

The Economic and Social Investment of Turkey in Kosovo

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ABSTRACT

Turkey is a growing power in the region and in the world and this is being reflected in its economic endeavours as well as in its ambitious foreign policy strategy of *Strategic Depth*. Turkey's policy towards the Balkans, as Davutoğlu summarizes it, seems very comprehensive "security for all, high-level political dialogue, further economic integration and the preservation of the multi-ethnic, multi-cultural and multi-religious social structures in the region." Turkey's economic and social involvement in Kosovo is very obvious. In fact, while many countries are wary of getting involved economically in Kosovo mainly due to its fragile economy and business environment, Turkey has expressed the opposite sentiments. Turkish companies have undertaken some of the biggest and the most expensive projects in Kosovo such as the Prishtina International Airport and the construction of the highway that connects Kosovo with Albania. Three out of five companies that have expressed their interest to purchase the Kosovo Energy Distribution Network and Supply are Turkish. Turkey has also shown a major social involvement in Kosovo, mainly due to the common history and religious ties between the two nations. Many ottoman mosques have been restored, private Turkish schools and dormitories are among the finest of their kind in Kosovo, and many Kosovo students have received scholarships for studying in Turkey. Although Turkey's political, economic and social support for Kosovo might be advantageous for the new state of Kosovo, some do not see it that way. Critics say that the Government is leaning too much on Turkey instead of in its western allies. This paper argues that Turkey's involvement in Kosovo has been quite beneficial and does not jeopardize at all Kosovo's ambitions for EU association.

Key Words: Kosovo; Turkey; Socio-Economic; European Union

Türkiye'nin Kosova'daki Ekonomik ve Sosyal Katkısı

ÖZET

Türkiye bölgede ve dünyada büyüyen bir güç haline gelmektedir ve bu durum ülkenin ekonomik faaliyetleri ve *Stratejik Derinlik* olarak adlandırılan iddialı dış politika anlayışıyla da yansımaktadır. Türkiye'nin Balkan politikası, Dış İşleri Bakanı Ahmet Davutoğlu'nun özetlediği gibi "yüksek düzeyde politik diyalogların güvenliği için; bölgede daha fazla ekonomik entegrasyon sağlanması, etnik, kültürel, dini ve sosyal çeşitliliğin korunması" konularına büyük önem vermektedir. Türkiye'nin Kosova'daki ekonomik ve sosyal katkısı ve ilgisi oldukça bariz bir şekilde gözlemlenmektedir. Birçok ülke; ekonomisinin kırılğan yapısı ve iş hayatındaki olumsuzluklar nedeniyle Kosova'yla ekonomik bir yakınlık hakkında endişe duyarken Türkiye tam tersi bir tutum sergilemiştir. Türk şirketleri; Priştine Uluslararası Hava Limanı yapımı ve Kosova- Arnavutluk arasındaki otoyol inşaatı gibi en büyük ve en pahalı projelerden bazılarını almıştır. Kosova Enerji Dağıtım Şebekesini satın alma niyetinde olduğunu açıklayan toplam beş şirketten üçü Türktür. Türkiye Kosova'da iki ulus arasındaki ortak tarih ve dini bağlar nedeniyle sosyal bakımdan da kendini göstermektedir. Osmanlı dönemine ait birçok camide restorasyon yapılmaktadır, Kosova'daki özel Türk okul ve yurtları en iyiler arasındadır, Türkiye'de öğrenim gören Kosovalı öğrencilere burs imkânı sağlanmaktadır. Türkiye'nin Kosova'ya ilişkin politik, ekonomik ve sosyal tutumu yeni Kosova devletine birçok fayda sağlasa da bazı çevreler bu duruma temkinli yaklaşmakta ve bundan endişe duymaktadır. Bu çevreler, Kosova'nın batılı müttefikleri yerine Türkiye'ye çok fazla yaklaştığını iddia etmekte ve bu durumu eleştirmektedir. Bu çalışmada Türkiye'nin Kosova'ya ilişkin tutumunun Kosova'ya fayda sağlamakta olduğunu ve bu yakın ilişkinin Kosova'nın AB hedeflerini tehlikeye atmadığını savunmaktadır.

