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Republika Kosova - Republic of Kosovo
Qeveria - Vlada - Government
Ministria e Industrisë, Ndërmarrësisë dhe Tregtisë
Ministarstvo Industrije, Preduzetništva i Trgovine
Ministry of Industry, Entrepreneurship and Trade
Industry Department - Industrial Policy Division

SECTOR C

PROCESSING INDUSTRY

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List of abbreviations

KAS	-	Kosovo Agency of Statistics
TAK	-	Tax Administration of Kosovo
EU	-	European Union
KNL	-	Kosovo Consolidated Budget
GDP	-	Gross Domestic Product
CBK	-	Central Bank of Kosovo
ID	-	Industry Department
KC	-	Kosovo Customs
IPD	-	Industrial Policy Development Division
FDI	-	Foreign Direct Investments
ODC	-	Other Depository Corporations
MIET	-	Ministry of Industry, Entrepreneurship and Trade
AAIRD	-	Average Annual Interest Rate on Deposits
MVA	-	Manufacturing Value Added
WITS	-	World Integrated Trade Solution
WDI	-	World Development Indicators
KTOE	-	Kilo tons per oil equivalent unit

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Introduction

Industrial development in Kosovo has been a dynamic and challenging process, with the help of political and economic changes that have occurred in recent years.

After the end of the war in 1999 and the declaration of independence in 2008, Kosovo has gone through a long period of transition. The previous industrial structures were damaged and had to be helped to restart and develop the industrial sector.

The gradual transformation of Kosovo's industry into a higher income economy for the improvement of the socio-economic well-being of Kosovo's citizens.

Perhaps more than other sectors, manufacturing has a higher potential to create significant productivity and additional value through the attraction of new technologies and innovation. Industrial development can also have numerous positive developmental implications beyond the manufacturing sector. Due to various connections with other economic sectors, industrial development can stimulate growth and development in sectors such as agriculture and mining in Kosovo, as well as in related service industries.

To provide a detailed overview of the state or trends in industry development, the Industrial Policy Makers within the Ministry of Industry, Entrepreneurship and Trade, based on processed statistical data, prepared the Annual Report 2023 on the Manufacturing Industry. This report analyzes the performance of Sector C by examining three main dimensions: economic, social and environmental.

The purpose of the Annual Report is to present the main trends in Kosovo's economy for the period 2021-2023, with a particular focus on the major industrial branches during 2023, as well as a comparative analysis with regional countries and trends in the manufacturing industry sectors.

The analyzed data presented in this report can serve institutions, academics, policymakers, operating businesses (both current and potential in the private sector), investors, donors, researchers and others. The report for Sector C (the manufacturing industry) provides a detailed overview of key trends impacting the country's industry and facilitates the work of all relevant stakeholders in developing more effective developmental policies based on measurable indicators.

Methodology

The report has been prepared using research methods from various research reports as well as quantitative and qualitative data received from the Kosovo Agency of Statistics, the Central Bank of Kosovo, World Bank indicators, and other relevant institutions.

Quantitative and qualitative data have been processed and analyzed by the MIET staff, specifically by statistical data processors and industrial policy developers within the Industry Department.

To provide accurate information presented in tabular and graphical formats, methods of combining and comparing the presented data have been used.

Statistical data have been processed in the general section for the Manufacturing Industry of Sector C, with overall values including codes 10-33, compared with Western Balkan countries (WB6). The description of sub-sectors in this report is listed according to codes, as they are listed in NACRev2.

Data for sub-sectors related to export and import have been processed according to Customs codes and chapters, while data for sub-sector activities for Enterprises, Employment and Turnover in Kosovo are presented according to the four-digit NACRev2 code.

Based on the processed statistical data, analyses have been developed for the economic, social and environmental dimensions.

After presenting analyses related to general data and trends in the manufacturing industry, Sector C, the report provides conclusions about the state and trends of manufacturing in Kosovo.

For all data used in the Analytical Report on the manufacturing industry, sources or information references are noted.

ECONOMIC ANALYSIS

Gross Domestic Product

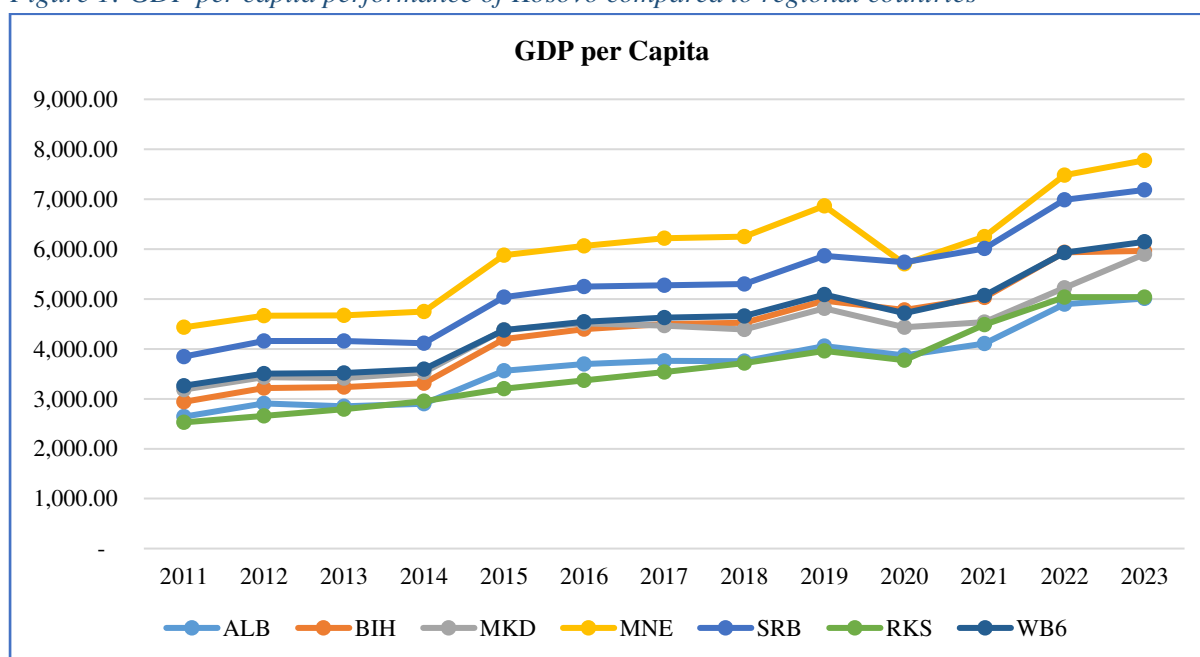
Gross Domestic Product (GDP) is the most important economic indicator in national accounts, representing a state's economic performance over a specific period.

According to National Accounts statistics, the real GDP growth in 2023 compared to 2022 was 3.3%.

Compared to the Western Balkans countries, according to the “World Development Indicators” and the National Accounts Statistics of Kosovo (2008-2022), Kosovo shows the lowest overall economic performance in GDP per capita at €5,038 for 2023, which is below the WB6 average of €6,145.

Despite this shortfall, starting from a low base, Kosovo was growing at a faster pace than its regional counterparts: Kosovo's GDP per capita growth rate was 5.9% during the period 2011-2023, surpassing the region by 0.8%, except for Bosnia and Herzegovina, which had a growth rate of 6.1%, while the WB6 average was 5.4%. However, the existing growth rate needs to be accelerated to achieve faster convergence with its regional counterparts.

Figure 1: GDP per capita performance of Kosovo compared to regional countries



Source: World Development Indicators

To analyze GDP according to economic activity, table 1 shows how the different sectors contribute to the country's economy.

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

NACE Rev.2	Economic activities	2018	2019	2020	2021	2022	2023
A	Agriculture, hunting, forestry and fishing	6.5	7.2	7.4	6.9	7.4	7.8
B	Mining industry	2.2	2.0	2.0	1.9	1.5	1.7
C	Processing industry	13.1	12.9	13.4	12.9	13.2	12.8
D	Electricity, gas supply	3.5	3.4	3.9	3.6	3.8	3.1
E	Water supply	0.7	0.7	0.6	0.6	0.6	0.6
F	Construction	8.4	8.2	7.7	8.5	8.5	8.2
G	Wholesale and retail trade; repair of motor vehicles and motorcycles	12.5	12.8	12.8	13.6	14.3	14.2
H	Transportation and storage	4.5	4.4	3.9	4.3	4.4	4.5
I	Hotels and restaurants	1.9	2.1	1.6	2.1	2.1	2.1
J	Information and communication	1.9	1.9	2.0	1.9	2.0	2.0
K	Financial and insurance activities	3.6	3.9	4.1	3.7	3.9	4.3
L	Real estate business	7.1	7.0	7.3	6.4	6.1	5.9
M	Professional, scientific and technical activities	1.5	1.4	1.6	1.4	1.4	1.4
N	Administrative and support activities	0.7	0.7	0.7	0.7	0.7	0.7
O	Public and defence administration; compulsory social insurance	5.8	5.9	6.6	5.5	5.0	5.0
P	Education	3.8	3.7	3.8	3.4	3.1	3.2
Q	Health and social work activities	2.2	2.2	2.7	2.3	2.1	2.2
R	Arts, entertainment and recreation	0.4	0.2	0.2	0.2	0.2	0.2
S	Other services	0.4	0.4	0.4	0.3	0.3	0.3
T	Activities of households as employers; Goods and services that are undifferentiated and produced by families for personal consumption	-	-	-	-	-	-
	VAT with basic prices	80.6	80.8	82.6	80.2	80.4	80.1
	Product tax	19.4	19.2	17.4	19.8	19.6	19.9
	Subsidies in products	-	-	-	-	-	-
	Gross Domestic Product	100	100	100	100	100	100

Source: Kosovo Agency of Statistics / <https://askdata.rks-gov.net/> accessed on 02.07.2024

According to Table No. 1, in 2023, wholesale and retail trade, and repair of motor vehicles and motorcycles is the economic activity that contributes the most to GDP, with 14.2% of the total GDP value. It is followed by the processing industry with 12.8%, which has seen a decrease of 0.4% in its share of GDP compared to 2022.

Sector C, the processing industry contributes 12.8% to GDP.

