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EU Trade Policy Project

Republika e Kosovës-Republika Kosova-Republic of Kosovo
Qeveria-Vlada-Government
Ministria e Tregtisë dhe Industrisë-Ministarstvo Trgovine i Industrije-Ministry of Trade and Industry

Policy paper #1

NTBs in the CEFTA context: The Case of Serbia against Kosovo

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ACRONYMS

CEFTA	Central European Free Trade Agreement
EU	European Union
KAS	Kosovo Agency of Statistics
MADB	Market Access Barriers Database
MTI	Ministry of Trade and Industry
NTBs	Non-Tariff Barriers
NTMs	Non-Tariff Measures
OECD	Organization for Economic Cooperation and Development
RoO	Rules-of-Origin
SPS	Sanitary and Phyto-sanitary Standards
TBTs	Technical Barriers to Trade
UNCTAD	United Nations Conference on Trade and Development
UNMIK	United Nations Interim Administration Mission in Kosovo
WTO	World Trade Organization

INTRODUCTION

Kosovo is confronted with very large external deficits, especially for trade in goods. The fact that Kosovo has the lowest level of exports in the region is a clear sign of the difficulties Kosovar companies do face in international trade. Some of these difficulties relate to trade barriers. In this respect, barriers to trade are used by Serbian authorities on a rather regular basis against both agricultural and non-agricultural products that are exported by Kosovo to Serbia or that transit through the territory of Serbia as Kosovar imports or exports.

The barriers that are used by Serbia are of different natures: Non-Tariff Barriers, Technical Barriers to Trade and Sanitary and Phyto-sanitary Standards/Measures. Furthermore, it is worth mentioning that the transit of Kosovo products through Serbia is confronted with administrative obstacles as well. Thus, since the declaration of independence of Kosovo, the issue of transit became a significant obstacle for a number of Kosovar companies when importing from other countries, including EU members, or exporting. Until recently the movement of people was also impeded and discouraged by Serbia.

It is worth mentioning that these issues have been addressed during meetings of the Subcommittee on TBTs and NTBs in CEFTA, and even by the Joint Committee, which is the highest level for such issues in CEFTA. Similar issues were raised during joint meetings organized by the Chambers of Commerce of Kosovo and Serbia, unfortunately no permanent solution could be found and, in addition, cases tend to repeat overtime, again and again.

The promotion of exports is perceived as a top priority policy by the Government of Kosovo and, in that context, CEFTA 2006 provides a unique framework to strengthen economic and trade relations with all neighbouring countries, on equal bases, without any discrimination. Today, within CEFTA, Serbia represents also one of the Kosovo's major trade partners. Considering these facts, one must acknowledge that the barriers that are raised by the Serbian side against Kosovar goods may damage seriously Kosovo's trade and economy. Despite these costs, Serbia continues to introduce different types of barriers against Kosovar products.

In such a difficult context, it is necessary for CEFTA members to continue to address trade obstacles and problems with specific measures aiming at the elimination of trade barriers and increase related policy efficiency by shortening the time period from the moment when a business entity reports a barrier to the moment of resolution of the subject matter.

In this paper we discuss NTBs within CEFTA, in particular the case of Kosovo trade with and through Serbia. Thus, we provide an assessment of NTBs raised by the Serbian side, referring to Sanitary and Phyto-sanitary (SPS) Measures, Standards, and other Technical Barriers to Trade (TBTs). We also refer to the transit of goods through the Serbian territory. We conclude with the provision of selected policy alternatives which may help address these barriers and their impacts.

The paper relies on the CEFTA-hosted Market Access Barriers Data Base to illustrate the cases Kosovar companies have put forth so far when exporting to Serbia. Through this database, all CEFTA member countries have been able to identify and address trade barriers imposed on goods within the CEFTA region.

In addition, some of the issues/problems raised during the regular meetings of the MTI Trade Policy Sub-Working groups with various companies have been taken into account. Ad hoc meetings with various companies, concerning cases on NTBs, TBTs, SPS, and transit issues, were also perceived as very useful for gathering relevant information reported in this paper.

This paper is expected to contribute to the understanding of NTBs and their implications within CEFTA, focusing on trade between Kosovo and Serbia. It contains four main sections: (1) definition and typology of NTBs, (2) technical measures as such, (3) non-technical measures; and (4) policy options.

1. PRELIMINARIES: DEFINITIONS AND TYPOLOGY OF NON-TARIFF BARRIERS

1.1 Defining Non-Tariff Barriers

Non-tariff Barriers (NTBs) refer to policy measures other than the ordinary customs tariffs, which can potentially have an economic effect on international trade in goods, changing the quantities traded, or prices, or both (for more details, see UNCTAD, 2013). In other words, as underlined by Deardorf and Stern (1997), NTBs do comprise all the measures other than tariffs that restrict or otherwise distort trade flows.

