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**The Application of International Standards in Kosovo:
Challenges and Opportunities for Export Promotion**

An Honors Society Project

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September, 2022

Abstract

The core aim of this study is to identify and analyze the extent to which international standards are applied in Kosovo, the challenges firms in Kosovo face with regards to the application of international standards, and the opportunities and benefits that the application of international standards brings to firms and the economy of Kosovo, with a special consideration to exports. The analysis uses primary and secondary data. Secondary data were attained through the literature review and the Kosovo Exporters Directory available in KIESA's website, whereas primary data were attained through semi-structured interviews with representatives of exporting firms operating in Kosovo. The results of the study show that international standards are being applied to some extent by firms with export potential. Based on the results, the main challenges firms face with regards to the application of international standards include: the lack of national conformity assessment and certification bodies, the high costs related to implementation and conformity assessment processes, the lack of qualified staff, and the lack of appropriate support from the government and public institutions responsible for the promotion of exports and the support of exporting firms in Kosovo. The benefits included: greater access to international markets, increased productivity and efficiency of the capital and labor employed in a company, increased trust from international clients, increased competitiveness in international markets, and an overall increase in the number of products exported. Based on the results and evidence found from the secondary and primary data recommendations are provided directed to firms, the government of Kosovo, public institutions, and other stakeholders who are responsible for and work toward the promotion of exports in Kosovo.

Keywords: international standards, exports, challenges, opportunities, Kosovo

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List of Acronyms

BSI - British Standard Institute

DIN - Deutsches Institut für Normung

ANSI - American National Standards Institute

CEN - European Committee for Standardization

IEC - International Electrotechnical Commission

CENELEC - European Committee for Electrotechnical Standardization

DAK - Kosovo General Accreditation Directorate

ETF – European Training Foundation

EBRD – European Bank for Reconstruction and Development

CAB - Conformity Assessment Body

EU - European Union

GDP – Gross Domestic Product

ISO - International Organization for Standardization

ITU - International Telecommunication Union

KAS – Kosovo’s agency of Statistics

KIESA - Kosovo Investment and Enterprise Support Agency

KSA - Kosovo Standardization Agency

MIET – Ministry of Industry, Entrepreneurship, and Trade)

MIET- Ministry of Industry, Entrepreneurship and Trade

NTB - Non-tariff barriers

OECD – Organization for Economic Co-operation and Development

QIS - Quality infrastructure system

SAA - Stabilization and Association Agreement

TBT - Technical barriers to trade

TFP – Total Factor Productivity

UNCTAD - United Nations Conference on Trade and Development

UNECE - United Nations Economic Commission for Europe

UNIDO - United Nations Industrial Development Organization

WTO - World Trade Organization

Introduction

To facilitate international trade, Kosovo has joined regional and international Free – Trade Agreements and initiative such as the Central European Free Trade Agreement (CEFTA) in 2007, which includes seven non-member states of the EU, Generalized System of Preferences (GSP) in 2008 with the USA, and the Stabilization and Association Agreement (SSA) in 2015 with the European Union (Ministry of Industry, Entrepreneurship, and Trade in Kosovo). Despite these initiatives to integrate in international markets, however, Kosovo continues to face large trade deficits. According to the Kosovo’s Agency of Statistics (KAS) exports have increased steadily throughout the years, however, exports have never covered imports by more than 18%. Reportedly, Kosovo’s trade deficit persists in an increasing trend (KAS). At the same time, Kosovo has had a good performance in exports of services, whereby it has recorded surpluses (MIET, 2018). However, exports in goods cover only a small amount of its imported goods.

The low number of exports in goods is an indicator that shows that Kosovo’s exporting firms struggle to reach regulated international markets. While there are many factors that affect the export performance of a country, one of the key factors that reportedly can cause such a struggle has to do with non-tariff barriers, specifically the technical barriers to trade (UNCTAD). Despite the established Free Trade Agreements (FTA) most products cannot enter international market, without proof that they meet the requirements that ensure the quality, safety or the fulfillment of other standard requirements of the exported products. Therefore, it is crucial for exporting firms in Kosovo to standardize their processes and products based on the required standards and provide proof through certification that they have fulfilled the necessary requirements that ensure the quality and safety of the product.

The application of and certification with standards is rather challenging for exporting firms in Kosovo. Currently, there are no internationally accredited national certification bodies and laboratories that could provide certification and testing services to exporting firms within Kosovo. Consequently, exporting firms in Kosovo have to purchase services from certification and testing bodies outside of Kosovo which present significant costs. Additionally, standardization and certification of products can involve internal restructuring of processes or the use of more advanced technologies, which adds to the costs of the application of international

standards. Consequently, the application of standards in Kosovo presents a barrier for exporting firms of Kosovo, especially those that wish to expand their exports to European markets. Nevertheless, the application of standards could present opportunities for exporting firms in terms of achieving greater efficiency, improving the quality of their products, and increasing competitiveness in international markets.

Considering the significance of applying international standards for the development of exporting firms and for the overall export promotion, it is important to have insights on where firms in Kosovo stand with regards to the application of standards. To the author's knowledge there is no comprehensive study that deals with the application of international standards by exporting firms in Kosovo. Consequently, this study aims to explore the application of international standards through three aspects, by identifying and analyzing first the extent of application of international standards by exporting firms in Kosovo; second, the challenges that Kosovo's exporting firms are faced with when applying international standards; and third, the opportunities for growth and export promotion that the application of international standards have presented to such firms and could present to the export performance of Kosovo in general. To do so, in the first section the study provides an overview of the international standards and how they are discussed in terms of trade and explores the situation in Kosovo with regards to the quality infrastructure in place and the other issues that have to do with the application of international standards. In the second section, the study presents a literature review, including some of the main theories and studies with regards to the application of standards. The third section presents and discusses the main research findings. Finally, the fourth section of the study gives recommendation for firms, policy makers, and institutions in relation to export promotion in Kosovo.

1. Background Information

1.1. *Overview of International Standards*

Standards establish a formula for doing something in the best way possible. The International Electrotechnical Commission defines an international standard as “a document that has been developed through the consensus of experts from many countries and is approved and published by a globally recognized body” which “comprises rules, guidelines, processes, or characteristics that allow users to achieve the same outcome time and time again” (IEC). Thus, International standards reflect a worldwide consensus of experts who establish best practices essential for the qualitative performance of a wide range of activities. Although international standards are commonly referred to as standards developed by international standards organizations and applied globally, it should be noted that many studies take a broader approach to defining international standards. Therefore, standards may be ‘international’ when standards are harmonized between two or more countries through a bilateral or multilateral trade agreement (Swann, 2010).

It should be noted, however, that standards are different from regulations. Although both set specific requirements for a product, service, or system, compliance with standards is voluntary while compliance with regulations is required by law (Swann, 2010). Additionally, in contrast to regulations, private standards are not imposed from above; they are developed through a bottom-up approach (Willer et. al). Standards, however, do not seem to be entirely voluntary; they are rather commercial imperatives that make such standards ‘mandatory’ in many cases, although not required by law (Swann, 2010). Additionally, standards are referenced and adopted in regulations developed by governments (Ping, 2011).

The usage and implementation of standards appear to have been more apparent with the advent of the Industrial Revolution that was characterized by technological advancement and innovation. Ping (2011) gives a general but comprehensive outlook of the history of standards and standardization emerging from the Industrial Revolution. According to Ping, standards initially emerged as an in-house need of companies to set specific rules and guidelines that serve to reach the same output over and over again, allowing for higher precision, quality, and profits. (2011). This happened as a consequence of emerging companies seeking to maximize their profits which drove the need to commercialize their technological innovations, expand

production, and reach higher productivity. The complexity of processes developed during the industrial revolution called for the specialization of labor which simulated the development of standards by masters of industrial engineering to simplify and unify production processes that would allow even low-skilled workers to be able to build a product with simple training (Ping, 2011).

However, in-house standardization meant that different companies in an industrial chain would have different standards that they have developed to suit their needs. This caused incompatibility of products in the industrial chain causing market inefficiencies that presented losses in productivity and profits. To avoid this, companies called for the development of standards that would unify processes and products and allow for technical interchangeability, which in turn would contribute to an orderly market (Ping, 2011). Consequently, private standardization organizations, often called association standards, emerged as nonprofit organizations which would develop standards and offer standard-related services to companies – so began the process of externalization of standards development. Private organizations were later upgraded to national organizations that provided solutions for unification, higher productivity, and efficiency through standards on a national level. Simultaneously, international standards organizations were established due to the expansion of trade among countries, with the purpose of unifying standards, and allocating resources across the borders efficiently (Ping, 2011). Therefore, standardization can be considered a result of industrialization and the drive for maximized profits through larger scale production and efficient allocation of resources.

