



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
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This document was originally written in English language

July, 2019

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"The publication was produced with the financial support of the European Union.
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Table of Contents

List of Abbreviations	3
Table of Figures.....	3
I. Introduction.....	4
II. Services in the Domestic Economy	4
Services in GDP.....	4
New Registered Businesses in Services.....	5
Services and Employment	5
III. Trade in Services.....	6
General Overview	6
Main Exported Services	8
Travel	8
Other Business Services.....	8
Telecommunications, Computer, and Information Services.....	9
Transport.....	10
Construction	10
IV. Legislative and Policy Developments	10
Services Directive 2006/123/EC	10
Additional Protocol 6 (AP6).....	11
The recognition of the professional qualifications in the 6 countries of the Western Balkan (WB6)	12
V. Conclusion	12

List of Abbreviations

AP6-	Additional Protocol 6
CEFTA-	Central European Free Trade Agreement
EFTA-	European Free Trade Association
EU-	European Union
EUTSP-	EU's Project Support to the Development of Trade in Kosovo
GATS-	General Agreement on the Trade on Services
GDP-	Gross Domestic Product
GIZ-	Deutsche Gesellschaft für Internationale Zusammenarbeit
IAA-	Information Association Agency
KAS-	Kosovo Agency of Statistics
KBRA-	Kosovo Business Registration Agency
MED-	Ministry of Economic Development
MPA-	Ministry of Public Administration
MTI -	Ministry of Trade and Industry
Nr. -	Number
ICT-	Information, Communication, and Technology
RCC-	Regional Cooperation Council
SD-	Services Directive
PSC-	Point of Single Contact
TAK-	Tax Administration of Kosovo
WTO-	World Trade Organization

Table of Figures

Table 1: Services Sector in the GDP in Current Prices.....	5
Table 2: Some of the New Registered Enterprises in the Services Sector during 2018	5
Table 3: Employment in Services Sector [% of total employment].....	6
Table 4: General Data on the Trade on Services.....	7
Table 5: Main Services Sector Exports [Million EURO]	8

I. Introduction

Kosovo has experienced a considerably successful economic transition so far; however there is still much work to be done to achieve sustainable economic growth and the improvement of the wellbeing of the population. Kosovo is confronting many challenges, among them how to enhance the competitiveness of its economy and to effectively integrate into the global trading system increasing its export capacities and reducing external imbalances.

The services sector is a very important sector of Kosovo's economy contributing significantly to GDP and job creation. The services sector besides its direct contribution to value added and employment helps a country's overall economy by improving the climate for foreign and domestic investment and thus enhancing economic growth and development. Despite of being a very small and rather young country, Kosovo has many advantages, including a young workforce; high-skilled workers, with the majority of them being bilingual; possesses natural resources; and a geographical position that grants access to CEFTA, the EU, and EFTA markets. Due to all of these comparative advantages, Kosovo provides very good opportunities for establishing a service based economy.

The services sector has developed becoming the largest sector of the economy, accounting for around 72.63% of the GDP in 2018, experiencing an increase of its contribution by 3.12% in comparison to 2017. Moreover, in 2018, the services sector accounts for around 85.3% of the employment in Kosovo¹. This sector contributes in a significant way to the international insertion of the Kosovo's economy through its exports and imports of services. Contrary to trade in goods the country experiences a surplus on trade in services, which is instrumental in contributing to finance the current account of Balance of Payments. In the period January- December 2018, Kosovo's trade balance in services has been positive, reaching of EUR 770.6 million, with a 5.4% increase in exports in services.²

