



UNMIK EU PILLAR

**TRADE POLICY WORKING GROUP**

# **Trade Policy for Kosovo**

**Joint Paper by  
Ministry of Trade and Industry  
and  
UNMIK European Union Pillar**

**Final version  
June 2004**

## List of contents

Introduction.....	3
1. Present Trade Regime .....	4
1.1. Export Orientation.....	4
1.2. Customs Duties and Border Taxes .....	4
1.3. Free Trade Arrangements.....	5
1.4. Access to the EU market (Autonomous Trade Preferences).....	5
1.5. The New Customs Code .....	6
2. Current Trade Flows .....	7
2.1. Trade Balance .....	7
2.2. Import Trends.....	7
2.3. Export Trends.....	10
3. Trade Policy Objectives .....	12
3.1. Export Promotion.....	12
3.2. Stimulation of Competitive Production for the Domestic Market.....	12
3.3. Potential Export Markets .....	13
3.4. Comparative Advantages .....	14
3.5. Export Obstacles .....	14
4. Policies and Instruments .....	15
4.1. Trade Facilitation .....	15
4.2. Export Promotion.....	15
4.3. Investments Promotion for Competitive Domestic Production.....	16
4.4. Capacity-building of Trade-promoting Institutions.....	16
5. Policy/ Activity Matrix.....	18

## Introduction

One of the most conspicuous and alarming facts in Kosovo's economic aggregates is the large and unsustainable trade deficit. The current trade imbalance cannot be sustained for long and its reduction must be addressed with a high degree of priority in economic policy development. Therefore, the joint UNMIK-PISG Trade Policy Working Group has developed the following **Trade Policy for Kosovo**, under the lead of the Ministry of Trade and Industry and UNMIK Pillar IV. This document takes into account the various arguments brought forward, and aims to present them in a coherent concept.

The foundations of Kosovo's present trade regime have been laid by UNMIK after 1999. Since 2002, the PISG have increasingly been assuming a role in policy formulation and support. The present regime has a moderate export bias, and has provided simple and transparent rules while building new economic institutions. Given the pertaining trade deficit, the business community and policy makers have brought forward more suggestions to improve the regime with the aim to promote exports and competitive production for the domestic market.

The joint UNMIK-PISG Trade Policy Working Group assumed its activities in March 2003. Co-chaired by the MTI and UNMIK Pillar IV, it includes trade policy experts from the Office of the Prime Minister, Ministry of Economy and Finance, Ministry of Agriculture and Rural Development, the Chamber of Commerce, UNMIK Customs, and the Statistical Office of Kosovo. Amongst others, the work of the Group included

- trade policy discussions and advice, taking into account proposals by the World Bank, Riinvest, and bilateral donors, which are reflected in the Trade Policy presented here;<sup>1</sup>
- inputs for UNMIK/ Kosovo delegations to the Stability Pact Working Group on Trade Liberalisation and Facilitation;
- preparations for negotiations on Free Trade Agreements (FTAs), which resulted in an FTA with Albania that entered into force in October 2003;
- identification of trade-related technical assistance needs; and
- organisation of a training workshop on trade issues for Working Group members and other trade experts.

This document was jointly drafted by the Ministry of Trade and Industry and UNMIK Pillar IV and discussed in a Round Table meeting organised by the Trade Policy Working Group on 21 April 2004. The final document incorporates comments brought forward and is organised in four chapters. The first chapter lays out the current trade regime of Kosovo. The second chapter presents the current trade flows, important trends and analysis on external trade. The third chapter sets out trade policy objectives and thus paves the way for setting out appropriate strategies and policies, which are discussed in the fourth chapter.

---

<sup>1</sup> "Kosovo's Trade: a Policy Note on Trade Policy and Measures to Expand Exports", World Bank, May 2003; "Trade Policies and Export Promotion in Kosovo", Riinvest, November 2003.

