

# Albania 2014 Trade Report



Albanian Centre for Competitiveness and International Trade



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## Foreword

Dear ACIT friends,

It is with great pleasure that we introduce the Foreign Trade Report of Albania 2014, prepared by ACIT staff and its associated experts. This is the thirteenth 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. Its aim is to increase transparency and help policy making practices in the trade area. 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.

A special thank goes to all colleagues and friends that work in this area, whose continuous advices have been precious for the trade report 2014. 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 Maçellari. It is the outcomes of a team work in which Ahmet Maçellari, 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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## 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 I. Macro-trade developments during 2014 and main challenges ahead

## 1.1 World Macro-Trade Developments and Challenges

As underlined in the World Economic Outlook, global economic growth in 2014 remains moderate at 3.4 percent, the same rate as in 2013, reflecting a pickup in growth in advanced economies relative to the previous year and a slowdown in emerging market and developing economies although this second group still accounted for 3/4th of global growth in 2014. The projection for 2015 is almost the same, 3.5 percent, reflecting again an improvement in advanced economies but a lower growth in emerging market and developing economies, particularly weaker prospects for some large emerging economies and oil-exporting countries<sup>1</sup>. The expectations for

2016 are rather better, with a global growth of 3.8 percent, as shown in table 1.1.

The same complex forces that affected global economic activity in 2014 are still shaping the outlook, including medium- and long-term trends such as decline in *potential growth* caused by aging of population and a slowdown of total productivity, but also *crisis legacies* (both financial and the euro area ones) which are still visible in many countries, and *global shocks* such as lower oil prices and exchange rate swings. Since these factors affect countries (and group of countries) differently, the baseline forecasts are that advanced economies will do better in 2015 than last year, emerging markets and low-income countries will slow down and, as a result, global growth will be almost the same as last year.

	1997-2006	2007	2008	2009	2010	2011	2012	2013	2014	2015*	2016*
<b>World output</b>	<b>4.0</b>	<b>5.7</b>	<b>3.1</b>	<b>0.0</b>	<b>5.4</b>	<b>4.2</b>	<b>3.4</b>	<b>3.4</b>	<b>3.4</b>	<b>3.5</b>	<b>3.8</b>
<b>Advanced Economies</b>	<b>2.8</b>	<b>2.8</b>	<b>0.2</b>	<b>-3.4</b>	<b>3.1</b>	<b>1.7</b>	<b>1.2</b>	<b>1.4</b>	<b>1.8</b>	<b>2.4</b>	<b>2.4</b>
- United States	3.3	1.8	-0.3	-2.8	2.5	1.6	2.3	2.2	2.4	3.1	3.1
- Euro Area <sup>2</sup>	2.3	3.0	0.5	-4.5	2.0	1.6	-0.8	-0.5	0.9	1.5	1.6
- Japan	0.9	2.2	-0.1	-5.5	4.7	-0.5	1.8	1.6	-0.1	1.0	1.2
-Other advanced economies <sup>3</sup>	3.7	4.1	1.2	-2.1	4.6	2.9	1.7	2.1	2.7	2.7	2.8
<b>Emerging and developing economies</b>	<b>5.5</b>	<b>8.7</b>	<b>5.8</b>	<b>3.1</b>	<b>7.4</b>	<b>6.2</b>	<b>5.2</b>	<b>5.0</b>	<b>4.6</b>	<b>4.3</b>	<b>4.7</b>
- Commonwealth of Independent States <sup>4</sup>	5.5	9.0	5.3	-6.3	4.6	4.8	3.4	2.2	1.0	-2.6	0.3
- Emerging and Developing Asia	7.0	11.2	7.3	7.5	9.6	7.7	6.8	7.0	6.8	6.6	6.4
- China	9.4	14.2	9.6	9.2	10.4	9.3	7.8	7.8	7.4	6.8	6.3
- Emerging and developing Europe	4.1	5.5	3.1	-3.0	4.8	5.4	1.3	2.9	2.8	2.9	3.2
-Albania	5.1	5.9	7.5	3.4	3.7	2.5	1.6	1.4	2.1	3.0	4.0
- Latin America and the Caribbean	3.1	5.7	3.9	-1.3	6.1	4.9	3.1	2.9	1.3	0.9	2.0
- Middle East and North Africa	5.2	6.4	5.2	2.3	5.1	4.5	4.9	2.3	2.4	2.7	3.7
- Sub-Saharan Africa	4.9	7.6	6.0	4.0	6.7	5.0	4.2	5.2	5.0	4.5	5.1
<b>World output, based on market exchange value</b>	<b>3.1</b>	<b>3.9</b>	<b>1.5</b>	<b>-2.0</b>	<b>4.1</b>	<b>3.0</b>	<b>2.4</b>	<b>2.5</b>	<b>2.6</b>	<b>2.9</b>	<b>3.2</b>

Source: IMF. WEO April 2014, p.170; p. 174  
 \*Projections; <sup>1</sup>Real GDP; <sup>3</sup>Including Lithuania; <sup>4</sup>Including Georgia, Turkmenistan, and Ukraine.

<sup>1</sup> IMF: World Economic Outlook (WEO), April 2015, p. 1.

Risks also must be accounted and they are still tilted to the downside<sup>2</sup>, including those related to geopolitical tensions (particularly in Ukraine and Middle East), disruptive asset price shifts in financial markets, and stagnation and low inflation in advanced economies.

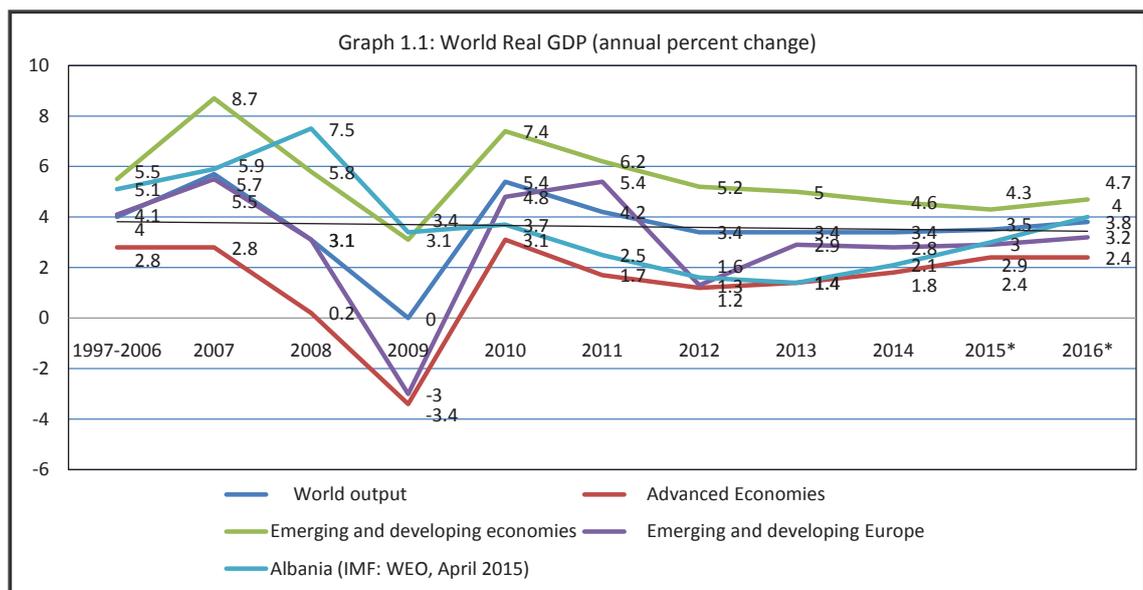
The marginally higher growth rate in 2015 will be driven by a rebound in advanced economies supported by the decline of oil prices, with the higher contribution given by the *United States (US)*. While the growth rate for the advanced economies increased from 1.4 percent in 2013 to 1.8 percent in 2014 and 2.4 percent in 2015 as shown in table 1.1, the growth rate of the US picked up from 2.2 percent in 2013 to 2.4 percent in 2014 and 3.1 percent in 2015 and 2016. Lower energy prices, tame inflation, reduced fiscal drag, strengthened balance sheets, and an improving housing market<sup>3</sup> are expected to support a robust economic performance in 2015 despite the negative effect of the dollar strengthening on net exports.

The *euro area* entered a recovery path during 2014, by reaching a positive growth rate of 0.9 percent in 2014. Economic activity is expected to enlarge in 2015 and 2016 by 1.5 percent and 1.6 percent, respectively, supported by lower oil prices, lower interest rates, euro depreciation, and the shift to a broadly neutral fiscal stance. However, potential growth in the euro area remains weak because of crisis legacies, demographic

developments (aging), and a slowdown of total factor productivity, so the outlook is for a moderate growth and subdued inflation. Growth is expected to increase in Germany, France, Italy, and particularly in Spain (by 2.5 percent in 2015 and 2.0 percent in 2016).

As regards *emerging market and developing economies*, growth rates are systematically much higher than those of advanced economies, as shown in graph 1.1, but with a decreasing trend: from 7.4 percent in 2010 down to 5.0 percent in 2013, then 4.6 percent in 2014 and 4.3 percent in 2015; the projection for 2016 is rather higher, 4.7 percent (see table 1.1). Within this large group of countries, a very important role is played by *emerging markets*.

Strong economic performance in emerging markets during the immediate post-crisis period partly reflected high growth in China, particularly in investments, which contributed to the increase of commodity prices and also as an easing factor of global financial conditions. On the other side, the gradual slowdown in China (from 10.4% in 2010 down to 7.4% in 2014, with a projection of 6.8% in 2015 and 6.3% in 2016 and 2020) weakens to some extent the growth momentum in commodity-exporting countries and other countries with close trade links to China. The easing of financial conditions for emerging markets after the crisis likely contributed to higher output, but not to a steadily higher growth



Source of data: IMF WEO Report, April 2015.

<sup>2</sup> IMF, WEO, April 2015, pp.xiii and 1.

<sup>3</sup> IMF, WEO, April 2015, p. 14.

rate. The highest growth rates although in a declining trend (from 11.2% in 2007 and 9.6% in 2010, down to 6.8% in 2014, 6.6% in 2015 and 6.4% in 2016) belong to *emerging and developing Asia*. During the last two years, *Commonwealth of Independent States* recorded the lowest growth rates: from 3.4 percent in 2012 down to 2.2 percent in 2013 and 1.0 percent in 2014, with a projected rate of -2.6 percent in 2015 and 0.3 percent in 2016.

Growth in *Emerging and Developing Europe* continue to be considerably weaker compared with *emerging and developing economies* globally, as shown in table 1.1 and graph 1.1, and also more volatile (and with quite different growth rates within the group of countries) after the sharp decline in 2009 (from -3.0% in 2009 up to 5.4% in 2011 and then down to 1.3% in 2012 to turn up

to 2.9%, 2.8% and 2.9% in 2013, 2014 and 2015, respectively)<sup>4</sup>. Lower oil prices (although their disinflation pressure must be considered as well) and the gradual recovery in the euro area, are expected to provide a lift to the region, offsetting the effects of the contraction in Russia, and still elevated corporate debt levels.<sup>5</sup>

In the *Western Balkan region*, the highest growth rates in 2014 are recorded in Macedonia (FYR, 3.3%), followed by Kosovo (2.5%); the lowest growth rates are registered in Serbia (-2.0%), followed by Bosnia and Herzegovina (0.4%). Albanian economy grew by 2.1 percent in 2014<sup>6</sup> (higher than the SEE6 average of 0.2%), with a projection of 3.0 percent in 2015, which is lower than Macedonia FYR (3.5%), Montenegro's (3.4%) and the same as Kosovo projected growth rate (3.0%) but higher than SEE6 (1.3%)<sup>7</sup>.

Table 1.2: Annual percent change of world trade volumes and prices												
	1997-2006	2007-2016	2007	2008	2009	2010	2011	2012	2013	2014	2015*	2016*
<b>World trade in goods and services<sup>1</sup></b>												
Volume	6.8	3.7	8.3	3.0	-10.6	12.6	6.8	2.8	3.5	3.4	3.7	4.7
Price deflator (in \$U.S.)	1.5	1.0	7.6	11.4	-10.2	5.7	11.0	-1.6	-0.7	-1.6	-10.2	1.3
<b>- Exports</b>												
Advanced Economies	6.1	3.0	7.5	2.2	-11.8	12.3	6.3	2.0	3.1	3.3	3.2	4.1
Emerging and developing economies	8.3	5.0	9.7	4.4	-7.7	13.6	7.4	4.4	4.6	3.4	5.3	5.7
<b>- Imports</b>												
Advanced Economies	6.6	2.3	5.7	0.5	-12.2	11.7	5.5	0.9	2.1	3.3	3.3	4.3
Emerging and developing economies	8.1	6.3	15.6	9.1	-7.9	14.1	9.8	6.0	5.5	3.7	3.5	5.5
<b>Terms of Trade</b>												
Advanced Economies	-0.2	-0.1	0.1	-2.3	2.8	-0.9	-1.7	-0.6	0.7	0.3	1.0	-0.4
Emerging and developing economies	1.6	0.2	1.9	3.7	-5.3	2.0	3.6	0.7	-0.3	-0.6	-3.7	0.1
<b>World trade in goods<sup>1</sup></b>												
Volume	7.0	3.4	7.7	2.5	-12.0	14.3	6.9	2.5	3.1	3.0	3.5	4.7
Price deflator (in \$U.S.)	1.4	1.0	7.8	12.4	-11.3	6.5	12.5	-1.6	-1.1	-2.1	-11.0	1.4
<b>World trade prices (in US dollars)<sup>2</sup></b>												
Manufactures	0.3	0.9	5.4	6.3	-6.4	2.6	6.1	0.6	-1.4	-0.8	-3.3	0.5
Oil	12.2	0.2	10.7	36.4	-36.3	27.9	31.6	1.0	-0.9	-7.5	-36.9	12.9
Non-fuel primary commodities	2.2	1.1	13.9	7.9	-15.8	26.5	17.9	-10.0	-1.2	-4.0	-14.1	-1.0
Source: IMF. WEO April 2015, pp. 133-144												
*Projection												
<sup>1</sup> Average of annual percent change for world exports and imports												
<sup>2</sup> As 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 Fateh, 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												

<sup>4</sup> IMF: WEO, April 2015, p. 174 (Table A4).

<sup>5</sup> IMF: WEO, April 2015, p.15.

<sup>6</sup> IMF estimate; according to the INSTAT quarterly estimates, the figure is only 1.9 percent.

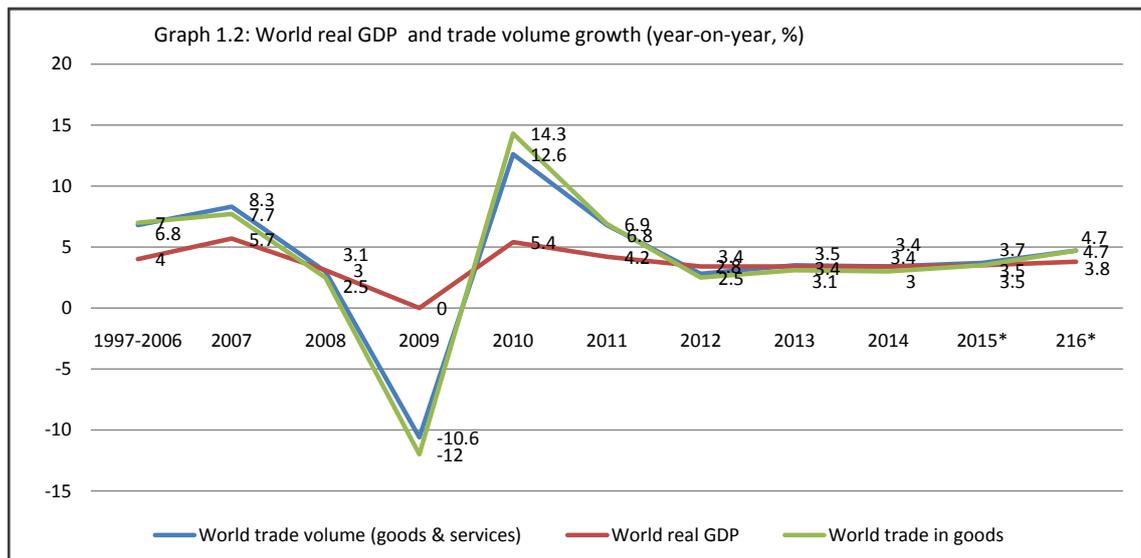
<sup>7</sup> World Bank Group, South East Europe Regular Economic Report N0.7, p. 63.

Turning back to table 1.1, the contraction trend of the world economy growth from 5.4 percent in 2010 down to 3.4 percent in 2014 is also visible if growth rates are based on *market exchange*: from 4.1% to 2.6 percent, respectively. Meanwhile, as shown in table 1.2, the contraction trend of *world trade in goods and services growth* (in real terms) is much stronger: from 12.6 percent in 2010 down to 6.8 percent in 2011 and 2.8 percent in 2012, to get modestly increased to 3.5 percent in 2013 but 3.4 percent in 2014, with a projection of 3.7 percent and 4.7 percent in 2015 and 2016, respectively<sup>8</sup>.

Considering only *trade in goods* (merchandise trade), the downward trend is even stronger: from 14.3 percent in 2010 to 2.5 percent in 2012 but slightly higher in 2013 and 2014 (3.1% and 3.4, respectively); projections for 2015 and 2016 are 3.5 percent and 4.7 percent, respectively.

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: 1997-2006 (+1.6, against -0.2 for advanced economies) and 2007-2016 (+0.2, against -0.1 for advanced economies). However, during the years 2013-2015 terms of trade improved in advanced economies and deteriorated in emerging and developing countries (see table 1.2).

From graph 1.2, it's visible that, after the solid post-crisis rebound in 2010, trade growth rates, particularly for trade in goods, are weaker or almost the same with real GDP growth rates, starting from 2012. The average of 3.4 percent for the period 2007-2016 is about half of the average trade growth rate of 7 percent in the period 1997-2006.



Source: IMF, WEO April 2015

In *nominal terms*, by considering also the *price deflator* (table 1.2), growth rate of trade in goods declines from 20.8 (=14.3+6.5) percent in 2010 down to 2.0 (=3.1-1.1) percent in 2013 and 0.9 (=3.0-2.1) percent in 2014; projection for 2015 is -7.5 (=3.5-11.0) percent. 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. The decline of oil price in 2015 is 36.9 percent, the opposite of the increase by 31.6 percent in 2011! As regards

Two main factors are contributing in the slowdown in global trade, one characterised as cyclical factor – *weak demand*, and the other as a structural factor – *a weakening sensitivity* of trade to GDP growth.

*The first factor* was one of the main reasons for the dramatic collapse of trade in 2009 (accounting for up to 90 percent of the contraction), although the negative effect of a crisis persists through the medium term (five years after a crisis, import demand is typically 19% below its predicted level in the absence of a crisis)<sup>9</sup>.

<sup>8</sup> IMF: World Economic Outlook, April 2015, p. 183 (table A9).

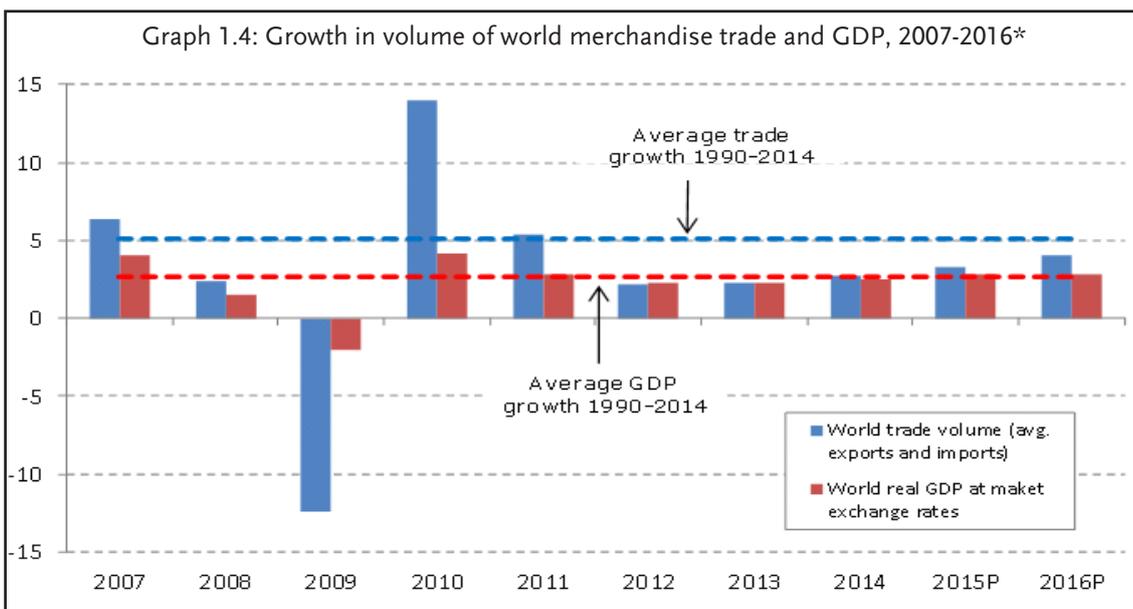
<sup>9</sup> World Bank Group, Global Economic Prospects, Jan. 2015, p. 169.

However, the medium-to long term decline of trade growth rates need long-term factors to be explained. According to the estimates from an error-correction model for the period 1970-2013, the long-run elasticity of trade to global income for all the period was 1.7 (1% increase in real world GDP is associated with a 1.7% increase of world trade volume). However, for the sub-period 1986-2000 the elasticity was much higher, 2.2, which is substantially higher than the 1.3 - the elasticity of the preceding years (1970-1985) and subsequent years (2001-

2013). Even if only merchandise trade-income elasticity is considered, its time-behaviour is almost the same, as depicted in graph 1.3<sup>10</sup>. As a result, 'global trade is growing more slowly not only because world income growth is lower, but also because *'trade has become less responsive to income growth'*. The lower income-elasticity of world trade can be explained by such factors as the *maturation of global value chains*, at least among some of the major economies', changes in the *composition of demand*, *weak trade finance*, and increased *trade protection*.<sup>11</sup>



Source: WTO: Trade Statistics and Outlook, 14 April 2015.



Source: WTO: Trade Statistics and Outlook, 14 April 2015.

<sup>10</sup> WTO: Trade Statistics and Outlook, 14 April 2015, p 2.

<sup>11</sup> World Bank Group, Global Economic Prospects, January. 2015, p. 170.

Graph 1.4 describes growth of *merchandise* trade volumes (i.e. adjusted to account for inflation and exchange rate fluctuations) and the world real GDP (on market exchange rates) based on WTO data and indicators, demonstrating that average trade volume growth rate for the period 1990-2014 (equal to 5.1%) is about twice the average real GDP growth rates. However, for the period 2012-2014 the growth rates of merchandise trade volume (2.4%) and the world GDP are almost the same.

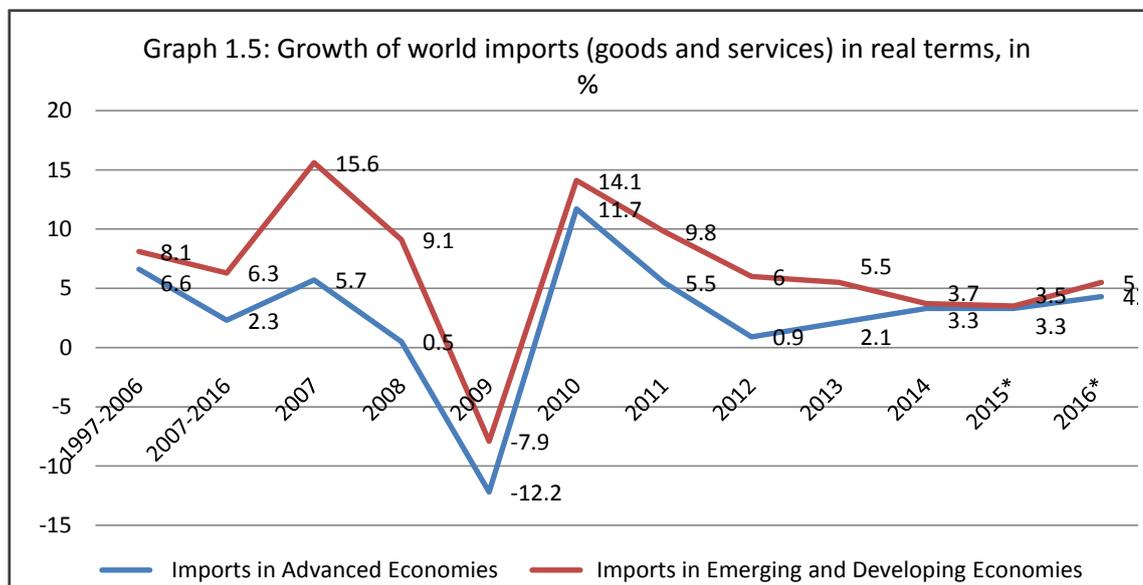
The WTO's forecast for 2015 and 2016 (3.3%, and 4.0 percent, respectively) implies a ratio of trade growth over GDP growth rates 'slightly greater than 1-to-1 ratio for 2012-2014 but still below the 2-to-1 ratios that were common not so long ago'<sup>12</sup>.

Growth rates (in real terms) of exports and imports in *goods and services* during the period 1997-2006 have been considerably higher in *emerging markets and developing economies* compared with *advanced economies*, by having a rather wider difference in exports (8.3%, against 6.1%) than in imports (8.1%, against 6.6%). Growth rates are lower in subsequent period 2007-2016 but the gap is still considerable (5.0% and 3.0% respectively in exports, and 6.3% and

2.3% in imports). The differences are very small in 2014, but a somehow increasing gap is projected for 2015 and 2016, particularly for exports, as shown in table 1.2.

Graph 1.5 depicts only imports growth rates in advanced economies and emerging and developing ones, showing almost the same growth paces for 2014 and 2015. If only merchandise trade volume growth is considered, the gap is higher for exports than imports and higher for 2014 than 2015. For exports: 3.3 percent in developed economies and 2.2 percent for developing and emerging ones in 2014, and 3.6 percent and 3.2 percent, respectively, in 2015. The figures for imports in 2014 are interesting: 2.0 percent in developing and emerging economies and 3.2 percent in developed economies. The projections for 2015 are 3.7 percent and 3.2 percent, respectively<sup>13</sup>.

Weight of emerging and developing economies in global exports increased from 22.4 percent in 1999 to 38.0 percent in 2014 (the figure in 2013 was even higher, 38.9 percent); following an increase of emerging and developing economies share in global GDP from 36.8 percent in 1999 and 37 percent in 2000, to 50.4 percent in 2013 and 56.9 percent in 2014<sup>14</sup>.



Source: IMF, World Economic Outlook, April 2015.

<sup>12</sup> WTO: Trade Statistics and Outlook, 14 April 2015, pp. 2, 7.

<sup>13</sup> WTO: Trade Statistics and Outlook, April 2015, p. 7-8, (table 1, p.8).

<sup>14</sup> IMF: World Economic Outlook, May 2000 (p.192), May 2001 (p. 157); April 2014 (p. 159); April 2015 (p. 149)

## 1.2 Albania's macro-trade developments: optimistic mid-term projections - challenges to cope with

As underlined in the IMF country report, after a protracted slowdown, the Albanian economy 'is on track for a modest growth pickup'. Having grown by about 2 percent in 2014, the expectation for 2015 is an increase of 3 percent, driven by 'continued recovery of domestic demand' (following the easing of private sector liquidity constraints through continued arrears decrease and moderation of bank risk aversion) and 'higher FDI in mining', and supported also by other factors such as 'improvement in confidence as macroeconomic imbalances ease, low interest rates, and a recovery of public investment'. The medium-term projected growth of about 4.5 percent (4% in 2016 up to 4.5 percent in 2017 and 2018, and 4.7 percent in 2019), is driven by: (i) higher investment reflecting EU accession prospects and ambitious structural reforms that improve the business environment and boost productivity, (ii) recovery of main trading partners, and (iii) acceleration of large energy-related projects. However, downside risks of the outlook exist, including (i) considerable uncertainty about the pace of recovery of domestic and external demand, which also could delay implementation of critical structural reforms, (ii) risk of insufficient fiscal consolidation, which could also undermine investor confidence and medium-term growth prospects; and (iii) ongoing sharp oil price decline, which along with positive impacts on households, could negatively affect investments in this sector.<sup>15</sup>

GDP growth rate of about 2 percent in 2014 is still low (2.1% according to IMF but 1.9% according to INSTAT quarterly estimates) although somehow higher compared with 2013 (1.4%) and 2012 (1.5%), as shown in table 1.3. Slow growth rates are reflected as widened *macroeconomic imbalances*, particularly *fiscal*, *financial* and *external* ones. Policy measures aiming at narrowing such imbalances in medium term are required.

*Budget revenue* (measured as percent of GDP), including grants, increased to 26.0 percent

in 2014, compared with 23.7 percent in 2013. Considering only tax revenue, the figures are much smaller, 23.8 percent and 21.7 percent, respectively. *Budget expenditure* in total (including repayment of end-2013 stock of unpaid bills and arrears of 5.3 percent of GDP), reached 31.8 percent in 2014, from 28.9 percent in 2013 and 28.2 percent in 2012. As a result, overall *budget deficit* reached to 5.7 percent in 2014, from 5.2 percent in 2013 and 3.4 percent in 2012. The projection is a decline to 4.8 percent in 2015 and 2.6 percent in 2016. Public debt reached to 71.0 percent of GDP in 2014, from 70.1 percent in 2013 and 62.0 percent in 2012; the projection is 70.8 percent in 2015 to get down to 67.7 percent in 2016, and 63.4 percent in 2017 and finally to reach a level of under 60 percent (59.3%) in 2018. *External public debt* was 28.8 percent in 2014, from 26.6 percent in 2013 and 26.8 percent in 2012. A higher figure of 31.3 percent is expected for 2015 to turn then down to 31 percent in 2016 and 29 percent in 2017<sup>16</sup>.

As regards the *financial balances*, an important indicator are *Non Performing Loans* (NPL), reaching a level of 22.76 percent (as a share of total loans), so being 0.46 percentage points lower than the level of 2013 but the same as the level of 2012. If only the Lost Loans are considered, the increase is consistent: from 7.70 percent in 2012, up to 11.45 percent in 2013 and 11.83 percent in 2014<sup>17</sup>. An important indicator is also *credit to economy*, with an increase of 2.2 percent in 2014 compared to the previous year, and only 0.9 percent compared to the year 2012, reflecting the decline of total credit by -1.2 percent in 2013<sup>18</sup>. If only *credit to business* is considered, the increase in 2014 is 2.5 percent; it is only 0.7 percent compared to 2012. Referring the currency used, credit is increased in Albanian Leks (ALL) and \$US, but declined in EUR. Supervision and regulatory measures enforced by Bank of Albania as regards NPL, must be complemented with other supportive policies to further promote credit to business.

Developments in *external balances* of the economy are also rather problematic. While *gross international reserves* increased in absolute terms (from 1,904.8 million Euros in 2010 and 2,015.3

<sup>15</sup> IMF: Albania, Country Report No. 15/48, February 2015, p. 4, 10, 11, and 21 (table 1).

<sup>16</sup> IMF: Albania, Country Report No. 15/48, February 2015, p. 21 (table 1).

<sup>17</sup> Bank of Albania, Statistical Monthly Report 2015/2, Table 1.21. NPL includes sub-standard loans, doubtful loans, and lost loans.

