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Albanian Centre for Competitiveness and International Trade

Albania 2013 Trade Report



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This Report is a publication of the Albanian Centre for Competitiveness and International Trade (ACIT) supported by the United States Agency for International Development (USAID). The opinions expressed herein are those of the ACIT staff and do not necessarily reflect the views of the donor.



Foreword

It is with great pleasure that we introduce the Foreign Trade Report of Albania 2013, prepared by ACIT staff and its associated experts. This is the twelfth edition in the series of such annual publishing, starting from 2002. Each year ACIT has managed to keep this brand research product at the highest levels of economic and policy analysis in Albania, maintaining and respecting its commitment with Albanian stakeholders who use this report.

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. 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 has also proved to be very useful to the government bodies and various agencies dealing with economic and trade policies or responsible for their implementation. It is also 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 USAID. Thus, special thanks go to USAID and its project implementer, Assist Impact, for making possible the publication of ACIT 2013 Trade Report and the event. We are 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 also to all colleagues and friends that work in this area, whose continuous advices have been precious for the trade report 2013.

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

The ACIT Team



The Report has been prepared through a process of complementary work by the ACIT staff and associated experts, under the coordination and supervision of Mrs. Teuta Tavanxhiu and consultancy provided by Prof. Ahmet Mançellari. It is the outcome of a teamwork in which Ahmet Mançellari, Besart Kadia, Avis Andoni, Teuta Tavanxhiu and other ACIT associates 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, Eurostat, ACIT database, and ACIT's staff own calculations.

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TABLE OF CONTENTS

I. Macro-Trade Developments during 2013 and main challenges ahead	9
1.1 World Macro-Trade developments and challenges	9
1.2 Albania's macro-trade developments: growth at the brink of recession during 2013	14
II. Albania's export and import dynamics	21
III. Albania's Trade Structure	23
3.1 Main Characteristics	23
3.2 Export Structure	24
3.3 Import structure	25
IV. Trade in Specific Sectors	27
4.1 Inward processing trade	27
4.2 Trade in agriculture products	30
4.2.1 Exports	30
4.2.2 Imports	32
4.3 Trade in energy, minerals, base metals and other sectors	33
4.3.1 Trade in electrical energy	33
4.3.2 Trade in mineral fuels and oil products	34
4.3.3 Trade in mineral products	35
4.3.4 Trade in base metal and other products	37
4.3.5 Trade in ICT sector	38
4.3.6 Trade in mechanic and electric machineries	40
V. Albania's Trade Geography	43
5.1 Main characteristics of trade geography	43
5.2 Albania's trade with the EU-27	44
5.2.1 Trade flows with the EU-27	44
5.2.2 Structure of exports to the EU-27	45
5.2.3 Structure of imports from EU-27	46
5.2.4 Trade with Italy	48
5.2.5 Trade with Greece	49
5.2.6 Trade with Germany	50
5.2.7 Trade with Spain	51
5.3 Albania's trade in the region- dynamics and structure	51
5.3.1 Trade with Bosnia and Herzegovina	53
5.3.2 Trade with Croatia	54
5.3.3 Trade with Kosovo	54
5.3.4 Trade with Macedonia	55
5.3.5 Trade with Serbia	56
5.3.6 Trade with Montenegro	57



5.4 Albania's trade with other selected countries	58
5.4.1 Trade with the U.S.A	58
5.4.2 Trade with China	59
5.4.3 Trade with Turkey	59
VI. Integration Processes and Trade-Related Institutional Developments	61
6.1 Developments under WTO commitments	61
6.2 Developments under the Interim Agreement with the EU	62
6.3 Developments under the CEFTA Agreement	63
6.4 Main legal acts related to trade	66
VII. ANNEXES	69
Annex I: Trade flows with all countries	69
Annex II: Most exported and imported products with the EU and the Region.....	72
Annex III: Most exported and imported products with the EU and regional countries	74
Annex IV: Most exported and imported products with other countries	83
Annex V: List of trade-related acts enacted during 2013	87



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 Macro-trade developments during 2013 and main challenges ahead

1.1 World Macro-Trade Developments and Challenges

Global economic growth rate resulted lower in 2013 down to 3.0 percent, from 3.2 percent in 2012. However, 'global activity strengthened during the second half of 2013 (rebounded by 1.3 percentage points from the first half) and is expected to improve further in 2014-15'¹. The projections for 2014 and 2015 are 3.6 percent and 3.9 percent, respectively (see table 1.1 below). Most of the acceleration is expected to come from high-income countries (advanced economies),

'as the drag on growth from fiscal consolidation and policy uncertainty eases and private sector recoveries gain firmer footing'². As shown in table 1.1, advanced economies growth is projected to strengthen from 1.3 percent in 2013 to 2.2 percent in 2014 and 2.3 percent in 2015.

This strengthening of output among high-income countries 'marks a significant shift from recent years when developing countries alone pulled the global economy forward'³. Growth in advanced economies 'is supported by monetary policy, reduced fiscal drag (except in Japan), and easing crisis legacies amid improving financial conditions in affected economies'⁴.

Table 1.1: World output growth (in %)

	1996-2005	2006	2007	2008	2009	2010	2011	2012	2013	2014*	2015*
World output	3.7	5.2	5.3	2.7	-0.4	5.2	3.9	3.2	3.0	3.6	3.9
Advanced Economies	2.8	3.0	2.7	0.1	-3.4	3.0	1.7	1.4	1.3	2.2	2.3
- United States	3.4	2.7	1.8	-0.3	-2.8	2.5	1.8	2.8	1.9	2.8	3.0
- Euro Area (excluding Latvia)	2.1	3.3	3.0	0.4	-4.4	2.0	1.6	-0.7	-0.5	1.2	1.5
- Japan	1.0	1.7	2.2	-1.0	-5.5	4.7	-0.5	1.4	1.5	1.4	1.0
- Other advanced economies (includ. Latvia)	3.6	4.0	4.2	1.0	-2.4	4.5	2.7	1.5	2.1	2.9	2.9
Emerging and developing economies	5.2	8.2	8.7	5.9	3.1	7.5	6.3	5.0	4.7	4.9	5.3
- Emerging and developing Europe	4.0	6.4	5.3	3.3	-3.4	4.7	5.4	1.4	2.8	2.4	2.9
- Commonwealth of Independent States (+Georgia)	4.2	8.8	8.9	5.3	-6.4	4.9	4.8	3.4	2.1	2.3	3.1
- Emerging and Developing Asia	7.1	10.3	11.5	7.3	7.7	9.7	7.9	6.7	6.5	6.7	6.8
- China	9.2	12.7	14.2	9.6	9.2	10.4	9.3	7.7	7.7	7.5	7.3
- Latin America and the Caribbean	2.9	5.6	5.8	4.3	-1.3	6.0	4.6	3.1	2.7	2.5	3.0
- Middle East and North Africa	4.9	6.7	6.0	5.1	3.0	5.5	3.9	4.1	2.2	3.2	4.4
- Sub-Saharan Africa	4.7	6.3	7.1	5.7	2.6	5.6	5.5	4.9	4.9	5.4	5.5
World output, based on market exchange	3.0	4.0	3.9	1.5	-2.1	4.1	3.0	2.5	2.4	3.1	3.3

Source: IMF. WEO April 2014, p.180; p. 184

*Projections.

¹ IMF: World Economic Outlook (WEO), April 2014, p. 1 and p. 49.

² The World Bank: Global Economic Prospects, January 2014, p. 16.

³ Idem, p. 16.

⁴ IMF: WEO, April 2014, p. 1; p. 49.

⁵As underlined in the 'World Economic Outlook' of April 2014, a major impulse to global growth has come from the **United States**⁶, whose economy 'grew at a faster than anticipated pace' (by 3.3%, led by buoyant domestic demand, robust inventory accumulation, and strong export growth) in the second half of 2013 (from 1.2% in the first half) and reaching at 1.9 percent for the year as a whole, with a projection of 2.8 percent and 3.0 percent in 2014 and 2015, respectively (see table 1.1).

The **euro area**, finally emerged from recession: economic activity shrank by 0.5 percent in 2013, but growth has been positive since the second quarter of 2013, led by stronger growth in Germany and fostered by a stabilized domestic demand with also a contribution of net exports. Moreover, output 'in the troubled Southern European periphery economies has also strengthened: Ireland, Portugal and Spain exited recession during 2013 helped by strong export growth, while the recession is easing in other two countries, Italy and Greece'. The euro area recovery is expected to continue in 2014 with a forecast growth of 1.2 percent, 'reflecting a smaller fiscal drag, expectation of improving credit conditions, and stronger external demand'⁷; the projection for 2015 is 1.5 percent (see table 1.1). However, euro area output remains well below pre-crisis level, particularly in some of the hardest – hit countries of the area⁸. And, 'the legacy of the crisis – high unemployment, weak public and private balance sheets, contracting credit, and a large debt burden along with longer-term impediments to growth raise concern about the strength durability of the recovery and must still be fully addressed'⁹.

As regards **emerging market and developing economies**, growth turned up in the second half of 2013 and is projected to pick up modestly from 4.7 percent in 2013 to 4.9 percent in 2014 and 5.3 percent in 2015 (see table 1.1), being however weaker than it was during pre-crisis boom period. This slowdown reflects mainly a decline in the cyclical component of growth but

about one-third of it is due to slower potential growth¹⁰, so the space for structural reforms is considerably important. Overall emerging market and developing economies continue to contribute more than two-thirds of global growth¹¹. As shown in graph 1.1, emerging and developing economies have systematically higher growth rates than the advanced economies: output decline (negative growth rates) in advanced economies in 2009 is mirrored as an output growth slowdown for emerging and developing economies as a group. The weaker cyclical momentum in comparison with that of advanced economies reflects the opposite effects of two main forces on growth: increase of export growth on one hand, and investment weakness and tightening external funding and domestic financial conditions on the other hand¹². The highest growth rates (6.5% in 2013 and 6.7% in 2014) belong to the **emerging and developing Asia**, with Mongolia at the top of the list (12.8% in 2014). **China's** growth rate is rather stable and still high (7.7%, 7.5% and 7.3% in 2013, 2014 and 2015 respectively) but pretty lower than before 2012: from 9.3% in 2011, 10.4% in 2010 and 14.2% if go back to 2007. Referring to adjustment policies, it is important to mention that China is undergoing a restructuring process of the sources of demand and growth 'away from investment and lending and toward consumer demand and the service sector'¹³.

Growth in **Emerging and Developing Eastern Europe** (Central, Eastern and Southeastern Europe – CESEE) is considerably weaker compared with **emerging and developing economies** globally, as shown in table 1.1 and graph 1.1, and also more volatile after the sharp decline in 2009 (from -3.4% in 2009 up to 5.4% in 2011 and then down to 1.4% in 2012, with a projection of 2.8% and 2.4% in 2013 and 2014 respectively)¹⁴. The growth trajectory in the CESEE countries, as analyzed in the IMF 'Regional Economic Issues'¹⁵, reflects, except for the key role of the domestic demand in most of this group of countries, also the euro area

⁵ IMF: WEO, April 2014, p. 1; p. 49-50.

⁶ IMF: WEO, April 2014, p. 53.

⁷ The World Bank: Global Economic Prospects, January 2014, p. 19.

⁸ IMF: WEO, April 2014, p. 53.

⁹ The World Bank: Global Economic Prospects, January 2014, p. 19.

¹⁰ IMF: WEO, April 2014, p.5.

¹¹ Idem, p. 4.

¹² The World Bank: Global Economic Prospects, January 2014, p. 19.

¹³ The World Bank: Global Economic Prospects, January 2014, p. 19.

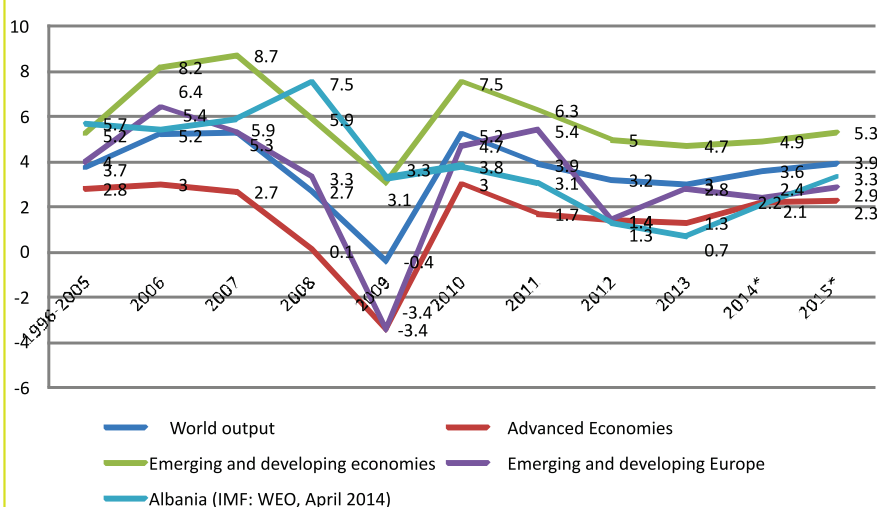
¹⁴ IMF: Central, Eastern, and Southeastern Europe – Region. Economic Issues, April 2014, pp. 5-13.

¹⁵ The latest preliminary estimate of INSTAT is only 0.44%. (INSTAT: Quarterly Economic Growth, fourth quarter 2013, Tirana, April 7, 2014).

growth developments and is under the pressure of external financial conditions which are becoming more challenging. The pace of growth is even weaker for the sub-group of **Southeastern Europe-non-EU** (Western Balkans countries) with a weighted average rate of 2.1 percent in 2013 and a forecast of 1.9 percent and 2.6 percent in 2013 and 2014, respectively.

In the **Western Balkan region**, the highest estimated growth rates in 2013 are recorded in Montenegro (3.4%) followed by Macedonia (3.1%) and the lowest ones are recorded in Albania¹⁶ (0.7%) followed by Bosnia and Herzegovina (1.2%). The projections for Albania are stronger for 2014 and 2015, respectively 2.1 percent and 3.3 percent but

Graph 1.1: World Real GDP Growth (annual percent change)



ranked again at almost the bottom of the region, overcoming only Serbia (with forecasted rates only 1.0% and 1.5%, respectively). For the coming years

Table 1.2: Annual percent change of trade and commodity prices

	1996-2005	2006-2015	2006	2007	2008	2009	2010	2011	2012	2013	2014*	2015*
World trade in goods and services¹												
Volume	6.7	4.2	9.3	7.9	2.8	-10.6	12.8	6.2	2.8	3.0	4.3	5.3
Price deflator (in \$U.S.)	0.7	2.5	5.0	7.7	11.4	-10.3	5.6	11.1	-1.8	-0.8	-0.2	-0.4
- Exports												
Advanced Economies	5.9	3.6	8.9	6.9	2.1	-11.7	12.4	5.7	2.1	2.3	4.2	4.8
Emerging and developing economies	8.7	5.6	11.2	9.4	4.3	-7.9	13.9	7.0	4.2	4.4	5.0	6.2
- Imports												
Advanced Economies	6.5	2.7	7.8	5.4	0.5	-12.2	11.7	4.8	1.1	1.4	3.5	4.5
Emerging and developing economies	8.0	7.2	12.2	14.9	8.5	-8.0	14.4	9.2	5.8	5.6	5.2	6.3
Terms of Trade												
Advanced Economies	-0.1	-0.3	-1.2	0.3	-2.1	2.5	-1.0	-1.5	-0.7	0.7	0.0	-0.2
Emerging and developing economies	1.3	0.8	3.0	1.7	3.3	-4.9	2.1	3.4	0.6	-0.3	-0.2	-0.7
World trade in goods¹												
Volume	6.8	4.0	9.3	7.1	2.2	-11.7	14.0	6.6	2.6	2.7	4.3	5.3
Price deflator (in \$U.S.)	0.5	2.7	5.6	7.9	12.4	-11.6	6.7	12.2	-1.9	-1.1	-0.3	-0.6
Commodity prices (in US dollars)²												
Manufactures	-0.3	1.4	2.4	5.4	6.3	-6.5	2.5	6.1	0.2	-1.1	-0.3	-0.4
Oil	12.0	6.3	20.5	10.7	36.4	-36.3	27.9	31.6	1.0	-0.9	0.1	-6.0
Non-fuel primary commodities	0.0	4.6	23.1	13.9	7.9	-15.8	26.5	17.9	-10.0	-1.2	-3.5	-3.9

Source: IMF, WEO April 2014, p. 193-194

¹Average of annual percent change for world exports and imports

²As represented, respectively, by the export unit value index for manufactures of the advanced economies and accounting for 83 percent of the advanced economies' trade (export of goods) weights; the average of U.K. Brent, Dubai, and West Texas Intermediate crude oil prices; and the average of world market of nonfuel commodities weighted by their 2002-04 shares in world commodity exports. *Projection

¹⁶ IMF: Central, Eastern, and Southeastern Europe – Region. Economic Issues, April 2014, page 45 (Annex 1)

of 2014 and 2015, in the best position is ranked Kosovo (with 3.9% and 4.5% respectively) followed by Macedonia (3.2% and 3.4%)¹⁷.

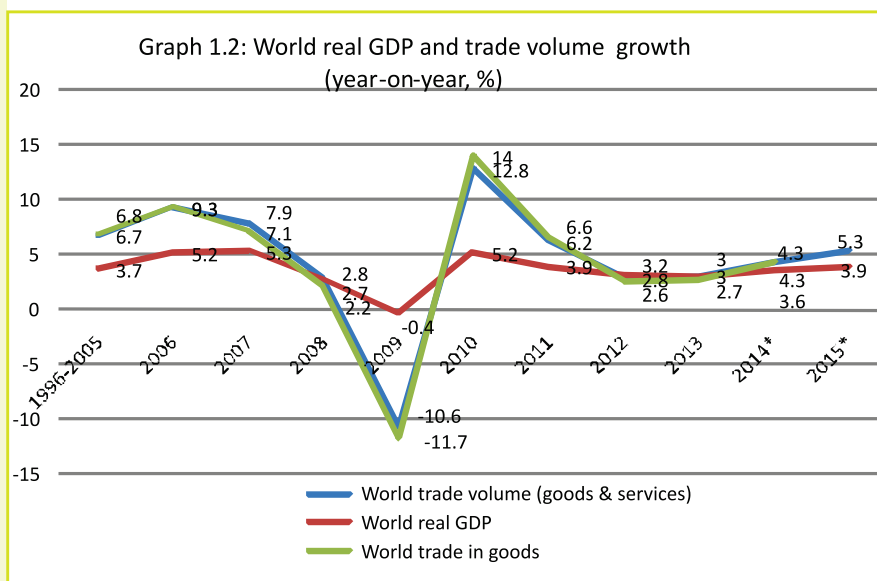
Turning back to table 1.1, the contraction trend of world economy growth from 5.2 percent in 2010 down to 3.0 percent in 2013 is also visible if growth rates are based on **market exchange**: from 4.1% to 2.4 percent, respectively. Meanwhile the contraction trend of **world trade in goods and services growth** (in real terms) is much stronger:

from 12.8 percent in 2010 down to 6.2 percent in 2011 and 2.8 percent in 2012 to get modestly increased at 3.0 percent in 2013, with a projection of 4.3 percent and 5.3 percent in 2014 and 2015 respectively¹⁸, as shown in table 1.2.

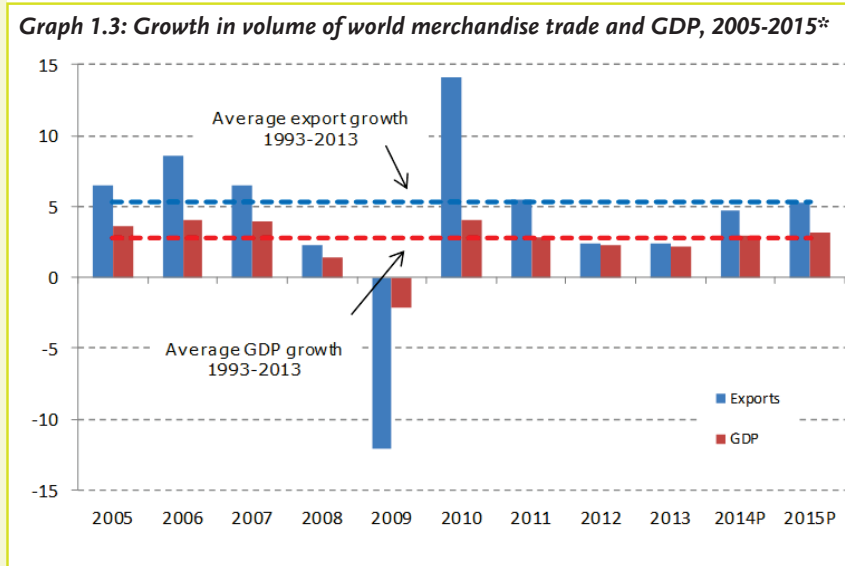
In the weakness of trade and output in 2013 contributed several factors, including the lingering impact of the EU recession, high unemployment in the euro area, and uncertainty about tightening of monetary policy in the US with a contribution to financial volatility in developing and emerging

economies, particularly those with large current account imbalances¹⁹. However world trade growth picked up strongly with the strengthening in global activity in the second half of 2013²⁰.

Referring only the **trade in goods** (merchandise trade), the downward trend is even stronger: from 14.0 percent in 2010 to 2.6 percent in 2012 and 2.7 percent in 2013; the projections for 2014 and 2015 are the same as for trade in goods and services. In **nominal terms**, by considering also the **price deflator** (table 1.2), growth rate of trade in goods declines from 20.7 (=14.0+6.7) percent in 2010 down to 0.7 (=2.6-1.9) percent in 2012 and 1.6 (=2.7-1.1) percent in 2013. Ups and downs of price deflator are determined by the fluctuations of commodity prices (in \$US, table 1.2), being much higher in fuel and nonfuel primary commodities as compared with manufactures. E.g. nonfuel primary commodities prices (food, beverages, agriculture raw materials, and metal) increased by 17.9 percent in 2011 and then declined by 10 percent in 2012 and again by 1.2 percent in 2013. As



Source: IMF, WEO April 2014



Source: WTO 14 April Press Release: Modest trade growth anticipated for 2014 and 2015 following two year slump.

¹⁷ IMF: World Economic Outlook, April 2014, p. 193 (table A9).

¹⁸ WTO: World Trade 2013, Prospects for 2014, April 2014, p. 2.

¹⁹ IMF: IMF: World Economic Outlook, April 2014, p. 12.

²⁰ WTO: World Trade 2013, Prospects for 2014, April 2014, p. 1-3; p. 9.

regards the **terms of trade** which are influenced by changes in goods and services prices and also the volume of exports and imports, emerging and developing economies are in a better position compared with advanced economies for both periods: 1996-2005 (+1.3 against -0.1 for advanced economies) and 2006-2015 (+0.8 against -0.3 for advanced economies). However, for the end of second period (2013-2015), the projected indices for advanced economies seem better (see table 1.2).

From the above graph, it's visible that trade growth rates in 2012 (particularly for trade in goods) are even weaker than the output growth; the situation in 2013 is almost the same.

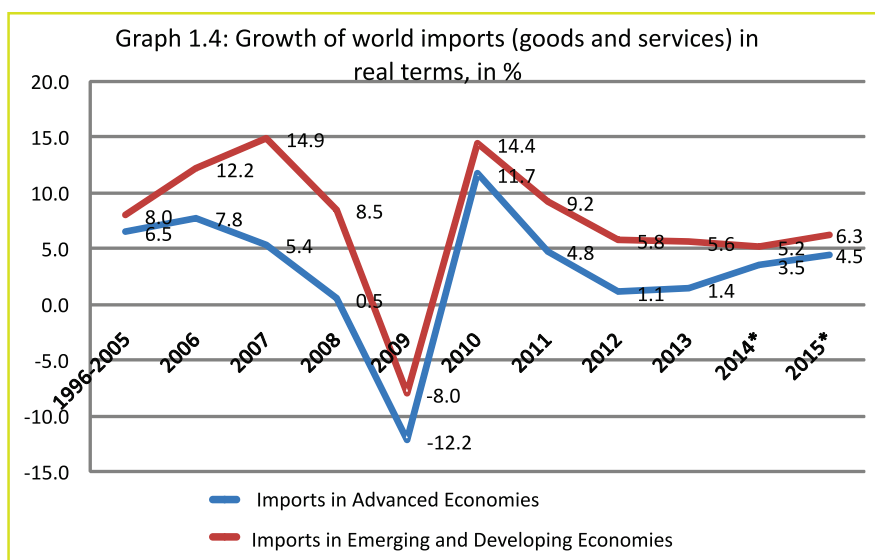
Graph 1.3 describes the growth of **merchandise export volumes** (i.e. adjusted to account for inflation and exchange rate movements) and the world real GDP (on market exchange) based on WTO data and indicators²¹, demonstrating that on average export growth rates for the period 1993-2013 are about twice the GDP ones. However, in 2012 and 2013 the growth rates of merchandise exports and the world GDP are almost the same, 2.3 percent and 2.4 percent in 2012, and 2.2 percent and 2.4 percent in 2013. Graph 1.3 shows that trade growth rates during these two years are not only under the 20-years (1993-2013) average of 5.3 percent (and well below the pre-crisis (1990-2008) average rate of 6 percent)²², but also under the GDP growth average of for the same period (1993-2013). The ratio of merchandise trade growth rates to GDP ones is expected to increase from 1.09:1 in 2013, to 1.6:1 in 2014 and 1.7:1 in 2015²³.

Growth rates (in real terms) in 2013 of both, exports and imports of **goods and services** are higher in **emerging markets and developing economies** compared with the **advanced economies**, by having a wider difference for imports (5.6%, against 1.4%) than for exports

(4.4%, against 2.3%). The gap is evident although narrowing in 2014 for both, imports (6.2%, against 3.5%) and exports (5.0%, against 4.2%)²⁴.

Graph 1.4 shows that for all the period 1995-2013 **imports growth rate** in emerging markets and developing economies is considerably higher than in advanced economies. The gap between developing economies and CIS - Commonwealth Independent States (emerging and developing economies), and advanced economies in 2013 is even wider if only **merchandise imports growth** is considered (+4.4%, against -0.2%). For **merchandise export growth rates**, the gap is narrower (3.3%, against 1.5%). The gap is present in the projections of 2014 and 2015 for both imports (6.3%, against 3.4% in 2014) and exports (6.4%, against 3.6% in 2014)²⁵.

During the last decade, trade linkages between advanced economies and emerging market economies have increased sharply²⁶. Exports of goods to emerging market economies represent, on average, 3 percent of GDP in advanced economies (compared with 1.6 percent in 1992-2002), which means about 20 percent of total exports from the advanced economies. A quarter of those exports was absorbed by China, compared with 13 percent in the 1990s. Exports from advanced economies to emerging markets



Source: IMF, World Economic Outlook, April 2014.

²¹ WTO: World Trade 2013, Prospects for 2014, April 2014, p. 6.

²² WTO: World Trade 2013, Prospects for 2014, April 2014, p. 6; p. 16, and own calculations.

²³ IMF: World Economic Outlook, April 2014, p. 193 (table A9).

²⁴ WTO: World Trade 2013, Prospects for 2014, April 2014, p. 16 (table 4).

²⁵ IMF: World Economic Outlook, April 2014, p. 72-74.

²⁶ IMF: Albania, Country Report No. 14/78, March 2014, p. 4.

are concentrated in capital goods and related products. Although the share of capital goods in total exports has declined considerably since the year 2000, these goods still represent, on average, 50 percent of total imports in emerging markets.

On the other hand, the ratio to GDP of advanced economies' imports from emerging market economies has doubled as well, representing 30 percent of advanced economies total imports. The composition of these imports continues to be dominated by commodities such as fuels and food products and low-technology manufactured goods. However, the share of machinery and transportation equipment in advanced economies imports is increasing considerably, so testifying an increasing role of emerging markets in the global supply chain. There is also evidence of the intensified trade linkages among emerging market economies. Trade linkages and intensified financial links, represent also spillover channels between advanced economies and emerging markets.

1.2 Albania's macro-trade developments: growth at the brink of recession during 2013

Albania 'successfully avoided recession in the aftermath of the global crisis and suffered a milder growth shock than neighboring countries' but 'recently the economy has shown signs of protracted weakness and macroeconomic imbalances have widened'²⁷. Real GDP growth has slowed sharply during the last two years, reaching 0.7 percent in 2013 (the lowest level since 1997) down from 1.3 percent in 2012 and 3.1 percent in 2011 (see table 1.3). According to INSTAT preliminary estimation based on quarterly Gross Value Added estimates (www.instat.gov.al), the growth in 2013 was even weaker, only 0.44 percent²⁸.

The 'resistance' of the Albanian economy against the pressure coming from the global and the euro zone crisis can be explained by relatively low exposure to external factors, particularly because of (i) the low share of exports to country's GDP;

(ii) the large dependants of banks to domestic deposits; (iii) the 'compensation' effect of foreign direct investments and also returning migrants with their savings, against the declining trend of remittances. It is also as a result of 'an early fiscal stimulus, effective monetary policy, and macro prudential actions'. On the other hand, the sharp slowdown in 2012 and particularly in 2013 is a result of a (i) significant weakness in **domestic demand** reflecting the rising of government payment arrears and the sharp increase in public debt; worsening of Non-Performing Loans (NPL) and credit weakness and contraction (reflecting also a weak confidence of the private sector fueled by uncertainties related to parliamentary elections of 2013); and (ii) a weak **external demand** particularly from our immediate trading partners; and (iii) a narrow export base²⁹. The quite low level of Albania's GDP growth in 2013 (only 0.7%), reflects the decline of **real private consumption** (by -2.0%) and **real domestic demand** (by -0.6%), while **real exports** (goods and services) increased only by 3.6%³⁰.

While GDP growth slowed sharply during the last two years, the **macroeconomic imbalances** (particularly fiscal, financial and external ones) widened. The increased growth rates projected for 2014 (2.1%), 2015 (3.3%) and 2016 (4.2%) require policy measures aiming at narrowing such imbalances in medium term.

The **budget revenue** in 2013 (measured in percent of GDP), reached the lowest level (24%) since 2009 and the **overall balance** reached the highest level (-6.2%). The overall balance is projected higher in 2014 (-6.7%) to start declining in 2015 (-4.8%) down to (-0.5% in 2018. The **public debt** (including unpaid bills and arrears) measured as a ratio to GDP, reached 70.5 percent of GDP in 2013 from 62.4 percent in 2014; the projection for 2014 is 71.7 percent followed by lower levels in the subsequent years to reach 64.1 percent in 2018 and 57.1 percent in 2019. **Unpaid bills and arrears** reached 5.3 percent of GDP in 2013; the level is projected 0% in 2016. The **external public debt** was 26.8 percent in 2013, to reach 29.3 percent in 2014 and 30.7 percent in 2015; the level then declines to 24.1 percent in 2018 and 21.1 percent in 2019³¹.

²⁷ INSTAT: Quarterly Economic Growth, fourth quarter 2013, Tirana, April 7, 2014, p.2.

²⁸ IMF: Albania, Country Report No. 14/78, March 2014, p. 25; p. 47.

²⁹ IMF: Central, Eastern, and Southeastern Europe – Region. Economic Issues, April 2014, page 45 (Annex 1)

³⁰ IMF: Albania, Country Report No. 14/78, March 2014, p. 25; p. 34 (table 1).

³¹ Idem, p. 34, (table 1)

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Real GDP growth rate*	5.7%	5.7%	5.4%	5.9%	7.5%	3.3%	3.8%	3.1%	1.3%	0.7%
Nominal GDP*	751,022	814,797	882,209	967,670	1,089,293	1,148,100	1,225,500	1,297,700	1,326,040	1,358,040
Trade flows**	298,193	328,009	376,552	473,365	552,466	534,117	640,014	742,274	743,232	760,851
Exports	62,121	65,818	77,405	97,171	112,572	103,012	160,995	197,377	213,426	246,335
Imports	236,072	262,191	299,147	376,194	439,894	431,105	479,019	544,897	529,806	514,516
Trade deficit	173,951	196,373	221,742	279,023	327,322	328,093	318,024	347,520	316,380	268,181
Exports growth	14.0%	6.0%	17.6%	25.5%	15.8%	-8.5%	56.3%	22.6%	8.1%	15.4%
Imports growth	4.5%	11.1%	14.1%	25.8%	16.9%	-2.3%	11.1%	13.8%	-2.8%	-2.9%
Trade flows growth	6.3%	10.0%	14.8%	25.7%	16.7%	-3.3%	19.8%	16.0%	0.1%	2.4%
Openness index***	39.7%	40.3%	42.7%	48.9%	50.7%	46.5%	52.2%	57.2%	56.0%	56.0%
Trade deficit/GDP	23.2%	24.1%	25.1%	28.8%	30.0%	28.6%	26.0%	26.8%	23.9%	19.7%
Import/GDP	31.4%	32.2%	33.9%	38.9%	40.4%	37.5%	39.1%	42.0%	40.0%	37.9%
Export/GDP	8.3%	8.1%	8.8%	10.0%	10.3%	9.0%	13.1%	15.2%	16.1%	18.1%
Import coverage index (Ex/Imp)	26.3%	25.1%	25.9%	25.8%	25.6%	23.9%	33.6%	36.2%	40.3%	47.9%

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 2014-2016, p.12 (www.minfin.org). However, the latest preliminary estimate of INSTAT for 2013 (based on quarterly gross value added estimates) goes down to 0.44%.

