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**POLICY BRIEFING**  
**KOSOVO**

## **Green Card membership and tourism – challenges and solutions**

by Marie-Aimée Salopiata, Josefin Sünneemann and Gezim Tosuni

# Executive summary

- » Kosovo is the only country in Europe that is not part of the Green Card system, a system regulating cases of cross-border road traffic accidents caused by foreign vehicles
  - Key implication: foreign vehicles entering Kosovo need to buy extra insurance at the Kosovar border
- » Impedes upon the development of Kosovo's important tourism sector by imposing financial costs and costs in terms of waiting times on visitors from outside the region, especially the diaspora
- » Past solutions for the problem such as the government paying the insurance fees for foreign visitors have not yet proved to be satisfactory
- » Key question: how could a solution look like for the next tourism season?
- » Potential solutions:
  1. Online purchase of insurance
  2. Unilateral acceptance of the Green Card
  3. Extension of insurance coverage

# Outline

1. Current situation
  - I. What is the Green Card System?
  - II. Membership status of Kosovo
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3. Implications for inbound tourism
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  - III. Border policies
  - IV. The Green Card and tourism
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    - b. Costs
  - V. Past solutions
4. Solutions
  - I. Online purchase of insurance
  - II. Unilateral acceptance of the Green Card
  - III. Extension of insurance coverage

# 1. Current situation: the Green Card system

- » Upon stimulation by the United Nations Economic Commission for Europe, the Green Card system was set up in 1949
  - Goal: regulate cases of cross-border road traffic accidents caused by foreign vehicles
- » The Green Card is also known as the International Motor Insurance Certificate and is issued by a Green Card bureau established in each participating country
- » The certificate shows that a visiting vehicle has at least the minimum compulsory Motor Third Party Liability Insurance cover as required by the law of the country visited
- » It provides a guarantee for the visited country that the insurer of the vehicle's country of origin will reimburse a potential victim's damage in accordance with the rules applicable in the visited country
- **Ensures that victims of an accident caused by a foreign vehicle are properly compensated**



# 1. Current situation – membership status of KOS

- » Kosovo is currently not a member of the Green Card system, despite past efforts to become a member
- » 2011: Kosovo officially applied for membership in the Green Card system, but ended up being unsuccessful
- » Despite progress in fulfilling the criteria for Green Card membership since then, UN membership remains as a final unmet criterion
- » Key implication: foreign vehicles entering Kosovo need to buy extra insurance at the Kosovar border
  - This affects cross-border goods traffic as well as passenger traffic
- » Only exception: Most of the WB6 countries, with which bilateral agreements regulating the mutual acceptance of vehicle insurances exist
- **Kosovo is not a member of the Green Card system: foreign vehicles entering the country must buy extra insurance**

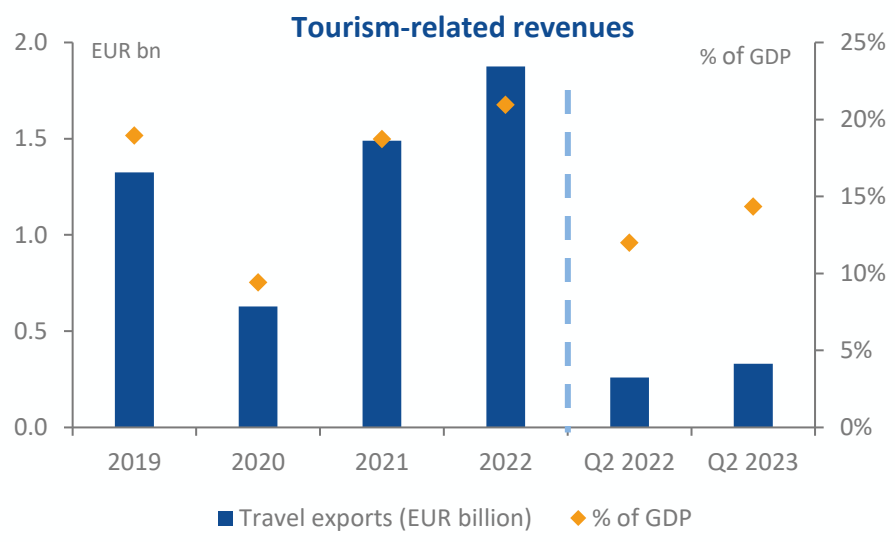
## In this Policy Briefing

- » Economic implications of this for Kosovo's diaspora-driven tourism sector and potential solutions for the next tourism season