Today, there are many standards organizations that have been established in the national, regional, or international level. Such organizations are mainly established within developed countries with a long history of developing standards (Ping, 2011). As listed in Ping's overview of the history of international standards, the most known and established national organizations include the British Standard Institute (BSI) in the UK, Deutsches Institut für Normung (DIN) in Germany, American National Standards Institute (ANSI) in the US, and other national organizations established in France, Belgium, Austria, Italy, Sweden, Norway, Russia, Japan, and China (2011). Additionally, there are regional standards organizations that involve the development, harmonization, and application of common standards across countries of the same region and beyond. For instance, in the European Union, the European Committee for Standardization (CEN), the European Committee for Electrotechnical Standardization

(CENELEC), the European Telecommunications Standards Institute (ETSI), are among renowned standards organizations which develop standards that are applied and adopted by countries and firms within the EU but beyond as well. Standards Organizations have been established internationally as well. The most well-established international standards organizations include the International Organization for Standardization (ISO), the International Electrotechnical Commission (IEC), and the International Telecommunication Union (ITU).

International standards organizations have developed standards relevant to many topics, industries, and sectors of the economy. For instance, among other categories of ISO standards, as listed in ISO's publication on Good Standardization Practices (2019), ISO develops standards in quality management (ISO 9000), energy management (ISO 5001), environmental management (ISO 14000), health and safety (ISO 45000), food safety (ISO 22000), and IT security (ISO/IEC 27000). The IEC on the other hand, develops standards for electronic and electrical technologies, and the ITU develops standards related to telecommunications and ICT.

1.2. International Standards and Trade

With the liberalization of trade and the reduction of trade tariffs thereof, different countries employed the so-called non-tariff barriers to trade as alternative protectionist measures. As Beghin explains, “Non-tariff barriers (NTBs) refer to the wide range of policy interventions other than border tariffs that affect trade of goods, services, and factors of production” (2006). As explained in section 1.1 standardization was primarily driven by trade relations between companies on the principles of compatibility and unification which would allow higher productivity and mass production, but also ensure that the output of companies in the market matches a certain level of quality or safety (Ping, 2011). However, standards are usually considered as barriers to trade and are classified as non-tariff barriers (UNCTAD). The United Nations Conference on Trade and Development (UNCTAD) classifies NTBs into technical and non-technical barriers to trade. According to the European Commission, “[Technical Barrier to Trade (TBT)] refer to mandatory technical regulations and voluntary standards that define specific characteristics that a product should have, such as its size, shape, design, labeling marking/ packaging, functionality or performance” (2013). International standards, together with technical regulations commonly fall under the TBT (UNCTAD)

The purpose of such non-tariff measures is rather intended to protect human health, ensure human safety, environmental safety, and quality of products entering the market. However, such measures have presented financial burdens and time limitations for the exporting firms. The manufacturers of the exporting country, besides having to be informed and updated on the importing country's requirements, modifying their products to fit their requirements, they have to prove that their products are in compliance with the requirements which includes a lot of testing, control, and inspection to obtain the documents relevant to conformity assessment. With this in mind, many countries might use more stringent standards as a tool for protectionist measures.

Nevertheless, to ensure that technical measures do not result in international trade restrictions that are arbitrary and discriminatory, the WTO established the Agreement on Technical Barriers to Trade (the "TBT Agreement"). This agreement sets and defines the rules and procedure pertaining to the development, adoption and application of technical regulations, standards, and conformity assessment procedures (testing or certification) used to decide if the regulations' or standards' relevant requirements are satisfied (WTO). Accordingly, this agreement states that members of the WTO shall use international standards relevant to the industry and sector as a basis for technical regulations (Article 2.4) and conformity assessment procedures (Article 5.4). Therefore, we can infer that international standards although de jure not mandatory, de facto they are mandatory, since the TBT agreement requires technical regulations to refer to international standards. As such, conformity to international standards can be considered as a common language essential in trade among the WTO members and beyond.

1.3. International Standards in Kosovo

Considering that Kosovo is a developing country it is not expected that firms in Kosovo apply international standards to a great extent. However, there are no comprehensive studies that examine the extent to which firms have applied international standards. As such, the literature on the application of international standards is very limited. However, this section will provide an overview of the relevance of international standards for trade in Kosovo, the legal landscape and quality infrastructure in place, and the potential economic benefits.

Kosovo has signed multiple trade agreements, one of the most recent being the Stabilization and Association Agreement (SSA) with the European Union in 2015. This

agreement is considered to impact many areas of the economy, including the free movement of goods in the EU, by providing support to strengthen macroeconomic stability and sustainability through implementing economic reforms. In terms of trade, the American Chamber of Commerce in Kosovo states that Kosovo has to work toward overcoming some key challenges, among others being the lack of standardization and institutionalized quality infrastructure, to see the benefits from this agreement (2016).

According to UNIDO, a “quality infrastructure system (QIS) is a combination of initiatives, institutions, organizations, activities and people” and that “includes a national quality policy and institutions to implement it, a regulatory framework, quality service providers, enterprises, customers and consumers” (2016). Additionally, a QIS tailored to local needs is according to UNIDO a catalyst for improving the quality of products and services, stimulating demand, and increasing competitiveness and ability of the country’s economy to participate in global markets (2016).

The services that QIS should provide are quality promotion, conformity assessment, and calibration and verification (UNIDO, 2016). Conformity assessment, according to UNIDO is “the name given to the processes and procedures that are used to demonstrate that a product or a service, management system, organization or personnel, meets specified requirements” (2016 p.3) and includes testing, inspection, and certification. These services are facilitated through institutions responsible for standardization, metrology, conformity assessment, and accreditation (UNIDO, 2016). At the core of the quality infrastructure system, however, lies the National Quality Policy (NQP) which “is the basic government instrument for establishing and overseeing the QIS” and the Regulatory Framework which ensures consistency with the world trade rules in the introduction and use of standards by different stakeholders of the economy (UNIDO, 2016 p.4).

In Kosovo, the Ministry of Industry, Entrepreneurship, and Trade coordinates the overall quality infrastructure and harmonizes the technical legislation with that of the EU. Regarding the legal framework, Kosovo has the Law on Standardization (no. 06/L-019), Law on Accreditation (No. 05/L-117), and Law on Metrology (no.06/L-037), that is harmonized with the EU legislation to a great extent. The institutions relevant to the quality infrastructure in Kosovo are the Kosovo Standardization Agency (KSA), Kosovo General Accreditation Directorate (DAK), and Kosovo Metrology Agency.

The KSA is the only standardization body in Kosovo that is responsible for the field of standardization with the goals of: contributing to the quality of products and services and their competitiveness, helping in the reduction of technical barriers in trade, facilitating the entry of Kosovo products into external markets, promoting EU and international standards among businesses in Kosovo, meeting the requirements of the WTO with regards to standards and technical regulations, adopting EU and international standards, and meeting the requirements for the membership in international standards organizations such as ISO/IEC and CEN/CENELEC (Law on Standardization, 2018).

Kosovo does not develop its standards, it adopts EU standards through the KSA, and it has adopted in total about half of the EU standards (OECD paper). However, KSA remains the only standard development body in the region that is not an affiliate or a full member of CEN/CENELEC (OECD). According to an analysis by OECD, ETF, EU, and EBRD, the KSA lacks administrative capacity which hinders the ability of the KSA to adopt more standards, and fulfill the requirements for membership in European and international standards organizations (2019).

Lack of administrative capacities are mentioned for the DAK as well. DAK is responsible for assessing the technical competence of Conformity Assessment Bodies (CABs) in accordance with international standards. According to the already mentioned OECD et. al analysis (2019), DAK lacks qualified staff, a reason which has cost DAK the EA Multilateral Agreement on accreditation of testing laboratories by the European co-operation for Accreditation (EA) (2019). Therefore, a large part of CABs in Kosovo remain without international accreditation.

The metrology (scientific study of measurement) system in Kosovo plays a crucial part in the overall quality infrastructure because it is metrology that offers accurate measures for performance. However, metrology in Kosovo is still in the early stage of development and lacks equipped laboratories and relevant technologies.

Considering the gaps in the quality infrastructure, firms in Kosovo do not have sufficient access to standardization. According to OECD et al. “Kosovo has only basic measures in place to facilitate SME access to standardization” (2019). Promotion activities were organized throughout the years by the KSA and KCC to inform and advise businesses on the application and implementation of international standards, however, according to OECD et. al., Kosovo has not

introduced sufficient financial or other measures that encourage firms to take part in the adoption processes, training, or provide support for the application of standards and certification of products (2019).

2. Literature Review

This section aims to review the theoretical aspects related to the application of international standards in exporting firms. Specifically, it aims to review the findings of previous studies that explore the relationship between standards and export performance, the challenges of applying international standards, and the opportunities that the international standards bring to exporting firms and the overall promotion of exports. It is important to note that throughout this literature review studies taking a narrower as well as those taking a more wide-ranging definition of international standards will be considered. Additionally, as mentioned in the previous section, regulations and standards are not entirely different in their effect. Consequently, studies that examine both mandatory regulations and voluntary standards will be referred to during the review.