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

Private credit had negative growth rates during 2013, reaching -3.0 percent from 1.4 percent in 2012 and 10.4 percent in 2011. The projected growth rates are 2.6 percent in 2014 and 4.9 percent in 2015.³² **Credit to business** declined considerably during 2013: -1.8 percent in Albanian Lek (ALL), -8 percent in USD, and -3.5 percent in Euros. **Non Performing Loans (NPL)** reached a level of about 23.5 percent (as a share of total loans) being about 0.5 percentage points higher than the level of 2012 and about 4.5 percentage points higher compared with 2011. If consider only the Lost Loans³³, a sharp increase is noticed: the level in 2013 is 11.45 percent from 7.7 percent in 2012 and 5.67 percent in 2011.

External balances of the economy have somehow improved during the last years. **Gross international reserves** increased from 1.6 billion Euros (4.1 import months) in 2009 to 2.0 billion Euros (4.8 import months) in 2013. **Current account deficit** - CAD (excluding official transfers) decreased from 14.7 percent of GDP in 2009 down to 11.0 percent in 2012 and 10.4 percent in 2013. Higher levels of CAD are projected for 2014 (11.3%) and 2015 (13.2%) to pick up at 15.5 percent in 2016; a downward trend is projected afterwards³⁴.

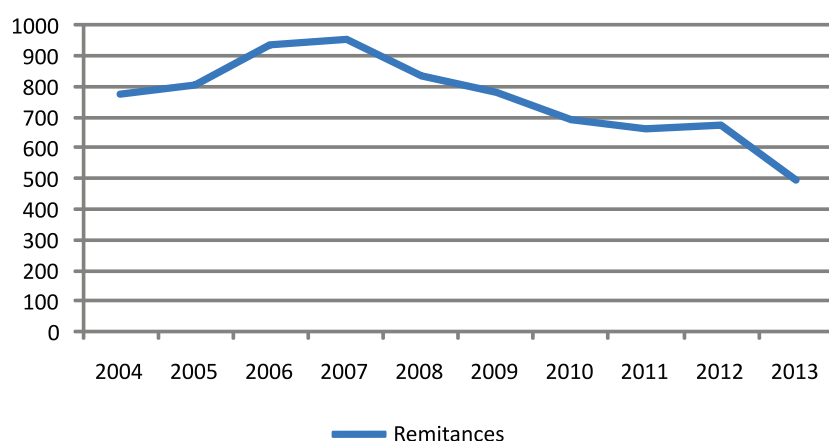
CAD level and trend is dominated by the level and trend of the trade balance, although an important role belongs to **remittances**. Graph 1.3 illustrates a declining trend of (total) remittances since 2007,

³² Bank of Albania, Statistical Monthly Report 2014/2, Table 1.21. NPL includes sub-standard loans, doubtful loans, and lost loans.

³³ IMF: Albania, Country Report No. 14/78, March 2014, p. 25; p. 34 (table 1).

³⁴ Bank of Albania, Balance of Payment Statistics (www.bankofalbania.org).

Graph 1.5: Remittances in Albania (in mln Euros)



Source: Bank of Albania, external statistics, current account (www.bankofalbania.org)

which is quite sharper in 2013: from 951.71 million Euros in 2007, down to 675.3 million Euros in 2012 and 497.21 million Euros in 2013.³⁵

Table 1.3 also displays the level of **trade balance** along the period 2004-2013. Trade deficit declined in 2013 by 15.2 percent to 268,181 million Albanian Lek (ALL) - from 316,380 million ALL in 2012. Measured as a ratio to GDP, the trade deficit was 19.7 percent in 2013, being 4.2 percentage points lower than a year before.

These developments related with trade deficit are a 'medal' with two sides. On one side, a lower trade deficit contributes positively to external macroeconomic balances of the country, particularly in the current situation when our main trading partners are experiencing a prolonged economic recession. The fall of trade deficit also reflects a growth of exports, which is a good development. On the other side of the 'medal', the decline of trade deficit is first of all a reflection of import reduction due to slowdown of domestic demand. Furthermore, the import decrease weighs more on machinery, equipment and spare parts, and also construction materials, so having negative side effects on production³⁶. Also, a closer look at the structure of exports reveals a number of weaknesses to be considered by medium to long term supportive policies, such as the relatively high scale of concentration in low-processed products

(such as minerals, fuels and also products of inward processing industries - textile and footwear etc), high dependency on weather condition (such as the case of electricity etc), high fluctuations of exports particularly after the global crisis of 2007-2009.

Graph 1.6 reflects the development and fluctuations of trade flows, exports, imports and also GDP over a period of 10 years (2004-2013), based on data of table 1.3. Trade flows³⁷ in 2013 increased by 2.4 percent to 760.851 million ALL while in 2012 the increase was 0.1 percent. Positive growth rates

of trade flows in 2013 were determined by the considerable growth of exports by 15.4 percent to 246.335 million ALL, although imports fell by 2.9 percent down to 514.516 million ALL (from 529.806 million ALL in 2012). It is the second consecutive year for imports to have a negative growth rate (-2.8% in 2012, from the positive rate of 13.8% in 2011). Exports and imports growth rates are in general much higher than the GDP ones for all the period 2004-2013 (except for 2009, for both exports and imports).

In 2009, as shown in table 1.3 and graph 1.6, while the GDP growth rates declined sharply although remaining positive (from 7.5% in 2008 to 3.3%), trade flows had a negative growth rate (-3.3%), with a decrease of exports by 8.5 percent and imports by 2.3 percent. In general, fluctuations of trade flows follow mostly the fluctuations of imports. After the 'trade recession' of 2009, particularly exports (reaching a growth rate of 56.3% in 2010) demonstrate very sharp ups and downs, so reflecting the influence of other factors, including the ups and downs of demand from other countries, the oscillations of the world prices of such products as energy, fuel products, minerals (particularly during the period 2009-2011), the change of weather conditions etc.

Figures in table 1.3 and data used in Graph 1.6 refer to trade flows as measured in ALL. However, when measured in Euros or USD, the

³⁵ Bank of Albania, Monthly Statistical Report, 2014/2, table 2.4, p. 36.

³⁶ The data on trade, exports and imports used in table 1.3 and graphs 1.5, 1.6 and 1.8 are from Directorate General of Customs (www.dogana.gov.al).

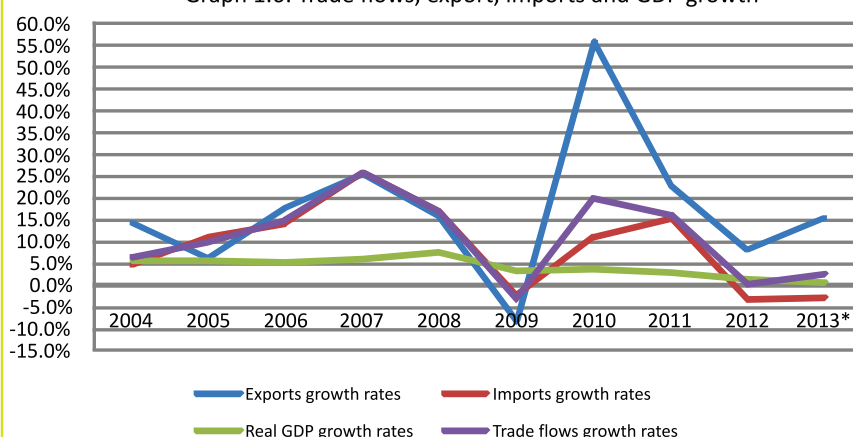
³⁷ Based on the information from the respective statistical offices, the import coverage index for 2012 was 10.8% in Kosovo, 20.2% in Monte Negro, 51.5% in Bosnia and Herzegovina, 59.5% in Serbia, and 61.5% in Macedonia.

growth of trade flows reflects also the oscillations in the respective exchange rate. More stable the exchange rate is, more similar are the growth rate of trade flows when measured in different currencies; the oscillations of exchange rates are reflected in the different growth rates of trade flows when measured in different currencies, as illustrated in Graph 1.7.

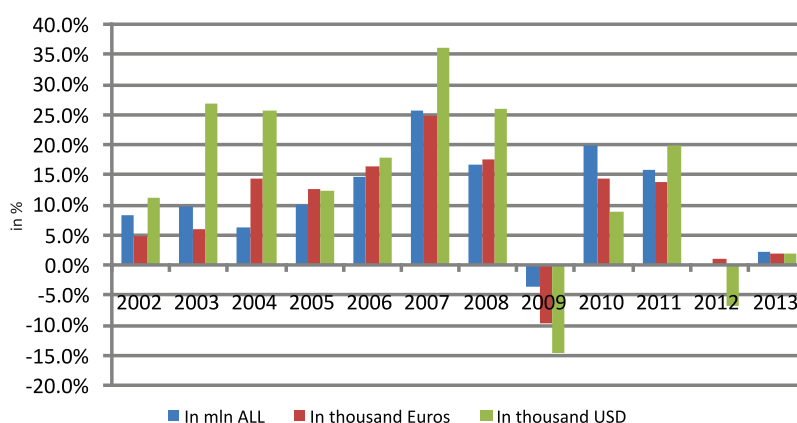
Fluctuations of USD exchange rate have been higher during the period considered in the table (2002-2013), so were the fluctuations of trade flows growth rates when measured in USD. The last year (2013) makes a difference, since exchange rates have been more stable and the levels of growth were low. Use of real data to measure trade flows by adjusting the nominal data to account for exchange rate fluctuations and price change effects, is necessary for making the country's trade data comparable with other indicators measured in real terms (as real GDP growth etc), and also comparable with trade data produced by **international institutions**.

Graph 1.8 demonstrates the trend of the **openness index**, measured as a ratio of the trade flows value (exports plus imports) to the nominal GDP, being very much influenced by the trend of trade flows. This index improved considerably during the years 2010-2011 (from 46.5% in 2009, to 52.2% in 2010 and 57.2% in 2011), to decline again in 2012 down to 56 percent, a level maintained in 2013 as well. The openness index for Albania is quite low, even compared with the countries of the region³⁸. Being a small economy, Albania should promote

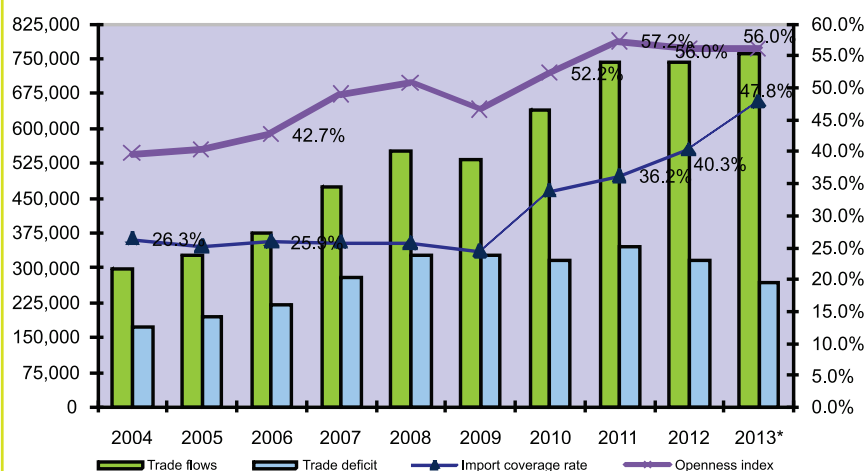
Graph 1.6: Trade flows, export, imports and GDP growth



Graph 1.7: Trade growth rates, as measured in ALL, EUR and USD



Graph 1.8: Trade flows (mln ALL), trade deficit (mln ALL), openness index (%) and import coverage (%), 2004-2013



³⁸ 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.

a further and deeper integration (openness) in the international economy.

The fall of **trade deficit** during 2012 and 2013, have had a positive effect on the import coverage index, as revealed in graph 1.8 (and also in table 1.3). **Import coverage index** (measured as a ratio of exports value with the imports one) demonstrates a clear increasing tendency: from 23.9 percent in 2009, to 40.3 percent in 2012 and 47.9 percent in 2013. However, despite this trend, this index is still quite low even compared with other countries in the region, so reflecting a low competitiveness and a long-term threat to macroeconomic balances.

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 textile 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 63.14% in 2009 to 43% in 2012, and 40% in 2013³⁹). Both IP export and imports increased in 2013 (7.4% and 17.6%, respectively), however the value added of IP exports (value of IP exports minus value of IP imports) decreased considerably (by 23.3%: from 22,778 million ALL, down to 17,476 million ALL). The share of the IP value added to IP exports in 2013 was only 17.5 percent, meaning that if only value added is considered, the share of IP exports to total exports gets down to only 7.1 percent! The comparative advantage of such products is mostly based on low wages, so it is difficult to be sustainable in medium-to long term. However this sector is contributing considerably to employment. Supportive policies to encourage investments and employment and also aiming at increasing the processing links in the value added chains could be effective unless they are not discriminative against other industries.

Share of agriculture products exports continue to be quite small, only 5.9 percent of the total exports (and the ratio of agriculture exports to agriculture imports is only 15.7%), but the potential of this sector is really high and structural reforms (related with prolonged land property problems, **consolidation of arable land parcels**, supporting of processing industries etc) are expected

to be very productive. Exports of some other commodity-groups (mining industry products, other raw materials etc) 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. Medium to long-term policies in support of export diversification and increasing the value-added of exported products, are needed.

Widened macroeconomic imbalances call for strong political action, especially for reducing public debt, reforming the revenue sources and government expenditure, **payment** of government arrears, reduction of non-performing loans and restoring of credit growth, as underlined in the IMF Country Report⁴⁰. The Report also ascertains that 'a sustained deceleration of structural reforms has coincided with declining potential growth in recent years...and has prevented a broadening of the productive base, reduction in economic informality, and diversification of exports'⁴¹.

Recommended structural reforms are related particularly with business and investment environment, and also with agriculture, social welfare programs, energy sector, education and health, and EU integration. Deepening of regional integration is also important. As underlined in the IMF Country Report, 'Albania's business environment is weak. Despite the relatively flexible labor market and low statutory tax rates, the investment climate has suffered from poor property rights, corruption, weak contract enforcement, an inefficient judicial system and weak access to finance, particularly for SMEs'⁴².

Box 1.1 confirms that during 2013 the business climate in Albania is deteriorated: Albania lost 5 places in ranking in 'ease of doing business', compared with the previous year. The lowest rated dimensions of index are 'burden of custom procedures', 'dealing with construction permits' and 'paying taxes' while a significant deterioration of the position is noted in 'enforcing contracts' and 'starting a business'.

Box 1.2 provides information about the position of Albania based on the **index of economic freedom**. Country's score for economic freedom in 2013 is higher than the world average but lower than

³⁹ General Directory of Customs, Albania, and ACIT's calculations.

⁴⁰ IMF Country Report No. 14/78.

⁴¹ Idem, p. 21

⁴² IMF Country Report No. 14/78, p. 21.

Box 1.1: Ease of Doing Business

According to 'Doing Business 2014', Albania ranks 90th on the 'Ease of Doing Business' in a world list of 189 countries, from 85th in the previous year (in a list of 185 countries). The country continues to better rank in 'getting credit' (13th, from 23rd in 2013 and 24th in 2012), 'protecting investors' (14th, from 17th in 2013 and 16th in 2012) and to some extent in 'resolving insolvency' (62nd). The lowest rated dimensions are 'dealing with construction permits' (189th, from 185th and 183rd in 2013 and 2012, respectively); 'getting electricity' (158th, from 154th in 2013), and 'paying taxes' although this indicator is considerably improved compared to the previous years (146th, from 160th and 152th in 2013 and 2012, respectively). Significant deterioration of the position is observed in 'enforcing contracts' (from 96th in 2013 to 124 in 2014) and 'starting a business' (from 68th to 76th).

The World Bank and IFC Report "Doing Business 2014"

Box 1.2: 2014 Index of Economic Freedom

According to the "2014 Index of Economic Freedom", Albania's 'economic freedom' overall score is 66.9, ranking 54th in the world (out of 178 countries, from 185 in the "2013 Index": 7 countries are not ranked in the '2014 index' and 25th in the European region (among 43 economies). The country's overall economic freedom score increased 1.7 points compared with 2012, and its position was improved by 4 places in the world list and by 2 places in the European region's list of countries. Country's score is higher than the world average (60.3) but lower than the European region average (67.1). Considering each of the ten economic freedom dimensions, improvements are marked in 'investment freedom' (+10.0 points), 'trade freedom' (+7.7 points); 'monetary freedom' (1.6 points), 'labor freedom' (+0.7 points), 'government spending' (+0.5 points), and 'fiscal freedom' (+0.1 points). Less points are scored in 'business freedom' (-2.9), and freedom from corruption' (-0.6 points); no change in the score of other freedoms, such as 'property rights' and financial freedom'. The highest score is recorded in 'fiscal freedom' (92.7 points, 20th) but the highest position is in the 'financial freedom' (19th, with 70 points). The most problematic dimensions are 'labor freedom' (49.7 points, ranking Albania 140th), 'freedom from corruption' (30.4 points, ranking Albania 101st, from 93rd in 2013), and 'property rights' (30 points, ranking Albania 93rd from 94th in 2013). Referring to long term score change (since 1994), in the first place is 'monetary freedom' (+57.9 points) and in the worst position is "property rights (-20 points).

The Heritage Foundation and Wall Street Journal Report on "2014 Index of Economic Freedom"

Box 1.3: The competitiveness position of the Albanian economy, 2013-2014

The Global Competitiveness Report 2013-2014 ranks Albania 95th out of 148 countries/economies, based on the Global Competitiveness Index (GCI) 2013-2014. According to this index, the position of the country is deteriorated by six places compared to 2012-2013 GCI (when country was ranked 89th in a list of 144 countries/economies), and by 17 places compared to 2011-2012 GCI (when country was ranked 78th in a list of 142 countries/economies). According to the same index, Albania scored 3.85 points (in a range 1-7), which is 0.1 points less from the score got in 2012-2013 and 0.3 points less from the score got in 2011-2012. Considering each of the three main components (dimensions) of the GCI Index (basic requirements, efficiency enhancers and innovation and sophistication factors), Albania (being classified as an 'efficiency driven' economy) got again the highest score in the first one, 'basic requirements' (4.2 points, the same as in the previous year but 0.3 points lower than the score of 2011-2012), and ranking 94th (compared with 87th in the previous year and 71st in 2011-2012). Looking at the pillars within the three dimensions (12 pillars in all), the highest position is got in 'health and primary education' which belongs to the 'basic requirements' dimension of the GCI (56th from 79th in the previous year, scoring 5.9 points). The lowest ranked pillars are 'financial market development' (128th from 120th in the previous year, scoring 3.3 points) and 'business sophistication' (122nd from 98th in the previous year, scoring 2.8 points). Regarding the trade-related factors (within 6th pillar - goods market efficiency), Albania ranks better in 'trade tariffs' 39th, from 46th in the previous year). The situation is worsened in several indicators, particularly in 'burden of customs procedures' (117th, from 92nd in 2012-2013 and 66th in 2011-2012). According to the Report, the most problematic factors for doing business in 2013-2014 are: 'corruption', 'access to financing', 'inefficient government bureaucracy', and 'tax regulation'.

World Economic Forum: The Global Competitiveness Report 2013-2013

Box 1.4: 2014 Enabling Trade Index

'Enabling Trade Index' ranks Albania 69th in a list of 138 countries, with an overall score of 4 (in a range 1-7). Compared with other countries in the Western Balkan region, Albania ranks only before Serbia (89th, scored 3.7) and Bosnia and Herzegovina (78th, scored 3.9); in the best position in the region is Montenegro (49th, scored 4.3). Considering all subindexes ('market access', 'border administration', 'infrastructure', and 'operating environment'), Albania is better ranked in 'market access', 17th with a score of 4.4, being in the best position in the region, followed by Macedonia and Montenegro. If only 'domestic market access' is considered (pillar 1, from 7 pillars in all), the position of Albania is even better, ranked 11th, with a score 5.9. The second subindex, 'Border administration', ranks Albania 70th, with a score of 4.0 and positioning it the second in the region. Less 'favorable' subindex for Albania is 'infrastructure', positioned 90th and scored 3.4, ranked the last in the region. Pillar 4 'Availability and quality of transport infrastructure' (a component of the 'infrastructure' subindex) ranks Albania 116th with a score of 2.4, positioning it the last in the region. According to the last subindex, 'operating environment', Albania is ranked 85th (scored 3.9), positioned the last but one in the region.

Most problematic factors for exporting: identifying potential markets and buyers; inappropriate production technologies; difficulties meeting quantity/quality of buyers; access to trade finance.

Most problematic factors for importing: burdensome import procedures; tariffs; corruption at the border; high costs or delays caused by international and domestic transportation.

World Economic Forum: The Global Enabling Trade Report 2014

European region average. The highest score is recorded in 'fiscal freedom' but the country is better positioned in the 'financial freedom'. The most problematic dimensions are 'labor freedom', 'freedom from corruption', and 'property rights'.

The Global Competitiveness Report 2013-2014, as shown in **Box 1.3**, also confirms steps back as regards business and investment climate. The competitiveness position of the country measured by Global Competitiveness Index (GCI) is deteriorated by six places compared to GCI 2012-2013 and by 17 places compared to GCI 2011-2012, although progress is achieved in some fields. As regards trade, along with improvements in 'imports as percentage of GDP' and 'trade tariffs', the situation is worsened in 'burden of custom procedures'. According to the Report, the most problematic factors for doing business in 2013-2014, are: 'corruption',

'access to financing', 'inefficient government bureaucracy' and 'tax regulation'.

While achievements regarding tariff and quota barriers and also real costs of moving goods across borders (transportation and communication costs) are visible and important, 'the spotlight is turned to less obvious impediments, especially **administrative and logistical hassles**. Trade Facilitation Agreement reached in the Ninth WTO Ministerial Conference in Bali, December 2013, aimed at reducing such hassles'⁴³.

Trade facilitation (with an important impact on trade and welfare) is assessed by Enabling Trade Index, presented in "The Global Enabling Trade Report", published biennially since 2010. Trade facilitation policy measures are important for the most problematic factor of exports and imports in Albania, as shown in **Box 1.4**. The Custom Code (still a draft – May 2013) is expected to further approximate the respective legislation with the EU one, and also contribute in trade facilitation.

⁴³ The Global Enabling Trade Report 2014, p. 2.

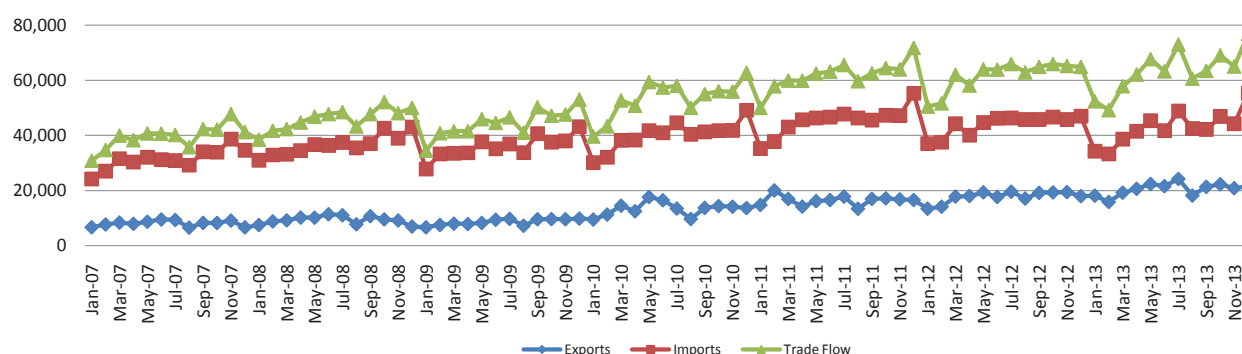
II Albania's export and import dynamics

Albania's foreign trade flow dynamics experienced a small increase during 2013 when compared to 2012. Albania's total trade for 2013 amounted to ALL 760,856 million, representing an increase of 2.8% as compared to 2012. Imports volume (expressed in ALL in graph 2.1) remains the biggest component of trade volume. However, the value of imports for 2013 declined again as in 2012 to 514.518 million ALL matching also the decrease of consumption of the year, representing a drop of 2.4% in 2013 as compared to 2012 (527.038 million ALL).

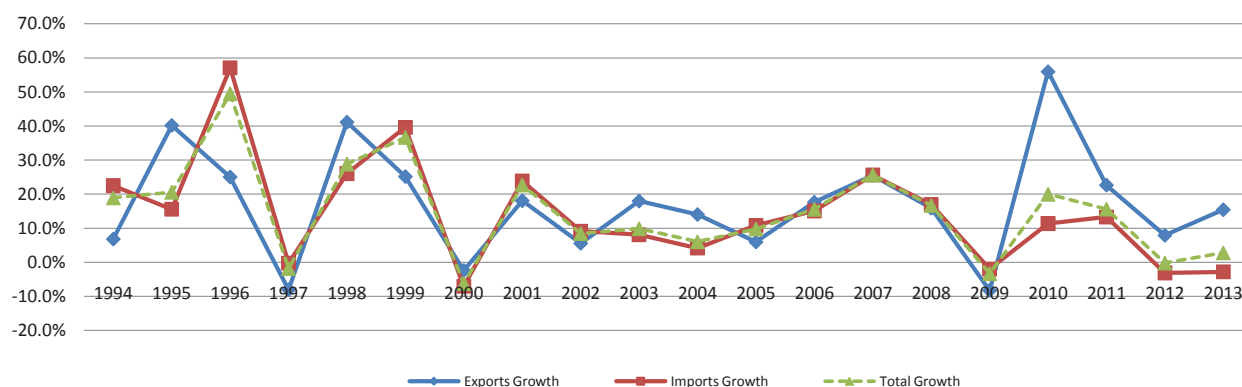
This drop of imports was offset by the increase in exports volume (expressed in ALL) (see graph

2.1 and 2.2). Total value of exports in 2013 reached 246.338 million ALL an increase of 15.6% as compared to 2012 almost doubling the growth rate (the increase was 7.9% in 2012 as compared to 2011). Generally, exports have been characterized by a strong and steady positive trend from 2002 apart from the years when the crisis hit in 2008 and 2009. This dynamic has helped in shifting the coverage of imports from exports towards a continuous improvement of the balance. Exports represent 32.4 percent of the total trade flows during 2013 expressed in ALL. This indicator has increased consistently from 2009 (19.3%); in 2010 (25.1%); in 2011 (26.6 %) and in 2012 (28.8%)

Graph 2.1 Monthly Trade Flow 2007-2013 (mln lekë)



Graph 2.2 Annual Change rate in Exports and Imports Flows 1994-2013





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.

Exports of mineral products increased by 31% in 2013, accounting for a sound 40% of total exports. This strong increase in such an important sector has helped the overall exports increase in the last two years. Most of the sections, like mineral product, vegetable products, prepared food, wood or other fiber and works of arts have experienced the same positive trend as in 2012 (continuing with

their increase). Main metals and their products remain in the same negative trend as last year. The rest of sections have experienced a difference trend.

During 2012, animal origin products, with its 1.4% of total share of exports, had a growth rate of 25.4%, but in 2013 this category remained almost at the same share on total though with a decrease with 39%. The same situation appeared for animal grease and oil. Contrary to 2012 which had a growth rate of 23.6%, during 2013 this group decreased with 25%. Works of art, collection and antics pieces grew by 25% in 2012; while in 2013 this category represented the biggest increase in relative terms with 10,633% (its share to the total exports is very low though, about 0.01%).

Some of the sections that increased their export flows, contrary to 2012, are: chemical industrial products or alloys that increased by 48%, accounting for 0.5% of total exports, followed by natural or cultivated pearls, jewelry with an increase rate of 35% with its 0.1% of total share of exports. Main metals and their products that account 14% of total share of exports also experienced a

Table 3.1: Structure of imports and exports flow 2013

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	14,983	2.9%	-6%	1,854	0.8%	-39%
2	Vegetable products	28,043	5.5%	1%	6,657	2.7%	34%
3	Animal grease and oils or vegetal and its products	5,910	1.1%	-14%	222	0.1%	-25%
4	Prepared food; drinks, alcoholic beverages and vin	44,470	8.6%	4%	5,919	2.4%	31%
5	Mineral products	92,633	18%	-16%	99,412	40%	31%
6	Chemical industrial products or alloys	47,195	9.2%	9%	1,342	0.5%	48%
7	Plastic and its products; tire and its products	21,040	4.1%	5%	1,536	0.6%	37%
8	Unprocessed and processed leather, coats and their	11,381	2.2%	17%	3,193	1.3%	15%
9	Wood and its products; charcoal; cork and its prod	6,899	1.3%	2%	1,782	0.7%	-2%
10	Wood or other fiber,	13,812	2.7%	21%	6,219	3%	76%
11	Textile and its products	42,889	8.3%	13%	35,534	14%	10%
12	Footwear and hats, umbrellas and parasols, walking	11,303	2.2%	8%	33,835	14%	14%
13	Stone, gypsum, cement products...	13,165	2.6%	-3%	1,139	0.5%	-15%
14	Natural or cultivated pearls, jewelry...	837	0.2%	-19%	345	0.1%	35%
15	Main metals and their products	50,149	9.7%	-8%	35,036	14%	-10%
16	Mechanic, electric machinery and equipment ...	61,307	11.9%	-3%	7,144	3%	6%
17	Vehicles	33,483	6.5%	-5%	1,080	0.4%	17%
18	Optic, photographic, cinematographic, measuring, .	4,733	0.9%	-16%	382	0.2%	97%
19	Weapons and munitions and their equipment	170	0.03%	-43%	161	0.1%	-67%
20	Different manufactured products	9,733	1.9%	-1%	3,224	1.3%	7%
21	Works of art, collection and antics pieces	383	0.1%	190%	322	0.1%	10633%

decrease of 10% followed by footwear products with an increase 14% reaching at 13.9% of total exports.

Some of the sections that have experienced the highest increase of imports in relative terms, as compared to 2012 are: unprocessed leather by 17% of increase (which confirms the increase trend in the exporting sectors that use this raw material), textile (13%), wood or other fiber (21%), footwear (8%), etc. However, most of import categories have experienced decrease during 2013, especially: mineral products with a decrease of 16%, stone and cement products (-3%), main metals (-8%), vehicles (-5%), etc.

3.2 Export Structure

Just as in 2012, mineral products, base metals, textiles and footwear remain the important sections with high shares to overall exports (more than 82% on total exports). Amongst these, mineral products have increased their share in the total exports in the years 2011, 2012 and more in 2013 becoming the section with the biggest share. In 2013 the mineral products share was 40%, an increase of 4.3 points of share compared to 2012 (35.7% in 2012).

Textiles products and footwear products as we mentioned above have experienced changes regarding the growth rate during 2013. Textile products account for 14.4% (15.2 percent in 2012) of total exports in 2013 and it shows a consistent

drop in the share of total exports in the last years. However, differently from 2012, in 2013 the sector experienced increase of exports despite the decrease of share. This is due to the fact that other products export (such as mineral) has increased much more. As explained later in the relevant chapter, there are some new developments in this sector as well.

Another important sector with significant change in 2013 is footwear products. When compared to the previous year where footwear exports decreased by 1.9%, during 2013 this sector increased with 14%. These products account for 14% percent of total exports, having the same share as in 2012. 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. However, after few years of decrease and uncertainty, new developments are to be reported for 2013 (please see the relevant chapter 4.1).

