

International Trade with Special Emphasis on the Free Movement of Goods and Services in Kosovo and Beyond

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Abstract: Current topic in international countries and especially in the member countries of the European Union is free trade, with special emphasis on the freedom of circulation of goods. Based on the legislation in force and the developed practice when it comes to the markets developed between international states, the study in question analyses the specific problems that appear in the markets developed between the individual states of the EU member states. Thus, based on the past and today, the fundamental value of the EU is trade, especially the trade of goods between EU member states, for which special importance has been given in the international legislation concretized for the UN member states. and also, of the EU organization. Thus, based on the past and today, when we focus on free markets, especially trade in goods, it can be seen that EU member states used to have major barriers to trade in goods, while now they have decreased significantly, with some exceptions in the sector of agriculture. More specifically, the member states of the EU organization, with the mandatory observance of the rules set for free trade, are in their favor since, based on the statistics of the past years, tariffs on the import and export of goods have been reduced, and also even in most cases for certain goods the tariffs are completely excluded. In addition to the international states based on the state of Kosovo, from the research done we can say that the state of Kosovo, even though it is not a member state of the UN Organization or the EU, still stands well in terms of free trade of goods, this is due to the fact that free trade agreements have been signed with the countries of the region, a concrete case recently is the agreement with the state of Albania and also the free trade agreement with the countries of Central Europe. Thus, we can say that this study of this paper presents the latest developments related to international free trade with special emphasis on the goods market and analyses the possible economic and political results of international countries.

Keywords: International Trade, border management, free movement of goods, European Union, international agreements.

I. INTRODUCTION

The developments of a country are viewed from the economic point of view, how developed the economy of that country is, and concretely here, the financing of the state from public revenues received from transport and export trade with other countries is viewed first. The aim in this case is to look at facilitating measures in this direction, specifically looking at how it becomes easier to trade, whether in import or export. Regarding this matter, the author and world scientist say that the economy is the main pillar of a state, since a well-developed state will undoubtedly have a developed economy. Said by Adam Smith Considered who stands in history as the father of modern Economics, with his work *The Wealth of Nations* in which special emphasis is placed on the economic development of a country, with a special emphasis on the economic liberalization of nations (Smith, 1991). In this case it is known that it

will be necessary to look at the possibilities of free trade at the international level since a country cannot trade only within the country, I can do port income is lower compared to other countries which disrupt the trade between them. From the sources and the words of Adam Smith also emphasizes that "The market regulates itself", this is based on the fact that if it were a free market, whether inside the country or abroad, the goods, or other services be distributed more efficiently. Thus, on this occasion, the title of the book "invisible hand" is clarified, since through the words in the book's notes it is emphasized that when all individuals act in their own interest without being hindered by anyone else, whether by any customs payment or any tax Determined by the state, in one word it can be said that when the interventions determined by the states are minimized in the case of trade, export or import of goods and services, then the result is achieved and that in a better general form not only for a state but for the states that have created agreements to practice the free economy market, whether it is the exchange of goods, services, people or others. (Zimeri, 2016) Thus, taking into account the

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importance of free trade, which also affects the economic development of the country, this topic has been examined, and through this paper we will transmit the legislation and practice of free trade, which has been developed since the past international countries until today, focusing on the organization of the European Union, (Investopedia, 2017) how this issue is defined in the legislation and how it is implemented by its member states, and focusing on the state of Kosovo with a view to the free market that can undertake the state with regional countries or beyond. (Nikaj, 2015).

II. RESEARCH METHOD

The work in question is composed of appropriate scientific methods, without which the research will not be possible. At first, the research method was used, through which research was done on the basis of local and international legislations which have defined provisions on international free markets, and then focusing on the doctrine of the authors given in their scientific books. Then, the historical method was taken as a basis, through which it was seen when importance was given to free trade between countries, and also stopping in modern times until today. Then, in some cases, it is a descriptive method, through which the figures or statistics made over the years have to be described, through which it is shown how and to what extent the trade of goods and services between international countries has been done. Also, during the work, other scientific methods were used, such as the induction method, the deduction method, the comparative method, the synthesis method, the method of research questions, etc.

III. RESULTS AND DISCUSSION

III.1. The Meaning of Free Trade with Special Emphasis on Trade in Goods

The production and consumption of goods and products has an important role in the life and development of individuals, that is, society in general or the state itself. So, in order to have a consumption of the required products and goods as well as products required by us, there must be a developed market to meet the general needs of society and the state. Thus, one must first know how to organize the regular exchange of production and consumption, and such a thing is done through the mediation of trade, which is considered to be one of the basic tasks of doing trade, that is, to produce and then the production circulates and is consumed, in order to have a profit in the end,

either the production activity or the export of the goods. So if the question is asked what is called trade, then we can say that trade is the process of buying, selling or servicing goods that can be sold wholesale or retail, within a country or with other countries. So in case we are dealing with trade, we say that there is a circulation of goods or services within the same country or from one country to another.

