



Trade Policy Review Body

TRADE POLICY REVIEW

REPORT BY THE SECRETARIAT

ALBANIA

Revision

This report, prepared for the second Trade Policy Review of Albania, has been drawn up by the WTO Secretariat on its own responsibility. The Secretariat has, as required by the Agreement establishing the Trade Policy Review Mechanism (Annex 3 of the Marrakesh Agreement Establishing the World Trade Organization), sought clarification from Albania on its trade policies and practices.

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Document WT/TPR/G/337 contains the policy statement submitted by Albania.

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SUMMARY

1. During the period under review (2010-15), Albania's economic growth weakened up until 2013; since 2014, however, economic recovery appears to be under way. Per capita GDP reached around US\$4,562 in 2014, up from US\$4,086 in 2010. Inflation has been declining since 2010, reaching 1.6% in 2014 (down from 3.6% in 2010). The unemployment rate increased to 17.5% in 2014, up from 14.0% in 2010. The current account deficit increased to 12.9% of GDP in 2014, compared with 11.3% in 2010.

2. The Albanian economy is mainly driven by a growing services sector, which accounted for around 52.3% of GDP in 2014, up from 50.7% in 2010. On the other hand, the manufacturing sector remains small, contributing 5.6% to GDP in 2014. Agriculture accounted for around 47.9% of total employment in 2014, while its share of GDP was just around 14%. Thus, labour productivity in agriculture is lower than in other sectors.

3. Fiscal policy in 2014 was expansionary, with a growth of expenditure and a resulting increase in the budget deficit. Albania's monetary policy has been accommodative in recent years. The main objective of Albania's monetary policy is to achieve and maintain price stability. The Bank of Albania (BOA) aims at achieving this objective through targeting an inflation rate at 3% over the medium term. Albania has been operating under a floating exchange rate regime since 1992.

4. There have been no substantial changes to the Albanian institutional framework since its last review in 2010. Judicial reform remains one of the Government's key objectives, notably with a view to Albania's candidacy to the European Union, as this is one of the criteria closely monitored in that respect and several reforms have been adopted during the period under review.

5. The Ministry of Economic Development, Tourism, Trade and Entrepreneurship has overall responsibility for the formulation of trade policy. A number of other ministries and agencies have policy-making responsibilities in trade-related areas. The institutional framework of trade policy coordination is being revamped with the recent or ongoing establishment of three new bodies: the National Committee for Trade Policy Coordination and Facilitation, the National Economic Council, and the Investment Council.

6. A business and investment strategy has recently been adopted and is itself part of the wider national development and integration strategy, whose main aim is the integration in the medium term of Albania within the European Union. The business and investment strategy is therefore aligned with the EU industrial policy as reflected by the "Europe 2020" document and the South East Europe 2020 strategy. This strategy indicates that Albania's trade policy objectives are guided by WTO principles thereby guaranteeing the absence of quantitative restrictions on imports and exports (except in cases of environmental protection or assistance to fragile industries, cultural heritage, forestry and arms and ammunitions), export subsidies, any kind of tax on exports, and export bans.

7. Albania became a Member of the WTO on 8 September 2000. Its trade policies were reviewed for the first time in 2010. Albania grants at least MFN treatment to all its trading partners. Its process of ratification of the Trade Facilitation Agreement is under way. It has cosponsored the EU proposal on the Information Technology Agreement. Albania has not been involved in any WTO dispute settlement proceedings as a complainant, defendant or third party. Since its accession, Albania has submitted numerous notifications covering various WTO topics.

8. Albania has not extended its network of free trade agreements since its last review; this network is composed of: the 2006 Central European Free Trade Agreement, a 2006 agreement with Turkey, and a 2009 agreement with the European Free Trade Association. During this period, it has also signed 12 economic and technical cooperation agreements. Albania is entitled to benefit from the GSP schemes of Canada, Japan, Norway, Switzerland, and the United States. In addition, since 2000, Albania (together with other Western Balkan countries) is eligible for preferential treatment in the EU market.

9. Albania's relationship with the EU remains governed by the 2009 Stabilisation and Association Agreement (SAA). Albania obtained the status of EU candidate country in June 2014.

In addition to the institutional structure of the SAA, joint working groups to prepare the accession process were established in September 2014. The accession negotiation monitors the approximation process in numerous trade-related areas notably: free movement of goods, free movement of workers, coordination of social security systems, right of establishment and freedom to provide services, free movement of capital, public procurement, company law, intellectual property law, competition policy, state aids, information society and media policy, agricultural policy, food safety and veterinary and phyto-sanitary policy, fisheries, transport policy, energy, taxation, statistics, social policy and employment, enterprise and industrial policy principles, trans-European networks, environment, consumer and health protection and customs union.

10. Many issues related to investment have been integrated into the business and investment development strategy for 2014-2020. The aims of this strategy are to achieve long-term sustainability of investment by promoting re-investment and expansion of existing investments, increasing the share of green-field and export-oriented investments and increasing the share of value-added and high-tech investment.

11. The investment regime has been revamped in 2015 by a new law on strategic investment, which foresees new and reinforced fiscal, administrative, and procedural incentives for both national and foreign investors. This law defines as strategic the following sectors: energy and mining, transport, infrastructure, electronic communications and urban waste, tourism, agriculture and fisheries. Investments in the "areas of technology and economic development" are also defined as strategic investments under the law.

12. In terms of licensing for both national and foreign investors, Albania adopted a single-window system in 2009. A reform to eliminate or alleviate many licensing requirements is under way. Albania has adopted an e-registration system for businesses operational since February 2015. Public-private partnerships are allowed in many sectors, essentially infrastructural sectors, and their legal framework was revised in 2013 so as to reinforce the administrative capacities of the Albanian authorities to manage such partnerships.

13. In Albania, international arbitration decisions related to foreign investments are final and irrevocable for the parties in dispute. Albania has 42 bilateral investment treaties in force and signed seven such agreements during the period under review. Albania is also linked by double taxation agreements with 84 States.

14. A new customs code was adopted on 31 July 2014; certain sections of the code containing provisions on, *inter alia*, authorized economic operators, simplified procedures, and exemption from import duties have entered into force. The law was amended in 2015 to allow duty-free shops to be opened at land and maritime borders that are under the supervision and control of Customs. The authorities consider that the new customs code is in full compliance with EU legislation. Albania submitted its Category A notification under the Agreement on Trade Facilitation (TFA) on 10 September 2014.

15. The customs code specifies that the transaction value of imported goods should be the primary basis to determine customs value. Nonetheless, when a shipment consists of goods with different tariff classifications and treatment and this creates a considerable amount of work and expense, the customs authorities may decide to apply the same customs duties to all cargo based on the tariff subheading with the highest level of customs duty on import.

16. Albania has a relatively open trade regime underpinned by its extensive WTO commitments, and is not reliant on customs duties for government revenue. Albania's overall simple average MFN tariff declined to 4.2% in 2015 (compared with 5.2% in 2009), with the highest applied rate of 15%. The average applied tariff on agricultural products (WTO definition), at 8.7%, is higher than on non-agricultural products (3.0%). Its average bound tariff is 6.7%. All tariffs are *ad valorem*. Tariff quotas are applied to some imports from Turkey and the EU under preferential tariffs. Albania is a signatory to the Information Technology Agreement. Albania has taken no anti-dumping, countervailing, or safeguard measures since its accession to the WTO in September 2000.

17. Albania applies few non-tariff measures. Import prohibitions are imposed on products that are considered to be hazardous to public health. Import licensing is used mainly for SPS purposes,

security, protection of the environment, and compliance with obligations under international conventions. The Albanian SPS and TBT regimes essentially follow those of the EU. In September 2010, the National Food Authority was established; it is responsible for the control and enforcement of the legislation concerning food safety and consumer protection.

18. No export taxes are applied and licences must be obtained for only a few sensitive products. In 2015, a new law concerning technology and economic development areas was adopted.

19. Since Albania's previous review, there have been no major changes to legislation concerning the provision of incentives. The law forbids aid directly linked to export quantities or current expenditure linked to export activities, as well as aid contingent upon the use of domestic over imported goods. Special provisions apply for small and medium-sized enterprises. Competition policy is regulated by the law on competition protection, as amended in September 2010. The authorities state that the amendment is in line with EU legislation, although certain differences remain.

20. Albania is currently an observer to the WTO Agreement on Government Procurement. The law on public procurement was amended in 2012 and 2014 to further harmonize it with the EU directives in this area.

21. In 2014, Albania notified to the WTO that it does not maintain any state trading enterprises. Some state-owned companies were privatized during the period under review.

22. Some of Albania's intellectual property laws were amended during the review period to conform to EU directives: the law on industrial property was amended in 2013, the law on protection of the topography of integrated circuits in 2014, and the law on copyright and related rights in 2013.

23. Agriculture remains the main source of employment and accounted for an increasing share of GDP in recent years. The sector continues to be characterized by small and fragmented farms. Government policies to date have been focused mainly on rehabilitating infrastructure and assisting farmers through education, training, extension services, the transfer of knowledge, new practices, and technologies, and moving towards integration into the agricultural policies of the EU. In 2014, a new strategy for agricultural and rural development was adopted.

24. The exploration, exploitation and processing of minerals constitutes an important activity for the Albanian economy. Mining production is entirely in private hands. The regime is based on ten-year licences renewable once and granted after a tendering procedure. Of the 615 active licences, 33 were granted to foreign investors, notably for the production of chromium, copper, iron, nickel and limestone.

25. Albania is a producer and exporter of crude oil. The Government is planning to privatize Albpetrol, the state-owned company engaging in the development, production and trade of crude oil in 2016. Exploration and production permits are granted to private and *de facto* foreign companies in the form of "petroleum agreements" approved by the Council of Ministers for 5 years, extendable to 7 years for exploration and to 25 years for exploitation in the case of a discovery.

26. The production of gas in Albania was in decline until a recent discovery, which is still under evaluation. There is no importation of gas since Albania is not linked to the European network of pipelines. A new law, transposing the EU third energy package was adopted in September 2015.

27. Electricity production in Albania is essentially of hydro-electric origin. While Albania does not export electricity, it imports about one-third of its consumption from neighbouring countries. In practice, Albania's electricity sector operates mainly under regulated conditions. A new law adopted in April 2015 is aligned with the provisions of Directive 2009/72/EC (the so-called "third energy package") and addresses the liberalization of the electricity market, public service obligations, the unbundling of the transmission system, the powers of the national regulatory authority, the supply of electricity and customer protection.

28. Manufacturing *sensu stricto* represented 5.6% of Albania's 2014 GDP. The textile and leather/footwear sector accounts for the largest part (29.5%) followed by metal products, rubber and plastic products, and food processing. Albania's main manufactured imports are chemical products, fabricated metal products, and food beverages and tobacco.

29. Regarding telecommunications services, mobile phone subscribers represent around 93% of the total subscribers (including fixed telecommunications). The main mobile and broadband providers have a majority foreign ownership. The incumbent operator Albtelecom has a remaining state ownership share of 24%. Albania has undertaken extensive GATS commitments in telecommunications, reflecting its internal policy of complete liberalization. The adoption of a general authorization licensing regime in 2008 and the abolition of all remaining restrictions in 2013 are in line with the policy. Albania has an independent regulator and amended its basic law in 2013 so as to transpose the EU *acquis*. It has also adopted new regulations regarding facility sharing, local loop unbundling, and number portability. There is no universal service requirement; co-investment procedures and programmes with the mobile operator exist.

30. Financial services represented around 2.5% of GDP in 2014. During the period under review, the number of banks (16, of which 14 foreign controlled) remained stable. Around half of the assets of the insurance sector is under foreign control. Pension funds remain a marginal activity with six operators; there are no companies listed on the Tirana stock exchange. The activities of the securities market are concentrated on bonds. Albania has undertaken extensive GATS commitments regarding financial services. During the period under review, Albania reinforced its legislation in order to incorporate the Basel Committee's prudential principles, the Financial Action Task Force on Money Laundering's anti-money laundering recommendations and the EU *acquis*.

31. Maritime traffic in Albania remains relatively modest, although passenger traffic to Italy is quite sizable. Foreign interests have acquired a concession to operate the main port terminals for containers, bulk or passengers. There are no nationality or ownership conditions attached to the Albanian flag and foreign seafarers can be employed provided that their State of origin recognizes the Albanian seafarers' certificates. There is no cargo sharing, cargo reservation or support policy of any kind. National treatment applies for access to ports except for a rebate for the national flag in three minor ports. There are no restrictions on onshore activities and maritime auxiliary services.

32. Currently, there is no national air transport carrier; two start-ups have applied to establish one. Tirana airport, the only international airport, handled 1.8 million passengers in 2014. Foreign interests have acquired a concession for 20 years regarding its management. Albania has incorporated the EU ground handling directive into its laws. There are no restrictions on auxiliary air transport services covered by the GATS (selling and marketing, computer reservation services and aircraft repair and maintenance). There are no specific air cargo and air charter policies.

33. There are no restrictions on the establishment of foreign trucking companies. The licensing regulation is qualitative and there is no capacity or pricing regulation for freight. Albania has bilateral road transport agreements with about twenty countries; it benefits from the European Conference of Ministers of Transport's multilateral quotas. Albania has transposed the EU *acquis* on road transport.

1 ECONOMIC ENVIRONMENT

1.1 Recent Economic Developments

1.1. During the period under review (2010-15), Albania's economic growth weakened up until 2013; since 2014, however, economic recovery appears to be under way. Per capita GDP reached around US\$4,562 in 2014, up from US\$4,086 in 2010 (Table 1.1). Inflation has been declining since 2010, reaching 1.6% in 2014, reflecting a strong harvest, imported disinflation, and a negative output gap.¹ The unemployment rate increased to 17.5% in 2014, up from 14.0% in 2010. The current account deficit increased to 12.9% of GDP in 2014, compared with 11.3% in 2010.

Table 1.1 Basic economic indicators, 2010-14

	2010	2011	2012	2013	2014
Nominal GDP (current market prices, LEK billion) ^a	1,239.6	1,300.6	1,332.8	1,350.6	1,393.5
Nominal GDP (current market prices, US\$ billion) ^a	11.9	12.9	12.3	12.8	13.2
Nominal GDP (current market prices, € billion) ^a	9.0	9.3	9.6	9.6	10.0
Real GDP growth (%) ^b	3.7	2.7	1.4	1.1	2.2
Per capita GDP (US\$ at current prices)	4,086	4,434	4,245	4,409	4,562
Per capita GDP (€ at current prices)	3,085	3,190	3,304	3,321	3,439
Population (million)	2.9	2.9	2.9	2.9	2.9
Unemployment rate (%)	14.0	14.0	13.4	15.9	17.5
Inflation (CPI, percentage change)	3.6	3.5	2.0	1.9	1.6
GDP by the type of expenditure at current prices (% of GDP)^a					
Final consumption	88.9	88.9	88.5	88.9	90.7
Final consumption of households	77.6	77.8	77.5	77.9	79.2
Final consumption of general government	11.2	11.0	10.8	10.9	11.3
Individual consumption	5.3	5.3	5.3	5.4	5.6
Collective consumption	5.8	5.7	5.6	5.5	5.7
Consumption of NPISHs	0.2	0.2	0.2	0.2	0.2
Gross fixed capital formation	28.4	29.4	26.5	25.9	24.9
Domestic absorption	117.3	118.3	115.0	114.9	115.6
Net export	-20.6	-22.7	-18.6	-18.0	-19.1
Exports of goods and services (f.o.b)	32.4	34.0	33.4	35.4	29.9
Imports of goods and services (f.o.b)	53.0	56.7	52.0	53.5	49.0
Change in inventories	1.9	2.0	1.8	2.4	3.5
Statistical discrepancy	1.4	2.4	1.8	0.7	0.0
Consolidated general budget (annual) (% of GDP)					
Total revenue	26.2	25.4	24.7	24.0	25.9
Grants	0.4	0.3	0.4	0.4	0.7
Tax revenue	23.3	23.4	22.5	22.0	23.8
of which:					
Tax offices and customs	18.0	18.1	17.4	16.8	17.9
of which: VAT	9.2	9.2	8.7	8.2	8.8
Excise tax	3.1	3.1	2.7	2.8	2.9
Custom duties	0.6	0.5	0.5	0.4	0.4
Non-tax revenue	2.5	1.7	1.8	1.6	1.5
Total expenditure	29.3	28.9	28.2	28.9	31.0
Current expenditures	24.3	23.5	23.4	24.1	24.1
Capital expenditures	5.4	5.4	4.6	4.8	4.3
Overall deficit	-3.1	-3.5	-3.4	-4.9	-5.1

¹ IMF (2015), *Albania: Fourth Review under the Extended Arrangement and Request for Modification and Waiver of Applicability of Performance Criteria – Staff Report*.

	2010	2011	2012	2013	2014
Deficit financing	3.1	3.5	3.4	4.9	5.1
Domestic	1.1	2.0	2.0	4.1	3.0
Foreign	2.0	1.5	1.4	0.8	2.1
Total public debt	57.7	59.4	62.0	70.1	71.8
Public debt from the budget (stock)	54.0	55.7	58.0	61.1	65.2
Domestic (stock)	32.4	33.1	34.0	36.7	38.1
Foreign (stock)	21.6	22.6	23.9	24.4	27.1
External sector (% of GDP, unless otherwise indicated)					
Albanian LEK/US\$ (period average)	103.9	100.9	108.2	105.7	105.5
Albanian LEK/€ (period average)	137.7	140.3	139.0	140.3	139.9
Real effective exchange rate	112.53	112.99	114.21	113.87	111.59
Nominal effective exchange rate	113.35	113.77	113.69	113.70	112.24
Current account (€ millions)	-1,019	-1,225	-978	-1,049	-1,303
% of GDP	-11.3	-13.2	-10.2	-10.9	-12.9
Net merchandise trade (% of GDP)	-23.1	-24.2	-20.9	-19.7	-21.5
Merchandise exports (% of GDP)	13.0	15.2	15.9	11.0	9.3
Merchandise imports (% of GDP)	-36.1	-39.3	-36.8	-30.7	-30.7
Services balance (% of GDP)	2.6	1.5	2.2	2.3	3.2
Remittances from expatriates (% of GDP)	7.7	7.2	7.1	6.9	5.9
Total external debt stock ^c (% of GDP)	33.6	34.8	35.6	34.4	36.9
Reserves (stock) in million €	1,905	1,913	1,973	2,015	2,192
Reserves in months of imports	4.8	4.4	4.7	5.4	5.6

a Semi-final for 2013, and preliminary for 2014.

b Seasonally adjusted; chain-linked volume measures, reference year 2010 (2010=100).

c Public and private external debt, including arrears (figures are from IMF Country Report).

