



CHALLENGES OF MANAGING THE INTEGRATION OF KOSOVO IN EUROPEAN UNION

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ABSTRACT

Opportunities for integration of Kosovo's economy in EU are realistic, achievable, but they require knowledge, a lot of work and engagement in a real sense in order to be achievable in optimal time. In this direction, as we know, achieving and integration in EU have been and are a goal of Kosovo society. Because at the end, they are and feel as part of this identity. But, without our consent we are not part of this structure and organization. Nevertheless, at the actual circumstances, were more and more we are approaching the integration, taking off the barriers, reducing the distance in faster communication and free movement without limitations, integration has no alternative. For these reasons integration is a crucial element in modern relations and a driving force for economic development. Subsequently, economic and political integration of Kosovo in EU, is realistic and having in mind and taking into account the current situation which is not at the desired level, and still far away from the level required to be part of European Union, with work and adequate support it could be achieved. Even so, EU as an organization is opened if we look from formal aspect, were from his founding documents/agreements of this union; Treaty of Rome is it is stipulated that each European country can be a member if they see this as their own interest. But conditions and very harsh procedures and with relatively long time make the integration in this union, practically very difficult and EU as institution much closed and hardly achievable, but naturally depending on the aspiring country

KEYWORDS: European Union, Kosova, Development, Challenges, Organization, Considering, Integration, Financial Institutions, Advantages, Process, Investment, Country, Conditions, Economy, Stabilization.

INTRODUCTION

Naturally, if we observe this from historical perspective this union of states from its foundation and until today has been followed with lots of challenges and different issues, especially in decision making process in which they had to keep the balance between states and to find a modus for protection of each states interests, and not always this has been an easy task. This was precedes also by an animosity from past of the countries which founded this union and lots of times it was viewed with pessimism integration of these countries in the union, even more that the idea of European integration, precisely for union of European states is much older. The idea for European Union was to trying to be achieved with violence, wars and occupation of European states, so the idea for union is very old.

MAIN BODIES OF EU

In order to fulfill and bring to life tasks and approved programs from treaties which established and gave a scope of activities, different organs had to be created. At the beginning we have to mention that the Union has very broad power, but it's still not a federation of states which parliaments and governments of member states have to abide by. Nevertheless, Union is considered a unified system. Main bodies of European Union are

1. European Parliament
2. Council of Ministers
3. European Commission
4. European Economic and Social Committee
5. Court of Justice

EU budget is a unified document which is planned jointly, were the incomes and outcomes are presented, including the spending's for European Union bodies.

FINANCIAL INSTITUTIONS AND MAIN FUNDS OF EU

Main institutions and funds which are functioning as part of European Union are:

European Investment Bank – EIB.

This bank was founded in Brussels in 1957 as the Treaty of Rome comes into force and became operational in 1959. Its headquarters is in Luxemburg. Members of bank are member states of EU, and generally finances different projects which are related with development of Union regions which are under developed. Later one this Bank expanded the activities by financing different project outside of the EU, in countries which are in the accession process in the Organization, but also other countries. The bank functions through its bodies, namely: a) Board of

governors, b) Board of directors and c) Management Committee.

European Bank for Reconstruction and Development – EBRD.

Main purpose of this bank is to contribute in economic development of countries in Central, East and Southeast Europe, which are committed and engaged to bring in life principles of pluralistic democracy, market economy, to encourage the private and business initiative. The financial capital of the bank was 10 billion euros. The countries of the European Union participate with 51% of the financial capital. Loans from the bank have 10 years of time limit for pay off for commercial purposes, and 15 years for infrastructure projects purposes. From its establishment until 2003 EBRD has engaged 46 billion euros of its funds in more than 1000 projects. Bank has 2 operational sectors; 1. Commercial investment sector and 2. Development sector. Nevertheless Europe, especially after the WWII more and more every-day was going toward integration processes in global or regional plan. In this direction, main European integration started to gain the required form as well structured with establishment of the Organization for European Economic Cooperation, created from 18 European states, and also with the member status of USA and Canada. Main purpose of this organization was development and economic cooperation between member states and at the same time to ease and coordinate the Marshall Plan, which was initiated by USA, and they role was crucial in bringing closer and initiating the cooperation of European states, and reconstruction and stabilization of their economies. During his activity (1948-1959), this organization marked good results also in the field of liberalization of Inter-European trade. Also, later on, the Organization for Economic Co-operation and Development was founded in 1961 with 19 countries of

European continent and 5 countries outside of continent with total of 24 member states, also this time initiated and supported strongly from the USA for two main reasons; first the fear of USA that they will be isolated from the relations with Western Europe in one hand and secondly; the expansion and strengthening of cooperation between socialist countries.