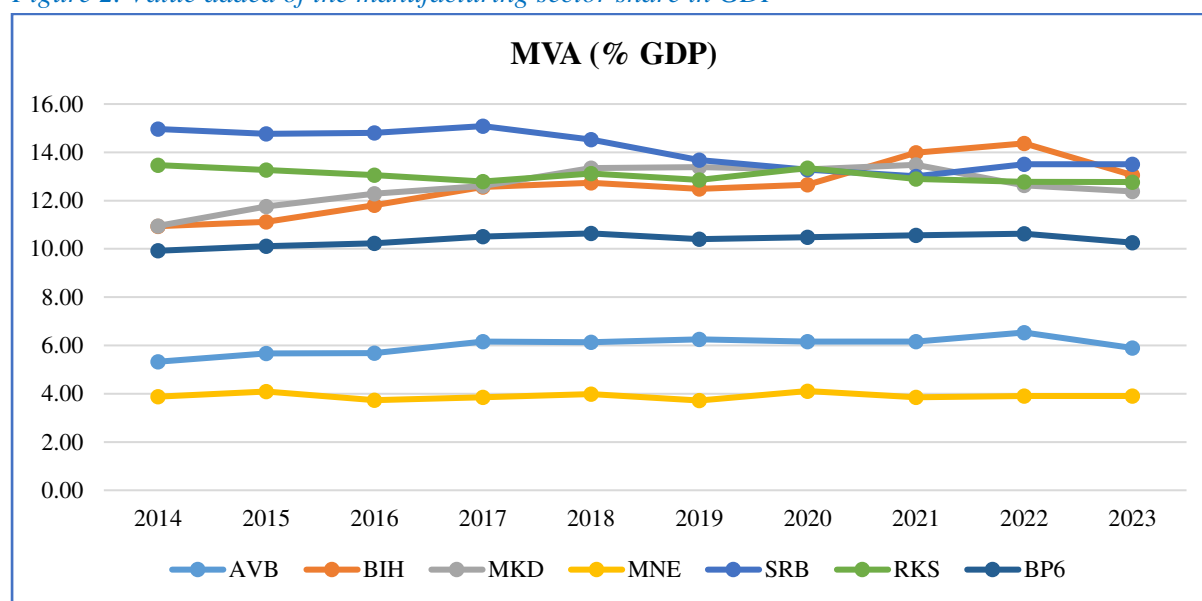
Out of the 20 activities listed in the Table, 6 activities showed growth, while in 2022, 7 activities showed growth. Among these, the highest growth in 2023 was recorded in agriculture, hunting, forestry and fishing, as well as in financial and insurance activities, both with a 0.4% increase.

Share of added value in GDP

The United Nations System of National Accounts requires that the value added be assessed either at basic prices (excluding net taxes on products) or at producer prices (including net taxes on products paid by producers, but excluding sales or value-added taxes). Both assessments exclude transport charges billed separately by producers. Total GDP is estimated at purchaser prices. Value added in industry is typically measured at basic prices.

In 2023, Kosovo's industrialization, measured by the MVA share in GDP, is 12.77%, which exceeds the WB6 average (10.25%), except for Bosnia and Herzegovina with 13.05%.

Figure 2. Value added of the manufacturing sector share in GDP¹



Source: World Development Indicators

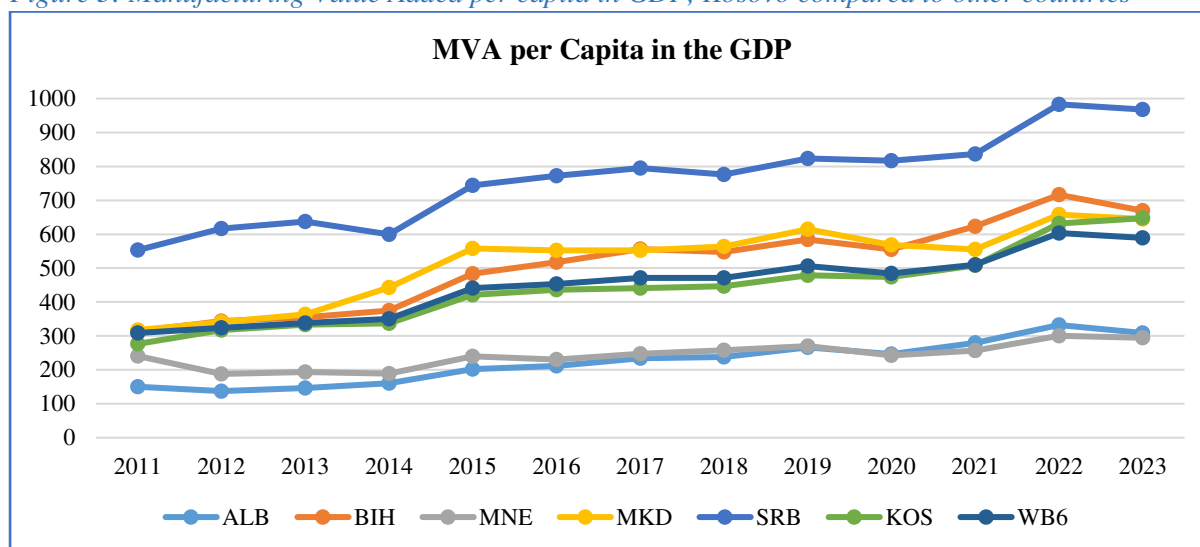
Value Added per capita

The value added per capita indicates the level of industrialization of a country adjusted for the size of its economy. One of the statistical uses of value added per capita is the classification of country groups according to the phase of industrial development.

A country's manufacturing capacity is measured by the value added generated in the manufacturing sector per capita. According to this, in 2023, Kosovo had €647.3 per capita, above the WB6 average of €588.82 per capita, but lower than Serbia, which had an MVA of €968.1 per capita, and Bosnia and Herzegovina with €669.7 per capita.

¹ The data for 2023 for Serbia and Montenegro have not been published, so the data from 2022 were taken.

Figure 3: Manufacturing Value Added per capita in GDP, Kosovo compared to other countries



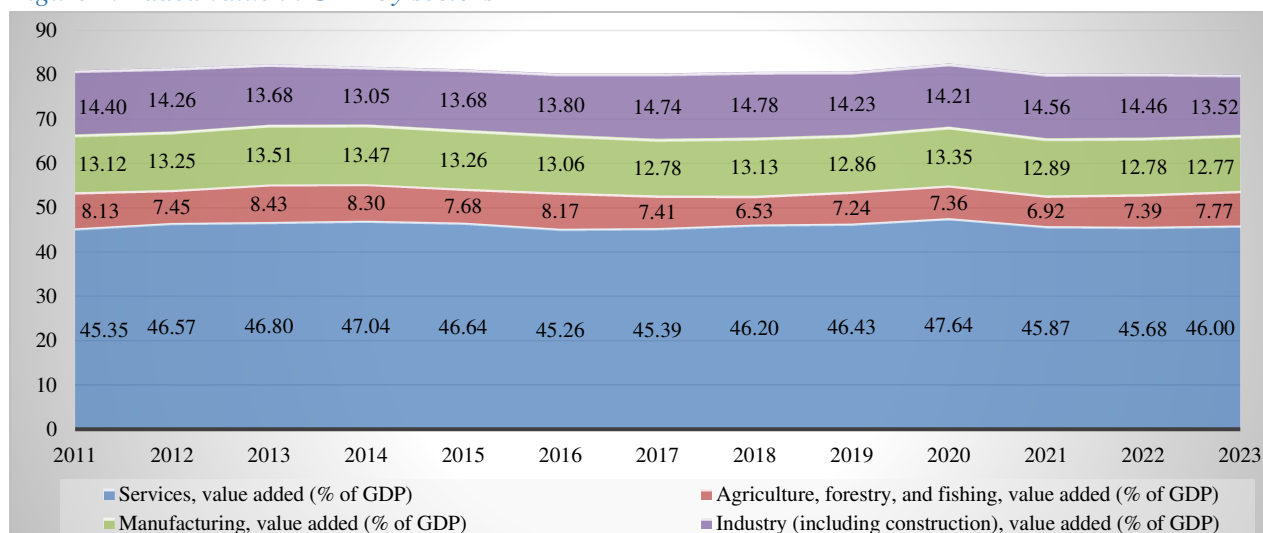
Source: WDI, (processed by ID/IPD staff)²

Share of value added in GDP by sectors

Moreover, between 2011 and 2023, Kosovo showed little structural change in the composition of its economy. For the overall economy, the importance of manufacturing is relatively limited. The share of Manufacturing Value Added (MVA) as part of GDP remained stable, with no change between 2022 and 2023.

The share of value added in services averaged 45%, while mining, including construction, averaged 14% of GDP during the same period.

Figure 4. Added value in GDP by sectors



Source: WDI, processed by ID/IPD staff)

² The data for MVA for 2023 for Serbia and Montenegro have not been published, so the data from 2022 were taken.

Foreign Direct Investments

Foreign Direct Investments (FDI) impact the growth of economic integration opportunities by creating stable and long-term connections in international markets.

Large global companies transfer their capital to countries that offer better investment conditions. Besides lower taxes, and cheaper and skilled labour, companies are also interested in the rule of law in the investment country, as well as the protection of investments by the host country.

The share of manufacturing FDI in total FDI for 2023 was 1.56%.

Foreign direct investments by economic activity

Data from the Central Bank of Kosovo show that in 2023, net FDI inflows in the manufacturing sector were €13.2 million, while in 2022, they had increased by €14.3 million.

According to the CBK report, the immovable property sector continues to lead in share with 60.6 percent of total inflowing FDIs, although this sector saw a slight decrease by 3.4 percent compared to the previous year.

This year, there was a slight increase in inflowing FDIs in the financial sector, including insurance and electricity supply.

Table 2. FDI by economic sectors, 2016 – 2023 (in millions of Euro)

sector	2016	2017	2018	2019	2020	2021	2022	2023
Agriculture, forestry and fishing	1.3	(1.3)	0.1	1.5	2.8	1.1	0.7	0.7
Mining and quarries	(19.1)	(4.9)	(2.7)	(6.9)	29.1	1.4	52.4	36.7
Manufacturing	4.2	6.1	(17.7)	14.2	(4.6)	-0.4	14.3	13.2
Supply of power, gas, steam and air conditioning	(0.4)	(0.8)	12.1	13.5	30	(38.8)	44.3	62.5
Water supply, sewage, waste management	0.6	0.0	2.5	(0.6)	0.2	(0.5)	(0.2)	0.2
Construction	28.1	5.1	24.8	(17.1)	11.4	16.7	26.7	11.9
Wholesale and retail trade; repair of motor vehicles and motorcycles	14.0	9.0	19.6	(6.7)	(8.1)	(4.0)	15.1	17.2
Transportation and storage	0.9	(0.8)	(0.2)	(6.2)	(16.0)	4.3	(4.1)	-12.0
Accommodation and food service activities	0.8	1.1	1.8	1.4	1.1	0.7	(4.1)	0.2
Information and communication	(4.2)	(3.8)	(9.6)	2.3	1.6	17.3	14.0	12.9
Financial and insurance activities	19.0	55.2	15.5	13.9	85.1	24.6	53.9	175.6
Real estate activities	139.7	154.7	205.2	223.8	201.1	384.0	523.7	511.2
Professional, scientific and technical activities	5.8	5.7	5.2	3.4	3.6	5.7	10.7	7.5
Administrative and support activities	21.9	23.7	4.7	3.7	0.8	1.4	10.7	-1.0
Public administration and protection; compulsory social security	1.9	1.3	0.9	1.7	1.1	1.1	1.5	1.5
Education	0.8	0.7	0.7	1.3	1.3	1.8	2.2	1.8
Human health and social work activities	1.3	(1.0)	(0.4)	0.6	0.3	2.7	1.2	0.7
Arts, entertainment and recreation	0.1	0.0	0.5	0.5	(0.1)	0.1	0.6	0.6
Other service activities	3.9	3.7	7.2	2.8	1.7	(1.2)	1.2	-1.1
Unqualified	(0.3)	1.5	2.0	7.6	3.0	2.6	12.6	3.8

Source: Central Bank of Kosovo / <https://bqk-kos.org/statistikat/serie-kohore/> accessed on 07/05/2023

According to the data in Table no. 2, FDIs by economic activity, the financial and insurance sector saw investments of €175.6 million, with an increase of €121.7 million compared to 2022. The energy, gas, steam and air-conditioning supply sector has seen an increase in the value of €18.2 million in investments, compared to 2022. The lowest value of investments is €44.3

million, which has increased to €62.5 million in 2023. The mining and quarrying sector recorded a decrease in investment value of €36.7 million compared to 2022.