2.1. International standards and trade performance

According to ISO, 80% of commodity trade in the world is impacted by standards (Outsell 2017). This indicates that international standards have a significant impact on trade and the trade balance of the importing and exporting countries. Studies have tried to investigate and quantify the relationships between the application of international standards and trade performance, some of which have considered this in terms of bilateral trade, while others have considered it in terms of a country's total imports and exports. Since international standards serve the purpose of ensuring quality in products and processes through creating a common trade language between trading countries by unifying technical regulations of different countries (WTO), it can be expected that conformity with such standards would be trade-creating and beneficial for the trade balance of a country. However, existing studies do not offer a unanimous answer to the question of whether standards help or hinder trade.

In the literature of international trade, factors that affect the bilateral trade flow are summarized into three main categories known as “Push”, “Pull” or “Drag” factors (Shepherd, 2020). “Push” factors are considered as factors specific to an exporting country that contribute to the increase in exports, “Pull” factors are considered as factors specific to the importing country

that contribute to more imports, and “Drag” factors are considered those factors that inhibit bilateral trade flows, including trade costs as a key example (Shepherd, 2020). Such trade costs include tariffs, non-tariff measures, transportation costs, and the performance of gateway infrastructure (Shepherd, 2020). However, the literature suggests that standards affect trade costs in different ways; they can increase or reduce trade costs. On one hand, standards can reduce trade costs through providing information about preferences of consumers and requirements in the importing country, thereby reducing information seeking and research costs that the foreign companies would otherwise face (Moenius, 2004). Additionally, complying with national or international standards signals a certain level of quality that contributes to the reduction in information asymmetry; consequently, increasing the likelihood of the product being purchased by the consumer (Disdier et al., 2018). On the other hand, standards could present additional costs to foreign companies who might need to make additional investments to change or improve their machinery and production systems to produce goods that comply with certain standards (Maskus et al., 2005). Additionally, conformity assessment procedures are needed for certification attainment of a certain standard, and the certification itself presents additional costs to companies. As such, standards might represent either positive or negative factors with regards to trade costs, while the net effect of these factors is unclear and might vary between and depend on sectors of the economy and other factors.

Some studies have used Perinorm database that includes information on the inventory of standards developed by national and international standards bodies. Swann *et al* (1996) used this research tool to investigate such a relationship in the UK, considering trade between the UK and the rest of the world. This study included all sectors of the economy and found that both national and international standards had a positive effect on UK exports and imports. Temple and Urga (1997), however, did not find any statistically significant correlation between standards and trade performance in the UK, although their methodology was almost identical to Swann *et al*. Moreover, Blind *et al* (2000, 2001 & 2002), using Perinorm, in three of their studies - one of which considered 9 OECD countries and the other two considered bilateral trade between Germany and the UK and Germany and France - found that international standards are trade creating or neutral, increase exports and imports, and play no role in exports but increase imports, respectively. Another set of studies was conducted by Moenius (2004, 2006a & 2006b)

who found that standardization promotes trade among OECD countries but there are some sectorial differences.

Empirical studies were conducted based on the diffusion of ISO 9000 standard as well. As mentioned previously, ISO 9000 is a family of standards on quality management systems; the diffusion of ISO 9000 was used to measure the standards richness of the countries studied. Such studies include Grajek (2004), Clougherty and Grajek (2008), and Kim & Reinert (2009). Grajek, considering bilateral trade between countries, used data on 101 countries (including all OECD countries) and found that the use of ISO 9000 increased exports from and decreased imports into a country; however, it also found that among OECD countries ISO 9000 use resulted in increased imports (2004). Additionally, Clougherty and Grajek in their study (2008), using data from 52 countries, investigated how the use of ISO 9000 impacts trade from developing countries to developed countries and vice versa, as well as between developed countries. They found that ISO 9000 diffusion does not seem to significantly improve trade among developed countries, however, the results show that ISO 9000 diffusion in developing countries boosts exports into developed countries. They argue that the use of ISO 9000 by firms brings benefits in resolving issues regarding information asymmetry and disputes, and signaling quality.

Another important finding resulted from the study of Kim and Reinert (2009). In their study they investigated if and how institutional capacity impacts the ability of countries, especially developing countries, in coping with the standards and requirements of developed countries. Four aspects were included to measure institutional capacity including information, conformity, enforcement, and international standard-setting. They used data from 52 countries in the cereal and cereal products industry, as well as 49 countries in the nuts and nut products industry. Their results show that stronger institutional capacity has some significant impact on developing countries' ability to cope better with the standards of developed countries.

2.2. International standards and Economic Implications

Many factors affect the economic growth of a country which is usually measured through increases in the real GDP and the standards of living of a country. McConnell et.al (2018) group these factors into three categories: "Supply Factors" that include "increases in the physical and technical agents of production," the "Demand Factor" that includes increases in purchases of

government, businesses, and households, and the “Efficiency Factor” that states that productive and allocative efficiency should be reached by using economic resources (supply factors) in the least costly way. Generally, the two main inputs that are employed and result in economic output include capital and labor, which are part of the supply factors. Considering that capital and labor are limited, the economy can only reach a certain level of productivity through employing these inputs before the additional employment of these inputs results in less value than previously, which is also known as the “diminishing returns” effect (McConnell, 2018). However, economies can grow beyond that growth level by creating more value by using the same resources more efficiently through advances in technology or application of different processes (McConnell, 2018). Such is the concepts of total factor productivity (TFP). Comin defines TFP as “the portion of output not explained by the number of inputs used in production” (2006). An ISO publication that explores the implications of standards for economic growth explains that factors that contribute to the TFP include the “[d]issemination of information about new technologies within the economy”; “[r]esearch and Development activities leading to new technologies and improved knowledge in the economy; “[a]vailability of new technologies”; and the “[i]mprovement in the education of the labor force.” (2021, p.3)

According to the previously mention publication by ISO, standards have an impact on economic growth by contributing to the “knowledge stock” of the economy, thereby serving as a component of TFP (2021). Multiple studies have been conducted by ISO members to assess the contribution of economic growth components such as capital, labor, and TFP. ISO has summarized the findings of multiple studies and has explained that each study concludes that there is a correlation between economic growth and an increase in the stock of standards (2021). According to these studies standards impact economic growth through: serving functions of dissemination of information through codifying widely accessed information on processes, products, and technologies; contributing to increase in efficiency in companies by forming procedures that reduce the costs of operations; supporting market efficiency through ensuring diffusion of information on technologies, facilitating network externalities, increasing company productivity through reduced costs of production; and, facilitating innovation by setting the “playing field for technologies on which new products and services can be built on” (ISO 2021, p.6).

Other empirical studies using the Perinorm database [Blind et.al (1999), Temple et al. (2005), and Blind & Jungmittag (2005)] have examined the effects of standards on productivity in Germany, UK, and EU countries respectively, and have found a significantly positive correlation. Moreover, Maertens and Swinnen (2006) examine the implications of more stringent food standards on exports for fruits and vegetables from Senegal for the welfare and the poverty of the country. They found that despite more stringent EU food standards exports from Senegal had increased to the EU, which led to a positive effect on poor households' incomes and structural changes in the supply chain. Such changes shifted the market to large-scale production from smallholder farming. However, another study found that stricter standards on Argentinian exports to OECD countries lead to higher compliance costs and lower net prices for producers. These costs are then transferred to workers, lowering their wages (Sanchez et al., 2008)

2.3. International Standards and Developing Countries

Developed countries have well-established standards, take part in the development process of many international standards, are equipped with advanced technologies, and businesses in such countries have a wide application of international standards. Developing countries, on the other hand, might face different challenges and opportunities considering their level of economic development. Besides, considering that Kosovo is a developing country and the purpose of this study is to examine the challenges and opportunities of applying international standards for exporting firms in Kosovo, it is also beneficial to dedicate a section of the literature review to point out key issues developing countries are faced with.

As stated previously in section 1, compliance procedures and certification of products or services is quite costly. For many businesses, such costs present an important challenge especially in developing countries where firms often face financial constraints. Maskus et al. (2005) using data from 16 developing countries find that application of standards increases production costs for the short run and that an increase of investment by 10 percent required to meet compliance costs will increase the variable production costs by about 1 percent. Consequently, exporting firms in developing countries might have difficulties in exporting their products due to the inability to comply with and attain certification with various required standards.

An important issue often mentioned by the literature is also the role that institutions have in lessening the impact of barriers to trade. As noted previously, Kim and Reinhert (2009) in their study have found that institutional capacity has an essential role in developing countries' ability to cope with more stringent standards in food products. Additionally, Berkowitz et al. (2006) in their study found that countries with good institutions can export more complex products; and Islam and Reshef (2006) found that good institutions can reduce transaction costs thereby promoting international trade.

It is also important to consider how international standards work toward avoiding or lessening the impact of information asymmetry in markets. Often, the quality of products is determined by customers by the country of origin. As Hudson and Jones (2003) state, the country of origin serves as a signal for quality to the consumers who tend to associate quality products with developed countries. This means that products from developing countries might face problems in foreign markets due to the lack of quality signaling. International standards can serve as an indicator that a product is of the same quality as those products produced in developed countries, signaling quality and earning the trust of the clients. Additionally, Clougherty and Grajek (2008) found that the diffusion of ISO 9000 standards had implications for FDI flows as a result of standards' ability to reduce transaction costs in cross-border investments through serving as quality signals and a common language. Leland (1979) has also shown that standards contribute to overcoming the "lemons market" problem where the asymmetry of information leads to market failure.

