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Functioning of market and trade in the Republic of Kosovo

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Abstract---In modern market conditions, trade plays a complex and very important role in economic and social development. In Kosovo, trade and market issues are gaining momentum with the beginning of access to the single European market. At the same time, the first modern strategic guidelines in the field of market development and trade policy were created. The trade development strategies of the Republic of Kosovo were the basis for the preparation and adoption of the Law on Trade. Since 2007, the Law on Trade, as an umbrella law, has been regulating the field of trade and markets in the Republic of Kosovo in a modern and comprehensive manner. However, after its adoption, it is necessary to have a timely and accelerated implementation of the created solutions. It is also necessary to have a determined commitment to supplementing and amending as well as changes to this act in the future, as it is a very dynamic field that requires careful monitoring and a full understanding of the changes taking place in the environment. Special attention should be paid to the analysis of the current situation, further developments and regulation of trade of goods in the Republic of Kosovo.

Keywords---trade, market, trade policy, strategy, goods turnover, reclamation.

Introduction

In the modern market conditions of the developed economies, trade plays a completely new role which is increasingly important. Certainly, the market becomes the engine of further development of every economy. In addition to the traditional trade activities, trade is taking on an increasing number of new functions of a service and even of a production nature. Strict boundaries among manufacturers, trade and consumption have been disappearing. Many more

participants in marketing channels are becoming redundant while the dominant position in the market is being taken by strong networked merchant partners. The position towards market and trade is of crucial importance in terms of achieving an overall economic development and a better position of all market participants. It is necessary therefore, that trade policy, i.e., the market and trade development policy of Kosovo is on the strong focus of all interested parties. The institutions of the Republic of Kosovo are completely interested and responsible to determine the adequate strategic directions of the trade policy and their implementation in reality. Although the European Union institutions are involved in this entire process, all market participants, civil society restrictions, the scientific and professional public and the like, building a modern market and trade structure is, without a doubt, one of the most sensitive and demanding tasks of this country. In the meantime, despite to date efforts, the realization of the task has not progressed quickly and has not yielded the expected results. A very significant turning point in the approach towards trade policy in the Republic of Kosovo occurred at the moment of ratification of the Stabilization and Association Agreement. In 2008, Kosovo was committed to gradually harmonize the already existing laws and future legislation with the legal framework of the European Union. The strategic commitment for full political, legal and economic integration of the Republic of Kosovo in the European Union was accepted. This also imposed a fundamental change in the creation of Kosovo's trade policy. It is necessary to build a modern market and trade structure; however, this has occurred more slowly than desirable. This is a very sensitive and demanding task, especially since market and trade modernization plays a very important role in overall economic and social development. In addition, we should also take into account the commitments made regarding the approximation of the Republic of Kosovo to the common European market, i.e., harmonization with the conditions existing in the European Union. All this imposed the need to create adequate trade policy guidelines. However, it is clear that the Republic of Kosovo is still going through a very demanding process of transition to a functional market economy. At this moment, a comprehensive analysis of the strategic orientations, defined in the field of market and trade development policy, the existing legal framework and its practical implementation is required.

Modern strategic basis for regulation of trade and market in the Republic of Kosovo

A strategic way of thinking and acting is necessary to direct the market development in the Republic of Kosovo. In accordance with the above, a strategic document based on the obligations taken towards the European institutions and the current situation in the Kosovo market, adopted by the Government of the Republic of Kosovo, is a priority. The key determination of any such document should be, without a doubt, a complete commitment to the freedom of market and trade, which in no way means allowing their spontaneous development. Strategic direction of development is required, with determined and precise state intervention when certain events and behaviours threaten the equality and freedom of market participants as well as smooth functioning of the market mechanism. [1] Certainly, state intervention should always be justified in the wider social interest. [2] The Trade Development Strategy is an official and binding guideline for the development of trade policies and creation of

institutional solutions for all those under the jurisdiction of whom these activities are put. According to such a document, the behaviour of market participants is legally regulated and institutional solutions are implemented. Until 2008, the market and trade in the Republic of Kosovo used to be developed spontaneously, without the application of predetermined and market-based trade policies. The first signs of change emerged in 2007, with the establishment of the Unit for European Integration in the Ministry of Economic Relations, based on which, in 2008, the Government approved the first Action Plan for harmonizing domestic laws with the European Union regulations.

In 2008, together with the emergence of the strategic determination of the Republic of Kosovo towards political, legal and economic integration in the European Union, a document entitled Strategy and Trade Policy of the Republic of Kosovo was drawn up. [3] It contained strategic solutions for the 2008-2013 period. However, it set standards, and these standards would not be allowed to be lowered and was a punishment for the policymakers of the time and for the representatives of the scientific and professional public. In the period from 2008 to 2013, the Kosovo market marked relatively high growth rates beginning with its transformation and concentration. Many foreign trading companies entered, but spontaneous privatization and the accelerated decline of many small merchants continued. Relations among manufacturers, merchants and consumers were turbulent and unresolved. Adequate information and statistical basis for trade and market management did not exist. Modern legal regulations have been slow to adopt. The last turning point in terms of the strategic approach to the market and trade occurred in 2008, when the Stabilization and Association Agreement took place between the European Communities and their member states, on the one hand, and the Republic of Kosovo, on the other hand. The Stabilization and Association Agreement is an international agreement including a programme of reforms to be implemented. In spite of this, our country has undertaken two more important obligations:

- creation of the free trade zone (trade liberalization), and
- gradual harmonization of existing laws and future legislation of the Republic of Kosovo with the legal acquis.