Base metal products on the other hand continued to decrease their share to total exports in 2013 to

Table 3.2 Top Ten Exported goods for 2013

HS-6	Description	2009	2010	2011	2012	2013
270900	Petroleum oils and oils obtained from bituminous minerals, crude	7,878	16,957	31,698	55,591	69,540
271019	Other petroleum oils and oils obtained from bituminous minerals and preparations	66	74	782	14,034	21,762
721420	Other bars & rods of iron or non-alloy steel, with indentations or other deformations produced during rolling process	3,865	5,372	7,577	8,492	12,996
640610	Uppers and Parts Thereof, Other than Stiffeners	7,703	8,965	10,239	11,090	12,850
261000	Chromium Ores and Concentrates	4,029	8,045	5,272	5,333	9,618
620342	Men's or Boys' Trousers, Overalls, Breeches, of Cotton	4,987	5,910	6,118	6,185	7,251
640340	Footwear, sole of rubber/ plastic/ leather, uppers of leather	8	2,871	4,921	6,196	6,415
252329	Portland cement nes	1,566	3,487	4,763	6,534	6,102
640399	Other Footwear With Uppers of Leather	829	2,031	2,834	4,234	5,169
970500	Collections and Collectors' Pieces			1	0	4,893
Total Value of 10-most exported products						156,597
Value of overall exports						246,338
Share of 10 most exported products				47%	59%	64%

Table 3.3: Exported Products with the highest change in their value (in mln ALL)				
HS-6	Description	2012	2013	Change compare to 2012
270900	Petroleum Oils and Oils Obtained from Bituminous Minerals (Crude)	55,591	69,540	25%
271019	Aviation kerosene	14,034	21,762	55%
970500	Collections and Collectors' Pieces	0	4,893	1028706%
721420	Concrete reinforcing bars and rods, Hot-rolled, Hot-drawn, Hot-extruded	8,492	12,996	53%
261000	Chromium Ores and Concentrates	5,333	9,618	80%
271600	Electrical Energy	1,972	4,123	109%
481940	Other sacks and bags, including cones	1,974	4,033	104%
640610	Uppers and Parts Thereof, Other than Stiffeners	11,090	12,850	16%
620342	Men's or Boys' Trousers, Overalls, Breeches, of Cotton	6,185	7,251	17%
640399	Other Footwear With Uppers of Leather	4,234	5,169	22%

14% from 18.2% in 2012 experiencing a decrease of 4.2 percentage points compared to 2012. Metal products exports decreased by 10% during 2013 (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 64% of total exports, reflecting further concentration when compared to previous years (59 percent in 2012; 44% to 2011). There are some new products in the top ten for 2013. Table 3.2 shows a list of most exported products since 2008.

Petroleum oils is the top exported product with 69,540 million ALL an increase of more than 25% compared to 2012 and now representing 28% 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 with 55% and represents 9% (6.6% in 2012) of total exports of the country. This is another product from the extracting sector which 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.

Uppers and parts thereof (for footwear) has been the third most exported product last year, shifting at the fourth place during 2013. They

were replaced at the third place by bars & rods of iron which have experienced an increase of 53% percent and represented around 5% of the value of total exports.

3.3 Import structure

As a characteristic of Albanian trade of the last years, imports structure is more dispersed than the structure of exports. In 2012 there were no major changes observed in the structure of imports compared to 2011, but 2013 presented some developments. The sections with the highest share to total import flows continues to be mineral products (18%) but its share on total imports is 3% lower than 2012. Electric machinery and equipment accounted for 12% while main metals for 10%, both with the same share as in 2012. Altogether these sections represent 40% of total imports. Imports of textile, footwear and wood products experienced an increase in 2013, contrary to what had happened in 2012. Other important sections remain chemical products and prepared food as in 2012.

Imports of mineral products reached 92,633 million ALL, but in contrast to 2012 they experienced an increase of 8.1%, this year represents a decrease with 16%. Regarding the imports of mechanical and electrical machineries (which during 2012 decreased by 18.8 percent in value), in 2013 this section decreased only by 3% at a value of 61,307 million ALL. Imports of metals represented 10 percent of total imports (50,149 million ALL) and

have experienced a smaller decrease during 2013, only 8% compared with 2012 (when the decrease was 18,6%).

Light petroleum distillates continued to be the most imported product for Albania in 2013, reaching at 112,545 million ALL (53,291 million ALL in 2012) and a major increase of 111%. While electric energy was the second most imported product during 2012, in 2013 it dropped at the fifth place, being replaced by light oils and its preparations, valued at 16,233 million ALL or 61% higher than in 2012.

The ten most imported products in Albania account for 39% of total imports. Their concentration has increased with 9 percentage points as compared to 2012. The most imported products fall under different categories such as minerals, medicaments base metals, vehicles and agricultural products.

Table 3.4 gives better insight on most imported products during 2013 while table 3.5 gives an insight on imported products with the highest increase in value. Mineral products are often enlisted in both tables.

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

HS-6	Description	2009	2010	2011	2012	2013
271019	Light petroleum distillates	20,985	34,837	47,693	53,291	112,545
271012	Light oils and preparations	-	-	-	10,071	16,233
300490	Medicaments, in dosage	9,859	12,629	12,744	13,933	15,551
870332	Automobiles with diesel engine displacing more than 1500 to 2500 cc	6,007	5,463	9,437	12,575	11,731
271600	Electrical energy	14,442	11,851	22,575	30,105	11,310
100199	Wheat and muslin	5,289	7,007	10,919	6,054	9,433
240220	Cigarettes containing tobacco	8,019	10,300	8,127	8,767	9,197
271113	Butanes (Liquefied)	237	53	31	3,996	8,543
720449	Ferrous waste and scrap, iron or steel	3,643	10,530	14,030	7,752	7,039
382600	Biodiesel and mixtures thereof, not containing or containing less than 70 % by weight of petroleum oils or oils obtained from bituminous minerals.				1,716	6,949
Total value of 10-most imported products						201,582
Value of overall imports						514,518
Share of 10-most imported products, in %				28%	30%	39%

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

HS-6	Description	2012	2013	Change compare to 2013
271019	Light petroleum distillates	53,291	112,545	111%
271012	Light oils and preparations	10,071	16,233	61%
382600	Biodiesel and mixtures thereof, not containing or containing less than 70 % by weight of petroleum oils or oils obtained from bituminous minerals.	1,716	6,949	305%
271113	Butanes, liquefied	3,996	8,543	114%
100199	Wheat and muslin	6,054	9,433	56%
271112	Propane (Liquefied)	3,670	6,935	89%
880212	Helicopters of an weight exceeding 2,000 kg	1,281	2,949	130%
300490	Other Medicaments (Put up in Packings for Retail Sale)	13,933	15,551	12%
480269	Newsprint	623	2,162	247%
721391	Other bars & rods, hot-rolled, in irregularly wound coils, of iron or non-alloy steel, of circular cross-section diameter<14mm	1,278	2,616	105%

IV Trade in Specific Sectors

4.1 Inward processing trade

Inward processing trade was affected by the overall decrease of the past years until 2012. The considerable decrease was due to the drop of exports in all inward processing industries (except for prepared food). The year 2013 represented a positive turn for the sector. Inward processing exports were valued 98,273 mln ALL, showing, in contrast to 2012, an important increase of 7.4%. However, the share of inward processing to total exports has again decreased to 40% (43% in 2012) of total exports, representing a drop of 3 percentage points down. The main reason for this was the very strong increase that other sectors, such as mineral products have experienced in 2013.

Inward processing imports amounted to 80,806 mln ALL (68,718 mln ALL in 2012), having increased by 18% compared to 2012 (in 2012 they decreased by 15.4% as compared to 2011). Inward processing value, expressed as the difference between exports' value and import value has

experienced a decrease of 23% in 2013. The value added from inward processing sector reached 17,467 mln ALL accounting for 18% of total inward processing exports with a significant decrease in share by 7% of this indicator (22,788 mln ALL in 2012 accounting for 24.9% of total inward processing exports and a significant increase in share by 6.6 percent).

Apart from the visible change in terms of growth when compared to the previous year, there are minor developments in terms of structure of inward processing exports for 2013. To be noticed is the drop of the share of metal products from 14% on total IP share, to 9%. This is a result of the considerable drop in this sector (-34%). The structure of inward processing exports is given in graph 4.1.

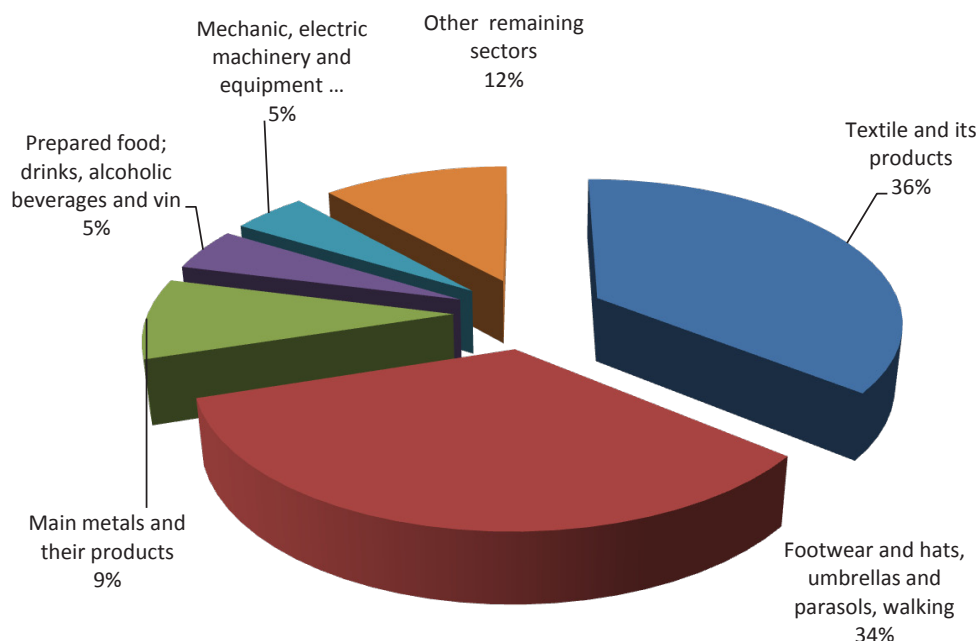
Inward processing of textiles, footwear and metals account for the highest share of inward processing, remaining the most important categories in this aspect, with 79% of share (Graph 4.1). Inward processing is also developing in other sectors such as machinery assembling and food and beverages.

Table 4.1: Inward Processing Trade, 2013

		2009	2010	2011	2012	2013
Inward Processing Exports	(in Mln ALL)	65,308	85,423	99,378	91,507	98,273
Share of Inward Processing Exports to total	(in %)	63.14%	53.05%	50.33%	43%	40%
Change rate of IP exports	(in %)	-3.06%	30.80%	16.34%	-7.90%	7.39%
Inward processing imports	(in Mln ALL)	50,875	68,711	81,211	68,718	80,806
Change rate of IP imports	(in %)	0.61%	35.06%	18.19%	-15.40%	17.59%
Value added, inward processing	(in Mln ALL)	14,433	16,711	18,168	22,788	17,467
Value added share to IP Exports	(in %)	13.95%	10.38%	9.20%	24.90%	17.77%
Value added change rate	(in %)	-14.10%	15.79%	8.72%	25.43%	-23.35%

Table 4.2: Exports of Inward Processing by Sector

	2009	2010	2011	2012	2013	Share to total	Change Rate 2013 - 2012
Sector Description	in mln ALL	in mln ALL	in mln ALL	in mln ALL	in mln ALL	in %	in %
Textile and its products	28,010	30,051	33,504	32,167	35,211	35.83%	9.46%
Footwear and hats, umbrellas and parasols, walking	20,043	25,382	30,219	29,625	33,656	34.25%	13.60%
Main metals and their products	5,985	16,205	18,954	13,215	8,741	8.89%	-33.85%
Prepared food; drinks, alcoholic beverages and vin	2,485	2,928	3,211	3,457	4,658	4.74%	34.74%
Mechanic, electric machinery and equipment ...	2,827	3,970	4,811	4,101	4,556	4.64%	11.09%

Graph 4.1: Structure of inward processing exports, 2013

Inward processing exports of textiles category summed up to 35,211 mln ALL, accounting for 36% of total inward processing exports and for 9.5 % increase in value. The main item of inward processing within the textile sector: uppers and parts have increased by 16% and it represents 13% share to sector exports. Other important products are men trousers, parts of footwear, locks of metal, etc.

Most important traded items of the textiles inward processing sector for 2013 are listed in the table 4.3.

Footwear products reached 33,656 mln ALL having increased in absolute value by 13.6%, accounting for 34.25% of total inward processing exports. After the decrease in 2008 this sector has strongly recuperated in value in 2011, in 2012 it had a small

Table 4.3: Most important inward processing export products

HS Code	Description	2012 in mln ALL	2013 in mln ALL	Growth Rate in %	Share to Sector Exports in %
640610	Uppers and Parts Thereof, Other than Stiffeners	11,069	12,839	16%	13.06%
620342	Men's or Boys' Trousers, Overalls, Breeches, of Cotton	6,172	7,231	17%	7.36%
640340	Other Footwear, Incorporating Protective Metal Toe-cap,	6,181	6,410	4%	6.52%
640399	Other Footwear With Uppers of Leather	4,229	5,150	22%	5.24%
830140	Locks of base metal	4,917	4,622	-6%	4.70%
620520	Men's or Boys' Shirts, of Cotton	0	4,263	100%	4.34%
481940	Other sacks and bags, including cones	1,973	4,031	104%	4.10%
160416	Anchovies, prepared or preserved, whole or in pieces, but not minced	2,616	3,060	17%	3.11%
610711	Men's or Boys' Underpants, Briefs, of Cotton, Knitted or Crocheted	1,835	2,605	42%	2.65%
610910	T-shirts, Singlets, Other Vests, Knitted or Crocheted, of Cotton	1,754	2,019	15%	2.05%

decrease by 2%, and during 2013 experiencing both growth and stabilization. The most important items within this sector are listed in table 4.3.

Although figures on inward processing exports were quite negative in 2012, stressing the decrease and the loss of share on total exports, the situation has improved in 2013 for the sector. After the considerable crisis of trade partners' countries of Albanian companies (mainly in Italy and in Greece), the year 2013 represented a good year characterized by growth.

Metals and products thereof, another important category of the inward processing sector, were valued at 8,741 mln ALL (13,215 mln ALL in 2012), having again decreased in absolute value by 34%, the same as 2012. Main products within this category remain locks of metal while bars and rods, which were the most exported product of the sector in 2012, has disappeared from the top ten in 2013.

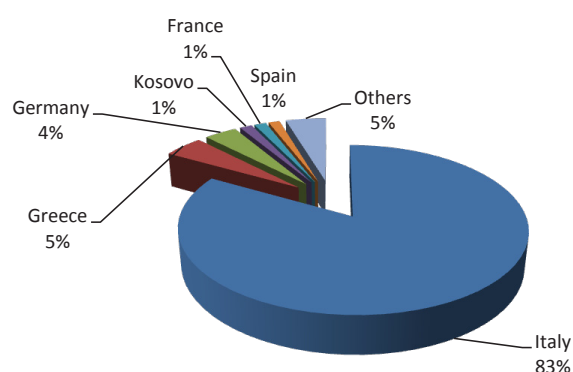
Edible preparations items within inward processing account for 4.8% of total inward processing exports, valued at 4,658 mln ALL replacing in ranking the machineries. Their value increased by 35%. In line with the overall increase tendency the main food industry inward processing items such as anchovies accounting for 66% of this category, have experienced an increase in value by 17%. Inward processing of mechanic, electric machinery and equipment was valued at 4,556 mln ALL. This category experienced also an increase by 11%.

The geography of inward processing shows some changes as compared to 2012 (see graph 4.2). The main inward processing trade partner is confirmed to be Italy, which has increased its share in 2013 at almost 83% of total exports of the sector. In terms of value, inward processing trade with Italy reached at 81,815 mln ALL, increasing by 14% as compared to 2012. Exports increased

with other main partners as well such as Greece which jumped again to the second place with 5% of share. Germany, which held the second place in 2012, was in the third place with 4%. Turkey has disappeared from top destinations of this sector in 2013 while Kosovo has dropped from 3% of share to 1%. France and Spain have remained at similar positions as in 2012. This change of geographic structure is due mainly to the recovery of the traditional partner countries of the sector (Italy and Greece) during 2013 (see graph 4.2).

Despite this positive news of 2013, 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. Some companies were seeking for other markets (Greece was being replaced by Germany in 2012). Although shifts in geography of trade in the inward processing exports would have been healthier from an economic point of view, in 2013 we noticed a return to the 'classic' partners and geographic concentration followed.

Graph 4.2: Geographic distribution of inward processing trade by country, 2013



4.2 Agriculture products

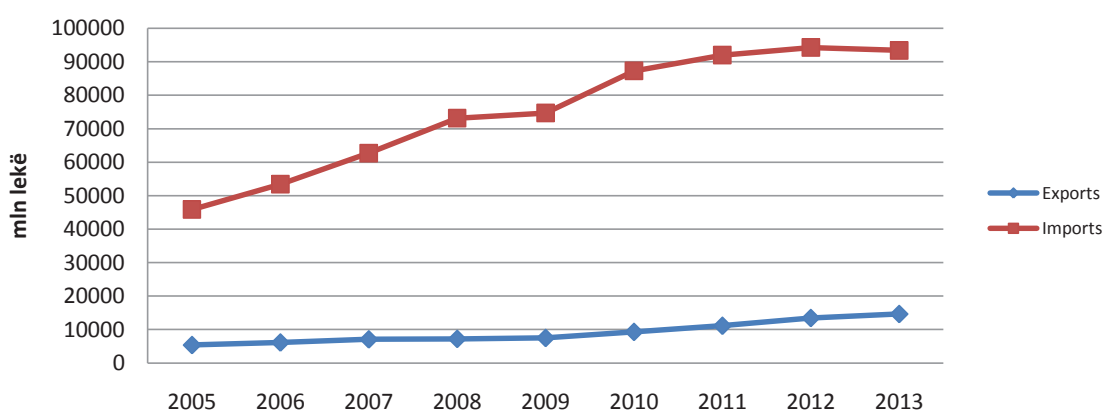
4.2.1 Exports

Agricultural products exports reached 14,652 million ALL (tab 4.5) or 14.3% higher than in 2012. Therefore the share to total exports of the country has reached 6 percentage points while the imports' coverage ratio went up to 15.7% from 13.75 %, in 2012. Despite this improvement it remains lower than the total imports' coverage ratio (48%). However, the very positive trend of the last years, gives us some encouraging perspective and projections for this sector and its exports.

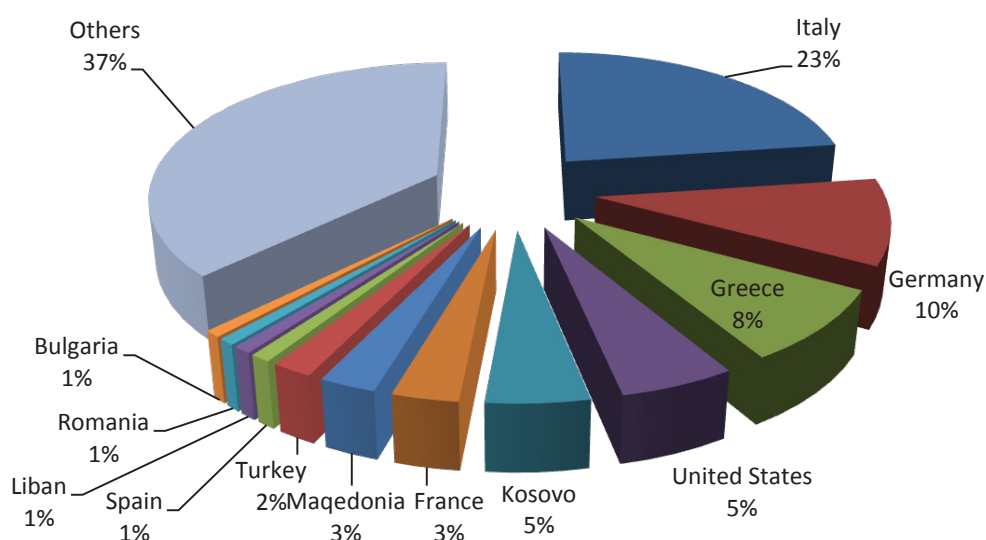
Graph 4.4 shows shares of exports by country of origin. Italy remains the main exporting partner in terms of agricultural products representing 23% (33% in 2012) of total agricultural exports share with a decrease of 10 points. Germany has replaced Greece as the second most important country importing with a share of 10%. Greece, which was the second country where Albania exported most during 2012, with almost 14% of total share of exports, shifted at the third place with 8% in 2013. Kosovo presented a decrease this year in the share of total agricultural exports from 10% in 2012 in 5% during 2013.

Apart from the general increase in quantity, it is important to mention that there has been a strong

Graph 4.3.: Trade flows of agricultural products



Graph 4.4: Share of agriculture exports, by country 2013



diversification of exporting destinations in 2013. This patterns in confirmed not only from the geography point of view, but also in terms of structure which presents weak concentration internally to the sector and a large variety of products. Dynamics of exports and imports structure in a more detailed perspective is given in table 4.5.

The largest share of agricultural exports, in terms of category, goes to oil seed (24.24%) and meat, fish and seafood (21.44%), a similar situation as in 2012. The category with the highest increase as compared to 2012 is miscellaneous edible preparations but they represent only 1.8% of total exports. Cocoa and cocoa preparations increased by 170% compared to 2012, while products such as residues, wastes of food

industry, animal food representing only 0.01% of total exports increased by 100%.

The most exported agricultural products accounting for 60% 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, where several new products have appeared in the top ten most exported products in 2013. Exports of anchovies are ranked first for the fifth time, surpassing exports of medicinal herbs. Exports of anchovies in 2013 account for 21% of total exports and 17% increase to 2013, while the share of exports of medicinal herbs has increased in 2013, from 17.6% to 19%. The increase of value of this product has been 26%.

HS Code	Description	Exports				Imports			
		2012	2013	Share to sector total in %	Change rate 12-13	2012	2013	Share to sector total in %	Change rate 12-13
1	Live animals	98	89	0.61%	-9.18%	3,219	3,083	3.30%	-4.22%
2	Meat and edible meat	500	70	0.48%	-86.00%	7,534	6,554	7.02%	-13.01%
3	Fish, crustaceans, molluscs, aquatic invertebrates	1,318	1,174	8.01%	-10.93%	2,237	2,630	2.82%	17.57%
4	Dairy products, eggs, honey, edible animal product	565	132	0.90%	-76.64%	2,362	2,297	2.46%	-2.75%
5	Products of animal origin	558	389	2.65%	-30.29%	612	422	0.45%	-31.05%
6	Live trees, plants, bulbs, roots, cut flowers	75	98	0.67%	30.67%	404	396	0.42%	-1.98%
7	Edible vegetables and certain roots and tubers	1,085	1,501	10.24%	38.34%	2,127	2,324	2.49%	9.26%
8	Edible fruit, nuts, peel of citrus fruit, melons	717	1,317	8.99%	83.68%	5,383	5,443	5.83%	1.11%
9	Coffee, tea, mate and spices	106	118	0.81%	11.32%	3,199	3,446	3.69%	7.72%
10	Cereals	7	10	0.07%	42.86%	13,185	12,725	13.62%	-3.49%
11	Milling products, malt, starches, wheat gluten	27	2	0.01%	-92.59%	2,992	3,034	3.25%	1.40%
12	Oil seed, oleagious fruits, grain, seed, fruit	2,902	3,551	24.24%	22.36%	382	553	0.59%	44.76%
13	Lac, gums, resins, vegetable saps and extracts	28	53	0.36%	89.29%	48	119	0.13%	147.92%
14	Vegetable plaiting materials, vegetable products	4	7	0.05%	75.00%	8	3	0.00%	-62.50%
15	Animal,vegetable fats and oils, cleavage products	297	222	1.52%	-25.25%	6,893	5,910	6.33%	-14.26%
16	Meat, fish and seafood food preparations	2,650	3,142	21.44%	18.57%	1,690	1,860	1.99%	10.06%
17	Sugars and sugar confectionery	46	25	0.17%	-45.65%	5,352	4,495	4.81%	-16.01%
18	Cocoa and cocoa preparations	10	27	0.18%	170.00%	1,442	1,623	1.74%	12.55%
19	Cereal, flour, starch, milk preparations and products	485	684	4.67%	41.03%	6,599	7,234	7.74%	9.62%
20	Vegetable, fruit, nut, etc food preparations	428	549	3.75%	28.27%	1,962	2,126	2.28%	8.36%
21	Miscellaneous edible preparations	48	263	1.79%	447.92%	4,421	4,855	5.20%	9.82%
22	Beverages, spirits and vinegar	360	582	3.97%	61.67%	9,885	10,393	11.13%	5.14%
23	Residues, wastes of food industry, animal fodder	1	2	0.01%	100.00%	2,370	2,612	2.80%	10.21%
24	Tobacco and manufactured tobacco substitutes	504	645	4.40%	27.98%	8,887	9,272	9.93%	4.33%
Total agriculture products		12,819	14,652	100.00%	14.30%	93,193	93,409	100.00%	0.23%
Share to total trade exports/imports		6.02%	5.95%		-1.14%	17.68%	18.15%		

Table 4.6: Main agricultural products exports in mln ALL, 2013

HS Code	Description	2009	2010	2011	2012	2013	Share to total AP exports, in %	Growth rate 2012-2013
160416	Anchovies, prepared or preserved, whole or in pieces, but not minced	2,137	2,553	2,711	2,617	3,061	21%	17%
121190	Plants &pts of plants(incl sed&fruit) used in pharm,perf,insect etc nes	1,196	1,332	1,924	2,252	2,838	19%	26%
190590	pharmaceutical use, sealing wafers, rice paper	30	59	182	425	590	4%	39%
240120	Tobacco, unmanufactured, partly or wholly stemmed or stripped	217	436	413	504	487	3%	-3%
200570	Olives prepared o preserved, not frozen	188	310	349	359	484	3%	35%
121490	Swedes, Mangolds, Fodder Roots, Hay, Clover, Other Forage Products	243	382	291	350	401	3%	15%
220820	Spirits Obtained By Distilling Grape Wine or Grape Marc	27	26	29	86	269	2%	213%
240220	Cigarettes (Containing Tobacco)			6	68	236	2%	247%
151219	Sunflower Seed Oil, Safflower Oil and Their Fractions (Other than Crude Oil)	26	96	222	286	205	1%	-28%
121020	Hop Cones (Fresh or Dried; Ground, Powdered, Form of Pellets),Lupulin	351	330	329	229	182	1%	-20%
	Top ten exports					8,753	60%	
	Total AP exports					14,652		

4.2.2 Imports

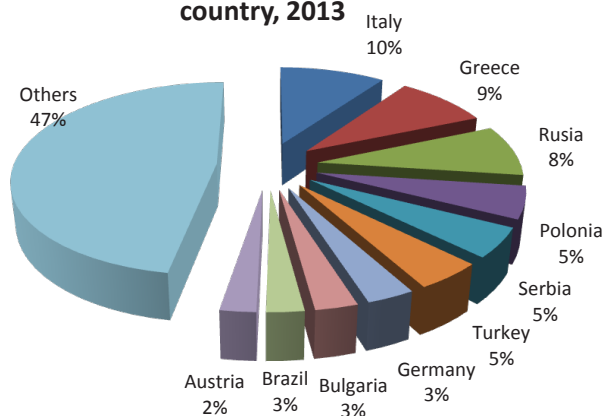
Imports of agricultural products were valued at 93,409 million ALL, almost the same figure as in 2012, marking an increase in its share of total imports by only 0.47 percentage points. In 2013 imports in this sector accounted for 18.15% of total imports. The rise of import flows was observable in graph 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 with no concentration patterns, as the graph 4.5 shows. The main trading partners for agricultural products remain Italy and Greece, even though with lower shares, accounting for 10% and 9% of total imports respectively. Their shares and values have again decreased in 2013.

The agricultural products imports structure is less concentrated than the structure of exports. The most imported products account only for 43.5 % of total imports as table 4.7 shows. In 2013 wheat and muslin, which was in the second place in 2012, have become the most imported product, representing 10.1% of total agricultural products and noting an increase of 56% compared to 2012. Cigarettes, which are the second most imported good representing 9.8% of total agricultural products, experienced an increase of 5% compared to 2012. Refined sugar, in solid form, has seen a drop in imports by 19% and accounts for about 4% of the total

Graph 4.5: Share of agricultural products imports, by country, 2013



imports. Another product that has seen a drop in imports by -3% is beer made of malt. Some new categories are presented during this year,

but with a small share to the total imports. For more details on shares and growth rates in percentage refer to table 4.7.

Table 4.7: Main agricultural products imports in mln ALL, 2013

HS Code	Description	2009	2010	2011	2012	2013	Share to total AP imports, in %	Growth rate 2012-2013
100199	Wheat and muslin	5,289	7,007	10,919	6,054	9,433	10.1%	56%
240220	Cigarettes containing tobacco	8,019	10,300	8,127	8,767	9,197	9.8%	5%
170199	Refined sugar, in solid form	2,247	3,148	4,381	4,526	3,661	3.9%	-19%
151219	Sunflower-seed/safflower oil & their fractions refined but not chemically modified	2,178	2,587	3,361	3,145	3,280	3.5%	4%
220300	Beer made from malt	3,303	3,290	3,132	2,905	2,816	3.0%	-3%
220210	Waters incl mineral&aeratd, containg sugar o sweeteng matter o flavourd	1,620	2,290	2,685	2,750	2,750	2.9%	0%
	Other Bakers' Wares, Communion							
190590	Wafers, Empty Capsules, Sealing Wafers	1,614	1,649	1,767	2,174	2,539	2.7%	17%
210690	Food preparations	1,723	2,157	2,221	2,332	2,463	2.6%	6%
100590	Maize (Not Seed)	1,290	1,711	1,431	1,587	2,255	2.4%	42%
220290	Other Non-alcoholic Beverages (Other than Fruit or Vegetable Juices)	1,478	1,756	1,862	2,059	2,222	2.4%	8%
	Top ten imports					40,616	43.5%	
	Total AP imports					93,409		

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

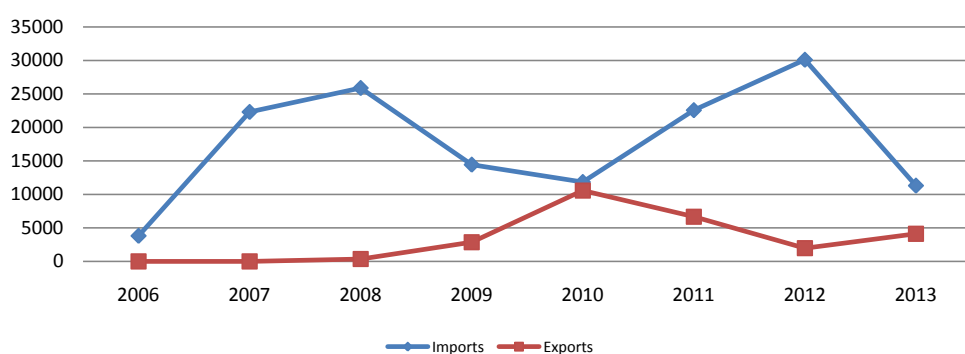
4.3.1 Trade in electrical energy

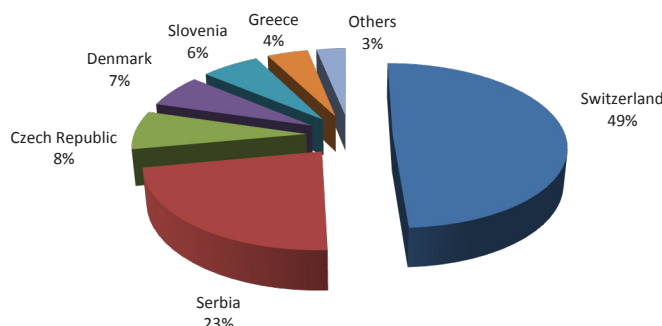
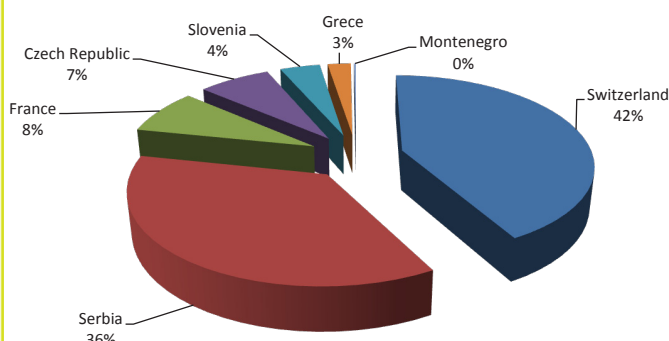
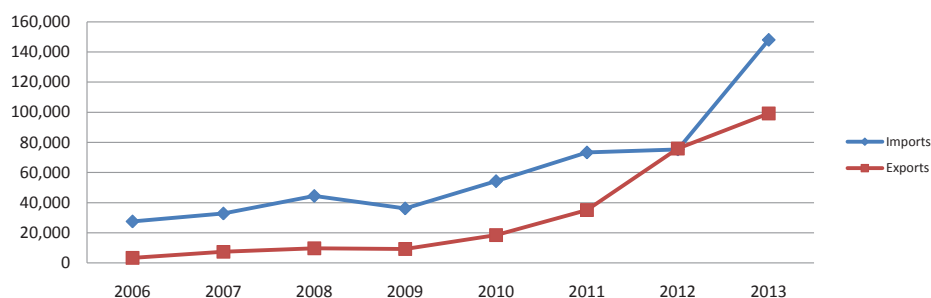
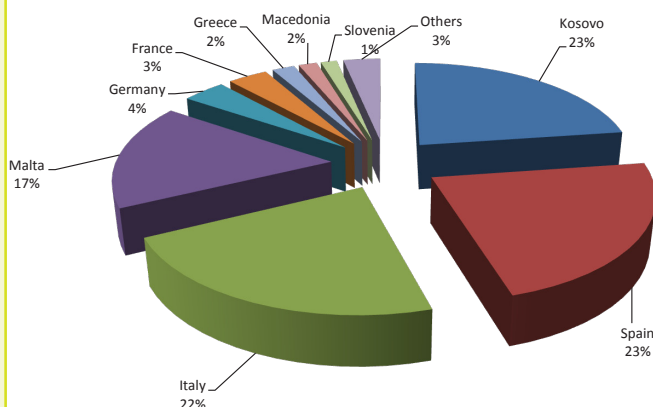
In 2013 Albania produced higher levels of electricity compared to 2012 and this is reflected in the increase in the levels of exports and decreased levels of imports. This is inverse trend compared to 2012. Exports were valued at 4,122 mln ALL (1,972 million ALL in 2012) thus increasing by 109% compared to 2012. Exports of electricity are still characterized by instability, despite its share of total exports increased to 1.7% of total export (it was less than 1% in 2012). The export of this product is still highly exposed to weather

conditions and has not consolidated yet any sustainable pattern. With some changes compared to 2012, main partners in electric energy exports for 2013 were Switzerland 49% (37% in 2012), Serbia 23% (23% in 2012), Czech Republic 8% (4% in 2012); Denmark 7%; Slovenia 6% (24% in 2012), and Greece 4% (11% in 2012).