II. Services in the Domestic Economy

Services in GDP

In 2018, the services sector reached its highest contribution to the generation of value added since 2013 by accounting for 72.63% of GDP, calculated at basic prices, as it can be seen in the Table 1 below. The largest business categories present in the service market in Kosovo have not changed in comparison to 2017. The largest category within the services sector in 2018 has been Retail and Wholesale Trade/ Automobile Repairs which accounts for 22.65% of the sector and 16.45% of GDP. The second largest category is Public Administration, with around 22.15% of the services sector, accounting for 16.09% of the GDP. Nevertheless, an increase of around 0.4% in the contribution of Retail and Wholesale Trade/ Automobile Repairs and a decrease in the same proportion of Public Administration services, can be observed from 2017. The third largest category in the services sector is Construction which accounts for 13.39% of the sector and 9.72% of the GDP. A slight increase by 0.46% has occurred in this category's contribution in comparison to the same period in 2017. Another important category in the services sector is the Real Estate, which accounts for 12.97% of the sector and 9.42% of the GDP. Nevertheless, a decrease of 1.03% has occurred compared to 2017. The smallest category in the sector remains Hotels and Restaurant, 2.16% of all services valued added, accounting for 1.48% of the GDP in 2018.

¹ Data used from Kosovo Agency of Statistics (KAS) are not the final version, thus they might vary compared to the definite publication of the KAS.

² Data provided by Central Bank of Kosovo.

Table 1: Services Sector in the GDP in Current Prices (wherever it is not stated the data is in Million EUR)

Year	Transport/warehouse	Energy gas water	Construction	Public administration	Retail and wholesale trade/automobile reparations	Real estate	Hotels & restaurants	Financial & insurance activities	Other	Total (services sector)	GDP (basic prices)	% of GDP
2016	220.5	256.7	395.4	776.5	746.7	483.8	71.9	175.8	353.6	3480.9	4879.5	71.337
2017	223.7	254.6	455.0	773.1	816.3	496.4	74.4	189.0	261.6	3544.1	5032.0	70.431
2018	278.7	244.0	509.1	842.3	861.4	493.4	82.1	227.7	264.4	3803.1	5236.2	72.630

Source: Kosovo Agency of Statistics

New Registered Businesses in Services

In 2018, 9,960 new businesses opened in Kosovo, from which, 71.2% (7,092) were in the services sector, as shown in Table 2. The majority of the new enterprises were on the Retail and Wholesale Trade/ Automobile Reparations, with 2,558 enterprises having been registered in 2018, around 25.683% of all the businesses that opened. An emerging category in the service sector is Hotel/Restaurant with 999 new registered businesses in 2018, accounting for 10.03% of the new enterprises. The smallest number of new ventures has been under the Activities of International Organizations, only 1 or 0.01% of all the registered establishments. The second smallest has been under Public Administration/Obligatory Social Insurance, only 18 registered establishments or 0.18% of the total.

Table 2: Some Categories of the New Registered Enterprises in the Services Sector during 2018

Registered Businesses (In Services Sector) 2018	Nr. of opened businesses		% of the service sector
Retail and Wholesale Trade/ Automobile Reparations	2,558		25.68
Hotels/ Restaurants	999		10.03
Construction	976		9.79
Public Administration/ Obligatory Social Insurance	18		0.18
Activities of International Organizations and Troops	1		0.01
Total	7,092 services	9,960 businesses	71.2

Source: KBRA

Services and Employment

In 2018, 85.3% of all the employed persons in Kosovo were employed in the services sector. That shows an increase of 4 percentage points in comparison to 2017 when services employed 81.3% of the working force. The data on the employment in the services sector by activity in the last three years are available in Table 3. This trend despite of an overall decrease by 1% of the employment rate in Kosovo (Source: KAS). The sector with the highest employment, within the services sector, in 2018 is the Wholesale and Retail Trade, Repair of Motor Vehicles and Motorcycles, with 17.2% of the total employment, having experienced a 2.5 percentage point increase in its contribution in comparison to 2017. Another sector that has experienced an increase in its contribution to employment compared to 2017 is Education, which is responsible for 11.3% of total employment, with an increase of 1.8 percentage points.

