Gjakova with 15.48%, the region of Peja with 14.29%, the region of Ferizaj with 11.9%, etc.

In terms of employment, this sub-sector leads in the region of Mitrovica with 20.61%, followed by Prishtina with 19.37%, Peja with 15.69%, Ferizaj with 12.91%, Prizren with 11.21%, Gjakova with 10.99% and Gjilan with 9.23%.

The sub-activity that most affects employment is "Manufacture of other builders' carpentry and joinery". In this sub-activity the region of Mitrovica leads with 28.82%, then comes the region of Peja with 15.66%, the region of Prishtina with 14.66% etc.

Employment in the sub-activity "Sawmilling and planing of wood", dominates in the region of Prishtina with 24.34%, then in the region of Mitrovica 15.75%, Gjakova 14.32%, Peja 13.84%, Prizren 12.41%, Gjilan 10.02% and Ferizaj 9.31%.

The region of Prishtina in employment dominates with 22.95% even in the sub-activity "Manufacture of other products of wood; manufacture of articles of cork, straw and plaiting materials", followed by the region of Peja with 20.89%, the region of Gjilan with 16.78%, the region of Gjakova with 16.44%, the region of Ferizaj with 15.07%, etc.

The sub-sector "Manufacture of wood and of products of wood and cork" just like in employment leads in the region of Mitrovica with 37.15% even in terms of turnover, although in terms of number of enterprises this region comes last, then comes the region of Prishtina with 16.21%, the region of Prizren with 13.62%, the region of Peja with 11.36%, the region of Ferizaj with 8.8%, the region of Gjakova with 7.61% and the region of Gjilan with 5.25%.

About 51% of the turnover of this sub-sector is in the sub-activity "Manufacture of other builders' carpentry and joinery" and in this sub-activity with 46.04% leads the region of Mitrovica, then comes the region of Prizren with 12.33%, the region of Ferizaj with 11.63 %, the region of Peja with 11.14%, the region of Prishtina with 10.18% etc.

The second sub-activity which contributes to the turnover of this sub-sector with 27.35% is "Sawmilling and planing of wood". Also in this sub-activity leads the region of Mitrovica with 49.1%, then the region of Prizren with 19.71%, the region of Prishtina with 14.42% etc.

The third sub-activity with about 15%, which contributes to the turnover of this sub-sector is "Manufacture of other products of wood; manufacture of articles of cork, straw and plaiting materials". This sub-activity leads in the region of Peja with 24.31%, then comes the region of Gjakova with 22.69%, the region of Prishtina with 16.92%, the region of Gjilan with 14.46%, Prizren with 11.24%, the region of Ferizaj with 9.13% and the region of Mitrovica with 1.24% participation.

6.2 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 2020, has increased by 35.6% compared to the previous year, while in 2019 there was an increase of 41.94% compared to 2018.

Imports in this sub-sector, in 2020, increased by 8.83%, compared to the previous year, while in 2019, there was a decrease of 9.07% compared to 2018.

The export-to-import ratio in this sub-sector is 13.12% exports and 86.88% imports. Trade balance in this sub-sector, has recorded an improvement in exports by 3.9% compared to 2019.

Of the total number of enterprises of Sector-C, the sub-sector "Manufacture of wood and wood products and cork" there is 2.24% export enterprises, while within this sub-sector, out of 477 enterprises, 26.42% are export enterprises.⁹

Exports of this sub-sector participate with 2.61 in the total exports, and 2.25% in the total imports of Sector-C.

Table 24. Export and import in sub-sector (16), Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials

Code	Sub-sector (Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials)	Export			Difference (2019 - 2020)	Difference in % 2019 - 2020	Import			Difference (2019 - 2020)	Difference in % 2019 - 2020
		2018	2019	2020			2018	2019	2020		
16	Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	5,408,715.00	7,677,012.54	10,409,819.21	2,732,806.67	35.60	69,299,228.65	75,584,593.05	68,913,586.17	(6,671,006.88)	(8.83)
16.1	Sawmilling and planing of wood	551,831.93	736,305.28	548,881.47	(187,423.81)	(25.45)	13,192,537.20	15,972,814.49	15,672,283.36	(300,531.13)	(1.88)
16.2	Manufacture of products of wood, cork, straw and plaiting materials	4,856,883.07	6,940,707.26	9,860,937.74	2,920,230.48	42.07	56,106,691.45	59,611,778.56	53,241,302.81	(6,370,475.75)	(10.69)

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

⁹ Kosovo Agency of Statistics, processed by DIP/DI

The total value of exports in this sub-sector is 10.41 million euro, export to EU countries is 45.56%, to CEFTA countries 16.76%, EFTA 37.18% and other countries 0.5%.

According to table no. 24, subsector “Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials” has recorded an increase in the value of exports by 2.73 million euros.

Within this sub-sector, the activity “Manufacture of products of wood, cork, straw and plaiting materials”, in 2020, has recorded an increase in the exports by 2.92 million euros, or 42.07%, while in 2019 the increase was 2.08 million euros or 42.9% compared to the previous year. While the activity “Sawmilling and planing of wood” in 2020 marked an increase of 187.42 thousand euros or 25.45% compared to 2019.

Within the sub-sector, the activity “Manufacture of products of wood, cork, straw and plaiting materials”, participates in exports with 94.73%, while the activity, “Sawmilling and planing of wood” with only 5.27%.

In 2020, both activities have marked a decrease in exports, the activity “Sawmilling and planing of wood”, with only 1.88%, while the activity “Manufacture of products of wood, cork, straw and plaiting materials” had a decrease of 10.69%.

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

In 2020, 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 with 36.51%, or with an increase of 3.8%, to Germany with 28.12%, or with an increase of 8.66%, to Serbia with 9.65% with a decrease of 0.86%, to Albania with 6.24% with a decrease of 5.78%, compared to 2019, etc.

Exports to EU countries, in 2020, have increased by 52.39%, compared to the previous year, while in 2019 this sub-sector has marked an increase of 100% compared to 2018. In 2020, Kosovo has exported the products of this subsector to Germany 61.68%, to Sweden 12.91%, to Slovenia 11.68% etc.

Exports with CEFTA countries, in 2020, have decreased by 7.18%, while in 2019 there was an increase of 22.72% compared to the previous year. In 2019, in exports of products of the subsector “Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials” Albania leads with 49.09%. In 2020, the exports of this activity have had an increase towards Serbia with 44.80%, then Albania with 37.2%, North Macedonia with 15.18%, etc.

Exports with EFTA countries, in 2020, have increased by 48.77% compared to the previous year. Exports, in the sub-sector of wood, to EFTA countries were realized mainly to Switzerland with 98.21%, with an increase of 1.66% compared to the previous year. The data also show that in the total exports of this sub-sector, Switzerland has a share of 36.51%.

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

In 2019, Kosovo imported the products of the subsector “Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials” from Montenegro 18.82%, from Germany 15.01%, from Turkey 14.66%, from Bulgaria 11.8%, etc. In 2020, imports came from Turkey with 17.12%, Germany with 15.20%, Montenegro with 14.7%, Serbia 6.83% etc.

The total value of imports in this sub-sector is 68.91 million euros, where import with EU countries is 43.82%, with CEFTA countries 28.04%, EFTA 2.28% and other countries 26.12%.

Import from EU countries, in the sub-sector, “Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials” is carried out from Germany with 34.67%, Austria with 12.68%, Romania with 10.81%, Bulgaria with 10.81% etc.

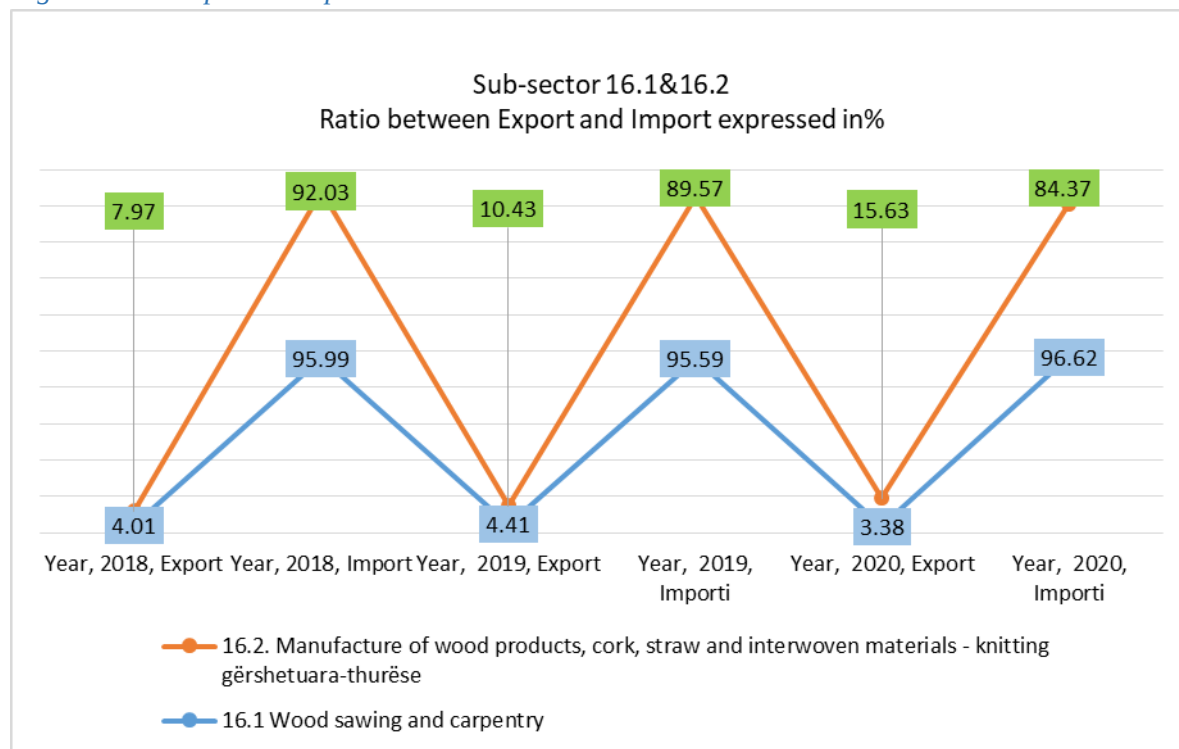
Import of products in the sub-sector, “Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials” with CEFTA countries, in 2019 was 91.77%, while in 2020 was 52.41%. The products of this sub-sector are imported from Serbia with 24.35%, Bosnia and Herzegovina with 17.52% etc. From these data, it is noticed that the import in this sub-sector, within the CEFTA countries, has significantly increased from Serbia and Bosnia and Herzegovina, while there has been a decrease of 39.36% in imports from Montenegro.

Imports from EFTA countries in this sub-sector are 100% from Switzerland.

Kosovo imports with Other countries in this sub-sector, in 2020, mainly came from Turkey with 65.57% and from China with 22.13%.

Figure no. 8 presents the ratio and trend between exports and imports, by activities, at a three-digit level, for 2018-2020.

Figure 8. The export-to-import ratio in the wood sector



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

The trend of trade exchange, of activity, “Sawmilling and planing of wood” according to figure 8, for the period 2018-2020, is in favor of imports. In the activity, “Manufacture of products of wood, cork, straw and plaiting materials”, in 2020, within the trade exchange, exports increased by 5.2%, while in the activity “Sawmilling and planing of wood”, there is a decrease in exports by 1.03% compared to 2019.

7. 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.¹⁰

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.¹¹

The paper sub-sector in this report includes the manufacture of pulp, paper and paperboard and the Manufacture of articles of paper and cardboard including: Manufacture of corrugated paper and paperboard and of containers of paper and paperboard, manufacture of household and sanitary goods and of toilet requisites, manufacture of paper stationary, manufacture of wallpaper, manufacture of other articles of paper and paperboard n.e.c.

In Kosovo are mainly produced: paper sacks, paper bags, corrugated paperboard 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 paperboard industry, May 2016), where the manufacture and processing of paper and paperboard is divided into two areas, that of processing toilet paper and the manufacture and processing of paperboard.

Regarding the paper sector, the sub-activity of the manufacture of corrugated paper and paperboard, and of containers of paper and paperboard has a positive trend and there is an increase in exports. 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 numbers and employment.

¹⁰ www.statista.com, 2019

¹¹ <https://www.statista.com/topics/1701/paper-industry>

7.1 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 in the number of enterprises and employment.

In 2020, this subsector saw an increase in employment by 55.61%, in turnover by 41.80% and in the number of enterprises by 15%, compared to 2019.

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

- 1.90 % of enterprises,
- 2.08% of employees and
- 2.87% in turnover.

Table 25. 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		
		2018	2019	2020	2018	2019	2020	2018	2019	2020
1711	Manufacture of pulp	-	-	1	-	-	1	-	-	177,745.00
1712	Manufacture of paper and paperboard	15	14	18	42	39	47	-	7,577,422.92	6,341,262.16
1721	Manufacture of corrugated paper and paperboard and of containers of paper and paperboard	20	19	23	139	141	148	6,965,685.70	7,955,117.77	6,941,441.23
1722	Manufacture of household and sanitary goods and of toilet requisites	31	30	35	173	202	383	7,414,236.88	9,733,949.20	22,617,490.08
1723	Manufacture of paper stationery	12	11	13	17	24	67	508,858.10	694,077.32	937,360.34
1724	Manufacture of wallpaper	2	2	1	4	2	3	8,986.37	21,463.68	21,754.04
1729	Manufacture of other articles of paper and paperboard n.e.c.	17	17	16	55	56	71	1,691,665.02	2,085,207.77	2,762,216.85
Total		97	93	107	430	464	720	16,589,432.07	28,067,238.66	39,799,269.7

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

According to table no. 25, within this subsector, the highest share in employment is recorded by the sub-activity “Manufacture of household and sanitary goods and of toilet requisites”, with 53.19 %. In 2020, this sub-activity marked an increase in employment with 5.9% compared to the previous year. The second sub-activity in terms of share in employment is

“Manufacture of corrugated paper and paperboard and of containers of paper and paperboard” with 20.56 %. Sub-activity “Manufacture of other articles of paper and paperboard n.e.c” ranks the third in the share in employment with 9.86%.

In 2020 compared to 2019, all the sub-activities had an increase in employment. The activity with the highest increase is “Manufacture of household and sanitary goods and of toilet requisites”, with 90%.

In relation to other activities, the sub-activity “Manufacture of household and sanitary goods and of toilet requisites” leads in the number of enterprises and turnover. Compared to the previous year, this sub-activity marked an increase of 100% in turnover.

Table no. 25 shows that the sub-activity "Manufacture of pulp" was not present before 2020. This sub-activity has one enterprise presented with one employee and a turnover of 177 thousand euros.

In the sub-sector "Manufacture of paper and paper products" in terms of regional distribution, Prishtina region leads in the number of enterprise with 31.78%, the second region is Prizren with 24.30%, Ferizaj with 17.76%, Peja with 11.21%, Gjiilan with 5.61%, Mitrovica and Gjakova with 4.67% each.

The sub-activity which leads in the number of enterprises is “Manufacture of household and sanitary goods and of toilet requisites”, with 32.71%. In terms of regional distribution, Prishtina region leads in the number of enterprises with 42.86%, the second region is Prizren with 20%, then Ferizaj and Peja with 11.43% each etc.

The second sub-activity in terms of number of enterprises is “Manufacture of corrugated paper and paperboard and of containers of paper and paperboard” with 21.50 %. Prizren region leads in this sub-activity with 39.13, Ferizaj region with 17.39%, Prishtina, Peja and Gjiilan region with 13.04% each etc.

