

Albania 2012 Trade Report



Albanian Centre for Competitiveness and International Trade



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Foreword



It is with great pleasure that we introduce the new Foreign Trade Report of Albania 2012, prepared by ACIT staff and its associated experts. This is the eleventh edition in the series of such annual

publishing, starting from 2002. This report and its quality is proof of ACIT efforts to keep this brand research product at the highest levels of economic and policy analysis in Albania. In this perspective, ACIT has strived to play an important role in economic and trade related research and policy studies in Albania. ACIT has maintained and respected its commitment with Albanian stakeholders who use this report. This confirms our intention in keeping this pace and developing further in the future, this highly praised tradition of producing such a solid, informative and useful document.

In this period of global economic uncertainties, crisis, recessions and risks of recession, we hope that the Report's content will be of substantial help, especially for the Albanian private businesses, policy-makers, academia, media, etc. For this purpose, each year we try to improve the format of the report, based on latest developments and on your feedback and comments.

Why is the Trade Report important? We are aware of the fact that the accurate trade information flows 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, economic and trade sections in embassies, etc. Since there is often a public debate of data and sources, we have tried to include different sources, in order to give an indirect overview of the different perspectives.

The preparation of this Report could not be made possible without the generous support from the Rritje Albania/Competitive Enterprise Development Project, and I'm sure that not only ACIT but also all the users of the Report, feel indebted to this financial and technical contribution of such an important partner for ACIT and Albania in general.

A special thank goes to all my colleagues at ACIT, who worked really hard in analyzing the data and trying to observe 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 valuable help during these years. His continuous advices have been precious for the trade report 2012.

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 associated experts, under the coordination and supervision of Mr. Gentian Elezi and consultancy provided by Prof. Ahmet Mançellari. It is the outcome of a teamwork in which Gentian Elezi, Ahmet Mançellari, Besart Kadia, Avis Andoni 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, the General Directorate of Customs, Bank of Albania, 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
ICT	Information and Communication Technology
ISB	Institute of Contemporary Studies
IMF	International Monetary Fund
MFN	Most Favored Nation
NAMA	Non-Agriculture Market Access
OECD	Organization 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-Kosovo	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 Organization



I 1. Macro-trade developments during 2012 and main challenges for 2013

1.1. Global economy and trade developments in 2012

During 2012, global economic growth has weakened further¹. The growth rate declined from 5.2 percent in 2010, to 4.0 percent in 2011 and 3.2 percent in 2012; the forecast for 2013 is almost the same, 3.3 percent (see table 1.1 below). The slowdown is synchronized across countries of different levels of development, but 'weaknesses in the major developed economies are at the root of continued global economic woes'². A growing number of developed economies have fallen into a double-dip recession, particularly those of severe sovereign debt distress belonging to the euro zone. Also growth in the major developing countries and economies in transition has decelerated notably, reflecting the external vulnerabilities and domestic challenges. The relatively high growth rates in most

of low-income countries (5.7% in 2012 and 5.9% in 2013 for low income countries on average³) are now facing with adverse spillover effects from the slowdown in developed and major middle-income countries.

As shown in table 1.1, the real GDP growth rate for advanced economies in 2012 is down to 1.2 percent (from 1.6% in 2011 and 3.0% in 2010); the same growth rate is projected for 2013. As underlined in the WEO April 2013, 'over the past six months, advanced economy policymakers have successfully defused two of the biggest short-term threats to the global recovery, the threat of a euro area breakup and a sharp fiscal contraction in the United States caused by a plunge off the "fiscal cliff"⁴. The real GDP growth rate for the United States is 2.2 percent in 2012 (based widely on a strengthened private demand and restored credit and housing markets) while the forecast for 2013 is 1.9 percent. The euro area in 2012

Table 1.1: World output¹ growth rates (annual percent change)

	1995-2004	2005	2006	2007	2008	2009	2010	2011	2012	2013*
World output	3.6	4.6	5.3	5.4	2.8	-0.6	5.2	4	3.2	3.3
Advanced Economies	2.8	2.6	3	2.8	0.1	-3.5	3	1.6	1.2	1.2
- United States	3.3	3.1	2.7	1.9	-0.3	-3.1	2.4	1.8	2.2	1.9
- Euro Area	2.2	1.7	3.2	3	0.4	-4.4	2	1.4	-0.6	-0.3
- Japan	1.1	1.3	1.7	2.2	-1	-5.5	4.7	-0.6	2	1.6
- Other Advanced Econ.	3.7	3.6	3.9	4.2	0.9	-2.1	4.5	2.6	1.4	1.9
Emerging and developing economies	4.9	7.3	8.3	8.8	6.1	2.7	7.6	6.4	5.1	5.3
Central and Eastern Europe	4.1	5.9	6.4	5.4	3.1	-3.6	4.6	5.2	1.6	2.2
Commonwealth of Independent States (+Georgia)	2.9	6.7	8.8	8.9	5.3	-6.4	4.9	4.8	3.4	3.4
Developing Asia	7.1	9.5	10.4	11.6	7.9	6.9	9.9	8.1	6.6	7.1
- China	9.2	11.3	12.7	14.2	9.6	9.2	10.4	9.3	7.8	8
Latin America and the Caribbean	2.6	4.7	5.7	5.8	4.2	-1.5	6.1	4.6	3	3.4
Middle East and North Africa	4.6	5.8	6.8	6.2	5.2	3	5.5	4	4.8	3.1
Sub-Saharan Africa	4.05	6.2	6.4	7	5.6	2.7	5.4	5.3	4.8	5.6
World output, based on market exchange	2.9	3.4	4	4	1.5	-2.2	4.1	2.9	2.5	2.6

¹ Real GDP; *Projections

Source : World Economic Outlook Database (WEO), IMF, April 2012.

¹ United Nations, World Economic Situation and Prospects 2013, p. 1.

² The same, p. 1.

³ The same, p. 2, table 1.

⁴ IMF: World Economic Outlook, April 2013, p. xv.

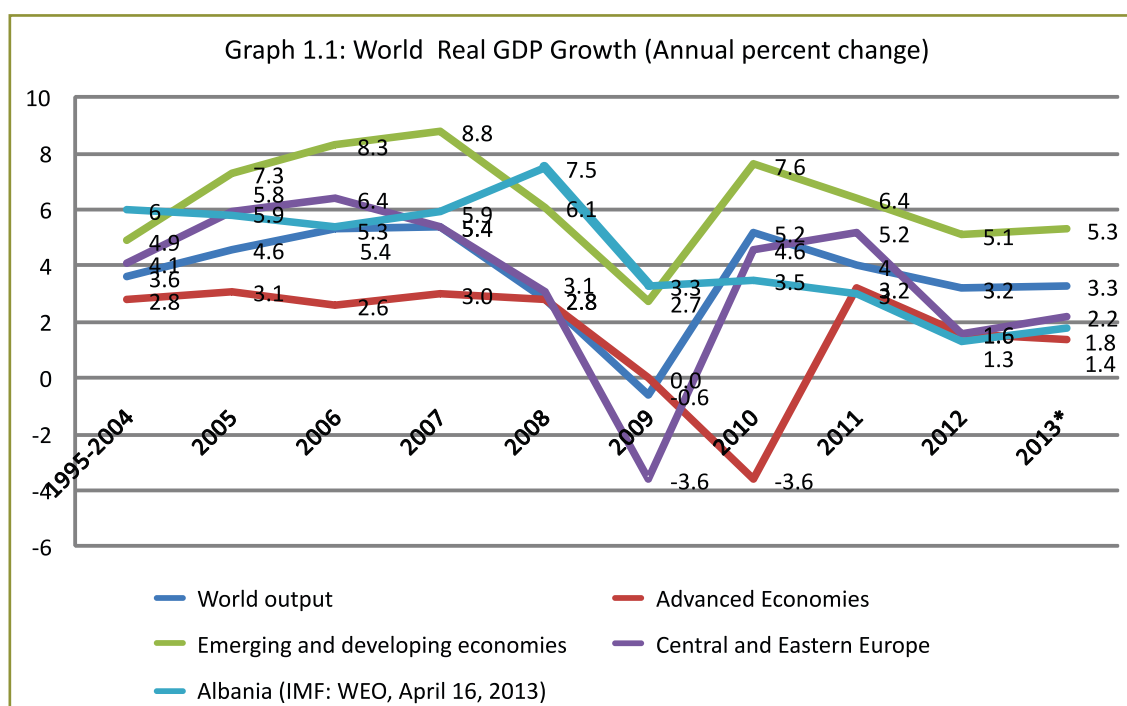
is in a double recession with a negative growth rate of -0.6 percent and the projection for 2013 is still a negative one (-0.3%). Within the euro zone, several countries experienced recession in 2012 (including Italy, Spain, Cyprus, Greece and Portugal); the growth slowed also in Germany, France etc. Sovereign debt crisis and attendant austerity programs coupled with slowing external demand and high oil prices are depressing growth in this region⁵. Japan's economy is recovered from the recession of 2011; positive but relatively low growth rates are shown in table 1.1 for other advanced economies.

As denoted by table 1.1, there was a noticeable slowdown in the emerging markets and developing economies (from 7.6% in 2010, down to 6.4% in 2011 and 5.1% in 2012; a slight increase is foreseen for 2013, up to 5.3%), a reflection of the sharp deceleration in demand from key advanced economies, domestic policy tightening, and the end of investment booms in some of the major emerging market economies⁶. Growth slowed notably during 2012 in a number of large developing economies, such as Brazil (from 7.5% in 2010 to about 1.3% in 2012), China (from 10.4% in 2010 to 7.8% in 2012), and India (from 8.9% in 2010 to 5.5% in 2012)⁷. Graph 1.1

shows that emerging and developing economies have systematically higher growth rates than the advanced economies: output decline in advanced economies in 2009 is mirrored as output growth slowdown for emerging and developing economies as a group.

The growth rate in Central and Eastern Europe countries is more volatile, after the sharp decline in 2009. The figure for 2012 is 1.6 percent (down from 5.2% in 2011) and the forecast for 2013 is 2.2 percent. Latvia (5.6%) and Lithuania had the highest growth rates in 2012. In the Western Balkan region, the highest growth rates for 2012 are recorded in Kosovo (2.1%), and Albania (1.3%). As regards projections for 2013, the highest growth rates belong to Kosovo (2.9%), Serbia (2%) and Macedonia (2%); the forecast for Albania is 1.8 percent⁸.

The contraction of world economy growth from 2.9 percent in 2011 to 2.5 percent in 2012 was accompanied by a contraction of world trade volume growth (in real terms, adjusted to account for inflation and exchange rate fluctuations) to 2.5 percent in 2012, down from 12.5 percent in 2010 and 6 percent in 2011, as shown in table 1.2. The projection for 2013 is 3.6 percent⁹. Regarding only the *merchandise trade*, the growth rate for 2012 is



⁸ IMF: World Economic Outlook, April 2013, p. 153, table A4.

⁹ IMF: World Economic Outlook, April 2012, p. 162, table A9. Figures used for output growth are those 'based on market exchange' (table A1, p. 149).

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

	1994-2003	2004	2005	2006	2007	2008	2009	2010*	2011	2012*
World trade¹										
Volume	6.9	10.6	7.8	9.3	7.9	2.9	-10.5	12.9	5.8	4
Price deflator (in \$U.S.)	0.2	3.5	5.5	5.6	3.3	7.7	-8.4	6.7	7.1	2.1
Exports										
Advanced Economies	6.2	9.3	6.2	8.9	6.8	1.9	-11.5	12.2	5.3	2.3
Emerging and developing economies	8.7	13.3	11.9	11.5	10.5	4.7	-7.7	14.7	6.7	6.6
Imports										
Advanced Economies	6.9	9.3	6.3	7.8	5.2	0.5	-12.2	11.5	4.3	1.8
Emerging and developing economies	7	15.8	12.1	11.9	14.9	9	-8.1	15.3	8.8	8.4
Terms of Trade²										
Advanced Economies	0.1	-0.7	-1.6	-1.3	0.4	-2.5	3.6	-1.1	-1.5	-1.0
Emerging and developing economies	0.6	3.9	5.7	2.9	1.1	2.8	-4.8	1.8	4.3	0.4
Commodity prices (in US dollars)										
Manufactures	0.2	5.1	2.7	2.5	6	6.7	-6.6	2.4	7.2	0.2
Oil **	5.6	30.7	41.3	20.5	10.7	36.4	-36.3	27.9	31.6	10.3
Non-fuel (average based on world commodity export weights)	-0.3	15.2	6.1	23.2	14.1	7.5	-15.7	26.3	17.8	-10.3

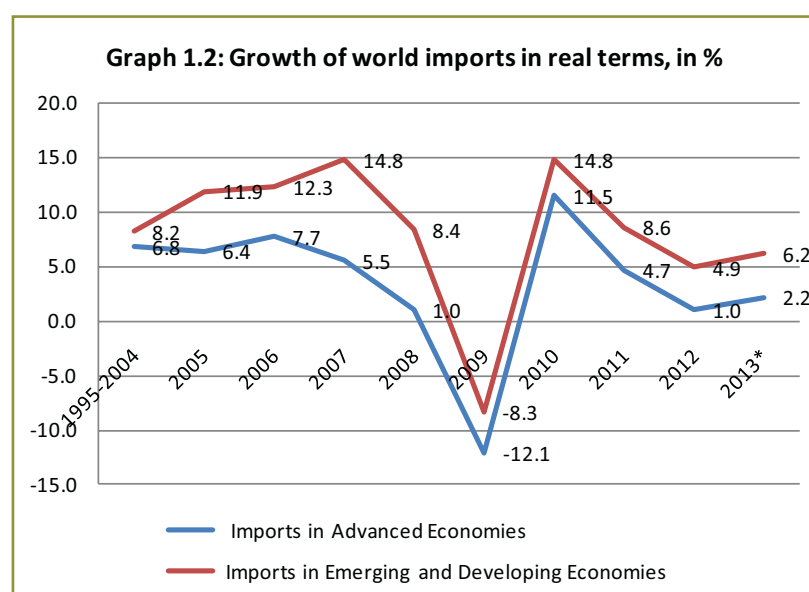
1. Goods and Services; 2 Average of annual percent change for world exports and imports * Projections; ***Simple average of prices of U.K.

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

2.4 percent (down from 14.0% in 2010 and 6.3% in 2011); the projection for 2013 is 3.5 percent. As table 1.2 shows, the price deflator for goods and services in 2011 was very high, (11.3%, and 12.6% for goods only), while in 2012 its level was in negative terms, -1.7 percent and -1.9 percent, respectively. (That means that the growth rate in nominal terms, for example for trade in goods

was only $2.4 + (-1.9) = 0.5\%$ in 2012 but $6.3 + 12.6 = 18.9\%$ in 2011).

Regarding the commodity prices, much higher fluctuations are observed in fuel and non-fuel commodities as compared with manufactures. As regards the terms of trade (exports over import prices) which are influenced by changes in goods and services prices and also the volume of exports



Source: IMF, WEO April 2013

and imports, emerging and developing economies are in a better position if consider all the period from 1995 except for 2009 (-4.8 as against 2.5) and the forecast for 2013 (-0.5 as against 0.2).

Growth rates (in real terms) in 2012 of both, exports and imports are higher in *emerging markets and developing economies* compared with *the advanced economies*, by having a wider gap for imports (4.9%, against 1.0%) than for exports (3.7%, against 1.9%). The gap is getting rather wider in 2013 for both, imports (6.2%, against 2.2%) and exports (4.8%, against 2.8%). Graph 1.2 shows that for all the period 1995-2013 imports growth rate in emerging markets and developing economies is considerably higher than in advanced economies.

Graph 1.3 shows how world trade growth reflects the world output growth. The ups and downs in the world trade (in goods and services) follow the ups and down in world output, but the oscillations in trade are more frequent and steeper than those in output. While the world GDP growth rate decelerated from 3.8% in 2010 and 2.5% in 2011 to 2.1% in 2012, the volume of world merchandise exports growth rate slowed from 14.1% in 2010 and 5.1% in 2011, down to 2.1% in 2012. In the meanwhile the world merchandise imports growth rate decelerated from 13.6% down to 5.1% and 1.9%. For the European Union the merchandise export figures are 11.7%; 5.7%; and 0.3% and the merchandise import figures are 9.1%; 2.4%; and

-2.0%, in 2010, 2011 and 2012, respectively.

The merchandise export growth figures are much lower for developed countries (from 13.1% in 2010 and 5.1% in 2011, down to 1.0% in 2012) than the developing and CIS ones (from 15.3% in 2010 and 5.4% in 2011, down to 3.3% in 2012). For merchandise imports growth rates the gap is even wider: -0.1 for developed countries and 4.6% for developing and CIS countries in 2012¹⁰.

The quite low growth rates of trade in 2012 were attributed to slow growth in developed economies and recurring bouts of uncertainty over the future of the euro. Low output growth and high unemployment in developed economies, particularly in the European Union, reduced world imports and also world exports. The year 2013 'looks to be a near repeat of 2012' despite the improved economic prospects for the United States and the growth rates of China's economy¹¹.

However, the trade growth rate in 2012 was much lower than could be expected given the rate of real output growth for the year. Referring to world output growth rate of 2.5 percent based on market exchange (see table 1.1) and the world trade volume growth of 2.5 percent (table 1.2), the ratio of trade growth to output growth is 1:1 while under normal conditions the growth rate for trade is usually around twice that of real GDP.

Graph 1.4 describes the growth of merchandise export volumes (i.e. adjusted to account for

Graph 1.3: World real GDP and trade volume growth, year-on-year, %



Source: IMF, World Economic Outlook, April 2013.

¹⁰ WTO, World Trade 2012, Prospects for 2013, 10 April 2013, p. 9 (table 1).

¹¹ WTO, World Trade 2012, Prospects for 2013, 10 April 2013, p. 1.

inflation and exchange rate movements) and the world real GDP, demonstrating that on average export growth rates for the period 1992-2012 are about twice the GDP ones. However, in 2012 the growth rates of merchandise exports and the world GDP are just the same, 2.1 percent; both under the GDP average growth trend in 1992-2012. The ratio of merchandise trade growth rate to GDP growth rate is expected to increase to 1.6:1 in 2013 and 1.8:1 in 2014¹². The WTO forecast of 3.3 percent for merchandise trade growth in 2013 is below the average rate 5.3 percent for the last 20 years (1992-2012) and well below the pre-crisis (1990-2008) average rate of 6 percent.

The forecasted levels of world trade growth in 2013 and 2014 seem improved but they are 'unsatisfied, as positive economic trends have also been accompanied by more worrisome developments'¹³.

Source: WTO, World Trade 2012, Prospects for 2013.

As regards the EU, the economy is expected to remain weak in the first half of 2013 after the output fall in fourth quarter of 2012 as the slowdown touched Germany, before gaining strength later in the year. In the US unemployment is falling gradually and public expenditure is growing but the expected government spending cuts could

negatively affect growth. Fiscal and monetary stimulus in Japan are expected to positively affect growth in Japan, but risks are present (the public debt is estimated to exceed 200% of GDP). China exports maybe hindered by the slowdown in Europe although increased shipments from China to the US (now the largest trading partner of China; the Europe was until last year) are expected; China imports from the rest of the world is expected to get supported by the country's GDP growth. Under such developments, WTO forecast an increase of world trade volume to 3.3 percent in 2013. Exports and imports of developed economies are expected to grow by 1.4 percent, while those of developing economies by 5.3 and 5.9 percent, respectively¹⁴.

1.2 Albania's macro-trade developments: slower economic growth and trade 'in recession'

Economic growth of Albania slowed significantly during 2012, because of the euro area crisis, weak demand at home, and disruption caused by very bad weather conditions (floods, etc.)¹⁵. Based on official statistics¹⁶, the growth rate was 1.5 percent (1.3% according to IMF) from 3.1



Source: WTO, World Trade 2012, Prospects for 2013.

¹² WTO, World Trade 2012, Prospects for 2013, April 2013, p. 5.

¹³ WTO, World Trade 2012, Prospects for 2013, April 2013, p. 13-14.

¹⁴ WTO forecasts are similar but with some slight differences with those of IMF, as shown in table 1.2.

¹⁵ IMF survey: Albania needs reforms to counter growth slowdown, January 11, 2013.

¹⁶ Republic of Albania, Council of Ministers Decision, date 23.01.2013. As referring to IMF WEO April 2013, the economic growth rate of Albania in 2012 was 1.3% (IMF, WEO April 2013, p. 153, table A4).

percent in 2011 and 3.8 percent in 2010. The official projection is 3.1 percent for 2013 and 3.9 percent for 2014 (IMF projections are lower: 1.8% and 2.5%, respectively). According to IMF forecasts growth will be under potential until 2017, largely because of (i) effects of economic weaknesses in the euro area on external demand and domestic confidence, including through weak remittances; and (ii) effects of financial sector problems to the real economy, including high and rising non-performing loans and tighten credit¹⁷.

Albania managed to avoid economic recession since the outbreak of global crisis because of several factors, most of them related with main external links of Albanian economy through exports, banks and remittances, such as (i) the small part of exports in the country's economy and redirection of some exports towards new products and markets; (ii) the large dependence of banks on domestic deposits although most of them are foreign owned; (iii) the (partly) compensation of declining trend of remittances from Albanians living abroad, with bringing back of savings from returning migrants; and last but not least (iv) 'timely and sound fiscal and monetary policies'¹⁸.

However, now policy buffers are absent, and macroeconomic imbalances persist... the economy is slowed and the financial sector is exposed to domestic and external risks, and incomplete investment climate reforms constrain medium term growth¹⁹. In particular, (i) public debt to GDP ratio is high (over 60%, among the highest in SEE) and must be adjusted, and a large part (more than half) of it is of short term duration (implying risk of rollover) and held by foreign owned commercial banks – so further fiscal stimulus financed by debt would be counterproductive; (ii) while tax revenues continue their downward trend (from 26.7% of GDP in 2008 to 24.7% in 2012 (23.4% according to IMF – excluding grants)), most of expenditure cuts have been unplanned and focused on capital investments (decreasing from 5.8% in 2010 to 4.4% in 2012); (iii) non-performing loans ratio to total credits increased to 22.5 percent during 2012 from 18.8 percent by end of 2011, and credits to business increased only about 4 percent (mostly

because of credits to state sector - energy), from 12.2 percent during 2011; and (iv) progress in reforming business climate has been limited while energy security poses fiscal risks.

External balance of the economy to GDP shows an improvement, although the deficit continues to be quite high. The current account deficit as percentage of GDP is 10.6% in 2012 from 12.1% in 2011. The remittances from Albanian emigrants continue showing a declining tendency although an improvement is noticed in 2012: from 915.7 million Euros in 2007 down to 664.5 million Euros in 2011 and 675.3 million Euros in 2012²⁰.

Trade deficit continues to determine the high level of current account deficit, although it decreased in 2012 by 9.4 percent²¹ to 313,965 million Albanian Lek (ALL) - from 346,545 million ALL in 2011, as shown in table 1.3. Measured as percentage of GDP, the trade deficit is 23.3 percent in 2012, being 3.4 percentage points lower than a year before and the lowest level from 1993. As a result, the import coverage index (export/import) increased to 40.4 percent in 2012 from 36.3 percent in 2011, so being the highest level since 1994.

These indicators seems good at the first glance: a lower trade deficit contributes positively to external macroeconomic balances of the country, particularly in the current situation with the pressures coming from neighboring countries - our main trading partners, which are experiencing economic recession.

However, these indicators deserve a closer look. First, the trade deficit relative to GDP (23.3%) is still very high, so reflecting a low competitiveness of the country and a long-term threat to the macroeconomic balances. Second, the reduction of trade deficit has come more from the imports reduction (weighting about 52%) rather than exports growth (weighting less than 48%). Third, the reduction of imports reflects a decrease of national demand - an alert sign for the macro-policy makers. Forth, a closer look at the structure of imports reveals a decline in imports of machinery, equipments and spare parts by 10.9 percent²², and a dipper decline of imports of construction

¹⁷ IMF Country Report No. 13/7: Albania 2012 Article IV Consultation, January 2013, p. 9.

¹⁸ IMF Survey, January 11, 2013.

¹⁹ IMF Country Report No. 13/7: Albania 2012 Article IV Consultation, January 2013, p. 4.

²⁰ Bank of Albania, Monthly Statistical Report, February 2013.

²¹ The trade deficit decline is 8.5 percent, and 15.5 percent when measured in Euros and in \$U.S., respectively.

²² Bank of Albania, Monthly Statistical Report, February 2013

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Real GDP growth rate*	5.8%	5.7%	5.7%	5.4%	5.9%	7.5%	3.3%	3.8%	3.1%	<u>1.5%</u>
Nominal GDP*	694,097	751,022	814,797	882,209	967,670	1,089,293	1,148,100	1,225,500	1,297,700	1,346,200
Trade flows**	279,867	296,892	326,023	376,839	473,365	552,466	534,349	641,200	741,463	740,111
Exports	54,487	62,121	65,818	77,405	97,171	112,572	103,247	161,009	197,459	213,073
Imports	225,380	234,770	260,205	299,434	376,194	439,894	431,102	480,191	544,004	527,038
Trade deficit	170,894	172,649	194,387	222,029	279,023	327,322	327,855	319,182	346,545	313,965
Exports growth	18.0%	14.0%	6.0%	17.6%	25.5%	15.8%	-8.3%	55.9%	22.6%	7.9%
Imports growth	8.1%	4.2%	10.8%	15.1%	25.6%	16.9%	-2.0%	11.4%	13.3%	-3.1%
Trade flows growth	9.9%	6.1%	9.8%	15.6%	25.6%	16.7%	-3.3%	20.0%	15.6%	-0.2%
Openness index***	40.3%	39.5%	40.0%	42.7%	48.9%	50.7%	46.5%	52.3%	57.1%	55.0%
Trade deficit/GDP	24.6%	23.0%	23.9%	25.2%	28.8%	30.1%	28.6%	26.0%	26.7%	23.3%
Imports/GDP	32.5%	31.3%	31.9%	33.9%	38.9%	40.4%	37.5%	39.2%	41.9%	39.2%
Export/GDP	7.9%	8.3%	8.1%	8.8%	10.0%	10.3%	9.0%	13.1%	15.2%	15.8%
Import coverage index (Ex/Imp)	24.2%	26.5%	25.3%	25.9%	25.8%	25.6%	23.9%	33.5%	36.3%	40.4%

Source: Ministry of Finance, General Directorate of Customs, INSTAT, Bank of Albania, IMF, and own calculations.

*Ministry of Finance (Republic of Albania): Economic and Fiscal Program 2013 -2015, p.11 (www.minfin.org)

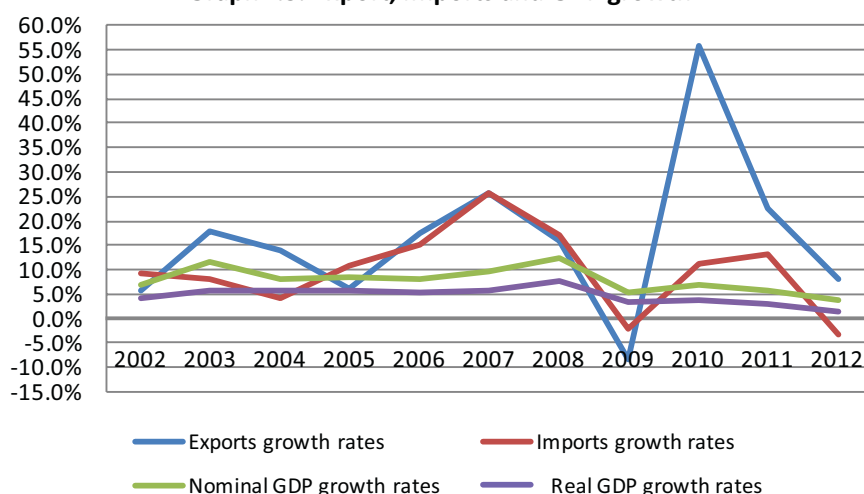
Only trade in goods; *measured as a ratio of trade flows to nominal GDP, expressed in ALL.

materials and metals (-17.1%) - another sign that should be considered by policymakers. Fifth, the structure of exports during 2012 highlights the high dependency on weather conditions and price fluctuations and also the low processing level of a large part of the exported products, which represents a long-term challenge for the economy. During 2012 the highest increase of exports is in minerals, fuels and electricity (by 29.6%) followed by food, beverages and tobacco (by 14.7% - a good development) while exports of machinery and equipments, construction materials and metals; textile and footwear (inward processed products); leather, chemicals etc, decreased.

Graph 1.5 reflects the development and fluctuations of trade flows, exports and imports and also GDP, over a period of more than 10 years. Trade flows in 2012 declined by 0.2 percent to 740,111 million ALL while in 2011 they increased 15.6 percent. The decline of trade flows is caused by the decrease of imports at 3.1 percent to 527,038 million ALL;

in 2011 there was an increase of imports by 13.3 percent. Exports in 2012 reached a level of 213,073 million ALL, marking a growth rate of 7.9 percent - much lower than the rate of 22.6 percent in the preceding year.

As shown in graph 1.5, exports and imports growth rates are much higher than GDP growth rates (either in nominal or real terms) for all the period 2002-2012. In 2009, when GDP growth rates declined but remained positive (from 7.5% to 3.3%), the trade flows had a negative growth rate (-3.3%), with a decline of exports by 8.3% and imports by 2%. In general, the fluctuations of trade flows, exports and imports, particularly exports (reaching a almost 56% growth rate in 2010) are much higher compared with the GDP fluctuations (both in nominal and real terms), so reflecting the influence of other factors in trade, including the ups and downs of demand from other countries, the oscillations of the world prices of such products as energy, fuel products, minerals

Graph 1.5: Export, imports and GDP growth

(particularly related with exports during the period 2009-2011) etc.

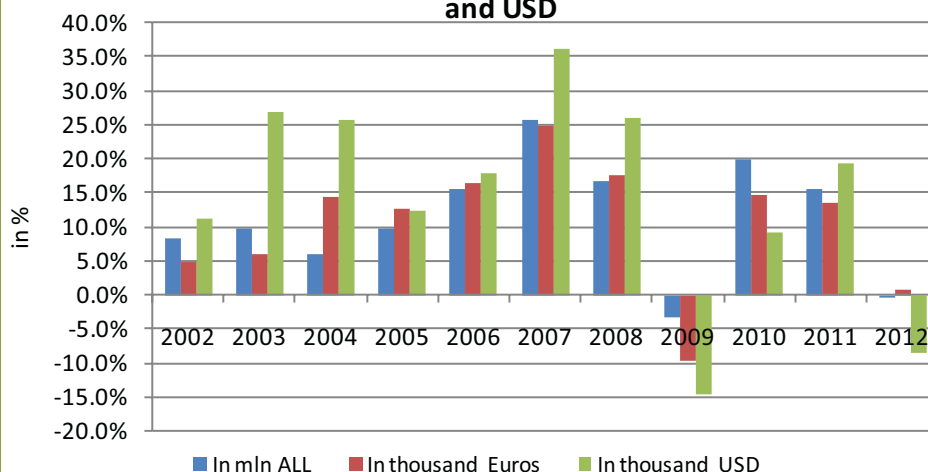
Figures in table 1.3 and also those in Graph 1.5 refer to trade flows as measured in ALL. However, when measured in Euros, the growth of trade flows, exports, and imports in 2012 were 0.8 percent, 8.9 percent and -2.1 percent, respectively. When measured in the US dollars, the figures are much lower: -6.9 percent, 0.8 percent and -9.6 percent, respectively. The differences in trade flows growth rates when measured in different currencies - ALL, Euros and \$U.S. during the period 2002-2012, are illustrated in Graph 1.6.