<sup>18</sup> Bank of Albania, Statistical Monthly Report 2015/2, Table 1.11.

million Euros in 2013, up to 2,191.7 million Euros in 2014) and also in relative terms (from 4.8 months of imports in 2010, to 5.2 months and 5.5 months respectively in 2013 and 2014)<sup>19</sup>, some deteriorations are observed in other components. *Foreign direct investments* (net) have been increasing during the previous years - from 608.9 million Euros in 2011 up to 923.2 million Euros in 2013 but in 2014 the level declined to 801.3 million Euros<sup>20</sup>. In relative terms (as percent of GDP), *net foreign direct investments* declined from 9.5 percent in 2013 to 8.3 percent in 2014. However, a positive trend is projected for the next two years: 10.2 percent in 2015 and 11.3 percent in 2016. *Current account deficit* (CAD) in

2014 increased to 14.0 percent from 10.6 percent of GDP in 2013 - the highest level since 2010 but lower than the level of 2009 (15.9%). A further increase to 15.2 percent is projected for 2015 but it turns down to 15.1 percent in 2016 and 13.4 percent in 2017; the forecasts for 2018 and 2019 are 10.6 percent and 8.9 percent, respectively.<sup>21</sup>

CAD level and trend is mainly determined by exports and imports flows but also considerably influenced by *remittances*. Graph 1.6 illustrates a declining trend of (total) remittances since 2007 (being quite sharper in 2013): from 951.71 million Euros in 2007, down to 689.8 million Euros in 2010, declining further to 675.3 million Euros in

Table 1.3: Macro-Trade Indicators, in million ALL unless otherwise indicated										
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Real GDP growth rate*	5.7%	5.4%	5.9%	7.5%	3.4%	3.7%	2.5%	1.5%	1.4%	1.9%
Nominal GDP*	814,797	882,209	967,670	1,089,293	1,143,900	1,239,600	1,306,600	1,335,500	1,364,800	1,390,731
Trade flows**	328,009	376,552	473,365	552,466	534,117	640,014	742,274	743,232	760,851	808,023
Exports	65,818	77,405	97,171	112,572	104,515	161,548	196,897	213,013	246,391	255,759
Imports	262,191	299,147	376,194	439,894	428,839	477,768	544,004	528,490	517,378	552,264
Trade deficit	196,373	221,742	279,023	327,322	324,324	316,220	347,107	315,477	270,987	296,505
Exports growth	6.0%	17.6%	25.5%	15.8%	-7.2%	54.6%	21.9%	8.2%	15.7%	3.8%
Imports growth	11.1%	14.1%	25.8%	16.9%	-2.5%	11.4%	13.9%	-2.9%	-2.1%	6.7%
Trade flows growth	10.0%	14.8%	25.7%	16.7%	-3.3%	19.8%	16.0%	0.1%	2.4%	6.2%
Openness index***	40.3%	42.7%	48.9%	50.7%	46.7%	51.6%	56.8%	55.7%	55.7%	58.1%
Trade deficit/GDP	24.1%	25.1%	28.8%	30.0%	28.4%	25.5%	26.6%	23.6%	19.9%	21.3%
Import/GDP	32.2%	33.9%	38.9%	40.4%	37.5%	38.5%	41.6%	39.6%	37.9%	39.7%
Export/GDP	8.1%	8.8%	10.0%	10.3%	9.1%	13.0%	15.1%	16.0%	18.1%	18.4%
Import coverage index (E/I)	25.1%	25.9%	25.8%	25.6%	24.4%	33.8%	36.2%	40.3%	47.6%	46.3%

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

\*Ministry of Finance (Republic of Albania): National Economic Reform Program of Albania 2015-2017, p.12 ([www.minfin.org](http://www.minfin.org)). Reported figures in this document are based on INSTAT estimates. However, in July 2014 INSTAT revised the real GDP figures for the period 2008-2012 and also quarterly GVA (Gross Value Added) numbers for 2013. The INSTAT estimates for 2014 (based on quarterly gross value added estimates) goes to 1.89% down from 2.1% as previously forecasted. So the nominal GDP for 2014 is calculated based on the quarterly GVA INSTAT estimate.

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

<sup>19</sup> Bank of Albania, Statistical Monthly Report 2015/2, Main macroeconomic indicators, table 1. Different methodologies are applied for compiling data of Balance of Payment 2010-2012 (BPM5 IMF Manual and 2013-2014 (BPM6 MF Manual, which started applying in 2014).

<sup>20</sup> Idem, table 1.

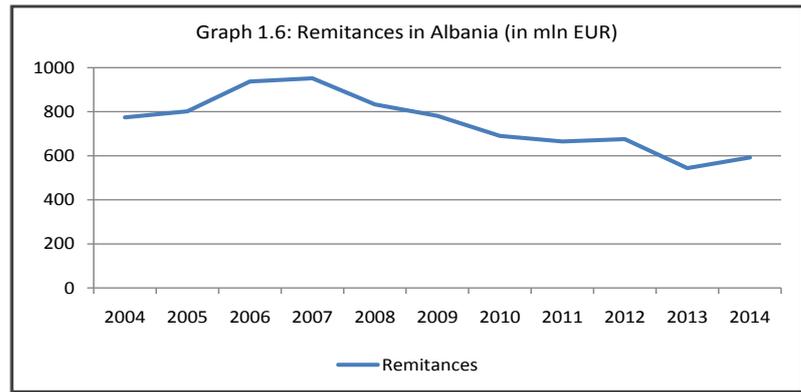
<sup>21</sup> IMF: Albania, Country Report No. 15/48, February 2015, p. 21.

2012 and 543.8 million Euros in 2013. Year 2014 marks an upturn to 591.9 million Euros<sup>22</sup>, a level still much lower compared with the years before 2013. Globally, remittance flows are projected to continue their upward climb over the medium term and the relative importance of remittances as a source of external resources (as compared with the private capital flows) is expected to further increase when interest rates begin rising in advanced economies, or if growth in developing economies remains weak<sup>23</sup>.

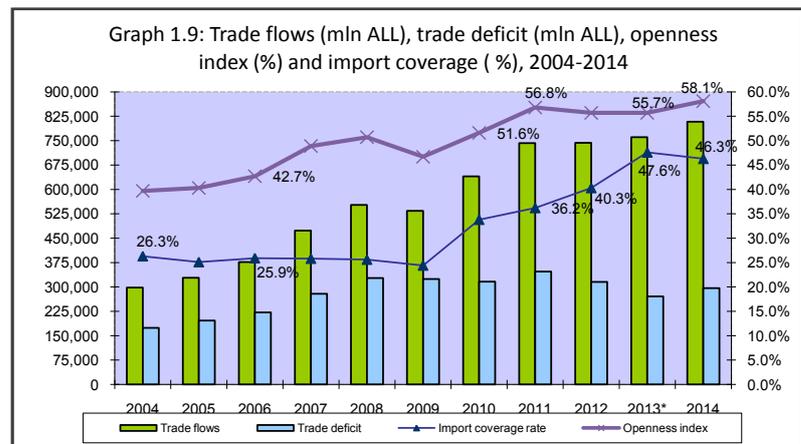
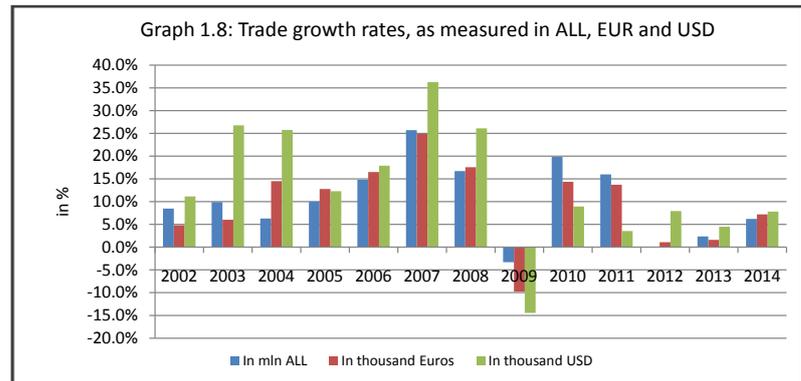
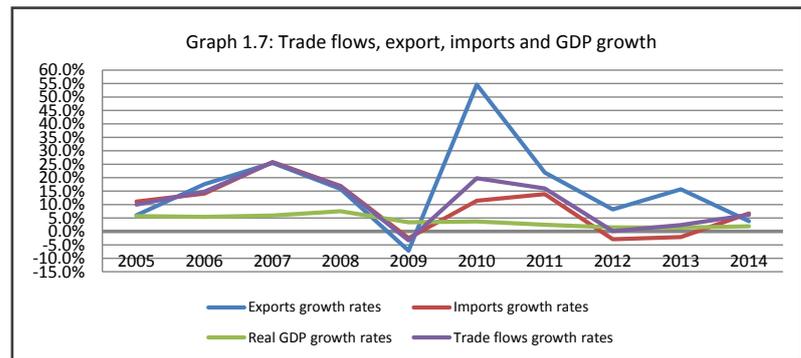
Referring to trade in goods and services, *trade deficit* increased by 12.9 percent in 2014 compared to the previous year (from 1,893.2 million Euros in 2013, up to 2,136.6 million Euros in 2014), being however lower than the 2011 level<sup>24</sup>. In relative terms (as percent of GDP), trade deficit increased from 17.8 percent to 19.7 percent; the projection is even higher for 2015 and 2016 (20.7%, and 20.6%, respectively), with a decreasing trend afterwards to reach 14.2 percent in 2019.<sup>25</sup>

If only *trade in goods* is considered as in table 1.3, *trade deficit* increases by 9.4 percent in 2014 compared to 2013 (from 270,987 million ALL, to 296,505 million ALL) after a decreasing trend during 2012 and 2013. The increase of trade deficit in 2014 reflects the higher rate of import growth compared with the export one (6.7%, against 3.8%) and the higher weight of imports (with an import coverage index of 46.3%, lower than 47.6% in 2013) in the trade flows. However, looking at years before 2014, the export growth rates have been much higher than import's ones, so the import coverage ratio have been increasing, as shown in table 1.3.

Graph 1.7 describes developments and fluctuations of trade flows, exports, imports and also GDP over a period



Source: Bank of Albania, Statistical Monthly Report 2015/2.



<sup>22</sup> Bank of Albania, Statistical Monthly Report 2015/2, Main macroeconomic indicators, table 1.

<sup>23</sup> World bank Group, Global Economic Prospects, January 2015, p. 169.

<sup>24</sup> Bank of Albania, Monthly Statistical Report, 2015/2, Main Economic Indicators, p.1.

<sup>25</sup> IMF: Albania, Country Report No. 15/48, February 2015, p. 21 (table 1).

of 10 years (2005-2014), based on table 1.3 data. Trade flows in 2014 increased by 6.2 percent to 808,023 million ALL (from 760.851 million ALL in 2013) while in 2013 and 2012 the increase was only 2.4 percent and 0.1 percent, respectively. However, all these figures are quite low compared with 2010 trade growth rate of 19.8 percent. As shown in graph 1.7, export growth rates are more volatile and the fluctuations are steeper than those of imports. Starting from 2010 (after the 'trade recession' of 2009), export growth rates (reaching a growth rate of 56.3% in 2010) are higher than imports' ones till year 2013, to get reversed in 2014 at the level of 3.8 percent for exports and 6.7 for imports, reflected in a higher trade deficit and a lower import-coverage index (46.3% in 2014, from 47.6% in 2013).

Steeper fluctuations of exports reveal the influence of other factors, including ups and downs of demand from other countries; oscillations of the world prices of such products as energy, fuel, minerals; changes of weather conditions (mostly influencing the supply and demand of energy, and agriculture products), etc. Overall, because of the higher weight of imports in trade flows, fluctuations of trade flows follow mostly the fluctuations of imports. After the trade 'recession' of 2009, exports have higher growth rates than GDP while imports have recorded even negative rates in 2012 and 2013. Data used in Graph 1.7 and also all the table 1.3 figures related to trade, refer to trade flows as measured in ALL. If other currencies are used, such as Euro or USD, growth of trade flows will also reflect oscillations in the respective exchange rate, as illustrated in Graph 1.8.

During the period considered in the graph 1.8 (2002-2014), fluctuations of ALL/USD exchange rate have been much higher than ALL/EUR exchange rate, so are the fluctuations of trade flows as measured in USD. Exchange rates have been rather stable during 2014 as compared with a year before, so the differences in growth rates are small; a different situation is expected for 2015, because of the USD sharp revaluation. In order to make trade data of the country comparable with the international ones, nominal data must be adjusted to account for exchange rate fluctuations and price change effects.

Graph 1.9 demonstrates the trend of the openness index, and also the import coverage

index. Openness index is measured as a ratio of trade flows (exports plus imports) over the nominal GDP, being very much influenced by the trend of trade flows. The index demonstrates an increasing trend starting from 2010 (51.6%) up to 55.7 percent in 2012 and 2013 and 58.1 percent in 2014. Despite the increasing trend, the openness index for Albania is quite low, even comparing with other countries in the region. Having into consideration that Albania is a small economy, a deeper integration in the international economy, particularly into the Western Balkan region and the European economy, will positively affect the openness index.

*Import coverage index* (measured as a ratio of exports value with the imports' one) demonstrates, with some small oscillations, a clear increasing tendency: from 25.1 percent in 2005, to 40.3 percent in 2012 and 47.6 percent in 2013. However, because of stronger growth of imports during 2014, this index declined to 46.3 percent. Despite the generally positive trend, this index is still quite low even compared with other countries in the region, so reflecting a low competitiveness and also a long-term threat to macroeconomic balances. Import coverage index improvement is made possible, first of all, if exports are increased faster. Even a quick glance on the structure of exports, will help us to separate the major opportunities for a rapid increase in exports.

Albania's low ratio of exports to imports value is specifically related with 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 63.1% in 2009, down to 39.9% in 2013) but with an upturn in 2014 to 48.9 percent<sup>26</sup>. IP exports increased highly during 2014, by 27.3 percent; IP temporary imports also increased but relatively slowly, 21 percent. This difference in growth rates is reflected in a decreasing ratio of inward temporary IP imports to IP exports: from 74.7 percent in 2013 down to 71 percent in 2014. The increase of value added IP exports by 45.9 percent (from 24,825 ALL million to 36,212 ALL million), has contributed to the increase of the share of IP value-added exports to total IP exports from 25.3 percent in 2013 to 29.0 percent in 2014. Also the share of the value added IP exports to total exports increased from 10.1 percent to 14.2

<sup>26</sup> General Directory of Customs, Albania ([www.dogana.gov.al](http://www.dogana.gov.al)), and own calculations.

percent. However, this share is still too small and constitutes one of the weak points of the IP exports. Another weak point is that comparative advantages of the respective products are mostly based on low wages, so cannot be sustainable in medium to long term. The relatively high contribution in employment is a strong point of the 'sector' so any non-sectoral employment-promoting policy could largely positively affect this sector. Increasing value added in IP exports should be the main strategic objective of the supportive and promoting 'sectoral' policies. This 'sector' also needs attention as regards relatively high informality. Very effective are expected to be trade and fiscal facilitation measures as programmed in the 'sectoral' supportive strategy already in effect.

Staying in exporting structural problems, specific attention must be devoted also to agriculture exports and agriculture sector. Exports of agriculture products (food, beverages and tobacco) account for a quite small part, only 6.9 percent of the total exports, although this indicator

is somehow higher compared with previous years (5.9% in 2013, the same level as in 2010 and with small fluctuations during the years in between). Import coverage index (ratio of exports value to imports value) for this group of goods increased from 10.9 percent in 2010 and 2011, up to 15.8 percent in 2013 and 18.6 percent in 2014, being however very small even compared with import coverage index overall (46.3% in 2014)<sup>27</sup>. Structural reforms in the agriculture (related with prolonged land property problems, consolidation of arable land parcels, agriculture market infrastructure, up-scaling of agriculture processing industries, etc), a sector with high potentials, 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 increasing the value-added of exported products, and export diversification, are needed.

### **Box 1.1: Ease of Doing Business**

*Based on the 'Ease of Doing Business 2015', Albania ranks 68th in a world list of 189 countries, from 108th in 2014 (in a list of 185 countries), so recording a big improvement. The country continues to better rank in "protecting minority investors" (7th position, the same as in 2014), 'getting credit' (36th, a deteriorated position compared to 19th in 2014), and 'starting a business' (41st, 4 places better than in 2014)). The lowest rated dimensions are 'dealing with construction permits' (157th, from 189th in 2014 and 185th in 2013); 'getting electricity'(152nd, from 153d in 2014), and 'paying taxes' although this indicator is considerably improved compared to the previous years (131st, from 144th in 2014). .*

*World Bank Group Report "Doing Business 2015", Oct. 2014.*

### **Box 1.2: 2015 Index of Economic Freedom**

*According to the "2015 Index of Economic Freedom", Albania's 'economic freedom' overall score is 65.7, making the economy 63rd freest in the world and the 29th in Europe region of 43 countries. The overall score has declined by 1.2 points as compared to the previous year (66.9 points, ranking 54th in the world and 25th in the European region). This deterioration is caused by the decline in 'business freedom' (-7.5 points), 'fiscal freedom' (-5.5 points), and 'investment freedom' (-5.0 points). Country's score is higher than the world average (60.4) but lower than the European region average (67.0) and much lower than the free economies average (84.6 points). Considering all the ten economic freedom dimensions, the highest score is recorded in 'trade freedom' (87.8 points) but the highest position is in the 'financial freedom' (19th, with 70 points, the same as in the last year). The most problematic dimensions continue to be 'labor freedom' (52.9 points, ranking Albania 94th, although the situation is improved compared to the last year; 'freedom from corruption' (31 points and 118th position); and 'property rights' (30 points, ranking Albania 94th from 93rd in 2014). Referring to long term score change (since 1995), in the first place is 'monetary freedom' (+58.7 points) and in the worst position is 'property rights' (-20 points).*

*The Heritage Foundation and Wall Street Journal Report on "2015 Index of Economic Freedom".*

<sup>27</sup> INSTAT, Foreign Trade in Goods 2010-2014, May 2015, p. 10, 18 (and own calculations).

Export structural changes and export growth are highly dependent on boosting economic potential growth, based on advancing structural reforms aimed at tackling existing structural bottlenecks, as underlined in IMF Country Report. Highly recommended structural reforms by the IMF, are (i) improving the business environment, which is critical for attracting foreign investment, (ii) energy reform, if implemented as planned, should gradually ease growth and fiscal risk; (iii) securing property rights as a prerequisite for investment.<sup>28</sup>

Very important for business and investment, including foreign direct investments, is the business environment. As shown in Box 1.1, Albania has recorded big improvements in Doing Business rank, from 108th in 2014 down to 68th in 2015. Reforms during 2014 were concentrated in 'paying taxes', 'starting a business', 'access to electricity' and 'registering property'. For the coming year, reforms will focus on 'resolving insolvency', 'starting a business', 'paying taxes', 'registering property', 'enforcing contracts' and 'trading across borders'.

Other important indicators of business environment and competitiveness of the Albanian economy, highlights several steps back compared with the situation of a year ago and also a number of weak points that require serious reforms. As shown in Box 1.2, the position of Albania based on the index of *economic freedom*, is somehow worsened. The highest score is recorded in 'trade freedom' while the most problematic dimensions continue to be 'labour freedom', 'freedom from corruption' and 'property rights'.

Also according to the Global Competitiveness Report 2014-2015, as shown in Box 1.3, country has done steps back as regards business and investment climate. The competitiveness position of the country measured by *Global Competitiveness Index* (GCI) has stepped down by two places compared to GCI 2013-2014, although the overall score is the same. *Regarding the trade-related factors, Albania ranks better (but worse compared with the previous year) in 'trade tariffs, % duty'; the lowest position is in 'burden of custom procedures'.* The most problematic factors for doing business in 2014-2015 are: 'corruption', 'access to financing', 'inefficient government bureaucracy', and 'tax rates'.

### **Box 1.3: The competitiveness position of the Albanian economy, 2014-2015**

According to *Global Competitiveness Index (GCI) 2014-2015*, Albania ranks 97th out of 144 countries/economies. The country position is deteriorated by 2 places compared to the previous year GCI (ranked 95th out of 148 countries/economies), by 8 places compared to the 2012-2013 GCI and by 19 places compared to 2011-2012 CGI (ranked 78th in a list of 142 countries/economies). The overall score of the country, according to *Global Competitiveness Index (GCI) 2014-2015* is 3.8 (in a range 1-7), being the same as the score got in 2013-2014, but 0.1 points less from the score of 2012-2013 and 0.3 points less from the score of 2011-2012.

Referring to the three main dimensions of the GCI Index 2014-2015 (basic requirements, efficiency enhancers and innovation and sophistication factors), Albania, being classified as an 'efficiency driven' economy, got again the highest score in 'basic requirements' (4.1 points, from 4.2 points in the in 2013-2014 and 2012-2013 and 4.5 points in 2011-2012), so ranked 97th, e deteriorated position compared to 94th in 2013-2014, 87th in 2012-2013 and 71st in 2011-2012. Looking at the pillars within the three dimensions (12 pillars in all), Albania gets the highest score in 'health and primary education' which belongs to the 'basic requirements' dimension of the GCI (5.8 points, from 5.9 in the previous year) so ranked 62nd from 56th in the previous year. The country is better positioned in 'higher education and training', a pillar of the 'efficiency enhancer' dimension, ranked 60th but scored only 4.5 points. The lowest ranked pillars are 'macroeconomic environment' (122nd, scoring 3.8 points) followed by 'financial market development' (114th from 128th in the previous year, scoring 3.4 points from 3.3 points in the previous year) but the lowest scored pillars are 'innovation' (2.7 points, ranked 120th) and 'market size' (2.9 points, ranked 105th). Regarding the trade-related factors (within 6th pillar - 'goods market efficiency'), Albania ranks better (but worse compared with the previous year) in 'trade tariffs, % duty' (42nd from 39th in the previous year, but scores only 2.8 points); the lowest position is in 'burden of custom procedures' - 112nd, scoring 3.2 points).

According to this Report, the most problematic factors for doing business in 2014-2015 are: 'corruption', 'access to financing', 'inefficient government bureaucracy', and 'tax rates'.

World Economic Forum: *The Global Competitiveness Report 2014-2015*.

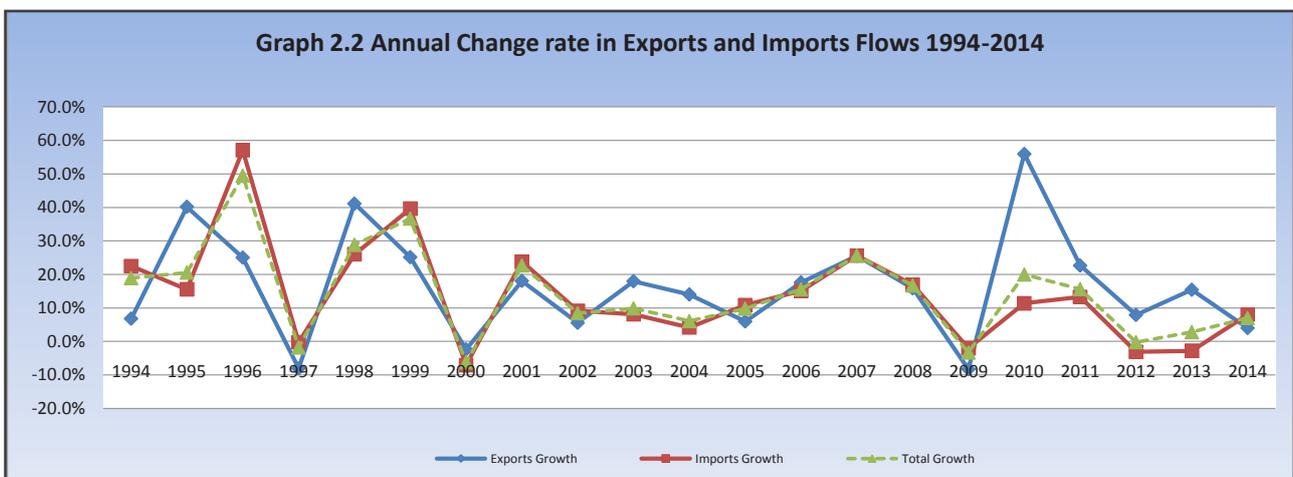
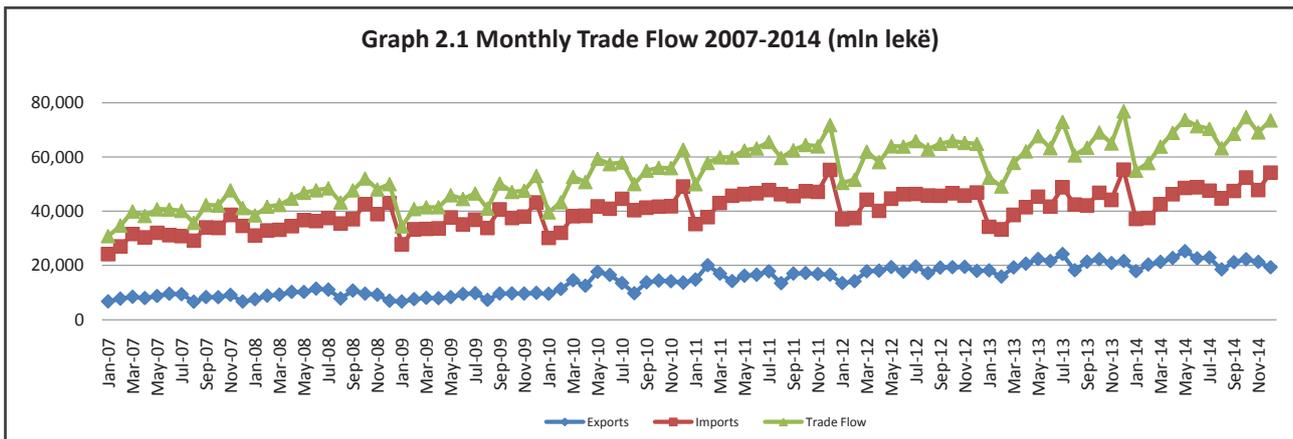
<sup>28</sup> IMF: Albania, Country Report No. 15/48, February 2015, p. 16.

## 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%)



## Albania's Trade structure

### 3.1 Main Characteristics

Albania's trade structure has maintained a similar pattern throughout the years. Although one main sector, such as mineral products, has experienced decrease (both, in value and in share), there is an overall confirmation of the trend of main categories, still representing

the bulk of Albanian trade. As it is analyzed in the following paragraphs, there is a still a considerable concentration of exports in very specific categories (four main ones) or products, starting with mineral products. On the contrary, imports keep being much more spread in different products, which is also the case for 2014. Table 3.1 provides information on exports and imports values, share to total and growth rate based on

Table 3.1: Structure of imports and exports flow 2014

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	16,665	3%	11%	2,293	0.9%	24%
2	Vegetable products	28,925	5.2%	3%	8,146	3.2%	22%
3	Animal grease and oils or vegetal and its products	6,310	1.1%	7%	89	0.0%	-60%
4	Prepared food; drinks, alcoholic beverages and vin	42,093	7.6%	-5%	6,226	2.4%	5%
5	Mineral products	90,624	16.3%	-2%	85,883	33.6%	-14%
6	Chemical industrial products or alloys	51,089	9.2%	8%	1,701	0.7%	27%
7	Plastic and its products; tire and its products	21,896	3.9%	4%	1,692	0.7%	10%
8	Unprocessed and processed leather, coats and their	14,334	2.6%	26%	3,075	1.2%	-4%
9	Wood and its products; charcoal; cork and its prod	7,791	1.4%	13%	1,845	0.7%	4%
10	Wood or other fiber,	14,722	2.6%	7%	7,303	2.9%	17%
11	Textile and its products	50,285	9.0%	17%	42,691	16.7%	20%
12	Footwear and hats, umbrellas and parasols, walking	12,850	2.3%	14%	43,135	16.9%	27%
13	Stone, gypsum, cement products...	13,251	2.4%	1%	904	0.4%	-21%
14	Natural or cultivated pearls, jewelry...	1,114	0.2%	33%	438	0.2%	27%
15	Main metals and their products	57,519	10.3%	15%	36,108	14.1%	9%
16	Mechanic, electric machinery and equipment ...	70,388	12.6%	15%	7,745	3.0%	-20%
17	Vehicles	39,954	7.2%	19%	1,397	0.5%	94%
18	Optic, photographic, cinematographic, measuring, .	5,912	1.1%	25%	711	0.3%	8%
19	Weapons and munitions and their equipment	39	0.0%	-77%	397	0.2%	1371%
20	Different manufactured products	11,314	2.0%	16%	3,605	1.4%	-61%
21	Works of art, collection and antics pieces	144	0.03%	-62%	65	0.0%	-87%

the classification of goods by sections.

Exports of minerals, mechanic and electric machineries, unprocessed and processed leather have experienced a decrease during 2014, a reverse trend compared to the last years. This affected the increase of overall exports during 2014, which is lower than in previous years, only 3.7% of increase (while it was 15.6% in 2013). Therefore, contrary to 2013, when mineral products increased by 31% and their share was 40% of total exports, in 2014 minerals account for 33,4% of total exports and experienced a decrease with 14%. A similar situation was registered for mechanic and electric machineries and unprocessed and processed leather, which experienced a decrease of 20% and 4% respectively, contrary to 2013 when exports in these categories experienced increase of 6% and 15% respectively.

Others main sectors such as footwear, textile, main metals and their products remain in the same positive trend as last year, experiencing increase in share and growth rate.

During 2013, footwear, with its 14% of total share of exports, had a growth rate of 14%, but in 2014 this category has seen a bigger increase in both share and growth rate, with 16.9% and 27% respectively. Textile sector with its 14% of total share of exports during 2013, and with an increase in growth with 10%, has experienced an increase in share and growth rate in 2014, accounting for 16.7% and 20% respectively. Main metals and their products have reached almost the same share of 14% as in 2013, but with increase in growth rate by 9%, contrary to 2013 when they experienced a decrease by 10%.

The sector of agriculture products has had an increase in share and growth rate, apart from specific categories, such as animal grease and oils and its products, contrary to 2013.

Some other the sections that increased their export flows are wood or other fiber, which grew by 17% representing 2.9% of the share on total exports; prepared food, drinks, alcoholic beverages grew by 5% representing 2.4% of the share. Weapons and munitions and their equipment represented the biggest increase in relative terms with 1,371% (its share to the total exports is very low though, about 0.2%).

Some of the sections that decreased their export flows are: different manufactured products

that decreased by 61% (its share 1.4%); stone, gypsum, cement products with a decrease by 21% (its share 0.4%); works of art, collection and antics pieces with a decrease by 87% .

Contrary to 2013, when most of import categories experienced decrease (especially: mineral products with a decrease of 16%, stone and cement products (-3%), main metals (-8%), vehicles (-5%), etc.), during 2014 only minerals and prepared food drinks, alcoholic beverages have experienced a slow decrease by 2% and 5% respectively. Almost all other sectors have experienced an increase in their imports affecting the increase of total imports of Albania. Some of the sections that have experienced the highest increase of imports in relative terms, as compared to 2013 are: unprocessed leather by 26% of increase (which confirms the increase trend in the exporting sectors that use this raw material); vehicles (19%); textile (17%); main metals and their products (15%); mechanic, electric machinery and equipment (15%); footwear (14%); wood and its products (13%), etc.

### 3.2 Export Structure

Similarly to 2013, mineral products, footwear, textiles and base metals remain the most important sections with highest shares to overall exports in 2014 (81.4% on total exports). Amongst these, mineral products continue to have the biggest share in the total exports, but smaller than in 2013. In 2014 the mineral products share was 33.6%, with a decrease of 6.4 points of share compared to 2013 (40% of share in 2013).

Footwear products and textiles products, as mentioned above, have experienced changes regarding the growth rate and share during 2014. Textile products account for 16.7% (14.4% in 2013) of total exports in 2013 re-taking its position as in previous years with an increase in growth rate by 20%. Another important sector with significant change in 2014 is footwear products. When compared to the previous year, when footwear exports increased by 14%, during 2014 this sector increased with 27%. These products accounted for 16.9% of total exports. Although these two sectors have improved their exports in 2014, they have had a downwards trend in their share on total exports during the last years.

HS-6	Description	2010	2011	2012	2013	2014
270900	Petroleum oils and oils obtained from bituminous minerals, crude	16,957	31,698	55,591	69,540	55,047
640610	Uppers and Parts Thereof, Other than Stiffeners	8,965	10,239	11,090	12,850	15,867
721420	Other bars & rods of iron or non-alloy steel, with indentations or other deformations produced during rolling process	5,372	7,577	8,492	12,996	8,700
261000	Chromium Ores and Concentrates	8,045	5,272	5,333	9,618	8,122
620342	Men's or Boys' Trousers, Overalls, Breeches, of Cotton	5,910	6,118	6,185	7,251	7,051
640399	Other Footwear With Uppers of Leather	2,031	2,834	4,234	5,169	6,830
640340	Footwear, outsole of rubber/plastic/leather, uppers of leather w/metal toe-cap	2,871	4,921	6,196	6,415	6,203
720711	Semifinished products of iron or nonalloy steel Of rectangular (including square) cross-section, the width measuring less than twice the thickness					5,983
252329	Portland cement nes	3,487	4,763	6,534	6,102	5,905
620520	Men's or Boys' Shirts, of Cotton					5,530
<b>Total Value of 10-most exported products</b>						125,238
<b>Value of overall exports</b>						255,449
<b>Share of 10 most exported products</b>			47%	59%	64%	49%

Therefore they still represent lower shares on total as compared to few years ago. This is mainly due to the crisis that hit the demand in partner countries but also 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 positive developments are to be reported for 2014 (please see the relevant chapter 4.1).