The participation of other services sectors in employment generation has also increased, albeit on a smaller scale of 1 percentage point or less. This is the case of: ICT services, Public Administration and

Defense and Compulsory Social Security, Transportation and Storage, Accommodation and Food Service Activities, Financial and Insurance Activities, and Other Service Activities. On the other hand, Construction and Health Service Activities have experienced a decrease of employment by 1% or less.

Table 3: Employment in Services Sector [% of total employment]

Activity	2016	2017	2018
Electricity, gas, steam and air conditioning supply	1.7	1.9	1.8
Water supply, sewerage, waste management	2.0	1.2	1.3
Construction	11.5	12.9	11.9
Wholesale and retail trade, repair of motor vehicles and motorcycles	14.9	14.7	17.0
Transportation and storage	3.2	2.7	3.3
Accommodation and food service activities	6.4	6.6	6.9
Information and communication	2.2	2.6	3.5
Financial and insurance activities	2.0	1.7	2.1
Real estate activities	0.1	0.1	0.1
Professional, scientific and technical activities	2.0	2.2	1.8
Administrative and support service activities	3.3	3.9	2.9
Public administration and defense, compulsory social security	7.5	6.1	7.0
Education	10.7	9.5	11.3
Human health and social work activities	5.6	6.5	5.8
Arts, entertainment and recreation	1.7	1.4	1.3
Other service activities	3.6	4.4	4.9
*Activities of households as employers	2.6	2.1	1.7
Activities of extraterritorial organizations and bodies	0.9	1.0	1.0

SOURCE: KAS

III. Trade in Services³

General Overview

Kosovo's trade in Services in the period January-December 2018 stood at EUR 2033.2 million, of which total exports were EUR 1,394 million and total imports were EUR 608.3 million; with a positive trade balance of EUR 785.7 million. Exports increased by 5.8% in relation to the previous year; however a slight decrease in the trade surplus of 1.7% is noted in comparison with 2017, when the trade surplus stood at EURO 799.2 million. This resulted from a significant increase of imports in the order of 17.3% during 2018. During the last three years imports have been growing at a faster rate than exports. If this trend continues the trade surplus will experience a progressive decline.

Data on total exports and imports of services and at a more disaggregated level by services categories is presented in Table 4. The main exporting sectors during 2018 were travel services with EUR 1081.4 million; Other Business Services with EUR 122.5 million; Computer, Information and Telecommunication Services with EUR 55.8 million; Transport Services with EURO 41.8 million; and, Construction Services with EUR 23.1 million.

³ For this brief the WTO definition of trade in services has been used. Some of the categories included in the services account for Balance of Payments purposes have not been taken into consideration for the analysis, as *Manufacturing Services on Physical Inputs Owned by Others and Charges for the Use of Intellectual Property*. Therefore the total data on trade in services as per this approach differs from the aggregate data reported by the Central Bank of Kosovo.

On the imports side, travel services, exhibits also the highest level of imports, EUR 229.6 million in 2018, however, the sector experienced a decrease of imports of the order of EUR 5.6 million in comparison to 2017. Transport is the second largest services import with a value of EUR 126.9 million. This sector experienced an increase of EUR 8.2 million in imports during 2018 in comparison to the previous year.

Table 4: General Data on the Trade on Services

Category		2016	2017	2018
Total Services Sector	export	1,117.1	1,317.7	1,394
	import	471.6	518.5	608.3
	balance	645.5	799.2	785.7
Transport	export	35.3	37.2	41.8
	import	124.6	118.7	126.9
	balance	-89.2	-81.5	- 85.1
Travel	export	901.4	1,077.50	1,081.4
	import	219.8	235.2	229.6
	balance	681.7	842.3	851.7
Construction	export	12.9	9.3	23.1
	import	1.4	1.4	6.4
	balance	11.6	7.9	16.7
Insurance and pension services	export	19.2	19.7	29.1
	import	44.2	41.6	48.5
	balance	-24.9	-21.9	-19.4
Financial services	export	0.5	0.8	0.9
	import	3.5	5.2	9.1
	balance	-3.1	-4.4	-8.1
Telecommunications, computer, and information services	export	48.4	46.6	33.9
	import	45.9	51.3	50.0
	balance	2.6	-4.8	- 5.3
Other business services	export	62.9	88.8	122.5
	import	23	56.9	117.1
	balance	39.9	31.9	5.4
Government goods and services	export	35.5	35.8	36.2
	import	11.7	11.7	16.4
	balance	23.9	24.1	19.8
Personal, cultural, and recreational services	export	1.3	2.7	3.7
	import	1.2	1.5	2.1
	balance	0.1	1.2	1.5

