

# Albania 2010 Trade Report



Albanian Centre for Competitiveness and International Trade



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## Foreword



It is with a particular pleasure that we introduce the new Foreign Trade Report 2010, prepared by ACIT staff and its associate experts. This is the ninth edition in the series of such annual publishing,

starting from 2002. This is the third time we produce it, in our new status as an independent NGO, and this makes us especially proud. This confirms and strengthens 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. Figures for 2010 show that Albania has recovered from the crises and that it is reaching its usual pace of trade flows. The decline of the trade deficit is a good sign for Albanian economy, especially related to export growth rate which was at outstanding levels in 2010.

We all know that the accurate trade information are always 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, as for every year, 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.

A special thank goes to all my colleagues at ACIT, who worked really 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 continuous technical and moral support represents 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 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 Macro-Trade Developments

## 1.1 Global economic recovery and trade-related developments

The world economic recovery from the 'Great Recession', which was a sharp, broad and synchronized global downturn in late 2008 and early 2009, continues but it remains a two-speed recovery. In advanced economies 'growth remains subdued, unemployment is still high, and renewed stresses in the euro area periphery are contributing to downward risks'. On the other hand, 'in many emerging countries, activity remains buoyant, inflation pressure are emerging and there are some signs of overheating, driven in part by strong capital inflows' and most developing countries 'are also growing strongly'<sup>1</sup>. The global recovery also remains fragile 'because strong policies to foster internal rebalancing of demand from public to private sources and external rebalancing from deficit to surplus economies are not yet in place'<sup>2</sup>.

However during the second half of 2010 the activity in advanced economies was moderated less than expected and the estimate for the world economic

growth in 2010 is at 5 percent, as shown in table 1.1 (and graph 1.1), which is considerably higher than 3.9 percent as projected by the World Economic Outlook (WEO)<sup>3</sup>. In 2011 and 2012 the forecast levels of global economic growth are 4.4 percent and 4.5 percent, respectively. Growth in advanced economies is projected at 2.5% in both years, while for emerging and developing economies the projected levels are 6.5 percent in both 2011 and 2012.

Growth in advanced economies in 2010 is estimated by WEO at 3 percent which is higher than the projection (2%<sup>4</sup>). The estimates are higher for the United States (3%, against a prediction of 2.7%) and also for the Euro Area (1.8%, against a prediction of 1.1%).

Emerging and developing economies experienced quite high growth in 2010 at a level of 7.1 percent while the projection was 6 percent. The highest growth rate is experienced by Developing Asia (9.3%) in which group of countries China registered a growth of 10.3 percent and India 8.4 percent. Middle East and North Africa registered a growth rate of 3.9 percent, which is lower than the rate

Table 1.1: World output<sup>1</sup> growth rates (annual percent change)

	2004	2005	2006	2007	2008	2009	2010	2011**	2012**
<b>World output</b>	4.9	4.5	5.1	5.2	2.8	-0.6	5.0	4.4	4.5
<i>Advanced Economies</i>	3.2	2.6	3.0	2.7	0.2	-3.4	3.0	2.5	2.5
United States	3.6	3.1	2.7	2.1	0.0	-2.6	2.8	3.0	2.7
Euro Area	2.2	1.7	2.9	2.7	0.5	-4.1	1.8	1.5	1.7
<i>Emerging markets and developing economies</i>	7.5	7.1	7.9	8.8	6.0	2.6	7.1	6.5	6.5
Central and Eastern Europe	7.3	6.0	6.6	6.5	3.0	-3.6	4.2	3.6	4.0
Commonwealth of Independent States	8.2	6.7	8.4	8.6	5.3	-6.5	4.2	4.7	4.6
Developing Asia	8.6	9.0	9.8	10.6	7.7	7.0	9.3	8.4	8.4
China	10.1	10.4	11.6	13.0	9.6	9.2	10.3	9.6	9.5
Middle East and North Africa	5.9	5.5	5.8	6.2	5.0	1.8	3.9	4.6	4.7
Sub-Saharan Africa						2.8	5.0	5.5	5.8

<sup>1</sup>Real GDP; <sup>2</sup>Estimate; <sup>3</sup>Projections  
Source: World Economic Outlook Database (WEO), IMF, October 2010; WEO Update, IMF, January 2011.

<sup>1</sup> World Economic Outlook Update, IMF, January 2011.

<sup>2</sup> World Economic Outlook Update, IMF, October 2010.

<sup>3</sup> World Economic Outlook Update, IMF, January 2010.

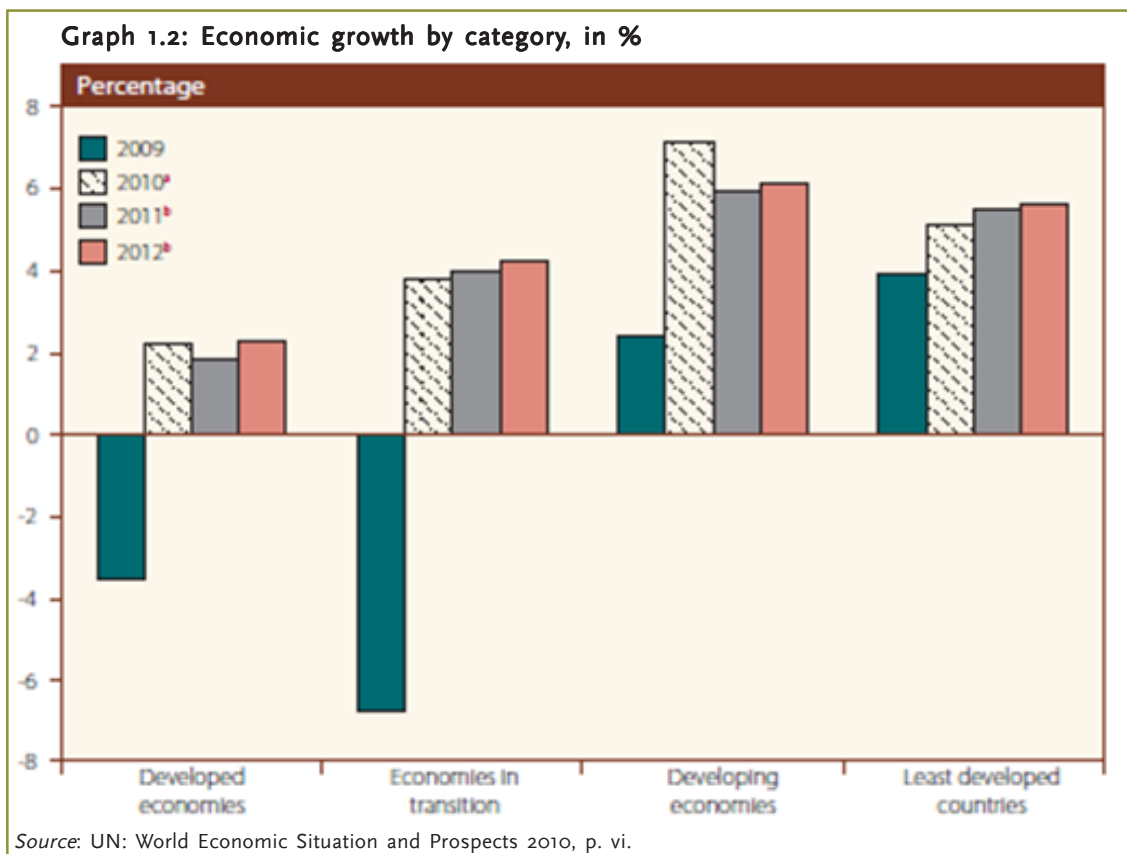
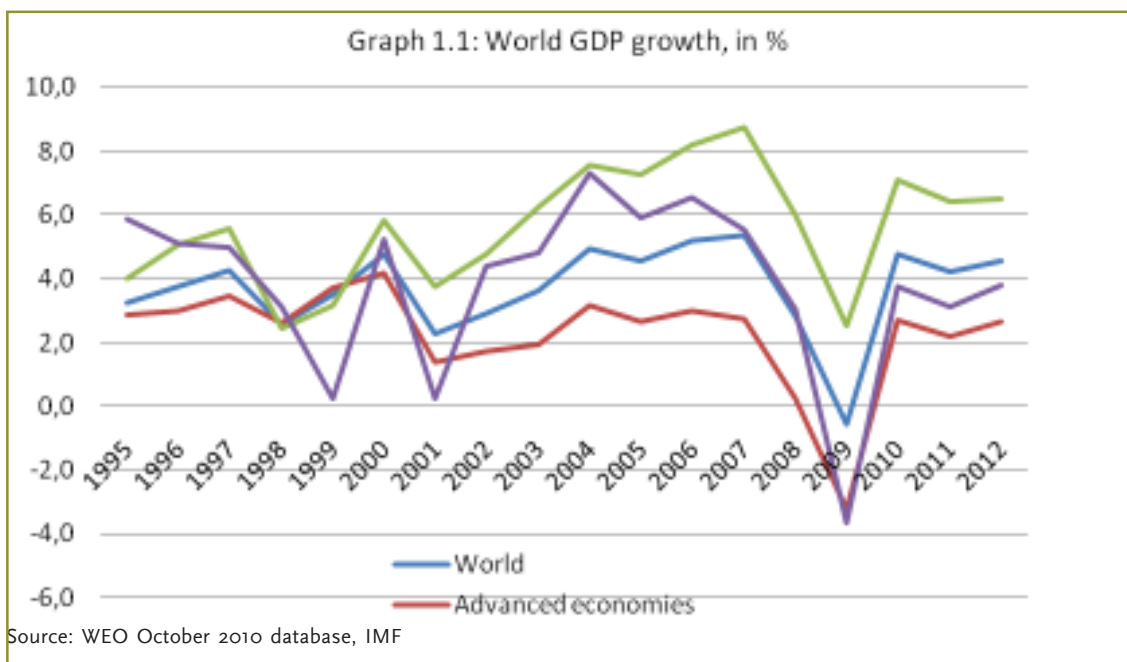
<sup>4</sup> World Economic Outlook Update, IMF, October 2010.



registered by Sub-Saharan Africa (5.0%). Commonwealth of Independent States and Central and Eastern Europe experienced a growth of the same level, 4.2 percent each.

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. However Central and Eastern Europe countries have experienced an even sharper downturn in the time of crisis but a higher rate of recovery in 2010.



If against the developed economies we further break down the 'emerging and developing countries' group into "economies in transition", "developing economies excluding the least developed ones", and "the least developed economies", we notice that in 2009, 2010, 2011 and 2012 the highest growth rates belong to the third subgroup (developing economies) followed by 'least developed countries', as shown in graph 1.2. The low scale of economic and financial integration, while explains the lower effects of the global financial and economic crisis onto these countries in 2009, it also explain, at a certain extent, the lowest downturn risks during recovery. However, the highest growth rates belong to the developing economies; particularly the lower-middle income countries (graph 1.3, where growth of GDP per capita is considered).

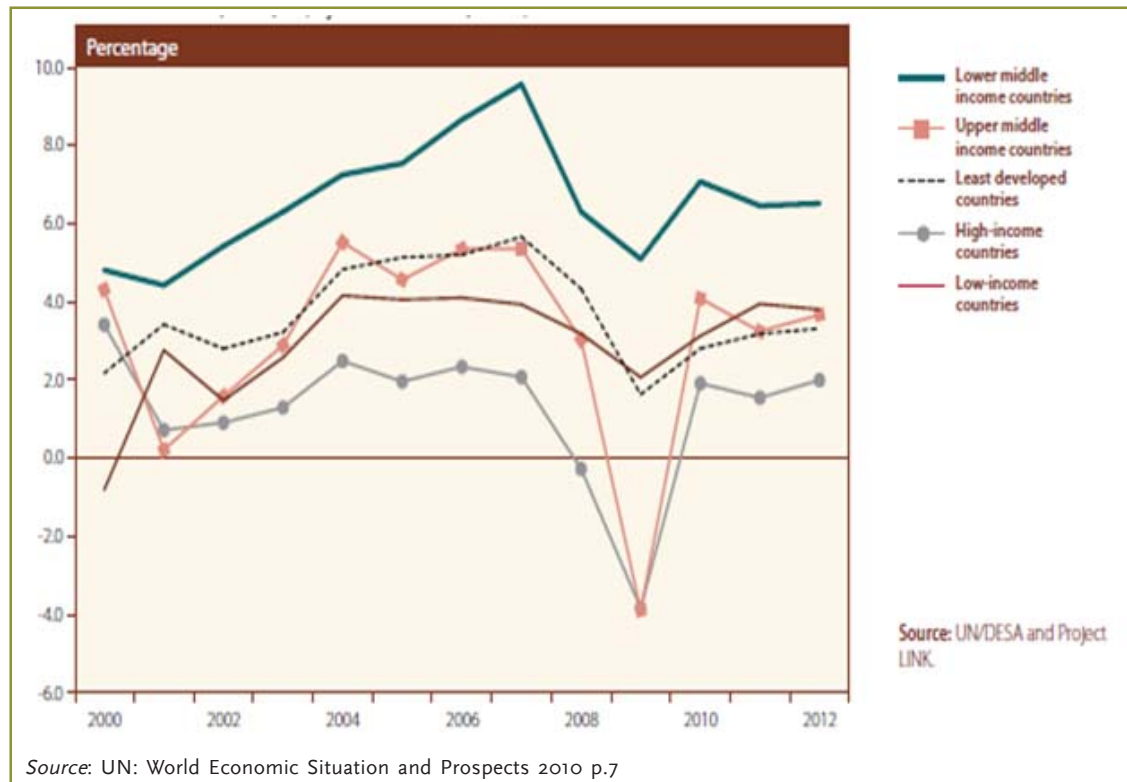
Regarding the transition economies, the growth of 3.8 percent in 2010 was a significant turnaround but far short from what it will take to make up the dramatic setback in 2009<sup>5</sup>. The contraction during the crisis (2009) was higher in the Commonwealth of Independent States (CIS) than in South-eastern Europe (SEE), 7.0 percent and 3.6 percent, respectively. The recovery during 2010 was also quite

diverse: growth was 4.2 percent in the CIS and only 0.1 percent in the SEE. The CIS economies benefited from higher commodity prices, while the SEE economies enfaced a weak domestic demand, slightly influenced by the export growth.

According to the *World Economic Situation and Prospect 2011* (United Nations, 2011, p. 109), export growth was the main driving force for the (weak) recovery in Bosnia and Herzegovina, Montenegro, Serbia and the former Yugoslav Republic of Macedonia in 2010. Croatia could not climb out of the recession while the recovery in Albania was lead by demand growth.

The rebound of global output by 5 percent in 2010 (see table 1.1), was accompanied by 12 percent expansion of the world trade volume (goods and services, in real terms, excluding the price and exchange rates effects), as estimated by WEO (table 1.2). As shown in table 1.2, the growth rates of trade volume are relatively low and decreasing considerably in the years 2011 and 2012, projected at 7.1 and 6.8 percent, respectively. Growth rates of both, exports and imports are higher in 'emerging markets and developing economies' compared with the 'advanced economies' although the gap is wider for imports compared to exports.

**Graph 1.3: Growth of GDP per capita, by level of development, 2000-2012**



<sup>5</sup> See: World Economic Situation and Prospects 2011, p. 108, United Nations, New York, 2011.



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

	2005	2006	2007	2008	2009	2010*	2011**	2012**
World trade volume (goods and services)	7.8	9.1	7.3	2.8	-10.7	12.0	7.1	6.8
Imports								
Advanced Economies	6.5	7.6	4.7	0.5	-12.4	11.1	5.5	5.2
Emerging markets and developing economies	12.2	12.4	13.8	9.9	-8.0	13.8	9.3	9.2
Exports								
Advanced Economies	6.1	8.6	6.3	1.8	-11.9	11.4	6.2	5.8
Emerging markets and developing economies	11.7	11.0	9.8	4.4	-7.5	12.8	9.2	8.8
Commodity prices (US dollars)								
Oil***	41.6	21.0	6.4	36.4	-36.3	27.8	13.4	0.3
Non-fuel (average based on world commodity export weights)	10.3	28.4	14.1	7.5	-18.7	23.0	11.0	-5.6
Consumer prices								
Advanced economies	2.3	2.3	2.1	3.4	0.1	-0.2	1.3	1.5
Emerging and developing economies	5.2	5.1	6.4	5.7	5.2	6.3	6.0	4.8

\*Estimates; \*\* Projections; \*\*\*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 \$78.93 in 2010; the assumed prices based on future markets are \$89.50 in 2011 and \$89.75 in 2012.

Source: World Economic Outlook Database, IMF, October 2010; World Economic Outlook Update, IMF, January 2011.

In 2010 imports are estimated to grow by 11.1 percent in advanced economies and 13.8 percent in emerging and developing economies; the figures for exports are 11.4 and 12.8 percent, respectively. WEO also estimates a higher decline of imports growth rates in the advanced economies compared to exports growth rates in these economies in the years 2011 and 2012, as shown in table 1.2.

The recovery in world trade began in the second half of 2009 and, as highlighted in the October 2010 WEO (p. 128), appears quite strong: the annualized growth in the world real imports in the last two quarters of 2009 and first quarter of 2010 was over 20 percent. However, the report emphasises that trade has not fully recovered yet. The extent of the recovery differs across economies and across products. In economies that avoided a banking crisis, 'imports are just slightly below the precrisis peak reached in the second quarter of 2008', although almost 15 percent below the 2001-2007 precrisis trend. In economies that went through a banking crisis (including United States and much of western

Europe), 'imports remain more than 20 percent below their precrisis level and 40 percent below their precrisis trend'. The difference between these two groups of economies is smaller in export recovery.

Regarding the product categories (consumer nondurables; capital and consumer durables; intermediate goods; and primary goods), recovery is almost completed in consumer nondurables (that declined the least during the collapse). Primary goods (that experienced a boom just prior to the crisis) and intermediate goods experienced sharp declines during the crisis but both are 'less than 10 percent below their pre-crisis trend'. There has been some recovery in imports of capital and consumer durables (that experienced the largest collapse during the crisis) but trade in this category remains almost 20 percent below the pre-crisis trend.

Regions that export significant quantities of natural resources (Africa, Commonwealth of Independent states, the Middle East and South America) experienced a relatively low growth of exports in

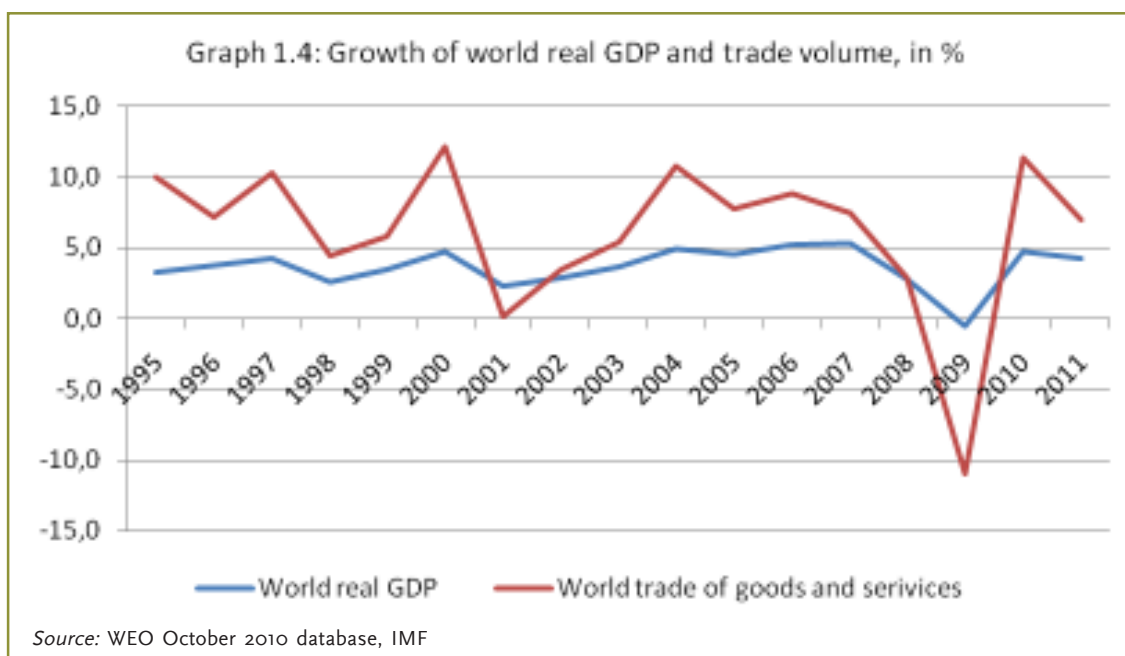
volume terms but strong growth in value terms. Africa's exports, for example increased 6 percent in volume terms but 28 percent in dollar terms. The explanation is the rise of primary commodity prices (as shown in table 1.2), particularly metals (48%), agriculture raw materials (33%), energy (26%)<sup>6</sup>, etc.

In chapter 4 of October 2010 WEO are presented the findings of a research on trade dynamics following banking and trade crisis. According to these findings, 'weak output remains the most important factor in the decline of imports' but other factors also play a role, such as impaired credit conditions (particularly in medium term); increased exchange volatility and currency depreciation (in short term); 'the composition effect' (the fall of demand primarily in products that comprise a larger share of trade than of output, such as durables); and also pre- and post crises conditions and policies. On the other hand, according to the findings, the export decline can be explained by the adverse output dynamics. Regarding the export recovery, world export volumes have regained the pre-crisis level and in October 2010 were some 0.8 percent higher than their August 2008 levels<sup>7</sup>.

The ups and downs in world trade follows the ups and down in world output, but the oscillations in

trade (of goods and services) are more frequent and steeper than those in output, as shown in graph 1.4. Describing the evolution of world trade following for previous global downturn, Freud<sup>8</sup> finds that the size of decline in world trade during these episodes is almost five times the corresponding declines in world GDP. The big gap between sharp decline of global trade and decline in global output in 2009 can be explained by such factors such as the *sharp contraction of global demand* as a primary cause, which was magnified by *product composition*, the high scale of *globalization of economy* and trade (the presence and the expansion of the *global supply chain*), and the *sincronization* among countries in the decline of trade (fostered by the spread of international supply chain and also the information technology). These factors also play an important role in the magnification of the increase in global demand as showing in the world trade recovering process.

Graph 1.5 describes the growth of *merchandise* export volumes and the world GDP, showing that on average export growth rates are about twice the GDP ones. However, in 2010 world merchandise exports in volume terms (i.e. excluding the influence of prices and exchange rates) rose by 14.5 percent or 'four times as fast as GDP'<sup>9</sup>.



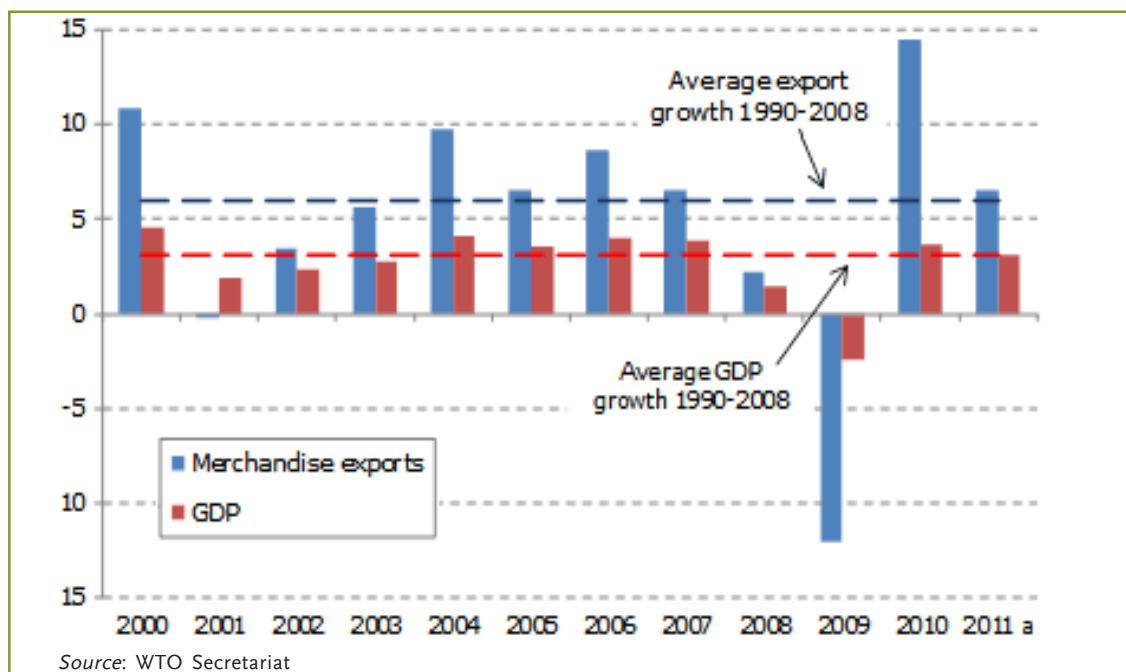
<sup>6</sup> World trade 2010, prospects for 2011, World trade organization, 7 April 2011.

<sup>7</sup> Global Economic Prospects 2011 (Annex, p.50), the World Bank.

<sup>8</sup> Freud, Caroline, 2009, "The trade Responses to global Downturn: Historical Evidence", Policy Research Working Paper No. 5015 (Washington: World Bank).

<sup>9</sup> World trade 2010, prospects for 2011, World trade organization, 7 April 2011.

**Graph 1.5: Growth in volume of world merchandise exports and GDP, 2000-2011**



The Global Economic Prospect 2011 (Report of the World Bank, pp. 50-56) underlines that the recovery in trade is more advanced among the developing countries than the high-income countries and that the developing countries imports have driven the rebound of exports in high-income countries, particularly for the capital goods. The world industrial production is accelerating and the capital goods exports from the advanced economies such as Euro area, Japan and the US is expanded. On the other hand, the increase of demand in capital goods and durable consumer goods has benefited the low-income countries from the rebound in commodity prices (including industrial metals). The Report also states that the trade growth still remain below its pre-crisis trend. It also highlights that 'the bounce-back phase of the trade recovery has ended' because many of the factors that helped drive trade rebound were temporary in nature (such as inventory restocking, restarting of trade finance, declines in crisis-induced precautionary savings, and growth

impact of government stimuli packages). The deceleration of trade recovery was evident in all regions and even in countries that experienced high rates of recovery in the first months of 2010, such as China and Japan. However, according to the report, 'the deceleration appears to reflect a temporary pause in trade growth' and the pace of deceleration is slowing down. Demand-side indicators show continued positive growth and particularly consumer demand (which has lagged behind the business demand throughout recovery) is showing early signs of adding energy to recovery. The report underlines some consequences of the increasing importance of developing countries in global trade and growing of South-South trade, such as the expected significant changes in trading partners and also in the structure of global trade. The Report also draws attention that concluding the Doha process remains critical to maximizing the potential benefit to developing countries from trade openness.



## 1.2 Albania's macro-trade developments: from downturn to recovery

Although Albania has a limited integration into global markets (having a low degree of openness as measured by trade flows relative to GDP), the global financial crisis was transmitted into the economy through several channels such as the withdrawals of bank deposits in the fall of 2008, the recession in trading partners (particularly Greece and Italy) and the drastically fall of remittances<sup>10</sup>. However growth continued during 2009 by a rate of 3.3 percent in real terms, being supported by monetary policies (use of liquidity buffers to compensate for deposit withdrawals; liquidity injections by the Bank of Albania and the cut of interest rates) and fiscal policies (use of considerable fiscal stimulus). Growth also continued in 2010 and some macroeconomic balances (such as fiscal balance and current account balance) are improved.

Still there is not a final figure regarding the Albania's GDP growth in real terms, but according to the October 2010 WEO database<sup>11</sup>, the growth in 2010 is estimated at 2.6 percent while the projections for 2011 and 2012 are 3.2 and 3.6 percent, respectively. However, other international institutions estimate different growth rates<sup>12</sup>. According to the Albanian Institute of Statistics (INSTAT), if referring the information on quarterly GDP growth (2.5%, 3.3%, 4.9% and 5.4% in each quarter on year over year base), the yearly real Albania's GDP growth in 2010 is 3.9 percent. Such a figure is closer to the one declared by the Ministry of Finance, 4.1 percent<sup>13</sup>.

While the 'policy buffers' used during the world crisis time (2008-2009) were almost exhausted and significant risks were threatening the economy from the challenging external environment and domestic vulnerabilities<sup>14</sup>, what were the main factors inducing growth during 2010? As for other countries in the region one of the factors is the foreign demand for

Albanian goods and services (although the share of exports to GDP is low, as shown in table 1.3 while domestic consumption remained at low levels albeit positive developments<sup>15</sup>. The credit to individuals in 2010 was only 0.9 percent higher than in 2009 while the growth rate in 2009 against 2008 was 12.2 percent. The growth rate of credit to business at 12.5 percent in 2010 was higher compared to the credit to individuals, but still much lower as compared with the growth rate in 2009 against 2008 (21.6%). (Bank of Albania, statistics: [www.bankofalbania.org](http://www.bankofalbania.org)). Also a rather weak consumer demand and non-utilized capacities in the economy did not encourage businesses for new investments, particularly in the first half of the year. However in 2011 a higher growth of credits to businesses and individuals is expected. It is also expected that economic growth will be driven to a large extent by domestic demand.

Inflation pressure has been under control during 2010; according to INSTAT the end-year inflation rate in 2010 was 3.4 percent ([www.instat.gov.al](http://www.instat.gov.al)). Nevertheless the inflation pressure is increasing in 2011, getting a level of 4.5 percent in February (year over year basis). Government is committed to lowering the budget deficit and also lowering the public debt to sustainable levels in mid-term; these policy lines remain important challenges for the country<sup>16</sup>. External balance has been improving considerably during 2010 based on the narrowing trade deficit. However, the declining tendency of remittances requires policy cautious. According to the Bank of Albania, current account deficit is reduced by 21 percent in 2010, or 19.2 percent if official transfers are excluded. Meanwhile remittances from expatriates are reduced to 696.5 from 782.3 million euro in 2009, or 11.0 percent. Compared to the highest level of remittances registered in 2007 (937.2 million euro), the reduction is 26.8 percent. Such a decline is a direct effect of the world crisis and post-crisis situation in the host countries (particularly Greece) while also reflects the long term declining trend of remittances, as predicated in the economic literature.

<sup>10</sup> Public Information Notice No. 10/81, July 12, 2010, IMF.

<sup>11</sup> October 2010 World Economic Outlook Database, IMF ([www.imf.org](http://www.imf.org)).