3. Methodology

The purpose of this study is to identify the extent to which international standards are applied by exporting firms in Kosovo, the challenges exporting companies face in applying international standards, and the opportunities that application of such standards brings to these companies and Kosovo's economic development through export promotion and a healthy trade balance. To conduct this study, a combination of secondary and primary data is used.

3.1. Secondary Data Collection

Besides the literature review, data found on KIESA's website were used to identify the extent to which international standards are being applied by exporting firms in Kosovo. Such data had profiles of exporting firms in Kosovo categorized by sectors of the economy. The profiles of firms included a description of the company, the year of establishment, the number of employees, the yearly turnover, and the certifications attained of relevant standards, export revenues, exports as a percentage of annual sales, exported products, export markets, and whether these companies had any representative offices abroad.

3.2. Primary Data Collection

To collect more in-depth information, qualitative primary data was collected through in-depth interviews. Such interviews were semi-structured to allow for more detailed information to be collected. In total, thirteen interviews were conducted with exporting firms in Kosovo and a couple representatives of relevant government and non-governmental institutions and organization such as the MIET, KSA, and KKC.

Considering that there are a variety of standards depending on the sectors of the economy and the type of services or products, firms to be interviewed were selected from different sectors of the economy to add variation in data and to capture any differences in challenges among different sectors. Participants were selected through convenience sampling due to time and COVID-19 related restrictions.

Exporting firms have been identified through the Kosovo Exporter's Directory found on KIESA's website and through secondary research. Interviews were conducted in person and through the online Zoom platform. A consent form was provided to interviewees signed by the author and the interviewee before the interview session (see Appendix 1). A total of eight questions were asked to each interviewee, with additional questions for further elaboration depending on the flow of the conversation (see Appendix 2). Interview questions were open-ended and were designed to direct the interviewee to talk about the main challenges on the application process, the opportunities, and benefits that the application of standards brought to them, and assess what role the government played regarding their challenges and opportunities. Interviews were conducted in Albanian and then translated to English for codification and summarizing purposes. Respecting the anonymity principle, interviewees are randomly assigned

alphabetic letters as identification tools. A brief description of each of the interviewees can be found in the Appendix 2 of this study.

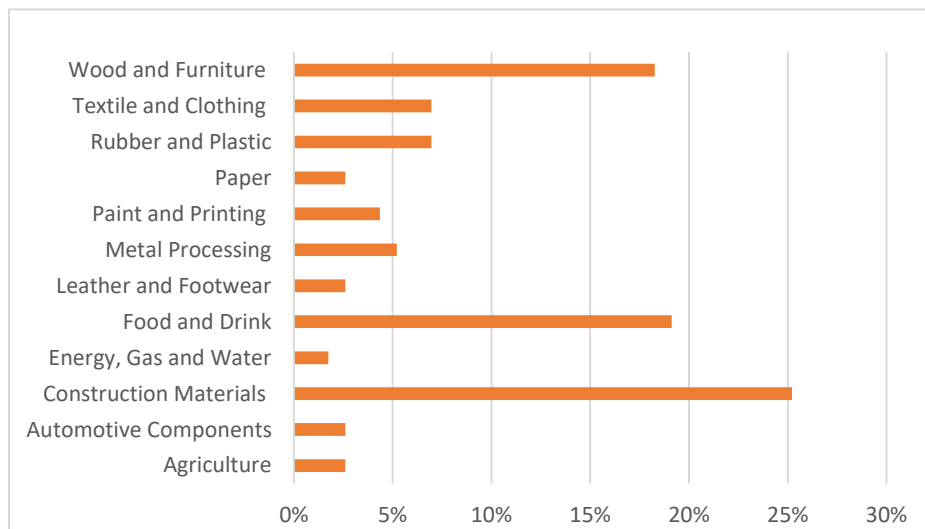
It is important to note that considering COVID-19 interviews had to be conducted remotely through online video platforms. This might have created a barrier in communication and lack of trust by the interviewee that could have made the interviewee more hesitant in sharing in-depth information.

4. Results

4.1. Secondary data analysis

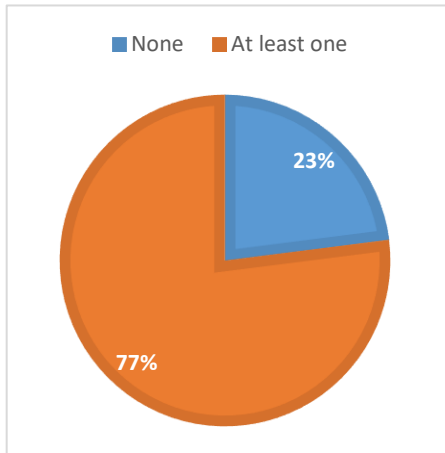
From the secondary data collected through the Kosovo Exporters Directory in KIESA's website key figures were extracted that served to describe the extent to which international standards are applied in Kosovo. The list used to extract such insight can be found in Appendix 3. In total there were 115 companies identified in this database that produce and export goods. Such companies operate in different sectors such as agriculture, automotive components, construction materials, energy, gas and water, food and drink, leather and footwear, metal processing, paint and printing, paper rubber and plastic, textile and clothing, and wood and furniture. From the clustered bar in figure 1 we can see the largest share of exporting firms are concentrated in the Construction Material, Food and Drink, and Wood and Furniture sectors.

Figure 1: The share of exporting firms based on sectors included in the KIESA's directory.



Source: KIESA

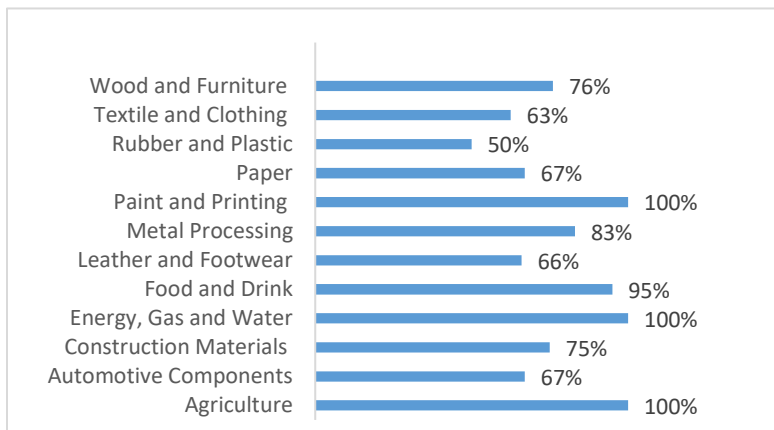
Figure 2: The application of international standards of exporting firms across all industries in the production sector



Source: KIESA

To paint a general picture, Figure 2 shows that 77% of exporting firms who produce goods have applied and attained certification with at least one international standard, as opposed to 23% who do not have any certification of any standard.

Figure 3: The application of international standards of exporting firms across based on industries on the production sector



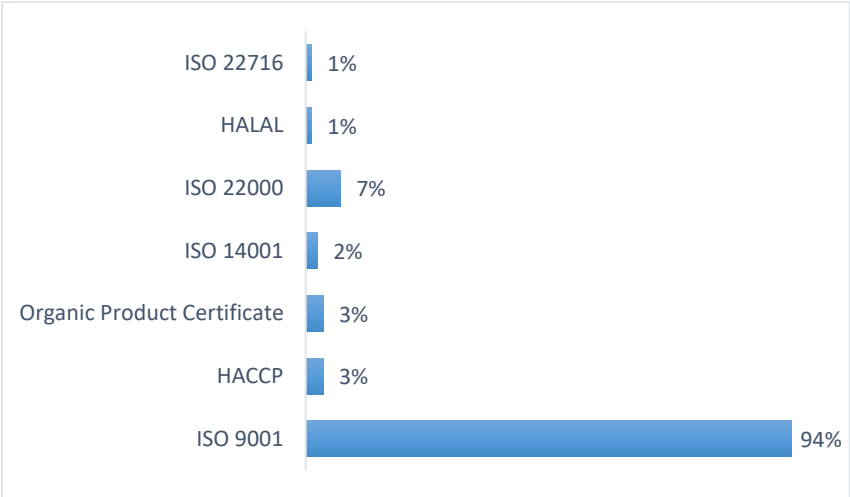
Source: KIESA

Figure 3 breaks down the application of standards into different sectors. As seen on the clustered bar chart, all firms in the sectors of paint and printing, energy, gas and water, and the agriculture sector, have applied at least one standard. However, it should be noted that the firms

in these sectors consist of a very small number of the total firms in this list (see figure 1). Besides these sectors, 95% of firms in the sector of food and drink have applied at least one international standard.

