

# MANUAL

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## ON DOING BUSINESS IN THE EUROPEAN UNION MARKET

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*“Funded by the European Union. Views and opinions expressed are however those of the author(s) only and do not necessarily reflect those of the European Union or the European Education and Culture Executive Agency (EACEA). Neither the European Union nor EACEA can be held responsible for them.”*

## PREFACE

The project entitled “European business laws and regulations – the competition in Europe” is an Erasmus + financed project. The AAB College is the leader of this project, one of the main objectives of the project is to provide a short manual on the legislation of the European Union that affects the economic activities of businesses in Kosovo, which aim at the European market.

The need to compile such a Manual arose from the Stabilization and Association Agreement (SAA) of the European Union, that is a treaty between the European Union (EU) and a non-EU country, Kosovo in our case, the aim of the treaty is to promote political and economic cooperation and facilitate the integration of non-EU countries into a single market.

SAA offers numerous economic opportunities for Kosovo. The operation of Kosovar businesses in the common market of the European Union, enables the development of free trade in a common market of 27 EU member states, with nearly 440 million consumers, with free movement of goods, services, capital and people between all member states without quantitative restrictions or additional costs. This constitutes an extraordinary opportunity for increasing the export of Kosovar businesses in the EU market and ultimately their economic empowerment. Operating in such a market has multiple advantages including: protection of products and ideas of Kosovar businesses, access to the reliable banks of EU member countries, access to reliable and non-corrupt administrative services, access to incentives and aid offered to businesses, benefit from low rates of fees in European banks, opportunities to cooperate with powerful business partners in Europe, opportunities to open branches of Kosovar businesses in Europe, the ability to stay in Kosovo but continuing business in the market EU etc. Taking into account the economic opportunities offered to Kosovar businesses, the general purpose of this Manual is to serve Kosovar businesses which aim to export or operate in the EU market by offering some practical instructions on the opportunities of doing business, as well as the necessary legal framework in the EU. The manual also intends to prepare various economic sectors in Kosovo, full integration into the common market of the European Union.

Among other things, the need for such a manual comes from the fact that the applicable legislative sources in the EU are numerous and very diverse, starting from primary legislation (the founding treaties of the European Union), then also from numerous secondary legislation (regulations, directives, decisions, opinions and recommendations) as well as various agreements between the EU and other countries, and these may pose difficulties for businesses which aim the European market to understand and implement the EU legislation.

Completeness, simplicity, and comprehensibility were the main goals in compiling this manual so that users can immediately derive the necessary information for the key steps they need to undertake. Due to the broad scope of products and services covered by EU legislation, in some cases the user is advised to refer to the specific legislation for the relevant product or service.

This manual will serve kosovar businesses as a practical guide for the legal framework and opportunities of doing business in the large market of the European Union. The manual provides the necessary information and guidance on the opportunities, conditions, and standards which must be met by the kosovoar businesses.

Various sources have been used to prepare the manual: the treaties of the European Union, the regulations and directives of the EU, the Stabilization and Association Agreement between Kosovo and EU, the official page of the EU and of its relevant institutions.

Given that this is the very first version of the manual, the authors are aware that further additions may be needed for a complete version. Therefore, any comments or suggestions as to who to improve upon the first version, are very welcome.

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## 1. Introduction

### 1.1 Who is this manual for?

• This manual serves Kosovar businesses, which aim to export to the EU, as well as helps prepare different sectors of the economy for full integration into the common market of the European Union. The main purpose of this manual is to provide stakeholders with a concise and short version of the concepts, principles and practices of interaction with the market and customers in the European Union.

### 1.2 How to use this manual?

Stakeholders can use different parts of this manual independently, according to their needs.

• *The first part* of the manual provides sufficient information as to who to run a business in the European Union. Therefore, the headings and the sub-headings are named in a way as to guide the reader through the content. First, the user is provided general information on the relevant legislation of the European Union. Second, the user is provided step-by-step demonstration as to how to implement the legislation in EU.

• *The second part* of the manual provides information on the interaction with clients in the European Union. Therefore, the Kosovar businesses may not have registered headquarters in any EU country, but may have business relations with clients who are residents of the EU.

## 2. Stabilization and Association Agreement between Kosovo and the European Union

### 2.1 SAA – legal aspects

• The Stabilization and Association Agreement between Kosovo on the one hand, the European Union and the European Atomic Energy Community, on the other hand (hereafter: SAA) is the first contractual agreement between Kosovo and the European Union.

• The SAA was signed on October 27, 2015 and ratified by Law No. 05/L-069 on the Ratification of the SAA, which entered into force on the day of its publication in the Official Gazette of the Republic of Kosovo, i.e. on December 1, 2015.

• The Law No. 05/L-069 is accessible at the following link: <https://gzk.rks-gov.net/Act-Detail.aspx?ActID=11239>

• **MSA was amended in 2022 by Law No. 08/L-165** for the Ratification of Decision No. 1/2022 of the EU-Kosovo Stabilization Association Council for the Amendment of the Stabilization-Association Agreement between the European Union and the European Atomic Energy Community and Kosovo, to replace Protocol III regarding the concept “products of origin”.

• The Law No. 08/L-165 is accessible at the following link: <https://gzk.rks-gov.net/Act-Detail.aspx?ActID=66174>

• Therefore, SAA is an international agreement between Kosovo and EU.

• Article 19, paragraph 2 of the Constitution of the Republic of Kosovo determines: “Ratified international agreements and legally binding norms of international law have superiority over the laws of the Republic of Kosovo.”

• Thus, the hierarchical position of SAA in the legal order of Kosovo is such that:

• All of the laws of Kosovo must be in harmony with SAA;

• The SAA has priority, in case of any conflict with the laws of Kosovo.

### 2.2 SAA – Economical aspects

#### 2.2.1 Free movement of goods

• The EU and Kosovo will gradually establish a free trade area over a maximum period of 10 years, starting from the entry into force of this Agreement, in accordance with this Agreement and in accordance with GATT 1994 as well as the provisions contained therein in the relevant agreements with the WTO.

### 2.2.2 Industrial Products

- From the entry into force of the SAA, the EU for products originating in Kosovo will:
- **abolishes** customs duties on imports to the EU and cargoes which have the same effect;
- **abolishes** quantitative restrictions on imports to the EU and measures which have the same effect.
- Upon entry into force of SAA, Kosovo will undertake the following steps regarding the industrial products originating in EU:
- **abolishes** customs fees on imports to Kosovo for industrial products, except those listed in Annex I;
- **abolishes** charges that have the same effect as customs fees on imports to Kosovo;
- customs fees on imports to Kosovo for industrial products originating in the EU and which are listed in Annex I of the agreement, will be progressively reduced and abolished in accordance with the time limit defined in that Annex;
- **abolishes** quantitative restrictions on imports to Kosovo of industrial products as well as measures of equivalent effect.
- **Upon entry into force of SAA, BE and Kosovo will:**
- the trade between them;
- abolish all quantitative restriction on exports and equivalent measures.

### 2.2.3 Agriculture and Fisheries

- Upon entry into force of SAA, EU will:
- agricultural products originating in Kosovo;
- Abolish customs duties and payments with the same effect on agricultural products import, originating from Kosovo, (except for some products such as: live cattle; fresh or chilled beef; cane or beet sugar and chemically pure sucrose in solid form; wines from fresh grapes; including fortified wine, etc.)
- abolish all quantitative restrictions and measures having equivalent effect on imports of agricultural products originating in the EU;
- abolish customs duties applicable to imports of certain agricultural products originating in the EU, except for certain products listed in the annexes of the agreements.