The third in terms of the number of enterprises ranks the sub-activity “Manufacture of other articles of paper and paperboard n.e.c.” with 16.82%. The region which leads in this sub-activity in the number of enterprises is that of Prishtina with 38.89%, then Prizren with 27.78%, Gjakova with 16.67%, Peja with 11.11% etc.

The sub-sector "Manufacture of paper and paper products" by regional distribution, the region of Prishtina leads in terms of employment with 28.75%, Prizren with 26.67%, Peja with 20.28%, Ferizaj with 17.92%, Gjiilan with 4.58%, Gjakova with 1.53% and Mitrovica with 0.28%.

The sub-activity leading in employment is “Manufacture of household and sanitary goods and of toilet requisites”, with 53.9%. In terms of regional distribution in employment in this sub-activity, the leading region is that of Prishtina with 41.25%, then Peja with 34.73%, Prizren with 15.93% etc.

Sub-activity “Manufacture of corrugated paper and paperboard and of containers of paper and paperboard”, ranks second in employment with a share of 20.56%. In terms of regional distribution in employment, in this sub-activity, Prizren region ranks first with 59.46%, then Ferizaj region with 20.27%, Gjilan region with 11.49% etc.

The sub-activity ranking third in terms of employment within the paper subsector is “Manufacture of other articles of paper and paperboard n.e.c.” with a share in employment of 9.86%. the leading region in this sub-activity in terms of employment is that of Ferizaj with 54.93%, Prishtina with 29.58%, Prizren with 9.86% etc.

Prishtina region leads in turnover in the sub-activity “Manufacture of paper and paper products” with 38.33%, Peja region with 26.04%, then Prizren region with 18.03%, Ferizaj region with 10.55%, Gjilan region with 5.78%, Gjakova region with 1.13% and Mitrovica region with 0.14%. Within this subsector, the highest share in employment is marked by the sub-activity “Manufacture of household and sanitary goods and of toilet requisites” with 56.83%. In terms of regional distribution, Peja region leads in turnover with 43.95%, followed by Prishtina region with very similar share of 43.66%, etc.

The sub-activity “Manufacture of corrugated paper and paperboard and of containers of paper and paperboard”, ranks second with 17.44% share in turnover, within this subsector. The region leading in this sub-activity in terms of turnover is that of Prizren with 47.14%, Gjilan with 24.09%, Ferizaj with 22.59%.

The sub-activity ranking third in terms of share in turnover within this subsector is “Manufacture of paper and paperboard” with a share of 15.93%. In terms of regional distribution, Prishtina region leads with 65.29%, Prizren region leads with 26.51%, Gjakova region with 6.66% etc.

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

Exports in the sub-sector “Manufacture of paper and paper products” has marked an increase in 2020 by 41.9%, while in 2019 it had a decrease of 15.72% compared to the previous year.

Exports of this sub-sector participate with 0.73% in the total exports and 1.92% in the total imports, of Sector-C.

Imports in this sub- sector have decreased in 2020 by 5.11%, while in 2019 there was a decrease of 5.88% compared to the previous year.

The export-to-import ratio in this sub-sector is 4.69% exports with 95.31% imports.

In 2020 the export-to-import ratio has shown a positive trend in exports by 1.51%, compared to 2019. Of the total number of enterprises of Sector-C, sub-sector “Manufacture of paper and paper products” has 0.35% export enterprises, while within this sub-sector, out of 107 enterprises, 18.69% are export enterprises.¹²

¹² Kosovo Agency of Statistics, processed by DIP/MIET

Table no.26. Export and import in sub-sector (17) Manufacture of paper and paper products

Code	Sub-sector (17): Manufacture of paper and paper products	Export			Difference (2019 - 2020)	Difference in % 2019 - 2020	Import			Difference (2019 - 2020)	Difference in % 2019 - 2020
		2018	2019	2020			2018	2019	2020		
17	Manufacture of paper and paper products	2,420,018.61	2,039,439.64	2,893,870.02	854,430.38	41.90	58,497,122.07	61,938,776.04	58,771,929.99	(3,166,846.05)	(5.113)
17.1	Manufacture of pulp, paper and paperboard	210,940.22	171,671.62	326,704.78	155,033.16	90.31	20,811,670.21	22,965,412.42	20,028,435.88	(2,936,976.54)	(12.789)
17.2	Manufacture of articles of paper and paperboard	2,209,078.39	1,867,768.02	2,567,165.24	699,397.22	37.45	37,685,451.86	38,973,363.62	38,743,494.11	(229,869.51)	(0.590)

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

- 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 2.89 million euros. Exports to EU countries are 20.41%, to CEFTA countries 75.63% , to EFTA countries 3.10% and other countries 0.87%.

Within the paper subsector, exports are dominated by 88.71%, in activity "Manufacture of articles of paper and paperboard" while the activity "Manufacture of pulp, paper and paperboard" has a share of 11.23% in exports.

According to table no. 26, while in 2019 both activities had a decrease in exports, in 2020, these activities marked an increase. The highest increase was marked by the activity "Manufacture of pulp, paper and paperboard" with 90.31%, while the activity "Manufacture of articles of paper and paperboard", marked an increase of 37.45%, or 699.39 thousand euros, compared to the previous year.

The products of the subsector "Manufacture of paper and paper products" are exported to Albania with 37.60%, to North Macedonia with 23.43 %, to Germany with 8.84%, to Serbia with 8.37% etc.

Exports to EU countries, in 2020, marked an increase of over 100%, compared to the previous year, while in 2019, this subsector had an increase of 62.85% compared to 2018.

Products of the subsector "Manufacture of paper and paper products" in EU countries, were mainly exported to Germany with 43.34%, while in 2019 it was 65.9%, to Austria 20.84%, to France 15.66% etc.

Exports to CEFTA countries, in 2020, marked an increase of 22.27% compared to the previous year, while in 2019 this subsector had a decrease of 19.66% compared to 2018.

Regarding CEFTA countries, in 2020, Kosovo mainly exported "Manufacture of paper and paper products" products to Albania with 49.72%, with an increase of 19% compared to 2019, to North Macedonia with 30.98% with a decrease of 25%, to Serbia with 11.07%.

Exports to EFTA countries, in 2020, marked an increase of over 100%, compared to the previous year, while in 2019 this subsector had a decrease of 20.58% compared to 2018.

Exports to EFTA countries in 2020 was 100 % to Switzerland with an increase of 25%, in relation to other EFTA countries compared to 2019.

Products of the sub-sector "Manufacture of paper and paper products", with Other countries, in 2020, were exported, to Turkey 55.36%, to United States of America 38.20%, to India 6.40% and Ecuador 0.05%.

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

The total value of imports in the sub-sector "Manufacture of paper and paper products" is 58.77 million euros. Imports from EU countries are 47.21%, from CEFTA countries 30.24%, from EFTA countries 0.71% and other countries 21.83%.

Imports mainly dominate with 65.92% in the activity "Manufacture of other articles of paper and paperboard " while the activity " Manufacture of pulp, paper and paperboard " in imports has a share of 34.08%.

According to table no. 26, in 2020, both activities marked a decrease in imports, compared to 2019. The activity that decreased the most, both in monetary value and in percentage is "Manufacture of pulp, paper and paperboard", with 2.94 million euros or 12.79%.

The products of the sub-sector "Manufacture of paper and paper products", were imported from Turkey 13.54%, Albania 13.45%, Serbia 8.53%, North Macedonia 6.78%, Italy 6.29%, Germany 6.02% etc.

Imports with EU countries were realized from Italy with 13.29%, Germany with 12.73%, Czech Republic with 12.01%, Poland with 11.80%, Greece with 10.62% etc.

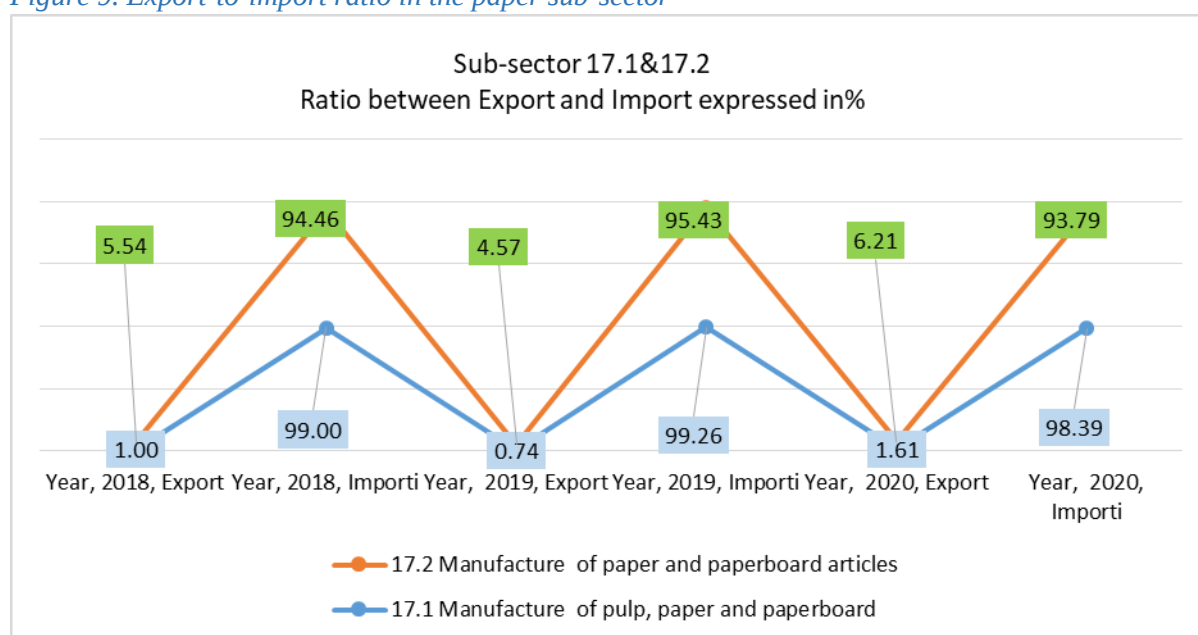
Products of the sub-sector "Manufacture of paper and paper products" from CEFTA countries, were imported mainly from Albania with 44.47%, where compared to other countries, it marked a decrease of 20%. Kosovo imports products of this sub-sector from Serbia with 28.21%, then from Northern Macedonia with 22.41% etc.

Products of the sub-sector "Manufacture of paper and paper products" from EFTA countries are imported from Switzerland 92.99% and Norway 7.01%.

While the export of products of the sub-sector "Manufacture of paper and paper products" with other countries was only 0.87%, imports from other countries are 21.83%. Within other countries, imports were realized mainly from Turkey with 62.28% and from China with 18.38%.

Based on statistical data, we consider that we need to improve the trade balance, in the activity "Manufacture of articles of paper and paperboard", where the export-to-import ratio of this sub-activity is, export about 6.2% and import 93.78%. The orientation towards increase of production capacities should take place with the subactivity "Manufacture of household and sanitary goods and of toilet requisites".

Figure 9. Export-to-import ratio in the paper sub-sector



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

The trend of trade exchange in both activities, in 2020, had an increase of exports compared to 2019.

According to Figure 9. activity "Manufacture of pulp, paper and paperboard", in 2020 marked an increase in export of 1.64% compared to 2019, while in 2019 there was a decrease of 0.97% compared to 2018. Likewise, the activity "Manufacture of pulp, paper and paperboard" in 2020 marked an increase in exports of 0.87%, while in 2019 there was a decrease of 0.26% compared to the previous year.

8. 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 grouping of sub-sectors of the chemical industry usually has three components, which are as following ¹³:

- 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.¹⁴

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

Sub-sector "Manufacture of chemical products", according to table no. 27, in 2020, had 762 employees in 114 enterprises, and an annual turnover of 31.93 million euros. In 2020, all three indicators have a positive increasing trend. An increase of 22.12% was marked in employment, an increase of 34.12% in the number of enterprises, and 14.83 % in annual turnover compared to 2019.

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

- 2.02% of enterprises,
- 2.20% of employees and
- 2.30% in turnover.

From these data we can conclude that this sub-sector in 2020, has achieved economic stability although it is known that this year has been the year of dealing with the Covid-19 pandemic. However, it has shown an increase in the three indicators analysed compared to the previous year.

¹³ <https://farbitis.ru/sq/geography-of-the-world-economy/world-chemical-industry/>

¹⁴ Chemical Industry Profile, 2016 / MTI

Table 27. Number of enterprises, employment and turnover in the activities of the sub-sector of the chemical industry

Code	Subsector (20): Manufacture of Chemical Products	Number of enterprises			Number of employees			Turnover		
		2018	2019	2020	2018	2019	2020	2018	2019	2020
2011	Manufacture of industrial gases	3	2	2	14	10	10	299,679.47	280,891.60	385,914.88
2012	Manufacture of dyes and pigments	2	1	2	8	9	11	471,050.06	579,545.04	608,532.41
2013	Manufacture of other inorganic basic chemicals	3	2	2	47	44	44	1,727,891.63	1,864,096.67	1,763,419.8
2014	Manufacture of other organic basic chemicals	4	3	5	23	9	24	113,274.10	59,187.64	233,457.6
2015	Manufacture of fertilisers and nitrogen compounds	4	1	3	4	3	7	247,404.65	165,485.65	181,824.8
2016	Manufacture of plastics in primary forms	25	20	23	196	167	182	4,933,653.21	4,107,799.45	4,326,729.78
2017	Manufacture of synthetic rubber in primary forms	0	19	1	0	227	3	0	14,824,990.12	627,873.99
2020	Manufacture of pesticides and other agrochemical products	1	23	2	8	120	1	247,535.86	4,199,296.74	3,364.83
2030	Manufacture of paints, varnishes and similar coatings, printing ink and mastics	16	5	20	187	5	291	12,033,722.66	68,709.08	15,765,428.59
2041	Manufacture of soap and detergents, cleaning and polishing preparations	28	3	35	117	14	138	3,206,250.87	1,294,907.27	5,898,064.86
2042	Manufacture of perfumes and toilet preparations	5	5	7	6	11	10	80,762.87	301,528.38	408,851.72
2051	Manufacture of explosives	3	1	3	8	6	15	279,502.69	64,996.20	1,096,341.32
2052	Manufacture of glues	6	0	5	11	0	14	254,957.35	0.00	394,876.17
2053	Manufacture of essential oils	2	0	1	10	0	2	230,596.65	0.00	90,495.29
2059	Manufacture of other chemical products n.e.c.	1	0	2	0	0	6	16,949.15	0.00	132,125.98
2060	Manufacture of man-made fibres	1	0	1	3	0	4	2,118.23	0.00	18,208.38
Total		104	85	114	642	624	762	24,145,349	27,811,433.84	31,935,510.40

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

From the analyzed data for the sub-sector "Manufacture of chemical products", by regional distribution in the three indicators, region of Prishtina leads in number of enterprises with 29.82%, followed by Ferizaj region with 17.54%, Prizren region with 16.67%, Gjilan region with 11.4%, Mitrovica region with 10.53%, Gjakova region with 7.89% and the region of Peja ranking last with 6.14%.

The region leading in the number of employees is that of Prishtina with 23.36%, Gjilan with 19.82%, Prizren with 15.09%, Mitrovica with 13.65%, Peja with 12.34%, Ferizaj with 11.42% and Gjakova with only 4.33%. By annual turnover, Prishtina region leads with 29.23%, Peja region with 18.82%, Mitrovica region with 17.25%, Prizren region with 12.85%, Ferizaj region with 8.04%, Gjilan region with 7.66 and Gjakova region with 6.15%.

