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Albanian Centre for Competitiveness and International Trade

Albania 2009 Trade Report



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Foreword



It is with a particular pleasure that we introduce the new Foreign Trade Report 2009, prepared by ACIT staff and its associate experts. This is the eighth edition in the series of such annual publishing, starting from 2002. After the report of last year, this is the

second time we produce it, in our new status as an independent NGO, and this makes us especially proud. This confirms our commitment in maintaining and also further developing in the future, this highly praised tradition of producing such a solid, informative and useful document.

We hope that the Report's content will be of substantial help, especially for the private businesses and policy-makers, in this troublesome situation imposed by the global economic recession. Although we all thought that Albania seemed to be better positioned against such global pressures, the trade figures for 2009 showed that Albanian economy was affected too. The first signs of the crisis were visible in the end of 2008 and we had already highlighted them in our last year report. The decline in export growth rate continued in 2009 representing one of the most significant indicators for the economic performance slowdown.

We all know that the accurate trade information in such circumstances becomes a necessity for businesses and decision makers at each level. The report, could also be very useful to the government bodies and various agencies dealing with economic and trade policies or responsible for their implementation. We wish that it could also be referred as a valuable source by academic actors,

many researchers, media, civil society organizations, etc.

Certainly, the preparation of this Report could not be made possible without the generous support from the US Agency for International Development (USAID), and I'm sure that not only ACIT but also all the users, feel indebted to this financial and technical contribution.

The assistance and partnership of the Ministry of Economy, Trade and Energy, has also been critical for the success of this publication. Apart from providing to this project with the primary Trade Data, we were also very encouraged by their overall technical and moral support.

A special thank goes to all my colleagues at ACIT, who during an entire month worked hard in assessing the data, not only analyzing them but also trying to observe behind the figures and explore some trends and characteristics, in order to articulate well grounded findings and conclusions.

Finally, we would like to thank Mr. Selim Belortaja, the former Executive Director of ACIT, for all his precious help. His technical and moral support was an important value added for all our work.

As further improvement of this product remains our constant concern, your remarks and suggestions will be highly appreciated.

Sincerely yours,


Gentian ELEZI
ACIT's Executive Director



The Report has been prepared through a process of complementary work by the ACIT staff and associate experts, under the coordination and supervision of Mr. Gentian Elezi and consultancy provided by Prof. Ahmet Maçellari.

It is the outcome of a teamwork in which Gentian Elezi, Ahmet Maçellari, Alban Gjikondi, Denalda Kuzumi and Teuta Tavanxhiu have kindly contributed.

All computation work, if not otherwise indicated is based on data collected from the Ministry of Economy, Trade and Energy, ACIT database, and ACIT's staff own calculations.

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Abbreviations

ACIT	Albanian Centre for Competitiveness and International Trade
ALL	Albanian Lekë
B&H	Bosnia and Herzegovina
CEFTA	Central European Free Trade Agreement
CN	Combined Nomenclature
EBRD	European Bank of Reconstruction and Development
EC	European Commission
EU	European Union
FTA	Free Trade Agreement
GDP	Gross Domestic Product
GCI	Global Competitiveness Index
GCR	Global Competitiveness Report
IA	Interim Agreement
ISB	Institute of Contemporary Studies
IMF	International Monetary Fund
MFN	Most Favoured Nation
NAMA	Non-Agriculture Market Access
OECD	Organisation for Economic Co-operation and Development
SAA	Stabilization and Association Agreement
SEE	South Eastern Europe
S&M	Serbia and Montenegro
RoW	Rest of the World
UN	United Nations
UNMIK	Kosova United Nation Mission to Kosovo
U.S.A.	United States of America
USAID	United States Agency for International Development
WEF	World Economic Forum
WTO	World Trade Organisation



I Albania's Macro-Trade Developments in 2009

1.1 The global financial and economic crisis, recovery, and trade-related developments

The World Economic Situation and Prospects 2010, underlines that 'after a sharp, broad and synchronized global downturn in late 2008 and early 2009, an increasing number of countries have registered positive quarterly growth of gross domestic product (GDP), along with a notable recovery in international trade and global industrial production', although, as the report underlines, the recovery is uneven and conditions for sustained growth remain fragile. Fragility is related with the credit conditions, the fiscal stimulus used to support domestic demand, the high and even increasing unemployment and underemployment rates, etc.

However, as 'World Economic Outlook Update' underlines, the global recovery is off, starting from the second half of 2009 and seems stronger than anticipated. The world output is expected to raise by 4 percent in 2010, which is an upward revision of ¾ percentage points from the October 2009 World

Economic Outlook (WEO). The recovery, however, is expected to proceed at different speeds in the various regions. In most advanced economies recovery is expected to remain sluggish (a 2 percent increase of real output in 2010, as shown in table 1.1), whereas in many emerging and developing economies it is expected to be relatively vigorous (about 6 percent increase in 2010), largely driven by buoyant internal demand.

The output (real GDP) decline in 2009, according to the 'World Economic Outlook Update', is 0.8 percent for the world as a whole, and 3.2 percent for advanced economies as shown in table 1.1. Among the advanced economies, Japan recorded the highest decline of 5.3 percent, followed by Germany and United Kingdom with a decline of 4.8 percent. The decline for the European Union was 4.0 percent, while for the United States -2.5 percent.

Emerging and developing economies, as indicated in table 1.1 and graph 1.1, registered an increase in output, although at a slower rate of 2.1 percent, as compared to 6.1 percent in 2008. Within this group of countries, China (8.7 percent) and India (5.6 percent) are in a leading position. Middle East countries experienced positive growth rates (2.2

Table 1.1: World output* growth rates (annual percent change)

	2004	2005	2006	2007	2008	2009	2009 (WEO Projection)	2010**	2011**
World output	4.9	4.5	5.1	5.2	3.0	-0.8	-1.3	3.9	4.3
Advanced Economies	3.2	2.6	3.0	2.7	0.5	-3.2	-3.8	2.1	2.4
United States	3.6	3.1	2.7	2.1	0.4	-2.5	-2.8	2.7	2.4
Euro Area	2.2	1.7	2.9	2.7	0.6	-3.9	-4.2	1.0	1.6
Emerging markets and developing economies	7.5	7.1	7.9	8.8	6.1	2.1	1.6	6.0	6.3
Central and Eastern Europe	7.3	6.0	6.6	6.5	3.1	-4.3	-3.7	2.0	3.7
Commonwealth of Independent States	8.2	6.7	8.4	8.6	5.5	-7.5	-5.1	3.8	4.0
Developing Asia	8.6	9.0	9.8	10.6	7.9	6.5	4.8	8.4	8.4
China	10.1	10.4	11.6	13.0	9.6	8.7	6.5	10.0	9.7
Middle East	5.9	5.5	5.8	6.2	5.3	2.2	2.5	4.5	4.8
*Real GDP; **Projections									
Source: World Economic Outlook Update, IMF–October 2009; World Economic Outlook Update, IMF January 28, 2010.									

¹ United Nations Report "The World Economic Situation and Prospects 2010, published in March 2010.

² International Monetary Fund: World economic Outlook Update – and update key WEO projections, published in January 26, 2010.



percent), as well. On the other hand, a number of countries belonging to the emerging and developing economies experienced a sharp decline in output, including Commonwealth of Independent States (-7.5 percent; while Russia -9.0 percent), Central and Eastern Europe (-4.3 percent), etc. Graph 1.1 shows that emerging and developing economies have systematically, higher growth rates than the advanced economies. Output decline in advanced economies is mirrored as output slowdown for emerging and developing economies as a group.

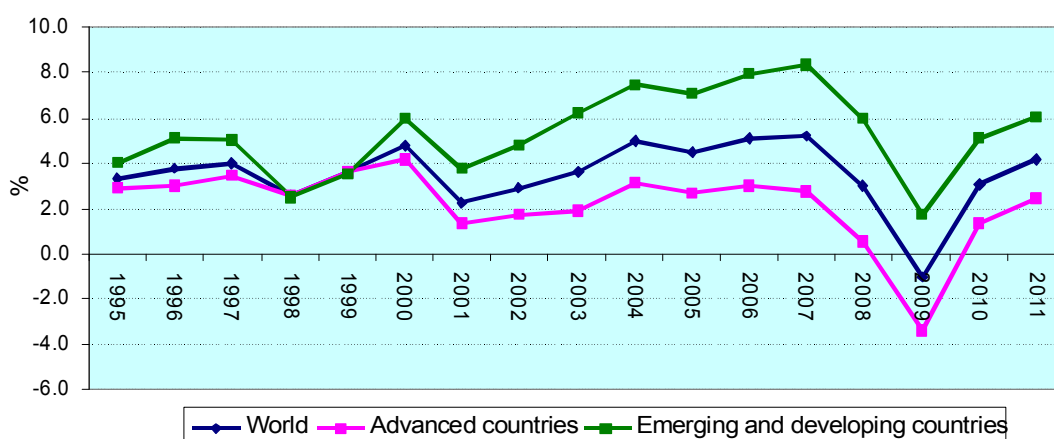
Graph 1.2, which illustrates year-on-year quarterly growth rates, shows that Central and Eastern Europe, a subgroup of emerging and developing economies, experienced a relatively sharp decline in output starting from 4th quarter of 2008 and recovery is expected only in the 2nd quarter of 2010, with a delay of one quarter as compared to advanced economies.

If we further break down the emerging and developing countries' group into "economies in

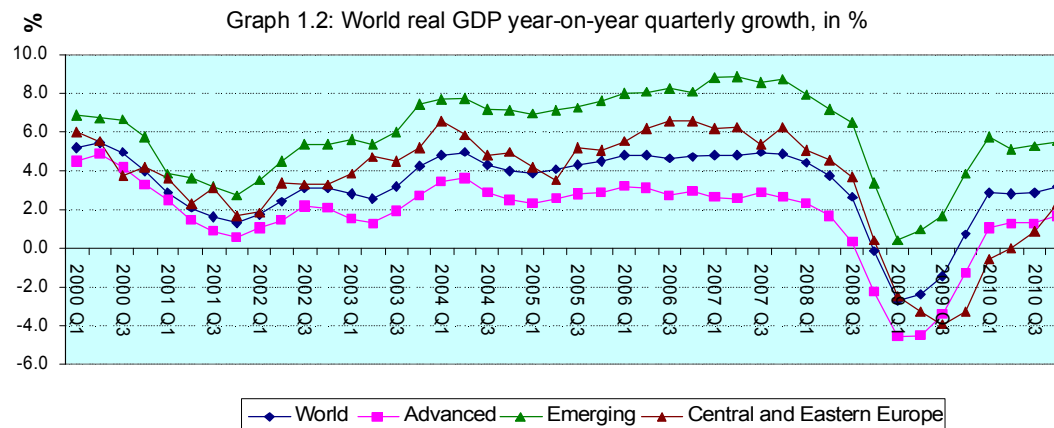
transition", "developing countries excluding the least developed ones", and "the least developed economies", we observe that the last subgroup has the highest growth rates for 2008, 2009 and 2010, followed by other developing countries, as shown in graph 1.3. Both subgroups have experienced slower but positive growth in 2009. The low scale of economic and financial integration explains, at a certain extent, the lower effects of the global financial and economic crisis onto these countries at end 2008 and in 2009. The compound decline in transition economies is fairly explained by the influence of oil exporting countries, part of the Commonwealth Independent States, being highly impacted by the sharp decline of oil prices.

The decline in output is accompanied by a quite deeper decline in international trade, as shown in table 1.2. According to the IMF, the decline of world trade volume (goods and services, in real terms, excluding the price and exchange rates effects) was 11 percent in 2009.

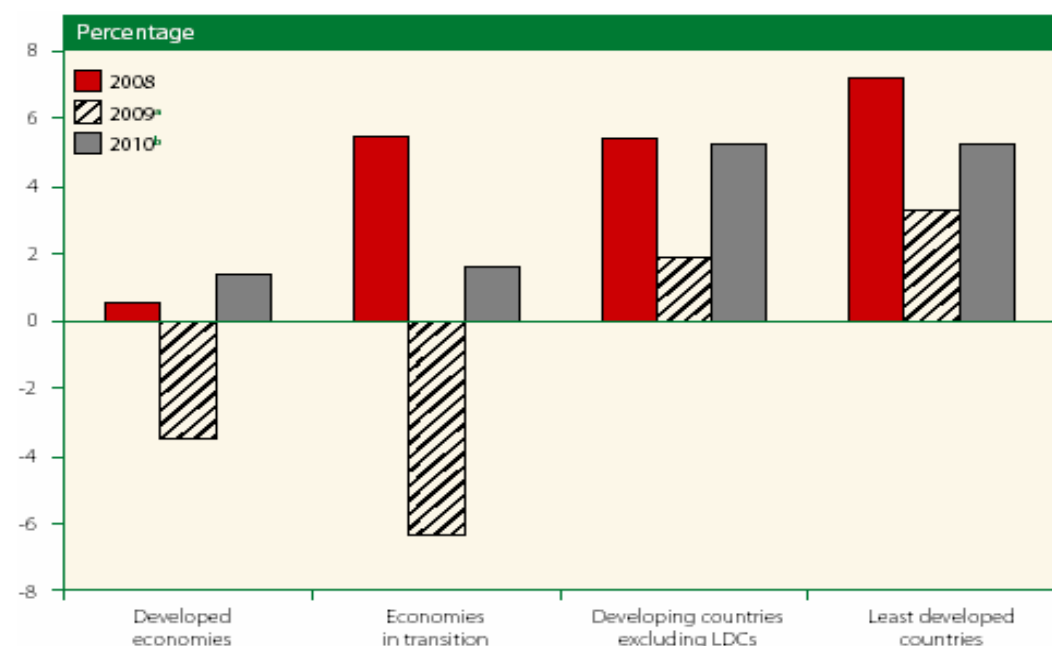
Graph 1.1: World real GDP growth, in %



Graph 1.2: World real GDP year-on-year quarterly growth, in %



Graph 1.3: Economic growth by category, in %



Source: UN: World Economic Situation and Prospects 2010, p. 5

Table 1.2: Annual percent change of trade, commodity prices, and consumer prices

	2005	2006	2007	2008	2009	2009**	2010*	2011*
World trade volume (goods and services)	7.8	9.1	7.3	2.8	-12.3	-11.0	5.8	6.3
Imports								
<i>Advanced Economies</i>	6.5	7.6	4.7	0.5	-12.2	-12.1	5.5	5.5
<i>Emerging markets and developing economies</i>	12.2	12.4	13.8	9.9	-13.5	-8.8	6.5	7.7
Exports								
<i>Advanced Economies</i>	6.1	8.6	6.3	1.8	-12.1	-13.5	5.9	5.6
<i>Emerging markets and developing economies</i>	11.7	11.0	9.8	4.4	-11.7	-6.4	5.4	7.8
Commodity prices (US dollars)								
<i>Oil***</i>	41.6	21.0	6.4	36.4	-36.1	-46.4	22.6	7.9
<i>Non-fuel (average based on world commodity export weights)</i>	10.3	28.4	14.1	7.5	-18.9	-27.9	5.8	1.6
Consumer prices								
<i>Advanced economies</i>	2.3	2.3	2.1	3.4	0.1	-0.2	1.3	1.5
<i>Emerging market and developing countries²</i>	5.2	5.1	6.4	5.7	9.2	5.2	6.2	4.6

*WEO Projections **Projection for 2009; ***Simple average of prices of U.K. Brent, Dubai, and West Texas Intermediate crude oil. The average price of oil in US dollars a barrel was \$62.00 in 2009; the assumed prices based on future markets are \$76.00 in 2010 and \$82.00 in 2011.

Source: World Economic Outlook Update, IMF –January 2010; World Economic Outlook, IMF, October 2009;.

³ IMF: World Economic Outlook, October 2009, and World Economic Outlook Update, January 2010.



Exports growth rates vary from -6.4 percent for emerging and developing countries, to -13 percent for advanced economies; for imports the range is somehow narrower: from -8.8 percent to -12.1 percent.

Graph 1.4 reveals that international trade growth rates (in volume terms) are much higher than real GDP growth. Also, the decline in 2008-2009 is quite deeper. In general, the oscillations of international trade are more frequent and steeper. Graph 1.5 shows that such discrepancies are much higher when comparing industrial production growth rates and merchandise exports. The merchandise global trade fell by 12.2 percent in volume terms – the largest decline since World War II. Such a drop was larger than most economists had predicted, exceeding also the WTO forecast of a 10 percent decline.

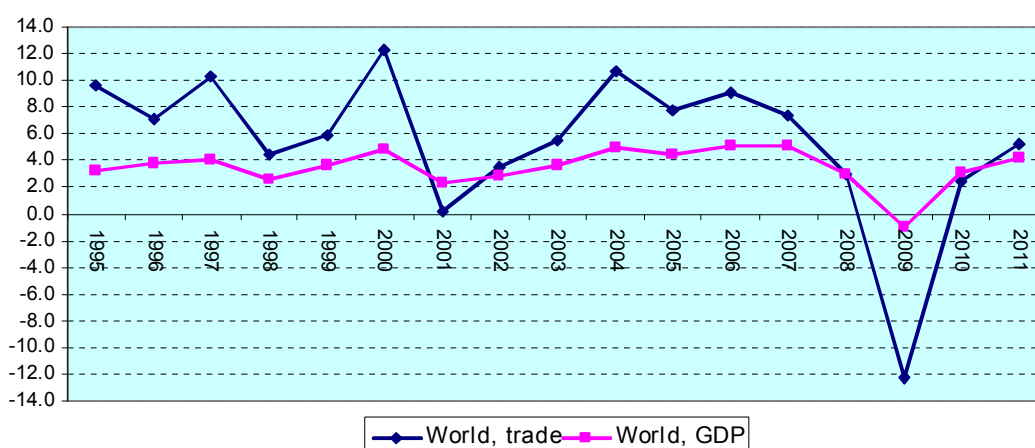
All countries and regions registered decline in the volume of merchandise exports in 2009, as shown

in table 1.3. Japan (-24.9%), European Union (EU 27: -14.8%), and United States recorded declines larger than the world average (-12.2%). The smallest declines were registered by the oil exporting regions of Middle East (-4.9%), Africa (-5.6%), and South/Central America (-5.7%). The decline in exports of Asia (-11.5%) and China (-10.5%) was slightly lower than the world average, as shown in table 1.3.

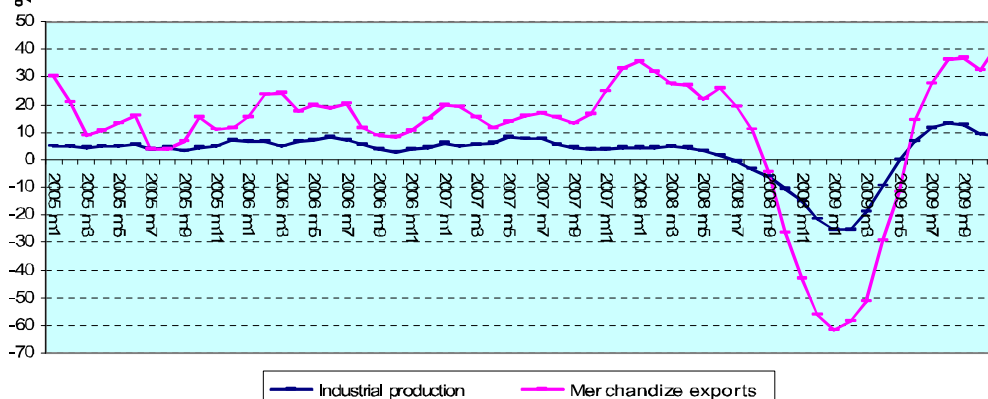
China is now leading the world as a merchandise exporter (surpassing Germany), accounting for almost 10 percent of world exports. In terms of imports, China (with 8% of the world merchandise imports) is second, after the United States (13%).

In dollar terms, the decline of trade was quite larger than in volume terms. For the world as a whole, the dollar value of exports decreased by 23 percent, as compared to 12.2 percent in volume terms. For some regions the discrepancy is significantly larger. So, the dollar value of exports from the Middle East, Africa and Commonwealth of Independent States

Graph 1.4: Growth rates of world real GDP and trade volume, in%



Graph 1.5: World growth rates of industrial production and merchandise exports, in %



fell by 33 percent, 32 percent, and 36 percent, respectively. This was due to the sharp drop of oil prices between 2008 and 2009 (see graph 1.6). Despite the lower than 2009 world average decline in export volume of oil producing regions, their decline in value terms was considerably larger.

The value of world merchandise exports fell by 23 percent, to \$12.15 trillion, in 2009. For the first time since 1983 the trade in commercial services also declined, by 13 percent, to \$3.32 trillion. Among commercial services categories, transport services registered the largest drop (-21%), followed by travel and other commercial services (-11, and -1%, respectively). Regarding 2010 developments, trade and output are currently in a recovery phase.

The sharp decline in global trade in 2009 could be explained by a number of factors. The primary cause is *the sharp contraction of global demand*. Such a contraction was magnified by the *product composition* of the fall in demand, the *high scale of globalization* of economy and trade (the presence and the expansion of the global supply chain), and the *synchronization* among countries of the decline in trade. *Limited availability of trade finance* also played a role. Good news in 2009 was the absence of any major increase in trade barriers imposed by WTO members in reaction to the crisis. This constitutes an important distinction between the current situation and the great depression of 1929-1932. Protectionist pressures have been mitigated because of trade integration, stronger international rules, flexible exchange rates in most countries, etc. Trade integration consists in intensified economic interdependence of countries through supply chains, imported inputs, and services. Trade of parts

Table 1.3: GDP and merchandise trade by region, 2007-2009 (annual % change at constant prices (2000))

	GDP			Exports			Imports		
	2007	2008	2009	2007	2008	2009	2007	2008	2009
World	3.8	1.6	-2.3	6.4	2.1	-12.2	6.1	2.2	-12.9
North America	2.2	0.5	-2.7	4.8	2.1	-14.4	2.0	-2.4	-16.3
United States	2.1	0.4	-2.4	6.7	5.8	-13.9	1.1	-3.7	-16.5
South and Central America ^a	6.4	5.0	-0.8	3.3	0.8	-5.7	17.6	13.3	-16.3
Europe	2.9	0.8	-4.0	4.2	0.0	-14.4	4.4	-0.6	-14.5
European Union (27)	2.8	0.7	-4.2	4.0	-0.1	-14.8	4.1	-0.8	-14.5
Commonwealth of Independent States (CIS)	8.3	5.3	-7.1	7.5	2.2	-9.5	19.9	16.3	-20.2
Africa	5.8	4.7	1.6	4.8	0.7	-5.6	13.8	14.1	-5.6
Middle East	5.5	5.4	1.0	4.5	2.3	-4.9	14.6	14.6	-10.6
Asia	6.0	2.7	0.1	11.7	5.5	-11.1	8.2	4.7	-7.9
China	13.0	9.0	8.5	19.8	8.6	-10.5	13.8	3.8	2.8
Japan	2.3	-1.2	-5.0	9.4	2.3	-24.9	1.3	-1.3	-12.8
India	9.4	7.3	5.4	14.4	14.4	-6.2	18.7	17.3	-4.4
Newly industrialized economies (4) ^b	5.6	1.6	-0.8	9.0	4.9	-5.9	5.3	3.5	-11.4

^a Includes the Caribbean.

^b Hong Kong, China; Republic of Korea; Singapore and Chinese Taipei.

Source: WTO Secretariat.

and components (an indicator of supply chains) has more than doubled as a proportion of total trade since 1970, while the openness index (trade volume to GDP) is on average 96 percent, as compared to 55 percent in 1970. Under such circumstances, not only exporters but also producers are more reliant on imported inputs. Furthermore, the widespread floating exchange rates around the world may have pre-empted a wave of competitive devaluations as it happened in the 1930s. In addition, successive GATT/WTO arrangements have provided much greater legal stability of trading relations. Factoring in lessons from the experience of the 1930s—that raising trade barriers merely compounds recessionary forces and make the contraction a prolonged one—the G-20 leaders signed a pledge on November 15, 2008 in Washington to avoid protectionist measures, and reinforced it on April 02, 2009. Such a pledge was supported by members

Graph 1.6: World - Real commodity prices growth (in %)

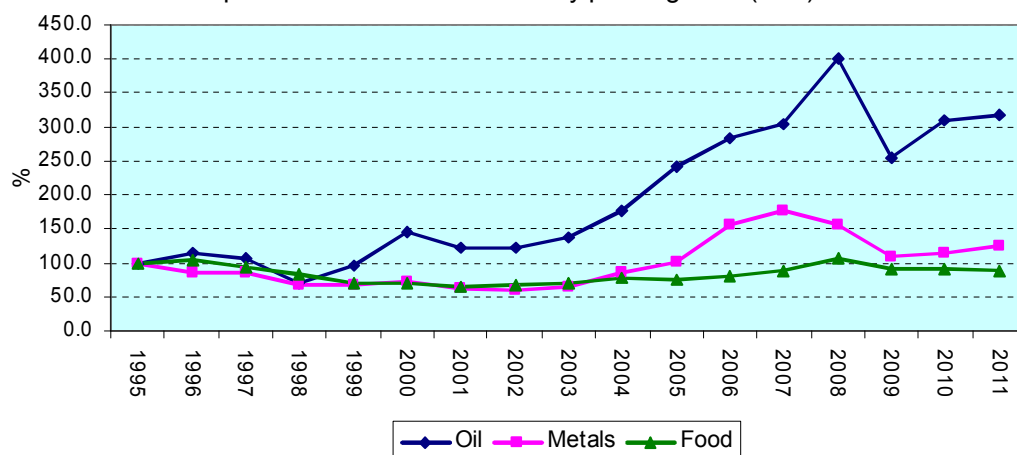


Table 1.4: Quoterly growth in world trade in manufactures by product, 2008Q1-2009-Q3

	2008Q1	2008Q2	2008Q3	2008Q4	2009Q1	2009Q2	2009Q3
Manufactures	15.7	18.6	13.2	-10.4	-27.6	-29.8	-21.5
Iron and steel	14.6	27.0	42.7	5.4	-37.3	-54.7	-55.0
Chemicals	19.3	24.5	21.7	-5.9	-23.5	-24.4	-16.6
Office and telecom equipment	10.0	13.2	7.2	-13.9	-28.4	-22.2	-15.3
Automotive products	15.3	15.8	3.4	-26.0	-46.9	-45.6	-28.6
Industrial machinery	21.9	22.7	15.7	-7.3	-28.8	-36.0	-31.9
Textiles	10.3	8.9	3.4	-12.8	-26.9	-26.8	-17.3
Clothing	10.3	11.4	7.9	-2.5	-10.4	-15.5	-12.1

Source: WTO Secretariat estimates based on mirror data

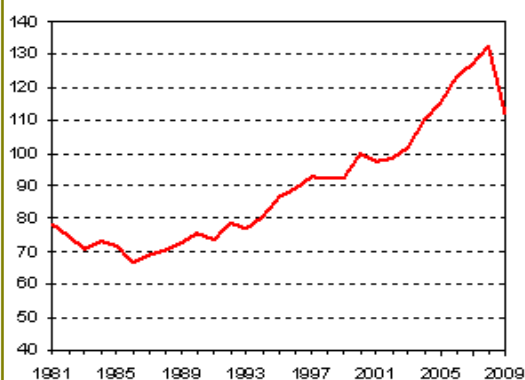
of WTO in the Ministerial Conference of WTO in December 2009.

Getting back to the underlined factors of the sharp decline in world trade, the *contraction of global demand* is a direct consequence of the global financial and shortly thereafter economic crisis, triggered by the sub-prime mortgage crisis in the United States in the third quarter of 2008 and quickly spread to the real economy with global repercussions. Sharp decline in wealth during the recession pressed households and firms to reduce their spending on all types of goods, particularly consumer durables (like automobiles) and investment goods (such as industrial machinery). Demand for such goods is more sensitive to heightened economic uncertainty and to deteriorated credit conditions than demand for other types of goods. Such a decline was transmitted to the markets that supply inputs for production, particularly iron and steel. Declining demand for iron

and steel was also linked with the drop in the construction sector in countries where real estate markets had been booming before the crisis. On the other hand, consumer durables and investment goods make up a relatively small fraction of global output, but a relatively large part of world trade, so the impact of a decline in demand for these products was expected to be greater on trade than on GDP. Table 1.4 shows the quite faster decline of world trade in these goods compared with other types of manufactured goods.

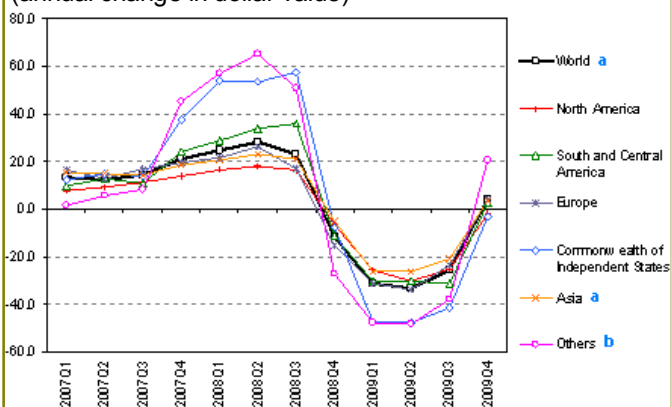
To a considerable extent the decline in global trade during 2008 was inflated by the *spread of global supply chain*, implying that goods may cross national borders several times during the production processes before arriving at the final destination. So every time those goods cross national boundaries, their value is recorded by trade statistics. The multiple records imply an increased value of trade between the involved countries. Therefore, the

Graph 1.7: Exports of goods and commercial services to GDP growth rates, 1981-2009 (index 2000=100)



Source: IMF and WTO Secretariat

Graph 1.8: Growth in world merchandise exports by region (annual change in dollar value)



a. Including significant re-exports, or re-imports for re-exports
b. Includes Africa and Middle-East

Source: IMF, International Finance Statistics; Eurostat, Comext database; National statistics, Global Trade Atlas.

decline will also be multiplied. The graph 1.7 exhibits such an effect through the dynamics of the ratio of world exports to GDP during the period 1981-2009.

This ratio has been steadily increasing since 1985, with a jump in 2000-2008 then a drop in 2009 as world exports fell faster than world GDP. However, income and employment in a country are directly related with the net trade flows - a measure of trade transactions based on value-added at each stage of production process. Thus, it is important to also measure trade based on value added at the stages of production process. It is particularly important for countries like Albania, where the inward processing sector counts more than 63 percent⁴ of total exports.

The spread of international supply chains and also the information technology allow producers in one part of the world to respond almost instantly to changes in market conditions in another part of the world. It helps boosting efficiency in the global use of resources, thus in global and national welfare, but in case of a trade collapse it may contribute in spreading the recession faster. That is why the decline in trade, as shown in graph 1.8, affected all the regions and was *synchronized among countries*. The fall in international trade would have been smaller in the absence of that effect, because contraction in some regions would have been compensated by expansion in others.

1.2 Albania's macro-trade developments enface of global crisis and recovery

The year 2009 posed strong challenges to the Albania economy. The global financial and real economy crisis affected the country's economy through many channels. However, when considering the subgroup of South-East European countries, Albania was an exception. While the combined real GDP for this sub-region declined by 3.7 percent⁵ on the back of strong contraction in external demand, shrinking capital inflows and declining remittances, in Albania GDP growth remained positive. Why Albania is making such a

difference? The abovementioned UN report underlines that "The Albanian Economy is relatively closed, showing an especially low degree of openness. The other economies in South-eastern Europe are more open and their growth is export oriented"¹⁷. In the IMF Mission's 'Preliminary Conclusions' of March 10, 2010⁶, such a factor is reinforced by stressing that 'the impact of the crisis is mitigated through the limited importance of the export channel in Albania, and its smaller reliance on market financing'. But IMF ranks as important factors also 'fiscal and monetary stimuli' and 'a prudent supervision and regulation of the banking system' in the country.

According to the IMF, Albanian GDP growth is estimated to be around 3 percent in 2009. This estimate considers a GDP contraction in the fourth quarter of 2009, after a slowdown of growth in the preceding quarters of the year: 5.4 percent, 5.3 percent, and 4.1 percent, respectively, or 4.9 percent for the first 9-months of the year, in annual terms⁷. The "Monetary Policy Statement for the Second Half of 2009" of the Bank of Albania, underlines that 'such a slowdown is conditioned by the reduction of external demand and the slowdown of the domestic one; liquidity contraction; limitation of financing, and increased uncertainty'. Particularly, contraction is noticed in private investments, consumption and real estate crediting, and in migrants' remittances.

However, the slowdown during the first three quarters of 2009 and an estimated contraction of GDP in the fourth quarter of 2009, testify that the Albanian economy has been seriously affected by the global crisis. Internal and external imbalances reflect such an impact. The fiscal deficit has climbed to some 7% of GDP, from around 3 percent in 2007; public debt is close to 60 percent of GDP; and the current account deficit reached 15 percent of GDP in 2009. As underlined in the IMF 'preliminary conclusions' of March 2010, 'these trends risk crowding out private investments and undermining debt sustainability', and impede a sustainable resumption of credit growth⁸.

According to the IMF¹⁸, 'low growth is projected to resume in the first quarter of 2010 and then gradually gain strength, with annual GDP growth in the range of 2 - 2^{1/2} percent in 2010'. Also, confidence in the financial sector has been restored and both

⁴ The exact figure is 63.1 percent, from 59.9 percent in 2008 and 66.4 percent in 2007 (METE, and ACIT's calculations)

⁵ See 'World Economic Situation and Prospects 2010', United Nations Report, page 118.

⁶ See "Albania – 2010 Article IV Consultations, Preliminary Conclusions of the Mission, March 10, 2010 – www.imf.org.