Source: Central Bank of Kosovo

Kosovo has maintained through time a trade surplus in most of the services categories, with the exception of transport services, and financial and insurance services in which it has been traditionally import dependent. A new development has been the trade deficit experienced in 2018 in telecommunications, computer, and information services, activities in which Kosovo had experienced trade surplus before for a considerable period of time.

Main Exported Services

Table 5 presents data on the exports of the main services exporting sectors for the last three years. It should be noted that exports in these sectors have shown a healthy growth rate since 2016. In aggregate, exports of these five sectors have increased from EURO 1060.9 million to EURO 1324.6 million during the period; a 24.8 per cent increase. These sectors accounted in 2018 for 95 per cent of total services exports.

Table 5: Main Services Sector Exports [Million EURO]

Year	2018	2017	2016
Travel	1081.4	1077.5	901.4
Other business services	122.5	88.8	62.9
ICT	55.8	46.6	48.4
Transport	41.8	37.2	35.3
Construction	23.1	9.3	12.9

Source: Central Bank of Kosovo

Travel

This account registers the expenditures in Kosovo by non-residents during the year in question. It includes visitors for tourism, business visitors and persons who are in Kosovo for education or health purposes. The account includes expenditures in different sectors of the economy, such as hotels, restaurants, transport, retail, education and health establishments, among other. By far this is the main export of services of Kosovo. Travel accounted for 77.6 per cent of total exports of services during 2018. Visitors for tourism, which is personal travel, generate an overwhelming proportion of travel receipts of the country, and explain the trade surplus registered in this sector. Visits by the diaspora make a significant contribution to Kosovo total exports of personal travel services. Travel services registered a trade surplus of EURO 229.5 million in 2018.

During 2018 travel services exports achieved a slight increase of receipts of only EURO 3.9 million above the level achieved in 2017, an increase of 0.4 per cent. This shows a deceleration of the growth rate of exports in comparison with the growth rate in 2017, when travel exports increased by 19.5 per cent in comparison with 2016. During 2018 Kosovo experienced an increase in the surplus on trade in travel services of 2.4 per cent, as result of a decrease in the order of 2.4 per cent of imports of these services. The trade surplus reached EURO 851.7 million, up from EURO 842.3 million on 2017.

Kosovo experienced trade deficit in what respects to business travel in 2018, showing a negative balance of 2.5 mil EUR. However, the deficit has decreased from the previous year with exports during 2018 increasing by 19.4 per cent, while imports decreased by around 9.4 per cent. Also, there is a deficit on health and education related personal travel in the order of EURO 2.9 million, which has increased by 53.2 per cent in comparison with 2017. During 2018 imports increased by 43.2 per cent, while exports increased by 8.3 per cent.

Other Business Services

This account registers exports and imports of a variety of market services, which main demanders are other business. Other business services include various services such as, among other: research and development services, professional and management consulting services, technical services, trade-related and other business services. This sector is among the most dynamic in worldwide trade in services, and therefore it is very important to focus and further enhance the performance of this sector in Kosovo. Trade in these services has shown significant dynamism in Kosovo, both in terms of exports

and imports. These services constitute the third largest services imports of Kosovo, accounting for EURO 117.1 million, in 2018, with an increase of EURO 60.2 million compared to the same reporting period of 2017.

