

**Lessons Learned and Analysis Unit of the EU Pillar of UNMIK  
European Stability Initiative**

**De-industrialisation and its consequences**

**A Kosovo story**

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# *Lessons Learned and Analysis Unit of the EU Pillar of UNMIK<sup>1</sup>*

## **De-industrialisation and its consequences**

### **A Kosovo story**

#### **1. The demise of industry in Peja**

In pre-socialist times, the town of Peja (known in Serbian as Pe ), was a lively regional centre of around 16,000 inhabitants, housing a community of merchants and craftsmen,<sup>2</sup> several hotels and restaurants,<sup>3</sup> and a few larger enterprises: a stream-driven flour mill (established in 1925), two timber mills (1932 and 1936) and a small brick factory (1936). Peja was first connected to the railway in July 1929 and electrification followed in the same year, with a small hydroelectric power-station on the White Drini River.

Today, after five decades of socialist development and more than ten years of post-socialist decay, Peja's economy is back where it started early last century. Amid the ruins of an industrial sector which has entirely collapsed, one can find economic structures strikingly similar to those of the pre-socialist 1930s: shops, tradesmen, hotels, and a handful of functioning industries: a saw mill, a bakery, a brewery and a brick factory. The transition from a pre-industrial agricultural economy to an urban manufacturing centre has failed.

*Table 1: Industrial and commercial SOEs in Peja registered as businesses according to UNMIK Reg. 8/2000*

<b>Current enterprise name</b>	<b>Industry</b>	<b>UNMIK reg. no.</b>
"Ringov"	Brick factory	80057075
"Iliria"	Construction	80006888
"Dardania"	Rolling-stock	80043996
"Kombinati i Drunit"	Sawmill/furniture man.	80279485
"Rugova"	Hotel trade tourism	80196911
"Elmont"	Electrotechnical services	80074964
"Hidromont"	Hydrotechnical services	80007183
"Mofast"	Painting and colouring	80123566
"Produkt" Fabrika e Bukës	Bakery	80267096
"Kombinati i Lekur Këpuceve"	Leather and shoe combine	80417756
"Birra e Pejës"	Brewery	80115571
"17 Nëntori"	Wholesale and retail trade	80020694
"Agrodukajini"	Wholesale and retail trade	80007329
"Rugova"	Wholesale and retail trade	80123272
"Pejaturist"	Hotel trade tourism	80269269
"Ramiz Sadiku"	Car component factory	80104928

<sup>1</sup> The **Lessons Learned and Analysis Union** is an initiative of the EU Pillar in Kosovo, supported by the Swedish government. It provides international and local policy makers in Kosovo with up-to-date analysis on key international programme areas. Reports are written independently by the European Stability Initiative (ESI) and do not reflect EU Pillar views or policies.

<sup>2</sup> In Ottoman times, Peja, which was then known under its Turkish name Ipek, had 960 small artisan stores. Bojovic, Bojko, *Metohija. Monografija*, Pristina 1979

<sup>3</sup> The first large hotel, Hotel Korzo, was built in 1929, followed by hotel Turist in 1938 and café Balkan.

"Dukagjiniремонт"	Car service and trade	80090102
"Unis"	Bicycle factory	80238789
"FKM "	Metal construction factory	80253761
"FBI – Trepca"	Industrial battery factory	80037732

By 1990, on the eve of the abolition of Kosovo's autonomy, Peja town had grown to approximately 55,000 inhabitants, with 138,000 in the surrounding municipality. Its socially owned enterprises (SOEs) employed 10,200 workers. Ten years later, this number has plunged to 1,500. The largest employers of the past – the manufacturer of automotive components Ramiz Sadiku, a leather and shoe combine, the construction company Izgradnja – have contracted sharply and are basically out of business. Today, the largest employer is the Peja brewery (some 500 employees), followed by the trading and retail company 17 Nëntori (279) and the brick factory Ringov (114).<sup>4</sup> The proportion of Peja's business workforce employed by SOEs has dropped to less than 15 percent.

One measure of the economic significance of the remaining SOEs is tax collection. In 2001, Peja's SOEs contributed only DM 13,652 per month in presumptive tax revenue, eleven percent of the amount paid by the private sector, and this had declined from DM 23,474 per month the previous year. At the same time, the private sector's contribution rose from DM 92,960 per month in 2000 to DM 120,483 in 2001. There is every indication that growth in revenue from the private sector will continue to outstrip the SOEs.

*Table 2: Who pays taxes?*

<b>Year</b>	<b>SOE tax paid<sup>5</sup></b>	<b>Private sector tax paid</b>	<b>% from SOE sector</b>
2000	140,847 DM	557,765 DM	20.2%
2001	163,832 DM	1,445,798 DM	10.2%

\* As Presumptive Tax was introduced on 1 July 2000, the results for 2000 include only 6 months.

The best way to measure the health of the SOEs would be to consult their balance sheets and extract precise information on turn-over, cost structures and profits. However, for reasons which will become apparent, such information is difficult to obtain, and we are obliged to rely on the incomplete and sometimes unreliable information provided by the current SOE management.

UNMIK does not at present have reliable inventories of SOE assets, and their own valuations of old and obsolete equipment are questionable. This makes it difficult to calculate the amount of capital remaining in the companies. However, a self-evaluation survey carried out by the Peja office of the Department of Trade and Industry (DTI) in 2001 gives an indication of the *structure* of the capital. Among the 16 companies which responded to the questionnaire, the total book value of their assets is DM 384 million.<sup>6</sup> More than two-thirds

<sup>4</sup> This number does not include the transport company Kosovotrans, which employs 276 people but is not considered by UNMIK to be a "commercial or industrial SOE". We will return to the question of what counts as "employed" in a Kosovo SOE. For the same reason, the Peja hospital, legally also an SOE, and other non-commercial SOEs, which have significant numbers of employees, are not considered here.

<sup>5</sup> The results are based on Presumptive Tax. Presumptive Tax was implemented on July 1<sup>st</sup>, 2000, thus the results for 2000 include only 6 months.

<sup>6</sup> Including 15 industrial and commercial SOEs with complete information plus the shoe

of the total capital is *immovable assets* – land and buildings – to which they have only socialist “user rights” rather than clear property title. The SOEs claim to have only DM 40 million worth of equipment (18.9 percent of their total capital), and DM 500,000 in liquid assets (0.24 percent).<sup>7</sup>

Thus, even on the figures provided by the SOEs themselves, it is apparent that Peja’s SOEs have been almost entirely de-capitalised. In addition, the real value of machinery is considerably below the figures given by enterprise managers,<sup>8</sup> and none of the companies have disclosed the extent of their liabilities.