Based on table no. 27, in 2020, sub-activity "Manufacture of paints, varnishes and similar coatings, printing ink and mastics" generates the most employment from this sub-sector "Manufacture of chemical products" with 38.19% employees in 20 enterprises and an annual turnover of 49.37%. By regional distribution, the region leading in employment in this activity is that of Mitrovica with 31.96%, followed by Peja with 29.55%, Prishtina with 16.15%, etc. By number of enterprises, Mitrovica region leads with 25%, followed by Ferizaj and Peja region with 20% each, etc. By annual turnover, Mitrovica region leads by 32.77%, Peja region with 31.52%, etc.

This positive trend in employment, in 2020, is followed by sub-activity "Manufacture of plastics in primary forms", with 23.88%, in 23 enterprises and an annual turnover of 13.55%. employment by regions in this activity, ranks region of Gjilan with 65.93%, that of Ferizaj with 16.48%, etc. By number of enterprises Gjilan region ranks first with 30.43%, Prishtina region with 26.09%, etc. By annual turnover, Gjilan region leads with 40.89%, Ferizaj region with 22.46%, etc.

Sub-activity "Manufacture of soap and detergents, cleaning and polishing preparations", in 2020, had 18.11% employees in 35 enterprises and annual turnover of 18.47%. In this sub-activity employment by regions portrays Prishtina region with 52.9%, followed by Prizren region with 22.46% etc. Prishtina region leads by number of enterprises with 40%, followed by Prizren region with 20%, etc. By annual turnover region of Prishtina leads with 60.75%.

Within the sub-sector "Manufacture of chemical products", sub-activity "Manufacture of pesticides and other agrochemical products", results with the lowest data in employment, with only 0.13%, in 2 enterprises and an annual turnover of 0.01%. In employment in this sub-activity the region of Gjilan leads with 100%. The regions leading in the number of enterprises are those of Ferizaj and Gjilan with 50% each. The region leading in annual turnover is that of Ferizaj with 95.1%.

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

Exports in the sub-sector "Manufacture of chemical products", has increased in 2020 by more than 100% compared to 2019. This sector had an increase of 39.09% last year compared to the previous year.

Imports in the sub-sector "Manufacture of chemical products", has made a slight increase in 2020, by 8.03%, and in 2019 by 5.01%, compared to the previous year.

Exports of this sub-sector participate with 4.93% in the total exports and 8.4% in the total imports, of Sector-C.

Trade exchange (ratio of export to import) in this sub-sector is 92.9% import and 7.1%, export.

Out of the total number of enterprises of Sector-C, sub-sector "Manufacture of chemical products" accounts for 0.6% of export enterprises, while within this sub-sector, out of 114 enterprises, 29.82% are exporters.¹⁵

¹⁵ Kosovo Agency of Statistics, processed by DIP /DI

Table 28. Export and import in sub-sector (20) manufacture of chemical products

Code	"Manufacture of Chemical Products"	Export			Balance		Import			Balance	
		2018	2019	2020	Difference (2020 > 2019)	Difference in % 2020 > 2019	2018	2019	2020	Difference (2020 > 2019)	Difference in % 2020 > 2019
20	Manufacture of Chemical Products	5,867,275.26	8,160,771.92	19,634,905	11,474,133.27	140.60	226,642,896.45	237,989,157.53	257,101,389.35	19,112,231.82	8.03
20.1	Manufacture of basic chemicals, fertilisers and nitrogen compounds, plastics and synthetic rubber in primary forms	566,872.29	1,530,808.56	2,570,529	1,039,720.31	67.92	90,067,083.28	94,065,788.50	107,746,168.32	13,680,379.82	14.54
20.2	Manufacture of pesticides and other agrochemical products	294,871.58	1,026.90	73,568	72,540.85	7,064.06	3,496,322.12	4,417,244.74	4,935,359.60	518,114.86	11.73
20.3	Manufacture of paints, varnishes and similar coatings, printing ink and mastics	1,723,577.99	2,360,820.24	3,621,814	1,260,994.09	53.41	34,178,607.51	32,347,161.50	34,201,039.49	1,853,877.99	5.73
20.4	Manufacture of soap and detergents, cleaning and polishing preparations, perfumes and toilet preparations	2,768,627.84	3,620,187.96	12,237,368	8,617,179.54	238.03	69,361,328.31	76,683,237.90	76,788,219.89	104,981.99	0.14
20.5	Manufacture of other chemical products	402,265.37	504,856.79	1,070,898	566,041.22	112.12	25,917,944.44	27,271,826.60	30,142,180.71	2,870,354.11	10.52
20.6	Manufacture of man-made fibres	111,060.19	143,071.47	60,729	(82,342.74)	(57.55)	3,621,610.79	3,203,898.29	3,288,421.34	84,523.05	2.64

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

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

The total value of exports in the sub-sector "Manufacture of chemical products" is 19.63 million euros. Exports to EU countries are 64.66%, to CEFTA countries 33.63%, to EFTA countries 1.49% and to other countries 0.22%.

Exports of the sub-sector "Manufacture of chemical products" are mostly performed to Albania with 15.85%, to United Kingdom with 12.41%, Germany with 10.3%, Italy with 11.89%, etc.

Exports in this sub-sector with EU countries, in 2020, have marked a high increase of over 100% compared to the previous year.

Exports to CEFTA countries, in 2020, in the sub-sector "Manufacture of chemical products", have a value of 6.60 million euros, while marking an increase of 37.69% compared to the previous year.

In 2020, exports to EFTA countries have marked an increase of 78.2% and exports to Other countries marked a decrease of 22.87%, compared to the previous year.

According to Table no.28, the activity "Manufacture of pesticides and other agrochemical products", in 2020 marked a really high increase in exports of over 100% compared to the previous year. Products of this activity, with EU countries, have been exported to Croatia with 100%. Regarding CEFTA countries, these products were exported to Serbia with 100%. Export to EFTA countries were realized to Switzerland with 100%.

The activity "Manufacture of soap and detergents, cleaning and polishing preparations, perfumes and toilet preparations", in 2020, marked a high increase in exports of over 100%, compared to 2019.

Products of this activity are exported to EU countries, to United Kingdom with 26.75%, to Italy with 25.39%, to Netherlands with 7.86%, etc.

To CEFTA countries, products of the activity "Manufacture of soap and detergents, cleaning and polishing preparations, perfumes and toilet preparations", are exported to Albania with 38.57%, to North Macedonia with 30.17%, to Bosnia and Herzegovina with 12.42%, etc.

Exports to EFTA countries from this activity were realized to Switzerland with 100%, while within Other countries there were exports to Turkey with 99.99%.

The activity "Manufacture of paints, varnishes and similar coatings, printing ink and mastics" in 2020, marked an increase in exports of 53.41% compared to the previous year.

In EU countries this activity has realized exports to Germany with 67.89%, to France with 13.08%, Belgium with 10.76% etc.

The products of this activity in CEFTA countries have been exported to Albania with 41.02%, to Montenegro with 39.45%, to North Macedonia with 16.06% etc.

Exports to EFTA countries, from this activity is performed to Switzerland with 100%, while in Other countries, to Turkey with 100%.

The activity with the highest decline in exports within the sub-sector "Manufacture of Chemical Products", in 2020, is the activity "Manufacture of man-made fibres ", by 57.56% compared to 2019.

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

The total value of imports in the sub-sector "Manufacture of chemical products" is 257.10 million euros. Imports from EU countries are 55.81%, from CEFTA countries 13.18%, from EFTA countries 0.35% and from other countries 30.66%.

Imports in the sub-sector "Manufacture of chemical products", in 2020, participate with 8.40%, within the imports of Sector-C.

Imports of chemical products came from Germany with 12.89%, from Turkey with 12.76%, from Serbia with 6.12%, from Italy with 5.95%, from Poland with 5.78%, etc.

In 2020, imports marked a decrease with EU countries by 3.11% and with other countries by 11.49%, while imports with CEFTA countries marked an increase by 47.15% and with EFTA countries by 8.08% compared to 2019.

According to table no. 28, the activity "Manufacture of basic chemicals, fertilizers and nitrogen compounds, plastics and synthetic rubber in primary forms" in import has increased by 14.54% compared to 2019.

Imports of products of this activity with EU countries, came from Germany with 24.16%, from Austria with 15.07%, from Poland with 8.92%, from France with 6.29%, etc.

Imports with CEFTA countries came from Serbia with 56.67%, from North Macedonia with 31.28%, from Albania with 8.45%, etc.

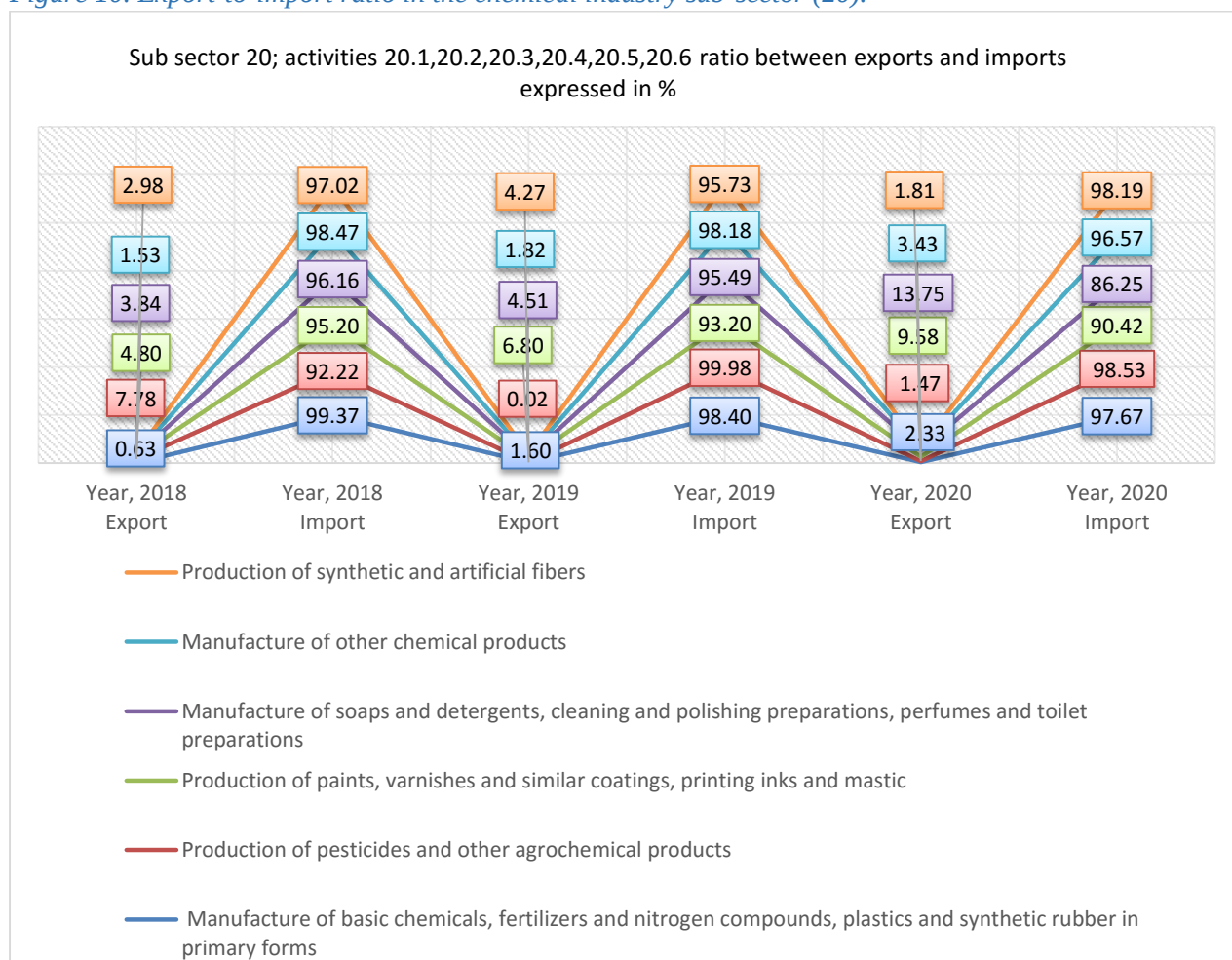
Imports from EFTA countries, from this activity are realized from Switzerland with 73.69%, and from Norway with 26.31%, while with other countries the import of this activity is realized from Turkey with 33.13%, from China with 13.95%, from Saudi Arabia with 10.08%, from USA with 7.11%, etc.

Activity "Manufacture of pesticides and other agrochemical products", in 2020, marked an increase of imports by 11.73%, products of this activity are imported from EU countries, mainly from Germany with 25.36%, from Poland with 13.69%, from Spain with 9.95%, from Italy with 7.66%, etc.

Imports with CEFTA countries were realized from Serbia with 52.54%, from North Macedonia with 28.5%, from Albania with 18.96%, etc. The import of products of this activity, from EFTA countries, is performed from Switzerland with 100%. In imports with Other countries, imports came from China with 38.46%, from Turkey with 36.18%, from Israel with 7.61%, etc.

The activity with the highest decline in imports in 2020 is “Manufacture of soap and detergents, cleaning and polishing preparations, perfumes and toilet preparations”, with only 0.14% compared to 2019. These products with EU countries, were imported from Germany with 22.72%, from Poland with 16.34%, from Italy with 13.82%, from France with 7.36%, etc. With CEFTA countries, there were imports from Serbia with 64.1%, from North Macedonia with 29.66%, from Albania with 3.75%, etc. Import from EFTA countries, from Switzerland with 95.85%, from Iceland with 0.15%, etc. In import from Other countries in this activity there were imports from Turkey with 72.24%, from China with 18.64%, etc.

Figure 10. Export-to-import ratio in the chemical industry sub-sector (20).



Source e: Kosovo Agency of Statistics, processed by DIP /DI

Figure no. 10 shows the trade exchange between exports and imports, where the activity “Manufacture of soap and detergents, cleaning and polishing preparations, perfumes and toilet preparations” in 2020, has recorded an increase in exports by 9.24%, compared to the same value in imports.

The activity “Manufacture of man-made fibres” in 2020, , has recorded a decrease in exports of 2.46%, and an increase for the same value in imports.

9. PRODUCTION OF RUBBER AND PLASTIC PRODUCTS

Plastic is an organic substance that is initially obtained from fuel processing. A plastic bag can usually be used in just 30 minutes, but it will take 500 years to decompose. Plastic is resistant and has visible flexibility, therefore plastic has reached application levels in virtually every field, and biodegradation of plastic takes 500 to 1000 years.¹⁶

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 nearly 15 billion euros in 2016.

About 60% of world plastics production appeared in Europe (60 million tons in 2016), mainly thermoplastics, polyurethanes and other plastics such as thermosets, adhesives, coatings or sealants. 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.¹⁷

The main products produced by rubber and plastic companies in Kosovo are: production of bags, garbage bags, blowers, plastic bottles, plastic pharmaceutical and jewellery boxes, plastic windows and doors, shutters, plastic pipes for water and sewage, plastic buckets, plastic packaging for yogurt, then tire wrappers, rubber plastics, trapezoidal belts, conveyor belts, various rubber and plastic toys, etc.

In the following we will present some industry data, plastics and rubber, related to export and import by sub-sectors, number of employees, number of enterprises, as well as turnover.

¹⁶ <http://akm.gov.al/assets/riciklimi-i-plastikes.pdf>

¹⁷ Report, Value Chain Analysis for the plastics sector (2019) / MTI-DI

9.1 Number of enterprises, employment and turnover in the sub-sector of manufacture of rubber and plastic products

The sub-sector "Manufacture of rubber and plastic", in 2020 has 3513 employees in 572 enterprises and an annual turnover of 140 million euros.

This sub-sector has marked an increase in three indicators: employment by 26%, number of enterprises by 19%, and turnover by 7.14%, compared to 2019.

Sub-sector (22) in the total of sector C participates with:

- 10% of enterprises,
- 10% of employees and
- 10% in turnover.