### 2.2.4 Establishment of enterprises, provision of services, movement of capital, competition and intellectual property under SAA

- Kosovo enterprises, their branches and subsidiaries will be able to establish and operate in the territory of the EU, being treated in the same way as EU enterprises.
- The same right will apply conversely to EU companies that will be established and operate in the territory of Kosovo.
- EU enterprises will have the right to use and rent real estate in Kosovo.
- Five years from the entry into force of the Agreement, EU companies will also have the right to acquire and maintain ownership rights over real estate, similar to Kosovar companies in EU.
- Upon entry into force of the Agreement, Kosovo and the EU will ensure free movement of capital related to direct investments by enterprises established in accordance with the applicable legislation and investments made in accordance with the SAA, as well as the liquidation or repatriation of these investments and any benefits derived from them.

- Within five years after entry into force of the Agreement, Kosovo must provide an equal treatment of EU citizens who purchase real estate in Kosovo.
- Market competition - where all practices and agreements that prevent, limit or impede competition are prohibited, including control and monitoring of state aid.
- Public enterprises that provide services of general interest, must implement competition rules (within three years upon entry into force of the agreement) in harmony with the principles of the Treaty on the Functioning of the EU to the extent that it does not hinder provision of these services.
- Effective protection of intellectual property - Within five years upon entry into force of the Agreement, Kosovo must ensure a similar level of protection of intellectual, industrial and commercial property to that of the EU.
- The start of awarding contracts through public procurement based on the principles of reciprocity and non-discrimination should equally be aimed at by both parties.
- Kosovo enterprises will have equal treatment in the procedures for awarding contracts in the EU.
- Meanwhile, in Kosovo, Kosovo enterprises will be favored in terms of price offers, as follows:
  - 15% until the end of the second year;
  - 10% until the end of the third year;
  - 5% until the end of the fourth year;
  - 0% until the end of the fifth year.

#### **2.2.4 Details of the commercial part of the SAA**

- All industrial and agricultural products (except meat, wine and some sugar products) of Kosovo will be exported to the EU without customs duty.
- However, certain quotas are in place, such as the EU customs tariff does not apply up to a volume of 15 tons per year, for trout fish. The quota for carp is 20 tons per year. After this amount, EU customs duty applies.
- All industrial and agricultural products (except meat, wine and some sugar products) of Kosovo will be exported to the EU without customs duty.
- However, certain quotas are in place, such as the EU customs tariff does not apply up to a volume of 15 tons per year, for trout fish. The quota for carp is 20 tons per year. After this amount, EU customs duty applies.

- While a certain number of products will be gradually liberalized within a period of 5 (five) years and a number within a period of 7 (seven) years from the entry into force of the SAA.
- Kosovo, since the entry into force of the SAA, will abolish customs tariffs for about 50% of agricultural products from the EU.
- 14 (fourteen) products were not included in the agreement and were not negotiated, which means that the Kosovo tariff will remain the same (10%) for those products (which mainly include dairy products, cream, yogurt, potatoes, apple, wine).
- Whereas, a number of agricultural products will be protected with a tariff for 7 (seven) years or 10 (ten) years, that is, there will be a gradual reduction of the customs tariff.

#### **2.2.4.1 Kosovo's concessions to the EU for fish products**

- With the entry into force of the SAA, Kosovo will abolish the customs fee for 487 fish products.
- As for trout, the fee will be gradually removed for a period of 7 (seven) years, while for carp gradually for 5 (five) years.

#### **2.2.4.2 Special obligations related to commercial matters**

- Freezing of customs measures "Standstill" – SAA prevents both sides from taking new customs measures or increasing existing ones.
- Prohibition of fiscal discrimination – the SAA prevents both sides from taking measures of an internal fiscal nature that in any way discriminate against products of the other side.
- The right to other customs agreements - the SAA recognizes other customs agreements of the two parties or the possibility of concluding other agreements, as long as they do not constitute a violation of the provisions of the SAA.
- Anti-dumping and subsidies – SAA provides for the right to take trade measures against unfair competition, in accordance with the rules of the World Trade Organization.
- State monopolies of a commercial nature – With the entry into force of the SAA, Kosovo will ensure equal treatment of the supply and sale of goods by state monopolies of a commercial nature.

- Allowed restrictions – the agreement allows the establishment of restrictions on the implementation of the provisions of the SAA in special circumstances based on the threat to security and public interest, public morals, protection of the lives of citizens, animals and plants, etc.

### 2.2.4.3 Protective provisions

- SAA allows the adoption of protective measures in those cases where trade in one or more products causes:
- Serious injury to a particular industry or disruption to any sector of a party's economy;
- Interventions in the economy, which may have serious consequences within the region of a party.

## 3. Doing business in Europe

- This section provides concrete information on some areas of interaction with the European Union market. Issues such as establishing a company in the EU, trademarks, taxes and duties, consumer protection, competition rules, product requirements such as: harmonized standards, CE conformity marking, labeling requirements, marking as well as recycling and waste management waste are introduced step by step.

### 3.1 Establishment of a company in the EU

- Article 54 of the Treaty on the Functioning of the European Union (TFEU) provides that entities must meet two requirements to be considered a “Company”:
- First, the entity must be established in accordance with the law of an EU Member State and have its registered office, head office or principal place of business within the EU. From a legal point of view, the subject must have property separate from that of its owners.
- Secondly, Article 54 of the TFEU determines that the company or entity must be profitable.
- To start a new company or expand business in another EU country, everyone needs to know the rules and requirements in the respective member countries.
- Those interested in opening a company in a certain EU country should review the requirements and contact the respective National Contact Points. Contact points for EU member states can be found at the link: [https://single-market-economy.ec.europa.eu/single-market/services/directive/points-single-contact\\_en](https://single-market-economy.ec.europa.eu/single-market/services/directive/points-single-contact_en)

## 3.2 Establishment of a company in the EU by non-European citizens

- Non-European citizens who intend to establish a business in the EU must:
- Obtain a residence permit - in the country where they intend to open their business.
- To submit a business plan - to be able to obtain a residence permit in order to start a business. The business plan is reviewed by labor and immigration authorities to determine if it fits the country's economic needs. A residence permit will only be approved if the self-employment or business activity is likely to make a significant contribution to: the economy, culture and/or sciences of the country to which it is applied. Basically, the business plan should show that investments will be made and services will be provided that are needed in the country of interest.
- Register the business with local authorities - be aware that jurisdictions and responsible government agencies vary from state to state (as explained above).
- Obtain a business tax identification number and register with the relevant social security administration.
- Choose a registered agent - a person or business who will accept tax and legal documents on behalf of the business.
- Those interested in opening a business in the EU should also know that:
- Some EU member states do not specify how many jobs the business must create to allow it to operate, while there are also countries that require a certain number of jobs.
- EU member states have different minimum capital requirements.
- Taxes and duties vary from state to state.

### 3.3 Protection of intellectual property

• The Treaty on the Functioning of the European Union (TFEU) in article 118 has determined that: “*Within the creation and functioning of the internal market, the European Parliament and the Council, acting in accordance with the usual legislative procedure, will establish measures for the creation of European intellectual property rights to provide uniform protection of intellectual property across the Union and to create a centralized Union-wide authority for coordination and supervision arrangements*”.

• **Within the EU, intellectual property rights are guaranteed and protected.** This means that by protecting your invention, such as a new product, you become the only person who has the right to use or reproduce it. In such case, other persons may not copy or reproduce such product without your permission.

• Owning a patent or trademark can increase the value of your business in the market. For further information, you can refer to the Intellectual Property Office of the European Union at the link: <https://euipo.europa.eu/ohimportal/en/online-services/ideas-poered-for-business>

#### 3.3.1 Patent protection in the EU

•By registering your patent, you use its protection for a limited period which is usually 20 years. Protection means that other people cannot make, use, offer for sale, sell or import the product or a process based on your patented invention.