Source: Bank of Albania online information. Viewed at: <http://www.bankofalbania.org/>; Instant online information. Viewed at: <http://www.instat.gov.al/>; information provided by the authorities of Albania; and IMF Albania Country Reports, No. 15/48 (February 2015) and No. 15/129 (May 2015).

1.2. The Albanian economy is driven by the services sector, which accounted for around 52.3% of GDP in 2014, up from 50.7% in 2010 (Table 1.2). Within services, the largest contribution in growth has been made by public administration and defence. The share of agriculture, forestry and fishing is significant and gradually increasing. The share of construction declined from 14.8% of GDP in 2010 to 10.8% in 2014. The manufacturing sector remains small, contributing 5.6% to GDP in 2014. Although agriculture has been declining, it still accounted for around 47.9% of total employment in 2014, while its share of GDP was just around 14%; labour productivity in agriculture is thus lower than in other sectors. The share of non-agriculture in total employment has been increasing since 2010.

Table 1.2 GDP by economic activity, 2010-14

	2010	2011	2012	2013 ^a	2014 ^b
GDP distribution at current basic prices (% of GDP)^c					
Agriculture, forestry and fishing	20.7	21.1	21.7	22.5	22.6
Industry ^d	13.8	13.6	13.3	14.4	14.2
of which: Manufacturing	6.3	6.6	5.3	5.6	5.6
Construction	14.8	14.7	13.2	12.0	10.8
Services	50.7	50.7	51.8	51.1	52.3
Wholesale and retail trade; repair of motor vehicles and motorcycles; transportation and storage; accommodation and food service activities	19.1	18.9	19.2	18.3	18.5
Information and communication	4.2	3.9	3.6	3.2	3.0
Financial and insurance activities	2.7	3.0	2.8	2.6	2.9
Real estate activities	7.1	7.0	6.9	7.3	7.2
Professional, scientific and technical activities; administrative and support service activities	3.2	3.3	4.5	5.0	5.4

	2010	2011	2012	2013 ^a	2014 ^b
Public administration and defence; compulsory social security; education; human health and social work activities	11.6	11.9	12.5	12.7	12.9
Arts, entertainment and recreation, repair of household goods and other services	2.8	2.8	2.2	2.1	2.5
GDP by economic activity at 2010 constant prices (Annual % change)^e					
Agriculture, forestry and fishing	7.6	4.8	5.4	0.7	2.0
Industry ^d	19.5	2.1	-3.6	13.4	0.6
of which: Manufacturing	11.6	10.5	-15.7	6.6	3.6
Construction	-7.5	3.2	-8.5	-8.4	-6.8
Services	2.4	2.7	3.2	0.5	4.1
Wholesale and retail trade; repair of motor vehicles and motorcycles; transportation and storage; accommodation and food service activities	4.2	3.5	1.9	-5.2	2.3
Information and communication	-16.5	-3.7	-5.4	-11.5	-2.4
Financial and insurance activities	5.7	8.4	2.3	1.7	0.1
Real estate activities	0.5	0.0	1.1	8.7	1.7
Professional, scientific and technical activities; administrative and support service activities	0.9	5.0	34.7	13.1	8.1
Public administration and defence; compulsory social security; education; human health and social work activities	4.5	4.6	6.7	4.0	5.6
Arts, entertainment and recreation, repair of household goods and other services	22.6	-2.1	-22.4	-1.3	25.2
Gross domestic product	3.7	2.7	1.4	1.1	2.2
Memo:					
Structure of employment (% of total)					
State sector	18.4	17.8	17.1	17.9	17.7
Budgetary	14.0	13.9	13.4	14.1	13.9
Non-budgetary	4.4	4.0	3.7	3.8	3.8
Non-agricultural private sector	26.7	27.7	28.0	31.7	34.4
Agricultural private sector	54.9	54.5	54.9	50.4	47.9

a Semi-final.

b Preliminary.

c Seasonally adjusted.

d Referring to mining and quarrying; manufacturing; electricity, gas, steam and air conditioning supply; water supply; sewerage, waste management and remediation activities.

e Seasonally adjusted; chain-linked volume measures, reference year 2010 (2010=100).

Source: Instant online information. Viewed at <http://www.instat.gov.al/>.

1.3. In the United Nations 2014 Human Development Report, Albania ranked 95th out of 187 countries (compared with 97th in the previous year).² Key challenges facing Albania continue to include the improvement in fiscal imbalances and the reduction of public debt. The authorities consider it imperative for the country to pursue structural reform, invest further to improve the business environment, and enhance productivity.

1.2 Fiscal Policy

1.4. Albania ran a general government deficit over the whole 2010-14 period. Fiscal policy in 2014 was expansionary, with a growth of expenditure and a resulting increase in the budget deficit.³ The deficit rose from 3.1% of GDP in 2010 to 5.1% in 2014, reflecting rapid growth in expenditure (from 29.3% of GDP in 2010 to 31.0% in 2014), mainly as a result of subsidies and policy lending to the energy sector. Revenue declined between 2010 and 2013, but increased in 2014 to 25.9% of GDP. Tax revenue was around 22-24% of GDP during the period under review. VAT is the main source of government revenue. Reliance on customs duties is very low (at 0.4% of GDP in 2014) and it declined over the review period. The authorities intend to reduce the public debt to below 60% of GDP by 2018.

² United Nations Development Report (UNDP) 2014.

³ The increase in both spending and the deficit was driven by substantial arrears clearance. The 2014 budget also incorporated the (previously off-budget) public support to the electricity sector.

1.3 Monetary and Exchange Rate Policy

1.5. Albania's monetary policy has been accommodative in recent years. The Bank of Albania (BOA), Albania's central bank, lowered its policy rate by 0.25 percentage points in November 2015, to 1.75%, compared with 5.0% at end-2010. The main objective of Albania's monetary policy is to achieve and maintain price stability. The BOA aims at achieving and maintaining price stability through targeting an inflation rate at 3% over the medium term. The inflation rate is defined as the annual change in the consumer price index (CPI) calculated and published by the Albanian Institute of Statistics (INSTAT). The BOA considers that targeting inflation at 3% over the medium term helps to better anchor inflation expectations, and that setting the target slightly above that of the European Central Bank allows a necessary buffer for the structural adjustment and the economic convergence Albania needs as an emerging economy in a catch-up process with richer economies.

1.6. Albania has been operating under a floating exchange rate regime since 1992. The authorities state that interventions of the BOA are limited by regulation and have been rarely implemented; it can intervene in the foreign exchange market only in situations of large exchange rate misalignments not supported by economic fundamentals in order to smooth large short-term market fluctuations and for foreign exchange accumulation. There is no exchange rate target. Interventions must not interfere with the main monetary policy goal of achieving price stability and hence must not conflict with the inflation target. The exchange rate with respect to the euro remained relatively stable during 2010-14, at around LEK 140/€.

1.7. On 28 February 2014, the IMF approved a three-year Extended Arrangement with access equivalent to SDR 295.42 billion.

1.4 Balance of Payments

1.8. Albania maintained a current account deficit over 2010-14 (Table 1.3). While the level of this deficit fluctuated over 2010-14, it increased considerably in 2011 and 2014. Albania's merchandise trade deficit was the main contributor to the current account deficit during the period, accounting for around 21.5% of GDP in 2014. Remittances from workers abroad (mainly in Greece) represent a key source of household income. Since the advent of the 2008 economic crisis, remittances have been declining, from 7.7% of GDP in 2010 to 5.9% in 2014. Albania has a relatively large domestic savings-investment gap, which reflects the sizable current account deficits. The authorities consider that this is against the background of investment needs of the country and the rapid capital accumulation it has undergone under the economic transition since the beginning of the 1990s. Gross reserves reached around €2.2 billion, equivalent of about 5.6 months of imports of goods and services.

Table 1.3 Balance of payments of Albania, 2010-14

(€ million)

	2010	2011	2012	2013	2014
Current account	-1,019	-1,225	-978	-1,049	-1,287
Credits	4,285	4,381	4,414	3,714	3,790
Debits	-5,304	-5,606	-5,392	-4,763	-5,078
Goods, balance of payments basis	-2,083	-2,242	-1,999	-1,979	-2,216
Credits	1,172	1,406	1,526	1,051	932
Debits	-3,254	-3,647	-3,525	-3,030	-3,147
Services	232	135	213	226	323
Credits	1,751	1,747	1,673	1,715	1,881
Debits	-1,519	-1,612	-1,460	-1,489	-1,558
Income	-90	-25	-72	24	-119
Credits	286	216	188	138	126
Debits	-376	-241	-260	-113	-245
Current transfers	922	906	880	680	725
Credits	1,077	1,012	1,026	810	852
Debits	-154	-105	-147	-130	-127
Official sector	45	29	33	17	9
Credits	53	36	41	25	16
Debits	-8	-7	-8	-8	-6
Other sector	877	878	847	663	715
Credits	1,024	976	986	786	836
Debits	-146	-98	-139	-122	-121
of which:					

	2010	2011	2012	2013	2014
Worker's remittances	690	665	675	544	592
Credits	696	670	680	547	595
Debits	-7	-5	-5	-3	-3
Capital and financial account	872	954	779	855	1,090
Capital account	86	85	81	48	87
Financial account	787	869	698	807	935
Reserve assets	-179	29	-77	104	97
Net errors and omissions	325	243	276	194	266
Net balance	179	-29	77	104	97

Note: Historical data from 2010 to 2012 reflect BPM5. The data from 2013 onwards reflect BPM6. Thus, the last two years, 2013 and 2014, are not strictly comparable with other years.

Source: Bank of Albania online information. Viewed at: <http://www.bankofalbania.org/>; and information provided by the Albanian authorities.

1.9. Albania's public external debt stood at around 27.1% of GDP in 2014, up 2.7 percentage points from the previous year. Public domestic debt has been increasing since 2010, and reached around 38.1% of GDP, and total public debt reached around 65.2% of GDP.

1.5 Developments in Trade and Investment

1.5.1 Developments in merchandise trade

1.10. Albania's exports of goods and services amounted to around 29.9% of GDP in 2014, while imports of goods and services around 49%.

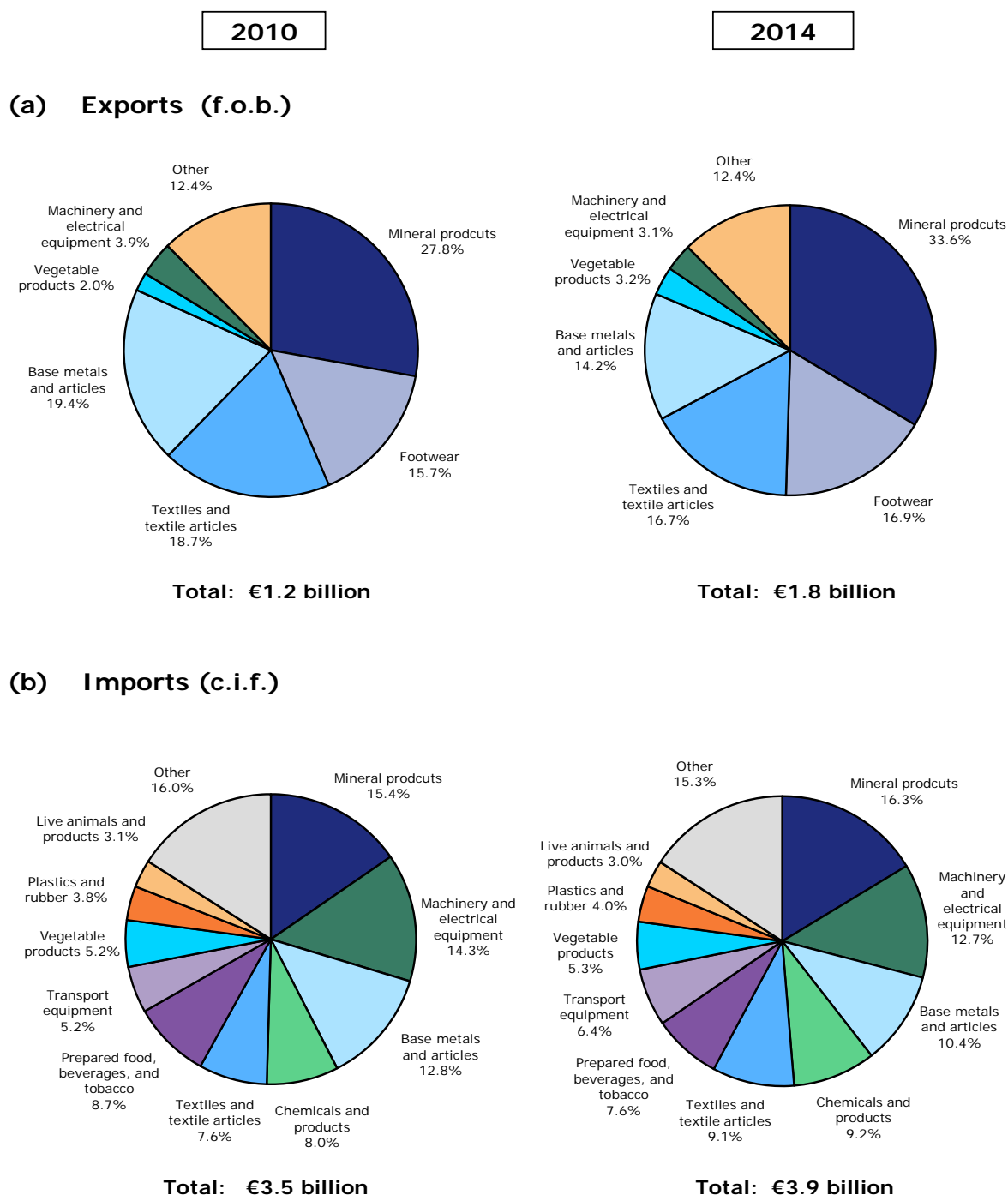
1.5.2 Composition of trade

1.11. In value terms (euros), exports increased during the period under review, to reach €1.8 billion (Table A1.1). In 2014, Albania's main exports were: mineral products (33.6% of the value of total merchandise exports); footwear (nearly 16.9%); textiles and textile articles (16.7%), and base metals and articles (14.2%) (Chart 1.1). The strongest levels of growth over the period have been in mineral products. The value of exports of base metals and textiles and textile articles declined between 2010 and 2014.

1.12. The value of imports grew in 2011 (by 11.7%) and 2014 (by 7.2%), but declined in 2012 (by 2.2%) and 2013 (by 3.2%) (Table A1.2). In 2014, Albania's main imports were: mineral products (16.3% of the value of total merchandise imports); machinery and electrical equipment (12.7%); base metals and articles (10.4%); chemicals and products (9.2%); and textiles and textile articles (9.1%). There was an increase in the value of imports of mineral products, chemicals and products, and textiles and textile articles over the period, as well as a slight decline in the imports of machinery and electrical equipment, and base metals and articles.

Chart 1.1 Composition of merchandise trade by HS Section, 2010 and 2014

%



Source: WTO Secretariat calculations based on UNSD Comtrade database.

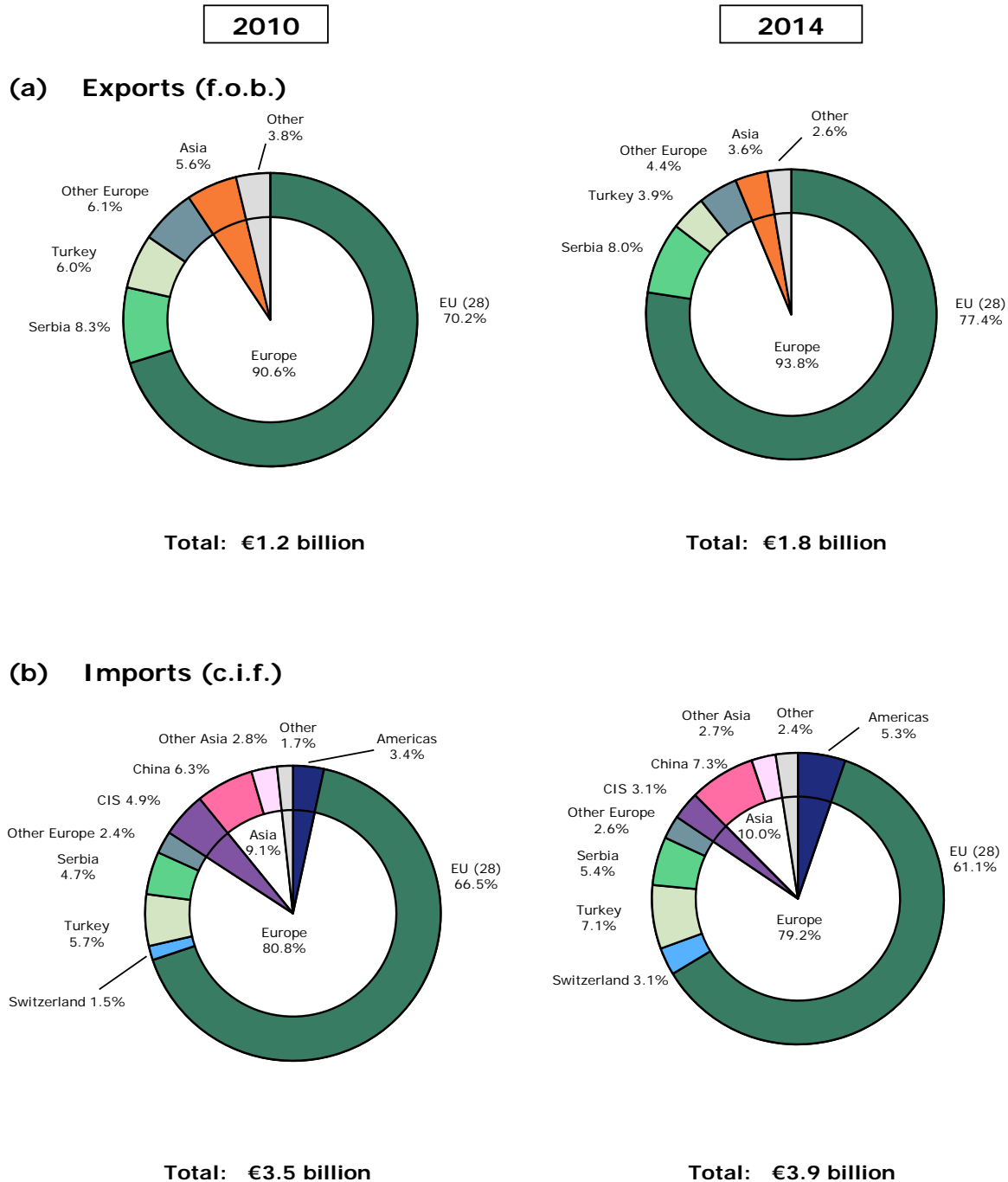
1.5.3 Direction of trade

1.13. The EU is by far the destination for the largest share of Albanian merchandise exports (in value terms): around 77.4% in 2014, and the export share increased between 2010 and 2014 by around 7.2 percentage points (Chart 1.2). Albania's other main trading partners include Serbia and Turkey (Table A1.3).