⁷ See 'Bank of Albania: Deklarata e politikës Monetare për 6-mujorin II 2009, 02.02.2010 (www.bankofalbania.org), and INSTAT publication 'Quarterly Gross Domestic Product –Third Quarter', December 2009. For the same period of 2008, the growth estimate was 7.8 percent.



remittances and exports began to recover. Despite the administrative price increases, inflation is projected at 3.4 percent in 2010 and 3 percent in the medium term. The current account deficit is also expected to narrow from 15 percent to 13 percent this year, mainly driven by an expected automatic adjustment (decline) of private consumption, and the recent depreciation of real exchange rates.

However, 'the preliminary conclusions' of IMF¹⁸ underline that the external environment remains risky, and the internal and external macroeconomic imbalances pose significant vulnerabilities. Particularly, the fiscal stimulus-which is supposed to have played a positive role in alleviating the global crisis' effects 'has now become a risk'. The IMF suggests reducing the budget deficit to 3 percent of GDP in 2010, and cutting public debt back to 50 percent until 2013.

The global financial and economic crisis and domestic economic developments and pressures, are reflected in the macroeconomic (im)balances, be them internal or external. As previously mentioned, the current account in 2009 is estimated to have reached 15 percent of GDP in 2009⁸.

The widening of the current account deficit is mainly fostered by a decrease in private transfers (remittances). During the first 9 months of 2009, remittances declined by 6 percent compared with the same period in 2007. In level terms, they were 19 percent lower than in the first 9 months of 2007. Such a decline is a direct effect of the world crisis while also reflects the long term declining trend of remittances, as predicated in the economic literature. The current account deficit is financed by capital and financial flows, which to a large extent comprise revenues from privatization and public borrowing. However, in 2009 these two factors were able to compensate only partly (about 77%) the current account deficit. The trade balance continues to have a negative impact on the current account balance, despite the moderate narrowing of the trade deficit in 2009. The trade deficit, as expressed in ALL, increased only by 0.3 percent (-6.4 percent when expressed in Euro) to 327,668.9 million ALL (or 2,488 million Euro), as indicated in table 1.5. The discrepancy between Euro and ALL trade deficit is attributed to the quite considerable depreciation of ALL against Euro-by about 7.1 percent-during 2009.

The discrepancy is even higher when trade deficit is measured in USD: the trade deficit has decreased by 10.7 percent, because ALL depreciated by 13.1 percent⁹ against the USD in 2009. Graph 1.9 describes the quarterly changes of the Albanian currency (ALL) exchange rate against Euro and USD. The trade deficit relative to GDP decreased to 28.7 percent in 2009, from 30.1 percent in 2008.

Despite these discrepancies related to trade deficit change in 2009, slight and 'contradictory' change of trade deficit in 2009, the contraction of commodity trade flows is quite significant. Measured in Lekë, commodity trade flows decreased by 3.1 percent (see table 1.5); whereas in Euro and USD they have decreased by 9.7 percent, and 14.2 percent, respectively-quite larger figures. The decline is particularly high in exports: 8.1 percent in ALL, but 14.4 percent Euro, and 19.1 percent in Euro.

The openness index (measured as a ratio of value of exports plus imports, over GDP), which is still quite low, shows a positive trend during the last decade, despite some fluctuations, as indicated in table 1.5 and graph 1.9. The index was 36.6 percent in 2000 and it increased up to 50.8 percent in 2008, to decline again to 46.8% of GDP in 2009.

The import coverage index, measured as a ratio of the value of exports over imports, continues moderately decrease during the last years, by registering 24 percent in 2009, from 25.6 percent in 2008, 25.7 percent in 2007 and 26 percent in 2006. In 2009, this index was very close to its 2000 level, as shown in table 1.3, and graph 1.10.

The import coverage index reflects a low competitiveness level of the country's economy, as indicated by the index's quite low levels during the whole period. Box 1 shortly depicts the Albanian economy's competitiveness position, based on indicators calculated by the World Economic Forum, the Heritage Foundation and Wall Street Journal, and the World Bank.

Albania's exports, are not only less than one forth of imports, but also show a relatively high fragility. They are highly dependent on inward processing industries, like apparel and shoe industries, while exports of mining products and other raw materials are highly dependent on world price fluctuations. Effective structural reforms and policies are needed

⁸ According to the Bank of Albania, the current account deficit in relative terms to GDP, for the period 4th quarter 2008-3rd quarter 2009, is estimated at 17% (Banka e Shqipërisë: Deklarata e Politikës Monetare për 6- mujorin e Dytë 2009", 2.02.2010, p. 29).

⁹ The average exchange rate in 2009 was 131.48 Lekë/Euro, from 122.8 Lekë/Euro in 2008; calculations are based on monthly data published by the Bank of Albania. Against the USD, the depreciation of Lekë was even higher: from 83.9 Lekë/USD in 2008, to 94.85 Lekë/USD in 2009 on average.

Table 1.5: Macro-Trade Indicators, in million Lekë, unless otherwise indicated¹⁰

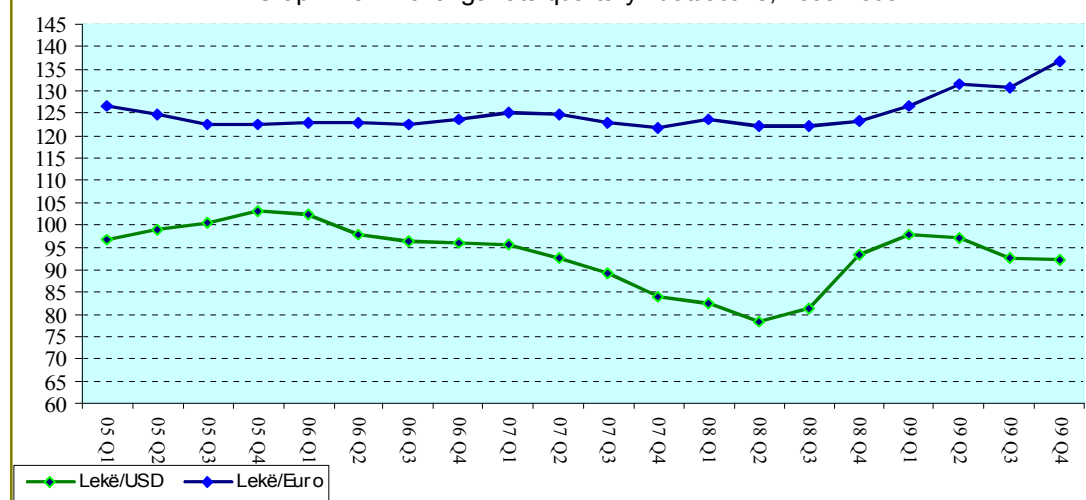
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009*
Real GDP growth rate	6.7%	7.9%	4.2%	5.8%	5.7%*	5.7%	5.5%	6.0%	6.7%	3%
Nominal GDP	523,043	583,369	622,711	694,098	750,785	814,797	891,000	982,737	1,085,700	1,143,000
Trade flows**	191,351	234,811	254,689	279,867	296,892	326,023	375,720	474,602	551,622	534,546.3
-Imports	154,290	191,053	208,501	225,380	234,770	260,205	298,279	377,447	439,083	431,107.43
-Exports	37,061	43,758	46,188	54,487	62,121	65,818	77,441	97,155	112,539	103,438.84
Trade deficit	117,229	147,295	162,313	170,894	172,649	194,387	220,837	280,292	326,544	327,668.59
Exports growth	-2.4%	18.1%	5.6%	18.0%	14.0%	6.0%	17.7%	25.5%	15.8%	-8.1%
Imports growth	-7.1%	23.8%	9.1%	8.1%	4.2%	10.8%	14.6%	26.5%	16.3%	-1.8%
Trade flows growth	-6.2%	22.7%	8.5%	9.9%	6.1%	9.8%	15.2%	26.3%	16.2%	-3.1%
Openness index***	36.6%	40.2%	40.9%	40.3%	39.5%	40.0%	42.2%	48.3%	50.8%	46.8%
Trade deficit/GDP	22.4%	25.2%	26.0%	24.6%	22.9%	23.8%	24.8%	28.5%	30.1%	28.7%
Imports/GDP	29.5%	32.7%	33.5%	32.5%	31.3%	31.9%	33.5%	38.4%	40.4%	37.71%
Exports/GDP	7.0%	7.5%	7.4%	7.9%	8.3%	8.0%	8.7%	9.9%	10.4%	9.05%
Imp. Coverage (Ex/Imp)	24.0%	22.9%	22.2%	24.2%	26.5%	25.3%	26.0%	25.7%	25.6%	24%

*Estimate, based on Ministry of Finance publications (2009 Budget Analysis (www.minfin.gov.al); Macroeconomic and Fiscal Framework 2010-2012, p. 16).

Only trade in goods; *measured as a ratio of trade flows to GDP

Source: Ministry of Finance, INSTAT, METE, Bank of Albania, IMF, and ACIT's own calculations.

Graph 1.9: Exchange rate quarterly fluctuations, 2005-2009



¹⁰ The nominal GDP in Million Lekë is calculated based on the percentage of budget expenditure as published by the Ministry of Finance (www.minfin.gov.al: 'Analiza e plotë e buxhetit të vitit 2009'). Then, to calculate real GDP growth in 2009, the GDP deflator (Macroeconomic and Fiscal Framework 2010-2012, p. 16) is subtracted from the nominal GDP growth. The resulting growth rate is about 3%.

Box 1: The competitiveness position of the Albanian economy, 2009

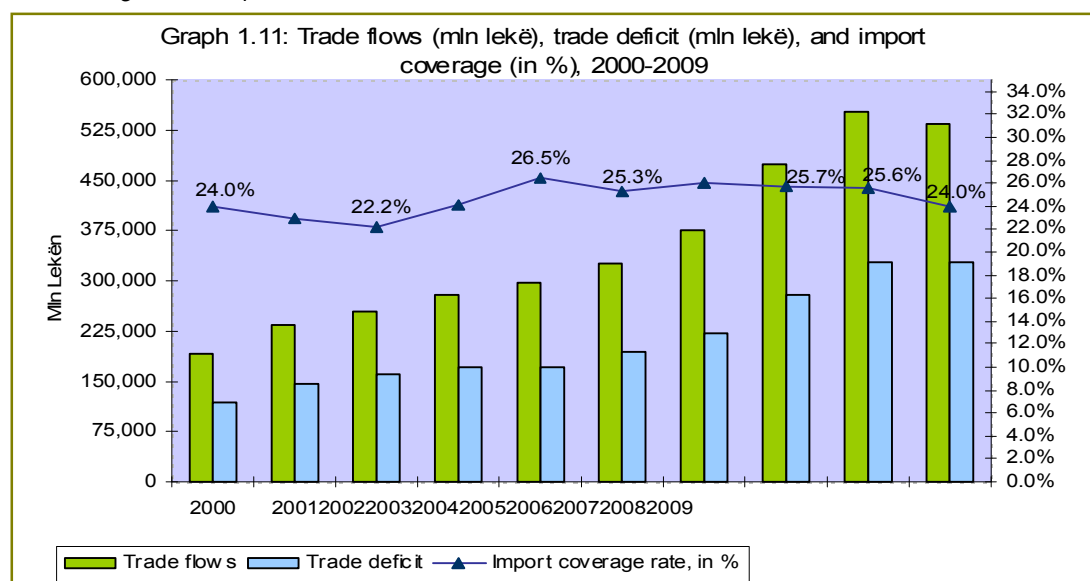
The Global Competitiveness Report 2009-2010 of the World Economic Forum ranks Albania at 96th position out of 133 countries/economies. In the previous year's Report Albania was ranked at the 108th position out of 134 countries/economies. According to the Global Competitiveness Index 2009-2010, Albania scored 3.72 points (in a range 1- 7), being slightly higher than in the previous year's Report (3.6). The highest ranked dimensions (pillars) are 'health and primary education' (5.48 point), 'labour market efficiency' (4.41 points), macroeconomic stability (4.24 points), and 'basic requirements' (4.04 points). The lowest ranked dimensions (pillars) are 'innovation' (2.43 points), market size (2.84 points), and infrastructure (2.84 points). Looking at the 6th pillar (goods market efficiency) in detail and considering the trade-related factors, Albania ranks quite well in 'tariff barriers' (47th position) and 'prevalence of tariff barriers' (54th position) but not as well in 'burden of customs procedures' (92nd position), although some improvements are evident from the previous year (ranked at 103rd position). The Report identifies the most problematic areas in Albania: corruption, inefficient government bureaucracy and policy instability.

According to the **"2010 Economic Freedom Index"** (Heritage Foundation and Wall Street Journal Report), Albania's 'economic freedom score' was 66.0, ranking 53rd in the world and the 25th in the region (out of 43 economies in the European region). Compared to the preceding year, the country's economic freedom increased by 2.3 points, positioning it 7 places up in the world list, and two places up in the European region list of countries. As in the previous year, Albania belongs to the 'moderately free group of countries' (in the range 60-69.9 points). 'Fiscal freedom' (92.6 points, or 0.2 less than in 2009) remains the highest ranked dimension, followed by 'trade freedom' (85.8 points, or 10 points more than in 2009), and 'monetary freedom' (78.7 points, or 0.9 points less than in 2009). The lowest ranked dimensions are "freedom from corruption" (34.0 points), and 'property rights' (35.0 points). The Report underlines that "Albania's economic freedom is comparable to that of other developing Balkan states like Croatia and Macedonia. Fiscal freedom, investment freedom and financial freedom are significantly higher than typical levels. However, Albania's overall score is reduced by weak property rights and pervasive corruption".

Referring the **'Ease of Doing Business'** (The World Bank Report "Doing Business 2010"), Albania has made positive steps— ranking from 89th position in the preceding year* down to 82nd position in 2010. The biggest positive changes are noticed in 'starting a business' (from 68th to 46th position) and in 'trading across borders' (from 83rd to 66th position). The position is somehow worsened in 'registering property', 'construction permits', etc. The highest scores in 2010 go to 'getting credit'— although the score was lower than in 2009 (15th place in 2010 from 12th place in 2009)— and 'protecting investors' (15th place in 2010 from 14th place in 2009). The lowest marked dimensions are 'closing a business' (the 183rd position), 'dealing with construction permits' (173rd position) and 'paying taxes' (145th position)

to support and boost the country's competitiveness. These policies should aim not only at coping with and overcoming the consequences of the global crisis, but also at stabilizing the macro-conditions for sustainable economic growth, and at promoting comparative advantages of Albanian firms and products. The IMF¹¹ underlines that 'the Albanian economy needs to broaden the sources of growth and strengthen competitiveness'. This means

further and more rapid improvements of the business environment and investor protection to increase domestic and foreign investment, to raise productivity and to help Albania's exports to climb up the value-added ladder. (i) The considerable implementation and enforcement gaps for formal rules; (ii) the lack of secure property rights; (iii) and the informal economy, are emphasized as priorities for action.



¹¹ IMF: 'Albania – 2010 Article IV Consultations, Preliminary Conclusions of the Mission', March 10, 2010.

II Albania's export and import dynamics

Albania's foreign trade flows dynamics during 2009 have been characterized by an important slowdown, deepening the effects from the world demand contraction. This slowdown in trade flow development was observed since September 2008 and was present in trade data during all 2009, especially in export dynamics. Albania's total trade with world amounted to ALL 534,546 million representing a decrease of 3.1% as compared to 2008 (551,622 million ALL). Imports volume, (expressed in ALL in graph 2.1) as being the largest part of the trade volume, is the element determining its dynamics; imports for 2009 reached at 431,107 million ALL, representing a decrease of 1.8% as compared to 2008 (439,038 million ALL) (see graph 2.2).

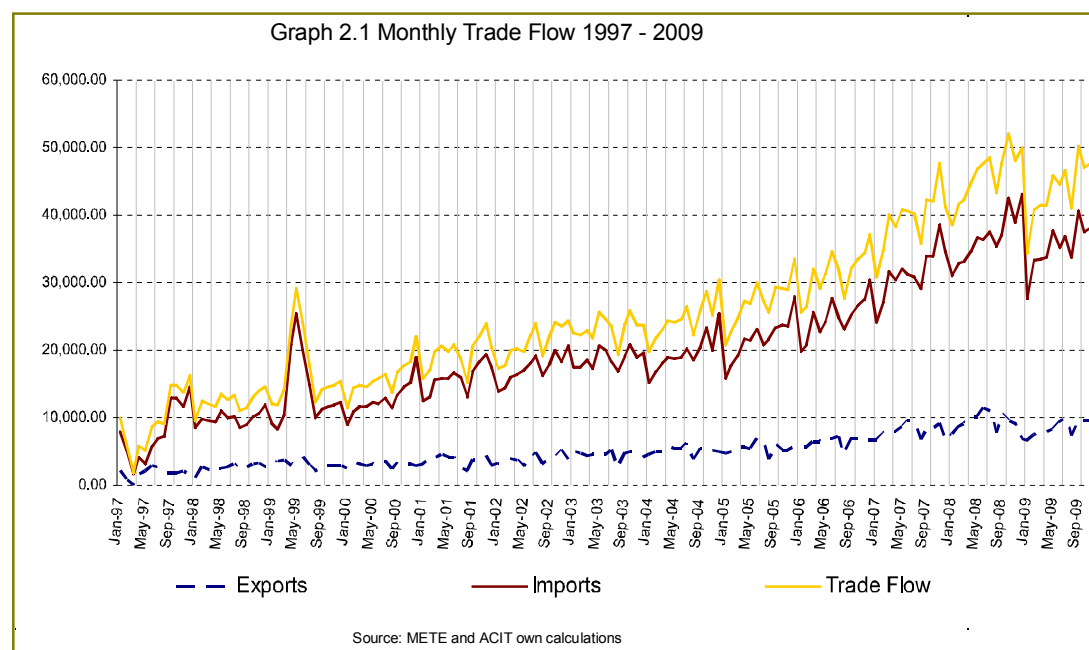
During the course of 2009, exports volume (expressed in ALL) have confirmed and deepened the negative trend of 2008 (see graph 2.1 and 2.2). Exports were characterized by a strong and steady positive trend from 2002, but as exports were highly concentrated in structure (products and geographic markets), they appeared vulnerable from the crisis. This high concentration around labor intensive, low value added inward processing products and raw materials have transmitted quickly the contracting world demand effect on Albanian export flows.

European economies recessive situation (Italian and Greek economy mainly) has been another important factor that has highly influenced exports deteriorating dynamics observed during the last quarter of 2008 and in continuation through all 2009.

Total exports in 2009, amounted to 103.438 million ALL and decreased by 8.1% as compared to 2008. The most important decrease of exports was concentrated during the first half of 2009. The third quarter of the year represented a stop in the decrease trend and exports figures reached almost the same levels as in the same period of 2008. The slight recovery in October was followed by an improvement during the last two months of 2009, where December represented the most successful month for all 2009 with an increase of 41%, as compared to the same month of 2008. This trend has continued for exports in January 2010 (43% of growth) and February 2010 (50% of growth). This increase is due mainly to electrical energy export and also to the fact that the main sectors are starting to improve their performance.

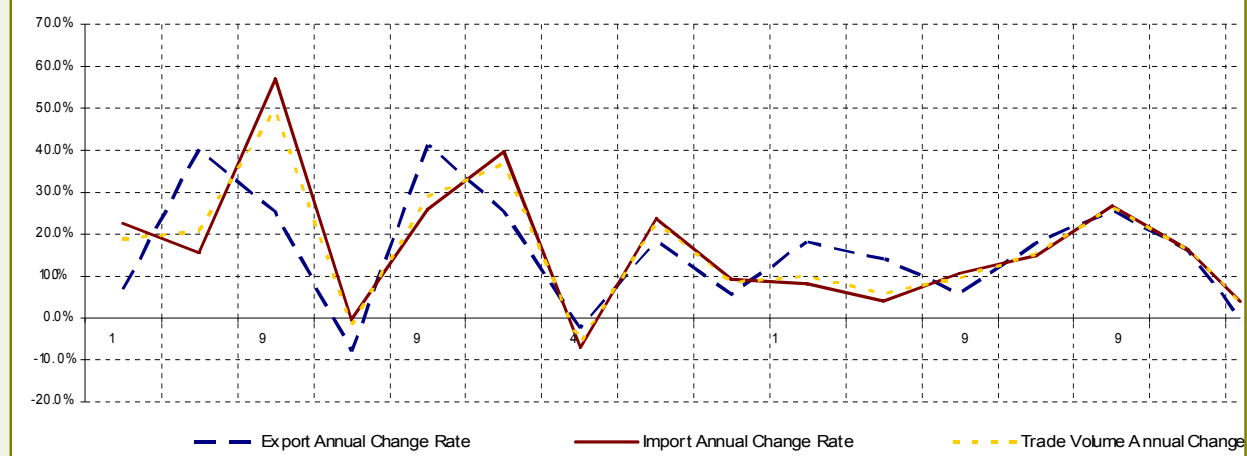
Imports flow dynamics have shown slowdown in comparison to previous years. This reflects mainly world prices development and some slight contraction in domestic demand. Consumers'

Graph 2.1 Monthly Trade Flow 1997 - 2009





Graph 2.2 Annual Change rate in Exports and Imports Flows 1994-2009



demand behaved relatively stable throughout the year with some signs of contraction appearing during the first half of 2009 that were “cured” by high public spending (especially those in infrastructure projects). The usual seasonality in imports behavior was also present with decreasing imports at the beginning of the year and during summer season when agriculture domestic production goes into the market as well as boosting

imports at year end due to consumers demand increase. However, imports were experiencing similar decrease rates through all 2009. October represented the month with the highest decrease (12% as compared to the same month of 2008). Albania trade deficit at the end of 2009, amounted to 327, 668 million ALL and increased only by 0.3% as compared to 2008. The slowing down exports and imports’ flows are reflected in a slowing down deficit expansion.

III Albania's Trade structure

3.1 Main Characteristics

Albania's trade structure has not changed much as compared to 2008. Exports represent 19.4 percent of the total trade flows during 2008. This percentage has decreased only by 1% from 2008. Total trade flows experienced a decrease of 3.1 percent (14.2 percent in USD, 9.7 percent in EUR) as compared to 2008. This decrease was caused by the increase

of both, exports and imports' flows. Total exports reached 103,438 million ALL and experienced a decrease of 8.1% percent as valued in ALL (but a decrease of 19.1 percent as valued in USD and 14.4 percent as valued in EUR). Total imports reached 431,107 million ALL and experienced a decrease of 1.8 percent (but a decrease of 12.9 percent in USD and 8.5 percent in EUR) (please refer to table 3.1).

Some of the sections that have experienced highest exports' decrease as compared to 2008 are vegetable products, leather products, wood, textile, and main

Table 3.1: Structure of exports and imports flow

No	Description	Imports			Exports		
		Value of Imports (mln ALL)	Share on total (%)	Growth rate (%)	Value of Imports (mln ALL)	Share on total (%)	Growth rate (%)
1	Live animals: animal origin products	14,061.08	3.3%	12.0%	1,783.42	1.7%	8.5%
2	Vegetable products	20,929.31	4.9%	-7.4%	2,635.01	2.5%	-13.8%
3	Animal grease and oils or vegetal and its products	5,187.06	1.2%	-18.2%	40.35	0.0%	54.2%
4	Prepared food; drinks, alcoholic beverages and tobacco	34,537.57	8.0%	9.0%	3,038.20	2.9%	21.5%
5	Mineral products	61,829.14	14.3%	-21.4%	20,647.90	20.0%	1.5%
6	Chemical industrial products or alloys	34,033.49	7.9%	15.0%	633.67	0.6%	90.3%
7	Plastic and its products; tire and its products	16,929.06	3.9%	6.8%	1,138.67	1.1%	11.8%
8	Unprocessed and processed leather, coats	6,913.60	1.6%	-0.4%	1,522.21	1.5%	-12.4%
9	Wood and its products; charcoal; cork and its products	6,907.28	1.6%	6.7%	1,279.08	1.2%	5.0%
10	Wood or other fiber	10,547.36	2.4%	22.5%	2,158.55	2.1%	-10.0%
11	Textile and its products	32,735.36	7.6%	-1.7%	28,256.99	27.3%	-5.0%
12	Footwear and hats, umbrellas and parasols	6,738.53	1.6%	9.0%	20,064.67	19.4%	5.2%
13	Stone, gypsum, cement products...	13,874.69	3.2%	0.2%	856.87	0.8%	-18.2%
14	Natural or cultivated pearls, jewelers	543.82	0.1%	-33.4%	304.01	0.3%	-11.0%
15	Base metals and their products	52,773.23	12.2%	-2.1%	11,925.09	11.5%	-43.6%
16	Mechanic, electric machinery and equipment	70,739.56	16.4%	1.7%	4,663.97	4.5%	8.2%
17	Vehicles	27,862.77	6.5%	3.7%	452.01	0.4%	32.3%
18	Optic, photographic, cinematographic	4,678.95	1.1%	-5.5%	153.14	0.1%	34.8%
19	Weapons and munitions and their equipment	261.61	0.1%	80.4%	38.08	0.0%	20.2%
20	Different manufactured products	8,885.03	2.1%	-12.4%	1,841.47	1.8%	-12.7%
21	Works of art, collection and antiques	138.94	0.0%	355.0%	5.48	0.0%	-12.4%



metals. Sections that account for a high increase in export flows are chemical products, animal grease oils, vehicles and prepared food drinks and beverages. Footwear products, being a significant sector and accounting for 19.4 percent of total exports, have also experienced an increase by 5 percent of export flows.

Some of the sections that have experienced highest decrease of imports as compared to 2008 are mineral products, animal grease oils and vegetable products. Sections that account for a high increase in import flows are mechanic, electric machinery and equipment, wood products and weapons. Table 3.1 provides information on exports and imports values, share to total and growth rate based on the classification of goods by sections.

3.2 Export Structure

Textiles, mineral products, base metals and footwear remain important sections with high shares to overall exports. Textiles products account for 27.3 percent of total exports in 2009. Even though textile products export has decreased by 5 percent their relative share to total export flows has increased with 0.7 percentage points. Footwear products account for 19.4 percent of total exports, having increased by 2.5 percentage points. These two product groups, despite their importance and the positive trend of share in this year, continue to show a downwards trend evidenced also last year, in terms of relative share. Mineral products share to total exports reached 20 percent experiencing an increase of almost 2 percentage points in 2008. Mineral products growth rate was 1.5 percent during 2009. Base metal products share to total exports reached

11.5 percent experiencing a strong decrease of 7.3 percentage points. This decrease in relative share was accompanied by a high decrease of exports. Metal products exports decreased by 43.6 percent. Not all agricultural products' sections have kept their upward trend in export flows as during the previous years. Live animal, animal origin products and prepared food account for increases in value as compared to 2008, as you can see in table 3.1, while the other sections, representing mainly vegetable products have experienced a decrease in value and relative share.

The ten most exported products fall under the above mentioned product groups: mineral products, textiles, footwear and metals. They represent 43 percent of total exports. These products continue to be highly ranked among exported goods as most of them were among the most exported products last year as well.

Some of them reflect the exports' decreasing tendency of the respective sectors: textiles, mineral products and main metals, as you can observe in the table 3.2. The most exported product (petroleum oils) value has increased with 26.3 percent as compared to 2008. The second most exported product value (uppers and their parts) value has decreased with 7.6 percent. The third most exported product experienced a strong decrease by 23 percent.

Products that account for highest increase in value are ranked below in the table 3.3. They are representatives of the two other important exports sectors: metal and textile products. The products with the highest decrease in value are: ferrous scrap, petroleum and aluminium scrap. Other products with high decrease in value are cotton shirts for women and animal products.

Table 3.2: Top ten exported goods for 2009 (in mln ALL)

nenkreu	HS6 DSC	2004	2005	2006	2007	2008	2009
270900	Petroleum oils		987.82	1,753.88	5,325.28	6,238.25	7,878.02
640610	Uppers and parts of	13,282.06	12,357.94	10,811.39	10,190.41	8,339.43	7,703.41
620342	Men's or Boys' Trousers.	5,466.11	4,990.79	5,832.60	6,767.67	6,478.63	4,987.37
261000	Chromium Ores and Concentrate	468.95	663.36	1,666.01	4,493.60	5,514.02	4,028.76
721420	Concrete reinforcing bars and rods,	966.35	744.36	1,128.77	2,633.98	6,210.04	3,865.29
830140	Other locks of Base Metal	913.62	1,733.80	2,350.23	3,526.86	3,906.45	3,715.78
640590	Other Footwear	3.88	341.39	1,151.20	1,858.07	2,360.72	3,565.36
620520	Men's or Boys' Shirts, of Cotton	2,160.08	2,572.53	2,837.64	3,197.94	3,471.01	3,479.88
271600	Electrical Energy					354.36	2,868.37
640510	Other Footwear With Uppers of Leather or Composition Leather	486.49	1,498.87	2,034.68	2,197.63	2,293.31	2,618.74
Total value of 10-most exported products		23,747.54	25,890.86	29,566.40	40,191.43	45,166.23	44,710.97
Value of overall exports		62,121.32	65,817.95	77,441.33	97,155.07	112,539.01	103,438.84
Share of 10-most exported products, in %		38%	39%	38%	41%	40%	43%

Table 3.3: Exported products with the highest change in their value (in mln ALL)

HS-Code	Description	2008	2009	Change compare to 2008
020610	Bovine edible offal, fresh or chilled		376.40	
620429	Womens/girls ensembles, of other textile materials, not knitted		160.78	
842919	Bulldozers and angledozers, wheeled		122.00	
491199	Printed matter, nes	0.01	224.31	2236974%
620461	Womens/girls trousers & shorts, of wool or fine animal hair, not knitted	1.31	237.47	18041%
760429	Bars, rods and other profiles, aluminium alloyed	2.48	156.39	6213%
611529	Women's Hosiery, full length	19.25	946.40	4817%
252321	Portland cement, white, whether or not artificially coloured	3.69	156.22	4128%
847410	Sorting/screening/separatg or washg mach for stone/ores or oth min etc	4.69	112.68	2300%
620341	Mens/boys trousers and shorts, of wool or fine animal hair, not knitted	37.35	546.68	1364%
271600	Electrical energy	354.36	2,868.37	709%

Exported products with the largest decrease in their volume

HS-Code	Description	2008	2009	Change compare to 2008
720449	Ferrous waste and scrap, iron or steel, nes	1,384.99	274.34	-80%
271320	Petroleum bitumen	1,920.43	546.03	-72%
760200	Waste and scrap, aluminium	908.01	273.48	-70%
610610	Womens/girls blouses and shirts, of cotton, knitted	1,203.56	386.39	-68%
050400	Guts, bladders and stomachs of animals except fish whole or in pieces	615.68	262.17	-57%
830249	Mountings, fittings and similar articles of base metal, nes	566.43	260.06	-54%
610990	T-shirts, singlets and other vests, of other textile materials, knitted	697.24	322.82	-54%
640699	Parts of footwear nes	938.64	461.05	-51%
640391	Footwear, outer soles of rubber/plast uppers of leather covg ankle nes	1,737.21	918.79	-47%
481930	Sacks and bags, of paper, having a base of a width of 40 cm or more	334.33	179.24	-46%

3.3 Import structure

Imports structure is more dispersed than the structure of exports, which is a characteristic of import structure observed also in previous years. Compared to 2008, more sections have experienced a decrease in the value of imports such as mineral products, animal products and base metals (as shown in table 3.1). Two sections with the highest share to total import flows are mineral products and mechanic, electric machinery and equipment, as in 2008. They represent respectively 14.3 and 16.4 percent of the total imports of 2009. Other important sections remain base metals and textiles. Imports of mineral products reached 61,829 million ALL having decreased by 21.4 percent in 2009. However, products falling under this category are also listed in the top ten imported products for 2009. The most imported products under this category remain oils from petrol and bitumen mineral and electrical energy (tab 3.1). Imports of mechanical and electrical machineries grew by 1.7 percent in value during this

year. Important components under this category are parts of machineries used for the maintenance of already existing machineries as well as telecommunications related products such as cables etc, but also home appliances such as air conditioners and refrigerators (tab 3.1).

Imports of metals represent 12.2 percent of total imports (almost the same as 2008) and have experienced a decrease of 2.1 percent in 2009. Iron and steel and products thereof, mainly demanded as an input for the construction industry account the majority part of total imports of this category.

Textile imports as well as other sections such as agricultural products and chemicals products are also important components of the imports structure of Albania.

The ten most imported products in Albania account for 21 percent of total imports. Their concentration has decreased with 4 percentage points as compared to 2008. The most imported products fall under different categories such as minerals, base metals, medicaments, vehicles and agricultural

products. They seem to serve the need of production sectors of economy for raw materials in the form of electrical energy, oils, structures for construction etc but also the need for commodities consumption in the form of medicaments, cigarettes and personal vehicles. Table 3.4 gives better insight on most imported products during 2009 while table 3.5 gives an insight on imported products with the highest increase in value and imported products with the

highest decrease in value. Mineral products are often enlisted in both tables. Petroleum oil is one of the products whose value has increased the most in 2009. The presence of iron bars and rods in the list of products with the highest decrease in value leaves room for import substitution assumptions related to these group products, since the construction sector per se has not experienced decrease during 2009.

