



BANKA QENDRORE E REPUBLIKËS SË KOSOVES
CENTRALNA BANKA REPUBLIKE KOSOVA
CENTRAL BANK OF THE REPUBLIC OF KOSOVO

Balance of Payments Bulletin

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ABBREVIATIONS:

ATM	Automated Teller Machine
BEC	Broad Economic Categories
BOP	Balance of Payments
BOPM5	Balance of Payment Manual (Fifth edition)
CBK	Central Bank of the Republic of Kosovo
CEFTA	Centrak European Free Trade Agreement
CPI	Consumer Price Index
ECB	European Central Bank
EU	European Union
EULEX	European Union Rule of Law Mission in Kosovo
FDI	Foreign Direct Investments
GDP	Gross Domestic Product
IMF	International Monetary Fund
ITRS	International Transactions Reporting System
KFOR	NATO led-Kosovo Force
KPST	Kosovo Pension Saving trust
NEER	Nominal Effective Exchange Rate
pp	Point Percent
RER	Real Effective Exchange Rate
SEE	South Eastern Europe
UNMIK	United Nations Mission in Kosovo

CONVENTIONS:

" " event does not exist
 ". " event exists, data are not available
 "... "nil or negligible
 (e) estimated
 (p) preliminary
 (r) revised

NOTE:

For detailed discription on terminology refer to Methodology on Monthly Statistics Bulletin.

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1. Executive summary

The years 2008 and 2009 presented great challenges taking into account the global economic crisis. The reflection of the financial crisis on the real economy was relatively fast which resulted in a significant decrease of trade activity at global level. As a result of lower trade activity, negative economic growth characterized many of the world economies. In 2010, the first signs of economic recovery appeared and the trade activity improved. As a result of these developments, most of the developed countries economies improved, and consequently led to the improvement of the economic activities in developing countries. Similarly, growth rates and the overall economic activity improved in the Southeast Europe (SEE) as well. Exports from the SEE countries grew as a result of rising global demand, while the effect of prices on the level of trade was moderate. Foreign Direct Investments (FDI) in 2010 declined continuously in SEE countries, while the reserve assets experienced significant fluctuation.

As a result of improvements, especially in the external demand, Kosovo's economy experienced positive developments, especially in exports, which reached the highest historical level. Despite substantial growth in exports, the high level of imports continues to maintain the deep trade deficit, and consequently, a current account deficit. Current account deficit by the end of the third quarter reached at 16.9 percent of GDP, which compared to the previous year, represents a slight increase. A relatively high impact on the deepening of current account deficit had the significant increase of services import. On the other hand, the exports of services remained in a relatively similar level compared to the previous year. The balance of income was relatively the same with the previous year, resulting in little effect on current account. Remittances, despite a modest decrease, continue to be the component which mostly narrows the current account deficit. Within the current transfers, positive impact on current account, have had also the transfers to the central government.

Capital and financial account experienced a slight decrease in its positive balance. Foreign direct investments continued to have a similar level as in the previous year, whereas, the slight decrease of the positive balance in the capital and financial account is addressed mostly to the growth of portfolio investments and the growth of reserve assets. The category of "other investments" during this period was characterized by a decline which led to an improvement of capital and financial account.

2. Economic developments in Eurozone and South Eastern Europe

During the first half of 2010 eurozone was characterized by continuous expansion of economic activity, while in Q3 2010, the GDP of the eurozone recorded a quarterly increase of 0.4 percent. Eurozone economic growth is mainly attributed to the increased of domestic demand and continued recovery of the global economy, which resulted in increasing demand for eurozone exports. Improvements of economic conditions in eurozone countries are largely attributed to the measures taken by the authorities of these countries, which aimed at restoring the financial sector and promoting the overall economic activity. In this context, during 2010, the European Central Bank (ECB) continued holding base interest rate at a low level of 1 percent. Among the measures taken from the member countries and IMF is the establishment of the European Financial Stability Fund in the amount of euro 440 billion. This fund was established in order to maintain financial stability, and provide assistance to 27 member countries of the European Union (EU), in case of budgetary difficulties. Also, the European Commission adopted a program to help banks affected by credit crisis in Greece. Whereas, concerning the overcoming of the budget crisis in Greece, IMF and other countries of the eurozone helped Greece with euro 110 billion.

By Q3 2010, the average unemployment rate in eurozone was 10 percent. Within the eurozone countries, Spain and Ireland recorded the highest unemployment rates, such as 20 and 14 percent, respectively. Annual inflation rate in eurozone until August 2010 reached at 1.6 percent (-0.2 percent in August 2009).

During 2010, positive developments were also noticed in the South-Eastern European (SEE) countries. In Q3 2010, all SEE countries recorded positive growth, even though at a moderate pace. Albania is one of the region countries which leads with the highest economic growth rate of 4.9 percent, followed by Serbia and Montenegro, with a growth of 2.7 and 2.0 percent, respectively. Region countries, however, continue to have high rates of unemployment. Countries that reported the highest unemployment rates in 2010 were Kosovo (about 45 percent; assessment of the year 2009), Bosnia and Herzegovina (43.2 percent) and Macedonia (31.7 percent). Regarding inflation, the highest rate was recorded in Serbia (7.7 percent) and Kosovo (4.4 percent).

From Q2 to Q3 2010, eurozone exports started growing, although with slower pace. The growth of exports in Q3 2010 was mostly as a result of increased volume, while export prices rose at moderate levels. In Q3 2010, eurozone exports marked an annual growth of 24.6 percent. Conversely, imports of eurozone grew annually by 28 percent, thus worsening the current account deficit of the eurozone. Current account deficit in Q3 2010 rose at euro 16.4 billion (euro 0.4 billion in Q3 2009). The service account recorded a positive balance, whereas the income concluded the third quarter 2010 with deficit. Income account deficit in the eurozone came as a result of declining incomes from investments and the decrease of portfolio investments. Regarding the financial account, the eurozone marked a decline in the Foreign Direct Investments (FDI) in Q3 2010 as well as in portfolio investments.

Year 2010 was characterized by the improvements of the economic indicators in SEE countries. During this year, the trade balance and current account balance in SEE countries have generally improved. However, the current account deficit still remains high in some countries of the region, as in Montenegro (32.1 percent of GDP), Kosovo (16.9 percent of GDP) and Albania (11.0 percent of GDP). Nevertheless, compared to the same period of the last year, the current account deficit in Montenegro and Albania has decreased, mainly due to the improving trade balance. Unlike 2009, the year 2010 was characterized by substantial growth of exports and slower growth of imports in all SEE countries. In the region countries, until Q3 2010 the largest growth rate of exports was recorded in Kosovo and Albania by 92.4 and 51 percent, respectively. However, despite higher export growth rates, small base of exports should be considered in the case of Kosovo and Albania. In terms of imports, Macedonia experienced the highest growth rate (20.4 percent), followed by Serbia (17.3 percent).

Table 1. Current account in SEE countries (cumulative by September 2010)

Description	Current account balance (% of GDP)	Exports (Annual change, in %)	Imports (Annual change, in %)
Albania	-11.2	50.9	13.4
Bosnia and Herzegovina	-6.4	23.1	16.8
Kosovo	-16.9	92.4	12.3
Croatia	-2.9	17.0	4.9
Montenegro	-32.3	17.2	6.6
Macedonia	-1.9	18.5	20.4
Serbia	-8.3	24.6	17.3

Source: European Commission and central banks of the appropriate countries

Until Q3 2010, all SEE countries were characterized by declining FDI. Bosnia and Herzegovina marked the highest decline of FDI (137 percent), followed by Serbia and Macedonia, where FDI decreased by 41 and 20 percent, respectively. Whereas, a lower rate of FDI decrease until Q3 2010 was recorded in Albania and Kosovo (with about 2 percent) and Croatia (0.3 percent). By Q3 2010, reserve assets marked a significant increase in Bosnia and Herzegovina and Kosovo, while in Serbia and Albania, reserve assets decreased considerably. In Croatia, the level of reserve assets remained similar to that of the previous year.

3. Macroeconomic Developments in Kosovo

Kosovo's economy continues to be characterized by a satisfactory level of macroeconomic stability despite global developments, especially during the period 2008-2009. Real growth of GDP continued to remain positive also in 2009, and projections suggest a higher growth rate in 2010. Important sources of financing consumption and investment continue to be loans issued by commercial banks operating in Kosovo as well as remittances. However, domestic production continues to be low, making Kosovo's economy largely to rely on imported goods. Adoption of euro as the official currency in Kosovo has minimized the risk of exchange rate and has facilitated the development of trade with other countries. The main challenge for Kosovo's economy continues to be high rates of unemployment, especially given the low level of new jobs creation and the high growth rates of labor force.

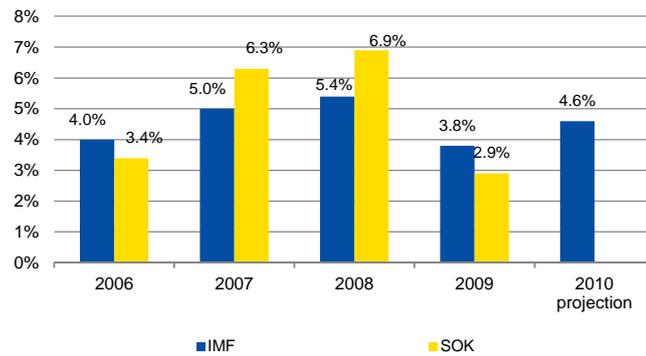
Kosovo's economy during 2008-2009 was influenced by the global crisis mostly through the external sector. The impact of the crisis was reflected mainly by remittances and foreign direct investments which in 2009 declined by 5.5 and 23.3 percent, respectively. Strong fluctuations of base metals prices in global markets significantly affected Kosovo's exports, having in mind that Kosovo's exports to a considerable extent consist of base metals. As a result of these

developments, the banking sector in Kosovo was more careful in financing the economy by tightening lending in this period. On the other hand, the change of fiscal policy during 2009 has contributed to reducing the negative effects of global crisis. This is because public spending grew considerably and as a result of this growth the effect of the crisis was neutralized. In addition to increased expenditures, reduced corporate tax rate may have stimulated investments which increased for more than 6 percent in 2009. The decrease of personal income tax may have had a positive impact on the level of consumption in the country; however, the increase in VAT may have weakened to some extent the effect of lower tax rate on personal income putting pressure in the general level of prices.