<sup>12</sup> For example, the estimate from Global Economic Prospects January 2011 (the World Bank) for 2010 is 3.0 percent growth of GDP measured at market prices (USD 2005) and the projection for 2011 and 2012 is 3.7 and 4.2, respectively.

<sup>13</sup> Midterm Budgeting Programme 2011-2013, Republic of Albania, Ministry of Finance, Budget Department.

<sup>14</sup> Public Information Notice No. 10/81, July 12, 2010, IMF.

<sup>15</sup> Bank of Albania, Press Release 26.01.2011.

<sup>16</sup> The IMF has suggested reducing the budget deficit to 3 percent of GDP in 2010, and cutting public debt back to 50 percent until 2013.

Albania – 2010 Article IV Consultations, Preliminary Conclusions of the Mission, March 10, 2010 – [www.imf.org](http://www.imf.org).



Trade balance continues to contribute negatively on the current account balance, although the trade deficit as valued in Lekë is reduced by 2.6 percent in 2010 (7% when valued in Euro and 11.3% when valued in USD) to 319,182 million Lekë (or 2,314,080 thousand Euro and 3,069,930 thousand USD), as shown in table 1.3.

The different figures for trade deficit contraction in 2010 are a direct consequence of the depreciation in different scales of Lekë against Euro, and against USD. Graph 1.6 describes the quarterly changes of the Albanian currency (Lekë) exchange rate against Euro and USD. Trade deficit relative to GDP decreased from 28.7 percent in 2009, to 26 percent in 2010 as shown in table 1.4. The depreciation of Lekë against Euro and USD is also reflected in different growth rates of trade flows, exports and imports according to the currency used. Graph 1.7 compares such rates as referred to trade flows (exports plus imports). In 2010 the value of trade flows is grown by 20.0 percent if measured by Lekë, 14.5 percent if measured by Euro and only 9.1 percent when measured by USD.

How much is trade recovered during 2010 after the downturn in 2009? The answer definitely depends on the currency used to measure imports and exports. So when compared with the pre-crisis pick of 2008, trade level in 2010 is 16.2 percent higher when measured in Lekë.

However, the extension is only 3.5 percent when imports and exports (trade flows) are measured in Euro. The result is disappointing if trade flows are measured in USD! The trade level in 2010 is 6.4 percent lower than the level in 2008!

The message taken from the graph 1.7 is that when describe growth in trade we have to adjust the figures for changes in prices and exchange rates.

Getting back to table 1.3 (and also graph 1.8), we see the openness index (measured as a ratio of value of exports plus imports, over nominal GDP) is still quite low compared with other countries in the region and taking into consideration that Albania is a small country. However, the index shows an improvement in 2010: it is increased from 46.7 percent in 2009 up to 52.3 percent in 2010, which is higher than its value in 2008 (50.8%).

Table 1.3: Macro-Trade Indicators, in million Lekë, unless otherwise indicated

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Real GDP growth rate	7.9%	4.2%	5.8%	5.7%	5.7%	5.4%	5.9%	7.7%	3.3%	3.9%*
Nominal GDP	583,369	622,711	694,098	750,785	814,797	882,209	967,670	1,088,132	1,143,610	1,226,100 <sup>1</sup>
Trade flows**	234,811	254,689	279,867	296,892	326,023	375,720	474,602	551,622	534,546.30	641,200
-Exports	43,758	46,188	54,487	62,121	65,818	77,441	97,155	112,539	103,438.84	161,009
-Imports	191,053	208,501	225,380	234,770	260,205	298,279	377,447	439,083	431,107.43	480,191
Trade deficit	147,295	162,313	170,893	172,649	194,387	220,838	280,292	326,544	327,669	319,182
Exports growth	18.1%	5.6%	18.0%	14.0%	6.0%	17.7%	25.5%	15.8%	-8.1%	55.7%
Imports growth	23.8%	9.1%	8.1%	4.2%	10.8%	14.6%	26.5%	16.3%	-1.8%	11.4%
Trade flows growth	22.7%	8.5%	9.9%	6.1%	9.8%	15.2%	26.3%	16.2%	-3.1%	20.0%
Openness index***	40.3%	40.9%	40.3%	39.5%	40.0%	42.6%	49.0%	50.7%	46.7%	52.3%
Trade deficit/GDP	25.2%	26.1%	24.6%	23.0%	23.9%	25.0%	29.0%	30.0%	28.7%	26.0%
Imports/GDP	32.7%	33.5%	32.5%	31.3%	31.9%	33.8%	39.0%	40.4%	37.7%	39.2%
Exports/GDP	7.5%	7.4%	7.9%	8.3%	8.1%	8.8%	10.0%	10.3%	9.0%	13.1%
Import Coverage (Ex/Imp)	22.9%	22.2%	24.2%	26.5%	25.3%	26.0%	25.7%	25.6%	24.0%	33.5%

\* Estimate of INSTAT, based on quarterly GDP growth at constant prices., Ministry of Finance publications (2009 Budget Analysis (www.minfin.gov.al); Macroeconomic and Fiscal Framework, p. 16).

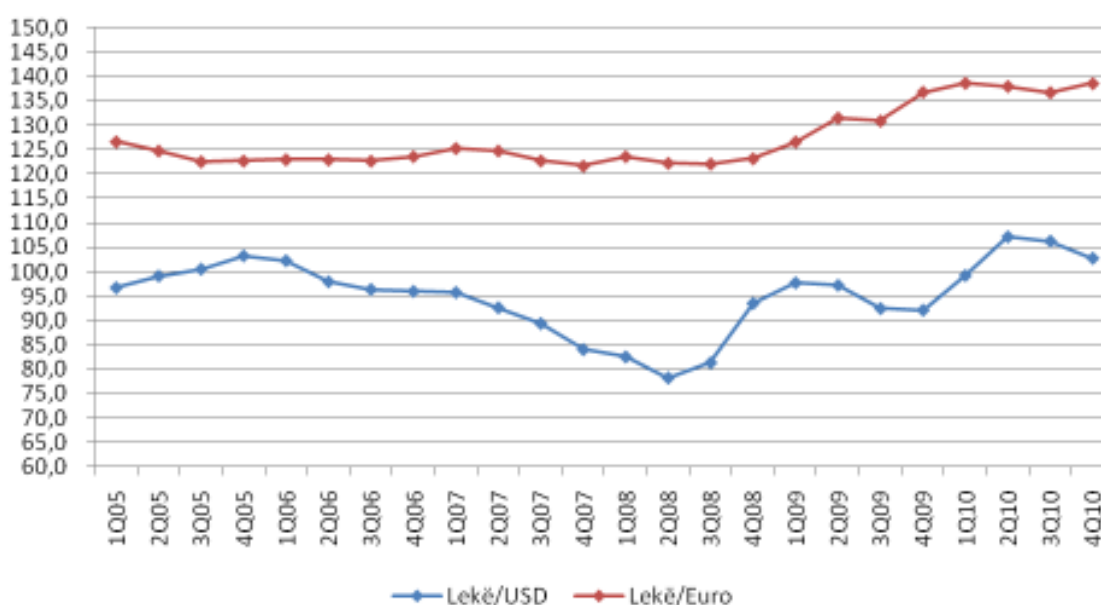
<sup>1</sup>Ministry of Finance, Macroeconomic and Fiscal Framework 2011-2013 and ACIT's calculations.

\*\*Only trade in goods; \*\*\*measured as a ratio of trade flows to nominal GDP, expressed in ALL.

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



Graph 1.6: Exchange rate, quarterly fluctuations 2005-2010



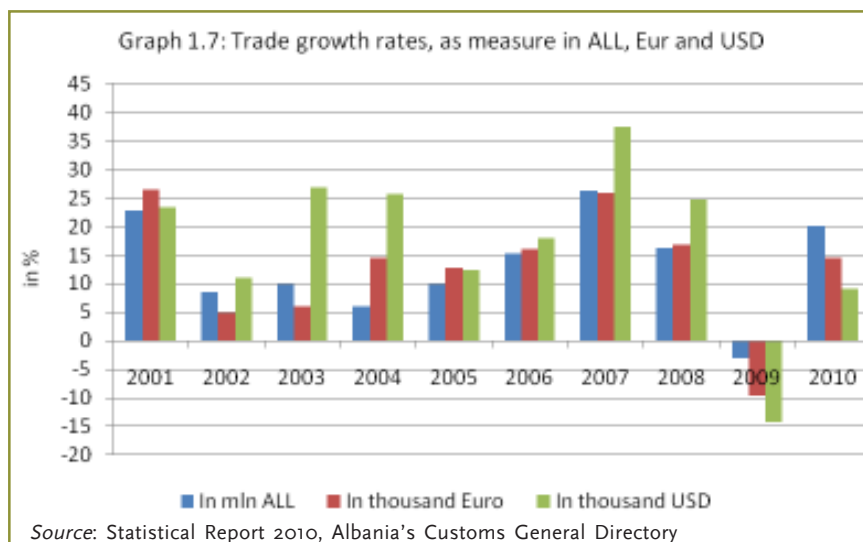
Source: Statistical Report 2010, Albania's Customs General Directory

### Box 1: The competitiveness position of the Albanian economy, 2010

**The Global Competitiveness Report** 2010-2011 (2010 World Economic Forum) ranks Albania at 88<sup>th</sup> position out of 139 countries/economies, based on the Global Competitiveness Index 2010-2011. According to this index, the position of Albania is improved by six places compared with the 2009-2010 ranking (96<sup>th</sup> position out of 133 countries/economies). According to the Global Competitiveness Index 2010-2011 Albania scored 3.9 points (in a range 1-7), which is higher than scores got in the 2009-2010 Report (3.7 points). Considering the three main dimensions (basic requirements, efficiency enhancers and innovation and sophistication factors) of the Index, Albania got the highest score in the second one, 'basic requirements' (4.4 points), ranked at 75<sup>th</sup> position. Looking at the pillars within the dimensions, the highest ranked pillars are 'health and primary education' (5.9 points), 'labour market efficiency' (4.5 points), 'macroeconomic environment' (4.2 points), and 'goods market efficiency' (4.2 points). The lowest ranked pillars are 'innovation' (2.6 points), 'market size' (2.8 points), 'technologic readiness' (3.5 points) and 'infrastructure' (3.5 points). Looking at the trade-related factors within 6<sup>th</sup> pillar (goods market efficiency) Albania ranks quite well in 'trade tariffs' (44<sup>th</sup> position) and 'prevalence of tariff barriers' (49<sup>th</sup> position). The situation is not so good in 'burden of customs procedures' (82<sup>nd</sup> position), although improvements are evident from the previous year (ranked at 92<sup>nd</sup> position). The most problematic factors for doing business identified in the Report, are 'access to financing', 'corruption and tax regulation', followed by 'inefficient government bureaucracy' and 'policy instability'.

According to the "2010 Index of Economic Freedom" (Heritage Foundation and Wall Street Journal Report), Albania's 'economic freedom score' was 64.0, ranking 70<sup>th</sup> in the world and the 33<sup>rd</sup> in the European region (out of 43 economies). Compared to the preceding year, the country's economic freedom score decreased by 2.0 points, positioning it 13 places down in the world list, and 8 places down in the European region list of countries. The highest ranked dimension of the 'economic freedom' remains 'fiscal freedom' (92.1 points, or 0.5 less than in 2010), followed by 'monetary freedom' (79.9 points or 1.2 points more than in 2010, being the only dimension scored higher than in 2010), and 'trade freedom' (79.8 points, or 6 points less than in 2010). The lowest ranked dimensions are "freedom from corruption" (32.0 points, being 2 points less than in 2010), and 'property rights' (35.0 points, showing no change from 2010). The Report underlines that "the government has taken steps to enhance the business environment and has adopted broad structural reforms to foster growth in the private sector. ... Albania's overall freedom score is constraint by weak property rights and pervasive corruption. The low property rights score is largely a result of political interference in the judiciary".

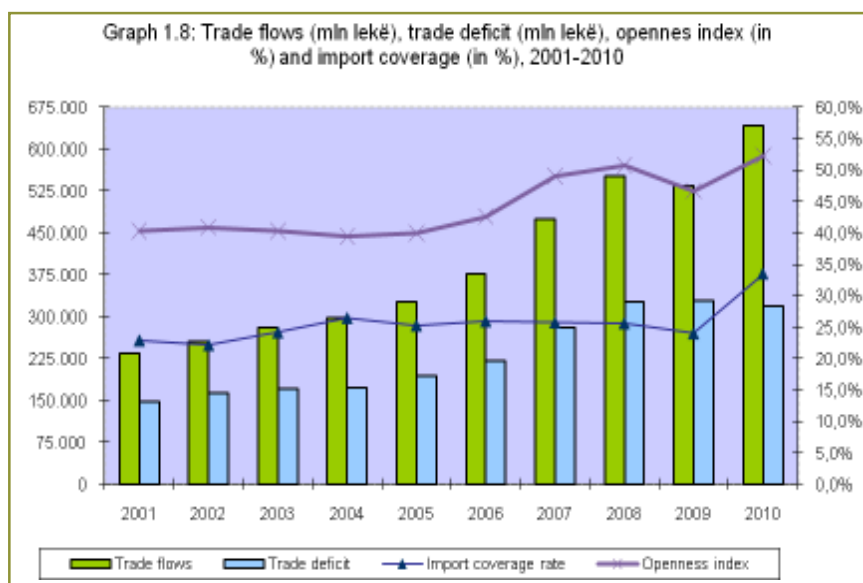
The 'Ease of Doing Business' (The World Bank Report "Doing Business 2011"), ranks Albania at 82<sup>nd</sup> position in the world list of 183 countries which is one place down from the position in the preceding year (81<sup>th</sup>, as reported in the "Doing Business 2011"). The country is better ranked in 'getting credit' (15<sup>th</sup>, the same as in 2010), 'protecting investors' (15<sup>th</sup>, the same as in 2010) and starting a business (45<sup>th</sup>, one place down from 2010). The lowest marked dimensions are 'closing a business' (183<sup>rd</sup> position, the same as in 2010), 'dealing with construction permits' (170<sup>th</sup> position, being improved by three scales up from 2010), and paying taxes (1495<sup>th</sup> position, four scales down compared with 2010).



The import coverage index (measured as a ratio of the value of exports over imports) has been moderately decreasing during the last years until 2009 when it reached the level of (being 24 percent from 25.6 percent in 2008, 25.7 percent in 2007 and 26 percent in 2006). However, in 2010 it jumped to 33.5 percent as shown in table 1.3, and graph 1.8. In the increase of exports value (by 55.7 percent when measured in Lekë), a contribution is given by export of energy, metals, etc.

However, the low level of import coverage index reflects a low competitiveness level of the country's economy. 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. The indicators show that country is doing improvements, but relatively slowly.

Albania's exports not only cover a relatively small part of imports, but also suffer from a relatively high fragility. They are highly related with inward processing industries like apparel and shoe industries where the comparative advantage is mostly based on low wages being so not sustainable. Exports of mining products and other raw materials are highly dependant on world price fluctuations, while export of energy is highly related with the weather conditions. So effective structural reforms and policies are needed to support and boost the country's competitiveness. As underlined by the IMF, '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.



## II Albania's export and import dynamics

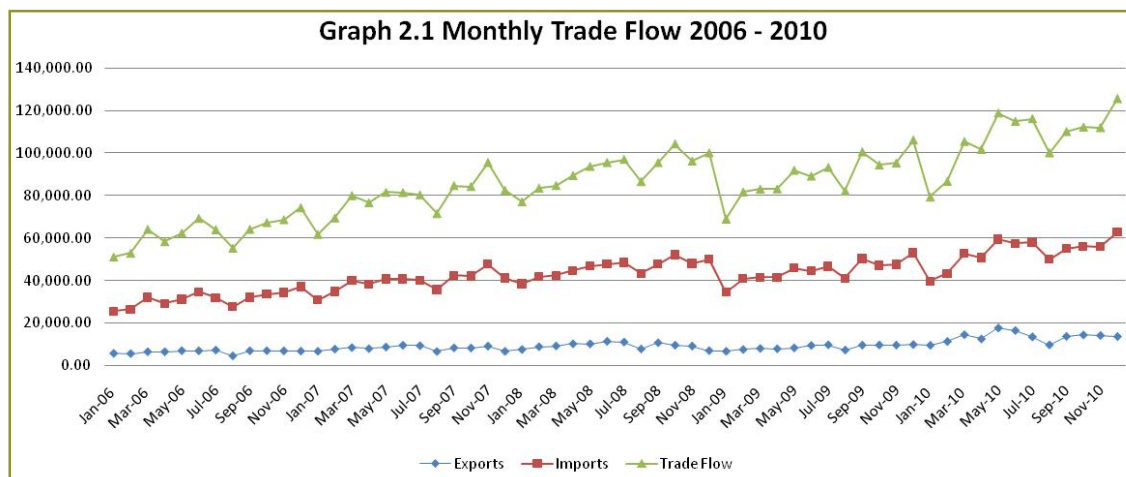
Albania's foreign trade flows dynamics during 2010 have been characterized by a visible recovery from the 2009 slowdown, showing an improvement of both imports and exports growth rates. This recovery in trade flow development was observed since the beginning of 2010, especially in export dynamics. Albania's total trade for 2010 amounted to ALL 641,200 million representing an increase of 20% as compared to 2009 (534,546 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 2010 reached at 480,191 million ALL, representing an increase of 11.4% as compared to 2009 (431,107 million ALL) (see graph 2.2 ).

During the course of 2010, exports volume (expressed in ALL) have confirmed and deepened the positive trend of the end of 2009 (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. With the recovery of these main sectors in European partners of Albania, export flows started increasing since the end of 2009 and continued a very positive trend during all 2010.

Total exports in 2010, amounted to 161.009 million ALL and increased by 55.7% as compared to 2009. The most important increase of exports was concentrated during the first half of 2010. The recovery continued in the second half of the year. This trend has continued for exports in January and February 2011. This increase is due mainly to main metals and electrical energy export and also to the fact that the main sectors has improved their performance.

Imports flow dynamics have shown some increase in comparison to the previous year. This reflects mainly world prices development and some slight improvement in domestic demand. Consumers' demand behaved relatively stable throughout the year with some signs of contraction appearing during the first half of 2010 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 increase rates through all 2010. July represented the month with the highest increase of imports as compared to the same month of 2009.

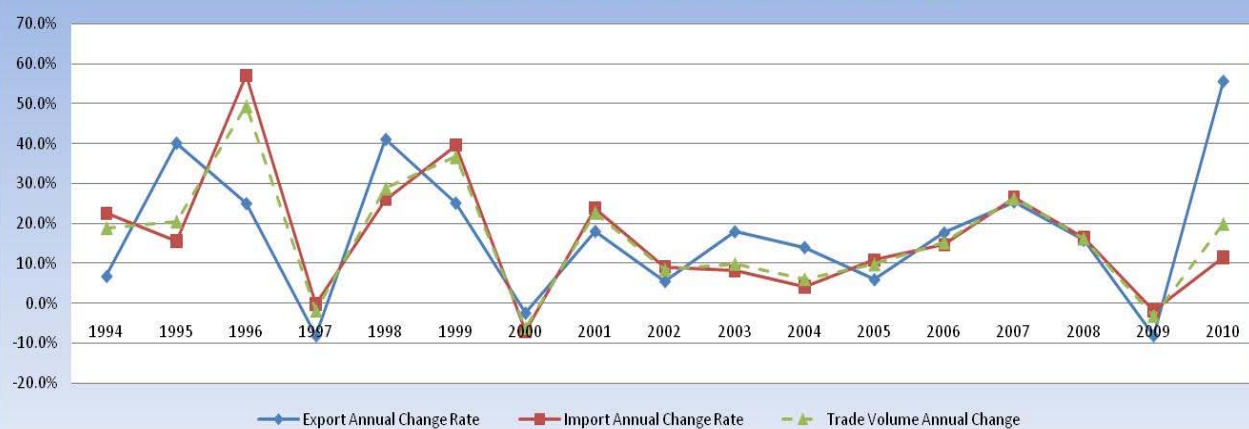
Albania trade deficit at the end of 2010, amounted to 319.182 million ALL and decreased by 2.6% as compared to 2009. The boost of exports is a main factor in this positive performance of the trade balance.



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million ALL and decreased by 2.6% as compared to 2009. The boost of exports is a main factor in this positive performance of the trade balance.

Graph 2.2 Annual Change rate in Exports and Imports Flows 1994-2010



## III Albania's Trade structure

### 3.1 Main Characteristics

Albania's trade structure has experienced some change as compared to 2009. Exports represent 25.1

percent of the total trade flows during 2010. This percentage has increased by almost 6% from 2009. Total trade flows experienced an increase of 20.0 percent (9.1 percent in USD, 14.5 percent in EUR) as compared to 2009. These changes were caused by

No	Description	Imports			Exports		
		Value of Imports (mln All)	Share on total (%)	Growth rate (%)	Value of Exports (mln All)	Share on total (%)	Growth rate (%)
1	Live animals: animal origin products	15,041.09	3.1%	7.0%	2,288.06	1.4%	28.3%
2	Vegetable products	24,888.53	5.2%	18.9%	3,249.79	2.0%	23.3%
3	Animal grease and oils or vegetal and its products	5,682.20	1.2%	9.5%	105.09	0.1%	160.4%
4	Prepared food; drinks, alcoholic beverages and vin	41,671.21	8.7%	20.7%	3,665.61	2.3%	20.7%
5	Mineral products	73,791.30	15.4%	19.3%	44,817.31	27.8%	117.1%
6	Chemical industrial products or alloys	38,269.20	8.0%	12.4%	440.92	0.3%	-30.4%
7	Plastic and its products; tire and its products	18,191.25	3.8%	7.5%	1,082.64	0.7%	-4.9%
8	Unprocessed and processed leather, coats and their	8,408.38	1.8%	21.6%	2,569.81	1.6%	68.8%
9	Wood and its products; charcoal; cork and its prod	7,313.11	1.5%	5.9%	1,589.04	1.0%	24.2%
10	Wood or other fiber,	13,299.06	2.8%	26.1%	3,202.66	2.0%	48.4%
11	Textile and its products	36,866.46	7.7%	12.6%	30,274.66	18.8%	7.1%
12	Footwear and hats, umbrellas and parasols, walking	9,412.73	2.0%	39.7%	25,414.99	15.8%	26.7%
13	Stone, gypsum, cement products...	15,128.70	3.2%	9.0%	896.83	0.6%	4.7%
14	Natural or cultivated pearls, jewelry...	702.05	0.1%	29.1%	408.20	0.3%	34.3%
15	Main metals and their products	61,579.72	12.8%	16.7%	31,500.60	19.6%	164.2%
16	Mechanic, electric machinery and equipment ...	68,234.91	14.2%	-3.5%	5,987.24	3.7%	28.4%
17	Vehicles	24,774.25	5.2%	-11.1%	518.01	0.3%	14.6%
18	Optic, photographic, cinematographic, measuring, .	7,253.44	1.5%	55.0%	142.76	0.1%	-6.8%
19	Weapons and munitions and their equipment	304.32	0.1%	16.3%	388.09	0.2%	919.0%
20	Different manufactured products	9,126.08	1.9%	2.7%	2,317.46	1.4%	25.8%
21	Works of art, collection and antics pieces	184.01	0.0%	32.4%	148.82	0.1%	2614.3%

the increase of both, exports and imports' flows. Total exports reached 161,009 million ALL and experienced an important increase of 55.7% percent as valued in ALL (increased by 41.4 percent as valued in USD and 48.7 percent as valued in EUR). Total imports reached 480,191 million ALL and experienced an increase of 11.4 percent (and an increase of 1.3 percent in USD and 6.4 percent in EUR) (please refer to table 3.1).

Some of the sections that have experienced highest exports' increase as compared to 2009 are main metals, mineral products, oil, electrical energy, leather products, and munitions. The only sections that account decrease in export flows are chemical products and plastic products. Footwear products, being a significant sector and accounting for almost 16 percent of total exports, have also experienced an increase by 26.7 percent of export flows. While textile products have increased only by 7.1%.

Some of the sections that have experienced highest increase of imports as compared to 2009 are footwear products, prepared food, leather and wood products. Sections that account decrease in import flows are vehicles and mechanic, electric machinery and equipments. 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 (more than 80%). Differently from previous years, the section with the biggest share in total exports is mineral products with almost 28% (including oil and electrical energy). Textiles products account for 18.8 percent of total exports in 2010. Even though textile products export has increased by 7.1 percent compared to 2009, their relative share to total export flows has decreased with 9 percentage points (27.3% on total exports in 2009). Footwear products account for 15.8 percent of total exports, having decreased their share by almost 4 percentage points. These two product groups, despite their importance and the positive trend of exports in this year, continue to show a downwards trend in their share on total exports.

Mineral products share to total exports reached at 27.8 percent, increasing by almost 8 percent as compared to 2009 (20.0% of share on total exports). Mineral products growth rate was 117% in 2010. This high figure is also due to the fact that during 2009, exports for this section had experienced a slowdown, increasing by only 1.5%.

Base metal products share to total exports reached 19.6 percent experiencing a strong increase of 8

Table 3.2 Top Ten Exported goods for 2010

HS-6	Description	2006	2007	2008	2009	2010
270900	Petroleum oils and oils obtained from bituminous minerals, crude	1,753.88	5,325.28	6,238.25	7,878.02	16,956.97
271600	Electrical energy			354.36	2,868.37	10,573.02
640610	Uppers and parts thereof, other than stiffeners	10,811.39	10,190.41	8,339.43	7,703.41	8,964.98
261000	Chromium ores and concentrates	1,666.01	4,493.60	5,514.02	4,028.76	8,045.07
720711	Semi-fin prod, i/nas, rect/sq cross-sect cntg by wgt<25% c, width<2X thk	0.13	0.09			7,434.86
620342	Mens/boys trousers and shorts, of cotton, not knitted	5,832.60	6,767.67	6,478.63	4,987.37	5,909.90
721420	Bars & rods j/nas, hr, hd or he, cntg indent, ribs, etc, prod dur rp/lar, nes	1,128.77	2,633.98	6,210.04	3,865.29	5,372.47
830140	Locks of base metal, nes	2,350.23	3,526.86	3,906.45	3,715.78	4,506.07
620520	Mens/boys shirts, of cotton, not knitted	2,837.64	3,197.94	3,471.01	3,479.88	3,909.62
252329	Portland cement nes	77.43	401.83	1,478.29	1,566.47	3,487.34
Total Value of 10-most exported products		26,458.08	36,537.65	41,990.50	40,093.34	75,160.30
Value of overall exports		77,441.33	97,155.07	112,539.01	103,438.84	161,008.59
Share of 10 most exported products		34%	38%	37%	39%	47%



percentage points. This increase in relative share was accompanied by a very high increase of exports. Metal products exports increased by 164.2 percent in 2010.

Almost all agricultural products' sections have increased 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 2009, as you can see in table 3.1. Their share to total exports remain still low.

The ten most exported products fall under the above mentioned product groups: mineral products, textiles, footwear and metals. They represent 47 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. Petroleum oils and electrical energy are the top exported products. Among the top ten products, these two have also experienced the strongest growth rate. Petroleum oils exports value, the most exported product, has increased with 115 percent as compared to 2009. The second most exported product value (electrical energy) value has increased with 269 percent. The third most exported product (uppers of shoes) experienced an increase of 16 percent. Although the latter has been for years main exported product, in 2010 it was ranked third due to the high increase of oils and electrical energy.

A very significant fact is related to the exported products with the highest decrease in value are. All top ten products with the highest decrease in 2010 are concentrated in two strategic exporting sectors for Albania, textiles and footwear. This reflects also the decrease of share on total exports that these categories have experienced during 2010. Some of the main products that decreased their exports are women shirts, men shorts, footwear boots, etc. (see Table 3.3).