Table 3: Capital value of 14 major SOEs in Peja municipality<sup>9</sup>

	DM	%
Land and buildings	150,254,000	78.92
Equipment	39,617,000	20.81
Liquid capital	513,000	0.27
<b>Total capital value</b>	<b>190,384,000</b>	

Perhaps most importantly, few of the SOEs are producing anything at all today, and even fewer are able to bring their product to market. The former Zastava car parts supplier Ramiz Sadiku, the UNIS bicycle factory, the Leather and Shoes Combine, FMK, a metal construction factory formerly linked to “UTVA Boris Kidri”, the car repairer Metohijaremont, now called Dukagjiniremont, and the construction company Iliria (formerly known as “Izgradnja”) are all inactive. Most of the units of the former Peja Agro-Industrial Combine, once the region's principal actor in agro-processing, have ceased to operate. The Peja Wood Combine operates at low capacity, producing window frames and drying wood for private companies, and complains that it cannot afford to buy timber.<sup>10</sup> The retail company 17 Nëntori, which according to DTI records is the second largest commercial employer in the town, has stopped trading and survives by renting its shops to private entrepreneurs. The Industrial Batteries Factory reports a turn-over of more than DM 200,000 per annum, but not

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and leather combine (that does not specify its data), but excluding Engineering BL, EUP-IUP, Hekurishte and Tregjet which are former public companies.

<sup>7</sup> This excludes the special case of Ramiz Sadiku, which assessed the value of its capital at DM 144 million, with 50% in equipment. However, other information suggests that the company’s net worth may be negative (see below). It also excludes the Leather and Shoe Combine, which did not provide a breakdown of its capital.

<sup>8</sup> Ringov was assessed by UNMIK Peja to have a net worth not exceeding 700,000 DM. In 1989 the company was valued in its own books with 818,748 DM. In 2001 this self-assessment rises to 5,730.833. In 2001 the Wood Combine claims that its equipment is worth 14,209,375 DM. However, the last refurbishment took place in 1984 and no machinery is younger than 1990.

<sup>9</sup> Mofast, Elmont, Dukaginiremont, Pejaturist, Dardania, Ringov, Agrodukagjini, Bakery, Bicycle Factory, Rugova, Battery Factory Trepca, Brewery, 17. Nentori, Wood Combine.

<sup>10</sup> "Inception Report: Technical Assistance for Valuation of Socially Owned Enterprises in Kosovo", prepared for the European Agency for Reconstruction, Pristina, 21 January 2002. The company also owes the electricity company KEK over DM 170,000 in unpaid electricity bills: see; information provided by KEK Distribution Peja, 12 November 2001.

from the production of industrial batteries, which halted in 1998. The brewery is the only SOE in Peja which genuinely continues to operate its core business,<sup>11</sup> although it is obliged to import bottles, and its low-quality product measures poorly against the imported competition.

Although most of the SOEs are, for all practical purposes, defunct, there is currently no system of bankruptcy operating in Kosovo. The legal entities therefore survive, holding assets and employing (and sometimes paying) a greatly reduced workforce.

It is important to put this in the context of Peja's other economy – private business. The private sector today employs some 10,000 employees across 2,800 enterprises. Among Peja companies with a turn-over of more than DM 200,000 per year, there are eight commercial/industrial SOEs,<sup>12</sup> compared to at least nine private companies.

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<sup>11</sup> The brewery is the only SOE in Peja whose employment has increased since 1999.

<sup>12</sup> There are also five former public companies that have a turnover of more than DEM 200,000. VAT tax list, November 2001.

Table 4: SOEs in Peja with less than DM 200,000 turnover

<b>Name of company</b>	<b>Industry</b>	<b>Employees</b>
Iliria	Construction	32
Dardania	Transport	28
Rugova	Hospitality	65
Hidromont	Plumbing	16
Mofast	Painters	21
Kombinati i Lëkur Këpueve	Leather and shoe combine	60
Bujqesia	Agriculture	77
Rugova	Wholesale and retail trade	21
Ramiz Sadiku*	Vehicle components	1,427
Dukagjiniремont	Car mechanics	37
Unis*	Bicycle manufacturer	75
FKM*	Metal construction	290
Pejaturist	Hospitality	27

\* Premises currently occupied by KFOR

## 2. De-industrialisation in Kosovo

When economists talk of “de-industrialisation”, they normally mean the shift from industry to services which is characteristic of the most advanced economies. According to a recent IMF study, de-industrialisation is “a feature of successful economic development”, where high productivity growth in industry and agriculture leads to a shift of employment towards the service sector, accompanied by a general rise in living standards.<sup>13</sup>

In Kosovo, de-industrialisation refers to a very different phenomenon. It means the collapse of industry and a return to the pre-industrial past. The history of economic development over the past two decades has been one of protracted decline, marked by “a growing dependence on agriculture, especially for self-consumption, a deterioration in agricultural practice and a diminution in the physical stock in productive industry and in infrastructure.”<sup>14</sup>

The de-industrialisation of Kosovo is part of a broader picture of the collapse of the former Yugoslav economy. The Slovenian economist Joze Mencinger has argued that the process of decline dates from the 1970s, but was masked by cash remittances from abroad and by foreign loans. “The success before 1980 was fictitious; yearly inflows of foreign capital were greater than increases of the gross domestic product. The Yugoslav economy was doomed to stagnate for a decade if there were no net foreign capital inflows.”<sup>15</sup>

Palairt has traced a significant decline in household income and expenditure across Yugoslavia during the 1980s, accelerating rapidly after 1989.<sup>16</sup> This was mirrored by disastrous trends in investment over the period 1985-1998:

<sup>13</sup> Robert Rowthorn, Ramana Ramaswamy, *Deindustrialisation – its causes and implications*, IMF Economic Issues, 1997.

<sup>14</sup> Michael Palairt, *The Economic Consequences of Slobodan Milosevic*, Europe-Asia Studies, September 2001.

<sup>15</sup> Simmie, Joze Mencinger, p. 77.

<sup>16</sup> Per capita expenditure and saving equalled 4441 constant dinars in 1978, declined at 3,2 percent per annum to 3012 in 1990, before accelerating its decline to arrive at 1096 constant dinars by 1998.

Michael Palairt, *Economic Consequences*, ...

“In 1987 new investment still exceeded depreciation by 1.6 billion dinars of 1994 value, but it fell short of depreciation the following year. From then until the collapse in 1991 Yugoslavia experienced further net disinvestments, and rump Yugoslavia disinvested (on an even larger scale) from then until 1997, when net disinvestments reached 2 billion dinars of 1994 value.”<sup>17</sup>

By 1997, twelve percent of Serbia’s extremely low consumption was sustained by running down the capital stock. With its industrial plants deteriorating and its technology rapidly becoming obsolete, Serbia appears to have survived by cannibalising some factories to support others. As early as 1992, 40 percent of industrial SOEs in Serbia had stopped working altogether.