Based on data from the Statistical Office of Kosovo (SOK), the consumption in 2009 decreased in nominal terms, however, due to deflation in real terms the consumption grew compared with the previous year. In real terms, the investment rate recorded positive growth during 2009. Therefore, Kosovo's economy in 2009 recorded a real growth rate of 2.9 percent, according to SOK estimations, whereas, the IMF estimates indicate real growth rate of 3.8 percent (Figure 5).

Beginning of recovery of developed economies from the crisis has begun to be reflected in Kosovo's economy. For 2010, projections show an increase of consumption and investment in the country which are expected to be the main drivers of the economic growth. In this context, by Q3 2010 a slight decrease of remittances was noticed while the foreign direct investments remained in a relatively similar level compared to the same period of the previous year, whereas exports have doubled compared to the same period of the previous year. The growth of public expenditures represents an important contributor to increasing consumption and investments in the economy. Improvements in the external sector had a positive effect on commercial banks perceptions about the economic environment in Kosovo, which has contributed positively to the lending activity. By September 2010, loans increased by 10.9 percent. Lending to households was one of the main contributors for the credit growth. Lending to households increased by 27.3 percent, whereas, loans to enterprises recorded a modest growth of about 4 percent. It is worth mentioning that the rapid credit growth is observed in the construction sector and manufacturing, whereas loans to the trade sector increased by 4.8 percent. As a result of these developments, the real growth rate of GDP during 2010 was projected to reach 4.6 percent according to IMF projections, whereas MEF predicts a real growth of 4.8 percent (IMF, 2010, MEF, 2010).

Figure 1. Real GDP growth



Source: IMF (2010), and SOK (2010a)

Prices during the first half of 2010 can be considered stable, but in recent months the increase of prices was more emphasized compared to the first half of year 2010 (Figure 2). Consumer price index annual growth rate by September 2010 reached 5.9 percent, whereas the annual average reached 1.6 percent. The greatest impact on the overall price level until Q3 2010 was attributed to food prices and personal transport services,

influenced by fuel prices in international markets. Import prices continue to have major impact on the overall level as a result of the high dependence of the economy on imports, whereas, as a result of lack of monetary policy instruments, the local authorities are very limited in influencing the prices. Therefore, the price patterns in Kosovo's economy are largely influenced by international markets. Import prices until September 2010, compared with September 2009, experienced an increase of 7.8 percent which reflects the relatively large impact of international markets in the overall prices in Kosovo. On the other hand, production prices can be considered more stable since their rise in September 2010 compared to September 2009 was 2.2 percent and at the same time, their impact on the overall price level remains limited.

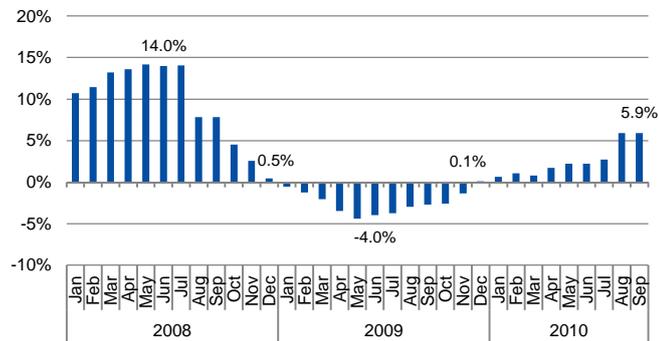
Unemployment continues to present one of the greatest challenges in the economy of Kosovo. Labor Force Survey in Kosovo conducted by SOK, estimates that in 2009 the unemployment rate in Kosovo was about 45 percent. However, the unemployment rate in Kosovo's economy reflected differently from many other regional and EU countries since the global crisis in other countries resulted in increased unemployment rate, while in Kosovo, the already high unemployment rate does not appear to be affected by global crisis; conversely, unemployment in Kosovo in 2009 marked a decrease by 2pp.

Fiscal policy in Kosovo in the postwar period has been very conservative, an approach which led Kosovo's budget to be characterized by surpluses or low levels of deficit. This is because fiscal policy to some extent has reflected the limited possibilities of the government to finance budget deficits (e.g. the lack of law on public debt until 2009). Consequently, the only sources for financing the budget deficit were reserves accumulated from budget surplus in the previous periods and direct donations to the budget from the international donors.

Public expenditures in Kosovo had very important role in mitigating the effects of economic crisis, but, unlike other countries where expenditures were oriented to bailing out financial institutions, fiscal policy in Kosovo was expansionary having in mind the growth of expenditures which resulted in an overall increase in consumption level and investments with particular emphasis on public investments.

A characteristic of the Kosovo's budget for the year 2009 was the deficit of 2.2 percent of GDP that resulted from faster expenditures growth compared to revenues. Growth rate of expenditures for 2009 was 29.7 percent, while budget revenues, despite the effects of the

Figure 2. Consumer price index, annual change



Source: SOK (2010)

crisis, increased by 21.7 percent. The main sources of budget revenues continue to be the border revenues (55.3 percent of total revenues) as a result of the high level of imports. The high dependence on budget revenues from one source makes the budget of the country highly sensitive against shocks with external sector. In this context, during 2009 was observed a slowdown in the growth of border revenues as a result of the decline in imports during this period, whereas positive contribution to the growth of revenues attributed to the increased rate of VAT from 15 to 16 percent since the beginning of 2009. However, the main impact on the budget revenues increase had the transfer of PTK dividend.

Until Q3 2010, the budget revenues recorded a faster increasing trend compared with expenditures, resulting in a budget surplus of euro 113.5 million. While revenues recorded an annual growth of 33.4 percent compared to the same period of the previous year, budget expenditures increased by 7.8 percent. According to the revised budget, the year 2010 is expected to close with a budget deficit of 3.7% of GDP.

The approval of the law on public debt and the membership of the Republic of Kosovo in the International Monetary Fund and World Bank represent important developments in the country public finance and economic developments in general. In June 2010, the International Monetary Fund (IMF) for the first time approved the “stand-by” arrangement for Kosovo with an amount of euro 108.9 million (SDR 92.9 million) representing 157 percent of the total Kosovo’s quota in IMF. This arrangement has been approved for a period of 18 months. Initially Kosovo could draw euro 22.1 million, while withdrawing other installments will be made according to the quarterly reviews. Meanwhile, the approval of the funding program with the IMF has opened the possibility of using budgetary donations committed by the European Commission and World Bank. However, during the second quarter, the Assembly of Kosovo ratified the loan approved by the World Bank, worth US dollars 20 million, aimed at modernizing public administration.

4. Balance of Payments¹

Until Q3 2010, the Kosovo’s external position was characterized by a deepening current account deficit. The negative balance of trade in goods and the lower positive balance in the services account resulted in an increase of the current account deficit during this period. Although exports were characterized by a faster annual growth compared to imports, the trade deficit marked an annual increase of 13.2 percent until Q3 2010, reflecting the high share of imports in the overall structure of the trade balance. The positive balance incurred in the income account and current transfers continued to contribute to the narrowing of the current account deficit. In Q3 2010, the income account and current transfers were characterized by an annual increase of 7.4 and 13.6 percent, respectively. The capital and financial account marked an annual decrease of 14.6 percent, mainly due to a significant increase of portfolio investments and the slight decrease of FDI in the Kosovo's economy.

4.1. Current account

Up to Q3 2010, the current account deficit amounted euro 512.2 million, an annual increase of 13.7 percent. The share of current account deficit to GDP reached to 16.9 percent until Q3 2010, compared with 15.5 percent in the same period in 2009. The negative balance of

¹ Statistics of Balance of Payments in this publication are cumulative for the period January-September 2010.

trade in goods remains the main contributor to the increasing current account deficit. Moreover, the current account balance worsened in the reporting period also as a result of a significant decrease of services account. The positive balance of current transfers continues to narrow the current account deficit (Figure 3).

4.1.1 Goods and services

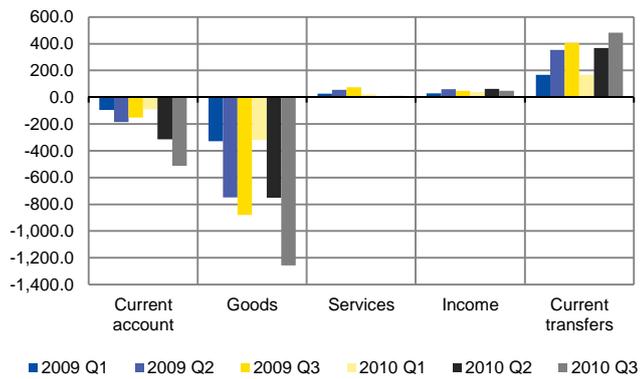
The continuous increase of trade activity between Kosovo and other

countries resulted in higher degree of trade openness for Kosovo until Q3 2010, reaching 57.3 percent of GDP compared to 51.5 percent of GDP until Q3 2009 (measured as the sum of imports and exports' share to GDP). The coverage of imports by exports in Kosovo continues to remain low having in mind the high dependence of Kosovo's economy on imported goods. However, because of faster growth of exports compared to imports until Q3 2009, imports coverage by exports until Q3 2010, reached 13.8 percent (8.1 percent in the same period of the previous year). Up to Q3 2010, the Kosovo's trade balance deficit reached 1.34 billion, or about 43.4 percent of GDP (43.8 percent of GDP in 2009).