•Kosovar businesses can grant someone else temporary permission to use the invention through an agreement, patent license, or sell the patent to someone else. But you cannot renew a license after it expires.

•You can only seek patent protection in a European country if you register the patent at the national level, approaching the national patent protection authorities. The contacts of the patenting authorities of the member states can be found at the link: <https://www.epo.org/service-support/useful-links/national-offices.html>

•You can also seek patent protection at the EU level by registering your patent with the European Patent Office. For more information, you can access the official website of the European Patent Office at the link: <https://www.epo.org/index.html>

### 3.3.2 Trademark protection in the EU

• Trademarks are protected at the level of the European Union.

• **Regulation (EU) 2017/1001** of the European Parliament and of the Council of 14 June 2017 on the European Union trademark **defines the EU-wide rules and conditions for the granting of an EU trademark.** The regulation is accessible at the link: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32017R1001>

• Under this regulation, **any person or company, including authorities established under public law, can obtain an EU trade mark** through registration. It may consist of any sign, in particular words (including personal names), designs, letters, numbers and the shape of the goods or their packaging, provided that such signs are capable of:

• Distinguish the goods or services of one business from those of another; AND

• Be part of the trademark registry so that the public and the authorities know exactly what is being protected.

#### 3.3.2.1 Trademark Owner's Rights

• Owner is granted the exclusive right, which prohibits third parties from using any of the following for commercial purposes:

• Any sign that is identical to the EU trade mark in relation to goods or services that are identical to those for which the EU trade mark is registered;• Any sign where there is a possibility of confusion with another trademark;

• Any sign which is identical or similar to the EU trade mark in relation to goods or services which are not similar to those for which the EU trade mark is registered, where the use of that sign benefits reputation and distinctive character of the trademark.

• However, the owner of the EU trademark cannot prevent third parties from using the following for commercial purposes:

•Name or address of the owner himself;

•Indicators regarding the characteristics of goods or services such as type, quality or quantity;

•Trademark where it is necessary to indicate the intended purpose of a product or service, such as accessories or spare parts.

### 3.3.2.2 Trademark application procedure

• Applicants must file an EU trade mark application with the European Union Intellectual Property Office (EUIPO). The application must contain the following information:

- Request for registration of an EU trademark;
  - Information that identifies the applicant;
  - List of goods or services for which registration is required;
  - A trademark representation.
- Applicants must also pay an **application fee**. The application fee must be paid within 1 month of the filing date - the date on which the documents are submitted to the EUIPO.

### 3.3.2.3 Trademark registration

• Once the application has been filed, the EUIPO will examine whether it meets all the conditions for the grant of an EU trade mark.

• Publication of the application will allow third parties to challenge the grant of the trademark and to do so on the basis of prior rights, in opposition proceedings.

• If the application meets all the required criteria and no objection is filed or received, **then the trademark registration is published.**

### 3.3.2.4 Trademark Duration and Renewal

- EU trademarks are registered for **a period of 10 (ten) years** from the date of submission of the application.
- Registration can be renewed for further periods of 10 years.
- The application for renewal must be submitted 6 months before the end of the validity of the registration.

### 3.3.2.5 Trademark Surrender, Revocation and Invalidation

An EU trade mark can be filed in relation to some or all of the goods or services for which it is registered.

- Owner rights may also be revoked if:

- The trademark has not been subject to genuine use in the EU for 5 years;
- The trademark has become a common name for a product or service;
- The trademark may mislead the public as to the nature, quality or geographical origin of the goods or services.
- The regulation also defines the grounds for invalidity of the trademark. These reasons include, for example, cases where the applicant acted in bad faith when filing the trademark application.

### 3.3.2.6 EU collective marks

• When filing an application for registration, it is possible to designate an EU trade mark as collective. Authorized to file EU collective marks are the associations of:

- Producers;
- Service providers;
- Traders;
- Legal entities regulated by public law.

### 3.3.2.7 EU certification marks

• owner of such a mark certifies the material, method of production of goods or performance of services, quality, accuracy or other characteristics (excluding geographical origin) of certified goods and services.

### 3.3.2.8 Legal protection:

• Regulation (EU) No. 1215/2012 applies to EU trade mark proceedings and EU trade mark applications.

• EU member states must designate 'competent trade mark courts'. These courts have exclusive jurisdiction in all disputes relating to the infringement and validity of EU trade marks.

• For more information about trademark protection, you can access the official website of the EU Intellectual Property Office at the link: <https://euipo.europa.eu/ohimportal/en/web/guest/apply-now>

### 3.3.3 Trade secret protection

• If you have valuable information about technology or any other aspect of your business, you can protect it as a trade secret if the following conditions are met:

• the information is not known neither by the general public nor by the experts of the sector in question;

• the information has commercial value;

• you have taken steps to keep the information confidential: for example, you keep it in safe custody and have signed non-disclosure agreements with anyone who has access to it or with whom you have shared the information.

• Trade secrets can include a large amount of information and know-how that is not protected or cannot be properly protected by patents, such as:

• early-stage inventions;

• production processes;

• lists of suppliers and customers.

• Information protected by trade secrets can be strategic for a long time, such as recipes or chemical compositions, or for shorter periods, such as the results of a marketing study, brand name, price and launch/release date. a new product or price, offered in a tender procedure.

• For more information on EU trade secret protection you can access the official secret protection page at the link: <https://op.europa.eu/en/publication-detail/-/publication/5f1c-6d8a-f015-11eb-a71c-01aa75ed71a1/language-en/format-PDF/source-227370609>

### 3.3.4 Design protection

• Design protection grants you the exclusive right to use a design, which includes the manufacture, supply, marketing, import, export or use of the product in which your design is incorporated or applied. If you give your permission, third parties can use your design in their products.

• To ensure protection, your design must be registered. You can only claim protection in an EU member state by registering your design with the intellectual property office of that EU member state. In this case, you can access the following link to contact any of the national offices of the EU member states: [https://www.tmdn.org/network/who\\_is\\_participating](https://www.tmdn.org/network/who_is_participating)

• Whereas, to ensure protection at EU level, you have two options: either protect your design at the European Union Intellectual Property Office (EUIPO) before commercializing it and obtain a registered Community design (RCD), or alternatively, commercialize it directly without registration relying on what is known as an Unregistered Community Design (UCD).

• Both design protection options (RCD or UCD) provide the following protection:

• Manufacturing a product that incorporates a protected design (or to which the design has been applied) without the consent of its owner will be considered illegal.

• Placing a product on the market that incorporates the protected design (or to which the design has been applied) without the consent of its owner will be considered illegal.

• Offering a product for sale that includes a protected design without the consent of its owner will be considered illegal.

• Trading a product incorporating the protected design without the consent of its owner will be considered illegal.

• Import-export of a product incorporating the protected design without the consent of its owner will be considered illegal.

• Design protection options differ in terms of their protection duration so that:

• A Registered Community Design (RCD) is initially valid for 5 (five) years from the date of filing and may be renewed in blocks of 5 (five) years up to a maximum of 25 (twenty-five) years.

- An unregistered Community design (UCD) is granted protection for a period of three years from the date on which the design is first made available to the public within the territory of the European Union. After three years, the protection cannot be extended.

- For more information about design protection in the European Union, you can access the link: <https://euipo.europa.eu/ohimportal/en/designs-in-the-european-union>

- Whereas, for more information on the protection of intellectual property in the European Union, you can access the link: [https://europa.eu/youreurope/business/running-business/intellectual-property/index\\_en.htm](https://europa.eu/youreurope/business/running-business/intellectual-property/index_en.htm)

### 3.4 Taxes and tariffs

- The EU does not have a direct role in collecting taxes or setting tax rates. Businesses operating in the European Union market must comply with the tax legislation of EU member states.