In terms of investment value, the sector that registered the highest investment value is the “Real estate activities” with €511.2 million.

Foreign Direct Investments by country

Foreign Direct Investments (FDI) by country, during the period 2015-2023, showed a consistent upward trend in FDI value. The total FDI value for 2023 was €844.3 million, whereas in 2022 it was €777.9 million, indicating an increase of 8.54%.

Table 3. FDI by country of origin, 2015 – 2023 (in millions of Euro)

Countries		Years								
		2015	2016	2017	2018	2019	2020	2021	2022	2023
TA	Austria	33.5	9.9	20.3	11.2	11.9	27.6	22.9	44.7	63.4
DE	Germany	45.3	25.7	55.9	60.3	70.2	67.5	121.9	194.2	190.4
SI	Slovenia	5.6	-4.5	1.2	-8.7	6.1	8.1	5.8	21.2	34.0
GB	Great Britain	26.6	13.6	27.0	57.4	0.8	21.4	0.1	-3.4	48.1
CH	Switzerland	72.9	61.8	50.6	71.0	61.9	64.1	99.2	155.2	175.8
TR	Turkey	55.4	42.7	29.5	12.2	-31.9	14.6	-38	39.0	57.5
NL	Netherlands	-36.4	-23.1	-14.1	-39.7	1.9	0.1	7.6	43.7	22.4
AL	Albania	40.1	28.6	2.4	22.3	15.2	39.8	50.4	79.8	64.0
LU	Luxembourg	0.1	0.6	2.1	1.9	1.3	-2.7	-3.6	1.8	1.3
RS	Serbia	0.8	-0.6	-1.4	0.4	0.4	6.0	5.0	-0.7	1.4
US	United States	25.0	23.0	20.3	35.5	22.8	29.6	63.7	93.0	67.0
FR	France	3.2	2.8	3.6	5.6	3.4	3.7	10.2	9.9	10.6
BG	Bulgaria	1.6	0.4	0.5	2.1	1.0	0.9	-0.8	1.4	0.6
MK	Macedonia	0.1	3.2	-1.0	1.3	2.0	1.8	1.8	2.0	4.8
BA	Bosnia and Herzegovina	0.8	1.2	0.7	0.4	0.1	0.1	0.4	0.3	0.7
HR	Croatia	0.1	-1.7	0.7	-1.0	0.9	-1.2	3.0	1.5	9.7
MT	Malta	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.8	1.7
CY	Cyprus	0.1	0.4	0.8	1.3	2.9	0.9	0.9	1.7	2.1
SK	Slovakia	0.1	0.8	0.1	0.5	1.4	0.3	0.3	0.2	0.1
CA	Canada	1.1	2.5	3.0	3.2	5.3	4.7	8.8	17.8	13.3
CZ	Czech Republic	1.3	0.2	0.7	1.5	0.4	0.5	1.0	0.7	2.0
AE	United Arab Emirates	1.4	3.6	13.4	-2.5	3.8	2.8	0.6	4.5	-0.7
NO	Norway	2.9	3.4	3.5	5.1	4.9	3.2	7.7	7.0	6.3
KW	Kuwait	0.0	0.2	0.0	-1.1	0.7	0.1	-0.5	-0.1	0.3
ES	Spain	-0.8	0.2	2.5	0.3	0.7	0.0	0.3	0.1	0.9
EG	Egypt	0.0	0.0	0.0	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	8.5	10.4	11.8
GR	Greece	-0.2	-0.4	-1.2	-0.3	0.1	-0.1	-1.1	-0.1	-0.3
HU	Hungary	0.3	0.6	0.4	0.1	19.1	26.1	3.6	14.3	19.1
Other	Other	22.1	22.8	26.9	29.1	39.6	22.3	40.7	37.0	36.0
Total		308.8	220.0	255.4	272.1	254.8	345.7	420.4	777.9	844.3

Source: Central Bank of Kosovo / <https://bqk-kos.org/statistikat/serite-kohore/> accessed on 09/07/2024

According to the CBK report, within the financial account, inflowing FDIs in 2023 showed an annual increase of 15.3% and reached a value of €844.3 million (8.7% of GDP). The three main countries from which the inflowing FDIs originate are Germany with 22.6% of the total inflowing FDIs, Switzerland with 20.8% and the USA with 7.9%.

Table No. 3 shows that among the countries with the highest FDIs in 2023, Germany leads with investments of €190.4 million, a decrease of 1.96% compared to 2022. Switzerland is second with investments of €175.8 million, an increase of 13.27%, followed by Turkey with €57.5 million, an increase of 47.44%, etc.

Financial market

Regarding the effective interest rates of other deposit-taking corporations (ODC), taking the average interest rates for the sectors reflected in Table No. 4, in 2023, there is an observed increase in the interest rate in the industry sector by 0.8% compared to 2022.

The effective interest rate in the industry sector is 6.8%.

Table 4. Effective interest rates on ODC loans

Sectors	Interest rate 2020	Interest rate 2021	Interest rate 2022	Interest rate 2023
Consumer loans	6.8%	6.4%	6.3%	6.4%
Mortgage loans	5.7%	5%	4.9%	5.3%
Agriculture	9.3%	7.96%	8%	9.1%
Industry	6.0%	5.9%	6%	6.8%
Services	6.0%	5.9%	6%	6.6%
Other sectors	6.3%	6.3%	6.5%	6.9%

Source: Central Bank of Kosovo, <https://bqk-kos.org/statistikat/serite-kohore/>

According to the data from Table 4, there is an observed increase in effective interest rates across all sectors compared to previous years.

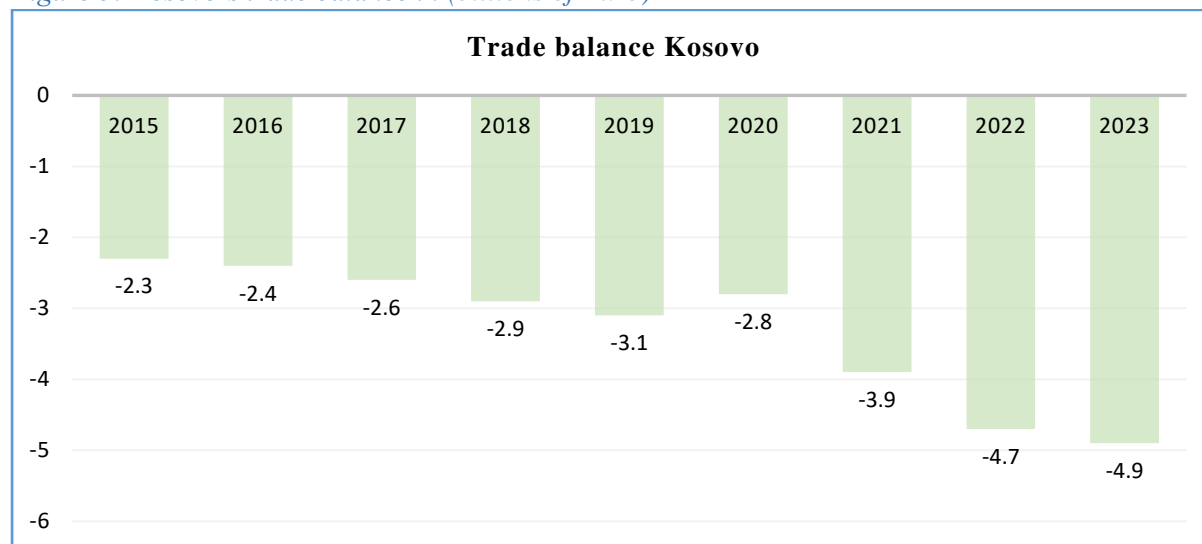
Domestic loans from banks to the private sector

The financial market in Kosovo is relatively underdeveloped for manufacturers. The World Bank estimates that nearly 70% of Kosovo's companies finance their fixed assets through internal resources. According to the Central Bank of Kosovo's 2023 Annual Report, the manufacturing sector in 2023 experienced a significantly slower annual net growth of 5.9% from 29.4% in the previous year. Last year, this sector had the highest weight in the overall growth of lending to enterprises, influenced also by the government's supportive subsidy measures under the economic recovery package.

Trade balance

The trade balance represents the ratio between exports and imports over a one-year period. In 2023, Kosovo exported goods worth €820 million and imported goods worth €5.7 billion. The export-to-import ratio is 12.6% to 87%, while the coverage of imports by exports for 2023 is 14.4%.

Figure 5: Kosovo's trade balance in (billions of Euro)

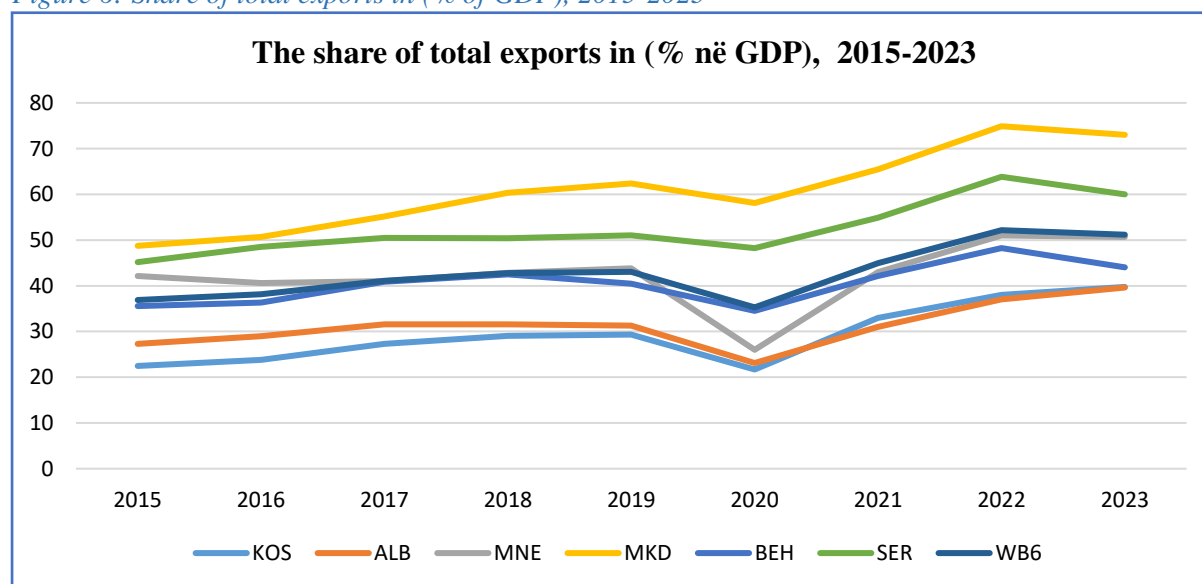


Source: KAS - Foreign Trade Statistics (FTS), and Kosovo Customs, June 2023 (processed by ID/IPD staff)

Share of total exports in (% of GDP)

North Macedonia recorded a high export share of 73% of GDP, followed by Serbia with 60%. Kosovo and Albania ranked last, each with 40%, below the GDP level.