## 1. Present Trade Regime

Kosovo has an export-oriented trade regime, which is the most liberal in the region. This will support the competitiveness of Kosovo's economy in the region and beyond. However, the regime's export promoting capacities are far from being finalized. Further capacity building measures and policy improvements are necessary to improve the capacity to stimulate exports and support domestic investment and competitive local production. The regime's main features will be described in the following.

### 1.1. Export Orientation

The general Kosovo trade regime is export-oriented for several reasons:

- Kosovo has 0% VAT on exported products, meaning that no VAT will be charged either on imported inputs (VAT rebate applies), other production inputs, or final exported products.
- No customs duties are levied on exported products.
- Kosovo is actively pursuing Free Trade Agreements (FTAs) with countries of the region; FTAs will enable easier and more competitive access to regional markets and allow learning for Kosovo's exporters.

### 1.2. Customs Duties and Border Taxes

Although border taxes account for the majority of Kosovo's tax revenue (about three times as high as internally collected taxes), it cannot be said that they are overburdening the domestic economy. In fact, Kosovo's both internal and border taxes are among the lowest in the region.

Kosovo has a flat tariff rate of 10% for almost all imported products. Few products have been exempted from customs duties, such as wheat and wheat flour,<sup>2</sup> pharmaceutical products, medical and surgical instruments, stamps and valuable papers, and fertilizers.<sup>3</sup> Exemptions for certain other food items granted as social measures after the conflict were abolished since they placed domestic producers in a disadvantaged position with foreign competitors in Kosovo's market for agricultural products.

In April 2004, the Economic and Fiscal Council adopted a decision to introduce a two-tier tariff system as of June 2004, whereby capital goods and certain production inputs will be subject to 0% tariff (see below 4.3).

Excise taxes are levied on imported coffee, soft drinks, motor vehicles, and other specific excise taxes on certain imported products. They also apply internally for the same categories of goods.

---

<sup>2</sup> UNMIK Administrative Direction 2003/24 of 30 September 2003.

<sup>3</sup> UNMIK Regulation 1999/3 Annex 1 as introduced in UNMIK Regulation 2000/55.

A 15% VAT is collected at the border for imported products and internally for non-import commercial activities. However, this should not be mislabelled as an import tax, as VAT is collected internally at the same rate for domestically produced and traded goods. Enterprises can offset VAT paid for imported products against the VAT they collect for their sales.

### *1.3. Free Trade*

Among the main instruments pursued to further liberalize and encourage trade in the region are Free Trade Agreements (FTAs) initiated under the Stability Pact for South Eastern Europe. UNMIK, on 29 May 2003, submitted a Statement of Intent to the Stability Pact, committing itself to the obligations set out in the Memorandum of Understanding on Trade Liberalisation and Facilitation, signed by the countries of South East Europe on the 27 June 2001 in Brussels.

Since late 2002, UNMIK/ Kosovo delegations, including MTI representatives, have regularly participated in the meetings of the Stability Pact Working Group on Trade Liberalisation and Facilitation. A central aim of Kosovo's participation in this initiative is to sign Free Trade Agreements with the signatories of the MoU.

To date, Kosovo has signed an FTA with Albania, with the following key components:

- immediate customs free trade for most industrial goods;
- phased out reduction of tariffs on certain industrial goods;
- exclusion of about 10% of mostly agricultural goods from free trade, with normal MFN tariffs applied to these goods.

Trade with Serbia and Montenegro is not subject to customs duties.

With respect to Macedonia (FYRoM) there is the joint intention to put the trade relations with FYRoM on a sounder legal footing through the conclusion of an FTA that would replace the present interim arrangement under which UNMIK has been following the 1996 Trade Agreement between former Yugoslavia and FYRoM.<sup>4</sup> Although the latter policy allowed for a substantial reduction of costs for imports in the post-conflict reconstruction phase, it does not allow for necessary adjustments between the trade partners.

### *1.4. Access to the EU market (Autonomous Trade Preferences)*

Kosovo enjoys non-reciprocal, customs-free access to the EU market as stipulated by the EU Autonomous Trade Preference (ATP) Regime.<sup>5</sup> For a small range of goods, such as wine and beef, quantitative restrictions remain in force.