Table 3.4: Top ten imported goods for 2009 (in mln ALL)

HS-Code	Description	2004	2005	2006	2007	2008	2009
271019	Light petroleum distillates nes	10,409.36	15,163.98	19,055.76	22,443.04	30,686.09	20,984.70
271600	Electrical energy	2,865.75	786.11	3,811.02	22,312.21	25,888.74	14,442.26
721420	Bars & rods, i/nas, hr, hd or he, cntg indent, rbs, etc, prod dur rp/tar, nes	2,961.53	3,386.12	6,134.46	7,588.52	8,410.68	10,104.68
300490	Medicaments nes, in dosage	2,948.09	3,486.97	4,711.78	7,631.47	8,434.73	9,858.66
240220	Cigarettes containing tobacco	4,561.22	4,735.43	5,154.53	5,102.89	6,821.53	8,019.42
870332	Automobiles with diesel engine displacing more than 1500 cc to 2500 cc	5,990.10	4,013.57	4,242.65	6,267.44	6,194.88	6,006.76
252329	Portland cement nes	4,658.14	6,528.73	6,213.38	4,202.72	4,091.80	5,915.70
100190	Wheat nes and meslin	5,186.29	3,526.28	3,778.86	6,548.60	7,979.39	5,289.28
271011	Aviation spirit	1,543.16	2,502.83	3,524.80	4,398.40	5,094.88	4,821.11
410719	Leather	2,745.09	2,051.24	2,962.71	5,513.19	4,550.48	4,438.12
Total value of 10-most imported products		43,868.74	46,181.25	59,589.95	92,008.49	108,153.21	89,880.69
Value of overall imports		234,770.19	260,204.56	298,278.57	377,446.70	439,083.21	431,107.43
Share of 10-most imported products, in %		19%	18%	20%	24%	25%	21%

Table 3.5: Imported products with the highest change in their value (in mln ALL)

HS-Code	Description	2008	2009	Change compare to 2008
270900	Petroleum oils and oils obtained from bituminous minerals, crude	2,978.75		
720250	Ferro-silico-chromium		344.48	
880220	Aircraft nes of an unladen weight not exceeding 2,000 kg		143.15	
310530	Diammonium phosphate, in packages weighing more than 10 kg	0.12	326.02	278424%
721399	Other Bars, Rods, Hot-rolled	0.11	203.68	186991%
854810	Electrical Parts Waste of Machinery or Apparatus	0.24	145.41	60472%
870310	Snowmobiles, golf cars and similar vehicles	1.15	668.70	58043%
271311	Petroleum coke, not calcined	0.51	289.88	56863%
841013	Hydraulic turbines and water wheels of a power exceeding 10000 KW	0.79	257.32	32376%
854690	Electrical insulators, nes	1.30	143.21	10891%

Imported products with the largest decrease in their volume

HS-Code	Description	2008	2009	Change compare to 2008
720827	Other Flat-rolled products of iron or nonalloy steel	933.56	126.59	-86%
760110	Aluminium unwrought, not alloyed	513.50	106.17	-79%
761410	Stranded wire, cables, plaited bands, etc, alum, steel core, not elect insul	614.80	172.57	-72%
850211	Generatg sets, diesel/semi-diesel engines, of an output not exceed 75 KVA	559.37	159.66	-71%
731210	Stranded wire, ropes & cables of iron or steel, not electrically insulated	524.12	153.98	-71%
391722	Tubes, pipes and hoses, rigid; of polypropylene	402.33	124.28	-69%
620343	Mens/boys trousers and shorts, of synthetic fibres, not knitted	656.50	211.87	-68%
852990	Parts suitable for use solely/principally with the app of headings 85.25 to 85.28	615.34	209.31	-66%
847480	Mach f agglomeratg mineral fuels, mach f foundry moulds of sand etc nes	314.26	108.53	-65%
847290	Office machines, nes	352.17	125.02	-65%

IV Trade in Specific Sectors

4.1 Inward processing trade

Inward processing trade was also affected by the overall downward trend of trade flows of Albania during 2009, experiencing the first decline in the decade. This decrease was valued at 3%. The decrease has a geographical and sectorial background but it is especially related to the further decrease of inward processing trade in three main sectors: textiles, base metal and machinery, with the two main partner countries: Italy and Greece.

Inward processing exports amounted to 65,308 mln ALL, facing the first decrease in absolute value. Nevertheless they have been reduced with a slower pace than other exports since the share of inward processing to total exports has increased by 3.2 percentage points up to 63.1% of total exports. Inward processing exports are a major category within exports accounting for more than half of total exports of Albania.

Inward processing imports amounted to 50,875 mln ALL, having increased slightly, only by 1% as compared to 2008. The stable value of inward processing imports is certainly also due to the

Albanian currency depreciation effect. Inward processing value added, expressed as the difference between exports' value and import value has experienced a decrease of 14.1% in 2009, proving the fact that inward processing exports have declined with a higher pace than inward processing imports. The value added from inward processing sector reached 14,432.7 mln ALL, accounting for 22.1% of total inward processing exports and a slight decrease in share by 2.8 percent. The Albanian currency exchange rates fluctuation might have affected further this outcome also.

No major changes in the structure of inward processing exports are to be observed in 2009, except some changes in shares of the categories. The structure of inward processing exports is given in graph 4.1.

Inward processing of textiles, footwear and metals account for the highest share of inward processing, remaining the most important categories in this aspect. Inward processing is happening also in other sectors such as machinery assembling and food and beverages.

Inward processing exports of textiles category summed up to 28,010 mln ALL, accounting for

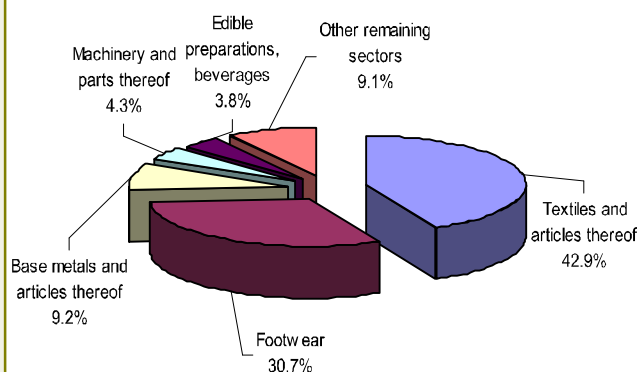
Table 4.1: Inward Processing Trade, 2009

		2005	2006	2007	2008	2009
Inward processing exports	(in Mln ALL)	46,132.7	54,301.1	64,463.6	67,370.2	65,308.2
Share of Inward Processing Exports to total	(in %)	70.1%	70.1%	66.4%	59.9%	63.1%
Change rate of IP exports	(in %)	-3.0%	17.7%	18.7%	4.5%	-3.1%
Inward processing imports	(in Mln ALL)	38,239.3	44,924.5	53,532.4	50,568.4	50,875.5
Change rate of IP imports	(in %)	0.0%	17.5%	19.2%	-5.5%	0.6%
Share of Inward Processing Imports to total	(in %)	14.7%	15.1%	14.2%	11.5%	11.8%
Value added, Inward processing	(in Mln ALL)	7,893.4	9,376.6	10,931.2	16,801.9	14,432.7
Value added share on IP Exports	(in %)	17.1%	17.3%	17.0%	24.9%	22.1%
Value added Change Rate	(in %)	-15.0%	18.8%	16.6%	53.7%	-14.1%

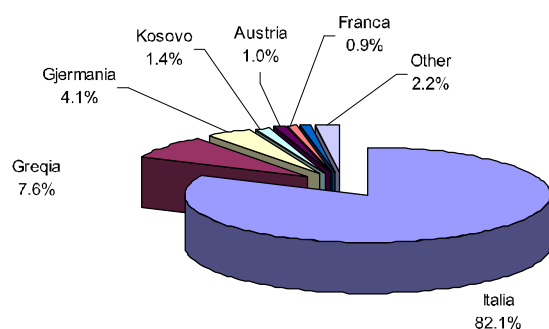
Table 4.2: Exports of Inward Processing by Sector

	2005	2006	2007	2008	2009	Share to total	Change Rate 2009-2008
Sector Description	in mln ALL	in mln ALL	in mln ALL	in mln ALL	in mln ALL	in %	in %
Textiles and articles thereof	18,781.50	21,584.44	26,300.13	29,523.67	28,010.34	42.9%	-5.1%
Footwear	17,835.12	19,959.65	20,503.48	18,999.64	20,043.39	30.7%	5.5%
Base metals and articles thereof	2,762.91	4,660.93	7,961.36	7,070.34	5,985.46	9.2%	-15.3%
Machinery and parts thereof	1,655.34	1,963.18	2,343.49	3,058.57	2,826.61	4.3%	-7.6%
Edible preparations, beverages	1,733.52	2,222.83	2,096.46	2,042.59	2,484.56	3.8%	21.6%
Other remaining sectors	3,364.35	3,910.08	5,258.65	6,675.42	5,957.83		-10.7%

Graph 4.1: Structure of inward processing exports, 2009



Graph 4.2: Geographic distribution of inward processing trade, by country, 2009



42.9% of total inward processing exports and for 5.1% decrease in absolute value and 0.9 percentage points decrease in share, as compared to 2008. This is the first decrease in years that is reflected in the exports of the main product groups as shown in the table 4.4. The main item of inward processing within the textile sector: trousers and shorts of cotton, has decrease in value by 23%. Other important traded items of the textiles inward processing sector are listed in the table 4.4.

Footwear products reached 20,043.4mln ALL having increased in absolute value by 5.5% and in share by 2.5%, accounting for 30.7% of total inward processing exports. After the decrease in 2008 this sector has recuperated in value in 2009, experiencing stabilization, rather than growth. The most important items within this sector are listed in table 4.3. They account for 85.5% of the total sector exports. Most of them have experienced an increase in 2009, amortizing the decrease by 8% of the most exported item: uppers and parts thereof.

Metals and products thereof, another important category of the inward processing sector, were valued at 5,985 mln ALL, having decreased in

absolute value by 15.3% and declined in share by 1.3 percentage points. The reduction, like in other sectors is possibly related to reduced demand from the originated countries, related to their economic recession. Main products within this category remain locks and parts thereof assembled in Albania.

Inward processing of machinery and parts thereof was valued at 2,826 mln ALL. This category experienced also a decrease by 7.6%. Most important items within this category remain assembly parts used for machinery of headings, as well as other machinery parts.

Edible preparations items within inward processing account for 3.8% of total inward processing exports, valued at 2,484 mln ALL. Their value increased by 21.6%, while their share by 0.8 percentage points in 2009. Despite the overall downward tendency the main food industry inward processing items such as anchovies accounting for 85% of this category, have experienced further increases in value.

The geography of inward processing in graph 4.2, shows no major changes as compared to 2008. The main inward processing trade partners remain Italy, Greece and Germany accounting for 82.1%, 7.6% and 4.1% of total inward processing. The main inward processing partner with a two digit difference with the other partners remains Italy. Inward processing trade with Italy was valued at 53,592 mln ALL having decreased by 5% in 2009. The economic recession has probably contributed for reduced consumption and therefore reduced demand mainly for the textile industry but also footwear to a certain extent.

Inward processing trade to Greece dropped also to 4,948 Mln ALL experiencing a reduction by 10% in value, reaching similar values as in 2008.

Inward processing trade to Germany kept a positive pace having experienced 34% growth in 2009. Inward processing exports to Germany reached 2,645.4 accounting for 4.1% of the total and 1.1 percentage points increased share.

Inward processing with regional countries have proven to be quite unstable. The overall world economic recession might have affected negatively the embryonic attempt for a regional value chain of inward processing. So Serbia has disappeared from the inward processing geographic distribution pie but has been replaced by Kosovo, which accounts for 1.4% of total inward processing. Inward processing trade with other regional countries such as Macedonia has also experienced decreases.

Table 4.3: Most important inward processing products in the footwear sector

HS Code	Description	2008	2009	Growth Rate	Share to Sector Exports
		in Mln ALL	in Mln ALL	in %	in %
640610	Uppers and parts thereof, other than stiffeners	8,338.01	7,701.84	-8%	38.4%
640590	Other footwear	2,331.52	3,564.07	53%	17.8%
640510	Other footwear with uppers of leather or composition leather	2,293.31	2,618.58	14%	13.1%
640351	Footwear with outer of soles and uppers of leather, covering the ankle	305.47	1,454.60	376%	7.3%
640391	Footwear covering the ankle, with uppers of leather	1,736.64	918.15	-47%	4.6%
640320	Footwear with outer of soles and uppers of leather	778.64	884.28	14%	4.4%

Table 4.4: Most important inward processing products in the textiles sector

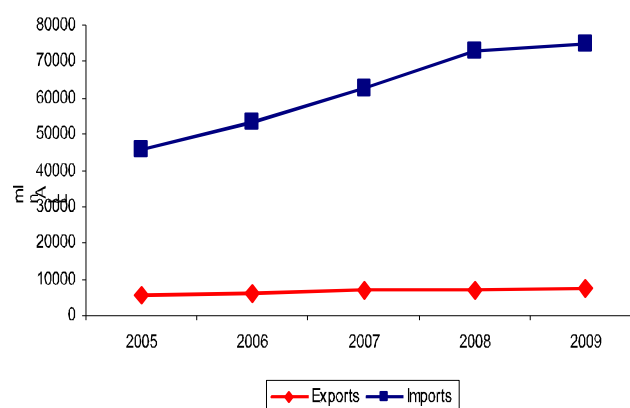
HS Code	Description	2008	2009	Growth Rate	Share to Sector Exports
		in Mln ALL	in Mln ALL	in %	in %
620342	Trousers, bib and brace overalls, breeches and shorts: of cotton	6,469.58	4,986.00	-23%	24.9%
620520	Men's or boy's shirts of cotton	3,470.87	3,464.35	0%	17.3%
610910	T-shirts: of cotton	2,327.21	2,455.29	6%	12.3%
610821	Slips and petticoats of cotton	1,660.83	2,058.09	24%	10.3%
620690	Women and girls blouses of cotton	486.84	804.33	65%	4.0%

4.2 Agriculture products

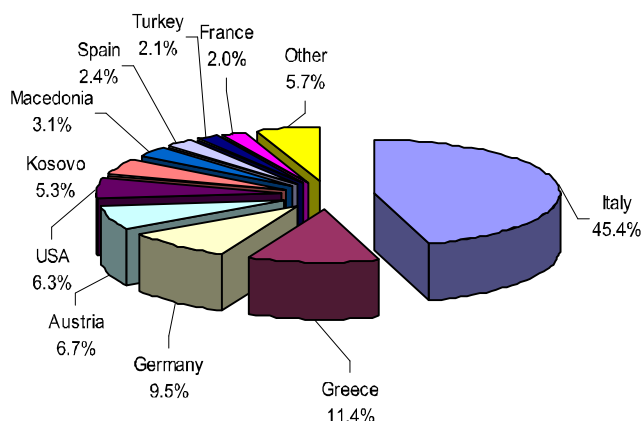
4.2.1 Exports

Agricultural products exports reached 7,496 mln ALL, having increased only by 3.7%, in 2009 (tab 4.5). Even though growth rate is modest, it is 1.7 percentage points higher than last year and unlike other sectors, agricultural exports have experienced growth instead of decline in 2009. Therefore the share to total exports of the country has increased further by 0.8 percentage points while the imports' coverage ratio to 10%. Nevertheless the coverage ratio remains lower than the total imports' coverage ratio (24%). Graph 4.4 shows shares of exports by country of origin. Italy remains the main exporting partner in terms of agricultural products with an increase share by 4.4 percentage points in 2009. Other important exports destinations for agricultural products are Germany and Greece which account for 9.5% and 11.4% of total exports respectively. Exports of agricultural to Italy reached 3,402 mln ALL in 2009 having increased by 14.8%. Exports to Greece increased by only 3.2% as compared to last year while exports to Germany decreased by 19.7%. The share to total agricultural products has also decreased by 2.5 percentage points. Exports to the region have continued further their decline tendency. So exports of agricultural products to the region were valued at 774.3mln ALL

Graph 4.3.: Trade flows of agricultural products



Graph 4.4: Share of agriculture exports, by country, 2009



experiencing a decrease by 14.4 percent in 2009. This is related to decreases in absolute values of exports of agriculture products to the main exporting partner countries of the region. Exports to Kosovo decreased by 25% to a 5.3% share from 7% in 2009. Exports to Croatia, Montenegro and Bosnia & Herzegovina have experienced decreases in value

and share also. On the other hand exports of agricultural products to Serbia and Macedonia experienced increases. The most exported agricultural product accounting for 72.4% of total agricultural exports are shown in table 4.6. Shifts in share and importance are to be observed because of specific group products dynamics. Exports of

Table 4.5: Trade flows of agricultural goods (in mln ALL and percentage)

Hs Code	Description	Exports				Imports			
		2008	2009	Share to total in %	Change Rate 09-08	2008	2009	Share to total in %	Change Rate 09-08
01	Live Animals	63.77	50.65	0.7%	-20.6%	3,493.04	3,744.77	5.0%	7.2%
02	Meat and Edible Meat Offal	43.12	437.53	5.8%	914.8%	5,765.98	6,395.40	8.6%	10.9%
03	Fish & Crustaceans, Mollusks & Other Aquatic Invertebrates	582.87	817.15	10.9%	40.2%	1,321.50	1,778.44	2.4%	34.6%
04	Dairy Produce; Birds' Eggs; Natural Honey; Edible Products of Animal Origin	326.56	204.56	2.7%	-37.4%	1,851.82	1,968.56	2.6%	6.3%
05	Products of Animal Origin, Not Elsewhere Specified or Included	627.02	273.52	3.6%	-56.4%	118.07	173.91	0.2%	47.3%
06	Live Trees and Other Plants; Bulbs, Roots and the Like; Cut Flowers and Ornamental Foliage.	138.57	83.56	1.1%	-39.7%	314.81	416.58	0.6%	32.3%
07	Edible Vegetables and Certain Roots and Tubers	186.03	178.45	2.4%	-4.1%	2,127.70	2,209.42	3.0%	3.8%
08	Edible Fruit and Nuts; Peel of Citrus Fruit or Melons	340.81	287.47	3.8%	-15.7%	4,775.38	5,779.82	7.7%	21.0%
09	Coffee, Tea, Mate and Spices	225.43	195.96	2.6%	-13.1%	1,939.72	2,340.27	3.1%	20.6%
10	Cereals	5.48	6.28	0.1%	14.6%	11,397.02	8,504.12	11.4%	-25.4%
11	Products of the Milling Industry; Malt; Starches; Inulin; Wheat Gluten	1.04	0.97	0.0%	-6.7%	1,654.01	1,312.57	1.8%	-20.6%
12	Oil Seeds and Oleaginous Fruits; Misc. Grains, Seeds & Fruit; Industrial or Medicinal Plants; Straw and Fodde	2,140.99	1,869.87	24.9%	-12.7%	373.85	325.82	0.4%	-12.8%
13	Lac; Gums Resins and Other Vegetable Saps and Extracts	15.67	11.96	0.2%	-23.7%	18.41	36.82	0.0%	100.0%
14	Vegetable Plaiting Materials; Vegetable Products not Elsewhere Specified or Included	4.27	0.51	0.0%	-88.2%	0.61	3.89	0.0%	535.1%
15	Animal or Vegetable Fats and Oils and their Cleavage Products; Prepared Edible Fats; Animal or Vegetable Waxes	26.16	40.35	0.5%	54.2%	6,343.90	5,187.06	6.9%	-18.2%
16	Preparations of Meat, of Fish Or of Crustaceans, Mollusks or Other Aquatic Invertebrates	1,851.67	2,267.48	30.2%	22.5%	1,616.40	1,944.72	2.6%	20.3%
17	Sugars and Sugar Confectionery	4.76	8.73	0.1%	83.2%	3,732.03	2,898.27	3.9%	-22.3%
18	Cocoa and Cocoa Preparations	5.27	3.55	0.0%	-32.6%	965.64	949.79	1.3%	-1.6%
19	Preparations of Cereals, Flour, Starch or Milk; Pastry Cooks' Products	30.68	35.67	0.5%	16.3%	5,011.26	5,366.28	7.2%	7.1%
20	Preparations of Vegetables, Fruit, Nuts or Other Parts of Plants	223.54	263.70	3.5%	18.0%	2,088.71	2,084.05	2.8%	-0.2%
21	Misc. Edible Preparations	16.04	12.50	0.2%	-22.1%	3,038.03	3,284.76	4.4%	8.1%
22	Beverages, Spirits and Vinegar	112.43	225.27	3.0%	100.4%	6,944.85	8,270.97	11.1%	19.1%
23	Residues and Waste From the Food Industries; Prepared Animal Fodder	48.53		0.0%	-100.0%	1,437.29	1,707.49	2.3%	18.8%
24	Tobacco and Manufactured Tobacco Substitutes	207.95	221.30	3.0%	6.4%	6,839.63	8,031.24	10.7%	17.4%
	Total agriculture products	7,228.64	7,496.97		3.7%	73,169.63	74,715.01		2.1%
	Share to total trade flows	6.4%	7.2%			16.7%	17.3%		

Table 4.6: Main agricultural products exports in mln ALL, 2009

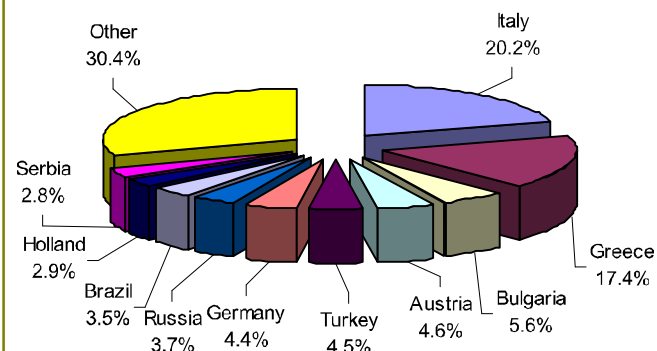
HS Code	Description	2005	2006	2007	2008	2009	Share to total AP exports, in %	Growth Rate 2009-2008
160416	Anchovies	1,607.75	2,058.11	1,875.11	1,752.42	2,137.11	28.5%	22.0%
121190	Plants and parts of plants (including seeds and fruits), of a kind used primarily in perfumery, in pharmacy or for insecticidal, fungicidal or similar purposes,	1,461.33	1,519.61	1,686.72	1,870.75	1,196.48	16.0%	-36.0%
020610	Bovine edible offal, fresh or chilled	26.40	2.94	0.57		376.40	5.0%	
121020	Hop cones, ground, powdered or pelleted and lupulin	27.48	21.66	63.01	74.70	350.73	4.7%	369.5%
050400	Guts, bladders and stomachs of animals except fish whole or in pieces		15.31	49.34	615.68	262.17	3.5%	-57.4%
030269	Fish nes, fresh or chilled excl heading No 03.04, livers and roes	73.39	69.95	130.62	139.19	256.97	3.4%	84.6%
121490	Swedes, mangold, fodder root, hay, clover, sainfoin, forag kale, etc	26.56	14.43	74.36	138.45	243.42	3.2%	75.8%
240120	Tobacco, unmanufactured, partly or wholly stemmed or stripped	320.24	179.00	593.33	205.90	217.28	2.9%	5.5%
040700	Eggs, bird, in shell, fresh, preserved or cooked	56.91	10.84	217.93	321.72	201.50	2.7%	-37.4%
200570	Olives preparad o preserved, oth than by vinegar o acetic acid, not frozen	51.86	121.28	158.34	181.69	188.04	2.5%	3.5%
	Top ten exported					5,430.10	72.4%	
	Total exports					7,496.97		

anchovies are ranked first for the first time, surpassing exports of medicinal herbs, mainly due to the sudden decrease of exports of these last. Exports of anchovies account for 28.5% of total exports and 22% increase, while the share of exports of medicinal herbs has decreased to 16% from 25.9%. Dynamics of exports and imports in a chapter perspective is given in table 4.5. Prepared food (where anchovies are included) account for 30.2%, the highest share of agricultural exports and 22.5% growth in 2009. The medicinal herbs chapter share has decreased by 4.6 percentage points to 24.9 percent experiencing a decrease by 12.7%. Exports of meat fish, cereals, oils, sugar products, tobacco and alcoholic drinks have experienced increases, while exports of fruit, vegetables, dairy products and herbs and spices decreases. For a more detailed overview of values, increases, decreases and share in percentage refer to table 4.5.

4.2.2 Imports

Imports of agricultural products were valued at 74,715 mln ALL, having increased also slightly, only by 2.1%, with an even lower growth rate than exports in 2009. They account for 17.3% of total imports or 0.5 percentage points increased share. The stagnation of import flows is observable in graph 4.3 as well. Imports of agricultural products to Albania are originating from a larger number

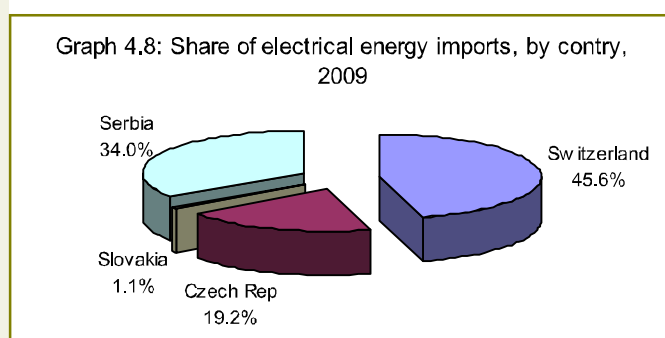
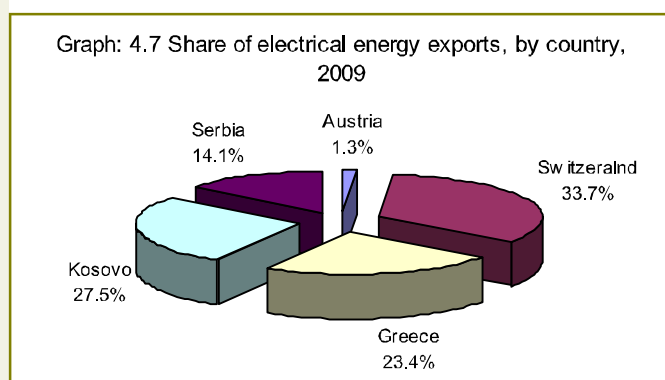
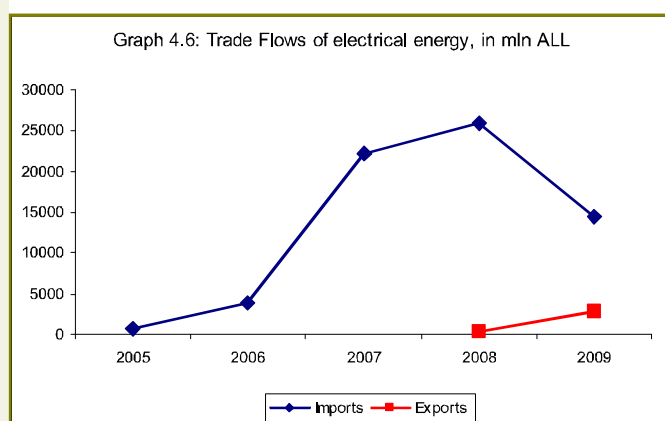
Graph 4.5: Share of agricultural products imports, by county, 2009



of countries as the graph 4.5 shows. Also in terms of imports Italy and Greece remain the main partners, even though with lower shares, accounting for 20.2% and 17.4% of total imports respectively. Their shares and values have increased in 2009. Imports from Italy reached 15,059.5mln ALL having increased by 9.9%. Imports from Greece reached 13,020.41 having increased by 22.4%. Among other significant countries whose value of imports has decreased are Bulgaria (-14.0%), Turkey (-3.6%), Russia (-34.8%), Brazil (-35.7%), Macedonia (-8.5%). Among other significant countries whose values of agricultural products imports to Albania have increased are Austria (42.1%), Holland (30.1%), Serbia (29.3%), and USA 72.6%.

Table: Main agricultural products imports in mln ALL, 2009

HS Code	Description	2005	2006	2007	2008	2009	Share to total AP imports, in %	Growth Rate 2009-2008
240220	Cigarettes containing tobacco:	4,735.43	5,154.53	5,102.89	6,821.53	8,019.42	10.7%	17.6%
100190	Wheat and meslin	3,526.28	3,778.86	6,548.60	7,979.39	5,289.28	7.1%	-33.7%
220300	Beer made from malt:	1,271.77	1,504.31	2,174.37	2,540.34	3,303.34	4.4%	30.0%
010290	Live bovine animals: Other	690.79	1,696.06	2,230.82	2,440.62	2,466.36	3.3%	1.1%
170199	Raw sugar not containing added flavouring or colouring matter:	1,621.39	2,960.19	2,184.57	3,098.90	2,247.45	3.0%	-27.5%
151219	Sunflower-seed or safflower oil and fractions thereof:	1,616.05	1,575.61	1,781.97	3,091.27	2,177.71	2.9%	-29.6%
210690	Food preparations not elsewhere specified or included:	891.20	1,023.99	1,365.41	1,632.49	1,722.58	2.3%	5.5%
220210	Mineral waters	706.86	972.47	1,190.02	1,422.72	1,619.93	2.2%	13.9%
190590	Waffles and wafers:Other	1,409.90	1,637.73	1,901.74	1,984.27	1,613.95	2.2%	-18.7%
151211	Crude oil:	932.89	1,368.17	1,406.19	1,788.42	1,516.30	2.0%	-15.2%
	Top ten imported					29,976.33	40.1%	
	Total imports					74,715.01		



The agricultural products imports structure is less concentrated than the structure of exports. The most imported products account only for 40.1% of total imports as table 4.7 shows. No major shifts in the list of top imported agricultural products are to be observed. Last year's most imported product, wheat, is placed second because of a decrease in value by 33.7%, which combined with an increase in value of imports of tobacco by 17.6% which has made possible a place switch between the two. The decrease of imports of wheat might signal imports substitution and lower consumption as well as the price decrease of wheat in international markets. Other top products that have experienced decrease are oils, sugar and sweets while beer, food preparations and mineral waters increases. For more details on shares and growth rates in percentage refer to table 4.7.

4.3 Trade in energy, minerals and base metals sector

4.3.1 Trade in electrical energy

Trade flows of electrical energy were valued at 17,310 mln ALL having decreased by 34% in 2009. This is mainly due to the decrease of imports, which declined to 14,442 mln ALL in 2009, experiencing 44.2% decrease as observable in graph 4.5.

Exports on the other hand have experienced an upward trend having increased by 709% in 2009 after a 2 years exporting history of this good. Electrical energy was exported to Switzerland which

accounts for 33.7% of total exports, Kosovo (27.5%) and Greece (23.4%) as the graph 4.7 below shows. The number of receiver of electrical energy has increased since last year (electrical energy was exported only to Greece).

Shifts in importance apart from shifts in values are to be observed in terms of importing partners of electrical energy. Switzerland has become the main importing partner, followed by Czech Republic and Serbia as graph 4.8 shows.

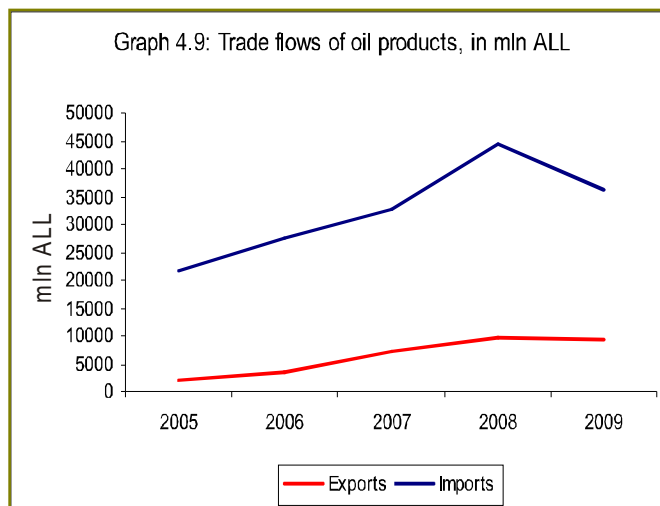
4.3.2 Trade in oil products

Trade of oil products reached 45,401.2mln ALL having experienced a decrease by 16.2% in 2009. They account for 8.5% of total trade flows in 2009. The decrease has come as a result of the decline of both flows directions: exports and imports. Exports were valued at 9,196 mln ALL having decreased by 5 % in 2009. Imports on the other hand were valued at 36,205, having decreased with a higher pace of 18.6%, than exports.

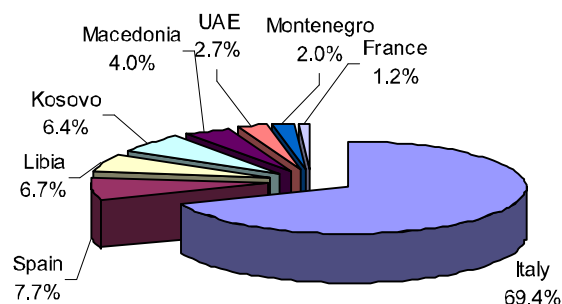
In terms of geographic distribution of exports, Italy remains the main exporting partner (6,341 mln ALL), whose share has further increased by 10.4 percentage points. Exports to the countries of the region, the second most important geographic destination after Italy have decreased, leaving room for rise of other new partners such as Spain, Lebanon and France as observable in graph 4.10. Exports to Kosovo account for a 5.6 percentage points' decreased share and for 50.3% decrease in absolute value in 2009. Exports to Montenegro have also decreased by 72.8%, while exports to Serbia by 100%.

Products within this category that are being exported are diesel and bitumen oil (86%), bitumen diesel (6%), propane (3%) and butanes (3%).