Table 5: Retail trade in Kosovo and Yugoslavia  
(in dinars per inhabitant, in 1972 prices)

	Yugoslavia	Kosovo
1958	1,919	723.6
1965	3,245	1,213.0
1972	5,546	2,220.1
1979	7,320	2,815.5
1989	5,205	1,505.9
1958-89	+ 171 %	+ 108 %

Source: Palairret (1992), *Statisticki godisnjak SFRJ*

Although Kosovo followed a very different political evolution, the collapse of its industrial sector was a component of the wider Yugoslav crisis. In the early phase of socialist Yugoslavia, Kosovo was largely neglected for strategic and political reasons, and industrialisation did not begin on any scale until the mid-1960s. It was carried out mainly through the establishment of subsidiaries of large industrial conglomerates based in other parts of Yugoslavia. In Peja, these included the manufacturer of automotive components Ramiz Sadiku (1968), the Trep a battery factory (1980), a metal-working company from Pan evo (1984) and a bicycle factory which was part of UNIS Sarajevo. The decision to locate these factories in Kosovo was not based on any consideration of comparative advantage, and often proved to be both technically and economically inefficient.

These new industries in Kosovo never became self-sustaining, and the Kosovo economy was unable to generate its own investment capital. The SOEs were dependent on a continuing inflow of investment capital from the Yugoslav Federal Development Fund and the highly politicised domestic banking system. Both sources of funding had disappeared by the end of the 1980s. Although Kosovo was the largest recipient of Federal Investment Funds over this period,<sup>18</sup> by 1987 Peja’s SOEs received only DM 1.3 million, and this fell to DM 360,000 in 1989.<sup>19</sup> The breakdown of the banking sector was no less dramatic. Kosovo’s most important

<sup>17</sup> Michael Palairret, *Economic Consequences*. ...

<sup>18</sup> Between 1958 and 1970, 64 percent of all investment in Kosovo went to industry, of which 85 percent was heavy industry: Sabrina Ramet, *Nationalism and Federalism in Yugoslavia 1962-1991*, Indiana U.P., 2nd ed., 1992, p. 146.

<sup>19</sup> Source: Handwritten documentation "Obezbedjenje sredstava" concerning capital



bank, BankKos, filed for bankruptcy in 1989<sup>20</sup> with debts of more than US\$ 731 million outstanding from the major SOEs. Without these subsidies, the SOEs entered into a period of irreversible decline.

Across Kosovo, the result was “an economic collapse of extraordinary ferocity”.<sup>21</sup> Per capita spending in its shops declined by 47 percent over the 1980s. By 1987, unemployment had reached 55.8 percent, three times the national average.<sup>22</sup> This extreme economic dislocation fuelled the breakdown of the political system and the sharp deterioration in ethnic relations.

During the gradual abolition of Kosovo’s autonomy from 1989 to 1992, Kosovo underwent a series of repressive measures, including the imposition of Serbian management over its SOEs and the mass dismissal of Albanian workers, leading to severe industrial unrest.<sup>23</sup> Some of Kosovo’s plant and equipment was cannibalised during this period in order to sustain factories in Serbia. These measures certainly *accelerated* the de-capitalisation of industry. However, the roots of the crisis lay much deeper, namely in the dysfunctional patterns of industrial development under Yugoslav socialism. Even in Serbia, where the regime had every incentive to re-start the investment cycle, Milosevic’s “anti-bureaucratic revolution” was unable to preserve the struggling industrial giants. Technology continued to age and productivity deteriorated even further. Inventories were pillaged and the remaining liquid assets embezzled. The recourse to hyperinflation in the early 1990s stripped the savings from the general public, forcing people to sell their stocks of hard currency in order to survive.

During this period, it appears that the Serbian regime began to use the defunct SOEs in Kosovo as a vehicle for raising hard currency from the newly emerging private sector. As the political economy of post-autonomy Kosovo has not been studied in detail, we have to assemble a picture from incomplete information.

The “new” Kosovo private sector has roots going back to the 1980s when the Karic brothers from Peja formed their first company, *Kosovouniverzum*.<sup>24</sup> Others companies quickly emerged: in Peja these included Strelac, Metalplast, Tapiserija, Dukagjini and Ekos. By 1989, 25 *contractual* private enterprises had been formed in Peja, a third of Kosovo’s total.<sup>25</sup>

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investments in the Social Sector of Peja in the years 1987, 1988 and 1989. With DTI Peja.

<sup>20</sup> These bankruptcy proceedings have never been concluded. Two court-appointed liquidators have died on the job, and the most recent fled during the war.

<sup>21</sup> Palairret, 1992, p. 899.

<sup>22</sup> Ramet, 148.

<sup>23</sup> The dismissal of Albanians from SOEs was left to the discretion of the management and varied from one company to the other. The Birra e Pejes beer factory in Peja, for example, recorded an increase in its Albanian workforce between 1989 and 1998, although the *proportion* of Albanians within the workforce declined. In other SOEs, most of the Albanian workforce was dismissed. These political upheavals led to widespread violent protest, industrial action and campaigns of passive resistance, causing many of the ailing SOEs to cease production altogether. By 1996, most of the major heavy industries in Kosovo were inactive.

<sup>24</sup> The Karic brothers later became the wealthiest entrepreneurs in Yugoslavia close to the regime, with a private bank, radio and TV stations and a wide network of trade connections.

<sup>25</sup> Kosovo Chamber of Commerce names 75 contractual enterprises, so called *Contractual Organisations of Associated Labor* (COAL), for all of Kosovo in 1989.

After retail trade liberalisation in the late 1980s, and particularly following the mass exclusion of Kosovar Albanians from public employment, the private sector entered a period of rapid growth which continued until the mid-1990s.<sup>26</sup> By 1994, there were more than 16,000 private businesses in Kosovo, the vast majority Albanian run. These new businesses were considerably more efficient than the SOEs, producing 30 percent of Kosovo's total output despite having only 10 percent of the operating capital.<sup>27</sup> The new private sector, still dominated by trading companies, began to form a complex network of business relations with the Serbian regime.

Table 6 : Registered and individual enterprises in Kosovo 1991-1996<sup>28</sup>

Year	Registered enterprises	Individual enterprises
1991	5,610	---
1992	10,391	---
1993	15,640	---
1994	16,731	---
1995	16,521	---
1996	16,375	---
1998	16,815	19,252
2001	19,444	21,498

In 1992, as war spread from Croatia to Bosnia, the newly created FR Yugoslavia was faced with an international sanctions regime and the dramatic collapse of the dinar, generating a desperate need for hard currency. With considerable reserves on hand as a result of international trade and remittances from a growing diaspora, Kosovar Albanian society was able to profit from this need.<sup>29</sup> Kosovar businessmen with access to hard currency began to act as middlemen in the cash-starved Serbian economy. Some of Kosovo's companies used their links with Albania and Western Europe to pursue highly profitable trade with Serbia, in defiance of the sanctions regime.

