



-Albania-

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GENERAL FEATURES OF TRADE POLICY

Albania remains a young and rather unstable democracy. Consolidation of democratic culture is essential to bring the necessary reforms. In particular, the rule of law in Albania remains deficient. Albanian law enforcement bodies do not yet guarantee consistent enforcement of the law, in accordance with international standards.

Relations between EU and Albania, as for the other countries of the Western Balkans, are anchored in the EU's Stabilisation and Association process (SAP). The SAP is a framework in which various instruments - an assistance programme (CARDS), technical advice, trade preferences, co-operation in fields such as justice and home affairs, and political dialogue - help the countries to undergo a political and economic transition which prepares them for a new form of contractual relationship (Stabilisation and Association Agreements, SAAs) i.e. progress towards closer association with the EU. The SAAs focus on respect for democratic principles and strengthening links of the countries of the region with the EC single market. They foresee the establishment of a free trade area with the EC and set out rights and obligations in areas such as competition and state aid rules, intellectual property and establishment, which will allow the economies of the region to begin to integrate with that of the EU.

More recently, the European Commission approved on 30 March 2004 the first ever European Partnerships for the Western Balkans which are inspired by the Accession Partnerships that have helped prepare countries for eventual EU membership in the past. The partnerships are based on the third annual reports from the Commission on these countries, also published on 30 March 2004. In the 2004 Annual Report on the Stabilisation and Association Process on Albania, it is noted that many issues remain to be addressed in order for Albania to successfully conclude the negotiations for a Stabilisation and Association Agreement launched on 31 January 2003. This Stabilisation and Association Agreement will replace the Trade and Economic Cooperation Agreement that entered into force in 1992.

Trade data

Following reduced GDP growth in 2002, the economic situation in 2003 points in sustained growth of about 6%.

The trade deficit, estimated at 21.5% of GDP remains very large. The EU is Albania's main commercial partner, representing 75% of Albania's total imports and around 90% of its total exports. Albania trade deficit with the EU is expected to be around € 750 million for 2003. On a sectoral level, the EU primarily imports manufactured products from Albania. The EU's main exports to Albania are machinery products and other manufactured products and agricultural products. To date, and despite the relative surge in exports, Albania has been so far unable to take real advantage of the autonomous trade preferences granted by the EU.

The following table is an overview of the trade flow between the European Union and Albania

Section	Year	Import(Euro)	Export(Euro)
Animals & animal products	1996	5,058,590	14,876,410
	1997	3,503,540	11,513,560
	1998	3,133,930	12,478,510
	1999	3,056,300	17,846,340
	2000	1,574,100	14,313,000
	2001	2,018,070	13,481,380
	2002	2,255,370	19,107,840
	2003	2,052,170	14,459,500
Vegetable products	1996	9,458,070	78,114,960
	1997	11,010,740	65,891,720
	1998	11,247,690	38,908,880
	1999	8,182,380	49,418,000
	2000	8,560,980	45,098,800
	2001	7,448,840	54,254,730
	2002	8,869,940	41,998,410
	2003	7,567,110	40,092,700
Animal or vegetable fats	1996	1,328,440	8,593,030
	1997	5,420	12,791,590
	1998	1,510	9,928,810
	1999	0	7,381,690
	2000	0	8,198,680
	2001	13,960	8,050,920
	2002	2,540	8,344,750
	2003	0	7,568,790
Prepared foodstuffs	1996	1,583,150	100,592,390
	1997	1,562,840	73,581,220
	1998	2,077,790	56,666,610
	1999	2,436,700	69,977,930
	2000	1,544,390	70,847,180
	2001	3,152,420	93,381,940
	2002	4,445,780	102,255,210
	2003	4,187,360	101,442,620
Mineral products	1996	6,091,440	42,363,210
	1997	3,309,480	66,855,230
	1998	3,462,910	42,384,130
	1999	4,107,290	56,592,790
	2000	3,094,790	84,147,670
	2001	5,077,550	107,057,190
	2002	8,852,670	94,703,590
	2003	6,032,420	58,365,570
Chemical products	1996	2,773,750	36,001,650
	1997	2,309,530	25,208,640
	1998	1,162,220	25,874,540
	1999	1,006,320	34,400,130
	2000	1,004,790	47,332,890
	2001	2,257,560	52,993,090
	2002	1,597,210	63,169,210
	2003	1,525,330	63,493,540
Plastics & rubber	1996	1,319,270	23,988,750
	1997	636,680	17,328,360
	1998	711,190	15,480,070
	1999	930,960	17,849,090
	2000	1,162,790	21,905,350
	2001	1,634,880	29,910,930
	2002	1,260,890	30,986,230
	2003	1,341,040	35,499,990
	1996	6,650,590	4,148,010
	1997	7,436,840	1,592,930
	1998	5,493,440	2,262,800