Base metal products, on the other hand, have maintained almost the same share as in 2013 accounting for 14.1% on total exports (it was 14% in 2013), while they increased their value by 9%, contrary to 2013 when they experienced a decrease by 10%.

The ten most exported products fall under the above mentioned product groups: mineral products, textiles, footwear and metals. They represent 49% of total exports, reflecting a minor concentration when compared to previous years

HS-6	Description	2013	2014	Change compare to 2013
720711	Semifinished products of iron or nonalloy steel Of rectangular (including square) cross-section, the width measuring less than twice the thickness	2,657	5,983	125%
640610	Uppers and Parts Thereof, Other than Stiffeners	12,850	15,867	23%
271320	Petroleum Bitumen	931	3,075	230%
640399	Other Footwear With Uppers of Leather	5,169	6,830	32%
720241	Ferrochromium Containing by weight more than 4 percent of carbon; chromium content	3,717	5,064	36%
620520	Men's or Boys' Shirts, of Cotton	4,268	5,530	30%
481940	Other sacks and bags, including cones	4,033	5,254	30%
640359	Other Footwear With Outer Soles and Uppers of Leather	1,279	2,494	95%
640199	Other Waterproof Footwear With Outer Soles, Uppers of Rubber or Plastic	616	1,758	185%
252310	Cement Clinkers	91	1,061	1061%

(64% to 2013; 59 percent in 2012). Table 3.2 shows a list of most exported products since 2010.

Petroleum oils is the top exported product for 2014 with 55,047 mln ALL (the value was 69,540 million ALL in 2013) presenting a decrease of 21% compared to 2013 and now accounting for 21.5% (28% in 2013) of the value of total exports for Albania. The rapid increase of exports of this product in the last years has now slowed down although the structure and balances of most exported products, as we will analyze in chapter 4, have been affected.

Uppers and parts thereof (for footwear), is the second most imported product moving from the fourth place in 2013 to the second. They have experienced an increase of 23.5% and represented around 6.2% of the value of total exports. This shows an improvement in the footwear sector, since this material is mostly used for exports.

Bars & rods of iron has been the third most exported product last year, although they have experienced a decrease of 33% and represented around 3.4% of the value of total exports. Chromium ores have experienced a decrease in exports for 2014, as table 3.2 shows. This is another product from the extracting sector

which is decreased in the top exported products, reflecting the trend of mineral sector this last year. These products have contributed in the decreasing of the share of mineral products in total Albanian 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 are no major changes observed in the structure of imports compared to 2011, but 2013 presented some developments. This trend continued throughout 2014. The sections with the highest share to total import flows continue to be mineral products 16.3% (18% in 2013) but its share on total imports is 1.7% lower than 2013. Electric machinery and equipment accounted for 12.6% while main metals for 10.3%, both with the same share as in 2013. Altogether these sections represent 39.2% of total imports. Imports of textile, footwear and wood products experienced again an increase in 2014, the same trend as in 2013. Other important sections remain chemical products (9.2% of share) and prepared food (7.6% of share) similar as in 2013.

HS-6	Description	2010	2011	2012	2013	2014
271019	Light petroleum distillates nes	34,837	47,693	53,291	112,545	44,400
271600	Electrical energy	11,851	22,575	30,105	11,310	23,010
300490	Medicaments nes, in dosage	12,629	12,744	13,933	15,551	16,770
720449	Ferrous waste and scrap, iron or steel, nes	10,530	14,030	7,752	7,039	12,639
870332	Automobiles with diesel engine displacing more than 1500 to 2500 cc	5,463	9,437	12,575	11,731	11,566
271012	Light oils and preparations	-	-	10,071	16,233	8,000
100199	Wheat nes and meslin	7,007	10,919	6,054	9,433	7,552
240220	Cigarettes containing tobacco	10,300	8,127	8,767	9,197	7,133
880212	Helicopters Of an unladen weight exceeding 2,000 kg	N/A	N/A	N/A	2,949	6,764
870333	Other Vehicles, Compression-ignition Engine (diesel) Of a cylinder capacity exceeding 2,500 c	N/A	N/A	N/A	4,845	6,022
<b>Total value of 10-most imported products</b>						<b>137,834</b>
<b>Value of overall imports</b>						557,219
<b>Share of 10-most imported products, in %</b>			28%	30%	39%	25%

Imports of mineral products reached 90,624 mln ALL (it was 92,633 million ALL in 2013), experiencing a decrease by only 2.2% compared to 2013. Regarding the imports of mechanical and electrical machineries (which during 2013 decreased by 3% reaching at a value of 61,307 million ALL) in 2014, this section increased by 15% accounting for 70,388 mln ALL. Imports of metals represented 10.3 percent of total imports (57,519 million ALL) and experienced an increase during 2014, by 15% compared to 2013.

Despite the big decrease, light petroleum distillates continued to be the most imported specific product for Albania in 2014, reaching at 44,400 million ALL (112,545 million ALL in 2013) with a major decrease of 60%. While electric

energy was the second most imported product during 2014, (in 2013 it had dropped at the fifth place) valued at 23,010 million ALL or 103% higher than in 2013.

The ten most imported products in Albania account for 25% (39% in 2013) of total imports. Their concentration has decreased further with 14 percentage points as compared to 2013. 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 2014 while table 3.5 gives an insight on imported products with the highest increase in value. Mineral products are often enlisted in both tables.

HS-6	Description	2013	2014	Change compare to 2013
271600	Electrical Energy	11,310	23,010	103%
720449	Other Ferrous Waste and Scrap	7,039	12,639	80%
880212	Helicopters Of an unladen weight exceeding 2,000 kg	2,949	6,764	129%
480269	Handmade paper and paperboard	2,162	3,617	67%
300490	Other Medicaments (Put up in Packings for Retail Sale)	15,551	16,770	8%
870333	Other Vehicles, Compression-ignition Engine (diesel) Of a cylinder capacity exceeding 2,500 cc	4,845	6,022	24%
410799	Leather of Other Animals (Without Hair On)	1,765	2,653	50%
410719	Leather of Reptiles (Vegetable Pre-tanned)	4,437	5,229	18%
151219	Sunflower Seed Oil, Safflower Oil and Their Fractions (Other than Crude Oil)	3,280	3,979	21%
640620	Outer Soles and Heels, of Rubber or Plastics	2,017	2,687	33%

## 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, which continued also during 2014. Inward processing exports were valued 125,048 mln ALL (98,259 mln ALL in 2013), showing an important increase by 27.2%. In addition, the share of inward processing to total exports has increased to 49% (registered at 40% in 2013) of total exports, representing 9 percentage points higher than the previous year.

Inward processing imports amounted to 88,829 mln All (73,434 mln ALL in 2013), having increased by 21% compared to 2013 (in 2013 they increased by 6,86% as compared to 2012). Inward

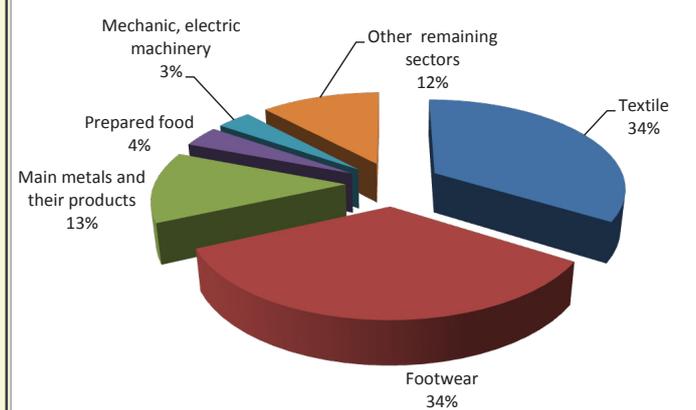
processing value, expressed as the difference between exports' value and imports' value, has experienced an increase of 46% (decrease of 9% in 2013). The value added from inward processing sector reached 36,219 mln ALL accounting for 29% of total inward processing exports with a moderate increase in share by 4% of this indicator (24,825 mln ALL in 2013 accounting for 25.26% of total inward processing exports with almost the same share as in 2012).

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 2014. Footwear and textile continue to be the main items of Inward processing with a share to total export by 34,3% and 33.9% respectively, reflecting increase of the sectors. To be noticed is the increase of the share of metal products from 9% to 12,7% on total IP share. The structure of inward processing exports is given in graph 4.1.

		2009	2010	2011	2012	2013	2014
Inward Processing Exports	(in Mln All)	65,308	85,423	99,378	91,507	98,259	125,048
Share of Inward Processing Exports to total	(in %)	63.14%	53.05%	50.33%	43%	40%	49%
Change rate of IP exports	(in %)	-3.06%	30.80%	16.34%	-7.90%	7.38%	27%
Inward processing imports	(in Mln All)	50,875	68,711	81,211	68,718	73,434	88,829
Change rate of IP imports	(in %)	0.61%	35.06%	18.19%	-15.40%	6.86%	21%
Value added, Inward processing	(in Mln All)	14,433	16,711	18,168	22,788	24,825	36,219
Value added share to IP Exports	(in %)	13.95%	10.38%	9.20%	24.90%	25.26%	29%
Value added change rate	(in %)	-14.10%	15.79%	8.72%	25.43%	8.94%	46%

	2009	2010	2011	2012	2013	2014	Share to total	Change Rate 2014 - 2013
Sector Description	in mln ALL	in %	in %					
Footwear and hats, umbrellas and parasols, walking	20,043	25,382	30,219	29,625	33,656	42,941	34.34%	27.59%
Textile and its products	28,010	30,051	33,504	32,167	35,211	42,369	33.88%	20.33%
Main metals and their products	5,985	16,205	18,954	13,215	8,741	15,850	12.68%	81.33%
Prepared food; drinks, alcoholic beverages and vin	2,485	2,928	3,211	3,457	4,658	4,715	3.77%	1.22%
Mechanic, electric machinery and equipment ...	2,827	3,970	4,811	4,101	4,556	4,939	3.95%	8.41%

Graph 4.1 Structure of inward processing exports, 2014



Inward processing of textiles, footwear and metals account for the highest share of inward processing, remaining the most important categories in this aspect, with 81% of share (Graph 4.1). Inward processing is also developing in other sectors such as machinery assembling and food and beverages.

Inward processing exports of textiles category summed up to 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 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 where 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

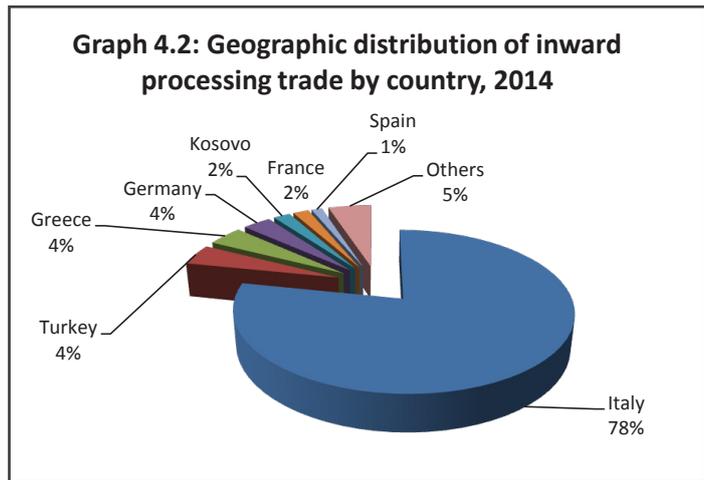
Table 4.3: Most important inward processing export products

HS Code	Description	2013	2014	Growth Rate	Share to Sector Exports
		in mln ALL	in mln ALL		
640610	Uppers and Parts Thereof, Other than Stiffeners	12,839	15,832	23%	12.66%
620342	Men's or Boys' Trousers, Overalls, Breeches, of Cotton	7,231	7,026	-3%	5.62%
640399	Other Footwear With Uppers of Leather	5,150	6,756	31%	5.40%
640340	Other Footwear, Incorporating Protective Metal Toe-cap,	6,410	6,179	-4%	4.94%
620520	Men's or Boys' Shirts, of Cotton	4,263	5,521	30%	4.42%
481940	Other sacks and bags, including cones	4,031	5,251	30%	4.20%
830140	Locks of base metal, nes	4,622	4,610	0%	3.69%
720711	Semifinished products of iron or nonalloy steel Of rectangular (including square) cross-section, the width measuring less than twice the thickness	2,588	4,369	69%	3.49%
610711	Men's or Boys' Underpants, Briefs, of Cotton, Knitted or Crocheted	2,605	3,469	33%	2.77%
160416	Anchovies (Prepared or Preserved)	3,060	3,156	3%	2.52%

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.

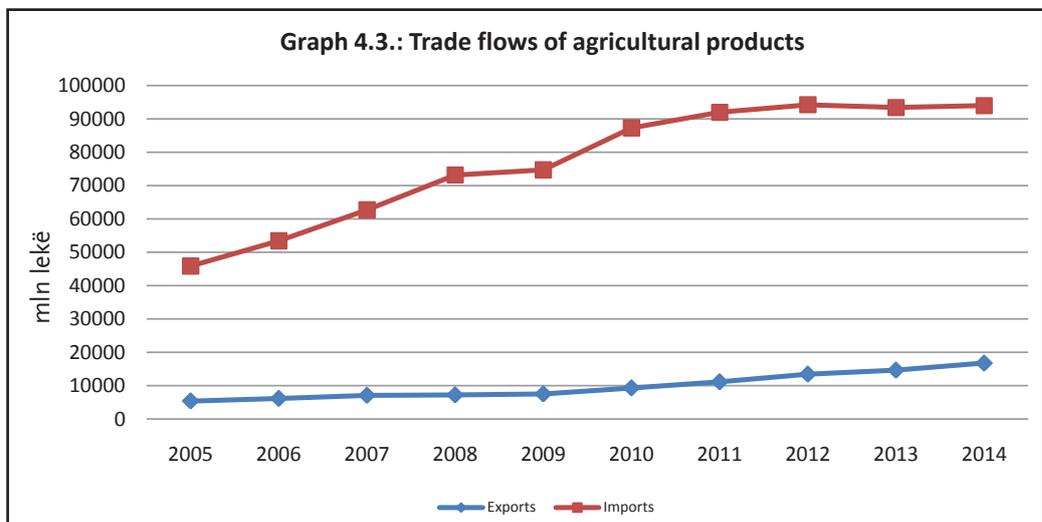


## 4.2 Agriculture products

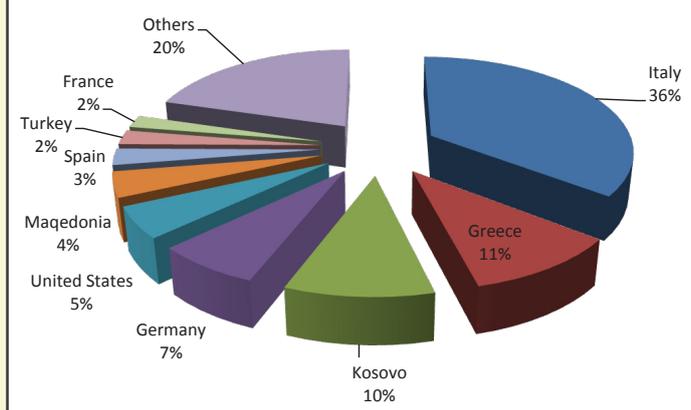
### 4.2.1 Exports

Agricultural products exports reached 16,754 million ALL (tab 4.5) or 14.35% higher than in 2013. As a consequence, the share to total exports of the country has reached 6.56 percentage points while the imports' coverage ratio went up to 17.8% from 15.7% in 2013 and 13.75 %, in 2012. Despite this constant improvement it remains lower than the total imports' coverage ratio (46%). 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 36% (23% in 2013) of total agricultural exports share with an increase of 13 points. Greece has replaced



Graph 4.4: Share of agriculture exports, by country 2014



Germany as the second most important country with a share of 11% (during 2013 Greece had shifted at the third place with 8% of the share).

Kosovo remains at the third place, but contrary to 2013, it presented an increase this year in the

share of total agricultural exports from 5% in 2013 to 10% during 2014. Germany which was the second country during 2013, with almost 10% of total share of exports, shifted at the fourth place with 7% in 2014.

Apart from the general increase in quantity, it is important to mention that there has been a strong diversification of exporting destinations in 2014. This patterns in confirmed not only from the geography point of view, but also in terms of structure which presents low 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 22% and meat, fish and seafood 19.6%, a similar situation as in

HS Code	Description	Exports				Imports			
		2013	2014	Share to sector total in %	Change rate 2013-2014	2013	2014	Share to sector total in %	Change rate 2013-2014
1	Live animals	89	78	0.47%	-12.36%	3,083	3,484	3.71%	13.01%
2	Meat and edible meat offal	70	69	0.41%	-1.43%	6,554	6,561	6.98%	0.11%
3	Fish, crustaceans, molluscs, aquatic invertebrates nes	1,174	1,689	10.08%	43.87%	2,630	3,629	3.86%	37.98%
4	Dairy products, eggs, honey, edible animal product nes	132	36	0.21%	-72.73%	2,297	2,483	2.64%	8.10%
5	Products of animal origin, nes	389	421	2.51%	8.23%	422	508	0.54%	20.38%
6	Live trees, plants, bulbs, roots, cut flowers etc	98	88	0.53%	-10.20%	396	599	0.64%	51.26%
7	Edible vegetables and certain roots and tubers	1,501	2,282	13.62%	52.03%	2,324	2,683	2.85%	15.45%
8	Edible fruit, nuts, peel of citrus fruit, melons	1,317	1,884	11.25%	43.05%	5,443	6,494	6.91%	19.31%
9	Coffee, tea, mate and spices	118	143	0.85%	21.19%	3,446	3,320	3.53%	-3.66%
10	Cereals	10	4	0.02%	-60.00%	12,725	12,251	13.03%	-3.72%
11	Milling products, malt, starches, inulin, wheat gluten	2	1	0.01%	-50.00%	3,034	2,810	2.99%	-7.38%
12	Oil seed, oleagic fruits, grain, seed, fruit, etc, nes	3,551	3,689	22.02%	3.89%	553	688	0.73%	24.41%
13	Lac, gums, resins, vegetable saps and extracts nes	53	38	0.23%	-28.30%	119	78	0.08%	-34.45%
14	Vegetable plaiting materials, vegetable products nes	7	17	0.10%	142.86%	3	5	0.01%	66.67%
15	Animal, vegetable fats and oils, cleavage products, etc	222	89	0.53%	-59.91%	5,910	6,309	6.71%	6.75%
16	Meat, fish and seafood food preparations nes	3,142	3,279	19.57%	4.36%	1,860	1,893	2.01%	1.77%
17	Sugars and sugar confectionery	25	29	0.17%	16.00%	4,495	4,608	4.90%	2.51%
18	Cocoa and cocoa preparations	27	25	0.15%	-7.41%	1,623	2,090	2.22%	28.77%
19	Cereal, flour, starch, milk preparations and products	684	879	5.25%	28.51%	7,234	7,362	7.83%	1.77%
20	Vegetable, fruit, nut, etc food preparations	549	636	3.80%	15.85%	2,126	2,385	2.54%	12.18%
21	Miscellaneous edible preparations	263	185	1.10%	-29.66%	4,855	4,942	5.26%	1.79%
22	Beverages, spirits and vinegar	582	473	2.82%	-18.73%	10,393	8,668	9.22%	-16.60%
23	Residues, wastes of food industry, animal fodder	2	5	0.03%	150.00%	2,612	2,632	2.80%	0.77%
24	Tobacco and manufactured tobacco substitutes	645	715	4.27%	10.85%	9,272	7,514	7.99%	-18.96%
	<b>Total agriculture products</b>	<b>14,652</b>	<b>16,754</b>	<b>100.00%</b>	<b>14.35%</b>	<b>93,409</b>	<b>93,996</b>	<b>100.00%</b>	<b>0.63%</b>
	<b>Share to total trade exports/imports</b>	<b>5.95%</b>	<b>6.56%</b>			<b>18.15%</b>	<b>16.87%</b>		

Table 4.6: Main agricultural products exports in mln ALL, 2014

HS Code	Description	2010	2011	2012	2013	2014	Share to total AP exports, in %	Growth rate 2013-2014
160416	Anchovies, prepared or preserved, whole or in pieces, but not minced	2,553	2,711	2,617	3,061	3,159	19%	3%
121190	Plants & parts of plants (incl seed & fruit) used in pharm, perf, insect etc nes	1,332	1,924	2,252	2,838	3,004	18%	6%
70200	Tomatoes, fresh or chilled	N/A	N/A	N/A	201	1,490	9%	641%
190590	Other bread; empty cachets for pharmaceutical use, sealing wafers, rice paper, etc	59	182	425	590	745	4%	26%
240120	Tobacco, unmanufactured, partly or wholly stemmed or stripped	436	413	504	487	650	4%	34%
30749	quid: Frozen fillets, Loligo: Loligo opalescens, Loligo pealei, Octopus (Octopus spp)	N/A	N/A	N/A		645	4%	N/A
200570	Olives prepared or preserved, other than by vinegar or acetic acid, not frozen	310	349	359	484	571	3%	18%
30563	Anchovies (Engraulis spp)	N/A	N/A	N/A	175	482	3%	175%
80241	Chestnuts, castanea spp (Shelled or not; Fresh or Dried)	N/A	N/A	N/A	1	478	3%	33344%
50400	Guts, bladders and stomachs of animals (other than fish), whole and pieces thereof: Prepared for use as sausage casings	N/A	N/A	N/A	402	415	2%	3%
	Top ten exports					11,639	69%	
	Total AP exports					16,754		

2013 but in lower percentage of share (24.24% and 21.44% respectively in 2013). The category with the highest increase as compared to 2013 is residues and wastes of food industry, animal food but they represent only 0.03% of total exports. Vegetable planting materials, vegetable product representing only 0.1% of total exports increased by 143% compared to 2013.

The most exported agricultural products, accounting for 69% 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 2014. Exports of anchovies are ranked first for the sixth time, surpassing exports of medicinal herbs. Exports of anchovies in 2014 account for 19% (21% in 2013) of total exports and 3% (17% in 2013) thus with a decrease in 2014. The same trend was for medicinal herbs, where the share of exports has decreased in 2014, from 19% to 18%. However, the increase of value of this product has been 6%.

## 4.2.2 Imports

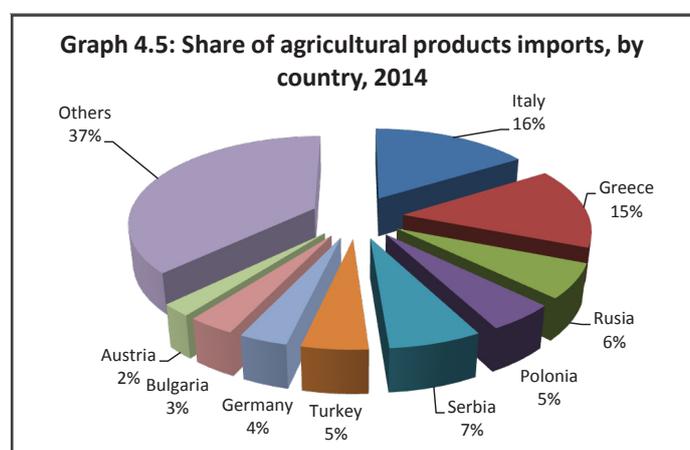
Imports of agricultural products were valued at 93,996 million ALL, almost the same figure as in 2013, marking an increase in its share of total imports by only 0.63 percentage points. In 2013 imports in this sector accounted for 16.87%

(18.15% in 2013) of total imports. 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 large number of countries with no specific concentration patterns, as the graph 4.5 shows. The main trading partners for agricultural products remain Italy and Greece, with higher shares this year, accounting for 16% (10% in 2013) and 15% (9% in 2013) of total imports respectively.

The other trading partners are the same as in 2013 and their share of the total imports is almost unchanged. The most imported products account for 40.3% of total imports as table 4.7 shows. Wheat and muslin have been the most imported

Graph 4.5: Share of agricultural products imports, by country, 2014



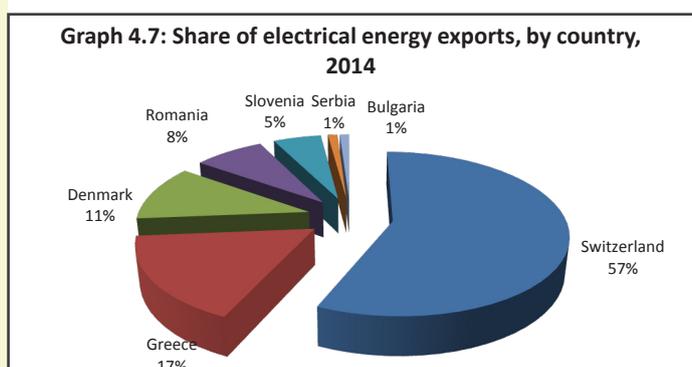
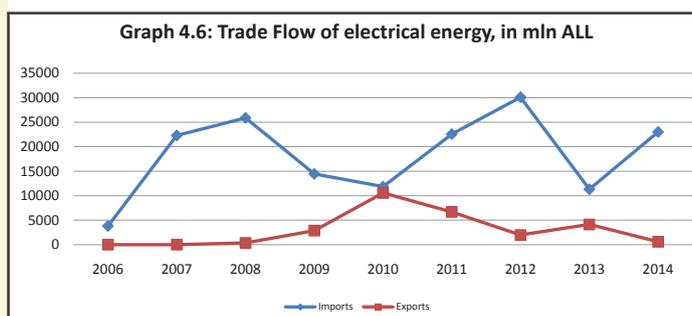
HS Code	Description	2010	2011	2012	2013	2014	Share to total AP imports, in %	Growth rate 2013-2014
100199	Wheat nes and meslin	7,007	10,919	6,054	9,433	7,552	8.0%	-20%
240220	Cigarettes containing tobacco	10,300	8,127	8,767	9,197	7,133	7.6%	-22%
151219	Sunflower-seed/safflower oil&their fractions refind but nt chem modifid	2,587	3,361	3,145	3,280	3,979	4.2%	21%
170199	Refined sugar, in solid form, nes	3,148	4,381	4,526	3,661	3,736	4.0%	2%
210690	Food preparations nes	2,157	2,221	2,332	2,463	3,288	3.5%	34%
210690	Other Food Preparations	N/A	N/A	N/A	2,463	2,728	2.9%	11%
190590	Other Bakers' Wares, Communion Wafers, Empty Capsules, Sealing Wafers	1,649	1,767	2,174	2,539	2,630	2.8%	4%
220300	Beer made from malt	3,290	3,132	2,905	2,816	2,501	2.7%	-11%
220290	Other Non-alcoholic Beverages (Other than Fruit or Vegetable Juices)	1,756	1,862	2,059	2,222	2,279	2.4%	3%
110100	Wheat Flour, Meslin Flour	N/A	N/A	N/A	2,102	2,045	2.2%	-3%
	Top ten imports					37,870	40.3%	
	Total AP imports					93,996		

product for the second time, and represented 8% (10.1% in 2013) of total agricultural products and noting a decrease of 20% compared to 2013. Cigarettes, which are the second most imported good representing 7.6% (9.8% in 2013) of total agricultural products, experienced a decrease of 22% compared to 2013. Sunflower-seed/sunflower oil has seen an increase in share from 3.5% in 2013 to 4.2% in 2014, moving to the third place and replacing refined sugar in solid form, which accounts for about 4% of the total imports. Beer made of malt continues to have a drop in imports by 11% (3% in 2013). 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.

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

#### 4.3.1 Trade in electrical energy



In 2013 Albania had 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. It was an inverse trend compared to 2012. However, year 2014 represented a big drop in exports of electrical energies, reaching the lowest level since 2008. Exports were valued at 595 mln All (4,122 million ALL in 2013) thus decreasing significantly by 86% compared to 2013. Exports of electricity are still characterized by instability, and its share of total exports decreased to 0.2% (1.7% in 2013) of total exports. The export of this product is still highly exposed to weather conditions and has not consolidated yet any sustainable pattern. In addition, 2014 was characterized by legal and institutional instability of the sector which have affected production and distribution.

Main partners in electric energy exports for 2014 were Switzerland 57% (49% in 2013), and Greece

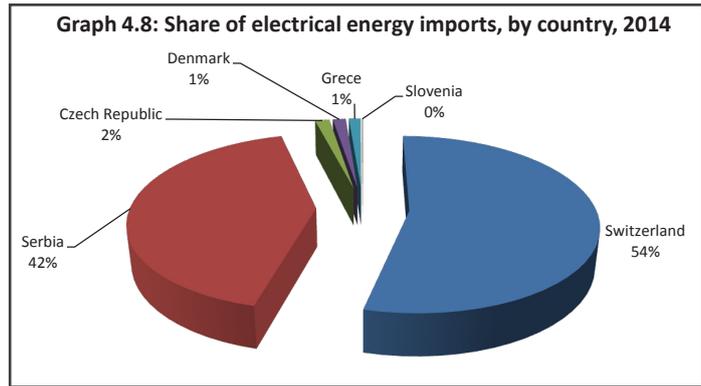
17% (4% in 2013) which have replaced Serbia, now with only 1% (23% in 2013), Denmark 11% (7% in 2013); Slovenia 5% (6% in 2013). Czech Republic which had a share of 8% in 2013 was not an exports destination in 2014. Two new partners were Romania with 8% and Bulgaria with 1%.

Imports on the other hand increased by 103% and were valued at 23,009 mln ALL (11,310 million ALL in 2013). This expected increase was of course related to the bad performance of production in the domestic sector. The two main countries Albania imported from were Switzerland 54% (42% in 2013) and Serbia 42% (36% in 2013). Imports from Switzerland increased by 161% and were valued at 12,418 mln ALL (4,747 million ALL in 2013). Imports from Serbia increased reaching a value of 9,657 mln ALL (4,101 million ALL in 2013) or 135 % higher than 2013.

### 4.3.2 Trade of mineral fuels and oil products

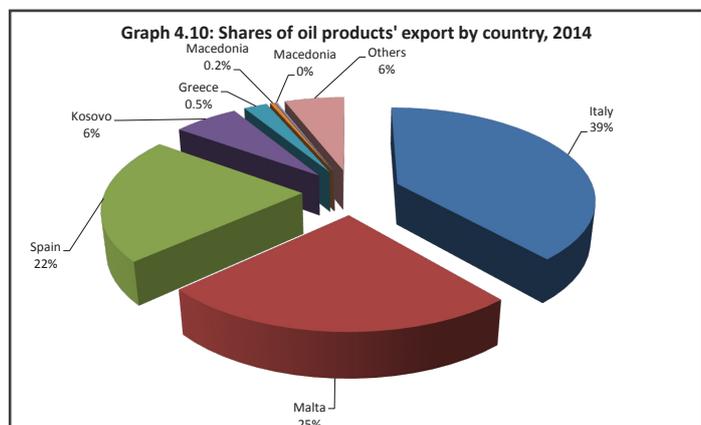
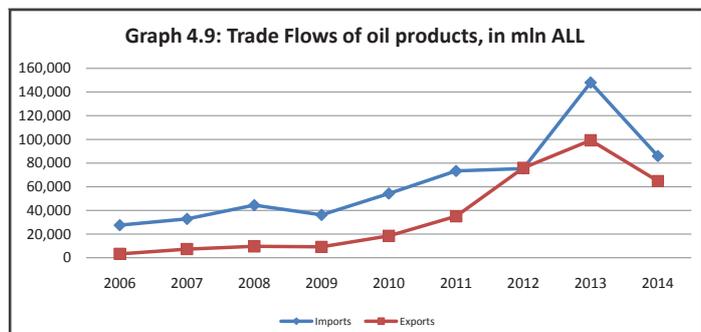
Trade of mineral fuels and oil products experienced a significantly decrease in 2014, both in relative and absolute terms. Trade volume of this sector reached 150,755 mln ALL (247,248 mln ALL in 2012), which is 39% lower than in 2013, reaching almost at the same levels as in 2012. (graph 4.9). Trade in oil in 2014 accounted for 18.5% of total trade flows (14 points of share decrease compared to 2013). The decrease in trade volume came from both exports and imports. Imports' value reached 85,949 mln ALL (42% decrease) and exports valued at 64,806 mln ALL (35% of decrease compared to 2013).

