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## **Trade Barriers: Trade facilitation as a tool for eliminating barriers**

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### **Abstract**

*Market liberalisation was found to be quite successful mainly by reducing tariffs, while the most significant impact was achieved through the multilateral trade enabled by the General Agreement on Tariffs and Trade (GATT), approved on 1947. This agreement was later substituted by the World Trade Organization (WTO), which serves as a fundamental principle on any trade agreement. In spite of being part of CEFTA, i.e. Free Trade Agreement, since 2006 and the Stabilisation and Association Agreement since 2016, both grounded on WTO's rules and principles, Kosovo still faces a negative trade balance, which is quite high concerning the trade of goods. In this light, one of the reasons hindering the consistent increase of export is the constant number of unreasonable non-tariff barriers applied against Kosovo companies. The findings show that Serbia prevails in terms of most trade barriers imposed against Kosovar companies in all sectors and categories, followed by Albania. However, these two countries remain the most important trade partners for Kosovo. MTI has established the National Trade Facilitation Committee, which emerged as a CEFTA requirement and shall, therefore, play a vital role in the implementation of the Additional Protocol, which if applied successfully by all CEFTA member states, would result in a reduction or complete elimination of non-tariff barriers between countries. Nonetheless, the outcomes remain to be seen in the future, considering that some trade barriers may be of political content, particularly concerning some CEFTA countries, and is therefore still unknown if the implementation of this protocol will eliminate impediments in entirety and generate the expected outcomes.*

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### **Introduction**

Kosovo still faces a considerably negative foreign trade deficit, particularly in terms of trade of goods. Having the lowest level of export in the region is an unambiguous sign of difficulties faced by Kosovo companies in the light of international

trade, CEFTA member countries respectively, whereby most of the problems are related to trade barriers. In this context, CEFTA countries are imposing trade barriers against Kosovo. That is why the purpose of this analysis is

to provide, as precisely as possible, a general overview of the type and nature of trade problems faced by Kosovo companies during export and import. Furthermore, the analysis sheds light on facilities available to address and eliminate trade barriers at the regional level and beyond, along with obstacles that could potentially emerge at domestic level as well. The material used in this analysis is based on specific cases of different barriers, which have been brought to the attention of the Ministry of Trade and Industry by the private sector itself, or those addressed via the trade policy mechanism and individual meetings with businesses. Therefore through this analysis, we aim to present the types of barriers faced by companies, and a general overview of their current operational environment. In foreign markets, most of the problems are related to technical safety rules. In this case, Serbia prevails with most barriers in almost all sectors and all categories of barriers. However, Serbia is one of Kosovo's most important trade partner, followed by Albania and Macedonia. As far as Kosovo's internal market is concerned, the most visible barriers are competition and tax-related issues. In this analysis, the different obstacles faced by companies are broken down by sector, type of barrier, country or

institution. All of the above have been elaborated from the internal and foreign market point of view. The structure of this analysis will be as follows: the first part of the study will provide a brief overview of the background and importance of market liberalisation, starting with the GATT agreement. Subsequently, the methodology and methods adhered during the analysis will be described, followed with the part on trade exchanges, including herein crucial trade partners while emphasising main products that are imported and exported. The second part of the analysis will focus on the treatment of specific cases and the nature of trade barriers imposed between CEFTA countries, specifically against Kosovo companies, along with some barriers emerging in the domestic market. Furthermore, we will provide an overview of recent developments in the field of trade facilitation, which is considered as a tool to address and eliminate trade barriers. The last part will contain conclusions. Finally, it is worth mentioning that the content of the analysis is based on information provided by companies and do not necessarily represent the opinion of the Ministry of Trade and Industry, which is the public authority in Kosovo responsible for addressing trade barriers.

### **Overview on the importance of market liberalisation and the emergence of non-tariff barriers**

The international trade liberalisation regime was highly successful mainly by reducing tariffs. The most significant impact was achieved with the multilateral trade that was enabled by the General Agreement on Tariffs and Trade (GATT), approved in 1947. This universal tool has

allowed for global trade liberalisation and regulation of specific measures referred as non-traditional tariff measures, which include quota, anti-dumping measures, countervailing measures etc. On the one hand, increased tariff reductions are one of the reasons why different forms of non-

tariff measures now have attracted more of the negotiators' attention. On the other hand, countries have established new rules. Countries prefer measures that are not regulated at the global level. The World Trade Organisation has presented the Technical Barriers to Trade (TBT), i.e. agreement of 1995; however, most of the measures or technical barriers to trade now remain as a burden to trade, although in full compliance with the agreement, as not all aspects have been fully regulated. Within the same year, the agreement on implementation of Sanitary and Phyto-Sanitary (SPS) measures entered into force but still allows countries to institute their requirements if based on scientific evidence. In principle, non-tariff barriers refer to different measures and policies from normal custom tariffs, which could potentially have an economic impact on internal trade of goods by changing the quantity traded, prices, or even both (UNCTAD, 2013). Additionally, according to Deardorf and Stern (1997), all measures, except for tariffs that limit or otherwise distort trade between countries, constitute non-tariff barriers. Whereas, according to the World Trade Organization (WTO), non-tariff barriers constitute a highly diverse group of measures and policies, which could individually differ from one another, since they are collectively different from import tariff. In this regard, the Trade Facilitation