A basic difficulty in approaching NTBs is that they are defined by what they are not and not by what they are. That is, NTBs consist of all barriers to trade that are not tariffs. Indeed they are even more general than that, since the term is often used to include interferences with trade such as export subsidies that serve to stimulate rather than impede trade and, therefore, they are not "barriers" to trade as such. Thus, NTBs include well-known trade distorting policies such as import quotas and bans, safeguards measures, and voluntary export restraints (VERs).

In addition, NTBs may include a potentially unlimited plethora of policies, perhaps not yet invented, that alter or may change indirectly the prices and/or quantities of so-called traded goods.

According to the information provided by the WTO website, NTBs comprise an extremely diverse set of policy measures which can be individually as different from each other as they are collectively different from import tariffs.

Examples of NTBs are: Rules of Origin, Sanitary and Phyto-sanitary Standards, Measures or Conditions, Technical Barriers to Trade, Import Licenses, Restrictive Licenses, corrupt practices and/or lengthy customs procedures and additional requests for trade documents like various licenses and certificates.

1.2 Classifying Non-Tariff Barriers

As presented in Annex 1, Non-tariff Barriers can be categorized into three main chapters, namely: Sanitary and Phyto-sanitary Measures, Technical Barriers to Trade, Pre-Shipment Inspection and other formalities (UNCTAD, 2013).

Sanitary and Phyto-sanitary Measures include regulations and restrictions to protect human, animal or plant life or health. It gathers measures such as restrictions for specific substances and ensuring food safety, and those for preventing the spread of disease or pests. They also include all conformity-assessment measures related to food safety, such as certification, testing and inspection, and quarantine.

Technical Barriers to Trade address all other technical regulations, and standards. It refers to measures such as labelling, standards on technical specifications and quality requirements and other measures protecting the environment. As in the case of SPS measures, TBTs include also all conformity assessment procedures imposed with a non-trade objective. SPS measures and TBTs can have important economic effects on international trade. Pre-shipment Inspection and other formalities are measures requiring imports to be inspected by a private surveillance company at the origin of a shipment, instead of just at the customs of the importing country.

NTBs are covered under the CEFTA Agreement and it is the responsibility of contracting parties to report or notify NTBs on a regular basis.

REPORTING NTBS WITHIN CEFTA

Most of the restrictive measures imposed by Serbia against Kosovo are inserted into the Market Access Barriers Data-Base, and if we have a look into this Data Base related to the notification of cases, it can be seen that Kosovo has mostly submitted notifications as a reporting country and is still waiting for the submitted issues to be fully addressed in a proper manner, especially when it comes to cases with Serbia, whether they are related to SPS, TBTs or transit issues.

Hereafter, we describe some cases and the nature of the problems that Kosovar companies are being confronted with when exporting to Serbia, or transit problems when importing from EU countries, and crossing the Serbian territory.

2. SANITARY, PHYTO-SANITARY AND TECHNICAL MEASURES

2.1 Reference to WTO

According to the CEFTA Agreement Article 12 on SPS measures, "the rights and obligations of the Parties, relating to the application of sanitary and phyto-sanitary measures, shall be governed by the WTO Agreement on the Application of Sanitary and Phyto-sanitary Measures". Following the WTO Agreement, "the Parties shall co-operate in the field of sanitary and phyto-sanitary measures, including veterinary matters, with the aim of applying relevant regulations in a non-discriminatory manner. Each Party, upon request of another Party, shall provide information on sanitary and phyto-sanitary measures." Almost the same is applied for TBTs – the rights and obligations of the Parties relating to the application of technical barriers to trade shall be governed by the WTO Agreement on Technical Barriers to Trade, except as otherwise provided for in the Article. The Parties undertake to identify and eliminate unnecessary existing technical barriers to trade within the meaning of the WTO Agreement on Technical Barriers to Trade. They shall co-operate, in the Joint Committee, or in a special committee on technical barriers to trade issues, to facilitate and harmonise technical regulations, standards and mandatory conformity assessment procedures with the aim of eliminating technical barriers to trade.

Most often, under normal conditions, SPS measures and TBTs aim to provide quality and safety assurance for agricultural products and, as a result, increase consumer confidence. But, sometimes they can be used as real barriers with the aim of distorting trade among countries, as Serbia is de facto doing against Kosovar exporters. In this regard, recently, Kosovo agro-food products were not permitted to enter the territory of Serbia without additional and unjustified SPS-related testing.

2.2 Kosovo trade with Serbia

As shown by the data reported in Annex 2, Kosovo exhibits very large trade deficits with Serbia. Such a situation partly reflects the fact that Kosovo does not impose any specific trade barriers against Serbian products, which results in the accumulation of lasting imbalances at the expense of Kosovo. Regarding this, different types of barriers to trade are used against Kosovo on a rather regular or systematic basis, against agricultural and non-agricultural products. Considering the evidence, it can be said that part of the trade deficit of Kosovo vis-à-vis Serbia seems to be explained by the imposition of different types of barriers such as NTBs, TBTs and SPS, including transit-related issues, against Kosovo products, in particular agro-food ones.