Imports on the other hand decreased by 62% and were valued at 11,310 million ALL. This expected decrease was of course related to the good performance of production in the domestic sector. The two main countries Albania imported from were Switzerland 42% (39% in 2012) and Serbia 36% (46% in 2012) Imports from Switzerland decreased by 59% and were valued at 4,747 million ALL. Imports from Serbia decreased last year reaching a value of 4,101 million ALL or 70 % lower than 2012.

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



Graph 4.7: Share of electrical energy exports, by country, 2013**Graph 4.8: Share of electrical energy imports, by country, 2013****Graph 4.9: Trade Flows of oil products, in mln ALL****Graph 4.10: Shares of oil products' export by country, 2013**

4.3.2 Trade of mineral fuels and oil products

Trade of mineral fuels and oil products experienced a remarkable increase in 2013, both in relative and absolute terms. Trade volume of this sector reached 247,248 mln ALL (151.182 mln ALL in 2012), which is 63.5% higher than in 2012. Trade in oil in 2013 accounted for 32.5% of total trade flows (12.1 points of share increase compared to 2012). The increase in trade volume came from both exports and imports. Imports' value reached 148,027 mln ALL (97% increase) and exports valued at 99,221 mln ALL (31% of increase compared to 2012). 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, some changes have occurred. Italy that was the main exporting partner in 2012 with 44% but during 2013 it dropped at 22%. Italy is replaced in the first place by Kosovo with 23%, which was in the third place in 2012 (21%). Spain remained in the second place with almost the same share of 23%.

Exports to Italy decreased by 38% compared to 2012. Malta ranks in the fourth place (17%) with a value of 16,495 mln ALL and with an increase of 12 points in the share compared to 2012 (5%). These four countries account for 85% of share on total Albanian oil products' exports (see graph 4.10). Main exported product is petroleum oil.

Interesting shifts concerned imports of oil products as well (see graph 4.11). Italy remains strong on its first place reaching a value of 78,561 mln ALL in 2013 (48,317 mln ALL in 2012), which accounts for an increase of 62.5% in 2013. Turkmenistan which was at the second place during 2012 with a share of 11%, is replaced by a new partner, Libya, during 2013. This new partner is advancing very fast in exporting oil products to Albania, representing the second main partner for this sector reaching a share of 13% on total oil imports of Albania. While imports from Greece

have dropped steadily from 2008 to 2012, during 2013 they increased by 198% reaching a value of 14,248 mln ALL (4,783 mln ALL in 2012). Imports from United States increased too, reaching a value of 8,241 mln ALL, representing a share of 6% to the total. In terms of specific products, we can notice a high concentration in imports as well.

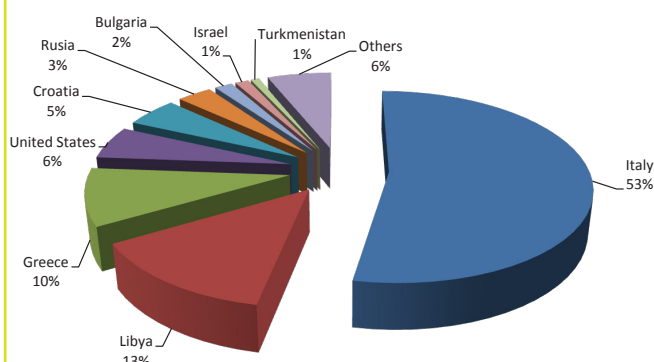
4.3.3 Trade in mineral products⁴⁴

Mineral products trade volume reached 27,114 mln ALL (24,711 mln ALL in 2012). They account for 3.6% of total trade flows, experiencing very little advancement in terms of share (it was 3.3% of share in 2012). Both exports and imports experienced shifts in 2013, but in different directions. Exports grew by 18% going from 19,429 mln ALL in 2012, to 22,961 mln ALL in 2013. In the meantime, imports dropped from 5,282 mln ALL in 2012 to 4,153 mln ALL in 2013. This increase of exports and decrease of imports has contributed in further improving the positive trade balance in this sector going from 14,147 mln ALL in 2012, to 18,808 mln ALL in 2013.

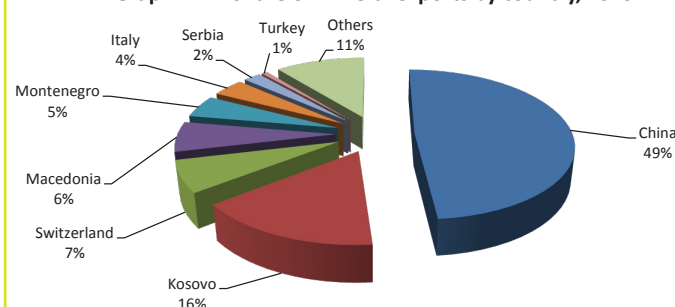
The most exported products for 2013 remain chromium ores and concentrates, portland cement, copper ores and concentrates and, as can be observed in table 4.8). As showed in table 4.8 chromium ores and concentrate ranked in the first place this year with 29% of share, in contrast to 2012 which was in the third place (27%). Portland cement exports decreased by 7% causing a drop of its share from 34% in 2012 to 27% of share on total mineral exports in 2013. The export of copper also decreased by almost 21% and was valued at 4,349mln ALL (4,498 million ALL in 2012) and represents 19% of share on total mineral exports. These three products together count for 74% (97% in 2012) of total minerals, reflecting a less higher concentration of exports, due mainly to new products being exported in 2013.

In terms of geographic distribution, mineral products reflect some concentration in 2013. China is still the main destination as in 2012, but it experienced an increase of share by 20 points from 29% in 2012 to 49% in 2013 (see graph 4.12). Other main partners are Kosovo, which reached the second place with a decrease in share from

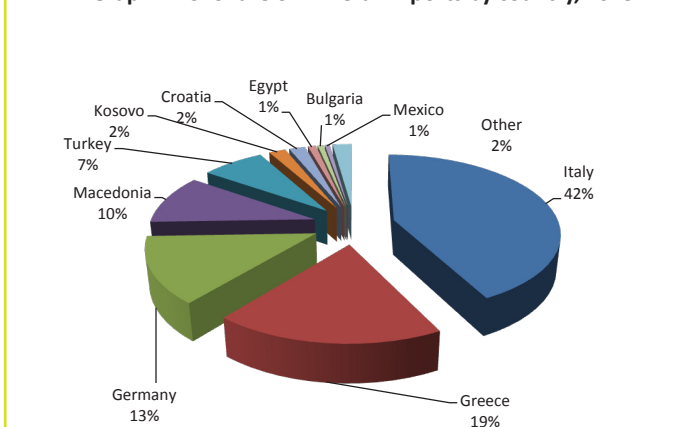
Graph 4.11: Shares of imports of oil products by country, 2013



Graph 4.12: Share of mineral exports by country, 2013



Graph 4.13: Share of mineral imports by country, 2013



20% in 2012 in 16% in 2013. Turkey with 18% of the share in 2012, in the third place, experienced a significant decrease of share going to 1% during 2013. Switzerland jumped up in the ranking with a share of 7%. More than 72% 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. The two main products in this group,

⁴⁴ 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).

Table 4.8: Main exported mineral products in mln ALL, 2013

HS Code	Description	2009	2010	2011	2012	2013	Share to total sector exports, in %	Growth rate 2012-2013
261000	Chromium ores and concentrates	4,029	8,045	5,272	5,333	6,618	29%	24%
252329	Portland cement nes	1,566	3,487	4,763	6,534	6,102	27%	-7%
260300	Copper ores and concentrates	1,528	2,329	4,179	5,498	4,349	19%	-21%
252321	Portland cement, white, whether or not artificially coloured	156	54	296	722	852	4%	18%
260111	Iron ores&concentrates,oth than roasted iron pyrites,non-agglomerated	648	727	1,564	449	561	2%	25%
260400	Nickel Ores and Concentrates					283	1%	100%
251520	Ecaussine, Other Calcareous Monumental or Building Stone	41	54	66	68	256	1%	277%
250100	Salt, Pure Sodium Chloride, Sea Water	17	11	62	137	139	1%	1%
252310	Cement Clinkers	73	491	176		91	0%	100%
251690	Monumental or building stone	286	332	317	233	83	0%	-64%
Top Ten exports						19,334	84%	
Total MP exports						22,961		

hydraulic cement and Portland cement, have experienced decrease in 2013. This was due to the continuing slowdown of construction industry in Albania during the previous years. As table 4.9 shows, these two top imported products, hydraulic cement and portland cement (which account for 49% of imports) experienced again decrease by 22% and 63%, respectively. However, there are several new products in the top ten of imports in 2013. In addition, cement clinkers, which account for 13% of

mineral imports in 2013, have experienced a huge increase.

Main importing partners remain Italy and Greece (42% and 19% of share). Italy remains at the same share, but Greece accounts for significant changes in shares (28% in 2012). Germany and Macedonia have both experienced an increase in share. Germany ranked again in the third place with 13% of share (15% in 2012), and Macedonia experienced a bigger increase in the share from 3% in 2012 to 10% in 2013.

Table 4.9: Main imported mineral products in mlnALL, 2013

HS Code	Description	2009	2010	2011	2012	2013	Share to total Mineral imports, in %	Growth rate 2012-2013
252390	Hydraulic cements	3,388	2,005	1,727	1,584	1,238	30%	-22%
252329	Portland cement	5,916	4,144	2,741	2,089	775	19%	-63%
252310	Cement Clinkers	1	1		32	520	13%	1507%
251511	Marble and travertine, crude or roughly trimmed	470	428	413	306	308	7%	0%
252321	Portland cement, white, whether or not artificially coloured	130	214	214	265	256	6%	-3%
261900	Steel	1	9		7	219	5%	2971%
250100	Salt, Pure Sodium Chloride, Sea Water	203	195	194	145	104	2%	-28%
252220	Slaked Lime	44	65	79	77	98	2%	28%
251710	Pebbles, Gravel, Broken or Crushed Stone, Shingle and Flint	22	16	25	45	79	2%	77%
251741	Granules, Chippings, Powder of Marble	42	52	10	25	78	2%	215%
Top ten imports						3,674	88%	
Total MP imports						4,153		

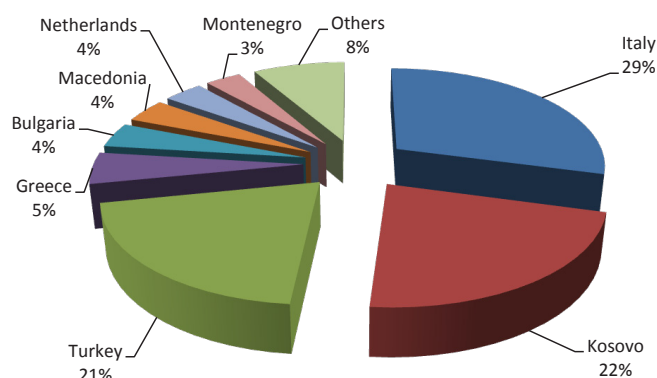
4.3.4 Trade in base metals and their products

Exports in metal products were valued at 35,036 mln ALL having decreased by 10% in 2012, accounting for a decrease of share to total exports reaching at 14,2% (18.2% in 2012). Main exporting partner countries are Italy (28%), Kosovo (26%), Turkey (22%) and Greece (10%). 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.

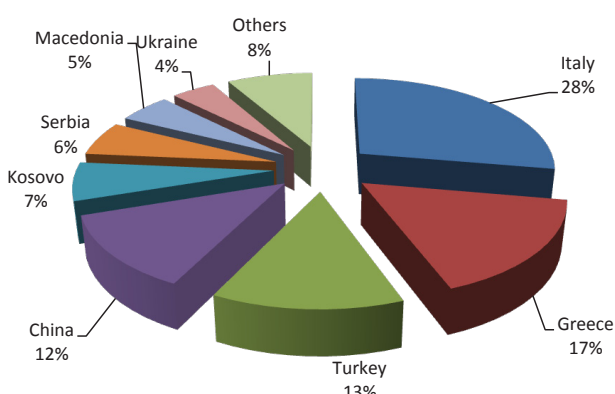
The main exported items remains the same as in 2012: bars & rods (37%); locks (13%); Ferro-chromium (11%) etc. Most of them have experienced decrease during 2013. Ferrous waste and scrap, iron or steel and semi-finished products of iron have decreased considerably compared to 2012, in 75% and 65% respectively (see table 4.10). Most of the other products listed in the top ten exports are the same as in 2012, which supply mainly the construction and metal processing industries.

Imports of metals were valued at 50,149 mln ALL (54,548 million ALL in 2012) having also decreased by 8 %. Their share to total imports remained almost the same as in 2011 and 2012, at 10%. The main importing partners for metal products remain Italy (28%), Greece (17%), Turkey (13%), China (12%) and the region, as the graph 4.15 shows. Italy, as main partner, reached at 13,911 mln ALL, almost the same as 2012 in absolute value, but with an increase in share with 4 points (24% in 2012). Greece continued the drop in imports by 30% in 2013, going from 21% of the

Graph 4.14: Share of metal exports by country, 2013



Graph 4.15: Share of imports of metals by country, 2013



share to 17%. Imports of metal products remains at the same share for Turkey (13%) and Serbia (6%), but are increased for China (from 9% to 12%) and Kosovo (from 4% to 7%). Macedonia is a new partner during 2013 with a share of 5%.

Table 4.10: Main metal products exports in mln ALL, 2013

HS Code	Description	2009	2010	2011	2012	2013	Share to total Metals exports, in %	Growth rate 2012-2013
721420	Other bars & rods of iron or non-alloy steel, with indentations or other deformations produced during rolling process	3,865	5,372	7,577	8,492	12,996	37%	53%
830140	Locks of base metal	3,716	4,506	4,544	4,923	4,624	13%	-6%
720241	Ferro-chromium containing by weight more than 4% of carbon	23	3,116	4,473	4,402	3,717	11%	-16%
740400	Waste and scrap, copper or copper alloy	1,108	2,998	3,888	3,885	2,952	8%	-24%
720711	Semi-finished products of iron		7,435	10,369	7,667	2,657	8%	-65%
760410	Bars, rods and profiles, aluminium, not alloyed	351	307	436	931	1,171	3%	26%
760200	Waste and scrap, aluminium	273	922	688	1,060	923	3%	-13%
720449	Ferrous waste and scrap, iron or steel	274	2,189	3,728	3,192	786	2%	-75%
830249	Mountings, fittings and similar articles of base metal	260	596	549	649	704	2%	8%
760110	Aluminum, not alloyed	2	-	429	443	615	2%	39%
Top ten imports						31,146	89%	
Total Metal Products exports						35,036		

Table 4.11: Main imported metal products in mln ALL, 2013

HS Code	Description	2009	2010	2011	2012	2013	Share to total Metals exports, in %	Growth rate 2012-2013
720449	Ferrous waste and scrap, iron or steel	3,643	10,530	14,030	7,752	7,039	14%	-9%
721420	Other bars & rods of iron or non-alloy steel, with indentations or other deformations produced during rolling process	10,105	9,367	10,425	9,844	5,555	11%	-44%
830160	Lock parts, including parts of clasps or frames w clasps, of base metal	3,535	4,388	4,445	4,863	4,578	9%	-6%
730429	Tubes, pipes used in oil drilling	21	249	350	3,138	3,724	7%	19%
721391	Other bars & rods, hot-rolled, in irregularly wound coils, of iron or non-alloy steel, of circular cross-section diameter<14mm	743	1,252	1,380	1,278	2,616	5%	105%
760120	Aluminium unwrought, alloyed	1,184	1,555	1,796	2,350	2,356	5%	0%
730890	Structures&parts of structures,i/s (ex prefab bldgs of headg no.9406)	2,775	4,933	4,337	1,830	2,212	4%	21%
732690	Articles, iron or steel	815	1,189	1,064	1,294	1,369	3%	6%
720839	Other flat-rolled products of iron or non-alloy steel in coils, width>=600 mm, thickness<3mm, hot-rolled	734	813	1,181	848	1,155	2%	36%
761290	Other Aluminium Casks, Drums, Cans, Boxes and Similar Containers	1,004	852	916	908	918	2%	1%
Top ten imports						31,521	63%	
Total MP imports						50,149		

4.3.5 Trade in ICT

Information and communications technology (ICT) is a key factor for economic growth. Since 2011, we have included this category in our analysis

and we will be monitoring the sector in Albania, in the years to come.

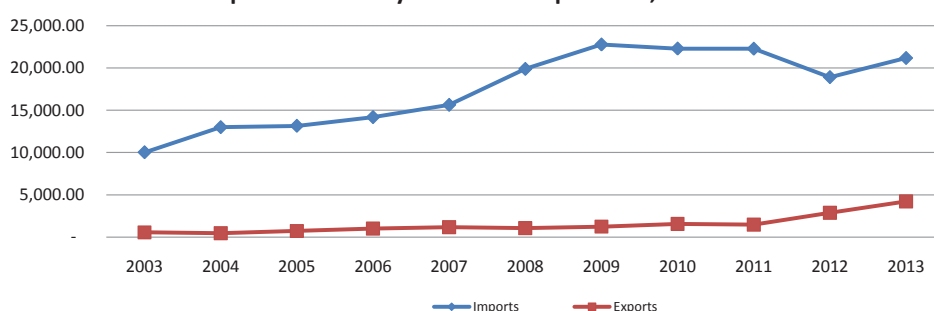
In the case of Albania, the ICT sector is still considered at early stages but developing at a good pace. It appears that Albania has reached good records in terms of skills and affordability in this field, but there isn't yet sufficient usage of

technology and socio-economic impact is still weak.

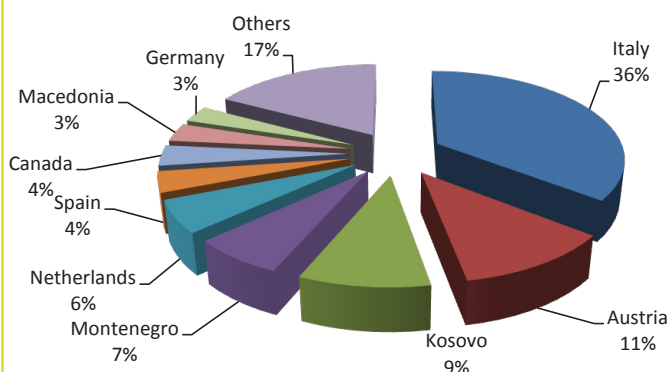
In terms of trade of ICT products, as graph 4.16 shows, trade of ICT products has experienced an increase both in imports and in exports. Exports reached 4,220 mln ALL, an increase of 46% compared to 2012. While imports were 21,170 mln ALL or a increase of 12%.

As table 4.12 shows, exports are much more concentrated and top 10 exported products represent 71% of total ICT exports. This reflects a common pattern as other Albanian sectors as well. Top 10 imported products represent 62% of total ICT imports. This sector presents a considerable trade deficit even though smaller than previous years.

Graph 4.16 Trade dynamics of ICT products, mln ALL



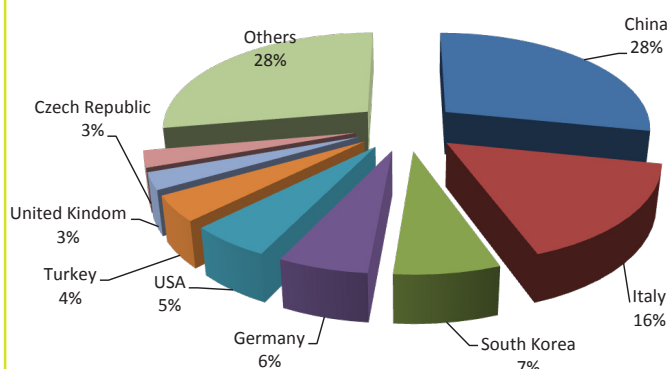
Graph 4.17
Exports of ICT products by countries, 2013



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 36% (41% in 2012) of total exports of this category. Austria is second with a share of 11% of total exports of this category (it was 3% in 2012), replacing Netherland with a share of 6% (from 13% in 2012). Kosovo, Germany and Montenegro experienced a drop during 2013.

On the other hand, imports share is spread between different countries. For 2013 the main partner is confirmed to be China. Albania is importing more than 28% of its ICT products from China. Italy is left behind with 16% (19% in

Graph 4.18
Imports of ICT products by countries, 2013



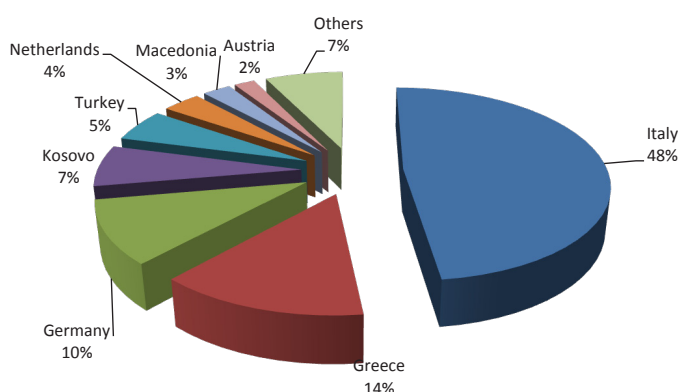
HS6	Description	Mln all	Share on Total ICT Exports
901580	Other surveying, hydrographic, oceanographic, hydrologic, meteorological or geophysical instruments & appliances	775	18%
854449	Electric conductors, for a voltage not exceeding 80 V	415	10%
851712	Telephone Sets	355	8%
847130	Digital Automatic Data Processing Machines	305	7%
851769	Other Telephonic Apparatus	258	6%
852872	Other Colour television	254	6%
852560	Television Cameras	212	5%
847150	Digital processing units excl. those of subheading 8471.41 or 8471.49	162	4%
851770	Other Telephonic Apparatus	135	3%
901590	Parts and accessories for use with the apparatus of heading No 90.15	115	3%
	Top 10 exported products	2,985	71%

HS6	Description	Mln all	Share on Total ICT Imports
852872	Other Colour television	2,490	12%
854449	Electric conductors, for a voltage not exceeding 80 V	2,211	10%
851712	Telephone Sets	1,819	9%
851762	Other Apparatus, for Carrier-current Line Systems	1,708	8%
901580	Other instruments and appliances : Surveying, Hydrographic, Oceanographic or Hydrological Instruments	1,127	5%
847130	Digital Automatic Data Processing Machines	1,123	5%
847150	Digital Processing Units	735	3%
852871		714	3%
851770	Other Telephonic Apparatus	679	3%
847149	Digital ADP, presented in the form of systems	544	3%
	Top 10 imported products	13,148	62%

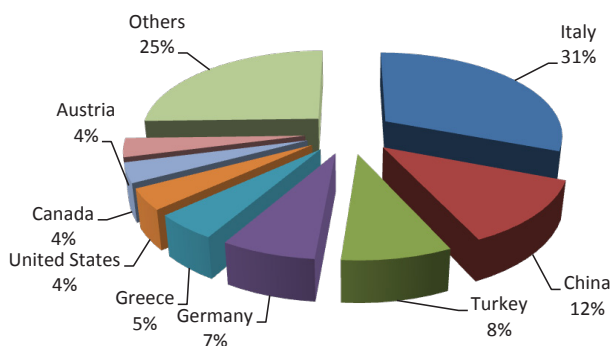
2012) of share on total Albanian imports of these products. Other countries that follow are South Korea (7%), Germany (6%), USA (5%), Turkey (4%), etc.

Table 4.12 and 4.13 present main specific ICT products exported and imported in 2013. The structure of exports is once again highly concentrated and top ten products count for 71% of total exports. Top ten imported products amount at 62% 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.

Graph 4.19: Share of exports of machinery by country, 2013



Graph 4.20: Share of imports of machinery by country, 2013



4.3.6 Trade in mechanic and electric machineries

Total trade in machineries amounted at 47,487 decreasing by almost 44% from 2012 (84,681 mln ALL in 2012). Imports of this sector reached at 43,222 representing a decrease of 40% from 2012 (71,834 mln ALL). This drop would suggest a decrease in investment of companies in terms of technology and machineries, mainly due to the continuing impact of the crisis. On the other hand, exports have decreased as well. In 2013, the amount of exports reached at 4,265 (12,846 mln ALL in 2012).

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, stable with 48% of share on total machineries' exports. Greece (14%) and Germany (10%) occupy the second and third place, while Kosovo dropped at the fourth place with 7% of share, from 16% in 2012. Albania imports its machineries mainly from Italy (31%), China (12%) and Turkey (8%). Shares of imports from Italy and Turkey have increased in 2013, while those from China and Germany have decreased.

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 at 20% of share (11.5% in 2012) and parts of electric motors with 18.5% of share (9.3% in 2012). Despite the increase in share, both these items have experienced decrease in 2013 (respectively by -40% and -34%). 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	2012	2013	Share to total in %	Change Rate 13-12
850110	Electric motors of an output not exceeding 37.5 W	1480	884	20.7%	-40%
850300	Parts of electric motors,generators,generatg sets & rotary converters	1201	789	18.5%	-34%
843143	Parts of boring or sinking machinery, whether or not self-propelled	477	614	14.4%	29%
841290	Parts of Other Engines and Motors	64	349	8.2%	100%
853620	Automatic Circuit Breakers, for a Voltage Not Exceeding 1,000v	132	281	6.6%	100%
842952	Mechanical shovels, excavators & shovel loaders, with a 360iã revolving super-structure	260	209	4.9%	-20%
841229	Other Hydraulic Power Engines and Motors	133	165	3.9%	24%
853661	Lamp-holders, for a Voltage Not Exceeding 1,000v	228	151	3.5%	-34%
842641	Cranes, Self-propelled, On Tyres	152	120	2.8%	-21%
843050	Other Moving, Grading, Levelling or Tamping Machinery, Self-propelled843061 Tamping or Compacting Machinery, Not Self-	112	119	2.8%	7%
TOP TEN EXPORTS			3681	86.3%	
TOTAL EXPORTS OF MACHINERY PRODUCTS			4265		

Table 4.15 Ten most imported machinery products (mln ALL)					
HS Code	Description	2012	2013	Share to total in %	Change Rate 13-12
843143	Parts of boring or sinking machinery, whether or not self-propelled	2,858	2,970	6.9%	4%
852380	Blank cards incorporating a magnetic stripe	1,843	1,902	4.4%	3%
850300	Parts of electric motors,generators,generatg sets & rotary converters	1,659	1,397	3.2%	-16%
841510	Air Conditioning Machines, Window or Wall Types, Self-contained	1,080	1,309	3.0%	21%
842952	Machinery With a 360degrees Revolving Superstructure	896	1,124	2.6%	25%
848180	Other Valves and Other Appliances for Pipes, Tanks, Vats or the Like		1,017	2.4%	100%
845011	Hydraulic turbines & water wheels	813	1,017	2.4%	25%
851660	Other Ovens; Cookers, Cooking Plates, Boiling Rings, Grillers, Roasters	961	993	2.3%	3%
841810	Combined Refrigerator-freezers, Fitted With Separate External Doors	662	840	1.9%	27%
844399	Parts and accessories of printers, copying machines and facsimile machines	655	754	1.7%	15%
TOP TEN IMPORTS			13,323	30.8%	
TOTAL IMPORTS OF MACHINERY PRODUCTS			43,222		



V Albania's Trade Geography

5.1 Main characteristics of trade geography

During 2013, although the structure of geography of trade did not change significantly, as compared to 2012, there have been some developments which are explained in this chapter.

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 77% (75% in 2012) of total exports, having experienced a slight increase of 2 percentage points in relative share as compared to the previous year. The yearly growth rate of exports to EU countries was 17.4% (during 2012 they experienced 13% of growth). Imports from EU-27 countries account for 63.3 % (62% of total imports in 2012). Their share has increased

by 1.3 percentage points and their value decreased by 1% (7% in 2012).

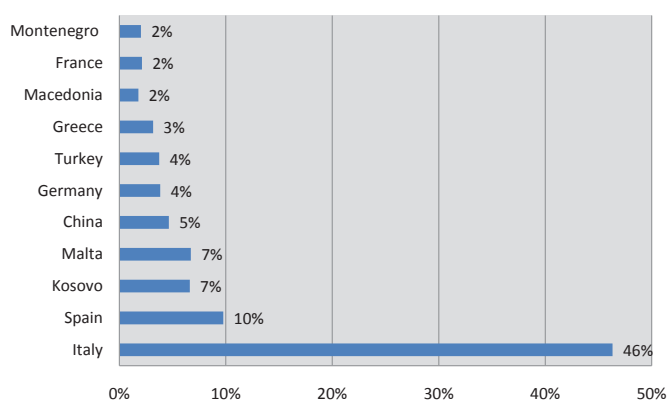
The second most important group of countries in terms of trade is the countries of the region. Their relative share of total exports reached almost 12%, growing by 5% from the previous year. The share of total imports of the countries of the region reached at 7.4%, dropping by 23% (growing by 1.3% in 2012). This confirms the general decreasing trend of imports from all main trade partners of Albania in the last years.