Differences in growth rates of trade flows depending on the currency used are a clear evidence of the need to use real indicators for

measuring trade flows, by excluding the effects of fluctuations in nominal exchange rates. Another necessary statistical adjustment is the account for the price change effect in trade growth. The nominal data on trade shown in table 1.3 do not give the required information for analyzing the real trends within trade and in its relation with the real economy of the country, particularly with the GDP growth in real terms.

The use of real data to measure the trade flows by adjusting the nominal data to account for exchange rate fluctuations and price change effects is also necessary for making the countries trade data comparable with the international ones.

As shown in the previous table and graphs, international institutions dealing with international

Graph 1.6: Trade growth rates, as measured in ALL, EUR and USD

trade produce real data as regards to trade flows; it might be considered by our national institutions as well. The difference between the nominal and real terms in measuring trade flows is made quite clear if we refer to the respected figures regarding the world trade, discussed in the previous section. The dollar value of world merchandise exports was almost unchanged in 2012 (the growth was only 0.2 percent) while in real terms the growth was 2.1 percent. The slower growth in nominal terms (dollar value) is explained by falling prices for traded goods, such as coffee (-22%), cotton (-42%), iron ore (923%) and coal (-21%)²³.

The fall of trade deficit in 2012 had a positive effect on two important macro-trade indicators: the openness index and the import coverage index, both shown in table 1.3 and also graph 1.7.

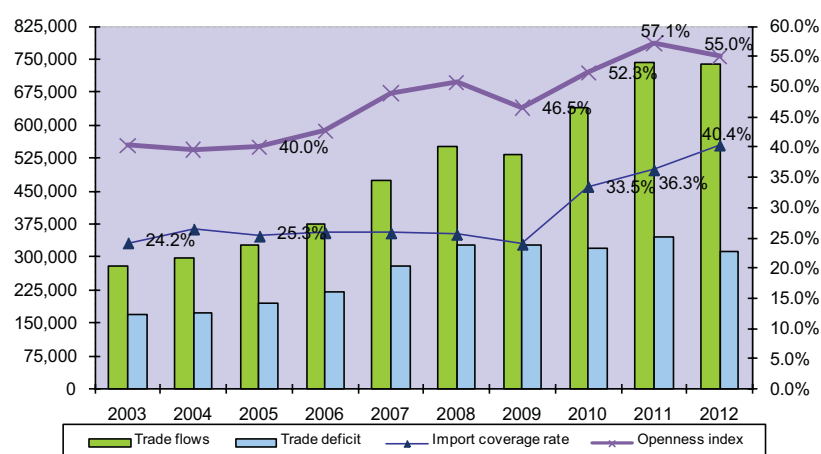
The openness index, measured as a ratio of the value of trade flows (exports plus imports) with the nominal GDP, shows a tendency of increase in the last years starting from 2010 (from 46.5% in 2009, to 52.3% in 2010 and 57.1% in 2011) although it slightly declined to 55.0 percent in 2012.

The import coverage index (measured as a ratio of the exports value with the imports value) shows a clear increasing tendency: from 23.9 percent in 2009, to 36.3 percent in 2011 and 40.4 percent in 2012. Referring to table 1.3 the lowest level of this indicator (23.9%) is in 2009 when the trade flows

dropped in 'recession'; however it is somehow larger than the 2002 level (22.2%). However the import coverage index of the country is quite low, so reflecting, together with the high trade deficit, the low competitiveness of the economy and a long-term threat to the macroeconomic balances. The import coverage index for the Albanian economy is lower even compared with other countries of the Western Balkan region, except for Kosovo and Montenegro²⁴, although the entire region is suffering from such a problem.

Albania's low ratio of exports to imports value specifically relates to the structure of exports. Products in the inward processing (IP) regime (as those of apparel and footwear industries etc) continue to account for the main part of country's exports although in a declining share during the last years (from 63.4% in 2009 to 50.3% in 2011 and 43% in 2012²⁵). During 2012 exports and imports of such products declined by 7.9 percent and 15.4 percent, respectively. The value added share of IP exports continue being too low although it increased to 19.3 percent in 2012 because of IP imports declining. The comparative advantage of such products is mostly based on low wages and cannot be a sustained one in medium-to long term. The already shown trend of the value added chains increasing in some companies of these industries should be encouraged and supported by effective policies. Exports of mining industry

Graph 1.7: Trade flows (mln ALL), trade deficit (mln ALL), openness index (%) and import coverage (%), 2002-2012



²³ WTO, World Trade 2012, Prospects for 2013, April 2013.

²⁴ Based on the information from the respective statistical offices, the import coverage index for 2012 was 10.8% in Kosovo, 20.2% in Monte Negro, 51.5% in Bosnia and Herzegovina, 59.5% in Serbia, and 61.5% in Macedonia.

²⁵ General Directory of Customs, Albania, and ACIT's calculations.

products and also other raw materials are highly influenced by the world price fluctuations and represent also a relatively low value added, while export of energy is highly related with the weather conditions. More effective medium to long-term strategies oriented in supporting diversification of exports and increasing the value-added of exported products, are needed.

Despite fiscal consolidation and solving of financial problems related particularly with non-performing loans, 'what matters over the medium term is how rapidly Albania can embark on a high and sustained growth path'²⁶. Attracting investments from domestic and foreign resources, among other things through addressing constraints that hinder private sector in Albania is considered as critical for having high economic growth. Some of such constraints are property rights, weak enforcement of the rule of law, and inadequate physical infrastructure. According to the IMF Report²⁷, progress in reforming business climate has been limited. Continued weaknesses in the legal framework (e.g. property rights and contract enforcement), along with known difficulties in obtaining construction permits, paying taxes, and accessing electricity affect Albania's investment climate. Moreover, perception of corruption and weak governance affect the view of Albania as an investment destination. Arbitrariness of tax collection undermines the attractiveness of Albania's low tax rates for businesses²⁸.

As shown in Box 1.1, Albania has lost 3 places in ranking in 'ease of doing business' from the last year. The lowest rated dimensions of doing business are 'dealing with construction permits', 'paying taxes'; and 'getting electricity'.

The Global Competitiveness Report 2012-2013 also presents a similar situation for business climate in Albania, as shown in Box 1.2. The competitiveness position of Albania is deteriorated by eleven places compared with the 2011-2012, although progress is achieved in some fields. As regard trade, along with improvements in 'imports as percentage of GDP' and 'trade tariffs', the situation is worsened in 'burden of custom procedures' (92nd from 66th in the previous year). According to the Report, the most problematic factors for doing business in 2012-2013 are: 'access to financing', 'corruption', 'inefficient government bureaucracy' and 'tax regulation'.

Box 1.3 provides information on 'index of economic freedom'. Country's score for economic freedom in 2013 is higher than the world average but lower than European region average.

There is improvement in some from economic freedoms while deterioration is stated in some others. The most problematic dimensions are 'property rights' and 'freedom for corruption'.

As underlined in the above-mentioned Reports, important reforms, particularly institutional-related ones, and also policy measures are needed for improving business and investment environment, strengthening competitiveness and broadening the sources of growth and exports. Support of professional education and innovation, support of SMEs particularly those based on innovation, promotion of 'high quality' FDIs integrated in high technology value chain, and intensifying regional economic and trade integration, continue to be a challenge to face with.

Box 1.1: Ease of Doing Business

'Ease of Doing Business' ranks Albania 85th in a world list of 185 countries, from 82nd in the previous year (in a list of 183 countries). The country continues to better rank in 'protecting investors', 'getting credit' and 'starting a business' but in a worsened position compared with the previous years. In 'protecting investors' it ranks 17th from 16th in the previous year and 15th in the year before that; in 'getting credit' it ranks 23rd up from 24th in 2012 but lower than 15th in 2011; and in 'starting a business' it ranks 62nd from 61th in 2012 and 45th in 2011. The lowest rated dimensions are 'dealing with construction permits' (185th from 183rd and 170th in 2012 and 2011, respectively); 'paying taxes' (160th from 152th and 149th in 2012 and 2011 respectively); and 'getting electricity' (154th).

The World Bank and IFC Report "Doing Business 2013", p. 145

²⁶ IMF Survey: "Albania needs reforms to counter growth slowdown", January 11, 2013.

²⁷ IMF Survey: "Albania needs reforms to counter growth slowdown", January 11, 2013.

²⁸ IMF Country Report No. 13/7, p. 8.

Box 1.2: The competitiveness position of the Albanian economy, 2012-2013

The Global Competitiveness Report 2012-2013 ranks Albania 89th out of 144 countries/economies, based on the Global Competitiveness Index (GCI) 2012-2013. The position of Albania, according to this index, is deteriorated by eleven places compared to 2011-2012 (when country ranked 78th in a list of 142 countries/economies). According to the GCI 2011-2012, Albania scored 3.9 points (in a range 1-7), which is 0.2 lower than the score got in the 2010-2011 Report (4.1 points). Taking into account all three main components (dimensions) of the GCI Index (basic requirements, efficiency enhancers and innovation and sophistication factors) Albania got the highest score in the first one, 'basic requirements' (4.2 points, compared with 4.5 in the previous year), and ranking 87th (compared with 71st in the previous year). Taking into consideration the pillars within the dimensions (12 pillars in all), Albania ranks better in 'goods market efficiency' (58th, from 43rd in the previous year), 'labour market efficiency' (68th from 49th in the previous year) both under 'efficiency enhancer' component, scoring 4.3 and 4.4 points, respectively. Considering the score in the first place, Albania's best position is in 'health and primary education' (5.6 points from 5.9 in the previous year) which belong to the 'basic requirements' dimension but this pillar ranks the country 87th out of 144 countries. The lowest ranked pillars are 'innovation' (positioning Albania 123rd, scoring 2.6 points) and 'market size' (positioning the country 98th, scoring 2.9 points). As regards the trade-related factors (within 6th pillar - goods market efficiency), Albania ranks better in 'imports as percentage of GDP' (42nd, from 47th in the previous year) and 'trade tariffs' (46th from 43rd in the previous year). The situation is worsened as regards the 'burden of customs procedures' (92nd from 66th in the previous year). According to the Report, the most problematic factors for doing business in 2012-2013 are: 'access to financing', 'corruption', 'inefficient government bureaucracy' and 'tax regulation'.

World Economic Forum: The Global Competitiveness Report 2012-2013

Box 1.3: 2013 Index of Economic Freedom

According to the "2013 Index of Economic Freedom", Albania's 'economic freedom' overall score is 65.2, ranking 58th in the world (out of 185 countries) and 27th in the European region (among 43 economies). The country's overall economic freedom score increased 0.1 points compared with 2012, however its position declined by 1 place in both the world list and the European region's list of countries. Country's score is higher than the world average (59.6) but lower than European region average (66.6). Considering each of the ten economic freedom dimensions, improvements are marked in 'government spending' (+5.6 points); 'business freedom' (+2.8 points), and 'fiscal freedom' (+1.2 points). The score is decreased in 'property rights' (-5.0 points); 'freedom for corruption' (-2.0 points); 'labour freedom' (-2.0 points); and 'monetary freedom' (-0.2 points). There is no change in the score of other freedoms, including 'trade freedom'. The highest score is recorded in 'fiscal freedom' (92.6 points) but the highest position is in the 'financial freedom' (17th). The most problematic dimensions are 'property rights' (30 points, ranking Albania 94th from 93rd in 2012); and 'freedom from corruption' (31 points, ranking Albania 93rd from 89th in 2012). The Report underlines that "Deeper institutional reforms to reduce labour market regulations and increase the efficiency of the judiciary, which remains subject to political interference, are critical for further success" while "Corruption continues to undermine the prospects for long-term economic development" (p. 101).

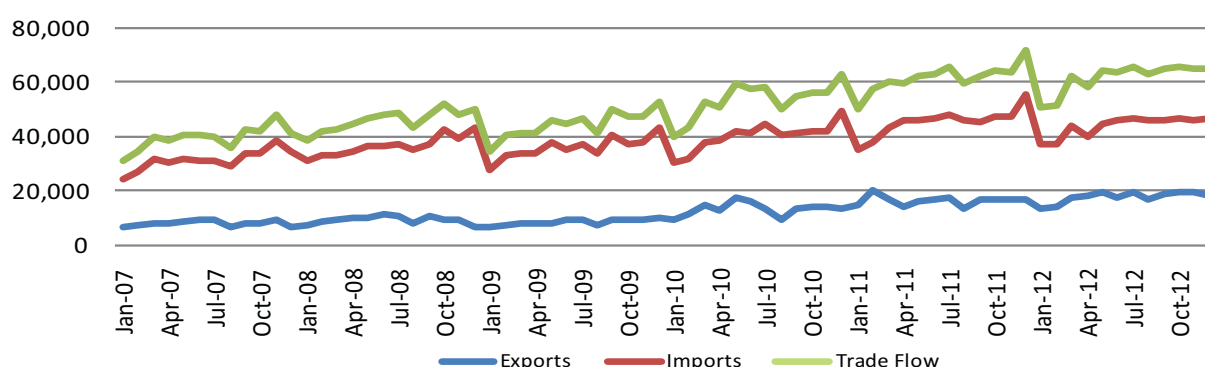
The Heritage Foundation and Wall Street Journal Report on "2013 Index of Economic Freedom"

II Albania's export and import dynamics

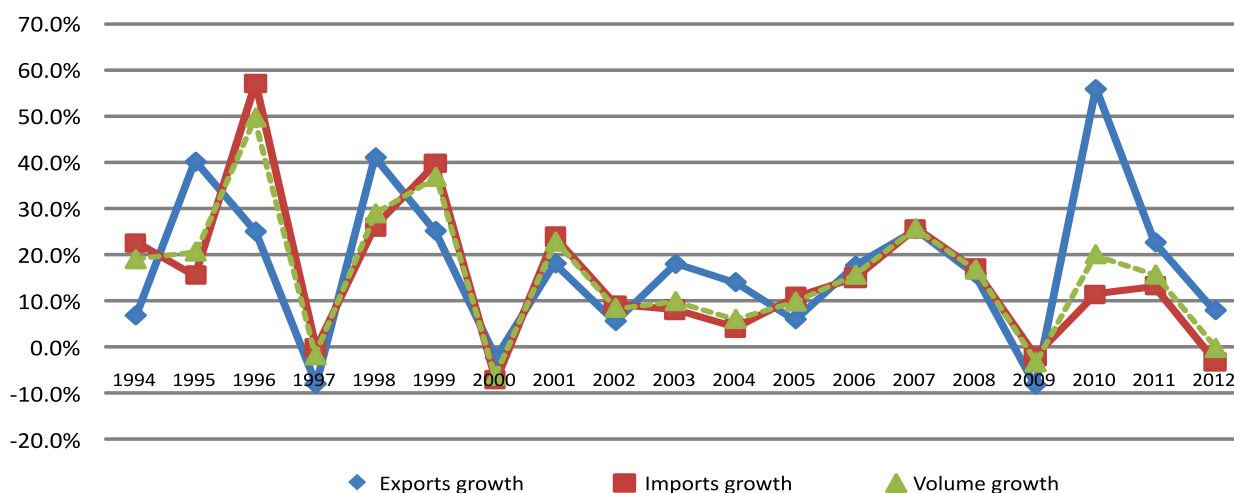
Albania's foreign trade flow dynamics during 2012 remained almost the same compared to 2011. Albania's total trade for 2012 amounted to ALL 740.111 million, representing a minor drop of -0.18% as compared to 2011. Imports volume (expressed in ALL in graph 2.1) remains the biggest component of trade volume. However, the value of imports for 2012 declined to 527.038 million ALL (expressed in USD a drop of 9.6% and a drop of 2.1% in EUR), representing a drop of 3.1% in 2012 as compared to 2011 (544.004 million ALL). This drop of imports was offset by the increase in exports volume (expressed

in ALL) (see graph 2.1 and 2.2). Total value of exports in 2012 reached 213.073 million ALL an increase of 7.9% as compared to 2011 (increased by 8.9% as valued in EUR and 0.8% as valued in USD). Generally, exports were characterized by a strong and steady positive trend from 2002. This dynamic has helped in shifting the coverage of imports from exports towards a continuous improvement of the balance. Exports represent 28.8 percent of the total trade flows during 2012 expressed in ALL. This indicator has increased consistently from 2009 (19.3%) and 2010 (25.1%) and 2011 (26.6 %).

Graph 2.1 Monthly Trade Flow 2007-2012 (mln lekë)



Graph 2.2 Annual Change rate in Exports and Imports Flows, 1994-2012



Albania's Trade structure

3.1 Main Characteristics

Albania's trade structure has maintained a similar pattern throughout the years. Although some main sectors have experienced decrease (both, in value and in share), they still represent the bulk of Albanian trade. As it is analyzed in the following

paragraphs, there is a worrying concentration of exports in very specific categories or products, starting with mineral products. However, in terms of new opportunities, there are some interesting developments to be noticed and analyzed. Table 3.1 provides information on exports and imports values, share to total and growth rate based on the classification of goods by sections.

Table 3.1: Structure of imports and exports flow 2012

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	15,964	3.0%	0.1%	3,039	1.4%	25.4%
2	Vegetable products	27,728	5.3%	-0.8%	4,951	2.3%	11.8%
3	Animal grease and oils or vegetal and its products	6,893	1.3%	-0.1%	297	0.1%	23.6%
4	Prepared food; drinks, alcoholic beverages and vin	42,608	8.1%	3.4%	4,532	2.1%	11.9%
5	Mineral products	110,672	21.0%	8.1%	76,154	35.7%	29.5%
6	Chemical industrial products or alloys	43,448	8.2%	6.9%	906	0.4%	-41.4%
7	Plastic and its products; tire and its products	20,095	3.8%	3.0%	1,125	0.5%	-11.2%
8	Unprocessed and processed leather, coats and their	9,720	1.8%	3.2%	2,773	1.3%	-5.2%
9	Wood and its products; charcoal; cork and its prod	6,764	1.3%	-6.7%	1,823	0.9%	8.8%
10	Wood or other fiber,	11,378	2.2%	-13.7%	3,529	1.7%	22.5%
11	Textile and its products	37,970	7.2%	-4.5%	32,410	15.2%	-4.1%
12	Footwear and hats, umbrellas and parasols,	10,465	2.0%	-3.4%	29,719	13.9%	-1.9%
13	Stone, gypsum, cement products...	13,548	2.6%	-9.9%	1,337	0.6%	7.4%
14	Natural or cultivated pearls, jewelry...	1,029	0.2%	67.3%	256	0.1%	-24.1%
15	Main metals and their products	54,548	10.4%	-18.6%	38,875	18.2%	-4.1%
16	Mechanic, electric machinery and equipment ...	63,084	12.0%	-18.8%	6,719	3.2%	-2.2%
17	Vehicles	35,171	6.7%	8.1%	923	0.4%	-12.1%
18	Optic, photographic, cinematographic, measuring, .	5,665	1.1%	-15.3%	194	0.1%	-8.8%
19	Weapons and munitions and their equipment	298	0.1%	-15.3%	483	0.2%	149.2%
20	Different manufactured products	9,858	1.9%	7.5%	3,023	1.4%	11.4%
21	Works of art, collection and antics pieces	132	0.0%	1466.7%	3	0.0%	25.0%

Mineral products, which account for 35.7% of total exports, increased by 29.5%. This has helped offset the falling demand for two other important sectors, such as textile and footwear, which decreased by 4.1% and 1.9% respectively. Some of the sections that have experienced highest exports' increase as compared to 2011 are weapons and munitions and their equipment, mineral products, animal origin products and all agriculture products in general. Although weapons and munitions and their equipment account for only 0.2% of total share of exports and had a growth rate of 149.2%.

Animal origin products, with its 1.4% of total share of exports, had a growth rate of 25.4%. Works of art, collection and antiques pieces grew by 25% and thus representing almost 0.01% of total share of exports. Animal grease and oils or vegetal and its products had a growth rate of 23.6%.

Some of the sections that account decrease in export flows are chemical industrial products or alloys that decreased by 41.4%, accounting for 0.4% of total exports, followed by natural or

cultivated pearls, jewelry with a decrease rate of 24.1% with its 0.1% of total share of exports. Main metals and their products that account 18.2% of total share of exports also experienced a decrease rate by 4.1% followed by footwear products with a decrease rate of 1.9% and a share of 13.9% of total exports.

Some of the sections that have experienced the highest increase of imports as compared to 2011 are works of art, collection and antiques pieces (1466.7%), natural or cultivated pearls, jewelry (67.3%), vehicles (8.1%), mineral products (8.1%), different manufactured products (7.5%) and chemical industrial products or alloys (6.9%) and they represent the highest share of total imports, almost 38.01%.

Although it seems that there have been some changes to Albanian trade structure in 2012, apart from mineral products, all main categories have confirmed the trajectories of the recent years, in general. The new shifts in share on total volume are now consolidating and shaping trade sectors in the short and medium term.

Table 3.2 Top Ten Exported goods for 2012

HS-6	Description	2008	2009	2010	2011	2012
270900	Petroleum oils and oils obtained from bituminous minerals, crude	6,238	7,878	16,957	31,698	55,591
271019	Other petroleum oils and oils obtained from bituminous minerals and preparations	185	66	74	782	14,034
640610	Uppers and parts thereof, other than stiffeners	8,339	7,703	8,965	10,239	11,090
721420	Other bars & rods of iron or non-alloy steel, with indentations or other deformations produced during rolling process	6,210	3,865	5,372	7,577	8,492
720711	Semi-finished products of iron	-	-	7,435	10,369	7,667
252329	Portland cement	1,478	1,566	3,487	4,763	6,534
640340	Footwear, soles of rubber/plastic, uppers of leather	4	8	2,871	4,921	6,196
620342	Men/boys trousers and shorts, of cotton, not knitted	6,479	4,987	5,910	6,120	6,185
260300	Copper ores and concentrates	1,930	1,528	2,329	4,179	5,498
261000	Chromium ores and concentrates	5,514	4,029	8,045	5,272	5,333
Total Value of 10-most exported products		36,378	31,631	61,447	85,920	126,621
Value of overall exports		112,572	103,247	161,009	197,459	213,071
Share of 10 most exported products		32.3%	30.6%	38.2%	43.5%	59.4%

3.2 Export Structure

Just as in year 2011, mineral products, base metals, textiles and footwear remain the important sections with high shares to overall exports (more than 83% on total exports). Amongst these, mineral products have increased their share in the total exports in the years 2011 and 2012 becoming the section with the biggest share. In 2012 the mineral products share was 35.7%, an increase of 5.9 points of share compared to 2011.

Textiles products account for 15.2 percent of total exports in 2012 and it shows a consistent drop in the share of total exports from in the last years. The fall in total share comes due to the decrease in exports by 4.1% compared to 2011. However, as explained later in the relevant chapter, there are some new developments in this sector as well.

Another important sector which decreased in 2012 is footwear products. When compared to the previous year, footwear exports decreased by 1.9% in 2012. These products account for 13.9 percent of total exports, having decreased their share by 1.4 percentage points compared to 2011. Despite their importance, they continue to show a downwards trend in their share on total exports. This is mainly due to the faster advancement of other important sectors rather than a rapid loss of this category. Low value added and high geographic concentration continue to be main problematic aspects for textile and footwear in Albania. The 2009 crisis in Italy and Greece and the consequent decrease of demand was directly reflected in the slowdown of Albanian exports. Trying to invest and upgrade their businesses from the inward processing regime and diversify their geographic partners, are still crucial challenges ahead for these two sectors. Under this perspective, new developments are to be reported for 2012 (please see the relevant chapter 4.1).

Base metal products on the other hand have decreased their share to total exports in 2012

to 18.2 percent experiencing a decrease of 2.3 percentage points compared to 2011. Metal products exports decreased by 4.1 percent in 2012.

The ten most exported products fall under the above mentioned product groups: mineral products, textiles, footwear and metals. They represent 59 percent of total exports, reflecting further concentration when compared to 2011 (44%). These products continue to be highly ranked among exported goods as most of them were among the most exported products last year as well. Table 3.2 shows a list of most exported products since 2008.

Petroleum oils is the top exported product with 55,591 million ALL an increase of more than 75.4% compared to 2011 and now representing 26% of the value of total exports for Albania. The rapid increase of exports of this product in the last years has reshaped the structure and balances of most exported products and, as we will analyze in chapter 4, it has enlarged the geographic coverage of Albanian trade.

The second most exported product, other petroleum oils and oils obtained from bituminous minerals and preparations, has increased significantly with 1695% and represent 6.6% of total exports of the country. Another product from the extracting sector is advancing very fast in the top exported products. These two products have contributed in the enlargement of the share of mineral products in total Albanian exports.

The third most exported product (uppers and parts thereof, other than stiffeners) experienced an increase of 8.3 percent and represented around 5.2% of the value of total exports. While all the other products have seen an increase in exports amongst the top most exported products, semi-finished products of iron have seen the sharpest drop at around 26.1% compared to 2011 (see Table 3.2). The decline of demand in partner countries during the last two years has influenced this sector in Albania.



Table 3.3: Exported Products with the highest change in their value (in mln All)

HS-6	Description	2011	2012	Change compare to 2011
271012	Light oils and preparations	0	10,071	N/A
271600	Aluminium unwrought, not alloyed	22,575	30,105	33%
100199	Other wheat and maslin (out-quota)	0	6,054	N/A
271019	Light petroleum distillates	47,693	53,291	12%
970500	Collections and collectors pieces	28	4,901	17102%
100191	Wheat and muslin seeds	0	3,177	N/A
870332	Automobiles with diesel engine displacing more than 1500 cc to 2500 cc	9,446	12,575	33%
730429	Casing & tubing pipe, seamless, of iron or steel, used in drilling for oil or gas	350	3,138	796%
843049	Other boring or sinking machinery, not self-propelled	216	2,560	1083%
640690	Gaiters, leggings and similar articles, and parts thereof	0	1,966	N/A
291615	Oleic, linoleic or linolenic acids, their salts & esters	766	2,540	232%

Exported Products with the largest decrease in their value (mln All)

HS-6	Description	2011	2012	Change compare to 2011
10190	Other live horses, mules and hinnies	19,383	0	-100%
271011	Aviation spirit	9,705	2	-100%
720449	Other ferrous waste & scrap	14,030	7,752	-45%
640699	Other non-wooden parts of footwear; removable in-soles & similar articles; gaiters & similar articles, & parts thereof	2,985	0	-100%
730890	Other structures & parts of structure of iron or steel; plates & the like, prepared for use in structure, of iron or steel	4,344	1,830	-58%
270900	Petroleum Oils and Oils Obtained from Bituminous Minerals (Crude)	2,063	24	-99%
271320	Petroleum bitumen	2,243	581	-74%
690890	Glazed Ceramic Flags	5,584	4,488	-20%
730431	Tubes, pipes & hollow profiles, seamless, of circular cross-section, of iron or non-alloy steel, cold-drawn or cold-rolled	1,015	12	-99%
848071	Injection or compression moulds for rubber or plastics	1,038	54	-95%

3.3 Import structure

Imports structure is more dispersed than the structure of exports. In 2012 there are no major changes observed in the structure of imports, compared to 2011. The sections with the highest share to total import flows are mineral products (21%) or 2.2% higher than 2011, electric machinery and equipment (12%) with a decrease of 2.3 percentage points compared to 2011, and main metals (10.4%). Altogether these sections represent 43.3% of total imports. Other important sections remain chemical products, prepared food and textiles.

Imports of mineral products reached 110,672 million ALL, an increase by 8.1 percent in 2012. In contrast to 2011, where imports of mechanical and electrical machineries increased by 13.8 percent in value, in 2012 this section decreased by 18.8% at a value of 63,084 million ALL. Imports of metals

represent 10.4 percent of total imports and have experienced a decrease of 1.9 percent in 2012.

Light petroleum distillates are the most imported product for Albania in 2012 at 53,291 million ALL and an increase of 11.7%. While electric energy is the second most imported product, valued at 30,105 million ALL or 33.4% higher than in 2011.

The ten most imported products in Albania account for 30 percent of total imports. Their concentration has increased with 5 percentage points as compared to 2011. The most imported products fall under different categories such as minerals, base metals, medicaments, vehicles and agricultural products.

Table 3.4 gives better insight on most imported products during 2012 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.

Table 3.4: Top ten imported goods for 2012 (mln ALL)

HS-6	Description	2008	2009	2010	2011	2012
271019	Light petroleum distillates nes	30,686	20,985	34,837	47,693	53,291
271600	Electrical energy	25,889	14,442	11,851	22,575	30,105
300490	Medicaments nes, in dosage	8,435	9,859	12,629	12,744	13,933
870332	Automobiles with diesel engine displacing more than 1500 cc to 2500 cc	6,195	6,007	5,463	9,437	12,575
271012	Light oils and preparations	-	-	-	-	10,071
721420	Other bars & rods of iron or non-alloy steel, with indentations or other deformations produced during rolling process	8,411	10,105	9,367	10,425	9,844
240220	Cigarettes containing tobacco	6,822	8,019	10,300	8,127	8,767
720449	Ferrous waste and scrap, iron or steel, nes	3,759	3,643	10,530	14,030	7,752
100199	Wheat nes and muslin	7,979	5,289	7,007	10,919	6,054
970500	Collections & collectors' pieces t	-	-	-	1	4,901
Total value of 10-most imported products		98,175	78,348	101,984	135,949	157,292
Value of overall imports		439,894	431,102	480,191	544,004	527,038
Share of 10-most imported products, in %		22.3%	18.2%	21.2%	25.0%	29.8%



Table 3.5: Imported Products with the highest change in their value (in mln All)

HS-6	Description	2011	2012	Change compared to 2011
270900	Petroleum oils and oils obtained from bituminous minerals, crude	31,698	55,591	75%
271019	Light petroleum distillates	10,509	14,034	34%
271012	Light oils and preparations	0	10,071	N/A
252329	Portland cement nes	4,763	6,534	37%
382600	Biodiesel and mixtures	0	1,738	N/A
640399	Footwear, outer soles of rubber/plastics uppers of leather, nes	2,835	4,234	49%
260300	Copper ores and concentrates	4,179	5,498	32%
640340	Footwear, uppers, sole, of plastic and leather	4,921	6,196	26%
721420	Other bars & rods of iron or non-alloy steel, with indentations or other deformations produced during rolling process	7,577	8,492	12%
271113	Butanes, liquefied	916	1,828	100%

Imported products with the largest decrease in their value

HS-6	Description	2011	2012	Change compared to 2011
30212	Fresh or chilled Pacific, Atlantic & Danube salmon	6,641	0	-100%
271600	Electrical Energy	6,672	1,972	-70%
720711	Semi-finished products of iron	10,369	7,667	-26%
640699	Other non-wooden parts of footwear; removable in-soles & similar articles; gaiters & similar articles, & parts thereof	1,680	1	-100%
640510	Other Footwear With Uppers of Leather or Composition Leather	2,332	682	-71%
260111	Iron ores&concentrates,oth than roasted iron pyrites,non-agglomerated	1,564	448	-71%
640351	Footwear, outer soles and uppers of leather, covering the ankle	2,753	1,772	-36%
382490	Products or remaining from chemical	728	0	-100%
610910	T-shirts, Singlets, Other Vests, Knitted or Crocheted, of Cotton	2,377	1,765	-26%
720449	Ferrous waste and scrap, iron or steel	3,728	3,192	-14%

IV Trade in Specific Sectors

4.1 Inward processing trade

Inward processing trade was also affected by the overall import decrease of 2012. This decrease was valued at 11,3%. This considerable decrease was due to the drop of exports in all inward processing industries (except for prepared food). Inward processing exports were valued 91,507 mln ALL, showing an important decrease in absolute value. The share of inward processing to total exports has decreased to 43% of total exports, representing a drop of 7.3 percentage points down. The main reason for this was the very strong increase that other mineral products have experienced and also because exports of inward processing decreased by 7.9% in 2012.