Imports amounted euro 1.6 billion, representing an annual growth of 12.3 percent up to Q3 2010 (Table 2). The growth of imports during this period can partly be attributed to the increased prices in this period, since in real terms, imports grew by 7.3 percent. During the same period, exports reached a value of euro 214.3 million (euro 111.4 million until Q3 2009), which represents an annual increase of 92.4 percent. However, the growth of exports in real terms was 88.2 percent, which largely reflects the stabilization of the overall demand and prices in the international markets. Relatively higher prices in Kosovo compared with EU and CEFTA countries have led to an appreciation of the real effective exchange rate (REER) in this period. Up to Q3 2010, REER has appreciated by 0.6 percent for EU countries and by 1.5 percent for CEFTA countries.

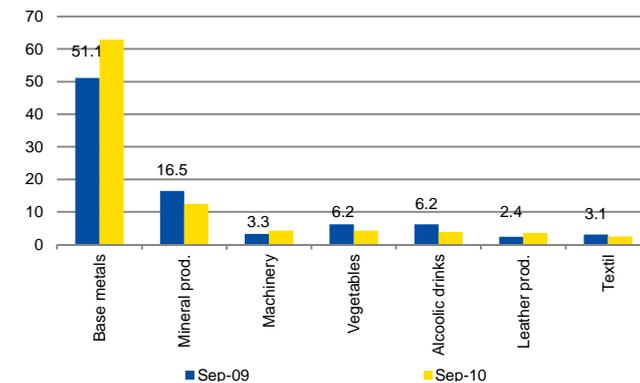
Up to Q3 2010, export growth was mainly attributed to base metals, which also represent the largest category among goods exported from Kosovo. Reaching euro 134.8 million (euro 56.9 million in Q3 2009), base metals contributed to export growth by about 69.9 pp (Figure 4).

Figure 3. Current account balance, in millions of euro



Source: CBK 2010

Figure 4. Main categories of export structure, in percent



Source: CBK 2010

Table 2. Kosovo trade balance, in millions of euro

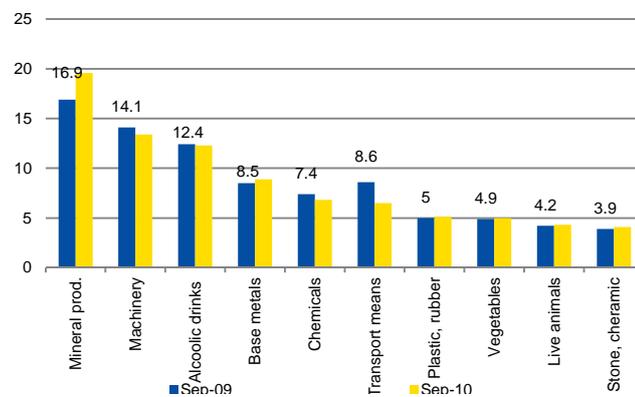
Description	2007	2008	2009	2010
Exports	120.6	159.6	111.4	214.3
Imports	1,128.6	1,375.8	1,383.3	1,553.1
Trade balance	(1,007.9)	(1,216.3)	(1,271.8)	(1,338.8)
Ratio exports/imports (%)	10.7	11.6	8.1	13.8
Trade opening	48.8	53.2	51.5	57.3

Source: CBK 2010

Consequently, exports of base metals increased their share to total exports from 51.1 percent in Q3 2009 to 62.9 percent in Q3 2010. The metal industry in Kosovo has reported an increased activity during this period mainly due to foreign demand growth as well as rising prices for base metals. Mineral products represent the second largest category in respect to the contribution in the overall export growth, with about 7.6 pp. While exports of mineral products marked an annual growth of 46.1 percent, their share to total exports decreased from 16.5 percent as it was in 2009 to 12.5 percent in Q3 2010. Another category that increased its share to total exports was machinery and other equipment category, which in Q3 2010 represented 4.3 percent of total exports (3.3 percent in Q3 2009) and contributed by 4.9 pp to the overall export growth (Figure 4). This category is mainly composed of exports of electricity.

The structure of imports remained similar with the previous year (Figure 5). While mineral products were characterized with a decline during 2009, until Q3 2010 imports of mineral products grew by 30.3 percent. This resulted in higher share of mineral products to total imports (19.6 percent until Q3 2010, compared to 16.9 percent in Q3 2009). Mineral products contributed to the total import growth by 5.1 pp. Until Q3 2010, imports of machinery and equipment grew annually by 6.5 percent and represented the second largest category with 13.4 percent of total imports. Base metals also represent an important category within the

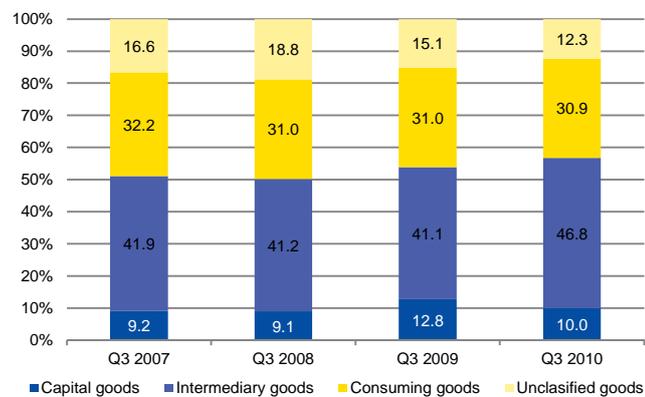
Figure 5. Main categories of imports structure, in percent



Source: CBK 2010

While mineral products marked an annual growth of 46.1 percent, their share to total exports decreased from 16.5 percent as it was in 2009 to 12.5 percent in Q3 2010. Another category that increased its share to total exports was machinery and other equipment category, which in Q3 2010 represented 4.3 percent of total exports (3.3 percent in Q3 2009) and contributed by 4.9 pp to the overall export growth (Figure 4). This category is mainly composed of exports of electricity.

Figure 6. Imports by BEC



Source: CBK 2010

Base metals also represent an important category within the

import structure, representing 8.9 percent of imports until Q3 2010. Imports of food products also recorded a growth of 10.3 percent, thus increasing their share to total imports to 13.0 percent (11.7 percent until Q3 2009).

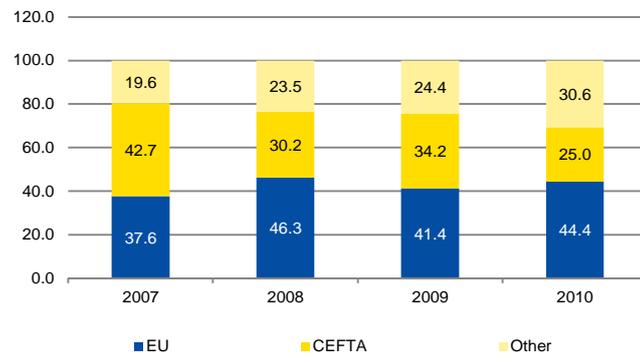
Regarding the classification of imported products according their main use, or by Broad Economic Categories (BEC), the structure remained relatively similar to the previous year. While

intermediate goods and consumer goods continued to contribute positively to import growth (11.4 and 3.7pp, respectively), up to Q3 2010, capital goods contributed negatively to the import growth by about 1.6 pp. According to this classification, intermediate goods represented the main category, with a share of 46.8 percent in total imports (Figure 6), followed by consumer goods (30.9 percent in total imports). While the share of capital goods increased consistently in the previous years, until Q3 2010 it marked an annual decline of 2.8 pp. The small share of capital goods to total imports indicates a rather slow pace of investments in the economy, and consequently, the low level of domestic production, which is also reflected through the higher share of consumer goods in total imports. Moreover, the large share of intermediate goods in total imports indicates that the production activity in the economy remains largely dependable on imports of raw materials from abroad.

Regarding trading partners, the structure of trade in goods remained similar to previous periods. The main trading partners remained the European Union (EU) and CEFTA countries, with which Kosovo attained about 72.8 percent of total trade. The economic recovery in EU countries was reflected positively in Kosovo's exports to these countries. As a result, Kosovo's exports towards these countries recorded a higher annual growth rate compared to exports towards CEFTA countries. In addition to the better economic performance of EU countries, another reason for higher share of exports towards EU countries compared with CEFTA countries might have been the problems in implementing the CEFTA agreement with Serbia and Bosnia and Hercegovina. Moreover, while exports from Kosovo were hindered until Q3 2010 by the incomplete implementation of the CEFTA agreement, since end 2010 Kosovo will no longer benefit from the preferential trade agreement with the EU, presenting an additional challenge for Kosovo's manufacturers to exports their goods to European markets. Until Q3 2010, Kosovo exports to EU amounted euro 95.2 million, compared to euro 46.1 million in the same period in 2009. The share of Kosovo's exports to EU countries recorded an annual growth of 3.0 pp, reaching at 44.4 percent of total exports (Figure 7).

Within the EU countries, Italy represents the main destination for Kosovo's exports. Exports to Italy reached a value of euro 60.5 million up to Q3 2010 (euro 29.7 million euros in the same period in previous year), representing 28.2 percent of total exports. About 70.0 percent of exports to Italy are exports of nickel ore. Exports to Germany, Austria and Slovenia have also increased their share to total exports up to Q3 2010.