Agreement (TFA), as the sole achievement of the "Bali" trade round, emerged in 2014 to address the administrative barriers to trade and transparency issues. In February 2017, the TFA was approved by the WTO's General Council, and its implementation is currently on-going. Western Balkan's economies have established the regional trade liberalisation under the Central European Free Trade Agreement in 2016, or liberalisation of trade in industrial products. At a later phase, agricultural products were liberalised, and negotiations trade on services have already been concluded in December 2016. There are some regional initiatives, such as facilitation of regional trade by negotiating Protocol 5 movement of workers and qualified workforce, which have been taken into consideration for the future. There are still cases, even isolated at times when the business community from CEFTA parties faces direct or indirect trade barriers. Although the agreement exists, it is worth emphasising that the mutual recognition of certificates and testing reports is missing in the region. The agreements on mutual recognition have not been implemented because of some precise reasons, as signatory countries do not share the list of laboratories, and there are other actual problems, e.g. changes to the testing requirements.

## **Methodology**

The selection of methodology to address issues related to trade barriers faced by the private sector in Kosovo is of exceptional importance. Considering the role played by MTI in responding to requests of businesses within its competences, MTI

also has a crucial role in addressing other barriers at the national level and those in the context of the trade agreement, since MTI serves as a focal point at CEFTA level and beyond. In this regard, with the purpose increasing cooperation in the

private sector, the MTI has established relevant mechanisms focused on receiving, addressing and eliminating concerns raised by the private sector. Thus, the methodology for preparing this analysis is based on the following sources:

- The National Trade Facilitation Committee, which aims to improve the business environment in Kosovo further, namely further improve the import and export rules and procedures, thereby enabling trade facilitation between Kosovo and other countries, with a particular emphasis on neighbouring countries.
- The Trade Department in MTI within its Trade Policy Structure organises regular meetings with businesses from agriculture and industry sector or the sub-sectors falling under these two sectors.
- In addition to the mechanism in place, the Trade Department organises individual meetings with businesses, depending on their needs;
- The Trade Department has excellent cooperation with Kosovo Customs, Kosovo Chamber of Commerce,

American Chamber and German Chamber of Commerce in Kosovo, Kosovo Producers' Club and Kosovo Food and Veterinary Agency;

- Also, the CEFTA database, which is maintained by each country in order to decide and report on cases. At this point, Kosovo through this database reports case of measures applied by CEFTA countries against Kosovo companies, whereby the state using the measure is obliged to give an official response regarding the imposition of the measure, and this way is attempted to address and eliminate cases. Considering the frequent number of trade barriers applied to Kosovo companies, which are almost unreasonable barriers, we cannot say that this database has been entirely successful in eliminating the unjustified commercial obstacles. However, this mechanism has at least served as the grounds for statistics in terms of the number, classification of type and products, which are among the most frequent barriers faced by CEFTA countries, and this has played an essential role in our analysis.

### **Kosovo's most important export and import markets in 2017**

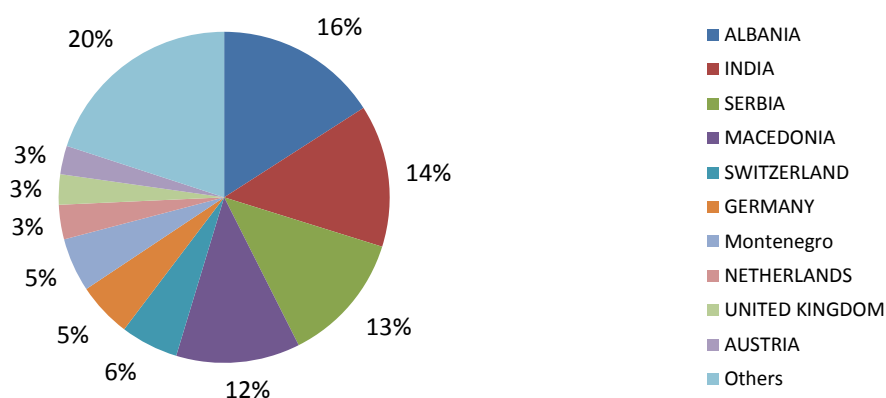
Exports grew during the year, whereby its value was 22% higher compared to last year, amounting to EUR 378 million. The leading country of exports was Albania with a share of 16%, marking an increase of more than 40%. India was the second largest source of exports with a share of 14%, followed by Serbia with 13%. Meanwhile, exports from Macedonia

increased by about 19% compared to last year. Crucial other import countries were Switzerland, Germany, Montenegro and the Netherlands; imports from the United Kingdom increased by 13 times, while the share of Kosovo's total exports increased to 3%. It is worth mentioning that the leading exporting countries account for 80% of total exports in 2017.