Inward processing imports amounted to 68,718 mln ALL, having decreased by 15.4% as compared to 2011. Inward processing value, expressed as the difference between exports' value and import value has experienced an increase of 25.4 % in 2012.

The value added from inward processing sector reached 22,788 mln ALL, accounting for 24.9% of total inward processing exports and a significant increase in share by 6.6 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 2012, except some changes in growth rates 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 (Graph 4.1). Inward processing is also developing in other sectors such as machinery assembling and food and beverages.

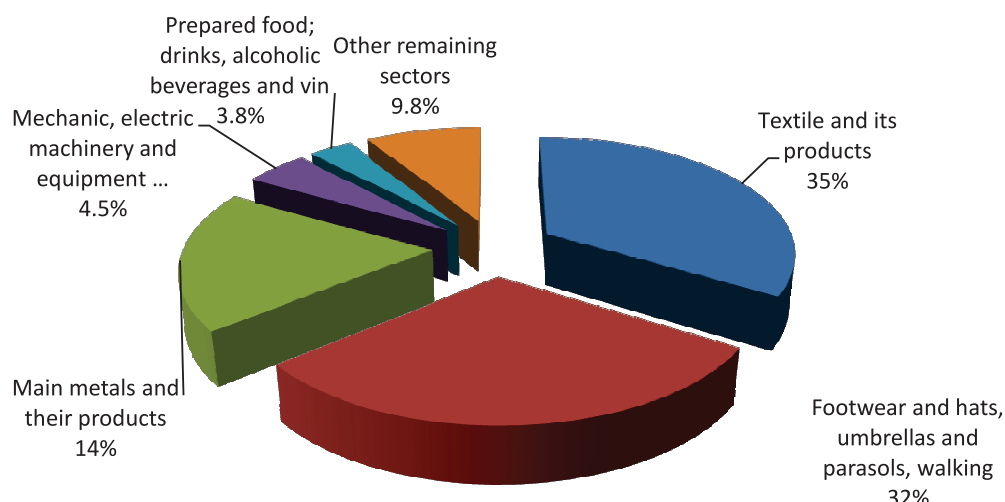
Inward processing exports of textiles category summed up to 32,167 mln ALL, accounting for 35.5% of total inward processing exports and for 3.9 % decrease in absolute value. This is the first

Table 4.1: Inward Processing Trade, 2012

		2008	2009	2010	2011	2012
Inward Processing Exports	(in Mln All)	67,370	65,308	85,423	99,378	91,507
Share of Inward Processing Exports to total	(in %)	59.86%	63.14%	53.05%	50.33%	43%
Change rate of IP exports	(in %)	4.51%	-3.06%	30.80%	16.34%	-7.90%
Inward processing imports	(in Mln All)	50,568	50,875	68,711	81,211	68,718.00
Change rate of IP imports	(in %)	-5.54%	0.61%	35.06%	18.19%	-15.40%
Value added, Inward processing	(in Mln All)	16,802	14,433	16,711	18,168	22,788
Value added share to IP Exports	(in %)	24.9%	22.1%	19.6%	18.3%	24.9%
Value added change rate	(in %)	53.71%	-14.10%	15.79%	8.72%	25.43%

Table 4.2: Exports of Inward Processing by Sector

	2008	2009	2010	2011	2012	Share to total	Rate 2012 - 2011
	in mln ALL	in mln ALL	in mln ALL	in mln ALL	in mln ALL	in %	in %
Sector Description							
Textile and its products	29,524	28,010	30,051	33,504	32,167	35.2%	-4%
Footwear and hats, umbrellas and parasols, walking	19,000	20,043	25,382	30,219	29,625	32.4%	-2%
Main metals and their products	7,070	5,985	16,205	18,954	13,215	14.4%	-30.3%
Mechanic, electric machinery and equipment	3,059	2,827	3,970	4,811	4,101	4.5%	-14.8%
...							
Prepared food; drinks, alcoholic beverages and vin	2,043	2,485	2,928	3,211	3,457	3.8%	7.7%

Graph 4.1: Structure of inward processing exports, 2012

decrease of share in years that is reflected in the exports of the main product groups as shown in the table 4.3. The main item of inward processing within the textile sector: trousers and shorts of cotton, has decreased by 25% and it represents 1.92% share to sector exports. Other important product Footwear, outer soles and uppers of leather decreased by 36%. Other important traded items of the textiles inward processing sector are listed in the table 4.3.

Footwear products reached 29,625 mln ALL having decreased in absolute value by 2%, accounting

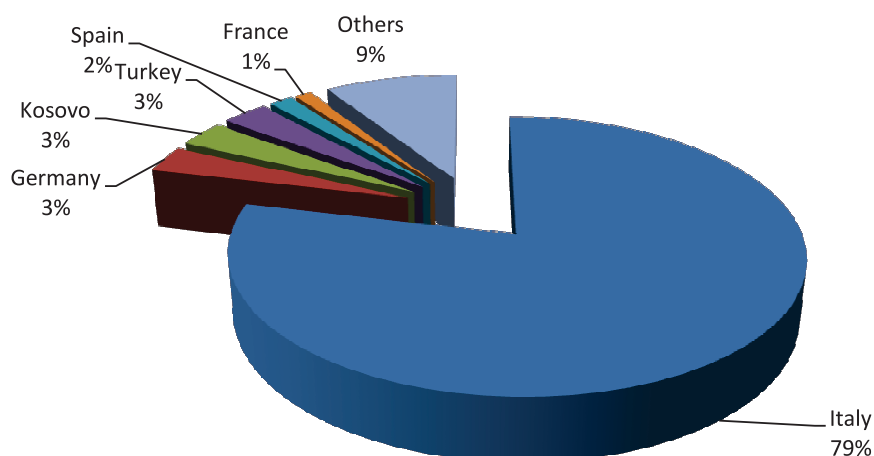
for 32.4% of total inward processing exports. After the decrease in 2008 this sector has strongly recuperated in value in 2011, experiencing both growth and stabilization. The most important items within this sector are listed in table 4.3.

Although figures on inward processing exports seem to stress the decrease and loss of share on total exports, the situation is a bit more complex beyond this data. Despite the considerable crisis of trade partners' countries of Albanian companies (mainly in Italy and in Greece), some companies could advance, invest and upgrade their businesses

Table 4.3: Most important inward processing export products

HS Code	Description	2011 in mln ALL	2012 in mln ALL	Growth Rate in %	Share to Sector Exports in %
721420	Bars & rods	4,535	8,449	86.3%	9.2%
720711	Semi-finished products of iron	5,332	7,663	43.7%	8.4%
830140	Locks of base metal, nes	4,542	4,917	8.2%	5.4%
160416	Anchovies, prepared or preserved, whole or in pieces, but not minced	2,696	2,616	-3.0%	2.9%
481940	Other sacks and bags, including cones	1,609	1,973	22.6%	2.2%
640351	Footwear, outer soles and uppers of leather, covering the ankle	2,753	1,772	-35.6%	1.9%
610910	T-shirts, Singlets, Other Vests, Knitted or Crocheted, of Cotton	2,347	1,754	-25.3%	1.9%
121190	Other plants & parts for medicaments etc	46	1,695	3621.2%	1.9%
720241	Ferro-chromium, by weight>4% of carbon	2,119	1,674	-21.0%	1.8%
610821	Women's or girls' briefs & panties of cotton, knitted or crocheted	1,518	1,430	-5.8%	1.6%

Graph 4.2: Geographic distribution of inward processing trade by country, 2012



from the inward processing regime to performing full cycle production. In 2012, assisted by foreign donors (primarily USAID and GIZ), an increasing number of Albania's leading garment businesses are now designing and producing their own brand and collections. Starting as a pilot project, this initiative has helped these companies to find new markets and diversify their geographic sales and partners, which has always been one of the main challenges for the sector. These operators are now moving out of the inward processing regime and export under their own label, which can be considered an important success. The key result was the successful development of "Made in Albania" products and brands that are now being marketed and sold internationally and domestically. The success of these companies and their products might also ultimately serve to promote Albania to the international garment and footwear industry as a secure and dependable source of high-quality products and services.

This is also one of the reasons why the inward processing (IP) sector has decreased its share of total exports in the official statistics - some of the companies no longer export under the IP regime and, therefore, their exports do not fall under that category now. This successful initiative has been extended to the footwear sector for 2013, in order to establish the same model and create the premises for similar success stories. These selected companies, not only have become more successful in exporting independently, but also are playing the role of main suppliers for Albanian companies which still work under IP regime,

by engaging them through sub-contracts and expanding their activities. After more than a decade of flourishing of the IP sector in Albania, the crisis and its consequences are having some positive effects in motivating companies on upgrading their regime and diversifying their exporting destinations.

Metals and products thereof, another important category of the inward processing sector, were valued at 13,215 mln ALL, having decreased in absolute value by 30.3 %. Main products within this category remain bars, rods and locks and parts thereof assembled in Albania.

Inward processing of machineries (and parts thereof) was valued at 4,101 mln ALL. This category experienced also a decrease by 14.8%. Most important items within this category remain assembly parts used for machinery of headings, as well as other machinery parts.

Edible preparations items within inward processing account for 3.8% of total inward processing exports, valued at 3,457 mln ALL. Their value increased by 7.7%. In line with the overall increase tendency the main food industry inward processing items such as anchovies accounting for 75.7% of this category, have experienced a decrease in value by 3%.

The geography of inward processing shows some changes as compared to 2011 (see graph 4.2). The main inward processing trade partner is confirmed to be Italy, which has increased its share in 2012 at almost 80% of total exports of the sector. However, in terms of value, inward processing

trade with Italy was reached at 71,831 mln ALL, decreasing by 2% as compared to 2011. Exports decreased with all other main partners such as Greece (-18%), Kosovo (-37%), Germany (-23%) and Turkey (-47%). On the other hand, exports in new partner countries increased, especially Spain (20% increase) and France (56%). However, their share is very small, therefore the value of increase is not significant yet for the sector (see graph 4.2).

We have argued in the previous reports that high concentration of the market has proved to carry high risks in case of recession in partner countries. The Italian and Greek crisis has directly affected Albanian businesses and their trade relations with the Italian counter partners. However, as explained above, some of them are seeking for other markets (Greece is being replaced by Germany). Therefore, we would expect shifts in geography of trade in the inward processing exports, in the years to come.

The shares of total inward processing exports of the other countries are: Turkey (3%), Germany (3%) and Kosovo (3%). Note that Kosovo is in the same position as Germany as the second main partners for Albania's total exports of inward processing and Greece has no significant share in 2012.

Inward processing with regional countries has been positive in 2012 where exports to Macedonia increased by 130% and with a value of 1,079 mln ALL. Other countries in the region where trade increased were: Montenegro (5%), Croatia (10%), Bulgaria (124%) and Bosnia and Herzegovina (78%). While exports decreased only to Serbia (-12%).

4.2 Agriculture products

4.2.1 Exports

Agricultural products exports reached 12.819 million ALL (tab 4.5) or 15.1% higher than in 2011. Therefore the share to total exports of the country has reached 6 percentage points while the imports' coverage ratio went up to 13.75 %, from 12.1% in 2011. Despite this improvement it remains lower than the total imports' coverage ratio (40.4%). However, the very positive trend of the last years, gives us some encouraging perspective and projections for this sector and its exports.

Graph 4.4 shows shares of exports by country of origin. Italy remains the main exporting partner in terms of agricultural products representing 33% of total agricultural exports share. The second country that Albania exports to is Greece with almost 14% of total share of exports. Kosovo has replaced Germany as the third most important country importing Albanian agricultural products accounting for 10% of total. Apart from the considerable increase in quantity, it is important to mention improvements in quality and achieving required standards for entering difficult markets. Therefore, the fact that in 2012 more than 60% of agriculture products was exported in EU countries represents a remarkable step in catching up with EU standards. Although most products are part of the inward processing regime, regular interaction with EU markets is having direct consequences in increasing the role of these products in Albanian exports. Dynamics of exports and imports in a more detailed perspective is given in table 4.5.

Graph 4.3.: Trade flows of agricultural products

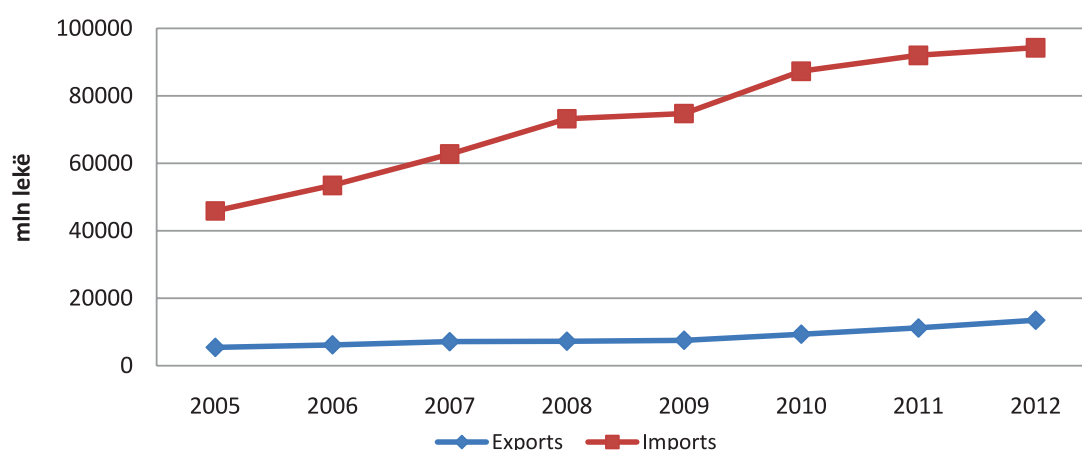


Table 4.5: Trade flows of agricultural goods (in mln ALL and percentage)									
HS Code	Description	Exports				Imports			
		2011	2012	Share to sector total in %	Change rate 11-12	2011	2012	Share to sector total in %	Change rate 11-12
1	Live animals	101	98	0.8%	-2.7%	3,181	3,219	3.5%	1.2%
2	Meat and edible meat	191	500	3.9%	161.9%	7,543	7,534	8.1%	-0.1%
3	Fish, crustaceans, molluscs, aquatic invertebrates nes	1,032	1,318	10.3%	27.8%	2,362	2,237	2.4%	-5.3%
4	Dairy products, eggs, honey, edible animal product nes	305	565	4.4%	85.5%	2,464	2,362	2.5%	-4.1%
5	Products of animal origin, nes	795	558	4.4%	-29.8%	398	612	0.7%	53.8%
6	Live trees, plants, bulbs, roots, cut flowers etc	77	75	0.6%	-3.1%	384	404	0.4%	5.2%
7	Edible vegetables and certain roots and tubers	910	1,085	8.5%	19.2%	2,105	2,127	2.3%	1%
8	Edible fruit, nuts, peel of citrus fruit, melons	559	717	5.6%	28.2%	5,580	5,383	5.8%	-3.5%
9	Coffee, tea, mate and spices	92	106	0.8%	14.8%	2,884	3,199	3.4%	10.9%
10	Cereals	14	7	0.1%	-49.6%	14,322	13,185	14.1%	-7.9%
11	Milling products, malt, starches, inulin, wheat gluten	72	27	0.2%	-62.5%	2,169	2,992	3.2%	37.9%
12	Oil seed, oleagic fruits, grain, seed, fruit, etc, nes	2,678	2,902	22.6%	8.4%	474	382	0.4%	-19.4%
13	Lac, gums, resins, vegetable saps and extracts nes	22	28	0.2%	28.4%	24	48	0.1%	100.0%
14	Vegetable plaiting materials, vegetable products nes	2.4	4	0.0%	66.7%	2.4	8	0.01%	233.3%
15	Animal, vegetable fats and oils, cleavage products, etc	240	297	2.3%	23.6%	6,899	6,893	7.4%	-0.1%
16	Meat, fish and seafood food preparations nes	2,773	2,650	20.7%	-4.4%	1,917	1,690	1.8%	-11.8%
17	Sugars and sugar confectionery	45	46	0.4%	2.4%	5,310	5,352	5.7%	0.8%
18	Cocoa and cocoa preparations	7	10	0.1%	40.8%	1,263	1,442	1.5%	14.2%
19	Cereal, flour, starch, milk preparations and products	208	485	3.8%	133.4%	6,401	6,599	7.1%	3.1%
20	Vegetable, fruit, nut, etc food preparations	400	428	3.3%	6.9%	2,004	1,962	2.1%	-2.1%
21	Miscellaneous edible preparations	28	48	0.4%	74.5%	4,187	4,421	4.7%	5.6%
22	Beverages, spirits and vinegar	157	360	2.8%	129.3%	9,814	9,885	10.6%	0.7%
23	Residues, wastes of food industry, animal fodder	12	1	0.01%	-91.9%	2,105	2,370	2.5%	12.6%
24	Tobacco and manufactured tobacco substitutes	420	504	3.9%	20.1%	8,191	8,887	9.5%	8.5%
Total agriculture products		11,140	12,819		15.1%	91,981	93,193		1.3%
Share to total trade exports/imports		5.6%	6.0%			16.9%	17.7%		

The largest share of agricultural exports, in terms of category, goes to oil seed (22.6%) and meat, fish and seafood (20.7%). The category with the highest increase as compared to 2011 is meat and edible meat but they represent only 3.9 of total exports. Cereal, flour, starch, milk preparations and products increased by 133.4% compared to 2011, while products such as beverages, spirits and vinegar representing 2.8% of total exports increased by 129.3%.

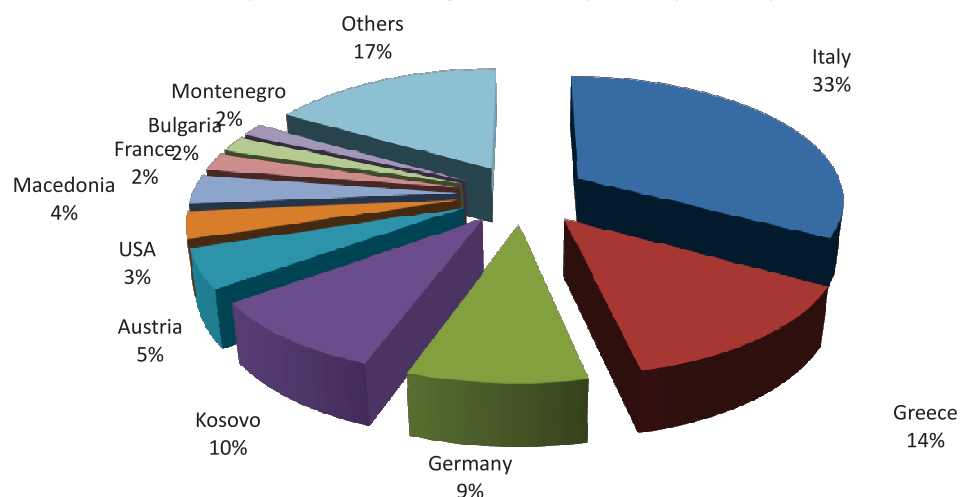
The most exported agricultural products accounting for 67.2% of total agricultural exports are shown

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 fourth time, surpassing exports of medicinal herbs. Exports of anchovies in 2012 account for 20.4% of total exports and 3.6% decrease to 2011, while the share of exports of medicinal herbs has increased in 2012, from 17.3% to 17.6%. There has been an increase of 17%. On the other hand, animal parts are the forth most exported product accounting for 4.3% of total exports and indicating a decrease in value of 30% compared to 2011.

Table 4.6: Main agricultural products exports in mln ALL, 2012

HS Code	Description	2008	2009	2010	2011	2012	total AP exports, in %	Growth rate 2011-2012
160416	Anchovies, prepared or preserved, whole or in pieces, but not minced	1,752	2,137	2,553	2,711	2,617	20.4%	-3.5%
121190	Plants & parts of plants (including seed & fruits) used in pharmaceutical, perfumes, insecticide, etc	1,871	1,196	1,332	1,924	2,252	17.6%	17.0%
70200	Tomatoes, fresh or chilled	35	72	203	549	614	4.8%	11.8%
50400	Guts, bladders and stomachs of animals except fish whole or in pieces	616	262	478	779	549	4.3%	-29.6%
240120	Tobacco, unmanufactured, partly or wholly stemmed or stripped	206	217	436	413	504	3.9%	21.9%
30749	Cuttle fish and squid, shelled or not, frozen, dried, salted or in brine	203	91	197	458	484	3.8%	5.7%
190590	Other bread; empty cachets for pharmaceutical use, sealing wafers, rice paper, etc	20	30	59	182	425	3.3%	133.2%
30259	Fresh or chilled cod (excl. livers & roes)	1	12	20	13	412	3.2%	3147.4%
20610	Fresh or chilled edible offal of bovine animals	-	376	60	77	403	3.1%	424.2%
200570	Olives prepared or preserved	182	188	310	349	359	2.8%	3.1%
	Top ten exports					8,618	67.2%	
	Total AP exports					12,819		

Graph 4.4: Share of agriculture exports, by country 2012



4.2.2 Imports

Imports of agricultural products were valued at 93,193 million ALL, an increase of 1.3 percentage compared to 2011, marking an increase in its share of total imports by 0.8 percentage. In 2012 imports in this sector accounted for 17.7% of total imports. The rise of import flows was observable

in graph 4.3 as well. However, in the last years, exports growth rate has always been higher than imports performance. Imports substitution from domestic production is another positive trend that has affected the sector of agriculture products.

Imports of agricultural products to Albania are originating from a larger number of countries as the graph 4.5 shows. The main trading partners for agricultural products remain Italy and Greece,

even though with lower shares, accounting for 15% and 13% of total imports respectively. Their shares and values have decreased in 2012.

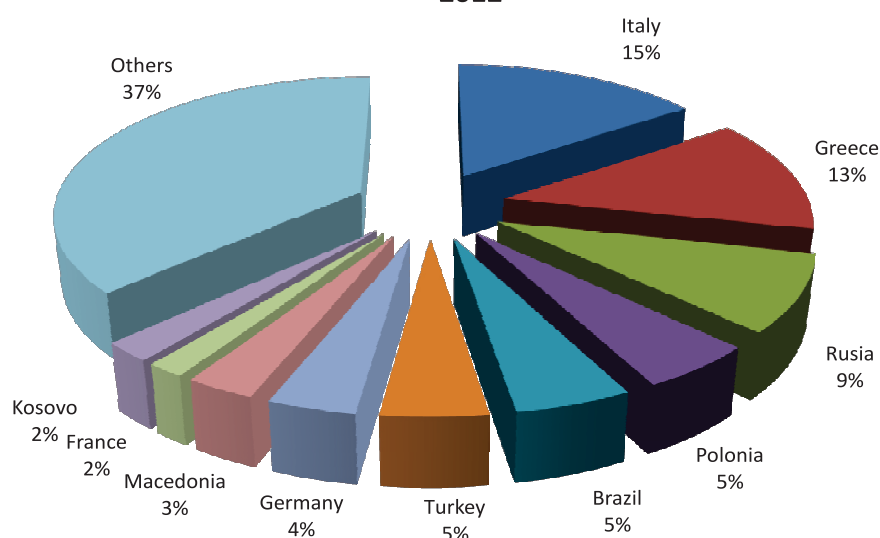
The agricultural products imports structure is less concentrated than the structure of exports. The most imported products account only for 42 % of total imports as table 4.7 shows. In 2012 cigarettes have become the most imported product, representing 9.4% of total agricultural products and noting an increase of 8% compared to 2011.

This has surpassed wheat and muslin which is the second most imported good representing 6.5% of total agricultural products. This product has seen a fall of imports by 45% compared to 2011. Another product that has seen a drop in imports by -7% is beer made of malt. Wheat or muslin flour has seen one of the highest increases in 2012 by 1175%, but its share to total AP imports is only 2.3%. For more details on shares and growth rates in percentage refer to table 4.6.

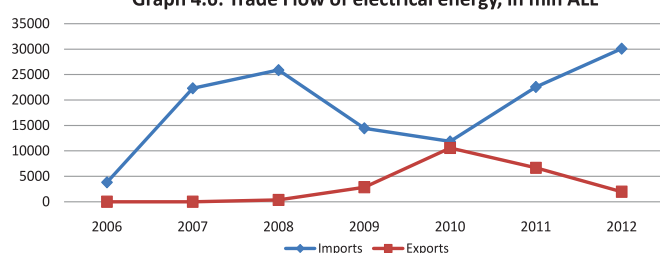
Table 4.7: Main agricultural products imports in mln ALL, 2012

HS Code	Description	2008	2009	2010	2011	2012	total AP imports, in %	Growth rate 2011-2012
240220	Cigarettes containing tobacco	6,822	8,019	10,300	8,127	8,767	9.4%	7.9%
100199	Wheat nes and meslin	7,979	5,289	7,007	10,919	6,054	6.5%	-44.6%
170199	Refined sugar, in solid form, nes	3,099	2,247	3,148	4,381	4,526	4.9%	3.3%
20714	Parts of frozen chickens, etc.	903	1,249	2,205	2,906	3,321	3.6%	14.3%
100191	Wheat, seeds	-	-	-	-	3,177	3.4%	N/A
151219	Sunflower-seed/sunflower oil&their fractions refined but not chemically modified	3,091	2,178	2,587	3,361	3,145	3.4%	-6.4%
220300	Beer made from malt	2,540	3,303	3,290	3,132	2,905	3.1%	-7.2%
220210	Waters incl mineral&aerated, containing sugar or sweetening matter or flavoured	1,423	1,620	2,290	2,685	2,750	3.0%	2.4%
210690	Food preparations nes	1,632	1,723	2,157	2,221	2,332	2.5%	5.0%
110100	Wheat or maslin flour	246	94	121	172	2,190	2.3%	1175.3%
	Top ten imports					39,166	42.0%	
	Total AP imports					93,193		

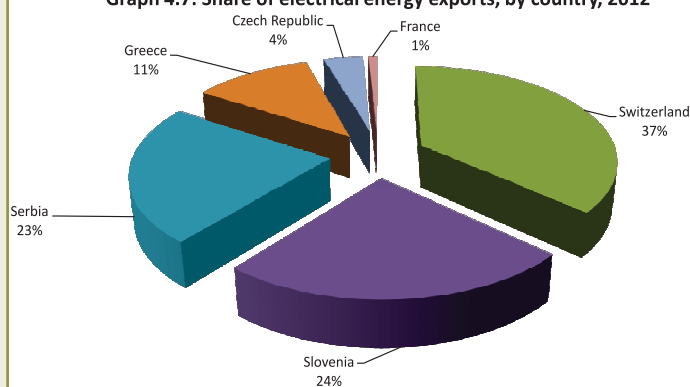
Graph 4.5: Share of agricultural products imports, by country, 2012



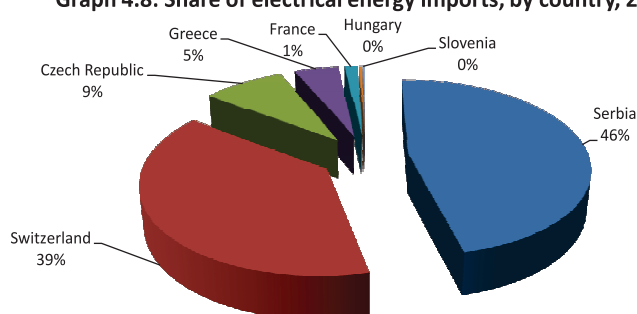
Graph 4.6: Trade Flow of electrical energy, in mln ALL



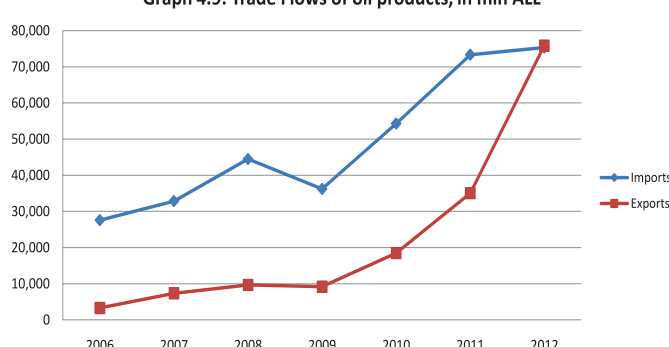
Graph 4.7: Share of electrical energy exports, by country, 2012



Graph 4.8: Share of electrical energy imports, by country, 2012



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



4.3 Trade in energy, minerals, base metals and other important sectors

4.3.1 Trade in electrical energy

In 2012 Albania produced lower levels of electricity compared to 2011 and this is reflected in the decrease in the levels of exports and increased levels of imports. Exports were valued at 1,972 million ALL thus decreasing by 70% compared to 2011. Exports of electricity are still characterized by instability and its share of total exports fell to 0.9% of total export, down from 3.2% in 2011. The export of this product is still highly exposed to weather conditions and has not consolidated yet any sustainable pattern. Main partners in electric energy exports for 2012 were Switzerland (37%), Slovenia (24%), Serbia (23%) and Greece (11%). These four countries cover almost the entire exports volume for 2012 (95% of total exports of electric energy).

Imports on the other hand increased by 33.4% and were valued at 30,105 million ALL. This expected increase was of course related to the bad performance of production in the domestic sector (mainly due to unfavorable weather conditions in 2012). The two main countries Albania imported from were Serbia (46%) and Switzerland (39%). Imports from Serbia increased last year reaching a value of 13,948 million ALL or 128 % higher than 2011. Imports from Switzerland increased by 12% and were valued at 11,641 million ALL.

4.3.2 Trade of mineral fuels and oil products

Trade of mineral fuels and oil products experienced a remarkable increase in 2012, both in relative and absolute terms. Trade volume of this sector reached 151.182 mln ALL, which is 39.5% higher than in 2011. Trade in oil in 2012 accounted for 20.4% of total trade flows (5.8 points of share increase compared to 2011). The increase in trade volume has come mainly from exports. Imports' value reached 75,311 mln ALL (2.7% increase) and exports valued at 75,871 mln ALL (a sound 116% of increase compared to 2011). It is interesting to notice

that for the first time exports in mineral fuels and oil products are higher than imports (although by a minor margin). The boost of this sector in exports is mainly related to the increase of the extracting industries in the country, especially for petroleum oil. Exports of the sector are highly concentrated around this specific product.

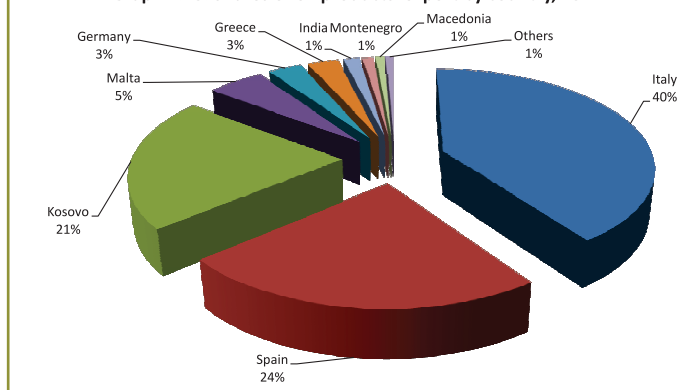
In terms of geographic distribution of exports, Italy remains the main exporting partner (30,520 mln ALL). Exports to Italy increased by 44% compared to 2011. The increase is much higher for exports to Spain (224%) and Kosovo (1477%), reaching values of 17,920 mln ALL and 16,317 mln ALL, respectively. These three countries account for 85% of share on total Albanian oil products' exports (see graph 4.10). Main exported product is petroleum oil, which accounts for 73% on total category exports.