To get a more realistic picture of the extent of the application of standards it is also important to consider which types of standards are applied, and which ones are applied more frequently. In the list extracted from the directory in KIESA’s website, there are seven types of standards applied such as ISO 9001, HACCP, Organic product Certificate, ISO 14001, ISO 22000, HALAL, ISO 22716, and CE marking. Among these standards ISO 9001, the standards for quality management systems, and ISO 14001, the standard for environmental management systems, are applicable for all sectors of the economy. Therefore, it is expected that these Standards are most frequently applied. HACCP, Organic Product Certificate, ISO 22000, and HALAL apply to the agriculture sector and the food and drink sector; CE marking to the construction material sector; and ISO 22716 has been applied by one firm in the paper sector.

Figure 4: Types of standards and their frequency of application

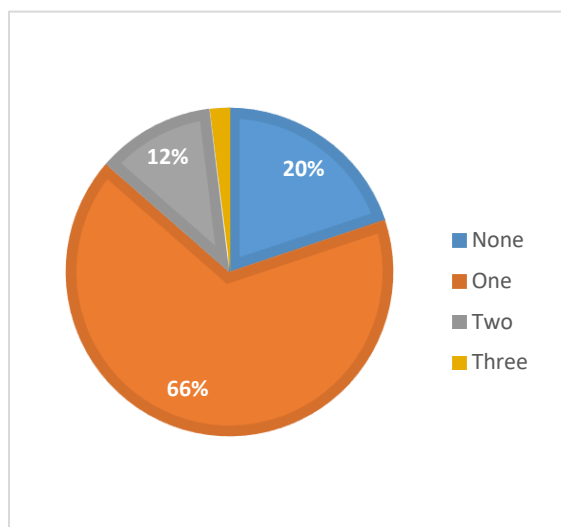


Source: KIESA

Figure 4, through a clustered bar chart, shows the application of standards according to the type of standard. As expected, 94% of firms have applied the ISO standard. However, only 7% of firms have applied the ISO 22000 standard. Additionally, other standards are applied by a very small number of firms.

It is also important to consider how many standards these firms have applied. Although there is no recommended number of standards one firm should apply, it can be said that firms that have great access to international markets possess more than one standard.

Figure 5: Application of standards among exporting firms based on the number of standards they have applied



Source: KIESA

In figure 5 we see that 66% of firms have applied only one standard, 12% have applied two standards, and 3% percent have applied three standards. No firm has applied more than three standards. It should be noted however, that the number of standards is not an indicator itself on the quality of the product or in the export performance of a firm. However, here it is presented as a basic and general evaluation of the extent to which standards are being applied.

4.2. Primary data analysis

This section of the study includes the findings from the interviews with regards to the challenges, opportunities, and benefits of the application of international standards by exporting firms in Kosovo operating in different sectors of the economy. To see if there are significant differences in challenges and benefits between sectors of the economy the results will be presented on a sectoral basis, including some of the main sectors of the economy. It is important

to note, however, that the primary aim of this study is not to assess sectorial differences with regards to the challenges and opportunities associated with the application of standards.

Agriculture

Interviewees from firms operating in this sector in Kosovo were to some extent familiar with international standards relevant to agriculture. According to them, as a prerequisite to exporting in different countries of the world they had to attain certification with different standards depending on the country they are exporting to. To get informed and be able to apply and implement the required standards they had to do extensive research and talk with different stakeholders and experts. The most significant international standards that the interviewees considered to be essential for a firm operating in the agriculture sector were the HACCP and ISO 22000 standards. Other standards that firms have implemented in this sector include the GLOBAL G.A.P, Organic Product Certificate, and ISO 9001.

Firms in this sector regarded the application of standards as a significant challenge presented to them when exporting. According to them, there are many challenges that they face when applying international standards that hinder their ability to export or delay their exporting procedures. Firstly, although the interviewees confirmed that they are informed on the relevant international standards, they claimed that an important challenge was getting informed on standards and their updates, and finding the right international certification bodies, considering that there are no national certification bodies in Kosovo. Secondly, they were faced with additional financial and time limitations that were presented during the implementation of standards and conformity assessment procedures. Additionally, interviewee B stated that their company had to restructure their whole production processes and invest in additional machinery to fulfill the requirements of the standards they had to implement, which cost them a lot of time and money.

Firms in this sector claimed that applying international standards presented them with many benefits and opportunities. While certain standards such as HACCP had to be implemented since the start of the operation of these firms, implementing additional standards such as GLOBAL G.A.P, or Organic Product Certificate, seems to have increased the trustworthiness of their products among international customers. Interview B stated that the application of additional standards increased the number of international clients and sales. Additionally, it made their production process more efficient and their staff more productive due to well-regulated

processes and additional trainings for the staff. All of the interviewees from this sector claimed that the application of international standards has given them the opportunity and guided them improve internal processes and expand to additional their export markets.

As for the role of the government, according to these firms the government and its relevant institutions have provided some financial assistance in the form of grants and subsidies to cover costs related to the implementation of different international standards. However, they state that there were uncertainties and delays in receiving the assistance which made such assistance often unreliable. Thus, they consider that more should be done from the side of the government in terms of offering financial and technical assistance.

Foods and Drinks

The input from firms operating in the foods and drinks sector was somewhat similar to those operating in the agriculture sector. Firms in this sector also claimed to be sufficiently informed on the relevant standards required for export. They explained that they hire a private consultant that regularly informs them on any updates with regards to standards and assists with the renewal of certifications of standards. However, prior to hiring a consultant most of the times they will do their own extensive research to get to the information they needed. The standards that the firms in this sector have applied include ISO 9001, ISO 22000, HACCP, GLOBAL G.A.P, and HALAL. Similar to the agriculture sector, firms in this sector have stated that the cost of time and money associated with implementing the standards has presented a significant challenge. Additionally, they mentioned the lack of infrastructure and machinery needed for the implementation of standards most often had to be purchased adding to the fixed costs of the firm. Interviewee F, however, claimed that for their firm, the most significant challenge was finding qualified staff. He explained that he had to train the personnel for performing specific technical jobs and tasks necessary for the successful implementation of the standards for which he could not find individuals with the right experience and expertise. He also mentioned lack of awareness about and practical knowledge on international standards among different stakeholders.

According to these firms the country of origin, which is Kosovo in our case, is alone a signal that has proved disadvantageous to producers from Kosovo. They claim that there is a lack of trust for products produced in Kosovo since international consumers often relate Kosovo to a post-war country with many problems, unreliable production processes, and old technology, which translates to a lower quality. However, they also claim that applying more stringent

international standards similar to those of competitors in international markets has led to an increase in the trust of international consumers and clients. Interviewee F believed the implementation of certain international standards to be “game-changing” claiming that their implementation has and will enable them access to additional international markets around the world. Additionally, these firms believe that the implementation of standards has not only made the production processes more efficient, but has also impacted the culture of the company, including collaboration between workers, but also the ability to perform tasks independently and in a more productive manner.

In this sector, firms do not share the same opinion with regards to the support of the government and its institution. Some believe that they are not doing enough to support them with regards to the application of international standards. They claim that funds are not allocated properly and that there is poor efficacy of these funds since there are many other problems that have a technical nature, for which the government and institutions are not offering any assistance. Additionally, according to Interviewee F, business fares abroad that are usually made possible by the government have not been very beneficial to his company in general, claiming that his company also did not gain any valuable insight with regards to current trends in international standards. Other interviewees, however, have claimed that the government has provided them sufficient financial assistance, access to trainings, and access to business fares abroad which have proved very useful with regards to the implementation of standards. Another thing that the interviewees notes is the lack of institutions that could act as a bridge between firms and conformity assessment and certification bodies. According to them, this would lower some of the transaction costs related to exporting.

Construction Materials

The insight gained from the interviews with firms working in the construction materials sector were not significantly different from those gained in the two previous sectors. Firms claimed to have been informed on standards through research using search engines to find out which are the relevant standards they need to apply and to find credible conformity assessment and certification bodies. They also claimed that the requirements from the clients are sometimes specific to the countries, although most EU countries have very similar requirements. Therefore, they also get informed about the standards they need to apply through their clients and partners who require certifications of certain standards. Firms in this sector have applied ISO 9001, and

have attained CE marking. Often, when the products are exported, the manufacturer might need to also include a declaration of Conformity (DoC) that proves that the product meets the requirements of CE marking.

The challenges they mentioned related more to the lack of qualified workers rather than financial limitations. They stated that many times they had to bring foreign experts to train their employees on performing their job in a way that allows the firm to meet the requirements set by standards, which then added to the costs. As for the benefits, they claimed that they have witnessed a significant increase in their exports due to certification with standards due to having more access to international markets. The assistance they mentioned they need from the government is consulting and training for their staff.