The trade of products and services, each country begins to aim for the development within the country, specifically by doing trade within the country, the region and then aiming to circulate the market of goods and services also outside the country and the region. Thus, if we take the example of the state of Kosovo, doing business begins within the territory, benefiting from public revenues that come from business taxes, taxes and contributions. Thus, based on the past, the trade was initially made of goods with goods, but with the passage of time, trade and exchange of goods with money was made. This is how even now in modern times, the trade of goods is done with money. Based on the medieval period, trade was developed in Europe, achieved through trading or selling goods at fairs organized by the emperors of that time. Then they transformed the traded goods and called them assets, whether movable or immovable, and for which, in case someone wants to buy, they had to exchange money for that purchased item. (Samuelson, 1939).

Thus, to this day, the trade of goods and services is done in exchange for money. As well as the state of Kosovo, the region and international countries, the trade of goods or services is done under the exchange of money, which we can say have made the market simpler. In order to reach the market, a certain good or service must be produced for which there is a demand, both within the country and abroad. An important issue is that the trade is done freely, without obstacles, whether determined by the state or by businesses. Based on David Ricardo's prediction, it was said that it is very advantageous for trade to be free between countries, since through freedom, countries specialize in production that requires less input of factors. This is due to the fact that countries that are worse in production can gain from trade. (Ricardo, 2015) An example can also be taken of the state of Kosovo as a state emerging from the war, which is also the smallest state in the region in terms of geographical size, but especially in terms of economic impact. ([<https://dogana.rks-gov.net/si-importohenmallrat/>], 2017) So, based on the production of goods and services that is considered to be low, with free trade

with other regional or international countries, Kosovo will gain from trade, specifically in the export of goods that cannot be produced by local businesses.

To make free trade, the countries must first have the will to have economic cooperation. Such a thing is observed when we look at the products imported to Kosovo, which in most cases come from China, Turkey, Brazil and also from European countries. This is due to the fact that these countries have offered the state of Kosovo lower customs expenses, based on the agreements that the state of Kosovo can make with the aforementioned countries. In these cases, we can say that a trade has been made from international countries, which cannot be distinguished as international trade due to geographical distances or because it is outside regional countries, but is considered international trade because products and services are found in that market different ones such as those offered by different manufacturers or traders from many countries of the world, without being limited to European regions or countries. (Zimeri, Dispenca - International Trade, 2016).

From this it is understood that free trade is not limiting exports and imports of goods and services. This is achieved through country policies, which can be carried out by regional countries, or even beyond, including European and international countries. (Free Trade, 2012). Thus, in many literatures, it is emphasized that the geographical area of countries that participate in free trade agreements is called Free Trade Area. Thus we say that a free trade area is a group of countries that have reached an agreement to have little or no price controls, or more specifically customs fees. Thus, through these agreements, countries are enabled to circulate goods or services without any customs barriers, specifically without paying customs during the export or import of products. In this case, the countries benefit from exporting the products that they cannot produce in their country without any obstacles or customs barriers. Thus it is emphasized that greater wealth and more freedom of doing business is promised through the free trade zone.

III.2. History and Free Trade Agreements

Emphasized as above, trade from the first human communication, specifically in prehistoric times. At that time, the exchange of goods and services was done in exchange of goods for goods, until the discovery of currency. According to the discoveries of Peter

Watson, the trade dates back to about 150,000 years ago (Watson, 2005). Thus it can be said that trade has been done throughout the history of mankind, but free trade has been put into operation in recent centuries, specifically during the end of the twentieth (20th) century and the beginning of the 2000s.

The Question Arises, why is it Thought to be a Free Trade Between International-European Countries?

Based on the developments of the European countries, the economic recovery of Europe was on track, concretely there were two main obstacles that hindered the expansion of trade. These obstacles hindering the economic development of European trade were:

- The high customs tariffs that were imposed by many European countries during the period between the two wars, then some of them even before 1914.
- As well as the second obstacle was the chronic lack of the dollar, which had become the main international tool for carrying out obstacles (Laker, 1992).