Anahtar Kelimeler: Kosova; Türkiye; Sosyo Ekonomik; Avrupa Birliği

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Many articles have been written recently on whether Turkey is “turning east” or it still determined to go all the way “towards west”. What many political commentators agree is that Turkey is remaking itself as the centre of the politics and economics of its own region. “It is a mistake to see Turkey as being “with” the EU and the US, or “with” the Muslim world and Russia”, writes Owen Matthews. While Europe remains Turkey’s top foreign policy priority, it is not the only one. Ahmet Davutoğlu explains the foreign image of Turkey as having “strong muscles, a weak stomach, a trouble heart and a mediocre brain”, referring to Ankara’s history of lashing out at neighbours and making piecemeal alliances. Now it is time for Turkey to be European in Europe and Eastern in the East, because Turkey is both, adds Davutoğlu.² The Davutoğlu effect, a change of foreign policy is also shaping the image of Turkey and its role as a strong player in international arena. Turkey’s new policy of “zero problems with the neighbours”, is helping the country to resolve some old disputes, but also is helping Turkey to cultivate new friendship in the region, characterized by offering trade, aid and visa-free travel.

Turkey is active nowadays, and very active in its old stamping-ground in the Balkans, especially in Bosnia and Kosovo. Erhan Turbedar mentions five reasons that explain Turkish renewed presence in the Balkans. The first reason is the longstanding history of Turks with the Balkan peoples. People of the region and of Turkey are familiar with each other securing a good basis for regional cooperation. Second reason is the human factor, since more than one million of Turkish minorities live in the Balkan states. Besides, Turkey also attaches importance to other Muslim communities from the region. In three Balkan countries Muslims represent the majority of population. While Albania had been the only Muslim-majority country left in the Balkans after the collapse of the Ottoman Empire in 1912, this changed with the independence of Bosnia-Herzegovina in 1991 and Kosovo 1998. Around six million Muslims live in Kosovo, Albanian and Bosnia-Herzegovina, each country having approximately two million inhabitants. At least 700.000 citizens of Macedonia are of Muslim faith. Significant Muslim minorities live in Serbia and Montenegro too, while 14 percent of Bulgaria’s population are Muslims.³ The third reason is associated to the geography. Any instability that emerges in the region has political, economic or cultural effects on Turkey. That’s why having peace and stability in the Balkans is among the priorities of the Turkish foreign policy. The fourth reason is improving economic presence in the region, and the last key reason for Turkish engagement in the Western Balkans is to secure allies among these countries for Turkey’s EU bid in the future.⁴

2 Owen Matthews. “Ankara in the Middle”, Newsweek, August 2, 2010

3 Kerem Oktem. *New Islamic actors after the wahhabi intermezzo: Turkey’s return to the Muslim Balkans*. European Studies Center, University of Oxford, December 2010

4 Erhan Turbedar, Turkey’s Western Balkans Policy, http://www.vpi.ba/eng/content/documents/Turkey%E2%80%99s_Western_Balkans_Policy.pdf