For its part, the Serbian regime began leasing out apartments, shops and business premises belonging to SOEs to the Kosovo private sector, in order to generate revenue. While

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The Yugoslav statistical bureau shows 41 in 1991. Possibly the number declined after market liberalization. COALs were based on Article 67 of the 1974 constitution and the Law on Enterprises adopted in 1988. See: Prout, p. 142.

<sup>26</sup> Private sector growth then appears to have stagnated until the war in 1999.

<sup>27</sup> Ibrahim Rexhepi, *Avramovic and Kosovo*, aim, 24 October 1994.

<sup>28</sup> Data for 1991-1996 according to report of Riinvest, "Economic Activities and Democratic Development of Kosova", September 1998. Same information by Kosovo Chamber of Commerce. Data for 1996-1998 according to aim-reports. Data for 2001 according to Business Registration Report of Kosovo Statistical Office 2001.

<sup>29</sup> In October 1994, Dragoslav Avramovic, Governor of the National Bank of Yugoslavia, declared after a visit to Prishtina: "I was informed that the Albanians receive monthly between 250 and 300 million German marks from abroad. If that is true, that is a lot of money and, if they have a surplus of foreign currency, the National Bank of Yugoslavia is ready to borrow from them under acceptable conditions": Ibrahim Rexhepi, *Avramovic and Kosovo*, AIM, 24 October 1994.

Kosovo's industries were largely defunct, their fixed assets were being recycled to the private sector, with the revenue streams accruing to the benefit of the Serbian elite.

### 3. SOEs after socialism: surveying the remains

This section provides an overview of the history and development of Peja's SOEs. There are four broad groups of SOEs:

- i) traditional crafts and pre-war businesses nationalised during the socialist period;
- ii) the various divisions of the Peja Agro-Industrial Combine, the vehicle for an unsuccessful attempt to socialise agriculture in the region;
- iii) industries developed from 1959 onwards, usually by creating subsidiaries of large industrial conglomerates located elsewhere in Yugoslavia;
- iv) trading and retail companies.

It is important to note at the outset there is a severe lack of hard information on the condition of SOEs – and indeed on the real economy in general – in Kosovo. This is a serious obstacle for UNMIK and its agencies, as they attempt to exercise the functions of government and to act as trustees of public property. Although a great deal of anecdotal information is reported from the field, it is too sketchy to provide a coherent picture of economic patterns. Systematic research commissioned by the international mission has been variable in quality. What follows is by necessity drawn from a variety of sometimes contradictory sources.

#### *i) Traditional industries*

In the period immediately following the Second World War, almost all companies except small-scale artisan shops and family businesses were nationalised across the former Yugoslavia. In Peja, a flour mill (probably the predecessor of a socially owned bakery), saw mill, brick factory and a hotel were nationalised in the 1940s and converted into SOEs in the 1950s. Perhaps not surprisingly, these enterprises have been best placed to survive the collapse of Yugoslav socialism.

The bakery still employs 30 people and sells its product from 6 kiosks and wholesale to private shops. Of course, it now faces competition from the private sector. Whether or not the SOEs in this category survive in their present legal form, the industries themselves will continue to exist.

In addition, individual craftsmen were “encouraged” by the authorities in the early 1950s to form co-operatives, which were later converted into SOEs.<sup>30</sup> These were electricians (Elmont), painters (Mofast) and plumbers (Hidromont), as well as craftsmen working with

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<sup>30</sup> As a socialist publication on Kosovo's economy noted in the case of the shoe factory *Komuna* in Prizren: “Soon after the Second World War, in the ancient town of Prizren, seven shoemakers *have decided to join up their financial means and skills in order to stop the old traditional ways of small individual work*”. In Peja in 1989, there was even a socialist co-operative of hairdressers: SAP, *The Economy of SAP Kosovo – today and in the future*, p. 57.

locally quarried marble. These all became divisions of the Bistrica enterprise in the 1970s. In the post-socialist environment, there are no obvious economic incentives for craftsmen to work together in co-operatives. The three co-operatives have emerged as separate units, each with a much reduced number of employees and an uncertain future.

In the hospitality industry, a number of pre-Second World War hotels and restaurants – Hotel Metohija, Hotel Korzo, Café Balkan – were nationalised and assembled into the SOE Metohija, which later acquired various other properties – Motel Dardanija, Restaurant Express, a kiosk take-away. Since summer 1999, this company is called Rugova, and its assets have ended up in a number of hands. The company itself still operates a restaurant, cafeteria and kiosk. Hotel Metohija is occupied by KFOR and Motel Dardania, although partially damaged, is leased by a private entrepreneur. Hotel Korzo appeared at one stage to have been repossessed by its pre-nationalisation owner. One restaurant and a café are leased out to local businessmen.

ii) *Experiments in agro-industry*

Socialism made relatively little impact on Kosovo's agriculture sector, which has retained its traditional pattern of private smallholdings and subsistence farming. Only during the 1960s and early 1970s was there a push towards the socialisation of agriculture in the Peja area, leading to the creation of 13 co-operatives and one agro-industrial combine (AIC).

The AICs aimed at the vertical integration of cultivation, processing and marketing of agricultural produce. Across Kosovo, they were sometimes used as vehicles for introducing new crops, such as sunflower, tobacco, wine and hops, as well as new farming techniques. They also encouraged private farmers to shift to these crops to generate raw material for the agro-industrial processing units, offering them seeds, fertilisers and the contractual guarantee that their crop would be purchased.<sup>31</sup>

One example was the introduction of sugar beet in the Peja region in 1959. A sugar factory was established in 1961, and in 1971 the Peja Brewery began operations. These two factories were then merged with a number of other units, including an industrial alcohol plant, a malt processing plant, a farm, a transport and a trade division, in order to form Agro-Industrial Combine (AIC) Peja. The AIC in turn belonged to the holding company Agrokosovo. The AIC held user rights to some 6,000 hectares of land,<sup>32</sup> of which two-thirds was agricultural and the remainder forest.

With no tradition of growing sugar beet in the farming sector, this industrial crop was widely rejected by private farmers. The nature of the land and the size of plots proved unsuitable, and the necessary technology and infrastructure were lacking. Even after punitive measures were applied to private farmers, sugar beet did not succeed in Kosovo, and was abandoned in 1992. As a result, production costs were driven up and the processing industries became dependent on costly imports from Vojvodina. The sugar factory entered into receivership in 1995, and the alcohol factory collapsed in 1996.

<sup>31</sup> John Allcock, *Explaining Yugoslavia*, Hurst, London, 2000, chapter 5.

<sup>32</sup> SAP, *The Economy of SAP Kosovo – today and in the future*, p. 84. Other documents mention the figure of 5,000 hectares.