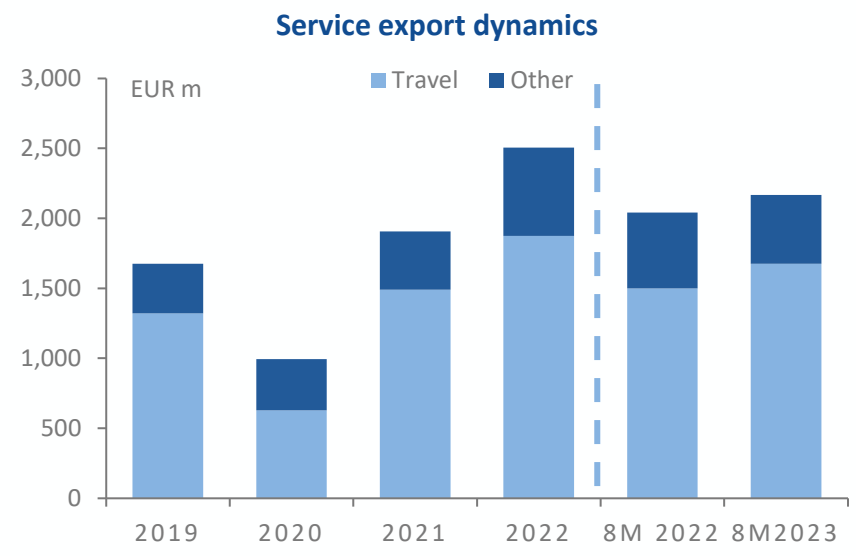
## 2. Implications for outbound tourism

- » In April 2023, the European Parliament approved visa liberalisation for Kosovo starting January 2024
- » While there is no data on outbound tourism for Kosovo, this is expected to increase the number of outgoing trips by the Kosovar society as a lot of the diaspora lives in the EU
- » However, the Green Card impedes upon this positive development as it complicates the cross-border travel by car
- » Outgoing Kosovars will save costs as visa requirements to the EU are lifted, but costs for motor third-party liability insurance remain
- **Positive effect of visa liberalisation for outbound tourism might get slowed down through persisting car insurance requirements**

### 3. Implications for inbound tourism – economic importance



Source: Kosovo Agency of Statistics



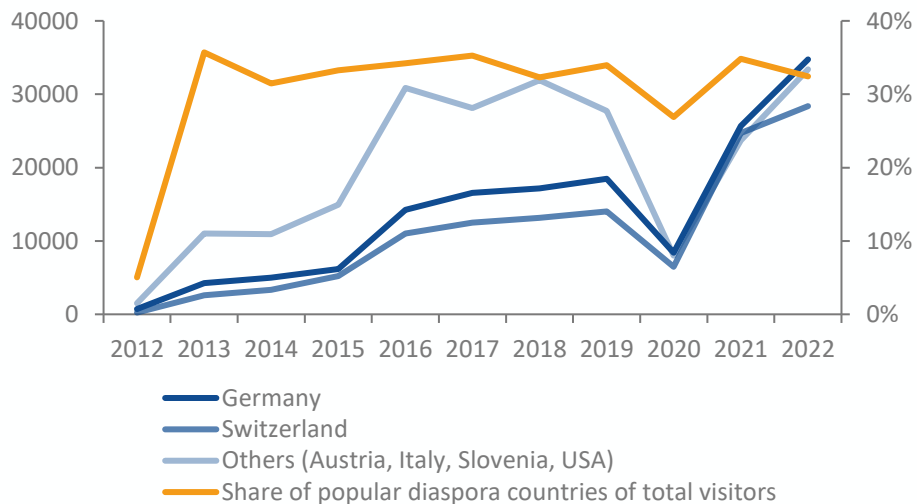
Source: Kosovo Agency of Statistics

- » Inbound tourism as key source of income for the Kosovar economy
  - 2022: tourism-related revenues amounted to EUR 1.9 bn (19% of GDP)
- » Positive trend continues in 2023 with a light increase in tourism-related revenues after the main season in comparison to 2022 (+11.7%)
- » Tourism-related revenues thereby remain the key driver of Kosovo’s service exports
- Tourism-related revenues as a key source of income for Kosovo with an increasing trend
- Important economic sector, accounting for a large share of service exports