### 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 2009, only two sections have experienced a decrease in the value of imports (vehicle and electric machinery and equipment). The sections with the highest share to total import flows are mineral products (15.4%), electric machinery and

HS-6	Description	2009	2010	Change compare to 2009
720711	Semi-fin metal prod./has,rect/sq cross-sect cntg by wgt<.25%		7,434.86	N/A
720250	Ferro-silico-chromium		211.70	N/A
410691	Dried leather	0.19	186.64	96864%
640340	Footwear, out sole of rubber/plas/leathr, uppers of leathr w/met toe-cap	8.31	2,871.35	34466%
740322	Copper-tin base alloys, unwrought	2.35	408.37	17309%
720241	Ferro-chromium containing by weight more than 4% of carbon	22.79	3,115.65	13571%
930630	Cartridges nes and parts thereof	3.21	379.84	11736%
760421	Profiles, hollow, aluminium, alloyed	19.90	186.64	838%
760120	Aluminium unwrought, alloyed	80.20	693.59	765%
720449	Ferrous waste and scrap, iron or steel, nes	274.34	2,188.91	698%
252310	Cement clinkers	73.44	491.44	569%
610190	Mens/boys overcoats, anoraks etc, of other textile materials, knitted	32.12	194.65	506%
720249	Ferro-chromium, nes	57.16	314.06	449%
491199	Printed matter, nes	224.31	1,005.87	348%
271600	Electrical energy	2,868.37	10,573.02	269%
760200	Waste and scrap, aluminium	273.48	921.97	237%

HS-6	Description	2009	2010	Change compare to 2009
610620	Womens/girls blouses and shirts, of man-made fibres, knitted	521.09	199.12	-62%
640590	Footwear, nes	3,565.36	2,032.44	-43%
620341	Mens/boys trousers and shorts, of wool or fine animal hair, not knitted	546.68	325.95	-40%
620630	Womens/girls blouses and shirts, of cotton, not knitted	573.53	360.68	-37%
621142	Womens/girls garments nes, of cotton, not knitted	928.00	634.15	-32%
611595	Stockings, Socks, of Other Textile Materials	408.62	282.96	-31%
640320	Footwear, out sole/uppr of leathr, strap across the instep/and big toe	884.28	665.87	-25%
640312	Mountain boots	195.78	153.95	-21%
610342	Mens/boys trousers and shorts, of cotton, knitted	349.98	282.73	-19%
761090	Structures & parts, alum, eg plate, rods etc, for struct excl prefab bldgs	204.53	169.56	-17%
611020	Pullovers, cardigans and similar articles of cotton, knitted	392.59	336.36	-14%
610721	Mens/boys nightshirts and pyjamas, of cotton, knitted	208.68	180.07	-14%
610821	Womens/girls briefs and panties, of cotton, knitted	2,058.09	1,781.04	-13%
640391	Footwear, outer soles of rubber/plast uppers of leather covg ankle nes	918.79	799.87	-13%

equipment (14.2%) and main metals (12.8%). Altogether these sections represent 42.4% of total

Table 3.4: Top ten imported goods for 2010 (mln All)

nenkreu	Pershkrimi	2006	2007	2008	2009	2010
271019	Light petroleum distillates nes	19,055.76	22,443.04	30,686.09	20,984.70	34,837.06
300490	Medicaments nes, in dosage	4,711.78	7,631.47	8,434.73	9,858.66	12,629.25
271600	Electrical energy	3,811.02	22,312.21	25,888.74	14,442.26	11,850.69
720449	Ferrous waste and scrap, iron or steel, nes	883.60	3,708.37	3,758.93	3,642.71	10,529.52
240220	Cigarettes containing tobacco	5,154.53	5,102.89	6,821.53	8,019.42	10,300.16
721420	Bars & rods, i/nas, hr, hd or he, mtg indent, ribs, etc, prod dur rp/tar, nes	6,134.46	7,588.52	8,410.68	10,104.68	9,367.03
271011	Aviation spirit	3,524.80	4,398.40	5,094.88	4,821.11	7,263.69
100190	Wheat nes and meslin	3,778.86	6,548.60	7,979.39	5,289.28	7,006.51
870332	Automobiles with diesel engine displacing more than 1500 cc to 2500 cc	4,242.65	6,267.44	6,194.88	6,006.76	5,463.40
410719	Processed leather	2,962.71	5,513.19	4,550.48	4,438.12	5,089.74
Total value of 10-most imported products		54,260.17	91,514.14	107,820.34	87,607.69	114,337.04
Value of overall imports		298,278.57	377,446.70	439,083.21	431,107.43	480,191.00
Share of 10-most imported products, in %		18%	24%	25%	20%	23.8%

Table 3.5: Imported products with the highest change in their value

HS-6	Description	2009	2010	Change compared to 2009
890690	Other vessels, including warships and lifeboats	0.22	303.31	139739%
482090	Office supplies nes, of paper	17.51	2,728.73	15481%
270400	Coke&semi-coke of coal, lignite o peat, agglomeratd o not, rebolt carbon	7.13	461.44	6371%
902214	Apparatus based on the use of X-rays For medical, surgical, dental or veterinary uses	52.74	515.78	878%
730810	Bridges and bridge sections, iron or steel	115.21	911.21	691%
902830	Electricity supply, production and calibrating meters	134.32	910.15	578%
271311	Petroleum coke, not calcined	289.88	1,838.78	534%
843143	Parts of boring or sinking machinery, whether or not self-propelled	107.49	500.77	366%
070310	Onions and shallots, fresh or chilled	75.18	324.93	332%
902212	Apparatus based on the use of X-rays For other uses.	92.10	393.88	328%
551299	Woven fabrics, containing >=85% of other synthetic staple fib, o/t unbl/bl	74.50	304.86	309%
850431	Transformers electric power handling capacity not exceeding 1 KVA, nes	115.52	446.59	287%
940290	Medical, surgical, dental or veterinary furniture and parts nes	94.76	362.88	283%
731100	Containers for compressed or liquefied gas of iron or steel	123.64	465.49	276%
853529	Automatic circuit breakers, for a voltage exceeding 1,000 volts, nes	135.53	501.60	270%
852380	Other Prepared Unrecorded Media for Sound Recording	528.64	1,816.33	244%
852329	Magnetic Discs, Unrecorded	246.25	845.78	243%
850423	Liq dielectric transfavg a power handlg capacity exceedg 10,000 KVA	362.77	1,225.67	238%



Imported products with the largest decrease in their value				
HS-6	Description	2009	2010	Change compared to 2009
690810	Tiles, cubes and sim <7 cm rect or not etc, glazed ceramics	2,966.08	604.40	-80%
300410	Penicillins or streptomycins and their derivatives, in dosage	1,393.25	366.50	-74%
030563	Anchovies, salted and in brine, but not dried or smoked	943.03	397.93	-58%
270900	Petroleum oils and oils obtained from bituminous minerals, crude	2,978.75	1,356.99	-54%
870422	Diesel powered trucks w a GVW exc five tonnes but not exc twenty tonnes	1,650.51	763.01	-54%
842952	Shovels and excavators with a 360 revolving superstructure	1,273.88	660.78	-48%
551512	Woven fabrics of polyester staple fibres mixd w man-made filaments, nes	980.54	519.31	-47%
271320	Petroleum bitumen	1,493.44	822.38	-45%
847490	Pts of sortg/s creeng/mixg/ crushg/grinding/washing/agglomeratg mach etc	677.62	378.81	-44%
854460	Electric conductors, for a voltage exceeding 1,000 V, nes	946.11	530.88	-44%
730840	Props&similar equipment for scaffoldings shutterg/pit-propping, i/s	1,356.16	789.36	-42%
852352	Magnetic Discs, Unrecorded	1,871.69	1,101.48	-41%
252390	Hydraulic cements nes	3,387.94	2,005.46	-41%
843149	Parts of cranes, work-trucks, shovels, and other construction machinery	501.43	300.98	-40%
870120	Road tractors for semi-trailers (truck tractors)	1,195.66	749.32	-37%

imports. Other important sections remain textiles, prepared food and chemical products.

Imports of mineral products reached 73,791 million ALL having increased by 19.3 percent in 2010. Products falling under this category are also listed in the top ten imported products for 2010. The most imported products under this category remain light petroleum and electrical energy (tab 3.4).

Imports of mechanical and electrical machineries decreased by 3.5 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.

Imports of metals represent 12.8 percent of total imports (almost the same as 2009) and have experienced an increase of 16.7 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. Ferrous waste and scrap, bars and rods are the main products imported from this category (see Table 3.4).

The ten most imported products in Albania account for 24 percent of total imports. Their concentration has increased with 3 percentage points as compared to 2009. 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 2010 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.



## IV Trade in Specific Sectors

### 4.1 Inward processing trade

Inward processing trade was also affected by the overall export increase of 2010. This increase was valued at 30.8%. The increase has a geographical and sectorial background but it is especially related to the further increase of inward processing trade in three main sectors: textiles, footwear and base metals, with one main partner country for 2010: Italy.

Inward processing exports amounted to 85,423 mln ALL, showing an important increase in absolute value. Nevertheless the share of inward processing to total exports has experienced a strong decrease of 10 percentage points down to 53.1% of total exports. The main reason for this was the very strong increase that other sectors have experienced but also a slowdown that the textile sector faced during 2010. For many years now, inward processing exports are a major category within exports accounting for more than half of total exports of Albania.

Inward processing imports amounted to 68,711 mln

ALL, having increased by 35.1% as compared to 2009.

Inward processing value added, expressed as the difference between exports' value and import value has experienced an increase of 15.8% in 2010, proving the fact that inward processing exports have increased with a higher pace than inward processing imports. The value added from inward processing sector reached 16,711 mln ALL, accounting for 19.6% of total inward processing exports and a slight decrease in share by 2.5 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 2010, except some changes in growth rate and 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.

Table 4.1: Inward Processing Trade, 2010

		2006	2007	2008	2009	2010
Inward Processing Exports	(in Mln ALL)	54,301	64,464	67,370	65,308	85,423
Share of Inward Processing Exports to total	(in %)	70.1%	66.4%	59.9%	63.1%	53.1%
Change rate of IP exports	(in %)	17.7%	18.7%	4.5%	-3.1%	30.8%
Inward processing imports	(in Mln ALL)	44,924	53,532	50,568	50,875	68,711
Change rate of IP imports	(in %)	17.5%	19.2%	-5.5%	0.6%	35.1%
Value added, Inward processing	(in Mln ALL)	9,377	10,931	16,802	14,433	16,711
Value added share to IP Exports	(in %)	17.3%	17.0%	24.9%	22.1%	19.6%
Value added change rate	(in %)	18.8%	16.6%	53.7%	-14.1%	15.8%

Table 4.2: Exports of Inward Processing by Sector

	2006	2007	2008	2009	2010	Share to total	Change Rate 2010 - 2009
Sector Description	in mln ALL	in mln ALL	in mln ALL	in mln ALL	in mln ALL	in %	in %
Textile and articles thereof	21,584.44	26,300.13	29,523.67	28,010.34	30,051.35	35.2%	7.3%
Footwear	19,959.65	20,503.48	18,999.64	20,043.39	25,381.80	29.7%	26.6%
Base metals and articles thereof	4,660.93	7,961.36	7,070.34	5,985.46	16,205.29	19.0%	170.7%
Machinery and parts thereof	1,963.18	2,343.49	3,058.57	2,826.61	3,970.19	4.6%	40.5%
Edible preparations, beverages	2,222.83	2,096.46	2,042.59	2,484.56	2,928.17	3.4%	17.9%
Other remaining sectors	3,910.08	5,258.65	6,675.42	5,957.83	6,885.75	8.1%	15.6%

Graph 4.1: Structure of inward processing exports, 2010

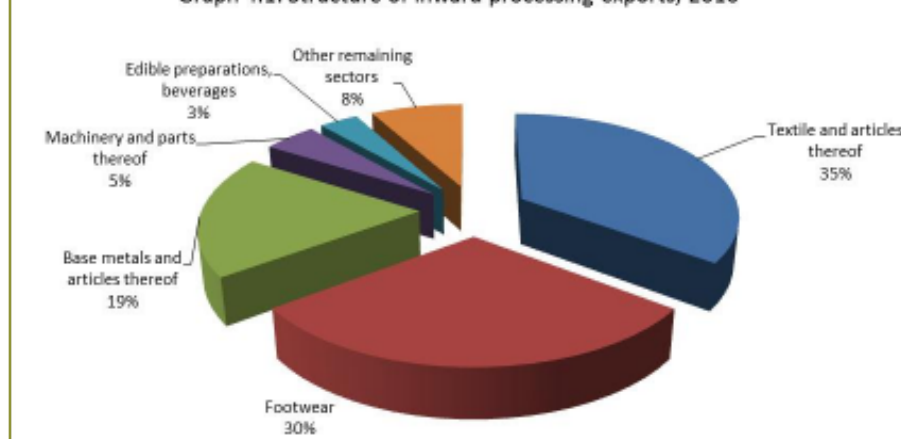


Table 4.3: Most important inward processing products

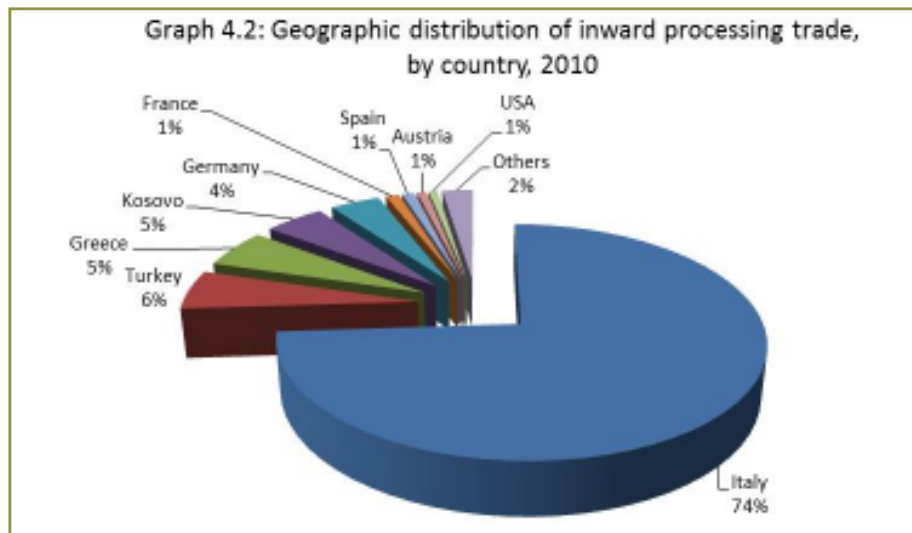
HS Code	Description	2009	2010	Growth Rate	Share to Sector Exports
		in mln ALL	in mln ALL	in %	in %
640610	Uppers and parts thereof, other than stiffeners	7,701.84	8,964.00	16%	10.5%
620342	Mens/boys trousers and shorts, of cotton, not knitted	4,986.00	5,909.37	19%	6.9%
720711	Semi-fin prod, i/nas, rect/s q cross-sect cntg by wgt<.25% c, wdth<2X thk		4,578.83	N/A	5.4%
721420	Bars & rods, i/nas hr, hd or he, cntg indent, ribs, etc, prod dur p/tar, nes	888.45	4,509.71	408%	5.3%
830140	Locks of base metal, nes	3,715.43	4,504.34	21%	5.3%
620520	Mens/boys shirts, of cotton, not knitted	3,464.35	3,909.01	13%	4.6%
640510	Footwear with uppers of leather or composition leather, nes	2,618.58	3,028.33	16%	3.5%
640340	Footwear, outr sole of rber/plas/leathr, uppers of leathr w/met toe-cap	8.31	2,865.68	34398%	3.4%
160416	Anchovies, prepared or preserved, whole or in pieces, but not minced	2,123.61	2,544.92	20%	3.0%
610910	T-shirts, singlets and other vests, of cotton, knitted	2,455.29	2,505.71	2%	2.9%

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

HS Code	Description	2009	2010	Growth Rate	Share to IP exports
		in mln ALL	in mln ALL	in %	in %
620342	Mens/boys trousers and shorts, of cotton, not knitted	4,986.00	5,909.37	19%	6.9%
620520	Mens/boys shirts, of cotton, not knitted	3,464.35	3,909.01	13%	4.6%
610910	T-shirts, singlets and other vests, of cotton, knitted	2,455.29	2,505.71	2%	2.9%
610821	Womens/girls briefs and panties, of cotton, knitted	2,058.09	1,780.27	-13%	2.1%
610711	Mens/boys underpants and briefs, of cotton, knitted	1,410.75	1,684.40	19%	2.0%

Inward processing exports of textiles category summed up to 30,051 mln ALL, accounting for 35.2% of total inward processing exports and for 7.3% increase in absolute value. This is the first

decrease of share 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



increased in value by 19%. Other important traded items of the textiles inward processing sector are listed in the table 4.4.

Footwear products reached 25,381 mln ALL having increased in absolute value by 26.6%, accounting for 29.7% of total inward processing exports. After the decrease in 2008 this sector has strongly recuperated in value in 2010, experiencing both growth and stabilization. The most important items within this sector are listed in table 4.3. Most of them have experienced an increase in 2010.

Metals and products thereof, another important category of the inward processing sector, were valued at 16,205 mln ALL, having increased in absolute value by 170.7% and increased strongly in share reaching at 19 percentage. Main products within this category remain bars, rods and locks and parts thereof assembled in Albania.

Inward processing of machinery and parts thereof was valued at 3,970 mln ALL. This category experienced also an increase by 40.5% reaching at 4.6% of share. 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 3.4% of total inward processing exports, valued at 2,928 mln ALL. Their value increased by 17.9%, while their share by 0.4 percentage points in 2010. In line with the overall increase tendency the main food industry inward processing items such as anchovies accounting for 87% of this category, have experienced further increases in value.

The geography of inward processing in graph 4.2,

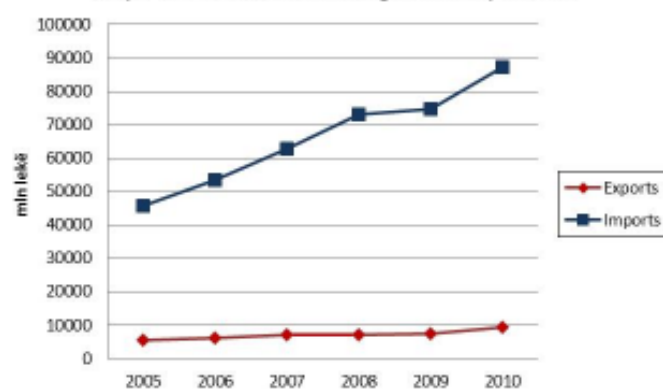
shows some major changes as compared to 2009. The main inward processing trade partners is confirmed to be Italy, which has gained further share in 2010 reaching at 74 of the total. Inward processing trade with Italy was valued at 63,192 mln ALL, increasing by 18% as compared to 2009. Turkey, Greece and Germany remain the main partners, accounting respectively for 6%, 5% and 4% of total exports of inward processing.

The economic recession in Greece 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 further to 4,727 Mln ALL experiencing a reduction by 4% in value.

Inward processing exports to Germany reached 3,423, increasing by 29% in 2010. Germany has confirmed to be a new interesting partner for Albanian businesses operating in the inward processing sector, by keeping a positive pace in 2010.

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 trade with Kosovo experienced a strong decrease of 53% in 2010. This has been replaced by an increase of 57% to Serbia. Macedonia is also another country of the region that seems to increase inward processing trade, by showing a growth rate of 172% in 2010, reaching at 469 mln ALL. However, as said above, trade with the countries of the region has proved to be unstable and thus it is difficult to analyze and explain trends of specific sectors.

Graph 4.3. : Trade flows on agricultural products



## 4.2 Agriculture products

### 4.2.1 Exports

Agricultural products exports reached 9,309 mln ALL, having increased by 24.2%, in 2010 (tab 4.5). Like other sectors, agricultural exports experienced decrease in 2009, but kept a very positive trend during 2010. Therefore the share to total exports of the country has increased further reaching at 5.8% percentage points while the imports' coverage ratio went to 10.7%. Nevertheless the coverage ratio remains lower than the total imports' coverage ratio (33.5%). Graph 4.4 shows shares of exports by

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

HS Code	Description	Exports				Imports			
		2009	2010	Share to sector total in %	Change rate 09-10	2009	2010	Share to sector total in %	Change rate 09-10
01	Live animals	50.65	63.53	0.7%	25.4%	3,745	3,597	4.1%	-3.9%
02	Meat and edible meat offal	437.53	144.45	1.6%	-67.0%	6,395	7,329	8.4%	14.6%
03	Fish, crustaceans, molluscs, aquatic invertebrates nes	817.15	1,290.20	13.9%	57.9%	1,778	1,751	2.0%	-1.5%
04	Dairy products, eggs, honey, edible animal products nes	204.56	310.96	3.3%	52.0%	1,969	2,122	2.4%	7.8%
05	Products of animal origin, nes	273.52	478.93	5.1%	75.1%	174	242	0.3%	38.9%
06	Live trees, plants, bulbs, roots, cut flowers etc	83.56	53.61	0.6%	-35.8%	417	387	0.4%	-7.2%
07	Edible vegetables and certain roots and tubers	178.45	463.74	5.0%	159.9%	2,209	2,752	3.2%	24.5%
08	Edible fruit, nuts, peel of citrus fruit, melons	287.47	400.26	4.3%	39.2%	5,780	6,489	7.4%	12.3%
09	Coffee, tea, mate and spices	195.96	120.60	1.3%	-38.5%	2,340	2,363	2.7%	1.0%
10	Cereals	6.28	2.26	0.0%	-64.0%	8,504	10,733	12.3%	26.2%
11	Milling products, malt, starches, inulin, wheat gluten	0.97	0.70	0.0%	-27.4%	1,313	1,810	2.1%	37.9%
12	Oil seed, oleaginous fruits, grain, seed, fruit, etc, nes	1,869.87	2,182.73	23.4%	16.7%	326	326	0.4%	0.0%
13	Lac, gums, resins, vegetable saps and extracts nes	11.96	23.94	0.3%	100.3%	37	28	0.0%	-23.6%
14	Vegetable plaiting materials, vegetable products nes	0.51	1.95	0.0%	285.4%	4	1	0.0%	-83.3%
15	Animal, vegetable fats and oils, cleavage products, etc	40.35	105.09	1.1%	160.4%	5,187	5,682	6.5%	9.5%
16	Meat, fish and seafood food preparations nes	2,267.48	2,610.51	28.0%	15.1%	1,945	3,001	3.4%	54.3%
17	Sugars and sugar confectionery	8.73	11.74	0.1%	34.5%	2,898	3,934	4.5%	35.7%
18	Cocoa and cocoa preparations	3.55	9.20	0.1%	159.0%	950	1,140	1.3%	20.1%
19	Cereal, flour, starch, milk preparations and products	35.67	58.97	0.6%	65.3%	5,366	5,948	6.8%	10.8%
20	Vegetable, fruit, nut, etc food preparations	263.70	355.13	3.8%	34.7%	2,084	2,037	2.3%	-2.3%
21	Miscellaneous edible preparations	12.50	6.54	0.1%	-47.7%	3,285	3,953	4.5%	20.3%
22	Beverages, spirits and vinegar	225.27	173.80	1.9%	-22.8%	8,271	9,311	10.7%	12.6%
23	Residues, wastes of food industry, animal fodder	0	0	0.0%	#DIV/0!	1,707	2,025	2.3%	18.6%
24	Tobacco and manufactured tobacco substitutes	221.30	439.73	4.7%	98.7%	8,031	10,322	11.8%	28.5%
	<b>Total agriculture products</b>	<b>7,497</b>	<b>9,309</b>		<b>24.2%</b>	<b>74,715</b>	<b>87,283</b>		<b>16.8%</b>
	<b>Share to total trade flows</b>	<b>7.2%</b>	<b>5.8%</b>		<b>55.7%</b>	<b>17.3%</b>	<b>18.2%</b>		

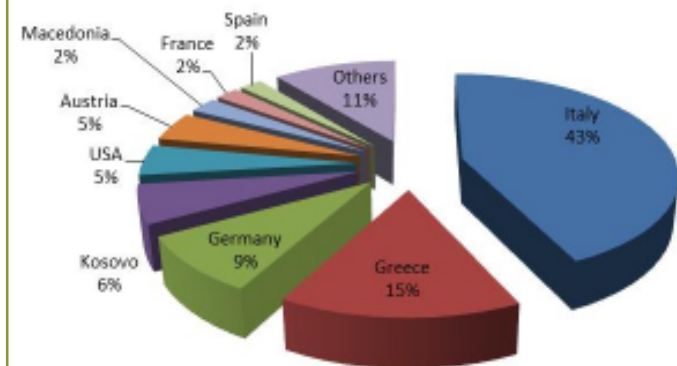
Table 4.6: Main agricultural products exports in mln ALL, 2010

HS Code	Description	2006	2007	2008	2009	2010	Share to total AP exports, in %	Growth rate 2009 - 2010
160416	Anchovies, prepared or preserved, whole or in pieces, but not minced	2,058.11	1,875.11	1,752.42	2,137.11	2,553.46	27%	19%
121190	Plants & parts of plants (incl seed & fruit) used in pharm, perf, insect etc nes	1,519.61	1,686.72	1,870.75	1,196.48	1,332.24	14%	11%
050400	Guts, bladders and stomachs of animals except fish whole or in pieces	15.31	49.34	615.68	262.17	478.32	5%	82%
240120	Tobacco, unmanufactured, partly or wholly stemmed or stripped	179.00	593.33	205.90	217.28	436.04	5%	101%
030269	Fish nes, fresh or chilled excl heading No 03.04, livers and roes	69.95	130.62	139.19	256.97	419.91	5%	63%
121490	Swedes, mangold, fodder root, hay, clover, sainfoin, forag kale, etc	14.43	74.36	138.45	243.42	381.76	4%	57%
030741	Cuttle fish and squid, shelled or not, live, fresh or chilled	14.31	1.59	69.32	140.45	331.35	4%	136%
121020	Hop cones, ground, powdered or pelleted and lupulin	21.66	63.01	74.70	350.73	329.93	4%	-6%
200570	Olives prepared or preserved, other than by vinegar or acetic acid, not frozen	121.28	158.34	181.69	188.04	309.95	3%	65%
040700	Eggs, bird, in shell, fresh, preserved or cooked	10.84	217.93	321.72	201.50	299.91	3%	49%
Top ten exports						6,872.87	74%	
Total AP exports						9,308.55		

country of origin. Italy remains the main exporting partner in terms of agricultural products with a decrease share by 2.4 percentage points in 2010. Other important exports destinations for agricultural products are Germany and Greece which account for 9% and 15% of total exports respectively (See Chapter 5). Exports of agricultural to Italy reached 4,035 mln ALL in 2010 having increased by 19%. Exports to Greece increased firmly by 66% as compared to last year while exports to Germany increased by 18%. Exports to the region have experienced increase. Except of Macedonia (-1%), exports to the other countries in the region have increased. Exports Bosnia & Herzegovina have experienced the highest increase for agricultural products by 67%. On the other hand exports of agricultural products to Serbia and Montenegro also experienced increases respectively by 47% and 42%.

The most exported agricultural product accounting for 74% 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 anchovies are ranked first for the second time, surpassing exports of medicinal herbs. Exports of anchovies account for 27% of total exports and 19% increase, while the share of exports of medicinal herbs has further decreased in 2010, from 16% to 14%. Despite a growth rate of 11%, the decrease in share shows that other sectors such as

Graph 4.4: Share of agriculture exports, by country 2010

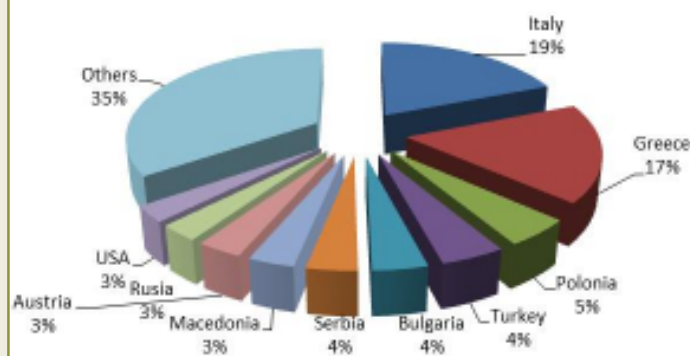


tobacco and anchovies are growing rapidly and increasing their share.

Dynamics of exports and imports in a chapter perspective is given in table 4.5. The largest share of agricultural exports goes to cereals (12.3%) and beverages (10.7%). The category with the highest increase as compared to 2009 remains prepared food, where anchovies are part, with an increase of 28% in 2010. Exports of fish, cereals, oils, sugar products, cereals have experienced increases, while exports of meat, trees, coffee, cereals, vegetables planting and resins decreases. For a more detailed overview of values, increases, decreases and share in percentage refer to table 4.5.



Graph 4.5: Share of agricultural products imports, by country, 2010



imports value of agricultural products in 2010 was experienced with Germany (-48%), Kosovo (-99%), Russia (-8%) and Netherland (-24%).

The agricultural products imports structure is less concentrated than the structure of exports. The most imported products account only for 42% of total imports as table 4.6 shows. No major shifts in the list of top imported agricultural products are to be observed. Last year's most imported product, tobacco, is still placed first reaching at 12% on total agriculture imports and having increased by 28%. Wheat is at the second place with an increase of 32% as compared to 2009. The increase of imports of wheat might signal that the decrease of last year was

Table 4.6: Main agricultural products imports in mln ALL, 2010

HS Code	Description	2006	2007	2008	2009	2010	Share to total AP exports, in %	Growth rate 2009 - 2010
240220	Cigarettes containing tobacco	5,154.53	5,102.89	6,821.53	8,019.42	10,300.16	12%	28%
100190	Wheat nes and mes lin	3,778.86	6,548.60	7,979.39	5,289.28	7,006.51	8%	32%
220300	Beer made from malt	1,504.31	2,174.37	2,540.34	3,303.34	3,290.01	4%	0%
170199	Refined sugar, in solid form, nes	2,960.19	2,184.57	3,098.90	2,247.45	3,148.17	4%	40%
151219	Sunflower-seeds/afflower oil & their fractions refined but not chem modified	1,575.61	1,781.97	3,091.27	2,177.71	2,587.21	3%	19%
220210	Waters incl mineral & aerated, containing sugar or sweetening matter or flavour	972.47	1,190.02	1,422.72	1,619.93	2,290.12	3%	41%
020714	Chicken parts	419.31	412.94	902.61	1,249.46	2,204.89	3%	76%
210690	Food preparations nes	1,023.99	1,365.41	1,632.49	1,722.58	2,156.63	2%	25%
010290	Bovine, live except pure-bred breeding	1,696.06	2,230.82	2,440.62	2,466.36	1,836.61	2%	-26%
020329	Swine cuts, frozen nes	1,720.72	1,576.26	1,381.18	1,428.21	1,773.61	2%	24%
	Top ten imports					36,593.92	42%	
	Total AP imports					87,283.04		

## 4.2.2 Imports

Imports of agricultural products were valued at 87,283 mln ALL, having increased also by 16.8%, with an even higher growth rate than exports in 2009. They account for 18.2% of total imports or 0.9 percentage points increased share. The increase of import flows is observable in graph 4.3 as well.

Imports of agricultural products to Albania are originating from a larger number of countries as the graph 4.5 shows. Not only for exports, but also in terms of imports, Italy and Greece remain the main partners, even though with lower shares, accounting for 19% and 17% of total imports respectively. Their shares and values have decreased in 2010. Imports from Italy reached 16,638 mln ALL having increased by 10% (almost the same growth rate as in 2009). Imports from Greece reached 15,189 mln ALL having increased by 17%. Among other significant countries whose value of imports has increased are Macedonia (53%), USA (31%), Romania (153%), Slovenia (29%) and Bosnia & Hercegovina (587%!) Decrease of

mainly due to lower consumption from the crisis rather than a strong imports substitution. Other top products that have experienced increase are sugar, water and chicken parts. The only product from the top ten list that experienced decrease is bovine (-26%), while beer remained at the same level as 2009. For more details on shares and growth rates in percentage refer to table 4.6.

## 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 22,424 mln ALL having increased by 29.5% in 2010. This is mainly due to the increase of exports, which reached at 10,573 mln ALL in 2010, experiencing 268% (!) of increase as observable in graph 4.6.

Exports kept their positive trend from 2009 (increased



by 709% in 2009) after a 3 years exporting history of this good. Electrical energy was exported to Switzerland which accounts for 56% of total exports, Serbia (14.4%), the Czech Republic (14%) and Slovenia (12.2%). Differently from previous years, in 2010 there were no exports of electrical energy to Kosovo and a very small amount to Greece (23.2%) as the graph 4.7 below shows. The number of receivers of electrical energy has largely increased since two years ago (electrical energy was exported only to Greece). This shows that this sector is still affected by instability. In 2010, exports of electrical energy accounted for 6.6% of total exports of Albania.

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 destination partner, followed by Czech Republic and Serbia as graph 4.8 shows.