In fact, when considering agricultural and non-agricultural products trade between Kosovo and Serbia, there are just a few products that Kosovo is able to export to Serbia and a broad range of products is imported from Serbia – products on which Kosovo does not apply unnecessary restrictive barriers.

As it can be seen, for the very few products that Kosovo exports to Serbia, Serbian customs, sometimes following the instructions of other state bodies, such as for instance the Food and Veterinary Inspection, impose different types of barriers on Kosovar exporters, compared with the large amount of products that Serbian companies export to Kosovo and on which Kosovar authorities do not impose restrictive measures.

2.3 Cases with Serbia

Considering Serbia, many testing procedures and requirements, and lengthy inspections processes, had a large negative impact on Kosovar agricultural firms. Thus, quite often, Kosovar companies have been confronted with unexpected obstacles raised by the Food and Veterinary Agency of Serbia, increasing the costs of border crossing in terms of time lost and money, which makes the products of Kosovo much less competitive on Serbian markets. To be more specific, in 2014, a Kosovar trading company, while exporting to Serbia some raw material (namely oilcake and other solid residues, whether or not ground or in the form of pellets, resulting from the extraction of sunflower seeds) has been confronted with new requirements imposed by Serbian authorities:

Two additional analyses were requested for each shipment (which led to additional costs in terms of money and time for the Kosovar exporter).

Thousands of euros and weeks may be lost because of these obstacles.

Considering developed countries, for large producers, there is no problem in complying with most SPS and TBT requirements, whereas, for medium-sized and small producers in developing or transition countries such as Kosovo and other CEFTA members, it is more complex and meeting all SPS standards and overcoming TBTs often require much time and resources, which is not easily affordable for many firms. In this regard, the non-recognition of existing product quality certificates issued by official bodies (i.e. sanitary, phyto-sanitary and veterinary certificates for agro-food products) may become a serious barrier to trade. This is a problematic issue caused by Serbia against Kosovar products.

Another similar case of SPS measures and TBTs a Kosovar exporting company has recently, been confronted with are the new requirements which were imposed by Serbian authorities while exporting to the Serbian market:

At the "Dheu i Bardhë" border checkpoint, the company shipment could not be inspected because of the absence of a phyto-sanitary inspector, and after waiting for three days the company truck was finally forced to retreat and use the border crossing at Merdar for exporting its products (further transport created an additional cost of 220 €). When the company shipment arrived at Merdar, even though the Kosovar Company completed all the necessary testing analyses in Kosovo, the Serbian phyto-sanitary inspectors required the same analyses to be done again by Serbian institutions.

The cost of such control is very high, with one product costing about 145€ and the company wanted to export 13 types of products, which costs a total of 1,885€. Additional analyses were requested for each shipment, and in order to obtain this, it took about 10 days, and during the time lost waiting at the border the company was also faced with additional cost for each truck. Even though an agreement was reached between the Kosovar exporter and the Serbian importer, in this case the Kosovar Company was faced with unjustified SPS measures.

Other cases show also that unjustified measures are being introduced on a regular basis by Serbia.

Overall, what matters is that Serbia is showing an obvious lack of consistency because the requirements that have to be met by Kosovo products change over time, which contradicts the CEFTA 2006 rules.

ADDRESSING SERBIA'S RESTRICTIONS

For these cases, the Ministry of Trade and Industry met with other members at technical level within CEFTA, in the relevant Committee and Sub-Committees, and also on a bilateral basis with representatives of Serbia in order to solve the problem.

Even though this problem was solved, from experience, we cannot consider that similar barriers will not repeat. The Ministry of Trade and Industry considers that the additional requirements represent new obstacles - seen as NTBs, which create costs for both Kosovo exporters and Serbian importers.

In addition, reported cases contradict CEFTA principles on eliminating NTBs and TBTs. In other words, Serbian authorities do not want to fulfil their international commitments.

3. NON-TECHNICAL MEASURES

3.1 Rules of origin

According to the CEFTA agreement, the parties shall simplify and facilitate customs procedures and reduce, as far as possible, the formalities imposed on trade. They shall resolve any difficulties arising from the application of these provisions in accordance with Article 42.[1]

Thus, rules-of-origin are generally seen as one of the main criteria which determine the country or territory of origin of a product, and most often duties and import restrictions depend upon the origin of imports. Measures of this nature have been introduced by Serbia against Kosovar producers. From an economic standpoint, such measures had direct negative effects on trade. The selected case covers measures, including those which are directly related to rules-of-origin, which have unjustifiably been applied against Kosovar exporters.

> *A Kosovar trading company, while exporting to Serbia market some agriculture products, has been confronted with new conditions imposed by Serbian authorities:*
>
> *Thus, the Kosovar exporter was requested to provide the so called EUR 1 certificate with an "APKM stamp" instead of the national Kosovar stamp.*

---

[1] *CEFTA agreement, chapter V, Article 1 on Rules of Origin*

Due to the fact that Kosovo official documents are not yet always fully accepted by Serbian authorities because of the non-recognition of Kosovo independence, Kosovar Companies are confronted with unexpected obstacles raised by the customs of Serbia, increasing the costs of border crossing in terms of time lost and money, which makes the products of Kosovo much less competitive on Serbian markets.