In accordance with the underlying goal of creating a free trade zone, the focus is on harmonizing existing laws and creating new regulations in the field of internal market and trade. The field of trade policy was defined as priority elements: protection of competition and control of the allocation of state aid, intellectual property rights, public procurement, standardization and consumer protection. In the procedure of issuing legal and sub-legal acts, statements on the compatibility of draft laws, other regulations and general acts with the European Union regulations and compatibility tables indicating the compatibility of special provisions with the provisions of the European regulation have become binding. All this imposed a different approach and the need for a higher level of responsibility of the institutions of the Republic of Kosovo, responsible for these activities.

All the events mentioned previously imposed the need to approve a new strategic document that would guide the development of the market and trade, which

would certainly be in line with the chosen strategic directions of the Republic of Kosovo. Finally, in 2008, the Government of the Republic of Kosovo adopted the modern and "European" Trade Development Strategy of the Republic of Kosovo until 2013. It was the first time in the history of Kosovo that a strategy dedicated to trade was adopted. It referred to the period until 2013, as it was believed that this was the year "when the Republic of Kosovo should be ready for visa liberalization and for gaining the status of a candidate country". [5] The document approved confirmed the strategic determination of the Republic of Kosovo towards building a modern market and trade, in accordance with the approved Agreement. Focus is put on the construction of a market structure that would enable more intense and effective competition between trade entities, encouraging the development of small and medium-sized trade companies, the arrival of more intense foreign trade chains in our market and the expansion of the network of internal trade chains outside the national market. The strategy approved in 2009, as well as the strategic document in 2008, ordered first to amend and supplement the Trade Law as the basic and most general law that regulates the market field. To this end and in accordance with it, the adoption of special laws regulating certain areas such as competition protection, consumer protection, exchange of goods, electronic commerce and the like would follow. It is important to note this at the time of the adoption of the Strategy since 2009. Such a delay in the innovation of the Law, for a market that was under the transition phase, i.e., was unacceptable in the beginning and meant the creation of numerous negative consequences.

The action plan for the implementation of measures and priority activities on the implementation of the solutions proposed in this Strategy had the following segments: competition policy, policy for the development of small commercial companies and entrepreneurs, institutional solutions and information basis. Within the given segments, there are activities such as, the direction of trade development in terms of achieving a macro planning of retailing facilities that would create similar purchasing conditions for all consumers, encouraging the development of electronic purchases, supporting the development of modern trade formats - discounts, cash and carry, DIY, etc., improving the protection of small trade companies and entrepreneurs in the trading sector, stimulating business associations and creating a value chain for small trade companies and entrepreneurs, activities that are related to information basis. Within the framework of the Action Plan, the approval of amendments and supplements to the law in the field of market and trade, the approval of the missing sub-legal acts as well as the functionalization of institutional solutions were to be mentioned.

The process of building a developed market and commercial structure in the Republic of Kosovo

The trade regulation applies to all persons trading in the market of the Republic of Kosovo. At the same time, the definition trade is defined as an economic activity that includes business activities related to the procurement and sale of goods, but also the provision of services, all for the purpose of profit. It can be carried out as wholesaling and retailing and consumer services. The following methods of conducting retail trade are listed below as well as provision of services to consumers: trade at the selling point, trade on personal offer (outside the

selling point, with the presence of the merchant and the consumer without prior request of the consumer to make an offer), remote trading, which again can be electronic trading and other remote trading by other means. To protect consumers in the personal offer trade, it is foreseen that the merchant and the consumer service provider, as well as his/her representative, should have a written confirmation signed by the merchant on the conduct of the personal trade offer, which should contain first of all: all information about the merchant, the service provider, the representative, the goods/services offered for sale, the period, the method and the trading zone. This notice should be printed at the place of the offer, i.e., it should be made available for inspection to the person to whom the offer is addressed, so that the consumer is familiar with all the necessary elements. Among others, the rule provides for a more detailed regulation of electronic commerce, through which the ever-growing traffic is achieved, but which also includes a large part of the grey economy. Electronic commerce is defined as a form of remote trading (conducted using one or more means of remote communication) conducted over the Internet. It is said that it is realized especially through an electronic store, as the basic form of electronic commerce, then through an electronic platform (e-commerce) that connects merchants and consumers. It is also realised through an electronic store or through an electronic platform when the goods are delivered directly by the manufacturer or wholesaler to the consumer. For the third type, the name "drop shipping" is mentioned, a form of electronic commerce. It is considered that the foreign person conducts remote trading i.e., also electronic commerce in the Republic of Kosovo, if it aims consumers in the Republic of Kosovo, i.e., if it uses the language in official use in the Republic of Kosovo or provides the prices in euros and if it offers delivery in the territory of Kosovo. This is of particular importance for the implementation of consumer protection policy. [4]