Other main countries exports shares to the total exports flows have experienced a considerable increase of 16% (decrease of 16% in 2012), compared to the previous year, reaching at 11% of share on total Albanian exports. Imports from these countries also represented 21% of total imports of Albania similar as in 2012. The slowdown in imports has affected flows from these

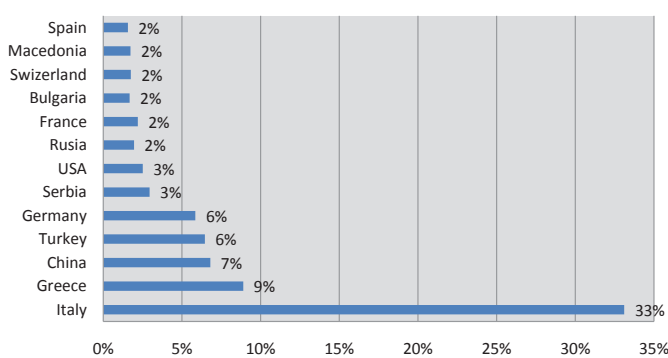
Table 5.1: The geography of Albania's trade flows, 2013

	Exports			Imports		
	Value	Share to total	Growth rate	Value	Share to total	Growth rate
			2013/2012			2013/2012
	(Million ALL)	(in %)	(in %)	(Million ALL)	(in %)	(in %)
EU-27	188,784	77%	17.4%	325,751	63.3%	-1%
Italy	114,115	46%	4.8%	170,396	33.1%	1%
Greece	7,795	3%	-17.6%	45,771	8.9%	-9%
Spain	24,068	10%	22.2%	8,025	1.6%	-23%
Germany	9,456	4%	43.1%	30,114	5.9%	-6%
Malta	16,540	7%	331.3%	336	0.1%	18%
Bulgaria	2,321	1%	-16.0%	8,601	1.7%	26%
Other EU countries	14,489	6%	52.2%	62,508	12.1%	5%
Countries of the region	28,921	12%	5.0%	37,917	7.4%	-23%
Kosova	16,291	7%	-6.2%	6,183	1.2%	22%
Macedonia	4,394	2%	5.5%	8,881	1.7%	4%
Serbia	2,410	1%	36.9%	15,145	2.9%	-35%
Montenegro	4,993	2%	46.5%	2,009	0.4%	66%
Croatia	446	0%	-24.0%	2,392	0.5%	-67%
Bosnia and Herzegovina	335	0%	14.6%	3,285	0.6%	-12%
Moldavia	52	0%	5809.1%	22	0.0%	-6%
Other countries	26,484	11%	16.0%	105,699	20.5%	-5%
Switzerland	4,361	2%	77.9%	9,016	1.8%	-42%
China	11,449	5%	99.1%	34,989	6.8%	4%
Russia	202	0%	276.9%	10,040	2.0%	-25%
Turkey	9,223	4%	-31.5%	33,226	6.5%	9%
Ukraine	31	0%	320.1%	5,501	1.1%	-5%
USA	1,218	0%	12.3%	12,928	2.5%	2%
RoW	2,149	1%	10.0%	45,151	8.8%	17%

Graph 5.1: Countries exports' shares to total exports 2013



Graph 5.2: Countries import's shares to total imports 2013



countries as well. In 2013 imports dropped by 5% (grew by only 6% in 2012)

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 can be viewed in the graphs below.

In 2013, the main trading partner remained the EU-27 and, among European countries, Italy accounted for the highest shares of trade volume at 55% (57% in 2012) of trade with EU-27 countries. Exports to Italy represented 60% (68% in 2012 and 73% in 2011) of total exports to EU-27 countries. Exports to Italy represent 46% (51% in 2012 and 53% in 2011) of the shares of total exports, 5 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 10% (12% in 2012 and 14% in 2011) of total trade volume. However, due to the crisis that Greece is experiencing, Albanian exports to Greece

have again dropped and in 2013 they represented only 3% (4.4% in 2012 and 5% in 2011) of total exports, which is lower than exports to Spain (10%), Kosovo (7%), Malta (7%), China (5%) and Turkey (4%) and Germany (4%). In few years, Greece moved from the second to the eighth (fifth in 2012) top destination for Albanian exports. In terms of imports, despite the constant decrease, Greece remains an important partner, holding the second place (9%) after Italy (33%).

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 2013 are: Kosovo, which is now a main partner, accounting for 7% (8.1% in 2012 and 7 % in 2011) of total exports, Macedonia accounting again as in 2012 for 2% and Montenegro with 2% (1.6% in 2012). Regarding to the imports from regional country which are present in the top ten countries from where Albania imports the most (graph 5.2) are Serbia accounting for 3% (4.4% in 2012) of total imports and Macedonia 2% (for the first time this year in the top ten). However, overall imports from the region have decreased in 2013.

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 514,535 mln All (488,649 mln ALL in 2012), experiencing an increase of 5.3% (while it had decreased by 1% in 2012) when compared to 2012 (while it had increased by 12% during 2011). Thus we have seen a progressive recovery in the last two years, after the crisis. The share of EU-27 countries trade flows has increased by 2% as well, reaching at 68% (66% in 2012). Exports to the EU-27 account for 77% (75.5% in 2012) of total exports of Albania. Exports' value has increased by 17.4% in 2013 (13% in 2012) which is still higher than the general increase of Albania's total exports (15.6% of growth).

Imports on the other hand have decreased, in general, by 1% (7% in 2012) from the EU, in

Table 5.2: Summary of key trade indicators between Albania and the EU-27, in milion ALL, or in %					
Trade Indicators	2009	2010	2011	2012	2013
Albania - EU trade volume	372,740.11	442,259.67	494,948.07	488,649.00	514,535.00
Share tot total Albania's trade volume	70%	69%	67%	66%	68%
Imports from the EU-27	291,130.48	329,266.34	352,216.05	327,868.00	325,751.00
Share to total Albania's import	68%	69%	65%	62%	63%
Exports to the EU-27	81,609.62	112,993.33	142,732.02	160,781.00	188,784.00
Share to total Albania's export	79%	70%	72%	75%	77%
Trade balance of the trade with EU-27	-209,520.86	-216,273.01	-186,487.17	-167,087.00	-136,967.00
Share to total Albania's trade balance	64%	68%	60%	53%	51%
Exports to the EU/Imports from EU, Coverage ratio	28%	34%	41%	49%	58%
Total Exports/Total Imports Coverage ratio	24%	34%	36%	40%	48%

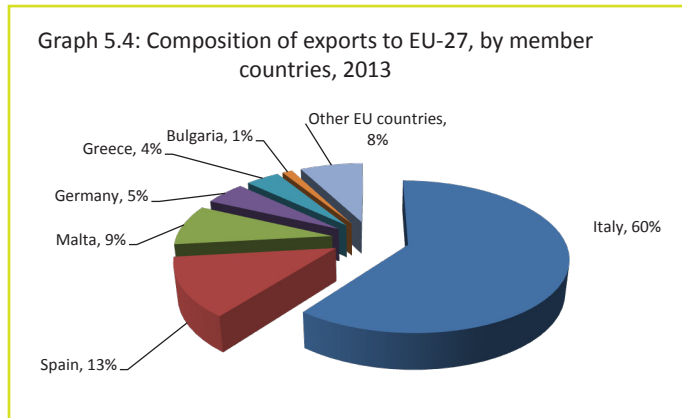
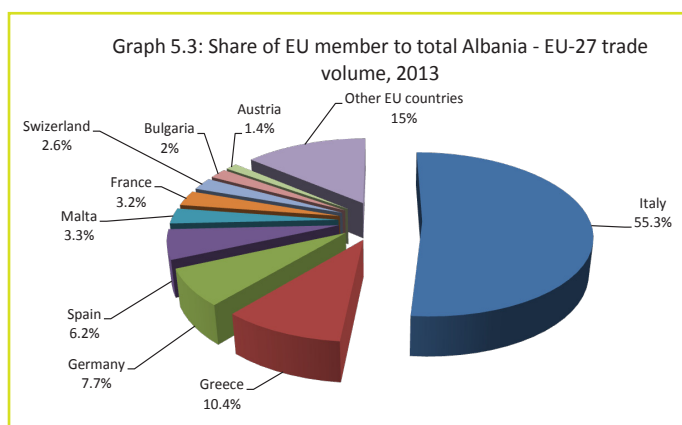
2013, thus representing 63.3% (62% in 2012) of total imports of the country as you can observe in table 5.2.

The export/import coverage ratio has increased to 58% (49% in 2012), which is the highest coverage rate 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 dropped to 55% (57% in 2012) mainly because of the increase in exports and lower imports from other countries. Greece trade flows' share to total trade volumes are at 10% (12% for 2012 and 14% in 2011) accompanied by a decrease in absolute value of total trade flows.

5.2.2 Structure of exports to the EU-27

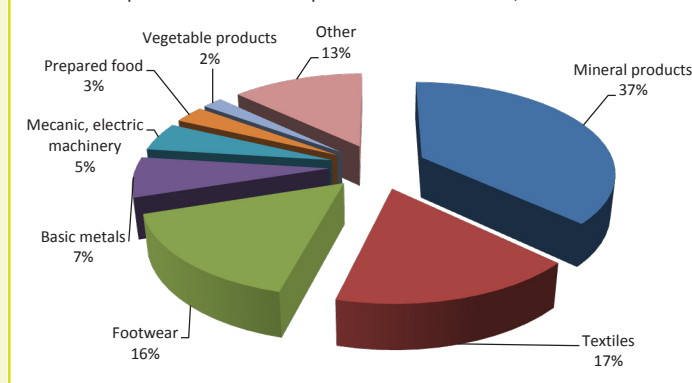
Exports to the EU were valued at 188,784 mln ALL in 2013 from 160,781 mln ALL the previous year, having experienced an increase of 17.4 % (13% in 2012). Following a similar trend from last year, most of the EU countries members of EU-27 have experienced a significant increase on their export values, including Italy and Germany. A remarkable development concerns exports to Malta which has increased by 331% in 2013, putting it to the third top destination for Albanian exports (reaching at 9% of share on exports to EU). The real news in 2012 exports was Spain, which jumped to the second place after Italy, with a significant increase of 181%. This year Spain has maintained its position as second top destination with a share of 13% on total exports to EU-27. 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. In 2012 textiles and footwear were the most exported categories (put together) to the EU-27 countries representing 38% (44% in 2011) of total exports. This was represented mainly by inward processing items that are re-exported to their partners' country of origin, mostly Italy and Greece. In 2013, these sectors experience further drop in share reaching at 33% of total exports to

Graph 5.5: Structure of exports to EU-27 countries, 2013



EU and moving to the second place.

The first place in 2013 was for mineral products. For many years, mineral products have been the main exporting sector to EU-27. A significant increase, both in share and absolute values, was registered in 2013, especially for oil products. This category now represents 37% of total exports to EU, from 34% in 2012. Main metals experienced decrease of exports from 12% to 7% of total exports to EU. The share of the other categories is almost the same as in the previous year. 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 2013 account for 64% total exports to EU, from 62% in 2012. Therefore, as in the last years, further concentration in exporting products could be noticed. In this regard, 2013 represents a particular year, with higher incidence of concentration in few products. As in 2012, five main categories are represented this year in the most exported items list: fuels, minerals, metals, footwear and textiles. The most exported product for 2013, the same as in 2012, was petroleum oil products. Petroleum oils accounted for 37% of total exports to EU-27 in 2013 (it was 34% in 2012) having experienced

an increase of 28% when compared to 2012. As we have mentioned previously, the domination of oil products in the exporting sector has marked significantly the structure of Albanian exports for 2013.

During 2013, few categories, the same as in 2012, had minor slowdowns (locks of base metal ; ferrochromium containing more than 4 percent of carbon; chromium content). 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 a good increase by 17% in comparison with only 1% increase in 2012. A significant increase goes to the new category such as other sacks and bags, with 104%. About footwear category, it increased with 23% in comparison with 2012, when it did increase by 49%. Exports of metal products are represented by locks of base metal which account for 2% of total exports, which remains an unchanged shared compared to the previous year, but with a decrease in growth rate by 6%.

5.2.3. Structure of imports from EU-27

Imports from EU-27 countries amounted to 325,751 mln ALL in 2013 (327,868 mln ALL in 2012), having decreased only by 1%, as compared to 2012. The share to total imports has increased, reaching at 63.3% (it was 62% in 2012) of total imports. Imports from this group of countries are represented mainly by Italy and Greece which account for 66% (67% in 2012) of total EU imports. The drop in imports from Greece (-9%) was reflected considerably in the decrease of total Albanian imports. Germany, Spain, Bulgaria, Malta remain important partners although imports from

Table 5.3: Ten most exported products to the EU-27, 2013 (mln ALL)

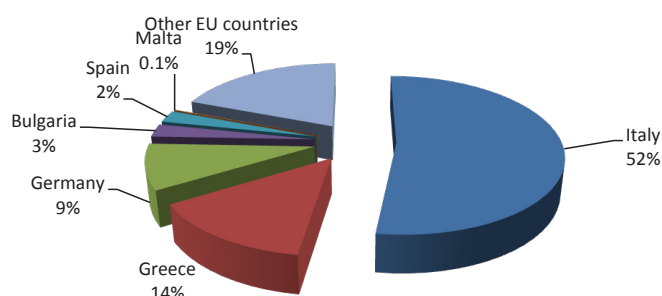
HS Code	Description	2008	2009	2010	2011	2012	2013	Growth % 2013-- 2012	Growth % 2013 - 2008
270900	Petroleum oils and oils obtained from bituminous minerals, crude	5,943.87	7,020.48	15,759.55	31,262.83	54,506.14	69,540.44	28%	1070%
640610	Uppers and parts thereof, other than stiffeners	8,339.43	7,703.41	8,964.95	10,239.08	11,084.92	12,613.76	14%	51%
620342	Mens/boys trousers and shorts, of cotton, not knitted	6,478.63	4,986.11	5,899.50	6,120.01	6,180.54	7,250.94	17%	12%
640340	Footwear, sole of rubber/plastic/leather, uppers of leather	3.23	4.30	2,829.76	4,819.32	6,111.96	6,313.64	3%	195369%
640399	Footwear, outer soles of rubber/plastics uppers of leather	545.58	676.58	1,985.07	2,785.51	4,158.82	5,133.70	23%	841%
970500	Collections and Collectors' Pieces					0.47	4,893.21	1041008%	100%
830140	Locks of base metal	3,905.67	3,715.78	4,506.07	4,544.02	4,921.49	4,623.53	-6%	18%
620520	Mens/boys shirts, of cotton, not knitted	3,467.05	3,477.45	3,909.62	4,370.41	4,167.28	4,262.21	2%	23%
481940	Other sacks and bags, including cones	1,802.32	1,496.40	1,605.28	1,608.72	1,974.47	4,030.87	104%	124%
720241	Ferrochromium Containing by weight more than 4 percent of carbon; chromium content	2,619.34	22.79	3,115.65	4,472.72	4,402.03	3,080.56	-30%	18%

these countries have decreased in 2013 (imports from Spain has experienced a drop of 23% and from Germany with 6%). 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 27% (19% in 2012) of total imports of the country. Machinery, including transportation and mechanical machinery, account for 11% (13% in 2012) of total imports from EU-27. Other important imports' categories are prepared food (8%) and textiles (8%), vehicles (8%), followed by chemical industry products and basic metal.

Table 5.4 provides information about the most imported products, more in detail. The 10 most imported products in 2013 accounted for 44% of total imports of EU-27, showing a lower degree of concentration than exports. Only the two main products, light petroleum and light oils have experienced an impressive increase in 2013. The rest of the top ten products have decreased.

Graph 5.6: Structure of imports from EU-27, by member countries, 2013



Graph 5.7: Structure of imports from EU-27, 2013

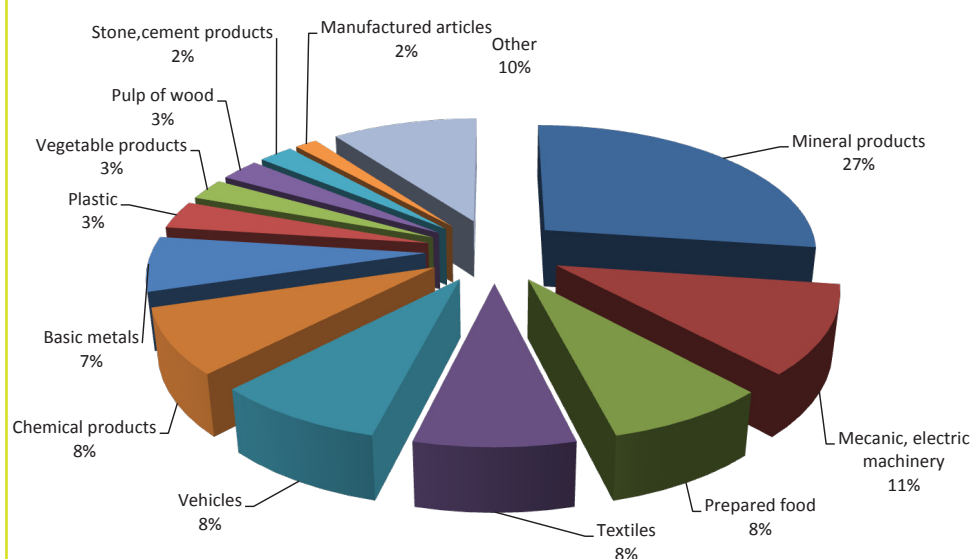


Table 5.4: Ten most imported products from the EU-27, 2013 (mln ALL)

HS Code	Description	2008	2009	2010	2011	2012	2013	Growth % 2013-- 2012	Growth % 2013 - 2008
271019	Light petroleum distillates nes	17,226.96	14,606.00	23,732.89	38,524.80	12,611.66	78,100.81	519.27%	353.36%
271012	Light oils and preparations	N/A	N/A	N/A	N/A	2,857.88	13,923.33	387.19%	100.00%
870332	Other Vehicles, Compression-ignition Engine (diesel) Of a cylinder capacity exceeding 1,500 cc but not exceeding 2,500 cc	6,194.88	6,006.76	5,463.40	7,595.28	12,575.23	11,124.80	-11.53%	79.58%
300490	Other Medicaments (Put up in Packings for Retail Sale)	8,434.73	9,858.66	12,629.25	12,477.53	13,932.53	10,894.67	-21.80%	29.16%
240220	Cigarettes (Containing Tobacco)	6,821.53	8,019.42	10,300.16	6,538.96	8,766.60	8,667.24	-1.13%	27.06%
830160	Parts of Padlocks and Locks of Base Metal	3,755.18	3,535.14	4,388.02	4,442.64	4,862.82	4,573.19	-5.96%	21.78%
870333	Other Vehicles, Compression-ignition Engine (diesel) Of a cylinder capacity exceeding 2,500 cc	4,300.22	3,576.98	3,876.05	4,009.16	4,835.90	4,438.69	-8.21%	3.22%
721420	Other bars & rods of iron or non-alloy steel, with indentations or other deformations produced during rolling process	2,979.88	5,429.44	5,714.68	6,995.30	7,791.59	4,303.67	-44.77%	44.42%
410719	Leather further prepared after tanning or crusting, including parchment dressed leather, of wild bovine or wild equine animals, in imminent dangers, whole hides and skins, for machinery belting	4,550.48	4,438.12	5,089.74	4,433.10	4,287.36	4,190.15	-2.27%	-7.92%
690890	Glazed Ceramic Flags	2,846.56	2,404.90	4,961.24	5,176.71	4,488.38	3,798.24	-15.38%	33.43%

5.2.4 Trade with Italy

Trade volume with Italy, main Albanian partner, reached 284,511 mln ALL in 2013, having increased by 3% (1.2% of increase in 2012) in comparison to 2012 (tab 5.1). Trade volume with Italy represents 37% of total trade volume of Albania (similar to 2012 and 2011). Exports reached 114,115 mln ALL in 2013 having increased in total by 4.8% (4% in 2012). Imports reached 170,396 mln ALL, having increased in total only by 1%, almost the same as in 2012. As we can see there was a relative shrink of trade with Italy in 2013. The trade deficit

is -56,281mln ALL) and, when compared to 2012 (-59,737 million ALL), it has decreased by 6% (7% in 2012), due to a higher rate of growth in exports than in imports.

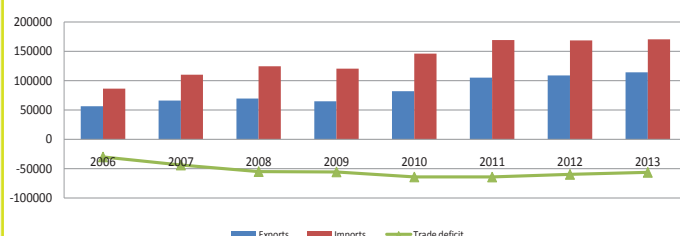
Exports to Italy were mainly represented by footwear products and textile which account, respectively for 26% and 25% of total exports to this country, with an increase of share by 1% for both sectors. In contrast to 2012, where minerals were the first category representing 29% of total exports to Italy, this year this sector represents only 19% of total exports, decreasing by 10 points in the share compared to 2012.

The most important categories, in terms of exports to Italy, are footwear, which account for 26% of total exports to this country. Petroleum oils and oils obtained from bituminous minerals continue to be the most exported product to Italy reaching a value of 22,120 mln ALL (30,500 million ALL in 2012) representing 19% (28% in 2012) of the value of total exports. However this product decreased by 27% compared to 2012. The ten most exported products accounted for 61% (66% in 2012) of total products. For more details refer to the table A.3.1 in Annex III.

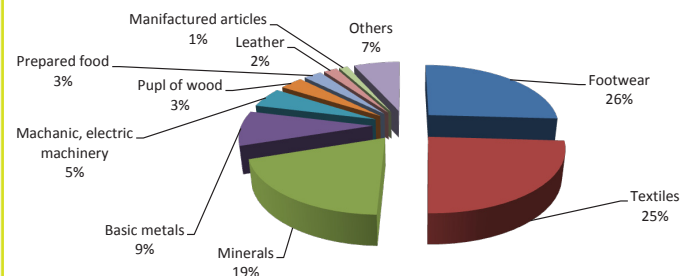
Imports from Italy are far more concentrated when compared to 2012, as you can observe in graph 5.10. Footwear (4%) and prepared food (4%) are two others new categories that represented this year. As in the previous years, mineral products are positioned in the first place accounting for the highest share of imports 38% (30% in 2012) followed by textiles (decreased by 2%), machineries (decreased by 3%) and main metals (decreased by 1%).

The most imported product in 2013 from Italy was light petroleum at 66,278 mln ALL (38,173 million ALL in 2012) and it experienced an increase of 74% from 2012 and an increase in share from 22% to 39%. Light oils and preparations was the second most imported product from Italy with 8,068 mln ALL (7,723 mln ALL in 2012). The top ten imported products account for 58% (41% in 2012) of total imports from Italy (for more details please refer to table A.3.2, in Annex III).

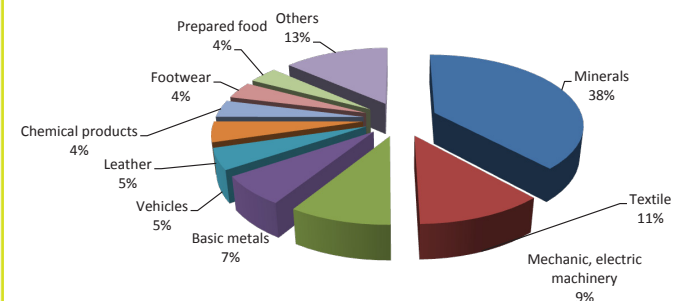
Graph 5.8: Trade with Italy



Graph 5.9: Structure of exports to Italy, 2013



Graph 5.10: Structure of imports from Italy, 2013



5.2.5 Trade with Greece

In 2013, trade volume with Greece reached 53,566 mln ALL (59,570 mln ALL) having decreased by 10% (12.4% of decrease in 2012). The shrinking trend of Albanian-Greek trade relations has continued for many years now. Exports for 2013 were valued at 7,795 mln ALL (9,465 mln ALL), having experienced a decrease of 18% (3% decrease in 2012). Imports decreased by 9% reaching 45,771 (50.105 mln ALL in 2012). The trade deficit was valued 37,976 mln ALL (40.640 mln ALL in 2012), decreasing by 10% (16% in 2012) mainly due to the different trends between exports and imports. The coverage imports ratio was 17% (19% in 2012) and has decreased by 2 percentage points.

Although in the past two years main metals have been the most important exports to Greece, in 2013 they dropped to the third place reaching a share of 14%, from 37% in 2012. They have been replaced by textile products at the first place, despite their loss of share on total by 5 points. In the second place of most exported products of 2013 we find mineral products with 17% of share. The other categories have similar shares as in 2012. 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 69% (81 percent in 2012) of total exports. The main exported item is Light petroleum distillates. This product has replaced ferrous waste and scrap which moved to the second place. In 2013 it accounted for 17% of total exports to Greece with a value of 1,303 mln ALL and has experienced an increase by 1% compared to 2012. In the second place, as we mentioned before, we can find ferrous waste and scrap which represents 9% of total exports to Greece with a value of 716 million ALL (it has experienced a decrease by 73% compared to 2012). In the third place we can see boxes, cases, crates & similar articles of plastic with a value of 532 million ALL and share 7%.

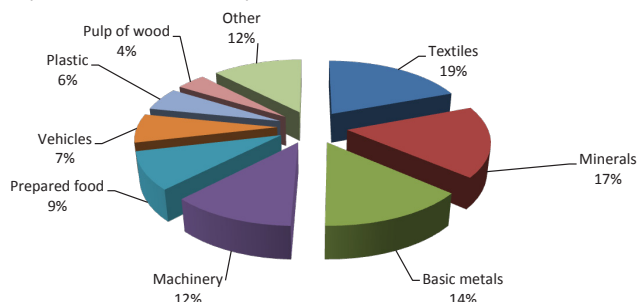
For a more detailed overview, refer to table A.3.3 in Annex III.

Imports from Greece have experienced a shift at the top most imported categories. In 2012 main metals were ranked first with 24% of share on total

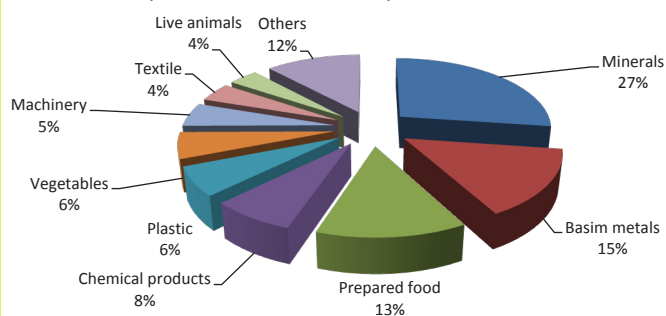
Graph 5.11: Trade with Greece



Graph 5.12: Structure of exports to Greece, 2013



Graph 5.13: Structure of imports from Greece, 2013



imports from Greece, and mineral products were second with 15% of share. In 2013 minerals are in the first place with 27% of share and main metals are in the second place with 15% of share. There two new sectors in imports for 2013, vegetables with 6% of share and live animals with 4%.

At the detailed products level, imports from Greece are mainly represented by light petroleum which account for 19% of total imports at a value of 8,558 million ALL, reflecting a considerable increase of 234%. At the second place we can see motor gasoline, aviation gasoline with a value of 5,342 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.

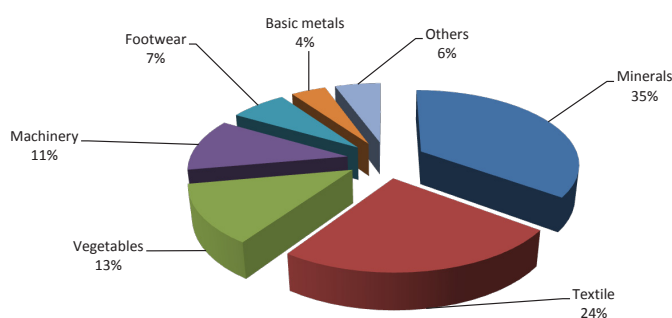
5.2.6 Trade with Germany

Trade with Germany was valued at 39,570 mln ALL (38,792 mln ALL in 2012) having increased by only 2%. Exports reached 9,456 mln ALL having increased by 43%, a trend observed in 2012 as well. Imports reached 30,114 mln ALL decreasing by 6%. Trade deficit was 20,658 mln ALL, decreasing by 19%. The imports coverage ratio has increased by 10 percentage points to 31 percent. A better overview of trade flow developments is shown in graph 5.14

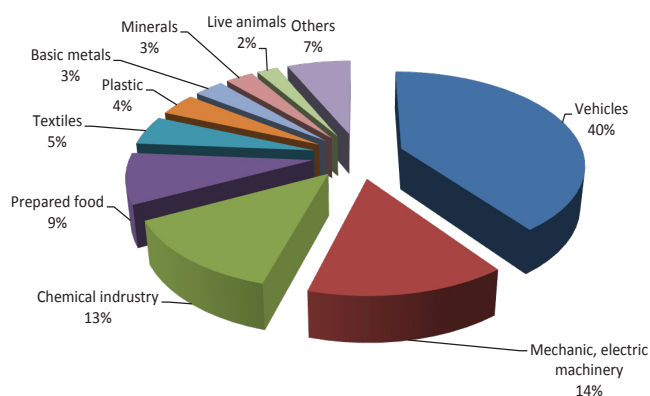
Graph 5.14: Trade with Germany



Graph 5.15: Structure of exports to Germany, 2013



Graph 5.16: Structure of imports from Germany, 2013



Exports to Germany have increased consistently throughout the years. Textile and its products that were the main category covering 39% of total exports during 2012, this year decreased at 24% of share. They were replaced by minerals which are now in the first place with 35% of share on total exports to Germany. Vegetable products are the third most exported products and their exports decreased again at around 4% in 2013. Footwear and hats which were in the fourth place with 4%, with a considerable decrease of 18% during 2012, were replaced by minerals last year and are now in the fifth place (although they have increased its share to 7%). Machineries are the new category this year at the fourth place with a share of 11% of total exports. 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 85% or for the largest part of overall exports to Germany. Main item in this list continues to be petroleum oils and oils obtained from bituminous minerals, crude, in the value of 3,772 mln All, which account for 40% of total exports (with a change from 2012 by 66%). Plant and parts of plants are the second most exported product which accounted for 11% of total exports at a value of 1,075 million All, with a change from 2012 by 21%.

The category that had the highest value in imports was vehicles. The value of this category was 13,144 mln ALL (14,379 million ALL in 2012) or 8,5% lower than 2012. This decrease is consequent to the increase of 2012 due to the impact of changes to custom duties for vehicles from the Albanian government. In 2013 trade of this sector maintained its usual pace, although the share on total dropped from 45% in 2012 to 40% in 2013. The same happened with the second most imported category, which is mechanic and electric machineries. Its share went down from 19% to 14%.

The most imported products from Germany were automobiles reflecting 26% of total imports at a value of 7,932 mln ALL (8,545 million ALL in 2012). While medicaments were the third most imported product reflecting 7% of total weight. Other categories were chemical industrial products (13%) and prepared food and drinks (9%). For a more detailed overview please refer to table 3.6 in Annex III.

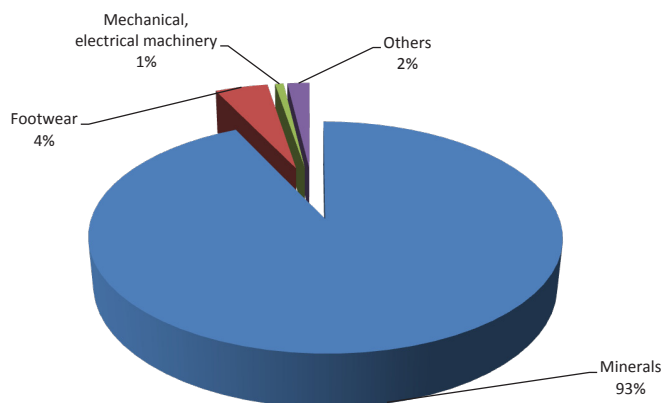
5.2.7 Trade with Spain

Despite the fact that Spain is a new entry in the top of Albanian main trade partners, in the last two years it is consolidating its share in the Albanian market. Trade volume with Spain reached 32,093 mln ALL in 2013 (30,080 mln ALL in 2012), having increased by 7 % (62% in 2012) in comparison to 2012 (tab 5.1). Exports reached 24,068 mln ALL (19.703 mln ALL in 2012) having increased in total by 22% (181% increase in 2012). Imports reached 8,025 mln ALL (10.377 mln ALL in 2012), having decreased by 23%. However trade balance with Spain is positive, where exports have increased at a higher rate than imports. The imports coverage ratio has considerably increased from 190% in 2012 to 300% in 2013. The main category, covering 93% (91% in 2012) of total exports were minerals (specifically, oil products). A more detailed overview of the structure of exports is given in graph 5.17.

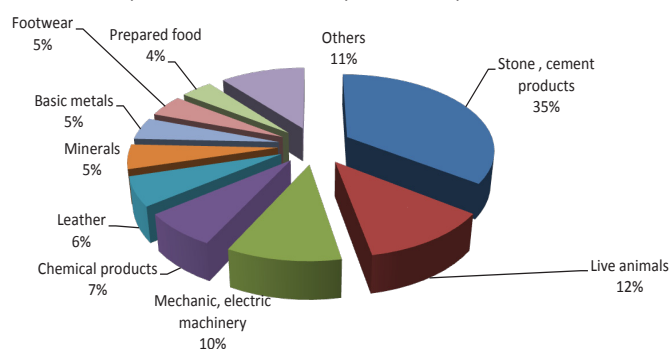
The top ten most exported products to Spain count for 96%. However, main item in this list is petroleum oils and oils obtained from bituminous minerals, crude, reaching a value of 21,527mln All (17,920 million All in 2012), which accounts for 89% of total exports. This represents a change from 2012, by 20%. 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 3,040 million ALL and its share is 35% during 2013. The second most imported products from Spain were live animals reflecting 12% of total imports at the value of 1,044 mln ALL with an increase in share of 5% points from 2012. Mechanic and electric machineries have shifted at the third place with a share of 10% (29% in 2012). Other categories reflected a similar share as in 2012, were chemical industry products and minerals, but there are some new categories as well, such as leather (6%), basic metals (5%) and prepared food (4%). For a more detailed overview please refer to table 4 in Annex III.