3.2 Transit issues

According to the CEFTA agreement, one of the objectives of the Article 1 is: "to eliminate barriers to and distortions of trade and facilitate the movement of goods in transit and the cross-border movement of goods and services between the territories of the Parties"[2].

In addition to restrictive trade measures such as Technical Barriers to Trade and SPS ones that are imposed on Kosovo exports, there are also obstacles that are raised against the transit of shipments from/to Kosovo through the Serbian territory.

Since 2008, the issue of transit through Serbia has become a significant barrier for Kosovar companies. There are many Kosovar trading companies importing from EU countries various products and raw materials, and possessing all required documentation. Although Kosovar companies do possess all required documents, a problem of a transit nature may appear at the Serbian border. Serbian Authorities asked Kosovar companies to provide a document which was not required before, and that does not fall within the nature of transit as such. Thus, the Ministry of Trade and Industry has received complaints from Kosovar companies stating that Serbian authorities have requested them to obtain a certificate that is supposed to be issued by UNMIK, an institution which is not in a position to issue such a document. It is worth mentioning that in order to transit through the Serbian territory the requested letter has been switched into an import license, a certificate or document that has to be issued by the Serbian Ministry of Agriculture. However, considering the fact that Kosovar companies were not able to obtain this certificate and this action does not comply with CEFTA rulings, transit conditions represent priority issues for scrutiny within CEFTA.

The issues mentioned above have pushed Kosovar companies to consider other alternatives routes in order to avoid transiting through Serbia. This created additional costs in terms of money and time. In addition, it also affected our products, becoming more expensive and less competitive in the region.

[2] *CEFTA agreement, Article 1.*

As mentioned above, various unjustified measures have been used in the context of transit against Kosovar importers, and such a case happened at the beginning of 2015, when SPS-related measures were introduced.

Thus, a Kosovar company, while importing from Lithuania some raw material (namely soil that can be used for growing plants) has been stopped at the border point "Horgos" in the Serbian territory; the problem was that the phyto-sanitary certificate which was issued by the relevant food and veterinary agency of Lithuania was not recognised as legal by the Serbian authority at the border because the country of destination was named "Republic of Kosovo". As a consequence, the truck was blocked at the border and transit was not allowed for a while. Then, in order to address the case and find a solution, MTI contacted the Serbian contact point of CEFTA, where it was asked to allow the transit, because in this case, Kosovo is the importing country, not Serbia, and, furthermore, the actions that are initiated by the Serbian authorities do not comply with CEFTA rules and practices.

So, as explained above, in this case, Serbia has introduced barriers which do contradict CEFTA rules. First, they have asked for a sanitary certificate, and the practice of requiring additional unnecessary transit documents cannot be found in other CEFTA countries. Second, they did not recognize the certificate which had been issued by Lithuanian authorities just because "Republic of Kosovo" was written on the certificate, and it cannot be changed by the Lithuanian authorities since the EU system does recognize the country as Republic of Kosovo.

PROCESSING CASES

In the meantime, the case was inserted into the Market Access Barriers Database with Kosovo as reporting country; thus, the CEFTA secretariat was immediately informed, and the case was then automatically sent to Serbia as the country applying the measure, which obliges Serbian Authorities to provide an answer or explanation about the measures.

Then, the company reported that after waiting one-and-a-half day at the border, the transit was finally allowed, but with additional cost in terms of money and time.

In addition, there is also a case of a rather permanent nature affecting transit, namely the lack of sanitary inspectors in duty at the border crossing point Verska Cuka. A Kosovar company was trying to import agro-food products from Bulgaria through this border point (namely oilcake and other solid residues). However, considering the absence of inspectors at the border, the company was finally obliged to use other alternative routes, which created additional costs in terms of time and money. Furthermore, it is worth mentioning that besides the reported case, there are other examples of transiting problems with Serbia. In these contexts, alternative routes have to found in order to avoid transiting through Serbia.

Moreover, this kind of practice cannot be justified in legal terms, considering that in this case Kosovo is the importing country, and not vice versa; furthermore, the actions that are initiated by Serbian authorities do not comply at all with CEFTA rules and practices, and they cannot be found in the other countries of the region. Finally, it is worth mentioning that this issue has been addressed in the Special Joint Committee meeting, but no positive reactions have been detected so far from the Serbian side to remove the recurring barriers of transit nature.

In addition, transit has been addressed in other meetings; at the Subcommittee on Technical Barriers to Trade and Non-Tariff Barriers, and also during bilateral meetings between the Chambers of Commerce of Kosovo and Serbia.

4. POLICY OPTIONS

As discussed above, different types of trade barriers are being introduced on a regular basis by Serbia against Kosovar producers and traders.

