



Kolegji AAB

Faculty of Economics – Master program

DIPLOMA THESIS

**“KOSOVO’S EXPERIENCE WITH THE EUROIZATION IN ITS
ECONOMY”**

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Prishtine, January 2015

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INTRODUCTION

Euroization is the adoption of a currency, respectively of the Euro currency from another country, in this case Europe. Euroization in Kosovo is a very complicated, but also a very interesting one for researching the issue on how the Euro currency ended up in our country, so what Kosovo's journey was to ending up in Eurozone, or even on who decided to use the European coin. After the 1998-1999 war and arrival of United Nations Mission in Kosovo (UNMIK), main challenge for Kosovo was the selection of the stable monetary framework and rebuilding of the financial sector. Even the big emigration of ethnic Albanians in Western Europe mainly in Germany, associated with a high grade of monetary shipments from abroad (remittances), had their impact too. After the arrival of Euro in 11 countries of EU in 1999, then Greece in 2001, Kosovo and Montenegro that aren't members of EU, followed this process.

Kosovo has achieved to get the Euro currency with the support of Central European Bank (ECB) and with central banks of member countries of EU. Banknotes and euro coins have successfully been provided from the central banks of member countries of EU, by completing so the euroization process.

Now after more than a decade, the euro currency has deepened in the roots of the Kosovan economy, by facilitating many financial processes of the abroad world, respectively has increased the possibilities of foreign investors in order to be present with their businesses in our country and has facilitated local businesses to have more accurate financial-business contacts with the abroad world, where automatically has an impact in the export increase and local import.

CONCLUSIONS

The business environment in Kosovo has difficulties and problems, although there was some progress in 2013 and bigger efforts were made by the relevant institutions for the improvement of business conditions. There were made some analysis for the business environment from 2008 and ongoing including stumbles, delays, lacks, achievements and efforts for the improvement of the business environment, in the direction of investing attractions and private sector's development, especially.

Informality, a negative occurrence in the Kosovan economy has always been present and in high grade, so during 2008 with the purpose of informality's decrease in the business environment, there were taken some insufficient steps that would change the environment entirely, but reforms in taxes and use of cash registers from businesses had an impact in this direction, even though it's still present.

In relation to the reduction of transaction's cost, even though trading with EU has increased, the international trading is still focused in the neighbor countries which aren't members of the Eurozone. As far as the monetary risk has disappeared, regarding to the fiscal discipline and Kosovo's performance, there's still so much work to do, even instead of the local interest degree reduction, the euroization hasn't achieved to lower norms. So as lies, Kosovo has the highest level in Western Balkan. Lately, euroization hasn't been able to guarantee convergence relating to Euro economics, because the short road towards the monetary integration has been eliminated.

By using the Euro currency, better conditions for foreign direct investments (IHD) were created, larger access for local enterprises and international financial institutions and also in international financial markets. Euro has brought to Kosovo, the monetary stability that it needed, by reducing inflation, eliminating risks of the course exchange, which helped in the reduction of transaction costs and promotion of market and investments.