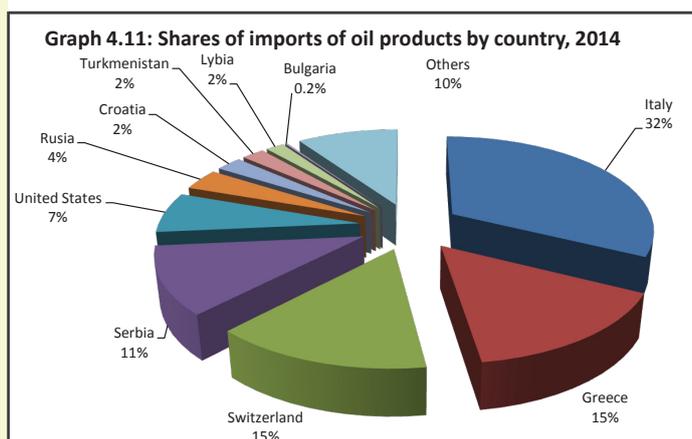
In terms of geographic distribution of exports, some interesting changes have occurred. Italy was the main exporting partner in 2014 with a significantly increase by 39% (22% in 2013 at the third place). Spain moved to the third place with almost the same share of 22% (23% in 2013). Malta ranks in the second place 25% with a value of 15,881 mln ALL and with an increase of 8 points in the share compared to 2013 (17%). These three countries account for 86% of share on total Albanian oil products' exports (see graph 4.10). Exports in this category show again a high concentration in terms of geographic destinations and also instability and lack of consolidation of these trade relations. Main exported product is



petroleum oil.

Interesting shifts concerned imports of oil products as well (see graph 4.11). Italy remains in the first place, but not with the same strong share as in 2013. In 2014 imports from Italy reached a value of 27,836 mln ALL (78,561 mln ALL in 2013), which accounts for a decrease of 65%. Libya, a new partner last year, was ranked second with 13% of share to total imports in 2013. In 2014 imports from Libya experienced a considerable drop during 2014 accounting only for only 2% of share. Greece continues to increase its share to total imports by 15% from 10% in 2013, after a steady drop experienced during years 2008-2012. The absolute value dropped at 13,176 mln ALL (14,248 mln All in 2013).





There are two new partners in 2014 advancing very fast in importing oil products to Albania, Switzerland and Serbia representing the third and fourth main partner for this sector reaching a share of 15% and 11% on total oil imports of Albania respectively. Imports from the other countries are almost in the same share as in 2013, besides Croatia having experienced a decrease in share from 5% in 2013 to 2% in 2014.

### 4.3.3 Trade in mineral products<sup>29</sup>

Mineral products trade volume reached 25,752 mln All (27,114 mln ALL in 2013). They account for 3.2%

of total trade flows, experiencing very little decrease in terms of share (it was 3.6% of share in 2013). Both exports and imports experienced shifts in 2014, but in different directions. Exports dropped by 8.2% going from 22,961 mln ALL in 2013, to 21,077 mln ALL in 2014. In the meantime, imports grew from 4,153 mln All in 2013 to 4,675 mln ALL in 2014. This decrease of exports and increase of imports has contributed in slightly decreasing the positive trade balance in this sector going from 18,808 mln ALL in 2013 to 16,402 mln ALL in 2014.

The most exported products for 2014 remain chromium ores and concentrates, portland cement, copper ores and concentrates. As showed in table 4.8 chromium ores and concentrate ranked again in the first place this year with 39% of share (29% in 2013). Portland cement exports' decreased by 3% and accounted for 28% of share in 2014, almost the same as in 2013. The exports of copper also decreased by 41% causing a drop of its share from 19% in 2013 to 12% of share on total mineral exports in 2014. These three products together count for 79% (74% in 2013) of total minerals, reflecting a less rate of concentration of exports, due mainly to new products being exported in 2014.

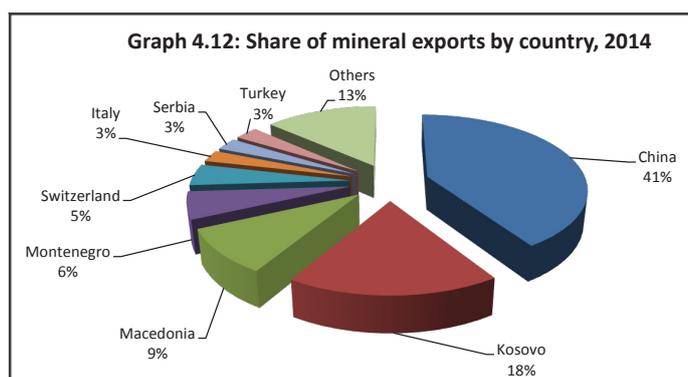
In terms of geographic distribution, mineral products reflect some concentration in 2014.

Table 4.8: Main exported mineral products in mln ALL, 2014

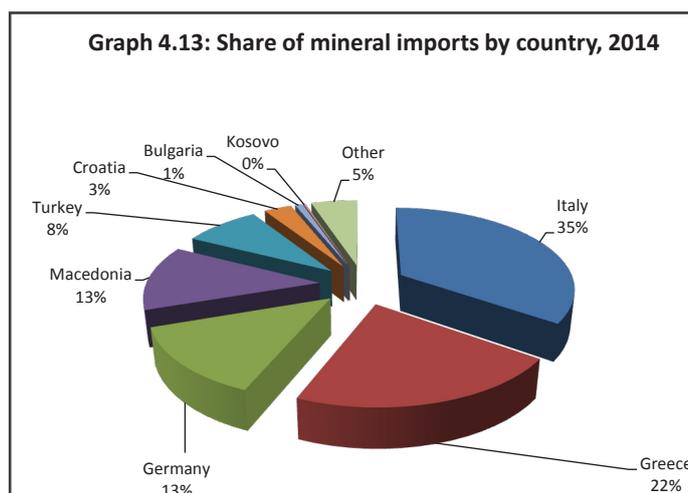
HS Code	Description	2010	2011	2012	2013	2014	Share to total sector exports, in %	Growth rate 2013-2014
261000	Chromium ores and concentrates	8,045	5,272	5,333	6,618	8,122	39%	23%
252329	Portland cement nes	3,487	4,763	6,534	6,102	5,905	28%	-3%
260300	Copper ores and concentrates	2,329	4,179	5,498	4,349	2,571	12%	-41%
252321	Portland cement, white, whether or not artificially coloured	54	296	722	852	1,094	5%	28%
252310	Cement Clinkers	491	176		91	1,061	5%	1061%
260111	Iron ores&concentrates, oth than roasted iron pyrites, non-agglomerated	727	1,564	449	561	865	4%	54%
260400	Nickel Ores and Concentrates				283	685	3%	142%
251520	Ecaussine, Other Calcareous Monumental or Building Stone	54	66	68	256	164	1%	-36%
250100	Salt, Pure Sodium Chloride, Sea Water	11	62	137	139	145	1%	4%
251690	Monumental or building stone nes	332	317	233	83	88	0%	7%
	<b>Top Ten exports</b>					<b>20,700</b>	<b>98%</b>	
	<b>Total MP exports</b>					<b>21,077</b>		

<sup>29</sup> In this section we analyze trade of mineral products (HS 25 and 26), excluding electrical energy and fuel and oil products; these two were analyzed separately in the previous sections).

China is still the main destination as in 2013, but it experienced a decrease of share by 8 points from 49% in 2013 to 41% in 2014 (see graph 4.12). Other main partners are Kosovo, which holds again at the second place with an increase in share from 16% in 2013 to 18% in 2014 and Macedonia which jumped up in the ranking with a share of 9% from 6% in 2013. More than 68% of Albanian mineral products go to these three countries. The shares of other partners are almost the same as in 2013.



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 during 2013 were hydraulic cement and portland cement. As table 4.9 shows, these two top imported products account for 36% of imports, but experienced again decrease by 16% both. This was due to the continuing slowdown of construction industry in Albania during the last years. Cement clinkers with 13% of share during 2013, moved to the second place with 21% of share, increasing by 86%.



Main importing partners remain Italy and Greece. Imports from Italy have seen a decrease by 7 points in share accounting for 35% from 42% in 2013. While Greece accounts for an increase in share by 22% from 19% in 2013. Germany and Macedonia ranked again in third and fourth place respectively. Germany experienced the same share as in 2013 by 13%, while Macedonia experienced an increase in share by 13% from 10% in 2013.

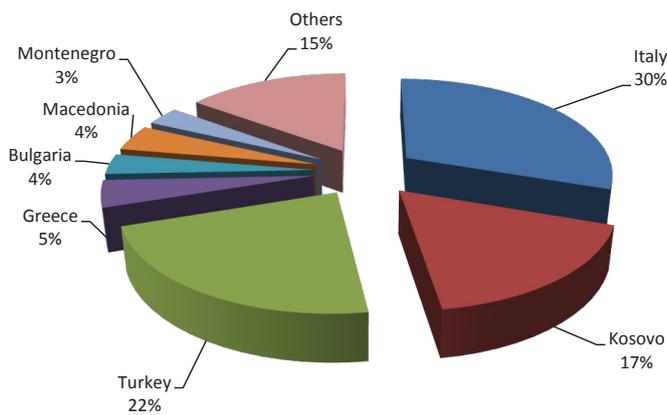
#### 4.3.4 Trade in base metals and their products

Exports in metal products were valued at 36,109 mln ALL (35,036 mln ALL in 2013) having increased by 9% in 2014, accounting for

Table 4.9: Main imported mineral products in mlnALL, 2014

HS Code	Description	2010	2011	2012	2013	2014	Share to total Mineral imports, in %	Growth rate 2013-2014
252390	Hydraulic cements nes	2,005	1,727	1,584	1,238	1,042	22%	-16%
252310	Cement Clinkers	1		32	520	965	21%	86%
252329	Portland cement nes	4,144	2,741	2,089	775	648	14%	-16%
261900	Slag, Dross, Scalings, Other Waste from the Manufacture of Iron or Steel	9		7	219	490	10%	124%
252321	Portland cement, white, whether or not artificially coloured	214	214	265	256	309	7%	21%
251511	Marble and travertine, crude or roughly trimmed	428	413	306	308	302	6%	-2%
250100	Salt, Pure Sodium Chloride, Sea Water	195	194	145	104	159	3%	53%
251741	Granules, Chippings, Powder of Marble	52	10	25	78	100	2%	28%
252220	Slaked Lime	65	79	77	98	91	2%	-7%
251710	Pebbles, Gravel, Broken or Crushed Stone, Shingle and Flint	16	25	45	79	81	2%	2%
	<b>Top ten imports</b>					<b>4,187</b>	<b>90%</b>	
	<b>Total MP imports</b>					<b>4,675</b>		

Graph 4.14: Share of metal exports by country, 2014



almost the same share to total exports as in 2013, reaching at 14.1% (14.2% in 2013). Main exporting partner countries are Italy (30%), Kosovo (17%, it was 26% in 2013), Turkey (22%) and Greece 5% ((10% in 2013). Overall exports to Italy increased by 11% and were valued 10,943 mln ALL. While exports to Kosovo decreased by 22%, reaching 6,274 mln ALL. The same trend goes for Greece in 2014 where exports decreased by 13% reaching 1,602 mln ALL.

The main exported items remain the same as in 2013 but with some minor changes: At the first place we find ranked bars & rods with 24% from 37% in 2013 with a decrease in value by 33%; semi-finished products of iron moved to the second place with 17% from 8% of share in 2013, followed by ferro-chromium with 14% (11% in 2013); locks (13%); etc. Most of the other products listed in the top ten exports are the same as in 2013, which supply mainly the construction and metal processing industries in partner countries (see table 4.10).

Imports of metals were valued at 57,519 mln All (50,149 million ALL in 2013) having increased by 15%. Their share to total imports continues to remain the same as in the last years, around 10%. The main importing partners for metal products remain Italy (25%), China (13%), Turkey (11%), Greece (11%), and countries of the region, as the

Graph 4.15: Share of imports of metals by country, 2014

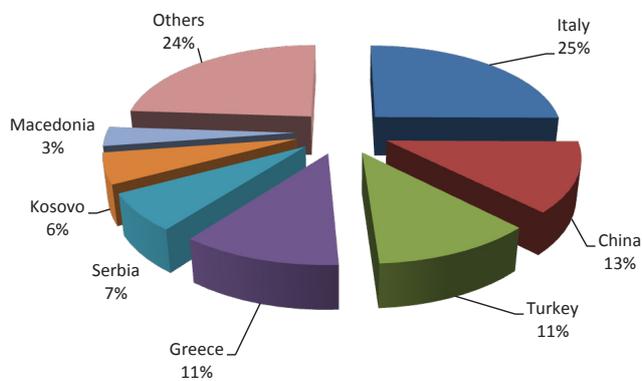


Table 4.10: Main metal products exports in mln ALL, 2014

HS Code	Description	2010	2011	2012	2013	2014	Share to total Metals exports, in %	Growth rate 2013-2014
721420	Other bars & rods of iron or non-alloy steel, with indentations or other deformations produced during rolling process	5,372	7,577	8,492	12,996	8,700	24%	-33%
720711	Semi-finished products of iron	7,435	10,369	7,667	2,657	5,983	17%	125%
720241	Ferro-chromium containing by weight more than 4% of carbon	3,116	4,473	4,402	3,717	5,064	14%	36%
830140	Locks of base metal, nes	4,506	4,544	4,923	4,624	4,610	13%	0%
740400	Waste and scrap, copper or copper alloy	2,998	3,888	3,885	2,952	2,316	6%	-22%
760410	Bars, rods and profiles, aluminium, not alloyed	307	436	931	1,171	998	3%	-15%
760200	Waste and scrap, aluminium	922	688	1,060	923	871	2%	-6%
760120	Aluminum alloys	N/A	N/A	N/A	498	854	2%	71%
720449	Ferrous waste and scrap, iron or steel, nes	2,189	3,728	3,192	786	777	2%	-1%
760110	Aluminum, not alloyed	N/A	429	443	615	772	2%	26%
	<b>Top ten imports</b>					<b>30,944</b>	86%	
	<b>Total Metal Products exports</b>					<b>36,108</b>		

Table 4.11: Main imported metal products in mln ALL, 2014

HS Code	Description	2010	2011	2012	2013	2014	Share to total Metals imports, in %	Growth rate 2013-2014
720449	Ferrous waste and scrap, iron or steel, nes	10,530	14,030	7,752	7,039	12,639	22%	80%
830160	Lock parts, includg parts of clasps o frames w clasps, of base metal, nes	4,388	4,445	4,863	4,578	4,476	8%	-2%
730429	Tubes, pipes used in oil drilling	249	350	3,138	3,724	3,346	6%	-10%
721420	Other bars & rods of iron or non-alloy steel, with indentations or other deformations produced during rolling process	9,367	10,425	9,844	5,555	3,211	6%	-42%
730890	Structures&parts of structures,i/s (ex prefab bldgs of headg no.9406)	4,933	4,337	1,830	2,212	2,534	4%	15%
760120	Aluminium unwrought, alloyed	1,555	1,796	2,350	2,356	2,065	4%	-12%
732690	Articles, iron or steel, nes	1,189	1,064	1,294	1,369	1,591	3%	16%
721391	Other bars & rods, hot-rolled, in irregularly wound coils, of iron or non-alloy steel, of circular cross-section diameter<14mm	1,252	1,380	1,278	2,616	1,447	3%	-45%
761290	Other Aluminium Casks, Drums, Cans, Boxes and Similar Containers	852	916	908	918	957	2%	4%
720839	Other flat-rolled products of iron or non-alloy steel in coils, width>=600 mm, thickness<3mm, hot-rolled	813	1,181	848	1,155	801	1%	-31%
	<b>Top ten imports</b>					<b>33,066</b>	57%	
	<b>Total MP imports</b>					<b>57,517</b>		

graph 4.15 shows. Italy, as main partner, reached at 14,454 mln ALL, with increase in absolute value compared to 2013, but with a decrease in share with 3 points (28% in 2013). Greece continued the drop in imports going from 21% in 2012, to 17% in 2013 and this year only 11% of the share to total imports. Imports of metal products remain at the same share for China (13%) which moved to the second place, but were decreased for Turkey (from 13% to 11%) and Kosovo (from 7% to 6%). Serbia have seen increase of the share by only 1% from 6% to 7%, while imports from Macedonia, which was a new partner during 2013, have seen decrease from 5% to 3%.

### 4.3.5 Trade in ICT

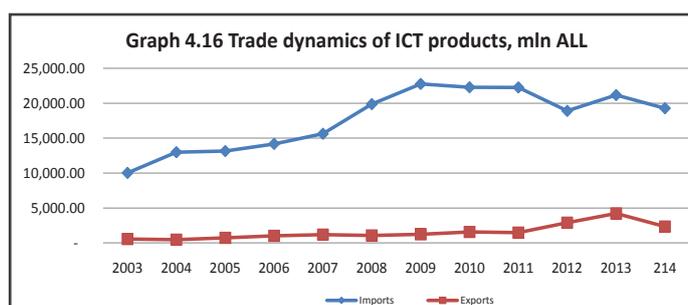
Information and communications technology (ICT) is a key factor for economic growth. Since 2011, we have included this category in our analysis and we will be monitoring the sector in Albania, in the years to come.

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.

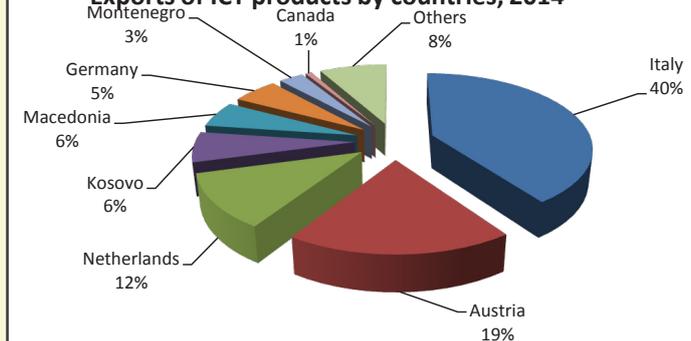
In terms of trade of ICT products, as graph 4.16 shows, trade of ICT products has experienced a decrease both in imports and in exports. Exports reached 2,345 mln AL ( 4,220 mln ALL in 2013), a decrease of 44% compared to 2013. Imports were 19,285 mln ALL (21,170 mln ALL in 2013) presenting a decrease of 9%.

As table 4.12 shows, exports are much more concentrated and top 10 exported products represent 83% of total ICT exports. This reflects



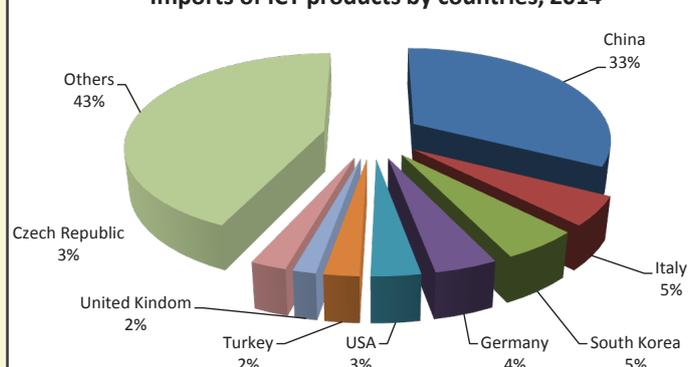
Graph 4.17

## Exports of ICT products by countries, 2014



Graph 4.18

## Imports of ICT products by countries, 2014



a common pattern as other Albanian sectors as well. Top 10 imported products represent 60% of total ICT imports. This sector presents a same trade deficit as in the previous years.

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 40% (36% in 2013) of total exports of this category. Austria is second with a share

of 19% of total exports of this category (it was 11% in 2013), and Netherland ranked at the third place with a share of 12% (from 6% in 2013). Kosovo, Montenegro and Canada experienced a drop during 2014, while Germany and Macedonia experienced an increase.

On the other hand, imports share is spread between different countries. For 2014 the main partner is confirmed to be China. Albania is importing more than 33% (28% in 2013) of its ICT products from China. Italy is left behind with 5% (16% in 2013 and 19% in 2012) of share on total Albanian imports of these products, presenting a continuous decrease. Other countries that follow are South Korea (5%), Germany (4%), USA (3%), Turkey (2%), etc. with the same ranking as in 2013, but all with a decrease in their share.

Table 4.12 and 4.13 present main specific ICT products exported and imported in 2014. The structure of exports is once again highly concentrated and top ten products count for 83% of total exports. Top ten imported products amount at 60% 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.

#### 4.3.6 Trade in mechanic and electric machineries

Total trade in machineries amounted at 59,184 increasing by almost 25% from 2013 (47,487 mln ALL in 2013). Imports of this sector reached at 53,299 representing an increase of 23% from 2013 (43,222 mln ALL). On the other hand, exports have

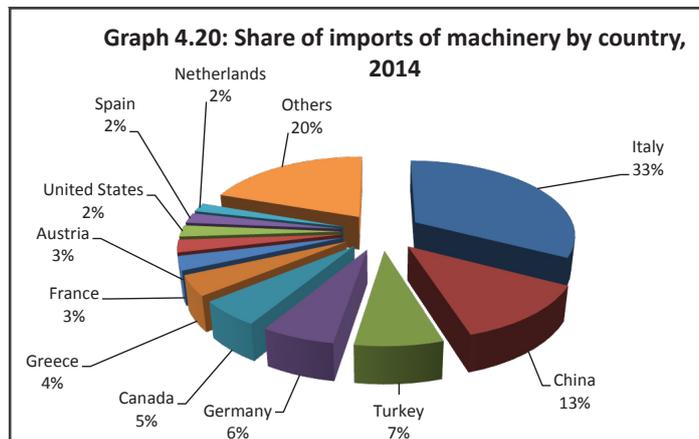
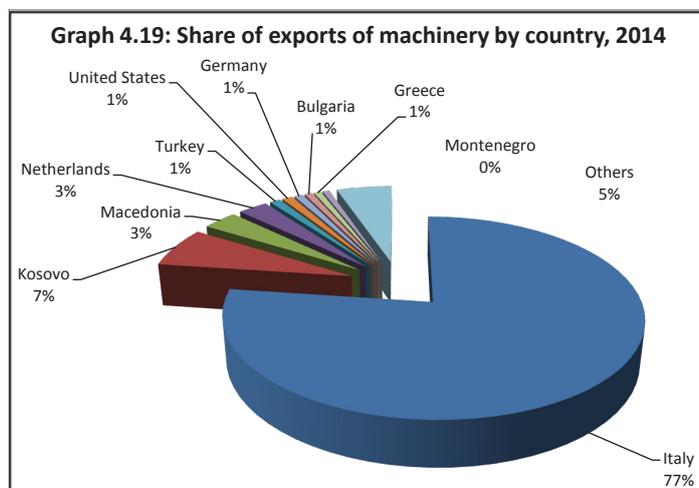
HS6	Description	Mln all	Share on Total ICT Exports
851712	Telephone Sets	521	22%
854449	Other surveying, hydrographic, oceanographic, hydrologic, meteorological or geophysical instruments & appliances	442	19%
902690	Parts and accessories (Flow Meters, Level Gauges, Manometers, Heat Meters)	246	10%
851769	Other Telephonic Apparatus	147	6%
851762	Other Telephonic Apparatus	136	6%
854442	Other Electric Conductors, Fitted With Connectors, Not Exceeding 80v	101	4%
851770	Other Telephonic Apparatus	95	4%
901580	Parts and accessories for use with the apparatus of heading No 90.15	88	4%
852871	Other Colour television	87	4%
847130	Digital Automatic Data Processing Machines	82	3%
	Top 10 exported products	1,944	83%

HS6	Description	Mln all	Share on Total ICT Imports
851712	Telephone Sets	2,411	13%
851762	Other Apparatus, for Carrier-current Line Systems	2,033	11%
852872	Other Colour television	1,959	10%
854449	Electric conductors, for a voltage not exceeding 80 V, nes	1,932	10%
852871	Other Colour television	761	4%
847130	Digital Automatic Data Processing Machines	744	4%
847150	Digital Processing Units	559	3%
901580	Parts and accessories for use with the apparatus of heading No 90.15	454	2%
851770	Other Telephonic Apparatus	390	2%
854470	Optical Fibre Cables	389	2%
	Top 10 imported products	11,632	60%

increased as well. In 2014, the amount of exports reached at 5,885 mln ALL (4,265 mln ALL in 2013) representing an increase by 38%. The increase in both exports and imports changed the trend of 2013, when the drop suggested a decrease in investment of companies in terms of technology and machineries, mainly due to the continuing impact of the crisis. The year 2014 represents a turning point after the crisis and the increase of imports of machineries can be considered as a positive sign of business environment improving optimism and investing again in their activities.

The graphs 4.19 and 4.20 below present the geographic distribution of exports and imports of machineries, respectively. Exports reflect the same concentration pattern as total Albanian exports, while imports are more dispersed. Main exporting destination is Italy, with a significant increase of share on total machineries' exports, from 48% in 2013 to 77% in 2014. Greece (14% in 2013) and Germany dropped to 1% from 10% in 2013, while Kosovo remains with the same share as in 2013 with 7%. Albania imports its machineries mainly from Italy (33%), China (13%) and Turkey (7%). Shares of these main partners have experienced a slight increase compared to 2013. As regarding other partners, there have been some new entries such as France (3%), Spain (2%) and Netherlands (2%) which have replaced or reduced the share of other remaining partners such as Germany, Greece, United State, Austria compared to 2013.

In terms of specific products traded in this sector, tables 4.14 and 4.15 show top ten items for 2013. Most exported products were: electric motors (transit in Albania from other countries) which reached at 26% of share (20% in 2013) and parts of electric motors with 23.3% of share (18,5% in



2013). Despite the big increase in share, both these items have experienced less increase in values for 2014 (respectively by 10% and 11%). While for imports, parts of boring and sinking machineries, other prepared unrecorded media for sound recording, parts of electric motors, generators, 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 2014.

HS Code	Description	2013	2014	Share to total in %	Change Rate 14-13
850110	Electric motors of an output not exceeding 37.5 W	1381	1523	25.9%	10%
850300	Parts of electric motors,generators,generatg sets & rotary converters	1233	1369	23.3%	11%
843143	Parts of boring or sinking machinery, whether or not self-propelled	959	304	5.2%	-68%
842890	Other Lifting, Handling, Loading or Unloading Machinery	176	245	4.2%	39%
853661	Lamp-holders, for a Voltage Not Exceeding 1,000v	236	216	3.7%	-8%
853890	Parts of Switches, Automatic Circuit Breakers, Relays or Connector	182	181	3.1%	-1%
853650	Switches, for a Voltage Not Exceeding 1,000v	82	134	2.3%	63%
843149	Parts of Derricks, Cranes, Graders, Levellers, Scrapers or Pile-drivers	174	117	2.0%	-33%
854590	Lamp Carbons, Battery Carbons & Other Articles of Graphite or Carbon	87	105	1.8%	21%
850431	Other Transformers, Power Handling Capacity Not Exceeding 1kva	95	104	1.8%	10%
	<b>TOP TEN EXPORTS</b>		<b>4299</b>	73.1%	
	<b>TOTAL EXPORTS OF MACHINERY PRODUCTS</b>		<b>5885</b>		

HS Code	Description	2013	2014	Share to total in %	Change Rate 14-13
843143	Parts of Boring or Sinking Machinery	2,970	1,926	3.6%	-35%
852380	Other Prepared Unrecorded Media for Sound Recording	1,902	1,822	3.4%	-4%
850300	Parts of electric motors,generators,generatg sets & rotary converters	1,397	1,453	2.7%	4%
848180	Other Valves and Other Appliances for Pipes, Tanks, Vats or the Like	1,017	1,291	2.4%	27%
845011	Fully-automatic Washing Machines, Dry Linen Capacity Not Exceeding 10kg	1,017	968	1.8%	-5%
841810	Combined Refrigerator-freezers, Fitted With Separate External Doors	840	934	1.8%	11%
851660	Other Ovens; Cookers, Cooking Plates, Boiling Rings, Grillers, Roasters	993	913	1.7%	-8%
841510	Air Conditioning Machines, Window or Wall Types, Self-contained	1,309	907	1.7%	-31%
853710	Bases for Electric Control or the Distribution, Not Exceeding 1,000v	360	893	1.7%	148%
847982	Mixing, Kneading, Crushing, Grinding, Screening or Stirring Machines	239	831	1.6%	247%
	<b>TOP TEN IMPORTS</b>		<b>11,939</b>	22.4%	
	<b>TOTAL IMPORTS OF MACHINERY PRODUCTS</b>		<b>53,299</b>		

## V Albania's Trade Geography

### 5.1 Main characteristics of trade geography

During 2014, although the structure of geography of trade did not change significantly, as compared to 2013, 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 28 EU countries. Exports to the EU countries account for 77% of total exports, the same share as in 2013. The yearly growth rate of exports to EU countries was 4.8% which is lower than the growth rate of the previous year (during 2013 they experienced 17.4% of growth). Imports from EU countries account for 61.4 % (63.3% of total imports

in 2013). Their share has decreased by 1.9 percentage points and their value increased by 6% (-1% of growth in 2013).

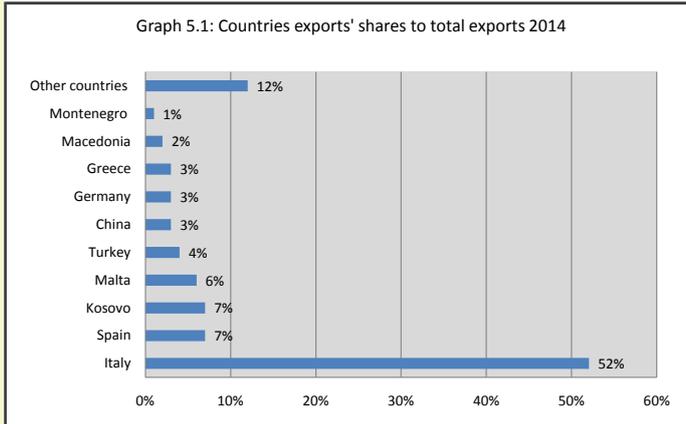
The second most important group of countries in terms of trade is the countries of the region. Their relative share of total exports reached almost 12%, the same share as in 2013. The share of total imports of the countries of the region reached at 7.8%, growing by only 0.4% compared to 2013 (dropping by 23% in 2013 compared to 2012). Differently from the decreasing trend of previous years, in 2014 there is an improvement of trade flows of Albania with the region.