In order to enhance trade between Kosovo and Serbia, more progress needs to be made with the reduction and even the elimination of NTBs.

It is worth repeating and underlining that there is sufficient hard evidence showing that Serbia does not treat Kosovo like other CEFTA members – in fact, there is a rather systematic discrimination or negative bias against Kosovo.

4.1 Five options

We provide five policy options to address Serbian NTBs against Kosovo. Some of them have already been applied, with no final and permanent solution. Considering the benefits and the costs of these options, it is obvious that benefits relate above all to the facilitation of trade between the two countries – in other words, trade relations between Kosovo and Serbia could become a positive sum game where all parties can be winners.

i. *"Doing nothing"*

With this option, Kosovo just let Serbia continue impeding or totally block Kosovo products when exporting and importing, or transiting.

The obvious cost of such a policy option is that Kosovo companies will be further discouraged to trade with and through Serbia; this will have strong negative impacts on economic activities in Kosovo and contribute to unemployment in the country.

"Doing nothing" also stimulates Serbia to continue its deliberate lack of compliance with its international commitments and common practices in Europe.

ii. *Bilateral solutions*

Direct contacts between Kosovo and Serbia would perhaps be first best solutions in terms of benefits.

However, it can be assumed that Serbia is not yet willing to be engaged on a permanent basis in such a positive process for obvious political reasons, namely the non-recognition of Kosovo as a sovereign state.

Such contacts were made inter alia during on-going CEFTA negotiations on other matters (for instance, the liberalisation of trade in services). These exchanges were not fully conclusive and no real agreement could be reached.

iii. *Solutions within CEFTA*

Kosovo is still waiting for appropriate reactions within CEFTA. However, Kosovo can also push stronger its cases through all the formal processes and procedures offered by the CEFTA framework to address trade obstacles and bilateral issues. In this regard, CEFTA structures should continue to encourage all parties to fulfil their notification obligations and address promptly reported concerns, immediately after new regulatory measures are notified.

If there is no appropriate response in line with CEFTA rules or no response at all within the CEFTA framework within a reasonable period of time (six months, or one year at most?), the issue should perhaps be pushed forward, at the EU level.

iv. EU mediation

Assuming that a solution cannot be found within CEFTA, Kosovo could ask the EU to mediate and push for negotiations with EU indirect or direct involvement, insisting above all on the fact that CEFTA membership does create commitments, obligations and rights for all members, without exception.

In realistic terms, it is very unlikely that the EU will pressure Serbia. The EU seems to favour direct dialogues between parties without much external interference – it is also a matter of ownership by the parties and genuine commitments between the main stakeholders to avoid the use of third parties.

v. Reciprocity/retaliatory measures

If bilateral dialogues, CEFTA solutions and EU mediation are not successful, Kosovo might be left with a very last and unpleasant option, namely imposing reciprocal or similar measures in a strictly balanced manner to reduce imports coming from Serbia and, as possible results, favour substitution with domestic products or imports from other countries.

However, such negative measures may push Serbia to react against Kosovo products and companies, which would lead to a harmful and rather useless trade war between the two parties.

4.2 Ranking options

Options "i" and "v" entail high costs, for Kosovo (especially with option "i") or both sides in the case of a real trade war – this kind of outcomes is definitely not well seen by Kosovar authorities and the people of Kosovo; Serbian producers and consumers also lose in terms of profits and welfare.

Option "iv" is somehow disliked because it indicates that both countries can hardly work together despite being parties of the same regional agreement - CEFTA.

Thus, it is should be made very clear that Kosovo will always favour direct dialogues with Serbia before imposing restrictions on imports of Serbian products. Above all, Kosovar authorities believe that both countries should do their best to consider and follow the recommendations made by the OECD, the WTO and other key-institutions to promote trade facilitation and reduce (even eliminate) all trade barriers, in particular NTBs. This approach, which is in line with international rules, corresponds to options "ii" and "iii".

CONCLUSIONS

Non-Tariff Barriers (NTBs) are technical means that are used for preventing certain products to enter a country.

As mentioned in the main text, plenty of measures have been used as NTBs by Serbia against Kosovo producers, starting from sanitary and phyto-sanitary measures, technical barriers to trade and rules of origin.

In addition, transit through Serbia is confronted with very serious barriers, especially when importing from EU member countries through the Serbian territory.

The restrictions that are imposed by Serbia against Kosovar products seem to fall most often under the heading Sanitary and Phyto-sanitary measures. However, Serbia is showing a rather serious lack of consistency because requirements that have to be met by Kosovar products do change over time and de facto they are unpredictable – such a bad will and discretionary actions contradict the CEFTA 2006 rules.

Several meetings were held within CEFTA and bilaterally with Serbian Authorities as well, and despite all the efforts made by the Kosovar side, a permanent solution has not yet been found.

If we have a look into the CEFTA Market Access Barriers Data Base related to notifications and pending cases, it can be seen that Kosovo's notifications have not yet been fully addressed.