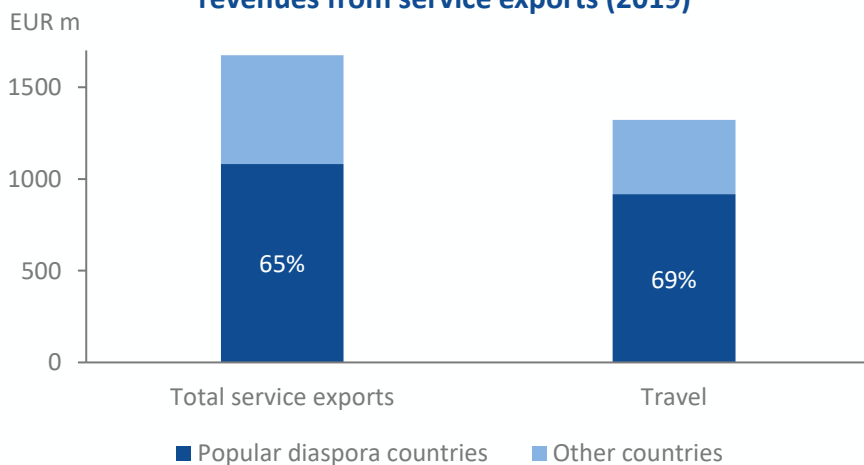
### 3. Implications for inbound tourism – diaspora tourism

Visitors to Kosovo from popular diaspora countries



Source: Kosovo Agency of Statistics

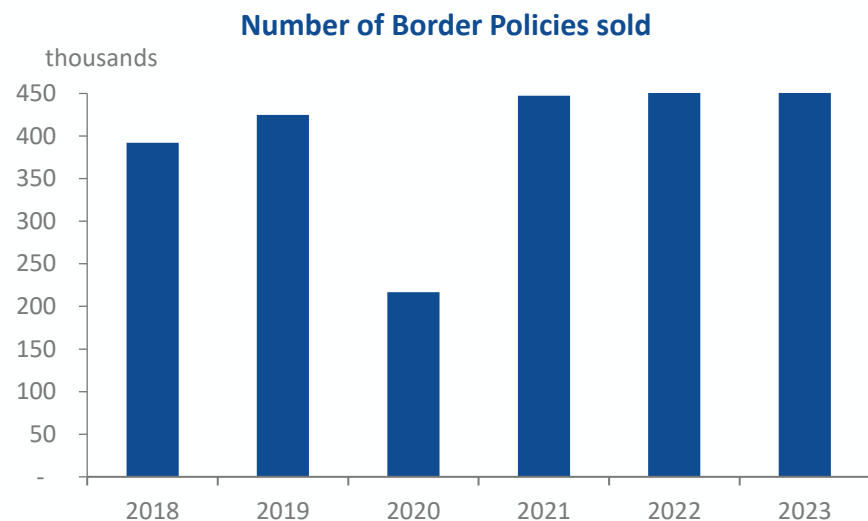
Contribution of popular diaspora countries to revenues from service exports (2019)



Source: Kosovo Agency of Statistics

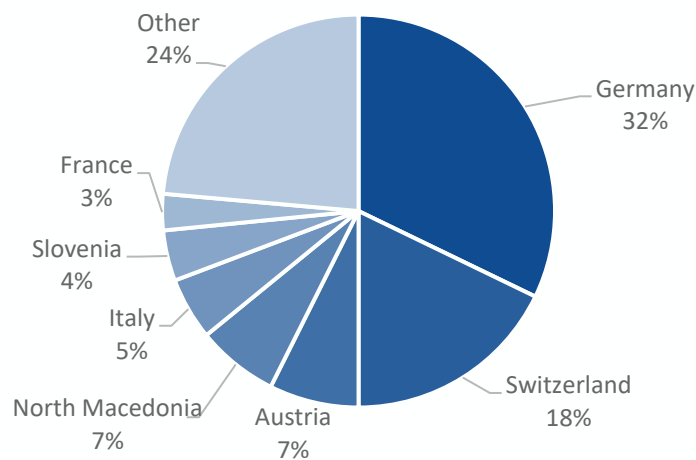
- » Popular diaspora countries such as Germany or Switzerland account for more than 30% of the total visitors to Kosovo
- » With the exception of the pandemic year 2020, the absolute number of visitors from popular diaspora countries is constantly increasing
  - 2022: 71,233 visitors in total
  - 63,146 of these visitors were from Germany and Switzerland
- » Popular diaspora countries contributed about one third to revenues from service exports and travel exports, respectively
- **Diaspora visitors are of significant importance for the tourism sector in Kosovo**