During the 1970s, the AIC farm unit, Bujqesia, had a herd of 3,500 large Holstein-Frisian cattle,<sup>33</sup> with the capacity to breed 3,000 head annually, together with 600 dairy cattle, a dairy and a slaughterhouse. By 1993, the farm had been reduced to 53.5 percent of its capacity, and over the following three years it appears that its cattle were all sold.

Since then, much of the AIC's most valuable grazing land has not been used. Now registered as a separate company, the Bujqesia farm has begun renting parts of its land and facilities to a private enterprise, Fructus, based in Prishtina, for raising cattle. Various proposals from foreign NGOs to revive milk production have so far come to nothing.

The only other division of the AIC which still operates is the brewery, which has become registered as a separate company. It reopened only a few days after the end of the NATO bombing, under new management appointed by the UCK "provisional government". It had stocks of beer on hand from before the conflict which it sold under hastily improvised labels to raise capital, and claims to have been able to re-establish production to the level of 10 million bottles of beer in 2001. It imports its bottles from Bulgaria and Croatia. The beer is of poor quality and cannot be stored for longer than a few weeks. With 520 workers, the brewery now employs more people than in 1989, making it the largest employer in the region. It has a number of additional sources of income, particularly from the lease of premises, since it has taken over the assets of another unit of the former AIC, Tregjet dhe hoteleria (Trade and hospitality), including 15 shops, a restaurant and reportedly a hotel.<sup>34</sup> It also controls warehouses in different cities in Kosovo.<sup>35</sup>

### iii) *Peja's industrial crown jewels*

There are five main industrial SOEs in Peja.<sup>36</sup> The largest of them, Ramiz Sadiku, was one of the flagships of socialist industrialisation in Kosovo. It was also one of its most spectacular failures, and its story is worth relating in some detail.

Ramiz Sadiku was established in Peja in 1968 as a subsidiary of the giant Zastava vehicle manufacturer in Kragujevac, Serbia, producing automotive components, in particular car seats, on a fixed supply arrangement.<sup>37</sup> The decision to locate the plant in Kosovo was political, rather than economic – a response to the chronic underdevelopment and social unrest in the province.<sup>38</sup> By the end of the 1970s, it was the largest SOE in Kosovo, employing some 500 workers.

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<sup>33</sup> Private farmers traditionally possessed smaller cows (Busha).

<sup>34</sup> The restaurant is now leased to a bank.

<sup>35</sup> It also appears to sponsor activities in Peja, including the football team Futbol Shqiponja. In addition, it is an important shareholder of a new commercial bank which recently received a licence from BPK (the Banking and Payments Authority of Kosovo).

<sup>36</sup> The Wood Combine, another important SOE, will be discussed separately in the next chapter.

<sup>37</sup> Many SOEs across the former Yugoslavia sold their produce exclusively to a parent company or another SOE, which obviated the need for marketing or business planning.

<sup>38</sup> Michael Palairat, *Ramiz Sadiku: A Case Study in the Industrialisation of Kosovo*, Soviet Studies, Vol 44, No. 5., 1992

Table 7: *Employment in Ramiz Sadiku Peja, 1968-1989*<sup>39</sup>

<b>Year</b>	<b>Employees</b>
1968	405
1972	1,043
1975	1,500
1978	1,798
1989	2,275

Throughout its short history, Ramiz Sadiku was a particularly unreliable supplier, whose low-grade output and constant supply problems contributed to regular breakdowns in the Zastava production line. The company suffered from severe managerial weaknesses, leading to poor equipment maintenance practices and the rapid dissipation of assets. There was also a critical lack of qualified workers, as the management preferred an egalitarian hiring policy among the local Albanian community to importing skilled labour from Serbia. The plant was subject to persistent industrial unrest and absenteeism was rife, especially during harvest season.<sup>40</sup>

Despite its poor performance, Zastava was obliged for political reasons to maintain its 'single supplier' policy and to provide regular cash injections to the struggling company. However, during the 1980s, the Zastava plant itself began to accrue enormous losses as a result of misplaced investments and unreliable output.<sup>41</sup> At any given time, the factory yard held up to 12,000 incomplete cars waiting for the supply of parts, particularly from Ramiz Sadiku. In 1989, during the cancellation of Kosovo's autonomy, Ramiz Sadiku was hit by a combination of violent protests and passive resistance which caused its output to decline even further. In 1990, Zastava was finally forced to abandon its investment in Peja and turn to other suppliers. In subsequent years, Zastava's own production collapsed, with output falling from 179,000 units in 1990 to 12,000 units in 1998. The Kragujevac plant was bombed in 1999 during the NATO air campaign.

In June 1999, Ramiz Sadiku's premises were largely occupied by KFOR. The management has produced several plans to restart production, seeking a credit of DM 1 million to cover the most urgent repairs. Although some of its equipment remains intact, it is clear that the company has no realistic prospect either of attracting a major investment or of finding a new market for its product. The rationale for manufacturing vehicle components in Peja was only ever political, and has long since vanished.

Four other companies make up the rest of Peja's socialist industry: the Leather and Shoes Combine (founded in 1959); the Industrial Batteries Factory (1980); a metalworking company FMK (1984); and a bicycle factory (1990) which formed part of the UNIS conglomerate based in Sarajevo. As with Ramiz Sadiku, these companies were dependent on investment capital from their parent company or the Yugoslav Federal Development Fund, or on debt financing from banks. None ever produced a profit or used its capacities fully.

The Leather and Shoes Combine is the oldest industrial plant in Peja, founded in 1959. It consists of four production units ranging from shoe making to fur processing. For some reason, both the four production units and the SOE itself have registered with UNMIK as

<sup>39</sup> Data for 1968-1978 from Palairret, data from 1989 provided by Ramiz Sadiku management June 2001 to DTI

<sup>40</sup> Michael Palairret, *Ramiz Sadiku: A Case Study in the Industrialisation of Kosovo*, Soviet Studies, Vol 44, No. 5., 1992

<sup>41</sup> Michael Palairret,

individual businesses. The company has declined to provide a self-assessment of its value, although the director offered the estimate of DM 30 million. While the management claims to have 250 workers employed, it does not appear to be producing at all.

The Industrial Batteries Factory produced industrial batteries, mainly for barter trade with the Soviet Bloc. It was a BOAL of the Trepca mining combine in Mitrovica, from which it obtained its lead. Production reached a peak in 1986 with 10,016 tons, but even at that point the plant was unable to break even. The following year, production fell by two thirds and never recovered. After 1989, supplies of lead from the mine became irregular. By 1998, in its final year of production, the company produced only 240 tons of output. It now employs 67 of its former 660 workers.<sup>42</sup> In response to a DTI questionnaire, the company put the value of its equipment at a mere DM 4.77 million, compared to the installation cost of DM 88 million. In effect, over its 20 years history, the company never even generated enough profit to cover the depreciation of its assets.