Interesting shifts concerned imports of oil products as well (see graph 4.11). Italy remains strong on its first place reaching a value of 48,317 mln ALL in 2012 and (40,748 mln ALL in 2011), which accounts for an increase of 18.5% in 2012. While imports from Greece have dropped steadily from 2008; in 2012 they decreased by a further 45% reaching a value of 4,783 mln ALL. Imports from Russia decreased also by 17%. Turkmenistan is advancing very fast in exporting oil products to Albania. In 2012 it increased its exports in this sector by 121%, reaching a share of 11% on total oil imports of Albania (representing the second main partner for this sector). In terms of specific products, we can notice a high concentration in imports as well. Main imported products are light petroleum (71%) and natural gases such as butanes and propane.

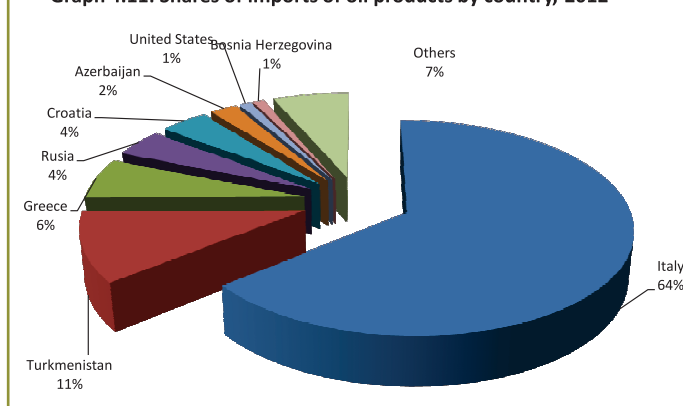
4.3.3 Trade in mineral products²⁹

Mineral products trade volume reached 24,711 mln ALL. They account for 3.3% of total trade flows, experiencing very little advancement in terms of share (it was 3.1% of share in 2011). Both exports and imports experienced shifts in 2012, but in different directions. Exports grew by 14% going from 17,079 mln ALL in 2011, to 19,429 mln ALL in 2012. In the meantime, imports dropped from 6,462 in 2011 to 5,282 mln ALL in 2012. This

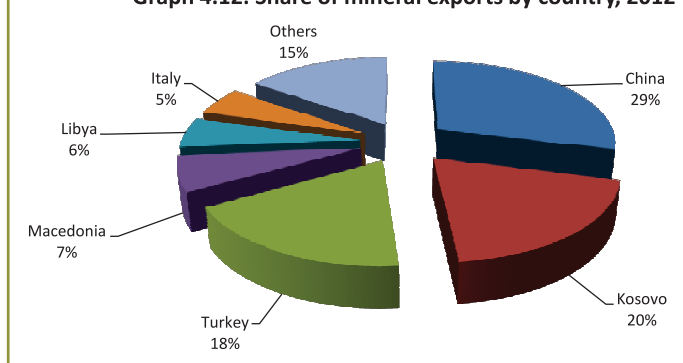
Graph 4.10: Shares of oil products' export by country, 2012



Graph 4.11: Shares of imports of oil products by country, 2012



Graph 4.12: Share of mineral exports by country, 2012



²⁹ In this section we analyze trade of mineral products (HS 25 and 26) excluding fuel and oil products and electric energy; these were analyzed separately in the previous sections).

increase of exports and decrease of imports has contributed in further improving the positive trade balance in this sector going from 10,617 mln ALL in 2011, to 14,147 mln ALL in 2012.

The most exported products for 2012 remain portland cement, copper ores and concentrates and chromium ores and concentrates, as can be observed in table 4.8. Portland cement exports, which have 34% of share on total mineral exports, have increased by 37%, with a value of 6,534 million ALL. The increasing trend of this product has continued in the last years, due to new private investments in this sector. The export of copper increased by almost 32% and was valued at 5,498 million ALL (28% of share on total mineral exports). As showed in table 4.8 chromium ores and concentrate (27% of share) have also

increased, but only by 1.2%. These three products together count for 97% of total minerals, reflecting a high and constant concentration of exports.

In terms of geographic distribution, mineral products reflect less concentration. China is still the main destination as in 2011, experiencing an increase of 16% in 2012 (29% of share on total exports, see graph 4.12). Other main partners are Kosovo, which reached the second place with 40% of increase, and Turkey with 17% of increase. More than two thirds of Albanian mineral products go to these three countries.

Imports of minerals are mainly composed by all kinds of construction materials, as observable in table 4.9. Most of these products have experienced decrease in 2012. This was due to the continuing slowdown of construction industry in Albania during the previous years, on one side, but also because of investments in local production, especially related to cement. As table 4.9 shows, the two top imported products, portland cement ad hydraulic cement (which account for 70% of imports) experienced decrease by 24% and 8%, respectively.

Main importing partners remain Italy and Greece (42% and 28% of share), which account for slight changes in shares. Imports from Italy decreased by 13%, while those from Greece remained almost the same (-0.4%).

Graph 4.13: Share of mineral imports by country, 2012

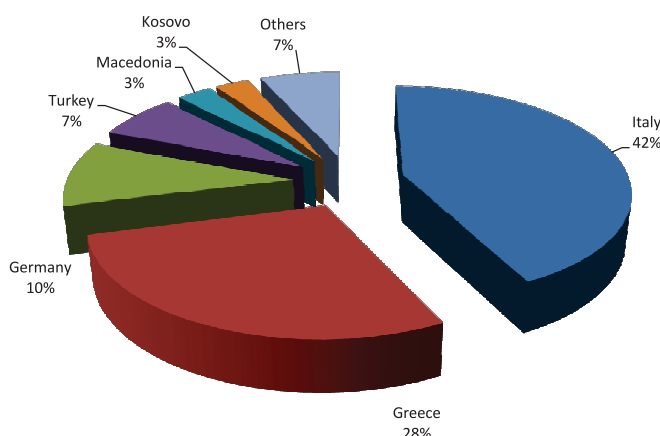


Table 4.8: Main exported mineral products in mln ALL, 2012

HS Code	Description	2008	2009	2010	2011	2012	total sector exports, in %	Growth rate 2011-2012
252329	Portland cement	1,478	1,566	3,487	4,763	6,534	34%	37%
260300	Copper ores and concentrates	1,930	1,528	2,329	4,179	5,498	28%	32%
261000	Chromium ores and concentrates	5,514	4,029	8,045	5,272	5,333	27%	1%
252321	Portland cement, white, whether or not artificially coloured	4	156	54	296	722	4%	144%
260111	Iron ores&concentrates,oth than roasted iron pyrites,non-agglomerated	586	648	727	1,564	449	2%	-71%
251690	Monumental or building stone	224	286	332	317	324	2%	2%
251400	Slate, whether or not roughly trimmed or merely cut etc		75	108	161	166	1%	3%
250100	Salt (includg table salt&denaturd salt) pure sodium chloride&sea water	179	203	195	206	137	1%	-33%
251520	Ecaussine & other calcareous monumental or building stone; alabaster	1	2		19	68	0%	251%
251612	Granite, merely cut, by sawing or otherwise, into blocks etc	6	2	13	8	41	0%	395%
Top Ten exports						19,271	99%	
Total MP exports						19,429		

Table 4.9: Main imported mineral products in mlnALL, 2012

HS Code	Description	2008	2009	2010	2011	2012	total Mineral imports, in	Growth rate 2011-2012
252329	Portland cement	4,092	5,916	4,144	2,741	2,089	40%	-24%
252390	Hydraulic cements	2,670	3,388	2,005	1,727	1,584	30%	-8%
251511	Marble and travertine, crude or roughly trimmed	594	470	428	413	306	6%	-26%
252321	Portland cement, white, whether or not artificially coloured	203	130	214	214	265	5%	24%
250100	Salt (includg table salt&denaturd salt) pure sodium chloride&sea water	179	203	195	194	145	3%	-25%
251730	Tarred macadam	114	630	18	66	192	4%	189%
251110	Natural barium sulphate (barytes)	1	7	18	66	112	2%	70%
251749	Granules, chippings & powder nes, of 25.15 or 25.16 heat-treated or not	2	1	11	91	101	2%	11%
252220	Slaked lime	39	44	65	81	77	1%	-6%
251512	Marble & travertine, merely cut, by sawing or otherwise into blocks etc	25	19	25	67	57	1%	-15%
Top ten imports						4,928	93%	
Total MP imports						5,282		

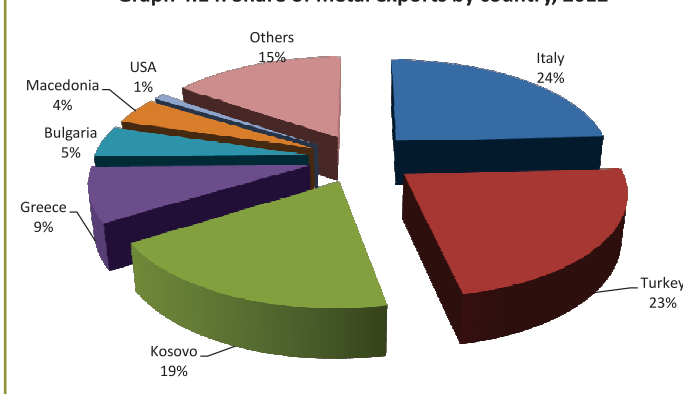
4.3.4 Trade in base metal and products thereof

Exports in metal products were valued at 38,875 mln ALL having decreased by 4.1% in 2012, accounting for a decrease of share to total exports reaching at 18.2%. Main exporting partner countries are Italy (24%), Turkey (23%), Kosovo (19%) and Greece (9%). Overall exports to Italy decreased by 5% and were valued 9,810 mln ALL. While exports to Turkey decreased by 16%, reaching 9,133 mln ALL.

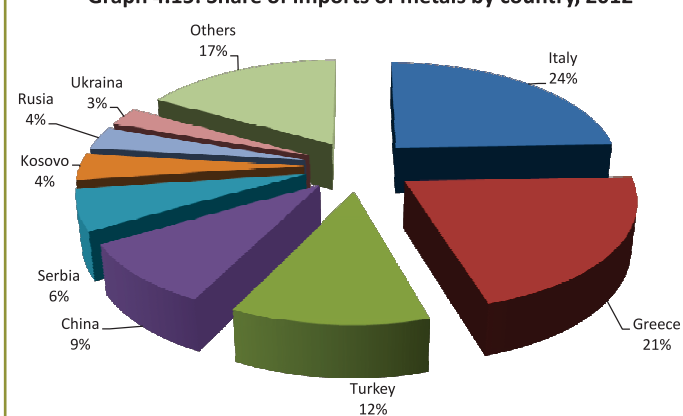
The main exported items remains iron bars, rods and locks which all increased in 2012. However, the second most exported product for this year are semi-finished products of iron which have decreased considerably compared to 2011. In 2012 this product reached at 7,667 mln ALL registering a value 26% lower than in 2011 (see table 4.10). Most of the other products listed in the top ten exports have experienced growth and supply mainly the construction and metal processing industries.

Imports of metals were valued at 54,548 million ALL having also decreased by 18.6 %. Their share to total imports remained almost the same as in 2011, at 10.4%. The main importing partners for metal products remain Italy (24%), Greece (21%), Turkey (12%), China (9%) and the region, as the graph 4.15 shows. Italy, as main partner, accounts for 13,836 mln ALL of imports, which continued the drop in imports by 2% in 2012 compared to

Graph 4.14: Share of metal exports by country, 2012



Graph 4.15: Share of imports of metals by country, 2012



6% drop in 2011. The same happened with imports from Greece and Turkey (decreasing respectively by 7% and 10%). Imports of metal products decreased also from all other main partners, except for China. Albanian imports of metal products from China increased by 22%.



Table 4.10: Main metal products exports in mln ALL, 2012

HS Code	Description	2008	2009	2010	2011	2012	total Metals exports, in	Growth rate 2011-2012
721420	Other bars & rods of iron or non-alloy steel, with indentations or other deformations produced during rolling process	6,210	3,865	5,372	7,577	8,492	21.8%	12.1%
720711	Semi-finished products of iron			7,435	10,369	7,667	19.7%	-26.1%
830140	Locks of base metal	3,906	3,716	4,506	4,544	4,923	12.7%	8.3%
720241	Ferro-chromium containing by weight more than 4% of carbon	2,619	23	3,116	4,473	4,402	11.3%	-1.6%
740400	Waste and scrap, copper or copper alloy	1,803	1,108	2,998	3,888	3,885	10.0%	-0.1%
720449	Ferrous waste and scrap, iron or steel	1,385	274	2,189	3,728	3,192	8.2%	-14.4%
760200	Waste and scrap, aluminium	908	273	922	688	1,060	2.7%	54.1%
760410	alloyed	462	351	307	436	931	2.4%	113.4%
830249	Mountings, fittings and similar articles of base metal	566	260	596	549	649	1.7%	18.3%
760110	Aluminium, not alloyed	-	2	-	429	443	1.1%	3.3%
	Top ten imports					35,644	91.7%	
	Total Metal Products exports					38,875		

Table 4.11: Main imported metal products in mln ALL, 2012

HS Code	Description	2008	2009	2010	2011	2012	total Metals exports, in	Growth rate 2011-2012
721420	Other bars & rods of iron or non-alloy steel, with indentations or other deformations produced during rolling process	8,411	10,105	9,367	10,425	9,844	18.0%	-5.6%
720449	Ferrous waste and scrap, iron or steel	3,759	3,643	10,530	14,030	7,752	14.2%	-44.7%
830160	Lock parts, including parts of clasps or frames w clasps, of base metal, nes	3,755	3,535	4,388	4,445	4,863	8.9%	9.4%
760429	Bars, rods and other profiles, aluminium alloyed	301	784	947	1,254	3,138	5.8%	150.3%
760120	Aluminium unwrought, alloyed	1,412	1,184	1,555	1,796	2,350	4.3%	30.9%
730890	Structures & parts of structures for buildings	6,572	2,775	4,933	4,337	1,830	3.4%	-57.8%
732690	Articles, iron or steel	1,197	815	1,189	1,064	1,294	2.4%	21.6%
721391	Other bars & rods, hot-rolled, in irregularly wound coils, of iron or non-alloy steel, of circular cross-section diameter<14mm	1,519	743	1,252	1,380	1,278	2.3%	-7.4%
761290	Other Aluminium Casks, Drums, Cans, Boxes and Similar Containers	818	1,004	852	916	908	1.7%	
720839	Other flat-rolled products of iron or non-alloy steel in coils, width>=600 mm, thickness<3mm, hot-rolled	371	734	813	1,181	848	1.6%	-28.2%
	Top ten imports					34,104	62.5%	
	Total MP imports					54,548		

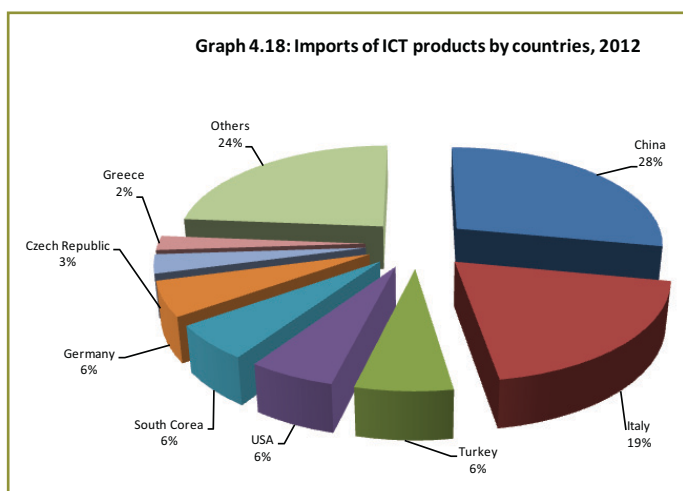
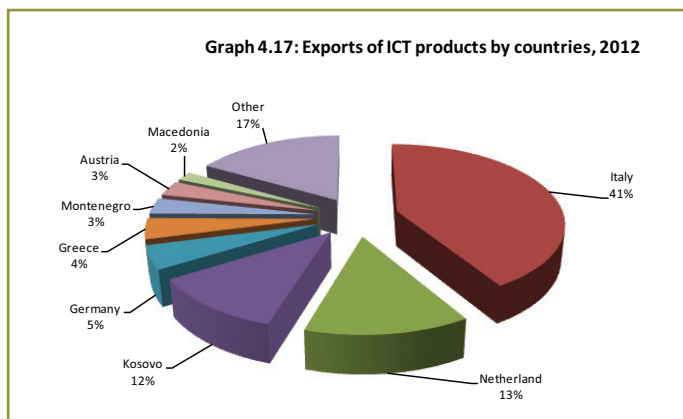
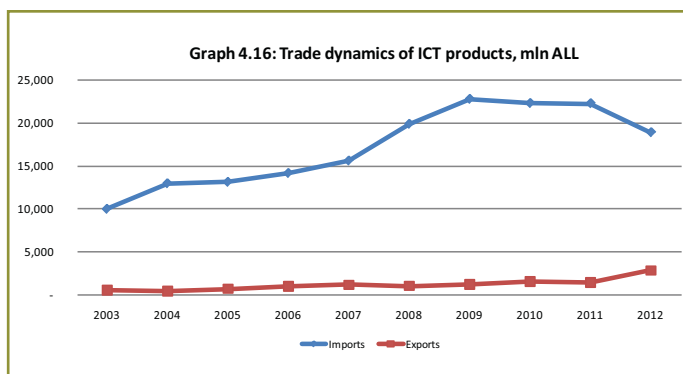
4.3.5 Trade in ICT

Information and communications technology (ICT) is a key factor for economic growth. Since last year, we have included this category in our analysis and we will be monitoring the sector in Albania, in the years to come. The rapid diffusion of the Internet, of mobile telephony and of broadband networks all demonstrate how pervasive this technology has become. According to OECD definition, ICT goods are those that are either intended to fulfill the function of information processing and communication by electronic means, including transmission and display, or which use electronic processing to detect, measure and/or record physical phenomena, or to control a physical process. ICT goods are defined by the OECD in terms of the United Nations Harmonized System.

In the case of Albania, the ICT sector is still considered at early stages but developing at a good pace. According to the Global Information Technology Report 2012, which is prepared and published by the World Economic Forum, Albania is ranked at the 83rd position out of 142 countries, dropping for 15 places when compared to 2012 (68th)³⁰. The reports' evaluations and performances of Albania vary among the different indicators. It appears that Albania has reached good records in terms of skills and affordability in this field, but there isn't yet sufficient usage of technology and socio-economic impact is still weak.

In terms of trade of ICT products, as graph 4.16 shows, trade of ICT products has experienced a fall in imports and an increase in exports. Exports reached 2,884 mln ALL, an increase of 96% compared to 2011. While imports were 18,908 mln ALL or a drop of 15.1%.

As table 4.12 shows, exports are much more concentrated and top 10 exported products represent 70.7% of total ICT exports. This reflects a common pattern as other Albanian sectors as well. Top 10 imported products represent 59% of total ICT imports. This sector presents a considerable trade deficit 73% even though smaller than the year 2011.



As regarding geography of Albanian ICT trade, as in other sectors, exports are much more concentrated than imports. Italy is the main destination for ICT products that Albania exports, counting for 41% of total exports of this category. The Netherlands and Kosovo are the second most important partners in terms of exports counting for 13% and 12% each.

On the other hand, imports share is spread between different countries. For 2012 the main

³⁰ World Economic Forum, Global Information Technology Report 2013.

partner is confirmed to be China. Albania is importing more than 28% of its ICT products from China. Italy is left behind with 19% of share on total Albanian imports. Other countries that follow are Turkey (6%), USA (6%), South Korea (6%), Germany (6%), etc.

Table 4.12 and 4.13 present main specific ICT products exported and imported in 2012.

The structure of exports is once again highly concentrated and top ten products count for 70.7% of total exports. Top ten imported products amount at 58.8% on total imports. This sector does not represent a stabilized structure yet, in terms of trade, and therefore main traded products change often after each year.

Table 4.12 Main exported ICT products for 2012, mln all

HS6	Description	Mln all	Share on Total ICT Exports
854449	Electric conductors, for a voltage not exceeding 80 V, nes	550.50	19%
851769	Other Telephonic Apparatus	323.01	11%
901590	Parts and accessories for use with the apparatus of heading No 90.15	286.91	10%
901580	Other surveying, hydrographic, oceanographic, hydrologic, meteorological or geophysical instruments & appliances	251.13	9%
851770	Other Telephonic Apparatus	170.22	6%
852872	Other Colour television	148.93	5%
847330	Parts&accessories of automatic data processg machines&units thereof	132.13	5%
851762	Other Apparatus, for Carrier-current Line Systems	88.71	3%
847150	Digital processing units excl. those of subheading 8471.41 or 8471.49	87.89	3%
852869	Other projectors, colour.	59.64	2%
	Top 10 exported products	2,039.44	71%

Table 4.13 Main imported ICT products for 2012, mln all

HS6	Description	Mln all	Share on Total ICT Imports
854449	Electric conductors, for a voltage not exceeding 80 V, nes	2,271.61	12%
852872	Other Colour television	1,943.72	10%
851762	Other Apparatus, for Carrier-current Line Systems	1,476.53	8%
851712	Telephone Sets	1,315.79	7%
851770	Other Telephonic Apparatus	1,213.06	6%
847150	Digital Processing Units	668.15	4%
847130	Digital Automatic Data Processing Machines	645.68	3%
847330	Parts and accessories f heading 8471	545.70	3%
854411	Insulated winding wire of cooper	523.56	3%
847149	Digital ADP, presented in the form of systems	523.22	3%
	Top 10 imported products	11,127.02	59%

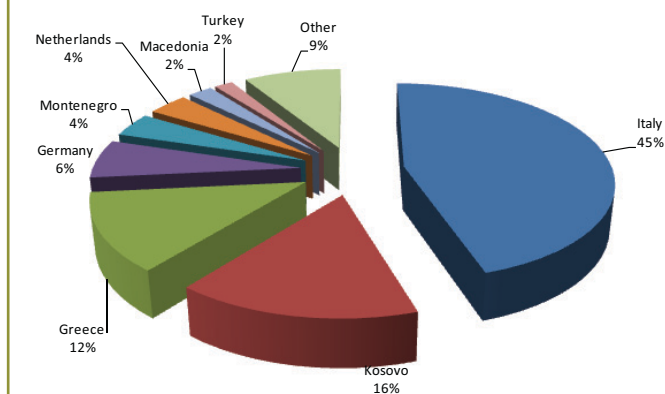
4.3.6 Trade in mechanic and electric machineries

Each year, we try to bring different perspectives and analysis on new and important trade sectors of Albania. In this year's report, after consultations with our team of experts, we decided to dedicate a separate analysis to the category of mechanic and electric machineries and equipments. There are several reasons for choosing to add this sector to our analysis, but two of them are most important. First, these products represent a crucial factor in terms of contribution to production and exports. Measuring and analyzing trade of machineries might be a significant method of assessing investment in different field of economic activities. Second, since the government announced last year a reimbursement procedure of VAT for imports of these products, it is necessary to start monitoring the sector in detail in order to create a perspective even in terms of policy impact.

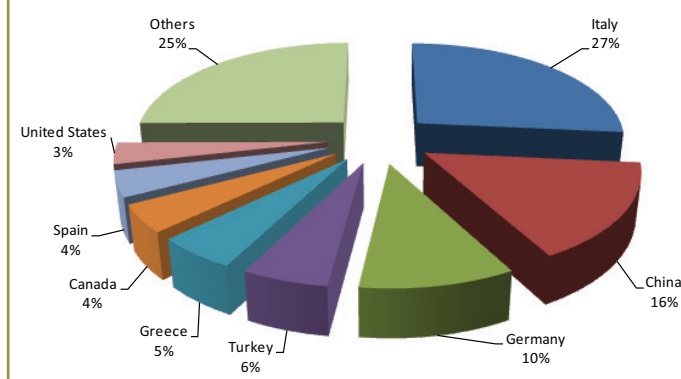
Total trade in machineries amounted at 84,681 mln ALL in 2012, decreasing by 11% when compared to 2011 (94,667 mln ALL). Imports of this sector reached at 71,834 mln ALL, which is 14% lower than 2011 (83,389 mln ALL). This drop would suggest a decrease in investment of companies in terms of technology and machineries, mainly due to the impact of the crisis. However, when we take a look at the monthly distribution of import flows, we can see that part of the decline is concentrated in the last quarter of 2012. Therefore, part of the explanation is related to the announcement that the government made in October 2012 about initiating a procedure of reimbursement of VAT for imported machineries. This motivated (few big) companies to keep on hold new orders and wait for the law to come into force. On the other hand, exports have maintained the same pace as in previous years. In 2012, the amount of exports reached at 12,846 mln ALL, increasing by 13%.

The graphs 4.19 and 4.20 below present the geographic distribution of exports and imports of machineries, respectively. Exports reflect the same concentration pattern as total Albanian exports, while imports are more dispersed. Main exporting destination is Italy with 45% of share

Graph 4.19: Exports of machineries by country, 2012



Graph 4.20: Imports of machineries by country, 2012



on total machineries' exports. Kosovo (16%) and Greece (12%) occupy the second and third place, followed by other partners such as Germany, Montenegro, Netherlands, etc. Albania imports its machineries mainly from Italy (27%), China (16%) and Germany (10%).

In terms of specific products traded in this sector, tables 4.14 and 4.15 show top ten items for 2012. Most exported products were: electric motors (transit in Albania from other countries) which reached 11.5% of share and parts of electric motors (9.3%). Both these items have experienced decrease in 2012 (respectively by -3% and -18%). While for imports, parts of boring and sinking machineries, hydraulic turbines, electric conductors, pumps, etc. are main products of this category that Albania gets from other countries. Table 4.15 shows details about each products' share and growth in 2012.

Table 4.14 Ten most exported machinery products (mln ALL)					
HS Code	Description	2011	2012	Share to total in %	Change Rate 12-11
850110	Electric motors of an output not exceeding 37.5 W	1,529	1,480	11.5%	-3%
850300	Parts of electric motors,generators,generatg sets & rotary converters	1,465	1,201	9.3%	-18%
848079	Moulds for rubber or plastics, nes	5	750	5.8%	14570%
854449	Electric conductors, for a voltage not exceeding 80 V, nes	493	551	4.3%	12%
843143	Parts of boring or sinking machinery, whether or not self-propelled	426	477	3.7%	12%
842951	Front end shovel loaders	174	365	2.8%	109%
851769	Other electrical apparatus	398	323	2.5%	-19%
850423	Liquid dielectric transformers, power handling capacity>10MVA		313	2.4%	N/A
842952	Mechanical shovels, excavators & shovel loaders, with a 360jă revolving super-structure	266	260	2.0%	-2%
842959	Self-propelled excavating machinery nes	92	260	2.0%	183%
	TOP TEN EXPORTS		5,980	46.5%	
	TOTAL EXPORTS OF MACHINERY PRODUCTS		12,846		

Table 4.15 Ten most imported machinery products (mln ALL)					
HS Code	Description	2011	2012	Share to total in %	Change Rate 12-11
843143	Parts of boring or sinking machinery, whether or not self-propelled	2,141	2,858	4.0%	33%
841011	Hydraulic turbines & water wheels	2,723	2,658	3.7%	-2%
843049	Boring or sinking machinery nes, not self-propelled	216	2,560	3.6%	1083%
854449	Electric conductors, for a voltage not exceeding 80 V, nes	2,865	2,272	3.2%	-21%
841381	Pumps nes	1,166	1,997	2.8%	71%
852872	Video projectors, monitors	1,948	1,944	2.7%	0%
852380	Blank cards incorporating a magnetic stripe	1,937	1,843	2.6%	-5%
850300	Parts of electric motors,generators,generatg sets & rotary converters	2,181	1,659	2.3%	-24%
851762	Other electrical aparatus	2,044	1,477	2.1%	-28%
851712	Other telephone sets	1,131	1,316	1.8%	16%
	TOP TEN IMPORTS		20,584	28.7%	
	TOTAL IMPORTS OF MACHINERY PRODUCTS		71,835		

V Albania's Trade Geography

5.1 Main characteristics of trade geography

During 2012, although the structure of geography of trade did not change significantly, as compared to 2011, there have been some new developments. Further shifts in shares to total trade flows, following last year's tendencies were 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

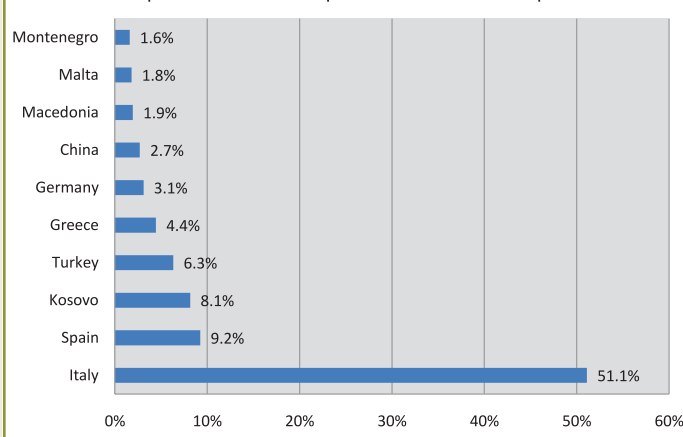
to the EU-27 countries account for 75% of total exports, having experienced a slight increase of 3 percentage points in relative share as compared to the previous year. The yearly growth rate of exports to EU countries was 13 % (during 2011 they experienced 26% of growth). Imports from EU-27 countries account for 62% of total imports. Their share has decreased by 3 percentage points and their value decreased by 7%.

The second most important group of countries in terms of trade is the countries of the region. Their relative share of total exports reached almost

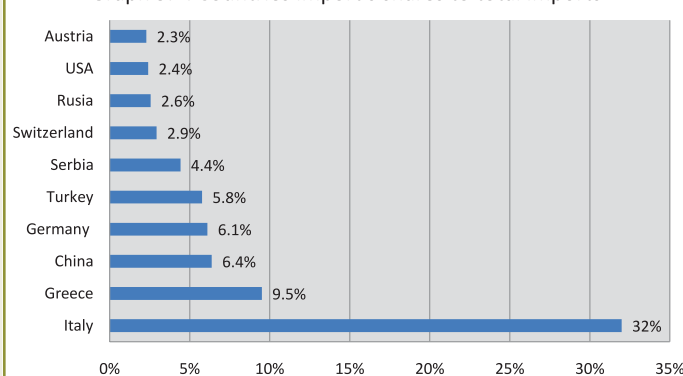
Table 5.1: The geography of Albania's trade flows, 2012

	Exports			Imports		
	Value	Share to total	Growth rate	Value	Share to total	Growth rate
	(Million ALL)	(in %)	2012/2011 (in %)	(Million ALL)	(in %)	2012/2011 (in %)
EU-27	160.781	75,5%	13%	327.868	62%	-7%
Italy	108.887	51,1%	4%	168.624	32%	-0,3%
Greece	9.465	4,4%	-3%	50.105	9,5%	-14%
Spain	19.703	9,2%	181%	10.377	2,0%	-10%
Germany	6.607	3,1%	16%	32.185	6,1%	2%
Malta	3.835	1,8%	-18%	285	0,1%	65%
Bulgaria	2.763	1,3%	14%	6.839	1,3%	-1,2%
Other EU countries	9.521	4,5%	16%	59.453	11,3%	-20%
Countries of the region	27.535	12,9%	12%	49.044	9,3%	1,3%
Kosova	17.361	8,1%	19%	5.060	1%	-2%
Macedonia	4.152	1,9%	0%	8.509	1,6%	-5%
Serbia	1.768	0,8%	-51%	23.320	4,4%	18%
Montenegro	3.407	1,6%	107%	1.212	0,2%	-16%
Croatia	555	0,3%	80%	7.203	1,4%	-5%
Bosnia and Herzegovina	292	0,1%	23%	3.717	0,7%	-32%
Moldavia	1	0,0004%	N/A	23	0,004%	-89%
Other countries	22.810	11%	-16%	111.401	21,1%	6%
Switzerland	2.451	1,2%	-54%	15.467	2,9%	9%
China	5.750	2,7%	17%	33.619	6,4%	-3%
Rusia	54	0,0%	280%	13.474	2,6%	23%
Turkey	13.464	6,3%	-10%	30.406	5,8%	0,2%
Ukraine	7	0,003%	-77%	5.763	1,1%	-13%
USA	1.084	0,5%	-46%	12.672	2,4%	58%
RoW	1.945	1%	-25%	38.725	7,3%	0,6%

Graph 5.1: Countries exports' shares to total exports



Graph 5.2: Countries import's shares to total imports



13%, growing by 12% from the previous year. The share of total imports of the countries of the region reached at 9%, growing by only 1.3%. This confirms the general decreasing trend of imports from all main trade partners of Albania.