With regard to Kosovo, Turkey has been a major player in Kosovo's new history. As NATO's biggest army, after America's, Turkey was involved in Kosovo's air campaign during the 1999 war with Serbia. Turkey recognized the Kosovo independence a little over 24 hours after Kosovo leaders declared the independence on February 17, 2008. Turkey was among the first countries to establish a coordination office in Prishtina right after the end of war in 1999. In September 2008 Turkey upgraded the status of its coordination office to that of an embassy. To encourage the freedom of movement between two countries, in June 2009 Turkish Government took the decision of abolishing visas for Kosovo citizens. Turkey's interest in Kosovo is not merely to establish good diplomatic relations with the new state. It is not merely politics, it is action. Turkish presence in Kosovo today is quite visible. Turkish governmental and non-governmental organizations along with Turkish companies and Turkish investors show Turkish commitment towards Kosovo's social and economic development. This is in line with Turkey's Foreign Policy in the Balkans as Ahmet Davutoğlu puts it "security for all, high level political dialogue, further economic integration and the preservation of the multi-ethnic, multi-cultural and multi-religious social structures in the region."⁵ The economic and social Turkish presence in Kosovo is increasing. Is Kosovo leaning too much on Turkish investment, is Turkish social involvement in contradiction with Kosovo's secular attitude, is Kosovo turning too much on Turkey instead of in its western allies? These are the questions that will be addressed in the following lines.

TURKEY'S ECONOMIC INVOLVEMENT IN KOSOVO

For a new country like Kosovo, foreign investment is essential for enabling economic growth, reducing the poverty rate and creating new jobs. Poverty in Kosovo, although shallow, is persistent and widespread, with over 45 percent of population considered poor. Economic growth has been slow since the end of the war, where foreign assistance and remittances played a critical role. Kosovo budget depends largely on import incomes. Today customs incomes from import make around 60 percent of Kosovo's annual budget. Unemployment level has reached staggering figures of around 45 percent of the working force. The number of people entering the job market is increasing while job opportunities remain low.

Considering its young population and the cheap labour force one might expect that foreign companies would rush to invest in Kosovo. In reality, the number of foreign

5 Altin Raxhimi. "Davutoglu: I'm not a neo-ottoman". <http://www.balkaninsight.com/en/article/davutoglu-i-m-not-a-neo-ottoman>, April 2011

investors interested to explore the investment climate has been very modest. Kosovo's overall image as perceived by foreign investors is very essential. A World Bank survey on foreign investors shows that foreign investors have more or less the same concerns about Kosovo's investment climate as domestic firms. There is a perception among them that public administration is inefficient, there are complex regulations with regard to starting a business and there is a fear of widespread corruption. The same perception is not shared by foreign firms already in Kosovo, who have a much more positive view of Kosovo's investment opportunities.⁶

The same sentiments however are not shared by Turkish companies. Some of the biggest Turkish companies, with international reputation, have invested or are ready to invest in Kosovo. Indeed, they are involved in some of the biggest projects that Kosovo has ever had such as the highway construction. That Turkey had serious plans on investing in Kosovo shows the establishment of the Kosovo – Turkey Chamber of Commerce (Kosova-Türkiye Ticaret Odası) established in 2008. The chamber aims to increase the volume of commercial activities between Turkey and Kosovo, to attract Turkish investment to Kosovo and to create an economic bridge between the two states. The inauguration of this institution received good attention from both countries, considering that some 11 big Turkish and Kosovo companies are the founders, including the Turkish airlines, two Turkish banks and one insurance company, all operating in Kosovo. This chamber has also published studies pertaining to potential investing opportunities like agriculture, energy, and trade.

Prishtina international airport is the only operating airport in Kosovo. When Kosovo Government decided to give the airport for concession, a number of international companies expressed their bidding interest. In 2010 the winner was announced to be the Turkish-French consortium Limak&Lyon. Limak is a Turkish company with around 5000 employees and a global outreach. According to the agreement, the consortium will operate with the airport for 20 years and will invest over 80 million euro. In addition, part of investment will be expanding the airport's space and activities, modernize its infrastructure and building a new terminal. At the time of concession the airport had around 1.3 million passages annually. The news investor vowed to increase the number of passages to around 4 million. Prishtina International Airport, later named as "Adem Jashari Airport" was Government's first big privatization activity, and marks one of the biggest investments of a Turkish company in Kosovo.