Table 29. Number of enterprises, employment and turnover in the rubber and plastics industry sector

Code	Sub sector (22): Manufacture of rubber and plastic products	Number of enterprises			Number of employees			Turnover		
		Year 2018	Year 2019	Year 2020	Year 2018	Year 2019	Year 2020	Year 2018	Year 2019	Year 2020
2211	Manufacture of rubber tyres and tubes; retreading and rebuilding of rubber tyres	5	4	6	29	36	51	1,098,590.01	1,564,812.02	2,150,368.11
2219	Manufacture of other rubber products	3	4	4	3	232	230	89,622	4,956,057.26	6,200,909.94
2221	Manufacture of plastic plates, sheets, tubes and profiles	32	31	41	192	213	265	11,625,250.00	13,166,811.33	15,488,385.54
2222	Manufacture of plastic packing goods	31	30	32	276	300	353	18,288,152.05	20,143,123.31	19,490,447.71
2223	Manufacture of builder's ware of plastic	352	335	379	1565	1655	2092	67,912,731.03	73,855,737.00	77,051,408.48
2229	Manufacture of other plastic products	81	77	110	309	356	522	15,516,934.00	17,370,630.98	20,036,692.28
Total		504	481	572	2374	2793	3513	114,531,279.00	131,057,171.90	140,418,212.26

Source: Kosovo Agency of Statistics, developed by the DIP / DI

According to Table no. 29, in 2020, the sub-activity "Manufacture of builder's ware of plastic" dominates in all three indicators: employment with 60%, number of enterprises with 66% and turnover with 55%. This sub-activity has the highest participation compared to other sub-activities.

The sub-activity "Manufacture of other plastic products" has 15% employees, 19% enterprises and 14% turnover, while the sub-activity "Manufacture of plastic packing goods" has 10% employees in 32 enterprises and with annual turnover of 14%.

It is worth noting that the sub-activity "Manufacture of plastic packing goods" although there was an increase in employment and number of enterprises, in turnover decreased by 3.24%.

At the regional level, the sub-activity "Manufacture of builder's ware of plastic" leads in the Prishtina region in employment with 29% in 100 enterprises and in turnover with 34%. The region of Prizren has 20% employees in 68 enterprises and a turnover of 19%, while in the region of Ferizaj there are 18% employees in 51 enterprises with a turnover of 5%.

In this sub-sector, sub-activity "Manufacture of other plastic products", the largest number of enterprises is in the region of Prishtina with 29%, employees 38% and turnover 46%.

The sub-activity “Manufacture of plastic packing goods” in the Ferizaj region has 34% employees, with only 1 enterprise and 50% of the turnover value.

9.2 Exports and imports in the sub-sector of the manufacture of rubber and plastic products

Exports of the sub-sector, "Manufacture of rubber and plastic products", amounted to 58.28 million euros. In 2020, this sub-sector has increased by 14%, compared to 2019.

Imports in the sub-sector of "Manufacture of rubber and plastic products" in 2020 compared to 2019 have decreased by 2.3%, while in 2019 compared to 2018 have increased by 2.72%.

Exports of this sub-sector participate with 16% in the total exports and 9% in the total imports, of Sector C.

The exports-to-imports ratio in this sub-sector is 28% exports and 72% imports. The trade balance in this sub-sector has marked an improvement in exports by 3% compared to 2019.

Of the total number of enterprises of Sector-C, the sub-sector "Manufacture of rubber and plastic products" has 3.76% export enterprises, while within this sub-sector, out of 572 enterprises, 37% are exporters.

Table 30. Export and import in the sub-sector Manufacture of rubber and plastic.

Code	Sub-sector Manufacture of Rubber and Plastics	Export			Difference (2019-2020)	Difference in % 2019-2020	Imports			Difference (2019-2020)	Difference in % 2019-2020
		2018	2019	2020			2018	2019	2020		
22	Manufacture of rubber and plastics products	46,454,152.31	51,494,994.46	58,284,613.04	6,789,618.58	13.19	151,108,932.16	155,217,193.08	151,630,341.62	(3,586,851.46)	(2.31)
22.1	Manufacture of rubber products	5,467,37.83	4,974,513.89	6,878,540.02	1,904,026.31	38.28	27,518,551.20	30,153,645.31	27,451,320.09	(2,702,325.22)	(8.96)
22.2	Manufacture of plastic products	40,986,774.48	46,520,480.57	51,406,073.84	4,885,592.27	10.50	123,590,380.96	12,506,3547.77	124,179,021.53	(884,526.24)	(0.71)

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

• Exports to EU countries, CEFTA, EFTA and other countries

The total value of exports in this sub-sector is 58 million euros, of which exports to EU countries is 49%, to CEFTA countries 27%, to EFTA countries 18% and to other countries 6.4 %. In the EU countries, the countries where the products of the sub-sector "Manufacture of rubber and plastic products" are mostly exported are Germany with 37% and the Netherlands with 31%. Exports to CEFTA countries are mainly realized to Serbia 31%, Albania with 29.5% and Northern Macedonia with 24.5%.

In the EFTA countries, Switzerland is the main destination for exports from the sub-sector "Manufacture of rubber and plastics" with 99%, while within Other countries this sub-sector has mostly exported to Turkey, with 87%.

Within the sub-sector "Manufacture of rubber and plastic products", the highest participation in exports is realized by the activity "Manufacture of plastic products", with 88%.

• Imports with EU countries, CEFTA, EFTA and other countries

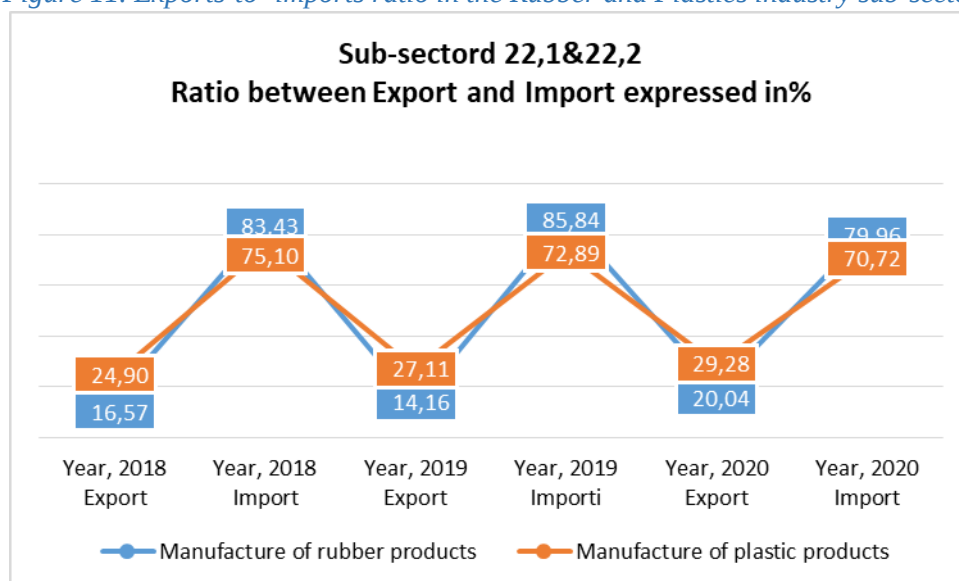
The total value of imports in this sub-sector is 151,630 million euros, imports with EU countries is 49%, with CEFTA countries 17.4%, with EFTA countries 0.62% and with Other countries 33%.

Kosovo has imported products of the sub-sector "Manufacture of rubber and plastic products", from the following EU countries: Germany with 44%, Bulgaria with 10.37%, Italy 9.77%, etc. From CEFTA countries, imports of products of this sub-sector came from Northern Macedonia with 57%, followed by Serbia with 34%, etc.

The products of the sub-sector "Manufacture of rubber and plastic products" are imported from Switzerland with 97%, which is part of the EFTA countries, while in terms of Other countries this sub-sector has mainly imported from Turkey with 46% and from China with 40%. This sub-sector, in 2020, has marked a decrease in imports by 2.31%. This sub-sector marked a decrease in imports in the activity "Manufacture of rubber products" of 8.96% and in the activity "Manufacture of plastic products" of 0.71%.

Within this sub-sector, the activity with the higher imports is "Manufacture of plastic products" with 82%, while the activity "Manufacture of rubber products" with 18%.

Figure 11. Exports-to- imports ratio in the Rubber and Plastics industry sub-sector



Source: Kosovo Agency of Statistics, processed by DPI / DI

Trade exchange trend according to Figure no. 11, shows that the activity "Manufacture of plastic products" has marked a positive trend in exports by 2.17%, compared to imports. The activity "Manufacture of rubber products" has marked a positive trend in exports by 5.88%, compared to imports.

10. MANUFACTURE OF NON-METALLIC MINERAL PRODUCTS

Non-metallic mineral products include the manufacture of cement, ceramics, glass and lime. These manufacturing sectors are characterized by the transformation of natural minerals such as limestone, silica and clay through an energy intensive process. Final products range from construction products such as cement, bricks and tiles, sanitary ware and glass to consumer products such as tableware and decorative products.¹⁸

According to data from the European Commission, in 2006 the manufacture of non-metallic mineral products was worth 88.6 billion euros. This value is about 5.2% of total EU production results.

Among the worrying factors in this sub-sector is the high consumption of electricity. Of all the sub-sectors, in the countries of the European Union, this sub-sector ranks third in terms of electricity consumption.

China is the largest producer of non-metallic minerals in the world and one of the main consumers of the four main non-metallic mineral products, including cement, refractories, tiled glass and ceramics. The rapid growth of the non-metallic mineral products industry has brought about a huge demand for energy.¹⁹

Kosovo has non-metallic resources such as magnesium, cement mortar, kaolin for tiles, clay, quartz, concrete, gravel, etc. In Golesh ore was extracted while in Magure magnesite was ground and baked into roasted caustic magnesium but magnesite processing could not be done in Kosovo.

The kaolin extracted in Karachevo was sent to Dardana where ceramic tiles were produced. In Kaçanik, unquenched and extinguished lime was produced, in Han i Elezit, asbestos-cement pipes, concrete elements for masonry, tiles for covering roofs, etc. were produced. In some factories of construction material with locations in Prishtina, Podujeva, Skenderaj, Peja, Gjakova and Landovica, bricks, blocks and tiles were produced.

According to statistical data, in Kosovo are mainly produced: concrete products for construction purposes, ready-mixed concrete ready for construction, stone breaking, shaping and giving the final shape, production of bricks, tiles and construction products in baked clay, production of varnishes, shaping and processing of flat glass etc.

¹⁸ https://ec.europa.eu/growth/sectors/raw-materials/industries/non-metals_en

¹⁹ <https://www.mdpi.com/2071-1050/6/11/8012>

10.1 Number of enterprises, employment and turnover in the sub-sector of manufacture of non-metallic mineral products

The sub-sector of non-metallic mineral products has an impact on employment with 5,082 employees in 511 enterprises and an annual turnover of 281.10 million euros.

This sub-sector, in 2020, has marked an increase in employment by 14.10%, in turnover by 0.72%, while in the number of enterprises 15.35%.

Sub-sector (23) in the total of Sector-C participates with:

- 9.07% of enterprises,
- 14.65% of employees and
- 20.24% in turnover

Table 31. Number of enterprises, employment and turnover in the sub-sector of non-metallic mineral products

Code	Sub-sector Manufacture of non-metallic products (23)	Number of enterprises			Number of employees			Turnover		
		Year 2018	Year 2019	Year 2020	Year 2018	Year 2019	Year 2020	Year 2018	Year 2019	Year 2020
2311	Manufacture of flat glass	4	3	5	14	15	23	367,780	450,591.81	350,452.45
2312	Shaping and processing of flat glass	15	15	18	130	115	123	3,171,843	3,886,091.35	3,026,218.62
2313	Manufacture of hollow glass	1	1	1	2	3	2	16,754	13,408.05	20,355.02
2314	Manufacture of glass fibers	1	1	2	6	8	14	507,237	1,051,879.72	1,094,069.43
2319	Manufacture and processing of other glass products, including technical glassware	16	17	16	83	65	67	985,612	1,367,117.00	1,466,798.35
2320	Manufacture of refractory products	4	3	4	31	37	47	2,528,569	2,794,903.09	2,319,932.40
2331	Manufacture of ceramic bricks and tiles	1	1	2	3	3	4	23,000	24,700.00	21,989.26
2332	Manufacture of bricks, tiles and construction products in baked clay	14	12	16	640	637	652	16,209,514	19,242,954.51	18,295,276.25
2341	Manufacture of ceramic household and ornamental articles	5	4	5	9	10	11	45,100	100,672.93	41,699.34
2342	Manufacture of ceramic sanitary fixtures	1	1	1	8	5	2	144,850	43,874.49	3,511.24
2343	Manufacture of ceramic insulators and insulating fittings	1	1	1	1	1	2	109,379	149,858.47	129,203.75
2344	Manufacture of other technical ceramic products	1	1	1	1	0	1	-	50,845.15	35,254.20
2349	Manufacture of other ceramic products	1	1	1	1	3	5	7,610	42,085.00	140,621.00
2351	Manufacture of cement	2	2	1	2	3	1	70,150	161,401.27	56,686.49
2352	Manufacture of lime and plaster	6	6	6	23	24	22	981,107	818,743.90	1,081,271.72
2361	Manufacture of concrete products for construction purposes	151	138	157	1010	1156	1,310	42,168,246	49,933,363.51	46,128,274.31
2362	Manufacture of plaster products for construction purposes	4	3	4	19	24	31	745,285	1,295,776.05	1,798,422.28

2363	Manufacture of ready-mixed concrete	54	51	55	672	1087	1,225	36,140,720	87,445,505.18	101,319,855.24
2364	Manufacture of mortars	6	7	10	80	99	174	14,004,828	15,875,642.09	16,231,725.42
2365	Manufacture of fibre cement	2	1	1	4	3	3	11,441	21,063.84	18,180.00
2369	Manufacture of other articles of concrete, plaster and cement	29	32	40	105	140	174	2,769,970	3,850,189.49	5,740,352.32
2370	Cutting, finishing and shaping of stone	150	134	153	815	843	998	62,207,555	76,157,789.35	66,635,266.70
2391	Production of abrasive products	3	2	2	9	6	10	434,748	277,425.60	269,861.51
2399	Manufacture of other non-metallic mineral products n.e.c..	6	6	9	128	166	181	11,354,427	14,043,171.08	14,877,424.78
Total		478	443	511	3796	4454	5082	195,005,725.73	279,099,052.93	281,102,702.08

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

According to Table no. 31, the sub-activity with the highest impact in employment in this sub-sector is; "Manufacture of concrete products for construction purposes" with 1,310, or 25.78% employees. In terms of employment, the sub-activity, "Manufacture of ready-mixed concrete" ranks second with 1,225 or 24.10% employees, while in turnover this sub-activity leads with 36.04%. The third sub-activity in a row is "Cutting, shaping and finishing of stone" with 998 or 19.64% share in employment.

According to the regional distribution, the sub-sector "Manufacture of non-metallic mineral products", the region of Prizren leads in the number of enterprises with 23.87%, then the region of Prishtina with 22.31%, the region of Ferizaj with 15.85%, the region of Peja with 11.15 %, region of Gjilan with 9.79%, region of Gjakova with 9.20% and region of Mitrovica with 7.83%.

In number of enterprises, sub-activity "Manufacture of concrete products for construction purposes", region of Prizren leads with 33.12%, region of Prishtina with 19.11%, region of Ferizaj with 15.92% etc.

The sub-activity which has an impact in the number of enterprises is "Cutting, shaping and finishing of stone", where the region of Prizren leads with 23.53%, the region of Prishtina with 20.26%, the region of Peja with 19.61%, etc.