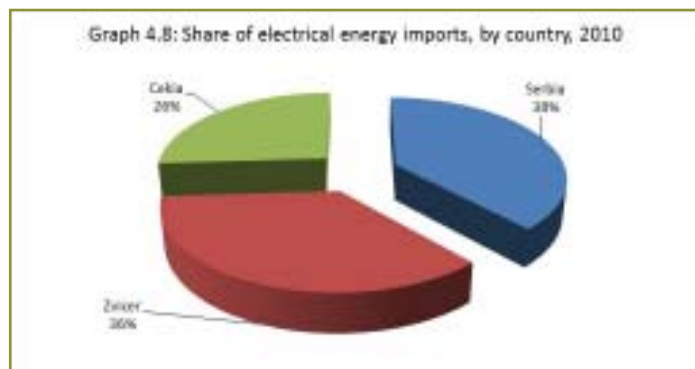
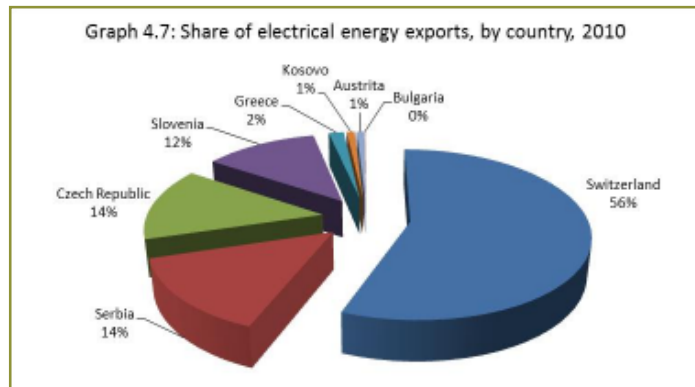
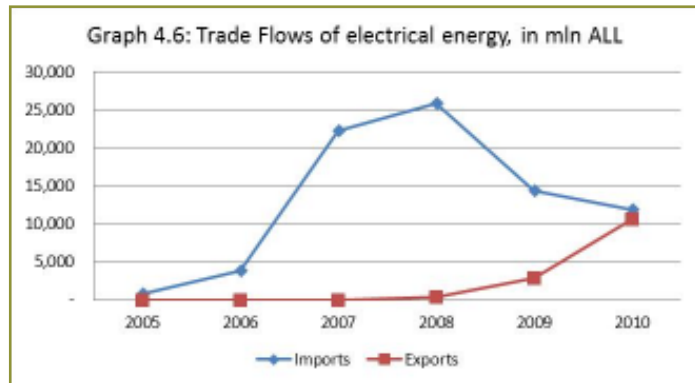
Imports decreased by 17.9% in 2010. This was clearly the effect of import substitution from the domestic production, which reached at almost 90% for 2010. The partners countries of Albania for electrical energy imports are Serbia, Switzerland and the Czech Republic, sharing almost the same size of flows.

### 4.3.2 Trade in oil products

Trade of oil products reached 72,763 mln ALL having experienced an increase of 60% in 2010. They account for 11.3% of total trade flows in 2010 (increasing by 3 points). The increase has come as a result of the boost of both flows directions: exports and imports. Exports were valued at 18,471 mln ALL having increased by 100.1 % in 2010. Imports on the other hand were valued at 54,291 having increased with 50.0%.

In terms of geographic distribution of exports, Italy remains the main exporting partner (10,143 mln ALL), whose share has further increased by for 2010 reaching at 55%. Exports to the countries of the region, which have been the second most important geographic destination after Italy have decreased, leaving room for rise of other new partners such as Spain, UAE and Malta as observable in graph 4.10. Exports to Kosovo decreased in 2010 and account for a 6% of total exports of oil products. Exports to Montenegro have also decreased by 45%, while there were almost no exports to other countries in the region.

Products within this category that are being exported are petroleum oil (115% increase), bitumen oil (141%),

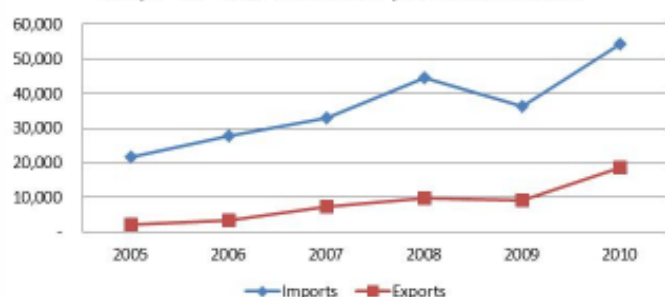


and light petroleum (13%).

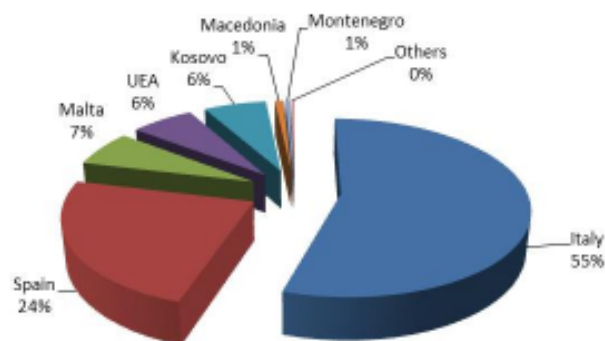
Major shifts in shares are to be observed in the geographic distribution of imports of oil products. Imports of oil products come mainly from Italy (16,893 mln ALL), which accounts for a huge increase of 946% in 2010 (it was 1,615 mln ALL in 2009). This impressive increase made of Italy the first partner for Albanian imports, sliding Greece at the second place. Imports from Greece reached at 15,275 mln ALL, decreasing by 22% in 2010.

Imports from Georgia, Israel and Croatia have also increased respectively 113%, 121% and 422%. While imports from Russia decreased by 40%. Import substitution reached at 33.5%, almost 10 points of percentage more than in 2009. Light petroleum, butanes, and other major imported oil products have experienced increases in absolute values.

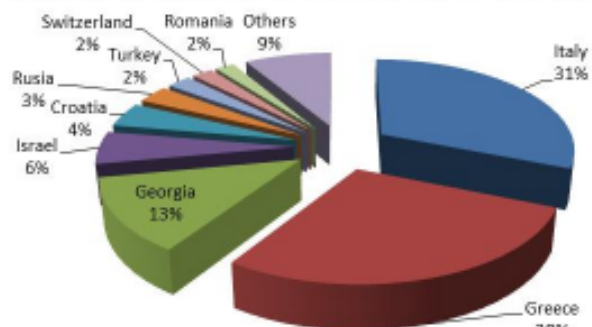
Graph 4.9: Trade Flows of oil products, in mln ALL



Graph 4.10: Shares of oil products' export by country, 2010



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



### 4.3.3 Trade in mineral products

Mineral products trade volume reached 23,422 mln ALL experiencing a growth rate of 18.5% when compared to 2009. They account for 3.6% of total trade flows, experiencing a slight loss in terms of share (0.5%). Exports increased strongly by 83.8% while imports decreased by 31%. This has also switched the positive trade balance of last year bringing exports to fully cover and exceed imports with a positive balance of 8,124 mln ALL in 2010.

The most exported products remain chromium ores and different kinds of construction material as observable in table 4.8. Chromium ores confirmed its trend as the main exported item increasing by 100% its exports and reaching at 8,045 mln ALL in 2010. Copper ores have also increased by 52%, while construction material exports in overall have experienced increases as the table 4.8 shows.

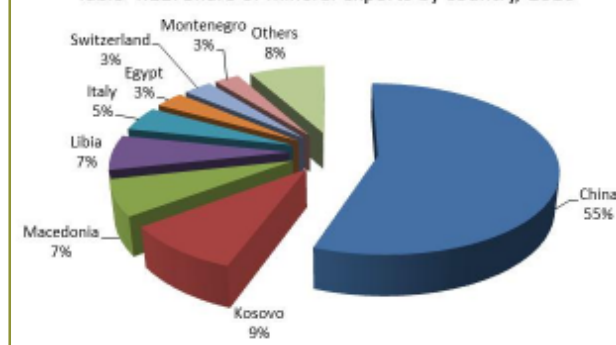
In terms of geographic distribution, the main destination for Albanian exports are China (55%), Kosovo (9%) and Macedonia (7%).

Imports of minerals are mainly represented by all kinds of construction materials again as observable in table 4.9. Most of them have experienced decrease in 2010. This was due to the slowdown of construction industry in Albania during the previous year. Importing partners remain Greece and Italy, which account for slight changes in shares. Imports from Greece have decreased by 46%, while imports from Italy have decreased by 30%.

Table 4.8: Main exported mineral products in mln ALL, 2010

HS Code	Description	2006	2007	2008	2009	2010	Share to total AP exports, in %	Growth rate 2009 - 2010
261000	Chromium ores and concentrates	1,666.01	4,493.60	5,514.02	4,028.76	8,045.07	51%	100%
252329	Portland cement nes	77.43	401.83	1,478.29	1,566.47	3,487.34	22%	123%
260300	Copper ores and concentrates	70.52	947.33	1,929.81	1,527.63	2,329.40	15%	52%
260111	Iron ores & concentrates, oth than roasted iron pyrites, non-agglomerated	420.55	682.33	585.51	648.40	726.92	5%	12%
252310	Cement clinkers		693.46	259.41	73.44	491.44	3%	569%
251690	Monumental or building stone nes	137.37	168.55	224.19	286.46	332.38	2%	16%
251400	Slate, whether or not roughly trimmed or merely cut etc	0.01	0.04		75.37	108.27	1%	44%
252321	Portland cement, white, whether or not artificially coloured	0.13	11.55	3.69	156.22	54.10	0%	-65%
251520	Ecaussine & other calcareous monumental or building stone: alabaster			4.93	40.98	53.50	0%	31%
	Top exports					15,628.43	99%	
	Total MP exports					15,772.86		

Table 4.12: Share of mineral exports by country, 2010



Graph 4.13: Share of imports of minerals by country, 2010

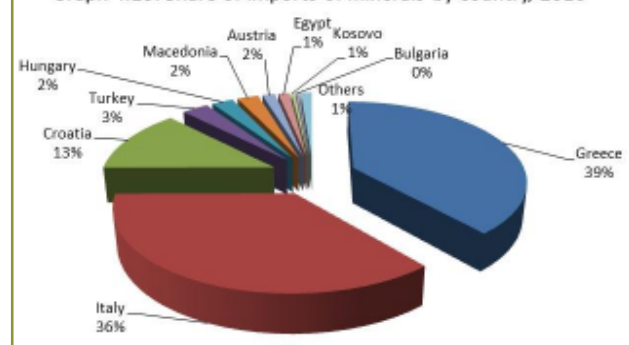


Table 4.9: Main imported mineral products in mln ALL, 2010

HS Code	Description	2006	2007	2008	2009	2010	Share to total AP exports, in %	Growth rate 2009 - 2010
252329	Portland cement nes	6,213.38	4,202.72	4,091.80	5,915.70	4,144.31	55%	-30%
252390	Hydraulic cement nes	1,481.66	2,367.31	2,669.68	3,387.94	2,005.46	27%	-41%
251511	Marble and travertine, crude or roughly trimmed	676.13	515.54	594.09	469.64	428.03	6%	-9%
252321	Portland cement, white, whether or not artificially coloured	98.61	101.26	202.76	129.97	213.67	3%	64%
250100	Salt (includg table salt&denaturd salt) pure sodium chloride&sea water	175.24	192.09	178.99	202.83	195.03	3%	-4%
261000	Chromium ores and concentrates			76.50	11.41	104.48	1%	816%
252220	Slaked lime	25.48	22.70	38.94	44.27	65.40	1%	48%
251741	Marble granules, chippg & powder of 25.15 or 25.16 heat-treated or not	13.57	9.35	16.42	42.25	51.91	1%	23%
250810	Bentonite	12.52	4.22	12.60	4.42	37.95	1%	758%
252010	Gypsum; anhydrite	31.33	17.74	27.22	19.49	28.06	0%	44%
	Top ten imports					7,274.31	95%	
	Total MP imports					7,649.64		

#### 4.3.4 Trade in base metal and products thereof

Trade volumes of metals were valued at 93,080 mln ALL having increased by 43.8% in 2010. This increase was due to the increase of both import and export trade flows of this category. The higher increase of exports improved firmly the imports' coverage ratio from 22.6% percentage points to 51.2% (!).

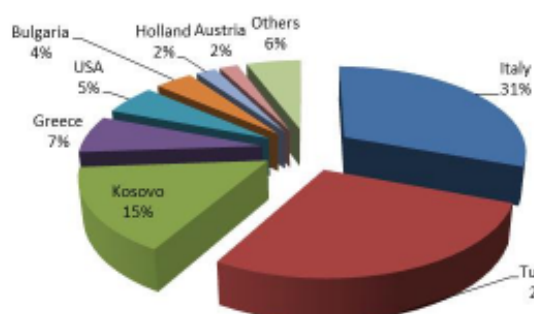
Exports were valued at 31,501 mln ALL having increased by 164% in 2010, accounting for an increase of share to total exports reaching at 19.6%. Main exporting partner countries are Italy, Turkey, Kosovo and Greece. Exports to all these countries experienced strong increases in 2010. Exports to Italy increased by 67% reaching at 9,649 mln ALL. Exports to Greece, Kosovo and USA increased several times as compared to 2009. However, the biggest surprise for exports in this sector was Turkey which jumped in the second place, having increased by 16261%(!) in 2010.

The main exported item remains iron bars and rods and locks which all increased in 2010. However, the

main exported product for this year are semi-finished products of iron which jumped at the first place although was not exported at all the year before. In 2010 this product reached at 7,434 mln ALL (see table 4.10). The other products listed in the top ten exports have not changed and supply mainly the construction and metal processing industries.

Imports of metals were valued at 61,580 having also increased by 16.7%. Their share to total imports remained almost the same as in 2009 (12.2%) reaching at 12.8%. The main importing partners for metal products remain Italy, Greece, Turkey and the region as the graph 4.14 shows. Italy, as main partner, accounts for 14,953 mln ALL of imports, which is almost the same amount as in 2009. Shifts in importance are to be observed mainly because of decrease of imports from Turkey by 31% to 6,310 mln ALL, and the firm increase of imports from Serbia by 210% reaching at 7,178 mln ALL. Increases in import flows from other countries such as Greece (8%) and China (25%) have not changed the overall upward trend. Most imported items within the category are shown in table 4.11. As the table shows, except for bars and rods, they have all experienced increases in values.

Table 4.14: Share of metal exports by country, 2010



Graph 4.15: Share of imports of metals by country, 2010



Table 4.10: Main metal products exports in mln ALL, 2010

HS Code	Description	2006	2007	2008	2009	2010	Share to total AP exports, in %	Growth rate 2009 - 2010
720711	Semi-fin prod, in as, rec'd sq cross-sect cntg by wgt<25% c width<2X thk	0.13	0.09			7,434.86	24%	N/A
721420	Bars & rods, in as, hr, hd or he, cntg indent, ribs, etc, prod dur rp/tar, nes	1,128.77	2,633.98	6,210.04	3,865.29	5,372.47	17%	39%
830140	Locks of base metal, nes	2,350.23	3,526.86	3,906.45	3,715.78	4,506.07	14%	21%
720241	Ferro-chromium containing by weight more than 4% of carbon	967.29	115.96	2,619.34	22.79	3,115.65	10%	13571%
740400	Waste and scrap, copper or copper alloy	2,759.82	2,470.81	1,802.90	1,107.96	2,997.66	10%	171%
720449	Ferrous waste and scrap, iron or steel, nes	1,498.86	831.24	1,384.99	274.34	2,188.91	7%	698%
760200	Waste and scrap, aluminium	1,044.47	948.49	908.01	273.48	921.97	3%	237%
760120	Aluminium unwrought, alloyed	450.39	516.86	248.43	80.20	693.59	2%	765%
830249	Mountings, fittings and similar articles of base metal, nes	231.15	293.09	566.43	260.06	595.75	2%	129%
780199	Lead unwrought nes	7.48	134.39	263.50	351.02	574.31	2%	64%
	Top ten imports					28,401.24	90%	
	Total Metal Products imports					31,500.60		

Table 4.11: Main imported metal products in mln ALL, 2010

HS Code	Description	2006	2007	2008	2009	2010	Share to total AP exports, in %	Growth rate 2009 - 2010
720449	Ferrous waste and scrap, iron or steel, nes	883.60	3,708.37	3,758.93	3,642.71	10,529.52	17%	189%
721420	Bars & rods, in as, hr, hd or he, cntg indent, ribs, etc, prod dur rp/tar, nes	6,134.46	7,588.52	8,410.68	10,104.68	9,367.03	15%	-7%
730890	Structures & parts of structures, in as (ex prefab bldgs of headg no. 9406)	1,196.54	1,870.89	6,571.77	2,775.07	4,932.65	8%	78%
830160	Lock parts, includg parts of clasps o frames w clasps, of base metal, nes	2,041.47	3,415.00	3,755.18	3,535.14	4,388.02	7%	24%
760120	Aluminium unwrought, alloyed	1,451.41	1,525.72	1,411.62	1,183.81	1,554.63	3%	31%
721391	Ferrous Bars	1,400.85	1,717.34	1,518.70	743.16	1,251.78	2%	68%
732690	Articles, iron or steel, nes	530.40	870.64	1,197.01	815.38	1,189.24	2%	46%
730120	Angles, shapes and sections, welded, iron or steel	52.88	24.28	41.12	1,019.28	1,147.27	2%	13%
730419	Iron or steel articles			4.13	375.27	1,053.66	2%	181%
760410	Bars, rods and profiles, aluminium, not alloyed	1,442.92	1,825.32	1,968.07	1,473.16	1,029.82	2%	-30%
	Top ten imports					36,443.62	59%	
	Total AP imports					61,579.72		

## V Albania's Trade Geography

### 5.1 Main characteristics of trade geography

During 2010, the structure of geography of trade has not changed significantly, as compared to 2009 yet, further shifts in shares to total trade flows, following last year's tendencies are to be observed. The most important trade partner of Albania accounting for the highest share of exports to and imports from, remain the EU-27 countries.

Exports to the EU-27 countries account for 70 percent of total exports, having experienced a decrease of 9 percentage points in relative share as compared to the previous year. Imports from EU-27 countries account for 69 percent of total imports. Their share has decreased by 1 percentage point.

The second most important group of countries in terms of trade, the countries of the region have also experienced shifts in shares to total trade flows. Their relative share to total exports increased by 2.3 percentage points. The relative share of imports of

Table 5.1: The geography of Albania's trade flows, 2010

	Exports			Imports		
	Value	Share to total	Growth rate	Value	Share to total	Growth rate
	(Million ALL)	(in %)	2010/2009 (in %)	(Million ALL)	(in %)	2010/2009 (in %)
<b>EU-27</b>	<b>112,993.33</b>	<b>70.2%</b>	<b>38.5%</b>	<b>329,266.34</b>	<b>68.6%</b>	<b>13.1%</b>
Italy	82,016.40	50.9%	26.7%	146,101.55	30.4%	21.5%
Greece	8,720.04	5.4%	16.2%	68,282.48	14.2%	-4.2%
Spain	5,589.22	3.5%	336.9%	6,701.94	1.4%	10.0%
Germany	4,477.27	2.8%	27.0%	20,291.57	4.2%	-11.2%
Austria	1,624.24	1.0%	82.4%	10,221.47	2.1%	11.2%
Bulgaria	1,627.83	1.0%	161.7%	9,595.07	2.0%	3.5%
Other EU countries	8,938.34	5.6%	195.0%	68,072.27	14.2%	30.4%
<b>Countries of the region</b>	<b>16,406.88</b>	<b>10.2%</b>	<b>28.5%</b>	<b>47,819.11</b>	<b>9.8%</b>	<b>44.0%</b>
Kosova	9,761.92	6.1%	35.6%	4,358.42	0.9%	16.2%
Macedonia	2,610.64	1.6%	-17.5%	9,707.88	2.0%	-1.6%
Serbia	1,948.88	1.2%	139.3%	17,615.53	3.7%	49.3%
Montenegro	1,508.41	0.9%	10.2%	2,137.00	0.3%	5.0%
Bosnia and Herzegovina	322.65	0.2%	207.9%	4,049.41	0.8%	269.1%
Croatia	252.27	0.2%	115.0%	9,572.94	2.0%	105.2%
Moldavia	2.10	0.0%	97.4%	377.86	0.1%	1068.7%
<b>Other countries</b>	<b>27,595.34</b>	<b>17.1%</b>	<b>265.8%</b>	<b>76,426.05</b>	<b>15.9%</b>	<b>-10.5%</b>
Switzerland	6,692.44	4.2%	453.0%	12,066.77	2.5%	-21.8%
China	8,873.79	5.5%	80.6%	19,867.79	4.1%	-9.4%
Rusia	3.58	0.0%	-63.8%	5,556.01	1.2%	-20.0%
Turkey	9,644.98	6.0%	1603.8%	28,137.30	5.9%	-5.8%
Ukraine	1.22	0.0%	N/A	4,823.63	1.0%	-8.1%
USA	2,379.33	1.5%	181.7%	5,974.55	1.2%	0.1%
<b>RoW</b>	<b>4,013.45</b>	<b>2.5%</b>	<b>164.2%</b>	<b>26,679.49</b>	<b>5.7%</b>	<b>25.0%</b>



the countries of the region to total imports has also increased by 3 percentage points.

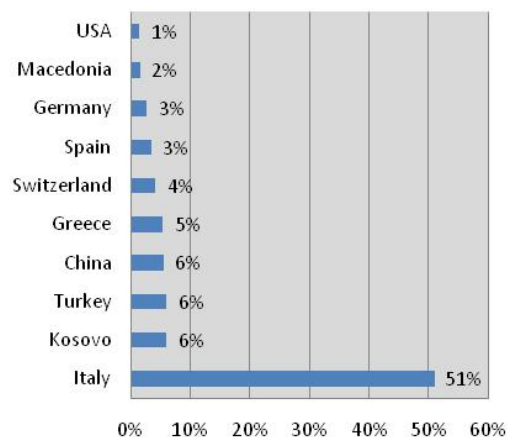
Other main countries exports shares to the total trade flows have experienced a very high increase as compared with 2009, with 266%. Thus, shares of exports to US, Turkey, China and Switzerland increased arriving at 17% of total exports. Imports from these group of countries have decreased with 11% having now a share of 16% of total of the imports for the year 2010. The very high increase of exports to these countries is explained mainly with the export of electric energy to Switzerland and the export of main metals to Turkey.

The geography of trade is shown in more detail in the table 5.1 and in the graphs 5.1 and 5.2. While the table gives an overview of the importance of each country as part of the group-country, the importance of each single country with respect to their role as an export or import partner, is enhanced in the graphs 5.1 and 5.2 respectively.

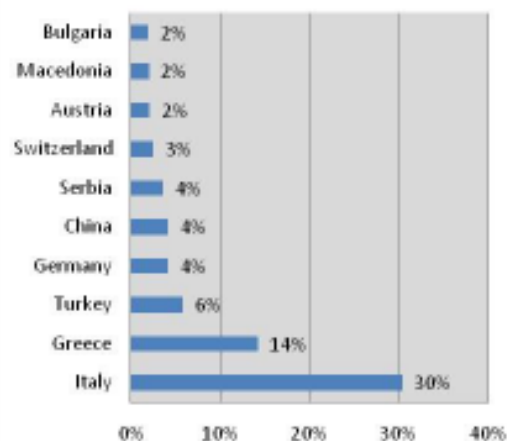
In 2010, the most of commodity exchange happened with the EU-27 countries where Italy accounted for the highest shares of trade flows including both exports to and imports from this country. Exports to Italy are ranked first with 51% but show a considerable share decrease of 12% to total exports. Exports to Greece have decreased slightly in relative share to total exports as compared to 2009. Imports to Italy and Greece have experienced slight changes in terms of relative shares to the total imports.

In terms of growth rates, countries like the Czech Republic, Spain, Malta and Slovenia are noticeable for their high exports' growth rate in 2010. Import growth rates from most significant EU countries have been moderate. 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. Countries of the region with highest shares to total exports are Kosovo accounting for 6 percent of total exports, Macedonia accounting for 2 percent and Montenegro accounting for 1 percent of total exports shares. Countries of the region ranked among the top ten countries from where we import the most (graph 5.2) are Serbia accounting for 4 percent of total imports and Macedonia accounting for 2 percent of total imports. Countries of the region exports' growth rate is almost 2 times lower than total exports' growth rate, while imports growth rate is almost 4 times higher than total imports growth rate.

Graph 5.1: Countries exports' shares to total exports



Graph 5.2: Countries import's shares to total imports



## 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 442,260 mln ALL having increased by 19 percent during 2010. The share of EU-27 countries trade flows has decreased by 1 percentage points, to 69% mainly due to the increase of imports from this area. Exports to the EU-27 account for 70 percent of total exports of Albania. Exports values have increased by 38% which is lower than the general increase of Albania's total exports. Imports on the other hand have experienced an increase of 13 percent, accounting also of 1 percentage points higher share to the total. This has contributed for an increased share to the country's trade deficit,

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

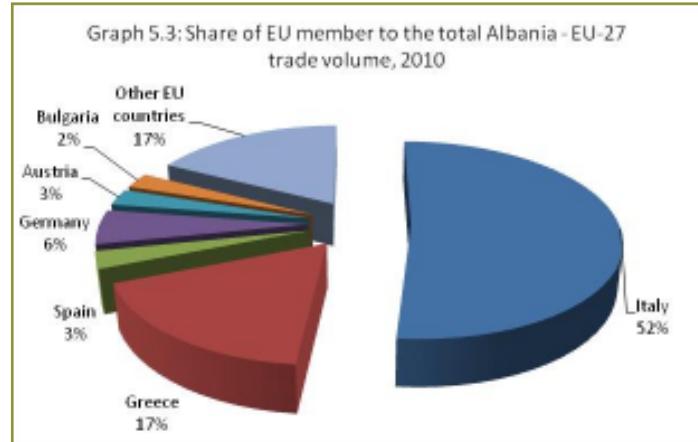
Trade Indicators	2006	2007	2008	2009	2010
Albania - EU trade volume	270,845.76	317,940.32	368,814.96	372,740.11	442,259.67
Share to total Albania's trade volume	72%	67%	67%	70%	69%
Imports from the EU-27	202,198.64	237,225.46	279,207.01	291,130.48	329,266.34
Share to total Albania's import	68%	63%	64%	68%	69%
Exports to the EU-27	68,647.12	80,714.86	89,607.95	81,609.62	112,993.33
Share to total Albania's export	89%	83%	80%	79%	70%
Trade balance of the trade with EU-27	(133,551.53)	(156,510.60)	(189,599.07)	(209,520.86)	(216,273.01)
Share to total Albania's trade balance	60%	56%	58%	64%	68%
Exports to the EU/Imports from EU, Coverage ratio	34%	34%	32%	28%	34%
Total Exports/Total Imports Coverage ratio	26%	26%	26%	24%	34%

which was valued 68% of the total in 2010, as you can observe in table 5.2. The export/import coverage ratio has increased to 34 percent from 28 percent in 2009. 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 grown to 36 percent mainly because of the increase of imports. Greece trade flows' share to total trade volumes has shrunk further to 12% percent accompanied by a decrease in absolute value of total trade flows. Despite the decrease in imports Germany accounts for an unchanged share to total volumes, compared to 2009 due to the significant increase of exports. 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 the EU account for even lower shares to the total but all together for 17% of total trade flows. In a dynamic perspective, trade with a considerable number of countries (22 out of 27) has experienced increases in trade flows. Countries with the highest increase in absolute value or percentage are Italy (23% but a large absolute value), Spain (67%) and Czech Republic (42%). Countries accounting for a decrease of trade flows include Germany (-6%) and Greece (-2%).

### 5.2.2 Structure of exports to the EU-27

Exports to the EU were valued at 112,993 mln ALL having experienced an increase of 38%. Most of the EU countries members of EU-27 have experienced a significant increase on their export values such as Italy (27% with high impact in overall values), Germany (27%), Greece (16%), etc. Among countries to which exports grew with a high pace during 2010 we could mention Spain (337%), Czech

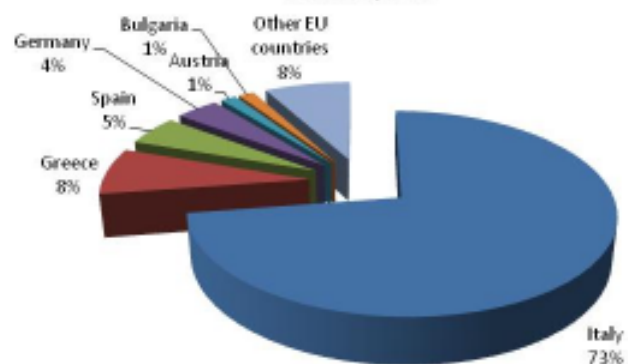


Republic (1864%), Bulgaria (162%), Malta (67648%), Slovenia (3247%). Graph 5.4 gives a detailed view of countries shares to total exports of Albania to EU-27 countries.

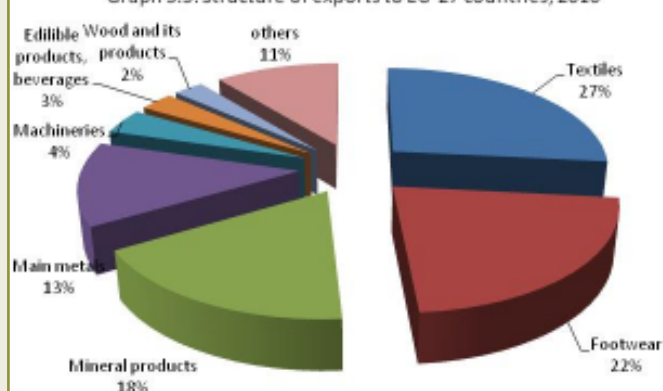
The structure of exports to the EU-27 countries shows no major changes in shares of categories. Textile and footwear account still for the major part of exports to these countries with a total share of 49% and a slight decrease by 9 percentage points as compared to 2009. This was represented mainly by inward processing items that are re-exported to their country of origin, mostly Italy and Greece. We have a very high increase of exports on Mineral products (124%) and Main Metals (112%) accounting respectively 18% and 13% of total exports. 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 2010 account for 47 percent of total exports. The specific for this year is the overall increase in absolute value of most main exported items. 5 categories are represented this year in the most exported items list: fuels, electrical energy, minerals, metals, textiles and footwear. For the first time from a long time the most exported product is not "uppers and parts"

Graph 5.4: Composition of exports to EU-27, by member countries, 2010



Graph 5.5: Structure of exports to EU-27 countries, 2010



(HS 640610). The most exported product for 2010 was Petroleum oils. Petroleum oils account for 14% of total exports to EU-27 in 2010 having grown by 124% in 2010. They are some other 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, shirts and t-shirts. The main exported item accounting for 5% of total exports has experienced 18% increase in 2010. It is the first time after the 2007 that this product is showing an increase. The two other products values of exports continues rising in 2010, as shown in table 5.3, nevertheless their shares to total exports are lower. 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 increase in 2010 (7%). Exports of metal products are represented by locks of base metal which account for 4 percent of total exports. Exports of metals are represented only by this group of products in 2010, which has experienced an increase of 21% in 2010 keeping a positive trend. This sector's overall tendency is positive, whose exports to the EU have increased by 112%. Other significant products in top ten exports to EU-27 are Electrical Energy with 331% increase and Mineral of Copper with 180% increase. Both of them have a 3% of overall exports to EU-27.