Figure 7. Export structure by trading partners, in percent



Source: CBK 2010

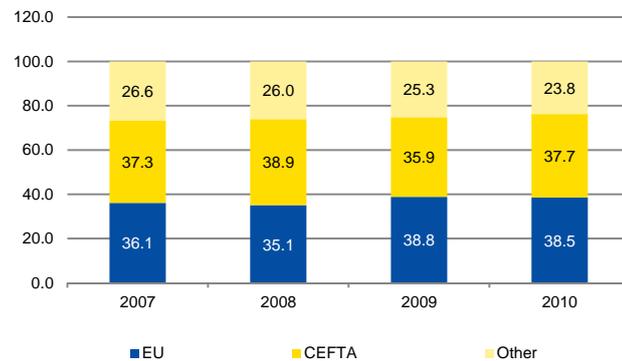
The geographical distribution of exports to CEFTA countries remained similar to previous periods. Although the value of exports to CEFTA countries recorded annual growth of 40.3 percent, their share to total exports decreased to 24.9 percent until Q3 2010 (34.2 percent until Q3 2009). Among CEFTA countries, Kosovo continues to export mostly to Albania and Macedonia, which account for 11.7 and 8.9 percent of total exports, respectively. However, compared with Q3 2009, the share of exports in these two countries decreased by 6.2 and 3.0 pp, respectively. Unlike previous periods, the value of exports to Bosnia & Herzegovina and Serbia marked an increase despite the constraints imposed by these countries on Kosovo exports. While up to Q3 2009, the value of goods exported from Kosovo to Bosnia & Herzegovina amounted only euro 0.6 million, until Q3 2010 exports to this country amounted euro 1.8 million. Similarly, Kosovo exports to Serbia reached a value of euro 2.8 million up to Q3 2010, compared with euro 1.1 million until Q3 2009.

Up to Q3 2010, 38.5 percent of total goods imported in Kosovo originated from the EU countries (38.8 percent in until Q3 2009) (Figure 8). Germany accounts for the largest share of goods imported from EU countries (13.0 percent of total imports), followed by Greece (5.1 percent of total imports). Regarding the CEFTA countries, Kosovo continues to import a large share of goods from Macedonia (15.0 percent of total imports) and Serbia (11.9 percent of total imports).

The trade in services was characterized with a positive balance until Q3 2010, although unlike previous years, the balance of services marked a significant decrease when compared with the same period in 2009. Until Q3 2010, the balance of services reached a value of euro 10.1 million, while in the same period in 2009 the balance of services reached euro 101.1 million (Figure 9). The decline noticed in the services balance was mainly due to a slower growth of income from services sold to non-residents compared with payments of services purchased abroad by the residents of Kosovo. More specifically, the decline in the positive balance of services from

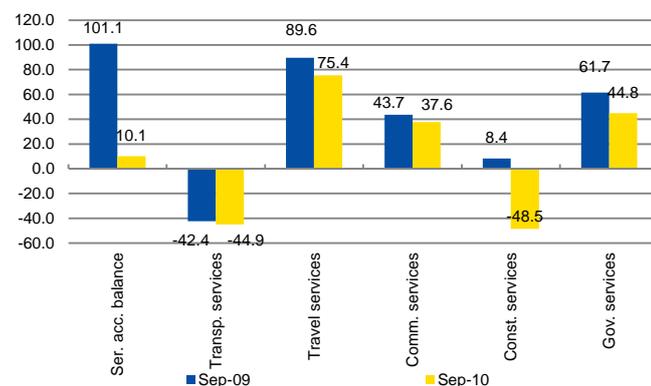
January to September 2010 was mainly attributed to increased payments for construction services, oriented to building the first segment of highway Morina-Merdare that led to

Figure 8. Import structure by trading partners, in percent



Source: CBK 2010

Figure 9. Services account, in millions of euro



Source: CBK 2010

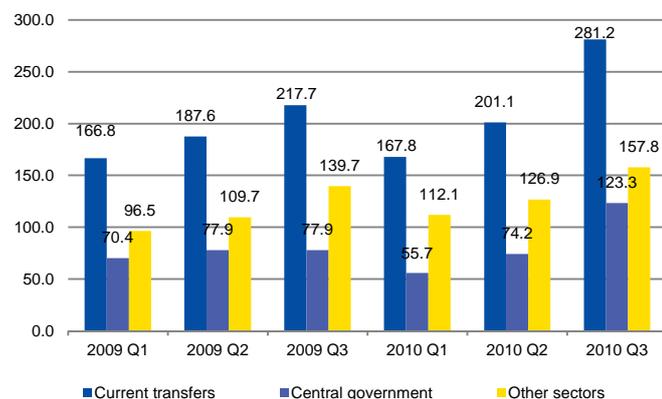
reduction of positive balance of services in the period from January to September 2010. Income from travel services (dominated mainly by personal travel) contributed with around 7.1 pp to the increase of total revenues from services. Income from travel services grew annually for 16.3 percent by Q3 2010, while payments for travel services recorded growth of 69.2 percent. Owing to a faster growth of payments for services, by Q3 2010 the balance of travel services reached euro 74.9 million, compared with euro 89.6 million until Q3 2009. This category mainly comprises personal travel of Kosovo residents (mainly holiday trips). At the same time, revenues from communication services grew annually by about 2.5 percent while payments for these services grew by 79.7 percent. The balance of the communication services reached euro 35.2 million up to Q3 2010 (euro 43.7 million by Q3 2009). Apart from travel services, communication services and government services, all the remaining services reported a negative balance until Q3 2010.

4.1.2 Income and current transfers

Up to Q3 2010, income account recorded a positive balance of euro 84.7 million, with inflows reaching an amount of 136.7 million and outflows amounting to euro 52.0 million. Compared with the same period of the previous year, the income balance recorded an annual growth of 7.4 percent. Income inflows marked an annual decline of 3.2 percent, mainly due to lower inflows from compensation of employees (2.6 percent) and the lower investment income (18.1 percent). During the same period, the outflows within income category marked an annual decline of 16.6 percent. Representing the main category within income balance, inflows generated from the compensation of employees reached an amount of euro 126.0 million by Q3 2010 (euro 129.3 million during the same period in the previous year). A substantial share of income derived from compensation of employees is attributed to income of the local staff employed at KFOR and compensation of Kosovo's workers in Afghanistan and Iraq. The annual decline of 2.6 percent resulted mainly from the reduction of local staff employed by KFOR. Up to Q3 2010, investment income recorded a negative balance of euro 41.3 million (euro 50.5 million by Q3 2009). The decline in investment income is mainly as a result of a significant level of profit withdrawals by foreign companies operating in Kosovo.

Current transfers remain a category of significant importance in the Kosovo balance of payments, continuously contributing to the narrowing of the current account deficit. Current transfers consist of private sector transfers and government transfers. Until Q3 2010, the balance of current transfers amounted euro 650.0 million, an increase of 13.6 percent compared to the same period in the previous year. The largest share of current transfers in the private

Figure 10. Current transfers, in millions of euro



Source: CBK 2010

sector is represented by remittances (46.1 percent of total transfers). A considerable share of current transfers is represented by central government transfers, which represent 38.7 percent of total current transfers. Up to Q3 2010, the central government transfers

increased by 10.6 percent. The government sector transfers (donors, EULEX and UNMIK) reached a value of euro 250.3 million in the reporting period. By Q3 2010, the balance of migrants' remittances was characterized with an increase compared with the previous year, although the increase net remittances is attributed more to the significant decline of transfer outflows from Kosovo economy rather than an increase of inflow transfers to the domestic economy. The outflow transfers from the Kosovo economy declined by 12.5 percent in the reporting period, while transfer inflows from migrants marked a slight decline of 1.7 percent. Consequently, the balance of remittances reached a total of euro 298.5 million by Q3 2010. Up to 2009, the remittance flows were characterized by an upward trend. However, the global economic crisis that affected most of the countries where the Kosovo's migrants are settled resulted in a decline of the volume of remittances last year. The later recovery of most of the eurozone economies was reflected in remittance as well. Most of the remittance inflows originate from Germany (about 34.4 percent), Switzerland (about 21.2 percent), Italy and Austria (around 7.9 percent 5.4 percent respectively).

4.2. Capital and financial account

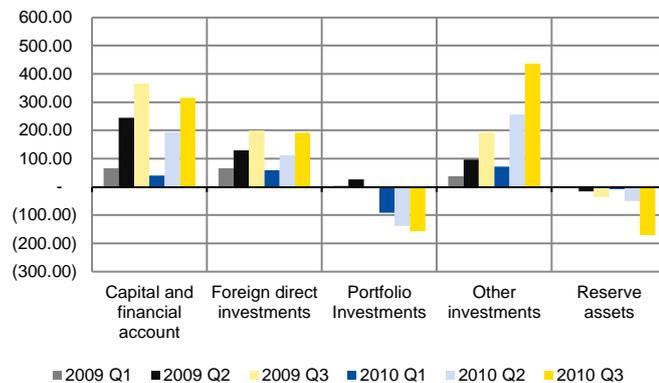
Up to Q3 2010, the capital account balance remained similar to the previous year, whereas the financial account was characterized by higher level of portfolio investments in the external financial markets and a significant increase in the category of other investments in the economy of Kosovo (Figure 10). The substantial increase of 'other investments' is mainly attributed to the withdrawal of deposits from

the external economy by the monetary authorities, commercial banks and other sectors of the economy. Regarding FDI, their level remained similar to 2009.

4.2.1 Foreign Direct Investment

Up to Q3 2010, the FDI in Kosovo were characterized by a similar trend as in the previous year. The FDI level increased by 0.4 percent compared with the period until Q3 2009. By the end of Q3 2010, the FDI level amounted to euro 204.0 million. On the other hand, the investments of Kosovo's residents abroad until Q3 2010 increased from euro 8.0 million by Q3 2009 to euro 13.0 million until Q3 2010. The Kosovo's residents' investments abroad are dominated by real estate investments in Albania. The net FDI marked an annual decline of 2.1 percent by Q3 2010, reaching euro 191.0 million, which results from an inflow of FDI in Kosovo's economy amounting at euro 204.0 million and the outflow of euro 13.0 million. The low level of net FDI continues as the result of an economic environment in developed countries which are the main sources of FDI in Kosovo. Despite improvements of developed countries economies, the year 2010 marked a degree of hesitation by foreign companies at the regional level in terms of their investment plans.