---

<sup>4</sup> Regulated by UNMIK Administrative Direction No. 1999/1.

<sup>5</sup> Council Resolution (EU) 2007/2000.

Although the EU is offering vast market opportunities, Kosovo is presently only taking limited advantage of this arrangement. There is simply a lack of products, which would conform to EU standards and requirements and could therefore successfully compete in the EU market.

### 1.5. *The New Customs Code*

On 30 January 2004, the new Customs code for Kosovo was promulgated. It is “fully EU and WCO (Revised Kyoto Convention) compliant, in all aspects (taxation, procedures and offences). In the part dealing with customs powers and offences, it also complies with Human Rights standards.”<sup>6</sup>

The Code establishes several new instruments to facilitate trade, and is therefore a cornerstone for the future trade policy:

- *Bonded Warehousing*, providing possibility to store imported goods under customs control w/o having to pay any duties until goods are released for sale in domestic market or re-exported to other markets.
- *Inward Processing Relief*, providing the possibility of importing foreign goods with the total conditional relief from customs duties and taxes, processing them and then re-exporting them.
- *Processing under customs control*.
- Other important instruments are *transit, temporary admission, and binding information*.

---

<sup>6</sup> UNMIK Reg. 2004/1 on the Customs Code of Kosovo

## 2. Current Trade Flows

The following analysis is based on data from UNMIK Customs. It is still difficult to make definite statements about trends, as data from before 2002 remain sketchy.

### 2.1. Trade Balance

In 2003, total Kosovo imports amounted to 971 million Euro, while exports were only 37 million Euro. Therefore, the export/ import coverage for the same period was a mere 3.8%.

Nevertheless, although overall export levels are still very low, there is an improvement in Kosovo's performance as a notable rise in the level of exports occurred between 2002 and 2003. Exports grew by approximately 26%, primarily in two product groups: food and metal & scraps. The rise in export of food products is certainly a positive development, while the growth in the exports of metal scraps is no sign of rise in productivity or improved prospects for job creation.

