

European Investors Council Monthly Newsletter



Future of Mobility – Electric Cars in Kosovo, this is the message of our interviewee for this newsletter. Mr. Fioret Pruthi, the CEO of Porsche Kosova in this interview briefly explains challenges a small market like Kosovo brings to the auto-industry, what's more, the effects of the pandemic that hit hard the industry. The auto industry was already on the track of shifting to electric cars, even before the pandemic, but, 2020 flourished the idea of moving to green economy, aiming to make the European Union zero emission area by 2050. The auto industry has already responded. Almost all the biggest players in the auto industry have presented their electric cars and the mobility of the future will look very different from what it is today. Porsche Kosova, very soon will continue to offer the latest models of electric cars here in Kosovo. Challenges remain in place and there is a lot to be done from institutional level to private sector to shift to green economy where electric cars play a crucial role. Read the full interview below...

The European MP will support Kosovo in overcoming export barriers

May, 20th, 2021

The Member of European Parliament, Mrs. Viola von Cramon held a virtual meeting with the executive director of EIC, Mr. Emrush Ujkani. In this online meeting Mrs. von Cramon, a member of the Committee of Foreign Affairs and standing rapporteur for Kosovo at the EU parliament was interested to know about difficulties and other issues European investors are facing in Kosovo. They agreed to continue cooperation in easing the investment process from EU companies to Kosovo. Mrs. von Cramon showed her will in helping to eliminate barriers at the regional level, in particular for exporters and importers from the European market. Suggestion from the European Investors Council are welcomed for the European MP. Mrs. Viola von Cramon

is expected to visit Kosovo by the end of June and she was invited to visit EIC members to hear about difficulties from the first hand.



The Ministry of Justice pledge to prioritize the Law on Compulsory Insurance by Auto-Liability

During May, the Deputy Minister of Justice, Mr. Blerim Sallahu held a meeting with the CEO of EIC Mr. Emrush Ujkani and Mr. Genond Mesareja from Sigma Inter-Albanian Vienna Insurance Group, who represented the insurance sector. The main topic of the discussion was the discrepancy of the damage assessment from judges in different regions in Kosovo, an issue that lays in the competences of the Ministry of Justice.

The Law on Compulsory Insurance by Auto-Liability regulates the criteria for the assessment of non-material and material damages and determines their heights. The EIC members raised concerns about the discrepancy of the damage assessment. The deputy minister Mr. Sallahu promised to prioritize this issue and in coordination with the ministry of finance to address these concerns. There should be compliance between the Civil Code and this law, he confirmed.

The EIC continues cooperation with state institutions to address priorities of foreign investors

Another meeting of governmental level was held between the Minister of Industry, Enterprise and Trade Mrs. Rozeta Hajdari and the European Investor Council board members.



Business opportunities in Kosovo and the need to create a sustainable environment for Foreign Direct Investments. The board emphasise the need to establish a more favorable legal and institutional framework in protecting and promoting the FDI in Kosovo. Minister Hajdari showed her interest to continue cooperation with the EIC in addressing issues related to foreign investors.

EIC Board meeting

The European Investors Council had a board meeting this month and discussed issues concerning EIC members, and about the continuation of EIC activities. The meeting was opened by the Chairman of the Board Mr. Visar Ramajli, to continue the discussions about possible amendment to the EIC Statute. After a constrictive discussion, the structure of the organization was reviewed, for possible changes. The board also give an assessment on the draft of communication guideline. In the core of the discussion were as well the plan for the second part of 2021, events expected to be organized by EIC the White Book 2021, and other documents generated by EIC. The CEO of EIC Mr. Emrush Ujkani presented to the board the Annual Report 2020, highlighting achievements of EIC marked during the pandemic year. The point of other topics was in the schedule and members of the board raised several relevant topics.



Interview with: Mr. Fioret Pruthi, the CEO of Porsche Kosova

Interviewed by: Majlinda Aliu

The pandemic has hit all industrial sectors globally, and among the most affected at the first phase of the lockdown was the auto industry that experienced the lowest sales in the history. Porsche is a sports luxury vehicle, how much was the company hit by this economic crisis?