#### Kosovo's main trading partners 2017, exports

| Country        | Export value  | Participation % | Difference % 2017/2016 |
|----------------|---------------|-----------------|------------------------|
| Albania        | 60,256,534.88 | 16%             | 43%                    |
| India          | 52,606,481.05 | 14%             | 458%                   |
| Serbia         | 48,245,969.97 | 13%             | 17%                    |
| Macedonia      | 45,850,258.96 | 12%             | 19%                    |
| Switzerland    | 21,354,826.12 | 6%              | 27%                    |
| Germany        | 20,193,790.29 | 5%              | 46%                    |
| Montenegro     | 19,875,953.56 | 5%              | 43%                    |
| Netherlands    | 12,760,483.80 | 3%              | 7%                     |
| United Kingdom | 11,192,184.21 | 3%              | 1337%                  |
| Austria        | 10,547,755.87 | 3%              | 57%                    |

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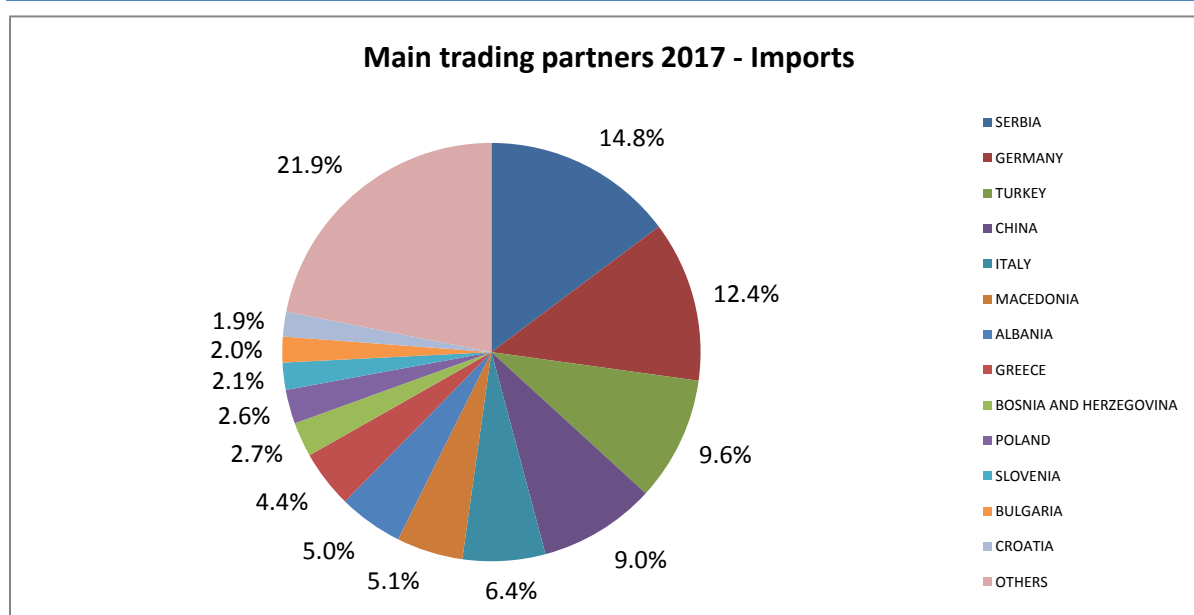
Source: KAS

Regarding exports, returns and ferrous scrap and ferrous compounds represent Kosovo's most exported category in 2017. Iron or steel items are the most significant export group in 2017, which increased by 30%. The industry of plastics and its articles, transport or packaging of goods are the most significant groups of products exported in 2017 with 8.6 million in 2017 or 19% increase compared to 2016. Exports of the lead ore in 2017 amounted to 17.9 million or a 9 percent increase compared to 2016, while exports of zinc-ore and concentrate in 2017 amounted to 14.2 million or an 86 percent increase compared to 2016. Additionally, exports of furniture and parts thereof have continued to increase during 2017. As a result of the positive trend, exports in 2017 exceeded the corresponding figure of 2016 by 29%.

Whereas imports rose during the reviewed year, its value was however 9% higher compared to last year, amounting to EUR 3.04 billion. The central importing country was Serbia with a share of 14.8%, marking an increase of more than 15%. Germany was the second largest source of imports with a share of 12.4%, followed by Turkey with a share of 9.6%. Also, imports from China increased by around 7 percent compared to 2016. Other major importing countries were Italy, Macedonia, Albania and Greece; imports from Albania increased by 31% and its share in Kosovo's total imports increased to 5%. However, as can be seen from the table, imports from Croatia and Italy decreased significantly. In this case, importing countries represent 78.1% of total imports in 2017.