Turkish companies were again in Kosovo Government files when the latter decided to build the "Ibrahim Rugova" highway. In 2010 an American-Turkish consortium

6 Jeton Mehmeti. Kosovo: New Country, Old Problems. Equity vs. Efficiency: Possibilities to lessen the trade-off in social, employment and education policy in South-East Europe. Predrag Bejakovic, Marc Meinardus (Eds), Friedrich Ebert Stiftung, Bulgaria, 2011

Bechtel-Enka won Kosovo's most expensive project to date to build the national highway that would connect Kosovo and Albanian. The details of this contract were never made public, however, the initial cost was said to be around 700 million euro. Most analysts believe the cost will increase to over a billion euro, which is close to Kosovo's 2011 budget of 1.4 billion euro. Enka is one of the largest, if not the largest Turkish construction and engineering company. The Bechtel-Enka joint venture has employed over 2600 local staff and a significant number of workers coming from Turkey. The construction of the 118 km highway is in progress, while the first 38 km are now open for public. Indeed, the highway is so far the largest project of Kosovo Government which again was given to a Turkish company.

One of the largest assets that is expected to be privatized soon is the Kosovo Electricity Distribution Network and Supply (KEDS). Kosovo citizens have been facing problems with energy since 1999. All other countries in the region have already privatized their distribution network and supply. The Kosovo Government was determined to do the same. The privatization process began in October 2008 and the winning company was expected to be announced in September 2011. However, the government did not manage to close this procedure as planned after high criticism from the opposition and the civil society for leading a non transparent project. According to Government's 2011-2013 Medium-Term Expenditure Framework, there is no other option for KEDS but privatization and the whole process might be over in 2012. What is worth mentioning is that the Government has already selected four pre-qualified companies. In this short list of potential winners again Turkish companies dominate: Limak (Turkey), Calik (Turkey), TAIB (Turkey & Bahrain), and Elsewedy (Egypt). Although the Government never admits that it is favouring Turkish companies, most likely the next biggest project will end in the hand of another Turkish company, if not in the hand of Limak which already operates with the airport.

Turkish capital is present in the banking sector too. The Central Bank of the Republic of Kosovo is responsible for licensing of all commercial banks. Of nine commercial banks in Kosovo, two are of Turkish origin, TEB Sh.A., and Banka Kombetare Tregtare – Kosovo Branch. TEB joint venture BNP Paribas began operating in Kosovo in 2008. Today it employs over 300 people and generates good benefits. Last year it was reported that one of the largest banks of Turkey, Türkiye İş Bankası, is planning to open a branch in Kosovo or to buy an existing bank.⁷

There are also other Turkish companies present in Kosovo whose business is on textile, industry, furniture, stationary, food, construction materials, etc. In addition, Turkey remains one of the most favourable destinations for import.

7 “Edhe nje bank turke ne Kosove?”, Bota Sot, <http://www.botasot.info/def.php?category=23&id=149081>

TURKEY'S SOCIAL INVOLVEMENT IN KOSOVO

It is not only the economy that drives Turkish companies towards Kosovo. Turkish organizations have been a major contributor to the new country with technical assistance in rebuilding religious objects, contributing in education and other social means.

The Turkish Development Agency (TIKA) has contributed in restoration of Ottoman mosques and in funding non-religious projects such as health care, water supply and agriculture. Kosovo was a potential country to receive TIKA's aid and assistance, which acts only in states considered as 'developing countries'. One of the chief achievements of TIKA in Kosovo was to support the institution of Kosovo Islamic Union. This collaboration resulted in restoration of some of the oldest Ottoman mosques in Prishtina and Prizren. One of the oldest mosques in Kosovo, the Sinan Pasha mosque in Prizren, a 500 years old mosque was reopened last year after five years of reconstruction work by TIKA. Prishtina's biggest mosque, Sultan Mehmet-Fatih mosque, which dates since 1444, was inaugurated by Turkey's Prime Minister Recep Tayip Erdoğan in 2010 after years of renovating work by TIKA. Other old mosques are also in progress of renovation by TIKA, such as Sultan Murat Mosque built after the Battle of Kosovo in 1389 and completed in 1440⁸, and Yashar Pasha Mosque in Prishtina. The Turkish Development Agency is also responsible for many successful projects in Kosovo, like the renewing of potable water network in Zhur, near the city of Prizren.