During 2018, Kosovo exports of these services reached EURO 122.5 million, experiencing a significant increase of EURO 33.7 million in comparison with 2017. Kosovo registered a positive trade balance in these services during 2018 in the order of EURO 5.4 million. However, the surplus contracted by 83.7 per cent in comparison with the one achieved during 2017. This was due to an increase in imports of 105.8 per cent, EURO 60.2 million in value, while exports only increased by around 38 per cent.

Data is available only for two categories of “other business services”: professional and management consulting services, and “technical, trade-related, and other business services”. In the case of the former, Kosovo experienced a trade deficit of EURO 6,5 million in 2018, reverting the surplus achieved during 2016 and 2017, of EURO 10.2 and EURO 11.1 million respectively, this due to the significant higher growth rate of imports in comparison with that of exports. Imports increased from EURO 9.1 million in 2016 to EURO 44.3 million in 2018. It is interesting to note that exports of these services have also shown relative dynamism increasing from EURO 19.3 million to EURO 37.8 million during the same period. This performance of exports might be a promising sign of increasing competitiveness of some services firms in Kosovo.

In relation to the category of technical, trade-related, and other business services, Kosovo has maintained a trade surplus during the last years. However, the surplus has been contracting since 2016, when the surplus reached EURO 29.7 million. In 2018 the trade balance in these services stood at EURO 11.9 million. This is the result of a significant higher growth rate of imports than of exports. Imports grew from EURO 13.9 million in 2016 to EURO 72.9 million in 2018. Nevertheless, exports of these services are important in the case of Kosovo, reaching EURO 84.8 million in 2018, up from EURO 43.6 million in 2016. This category includes, among other transactions, the trade commissions and fees paid to resident by non-resident business.⁴ This transaction might explain a significant proportion of total exports by Kosovo in this category. There is no more disaggregated data on the different transactions included in this category of services. It would be appropriate to make an effort to collect and process more disaggregated trade data of these services, as to assess what activities could offer a promising future for enhancing Kosovo’s services exports.

Telecommunications, Computer, and Information Services

Kosovo’s exports of telecommunications, computer, and information services reached EURO 55.8 million in 2018, experiencing an increase of EURO 9.2 million compared to 2017. However, Kosovo registered a trade deficit in this account, of EURO 5.3 million in 2018.

In this category, trade in telecommunication services is predominant, accounting for 72.9 per cent of exports, and almost 80 per cent of total imports.⁵ Kosovo registered a trade deficit in telecommunication services during the period 2016-2018. In these services, while exports have shown a sustained level, of around 32 million during the last three years, imports have registered a significant increase, of near 30 per cent since 2016 amounting to EURO 50 million during 2018; therefore the trade deficit has progressively increased reaching EURO 16.1 million in 2018.

⁴ Trade-related services cover commissions on goods and service transactions payable to merchants, commodity brokers, dealers, auctioneers, and commission agents.

⁵ Telecommunications services encompass the broadcast or transmission of sound, images, data, or other information by telephone, telex, telegram, radio and television cable transmission, radio and television satellite, electronic mail, facsimile, and so forth, including business network services, teleconferencing, and support services.

Kosovo's computer and information services have emerged as a promising sector and are constantly developing. Kosovo had a positive balance of EURO 10.6 million in computer services, and EURO 300,000 in information services in 2018. Exports of computer services increased by around 39 per cent in 2018 in comparison with the previous year, reaching EURO 21.4 million in 2018; while imports decreased by 1.8% in 2018, compared to 2017, registering a value of EURO 10.8 million.⁶ Data on information services is only available since 2017.⁷ Trade in information services is minor in the case of Kosovo, registering EURO 500,000 of exports and EURO 200,000 of imports during 2018.

Transport

In 2018 transport services registered the fourth largest value of exports, with a value of EURO 41.8 million. However, the case of this services present peculiar characteristics. Exports of transport services are accounted by "other air transport services", which represents 98 per cent of total exports by Kosovo of transport services. This account registers services that are auxiliary to transport and not directly provided for the movement of goods and persons.⁸ In this case registered as exports are mainly the receipts from the services provided in Kosovo territory to foreign carriers.