Other main countries exports shares to the total exports flows have experienced a considerable decrease of 14.7% (increased by 16% in 2013), compared to the previous year, reaching at 9%

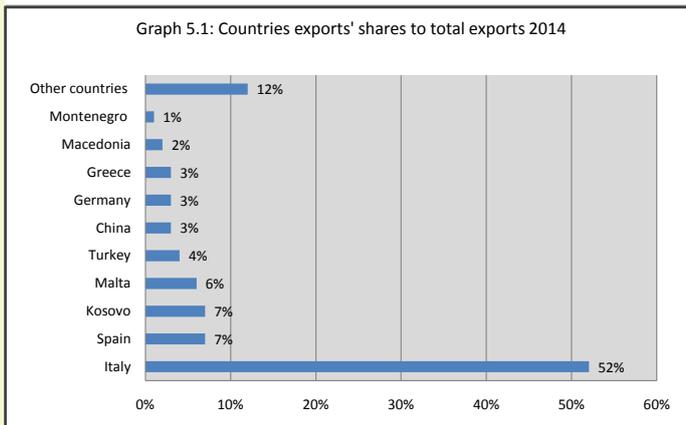
Table 5.1: The geography of Albania's trade flows, 2014

	Exports			Imports		
	Value	Share to total	Growth rate 2014/2013	Value	Share to total	Growth rate 2014/2013
	(Million ALL)	(in %)	(in %)	(Million ALL)	(in %)	(in %)
<b>EU</b>	<b>197,807</b>	<b>77%</b>	<b>4.8%</b>	<b>342,105</b>	<b>61.4%</b>	<b>5%</b>
Italy	132,970	52%	16.5%	164,631	29.5%	-3%
Spain	16,684	7%	-30.7%	9,567	1.7%	19%
Malta	15,906	6%	-3.8%	134	0.0%	-60%
Greece	8,858	3%	13.6%	52,101	9.3%	14%
Germany	7,090	3%	-25.0%	33,088	5.9%	10%
Bulgaria	2,751	1%	18.5%	7,796	1.4%	-9%
Croatia	342	0%	-31.0%	6,169	1.1%	158%
Other EU countries	13,206	5%	-8.9%	68,619	12.3%	10%
<b>Countries of the region</b>	<b>29,660</b>	<b>12%</b>	<b>2.6%</b>	<b>43,409</b>	<b>7.8%</b>	<b>14%</b>
Kosova	18,767	7%	15.2%	5,960	1.1%	-4%
Macedonia	5,301	2%	20.6%	8,120	1.5%	-6%
Montenegro	3,519	1%	-29.5%	2,295	0.4%	14%
Serbia	1,608	1%	-33.3%	23,679	4.2%	56%
Bosnia and Herzegovina	465	0%	38.8%	3,355	0.6%	2%
<b>Other countries</b>	<b>22,598</b>	<b>9%</b>	<b>-14.7%</b>	<b>125,022</b>	<b>22.4%</b>	<b>18%</b>
Turkey	10,051	4%	9.0%	38,868	7.0%	17%
China	8,738	3%	-23.7%	40,354	7.2%	15%
Switzerland	1,930	1%	-55.7%	16,803	3.0%	86%
USA	1,462	1%	20.0%	13,558	2.4%	5%
Rusia	407	0%	126.0%	11,738	2.1%	17%
Ukraine	10	0%	-39.0%	3,701	0.7%	-33%
<b>RoW</b>	<b>5,384</b>	<b>2%</b>	<b>150.5%</b>	<b>46,683</b>	<b>8.4%</b>	<b>3%</b>

Graph 5.1: Countries exports' shares to total exports 2014



Graph 5.1: Countries exports' shares to total exports 2014



(11% in 2013) of share on total Albanian exports. Contrary to 2013 when imports dropped by 5%, during 2014 imports from these countries grew by 18% and represented 22.4% (21% in 2013) of total imports of Albania.

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 2014, the main trading partner remained the EU and, among European countries, Italy accounted for the highest shares of trade volume at 55% of trade with EU countries, similar as in 2013 (57% in 2012). Exports to Italy represented 67% (60% in 2013 and 68% in 2012) of total exports to EU countries. Exports to Italy represent 52% (46% in 2013 and 51% in 2012) of the shares of total exports, 6 percentage points higher than the previous year.

Greece on the other hand remains the other important trading partner within the EU as it represents 11.3% (10% in 2013 and 12% in 2012)

of total trade volume. However, due to the crisis that Greece is experiencing, Albanian exports to Greece maintain a lower position (despite a slight increase of volume). In 2014 they represented only 3% (3% in 2013 and 4.4% in 2012) of total exports, which is lower than exports to Spain (7%), Kosovo (7%), Malta (6%), and Turkey (4%). In few years, Greece moved from the second to the eighth 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 (30%).

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% (7% in 2013 and 8,1 % in 2012) of total exports, Macedonia accounting again as in 2013 and 2012 for 2% and Montenegro with 1% (2% in 2013). 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 4% (3% in 2013) of total imports and Macedonia 2% (for the second time in the top ten). However, overall imports from the region have increased (decreased in 2013).

## 5.2 Albania's trade with the EU

### 5.2.1 Trade flows with the EU

Total trade flows between Albania and the EU were valued at 539,912 mIn All (514,535 mIn ALL in 2013), experiencing an increase of 4.9% (an increase of 5.3% in 2013) when compared to 2013 (while it had decreased by 1% in 2012). Thus we have seen a progressive recovery in the last two years, after the crisis. The share of EU countries trade flows has decreased by 2% as well, reaching at 66% (68% in 2013). Exports to the EU account for 77% of total exports of Albania, the same as in 2013. Exports' value has increased by 4.8% in 2014 (17.4% in 2013) which is still higher than the general increase of Albania's total exports (3.7% of growth).

Trade Indicators	2009	2010	2011	2012	2013	2014
Albania - EU trade volume	372,740	442,260	494,948	488,649	514,535	539,912
Share tot total Albania's trade volume	70%	69%	67%	66%	68%	66%
Imports from the EU	291,130	329,266	352,216	327,868	325,751	342,105
Share to total Albania's import	68%	69%	65%	62%	63%	61%
Exports to the EU	81,610	112,993	142,732	160,781	188,784	197,807
Share to total Albania's export	79%	70%	72%	75%	77%	77%
Trade balance of the trade with EU	-209,521	-216,273	-186,487	-167,087	-136,967	-144,298
Share to total Albania's trade balance	64%	68%	60%	53%	51%	48%
Exports to the EU/Imports from EU, Coverage ratio	28%	34%	41%	49%	58%	58%
Total Exports/Total Imports Coverage ratio	24%	34%	36%	40%	48%	46%

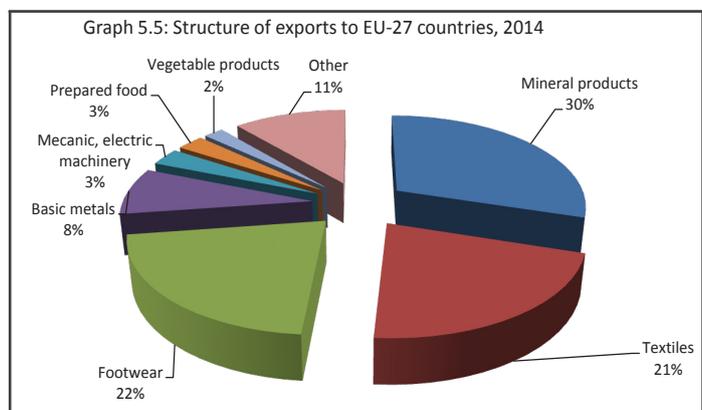
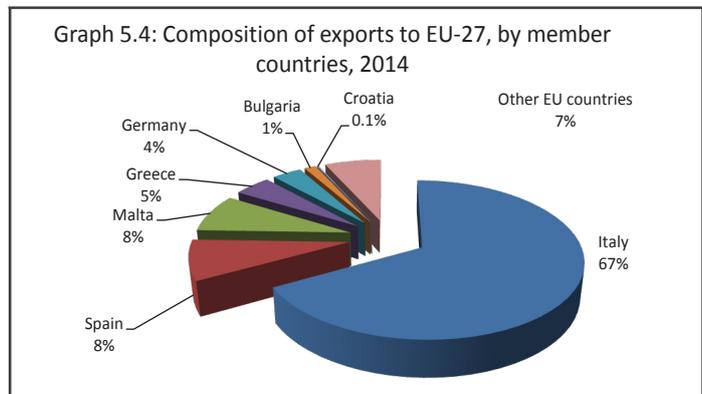
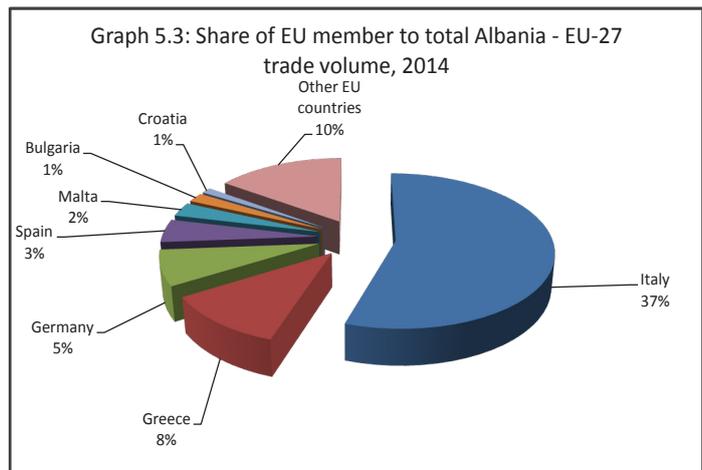
Imports from the EU, on the other hand, have increased by 5% (contrary to previous years 2012 and 2013 when they decreased by 7% and 1% respectively), in 2014, thus representing 61% (63% in 2013) of total imports of the country as you can observe in table 5.2.

During 2014, the export/import coverage ratio has the same percentage as in 2013 in 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 is 55%, the same as in 2013 (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 11.3% (10% for 2013 and 12 in 2012) accompanied by a decrease in absolute value of total trade flows.

### 5.2.2 Structure of exports to the EU

Exports to the EU were valued at 197,807 mln ALL in 2014 from 188,784 mln ALL the previous year, having experienced an increase of 4.8 % (17.4% in 2013). Italy as exports' destination has experienced an increase in share of total exports to EU from 60% in 2013 to 67% in 2014. Contrary to 2013, most of the EU countries have experienced a significant decrease on their export values, including Spain, Germany, Croatia and Malta. Malta presents a remarkable development concerning exports (which were increased by 331% in 2013, putting it to the third top destination for Albanian exports with 9% of



share on exports to EU). In 2014 exports to Malta accounted for 8% of the total share of export with a decrease by 3.8%, ranked at the same position. In 2012 the big news in exports was Spain, which jumped to the second place after Italy, with a significant increase of 181%. The same situation was repeated for Spain in 2013 and 2014, when it has maintained its position as second top destination with a share of 13% and 8% on total exports to EU respectively. Germany from 5% of the share to total exports to EU in 2013, accounted for 4% in 2014. Graph 5.4 gives a detailed view of countries shares to total exports of Albania to EU countries.

The categories' structure of exports to EU countries reflects some changes in shares of total exports. Textiles and footwear, put together, were again the most exported categories to the EU countries during 2014, representing 43% of total exports to EU, moving at the first place as in 2012 (38%) and 2011 (44%). 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 EU and moving to the second place.

Mineral products which were in the first place in 2013 with a share of 37% of total exports to EU, during 2014 shifting to the second place representing 30% of total exports to EU. For many years, mineral products have been the main exporting sector to EU. A significant increase, both in share and absolute values, was registered in 2013, especially for oil products. The decrease

in mineral products has affected this category that in 2014 represents only 28% of total exports to EU, from 37% in 2013 and 34% in 2012. Main metals experienced a slight increase of exports from 7% in 2013 to 8% in 2014 of total exports to EU, and mechanic and electric machinery decreased from 5% to 3% of share. The share of the other categories is almost the same as in the previous year. The structure of exports to the EU countries by category is shown more explicitly in graph 5.5.

The ten most exported products in 2014 account for 57% total exports to EU, from 64% in 2013. Therefore, as in the last years, there is considerable concentration in exporting products, although a reduction of it could be noticed. As in 2013 and 2012, five main categories are represented this year in the most exported items list: fuels, footwear, textiles, metals and instead minerals this year introduces prepared or preserved anchovies. The most exported product for 2014, the same as in 2013 and 2012, was petroleum oil products. Petroleum oils accounted for 28% of total exports to EU in 2014 (it was 37% in 2013) having experienced a decrease of 21% when compared to 2013. As we have mentioned previously, the domination of oil products in the exporting sector has marked significantly the structure of Albanian exports even for 2014.

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 minor decrease with 3%, in comparison with good increase by 17% in 2013. On contrary, mens/boys shirt have experienced a

Table 5.3: Ten most exported products to the EU, 2014 (mln ALL)

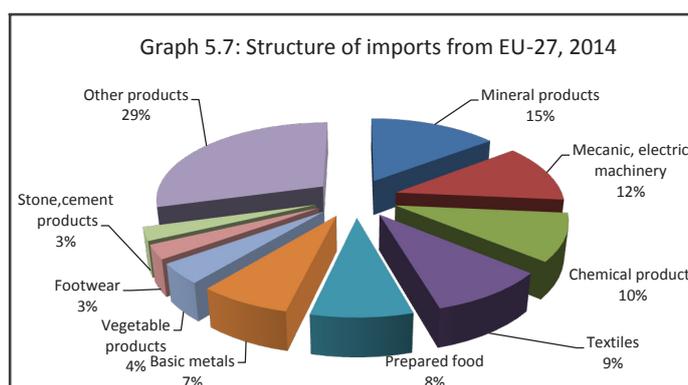
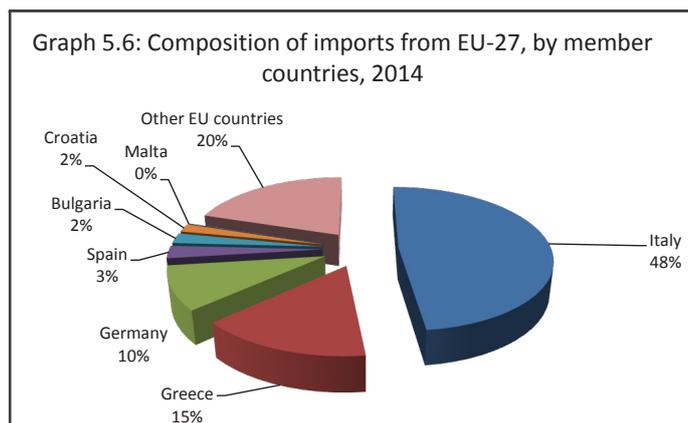
HS Code	Description	2009	2010	2011	2012	2013	2014	Growth % 2014--2013	Growth % 2014 - 2009
270900	Petroleum oils and oils obtained from bituminous minerals, crude	7,020	15,760	31,263	54,506	69,540	55,045	-21%	684%
640610	Uppers and parts thereof, other than stiffeners	7,703	8,965	10,239	11,085	12,614	15,798	25%	105%
620342	Mens/boys trousers and shorts, of cotton, not knitted	4,986	5,900	6,120	6,181	7,251	7,040	-3%	41%
640399	Footwear, outer soles of rubber/plastics uppers of leather, nes	677	1,985	2,786	4,159	5,134	6,777	32%	902%
640340	Footwear, outr sole of rber/plas/leathr, uppers of leathr w/met toe-cap	4.3	2,830	4,819	6,112	6,314	6,088	-4%	141489%
620520	Mens/boys shirts, of cotton, not knitted	3,477	3,910	4,370	4,167	4,262	5,526	30%	59%
481940	Other sacks and bags, including cones	1,496	1,605	1,609	1,974	4,031	5,251	30%	251%
830140	Locks of base metal, nes	3,716	4,506	4,544	4,921	4,624	4,610	0%	24%
610711	Men's or boys' underpants and briefs of cotton, knitted or crocheted	N/A	N/A	N/A	N/A	1,065	3,470	226%	N/A
160416	Prepared or preserved anchovies, whole or in pieces (excl. minced)	N/A	N/A	N/A	N/A	559	3,159	465%	N/A

significant increase by 30%. A significant increase goes to the new category such as prepared and preserved anchovies, by 465%. As regarding footwear category, it increased with 32% in comparison with 2013, when it did increase by 23%. Exports of metal products are represented by locks of base metal which account for 2% of total exports, which remains an unchanged share compared to the previous year, and in very similar absolute value.

### 5.2.3. Structure of imports from EU

Imports from EU countries amounted to 342,105 mln ALL in 2014 (325,751 mln ALL in 2013), having increased by 5%, as compared to 2013. The share to total imports has decreased, reaching at 61% (it was 63.3% in 2013) of total imports. Imports from this group of countries are represented mainly by Italy and Greece which account for 63% (66% in 2013) of total EU imports. Contrary to 2013 when it was registered a drop in imports from Greece (9%) and other important partners such as Germany (6%), Spain (23%), Bulgaria, Malta (with considerable decrease of total Albanian imports), in 2014 there was a moderate increase of imports from these country, excluding Italy. Respective shares of imports of most important partners within EU are explicitly shown in the graph 5.6 below.

Imports from the EU are distributed more evenly between sectors than exports (graph 5.7). Mineral products represent 15% (27% in 2013) of total imports of the country. Electric machineries,



including mechanical machineries, account for 12% (11% in 2013) of total imports from EU. Other important imports' categories are chemical industry products (10%) prepared food (9%) and textiles (9%), vehicles (8%), followed by basic metal (7%).

Table 5.4 provides information about the most imported products, more in detail. The 10 most imported products in 2014 accounted for 28% (44% in 2013) of total imports of EU, showing a

Table 5.4: Ten most imported products from the EU, 2014 (mln ALL)

HS Code	Description	2009	2010	2011	2012	2013	2014	Growth % 2014 - 2013	Growth % 2014 - 2009
271019	Light petroleum distillates nes	14,606	23,733	38,525	12,612	78,101	34,492	-55.84%	136.15%
300490	Other Medicaments (Put up in Packings for Retail Sale)	9,859	12,629	12,478	13,933	10,895	11,293	3.66%	14.55%
870332	Other Vehicles, Compression-ignition Engine (diesel) Of a cylinder capacity exceeding 1,500 cc but not exceeding 2,500 cc	6,007	5,463	7,595	12,575	11,125	10,847	-2.50%	80.57%
271012	Light oils and preparations	N/A	N/A	N/A	2,858	13,923	7,997	-42.56%	100.00%
880212	Helicopters of an unladen weight > 2,000 kg	N/A	N/A	N/A	N/A	2,949	6,764	129.40%	N/A
240220	Cigarettes (Containing Tobacco)	8,019	10,300	6,539	8,767	8,667	6,612	-23.71%	-17.55%
870333	Other Vehicles, Compression-ignition Engine (diesel) Of a cylinder capacity exceeding 2,500 cc	3,577	3,876	4,009	4,836	4,439	5,563	25.34%	55.53%
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	4,438	5,090	4,433	4,287	4,190	4,830	15.27%	8.82%
830160	Parts of Padlocks and Locks of Base Metal	3,535	4,388	4,443	4,863	4,573	4,455	-2.58%	26.03%
690890	Glazed Ceramic Flags	2,405	4,961	5,177	4,488	3,798	3,845	1.22%	59.87%

lower degree of concentration than exports. Only the two main products, light petroleum and light oils have experienced an impressive decrease in 2014. Cigarettes have experienced a decrease also by 24%. The rest of the top ten products have increased their values.

### 5.2.4 Trade with Italy

Trade volume with Italy, main Albanian trade partner, reached 297,599 mln ALL in 2014, having increased by 5% (3% of increase in 2013) in comparison to 2013 (tab 5.1). Trade volume with Italy represents 37% of total trade volume of Albania (similar to 2013, 2012 and 2011). Exports reached 132,970 mln ALL in 2014 having increased in total by 17% (4.8% of increase in 2013). Imports reached 164,629 mln ALL, having

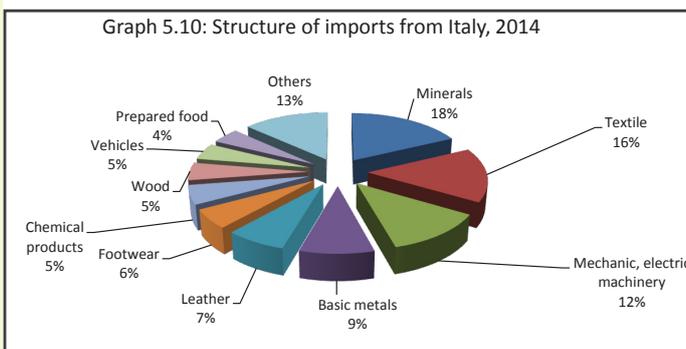
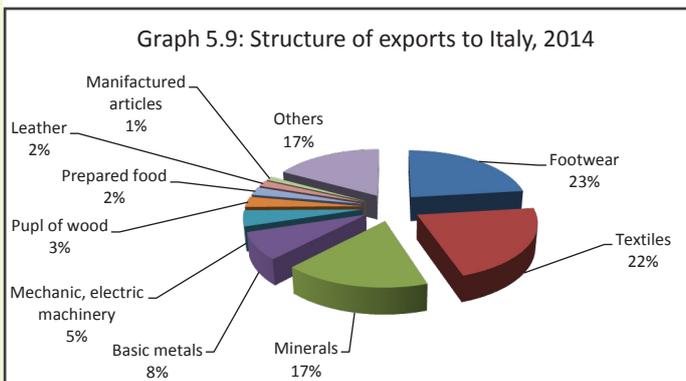
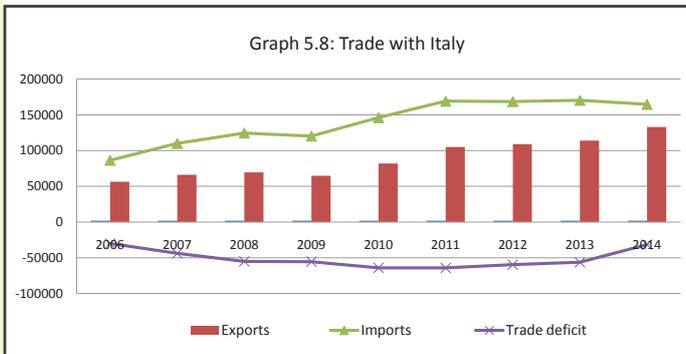
decreased in total by 3%. The trade deficit is -31,659 mln ALL and, when compared to 2013 (-56,281 million ALL), it has decreased by 44% (6% in 2013), due to a higher rate of growth in exports than in imports.

Exports to Italy were mainly represented by footwear products and textile which account respectively for 23% and 22% of total exports to this country, with a decrease of share by 3% for both sectors. In contrast to 2013, where minerals were the first category representing 29% of total exports to Italy, this year this sector represents only 17% of total exports, decreasing by 12 points in the share compared to 2013.

Petroleum oils and oils obtained from bituminous minerals continue to be most exported products to Italy reaching a value of 22,940 mln ALL (22,120 million ALL in 2013) representing 17% (19% in 2013) of the value of total exports with an increase of 4% compared to 2013. The ten most exported products accounted for 58% (61% in 2013) of total products. For more details refer to the table A.3.1 in Annex III.

As in the previous years, mineral products are positioned in the first place in imports, but with a much smaller share on total than in 2013 from 38% to 18% in 2014. All other categories presented increase that affected the total imports to the Italy. The mineral products are followed by textiles (increased by 5%), machineries (increased by 3%) and main metals (increased by 2%). Footwear and prepared food, two others new categories in 2013, presented an increase only for footwear from 4% in 2013 to 6% in 2014. The share for prepared food is the same as in 2013 with 4%. The structure of Imports from Italy can be observed in graph 5.10.

The most imported product in 2014 from Italy was light petroleum at 22,361 mln ALL (66,278 million ALL in 2013) and it experienced a considerable decrease of 66% from 2013 and also a decrease in share from 39% to 14%. Light oils and preparations, which were the second most imported product from Italy during 2013, shifted in 2014 at the third place with a decrease in share from 5% to 3%. In the second place there was leather, which was in the fourth place during 2013, with an increase by 13% compared to previous year. The top ten imported products account for 32% (58% in 2013) of total imports from Italy (for more details please refer to table A.3.2, in Annex III).



## 5.2.5 Trade with Greece

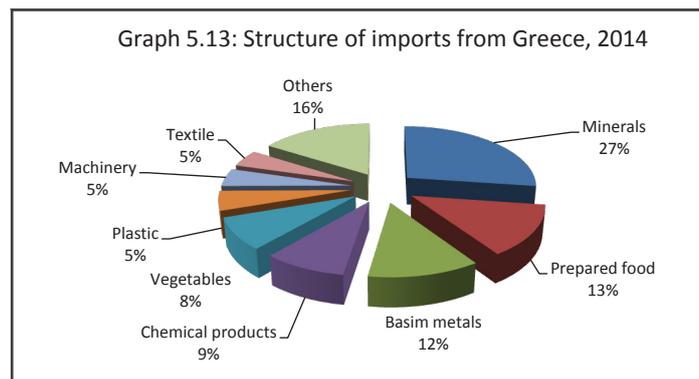
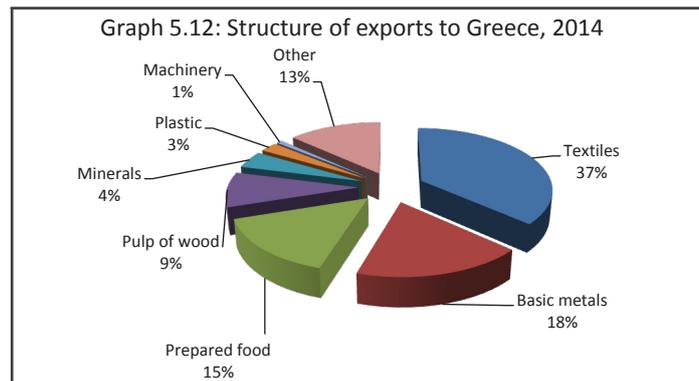
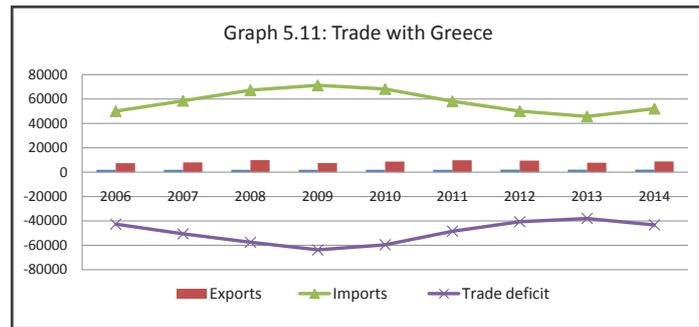
In 2013, trade volume with Greece reached 60,960 mln ALL (53,566 mln ALL in 2013) having increased by 13.8% (10% of decrease in 2013). The shrinking trend of Albanian-Greek trade relations which continued for many years since 2008, has now stopped in 2014 when both exports and imports have increased. Exports for 2014 were valued at 8,858mln ALL (7,795 mln ALL), having experienced an increase of 13.6% (18% decrease in 2013). Imports increased by 13.8% reaching 52,101mln ALL (45.771 mln ALL in 2013). The trade deficit was valued 43,243 mln ALL (37.976 mln ALL in 2013), increasing by 13.9% (decreasing 10% in 2013) mainly due to the increase of imports. The coverage imports ratio was 17% the same as in 2013.

Textile products continue to have in the first place in exports during 2014 with a significant increase of share from 19% to 37%. Main metals have recuperated their share from 14% in 2013 to 18% in 2014 shifting in the second place, replacing minerals which dropped in the fifth place reaching in 4%. In the third place of most exported products of 2014 we find prepared food with 15% of share from 9% in 2013. Machineries have experienced a significant drop from 12% in 2013 to 1% in 2014. 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 52% (69% in 2013) of total exports. The main exported item in 2014 continued to be light petroleum distillates, but it experienced a drop in share and growth rate. In 2014 it accounted for 9% from 17% in 2013 of total exports to Greece with a value of 772 mln ALL and it has experienced a decrease by 41% compared to 2013. In the second place, we can find tobacco which represents 7% of total exports to Greece with a value of 650 million ALL (it has experienced an increase by 34% compared to 2013). The others categories in the top ten most exported product are items of textiles such as woman/boys footwear with a share of 26% of the total exports to Greece.

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



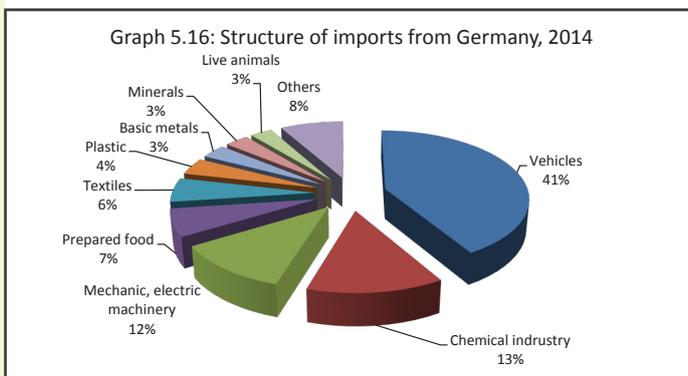
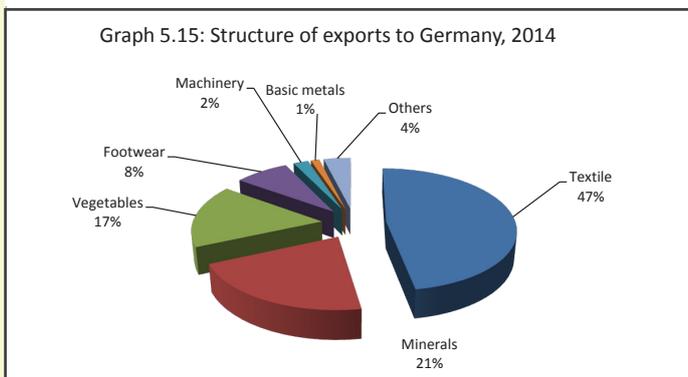
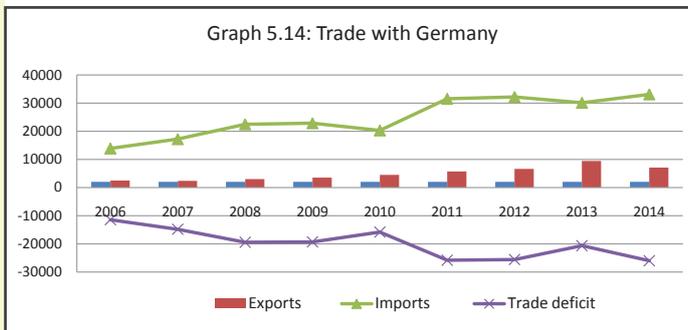
total imports from Greece, and mineral products were second with 15% of share. In 2013 and again in 2014 minerals are in the first place with 27% of share and main metals are now in the third place with 12% of share. In 2014 the second place was covered by prepared food with 13%. Chemical products' exports ranked at the fourth place with 9% of share.

At the detailed products level, imports from Greece are mainly represented by light petroleum which account for 21% of total imports at a value of 10,956 million ALL, reflecting an increase of 28% compared to 2013. At the second place we find cigarettes with a value of 2,484 ALL and a 5% of share on total imports from Greece, although they experienced decrease as product. The top ten imported products accounted for 43% of total imports in 2014. 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 40,188 mln ALL (39,570 mln ALL in 2013) having increased by only 2%. Exports reached 7,090 mln ALL, decreasing by 25%, contrary to 2013 when they increased by 43%. Imports reached 33,098 mln ALL increasing by 10%. Trade deficit was 26,008 mln ALL, increasing by 26%. The imports coverage ratio has decreased by 10 percentage points from 31% in 2013 to 21% in 2014. A better overview of trade flow developments is shown in graph 5.14

Exports to Germany have increased consistently



throughout the last years, but during 2014 a considerable decrease was registered. Minerals which were in the first place during 2013, covering 35% of share of total export to Germany, moved to the second place in 2014 with 21% replaced by textile. Textile and their products moved at the first place during 2014 covering 47% of total exports to Germany from 24% of share in 2013. Machineries, which were the new category during 2013 with a share of 11% of total exports, experienced a considerable decrease to 2% of share on total in 2014. Also basic metals dropped from 4% to 1% in 2014 in terms of share. Vegetable products are the third most exported category and their exports increased at around 4% in 2014. 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 71% of overall exports to Germany. Main item in this list continues to be petroleum oils and oils obtained from bituminous minerals, crude, but with a large decrease in share and growth. Its share accounted from 40% in 2013 to 14% in 2014 on total exports (with a decrease of 74% from 2013). Plant and parts of plants are the second most exported product which accounted for 13% of total exports at a value of 911 million ALL, with a change from 2013 by -15%.

The category that had the highest value in imports continues to be vehicles as in 2013. The value of this category was 13,731 mln ALL (13,144 million ALL in 2013) with a minor increase by 1%. In 2014 trade of this sector maintained share on total imports, going from 40% in 2013 to 41% in 2014. Chemical products were the second most imported category setting at 13% of share on total imports for 2014. Mechanic and electric machineries were the third most imported category. Its share continues to go down from 14% in 2013 to 12% in 2014 (19% in 2012). The others categories were almost at the same share.

The most imported products from Germany were again automobiles reflecting 27% of total imports at a value of 8,944 mln ALL (7,932 million ALL in 2013). While medicaments were the third most imported product reflecting 6% of total weight. For a more detailed overview please refer to table 3.6 in Annex III.