• *Fioret Pruthi: Porsche was no different from the whole industry, we felt the effects of the pandemic especially during the first lockdown phase. We faced many challenges, from costumers that requested to cancel orders, up to challenges with delays from the lack of production parts. Nevertheless, despite these challenges, our cooperation and understanding with our customers first and foremost, was at a very high level, and this helped us overcome the challenges that came from the covid-19, especially for our luxury brand of Porsche.*

Porsche Kosova provides cars from several well known brands including VW, Audi, Skoda and Seat. From its establishment in Kosovo, how did the company performed and what are the main challenges in operating in Kosovo?

• *Fioret Pruthi: Offering new cars, in a small market such as Kosovo it is quite challenging. Our biggest challenge was and remains the high number of “un-controlled” import of used vehicles. Despite some legislation that restricts the import of used cars based on their age, there are still no controls on the quality of cars imported, their mileage status or a measure of their actual CO2 gas emission standards. This puts us in a disadvantage in the market as our cars, beside being brand new, are of the latest models and fully comply with the latest safety and environmental standards of the European Union. However, setting aside these challenges we have performed very well in the market and this was achieved by bringing a new level of professionalism to the market and a high standard customer journey that is on par with the western world.*

The auto industry was already on the track of shifting to electric cars, even before the pandemic. But, 2020 flourished the idea of moving to green economy, aiming to make the European Union zero emission area by 2050. How do you see auto-industry responding to this?

• *Fioret Pruthi: The auto industry has already responded. Almost all the biggest players in the auto industry have presented their electric cars and the mobility of the future will look very different from what it is today.*

High prices and lack of infrastructure discouraged people to buy electric cars, but according to a Bloomberg forecast, electric vehicles will be cheaper to manufacture than cars running on petrol or diesel within the next six years. Big companies like Volvo and VW plan to move 100% electric during this decade, where does Porsche stand with its plans to move electric?

• *Fioret Pruthi: Electric Mobility is the future, we at Volkswagen have a clear goal to become world-leading provider of sustainable mobility and serve as a “role model when it comes to the environment”. That is why our group is heavily invested into development of e-cars for all our brands and locally we remain invested into pioneering electric mobility solutions in Kosovo.*

Shifting to electric cars requires a specific infrastructure (charging parkings, specific landfills for batteries etc) It also requires governmental support, such as subsidies and tax reduction for electric cars buyers. How important it is for the government of Kosovo to add to its list of priorities the green economy where electric cars are included?

• *Fioret Pruthi: It is really a shame that there is still no legislation that aids the usage of e-cars. If we compare to our neighbouring countries they all have at least tax reliefs when it comes to e-cars, while in Kosovo we continue to pay customs and VAT for all e-cars that are imported. Additionally, the development of charging infrastructure must be pushed forward by the government, as it is the key link into electrifying mobility in the country.*

To your view, how long would it take for Kosovo to begin with electric cars operation and what would be the main obstacles?

• *Fioret Pruthi: We have already presented to the market electric and plug-in hybrid models and very soon we will continue to offer the latest models of electric cars from the VW group, so from the providers point of view we are ready. However, without incentives from the government, it will take at least 3 to 5 years in our estimation, for the electric car to become the norm in our roads.*

Porsche Kosova is a member of EIC, how would you evaluate their performance, in particular during the pandemic, did they address your concerns as a foreign investor accordingly?

• *Fioret Pruthi: As a company we are happy that we are member of EIC. During the pandemic I must say that they were very supportive and reacted promptly to our concerns. I found it very positive the efforts taken by EIC to increase cooperation among us, to find how can we help each other and encourage the values that can make a positive difference in business community.*



Fioret Pruthi, the CEO of Porsche Kosova

What is a lesson learned from this crisis and what is your message to our readers?