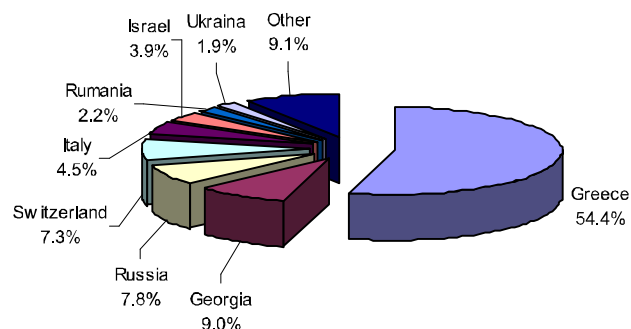
Major shifts in shares are to be observed in the geographic distribution of imports of oil products. Imports of oil products come mainly from Greece (19,694 mln ALL), which accounts for 54.4% of total imports and 5.4 percentage points increase, despite the decrease in value by 10.9%, in 2009. Imports from Russia have strongly decreased in share (15.8 percentage points) and value (74.6%). This was combined with increases of imports from other countries such as Georgia (45.6% increase), Switzerland (2,244% increase), Italy



Graph 4.10: Shares of oil products' exports by country, 2009



Graph 4.11: Shares of imports of oil products' by country, 2009



(37.0% increase) that has contributed for the increased shares of this countries to total oil imports. Nevertheless increases have not replaced totally the declines ending up with an overall decrease tendency of imports of oils. Medium oils, butanes, light oils and other major imported oil products have experienced decreases in absolute values.

4.3.3 Trade in mineral products

Mineral products trade volume reached 19,765 mln ALL experiencing a much slower growth pace than in 2008. Trade flows increased only by 6.3% in 2009, in comparison to the 21% increase in 2008. They account for 3.7% of total trade flows. The slowdown was mainly due to the decrease of exports which have decreased by 16.7%, summing up to 8,583 mln ALL in 2009. This has also switched the positive trade balance of last year into a trade deficit of 2,598 mln ALL in 2009.

The most exported products remain chromium ores and different kinds of construction material as observable in table 4.8. Even though chromium ores remain the main exported item (4,028 mln ALL) their

share has decreased to 46.9 percent from 53.5 percent in 2008, while the absolute value by 27%. Copper ores have also decreased, while construction material exports in overall have experienced increases as the table 4.8 shows.

In terms of geographic distribution China has become the main exports partner with 73% increase in value which has brought its share to total exports up to 56.8 percent. Exports to Macedonia and Kosovo have also increased by 5% and 334% respectively, which has contributed to their increased shares. Other important exports' partners on the other hand, such as Greece, Italy and Turkey, have experienced significant decreases by 77%, 46% and 73% respectively. This has contributed to a rearranged geographic distribution of exports of mineral products.

Imports of minerals are mainly represented by all kinds of construction materials again as observable in table 4.9. They have all experienced increases in 2009. Importing partners remain Greece and Italy, which account for slight changes in shares. Share of imports from Greece has increased by 5.1 percentage points, while share of imports from Italy has decreased by 2.6 percentage points. Other countries shares such as Turkey Macedonia and Egypt have experienced decreases in shares by 1.5 percentage points, 2.4 percentage points and 1.6 percentage points respectively, a decrease that could not make it to an overall downward trend.

Graph 4.12: Share of mineral exports by country, 2009

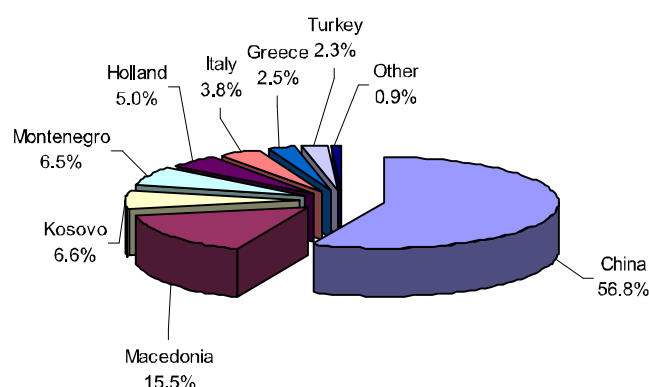


Table 4.8: Main exported mineral products (in mln ALL)

HS Code	Description	2005	2006	2007	2008	2009	Share to total in %	Growth rate 09-08
261000	Chromium ores and concentrates	663.36	1,666.01	4,493.60	5,514.02	4,028.76	47%	-27%
252329	Portland cement nes	87.37	77.43	401.83	1,478.29	1,566.47	18%	6%
260300	Copper ores and concentrates	285.98	70.52	947.33	1,929.81	1,527.63	18%	-21%
260111	Iron ores&concentrates,oth than roasted iron pyrites,non-agglomerated	307.34	420.55	682.33	585.51	648.40	8%	11%
251690	Monumental or building stone nes	63.59	137.37	168.55	224.19	286.46	3%	28%
252321	Portland cement, white, whether or not artificially coloured	0.41	0.13	11.55	3.69	156.22	2%	4128%
251400	Slate, whether or not roughly trimmed or merely cut etc	-	0.01	0.04	-	75.37	1%	#DIV/0!
252310	Cement clinkers	0.02	-	693.46	259.41	73.44	1%	-72%
251612	Granite, merely cut, by sawing or otherwise, into blocks etc	0.94	17.60	13.75	0.95	62.52	1%	6488%
252020	Plasters (consisting of calcined gypsum or calcium sulphate) etc	1.43	0.25	5.66	44.06	44.67	1%	1%
251520	Ecaussine & other calcareous monumental or building stone: alabaster	0.17	-	-	4.93	40.98	0%	731%

Table 4.9: Main imported mineral products (in mln ALL)

HS – Code	Description	2005	2006	2007	2008	2009	Share to total in %	Growth rate 09-08
252329	Portland cement nes	6,528.73	6,213.38	4,202.72	4,091.80	5,915.70	53%	45%
252390	Hydraulic cements nes	64.27	1,481.66	2,367.31	2,669.68	3,387.94	30%	27%
251730	Tarred macadam	0.16	-	47.75	114.43	629.60	6%	450%
251511	Marble and travertine, crude or roughly trimmed	610.45	676.13	515.54	594.09	469.64	4%	-21%
250100	Salt (includg table salt&denaturd salt) pure sodium chloride&sea water	151.56	175.24	192.09	178.99	202.83	2%	13%
252321	Portland cement, white, whether or not artificially coloured	89.23	98.61	101.26	202.76	129.97	1%	-36%
252220	Slaked lime	10.86	25.48	22.70	38.94	44.27	0%	14%
251741	Marble granules, chippg & powder of 25.15 or 25.16 heat-treated or not	19.91	13.57	9.35	16.42	42.25	0%	157%
252020	Plasters (consisting of calcined gypsum or calcium sulphate) etc	62.03	30.26	16.98	19.62	41.11	0%	110%
252210	Quicklime	18.95	20.30	23.19	20.89	27.40	0%	31%

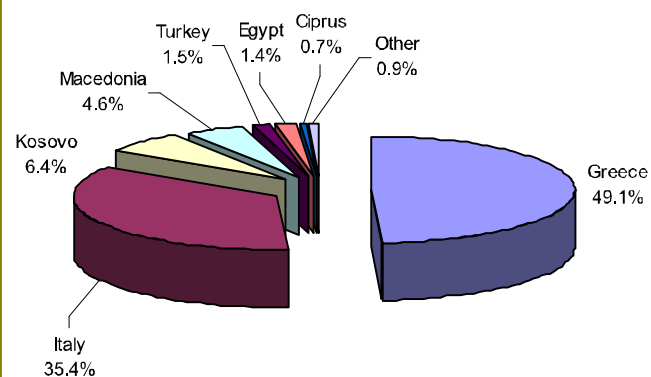
4.3.4 Trade in base metal and products thereof

Trade volumes of metals were valued at 64,698 mln ALL having decreased by 13.8% in 2009. This decline was due to the decrease of both import and export trade flows of this category. The higher decrease of exports reduced the imports' coverage ratio by 16.6 percentage points to 22.6%.

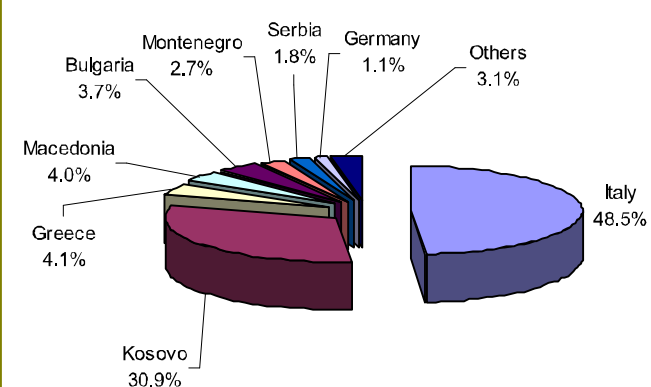
Exports were valued at 11,925.1mln ALL having decreased by 43.6% in 2009, accounting for a decreased share to total exports of 11.5%. Main exporting countries remain Italy, Kosovo and Greece but exports to all these countries despite the increases in shares, like in the case of Italy, which has experienced 8.5 percentage points increase, or in the case of Kosovo which has experienced 8.9 percentage points in 2009 have experienced decreases in absolute values to all exporting partners. So exports to Italy decreased by 33.3% to 5,785.6, exports to Kosovo by 20.6% to 3,687.6, exports to Greece by 74.6% to 488.8mln ALL and so on.

The main exported item remains iron bars and rods accounting also for 3.4 percentage points increase, yet its absolute value has decreased by 38%. The increase in share is mainly due to the fact that exports of most exported products have experienced decreases as it also shows in table 4.10. Products listed in the top ten exports have not changed and supply mainly the construction and metal processing industries.

Graph 4.13: Share of imports of minerals by country, 2009

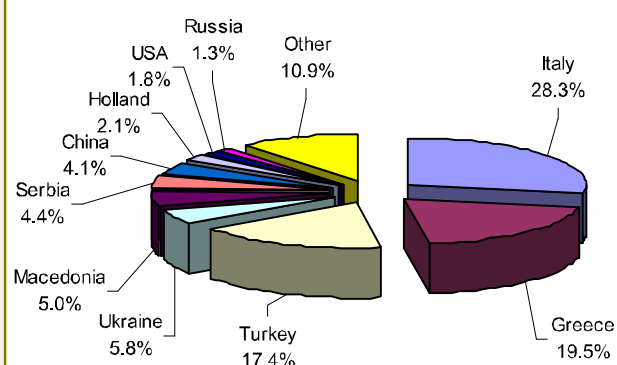


Graph 4.14: Shares of exports of metals by country, 2009



Imports of metals were valued at 52,773.3 having also decreased slightly, by 2.1%. Their share to total imports remained the same, 12.2%. The main importing partners for metal products remain Italy,

Graph 4.15: Shares of imports of metals, by country, 2009



Greece, Turkey and the region as the graph 4.14 shows. Shifts in importance are to be observed mainly because of decreases of imports from Italy by 15% to 14,932.2mln ALL, and China by 58% to 2,160.9mln ALL. Increases in import flows from other countries such as Greece (42%), Turkey (31%), Serbia (79%) have resulted higher and contributed for an overall upward trend. Most imported items within the category are shown in table 4.11. As the table shows they have all experienced increases in values.

Table 4.10: Main exported metal products (in mln ALL)

HS – Code	Description	2005	2006	2007	2008	2009	Share to total in %	Growth rate 09-08
721420	Bars & rods, i/nas, hr, hd or he, cntg indent, ribs, etc, prod dur rp/tar, nes	744.36	1,128.77	2,633.98	6,210.04	3,865.29	32.4%	-38%
830140	Locks of base metal, nes	1,733.80	2,350.23	3,526.86	3,906.45	3,715.78	31.2%	-5%
740400	Waste and scrap, copper or copper alloy	972.81	2,759.82	2,470.81	1,802.90	1,107.96	9.3%	-39%
780199	Lead unwrought nes	4.91	7.48	134.39	263.50	351.02	2.9%	33%
760410	Bars, rods and profiles, aluminum, not alloyed	342.16	363.40	453.92	462.33	350.84	2.9%	-24%
720449	Ferrous waste and scrap, iron or steel, nest	538.07	1,498.86	831.24	1,384.99	274.34	2.3%	-80%
760200	Waste and scrap, aluminum	713.56	1,044.47	948.49	908.01	273.48	2.3%	-70%
830249	Mountings, fittings and similar articles of base metal, nes	227.36	231.15	293.09	566.43	260.06	2.2%	-54%
761090	Structures & parts, alum, eg plate, rods etc, for struct, excl prefab bldgs	0.14	10.61	31.88	97.81	204.53	1.7%	109%
830810	Hooks, eyes & eyelets of base metal f clothing, footwear, travel goods, etc	0.00	104.62	148.31	148.48	165.52	1.4%	11%
760429	Bars, rods and other profiles, aluminium alloyed	17.77	7.90	55.46	2.48	156.39	1.3%	6213%

Table 4.11: Main imported metal products (in mln ALL)

HS – Code	Description	2005	2006	2007	2008	2009	Share to total in %	Growth rate 09-08
721420	Bars & rods, i/nas, hr, hd or he, cntg indent, ribs, etc, prod dur rp/tar, nes	3,386.12	6,134.46	7,588.52	8,410.68	10,104.68	19.1%	20%
720449	Ferrous waste and scrap, iron or steel, nes	982.78	883.60	3,708.37	3,758.93	3,642.71	6.9%	-3%
830160	Lock parts, includg parts of clasps o frames w clasps, of base metal, nes	1,573.25	2,041.47	3,415.00	3,755.18	3,535.14	6.7%	-6%
720711	Semi-fin prod, i/nas, rect/sq cross-sect cntg by wgt<.25% c, width<2X thk	434.95	3,041.88	2,487.53	670.54	3,145.60	6.0%	369%
730890	Structures & parts of structures, i/s (ex prefab bldgs of headg no.9406)	973.50	1,196.54	1,870.89	6,571.77	2,775.07	5.3%	-58%
760410	Bars, rods and profiles, aluminium, not alloyed	1,500.70	1,442.92	1,825.32	1,968.07	1,473.16	2.8%	-25%
730840	Props & similar equipment for scaffolding, shutterg/pit-propping, i/s	134.64	139.82	467.10	331.92	1,356.16	2.6%	309%
830890	Beads, spangles & other made up art nes, for clothing/footwear, awnings etc	1,229.82	1,426.50	1,500.39	1,423.82	1,279.79	2.4%	-10%
760120	Aluminium unwrought, alloyed	1,283.66	1,451.41	1,525.72	1,411.62	1,183.81	2.2%	-16%
730120	Angles, shapes and sections, welded, iron or steel	79.57	52.88	24.28	41.12	1,019.28	1.9%	2379%

V Albania's Trade Geography

5.1 Main characteristics of trade geography

During 2009 the structure of the geography of trade showed no significant changes as compared to the previous year 2008. Apart from shifts in shares from

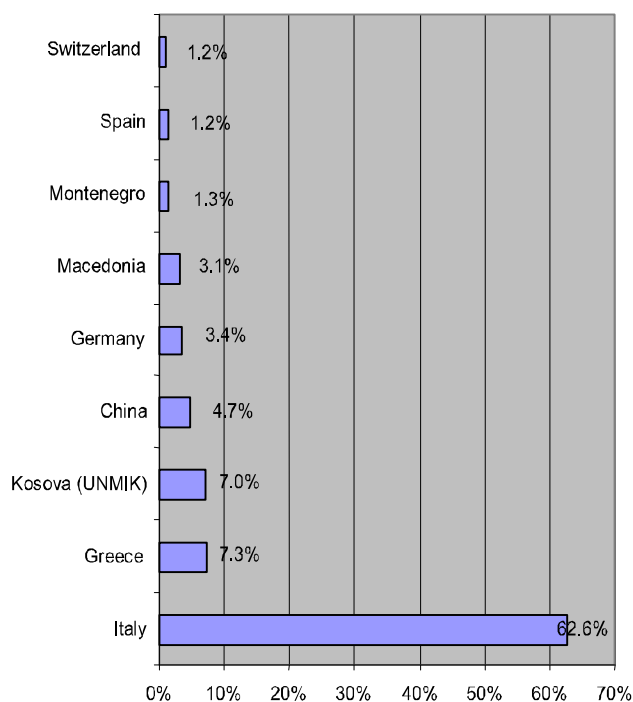
one country to the other, this years' specific characteristic, observed under the trade geography perspective, is a general decrease of traded volumes by group-countries and country.

Despite this downward trend of overall trade volumes, the European Union countries (EU-27)

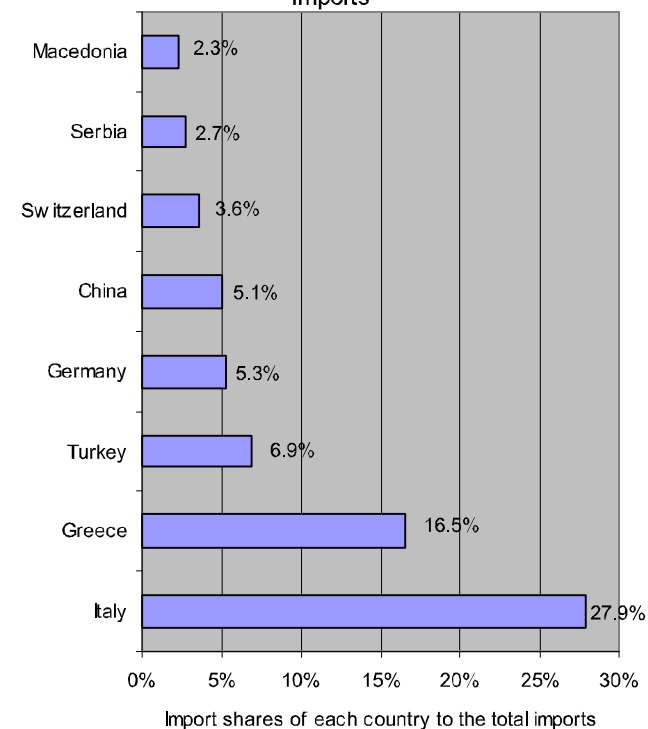
Table 5.1: The geography of Albania's trade flows, 2009

	Exports			Imports		
	Value	Share to total	Growth rate	Import value	Share to total	Growth rate
	(Million Lek)	(%)	2009/2008 (%)	(Million Lek)	(%)	2009/2008 (%)
EU-27	81,609.6	78.9%	-8.9%	291,130.5	67.5%	4.3%
Italy	64,753.8	62.6%	-6.9%	120,285.7	27.9%	-3.5%
Greece	7,507.5	7.3%	-23.7%	71,242.8	16.5%	5.8%
Germany	3,526.1	3.4%	16.9%	22,840.8	5.3%	1.7%
Spain	1,279.3	1.2%	635.8%	6,091.1	1.4%	11.7%
France	925.0	0.9%	-3.4%	8,542.5	2.0%	109.5%
Austria	890.7	0.9%	16.8%	9,190.8	2.1%	18.9%
Other EU countries	2,727.3	2.6%	-48.2%	52,936.8	12.3%	11.2%
		0.0%			0.0%	
Countries of the region**	12,769.4	12.3%	-17.4%	33,250.8	7.7%	-19.2%
Macedonia	3,162.8	3.1%	-4.3%	9,864.1	2.3%	-14.1%
Kosova (UNMIK)	7,196.4	7.0%	-3.0%	3,750.5	0.9%	17.3%
Montenegro	1,368.9	1.3%	-41.3%	2,041.7	0.5%	30.8%
Serbia	814.4	0.8%	-58.6%	11,796.3	2.7%	-35.0%
Serbia & Montenegro	3.5	0.0%	-94.1%	3.7	0.0%	-96.8%
Croatia	117.4	0.1%	-37.9%	4,665.1	1.1%	-10.8%
Bosnia and Herzegovina	104.8	0.1%	-44.2%	1,097.1	0.3%	-16.1%
Moldova	1.1	0.0%		32.3	0.0%	-55.1%
Other countries						
Turkey	566.1	0.5%	-72.5%	29,873.2	6.9%	7.3%
China	4,913.1	4.7%	57.3%	21,928.46	5.1%	9.2%
US	844.8	0.8%	98.9%	5,967.97	1.4%	39.2%
RoW	2,735.9	2.6%	47.0%	48,956.5	11.36%	-21.6%
Total Flows	103,438.8		-8.1%	431,107.4		1.9%

Graph 5.1: Countries exports' shares to total exports



Graph 5.2: Countries import's shares to total imports



account for the largest share of trade with Albania, like in the previous years. EU-27 countries account for 78.9% of total exports of Albania, having experienced the first decrease in absolute value after

1997 by 8.9%, accompanied by a very small decrease in their share by 0.7 percentage points as compared to the previous year. Imports from EU-27 countries account for an upward trend still and for 67.5% of total imports, having increased in absolute value by 4.3% and in share by 3.9 percentage points.

The countries of the region represent an important group of partners for the Albanian foreign trade, due to the geographic vicinity and the consistent amount of trade with these countries. Trade flows with these countries have undergone also shrinkage in both directions: exports and imports. This was manifested by decreases in their share to total volumes and absolute values. The share of exports to the regional countries has decreased by than 1.4 percentage points, while the absolute value by 17.4%. The share of imports from the regional countries has also decreased from 9.4% to 7.7%, while the absolute value by 19.2%.

Other countries shares have also shifted in both directions depending on country specific trade dynamics. So, the shares of exports to Turkey have decrease by 1.3 percent while exports in absolute value have also decreased by 72.5%. Exports to China and the USA account for increases in share and absolute values by 1.9 and 0.4 percentage points and 57.3% and 98.9% respectively.

More details on the geography of trade by country and group-country including absolute values, shares and growth rates, are shown in table 5.1. Graph 5.1 and 5.2 contain furthermore a ranking by importance of the top exporting and importing countries, representing Albania's most important trade partners for 2009.

Italy and Greece remain the most important countries in terms of trade volumes. Exports to these countries, together, account for 69.9% of total exports of Albania. Exports to Italy are ranked first reaching at 62.6% of total exports. While they have decreased in absolute value by 6.9 percent, their share has increase by 0.8 percentage point, mainly due to the overall decrease of exports. Exports to Greece have experienced diminution both in share and absolute value by 1.4 percentage points and 23.7% respectively. Imports from Italy have diminished in absolute value by 3.5% while their share has slightly dropped to 27.9 percent from 28.4 percent. Imports from Greece have increased by 5.8% while their share to total has also slightly increased to 16.5% from 15.3% (2008).

Countries of the region account for minor shifts in trade flows shares, that are observable in the table

5.1. Countries of the region with highest shares to total exports are Kosovo, accounting for 7.0% of total exports and 0.4 percentage points increase in share, followed by Macedonia whose share to total exports has slightly increased also to 3.1%. These increases in shares are related to the decrease of exports in overall rather than to the increases of exports to these countries in absolute value as the table 5.1 shows. Shares of exports to other countries of the region have decreased as compared to 2008. Countries of the region that are among the main countries Albania imports from are Serbia and Macedonia accounting for 2.7% and 2.3% of total imports respectively. Speaking in general, growth rate has flipped into fall rates of trade flows of countries of the region, during 2009. So exports to the region have diminished in value by 17.4%, while their share has decreased to 12.3% from 13.7%. Imports from the region have also diminished in value by 19.2% while their share to total imports has decreased to 7.7% from 9.4% in 2008. Despite the overall trade volume shrinkage observable in both trade flows directions, countries of the region were exposed to shrinkage with a higher pace of trade volumes as compared to the country's total volumes' dynamics.

5.2 Albania's trade with the EU-27

5.2.1 Trade flows with the EU-27

Trade flows between Albania and the EU-27 were valued at 372,740 mln ALL (2,829 mln EUR, 3,941 mln USD) having increased by only 1 percent during

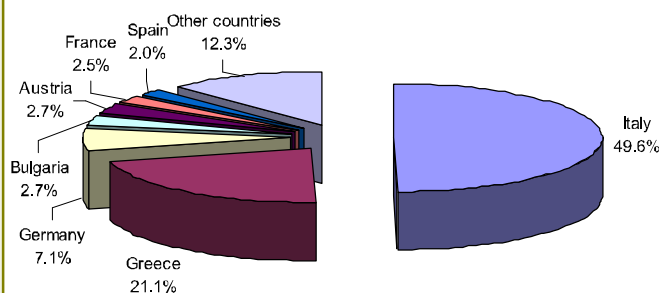
2009. The Albanian currency depreciation towards the European currency - Euro as well as the American Dollar, account for negative growth rates with this geographic area. Trade volumes measured in Euro have declined by 5.7% while in USD by 10.4%. The share of EU-27 countries trade flows has increased by 2.8 percentage points, to 69.7% mainly due to the increase of imports from this area. Exports to the EU-27 account for 78.9 percent of total exports of Albania. Even though exports have decreased in absolute value the percentage share has dropped only by 1.1 percentage points. Imports on the other hand have experienced an increase of 4.3 percent, accounting for 67.5 percent increase and a 3.9 percentage points, higher share to the total. This has contributed for an increased share to the country's trade deficit, which was valued 63.9% of the total in 2009, as you can observe in table 5.2. The export/import coverage ratio has also decreased to 28 percent from 32 percent in 2008.

Trade flows were mainly oriented towards Italy even this year, followed by Greece and then Germany, as you can observe in graph 5.3. Italy's trade flows' share to total trade volumes has shrunk further to 49.6 percent accompanied by a decrease in absolute value of total trade flows. Trade flows to Greece account for 21.1 percent of total trade and have shown stability as compared to 2008. Germany's trade volumes account for 7.1 percent of the total. Despite the increase in both trade flows, imports and exports, Germany accounts for an unchanged share to total volumes, compared to 2008. Other countries, significant for the foreign trade are Bulgaria, Austria and Spain accounting for lower shares as shown in graph 5.3. Other countries of

Table 5.2: Summary of key trade indicators between Albania and the EU-27, in million ALL, or in %

Trade Indicators	2005	2006	2007	2008	2009
Albania-EU trade volume	239,559.4	270,845.0	317,940.3	368,815.0	372,740.1
Share to total Albania's trade volume	73.4%	72.1%	67.0%	66.9%	69.7%
Imports from the EU-27	180,696.8	202,197.9	237,225.5	279,207.0	291,130.5
Share to total Albania's imports	69.4%	67.7%	62.8%	63.6%	67.5%
Exports to the EU-27	58,862.6	68,647.1	80,714.9	89,607.9	81,609.6
Share to total Albania's exports	89.0%	88.0%	83.0%	80.0%	78.9%
Trade balance of the EU (trade deficit)	-121,834.3	-133,550.8	-156,510.6	-189,599.1	-209,520.9
Share to total Albania's trade balance	62.7%	60.5%	55.8%	58.1%	63.9%
Export to the EU/Import from the EU, Coverage Ratio	33%	34.0%	34.0%	32.0%	28.0%
Total Export/Total Import, Coverage Ratio	25.0%	26.0%	26.0%	25.6%	24.0%

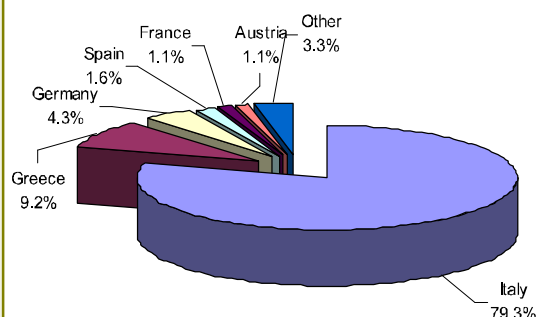
Graph 5.3: Share of EU member states to the total Albania - EU-27 trade volume, 2009



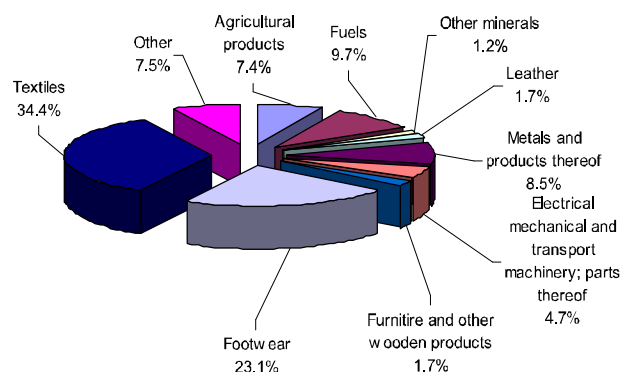
the EU account for even lower shares to the total but all together for 12.3% of total trade flows.

In a dynamic perspective, trade with a considerable number of countries (9 out of 27) have experienced decreases in trade flows. Countries with the highest decrease in absolute value or percentage are Italy (-4.7% but a large absolute value), Hungary (-14%), Sweden (-3.1%), Bulgaria (-10.3%) etc. Countries accounting for growth of trade flows include Spain (31.0%), France (88.1%), Holland (21.5%), Czech Republic (55%) etc.

Graph 5.4: Composition of exports to EU-27, by member country



Graph 5.5: Structure of exports to EU-27 countries, 2009



5.2.2 Structure of exports to the EU-27

Exports to the EU were valued at 81,609 mln ALL (619 mln EUR, 862 Mln USD) having experienced a decrease of 8.9%. The decrease in absolute value is expressed by a higher percentage in the other important currencies for international trade: EURO and American dollar. Exports to the EU dropped by 15% of its Euro value and/or 19.8% of its dollar value in 2009. The decrease of exports to Italy, main destination of Albanian exports (79.3% of total exports to EU-27), by 6.9%, impacted the most the overall export decrease (60%). Greece, the second largest export partners, showed similar export's dynamics as compared to 2008. Exports have decreased by 23.7 percent and their share to total has fallen to 9.2% from 11.1%. Exports to Germany on the contrary account for an upward shift, having increased by 16.9% and 1 percentage point in share to total exports. Among countries to which exports grew with a high pace during 2009 we could mention Spain (635.8%), Belgium (452.2%), and Rumania (137.2%). Among countries to which exports experienced sharp downfalls are to be mentioned Sweden (-77.5%), Slovenia (-91.5%), Poland (-54.4%), Finland (-95.3%). Graph 5.4 gives a detailed view of countries shares to total exports of Albania to EU-27 countries.

Despite the decrease in absolute value, the structure of exports to the EU-27 countries shows no major changes in shares of categories. Textile and footwear account still for the major part of exports to these countries with a total share of 58.4% and a slight increase by 2.5 percentage points as compared to 2008. This was represented mainly by inward processing items that are re-exported to their country of origin, mostly Italy and Greece. Other less important categories whose share has increased a little as compared to 2008 are agricultural products and fuels, which account for 7.4% and 9.7% of total exports respectively. Main metals is one of the categories of products whose share has experienced a decrease (5.7 percentage points) in 2009. The structure of exports to the EU-27 countries by category is shown more explicitly in graph 5.5.

The ten most exported products in 2008 account for 48.6 percent of total exports. The specific for this year is the overall decrease in absolute value of most main exported items. 5 categories are represented this year in the most exported items

list: agricultural products, fuels, metals, textiles and footwear.

The most exported footwear products three of which are listed in the table below, account for 16.9% of total exports to these countries. Despite their lead position the value of the main item being uppers and parts (HS 640610) has constantly decreased since 2006, as you can observe in table 5.3. The distance with the second item has shrunk severely because of the contrary growth trends. This constant decrease in value is an important signal of the possible difficulties that the inward processing industry is facing or will face in the future, due to different national and international competitiveness related factors.

The decrease in absolute value of items that have accounted for the largest part of exports during this decade: textiles and footwear, has been contrasted by the constant increase of exports of another category: fuels, and more specifically petroleum oils. Petroleum oils account for 8.6% of total exports in 2009 having grown by 18.1% in 2009 and more than six times the last five years. They are one of the few categories whose exports to the EU have experienced an increase.

Exports of textiles are represented again by the same products groups: men's and boy's trousers, t-shirts and underpants and a fourth product group: vests of cotton. The main exported item accounting for 6.1% of total exports has experienced 23% decrease in 2009. The downward trend has started in 2007. The three other products values of exports continues

rising in 2009, as shown in table 5.3, nevertheless their shares to total exports are lower. These main groups account for 15.9% of total exports to EU-27. Even though it seems like the decrease in value of main items is substituted by exports of other items, figures of overall textile exports to the EU account for a slight decrease in 2009.

Exports of metal products are represented by locks of base metal which account for 4.6 percent of total exports. Exports of metals are represented only by this group of products in 2009, which has experienced a decrease of 4.9% in 2009 even though the period trend remains positive. This falls under the sector's overall tendency whose exports to the EU have decreased by 45.5%.

A new category that finds its way into the top ten exported products list is agricultural products, represented by anchovies. These account for 2.6% of total exports, while their share has constantly increased during the last years. Agricultural products in overall, account for an upward trend of exports to EU-27 countries.