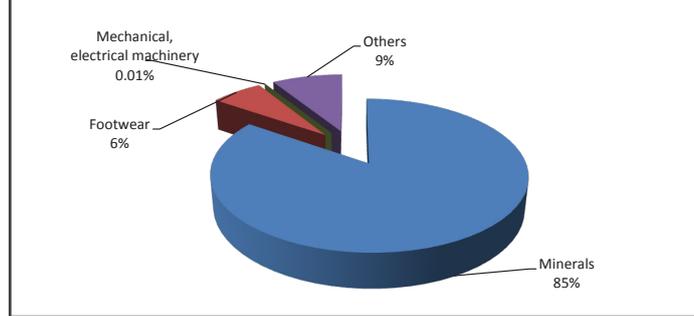
### 5.2.7 Trade with Spain

Despite the fact that Spain is a new entry in the top of Albanian main trade partners, in the last three years it is consolidating its share in the Albanian market. Trade volume with Spain reached 26,251 mln ALL in 2014 (32,093 mln ALL in 2013), having decreased by 18 % (increased by 7% in 2013) due to decrease of exports (tab 5.1). Exports reached 16,684 mln ALL (24,068 mln ALL in 2013) having decreased in total by 31% (22% increase in 2013 and 181% increase in 2012). Imports reached 9,567 mln ALL (8,025 mln ALL in 2013), having increased by 19%. However trade balance with Spain is positive, where exports have bigger values than imports. The imports coverage ratio, which increased considerably in 2013 by 300%, during 2014 went down to 174%. The main category, covering 85% (93% in 2013) of total exports were minerals (specifically, oil products). A more detailed overview of the structure of exports is given in graph 5.17.

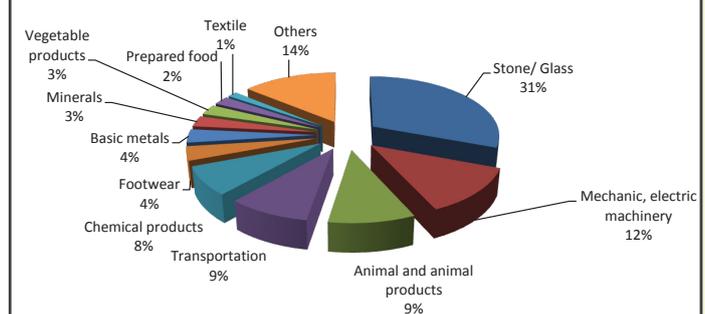
The top ten most exported products to Spain count for 99%. However, main item in this list is petroleum oils and oils obtained from bituminous minerals, crude, reaching a value of 14,125mln ALL (21,527 million All in 2013), which accounts for 85% of total exports. This represents a decrease from 2013, by 37%. Footwear products are the second most exported product which accounted for 6% of total exports at a value of 1,031 million ALL.

The category that had the highest value in imports was stones and cement products. The value of this category was 2,943 million ALL and its share is 31% in 2014 (35% during 2013). Mechanic and electric machineries, which had shifted at the third place during 2013 with a share of 10%, this year moved to the second place as in 2012 with 12% (29% in 2012). The third most imported products from Spain were live animals reflecting 9 % (12% in 2013) of total imports at the value of 897 mln ALL. 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 basic metals (4%) and prepared food (2%). For a more detailed overview please refer to table 4 in Annex III.

Graph 5.17: Structure of exports to Spain, 2014



Graph 5.18: Structure of imports from Spain, 2014



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

Albania's trade flows with the countries of the region increased by 9% in 2014 (decreased by 13% in 2013). The volume of trade with the region amounted at 73,069 mln All (66,838 mln ALL in 2013), representing 9% of total Albania's trade volume, the same as in 2013 (tab 5.5). The export/imports coverage ratio decreased by 8 percentage points to 68% which was mainly due to the fact that imports from the region are growing much faster than exports to the region.

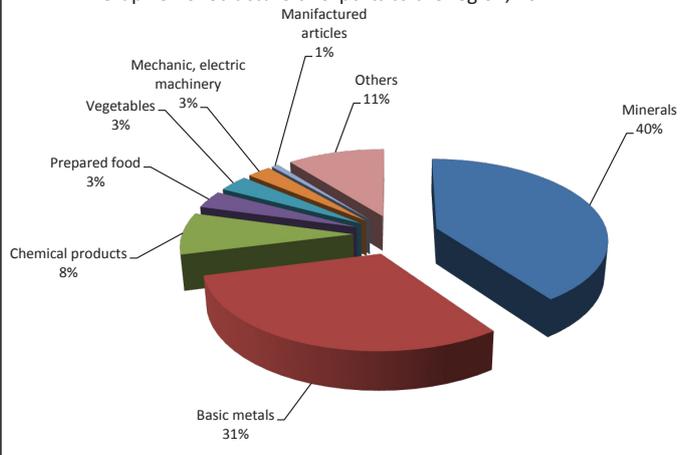
Exports were valued 29,660 mln ALL or 2,6% higher than in 2013. The share of exports to total exports is the same representing 12 percentage during 2014 as in 2013. (table 5.5). Imports from the region reached 43,409 mln ALL or 14% higher than 2013. Imports from the region share to the total imports is 7.8%, almost the same as in 2013. Most exported and imported products with the region are shown in Annex II.

Kosovo remains Albania's main exporting partner in the region accounting for 63% (56 % in 2013 and 63% in 2012) of regional exports, with 7%

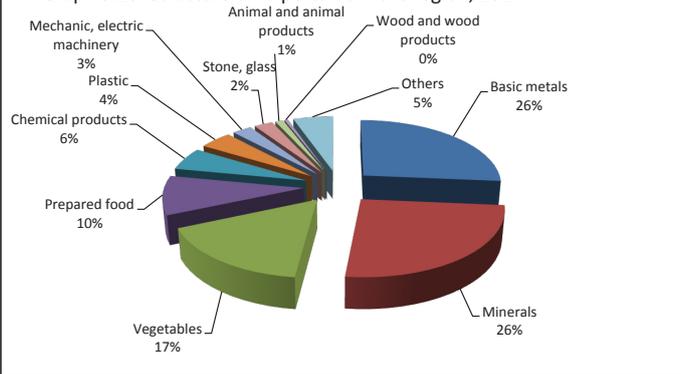
Table 5.5: Summary of key trade indicators between Albania and Regional Countries, in million ALL, or in %

Trade Indicators	2009	2010	2011	2012	2013	2014
Albania - Regional Countries trade volume	46,020.19	64,225.99	72,995.05	76,579	66,838	73,069
Share tot total Albania's trade volume	9%	10%	10%	10%	9%	9.0%
Imports from the Regional Countries	33,250.81	47,819.11	48,435.86	49,044	37,917	<b>43,409</b>
Share to total Albania's import	8%	10%	9%	9%	7%	7.8%
Exports to the Regional Countries	12,769.38	16,406.88	24,559.19	27,535	28,921	<b>29,660</b>
Share to total Albania's export	12%	10%	12%	13%	12%	12%
Trade balance of the trade with Regional Countries	-20,481.43	-31,412.23	-23,876.67	-21,509	-8,996	-13,749.00
Share to total Albania's trade balance	6%	10%	7%	7%	3%	-4.6%
Exports to the Regional Countries/Imports from Regional Countries, Coverage ratio	38%	34%	51%	56%	76%	68%
Total Exports/Total Imports Coverage ratio	24%	34%	36%	40%	48%	46%

Graph 5.19: Structure of exports to the region, 2014



Graph 5.20: Structure of imports from the region, 2014



points increase in 2014. Macedonia is the second most important country in terms of exports accounting for 18% of exports to the region with 3 points increase from 2013. Montenegro and Serbia are the other two main partners of Albania. Exports in these countries account, respectively, for 12% (17% in 2013) and 5% (8%

in 2013) of the total export to the region. Exports to Montenegro have experienced a decrease by 30% (increase of 46.5% in 2013), while exports to Serbia a decrease by 33% (increase by 37% in 2013). Exports to Bosnia and Herzegovina have also increased by 39% (14.6% in 2013).

Imports from the region are mainly represented again by Serbia which accounts for 55% (40% in 2013) of total regional imports, which is 15 percentage points higher than 2013. Imports from Macedonia account for 19% (23% in 2013) of total imports of the region and imports from Kosovo represent 14%, following by Bosnia and Herzegovina with 8% 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 40% (62% in 2013) of total exports to the region. Their value decreased by 64% when compared to 2013.

The decrease<sup>30</sup> of mineral 'exports to the region is reflected also in the ten most exported products, which during 2013 accounted for 97% of total exports, while during 2014 only by 24%. Other petroleum oils and oils obtained from bituminous minerals and preparations which were placed at the first in 2013 with a share by 31%, during this year did not ranked.. A more detailed view is shown in table A.2.3 of Annex II.

Structure of imports represents the same categories as in 2013, but decrease of imports for minerals is reflected in the region too. Imports

<sup>30</sup> Part of the decrease is also due to the fact that Croatia is no longer counted in the region but is part of the EU.

from the region are mainly represented by the import of basic metals which account for 26% (23% in 2013) of total imports, 3% points higher than 2013, as you can observe in the graph 5.20. Imports of minerals products shifted at the second place, reaching 11,067 mln ALL (13,230 mln ALL in 2013) and decreased by 16% and now represent 25% (28% in 2013) of total imports from the region. While vegetable products increased by 4% points from 13% in 2013 to 17% in 2014, prepared food increased from 8% in 2013 to 10% in 2014. The others categories are almost in the same share as in the 2013.

The ten most imported products from the region account for 61% of total imports. For a more detailed view refer to table A.2.4 in Annex II.

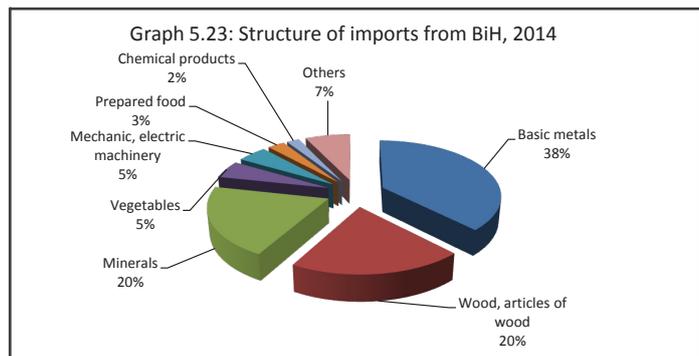
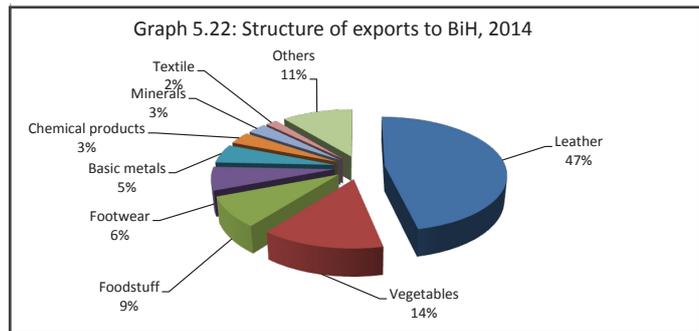
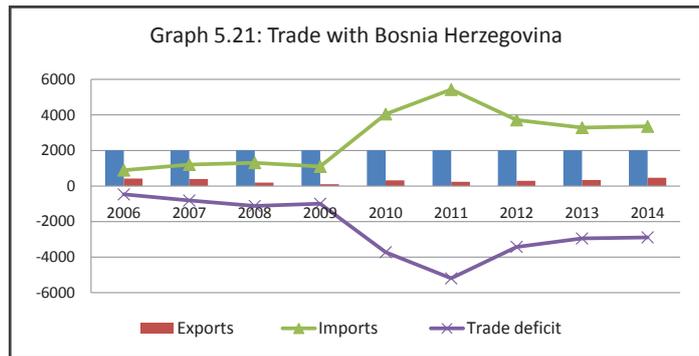
### 5.3.1 Trade with Bosnia and Herzegovina

Trade volume with Bosnia & Herzegovina reached 3,820 mln ALL (3,620 mln in 2013) having increased by 6% in 2014. The trade deficit was valued at 2,889 mln ALL (2,950 mln ALL in 2013) having decreased by 2%. This was due to the highest increase of exports in percentage and absolute value against imports as you can observe in graph 5.21.

Exports to Bosnia & Herzegovina increased by 39% and reached 466 mln ALL (335 mln ALL in 2013). Imports from Bosnia and Herzegovina increased only by 2% and reached 3,355n ALL (3,285 mln ALL in 2013). The import's coverage ratio increased to 14% in 2014 from 10% it was in the previous year.

Exports are mainly represented by leather, with a share of 47% (40% in 2013), accounting a value of 217 mln ALL and increasing by 62%. The category of vegetables stays again at the second place but with a decrease in share from 21% in 2013 to 14% in 2014. Footwear and basic metals reflected almost the same share as in 2013, respectively 6% and 5% of the total exports to BiH. There is a decrease of mineral exports to BiH. Thus, from 7% in 2013, share of minerals during 2014 decreased to 3%. The same situation and for Textile which represented with a share of 2% from 5% in 2013.

Imports are represented by almost the same



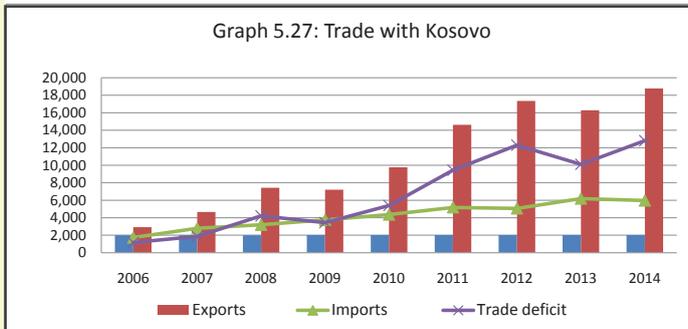
categories as in 2013. At the first place stay Basic Metals with 38% of share to total exports, with a considerable increase by 11% from 2013. Wood and articles of wood represented almost the same share as in 2013 by 20%. Mineral products which were at the second place with a share of 26% in 2013, moved to the third place in 2014 with a share of 20%. The others categories represented almost the same share as in 2013. For a better picture of Bosnia and Herzegovina structure of imports see graph 5.23.

The ten most exported products account for 78% of total exports. Leather and unprocessed leather were placed in the first and second place, with a share of 30% and 17%, respectively. Leather represented with a significant increase by 152% during 2014, while unprocessed leather with a minor decrease by 1%. Tomatoes, fresh or chilled, have experienced an increased by 5% compared to 2013 going to 7% (9% in 2013) of the total

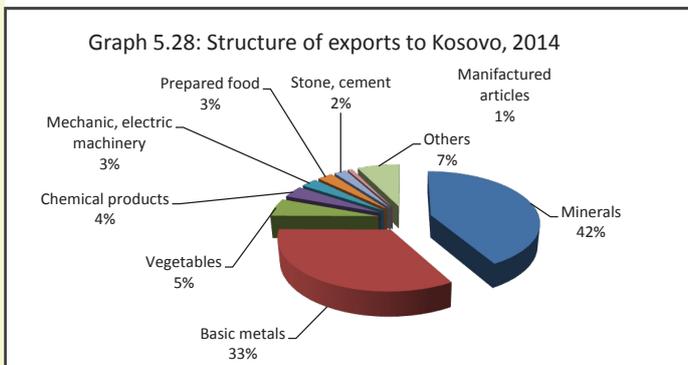
exports and ranked again in the third place. A more detailed view is shown in table A.3.17 of Annex II.

The ten most imported products account for 80% of total of imports. The most imported product during 2014 was lumber and softwood (wood articles), with a share of 18% of the total imports, but with a decrease in growth by 10% compared to 2013. Concrete reinforcing bars and rods which were in the first place valued at 755 mln ALL during 2013, but moved to the third place in 2014 valued with 437 mln ALL, with a decrease by 42% compared to 2013 (with a share of 13% of all Bosnia and Herzegovina imports). Coke & semi-coke of coal, lignite were at the second place with a share of 16% of the total imports and with a decrease by 105% during 2014. For a more detailed view refer to table A.3.18 in Annex III.

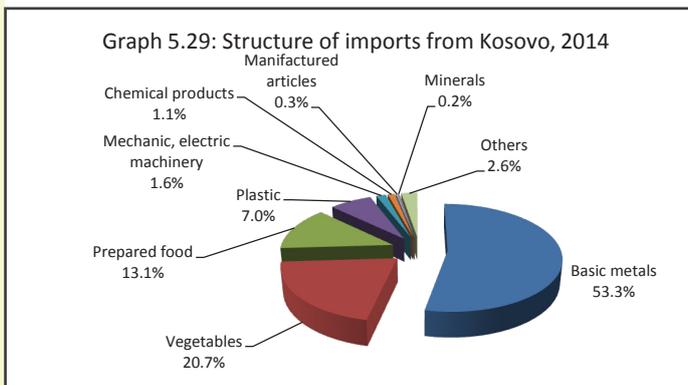
Graph 5.27: Trade with Kosovo



Graph 5.28: Structure of exports to Kosovo, 2014



Graph 5.29: Structure of imports from Kosovo, 2014



### 5.3.3 Trade with Kosovo

Trade volume with Kosovo increased steadily in the past four years, including 2014, reaching at 24,727 mln ALL (22,474 mln ALL in 2013) with an increase by 10%. For the first time in 2013, exports dropped by 6%, increasing again in 2014 by 15%, while imports from Kosovo decreased by 4%. The trade balance is still positive for Albania, and experienced an increase in 2014 by 27%.

In 2014 exports were valued at 18,768 mln All (16,291 mln ALL) or 15% higher than 2013. The main categories exported to Kosovo were mineral products and main metals. Although minerals products were at the first place in 2014, their share has experienced a high decrease by 25 percentage points going from 67% in 2013 to 42% in 2014. Basic metals increased their share from 20% in 2013 to 33% in 2014. The same happened for vegetables which went from 1% to 5%, chemical products from 2% to 4%, prepared food from 1% to 3%. The other categories were at the same share during 2014. The top ten exported products account for 76% of total exports (while it was 86% in 2013) where bars and rods, cement and light petroleum have the biggest share but experienced a decrease in growth rate compared to 2013. For more detailed information you can see the table A.3.9 of Annex II.

Imports from Kosovo were valued at 5,960 mln ALL (6,183 mln ALL in 2013), decreasing by 4%. This decrease was dependent mainly from vegetables which went from 23% in 2013 to 20.7% in 2014. The main imports are metals with a share of 53%, the same as in 2013. The main products of this category are again ferrous scraps with a share by 36% of total imports to Kosovo, but with a decrease of 10% in the value. The second most important category is vegetable products with a decrease in share from 23% in 2013 to 20.7% in 2014 (as already mentioned). This was followed by prepared food, which represents 13% of total imports from this country, with an increase by 3% point of share. Mineral products have also shown a decrease this year in absolute value as in the previous years with 10,5 mln ALL (81 mln ALL in 2013; 146 mln ALL in 2012 to), and now represent only 0,2% of share on total imports (1% in 2013; 3% in 2012). The top ten imported products listed in table A.3.10, Annex III, account for 83% of total imports. All of them are from the main three categories: metals, vegetables and foods and beverages.

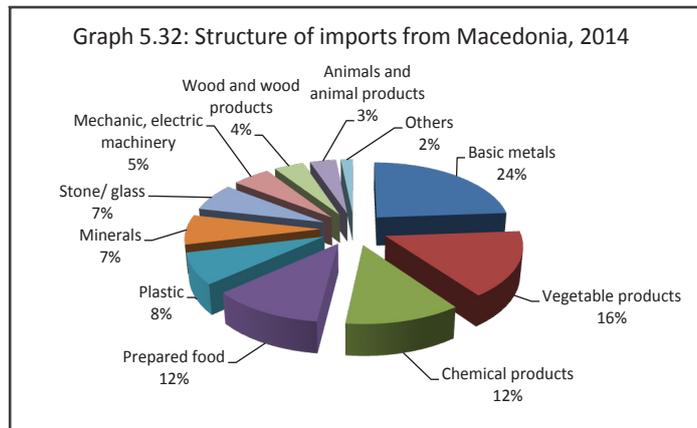
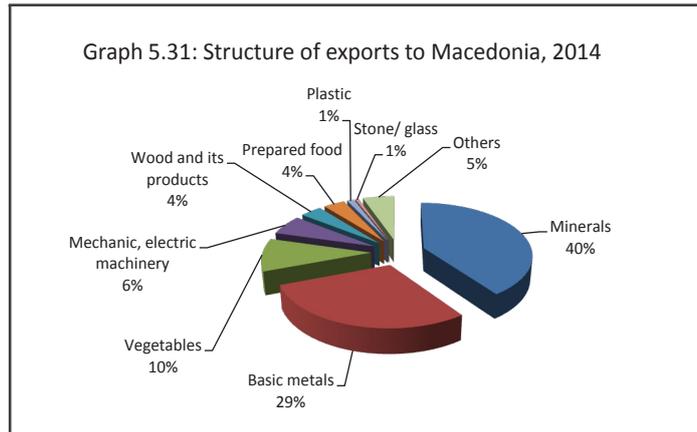
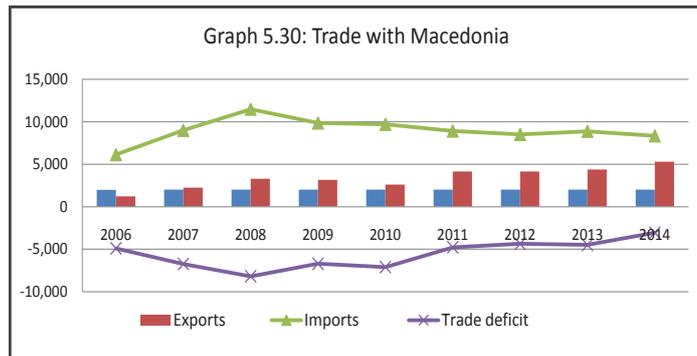
### 5.3.4 Trade with Macedonia

Trade with Macedonia reached 13,649 mln ALL (13,275 mln ALL in 2013), having increased by 3% in 2014. The increase in trade volume was driven mainly by the increase of exports by 21% while imports decreased by 6%.

In 2014 exports were valued at 5,300 mln ALL (4,394 mln ALL in 2013) or 21% higher than 2013. Mineral products registered the biggest exporting category which accounted for 40% (48% in 2013) of total share of exports to the country in 2014, but with decrease in share, reflecting again as in all countries, the trend of the sector during 2014. All the others sectors have seen an increase in 2014. Basic metals accounted for 29% (22% in 2013); vegetables accounted for 10% (7% in 2013) and prepared food represented 4% (2% in 2013) of total exports respectively. While exports of mechanic machineries have almost the same share as in 2013, with 6%.

The top ten exported products account for 78% of total exports. The most important products were bars and rods representing 26% (29% in 2013) of total export with an increase of 7% in the value, followed by portland cement (accounting for 23%) with an increase of 20% in value. Light petroleum distillates which was the second of the top ten in 2013, during this year did not appear in the list anymore. For more detailed information see table 3.11 of Annex III.

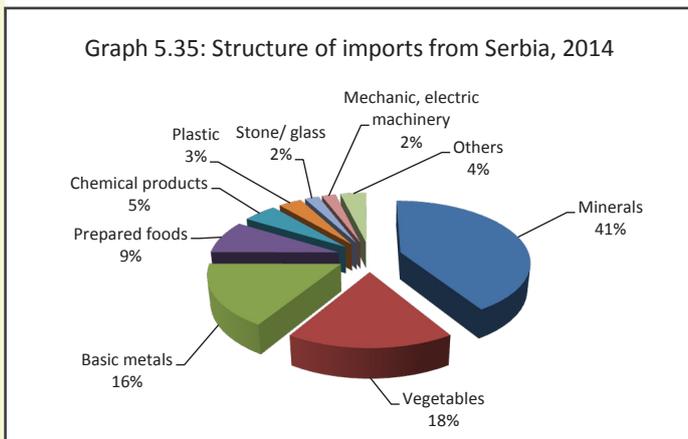
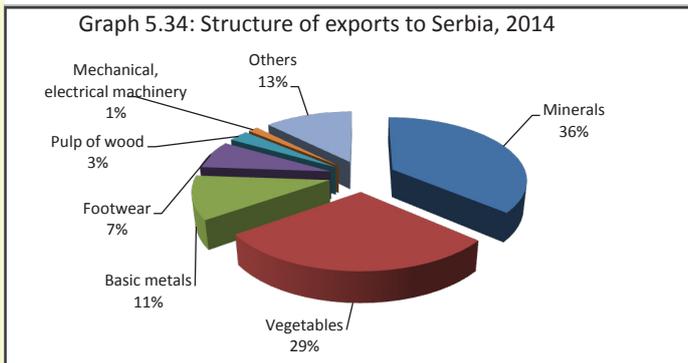
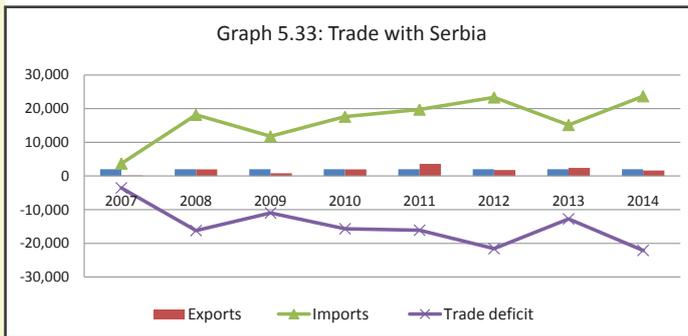
Imports from Macedonia were valued at 8,348 mln ALL (8,881 mln ALL in 2013), having decreased by 6% in 2014. All main sectors have shown a decreasing trend, besides two main categories, chemical products and minerals. These ones have experienced an increase of share to total imports. Main metals remain the most imported category and it represents 24% (29% in 2013) of total imports. Chemical products moved to the second place with 12% of the share from 9% in 2013. Minerals went from 5% in 2013 to 7% in 2014. Prepared food with 12% of the share to total imports have seen a decrease by 4 percentage points compared to 2013.



The ten most imported products from Macedonia account for 54% of total imports. The most imported product during 2014 was again ferrous waste which accounted for 16% (19% in 2013) of the total imports. Sunflower oil is the second product ranked in top ten and its share is 10% from 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 25,289 mln ALL (17,555 mln ALL in 2013), with an increase of 44% compared to 2013. Exports decreased by 33% while imports increased by 56%. Because of these trends in exports and imports, trade volume with Serbia goes to 3.1% on the total trade volume of Albania, moving again at the position of 2012, when its share was 3.4%. In 2013 this share fell at 2.3%.



Exports to Serbia reached 1,608 mln ALL (2,410 mln ALL in 2013) or 33% lower than 2013. Graph 5.34 shows the structure of exports to this country and this year we could notice almost the same picture as regarding the categories. Mineral products remain again the most exported category in 2014, accounting for 36% of total exports, decreasing with 23 percentage points compared to 2013 (59% in 2013). Vegetable products are in the second place in 2014, accounting for 29% of the total export (14% in 2013). The other categories experienced increase compared to the previous year.

The top ten exported products account for 73% of total exports. During 2013, the most exported good was electrical energy, reaching a value of 940 mln ALL, while in 2014 this item did not appear at the top ten, mainly due to the decrease in production. Portland cement which was the second product in the top ten during 2013, in 2014 moved in the first with 27% (17% in 2013) of the total share, followed by tomatoes, fresh or chilled, accounting for 17% of the total share. For more detailed information, you can see table 3.13 of Annex III.

Imports from Serbia reached 23,681 mln ALL (15,145 mln ALL in 2013) having increased by 56%. The structure of imports from Serbia is shown in graph 5.35, and we can see the same categories ranked as in 2013. Increasing of imports is reflected mainly in minerals, where the share of this sector has significantly increased, reaching 41% from 27% in 2013. The increase in mineral products category in 2014, was mainly due to the increase in imports of electric energy (which is part of this category). In 2014 imports of this product were 136% higher and it accounted for 41% of total imports.

The other main categories of imports from Serbia have seen a decrease in the share compared to 2013, apart from prepared food with 9%, from 8% in 2013..

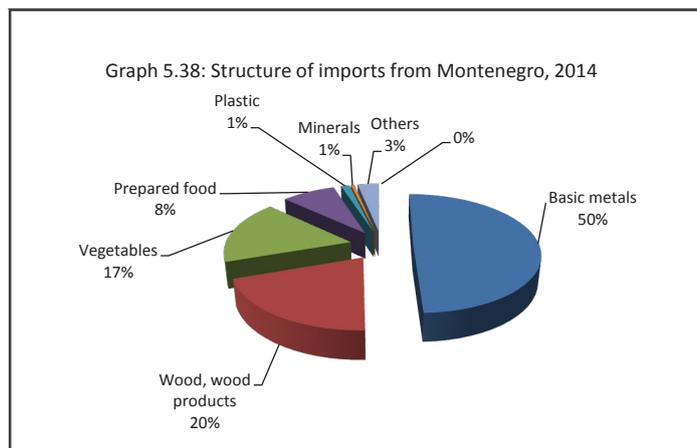
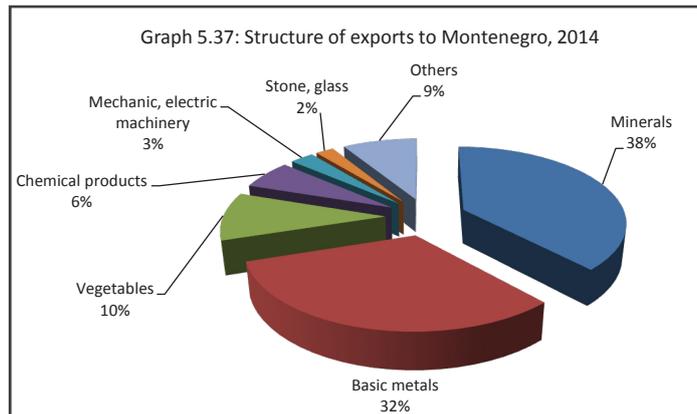
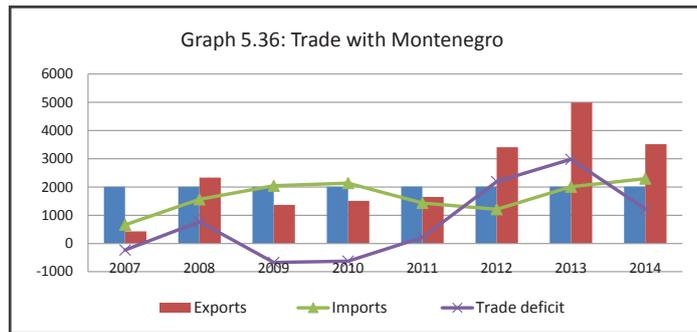
Imports of other products from the top ten products have experienced increases in values and shares except of maize (corn) that decreased by 8%. For more detailed information, you can observe in table 3.14 of Annex III.

### 5.3.6 Trade with Montenegro

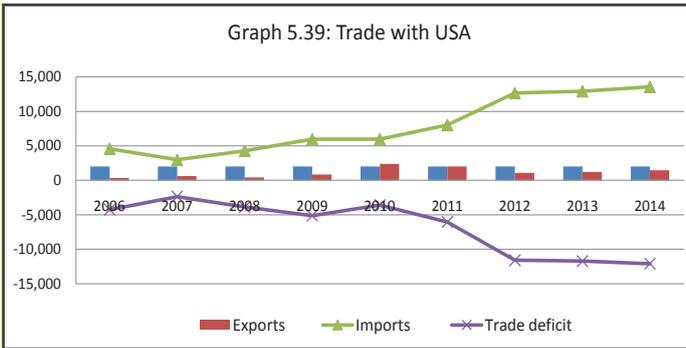
Trade with Montenegro was 5,815 mln ALL (7,002 mln ALL in 2013; 4,619 mln ALL in 2012) or 17% lower than in 2013. This decrease was due to the decrease of exports by 30% compared to previous year, confirming instability in these flows.

Exports to Montenegro reached 3,519 mln ALL (4,993 mln ALL in 2013). Graph 5.37 shows the structure of exports to Montenegro where major shifts in share, as compared to the previous year, are observed. The main two sectors which have reflected decrease of the exports to Montenegro were minerals and mechanic and electric machineries. The first sector is mineral products, with a decrease by 12 points accounting for 38% of share (50% in 2013) in 2014. Minerals are followed by basic metals, which contrary to them had a considerable increase by 8%, accounting for 32% of the total share of exports to Montenegro. Mechanic and electric machineries, which were placed third in 2013, fell again with 5 points in 2014 and were placed fifth in total share of the exports (8%, in 2013; 15% in 2012). The ten most exported products accounted for 78% of total exports. The most exported product in 2013 was light petroleum distillates, which during 2014 was replaced by Portland cement with a share of 33% of all exports to Montenegro. A more detailed overview is given in table 3.15 of Annex III.