- Due to different tax policies in EU member states, it is important to identify the tax legislation in the EU member states you are interested in, including tax rates, filing deadlines and any other requirements.

- Compliance with the tax legislation of the EU member states is an essential aspect of doing business in the EU, so here are some key things you should know.

#### 3.4.1 Value Added Tax (VAT)

Value Added Tax (VAT): is a consumption tax that applies to goods and services in the EU. It is important to understand the VAT regulations in the countries where the business operates and to register for VAT if necessary.

##### 3.4.1.1 VAT rate

- Each EU member state is responsible for setting its own tariffs, but this tariff according to *Directive no. 2006/112/EC – The common system of the European Union for value added tax* cannot be lower than the standard rate of 15%.

- One or two reduced tariffs may be applied to the supply of specific goods and services (based on the list specified in Annex III of the VAT Directive), but the reduced rates may not be less than 5%.

##### 3.4.2 Excise duty

- Excise duty in the EU is applied to the sale or use of goods such as **alcohol and alcoholic beverages, tobacco products, energy products and electricity.**

##### 3.4.2.1 Excise rates

- Directive 92/84/EEC and its amendment (Council Directive (EU) 2020/1151) on the harmonization of excise duty structures for alcohol and alcoholic beverages sets only harmonized minimum rates.

- Countries have the right to set reduced rates which cannot be set more than 50% below the standard national excise rate.

- Taxation of energy products and energy in the EU is regulated by Council Directive no. 2003/96/EC of October 27, 2003.

- Directive 2014/40/EU of the European Parliament and of the Council of April 3, 2014 on the approximation of the laws, regulations and administrative provisions of the Member States regarding the production, presentation and sale of tobacco and similar products is the directive in force for taxation of tobacco products.

##### 3.4.2.2 Who should pay the excise duty?

- Goods are subject to excise duty when one of the following cases occurs in the EU:

- production or release;

- importation, legal or illegal.

- Excise duty is charged at the time and place where the excise goods are released for consumption in the member state.

- Excise duty can be paid by:

- The person or business that provides the warehouse in an authorized manner in the place where the excise products are produced, processed, stored, shipped or received.

- The consignor, consignee, carrier or third party providing a movement guarantee - the person importing the goods

### 3.4.3 Other taxes

- Other taxes applied in the EU are:
- **Corporate income tax:** Businesses operating in the EU are subject to corporate income tax. Tax rates vary by state, so it is important to research these rates in the countries of interest.
- **Withholding tax:** Withholding tax is a tax deducted from payments made to non-residents. Businesses making payments to non-residents, such as dividends or royalties, may be subject to withholding tax.
- **Transfer price:** Transfer pricing refers to the pricing of goods and services within a company that operates in multiple countries. The EU has strict transfer pricing rules to prevent companies from avoiding tax by shifting profits to countries with lower tax rates.
- **Compliance with tax reporting requirements:** Businesses operating in the EU must comply with local tax reporting requirements, including filing tax returns and making tax payments on time. Failure to comply may result in penalties and fines.
- **Tax treaties:** EU has signed tax treaties with several countries to avoid double taxation. It is important to understand the tax treaties between the countries where the business operates
- **Seek professional advice:** Tax regulations in the EU can be complex and vary by country. It is recommended to seek professional advice from tax experts to ensure compliance with local tax regulations.

### 4. Harmonized legislation of the EU on product requirements

- Regardless of their origin, products made available on the European Union market must comply with applicable EU harmonization legislation.
- The term “Product Requirements” refers to the essential conditions that products must meet to enter the European Union market.
- Product requirements can be applied to the product itself, the production process or its performance. These requirements are about defining the specific characteristics that a product must have. These requests can be in terms of:
  - Design;
  - Labeling;
  - Marking;
  - Packaging;
  - Functionality or performance.
- To place a product on the European Union market, the manufacturer must take the following steps:
  - To carry out the applicable conformity assessment;
  - To draw up the required technical documentation;
  - Draft the declaration of conformity;
  - Accompany the product with instructions and safety information;
  - To meet the traceability requirements;
  - To place the mark of conformity when necessary (the CE mark and when necessary other marks);
  - To ensure that there are procedures in place so that mass production remains in conformity;
  - Where necessary, to certify the product or the quality system.
- Providers of products and services in the European Union should, among other things, consult the following regulations:

- *Regulation (EU) No. 1025/2012 on standardization*

- *Regulation (EC) No. 765/2008 defining the requirements for accreditation and market surveillance in relation to the marketing of products and the repeal of the Regulation (EEC) No. 339/93*

- *Regulation (EU) 2019/1020 on market surveillance and product conformity (amendment of some parts of Regulation (EC) No. 765/2008).*

#### 4.1 Standards or technical specifications of products

- Standards are voluntary guidelines that provide technical specifications for certain goods, services and processes. Regulation (EU) No. 1025/2012 provides a legal basis for the use of European standards for products and services, to identify the technical specifications of Information and Communication Technology (ICT) and to finance the European standardization process. By following EU standards, manufacturers can be sure that the products produced meet any applicable legal requirements.

- Manufacturers are responsible for checking that their products meet EU requirements for safety, health and environmental protection. It is the manufacturer's responsibility to carry out the conformity assessment, create the technical file, issue the EU declaration of conformity and place the CE marking on a product where applicable. Only then can the product be traded on the European Economic Area (EEA) market. The manufacturer's responsibilities also apply to any natural or legal person who assembles, packages, processes or labels finished products and places them on the market under his name or trademark.

According to EU legislation, a **manufacturer** is any natural or legal person who is responsible for the design or manufacture of a product and places it on the market under its name or trademark.

#### 4.1.1 What is the purpose of the regulation?

- Aims to modernize and improve standardization, which plays a leading role in the EU single market, by describing:

- How the EU standard setting process works

- How the different organizations involved in this process work together (both at EU and national level)

- How it is required to simplify and adapt the legislative framework to reflect the latest developments and future challenges.

- According to this regulation, the following definitions apply to understand what “standard” means”:

- **“Standard”** means a technical specification, approved by a standardization body, for repeated or continuous application, with which compliance is not mandatory and which may be international, European, harmonized or national standards.

- **“International standard”** means a standard approved by an international standardization body.

- **“European standard”** means a standard approved by a European standardization organization.

- **“Harmonized Standard”** means a European standard adopted on the basis of a request made by the European Commission for the implementation of the harmonization legislation of the European Union.

- **“National standard”** means a standard approved by a national standardization body.

- The standardization system in the EU consists of three supranational standard bodies:

- European Committee for Standardization (CEN),

- European Committee for Electrotechnical Standards (CENELEC), and

- European Telecommunications Standards Institute (ETSI)

- To search for a European standard we can search on the portals of the European standardization organizations:

- The catalog from CENELEC for electrotechnical standards is accessible at the link <https://www.cencenelec.eu/european-standardization/european-standards/>
- The catalog from ETSI for telecommunication standards is accessible at the link: <https://www.etsi.org/standards>
- The catalog from CEN for all other standards is accessible at the link: [https://standards.cencenelec.eu/dyn/www/f?p=CEN:105::RESET:::~:](https://standards.cencenelec.eu/dyn/www/f?p=CEN:105::RESET:::)
- Regulation (EC) No. 765/2008 for determining the requirements for accreditation and market surveillance in relation to the marketing of products defines the requirements for conformity assessment.