The activity and work of this organization is exclusively done through its committees, namely; Committee of Political Economy, were harmonization of political economy of member states takes place and also we have Exchange Committee, Agriculture Committee and Committee for Industry, Development Assistance Committee (DAC) and Committee for European Monetary Agreement (EMA).

An important role in development of economy had also European Free Trade Association (EFTA), which was initiated from UK with goal to oppose other arrangements and to protect the dominant role, because UK refused to join in the organization were others will decide on their behalf, and together with other 7 countries decided to establish the European Free Trade Association in Stockholm of Sweden. Nevertheless, later on UK realized that the economic union is strengthening and decided to join and be part of this organization. But also, we have considerable number of less known integration processes that even that we know little about them they have been base for creation of main integration processes of European economy.

It is worth mentioning that except economical goals they have been a result of political situation at that time. Furthermore, the most known economic integration in Europe is European Union, this economic integration and the possibilities of integration of Kosovo economy in this union are the purpose of this paper.



EXPLICATION

Development of Kosovo economy observed from the historical aspect, at certain periods was not of required form/level due to known reasons and circumstances of occupation, wars and other obstacles, under which society as whole has undergone, with usage and exploitation of its economy, by different conquerors. Because as we know Kosovo, due to his very suitable geostrategic position and its huge wealth with natural resources has incite ongoing invasions and colonial actions of strong countries.

So, due to her mid-zonal position between east and west and natural resources which Kosovo has was always a prey of different conquerors and different invaders, change of ruling systems and different economic development. For a long time Dardania- today's Kosovo was under the roman-byzantine rule, but even so during their rule it was not destroyed economically, but in contrary Kosovo has protected his economic unity, and had a development of production forces and other state formations.

Nevertheless, Kosovo was under the foreign rule and subsequently invasions of any empire even so that they declared that this has been cultural and religious invasion with "good intention" at core they have been invasions from the economic interest.

Same modality was used also by the Ottoman Empire, which after the Battle of Kosovo (1389) and invading the Balkans and part of Europe, they became administrative and political masters and economic exploiters and in this way continued for more than 5 centuries, were during the whole this period some branches of economy have experienced growth were important position had agriculture, crafts work, trade and mining, but not at desirable development level.

From 1912 a forward Kosovo has experienced a continuous underdevelopment of economy from the period of weakening and fall of Ottoman Empire. Economic development after the Serb occupation has experienced stagnation, with the tendency of declining of material base and with frequent economic and political pressure of native Albanian people and through this pressure the aim was to displace them to other places.

This period from 1912 and onwards in history of Kosovo's economy is marked as ignorant and humiliating pages of history and issue of economic policies becomes problematic especially in future decades.

Even more, that historical fact confirm that during all this odyssey, prosperity and economic progress took place and

was visible at those periods of time were autonomy of the country it decision making for themselves was part of the process in every-day life.

So, from historical aspects of chronological flow of events and development it is clear that due to occupation in past which as a goal had economic exploitation, Kosovo did not have an expected development, meaning a base for sustainable and progressive economic development. Current economic situation is not all favorable for known reasons, which are connected unavoidably with the past, which has not been not even close to a level that was supposed to be. At this direction current situation is presented as obstacle even for integration goals, and has its own negative reflections as far as achieving desirable objectives at optimal time frame. But, the existing realistic situation should be understood and estimated as it is, and based on this position the required strategies should be built for accomplishing the objectives sustainable development and faster integration. Consequently, with aim of achieving these goals, obviously other priorities and objectives will come to light which as a base with have building, development and consolidation of Kosovo's economy So, the current situation independently of the steps taken and liberal reforms of the market accomplished so far continues to be disfavor able. Initially, starting from a high level of unemployment which is on based on not confirmed statistical figures, from national and international bodies approximately 45%-50% and the work market is growing with around 30thousand new job seekers annually. Also, Kosovo with the gross product (GDP, per capita) around 1164 euro, based on figures from 2007 and with consolidated budget for 2008 around 1 billion and 24 million euros, even that has 72.000 registered functional business, Kosovo's economy has an dysfunctional and buffered industry, then abandoned agriculture, with the market which is dominated with products and goods prevailed from the import, and with the market of different services, transport etc. , and also with the banking market in its first steps, with poor educational institutions, with big infrastructure problems, and all above mentioned elements makes economic situation disfavorable and with not very good integration reflections.