#### Kosovo's main trading partners 2017, imports

| Country                | Amount of import | Participation % | Difference % 2017/2016 |
|------------------------|------------------|-----------------|------------------------|
| Serbia                 | 449,918,205      | 14.8%           | 16%                    |
| Germany                | 378,480,438      | 12.4%           | 10%                    |
| Turkey                 | 292,701,461      | 9.6%            | 1%                     |
| China                  | 275,516,652      | 9.0%            | 7%                     |
| Italy                  | 194,716,162      | 6.4%            | -4%                    |
| Macedonia              | 156,495,222      | 5.1%            | 0%                     |
| Albania                | 151,814,948      | 5.0%            | 31%                    |
| Greece                 | 135,463,008      | 4.4%            | 14%                    |
| Bosnia and Herzegovina | 81,673,648       | 2.7%            | 3%                     |
| Poland                 | 80,147,029       | 2.6%            | 6%                     |
| Slovenia               | 63,889,190       | 2.1%            | 5%                     |
| Bulgaria               | 60,574,435       | 2.0%            | 6%                     |
| Croatia                | 58,326,335       | 1.9%            | -1%                    |



Source: KAS

Imports of petroleum products in 2017 increased by 24% compared to 2016. Motor vehicles and other vehicles are one of the largest import groups in 2017, which increased by 32%. In the iron and steel industry, iron bars and rods are the most significant groups of imported

#### Trade barriers by type

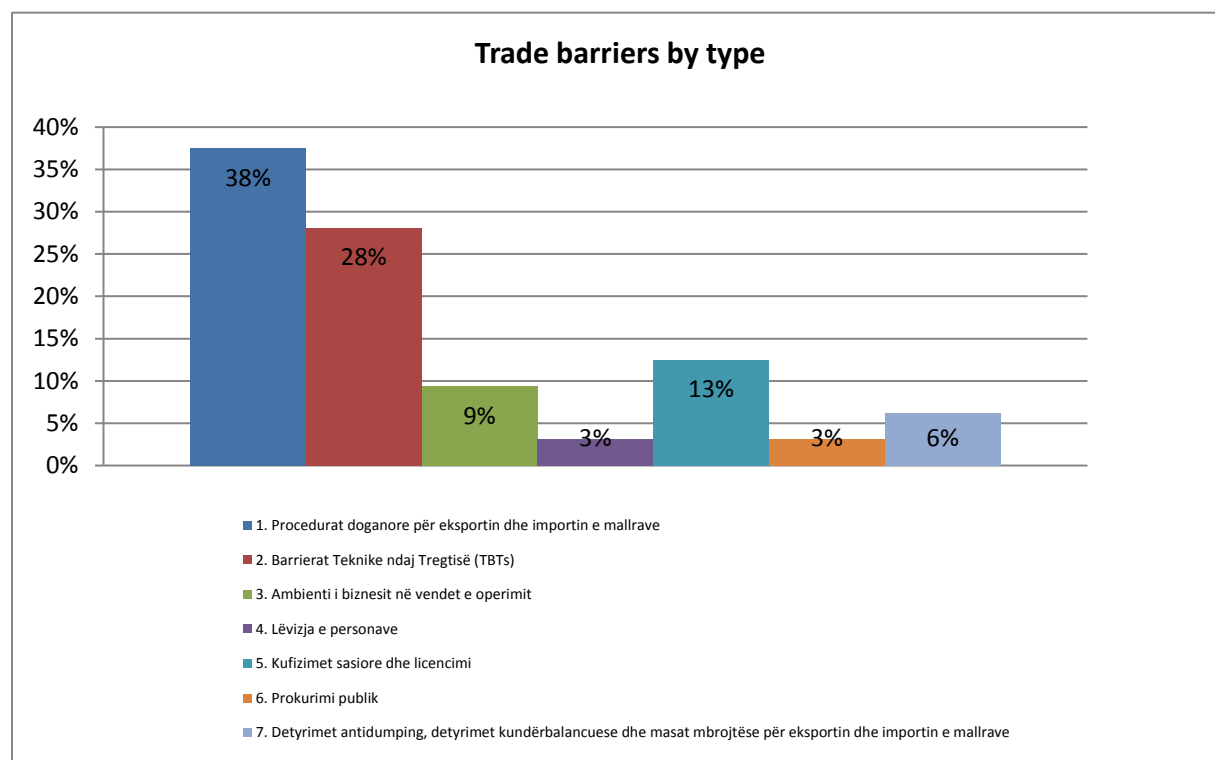
Concerning foreign trade relations, the most common problems faced so far by companies are related to customs procedures and technical barriers to trade. Issues in cross-border movement of goods relate to current customs procedures. The

products in 2017 with 88 million in 2017 or 21 percent increase from 2016. The imports of tobacco continued increasing from January to December. As a result of favourable trends, imports in 2017 exceeded the corresponding figure of 2016 by 7%.

difference in payments, along with the changeability and poor predictability, do in fact complicate trade. Technical barriers to trade include, for example, different technical regulations, standards and certifications, which are discriminatory or

unnecessary. Customs procedures and technical barriers to trade comprise for more than half of all obstacles identified to trade. The next major barrier category is the business environment in the country of

operation and licensing. In this regard, based on information and requests received from the private sector in Kosovo, below are identified trade barriers by their nature.



Source: Trade Department

### ***Customs procedures for export and import of goods***

Custom procedures refer to all phases related to the cross-border movement of goods in export and import. Matters linked closely to the procedure include the code of conduct, customs categories, required documentation and other special measures. Out of all identified technical barriers to trade, 38% are related to customs

procedures. More than half of identified customs-related problems are faced in the export and import from Serbia and Albania. Significant difficulties have been caused by burdensome documentation requirements, red-tape and slow customs clearance.