Figure 11. Financial account, neto



Source: CBK (2010)

Box 1. FDI Performance Index²

FDI represent an important source of financing for development in the economies of the the region. As presented by the FDI Performance Index SEE countries have relatively good performance in attracting FDI, having in mind the size of their economies. However, based on this index, it is estimated that FDI in the region marked a steady decline in performance since 2007. However, this is more a result of the fall of FDI globally during this period. FDI Performance Index in Kosovo is 3.8, which represents a relatively good performance in relation to the size of the Kosovo economy.

Table 3. FDI Performance Index

Description	2007	2008	2009
Albania	1.64	2.63	4.16
Kosovo	3.44	3.28	3.77
Bosnia and Herzegovina	3.61	1.99	1.53
Bulgaria	7.85	6.37	5.03
Montenegro	6.32	7.14	16.39
Serbia	2.33	2.12	2.30
Croatia	2.25	2.18	2.23
Macedonia	2.27	2.10	1.39
FDI in SEE	3.99	3.26	3.23

Source: CBK 2010

As it can be seen in Table 4, the best performance in terms of FDI attraction continues to be in the economy of Montenegro with the index value of 16.4. Relatively good performance compared with other countries in the region is also observed in Bulgaria, where the value of the index is 5.0. Albania presents also a place where FDI Performance Index is consistently increasing. In Albania, the FDI Performance Index in 2009 reached 4.2 which represent a significant increase compared to 2007 when the index was 1.6.

Besides the effects of global crisis, another problem for the economy of Kosovo, in terms of attracting a greater flow of FDI, is also the problem of accesing the regional markets by the companies operating in Kosovo. Failure to implement comprehensive free trade agreement CEFTA may continue to discourage foreign investors to choose Kosovo economy. This is because FDI is mainly intended to cover larger markets than just one country market.

Capital investment is the main category of FDI in Kosovo, followed by the category of other investments. Capital investments which represent 63.9 percent of total FDI by the end of Q3 2010 totaled 130.4 million euros (150.2 million euros by Q3 2009). Within the category of other investments, the main item are inter-company loans, which marked a significant increase compared to the end of Q3 2009. Other investments until Q3 2010 represented a very important component in maintaining the volume of FDI at the level similar to the previous year, considering that other forms of FDI declined significantly. This category has amounts of 37.3 million or 18.3 percent in the total FDI in Kosovo. Reinvested earnings as

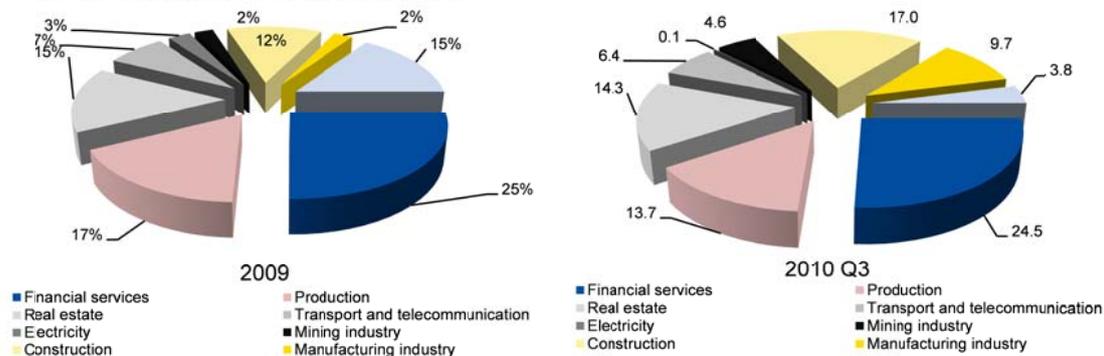
² Performance index measures the level FDI in attracting FDI from an economy given the size of that economy. For example, if the index value is 1.0, this means that the economy attracts FDI as much as is the size of that economy. If the index is higher than 1.0, this means that the economy attract more FDI compared to the relative size of that economy. Whereas, if the index is less than 1.0 it means that it fails to attract economic investment compared to its relative size. Formula for calculating performance index

of FDI is: $FDI_x = \frac{FDI_i/FDI_w}{GDP_i/GDP_w}$ In this equation, IHDx presents performance index, while FDI_i represents the amount of FDIs in the economy and FDI_w amount of FDIs globally. GDP_i represents the GDP of the economy, while GDP_w presents global GDP.

another important category within the FDI by the end of Q3 2010 amounted of 36.3 million or 17.8 percent of the FDI representing a decline of 4.7 percent.

Economic activity in which foreign companies mostly invest in Kosovo is the financial sector, where by Q3 2010, 24.5 percent of foreign capital in Kosovo was invested in this sector. Investments in this sector mainly consist of reinvested earnings of existing companies operating in Kosovo. Another important sector in attracting FDI is the construction industry. Investments in construction reach 17.0 percent of total FDI. Real estate investments continued to have a significant share during 2010. The share of this category to total FDI until Q3 2010 was 14.3 percent. Manufacturing industry also represents a significant category by the share of FDI. FDI in the manufacturing industry in 2010 represented 13.7 percent of total FDI in Kosovo (Figure 12).

Figure 12. Structure of FDI by economic activity



Source: CBK 2010

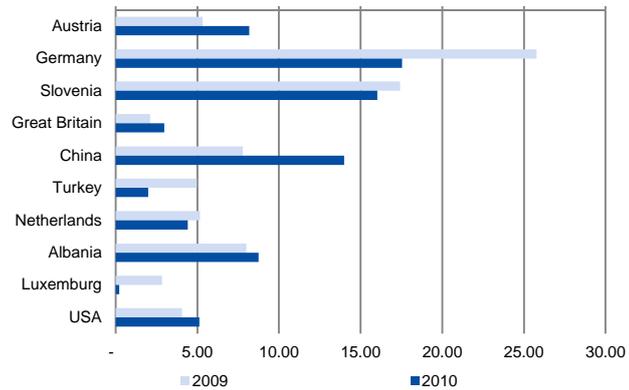
Origin of foreign investors in Kosovo is mainly from EU countries. Germany continues to be the country where most of FDI inflows come from, followed by Slovenia, which takes the second place regarding the volume of investment in Kosovo, while Austria and China also have a significant share in the overall level of FDI. The accumulated value of investments from Germany to Kosovo, during the past four years, exceeds 200 million, while investments from Slovenia and UK amount to 180 million euros, 165 million euros, respectively. The accumulated amount of Austrian investments in Kosovo is around euro 120 million

4.2.2 Portfolio investments, other investments and reserve assets

Portfolio investment abroad grew significantly by the end of the third quarter. Most of the portfolio investment consists of investments of pension funds, while a considerable part of of this category consists of commercial banks' investments in financial markets instruments abroad. Value of portofflio investments abroad by the end of third quarter 2010 amounted to 187.5 million euros, while in 2009 they amounted at 56.5 million euros. The Increase in portfolio investment may be a reflection of the stabilized financial markets in developed economies during 2010. Out of 187.5 million euro, 69.1 percent were investments of pension funds while the remaining 30.9 percent were investments of commercial banks operating in Kosovo. Most of these funds are invested in money market instruments, such as securities, while a smaller share of these funds are invested in capital markets.

Within the category of other investments, the balance is positive with a value of 473 million euros, of which 85.7 percent are assets and 14.3 per cent are liabilities. Assets within the category of other investment declined significantly by the end of September 2010. Decline within assets of other investment was more significant in the categories of currency and deposits. The liabilities continue to be dominated by trade credit which represent

Figure 13. Foreign investments by country of origin



Source: CBK (2010)

43.1 percent of the total liabilities within the category of other investments. It is worth mentioning that trade credit to companies in Kosovo have decreased significantly. In September 2010, the value of trade credit was 29.2 million euros, compared to 118.3 million euros as they were by September 2009. This may indicate that the solvency of businesses in Kosovo has shown significant improvement, showing a lower need for trade credits from abroad. Another category with significant share (32.6 percent or 22.1 million) within the liabilities of other investments is the loan to the central government of Kosovo by the IMF, which is part of the agreement between the Government of Kosovo and the IMF. Total value of this agreement is 108.9 million euro, and until September 2010, the Government of Kosovo has received the first tranche amounting at 22.1 million euros. Reserve assets of Kosovo by the end of the third quarter of 2010 marked an increase of 170.0 million euros.

5. Statistical appendix

1. Balance of payments – main components

(Non-cummulative data, in millions of euro)

Description	Current account					Capital and financial account			Net errors and omissions	
		Goods and services		Income	Current transfers		Capital Account	Financial Account		
		Goods	Services							
2004	-208.2	-1,001.4	-983.1	-18.3	138.3	654.9	79.4	21.9	57.6	128.8
2005	-247.5	-1,086.9	-1,078.5	-8.3	139.1	700.3	72.7	18.9	53.8	174.8
2006	-226.1	-1,144.1	-1,173.1	29.0	158.8	759.2	-14.9	20.8	-35.7	240.9
2007	-354.1	-1,309.4	-1,368.0	58.6	186.3	769.1	91.3	16.5	74.8	262.8
2008	-628.7	-1,587.1	-1,668.2	81.1	164.0	794.4	462.8	10.4	452.4	165.9
2009 Q1	-99.1	-296.3	-323.4	27.1	30.3	166.8	49.8	1.8	48.0	49.3
Q2	-179.7	-396.1	-425.3	29.2	28.8	187.6	177.6	5.3	172.3	2.1
Q3	-171.7	-409.1	-453.9	44.8	19.7	217.7	141.7	7.1	134.6	30.0
Q4	-229.0	-438.5	-470.8	32.3	11.5	198.1	166.6	93.9	72.7	62.4
2010 Q1	-90.2	-295.6	-318.1	22.5	37.6	167.8	40.1	9.0	31.1	50.1
Q2	-224.9	-450.2	-432.2	-18.0	24.3	201.1	153.1	3.9	149.2	71.8
Q3	-197.1	-501.1	-506.7	5.6	22.8	281.2	121.9	10.5	111.4	75.2