Table 5.3: Ten most exported products to the EU-27, 2010 (mln ALL)

HS Code	Description	2005	2006	2007	2008	2009	2010	Growth % 2010 - 2009	Growth % 2010 - 2006
270900	Petroleum oils and oils obtained from bituminous minerals, crude	987.82	1,753.88	4,196.13	5,943.87	7,020.48	15,759.55	124%	799%
640610	Uppers and parts thereof, other than stiffeners	12,356.86	10,807.41	10,175.43	8,339.43	7,703.41	8,964.95	16%	-17%
620342	Mens/boys trousers and shorts, of cotton, not knitted	4,988.75	5,832.25	6,764.13	6,478.63	4,986.11	5,899.50	18%	1%
830140	Locks of base metal, nes	1,733.80	2,350.09	3,526.70	3,905.67	3,715.78	4,506.07	21%	92%
620520	Mens/boys shirts, of cotton, not knitted	2,572.53	2,833.25	3,197.94	3,467.05	3,477.45	3,909.62	12%	38%
271600	Electrical energy				354.36	707.84	3,048.65	331%	N/A
740400	Waste and scrap, copper or copper alloy	922.82	2,759.82	2,449.65	1,775.23	1,052.77	2,948.85	180%	7%
640510	Footwear with uppers of leather or composition leather, nes	1,489.45	2,006.93	2,113.07	2,170.58	2,546.58	2,929.50	15%	46%
640340	Footwear, outsole of rubber/plastic/leather, uppers of leather w/ metal toe-cap	1.20	3.06		3.23	4.30	2,829.76	65719%	92267%
610910	T-shirts, singlets and other vests, of cotton, knitted	1,654.90	1,600.19	1,697.53	2,308.23	2,463.01	2,520.54	2%	58%



### 5.2.3 Structure of imports to the EU-27

Imports from EU-27 countries amounted to 329,266 mln ALL, having increased by 13% as compared to 2009. The share to total imports has increased therefore by 1 percentage points to 69%. 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% of total imports from EU-27. Italy accounts for 44% of total imports from EU-27, its share has increased by 3.3 percentage points in 2010 mainly due to increase by 21% of imports from this country. Imports from Greece have on contrary lost 3% on the market share accounting for 21% this year. Germany, Bulgaria, Austria and Spain, remain important import partners. Respective shares of imports of most important partners within EU-27 are explicitly shown in the graph 5.6 (above).

In a dynamics perspective, countries with a higher imports growth pace to Albania were Ireland (57%), Denmark (53%), Finland (96%), etc. Some countries exports to Albania experienced declines like in the case of Sweden (-16%), Greece (-4%) etc.

Albania imports a variety of products from EU-27 countries. Graph 5.7 shows that almost all sectors are represented in the pie.

Imports from the EU-27 are spread more evenly

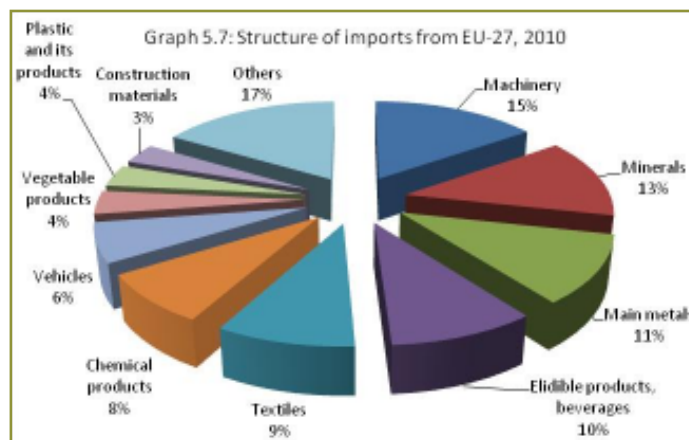
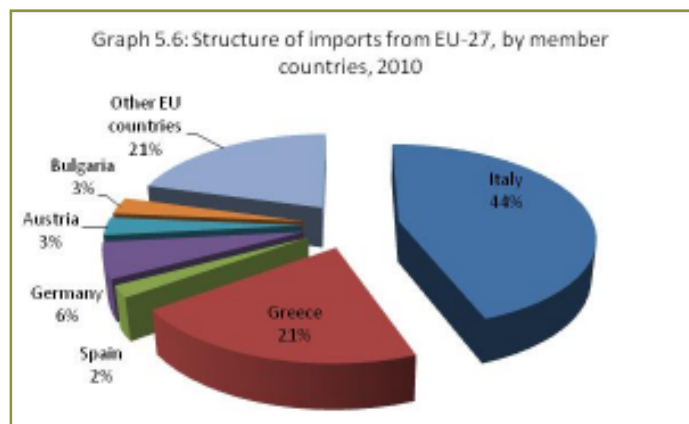
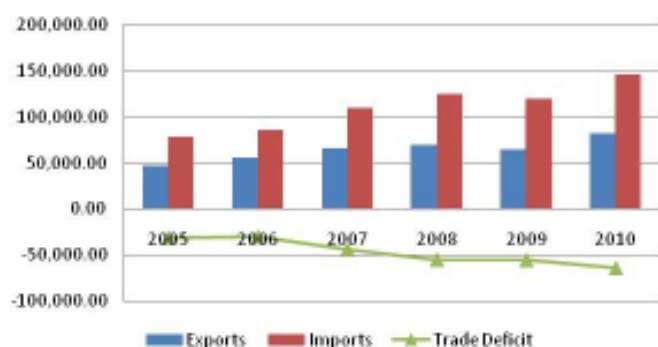


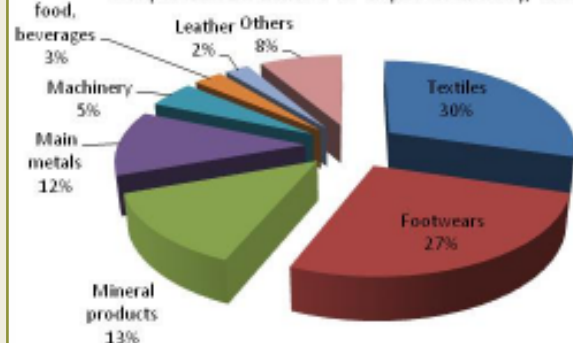
Table 5.4: Ten most imported products from the EU-27, 2010 (mln ALL)

HS Code	Description	2005	2006	2007	2008	2009	2010	Growth % 2010 - 2009	Growth % 2010 - 2006
71019	Light petroleum distillates nes	6,121.24	10,919.26	12,079.68	17,226.96	14,606.00	23,732.89	62.5%	117.3%
40220	Cigarettes containing tobacco	3,700.94	2,978.42	3,285.56	6,012.71	7,636.14	9,941.16	30.2%	233.8%
30490	Medicaments nes, in dosage	2,683.93	3,384.09	5,098.86	5,579.59	6,185.29	8,537.11	38.0%	152.3%
71011	Aviation spirit	2,422.97	3,445.14	4,205.76	4,615.98	4,545.18	6,617.54	45.6%	92.1%
21420	Bars & rods, i/nas, hr, hd or he, cntg indent, ribs, etc, prod dur rp/tar, nes	1,059.49	1,749.92	2,206.32	2,979.88	5,429.44	5,714.68	5.3%	226.6%
70332	Automobiles with diesel engine displacing more than 1500 cc to 2500 cc	3,724.05	3,988.18	5,784.82	5,729.78	5,681.60	5,296.11	-6.8%	32.8%
10719	Leather	2,051.24	2,962.71	5,493.82	4,550.48	4,436.59	5,089.74	14.7%	71.8%
30890	Tiles, cubes and sim nes, glazed ceramics	1,855.54	1,571.05	1,584.59	2,467.24	2,153.01	4,585.31	113.0%	191.9%
30890	Structures & parts of structures, i/s (ex prefab bldgs of headg no. 9406)	461.13	760.95	1,198.92	3,340.22	1,839.28	4,488.97	144.1%	489.9%
30160	Lock parts, includg parts of clasps o frames w clasps, of base metal, nes	1,565.88	2,035.63	3,412.83	3,752.46	3,531.73	4,385.86	24.2%	115.5%
40220	Surface-active prep, washing & cleaning prep put up for retail sale	2,080.95	2,488.71	2,800.67	2,668.54	3,351.68	3,708.60	10.6%	49.0%

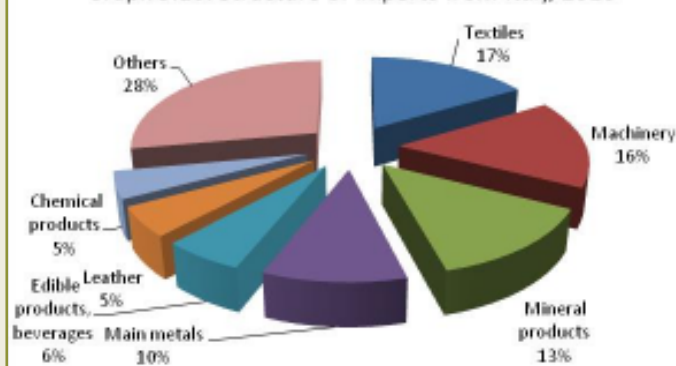
Graph 5.8: Trade with Italy, 2010



Graph 5.9: Structure of exports to Italy, 2010



Graph 5.10: Structure of imports from Italy, 2010



between sectors than exports (graph 5.7). Machinery including transportation and mechanical machinery account for 15 percent of total imports from EU-27. Another important imports' category are Main Metals for 11 percent of total imports from EU followed by edible food and beverages, Textiles and Chemicals.

Most of the sectors of trade have experienced an increase of imports. Mineral products imports from EU-27 increased with 21 percent, leather imports increased with 24%, Vegetable products imports increased with 18%, Wood and its products imports increased by 27%, etc. On the other hands some sectors that experienced a decrease of import flows from EU-27 are Oils and grease which decreased with

14 percent, Vehicles that decreased with 13 percent and Different Manufactured products that decreased with 5 percent.

Table 5.4 provides information about the most imported products at a 6 digit level. The 10 most imported products in 2010 accounted for 25 percent of total imports of EU-27, showing a lower degree of concentration than exports. Most of them have experienced significant growth when compared to the previous year and when compared to 2005. Exemptions from this rule are imports of Automobiles with diesel engine.

These products are since some years now on the list of top imported products. They represent raw materials for different industry sectors such as construction, outward processing or for the economy in overall, but also commodities dedicated for the end customer such as medicaments, cigarettes etc.

### 5.2.4 Trade with Italy

Trade volume with Italy reached 228,118 mln ALL in 2010, having increased by 23 percent in comparison to 2009 (tab 5.1). Exports reached 82,016 mln ALL in 2010 having increased in total by 27 percent. Imports reached 146,101 mln ALL, having increased by 21 percent. Trade deficit reached 64,085 mln ALL, while imports coverage ratio increased to 56 percentage points from 54 percent in 2009.

Exports to Italy are mainly represented from textile and footwear products which account for 57 percent

of total exports. Textile products value of exports has experienced an increase of 8 percent as compared to 2009 while the value of exports of footwear products has increased by 23 percent. Other important categories in terms of exports to Italy are Minerals and fuels accounting for 13 percent of total exports to this country who have highly increased (63%) and metals accounting for 12 percent of total exports to this country who have also highly increased (67%). Among the most important agricultural products exported to Italy remain anchovies which account for 3 percent of total exports to this country. The ten most exported products to Italy account for 54 percent of total exports and are mainly from fuel, textiles and footwear category but also metals and agro products. Petroleum oils have had a high increase (60%) becoming the most exported product in Italia for the year 2010. For more details refer to the table A4.1 in the Annex IV.

Imports from Italy are less concentrated as you can observe in graph 5.10. Textiles accounts for the highest share followed by machinery, minerals and metals. The most imported products are raw materials for the footwear and textiles and footwear industry but also fuels and metal products. Imports on mineral sector show a very high increase by 252%. All the other sectors show mainly a slight increase. In the top ten most imported products, the first one is Light petroleum distillates which shares 9% of all the imports from Italy with an incredibly high increase of 1995% from 2009. Commodities such as leather, personal cars are also in the top ten list. The top ten imported products account for 25 percent of total imports from Italy (table A4.2, Annex IV).

### 5.2.5 Trade with Greece

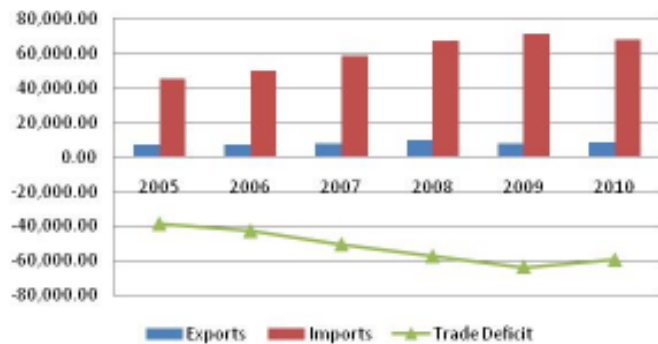
Trade volume with Greece reached 77,002 mln ALL having decreased by 2 percent. Exports were valued at 8,720 mln ALL, having experienced an increase of 16 percent in 2010. Imports for the first time stopped their upward trend having reached 68,282 mln ALL having decreased by 4.2 percent. The trade deficit reached 59,562 mln ALL having decreased by 7 percent mainly due to the converse trend between exports and imports. The coverage imports coverage ratio was 13% and has increased by 2 percentage points.

Exports to Greece are mainly represented by textile products, which account for 33 percent, yet for a decrease by 15% in absolute value, as compared to 2009. Metals share next important sector with 25% of exports to Greece with a very considerable growth of 346%. Edible products and beverages and animal products are the other important sectors. They have a share of 9 and 6 percent respectively. Both of them have a strong increase, respectively 46 and 97 percent. Among the categories that have experienced decrease compared with 2009 are Mineral products with a share of 4% to the exports on Greece with a decrease of 63% on value compared to 2009, Plastic and its products with a share of 5% with a decrease of 17%, etc.

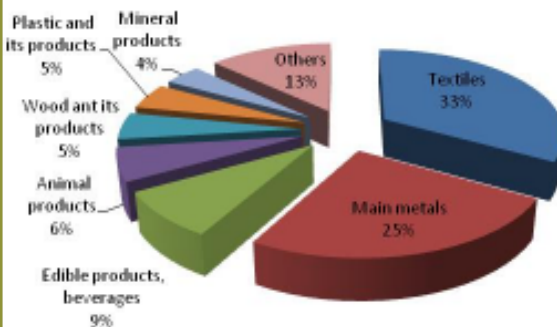
The graph 5.12 below gives a more detailed view of the structure of exports to Greece.

The ten most exported products to Greece account for 49 percent of total exports. The main exported item is Ferrous waste and scrap which accounts for 16% of total exports and had an increase of 466% from the year 2009. This product is turning back to

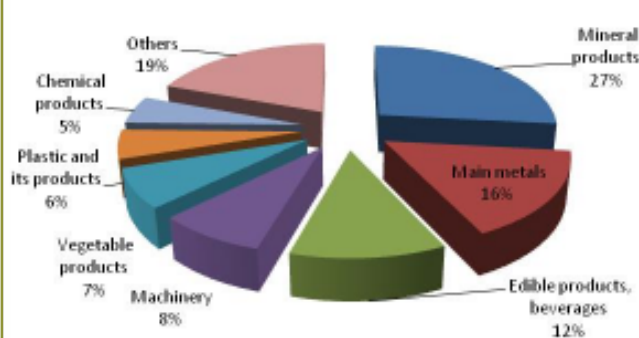
Graph 5.11: Trade with Greece, 2010



Graph 5.12: Structure of exports to Greece, 2010



Graph 5.13: Structure of imports from Greece, 2010



be one of the most important exported product in Greece. 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 plastics and textiles have experienced further growth in 2010. For a more detailed overview, refer to table 3.3 in Annex III.

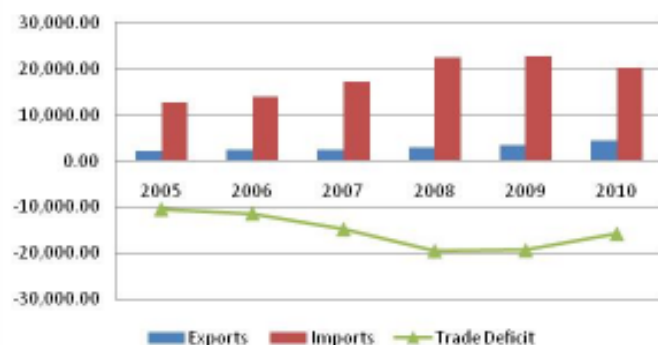
Imports from Greece are mainly represented by mineral products and fuels which account for 27 percent, for a 28 percent decrease in absolute value. Main metals is the other main category of imports accounting 16% of imports and having an increase of 8% in absolute values comparing with 2009. Other

important categories are Edible products and beverages and Machinery, in graph 5.1.

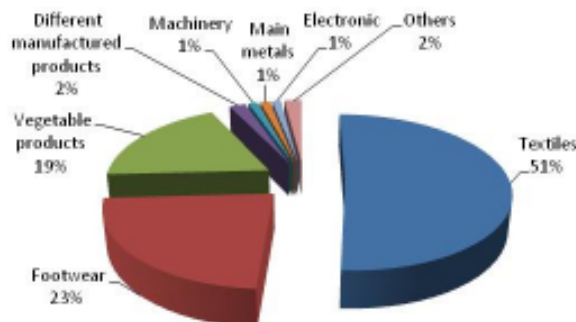
The ten most imported products fall also under the above mentioned categories. They account all together for 41 percent of total imports where the import of light petroleum oils is ranked first accounting for 15 percent of total imports.

These data is shown more explicitly in table 3.4 of Annex III.

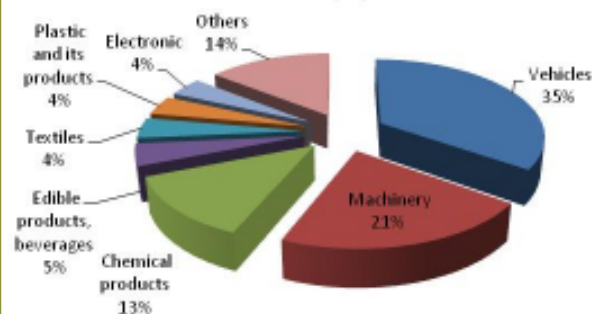
Graph 5.14: Trade with Germany, 2010



Graph 5.15: Structure of exports to Germany, 2010



Graph 5.16: Structure of imports from Germany, 2010



## 5.2.6 Trade with Germany

Trade with Germany was valued at 24,768 mln ALL having decreased by 6 percent in ALL. Exports reached 4,477 mln ALL having increased by 27 percent. Imports reached 20,292 mln ALL having decreased by 11 percent causing the decrease of overall trade volume between two countries. Trade deficit was 15,814 mln ALL having decreased by 18%. The contemporary increase of exports and decrease of imports are the factors of such a big change. The imports coverage ratio, has increased by 7 percentage points to 22 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 51, 23 and 19 percent respectively. Exports on all these sectors have increased from the previous year. 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 82% or for the largest part of overall exports to Germany. Main items in this list are textile products, which account for 46% of total exports. Among other products, footwear, vegetables 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 by a small number of categories where Vehicles and Machinery accounts for the largest part sharing 56% of imports from Germany.

Both these sector have experienced a consistent decrease compared to the 2009, respectively with 23 and 5 percent. Agricultural products have experiences a decrease in value by 60%. A similar trend is proved by the textiles category whose value of imports has decreased by 16 percent. Among categories accounting for imports' increases are Chemical products whose value has increased by 35%, plastic and its products whose values has increased by 44% and main metals whose value has increased by 70 percent. The ten most imported products from Germany account for 37% of total imports. Personal cars find their way on the top of the list accounting for 12% 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 medicaments and textiles. 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 the countries of the region after a light decrease during 2009 have increased further and have kept the growth tendency observed during the last years. The volume of trade with the region amounted to 64,226 mln ALL representing 10 percent of the total Albania's trade volume (tab 5.1).

This value has increased with 1 percentage points as compared to 2009 due to the rapid growth of both trade flow directions. Trade flows to the region grew with 40 percent as compared to 2009. The export/imports coverage ratio has decreased by 4 percentage points to 34 percent which shows that imports from the region have increased with a higher pace than exports to the region.

Exports to the region from Albania were valued 16,407 mln ALL having increased by 28 percent. The share of exports to total exports has decreased by 2 percentage points to 10 percent in 2010 (see table 5.5).

Imports from the region reached 47,819 mln ALL. They have experienced 44 percent increase as compared to 2009. Imports from the region share to the total imports have increased by 2 percentage point to 10 percent of total imports. Most exported and imported products with the region are shown in Annex III.

The regional trade of Albania has its geographical characteristics. Kosovo remains our main exporting partner in the region accounting for 59 percent of exports to the region and 36 percent increase in

2010. Macedonia is the second most important country in terms of exports accounting for 16 percent of exports to the region and 17 percent decrease.

Serbia and Montenegro are the other two main partner in Albania exports accounting 12 and 9 percent of the export shares from the region and have experienced

a considerable growth. Exports from Serbia have experienced a considerable growth of 139 percent as compared to 2009. The same can be noticed with most of the countries of the region. So, exports to Bosnia and Herzegovina have an increase of 208%, exports to Croatia have an increase of 115%, etc.

The only country exports to which have experienced a decrease is Macedonia.

Imports from the region are mainly represented by Serbia which accounts for 37 percent of total regional imports, Macedonia which account for 20 percent of total imports of the region and Croatia which account 20% of total imports to the region.

The following graphs 5.17 and 5.18 show the overall picture of the structure of exports to and imports from the region.

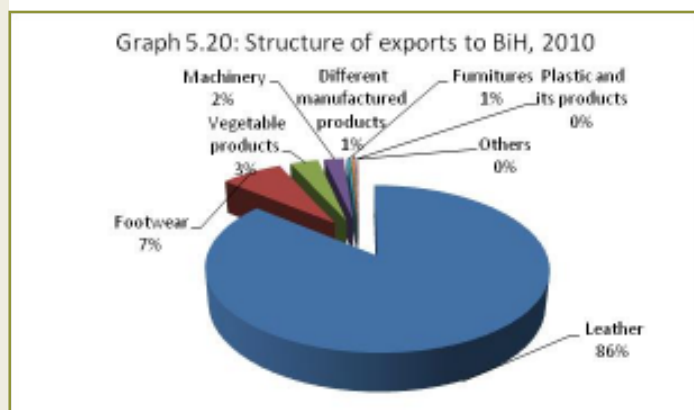
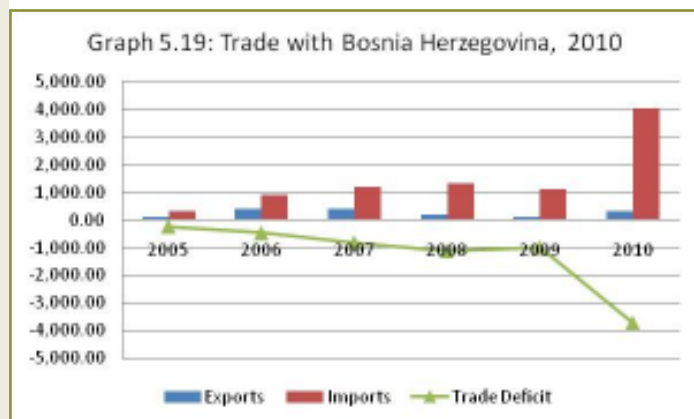
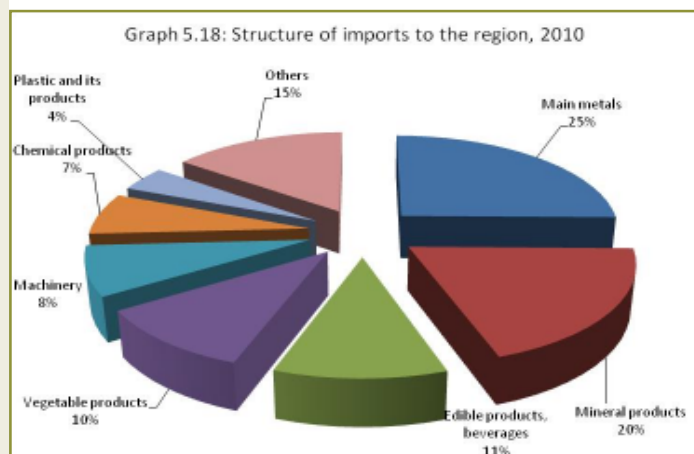
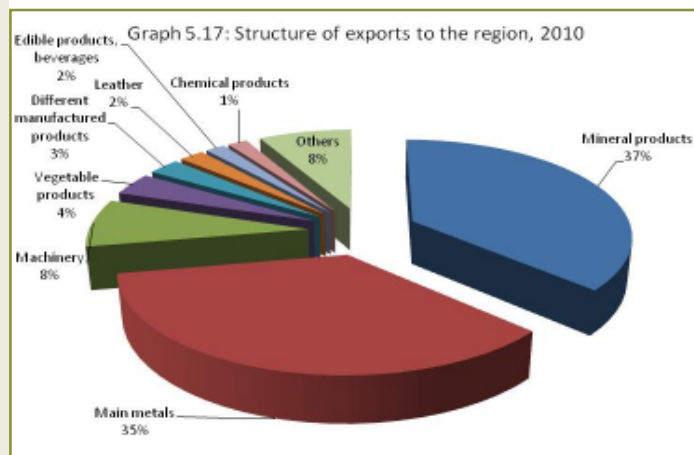
Exports to the region are mainly represented by the export of minerals and fuels which account for 37 percent of total exports. Their value reached 6,026 mln ALL having increased by 26 percent as compared to 2009. The second most representative sector for exports to the region is main metals. Main metals exports reached 5,810 mln ALL in 2010 having experienced an increase of 23 percent. Exports of agricultural products were valued at 1,071 mln ALL having increased in value in 2010 by 38 percent.

The export of beverages that was considered one of the top categories of trade with the region is not improving.

The ten most exported products account for 72 percent of total exports. Iron bars and roads are placed first followed by Portland cement and

Table 5.5: Summary of key trade indicators between Albania and Regional Countries, in milion ALL, or in %

Trade Indicators	2006	2007	2008	2009	2010
Albania - Regional Countries trade volume	21,821.41	39,649.04	56,591.85	46,020.19	64,225.99
Share tot total Albania's trade volume	6%	8%	10%	9%	10%
Imports from the Regional Countries	15,967.92	29,932.17	41,131.79	33,250.81	47,819.11
Share to total Albania's import	5%	8%	9%	8%	10%
Exports to the Regional Countries	5,853.49	9,716.88	15,460.05	12,769.38	16,406.88
Share to total Albania's export	8%	10%	14%	12%	10%
Trade balance of the trade with Regional Countries	(10,114.43)	(20,215.29)	(25,671.74)	(20,481.43)	(31,412.23)
Share to total Albania's trade balance	5%	7%	8%	6%	10%
Exports to the Regional Countries/Imports from Regional Countries, Coverage ratio	37%	32%	38%	38%	34%
Total Exports/Total Imports Coverage ratio	26%	26%	26%	24%	34%



electrical energy. No major differences are observed in the list of top exports. A more detailed view is shown in graph 2.1 of Annex II.

Structure of imports from the region is mainly represented by the import of main metals which account for 25 percent of total imports as you can observe in the graph 5.18. Imports of metals reached 12,064 mln

ALL and experienced an increase of 94 percent in 2010. The second most important sector is minerals and fuels, where fuels have the highest share. This sector presents 20% of imports from the region. It account a value of 9,355 mln ALL having an increase of 30 percent from 2009. Agricultural products imports were valued at 12,791 mln ALL distributed mainly between Edible fruits and beverages with 5,105 mln ALL accounting 11 percent of total imports from the region and Vegetables with 5,025 mln ALL accounting 10 percent of total imports from the region. They have experienced a 64 percent increase in 2010.

The ten most imported products from the region account for 49 percent of total imports where scarp and iron bars followed by electrical energy are ranked first. For a more detailed view refer to table 2.2 Annex II.

### 5.3.1 Trade with Bosnia and Herzegovina

Trade volume with Bosnia & Herzegovina reached 4,732 mln having considerably increased by 264 percent in 2010. The trade deficit was valued at 3,727 mln ALL having increase by 276 percent. This was due to the highest increase of imports in percentage and absolute value against the increase of exports as you can observe in graph 5.19.

This has increased the share and therefore the importance of Bosnia & Herzegovina to 1% of total trade flows of Albania. Exports to Bosnia & Herzegovina increased by 208 percent to 323 mln ALL. Imports from Bosnia and Herzegovina increased also by 269% to 4,049 mln ALL. The import's coverage ratio decreased to 8 percent, in 2010 losing 2% from the previous year.

Exports are mainly represented by leather with a share of 86 percent accounting a value of 278 mln ALL. Their value experienced an increase of 370% as compared to 2009. The structure of exports has not

shifted as compared to last years. The ten most exported products account for 96% of total exports to Bosnia & Herzegovina.

Imports are a bit more dispersed, representing a larger number of categories. Here we have a shift from the previous year's structure. The main sector now is edible fruits and beverages with 35% share to the total of imports accounting 1,405 mln ALL followed by minerals and fuels with a share of 24% accounting 980 mln ALL. Wood and its products is not any more the first sector of imports. It's shares are at 15% becoming the third sector on imports from Bosnia and Herzegovina. For a better picture of Bosnia and Herzegovina structure of imports see graph 5.21.

The ten most imported products account for 83% of total of imports, representing mainly the above mentioned categories. The most imported product is a new one: refined sugar with a value of 1,058 mln ALL with a share of 26% of all Bosnia and Herzegovina imports. Yet some other products groups falling under agriculture products category, fuel and medicaments have experienced a further upward trend.