The third sub-activity in terms of number of enterprises is; "Manufacture of ready-mixed concrete", where the region of Prishtina leads with 36.36%, the region of Ferizaj with 20%, the region of Gjakova with 12.73%, etc.

In terms of employment, this sub-sector leads in the region of Ferizaj with 23.89%, Prizren with 23.65%, Prishtina with 19%, Gjilan 9.31%, Gjakova 9%, Mitrovica 8% and Peja 7%.

The sub-activity which has the most employees is; "Manufacture of concrete products for construction purposes". In terms of regional distribution, Prizren leads with 35.95%, region of Ferizaj with 20.61%, region of Prishtina with 15%, region of Mitrovica with 10%, etc.

The second sub-activity which has affected employment in this sub-sector is; "Manufacture of ready-mixed concrete", in this sub-activity the region of Ferizaj leads with 44.49%, region of Prishtina with 18%, region of Gjakova with 10%, etc.

The third sub-activity in terms of share in employment is; "Cutting, shaping and finishing of stone", in this sub-activity in employment, the region of Prishtina leads with 25%, the region of Prizren with 22.95%, the region of Gjilan with 17.43%, the region of Peja with 15 %, Ferizaj with 11.62% etc.

The sub-activity "Manufacture of ready-mixed concrete" leads in turnover with 36.04%. According to the regional distribution, Ferizaj leads with 58.26%, region of Mitrovica with 11.65%, region of Prishtina with 10.55% etc.

The second sub-activity in terms of turnover is; "Cutting, shaping and finishing of stone", in this sub-activity the highest share in turnover is in the region of Gjilan with 57.91%, in the region of Prishtina with 23.52%, etc.

The third sub-activity is; "Manufacture of concrete products for construction purposes" which participates with 16.41% in turnover. In this sub-activity, the region of Prizren has the highest turnover with 32.04%, the region of Ferizaj with 23.69%, the region of Prishtina with 18.39%, etc.

10.2 Exports and imports in the sub-sector of manufacture of non-metallic mineral products

Exports in the sub-sector "Manufacture of non-metallic mineral products" have increased in the last three years. This sub-sector in 2020 has increased by 17.45% compared to 2019.

Imports in this sub-sector in 2020 increased by 2.15% compared to the previous year.

The ratio between exports and imports in this sub-sector is 5.32% exports and 94.68% imports. The trade balance of this sub-sector has marked an improvement in exports, compared to 2019.

Of the total number of enterprises of Sector-C, the sub-sector "Manufacture of non-metallic mineral products" has 1.97% export enterprises, while within this sub-sector, out of 511 enterprises, 21.72% are exporters.²⁰

Exports of this sub-sector participate with 2.4% in the total exports and 5.6% in the total imports, of Sector C.

²⁰ Kosovo Agency of Statistics, processed by DIP / DI

Table 32. Export and import in sub-sector (23), manufacture of non-metallic mineral products

Code	Sub-sector, Manufacture of non-metallic mineral products	Export			Difference (2019-2020)	Difference in % 2019-2020	Import			Difference (2019-2020)	Difference in % 2019-2020
		2018	2019	2020			2018	2019	2020		
23	Manufacture of non-metallic mineral products	7,843,754.76	8,185,416.75	9,613,701.30	1,428,284.25	17.45	166,279,334.09	167,647,853.52	171,245,487.79	3,597,634.27	2.15
23.1	Manufacture of glass and glass products	2,014,804.86	2,053,424.25	3,142,013.00	1,088,588.75	53.01	29,194,730.28	30,481,637.17	28,285,435.94	(2,196,201.23)	(7.20)
23.2	Manufacture of refractory products	62,420.44	3,120.17	8,920.75	5,800.83	185.91	2,692,193.05	2,926,526.09	4,160,601.26	1,234,075.17	42.17
23.3	Manufacture of clay building materials	1,191,747.78	1,196,343.86	1,444,113.49	247,769.14	20.71	53,289,798.56	50,606,094.64	48,897,342.45	(1,708,752.19)	(3.38)
23.4	Manufacture of other porcelain and ceramic products	228,834.41	292,910.47	251,561.68	(41,348.47)	(14.12)	9,360,824.72	8,818,755.63	8,290,976.85	(527,778.78)	(5.98)
23.5	Manufacture of cement, lime and plaster	216,210.46	3,733.78	4,440.20	706.42	18.92	44,747,445.31	46,857,549.60	53,892,433.78	7,034,884.18	15.01
23.6	Manufacture of concrete, cement and plaster items	2,488,881.70	3,145,092.37	2,255,432.06	(889,660.37)	(28.29)	8,700,035.17	9,376,613.60	11,580,562.74	2,203,949.14	23.50
23.7	Cutting, shaping and finishing of stone	1,218,679.94	1,103,888.96	1,090,174.22	(13,714.96)	(1.24)	8,648,503.62	6,983,705.80	6,358,725.29	(624,980.51)	(8.95)
23.9	Manufacture of abrasive products and non-metallic mineral products	422,175.17	386,902.89	1,417,045.90	1,030,143.11	266.25	9,645,803.38	11,596,970.99	9,779,409.48	(1,817,561.51)	(15.67)

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

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

The total value of exports of the sub-sector "Manufacture of non-metallic mineral products" is 9.61 million euros. Exports to EU countries are 24%, to CEFTA countries, 51%, to EFTA countries 22% and other countries 2.74%. Based on Table no. 32, in 2020 this sub-sector has increased by 17.45 compared to 2019. The sub-sector "Manufacture of non-metallic mineral products" has exported to EU countries in the amount of 2.29 million euros. The products of this sub-sector are mostly exported to Germany with 54% and Romania with 16%.

In terms of exports to CEFTA countries, the products of the sub-sector "Manufacture of non-metallic mineral products", were mostly exported to Albania with 33.48%, Northern Macedonia with 27.68% and to Montenegro with 25.28%.

The products of this sub-sector have been exported to EFTA countries, specifically to Switzerland, worth 2.12 million euros, or 99%, which makes it the most targeted country for the market.

Exports to Other countries amounted to 3 million euros and the products of this sub-sector were mostly exported to Korea with 36.32%, Kazakhstan with 23% and the US with 23%.

Within the sub-sector, the activity "Manufacture of glass and glass products" leads in exports with 33%, followed by the activity "Manufacture of concrete, cement and plaster articles" with 24%, "Manufacture of clay building materials" with 15% etc.

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

The total import in the sub-sector "Manufacture of non-metallic mineral products" is 171 million euros. Imports from EU countries are 30%, from CEFTA countries 42.33%, from EFTA countries 0.51% and from other countries 27%.

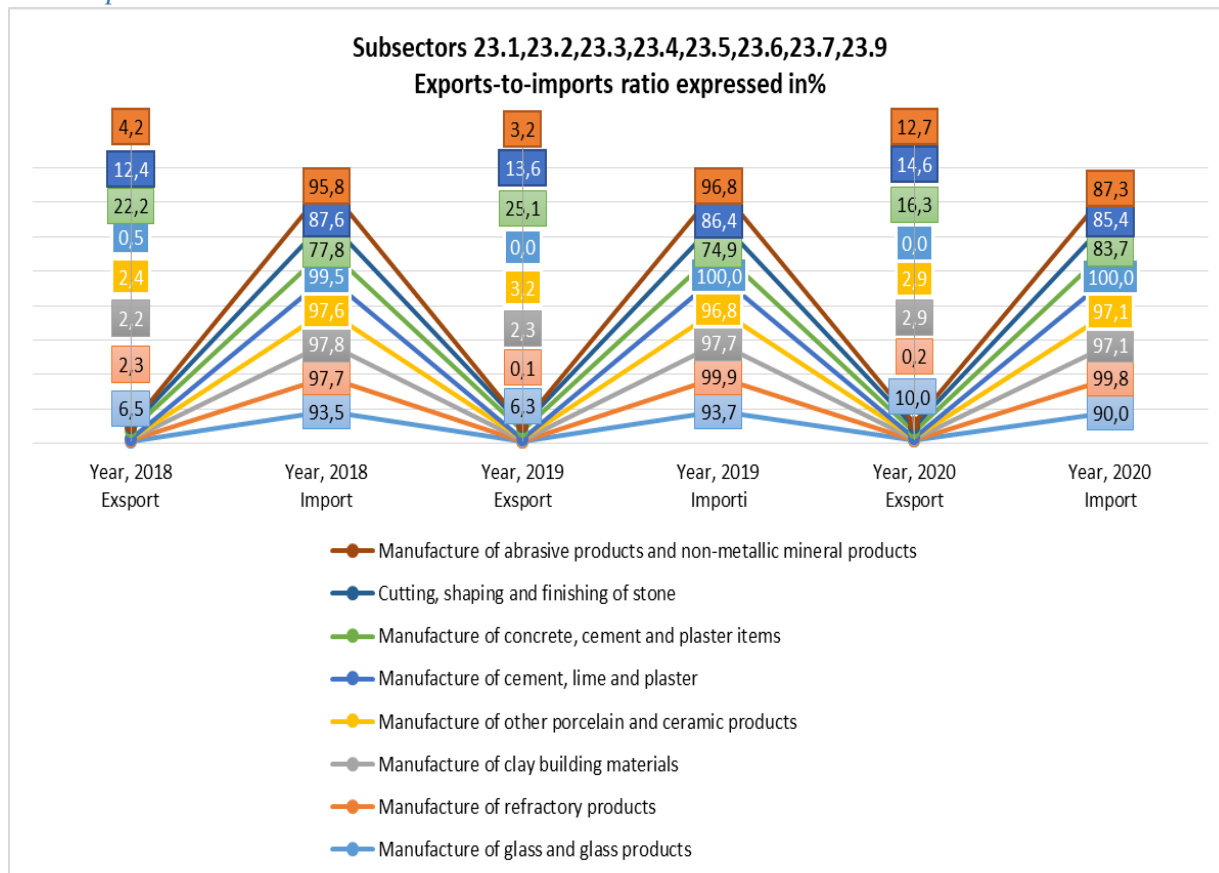
Imports in the sub-sector "Manufacture of non-metallic mineral products", are in greater value in CEFTA countries, worth 72 million euros. The import of these products mostly came from Albania with 47% and from Northern Macedonia with 38%.

Regarding imports with EU countries, the products of the sub-sector "Manufacture of non-metallic mineral products", were imported from Spain with 20.42%, from Italy with 15%, Croatia 15%, etc. The products of this sub-sector are imported from EFTA countries, 76% of which are imported from Switzerland.

Imports with other countries have marked the value of 46 million euros, products of this sub-sector are mostly imported from China with 37% and from Turkey with 30%.

Within the sub-sector "Manufacture of non-metallic mineral products", among the most influential activities in increasing imports, in 2020, is "Manufacture of cement, lime and plaster" with 31.4%, the activity "Manufacture of clay materials for construction" with 28.5%, "Manufacture of glass and glass products" with 16.5%, compared to 2019.

Figure 12. Sector C – The exports-to-imports ratio in the sector of manufacture of non-metallic mineral products



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

Data on trade exchange for activities "Manufacture of abrasive products and non-metallic mineral products", for 2020, show that exports increased by 10%, while imports decreased by the same rate compared to the previous year. The activity "Manufacture of glass and glass products" has marked an increase in exports by 4% compared to imports.

11. 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.²¹

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.

²¹ Profile of the metal manufacturing industry sector (2014) / MIET

11.1 Number of enterprises, employment and turnover in the sub-sector of metal

In 2020, the sub-sector "Manufacture of metals" has 121 enterprises with 1,280 employees and an annual turnover of 113.79 million euros.

In 2020, this sub-sector has marked an increase in all three indicators analyzed: in employment by 15.32%, in the number of enterprises by 30.11% and in the annual turnover by 2.75%, compared to 2019.

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

- 2.15% of enterprises,
- 3.69% of employees and
- 6.70% in turnover.

Table 33. Number of enterprises, employment and turnover in the sub-sector of metal manufacture

Code	Sub-sector (24): Manufacture of metals	Number of enterprises			Number of employees			Turnover		
		Year 2018	Year 2019	Year 2020	Year 2018	Year 2019	Year 2020	Year 2018	Year 2019	Year 2020
2410	Manufacture of basic iron and steel and of ferro-alloys	22	23	33	867	873	950	38,129,953.58	74,628,127.25	65,792,860.37
2420	Manufacture of tubes, pipes, hollow profiles and related fittings of steel	4	6	8	18	74	71	283,224.11	6,898,965.32	9,273,662.73
2431	Cold drawing of bars	-	-	4	-	-	53	-	-	8,950,856.18
2433	Cold forming or folding	1	2	10	13	13	28	1,345,677.12	1,468,194.43	659,375.25
2434	Cold drawing of wire	9	8	1	12	11	0	207,999.28	242,964.92	1,230.00
2441	Precious metals manufacture	22	20	21	28	22	28	266,901.07	284,072.62	191,052.16
2442	Aluminium manufacture	24	21	29	64	69	87	4,849,685.85	5,897,531.06	6,787,159.06
2444	Copper manufacture	1	1	1	4	5	5	18,467.28	20,703.77	13,015.37
2445	Manufacture of other non-ferrous metals	4	3	1	6	8	2	324,765.49	316,089.68	23,842.44
2451	Casting of iron	3	1	4	9	7	14	40,341.52	125,770.66	328,768.36
2452	Casting of light metals	8	7	1	30	30	6	702,213.06	651,245.86	203,291.00
2453	Casting of light metals	1	1	7	-	0	36	2,850.00	19,788.60	813,210.33
2454	Casting of other non-ferrous metals	-	-	1	-	-	-	-	-	2,491.53
	Total	99	93	121	1051	1110	1280	46,172,078.36	90,553,454.17	93,040,814.78

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

From the analyzed data for the sub-sector "Manufacture of metals", according to the regional distribution, the region of Prishtina leads in the number of enterprises with 32.23%, followed by the region of Prizren with 19.83%, the region of Ferizaj with 14.88%, etc. In the number of employees in this sub-sector, the region of Prishtina leads with 77.58%, followed by the region of Prizren with 7.34%, the region of Gjakova with 5.23%, etc. In terms of turnover, the region of Prishtina leads with 77.12%, then the region of Gjakova with 9.08%, the region of Prizren with 7.37% etc.

Based on Table no. 33, in 2020, the sub-activity that generates the highest employment within the sub-sector "Manufacture of metals" is "Manufacture of basic iron and steel and of ferro-alloys", with 74.22% employees in 33 active enterprises. This sub-activity has marked an increase in the number of enterprises by 1.22% and a decrease in turnover by 11.84%, compared to 2019. According to the regional distribution, this sub-activity leads in employment in the region of Prishtina with 90.1%, followed by the region of Prizren with 3.47%, etc. In terms of number of enterprises, the region of Prishtina leads with 36.36%, the region of Prizren and that of Gjakova with 15.15%, etc. In the annual turnover in this sub-activity the region of Prishtina leads with 89.59%, followed by the region of Mitrovica with 1.54%, etc.

From the analyzed data, in 2020, the sub-activity "Manufacture of aluminum", within the sub-sector has 6.8% employees in 29 enterprises and an annual turnover of 7.29%. In this activity according to the regional distribution, employment is concentrated in the region of Prishtina with 60.92%, followed by the region of Ferizaj with 13.79%, etc. In the number of enterprises, the region of Prishtina leads with 48.27%, followed by the region of Mitrovica with 17.24%, etc. The annual turnover in this sub-activity leads in the region of Prishtina with 48.34%, Ferizaj with 47.38%, etc.