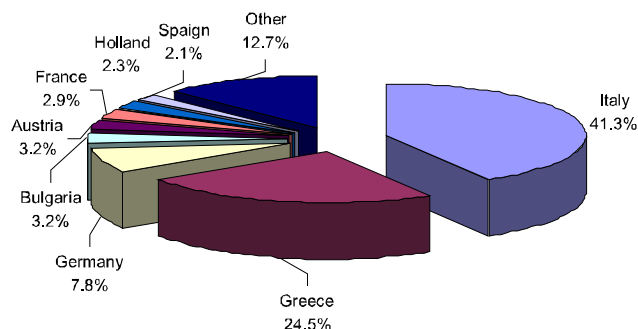
5.2.3 Structure of imports to the EU-27

Imports from EU-27 countries amounted to 291,130 mln ALL, (2,209 mln EUR, 3,078 mln USD) having increased by only 4.3% as compared to 2008. Imports dynamics in the other currencies is also negative. Imports have decreased by 2.8% if

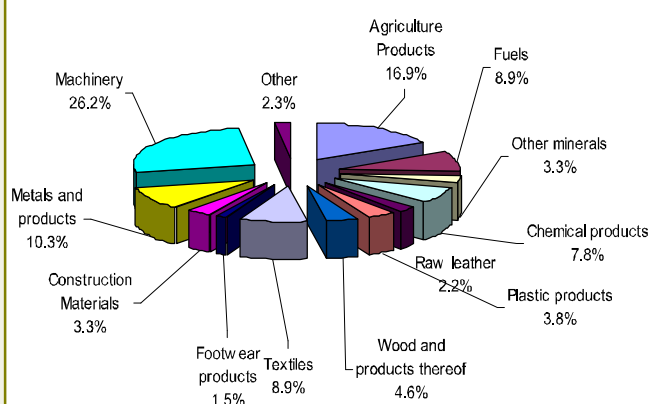
Table 5.3: Ten most exported products to the EU-27, 2009 (Mln ALL)

HS Code	Description	2004	2005	2006	2007	2008	2009	Growth %, 2009- 2008	Growth %, 2009- 2005
640610	Uppers and parts thereof, other than stiffeners	13,278.20	12,356.86	10,807.41	10,175.43	8,339.43	7,703.41	-7.6%	-37.7%
270900	Petroleum oils and oils obtained from bituminous minerals, crude		987.82	1,753.88	4,196.13	5,943.87	7,020.48	18.1%	610.7%
620342	Mens/boys trousers and shorts, of cotton, not knitted	5,465.44	4,988.75	5,832.25	6,764.13	6,478.63	4,986.11	-23.0%	-0.1%
830140	Locks of base metal, nes	913.50	1,733.80	2,350.09	3,526.70	3,905.67	3,715.78	-4.9%	114.3%
640590	Footwear, nes	3.88	341.39	1,151.20	1,847.31	2,336.88	3,535.09	51.3%	935.5%
620520	Mens/boys shirts, of cotton, not knitted	2,160.08	2,572.53	2,833.25	3,197.94	3,467.05	3,477.45	0.3%	35.2%
640510	Footwear with uppers of leather or composition leather, nes	486.49	1,489.45	2,006.93	2,113.07	2,170.58	2,546.58	17.3%	71.0%
610910	T-shirts, singlet's and other vests, of cotton, knitted	1,654.84	1,654.90	1,600.19	1,697.53	2,308.23	2,463.01	6.7%	48.8%
160416	Anchovies, prepared or preserved, whole or in pieces, but not minced	1,634.94	1,607.75	1,920.96	1,874.86	1,738.62	2,128.08	22.4%	32.4%
610821	Women's/girls briefs and panties, of cotton, knitted	1,052.59	905.49	889.77	1,819.01	1,660.83	2,058.09	23.9%	127.3%

Graph 5.6: Structure of imports from EU-27, by member country



Graph 5.7: Structure of imports from EU-27, 2009



measured in EUR and 7.4% if measured in USD. Imports to the EU-27, having increased in overall in ALL, account for an upward trend in contrary to the decline tendency of overall imports to the country. The share to total imports has increased therefore by 3.9 percentage points to 67.5%.

Imports to this group of countries even though to a lower extent, are mostly represented by imports from Italy and Greece which account for 65.8% of total imports from EU-27. Even though Italy accounts for 41.3% of total imports from EU-27, its share has dropped by 3.3 percentage points in 2009 mainly due to a decrease by 3.5% of imports from this country. Imports from Greece have on contrary gained market share accounting for 24.5% this year. Germany, Bulgaria, Austria and France, remain important import partners. Respective shares of imports of most important partners within EU-27 are explicitly shown in the graph 5.6. In a dynamics perspective, countries with a higher imports growth pace to Albania were France (109.5%), Holland (51.1%), Czech Republic (55%) etc. Some countries exports to Albania experienced declines like in the case of Bulgaria (-9.5%), Hungary (-15.1%) etc.

This is the first time after more than a decade that such developments related to exports to and imports from EU-27 are to be observed, after a rather year to year steady growth of both trade flows. Further on we will observe which part of the structure of exports and imports is influenced more severely by this trend.

Albania imports a variety of products from EU-27 countries. Graph 5.7 shows that almost all sectors are represented in the pie. Even though imports have increased in value during 2009, this growth is not followed by all sectors. So imports of textiles have dropped by 5 percent and imports of leather by 1.4%, showing that in terms of imports from EU, products related to only one sector of industry: inward processing reflects the overall downward tendency. The other sectors have experienced increases, so agricultural products imports have increased by 8.9%, mineral products by 3.2%, metal products imports by 6.0 percent, machinery imports by 1.8 percent etc. Nevertheless the pace of growth has slowed down as compared to 2008 when pace of growth of all this sectors accounted for 2 digits growth.

Table 5.4 provides information about the most imported products during 2009. The ten most imported products in 2009 accounted for 20.9% of total imports. As the table shows most of them have experienced an increase during 2009, yet some a decrease.

The products that have experienced decrease are materials destined for usage in different industry sectors such as light petroleum, raw leather products but also commodities intended for end consumer usage like automobiles accounting for a slight decrease of 0.8 percent.

5.2.4 Trade with Italy

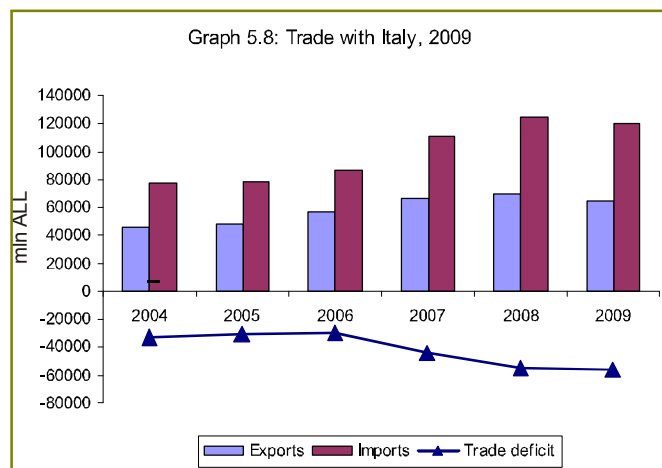
Trade volume with Italy reached 185,039 mln ALL (1,404 mln EUR) in 2009 accounting for a decrease of 4.7% in ALL and 11.1% in EUR in 2009. This is the first decrease in absolute value for the decade. Exports were valued at 64,753 mln ALL (491 mln EUR) having decreased by 6.9 percent. Imports were valued at 120,285 mln ALL (912.6 mln EUR) having also decreased by 3.5%. Trade deficit reached 55,531 mln ALL, while the imports coverage ratio decreased further by 2 percentage points to 53.8 percent.

Table 5.4: Ten most imported products to the EU-27, 2009 (mln ALL)

Hs Code	Description	2004	2005	2006	2007	2008	2009	Growth %, 2009- 2008	Growth %, 2009- 2004
271019	Light petroleum distillates nes	5,024.00	6,121.24	10,919.26	12,079.68	17,226.96	14,606.00	-15.2%	138.6%
240220	Cigarettes containing tobacco	3,862.21	3,700.94	2,978.42	3,285.56	6,012.71	7,636.14	27.0%	106.3%
300490	Medicaments nest, in dosage	2,276.20	2,683.93	3,384.09	5,098.86	5,579.59	6,185.29	10.9%	130.5%
870332	Automobiles with diesel engine displacing more than 1500 cc to 2500 cc	5,717.37	3,724.05	3,988.18	5,784.82	5,729.78	5,681.60	-0.8%	52.6%
721420	Bars & rods, i/nas, hr, hd or he, cntg indent, ribs, etc, prod dur rp/tar, nes	891.05	1,059.49	1,749.92	2,206.32	2,979.88	5,429.44	82.2%	412.5%
252329	Portland cement nes	3,519.10	4,699.62	3,508.70	2,766.54	3,440.46	5,421.13	57.6%	15.4%
271011	Aviation spirit	1,483.66	2,422.97	3,445.14	4,205.76	4,615.98	4,545.18	-1.5%	87.6%
410719		2,745.09	2,051.24	2,962.71	5,493.82	4,550.48	4,436.59	-2.5%	116.3%
830160	Lock parts, includg parts of clasps o frames w clasps, of base metal, nes	1,233.32	1,565.88	2,035.63	3,412.83	3,752.46	3,531.73	-5.9%	125.5%
252390	Hydraulic cements nes	48.51	64.26	1,406.14	2,350.39	2,669.01	3,386.79	26.9%	5170.4%

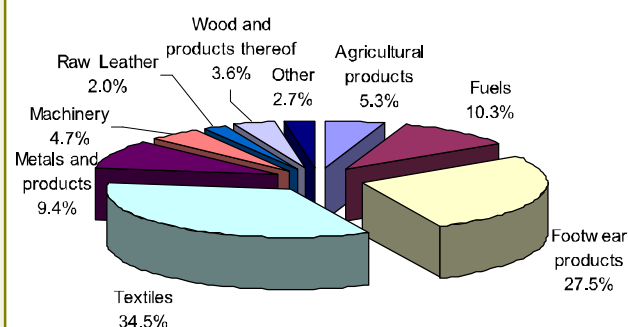
Exports to Italy are mainly represented by textile and footwear products that account for 62.0 percent of total exports. Textiles share has experienced a slight increase by 0.5 percentage points, while footwear's share has increased by 1.5 percentage points. Both these sector's exports have decreased by 5.9 percent and 3.2 percent respectively. Another important category in terms of exports is metals and their products, whose share has decreased by 3.1 percentage points, while their value by 33.3% in 2009. Other categories, whose exports have experienced decreases, are machinery, and wood products. Fuels' exports are one of the few categories, whose both share and value has increased, by 1.3 percentage points and 5 percent respectively, in 2009. Agricultural products exports have also experienced an increase in share by 1.3 percentage points. The structure of exports to Italy during 2009 is shown in graph 5.9.

The ten most exported products to Italy account for 57.7 percent of total exports to Italy. They represent five main categories, footwear products, textiles,

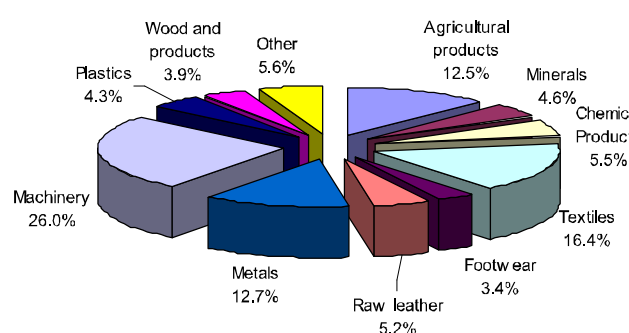


agricultural products, fuels and metals. The main exported item to Italy: uppers and parts have experienced a decrease by 6.8%. The products from the textiles industry as well as metals account also for decreases. The difference is that, while for footwear and textiles the trend is observable since 2006-2007, the metals sector has been affected only

Graph 5.9: Structure of exports to Italy, 2009



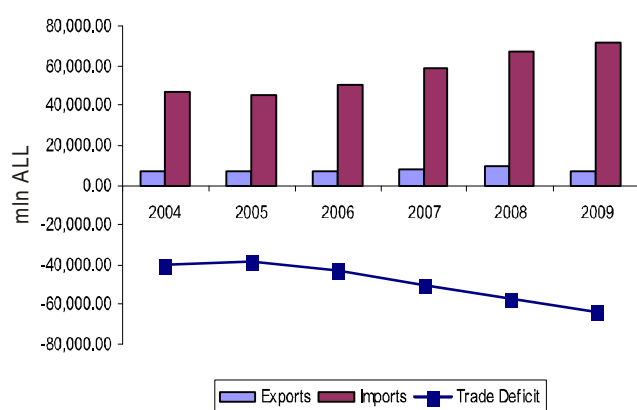
Graph 5.10: Structure of imports from Italy, 2009



this year. Agricultural products are mainly represented by exports of anchovies, which account for 3.1% of total exports to Italy. For more details related to top exported to and imported from Italy refer to Annex III table 3.1 and 3.2.

Imports from Italy are less concentrated than imports. The graph 5.10 shows that almost all categories are represented in the pie. There are no

Graph 5.11: Trade with Greece, 2009



major shifts in shares and importance to be observed, yet some sectors imports flows account for decreases as compared to 2008. Metal imports have decreased by 15.1 percent, electrical machinery by 16.3%, transport machinery by 5.7 percent, textiles by 3.2%, leather products by 3.8% and wood products by 6.9 percent. The decrease in import flows seems to reflect a downward trend in demand for input from different industrial sectors as well as end consumer goods. The most imported products representing several categories account for 16.7% of total imports.

5.2.5 Trade with Greece

Trade volume with Greece reached 78,750.3mln ALL (599 mln EUR), having increase by only 2 percent in ALL but having decreased by 4.6% in Euro. Exports were valued at 7,507 mln ALL (57.2mln EUR), having experienced a decrease of 24 percent in 2009. Imports continued their upward trend having reached 71,242 mln ALL having increased by 5.8 percent. The trade deficit reached 63,735 mln ALL having increased by 10.9 percent mainly due to the converse trend between exports and imports. The coverage imports coverage ratio was only 10.5% during 2009 and has further decreased by 4.1 percentage points.

Exports to Greece are mainly represented by textile products, which account for 45.6 percent, for 7.6 percentage points increase, yet for a decrease by 9.4% in absolute value, as compared to 2008. Metals share has also decreased by 13 percentage points, while their value of exports by 74.6%. Another important category, minerals, has also experienced a downward trend and a decrease by 31.5%. Other categories that have experienced decreased in export flows are agricultural products, wooden products, construction material etc. Among the categories accounting for an upward trend in exports in 2009 are plastic products and machinery. The graph 5.12 below gives a more detailed view of the structure of exports to Greece. The most exported products to Greece account for 43.6 percent of total exports. The main exported item is electrical energy which accounts for 8.9% of total exports. Despite the overall decrease of exports of minerals this item has experienced growth. The other most exported products to Greece represent products from the textiles, metals and agriculture products category. From a top exported list perspective, most of them

except metals and textiles have experienced further growth in 2009. For a more detailed overview, refer to table 3.3 in Annex III.

Imports from Greece are mainly represented by fuels which account for 35.4 percent, for a 3.6 percentage point decrease and for 3.5 percent decrease in absolute value. Agricultural products, another important category, whose share and value has increased by 2.3 percentage points and 22 percent respectively, accounts for 18.9% of total imports from Greece. Machinery and metals are two other important categories, in graph 5.13. Electrical machinery accounts for 10.7% decrease, transport machinery for 19.6% decrease while metals imports for 41.9% increase. The most imported products fall also under the above mentioned categories. They account all together for 47.1 percent of total imports where the import of light petroleum oils is ranked first accounting for 18.4 percent of total imports. These data is shown more explicitly in table 3.4 of Annex III.

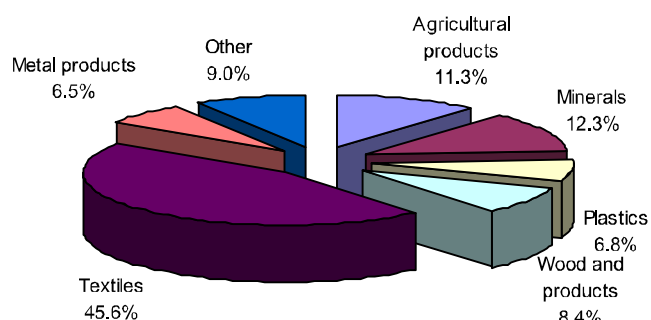
5.2.6 Trade with Germany

Trade with Germany was valued at 26,367 mln ALL (200.3 mln EUR) having increased by 3.5 percent in ALL but accounting for a decrease in their Euro value of 3.4%. Exports reached 3,526 mln ALL having increased by 16.9 percent. Imports reached 22,840 mln ALL having increased by only 1.7 percent. Trade deficit was values at a very similar value to last year (19,314 mln ALL), having decreased by 0.7%. The imports coverage ratio, being still low, increased by 2 percentage points to 15.4 percent. A better overview of trade flow developments is shown in graph 5.14

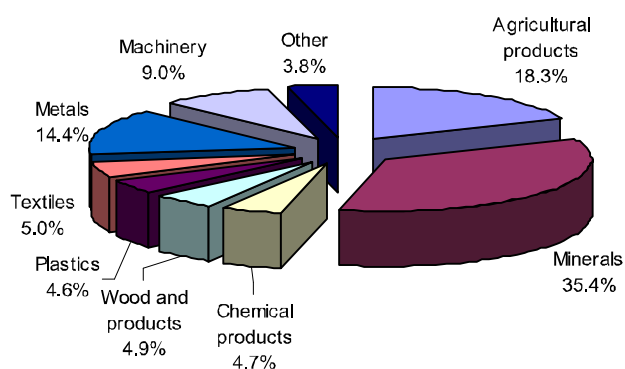
Exports to Germany are represented by three main categories: textile products, footwear products and agricultural products which account for 53.7, 19.0 and 20.2 percent respectively. Even though exports have increased in general agricultural products share and value has decreased by 8.8 percentage points and 20.0 percent. The other major category textile has experienced 15.9% increase in 2009 while footwear 111.7% increase, extending their share by 8.0 percentage points to 19.0 percent. A more detailed overview of the structure of exports is given in graph 5.15.

The most exported products to Germany account in total for 78.9% or for the largest part of overall

Graph 5.12: Structure of exports to Greece, 2009

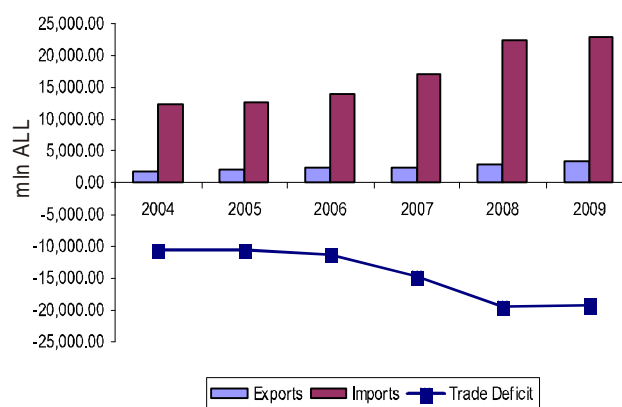


Graph 5.13: Structure of Imports from Greece, 2009

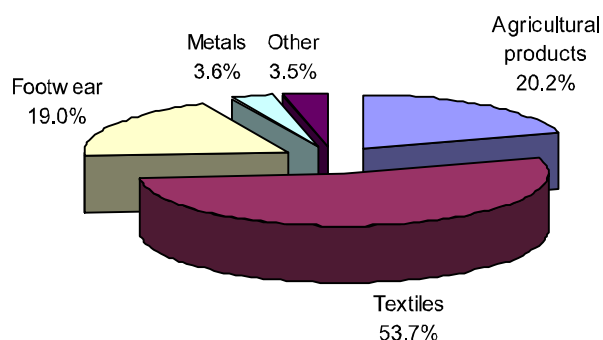


exports to Germany. Main items in this list are textile products, which account for 45.7% of total exports. Among other products, footwear, scrap and medicinal herbs are to be mentioned. For more details refer to table 3.5 in Annex III. Imports from Germany as shown in graph 5.16 also represented

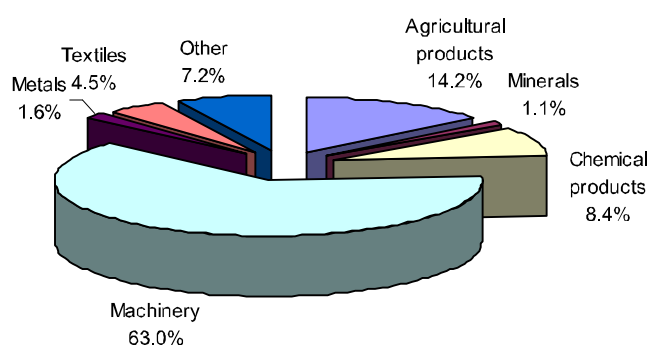
Graph 5.14: Trade with Germany, 2009



Graph 5.15: Structure of exports to Germany, 2009



Graph 5.16: Structure of imports from Germany, 2009



by a small number of categories where different machinery accounts for the largest part. Their imports have experienced 10.9 percent increase in 2009. Agricultural products have experienced a decrease in share by 3.8 percentage points and in value by 18.6%. Minerals which account for only 1.1 percent this year, have experienced a 1.9 percentage points decrease in share and 58.7 percent decrease in value. A similar trend is proved by the textiles category whose value of imports has decreased by 12.3 percent. Among categories accounting for imports' increases are metal products whose value has increased by 44.7% and chemical products whose share and value has increased respectively by 1.4 percentage points and 15.2 percent, respectively. The most imported products from Germany account for 43.7% of total imports. Personal cars find their way on the top of the list accounting for 19.9% of total imports from this country but other machinery is also on the list. Other important products we import from Germany, ranked in this list are cigarettes and medicaments. For a more detailed overview please refer to table 3.6 in Annex III.

5.3 Albania's trade in the region - dynamics and structure

Albania's trade flows with countries of the region reflect the general tendency of trade flows' reduction having experienced the first decrease in absolute value since 1997. Trade volume with the region was valued at 46,020 mln ALL (349.4 mln EUR, 487.3 mln USD) having decreased by 18.7% in 2009. This reduction in trade flows is six times higher than the country's trade flows, reduction in overall (3.1%) and has contributed for a significantly lower share of this region to the total trade volume. Trade volumes to the region account in 2009 for only 8.6% of total trade volumes, and for a 1.7 percentage points decrease when compared to 10.3% in 2008. The downward tendency is represented by both trade flow directions. The export/import coverage has also increased by 0.9 percentage points to 38.4%, mainly due to the fact that imports from the region have decreased with a higher pace than exports to the region.

Exports to the region were valued at 12,769 Mln ALL (96.7 mln EUR, 135.4 mln USD) having decreased by 17.4% as compared to 2008. As a result the share of exports to total exports has also decreased by 1.4 percentage points to 12.3% (see table 5.5).

Imports from the region were valued at 33,250 mln ALL (252.7 mln EUR, 351.9 mln USD) having also decreased by 19.2% (24.6% in EUR and 28.4% in USD). Their share to total imports dropped by 1.7 percentage point, to 7.7% in 2009.

A closer look to the geographic characteristics of trade within the region and its structure enables a geographic and structural distribution of the tendency showing which country and/or product groups contributed more to this trend.

In a geographical perspective of trade flows within the region no major shifts are to be observed. Kosovo remains the main exporting partner for Albania in 2009, accounting for 56.4% of total exports, having experienced a 3% decline in exports.

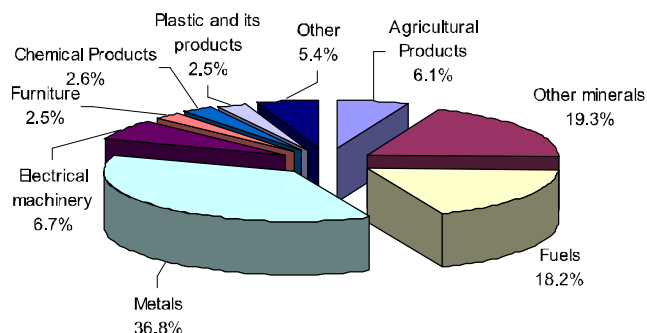
While exports to Macedonia decreased only 4.3 percent as compared to 2008, the share of exports from this country to total regional exports is 24.8% and shows that this is the second most important country in terms of regional exports. Exports to all regional countries have recorded decreases in absolute value, as you can observe in the table 5.1. No major shifts in ranking result in imports from

regional countries. Imports from the region are as last year, mainly represented by Serbia which accounts for 35.5% of total imports from the region and 35% decrease in absolute value, and Macedonia, which accounts for 29.7% of total imports and 14.1% decrease in absolute value. Imports from most regional countries have also experienced decreases except imports from Montenegro and Kosovo, registering 30.8% and 17.2% increase respectively, in 2009.

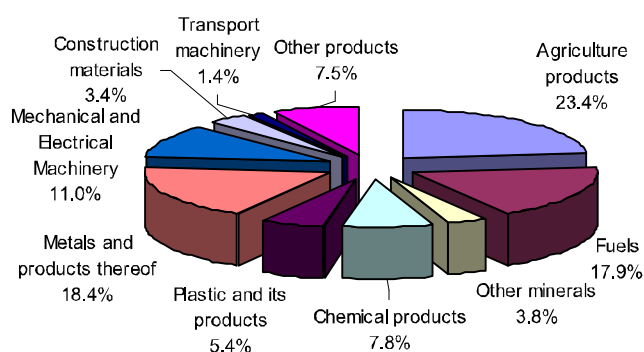
The following graphs 5.17 and 5.18 show the overall structure of exports to and imports from the region. Exports to the region have experienced shifts in shares and importance during 2009. Metals share has decreased to 36.8 percent from 49 percent in 2008. Mainly because of this the shares of the two other categories fuels and other minerals have increased by 2.2 and 5.3 percentage points respectively. Nevertheless exports of fuels have also experienced decreases. In more concrete terms exports of metals to the region decreased by 36.9% to 4,175.4mln ALL. Exports of fuels decreased by 7.6% to 2,326.5mln ALL. In general, all main categories of exports to the region have experienced decreases. The most exported products account for 71.3 percent of total exports. Iron bars and roads are placed first followed by Portland cement and electrical energy. Even though electrical energy is a new entry in the list, no major differences are observed in the list of top exports. They reflect the overall decrease tendency in absolute value. A more detailed view is shown in graph 2.1 of Annex II.

The structure of imports from the region shown in the graph 5.18 reflects also the large decrease in value of flows from this region. In terms of shares, imports of fuels, the main import category have experienced a decrease in value and share by 61.8 percent and 20.1 percentage points respectively. This, combined with a 19.1% increase in imports of agricultural products from the region, has shifted the ranking, placing agricultural products first, in terms of share and value. It accounts now for 23.4% of total imports from the region and a 7.4 percentage point increase in share, in 2009. Imports of metals and products thereof have decreased by 18.2% in 2009. Import flows of most sectors have also experienced a decrease during 2009. The most imported products from the region account for 41.6 percent of total imports where electrical energy followed by scrap and iron bars are ranked first. For a more detailed view refer to table 2.2 Annex II.

Graph 5.17: Structure of exports to the region, 2009



Graph 5.18: Structure of imports from the region, 2009



5.3.1 Trade with Bosnia and Herzegovina

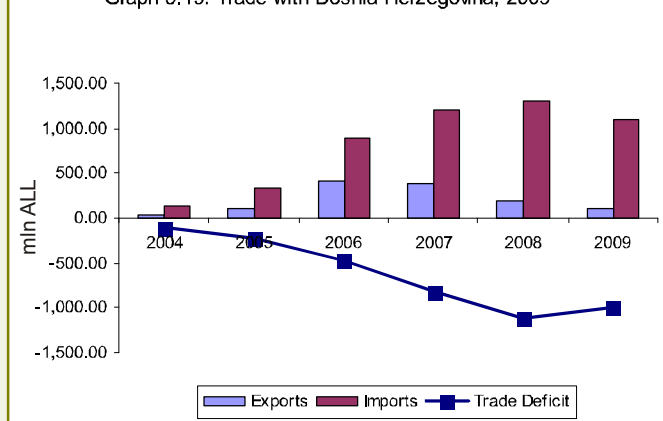
Trade volume with Bosnia & Herzegovina reached 1,201 mln ALL (9,07 mln Euro, 12.8 mln USD), having decreased by 19.6 percent in 2009. The trade deficit was valued at 992.3 mln ALL having decrease by 11.4 percent. This was due to the decrease of flows from sides, exports and imports, as you can observe in graph 5.19. This has decreased the share and therefore the importance of Bosnia & Herzegovina to 0.2% of total trade flows of Albania. Exports to Bosnia & Herzegovina dropped by 44.3 percent to 104.8mln ALL. Imports decreased also by 16.1% to 1097.1mln ALL. The import's coverage ratio decrease to 9.5 percent, in 2009.

Exports are mainly represented by leather and footwear as shown in graph 5.20. The structure of exports has not shifted as compared to last year but the values of the most exported products have experienced reduction. The most exported products account for 88.2% of total exports to Bosnia &

Table 5.5: Albania's exports to, and imports from, each country of the region, in % (2000-2009)

Exports to	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Growth rate, 2009/2008 %
Bosnia and Herzegovina	0.0%	0.0%	0.6%	0.3%	0.9%	2.2%	7.0%	4.0%	1.2%	0.8%	-44.2%
Bulgaria	0.8%	0.7%	0.8%	1.4%	3.9%	7.3%	5.0%				
Croatia	14.3%	0.3%	0.9%	2.2%	1.0%	0.4%	3.0%	0.9%	1.2%	0.9%	-37.9%
Kosovo	0.0%	0.0%	0.0%	53.7%	68.7%	54.8%	47.0%	47.8%	48.0%	56.4%	-3.0%
Moldova	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Macedonia	17.2%	34.6%	52.9%	21.5%	19.1%	21.0%	20.0%	23.5%	21.4%	24.8%	-4.3%
Romania	0.0%	0.2%	0.5%	0.6%	0.6%	3.2%	1.0%				
Serbia								1.4%	12.7%	6.4%	-58.6%
Montenegro								4.4%	15.1%	10.7%	-41.3%
Serbia and Montenegro	67.7%	64.1%	44.3%	20.3%	5.9%	11.1%	17.0%	18.0%	0.4%	0.1%	-94.1%
Subtotal, %	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	
Mln ALL	1,473.6	2,036.3	1,769.8	1,699.7	3,957.7	4,422.4	5,853.5	9,716.9	15,460.1	12,769.4	-17.4%
Regional exports as % of total exports	4.0%	4.7%	3.9%	3.2%	6.7%	7.5%	8.2%	10.0%	13.7%	12.3%	
Imports from	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Growth rate, 2009/2008 %
Bosnia and Herzegovina	0.1%	0.1%	0.7%	1.0%	0.9%	1.6%	3.0%	4.0%	3.2%	3.3%	-16.1%
Bulgaria	34.0%	34.0%	26.9%	44.0%	33.6%	39.5%	32.0%				
Croatia	15.9%	21.1%	30.1%	20.7%	21.6%	12.8%	11.0%	12.6%	12.7%	14.0%	-10.8%
Kosovo	0.0%	0.0%	0.0%	2.9%	3.5%	5.5%	6.0%	9.3%	7.8%	11.3%	17.3%
Moldova	0.1%	0.6%	0.2%	0.4%	1.9%	0.4%	2.0%	0.9%	0.2%	0.1%	-55.1%
Macedonia	30.7%	20.1%	16.9%	13.6%	19.5%	19.3%	20.0%	30.0%	27.9%	29.7%	-14.1%
Romania	7.9%	15.5%	12.4%	11.2%	7.3%	10.2%	17.0%				
Serbia								12.3%	44.1%	35.5%	-35.0%
Montenegro								2.2%	3.8%	6.1%	30.8%
Serbia, and Montenegro	11.3%	8.6%	12.9%	6.3%	11.6%	10.8%	11.0%	43.2%	0.3%	0.0%	-96.8%
Subtotal, %	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	
Mln ALL	6,642.7	6,078.6	9,687.9	7,250.8	9,131.7	10,368.3	15,967.9	29,932.2	41,131.8	33,250.8	-19.2%
Regional imports as % of total imports	7.3%	6.3%	7.6%	7.2%	6.6%	7.9%	10.2%	7.9%	9.4%	7.7%	
Regional Trade volume (RTV)	8,116.3	8,114.9	11,457.8	8,950.5	13,089.3	14,790.6	21,821.4	39,649.0	56,591.8	46,020.2	-18.7%
RTV as % of the total	6.50%	5.8%	7.1%	6.0%	6.6%	7.8%	10.3%	8.0%	10.3%	8.6%	

Graph 5.19: Trade with Bosnia Herzegovina, 2009



Herzegovina. Imports are a bit more dispersed, representing a larger number of categories. Wood and products thereof and agricultural products account for the highest shares, 41.4% and 21.3 percent respectively, as shown in graph 5.21. The most imported products account for 75.8% of total imports, representing mainly the above mentioned categories. Among the main imported products, wood product imports the most important category has experienced a decrease in value together with other main imported items. Yet some other products groups falling under agriculture products category have experienced a further upward trend.

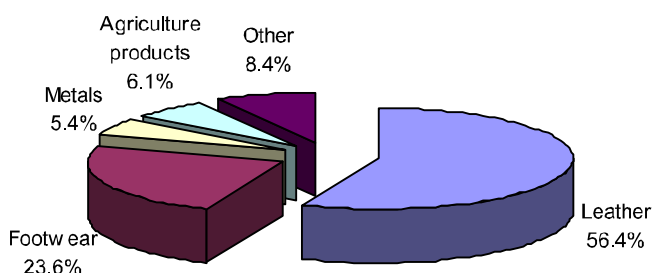
5.3.2 Trade with Croatia

Trade with Croatia was valued at 4,782 mln ALL (36.5 mln ALL, 50.2 mln USD) during 2009. This value confirms the downward tendency of trade flows with all countries of the region. Trade with Croatia has decreased by 11.8% in 2009 keeping the share of trade flows to Croatia at the same level of last year; 1 percent of total trade flows. Both exports and imports have contributed to this outcome. The trade deficit has also shrunk by 9.8%. The import coverage ratio remains low, only 2.5 percent, having also decreased by 1.1 percentage points. Graph 5.22 shows dynamics of trade with Croatia during the recent years.

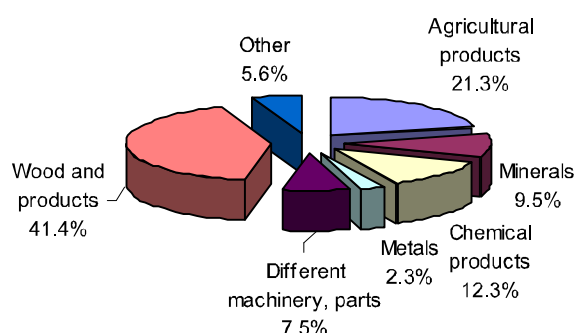
Exports to Croatia were valued at 117.3 mln ALL having decreased by 37.8 percent in 2009. They are mainly represented by agricultural products and footwear which account for 84.3 percent of total exports. The most exported products account for 88.1% of total exports and are represented by product groups from the above mentioned categories as you can observe in table 3.7 of annex III. The main exported products such as footwear upper parts and fish products have experienced decreases even though they have kept their ranking, nevertheless other products falling under the minerals category have disappeared from the top ten list.