#### 4.2 Conformity assessment

- Conformity assessment - includes product testing, inspection and certification, applying these depending on the nature of the product and the sector.
- Conformity assessment process starts with:
  - The choice of procedures or modules determined according to decision no. 786/2008;
  - Preparation of technical documentation;
  - The manufacturer performs the conformity assessment without the involvement of third parties (when not required by the selected module);
  - A third party performs conformity assessment procedures (when required by the selected module);
  - After receiving the “Positive” assessment, the manufacturer draws up the declaration of conformity and affixes the CE mark.
    - When legislation in force requires the involvement of a conformity assessment body, the manufacturer can find the list of Notified Bodies on the NANDO website at the link: <https://ec.europa.eu/growth/tools-databases/nando/index.cfm?fuseaction=country.main>

**Manufacturers must ensure that for series production, compliance is maintained. Changes in the design or characteristics of the product and changes in the harmonized standards or in the technical specifications on the basis of which the conformity of the product is declared must be adequately taken into account.**

#### 4.2.1 CE marking (The Conformité Européenne) on the

- Placing the CE mark on a product serves as a declaration by the manufacturer that the product has been designed and manufactured according to EU requirements and regulations related to safety, health, energy efficiency or environmental concerns.
- The CE mark is mandatory and must be affixed before the product is placed on the European Union market.
- The CE mark must be visible, legible and indelible.

##### 4.2.1.1 How to affix the CE mark?

- The CE mark must be placed on the product. If the CE mark cannot be placed on the product itself, it must be placed on the packaging, if any, or on any accompanying document. If the product is subject to several EU directives/regulations which require CE marking, the accompanying documents must show that the product complies with all applicable EU directives/regulations.

The CE mark is required for the following products and product families:

- electronics
- medical devices
- toys
- electrical equipment
- construction products

#### 4.2.1.2 CE marking procedure

Është përgjegjësi e prodhuesit të kryej vlerësimin e konformitetit, të krijoj dosjen teknike, të lëshojë deklaratën e konformitetit të BE-së dhe të vendosë markimin CE në një produkt.

Për te vendosur një marke CE në produktin e tij, një prodhues duhet të ndjek këta hapa:

- It is the manufacturer's responsibility to carry out the conformity assessment, create the technical file, issue the EU declaration of conformity and place the CE marking on a product.

- To place a CE mark on his product, a manufacturer must follow these steps:

- **Step 1.** To identify the applicable directives for the relevant product. The directives are accessible at the link: [https://single-market-economy.ec.europa.eu/single-market/ce-marking/manufacturers\\_en](https://single-market-economy.ec.europa.eu/single-market/ce-marking/manufacturers_en).

- **Step 2.** To identify if there is any harmonized European standard applicable to his product.

- **Step 3.** To verify the specific requirements regarding the conformity assessment procedure. The conformity assessment procedure will vary depending on the product and the directive governing the CE marking. This procedure may be: self-declaration, include testing, inspection or system quality assessment by a Notified Body or a combination thereof.

- **Step 3.** To identify if an independent conformity assessment is necessary based on the directive or request of any Notified Body. A list of Notified Bodies and the relevant directives can be found on the NANDO website: <https://ec.europa.eu/growth/tools-databases/nando/>

- **Step 4.** To test the product and check its conformity.

- **Step 5.** Draft and keep available the required technical documentation. The Declaration of Conformity together with the Technical Documentation must be available to the Competent Authorities (EU Member States) upon request.

- **Step 6.** Check if there are other national requirements in the countries where the product will be sold. These may include national standards, labeling or packaging requirements.

- **Step 7.** Place the CE mark according to the criteria defined by the Directive.

#### 4.2.1.3 CE marking requirements

- The CE mark must be visible, legible and indelible.
- The CE mark must consist of the initials “C” and “E”, both letters must have the same vertical dimension and be no smaller than 5 mm (unless otherwise specified in the relevant product requirements).



Fig. 1 Dimensions and design of the CE mark

- If the CE mark cannot be placed on the product itself, it can be placed on the packaging, if any, or on any accompanying document. If the product is subject to certain EU directives or regulations which require the affixing of a CE mark, the accompanying documents must show that the product complies with all applicable EU directives/regulations.

#### 4.2.2 Preparation of technical documentation

- The manufacturer must draw up technical documentation. Technical documentation is intended to provide information on the design, manufacture and operation of the product.

- Technical documentation required for EU conformity assessment may vary depending on product type and applicable EU legislation.

- producer's name and address, or those of any authorized representative;

- a brief description of the product and its intended use, as well as details of the design, manufacture and operation of the product;

- risk assessment and a description of the methods applied to eliminate the risks presented by the product;

- the list of harmonized standards or other technical specifications, applied in whole or partially, as well as the description of the solutions applied to meet the essential requirements of the applicable legislative instrument when the harmonized standards have not been applied;
- test results: calculations, conducted examinations, etc.;

- test results: calculations, conducted examinations, etc.;

- product identification, for example, product serial number;
  - name and address of any notified body involved in the conformity assessment of the product;
  - a statement of the undertaken conformity assessment procedure;
  - EU declaration of conformity;
- **The technical documentation must be kept for 10 (ten) years starting from the date of placing the product on the market, unless the applicable Union harmonization legislation expressly provides any other duration.**

#### 4.2.3 Declaration of conformity (DoC)

- An EU declaration of conformity (DoC) is a mandatory document that a manufacturer need to sign to declare that your products comply with the essential requirements of the EU applicable directives or that the product is in conformity with the type for which the type examination certificate has been issued and meets the essential requirements of the applicable directives.
- By signing the DoC the manufacturer takes full responsibility for the product's compliance with the applicable EU law.
- The EU declaration of conformity must contain the information necessary to identify the Union harmonization legislation under which this declaration is issued, as well as the manufacturer, the authorized representative, the notifying body if applicable, and where applicable appropriate a reference to harmonized standards or other technical specifications according to which the product is manufactured. The specific requirements of DoC are defined in Annex III in decision No. 768/2008/KE.

Manufacturers should have into account that:

there are product rules that are not harmonized in the EU, this means that the specifications may differ in any EU member state. In such cases, you only need to comply with the rules applicable in the EU member state where you intend to place your product in the market.

Details of competent authorities for national product requirements can be found at the following link:

[https://single-market-economy.ec.europa.eu/single-market/goods/free-movement-sectors/mutual-recognition-goods/product-contact-points\\_en](https://single-market-economy.ec.europa.eu/single-market/goods/free-movement-sectors/mutual-recognition-goods/product-contact-points_en)

### 4.3 Traceability

- Regulation (KE) No. 765/2008, also, it defines current practices regarding traceability by requiring the placement of specific labels. Product traceability labeling is mandatory for a wide range of products, such as electronics, kitchen products, toys and many other products.

#### 4.3.1 What is the traceability of a product?

- Traceability, in the context of the consumer products industry, means the ability to trace the origin of a product. This procedure enables the tracking of a product and the company held responsible for product safety when incidents occur, when the product is considered defective or when it is considered unsafe to consume or does not comply with EU requirements for products.

#### 4.3.2 What are requirements for businesses?

- Reference provisions of Decision No.768/2008/EC reflected in the harmonization legislation of the Union require that manufacturers or importers:
  - Show three elements as follows: (1) their name, (2) registered trade name or registered trade mark and (3) the address at which they can be contacted. These must be placed on the product or, where this is not possible, on its packaging or in a document accompanying the product. The address must indicate a single point at which the manufacturer can be contacted.
  - The manufacturer must make sure that his product has the type, batch ID or serial number and the production date. These must be placed on the product, but where the size or nature of the product does not allow it, then the required information must be provided on the packaging or in a document accompanying the product.
  - Manufacturers must ensure that the product is accompanied by instructions and safety information in a language that can be easily understood by consumers and other end-users, as determined by the concerned Member State.