Other main countries exports shares to the total exports flows have experienced a considerable decrease of 16%, compared to the previous year, reaching at 11% of share on total Albanian exports. Imports from these countries represented 21% of total imports of Albania, increasing by 2 points their share (it was 19% of total imports in 2011). The slowdown in imports has affected flows from these countries as well. In 2012 imports grew by only 6%.

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 and share as an export

In 2012, the main trading partner remained the EU-27 and, among European countries, Italy

accounted for the highest shares of trade volume at 57% of trade with EU-27 countries. Exports to Italy represented 68% (73% in 2011) of total exports to EU-27 countries. Exports to Italy represent 51% (53% in 2011) of the shares of total exports, 2 percentage points lower than the previous year.

Greece on the other hand remains the other important trading partner within the EU-27 as it represents 12% (14% in 2011) of total trade volume. However, due to the crisis that Greece is experiencing, Albanian exports to Greece have dropped and in 2012 they represented only 4.4% (5% in 2011) of total exports, which is lower than exports to Spain (9.2%), Kosovo (8.1%) and Turkey (6.3%). In few years, Greece moved from the second to the fifth top destination for Albanian exports. In terms of imports, despite the constant decrease, Greece remains an important partner, holding the second place (9.5%) after Italy (32%).

The share of countries of the region's trade represents an important part of trade flows for Albania. Thank also to the impact of the CEFTA agreement and, due to the crisis of Albanian in main European partners, trade with the region has increased consistently (although slowly). The countries of the region with highest shares to total Albanian exports in 2012 are: Kosovo, which is now a main partner, accounting for 8.1% (7% in 2011) of total exports, Macedonia accounting for 1.9% and Montenegro with 1.6%. The only regional country which is present in the top ten countries from where Albania imports the most (graph 5.2) is Serbia accounting for 4.4% of total imports.

5.2 Albania's trade with the EU-27

5.2.1 Trade flows with the EU-27

Total trade flows between Albania and the EU-27 were valued at 488,649 mln ALL, experiencing a decrease of 1% when compared to 2011 (while it had increased by 12 percent during 2011). The share of EU-27 countries trade flows has decreased by 1% as well, reaching at 66%. Exports to the EU-27 account for 75.5% (72 percent in 2011) of total exports of Albania. Exports' value has increased by 13% in 2012 (26% in 2011) which is still higher than the general increase of Albania's total exports.

Imports on the other hand have decreased, in general, by 7% from the EU, in 2012 (they

Table 5.3: Ten most exported products to the EU-27, 2012 (mln ALL)

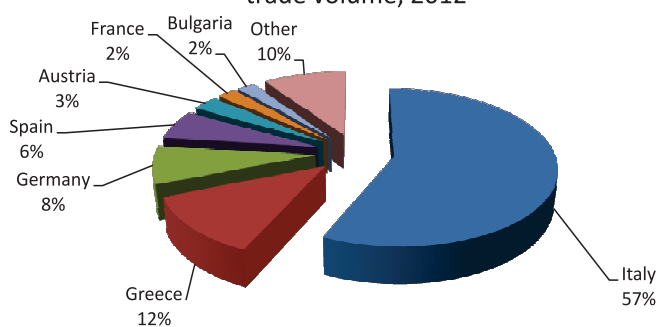
HS Code	Description	2007	2008	2009	2010	2011	2012	2012-- 2011	2012 - 2007
270900	Petroleum oils and oils obtained from bituminous minerals, crude	4,196	5,944	7,020	15,760	31,263	54,506	74.3%	1199.0%
640610	Uppers and parts thereof, other than stiffeners	10,175	8,339	7,703	8,965	10,239	11,085	8.3%	8.9%
620342	Men/boys trousers and shorts, of cotton, not knitted	6,764	6,479	4,986	5,900	6,120	6,181	1.0%	-8.6%
640340	Footwear, soles, of plastic and leather	N/A	3.2	4.3	2,830	4,819	6,112	26.8%	N/A
830140	Locks of base metal, nes	3,527	3,906	3,716	4,506	4,544	4,921	8.3%	39.5%
620520	Mens/boys shirts, of cotton, not knitted	3,198	3,467	3,477	3,910	4,370	4,167	-4.6%	30.3%
640399	Footwear, outer soles of rubber/plastics uppers of leather, nes	392	546	677	1,985	2,786	4,159	49.3%	961.5%
740400	Waste and scrap, copper or copper alloy	2,450	1,775	1,053	2,949	3,859	3,856	-0.1%	57.4%
720449	Ferrous waste and scrap, iron or steel	566	828	249	1,591	3,257	2,671	-18.0%	372.1%
160416	Anchovies, prepared or preserved, whole or in pieces, but not minced	1,875	1,752	2,137	2,553	2,711	2,607	-3.8%	39.1%

increased by 6.9 % in 2011 compared to 2010), thus representing 62% (65% in 2011) of total imports of the country as you can observe in table 5.2.

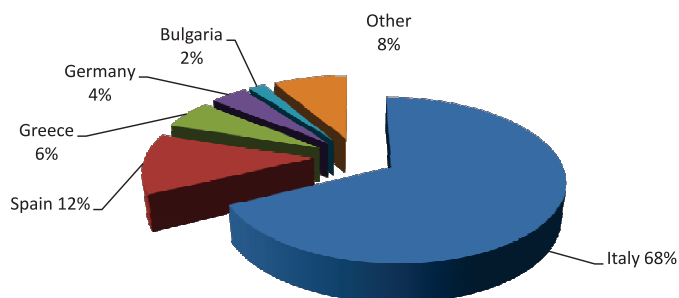
The export/import coverage ratio has increased to 49% in 2012 from 41% of 2011, which is the highest coverage of the last decades and also higher than the total exports imports coverage ratio. Trade flows were mainly oriented towards Italy even this year, followed by Greece and then Germany, as you can observe in graph 5.3.

Italy's trade flows' share to total trade volumes with EU-27 has grown to 57% in 2012 (55% in 2011) mainly because of the increase in exports and lower imports from other countries. Greece trade flows' share to total trade volumes are at 12% for 2012 (14% in 2011) accompanied by a decrease in absolute value of total trade flows.

Graph 5.3: Share of EU member to total Albania - EU-27 trade volume, 2012



Graph 5.4: Share of exports to EU-27, by country, 2012



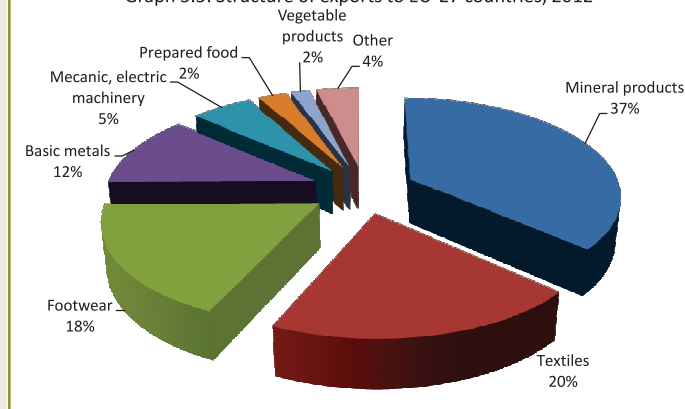
5.2.2 Structure of exports to the EU-27

Exports to the EU were valued at 160,781 mln ALL in 2012 from 142,732.02 mln ALL the previous year, having experienced an increase of 13% (26% in 2011). In contrast with previous years where most of the EU countries members of EU-27 have experienced a significant increase on their export values such as Italy (28%), Germany (27%), Greece (12%), the year 2012 has offered a different picture. The increase of the exports to Italy is only 4%, to Germany 16%, but with reference to Greece we have a decrease of 3%. The real news in 2012 exports is Spain, which jumped to the second

place after Italy, with a significant increase of 181% and a share of 12% on total EU-27 exports (9.2% on total exports). Graph 5.4 gives a detailed view of countries shares to total exports of Albania to EU-27 countries.

The categories' structure of exports to EU-27 countries reflects some changes in shares of total exports as well. In 2012 textiles and footwear remained the most exported categories to the EU-27 countries representing 38% (44% in 2011)

Graph 5.5: Structure of exports to EU-27 countries, 2012



of total exports, but 6 points lower than in 2011. This was represented mainly by inward processing items that are re-exported to their partners' country of origin, mostly Italy and Greece.

However, the main exporting sector to EU-27 is mineral products. A significant increase, both in share and absolute values, was registered in 2012, especially for oil products. This category now represents 37% of total exports to EU, from 25% in 2011. The share of the other categories are almost the same as in the previous year. The considerable increase in oil exports has changed the sectors' composition for 2012. 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 2012 account for 62% total exports to EU, from 52% in 2011. Therefore, as in the last years, further concentration in exporting products could be noticed. In this regard, 2012 represents a particular year, with higher incidence of concentration in few products. Five main categories are represented

this year in the most exported items list: fuels, minerals, metals, footwear and textiles. The most exported product for 2012, the same as in 2011, was petroleum oil products. Petroleum oils accounted for 34% of total exports to EU-27 in 2012 (it was 22% in 2011) having experienced an increase of 74% when compared to 2011. As we have mentioned previously, the domination of oil products in the exporting sector has marked significantly the structure of Albanian exports for 2012.

In contrast with the previous year where for all categories of ten most exported product to EU had experienced increase, in 2012 few categories had minor slowdowns (men/boys shirt, ferrous waste and scrap, anchovies). Exports of textiles are represented again by the same products groups: men's and boy's trousers, shirts and t-shirts. Men's and boy's trousers have experienced only 1% (4% in 2011) increase in 2012, while men/boys' shirts exports have decreased by 5%. A significant increase goes to the footwear category with 49% compared with 2011, when it did increase by 40%. Exports of metal products are represented by locks of base metal which account for 2% of total exports, which remains an unchanged share compared to the previous year.

5.2.3. Structure of imports from EU-27

Imports from EU-27 countries amounted to 327,868 mln ALL in 2012 (352,216 mln ALL in 2011), having decreased by a considerable 7%, as compared to 2011. The share to total imports has

Table 5.3: Ten most exported products to the EU-27, 2012 (mln ALL)

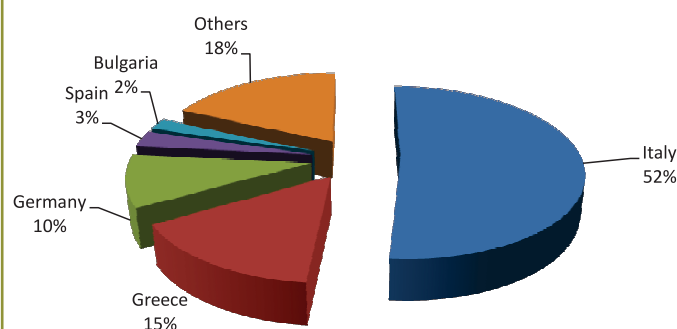
HS Code	Description	2007	2008	2009	2010	2011	2012	2012-- 2011	2012 - 2007
270900	Petroleum oils and oils obtained from bituminous minerals, crude	4,196	5,944	7,020	15,760	31,263	54,506	74.3%	1199.0%
640610	Uppers and parts thereof, other than stiffeners	10,175	8,339	7,703	8,965	10,239	11,085	8.3%	8.9%
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640340	Footwear, soles, of plastic ad leather	N/A	3.2	4.3	2,830	4,819	6,112	26.8%	N/A
830140	Locks of base metal, nes	3,527	3,906	3,716	4,506	4,544	4,921	8.3%	39.5%
620520	Mens/boys shirts, of cotton, not knitted	3,198	3,467	3,477	3,910	4,370	4,167	-4.6%	30.3%
640399	Footwear, outer soles of rubber/plastics uppers of leather, nes	392	546	677	1,985	2,786	4,159	49.3%	961.5%
740400	Waste and scrap, copper or copper alloy	2,450	1,775	1,053	2,949	3,859	3,856	-0.1%	57.4%
720449	Ferrous waste and scrap, iron or steel	566	828	249	1,591	3,257	2,671	-18.0%	372.1%
160416	Anchovies, prepared or preserved, whole or in pieces, but not minced	1,875	1,752	2,137	2,553	2,711	2,607	-3.8%	39.1%

decreased again in 2012, reaching at 62% of total imports. Imports from this group of countries are represented mainly by Italy and Greece which account for 67% of total EU imports. This is why the drop in imports from Greece (-14%) was reflected considerably in the decrease of total Albanian imports. Germany, Spain, Bulgaria, Malta remain important import partners (imports from Spain has experienced a drop of 10%). Respective shares of imports of most important partners within EU-27 are explicitly shown in the graph 5.6 below.

Imports from the EU-27 are distributed more evenly between sectors than exports (graph 5.7). Mineral products represent 19% (21% in 2011) of total imports of the country. Machinery, including transportation and mechanical machinery, account for 13% (16% in 2011) of total imports from EU-27. Another important imports' category is vehicles which reached 10% of total imports from EU, followed by basic metal, chemical industry products, prepared food and textiles.

Table 5.4 provides information about the most imported products, more in detail. The 10 most imported products in 2012 accounted for 10 percent of total imports of EU-27, showing a lower degree of concentration than exports. Most of them have experienced increase when compared to the previous year and some, which were for some years on the list of top imported products (commodities dedicated for the end customer such

Graph 5.6: Share of imports from EU-27, by country, 2012



as medicaments, cigarettes etc.) are replaced with the other items such as portland cement, light oils and preparations, butanes, liquefied, petroleum bitumen, etc. The only two products that experienced (considerable) decrease in 2012 were: light petroleum which dropped by 67% and electrical energy by almost 12 times.

Graph 5.7: Structure of imports from EU-27, 2012

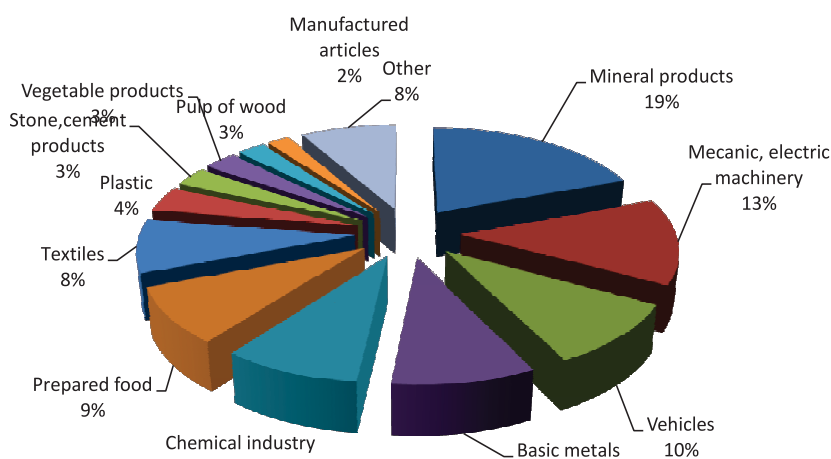


Table 5.4: Ten most imported products from the EU-27, 2012 (mln ALL)

HS Code	Description	2007	2008	2009	2010	2011	2012	2012-2011	2012-2007
271019	Light petroleum distillates nes	12,080	17,227	14,606	23,733	38,525	12,612	-67.3%	4.4%
721420	Other bars & rods of iron or non-alloy steel, with indentations or other deformations produced during rolling process	2,206	2,980	5,429	5,715	6,995	7,792	11.4%	253.1%
252329	Portland cement	402	1,478	1,566	3,487	4,763	4,894	2.7%	1117.8%
271012	Light oils and preparations	N/A	N/A	N/A	N/A	N/A	2,858	#VALUE!	N/A
271113	Butanes, liquefied	61	134	237	53	31	1,593	5087.0%	2502.6%
271320	Petroleum bitumen	1,127	1,920	546	1,318	682	786	15.2%	-30.3%
760410	Bars, rods and profiles, aluminium, not alloyed	454	462	351	307	436	729	67.3%	60.7%
252321	Portland cement, white, whether or not artificially coloured	12	3.7	156	54	296	722	144.0%	6149.8%
690410	Building bricks	38	133	110	48	261	485	85.6%	1178.3%
271600	Electrical energy	2,335	2,930	2,942	3,081	6,018	455	-92.4%	-80.5%

5.2.4 Trade with Italy

Trade volume with Italy, main Albanian partner, reached 277,511 mln ALL in 2012, having increased by 1.2% (20% of increase in 2011) in comparison to 2011 (tab 5.1). Trade volume with Italy represents 37% of total trade volume of Albania (the same as in 2011). Exports reached 108.887 mln ALL in 2012 having increased in total by 4% (28% in 2011). Imports reached 168.624 mln ALL, which is almost the same figure as in 2011 (while it grew by 16% in 2011). As we can see there was a visible shrink of trade with Italy in 2012. The trade deficit is -59,737 million ALL in 2012 and, when compared to 2011 (-64.206 million All), it has decreased by 7%.

Exports to Italy were mainly represented by textile and footwear products which account respectively for 25% and 24% percent of total exports to this

country. However, during 2012, the first category was minerals which represented 29% of total exports to Italy, increasing by 8% as compared to 2011. Textile products value of exports has experienced a decreased by 2 percent as compared to 2011 while the share of exports of footwear products is the same.

The most important categories, in terms of exports to Italy, are minerals and fuels, which account for 30 percent of total exports to this country. Petroleum oils and oils obtained from bituminous minerals were the most exported product to Italy reaching a value of 30,500 million ALL (21.179 million ALL in 2011) representing 28% of the value of total exports, which increased by 44% compared to 2011. The ten most exported products accounted for 66% of total products. For more details refer to the table A.3.1 in Annex III.

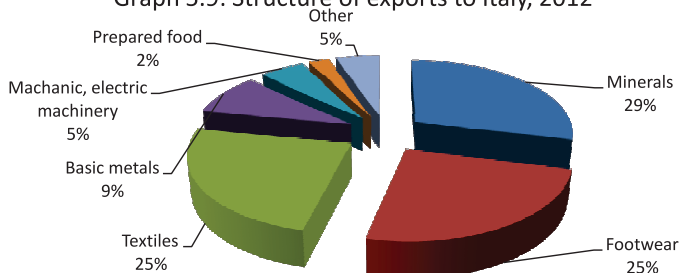
Imports from Italy are less concentrated, as you can observe in graph 5.10. As in the previous years, mineral products are positioned in the first place accounting for the highest share of imports 30% (26% in 2011) followed by textiles (decreased by 2%), machineries and main metals (the same share as 2011).

The most imported product in 2012 from Italy was light petroleum at 38,173 million ALL and it experienced an increase of 18% from 2011. Light oils and preparations was the second most imported product from Italy and it is for the first time during 2012. The top ten imported products account for 41 percent of total imports from Italy (for more details please refer to table A.3.2, in Annex III).

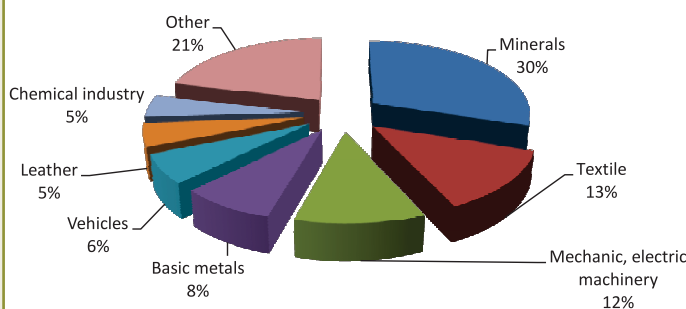
Graph 5.8: Trade with Italy, 2012



Graph 5.9: Structure of exports to Italy, 2012



Graph 5.10: Structure of imports from Italy, 2012



5.2.5 Trade with Greece

In 2012, trade volume with Greece reached 59,570 mln ALL having decreased by 12.4% from 2011. The shrinking trend of Albanian-Greek trade relations has continued for many years. Exports for 2012 were valued at 9,465 mln ALL, having experienced a decrease of 3% in 2011. Imports decreased by 14% reaching 50.105 mln ALL. The trade deficit was valued 40.640 mln ALL, decreasing by 16% (19% in 2011) mainly due to the different trends between exports and imports. The coverage imports ratio was 19% and has increased by 2 percentage points.

For the second time, exports to Greece are mainly represented by main metals, which have replaced textile products (now the second most exported product to Greece). Main metals were valued at 3,487 million ALL and increased by 2% compared to 2011 and represent 37% of total exports to Greece. Meanwhile, exports in textiles, on the other hand, decreased by 8% in 2011 and reached a value of 2.284 million ALL.

Besides prepared foods that experienced an increase of 3%, the other categories have the same share as in 2011. 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 81 percent of total exports. The main exported item is ferrous waste and scrap. In 2012 it accounted for 28% of total exports to Greece with a value of 2,632 and has experienced a decrease by 14 % compared to 2011 (the value in 2011 was 3.073 million ALL). In the second place we can find light petroleum distillates which represents 14% of total exports to Greece with a value of 1,284 million ALL (it has experienced a decrease by 19% compared to 2011). This product has replaced tobacco which moved to the fifth place with a value of 504 million ALL.

Other items that were in the ten most exported products to Greece, such as men/boys trousers, women/girls blouses, were replaced with the other entries. For a more detailed overview, refer to table A.3.3 in Annex III.

Imports from Greece are mainly represented by bars and rods which account for 12 % of total imports at a value of 6,249 million ALL, reflecting an annual decrease of 4%. Imports of light petroleum on the other hand halved in value to 2,614 million ALL. The top ten imported products account for 38% of total imports. These data is shown more explicitly in table A.3.4 of Annex III.

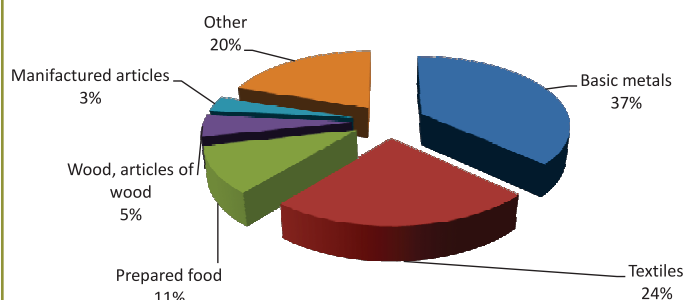
5.2.6 Trade with Germany

Trade with Germany was valued at 38,792 mln ALL having increased only by 4.2%. Exports reached 6,607 mln ALL having increased by 16%, a trend observed in 2011 as well. Imports reached 32,185 mln ALL increasing by 2%. Trade deficit was 25,578 mln ALL, decreasing only by 1%. The imports

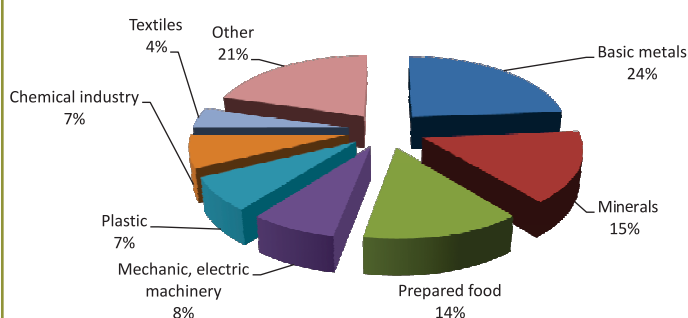
Graph 5.11: Trade with Greece, 2012



Graph 5.12: Structure of exports to Greece, 2012



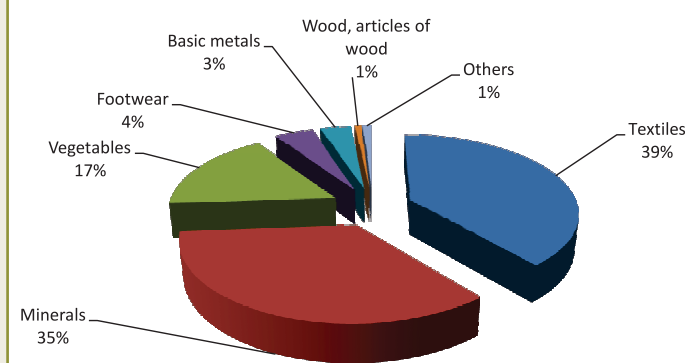
Graph 5.13: Structure of imports from Greece, 2012



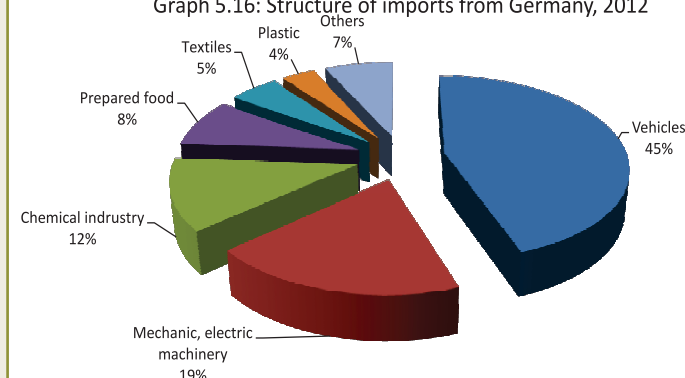
Graph 5.14: Trade with Germany, 2012



Graph 5.15: Structure of exports to Germany, 2012



Graph 5.16: Structure of imports from Germany, 2012



coverage ratio has increased by 3 percentage points to 21 percent. A better overview of trade flow developments is shown in graph 5.14

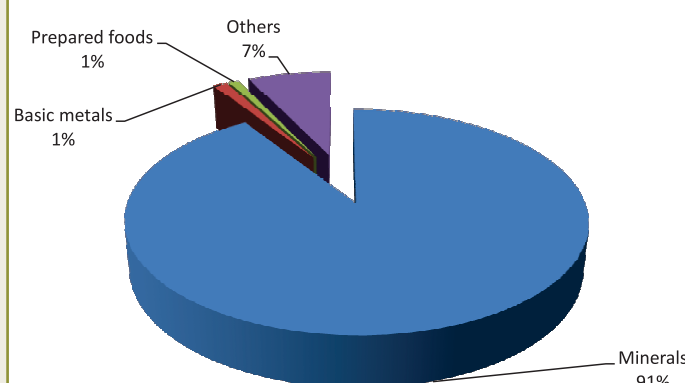
Exports to Germany have increased consistently since 2007 and in 2012 they were 178% higher. The main category, covering 39% of total exports were textile and its products, but which decreased by 4% in 2012. Footwear and hats which were in

the second place during 2011 with 22% of share, were replaced by minerals last year and are now in the fourth place with 4%, with a considerable decrease of 18%. Minerals has also increased considerably in value from 8% in 2011 in 35% during 2012 therefore by more than 27%. Vegetable products are the third most exported products and their exports decreased in exports at around 3% in 2012. 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 87% or for the largest part of overall exports to Germany. Main item in this list is petroleum oils and oils obtained from bituminous minerals, crude, in the value of 2,274 mln All, which account for 34% of total exports with a considerable change from 2011 by 419%. Plant and parts of plants are the second most exported product which accounted for 13% of total exports at a value of 889 million All, but its value was 4% lower than 2011. The textile products with four items account for 29% together.

The category that had the highest value in imports was vehicles. The value of this category was 14,379 million ALL or 12% higher than 2011. This increase in imports reflects the impact of changes to custom duties for vehicles from the Albanian government. The most imported products from Germany were automobiles reflecting 27% of total imports at a value of 8,545 million ALL. While medicaments were the third most imported product reflecting 7% of total weight. Other categories that reflected were chemical industrial (12%) and prepared food and drinks (8%). For a more detailed overview please refer to table 3.6 in Annex III.

Graph 5.17: Structure of exports to Spain, 2012



5.2.7 Trade with Spain

Spain is a new entry at the top of Albanian main trade partners. Trade volume with Spain reached 30,080 mln ALL in 2012, having increased by 62% in comparison to 2011 (tab 5.1). Exports reached 19.703 mln ALL in 2012 having increased in total by 181% (25% in 2011). Imports reached 10.377 mln ALL, having decreased by 10%. However trade balance with Spain is positive, where exports have increased at a higher rate than imports so the trade deficit is decreased by 304%. The imports coverage ratio has considerably increased from 61% in 2011 to 190% in 2012. The main category, covering

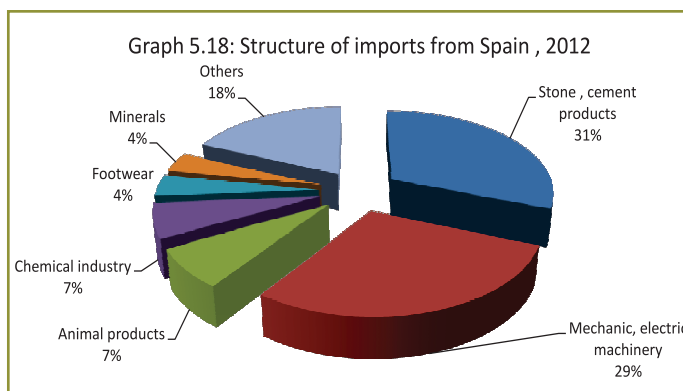
91% of total exports were minerals (specifically, oil products). A more detailed overview of the structure of exports is given in graph 5.17.

The top ten most exported products to Spain count for 99.7%. However, main item in this list is petroleum oils and oils obtained from bituminous minerals, crude, reaching a value of 17,920 million ALL, which accounts for 91% of total exports. This represents a considerable change from 2011, by 224%. Footwear products are the second most exported product which accounted for 4.3% of total exports at a value of 848 million ALL.

The category that had the highest value in imports was stones and cement products. The value of this category was 3,205 million ALL and its share is 31% during 2012.. The second most imported products from Spain were mechanic and electric machinery reflecting 29% of total imports at a value of 2,998 million ALL. Other categories that reflected a similar share as in 2011, were animal products and chemical industry products. For a more detailed overview please refer to table 4 in Annex III.

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

Albania's trade flows with the countries of the region increased by 4.9% in 2012. The volume of trade with the region amounted at 76,579 mln ALL, representing 10% of total Albania's trade volume, same as in 2011 (tab 5.5). The export/



imports coverage ratio increased by 4 percentage points to 40% which shows that Albanian exports to the region are growing much faster than imports from the region.