Imports from Croatia reached 4,665 mln ALL having decreased by 10.8% in 2009. Graph 5.24 shows the structure of imports from Croatia in 2009. There have been some shifts in shares as compared with the previous year, mainly due to the severe decreases of imports of metals whose share has shrunk by 17.8 percentage points, while the value by 77.7 percent and decreases of imports of mineral products and machinery. This was combined with

Graph 5.20: Structure of exports to Bosnia & Herzegovina, 2009



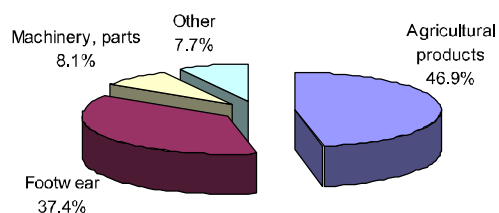
Graph 5.21: Structure of imports from Bosnia and Herzegovina, 2009



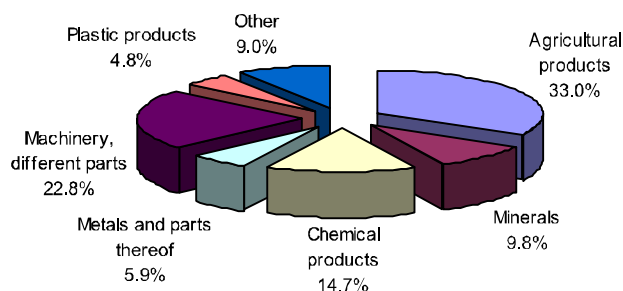
Graph 5.22: Trade with Croatia, 2009



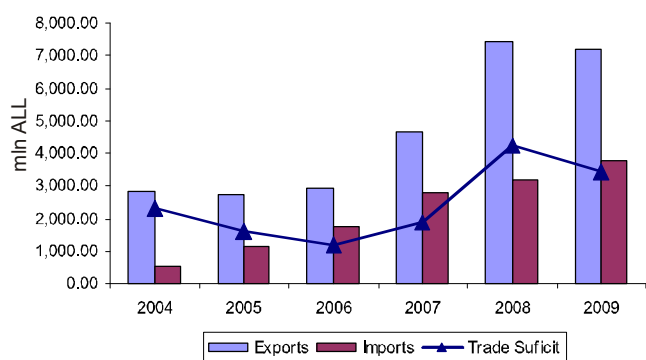
Graph 5.23: Structure of exports to Croatia, 2009



Graph 5.24: Structure of imports from Croatia, 2009



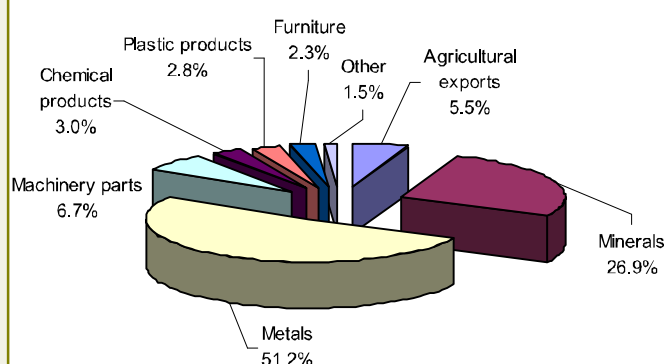
Graph 5.25: Trade with Kosovo, 2009



increases in other categories such as agricultural products, with 46 percent, chemical products with 86.1 percent, an increase not strong enough to go against the overall downward tendency of total imports from Croatia. The top imported products account for 51.3% of total imports and they reflect the shifts in categories as well. The most imported product wheat instead of butanes in 2008, accounts for 16.5 percent of the total imports.

5.3.3 Trade with Kosovo

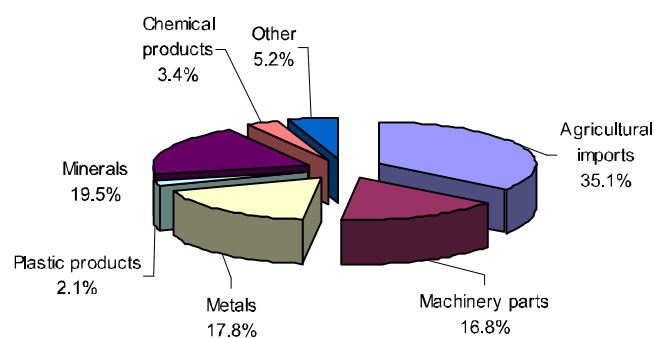
Graph 5.26: Structure of exports to Kosovo, 2009



Trade volumes with Kosovo have experienced a slight incline by 3.1% to 10,946 mln ALL (82.9 mln EUR, 116.0 mln USD). This is also observable in the graph 5.25, which shows dynamics of trade flows with Kosovo, in the recent years. The trade balance even though reduced by 18.4% remains positive with an imports coverage ratio of 191.8 percent, mainly due to the fact that exports were slightly reduced while imports have increased during 2009.

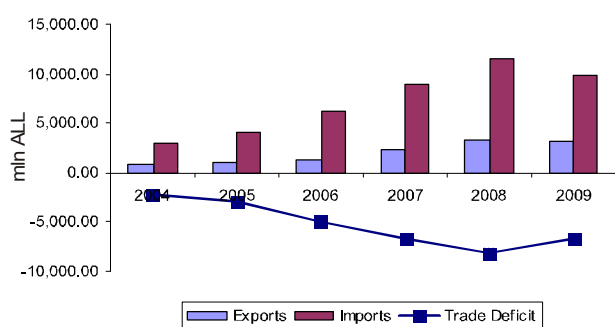
Trade flows with Kosovo account for only 2.0 percent of total trade flows of Albania, having kept their share to total trade flows.

Graph 5.27: Structure of imports from Kosovo, 2009



Exports were valued at 7,196 mln ALL having decreased by only 2.9 percent in 2009. Graph 5.26 shows the structure of exports to Kosovo. The most important category, remain metals products, even though their share has decreased by 14.4 percentage points to 51.2 percent in 2009. Another important category is minerals accounting for 26.9 percent of total exports, followed by machinery and parts thereof, and accounting for 6.7 percent and chemical products. The most exported products account for 77.3 percent of total exports, while main exported items such as iron bars and rods have experienced 23% decrease, electric energy, a new entry on the top exported products list, accounts for 11.8% of total exports. For a more detailed view refer to table 3.9 Annex III.

Graph 5.28: Trade with Macedonia, 2009



Imports from Kosovo were valued at 3,750 mln ALL having increased by 17.3%. There are no major changes in the structure of imports from Kosovo as you can observe in graph 5.27. Among the top imported products listed in table 3.10, annex III, which account for 59.5% of total imports fall products from, minerals, the machinery category, but also leather and sunflower oil.

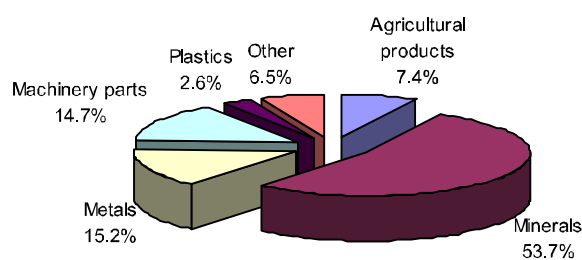
5.3.4 Trade with Macedonia

Trade with Macedonia reached 13,027 mln ALL (98.8 mln EUR, 137.8 mln USD), having decreased by 11.9% in 2009. This was mainly due to the decrease of import flows by 14.1% followed by a decrease of exports by only 4.3 percent. As a result the trade deficit was reduced by 18.1 percent to 6,701 mln ALL. The import coverage ratio was 32.0%, having increased in this case by 3.3 percentage points. Macedonia accounts for 2.4 percent of total trade flows of the country. Graph 5.28 shows dynamics of trade with Macedonia from 2004.

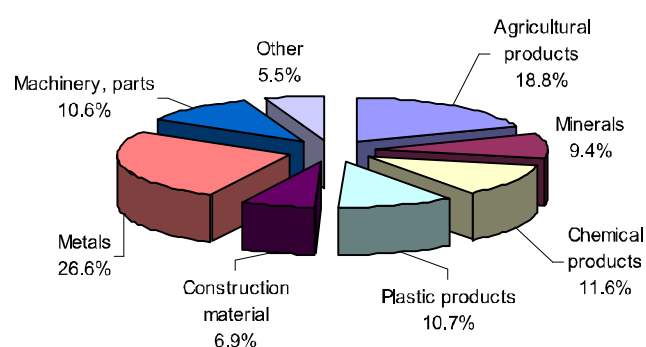
Exports to Macedonia reached 3,162 mln ALL. Export flows have kept the structure of the previous year, experiencing only some shifts in importance. Minerals share has increased by 5.7 percentage points, while their value by 7.5%. Metals exports on the other hand have decreased by 44.4% contributing to a 10.8 percentage points lower share in 2009. The top exported products account for 72.4 percent of total exports. They have mostly experienced decreases during 2009, except most mineral products, as you can observe in the table 3.11 of Annex III.

Imports from Macedonia were valued at 9,864 mln, having decreased by 14.1% ALL in 2009. Nevertheless the structure of imports shown in graph 5.30 has not been affected severely since all important categories of products in terms of imports to Albania have experienced similar decreases in value and shares. The most imported products from Macedonia account for 42.2 percent of total imports and for a similar ranking to 2008. The most imported product group remains iron bars and rods, followed by medicaments and cement. A more detailed version is shown in table 3.12 of Annex III.

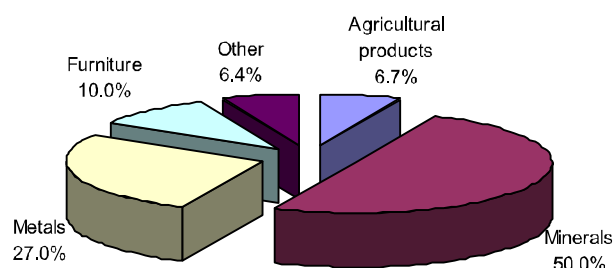
Graph 5.29: Structure of exports to Macedonia, 2009



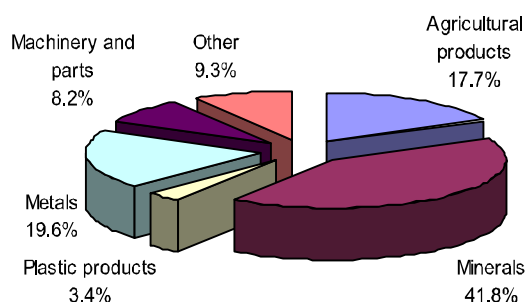
Graph 5.30: Structure of imports from Macedonia, 2009



Graph 5.31: Structure of exports to Serbia, 2009



Graph 5.32: Structure of imports from Serbia, 2009



5.3.5 Trade with Serbia

Trade volume with Serbia was valued at 12,610 mln ALL (95.9 mln EUR, 134.4 mln USD) having decreased by 37.3 percent. Both exports and imports have experienced decreases causing the trade deficit to reduce by 32.1% to 10,981.9 mln ALL. This has contributed to a decreased share to total trade flows of Albania, by 1.3 percentage points, which was estimated 2.3 percent in 2009. It has also contributed for a reduced import coverage ratio by 3.9

percentage points, which was valued at 6.9% in 2009.

Exports to Serbia reached 814.4 mln ALL, having decreased by 58.6%. Graph 5.31 shows the structure of exports to this country. Major shifts in shares by categories are to be observed. Metal products' share has decreased by 45 percentage points, because the value of exports of this product group, mainly represented by iron bars and rods, has declined by 84.5%. This is contrasted to a certain extent by the increase of exports of minerals by 25.6%. This upward trend of the exports of this product group combined with the decline in value of exports of metals, has contributed to a 50% share of minerals to total exports to Serbia. The top ten exported products, which can be reviewed in table 3.13 of Annex III, account for 95.6% of total export and fall under the main export categories. Export of electric energy accounts represents a new product in the top ten exported list and accounts for 49.8% of total exports to Serbia.

Imports from Serbia reached 11,796 mln ALL having decreased by 35.0%. The structure of imports from Serbia is shown in graph 5.32. The share of imports

of minerals has dropped by 33.2 percentage points in 2009, while their absolute value by 63.9 percent. This is mainly due to the decrease of imports of electrical energy, which remains listed as the main imported product from Serbia, accounting for 41.7% of total imports, despite the strong decline. Imports of other products from the top ten list have experienced increases in values and shares as you can observe in table 3.14 of Annex III.

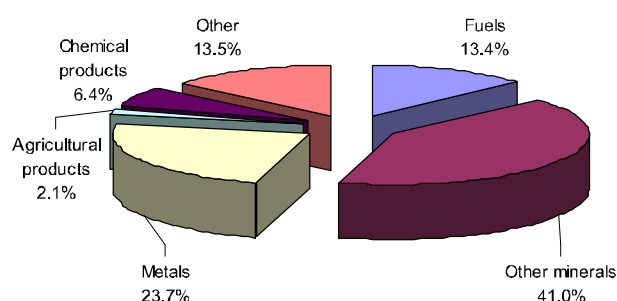
5.3.6 Trade with Montenegro

Trade with Montenegro reached 3,410 mln ALL (25.8 mln EUR, 36.0 mln USD) having experienced a decrease of 12.4% as compared to 2008. This downward tendency came mainly due to the decrease of exports to this country. This has contributed to a shift from a trade surplus to a trade deficit, which summed up to 672.8 mln ALL shifting the import's coverage ratio from 149.3% to 67.0%.

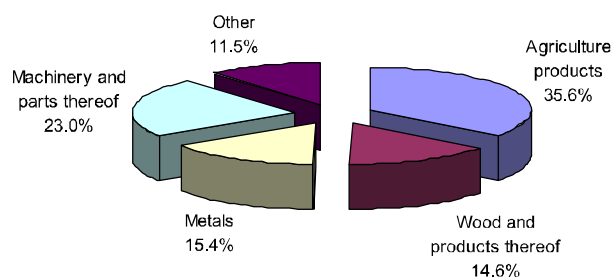
Exports to Montenegro reached 1,368 mln ALL experiencing a 41.3% decrease in 2009. Graph 5.33 shows the structure of exports to Montenegro where no major shifts in importance as compared to the previous year, are observed. This is because most products we export to Montenegro that fall under the main categories have experienced decreases. So metal products have decreased by 40.1%, while minerals by 47.6%. The most exported products such as Portland cement, propane, iron bars and rods represent these two categories, accounting for 80.9% of total exports. A more detailed overview is given in table 3.15 of Annex III.

Imports from Montenegro reached 2,041 mln ALL having increased by 30.8% in 2009. The structure of imports from Montenegro is given in graph 5.34. Among the shifts observable in the structure of imports as compared to the previous year, the decrease in share of metal products by 12.6 percentage points appears to be the largest due to the decrease in value by 28.4%. Nevertheless the decrease of imports of some categories such as metals, plastics (-30.3%) has been amortized by the higher pace of growth of imports of other categories such as agriculture products (37.6% increase) chemical products (662.6% increase) etc. Table 3.16 of Annex III shows the list of most imported products, which account for 63.4% of total imports.

Graph 5.33: Structure of exports to Montenegro, 2009



Graph 5.34: Structure of imports from Montenegro, 2009



5.4 Albania's trade with other selected countries

5.4.1 Trade with USA

Trade volumes with USA reached 6,812.7 mln ALL (51.9 mln EUR, 72.4 mln USD) having increased by 44.6% in 2009. This growth was due to the increase of both trade flow directions: exports and imports. The trade deficit reached 5,123 mln ALL, having experienced an increase of 32.6% as compared to 2008. Even though the trade deficit has increased, the exports grew with a higher pace than imports, accounting for a higher imports' coverage ratio than last year's. The latter was 14.1% or 4.2 percentage points higher than last year.

Exports to the USA amounted at 844.75mln ALL having almost doubled or increased by 98.9% in 2009. Next to the main category of exports, represented by agricultural products finds place another category represented by footwear products. The graph 5.36 shows a reduced share of agricultural products by 21.4% as compared to the previous year even though exports of this category have increased by 44.0%. This growth is accompanied by the first exports of footwear products which account suddenly for 28.9% of total exports.

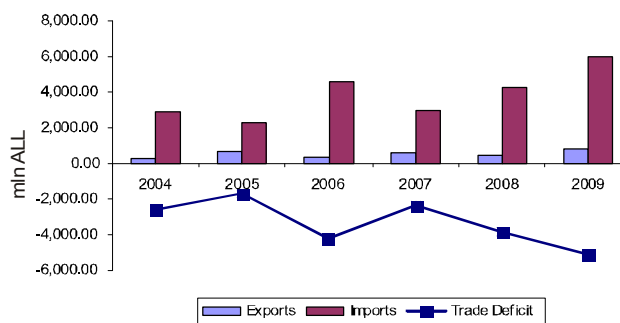
Most exported products account for 93.3% of total exports and as shown in table 4.1 of Annex IV, include medicinal herbs and footwear parts, in the first place.

Imports from the USA reached 5,697 mln ALL, having increased by 39.2%. Three major categories of imports from USA are machinery, agricultural products and metals accounting respectively for 42.6%, 31.5% and 16.3% of total imports respectively. The most imported products such as frozen chicken, other meat, steel products, shown in table 4.2 of Annex IV account for 67.7% of total imports and fall under these categories.

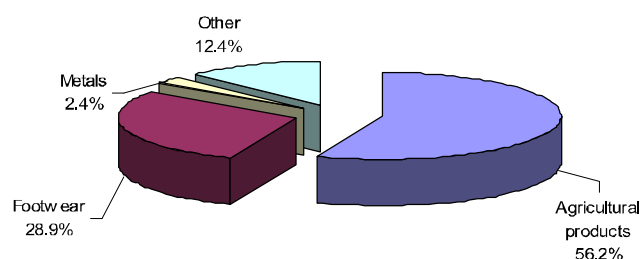
5.4.2 Trade with China

Trade volumes with China were valued at 26,841 mln ALL (203.6 mln EUR, 283.3 mln USD) having experienced 1.6 percent decrease. Despite the decrease in absolute values the share of trade volumes with China has remained 5 percent in 2009

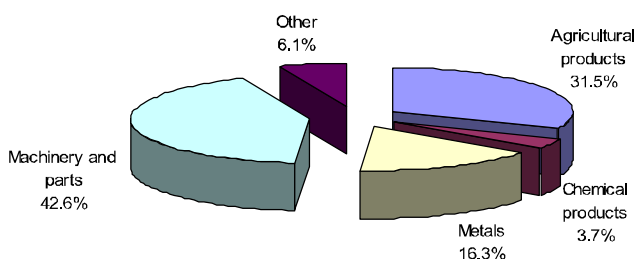
Graph 5.35: Tradewith USA, 2009



Graph 5.36: Structure of exports to USA, 2009



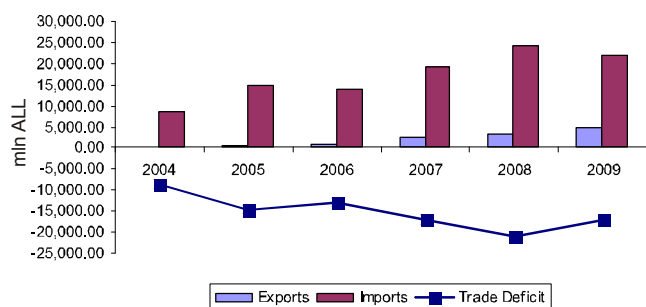
Graph 5.37: Structure of imports from USA, 2009



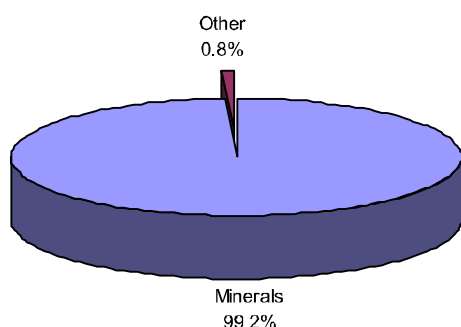
as well. The decrease in trade volumes is only due to the decrease of the value of imports, while exports have increased further. This has contributed for a reduction of the trade deficit by 19.1 percent, to 17,015.36mln ALL and for an import's coverage ratio of 22.4% or 9.5 percentage points higher than 2009.

Exports to China reached 4,913 mln ALL having increased by 57.3 percent in 2009. Exports are highly concentrated, represented mainly by mineral products which account for 99.2% of total exports this year, as shown in graph 5.39. Even though exports of metals accounting for 9% of total exports in 2008 have disappeared from the pie facing a 100%

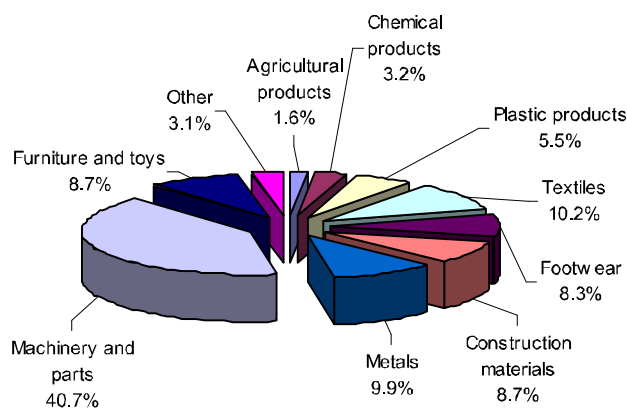
Graph 5.38: Trade with China, 2009



Graph 5.39: Structure of exports to China, 2009



Graph 5.40: Structure of imports from China, 2009



Graph 5.41: Trade with Russia, 2009



reduction, the exports of minerals have increased vigorously on the other hand, accounting for a 72.8% increase in 2009. The main exported products to China as the table 4.3 of Annex IV shows, are chromium ores and copper ores accounting respectively for 71.6% and 27.3 percent of total exports.

Imports from China were valued at 21,928 mln ALL, having decreased by 9.2 percent in 2009. The graph 5.40 shows the structure of imports from China whereat the most important category remains machinery and parts thereof. The second most important category, metals, has experienced a decrease in its share to total imports, by 12.1 percentage points and a decrease of 58.4% in absolute value in 2009. The most imported products from China include machinery parts, footwear and furniture. Since imports are highly dispersed they account only for 26.7% of total imports. Noticeable is the reduction disappearance of iron and steel structures which accounted for 8.7% of total imports in 2008, from the top ten imported list. For a more detailed overview of most imported products refer to table 4.4 of annex IV.

5.4.3 Trade with Russia

Trade flows with Russia dropped to 6,958.9 mln ALL (52.6 mln EUR, 73.8 mln USD) during 2009 having experienced a decrease of 62.6%. This came as a result of the reduction of both trade flow directions, exports and imports. The trade deficit was reduced to 6,939.1 mln ALL, having decreased by 56.9%. The stronger decline of exports than imports, contributed to a reduced imports' coverage ratio by 7.1 percentage points, to 0.1%. Trade flows with Russia account for 1.3% of total trade flows of Albania and for 2 percentage points decrease in share as compared to last year. Trade dynamics with Russia are shown in 5.41.

Exports to Russia were totally reduced catching values near 0. Exports amounted at 9.9 mln ALL, having experienced 99.2 percent reduction in 2009. This is mainly due to the discontinuation of exports of chromium ore to Russia which were reduced to 0.1 mln ALL from 1,219.32 in 2008. Table 4.5 of Annex IV shows a list of the remaining few products exported to Russia. The high concentration of exports flow in one product has results with high negative impacts to the overall exports to Russia in 2009.

Imports from Russia were also reduced to 6,949 mln ALL from 17,334 in 2008, having experienced 59.9 percent decrease in 2009. Mineral and agricultural products remain the most important categories. Even though both minerals and agricultural products have experienced decreases of 74.6% and 34.8% respectively the share of mineral products has decreased by 23.6 percentage points while the share of agricultural products has increased by 15.3 percentage points, this because the decrease of imports of mineral products in absolute value was much larger. This becomes obvious also in table 4.6 of Annex IV, which shows the list of top ten imported products from Russia, which account for 92.1% of total imports.

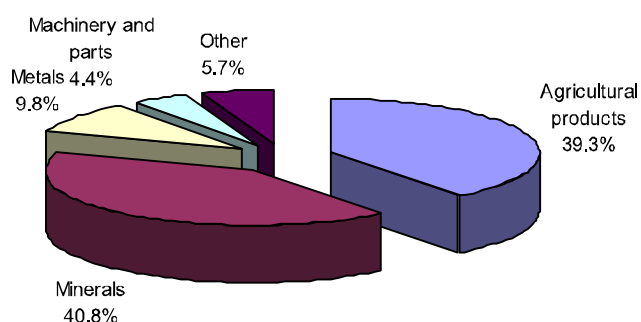
5.4.4 Trade with Turkey

Trade volumes with Turkey reached 30,439 mln ALL (231.5 mln EUR, 320.3 mln USD), having increased by 1.8 percent. Turkey is one of the few constant trade partners experiencing an overall increase in trade flows and keeping a constant share of 5.7% to total trade flows. The increase in trade flows is supported only by the increase of imports from Turkey, while exports have experienced a reduction. This has increased the trade deficit by 13.7%, which amounted at 29,307 mln ALL. This fact has also contributed to the reduction of the imports' coverage ratio by 5.5 percentage points.

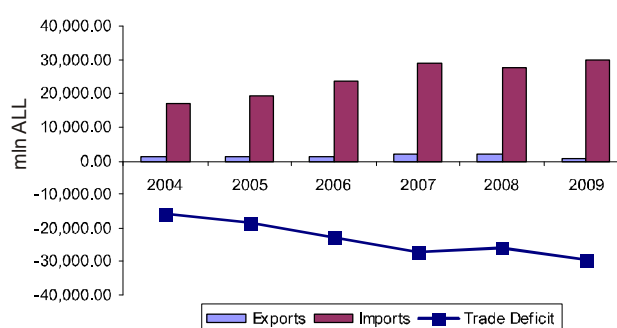
Exports to Turkey were valued at 566 mln ALL having experienced a decrease of 72.5% in 2009. The structure of exports to Turkey given in graph 5.44 shows a reduced share of exports of mineral products by 11.5 percentage points, of metal products by 17.6 percentage points and an increased share of other categories such as agricultural products by 16.8 percentage points, machinery and their parts by 8.5 percentage points and leather products by 2.6 percentage points. These shifts in shares are mostly related to the largest decreases in absolute value of exports of main categories (metals 90.5% decrease, minerals 79.2% decrease) than to reductions in export flows of the other categories, since almost all have experienced reductions in absolute value. A more detailed overview of most exported products to Turkey is given in Table 4.7 of Annex IV.

Imports from Turkey on the other hand reached 29,873 having increased by 7.3 percent,

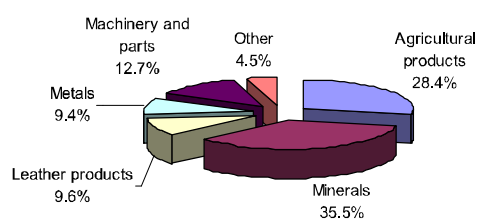
Graph 5.42: Structure of imports from Russia, 2009



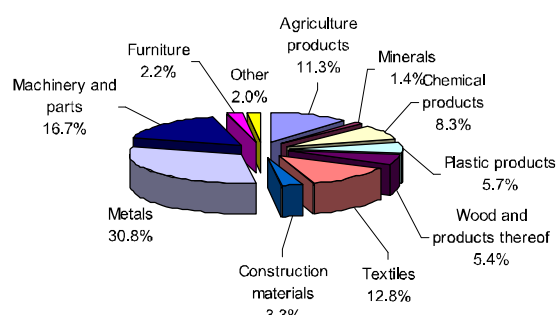
Graph 5.43: Trade with Turkey, 2009



Graph 5.44: Structure of exports to Turkey, 2009



Graph 5.45: Structure of imports from Turkey, 2009





accounting for 6.9% of total imports to Albania. They are represented by a large number of categories as shown in graph 5.45 and which are almost the same categories as last year. Metals account for 30.8% of total imports and an increase by 5.1 percentage points of share, machinery accounting for 16.7% of total imports and a decrease of 0.3 percentage points, textiles

accounting for 12.8% of total import exactly as last year, together with agricultural products whose share has decreased by 1.2 percentage point. These categories contribute for the largest share of imports from Turkey. Half of the top imported products listed in table 4.8 of Annex IV have experienced growth while half reduction of their absolute values.

VI Integration Processes and Trade-Related Institutional Developments

The economic and trade integration processes - multilateral, European and regional ones - were intensified during the year 2009. The most important event was the coming into force of the Stabilization and Association Agreement (SAA) between Albania and the EU, on April 1st, after the conclusion of the ratification process by the parliaments of the EU member states. Until that date Albania's economic and trade integration processes into the EU were promoted and regulated by the Interim Agreement. Trade liberalization and integration processes continued also under the frame of the CEFTA agreement with the countries of the region. Other agreements, including bilateral ones, have also played an important role. The multilateral dimension of trade and economic integration of the country is developed through fulfilling the obligations deriving from the WTO country's membership. The regional agreements also contribute to this dimension, particularly the SAA.

6.1 Developments under the WTO membership commitments

Beside the import tariffs liberalization according to the approved schedule since the date of membership into the WTO, the obligations and commitments toward the WTO play an important role in the country's institutional reformation and developments. Each year (including 2009) fiscal packages take into consideration the scheduled tariff liberalization. In addition, all the laws and regulatory framework approved each year should respect the obligations toward the WTO.

In this regard, some policy measures taken in the last years, not in compliance with the WTO principles and requirements, such as the negative discrimination of fuel importing companies against the national fuel producing one; the discrimination of domestic against foreign companies in the typography sector; and the imposition of import

taxes on used cars, were corrected by the end of 2009 - beginning of 2010.

The institutions responsible for fulfilling and abiding by the WTO principles and obligations are being paid a special attention on trade in services, intellectual property rights, and also the preparations for the country's accession into the WTO public procurement. Albania continues to give its contribution in the Doha Round negotiations, being positioned in the group of Recently Acceding Countries and still having the status of SVE (Small Vulnerable Economies). Albania was represented in the WTO Ministerial Conference in November 2009, re-expressing there the engagement to fulfill the WTO obligations.

The role of the WTO and the benefits of conforming to the WTO principles, requirements and obligations, are augmented in face of the current crisis and the ongoing rebound. The WTO has played an important role in avoiding protectionism during the crisis. In economic analyses of the world economic crisis and the post-crisis situation, protectionism was considered as a factor little apparent in the abrupt contraction in goods and services trade during 2008-09¹². The WTO estimates that 'less than 1 percent of global trade has been subjected to new protectionism measures since the crisis began'¹³. Only several countries have raised tariffs on some narrow product categories, and only a few ones have imposed rather widespread increases of tariffs. Many developing countries have not used even the 'empty room' provided by WTO tariff ceilings, being conscious about the resulting costs.

Despite factors like extensive global supply networks and foreign direct investments and the awareness by leaders of Group of 20, by IMF, economists and policymakers, WTO played an important role through an extensive monitoring process. Furthermore, given that about 99 percent of import tariffs are specified *ad valorem* terms, tariff payments result

¹² Christian Henn and Brad McDonald: "Avoiding Protectionism", Finance and Development, March 2010

¹³ WTO, 2009, "Overview of Development in the International Trading Environment" (Geneva, November)

positively related with import prices, reducing thus the negative influence of the tariff.

Nonetheless, the pressure and risk of protectionism is still present, and may even increase during 2010 due to the high level of unemployment in advanced economies. So the regulatory role of the IMF becomes of paramount importance, beside its role in improving market access-an important component of the Doha Round of negotiations. The General Director of the WTO declares that if the launching of Doha Development Round had a geopolitical sense, today it is economically imperative to conclude it.¹⁴

6.2 Developments under the Interim Agreement with the EU

The Stabilization and Association Agreement (SAA) signed by European Community (EC) and Albania in June 2006 was ratified by all member states of the community and entered into force in April 2009.

The Interim Agreement, which is the part of the SAA covering trade relations between Albania and European community entered into force on December 2006. The agreement foresees the creation of an almost free trade area between Albania and EC countries. The full tariff liberalization from the Albanian part will be completed by end of 2011, while European community has fully liberalized almost all tariff lines with the entry into force of the agreement in December 2006 with exception of some agriculture products which are under protective measures.

The tariff liberalization from the Albanian part in line with the Interim Agreement will be accomplished fully in year 2011. The weighted average tariff for imports from EU by tariff lines will become 0.9% by then and reached the average import tariff 1.3% in 2009. Nevertheless, the most drastic tariff reduction took place with the entry into force of the Interim Agreement in 2006 when all industrial products tariffs and the agricultural products part of the liberalization scheme, were reduced to 0, apart from a series of mainly agricultural products but also some industrial products that were considered sensitive. For this group of products a scheduled reduction is been

carried out till 2010. This year, the import tariff of industrial products originated in the European Union, that fall under the scheduled reduction was reduced to 20% of the basic duty, while the tariff for agricultural goods to 40% of the basic duty.