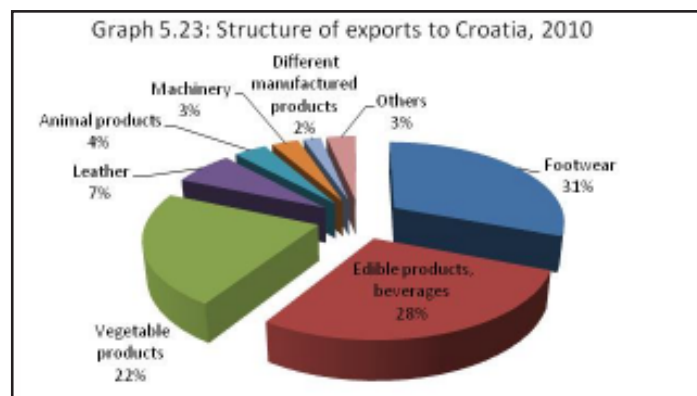
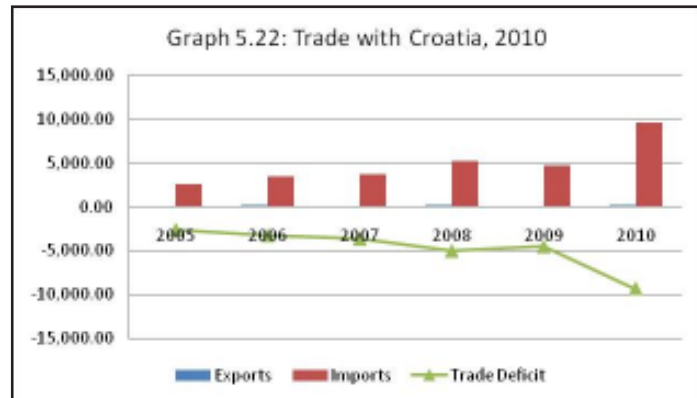
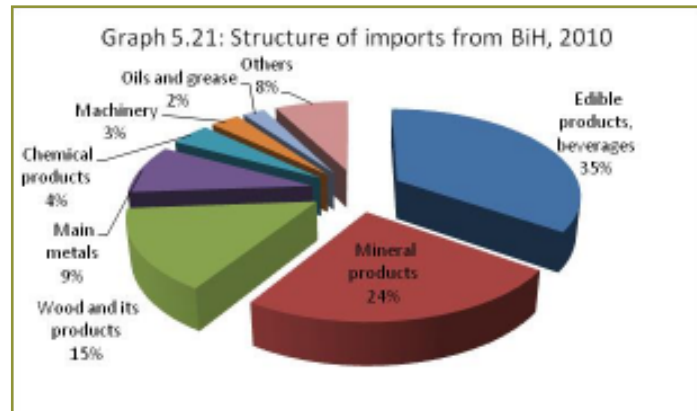
### 5.3.2 Trade with Croatia

Trade with Croatia was valued at 9,825 mln ALL during 2010. This value confirms the upward tendency of trade flows with all countries of the region. Trade with Croatia has consistently increased by 105% in 2010 changing the share of trade flows to Croatia to 2 percent increasing it by 1 percent from the previous year. Both exports and imports have contributed to this outcome. The trade deficit has also increased by 105% due to the fact that imports absolute value is much higher than export value. The import coverage ratio remains low, only 3 percent, staying at the same level as in the previous year.

Graph 5.22 shows dynamics of trade with Croatia during the recent years.

Exports to Croatia were valued at 252 mln ALL having increased by 115 percent in 2010. They are mainly represented by footwear and agricultural products which account for 85 percent of total exports.

The ten most exported products account for 88% of total exports and are represented by product groups from the above mentioned categories as you can

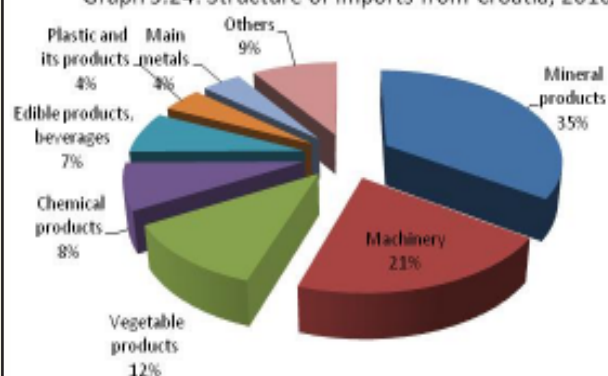


observe in table 3.7 of annex III. The main exported products such as footwear upper parts and fish products have experienced increases keeping their ranking.

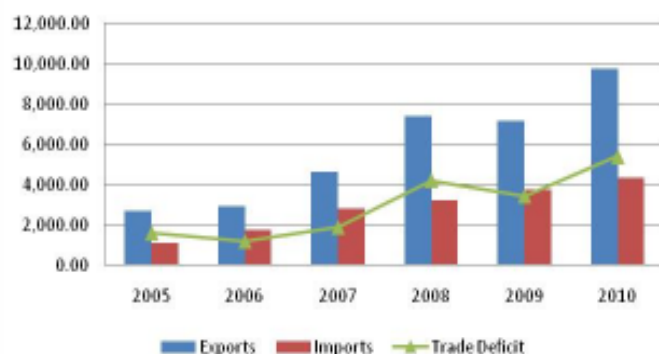
Imports from Croatia reached 9,573 mln ALL having increased by 105% in 2010. Graph 5.24 shows the structure of imports from Croatia in 2009.

There have been some shifts in shares as compared with the previous year, mainly due to the return of imports on minerals and fuels whose share has increased to 35% with a value of 3,311 mln ALL having an increase of 622 percent from previous year and of machinery with a share of 21% with a value of 1,957 mln ALL having an increase of 113

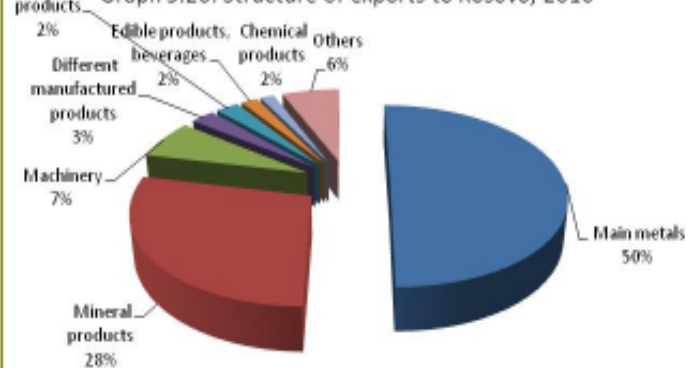
Graph 5.24: Structure of imports from Croatia, 2010



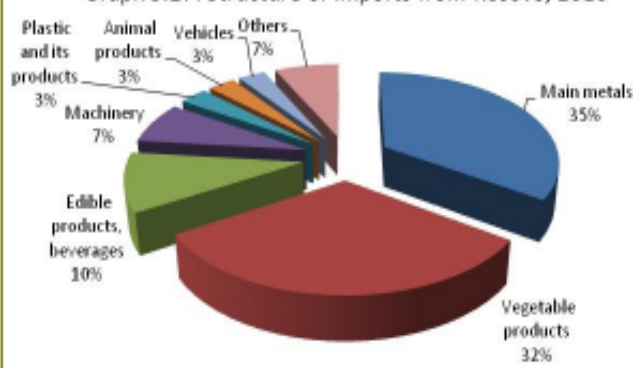
Graph 5.25: Trade with Kosovo, 2010



Graph 5.26: Structure of exports to Kosovo, 2010



Graph 5.27: Structure of imports from Kosovo, 2010



percent from the previous year. Agriculture products were almost stable. The top ten imported products account for 54% of total imports and they reflect the shifts in categories as well. The most imported product is light petroleum accounts for 14 percent of the total imports with a value of 1,312 mln ALL having a considerable increase of 1239%. The second most imported product: Portland cement is appearing after several years with no imports. High increase shows also Butanes with an increase of 360%.

### 5.3.3 Trade with Kosovo

Trade volumes with Kosovo have experienced an increase by 29% to 14,120 mln ALL.

This is also observable in the graph 5.25, which shows dynamics of trade flows with Kosovo, in the recent years. The trade balance has increased by 29%. Trade Balance has become more positive with an increase of 57% reaching 5,403 mln ALL. And the imports coverage ratio increased to 224

percent, mainly due to the fact that exports have increased with a higher value (36%) compared to imports that have increased with only 16% during 2010.

Trade flows with Kosovo account for only 2 percent of total trade flows of Albania, having

kept their share to total trade flows. Exports were valued at 9,762 mln ALL having increased by 36 percent in 2010. Graph 5.26 shows the structure of exports to Kosovo.

The most important category, remain metals products. Their share has slightly decreased by 1 percentage points to 50 percent in 2010. Another important category is minerals accounting for 28 percent of total exports, followed by machinery and parts thereof accounting for 7 percent. The ten most exported products account for 77 percent of total exports, while main exported items such as iron bars and roads have experienced 29% increase, petroleum bitumen accounts for 11% of total exports..For a more detailed view refer to table 3.9 Annex III.

Imports from Kosovo were valued at 4,358 mln ALL having increased by 16%. There are some changes in the structure of imports from Kosovo as you can observe in graph 5.27. The main imports now are metals with a share of 35% accounting 1,505 mln ALL and having an increase of 125%. The main products



of this category are ferrous and aluminum scraps. The second most important category is vegetable products with 32% of shares experiencing an increase of 73% from 2009 followed by edible fruits and beverages with 10% of shares experiencing an increase of 20%. In opposite direction we will find minerals which were the main imports on 2009, but have experienced a considerable decrease in share and value. They lost 18 percentage point on share and value. They lost 18 percentage point on share having now only 1% and 93% on absolute value.

The top ten imported products listed in table 3.10, annex III, account for 71% of total imports.

All of the them are from the main three categories: metals, vegetables and foods and beverages.

### 5.3.4 Trade with Macedonia

Trade with Macedonia reached 12,319 mln ALL, having decreased by 5% in 2010. This is the second consecutive year showing a negative trend. This was mainly due to the decrease of export flows by 18% followed by a decrease of imports by 2 percent. As a result the trade deficit was increased by 6 percent to 7,097 mln ALL. The import coverage ratio was 27%, having decreased in this case by 5 percentage points.

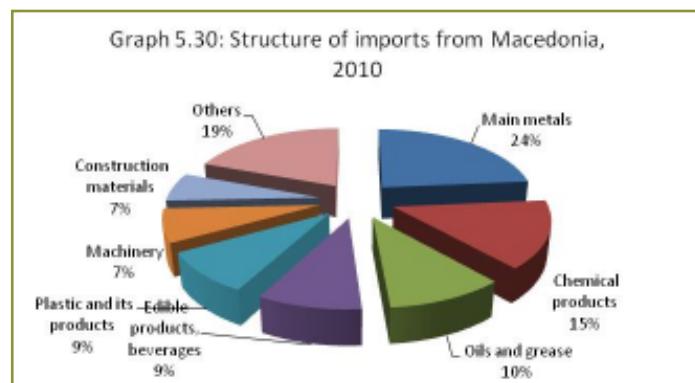
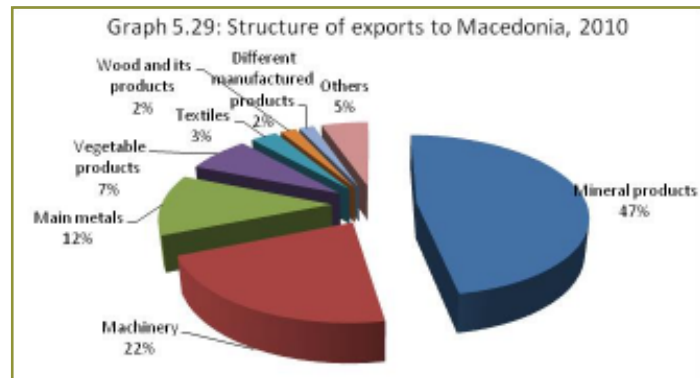
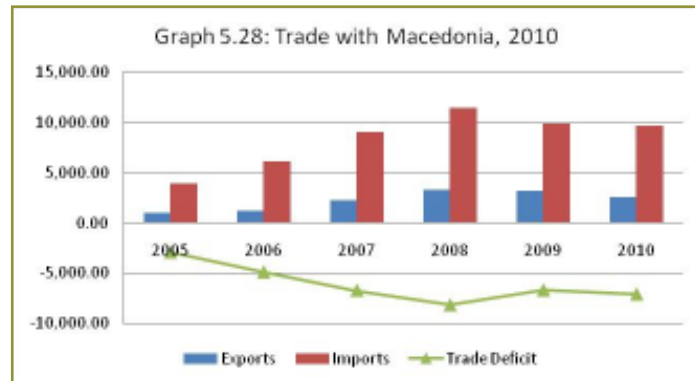
Macedonia accounts for 2 percent of total trade flows of the country. Graph 5.28 shows dynamics of trade with Macedonia from 2005.

Exports to Macedonia reached 2,610 mln ALL. Export flows have kept the structure of the previous year, experiencing only some shifts in importance.

Minerals share is 47 percentage points, while their value has decreased by 27%. Machinery is the sector which is now second by replacing metals which now are third. Machinery occupies 22% of exports with a value of 567 mln ALL experiencing an increase of 49%. Metals exports on the other hand have decreased by 34% keeping the negative trend of the last year.

The top exported products account for 79 percent of total exports. The most imported stays Portland cement but it has been decreased with 34% from the previous year. Articles for electrical purpose have mostly experienced increases during 2010. You can have more information as you can observe in the table 3.11 of Annex III.

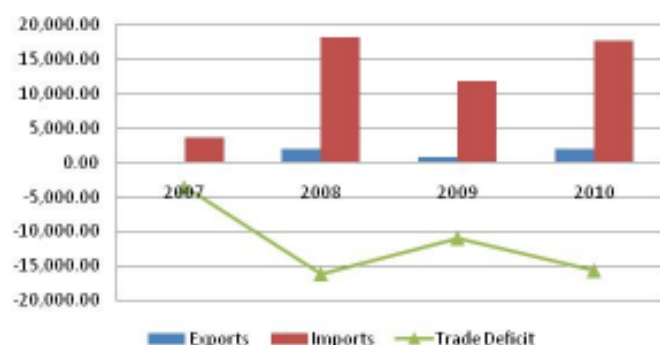
Imports from Macedonia were valued at 9,707 mln



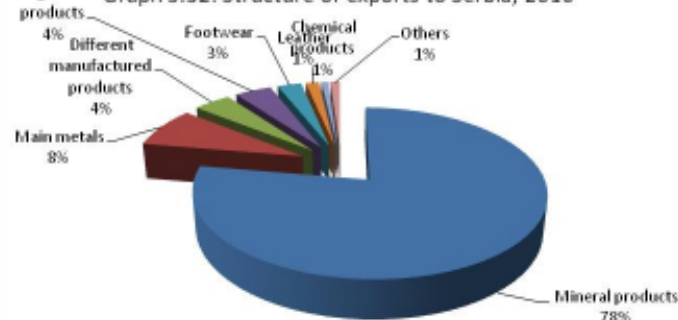
ALL, having decreased by 2% in 2010. Nevertheless the structure of imports shown in graph 5.30 has not been affected severely since all important categories of products in terms of imports to Albania have experienced similar decreases in value and shares, except Oils and grease which had a considerable increase of 137% becoming the third category regarding shares to the import.

The ten most imported products from Macedonia account for 44 percent of total imports and for a similar ranking to 2009 and 2008. The most imported product now is sunflower oil with a share of 10% of all imports from Macedonia which experienced an increase of 157%, followed by medicaments and iron bars. A more detailed version is shown in table 3.12 of Annex III.

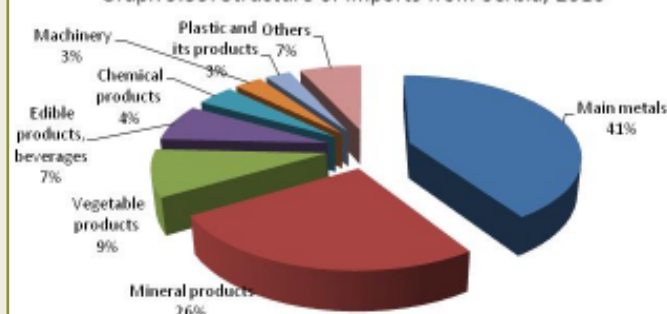
Graph 5.31: Trade with Serbia, 2010



Graph 5.32: Structure of exports to Serbia, 2010



Graph 5.33: Structure of imports from Serbia, 2010



### 5.3.5 Trade with Serbia

Trade volume with Serbia was valued at 19,564 mln ALL having increased by 55 percent. Both exports and imports have experienced increases causing the trade deficit to increase by 43% to 15,666 mln ALL. This is due to the fact that imports value is much higher than exports. This increase of both exports and imports has contributed to an increased share to total trade flows of Serbia, by 1 percentage points, which was estimated 2 percent in 2009. It has also contributed for an increase of import coverage ratio by 4 percentage points, which was valued at 11% in 2010.

Exports to Serbia reached 1,948 mln ALL, having increased by 139%. Graph 5.32 shows the structure of exports to this country.

Major shifts in shares by categories are to be observed. The sector mineral includes electrical energy and fuel. It has 78% of export shares for 2010 and this is mainly from electrical energy.

The top ten exported products, which can be reviewed in table 3.13 of Annex III, account for 96% of total export and fall under the main export categories. Export of electric energy accounts represents the most exported product/service and accounts for 78% of total exports to Serbia having experienced an increase of 274% from the previous year.

Imports from Serbia reached 17,616 mln ALL having increased by 49%. The structure of imports from Serbia is shown in graph 5.33.

The share of main metals has arrived at 41%, while their absolute value has increased by 210%. They shifted with minerals which imports has dropped 16 percentage points in 2010, while their absolute value decreased by 8 percent.

This is mainly due to the decrease of imports of electrical energy, which now is listed as the second main imported product from Serbia, accounting for 26% being replaced from ferrous scraps as the most imported product. The ten most imported products from Serbia account for 82 percent. 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 3,645 mln ALL having experienced an increase of 7% as compared to 2009. This upward tendency came mainly due to the increase of exports to this country. Anyway this is the second year consecutive we have a trade deficit with this country, which summed up to 629 mln ALL. The import's coverage ratio improved from 67% to 71%.

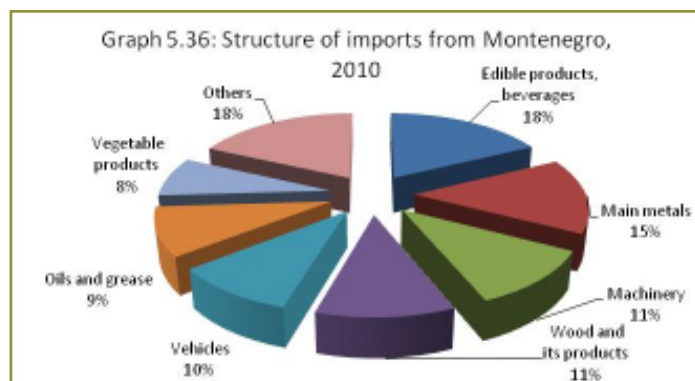
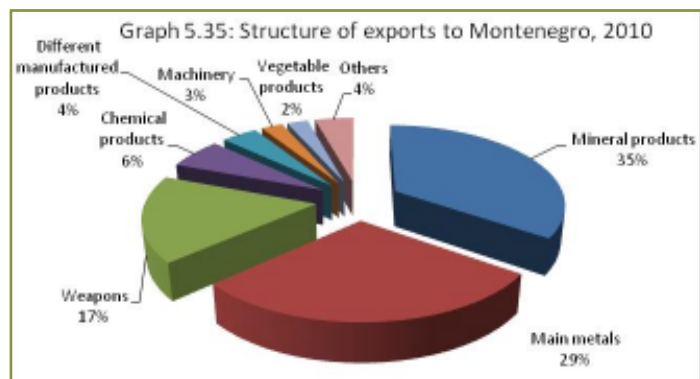
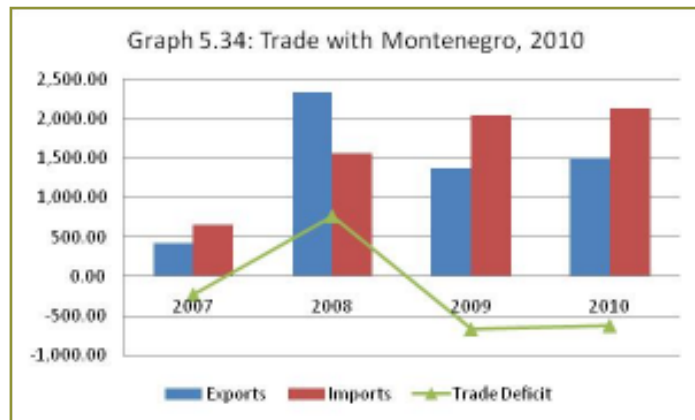
Exports to Montenegro reached 1,508 mln ALL experiencing a 10 % increase in 2010. Graph 5.35 shows the structure of exports to Montenegro where no major shifts in importance as compared to the previous year, are observed.

Main sectors are still minerals and metals. The ten most exported products accounts for 80% of total exports. The most imported product remains Portland cement with a share of 23% of all exports to Montenegro experiencing a slight decrease of 2% as compared to 2009. A more detailed overview is given in table 3.15 of Annex III.

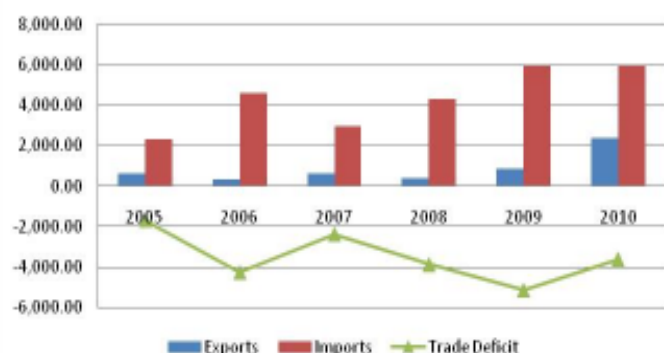
Imports from Montenegro reached 2,137 mln ALL having increased by 5% in 2009. The structure of imports from Montenegro is given in graph 5.36.

Among the shifts observable in the structure of imports as compared to the previous year, the increase in share of edible fruits and beverage by 3 percentage points appears to be the largest due to the increase in value by 24%. Nevertheless the decrease of imports of some categories such as machinery (-41%) has been amortized by the higher pace of growth of imports of other categories such as vehicles (237% increase), oils and grease (557% increase) etc.

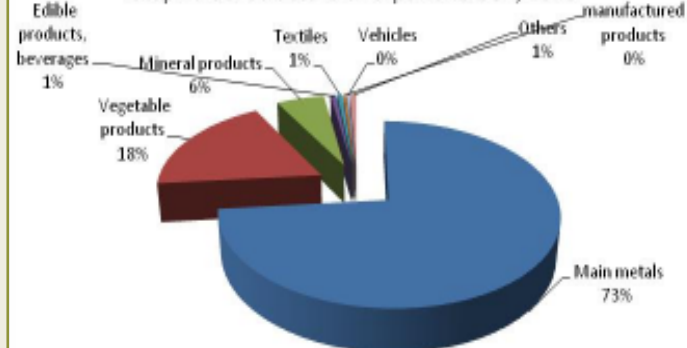
Table 3.16 of Annex III shows the list of ten most imported products, which account for 61% of total imports.



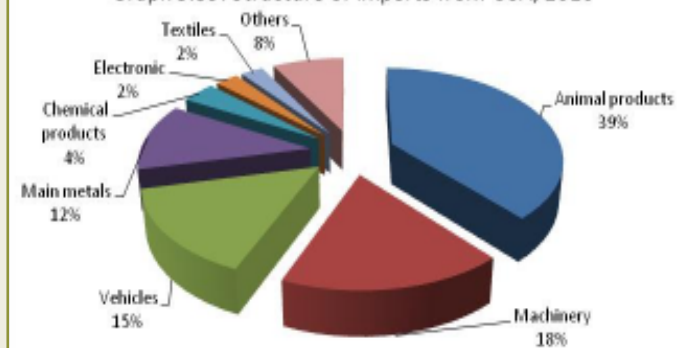
Graph 5.37: Trade with USA, 2010



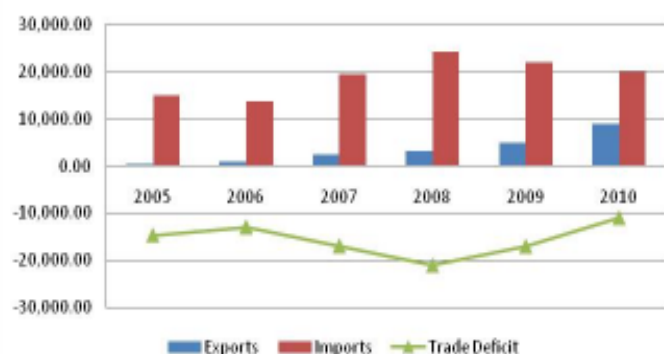
Graph 5.38: Structure of exports to USA, 2010



Graph 5.39: Structure of imports from USA, 2010



Graph 5.40: Trade with China, 2010



## 5.4 Albania's trade with other selected countries

### 5.4.1 Trade with USA

Trade volumes with USA reached 8,354 mln ALL having increased by 23% in 2010. This growth was due to the increase of both trade flow directions: exports and imports.

The trade deficit was reduced on 3,595 mln ALL, having experienced a decrease of 30% as compared to 2009. The exports grew with a higher pace than imports, accounting for a higher imports' coverage ratio than last year's. The latter was 40% or 26 percentage points higher than last year.

Exports to the USA amounted at 2,379 mln ALL having a very considerable increase by 182% in 2010. The main category of exports now is main metals with a share of 73% having an amazing increase of 8432%. The next main category of exports is represented by agricultural products.

Most exported products account for 98% of total exports and as shown in table 4.1 of Annex IV, include ferro-chromium products in the first three places followed by medicinal herbs.

Imports from the USA reached 5,974 mln ALL staying almost at the same level as in 2009. The most imported products are from the sector of animal products with a share of 39% experiencing an increase of 25% on the absolute value as compared to 2009. The machinery sector is still the second main sector experiencing a decrease of 31% in absolute value as compared to 2009. The main metal sector is following the negative trend shown during 2009 experiencing another decrease of 27%.

The most imported products such as frozen chicken, other meat, iron bars, shown in table 4.2 of Annex IV account for 63% of total imports and fall under these categories.

### 5.4.2 Trade with China

Trade volumes with China were valued at 28,742 mln ALL having experienced 7 percent increase. Despite the increase in absolute values the share of trade volumes with China has remained 5 percent in 2010 as well. The increase in trade volumes is only



due to the increase of the value of exports, while imports

have decreased further. This has contributed for a reduction of the trade deficit by 35 percent, to 10,994 mln ALL and for an import's coverage ratio of 45% or 23 percentage points higher than 2009.

Exports to China reached 8,874 mln ALL having increased by 81 percent in 2010. Exports are highly concentrated, represented mainly by mineral products which account for 99 of total exports this year, as shown in graph 5.41.

The main exported products to China as the table 4.3 of Annex IV shows, are chromium ores and cooper ores accounting respectively for 72% and 26 percent of total exports.

Imports from China were valued at 19,876 mln ALL, having decreased by 9.4 percent in 2010. The graph 5.42 shows the structure of imports from China.

The decrease is due to the decrease on the value of the main category machinery and parts thereof that experienced a decrease of 41% as compared to 2009. The other categories following minerals such as main metals and textiles experienced an increase on absolute values, respectively 25% and 5%. The most imported products from China include footwear, machinery parts and furniture. Since imports are highly dispersed they account only for 22% of total imports. For a more detailed overview of most imported products refer to table 4.4 of annex IV.

### 5.4.3 Trade with Turkey

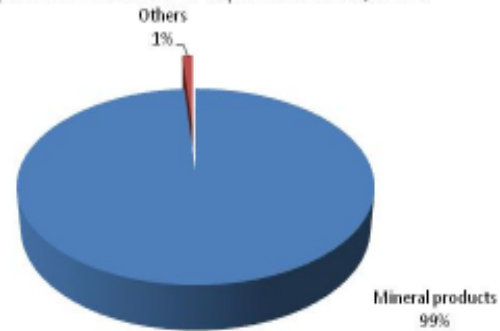
Trade volumes with Turkey reached 37,782 mln ALL having increased by 24 percent. Turkey is one of the few constant trade partners experiencing an overall increase in trade flows and keeping a constant share of 6% to total trade flows.

The increase in trade volumes is only due to the increase of the value of exports, while imports

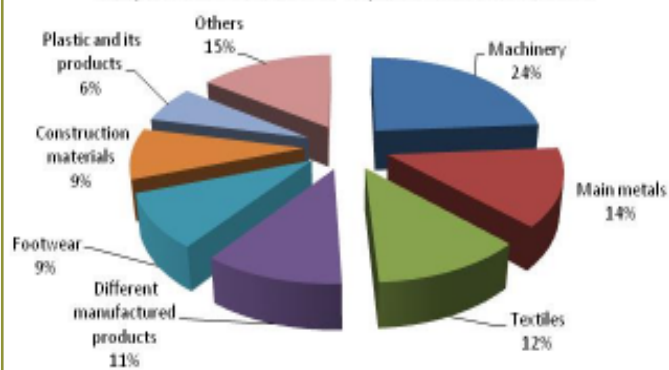
have decreased further. This has contributed for a reduction of the trade deficit by 37 percent, to 18,492 mln ALL and for an import's coverage ratio of 34% or 32 percentage points higher than 2009.