1.14. The EU is also Albania's main source of merchandise imports, accounting for around 61.1% of the total value in 2014 (Table A1.4). Other main sources of imports include: China (7.3%), Turkey (7.1%), Serbia (5.4%), CIS (3.1%), and Switzerland (3.1%). The share of imports from the EU and CIS declined over the period, while the share of imports from China, Turkey, Serbia, and Switzerland increased.

Chart 1.2 Direction of merchandise trade, 2010 and 2014

%



Source: WTO Secretariat calculations based on UNSD Comtrade database.

1.5.4 Trade in services

1.15. Trade in services (exports + imports) increased by 7.3% in 2014 (Table 1.4). Exports of services accounted for around 66.8% of total exports of goods and services in 2014, while services imports were 33.1% of total imports. Albania maintained a surplus in the balance of trade in services during the period under review; this surplus reached €323 million in 2014, equivalent to around 3.2% of GDP, mainly on account of a higher surplus in travel.

Table 1.4 Trade in services, 2010-14

(€ million and %)

	2010	2011	2012	2013	2014
Balance on services (€ million)	232	135	213	226	323
Exports (€ million)	1,751	1,747	1,673	1,715	1,881
	(% of total exports)				
Goods-related services	n.a.	n.a.	n.a.	8.7	10.6
Transport	10.8	12.8	12.1	11.1	7.8
Travel	70.1	66.9	68.4	64.5	68.2
Other commercial services	17.0	18.7	17.2	14.0	11.9
of which:					
Telecommunications, computer, and information services	4.6	4.8	8.1	8.0	6.7
Other business services	8.3	8.4	6.4	3.8	3.3
Government goods and services n.i.e.	2.2	1.6	2.3	1.8	1.5
Imports (€ million)	1,519	1,612	1,460	1,674	1,763
	(% of total imports)				
Goods-related services	n.a.	n.a.	n.a.	0.0	0.0
Transport	15.7	17.0	17.5	11.1	11.0
Travel	67.9	69.6	68.7	74.7	76.8
Other commercial services	15.5	12.9	13.2	11.2	10.3
of which:					
Insurance and pension services	3.9	4.1	4.5	1.0	0.9
Telecommunications, computer, and information services	2.7	3.0	3.3	4.5	3.3
Other business services	5.7	2.7	3.5	2.8	2.7
Government goods and services n.i.e.	0.9	0.6	0.6	3.0	1.9

n.a. Not applicable.

Note: Historical data from 2010 to 2012 reflect BPM5. The data from 2013 onwards reflect BPM6. Thus, the last two years, 2013 and 2014, are not strictly comparable with other years.

Source: Bank of Albania online information. Viewed at: <http://www.bankofalbania.org/>; and information provided by the Albanian authorities.

1.6 Foreign Direct Investment

1.16. Foreign direct investment in 2014 totalled €869.2 million, down by 8% from 2013 (Table 1.5). Around 58% of foreign investment flows in 2014 were directed to mining and quarrying, 12.9% to transport, storage and communication, and 8.6% to electricity, gas and water supply. Foreign investment flows originated mainly from EU countries, Switzerland, and "other" countries. In 2014, the stock of FDI was largest in transport, storage and communication, financial intermediation, and mining and quarrying (Table 1.6). The stock of FDI mainly originated from the EU countries, Canada, and Turkey (Table 1.7).

Table 1.5 FDI flows in Albania, 2013-14

(€ million)

	2013	2014
Total FDI	944.8	869.2
By country		
EU(28)	259.5	271.0
Greece	13.2	118.5
Netherlands	70.4	82.2
Italy	82.9	37.8
Germany	7.8	22.0
Cyprus	-0.7	13.3
Croatia	0.0	6.1
United Kingdom	-1.1	4.8
Czech Republic	40.3	2.6

	2013	2014
Switzerland	-46.1	73.5
Turkey	47.6	63.5
United States of America	16.1	35.3
Cayman Islands	17.4	18.9
Norway	-20.9	0.6
Other (including Canada)	458.4	119.1
By economic activity		
Agriculture, hunting and forestry	0.0	0.0
Fishing	-0.1	-2.6
Mining and quarrying	589.2	503.6
Manufacturing	-113.6	38.5
Electricity, gas and water supply	106.9	75.1
Construction	-3.3	-24.0
Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods	-9.1	44.8
Hotels and restaurants	0.2	-1.9
Transport, storage and communication	16.2	112.5
Financial intermediation	77.2	36.6
Real estate, renting and business activities	237.9	71.2
Education	1.3	2.5
Health and social work	-4.0	-1.7
Other community, social and personal service activities	0.1	4.4
Extra-territorial organizations and bodies	14.3	10.4
Other	31.7	0.0

Source: WTO Secretariat's calculations based on data from Time Series Database of the Bank of Albania.
Viewed at: https://www.bankofalbania.org/web/Time_series_22_2.php.

Table 1.6 FDI stock in Albania by economic activity, 2010-14

	€ million					% of total FDI				
	2010	2011	2012	2013	2014	2010	2011	2012	2013	2014
Total FDI	2,436	3,400	3,893	4,113	4,553	100.0	100.0	100.0	100.0	100.0
Agriculture, hunting and forestry	7	4	1	1	1	0.3	0.1	0.0	0.0	0.0
Fishing	2	4	0	0	0	0.1	0.1	0.0	0.0	0.0
Mining and quarrying	311	612	810	742	677	12.8	18.0	20.8	18.0	14.9
Mining and quarrying of energy producing materials	270	539	728	666	604	11.1	15.8	18.7	16.2	13.3
Mining and quarrying, except of energy producing materials	41	73	83	76	73	1.7	2.2	2.1	1.9	1.6
Manufacturing	378	431	335	394	412	15.5	12.7	8.6	9.6	9.1
of which:										
Other non-metallic mineral products	125	206	216	221	222	5.1	6.1	5.6	5.4	4.9
Food products, beverages and tobacco	64	52	29	60	65	2.6	1.5	0.8	1.5	1.4
Textiles and textile products	34	30	24	26	30	1.4	0.9	0.6	0.6	0.7
Basic metals and fabricated metal products	51	46	17	21	24	2.1	1.3	0.4	0.5	0.5
Leather and leather products	39	36	16	18	22	1.6	1.1	0.4	0.4	0.5
Pulp, paper and paper products; publishing and printing	18	22	7	11	13	0.7	0.6	0.2	0.3	0.3
Electrical and optical equipment	14	14	13	12	11	0.6	0.4	0.3	0.3	0.2
Chemicals, chemical products and man-made fibres	13	13	2	9	8	0.5	0.4	0.0	0.2	0.2
Electricity, gas and water supply	118	247	30	-4	399	4.8	7.3	0.8	-0.1	8.8
Construction	-1	11	142	140	107	0.0	0.3	3.6	3.4	2.4
Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods	240	217	157	156	189	9.9	6.4	4.0	3.8	4.1
of which: wholesale trade	199	165	143	138	156	8.2	4.9	3.7	3.3	3.4

	€ million					% of total FDI				
	2010	2011	2012	2013	2014	2010	2011	2012	2013	2014
and commission trade, except of motor vehicles and motorcycles										
Hotels and restaurants	76	70	63	63	60	3.1	2.1	1.6	1.5	1.3
Transport, storage and communication	400	389	789	1,157	1,219	16.4	11.4	20.3	28.1	26.8
of which:										
Supporting and auxiliary transport activities; activities of travel agencies	42	41	34	38	42	1.7	1.2	0.9	0.9	0.9
Post and telecommunications	360	349	753	1,110	1,180	14.8	10.3	19.3	27.0	25.9
Financial intermediation	700	715	753	818	768	28.7	21.0	19.3	19.9	16.9
Real estate, renting and business activities	63	83	90	361	400	2.6	2.4	2.3	8.8	8.8
Education	4	6	7	13	17	0.2	0.2	0.2	0.3	0.4
Health and social work	64	47	36	33	29	2.6	1.4	0.9	0.8	0.6
Other community, social and personal service activities	12	9	18	19	26	0.5	0.3	0.5	0.5	0.6
Extra-territorial organizations and bodies	24	36	46	60	60	1.0	1.1	1.2	1.5	1.3
Other manufacture	38	521	616	160	189	1.6	15.3	15.8	3.9	4.2

Note: Data from 2010 to 2011 are based on BPM5. The data from 2012 onwards reflect BPM6. Thus, the data from 2012 to 2014 are not strictly comparable with other years.

Source: WTO Secretariat's calculations based on data provided by the authorities and data from Time Series Database of the Bank of Albania. Viewed at: https://www.bankofalbania.org/web/Time_series_22_2.php.

Table 1.7 FDI stock in Albania by origin, 2010-14

	€ million					% of total FDI				
	2010	2011	2012	2013	2014	2010	2011	2012	2013	2014
Total FDI	2,436	3,400	3,893	4,113	4,553	100.0	100.0	100.0	100.0	100.0
EU(28)	1,773	1,938	2,087	2,510	2,952	72.8	57.0	53.6	61.0	64.8
Greece	601	508	782	1,093	1,169	24.7	14.9	20.1	26.6	25.7
Italy	387	427	457	508	526	15.9	12.6	11.7	12.4	11.6
Netherlands	223	253	338	389	505	9.1	7.4	8.7	9.5	11.1
Austria	354	444	391	432	357	14.5	13.0	10.0	10.5	7.8
Germany	84	84	100	120	128	3.4	2.5	2.6	2.9	2.8
Cyprus	60	129	106	86	117	2.5	3.8	2.7	2.1	2.6
Canada	270	529	705	797	755	11.1	15.6	18.1	19.4	16.6
Turkey	187	188	329	375	394	7.7	5.5	8.4	9.1	8.6
United States of America	-98	-47	36	34	88	-4.0	-1.4	0.9	0.8	1.9
Switzerland	68	544	395	98	82	2.8	16.0	10.1	2.4	1.8
Lebanon	28	29	52	43	47	1.2	0.9	1.3	1.0	1.0
Cayman Islands	-7	57	58	34	26	-0.3	1.7	1.5	0.8	0.6
Former Yugoslav Republic of Macedonia	22	17	17	20	22	0.9	0.5	0.4	0.5	0.5
Kosovo	10	5	13	13	15	0.4	0.2	0.3	0.3	0.3
Other	184	140	202	191	174	7.5	4.1	5.2	4.6	3.8

Note: Data from 2010 to 2011 are based on BPM5. The data from 2012 onwards reflect BPM6. Thus, the data from 2012 to 2014 are not strictly comparable with other years.

Source: WTO Secretariat's calculations based on data from Time Series Database of the Bank of Albania. Viewed at: https://www.bankofalbania.org/web/Time_series_22_2.php.

2 TRADE AND INVESTMENT REGIME

2.1 General Framework

2.1.1 Institutional framework

2.1. The Constitution of the Republic of Albania sets out, *inter alia*, the functions of the executive, legislature, and judiciary.¹

2.2. The President is the Head of State, and is elected via a qualified majority vote of the National Assembly.² The Presidential term of office is five years, renewable once. The Constitution grants limited authority to the President, rendering this role largely ceremonial.³ Executive power is vested in the Council of Ministers, comprising the Prime Minister, the Deputy Prime Minister, and Ministers. The President appoints the Prime Minister based on the proposal of the party or coalition possessing the majority of seats in the Assembly, usually following a general election. Albania's assembly comprises 140 members, elected by proportional representation for a four-year term.⁴

2.3. The Constitution (Article 95.2) grants extensive powers to the Council of Ministers, which may exercise any state function not attributed to other bodies of central or local government. Some observers have noted that this is often used as a constitutional basis for general and even enlarged discretionary powers of the administration (Articles 9 and 21 of the Code of Administrative Procedures).

2.4. Since the last review in 2010, the Constitution has been amended once, in September 2012. The amendment allows for the investigation and criminal prosecution of members of the legislature, judges, and members of the Council of Ministers without prior authorization by the assembly as required under the former law. The changes necessary for the implementation of this amendment were introduced into the Code of Criminal Procedure in March 2014. This reform was promoted by the Prosecutor General, supported by both the ruling parties and the opposition and welcomed by the Organization for Security and Cooperation in Europe (OSCE) and by the European Union who had recommended anti-corruption measures in its successive progress reports on enlargement.

2.5. In 2014, a reform of local administration (Law No. 115/2014 of 31 July 2014) reduced the number of municipalities from 373 to 61 in order to remedy pre-existing fragmentation; to counterbalance the depopulation of eastern and rural areas; and to increase the capacities of local governments by better matching their resources and the services they provide. This reform follows a recommendation contained in the EU progress reports relating to Albania's candidacy to the EU.

2.6. No changes have been made since the last review to the basic principles of the legal system; the hierarchy of norms; the parliamentary procedures; the functions of the Constitutional Court; and the signing and entry into force of international agreements.⁵

2.7. Judicial reform remains one of the Government's key objectives, notably with a view to Albania's candidacy to the European Union, this criteria being closely monitored in that context. During the period under review, rules on the suspension and removal of members from the High Council of Justice have been adopted by virtue of Law No. 101/2014, increasing the transparency, accountability and efficiency of this constitutional body. Moreover, the administrative courts foreseen by the 2008 Law on Organization of the Judicial System, whose organization and functioning is provided for by Law 49/2012, have been functioning since November 2013. The creation of administrative courts constitutes an improvement towards the efficiency and reduction in time of the judicial process. In 2014, the parliament adopted an amendment to Law 49/2012 on

¹ The Constitution was adopted on 21 October 1998, and entered into effect on 28 November 1998. Viewed at: http://www.president.al/?page_id=663.

² Presidential candidates must be put forward by at least 20 members of the Assembly.

³ The powers of the President are mainly set out in Part Four, Article 92 of the Constitution. The President exercises his or her power via the issuance of decrees.

⁴ Full proportional representation was introduced by constitutional amendment in 2008. Previously, 100 members were elected directly, and another 40 by proportional representation.

⁵ For a detailed description of these elements see the previous TPR report of Albania, WTO (2010), paragraphs 12 to 14.

administrative courts, by virtue of Law No. 100/2014. The amendment allows for the inclusion of legal assistants to facilitate the work of the judges in the administrative courts of first instance and Administrative Court of Appeal, guaranteeing independence in the discharge of their duties. The School for Magistrates has been reformed and new criteria for the selection of magistrates were introduced by virtue of Law No. 97/2014 amending Law No. 8136/1996.

2.8. A new strategy and action plan for judicial reform for 2014-2020 has been drafted by a Senior Level Experts Group and was approved in principle by Decision No. 15, dated 30 July 2015, of the Special Parliamentary Commission on Judicial Reform. The strategy and the action plan will serve as a reference point for the drafting of the constitutional and legal amendments, and the opinion of the Venice Commission has been requested. The Senior Level Experts Group has just finalized the public consultations on constitutional amendments. Said amendments consist in some changes to the role of the President in the judicial system; independence and effectiveness of the High Court; independence and impartiality of the High Council of Justice; the role of the Prosecutor's office, Constitutional Court, and accountability of the judges.

2.1.2 Trade policy formulation and implementation

2.9. The Ministry of Economic Development, Tourism, Trade and Entrepreneurship (MEDTTE) has overall responsibility for the formulation of trade policy. A number of other ministries and agencies have policy-making responsibilities in trade-related areas. The institutional framework of trade policy coordination is currently being completely revamped with the recent or ongoing establishment of three new bodies (outlined below), replacing the Business Advisory Council established by Law No. 9607 of 11 September 2006.

2.10. First, a National Committee for Trade Policy Coordination and Facilitation will soon be established (the draft order of the Prime Minister establishing the Committee has recently been sent for approval). MEDTTE is responsible for the setting up and management of this Committee, tasked with coordinating and overseeing the formulation of trade policy. The Committee will be chaired by the Minister responsible for trade and will include representatives from all institutions involved in trade policy making and facilitation (Ministry of Finance; Ministry of Industry and Energy; Ministry of Transport and Infrastructure; Ministry of Agriculture, Rural Development and Water Management; Ministry of Health; Ministry of EU Integration; General Director of Customs; and four representatives from business associations).

2.11. The main functions of this committee will be:

- a. Coordination of trade policy-making at the national level through (i) preliminary discussion of any new trade policy having direct or indirect impact on trade, (ii) periodic assessment of the impact of sectoral policies in Albania's trade policy, and (iii) assessment at an early stage of any new sectoral policy and its related impact on trade policy;
- b. Consultation regarding trade policy with the business community through: (i) introduction of new policies and effective discussion with trade and business community on its impact, (ii) discussion of any internal trade barriers created by sectoral legislation, and (iii) presentation and discussion of trade barriers created between trading partners;
- c. Propose measures to facilitate trade through: (i) coordination of activities within the context of the WTO Trade Facilitation Agreement, (ii) promotion of measures to establish a Single Window customs system, (iii) supervision of the enforcement of activities facilitating trade agreement with Kosovo, and (iv) supervision of trade-facilitation activities under CEFTA; and
- d. Monitoring of trade policy through: preparation of annual reports on the progress of trade policy, in particular with regard to administrative capacities.