### 3. Implications for inbound tourism – border policies



Source: Central Bank of Kosovo, Kosovo Insurance Bureau

#### Vehicle origin of issued border policies (2023)



Source: Kosovo Insurance Bureau

- » Due to the geographic proximity of popular diaspora countries to Kosovo, such as Germany and Switzerland, most diaspora tourists arrive by car
- » As they own foreign vehicles, they thus need to purchase insurance at the Kosovar border for the length of their stay
- » The number of sold cross-border motor insurance policies amounted to around 450,000 per year
- » More than half of the cross-border motor insurance policies in the past were issued to countries with a large Kosovar diaspora
  - 32% German, 18% Swiss, 7% Austrian vehicles
- Kosovar diaspora is heavily affected by the unresolved Green Card situation
- Incurs costs upon the diaspora, both in terms of financial costs and waiting times

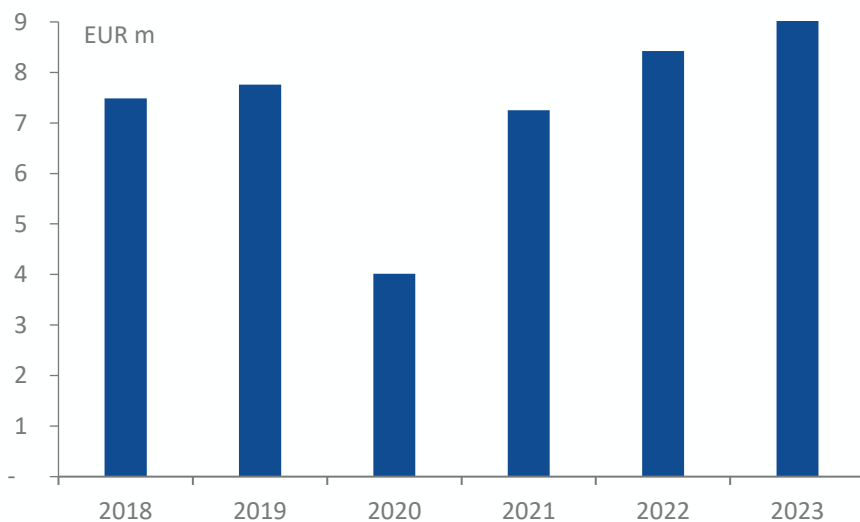
### 3. Implications for inbound tourism – financial costs

Price of cross-border motor insurance for cars (EUR)

	15 days	One month	Two months	Six months	One year
Car	15	20	35	130	205
Minibus	40	70	200	350	680
Bus	100	180	400	700	1,250

Source: Kosovo Insurance Bureau

Annual revenues from cross-border motor insurances



Source: Central Bank of Kosovo, Kosovo Insurance Bureau

- » Upon arriving at the Kosovar border, diaspora visitors need to purchase additional insurance
- » For a foreign-registered car the insurance costs EUR 15 for a 15-day stay
- » For bigger vehicles such as busses and trucks the cost is higher
- » Majority of the diaspora comes multiple times per year
  - Around 3% of their spendings in Kosovo account for the cross-border motor insurance
- » 2022: 6.6% of the revenues in the insurance sector came from selling cross-border motor insurances
- **Lack of Green Card membership implies financial costs for diaspora visitors**

### 3. Implications for inbound tourism – waiting times

- » The cross-border motor insurance can only be purchased in person at the border
- » As all foreign vehicles need to purchase the insurance, this causes long waiting times at the border-crossing points
- » These delays are especially burdensome for the diaspora that comes multiple times a year
- » Particularly during summer months when there is a high inflow of private vehicles and trucks waiting times at the border can get very long
  - Real-time data published by the National Center for Border Management reveals waiting times of up to **7 hours**
- » These waiting costs do not stand in relation with the comparably low costs paid for the insurance that cause the prolongation of the border crossing procedure
- **Non-membership in Green Card system causes long waiting times at border crossing points for all foreign vehicles, including the diaspora**