Turkey is also making a significant impact in the education sector in Kosovo. There are already Turkish private schools, dormitories, cultural centres and plans for opening Turkish universities. Indeed, the first private school opened after the war was Mehmet Akif College. 'Mehmet Akif' is one of the most respected foreign schools in Kosovo that provides a high teaching standard, has qualified teachers and is home to some of the best minds. This school provides primary and secondary education and as the number of interested students increased within years, today 'Mehmet Akif' has three schools in Kosovo. The main school is located in Prishtina, the second school is in Prizren and the third one has just opened in Lipjan. To students this school is different from others because its teaching is in English, and it prepares students for good universities in the future.⁹ The Turkish government also plans to open a university in Lipjan, pledging to invest more than 100 million euro in the construction of what is expected to be "the

8 News Agency Kosovahabet.net

9 Jeton Mehmeti. "The role of education in Kosovo – the contribution of Gulen Movement", paper presented at the international conference East and West Encounters: The Gulen Movement, University of Southern California, 2009

most advanced university in the region”¹⁰ Cultural affinities between the two counties especially the knowledge of Turkish language among many Kosovars makes the latter see Turkish universities as a promising destination. It is believed that more than 1000 Kosovo students are currently enrolled in Turkish institutions of higher education.¹¹

It goes without saying that a significant contribution in terms of education in Kosovo has been given by Fethullah Gülen movement. This movement which has been continuously spreading its educational activities in more than 130 countries in around 20 world languages began formally in Kosovo on October 1, 2004, through the Foundation for Education and Culture “Atmosfera”, initially in Prizren and since 2006 in Prishtina, where it is based now. Speaking of education, the most important contribution of Gülen Movement in Kosovo is building dormitories for students who need shelter. The dormitory in Prishtina, able to accommodate 100 students, is open to any first year student, regardless of nationality (Albanian, Serb, Turkish, Roma etc.) and regardless of religion. Another dormitory operates in Prizren, which has the capacity to accommodate around 40 students, and is equipped with a nice library and excellent studding standards.¹²

There is no doubt that Turkey is the most influential Muslim country in the Western Balkans. Turkey exercises and teaches a moderate Islam, which is a legacy of the Ottoman Empire. The official representative of Kosovo Muslims, the Islamic Community of Kosovo has exercised for centuries the Ottoman teachings of Islam. This form of Islamic practices, propagated by the Islamic Community, which is also supported by the political elites, is referred to as ‘European Islam’, ‘tradition Islam’ or simply ‘our Islam’, is the same Islam practiced in Turkey. Hence, it makes perfect sense that each year a number of Kosovo students go to Turkey for studying religion. Some of them are encouraged by scholarships offered by the Diyanet and Turkish Ministry of Education, who together offer over 2000 scholarships annually for Western Balkans students. Half of these scholarships are granted from the Turkish state agency, the Presidency of Religious Affairs (Diyanet) exclusively for students who study religion in Turkey. 100 students are admitted annually from Kosovo alone.¹³

Through official and non official ways Turkey is increasing its efforts to underline common cultural, historic and religious ties between Kosovo and Turkey. Turkish community in Kosovo appears to be well organized and representative in terms of

10 Muhamet Brajshori. “Turkey and Kosovo build educational ties”, http://www.setimes.com/cocoon/setimes/xhtml/en_GB/features/setimes/features/2011/06/29/feature-03

11 Ibid.

12 Jeton Mehmeti. “The role of education in Kosovo – the contribution of Gulen Movement”, paper presented at the international conference East and West Encounters: The Gulen Movement, University of Southern California, 2009