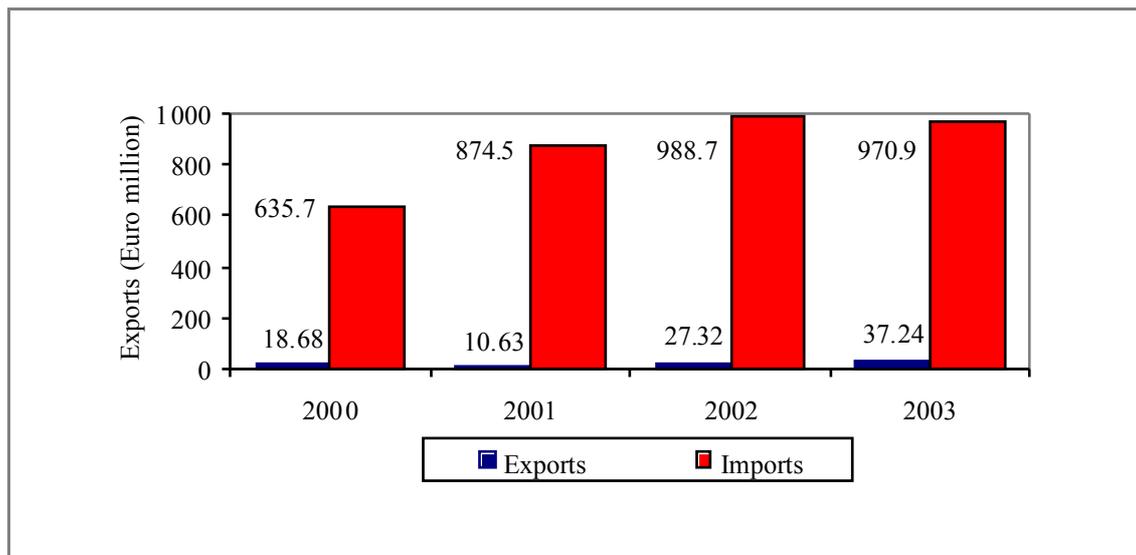
### 2.2. Import Trends

Kosovo imports a very broad category of goods since domestic production is still in an infant state for most products. Following the international intervention in 1999, Kosovo experienced a rapid growth of imports, which was followed neither by the growth of exports nor the growth of the domestic productive sector is the key indicator of the weaknesses of the Kosovo economy. The imports growth stopped in 2003; at the level of 971 million Euro, 2003 imports were slightly lower than in 2002 (988.7 million Euro). Commercial imports, however, grew by 5% in 2003.<sup>7</sup> Thus, the fact that total imports stopped growing, reflects the decline of imports by international organizations.

#### **Chart 1: Kosovo Imports and Exports 2000-2004 (in million Euro)**

---

<sup>7</sup> Information by the Ministry of Finance and Economy.



**Source:** Ministry of Trade and Industry, “Imports and Exports of Kosova for 2003”, based on UNMIK Customs data.

Based on the 2003 data, the goods with the highest share in imports are as follows: processed food, alcoholic beverages, non-alcoholic beverages and tobacco, with the combined value of 197 million Euro or 20,3% of total imports; other large imported product groups are shown in the table below.

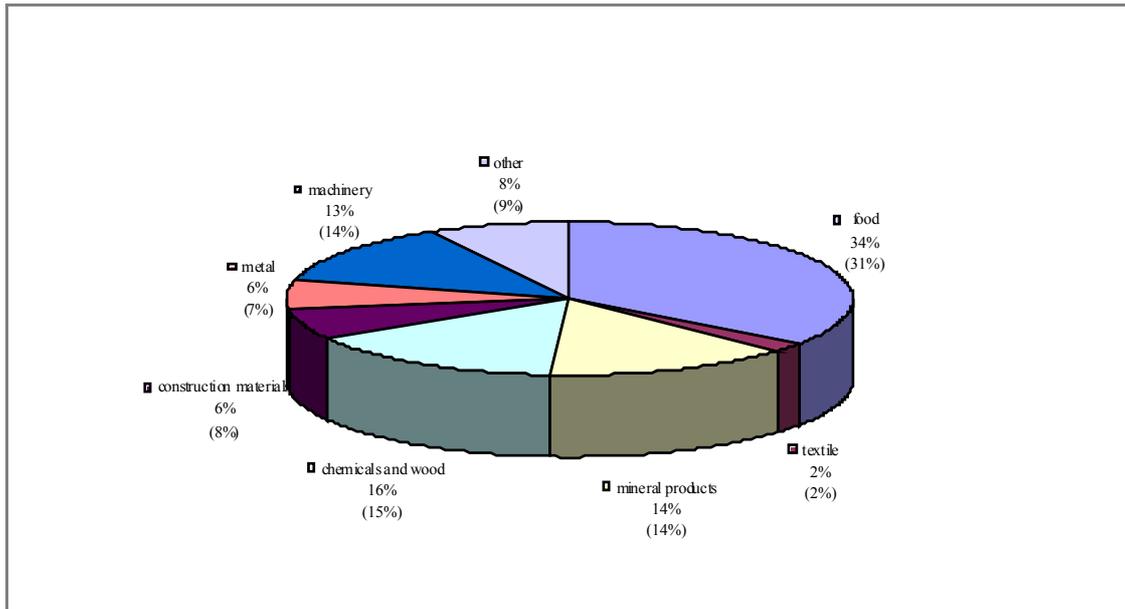
**Table 1: Major Import Product Groups 2003**

PRODUCT GROUP CATEGORIES	TOTAL IMPORTS IN 2003 (million Euro)	% OF TOTAL IMPORTS
Processed food & drinks	197.1	20.3
Agricultural products	64.3	6.6
Mineral products	133.5	13.7
Machinery and equipment	90.6	9.3
Chemical products & alloys	67.2	6.9
Metal & metal-based prod.	52.7	5.4
Gravel, cement & related	62.7	6.5
<b>TOTAL:</b>	<b>668.1</b>	<b>68.7</b>

**Source:** Ministry of Trade and Industry, “Imports and Exports of Kosova for 2003”, based on UNMIK Customs data.

The overview below confirms the excessively high share of food products in imports and a relatively low share of the imports of capital goods (machinery and equipment). The chart also reveals the growth of consumption-based imports, demonstrated through the growth of food products.