After the war, the management was able to raise the funds for basic repairs from the sale of pre-war stock and the leasing of facilities, including to foreign NGOs. Between 1999 and 2001, this generated a monthly income of DM 25-30,000. The company has recently applied for a credit of DM 417,714 in order to refurbish the plant. In addition, to ensure minimum environmental safety, it would need to install new equipment for water neutralisation, estimated to cost DM 2.25 million.<sup>43</sup>

The company is generating income by completing half-finished pre-war stock, and claims to be exporting its output. However, the obstacles to restarting production in full would seem to be overwhelming. The equipment is obsolete, the traditional market has disappeared and Trepca mine, their supplier of lead, is still inoperative. An evaluation by UNMIK found: "Given the size of market, strength of competitors, high transport costs, lack of dealers and non-existing service network the target seems difficult to be achieved. The factory has industrial products where technology has been changing very fast... At first glance, it appears that, it is not easy to satisfy the market with products produced on machines manufactured decades ago in the absence of supporting factors."<sup>44</sup>

The company "Fabrika ë Konstruksioneve Metalike" (FMK) in Peja was a division of the "Boris Kidric" Factory in Pan evo, which belonged to the UTVA conglomerate. Founded in 1984, it appears to have ceased any further investment by 1987.<sup>45</sup> The current management claims not to have any documentation about the company after 1989. It values the assets as nil, since its machinery has been completely removed. The immovable assets are declared to be "public property", and the plant itself is currently occupied by KFOR. This is the only SOE that explicitly assesses *itself* as bankrupt, although no formal steps have been taken as a result of this.

A contrary self-evaluation is provided by the management of the UNIS bicycle enterprise, also currently occupied by KFOR. This company was developed late in the day, between

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<sup>42</sup> UNMIK, "An assessment of the Industrial Battery Factory 'Trepca'-FBI", Peja, April 2000. We were also told by company staff that this figure fluctuates depending on orders from 20 to 80.

<sup>43</sup> Report of Ekrem Belegu, Director, FBI-Trepca, 18 August 2001.

<sup>44</sup> UNMIK, "An assessment of the Industrial Battery Factory 'Trepca'-FBI", Peja, April 2000, p. 7.

<sup>45</sup> See "Obezbedjenje sredstava", table 3/1

1987 and 1990, exclusively from capital provided by the Yugoslav Development Fund. DTI believes that the company never became operative, although the current management claims that production commenced in 1990. The company depreciated its immovable assets by 0.036 percent over twelve years, and did not account for any depreciation of equipment.

*Table 8: Asset value of UNIS Peja according to its management (DM)*

<b>Asset</b>	<b>1989</b>	<b>2001</b>
Land	1,750,000	---
Objects (and land)	9,500,000	11,290,000
Equipment	4,060,000	4,060,000
Liquid assets	3,800,000	---
<b>Total</b>	<b>19,110,000</b>	<b>15,350,000</b>

*iv) Trading companies*

There are three trading companies in Peja which in former times exercised the state's monopoly over retail: 17 Nentori; Agrometohija; and Rugova. With the monopoly ended, these companies are not attempting to compete with private entrepreneurs in the retail market. Instead, they have focused on leasing their assets, including supermarkets, shops and warehouses, to the private sector. These assets generate enough rental income to sustain a substantial workforce – allegedly 385 employees across the three companies

For example, 17 Nëntori has 11,500 square meters of business premises in Peja municipality, including shops, supermarket and warehouses. It owns, the largest shopping mall (Shtëpia e Mallrave) in the centre of Peja. This three-story centre houses 55 enterprises selling goods such as perfume, carpets, white goods, furniture and clothing. These shops are leased to former 17 Nëntori employees, who pay rent (around DM 400 per shop per month) and utility charges (DM 200) to the SOE, generating approximately DM 33,000 per month in revenue. The dilapidated state of the shopping centre suggests that little of this is reinvested. The lessees are also required to hire other 17 Nëntori employees – a total of 110 work in this centre alone. Through this system of in-house commercialisation, up to 200 employees of the company are working in private businesses in the company's shops, while the remaining 80 reportedly receive DM 210 per month in 'social assistance' from the rental proceeds. The company itself no longer carries on any kind of retail activity in its own name. The workers are not aware of how the income of the company is spent by management.



## ANNEX

Table A-I: most important active and inactive economic units in Peja (BOALs)<sup>46</sup>

Title of enterprise 1989	Title of enterprise today	UNMIK-registration
BOAL Brick production – “Izgradnja” Construction	“Ringov” Brick Factory	80057075
BOAL Construction – “Izgradnja” construction	“Iliria” Construction	80006888
BOAL Transport – “Izgradnja” Construction	“Dardania” Rolling-stock	80043996
BOAL Sawmill – “Kombinati i Drunit” Wood Combine	“Kombinati i Drunit” Sawmill	80279485
BOAL General Services – “Kombinati i Drunit” Wood Combine	...	not registered
BOAL Furniture production – “Kombinati i Drunit” Wood Combine	“Kombinati i Drunit” Furniture Factory	not registered
BOAL Construction – “Kombinati i Drunit” Wood Combine	...	not registered
Hotel Metohija – “Metohija” Hospitality & Tourism	“Rugova” Hotel Trade Tourism	80196911
BOAL Electroinstallation – “Bistrica” Construction and Handicraft Industry	“Elmont” Electrotechnical services Trade	80074964
BOAL Waterinstallation Works – “Bistrica” Construction and Handicraft Industry	“Hidromont” Hydrotechnical services	80007183
BOAL Painting Colour and Wallpaper Works – “Bistrica” Construction and Handicraft Industry	“Mofast” Painting and Colouring	80123566
BOAL Surface and Construction Works “Oniks” - “Bistrica” Construction and Handicraft Industry	...	not registered
BOAL Bakery – “Zhitopromet” Prishtina	“Produkt” Fabrika e Bukës – Bakery	80267096
“Leather and Shoe Combine”	“Leather and Shoe Combine”	80417756
BOAL Leather Factory – “Leather and Shoe Combine”	“Kombinati i Lëkur Këpucve - f-ka e lekurave” Leather factory	80442394
BOAL Shoe Factory – “Leather and Shoe Combine”	“Kombinati i Lëkur Këpucve - f-ka e kepucve” Shoes Factory	80020406
BOAL Fur Factory – “Leather and Shoe Combine”	“Kombinati i Lëkur Këpucve - f-ka e peliqeve” Fur Factory	80431589
BOAL Leather Confection – “Leather and Shoe Combine”	“Kombinati i Lëkur Këpucve - f-ka e konfencionit-njisi” Readymade Factory	80434456
BOAL Trade Network – “Leather and Shoe Combine”	...	not registered
BOAL General Services – “Leather and Shoe Combine”	...	not registered
BOAL Workers Restaurant – “Leather and Shoe Combine”	...	not registered

<sup>46</sup> The key legal unit under applicable law is the *Basic Organisation of Associated Labor* (BOAL). Each BOAL has its own workers council and management. Different BOALs can together form an *Organisation of Associated Labor* (OAL). These in turn can form a *Composite organisation of Associated Labor* (COAL). For example, the brewery is a BOAL, which is part of the OAL of the Peja Agro-industrial Combine. The Agro-industrial Combines of Kosovo were in turn part of the COAL Agrokosovo with seat in Pristina.