The following tables show the liberalization schedule for Albanian originating products exported to EC and the liberalization schedule for EC-originating products imported to Albania

Albania schedule of tariff liberalization is compounded of the following items:

- a. Industrial products – most of the tariff lines are at duty free rates, while some protection through scaled reduction in tariffs is included in the agreement for items as consumable salt, cement, some fuels category, tiles, used tires, construction steel and wooden furniture. For these items (included in Annex 1 of the agreement) in 2008 a 40% reduction of the MFN rate has taken place.
- b. Agriculture products – the set of sensitive agriculture products that are offered some protection through a gradual tariff reduction or a combination with quotas and tariff protection, under the assumption that increase competitiveness of the sector in through time would help domestic production to cope with the competitive pressure coming from European agriculture production.

Compliance with the technical standards remains one of the largest factors impeding the expansion of trade with the EU, which has always been the largest partner of Albania. Reaching these standards would help in the growth of trade volumes and deepen trade relations by joining more sophisticated value chains.

For Albanian-originating products exported to the EC:

- (i) ***Industrial products: all duty free upon entering into force of the Agreement (01.12.2006)***
- (ii) ***Agricultural products: tariff liberalization according to the table 6.1:***

¹⁴ P. Lamy speech to the European Policy Centre in Brussels, 24 february 2010.

Table 6.1: Tariff liberalization of agriculture products exported to the EU

CN code	Reference	Description	Status in the IA
0102, 0201 and 0202	Paragraph 1 of Article 27 of IA	Baby-beef and bovine meat	MFN treatment
07 and 08	Paragraph 1 of Article 27 of IA	Vegetables and fruits	Only ad valorem duty is waived, while specific duty remains in force
1701 and 1702	Paragraph 1 of Article 27 of IA	Sugar	Tariff quota of 1,000 tons
220410 and 220421	Annex I of Protocol 3 of IA, p	Wine sector: Quality sparkling wine and Wine of fresh grapes	Exempted from duty within the quantity of 5,000 hl
220429	Annex I of Protocol 3 of IA, p	Wine sector: Wine of fresh grapes	Exempted from duty within the quantity of 2,000 hl
CN codes of trout, carp, sea bream and sea bass from chapter 03 16041311 16041319 16042050 160416 16042040	Annex III of IA, p	Fishery: trout, carp, sea bream, sea bass, sardines, anchovies	Duty free within 50 tons quota for trout Duty free within 20 tons quota for carp Duty free within 20 t quota for sea bream Duty free within 20 t quota for sea bass (reduction scale over quota for the above) 6% of MFN for 100 tons of quota for sardines (MFN over quota) Duty free 1,000 tons of quota for anchovies with increasing quota next year up to 1,600 tons
All agricultural products not mentioned above			Duty free

Table 6.2: Tariff liberalization of agriculture products exported to the Albania

CN code	Reference	Description	Status in the IA
CN codes of agriculture chapters	Annex II (a) of IA	701 tariff lines of primary agriculture products not considered sensitive for Albania	Duty free
CN codes of agriculture chapters	Annex II (b) of IA	495 tariff lines of primary agriculture products considered as semi-sensitive for Albania	Scaled reduction
10019091 10019099	Annex II (c) of IA	Common wheat and meslin seed Spelt, common wheat and meslin (excl. seed)	Duty free within tariff quota of 20,000 tons
CN codes of chapters 05, 13, 14, 15, 17, 19, 21, 29, 33, 35 and 38	Annex II (a) of Protocol 2 of IA	148 tariff lines of processed agricultural products not considered sensitive for Albania	Duty free
CN codes of chapter 22	Annex II (b) of Protocol 2 of IA	Alcoholic spirits	Duty free
CN codes of chapters 07, 18, 19, 20, 21, 22, 23 and 24	Annex III (c) of Protocol 2 of IA	103 tariff lines including vegetables, chocolates/cacao, flour products, prepared vegetables/fruits, sauces, waters, beer and tobacco	Scaled reduction in five years
CN codes of chapter 04 and 21	Annex II (d) of Protocol 2 of IA	Milk and butter, ketchup	MFN treatment
220410 220421	Annex I of Protocol 3 of IA	Quality sparkling wine and Wine of fresh grapes	Duty free within quota of 10,000 hl

For EC-originating products exported to Albania:

1. industrial products: all duty free, except some products such as salt, Portland cement, some fuel categories, some cosmetics and detergents, some plastics, some footwear, fuels, tiles, used tires, construction steel, wooden furniture, which will be reduced through a reduction scale in the lifespan of 5 years.¹⁵
2. agriculture products: tariff liberalization according to the table 6.2:

6.3 Developments under CEFTA Agreement

Since 2001 the countries of the region negotiated and ratified a network of 32 bilateral FTAs, under the guidance of the Stability Pact. The idea and the first efforts to convert them into a single FTA dated immediately after the first bilateral FTAs entered into force and started to bear fruits. This however was feasible only after the new political conditions were created. The process was completed late in 2007.

Indeed, an Enlarged and Amended Central European Free Trade Agreement (CEFTA 2006), establishing a free trade area among the participant parties, was signed on 19.12.2006 in Bucharest, but entered into force for all parties, on 21.11.2007. The main objectives of this comprehensive Agreement are, the expansion of trade in goods and services and foster investment by means of fair, stable and predictable rules; eliminate barriers to trade between the Parties; provide appropriate protection of intellectual property rights in accordance with international standards; and harmonize provisions on modern trade policy issues, such as competition rules and state aid. It also provides for clear and effective procedures for dispute settlement as well as gradual establishment of the EU-Western Balkan countries zone of diagonal cumulation of origin.

The Agreement fully conforms to the WTO rules and procedures and EU regulations. Effectively implemented, the Agreement provides an excellent framework for the Parties to prepare for EU accession, in accordance with the Thessaloniki Agenda and Declaration of June 2003.

CEFTA STRUCTURE INCLUDES

Joint Committee: This is the governing body (Article 40 of the Agreement), composed of representatives of each party to the Agreement. Its main function is to supervise and administer the implementation of the Agreement. The Joint Committee meets regularly, at least once a year and make decisions by consensus. The Joint Committee is chaired by one of the parties and this function revolves on an annual basis. The Chair in Office for 2009 was Montenegro which will be followed by Serbia in 2009.

Sub-committees: These are established by the Joint Committee (in accordance with Article 41.5 to the Agreement) to support the implementation of the agreement. To this date three Subcommittees have been established: on Agriculture including Sanitary and Phyto-sanitary Issues, on Customs and Rules of Origin and on Technical Barriers to Trade and Non-Tariff Barriers.

CEFTA Secretariat is a professional body established according to Article 40.2 of CEFTA. The Secretariat became operational with the recruitment of the Director and its staff in September 2008, which followed the signing of a headquarters agreement with the Belgian authorities and the finalization of financing agreements/contracts with the CEFTA Parties, the European Commission and other donors. The Secretariat supports the rotating chairmanship in implementing the agreement. For the first three years, it will be hosted by the EFTA Secretariat in Brussels. CEFTA Parties will decide about its future location under the Montenegro chairmanship CEFTA underwent clear strategic priorities as underlined in the Article 1, Annex 1 of the Agreement on Amendment of and Accession to the Central European Free Trade Agreement, which include:

- a) further liberalization in the agricultural sector;
- b) launching of negotiations for conclusion of agreements on harmonization and mutual recognition of sanitary and phyto-sanitary measures;
- c) launching of negotiation with the view to concluding plurilateral agreements on harmonization of technical regulations and

¹⁵ 80% of MFN duty upon entry into force, 60% of MFN duty in the first year, 40% of MFN duty in the second year, 20% in the third year, 10% in the fourth year, duty free in the fifth year

standards and mutual recognition of conformity assessment procedures;

- d) application of the diagonal cumulation of origin in the CEFTA region;
- e) alignment of methodologies in trade statistics in order to improve data quality, thus facilitating communication and cooperation among the Parties.

The program formulation was followed by meetings covering priority topics of the 2009 Montenegro Chairmanship program.

The first formal meeting focusing on Agricultural Trade, under the Montenegro Chairmanship, was held on May 7th 2009. In line with the provisions of the Article 10 Para 3 of the Annex 1 to the Agreement on Amendment of and Accession to the Central European Free Trade Agreement (CEFTA 2006) by 1 of May 2009 Parties explored the possibilities of granting each other further concessions in agricultural trade. After two rounds of bilateral consultations/ negotiations held in the period January-April 2009 considerable further liberalisation of agricultural trade was agreed between the Parties. Future activities of all CEFTA Parties were targeting the objective to apply new concessions as of 1 January 2010.

Another important event was the third CEFTA Joint Committee Meeting under the Chairmanship of Montenegro, supported by the Ministry of Economy held on 29 October in Podgorica. The main items on the Agenda was the implementation of the CEFTA with special emphasis on the implementation of the Chairmanship Program in 2009, functioning of the CEFTA Structures, open issues and announcement of the Serbian Chairmanship Program for 2010. It is envisaged that the initialing of the Additional Protocol and Annex 3 on agriculture products liberalization, was to be followed by the signing of these documents. This signing represents the final step towards accomplishing of one of the most important priorities set by the Montenegrin Chairmanship.

The “CEFTA Week”, a series of promotional events, workshops and seminars supported by, among others, OECD, World Bank, European Commission and EBRD was another important

activity especially for the visibility and popularity of this important regional FTA to different players and other non decision makers, held on October 27th and 28th.

The Workshop on Implementation and Potential Effects of SAP+ Cumulation took place in Beëiæi, Montenegro during 6-8th of October. The Workshop was organized by the Centre for European Perspective (CEP) in cooperation with CEFTA Presidency - Montenegro and CEFTA Secretariat. The workshop was attended by 24 legal and customs experts from EU, EFTA and Western Balkans as well as decision-makers from ministries from Western Balkan countries, responsible for foreign economic relations. At the Workshop different systems of cumulation of origin were compared and their implications were presented with practical examples. The Workshop focused on steps for operationalisation of SAP cumulation and possible technical solutions for the introduction of SAP+ cumulation (i.e. the inclusion of the Western Balkan countries in the Pan-European cumulation system between EU, EFTA and Turkey). Parties representatives agreed that CEFTA will cooperate with Regional Cooperation Council (RCC) in order to implement the SAP+ cumulation as soon as possible. The process will be strongly supported by the Republic of Slovenia and Centre for European Perspective (CEP).

On 4 December 2009 a CEFTA Prime Ministers Summit was held in Montenegro. A special accent was given to regional cooperation strategies to overcome the economic crisis. CEFTA 2006 continued the tradition of holding periodically a meeting of Prime Ministers from the Parties to highlight a particular achievement or commitment and to reiterate the Parties' dedication to ensuring the full implementation of the Agreement in line with their EU and WTO obligations. Under this engagement the Summit of the Prime Ministers of CEFTA was held also to review progress and implementation of the regional agreement.

6.4 Main legal acts related to trade

During 2009, a significant number of laws have been enacted and other legal acts influencing trade, international economic relations, business and investment climate as well as domestic market.

***Laws and legal acts affecting trade directly.***

The focal point of the 2009 legal framework was that almost half of laws and acts enacted are laws and directives that affect directly custom duty, custom code and tax system.

A significant number of laws and decisions enacted had an impact on taxation matters with the aim to create regulation and procedures for the administration of tax obligations as well as to bring together and establish up to date standards that guarantee fair competition as well as equal and neutral treatment

Changes to the custom duties are announced in:

- Law no.1098, date 11.03.2009 as regards a change to the law no 9981 date 08.09.2008 « On the approval of custom tariffs' levels » changed
- CMD no.307, date 25.03.2009 and CMD no.873, date 12.8.2009 -For some additions and changes in CMD no.205, date 13.4.99 « For the approval of implementing provision of the custom code in the Republic of Albania » changed
- Law no.1263, date 23.12.2009 "For the approval and official publication of the harmonized commodity nomenclature, 2010

Some new changes and approvals occurred to the tax system:

- Directive of MF no.37, date 1.9.2009 For some additions and changes in directive no. 24 dt 2.9.2008 "For tax procedures in the Republic of Albania"
- Law no.10148, date 28.9.2009 and Law no.10209, date 23.12.2009 - For an addition in Law no. 9920 dt 19.5. 2008 "For the tax procedures in the Republic of Albania"

Changes and additions about local and national taxes

About national taxes:

- Law no.10145, date 28.09.2009 and law no.10131, date 11.05.2009 and law no.10065, date 20.01.2009- For some changes in Law no 9975, 28.7.2008 "on national taxes"

About local taxes:

- Law no. 10117, date 23.4.2009 and Law no.10073, date 9.2.2009- On some changes and additions in the Law no. 9632, date 30.10.2006 "For the local taxes system" changed

Different taxes, such as the income tax and the value added tax (VAT), have been subject to change as reflected in the laws and decisions below:

- Law no. 10072 date 9.2.2009 -For some changes and additions in the law nr 8438 dt 28.12.98 ""On income tax" changed
- Law no.10068 date 2.2.2009 and Law no. 10144 date 28.9.2009 -For an addition and change in the law no 7928, date 27.4.95 "On value added tax" changed.
- Directive of MF no.30, date 12.5.2009 and no.44 date 17.11.2009- For some additions and changes in the directive no.17 dt 13.5.2008 "On value added tax" changed.

Laws about excises:

- Law no. 10067 date 2.2.2009 and Law no 10147 date 28.9.2009 For a change in Law no. 8976 dt 12.12.2002 "For excises" changed
- Directive of MF no.22 date 2.3.2009 and no 31 date 26.5.2009 -For a change in the directive no.7 date 16.6.2003 "For excises" changed

Laws and directives about social security contribution:

- Law no.10070, date 5.2.2009 -For some changes in law nr 7703 dt 11.5.1993: for Social security in the Republic of Albania" changed
- Directive of MF no.26, date 16.4.2009 -On the accumulation of obligatory social and health security contributions

Laws and other legal acts affecting international economic relations

Several laws and legal acts concern the ratification of agreements between Albania and other countries or the compliance of Albania in international conventions with the intention of providing

facilitating conditions or implementing correct procedures for trade development.

Such laws include ratification of the agreement between the Council of Ministers (CM) of the Republic of Albania and the government of Montenegro on scientific and technological collaboration (CMD no.40 date 14.1.2009) and approving in principle the agreement between the CM of the Republic of Albania and the government of Croatia, as regards the agreement changes on economic relations between the CM of the Republic of Albania and the Croatian government (CMD no.81 date 27.1.2009)

Some laws are enacted in order to facilitate international trade:

- So, the Law no.10070 date 16.2.2009 "For the adhesion of the Republic of Albania in the convention for temporary permission, held in Stamboll on July 26, 1990"
- Law no.10092 date 9.3.2009 "For the adhesion of the Republic of Albania in the United Nations Convention "For the contracts on international selling of goods"
- Law no.10199 date 17.12.2009 "For the ratification of "the additional Protocol 2" on defining the concept of "originated products" and economic cooperation methods", which replaces the protocol of the same number of the free trade agreement between Republic of Albania and the Republic of Turkey".

Another area remains the Laws that influence the business climate with scope to improving and offering facilitating conditions on the taxes and tariffs subject, or laws of non-tariff nature to regulate the market process

- *CMD no.63 date 21.1.2009* Regarding contracts outside trade centers
- *CMD no. 65 date 21.1.2009* Regarding in distance contracts
- *CMD no.66 date 21.1.2009* Regarding the contracts of travel packages
- *Law no. 10128 date* On electronical trade
- *Directive of MF & MPATT no.3058/3 date 2.4.2009* On defining service tariffs of the port authority in Durres.

- *Law no.10081 date 23.2.2009* For licenses, authorizations and permissions in the Republic of Albania.

During 2009, another aspect is the issue of decision supporting the law "For concessions" for the creation of industrial parks in main districts of the country such as CMD no 628, date 11.06.2009 "For declaring an "Economic zone" in Vlora.

An important sphere remains the consumers' protection and safety:

CMD no 789, date 22.7.2009 "On notifications in implementing of the agreements for trade technical barriers as well as sanitary and phytosanitary measures of WTO.



Annex 1

Most exported and imported products with the EU and regional countries

Table A 1.1 Ten most exported products to the EU-27, 2009 (mln ALL)

HS Code	Description	2004	2005	2006	2007	2008	2009	Share to total of EU	Growth %, 2009-2008
640610	Uppers and parts thereof, other than stiffeners	13,278.20	12,356.86	10,807.41	10,175.43	8,339.43	7,703.41	9.4%	-223.8%
270900	Petroleum oils and oils obtained from bituminous minerals, crude		987.82	1,753.88	4,196.13	5,943.87	7,020.48	8.6%	-52.5%
620342	Mens/boys trousers and shorts, of cotton, not knitted	5,465.44	4,988.75	5,832.25	6,764.13	6,478.63	4,986.11	6.1%	-126.5%
830140	Locks of base metal, nes	913.50	1,733.80	2,350.09	3,526.70	3,905.67	3,715.78	4.6%	-193.6%
640590	Footwear, nes	3.88	341.39	1,151.20	1,847.31	2,336.88	3,535.09	4.3%	-91.6%
620520	Mens/boys shirts, of cotton, not knitted	2,160.08	2,572.53	2,833.25	3,197.94	3,467.05	3,477.45	4.3%	1321.3%
640510	Footwear with uppers of leather or composition leather, nes	486.49	1,489.45	2,006.93	2,113.07	2,170.58	2,546.58	3.1%	-82.0%
610910	T-shirts, singlets and other vests, of cotton, knitted	1,654.84	1,654.90	1,600.19	1,697.53	2,308.23	2,463.01	3.0%	-55.0%
160416	Anchovies, prepared or preserved, whole or in pieces, but not minced	1,634.94	1,607.75	1,920.96	1,874.86	1,738.62	2,128.08	2.6%	-88.4%
610821	Womens/girls briefs and panties, of cotton, knitted	1,052.59	905.49	889.77	1,819.01	1,660.83	2,058.09	2.5%	-89.5%
TOP TEN EXPORTS TO EU							39,634.07	48.6%	
TOTAL EXPORTS TO EU							81,609.62		

Table A 1.2 Ten most imported products from the EU, 2009 (in mln ALL)

Hs Code	Description	2004	2005	2006	2007	2008	2009	Share to total of EU	Growth %, 2009-2008
271019	Light petroleum distillates nes	5,024.00	6,121.24	10,919.26	12,079.68	17,226.96	14,606.00	5.0%	-15.2%
240220	Cigarettes containing tobacco	3,862.21	3,700.94	2,978.42	3,285.56	6,012.71	7,636.14	2.6%	27.0%
300490	Medicaments nes, in dosage	2,276.20	2,683.93	3,384.09	5,098.86	5,579.59	6,185.29	2.1%	10.9%
870332	Automobiles with diesel engine displacing more than 1500 cc to 2500 cc	5,717.37	3,724.05	3,988.18	5,784.82	5,729.78	5,681.60	2.0%	-0.8%
721420	Bars & rods, i/nas, hr, hd or he, cntg indent, ribs, etc, prod dur rp/tar, nes	891.05	1,059.49	1,749.92	2,206.32	2,979.88	5,429.44	1.9%	82.2%
252329	Portland cement nes	3,519.10	4,699.62	3,508.70	2,766.54	3,440.46	5,421.13	1.9%	57.6%
271011	Aviation spirit	1,483.66	2,422.97	3,445.14	4,205.76	4,615.98	4,545.18	1.6%	-1.5%
410719		2,745.09	2,051.24	2,962.71	5,493.82	4,550.48	4,436.59	1.5%	-2.5%
830160	Lock parts, includg parts of clasps o frames w clasps, of base metal, nes	1,233.32	1,565.88	2,035.63	3,412.83	3,752.46	3,531.73	1.2%	-5.9%
252390	Hydraulic cements nes	48.51	64.26	1,406.14	2,350.39	2,669.01	3,386.79	1.2%	26.9%
TOP TEN IMPORTS FROM EU							60,859.89	20.9%	
TOTAL IMPORTS FROM EU							291,130.48		



Annex 2

Table A 2.1 Top ten exported products to the region, in mln ALL

Hs Code	Description	2004	2005	2006	2007	2008	2009	Share to total, in %	Change Rate 09-08
721420	Bars & rods, i/nas, hr, hd or he, cntg indent, ribs, etc, prod dur rp/tar, nes	966.35	744.36	1,128.77	2,633.98	6,210.04	3,863.21	30.3%	-37.8%
252329	Portland cement nes	36.89	87.37	77.43	401.83	1,402.99	1,566.47	12.3%	11.7%
271600	Electrical energy						1,194.02	9.4%	
260111	Iron ores&concentrates, oth than roasted iron pyrites, non-agglomerated	30.49	307.34	420.55	682.20	585.42	648.40	5.1%	10.8%
271320	Petroleum bitumen	483.10	617.22	1,034.38	1,102.89	1,862.11	546.03	4.3%	-70.7%
271112	Propane, liquefied	9.54	3.25	139.27	317.95	134.30	306.31	2.4%	128.1%
760410	Bars, rods and profiles, aluminium, not alloyed	18.35	52.91	139.42	300.07	351.71	298.33	2.3%	-15.2%
271113	Butanes, liquefied	31.98	4.97	20.68	61.19	132.71	237.25	1.9%	78.8%
847330	Parts&accessories of automatic data processg machines&units thereof	136.36	162.42	199.37	358.38	271.10	224.34	1.8%	-17.2%
940350	Bedroom furniture, wooden, nes	132.83	156.65	200.19	288.65	262.66	215.32	1.7%	-18.0%
	Top ten exported to the region						9,099.68	71.3%	
	Total exports to the region						12,769.38		

Table A 2.2 Top ten imported products from the region, in mln ALL

Hs Code	Description	2005	2006	2007	2008	2009	Share to total, in %	Change Rate 09-08
271600	Electrical energy	215.32			5,430.28	13,625.65	4,915.87	14.8%
720449	Ferrous waste and scrap, iron or steel, nes	3.31	480.43	587.95	3,280.64	2,441.72	2,606.62	7.8%
721420	Bars & rods, i/nas, hr, hd or he, cntg indent, ribs, etc, prod dur rp/tar, nes	17.39	104.23	671.63	1,251.47	1,721.94	1,264.63	3.8%
100590	Maize (corn) nes	63.41	121.97	589.37	811.96	1,013.12	1,056.01	3.2%
100190	Wheat nes and meslin	906.13	35.84	137.01	216.77	209.40	833.37	2.5%
300490	Medicaments nes, in dosage	111.73	226.47	420.21	744.38	678.11	787.13	2.4%
440710	Lumber, coniferous (softwood) 6 mm and thicker	293.72	496.60	740.08	804.42	622.12	626.86	1.9%
110100	Wheat or meslin flour	20.72	44.02	44.04	353.49	458.32	622.40	1.9%
440710	Lumber, coniferous (softwood) 6 mm and thicker	293.72	496.60	740.08	804.42	622.12	598.47	1.8%
271019	Light petroleum distillates nes	227.81	19.42	154.04	730.62	976.67	531.24	1.6%
	Top ten imported from the region						13,842.60	41.6%
	Total imports from the region						33,250.81	

Annex 3

Table A 3.1 Top ten exported products to Italy, in mln ALL

HS Code	Description	2004	2005	2006	2007	2008	2009	Share to total, in %	Growth %, 2009-2008
640610	Uppers and parts thereof, other than stiffeners	13,268.24	12,341.31	10,800.81	10,161.13	8,219.03	7,663.96	11.8%	-6.8%
270900	Petroleum oils and oils obtained from bituminous minerals, crude		987.82	1,753.88	4,196.13	5,117.50	6,322.35	9.8%	23.5%
620342	Mens/boys trousers and shorts, of cotton, not knitted	4,590.45	4,210.36	4,889.97	6,158.76	5,698.94	4,336.47	6.7%	-23.9%
830140	Locks of base metal, nes	913.11	1,733.80	2,349.76	3,526.62	3,904.98	3,715.43	5.7%	-4.9%
640590	Footwear, nes	2.84	341.39	1,151.20	1,845.05	2,325.39	3,432.22	5.3%	47.6%
620520	Mens/boys shirts, of cotton, not knitted	2,107.47	2,416.41	2,666.54	3,049.64	3,356.22	3,387.38	5.2%	0.9%
640510	Footwear with uppers of leather or composition leather, nes	486.49	1,489.45	2,006.93	2,113.07	2,170.58	2,345.25	3.6%	8.0%
610910	T-shirts, singlets and other vests, of cotton, knitted	1,067.86	1,235.56	1,525.05	1,685.09	2,229.72	2,241.13	3.5%	0.5%
160416	Anchovies, prepared or preserved, whole or in pieces, but not minced	1,550.62	1,548.24	1,875.81	1,791.35	1,666.09	1,991.97	3.1%	19.6%
610821	Womens/girls briefs and panties, of cotton, knitted	913.65	830.58	882.28	1,668.74	1,634.58	1,937.48	3.0%	18.5%
	Top ten exported to Italy						37,373.65	57.7%	
	Total Exports to Italy						64,753.80		

Table A 3.2 Top ten imported products from Italy, in mln ALL

HS Code	Description	2004	2005	2006	2007	2008	2009	Share to total, in %	Growth %, 2009-2008
410719	Leather, other	2,745.09	2,050.69	2,962.71	5,493.82	4,547.18	4,224.49	3.5%	-7.1%
830160	Lock parts, includg parts of clasps o frames w clasps, of base metal, nes	1,231.85	1,565.82	2,034.43	3,411.25	3,744.05	3,525.48	2.9%	-5.8%
252390	Hydraulic cements nes	19.66	5.41	1,212.58	1,837.82	1,713.90	2,137.29	1.8%	24.7%
870332	Automobiles with diesel engine displacing more than 1500 cc to 2500 cc	1,979.26	1,218.91	1,418.23	2,269.01	1,833.75	1,708.89	1.4%	-6.8%
252329	Portland cement nes	2,017.51	2,701.57	1,714.66	714.47	1,326.20	1,706.98	1.4%	28.7%
640610	Uppers and parts thereof, other than stiffeners	4,215.24	3,347.02	3,240.67	2,277.13	2,004.95	1,418.06	1.2%	-29.3%
220300	Beer made from malt	217.65	106.09	225.82	510.27	809.47	1,383.00	1.1%	70.9%
620342	Mens/boys trousers and shorts, of cotton, not knitted	1,863.79	1,638.58	1,668.49	1,911.42	2,033.32	1,354.05	1.1%	-33.4%
610910	T-shirts, singlets and other vests, of cotton, knitted	928.36	992.55	1,340.85	1,627.03	1,581.58	1,318.56	1.1%	-16.6%
850300	Parts of electric motors, generators, generating sets & rotary converters	180.31	279.84	355.23	523.89	1,238.21	1,267.30	1.1%	2.3%
	Top ten imported from Italy						20,044.09	16.7%	
	Total Imports from Italy						120,285.69		



Table A3.3 Top ten exported products to Greece, in mln ALL

HS Code	Description	2004	2005	2006	2007	2008	2009	Share to total, in %	Growth %, 2009-2008
271600	Electrical energy					354.36	670.34	8.9%	89.2%
610620	Womens/girls blouses and shirts, of man-made fibres, knitted	95.66	18.91	116.90	151.74	129.90	507.16	6.8%	290.4%
620341	Mens/boys trousers and shorts, of wool or fine animal hair, not knitted	26.64	5.05				421.24	5.6%	#DIV/0!
392330	Carboys, bottles, flasks and similar articles of plastics	8.83	20.14	56.53	88.43	229.80	385.49	5.1%	67.8%
720449	Ferrous waste and scrap, iron or steel, nes	127.82	159.20	859.22	564.94	822.23	245.74	3.3%	-70.1%
030269	Fish nes, fresh or chilled excl heading No 03.04, livers and roes	12.48	9.43	31.26	93.23	105.85	219.52	2.9%	107.4%
610910	T-shirts, singlets and other vests, of cotton, knitted	586.98	406.53	49.70	3.40	75.53	216.31	2.9%	186.4%
240120	Tobacco, unmanufactured, partly or wholly stemmed or stripped	154.36	320.24	179.00	591.31	205.90	215.29	2.9%	4.6%
610610	Womens/girls blouses and shirts, of cotton, knitted	647.58	874.57	1,074.39	1,004.43	911.10	209.31	2.8%	-77.0%
200570	Olives prepar'd or preserv'd, oth than by vinegar or acetic acid, not frozen	29.76	51.86	119.88	158.23	181.51	184.76	2.5%	1.8%
	Top ten exported to Greece						3,275.17	43.6%	
	Total exports to Greece						7,507.46		

Table A 3.4 Top ten imported products from Greece, in mln ALL

HS Code	Description	2004	2005	2006	2007	2008	2009	Share to total, in %	Growth %, 2009-2008
271019	Light petroleum distillates nes	4,644.36	4,331.67	7,059.27	11,238.99	16,426.70	13,088.65	18.4%	-20.3%
721420	Bars & rods, i/nas, hr, hd or he, cntg indent, ribs, etc, prod dur rp/tar, nes	868.66	765.91	1,464.06	1,361.20	1,562.72	4,701.29	6.6%	200.8%
271011	Aviation spirit	1,437.56	2,195.05	2,853.59	3,698.30	4,301.64	4,394.73	6.2%	2.2%
252329	Portland cement nes	1,336.77	1,865.39	1,619.79	2,014.42	2,072.83	3,634.00	5.1%	75.3%
240220	Cigarettes containing tobacco	2,009.32	1,771.89	1,505.48	1,128.16	1,863.02	2,272.14	3.2%	22.0%
271320	Petroleum bitumen	0.36	0.02	0.39	153.36	159.16	1,399.47	2.0%	779.3%
220300	Beer made from malt	975.22	834.48	986.45	1,271.80	1,229.84	1,331.46	1.9%	8.3%
252390	Hydraulic cements nes	28.71	57.09	193.54	511.07	944.78	1,226.81	1.7%	29.9%
080510	Oranges, fresh or dried	386.74	420.99	659.19	528.39	458.79	939.49	1.3%	104.8%
760410	Bars, rods and profiles, aluminium, not alloyed	485.25	528.95	624.45	648.06	684.50	593.60	0.8%	-13.3%
	Top ten imported from Greece						33,581.63	47.1%	
	Total imports from Greece						71,242.83		

Table A 3.5 Top ten exported products to Germany, in mln ALL

HS Code	Description	2004	2005	2006	2007	2008	2009	Share to total, in %	Growth %, 2009-2008
620690	Womens/girls blouses and shirts, of other textile materials, not knitted	849.66	643.49	512.44	446.76	404.25	665.34	18.9%	64.6%
620342	Mens/boys trousers and shorts, of cotton, not knitted	28.04	36.63	89.10	110.58	177.81	515.73	14.6%	190.0%
640351	Footwear, outer soles and uppers of leather, covering the ankle, nes					156.16	443.30	12.6%	183.9%
121190	Plants &pts of plants(incl sed&fruit) used in pharm,perf, insect etc nes	483.68	533.17	686.78	837.30	754.32	399.76	11.3%	-47.0%
621142	Womens/girls garments nes, of cotton, not knitted					149.52	188.39	5.3%	26.0%
620429	Womens/girls ensembles, of other textile materials, not knitted			0.46	8.64		160.78	4.6%	
640320	Footwear, outer sole/uppr of leather, strap across the instep/arnd big toe					31.50	137.40	3.9%	336.1%
121490	Swedes, mangold, fodder root, hay, clover, sainfoin, forag kale, etc	1.35	3.43	3.25	15.39	46.42	116.78	3.3%	151.6%
620329	Mens/boys ensembles, of other textile materials, not knitted	13.26	269.57	123.80	39.78	177.63	80.21	2.3%	-54.8%
740400	Waste and scrap, copper or copper alloy		16.55	266.04	39.39	0.82	72.89	2.1%	8801.0%
	Top ten exported to Germany						2,780.59	78.9%	
	Total exports to Germany						3,015.97		

Table A3.6 Top ten imported products from Germany, in mln ALL

HS Code	Description	2004	2005	2006	2007	2008	2009	Share to total, in %	Growth %, 2009-2008
870332	Automobiles with diesel engine displacing more than 1500 cc to 2500 cc	3,063.53	1,940.14	1,878.66	2,470.40	2,400.51	2,814.20	12.3%	17.2%
870333	Automobiles with diesel engine displacing more than 2500 cc	490.97	576.80	974.85	1,754.32	1,721.85	1,731.44	7.6%	0.6%
240220	Cigarettes containing tobacco	129.67	53.21	96.03	978.33	2,316.72	1,659.42	7.3%	-28.4%
300490	Medicaments nes, in dosage	314.17	433.51	633.53	913.93	856.12	1,015.61	4.4%	18.6%
870421	Diesel powered trucks with a GVW not exceeding five tonnes	792.74	806.22	781.83	674.35	688.42	761.76	3.3%	10.7%
870120	Road tractors for semi-trailers (truck tractors)	43.08	101.45	65.61	196.81	262.17	485.30	2.1%	85.1%
870322	Automobiles w reciprocating piston engine displacing > 1000 cc to 1500 cc	168.30	208.33	157.44	211.35	237.32	394.61	1.7%	66.3%
870422	Diesel powered trucks w a GVW exc five tonnes but not exc twenty tonnes	205.46	264.37	173.20	211.84	322.38	383.37	1.7%	18.9%
870530	Fire fighting vehicles		0.68	0.74	34.64		373.34	1.6%	#DIV/0!
870324	Automobiles with reciprocating piston engine displacing > 3000 cc	123.51	222.00	246.03	351.74	297.65	354.21	1.6%	19.0%
	Top ten imported from Germany						9,973.27	43.7%	
	Total imports from Germany						22,840.85		