2.12. Second, the National Economic Council has been established by Law 57/2014 of 5 June 2014 'On the set up and functioning of the National Economic Council', as a single consultation structure between the Government, national and foreign-owned companies, financial

organisations, and academia. It has so far held eight meetings. Many reforms and policies affecting the country's economic development are discussed and presented during these meetings, such as business reform, inward processing ("façon") regulations, an 'Industry Package' for the plastics industry, the Single Window customs system, the new Customs Code, the Budget Law, the Action Plan on Informality, etc.

2.13. Third, the Investment Council was created by the Decree of the Council of Ministers No. 294, of 8 April 2015 "For the establishment of Investment Council". The Investment Council is a platform set up by the Albanian authorities, with support from the European Bank for Reconstruction and Development (EBRD), to intensify the dialogue between the Government and the private sector, improve the business climate, and promote good governance. Following the launch meeting held on 15 April 2015, the IC met for the first time on 1 July 2015, during which its working methodology (internal regulation) was approved. The topic of the first meeting was the discussion of the Deregulation Reform, aiming to reduce risk and costs to businesses. Information on the activity of the Investment Council is provided in its website⁶. The second meeting held on 5 October 2015 dealt with tax inspection and bankruptcy law. Finally, alongside these institutional mechanisms and in response to specific needs and requirements of policymaking, ad hoc arrangements can be made.

2.2 Trade Policy Objectives

2.14. A 'Business and Investment Development Strategy 2014-2020' was approved by the Decree of the Council of Ministers No. 635, dated 1 October 2014.⁷ This document assigns two main strategic objectives, notably productivity growth and competitiveness, and describes the means necessary to achieve those goals, in particular the dynamic development of enterprises, the promotion of investments, and a better utilization of natural, human and financial resources. It also sets some quantitative targets. This business and investment strategy is itself part of the wider national development and integration strategy, the main aim of which is Albania's medium-term integration within the European Union. The business and investment strategy is therefore aligned with the EU industrial policy as reflected by the 'Europe 2020' document and its regional offshoot, the South East Europe 2020 strategy (SEE 2020).

2.15. The Business and Investment Development Strategy 2014-2020 indicates that the trade policy objectives of Albania are guided by WTO principles and therefore guarantee the absence of quantitative restrictions on imports and exports (except in cases of environmental protection or assistance to fragile industries, cultural heritage, forestry and arms and ammunitions), export subsidies, any kind of tax on exports and export bans.

2.16. Export-wise, the business strategy identifies the following main challenges and weaknesses: lack of coordination between the public and private sectors; poor physical infrastructure; difficulties in the fulfilment of quality standards; and lack of efficient export-financing schemes. The objectives that stem from this analysis are the full integration of Albania into the regional market (with a specific focus on Kosovo and FYROM), EU market and global market; import substitution in areas such as steel, cement and agricultural products; the reduction of administrative costs; the elimination of non-tariff barriers; and the liberalization of services trade within the region.

2.3 Trade Agreements and Arrangements

2.3.1 WTO

2.17. Albania became a Member of the WTO on 8 September 2000. Albania grants at least MFN treatment to all its trading partners.

2.18. Albania is an active participant in the Doha development agenda and made several joint submissions with other delegations during the period under review, notably on services⁸, TRIPS⁹

⁶ Online information. Viewed at: <http://www.investment.com.al/>.

⁷ Online information. Viewed at:

http://www.ekonomia.gov.al/files/userfiles/Business&Investment_Dev_Strategy.pdf.

⁸ WTO document JOB/SERV/60, 15 April 2011.

⁹ WTO document TN/C/W/60, 19 April 2011.

and the general state of the negotiations.¹⁰ The trade policy objectives of Albania are motivated by national economic needs and private sector development. According to the authorities they are aimed at creating and maintaining a trade regime fully compliant with international obligations and WTO law, and one that is transparent, non-discriminatory, predictable and proportional to public policy and security needs. Trade facilitation as a complement to trade liberalization is an integral part of this policy.

2.19. Regarding recent agreements concluded under the auspices of the WTO, legal procedures are in progress for the acceptance of the Protocol on Trade Facilitation amending the Marrakesh Agreement establishing WTO and introducing the Trade Facilitation Agreement.

2.20. Albania is a party to the Information Technology Agreement in WTO; it has co-sponsored the EU's proposal and has recently supported the declaration and the list of products proposed to be covered by this agreement.

2.21. With regard to accession to the Government Procurement Agreement (GPA), following a third request from the GPA Committee, in July 2015 Albania officially replied on its intention not to accede to GPA at that moment. The process of harmonization of national legislation with EU acquis in all areas is a priority and public administration capacities are dedicated to this process. The Albanian authorities therefore consider that any process of accession to GPA at this stage would prove difficult and very demanding.

2.22. Albania has not been involved in WTO dispute settlement proceedings as complainant, defendant or third party. Since its accession, Albania has submitted numerous notifications covering various WTO topics (Table 2.1)

Table 2.1 Notifications to the WTO, January 2010 to December 2015

Legal provision	Description of requirement	Frequency	WTO document (most recent or series)
General Agreement on Tariffs and Trade 1994			
Article XVII: 4	Products traded by state-trading enterprises	Every three years	No notification made
Article XXIV:7	Customs unions and free-trade areas	Ad hoc	WT/REG/292/N/1 WT/REG/292/N/2 WT/REG/292/N/3
Understanding on the Interpretation of Article XVII (State Trading)			
Article XVII:4(a)	State trading activities	Annual	G/STR/N/13/ALB G/STR/N/14/ALB G/STR/N/15/ALB
Agreement on Agriculture			
Article 5.7	Special safeguard	Annual, ad hoc	No notification made
Articles 10 and 18.2	Export subsidies	Annual	G/AG/N/ALB/5
Article 12.1(b)	New export restrictions	Ad hoc	No notification made
Article 16.2	Food aid and other assistance	Annual, ad hoc	No notification made
Article 18.2	Volume of imports under tariff quotas	Annual	No notification made
Article 18.2	Tariff quota administration	Once, then changes	No notification made
Articles 18.2 and 18.3	Domestic support	Annual and ad hoc	G/AG/N/ALB/6 G/AG/N/ALB/7
Agreement on the Application of Sanitary and Phytosanitary Measures			
Article 7 and Annex B	Proposed SPS regulations (including proposed or emergency measures)	Ad hoc	G/SPS/N/ALB/124, G/SPS/N/ALB/126 to 184
Annex B, paragraph 3	Enquiry point	Once, then changes	No notification made
Annex B, paragraph 10	National notification authority	Once, then changes	No notification made
Agreement on Technical Barriers to Trade			
Articles 2, 3, 5 and 7	Proposed and adopted technical regulations	Before or immediately after the measure is taken.	G/TBT/N/ALB/71 G/TBT/N/ALB/72 G/TBT/N/ALB/73 G/TBT/N/ALB/74 G/TBT/N/ALB/75 G/TBT/N/ALB/76 G/TBT/N/ALB/77

¹⁰ WTO document TN/C/15, 31 July 2015.

Legal provision	Description of requirement	Frequency	WTO document (most recent or series)
Article 5.6, 5.7 and 7.2	Conformity assessment procedures	Ad hoc	G/TBT/N/ALB/45 G/TBT/N/ALB/55 to 70
Article 2.9 Article 10.1 and 10.3	Enquiry point	Once, then changes	No notification made
Article 15.2	Implementation and administration measures	Once, then changes	No notification made
Paragraph J, Code of Good Practice for the Preparation, Adoption and Application of Standards	Work programme of bodies that have accepted the Code	Biannual	No notification made
Agreement on Trade-Related Investment Measures (TRIMs)			
Article 5.1	TRIMs not in conformity with the provisions of the Agreement	Once	No notification made
Agreement on Implementation of Article VI of the GATT 1994 (Anti-dumping)			
Article 16.4	Anti-dumping actions taken over the past six months	Biannual	No action taken (G/ADP/N/202/Add.1)
Article 16.5	Investigating authority	Once, then changes	No notification made
Article 18.5	Laws and regulations	Once, then changes	No notification made
Agreement on Implementation of Article VII of the GATT 1994 (Agreement on Customs Valuation)			
Article 22.2	Legislation	Once, then changes	No notification made
Annex III, paragraph 3	Reservations in respect of valuation methods order	Once	No notification made
Decision of the Committee on CV (12 May 1995)	Responses to the checklist of issues	Once	No notification made
Decisions under paras. A3 and A4 of document G/VAL/5	Application of decision	Once	No notification made
Agreement on Preshipment Inspection			
Article 5	Laws or regulations notified	Once, then changes	No notification made
Agreement on Rules of Origin			
Article 5.1	Rules, judicial decisions	Once	No notification made
Article 5.2	Changes in non-preferential rules of origin	Ad hoc	No notification made
Annex II	Preferential and non-preferential rules of origin	Once, then changes	No notification made
Agreement on Import Licensing Procedures			
Articles 1.4(a), 8.2(b)	Laws and regulations	Once, then changes	G/LIC/N/1/ALB/4
Article 5	Import licensing procedures	Ad hoc	No notification made
Article 7.3	Questionnaire	Annual	G/LIC/N/3/ALB/5 to 7
Article 8.2(b)	Changes in legislation	Once, then changes	G/LIC/N/1/ALB/4
Agreement on Subsidies and Countervailing Measures			
Article 25.1	Article XVI:1 of the GATT 1994 and Article 25 of the SCM Agreement	Full notifications every three years; annual updating.	G/SCM/N/186/ALB G/SCM/N/220/ALB G/SCM/N/253/ALB G/SCM/N/284/ALB
Article 25.11	Countervailing duties applied over the past six months	Biannual	G/SCM/N/203, 212, 219, 228, 235, 242, 250, 267, 281
Article 25.12	Investigating authority, domestic investigation procedures	Once	No notification made
Article 32.6	Laws and regulations	Once, then changes	No notification made
Agreement on Safeguards			
Article 12.6	Laws and regulations	Once, then changes	No notification made
General Agreement on Trade in Services (GATS)			
Article III:3	Legislation	Ad hoc	S/C/N/610, S/C/N/623 - 641
Article III:4 and IV:2	Enquiry and contact point	Once, then changes	No notification made
Article V:7(a)	Economic integration agreements	Once only	No notification made
Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS)			
Article 63.2	Laws and regulations	Once, then changes	IP/N/1/ALB/4 and 4/Rev.1 IP/N/1/ALB/4/D/3 IP/N/1/ALB/4/I/2 and 3 IP/N/1/ALB/4/G/1 IP/N/1/ALB/4/P/3 IP/N/1/ALB/4/T/1
Article 69	Contact points	Once, then changes	No notification made
Decision of the Council for TRIPS of 21 November 1995	Checklist of issues on enforcement	Once, then changes	No notification made
Trade Facilitation Agreement WT/L/911	Notification of category A commitments	Once	WT/PCTF/N/ALB/1

Legal provision	Description of requirement	Frequency	WTO document (most recent or series)
Other			
Integrated Data Base for Personal Computers. General Council Decision of 16 July 1997	Customs tariffs, import statistics	Annual	March 2015

Source: WTO Secretariat.

2.3.2 Regional and preferential agreements

2.23. Albania has not extended its network of free trade agreements since the last TPR report in March 2010 and it remains composed of the 2006 Central European Free Trade Agreement members (Bosnia and Herzegovina; Croatia; the Former Yugoslav Republic of Macedonia; Moldova; Serbia and Montenegro; and UNMIK/Kosovo (United Nations Interim Administration Mission in Kosovo)); a 2006 agreement with Turkey; and a 2009 agreement with EFTA¹¹. This latter agreement entered into force in November 2010 (for Albania, Liechtenstein and Switzerland); 1 August 2011 (for Albania and Norway); and 1 October 2011 (for Albania and Iceland). Full implementation started on 7 February 2011 (for Albania, Liechtenstein and Switzerland); 28 July 2011 (for Albania and Norway); and 16 September 2011 (for Albania and Iceland). Two out of those three agreements, Albania–Turkey and Albania-EFTA, have been the subject of a factual presentation by the WTO secretariat and of an examination by the WTO Committee on Regional Trade Agreements¹².

2.24. During the period under review, Albania has signed 12 economic and technical cooperation agreements, which are detailed in Table 2.2 below.

Table 2.2 Economic and Technical Cooperation Agreements signed by Albania, 2010-14

No.	Country	Date of approval	Date of signature	Date of entry into force
1	Azerbaijan	2013	8 April 2013	23 May 2013
2	Bulgaria	2012	22 October 2012	20 February 2013
3	Hungary	2010	26 March 2010	19 March 2011
4	Kosovo (Agreement to promoting and facilitating trade)	VKM no. 223, 23 April 2014	11 January 2014	11 March 2015
4.1	Kosovo Protocol	2015	23 March 2015	23 March 2015
5	Montenegro	DCM no. 858 dated 10 December 2014	23 February 2015	20 November 2015
6	UAE MoU	2014	13 March 2014	13 March 2014
7	China, People's Republic of	DCM no. 332 dated 22 April 2015	16 July 2015	Not yet in force
8	China, People's Republic of	DCM no. 27 dated 22 January 2014	23 January 2014	Not yet in force
9	Kazakhstan	DCM 213 dated 11 March 2015	Not signed	Not yet in force
10	Korea	DCM 903 dated 11 November 2015	29 September 2015	Not yet in force
11	Kuwaiti MoU	DCM no. 753 dated 12 November 2014	19 November 2014	Not yet in force
12	UAE MoU	2012	22 January 2012	Not yet in force

Source: Information provided by the Albanian authorities.

2.25. These agreements complement trade and economic cooperation agreements in force with: Argentina; Austria; Bulgaria; China; Croatia; the Czech Republic; Egypt; France; Germany; Greece; Israel; Italy; FYROM; Malaysia; the Netherlands; Poland; Romania; Russia; Serbia and Montenegro; Switzerland; Turkey; Ukraine; the United States; and Uruguay. According to official sources, these agreements are intended to promote trade and economic cooperation.¹³

2.26. Albania is entitled to benefit from the GSP schemes of Canada, Japan, Norway, Switzerland, and the United States. In addition, since 2000, Albania (together with other Western Balkan countries) is eligible for preferential treatment in the EU market under a waiver to GATT Article I:1. The waiver was originally set to expire in 2006, but was extended until

¹¹ For a detailed analysis of the provisions of these agreements, see the previous TPR report WTO (2010), Table 2.2, page 24.

¹² WTO documents WT/REG240/1, WT/REG240/M/1, WT/REG292/1/Rev.1 and WT/REG292/M/1.

¹³ Albinvest online information. Viewed at: www.aida.gov.al.

31 December 2015.¹⁴ The EU has further extended this waiver until 2020 and legal procedures to that effect in the EU are underway.

2.27. The relationship of Albania with the EU continues to be governed by the 2009 Stabilisation and Association Agreement (SAA); Albania obtained the status of EU candidate country in June 2014, following a recommendation by the EU Commission in October 2013, and by end-2016 might receive a date from the EU for initiating accession negotiations. In addition to the institutional structure of the SAA, joint working groups to prepare the accession process were established in September 2014. The joint working groups (JWG) were formed for each of the five following priorities (public administration, reform of the judicial system, fight against corruption, fight against organized crime, fundamental rights). At the time of compiling this report, the JWGs were composed of the representatives of Albanian institutions and their respective counterparts from the European Commission. The JWGs met every three or four months, generally to prepare the High Level Dialogue meetings.

2.28. Between 2007 and 2013 Albania received €594 million of financial assistance under the Instrument for Pre-accession Assistance (IPA II). Under the IPA II programme Albania will benefit from a total of €640 million of assistance (of which €66 million in 2014 and €89 million in 2015) over the period 2014-2020. There is no trade-specific programme under the aegis of the IPA II.

2.29. In the context of the approximation and pre-accession processes, the EU is closely monitoring not only political and macro-economic developments in Albania but also the future ability of the country to take on the obligations of membership in the following areas: free movement of goods (including standardization, conformity assessment, accreditation, metrology, market surveillance); free movement of workers; coordination of social security systems; right of establishment and freedom to provide services (including mutual recognition of qualifications); free movement of capital (including modernization of payments systems and fight against money laundering); public procurement; company law; intellectual property law; competition policy; state aids; information society and media policy; agricultural policy; food safety, veterinary and phyto-sanitary policy; fisheries; transport policy; energy; taxation; statistics; social policy and employment; enterprise and industrial policy principles; trans-European networks; environment; consumer and health protection; and customs union.

2.4 Investment Regime

2.30. Albania is ranked by the World Bank's "Doing Business Report 2016" at 97th position out of 189 countries covered by the report. Its ranking according to the various criteria of this report is described in Table 2.3.

Table 2.3 World Bank 'doing business' indicators for Albania, and their recent evolution

Topics	DB 2016 Rank	DB 2015 Rank	Change in Rank
Starting a business	58	54	-4
Dealing with construction permits	189	122	-67
Getting electricity	162	159	-3
Registering property	107	104	-3
Getting credit	42	36	-6
Protecting minority investors	8	18	10
Paying taxes	142	130	-12
Trading across borders	37	37	No change
Enforcing contracts	96	96	No change
Resolving insolvency	42	40	-2

Source: World Bank online information. Viewed at: <http://www.doingbusiness.org>.

2.31. Many of the issues underlined by those rankings (notably the enforcement of law and of contracts, the granting of property titles, and the size of the informal economy) have been acknowledged by the Albanian authorities and integrated in the Business and Investment Development Strategy for 2014-2020, which has been partially described above. The objectives spelt out in this strategy for Foreign Direct Investment (FDI) are to maintain a high level of FDI for

¹⁴ WTO documents WT/L/380, 13 December 2000; WT/L/380/Corr.1, 8 January 2001; and WT/L/654, 2 August 2006. Under the terms of this waiver, the EU is required to submit an annual report to the WTO General Council. For the most recent report, see WTO document WT/L/763, 21 July 2009.

the next seven years; to achieve long-term sustainability of investment by promoting reinvestment and expansion of existing investments; to increase the share of greenfield and export-oriented investments; and to increase the share of value-added and high-tech investment. To this effect the investment-promotion agency (AIDA – Albanian Investment Development Agency) will serve as a one-stop shop for FDI (except for registration), and will cover all stages of investments, i.e. pre-investment (information dissemination, sector studies and analysis, investment assessment, partner match-up, assistance-to-investor visit), investment *per se* (assistance to investment start-up and locating procedures) and post investment (assistance for operational problems). It will also be empowered to negotiate specific incentives for investors.