“Agricultural Industrial Combine”	...	not registered
BOAL Sugar Production – “Agricultural Industrial Combine”	...	not registered
BOAL Alcohol Distillery – “Agricultural Industrial Combine”	...	not registered
BOAL Malt Production – “Agricultural Industrial Combine”	...	not registered
BOAL Brewery – “Agricultural Industrial Combine”	F-ka e Birres Beer Factory	80115571
BOAL Energy Supply – “Agricultural Industrial Combine”	...	not registered
BOAL Agriculture – “Agricultural Industrial Combine”	KBI Bujqesia Agriculture	80115326
BOAL Cooperation and Buying (Supply) – “Agricultural Industrial Combine”	...	not registered
BOAL Trade – “Agricultural Industrial Combine”	...	not registered
BOAL Transport – “Agricultural Industrial Combine”	...	not registered
BOAL General Services – “Agricultural Industrial Combine”	...	not registered
“17. Nentori” Wholesale and Retail Trade	“17 Nëntori” T.E. Whole Sale and Retail Trade	80020694
BOAL General Services – “17. Nentori” Wholesale and Retail Trade	...	not registered
BOAL Colonial Stores – “17. Nentori” Wholesale and Retail Trade	...	not registered
BOAL Tekstil-Metal Stores – “17. Nentori” Wholesale and Retail Trade	...	not registered
BOAL Wholesale – “17. Nentori” Wholesale and Retail Trade	...	not registered
“Agrometohija” Wholesale and Retail Trade	“Agrodukagjini” Whole Sale and Retail Trade	80007329
BOAL Univerzal – “Agrometohija” Wholesale and Retail Trade	...	not registered
BOAL Wholesale – “Agrometohija” Wholesale and Retail Trade	...	not registered
BOAL General Services – “Agrometohija” Wholesale and Retail Trade	...	not registered
“Rugova” Wholesale and Retail Trade with Construction Material	“Rugova” Wholesale and Retail Trade	80123272
“Metohijaturist” Tourism and Hospitality Organizacija	“Pejaturist” Hotel Trade Tourism	80269269
BOAL Zastava - Ramiz Sadiku Car spare parts production – “Zavodi Crvena Zastava” (Zavodi Crvena Zastava Holding, Kragujevac)	“Ramiz Sadiku” Car Spare Parts Factory	80104928
Department Iron Bar Tools Production in Deçan – “Zastava - Ramiz Sadiku” Car spare parts production	...	not registered
Department Profiles and Decorative Parts Production in Istog – “Zastava - Ramiz Sadiku” Car spare parts production	...	not registered
BOAL Metohijaremont Car Service and Trade – “Bosko Cakic” Urosevac/Ferizaj	“Dukagjiniremont”	80090102

BOAL Bicycle Factory – “Unis” Sarajevo	“Unis” Bicycle Factory	80238789
BOAL (?) Furniture Production – “Sipad-Komerc” Sarajevo	...	not registered
BOAL – Metal Contruction– “Boris Kidric” (Utva Holding Pancevo)	"F-ka e Konstrukcioneve Metalike" Metal Construction Factory	80253761
BOAL Industrial Battery Factory – "Trepca" (Trepca Holding K. Mitrovica)	“F-ka e Baterive Industriale – Trepca” Industrial Battery Factory	80037732
"Ineks" Factory for Processing Equipment, Vitimirica	...	not registered
“Planinka” Printing	...	not registered
“Petrans” Transport	...	not registered
“Station for Plant Protection”	“Station for Plant Protection”	80212852
BOAL City Markets - “Komuna”	Stock Company "Tregjet" City Markets	80126115
BOAL Maintenance of communal objects - “Komuna”	...	not registered
BOAL Kosovosirovina – “Otpad” Waste Disposal	"Hekurishtja" Ironmongery	80037899
“SIZ stanovanja i komunalnih delatnosti” Enterprise for Public Housing	"Ingeniering-BL" Housing	80044003
“Institute for Laying out and urbanization”	"EUP-IUP" Institute for Urbanism and Layout	80057008
BOAL Unifarm Drugs Production – “Unifarm”Croatia	...	
BOAL Transport of Persons – “Kosovatrans” Prishtina	"Kosovatrans" Transport	80191553
BOAL Irrgation plants - “Drini i Bardhi” Hydrocompany	"Drini i Bardhi"	80316917
BOAL Irrigation - “Drini i Bardhi” Hydrocompany	...	
“Erozija” Water Works	"Erozioni" Water Works	80272120
BOAL Water and Canalization – “Water, Canalization and Hygiene”	"Ujesjellsi" Canalisation	80269773
BOAL Public Hygene - “Water, Canalization and Hygene”	"Higjiena publike" - not registered or inactive	not registered
BOAL Road Maintenance - “Put”	"Magjistrala"	80255063
“Forest Institute”	“Forest Institute”	80115016
“Biotechnical Institute”	“Biotechnical Institute”	80212453
BOAL Veterinary Station – “Veterinary Services” Prishtina	“Veterinary Station”	80269021
BOAL Forest Economy – “Sari” Prishtina	“Forest Economy” - now part of DAFRD state institution	80221932
“Hunting Economy”	Ekonomia e Gjyetise Hunting Economy - - now part of DAFRD state institution	80266723
“Barani” Agricultural Cooperative in Baran/Barani	Cooperative “Baran”	80238424
“Kuciste” Agricultural Cooperative in Kuciste/Kuqishte	...	not registered
“Zahac” Agricultural Cooperative in Zahaq/Zahac	...	not registered

“Gorazdevac“ Agricultural Cooperative in Gorazdevac/Gorazhdevc	...	not registered
“Vitimirica“ Agricultural Cooperative in Vitimirica/Vitomirice	Cooperative Vitomirice	80212445
“Glodjane“ Agricultural Cooperative in Glodjane/Gllogjan	Cooperative Gllogjan	80444532
“Ljesane“ Agricultural Cooperative in Ljesane/Leshan	Cooperative Leshan	80254849
“Perparimi“ Agricultural Cooperative in Trstenik/Trstenik	...	not registered
“Drita“ Agricultural Cooperative in Rausic/Raushiq	...	not registered
“Drelje“ Agricultural Cooperative in Drelje/Drelaj	...	not registered
“Drini i Bardhi“ Agricultural Cooperative in Radavac/Radavc	...	not registered
“Pocesce“ Agricultural Cooperative in Pocesce/Poqeste	Cooperative "Poqeste"	80272332
“Ozrim“ Agricultural Cooperative in Ozrim/Ozrim	Cooperative "Ozrim"	1702838