Thus, to avoid these two obstacles, the general agreement was created on the basis of which the trade had to be expanded. This agreement was the General Agreement on Tariffs and Trade, established in 1947. From these agreements, it was agreed that initially a part of customs duties would be removed, and in some cases, customs duties would be removed altogether for some goods. Thus in 1956 the agreement on a Common Market defined a period of twelve to fifteen years for the reduction of customs duties and quantitative restrictions, which in some cases limited the amount of transport of any given goods. Then in 1965 customs were twenty percent lower than in 1957 and so during the following years it was anticipated that agreement would be reached for the complete abolition of customs duties which was reached during 1970. (Lusztig, 1996).

The Question Arises, was there any Benefit from these Agreements?

Based on the data of the countries, it is emphasized that within an eight-year period these measures lead to an increase of about 240 percent in trade between the countries of the Common Market, while trade with countries outside it expanded by about 100 percent. But based on the second obstacle, we say that it was a big obstacle for trade developments in Europe. Here

we are talking about the lack of dollars, but this was somehow managed by Marshall's plans, but European discrimination against American imports continued until 1956, including capital movements, and that in most European countries remains in force until in 1958. Europe's financial power increased significantly during the 1950s, with dollar and gold reserves rising from \$10 billion in 1950 to about \$30 billion in 1964. Thus the era of the dollar ended in the 60s. Thus, we can say that the liberalization of free trade had a very large positive effect, since it encouraged economic growth as well as a rational division of labor between European countries. Foreign trade was of primary importance to countries such as Germany and Belgium, where domestic demand alone would not have been sufficient to sustain a high level of economic activity.

In addition to the above, I will generally define what are the key agreements for the international-European free market:

- Free internal trade of goods and labor, of the European Union, year 1992;
- North American Free Trade Agreement of 1994 (NAFTA)
- The GATT Marrakech Agreement of 1994, which determines the formation of the WTO;
- Free trade agreement from the World Trade Organization, January 1, 1995;
- Agreement on the use of the Euro in the European Union, year 2002;
- Central American Free Trade Agreement including the United States and the Dominican Republic. (Jan, 1953).

From this it is understood that the Free Trade Area increases the volume of international trade, but only of the countries that are part or signatories of these agreements, and on the basis of which the signatory countries benefit from the free transport of goods and services from the participating countries of agreements.

Will it be beneficial to be part of free trade agreements?

The answer would be undisputed, as there are many benefits to joining international free trade agreements. These advantages are as follows:

First of all, we must emphasize that the primary effect of the free market is an economy made between

countries without barriers, whether customs or other. Thus we can say that we have free trade when customs fees, costs or other commercial obstacles are partially avoided or completely excluded (Lusztig, 1996). Estimates of the benefits of eliminating all barriers to trade in goods range from \$250 billion to \$680 billion annually. In addition to the above, research findings have determined that countries that are part of free trade agreements have experienced faster economic growth and poverty reduction, and these countries are: Vietnam, India and Uganda. (Dollar, 2001)

Then it is emphasized that countries that reduced customs tariffs grew economically faster during the 1990s than those countries that did not reduce tariffs. (Dollar, 2001).

And above all the benefits that were clearly observed were those of the poverty reduction of over 120 million people between 1993 and 1998, this is due to the fact that through the liberalization of trade, the member countries of the agreements were able to trade without customs fees, and with those benefits built enterprises that employed many people, and also the prices of products decreased. (Fears, 1997)

The next advantage for joining the free trade agreement can be considered the improvement of economic growth. So the economy of a country must be developed and this can be achieved if we import state products to other countries which are part of the free trade agreement, since we do not have any customs fees.

- We also consider the main advantage and the lower cost of goods and services
- also the increase of the labor force.

III.3. Free Trade in Kosovo and the Benefits of Free Trade

For the state of Kosovo, it is difficult to begin to write how it began to recover economically, after the end of the war in 1999. This is due to the fact that Kosovo after 1999 was an economically destroyed country, including finances, and also the most elementary to survive the pupuli of Kosovo. Recovery is achieved thanks to the help of international countries, with the aim of membership in the Organization of the European Union. Initially, Kosovo entered into an agreement with the EU by signing the Stabilization and Association Agreement, through which Kosovo and the EU discuss