Graph 5.17: Structure of exports to Spain, 2013



Graph 5.18: Structure of imports from Spain, 2013

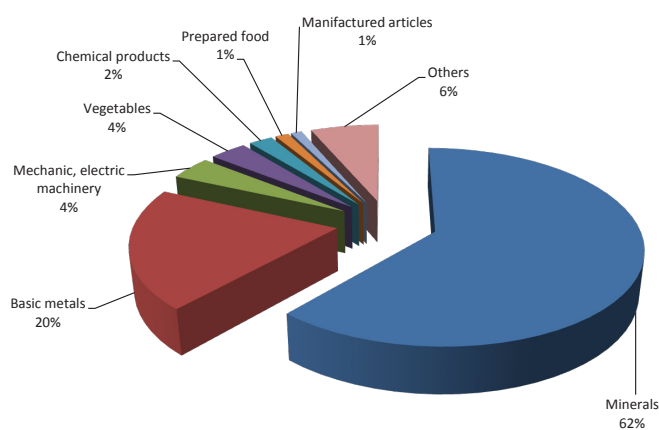


5.3 Albania's trade in the region - dynamics and structure

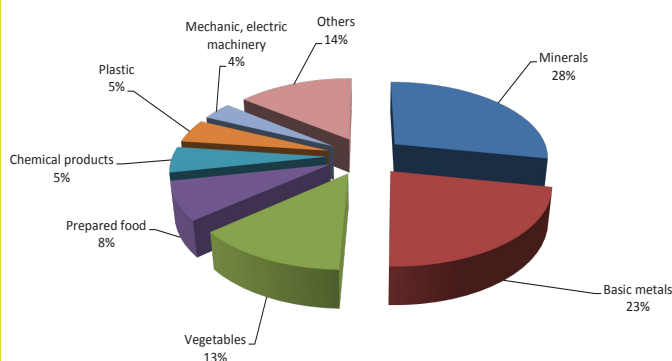
Albania's trade flows with the countries of the region decreased by 13% in 2013. The volume of trade with the region amounted at 66,838 mln All (76,579 mln ALL in 2012), representing 9% (10% in 2012) of total Albania's trade volume (tab 5.5). The export/imports coverage ratio increased by 20 percentage points to 76% which was mainly due to the drop in imports by 23%, confirming the trend that Albanian exports to the region are growing much faster than imports from the region.

Exports to the region have increased in 2013, in contrary to imports. Exports were valued 28,921 mln ALL or 5% higher than in 2012. The share of exports to total exports has decreased by 1 percentage points from 13% to 12% in 2013 (see table 5.5). Imports from the region reached 37,017 mln ALL or 23% lower than 2012. Imports from the region share to the total imports is 7%, decreasing

Graph 5.19: Structure of exports to the region, 2012/3



Graph 5.20: Structure of imports from the region, 2013



by 2 percentage points compared to 2012. 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 56% (63% in 2012) of exports, with 7% points decrease in 2013. Macedonia is the second most important country in terms of exports accounting for 15% of exports to the region, the same share as in 2012. Montenegro and Serbia are the other two main partners of Albania. Exports in these countries account, respectively, for 17% (12% in 2012) and 8% (6% in 2012) of the total export to the region. Exports to Montenegro have experienced a growth of 46.5% as compared to 2012 (the same trend as in 2012), while exports to Serbia have experienced an increase by 37% this year in contrast to 2012 that experienced a decrease by 51%. Exports to Bosnia and Herzegovina have also increased by 14.6 (23% in 2012). Only exports

to Croatia have experienced a decrease this year by 24% compared to 2012.

Imports from the region are mainly represented again by Serbia which accounts for 40% (48% in 2012) of total regional imports, which is 8 percentage points lower than 2012. Imports from Macedonia account for 23% (17% in 2012) of total imports of the region and imports from Kosovo represent 16%, following by Bosnia and Herzegovina with 9% 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 62% (60% in 2012) of total exports to the region. Their value increased by 78% when compared to 2012.

Albanian exports to the region remain highly concentrated in terms of structure. The ten most exported products account for 97% of total exports. Other petroleum oils and oils obtained from bituminous minerals and preparations are placed first followed by bars & rods of iron. A more detailed view is shown in table A.2.3 of Annex II.

Structure of imports represents the same categories as in 2012, but the decrease in imports from the region is reflected mainly in minerals and in prepared food. Imports from the region are mainly represented by the import of minerals which account for 28% (37% in 2012) of total imports, 9% points lower than 2012, as you can observe in the graph 5.20. Imports of basic metals products reached 10,563mln ALL (8,600 mln ALL in 2012) and increased by 23% and now represent 23% of total imports from the region. While prepared food decreased from 10% in 2012 to 8% in 2013, vegetable products increased by 3% points, from 10% in 2012 to 13% in 2013. The others categories are almost in the same share as in the 2012.

The ten most imported products from the region account for 66% of total imports. Electrical energy which was in the first place in 2012 valued at 13,948 mln ALL, during 2013 went to second place, valued at 4,124, with a decrease by 70% and a change in share to total imports from 28% to 11%. Ferrous waste and scrap ranked in the first place by 6,851 mln ALL (5,928 mln ALL in 2012) or 16% more than in 2012. 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 3,620 mln ALL (4,008 mln in 2012) having again decreased by 10% in 2013. The trade deficit was valued at 2,950 mln ALL (3,424 mln ALL) having decreased by 14%. 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 15% and reached 335 mln ALL (292 mln ALL in 2012). Imports from Bosnia and Herzegovina in contrast decreased by 12% and reached 3,285 mln ALL (3,716 mln ALL in 2012). The import's coverage ratio increased to 10% in 2013 from 8% it was in the previous year.

Exports are mainly represented by leather, with a share of 40% (37% in 2012), accounting a value of 134 mln ALL and increasing by 23%. The category of vegetables (21%) and manufactured articles (4%) reflected the same share as in 2012. Footwear and hats, which represented 12% of total exports in 2012 are again in the third place, but have experienced a decrease of share by 5% during 2013. There are some new categories for 2013, such as basic metals (6%), textile (5%), machineries (3%) and pulp of wood (3%).

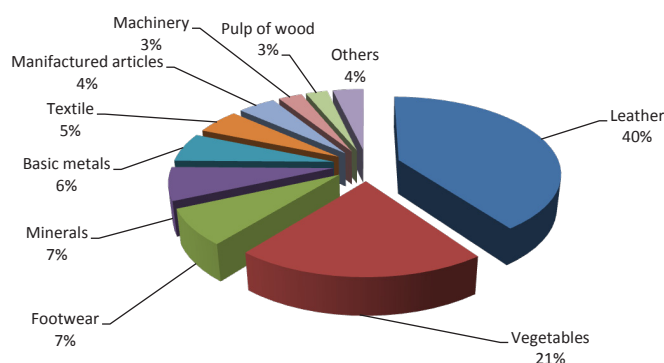
On the other hand, there have been some developments concerning imports. Prepared food products, which were in the first place during 2012 with 43% of share to total of imports, experienced a considerable decrease of 39% points during 2012 and went to the fifth place. Mineral products are at the second place with a share of 26%, and with an increase by 8% points compared to 2012. Some new others categories have appeared in the structure of imports during 2013, such as vegetables (3%), live animals (2%), pulp of wood (2%). For a better picture of Bosnia and Herzegovina structure of imports see graph 5.23.

The ten most exported products account for 74% of total exports. Unprocessed leather and leather were placed in the first and second place, with a share of 24% and 17%, respectively. During 2012, both these items had decreased in their values by 26% and 22% compared to 2011, but in 2013 only leather experienced a minor decrease by 2%, while unprocessed leather products have increased by

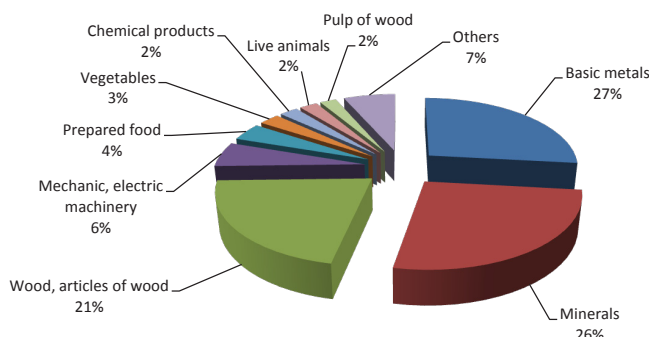
Graph 5.21: Trade with Bosnia Herzegovina



Graph 5.22: Structure of exports to BiH, 2013



Graph 5.23: Structure of imports from BiH, 2013



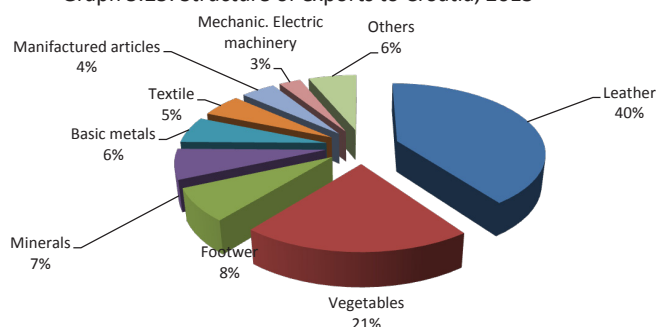
48%. Tomatoes, fresh or chilled, have experienced an increased by 100% compared to 2012 going to 9% of the total exports and ranked so in the third place. A more detailed view is shown in table A.3.17 of Annex II.

The ten most imported products account for 81% of total of imports. The most imported product during 2012, refined sugar is no more ranked in the top ten. This explains also the decrease of the prepared food sector, as we mentioned above. Concrete reinforcing bars and rods are in the first place valued at 755 mln ALL, with a considerable increase by 489% compared to 2012 (with a share of 23% of all Bosnia and Herzegovina imports). For a more detailed view refer to table A.3.18 in Annex III.

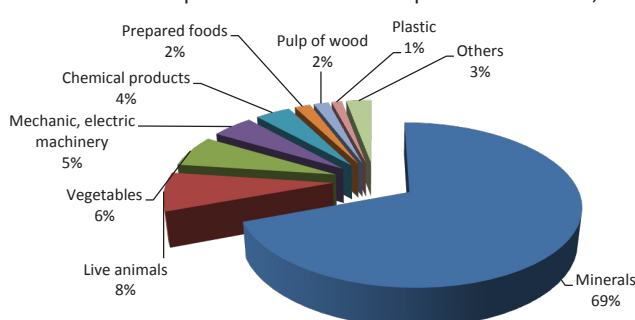
Graph 5.24: Trade with Croatia



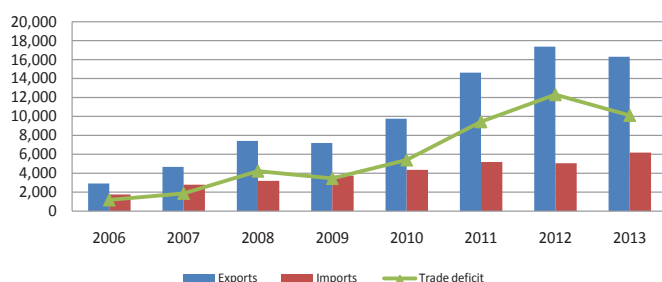
Graph 5.25: Structure of exports to Croatia, 2013



Graph 5.26: Structure of imports from Croatia, 2013



Graph 5.27: Trade with Kosovo



5.3.2 Trade with Croatia

Trade volume with Croatia was valued at 2,838 mnl ALL (7,757 mnl ALL during 2012) or 63% lower than in 2012. Exports and imports have both decreased by 19% and 67% respectively. The decrease in imports with higher rates than exports has brought the major contribution to the import coverage ratio which goes to 19% in 2013, 11 percentage point higher than the previous year.

Exports to Croatia were valued at 446 mnl ALL (554 mnl ALL in 2012) and the picture this year is different from 2012. Some new categories appeared and some shifts have occurred among presented sectors. Footwear and hats, that were the main categories exported in 2012 with a share of 26% on total, are replaced by leather products which experienced a significant increase from 8% to 40%. Vegetables stay again in the second place but with a higher share of 21% from 17% in 2012. These two categories (leather and vegetables) represent 61% of the total exports to the country.

Minerals, basic metals, textile and manufactured articles appeared for the first time this year with a share of 7%, 6%, 5% and 4%, respectively. It is important to notice that, during 2013, footwear products continued to experience a considerable decrease of 18 points as compared to 2012, the same as in 2012. The share for this category went to 8% on total exports (from 26% in 2012 and 44% in 2011). Mechanic and electric machineries experienced a negative trend, going from 17% in 2012 to 3% in 2013.

While exports have shown a slight decrease in the total value, imports have shown a higher decrease. This decrease has affected all categories, besides minerals that have seen a high increase of the share to total imports reaching at 69%, from 43% in 2012. Metals are not present during 2013, while in 2012 their share was 3%.

5.3.3 Trade with Kosovo

Although trade volume with Kosovo increased steadily in the past four years, in 2013 there no change to the overall volume compared to 2012, reaching at 22,474 mnl ALL (22,420 mnl ALL in 2012) with a modest increase by 0.24%. For the first time in the last years, exports dropped by 6%

while imports from Kosovo increased by 22%. Although the trade balance is still positive for Albania, it experienced a decrease in 2013.

In 2013 exports were valued at 16,291 mln ALL (17,361 mln ALL) or 6% lower than 2012. The main categories exported to Kosovo were main metals and mineral products. The top ten exported products account for 86% of total exports (while it was 97% in 2012) where light petroleum, bars and rods, light oils and cement have the biggest share. All top ten exported products have experienced decrease in 2013. For more detailed information you can see the table A.3.9 of Annex II.

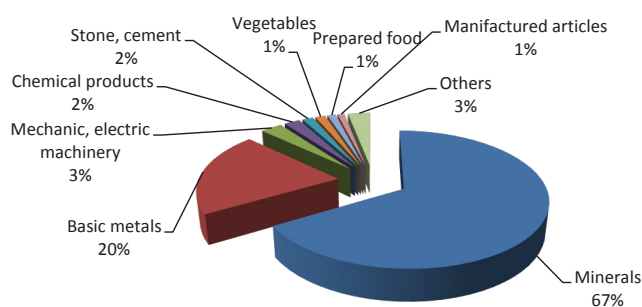
Imports from Kosovo were valued at 6,183 mln ALL (5,059 mln ALL in 2012), increasing by 22% which reflected to increase of some sectors and new entries. The main imports are metals with a share of 53%, reaching 3,299 mln ALL (experiencing an increase of 8% points compared to 2012). The main products of this category are again ferrous scraps with an increase of 34% in the value. The second most important category is vegetable products with a decrease in share from 29% in 2012 to 23% in 2013. This is followed by prepared food, which represents 10% of total imports from this country, also with a decrease by 2% point to the share. Mineral products have also shown a decrease this year in absolute value (from 146 mln ALL in 2012 to 81 mln ALL in 2013), and now represent 1% of share on total imports (from 3% in 2012). Some new others categories appeared in the structure of imports this year, such as works of art (2%), mechanic, electric machinery (1%), manufacture articles (1%) and chemical products (1%). The top ten imported products listed in table A.3.10, Annex III, account for 82% of total imports. All of them are from the main three categories: metals, vegetables and foods and beverages.

5.3.4 Trade with Macedonia

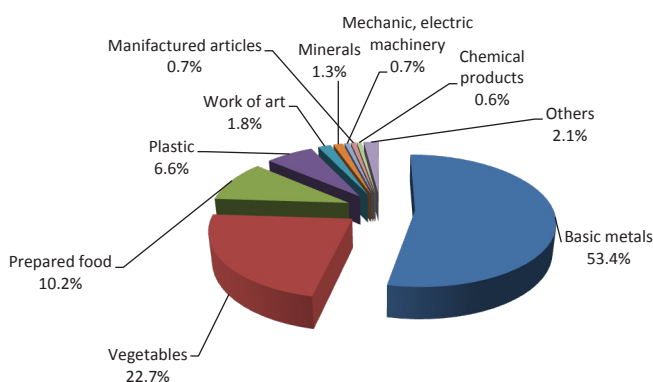
Trade with Macedonia reached 13,275 mln ALL (12,661 mln ALL in 2012), having increased by 5% in 2013. The increase in trade volume was driven by the increase of exports by 6% and of imports by 4%.

In 2013 exports were valued at 4,394 mln ALL (4,152 mln ALL in 2012) or 6% higher than 2012. When observing exports figures of 2013, some new categories can be noticed. Mineral products

Graph 5.28: Structure of exports to Kosovo, 2013



Graph 5.29: Structure of imports from Kosovo, 2013



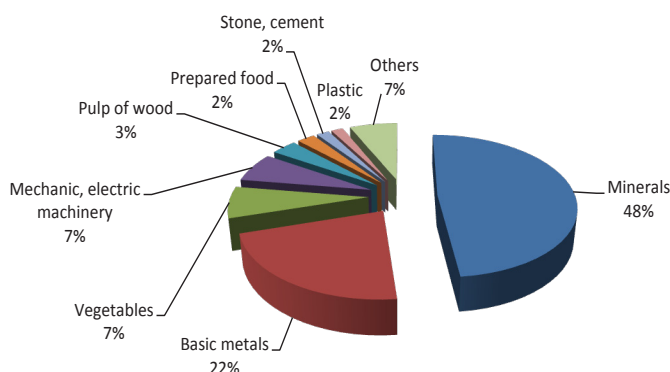
registered the highest exporting category which accounted for 48% (46% in 2012) of total share of exports to the country in 2013. Main metals and prepared food have seen a decrease in 2013, accounting for 22% (32% in 2012) and 2% (9% in 2012) of total exports respectively. While exports of mechanic machineries have almost the same share as in 2012, with 7%. The other new categories are vegetables (7%), pulp of wood (3%), stone, cement (2%) and plastic (2%).

The top ten exported products account for 97% of total exports. The most important products were bars and rods representing 29% (37% in 2012) of total export with a decrease of 18% in the value, followed by light petroleum distillates (24%) with

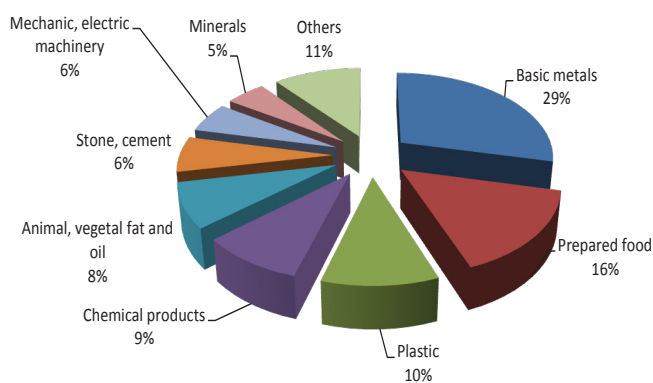
Graph 5.30: Trade with Macedonia



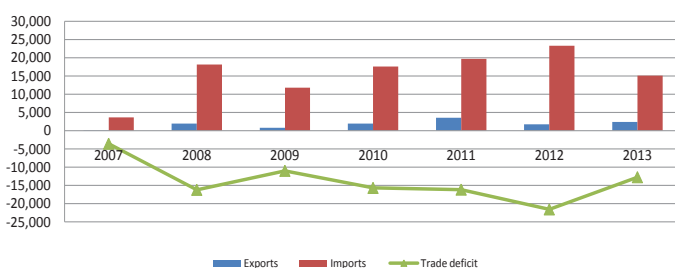
Graph 5.31: Structure of exports to Macedonia, 2013



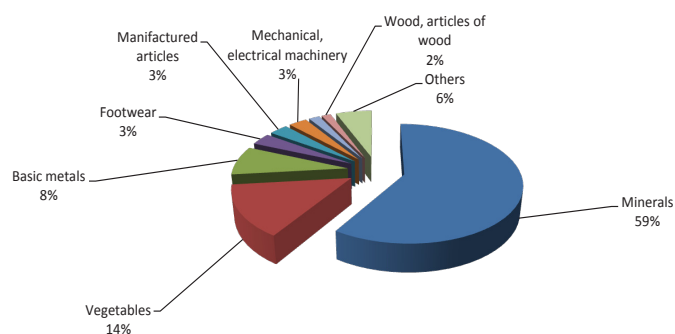
Graph 5.32: Structure of imports from Macedonia, 2013



Graph 5.33: Trade with Serbia



Graph 5.34: Structure of exports to Serbia, 2013



an increase of 125% in the value, and Portland cement (accounting for 23%) with a decrease of 6% in value. For more detailed information see table 3.11 of Annex III.

Imports from Macedonia were valued at 8,881 mln ALL (8,509 mln ALL in 2012), having increased by 4% in 2013. All the sectors have shown the same positive growth trends, having a slight increase, besides two main categories, main metals and prepared food. These ones have experienced a higher increase. Main metals remain the most imported category and it represents 29% (22% in 2012) of total exports. Vegetables products, which were at the second place with 15% of the share in 2012, were replaced by animal, vegetal fat and oil, another sector of agricultural products, accounting for 8%.

The ten most imported products from Macedonia account for 52% of total imports. The most imported product during 2013 was again ferrous waste which accounted for 19% (16% in 2012) of the total imports. Sunflower oil is the second product ranked in top ten and its share fell again from 15% in 2012 to 8% in 2013. A more detailed version is shown in table A.3.12, Annex III.

5.3.5 Trade with Serbia

Trade volume with Serbia was valued at 17,555 mln ALL (25,087 mln ALL), with a decrease of 30%. Exports increased by 36% while imports decreased by 35%. Because of these trends in exports and imports, trade volume with Serbia moved from its share of 3.4% on total Albanian trade as two years ago, and fell at 2,3 %.

Exports to Serbia reached 2,410 mln ALL (1,767 mln ALL in 2012) or 36% higher than 2012. Graph 5.34 shows the structure of exports to this country and this year we could notice a different picture with more new categories. Mineral products remain again the most exported category in 2013, accounting for 59% of total exports, the same share as in previous year. Vegetable products are in the second place in 2013, accounting again as in 2012 for 14% of the total export. The other categories are almost in the same share as in the previous year. The new sectors appeared are basic metals (8%), mechanical and electrical machineries (3%), pulp of wood (2%) and wood and articles of wood (2%).

The top ten exported products account for 78% of total exports. The most exported good was electrical energy, reaching a value of 940 mln ALL (455 mln ALL in 2012) or 107% higher than 2012. The second product in the top ten was Portland cement with 17% of the total share, followed by tomatoes, fresh or chilled, accounting for 9% of the total share. For more detailed information, you can see table 3.13 of Annex III.

Imports from Serbia reached 15,145 mln ALL (23,320 mln ALL in 2012) having decreased by 35%. The structure of imports from Serbia is shown in graph 5.35. The share of minerals has extremely dropped, reaching 27% from 61% in 2012. The increase in mineral products category in 2012, was 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 situation is different in 2013, where electric energy accounted for 4,100 mln ALL with a decrease by 71% compared to 2012.

The other categories of imports from Serbia have seen a slight increase in the share compared to 2012, apart from vegetables that increased from 8% to 22 % going from the third place to the second, replacing basic metals (which had a share of 19% from 15% in 2012).

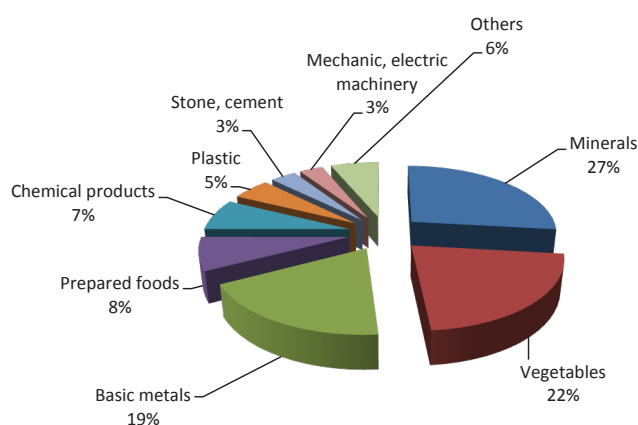
Imports of other products from the top ten products have experienced increases in values and shares except of ferrous waste and scrap, non-alcoholic beverages, organic surface-active agents which have experienced a decrease, as you can observe in table 3.14 of Annex III.

5.3.6 Trade with Montenegro

Trade with Montenegro was 7,002 mln ALL (4,619 mln ALL in the previous year) or 52% higher than in 2012. This increase was due to the increase in both exports by 47%, and imports by 66%.

Exports to Montenegro reached 4,993 mln ALL. Graph 5.37 shows the structure of exports to Montenegro where no major shifts in share, as compared to the previous year, are observed. Main sector is mineral products, with an increase by 4 points accounting for 50% of share (46% in 2012) in 2013. Minerals are followed by basic metals, which were placed third in 2012, with a

Graph 5.35: Structure of imports from Serbia, 2013



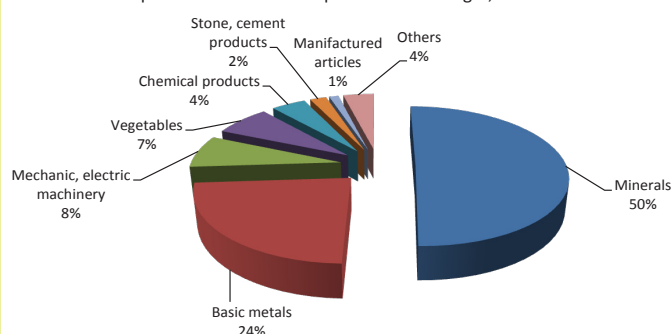
considerable increase by 12%, accounting for 24% of the total share of exports to Montenegro. Mechanic and electric machineries fell with 7 points in 2013 and were placed third in total share of the exports (at 8%, from 15% in 2012). The ten most exported products accounts for 72% of total exports. The most exported product was Light petroleum distillates which replaced Portland cement, with a share of 16% of all exports to Montenegro. A more detailed overview is given in table 3.15 of Annex III.

Imports from Montenegro increased to 2,009 mln ALL. The structure of imports from Montenegro is

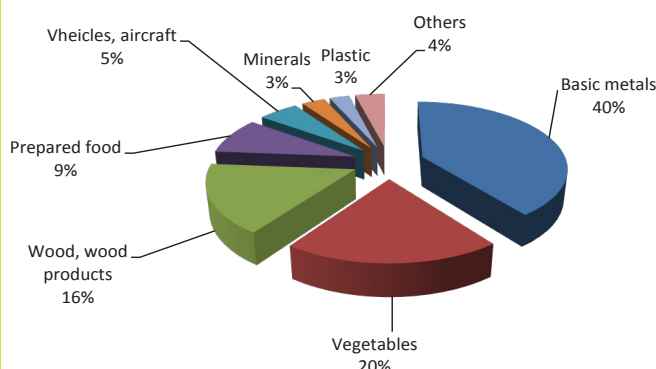
Graph 5.36: Trade with Montenegro



Graph 5.37: Structure of exports to Montenegro, 2013



Graph 5.38: Structure of imports from Montenegro, 2013

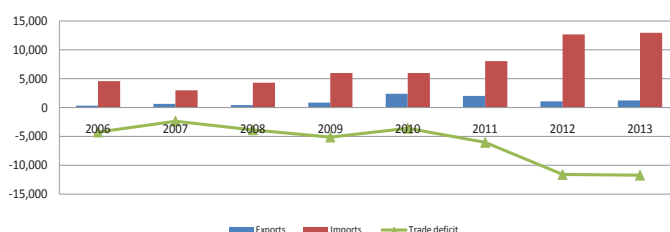


given in graph 5.38. As shown in the graph, basic metals are in the first place with a considerable increase of the share from 14% in 2012 to 40% in 2013 returning at the same pace as in 2011. The second place is for vegetable products (20%) followed by wood and wood products (17%). Table A.3.16 of Annex III shows the list of ten most imported products, which account for 84% of total imports.

5.4 Albania's trade with other selected countries

5.4.1 Trade with USA

Graph 5.39: Trade with USA



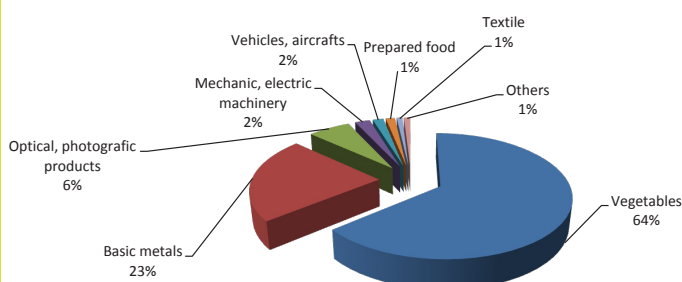
Trade volumes with USA reached 14,146 mlln ALL (13,756 mlln ALL in 2012) having increased by 3% in 2013. This growth was due to the increase of both exports and imports.

Exports to the USA were 1,218 mlln ALL. The main category of exports is again vegetable products (mainly medicinal plants) with a share of 64% (43% in 2012) followed by main metals with a share of 23% (31% in 2012) which decreased by 8 points in 2013. Weapons and munitions which accounted for 11% during 2012, but this year they did not appear in the structure of exports. Optical and photographic products (6%) and vehicles and aircrafts (2%) are the new sectors in the structure of the exports during 2013.

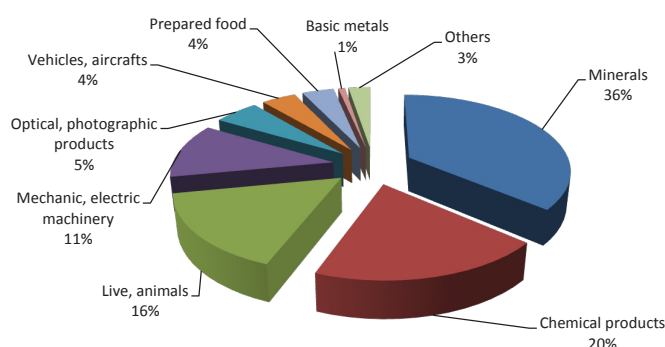
The top ten exported products account for 95% of total exports where plants and parts of plants used in pharmaceutical industry account for 53% of total exports, with an increase in value of 106% compared to 2012.

Imports from the USA reached 12,928 mlln ALL or 2% higher than in 2012. Minerals, chemical products and animals are some of the main categories imported during 2013. The top ten imported products account for 94% of total imports from USA. The most important among them are petroleum oils, oleic acids and chicken and swine products. For more detailed information on most imported products please check Table A.4.2 in the Annex.

Graph 5.40: Structure of exports to USA, 2013



Graph 5.41: Structure of imports from USA, 2013



5.4.2 Trade with China

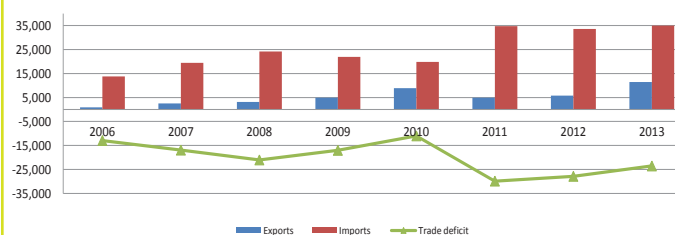
Trade volumes with China were valued at 46,438 mln ALL (39,360 mln ALL in 2012) having experienced an increase of 18%. Both exports and imports increased in 2013.

Exports to China were 11,449 mln ALL (5,750 mln ALL in 2012) experiencing a considerable increase by 99%. 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, the same figure as in 2012. This was reflected by the increase in exports of chromium ores (75%) and copper ores (120%).

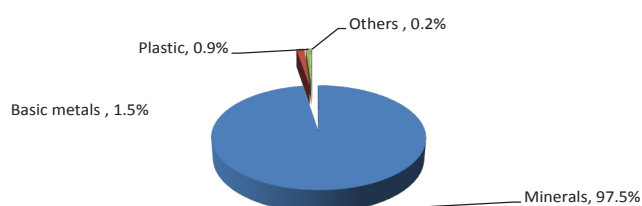
Imports from China were valued at 34,989 mln ALL (33,610 mln ALL in 2012). The structure of the imports is the same as in 2012 and the share of categories is almost the same, apart two some new sectors such as chemical products (4%) and optical and photographic products (2%).