Even so, this economy at very difficult and poor stage, Kosovo's economy at this moment has also some positive elements and advantages which to some extend support the success of the economic transition.

Currency	Euro (€)
Fiscal year	Calendar year
Trade organisations	CEFTA
Statistics	
GDP	\$12.777 billion (2011 est. PPP)
GDP growth	4.5% (2010 est.)
GDP per capita	\$6,631 (2010 est. PPP)
GDP by sector	Agriculture: 12.9%
	Industry: 22.6%
	Services: 64.5% (2009 est.)
Inflation (CPI)	3.5% (2010 est.)
Population below poverty line	30% (2010 est.)
Unemployment	40%

Challenges of managing the integration of KOSOVO in European union

Main industries	Mineral Mining, Construction Materials, Base Metals, Leather, Machinery, Appliances
Ease of Doing Business Rank	117th
External	
Exports	€322 million (2011)
Export goods	Mining And Processed Metal Products, Scrap Metals, Leather Products, Machinery, Appliances
Imports	€2.41 billion (2011.) (2007 est.)
Import goods	Foodstuffs, Wood, Petroleum, Chemicals, Machinery And Electrical Equipment
Public finances	
Public debt	5.8% of GDP (2011 est.)
Revenues	\$1.458 billion
Expenses	\$1.581 billion (2010 est.)
All values, unless otherwise stated, are in US dollar	

Source: http://en.wikipedia.org/wiki/Economy_of_Kosovo

In general Kosovo is on a good path to resolve the property issues and its proper reconstruction followed with proper and required legislation infrastructure. Also, even so that will limited economy and financial and banking system, Kosovo has in circulation the joint European currency, which could be taken as positive element with positive reflection in economic integration of Kosovo's economy in Regional and European aspects. In this direction, Kosovo has a liberal market economy and its part of regional integration processes of free trade (CEFTA), and has an agreement to walk forward in process of stabilization and association with EU which is very important condition as a pre-membership in European Union.

Kosovo also has considerable incomes from abroad, from emigration (remittances) around 350-400 million euros per year, which for the current situation are very beneficial. Private initiative, market and business spirit of people of Kosovo are very developed and decoded for development and free market initiatives, combining its own tradition and experience of western countries, a very important element of economy in transition. For this integration reasons, we need to continuously have harmonization of legislation and functioning of institutions in full accordance with policies of European Union in order to be part of the structure in optimal time frame.

CONCLUSION

As we know, goal for faster economic prosperity and development and integration in European Union has been and remains a goal to be fulfilled which is directly linked with objectives of Kosovo's society.

Because, integration, communication and free movement of people and assets, more and more is becoming a necessity, because the time that we live and overall technologic progress in information sphere makes the integration as necessity and unavoidable.

But, only the desire for integration, without concrete work in aspect of serious engagement is not enough, because we are aware of the rules and seriousness of application process applied to aspiring states for integration, and the

completion of goods which comes with taking off the barriers and free movement of people and assets.

Due to this reason, Kosovo's economy has to be aware of its own position visa-vi integration, but at the same time also to be aware of the challenges and severe rivalry which comes with taking off the limitations, and at this direction objectives should be set and based on them to build proper strategies for fulfillment of these objectives at right time.

As mentioned Kosovo has made initial steps toward European integrations as far as was allowed due to the position and undefined status which Kosovo had and without possibility to decide independently. In this direction Kosovo needed political support because it's known that European Union is more a political organization and none of aspiring countries cannot be a member state of the union or other structures without proper support from the organization.

Kosovo has made some steps in fulfilling some pre-membership conditions, as far as Free trade agreement (CEFTA), then as aspiring state for signing a stabilization-association agreement and also the attempt for harmonization and completion of legislative infrastructure conform rules and applicable laws for implementation in European Union. In this paper I have tried that in proper and analytical way present and explain the best opportunity and road, integration opportunity of Kosovo's economy in European Union.

In this way, starting from historical past of Kosovo's economy and its chronological development of processes and events, and then explaining the current economic situation and reflections in integration processes and also the intention of Kosovo economy for integration in European Union.

So we can conclude that Kosovo has adopted for use the Euro, then has been admitted recently in the European Bank for Reconstruction and Development -EBRD, has been recognized by 22 European states, and formally all 27 states of European states has committed not to make any obstacles in admission in different association. We are in Europe and we have fulfilled and are in process of fulfilling lot of conditions for admission in the union. So

we can say that it is imperative and for economic and political benefit that Kosovo will be integrated in Europe

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