Figure 6: Share of total exports in (% of GDP), 2015-2023



Source: WDI, KAS (processed by ID/IPD staff)

In 2023, Kosovo saw a 2% increase in the share of exports in GDP, while Albania experienced a 3% increase. On the other hand, there were decreases for North Macedonia with -2%, Bosnia and Herzegovina and Serbia with -4%, and Montenegro had no change, compared to 2022.

Total export and import

According to data by chapters for exports and import from the Kosovo Customs for 2023, total exports amounted to €863 million, indicating a decrease of 6.3% compared to 2022.

Imports, however, amounted to €5.9 billion, representing a 5% increase compared to 2022.

Table 5. Export and import 2022 - 2023

Processing industry, Sector C	Export		Import	
	2022	2023	2022	2023
01 - Livestock	855,693.90	3,105,052.50	69,972,362.33	86,500,961.94
02 - Meat and meat products	7,828,296.97	8,361,865.41	125,305,637.94	106,183,675.38
03 - Fish and underwater shellfish	529,828.00	541,974.00	6,352,744.27	7,342,284.58
04 - Dairy products, bird eggs, honey	2,117,615.12	2,727,842.96	77,113,277.64	80,311,768.34
05 - Food products of non-vegetable animal origin	227,802.45	206,850.00	1,466,756.64	2,026,496.28
06 - Trees and other living plants, plant heads	2,143,164.95	1,249,755.50	7,762,532.63	8,800,426.59
07 - Edible greens and related roots and tubers	9,816,823.04	11,422,955.55	33,897,420.60	50,198,153.27
08 - Edible fruits and nuts, citrus peels	9,131,530.13	5,343,086.00	44,684,089.51	60,718,314.64
09 - Coffee, tea, mate and spices	7,062,795.94	9,817,705.42	38,051,870.53	39,588,101.76
10 - Cereals	299,640.13	321,042.63	54,547,938.93	52,535,552.23
11 - Products of the malt milling industry, starch	1,304,698.88	1,927,347.30	12,013,843.41	13,599,020.66
12 Oilseeds and oleaginous (oily) fruits; mixture	3,536,028.47	4,016,981.46	10,404,196.10	13,665,520.35
13 Gums, resins and other saps and extracts	1,271.87	-	411,173.28	570,070.85
14 - Plant materials used for weaving prod	10,029.40	5,265.50	14,970.64	2,804.09
15 - Animal or vegetable oils and fats and products	4,525,202.99	8,171,172.18	61,084,939.19	43,767,425.75
16 - Foods prepared from meat, from fish	7,794,949.25	6,140,000.22	43,315,706.99	47,348,279.35
17 - Sugars and sugar confectionery	1,261,698.17	1,552,663.18	51,081,487.83	55,213,598.17
18 - Cocoa and cocoa preparations	2,917,334.91	3,279,040.14	32,502,980.64	37,025,803.00
19 - Preparations from cereals, flour, starch	3,446,744.50	5,462,548.08	105,410,997.85	119,481,855.04
20 - Preparations of vegetables, fruits, nuts	11,151,924.32	14,085,662.68	40,038,299.40	49,038,987.99
21 - Various edible preparations	1,541,767.87	3,712,311.37	106,455,239.87	116,257,543.00
22 - Beverages, alcoholic beverages and vinegars	39,040,082.89	54,115,565.24	135,762,461.35	141,998,927.32
23 - Waste and returns from food industries	2,188,742.02	2,095,098.07	33,519,660.83	32,625,004.47
24 - Tobacco and processed tobacco substitutes	215,476.94	331,177.45	105,019,438.38	119,221,395.07

25 - Salt, sulphides, oxides, limestone, cement	1,958,976.00	1,041,215.29	75,336,047.38	91,426,822.70
26 - Minerals, slag and ash	28,290,588.94	17,975,312.46	3,555,556.86	5,825,895.46
27 - Mineral fuels, mineral oils	73,719,370.47	33,048,628.19	966,598,773.61	765,705,140.62
28 - Inorganic chemicals; organic or inorganic compounds	341,073.19	576,309.00	7,446,684.06	7,699,543.67
29 - Organic chemicals	182,958.75	116,292.27	23,627,943.29	14,858,128.14
30 - Pharmaceutical products	1,246,269.11	1,369,484.43	126,659,944.90	116,026,981.26
31- Fertilizers	306,381.59	258,968.32	31,018,875.21	27,138,924.09
32 - Coloring and tannic extracts	6,724,286.29	8,293,285.16	50,546,187.37	51,448,496.99
33- Oil essences and resinous; perfumery preparations	647,549.85	543,231.87	62,992,095.95	78,843,701.67
34 - Soap, organic agents with surface action	9,952,164.88	12,340,990.17	51,308,162.76	60,988,325.83
35 - Aluminous substances; modified starches; adhesives	273,335.80	345,962.01	8,878,896.88	8,302,057.19
36 - Explosives; pyrotechnic products, matches	22.39	254.24	2,863,443.57	3,236,263.60
37 - Photographic and cinematographic goods	150.00	67.50	1,085,008.26	949,374.42
38 - Various chemical products.	761,797.67	736,630.05	36,552,244.17	39,916,021.12
39 - Plastics and articles made from plastics	122,313,716.68	114,882,278.99	340,980,135.06	301,516,265.38
40 - Rubber and articles made from rubber	5,556,423.82	4,737,294.97	43,221,162.86	43,691,103.96
41 - Processed and raw rubber	8,875,074.24	5,140,176.18	1,398,878.99	1,996,545.94
42 - Leather articles; saddlery and riding items	562,205.07	1,400,032.67	11,093,822.97	15,442,625.05
43 - Artificial fibers and hair, their products	-	2,058.17	27,250.80	51,507.73
44 - Wood and wooden articles, charcoal	15,553,991.87	14,388,780.46	123,786,266.57	117,375,556.77
45 - Cork and cork articles	-	1,171.66	218,606.46	191,035.96
46 - Products made from straw, reeds, and rattan	725.90	4,882.81	192,927.74	221,474.88
47 - Wood or other fibrous material pulp	3,856,694.40	3,384,091.00	145,403.45	131,750.93
48 - Paper and cardboard, articles of paper pulp	6,638,472.09	7,631,971.69	77,462,058.09	73,949,349.58
49 - Books, magazines, paintings and its products	717,358.10	681,264.90	8,786,244.28	8,813,978.94
50 - Silk	-	170.00	11,864.22	21,419.91
51 - Wool, fine or coarse animal hair	20,204.10	7,797.67	157,795.43	134,482.89
52 - Cotton	316.30	10,040.48	6,855,335.92	5,799,899.08
53 - Other vegetable textile fibres, paper thread and cloth	-	18.90	42,465.16	81,579.81
54 - Artificial filaments	180,361.29	508,942.96	10,860,336.23	14,810,667.81
55 - Basic man-made fibers	1,102,530.57	1,205,094.55	8,066,684.22	6,033,556.29
56 - Stuffing, felt, and unspun fabrics; special fibres	123,682.98	178,289.90	16,728,263.44	16,054,152.36
57 - Carpets and other textile floor coverings	1,102,582.75	1,043,159.02	14,547,167.79	14,175,362.21
58 - Special woven fabrics, textile fabrics with tassels	28,415.91	95,978.24	5,212,653.85	7,809,037.61
59 - Impregnated textile fabrics, coated	3,029,651.96	2,646,186.56	5,333,414.96	6,153,726.51
60 - Knitted fabrics with one or more threads	313,679.27	200,297.59	18,370,852.69	17,623,697.03

61 - Articles of clothing and complementary clothing, knit	3,830,186.34	7,834,475.44	68,153,383.15	85,502,893.98
62 - Articles of clothing and their accessories, woven	15,198,590.39	20,526,194.27	93,684,504.20	119,500,745.78
63 - Other ready-made textile articles; item groups	6,627,652.60	6,908,002.45	19,116,579.78	23,272,864.67
64 - Footwear, gaiters and similar items	3,141,129.68	4,097,091.01	48,675,432.58	58,590,989.30
65 - Headgear and its parts	105,451.74	57,400.26	2,210,343.60	4,084,020.21
66 - Umbrellas, parasols, supporting canes	941,273.19	703,890.16	1,262,176.19	1,365,740.59
67 - Feathers and articles made from feathers, flowers	16,144.32	34,323.38	1,730,206.54	1,874,906.76
68 - Articles made of limestone, cement, asbestos	9,865,460.57	9,966,567.63	35,088,775.04	31,574,058.08
69 - Ceramic products	5,969,463.58	6,716,216.95	91,065,884.07	93,300,737.74
70 - Glass and glass articles	14,586,196.76	14,415,997.73	68,893,894.96	65,590,363.50
71 - Natural or cultured pearls, precious stones	8,984,695.71	15,106,615.51	9,913,264.43	21,784,111.61
72 - Iron and steel	51,358,485.20	37,837,518.55	339,439,990.00	324,927,454.88
73 - Iron and steel articles	92,248,415.10	94,319,958.10	101,424,042.33	104,752,893.88
74 - Copper and copper articles	16,193,445.66	11,500,196.86	17,991,122.79	18,165,669.28
75 - Nickel and its alloys	2,544.00	-	51,005.61	36,151.48
76 - Aluminum and aluminium articles	40,647,695.78	37,511,863.45	78,735,555.28	85,566,645.14
78 - Lead and lead articles	4,914,367.90	3,398,034.22	41,046.29	105,408.84
79 - Zinc and zinc articles	2,766,848.31	3,169,977.90	3,962,947.42	3,757,524.01
80 - Bronze and bronze articles	8.05	58.08	134,494.14	92,753.79
81 - Other base metals, metal ceramics	-	163.37	632,377.05	190,538.76
82 - Cutting tools and working tools, knives, spoons	2,183,287.52	1,906,605.01	13,717,350.81	14,972,260.61
83 - Various base metal articles	2,433,024.71	2,798,458.87	37,222,369.37	38,715,813.67
84 - Nuclear reactors, water heaters, machinery	15,975,888.55	17,384,782.60	393,432,057.78	433,748,689.98
85 - Electrical machinery and equipment and their parts	14,834,152.50	17,876,802.80	231,330,496.97	242,894,413.47
86 - Train locomotives, trams, wagons and	23,400.00	65,270.00	395,838.20	403,735.78
87 - Different means of transport	11,076,031.05	11,053,768.63	409,100,359.25	589,837,503.28
88 - Aircraft, spacecraft and their parts	-	1,910.00	154,908.47	403,931.25
89 - Ships, vessels and marine structures	17,122.71	-	55,272.99	130,421.23
90 - Optical, photographic instruments and apparatus,	966,571.01	1,036,027.42	55,162,793.17	59,600,576.71
91 - Watches of all kinds and their parts	2,106,384.05	1,403,970.86	9,254,597.11	7,228,458.83
92 - Musical instruments; their parts and complements	20,392.32	2,084.40	375,295.19	394,968.56
93 - Arms and ammunition; their parts and accessories	-	-	17,919,674.88	112,937,263.94
94 - Furniture: Beds, mattresses, bedsteads	178,346,145.42	150,463,877.78	97,579,623.05	100,444,173.55
95 - Toys, toys and sports equipment	420,296.54	412,270.54	21,733,187.30	23,830,368.43
96 - Various manufactured items	1,195,728.02	1,521,055.52	26,972,267.54	33,697,173.15
97 - Works of art, collectables and antiques	30,296.24	49,944.57	190,312.11	368,479.36