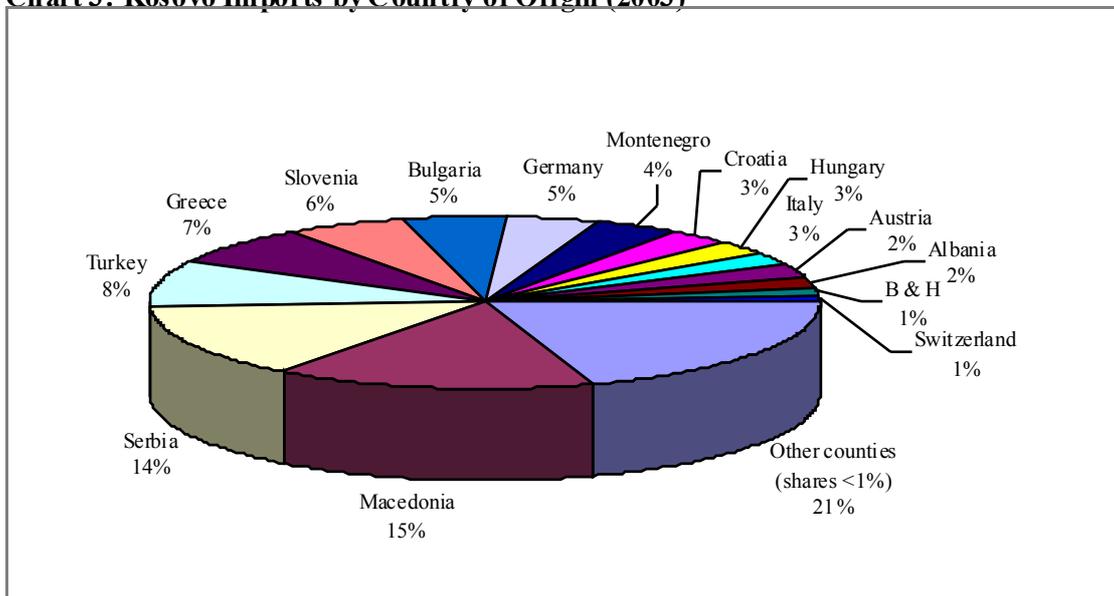
**Chart 2: Product Structure of Kosovo Imports (Jan-Sept 2003)**



Source: Kosovo Monthly Macroeconomic Monitor, January 2004

The largest share of Kosovo's imports comes from its immediate neighbours, primarily Serbia and Macedonia. However, sizable imports come from other regional countries, and the EU countries as well.

Chart 3: Kosovo Imports by Country of Origin (2003)



Source: Ministry of Trade and Industry, "Imports and Exports of Kosova for 2003", based on UNMIK Customs data.

In sum, the import data, *inter alia*, demonstrate that Kosovo relies too heavily on imports of food products, especially agricultural products, some of which could competitively be produced domestically. On top of that, imports of capital goods, which are needed for such domestic production, are at unsatisfactorily low levels. A bulk of imported products originates in neighbouring and other regional countries,

whose technological superiority and economic development levels are not immensely higher than those of Kosovo.

### *2.3. Export Trends*

Kosovo's exports grew by 26% in the period between 2002 and 2003. However, despite this significant improvement, Kosovo's export levels at 3.7% of imports are abysmally low. As is shown in the below graph, Kosovo exports low added-value products, mostly its unprocessed natural resources. Thus, metals and scrap account for 45% of total exports. Significantly, food products have a significant share in overall exports (20%), demonstrating a potential for further increases in the levels and variety of food products, which could be produced for both domestic and export markets.