Within the sub-sector "Manufacture of metals", sub-activity " Manufacture of tubes, pipes, hollow profiles and related fittings of steel", in 2020, has 5.55% employees in 8 enterprises, with 9.97% annual turnover. In this sub-activity according to the regional distribution, the region of Prishtina leads in employment with 67.61%, followed by the region of Gjilan with 21.13%, etc. In the number of enterprises, the region of Gjilan leads with 37.5%, the region of Prishtina with 25%. In the annual turnover, the region of Prishtina leads with 94%, the region of Gjilan with 4.67%, etc.

From the data analyzed in Table no. 33 we note that the sub-activity with the least employees within the sub-sector "Manufacture of metals" is the sub-activity "Manufacture of other non-ferrous metals", with only 0.16% of employees, in 1 active enterprise and with a decrease in annual turnover of 92.46%.

11.2 Exports and imports in the sub-sector of metals

Exports in the sub-sector "Manufacture of metals", has increased in 2020 by 48.17%, and also increased in 2019 by 20.17% compared to the previous year. This sub-sector in 2020 had a decrease in imports by 8.81%, while in 2019 it had an increase of only 0.24%, compared to the previous year.

Trade exchange (ratio of exports to imports), in this sub-sector is 68.21% imports and 31.79% exports, which compared to 2019, there is a tendency of increase of exports in relation to imports.

Exports of this sub-sector participate with 28.21% in the total exports and 7.88% in the total imports, of Sector-C.

Out of the total number of enterprises of Sector-C, the sub-sector "Manufacture of metals" has 0.48% export enterprises, while within this sub-sector, out of 121 enterprises, 22.31% are exporters.²²

Table 34. Reflects export and import data in the Metal Manufacture sub-sector

Code	Subsector Manufacture of metals (24).	Export			Balance		Import			Balance	
		2017	2018	2019	Value 2018-2019	% 2018- 2019	2017	2018	2019	Value 2018-2019	% 2018-2019
24	Manufacture of metals	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 precious metals and 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 / DI

²² Kosovo Agency of Statistics, processed by DIP / DI

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

The value of exports in the sub-sector "Manufacture of metals" is 112.42 million euros. Exports to EU countries are 36.8%, to CEFTA countries 58.92%, to EFTA countries 1.17% and to other countries 3.11%.

Exports of the sub-sector "Manufacture of metals" are mostly realized to Albania with 41.04%, to Italy with 16.45%, to Northern Macedonia with 8.11%, to the Netherlands with 4.27%, etc.

Exports to EU countries in 2020, in this sub-sector are worth 16.02 million euros and have marked a high increase of 77.47% compared to the previous year.

In 2020, exports have marked a very high increase with CEFTA countries by over 100%, with EFTA countries have decreased by 7.97%, as well as a decrease with Other countries by 75.08% compared to the year 2019.

According to Table no. 34, Activity "Manufacture of precious metals and non-ferrous metals", in 2020 has 3.81 million euros, with an increase in exports by 59.34% compared to the previous year. The products of this activity in EU countries are exported to Austria with 26.06%, to Italy with 23.86%, to Denmark with 13.06%, etc. Exports to CEFTA countries were realized to Serbia with 76.99%, Albania with 20.45%, Montenegro with 1.27%, etc. The export of products from this activity with EFTA countries, is mostly to Switzerland with 75.53% and Norway with 24.47%, while with other Countries to the USA with 100%.

The activity "Manufacture of basic iron and steel and of ferro-alloys" in 2020 has marked a high value in exports, of 81.86 million euros, with an increase of 54.27% compared to 2019. The products of this activity with EU countries are mostly exported to Italy with 45.75%, Finland with 12.41%, Sweden with 12.2%, the United Kingdom with 11.58%, etc.

Exports of these products with CEFTA countries are mostly to Albania with 99.36%, Northern Macedonia with 0.47%, etc.

Exports to EFTA countries from this activity were realized to Switzerland with 100%, while with Other countries there were exports to China with 35.36% and India with 14.64%.

The activity "Casting of metals" has marked a lower value of exports by 63 thousand euros, as well as a decrease of 16.34% in 2020 compared to the previous year. Exports of products from this activity with EU countries are realized to Germany with 100%, etc.

Exports to CEFTA countries were realized to Serbia with 88.9% and to Albania with 11.1%.

Exports to EFTA countries from this activity is realized to Switzerland with 100%.

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

The total value of imports in the sub-sector "Manufacture of metals" is 241.18 million euros, from EU countries is 19.3%, from CEFTA countries 56.66%, EFTA 0.34% and from other countries 23.7%.

Imports in the sub-sector "Manufacture of metals" in 2020 participate with 264.47 million euros or 7.88%, in the total imports of Sector-C.

The highest imports from this sub-sector came from Albania with 35.45%, from Northern Macedonia with 10.9% and from Turkey with 9.36%, etc.

Based on the 2020 data for the sub-sector "Manufacture of metals", imports from EU countries have decreased by 21.82% and from other countries by 17.65%. Imports from EFTA countries have increased by 7.25% and from CEFTA countries by 1.4%, compared to 2019.

According to Table no. 34, the only activity within the sub-sector "Manufacture of metals" that has marked an increase in imports, in 2020 is "Casting of metals" by over 100%, compared to the previous year. The products of this activity from EU countries are imported from Austria with 88.49%, from Italy with 3.02%, etc. With CEFTA countries, imports of these products are from Northern Macedonia with 92.48%, from Albania with 1.99%, etc. With EFTA countries, imports came from Switzerland with 100%, with Other countries imports came from China with 75.02%, from Turkey with 24.32% and from Israel with 0.15%.

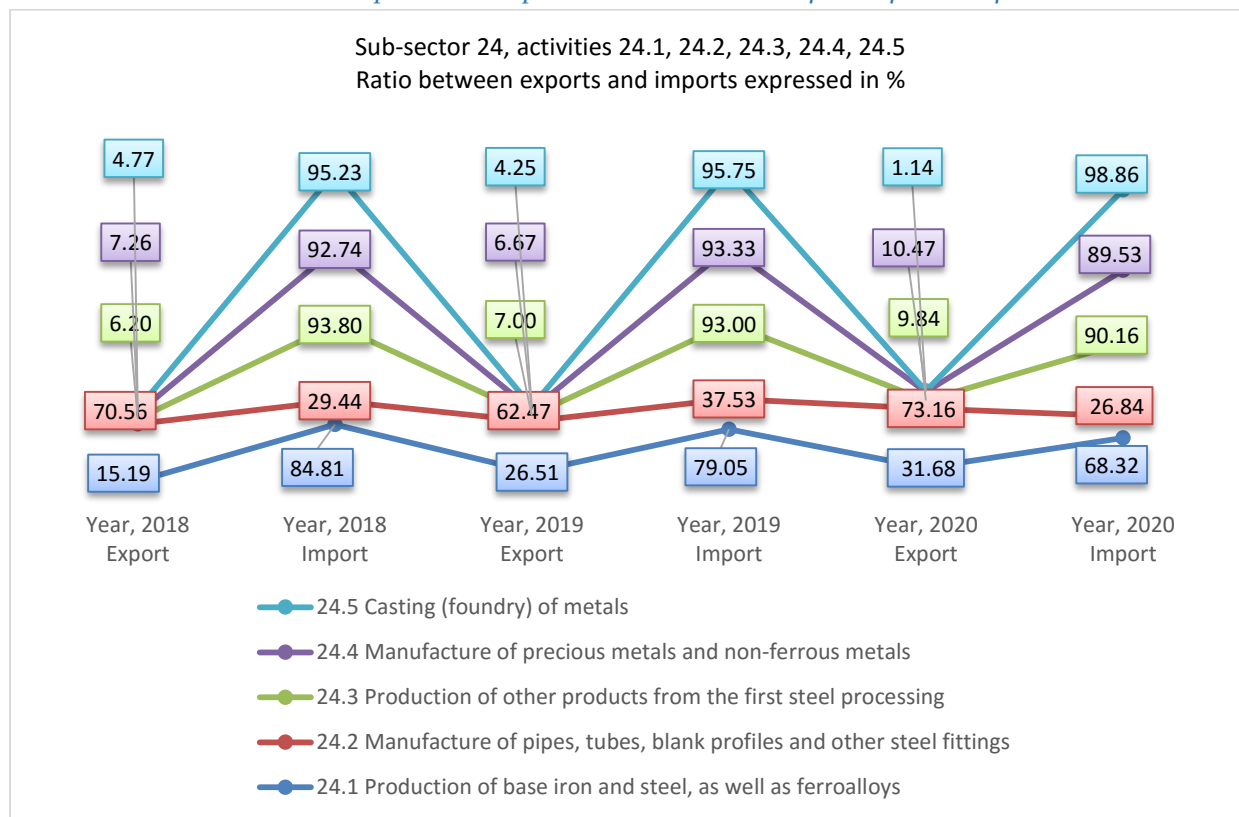
The activity "Manufacture of tubes, pipes, hollow profiles and related fittings of steel", in 2020, has marked the lowest import within the sub-sector "Manufacture of metals" by 20.42%, compared to the previous year. The products of this activity with EU countries are imported from Italy with 26.44%, Poland with 18.81%, Germany with 18.25%, etc. With CEFTA countries imports came from North Macedonia with 90.24%, from Serbia with 5.86%, from Albania with 3.87%, etc. With other countries imports came from Turkey with 68.2%, China with 30.06%, etc.

The activity "Manufacture of basic iron and steel and of ferro-alloys" worth 176.51 million euros, while in 2020, this activity has marked a decrease in imports by 11.82%, compared to 2019.

The products of this activity from EU countries are imported from Greece with 30.97%, from Italy with 26.2%, from Poland with 18.28%, etc.

Imports of products of the activity "Manufacture of basic iron and steel and of ferro-alloys" from CEFTA countries, were realized from Albania with 66.27%, from Northern Macedonia with 16.77%, from Bosnia and Herzegovina with only 13.06%. Products from EFTA countries are imported from Switzerland with 100%, while from Other countries the import is realized from Ukraine with 34.96%, from Russia with 29.97%, from Turkey with 29.04%, etc.

Chart.13. The ratio between exports and imports in the sub-sector of manufacture of metals



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

According to Figure no.13, the trade exchange of the activity "Manufacture of basic iron and steel and of ferro-alloys " in 2020, exports increased by 5.17%, while imports decreased by 10.73% compared to the previous year. Also a positive trend of increase of exports in 2020, was marked by the activity "Manufacture of tubes, pipes, hollow profiles and related fittings of steel", by 10.69%, and a decrease in imports by the same rate, compared to the previous year.

The activity "Casting of metals", has marked a decrease in exports by 3.11%, in 2020, and an increase in imports by the same rate, compared to the previous year.

12. MANUFACTURE OF FABRICATED METAL PRODUCTS

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 2.7% of employees in Kosovo. The enterprises of this sub-sector are mainly owned by men, as only 5% of the workforce are women and 7% of companies are women shareholders.²³

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.²⁴

12.1 Number of enterprises, employees and turnover in fabricated metal products sub-sector

In 2020, in the sub-sector "Manufacture of fabricated metal products", there are 3112 employees in 736 enterprises and a turnover worth 116.63 million euros.

In 2020, employment in this sub-sector increased by 25%, the number of enterprises has increased by 27% and turnover by 10.42%, compared to 2019.

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

- 10.5% of enterprises,
- 10% of employees and
- 7% in turnover

²³Sector Profile of the Metal Manufacturing industry (2014) / MIET

²⁴<http://empowerkosovo.org/al/perpunimi-i-metalit/>

Table 35. Number of enterprises, employment and turnover in the subsector of Manufacture of fabricated metal products.

Code	Sub-sector (25): Manufacture of fabricated metal products	Number of enterprises			Number of employees			Turnover		
		Year 2018	Year 2019	Year 2020	Year 2018	Year 2019	Year 2020	Year 2018	Year 2019	Year 2020
2511	Manufacture of metal structures and parts of structures	208	210	261	1435	1390	1598	82,246,440.01	67,804,937.42	70,384,678.80
2512	Manufacture of doors and windows of metal	121	212	144	298	305	370	8,123,751.84	9,832,475.99	9,244,905.85
2521	Manufacture of radiators and boilers for central heating	7	7	7	16	18	207	265,978.61	311,183.96	6,305,943.66
2529	Manufacture of metal tanks, reservoirs and other containers	4	4	4	3.00	4	9	18,913.57	105,013.13	146,119.25
2540	Manufacture of weapons and ammunition		-	0	-	-	0	-	-	-
2550	Forging, pressing, stamping and rollforming of metal; powder metallurgy	59	51	71	181	207	280	7,226,231.29	8,278,369.09	11,053,942.18
2561	Treatment and coating of metals	41	35	44	81	70	87	2,161,903.66	2,053,676.32	2,826,620.85
2562	Mechanical processing	69	64	89	175	131	152	8,155,592.56	5,069,039.86	6,071,942.15
2571	Manufacture of knives	2	2	2	3	2	2	6,395.30	6,190.59	6,862.00
2572	Manufacture of locks and cylinders	2	2	0	2	2	0	-	15,454.00	-
2573	Manufacture of tools	3	4	5	2	1	2	2,583.00	27,435.50	25,078.00
2591	Manufacture of steel buckets and other similar holders	1	1	1	3	5	6	48,541.50	52,393.52	57,189.60
2592	Production of light metal packaging	2	2	3	5	7	9	84,391.17	79,478.61	95,048.43
2593	Manufacture of wire products, chain and springs	16	16	20	71	73	89	3,375,177.55	3,383,093.78	3,135,408.21
2594	Manufacture of fasteners and screw machine products	4	3	4	9	6	5	194,467.22	165,963.86	76,248.42
2599	Manufacture of other metal products n.e.c	61	68	81	187	272	296	5,521,548.93	8,443,378.19	7,207,387.29
Total		600	581	736	2471	2494	3112	117,431,916.00	105,628,083.82	116,637,374.69

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

According to Table no.35, in this sub-sector, in 2020, the sub-activity "Manufacture of metal structures and parts of structures" participates in employment with 51% in 261 enterprises and with a turnover of 60%.

The sub-activity "Manufacture of doors and windows of metal" has 12% employees in 144 enterprises and participates in turnover with 8%, while the sub-activity "Manufacture of other metal products n.e.c" has a share of 9.5% employees in 81 enterprises and with 6% turnover.

The sub-activity "Manufacture of other metal products n.e.c", ranks third in terms of employment and number of enterprises, while in terms of turnover it is ranked fourth, because in 2020 it decreased by 15% compared to the previous year.

The sub-activity "Forging, pressing, stamping and roll-forming of metal; powder metallurgy" even though it has a lower number in employment and number of enterprises, in turnover it ranks second, because in 2020 it has increased by 34% compared to the previous year.

Out of 16 sub-activities in the sector "Manufacture of fabricated metal products", 9 sub-activities have a lower number of enterprises, while one sub-activity "Manufacture of weapons and ammunition" has no enterprises.

Regarding the regional distribution, the sub-activity "Manufacture of metal structures and their parts", leads with a number of enterprises, in the region of Prishtina with 24%, the region of Peja with 20% and Ferizaj with 18%. This sub-activity has the largest number of employees in the region of Ferizaj with 37%, followed by the region of Prizren with 19% and Prishtina 16%. Regarding the value of turnover, the sub-activity "Manufacture of metal structures and their parts" in the region of Prishtina participates with 30% followed by the region of Ferizaj with 28% and Gjakova with 15% etc.

In the sub-activity "Manufacture of metal doors and windows", the largest number of enterprises is in the region of Prishtina with 25%, the region of Gjilan with 19% and the region of Ferizaj with 14%. This sub-activity in the region of Prishtina has 32.4%, employees, in the region of Peja 16%, in the region of Prizren 13% etc. In terms of turnover, the region of Prishtina leads with 39%, the region of Peja with 16%, the region of Prizren with 14%, etc.