99 - Other products	270,985.43	271,164.00	4,433,202.24	5,175,951.01
Total	920,627,916.29	863,142,111.49	5,639,396,114.11	5,917,287,078.60

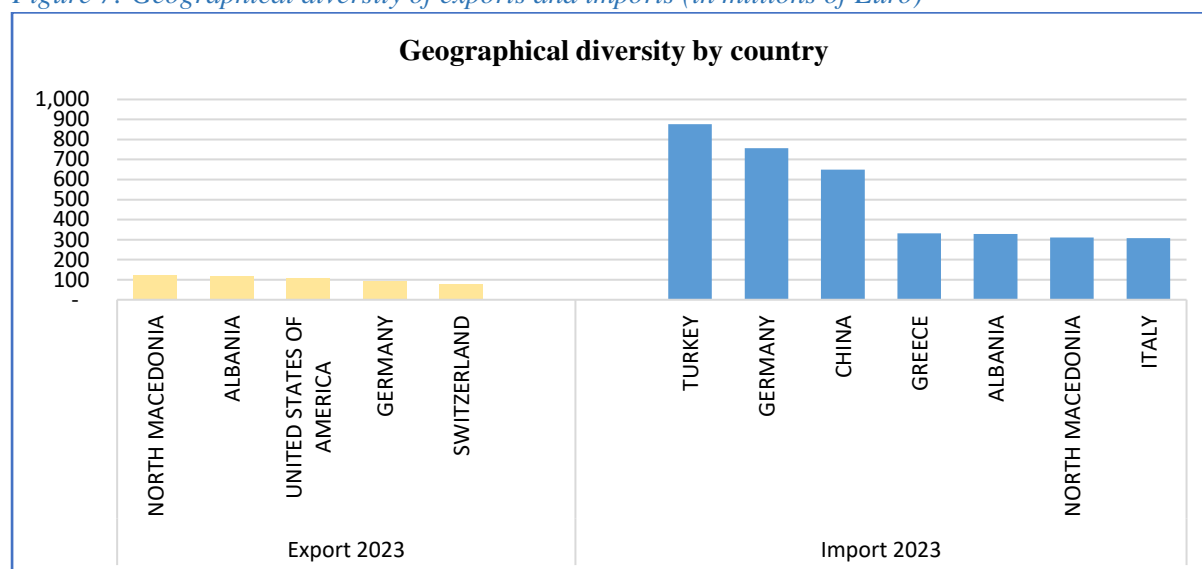
Source: Kosovo Customs, processed by ID/IPD

Geographical diversity of exports and imports

According to the 2023 export data, around 60% of exports were to North Macedonia, Albania, the USA, Germany and Switzerland.

According to the 2023 import data, around 60% of imports came from Turkey, Germany, China, Greece and Albania, North Macedonia and Italy.

Figure 7: Geographical diversity of exports and imports (in millions of Euro)



Source: Kosovo Customs, processed by ID/IPD

According to Figure 7, the diversity of export products is limited because 60% of exports are concentrated in 5 countries, while 60% of imports come from 7 countries.

Based on this data, the Kosovo market should shift towards more advanced trade policies to explore new export markets.

SOCIAL ANALYSIS

Labour force

According to the Law on Labour in Kosovo, an employment relationship can be established with anyone aged eighteen (18) or older. The labour force consists of employed and unemployed individuals, while inactive persons are not considered part of the labour force. The participation rate in the labour force is the percentage of the working-age population actively engaged in the labour market.

According to the Central Bank of Kosovo's report, referring to the Labour Force Survey by KAS, the average employment rate in Q3/2023 was 36.6%, representing an annual increase of 1.9%.

The employment rate was higher among males, at 53.9%, a 3.1% increase from the previous year, while the employment rate for females was 20.2%, showing a 1.1% increase compared to 2022.

Official labour market statistics indicate that the average unemployment rate in Q3/2023 was 10.6%, a lower level than in the same period of the previous year.

Gender-based statistics show that the labour market in Kosovo has a higher unemployment rate for females at 18.6% compared to males at 7%. However, education has improved employment prospects in Kosovo, with the highest unemployment rate among those with no education at around 27%, and the lowest rate among those with tertiary education at 7.2%.

Participation of Sector C in overall employment, number of enterprises and annual turnover

This section of the report analyzes data related to the number of enterprises, the number of employees, and turnover over the past three years.

Besides presenting statistical data, the analysis also highlights trends in employment, the number of enterprises, and annual turnover in the industry.

Comparative data in Table 10 show that over the past three years, there has been an increase in all three analyzed indicators: employment, the number of enterprises and turnover. This is a positive indicator for the overall economy.

The analyzed data indicate that, in 2023, the number of enterprises increased by 4%, the number of employees by 11.38%, and annual turnover by 11.18% compared to 2022.

Sector C - Processing industry contributes 11.1% to the employment rate by economic activity.

Based on the potential of the manufacturing sector, it can significantly contribute to all these indicators as well as to the overall economic structure of the country. However, the manufacturing sector still offers relatively limited employment opportunities, currently employing about 11.09% of the labour force in 2023, in the 2022 year is 10.62% and from 11% in 2021.

Table 6. Sector C, number of enterprises and employees and turnover, 2021/2023

Code	Processing industry	Number of enterprises			Number of employees			Turnover		
	Sector C	2021	2022	2023	2021	2022	2023	2021	2022	2023
10	Processing of food products	1462	1503	1535	9,902	10,931	12,360	472,344,066.98	490,162,510.96	561,085,852.31
11	Production of beverages	102	102	94	2,221	2,151	2,327	215,310,255.20	156,508,456.41	196,667,417.27
12	Production of tobacco products	7	5	4	74	56	48	9,410,896.98	4,866,541.49	5,839,657.34
13	Textile production	173	179	200	809	938	1,151	21,739,125.04	28,675,745.45	31,186,657.96
14	Clothing production	350	397	404	1,610	1,841	2,118	18,494,832.71	18,692,419.49	22,958,140.57
15	Production of leather and leather products	39	39	39	406	404	365	8,339,665.13	11,597,152.83	10,527,865.53
16	Manufacture of wood and wood and cork products	521	506	504	2,389	2,655	2,910	78,118,256.02	85,983,088.64	88,625,018.18
17	Production of paper and paper products	102	111	120	646	628	827	39,551,211.65	43,321,984.42	50,665,776.87
18	Printing and reproduction of recorded media	180	174	179	962	1,072	1,235	41,332,339.78	31,049,794.57	33,840,325.42
19	Production of coke and refined petroleum products	8	5	6	179	177	186	22,415,373.85	16,482,741.52	15,672,577.76
20	Production of chemical products	126	123	139	946	1,006	1,127	55,338,301.05	45,075,279.29	51,600,390.37
21	Production of basic pharmaceutical products and pharmaceutical preparations	6	7	7	118	124	217	-	2,716,465.32	4,661,311.69
22	Production of rubber and plastic products	579	626	670	3,661	4,035	4,655	198,116,219.72	257,367,563.53	278,546,416.86
23	Production of non-metallic mineral products	545	547	562	5,469	5,458	5,851	324,357,558.04	439,618,261.48	487,503,084.12
24	Production of metals	128	122	124	794	875	955	79,981,380.12	102,686,591.35	111,455,645.52
25	Production of fabricated metal products	770	790	836	3,065	3,292	3,869	160,666,951.86	198,982,656.43	246,434,152.11
26	Production of computers, electronic and optical products	28	27	29	80	97	131	3,681,731.95	-	5,072,127.09
27	Production of electrical equipment	44	39	44	261	263	306	19,947,005.06	21,635,183.03	23,538,225.43
28	Production of machinery and equipment p.k.t	38	34	38	274	289	324	10,932,204.35	9,029,384.12	8,680,562.01
29	Manufacture of motor vehicles, trailers and semi-trailers	6	8	6	111	120	119	4,713,085.63	2,151,554.95	2,345,947.16
30	Production of other means of transport	9	4	3	55	50	54	2,081,758.78	2,091,799.46	1,894,727.98
31	Production of furniture	549	600	655	4,915	5,684	5,739	190,907,254.90	249,330,671.03	231,832,198.56
32	Other production p.k.t	106	110	129	430	549	644	16,536,703.69	21,287,159.64	24,259,084.38
33	Repair and installation of machinery and equipment	106	104	117	181	192	250	5,353,314.37	4,042,196.70	4,533,136.45
	Total	5,984	6,162	6,444	39,558	42,887	47,768	2,003,697,898.65	2,243,355,202.11	2,499,426,298.94