### 3. Implications for inbound tourism – past solutions

- » Non-membership in the Green Card system incurs both financial costs and costs in terms of waiting times upon tourists from outside the region
  - Especially relevant for the large Kosovar diaspora
- » Thereby, the unresolved Green Card issue impedes upon the further development of Kosovo's tourism sector as a key economic driver
  - Might deter diaspora visitors from coming as often as they would like
  - The additional costs and waiting times might also make tourists skip Kosovo on roundtrips in the West Balkan
  - Hinders the outlined goals in Kosovo's tourism strategy and action plan to attract tourists beyond the diaspora
- » In the past, the Kosovar government has come up with different solutions to the problem, but no satisfactory arrangement has been found so far
- **Unresolved Green Card issue impedes upon the development of Kosovo's tourism sector, mainly by incurring costs upon diaspora visitors**

### 3. Implications for inbound tourism – past solutions

- » **2020:** Kosovar government wanted to attract more people to come to Kosovo and simplified cross-border motor insurance procedures
  - The government paid insurance fees for all foreign-plate vehicles entering Kosovo in the second half of 2020
  - Caused the state additional cost of EUR 2 m in 2020
- » Coverage of insurance fees got prolonged for 2021
- » In **2022**, the government switched to reimbursement of fees for which the diaspora could file online after having paid the insurance at the border
  - Amount of people that filed for reimbursement was relatively low
  - Might indicate that main burden of diaspora are waiting times and not cost
- » Also, coverage and reimbursement procedures of the government to ease cross-border traffic faced criticism from Kosovar civil society organisations
  - Diaspora is usually much wealthier than the Kosovar taxpayers that had to cover their insurance fees
- **No satisfactory solution found for the problem so far**
- **Key question: how could a future solution for the problem look like?**

## 4. Solutions – online purchase of insurance

- » The government needs to push the insurance sector to digitalise the cross-border insurance
- » Through digital solutions such as online purchase options for insurance or tracking incoming vehicles by scanning and registering licence plates, waiting times could be reduced significantly
- » Currently, only 3% of the holders of incoming vehicles make use of the option to buy insurance online before crossing the border
- Digitalisation of insurance purchasing processes as a key step for reducing waiting times
- Existing possibilities need to be advertised better to guarantee successful implementation

## 4. Solutions – unilateral acceptance of the Green Card

- » While Kosovo is not in the Green Card system, it could let foreign vehicles coming to Kosovo from Green Card member countries in without requiring them to purchase additional insurance
- » This would amount to a similar arrangement as in 2020/21, given that the majority of foreign visitors, including the diaspora, comes from Green Card member countries
- » Main advantage: speed up border procedures and thus significantly reduce waiting times, especially during the summer
- » However, two issues would have to be addressed when implementing this solution:
  - **Volume of incoming vehicles:** to not lose track of incoming vehicles, drivers would need to register in an online system by giving vehicles and green card policy details as well as entry data and intended period of stay
  - **Settling claims:** claims arising from accidents involving foreign vehicles would have to be covered by the public budget
    - In 2023, this would have amounted to a total of **EUR 1.9 Mio** additional burden for the public budget
- Unilateral acceptance of Green Card would significantly decrease waiting times
- Implications in terms of monitoring and public budget need to be carefully considered



## 4. Solutions – extension of insurance coverage

- » To mitigate the impact of the lack of Green Card membership for incoming vehicle holders, one option would be to negotiate with selected countries regarding possibilities to extend their insurance coverage to Kosovo, independently of the Green Card system
- » Requires individual negotiations, but at the same time allows to target countries with vehicles holders that are exceptionally affected by the lack of Green Card membership of Kosovo given their large diaspora population
- » If an agreement could be reached with the three most popular diaspora countries in close reach of Kosovo (GER, CHE and AUT) this would relieve 57% of all insurance takers from purchasing additional insurance at the Kosovar border
- » While this approach tackles the financial dimension of the problem for incoming vehicle holders, addressing the issue of waiting times would only be feasible if combined with digital solutions (e.g. scanning of licence plates)
- **Extension of insurance coverage as a targeted option to mitigate the impact of the lack of Green Card membership for a large share of incoming vehicle holders**

# About the German Economic Team

Financed by the Federal Ministry for Economic Affairs and Climate Action, the German Economic Team (GET) advises the governments of Ukraine, Belarus\*, Moldova, Kosovo, Armenia, Georgia and Uzbekistan on economic policy matters. Berlin Economics has been commissioned with the implementation of the consultancy.

*\*Advisory activities in Belarus are currently suspended.*

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