2. Services – net

(Non-cummulative data, in millions of euro)

Description	Balance											
	Transport	Travel	Communications services	Constructions services	Insurance services	Financial services	Computer and information services	Royalties and licence fees	Other business services	Personal, cultural, and recreational services	Government services, n.i.e.	
2004	-18.3	-28.1	27.0	12.0	1.0	-7.2	-1.6	-2.9	-1.7	-99.0	-0.3	82.4
2005	-8.3	-29.4	36.9	7.4	0.6	-7.4	-1.8	-4.1	-1.3	-91.1	-1.1	83.1
2006	29.0	-26.8	56.7	28.9	-0.8	-5.6	-2.4	0.2	0.2	-103.7	-0.2	82.4
2007	58.6	-36.3	61.7	42.1	-17.3	-8.7	-4.4	-2.8	-1.7	-55.2	-0.1	81.2
2008	81.1	-61.7	84.2	42.1	3.2	-12.1	0.1	-5.2	-3.2	-54.1	0.1	87.6
2009 Q1	27.1	-15.8	28.4	12.6	0.8	-3.5	4.2	-0.3	0.4	-20.7	0.2	20.9
Q2	29.1	-11.4	28.0	12.1	3.7	-1.8	...	-0.5	-2.6	-19.3	-0.1	21.0
Q3	44.8	-15.2	33.2	19.0	4.0	0.1	-0.5	-0.7	-0.3	-14.8	0.3	19.7
Q4	32.2	-20.3	38.1	14.6	2.3	-4.4	-0.2	...	-0.5	-15.8	0.3	18.1
2010 Q1	22.5	-12.2	27.0	11.6	-1.9	-4.0	0.2	-0.2	-1.7	-10.0	-2.1	15.7
Q2	-18.0	-17.3	30.9	12.9	-42.7	-3.7	...	0.2	-0.6	-12.1	-1.5	15.8
Q3	5.6	-15.4	17.5	13.1	-3.9	-1.4	1.4	-1.5	0.2	-18.3	0.8	13.2

3. Services – credit

(Non-cumulative, in millions of euro)

Description	Credit											
	Transport	Travel	Communications services	Constructions services	Insurance services	Financial services	Computer and information services	Royalties and licence fees	Other business services	Personal, cultural, and recreational services	Government services, n.i.e.	
2004	246.8	22.4	73.4	27.3	10.1	7.6	1.9	1.4	...	16.7	0.7	85.2
2005	265.0	22.3	88.2	31.5	14.6	7.6	1.8	2.0	...	10.5	0.6	86.0
2006	319.0	22.8	109.3	48.9	14.0	10.2	2.1	2.8	0.3	22.2	0.9	85.4
2007	335.0	31.6	111.5	56.6	2.9	11.5	1.5	1.7	0.1	32.4	0.5	84.7
2008	351.6	28.9	136.8	55.9	8.9	12.1	2.7	1.4	0.5	13.6	0.8	90.0
2009 Q1	98.6	6.6	40.1	15.9	3.4	2.5	4.5	0.3	0.9	2.6	0.2	21.5
Q2	107.6	6.7	48.5	16.7	4.9	2.9	0.7	0.3	0.1	5.8	...	21.0
Q3	123.3	9.6	55.4	20.5	4.7	7.0	...	0.1	0.2	5.7	0.4	19.8
Q4	99.1	7.2	44.1	17.5	2.7	2.5	0.1	1.2	...	4.5	0.2	19.1
2010 Q1	91.7	7.2	42.5	16.2	0.8	1.8	0.3	0.4	0.2	6.1	0.2	16.0
Q2	119.4	7.1	55.4	17.6	6.0	3.0	0.1	0.8	...	12.4	0.4	16.5
Q3	151.2	10.7	69.7	20.6	16.8	6.3	2.3	0.3	0.3	8.1	1.0	15.2

4. Services – debi

(Non-cumulative data, in millions of euro)

Description	Debit											
	Transport	Travel	Communications services	Constructions services	Insurance services	Financial services	Computer and information services	Royalties and licence fees	Other business services	Personal, cultural, and recreational services	Government services, n.i.e.	
2004	-265.1	-50.5	-46.4	-15.3	-9.1	-14.8	-3.5	-4.3	-1.7	-115.7	-1.0	-2.8
2005	-273.3	-51.7	-51.3	-24.1	-14.0	-14.9	-3.6	-6.1	-1.3	-101.6	-1.7	-2.9
2006	-289.9	-49.6	-52.5	-20.0	-14.8	-15.8	-4.5	-2.5	-0.1	-125.9	-1.1	-3.0
2007	-276.5	-67.9	-49.7	-14.5	-20.2	-20.2	-5.9	-4.5	-1.8	-87.5	-0.7	-3.5
2008	-270.5	-90.6	-52.6	-13.8	-5.7	-24.2	-2.5	-6.5	-3.7	-67.6	-0.7	-2.4
2009 Q1	-71.4	-22.3	-11.7	-3.3	-2.7	-6.0	-0.4	-0.6	-0.5	-23.3	-0.1	-0.6
Q2	-78.4	-18.1	-20.4	-4.6	-1.2	-4.6	-0.7	-0.8	-2.7	-25.1	-0.1	0.0
Q3	-78.5	-24.8	-22.2	-1.5	-0.7	-6.9	-0.5	-0.9	-0.5	-20.5	-0.1	-0.1
Q4	-66.8	-27.5	-6.1	-2.8	-0.5	-6.9	-0.3	-1.1	-0.5	-20.2	0.1	-1.0
2010 Q1	-69.2	-19.4	-15.5	-4.6	-2.7	-5.8	0.0	-0.6	-1.9	-16.1	-2.2	-0.3
Q2	-137.4	-24.4	-24.4	-4.7	-48.7	-6.7	-0.1	-0.6	-0.6	-24.5	-1.9	-0.7
Q3	-145.6	-26.1	-52.2	-7.5	-20.6	-7.6	-0.9	-1.8	-0.2	-26.5	-0.2	-2.0

5. Income

(Non-cummulative data, in millions of euro)

Description	Balance	Credit		Debit			
		Compensation of employees	Investment income	Compensation of employees	Investment income		
2004	138.3	158.4	143.0	15.4	-20.1	-0.7	-19.4
2005	139.1	170.5	145.9	24.5	-31.4	-0.7	-30.7
2006	158.8	187.8	147.3	40.5	-29.0	-0.7	-28.3
2007	186.3	235.7	155.6	80.1	-49.4	-0.8	-48.7
2008	164.0	233.3	176.2	57.1	-69.3	-0.8	-68.5
2009 Q1	30.3	43.1	38.7	4.4	-12.8	-0.2	-12.6
Q2	28.8	52.3	47.1	5.2	-23.5	-0.2	-23.3
Q3	19.7	45.8	44.1	1.6	-26.1	-0.2	-25.8
Q4	11.5	41.3	39.7	1.6	-29.8	-0.3	-29.5
2010 Q1	37.6	46.9	44.5	2.5	-9.4	-0.8	-8.5
Q2	24.3	44.3	42.5	1.8	-20.1	-0.7	-19.4
Q3	22.8	45.4	41.9	3.5	-22.6	-1.4	-21.2

6. Current transfers

(Non-cummulative data, in millions of euro)

Description	Balance	Credit		Debit			
		Central government	Other transfers	Central government	Other transfers		
2004	654.9	823.8	379.5	444.2	-168.8	-7.6	-161.2
2005	700.3	859.0	354.1	504.8	-158.7	-6.2	-152.4
2006	759.2	885.1	327.4	557.7	-125.9	-7.5	-118.4
2007	769.1	862.2	251.4	610.8	-93.1	-6.3	-86.8
2008	794.4	898.9	261.6	637.3	-104.5	-5.4	-99.1
2010 Q1	166.8	195.6	71.8	123.7	-28.7	-1.5	-27.2
Q2	187.6	220.7	79.4	141.3	-33.1	-1.5	-31.6
Q3	217.7	251.2	79.4	171.8	-33.5	-1.5	-32.0
Q4	198.1	232.1	80.6	151.5	-34.0	-1.5	-32.5
2010 Q1	167.8	194.0	56.7	137.3	-26.2	-1.0	-25.2
Q2	201.1	227.3	76.2	151.1	-26.2	-2.0	-24.2
Q3	281.2	312.0	127.9	184.1	-30.9	-4.6	-26.3

7. Financial account – net

(Non-cummulative data, in millions of euro)

Description	Balance											
	Direct investments					Portfolio investments	Other investments					Reserve assets
	Equity capital	Reinvested earnings	Other capital transactions				Trade credit	Loans	Currency and deposits	Other assets		
2004	57.6	42.9	30.4	9.1	3.5	-32.1	-66.0	63.4	3.7	-133.1	...	112.7
2005	53.8	107.6	65.6	16.8	25.2	-17.5	-68.7	64.1	24.1	-156.9	...	32.4
2006	-35.7	289.2	185.6	24.8	78.8	-65.4	-181.6	31.5	7.7	-220.8	...	-77.9
2007	74.8	431.0	276.4	41.6	113.0	-36.6	-29.4	67.7	9.4	-106.5	...	-290.3
2008	452.4	341.5	197.4	56.2	88.0	16.8	117.2	53.5	47.1	16.6	...	-23.1
2010 Q1	48.0	49.7	36.6	5.4	7.7	3.8	38.2	22.6	16.7	-1.1	...	-43.7
Q2	172.3	62.1	42.5	14.1	5.5	23.4	58.9	64.3	20.1	-25.6	...	27.9
Q3	134.6	83.3	63.1	18.6	1.7	-27.1	158.5	29.4	13.7	55.9	59.5	-80.2
Q4	72.7	78.5	58.4	11.7	8.3	-56.6	-139.4	-13.3	-119.4	-6.7	...	190.3
2010 Q1	30.7	59.3	44.3	1.9	13.1	-91.7	71.5	-13.7	-24.5	109.7	...	-8.3
Q2	149.9	53.3	23.2	16.5	13.7	-45.9	184.0	8.5	2.6	172.9	...	-41.6
Q3	111.4	78.4	49.8	18.0	10.6	-50.0	217.7	28.6	17.6	171.4	...	-134.7