#### 4.3.3 Labeling/marketing requirements

- Producers, importers in the EU or even authorized persons who operate in the EU should be assured of specific requirements regarding signs and labels.
- **Mark** – is a symbol and/or pictogram that appears on a product or on its packaging. The purpose of these signs is to provide stakeholders with information about safety, health, energy efficiency and environmental issues related to the product.

- **Labels** – are in the form of written text or numerical statements. Labels usually show more specific information about a product, such as the unit of measurement or the materials that may be found in the product (such as textiles or batteries). The supplier must ensure that the products placed on the market are accompanied, for each individual unit, with accurate printed labels and product information sheets in accordance with the relevant regulations.

- European legislation provides a list of products that require the disclosure of details on labels so that the customer can make well-informed purchases.

- Some labels are mandatory and some are voluntary.

Suppliers in the EU should pay particular attention to the labeling of these products for which labeling is mandatory:

- energy products
- waste of electric and electronic equipment (WEEE)
- shoe tags
- textile

- Directive 2012/19/EU stipulates that the symbol indicating separate collection for electrical and electronic equipment (EEE) consists of the crossed wheelie bin, as shown below. The symbol must be printed visibly, legibly and indelibly.



Pic.1 Logo for WEEE

- Regulation (EU) No. 1007/2011 determines that textile labels are mandatory in the EU for textiles intended for sale to the final consumer. The textile label must:

- Explain the composition of the fabric;

- Show font, size and style;

- Contain a clear separation between information on the composition of the textile and other information, such as product care;

- Use clear and legible text, including uniform font.

- Instruction on how to determine the material is available at the following link:<https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:32011R1007>

#### 4.3.4 Requirements regarding the language used on the labels

- If you plan to sell the products in one or more EU countries, you must translate the text into all official national languages where the products are available to the consumer.

#### 4.3.5 EU Ecolabel

- Suppliers in the EU can use some voluntary labels which mainly have an impact on consumers in the selection of the relevant product. One of these widely used labels is the EU Ecolabel.



Pic. 3. Label "EU Ecolabel"

#### 4.3.5.1 How to put this mark on the label?

- Businesses must apply to obtain the right to place this mark on labels. This mark can be placed on products that meet strict ecological criteria, going through the following steps:

**1** Apply to obtain the right to place the “EU Ecolabel” mark. For Kosovar products, which originate outside the EEA, the application must be submitted to a competent body in any of the Member States in which the product will be placed on the market. Link to contact the competent authorities: [https://environment.ec.europa.eu/topics/circular-economy/eu-ecolabel-home/community-and-helpdesk\\_en](https://environment.ec.europa.eu/topics/circular-economy/eu-ecolabel-home/community-and-helpdesk_en)

**2** Register the product or service in the online catalog (ECAT), which is accessible at the link: <https://ec.europa.eu/ecat/>

**3** Create the application file with the description and testing of the product or service. The application file is required from all applicants in order to assess compliance with the criteria. The Competent Body where you apply will verify that all information has been submitted and will ask you for further documentation if necessary.

**4** Submit the application and pay the fees. The amount of the fee will vary depending on the size of the company. You can find the latest list of fees at the link: [https://environment.ec.europa.eu/system/files/2023-02/EU\\_Ecolabel\\_fees\\_table\\_2023\\_02.pdf](https://environment.ec.europa.eu/system/files/2023-02/EU_Ecolabel_fees_table_2023_02.pdf)

**5** The competent authority will assess the application and return an answer within the specified period.

**6** Nëse kërkesa aprovohet Organi kompetent do të lëshojë kontratën dhe licencën.

**7** Vendoseni EU Ecolabel në produktin tuaj. Linku ku mund të gjeni udhëzimet e vendosjes së logos në produkt është i qasshëm në: [https://environment.ec.europa.eu/topics/circular-economy/eu-ecolabel-home/eu-ecolabel-branding\\_en](https://environment.ec.europa.eu/topics/circular-economy/eu-ecolabel-home/eu-ecolabel-branding_en)

#### **4.4 Rules of the origin of the product**

• Rules of origin determine in which country the product was obtained or produced and help to ensure whether the product can be imported into the EU or not, as well as helping the authorities to apply customs duties correctly. These products can be exported to the EU as products of preferential or non-preferential origin. To qualify for preferential treatment, the product must meet the rules of origin according to the agreements between Kosovo and the European Union.

• Kosovo, as a non-European country, in terms of product origin, benefits from two agreements with the EU:

• Pan-Euro-Mediterranean Convention (PEM)

• Stabilization and Accession Agreements (SAA)

The Rules of Origin Self-Assessment (ROSA) tool, helps you assess the compatibility of the product and the agreement. This tool is accessible at the link: <https://trade.ec.europa.eu/access-to-markets/en/home>

## **5. Selling products and services in the EU**

• In order to sell products on the EU market, sellers must ensure that the products meet EU requirements for the protection and health of people and animals, as well as environmental protection and protection of consumer rights.

### **5.1 Compliance with environmental standards**

• The EU has some of the highest environmental standards in the world, developed over decades.

• Environmental policy helps the EU economy become more environmentally friendly, protects Europe’s natural resources and protects the health and well-being of people living in the EU.

• Environmental quality is essential to our health, economy and well-being.

• However, it faces some serious challenges, not only those of climate change, unsustainable consumption and production, but also various forms of pollution.

• EU environmental policies and legislation protect natural habitats, maintain air and water, ensure proper waste disposal, improve knowledge about toxic chemicals and help businesses move towards a sustainable economy.

• Article 191 of the Treaty on the Functioning of the European Union (TFEU) stipulates that EU environmental policies contribute to objectives such as:

• preserving, protecting and improving the quality of the environment,

• protection of human health,

• careful and rational use of natural resources,

• promoting measures at the international level to deal with the regional or global environment,

• problems, and in particular the fight against climate change.

### **5.2 Competition rules in the European Union**

• Free competition is a key element of an open economy or market.

• European Union competition legislation consists of the relevant provisions of the Treaty on European Union (TEU), the Treaty on the Functioning of the European Union (TFEU) and several regulations, such as:

- Regulation of the Council (EC) no. 1/2003 of December 16, 2002 for the implementation of competition rules, defined in Articles 81 and 82 of the Treaty;
- Regulation of the Council (EC) no. 139/2004 of January 20, 2004 for the control of concentrations between enterprises (EC Union Regulation);
- Regulation of the Commission (EU) no. 330/2010 of April 20, 2010 for the implementation of Article 101 (3) of the Treaty on the Functioning of the European Union in the categories of vertical agreements and concerted practices;
- Regulation of the Commission (EC) no. 802/2004 of April 7, 2004 implementing Council Regulation (EC) no. 139/2004 of January 20, 2004 for the control of concentrations between enterprises.

### 5.3 TEU and TFEU – relevant provisions on competition

- With the Treaty on European Union (TEU) (in article 3, par. 3) the European Union has created an internal market.
- Also, the EU is committed to the sustainable development of Europe based on balanced economic growth and price stability, a social market economy and highly competitive, aiming at full employment and social progress and a high level of protection and improving the quality of the environment.
- With the Treaty on the Functioning of the European Union (TFEU) (in article 3, par.1) “setting the competition rules necessary for the functioning of the internal market” is the exclusive competence of the European Union.

### 5.4 TFEU – relevant provisions on competition:

- Articles 101 to 109 of the Treaty on the Functioning of the European Union (TFEU) define the general rules for competition in the European Union.
- EU competition rules are designed to ensure a fair and level playing field for businesses, leaving room for innovation, unified standards and small business development.
- The European Commission monitors and investigates anti-competitive practices, mergers and state aid to ensure a level playing field for EU businesses, guaranteeing fair choice and prices for consumers.
- Large firms are prohibited from using their bargaining power to impose terms that would make it difficult for their suppliers or customers to do business with their competitors. The Commission can fine companies for this practice because it leads to higher prices and/or lesser choices for consumers.