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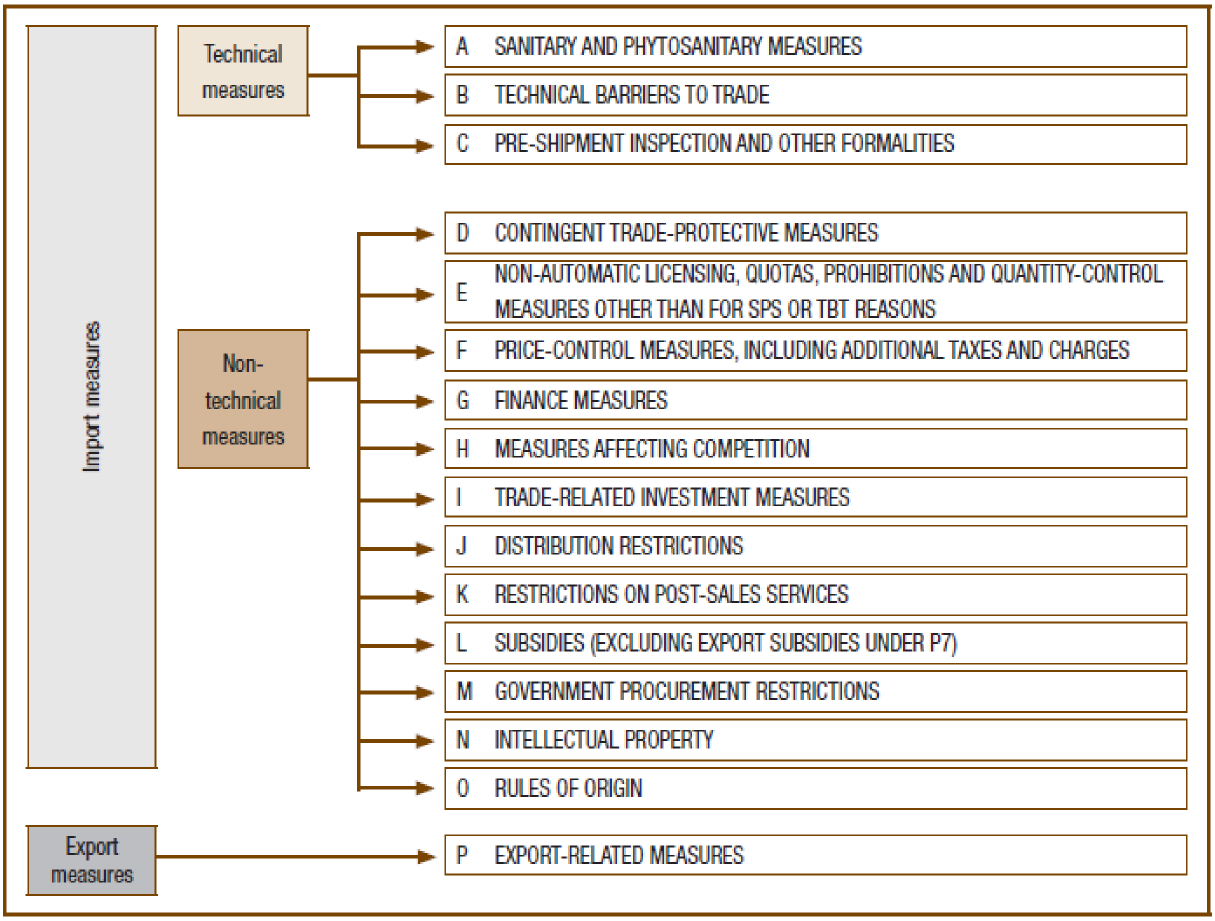
World Trade Organisation: www.wto.org