4.3. Discussion

The secondary data provided a general overview and description on the extent to which international standards are being applied by exporting firms in Kosovo. From the data, we can see that exporting firms are applying only the most crucial standards which are required by the exporting countries. This might indicate that standards are being applied only as a prerequisite for exports in international markets which might have to do with the fact that the application of standards is considered costly by exporting firms in Kosovo or with other challenges that characterize the application of standards. The information collected during interviews provides valuable insight into the challenges and benefits with regards to the application of international standards. Including firms operating in different sectors of the economy was useful to spot any differences, however, the differences between sectors were not significant. Although different standards might be applied depending on the products produced, the challenges and opportunities were very similar. From the secondary data, the most common standard applied by firms across different sectors is the ISO 9001 standard. Considering that this standard sets the principles for quality management systems it is no surprise to find that it is being applied across different sectors. Additionally, some interviewees claimed that this standard was not difficult to implement and attain certification with. They deemed it as the essential standard for any firm, after which other specific standards can be implemented with more ease.

Firms have to be informed on the standards they need to apply to get their products in international markets. Most of the firms claimed to have been up to date with the relevant

standards on the sector they are operating in. Firms across different sectors usually get the information on relevant standards through research or hire private consultants who advise them on which standards they should apply and guide them through the implementation processes. While hiring a consultant seems to be safer and more reliable, it does present additional costs to firms. Therefore, many firms might rely on their staff's research to get informed on which standards are necessary for them and how the implementation process should be handled. Although this option is less costly, it is a lot riskier since firms might apply the wrong standards or might fail to implement them properly.

Another way through which some of the firms have claimed they gain information about the required standards is through trade fairs. Through these fairs, usually made possible by the government and its respective ministries, the firms have the opportunity to showcase their products and talk with potential clients. Although such fairs have been important and helpful for some of the firms in gaining information on the latest trends and requirements on international standards, others have claimed that fairs are not always beneficial and informative. There were concerns about lack of professional representation of some Kosovo firms by their representatives, which might not give the right impression to the clients and participants in the fair. This relates to one of the challenges with regards to the application of international standards - the image of the country of origin. As discussed in the literature review, the country of origin is alone a signal of quality. As we have established, Kosovo is still seen as a post-war country, without advances in technology and human capital. Although many firms have applied international standards to equalize information and signal quality to international clients, the country of origin proves disadvantageous to Kosovo's products abroad and hinders the ability of international standards to play their part in signaling quality. Therefore, firms need to present themselves with the utmost professionalism and get the most out of the trade fairs they take part in.

The literature has shown that applying international standards increases both the fixed and variable costs of production. The interviewees confirmed that financing the application of international standards does add to the costs and often presents a challenge and a limiting factor with regards to meeting the requirements of international standards. However, it seems that for most of the interviewees the lack of qualified personnel is a more concerning and limiting factor. According to the interviewees, it is very challenging to find qualified personnel with the right

skills needed for the implementation processes of the standards. This is due to the fact that in Kosovo there is a mismatch between skills that are demanded and those that are supplied. Therefore, this problem has its roots in the poor education system in Kosovo which lacks capacities, human and technological, that could equip students with the necessary skills to perform different jobs.

Usually, students get trained and educated on more specific skills through VET (Vocational Education and Training). These schools are particularly useful for teaching skills and knowledge required in the agriculture, construction, automotive, wood industries and so on. That is why, it is important to discuss the issue of VET schools in terms of challenges that are presented when international standards are applied by exporting firms in Kosovo. There is a stigma associated with attending VET schools and students are usually not encouraged to attend such schools (KEEN, 2019). Moreover, there is often no efficacy in the VET system since most of the students do not complete internships that are essential for gaining skills and preparing for the job market which is the reasoning behind the VET system (KEEN, 2019). Consequently, it is very difficult for firms to find qualified staff, not just on paper but also in practice, who can complete tasks with professionalism and accuracy.

Another challenge that was confirmed through interviews is the lack of defined national quality infrastructure, including conformity assessment and certification bodies, and strong institutions that can support firms in applying international standards. As discussed in the literature review, Kosovo has adopted EU standards, however, the institutions within the quality infrastructure (Kosovo Standardization Agency, Kosovo Metrology Agency, and General Accreditation Directorate) are not members of international standards organizations, and conformity assessment bodies do not have the necessary capacities for product, personnel, or system certification. Consequently, firms have to find foreign certification bodies and also send samples abroad for conformity assessment. This slows down their certification procedures but also creates uncertainties and additional costs of researching and finding credible certification bodies. That is why, there should at least be a national institution that facilitates the process of international standards application, by finding credible certification bodies and consultancy services. The Kosovo Chamber of Commerce has stated that they do help businesses find credible certification bodies, however, their financial and human capacities are limited, and they can only help as many firms. Similarly, the KSA has stated that they offer guidance and some

consultancy services but their capacities are limited. Firms have stressed that the lack of an institution that acts as an intermediary between exporting firms and certification bodies has made the application of international standards more difficult. They believe that there should be an institution that supports their application of international standards.

Despite the challenges, all firms have agreed that applying international standards came with a lot of benefits. The most mentioned benefit had to do with greater access to international markets and an increase in exports after applying international standards. Countries have different regulations and standards that they set as a requirement for export; having applied these standards firms become eligible to export in many countries depending on the standards applied. Firms in Kosovo have mainly applied standards of the EU, and have stated that they have managed to export their products to many other countries, especially to developed countries, after having applied the standards that the EU countries require, they have been able to sell their product in international markets at an EU standard of quality which has also made their products more competitive. Having greater access to international markets exporting firms have also benefited from gaining more clients and exporting larger quantities of their products. This confirms the expectations from the existing evidence, specifically that international standards promote exports, especially from developing countries to developed countries.

Besides making it possible for firms to have greater access to international markets and increasing the overall exports to these markets, applying international standards has impacted the internal structure and performance of the firms. Firms have reported that they have seen greater productivity of their personnel and greater efficiency of processes after applying standards, both ISO 9001 (for quality management systems) and other industry-specific standards (HACCP, GLOBAL G.A.P, etc.). As mentioned at the beginning of this study, standards describe the best way of doing something by giving a formula that can be applied and followed by firms and their staff. Therefore, this finding is in line with the statement that the application of international standards can teach firms lessons on how to better regulate and optimize production processes for greater efficiency and accuracy that would result in qualitative outputs.

There were mixed results with regards to the government's role and support to firms with the application of international standards. While some firms believe that the government's support is somewhat sufficient and has proved beneficial, others believe that the government support besides lacking efficacy is not sufficient. However, it should be considered that some of

these firms have been beneficiaries of assistance programs of the government while others have not received any. This fact might impact the firm's perceptions of the government's support, meaning that those who have received support are satisfied with the help from the government while those who have not received any are not satisfied and have a rather negative opinion on the efforts of the government to support them. Throughout the interviews, I have observed that those firms who have received aid, mainly financial, have indeed had a more positive attitude toward the government's support. However, one of the interviewees, despite having received assistance, has pointed out that has not been satisfied with the way the assistances are allocated and how assistances are manifested.

An important challenge that firms faced throughout the implementation of standards and the certification of the firm and their products, was the lack of qualified personnel, and the need for firms to train their staff. Acknowledging the fact that we live in a world with fast-paced technological advancements, training is practiced across all companies around the world and is beneficial for both the firm and the employees to catch up on new technologies and build on their foundation of skills. According to the interviewees, the government should also support firms with technical assistance such as training. However, the problem of the lack of qualified personnel is rooted in the gaps and faults of the educational system in Kosovo. Therefore, the government of Kosovo, besides facilitating training for firms in Kosovo, should work and invest toward transforming the educational system to better meet the skills needed in the labor market.

5. Conclusions and Recommendations

The aim of this study was to explore the application of international standards in Kosovo with regards to the extent to which they are applied, the challenges firms face in applying them, and the opportunities and benefits applying these standards brings, with a focus on export promotion. To conduct this study, primary and secondary data were collected and analyzed to draw conclusions on the application of international standards by exporting firms in Kosovo and give recommendation to parties of interest which include firms, the government and its relevant institutions, and other entities responsible for export promotion.

The results show that firms in Kosovo apply international standards to some extent. The standards applied are mainly essential quality management standards that are required by international clients, indicating that standards are not being applied voluntarily but they are

rather imposed. This relates to the fact that firms in Kosovo struggle to apply international standards due to many challenges faced throughout the way.

The literature shows that firms in developing countries face many challenges in applying international standards. Those challenges include the lack of financial, technological, and human capacities, as well as the lack of strong institutions that facilitate processes related to the application of international standards. The results of this study show that the main challenges firms in Kosovo face with regards to the application of international standards were the lack of national conformity assessment and certification bodies, the additional costs related to implementation and conformity assessment processes, the lack of qualified staff, and the lack of appropriate support from the government and public institutions responsible for the promotion of exports and the support of exporting firms in Kosovo.

Among the challenges, there were many benefits that the application of international standards brings to companies and the economy as a whole. The literature supports that standards impact economies through the Total Factor Productivity, serving to an economy as a “knowledge stock”, and increasing the efficiency with which capital and labor are used, which contributes to the increase in output of a country and its overall economic growth. With regards to exports, it was found that the application of international standards increases exports of developing countries, by facilitating greater access to international markets, as well as reducing transaction costs and increasing trust and competitiveness by serving as a signal for quality. The results showed that the main benefits and opportunities the application of standards has presented were greater access to international markets, increased productivity and efficiency of the capital and labor employed in a company, increased trust from international clients, increased competitiveness in international markets, and an overall increase in the number of products exported.