2.32. The Albanian legal framework on foreign direct investment is defined by Law No. 7764 of 2 November 1993 "On Foreign Investment", as amended by Law No. 10316 of 16 September 2010, and which allowed for a special state-protection regime. However, no request for such a regime was ever filed and in the absence of any application, provision for it expired on 31 December 2014.

2.33. In addition a new law on strategic investment, covering foreign and domestic investments, has just entered in force. Law No. 55/2015 of 28 May 2015 "On strategic investments in the Republic of Albania" lays down the procedures and rules to be implemented by government bodies during the examination of strategic investments as well as the support and services provided to strategic national or foreign investors.

2.34. The law foresees the establishment of a Committee on Strategic Investment, as a collegial body of the Council of Ministers, and headed by the prime minister. The committee will attribute to investments either the status of 'assisted investment' or of 'strategic investment' where special additional support is provided by the administration. AIDA will play the role of secretariat of the Committee on Strategic Investments. The implementing legislation based on Law No. 55/2015 entered into force on January 2016

2.35. The law defines the following sectors as strategic: energy and mining; transport; infrastructure; electronic communications and urban waste; tourism; agriculture; and fisheries. For each strategic sector, the law stipulates the minimum invested capital necessary to be recognised as a strategic investment. The law establishes procedures for strategic investments and creates facilitating rules or accelerating administrative processes in order to achieve the main goal of promoting and attracting public, private, domestic and foreign investment in the strategic sectors. Investments in the areas of technology and economic development are also defined as strategic investments under the law. Technological and economic development areas benefit from specific incentives under the new law on Technical and Economic Development Areas described below.

2.36. The Law on Strategic Investment also provides for the setting up of a fund of state-owned immovable properties so as to provide land, buildings and infrastructures for a symbolic rent to investors. The rules on the use of these immovable properties in support of strategic investors will be approved by the Council of Ministers. In order to implement that provision and administer the provision of land to investors, the State Aid Commission issued its Decision No. 58 of 13 July 2015 "On the state aid scheme for the implementation of strategic investments", stipulating that the State Aid Commission will examine each state aid provided under Law No. 55/2015 of 28 May 2015. AIDA will report to the State Aid Commission each year on the state aid provided under this Law.

2.37. Another significant development regarding investment incentive is the decision by the Council of Ministers No. 647 of 22 July 2015 implementing the recent amendment by Law No. 54/2015 of 28 May 2015 of the Law No. 9789 of 19 July 2007 on the establishment and operation of technological and economic development areas. Before the 2015 amendment, Albanian legislation stipulated only that 'goods entering the free economic zone from licensed persons, and services offered within the zone, are exempted from custom duties and value-added tax'. The new amendments have reinforced the fiscal, administrative and procedural incentives and made them more favourable to both national and foreign investors.

2.38. The developers and users are exempt from the payment of the 50% tax-on-profit rate for the first five years from the commencement of their activity in the area; 20% of the annual capital expenses are recognized as deductible expenses of the tax period for the developer and user

investing in the area, for a period of 2 years, notwithstanding the repayment amounts; the project of the developer is exempted from the tax of infrastructure impact: constructions realized in this area are exempted from the tax of immovable property for a five-year-period; the developers or users of the area are exempted from the tax on transferring the right of ownership on immovable properties; supply of Albanian goods, are considered as supply for export with zero level, expenses for salaries and social and health contributions which the employer pays for the employee, are deductible for 150% of their amount during the first fiscal year of activity operation. In the following years, additional expenses for salaries, in relation to the previous year, are deductible expenses for 150% of their amount; and the costs of training the employees and expenses for scientific research are accepted deductible for 200% of their value, for a 10-year period.

2.39. In terms of licensing for both national and foreign investors, in 2009 Albania adopted a single window system. It is contained in Law No. 10081 of 23 February 2009 on licences, authorizations and permits in the Republic of Albania", and in its implementing regulation, the Decision of the Council of Ministers DCM No. 538 of 26 May 2009, "On licences and permits handled by or through the National Licensing Centre (NLC)".

2.40. Licences and permits that are handled by or through NLC are divided into 3 groups. Group 1 includes those categories or subcategories for which the evaluation of criteria fulfilment is based solely on the self-declarations of the applicant. Group 2 includes those categories or subcategories for which the evaluation of criteria fulfilment, apart from the self-declarations of the applicant, at least for one of the conditions, is based on the supporting documents submitted by the applicant. Group 3 includes those categories or subcategories for which the evaluation of the fulfilment of the criteria for at least one of them is based on a process of inspection, testing, competition, interview, or any other method of evaluation.

2.41. The procedure involves two or three phases depending on the group: First an electronic registration, which lasts an average of 10 to 40 minutes, then either an approval or rejection within 2 working days for group 1 or a transmission to the line ministry within 4 working days for groups 2 and 3. The line ministry then assigns a physical person who shall be responsible for the application and publishes his name electronically. The file is instructed according to the various time-frames set by the respective sectoral legislation, a non-publication triggering after a set delay silent consent.

2.42. This system has been reinforced by a recent deregulation reform. This reform will suppress a certain number of licensing requirements while extending the scope of the single window managed by the National Licensing Centre for the remaining authorizations. To that effect, an ad hoc working group reviewed all existing authorizations.

2.43. Based on this report, Law No. 6/2015 of 12 February 2015 "On some amendments and addenda to Law No. 10081 of 23 February 2009 "On licences, authorisations and permits in the Republic of Albania", was prepared and adopted. The amendments stipulate that certain categories of authorisations, under the competency of the central institutions, as well as their issuing will be carried out in accordance with the conditions and procedures stipulated by Law No. 10081 of 23 February 2009 through the National Licensing Centre.

2.44. Regarding business registration, e-registration has just been put in place by Law No. 8/2015 of 19 February 2015 "On some amendments and addenda to Law No 9723 of 3.05.2007 "On National Registration Centre". This law partially approximates the Directive 2009/101/EC of the European Parliament and of the Council of 16 September 2009. The corresponding online application has been operational since February 2015. Between February and September 2015 it had already processed over 15,000 electronic requests, most of which were related to the annual filing of accounting sheets and audit reports.

2.45. The Albanian legal framework for public-private partnerships (PPP) and Concessions is defined by Law No. 125/2013 and Council of Ministers Decree No. 575/2013 "Rules for evaluation concession and PPP" amended in August 2015.

2.46. The law stipulates that Concessions/PPPs may be awarded for the realization of works and/or provision of services in and for the following sectors and purposes:

- a. Transport (railway system, rail transport, ports, airports, roads, tunnels, bridges, parking, public transport);
- b. Generation and distribution of electricity and heating energy;
- c. Production and distribution of water, treatment, collection distribution and administration of waste water, irrigation, drainage, cleaning of canals and dams;
- d. Waste management, including their collection, transfer, treatment and disposal;
- e. Telecommunication;
- f. Science and Education;
- g. Tourism, Leisure and hospitality;
- h. Culture and Sports;
- i. Health;
- j. Social services;
- k. Prison and judicial infrastructure;
- l. Rehabilitation of land and forests;
- m. Industrial parks, mines and similar business support infrastructure;
- n. Housing;
- o. Public administration facilities, IT and data base infrastructure;
- p. Natural gas distribution;
- q. Urban and suburban rehabilitation and development;
- r. Public lighting in local administrative bodies territory;
- s. Agriculture.

2.47. The decision to create a PPP lies with the Council of Ministers, upon the proposal of the line ministries or, upon proposals, which they receive from local government units or central bodies. The 2015 amendments have reinforced the administrative capacities to assess the costs and benefits of PPP by assigning a role of coordinator and legal control to the Ministry of Economy and to its specialized body, the Concession Treatment Agency, at every stage of the projects (namely preparation of feasibility study; preparation of competitive procedure; evaluation and determination of the best offers; negotiations and conclusion of concession contracts and monitoring of the concession contract). The Ministry of Finance is assigned to give prior approval related to affordability, sustainability and fiscal feasibility in case where financial support from the Government is required. It is also asked to give its prior approval for all planned changes which affect or create a risk of direct or indirect impact on the state budget or local authority budget.

2.48. The concession treatment Agency is also tasked with proposing amendments to the PPP legislation and studying and analysing the global trends and experiences in this field. The agency is also designing the registry of concession/PPP which is due for 2016 and which will collect and organize information related to concession/PPP contracts.

2.49. Regarding multilateral treaties on investment protection, Albania has ratified both the New York Convention of 1958 and the Geneva Convention of 1961 on 27 June 2001. It is member of the ICSID Washington Convention 1965 since 1991 and of the Energy Charter Treaty 1994, which it ratified on 15 December 1997. In addition, most of the bilateral investment treaties that Albania has entered with other states contain dispute resolution provisions by international arbitration.

2.50. Albania also has ratified the World Bank's Multilateral Investment Guarantees Agency (MIGA) Convention since 1991. Since 2010, Albania has been host country to three projects in the banking sector and energy sector. There have been no disputes related to those projects.

2.51. According to Law No. 7764 of 2 November 1993, disputes between a foreign investor and a private Albanian party, state enterprise or public administration shall be resolved according to the procedure agreed between the parties. In case the parties have not agreed on the dispute settlement procedure, the foreign investor may address the Albanian court or arbitration body. Disputes related to the expropriation, compensation following expropriation or unequal treatment, as well as expatriation of funds and contributions in kind related to a foreign investment may be submitted to ICSID. International arbitration decisions related to foreign investments are final and irrevocable for the parties in dispute. Law No. 7764/1993 stipulates that Albania is committed to recognize and enforce any international arbitration award concerning a dispute relating to foreign investment. Moreover, in case any provision of Law No. 7764/1993 is not in conformity with international agreements ratified by Albania, the latter will prevail to the extent that they provide greater rights or protection for foreign investors.

2.52. During the period under review Albania completed its network of bilateral investments by signing agreements with Cyprus (2010), Malta (2011), Qatar (2011) Azerbaijan (2012), San Marino (2012), Kosovo (2015) and United Arab Emirates (2015). All these recent agreements have entered into force except those with Qatar, Kosovo and United Arab Emirates. In addition the agreement signed in 2007 with Kuwait entered into force in 2013. This brings the total of BIT partners of Albania to 45, 42 of which are in force.¹⁵ Albania is currently finalizing or negotiating BITs with Canada, Iceland, Lebanon and Morocco.

2.53. Regarding double taxation agreements, Albania is linked with 84 states by the Multilateral Competent Authority Agreement on standard exchanges of information of the Global Forum on Transparency, based on Article 6 of the OECD convention on Convention on Mutual Administrative Assistance in Tax Matters. Furthermore, Albania has signed double taxation agreements with Poland (1993), Croatia (1994), Italy (1994), Malaysia (1994), Turkey (1994), the Czech Republic (1995), Greece (1995), Hungary (1995), Romania (1995), Russia (1995), Bulgaria (1998), FYROM (1998), Norway (1998), Sweden (1998), Malta (2000), Moldova (2002), China (2004), France (2004), Kosovo (2004), Netherlands (2004), Serbia (2004), Egypt (2005), Estonia (2005 and 2010), Montenegro (2005), the Republic of Korea (2006), Austria (2007), Bosnia and Herzegovina (2008), Latvia (2008), Slovenia (2008), Ireland (2009), Luxemburg (2009), Germany (2010), Kuwait (2010), Singapore (2010), Spain (2010), India (2013), the United Arab Emirates (2014) and the United Kingdom (2014). All these conventions have entered into force except for those with Estonia (revision), India and the United Arab Emirates. Albania also continues to negotiate double taxation agreements with new jurisdictions.

¹⁵ Austria, Azerbaijan, BLEU (Belgium-Luxemburg Economic Union), Bosnia and Herzegovina, Bulgaria, China, Croatia, Cyprus, Czech Republic, Denmark, Egypt, Finland, France, Germany, Greece, Hungary, Israel, Italy, Republic of Korea, Lithuania, FYROM, Malaysia, Malta, Moldova, Netherlands, Poland, Portugal, Romania, Russian Federation, San Marino, Serbia, Slovenia, Spain, Sweden, Switzerland, Tunisia, Turkey, Ukraine, United Kingdom, and the United States.

3 TRADE POLICIES AND PRACTICES BY MEASURE

3.1 Measures Directly Affecting Imports

3.1.1 Customs procedures and requirements

3.1. The General Directorate of Customs, under the supervision of the Ministry of Finance, is responsible for customs procedures in Albania. Organizational changes that have taken place in the Customs Administration since 2010 include the establishment of the Excise Department in August 2012 by the entry into force of the new law "On Excises in the Republic of Albania" and its implementing provisions.¹

3.2. Albania's main legislation governing customs issues includes the Customs Code and its implementing regulations including the Decision of the Council of Ministers (DCM) No. 205 "On Implementing Provisions of Customs Code".² A new customs code, which is intended to further reflect the *acquis communautaire* and EU standards in the area of customs, was adopted on 31 July 2014 (Law No. 102/2014)³; the Code partially entered into force on 6 September 2014 and on 1 January 2015. Law No. 102/2014 was amended by Law No. 32/2015 of 2 April 2015 "On some amendments and additions to the Law No. 102/2014". This amendment, *inter alia*, allows duty-free shops to be opened at land and maritime borders that are under the Customs' supervision and control. The partial entry into force of the new code on 1 January 2015 involved, *inter alia*, provisions for authorized economic operators, simplified procedures, and exemption from import duties. Where the new code is not yet in force, the previous version of the Customs Code (Law No. 8449 of 27 January 1999) still applies. The authorities envisage that the remaining part of the new code will enter into force on 1 June 2017, at which time the old customs code will be entirely repealed. The authorities consider that the new customs code is in full compliance with, *inter alia*, Regulation of the European Parliament and Council No. 952/2013 (9 October 2013) "Union Customs Code", and is partially aligned with some other acts of the EU. The authorities indicate that after the implementing provisions of EU Regulation No. 952/2013 are adopted, Albania will start aligning its national provisions with them.

3.3. Albanian customs legislation does not contain a general requirement for importers or exporters to be registered.⁴ Since 2010, there have been no changes to specific circumstances where importers must be registered to clear customs.⁵ An authorization must be requested for the importation (or exportation) of dual-use goods.⁶ The authorities note that registration in the

¹ Under the new law (Excise Law), the Customs Administration is responsible for (1) the administration of the excise tax regarding imports and domestic production; (2) the abolition of three Regional Directorates in 2013; (3) the establishment of scanning offices in five Customs branches; and (4) the establishment of the Information Directorate that aims, *inter alia*, to perform customs operations through computer systems and online operations. Other changes include the establishment of the Anti-corruption and Interior Investigation Directorate in November 2010. The Directorate investigates infringements of the Ethics Code or possible cases of corruption denounced by citizens or economic operators, or otherwise based on information provided by parties inside or outside the institution.

² DCM No. 205 has been amended by: DCM No. 366 (30 April 2015) "On some amendments and additions on the Decision No. 205 (13 April 1999)", regarding, *inter alia*, simplified customs procedures and authorized economic operator (AEO) exemptions; DCM No. 919 (29 December 2014) "On implementing provisions of Law No. 102/2014 (31 July 2014)"; and DCM No. 921 (29 December 2014) "On the employees of the customs administration".

³ The new law is intended to approximate: (1) Regulation of the European Parliament 952/2013 (9 October 2013) "Customs Code of the Union"; (2) Council Regulation (EC) No. 1186/2009 (16 November 2009) on exemption from customs duties; (3) Council Directive 2007/74/EC (20 December 2007) on exemptions from the value-added tax for goods imported by travellers; (4) European Commission proposal for a Directive of the European Parliament and the Commission on violation and sanctions in the customs field; and (5) European Commission Release 169/2008 on missions and objectives of customs authorities.

⁴ All businesses must register at the National Registration Centre (NRC) and obtain a unique ID number; the number is used in all import/export transactions.

⁵ WTO (2010).

⁶ Dual-use goods are defined as certain kinds of products, equipment, materials, software and technologies not specially designed for military purposes and for works and services related to them, which, besides being used for civil purposes, are also used in the design, production, and use of weapons intended for military purposes, weapons of mass destruction, the ways for their proliferation or the proliferation of explosive and nuclear equipment, including several types of nuclear materials, chemical bacteriological and biological agents, and toxic mixtures. The list of dual-use goods is approved by DCM No. 106 of 9 February 2011. The

customs system has the purpose of improving control over the licences or permits issued by other competent bodies. The Single Administrative Document for customs entries is stamped by customs officers charged with verification, physical control, and control of valuation.⁷

3.4. All customs procedures are processed through a centralized electronic system. Since 2010, Albania has continued to use the Automatic System for Customs Data (ASYCUDA World). In 2013, a module for online payment was introduced. The rules for processing imports (and exports) are contained in the Customs Code and its implementing regulations.

3.5. Data provided by the authorities indicate that in 2014 average release time for imports per consignment was about 21.5 hours for sea cargos (compared to 18.9 hours in 2010), 4.3 hours for air cargos (10.1 hours in 2010), and 2.3 hours for cargos by road transport (4.1 hours in 2010).

3.6. In order to conduct risk analysis, Customs uses a selectivity module stored in the ASYCUDA World system. The authorities state that risk indicators may relate to a particular commodity code, country of origin, value of goods, means of transportation, blacklist of unreliable companies, etc. The authorities indicate that approximately 10% of goods passed through the red channel were subject to inspection at the border in recent years.

3.7. Certain goods must be processed in specific customs offices; the authorities state that this is mostly because of the nature of the goods. Such is the case for fuels (at the Durres customs office), and goods for use in civil aircraft (at Rinas Airport). Imports of live animals, fresh fruit, and vegetables are processed at the border crossing point.

3.8. Albania has taken further initiatives to step up border security. Key objectives are set out in: (1) the action plan on integrated border management for 2010-2014; (2) the strategy and action plan for border management for the period 2014-2020⁸; and (3) the integrated project for the detection of radioactive materials outside the regulating system in collaboration with the International Energy Agency.