**Chart 4: Kosovo Exports by Product Group (Jan-Sept 2003)**



**Source:** Kosovo Monthly Macroeconomic Monitor, November 2003

Another, more detailed, classification of exports is put forward by the MTI. It shows that wine, electric equipment, leather products, and garments are exported from Kosovo. All these products and product groups (shown in the table below), altogether have a share of 64.97 % of total amount of Kosova exports for the year 2003.

**Table 2: Major Kosovo Exports (2003)**

PRODUCT GROUP CATEGORIES	EXPORTS IN 2003 (million Euro)	% OF TOTAL EXPORTS
Metal scraps	7.7	20.9
Metal products	3.0	8.0
Food	2.7	7.3
Wine	2.6	7.0
Machinery/electric equipment	3.1	8.6
Leather goods	3.2	8.7
Textile and garments	1.6	4.3

**Source:** Ministry of Trade and Industry, "Imports and Exports of Kosova for 2003", based on UNMIK Customs data.

In sum, although Kosovo export levels are very low and of relatively low value added, certain exported product groups offer further growth potential, especially in the categories of agricultural products (including wine) and those based on abundant natural resources. Growth potential of other potential exported products cannot be assessed based on the current export data.

### 3. Trade Policy Objectives

The Kosovo trade policy should have two main objectives:

- (1) to reduce the *trade deficit*, through export promotion;
- (2) *to facilitate investment in local production for domestic and export markets.*

As these two objectives are closely interrelated most policies we propose will affect both of them. In addition to promoting exports, to a certain degree, trade policy can (and will be used) to facilitate competitive domestic investment and production. To appropriately apply trade policy to this aim, it should be based on the following analysis:

- Trade flows and patterns
- Comparative advantages
- Export problems

A wide set of policies will have to be implemented in order to improve the trade related environment, but also facilitating the development of local production and improving its quality and competitiveness.

#### 3.1. *Export Promotion*

Given the relatively small size of Kosovo's internal market, export promotion is the most effective and efficient trade policy. Export promotion has been endorsed by the Kosovo Government, and is unanimously supported by the International Community.

Existing trade policies in Kosovo are in harmony with those of export promotion. However, a stronger export promotion policy will require additional measures and instruments, as well as full implementation/ review of certain existing policies aimed at providing incentives to stimulate exports from Kosovo.

Export promotion policies will require further institutional capacity building and allocation of financial resources from the Kosovo Budget.

#### 3.2. *Stimulation of Competitive Production for the Domestic Market*

Protectionist import substitution policies must not to be fostered in Kosovo as they are incompatible with export promotion strategies and have proven to be less effective; they reduce the welfare of the citizens, tend to give rise to low-productivity enterprises, and encourage corruption. Furthermore, the growth of open economies is 18 times faster than that of closed ones. Open countries need 16 years to double their

economic output, whereas closed countries need more than 100 years to achieve the same result.<sup>8</sup>

However, some targeted and competitive import substitution policies should be considered if their adoption is supported by rigorous feasibility studies. Specifically, some import substitution measures should be considered for certain agricultural production taking into account the recommendations from the MAFRD agriculture policy paper of February 2004. The measures should

- aim at offsetting unfair trade practices in the countries of imported-product origin such as: dumping, subsidies, and other related measures;
- facilitate the development of infant domestic production if and when there is a:
  - feasibility study clearly demonstrating the potential and available resources to develop competitive domestic production;
  - cost/ benefit analysis to ensure that all benefits of such measure will outweigh all costs for Kosovo (i.e., capturing all positive and negative externalities).
  - technical capacity with the relevant authorities to implement these measures.
  - no violation of applicable international agreements and norms.

### 3.3. *Potential Export Markets*

As is illustrated in Chapter 2, Kosovo's direct neighbours are its most important trading partners both in terms of imports and exports. Other countries in the region, especially former-Yugoslav republics are important trading partners with significant trading potential. All countries in the Western Balkans have committed themselves to free trade in the region and are actively pursuing the corresponding FTAs. Kosovo will actively pursue the regional FTA policy not lose access to this sizeable, soon-to-be-integrated, regional market.