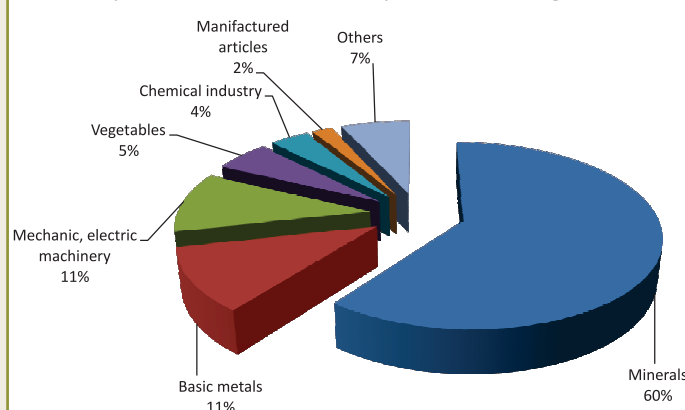
Exports to the region have increased significantly in 2012, as compared to imports, from the region. Exports to the region were valued 27,535 mln ALL or 12% higher than in 2011. The share of exports to total exports has increased by 1 percentage points to 13% in 2012 (see table 5.5). Imports from the region reached 49,044 mln ALL or 1% higher than 2011. Imports from the region share to the total imports have the same percentage as in 2011 by 10% of total imports. Most exported and imported products with the region are shown in Annex II.

The regional trade of Albania has had some developments in terms of its geographical distribution and characteristics. Kosovo remains Albania's main exporting partner in the region accounting for 63% of exports, with 19% increase in 2012. Macedonia is the second most important

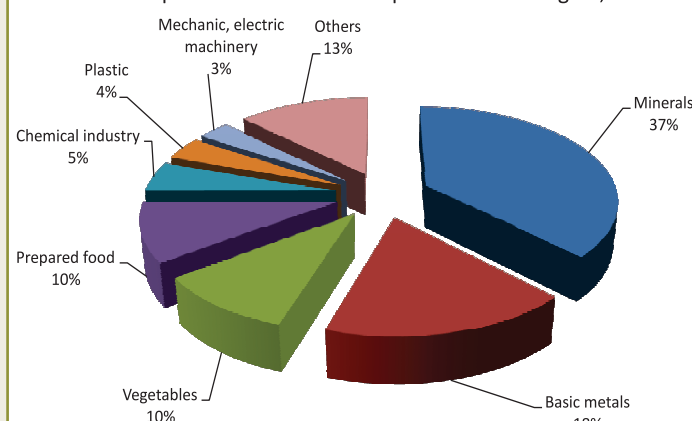
Table 5.5: Summary of key trade indicators between Albania and Regional Countries, in milion ALL, or in %

Trade Indicators	2008	2009	2010	2011	2012
Albania - Regional Countries trade volume	56,592	46,020	64,226	72,995	76,579
Share tot total Albania's trade volume	10%	9%	10%	10%	10%
Imports from the Regional Countries	41,132	33,251	47,819	48,436	49,044
Share to total Albania's import	9%	8%	10%	9%	9%
Exports to the Regional Countries	15,460	12,769	16,407	24,559	27,535
Share to total Albania's export	14%	12%	10%	12%	13%
Trade balance of the trade with Regional Countries	-25,672	-20,481	-31,412	-23,877	-21,509
Share to total Albania's trade balance	8%	6%	10%	7%	7%
Exports to the Regional Countries/Imports from Regional Countries, Coverage ratio	38%	38%	34%	51%	56%
Total Exports/Total Imports Coverage ratio	26%	24%	34%	36%	40%

Graph 5.19: Structure of exports to the region, 2012



Graph 5.20: Structure of imports from the region, 2012



country in terms of exports accounting for 15% of exports to the region (although without increase in value in 2012). Montenegro and Serbia are the other two main partners of Albania. Exports in these countries account respectively for 12% and 6% of the export shares from the region. Exports to Montenegro have experienced a considerable growth of 107% as compared to 2011, while exports to Serbia have experienced a decrease by 51%. Exports to Bosnia and Herzegovina have also increased by 23%.

Graph 5.21: Trade with Bosnia Herzegovina, 2012



Imports from the region are mainly represented by Serbia which accounts for 48% of total regional imports, which is 8 percentage points higher than 2011. Imports from Macedonia account for 17% of total imports of the region and imports from Croatia count 15% of total imports from the region.

The following graphs 5.19 and 5.20 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 mineral products which account for 60% of total exports to the region. Their value reached 16,641 mln ALL, having increased by 78% as compared to 2011.

The ten most exported products account for 73% of total exports. Petroleum oils and oils obtained from bituminous minerals and preparations are placed first, while other bars & rods of iron are placed second. The last item has appeared for the first time this year. A more detailed view is shown in table A.2.3 of Annex II.

Structure of imports from the region is mainly represented by the import of minerals which account for 37% of total imports, 14 % higher than 2011, as you can observe in the graph 5.20. Imports of basic metals products reached 8,600 mln ALL and decreased by 11% and now represent 18% of total imports from the region. While prepared food and vegetable represent both 10% of total imports and are almost in the same share as in the 2011. The ten most imported products from the region account for 61 percent of total imports where electrical energy valued at 13,948 mln ALL or 28 % of total imports and it was followed by ferrous waste and scrap by 5,928 mln ALL or 43% less than in 2011. For a more detailed view refer to table A.2.4 in Annex II.

5.3.1 Trade with Bosnia and Herzegovina

Trade volume with Bosnia & Herzegovina reached 4,008 mln having decreased by 29% in 2012. The trade deficit was valued at 3,424 mln ALL having decreased by 34%. This was due to the highest increase of exports in percentage and absolute value against the decrease of import as you can observe in graph 5.21.

Exports to Bosnia & Herzegovina increased by 23% and reached 292 mln ALL. Imports from Bosnia

and Herzegovina in contrast decreased by 32% and reached 3,716 mln ALL. The import's coverage ratio increased to 8% percent, in 2012 from 4% it was in the previous year.

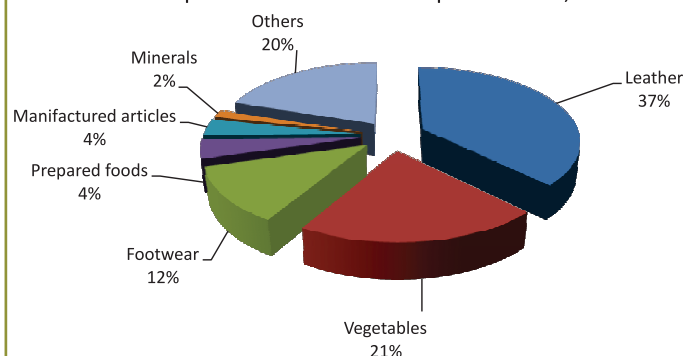
Exports are mainly represented by leather, with a share of 37% with accounting a value of 109 mln ALL and decreasing by 24%. Footwear and hats, which represented 17% of total exports in 2011 and were in the second place, shifted in the third place with 12% of share and 5% of decrease in 2012. The category of vegetables reflected a considerable increase by 12% and (from 9% of share on total export to Bosnia and Herzegovina in 2011) went to 21% of share during 2012, reaching the second place.

Imports are a bit more dispersed, counting for a larger number of categories. Mineral products, which were the main exported products with 37% share to the total of imports, experienced a considerable decrease of 19% during 2012, reaching a share of 18% on total imports. Prepared food, which had a share of 35% in 2011 (1,878 mln ALL), increased by 8% during 2012 and went to the first place with 43% of share. For a better picture of Bosnia and Herzegovina structure of imports see graph 5.23.

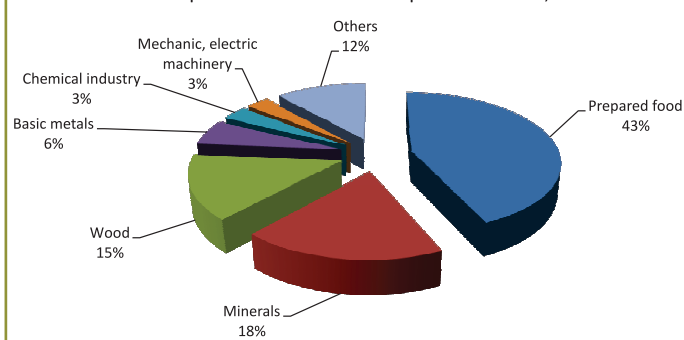
The ten most exported products account for 78% of total exports. Leather and unprocessed leather were placed in the first and second place, with a share of 19% and 18%, respectively. However, both these items had decreased in their values by 26% and 22% compared to 2011. Footwear products (outer soles and uppers of leather) appeared for the first time this year and accounted for 9% of the total exports to Bosnia and Herzegovina. A more detailed view is shown in table A.3.17 of Annex II.

The ten most imported products account for 85% of total of imports. The most imported product is again a new one: refined sugar, but with a smaller value compared to 2011 (1,419 mln ALL with a share of 38% of all Bosnia and Herzegovina imports). Some other products groups falling under minerals, agriculture products category, and medicaments have experienced a further drop.

Graph 5.22: Structure of exports to BiH, 2012



Graph 5.23: Structure of imports from BiH, 2012



5.3.2 Trade with Croatia

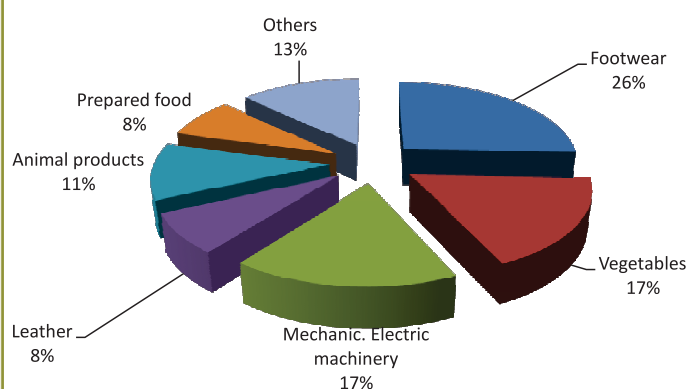
Trade volume with Croatia was valued at 7,757 mln ALL during 2012 or 1.2% lower than in 2011. Exports have increased by 79%, while imports have decreased by 5%. The increase in exports has brought the major contribution to the import coverage ratio which goes to 8% in 2012, 4 percentage point higher than the previous year.

Exports to Croatia were valued at 554 mln ALL where the main categories exported were footwear and hats, vegetable products and

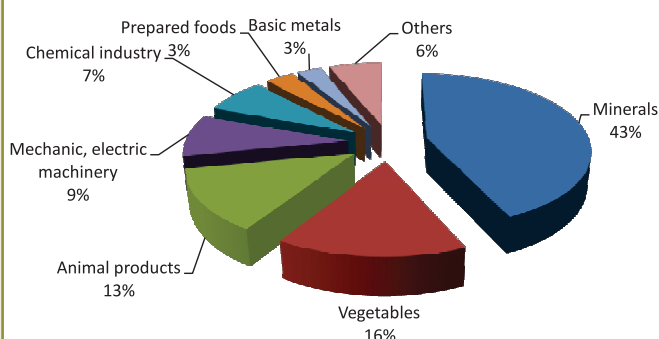
Graph 5.24: Trade with Croatia, 2012



Graph 5.25: Structure of exports to Croatia, 2012

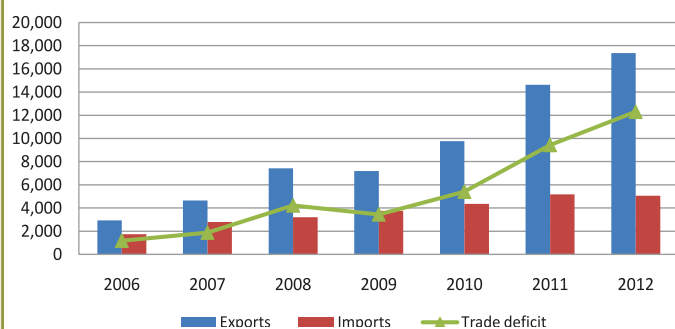


Graph 5.26: Structure of imports from Croatia, 2012



mechanic and electric machineries. These three categories represent 60% of the total exports to the country. However, during 2012, footwear products experienced a considerable decrease of 19 points as compared to 2011 and share for this category was 25% (from 44% in 2011). This is also observed in the top ten products where footwear accounts for 4% in 2012 from 29% of exports to Croatia in 2011. Mechanic and electric machineries experienced a positive growth, going from 2% in 2011 to 17% in 2012, with a value of 96 mln All.

Graph 5.27: Trade with Kosovo, 2012



While exports have experienced positive growth rates, imports have shown a slight decrease in the total value. However, in relation to general categories, this decrease is shown only for mechanic and electric machineries. Other groups have a slight increase, with exception of minerals where the increase was even bigger (by 19 points), shifting their share on total exports from 24% in 2011 to 43% during 2012 (with a value of 3,115 mln ALL).

The ten most imported products from Croatia account for 73% of total of imports. As in the previous years, butanes is the most imported product with a value of 1,068 mln All, having increased by more than 24% and representing 15% of the total share of imports from Croatia. Light petroleum distillates is another important item, placed at the second position. This product experienced an extreme increase by 10,654% during 2012 and represented 15% of the total share of imports from Croatia. Exports of prepared anchovies have increased again in 2012 (more than 59%), compared to the previous year and reached a value of 731 mln All. A more detailed view is shown in table A.3.8 of Annex II.

5.3.3 Trade with Kosovo

Trade volume with Kosovo has increased steadily in the past four years. In 2012 trade volume was valued at 22,420 mln ALL (13% higher than in 2011). However, trade with Kosovo represents 3% of total trade volume and it was the same as in 2011 (in spite of the increase in absolute terms). The positive trend has been aided by increases in exports, while imports have shown a slight decrease of 2%. However trade balance with Kosovo is positive and it was 30% higher compared to 2011.

In 2012 exports were valued at 17,361 mln ALL or 19% higher than 2011. The main categories exported to Kosovo were main metals and mineral products. However, both these groups have experienced a decrease in 2012, which was a slight one for basic metals (5%), while for mineral products the decrease was 14%, when compared to 2011. Basic metals and minerals represented respectively 44% and 12% of the total share of exports to Kosovo. Mechanic and electric machineries were placed third accounting for 12%

of the share on total exports, with a considerable increase of 7% compared to 2011.

The top ten exported products account for 97% of total exports where bars and rods and their export have the same value as 2011, accounting for 36% of the total exports. The other two products were portland cement and light oils and preparations representing 20% and 14% of total exports respectively. For a more detailed information you can see the table A.3.9 of Annex II.

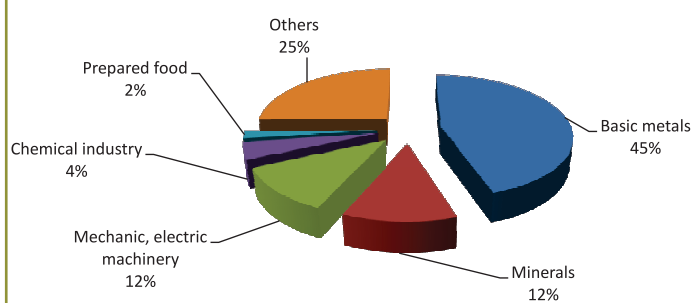
Imports from Kosovo were valued at 5,059 mln ALL, decreasing by 2%. The main imports are metals with a share of 44%, reaching 2,287 mln ALL (experiencing a decrease of 21%). The main products of this category are again ferrous scraps. The second most important category is vegetable products with 29% of share. This category experienced an increase of 25% from 2011. This is followed by prepared food, which represents 13% of total imports from this country. Mineral products on the other hand have shown a decrease this year in absolute value (from 223 mln ALL in 2011 to 146 mln ALL in 2012), and now represent 3% of share on total imports (from 4.3% in 2011). The top ten imported products listed in table A.3.10, Annex III, account for 80% of total imports. All of them are from the main three categories: metals, vegetables and foods and beverages.

5.3.4 Trade with Macedonia

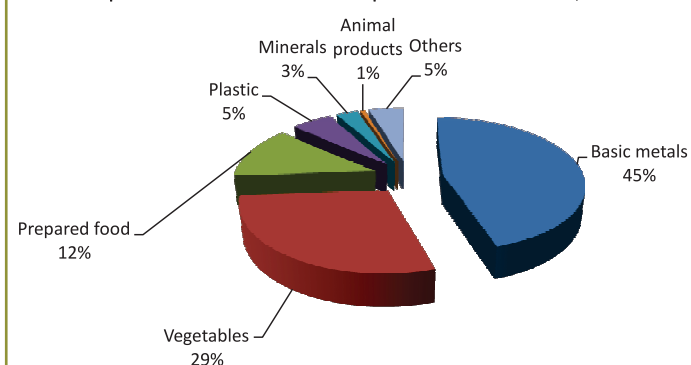
Trade with Macedonia reached 12,661 mln ALL, having decreased by 3% in 2012, thus reversing the positive trend observed in the previous year. The decrease in trade volume was driven by decrease in imports by 4.6%, while exports have the same value as 2011.

In 2012 exports were valued at 4,152 mln ALL or 0.1% higher than 2011. When observing exports figures of 2012, no major shifts between categories can be noticed. Mineral products registered the highest exporting category at 1,901 mln ALL which accounted for 46% of total share of exports to the country in 2012 (from 39% during 2011). Main metals in 2012 accounted for 32% of total exports, almost the same share as 2011. While exports of mechanic machineries fell again as in 2011, by 30%. Almost all other categories experienced positive growth rates.

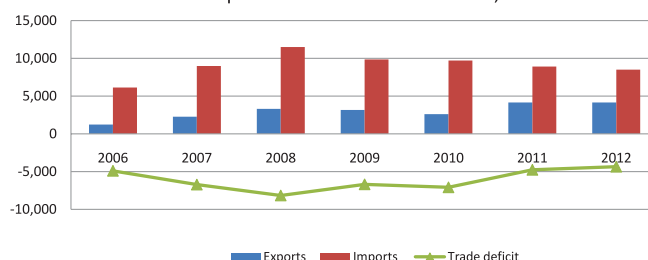
Graph 5.28: Structure of exports to Kosovo, 2012



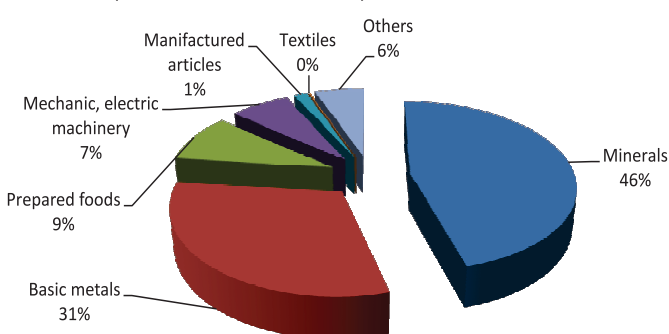
Graph 5.29: Structure of imports from Kosovo, 2012



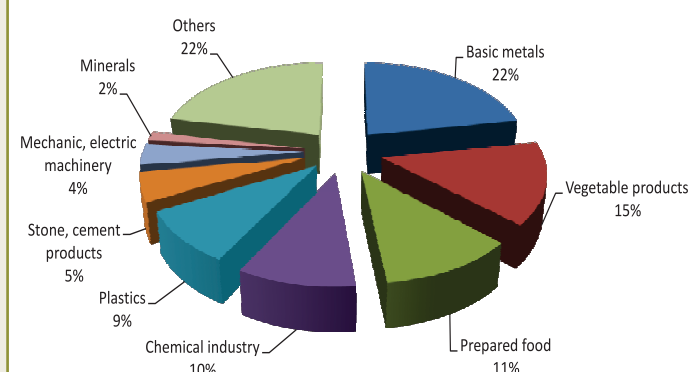
Graph 5.30: Trade with Macedonia, 2012



Graph 5.31: Structure of exports to Macedonia, 2012



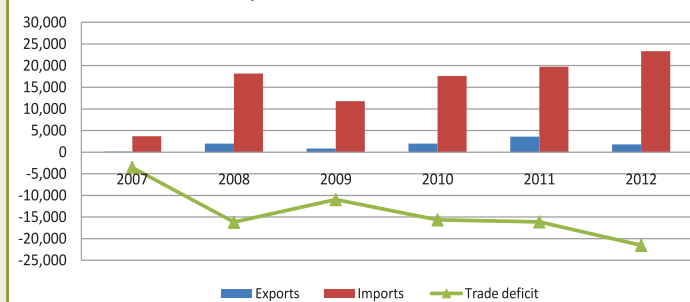
Graph 5.30: Structure of imports from Macedonia, 2012



The top ten exported products account for 91% of total exports. The most important products were bars and rods representing 37% of total export, followed by portland cement (accounting for 26%). Both these products experienced an increase, respectively by 29% and 65% from the previous year. Light petroleum distillates is placed third, increasing by 442% and reaching 11% of share on total exports. For more detailed information see table 3.11 of Annex III.

Imports from Macedonia were valued at 8,509 mln ALL, having decreased by 4.6% in 2012. Main metals remain the most imported category and it represents 25% of total exports. The other categories have shown the same positive growth trends except animal grease and oils.

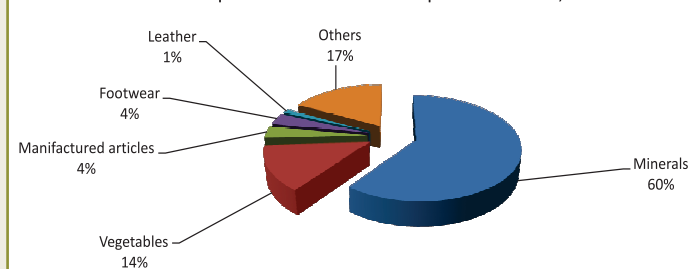
Graph 5.33: Trade with Serbia, 2012



The ten most imported products from Macedonia account for 57% of total imports. The most imported product during 2011 (sunflower oil with a share of 16% on total imports) was replaced with ferrous waste in 2012, which accounted for 16% of the total imports. Share of sunflower oil represented 15%. A more detailed version is shown in table A.3.12, Annex III.

5.3.5 Trade with Serbia

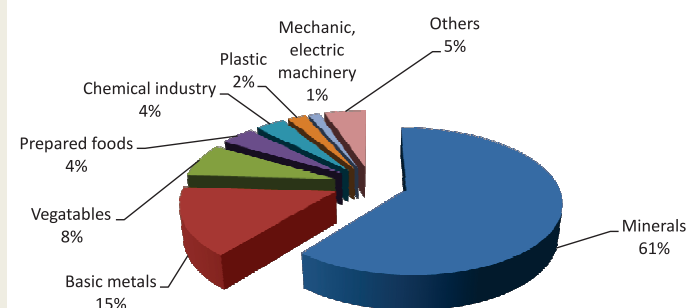
Graph 5.34: Structure of exports to Serbia, 2012



Trade volume with Serbia was valued at 25,087 mln ALL, with an increase of 8%. Exports decreased by 51% while imports increased by 18%. Despite these trends in exports and imports, trade volume with Serbia remains at a share of 3,4% on total Albanian trade (almost same as in 2011).

Exports to Serbia reached 1,767 mln ALL or 51% lower than 2011. Graph 5.34 shows the structure of exports to this country. Mineral products remain again the most exported category in 2012, accounting for 60% of total exports. However, it experienced a 66% decrease in comparison to 2011 (88% of share). Vegetable products, which are in the second place in 2012, accounted for 14% of the total export with an increase by 10% against 2011. The other categories are almost in the same share as in the previous year.

Graph 5.35: Structure of imports from Serbia, 2012



The top ten exported products account for 77% of total exports. The most exported good was electrical energy, reaching a value of 455 ALL or 72% lower than 2011. The second product in the top ten was light oils and preparations with 18%

of the total share, followed by portland cement, accounting for 15% of the total share. For more detailed information, you can see table 3.13 of Annex III.

Imports from Serbia reached 23,320 mln ALL having increased by 18%. The structure of imports from Serbia is shown in graph 5.35. The share of main metals has dropped again, reaching 15% from 38% in 2011. This category was placed second, replaced by mineral products, placed first in 2012. Mineral products account for 61% of the total share with a considerable increase of 88% from 2011. This increase in mineral products category is mainly due to the increase in imports of electric energy (which is part of this category). In 2012 imports of this product were 128% higher and it accounted for 59% of total imports. The other categories of imports from Serbia have almost the same share as in the previous year.

Imports of other products from the top ten list have experienced increases in values and shares except of ferrous waste and scrap, iron or steel, that has experienced a decrease by 64% in their value and reaching 24% in the share, as you can observe in table 3.14 of Annex III.

5.3.6 Trade with Montenegro

Trade with Montenegro was 4,619 mln ALL or 50% higher than in 2011. This increase was mainly due to the increase in exports by 107%, while imports dropped by 16%.

Exports to Montenegro reached 3,407 mln ALL. Graph 5.37 shows the structure of exports to Montenegro where major shifts in share, as compared to the previous year, are observed. Main sector is mineral products, with a drop by 4 points accounting for 46% in 2012. Minerals are followed by mechanic and electric machineries with a considerable increase by 13%, accounting for 15% of the total share of exports to Montenegro. Main metals, which were placed second in 2011, fell with 13 points in 2012 and were placed third in total share of the exports (at 12%, from 25% in 2011). The ten most exported products accounts for 65% of total exports. The most exported product remains portland cement with a share of 13% of all exports to Montenegro. A more detailed overview is given in table 3.15 of Annex III.

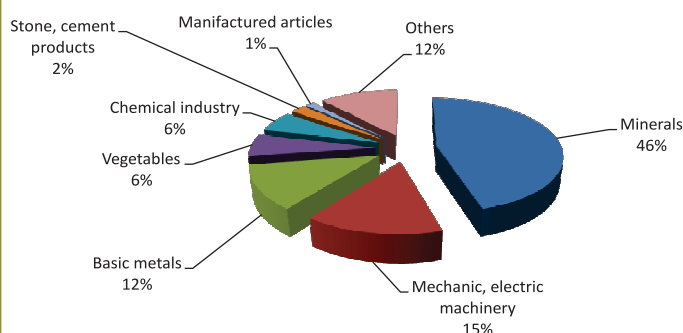
Imports from Montenegro dropped to 1,212 mln ALL. The structure of imports from Montenegro is given in graph 5.38. As shown in the graph, vegetable products are in the first place followed by prepared foods (21% on total imports from Montenegro). The structure of imports represents a very different picture from the previous year, where basic metals and wood products were placed first and second. Main metal dropped with a considerable pace, from 48% of share in 2011 to 14% during 2012.

Table A.3.16 of Annex III shows the list of ten most imported products, which account for 80% of total imports.

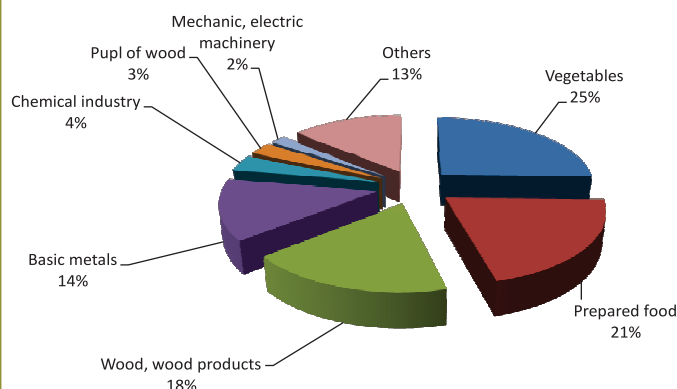
Graph 5.36: Trade with Montenegro, 2012



Graph 5.37: Structure of exports to Montenegro, 2012



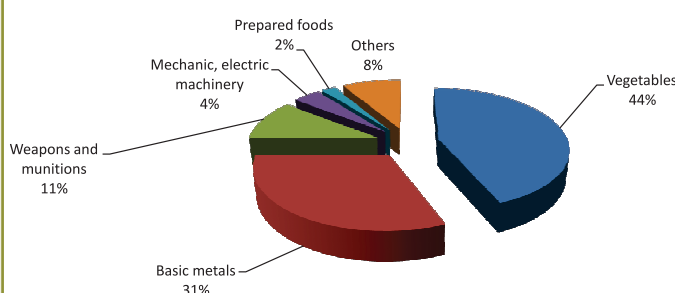
Graph 5.38: Structure of imports from Montenegro, 2012



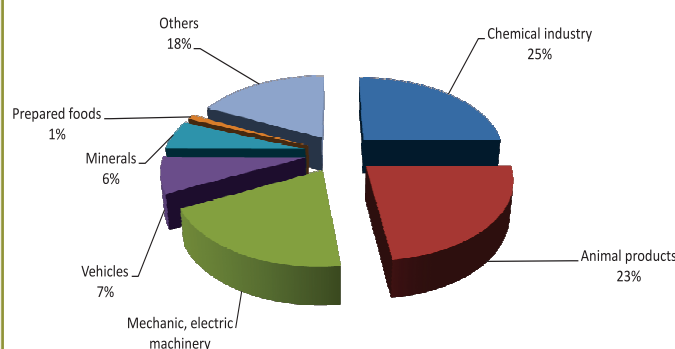
Graph 5.39: Trade with USA, 2012



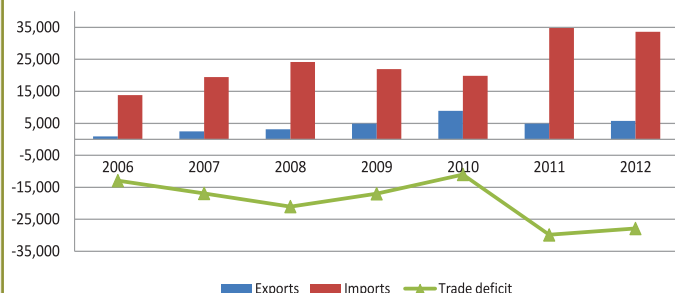
Graph 5.40: Structure of exports to USA, 2012



Graph 5.41: Structure of imports from USA, 2012



Graph 5.42: Trade with China, 2012



5.4 Albania's trade with other selected countries

5.4.1 Trade with USA

Trade volumes with USA reached 13,756 mln ALL having increased by 37% in 2011. This growth was due to the increase of imports. Exports decreased by 46%.

Exports to the USA were 1,084 mln ALL. The main category of exports now is vegetables (mainly medicinal plants) with a share of 43%, followed by main metals with a share of 31%. Main metals, placed first during 2011, decreased by 38 points in 2012. The other categories such as vegetable products, weapons and munitions, prepared food, all experienced positive growth rates. The top ten exported products account for 93% of total exports where ferro-chromium accounts for 31% of total exports, but a decrease in value of 76% compared to 2011.

Imports from the USA reached 12,672 mln ALL or 58% higher than in 2011. Chemical products have overtaken mechanic machineries and live animal as the most imported category from the USA. Imports of chemical products were 350% higher than in 2011 and represented 25% of total imports. Mechanic machineries, which is the third most imported category, on the other hand experienced a decrease in share by 9 points accounting for 20% of the total share of the import from USA, although in the absolute value they increased by 8.6% during 2012.

5.4.2 Trade with China

Trade volumes with China were valued at 39,360 mln ALL having experienced a 1% decrease. This decrease in trade volume with China has been driven by the decrease in imports by more than 3%, while exports to China have increased by 17%.

Exports to China were 5,750 mln ALL. The main category experiencing an increase in absolute value in exports was mineral products which still accounts for 98% of total exports to the country. This was reflected by the increase in exports of chromium ores (12%) and copper ores (48%).