Organisation for Economic Cooperation and Development: www.oecd.org

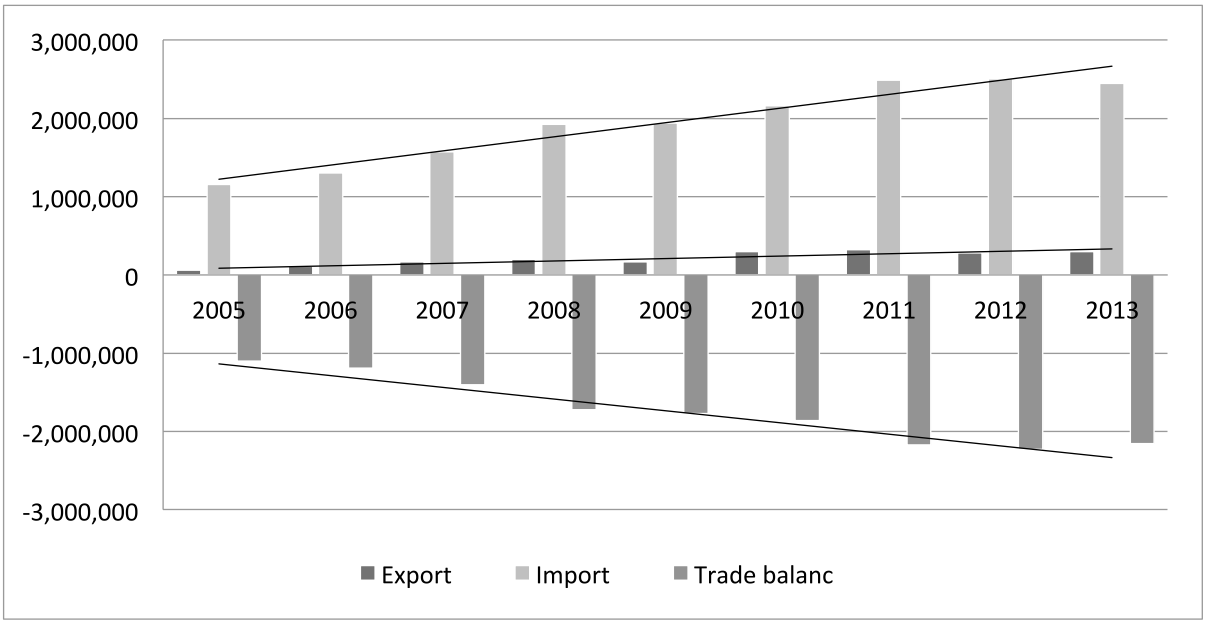
ANNEX 1: UNCTAD CLASSIFICATION OF NON-TARIFF MEASURES



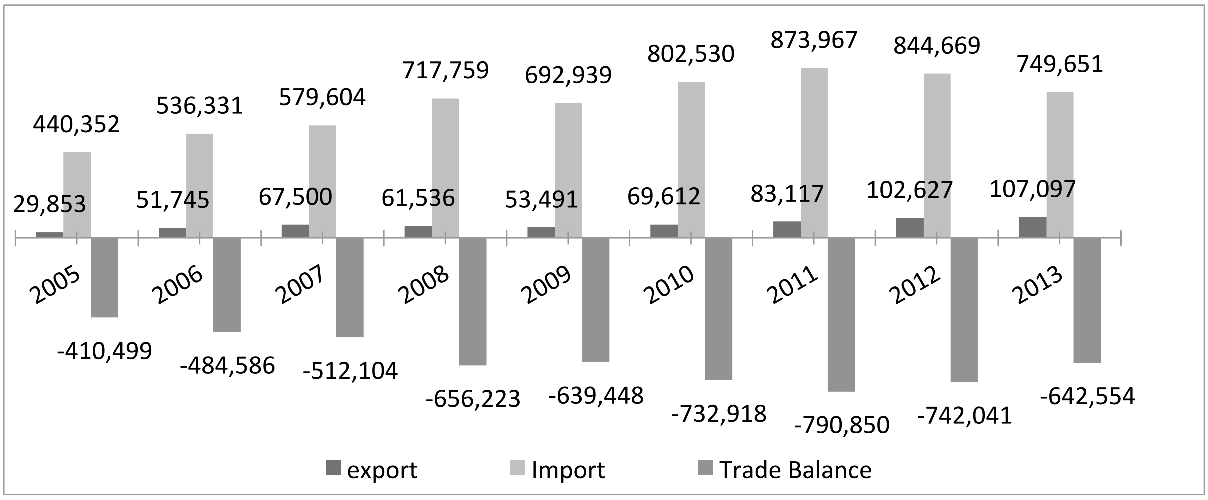
Source: UNCTAD, *Non-Tariff measures for trade* – Economic and policy issues for developing countries, 2013.

ANNEX 2: KOSOVO TRADE DATA AND EXCHANGES WITH SERBIA

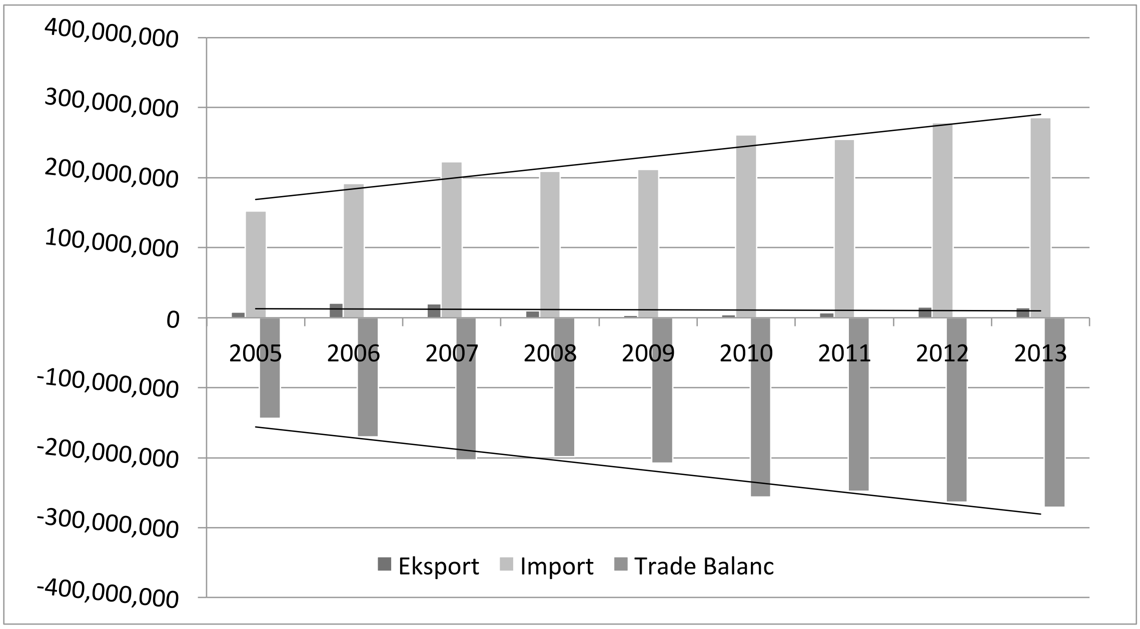
KOSOVO TRADE IN GOODS, 2005-2013 ('000 €)



