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Committee on Rules of Origin

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**NOTIFICATION UNDER PARAGRAPH 4 OF ANNEX II  
OF THE AGREEMENT ON RULES OF ORIGIN**

**PREFERENTIAL RULES OF ORIGIN**

1. Paragraph 4 of Annex II to the Agreement on Rules of Origin envisages that Members shall provide to the Secretariat as soon as possible their existing or new preferential rules of origin, including a listing of the preferential arrangements to which they apply, judicial decisions, and administrative rulings of general application relating to their preferential rules of origin. Lists of information received and available within the Secretariat shall be circulated to Members by the Secretariat under the G/RO/N/ series.

2. The Committee on Rules of Origin further agreed that, with respect to preferential rules of origin, notifications made to the Committee on Regional Trade Agreements (CRTA) or to the Committee on Trade and Development (CTD) could also suffice to discharge their notification obligations under the Agreement on Rules of Origin (G/RO/M/59). As a result, the Committee agreed that notifications which had initially been received by the CRTA or the CTD should also be circulated by the Secretariat to the CRO. The information regarding such notifications, including related to preferential rules of origin, can, in addition, be retrieved through the WTO database of regional trade agreements (<http://rtais.wto.org>) or in the WTO database of preferential trade agreements (<http://ptadb.wto.org>).

3. Accordingly, the following notification has been received:

**ALBANIA**

**A. PREFERENTIAL RULES OF ORIGIN**

The Republic of Albania has enforced preferential rules of origin, as below:

1. Law No. 98/2021 dated 7 July 2021 "On the ratification of Decision No. 1/2021, of the Stabilization and Association Council European Union-Albania, amending the Stabilization and Association Agreement between the European Communities and their Member States, of the one part, and the Republic of Albania, of the other part, replacing Protocol 4 thereof, regarding the definition of the concept 'originating products' and methods of administrative cooperation"; and
2. Law No. 82/2020 dated 2 July 2020 "On the ratification of the amendment of the FTA protocol II between the Republic of Albania and the Republic of Turkey, ratified by Law No. 9733 dated 14 May 2007, regarding the definition of the concept "originating products" and "method of administrative cooperation"."

Below is a short explanation of each of the above laws.

**Summary of Law No. 98/2021 dated 7 July 2021 "On the Ratification of Decision No. 1/2021, of the Stabilization and Association Council European Union-Albania, Amending the Stabilization and Association Agreement Between the European Communities and their Member States, of the One Part, and the Republic of Albania, of the Other Part, Replacing Protocol 4 Thereof, Regarding the Definition of the Concept 'Originating Products' and Methods of Administrative Cooperation"**

The European Union, the countries of the European Free Trade Association (EFTA), Turkey, European countries part of the Stabilization and Association process (including the Republic of Albania and the Republic of Kosovo) and the Mediterranean countries part of the Barcelona Process, the Faroe Islands, Moldova, Ukraine and Georgia, a total of 54 countries, together have about 60 free trade agreements between them. Each of these agreements has specific regimes in terms of preferential origin and administrative cooperation. The existence of these different rules or the same rules based on different legal instruments has been assessed as an obstacle to the development of trade between these states.

The PEM Convention allows the implementation of cumulation between the European Union, the EFTA countries, Turkey, the countries that have signed the Barcelona Declaration, the countries part of the Stabilization and Association process, the Faroe Islands, Moldova, Ukraine and Georgia. For cumulation to take effect, free trade agreements between the parties must have identical protocols of origin. Aiming at modernizing, unifying and simplifying the rules of origin, and to use a single set of rules, those of the PEM Convention, under the direction of the European Commission, since 2013, the process of reviewing the relevant protocols of origin for to replace them with the PEM Convention and in parallel the process of reviewing the rules of origin of the Convention began.

The process of adopting the revised preferential rules of origin, in the framework of the PEM Convention, on the replacement of the Protocol on the definition of the concept of "originating products" and methods of administrative cooperation, in bilateral or multilateral free trade agreements, has continued. in parallel with the approvals of: (i) the decision of the EFTA - Albania Joint Committee; (ii) the decision of the Albania - CEFTA Joint Committee; and (iii) the decision of the Albania - Turkey Joint Committee.

Through the letter ref. No. 8569183/20 dated 15 December 2020, DG TAXUD informs the participating countries in the PAN-EURO-MED area, on the approval on 7 December 2020, by the Council of the European Union of the decision package to introduce the new rules of origin in the protocols of the agreements between the EU and the partner countries of the pan-Euro-Mediterranean area.