3.9. When a shipment consists of goods with different tariff classifications and treatment and this creates a considerable amount of work and expense, considering the amount of the import duties to be paid, in accordance with Article 161 of Law No. 102/2014 and based on an application by the declarant, the customs authorities may decide to apply the same customs duties to all cargo, based on the tariff subheading with the highest level of customs duty on import.⁹

3.10. Albanian legislation allows for different customs regimes: (1) free circulation¹⁰; (2) processing under customs control¹¹; (3) inward processing regime¹²; (4) temporary admission

authorities maintain that this list is in line with the EU Council Regulation (EC) No. 428/2009, Annex I (last updated in 2010).

⁷ Under the Customs Code's implementing provisions (Article 142), the main documents required by customs for imported (or exported) goods are a commercial invoice and a transport document (airway bill or bill of lading). Other documents that may be required in specific cases include: a certificate of origin, a summary declaration or commercial document containing particulars necessary to identify the goods, a packing list, a quality certificate, a contract, and a bank transaction payment slip. A phytosanitary certificate is required for imports of fruits, vegetables, seeds, and other plants, and a health certificate is required for livestock products, pharmaceuticals, and processed food.

⁸ DCM No. 119 of 5 March 2014 "Adoption of the National Strategy for Integrated Management Border Action Plan, 2014-2020".

⁹ On 1 January 2015, Albania repealed Article 104 of Law No. 8449/1999.

¹⁰ The normal import regime, by which goods enter into the customs territory of Albania permanently, is subject to the payment of the relevant import duties and other taxes.

¹¹ Under this regime, imported goods are subject to transformation operations, without payment of import duties. Authorizations for processing under customs control are issued at the request of the interested person and are granted only: (a) to persons located in Albania; (b) for imported goods that can be identified in the processed products; and (c) when the operation creates or maintains a processing activity in Albania, without sacrificing the interests of Albanian producers of similar products. Duty is payable when the finished product is put into free circulation.

¹² The inward processing regime allows foreign goods to undergo transformation or processing operations in Albania's customs territory without the application of tariffs or other trade measures, except for customs processing fees, provided that resulting products are exported.

regime¹³; (5) outward processing regime¹⁴; (6) customs warehouse regime¹⁵; and (7) a transit regime.¹⁶

3.11. In 2014, the General Directorate of Customs granted 1,005 authorizations. Of these, 574 were granted for inward processing under customs control, 388 for temporary admission, 12 for customs warehouses, and 22 for the outward processing regime.

3.12. Economic operators or their legal representatives may write to the customs authorities requesting a decision on the application of customs rules; this must be provided by Customs within 30 days. The economic operators have ten days within which to appeal this decision to the Director-General of Customs, who is obliged to respond within 20 days either accepting or denying the appeal.¹⁷ In accordance with the Customs Code and its regulations, importers may also appeal decisions by Customs that a customs violation has taken place.¹⁸ Appeals must be made in writing to the Director-General of Customs within five days of the notification of a Customs decision in cases where fines were applied, or ten days in cases where the appeal relates to customs value or customs rules. If fines were applied, appellants must pay the total amount of customs duties legally due, and deposit in advance into a bank account of the General Directorate of Customs an amount equal to 40% of the total fine. The Director-General of Customs must decide on the appeal within 30 days. If the appeal is accepted, the deposited amount is paid back, and if rejected, the appellant must pay the remainder of the fine.¹⁹ If the appeal is rejected, the appellant can present a further court appeal within 30 days of the notification of rejection without being obliged to pay the remaining 60% of the total amount of the fine applied, as a condition for court appeal.²⁰ If the court rules in favour of the appellant, the amount of the fine is returned. 2,742 appeals against customs decisions were lodged between January 2010 and November 2015, mainly concerning value of goods; origin of goods; tariff classification; differences of quantity, weight, and quality; customs regimes (authorizations); and excise. The authorities note that the customs administration won around 63% of appeals in court in 2010, 75% in 2011, 73% in 2012, 57% in 2013, 72% in 2014, and 72% in 2015 (January to November).

3.13. In accordance with Law No. 61/2015 of 24 May 2012 "On excises in the Republic of Albania", which entered into force on 1 October 2012, the Customs administration is responsible for the excise taxes (section 3.1.5.2).²¹ Complaints regarding excises are examined in accordance with this law.

3.14. Albania submitted its Category A notification under the Agreement on Trade Facilitation (TFA) on 10 September 2014.²² The authorities state that legal procedures to ratify the TFA are in progress.

3.15. Albania is a member of the World Customs Organization. It has signed bilateral agreements on customs assistance with: Austria (signed in 2008); Bulgaria (2003); Croatia (2003); Cyprus (2006); Egypt (2015); Greece (1993); Italy (1998); Kosovo (2009); Former Yugoslav Republic of

¹³ Under the temporary admission regime, imported goods destined for re-export can be used in the Albanian custom territory, completely or partially exempted from import duties, for up to a year, provided they do not undergo any transformation.

¹⁴ Under the outward processing regime, Albanian products may be exported temporarily for processing and re-imported with complete or partial exception from import duties.

¹⁵ Under the customs warehouse regime, products may be stored temporarily in Albania without payment of import duties.

¹⁶ Goods entering Albania under the transit regime (in transit to a foreign country) are exempt from customs duty, VAT, and excise taxes.

¹⁷ Articles 18 to 20 of Law No. 8449/1999.

¹⁸ Customs violations include both administrative violations (including those related to customs valuation) as well as smuggling.

¹⁹ Customs Code Title VIII. The amount of fine was modified as Article 267 was amended by Article 292 of Law No. 102/2014, which entered into force on 6 September 2014.

²⁰ Article 289/5 of Law No. 8449 of 29 January 1999 was amended by Decision No. 18 of 23 April 2010 of the Constitutional Court, which abolished the part of the paragraph 'must pay the rest of 60% of the fine'.

²¹ The authorities state that the law approximated CE Directive No. 2008/118 concerning excise (Celex 32008L0118); Council Directive 2003/96/EC of 27 October 2003 (Celex 32003L0096); Directive 92/83/EEC of 19 October 1992 (Celex 31992L0083); Directive 92/84 EEC of 19 October 1992 (Celex 31992L0084); Directive 92/12/EEC of 25 February 1992 (Celex 31992L0012); and Council Decision of 22 June 2006.

²² WTO document WT/PCTF/N/ALB/1, 10 September 2014.

Macedonia (1998); Moldova (2004); Romania (2004); Serbia (2015); Slovenia (2005); Spain (2009); and Turkey (2007).²³ Albania is also a member of the Istanbul Convention.²⁴

3.16. Under Law No. 8449/1999 (Articles 3/d/v and 10/2/d), the customs authorities have the power to negotiate, prepare and sign international agreements and conventions in the customs field. Under Article 25, customs authorities are prevented from disclosing confidential information; while, in accordance with Article 20 (2), confidential information can be transmitted to customs authorities and other relevant authorities of countries or territories outside the customs area of Albania for cooperation purposes, based on an international agreement or national legislation in the field of trade. The authorities state that one of the strategic principles of the customs authorities is to strengthen international cooperation or mutual assistance in customs matters, through agreements with other countries and increased participation in international fora responsible for international law.

3.17. Albania does not make use of pre-shipment inspection services.

3.1.2 Customs valuation

3.18. Albania's rules on customs valuation are contained in Articles 33 to 40 of the Law No. 8449/1999 and in Articles 54 to 69 of its implementing regulations (including DCMs Nos. 205, 366, 919 and 921). Since its previous review in 2010, Albania submitted no new notification to the WTO concerning customs valuation.²⁵

3.19. Law No. 8449/1999 specifies that the transaction value of imported goods should be the primary basis to determine customs value. Where this is not possible, the sequence of methods set out in the WTO Agreement on Customs Valuation is to be followed. The transaction value includes the costs of transportation, insurance, and freight. The use of minimum values or reference prices is prohibited. The authorities state that around 86-89% of the total number of imported consignments was subject to transaction value methods for valuation purposes during the period under review. Under-invoicing is still of concern for goods originating from certain areas. The authorities maintain that Customs addresses requests from customs authorities of EU countries for verification based on the Protocol 6 'on customs mutual assistance' of the 'Stabilization and Association Agreement' of 1 April 2009. With the Italian customs, an MoU exists under which monthly data are exchanged between Albania and Italy for consignments over €25,000 with a view to detecting under-invoicing.

3.20. Exchange rates used for customs valuation purposes are determined each month and are valid from the 6th of the month to the 5th of the following month. The rates used are those published by the Bank of Albania at the end of the month preceding this period.²⁶

3.1.3 Rules of origin

3.21. Albania's non-preferential rules of origin are contained in Chapter 2 of the Customs Code (Law No. 8449 of 27 January 1999, Articles 29 to 31), and Articles 44 to 46 of the Implementing Provisions of the Customs Code, as approved by DCM No. 2051 of 13 April 1999.²⁷ Under Albania's legislation, the country of origin of a good is defined as where it was wholly obtained or produced or last substantially processed.²⁸ The stated purpose of non-preferential rules of origin includes the implementation of Albania's customs tariff, as well as other trade policy measures. While origin is self-declared, a certificate of origin from the appropriate authority in the exporting country is

²³ Albanian Customs online information. Viewed at: <http://www.dogana.gov.al/sq/node/109/>.

²⁴ The Istanbul Convention on temporary admission (26 June 1990) combines all existing Conventions on temporary admission and provides simplified and harmonized procedures and standardized model Customs documents for the temporary importation of goods.

²⁵ Albania's most recent notification submitted to the Committee on Customs Valuation is WTO document G/VAL/N/3/ALB/1, 27 November 2007.

²⁶ The only exception is when the exchange rate at the moment of the transaction differs by more than 5% from the monthly published rate, in which case, the former rate will be used.

²⁷ WTO document G/RO/N/53, 18 September 2007.

²⁸ Under Article 30 of Law No. 8449/1999, "Goods for which production involves more than one country shall be deemed to originate in the country where they underwent their last substantial, economically justified processing or working in an undertaking equipped for that purpose and resulting in the manufacture of a new product or representing an important stage of manufacture."

required when the origin of the goods influences the customs value, or in cases where imports from a particular country of origin are prohibited. The Customs Administration may, in case of serious doubt, require additional proof of origin.

3.22. Albania maintains preferential rules of origin in the context of its free-trade agreements with the EU, EFTA partners, CEFTA partners, and Turkey. Rules for determining preferential origin of goods are defined in Article 32 of Law No. 8449/1999 and Articles 47-52 of the Implementing Provisions of the Customs Code as well as the protocol of origin in free trade agreements to which Albania is party. In line with regional integration efforts, rules of origin are similar across each of these agreements. Origin is conferred on products that: are wholly obtained or produced in a country; incorporate non-originating materials that account for 10% (or 15% in the case of sets) or less of the ex-works price or the product (excluding HS chapters 50 to 63); or contain third-country material that has then undergone sufficient working or processing. The specific criteria for sufficient working or processing are set out in annexes to each FTA. For imports into Albania, diagonal cumulation applies within the CEFTA parties as well as within CEFTA parties participating in the EU Stabilization and Association Process, the EU and Turkey (SAP cumulation). Thus, products manufactured in one of the parties, incorporating materials from any of the other parties, need not satisfy the sufficient-processing criteria to confer origin; processing must, however, go beyond minor operations such as being packaged or cleaned.

3.23. Under the CEFTA, diagonal cumulation may be extended to EFTA and other parties participating in the Stabilization and Association Process as long as rules of origin are identical and that FTAs with these countries are in force. According to the Albanian authorities, the FTA between Albania and Turkey allows for the cumulation of origin for materials covered by the EU-Turkey trade agreement and products originating in the EU, the Former Yugoslav Republic of Macedonia, Serbia, Montenegro and Bosnia and Herzegovina; only bilateral cumulation under the Albania-EFTA FTA applies among Albania and EFTA countries. Albania has adopted and has been applying the Pan Euro-Mediterranean Convention on Rules of Origin (PEM) since 1 May 2012.

3.24. To qualify for preferential treatment, goods must be transported directly between parties to the respective FTA or, if transported through other territories, remain under the surveillance of customs authorities; evidence to this effect is required. In addition, non-originating materials used in the manufacture of originating products may not be subject to drawback of, or exemption from, customs duties when products are exported.

3.1.4 Tariffs

3.25. Import duties accounted for around 1.6% of total government revenue in 2014, and for some 1.3% of the value of imports. Albania levies customs duties on the c.i.f. value of imports. The tariff is amended through the passage of laws: five such laws were passed between 2010 and 2015. The last tariff amendment was introduced on 27 November 2014.

3.1.4.1 Applied tariffs

3.26. Albania's customs tariff is based on the Harmonized Commodity Description and Coding system (HS 2012). The Combined Nomenclature (CN) 2015 comprises 9,386 tariff lines at the eight-digit level. Albania uses only *ad valorem* tariffs and does not apply MFN tariff quotas; tariff quotas are applied under preferential duties. Nearly 49% of Albania's tariff lines are duty free (Table 3.1).

Table 3.1 Structure of MFN tariffs in Albania, 2015

(%)

		MFN applied		Final Bound ^a
		2009	2015	
1.	Bound tariff lines (% of all tariff lines)	n.a	n.a	100.0
2.	Simple average tariff rate	5.2	4.2	6.7
	Agricultural products (WTO definition)	8.8	8.7	10.2
	Non-agricultural products (WTO definition)	4.2	3.0	6.1
	Agriculture, hunting, forestry and fishing (ISIC 1)	5.4	5.0	7.9
	Mining and quarrying (ISIC 2)	2.5	2.5	5.5

		MFN applied		Final Bound ^a
		2009	2015	
	Manufacturing (ISIC 3)	5.2	4.2	6.6
3.	Duty-free tariff lines (% of all tariff lines)	39.4	48.6	31.2
4.	Simple average rate of dutiable lines only	8.6	8.2	9.7
5.	Tariff quotas (% of all tariff lines)	0.0	0.0	0.0
6.	Non-ad valorem tariffs (% of all tariff lines)	0.0	0.0	0.0
7.	Domestic tariff peaks (% of all tariff lines) ^b	0.0	11.8	0.0
8.	International tariff peaks (% of all tariff lines) ^c	0.0	0.0	14.7
9.	Overall standard deviation of applied rates	5.8	5.5	6.4
10.	Nuisance applied rates (% of all tariff lines) ^d	19.4	17.6	0.0

n.a. Not applicable.

a Calculations for final bound rates are taken from the CTS database.

The final bound schedule is based on HS07 nomenclature and consists of 6,297 tariff lines.

b Domestic tariff peaks are defined as those exceeding three times the overall simple average applied rate.

c International tariff peaks are defined as those exceeding 15%.

d Nuisance rates are those greater than zero, but less than or equal to 2%.

Note: 2009 tariff schedule is based on HS07 nomenclature consisting of 9,570 tariff lines at 8-digit level.

2015 tariff schedule is based on HS12 nomenclature consisting of 9,386 tariff lines at 8-digit level.

Source: WTO Secretariat calculations, based on data provided by the Albanian authorities and WTO CTS database.

3.27. The overall simple average applied MFN tariff in 2015 was 4.2%. Tariffs range from duty free to 15%. The tariff comprises six rates: 0%, 2%, 5%, 6%, 10%, and 15%. The most frequently used rates, apart from 0%, are 2% and 10%.

3.28. Albania's average applied tariff is higher for agricultural products (WTO definition), at 8.7%, than for non-agricultural products, at 3.0% (Tables 3.2 and A3.1).

Table 3.2 Albania's applied MFN tariff summary, 2015

	Number of lines	Simple average (%)	Tariff range (%)	Share of duty-free lines (%)	SD ^a	CV ^b
Total	9,386	4.2	0 - 15	48.6	5.5	1.3
HS 01-24	2,449	7.2	0 - 15	29.6	5.8	0.8
HS 25-97	6,937	3.2	0 - 15	55.3	4.9	1.6
By WTO category						
WTO agricultural products	2,068	8.7	0 - 15	11.4	5.1	0.6
Animals and products thereof	351	9.1	0 - 15	2.3	3.3	0.4
Dairy products	151	9.7	2 - 15	0.0	1.7	0.2
Fruit, vegetables, and plants	503	11.2	2 - 15	0.0	3.4	0.3
Coffee, tea, cocoa and cocoa preparations	47	10.9	0 - 15	4.3	3.5	0.3
Cereals and preparations	230	6.7	0 - 15	4.8	4.5	0.7
Oils seeds, fats, oil and their products	174	2.0	0 - 10	72.4	3.8	1.9
Sugars and confectionary	44	6.0	0 - 10	2.3	4.1	0.7
Beverages, spirits and tobacco	303	11.0	0 - 15	23.1	6.5	0.6
Cotton	6	2.0	2.0	0.0	0.0	0.0
Other agricultural products, n.e.s.	259	6.4	0 - 15	6.6	4.8	0.8
WTO non-agricultural products	7,318	3.0	0 - 15	59.1	4.9	1.6
Fish and fishery products	500	0.0	0 - 10	99.8	0.4	22.3
Minerals and metals	1,442	4.5	0 - 15	46.8	5.9	1.3
Chemicals and photographic supplies	1,232	1.6	0 - 10	48.9	2.0	1.3
Wood, pulp, paper and furniture	438	0.3	0 - 15	95.7	1.8	6.5
Textiles	850	5.0	0 - 15	38.1	5.0	1.0
Clothing	341	0.0	0	100.0	0.0	0.0
Leather, rubber, footwear and travel goods	264	8.5	0 - 15	23.9	6.0	0.7
Non-electric machinery	882	0.5	0 - 10	88.9	2.0	3.7

	Number of lines	Simple average (%)	Tariff range (%)	Share of duty-free lines (%)	SD ^a	CV ^b
Electric machinery	447	2.9	0 - 10	56.8	4.2	1.4
Transport equipment	253	3.1	0 - 15	40.3	5.0	1.6
Non-agricultural products, n.e.s.	620	6.2	0 - 15	38.1	6.7	1.1
Petroleum	49	3.8	0 - 10	51.0	4.6	1.2
By ISIC sector^c						
ISIC 1 - Agriculture, hunting and fishing	634	5.0	0 - 15	32.6	5.2	1.0
ISIC 2 - Mining and quarrying	115	2.5	0 - 10	7.8	2.3	0.9
ISIC 3 – Manufacturing	8,636	4.2	0 - 15	50.3	5.5	1.3
By stage of processing						
First stage of processing	1,189	4.0	0 - 15	36.4	4.8	1.2
Semi-processed products	2,755	2.0	0 - 15	60.4	3.4	1.7
Fully processed products	5,442	5.4	0 - 15	45.2	6.0	1.1

a Standard deviation.

b Coefficient of variation.

c International Standard Industrial Classification (Rev.2). Electricity, gas and water are excluded (1 tariff line).