*Table A-II: Registered enterprises  
(industrial & commercial, public enterprises, co-operatives)*

<b>Title of enterprise 1989</b>	<b>Title of enterprise today</b>	<b>UNMIK-registration</b>
BOAL Brick production - "Izgradnja" Construction	"Ringov" Brick Factory	80057075
BOAL Construction - "Izgradnja" construction	"Iliria" Construction	80006888
BOAL Transport - "Izgradnja" Construction	"Dardania" Rolling-stock	80043996
BOAL Sawmill - "Kombinati i Drunit" Wood Combine	"Kombinati i Drunit" Wood Combine	80279485
Hotel Metohija - "Metohija" Hospitality & Tourism	"Rugova" Hotel Trade Tourism	80196911
BOAL Electroinstallation - "Bistrica" Construction and Handicraft Industry	"Elmont" Electrotechnical services Trade	80074964
BOAL Waterinstallation Works - "Bistrica" Construction and Handicraft Industry	"Hidromont" Hydrotechnical services	80007183
BOAL Painting Colour and Wallpaper Works - "Bistrica" Construction and Handicraft Industry	"Mofast" Painting and Colouring	80123566
BOAL Bakery - "Zhitopromet" Prishtina	"Produkt" Fabrika e Bukës - Bakery	80267096
"Leather and Shoe Combine"	"Leather and Shoe Combine"	80417756
BOAL Leather Factory - "Leather and Shoe Combine"	"Kombinati i Lëkur Këpucve - f-ka e lekurave" Leather factory	80442394
BOAL Shoe Factory - "Leather and Shoe Combine"	"Kombinati i Lëkur Këpucve - f-ka e kepucve" Shoes Factory	80020406
BOAL Fur Factory - "Leather and Shoe Combine"	"Kombinati i Lëkur Këpucve - f-ka e peliqeve" Fur Factory	80431589
BOAL Leather Confection - "Leather and Shoe Combine"	"Kombinati i Lëkur Këpucve - f-ka e konfencionit-njisi" Readymade Factory	80434456
BOAL Brewery - "Agricultural Industrial Combine"	F-ka e Birres Beer Factory	80115571
BOAL Agriculture - "Agricultural Industrial Combine"	KBI Bujqesia Agriculture	80115326
"17. Nëntori" Wholesale and Retail Trade	"17 Nëntori" T.E. Whole Sale and Retail Trade	80020694
"Agrometohija" Wholesale and Retail Trade	"Agrodukagjini" Whole Sale and Retail Trade	80007329
"Rugova" Wholesale and Retail Trade with Construction Material	"Rugova" Wholesale and Retail Trade	80123272
"Metohijaturist" Tourism and Hospitality Organizacija	"Pejaturist" Hotel Trade Tourism	80269269
BOAL Zastava - Ramiz Sadiku Car spare parts production - "Zavodi Crvena Zastava" (Zavodi Crvena Zastava Holding, Kragujevac)	"Ramiz Sadiku" Car Spare Parts Factory	80104928
BOAL Metohijaremont Car Service and Trade - "Bosko Cakic" Urosevac/Ferizaj	"Dukagjiniremont"	80090102
BOAL Bicycle Factory - "Unis" Sarajevo	"Unis" Bicycle Factory	80238789
BOAL - Metal Construction - "Boris Kidric" (Utva Holding Pancevo)	"F-ka e Konstrukcioneve Metalike" Metal Construction Factory	80253761
BOAL Industrial Battery Factory - "Trepca" (Trepca Holding K. Mitrovica)	"F-ka e Baterive Industriale - Trepca" Industrial Battery Factory	80037732
"Station for Plant Protection"	"Station for Plant Protection"	80212852
BOAL City Markets - "Komuna"	Stock Company "Tregjet" City Markets	80126115
BOAL Kosovosirovina - "Otpad" Waste Disposal	"Hekurishtja" Ironmongery	80037899
"SIZ stanovanja i komunalnih delatnosti" Enterprise for Public Housing	"Ingeniering-BL" Housing	80044003
"Institute for Laying out and urbanization"	"EUP-IUP" Institute for Urbanism and Layout	80057008
BOAL Transport of Persons - "Kosovatrans" Prishtina	"Kosovatrans" Transport	80191553

BOAL Irrigation plants - "Drini i Bardhi" Hydrocompany	"Drini i Bardhi"	80316917
"Erozija" Water Works	"Erozioni" Water Works	80272120
BOAL Water and Canalization – "Water, Canalization and Hygiene"	"Ujesjellsi" Canalisation	80269773
BOAL Road Maintenance - "Put"	"Magjistrala"	80255063
"Forest Institute"	"Forest Institute"	80115016
"Biotechnical Institute"	"Biotechnical Institute"	80212453
BOAL Veterinary Station – "Veterinary Services" Prishtina	"Veterinary Station"	80269021
BOAL Forest Economy – "Sari" Prishtina	"Forest Economy" - now part of DAFRD state institution	80221932
"Hunting Economy"	Ekonomia e Gjetise Hunting Economy - - now part of DAFRD state institution	80266723
"Barani" Agricultural Cooperative in Baran/Barani	Cooperative "Baran"	80238424
"Vitomirica" Agricultural Cooperative in Vitomirica/Vitomirice	Cooperative Vitomirice	80212445
"Glodjane" Agricultural Cooperative in Glodjane/Gllogjan	Cooperative Gllogjan	80444532
"Ljesane" Agricultural Cooperative in Ljesane/Leshan	Cooperative Leshan	80254849
"Pocesce" Agricultural Cooperative in Pocesce/Poqeste	Cooperative "Poqeste"	80272332
"Ozrim" Agricultural Cooperative in Ozrim/Ozrim	Cooperative "Ozrim"	1702838

Table A-III: Peja's economic units with a turnover of more than 200,000 DM<sup>47</sup>

Company	Employees
<i>Former public companies</i>	
"Ekonomia e Pyjeve" forest economy (now state institution)	49
NPK "Ujesjellsi" canalisation	98
"Ingeniering-BL" housing services	15
"Hekurishtja" ironworks and waste disposal	9
"Tregjet" city markets (now stock company)	20
<i>Commercial and industrial SOEs</i>	
"F-ka e Baterive Industriale – Trepca" industrial battery factory	40
"Agrodukagjini" wholesale and retail trade	85
"17 Nëntori" T.E. wholesale and retail trade	279
"F-ka e Birres" brewery	520
"Produkt" Fabrika e Bukës bakery	84
"Elmont" electro-technical services trade	29
"Kombinati i Drunit" wood combine	103
"Ringov BMF" F-ka e Materialit Ndërtimor brick factory	114
<b>Total</b>	<b>1,254</b>

<sup>47</sup>

Businesses registered for VAT, as of November 30, 2001.