The EU is a significant trading partner and offers a large potential market. However, since Kosovo's producers often do not meet high European product standards yet, it is advisable to initially focus on developing significant exports in regional markets, where standards are less stringent, and gradually upgrade product and marketing standards.

Thus, promotion of exports to regional markets will be the short-run trade policy objective, and promotion of exports to the EU will be the medium term objective. Nevertheless, stimulating activities (through adequate policy instruments) for exports to both the regional markets and the EU ought to commence immediately.

---

<sup>8</sup> "Economic Convergence and Economic Policies," Jeffrey Sachs and Andrew Warner, September 1995.

### 3.4. *Comparative Advantages*

Kosovo's export patterns do not provide a clear picture on its comparative advantages. Most former production has been destroyed and new exporting industries have not developed as yet. However, mining and electricity, agriculture, and light consumer goods are sectors with significant economic potential at least in the short run.<sup>9</sup> These sectors can serve as the engines of short-run economic growth in Kosovo. The development and implementation of strategies for these sectors should therefore be addressed with the highest degree of priority.

Nevertheless, a general focus on competitive environment for enterprises, not particular focus on certain sectors is an advisable long run policy, which will allow the transformation of Kosovo's economy from a resource-based to high value added economic activities. The aim should be to develop specific policies and institutions to help enterprises conduct their business in a competitive environment, unburdened by unreasonable taxes, slow bureaucracy, lack of adequate skills, business finance opportunities, access to the political decision-making processes, etc.

Finally, Kosovo's largest imports are food products. Therefore, assessments should be undertaken to develop policies aimed at competitive domestic production of certain food products both for domestic and export markets. At present, the import of capital goods is at unsatisfactory levels and it needs to be facilitated, as capital goods will be essential for further economic development. Trade policy measures to improve the import of capital goods will be laid out in Chapter 4 of this document.

### 3.5. *Export Obstacles*

In exporting to the markets of its immediate neighbours and other countries in the region, Kosovo faces a number of non-tariff barriers (NTBs), in particular arbitrary fees on Kosovo products. These are transit charges (ranging between 1-5%) charged for Kosovo trucks crossing through some neighbouring countries; contrary to modern customs conventions.<sup>10</sup> One of the short-term priorities of trade policy will be to address these problems.

However, a significant part of obstacles to export are not directly related to trade policy. These obstacles will have to be addressed through other related economic policies. Despite the existence of the ATP for trade with the EU, very few Kosovo enterprises are benefiting from this preferential arrangement. Here, the main obstacles are the lack of standards, certificates, and other quality requirements for exporting to the EU market. Other factors such as lack of market knowledge and generally low levels of domestic production are significant obstacles as well.

---

<sup>9</sup> "Because production capacity is so limited, it is very difficult to make any judgments about sectors which have the greatest potential for expansion. Based on the existing production structure, it would appear that agro-processing and light consumer goods industries would have the best opportunity for export expansion. But far more intensive analysis is needed to assess production possibilities in combination with export market opportunities." *Kosovo's trade: a policy note on trade policy and measures to expand exports*, The World Bank, May 2003.

<sup>10</sup> EAR support project to MTI, "Kosova's Trading Environment", February 2003.

Finally, lack of capital or its high costs are major obstacles for enterprise development and possible export activities. Specific policies aimed at remedying the current situation should be considered as a priority. Lack of managerial skills and business know-how is another impediment to export-business development.

#### **4. Policies and Instruments**

The following gives an overview of the trade policies and instruments derived from above developed goals. **Note that priority concerns are in bold.** A policy matrix summarizing implementation activities is attached at the end of this document.