Kosovo is import dependent in all other transport services, both of passengers and freight. Transport services are closely associated with the performance of trade in goods, and the main imports of Kosovo are in freight services in land transport, which accounts for 72.5 per cent of all transport services imports during 2018. In the absence of a national carrier air transport of passengers accounts for an additional 23.1 per cent of total Kosovo's imports of transport services.

Construction

Construction services exports reached an amount of EURO 23.1 million in 2018, experiencing an increase of EURO 13.8 million compared to 2017. Exports reflect the construction contract value gained by Kosovo firms abroad, while imports reflect the value of construction by foreign firms in the territory of Kosovo. Kosovo registered a trade surplus in construction services of EURO 16.7 million during 2018. Imports of construction services also increased during 2018, reaching a value of EURO 6.4 million, well above the average of EURO 1.4 million for the years 2016-2017.

IV. Legislative and Policy Developments

Services Directive 2006/123/EC

Ministry of Trade and Industry in collaboration with the EU project Support to the Development of Trade in Kosovo (EUTSP), reviewed the domestic legislation and analysed whether it is in compliance with the EU Directive 2006/123/EC.⁹ The Services Directive (SD) aims to facilitate the establishment

⁶ Computer services consist of hardware- and software-related services and data-processing services.

⁷ Information services include news agency services, such as the provision of news, photographs, and feature articles to the media. Other information provision services include database services—database conception, data storage, and the dissemination of data and databases, both online and through magnetic, optical, or printed media; and web search portals. Also included are direct non-bulk subscriptions to newspapers and periodicals, whether by mail, electronic transmission, or other means; other online content provision services; and library and archive services.

⁸ The category includes cargo handling charges billed separately from freight, storage and warehousing, packing and repackaging, towing not included in freight services, pilotage and navigational aid for carriers, air traffic control, cleaning performed in ports and airports on transport equipment, salvage operations, and agents' fees associated with passenger and freight transport (e.g., freight forwarding and brokerage services).

⁹ Kosovo aims to be an EU member state in the near future, therefore its domestic legislation must comply with that of the EU. In addition, by complying with the EU Services Directive, Kosovo will have it easier to trade with the EU and potentially be authorized to trade in services with EU member states in accordance with Chapter III of EU Directive 2006/123/EC.

and provision of services within EU's internal market¹⁰ by offering international services between EU member states. Throughout the review of the legislation, 54 laws and other legal instruments were identified which would require amendments.

The Ministry of Trade and Industry drafted the Law on Services which partially transposes the EU Directive Nr.2006/123/EC. The Law on Services Nr. 05/L-130 was approved by Kosovo's Parliament and was implemented on March 2017, incorporating it into the domestic legal framework. The law guarantees the right of establishment, covering around 200 different services activities, regulating market opening and the protection of the domestic businesses in Kosovo. Based on the Law on Services two administrative orders were drafted:

- Administrative instruction No. 04/2018 on the manner of functioning of Point Of Single Contact (PSC), which regulates the functionality of the Point of Single Contact on Services whose goal is to facilitate the access to the Kosovo services market for services suppliers, and
- Administrative instruction No. 05/2018 on notification procedure and the compliance assessment of draft normative acts with the law on services.¹¹

Kosovo has also negotiated the Additional Protocol 6 (AP6) within the framework of CEFTA, where Kosovo is devoted to create an institutional framework, a Point of Contact on Services (PCS). Regarding the establishment of the Single Point of Contact within the framework of the Service Directive and CEFTA, it has been come to the agreement of creating a single portal which is in the first steps of establishment. This process will be done by being coordinated with the relevant institutions including Ministry of Economic Development (MED), Information Association Agency (IAA) of the Ministry of Public Administration, Kosovo Business Registration Agency (KBRA) of the Ministry of Trade and Industry (MTI), Tax Administration of Kosovo (TAK) etc.