Source: Kosovo Agency of Statistics, processed by IPD/MIET

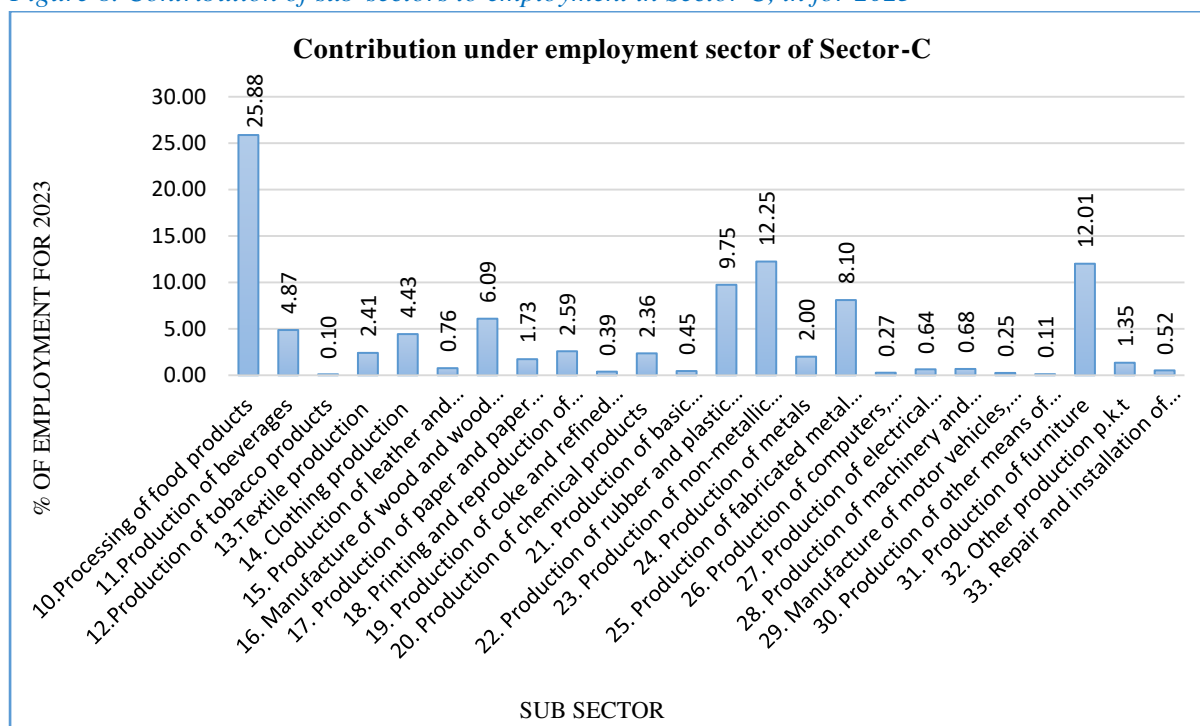
Based on the data presented in Table No. 6 regarding Sector C, the highest increase in the number of enterprises in 2023 is 6,444, or 282 more enterprises compared to 2022. Employment has also increased by 4,881 workers compared to 2022. Annual turnover in 2023 has increased by 11.4% compared to 2022. These trends in the analyzed years 2021-2023 show a positive upward trend, which is a positive sign for economic development.

Contribution of sub-sectors to employment in Sector C

The contribution of the manufacturing sector to overall employment in Kosovo for 2023 is 11.1%.

Employment by sub-sectors represents each sub-sector's contribution to job generation within Sector C (the manufacturing/processing sector), as detailed below.

Figure 8. Contribution of sub-sectors to employment in Sector C, in for 2023



Source: Kosovo Agency of Statistics, processed by IPD/MIET

Based on the data presented in Figure no. 8, the highest contribution to employment within the manufacturing/processing sector in Kosovo comes from the sub-sector “Processing of Food Products” with approximately 26%, followed by the sub-sector “Production of Non-Metallic Mineral Products” with about 12.25%. The third highest contributor is the sub-sector “Furniture production” with around 12.01%, and the sub-sector “Production of Rubber and Plastics” with about 9.75% of the total employment in Sector C. All other sub-sectors contribute less than 10% to overall employment.

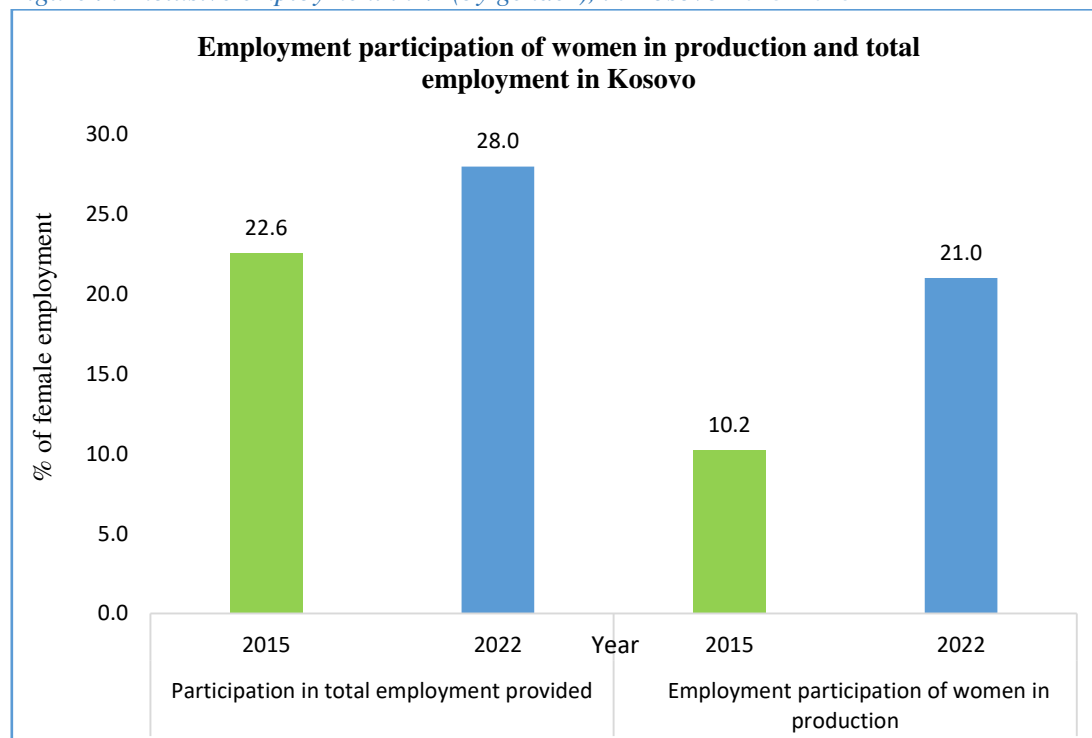
Women employed in Sector C

Kosovo had the lowest rate of female participation in manufacturing, considering barriers such as non-compliance with labour contracts, a high level of informality, and unfavourable working conditions, especially concerning the employment of women and youth.

So far, the participation of women in employment, according to data from 2015-2023, has been very low, particularly in the manufacturing sector. The slow trend in female employment has

consistently been observed, but there are promising data indicating positive growth in gender-specific employment.

Figure 9: Inclusive employment in % (by gender), in Kosovo 2015-2023



Source: KAS (processed by ID/IPD staff)

Based on the data published in Figure No. 9, female employment in Kosovo's total employment was 22.5% in 2015. By 2023, it had increased to around 28%, representing a 6% increase. Meanwhile, the female share in manufacturing employment was low, at 10.22% in 2015. By 2023, this had increased by about 21%, reflecting a 10.9% increase in favour of increased female employment in the sector.

Employment resilience

Global changes, including in labour markets, have created significant opportunities but have also led even advanced economies to face challenges in maintaining labour market resilience. Changes can stem from various factors, including unpredictable crises like the COVID-19 pandemic and the effects of digital transformation. Resilience may vary in relation to productivity, depending on whether the annual growth rate is driven by employment or productivity.

Table 7: Employment resilience compared to other countries for 2015-2022

Countries	Annual employment growth rate	Annual MVA growth rate	EE	Classification
Albania	4.1%	5.2%	0.7	Driven by productivity
Bosnia and Herzegovina	2.9%	3.7%	0.7	Driven by productivity
Montenegro	2.8%	1.6%	1.7	Driven by employment
North Macedonia	0.3%	0.9%	0.3	Driven by productivity
Serbia	4.1%	2.1%	2.0	Driven by employment
Kosovo	3.9%	4.0%	1.92	Driven by productivity
WB6	3.3%	2.6%	1.2	Driven by employment

Source: MWA - WDI; Employment in Production, UNIDO, KAS (processed by ID/IPD staff)

The analysis indicates that between 2015 and 2022, the manufacturing sector in Kosovo grew annually at a compound rate of 4.0%, while employment in the industry increased by 3.9% over the same period. These data suggest that the growth rate in Kosovo is driven by productivity, reflecting a greater interest in investing in digitalization and advanced technologies. Overall, the situation in the Western Balkans is similar: half of the countries have growth rates driven by employment, while the other half are driven by productivity.

Wages in Production

The increase in labour productivity translates positively into higher wages in production. According to the data from Table No. 8, Kosovo's productivity growth rate in 2021 was 5.9%, accompanied by a 13.8% increase in wages, indicating a positive trend in annual productivity growth and its reflection in wage increases. It is worth noting that in these analyzed indicators, Kosovo stands next to WB6 countries, even better. While in all WB6 comparative countries, the wage growth rate was positive even though they did not record a negative annual labour productivity rate.

Table 8: Wages

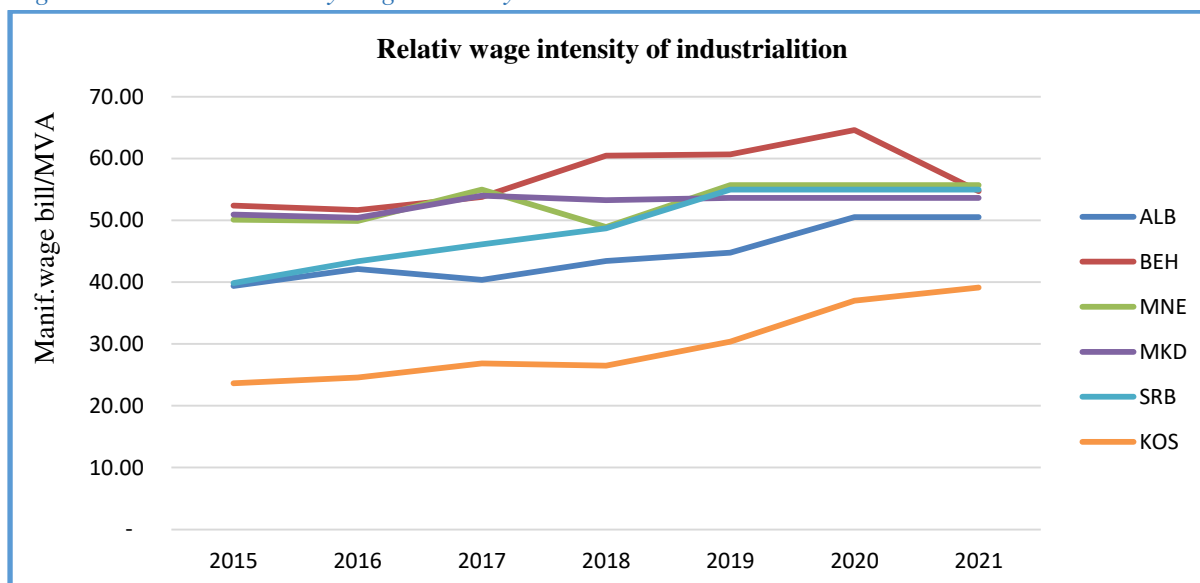
Countries	Wage growth rate	Productivity growth rate
Albania	14.05%	4.2%
Bosnia and Herzegovina	8.38%	2.33%
Montenegro	5.75%	0.87%
North Macedonia	6.04%	4.54%
Serbia	10.20%	0.20%
Kosovo	13.84%	5.93%

Source: WDI, UNIDO, KAS (processed by ID/IPD staff)

Relative industry wage intensity

Between 2015 and 2021, wages in the manufacturing sector increased on average by 11%. This increase in earnings for workers is confirmed by the study of the relative wage intensity, measured as a percentage of manufacturing wages as part of GDP. This indicator measures the portion of GDP allocated to manufacturing workers in the form of wages. Figure 10 shows that the relative wage intensity in Kosovo increased from 21% in 2015 to 35% in 2021. In summary, with a growing manufacturing sector, the total wage bill for production has increased. However, it still results in the lowest relative wage intensity in the region. All comparing countries have wage shares in GDP exceeding 40%.