When it comes to electronic commerce, it is also very useful to improve the work of oversight authorities, i.e., introducing the inspector's authority to carry out secret purchases. This provides an adequate instrument for collection of evidence, which is decisive to determine the factual situation and impose the administrative measure. If this mechanism is really and adequately used, the effect in the field of suppression of unfair competition in this field would be very significant. The rule on trading also defines special market institutions, as special organized forms of markets that organize the meeting of vendors and purchasers, namely: commodity stock exchanges, fairs, trade exhibitions and traditional manifestations, markets, auction houses. In doing so, it is emphasized that they cannot participate in commercial transactions of which they are organizers.

Trading conditions

The conditions for conducting trade are regulated as well. Above all, trading emphasises who the merchants and service providers are and leaves for the possibility to subsequently regulate the minimum technical conditions for carrying out trade, related to space, equipment, facilities and trading at the purchase points. It is also foreseen that goods should meet the health and general safety conditions, technical requirements, packaging conditions, labelling, environmental protection and everything defined by the Law on Trade and special regulations. Prices are set freely in the market of the Republic of Kosovo, except

for cases where some other way of forming prices is determined by law. The rules are being described regarding traffic registrations, and when it comes to goods documents, it is very important that the Trade Law now stipulates that they can take the form of an electronic document. The law also specifies special conditions for conducting retail trade and providing services to consumers, such as making data available to the merchant and service provider, the rules for determining and documenting working hours, the rules for declaring products, among others, in remote trading and for this purpose electronic commerce. The exact rules for displaying prices, sales and units, and especially those related to e-vendors are very important. The law states that a merchant conducting electronic commerce, which is aiming consumers in the Republic of Kosovo and abroad, may display prices in foreign currency. The price in euros should be first shown to the customer entering the electronic commerce from the Republic of Kosovo. The legal innovations related to the conditions and ways of providing goods and services with sales stimulation, sales at a reduced price and advertising the sale of goods with sales stimulation are interesting. To date, the insufficiently precise definition of sales incentives caused a lot of uncertainty during implementation. In practice, various terms were used that unfairly manipulated the attention and behaviour of consumers.

Sales incentives are defined as the offering of goods or services on more favourable terms than those offered during the regular offer. These are price reductions, special terms of sale, deliveries, promises of rewards, accompanying gifts, loyalty programmes and other benefits, as well as promotional sales. The basic forms of discounts are being introduced and special rules are defined for each of them (sales, seasonal discounts and promotional sales). It is said that if goods or services are sold at a reduced price, the reduced price should also be clearly indicated. A sale is defined as a sale at a lower price in the event that a merchant ceases to operate, ceases to operate only at certain facilities, or ceases to sell only certain types of goods. Goods for sale should be physically separated. The seasonal sale is also a sale at a reduced price after the end of the season, between 25 December and 10 January, and from 1 July to 15 July. It can last up to a maximum of 60 days. The promotional sale is different, which means a sale at a lower price than the previous price and cannot last longer than 31 days. What is very important and which has had a significant negative impact on the consumer's position, is that advertising is prohibited for sales incentives of goods that are available in such small quantities which it is clear to attract customers in order to induce them to purchase goods except if the quantity available is clearly defined at the beginning of the promotional sales. In addition, other cases of promotion related to the advertising of the percentage of births, supposed births, defective goods and the like have also been elaborated in detail.

Conclusion

Trading was affected by revolutionary changes in the last decades of the last century. They were much stronger and more intense than in other sectors of the economy. The reason for this lies in the dynamism and highlighted sensitivity of trade in relation to events in the general market and the social environment. This should certainly be taken into account when strategic solutions are created and adopted, aimed at developing trade and markets. However, this applies especially

to the market and trade of Kosovo, which has been in the process of transition for almost twenty-two years, which requires a high level of maturity and respect from different influences. The situation is also complicated by the determination and obligations taken on towards the strategic direction of political, economic and institutional development in accordance with the values and models that are the foundations of the European Union. In such a situation, it is clear that the role of the state, in the process of creating and developing trade and markets, is of crucial importance. It is required to be responsible and proactive in creating and implementing a modern and comprehensive trade policy, which should take into account the clear desire of the Republic of Kosovo to fully take over the legal acquis of the European Union. It is also the starting point for creating strategic directions and improving existing solutions and adopting new legal solutions in this area. However, like before, the existence of political stability and support will be of crucial importance. In terms of development of the trade and market of the Republic of Kosovo, that is, the entire economy and society, it would mean a lot if the situation, in this sense, favours the most efficient and effective implementation of the defined strategic solutions.

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