Trade facilitation, namely simplification and harmonisation of international trade procedures, was part of the World Trade Organization (WTO) agenda. The aim is to increase the capacity for technical assistance and support and establish standards that would enable effective cooperation between customs authorities and other relevant public authorities. CEFTA AP5 - aims to transform the region into a region where goods, services, investments and skilled people move freely without tariffs, quotas or other unnecessary barriers, where trade is facilitated more than by WTO rules, aiming toward recognition of all border documents, as appropriate (as specified in Additional Protocol 5)

### ***Technical barriers to trade***

Technical barriers to trade refer to differences between technical regulations, standards and conformity assessment, which pose an obstacle to trade. Typical TBT examples include various product specifications, necessary certificates and documents, such as hygiene certificates, conformity certificates, and compliance certificates. Technical rules have been established to ensure that products are safe, serve to a specific use and are compatible with other products, but in some cases, the regulations can also effectively protect domestic products and

markets. Based on information collected by companies, the technical barriers to trade are almost as common as customs barriers and account for around 28% of all trade barriers. Most of TBTs, over half of them, have been found in Serbia; however, they have become a factor hindering trade. In Albania and Serbia, problems occur, especially with certification requirements. The list of such products differs and therefore, in unclear situations, the necessity of having a specific certificate should be clarified beforehand.

The basic principles of the WTO Agreement on Technical Barriers to Trade and the Agreement on Sanitary and Phyto-Sanitary measures include non-discrimination, use of less restrictive trade tools and international standards, as well as the transparency of procedures. According to these basic principles, all relevant provisions should be drafted in order not to discriminate a product based on origins, and that their restrictive effect is minimised and they are based primarily on international standards. Moreover, transparency must be ensured by publishing all provisions in due time before they enter into force and by appropriately making announcements when such statement is required.

### ***The business environment at country of operation***

Out of all reported trade barriers, about 9% relate to the business environment in the states of operation. This category includes, among other things, often systematic problems such as corruption and

bureaucracy, and problems resulting from infrastructure deficiencies and the political and economic uncertainty. The business environment is, in fact, an element that plays a role in all sectors.

### ***Movement of persons***

About 3% of trade barriers that deal with foreign markets relate to the movement of persons and related elements that restrict trade. Reported restrictions are associated with the movement of persons between Kosovo and EU countries. Almost in all cases, respondents reported of lengthy,

complicated and bureaucratic procedures for getting a work visa. Problems with visas and work permits are not specific to one business field, but they occur in all sectors.

## ***Quantitative restrictions and licensing***

Various quantitative restrictions, such as export and import quotas, together with customs duties and taxes, also limit international trade. The requirements of licensing and control documents are also included in this category; the barriers identified in this category account for about 13% of the obstacles reported in trade. Some barriers exceeding the average

barrier level have been encountered in Serbia and Albania, but similar problems have also been encountered in Macedonia. Serbia requires licenses that slow down trade and cause additional costs. No single trade field prevails in terms of barriers faced, but instead, barriers can be found relatively equally in all different categories.

In principle, the WTO system prohibits quantitative restrictions. However, restrictions are allowed in exceptional cases, for example, to supplement trade policy instruments used by WTO rules. Licensing can also be used for purposes such as overseeing compliance with technical regulations. The measures should then be applied in a way that limits and discriminates trade as little as possible, with an equal impact. Articles XI and XIII of the GATT and the WTO Agreement on Import Licensing Procedures regulate the provisions on quantitative restrictions and import licensing.

## ***Public procurement***

Public procurement refers to procurement by government authorities and regional and local administrations, such as federal states, provinces and municipalities, as well as procurement units in specific areas. About 3% of trade barriers encountered in

foreign markets are related to public procurement. Kosovar companies face problems in Serbia. More often, requirements which result in the exclusion of foreign companies are added to competitive tendering.

## ***Anti-dumping duties, countervailing duties and safeguard measures for export and import of goods***

Anti-dumping duties, countervailing duties and safeguard measures are trade policies, instruments used against trade distortion measures temporarily applied to increase

import duties for specific products. Of all identified trade barriers, 6% are related to these instruments.

The use of anti-dumping duties, countervailing duties and safeguard measures is subject to the WTO Rules. In Kosovo, antidumping duties are used in situations where importing from countries is based on dumping and where there has been an adverse effect on the industries. Countervailing measures can be imposed when import benefits have competitive advantages in proportion to government support, and this causes damage to producers in Kosovo. Protective measures can be taken to protect industries in Kosovo against unexpected imports. Standards should not be more comprehensive than is necessary to eliminate artificially acquired competitive advantages.