Note: 2015 tariff schedule is based on HS12 nomenclature.

Source: WTO Secretariat calculations, based on data provided by the Albanian authorities.

3.1.4.2 Tariff bindings

3.29. All of Albania's tariffs are bound. The overall bound tariff average is 6.7%. There is hence only a small gap between the overall average applied and bound rates. Agricultural products (WTO definition) are bound at an average rate of 10.2%, while the average bound rate for non-agricultural products is 6.1%. Based on the 2015 tariff schedule provided by the authorities and Albania's bound tariff schedule, applied MFN rates for some tariff lines exceed their corresponding bound rates; according to the authorities, Albania will rectify this situation in the near future (Table A3.2).

3.1.4.3 Tariff preferences

3.30. Albania grants tariff preferences to EU member States, Turkey, EFTA and CEFTA countries. Imports from EU member countries face an average tariff of 0.8%; while imports of industrial products (HS chapters 25-97) are duty free, goods classified under HS chapters 1-24 face an average tariff of 3.2%. Similarly, regarding agricultural goods (WTO classification), imports from the EU are subject to an average rate of 3.8%, compared with an average MFN tariff rate of 8.7%, while non-agricultural imports originating in the EU enter Albania duty free, compared with an MFN rate of 3.0%, (Table 3.3). Preferences granted to imports from EFTA countries are similar to those granted to imports originating in the EU. Imports from Turkey enter at an average tariff rate of 1.8%: non-agricultural products (WTO definition) face an average tariff of 0.1%, while the preferences granted for agriculture (WTO definition) are limited, since these imports enter at an average 8.3% tariff, just below the MFN rate. Albania offers duty-free access to all products from CEFTA countries.

3.31. Tariff rate quotas exist in preferential tariffs for Turkey and the EU; they existed in preferential tariffs for some CEFTA countries until 2011 (Table A3.3).

Table 3.3 Albania's preferential tariff summary, 2015

(%)

	MFN			EC			EFTA			Turkey		
	Simple average	Range	Share of duty free lines	Simple average	Range	Share of duty free lines	Simple average	Range	Share of duty free lines	Simple average	Range	Share of duty free lines
Total	4.2	0-15	48.6	0.8	0-15	92.9	0.8	0-15	92.9	1.8	0-15	81.4
HS 01-24	7.2	0-15	29.6	3.2	0-15	72.8	3.2	0-15	72.6	6.9	0-15	33.0
HS 25-97	3.2	0-15	55.3	0.0	0.0	100.0	0.0	0.0	100.0	0.1	0-6	98.5

	MFN			EC			EFTA			Turkey		
	Simple average	Range	Share of duty free lines	Simple average	Range	Share of duty free lines	Simple average	Range	Share of duty free lines	Simple average	Range	Share of duty free lines
By WTO category												
WTO agricultural products	8.7	0-15	11.4	3.8	0-15	67.7	3.9	0-15	67.6	8.3	0-15	15.8
Animals and products thereof	9.1	0-15	2.3	7.1	0-15	29.6	7.1	0-15	29.6	9.1	0-15	2.3
Dairy products	9.7	2-15	0.0	4.4	0-15	57.0	4.4	0-15	57.0	9.7	2-15	0.0
Fruit, vegetables, and plants	11.2	2-15	0.0	3.1	0-15	76.1	3.1	0-15	76.1	10.8	0-15	3.8
Coffee, tea, and cocoa preparations	10.9	0-15	4.3	1.3	0-15	91.5	1.6	0-15	89.4	10.9	0-15	4.3
Cereals and preparations	6.7	0-15	4.8	0.8	0-15	87.8	0.8	0-15	87.8	6.4	0-15	16.1
Oils seeds, fats, oil and their products	2.0	0-10	72.4	0.2	0-10	98.3	0.2	0-10	98.3	1.8	0-10	77.6
Sugars and confectionary	6.0	0-10	2.3	0.0	0.0	100.0	0.0	0.0	100.0	6.0	0-10	2.3
Beverages, spirits and tobacco	11.0	0-15	23.1	8.6	0-15	42.6	8.6	0-15	42.6	10.5	0-15	26.1
Cotton	2.0	2.0	0.0	0.0	0.0	100.0	0.0	0.0	100.0	2.0	2.0	0.0
Other agricultural products, n.e.s.	6.4	0-15	6.6	1.3	0-15	90.0	1.4	0-15	89.2	5.4	0-15	17.4
WTO non-agricultural products	3.0	0-15	59.1	0.0	0.0	100.0	0.0	0.0	100.0	0.0	0-10	99.9
Fish and fishery products	0.0	0-10	99.8	0.0	0.0	100.0	0.0	0.0	100.0	0.0	0-10	99.8
Minerals and metals	4.5	0-15	46.8	0.0	0.0	100.0	0.0	0.0	100.0	0.0	0.0	100.0
Chemicals and photographic supplies	1.6	0-10	48.9	0.0	0.0	100.0	0.0	0.0	100.0	0.0	0-6	99.6
Wood, pulp, paper and furniture	0.3	0-15	95.7	0.0	0.0	100.0	0.0	0.0	100.0	0.0	0.0	100.0
Textiles	5.0	0-15	38.1	0.0	0.0	100.0	0.0	0.0	100.0	0.0	0.0	100.0
Clothing	0.0	0.0	100.0	0.0	0.0	100.0	0.0	0.0	100.0	0.0	0.0	100.0
Leather, rubber, footwear and travel goods	8.5	0-15	23.9	0.0	0.0	100.0	0.0	0.0	100.0	0.0	0.0	100.0
Non-electric machinery	0.5	0-10	88.9	0.0	0.0	100.0	0.0	0.0	100.0	0.0	0.0	100.0
Electric machinery	2.9	0-10	56.8	0.0	0.0	100.0	0.0	0.0	100.0	0.0	0.0	100.0
Transport equipment	3.1	0-15	40.3	0.0	0.0	100.0	0.0	0.0	100.0	0.0	0.0	100.0
Non-agricultural products, n.e.s.	6.2	0-15	38.1	0.0	0.0	100.0	0.0	0.0	100.0	0.0	0.0	100.0
Petroleum	3.8	0-10	51.0	0.0	0.0	100.0	0.0	0.0	100.0	0.0	0.0	100.0

Note: 2015 tariff schedule is based on HS12 nomenclature.
Albania offers duty-free access to all products from CEFTA members.

Source: WTO Secretariat calculations, based on data provided by the Albanian authorities.

3.1.5 Other charges affecting imports

3.1.5.1 Value-added tax (VAT)

3.32. VAT is among the main sources of tax revenue in Albania, contributing 34.8% to total government revenue in 2014. In December 2013, Law No. 182/2013 amending Law No. 7928 of 27 April 1995 "On Value Added Tax" was adopted. The new law is based on the new tax policy where, for example, the supply of medicines, as well as medical and health services, is exempted from VAT as of 1 April 2014. In the hydrocarbons sector, the law also removed VAT exemption on imports of goods and domestic suppliers by contractors and subcontractors in the development stage, and exempted VAT on machinery worth over US\$500,000 that is deemed to be used to increase productivity, and fuel used for the needs of oil producing companies.²⁹ VAT exemption on

²⁹ AIDA online information. Viewed at: <http://aida.gov.al/pages/taxes/> [03.02.2016].

research and development for hydrocarbon operations remains. The law also changed payment procedures for refundable VAT, by, *inter alia*, transferring the responsible authority administering the VAT from the tax offices to the treasury offices, and extending the period for control and approval of the outstanding credit-refundable VAT from 30 days to 60 days, considering an increase in the number of VAT tax payers in recent years.

3.33. Persons and companies involved in any economic activity (excluding farming) must be VAT-registered if they have an annual turnover of lek 5 million or more per calendar year; nonetheless, any person that engages in trade (import or export) must register for VAT purposes, irrespective of the annual turnover. The general VAT rate is 20% for domestically produced and imported goods and services. The VAT is levied on the ex-factory price of domestic products and on the c.i.f. value of imports plus the sum of import duties and other charges, including excise taxes. Exports of goods and services are zero rated. In addition to those mentioned in the previous paragraph, exemptions to the VAT apply to: the supply of financial services (except non-life-insurance premiums, which are taxable at the standard rate of 20%); gold, bank notes or currencies supplied to the Bank of Albania; postal services; the sale of new and existing buildings; and certain operations of non-profit organizations.³⁰

3.34. Special VAT schemes apply in certain cases. For instance, payment of VAT may be postponed for 12 months on the importation of investment goods used in the economic activity of a taxable person and on imported machinery for re-sale. In the case of prepaid mobile phone cards the issuing company pays VAT on the price of the prepaid card, while the distributor only pays VAT on the commission charged to the mobile company. Farmers, who are not subject to VAT, may benefit from compensation for certain eligible products sold to VAT-taxable subjects. This compensation is equivalent to 6% of the value of the transaction, based on the invoice issued by the buyer. The amount is subject to VAT credit for the buyer.

3.1.5.2 Excise tax

3.35. Excise taxes are levied on coffee; energy drinks; alcoholic beverages; tobacco and tobacco products; petroleum by-products; tyres; and batteries (Table 3.4). Law No. 61/2015 of 24 May 2012 "On excises in the Republic of Albania" has been amended by Law No. 121/2012 of 20 December 2012, Law No. 180/2013 of 28 December 2013, Law No. 142/2014 of 23 October 2014, and Law No. 158/2014 of 27 November 2014. Law No. 121/2012 amended excise duties on coffee products. Law No. 180/2013 amended excise duties on various products including cigarettes, which were amended to lek 4,500 per 1,000 piece from 1 January 2014, lek 5,500 per 1,000 piece from 1 January 2015, and are to be amended to lek 6,000 per 1,000 piece from 1 January 2017³¹; the law also eliminated excise duty exemption for imported petroleum derivatives. Law No. 142/2014 stipulates, *inter alia*, measures of fiscal policy in the review of excise level for some products. Law No. 158/2014 stipulated some changes including the excise tax on energy drinks. Excise taxes represented around 11.7% of total government revenue in 2015.

Table 3.4 Excise taxes, 2015

HS Code	Description	Tax rate
	Coffee	
09011100, 09011200	Coffee, not roasted, whether or not decaffeinated	lek 0/kg
09012100, 09012200	Coffee, roasted, whether or not decaffeinated	lek 60/kg
090190	Coffee husks and skins; coffee substitutes containing coffee	lek 50/kg
21011100 21011298	Extracts, essences and concentrates of coffee, and preparations with a basis of these products (e.g. instant coffee)	lek 250/kg
	Energy drinks	
22021000	Energy drinks	lek 30/litre
	Beer, wine, alcohol and alcoholic beverages	
2203	Beer made of malt, by domestic and foreign manufacturers in quantities up to 200,000 hectolitres/year	lek 360 /hectolitre

³⁰ Printed materials of any kind, imported or domestically produced; promotional and advertising services from electronic and printed media; and the activities of casinos and hippodromes are also exempted from the VAT. Also exempted from the VAT are goods in transit, and imports of goods under the active processing regime for export purposes. The VAT is applied on a national treatment basis.

³¹ According to the authorities, this change addresses requirements in the relevant EU directive that the minimum level of excise taxes on cigarettes be at least 57% of the retail price.

HS Code	Description	Tax rate
2203	Beer made of malt, by domestic and foreign manufacturers in quantities more than 200,000 hectolitres/year	lek 710 /hectolitre
220421 220429 220430 22043010 22043096 22043098 22051010 22059010 22060010 22060051 22060059 22060081 22060089	Still wine and grape must; Vermouth and other wine flavoured with plants or aromatic substances; Other fermented beverages (i.e. cider, perry, mead); mixtures of fermented beverages and mixtures of still fermented beverages and non-alcoholic beverages - by domestic and foreign manufacturers in quantities up to 10,000 hectolitres/year - by domestic and foreign manufacturers in quantities of more than 10,000 hectolitres/year	lek 3,000/hectolitre for wine of an actual alcoholic strength by volume up to 12.5 vol. and lek 4,000/hectolitre for wine of an actual alcoholic strength by volume exceeding 12.5 vol. lek 10,000/hectolitre for wine of an actual alcoholic strength by volume up to 12.5 vol. and lek 12,000/hectolitre for wine of an actual alcoholic strength by volume exceeding 12.5 vol.
220410 22042106 22042107 22042108 22042109 22051010 22059010 22060031 22060039	Asti spumante, Champagne; wines other than those falling under 220410 in bottles with 'mushroom' stoppers held in place by ties or fastenings; wine, otherwise put with an acceptable excess pressure due to carbon dioxide. Vermouth and other wines flavoured with plants and aromatic substances of an actual alcoholic strength by volume of 18% vol. or less. Other fermented beverages (e.g. cider, perry, mead); mixtures of fermented beverages and mixtures of sparkling fermented beverages and non-alcoholic beverages	lek 5,200/hectolitre
22042185-91 22042193-98 22042985-91 22042993-98 22051010 22051090 22059010 22059090 22060010 22060031 22060039 22060051 22060059 22060081 22060089	Intermediate alcoholic beverages of an actual alcoholic strength by volume exceeding 15% vol., but not exceeding 22% vol., in accordance with provisions of Article 74 of the law	lek 5,200/hectolitre
22042192-98 22042992-98 22051090 22059090 22060010 22060031 22060039 22060051 22060059 22060081 22060089 22082012 22082014 22082026 22082027 22082029 22082040 22082062 22082064 22082086 22082087 22082089 22083011 22083019 22083030 22083041 22083049 22083061 22083069	Alcoholic beverages obtained by distilling grape wine or grape marc, Whiskies, Rum and other spirits obtained by distilling fermented sugar-cane products, Gin and Geneva, Vodka, Liqueurs and cordials, anisette. - by domestic and foreign manufacturers in quantities up to 20,000 hectolitres/year - by domestic and foreign manufacturers in quantities over 20,000 hectolitres/year	lek 65,000/hectolitre of anhydrous alcohol lek 84,500/hectolitre of anhydrous alcohol

HS Code	Description	Tax rate
22083071		
22083079		
22083082		
22083088		
22084011		
22084031		
22084039		
22084051		
22084091		
22084099		
22085011		
22085019		
22085091		
22085099		
22086011		
22086019		
22086091		
22086099		
22087010		
22087090		
22089011		
22089019		
22089033		
22089038		
22089041		
22089045		
22089048		
22089052		
22089054		
22089056		
22089069		
22089071		
22089075		
22089077		
22089078		
22071000	Non-denatured ethyl alcohol of an actual alcoholic strength by volume of 80% vol. or more	lek 45,000/hectolitre of anhydrous alcohol
22089091		
22089099		
22072000	Denatured ethyl alcohol	0 (zero)
22082029	Raki	lek 20,000/hectolitre of anhydrous alcohol
Chapters 17 to 22 for the CN	All products that have an actual alcoholic strength by volume exceeding 1.2% vol. and regardless their classification under the CN system pursuant to Article 64 of the law	lek 45,000/hectolitre of anhydrous alcohol
	Tobacco and its by-products	
24021000	Cigars and cigarillos containing tobacco	lek 2,500/kg
240220	Cigarettes containing tobacco	lek 5,500/1,000 pieces From 1 January 2016 – lek 6,000/1,000 pieces From 1 January 2017 – lek 6,500/1,000 pieces
240290	Cigars, cigarillos and cigarettes containing tobacco substitutes	lek 2,240/kg
2403	Other manufactured tobacco and substitutes, "homogenized" tobacco, extracts and essences	lek 4,400/kg From 1 January 2016 – lek 5,100/kg From 1 January 2017 – lek 5,800/kg
	Energy products	
1507 to 1518	Vegetable and animal oils and fats and their product (if used for heating or engines)	As referred to in Articles 50 and 51 of the law
27101010	Mineral oils and their products falling within CN codes in the Chapter 2707	lek 50/litre
27071090		
27072010		
27072090		
27073010		
27073090		
27075010		
27075090		
27101211	Petroleum oil undergoing a specific process	lek 50/litre
27101241	Light oils (gasoline and benzene)	lek 37/litre
27191245	Gasoline and unleaded benzene, with lead containing not more than 0.013 gr/litre	
27101249	With an octane number less than 95 With an octane number 95-98 With an octane number 98 or more	
27101251	Leaded gasoline, with lead containing more than 0.013 gr/litre	lek 50/litre
27101259	With an octane number less than 98 With an octane number 98 or more	
27101911-29	Kerosene	lek 20/litre

HS Code	Description	Tax rate
27101921-25	Fuels, kerosene type	lek 20/litre
27101931-48	Heavy oils (gas oil)	lek 37/litre
27101951-69	Heavy oils as fuels (fuels, solar, fuel oil)	lek 37/kg
271020	Biodiesel with petroleum oils	lek 37/kg
27101971-99	Lubricating oils and other oils	lek 40/kg
27109100-9900	Waste oils	lek 5/kg
27121090	Grease	lek 405/kg
27131100	Petroleum coke	lek 2/kg
27131200		
27132000	Petroleum bitumen	lek 5/kg
271390	Residues of petroleum oils and bituminous minerals (bitumen)	lek 5/kg
2715	Bituminous mixtures based on natural asphalt, on petroleum bitumen, on mineral tar or mineral tar pitch (bituminous mastics). Bituminous varnish (i.e. asphalt-cement)	lek 5/kg bitumen
27111211	Petroleum gases and other gaseous hydrocarbons	lek 0/litre
27111219		
27111291		
27111293		
27111294		
27111297		
27111310		
27111330		
27111391		
27111397		
27111400		
27111900		
2901	Acyclic hydrocarbons	lek 37/kg
2902	Cyclic hydrocarbons	lek 37/kg
29051100	Methanol (Methyl Alcohol)	As referred to in Articles 50 and 51 of the law
34031910	Lubricating preparations for machineries, equipment and vehicles	lek 40/kg
34039900		
3811, 3817	Anti-knock preparations, anti-oxidizing preparations, gum inhibitors, viscosity improvers, anti-corrosive preparations, and prepared additives, for mineral oils (including gasoline) or other liquids used for the same purposes as mineral oils	As referred to in Articles 50 and 51 of the law
382600	Mixed alkylbenzenes and mixed alkylnaphthalenes Fatty acids/biodiesel containing less than 70% by weight petroleum oils under Chapter 27	lek 37/litre
	Fireworks	
36041000	Fireworks	lek 200/kg
36049000	Other	lek 200/kg
	Pneumatic tyres	
4011	New pneumatic tyres, of rubber	lek 20/kg
4012 (ex. 40122000)	Retreaded pneumatic tyres of rubber; solid or cushion tyres; tyre treads and tyre flaps	lek 40/kg
40122000	Used pneumatic tyres	lek 100/kg
	Primary cells and primary batteries; electric accumulators	
8506	Primary cells and primary batteries	lek 200/kg
8507	Electric accumulators, including separators therefore, whether or not rectangular (including square)	lek 20/kg
	Electric filament lamps	
85392210	Reflector lamps	lek 100/item
85392290	Other	
85392992	Exceeding 100V	
85392998	Not exceeding 100V	

Source: DCM No. 61/2012, as amended (most recently by DCM No. 148/2014).