The establishment of SPC is very important for Kosovo because the assistance needed for businesses on the services sector can be offered via the Online Portal/ Website starting from the information on opening a business, the equipment with the necessary legal permissions and licences, and the potential sectors for direct investment.

Additional Protocol 6 (AP6)

The negotiations on trade in Services were conducted in nine rounds within 18 months during the period October 2014- December 2016. The negotiations aimed at opening and facilitating services trade among CEFTA members, On March 2019 in Tirana, the Additional Protocol 6, and the Annex with the specific commitments of each member, were subject to final review and agreed among the countries.

AP6 has been drafted taking into consideration the Preamble of CEFTA 2006, the objectives as defined in the article 1 and Chapter VI (articles 26 to 29) of the agreement addressing the trade in services, including electronic trade. Members will gradually reach a progressive liberalisation of their services markets in accordance with Article V of the General Agreement on the Trade on Services (GATS) of the World Trade Organization (WTO). The purpose of the Additional Protocol 6 is the liberalization of the services within the framework of CEFTA 2006, which will serve as a pathway towards the achievement of the objectives of regional economic development and growth by expanding the inter-regional investment. The aim is to create favourable conditions for the development and diversification of trade between the member states and to promote the trade and economic collaboration on services.

¹⁰ According to Treaty Establishing the European Community (12002E/TXT) the internal market consists of the area comprised by the EU member states, where free trade prevails allowing the free movement of goods and services.

¹¹ Administrative instructions No. 04/2018 and No. 05/2018 were approved by the Government of Kosovo on 23rd of March 2018.

The implementation of AP6 protocol will be supported at the regional level by GIZ and Regional Cooperation Council (RCC). Meanwhile domestically the implementation will be supported by GIZ.

The recognition of the professional qualifications in the 6 countries of the Western Balkan (WB6)

The first round of negotiations for reciprocal recognition of the professional qualification among [Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia and Serbia] was held on December, 2018. Four professions have been identified as being of interest of participating countries and included in the negotiations, Medical doctors, Dentists, Architects, and Civil Engineers.

Until June, 2019, seven rounds of negotiations have been held. This process is led by RCC and CEFTA Secretariat. Negotiations continue.

V. Conclusion

The services sector is the main sector of the economy of Kosovo contributing significantly to the economic development of the country however, much work needs to be done to increase the competitiveness of the services sectors and for turning services exports as a driver of growth of the economy.

The services sector is an emerging sector which is constantly expanding and developing, with the newly registered businesses being mainly in the services sector in 2018, and being responsible for most of the overall employment generation. Kosovo has a positive trade balance in services, nevertheless, compared to 2017, a decrease in the surplus has occurred. This has happened due to a higher growth rate of imports in comparison with that of exports. If this trend continues it will cause the services trade surplus to progressively decrease generating further pressure in the fragile external accounts of the country. Therefore, more emphasis should be put in the services sector by the government of Kosovo by supporting the private sector, facilitating trade by eliminating existing barriers and promoting investment in tradable services activities.

The travel sector is currently the main export of services in Kosovo, which is mainly seen in tourism expenditures by foreigners that visit Kosovo. However, these foreigners are mainly Kosovan diaspora that travel to Kosovo for family visits, rather than foreigners who choose Kosovo as a tourist destination. Meaning that, more investment is needed in tourism attractions. Moreover, three sectors which experienced negative trade balances include Transportation, ICT, and Insurance and Pension services. All of these three sectors are very important for the economy and more investment and regulation must exist to create a dynamic domestic market and increase exports.

Kosovo is working on complying with EU legislation regarding services, in order to be able to facilitate Kosovo's international trade. Currently, Kosovo is working in establishing a Point of Single Contact (PSC) where the providers and recipients of services can find all the necessary information regarding trade in services and the legal and regulatory framework.

The improvement of collecting the statistics on service activities must be another priority. On terms of the national account, the data on the sectoral level must be much more disaggregated. On terms of the trade in services, the need of generating data on different sectors continuous.