• *Fioret Pruthi: This unprecedented pandemic has proven to us, that challenges and business environment can change on daily basis. It required from us to act fast and to be instantly innovative. The situation showed us that investments in digitalization and future technologies are a big advantage in doing business. Companies who could adapt and react fast to the new conditions, could benefit from the new challenges and make the best out of the situation. Therefore, be prepared for the next crisis, by extracting what we have learned so far. Last but not least I hope everyone stays safe and healthy!*

EBRD and EU join forces with Raiffeisen to boost small businesses in Kosovo

Rebuilding a more competitive, green and well-integrated economy in Kosovo

The European Bank for Reconstruction and Development- EBRD is providing a €5 million loan to Raiffeisen Bank in Kosovo to boost the competitiveness of small and medium-sized enterprises and help them bounce back from the covid-19 crisis. Raiffeisen Bank will lend the funds to businesses looking to upgrade their technology, processes or services with a view to achieving EU standards, particularly those related to product quality, workers' health and safety, and EU environmental requirements. Technical assistance will also be offered to SMEs, including hand-on EBRD advisory support. They will also be eligible for a cashback grant of 15 per cent of the total loan amount, funded by the EU, once they have successfully completed their investment. This new facility is part of the Western Balkans SME Competitiveness Support Programme, to which the EBRD provides loans and the EU contributes incentive payments and technical assistance. SMEs in Kosovo have been badly affected, said Neil Taylor, EBRD Head of Kosovo, adding that "EBRD is united with our partners, the EU and Raiffeisen Bank, to help them recover, strengthen their ability to export to the EU, and speed up the transition to a greener, more sustainable economy", he said. Our joint efforts will enable Kosovar enterprises easier access to financing and allow SMEs to reach EU standards and expand regionally and internationally, said Tomáš Szunyog, Head of EU Office in Kosovo/EU Special Representative. "The EU is and will continue to be the biggest donor, investor and trade partner in Kosovo," he underlined. Our customers have been through a very difficult time due to the pandemic and this agreement is part of our commitment to facilitate a quick and sustainable recovery," said Robert Wright, the CEO of Raiffeisen Bank Kosovo. The EBRD has invested €522 million in Kosovo through 75 projects since it began operations there in 2012. Supporting the competitive development of the private sector is the primary objective of the Banking the country.

Future of Mobility – Electric Cars in Kosovo

Volkswagen's electric offensive continues to gain momentum: Following the full scale sales of the VW ID.3 model during 2020, the sale of the brand new ID.4 models have now also started by mid-February in around 30 European countries including Germany, as well as in the USA. With the global rollout of the ID.4, Volkswagen is underscoring its ambition to become a global market leader in electric mobility. The company is to invest more than €11 billion by 2023. Volkswagen expects to produce 1.5 million electric cars a year by



2025. In this offensive, Kosovo is no exception. Since the introduction of the first VW electric vehicle, the e-Golf, the model was presented and delivered to costumers in Kosovo as well. Additionally, the offensive continued in the country with the presentation of the Passat GTE, a plug-in hybrid model that was a first in the country. Raising awareness for e-mobility in a small country with an under developed market remains a challenge, however VW is committed to reach every part of the world with electrified vehicles. Starting from June 2021 the fully electric VW ID.3 will be available for sale and test-drives at Porsche Kosova and the newest ID.4 will follow shortly. Even though the country lacks infrastructure, VW will push forward the electric models and work closely with all the stakeholders to raise awareness for an environmentally friendly and sustainable mobility.

“Limak Prishtina International Airport” celebrates 10 years of concession

Our valuable member “Limak Prishtina International Airport” is celebrating this year its first decade of concession of Pristina International Airport, by Limak & Aéroports de Lyon. The hard work during these years has enabled Kosovo to connect with different countries around the world, providing direct lines from Prishtina. From the month of June 2021, new destination will be added to the routes of Limak Pristina International Airport, connecting Prishtina with many European capital cities, such as Helsinki and Copenhagen. Furthermore, in June it is expected to launch new routes such as: Pristina- Bremen, Pristina- Memmingen, and Pristina-Friedrichshafen.



NEWS OF THE MONTH

The Parliament of Kosovo dismissed the board of directors of KPA

The Parliament of Kosovo on May 27, dismissed the Board of Kosovo Privatization Agency. MP's of the governing party “Lëvizja Vetëvendosje” said that this agency didn't contribute the economy of the country. The privatization process in Kosovo started in 2003, and the agency was constantly criticized for lack of transparency, corruption, and in several cases was considered a process of “destruction” of social enterprises. Until now, in total there are 3,951 public assets and 1,762 public properties have been privatized, while 2,189 other assets remain not privatized. In 116 rounds of privatization the assets were sold out for 760



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