Exports to Turkey were valued at 9,644 mln ALL having experienced a very high increase of 1604% in 2010. This is due to the reappearance of Main metals after years of minimal values. This sector

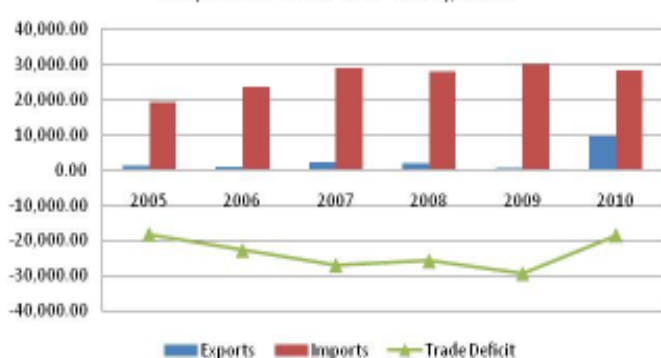
Graph 5.41: Structure of exports to China, 2010



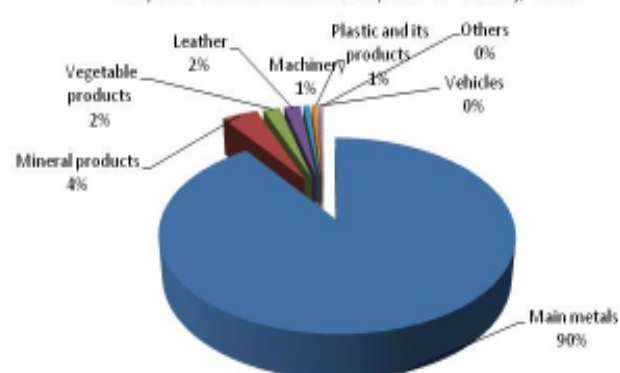
Graph 5.42: Structure of imports from China, 2010



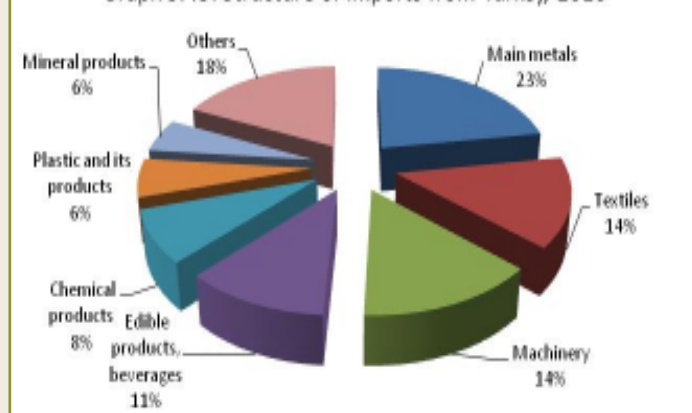
Graph 5.43: Trade with Turkey, 2010



Graph 5.44: Structure of exports to Turkey, 2010



Graph 5.45: Structure of imports from Turkey, 2010



has the share of 90% of all exports and it has experienced an increase of 16 times compared with the previous year. All the other main sectors have experienced increase as compared to 2009 but have lost in shares due to the high values of main metals. The structure of exports to Turkey is given in graph 5.44.

Since the exports are highly concentrated on main metals, the top ten products account for 98% of

total exports. For a more detailed overview of most imported products refer to table 4.5 of annex IV.

Imports from Turkey on the other hand reached 28,137 having decreased by 6 percent, accounting for 6% 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 22% of total imports and an decrease by 8 percentage points of share and of 32% on value as compared to 2009, machinery accounting for 14% of total imports, textiles accounting for 14% of total import and an increase of 1 percentage point.

These categories contribute for the largest share of imports from Turkey.

Top ten most imported products account only for 28% of total imports since imports to Turkey are highly dispersed. The main product is again bars and rods followed by light petroleum which has experienced a very high increase of 840%.

For a more detailed overview of most imported products refer to table 4.6 of annex IV.

## VI Integration Processes and Trade-Related Institutional Developments

The economic and trade integration processes – multilateral, European and regional ones – were intensified during the year 2010. The most important event of the last years was the coming into force of the Stabilization and Association Agreement (SAA) between Albania and the EU, on April 1<sup>st</sup> of 2009, 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 2010) 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).

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 2008-09<sup>17</sup>. The WTO estimates that 'less than 1 percent of global trade has been subjected to new protectionism measures since the crisis began'<sup>18</sup>. 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 positively related with import prices, reducing thus the negative influence of the tariff.

Nonetheless, the pressure and risk of protectionism is still present, and even increased during 2010 due to the high level of unemployment in advanced economies. So the regulatory role of the IMF

<sup>17</sup> Christian Henn and Brad McDonald: "Avoiding Protectionism", Finance and Development, March 2010

<sup>18</sup> WTO, 2009, "Overview of Development in the International Trading Environment" (Geneva, November)



becomes of paramount importance, beside its role in improving market access—an important component of the Doha Round of negotiations.

## 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 1.1% in 2010. 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:

The agreement foresees duty free regime for a list of 323 processed agricultural products originating from Albania entering the EC markets.

### 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<sup>19</sup>.
2. agriculture products: tariff liberalization according to the table 6.2:

<sup>19</sup> 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

**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

### 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 2010.

**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 Serbia chairmanship 2010, 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) Opening of the services market
- b) Completing the trade liberalization gains with the investment opportunities
- c) Opening the governments' procurement markets
- d) Achieving competition and trade liberalization coherence

The program formulation was followed by meetings covering priority topics of the 2010 Serbia Chairmanship program. Some of the most important events under CEFTA for 2010 were:

The first event for 2011 was the Workshop on Importance of Air Transport Sector in Economic and Social Development of the South East Europe held in Sarajevo, on 11 February 2010. The Regional Cooperation Council (RCC) Secretariat organized the workshop. The meeting participants agreed to promote and enhance cooperation in the transport sector, to develop land transport infrastructure and air transport infrastructure, to integrate the SEE region into the EU Internal Aviation Market, to create new air links within the SEE region.

A two-day regional conference “Western Balkans in 2020 – Overcoming the Economic Crisis and Developing Competitive Economies” was organised by the Regional Cooperation Council (RCC) Secretariat on 25 February 2010 in Sarajevo. Participants analysed the impact of global economic crisis on the Western Balkan countries and assessed different policy actions taken, as well as the ways to achieve better competitive position of the region in global economy. The key issue which arose from the discussion is capacity building for development and implementation of appropriate policy options and adequate use of available resources so as to emerge from the crises and, in a long run, achieve steady economic growth based on knowledge and considered competitive advantages of the region.

In September 21<sup>st</sup>, A training programme will be organized within the framework of the CEFTA Chambers forum and with support from the Joint Partnership project CEFTA-DIHK regarding the effective participation in the regulatory development process in the CEFTA region.

In 27-30 October 2010, an Agricultural Policy Forum was organized, on bridging the gap: agricultural and rural development policies in South Eastern Europe facing the challenge of EU compliance. The overall objective was to foster implementation of EU-like agricultural and rural development policies in SEE with respect to a further integration of the region's agricultural and rural sector into the EU.

CEFTA Week 2010 in Belgrade, November 9<sup>th</sup>: **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. The aim was to promote CEFTA to a wide audience both within the CEFTA Parties and internationally. A number of workshops, seminars and debates were held for different aspects of CEFTA, catering to different interests including government officials, the business community, international organisations, the diplomatic community, the academic world and journalists. CEFTA Week focused in particular on the priorities of the Serbian Chair for 2010 which included trade in services, competition rules, public procurement, investment and non-tariff barriers to trade.

On 3rd December 2010 in Paris, OECD with the support from the CEFTA Secretariat and the

European Commission organised a Round table on Public Procurement Regulations and Practices in the CEFTA Parties.

## 6.4 Main legal acts related to trade

During 2010, a significant number of laws and other legal acts influencing trade, international economic relations, business and investment climate as well as domestic market have been enacted.

The characteristic for this year is a significant number of laws and decisions enacted about tax system and custom duty in Albania, affecting trade directly. Thus, the impact on taxation matters aims 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.

During 2010, the most part of laws and legal acts enacted are those that affect directly custom duty, custom code and tax system.

### Changes to the custom duties are announced in:

*Law no. 10366, date 16.12.2010 For some changes in law no. 9981 dt 8.9.2008 « On the approval of custom tariffs' levels » changed*

*CMD no.927, date 17.11.2010 and CMD no.449, date 16.6.2010 -For some additions and changes in CMD no. 205, 13.4.99 « For the implementing provisions of the custom code in the Republic of Albania » changed.*

*CMD no.1040, date 22.12.2010 “For the approval and official publication of the harmonized commodity nomenclature, 2011*

### Some new changes and approvals occurred to the tax system:

Changes and additions in the tax system are announced in:

*Law no.20261, date 1.4.2010 - For some additions in Law no. 9920 dt 19.5. 2008 “For the tax procedures in the Republic of Albania”, changed*

*Directive of MF no.6, date 19.2.2010; no.13, date 14.4.2010; no.27, date 18.8. 2010; no.32, date*

21.09.2010, and no.34, date 6.10.2010 - For an addition in directive no. 24 dt 2.9.2008 "For tax procedures in the Republic of Albania", changed

Also an important act enacted during this year is CMD no.55, date 3.2.2010 "For mandatory disclosure of tax declarations and other tax documents, only through the electronic form"

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.10228, date 4.2.2010; no. 10343 date 28.10.2010, Law no.10364, date 16.12.2010 - For some additions and changes in the law no.8438 dt 28.12.1998 "On income taxes" changed*

*Law no.10215 date 21.1.2010 and Law no. 10363 date 16.12.2010 - For some additions and changes in the law no 7928, date 27.4.95 "On value added tax" changed.*

*Directive of MF no.2, date 28.1.2010 - For some additions and changes in the directive no.17 dt 13.5.2008 "On value added tax" changed.*

*Directive of CM no 149, date 3.3.2010 - For an addition in the decision 1058, dt 21.10.2010 of CM "For determining the registration threshold for value added tax (VAT)"*

#### **Laws about excises:**

*Law no. 10286 date 3.6.2010 and law 10365, date 16.12.2010 - For a change in Law no. 8976 dt 12.12.2002 "For excises" changed*

*Directive of MF no.26 date 27.7.2010; no 35 date 07.10.2010; no.38, date 15.10.2010; no.40, date 03.12.2010 - For a change in the directive no.7 date 16.6.2003 "For excises" changed*

#### **Laws and directives about social security contribution**

*Directive no.8, date 2,3,2010, For some additions and changes in the directive no 26 dt 16.4.2009 "On the accumulation of obligatory social and health security contributions"*

#### **Laws and other legal acts affecting international economic relations**

Some laws and legal acts include ratification of the

agreement between the Council of Ministers (CM) of the Republic of Albania and some other governments of different countries. Also, some other laws concern the adhesion of Albania in international conventions with the intention of providing facilitating conditions or implementing correct procedures for trade development.

The major intention of these agreements aims providing facilitating conditions or implementing correct procedures for trade development, as for example, avoiding the double taxation and preventing fiscal evasion related to income taxes and capital.

Such agreements, CM of the Republic of Albania has made with some different government: Irlanda; Estonia; Federal Republic of Germany; Government of Kuwait; Kingdom of Spain;

Some laws are enacted in order to facilitate international trade.

*CMD no.702 date 25.08.2010 'For approving in principle the agreement between the CM of the Republic of Albania and the government of Emirate Arabe, on economic Trade and technical relations'*

*CMD no.1023 date 15.12.2010 "For approving of the agreement between the CM of the Republic of Albania and Republic of Hungary on economic cooperation"*

*CMD no.82 date 10.02.2010 "For approving 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".*

An important field affected by 2010 legislation is the business climate. Aiming to improve this field and to offer facilitating conditions, some specific laws and decisions with tariff nature and non-tariff nature to regulate the market process were enacted, such as:

*Law no.10317, date 16.9.2010 "For some additions and changes in the law no.9121 dt 28.07.2003 "On protection of competition" changed*

*CMD no.112, date 17.2.2010 "For some changes in the CMD no 112, dt 21.2.2010 "On the establishment of the Albanian Fund Competitiveness"*

*Law no. 10275 date 6.5.2010 For some additions in Law no. 8691 dt 16.11. 2000 "For production and trade of cigarettes and tobacco" changed*

*Law no. 10327 date 30.9.2010 For some additions in the law no.9290 dt.07.09.2004 "For construction products", changed*

*CMD no 825, date 13.10.2010 "On approval of lists of wastes permitted to be imported for the purpose of use, recycling and processing"*

*CMD no 93, date 10.2.2010 "For determining the list of Albanian Harmonized Standards that have referees character for the presumption of conformity of the lift".*

*CMD no 94, date 10.2.2010 "For determining the list of Albanian Harmonized Standards that have a*

*character reference to the presumption of conformity of equipment and protective systems for use in potentially explosive environments".*

### **An important area remains the consumers' protection and safety:**

*CMD no 750, date 14.7.2010 " On approval of rules of quarantine phytosanitary inspection"*

*CMD no 891, date 10.11.2010 "For determining the list of Albanian Harmonized Standards that have referees character for the presumption of safety for consumer products"*





## Annex 1

### Most exported and imported products with the EU

Table A 1.1 Ten most exported products to the EU-27 (mln ALL)									
HS Code	Description	2005	2006	2007	2008	2009	2010	Share to total in %	Change Rate 10-09
270900	Petroleum oils and oils obtained from bituminous minerals, crude	987.82	1,753.88	4,196.13	5,943.87	7,020.48	15,759.55	14%	124%
640610	Uppers and parts thereof, other than stiffeners	12,356.86	10,807.41	10,175.43	8,339.43	7,703.41	8,964.95	8%	16%
620342	Mens/boys trousers and shorts, of cotton, not knitted	4,988.75	5,832.25	6,764.13	6,478.63	4,986.11	5,899.50	5%	18%
830140	Locks of base metal, nes	1,733.80	2,350.09	3,526.70	3,905.67	3,715.78	4,506.07	4%	21%
620520	Mens/boys shirts, of cotton, not knitted	2,572.53	2,833.25	3,197.94	3,467.05	3,477.45	3,909.62	3%	12%
271600	Electrical energy				354.36	707.84	3,048.65	3%	331%
740400	Waste and scrap, copper or copper alloy	922.82	2,759.82	2,449.65	1,775.23	1,052.77	2,948.85	3%	180%
640510	Footwear with uppers of leather or composition leather, nes	1,489.45	2,006.93	2,113.07	2,170.58	2,546.58	2,929.50	3%	15%
640340	Footwear, outsole of rubber/plastic/leather, uppers of leather w/ metal toe-cap	1.20	3.06		3.23	4.30	2,829.76	3%	65719%
610910	T-shirts, singlets and other vests, of cotton, knitted	1,654.90	1,600.19	1,697.53	2,308.23	2,463.01	2,520.54	2%	2%
	TOP TEN EXPORTS TO EU						53,316.98	47%	
	TOTAL EXPORTS TO EU						112,993.33		

Table A 1.2 Ten most imported products from the EU-27 (mln ALL)									
HS Code	Description	2005	2006	2007	2008	2009	2010	Share to total in %	Change Rate 10-09
271019	Light petroleum distillates nes	6,121.24	10,919.26	12,079.68	17,226.96	14,606.00	23,732.89	7%	62%
240220	Cigarettes containing tobacco	3,700.94	2,978.42	3,285.56	6,012.71	7,636.14	9,941.16	3%	30%
300490	Medicaments nes, in dosage	2,683.93	3,394.09	5,098.86	5,579.59	6,185.29	8,537.11	3%	38%
271011	Aviation spirit	2,422.97	3,445.14	4,205.76	4,615.98	4,545.18	6,617.54	2%	46%
721420	Bars & rods, i/nas, hr, hd or he, cntg indent, ribs, etc, prod dur rp/tar, nes	1,059.49	1,749.92	2,206.32	2,979.88	5,429.44	5,714.68	2%	5%
870332	Automobiles with diesel engine displacing more than 1500 cc to 2500 cc	3,724.05	3,988.18	5,784.82	5,729.78	5,681.60	5,296.11	2%	-7%
410719		2,051.24	2,952.71	5,493.82	4,550.48	4,436.59	5,089.74	2%	15%
690890	Tiles, cubes and sim nes, glazed ceramics	1,855.54	1,571.05	1,584.59	2,467.24	2,153.01	4,585.31	1%	113%
730890	Structures&parts of structures, i/s (ex prefab bldgs of headg no.9406)	461.13	760.95	1,198.92	3,340.22	1,839.28	4,498.97	1%	144%
830160	Lock parts, includg parts of clasps o frames w clasps, of base metal, nes	1,565.88	2,035.63	3,412.83	3,752.46	3,531.73	4,385.86	1%	24%
	TOP TEN IMPORTS FROM EU						78,389.37	24%	
	TOTAL IMPORTS FROM EU						329,266.34		



## Annex 2

### Most exported and imported products with the Region

Table A.2.1 Ten most exported products to the Region (mln ALL)									
HS Code	Description	2005	2006	2007	2008	2009	2010	Share to total in %	Change Rate 10-09
721420	Bars & rods, of iron, in primary forms, not further worked	744.36	1,128.77	2,833.98	6,210.04	3,863.21	4,795.62	29%	24%
252329	Portland cement nes	87.37	77.43	401.83	1,402.99	1,566.47	2,045.93	12%	31%
271600	Electrical energy					1,194.02	1,605.07	10%	34%
271320	Petroleum bitumen	617.22	1,034.38	1,102.89	1,862.11	546.03	1,316.09	8%	141%
260111	Iron ores & concentrates, other than roasted iron pyrites, non-agglomerated	307.34	420.55	682.20	585.42	648.40	718.91	4%	11%
847330	Parts & accessories of automatic data processing machines & units thereof	162.42	199.37	358.38	271.10	224.34	366.89	2%	64%
760410	Bars, rods and profiles, aluminium, not alloyed	52.91	139.42	300.07	351.71	298.33	258.96	2%	-13%
930630	Cartridges nes and parts thereof		5.07			3.21	255.17	2%	7851%
080711	Watermelon	60.87	87.90	135.40	103.01	99.97	194.43	1%	94%
410120	Leather	108.06	312.00	287.77	106.58	58.06	190.37	1%	228%
TOP TEN EXPORTS TO REGION							11,747.43	72%	
TOTAL EXPORTS TO REGION							16,406.88		

Table A.2.2 Ten most imported products from the Region (mln ALL)									
HS Code	Description	2005	2006	2007	2008	2009	2010	Share to total in %	Change Rate 10-09
720449	Ferrous waste and scrap, iron or steel, nes	480.43	587.95	3,280.64	2,441.72	2,606.62	8,118.62	17%	211%
271600	Electrical energy			5,430.28	13,625.65	4,915.87	4,531.99	9%	-8%
170199	Refined sugar, in solid form, nes	150.73	48.35	93.98	107.62	221.77	2,045.70	4%	822%
271019	Light petroleum distillates nes	19.42	154.04	730.62	976.67	531.24	1,783.80	4%	236%
100590	Maize (corn) nes	121.97	589.37	811.96	1,013.12	1,056.01	1,613.84	3%	53%
151219	Sunflower-seed/safflower oil & their fractions refined but not chemically modified	16.39	24.63	103.81	979.95	424.29	1,301.61	3%	207%
300490	Medicaments nes, in dosage	226.47	420.21	744.38	678.11	787.13	1,156.30	2%	47%
252329	Portland cement nes	261.75	924.38	399.12	613.37	494.36	1,030.38	2%	108%
100190	Wheat nes and meslin	35.84	137.01	216.77	209.40	833.37	1,016.18	2%	22%
110100	Wheat or meslin flour	44.02	44.04	353.49	458.32	622.40	996.84	2%	60%
TOP TEN IMPORTS FROM REGION							23,595.28	49%	
TOTAL IMPORTS FROM REGION							47,819.11		

## Annex 3

### Most exported and imported products with the EU and regional countries

Table A 3.1 Ten most exported products to Italy (mln ALL)									
HS Code	Description	2005	2006	2007	2008	2009	2010	Share to total in %	Change Rate 10-09
270900	Petroleum oils and oils obtained from bituminous minerals, crude	987.82	1,753.88	4,196.13	5,117.50	6,322.35	10,134.77	12%	60%
640610	Uppers and parts thereof, other than stiffeners	12,341.31	10,800.81	10,161.13	8,219.03	7,663.96	8,954.58	11%	17%
620342	Mens/boys trousers and shorts, of cotton, not knitted	4,210.36	4,889.97	6,158.76	5,698.94	4,336.47	5,018.60	6%	16%
830140	Locks of base metal, nes	1,733.80	2,349.76	3,526.62	3,904.98	3,715.43	4,504.62	5%	21%
620520	Mens/boys shirts, of cotton, not knitted	2,416.41	2,666.54	3,049.64	3,356.22	3,387.38	3,685.52	4%	9%
640510	Footwear with uppers of leather or composition leather, nes	1,489.45	2,006.93	2,113.07	2,170.58	2,345.25	2,927.00	4%	25%
640340	Footwear, outer sole of rubber/plastic/leather, uppers of leather w/met toe-cap	1.20	3.06		3.23		2,802.10	3%	N/A
610910	T-shirts, singlets and other vests, of cotton, knitted	1,235.56	1,525.05	1,685.09	2,229.72	2,241.13	2,409.79	3%	8%
160416	Anchovies, prepared or preserved, whole or in pieces, but not minced	1,548.24	1,875.81	1,791.35	1,666.09	1,991.97	2,368.81	3%	19%
610821	Womens/girls briefs and panties, of cotton, knitted	830.58	882.28	1,668.74	1,634.58	1,937.48	1,739.66	2%	-10%
TOP TEN EXPORTS TO ITALY							44,555.45	54%	
TOTAL EXPORTS TO ITALY							82,016.40		

Table A 3.2 Ten most imported products from Italy (mln ALL)									
HS Code	Description	2005	2006	2007	2008	2009	2010	Share to total in %	Change Rate 10-09
271019	Light petroleum distillates nes	313.76	123.23	232.27	280.92	606.92	12,714.56	9%	1995%
410719	Leather	2060.6854	2962.7075	5,493.82	4,547.18	4,224.49	5,009.54	3%	19%
830160	Lock parts, including parts of clasps or frames w clasps, of base metal, nes	1,566.82	2,034.43	3,411.25	3,744.05	3,525.48	4,381.56	3%	24%
271011	Aviation spirit	83.49	53.23	468.79	257.74	98.12	2,825.25	2%	2779%
640610	Uppers and parts thereof, other than stiffeners	3,347.02	3,240.67	2,277.13	2,004.95	1,418.06	2,420.23	2%	71%
640699	Parts of footwear nes	119.51	468.13	880.66	736.26	1,111.09	1,948.72	1%	75%
850300	Parts of electric motors, generators, generating sets & rotary converters	279.84	355.23	523.89	1,238.21	1,267.30	1,846.99	1%	46%
870332	Automobiles with diesel engine displacing more than 1500 cc to 2500 cc	1,218.91	1,418.23	2,269.01	1,833.75	1,708.89	1,740.49	1%	2%
252390	Hydraulic cements nes	5.41	1,212.58	1,837.82	1,713.90	2,137.29	1,694.38	1%	-21%
640620	Outer soles and heels, of rubber or plastics	379.79	404.67	558.15	562.95	1,013.63	1,613.52	1%	59%
TOP TEN IMPORTS FROM ITALY							36,195.24	25%	
TOTAL IMPORTS FROM ITALY							146,101.55		



Table A.3.3 Ten most exported products to Greece (mln ALL)

HS Code	Description	2005	2006	2007	2008	2009	2010	Share to total in %	Change Rate 10-09
720449	Ferrous waste and scrap, iron or steel, nes	159.20	859.22	564.94	822.23	245.74	1,390.74	16%	466%
240120	Tobacco, unmanufactured, partly or wholly stemmed or stripped	320.24	179.00	591.31	205.90	215.29	433.59	5%	101%
740322	Copper-tin base alloys, unwrought						408.37	5%	N/A
392330	Carboys, bottles, flasks and similar articles of plastics	20.14	56.53	88.43	229.80	365.49	381.35	4%	-1%
030269	Fish nes, fresh or chilled excl heading No 03.04, livers and roes	9.43	31.26	93.23	105.85	219.52	381.11	4%	74%
620341	Mens/boys trousers and shorts, of wool or fine animal hair, not knitted	5.05				421.24	305.74	4%	-27%
200570	Olives prepared or preserved, other than by vinegar or acetic acid, not frozen	51.86	119.88	158.23	181.51	194.76	298.76	3%	62%
610610	Womens/girls blouses and shirts, of cotton, knitted	874.57	1,074.39	1,004.43	911.10	209.31	236.98	3%	13%
610711	Mens/boys underpants and briefs, of cotton, knitted	142.95	300.59	323.58	331.96	161.24	207.74	2%	29%
610620	Womens/girls blouses and shirts, of man-made fibres, knitted	18.91	116.90	151.74	129.90	507.16	198.65	2%	-61%
TOP TEN EXPORTS TO GREECE							4,243.03	49%	
TOTAL EXPORTS TO GREECE							8,720.04		

Table A.3.4 Ten most imported products from Greece (mln ALL)

HS Code	Description	2005	2006	2007	2008	2009	2010	Share to total in %	Change Rate 10-09
271019	Light petroleum distillates nes	4,331.67	7,059.27	11,238.99	16,426.70	13,088.65	9,989.23	15%	-24%
721420	Bars & rods, of iron, of other than iron, nes	765.91374	1464.0581	1,361.20	1,562.72	4,701.29	4,570.93	7%	-3%
271011	Aviation spirit	2,195.05	2,853.59	3,698.30	4,301.64	4,394.73	3,543.67	5%	-19%
240220	Cigarettes containing tobacco	1,771.89	1,505.48	1,128.16	1,863.02	2,272.14	2,967.98	4%	31%
252329	Portland cement nes	1,865.39	1,619.79	2,014.42	2,072.83	3,634.00	2,171.44	3%	-40%
220300	Beer made from malt	834.48	966.45	1,271.80	1,229.84	1,331.46	1,162.38	2%	-13%
080510	Oranges, fresh or dried	420.99	659.19	528.39	458.79	939.49	1,106.41	2%	18%
271113	Butanes, liquefied	846.24	865.03	509.67	959.26	302.74	893.51	1%	195%
852380	Disks, tapes, solid-state nonvolatile storage devices				0.02	132.94	842.77	1%	534%
080810	Apples, fresh	948.22	678.80	625.70	361.58	385.09	837.00	1%	117%
TOP TEN IMPORTS FROM GREECE							28,085.34	41%	
TOTAL IMPORTS FROM GREECE							68,282.48		

Table A.3.5 Ten most exported products to Germany (mln ALL)									
HS Code	Description	2005	2006	2007	2008	2009	2010	Share to total in %	Change Rate 10-09
620342	Mens/boys trousers and shorts, of cotton, not knitted	36.63	89.10	110.58	177.81	515.73	795.87	18%	54%
620690	Womens/girls blouses and shirts, of other textile materials, not knitted	643.49	512.44	446.76	404.25	665.34	680.26	15%	2%
640351	Footwear, outer soles and uppers of leather, covering the ankle, nes				156.16	443.30	638.35	14%	44%
121190	Plants & parts of plants (incl seed & fruit) used in pharm, perf, insect etc nes	533.17	666.78	837.30	754.32	399.76	490.55	11%	23%
620429	Womens/girls ensembles, of other textile materials, not knitted		0.46	8.64		160.78	321.12	7%	100%
640399	Footwear, outer soles of rubber/plastics uppers of leather, nes				28.57	67.05	222.59	5%	232%
620520	Mens/boys shirts, of cotton, not knitted					2.22	179.05	4%	7975%
121490	Sweden, mangel, fodder root, hay, clover, sainfoin, forage kale, etc	3.43	3.25	15.39	46.42	116.78	166.15	4%	42%
121130	Coca leaves		8.63	2.16	3.49	60.15	99.51	2%	98%
610190	Mens/boys overcoats, anoraks etc, of other textile materials, knitted			6.70	6.49	3.36	92.01	2%	2635%
TOP TEN EXPORTS TO GERMANY							3,685.45	82%	
TOTAL EXPORTS TO GERMANY							4,477.27		

Table A.3.6 Ten most imported products from Germany (mln ALL)									
HS Code	Description	2005	2006	2007	2008	2009	2010	Share to total in %	Change Rate 10-09
870332	Automobiles with diesel engine displacing more than 1500 cc to 2500 cc	1,940.14	1,878.66	2,470.40	2,400.51	2,814.20	2,184.48	11%	-22%
870333	Automobiles with diesel engine displacing more than 2500 cc	576.80	974.85	1,754.32	1,721.85	1,731.44	1,649.32	8%	-5%
300490	Medicaments nes, in dosage	433.51	633.53	913.93	856.12	1,015.61	1,350.73	7%	33%
870421	Diesel powered trucks with a GVW not exceeding five tonnes	806.22	781.83	674.35	688.42	761.76	652.56	3%	-14%
870322	Automobiles w reciprocating piston engine displacing > 1000 cc to 1500 cc	208.33	157.44	211.35	237.32	394.61	430.26	2%	9%
870324	Automobiles with reciprocating piston engine displacing > 3000 cc	222.00	246.03	351.74	297.65	354.21	311.64	2%	-12%
854511	Carbon or graphite electrodes, of a kind used for furnaces	185.29	127.09	142.63		39.50	278.36	1%	605%
870323	Automobiles w reciprocating piston engine displacing > 1500 cc to 3000 cc	436.53	286.36	318.42	280.89	295.61	274.38	1%	-7%
551219	Woven fabrics, containing >=85% of polyester staple fibres, o/t unbl or bl	78.77	160.34	103.74	173.41	212.65	234.26	1%	10%
870120	Road tractors for semi-trailers (truck tractors)	101.45	65.61	196.81	262.17	485.30	231.57	1%	-52%
TOP TEN IMPORTS FROM GERMANY							7,597.54	37%	
TOTAL IMPORTS FROM GERMANY							20,291.57		



Table A.3.7 Ten most exported products to Croatia (mln ALL)

HS Code	Description	2005	2006	2007	2008	2009	2010	Share to total in %	Change Rate 10-09
640510	Footwear with uppers of leather or composition leather, nes			32.75	75.01	42.16	69.18	27%	64%
160416	Anchovies, prepared or preserved, whole or in pieces, but not minced		137.15		13.80	8.72	65.19	26%	647%
080711			1.45	0.69	4.26	6.23	25.09	10%	303%
121190	Plants & parts of plants (incl seed & fruit) used in pharm, perf, insect etc nes	10.24	24.88	25.43	43.79	22.21	21.37	8%	-4%
410120	Leather			25.53	8.15		16.91	7%	N/A
080719	Melon			0.05	0.55	2.92	7.02	3%	141%
640590	Footwear, nes				2.39		6.13	2%	N/A
030530	Fish fillets, dried, salted or in brine but not smoked						5.55	2%	N/A
300490	Medicaments nes, in dosage						3.58	1%	N/A
030613	Shrimps and prawns, frozen, in shell or not, including boiled in shell						2.91	1%	N/A
TOP TEN EXPORTS TO CROATIA							222.93	88%	
TOTAL EXPORTS TO CROATIA							252.27		

Table A.3.8 Ten most imported products from Croatia (mln ALL)