Figure 10. Relative industry wage intensity.



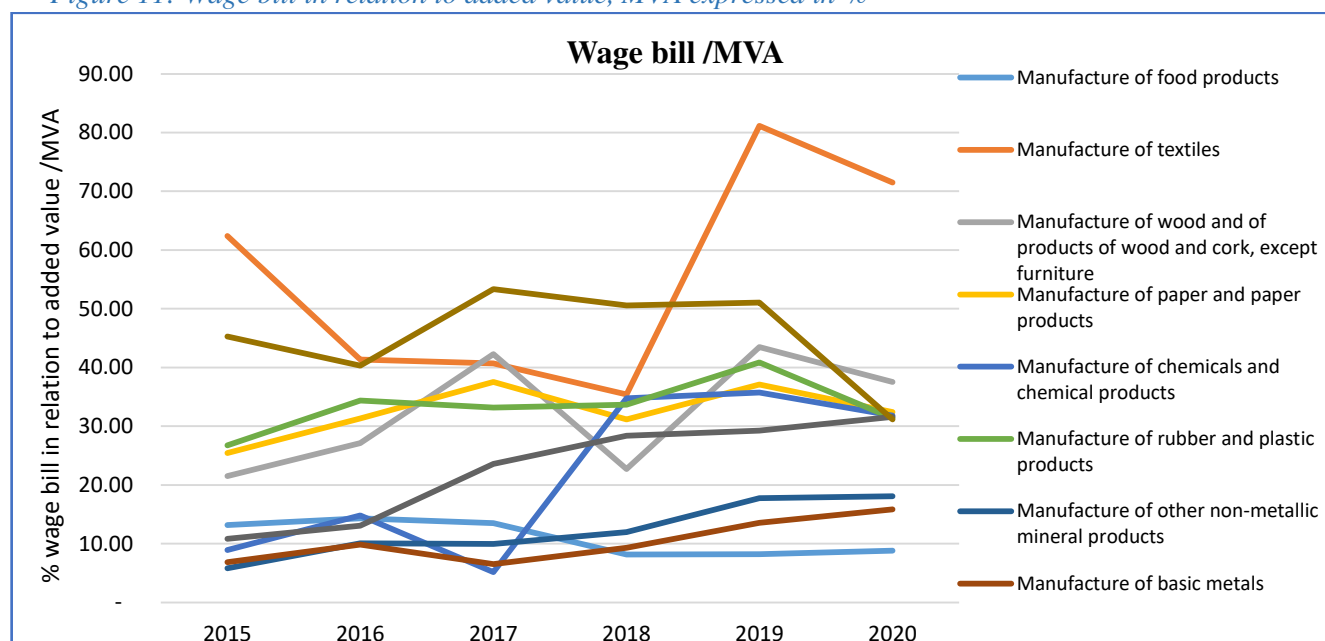
Source: Country Indicators WDI, UNIDO, KAS

Total wages in Sector C, in relation to the Manufacturing Value Added (MVA)

It represents the ratio between the total wage bill for Sector C and the manufacturing value added.

Some of the sub-sectors of Sector C are presented in Figure 11 below, showing the percentage ratio of MVA to the total wage bill for each sub-sector.

Figure 11: Wage bill in relation to added value, MVA expressed in %



Source: Kosovo Agency of Statistics (processed by ID/MIET)

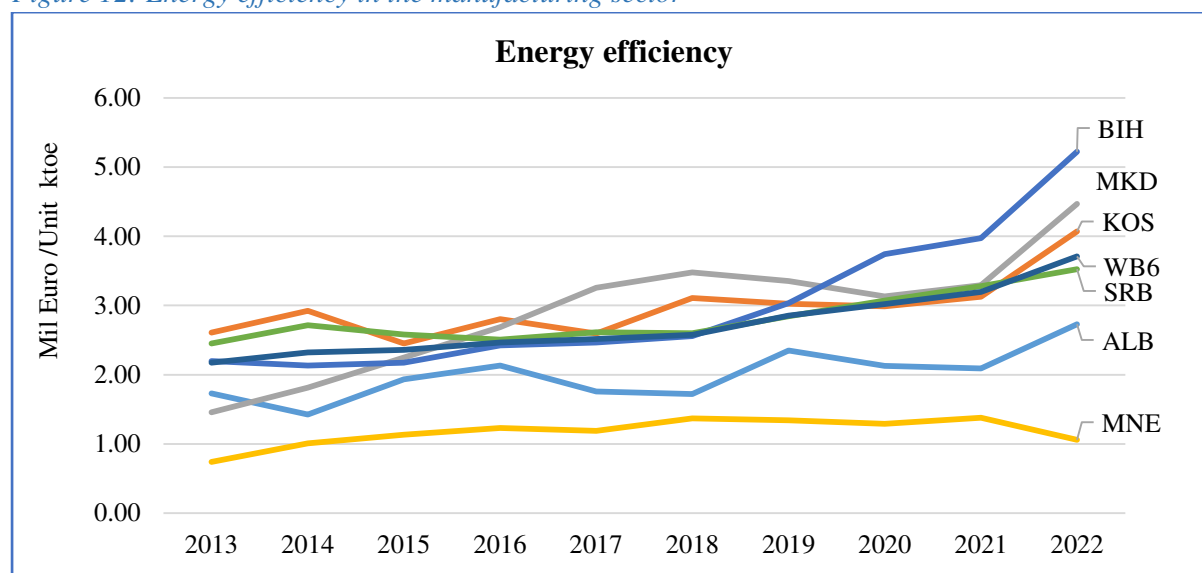
ENVIRONMENTAL ANALYSIS

Energy efficiency in the manufacturing sector

In 2022, Kosovo had an energy efficiency value in manufacturing of €4.07 million per ktoe (kiloton of oil equivalent), which is higher than the BP6 countries' average of 3.71 million Euro/ktoe. The highest energy efficiency value was in Bosnia and Herzegovina with 5.22 million Euro/ktoe, while Montenegro had the lowest value at 1.06 million Euro/ktoe.

In 2013, the energy efficiency was 2.61 million Euro/ktoe, and by 2022, it increased by 56% to 4.07 million Euro/ktoe.

Figure 12: Energy efficiency in the manufacturing sector

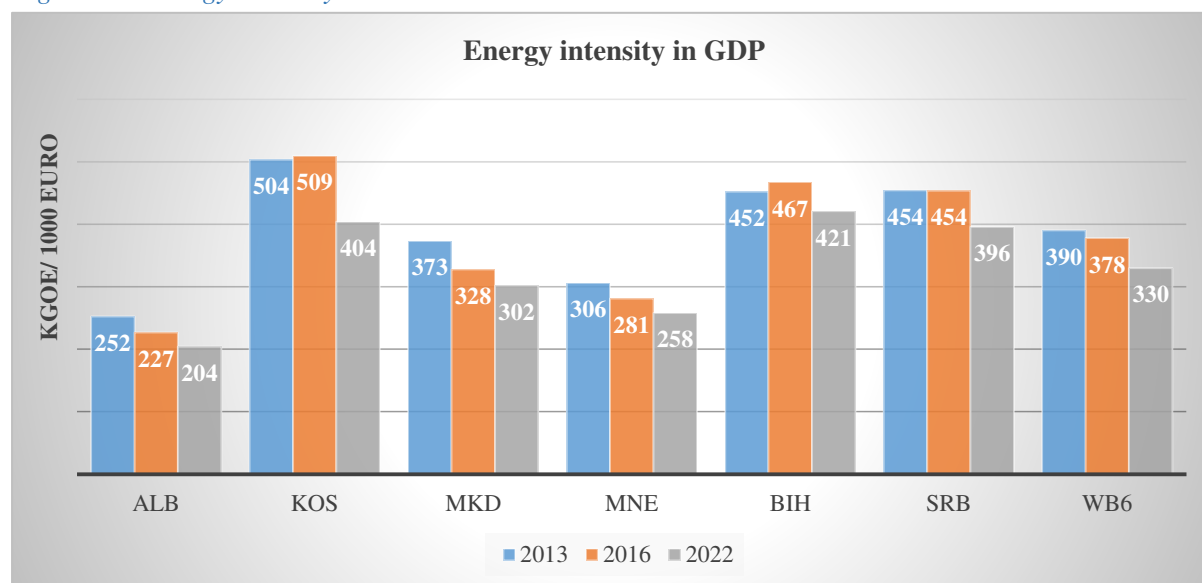


Source: International Energy Agency (IEA) (processed by ID/IPD staff)

Energy intensity in production

The energy intensity in Kosovo (the amount of energy used to generate a GDP unit) has significantly improved over time, with a 20% reduction from 2013 to 2022. However, it remains higher than the WB6 countries' average, following Bosnia and Herzegovina.

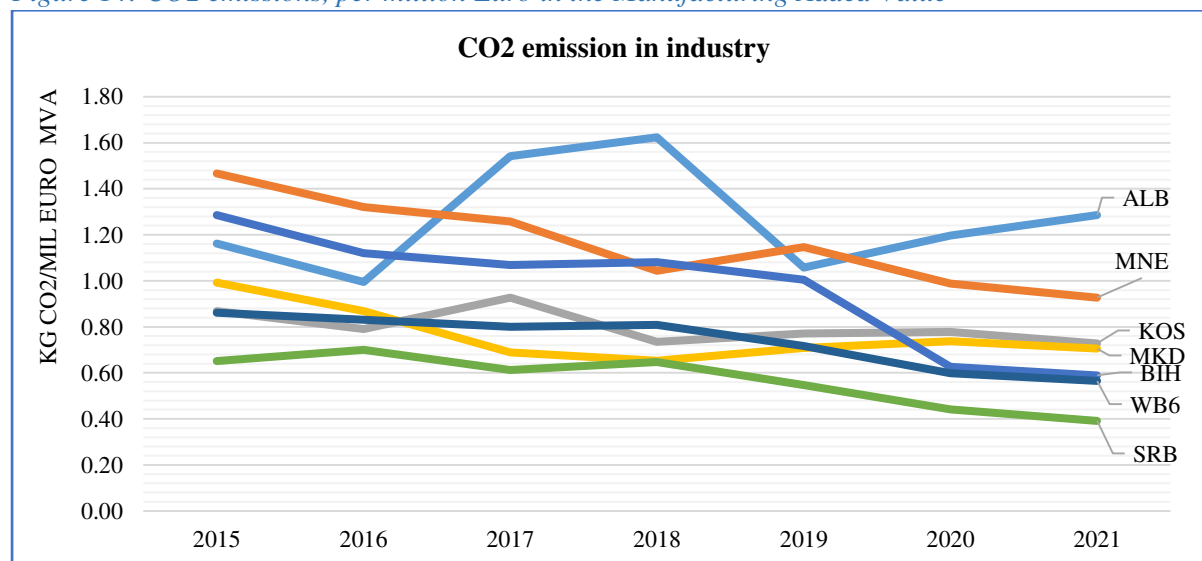
Figure 13: Energy intensity



Source: International Energy Agency (IEA)

CO₂ emissions

Kosovo's CO₂ emissions in the manufacturing sector for 2021 were 0.747 Mt (million tons) of CO₂, with a manufacturing value added (MVA) of €1,025.9 million, or 0.73 kg CO₂ per million Euro in MVA. From 2015 to 2021, there was a 16% reduction, which is above the WB6 average. In 2021, Serbia had the lowest emissions at 0.39 kg CO₂ per million Euro, followed by Bosnia and Herzegovina at 0.59 kg CO₂ per million Euro. Albania had the highest emissions at 1.29 kg CO₂ per million Euro, and Montenegro emitted 0.93 kg CO₂ per million Euro in relation to MVA.