13 Kerem Oktem. *New Islamic actors after the wahhabi intermezzo: Turkey's return to the Muslim Balkans*. European Studies Center, University of Oxford, December 2010

political participation. They are represented both at the Government (the Minister of Public Administration is a member of Turkish community) as well as in Kosovo Parliament (the deputy speaker comes from Turkish community). To make the locals more familiar with the Turkish culture, Turkish Government has managed to open cultural centers in Kosovo towns. During his official visit to Kosovo in August 2011, the Turkish Foreign Minister and President of the Board of Trustees of Yunus Emre Foundation, Ahmet Davutoğlu carried out the official inauguration of Yunus Emre Turkish Cultural Centers in Prishtina and Prizren. In addition to the cultural centers, Kosovo people are becoming more and more familiar with the Turkish culture through Turkish TV serials. Indeed, Turkish soap operas are very popular in Kosovo. Just like in the Middle East, Turkish soap operas are shaping the Turkish image in the eyes of the Western Balkan peoples. One may question the moral integrity of these movies, but there is no doubt that Turkish serials are becoming a very profitable business both for the Turkish producers and for local televisions that buy them, they are boosting the number of foreign visitors to Turkey and they are shaping the image of Turkey as a modern and developed country.

CONCLUDING REMARKS

It is quite obvious that Turkey's new presence in the Balkans is part of its new foreign policy. Turkey's presence in the Balkans in general, and in Kosovo in particular is undeniable. Turkey was among the most active countries during the 1999 NATO air campaign in Kosovo, and one of the biggest contributors in the peace keeping mission of KFOR in Kosovo. Turkey was among the first countries to open its coordination office in Prishtina, a great sponsor and supporter of Kosovo's independence and one of very few countries where Kosovo people can travel without a visa. So far, Turkey has been supporting all Kosovo initiatives in the international political arena, proving that it is an important ally for Kosovo along other western countries like USA, UK and Germany.

Turkey's economic involvement in Kosovo is increasing. Turkish companies seem quite interested to invest their capital in Kosovo. Some of the biggest projects such as the highway construction, the airport management and most likely the energy sector are or will be in the hands of Turkish companies. In a time when serious international companies have shown no interest in investing in Kosovo, Turkish companies have shown quite the opposite sentiments. Should Kosovo stop the Turkish capital? No. A new country like Kosovo needs the expertise and investment of Turkish companies like Limak, Calik, Enka, etc. The fact that some of the biggest privatized social enterprises

are in the hands of such serious global companies, will make Kosovo look as a safe and profitable investing country in the eyes of other potential investors. Second, Kosovo is a new country and it is not in a position to select the investors, especially now as it ranks very low in the list of 'to do business in' countries, it ranks very high in term of corruption, where bureaucratic procedures for opening a business are tiring and discouraging and where the judiciary is not effective and independent. Considering the small advantages that Kosovo currently offers for foreign investors compared to other countries in the region, one might rightly justify the Kosovo Government for waiting with open arms Turkish investors. Turkish investors, companies, banks and other services all contribute to the development of Kosovo's economy, have created job opportunities and have enabled local-partnering business to expand their business activities. Turkish educational services in Kosovo are invaluable. Turkish private schools are the fines of their kind. They offer high educational standards, modern and practical curriculum in English, Turkish and Albanian. Turkish dormitories, although under the umbrella of Islamic grass root organizations, are very attractive, modern and useful for Kosovo students.

As Turkey and Kosovo aspire for European Union membership, it appears both have a long way to go. Both countries have the same destination, but face different obstacles towards that destination. At the mean time Kosovo needs to show significant economic growth, reduce poverty and unemployment. More should be done to attract foreign investment from Western countries, but under no circumstances should Kosovo turn its back to Turkey and Turkish investment. Turkish economic investment in Kosovo is perhaps the only success story of foreign investment so far.