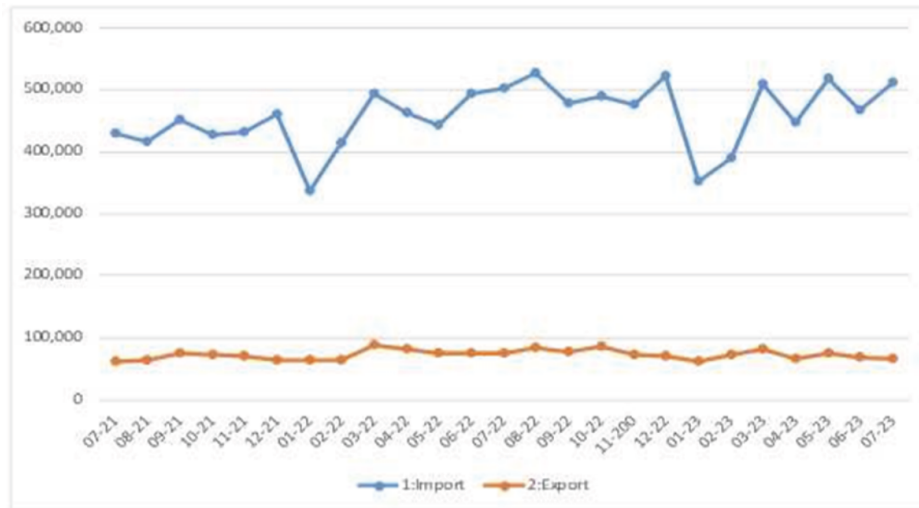


Figure 1: Indicator of the circulation of goods in the Foreign Market.

technical and political issues, and in this context, economic and trade issues were also discussed (Kenneth, 2008). Thus the situation created in Kosovo, created the need to request goods from regional countries or other international countries, whether for food, clothing and construction. With this, the state of Kos increases the import of goods and services. From the years 1999 until today, it can be seen from the research that the state of Kosovo is still dependent on the import of services and goods. With the exception of 2023, we can say that we have an increase in exports compared to 2022, thanks to foreign trade and customs relief that determine the agreements to which Kosovo is a part.

Thus, based on the foreign trade statistics of July 2023, we can say that the trade deficit is higher for 4.4. % in July of 2023, compared to July of 2022, namely in

the amount of 444.7 million euros, compared to the deficit of 426.1 million euros in 2022. ((STJ) F. T., 2023).

From this, it can be seen that export covers import by 13.1%. Based on the statistics, we see the above graph:

In case we want to know which are the exported goods with the highest value then based on the statistics they are: (22.2%) basic metals and their articles, (17.5%) various manufactured articles, (14.5%) plastics, rubber and articles thereof, (10.6%) prepared foods, beverages and tobacco, (6.3%) plant products, (5.2%) textiles and textile articles. Footnotes Foreign Trade Statistics (STJ), July 2023. ((STJ), 2023)

I transmit these data through our following form:

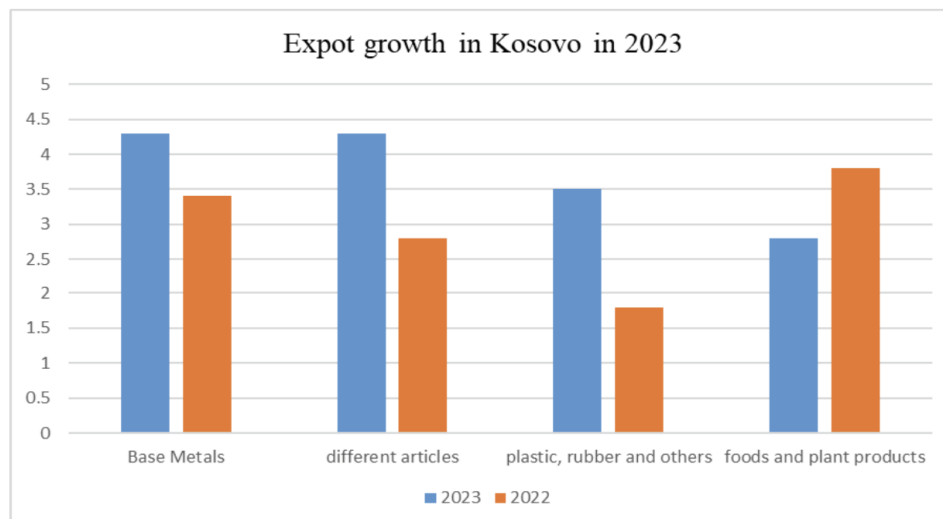


Figure 2: Indicator of export growth in 2023.

So, through the second figure, the increase in exports can be seen until 2023, and that in certain goods such as basic metals, various articles, plastic products, food, tobacco and alcoholic beverages. (Ghirmay, 2001).