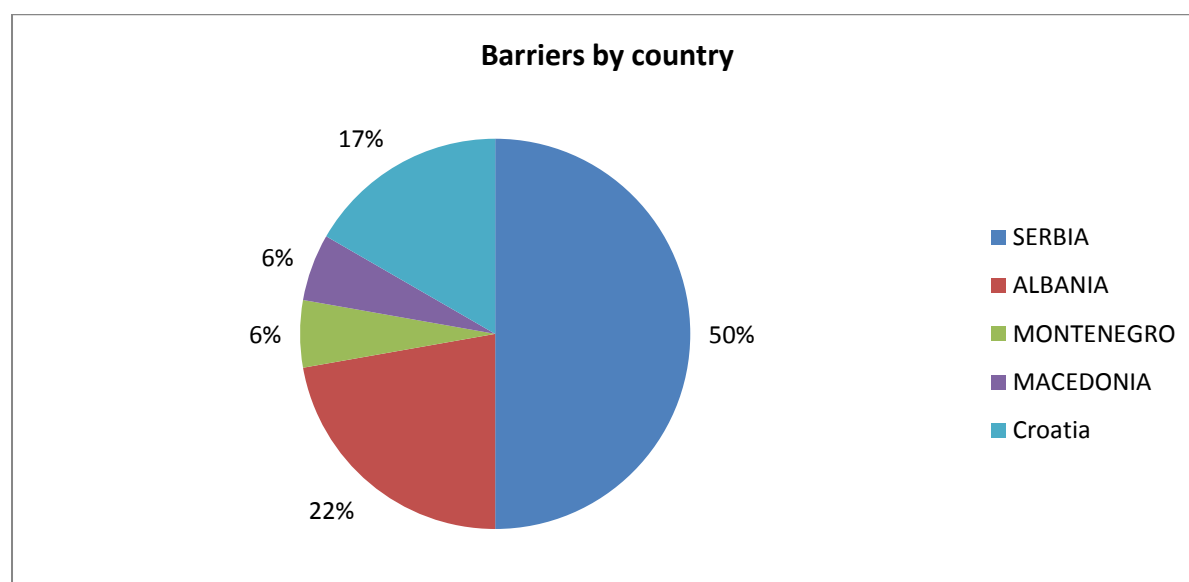
Based on food industry reports on trade barriers and based on the number of barriers identified, all trade barriers are most likely to be encountered in the food industry. In this study, agricultural products are included in the food industry. The largest groups of trade barriers are found to be the customs procedures and technical barriers to trade. They are most common in Serbia and Albania. From various sectors, machines and equipment together with the ICT sector are business lines that report on barriers to trading.

Machines and equipment, as a sector, face many types of barriers, but customs procedures and problems in fiscal legislation differ little in relation to other industries, followed by technical barriers to trade. Other sectors reported barriers related to industry lines that do not fall into any of the sectors mentioned above. They include, among other things, transportation, beverages, and food supplements. Most of the problems emerge as a result of bureaucratic customs procedures.

### Trade barriers by country

The review of the various sectors and types of barriers mentioned above clearly shows that most of all trade barriers faced by Kosovo companies in foreign markets occur in trade between Kosovo and Serbia.

This chapter deals with trade barriers across countries and examines the structural and systematic problems of different countries.



Source: Trade Department

As far as CEFTA member countries are concerned, Serbia is Kosovo's most important trading partner both in exports and imports. Exports to Serbia in 2017 accounted for 13% and imports for 14.8% of Kosovo's trade. The growth was tremendous both in exports and in imports,

with an increase of 17% and more than 16% respectively in the previous year. Serbia's importance as a trading partner is also shown by specific statistics of trade barriers in the country, because, according to companies that have reported, about 50% of all trade barriers are being applied

by Serbia. In Serbia, the primary source of problems is customs procedures, because they are volatile, unpredictable and slow. The next dominant group of barriers is the group of the technical obstacles to trade. Technical barriers to trade occur in the form of various documentation and certification requirements. In Serbia, there are problems in all sectors. There are many cases where local producers are damaged by agricultural and industrial imports from Serbia, mainly through dumping prices, whereby products are sold at lower prices than in the country of origin, which consequently damages local counterpart industries. Companies have complained especially about on-going changes in customs procedures and the arbitrary and slow actions. Examples of problems related to customs procedures include unpredictable changes in document requirements and the requests for additional documents. The issue of quality assurance report or the issue of sanitary and phytosanitary field remain very concerning. Kosovar exporters are obliged by the Serbian authorities, respectively the food and veterinary authorities, to wait for their cargos for days because the Serbian authorities do not recognise the analyses conducted by Kosovo exporters. All this creates additional costs for Kosovo companies in terms of time and finances. Also, as far as industrial products are concerned, there are many cases where Kosovar exporters are unable to export some products because the relevant Serbian authorities do not grant permissions to importers of such products due to political reasons, while this consequently prevents Kosovo companies from exporting to Serbia. Since 2008, many Kosovar companies are regularly facing the transit problem while importing