Table A 3.7 Top ten exported products to Croatia, in mln ALL

HS Code	Description	2004	2005	2006	2007	2008	2009	Share to total, in %	Growth %, 2009-2008
640510	Footwear with uppers of leather or composition leather, nes				32.75	75.01	42.16	35.9%	-43.8%
121190	Plants & pts of plants(incl sed&fruit) usd in pharm,perf,insect etc nes	10.63	10.24	24.88	25.43	43.79	22.21	18.9%	-49.3%
160416	Anchovies, prepared or preserved, whole or in pieces, but not minced			137.15		13.80	8.72	7.4%	-36.8%
080711	Watermelons			1.45	0.69	4.26	6.23	5.3%	46.1%
854370	Electrical machines and apparatus, having individual functions, not specified or included elsewhere in this Chapter:						6.04	5.1%	
121490	Swedes,mangold,fodder root,hay,cllover,sainfoin,forag kale,etc						5.48	4.7%	
160420	Fish prepared or preserved, except whole or in pieces					19.01	3.93	3.3%	-79.3%
160419	Fish nes, prepared or preserved, whole or in pieces, but not minced			0.66			3.69	3.1%	
080719	Other melons				0.05	0.55	2.92	2.5%	428.4%
392310	Boxes, cases, crates & similar articles of plastic			0.50	0.49	0.79	2.01	1.7%	152.2%
	Top ten exported to Croatia						103.39	88.1%	
	Total exported to Croatia						117.35		

Table A 3.8 Top ten imported products from Croatia, in mln ALL

HS Code	Description	2004	2005	2006	2007	2008	2009	Share to total, in %	Growth %, 2009-2008
100190	Wheat nes and meslin	495.25	18.78		12.59	124.02	768.91	16.5%	520.0%
030563	Anchovies, salted and in brine, but not dried or smoked	5.67	11.04	85.93	72.84	130.36	346.66	7.4%	165.9%
340220	Surface-active prep, washing & cleaning prep put up for retail sale	0.05	0.06	18.88	71.44	63.14	227.05	4.9%	259.6%
271112	Propane, liquefied	234.44	78.58	25.44	84.94		215.30	4.6%	#DIV/0!
730820	Towers and lattice masts, iron or steel			6.39		568.60	195.28	4.2%	-65.7%
844399	Printing machinery parts					84.18	184.18	3.9%	118.8%
854690	Electrical insulators, nes						134.78	2.9%	
271113	Butanes, liquefied	56.73	255.35	412.13	1,269.15	612.03	127.40	2.7%	-79.2%
271019	Light petroleum distillates nes	158.55	2.61	0.32	0.19	34.52	97.93	2.1%	183.7%
701090	Carboys, bottles, flasks, jars, pots, phials, ampoules and other containers, of glass, of a kind used for the conveyance or packing of goods:	140.43	145.79	151.18	92.31	84.69	96.30	2.1%	13.7%
	Top ten imported from Croatia						2,393.80	51.3%	
	Total Imports from Croatia						4,665.09		

Table A 3.9 Top ten exported products to Kosovo, in mln ALL

HS Code	Description	2004	2005	2006	2007	2008	2009	Share to total, in %	Growth 2009-2008, in %
721420	Bars & rods, i/nas, hr, hd or he, cntg indent, ribs, etc, prod dur rp/tar, nes	953.17	704.07	1,034.44	2,030.18	4,286.17	3,298.93	45.8%	-23.0%
271600	Electrical energy						788.70	11.0%	#DIV/0!
271320	Petroleum bitumen	305.23	269.77	408.98	435.46	1,017.81	406.82	5.7%	-60.0%
260111	Iron ores & concentrates, oth than roasted iron pyrites, non-agglomerated				82.28	15.93	386.38	5.4%	2324.8%
847330	Parts & accessories of automatic data processg machines & units thereof	135.64	162.29	199.37	281.76	200.67	152.67	2.1%	-23.9%
252329	Portland cement nes	0.38				23.12	148.97	2.1%	544.2%
760410	Bars, rods and profiles, aluminium, not alloyed	4.70	29.82	16.24	32.84	92.54	130.36	1.8%	40.9%
271112	Propane, liquefied	9.54	3.25	65.57	31.42	41.16	89.99	1.3%	118.6%
392690	Articles of plastics or of other materials of Nos 39.01 to 39.14 nes	0.03	2.08	0.58	0.31	3.69	81.85	1.1%	2120.7%
090121	Coffee, roasted, not decaffeinated	47.02	66.82	62.70	80.06	113.56	78.16	1.1%	-31.2%
	Top ten exported to Kosovo						5,562.84	77.3%	
	Total exports to Kosovo						7,196.44		

Table A 3.10 Top ten imported products from Kosovo, in mln ALL

HS Code	Description	2004	2005	2006	2007	2008	2009	Share to total, in %	Growth 2009-2008, in %
251730	Tarred macadam				47.75	114.27	626.86	16.7%	448.6%
071420	Sweet potatoes, fresh or dried, whether or not sliced or pelleted	30.71	26.01	154.84	305.80	279.55	411.68	11.0%	47.3%
720449	Ferrous waste and scrap, iron or steel, nes	3.31	375.51	511.65	688.27	831.32	380.89	10.2%	-54.2%
110100	Wheat or meslin flour		0.18	0.40	150.41	186.37	310.70	8.3%	66.7%
730611						2.32	108.28	2.9%	4571.1%
842952	Shovels and excavators with a 360 revolving superstructure	11.02	2.00	5.76	19.59	29.18	95.40	2.5%	226.9%
220290	Non-alcoholic beverages nes, excludg fruit/veg juices of headg No 20.09	0.12	1.29	23.76	49.43	62.96	81.42	2.2%	29.3%
200980	Fruit & veg juice nes (exc mx) unferment unspirtd, whether/not sug/sweet	47.21	103.57	119.06	125.05	69.80	80.14	2.1%	14.8%
040120	Milk not concentrated & unsweetened exceeding 1% not exceeding 6% fat	2.35	9.88	7.01	3.53	19.76	69.01	1.8%	249.2%
847420	Crushing/grindg machines for earth/stone/ores o oth minerals subs etc	0.90	2.96	6.58	9.12	2.90	68.51	1.8%	2265.6%
	Top ten imported from Kosovo						2,232.88	59.5%	
	Total imports from Kosovo						3,750.47		



Table A 3.11 Top ten exported products to Macedonia, in mln ALL

HS Code	Description	2004	2005	2006	2007	2008	2009	Share to total, in %	Growth %, 2009-2008
252329	Portland cement nes	36.50	87.37	77.43	158.65	677.72	1,054.75	33.3%	55.6%
721420	Bars & rods, i/nas, hr, hd or he, cntg indent, ribs, etc, prod dur rp/tar, nes	13.19	38.57	94.32	89.05	701.41	325.84	10.3%	-53.5%
260111	Iron ores&concentrates, oth than roasted iron pyrites, non-agglomerated	30.49	307.34	420.44	599.92	569.49	262.00	8.3%	-54.0%
271113	Butanes, liquefied				32.34	6.66	170.39	5.4%	2459.7%
271112	Propane, liquefied				7.78	4.61	108.80	3.4%	2258.4%
854810	-Waste and scrap of primary cells, primary batteries and electric accumulators; spent primary cells, spent primary batteries and spent electric accumulators:				72.91	74.75	84.93	2.7%	13.6%
121190	Plants &pts of plants(incl sed&fruit) usd in pharm, perf, insect etc nes	66.13	53.33	77.06	81.86	96.66	79.23	2.5%	-18.0%
271320	Petroleum bitumen	77.01	21.53	138.00	303.45	226.63	79.13	2.5%	-65.1%
847330	Parts&accessories of automatic data processg machines&units thereof	0.28			74.27	70.42	71.66	2.3%	1.8%
940350	Bedroom furniture, wooden, nes	36.77	49.14	50.58	68.87	60.04	53.95	1.7%	-10.1%
	Top ten exported to Macedonia						2,290.67	72.4%	
	Total exports to Macedonia						3,162.83		

Table A 3.12 Top ten imported products from Macedonia, in mln ALL

HS Code	Description	2004	2005	2006	2007	2008	2009	Share to total, in %	Growth %, 2009-2008
721420	Bars & rods, i/nas, hr, hd or he, cntg indent, ribs, etc, prod dur rp/tar, nes	17.39	13.86	395.03	1,211.55	1,706.83	1,263.50	12.8%	-26.0%
300490	Medicaments nes, in dosage	93.53	139.65	229.00	470.76	445.68	542.27	5.5%	21.7%
252329	Portland cement nes	0.18	0.34	24.45	283.44	521.68	450.42	4.6%	-13.7%
271019	Light petroleum distillates nes		12.08	147.83	729.56	926.25	396.31	4.0%	-57.2%
151219	Sunflower-seed/safflower oil&their fractions refined but nt chem modifid	11.31		0.01	41.24	749.04	389.44	3.9%	-48.0%
680911	Plaster boards etc not ornamental faced o reinforced w paper/paperboard	73.08	84.99	129.28	216.04	267.46	278.85	2.8%	4.3%
010290	Bovine, live except pure-bred breeding		1.73	10.54	29.31	246.07	257.99	2.6%	4.8%
730890	Structures&parts of structures, i/s (ex prefab bldgs of headg no.9406)	37.34	61.08	134.92	208.67	286.21	209.24	2.1%	-26.9%
210210	Yeasts, active	182.32	168.14	144.36	142.80	164.73	190.69	1.9%	15.8%
391721	Tubes, pipes and hoses, rigid; of polyethylene	6.89	22.92	14.99	23.42	86.37	185.66	1.9%	115.0%
	Top ten imported from Macedonia						4,164.38	42.2%	
	Total imports from Macedonia						9,864.08	100.0%	

Table A3.13 Top ten exported products to Serbia, in mln ALL

HS Code	Description	2007	2008	2009	Share to total, in %	Growth %, 2009-2008
271600	Electrical energy			405.32	49.8%	#DIV/0!
721420	Bars & rods, i/nas, hr, hd or he, cntg indent, ribs, etc, prod dur rp/tar, nes	33.23	1,060.71	169.43	20.8%	-84.0%
940350	Bedroom furniture, wooden, nes	28.40	95.21	80.14	9.8%	-15.8%
780199	Lead unwrought nes			43.36	5.3%	#DIV/0!
080711	Watermelons		22.53	28.78	3.5%	27.7%
410120	Whole hides and skins of bovine animals, of a weight per skin not exceeding 8kg when simply dried, 10 kg when dry-salted, or 14 kg when fresh, wet-salted or otherwise preserved:	6.94	9.28	10.81	1.3%	16.5%
382590	- Other wastes from chemical or allied industries :			9.86	1.2%	#DIV/0!
640510	Footwear with uppers of leather or composition leather, nes		47.71	9.63	1.2%	-79.8%
121190	Plants &pts of plants (incl sed&fruit) used in pharm,perf,insect etc nes		3.87	9.22	1.1%	138.2%
640590	Footwear, nes			7.98	1.0%	#DIV/0!
	Top ten exported to Serbia			774.52	95.1%	
	Total exports to Serbia			814.44		

Table A3.14 Top ten imported products from Serbia, in mln ALL

HS Code	Description	2007	2008	2009	Share to total, in %	Growth %, 2009-2008
271600	Electrical energy	1,648.29	13,625.65	4,915.87	41.7%	-63.9%
720449	Ferrous waste and scrap, iron or steel, nes	757.26	969.20	1,916.75	16.2%	97.8%
100590	Maize (corn) nes	1.88	530.59	969.74	8.2%	82.8%
847141			17.83	208.38	1.8%	1068.5%
220290	Non-alcoholic beverages nes, excludg fruit/veg juices of headg No 20.09	1.42	114.32	191.69	1.6%	67.7%
340220	Surface-active prep, washing & cleaning prep put up for retail sale	48.16	148.11	185.75	1.6%	25.4%
851712			2.38	182.24	1.5%	7568.5%
690510	Roofing tiles, ceramic	32.53	112.69	166.01	1.4%	47.3%
481159		26.57	72.65	143.71	1.2%	97.8%
761290	Container, alum, cap <300L, lined/heat insul/nt, n/ftd w/mech/thermo equip	18.10	125.35	142.19	1.2%	13.4%
	Top ten imported from Serbia			9,022.32	76.5%	
	Total imports from Serbia			11,796.29		

**Table A3.15 Top ten exported products to Montenegro, in mln ALL**

HS Code	Description	2007	2008	2009	Share to total, in %	Growth %, 2009-2008
252329	Portland cement nes	187.98	702.15	362.51	26.5%	-48.4%
252321	Portland cement, white, whether or not artificially coloured	0.36	0.67	153.36	11.2%	22929.8%
760410	Bars, rods and profiles, aluminium, not alloyed	69.91	232.06	148.34	10.8%	-36.1%
271112	Propane, liquefied	5.92	88.52	107.53	7.9%	21.5%
690410	Building bricks		63.93	72.14	5.3%	12.8%
721420	Bars & rods, i/nas, hr, hd or he, cntg indent, ribs, etc, prod dur rp/tar, nes	35.27	161.76	69.00	5.0%	-57.3%
271320	Petroleum bitumen	59.41	492.50	60.08	4.4%	-87.8%
321490	Non-refractory surfacg preparations for facades, walls, floors, ceilings	1.55	14.91	48.74	3.6%	226.9%
252020	Plasters (consisting of calcined gypsum or calcium sulphate) etc	1.42	43.74	44.34	3.2%	1.4%
760429	Bars, rods and other profiles, aluminium alloyed	5.34		41.76	3.1%	
	Top ten exported to Montenegro			1,107.80	80.9%	
	Total exports to Montenegro			1,368.92		

Table A 3.16 Top ten imported products from Montenegro, in mln ALL

HS Code	Description	2007	2008	2009	Share to total, in %	Growth %, 2009-2008
720449	Ferrous waste and scrap, iron or steel, nes	174.65	393.49	262.54	12.9%	-33.3%
170199	Refined sugar, in solid form, nes	66.70	102.56	212.74	10.4%	107.4%
440710	Lumber, coniferous (softwood) 6 mm and thicker	63.21	87.70	188.28	9.2%	114.7%
080300	Bananas including plantains, fresh or dried	141.32	137.06	186.31	9.1%	35.9%
110100	Wheat or meslin flour	1.00	40.19	167.66	8.2%	317.2%
481920	Cartons, boxes and cases, folding, of non-corrugated paper or paperboard	6.30	38.79	71.24	3.5%	83.7%
851660	Ovens; cookers, cookg plates, boilg rings, grillers & roasters, elec, nes	3.24	14.47	55.48	2.7%	283.5%
841821	Refrigerators, household type, compression-type	0.46	10.37	53.43	2.6%	415.4%
841510	Air conditioning machines window or wall types, self-contained		13.94	49.76	2.4%	257.0%
845011	Automatic washing machines, of a dry linen capacity not exceeding 10 kg	3.41	18.27	47.61	2.3%	160.6%
	Top ten imported from Montenegro			1,295.06	63.4%	
	Total imports from Montenegro			2,041.72		

Annex 4

Most exported and imported products with other selected countries

Table A 4.1 Top ten exported products to USA, in mln ALL

HS Code	Description	2004	2005	2006	2007	2008	2009	Share to total, in %	Growth %, 2009-2008
121020	Hop cones, ground, powdered or pelleted and lupulin						232.15	27.5%	
121190	Plants & parts of plants (incl seed & fruit) used in pharm, perf, insect etc nes	303.37	346.99	259.37	219.09	288.25	228.45	27.0%	-20.7%
640399	Footwear, outer soles of rubber/plastics uppers of leather, nes						114.54	13.6%	
640391	Footwear, outer soles of rubber/plast uppers of leather covg ankle nes						86.50	10.2%	
640351	Footwear, outer soles and uppers of leather, covering the ankle, nes						29.27	3.5%	
930190	Military weapons, other than revolvers, pistols and the arms of heading No 9307			0.02			26.57	3.1%	
720249	Ferro-chromium, nes						20.38	2.4%	
630900	Worn clothing and other worn articles	0.74	7.01	8.86	5.89	9.48	18.71	2.2%	97.4%
261000	Chromium ores and concentrates						17.40	2.1%	
640510	Footwear with uppers of leather or composition leather, nes						14.06	1.7%	
	Top ten exported to USA						788.02	93.3%	
	Total exports to USA						844.75	100.0%	

Table A 4.2 Top ten imported products from USA, in mln ALL

HS Code	Description	2004	2005	2006	2007	2008	2009	Share to total, in %	Growth %, 2009-2008
020714	Cuts and offal, frozen:	585.55	352.51	218.43	202.28	382.21	756.40	12.7%	97.9%
720711	Semi-fin prod, i/nas, rect/sq cross-sect cntg by wgt < 25% c, width < 2X thk			2,165.04	151.54	208.03	637.94	10.7%	206.7%
020329	Swine cuts, frozen nes	28.91	240.94	358.15	87.31	192.62	594.84	10.0%	208.8%
852691	Radio navigational aid apparatus	2.16				0.99	487.71	8.2%	49316.0%
870324	Automobiles with reciprocating piston engine displacing > 3000 cc	9.40	78.46	56.82	85.77	430.31	395.03	6.6%	-8.2%
852340	Prepared unrecorded media for sound recording or similar recording of other phenomena, other than products of Chapter 37:					10.00	382.09	6.4%	3720.8%
721420	Bars & rods, i/nas, hr, hd or he, cntg indent, ribs, etc, prod dur rp/tar, nes			159.45	5.94	0.06	248.02	4.2%	396563.7%
852380	Prepared unrecorded media for sound recording or similar recording of other phenomena, other than products of Chapter 37: Other					2.47	214.58	3.6%	8585.6%
870333	Automobiles with diesel engine displacing more than 2500 cc	4.95		9.20	77.24	160.97	163.30	2.7%	1.4%
870323	Automobiles w reciprocating piston engine displacing > 1500 cc to 3000 cc	17.55	11.36	18.68	50.04	206.32	161.69	2.7%	-21.6%
	Top ten imported from USA						4,041.59	67.7%	
	Total imports from USA						5,967.97	100.0%	


Table 4.3: Top ten exported products to China, in mln ALL

HS Code	Description	2004	2005	2006	2007	2008	2009	Share to total, in %	Growth %, 2009-2008
261000	Chromium ores and concentrates	53.20	288.53	882.75	2,475.95	2,819.87	3,516.05	71.6%	24.7%
260300	Copper ores and concentrates						1,338.84	27.3%	
391590	Plastics waste and scrap nes						20.50	0.4%	
251690	Monumental or building stone nes						18.74	0.4%	
440792	Lumber, Beech						11.52	0.2%	
440799	Lumber, non-coniferous nes						2.55	0.1%	
844331							1.69	0.0%	
640399	Footwear, outer soles of rubber/plastics uppers of leather, nes						1.37	0.0%	
392330	Carboys, bottles, flasks and similar articles of plastics						0.62	0.0%	
842010	Calendering or rolling machines, excluding for metals or glass						0.47	0.0%	
	Top ten exported						4,912.36	100.0%	
	Total exports						4,913.11		

Table A 4.4 Top ten imported products from China, in mln ALL

HS Code	Description	2004	2005	2006	2007	2008	2009	Share to total, in %	Growth %, 2009-2008
843139	Parts of lifting, handling, loading or unloading machinery nes		24.68		1.04	1,448.02	2,504.27	11.4%	72.9%
640299	Footwear, outer soles/uppers of rubber or plastics, nes	377.32	387.37	392.58	640.57	736.35	642.49	2.9%	-12.7%
841510	Air conditioning machines window or wall types, self-contained	81.55	46.08	98.70	292.71	339.57	421.20	1.9%	24.0%
940360	Furniture, wooden, nes	64.39	229.61	285.43	409.37	366.13	410.09	1.9%	12.0%
691010	Ceramic sinks, wash basins etc&sim sanitary fixtures of porcelain/china	83.30	198.66	262.31	255.32	393.13	407.43	1.9%	3.6%
730419							321.40	1.5%	
640219	Sports footwear, outer soles and uppers of rubber or plastics, nes	78.72	198.93	350.49	488.66	286.07	302.99	1.4%	5.9%
690810	Tiles, cubes and sim <7 cm rect or not etc, glazed ceramics	85.37	258.17	405.02	517.86	275.23	299.99	1.4%	9.0%
854460	Electric conductors, for a voltage exceeding 1,000 V, nes			1.31		2.20	287.49	1.3%	12941.1%
850153	AC motors, multi-phase, of an output exceeding 75 KW	0.19	1.45	1.28	6.63		259.27	1.2%	
	Top ten imported from China						5,856.62	26.7%	
	Total imports from China						21,928.46		

Table A4.5 Top ten exported products to Russia, in mln ALL

HS Code	Description	2004	2005	2006	2007	2008	2009	Share to total, in %	Growth %, 2009-2008
940350	Bedroom furniture, wooden, nes			25.51	6.40	16.78	4.97	50.2%	-70.4%
640351	Footwear, outer soles and uppers of leather, covering the ankle, nes						2.70	27.3%	-
070490	Cabbages, kohlrabi, kale and sim edible brassicas nes, fresh or chilled						2.14	21.6%	-
261000	Chromium ores and concentrates	23.41	30.52	16.95	243.89	1,219.32	0.08	0.8%	-100.0%
220429	Grape wines nes, incl fort&grape must, unfermtd by add alc, in ctnr > 2l						0.01	0.1%	-
010612			8.16						-
080711				0.12					-
281990	Chromium oxides nes; chromium hydroxides	12.18							-
430211	Tanned or dressed mink furskins, whole, not assembled	7.65	0.48						-
430230	Tanned or dressed whole furskins and furskins pieces, assembled, nes				0.61	1.09			-
	Top ten exported to Rusia						9.89		
	Total exports to Rusia						9.89		

Table A 4.6 Top ten imported products from Russia, in mln ALL

HS Code	Description	2004	2005	2006	2007	2008	2009	Share to total, in %	Growth %, 2009-2008
271019	Light petroleum distillates nes	3,562.48	6,127.13	6,943.18	6,912.01	10,795.71	2,575.60	37.1%	-76.1%
100190	Wheat nes and meslin	2,154.40	2,411.83	2,580.48	5,278.98	3,466.57	2,050.56	29.5%	-40.8%
151211	Sunflower-seed or safflower oil, crude	209.00	198.16	427.53	635.62	722.28	591.81	8.5%	-18.1%
720449	Ferrous waste and scrap, iron or steel, nes		100.83	35.84			420.73	6.1%	
310230	Ammonium nitrate, whether or not in aqueous sol in pack weighg > 10 kg	61.86	52.90			122.17	224.89	3.2%	84.1%
271112	Propane, liquefied						193.35	2.8%	
760120	Aluminium unwrought, alloyed	4.45		67.98	159.95	285.50	111.02	1.6%	-61.1%
720839	-- Of a thickness of less than 3 mm:		32.27	50.13	185.66	168.55	93.80	1.3%	-44.4%
841939	Non-domestic, non-electric dryers nes					7.40	71.95	1.0%	872.1%
310210	Urea, wthr/nt in aqueous solution in packages weighg more than 10 kg	22.32	51.89	164.36			68.25	1.0%	
	Top ten imported from Rusia						6,401.96	92.1%	
	Total imports from Rusia						6,949.03		



Table A 4.7 Top ten exported products to Turkey, in mln ALL

HS Code	Description	2004	2005	2006	2007	2008	2009	Share to total, in %	Growth %, 2009-2008
260300	Copper ores and concentrates		285.98	70.52		688.30	180.96	32.0%	-73.7%
121190	Plants &pts of plants(incl sed&fruit) usd in pharm,perf,insect etc nes	130.71	121.05	101.12	130.58	219.07	151.78	26.8%	-30.7%
410210	Sheep or lamb skins, raw, with wool on, nes	158.54	113.19	135.10	147.66	75.62	25.76	4.6%	-65.9%
720449	Ferrous waste and scrap, iron or steel, nes	369.16	374.29	542.32	258.49	556.16	24.94	4.4%	-95.5%
853620	Automatic circuit breakers for a voltage not exceeding 1,000 volts				30.92	77.78	22.79	4.0%	-70.7%
870899	Motor vehicle parts nes						21.88	3.9%	
261000	Chromium ores and concentrates				214.49	58.52	19.85	3.5%	-66.1%
410510		2.73		10.56	5.79	16.64	13.06	2.3%	-21.5%
760200	Waste and scrap, aluminium						10.92	1.9%	
401699	Articles of vulcanised rubber nes, other than hard rubber						9.66	1.7%	
	Top ten exported to Turkey						481.59	85.1%	
	Total exports to Turkey						568.08		

Table A 4.8 Top ten imported products from Turkey, in mln ALL

HS Code	Description	2004	2005	2006	2007	2008	2009	Share to total, in %	Growth %, 2009-2008
721420	Bars & rods,i/nas,hr,hd or he, cntg indent, ribs, etc, prod dur rp/tar, nes	537.60	626.85	1,702.78	2,097.15	2,603.35	2,685.33	9.0%	3.1%
720711	Semi-fin prod,i/nas, rect/sq cross-sect cntg by wgt<.25% c, width<2X thk	617.98	245.02	259.48	870.59	1.06	1,856.35	6.2%	175522.8%
190531	- Sweet biscuits; waffles and wafers:	544.65	473.22	358.27	431.34	452.54	776.24	2.6%	71.5%
441011	- - Waferboard, including oriented strand board:					63.91	549.55	1.8%	759.9%
760410	Bars, rods and profiles, aluminium, not alloyed	328.96	486.28	478.62	671.14	742.61	527.82	1.8%	-28.9%
610620	Womens/girls blouses and shirts, of man-made fibres, knitted	202.54	296.38	305.59	449.98	521.71	499.28	1.7%	-4.3%
760429	Bars, rods and other profiles, aluminium alloyed	105.24	82.20	149.03	123.89	52.47	402.93	1.3%	668.0%
730890	Structures&parts of structures, i/s (ex prefab bldgs of headg no.9406)	38.78	60.69	75.33	398.71	718.88	400.92	1.3%	-44.2%
190590	Communion wafers, empty cachets f pharm use&sim prod&bakers' wares nes	786.17	711.95	837.17	915.94	853.76	372.37	1.2%	-56.4%
210500	Ice cream and other edible ice, whether or not containing cocoa	21.02	28.82	87.94	142.40	257.07	340.47	1.1%	32.4%
	Top ten imported from Turkey						8,411.25	28.2%	
	Total Imports from Turkey						29,873.23		

Annex 5

List of trade -related acts enacted during 2009			
Type of legal acts	No.	date	Act
Decision of ERE	1	09.01.2009	For reviewing the rules and procedures of selling electrical energy
Council of Ministers' Decision (CMD)	21	14.01.2009	For the approval of macroeconomic frame and fiscal indicators during 2010-2012
CMD	40	14.01.2009	For the ratification of the agreement between the Council of Ministers (CM) of the Republic of Albania and the government of Montenegro on scientific and technological collaboration
CMD	63	21.01.2009	Regarding contracts outside trade centers
CMD	64	21.01.2009	Regarding in distance contracts
CMD	65	21.01.2009	Regarding the contracts of travel packages
CMD	90	27.01.2009	For approving the hydrocarbure agreement, for the development and production of hydrocarbure in Visoka source, between Albpetrol sh.a. and IEC Visoka
Law	10065	20.01.2009	For some changes in Law no 9975, 28.7 2008 "on national taxes"
CMD	81	27.01.2009	For approving in principle the agreement between the CM of the Republic of Albania and the government of Croatia, as regards the agreement changes on economic relations between the CM of the Republic of Albania and the Croatian government.
CMD	88	27.01.2009	For approving the list of the Albanian harmonized standards of referring nature, for presuming the conformity of machineries.
Law	10068	02.02.2009	For an addition and change in the law nr 7928 dt 27.4.95 "On value added tax" changed.
Law	10070	05.02.2009	For some changes in law nr 7703 dt 11.5 1993:for Social securities in the Republic of Albania" changed
Law	10067	02.02.2009	For a change in law nr 8976 dt 12.12.2002 "for excises" changed.
Law	10072	09.02.2009	For some changes and additions in the law nr 8438 dt 28.12.98 "On income tax" changed.
Law	10073	09.02.2009	For an addition in the law 9632 dt 30.10.2006 "for local taxes system" changed.
Directive of the Ministry of Finance(MF)	22	02.03.2009	For a change in directive no. 7 dt 16.6.2003 "for excises" changed
Law	10077	16.02.2009	For the adhesion of the Republic of Albania in the convent for temporary permission, held in Stamboll on July 26, 1990
CMD	171	19.02.2009	For a change and addition in decision no 21 dt 14.1.2009 of CM "for the approval of the macroeconomic frame and fiscal indicators during 2010-2012.
Decision of the Bank of Albania	5	11.02.2009	For the approval of the regulation on consumer and mortgage loan for individuals.
Law	10081	23.02.2009	For licenses, authorizations and permissions in the Republic of Albania.
Law	10088	02.03.2009	For the adhesion of the Republic of Albania in the additional protocol of the convention for custom facilities for tourism related to the import of tourism advertisement papers and materials
Law	10089	02.03.2009	For the adhesion of the Republic of Albania in the convention for custom facilities for tourism



Law	10092	09.03.2009	For the adherence of the Republic of Albania in the United Nations Convention "for the contracts on international selling of goods"
Law	10094	12.03.2009	For the approval of "The agreement between the CM of the Republic of Albania and the CM of the Grand Duchy of Luxembourg, on avoiding the double taxation and preventing fiscal evasion related to income taxes and capital .
Law	10098	19.03.2009	For a change in law no. 9981 dt 8.9.2008 « On the approval of custom tariffs' levels » changed
CMD	307	25.03.2009	For some additions and changes in CMD no. 205 dt 13.4.99 « For the approval of implementing provision of the custom code in the Republic of Albania » changed.
Directive of MF & MPATT	3058/3	02.04.2009	On defining service tariffs of the port authority in Durres.
Directive of MF	26	16.04.2009	On the accumulation of obligatory social and health security contributions
Law	10117	23.04.2009	On some changes in the Law no. 9632, dt 30.10.2006 "For the local taxes system" changed
Directive of MF	30	12.05.2009	For some additions and changes in the directive no.17 dt 13.5.2008 "On value added tax" changed.
Law	10128	11.05.2009	On electronical trade
Law	10131	11.05.2009	On some changes in the Law no. 9975, dt 28.7.2008 "for national taxes" changed.
Directive of MF	31	26.05.2009	For some additions in directive no. 7. dt 16.6.2003 "For excises" changed
CMD	628	11.06.2009	For declaring « Economic zone » of one territory in Vlora.
CMD	873	12.08.2009	For some additions and changes in CMD no. 205 dt 13.4.99 « For the implementing provisions of the custom code in the Republic of Albania » changed.
CMD	789	22.07.2009	On notifications in implementing of the agreements for trade technical barriers as well as sanitary and phytosanitary measures of WTO.
Directive of MF	37	01.09.2009	For some additions and changes in directive no. 24 dt 2.9.2008 "For tax procedures in the Republic of Albania"
Law	10144	28.09.2009	For some changes in Law no. 7928 dt 27.4.95 "On value added tax" changed.
Law	10145	28.09.2009	For a change in Law no. 9975 dt 28.7.2008 "for national taxes" changed.
Law	10147	28.09.2009	For a change in Law no. 8976 dt 12.12.2002 "For excises" changed
Law	10148	28.09.2009	For an addition in Law no. 9920 dt 19.5. 2008 "For the tax procedures in the Republic of Albania"
CMD	1022	14.10.2009	For an addition in CMD no. 205 dt 13.4.1999 « For implementing provisions of the custom code » changed
Directive of MF	44	17.11.2009	For an addition in directive nr 17 dt 13.5.2008 "On value added tax"
Directive of MF	45	17.11.2009	For a change in the directive no.7 dt 16.6.2003 "For excises" changed
Law	10199	17.12.2009	For the ratification of "the additional Protocol 2" on defining the concept of "originated products" and economic cooperation methods", which replaces the protocol of the same number of the free trade agreement between Republic of Albania and the Republic of Turkey.
Law	10209	23.12.2009	For some additions and changes in Law no. 9920 dt 19.5. 2008 "For tax procedures in the Republic of Albania"
Law	1263	23.12.2009	For the approval and official publication of the harmonized commodity nomenclature, 2010.



ACIT at a glance

ACIT was initially established in 2002 as a project of USAID and performed under this status for more than six years.

In June 2008, it was legally registered as an independent Non-for-Profit organization named “Albanian Centre for Competitiveness and International Trade (ACIT)” (Tirana’s Court Decision No. 473, Date 19 June, 2008), keeping the same profile as its antecedent program, namely:

“..thoroughly assessment of the business and export growth factors in Albania, the identification of the barriers and “bottlenecks” and exploring the sound tools, practices and policy-mixes, for addressing them, with the main goal to assist both, the private business and the decision makers, in their endeavor for increasing the trade performance and ensuring sustainable export growth at both, firm and economy level, through improved competitiveness at all its dimensions..”¹.

The main objective of ACIT is to assist both, the private business and the decision making bodies, in their efforts for increasing the trade performance and ensuring sustainable export growth at both, firm and economy level, through improved competitiveness at all its dimensions.

ACIT services and expertise are extended to specific interest groups primarily the SMS but also the media and public at large, thus creating the necessary awareness and promoting the participation and informed debate on the effective policies and management issues.

Providing up-to-date and filtered economic information, performing quality research work especially regarding trade and competitiveness related issues, facilitating policy forums on these subjects, and undertaking capacity building activities, are the main areas of ACIT’s competency and expertise.

Promoting the regional cooperation, strengthening of the managerial capacities and factorial potential of Albanian firms, creation of a business-friendly policy and regulatory environment, etc., are also key directions of ACIT’s mission

Obviously, areas like assessing the business and investment climate, facilitating the regulatory framework, monitoring its correct implementation, capacity building, and increasing the informed participation of all the interested and/or affected stakeholders to the reform processes, etc. seem to be closer to ACIT’s current program and experience. But also activities related to anticorruption, e-government etc. are directions where ACIT could bring valuable contribution.

Albanian Centre for Competitiveness and International Trade (ACIT)

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¹ Excerpt from ACIT’s Statute, 200