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

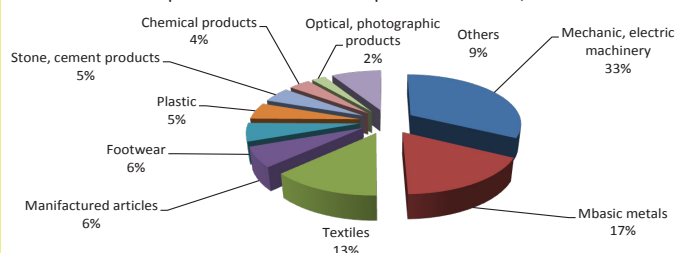
Graph 5.42: Trade with China



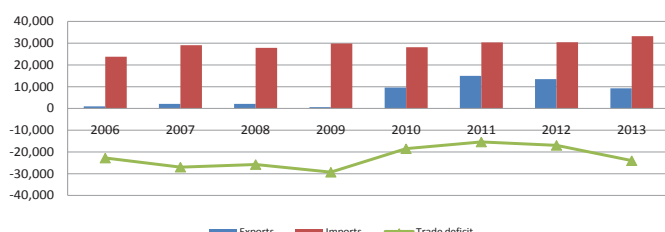
Graph 5.43: Structure of exports to China, 2013



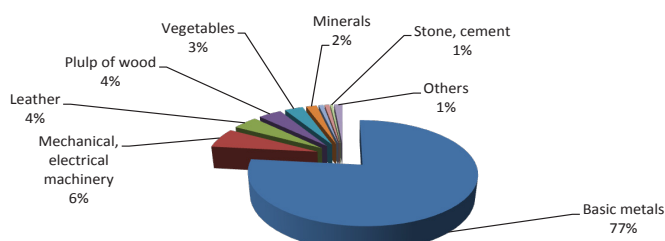
Graph 5.44: Structure of imports from China, 2013



Graph 5.45: Trade with Turkey



Graph 5.46: Structure of exports to Turkey, 2013

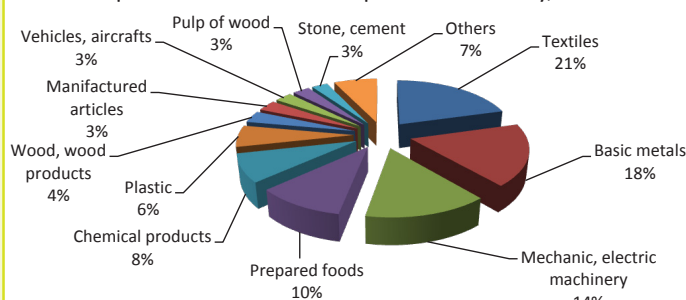


5.4.3 Trade with Turkey

Trade volumes with Turkey reached 42,449 mln ALL (43,870 mln ALL in 2012) having decreased by 3%, the same as in 2012. 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 by 31%, while imports increased by 9%. This has contributed for an increase of the trade deficit by 42%, reaching at 24,003 mln ALL.

Exports to Turkey were valued at 9,223 mln ALL (13,464 mln ALL in 2012) having experienced a decrease of 31% in 2013. This is mainly due to the decrease of minerals from 23% of share in 2012 to 2% in 2013, and in particular due to the decrease of semi-finished products of iron with 65%. At the first place of the exports structure are basic metals

Graph 5.47: Structure of imports from Turkey, 2013



with a share of 77% (68% in 2012). At the second place are mechanical and electrical machineries, a new entry with a share of 6%, followed by leather products (4%). The structure of exports to Turkey is given in graph 5.46.

The most exported product in the top ten are bars & rods (47% of the total of exports), which experienced an increase in value at 524% during 2013.

Imports from Turkey on the other hand reached 33,226 mln ALL (30,406 mln ALL in 2012) having increase by 9% but representing still 6% of total imports. Imports are composed by a larger number of categories than 2012, as shown in graph 5.47. Metal products which were at the first place in 2012 and accounted for 22% of total imports shifted to the second place with 18% in 2013. They are replaced by textiles which with an increase of 2 points compared to 2012, went to the first place with a share of 21%.

While other categories are in the same share as in 2012, there were some new entries such as manufactured articles (3%), vehicles, aircrafts (3%), pulp of wood (3%) and stone and cement (3%). These categories contribute for the largest share of imports from Turkey. Imports from Turkey are highly dispersed. The main product is bars with d<14mm which experienced an increase of 181% compared to 2012. For a more detailed overview of most imported products refer to table A.4.6 of annex IV.

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. Albania engaged in a remarkable process of transformation from a closed, centrally-planned economy to one that is liberal, market-oriented and private-sector driven.

As a member of World Trade Organization (WTO) in 2000, Albania became 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 follow 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 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. Most 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 very few non-tariff measures. In general, 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. **From September of 2013, through a DCM imports of waste are not allowed in Albania.**

Albania has in place some special customs regimes that contain specific provisions or treatment for exports or re-exports of goods processed in Albania. ||The 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.

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 2013, the EU's main imports from Western Balkans were machinery and transport equipment (24.1%), manufactured goods classified chiefly by materials (21.1%), and miscellaneous manufactured articles (20.3%). The EU's exports to the Western Balkans were mainly machinery and transport equipment (26.9%), manufactured goods classified chiefly by material (22.3%), chemicals (15.2%), and mineral fuels (12.3%). In 2013, 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 Union⁴⁵. However, these flows represent only 1% 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 2015⁴⁶.

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:

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

⁴⁵ <http://ec.europa.eu/trade/creating-opportunities/bilateral-relations/regions/balkans/>

⁴⁶ 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.

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

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

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:

- 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 years⁴⁷.
- agriculture products: tariff liberalization according to the table 6.2:

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

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

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

Mission in Kosovo).⁴⁸ 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.

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.

⁴⁸ WTO document WT/REG/GEN/N/5, 7 August 2007.

Developments in 2013

In 2013 Bosnia and Herzegovina took over the CEFTA Chairmanship for the first time. With Bosnia and Herzegovina's turn, a full round of chairmanship of all members of CEFTA is completed and in 2014 Macedonia will start its second time as chair. Priorities of Bosnia and Herzegovina's Chairmanship were grouped in five directions:

- Further liberalization of trade: especially in trade services and agriculture products.
- Facilitating the regional trade, through: enhancing cooperation in SPS matters, promoting free trade without barriers, reducing technical barriers to trade, developing regional non-risk profiles in customs, elimination of duplicate data submission requirements, encouraging simplification of custom procedures.
- Increasing the transparency by: increasing transparency in SPS measures and in TBT, keeping CEFTA Trade portal fully functional, enhancing transparency of state aid schemes, strengthening the involvement of the private sector.
- Strengthening the capacity of trade policy, by monitoring the implementation of the Trade Policy Capacity Development Project.
- Active participation of CEFTA structures in regional development agenda by: improving intra-CEFTA coordination and generating synergies from CEFTA related actions.

There were several important meetings and developments for 2013. In April the meeting of the Subcommittee on Agriculture including Sanitary and Phyto-sanitary Issues took place. Related to this area, with the view to support the implementation of the SPS related activities from the SC Work Program, two TAIEX assisted Workshops were held.

During 2013 the Working group of Trade Services held two meetings: the seventh meeting on 8 February in Budapest was about the model of negotiations as well as establishment of the negotiating group was discussed. The eight meeting on 17 June in Sarajevo were the Parties

decided to hold the first round of negotiations in November either back to back with the Joint Committee meeting or as a separate meeting. It was agreed that the basis for the negotiation is the text of the Additional Protocol on Trade in Services and harmonized minimum level of specific commitments. The Subcommittee on Customs and Rules of Origin held two meetings as well. The sixth and seventh meetings of Subcommittee took place in Skopje on 6 June and 7 November 2013, respectively.

The CEFTA Working Group on Customs Risk Management held its first meeting in Skopje on 25 April 2013. The second meeting of the Working Group was held in a joint session with the Subcommittee on 7 November 2013. In that meeting, the working group discussed the results of questionnaire prepared with an aim to determine the possible areas on which joint risk profiles can be developed. The Working Group also exchanged of the information regarding the risk management related legislation in order to confirm that there was no legal barrier to develop joint risk profiles in CEFTA.

The Subcommittee on Technical Barriers to Trade and Non-tariff Barriers to Trade held three meetings. In addition, The Working Group on TBT held three meetings during 2013 as well. Among other issues, the Parties discussed the text of the "Agreement amongst CEFTA Parties on Conformity Assessment Issues and on Easing Access of Industrial Products to the markets of other CEFTA Parties".

CEFTA Week 2013 was held in Sarajevo on 18 and 19 November 2013. CEFTA Week 2013 focused in particular on the main priorities of the Bosnia and Herzegovina Chair for 2013 which included the out coming decision on launching negotiations for liberalisation of trade in services, the development and improvement of the mechanism for elimination of trade barriers and for ensuring transparency in all areas.

A Special Joint Committee meeting was convened on the request of Serbia in Belgrade on 22 July, as a reaction to the Decision of the Government of Macedonia on Introducing Safeguard Measures on wheat and flour market, with binding the import quantities of wheat and wheat flour with purchasing of wheat produced in Macedonia.

Following the Special Joint Committee, the

Chair in Office considered beneficial to adopt a recommendation with a view to prevent encountering similar issues in the future. In this regard, a draft recommendation was submitted to the approval of the Joint Committee.

The annual meeting of the CEFTA Joint Committee was held in Sarajevo, on 20 November. The meeting emphasized the strong interaction between the CEFTA Agreement and the SEE 2020 Strategy and welcomed completion of full liberalization of trade in goods among other priorities. A number of important decisions and recommendations were endorsed at the meeting i.e. Decision No 1/2013 – No. 1/2013 on the Amendment to the Decision No. 7/2007 adopted on 28 September 2007; Decision No 2/2013 - Advance Notification of Legislation;

Decision No 3/2013 - amending Annex 4 of the Central European Free Trade Agreement (CEFTA 2006), Protocol Concerning the Definition of the Concept of “Originating Products” and Methods of Administrative Cooperation referred to in Article 14, paragraph 1 and 3 and the Recommendation No 1/2013 - Rebalancing Measures in response to the replicated trade distorting measures. In the margins of the Joint Committee meeting the Additional Protocol 3 liberalising the agricultural trade among Albania and Bosnia and Herzegovina was signed.⁴⁹

Other Agreements of Albania:

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:

Other trade agreement was signed in 01 November 2010, between the Republic of Albania, the Swiss Confederation and the Principality of Liechtenstein; in 01 August 2011 with Norway and in 01 October 2011 with Iceland.

Through this agreement and additional agreements on agriculture Albania and the EFTA countries establish a free trade area, in order to pro-

mote 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

In contrast with previous years, during 2013, a large number of laws have been adopted and other legal acts influencing business and investment climate, as well as international economic relations. During 2013 the most of laws and legal acts adopted, are those that affect directly custom duty, custom code and tax system affecting trade directly as well as domestic market. So, the impact on taxation matters aims to create regulation and procedures for the administration of tax obligations as well as to bring together and establish up to date standards that guarantee fair competition as well as equal and neutral treatment.

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

With some new Directives of MF such as no.4 dated 22.01.2013 and no.7 dated 06.02.2013, some additions are made in the directive no.17 dated 13.5.2008 “On value added tax”. This tax has been subject of the change in the Law no. 7928, dated 27.04.1995 “On value added tax” by the Law no.111 dated 01.04.2013 and the Law no.182 dated 28.12.2013. In addition, the law no.142 dated 02.05.2013 repealed the Law no. 111/2013 “On some amendments and change to Law no. 7928, dated 27.04.1995 “On value added tax” changed”.

⁴⁹ <http://192.232.255.119/~cefta/sites/default/files/Report%20in%20functioning%20and%20implementation%20of%20CEFTA%20in%202013.pdf>

The law no.8438, dated 28.12.1998 “On income tax”, has been changed some times by new Laws as below:

Law no.107, dated 27.03.2013; Law no.124 dated 25.04.2013 and Law no.177 dated 28.12.2013.

Some new changes and additions have occurred to the Directive of MF no. 5 dated 30.1.2006 “On income taxes in the Republic of Albania” by the new Directives of MF during 2013 such as Directive of MF no.10, dated 25.02.2013; Directive of MF no.14, dated 24.05.2013; Directive of MF no.23, dated 30.07.2013

Some new changes and approvals occurred in the tax system:

This year the national and local tax experienced many changes through new laws and directives. For more than four times during 2013, the Directive no.26, dated 4.9.2008 “For the national taxes”, has been changed by the other directives such as: Directive of MF no.3, dated 22.01. 2013; no.8, dated 22.02.2013; no.8/1 dated 17.05 2013; no.8/2 dated 23.08.2013.

Regarding to the Law no. 9975, dated 28.07.2008 “On national taxes”, it has been changed many times as well, specifically with Law no.120, dated 18.04.2013; Law no.178 and 181, dated 28.12.2013.

Changes came also due to the law no.179 dated 28.12.2013 “For some changes and additions to the Law no. 9920, dated 19.05.2008, “On tax procedures in the Republic of Albania”, amended.

Some additions and changes to the excises and custom duties were introduced in:

The directive of MF no. 501 dated 22.05.2013 “For some additions and amendments to the Decision no. 612, dated 05.09.2012 of the Council of Ministers “On implementing provisions of the law” On Excise Taxes”;

The law no. 180, dated 28.12.2013,”For some changes and additions to the Law no. 61/2012, “On Excise Taxes in the Republic of Albania”, amended;

The directive of MF no.11 dated 06.04.2013 “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;

The decision no. 205, dated 13.04.1999 of the Council of Ministers “to the Customs Code Implementing Provisions”, has been the subject of the change for several times with different decisions such as CMD no.143, dated 13.02.2013; CMD no.721 dated 28.08.2013, CMD no.961 dated 25.10.2013, CMD no.1049 dated 04.12.2013;

The CMD no.1067 dated 14.12.2013”For approval and official publication of the harmonized commodity nomenclature, 2014;

CMD no.1100 dated 27.12.2013”For an amendment to the decision no. 1067, dated 14.12.2013 of the CM “For approval and official publication of the harmonized commodity nomenclature, 2014.

An important field remains acts in relation to the consumer protection and creation of the competitive and fair trade:

The CMD no.86 and no.87, was introduced on 30.01.2013 “For determining of the criteria for trading, certification and testing varieties for grain seeds and forage seeds”;

The Law no. 15 dated 14.02.2013 “On some amendments to Law no. 9902, dated 17.4.2008” “For Consumer Protection”;

Law no.16 dated 14.02.2013 “For some changes and additions to the Law no. 10480, dated 17.11.2011 “On the overall safety of non- food products”;

Law no.17 dated 14.02.2013 “On some amendments to Law no. 10489, dated 15.12.2011 “On the trading and market surveillance of non-food products”;

Law no.65 dated 14.02.2013 “On some additions and amendments to Law no. 8691, dated 16.11.2000 “On the production and marketing of tobacco and cigarettes”, changed;

CMD no.360 dated 24.04.2013 “For a change in decision no. 170, dated 25.04.2002 of the Council of Ministers “On defining the procedures and conditions for issuing permits of oil, gas and their derivatives”, change;

During 2013, the same as in other years, some Laws and other legal acts affecting international economic relations have been approved, with the intention to provide facilitating 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 intention is economic cooperation, as for example, avoiding the double taxation and preventing fiscal evasion related to income taxes and capital.

One example is the CMD no 78, date 30.01.2013, "On approval of the agreement between the CM of the Republic of Albania and the Government of republic of Bulgaria on cooperation for

development;

Also the Law no.90 dated 21.02.2013 "On the accession of the Republic of Albania on the amendments to Articles of Agreement establishing the Black Sea Bank for Trade and Development (BSTDB);

And the Law no.173, dated 05.12.2013 For the ratification of "The agreement between the CM of the Republic of Albania and the Government of the United Kingdom of Great Britain and Northern Ireland on avoiding the double taxation and preventing fiscal evasion related to income taxes and capital.

For a more detailed outlook of the legislative acts of 2013, please refer to Annex V.

Annex I: Trade flows with all countries

Table A 1.1

Nr.	Country	Imports 2013	Share to total imports	Growth Rate	Exports 2013	Share to total exports	Growth Rate
1	Afghanistan	1	0.0001%	62%			
2	Algeria	1,229	0.2%	164%	49	0.02%	285%
3	Antigua and Barbados	1	0.0002%	-58%			
4	Arab Emirates	530	0.1%	87%	304	0.1%	1%
5	Argentina	2,372	0.5%	71%			
6	Armenia	0	0.00003%	154%	3	0.001%	-20%
7	Australia	201	0.04%	-30%			
8	Austria	6,733	1.3%	-44%	6,765	3%	126%
9	Azerbaijan	0	0.00002%	-100%	1	0.0002%	8264%
10	Bahamas	0	0.00003%	84%			
11	Bangladesh	257	0.05%	39%			
12	Belarus	67	0.01%	1163%			
13	Belgium	2,664	0.5%	21%	198	0.1%	-84%
14	Bolivia	0	0.00003%	-85%			
15	Bosnia and Herzegovina	3,285	0.6%	-12%	335	0.1%	15%
16	Brazil	5,223	1.0%	7%	182	0.1%	-1%
17	Bulgaria	8,601	1.7%	26%	2,321	1%	-16%
18	Cambodia	13	0.003%	21%			
19	Cameron	41	0.01%	-40%			
20	Canada	4,273	0.8%	-14%	362	0.1%	151%
21	Cayman Islands				777	0.3%	62%
22	Central African Republic	2	0.0004%	1064%			
23	Chile	28	0.01%	-6%			
24	China	34,989	6.8%	4%	11,449	5%	99%
25	Colombia	165	0.03%	206%			
26	Cook Islands	0	0.00001%	-93%			
27	Costa Rica	55	0.01%	-51%			
28	Croatia	2,392	0.5%	-67%	496	0.2%	-11%
29	Cuba	17	0.003%	49%			
30	Cyprus	236	0.05%	24%	23	0.01%	-68%
31	Czech Republic	4,474	0.9%	-20%	943	0.4%	63%
32	Denmark	636	0.1%	33%	373	0.2%	463%
33	Domenican Republic	9	0.002%	-53%			
34	Egypt	3,538	0.7%	81%	233	0.1%	843%
35	Ekuador	1,697	0.3%	32%			
36	El Salvador	1	0.0001%	1416%			
37	Estonia	56	0.01%	125%	7	0.003%	5057%
38	Ethiopia	41	0.01%	108%			
39	Finland	1,741	0.3%	-5%	3	0.001%	-75%
40	France	13,011	2.5%	43%	5,309	2%	195%
41	Gabon	23	0.005%	-9%			
42	Georgia	9	0.002%	40%	3	0.001%	8131%
43	Germany	30,114	5.9%	-6%	9,456	4%	43%
44	Greece	45,771	8.9%	-9%	7,795	3%	-18%
45	Guatemala	347	0.1%	349%			
46	Guinea	42	0.01%	221%			
47	Honduras	62	0.01%	458%			



48	Hong Kong	159	0.03%	-17%	177	0.1%	372%
49	Hungaria	4,523	0.9%	8%	241	0.1%	41%
50	Iceland	2	0.0005%	-94%			
51	India	2,719	0.5%	-8%	127	0.1%	-89%
52	Indonesia	3,213	0.6%	454%	53	0.02%	18%
53	Iran	167	0.03%	-41%	0	0.0001%	-92%
54	Iraq				33	0.01%	280%
55	Ireland	1,664	0.3%	12%	25	0.01%	4799%
56	Isle of Man	0	0.0001%	2730%			
57	Israel	2,404	0.5%	535%	42	0.02%	-1%
58	Italy	170,396	33.1%	1%	114,115	46%	5%
59	Ivory Coast	68	0.01%	30%			
60	Japan	2,314	0.4%	-22%	49	0.02%	48%
61	Jordania	37	0.01%	47%	36	0.01%	4%
62	Kazakstan	1,513	0.3%	92%	306	0.1%	2525%
63	Kenya	3	0.001%	4%			
64	Kongo				1	0.001%	-84%
65	Kosovo	6,183	1.2%	22%	16,291	7%	-6%
66	Kuwait	15	0.003%	-80%			
67	Kyrgyzstan	37	0.01%	13%			
68	Laos	0	0.0001%	-31%			
69	Latvia	71	0.01%	69%	54	0.02%	-2%
70	Lebanon	6	0.001%	-53%	298	0.1%	2362%
71	Liberia				1	0.0003%	-98%
72	Liechtenstein	45	0.01%	608%			
73	Lithuania	256	0.05%	47%	28	0.01%	-46%
74	Luxembourg	56	0.01%	10%	420	0.2%	-1%
75	Lybia				1,444	1%	-5%
76	Macau	5	0.001%	4893%			
77	Macedonia	8,881	1.7%	4%	4,394	2%	6%
78	Madagascar	13	0.003%	7529%			
79	Malaysia	535	0.1%	-3%	0	0.0001%	-100%
80	Mali	14	0.003%	15759%			
81	Malta	336	0.1%	18%	16,540	7%	331%
82	Mauritania	31	0.01%	918%			
83	Mauritus	0	0.0001%	-69%			
84	Mexico	516	0.1%	85%	1	0.0006%	-73%
85	Moldavia	22	0.004%	-3%	52	0.02%	5838%
86	Monaco	4	0.001%	-14%			
87	Mongolia	0	0.00002%	-17%			
88	Monte Negro	2,009	0.4%	66%	4,993	2%	47%
89	Moroco	533	0.1%	72%	24	0.01%	242%
90	Mozambique	0	0.000003%	-100%			
91	Myanmar	0	0.00004%	-97%			
92	Namibia	4	0.001%	196%			
93	Netherlands	4,162	0.8%	50%	2,220	1%	-2%
94	New Zeland	64	0.01%	44%			
95	Nicaragua	1	0.0001%	397%			
96	Niger	0	0.0001%	-90%			
97	Nigeria				2	0.001%	-79%

98	North Korea	6	0.001%	-49%			
99	Norway	216	0.04%	-12%	15	0.01%	355%
100	Oman	40	0.01%	475%			
101	Pakistan	266	0.1%	-4%	4	0.002%	-78%
102	Panama	16	0.003%	-81%			
103	Paraguay	201	0.04%	1411%			
104	Peru	80	0.02%	-21%	1	0.001%	1081%
105	Philippines	40	0.01%	47%	8	0.003%	62%
106	Poland	8,054	1.6%	12%	130	0.1%	40%
107	Portugal	585	0.1%	68%	34	0.01%	-53%
108	Puerto Rico	91	0.02%	150%			
109	Qatar	320	0.1%	98%	4	0.002%	-24%
110	Reunion	2	0.0004%	-5%			
111	Romania	6,015	1.2%	-3%	584	0.2%	-9%
112	Russia	10,040	2.0%	-25%	202	0.1%	277%
113	Saint Vincent and the Grenadines				1	0.0003%	-94%
114	San Marino	29	0.01%	1%			
115	Saudi Arabia	202	0.04%	5%	15	0.006%	355%
116	Senegal	6	0.001%	1809%	10	0.004%	227%
117	Serbia	15,145	2.9%	-35%	2,419	1%	-88%
118	Seychelles	4	0.0008%	19348%			
119	Sierra Leone	2	0.0003%	1135%	1	0.0004%	-74%
120	Singapor	210	0.04%	-9%	0	0.00002%	-92%
121	Sirian Arab Republic	110	0.02%	6%			
122	Slovakia	1,511	0.3%	34%	114	0.05%	91%
123	Slovenia	4,191	0.8%	10%	1,804	1%	178%
124	South Africa	79	0.02%	7%	0	0.0001%	-98%
125	South Korea	2,658	0.5%	22%	38	0.02%	813%
126	Spain	8,025	1.6%	-23%	24,243	10%	23%
127	Sri Lanka	33	0.01%	30%			
128	Swaziland	40	0.01%	2991%			
129	Sweden	1,685	0.3%	-29%	98	0.04%	26%
130	Swizerland	9,016	1.8%	-42%	4,361	2%	78%
131	Taiwan	1,047	0.2%	-31%	6	0.002%	57%
132	Tajikistan	42	0.01%	-16%	3	0.001%	3261826%
133	Thailand	1,454	0.3%	23%	33	0.01%	-43%
134	Tokelau	0	0.00001%	-82%			
135	Tunisia	874	0.2%	157%	37	0.01%	-32%
136	Turkey	33,226	6.5%	9%	9,223	4%	-31%
137	Turkmenistan	1,190	0.2%	-85%			
138	Turks and Caicos Islands	13	0.003%	361%			
139	U.S. Virgin Islands	33	0.01%	3406%			
140	Uganda	33	0.01%	42%			
141	Ukraine	5,501	1.1%	-5%	31	0.01%	316%
142	United Kindom	5,253	1.0%	-9%	1,627	1%	78%
143	United States	12,928	2.5%	2%	1,218	0.5%	12%
144	Uruguay	18	0.003%	71%			
145	Venezuela	179	0.03%	-46%			
146	Vietnam	983	0.2%	56%	0	0.0001%	-80%
	Yemen				11	0%	403%

Annex II:

Most exported and imported products with the EU and the Region

Table A 2.1 Ten most exported products to the EU-27 (mln ALL)					
HS Code	Description	2012	2013	Share to total in %	Change Rate 13-12
270900	Petroleum oils and oils obtained from bituminous minerals, crude	54,506.14	69,540.44	37%	28%
640610	Uppers and parts thereof, other than stiffeners	11,084.92	12,613.76	7%	14%
620342	Mens/boys trousers and shorts, of cotton, not knitted	6,180.54	7,250.94	4%	17%
640340	Footwear, outer sole of rubber/plastic/leather, uppers of leather w/met toe-cap	6,111.96	6,313.64	3%	3%
640399	Footwear, outer soles of rubber/plastics uppers of leather, nes	4,158.82	5,133.70	3%	23%
970500	Collections and Collectors' Pieces	0.47	4,893.21	3%	1041008%
830140	Locks of base metal, nes	4,921.49	4,623.53	2%	-6%
620520	Mens/boys shirts, of cotton, not knitted	4,167.28	4,262.21	2%	2%
481940	Other sacks and bags, including cones	1,974.47	4,030.87	2%	104%
720241	Ferrochromium Containing by weight more than 4 percent of carbon; chromium content	4,402.03	3,080.56	2%	-30%
TOP TEN EXPORTS TO EU			121,742.86	64%	
TOTAL EXPORTS TO EU			188,784.00		

Table A 2.2 Ten most imported products from the EU-27 (mln ALL)					
HS Code	Description	2012	2013	Share to total in %	Change Rate 13-12
271019	Light petroleum distillates nes	12,611.66	78,100.81	24%	519%
271012	Light oils and preparations	2,857.88	13,923.33	4%	387%
870332	Other Vehicles, Compression-ignition Engine (diesel) Of a cylinder capacity exceeding 1,500 cc but not exceeding 2,500 cc	12,575.23	11,124.80	3%	-12%
300490	Other Medicaments (Put up in Packings for Retail Sale)	13,932.53	10,894.67	3%	N/A
240220	Cigarettes (Containing Tobacco)	8,766.60	8,667.24	3%	-1%
830160	Parts of Padlocks and Locks of Base Metal	4,862.82	4,573.19	1%	-6%
870333	Other Vehicles, Compression-ignition Engine (diesel) Of a cylinder capacity exceeding 2,500 cc	4,835.90	4,438.69	1%	-8%
721420	Other bars & rods of iron or non-alloy steel, with indentations or other deformations produced during rolling process	7,791.59	4,303.67	1%	-45%
410719	Leather further prepared after tanning or crusting, including parchment dressed leather, of wild bovine or wild equine animals, in imminent dangers, whole hides and skins, for machinery belting	4,287.36	4,190.15	1%	-2%
690890	Glazed Ceramic Flags	4,488.38	3,798.24	1%	-15%
TOP TEN IMPORTS FROM EU			144,014.79	44%	
TOTAL IMPORTS FROM EU			325,751.00		

Table A 2.3 Ten most exported products to the Region (mln ALL)					
HS Code	Description	2012	2013	Share to total in %	Change Rate 13-12
271019	Other petroleum oils and oils obtained from bituminous minerals and preparations	12,611.00	8,985.01	31%	-29%
721420	Other bars & rods of iron or non-alloy steel, with indentations or other deformations produced during rolling process	7,791.59	5,621.11	19%	-28%
252329	Portland cement nes	4,893.56	3,715.12	13%	-24%
271012	Light oils and preparations	2,857.88	3,715.02	13%	30%
271113	Butanes, liquefied	1,592.65	1,866.74	6%	17%
271600	Electrical energy	454.84	996.83	3%	119%
252321	Portland cement, white, whether or not artificially coloured	721.90	952.39	3%	32%
760410	Bars, rods and profiles, aluminium, not alloyed	729.39	873.85	3%	20%
271320	Petroleum bitumen	785.57	767.39	3%	-2%
70200	Tomatoes, fresh or chilled	614.04	667.10	2%	9%
TOP TEN EXPORTS TO REGION			28,160.54	97%	
TOTAL EXPORTS TO REGION			28,921.00		

Table A 2.4 Ten most imported products from the Region (mln ALL)					
HS Code	Description	2012	2013	Share to total in %	Change Rate 13-12
720449	Ferrous waste and scrap, iron or steel, nes	5,928.26	6,851.07	18%	16%
271600	Electrical energy	13,948.15	4,123.91	11%	-70%
271113	Butanes, liquefied	1,068.31	4,012.43	11%	276%
271012	Light oils and preparations	917.00	2,184.66	6%	138%
100590	Maize (corn) nes	1,446.67	1,817.44	5%	26%
110100	Wheat or meslin flour	1,703.89	1,732.27	5%	2%
271019	Other petroleum oils and oils obtained from bituminous minerals and preparations	1,301.49	1,418.46	4%	9%
100199	Other wheat and maslin (inquota)	6,054.35	1,298.01	3%	-79%
440710	Coniferous	1,287.89	867.89	2%	-33%
300490	Other Medicaments (Put up in Packings for Retail Sale)	13,932.00	854.80	2%	-94%
TOP TEN IMPORTS FROM REGION			25,160.94	66%	
TOTAL IMPORTS FROM REGION			37,917.00		

Annex III:

Most exported and imported products with the EU and regional countries

Table A 3.1 Ten most exported products to Italy (mln ALL)

HS Code	Description	2012	2013	Share to total in %	Change Rate 13-12
270900	Petroleum oils and oils obtained from bituminous minerals, crude	30,500	22,121	19%	-27%
640610	Uppers and parts thereof, other than stiffeners	11,079	12,594	11%	14%
640340	Footwear, outer sole of rubber/plastic/leather, uppers of leather w/ metal toe-cap	6,045	6,245	5%	3%
620342	Mens/boys trousers and shorts, of cotton, not knitted	5,652	6,067	5%	7%
640399	Footwear, outer soles of rubber/plastics uppers of leather, nes	3,688	4,781	4%	30%
830140	Locks of base metal, nes	4,917	4,623	4%	-6%
620520	Men/boys shirts, of cotton, not knitted	4,090	4,205	4%	3%
481940	Other sacks and bags, including cones	1,655	3,714		124%
160416	Anchovies, prepared or preserved, whole or in pieces, but not minced	2,466	2,965	3%	20%
610711	Men's or Boys' Underpants, Briefs, of Cotton, Knitted or Crocheted	1,535	2,212	2%	44%
TOP TEN EXPORTS TO ITALY			69,526	61%	
TOTAL EXPORTS TO ITALY			114,115		

Table A 3.2 Ten most imported products from Italy (mln ALL)

HS Code	Description	2012	2013	Share to total in %	Change Rate 12-11
271019	Light petroleum distillates nes	38,173	66,278	39%	74%
271012	Light oils and preparations	7,723	8,068	5%	4%
830160	Lock parts, including parts of clasps or frames w clasps, of base metal, nes	4,851	4,569	3%	-6%
410719	Leather	4,257	4,174	2%	-2%
870332	Automobiles with diesel engine displacing more than 1500 cc to 2500 cc	4,137	3,758	2%	-9%
640610	Uppers and parts thereof, other than stiffeners	3,406	3,435	2%	1%
271112	Propane, liquefied	1,546	2,230	1%	44%
640690	Parts of Footwear	1,546	2,064	1%	33%
480269	Other paper and paperboard, of which more than 10 percent by weight of the total fiber content consists of fibers obtained by a mechanical process	451	2,015	1%	347%
271113	Butanes (Liquefied)	775	1,905	1%	146%
TOP TEN IMPORTS FROM ITALY			98,498	58%	
TOTAL IMPORTS FROM ITALY			170,396		