The sub-activity "Forging, pressing, stamping and roll-forming of metals; metallurgical powder", leads in the region of Prizren with 48% employed in 14 enterprises and with a turnover of 64%, the region of Prishtina with 16% employed in 15 enterprises and with an annual turnover of 4%, and the region of Gjilan with 13% employed in 11 enterprises and with a turnover of 4%.

12.2 Exports and imports in the sub-sector of Manufacture of fabricated metal products

In 2020, sub-sector "Manufacture of fabricated metal products" has marked an increase in exports by 35% and imports by 11%, compared to 2019.

The ratio between exports and imports in this sub-sector is 20.36% exports and 79.64% imports. Trade balance, in this sub-sector, has marked an improvement in exports by 3.6%, compared to 2019.

Exports of this sub-sector have a share of 9% of total exports and 7.35% of total Sector C imports.

Of the total number of enterprises of Sector-C, in the subsector "Manufacture of fabricated metal products, except machinery and equipment" there are 2.45% export enterprises, while within this sub-sector, out of 736 enterprises, 18.75% are exporters.

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

Code	Sub-sector Manufacture of fabricated metal products	Export			Difference (2019-2020)	Difference in % 2019-2020	Import			Difference (2019-2020)	Difference in % 2019-2020
		2018	2019	2020			2018	2019	2020		
25	Manufacture of fabricated metal products	21,478,381.68	23,451,261.04	31,730,428.78	8,279,167.74	35.30	110,032,985.05	112,031,510.36	124 107 528,74	12,076,018.38	10.78
25.1	Manufacture of structural metal products	9,952,232.96	9,859,784.15	14,399,469.47	4,539,685.32	46.04	22,009,763.39	20,870,865.02	28,100,458.00	7,229,592.98	34.64
25.2	Manufacture of tanks, reservoirs and containers of metal	2,998,453.49	2,720,552.64	2,426,942.29	(293,610.35)	(10.79)	8,936,208.52	10,022,954.98	18,162,515.79	8,139,560.81	81.21
25.3	Manufacture of steam generators, except central heating hot water boilers	789.00	7,702.61	3,466.20	(4,236.41)	(55.00)	276,184.65	1,114,416.51	556,939.65	(557,476.86)	(50.02)
25.4	Manufacture of weapons and ammunition	0	0	-	0	0	2,601,674.24	2,862,128.02	5,010,700.68	2,148,572.66	75.07
25.7	Manufacture of cutlery, tools and general hardware	803,092.37	1,563,640.88	2,707,596.05	1,143,955.17	73.16	27,478,669.54	28,790,940.01	26,195,967.22	(2,594,972.79)	(9.01)
25.9	Manufacture of other fabricated metal product (with activities 9.1,9.2,9.3,9.4,9.9)	7,723,813.86	0	12,192,954.77	12,192,954.77	0	48,730,484.71	48,370,205.82	46,080,947.40	(2,289,258.42)	(4.73)

• Exports to the EU, CEFTA, EFTA and other countries

Total value of exports in the sub-sector "Manufacture of fabricated metal products" is 31.73 million euros. Exports to EU countries are 49.4%, to CEFTA countries 29%, to EFTA countries 18% and Other countries 3.5%.

Based on Table no. 36, exports in the sub-sector "Manufacture of fabricated metal products", in 2020 has increased by 35% compared to 2019. The products of this sub-sector have been exported to EU countries, in the amount of 15.68 million euros. The products of this sub-sector are mostly exported to Germany with 32%, to Switzerland with 19% and to France with 18%.

Regarding exports to CEFTA countries, products of the sub-sector "Manufacture of fabricated metal products", are mostly exported to Albania with 43%, North Macedonia with 28% and Serbia with 19%.

Exports to EFTA countries are mostly realized to Switzerland, worth 5.65 million euros, or 99%, which makes it the country most targeted for the market. While exports to Other countries amounted to 1.79 million euros and the products of this sub-sector were mostly exported to Kazakhstan with 80%. In the sub-sector "Manufacture of fabricated metal products, except machinery and equipment", the activity "Manufacture of metal structures" leads in exports with 45%, followed by the activity "Manufacture of fabricated metal products" with 38%.

• Imports with the EU, CEFTA, EFTA and other countries

The total import in the sub-sector "Manufacture of fabricated metal products" is 124 million euros. Imports from EU countries is 41%, from CEFTA countries 15%, from EFTA countries 0.73% and from other countries 43%.

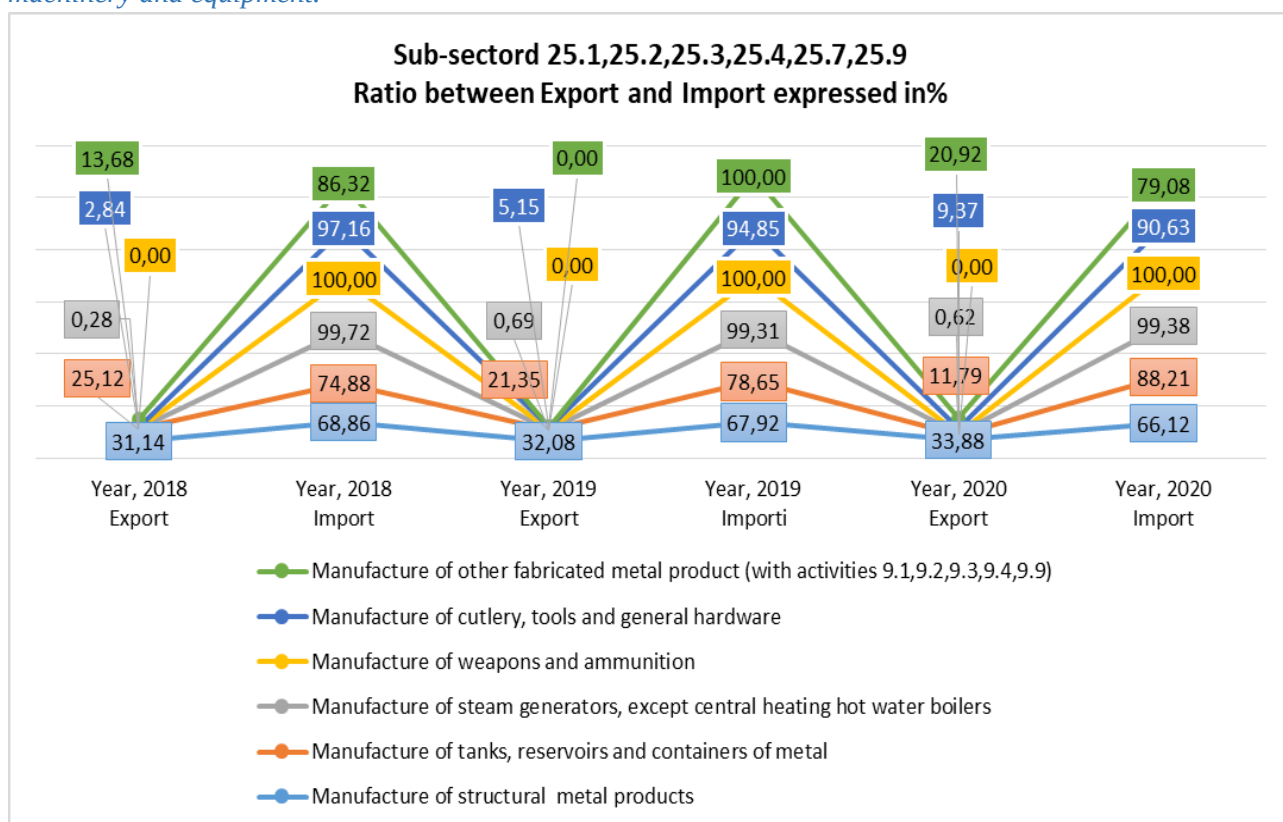
Imports in the sub-sector "Manufacture of fabricated metal products", from EU countries worth EUR 52.89 million. Imports of these products mostly came from Germany with 27%, Austria with 20% and Italy 14%.

Regarding imports with CEFTA countries, products of sub-sector "Manufacture of fabricated metal products", are mostly imported from Serbia with 58% and from Albania with 26%. Imports with EFTA countries mostly come from Switzerland with 91%.

Imports with Other countries have marked the value of 49.19 million euros, the products of this sub-sector are mostly imported from China with 51% and from Turkey with 42%.

In the sub-sector "Manufacture of fabricated metal products", among the activities with the highest growth of imports in 2020 are: "Manufacture of fabricated metal products" by 37%, activity "Manufacture of fabricated metal products" by 23% and "Manufacture of kitchen utensils, general metal utensils and equipment" by 21%, compared to 2019.

Figure 14. 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/DI

Trade exchange data for activities "Manufacture of kitchen utensils, tools and general metal equipment", for 2020, show that exports increased by 4.22%, while imports decreased by the same rate compared to the previous year, activity "Manufacture of structural metal products" has marked an increase in exports by 1.8% in relation to imports.

13. 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 EU countries, employment in this sub-sector is about 1 million workers in 130 thousand enterprises, which have an annual turnover of about 96 billion Euros.²⁵

In the report, (Report “The EU Furniture Market Situation and a Possible Furniture Products Initiative”, 2014), Germany, Italy, Poland and France, rank among the 10 most developed European countries in the furniture industry, with 60% within EU countries while 17% of other countries in global production. Globally, 77% of Manufacture of Furniture make up the top ten countries as well: China 40%, United States 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%, Other non-EU Europe (including Russia) 33%, South America 10%, Middle East and Africa 49%.²⁶

The enterprises that deal with the Manufacture of Furniture are installing the modernized technological process, although they have difficulties, in the absence of finances. 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 have increased in 2020 by 119.12%, while imports have decreased by 21.54%, compared to the previous year.

²⁵Furniture industry – Internal Market, Industry, Entrepreneurship and SMEs – European Commission (2019)

²⁶Report “The EU Furniture Market Situation and a Possible Furniture Products Initiative”. (2014)

13.1 Number of enterprises, employment and turnover in the furniture sub-sector

The furniture sub-sector, similar to other sub-sectors, has an impact on employment with 3,833 employees in 514 enterprises and an annual turnover of EUR 94.97 million.

This sub-sector, in 2020, has recorded an increase in employment by 46.96%, in turnover by 34.36% and in the number of enterprises by 30.79%.

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

- 9.12% of enterprises,
- 11.05% of employees and
- 6.84% in turnover.

Table 37. Number of enterprises, employees and turnover in the furniture sub-sector

Code	Sub-sector Manufacture of furniture (31)	Number of enterprises			Number of employees			Turnover		
		Year 2018	Year 2019	Year 2020	Year 2018	Year 2019	Year 2020	Year 2018	Year 2019	Year 2020
3101	Manufacture of office and shop furniture	72	69	100	305	425	588	4,915,731.80	6,280,777.07	8,006,093.27
3102	Manufacture of kitchen furniture	166	154	206	582	532	910	7,954,702.10	8,353,849.31	11,868,877.52
3103	Manufacture of mattresses	15	13	14	418	541	996	29,059,984.09	32,207,161.00	52,563,787.19
3109	Manufacture of other furniture	153	157	194	1,009	1,110	1339	21,182,838.09	23,846,112.57	22,538,759.25
Total		406	393	514	2,314	2,608	3,833	63,113,256.08	70,687,899.95	94,977,517.23

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

According to Table no. 37, the sub-activity with the most impact in employment, in this sub-sector, is "Manufacture of Other Furniture" with 1,339, or 34.93% employees. In the second place, in terms of employment, is ranked the sub-activity, "Manufacture of Mattresses", with 996 or 25.98% employees, while in turnover this activity leads with 55.34%, the third sub-activity the Manufacture of kitchen furniture" with 23.74% share in employment.

In 2020, compared to the previous year, all activities have marked an increase in employment, among the activities with the highest increase is "Manufacture of mattresses", which has increased by 84.10%, followed by the activity "Manufacture of kitchen furniture" with 71.05%, activity "Manufacture of office and shop furniture" with 38.35% etc.

All sub-activities have marked an increase in turnover, with the exception of the activity "Manufacture of other furniture" which in 2020 marked a decrease compared to 2019.

Among the activities which dominates with an increase in turnover, both in monetary value and in percentage is the activity "Manufacture of mattresses", which activity in 2020

compared to the previous year, has increased over 20 million euros by 63.21%. The activity "Manufacture of other furniture" has marked a drop of 5.48% in turnover".

According to the regional distribution, in the sub-sector "Manufacture of furniture", the region of Ferizaj leads in the number of enterprises with 40.08%, the region of Prishtina with 18.87%, the region of Prizren with 11.48%, the region of Peja and Gjiilan with 9.14%, the region of Mitrovica with 7.20% and the region of Gjakova with 4.09%.

In the number of enterprises, the sub-activity "Manufacture of kitchen furniture" leads in the region of Ferizaj with 42.72%, the region of Prishtina with 20.39%, the region of Gjiilan with 10.69%, etc.

The second sub-activity in terms of the number of enterprises is "Manufacture of other furniture", where the region of Ferizaj leads with 39.18%, followed by the region of Prishtina with 18.87%, the region of Prizren with 15.98%, etc.

The other sub-activity which has an impact in the number of enterprises is "Manufacture of office and shop furniture", where the region of Ferizaj leads with 37%, the region of Prishtina with 19%, the region of Peja with 15%, etc.

In terms of employment, this sub-sector leads in the region of Ferizaj with 23.66%, Gjakova with 20.69%, Prishtina 14.04%, Peja 13.67%, Gjiilan 10.62%, Mitrovica 9.89% and Prizren with 7.44%.

The sub-activity "Manufacture of other furniture" within this sub-sector, participates in employment with 34.93%. In terms of regional distribution, Ferizaj leads with 26.44%, Gjiilan region with 20.39%, Prishtina region with 19.72%, Prizren with 14.12%, Peja with 13.37%, etc.

The second sub-activity which has affected employment in the furniture sub-sector is "Manufacture of mattresses", although in number of enterprises Gjakova region ranks third with only 3 enterprises, this region in employment in this sub-activity is dominant with 76.71%, Peja region with 18.37%, Ferizaj with 3.11%, Gjiilan with 1.10% and Prizren with 0.70%.

The third sub-activity in terms of employment share is "Manufacture of kitchen furniture", in this sub-activity, the region of Ferizaj leads in employment with 36.70%, the region of Mitrovica with 19.34%, the region of Prishtina with 15.93% etc.

The sub-sector "Manufacture of furniture", in terms of turnover, the region of Gjakova leads with 39.08%, followed by the region of Peja with 21.42 %%, the region of Ferizaj with 10.61%, the region of Gjiilan with 8.63%, the region of Prishtina with 8.07% , Mitrovica region with 6.30% and Prizren region with 5.88%.

Turnover dominates in the sub-activity "Manufacture of mattresses" with 55.34%, where the region of Gjakova leads with 70.14%, the region of Peja with 26.79%, etc.

The sub-activity ranking second in terms of turnover is "Manufacture of other furniture", in this sub-activity the highest turnover is in the region of Gjilan with 27.38%, Peja region with 18.10%, Ferizaj region with 17.83%, Prishtina region with 17.17%, Prizren region with 16.63% etc.

The third sub-activity with a share of 15% in turnover, is the sub-activity "Manufacture of kitchen furniture". The region with the highest turnover in this activity is the region of Ferizaj with 25.39%, the region of Mitrovica with 23.86%, the region of Prishtina with 16.40%, the region of Gjilan with 14.07%, the region of Prizren with 13.85%, etc.

13.2 Exports and imports in the sub-sector of furniture

Export in the sub-sector “Manufacture of furniture” has recorded an increase in 2020 by 119.12% and in 2019 by 45.22% compared to the previous year.

In 2020, import in the sub-sector “Manufacture of Furniture” decreased by 21.54%, while in 2019 there was an increase of 0.11% compared to the previous year.