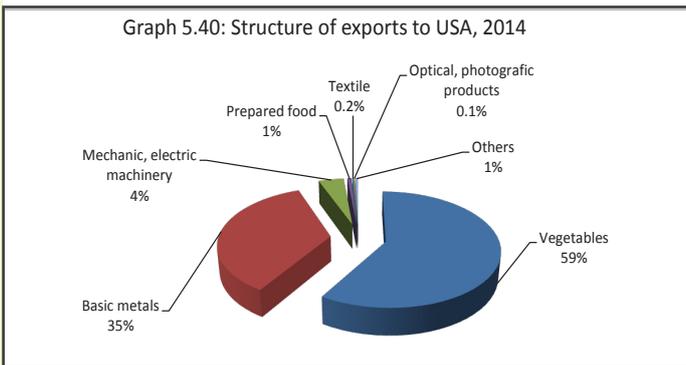
Imports from Montenegro increased to 2,295 mln ALL (2,009 mln ALL in 2013). The structure of imports from Montenegro is given in graph 5.38. As shown in the graph, basic metals are in the first place with a considerable increase of the share as in the previous year by 50% (40% in 2013 and 14% in 2012), thus returning at the same pace as in previous years. Wood and wood products shifted at the second place with a share of 20% (16% in 2013), replacing vegetable products which moved to the third place by 17% (20% in 2013). Table A.3.16 of Annex III shows the list of ten most imported products, which account for 92% of total imports.



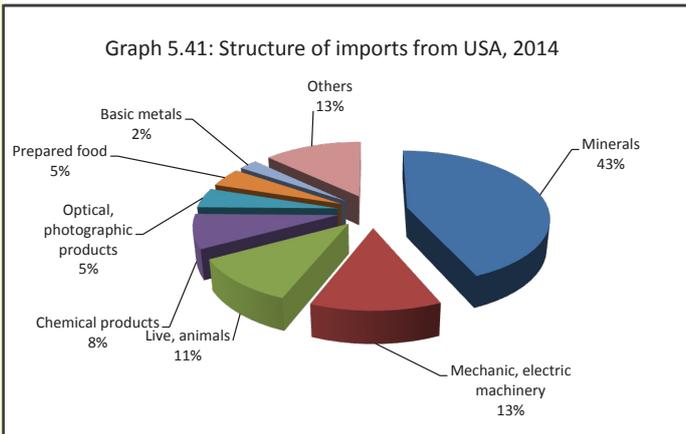
Graph 5.39: Trade with USA



Graph 5.40: Structure of exports to USA, 2014



Graph 5.41: Structure of imports from USA, 2014



## 5.4 Albania's trade with other selected countries

### 5.4.1 Trade with USA

Trade volumes with USA reached 15,021 mln ALL (14,146 mln ALL in 2013) having increased by 6% in 2014. This growth was due to the increase of both exports and imports.

Exports to the USA were 1,463 mln ALL (1,218 mln ALL in 2013). The main category of exports is again vegetable products (mainly medicinal plants) with a share of 59% (64% in 2013) followed by main metals with a share of 35% (23% in 2013) which increased by 12 points in 2013. Mechanic and electric machinery moved to the third place with 4% from 2% in 2013. Optical and photographic products which were the new sector in the structure of the exports during 2013 by 6%, dropped to 0,1% of the share to total export in 2014.

The top ten exported products account for 98% of total exports where plants and parts of plants used in pharmaceutical industry account for 52% of total exports, with an increase in value of 17% compared to 2013.

Imports from the USA reached 13,558 mln ALL (12,928 mln ALL in 2013) or 5% higher than in 2013. Minerals, mechanic and electric machinery, and animal products are some of the main categories imported during 2014. Mineral imports have experienced an increase of share by 10 percentage points from 36% in 2013 to 46% in 2014. While chemical products and live animal dropped their share by 12 points and 5 points respectively. The top ten imported products account for 70% of total imports from USA. The most important among them are petroleum oils, parts of frozen chicken and petroleum coke. For more detailed information on most imported products please check Table A.4.2 in the Annex.

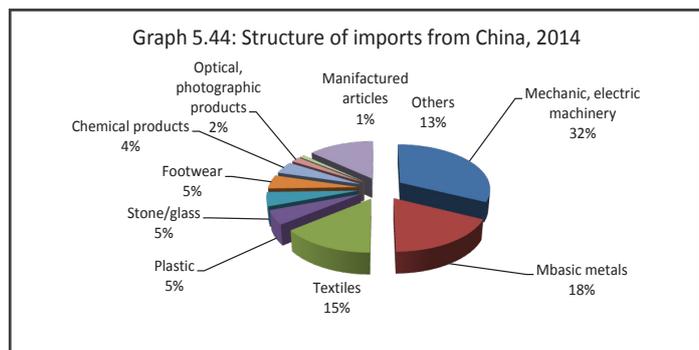
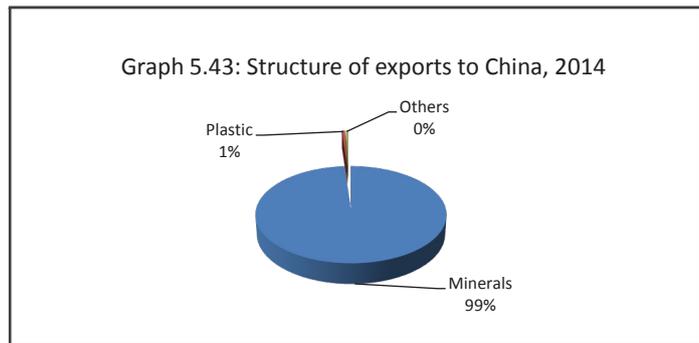
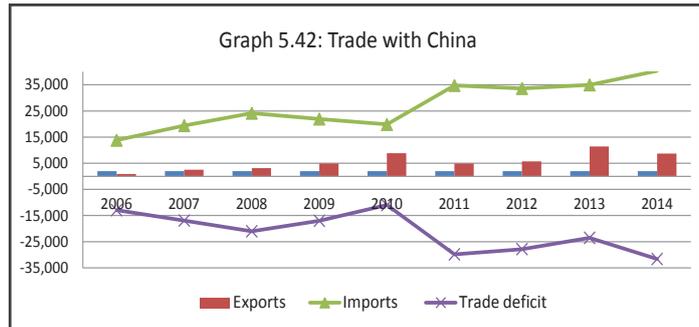
### 5.4.2 Trade with China

Trade volumes with China were valued at 49,097 mln ALL (46,438 mln ALL in 2013) having experienced an increase of 6%. Contrary to 2013 when both exports and imports increased, during 2014 exports decreased, while imports increased.

Exports to China were 8,739 mln All (11,449 mln ALL in 2013) experiencing a decrease by 24%. The main category remained mineral products which still accounts for 99% of total exports to the country, the same share as in 2013 and 2012. The decrease of exports value was reflected by the decrease in exports of chromium ores (9%) and copper ores (41%).

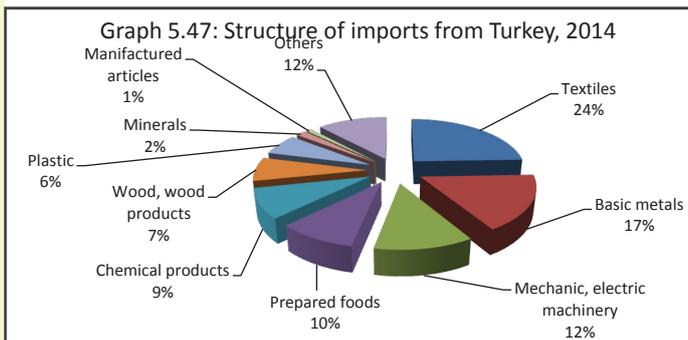
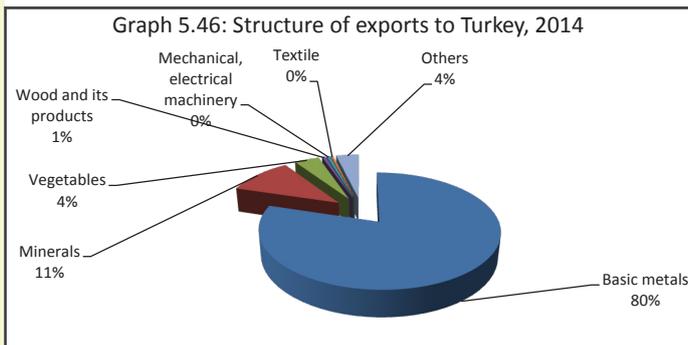
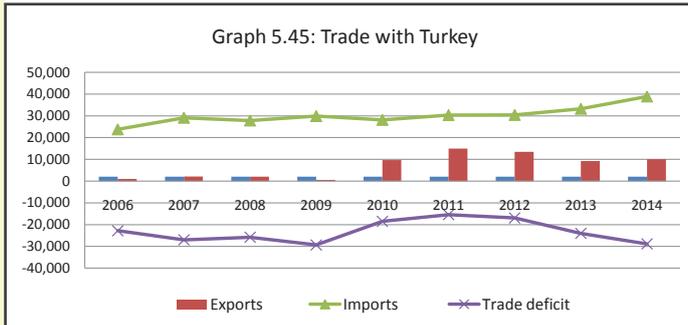
Imports from China were valued at 40,358 mln ALL (34,989 mln ALL in 2013). The structure of the imports is the same as in 2013 and 2012 and the share of categories is almost the same, apart from textiles and basic metals which have seen slight increase by 2% and 1% respectively during 2014.

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



### 5.4.3 Trade with Turkey

Trade volumes with Turkey reached 48,920 mln ALL (42,449 mln ALL in 2013) having increased by 15% compared to 2013. This 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 increase in trade volumes is due to both the increase of the value of exports by 9%



and imports by 17%. The higher increase of imports compared to exports has contributed for an increase of the trade deficit by 20%, reaching at 28,818 mln ALL.

Exports to Turkey were valued at 10,051 mln ALL (9,223 mln ALL in 2013) having experienced an increase of 9% in 2014. This is mainly due to the increase of minerals from 2% of share in 2013 to 11% in 2014, and in particular due to the increase of semi-finished products of iron with 125%. The structure of exports to Turkey changed during 2014. At the first place of the exports structure are basic metals with a share of 80% (77% in 2013). Mechanical and electrical machineries and leather are not more in top exported categories during 2014. The structure of exports to Turkey is given in graph 5.46.

The most exported products in the top ten are semi-finished products of iron with 60% of the share of total exports to Turkey. Bars & rods shifted to the second place with 17% of the total of exports, which experienced a decrease in value at 62% during 2014.

Imports from Turkey on the other hand reached 38,869 mln ALL (33,226 mln ALL in 2013) having an increase by 17% but representing still 7% of total imports. Imports are composed by a larger number of categories, as shown in graph 5.47 and with the same ranking. Textiles are at the first place accounted for 24% of total imports with an increase by 3 points of the share, followed by metal products with share of 17% almost the same as in 2013. Mechanic and electric machinery at the third place, dropped to 12% from 14% in 2013. Minerals are a new entry in 2014 with share by 2% of the total exports. Other categories are almost with the same share as in 2014. Imports from Turkey are still highly dispersed. The main product is parts of wood which experienced an increase of 113% compared to 2013. 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 accessed the WTO in 2000, on the premise that membership to this organization would enable a small open economy like Albania, to benefit from a multilateral trading system by defending and promoting its interests effectively. However, benefits from the WTO membership and trade opening, are possible only if country members become competitive by maintaining domestic reforms. Albania, since accession to the WTO, 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), since September 2000, Albania became part of the international trade system. Thus, 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 had to align its legislation with international and WTO rules and was committed to:

- (i) liberalize its tariff regime by applying 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 a WTO secretariat report, since its membership, Albania has made considerable progress towards liberalizing and streamlining its trade regime. During 2014 Albania has applied to join the WTO Agreement on Government Procurement. Actually Albania's trade regime is fully aligned with international trade rules. Customs procedures have been streamlined, and a centralized electronic system has been introduced, which has reduced customs clearance times. Albanian Customs apply the Automatic System for Custom Data ASYCUDA ++, which provides faster online customs clearance procedures. Tariffs are relatively low and approximately 41.5% of Albania's tariff lines are duty free including of, as a matter of example, fish and seafood, pharmaceuticals, animal and vegetable oils, paper, books and magazines, clothing items etc. No tariff peaks are present, whilst the highest tariff level is 15%. Albania's average applied tariff is higher for agricultural products, at 9.7% (WTO definition), than non-agricultural products, at 6.6%. Albania grants tariff preferences (FTA) to EU member states, Turkey, CEFTA and EFTA countries. Rates under FTA differ, but only for agricultural products, since industrial goods are granted duty-free treatment. The average rate for all products from all countries is 3.78%, 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. VAT applies on pharmaceuticals and health services to a rate of 10%. 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.

In accordance with Law 156/2013, all dangerous and not dangerous waste imports are prohibited.

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 and was notified to the WTO and its members. Although the respective law 9796/2007 “On antidumping and countervailing measures” is aligned with WTO provisions and EU directives, same has not been applied, mainly due to domestic industry’s lack of interest.

## 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 quantity limits. 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 2014, the EU’s imports from Western Balkans rounded up to 15.1 billion Euros, representing slightly less than 1% of EU’s total imports value. The EU’s exports to the Western Balkans rounded up to 23.4 billion Euros, representing 1.4% of EU’s total exports value.<sup>31</sup> In 2014, the EU was still the region’s largest trading partner for both imports and exports.

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. In 2014<sup>32</sup> the EU’s export of goods to Albania reached an approximate value of 2.44 billion Euros, representing approximately 61.4% of Albania’s total imports value, while EU’s import of goods from Albania reached an approximate value of 1.41 billion Euros, representing

approximately 77.4% of Albania’s total exports value, exceeding thus the 76.6% threshold of 2013. Main EU country for the Albanian exports remains Italy with 52% of the total exports (dominated by textiles and shoes), followed by Kosovo with 7.3% (dominated by minerals, fuels and electric energy) and Spain with 6.5% (dominated also by minerals and fuels). Exports to Spain have dropped, since in 2013 the same accounted for about 9.8% of total exports.

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 2015<sup>33</sup>.

<sup>31</sup> [http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc\\_122532.pdf](http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_122532.pdf)

<sup>32</sup> <http://www.dogana.gov.al/sites/default/files/Buletini%20%20Tregise%20se%20Jashtme%20Janar%20Dhjetor%202014%20publ.htm>

<sup>33</sup> 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

**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

Compliance with the technical standards remains one of the largest factors impeding the expansion of trade with the EU, which has always been the largest partner of Albania. Reaching

these standards would help in the growth of trade volumes and deepen trade relations by joining more sophisticated value chains. The liberalization schedule can be checked below.

For Albanian-originating products exported to the EC:

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

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

For EC-originating products exported to Albania:

1. industrial products: all duty free, except some products such as salt, Portland cement, some fuel categories, some cosmetics and detergents, some plastics, some footwear, fuels, tiles, used tires, construction steel, wooden furniture, which will be reduced through a reduction scale in the lifespan of 5 years<sup>34</sup>.
2. 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 Mission in Kosovo).<sup>35</sup> 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.

### Developments in 2014

In 2014 Macedonia took over the CEFTA Chairmanship for the second time (first time held Chairmanship in 2007). Priorities of Macedonia's Chairmanship were grouped in four directions:

- Further liberalization of trade in agricultural goods and trade in services by means of gradual liberalization of trade in services and boosting of the regional trade of agricultural

<sup>34</sup> 80% of MFN duty upon entry into force, 60% of MFN duty in the first year, 40% of MFN duty in the second year, 20% in the third year, 10% in the fourth year, duty free in the fifth year

<sup>35</sup> WTO document WT/REG/GEN/N/5, 7 August 2007.

products by removing the existing tariffs and quotas.

- Deepening the implementation of CEFTA for further facilitating trade by means of enhancement of transparency at regional level in order to systemize detecting of trade irritants, harmonization of data submission requirements in trade and elimination of redundant or contradictory data to the WTO and EU requirements, enhancement of cooperation in SPS matters, promotion of free trade without barriers, reduction of technical barriers to trade, initiation of an EU compliant CEFTA Authorized Economic Operator Program and establishment of a CEFTA High Level Task Force Trade Facilitation .
- Promoting the regional cooperation in competition policy, IPR and Public Procurement by creating regional networks in Competition Policy, IPR and Public Procurement.
- Sustaining synergy between implementation of CEFTA and the South East Strategy 2020 by steering the implementation of Integrated Growth Component of the SEE 2020.

There were several important meetings and developments for 2014. CEFTA week was held on November 19-21 and was focused on the results of the Macedonian CEFTA chairmanship and also discussed on the following topics: national and regional investment policies and promotion thereof, how a regional approach may enhance the investment climate, the development and promotion of regional food processing value chains in view of agricultural policies for European integration CEFTA region as a touristic destination (a regional approach for the development of the tourism), implementation of the WTO Agreement on Trade Facilitation in the CEFTA region, Facilitation of Trade in CEFTA Through Implementation of the Authorized Economic Operators Programs etc.

The eighth CEFTA Joint Committee meeting was held in Skopje, Macedonia, on November 21, 2014. The Committee after expressing the welcoming of the entry into force of the Additional protocol 3 to the Agreement on Amendment of and Accession to the Central European Free trade Agreement from 1 December 2014, liberalizing trade in

agriculture between the Republic of Albania and Bosnia and Herzegovina, declared that the scope of the negotiations for a Framework Agreement in the related fields of customs will include:

- a. Simplification of inspections related to all clearance procedures, and reducing formalities to the possible maximum extent,
- b. Determining the means and obligations of exchange of data between customs authorities to the extent that each national legislation allows,
- c. Recognizing mutually national Authorized Economic Operators Programs in each CEFTA Party provided that both legislation and implementation of each national program is fully in line with the relevant EU acquis.
- d. Recognizing EU Authorized Economic Operators by each CEFTA Party.

The Minister of Economic Development, Trade and Entrepreneurship of Albania, in his statement expressed Albania`s full commitment to the regional development and cooperation and reiterated the entry into force from 1 December 2014 of the Additional protocol 3 to the CEFTA Agreement, liberalizing trade in agriculture between the Republic of Albania and Bosnia and Herzegovina.

In April the CEFTA Secretariat in co-operation with the World Bank organized the “Dialogue on Regional Mobility of Professionals in CEFTA”. The core of the forum, which gathered around 35 participants from the responsible ministries in the CEFTA Parties, the World Bank, European Commission, the OECD, ERI SEEE, IOM, WTO and the RCC, was around the recognition of qualification in selected professional services, the temporary movement of natural persons from trade and migration perspective, labor schemes in other regional agreements and coordination of key stakeholders in implementation of commitments under SEE 2020 Strategy.

The CEFTA Secretariat in co-operation with the WTO Secretariat organized a Workshop on Foreign Affiliates Statistics, which took place on 9 and 10 December 2014 in Brussels. The Workshop aimed at raising awareness of the importance of good quality of trade in services statistics, in particular of FATS, as well as

providing the participants with information on the latest developments in this domain. The event was organized with the objective to support the trade in services negotiations that are currently underway within the CEFTA framework. The discussion was held on topics such as (i) FATS and FDI statistics policy and analytical needs; (ii) relevant statistical frameworks; (iii) data collection and data compilation on FATS; (iv) EU FATS Recommendations and Manual. The event gathered around 25 participants from CEFTA Ministries of Trade and Economy, Central Banks and statistical offices as well international partners including the WTO Secretariat, the OECD, DG Trade and EUROSTAT.

### **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).

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

By means of these agreements and additional agreements on agriculture, Albania and the EFTA countries established a free trade area, in order to promote prosperity and economic development, aiming at achieving gradual liberalization and opening the markets between them.

A 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 2014, a large number of laws have been adopted and other legal acts influencing business and investment climate, as well as international economic relations, have come into force. During 2014 the most of laws and legal acts adopted, are those that affect directly customs duties, customs code and tax system affecting trade directly as well as domestic market. Thus, the impact on taxation matters aims to create regulation and procedures for the administration of tax obligations as well as to bring together and establish up to date standards that guarantee fair competition as well as equal and neutral treatment.

#### **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:**

The Law 92/2014 "On Value Added Tax", was approved on July 24, 2014, abrogating thus the so many times amended Law 7928/1995, bringing also some significant changes to VAT regime, one of those being the exemption from VAT of pharmaceuticals.

The law no.8438, dated 28.12.1998 "On income tax", has been changed as much as four consecutive times within this year by the following adopted laws: Law no. 32/2014, dated 03.04.2014; Law no. 42/2014, dated 24.04.2014; Law no. 83/2014, dated 17.07.2014 and Law no. 156/2014, dated 27.11.2014.

The Directive of MF no. 14, dated 23.05.2014 have introduced certain new changes and additions to the Directive of MF no. 5 dated 30.1.2006 "On income taxes in the Republic of Albania".

Some new changes and approvals occurred in the tax system:

Following the trend of 2013, also this year the national and local tax experienced several changes through new laws and directives.

The Law 9975/2008 “On National Taxes”, as amended, has been further twice amended during 2014 by means of Laws 86/2014, dated 17.07.2014 and 157/2014, dated 27.11.2014.

Three times during 2014, the Directive no. 26, dated 4.9.2008 “For the national taxes”, has been amended by the following directives: Directive of MF no. 2, dated 17.01.2014; no. 2/1, dated 12.03.2014; no. 27, dated 16.12.2014.

The Law 9920/2008 “On tax procedures in the Republic of Albania”, as amended, has been further amended by the following Laws no. 43/2014, dated 24.04.2014, no. 84/2014, dated 17.07.2014 and no. 164/2014, dated 04.12.2014. Also three times has been amended during 2014 the respective Directive of the Minister of Finances no. 24, dated 02.09.2008 “On tax procedures in the Republic of Albania”, as amended.

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

Within less than 35 days, during 2014, the Law 61/2012 “On Excise Taxes in the Republic of Albania”, as amended, has been further twice amended by means of Laws no. 142/2014, dated 23.10.2014 and no. 158/2014, dated 27.11.2014.

The new Customs Code has been approved by Law 102/2014, dated 31.07.2014, ending thus the era of the 15 years old previous Albanian Customs Code. Also a new Council of Ministers Decision no. 919, dated 29.12.2014 on the provisions for the implementation of the Customs Code, has followed the entry into force of the new code, by abrogating also the CMD no. 205, dated 13.04.1999.

By means of the CMD 920/2014 has been approved the new harmonized commodity nomenclature for 2015.

#### **An important field remains the field of acts related to the consumer protection and establishment of a competitive and fair trade:**

The CMD no. 709, dated 29.10.2014 “For the approval of the inter-sectors strategy for rural and agricultural development 2014-2020” along

with the CMD no. 635, dated 01.10.2014 “For the approval of the strategy for the development of business and investments and action plan 2014-2020” have been introduced.

The National Commission of State Help has approved several decisions in order to provide support for commercial activities to certain target groups such as disabled (Decision of the NCSH no. 47, dated 28.03.2014), females (Decision of the NCSH no. 51, dated 01.10.2014), new businesses (Decision of the NCSH no. 50, dated 01.10.2014), handicraft businesses (Decision no. 45, dated 28.03.2014) etc.

**During 2014, 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.

A worth mentioning development for 2014 is the CMD no. 648, dated 08.10.2014 “On the approval of negotiation protocol between the Council of Ministers of the Republic of Albania and the Federal Republic of Germany for economic cooperation and development”.

Also during 2014 Albania has entered into two double tax agreements, with UAE and Kosovo, which were ratified by Law no. 61/2014 “For the ratification of the agreement between the Council of Ministers of the Republic of Albania and the United Arab Emirates on the avoidance of double taxation and prevention of fiscal evasion related to taxes on income and capital” and Law no. 62/2014 “For the ratification of the agreement between the Council of Ministers of the Republic of Albania and the Republic of Kosovo on the prevention of fiscal evasion related to taxes on income and capital and avoidance of double taxation”.



## Annex I: Trade flows with all countries

Table A 1.1

Shteti	Imports 2014	Share to total imports	Growth rate	Exports 2014	Share to total exports	Growth rate
Afghanistan	1.15	0.0002%	129.25%	0.02	0.0%	
Algeria	1,643.09	0.29%	33.67%	19.09	0.007%	-61%
Argentina	2,851.52	0.51%	20.24%	6.71	0.003%	
Armenia	0.49	0.0001%	194.16%	6.38	0.002%	133%
Australia	232.93	0.04%	16.14%	10.75	0.004%	
Austria	6,412.71	1.15%	-4.76%	1,942.41	0.8%	-71%
Azerbaijan	0.49	0.0001%	393.60%	0.28	0.0001%	-52%
Bangladesh	487.00	0.09%	89.74%	2.62	0.001%	
Belarus	16.62	0.003%	-75.38%	30.95	0.01%	
Belgium	2,417.69	0.43%	-9.23%	407.39	0.2%	106%
Bosnia and Herzegovina	3,354.63	0.60%	2.10%	465.76	0.2%	39%
Brazil	4,367.36	0.78%	-16.39%	130.30	0.05%	-28%
British Virgin Islands	0.26	0.00005%	-99.21%	1.47	0.001%	
Bulgaria	7,796.90	1.40%	-9.35%	2,750.77	1.08%	19%
Canada	5,386.81	0.97%	26.06%	104.69	0.04%	-71%
Cayman Islands		0%		218.73	0.09%	-72%
Chad		0%		0.13	0.0001%	
China	40,358.29	7.24%	15.35%	8,737.84	3.4%	-24%
Colombia	44.14	0.01%	-73.24%	0.03	0.0%	
Croatia	6,169.52	1.11%	157.92%	342.08	0.13%	-31%
Cyprus	303.42	0.05%	28.58%	1,154.79	0.5%	4870%
Czech Republic	3,523.89	0.63%	-21.24%	795.61	0.3%	-16%
Denmark	1,077.94	0.19%	69.62%	137.61	0.05%	-63%
Dominican Republic	12.70	0.002%	48.63%	13.32	0.005%	
Egypt	2,062.52	0.37%	-41.71%	1,120.24	0.44%	381%
Equatorial Guinea		0%	-100.00%	21.81	0.009%	
Estonia	57.65	0.01%	3.83%	10.78	0.004%	61%
Finland	1,388.88	0.25%	-20.23%	16.35	0.006%	520%
France	14,983.92	2.69%	15.17%	2,756.63	1.08%	-48%
Georgia	4.00	0.001%	-56.22%	1.58	0.0006%	-54%
Germany	33,098.13	5.94%	9.91%	7,089.77	2.8%	-25%
Ghana	15.77	0.003%		14.34	0.006%	
Great Britain	5,546.85	1.00%	5.59%	441.80	0.2%	-73%
Greece	52,101.38	9.35%	13.83%	8,858.45	3.5%	14%
Hong Kong	135.39	0.02%	-14.62%	123.85	0.05%	-30%
Hungary	4,475.11	0.80%	-1.06%	232.82	0.09%	-3%
Iceland	20.11	0.004%	768.21%	0.00	0.0%	
India	3,418.99	0.61%	25.76%	124.48	0.05%	-2%
Indonesia	626.62	0.11%	-80.50%	42.31	0.02%	-20%
Iran	88.71	0.02%		2.86	0.001%	-91%
Iraq		0%	-100.00%	184.90	0.07%	52403%
Ireland	1,979.64	0.36%	18.98%	11.89	0.005%	-52%
Israel	2,191.71	0.39%	-8.83%	11.88	0.005%	-72%
Italy	164,629.02	29.54%	-3.38%	132,977.22	52%	17%
Ivory Coast	79.91	0.01%	16.70%	29.48	0.01%	
Jamaica	0.97	0.0002%		0.40	0.0002%	
Japan	2,358.58	0.42%	1.91%	107.80	0.04%	120%
Jordan	39.72	0.01%	7.24%	92.95	0.04%	158%
Kenya	20.05	0.004%	612.17%	11.64	0.005%	
Korea	2,640.28	0.47%	-0.67%	12.61	0.005%	-66%
Kosovo	5,959.93	1.07%	-3.61%	18,767.39	7.3%	15%
Kuwait	4.06	0.001%	-73.47%	6.50	0.003%	
Kyrgyzstan	28.48	0.01%	-23.64%	1.67	0.0007%	

Latvia	132.63	0.02%	86.23%	22.33	0.009%	-58%
Lebanon	118.81	0.02%	1999.96%	239.72	0.09%	-19%
Liberia	2.55	0.0005%		7.23	0.003%	792%
Libya	2,033.52	0.36%		1,641.89	0.6%	14%
Liechtenstein	11.10	0.002%	-75.17%	0.77	0.0003%	
Lithuania	346.07	0.06%	35.24%	10.59	0.004%	-62%
Luxembourg	31.54	0.01%	-44.00%	339.18	0.1%	-19%
Macau	9.91	0.002%	114.07%	2.87	0.001%	
Macedonia	8,348.49	1.50%	-6.00%	5,300.53	2.07%	21%
Malasya	744.10	0.13%	39.18%	4.92	0.002%	1769%
Mali		0%	-100.00%	0.22	0.0001%	
Malta	133.57	0.02%	-60.25%	15,906.14	6.23%	-4%
Marshall Islands		0.0%		20.82	0.008%	
Mauritius	1.52	0.0003%	214.83%	14.53	0.006%	
Mexico	975.66	0.18%	88.93%	2.30	0.0009%	63%
Montenegro	2,295.47	0.41%	14.26%	3,519.19	1.4%	-30%
Morocco	610.98	0.11%	14.69%	9.65	0.004%	-59%
Myanmar	3.13	0.001%	1510.68%	0.07	0.0%	
Netherlands	4,294.53	0.77%	3.18%	2,278.67	0.9%	3%
Nigeria	2.55	0.0005%		2.30	0.0009%	4%
Norway	308.38	0.06%	42.92%	21.29	0.008%	46%
Pakistan	370.02	0.07%	39.33%	4.95	0.002%	17%
Panama	19.99	0.004%	25.50%	0.23	0.0001%	
Philippines	80.78	0.01%	103.31%	0.25	0.0001%	-97%
Poland	7,990.53	1.43%	-0.78%	844.14	0.3%	550%
Portugal	747.83	0.13%	27.87%	9.56	0.004%	-71%
Qatar	325.59	0.06%	1.78%	13.92	0.005%	217%
Romania	6,101.91	1.10%	1.45%	878.63	0.3%	50%
Russian Federation	11,738.36	2.11%	16.92%	456.78	0.2%	126%
Saudi Arabia	531.05	0.10%	163.00%	387.14	0.2%	2556%
Senegal	7.31	0.001%	16.36%	4.54	0.002%	-55%
Serbia	23,681.09	4.25%	56.36%	1,608.20	0.6%	-34%
Sierra Leone	26.15	0.005%	1464.23%	0.85	0.0003%	-12%
Singapore	383.11	0.07%	82.57%	38.11	0.01%	86965%
Slovak Republic	1,817.28	0.33%	20.27%	632.06	0.2%	455%
Slovenia	3,452.36	0.62%	-17.62%	164.28	0.06%	-91%
South Africa	93.04	0.02%	17.30%	6.24	0.002%	1614%
Spain	9,566.85	1.72%	19.21%	16,684.22	6.5%	-31%
Sri Lanka	25.27	0.005%	-22.89%	5.42	0.002%	
Swaziland	13.59	0.002%	-66.45%	11.95	0.005%	
Sweeden	1,532.61	0.28%	-9.04%	118.86	0.05%	22%
Swizerland	16,803.41	3.02%	86.37%	1,929.87	0.8%	-56%
Syria	30.09	0.01%	-72.60%	2.37	0.0009%	
Taiwan	877.17	0.16%	-16.25%	0.29	0.0001%	-95%
Thailand	1,399.39	0.25%	-3.73%	15.03	0.006%	-54%
Togo		0%		2.77	0.001%	
Tunisia	2,448.30	0.44%	180.22%	187.92	0.1%	413%
Turkey	38,869.57	6.98%	16.99%	10,050.68	3.9%	9%
Turkmenistan	1,200.44	0.22%	0.84%	24.66	0.01%	
Ukraine	3,701.55	0.66%	-32.71%	18.59	0.007%	-39%
United Arab Emirates	468.29	0.08%	-11.71%	162.42	0.06%	-47%
United States	13,558.18	2.43%	4.87%	1,463.37	0.6%	20%
Uruguay	13.95	0.003%	-21.12%	0.00	0.0%	
Yemen	0.04	0%		0.65	0.0%	-94%