### 5.5 Article 101 of TFEU – illegal arrangements:

- Are prohibited as incompatible with the internal market:
- All agreements between companies,
- Decisions of associations of companies and concerted practices which may affect trade between Member States and which have as object or effect the prevention, limitation or distortion of competition within the internal market, and in particular those which:
  - directly or indirectly determine purchase or sale prices or any other trading conditions;
  - limit or control production, markets, technical development or investment;
  - share markets or sources of supply;
  - apply different conditions to equivalent transactions with other trading parties, thus placing them at a competitive disadvantage;
  - condition the conclusion of contracts with the acceptance by the other parties of additional obligations which, by their nature or according to commercial usage, have nothing to do with the object of such contracts.
- Any agreement or decision prohibited under Article 101 of the TFEU is automatically invalid.
- However, such prohibitions may be declared not applicable in the case of:
  - any agreement or category of agreements between companies,
  - any decision or category of decisions by company associations,
  - any concerted practice or category of concerted practices.
- An agreement that contributes to the improvement of the production or distribution of goods, or to technical promotion or economic progress, while allowing consumers a fair share of the resulting benefit, and that does not:
  - imposes on the relevant enterprises restrictions that are not necessary for achieving these objectives;
  - to give such enterprises the opportunity to eliminate competition with respect to a significant part of the products in question.
- Discussing a possible engagement decision with the companies involved, if they wish, to address the competition issues in question;
- Closing the procedure if there is no reason to continue.

## 5.6 Article 102 of the TFEU – abuse of the dominant position in the EU market

• Any abuse by one or more undertakings of a dominant position in the internal market or in a significant part of it is prohibited as incompatible with the internal market insofar as it may affect trade between member states.

### • Such an abuse, in particular, may consist of:

- Direct or indirect imposition of unfair purchase or sale prices or other unfair commercial conditions;
- Limitation of production, markets or technical development to the detriment of consumers;
- Application of different conditions for equivalent transactions with other trading parties, therefore putting them at a competitive disadvantage;
- Conditioning the conclusion of contracts with the acceptance by other parties of additional obligations, which by their nature or according to commercial usage, have nothing to do with the object of such contracts.

## 5.7 Application of the procedure according to article 101 and 102 TFEU

### 5.7.1 Investigation phase

- Cases of alleged anti-competitive behavior may:
- Be based on complaints from companies, natural and legal persons or EU governments;
- Be open to the Commission itself, which also encourages companies and the public to inform it of suspected wrongdoing.

• In an initial assessment, Commission:

- Assigns the case within the European Competition Network;
- Examines whether a case deserves further investigation;
- Rejects some cases due to insufficient reasons to act;
- Focuses on cases with significant impact on the internal market and risk of harming consumers;
- Informs the addressees of investigative measures about their object and purpose;
- Warns complainants of the action it proposes to take.

### • Officially opening the procedures, Commission:

- Indicates that it will investigate the case further;
- Identifies and informs the parties involved and describes the scope of the investigation;
- Emphasizes that the procedure does not prejudice the existence of the violation.

### Commission may:

- Ask companies to provide all the necessary information within certain time limits;
- Hold meetings with interested parties, complainants or others;
- Get statements from natural or legal persons with useful data;
- Inspect the premises of a company and other places;
- Share information with national competition authorities;
- Organize voluntary information meetings with the companies under investigation at the key stages of the case;
- Allow the parties to consider the main submissions as a non-confidential version of the complaint at an early stage.

### • The possible results of the investigative phase are:

- Approval of a statement of objections with the aim of a prohibition decision for all or some of the identified issues;
- Discussing a possible engagement decision with the companies involved, if they wish, to address the competition issues in question;
- Closing the procedure if there is no reason to continue.

**• After its in-depth investigation, the Commission approves to guarantee the right of the company to hear a statement of objections. This preliminary assessment of alleged violations:**

- Informs companies about the charges they face, giving them the opportunity to respond;
- Determines the legal remedies that the Commission plans to put in place to end the anti-competitive conduct;
- Shows whether the Commission plans to impose fines on companies, how they can be calculated and whether they can be reduced;
- Allows addressees to access the Commission's case file and, if necessary, certain confidential information;
- Provides companies with the right to a written response;
- Accompanies the complainants with the procedures by providing them with a non-confidential version of the statement of objections;
- Gives interested parties the right to a hearing to develop their written arguments, to complete their written evidence or to inform the Commission on other relevant issues;
- It is followed by a supplementary statement of objections if relevant new evidence emerges or if companies which can respond to new developments face more severe penalties.
- At the end of the process, the Commission can:
  - Decide that there has been a violation of the relevant competition rules;
  - To withdraw some of its objections while continuing with others;
  - To close the case.
- **The Commission provides the companies involved with the decision immediately after it is taken, issues a press release and publishes a non-confidential version on the website of the General Directorate of Competition.**

**5.8 Article 107 of the TFEU – state aid:**

- Except as otherwise provided in the Treaties, any aid granted by a Member State or through State resources in any form, which distorts or threatens to distort competition, favoring certain undertakings or the production of certain goods, insofar as affects trade between Member States, is incompatible with the internal market.
- The following cases are compatible with the internal market:
  - Aid of a social nature, given to individual consumers, provided that this aid is given without discrimination regarding the origin of the products in question;
  - Help to correct damages caused by natural disasters or extraordinary events;
  - Aid given to the economy of certain areas of the Federal Republic of Germany affected by the division of Germany, insofar as such aid is required to compensate for the economic disadvantages caused by this division. Five years after the entry into force of the Treaty of Lisbon, the Council, acting on a proposal from the Commission, may adopt a decision repealing this point.
- The following cases can be considered compatible with the internal market:
  - Aid to promote the economic development of areas where the standard of living is abnormally low or where there is serious underemployment, and of the regions mentioned in article 349, in terms of their structural, economic and social condition;
  - Help to promote the execution of an important project of common European interest or to address a serious concern in the economy of a member state;
  - Aid to facilitate the development of certain economic activities or certain economic areas, when such aid does not adversely affect trading conditions to an extent contrary to the common interest;
  - conditions of trade and competition in the Union to an extent that is contrary to the common interest;
  - Other aid categories that can be specified by council decision with a proposal from the commission.

## 5.9 Services of general economic interest (SHIPE)

- Services of general economic interest are economic activities, such as transport networks and postal and social services, considered by public authorities to be particularly important for citizens and which would not be provided (or would be provided under different conditions) if there were no public intervention.

### Compensation for SHIP:

- According to the 2003 Altmark decision of the Court of Justice of the European Union (CJEU), public service compensation does not constitute state aid when 4 cumulative conditions are met:

- 1 The beneficiary service provider must have clearly defined public service obligations;
- 2 The method for calculating the compensation must be objective, transparent and determined in advance;
- 3 The compensation cannot exceed the relevant costs and a reasonable profit, that is, no over compensation; AND
- 4 The provider is selected through a public procurement procedure, or the level of compensation is calculated based on an analysis of the costs of an average 'well-run' business in the sector in question.

- Where one or more of these conditions are not met, public service compensation will be reviewed under state aid rules.

## 5.10 Employment in the EU

- Free movement within EU countries to work without a work permit is a right for EU citizens. Non-EU citizens may be entitled to work in an EU country or to be treated equally with EU citizens/nationals in terms of working conditions. These rights depend on their status as family members of EU citizens and their citizenship, where in the case of Kosovo, job seekers need a work permit from the EU country where they wish to work.