from EU countries and passing through Serbia's territory at different border crossing points. Although Kosovar companies possess all relevant documentation, they are also required to provide an import license issued by Serbia's Food and Veterinary Agency or Ministry of Agriculture. Companies are usually forced to return and use another route through Romania, Bulgaria and Macedonia in order to come to Kosovo. While waiting there, additional costs are incurred concerning time and money. This kind of problem quite often occurs even during export. As far as Albania is concerned, there has been a steady upward trend in trade between these two countries. In 2017, imports increased by 31% and exports by 43% compared to the previous year. It is worth pointing out that just over 22% of all identified trade barriers are related to Albania. The barriers related to Albania regarding the different types of barriers are relatively equal, but most of the reported barriers are related to the non-recognition of export analysis by Albania's Food and Veterinary Agency. This barrier is mainly applied to agricultural products. Other issues that hinder trade include the difficult business environment. Also, the regular seasonal application of reference prices to agricultural products of Kosovo origin is of concern. On the other hand, less than 6% of all trade barriers occur in Macedonia; certainly, this figure is small in relation to Macedonia's participation in our foreign trade. The biggest challenges for companies continue to arise from technical regulations and standards that differ from those in Europe. The reported problems are related to the export of meat products to Macedonia due to the failure to send Macedonian inspectors to Kosovo for verifying the interested export operators.

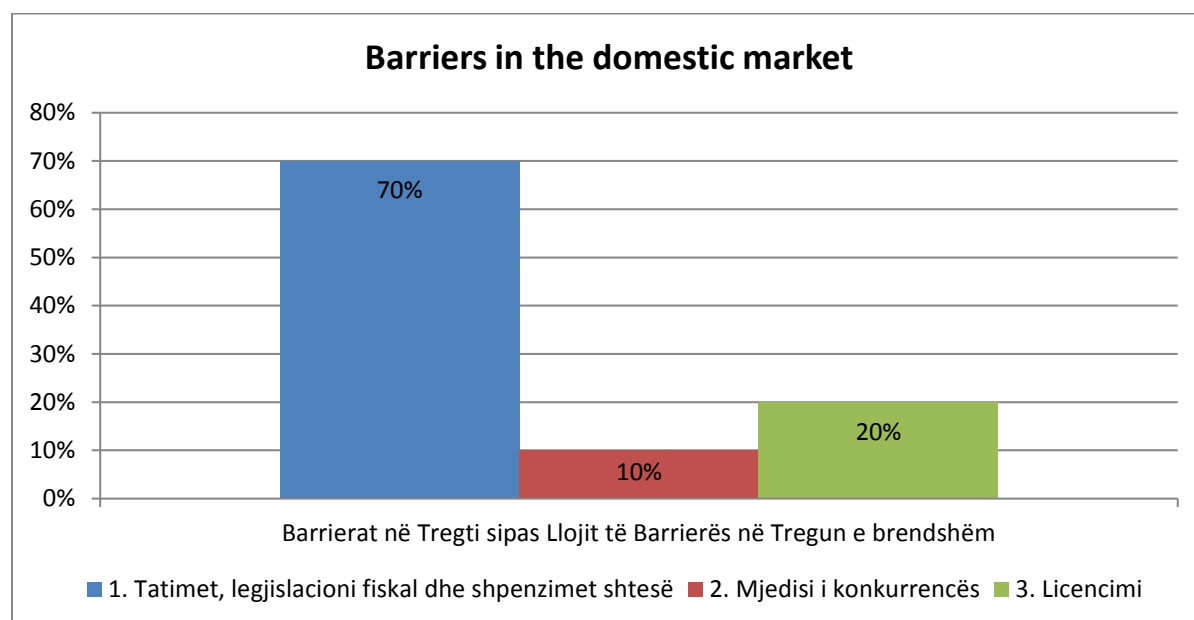
Tests and certifications required for such products are often complex and take a lot of time. Trade barriers encountered in Montenegro account for about 6% of all trade barriers. Reported barriers fall into several categories, but the most important ones are the technical barriers to trade. Problems are most common in the beverage sector. And last but not least, identified trade barriers are also present from time to time in Croatia, a former member of CEFTA and now an EU member state. In this context, such barriers

with Croatia refer more to the scope of SAA implementation. Croatia accounts for 17% of all trade barriers. Some problems related to trade barriers have been reported, but they are often of a systemic nature and are connected to EU regulation No. 206/2010. Kosovo is not on the list of eligible countries. Under this Regulation, Kosovo is not a suitable place for specific animal and fresh meat exports. Croatia applies such an obstacle even during transit through its territory for products of Kosovo origin.

### Domestic market

On the other hand, various barriers are also encountered in the domestic market of Kosovo, where the most common obstacles are those related to the

competition environment, followed by restrictions associated to the interpretation of taxes and national fiscal legislation.



Source: Trade Department

### ***Taxes, fiscal legislation and additional costs***

Taxes, fiscal law and other expenses with a percentage of 70% pose a barrier to the domestic market.