Thus, from the period of economic recovery, Kosovo joined some of the agreements which helped in economic, financial and other spheres development. These agreements to which the state of Kosovo is a signatory are:

- Free Trade Agreement with Albania; (Hollaj, 2015)
- Free Trade Agreement with Turkey;
- Central European Free Trade Agreement - CEFTA - and
- Free Trade Agreement with 8 Balkan countries - SAA.

From these agreements, we can say that Kosovo's economic and financial development has significantly improved, and we claim that with good management, and membership in other free trade organizations, we will have even more benefits. (Kosovo, f. 2017). Thus, for free trade and development in this aspect, based on the data of the Minister of Trade and Industry of Kosovo, it is said that their field of activity is focused on: Making commercial policies, Establishing Free Trade Agreements, Supervision of the local market, (<https://mint.rks-gov.net/page.aspx?id=1>), and for which we claim that they will be managed properly in order to have a free trade with increased export in the coming years and also an economic growth of the country.

The freedom of circulation of goods, specifically to have a free regime is necessary especially for the state of Kosovo, which is a country with low economic income. This is the reason that Kosovo is constantly engaged in fulfilling the conditions to join the European Union organization, since treaties have been formed in this organization on the basis of which trade can be done freely in all EU member states. . Despite the formation of rules by the EU, within the framework of free trade of goods, still based on practice we can say that there are still barriers when it comes to exporting goods to European countries. For this issue, the complaints and concerns of business owners are presented, since the regulations of the European Union state that goods can be exported freely and always in

accordance with the norms of the EU, and such a thing is not applied in practice, since that businesses pay customs taxes and at the borders of EU countries.(European Commission. Free Movement of Goods: Guide to the Application of Treaty Provisions Governing the Free Movement of Goods, fv. ,2010) Thus, from the Law of the European Union, the following regulations and treaties are used, which have as their object the free circulation of goods:

- Regulation (EC) No. 764/2008 of the European Parliament and of the Council of July 9, 2008 for determining the procedures;
- Implementation of certain national technical rules for products that are legally marketed in another member state and repeal decision no. 3052/95 / EC;
- Regulation of the Council (EC) No. 2679/98 of 7 December 1998 on the functioning of the internal market in relation to the free movement of goods between Member States;
- Regulation (EC) No. 765/2008 of the European Parliament and of the Council of July 9, 2008, which defines the requirements for accreditation and market surveillance in relation to the marketing of products and the repeal of Regulation (EEC) No. 339/93;
- Regulation (EU) No. 1025/2012 of the European Parliament and the Council of 25 October 2012 for European Standardization;
- Decision No. 768/2008/(EC) of the European Parliament and of the Council of 9 July 2008 for a common framework for the marketing of products;
- Directive 2013/29/(EU) of the European Parliament and of the Council of June 12, 2013 on the harmonization of the laws of the Member States regarding the making available on the market of pyrotechnic articles;
- Directive 2009/48 / (EC) of the European Parliament and of the Council of June 18, 2009 on the safety of toys;
- Directive 2014/33/(EU) of the European Parliament and of the Council of 26 February 2014 on the harmonization of the laws of the Member States relating to lifts and safety components for lifts.

CONCLUSION

The content of this paper clarifies the meaning of free trade and the importance of free trade for states in general, and in particular for the state of Kosovo as a country with low economic income. Thus, free trade, based on the past until today, plays a very important role for the economic development of countries, since in the event that products and services are transported or imported from one country to another, customs fees are legally determined to be paid. Thus, with free trade, customs duties on most products are completely removed, while a small number partially allow customs duties to be paid.

This is almost a great relief for the countries, since the fee which would be paid in the export of the goods is kept by the state. In this case, in order to achieve the free market, several agreements have been made by international countries and also by the European Union Organization, based on which the member states of the agreements are given relief in customs fees, when it comes to import and export, of goods and services. This is how trade can be said to come and advance with membership in international agreements such as the UN, CEFTAS, SAA, etc. Among these agreements, the state of Kosovo is part of them, from which agreements the improvements in the country's economy are clearly visible, looking at the increase in exports in 2023 compared to 2022. Thus, it will be useful for developing countries and also that are weak from the economy and finance, to recover by making free trade in goods and services. Thus, the state of Kosovo will have to make improvements in the sector of the production of goods that the international market requires, so that through their export I can profit through the free trade of manufactured goods, and also profit from the increase of local exports.

RECOMMENDATIONS

Countries in general should support barrier-free trade. This issue is achieved by focusing on several issues such as:

- To form businesses for the production of goods that are requested by regional, European countries, etc.
- To increase controls in internal businesses to check the quality of the goods produced, determining whether they meet the criteria required by the EU.

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