- You can get help with recruitment throughout the EU from the European job portal, which is accessible at the link [https://eures.ec.europa.eu/index\\_en](https://eures.ec.europa.eu/index_en)

### 5.10.1 Professional qualifications

- A general system of recognition of qualifications to work in most regulated professions is in place across the EU. If you want to work in a profession (for example as a teacher, lawyer, engineer or psychologist) you must apply for recognition of your qualifications in that country.

- If you are a doctor, general nurse, dentist, midwife, vet, pharmacist or architect, your national qualifications are in principle automatically recognized.

- You can get help with vocational qualifications across the EU from the European job portal, which is accessible at the link [https://europa.eu/youreurope/business/human-resources/index\\_en.htm](https://europa.eu/youreurope/business/human-resources/index_en.htm)

### 5.11 Access to EU finances

- EU funding is available to all types of companies of all sizes and sectors, including entrepreneurs, start-ups, micro-enterprises, small and medium-sized enterprises and larger businesses.

- There is a wide range of financing: business loans, microfinance, guarantees, capital investments for entrepreneurs, development of sustainable economic policies, development of human resources as well as investments in the field of education.

- The European Union, as regards non-European countries, and more specifically the Western Balkans, has developed several programs and initiatives that contribute to increasing well-being, where it aims to increase awareness, knowledge and understanding of relations between EU countries and the Balkans. Western and EU enlargement policy.

- Some of the main EU initiatives and funding programs in the Western Balkans can be found at the link: <https://webalkans.eu/en/about/>

## 6 Interaction with EU customers

### 6.1. Consumer protection in the European Union

- The Treaty on the Functioning of the European Union (TFEU) in Article 12 defines that: “Requests for consumer protection will be taken into account in the definition and implementation of policies and other activities of the Union”.
- Whereas, in article 169 of the TFEU, it is determined that:
  - “In order to promote the interests of consumers and to ensure a higher level of consumer protection, the Union will contribute to the protection of the health, economic interests and safety of the consumer, as well as to promote their right to information, education and to organize in order to protect their interests.”
  - Directive 2011/83/EU of the European Parliament and of the Council of October 25, 2011 on consumer rights, defines the term “consumer” and “trader”.
  - The term “consumer” means “any natural person who, in the contracts covered by this directive, acts for purposes which are outside his trade, business, trade or profession”.
  - Whereas, the term “merchant” means “any natural person or any legal person, regardless of whether it is privately or publicly owned, who either acts on his behalf or through any other person, for purposes related to his trade, business, trade or profession in relation to contracts covered by this directive.
  - Directive 2011/83/EU applies to contracts concluded after June 13, 2014 (the directive is accessible at the link: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32011L0083&from=EN>)
  - The amendment to Directive (EU) 2019/2161 applies from 28 May 2022. This directive gives consumers the same rights across the EU.
  - It aligns and harmonizes national consumer rules, for example on the information consumers must be given before they buy goods, services or digital content, and on their right to cancel online purchases, wherever they shop in the EU.
  - Amending Directive (EU) 2019/2161, extends the scope of Directive 2011/83/EU to cover contracts under which the trader supplies or undertakes to supply a digital service or digital content to the consumer, and the consumer offers or undertakes to supply personal data.

### 6.2 Disclosure Obligations

- Before concluding a contract, traders must provide consumers, in clear and comprehensible language, with information such as:
  - Their identity and contact details;
  - Main features of the product; AND
  - Terms that apply, including payment terms, time of delivery, performance and duration of the contract and terms of termination.
  - In stores, additional information that is not visible must be provided.
  - Information requirements, particularly on the right of withdrawal, are more detailed for contracts concluded at a distance (such as on the Internet, by telephone order or by mail) and for contracts concluded off premises (eg when a trader visits a customer’s home).
  - Amendment of Directive (EU) 2019/2161 adds to the directive specific information requirements for contracts concluded in online markets. Online markets should:
    - Inform consumers whether a third-party supplier is commercial or non-commercial (ie another consumer);
    - Warn the consumer that EU consumer protection rules do not apply to contracts concluded with non-traders; AND
    - Provide explanations on who is responsible for the execution of the contract: the third-party merchant or the online marketplace itself.

### 6.3 The right of Withdrawal

- Customers may withdraw from distance and off-premises contracts within 14 days of delivery of the goods or termination of the service contract, with certain exceptions, without any explanation or cost. A standard withdrawal form provided by the seller is sufficient.
- If consumers are not informed of their rights, the withdrawal period is extended by 12 months.
- Exceptions apply in some circumstances, for example for perishable goods, sealed goods opened by the consumer that cannot be returned for health or hygiene reasons, and hotel or car rental reservations related to specific dates.
- When consumers withdraw from a contract, they must refrain from using the digital content or digital service and from making it available to third parties.

#### 6.4. Unjustified payments or additional fees are prohibited

- Merchants must not charge consumers fees for using a payment instrument that are higher than the merchant's cost of using such means. In many cases, charging such fees is completely prohibited in accordance with the payment services directive (Directive (EU) 2015/2366).
- When calling a trader to inquire or complain about the contract, the consumer should not pay more than the basic telephone charge.
- Merchants must have a consumer's express consent when offering additional paid services. Pre-ticked boxes on an order form cannot be used for such payments.

#### 6.5 Sanctions

- Directive 2011/83/EU requires member states to establish effective, proportionate penalties applicable to violations of national rules transposing the directive.
- Amendment of Directive (EU) 2019/2161 introduces a list of criteria to be applied when setting fines. It also requires member states to provide for the possibility of imposing fines of up to at least 4% of the trader's annual turnover, or €2 million where information on the trader's turnover is not available.
- Such fines should be available when Member State authorities act together for major cross-border infringements affecting consumers in several Member States in the context of the Consumer Protection Cooperation Network Regulation (Regulation (EU) 2017/2394).

#### 6.6 Data Protection

- Within the European Union, the protection of personal data is determined by Regulation (EU) 2016/679 (GDPR)

#### 6.7 Who must apply this regulation?

- Any company that stores and processes personal information of EU citizens that:
  - are present in EU countries;
  - are not present in the EU but process personal data of EU citizens;
  - have more than 250 employees;
  - have fewer than 250 employees, but the processing carried out is likely to result in a risk to the rights and freedoms of data subjects.

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#### 6.8 What data is protected by this regulation?

- Personal data is any data that can be used to identify an individual. These data can be:
  - Basic identity data: name, address, personal number or even e-mail address;
  - Data from websites, location, IP address, data from cookies, posts on social media, etc.;
  - Health and genetic data;
  - Biometric data;
  - Racial or ethnic data;
  - Political opinions;
  - Sexual orientation.
- Kosovar businesses should be particularly attentive, among others, to these rights guaranteed by this regulation of customers coming from the EU:
  - The right to be informed (Article 13);
  - The right to access (Article 15);
  - The right to correction (Article 16);
  - Right to erasure ('right to be forgotten') (Article 17);
  - The right to limit processing (Article 18).

## 6.9 What are the responsibilities of the data controller and processor?

- Kosovar businesses should take into account that:
  - Article 27- Representatives of controllers or processors located outside the European Union states that: “When Article 3(2) is applied, the controller or processor appoints in writing a representative in the Union.
  - The obligation defined in paragraph 1 of this article does not apply to cases where:
    - Processing that is incidental, does not include on a large scale, the processing of special categories of data as referred to in Article 9(1), or the processing of personal data in connection with criminal activities referred to in Article 10, and is unlikely to result in a risk to the rights and freedoms of natural persons, taking into account the nature, context, scope and purposes of the processing; OR
    - (b) a public authority or body.