Businesses registered in Kosovo may apply for reimbursement of VAT included in the price of goods and services purchased in another country. The reimbursement decision must be made within one month of the application. However, this is often not the case in practice, and the reimbursement process can take several months or longer. For more information about VAT reimbursement in Kosovo, please see:

[http://www.atk-ks.org/wp-content/uploads/2017/10/DoracakuTVSH\\_ALB.pdf](http://www.atk-ks.org/wp-content/uploads/2017/10/DoracakuTVSH_ALB.pdf)

Based on companies' reports, the competition environment accounted for 10% of trade barriers. The problems are mainly related to trade in the field of agriculture, where the competition

environment caused issues in their business operations. The forms of monopoly most frequently mentioned were the environmental competition problems.

### ***Licensing***

The requirements of licensing and control documents belong to this category; the barriers identified in this category account

for about 20% of the reported obstacles to the domestic market.

### **Developments in the field of trade facilitation as a means of eliminating trade barriers**

Although Kosovo is not yet a member of the WTO, the Government of Kosovo is very committed in carrying out trade facilitation activities. According to the WTO, trade facilitation means "simplification, standardization and harmonization of international trade procedures", where trade procedures means activities, practices and formalities that apply to the collection, presentation, communication and processing of data that are essential to the movement of goods in international trade". Such a thing is intended to be developed within CEFTA member countries. In this regard, Protocol 5 on Trade Facilitation of the CEFTA Agreement has been completed. The basis of this Protocol is the Trade Facilitation Agreement, initiated by the World Trade Organization (WTO). Although Kosovo and some CEFTA member countries are not members of the WTO, they have taken on the responsibility to implement the main measures of this agreement, as they will be part of Protocol 5 under the CEFTA Agreement. Moreover, this protocol envisages simplification of inspections, reduction of import and export formalities, electronic data exchange, mutual recognition of laboratory tests and the program of authorized economic

operators and the effective implementation of risk control. Also, more importantly, it will extend its effects to all other agencies operating at border crossing points, and this is the added value of this protocol. In addition, some of the main outcomes expected to be achieved are: reduction of waiting time for goods at the border, reduction of trading transaction costs for companies through reduced documentation and data requirements, reduction of frequency in physical controls (mutual recognition of the AEO programme) and the improvement of the dialogue between the public and private sector, thus creating an environment where both sides can work together to achieve common goals and address trade barriers. Moreover, as far as issues related to trade facilitation are concerned, the Ministry of Trade and Industry, in terms of Kosovo's trade policy, has established the so-called National Trade Facilitation Committee (NTFC) in 2016. The establishment of this committee at the national level, which all CEFTA member countries have already established, emerges as a request from the CEFTA Secretariat, based on a Trade Facilitation Agreement in the framework of the World Trade Organization (WTO). The establishment and full functioning of

the National Trade Facilitation Committee will have a key role in the implementation of the Protocol, and, if this Protocol is to be successfully implemented by all CEFTA member countries, its key outcome will be to reduce or completely eliminate non-tariff barriers between countries. However, the outcomes are yet to be seen due to the fact that, considering political problems with some CEFTA

## **Conclusions**

The Ministry of Trade and Industry has expressed its interest in continuing supporting the private sector in identifying and removing barriers that hinder exports to international market. The analysis argues that although the elimination of trade barriers is essential. However, it will not have the desired impact unless it is complemented by government efforts to increase the variety and sophistication of goods produced, including measures such as improvement of infrastructure, improvement of local workforce skills by encouraging and enabling entrepreneurship, and raising of the size of existing manufacturing companies so that they can meet the demands of larger markets and produce their goods with economies of scale. Continuous dialogue with the private sector is vital for the effective removal of trade barriers. Removing some of the previously identified barriers to the expansion of trade to CEFTA will require effective implementation of the Regional Trade Agreement. More specifically, the abolition of non-tariff barriers to trade will contribute to the expansion of trade to CEFTA and should be on the agenda of CEFTA member countries for regional integration. Kosovar businesses will now

member countries, there are doubts that some trade problems related to political issues will not be resolved through this Protocol, and one of such problems may that of transit. Finally, MTI is aware that, in addition to barriers in exporting to other countries, businesses face other internal barriers including non-tariffs barriers which hamper the further growth of companies' competitiveness.

be able to more easily address trade barriers during export, import or transit of their goods. This was facilitated by the Trade Department at the Ministry of Trade and Industry, which in cooperation with the EU project for Further Support to Trade Policy, has created a new web platform that will serve businesses in Kosovo to address through this instrument all trade barriers they face during export, import or transit of their goods in other countries, either at border crossing points or elsewhere. This web-platform is functional and can be accessed in the following link: <http://raportobarrierat.rks-gov.net/mainlist.php>. In conclusion, the barriers applied by countries of the region are usually of different nature, including technical barriers to trade and the sanitary and phytosanitary standards. At the same time, the transit of Kosovo products (primarily through Serbia) faces on-going administrative obstacles. There are many cases where quality assurance reports or sanitary and phytosanitary reports are an issue of concern. This barrier is mainly applied to agricultural products. Finally, in addition to this, Kosovo's market is also quite often damaged by imports coming from CEFTA countries, namely large quantities exports, considering that the

quality of such products is questionable as well as by dumping products prices that sold at cheaper prices in Kosovo than in

the country of origin, thus consequently harming Kosovo's domestic production.

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