Imports from China were valued at 33,610 mln

ALL from 34,780 mln ALL in 2011. This reflects a decrease of 3% driven mainly by decreased imports of machinery (-9%) and textile (-7%) while main metals have increased by 22% placed second this year.

For a more detailed overview of most imported products refer to table A.4.4 of annex IV.

5.4.3 Trade with Turkey

Trade volumes with Turkey reached 43,870 mln ALL having decreased by 3%. This small decrease does not change the trend, confirming Turkey as 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 decrease in trade volumes is mainly due to the decrease of the value of exports, while imports have the same value as in 2011. This has contributed for an increase of the trade deficit by 10%, to 16,942 mln ALL.

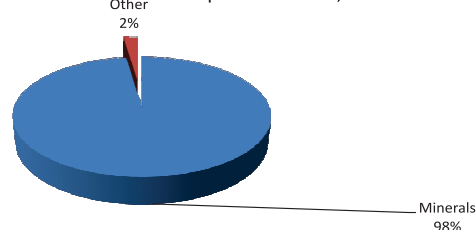
Exports to Turkey were valued at 13,464 mln ALL having experienced a decrease of 10% in 2012. This is mainly due to the decrease by 26% of semi-finished products of iron. Second most exported product is copper ores which experienced an increased by 24%. On the other bars & rods has increased by 169% compared to 2011. The structure of exports to Turkey is given in graph 5.46 .

Imports from Turkey on the other hand reached 30,406 mln ALL having no major increase and representing still 6% of total imports. Imports are composed by a large number of categories as shown in graph 5.47, which are almost the same categories as last year. Metal products account for 22% of total imports and with a decrease of 3 points compared to 2011.

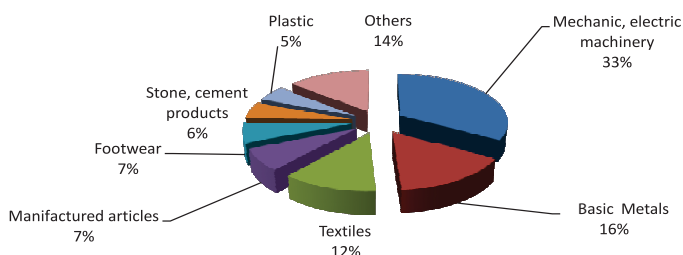
Textiles account for 19% of total imports and increased by 28% compared to 2011 while other categories are in the same share as in 2011. These categories contribute for the largest share of imports from Turkey. Imports from Turkey are highly dispersed. The main product is again bars and rods which experienced a decrease of 9% compared to 2011.

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

Graph 5.43: Structure of exports to China, 2012



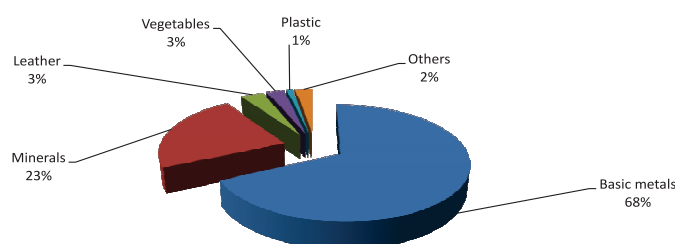
Graph 5.44: Structure of imports from China, 2012



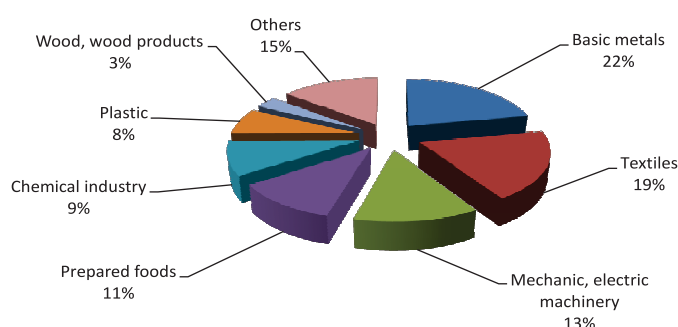
Graph 5.45: Trade with Turkey, 2012



Graph 5.46: Structure of exports to Turkey, 2012



Graph 5.47: Structure of imports from Turkey, 2012





VI Integration Processes and Trade-Related Institutional Developments

6.1. Developments under the WTO membership commitments

Albania joined the WTO in 2000, on the premise that membership to the organization would enable a small open economy like itself to benefit from a multilateral trading system by defending and promoting its interests effectively. However, countries can benefit from the WTO membership and trade opening only if they become competitive by reforming domestically. According to a latest WTO Secretariat report on the trade policies and practices, Albania has maintained an ambitious program of economic, legal and institutional reform, largely driven by its desire to join the EU. In so doing, it has continued to engage in a remarkable process of transformation from a closed, centrally-planned economy to one that is liberal, market-oriented and private-sector driven³².

As a member of World Trade Organization (WTO) in 2000, Albania become part of the international trade system. In this way, the country's trade policies compilation subdued to some duties generated by this membership as well as to the need for adoption of country's legislation in conformity with global trade rules.

Albania committed to:

- (i) liberalize its tariff regime by employing a tariff reduction process (bound rates and sectorial initiatives);
- (ii) to perform all commitments derived by the agreements on Technical Barriers to Trade (TBT) and Sanitary and Phytosanitary Standards (SPS);
- (iii) Albanian Customs Code emphasizes that custom valuation will take place in compliance with the requirements of WTO;
- (iv) Albania is a member of WIPO (World Intellectual Property Organization) since 1992 and it has recognized some international agreements in this area. Albania has

committed to implement the entire TRIPS Agreement and the legislation regarding author's copyrights. Albania has also signed the respective memorandum related to Intellectual Property Regime.

According to the WTO secretariat report, since its membership, Albania has made considerable progress towards liberalizing and streamlining its trade regime. Customs procedures have been streamlined, and a centralized electronic system has been introduced, which has reduced customs clearance times. Tariffs are relatively low. Nearly 60% of Albania's tariff lines are duty free, and no tariff peaks are present; the highest level is 15%. Albania's average applied tariff is higher for agricultural products, at 7.1% (WTO definition), than non-agricultural products, at 3.8%. Albania grants tariff preferences to EU member states, Turkey, and CEFTA countries. Rates for CEFTA countries differ, largely because of agricultural products, since industrial goods are mostly granted duty-free treatment. The average rate for all products from all countries is 2.1%, while goods classified as agricultural (WTO definition) face an average rate of 5.8%. Only trade with Kosovo is fully duty free.

Albania applies a VAT at a general rate of 20%, on imported and domestically produced goods. Albania applies few non-tariff measures. There are no prohibited imports, except for products considered to be hazardous to public health, and import licensing is used mainly for SPS purposes, security, protection of the environment, and for compliance with obligations under international conventions.

Albania has in place some special customs regimes that contain specific provisions or treatment for exports or re-exports of goods processed in Albania. New legislation on anti-dumping and countervailing measures as well as on safeguards was introduced since 2007. These new laws have been notified to the WTO and scrutinized by Members. Since its accession to the WTO, Albania has not undertaken any anti-dumping or subsidy

³² Trade Policy review, April 2010, Reaping the benefits of reform and liberalization, WTO.

investigations or maintained any anti-dumping or countervailing measures.

6.2 Developments under the Interim Agreement with the EU

All the Western Balkans countries have been offered Stabilization and Association Agreements (SAAs) and have a clear EU perspective. In 2000, the EU granted autonomous trade preferences to all the Western Balkans. These preferences, which were renewed in 2005 and subsequently in 2011 until 2015, allow nearly all exports to enter the EU without customs duties or limits on quantities. Only wine, baby beef and certain fisheries products enter the EU under preferential tariff quotas. This preferential regime has contributed to an increase in the Western Balkans' exports to the EU. In 2012, the EU was still the region's largest trading partner for both imports and exports, where almost two thirds of region's trade volume is exchanged with the European Union³³. However, these flows represent only 1.4% on total trade for the European Union.

The European Union (EU) is also the main economic and trade partner for Albania. The country's trade exchange share with EU is dominant compared to all other countries of the region. The most important legal and institutional development for Albania was in 2006 with the Interim Agreement between Albania and the EU, which entered into force on December the 1st, 2006. Being an integral part of the Stabilization and Association Agreement between Albania and the EU the Interim Agreement deals exclusively with the trade issues and trade liberalization between the two parties. This Agreement is an important instrument for fostering the integration of Albania into the European Community. Considering the predominance of the EU as a trade partner of Albania, the Interim Agreement has had a great impetus in the liberalization of Albania's foreign trade.

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 full tariff liberalization from the

Albanian part should have been 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.

Starting from the year 2000, the region has benefited from the autonomous preferential regime established by the European Union, which gives an 'exceptional unlimited duty-free access to the EU market for nearly all products (excluding only wine, sugar, certain beef products and certain fisheries products, which enter the EU under preferential tariff quotas, as negotiated under the SAAs) originating in the Western Balkans'. The regime was renewed in 2005, and now it is extended until 31 December 2015³⁴.

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. The liberalization schedule can be checked below.

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 years³⁵.
2. agriculture products: tariff liberalization according to the table 6.2:

³³ <http://ec.europa.eu/trade/creating-opportunities/bilateral-relations/regions/balkans/>

³⁴ The tariff reductions under the new Regulation amending Council Regulation (EC) No 1215/2009, adopted on 24 November 2011, are applied retroactively to allow importers to claim compensation for the duties paid in 2011.

³⁵ 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 tons quota for sea bream Duty free within 20 tons 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

6.3. Developments under CEFTA Agreement

On December 19, 2006, Albania, Bosnia and Herzegovina, Croatia, Macedonia, Moldova, Montenegro, Serbia and the United Nations Interim Administration Mission in Kosovo (UNMIK) on behalf of Kosovo in accordance with United Nations Security Council Resolution 1244 signed an Agreement to amend and enlarge the Central European Free Trade – CEFTA 2006. The CEFTA 2006 regional free-trade agreement replaced the individual bilateral free-trade agreements Albania had signed with Bosnia and Herzegovina; Croatia; the Former Yugoslav Republic of Macedonia; Moldova; Serbia and Montenegro; and UNMIK/

Kosovo (United Nations Interim Administration Mission in Kosovo)³⁶. Most of these stemmed from commitments under the Stability Pact, particularly a memorandum of understanding (MOU) signed in 2001 on Trade Facilitation and Liberalization under which Albania and the other signatory states to the MOU agreed to negotiate a network of bilateral free-trade agreements

Following the necessary ratification processes, CEFTA 2006 entered into force on 26 July 2007 for five signatories (Albania, Macedonia, Moldova, Montenegro and UNMIK/Kosovo), for Croatia on 22 August 2007, Serbia on 24 October 2007 and for Bosnia and Herzegovina on 22 November 2007. The speed with which the Parties ratified this ambitious agreement indicates the importance of this Agreement to economic development in the region.

³⁶ WTO document WT/REG/GEN/N/5, 7 August 2007.

This comprehensive Agreement's main objectives are, inter alia, to expand 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 includes clear and effective procedures for dispute settlement and facilitates the gradual establishment of the EU-Western Balkan countries zone of diagonal accumulation of origin, as envisaged in the European Commission's Communication of 27 January 2006.

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, thus continuing the tradition of the original CEFTA, whose founding members are now in the EU.

Developments in 2012

2012 was a very important year for the CEFTA agreement, with particular reference for Albania. On January 2012, the Republic of Albania took over the CEFTA Chairmanship for the first time. Priorities of Albanian Chairmanship were grouped in four directions:

- Facilitating trade through further eliminating market access barriers and simplifying trade related procedures and regulations;
- Increasing the transparency in the areas that have a direct or indirect impact on trade;
- Strengthening the capacity of trade policy formulation coordination and implementation;
- Strengthening capacity to implement CEFTA Priorities;

One of the most important developments for 2012 was probably the meeting in Sarajevo on June, for a workshop on Rules of Origin. This multi country workshop for CEFTA Parties was organised in co-operation with the Chair of CEFTA, Subcommittee on Customs and Rules of Origin, the Ministry of Foreign Trade and economic Relation of Bosnia and Herzegovina. The Aim of the workshop was to present the developments in Pan-Euro Med

Convention and the revision exercise of its list of rules under the light of the reformed EU General System of Preference and Rules of Origin.

Albania, Croatia, Macedonia, Montenegro, Moldova and Serbia also agreed on more liberalized concessions in trade of agricultural products by signing the Additional Protocol to the Agreement in 2011. The Parties abolished all customs duties on imports, all charges having equivalent effect, and all import duties of a fiscal nature in trade between them on all the products other than those subject to bilateral concessions as listed in Annex 10 of the agreement. The Additional Protocol entered into force on 13 November 2011 for Albania, Croatia and Macedonia, on 15 December 2011 for Serbia, on 6 January 2012 for Montenegro and on 13 January 2012 for Moldova. This liberalization is considered to be vital for the CEFTA region as it seeks to benefit from the significant opportunities which exist in trade in agriculture and improve the competitiveness of the regional economy. This should be an important step in further reducing trade barriers and is expected to have positive effects on the overall economy of the region.

The annual CEFTA Week was also organized in November in Tirana, by the Chair country (Albania). The event provided opportunities for assessing progress and economic impact to date and for debating new challenges and potential future developments. CEFTA Week was focused in particular on the main priorities of the Albania Chair for 2012 which included trade facilitation, customs cooperation, trade in services, boosting regional competitiveness and investment. The events were held immediately prior to the annual meeting of the CEFTA Joint Committee on 8 November, 2012 and the Ministerial Conference on 9 November, 2012.

At the Joint Committee meeting, ministers from CEFTA Parties did a review of the implementation of this ambitious agreement and took decisions on future actions. The occasion provided an opportunity for key stakeholders to voice their comments and make suggestions on the future developments of CEFTA. As in each year, conclusions and recommendations from the various events were subsequently submitted to the Joint Committee for their consideration and should be taken into account in the preparation of work programmes for the various CEFTA structures.

Other Agreements:

Free Trade Agreement between the Republic of Albania and the EFTA States and agreements on agriculture between the Republic of Albania and the Swiss Confederation and the Principality of Liechtenstein, the Republic of Albania and the Kingdom of Norway and the Republic of Albania and the Republic of Iceland (Law No.10288 dated 17 / 06/2010), entered into force on:

01 November 2010 between the Republic of Albania, the Swiss Confederation and the Principality of Liechtenstein; 01 August 2011 for Norway and, 01 October 2011 for Iceland.

Through this agreement and additional agreements on agriculture Albania and the EFTA countries establish a free trade area, in order to promote prosperity and economic development, aiming at achieving gradual liberalization and opening the markets between them.

Free Trade Agreement between the Republic of Albania and the Republic of Turkey entered into force on 01/05/2008, after being ratified by Law No. 9733 dated 14/05/2007.

Through this agreement the two countries created opportunities to increase trade exchanges between them, provide greater opportunities for economic development of Albania, the opportunity to increase foreign investment, particularly in Albania.

In 2011 an additional protocol was signed between Albania and Turkey. This protocol aims the expansion of fields of economic cooperation between the two countries, especially in the energy sector.

6.4 Main legal acts related to trade

During 2012 most of trade related laws and legal acts enacted are those that affect directly custom duty, custom code and tax system, which affect trade directly as well as domestic market. The impact on taxation matters aimed 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. In contrast with previous years, during 2012 a modest number of laws and other legal acts influencing international economic relations, business and investment climate has been enacted.

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.71, dated 28.06.2012 For a change in the Law no. 8438, dated 28.12.1998 "On income taxes", changed.

Directive of MF dated 25.07.2012 For some additions and amendments in the directive no. 5 dated 30.1.2006 "On income taxes" changed.

Directive of MF no.11, dated 14.05.2012 "For an addition in the directive no.17 dated 13.5.2008 "On value added tax" changed.

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

Law no.62, dated 24.05.2012 "For an addition in Law no. 9920 dated 19.5. 2008 "For the tax procedures in the Republic of Albania", changed.

CMD no.476, dated 25.07.2012 "For an amendment to decision no.55, dated 3.2.2010 of CM "For mandatory reporting of tax statements and other tax documents, only through the electronic form" changed.

Law no 83, dated 13.09.2012 "For some additions in the Law no. 9975, dated 28.7.2008 "For the national taxes",changed and Directive of MF no.21, dated 1.10.2012 "For some additions in the Directive no.26, datë 4.9.2008 "For the national taxes",changes

Some additions and changes to the excises and custom duties are announced in:

CMD no.419, dated "For some amendments and additions to Decision no. 205, dated 13.04.1999 of the Council of Ministers "to the Customs Code Implementing Provisions", changed

Law no.61, dated 24.05.2012 "For excises in the Republic of Albania"

CMD no.511, dated 01.08.2012 "For some amendments and additions to Decision no. 205, dated 13.04.1999 of the Council of Ministers "to the Customs Code Implementing Provisions", changed



CMD no.612, dated 05.09.2012 "For the implementing provisions of the law "to excise"

Directive of MF no.23, dated 18.10.2012 "For some additions and changes in directive No. 19, dated 01.09.2011 "On the modalities of application of excise stamps and excise tax on tobacco products, beer and alcohol", changed

CMD no.9133 dated 26.12.2012 "For one addition in the decision no. 1040 dated 22.12.2010 of the CM "For approval and official publication of the harmonized commodity nomenclature, 2013

Laws and directives about social security contribution are as below:

Law no.10, dated 09.02.2012 "For some changes and amendments to the Law nr.9136 dated 11.9.2003 "For gathering of mandatory contributions of social security and health in the Republic of Albania", changed

CMD no.414, dated 27.06.2012 "For some changes to the decision no.1114, dated 30.7.2008 of CM "On some issues in implementation of Laws no. 7703, dated 11.5.1993 "For social security in Republic of Albania", changed, no.9136, dated 11.9.2003 "For gathering of mandatory Contribution of social Security and Health in Republic of Albania", as amended and no.7870, dated 13.10.1994 "For health security in the republic of Albania", changed

An important field remains acts in relation to the budgetary system:

Law no.99, dated 18.09.2012 "On approval of the normative act with the force of law, no. 5, dated 09.26.2012 of the Council of Ministers "On some amendments to Law no. 10 487, dated 12.05.2011 "For the 2012 budget"

Normative act no.6, dated 12.10.2012 "On some amendments to Law no. 10 487, dated 12.05.2011 "For the 2012 budget"

Law no.114, dated 07.12.2012 "For a change in the law no. 9936, dated 26.6.2008 "On budget system management in the Republic of Albania"

Law no.119, dated 17.12.2012 "For the 2013 budget"

As mentioned above, 2012 has been a productive year in terms of approving some laws and other legal acts affecting international economic

relations. The purpose and intention of these acts is to provide and facilitate conditions and correct procedures for trade development between Albania and other countries. Some laws concern the compliance of Albania in international conventions where the major goal is economic cooperation, as for example, avoiding the double taxation and preventing fiscal evasion related to income taxes and capital. Below you can find all laws and acts that regulate these topics.

Law no 4, dated 02.02.2012 "On the accession of the Republic of Albania in changes to the convention on the establishment of Customs Cooperation Council done in Brussels on 15 December 1950.

Law no.42, dated 19.04.2012 "For the ratification of "The agreement between the CM of the Republic of Albania and the Government of Katari, on avoiding the double taxation and preventing fiscal evasion related to income taxes.

Law no.94, dated 11.10.2012 " For the ratification of "The agreement between the CM of the Republic of Albania and the CM of the Republic of Macedonia to resolve the debt of the Republic of Albania to pay the amounts in the account of goods exchange between the Republic of Albania and the former Socialist Federal Republic of Yugoslavia

CMD no.706, dated 17.10.2012 "For the approval in principal of "The agreement between the CM of the Republic of Albania and the Government of republic of Bulgaria on cooperation for development

For a more detailed outlook of the trade legislative acts of 2012, please refer to Annex V.

Annex 1

Table A.1. Trade flow with all countries							
No.	Country	Imports (Mln ALL)	Share to total imports	Growth Rate	Exports (Mln ALL)	Share to total exports	Growth Rate
1	Algeria	466	0.09%	-44%	13	0.01%	
2	Argentina	1,390	0.3%	12%	11	0.01%	219%
3	Armenia	0.1	0.00001%	-65%	3.4	0.002%	-28%
4	Australia	288	0.05%	-42%	12	0.01%	88%
5	Austria	11,086	2.1%	7%	1,593	0.7%	28%
6	Azerbaijan	1,686	0.3%	52%	0.01	0.000005%	-97%
7	Belgium	2,198	0.4%	-23%	719	0.34%	-36%
8	Bosnia and Herzegovina	3,716	0.7%	-32%	292	0.1%	23%
9	Brasil	4,901	0.9%	11%	184	0.1%	-8%
10	Bulgaria	6,839	1.3%	-1%	2,763	1.3%	14%
11	Cambodia	11	0.002%	87%	-	0%	
12	Canada	4,968	0.9%	-6%	104	0.05%	-54%
13	Chile	30	0.01%	-21%	13	0.01%	
14	China	33,610	6.4%	-3%	5,750	2.7%	17%
15	Croatia	7,203	1.4%	-5%	554	0.3%	79%
16	Cyprus	190	0.04%	-55%	72	0.03%	540%
17	Czech Republic	5,599	1.1%	-31%	378	0.2%	-32%
18	Denmark	479	0.09%	-7%	66	0.03%	14%
19	Egypt	1,857	0.4%	40%	25	0.01%	-83%
20	Estonia	25	0.005%	35%	0.1	0.00006%	-97%
21	Finland	1,522	0.3%	-25%	11	0.01%	-42%
22	France	9,079	1.7%	-36%	1,799	0.8%	44%
23	Georgia	6.5	0.001%	165%	0.04	0.00002%	-92%
24	Germany	32,185	6.1%	2%	6,607	3.1%	16%
25	Great Britain	5,753	1.1%	-10%	912	0.4%	95%
26	Greece	50,105	9.5%	-14%	9,465	4.4%	-3%
27	Guinea	13	0.002%	594%	-	0%	
28	Hong Kong	190	0.04%	-1%	37	0.02%	-45%
29	Hungary	4,181	0.8%	0%	171	0.1%	-36%
30	India	2,955	0.6%	-15%	1,204	0.56%	923%
31	Indonesia	580	0.11%	5%	45	0.02%	155%
32	Iran	283	0.05%	91%	4.4	0.002%	
33	Ireland	1,485	0.3%	1%	0.5	0.0002%	-65%
34	Island	39	0.01%	-45%	33	0.02%	-61%
35	Israel	379	0.07%	-90%	43	0.02%	110%
36	Italy	168,624	32%	0%	108,887	51.1%	4%
37	Japan	2,980	0.6%	1%	33	0.02%	-49%
38	Jordan	25	0.005%	-53%	35	0.02%	15%
39	Kazakstan	789	0.15%	-52%	12	0.01%	
40	Kenya	2.7	0.001%	543%	0.5	0.0002%	-55%
41	Kosovo	5,059	1.0%	-2%	17,361	8.1%	19%
42	Kyrgyzstan	33	0.01%	1049%	0.9	0.0004%	
43	Latvia	42	0.01%	-19%	55	0.03%	164%
44	Liban	12	0.002%	-60%	12	0.01%	39%



45	Liechtenstein	6.3	0.001%	285%	1.6	0.001%	
46	Lithuania	174	0.03%	45%	52	0.02%	39%
47	Luxembourg	51	0.01%	111%	328	0.15%	-34%
48	Macedonia	8,509	1.6%	-5%	4,152	1.9%	0%
49	Malaysia	554	0.11%	-18%	54	0.03%	85%
50	Malta	285	0.05%	65%	3,835	1.80%	-18%
51	Mexico	279	0.05%	-48%	5.2	0.002%	
52	Moldavia	23	0.004%	-89%	0.9	0.0004%	2100%
53	Montenegro	1,212	0.2%	-16%	3,407	1.60%	107%
54	Morocco	309	0.06%	205%	6.9	0.003%	-67%
55	Netherland	2,780	0.5%	-32%	1,268	0.60%	6%
56	Norway	245	0.05%	-10%	7.1	0.003%	15%
57	Oman	7.0	0.001%	403%	6.3	0.003%	
58	Pakistan	277	0.05%	72%	19	0.01%	
59	Panama	82	0.02%	-3%	32	0.02%	5233%
60	Peru	101	0.02%	150%	0.1	0.0001%	
61	Philippines	27	0.01%	-49%	4.8	0.002%	-61%
62	Poland	7,192	1.4%	9%	93	0.04%	-11%
63	Portugal	347	0.07%	-26%	71	0.03%	742%
64	Qatar	162	0.03%	-57%	5.8	0.003%	422%
65	Romania	6,233	1.2%	6%	644	0.3%	-61%
66	Russia	13,474	2.6%	23%	54	0.03%	280%
67	Saudi Arabia	192	0.04%	-66%	3.2	0.002%	-87%
68	Senegal	0.3	0.0001%	-49%	3.1	0.001%	
69	Serbia	23,320	4.4%	18%	1,767	0.8%	-51%
70	Sierra Leone	0.1	0.00003%	-99%	3.7	0.002%	66%
71	Singapore	230	0.04%	-22%	0.5	0.0002%	-83%
72	Slovakia	1,129	0.2%	-14%	60	0.03%	-8%
73	Slovenia	3,812	0.7%	-10%	487	0.2%	72%
74	South Africa	74	0.01%	-80%	20	0.01%	3808%
75	South Korea	2,173	0.4%	-28%	4.1	0.002%	-28%
76	Spain	10,377	2.0%	-10%	19,703	9.2%	181%
77	Swaziland	1.3	0.0002%	-93%	4.7	0.002%	-99%
78	Sweden	2,368	0.4%	30%	78	0.04%	-49%
79	Switzerland	15,467	2.9%	9%	2,451	1.2%	-54%
80	Syrian Arab Republic	103	0.02%	-49%	8.9	0.004%	91%
81	Taiwan	1,211	0.2%	56%	3.7	0.0018%	35%
82	Tajikistan	50	0.01%	165167%	-	0%	
83	Tunisia	340	0.06%	91%	54	0.03%	1035%
84	Turkey	30,406	5.8%	0%	13,464	6.3%	-10%
85	Thailand	1,178	0.2%	-26%	58	0.03%	16474%
86	Uganda	23	0.004%	56%	0.1	0.00003%	
87	Ukraine	5,763	1.1%	-13%	7.4	0.003%	-77%
88	United Arab Emirates	284	0.05%	-6%	198	0.09%	132%
89	United States	12,672	2.4%	58%	1,084	0.5%	-46%
90	Vietnam	630	0.12%	-10%	1.03	0.0005%	

Annex 2

Most exported and imported products with the EU and regional countries

Table A 2.1 Ten most exported products to the EU-27 (mln ALL)					
HS Code	Description	2011	2012	Share to total in %	Change Rate 12-11
270900	Petroleum oils and oils obtained from bituminous minerals, crude	31,262.83	54,506.14	34%	74%
640610	Uppers and parts thereof, other than stiffeners	10,239.08	11,084.92	7%	8%
620342	Mens/boys trousers and shorts, of cotton, not knitted	6,120.01	6,180.54	4%	1%
640340	Footwear, outer sole of rubber/plastic/leather, uppers of leather w/met toe-cap	4,819.32	6,111.96	4%	27%
830140	Locks of base metal, nes	4,544.02	4,921.49	3%	8%
620520	Mens/boys shirts, of cotton, not knitted	4,370.41	4,167.28	3%	-5%
640399	Footwear, outer soles of rubber/plastics uppers of leather, nes	2,785.51	4,158.82	3%	49%
740400	Waste and scrap, copper or copper alloy	3,859.16	3,855.98	2%	0%
720449	Ferrous waste and scrap, iron or steel, nes	3,256.90	2,671.06	2%	-18%
160416	Anchovies, prepared or preserved, whole or in pieces, but not minced	2,711.33	2,607.49	2%	-4%
	TOP TEN EXPORTS TO EU		100,265.68	62%	
	TOTAL EXPORTS TO EU		160,781.00		

Table A 2.2 Ten most imported products from the EU-27 (mln ALL)					
HS Code	Description	2011	2012	Share to total in %	Change Rate 12-11
271019	Light petroleum distillates nes	38,524.80	12,611.66	4%	-67%
721420	Other bars & rods of iron or non-alloy steel, with indentations or other deformations produced during rolling process	6,995.30	7,791.59	2%	11%
252329	Portland cement nes	4,763.07	4,893.56	1%	3%
271012	Light oils and preparations	N/A	2,857.88	1%	N/A
271113	Butanes, liquefied	30.70	1,592.65	0%	5087%
271320	Petroleum bitumen	681.71	785.57	0%	15%
760410	Bars, rods and profiles, aluminium, not alloyed	435.94	729.39	0%	67%
252321	Portland cement, white, whether or not artificially coloured	295.85	721.90	0%	144%
690410	Building bricks	261.13	484.59	0%	86%
271600	Electrical energy	6,017.97	454.84	0%	-92%
	TOP TEN IMPORTS FROM EU		32,923.63	10%	
	TOTAL IMPORTS FROM EU		327,868.00		

Table A 2.3 Ten most exported products to the Region (mln ALL)					
HS Code	Description	2011	2012	Share to total in %	Change Rate 12-11
271019	Other petroleum oils and oils obtained from bituminous minerals and preparations	781.67	12,611.66	28%	1513%
721420	Other bars & rods of iron or non-alloy steel, with indentations or other deformations produced during rolling process	7,550.63	7,791.59	17%	3%
252329	Portland cement nes	3,209.88	4,893.56	11%	52%
271012	Light oils and preparations	N/A	2,857.88	6%	N/A
271113	Butanes, liquefied	30.70	1,592.65	4%	5087%
271320	Petroleum bitumen	681.71	785.57	2%	15%
760410	Bars, rods and profiles, aluminium, not alloyed	391.51	729.39	2%	86%
252321	Portland cement, white, whether or not artificially coloured	295.85	721.90	2%	144%
690410	Building bricks	244.2	484.59	1%	98%
271600	Electrical energy	1,685.36	454.84	1%	-73%
	TOP TEN EXPORTS TO REGION		32,923.63	73%	
	TOTAL EXPORTS TO REGION		45,152.49		

Table A 2.4 Ten most imported products from the Region (mln ALL)					
HS Code	Description	2011	2012	Share to total in %	Change Rate 12-11
271600	Electrical energy	6,114.00	13,948.15	28%	128%
720449	Ferrous waste and scrap, iron or steel, nes	10,371.72	5,928.26	12%	-43%
110100	Wheat or meslin flour	998.08	1,703.89	3%	71%
100590	Maize (corn) nes	1,424.00	1,446.67	3%	2%
170199	Refined sugar, in solid form, nes	1,756.67	1,418.97	3%	-19%
151219	Sunflower-seed/safflower oil&their fractions refined but nt chem modifid	1,650.52	1,400.55	3%	-15%
271019	Other petroleum oils and oils obtained from bituminous minerals and preparations	781.67	1301.49162	3%	67%
271113	Butanes, liquefied	860.63	1068.31461	2%	24%
271012	Light oils and preparations	N/A	916.999327	2%	N/A
220210	Waters incl mineral&aeratd,containing sugar o sweeteng matter o flavourd	22.28	749.177457	2%	3263%
	TOP TEN IMPORTS FROM REGION		29,882.46	61%	
	TOTAL IMPORTS FROM REGION		49,157.71		