HS Code	Description	2005	2006	2007	2008	2009	2010	Share to total in %	Change Rate 10-09
271019	Light petroleum distillates nes	2.61	0.32	0.19	34.52	97.93	1,311.67	14%	1239%
252329	Portland cement nes	261.41	896.03	55.51			947.58	10%	N/A
100190	Wheat nes and mes lin	18.78		12.59	124.02	768.91	628.29	7%	-18%
271113	Butanes, liquefied	255.35	412.13	1,269.15	612.03	127.40	585.37	6%	359%
100590	Maize (corn) nes		8.77	67.12	370.93	69.33	342.94	4%	395%
230400	Soya bean oil cake & other solid residues, whether or not ground or pellet						332.99	3%	N/A
853530	Isolatg switches & make-and-break switches, voltage exceed 1,000 volts		0.51	37.16	29.60	27.41	285.43	3%	941%
853710	Boards, panels, includg numerical control panels, for a voltage <=1000 V	25.91		81.80	4.28	29.90	266.22	3%	790%
844399	Printing machinery				84.18	194.18	262.87	3%	43%
340220	Surface active prep, was hing & cleaning prep put up for retail sale	0.06	18.88	71.44	63.14	227.05	231.41	2%	2%
TOP TEN IMPORTS FROM CROATIA							5,194.77	54%	
TOTAL IMPORTS FROM CROATIA							9,572.94		

Table A.3.9 Ten most exported products to Kosovo (mln ALL)									
HS Code	Description	2005	2006	2007	2008	2009	2010	Share to total in %	Change Rate 10-09
721420	Bars & rods, of iron, hot or cold-rolled, in primary forms, of iron	704.07	1,034.44	2,030.18	4,286.17	3,298.93	4,257.92	44%	29%
271320	Petroleum bitumen	269.77	408.98	435.46	1,017.81	406.82	1,076.21	11%	165%
252329	Portland cement, nes				23.12	148.97	990.53	10%	565%
260111	Iron ores & concentrates, other than roasted iron pyrites, non-agglomerated			82.28	15.93	386.38	352.93	4%	-9%
847330	Parts & accessories of automatic data processing machines & units thereof	162.29	199.37	281.76	200.67	152.67	240.95	2%	58%
760421	Profiles, hollow, aluminium, alloyed	10.92	0.37	4.52		10.72	176.48	2%	1547%
760410	Bars, rods and profiles, aluminium, not alloyed	29.82	16.24	32.84	82.54	130.36	104.62	1%	-20%
151219	Sunflower-seed/soybean oil & their fractions refined but not chemically modified	23.78	8.59	70.31	19.28	25.90	96.10	1%	271%
080711	Watermelon	52.49	49.09	84.51	59.20	39.10	91.64	1%	134%
271600	Electrical energy					788.70	91.28	1%	-88%
TOP TEN EXPORTS TO KOSOVA							7,478.67	77%	
TOTAL EXPORTS TO KOSOVA							9,761.92		

Table A.3.10 Ten most imported products from Kosovo (mln ALL)									
HS Code	Description	2005	2006	2007	2008	2009	2010	Share to total in %	Change Rate 10-09
720449	Ferrous waste and scrap, iron or steel, nes	375.51	511.65	688.27	831.32	380.89	877.32	20%	130%
110100	Wheat or meslin flour	0.18	0.40	150.41	186.37	310.70	816.41	19%	163%
071420	Sweet potatoes, fresh or dried, whether or not sliced or pelleted	26.01	154.84	305.80	279.55	411.68	493.89	11%	20%
730619	Other tubes, pipes and hollow profiles				6.66	29.62	270.82	6%	814%
760200	Waste and scrap, aluminium	71.88	155.96	213.77	65.65	6.38	198.02	5%	3006%
220210	Waters, incl mineral & aerated, containing sugar or sweetening matter of flavour	1.08	3.08	15.60	7.78	61.54	130.86	3%	113%
730611	Other tubes				2.32	108.28	96.41	2%	-11%
220300	Beer made from malt			9.16	18.96	52.13	71.13	2%	36%
230230	Wheat bran, sharps and other residues, pelleted or not		12.58	27.50	24.25	22.55	66.96	2%	197%
010290	Bovine, live except pure-bred breeding	28.71	28.89	46.23	116.67	57.18	58.59	1%	2%
TOP TEN IMPORTS FROM KOSOVA							3,080.42	71%	
TOTAL IMPORTS FROM KOSOVA							4,358.42		





Table A 3.11 Ten most exported products to Macedonia (mln ALL)

HS Code	Description	2005	2006	2007	2008	2009	2010	Share to total in %	Change Rate 10-09
252329	Portland cement nes	87.37	77.43	158.65	677.72	1,054.75	701.71	27%	-33%
260111	Iron ores&concentrates,oth than roasted iron pyrites,non-agglomerated	307.34	420.44	599.92	599.49	262.00	365.98	14%	40%
721420	Bars & rods ,i/nas ,hr,hd or he,ontg indent,ribs, etc,prod dur rp/tar,nes	38.57	94.32	89.05	701.41	325.84	276.08	11%	-15%
271320	Petroleum bitumen	21.53	138.00	303.45	226.63	79.13	156.58	6%	98%
847330	Parts&accessories of automatic data processg machines&units thereof			74.27	70.42	71.66	125.94	5%	76%
854810	Waste and scrap of primary cells, primary batteries and electric accumulators;			72.91	74.75	84.93	112.94	4%	33%
854690	Articles of carbon/graphite,of a kind usd for electrical purposes, nes	142.49	118.13	195.07	191.10	7.37	86.48	3%	1072%
121190	Plants &pts of plants(incl sed&fruit) usd in pharm,perf,insect etc nes	53.33	77.06	81.86	96.66	79.23	76.27	3%	-4%
580110	Sanitary articles of waddg of textile mat i.e. sanitary towels,tampons					2.43	75.67	3%	3018%
852340	Prepared Unrecorded Media For Sound Recording					16.86	73.74	3%	337%
TOP TEN EXPORTS TO MACEDONIA							2,051.36	79%	
TOTAL EXPORTS TO MACEDONIA							2,810.64		

Table A 3.12 Ten most imported products from Macedonia (mln ALL)

HS Code	Description	2005	2006	2007	2008	2009	2010	Share to total in %	Change Rate 10-09
151219	Sunflower-seed/safflower oil&their fractions: refined but nt chem modifid		0.01	41.24	749.04	389.44	998.85	10%	156%
300490	Medicaments nes, in dosage	139.65	229.00	470.76	445.68	542.27	787.34	8%	45%
721420	Bars & rods ,i/nas ,hr,hd or he,ontg indent,ribs, etc,prod dur rp/tar,nes	13.86	395.03	1,211.55	1,706.83	1,263.50	768.08	8%	-39%
391721	Tubes, pipes and hoses, rigid; of polyethylene	22.92	14.99	23.42	86.37	185.66	304.89	3%	64%
680911	Plaster boards etc not ornamental faced o reinforced w paper/paperboard	84.99	129.28	216.04	267.46	278.85	293.93	3%	5%
020714	Frozen chicken and parts				0.08	7.22	259.44	3%	3495%
730810	Bridges and bridge sections, iron or steel			6.52	0.17	0.07	235.51	2%	342327%
720429	Waste and scrap, of alloy steel, other than stainless	0.08				127.23	230.45	2%	81%
210210	Yeasts, active	168.14	144.36	142.80	164.73	190.69	205.96	2%	8%
321490	Non-refractory surfacg preparations for facades ,walls,floors ,ceilings	19.10	80.96	134.11	131.83	122.15	202.11	2%	65%
TOP TEN IMPORTS FROM MACEDONIA							4,286.55	44%	
TOTAL IMPORTS FROM MACEDONIA							9,707.88		

Table A 3.13 Ten most exported products to Serbia (min ALL)									
HS Code	Description	2005	2006	2007	2008	2009	2010	Share to total in %	Change Rate 10-09
271800	Electrical energy					405.32	1,513.79	78%	273%
780199	Lead unwrought nes					43.36	83.36	4%	92%
940350	Bedroom furniture, wooden, nes			28.40	95.21	80.14	77.24	4%	-4%
721420	Bars & rods, of iron, hot or cold rolled, in primary forms, nes			33.23	1,060.71	169.43	71.79	4%	-58%
080711	Watermelon				22.53	28.78	40.38	2%	40%
410120	Leather			6.94	9.28	10.81	28.53	1%	164%
640510	Footwear with uppers of leather or composition leather, nes				47.71	9.63	22.00	1%	128%
640590	Footwear, nes					7.98	15.00	1%	88%
121190	Plants & parts of plants (incl seed & fruit) used in pharm, perf, insect etc nes				3.87	9.22	13.02	1%	41%
070200	Tomatoes, fresh or chilled			1.18	0.20	1.92	10.83	1%	464%
	TOP TEN EXPORTS TO SERBIA						1,875.96	96%	
	TOTAL EXPORTS TO SERBIA						1,948.88		

Table A 3.14 Ten most imported products from Serbia (min ALL)									
HS Code	Description	2005	2006	2007	2008	2009	2010	Share to total in %	Change Rate 10-09
720449	Ferrous waste and scrap, iron or steel, nes			757.26	969.20	1,916.75	6,767.35	38%	253%
271800	Electrical energy			1,648.29	13,625.65	4,915.87	4,531.99	26%	-8%
100590	Maize (corn) nes			1.88	530.59	969.74	1,267.10	7%	31%
170199	Refined sugar, in solid form, nes					0.06	541.51	3%	947464%
220290	Non-alcoholic beverages nes, excludg fruit/veg juices of heading No 20.09			1.42	114.32	191.69	299.24	2%	56%
340220	Surface-active prep, washing & cleaning prep put up for retail sale			48.16	148.11	185.75	269.25	2%	45%
690510	Roofing tiles, ceramic			32.53	112.69	166.01	267.80	2%	61%
390120	Polyethylene having a specific gravity of 0.94 or more			0.33	3.28	74.62	167.23	1%	124%
761290	Container, alum, cap <300L, lined/heat insulated, n/fd w/mech/thermo equip			18.10	125.35	142.19	165.27	1%	16%
481159	Paper			26.57	72.65	143.71	136.69	1%	-5%
	TOP TEN IMPORTS FROM SERBIA						14,413.43	82%	
	TOTAL IMPORTS FROM SERBIA						17,615.53		



Table A.3.15 Ten most exported products to Montenegro (mln ALL)

HS Code	Description	2005	2006	2007	2008	2009	2010	Share to total in %	Change Rate 10-09
252329	Portland cement nes			187.98	702.15	362.51	353.69	23%	-2%
930630	Cartridges nes and parts thereof					3.21	255.17	17%	7851%
721420	Bars & rods, of iron, of hot rolled or hot drawn, of iron			35.27	161.76	69.00	189.84	13%	175%
760440	Bars, rods and profiles, aluminium, not alloyed			69.91	232.06	148.34	148.71	10%	0%
271320	Petroleum bitumen			59.41	492.50	60.08	83.30	6%	39%
321490	Non-refractory surface preparations for facades, walls, floors, ceilings			1.55	14.91	48.74	63.71	4%	31%
252321	Portland cement, white, whether or not artificially coloured			0.36	0.67	153.36	52.34	3%	-66%
940360	Bedroom furniture, wooden, nes			6.38	25.83	18.63	22.32	1%	20%
690410	Building bricks				63.93	72.14	20.89	1%	-71%
940161	Seats with wooden frames, upholstered nes			0.34	1.03		18.95	1%	N/A
TOP TEN EXPORTS TO MONTENEGRO							1,208.92	80%	
TOTAL EXPORTS TO MONTENEGRO							1,508.41		

Table A.3.16 Ten most imported products from Montenegro (mln ALL)

HS Code	Description	2005	2006	2007	2008	2009	2010	Share to total in %	Change Rate 10-09
720449	Ferrous waste and scrap, iron or steel, nes			174.65	393.49	262.54	296.74	14%	13%
170199	Refined sugar, in solid form, nes			66.70	102.56	212.74	229.81	11%	8%
440710	Lumber, coniferous (softwood) 6 mm and thicker			63.21	87.70	188.28	185.85	9%	-1%
151219	Sunflower seed/safflower oil & their fractions refined but not chemically modified					4.90	169.34	8%	3354%
110100	Wheat or meslin flour			1.00	40.19	167.66	101.27	5%	-40%
271019	Light petroleum distillates nes			0.04	11.85	36.15	81.92	4%	127%
870331	Automobiles with diesel engine displacing not more than 1500 cc						79.21	4%	N/A
481920	Cartons, boxes and cases, folding, of non-corrugated paper or paperboard			6.30	38.79	71.24	61.18	3%	-14%
220300	Beer made from malt			12.88	51.64	38.27	54.71	3%	43%
845011	Automatic washing machines, of a dry linen capacity not exceeding 10 kg			3.41	18.27	47.61	46.37	2%	-3%
TOP TEN IMPORTS FROM MONTENEGRO							1,306.37	61%	
TOTAL IMPORTS FROM MONTENEGRO							2,137.07		

Table A.3.17 Ten most exported products to Bosnia and Herzegovina (mln ALL)

HS Code	Description	2005	2006	2007	2008	2009	2010	Share to total in %	Change Rate 10-09
410120	Bovine leather, ≤ 8 kg	82.14	269.09	254.78	89.15	38.90	143.68	45%	269%
410150	Leather soles, >16kg					7.94	112.44	35%	1317%
410411	Leather or soles				12.47	12.29	14.17	4%	15%
640510	Footwear with uppers of leather or composition leather, nes					5.43	10.05	3%	85%
410210	Sheep or lamb skins, raw, with wool on, nes						7.34	2%	#DIV/0!
080711		1.71	3.34	5.01	2.34	2.21	6.38	2%	189%
843880	Machines for the industrial preparation of food/drink except extra/preparation vegetable fat/oil						5.49	2%	#DIV/0!
640340	Footwear, outer sole of rubber/plastic/leather, uppers of leather w/ metal toe-cap					2.56	4.68	1%	83%
640590	Footwear, nes			10.75	21.45	10.40	4.23	1%	-59%
640351	Footwear, outer soles and uppers of leather, covering the ankle, nes					5.25	2.39	1%	N/A
TOP TEN EXPORTS TO BOSNIA AND HERZEGOVINA							310.83	96%	
TOTAL EXPORTS TO BOSNIA AND HERZEGOVINA							322.65		

Table A.3.18 Ten most imported products from Bosnia and Herzegovina (mln ALL)

HS Code	Description	2005	2006	2007	2008	2009	2010	Share to total in %	Change Rate 10-09
170199	Refined sugar, in solid form, nes					0.02	1,058.08	26%	5889987%
440710	Lumber, coniferous (softwood) 6 mm and thicker	177.25	556.65	678.23	529.85	402.18	592.12	15%	47%
270400	Coke & semi-coke of coal, lignite or peat, agglomerated or not, retort carbon	0.87		18.11	225.36	2.59	368.64	9%	14144%
271320	Petroleum bitumen					91.72	355.29	9%	287%
160100	Sausages & similar products of meat, meat offal/blood & food preparation based on these products	0.32	2.89	12.88	54.41	116.70	238.96	6%	105%
271019	Light petroleum distillates nes				0.04	0.03	236.71	6%	927418%
731420	Grill, netting, fencing or similar welded intercross-section dimension ≥ 3mm, mesh ≥ 100cm <sup>2</sup>	1.95	2.04	2.17		3.11	167.31	4%	N/A
300490	Medicaments nes, in dosage	1.84	2.19	10.69	47.30	42.04	155.27	4%	269%
730890	Structures & parts of structures, i/s (except prefabricated buildings of heading no. 9406)			0.22	3.64	13.51	108.50	3%	703%
151219	Sunflower seed/seedling oil & their fractions refined but not chemically modified	12.85	7.11		176.96	7.21	93.55	2%	1197%
TOP TEN IMPORTS FROM BOSNIA AND HERZEGOVINA							3,374.43	83%	
TOTAL IMPORTS FROM BOSNIA AND HERZEGOVINA							4,049.41		



## Annex 4

### Most exported and imported products with other countries

Table A.4.1 Ten most exported products to USA (mln ALL)									
HS Code	Description	2005	2006	2007	2008	2009	2010	Share to total in %	Change Rate 10-09
720241	Ferro-chromium containing by weight more than 4% of carbon						1,240.88	52%	N/A
720249	Ferro-chromium, nes					20.38	294.39	12%	1345 %
720250	Ferro-silico-chromium						211.70	9%	N/A
121190	Plants & parts of plants (incl seed & fruit) used in pharm, perf, insect etc nes	346.99	259.37	219.09	288.25	228.45	209.90	9%	-8 %
121020	Hop cones, ground, powdered or pelleted and lupulin					232.15	184.62	8%	-20 %
261000	Chromium ores and concentrates					17.40	131.81	6%	657 %
091099	Spices nes				2.09	6.65	22.88	1%	244 %
121130	Cola leaf				7.00		21.78	1%	N/A
630900	Worn clothing and other worn articles	7.01	8.88	5.89	9.48	18.71	13.60	1%	-27 %
220421	Grape wines, nes, incl fort & grape must, unfermtd by add alc in ctrn <= 21			0.04	1.37		6.92	0%	N/A
TOP TEN EXPORTS TO USA							2,338.41	98%	
TOTAL EXPORTS TO USA							2,379.33		

Table A.4.2 Ten most imported products from USA (mln ALL)									
HS Code	Description	2005	2006	2007	2008	2009	2010	Share to total in %	Change Rate 10-09
020714	Frozen chickens or parts	352.51	218.43	202.28	382.21	756.40	1,115.24	19%	47 %
020329	Swine cuts, frozen nes	240.94	358.15	87.31	192.62	594.84	703.17	12%	18 %
721420	Bars & rods, in as, hr, hd or he, cntg indent, ribs, etc, prod dur rp/tar, nes		159.45	5.94	0.06	248.02	533.19	9%	115 %
890690	Surfing vehicles		0.32				302.49	5%	N/A
870324	Automobiles with reciprocating piston engine displacing > 3000 cc	78.46	56.82	85.77	430.31	395.03	281.68	5%	-29 %
851769	Electrical Apparatus For Line Telephony				8.07	7.69	208.47	3%	2613 %
852351	Prepared Unrecorded Media For Sound Recording				0.02	0.33	199.54	3%	59530 %
721391	Bars and Rods, hot-rolled, in irregularly wound coils		29.07				147.90	2%	N/A
271311	Petroleum coke, not calcined						133.84	2%	N/A
020712	Meat and edible offal, of the poultry of heading No.01.05, frozen	45.97	101.21	2.02	159.14	125.03	127.38	2%	2 %
TOP TEN IMPORTS FROM USA							3,752.89	63%	
TOTAL IMPORTS FROM USA							5,974.55		

Table A.4.3 Ten most exported products to China (mln ALL)

HS Code	Description	2005	2006	2007	2008	2009	2010	Share to total in %	Change Rate 10-09
261000	Chromium ores and concentrates	288.53	882.75	2,475.95	2,819.87	3,516.05	6,387.29	72%	82%
260300	Copper ores and concentrates					1,338.84	2,329.40	26%	74%
251690	Monumental or building stone nes					18.74	46.67	1%	149%
391590	Plastics waste and scrap nes					20.50	44.30	0%	116%
720241	Ferro-chromium containing by weight more than 4% of carbon				263.85		28.83	0%	N/A
440792	Lumber, Beech					11.52	14.11	0%	22%
260111	Iron ores&concentrates,oth than roasted iron pyrites,non-agglomerated						8.01	0%	N/A
947050	Cash registers						7.69	0%	N/A
121490	Swedes ,mangold,fodder root,hay, clover,sainfoin,forag kale,etc						4.90	0%	N/A
843139	Parts of lifting, handling, loading or unloading machinery nes						1.53	0%	N/A
TOP TEN EXPORTS TO CHINA							8,872.73	100%	
TOTAL EXPORTS TO CHINA							8,873.79		

Table A.4.4 Ten most imported products from China (mln ALL)

HS Code	Description	2005	2006	2007	2008	2009	2010	Share to total in %	Change Rate 10-09
640299	Footwear, outer soles/uppers of rubber or plastics, nes	387.37	392.58	640.57	736.35	642.49	799.58	4%	24%
730419	Tubes, Pipes And Hollow Profiles, Seamless, Of Iron					321.40	721.97	4%	125%
940360	Furniture, wooden, nes	229.61	285.43	409.37	366.13	410.09	478.70	2%	17%
540761	Woven Fabrics Of Synthetic Filament Yarn	3.77	18.04	52.10	128.31	139.43	422.20	2%	203%
640219	Sports footwear, outer soles and uppers of rubber or plastics, nes	198.93	350.49	488.66	286.07	302.99	391.21	2%	29%
691010	Ceramic sinks,wash basins etc&im sanitary fixtures of porcelain/china	198.66	262.31	255.32	393.13	407.43	351.89	2%	-14%
950300	Other toys; reduced-size ("scale") models and similar recreational models				183.89	228.20	328.44	2%	44%
841510	Air conditioning machines window or wall types, self-contained	46.08	98.70	292.71	339.57	421.20	288.53	1%	-31%
390311	Polystyrene, expansible	43.59	67.17	322.02	278.75	195.24	274.71	1%	41%
870210	Diesel powered buses with a seating capacity of > nine persons	1.77		4.16	23.62	17.15	274.14	1%	1498%
TOP TEN IMPORTS FROM CHINA							4,331.36	22%	
TOTAL IMPORTS FROM CHINA							19,867.79		





Table A.4.5 Ten most exported products to Turkey (mln ALL)

HS Code	Description	2005	2006	2007	2008	2009	2010	Share to total in %	Change Rate 10-09
720711	Semi-fin prod, i/nas, rect/s q cross-sect cntg by wgt< 25% c, width<2Xthk	0.37					7,434.86	77%	N/A
720449	Ferrous waste and scrap, iron or steel, nes	374.29	542.32	258.49	556.16	24.94	596.34	6%	2291%
721420	Bars & rods, i/nas, hr, hd or he, cntg indent, ribs, etc, prod dur rp/tar, nes					2.08	576.85	6%	27590%
261000	Chromium ores and concentrates			214.49	58.52	19.85	387.44	4%	1852%
121190	Plants & parts of plants (incl seed&fruit) used in pharm, perf, insect etc nes	121.05	101.12	130.58	219.07	151.78	159.70	2%	5%
410210	Sheep or lamb skins, raw, with wool on, nes	113.19	135.10	147.66	75.62	25.76	103.49	1%	302%
391590	Plastics waste and scrap nes		12.71	30.88	43.91	4.01	63.07	1%	1472%
760200	Waste and scrap, aluminium					10.92	43.91	0%	302%
410510	Leather		10.56	5.79	16.64	13.06	36.47	0%	179%
721640	Sections, L or T, i/nas, n/w thn hot rolled, drawn or extruded, hght>=80mm						31.75	0%	N/A
TOP TEN EXPORTS TO TURKEY							9,433.88	98%	
TOTAL EXPORTS TO TURKEY							9,644.98		

Table A.4.6 Ten most imported products from Turkey (mln ALL)

HS Code	Description	2005	2006	2007	2008	2009	2010	Share to total in %	Change Rate 10-09
721420	Bars & rods, i/nas, hr, hd or he, cntg indent, ribs, etc, prod dur rp/tar, nes	626.85	1,702.78	2,097.15	2,603.35	2,685.33	2,083.91	7%	-22%
271019	Light petroleum distillates nes	26.39	382.22	355.83	596.04	131.09	1,231.95	4%	840%
190531	Sweet biscuits	473.22	358.27	431.34	452.54	776.24	1,014.59	4%	31%
760120	Aluminium unwrought, alloyed	360.18	428.09	199.50	123.93	256.20	621.13	2%	142%
721391	Bars	388.28	105.32	347.84	2.72	170.08	609.72	2%	258%
441011	Particle board and similar board				63.91	549.55	536.19	2%	-2%
760429	Bars, rods and other profiles, aluminium alloyed	82.20	149.03	123.89	52.47	402.93	492.61	2%	22%
610620	Womens/girls blouses and shirts, of man-made fibres, knitted	296.38	305.59	449.98	521.71	499.28	446.58	2%	-11%
300490	Medicaments nes, in dosage	3.77	24.76	101.47	220.56	322.24	421.00	1%	31%
190690	Communion wafers, empty cachets f pharm use&sim prod&bakers' wares nes	711.95	837.17	915.94	853.76	372.37	415.64	1%	12%
TOP TEN IMPORTS FROM TURKEY							7,873.33	28%	
TOTAL IMPORTS FROM TURKEY							28,137.30		

## Annex 5

### List of trade -related acts enacted during 2010

Type of legal acts	No.	Date	Act
Law	10215	21.01.2010	For some additions and changes in Law no. 7928 dt 27.4.95 "On value added tax" changed.
Law	10214	21.01.2010	For the approval of "The agreement between the CM of the Republic of Albania and the Government of Irlanda, on avoiding the double taxation and preventing fiscal evasion related to income taxes.
CMD	55	03.02.2010	For mandatory disclosure of tax declarations and other tax documents, only through the electronic form
Directive of MF	2	28.01.2010	For an addition in directive nr 17 dt 13.5.2008 "On value added tax"
Law	10228	04.02.2010	For some additions and changes in the law no.8438 dt 28.12.1998 "On income taxes" changed
Directive of MF	6	19.2.2010	For an addition in directive no. 24 dt 2.9.2008 "For tax procedures in the Republic of Albania", changed
CMD	82	10.2.2010	For approving 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	93	10.2.2010	For determining the list of Albanian Harmonized Standards that have referees character for the presumption of conformity of the lift.
CMD	94	10.2.2010	For determining the list of Albanian Harmonized Standards that havea character reference to the presumption of conformity of equipment and protectivesystems for use in potentially explosive environments.
CMD	112	17.2.2010	For some changes in the CMD no 112,dt 21.2.2010 "On the establishment of the Albanian Fund Competitiveness"
Directive of MF	8	2.3.2010	For some additions and changes in the directive no 26 dt 16.4.2009"On the accumulation of obligatory social and health security contributions
CMD	149	3.3.2010	For an addition in the decision 1058, dt 21.10.2010 of CM "For determining the registration threshold for value added tax (VAT)
Law	20261	01.04.2010	For some additions in Law no. 9920 dt 19.5. 2008 "For the tax procedures in the Republic of Albania", changed
Directive of MF	13	14.04.2010	For an addition in directive no. 24 dt 2.9.2008 "For tax procedures in the Republic of Albania", changed
Law	10275	06.05.2010	For some additions in Law no. 8691 dt 16.11. 2000 "For production and trade of cigarettes and tobacco" changed
Law	10277	13.05.2010	For the adhesion of the Republic of Albania in the Rotterdam convention" On the procedure of notification of prior consent for certain hazardous chemicals and products for plant protection in international trade
Law	10280	20.05.2010	For a change in Law no. 9975 dt 28.7.2008 "for national taxes" changed.
Law	10285	03.06.2010	For the approval of "The agreement between the CM of the Republic of Albania and the Republic of the Estonia, on avoiding the double taxation and preventing fiscal evasion related to income taxes
Law	10286	03.06.2010	For some additions and changes in the law no.8976 dt 12.12.2002 "For excises" changed



Law	10287	10.06.2010	For the approval of "The agreement between the CM of the Republic of Albania and the Federal Republic of Germany, on avoiding the double taxation and preventing fiscal evasion related to income taxes and capital".
CM D	449	16.06.2010	For some additions and changes in CM D no. 205 d l 13.4.99 « For the implementing provisions of the custom code in the Republic of Albania » changed.
Law	10292	01.07.2010	For the approval of "The agreement between the CM of the Republic of Albania and the Government of Kuwait, on avoiding the double taxation and preventing fiscal evasion related to income taxes and capital".
Directive of M F	26	19.07.2010	For some additions and changes in directive no. 26 d l 4.9.2008 "For national taxes", changed
Directive of M F	26	27.07.2010	For some additions in the directive no.7 d l 16.6.2003 "For excises" changed
Directive of M F	27	18.08.2010	For an addition in directive no. 24 d l 2.9.2008 "For tax procedures in the Republic of Albania", changed
CM D	702	25.08.2010	For approving in principle the agreement between the CM of the Republic of Albania and the government of Emirate Arabie, on economic Trade and technical relations
Directive of M F	32	21.09.2010	For an addition in directive no. 24 d l 2.9.2008 "For tax procedures in the Republic of Albania", changed
Law	10317	16.09.2010	For some additions and changes in the law no.9121 d l 28.07.2003 "On protection of competition" changed
CM D	750	14.07.2010	On approval of rules of quarantine phytosanitary inspection
Law	10327	30.09.2010	For some additions in the law no.9290 d l 07.09.2004 "For construction products", changed
Directive of M F	35	07.10.2010	For a change in the directive no.7 d l 16.6.2003 "For excises" changed
Directive of M F	34	06.10.2010	For an addition in directive no. 24 d l 2.9.2008 "For tax procedures in the Republic of Albania", changed
CM D	812	06.10.2010	For some changes in the decision no.463, d l 05.07.2006 of CM "On approval of the National Plan for the Implementation of the Stabilization and Association Agreement".
CM D	826	13.10.2010	On approval of lists of wastes permitted to be imported for the purpose of use, recycling and processing
Directive of M F	38	15.11.2010	For some additions and changes in the directive no.7 d l 16.6.2003 "For excises" changed
Law	10338	21.10.2010	For the approval of "The agreement between the CM of the Republic of Albania and the Kingdom of Spain, on avoiding the double taxation and preventing fiscal evasion related to income taxes
Law	10343	28.10.2010	For some additions and changes in the law no.8438 d l 28.12.1998 "On income taxes" changed
CM D	891	10.11.2010	For determining the list of Albanian Harmonized Standards that have reference character for the presumption of safety for consumer products
CM D	927	17.11.2010	For an addition in CM D no. 205 d l 13.4.1999 « For implementing provisions of the custom code » changed
Directive of M F	40	03.12.2010	For an addition in the directive no.7 d l 16.6.2003 "For excises" changed
CM D	1040	22.12.2010	For the approval and official publication of the harmonized commodity nomenclature, 2011.
Law	10364	16.12.2010	For some additions and changes in the law no.8438 d l 28.12.1998 "On income taxes" changed

Law	10365	16.12.2010	For some additions and changes in the law no.8976 dt 12.12.2002 "For excises" changed
Law	10366	16.12.2010	For some changes in law no. 9981 dt 8.9.2008 « On the approval of custom tariffs' levels » changed
Law	10078	29.12.2010	For authorization of Kurum International, sh.a. in the import of metal waste iron and steel, for recycling purposes.
Law	10363	16.12.2010	For some changes in Law no. 7928 dt 27.4.95 "On value added tax" changed.
CMD	1023	15.12.2010	For approving of the agreement between the CM of the Republic of Albania and Republic of Hungari on economic cooperation