KOSOVO TRADE WITH CEFTA IN GOODS, 2005-2013, ('000 €)



KOSOVO TRADE WITH SERBIA, 2005-2013, ('000 €)



KOSOVO MAIN TRADE PARTNERS, 2013

Partners	**Exports**		**Imports**		**Trade Balance**	
CEFTA[1]	**Value ('000 €)**	**Share (%)**	**Value ('000 €)**	**Share (%)**	**Value ('000 €)**	**Share (%)**
Albania	43,774	14.9	110,597	4.5	-66,823	3.1
Bosnia & Herzegovina	2,812	1.0	83,531	3.4	-80,719	3.7
Croatia	2,594	0.9	73,331	3.0	-70,737	3.3
Macedonia	26,139	8.9	185,020	7.6	-158,881	7.4
Montenegro	17,310	5.9	11,387	0.5	5,923	-0.3
Serbia	**14,463**	**4.9**	**285,356**	**11.7**	**-270,893**	**12.6**
EU	115,828	39.4	1,009,832	41.2	-894,004	41.5
Rest of the world	70,922	24.1	690,011	28.2	-619,089	28.7
Total	293,842	100.0	2,449,064	100.0	-2,155,222	100.0

Note: [1)] Moldova excluded; It should be noted that Croatia joined EU in July, 2013

Source: KAS, MTI

THE STRUCTURE OF KOSOVO EXPORTS TO SERBIA

FOOD PRODUCTS

Herbal products and prepared foods and beverages are the main category of food products that are exported to Serbia.

MOST EXPORTED PRODUCTS IN CATEGORIES OF FOOD PRODUCTS, 2013

0810: Fresh strawberries, raspberries, blackberries, back, white or red currants, gooseberries and other edible fruits (excl. nuts, bananas, dates, figs, pineapples, avocados, guavas, mangoes, mangosteens, papaws "papayas", citrus fruit, grapes, melons, ap
2204: Wine of fresh grapes, incl. fortified wines; grape must, partly fermented and of an actual alcoholic strength of > 0,5% vol or grape must with added alcohol of an actual alcoholic strength of > 0,5% vol
2202: Waters, incl. mineral waters and aerated waters, containing added sugar or other sweetening matter or flavoured, and other non-alcoholic beverages (excl. fruit or vegetable juices and milk)
2306: Oilcake and other solid residues, whether or not ground or in the form of pellets, resulting from the extraction of vegetable fats or oils (excl. from soya-bean oil and groundnut oil)
0709: Other vegetables, fresh or chilled (excl. potatoes, tomatoes, alliaceous vegetables, edible brassicas, lettuce "Lactuca sativa" and chicory "Cichorium spp.", carrots, turnips, salad beetroot, salsify, celeriac, radishes and similar edible roots, cucu

GROUP OF INDUSTRIAL NON-FOOD PRODUCTS

Kosovo exports in these categories of goods represent 80 percent of total exports.

MOST EXPORTED PRODUCTS IN CATEGORIES OF NON - FOOD PRODUCTS, 2013

2523: Cement, incl. cement clinkers, whether or not coloured
8548: Waste and scrap of primary cells, primary batteries and electric accumulators; spent primary cells, spent primary batteries and spent electric accumulators; electrical parts of machinery or apparatus, not specified or included elsewhere in chapter 85
7210: Flat-rolled products of iron or non-alloy steel, of a width >= 600 mm, hot-rolled or cold-rolled "cold-reduced", clad, plated or coated
7306: Tubes, pipes and hollow profiles "e.g., open seam or welded, riveted or similarly closed", of iron or steel (excl. of cast iron, seamless tubes and pipes and tubes having internal and external circular cross-sections and an external diameter of > 406
7404: waste and scrap, of copper (excl. ingots or other similar unwrought shapes, of remelted copper waste and scrap, ashes and residues containing copper, and waste and scrap of primary cells, primary batteries and electric accumulators)