In 2020, the ratio between exports and imports in this sub-sector is 46.26% exports and 53.74% imports, exports in relation to imports has shown a positive trend with an increase of 22.7%, compared to 2019.

Exports of this sub-sector participate with 8.42% in the total exports and 1.27% in the total imports of Sector-C.

Out of the total number of enterprises of Sector-C, the sub-sector "Manufacture of furniture" has 2.24% export enterprises, while within this sub-sector, out of 514 enterprises, 24.51% are exporters.²⁷

Table 38. Exports 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 (2019-2020)	Difference in % 2019-2020
		2018	2019	2020			2018	2019	2020		
31	Manufacture of furniture	10,541,831.77	15,316,687.30	33,561,425.11	18,244,737.81	119.12	49,638,936.13	49,691,848.08	38,988,969.43	(10,702,878.65)	(21.54)
31.0	Manufacture of furniture	10,541,831.77	15,316,687.30	33,561,425.11	18,244,737.81	119.12	49,638,936.13	49,691,848.08	38,988,969.43	(10,702,878.65)	(21.54)

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

²⁷ Kosovo Agency of Statistics, processed by DIP/DI

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

The total value of exports in the sub-sector "Manufacture of furniture" is EUR 33.56 million. Exports to EU countries are 20.45%, to CEFTA countries 13.07%, to EFTA countries 25.62% and to other countries 40.86%.

Products of the sub-sector "Manufacture of furniture", according to countries in general, were exported to the United States of America with 35.74%, Switzerland with 25.54%, Germany with 12.18%, Albania 6.74%, etc. This change in the ranking, presented in 2020, compared to 2019, is a result of the increase in the export of mattresses to the United States of America, since this activity falls under the sub-sector of furniture, etc.

Exports to EU countries in 2020 compared to 2019, have increased by 24.37%, with exports mainly to Germany with 59.50% and to Belgium with 11.52%.

The sub-sector "Manufacture of Furniture" in 2020, has marked an increasing trend of exports to CEFTA countries by 33.65%, compared to 2019.

In CEFTA countries, Kosovo exported most to Albania with 51.52% with an increase of 16.2%, then to Northern Macedonia with 38.08%, with an increase of 3.31%.

Exports to EFTA countries, in this sub-sector, have increased in 2020 by 35.64%, while in 2019 by 12.28% compared to the previous year.

In EFTA countries, the main country where the products of "Manufacture of Furniture" are exported is Switzerland with 99.71%.

The essential change of export is with Other countries, where in 2019 the share of exports in this sub-sector was only 1.16%, while in 2020 the share of exports is 40.86%. Within Other countries, products of the sub-sector "Manufacture of furniture" were mainly exported to the United States of America, with 87.38% or EUR 11.9 million.

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

The total value of imports in the sub-sector of "Manufacture of furniture" is EUR 38.99 million. Imports with EU countries is 19.12%, with CEFTA countries 18.85%, EFTA countries 2.15% and other countries 59.88%.

In terms of imports with the EU countries, imports of products of the sub-sector "Manufacture of Furniture" have recorded a decrease in 2020 by 35.74%, whereas in 2019 there was a decrease of 0.01%, compared to the previous year.

Within EU countries, Kosovo has imported the products of "Manufacture of Furniture", mostly from Italy with 30.84%, Poland with 26.71%, from Germany with 13.95%, etc.

In 2020, in this sub-sector imports from CEFTA countries have increased by 9.44%, while in 2019, there has been a decrease of 44.83%, compared to the previous year.

The highest import from CEFTA countries, Kosovo has realized from Albania with 44.82%, then Serbia with 27.11%, Northern Macedonia with 38% etc. during 2020, compared to 2019.

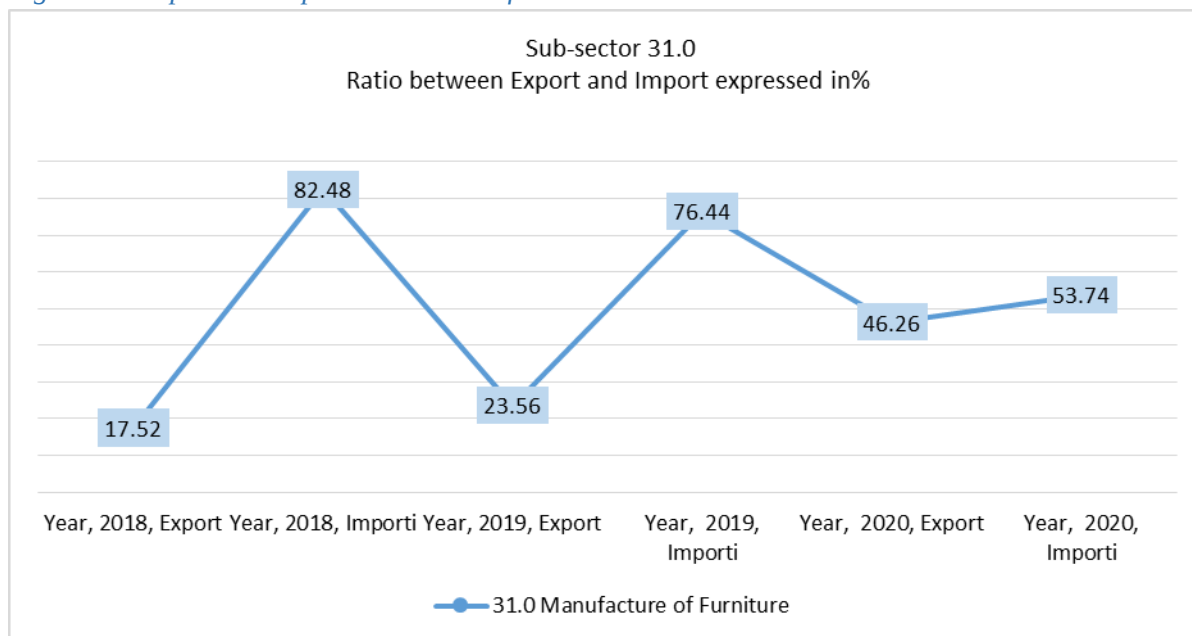
The sub-sector "Manufacture of Furniture" in terms of imports with EFTA countries, in 2020, has decreased by 19.05%, while in 2019 has increased by 3.88%, compared to the previous year.

Imports of "Manufacture of furniture" products with EFTA countries mostly come from Switzerland with 98.47%.

Imports with Other countries have decreased in 2020 by 23.05%, while in 2019 there was an increase of 22.01%, compared to the previous year.

Imports of products of the sub-sector "Manufacture of Furniture", from other countries, mainly come from Turkey with 54.02% and China with 41.14%.

Figure 15. Exports-to-imports ratio in the furniture sector



Source: KAS, processed by DIP/DI

Trade exchange, over the years of the activity "Manufacture of Furniture", according to Figure no. 15, is in favour of imports, however during 2018-2020 import have recorded a downward trend.

In 2020, compared to the previous year, exports increased by 22.7% in relation to imports.

13. Summary - Sector-C (Manufacturing industry)

Sector C, in 2020, has marked an increase in exports by 36.60% while imports have decreased by 5.90%, compared to the previous year. Of the 23 sub-sectors that make up the Sector-C nomenclature, in 2020, compared to 2019, 16 sub-sectors have marked an increase while 5 sub-sectors have marked a decrease in exports and 2 sub-sectors have not had exports. In terms of import, 9 sub-sectors increased, while 14 other sub-sectors decreased. These data show that Sector-C has a significant impact on economic development, potential to generate employment, impact on improving the trade balance, meeting market demands with quality products, replacing demand for imported products, increasing revenues for the state budget, etc.

- Sector-C (Manufacturing) has a share of 13.35% in Kosovo's GDP;
- In 2020, the share of Sector-C in GDP increased by 1.2%, compared to 2019;
- The share of the manufacturing industry, in 2020, in total exports was about 84%, while in total imports about 93%;
- The share in exports in 2020 was 398.46, while in 2019 it was 291.7 million euros, which shows that exports have increased by 36.60%.
- Imports in 2020, in Sector-C, was 3.06 billion euros, while in 2019, 3.25 billion euros, which means that it has decreased by 5.90%, while in 2019 compared to 2018 there was an increase of 4.2%;
- Sector-C, in the employment rate according to economic activity has a share of 11.8%;
- Within Sector-C, 17.9% are export enterprises;
- The effective interest rate in the manufacturing sector is 6%.

Sub-sector of Food Products Processing

- The sub-sector of "Manufacture of Food Products" in Sector-C, has a share of 23% in employment and 20 % in number of enterprises;
- It has a share of 7 % in total export;
- It has a share of 9.34 % in the export of Sector-C;
- It has a share of 14 % in total imports;
- It has a share of 27.63 % in the import of Sector-C;
- In 2020, in the food sub-sector, the difference in the number of enterprises is 18%, in employment 20%, in turnover 17%, in exports 4% and in imports 1.61%, compared to 2019.

Sub-sector of Manufacture of beverages

- Sub-sector of "Manufacture of beverages" in Sector-C, has a share of 6.16% in employment and 1.15% in number of enterprises;
- It has a share of 6.24% in total export;
- It has a share of 8.30% in the export of Sector-C;
- It has a share of 2.35% in total imports;
- It has a share of 4.59% in the import of Sector-C;
- In 2020, in the food sub-sector, the difference in the number of enterprises is 9%, in employment 17%, in turnover 10%, in exports 3.49% and in imports (6.06)%, compared to 2019.

Sub-sector of Manufacture of Textile

- The sub-sector “Manufacturing of Textile” in Sector-C, has a share of 2.3% in employment and 3.1% in number of enterprises;
- It has a share of 4% in total exports;
- It has a share of 5% in exports of Sector-C;
- It has a share of 2% in total imports;
- It has a share of 4% in exports of Sector-C;
- In 2020, in the textile sub-sector, the difference in the number of enterprises is 56%, in employment 28%, in turnover 4.43%, in export 128% and in import 17.37%, compared to 2019.

Sub-sector of Manufacture of Wearing Apparel

- The sub-sector "Manufacture of Wearing Apparel" in Sector-C, has a share of 3.31% in employment and 5.8% in the number of enterprises;
- It has a share of 1% in total export;
- It has a share of 1.44% in exports of Sector-C;
- It has a share of 3% in total imports;
- It has a share of 5.85% in imports of Sector-C;
- In 2020, in the wearing apparel sub-sector, the difference in the number of enterprises is 55%, in employment 34.4%, in turnover 17%, in exports 56.59% and in imports (16.33)%, compared to 2019.

Sub-sector of Manufacture of Leather and Leather Products

- The sub-sector "Manufacture of Leather and Leather Products" in Sector-C, has a share of 1.21% in employment and 0.76% in the number of enterprises;
- It has a share of 0.49% in total export;
- It has a share of 0.59% in exports of Sector-C;
- It has a share of 1.16% in total imports;
- It has a share of 1.24% in imports of Sector-C;
- In 2020, in the sub-sector of leather, the difference in the number of enterprises is 48.28%, in employment increase of 10.82%, while in turnover there was a decrease of (23.03%), in export (24.18) and in import (22.62%) compared to 2019.

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

- Sub-sector of "Manufacture of Wood " in Sector-C, participates in employment with 5.09% and in number of enterprises with 8.46%;
- It has a share of 2.19% in total export;
- It has a share of 2.61% in exports of Sector-C;
- It has a share of 2.09% in total imports;

- It has a share of 2.25% in imports of Sector-C;
- In 2020, in the wood sub-sector products, the difference in the number of enterprises is 16.91%, in employment 23.63%, in turnover 3.78%, in export 35.60% and in import (-8.83%), compared to 2019.

Sub-sector of Manufacture of Paper and Paper Products

- The sub- sector "Manufacture of Paper and Paper Products" in Sector-C, has a share of 2.08% in employment and 1.90% in number of enterprises;
- It has a share of 0.61% in total export;
- It has a share of 0.73% in exports of Sector-C;
- It has a share of 1.78% in total imports;
- It has a share of 1.92% in imports of Sector-C;
- In 2020, in the paper sub-sector, the difference in the number of enterprises is 15.05, in employment 55.61%, in turnover 41.80%, in exports 41.90% and in imports (-5.11%), compared to 2019.

Sub-sector of Manufacture of Chemical Products

- The sub-sector "Manufacture of Chemical Products" in Sector-C, has a share of 2.20% in employment and 2.02% in number of enterprises;
- It has a share of 4.13% in total export;
- It has a share of 4.93% in exports of Sector-C;
- It has a share of 7.80% in total imports;
- It has a share of 8.40% in imports of Sector-C;
- In 2020, in the sub-sector of the chemical industry, the difference in the number of enterprises is 34.12%, in employment 22.12%, in turnover 14.83%, in exports 140% and in imports 8.03%, compared to 2019.

Sub-sector of Manufacture of Rubber and Plastic Products

- The sub-sector "Manufacture of Rubber and Plastic Products" in Sector-C, has a share of 10% in employment and 10% in number of enterprises ;
- It has a share of 12.27% in total export;
- It has a share of 16% in exports of Sector-C;
- It has a share of 4.60% in total imports;
- It has a share of 9% in imports of Sector-C;
- In 2020, in the rubber and plastics sub-sector, the difference in the number of enterprises is 19%, in employment 26%, in turnover 7.14%, in exports 13.19% and in imports (2.31)%, compared to 2019.

Sub-sector of Manufacture of non-metallic mineral products

- The sub-sector "Manufacture of **non-metallic mineral** products" in Sector-C, has a share of 14.65% in employment and 9.07% in number of enterprises;
- It has a share of 2% in total export;
- It has a share of 2.4% in exports of Sector-C;
- It has a share of 5.19% in total imports;

- It has a share of 5.6% in imports of Sector-C;
- In 2020, in the sub-sector of non-metallic mineral products, the difference in the number of enterprises is 15.35%, in employment 14.10%, in turnover 0.72%, in export 17.45% and in import 2.15%, compared to 2019.

Sub-sector of Manufacture of Metal

- The sub-sector of “Manufacture of Metal”, in Sector-C, has a share of 3.69 % in employment and 2.15 % in number of enterprises;
- It has a share of 23.67 % in total exports;
- It has a share of 28.21 % in exports of Sector-C;
- It has a share of 7.32 % in total imports;
- It has a share of 7.88 % in imports of Sector-C;
- In 2020, in the sub-sector of metals, the difference in the number of enterprises is 30.11, in employment 15.32%, in turnover 2.75%, in export 48.17% and decrease in import (8.81)%, compared to 2019.

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 10% in employment and 10.5% in number of enterprises;
- It has a share of 6.68 % in total exports;
- It has a share of 9 % in exports of Sector-C;
- It has a share of 3.76% in total imports;
- It has a share of 7.35% in imports of Sector-C;
- In 2020, the difference in the sub-sector of fabricated metal products, in the number of enterprises is 27%, in employment 25%, in turnover 10.42%, in exports 35.30% and in imports 10.78%, compared with the year 2019.

Sub-sector of Manufacture of Furniture

- The sub-sector of “Manufacture of Furniture”, in Sector-C, has a share of 11.05% in employment and 9.12% in the number of enterprises;
- It has a share of 7.07% in total exports;
- It has a share of 8.42 % in exports of Sector-C;
- It has a share of 1.18% in total imports;
- It has a share of 1.27% in imports of Sector-C;
- In 2020, in the furniture sub-sector, the difference in the number of enterprises is 30.79%, in employment 46.96%, in turnover 34.36%, in export 119.12% and in imports (-21.54), compared to 2019.

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 economy.

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This report was drafted by the Department of Industry, **staff of the Division for Industrial Policy**

We thank the **Kosovo Agency of Statistics** for their cooperation in providing statistical data.

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