There are multiple stakeholders involved and responsible for the implementation of international standards with the aim of raising the quality, building the trust of clients and customers, and improving the export performance. The main stakeholders, however, are the firms and the government. As such, recommendation to these stakeholders are presented below considering the challenges and opportunities with regards to the application of international standards.

Strengthening the institutions relevant to the application of international standards

As discussed, Kosovo's institutions part of the quality infrastructure system do not have sufficient capacities to move forward in the process of advancing the system and providing standardization services for the private sector as well. By strengthening these institutions services that are otherwise offered by private consultants or by international companies that deal with the conformity assessment or certification procedures could be offered by national institutions. This would reduce the costs for the private sector and would allow for the implementation of international standards by a larger number of firms. Moreover, strengthening the institutions would allow for more standards to be adopted and would enable Kosovo to be part of international institutions which would in turn increase the credibility of our standards and the trust on our producers. This could translate to greater access to international markets and an improved export performance.

Offering the right financial and technical assistance to businesses for the purpose of applying international standards

Before providing support to exporting companies, it is important to understand what the needs of exporting companies are. What kind of assistance do they need? What kind of consultancy services? What kind of training? Which sectors need more support? These and other questions should be answered by the government and relevant state agencies before planning and implementing projects. These questions can be answered through research projects and studies that provide in depth analysis and assessments of the needs of exporting firms. By answering these questions the government ensures that the assistance and support provided to exporting firms is the right one, and ensures an increase to the returns of their investments.

One stop shop

Exporting firms and those with the potential to export need to have a door where they can knock and get all the necessary information, guidance, and assistance with regards to the application of standards. Considering that firms in Kosovo have to find conformity assessment and certification bodies who operate abroad, it is very costly and time consuming. Additionally, firms many times acquire information from firms who are willing to share their experience of how they found certification bodies and managed to attain certification. However, not all firms are willing to do

this, especially if the industry is highly competitive in the international market. That is why it is important to establish an organization that is responsible for informing, guiding, and cooperating with exporting companies to solve problems and give solutions with regard to the application of standards. This organization should focus on organizing informative sessions, providing training sessions for export managers or other representatives of companies on how to plan, and what procedures to follow when applying international standards, provide financial assistance to those firms who are unable to cover the implementation expenses which might include investments on machineries and more advanced technologies, and provide technical assistance through specific training sessions for employees. The organization can be a government initiative or a non-governmental organization created by the private sector with the purpose of sharing their know-how among businesses of the same sectors of the economy and advocating toward strengthening the quality infrastructure system in cooperation with the government.

The government should conduct reforms on the educational system in closing the skills gap, with special focus in the VET system

Reforming the educational system is not an easy task. Governments usually avoid making changes to the educational system because it requires consistent investment and the results are not seen immediately. However, it should be noted that Kosovo needs a transformation of the educational system since this system is outdated and is not in compliance with the skills needed in the labor market. A beneficial system that can be integrated in the educational system is the Vocational Education and Training system. Through this system students can be prepared for the labor market by learning and practicing the skills that are actually needed by firms in Kosovo. That is why VET schools that already exist in Kosovo should be supported and promoted by the government of Kosovo, and additional skills be created so that students, besides gaining through theoretical knowledge, gain experience on specific skills that they can apply. This means that there will be a larger number of qualified individuals who are available and capable of performing their tasks with professionalism and accuracy, reducing firms' costs of extensive training and improving the quality of processes and products in a company. As a result, firms would have the right individuals who can perform their tasks according to the requirements set by international standards.

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Appendices

Appendix 1: Informed Consent Form

Informed Consent Form for Social Science Research

RIT Kosovo

Title of Project: *Application of international standards in Kosovo: challenges and opportunities for export promotion*

Principal Investigator: Rita Thaqi, RITK Student
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1. **Purpose of the Study:** The purpose of this research study is to explore challenges businesses with export potential in Kosovo face regarding the application of international standards and the opportunities that the application of such standards presents in terms of increasing exports in Kosovo.
2. **Procedures to be followed:** You will be asked to answer 8-10 questions during this interview.
3. **Duration:** It will take about 20-30 minutes to complete the interview.
4. **Statement of Confidentiality:** Your participation in this research is confidential. The data will be used only for the analysis of the subject matter of this RIT Honors Project which will be consequently published online.
5. **Voluntary Participation:** Your decision to be in this research is voluntary. You can stop at any time. You do not have to answer any questions you do not want to answer.

You must be 18 years of age or older to take part in this research study. If you agree to take part in this research study and the information outlined above, please sign your name and indicate the date below.

You will be given a copy of this form for your records.

Participant Signature

Date

Person Obtaining Consent

Date

Appendix 2: Interviewees

Interviewee A: CEO and founder of a small sized enterprise in the agriculture industry exporting frozen fruits such as raspberries, strawberries, blueberries, and mushrooms. This firm exports to countries such as the UK, Germany, Poland, Holland and the Balkan region. Certifications of relevant standards that this firm is in possession of include HACCP, and GLOBAL G.A.P.

Interviewee B: CEO of a small sized enterprise in the agriculture industry exporting frozen fruits such as blueberries, blackberries, raspberries, strawberries, cherries, and plums. It possess certifications of HACCP, GLOBAL G.A.P, ISO 22000, and Organic Product Certificate.

Interviewee C: CEO of a small sized enterprise on the printing industry offering package printing services for the food and non-food industries including labels for plastic bottles (PET), and vacuum and plastic bags intended for various use. They possess certification with standards such as BRC Packaging, ESCKO HD Flexo, FSC, ISO 22000, and ISO 9001.

Interviewee D: CEO of a medium sized enterprise in the food and drinks industry producing fruit, fizzy, and energy drinks, and cooking oil. This firm exports to some of the Balkan and

European countries including Albania, Montenegro, Serbia, Macedonia (FYROM), Germany, Italy, Switzerland, Sweden, and in the USA. It is in possession of certifications such as ISO 9001, ISO 22000, and HACCP.

Interviewee E: Export Manager of a medium sized enterprise in the food and drinks industry producing fruit and energy drinks. This firm exports to countries such as Afghanistan, Algeria, Andorra, Angola, Antigua and Barbuda, Argentina, Armenia, Australia, Azerbaijan, Bahamas, Denmark, Finland, Hungary, Netherlands, and Norway. This firm is certified with ISO 9001, ISO 22000, and HALAL.

Interviewee F: Founder and CEO of a medium sized enterprise in the food and drinks industry producing cold-pressed smoothies and hand mane jams. This firm exports to countries such as Albania, Macedonia (FYROM), Montenegro, and Switzerland. This firm is in possession of certifications of standards such as HACCP, GLOBAL G.A.P and ISO 22000.

Interviewee G: Export Manager of a medium sized enterprise operating in the construction material section. This firm exports to countries such as Austria, Belgium, France, Germany, Italy, and Switzerland. This firm has implemented ISO 9001, ISO 14001 standards, and has attained CE marking.

Interviewee H: CEO of a medium sized company working in the construction materials sector. This firm exports to countries such as Croatia, Macedonia (FYROM), Montenegro, Serbia, and Switzerland. This firm has implemented the ISO 9001 standards and the CE marking.

Interviewee I: CEO of a medium sized company in the wood industry. This firm exports to countries such as Italy, Switzerland, Germany, Austria, Belgium. This firm has implemented the ISO 9001 standard.

Interviewee J: Representative of an institution part of the quality infrastructure system in Kosovo

Interviewee K: Representative of a professional non-profit organization

Interviewee L: Representative of the government

Appendix 3: Semi-structured Interview Questions

1. What are some difficulties and barriers your company was faced with while exporting?
2. Are you aware of international standards that set the quality standards for products?
3. Has your company attained international standard certification?
 - a. If yes
 - i. How have you managed to attain certification?
 - ii. What were the challenges your company has faced in meeting international standards and attaining the certification?
 - iii. Which certifications were the most challenging to attain? Why?
 - b. If not, why?
4. What benefits do you think that adopting international standards and attaining certification has brought, or can bring with regards to growing exports and developing your company?
5. How significant do you think the impact of applying international standards in your company is or has been with regards increasing exports? What about your company's internal development and growth?
6. To what extent the government of Kosovo and its relevant institutions are supporting you and other exporting companies in applying international standards and attaining certification?