Hides & skins	1999	7,649,260	1,431,790
	2000	11,097,350	1,304,260
	2001	14,461,010	4,183,520
	2002	12,724,780	5,652,460
	2003	9,366,570	5,806,000
Wood & wood products	1996	5,532,840	6,495,060
	1997	7,159,640	6,643,640
	1998	7,489,130	6,637,440
	1999	8,800,400	8,713,030
	2000	11,783,600	10,933,850
	2001	10,735,690	13,896,430
	2002	11,772,700	16,788,440
2003	8,996,770	20,989,690	
Wood pulp products	1996	2,437,280	10,098,680
	1997	903,720	5,956,910
	1998	913,950	4,562,940
	1999	1,227,070	6,894,950
	2000	1,615,950	9,961,440
	2001	1,333,310	12,138,080
	2002	1,178,380	15,396,830
2003	1,765,720	19,508,620	
Textiles & textile articles	1996	8,887,540	17,523,930
	1997	5,122,110	12,388,260
	1998	5,355,570	14,462,760
	1999	3,653,530	22,325,920
	2000	8,485,200	18,851,810
	2001	18,415,270	44,299,510
	2002	28,635,970	42,999,040
2003	40,986,620	86,275,690	
Footwear, headgear	1996	6,314,910	14,006,990
	1997	5,125,970	5,054,300
	1998	3,744,310	4,063,800
	1999	2,752,350	5,964,870
	2000	3,598,160	3,219,310
	2001	10,967,290	7,916,180
	2002	16,192,770	8,302,740
2003	23,215,130	10,150,810	
Articles of stone, plaster, cement, asbestos	1996	950,960	26,214,850
	1997	558,730	20,194,580
	1998	497,540	20,275,070
	1999	693,920	22,270,940
	2000	850,460	31,268,660
	2001	1,255,130	39,391,610
	2002	1,104,810	43,123,030
2003	1,656,930	41,127,500	
Pearls, (semi-)precious stones, metals	1996	45,020	1,269,670
	1997	35,610	282,080
	1998	27,540	13,140
	1999	803,100	289,500
	2000	3,839,820	144,820
	2001	237,360	127,550
	2002	1,024,730	1,061,910
2003	723,830	235,370	
Base metals & articles thereof	1996	18,988,970	52,868,230
	1997	24,861,330	42,940,390
	1998	19,731,220	34,415,940
	1999	16,970,420	41,904,340
	2000	22,065,360	53,151,750
	2001	26,522,370	78,034,290
	2002	24,839,110	69,304,630
2003	31,373,930	72,485,120	

Machinery & mechanical appliances	1996	1,875,070	121,138,400
	1997	1,591,140	78,765,080
	1998	3,561,650	74,044,490
	1999	3,624,760	95,572,410
	2000	5,288,330	138,817,030
	2001	8,403,240	245,340,950
	2002	10,459,730	214,379,830
	2003	15,423,330	210,609,240
Transportation equipment	1996	450,760	25,755,470
	1997	243,280	14,936,090
	1998	256,800	32,243,960
	1999	1,214,930	44,751,120
	2000	475,220	38,223,020
	2001	578,220	46,888,420
	2002	1,105,540	43,331,160
	2003	1,778,880	54,035,560
Instruments - measuring, musical	1996	139,870	7,835,630
	1997	97,230	5,853,810
	1998	44,250	5,299,870
	1999	82,610	9,097,220
	2000	573,700	18,170,270
	2001	278,770	9,751,210
	2002	344,130	13,388,350
	2003	1,527,460	13,799,150
Arms & ammunition	1996	0	25,710
	1997	0	4,080
	1998	0	18,060
	1999	1,470	312,950
	2000	1,990	223,590
	2001	1,110	619,110
	2002	4,590	492,230
	2003	0	451,610
Miscellaneous	1996	2,396,570	17,699,990
	1997	2,138,690	6,729,510
	1998	2,439,320	7,554,380
	1999	3,001,740	17,397,230
	2000	3,566,790	11,916,190
	2001	4,232,010	18,160,100
	2002	4,216,970	20,710,230
	2003	8,001,110	20,885,760
Works of art	1996	79,150	5,840
	1997	171,900	3,090
	1998	163,840	2,830
	1999	238,940	14,630
	2000	354,150	5,420
	2001	429,990	48,880
	2002	191,900	31,050
	2003	171,860	82,950
Other	1996	485,870	2,243,470
	1997	1,877,330	2,056,900
	1998	194,170	4,700,720
	1999	812,120	16,937,470
	2000	831,230	2,365,410
	2001	1,703,860	3,789,340
	2002	1,001,040	2,208,150
	2003	1,334,900	1,705,000