8. Financial account – investments in reporting economy

(Non-cummulative data, in millions of euro)

Description	Investments in Kosovo										
	Direct investments					Portfolio investments in Kosovo	Other investments				
	Equity capital	Reinvested earnings	Other capital transactions				Trade credit	Loans	Currency and deposits	Other liabilities	
2004	105.0	42.9	30.4	9.1	3.5	-	62.0	49.1	15.3	-2.4	.
2005	180.2	107.6	65.6	16.8	25.2	-	72.6	51.9	17.2	3.6	.
2006	331.8	294.8	191.2	24.8	78.8	-	37.0	26.3	10.7	0.0	.
2007	519.6	440.7	286.1	41.6	113.0	-	78.9	68.7	13.8	-3.6	.
2008	503.5	366.5	222.3	56.2	88.0	-	137.0	64.3	48.4	24.2	.
2010 Q1	99.0	53.1	40.0	5.4	7.7	.	45.9	23.7	26.7	-4.5	.
Q2	158.2	64.6	44.9	14.1	5.5	-	93.6	65.6	8.5	19.4	.
Q3	185.8	85.5	65.3	18.6	1.7	-	100.3	28.9	11.0	0.9	59.5
Q4	-42.8	80.9	60.9	11.7	8.3	.	-123.7	-12.3	-119.0	7.6	.
2010 Q1	70.6	62.8	47.8	1.9	13.1	.	7.8	-9.9	-9.3	27.0	.
Q2	76.7	62.3	32.2	16.5	13.7	.	14.4	9.8	3.5	1.1	.
Q3	124.5	78.9	50.4	18.0	10.6	.	45.6	29.3	20.6	-4.3	.

9. Financial account – investments abroad

(Non-cumulative data, in millions of euro)

Description	Investments abroad											
	Direct investments				Portfolio investments	Other investments				Reserve assets		
	Equity capital	Reinvested earnings	Other capital transactions	Trade credit		Loans	Currency and deposits	Other assets				
2004	-47.4	...	...	.	.	-32.1	-128.0	14.2	-11.7	-130.6	...	112.7
2005	-126.5	...	...	.	.	-17.5	-141.3	12.2	6.9	-160.5	...	32.4
2006	-367.5	-5.6	-5.6	.	.	-65.4	-218.7	5.2	-2.9	-220.9	...	-77.9
2007	-444.9	-9.7	-9.7	.	.	-36.6	-108.3	-0.9	-4.5	-102.9	...	-290.3
2008	-51.1	-25.0	-25.0	.	.	16.8	-19.8	-10.8	-1.4	-7.7	...	-23.1
2010 Q1	-51.0	-3.4	-3.4	.	.	3.8	-7.7	-1.2	-10.0	3.5	...	-43.7
Q2	14.1	-2.5	-2.5	.	.	23.4	-34.7	-1.3	11.6	-45.0	...	27.9
Q3	-51.3	-2.2	-2.2	.	.	-27.1	58.2	0.5	2.7	55.0	...	-80.2
Q4	115.4	-2.5	-2.5	.	.	-56.6	-15.7	-1.0	-0.5	-14.3	...	190.3
2010 Q1	-39.8	-3.5	-3.5	.	.	-91.7	63.7	-3.8	-15.2	82.7	...	-8.3
Q2	106.4	-9.0	-9.0	.	.	-45.9	169.5	-1.3	-0.9	171.7	...	-8.3
Q3	-13.1	-0.5	-0.5	.	.	-50.0	172.2	-0.7	-2.9	175.8	...	-134.7

10. Remittances - by channels

(Non-cumulative data, in millions euro)

Description	Total		
	Banks	MTC	Other
2004	357.0	.	.
2005	418.0	.	.
2006	467.1	135.1	184.7
2007	515.6	137.1	198.7
2008	535.4	126.3	213.1
2010 Q1	101.2	22.3	45.8
Q2	121.6	26.1	51.6
Q3	150.4	27.6	50.7
Q4	132.4	24.0	58.7
2010 Q1	106.6	25.9	46.0
Q2	119.2	25.4	50.9
Q3	141.2	20.4	53.0

11. Remittances – by countries

(non-cummulative data, in millions of euro)

Description	Germany	Switzerland	Italy	Austria	Belgium	USA	Sweden	France	Norway	Canada	England	Danmark	Finland	Holand	Slovenia	Other
2008	37.7	15.9	13.1	6.2	2.8	2.8	3.7	3.9	1.9	2.2	1.5	1.9	1.1	1.2	1.4	2.6
2009 Q1	34.9	21.4	10.5	5.3	3.7	3.5	3.3	3.4	2.6	1.6	1.6	1.0	1.1	1.1	1.0	4.2
Q2	39.4	19.7	11.3	6.1	2.9	2.6	2.9	4.0	2.4	1.8	1.3	0.9	0.9	1.2	1.4	1.5
Q3	37.4	21.2	9.8	6.0	2.8	2.6	3.5	3.8	2.8	2.1	1.3	0.9	1.1	1.0	1.5	2.2
Q4	38.1	22.0	9.8	5.5	2.8	2.3	3.2	3.9	3.2	1.9	1.3	0.8	1.1	1.2	1.3	1.7
2010 Q1	34.8	21.0	8.8	5.7	2.6	3.9	3.1	3.5	2.8	1.3	1.5	0.9	1.1	1.1	3.4	4.4
Q2	34.7	20.7	7.9	3.9	2.9	4.7	3.1	3.6	3.1	2.0	1.7	0.6	0.7	1.0	3.7	5.9
Q3	33.2	21.4	7.0	6.5	2.5	4.8	3.4	4.0	2.5	2.3	1.6	0.6	0.9	1.0	5.6	2.7

12. Foreign direct investments – by activity

(Non-cummulative data, in millions of euro)

Description	Financial services	Production	Real estate	Transport and telecommunication	Electricity	Mining	Construction	Processing industry	Agriculture	Trade services, cleaning, collection	Advising, operation, research	Sanitarian activity	Other
2007	23.1	9.0	7.0	29.3	0.6	9.4	1.2	8.0	1.8	2.9	1.0	2.9	3.8
2008	34.9	6.0	16.8	13.8	4.5	4.7	3.7	8.5	2.3	2.7	0.6	0.6	0.9
2009	25.5	17.1	14.9	7.4	2.9	2.4	12.0	2.4	4.4	5.5	0.9	0.8	3.8
2010 Q1	16.8	18.7	19.2	8.6	0.0	1.0	17.5	10.5	1.5	2.6	1.4	1.1	1.2
Q2	27.1	18.7	9.7	2.5	0.1	0.2	15.9	11.0	0.1	5.7	4.8	1.9	2.3
Q3	29.4	3.6	14.1	8.2	0.2	12.8	17.6	7.5	0.1	3.2	2.4	...	1.0

13. Direct investments – main countries

(Non-cummulative data, in millions of euro)

Description	Total	of which:									
		Slovenia	Germany	Austria	Switzerland	Grat Britain	turkey	Holand	Albania	USA	France
2007	440.7	56.2	48.1	35.4	9.7	116.2	5.4	41.2	3.4	8.8	8.6
2008	366.5	44.3	44.0	51.3	32.1	36.6	23.8	22.5	21.9	4.8	3.5
2009	281.6	50.8	75.2	15.5	22.7	6.2	14.5	15.1	23.3	11.8	6.0
2010 Q1	62.8	17.4	11.6	4.1	8.4	1.9	1.7	0.3	3.5	3.7	1.1
Q2	62.3	3.7	9.9	5.6	6.1	3.4	1.1	0.9	9.4	5.6	0.8
Q3	78.9	11.5	14.3	7.0	14.0	0.7	1.2	7.8	5.0	1.2	1.1

14. Exports by trading partners – main partners

(Cummulative, within the calendar year, in million of euro)

Description	Total exports									
	Europe									Non-european countries
	European union						CEFTA	Other european countries		
	EU 15		EU 10		EU 2					
2001 December	10.6
2002 December	27.6
2003 December	35.6	35.1	14.9	13.7	1.0	0.2	18.2	2.0	0.5	
2004 December	56.6	55.5	16.6	15.0	1.2	0.4	23.5	15.4	1.0	
2005 December	56.3	54.2	21.8	19.2	1.5	1.2	29.9	2.6	2.0	
2006 December	110.8	109.4	42.3	23.4	5.2	13.7	51.7	15.4	1.3	
2007 December	165.1	156.8	69.3	53.1	5.1	11.1	65.1	22.4	8.3	
November	187.7	162.4	88.8	78.7	7.8	2.4	58.3	15.3	25.4	
2008 December	198.5	171.1	94.0	80.8	10.5	2.7	61.5	15.6	27.3	
January	7.1	5.7	3.0	2.6	0.3	0.1	2.2	0.5	1.4	
February	14.8	12.5	6.7	6.1	0.5	0.1	4.8	1.0	2.3	
March	25.1	21.0	10.2	9.1	1.0	0.1	7.9	2.8	4.1	
April	35.3	30.1	14.6	12.6	1.4	0.6	11.1	4.4	5.2	
May	48.3	42.5	19.4	16.9	1.8	0.7	17.2	5.9	5.8	
June	64.0	57.7	27.3	24.2	2.1	1.0	23.1	7.4	6.2	
July	78.8	69.3	31.2	27.4	2.3	1.4	28.3	9.8	9.4	
August	94.2	83.5	39.1	34.8	2.7	1.6	33.5	10.9	10.6	
September	111.4	97.9	46.1	40.9	3.1	2.1	38.1	13.7	13.5	
October	130.8	114.1	54.6	48.8	3.6	2.2	44.1	15.4	16.7	
November	149.0	130.4	64.3	57.6	4.0	2.6	48.4	17.7	18.6	
2009 December	165.3	144.2	71.3	64.0	4.3	2.9	53.5	19.5	21.1	
January	15.8	12.1	7.9	6.9	0.3	0.7	3.6	0.7	3.6	
February	31.4	26.2	17.0	15.3	0.7	1.1	7.5	1.6	5.2	
March	52.6	45.7	29.7	26.3	1.5	1.9	13.1	2.9	6.8	
April	78.0	65.7	41.0	36.3	2.4	2.4	18.8	5.9	12.3	
May	111.0	92.2	55.8	50.4	2.6	2.8	25.1	11.3	18.8	
June	141.7	117.0	68.7	62.1	3.3	3.2	34.0	14.4	24.7	
July	162.9	133.1	78.0	70.1	3.9	4.1	39.1	15.9	29.9	
August	189.2	150.5	85.8	76.6	4.4	4.9	45.8	18.8	38.7	
September	214.3	169.9	95.2	84.2	5.3	5.7	53.5	21.1	44.5	