Table A 3.3 Ten most exported products to Greece (mln ALL)					
HS Code	Description	2012	2013	Share to total in %	Change Rate 13-12
271019	Light petroleum distillates nes	1,284	1,303	17%	1%
720449	Ferrous waste and scrap, iron or steel, nes	2,633	716	9%	-73%
392310	Boxes, cases, crates & similar articles of plastic	460	532	7%	16%
610610	Women's or Girls' Blouses, Shirts, of Cotton, Knitted or Crocheted	273	499		83%
240120	Tobacco, unmanufactured, partly or wholly stemmed or stripped	504	487	6%	-3%
271112	Propane, liquefied	578	477	6%	-17%
200570	Olives, Prepared or Preserved (Excluding By Acetic Acid; Not Frozen)	341	468		38%
620443	Womens/girls dresses, of synthetic fibres, not knitted	439	328	4%	-25%
481940	Sacks and bags, of paper, nes; including cones	317	317	4%	0%
870510	Mobile cranes	99	269		171%
TOP TEN EXPORTS TO GREECE			5,396	69%	
TOTAL EXPORTS TO GREECE			7,795		

Table A 3.4 Ten most imported products from Greece (mln ALL)					
HS Code	Description	2012	2013	Share to total in %	Change Rate 13-12
271019	Light petroleum distillates nes	2,561	8,558	19%	234%
271012	Motor gasoline,aviation gasoline,excluding biodiesel (containing lead \leq 0.013L/g)	1,411	5,342	12%	279%
721420	Bars & rods,i/nas,hr,hd or he,cntg indent,ribs,etc,prod dur rp/tar,nes	6,249	3,507	8%	-44%
240220	Cigarettes containing tobacco	2,614	2,735	6%	5%
220300	Beer made from malt	1,154	1,107	2%	-4%
080510	Oranges, fresh or dried	914	896	2%	-2%
10392	Purebred breeding animals Weighing 50 (11023 lb) or more each	811	774	2%	-4%
300339	Medicaments Containing Other Hormones	273	723	2%	164%
760120	Aluminum alloys	847	714	2%	-16%
190219	Pasta (Uncooked; Not Containing Eggs)	538	628	1%	17%
TOP TEN IMPORTS FROM GREECE			24,984	55%	
TOTAL IMPORTS FROM GREECE			45,771		

Table A 3.5 Ten most exported products to Germany (mln ALL)

HS Code	Description	2012	2013	Share to total in %	Change Rate 13-12
270900	Petroleum oils and oils obtained from bituminous minerals, crude	2,274	3,772	40%	66%
121190	Plants &pts of plants(incl sed&fruit) used in pharm,perf,insect etc nes	889	1,075	11%	21%
620342	Men/boys trousers and shorts, of cotton, not knitted	482	890	9%	85%
841290	Parts of Other Engines and Motors	64	515	5%	709%
620690	Women/girls blouses and shirts, of other textile materials, not knitted	652	469	5%	-28%
640359	Other Footwear With Outer Soles and Uppers of Leather	146	342	4%	134%
610469	Women's Trousers, Breeches, of Synthetic Fibres, Knitted or Crocheted 610469 Women's or Girls' Trousers, Breeches of Other Textile Materials	125	273	3%	118%
841229	Other Hydraulic Power Engines and Motors	133	257	3%	94%
121490	Swedes, Mangolds, Fodder Roots, Hay, Clover, Other Forage Products	193	254	3%	32%
620469	Women's or Girls' Trousers, Breeches, of Other Textile Materials		233	2%	100%
	TOP TEN EXPORTS TO GERMANY		8,080	85%	
	TOTAL EXPORTS TO GERMANY		9,456		

Table A 3.6 Ten most imported products from Germany (mln ALL)

HS Code	Description	2012	2013	Share to total in %	Change Rate 13-12
870332	Automobiles with diesel engine displacing more than 1500 cc to 2500 cc	5,968	5,503	18%	-8%
870333	Automobiles with diesel engine displacing more than 2500 cc	2,576	2,429	8%	-6%
300490	Medicaments nes, in dosage	2,345	2,146	7%	-8%
240220	Cigarettes containing tobacco	1,536	1,430	5%	-7%
870421	Diesel powered trucks with a GVW not exceeding five tonnes	1,025	835	3%	-19%
870323	Automobiles w reciprocating piston engine displacing > 1500 cc to 3000 cc	681	568	2%	-17%
870324	Other Vehicles, Spark-ignition Engine Of a cylinder capacity exceeding 3,000 cc	440	549	2%	25%
252390	Hydraulic cements nes	509	539	2%	6%
870322	Automobiles w reciprocating piston engine displacing > 1000 cc to 1500 cc	626	532	2%	-15%
870899	Other parts and accessories	185	367	1%	99%
	TOP TEN IMPORTS FROM GERMANY		14,898	49%	
	TOTAL IMPORTS FROM GERMANY		30,114		

Table A 3.7 Ten most exported products to Croatia (mln ALL)					
HS Code	Description	2012	2013	Share to total in %	Change Rate 13-12
410120	Leather	61	67	15%	9%
640340	Footwear	43	57	13%	33%
121190	Plants &pts of plants(incl sed&fruit) used in pharm,perf,insect etc nes	50	45	10%	-9%
80711	Watermelons		26	6%	100%
160416	Anchovies (Prepared or Preserved)	9	23	5%	161%
640359	Footwear, outer soles and uppers of leather, nes	39	22	5%	-44%
640399	Footwear, outer soles of rubber/plastics uppers of leather, nes	21	18	4%	-14%
853530	Isolating Switches and Make-and-break Switches, Voltage Exceeding 1,000v	N/A	16	4%	100%
903180	Other Measuring or Checking instruments, appliances and machines	8	15	3%	80%
640351	Footwear With Outer Soles and Uppers of Leather, Covering the Ankle	19	14	3%	-24%
TOP TEN EXPORTS TO CROATIA			302	68%	
TOTAL EXPORTS TO CROATIA			446		

Table A 3.8 Ten most imported products from Croatia (mln ALL)					
HS Code	Description	2012	2013	Share to total in %	Change Rate 13-12
271113	Butanes, liquefied	1,068	883	37%	-17%
271012	Light oils and preparations	898	478	20%	-47%
271019	Light petroleum distillates nes	1,064	280	12%	-74%
30563	Anchovies, salted and in brine, but not dried or smoked	731	159	7%	-78%
100199	Wheat nes and meslin	443	72	3%	-84%
340220	Surface-active prep, washing & cleaning prep put up for retail sale	194	53	2%	-73%
110710	Malt (Not Roasted)	N/A	32	1%	100%
110720	Roasted Malt	242	24	1%	-90%
90121	Coffee (Roasted, Not Decaffeinated)	83	23	1%	-72%
852380	Other Prepared Unrecorded Media for Sound Recording	158	23	1%	-86%
TOP TEN IMPORTS FROM CROATIA			2,027	85%	
TOTAL IMPORTS FROM CROATIA			2,392		

Table A 3.9 Ten most exported products to Kosova (mln ALL)

HS Code	Description	2012	2013	Share to total in %	Change Rate 13-12
271019	Light petroleum distillates nes	11,770	6,946	43%	-41%
721420	Bars & rods,i/nas,hr,hd or he,cntg indent,ribs,etc,prod dur rp/tar,nes	6,204	2,824	17%	-54%
271012	Light oils and preparations	2,508	1,453	9%	-42%
252329	Portland cement nes	3,418	1,293	8%	-62%
271113	Butanes, liquefied	1,186	541	3%	-54%
271320	Petroleum bitumen	779	317	2%	-59%
760410	Bars, rods and profiles, aluminium, not alloyed	625	253	2%	-60%
690410	Building bricks	444	145	1%	-67%
260111	Iron ores&concentrates,oth than roasted iron pyrites,non-agglomerated	205	97	1%	-53%
151219	Sunflower-sed/safflower oil&their fractions refine but nt chem modifid	285	85	1%	-70%
TOP TEN EXPORTS TO KOSOVA			13,954	86%	
TOTAL EXPORTS TO KOSOVA			16,291		

Table A 3.10 Ten most imported products from Kosova (mln ALL)

HS Code	Description	2012	2013	Share to total in %	Change Rate 13-12
720449	Ferrous waste and scrap, iron or steel, nes	1,756	2,357	38%	34%
110100	Wheat or meslin flour	1,173	1,173	19%	0%
730619	Tubes	183	282	5%	55%
220210	Waters incl mineral&aeratd,containg sugar o sweeteng matter o flavourd	257	250	4%	-3%
70190	Potatoes, fresh or chilled nes	68	229	4%	238%
730439	Other Tubes, Pipes and Hollow Profiles, of Iron or Non-alloy Steel	N/A	201	3%	100%
70190	Potatoes, fresh or chilled nes	133	182	3%	37%
391731	Tubes,pipes&hoses,flexible,plastic,minimum burst pressure of 27.6 MPa	130	170	3%	31%
721049	Other Flat-rolled Products, Electrolytically Plated or Coated With Zinc	83	120	2%	44%
220300	Beer made from malt	92	106	2%	15%
TOP TEN IMPORTS FROM KOSOVA			5,070	82%	
TOTAL IMPORTS FROM KOSOVA			6,183		

Table A 3.11 Ten most exported products to Macedonia (mln ALL)					
HS Code	Description	2012	2013	Share to total in %	Change Rate 13-12
271019	Light petroleum distillates nes	476	1,072	24%	125%
721420	Bars & rods,i/nas,hr,hd or he,cntg indent,ribs,etc,prod dur rp/tar,nes	1,545	1,268	29%	-18%
252329	Portland cement nes	1,088	1,024	23%	-6%
260111	Iron ores&concentrates,oth than roasted iron pyrites,non-agglomerated	139	216	5%	55%
481890	Household or hospital supplies, of paper, nes	136	173	4%	27%
121190	Plants and part of plants	100	137	3%	37%
271113	Butanes, liquefied	62	123	3%	100%
121490	Swedes,mangold,fodder root,hay,clover,etc	78	95	2%	21%
70200	Tomatoes, fresh or chilled	N/A	86	2%	100%
854590	Articles of carbon/graphite,of a kind usd for electrical purposes,nes	94	83	2%	-12%
TOP TEN EXPORTS TO MACEDONIA			4,277	97%	
TOTAL EXPORTS TO MACEDONIA			4,394		

Table A 3.12 Ten most imported products from Macedonia (mln ALL)					
HS Code	Description	2012	2013	Share to total in %	Change Rate 13-12
720449	Ferrous waste and scrap, iron or steel, nes	1,403	1,662	19%	18%
151219	Sunflower-seed/safflower oil&their fractions refined but not chem modified	1,236	717	8%	-42%
220210	Waters incl mineral&aerated,containing sugar or sweetening matter or flavoured	469	455	5%	-3%
680911	Plaster boards etc not ornamental faced or reinforced w paper/paperboard	353	430	5%	22%
210210	Yeasts, active	266	304	3%	14%
391721	Tubes, pipes and hoses, rigid; of polyethylene	286	279	3%	-3%
300490	Medicaments nes, in dosage	356	233	3%	-34%
261900	Slag, Dross, Scalings, Other Waste from the Manufacture of Iron or Steel	N/A	217	2%	100%
321490	Non-refractory surface preparations for facades,walls,floors,ceilings	193	191	2%	-1%
730661	Other Tubes, Pipes, Hollow Profiles, , welded, of non-circular cross section	96	173	2%	80%
TOP TEN IMPORTS FROM MACEDONIA			4,660	52%	
TOTAL IMPORTS FROM MACEDONIA			8,881		

Table A 3.13 Ten most exported products to Serbia (mln ALL)

HS Code	Description	2012	2013	Share to total in %	Change Rate 13-12
271600	Electrical energy	455	940	39%	107%
252321	Portland cement, white, whether or not artificially coloured	260	419	17%	61%
070200	Tomatoes, fresh or chilled	N/A	223	9%	100%
940350	Bedroom furniture, wooden, nes	56	61	3%	9%
252329	Portland cement nes	31	55	2%	75%
780199	Other Unwrought lead	17	48	2%	176%
640351	Footwear With Outer Soles and Uppers of Leather, Covering the Ankle	23	40	2%	77%
760410	Bard, Rods and Profiles, Of aluminum, not alloyed:	17	34	1%	107%
441520	Pallets, box pallets and other load boards, wooden	29	32	1%	8%
080711	Watermelon	N/A	32	1%	100%
TOP TEN EXPORTS TO SERBIA			1,885	78%	
TOTAL EXPORTS TO SERBIA			2,419		

Table A 3.14 Ten most imported products from Serbia (mln ALL)

HS Code	Description	2012	2013	Share to total in %	Change Rate 13-12
271600	Electrical energy	13,948	4,101	27%	-71%
720449	Ferrous waste and scrap, iron or steel, nes	2,537	2,103	14%	-17%
100590	Maize (corn) nes	1,192	1,817	12%	52%
100199	Seed, White, Other	7	939	6%	13168%
220290	Non-alcoholic beverages nes,excludg fruit/veg juices of headg No 20.09	564	541	4%	-4%
300490	Other Medicaments (Put up in Packings for Retail Sale)	69	473	3%	583%
761290	Container,alum,cap <300L,	489	471	3%	-4%
340220	Organic Surface-active Agents; Surface-active, Washing and Cleaning Preparations for Retail Sale	476	451	3%	-5%
690510	Roofing tiles, ceramic	291	352	2%	21%
441011	Particle board and similar board of wood	267	267	2%	0%
TOP TEN IMPORTS FROM SERBIA			11,515	76%	
TOTAL IMPORTS FROM SERBIA			15,145		

Table A 3.15 Ten most exported products to Montenegro (mln ALL)					
HS Code	Description	2012	2013	Share to total in %	Change Rate 13-12
271019	Light petroleum distillates nes	361	802	16%	122%
252321	Portland cement, white, whether or not artificially coloured	434	508	10%	17%
252329	Portland cement nes	355	507	10%	43%
721420	Concrete reinforcing bars and rods, Hot-rolled, Hot-drawn, Hot-extruded	30	500	10%	1571%
271113	Butanes, liquefied	345	409	8%	19%
721391	Other bars & rods, hot-rolled, in irregularly wound coils, of iron or non-alloy steel	7	238	5%	3372%
852560	Still image video camera & other video camera recorders; digital cameras		199	4%	#DIV/0!
760410	Bars, rods and profiles, aluminium, not alloyed	65	158	3%	144%
271012	Light oils and preparations	13	140	3%	945%
70200	Tomatoes, fresh or chilled		121	2%	100%
	TOP TEN EXPORTS TO MONTENEGRO		3,582	72%	
	TOTAL EXPORTS TO MONTENEGRO		4,993		

Table A 3.16 Ten most imported products from Montenegro (mln ALL)					
HS Code	Description	2012	2013	Share to total in %	Change Rate 13-12
720449	Ferrous waste and scrap, iron or steel, nes	118	729	36%	517%
110100	Wheat or meslin flour	272	333	17%	22%
440710	Lumber, coniferous (softwood) 6 mm and thicker	176	206	10%	17%
220300	Beer made from malt	187	144	7%	-23%
121190	Plants and parts of plants	28	64	3%	125%
890610	Other vessels, incl. lifeboats other than rowing boats.	N/A	57	3%	100%
440392	Logs, Beech	27	56	3%	104%
731029	Cans, iron or steel, capacity <50 litres nes	45	47	2%	5%
890120	Tankers	N/A	31	2%	100%
701090	Other Containers of Glass; Preserving Jars of Glass; Closures of Glass	23	30	1%	28%
	TOP TEN IMPORTS FROM MONTENEGRO		1,696	84%	
	TOTAL IMPORTS FROM MONTENEGRO		2,009		

Table A 3.17 Ten most exported products to Bosnia and Herzegovina (mln ALL)					
HS Code	Description	2012	2013	Share to total in %	Change Rate 13-12
410150	Unprocessed leather	53	79	24%	48%
410120	Leather	56	55	17%	-2%
70200	Tomatoes, fresh or chilled	N/A	31	9%	100%
271113	Butanes (Liquefied)		18	5%	100%
940350	Bedroom furniture, wooden, nes	11	14	4%	25%
760410	Bard, Rods and Profiles, Of aluminum, not alloyed	1	12	4%	829%
640351	Footwear With Outer Soles and Uppers of Leather, Covering the Ankle	N/A	11	3%	100%
620113	Men's or Boys' Overcoats, Raincoats, Car-coats, Capes, of Man-made Fibres	N/A	11	3%	100%
481310	Paper, cigarette, in the form of booklets or tubes	9	9	3%	-6%
80719	Melons (except watermelons)	N/A	7	2%	100%
TOP TEN EXPORTS TO BOSNIA AND HERZEGOVINA			247	74%	
TOTAL EXPORTS TO BOSNIA AND HERZEGOVINA			335		

Table A 3.18 Ten most imported products from Bosnia and Herzegovina (mln ALL)					
HS Code	Description	2012	2013	Share to total in %	Change Rate 13-12
721420	Concrete reinforcing bars and rods, Hot-rolled, Hot-drawn, Hot-extruded	128	755	23%	489%
440710	Lumber, coniferous (softwood) 6 mm and thicker	525	660	20%	26%
271320	Petroleum bitumen	296	607	18%	105%
270400	Coke&semi-coke of coal,lignite o peat,agglomeratd o not,retort carbon	360	255	8%	-29%
160100	Sausage&sim prod of meat,meat offal/blood&food prep basd on these prod	145	92	3%	-37%
721391	Other bars & rods, hot-rolled, in irregularly wound coils, of iron or non- alloy steel, of circular cross-section diameter<14mm	26	67	2%	156%
841090	Parts of Hydraulic Turbines and Water Wheels, Including Regulators	N/A	58	2%	100%
300490	Medicaments nes, in dosage	109	55	2%	-50%
660110	Garden or Similar Umbrellas	29	53	2%	85%
700800	Multiple-walled insulating units of glass	0	52	2%	257900%
TOP TEN IMPORTS FROM BOSNIA AND HERZEGOVINA			2,655	81%	
TOTAL IMPORTS FROM BOSNIA AND HERZEGOVINA			3,285		

Annex IV: Most exported and imported products with other countries

Table A 4.1 Ten most exported products to USA (mln ALL)					
HS Code	Description	2012	2013	Share to total in %	Change Rate 13-12
121190	Plants &pts of plants(incl sed&fruit) used in pharm,perf,insect etc nes	314	647	53%	106%
720241	Ferro-chromium containing by weight more than 4% of carbon	337	273	22%	-19%
121020	Hop cones, ground, powdered or pelleted and lupulin	146	94	8%	-36%
901580	Other instruments and appliances : Surveying, Hydrographic, Oceanographic or Hydrological Instruments	N/A	71		100%
121130	Coca leaf	4	18		339%
870323	Other Vehicles, Spark-ignition Engine Of a cylinder capacity exceeding 1,500 cc but not exceeding 3,000 cc	N/A	17		100%
130219	Other Vegetable Saps and Extracts	5	13		160%
852691	Radio Navigational Aid Apparatus	5	10		88%
630900	Worn Clothing and Other Worn Articles	5	7		35%
850440	Static Converters	1	7		1265%
TOP TEN EXPORTS TO USA			1,156	95%	
TOTAL EXPORTS TO USA			1,219		

Table A 4.2 Ten most imported products from USA (mln ALL)					
HS Code	Description	2012	2013	Share to total in %	Change Rate 13-12
271019	Other petroleum oils and oils obtained from bituminous minerals and preparations	12	2,705	21%	23400%
291615	Oleic, linoleic or linolenic acids, their salts & esters	2,540	2,250	17%	-11%
20714	Parts of frozen chickens	1,629	2,123	16%	30%
20329	Swine cuts, frozen nes	1,081	1,333	10%	23%
382600	Biodiesel and mixtures thereof, not containing or containing less than 70 % by weight of petroleum oils or oils obtained from bituminous minerals	N/A	1,156	9%	100%
843143	Parts of boring or sinking machinery, whether or not self-propelled	638	864	7%	35%
220720	Ethyl Alcohol, Other Spirits (Denatured)	N/A	560	4%	100%
271311	Petroleum coke, not calcined	624	535	4%	-14%
901580	Other instruments and appliances : Surveying, Hydrographic, Oceanographic or Hydrological Instruments	147	385	3%	162%
901839	Other needles, catheters, cannulae & the like	65	303	2%	367%
TOP TEN IMPORTS FROM USA			12,213	94%	
TOTAL IMPORTS FROM USA			12,928		

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

HS Code	Description	2012	2013	Share to total in %	Change Rate 13-12
261000	Chromium ores and concentrates	3,542	6,193	54%	75%
260300	Copper ores and concentrates	1,981	4,349	38%	120%
260400	Nickel Ores and Concentrates	N/A	270	2%	100%
720241	Ferrochromium Containing by weight more than 4 percent of carbon; chromium content	-	169	1%	100%
391510	Waste, Parings, Scrap of Polymers of Ethylene	43	84	1%	95%
251520	Ecaussine, Other Calcareous Monumental or Building Stone	N/A	38	0%	100%
391590	Plastics waste and scrap nes	19	18	0%	-2%
410510	Tanned or crust skins of sheep or lambs, without wool on, whether or not split, but not further prepared	N/A	9	0%	100%
121190	Other Plants of a Kind Use for Perfumery, Pharmacy, Insecticidal Purpose (Fresh or Dried)	N/A	5	0%	100%
260111	Iron Ores and Concentrates (Non-agglomerated)	N/A	5	0%	100%
TOP TEN EXPORTS TO CHINA			11,139	97%	
TOTAL EXPORTS TO CHINA			11,449		

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

HS Code	Description	2012	2013	Share to total in %	Change Rate 13-12
730429	Line pipe of a kind used for oil or gas pipelines Yield strength < 552MPa	2,441	3,168	9%	30%
640299	Footwear, outer soles/uppers of rubber or plastics, nes	1,344	1,132	3%	-16%
851712	Telephone sets	951	1,070	3%	12%
841510	Air conditioning machines window or wall types, self-contained	693	880	3%	27%
851762	Other telephone apparatus	591	744	2%	26%
847130	Digital instruments for data processing	474	671	2%	41%
852872	Of televisions	472	580	2%	23%
950300	Electronic toys, trains, etc.	471	530	2%	13%
540761	Other woven fabrics, with ≥85% non-textured polyester filament	480	407	1%	-15%
690890	Tiles, cubes and sim nes, glazed ceramics	392	336	1%	-14%
TOP TEN IMPORTS FROM CHINA			9,519	27%	
TOTAL IMPORTS FROM CHINA			34,989		

Table A 4.5 Ten most exported products to Turkey (mln ALL)					
HS Code	Description	2012	2013	Share to total in %	Change Rate 13-12
721420	Bars & rods,	701	4,375	47%	524%
720711	Semi-finished products of iron or non-alloy steel	7,663	2,657	29%	-65%
853620	Automatic circuit breakers for a voltage not exceeding 1,000 volts	130	419	5%	222%
491199	Papers printed with programs for automatic data processing equipment	N/A	343	4%	100%
410210	Sheep or lamb skins, raw, with wool on, nes	382	330	4%	-14%
121190	Plants &pts of plants(incl sed&fruit) usd in pharm,perf,insect etc nes	346	274	3%	-21%
760200	Waste and scrap, aluminium	111	218	2%	97%
261000	Chromium Ores and Concentrates	48	161	2%	234%
710813	Gold in Other Semi-manufactured Forms	N/A	81	1%	100%
391590	Plastics waste and scrap nes	114	68	1%	-40%
TOP TEN EXPORTS TO TURKEY			8,925	97%	
TOTAL EXPORTS TO TURKEY			9,223		

Table A 4.6 Ten most imported products from Turkey (mln ALL)					
HS Code	Description	2012	2013	Share to total in %	Change Rate 13-12
721391	Bars with d<14mm	812	2,285	7%	181%
190590	Communion wafers,empty cachets f pharm use&sim prod&bakers' wares nes	739	902	3%	22%
300490	Medicaments nes, in dosage	600	720	2%	20%
600622	Other knitted/crocheted fabrics	656	691	2%	5%
190531	Biskota te embela	696	689	2%	-1%
441011	Parts of wood	559	680	2%	22%
210500	Ice cream and other edible ice, whether or not containing cocoa	493	566	2%	15%
570242	Carpets of man-made textile mat,of woven pile construction,made up,nes	498	508	2%	2%
610910	T-shirts, Singlets, Other Vests, Knitted or Crocheted, of Cotton	207	481	1%	132%
851660	Other Ovens; Cookers, Cooking Plates, Boiling Rings, Grillers, Roasters	385	475	1%	23%
TOP TEN IMPORTS FROM TURKEY			7,996	24%	
TOTAL IMPORTS FROM TURKEY			33,226		

Table A 4.7 Ten most exported products to Spain (mln ALL)

HS Code	Description	2012	2013	Share to total in %	Change Rate 13-12
270900	Petroleum oils and oils obtained from bituminous minerals, crude	17,920	21,528	89%	20%
640690	Parts of footwear	308	607	3%	97%
640590	Footwear, nes	848	467	2%	-45%
847130	Panel computer	N/A	147	1%	100%
30563	Anchovies, salted and in brine, but not dried or smoked	N/A	131	1%	100%
720241	Ferro-chromium containing by weight more than 4% of carbon	212	93	0%	-56%
160416	Anchovies, prepared or preserved, whole or in pieces, but not minced	141	73	0%	-48%
121190	Other Plants of a Kind Use for Perfumery, Pharmacy, Insecticidal Purpose (Fresh or Dried)	14	43	0%	219%
121490	Swedes, mangold, fodder root, hay, clover, sainfoin, forag kale, etc	36	23	0%	-34%
410711	Leather further prepared after tanning or crusting, including parchmentdressed leather, of wild bovine animals, in imminent dangers, whole hides and skins, full grains, unsplit	2	22	0%	871%
TOP TEN EXPORTS TO SPAIN			23,135	96%	
TOTAL EXPORTS TO SPAIN			24,068		

Table A 4.8 Ten most imported products from Spain (mln ALL)

HS Code	Description	2012	2013	Share to total in %	Change Rate 13-12
690890	Tiles, cubes and sim nes, glazed ceramics	3,046	2,872	36%	-6%
30563	Anchovies, salted and in brine, but not dried or smoked	422	749	9%	77%
271311	Petroleum Coke (Not Calcined)	108	429	5%	298%
640690	Parts of footwear	407	360	4%	-12%
410711	Whole kides and skins: Full grains, unsplit	412	300	4%	-27%
30749	Cuttle fish and squid, shelled or not, frozen, dried, salted or in brine	223	205	3%	-8%
410799	Leather further prepared after tanning or crusting, including parchmentdressed leather of endangered wild bovine or wild equine animals, other than whole hides and skins, for machinery belting	N/A	203	3%	100%
760612	Plate, sheet or strip, aluminium alloy, rect or sq, exceeding 0.2mm thick	163	187	2%	15%
847130	Panel computer	0	177	2%	161045%
300490	Medicaments nes, in dosage	128	148	2%	16%
TOP TEN IMPORTS FROM SPAIN			5,631	70%	
TOTAL IMPORTS FROM SPAIN			8,025		

Annex V: List of trade - related acts enacted during 2013

Table A 5.1			
Type of legal acts	No.	date	Act
Directive of MF	3	22.01.2013	For some additions in the Directive no.26, datë 4.9.2008 "For the national taxes",changed
Directive of MF	4	22.01.2013	For some additions in the directive no.17 dated 13.5.2008 "On value added tax" changed.
Directive of MF	7	06.02.2013	For an addition in the directive no.17 dated 13.5.2008 "On value added tax" changed.
CMD	78	30.01.2013	On approval of the agreement between the CM of the Republic of Albania and the Government of republic of Bulgaria on cooperation for development
CMD	86	30.01.2013	For determining of the criteria for trading, certification and testing varieties for grain seeds
CMD	87	30.01.2013	For determining of the criteria for trading, certification and testing varieties for forage seeds
CMD	79	30.01.2013	For approval of the Albania economic and fiscal program for the period 2013-2015.
CMD	98	06.02.2013	On approval of the list of Albanian harmonized standards , which have reference character for presumption of conformity for construction products
ERE Decision	18	11.02.2013	On approval of certain amendments to the Rules of the Albanian Electricity Market
Law	90	21.02.2013	On the accession of the Republic of Albania on the amendments to Articles of Agreement establishing the Black Sea Bank for Trade and Development (BSTDB)
CMD	128	20.02.2013	For some additions and amendments to the Decision no. 612, dated 05.09.2012 of the Council of Ministers "On implementing provisions of the law" On Excise Taxes "
Directive of MF	8	21.02.2013	For some additions in the Directive no.26, datë 4.9.2008 "For the national taxes",changed
Directive of MF	10	25.02.2013	For some additions and amendments in the directive no. 5 dated 30.1.2006 "On income taxes in the Republic of Albania" changed
Law	15	14.02.2013	On some amendments to Law no. 9902, dated 17.4.2008 "For Consumer Protection" to change
Law	16	14.02.2013	For some changes and additions to the Law no. 10480, dated 17.11.2011 "On the overall safety of non- food products"
Law	17	14.02.2013	On some amendments to Law no. 10489, dated 15.12.2011 "On the trading and market surveillance of non-food products"
Law	65	14.02.2013	On some additions and amendments to Law no. 8691, dated 16.11.2000 "On the production and marketing of tobacco and cigarettes", changed
CMD	143	13.02.2013	For some additions to Decision no. 205, dated 13.04.1999 of the Council of Ministers "to the Customs Code Implementing Provisions", changed
Law	107	28.03.2013	On some amendments to Law no. 8438, dated 28.12.1998 "On income tax", changed
Law	111	01.04.2013	For some amendments to Law no. 7928, dated 27.04.1995 "On value added tax", changed
Directive of MF	11	06.04.2013	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
Law	120	18.04.2013	For some changes and additions to the Law no. 9975, dated 28.07.2008 "On national taxes", changed

CMD	360	24.04.2013	For a change in decision no. 170, dated 25.04.2002 of the Council of Ministers "On defining the procedures and conditions for issuing permits of oil, gas and their derivatives", change
Law	124	25.04.2013	On one amendment to Law no. 8438, dated 28.12.1998 "On income tax", changed
Law	135	29.04.2013	On some amendments and changes to Law no. 10128, dated 11.05.2009 "On electronic commerce"
Law	142	02.05.2013	To repeal the law no. 111/2013 "On some amendments and change to Law no. 7928, dated 27.04.1995 "On value added tax" change "...
Directive of MF	8 /1	17.05.2013	For some additions and changes in the Directive no.26, datë 4.9.2008 "For the national taxes",changed
Directive of MF	14	24.05.2013	For additional to the directive no. 5, dated 30.01.2006 "On income tax in the Republic of Albania"
Directive of MF	501	22.05.2013	For an additions to the Decision no. 612, dated 05.09.2012 of the Council of Ministers "On implementing provisions of the law" On Excise Taxes "
Directive of MF	23	30.07.2013	For some additions and changes in directive no. 5, dated 30.06.2006 "On income tax", changed
Directive of MF	8 /2	23.08.2013	For a change in directive no. 26, dated 04.09.2008 "On national taxes", changed.
CMD	721	28.08.2013	For a change and an addition to Decision no. 205, dated 13.04.1999 of the Council of Ministers "to the Customs Code Implementing Provisions", changed
CMD	961	25.10.2013	For some additions and changes to Decision no. 205, dated 13.04.1999 of the Council of Ministers "to the Customs Code Implementing Provisions", changed
CMD	1049	04.12.2013	For some additions and changes to Decision no. 205, dated 13.04.1999 of the Council of Ministers "to the Customs Code Implementing Provisions", changed
Law	173	05.12.2013	For the ratification of "The agreement between the CM of the Republic of Albania and the Government of the United Kingdom of Great Britain and Northern Ireland on avoiding the double taxation and preventing fiscal evasion related to income taxes and capital.
CMD	1067	14.12.2013	For approval and official publication of the harmonized commodity nomenclature, 2014
Law	177	28.12.2013	On some amendments to Law no. 8438, dated 28.12.1998 "On income tax", changed
Law	178	28.12.2013	For some changes and additions to the Law no. 9975, dated 28.07.2008 "On national taxes", changed
Law	179	28.12.2013	For some changes and additions to the Law no. 9920, dated 19.05.2008, "On tax procedures in the Republic of Albania", amended
Law	180	28.12.2013	For some changes and additions to the Law no. 61/2012, "On Excise Taxes in the Republic of Albania", amended
Law	181	28.12.2013	For some changes and additions to the Law no. 9632, dated 30.10.2006, "On the local tax system", changed
Law	182	28.12.2013	For some additions and changes to Law no. 7928, dated 27.04.1995 "On value added tax", changed
CMD	1100	27.12.2013	For an amendment to the decision no. 1067, dated 14.12.2013 of the CM "For approval and official publication of the harmonized commodity nomenclature, 2014
Directive of MF	32	31.12.2013	For simplified income tax for small business

ACIT at a glance

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

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

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

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

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

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

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

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

Albanian Centre for Competitiveness and International Trade (ACIT)

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¹ Excerpt from ACIT’s Statute, 2008