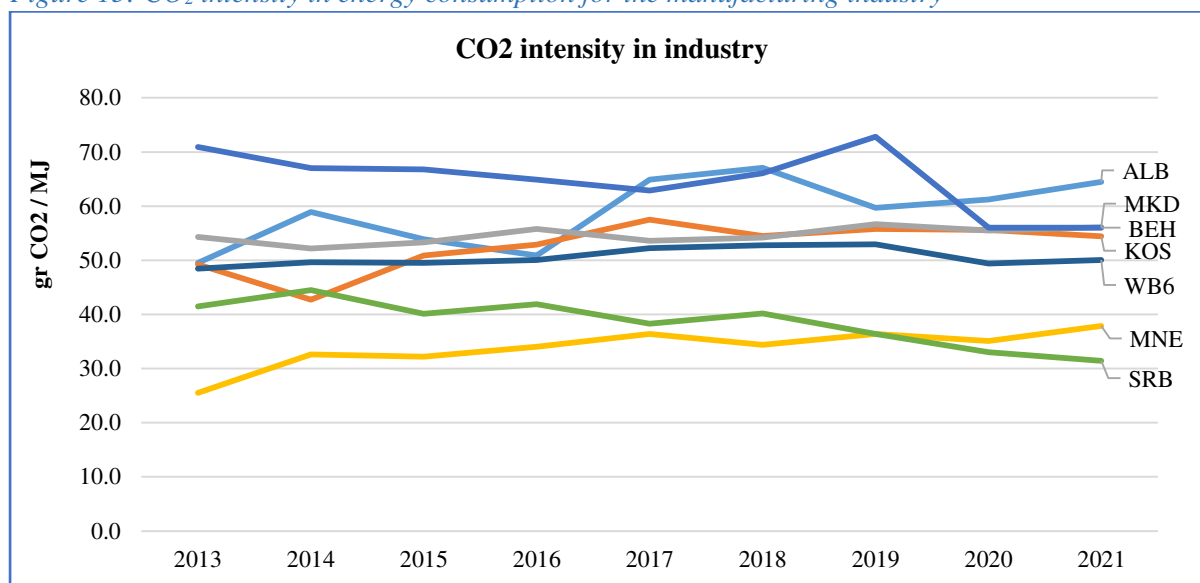
Figure 14: CO₂ emissions, per million Euro in the Manufacturing Added Value

Source: International Energy Agency (IEA) (processed by ID/IPD staff)

CO₂ intensity for Manufacturing Value Added

The CO₂ intensity in energy consumption in Kosovo in 2021 was 54.4 g/MJ, marking a 10% increase from 2015, which was 49.9 g/MJ. The average for the Western Balkan countries (WB6) was 50.05 g/MJ. The highest CO₂ intensity in energy consumption was in Albania, at 64.5 g/MJ CO₂, while Serbia had the lowest CO₂ intensity at 31.4 g/MJ CO₂.

Figure 15: CO₂ intensity in energy consumption for the manufacturing industry

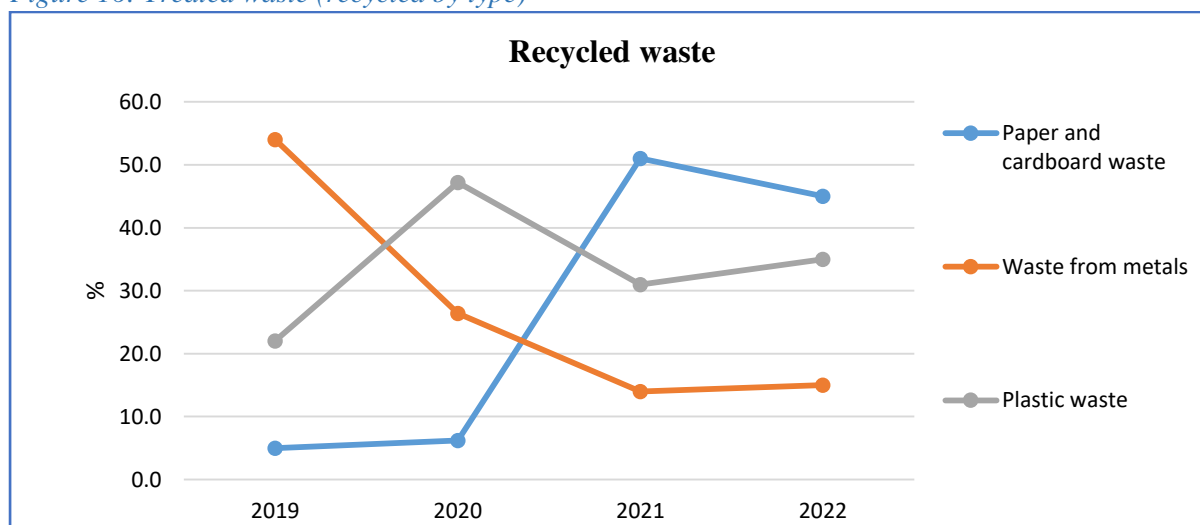


Source: International Energy Agency (IEA) (processed by ID/IPD staff)

Green and circular industry

The gross value added in sectors related to the circular economy (% of total GDP) was 0.80% in 2020, and 0.828% in 2021.

Figure 16: Treated waste (recycled by type)



Source: Kosovo Agency of Statistics (processed by ID/IPD)

Amount of treated (recycled) waste by year and type

The quantity of treated waste over the years was as follows: 5,773 tons in 2019, 3,882 tons in 2020, 23,328 tons in 2021, and 24,904 tons in 2022.

The quantity of treated waste by type, expressed as a percentage for 2022, was: Paper and cardboard waste (45%); Plastic waste (35%); Metal waste (15%).

The amount of treated waste by type expressed in percentage for 2021, was as follows: Metals (14%); Plastic waste (31%); Paper and cardboard waste (51%).

The amount of treated waste by type expressed in percentage for 2020, was as follows: Metals (26.4%); Plastic waste (47.2%); Paper and cardboard waste (6.2%).

The amount of treated waste by type expressed in percentage for 2019, was as follows: Metals (54%), plastic waste (22%), hospital waste (19%), and paper and cardboard waste (5%). If we analyze these data over the years, we can say that the waste according to the specified types has shown fluctuating (oscillating). However, it is important for businesses generating such waste to develop recycling capacities, which benefit both the environment and the development of local industry.

Summary of indicators

- Kosovo presents the lowest general economic performance in GDP / capita of €5,038 for 2023, which means that it is below the BP6 average of €6,145;
- The GDP/capita growth rate of Kosovo was 5.9% during the period 2011-2023, where it exceeded the region by (0.8%), with the exception of Bosnia and Herzegovina, which had an increase of 6.1%, while the average of BP6 was 5.4%;
- Kosovo had €647.3/capita, above the BP6 average of €588.82/capita, lower than Serbia and Bosnia and Herzegovina;
- The processing industry (Sector C) in BPV participates with 12.8%;
- In 2023, the industrialization of Kosovo, measured by the participation of VSHP in BPV, is (12.77%) and exceeds the average of BP6 (10.25%), with the exception of Bosnia and Herzegovina with (13.05%);
- Sector C- The processing industry, in the rate of employment according to economic activity, participates with 11.1%;
- Incoming FDI in the production sector in 2023 was 13.2 million euros;
- Production FDI participation in total FDI for 2023 is 1.56%;
- The effective interest rate in the processing industry sector for 2023 is 6.8%;
- About 60% of the export is realized in 5 countries: North Macedonia, Albania, USA, Germany and Switzerland;
- About 60% of the import comes from 7 countries: Turkey, Germany, China, Greece, Albania, North Macedonia and Italy;
- The employment participation of women in production is 21%;
- Kosovo's CO₂ emissions in the production sector for 2021 are 0.747 Mt (mil/ton) CO₂

Conclusions

- Although Kosovo has shown growth in GDP per capita and has grown faster than the regional countries, it is still below the average of the WB6 countries;
- The manufacturing sector remains stable in its share of GDP. However, compared to 2022, it has shown a decline and continues to hold the second place after trade, even though it contributes to the increase in the manufacturing value added in the country as well as the increase in the number of employees;
- Kosovo's industrialization, measured by the share of MVA in GDP, shows stability over the years and is higher than Montenegro, Albania and North Macedonia;
- The structure of Kosovo's economic composition, based on the participation of MVA in GDP, continues to be dominated by the services sector, with an average of 45%, while the manufacturing sector accounts for an average of 13% of MVA in GDP;
- Foreign Direct Investments (FDIs) impact economic growth, but FDIs are oriented towards real estate and construction sectors which have less spillover effect.;
- Bank interest rates remain high for the manufacturing industry at 6.8%, making it difficult for businesses to expand their production capacities;
- The manufacturing industry has high potential in reducing the trade deficit, considering its participation in overall exports at 84%, with import coverage by exports being only 14%;
- Exports of products from the manufacturing industry are from countries where the diaspora is concentrated, reflecting limited export diversification in the general market;
- Imports of the manufacturing industry remain high because Kosovo's economy is not able to intensify the procurement of raw materials from domestic sources, which would contribute to reducing imports;
- The manufacturing sector has the potential for higher employment of women, but the participation of women in employment in this sector remains low compared to WB6 countries;
- Evaluating productivity and wages, Kosovo and other WB6 countries have seen wage increases. However, Kosovo has recorded an increase in productivity rates and wage rates, just as other countries have recorded positive productivity rates;
- Energy efficiency in the manufacturing industry in Kosovo has continued to increase over the years and stands above the WB6 countries' average and better than Albania and Montenegro;
- CO₂ emissions in the manufacturing industry in Kosovo continued to decline over the years, but it remains above the WB6 countries' average and has lower CO₂ emissions than Albania and North Macedonia.

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This report was prepared by the Industry Department/Industrial Policy Division.

Contact:

Ministry of Industry, Entrepreneurship and Trade

Industry Department, Industrial Policy Division

”Arbënor e Astrit Dehari” Street, no. 21, Hospital Neighbourhood

10000 Prishtina/Republic of Kosovo

Tel: +383 38 200 36 547

<http://www.mint-rks.org>