15. Imports by trading partners – main partners

(Cumulative within the calendar year, in millions of euro)

Description	Total imports								
	Europe							Other European countries	Non-european countries
	European union (EU)			CEFTA					
EU 15	EU 10	EU 2							
2001 December	684.5								
2002 December	854.8								
2003 December	973.1	842.2	276.2	174.0	68.5	33.7	443.6	122.4	130.9
2004 December	1,063.3	947.1	424.7	284.0	93.4	47.3	368.7	153.6	116.2
2005 December	1,157.5	1,017.5	439.7	296.3	98.5	44.9	440.4	137.5	139.9
2006 December	1,305.9	1,153.6	454.3	286.5	104.9	62.9	536.3	163.0	152.3
2007 December	1,576.2	1,350.4	572.9	382.7	118.0	72.3	579.6	197.9	225.8
November	1,725.0	1,478.8	612.1	425.0	134.3	52.9	656.5	210.2	246.2
2008 December	1,928.2	1,654.8	702.0	490.4	150.9	60.6	717.8	235.0	273.4
January	101.3	81.8	33.3	23.1	6.2	4.0	28.6	20.0	19.5
February	228.9	192.2	80.6	56.8	17.3	6.5	69.7	41.9	36.7
March	368.8	313.0	139.5	101.0	28.5	9.9	114.8	58.7	55.7
April	522.7	446.8	198.4	145.3	39.0	14.1	172.5	76.0	75.8
May	690.1	589.7	261.5	191.5	51.8	18.2	232.6	95.6	100.4
June	857.0	734.6	328.2	241.8	62.8	23.5	295.1	111.3	122.4
July	1,028.2	884.3	395.2	291.3	75.6	28.3	361.4	127.7	143.9
August	1,210.4	1,041.6	466.2	344.6	88.4	33.1	432.1	143.3	168.8
September	1,383.3	1,191.2	536.8	398.0	100.8	38.0	497.2	157.2	192.1
October	1,570.4	1,350.7	611.5	454.4	113.1	44.0	562.9	176.2	219.8
November	1,738.7	1,493.4	676.5	501.8	125.9	48.8	625.7	191.2	245.3
2009 December	1,935.5	1,659.2	755.0	559.8	141.3	54.0	692.5	211.7	276.3
January	103.4	84.6	32.3	22.8	6.6	2.9	38.6	13.8	18.8
February	230.7	191.1	82.5	59.5	17.6	5.4	78.5	30.1	39.6
March	390.0	331.1	148.2	109.3	29.5	9.4	136.5	46.5	58.9
April	570.2	491.6	222.8	164.6	45.5	12.7	204.3	64.5	78.7
May	750.8	649.4	295.2	219.3	59.1	16.8	270.4	83.7	101.5
June	938.7	805.1	363.7	270.1	73.2	20.5	341.1	100.3	133.6
July	1,154.7	995.8	453.4	335.0	88.7	29.7	420.3	122.1	159.0
August	1,361.7	1,173.9	527.2	388.4	104.8	34.1	506.4	140.3	187.8
September	1,553.1	1,339.3	597.9	439.3	119.9	38.6	586.3	155.2	213.7

16. Imports by trading partners and broad economic categoris

(Cumulative within the calendar year, in millions of euro)

Description	as of september 2010												
	Total	I. Live animals and animal products	II. Vegetable products	III. Animal or veg. fats and oil - edib.	IV. Prepared foodstuffs, bever. and tob.	V. Mineral products	VI. Products of the chem. Or allied industry	VII. Plastics, rubber and articles thereof	XI. Textiles and textile articles	XIII. Artic. Of stoneplastic, ceramic, glass	XVI. Machinery, appliances, electrical, etc.	XVII. Transport means	XVIII. Optical, medical and musical instruments
Total	1,553.1	66.1	78.4	13.7	191.0	304.2	105.4	78.5	48.7	63.5	208.0	101.7	17.8
Europe	1,338.2	37.8	63.1	13.3	182.3	282.1	99.4	67.2	30.6	53.4	171.5	91.1	12.0
European Union (EU)	597.7	27.8	16.2	3.5	69.6	64.2	54.3	36.8	7.4	23.9	121.8	87.7	10.6
EU 15, of which:	439.1	10.5	12.1	1.0	37.6	60.2	33.8	28.9	5.7	17.3	93.4	85.5	9.0
Austria	23.2	0.5	0.5	0.0	9.3	0.6	3.7	1.3	0.1	0.3	2.4	0.4	0.3
France	19.2	0.1	0.2	0.0	1.4	0.0	3.3	1.1	0.0	0.1	4.3	7.5	0.4
Germany	201.9	6.2	0.3	0.1	14.2	4.4	8.5	17.6	0.9	1.6	55.6	67.6	5.4
Greece	78.5	0.2	4.4	0.1	4.0	50.9	5.6	3.8	0.2	1.8	2.1	0.0	0.2
Italy	67.8	0.8	3.8	0.6	5.6	3.9	7.6	2.5	0.9	7.1	18.9	4.6	1.4
Netherlands	10.7	2.5	2.4	0.2	1.4	0.2	0.5	1.0	0.6	0.0	0.7	0.3	0.2
Spain	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sweden	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
United Kingdom	8.9	0.0	0.0	0.0	1.0	0.0	2.2	0.2	0.2	0.0	1.9	2.4	0.3
EU 10, of which:	119.9	16.5	3.3	0.1	27.2	0.6	17.5	6.0	0.8	2.3	17.9	2.1	1.4
Czech Republic	14.1	0.8	0.0	0.0	0.2	0.4	2.2	1.0	0.0	0.4	3.0	1.4	0.0
Poland	28.3	2.3	0.1	0.0	13.7	0.0	1.8	0.7	0.0	0.3	1.8	0.1	0.1
Hungary	21.7	6.4	2.9	0.1	3.1	0.0	1.6	1.6	0.1	0.6	2.2	0.2	0.4
Slovenia	51.1	7.0	0.3	0.0	9.2	0.1	11.3	2.3	0.6	0.4	10.1	0.2	0.9
EU 2	38.6	0.8	0.7	2.4	4.8	3.5	3.0	1.9	0.9	4.3	10.6	0.2	0.1
Bulgaria	24.4	0.8	0.6	2.4	3.9	2.0	1.5	1.3	0.9	3.4	3.2	0.1	0.1
Rumania	14.2	0.0	0.1	0.0	0.9	1.5	1.5	0.6	0.1	0.9	7.4	0.0	0.0
Other European countries	154.9	0.3	8.3	0.3	16.6	29.6	10.7	8.7	20.6	3.7	20.9	2.0	1.2
of which:													
Turkey	106.6	0.3	8.0	0.3	16.0	1.7	6.6	7.4	19.9	3.2	14.1	1.4	0.5
Switzerland	13.6	0.0	0.1	0.0	0.2	0.1	2.2	1.2	0.5	0.1	5.6	0.6	0.6
CEFTA	585.6	9.6	38.7	9.5	96.1	188.3	34.4	21.7	2.5	25.8	28.7	1.3	0.2
Albania	53.2	0.2	2.9	0.5	0.8	17.5	0.1	0.5	0.0	0.2	0.5	0.0	0.0
Bosnia and Herzeg.	64.9	2.2	0.4	0.8	7.6	16.6	2.1	0.3	0.0	0.4	4.1	0.3	0.1
Croatia	43.2	0.8	1.5	0.2	10.9	9.1	5.0	2.7	0.1	1.4	6.1	0.4	0.0
Montenegro	8.3	0.0	0.0	0.0	1.7	0.6	0.0	0.2	0.0	0.0	0.2	0.0	0.0
Macedonia	231.9	1.8	8.7	0.2	30.9	130.4	12.0	8.2	1.1	4.0	5.4	0.1	0.0
Serbia	184.1	4.5	25.3	7.8	44.1	14.0	15.1	9.8	1.2	19.9	12.3	0.7	0.1
Other Non-European countries	215.0	28.3	15.3	0.4	8.7	22.1	6.0	11.3	18.1	10.1	36.5	10.5	5.9
of which:													
United States	23.2	11.0	0.1	0.0	0.2	0.0	1.8	0.2	0.6	0.0	3.8	1.3	2.2
China	93.6	0.1	1.2	0.0	1.0	0.1	2.1	6.7	12.6	9.2	21.4	2.1	1.5
Brasil	21.2	14.9	1.1	0.0	4.3	0.0	0.4	0.1	0.0	0.1	0.1	0.0	0.0
Japan	8.6	0.0	0.0	0.0	0.0	0.0	0.3	0.3	0.0	0.0	2.7	3.7	1.5
Other	42.3	0.6	11.3	0.2	0.7	14.6	0.3	2.5	2.7	0.4	4.7	1.7	0.4



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