According to this decision, the existing Protocol of the Stabilization and Association Agreement European Union-Albania, regarding the definition of the concept of "originating products" and methods of administrative cooperation, will be replaced by Annex A which contains the rules of preferential, transitional, alternative origin, until the entry into force of the amendment to the PEM Convention.

These common and unique rules will facilitate and further develop the mutual trade between the countries participating in the Convention and with which our country implements a free trade agreement, as:

- The new rules are simpler and more flexible;
- They allow the application of full cumulation of origin;
- They allow for easier review and change of rules of origin and other related rules;
- Include all Western Balkan countries, including the Republic of Albania and the Republic of Kosovo, in the pan-Euro-Mediterranean zone of diagonal and full cumulation; and
- The Businesses will have the choice of either using the current rules of the PEM Convention or the "alternative" transitional rules, whichever is more beneficial to them.

Introducing the same text in all bilateral agreements will ensure the creation of a cumulation zone based on the revised rules of origin on a transitional basis, applicable in parallel with the rules of the current PEM Convention.

Once this Convention is amended, approved by its parties and published in the Official Journal of the European Union and Albania, it will ensure the automatic transition from the application of the transitional rules of origin to the application of the revised Convention, without interrupting the possibilities of applying the cumulation, and without having to re-amend the relevant bilateral FTA protocols.

Decision of the Stabilization and Association Council No. 1/2021 amending the Stabilization and Association Agreement between the European Communities and their Member States, of the one part, and the Republic of Albania, of the other part, by replacing Protocol 4 concerning the definition of "originating products" and methods of administrative cooperation, was approved by the Council of the European Union, according to the document EU-ALB 4952/21, notified by the note of the General Secretariat of the Council SGS No. 21/002783, dated 18 June 2021, sent to the Mission of the Republic of Albania at European Union in Brussels.

The purpose of the draft act is the ratification of Decision No. 1/2021 of the Stabilization and Association Council European Union - Albania amending the Stabilization and Association Agreement between the European Communities and their Member States, of the one part, and the Republic of Albania, of the other part, by replacing Protocol 4 concerning the definition of the concept of "originating products" and the methods of administrative cooperation.

Stabilization and Association Agreement signed in Luxembourg on 12 June 2006 and ratified by Law No. 9590, dated 27 July 2006 "On the ratification of the Stabilization and Association Agreement between the Republic of Albania and the European Communities and their member states" regulates, inter alia, trade relations between the Republic of Albania and the European Union and its member states, where an important place for the realization of free trade is occupied by the rules of origin.

The European Union and the Republic of Albania have become parties to the Regional Convention on the Rules of Preferential Origin pan-Euro-Mediterranean. The Republic of Albania has ratified this Convention with Law No. 1/2012, dated 26 January 2012 "On the ratification of the Regional Convention on Pan-Euro-Mediterranean Preferential Rules of Origin". Protocol 4 to the Rules of Origin under the Pan-Euro-Mediterranean Convention, which have been amended, is part of the free trade agreements of the countries party to the PEM Convention.

**Summary of Law No. 82/2020 dated 2 July 2020 "On the Ratification of the Amendment of the FTA Protocol II Between the Republic of Albania and the Republic of Turkey, Ratified by Law No. 9733 dated 14 May 2007, Regarding the Definition of the Concept "Originating Products" and "Method of Administrative Cooperation""**

Albania has a free trade agreement with Turkey which became effective by the Law No. 9733 of 14 May 2007 "On the Ratification of the Free Trade Agreement between the Republic of Albania and the Republic of Turkey". Albania applies diagonal cumulation of the rules of origin with the Law No. 10199 dated 17 December 2009 "On ratification of Additional protocol 2 "On definition of the concept of 'originating product' and methods of administrative cooperation, that replace the protocol with the same number of the Free Trade Agreement between Republic of Albania and Republic of Turkey" which became effective in August 2012; Albania has finalized its internal procedures to amend the Free Trade Agreement with Turkey with the focus implementation of the rules of origin under the Pan-Euro-Med Convention. By the Law No. 82/2020, on 9 July 2020, the Albanian Parliament has ratified the changes of the Protocol II of the Free Trade Agreement between Albania and Turkey, concerning the Definition of the Concept of "Originating Products" and "methods of administrative cooperation".

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