##### *4.1. Trade Facilitation*

Regional trade promotion is one of the policy priorities. The Stability Pact network and initiatives should be used to advance the Kosovo's economic interests, as they allow mobilising collective support of the international community. The following policy instruments will be pursued:

- **Negotiation of new regional Free Trade Agreements (FTAs) through the Stability Pact network. FTAs will enable Kosovo's producers' easier access to the markets with greatest short run exporting potential.**
- **Addressing NTBs so that Kosovo can benefit from free trade. Immediate aim is full participation in an EU funded initiative, under which an assessment of the nature and extent of NTBs faced by Kosovo's enterprises is made for the Stability Pact network. This initiative has the advantage that the outcome of the study will be discussed and addressed collectively under the framework of the Stability Pact.**
- Participation in the regional electricity market, which will make investments into the electricity sector more attractive. Furthermore, possible domestic electricity shortages can be avoided this way, thus avoiding potential damages and excessive costs in the productive sector.

##### *4.2. Export Promotion*

The MTI has launched an initiative to set up an Investment Promotion Agency. The activities of this Agency can be expanded to include export promotion. Similar agencies have been quite successful vehicles of export promotion in many countries. A concept paper will be developed assessing the optimal, but feasible activities for the Agency. The following export promotion agency activities will be considered in our assessments:

- Export finance and insurance;
- Gathering and dissemination of export market information;
- Promotion of Kosovo products in foreign markets.

#### 4.3. *Investments Promotion for Competitive Domestic Production*

In order to prevent the development of uncompetitive/ protected enterprises, policies will be developed in line with the compliance criteria defined in Chapter 3, section 2.

As agriculture is one of the key sectors for Kosovo's economic and social development, the following activities should concentrate on this sector:

- Gradual liberalisation of certain agricultural products in FTAs, in order to stimulate domestic production development.
- Elaboration on safeguard measures against subsidized imports where domestic products could compete in the market.
- Assessment and recommendations for direct support to domestic agricultural production.
- Identification of needs and provision of technical assistance to introduce new expert knowledge to agricultural producers.

Furthermore, initiatives will be taken to implement fiscal and skills development policies to stimulate investment for exports in line with existing expert recommendations. Some of these activities have already been initiated by donor agencies (e.g., EAR). The following instruments will be pursued *inter alia*:

- **Implementation of the two-tier tariff, with 0% rate on imported capital goods and selected raw materials.**<sup>11</sup>
- **Review of VAT rebate system.**
- Review of VAT payment deferment by new companies to see if/ how companies benefit from this measure.
- Assessment of the establishment of export processing zones.

#### 4.4. *Capacity-building of Trade-promoting Institutions*

The development and implementation of the policies outlined requires strong technical capacity and skills within the relevant public institutions. This will require significant parallel capacity building effort through:

- **Improvement of statistical data collection and analysis.**
- **Further strengthening of Customs through development of a Kosovo Tariff, capacity-building for export processing zones, bonded warehouses,**

---

<sup>11</sup> Following a decision of the Economic and Fiscal Council on 15 April an expert working group drafted respective amendments to UNMIK Regulation 1999/3, On the Establishment of the Customs and Other Related Services in Kosovo, and new customs declaration documents.

**processing under customs supervision, as well as other customs measures, which will support local production and exports.**

- Building capacity to implement phyto-sanitary measures that are essential for agricultural products exports.
- Identification of further technical assistance needs.
- Identification and addressing of legislative and other requirements for approaching WTO and EU standards in trade policy.

## 5. Policy/ Activity Matrix

SET OF ACTIVITIES	RESPONSIBLE INSTITUTIONS	EXPORT PROMOTION	INVESTMENT PROMOTION
Pursue further FTAs through SP		X	X
Provide support to the SP activities in removing NTBs erected by Kosovo's trading partners, and undertake other activities deemed necessary.		X	
Take measures to participate in regional electricity market		X	X
Establish Investment and Export Promotion Agency		X	X
Prepare import substitution assessments and policies for trade-related agriculture incentives and safeguard against subsidized imports.			X
Provide fiscal incentives to export and investment (VAT & tariff rebate, export processing zones, tariff reduction)		X	X
<b>INSTITUTIONAL CAPACITY</b>			
Improve statistical data collection & analysis		X	X
Strengthen customs administration		X	X
Adopt procedures to implement phyto-sanitary measures		X	
Identify and address the requirements to approach WTO & EU standards.		X	
Assess maximum budgetary resources for export promotion and make priority allocations		X	X