## Annex II: Most exported and imported products with the EU and the Region

**Table A 1.1 Ten most exported products to the EU-28 (mln ALL)**

HS Code	Description	2013	2014	Share to total in %
270900	Petroleum oils and oils obtained from bituminous minerals, crude	69,540	55,045	28%
640610	Uppers and parts thereof, other than stiffeners	12,614	15,798	8%
620342	Mens/boys trousers and shorts, of cotton, not knitted	7,251	7,040	4%
640399	Footwear, outer soles of rubber/plastics uppers of leather, nes	5,134	6,777	3%
640340	Footwear, outer sole of rubber/plastic/leather, uppers of leather w/met toe-cap	6,314	6,088	3%
620520	Mens/boys shirts, of cotton, not knitted	4,262	5,526	3%
481940	Other sacks and bags, including cones	4,031	5,251	3%
830140	Locks of base metal, nes	4,624	4,610	2%
610711	Men's or Boys' Underpants, Briefs, of Cotton, Knitted or Crocheted	1,065	3,470	2%
160416	Anchovies (Prepared or Preserved)	559	3,159	2%
	<b>TOP TEN EXPORTS TO EU</b>		<b>112,764</b>	<b>57%</b>
	<b>TOTAL EXPORTS TO EU</b>		<b>197,807</b>	

**Table A 1.2 Ten most imported products from the EU-28 (mln ALL)**

HS Code	Description	2013	2014	Share to total in %
271019	Light petroleum distillates nes	78,101	34,492	10%
300490	Other Medicaments (Put up in Packings for Retail Sale)	10,895	11,293	3%
870332	Other Vehicles, Compression-ignition Engine (diesel) Of a cylinder capacity exceeding 1,500 cc but not exceeding 2,500 cc	11,125	10,847	3%
271012	Light oils and preparations	13,923	7,997	2%
880212	Helicopters Of an unladen weight exceeding 2,000 kg	2,949	6,764	2%
240220	Cigarettes (Containing Tobacco)	8,667	6,612	2%
870333	Other Vehicles, Compression-ignition Engine (diesel) Of a cylinder capacity exceeding 2,500 cc	4,439	5,563	2%
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	4,190	4,830	1%
830160	Parts of Padlocks and Locks of Base Metal	4,573	4,455	1%
690890	Glazed Ceramic Flags	3,798	3,845	1%
	<b>TOP TEN IMPORTS FROM EU</b>		<b>96,698</b>	<b>28%</b>
	<b>TOTAL IMPORTS FROM EU</b>		<b>342,105</b>	

Table A 2.1 Ten most exported products to the Region (mln ALL)

HS Code	Description	2014	Share to total in %
252329	Portland cement nes	1,901	6%
721420	Other bars & rods of iron or non-alloy steel, with indentations or other deformations produced during rolling process	1,883	6%
252321	Portland cement, white, whether or not artificially coloured	1,057	4%
260111	Iron Ores and Concentrates (Non-agglomerated)	731	2%
70200	Tomatoes, fresh or chilled	634	2%
760410	Bars, rods and profiles, aluminium, not alloyed	225	1%
271320	Petroleum bitumen	210	1%
721391	Other Bars, Rods, Hot-rolled	194	1%
121190	Other Plants of a Kind Use for Perfumery, Pharmacy, Insecticidal Purpose (Fresh or Dried)	184	1%
382450	Nonrefractory mortars and concretes	164	1%
	<b>TOP TEN EXPORTS TO REGION</b>	<b>7,183</b>	<b>24%</b>
	<b>TOTAL EXPORTS TO REGION</b>	<b>29,660</b>	

Table A 2.2 Ten most imported products from the Region (mln ALL)

HS Code	Description	2014	Share to total in %
271600	Electrical energy	9,658	22%
720449	Ferrous waste and scrap, iron or steel, nes	7,714	18%
100590	Maize (corn) nes	1,681	4%
110100	Wheat or meslin flour	1,627	4%
100199	Other wheat and maslin (inquota)	1,467	3%
300490	Other Medicaments (Put up in Packings for Retail Sale)	1,007	2%
151219	Sunflower Seed Oil, Safflower Oil and Their Fractions (Other than Crude Oil)	918	2%
440710	Coniferous	808	2%
170199	Other Cane or Beet Sugar, Chemically Pure Sucrose	767	2%
220290	Other Non-alcoholic Beverages (Other than Fruit or Vegetable Juices)	752	2%
	<b>TOP TEN IMPORTS FROM REGION</b>	<b>26,398</b>	<b>61%</b>
	<b>TOTAL IMPORTS FROM REGION</b>	<b>43,409</b>	

## 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	2013	2014	Share to total in %
270900	Petroleum oils and oils obtained from bituminous minerals, crude	22,121	22,940	17%
640610	Uppers and parts thereof, other than stiffeners	12,594	15,779	12%
620342	Mens/boys trousers and shorts, of cotton, not knitted	6,067	6,331	5%
640340	Footwear, outer sole of rubber/plastic/leather, uppers of leather w/met toe-cap	6,245	5,996	5%
640399	Footwear, outer soles of rubber/plastics uppers of leather, nes	4,781	5,900	4%
620520	Men/boys shirts, of cotton, not knitted	4,205	5,434	4%
481940	Other sacks and bags, including cones	3,714	4,898	4%
830140	Locks of base metal, nes	4,623	4,610	3%
160416	Anchovies, prepared or preserved, whole or in pieces, but not minced	2,965	2,977	2%
610711	Men's or Boys' Underpants, Briefs, of Cotton, Knitted or Crocheted	2,212	2,776	2%
	<b>TOP TEN EXPORTS TO ITALY</b>		<b>77,641</b>	<b>58%</b>
	<b>TOTAL EXPORTS TO ITALY</b>		<b>132,970</b>	

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

HS Code	Description	2013	2014	Share to total in %
271019	Light petroleum distillates nes	66,278	22,361	14%
410719	Leather	4,174	4,726	3%
271012	Light oils and preparations	8,068	4,454	3%
830160	Lock parts, including parts of clasps or frames w clasps, of base metal, nes	4,569	4,452	3%
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	2,015	3,383	2%
640610	Uppers and parts thereof, other than stiffeners	3,435	3,155	2%
870332	Automobiles with diesel engine displacing more than 1500 cc to 2500 cc	3,758	3,149	2%
640690	Parts of Footwear	2,064	2,579	2%
410799	Leather of Other Animals (Without Hair On)	1,554	2,501	2%
640620	Outer Soles and Heels, of Rubber or Plastics	1,867	2,352	1%
	<b>TOP TEN IMPORTS FROM ITALY</b>		<b>53,111</b>	<b>32%</b>
	<b>TOTAL IMPORTS FROM ITALY</b>		<b>164,631</b>	

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

HS Code	Description	2013	2014	Share to total in %
720449	Light petroleum distillates nes	1,303	772	9%
240120	Tobacco, unmanufactured, partly or wholly stemmed or stripped	487	650	7%
610610	Women's or Girls' Blouses, Shirts, of Cotton, Knitted or Crocheted	499	618	7%
200570	Olives, Prepared or Preserved (Excluding By Acetic Acid; Not Frozen)	468	540	6%
611241	Women's or Girls' Swimwear, of Synthetic Fibres, Knitted or Crocheted	134	505	6%
481940	Sacks and bags, of paper, nes; including cones	317	328	4%
610711	Men's or Boys' Underpants, Briefs, of Cotton, Knitted or Crocheted	75	316	4%
620443	Womens/girls dresses, of synthetic fibres, not knitted	328	308	3%
620341	Men's or Boys' Trousers, Overalls, Breeches, of Wool or Fine Animal Hai	158	300	3%
620342	Men's or Boys' Trousers, Overalls, Breeches, of Cotton	260	244	3%
	<b>TOP TEN EXPORTS TO GREECE</b>		<b>4,582</b>	<b>52%</b>
	<b>TOTAL EXPORTS TO GREECE</b>		<b>8,858</b>	

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

HS Code	Description	2013	2014	Share to total in %
271019	Light petroleum distillates nes	8,558	10,956	21%
240220	Cigarettes containing tobacco	2,735	2,484	5%
721420	Bars & rods, i/nas, hr, hd or he, cntg indent, ribs, etc, prod dur rp/tar, nes	3,507	2,148	4%
271012	Motor gasoline, aviation gasoline, excluding biodiesel (containing lead ≤ 0.013L/g)	5,342	1,695	3%
80510	Oranges, fresh or dried	896	1,119	2%
10392	Purebred breeding animals Weighing 50 (11023 lb) or more each	774	1,052	2%
220300	Beer made from malt	1,107	1,017	2%
300339	Medicaments Containing Other Hormones	723	745	1%
760120	Aluminum alloys	714	655	1%
480300	Toilet or facial tissue stock, towel or napkin stock and similar paper of a kind used for household or sanitary purposes, cellulose wadding and webs	561	645	1%
	<b>TOP TEN IMPORTS FROM GREECE</b>		<b>22,517</b>	<b>43%</b>
	<b>TOTAL IMPORTS FROM GREECE</b>		<b>52,101</b>	

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

HS Code	Description	2013	2014	Share to total in %
270900	Petroleum oils and oils obtained from bituminous minerals, crude	3,772	968	14%
121190	Plants &pts of plants(incl sed&fruit) used in pharm,perf,insect etc nes	1,075	911	13%
620322	Men/boys trousers and shorts, of cotton, not knitted	890	771	11%
620640	Women's or Girls' Blouses, Shirts, of Man-made Fibres	26	557	8%
271019	Petroleum Oils, Oils Obtained from Bituminous Minerals, Preparations Thereof	N/A	489	7%
620462	Women's or Girls' Trousers, Breeches, of Other Textile Materials	233	364	5%
610469	Women's Trousers, Breeches, of Synthetic Fibres, Knitted or Crocheted 610469 Women's or Girls' Trousers, Breeches of Other Textile Materials	273	285	4%
620343	Men's or Boys' Trousers, Overalls, Breeches, of Synthetic Fibres	499	250	4%
640399	Other Footwear With Outer Soles and Uppers of Leather	342	245	3%
121490	Swedes, Mangolds, Fodder Roots, Hay, Clover, Other Forage Products	254	224	3%
	<b>TOP TEN EXPORTS TO GERMANY</b>		<b>5,065</b>	<b>71%</b>
	<b>TOTAL EXPORTS TO GERMANY</b>		<b>7,090</b>	

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

HS Code	Description	2013	2014	Share to total in %
870332	Automobiles with diesel engine displacing more than 1500 cc to 2500 cc	5,503	5,670	17%
870333	Automobiles with diesel engine displacing more than 2500 cc	2,429	3,274	10%
300490	Medicaments nes, in dosage	2,146	1,969	6%
870421	Diesel powered trucks with a GVW not exceeding five tonnes	835	920	3%
240220	Cigarettes containing tobacco	1,430	652	2%
252390	Hydraulic cements nes	539	614	2%
870324	Other Vehicles, Spark-ignition Engine Of a cylinder capacity exceeding 3,000 cc	549	612	2%
551229	Other Woven Fabrics, Acrylic or Modacrylic Staple Fibres 85% or More	127	558	2%
870323	Automobiles w reciprocating piston engine displac > 1500 cc to 3000 cc	568	558	2%
870322	Automobiles w reciprocating piston engine displac > 1000 cc to 1500 cc	532	418	1%
	<b>TOP TEN IMPORTS FROM GERMANY</b>		<b>15,244</b>	<b>46%</b>
	<b>TOTAL IMPORTS FROM GERMANY</b>		<b>33,098</b>	

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

HS Code	Description	2013	2014	Share to total in %
640340	Footwear	57	93	27%
121190	Plants &pts of plants(incl sed&fruit) usd in pharm,perf,insect etc nes	45	49	14%
410120	Leather	67	34	10%
760410	Bard, Rods and Profiles, Of aluminum, not alloyed		25	7%
160416	Anchovies (Prepared or Preserved)	23	20	6%
80420	Figs	7	15	4%
640399	Footwear, outer soles of rubber/plastics uppers of leather, nes	18	14	4%
30539	Fish fillets, dried, salted or in brine, but not smoked smoked fish, including fillets		14	4%
70490	Other (including sprouting broccoli, (Brassica oleracea var italica), Cabbage, Broccoli	4	10	3%
30563	Anchovies (Engraulis spp)	11	10	3%
	<b>TOP TEN EXPORTS TO CROATIA</b>		284	83%
	<b>TOTAL EXPORTS TO CROATIA</b>		342	

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

HS Code	Description	2013	2014	Share to total in %
271012	Light oils and preparations	2,166	1,130	18%
271113	Butanes, liquefied	4,002	938	15%
30563	Anchovies, salted and in brine, but not dried or smoked	721	870	14%
110710	Malt (Not Roasted)	147	311	5%
340220	Surface-active prep, washing & cleaning prep put up for retail sale	241	303	5%
100199	Wheat nes and meslin	325	256	4%
850423	Liquid Dielectric Transformers, Exceeding 10, 000kva	N/A	215	3%
853710	Bases for Electric Control or the Distribution, Not Exceeding 1,000v	2	89	1%
852380	Other Prepared Unrecorded Media for Sound Recording	103	87	1%
252220	Slaked Lime	78	77	1%
	<b>TOP TEN IMPORTS FROM CROATIA</b>		4,274	69%
	<b>TOTAL IMPORTS FROM CROATIA</b>		6,169	

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

HS Code	Description	2013	2014	Share to total in %
721420	Bars & rods, i/nas, hr, hd or he, cntg indent, ribs, etc, prod dur rp/tar, nes	6,836	5,144	27%
252329	Portland cement nes	3,129	2,841	15%
271019	Light petroleum distillates nes	16,810	2,372	13%
271320	Petroleum bitumen	767	1,567	8%
260400	Nickel Ores and Concentrates	71	683	4%
760410	Bars, rods and profiles, aluminium, not alloyed	612	460	2%
70200	Tomatoes, fresh or chilled	203	378	2%
690410	Building bricks	350	329	2%
80711	Melons (including watermelons), Cantaloupes, Watermelons	113	205	1%
321490	Non-refractory Surfacing Preparations for Facades, Indoor Walls, Floors, Ceilings or the Like	187	200	1%
	<b>TOP TEN EXPORTS TO KOSOVA</b>		<b>14,180</b>	<b>76%</b>
	<b>TOTAL EXPORTS TO KOSOVA</b>		<b>18,768</b>	

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

HS Code	Description	2013	2014	Share to total in %
720449	Ferrous waste and scrap, iron or steel, nes	2,357	2,123	36%
110100	Wheat or meslin flour	1,173	952	16%
730439	Other Tubes, Pipes and Hollow Profiles, of Iron or Non-alloy Steel	201	489	8%
760200	Aluminum waste and scrap:	229	412	7%
70190	Potatoes, fresh or chilled nes	182	229	4%
220210	Waters incl mineral & aerated, containing sugar or sweetening matter or flavouring	250	205	3%
391731	Tubes, pipes & hoses, flexible, plastic, minimum burst pressure of 27.6 MPa	170	160	3%
220300	Beer made from malt	106	159	3%
230230	Bran, Sharps, Other Residues of Wheat	103	132	2%
220290	Other Non-alcoholic Beverages (Other than Fruit or Vegetable Juices)	80	99	2%
	<b>TOP TEN IMPORTS FROM KOSOVA</b>		<b>4,959</b>	<b>83%</b>
	<b>TOTAL IMPORTS FROM KOSOVA</b>		<b>5,960</b>	

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

HS Code	Description	2013	2014	Share to total in %
721420	Bars & rods, i/nas, hr, hd or he, cntg indent, ribs, etc, prod dur rp/tar, nes	1,268	1,356	26%
252329	Portland cement nes	1,024	1,229	23%
260111	Iron ores & concentrates, oth than roasted iron pyrites, non-agglomerated	316	731	14%
121190	Plants and part of plants	137	165	3%
70200	Tomatoes, fresh or chilled	86	156	3%
851712	Telephone sets	3	121	2%
271320	Petroleum bitumen	93	113	2%
481890	Household or hospital supplies, of paper, nes	173	112	2%
854590	Articles of carbon/graphite, of a kind used for electrical purposes, nes	83	105	2%
961900	tailors' dummies & other mannequins for displa	2	67	1%
	<b>TOP TEN EXPORTS TO MACEDONIA</b>		<b>4,155</b>	<b>78%</b>
	<b>TOTAL EXPORTS TO MACEDONIA</b>		<b>5,301</b>	

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

HS Code	Description	2013	2014	Share to total in %
720449	Ferrous waste and scrap, iron or steel, nes	1,662	1,273	16%
151219	Sunflower-seed/safflower oil & their fractions refined but not chem modified	717	796	10%
680911	Plaster boards etc not ornamental faced or reinforced w paper/paperboard	430	469	6%
300490	Medicaments nes, in dosage	233	432	5%
261900	Slag, Dross, Scalings, Other Waste from the Manufacture of Iron or Steel	217	391	5%
210210	Yeasts, active	304	274	3%
10229	Purebred breeding animals	144	228	3%
280440	Oxygen	153	196	2%
321490	Non-refractory surface preparations for facades, walls, floors, ceilings	191	175	2%
391721	Tubes, pipes and hoses, rigid; of polyethylene	279	173	2%
	<b>TOP TEN IMPORTS FROM MACEDONIA</b>		<b>4,407</b>	<b>54%</b>
	<b>TOTAL IMPORTS FROM MACEDONIA</b>		<b>8,120</b>	

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

HS Code	Description	2013	2014	Share to total in %
252321	Portland cement, white, whether or not artificially coloured	419	430	27%
070200	Tomatoes, fresh or chilled	223	281	17%
252329	Portland cement nes	55	120	7%
640351	Footwear With Outer Soles and Uppers of Leather, Covering the Ankle	19	82	5%
731449	Other Other grill, netting and fencing, of Iron or Steel	19	57	4%
940350	Bedroom furniture, wooden, nes	61	51	3%
780199	Other Unwrought lead	48	44	3%
70700	Cucumbers and gherkins, fresh or chilled	15	39	2%
70960	Fruits of the genus Capsicum (peppers) or of the genus Pimenta (eg, allspice)	8	38	2%
190590	Other Bakers' Wares, Communion Wafers, Empty Capsules, Sealing Wafer	23	32	2%
	<b>TOP TEN EXPORTS TO SERBIA</b>		<b>1,174</b>	<b>73%</b>
	<b>TOTAL EXPORTS TO SERBIA</b>		<b>1,608</b>	

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

HS Code	Description	2013	2014	Share to total in %
271600	Electrical energy	4,101	9,658	41%
720449	Ferrous waste and scrap, iron or steel, nes	2,103	2,858	12%
100590	Maize (corn) nes	1,817	1,678	7%
100199	Seed, White, Other	939	1,458	6%
170199	Other Cane or Beet Sugar, Chemically Pure Sucrose	2	767	3%
220290	Non-alcoholic beverages nes,excludg fruit/veg juices of headg No 20.09	541	614	3%
340220	Organic Surface-active Agents; Surface-active, Washing and Cleaning Preparations for Retail Sale	451	457	2%
300490	Other Medicaments (Put up in Packings for Retail Sale)	473	433	2%
110100	Wheat Flour, Meslin Flour	226	341	1%
761290	Container,alum,cap <300L,	471	312	1%
	<b>TOP TEN IMPORTS FROM SERBIA</b>		<b>18,264</b>	<b>77%</b>
	<b>TOTAL IMPORTS FROM SERBIA</b>		<b>23,679</b>	

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

HS Code	Description	2013	2014	Share to total in %
252321	Portland cement, white, whether or not artificially coloured	508	602	17%
252329	Portland cement nes	507	552	16%
721420	Concrete reinforcing bars and rods, Hot-rolled, Hot-drawn, Hot-extruded	500	516	15%
721391	Other bars & rods, hot-rolled, in irregularly wound coils, of iron or non-alloy steel	238	189	5%
70200	Tomatoes, fresh or chilled	121	165	5%
382450	Nonrefractory mortars and concretes	111	163	5%
760410	Bars, rods and profiles, aluminium, not alloyed	158	150	4%
271320	Petroleum Bitumen	N/A	87	2%
721310	Concrete reinforcing bars and rods	16	81	2%
760421	Hollow profiles of Aluminium Alloys	24	62	2%
	<b>TOP TEN EXPORTS TO MONTENEGRO</b>		<b>2,568</b>	<b>73%</b>
	<b>TOTAL EXPORTS TO MONTENEGRO</b>		<b>3,519</b>	

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

HS Code	Description	2013	2014	Share to total in %
720449	Ferrous waste and scrap, iron or steel, nes	729	1,117	49%
110100	Wheat or meslin flour	333	333	15%
440710	Lumber, coniferous (softwood) 6 mm and thicker	206	210	9%
440392	Logs, Beech	56	178	8%
220300	Beer made from malt	144	127	6%
121190	Plants and parts of plants	64	47	2%
392113		14	28	1%
220421		13	25	1%
440110		21	19	1%
440690		4	17	1%
	<b>TOP TEN IMPORTS FROM MONTENEGRO</b>		<b>2,102</b>	<b>92%</b>
	<b>TOTAL IMPORTS FROM MONTENEGRO</b>		<b>2,295</b>	

**Table A 3.17 Ten most exported products to Bosnia and Herzegovina (mIn ALL)**

HS Code	Description	2013	2014	Share to total in %
410120	Leather	55	139	30%
410150	Unprocessed leather	79	78	17%
70200	Tomatoes, fresh or chilled	31	33	7%
190590	Other Bakers' Wares, Communion Wafers, Empty Capsules, Sealing Wafers	2	29	6%
940350	Bedroom furniture, wooden, nes	14	18	4%
761090	Other Aluminium Structures and Parts Thereof; Aluminium Plates, Rods	N/A	18	4%
640340	Other Footwear, Incorporating Protective Metal Toe-cap	3	15	3%
30760	Snails, other than sea snails, Other, including flours, meals and pellets of aquatic invertebrates other than crustaceans, fit for human consumption	N/A	13	3%
321490	Non-refractory Surfacing Preparations for Facades, Indoor Walls, Floors, Ceilings or the Like	N/A	12	3%
190531	Sweet Biscuits, Waffles, Wafers	N/A	9	2%
<b>TOP TEN EXPORTS TO BOSNIA AND HERZEGOVINA</b>			<b>364</b>	<b>78%</b>
<b>TOTAL EXPORTS TO BOSNIA AND HERZEGOVINA</b>			<b>466</b>	

**Table A 3.18 Ten most imported products from Bosnia and Herzegovina (mIn ALL)**

HS Code	Description	2013	2014	Share to total in %
440710	Lumber, coniferous (softwood) 6 mm and thicker	660	593	18%
270400	Coke&semi-coke of coal,lignite o peat,agglomeratd o not,retort carbon	255	523	16%
721420	Concrete reinforcing bars and rods, Hot-rolled, Hot-drawn, Hot-extruded	755	437	13%
730890	Other Structures and Parts of Structures, of Iron or Steel	45	361	11%
720449	Other Ferrous Waste and Scrap	N/A	343	10%
300490	Other Medicaments (Put up in Packings for Retail Sale)	55	136	4%
271320	Petroleum bitumen	607	92	3%
853720	Bases for Electric Control or the Distribution, Exceeding 1,000v	11	77	2%
190219	Pasta (Uncooked; Not Containing Eggs)	3	56	2%
721391	Other Bars, Rods, Hot-rolled	67	52	2%
<b>TOP TEN IMPORTS FROM BOSNIA AND HERZEGOVINA</b>			<b>2,669</b>	<b>80%</b>
<b>TOTAL IMPORTS FROM BOSNIA AND HERZEGOVINA</b>			<b>3,355</b>	

## 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	2013	2014	Share to total in %
121190	Plants &pts of plants(incl sed&fruit) used in pharm,perf,insect etc nes	647	758	52%
720241	Ferro-chromium containing by weight more than 4% of carbon	273	418	29%
730629	Casing and tubing of a kind used in drilling for oil or gas of Iron or Steel, Open Seam or Welded, Riveted	N/A	100	7%
121020	Hop cones, ground, powdered or pelleted and lupulin	94	55	4%
847989	Air-coolers, Air Purifiers of Other Machines and Mechanical Appliances	N/A	44	3%
130219	Other Vegetable Saps and Extracts	13	19	1%
90961	Seeds of fennel; juniper berries	1	19	1%
843143	Parts of Boring or Sinking Machinery	1	9	1%
852359	Other Prepared Unrecorded Media for Sound Recording	1	4	0%
91099	Other Spices	4	4	0%
<b>TOP TEN EXPORTS TO USA</b>			<b>1,430</b>	<b>98%</b>
<b>TOTAL EXPORTS TO USA</b>			<b>1,462</b>	

**Table A 4.2 Ten most imported products from USA (mln ALL)**

HS Code	Description	2013	2014	Share to total in %
271019	Other petroleum oils and oils obtained from bituminous minerals and preparations	7,705	5,332	39%
20714	Parts of frozen chickens	2,123	1,335	10%
271311	Petroleum coke, not calcined	535	550	4%
170199	Other Cane or Beet Sugar, Chemically Pure Sucrose	N/A	450	3%
300490	Other Medicaments (Put up in Packings for Retail Sale)	300	441	3%
382490	Other chemicals	262	377	3%
843143	Parts of boring or sinking machinery, whether or not self-propelled	864	324	2%
870324	Other Vehicles, Spark-ignition Engine Of a cylinder capacity exceeding 3,000 cc	153	308	2%
820719	Dies for drawing or extruding metal, and parts thereof	62	187	1%
870333	Other Vehicles, Compression-ignition Engine (diesel) Of a cylinder capacity exceeding 2,500 cc	112	141	1%
<b>TOP TEN IMPORTS FROM USA</b>			<b>9,445</b>	<b>70%</b>
<b>TOTAL IMPORTS FROM USA</b>			<b>13,558</b>	

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

HS Code	Description	2013	2014	Share to total in %
261000	Chromium ores and concentrates	6,493	5,901	68%
260300	Copper ores and concentrates	4,349	2,571	29%
260111	Iron Ores and Concentrates (Non-agglomerated)	5	109	1%
391510	Waste, Parings, Scrap of Polymers of Ethylene	84	56	1%
271490	Bitumen and Asphalt (Natural), Asphaltites, Asphaltic Rocks	3	51	1%
251520	Ecaussine, Other Calcareous Monumental or Building Stone	38	23	0%
850133	Dc Motors, Dc Generators, Output Exceeding 75kw But Not Exceeding 375kw	N/A	12	0%
902820	Liquid meters	N/A	3	0%
390120	Polyethylene Having a Specific Gravity of 0.94 or More	N/A	2	0%
852329	Magnetic Discs, Unrecorded	N/A	2	0%
	<b>TOP TEN EXPORTS TO CHINA</b>		<b>8,730</b>	100%
	<b>TOTAL EXPORTS TO CHINA</b>		<b>8,738</b>	

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

HS Code	Description	2013	2014	Share to total in %
730429	Line pipe of a kind used for oil or gas pipelines Yield strength < 552MPA	3,168	2,752	7%
851712	Telephone sets	1,070	1,883	5%
851762	Other telephone apparatus	744	1,017	3%
640299	Footwear, outer soles/uppers of rubber or plastics, nes	1,132	933	2%
722230	Other bars and rods of stainless steel	334	687	2%
721391	Other Bars, Rods, Hot-rolled	N/A	670	2%
540761	Other woven fabrics, with >=85% non-textured polyester filament	407	627	2%
950300	Electronic toys, trains, etc.	530	561	1%
841510	Air conditioning machines window or wall types, self-contained	880	532	1%
847130	Digital instruments for data processing	671	515	1%
	<b>TOP TEN IMPORTS FROM CHINA</b>		<b>10,177</b>	25%
	<b>TOTAL IMPORTS FROM CHINA</b>		<b>40,358</b>	

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

HS Code	Description	2013	2014	Share to total in %
720711	Semi-finished products of iron or non-alloy steel	2,657	5,980	60%
721420	Bars & rods,	4,375	1,671	17%
261000	Chromium Ores and Concentrates	161	592	6%
271012	Petroleum Oils, Oils Obtained from Bituminous Minerals, Preparations Thereof	N/A	335	3%
121190	Plants & pts of plants (incl sed & fruit) used in pharm, perf, insect etc nes	274	333	3%
740400	Copper waste and scrap:	66	328	3%
271320	Petroleum Bitumen	N/A	157	2%
391590	Plastics waste and scrap nes	68	143	1%
441820	Doors and their frames and thresholds	24	54	1%
410210	Sheep or lamb skins, raw, with wool on, nes	330	46	0%
	<b>TOP TEN EXPORTS TO TURKEY</b>		<b>9,638</b>	<b>96%</b>
	<b>TOTAL EXPORTS TO TURKEY</b>		<b>10,051</b>	

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

HS Code	Description	2013	2014	Share to total in %
441011	Parts of wood	680	1,449	4%
300490	Medicaments nes, in dosage	720	1,230	3%
190590	Communion wafers, empty cachets f pharm use & sim prod & bakers' wares nes	902	977	3%
610910	T-shirts, Singlets, Other Vests, Knitted or Crocheted, of Cotton	481	882	2%
610711	Men's or Boys' Underpants, Briefs, of Cotton, Knitted or Crocheted	463	808	2%
600622	Other knitted/crocheted fabrics	691	775	2%
611130	Babies' Garments and Accessories, of Synthetic Fibres	402	671	2%
190531	Sweet Biscuits, Waffles, Wafers	689	638	2%
720839	Flat-rolled Products, Not in Coils, Hot-rolled, of a thickness of less than 3 mm (0.118 inch)	453	590	2%
441114	Not mechanically worked or surface covered	345	544	1%
	<b>TOP TEN IMPORTS FROM TURKEY</b>		<b>8,564</b>	<b>22%</b>
	<b>TOTAL IMPORTS FROM TURKEY</b>		<b>38,868</b>	

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

HS Code	Description	2013	2014	Share to total in %
270900	Petroleum oils and oils obtained from bituminous minerals, crude	22,528	14,125	85%
720241	Ferro-chromium containing by weight more than 4% of carbon	93	894	5%
640690	Parts of footwear	607	519	3%
640590	Footwear, nes	467	512	3%
30563	Anchovies, salted and in brine, but not dried or smoked	131	219	1%
160416	Anchovies, prepared or preserved, whole or in pieces, but not minced	73	162	1%
640359	Other Footwear With Outer Soles and Uppers of Leather	4	45	0%
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	22	35	0%
121490	Swedes, mangold, fodder root, hay, clover, sainfoin, forag kale, etc	23	34	0%
121190	Other Plants of a Kind Use for Perfumery, Pharmacy, Insecticidal Purpose (Fresh or Dried)	43	31	0%
	<b>TOP TEN EXPORTS TO SPAIN</b>		<b>16,576</b>	<b>99%</b>
	<b>TOTAL EXPORTS TO SPAIN</b>		<b>16,684</b>	

**Table A 4. 8 Ten most imported products from Spain (mln ALL)**

HS Code	Description	2013	2014	Share to total in %
690890	Tiles, cubes and sim nes, glazed ceramics	2,872	2,749	29%
880212	Helicopters Of an unladen weight exceeding 2,000 kg	N/A	558	6%
850164	Ac Generators of an Output Exceeding 750kva	68	521	5%
30563	Anchovies (Engraulis spp)	749	451	5%
410711	Leather of Swine (Without Hair On)	300	394	4%
640690	Parts of footwear	360	321	3%
30749	Squid: Frozen fillets, Loligo: Loligo opalescens, Loligo pealei, Octopus (Octopus spp):	205	255	3%
271311	Petroleum Coke (Not Calcined)	429	229	2%
940360	Other Wooden Furniture	9	181	2%
854511	Carbon Electrodes, of a Kind Used for Furnaces, for Electrical Purposes	140	137	1%
	<b>TOP TEN IMPORTS FROM SPAIN</b>		<b>5,796</b>	<b>61%</b>
	<b>TOTAL IMPORTS FROM SPAIN</b>		<b>9,567</b>	