Annex 3

Most exported and imported products with the Region

Table A 3.1 Ten most exported products to Italy (mln ALL)						
HS Code	Description	2011	2012	Share to total in %	Change Rate 12-11	
270900	Petroleum oils and oils obtained from bituminous minerals, crude	21,179.46	30,499.60	26%	44%	
640610	Uppers and parts thereof, other than stiffeners	10,134.30	11,079.38	9%	9%	
640340	Footwear, outer sole of rubber/plastic/leather, uppers of leather w/met toe-cap	4,766.30	6,044.61	5%	27%	
620342	Mens/boys trousers and shorts, of cotton, not knitted	5,583.06	5,651.83	5%	1%	
830140	Locks of base metal, nes	4,542.30	4,916.79	4%	8%	
620520	Men/boys shirts, of cotton, not knitted	4,108.94	4,089.55	3%	0%	
640399	Footwear, outer soles of rubber/plastics uppers of leather, nes	2,584.17	3,688.21	3%	43%	
160416	Anchovies, prepared or preserved, whole or in pieces, but not minced	2,562.66	2,466.09	2%	-4%	
740400	Waste and scrap, copper or copper alloy	1,922.21	1,905.26	2%	-1%	
610910	T-shirts, singlets and other vests, of cotton, knitted	2,297.24	1,753.38	1%	-24%	
	TOP TEN EXPORTS TO ITALY		72,094.70	62%		
	TOTAL EXPORTS TO ITALY		116,893.70			

Table A 3.2 Ten most imported products from Italy (mln ALL)						
HS Code	Description	2011	2012	Share to total in %	Change Rate 12-11	
271019	Light petroleum distillates nes	32,419.73	38,173.07	22%	18%	
271012	Light oils and preparations		7,723.47	4%	N/A	
830160	Lock parts, includg parts of clasps o frames w clasps, of base metal, nes	4,436.84	4,850.58	3%	9%	
410719	Leather	4,695.18	4,256.80	2%	-9%	
870332	Automobiles with diesel engine displacing more than 1500 cc to 2500 cc	2,381.72	4,137.33	2%	74%	
640610	Uppers and parts thereof, other than stiffeners	3,013.57	3,406.13	2%	13%	
640620	Outer soles and heels, of rubber or plastics	1,661.25	1,752.07	1%	5%	
640690	Parts of Footwear		1,546.31	1%	N/A	
271112	Propane, liquefied	752.62	1,546.16	1%	105%	
850300	Parts of electric motors, generators	2,152.38	1,491.68	1%	-31%	
	TOP TEN IMPORTS FROM ITALY		68,883.60	40%		
	TOTAL IMPORTS FROM ITALY		173,782.50			

Table A 3.3 Ten most exported products to Greece (mln ALL)						
HS Code	Description	2011	2012	Share to total in %	Change Rate 12-11	
720449	Ferrous waste and scrap, iron or steel, nes	3,074.70	2,632.65	18%	-14%	
271019	Light petroleum distillates nes	1,593.37	1,283.59	9%	-19%	
848079	Moulds for rubber or plastics, nes	0.09	742.11	5%	824467%	
271112	Propane, liquefied	76.62	577.56	4%	654%	
240120	Tobacco, unmanufactured, partly or wholly stemmed or stripped	413.38	503.89	3%	22%	
392310	Boxes, cases, crates & similar articles of plastic	476.49	460.40	3%	-3%	
620443	Womens/girls dresses, of synthetic fibres, not knitted	400.39	439.26	3%	10%	
30259	Cod (Gadus morhua, Gadus ogac, Gadus macrocephalus)		403.85	3%	N/A	
200570	Olives prepar'd o preserv'd, oth than by vinegar o acetic acid, not frozen	325.41	340.57	2%	5%	
481940	Sacks and bags, of paper, nes; including cones	150.40	316.60	2%	111%	
	TOP TEN EXPORTS TO GREECE		7,700.48	53%		
	TOTAL EXPORTS TO GREECE		14,443.00			

Table A 3.4 Ten most imported products from Greece (mln ALL)						
HS Code	Description	2011	2012	Share to total in %	Change Rate 12-11	
721420	Bars & rods, i/nas, hr, hd or he, cntg indent, ribs, etc, prod dur rp/tar, nes	6,501.40	6,249.36	12%	-4%	
271019	Light petroleum distillates nes	2,191.44	2,614.23	5%	19%	
271011	Aviation spirit	4,864.84	2,560.79	5%	-47%	
240220	Cigarettes containing tobacco		1,410.62	3%	N/A	
220300	Beer made from malt	1,164.97	1,387.06	3%	19%	
271600	Electrical energy	1,207.77	1,154.07	2%	N/A	
080510	Oranges, fresh or dried	898.72	1,008.94	2%	12%	
252329	Portland cement nes	1,134.07	913.62	2%	-19%	
010392	Swine, live except pure-bred breeding weighing 50 kg or more	714.48	846.94	2%	19%	
271320	Petroleum bitumen	812.62	810.90	2%	0%	
	TOP TEN IMPORTS FROM GREECE		18,956.53	36%		
	TOTAL IMPORTS FROM GREECE		52,195.40			

Table A 3.5 Ten most exported products to Germany (mln ALL)					
HS Code	Description	2011	2012	Share to total in %	Change Rate 12-11
270900	Petroleum oils and oils obtained from bituminous minerals, crude	437.92	2,273.92	29%	419%
121190	Plants &pts of plants(incl sed&fruit) usd in pharm,perf,insect etc nes	928.69	888.59	11%	-4%
620690	Women/girls blouses and shirts,of other textile materials,not knitted	635.24	652.31	8%	3%
620322	Men/boys ensembles, of cotton, not knitted	295.25	508.08	7%	72%
620342	Men/boys trousers and shorts, of cotton, not knitted	486.59	481.99	6%	-1%
620333	Men/boys jackets and blazers, of synthetic fibres, not knitted	148.77	269.03	3%	81%
121490	Swedes,mangold,fodder root,hay,clover,sainfoin,forag kale,etc	136.78	192.87	2%	41%
843143	Parts of boring or sinking machinery, whether or not self-propelled	4.79	182.09	2%	3701%
840710	Aircraft engines, spark-ignition reciprocating or rotary type		168.46	2%	N/A
640359	Footwear, outer soles and uppers of leather, nes	310.83	146.26	2%	-53%
	TOP TEN EXPORTS TO GERMANY		5,763.60	74%	
	TOTAL EXPORTS TO GERMANY		7,792.84		

Table A 3.6 Ten most imported products from Germany (mln ALL)					
HS Code	Description	2011	2012	Share to total in %	Change Rate 12-11
870332	Automobiles with diesel engine displacing more than 1500 cc to 2500 cc	4,840.11	5,968.46	17%	23%
870333	Automobiles with diesel engine displacing more than 2500 cc	2,785.95	2,576.36	7%	-8%
300490	Medicaments nes, in dosage	1,794.03	2,345.23	7%	31%
843049	Boring or sinking machinery nes, not self-propelled	6.97	2,300.99	6%	32913%
240220	Cigarettes containing tobacco	1,541.95	1,535.86	4%	0%
870421	Diesel powered trucks with a GVW not exceeding five tonnes	976.50	1,025.39	3%	5%
880212	Helicopters Of an unladen weight exceeding 2,000 kg		734.61	2%	N/A
870323	Automobiles w reciprocating piston engine displacg > 1500 cc to 3000 cc	580.11	680.83	2%	17%
870322	Automobiles w reciprocating piston engine displacg > 1000 cc to 1500 cc	683.97	625.84	2%	-8%
252390	Hydraulic cements nes	297.52	509.31	1%	71%
	TOP TEN IMPORTS FROM GERMANY		18,302.88	51%	
	TOTAL IMPORTS FROM GERMANY		35,988.86		

Table A 3.7 Ten most exported products to Croatia (mln ALL)					
HS Code	Description	2011	2012	Share to total in %	Change Rate 12-11
410120	Leather	53.05	61.24	11%	15%
121190	Plants &pts of plants(incl sed&fruit) usd in pharm,perf,insect etc nes	21.40	49.83	9%	133%
640340	Footwear	32.19	42.71	8%	33%
640359	Footwear, outer soles and uppers of leather, nes		38.74	7%	N/A
870530	Fire fighting vehicles		37.89	7%	N/A
40711	Birds' eggs, in shell, fresh, preserved or cooked		31.25	6%	N/A
640399	Footwear, outer soles of rubber/plastics uppers of leather, nes	6.44	20.77	4%	223%
640510	Footwear with uppers of leather or composition leather, nes	88.14	19.53	4%	-78%
640351	Footwear, outer soles and uppers of leather, covering the ankle, nes		18.77	3%	N/A
850239	Generators		14.01	3%	N/A
	TOP TEN EXPORTS TO CROATIA		334.74	60%	
	TOTAL EXPORTS TO CROATIA		554.52		

Table A 3.8 Ten most imported products from Croatia (mln ALL)					
HS Code	Description	2011	2012	Share to total in %	Change Rate 12-11
271113	Butanes, liquefied	860.63	1,068.31	15%	24%
271019	Light petroleum distillates nes	9.89	1,063.55	15%	10654%
271012	Light oils and preparations		897.76	12%	N/A
30563	Anchovies, salted and in brine, but not dried or smoked	458.59	730.95	10%	59%
100199	Wheat nes and meslin		443.03	6%	N/A
100590	Maize (corn) nes	466.56	254.38	4%	-45%
110720	Roasted Malt	160.93	241.78	3%	50%
340220	Surface-active prep, washing & cleaning prep put up for retail sale	242.94	194.26	3%	-20%
300490	Medicaments nes, in dosage	134.36	178.61	2%	33%
853710	Boards,panels,includg numerical control panels,for a voltage </=1000 V	213.16	157.82	2%	-26%
	TOP TEN IMPORTS FROM CROATIA		5,230.45	73%	
	TOTAL IMPORTS FROM CROATIA		7,203.37		

Table A 3.9 Ten most exported products to Kosovo (mln ALL)					
HS Code	Description	2011	2012	Share to total in %	Change Rate 12-11
271019	Light petroleum distillates nes	7,913.12	11,770.15	34%	49%
721420	Bars & rods, i/nas, hr, hd or he, cntg indented, ribs, etc, prod dur rp/tar, nes	6,220.78	6,203.78	18%	0%
252329	Portland cement nes	2,116.59	3,418.48	10%	62%
271012	Light oils and preparations		2,508.29	7%	N/A
271113	Butanes, liquefied	721.83	1,186.23	3%	64%
271320	Petroleum bitumen	663.70	779.27	2%	17%
760410	Bars, rods and profiles, aluminium, not alloyed	286.98	624.66	2%	118%
690410	Building bricks	219.77	444.03	1%	102%
151219	Sunflower-seed/safflower oil&their fractions refined but nt chem modifid	221.92	285.20	1%	29%
260111	Iron ores&concentrates, oth than roasted iron pyrites, non-agglomerated	405.34	204.85	1%	-49%
	TOP TEN EXPORTS TO KOSOVA		27,424.94	80%	
	TOTAL EXPORTS TO KOSOVA		34,160.92		

Table A 3.10 Ten most imported products from Kosovo (mln ALL)					
HS Code	Description	2011	2012	Share to total in %	Change Rate 12-11
720449	Ferrous waste and scrap, iron or steel, nes	1,720.96	1,755.97	35%	2%
110100	Wheat or meslin flour	847.52	1,173.33	23%	38%
220210	Waters incl mineral&aeratd, containing sugar o sweeteng matter o flavourd	213.11	256.68	5%	20%
730619	Tubes	158.05	182.67	4%	16%
70190	Potatoes, fresh or chilled nes	23.57	132.69	3%	463%
391731	Tubes, pipes&hoses, flexible, plastic, minimum burst pressure of 27.6 MPa	59.66	129.74	3%	117%
251730	Tarred macadam	191.59	126.08	2%	-34%
730611	Other tubes	98.82	112.67	2%	14%
071420	Sweet potatoes, fresh or dried, whether or not sliced or pelleted	265.86	101.20	2%	-62%
220300	Beer made from malt	58.96	92.05	2%	56%
	TOP TEN IMPORTS FROM KOSOVA		4,063.08	80%	
	TOTAL IMPORTS FROM KOSOVA		5,059.88		

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

HS Code	Description	2011	2012	Share to total in %	Change Rate 12-11
721420	Bars & rods, i/nas, hr, hd or he, cntg indent, ribs, etc, prod dur rp/tar, nes	1,197.39	1,544.61	31%	29%
252329	Portland cement nes	660.37	1,088.36	22%	65%
271019	Light petroleum distillates nes	87.72	475.56	10%	442%
260111	Iron ores & concentrates, oth than roasted iron pyrites, non-agglomerated	901.86	139.05	3%	-85%
481890	Household or hospital supplies, of paper, nes		135.84	3%	N/A
121190	Plants and part of plants	121.55	99.74	2%	-18%
854590	Articles of carbon/graphite, of a kind used for electrical purposes, nes	123.61	94.08	2%	-24%
121490	Swedes, mangold, fodder root, hay, clover, etc	77.63	78.40	2%	1%
392310	Boxes, cases, crates & similar articles of plastic	98.01	69.60	1%	-29%
271113	Butanes, liquefied	47.89	61.52	1%	28%
	TOP TEN EXPORTS TO MACEDONIA		3,786.76	76%	
	TOTAL EXPORTS TO MACEDONIA		4,969.91		

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

HS Code	Description	2011	2012	Share to total in %	Change Rate 12-11
720449	Ferrous waste and scrap, iron or steel, nes	631.78	1,402.97	16%	122%
151219	Sunflower-seed/safflower oil & their fractions refined but nt chem modifid	1,382.45	1,235.52	15%	-11%
220210	Waters incl mineral & aerated, containing sugar o sweetening matter o flavour	442.76	469.48	6%	6%
300490	Medicaments nes, in dosage	333.81	356.16	4%	7%
680911	Plaster boards etc not ornamental facd o reinforced w paper/paperboard	347.29	353.23	4%	2%
391721	Tubes, pipes and hoses, rigid; of polyethylene	349.52	286.35	3%	-18%
210210	Yeasts, active	228.14	265.98	3%	17%
321490	Non-refractory surfacg preparations for facades, walls, floors, ceilings	204.72	192.95	2%	-6%
010290	Bovine, live except pure-bred breeding		165.94	2%	N/A
280440	Oxygen	159.04	150.65	2%	-5%
	TOP TEN IMPORTS FROM MACEDONIA		4,879.23	57%	
	TOTAL IMPORTS FROM MACEDONIA		8,509.24		

Table A 3.13 Ten most exported products to Serbia (mln ALL)					
HS Code	Description	2011	2012	Share to total in %	Change Rate 12-11
271600	Electrical energy	1,650.13	454.84	26%	-72%
271012	Light oils and preparations		309.80	18%	N/A
252321	Portland cement, white, whether or not artificially coloured	52.47	259.79	15%	395%
070200	Tomatoes, fresh or chilled	47.93	115.69	7%	141%
940350	Bedroom furniture, wooden, nes	95.63	56.09	3%	-41%
080711	Watermelon	50.76	43.59	2%	-14%
252329	Portland cement nes		31.39	2%	N/A
441520	Pallets, box pallets and other load boards, wooden	17.01	29.35	2%	73%
190590	Communion wafers,empty cachets etc		28.52	2%	N/A
730120	Angles, shapes and sections, welded, iron or steel	9.00	26.05	1%	189%
	TOP TEN EXPORTS TO SERBIA		1,355.11	77%	
	TOTAL EXPORTS TO SERBIA		1,767.59		

Table A 3.14 Ten most imported products from Serbia (mln ALL)					
HS Code	Description	2011	2012	Share to total in %	Change Rate 12-11
271600	Electrical energy	6,112.99	13,948.15	59%	128%
720449	Ferrous waste and scrap, iron or steel, nes	6,982.71	2,536.95	11%	-64%
100590	Maize (corn) nes	956.98	1,192.09	5%	25%
220290	Non-alcoholic beverages nes,excludg fruit/veg juices of headg No 20.09	372.10	563.57	2%	51%
761290	Container,alum,cap <300L,	210.48	489.26	2%	132%
340220	Surface-active prep, washing & cleaning prep put up for retail sale	360.12	476.44	2%	32%
690510	Roofing tiles, ceramic	306.13	291.42	1%	-5%
441011	Particle board and similar board of wood	113.26	266.64	1%	135%
110100	Wheat or meslin flour	117.87	258.70	1%	119%
271019	Light petroleum distillates nes	216.99	206.27	1%	-5%
	TOP TEN IMPORTS FROM SERBIA		20,229.49	86%	
	TOTAL IMPORTS FROM SERBIA		23,456.18		

Table A 3.15 Ten most exported products to Montenegro (mln ALL)					
HS Code	Description	2011	2012	Share to total in %	Change Rate 12-11
252321	Portland cement, white, whether or not artificially coloured	238.31	434.25	13%	82%
271019	Light petroleum distillates nes	278.07	360.65	11%	30%
252329	Portland cement nes	432.92	355.33	10%	-18%
271113	Butanes, liquefied	69.77	344.91	10%	394%
321490	Non-refractory surfacg preparations for facades,walls,floors,ceilings	106.54	177.06	5%	66%
760410	Bars, rods and profiles, aluminium, not alloyed	41.68	129.99	4%	212%
870423	Diesel powered trucks with a GVW exceeding twenty tonnes		128.21	4%	N/A
870410	Dump trucks designed for off-highway use	27.62	113.95	3%	313%
842951	Front end shovel loaders		102.73	3%	N/A
852872	Of televisions	81.52	82.73	2%	1%
	TOP TEN EXPORTS TO MONTENEGRO		2,229.81	65%	
	TOTAL EXPORTS TO MONTENEGRO		3,407.26		

Table A 3.16 Ten most imported products from Montenegro (mln ALL)					
HS Code	Description	2011	2012	Share to total in %	Change Rate 12-11
110100	Wheat or meslin flour	32.55	271.86	22%	735%
220300	Beer made from malt	54.45	187.26	15%	244%
440710	Lumber, coniferous (softwood) 6 mm and thicker	202.01	176.25	15%	-13%
720449	Ferrous waste and scrap, iron or steel, nes	629.40	118.24	10%	-81%
220421	Grape wines nes,incl fort&grape must,unfermn	26.43	49.61	4%	88%
731029	Cans, iron or steel, capacity <50 litres nes	5.22	44.65	4%	755%
381190	Prepared additives for mineral oils or for other similar liquids, nes	116.72	37.51	3%	-68%
121190	Plants and parts of plants	22.81	28.43	2%	25%
440392	Logs, Beech	46.51	27.21	2%	-41%
392310	Boxes, cases, crates & similar articles of plastic	24.76	24.42	2%	-1%
	TOP TEN IMPORTS FROM MONTENEGRO		965.44	80%	
	TOTAL IMPORTS FROM MONTENEGRO		1,212.10		

Table A 3.17 Ten most exported products to Bosnia and Herzegovina (mln ALL)					
HS Code	Description	2011	2012	Share to total in %	Change Rate 12-11
410120	Leather	76.16	56.39	19%	-26%
410150	Unprocessed leather	67.76	53.18	18%	-22%
640359	Footwear, outer soles and uppers of leather, nes		25.19	9%	N/A
80940	Plums and sloes, fresh	2.39	19.91	7%	733%
70200	Tomatoes, fresh or chilled	5.39	17.88	6%	232%
842951	Front end shovel loaders		15.39	5%	N/A
190590	Communion wafers, empty cachets f pharm use&sim prod&bakers' wares nes	0.99	11.77	4%	1089%
940350	Bedroom furniture, wooden, nes	5.26	11.14	4%	112%
481310	Paper, cigarette, in the form of booklets or tubes		9.10	3%	N/A
640510	Footwear with uppers of leather or composition leather, nes	27.48	8.42	3%	-69%
	TOP TEN EXPORTS TO BOSNIA AND HERZEGOVINA		228.37	78%	
	TOTAL EXPORTS TO BOSNIA AND HERZEGOVINA		292.26		

Table A 3.18 Ten most imported products from Bosnia and Herzegovina (mln ALL)					
HS Code	Description	2011	2012	Share to total in %	Change Rate 12-11
170199	Refined sugar, in solid form, nes	1,692.38	1,418.97	38%	-16%
440710	Lumber, coniferous (softwood) 6 mm and thicker	685.75	525.31	14%	-23%
270400	Coke&semi-coke of coal,lignite o peat,agglomeratd o not,retort carbon	467.78	360.36	10%	-23%
271320	Petroleum bitumen	1,462.12	296.36	8%	-80%
160100	Sausage&sim prod of meat,meat offal/blood&food prep basd on these prod	154.79	145.26	4%	-6%
721420	Bars & rods	36.76	128.17	3%	249%
300490	Medicaments nes, in dosage	131.37	109.14	3%	-17%
151219	Sunflower-seed/safflower oil&their fractions refined but nt chem modifid	60.53	76.81	2%	27%
730890	Structures&parts of structures	7.83	52.99	1%	577%
480431	Unbleached Wrapping (including packaging) paper:	3.81	48.88	1%	1183%
	TOP TEN IMPORTS FROM BOSNIA AND HERZEGOVINA		3,162.25	85%	
	TOTAL IMPORTS FROM BOSNIA AND HERZEGOVINA		3,716.91		

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	2011	2012	Share to total in %	Change Rate 12-11
720241	Ferro-chromium containing by weight more than 4% of carbon	1,375.61	336.81	31%	-76%
121190	Plants &pts of plants(incl sed&fruit) used in pharm,perf,insect etc nes	226.39	313.57	29%	39%
121020	Hop cones, ground, powdered or pelleted and lupulin	240.72	146.18	13%	-39%
930000	Arms and ammunitions	58.37	115.02	11%	97%
903033	Multimeters		23.50	2%	N/A
950590	Festive,carnival o oth entertainment art incl conjurg tricks&nov jokes	16.18	22.97	2%	42%
880390	Parts of balloons, dirigibles, and spacecraft nes	3.61	19.56	2%	442%
200490	Other vegetables not preserved by vinegar, etc, frozen	3.73	10.93	1%	193%
852341	Magnetic Discs		8.87	1%	N/A
852359	Prepared blank media	12.37	7.96	1%	-36%
	TOP TEN EXPORTS TO USA		1,005.37	93%	
	TOTAL EXPORTS TO USA		1,084.15		

Table A 4.2 Ten most imported products from USA (mln ALL)					
HS Code	Description	2011	2012	Share to total in %	Change Rate 12-11
291615	Oleic, linoleic or linolenic acids, their salts & esters		2,540.30	20%	N/A
020714	Parts of frozen chickens	1,366.52	1,629.10	13%	19%
20329	Swine cuts, frozen nes	237.71	1,081.24	9%	355%
843143	Parts of boring or sinking machinery, whether or not self-propelled	302.05	637.79	5%	111%
271311	Petroleum coke, not calcined	458.87	623.70	5%	36%
841381	Pumps nes	157.85	287.16	2%	82%
300490	Medicaments nes, in dosage	420.32	257.43	2%	-39%
870324	Automobiles with reciprocating piston engine displacing > 3000 cc	282.18	237.85	2%	-16%
901590	Parts and accessories for use with the apparatus of heading No 90.15	112.01	229.98	2%	105%
711890	Coin nes		214.37	2%	N/A
	TOP TEN IMPORTS FROM USA		7,738.92	61%	
	TOTAL IMPORTS FROM USA		12,672.07		

Table A 4.3 Ten most exported products to China (mln ALL)					
HS Code	Description	2011	2012	Share to total in %	Change Rate 12-11
261000	Chromium ores and concentrates	3,152.82	3,541.69	62%	12%
260300	Copper ores and concentrates	1,336.58	1,980.89	34%	48%
251690	Monumental or building stone nes	66.85	92.64	2%	39%
391590	Plastics waste and scrap nes		42.76	1%	N/A
844790	Machinery of making grip etc		35.24	1%	N/A
391590	Plastics waste and scrap nes	62.48	18.51	0%	-70%
950590	Festive, carnival o oth entertainment art incl conjurg tricks&nov jokes		11.91	0%	N/A
630900	Worn clothing and other worn articles		7.44	0%	N/A
260120	Roasted iron pyrites		3.71	0%	N/A
281700	Zinc oxide; zinc peroxide		3.13	0%	N/A
	TOP TEN EXPORTS TO CHINA		5,737.92	100%	
	TOTAL EXPORTS TO CHINA		5,750.54		

Table A 4.4 Ten most imported products from China (mln ALL)					
HS Code	Description	2011	2012	Share to total in %	Change Rate 12-11
730419	Line pipe of a kind used for oil or gas pipelines	221.29	2,441.23	7%	1003%
640299	Footwear, outer soles/uppers of rubber or plastics, nes	1,253.05	1,343.63	4%	7%
851712	Telephone sets	661.35	951.30	3%	44%
841510	Air conditioning machines window or wall types, self-contained	534.54	693.40	2%	30%
851762	Other telephone apparatus	580.79	590.90	2%	2%
540761	Other woven fabrics, with<=85% non-textured polyester filament	418.97	480.32	1%	15%
847130	Digital instruments for data processing	460.86	474.29	1%	3%
852872	Of televisions	486.18	472.14	1%	-3%
950300	Electronic toys, trains, etc.	535.44	471.30	1%	-12%
690890	Tiles, cubes and sim nes, glazed ceramics	611.92	391.72	1%	-36%
	TOP TEN IMPORTS FROM CHINA		8,310.23	24%	
	TOTAL IMPORTS FROM CHINA		34,140.62		

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

HS Code	Description	2011	2012	Share to total in %	Change Rate 12-11
720711	Semi-finished products of iron or non-alloy steel	10,369.17	7,663.34	55%	-26%
260300	Copper ores and concentrates	2,842.78	3,517.27	25%	24%
721420	Bars & rods,	26.02	700.71	5%	2593%
720449	Ferrous waste and scrap, iron or steel, nes	469.65	521.01	4%	11%
410210	Sheep or lamb skins, raw, with wool on, nes	267.38	381.90	3%	43%
121190	Plants & pts of plants(incl sed&fruit) used in pharm,perf,insect etc nes	170.63	345.93	2%	103%
853620	Automatic circuit breakers for a voltage not exceeding 1,000 volts	77.90	129.99	1%	67%
391590	Plastics waste and scrap nes	155.47	113.86	1%	-27%
760200	Waste and scrap, aluminium	13.14	110.56	1%	741%
720441	Ferrous waste & scrap,i or s,from the mechanical working of metal,nes		77.36	1%	N/A
	TOP TEN EXPORTS TO TURKEY		13,561.93	97%	
	TOTAL EXPORTS TO TURKEY		14,014.91		

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

HS Code	Description	2011	2012	Share to total in %	Change Rate 12-11
721420	Bars & rods,i/nas,hr,hd or he,cntg indent,ribs,etc,prod dur rp/tar,nes	3,097.45	2,818.25	9%	-9%
721391	Bars with d<14mm	598.28	811.98	3%	36%
190590	Communion wafers,empty cachets f pharm use&sim prod&bakers' wares nes	517.45	738.97	2%	43%
190531	Biskota te embela	1,028.93	696.00	2%	-32%
600622	Other knitted/crocheted fabrics	265.75	656.09	2%	147%
300490	Medicaments nes, in dosage	492.60	600.15	2%	22%
441011	Parts of wood	576.94	558.95	2%	-3%
570242	Carpets of man-made textile mat,of woven pile construction,made up,nes	466.61	498.31	2%	7%
210500	Ice cream and other edible ice, whether or not containing cocoa	507.12	493.06	2%	-3%
854449	Electric conductors, for a voltage not exceeding 80 V, nes	363.63	470.56	2%	29%
	TOP TEN IMPORTS FROM TURKEY		8,342.32	27%	
	TOTAL IMPORTS FROM TURKEY		31,082.73		

Annex 5

List of trade -related acts enacted during 2012

Type of legal acts	No.	date	Act
Law	4	02.02.2012	On the accession of the Republic of Albania in changes to the convention on the establishment of Customs Cooperation Council done in Brussels on 15 December 1950
Law	10	09.02.2012	For some changes and amendments to the Law nr.9136 dated 11.9.2003 "For gathering of mandatory contributions of social security and health in the Republic of Albania", as amended
Law	42	19.04.2012	For the ratification of "The agreement between the CM of the Republic of Albania and the Government of Katari, on avoiding the double taxation and preventing fiscal evasion related to income taxes.
CMD	286	02.05.2012	For a change to decision no.55, dated 3.2.2010 of CM "For mandatory reporting of tax statements and other tax documents, only through the electronic form"
Directive of MF	11	14.05.2012	For an addition in the directive no.17 dated 13.5.2008 "On value added tax" changed.
CMD	414	27.06.2012	For some changes to the decision no.1114, dated 30.7.2008 of CM "On some issues in implementation of Laws no. 7703, dated 11.5.1993 "For social security in Republic of Albania", changed, no.9136, dated 11.9.2003 "For gathering of mandatory Contribution of social Security and Health in Republic of albania", as amended and no.7870, dated 13.10.1994 "For health security in the republik of Albania", changed
CMD	419	27.06.2012	For some amendments and additions to Decision no. 205, dated 13.04.1999 of the Council of Ministers "to the Customs Code Implementing Provisions", changed
Law	71	28.06.2012	For a change in the Law no. 8438, dated 28.12.1998 "On income taxes",changed
Law	61	24.05.2012	"For excises in the Republic of Albania"
Law	62	24.05.2012	For an addition in Law no. 9920 dated 19.5. 2008 "For the tax procedures in the Republic of Albania", changed
Directive of MF	16	25.07.2012	For some additions and amendments in the directive no. 5 dated 30.1.2006 "On income taxes" changed
CMD	476	25.07.2012	For an amemdment to decision no.55, dated 3.2.2010 of CM "For mandatory reporting of tax statements and other tax documents, only through the electronic form" changed



CMD	511	01.08.2012	For some amendments and additions to Decision no. 205, dated 13.04.1999 of the Council of Ministers "to the Customs Code Implementing Provisions", changed
CMD	612	05.09.2012	For the implementing provisions of the law "to excise"
Law	83	13.09.2012	For some additions in the Law no. 9975, dated 28.7.2008 "For the national taxes", changes
Directive of MF	21	01.10.2012	For some additions in the Directive no.26, datë 4.9.2008 "For the national taxes", changes
Law	92	27.09.2012	For a change in the law no. 9723, dated 3.5.2007 "For the National Registration Center", changed
Law	94	11.10.2012	For the ratification of "The agreement between the CM of the Republic of Albania and the CM of the Republic of Macedonia to resolve the debt of the Republic of Albania to pay the amounts in the account of goods exchange between the Republic of Albania and the former Socialist Federal Republic of Yugoslavia
Law	99	18.10.2012	On approval of the normative act with the force of law, no. 5, dated 09.26.2012 of the Council of Ministers "On some amendments to Law no. 10 487, dated 12.05.2011 "For the 2012 budget"
Directive of MF	23	18.10.2012	For some additions and changes in directive No. 19, dated 01.09.2011 "On the modalities of application of exice stamps and excise tax on tobacco products, beer and alcohol", changed
CMD	706	17.10.2012	For the approval in principal of "The agreement between the CM of the Republic of Albania and the Government of republic of Bulgaria on cooperation for development
Normative Act	6	12.10.2012	On some amendments to Law no. 10 487, dated 12.05.2011 "For the 2012 budget"
Law	114	07.12.2012	For a change in the law no. 9936, dated 26.6.2008 "On budget system management in the Republic of Albania"
Law	119	17.12.2012	"For the 2013 budget"
CMD	933	26.12.2012	For one addition in the decision no. 1040 dated 22.12.2010 of the CM "For approval and official publication of the harmonized commodity nomenclature, 2013