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TARIFFS AND DUTIES

Albania has accepted ambitious tariff cutting commitments during its WTO accession negotiations and is now proceeding to further trade liberalisation following the entry into force of several bilateral free trade agreements.

However, Albania does not seem to be in the position to respect several of its 2004 WTO goods schedule commitments. This appears to be due to budgetary impact considerations, as well as because of the adverse effect that the schedule's implementation would have on recently created - and thus fragile - companies. Albania is currently in the process of notifying this situation to WTO members, including the EC, in line with GATT obligations.

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NON TARIFF BARRIERS

Registration and import licensing

Before taking up foreign trade activities in Albania, companies have to be registered with a local court. Thus, each company has to obtain a tax registration number (NIPT) at the General Directorate of Taxes and Tariffs.

Concerning the import regime, Albania has maintained a national system of import licensing. It mainly differentiates between two license categories: non-automatic and automatic import licenses. Non automatic licenses serve the purpose of national protection and are required for the import of arms, ammunition, explosives, non-hazardous waste, used tyres and narcotic drugs. Automatic licenses primarily serve statistical purposes and are required for the import of medicines, seeds, pesticides, live animals and products of animal origin.

Customs procedures

With constant encouragement from the EU Customs Assistance Mission to Albania (CAM-A) and based on the 2003 Action Plan for this sector, some steps have been taken by the Albania authorities to enhance the Albanian Customs Service: regional management is being strengthened and new sections relating to the origin of goods and post clearance control have been established, a special operational department for the purpose of fighting customs fraud has been set up...

In spite of these steps and EU efforts, the reform and modernisation efforts of the Albanian Customs Service have been proceeding relatively slowly.

Standards and certification

Albania has adopted 42% of European Standards. In August 2003, the law on "Conformity Assessment" was ratified. This law establishes the principle of conformity assessment in regulated areas for the purpose of ensuring unified procedures in the conformity assessment of products, processes and services which hold potential risks to human health, public safety, the environment, and other public interests.

Public procurement

Albania has continued to strengthen its still limited administrative capacity in this area: legislation aimed at improving the legal framework of public procurement was adopted in May and August 2003, and new standard procurement and bidding forms have been approved.

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INVESTMENT RELATED BARRIERS

EU firms can already establish themselves following similar procedures to those required for Albanian companies. According to the Albanian authorities, no discrimination exists between foreign and Albanian firms. This open approach also seems to apply to sensitive sectors such as finance and transport. The Albanian law on Foreign Investment is particularly liberal, and offers, in theory, considerable guarantees to all foreigners (either physical or judicial persons) willing to engage in an economic activity in Albania. Restrictions only affect some regulated professions (doctors, dentists). However, this liberal approach is seriously undermined by the lack of proper implementation of legislation and by unclear procedures.

IPR

Albania has now ratified a number of important international agreements and conventions in this field, Albania is party to :

Paris Convention for the Protection of Industrial Property

Madrid Agreement Concerning the International Registration of Marks

International Convention for the Protection of Performers,

Producers of Phonograms and Broadcasting Organisations

Berne Convention for the Protection of Literary and Artistic Works

Patent Cooperation Treaty

Hague Agreement concerning the International Deposit of Industrial Design

Nice Agreement concerning the International Classification of Goods and Services

Madrid Protocol on the International Registration of Trademarks

Budapest Treaty on International Recognition of the Deposit of Micro-Organisms.

Albania's main challenge remains the implementation and enforcement of the overall legal framework in the IPR area.