7. In what way do you think that such support should be manifested?

Appendix 4: Exporting firms list extracted from Kosovo Exporters Directory (KIESA)

Nr.	Business	Sector	Exports as a % of annual sales	Certifications
1	Agroprodukt Commerce	Agriculture	99%	•HACCP
2	Agroshala - AG	Agriculture	36%	•Organic Product Certificate •ISO 22000:2015
3	Hit - Flores	Agriculture	95%	•Organic Product Certificate
4	Ballkan Petrol	Automotive Components	5%	•ISO 9001
5	Koshi Group	Automotive Components	100%	•None
6	Pure Power	Automotive Components	60%	•ISO 9001
7	Agro - Butrinti	Construction Materials	15%	•CE marking
8	Alstone	Construction Materials	90%	•ISO 9001
9	Arkos LLC	Construction Materials	100%	•ISO 9001
10	Engineering IB	Construction Materials	100%	•None
11	Enha Profile	Construction Materials	10%	•ISO 9001
12	Eurometal	Construction Materials	10%	•ISO 9001

13	GP Metal	Construction Materials	10%	•None
14	Graniti & Co Sh.p.k	Construction Materials	5%	•ISO 9001 •ISO 14001
15	GREENHOUSE	Construction Materials	100%	•ISO 9001
16	Inter Steel Sh.p.k.	Construction Materials	55%	•ISO 9001
17	Izolimi Plast Sh.p.k.	Construction Materials	18%	•ISO 9001 •CE marking
18	Lely Sh.p.k.	Construction Materials	100%	•ISO 9001 •CE marking
19	Lesna	Construction Materials	10%	•ISO 9001
20	Mecatyp-KS	Construction Materials	100%	•ISO 9001
21	Metaltehnika Asllani	Construction Materials	10%	•None
22	M-Glas	Construction Materials	5%	•ISO 9001
23	M-Technologie	Construction Materials	80%	•ISO 9001
24	N.P.SH. " EXTRA COLORS "	Construction Materials	20%	•ISO 9001
25	N.P.SH. " Paradiso " Sh.p.k.	Construction Materials	10%	•ISO 9001
26	N.P.T. " Bunjamin"	Construction Materials	5%	•ISO 9001
27	N.P.T. " Fetoshi " SH.P.K.	Construction Materials	5%	•None
28	Nderimi Sh.p.k.	Construction Materials	25%	•None

29	Proton Cable L.L.C.	Construction Materials	5%	<ul style="list-style-type: none"> •ISO 9001 •ISO 14001 •OHSAS 18001
30	Renova	Construction Materials	5%	<ul style="list-style-type: none"> •ISO 9001
31	SILCAPOR SH.P.K	Construction Materials	30%	<ul style="list-style-type: none"> •ISO 9001 •CE marking
32	SWISS KOS SH.P.K.	Construction Materials	80%	<ul style="list-style-type: none"> •ISO 9001
33	Tiki Mosaic SH.P.K.	Construction Materials	6%	<ul style="list-style-type: none"> •None
34	Xella Kosova L.L.C.	Construction Materials	0%	<ul style="list-style-type: none"> •None
35	Zinkunie-ks	Construction Materials	70%	<ul style="list-style-type: none"> •ISO 9001
36	Enrad Shpk	Energy, Gas and Water	50%	<ul style="list-style-type: none"> •ISO 9001 •CE marking
37	Jaha Solar	Energy, Gas and Water	35%	<ul style="list-style-type: none"> •ISO 9001
38	ABI Progres	Food and Drink	7%	<ul style="list-style-type: none"> •ISO 9001 •ISO 22000
39	Besiana - G	Food and Drink	98%	<ul style="list-style-type: none"> •HACCP •ISO 22000
40	Bibita	Food and Drink	78%	<ul style="list-style-type: none"> •ISO 9001
41	BODRUMI I VJETER SH.P.K.	Food and Drink	70%	<ul style="list-style-type: none"> •ISO 9001
42	Euro fruti	Food and Drink	15%	<ul style="list-style-type: none"> •ISO 9001
43	EUROFOOD SH.P.K.	Food and Drink	15%	<ul style="list-style-type: none"> •ISO 9001
44	Fluidi	Food and Drink	30%	<ul style="list-style-type: none"> •ISO 9001
45	Frutex	Food and Drink	40%	<ul style="list-style-type: none"> •ISO 9001 •HALAL
46	FUNGO SH.P.K.	Food and Drink	94%	<ul style="list-style-type: none"> •ISO 9001

47	Hirano Mushroom LLC	Food and Drink	100%	•ISO 9001
48	JAHA COMPANY SH.P.K.	Food and Drink	100%	•ISO 9001
49	LABERION SH.P.K.	Food and Drink	45%	•ISO 9001 •ISO 22000
50	Meka	Food and Drink	8%	•ISO 9001
51	Moea	Food and Drink	20%	•ISO 9001
52	N.P.SH. Shantiri - N	Food and Drink	30%	•ISO 9001
53	N.P.T. Kamila SH.P.K.	Food and Drink	86%	•ISO 9001
54	N.P.T. Liri	Food and Drink	10%	•ISO 9001
55	N.P.T.,,Bylmeti"	Food and Drink	10%	•ISO 9001
56	N.T.SH " BAHHA "	Food and Drink	20%	•ISO 9001 •Organic Product Certificate •ISO 22000
57	Pestova SH.P.K.	Food and Drink	18%	•ISO 9001 •ISO 22000
58	Stonecastle Vineyards & Winery L.L.C.	Food and Drink	65%	•ISO 9001 •HACCP
59	Sunny Hills Shpk	Food and Drink	100%	•None
60	Geris	Leather and Footwear	80%	•ISO 9001
61	Intertex Leather	Leather and Footwear	100%	•None
62	Solid	Leather and Footwear	50%	•ISO 9001
63	Fabrika Veglave "Plus" Aparateve Elektrike Sh.p.k.	Mechanical Engineering	8%	•ISO 9001
64	Aulona	Metal Processing	90%	•ISO 9001

65	Decon	Metal Processing	5%	•None
66	IMK - Industria Metalike e Kosovës " SH.P.K.	Metal Processing	50%	•ISO 9001
67	Jasin	Metal Processing	23%	•ISO 9001
68	Koba	Metal Processing	65%	•ISO 9001
69	Vinex " Sh.p.k.	Metal Processing	10%	•ISO 9001
70	Gemix	Paint and Printing	10%	•ISO 9001
71	Medruplast	Paint and Printing	7%	•ISO 9001
72	N.P.SH. " EXTRA COLORS "	Paint and Printing	20%	•ISO 9001
73	Relux	Paint and Printing	30%	•ISO 9001
74	X-fort	Paint and Printing	10%	•ISO 9001
75	Alm Group SH.P.K.	Paper	50%	•ISO 9001 •ISO 22716
76	Eurothesi	Paper	30%	•None
77	Ultra Cosmetics	Paper	81%	•ISO 9001
78	OSA- Termosistem	Production Machinery	20%	•ISO 9001
79	AEG Sharr	Rubber and Plastics	5%	•None
80	Cadi Komerc	Rubber and Plastics	45%	•None
81	Eurokop - Plast	Rubber and Plastics	25%	•None
82	Ferplast	Rubber and Plastics	52%	•ISO 9001
83	KIVO L.L.C	Rubber and Plastics	98%	•ISO 9001
84	Plastika	Rubber and Plastics	30%	•ISO 9001
85	Scampa	Rubber and Plastics	10%	•ISO 9001

86	X-plast	Rubber and Plastics	10%	•None
87	AGNESA TEX SH.P.K.	Textiles and Clothing	12%	•None
88	CREATIVE SHPK	Textiles and Clothing	100%	•ISO 9001
89	Intertex SH.P.K	Textiles and Clothing	100%	•None
90	N.P.T. " ARTA - TEX "	Textiles and Clothing	30%	•None
91	PUNTEX SH.P.K.	Textiles and Clothing	10%	•ISO 9001
92	S-Sprint	Textiles and Clothing	10%	•ISO 9001
93	TexCo	Textiles and Clothing	100%	•None
94	UNIKAT SH.P.K.	Textiles and Clothing	55%	•None
95	Albed Sh.p.k.	Wood and Furniture	10%	•None
96	Binni	Wood and Furniture	20%	•ISO 9001
97	CANDEO	Wood and Furniture	33%	•None
98	Ciao Berto	Wood and Furniture	7%	•ISO 9001
99	Deco	Wood and Furniture	30%	•ISO 9001
100	Dekoriti Shpk	Wood and Furniture	35%	•ISO 9001
101	Divani	Wood and Furniture	30%	•ISO 9001

102	Elnor	Wood and Furniture	55%	•ISO 9001
103	Euromodel	Wood and Furniture	100%	•None
104	Fabrika E Mobileve Sela Impex	Wood and Furniture	11%	None
105	Gacaferi Mobilje	Wood and Furniture	28%	•ISO 9001
106	Genkor	Wood and Furniture	10%	•ISO 9001
107	LESNA SH.P.K.	Wood and Furniture	10%	•ISO 9001
108	Lumi	Wood and Furniture	10%	•ISO 9001
109	N.T.P."Kelmendi-Wood Technology"	Wood and Furniture	100%	•ISO 9001
110	ORENDI	Wood and Furniture	0%	•ISO 9001
111	Palma Sh.p.k.	Wood and Furniture	30%	•ISO 9001
112	Shehu NTP	Wood and Furniture	50%	•None
113	Tefik Canga	Wood and Furniture	30%	•ISO 9001
114	Tiki SH.P.K.	Wood and Furniture	4%	•ISO 9001
115	Ukaj	Wood and Furniture	20%	•ISO 9001