3.36. Exemptions to excise taxes apply on exports and approved customs or tax suspension regimes as well as gas oil and by-products used in oil research activities. Excise tax is refundable on: exports; approved suspension regimes; gas oil used for fishing boats; and fuel used by producers of electricity resources of 5 MW or more for each energy resource, as well as fuel used in the production of agriculture products in heated greenhouses.

3.1.6 Import prohibitions, restrictions, and licensing

3.1.6.1 Import prohibitions

3.37. Albania imposes import prohibitions on products that are considered to be hazardous or to threaten public health. Prohibitions apply to certain imports including: dangerous waste (unless it

may be used, processed or recycled, in which case an import licence is required)³²; chemical products under the Chemical Weapons Convention (without a licence)³³; and narcotics and psychotropic substances (as listed in Schedule 1 of the Single Convention on Narcotic Drugs 1961 and Convention on Psychotropic Substances 1971).

3.38. The Law on Veterinary Service (Law No. 10465 of 29 September 2011) prohibits the importation of: live animals, veterinary medicinal products, embryonic animal products, products of animal origin (not for human consumption), which can transmit an infectious disease or endanger the health of people or animals; and live organisms, such as bacteria, viruses and moulds, which are pathogenic to animals and humans.³⁴ The law transferred the responsibilities for animal health and welfare to the Veterinary Service. The Law on Plant Protection Service prohibits the importation of plants, plant products, and other objects that are carrying pests.³⁵

3.1.6.2 Import licensing

3.39. Albania requires importers of certain products to be licensed, for reasons including SPS objectives, security, protection of the environment, and compliance with obligations under international conventions (Table 3.5). In addition, in some cases, the respective products to be imported are subject to further restrictions. Most import licences are granted by the National Licences Centre under the Ministry of Economic Development, Trade and Entrepreneurship.

3.40. Albania's import licensing requirements and the procedures to implement them are set out in a variety of laws, regulations, ministerial orders, decisions of the Council of Ministers, rules, and ministerial guidelines. Documentary and other information must be presented in order for the licence to be granted. If these requirements are met, the licence is granted automatically. Licensing is not automatic for narcotic and psychotropic drugs and certain flora and fauna, as well as for medicinal products, military goods, and fish and fish products.

3.41. Albania provided WTO Members with responses to the questionnaire on import licensing procedures in 2011, 2012, and 2014.³⁶

Table 3.5 Products subject to import licensing requirements, December 2015

Product	Legal Provisions/Procedures	Purpose
Live animals; leather; feed; biological material for animal insemination; veterinary drugs and vaccines (HS Chapters 01, 02, 03 and 04, HS headings 1601 and 1602)	Law No. 10081 of 23 February 2009 (On licences, authorization and permission in the Republic of Albania); Law No. 9863 of 28 January 2008 (On Food); Decision No. 538 of 26 May 2009 "On licences and authorization that are checked over through NCL and some other common sub-legal regulations"; Decision No. 1295 of 29 December 2009 "On some amendments in Decision No. 538/2009"; Law No. 9426 of 6 October 2005 "Animal Breeding". Imports are only permitted from countries that meet the requirements of the OIE and other international organizations of which Albania is a participant. However, to ensure cooperation, Albania has bilateral veterinary agreements with Former Yugoslav Republic of Macedonia, Croatia, Romania, Bulgaria, Brazil, Kosovo, Serbia, and Bosnia-Herzegovina. Importers of these products must be licensed. To obtain a licence for food of animal origin, the importer's establishment must be inspected by one of the Regional Directories of the National Food Authority, and final approval must be granted by the General Director of the National Food Authority. Applications for import licences are processed within ten days and a registration fee is levied. Licences are issued automatically if the requisite conditions are met. Import licences for veterinary	Food safety. Importing firms must fulfil sanitary conditions in accordance with Albanian law

³² Law No. 156 of 10 October 2013 "On some amendments in the Law No. 10463 of 22 September 2011 "On integrated waste management".

³³ According to Law No. 9092 of 3 July 2003, the maximum amount allowed to be imported into Albania is one tonne; they are limited to products for scientific, medicinal or pharmaceutical purposes.

³⁴ Law No. 10465 of 29 September 2011, "On Veterinary Service in the Republic of Albania", Articles 33 and 38.

³⁵ Law No. 9362 of 24 March 2005, "On Plant Protection Service".

³⁶ Albania's responses to the questionnaire on import licensing procedures since 2010 are contained in WTO documents G/LIC/N/3/ALB/5, G/LIC/N/3/ALB/6, and G/LIC/N/3/ALB/7, 24 January 2011, 5 November 2012, and 14 April 2014, respectively.

Product	Legal Provisions/Procedures	Purpose
Plant protection products (certain products of HS heading 3808 including insecticides, fungicides, herbicides, disinfectants)	<p>medicines and vaccines are valid for five years and for one year for other products. Licensees must reapply to have their licences extended. A list of licensed importers is sent to the Border Inspection Point.</p> <p>Law No. 10081 of 23 February 2009 'On Licensing, Authorizations and Permissions in the Republic of Albania'; Law No. 9362 of 24 March 2005 'On Plant Protection Services', as amended in 2011 to reorganize relevant divisions concerning plant protection services and reallocate responsibilities related, <i>inter alia</i>, to inspection. DCM No. 1555 of 12 November 2008 (approval of the regulation on plant protection products). Only registered plant protection products (PPPs) may be imported into Albania. To be registered, an application with the required documents and samples must be submitted to the Registration Office of PPPs. The applicant must also declare the kind of packaging to be used for that PPP. Within 30 days the request is either accepted or, if not, the applicant is informed in writing of the reasons for refusal. Additional data may be requested. Licences are issued automatically if the required criteria are met.</p>	Control of poisonous products, the careless use of which could affect plants, animals, human beings, and the environment
Wild species of flora and fauna listed in the Appendices of the CITES Convention	<p>Law No. 9021 of 6 March 2003 (accession of Albania to CITES); Law No. 9867 of 31 January 2010 "On the rules and procedures on international trade of endangered species of wild fauna and flora". The licensing system applies to trade between parties to the CITES Convention. Quota system for licences determined by the CITES Convention Secretariat annually. Advice of the appropriate national scientific authority is required. Processing time is generally up to 15 working days from receipt of the application and licences are valid for a year.</p>	To restrict the number of species, wild animals, and plants to improve their conservation status and comply with Albania's CITES commitments
Certain fish and fish products (eggs, larvae and fingerlings of any water species (not for aquaculture purposes)) (HS Chapter 3)	<p>Law No. 64/2012 of 31 May 2012 "On Fishery", as amended; Regulation No. 1 of 7 March 2014 (licensing of fisheries and aquaculture). Authorization required from the Ministry of Agriculture, Rural Development and Water Administration. Authorization is, <i>inter alia</i>, contingent upon a health certificate having been obtained from the Veterinary Directorate, and that the Ministry of Environment issue an environmental permission and provide that the species are not dangerous for biodiversity. Applications are processed within 30 days. An environmental licence needs to be issued by the Ministry of Environment. Products must undergo a quarantine period, with the costs borne by the importer.</p>	Environmental measure to protect Albanian waters and regulate the introduction of species with no relation to aquaculture
Imports of waste	<p>Law No. 156 of 10 October 2013 "On some amendments in the Law No. 10463/2011; Law No. 10431 of 9 June 2011 ("On protection of environment"); Law No. 10463 of 22 September 2011 ("On integrated waste management"); DCM No. 835 of 28 December 2005 ("On approval of the list of danger waste, other waste and other remains, that are not allowed to be imported, with the aim to preserve, to deposit and to exterminate"). Only non-dangerous waste that may be reused, processed or recycled may be imported into Albania. Applications must be made to the Ministry of Environment and approval obtained from the Council of Ministers. Approval can take up to a month. A licensing fee is charged.</p>	SPS measures and environmental protection
Medicinal products (narcotic drugs and psychotropic substances; pharmaceutical products (included in HS chapter 30)); dental materials (included in HS chapters 33, 34, 37); medical and dental equipment and devices (included in HS chapters 37, 70, 90 and 94); disinfectant, disinsectants and deratization substances (DDD) (included in HS chapters 28 and 29)	<p>Pharmaceutical products</p> <p>Law No. 105/2014 of 31 July 2014 "On drugs and pharmaceutical service", as amended by Law No. 109/2015 of 15 October 2015 "On a change to the Law No. 105/2014". The change is related to pharmaceuticals manufactured within the Balkan area. According to this change, such category of products are accepted by Albania's National Agency of Drugs and Medical Devices to be equipped with marketing authorization; DCM No. 142 of 18 February 2015 "On designation of the rules for issuing of the Minister of Health's authorization with regard to unauthorised drugs"; DCM No. 325, of 14 June 1993 (regime for exportation-importation and production of medicines); Guideline No. 180 of August 1993 (cooperation on the import-export regime), amended by Order of Minister of Health No. 81 of 6 March 2008.</p>	Control products and inspecting structures that will enter Albania

Product	Legal Provisions/Procedures	Purpose
	<p><u>Narcotic drugs and psychotropic substances:</u> Law No. 7975 of 26 July 1995 (narcotic drugs and psychotropic substances), as amended by Law No. 9271 of 9 November 2004, Law No.9559 of 8 June 2006, Law No. 10137 of 11 May 2009, and Law No. 46/2013 of 14 February 2013.</p> <p><u>Dental health equipment (if source of ionizing radiation):</u> Law No. 9928 of 9 June 2008 (dental health service), as amended; DCM No. 158 of 12 February 2008 (on import-export of ionizing radiation) (if dental and medical equipment are a source of ionizing radiation, a licence by the Commission on Radiation Protection is required); Law No. 8025 of 9 November 1995 "On protection from ionized radiation", as amended by Law No. 9973 of 28 July 2008, Law No. 26/2013, Law No. 10137 of 11 May 2009, and Law No. 26/2013 of 14 February 2013.</p> <p><u>Medical devices:</u> Law No. 89/2014 "On medical devices" and related DCMs;</p> <p><u>Disinfection, disinsection and deratization substances (DDD):</u> Law No. 95/2015 "On Services and Biocidal Product in Public Health; - Order of Minister of Health No. 202 of 23 May 2014 "On import authorization of biocidal products and approval of list of biocidal products for disinfection, disinsection and deratization in public health"; DCM No. 538 of 26 May 2009 (licences and permits handled by or through the National Licensing Centre and on some sublegal common regulations) and related Minister of Health Order No. 102 of 22 February 2010 (on authorization for the import-export wholesale, and retail of DDD substances; Law No. 10138 of 11 May 2009 "On Public Health", as amended by the Law No. 52/2013 of 14 February 2013 "On some changes to the Law No. 10138". The change is related to inspection issues, for instance, designation of the responsible authority for inspection.</p> <p>Only natural and juridical persons registered nearby the National Licensing Centre may import these products. With respect to medicines, applications for import licences (authorization) by registered entities are made to: the National Agency for Drugs and Medical Devices for registered (authorized) medicines, and to the Pharmaceutical Department within the Ministry of Health for unregistered (unauthorized) and donated medicines. Validity periods for licences to import vary from one month to one year depending on the product imported, and importers may apply to extend the validity. Licensing fees vary. For narcotic and psychotropic drugs, there is an annual quantity approved for the country, and conditions applied to licensing are more stringent.</p>	
Military goods (arms and munitions, fireworks, explosives for civil use and other dual-use goods)	Law No. 9707 of 5 April 2007 (state control of the activity of import and export of dual-use goods). Permission to import and export military goods is issued by the Export State Control Authority at the Ministry of Defence, and radioactive materials by the Ministry of Foreign Affairs. Applications for licences are processed within 30 days and are valid for one to three years. Licensing fees are charged. DCM No. 106 of 9 February 2011 "On approving the updated list of military goods and dual use goods and technologies". Law No. 9126 of 21 July 2003 "On civilian use of Explosives in the Republic of Albania". DCM No. 469 of 29 June 2011 "On Procedures to grant import-export and production licences for explosives for civilian use". DCM No. 853 of 17 December 2004 "On Procedures to grant import-export and production licences for fireworks and pyrotechnical articles".	Safety: control of activity of traders due to dangerousness of goods

Source: WTO documents G/LIC/N/3/ALB/5, G/LIC/N/3/ALB/6, and G/LIC/N/3/ALB/7; and information provided by the Albanian authorities.

3.1.7 Anti-dumping, countervailing, and safeguard measures

3.1.7.1 Anti-dumping and countervailing measures

3.42. Albania's rules on anti-dumping and countervailing measures are contained in Law No. 9796 of 23 July 2007 "On Antidumping and Countervailing Measures", unchanged since its previous Review. The authorities state that the law is harmonized with the relevant EU regulations.³⁷ The law was notified to the WTO³⁸, and some Members sought, and received, clarifications from Albania regarding certain of its provisions.³⁹ The law also contains provisions on subsidies. Since its accession to the WTO, Albania has not undertaken any anti-dumping or subsidy investigations, nor has it maintained any anti-dumping or countervailing measures. The authorities state that this is because they have not had any request from the business community to investigate or take any measures.

3.43. Investigations into whether exports have been dumped or subsidized may be initiated upon written application by Albanian industry to the Ministry of Economic Development, Tourism, Trade and Entrepreneurship (MEDTTE). The Market Surveillance Department within the MEDTTE functions as a technical secretariat during anti-dumping investigations. The accuracy and sufficiency of the applications is examined by the MEDTTE before it is submitted to an inter-collegial Commission (Commission for Evaluation of Measures on Imports), also headed by the MEDTTE.⁴⁰ The Commission must decide whether to initiate an investigation within 45 days of submission of the application (or up to 60 days when additional information is required; it may also self-initiate an investigation, provided sufficient data are available on the dumping, subsidy, injury, and causal link. The investigation itself is undertaken by the MEDTTE and must be concluded within one year or in specific cases within 18 months. The decision to impose final measures lies with the Commission. The Commission's decisions in this regard may be appealed. Anti-dumping and countervailing measures may be in force for as long as necessary to neutralize the dumping or subsidy. Unless measures are maintained following a review, however, they are repealed no later than five years after the date of imposition. A review may be undertaken at any time after imposition of the measure, on the Commission's own initiative or upon a request filed by, or on behalf of, Albanian industry. Measures are subject to review on the initiative of the Commission, upon written request or on behalf of domestic producers.

3.44. In each of Albania's free-trade agreements, it is specified that parties may have recourse to anti-dumping and countervailing measures in accordance with the respective WTO provisions.

3.1.7.2 Safeguards

3.45. Albania's main safeguards legislation includes Law No. 9790 of 19 July 2007 "On Safeguard Measures on Imports". Albania has not initiated any safeguard investigations, nor taken any safeguard measures.

3.46. Applications for safeguard investigations follow similar procedures, as do those for anti-dumping and subsidy investigations. An inter-collegial commission headed by the MEDTTE is responsible, *inter alia*, for deciding whether to initiate investigations and on the imposition of provisional or final measures. The MEDTTE is responsible for undertaking the investigation. Albanian producers may request investigations in writing and the Commission must decide on whether to initiate an investigation within 30 days (or 45 days in certain circumstances) from the date of this submission. The application is considered to have been made by, or on behalf of, the local industry, only if it is supported by Albanian manufacturers whose joint product accounts for more than 50% of total production of the similar product, regardless of whether they express themselves in favour of or against the application. Albanian manufacturers in favour of the

³⁷ The authorities indicate that relevant EU regulations include: Directives No. 2026/97 (OJ L 288, 21 October 1997); No. 384/96 (OJ L 56, 6 March 1996); and No. 3285/94 (OJ L 349, 31 December 1994).

³⁸ WTO documents G/ADP/N/1/ALB/2/Rev.1 and G/SCM/N/1/ALB/2/Rev.1, 8 May 2008.

³⁹ These questions from Members and responses by Albania are contained in WTO documents G/ADP/Q1/ALB/4 and G/SCM/Q1/ALB/4, 8 April 2008 to G/ADP/Q1/ALB/11 and G/SCM/Q1/ALB/11, 12 January 2009.

⁴⁰ The Commission is chaired by the Minister of Economic Development, Trade and Entrepreneurship and is composed of seven experts from the institutions covered by the Law. The organization and functioning of the Commission is regulated by Council of Ministers Decision No. 1616 of 10 December 2008.

application must account for not less than 25% of the total production. Applications may also be initiated by the MEDTTE, with the Commission's approval. The existence or threat of material injury must be proven before an investigation can proceed.

3.47. Temporary measures may be applied under critical circumstances, when failure to apply them would cause injury that would be very difficult to rectify. They can also be applied when, based on clear preliminary data, it is established that the increasing imports have caused, or threaten to cause, a serious direct injury to the local manufacturers of similar or competitive products. The temporary measures must take the form of a tariff increase, and may not be applied for more than 200 days. Final measures may take the form of an additional customs duty or a quantitative restriction. Before imposing quantitative restrictions, the Commission must take into account their effect on trade flows, and possible negative impact on the economy.

3.48. Final safeguard measures should be implemented, as a general rule, for a maximum of four years, including the duration of any provisional measure. Nonetheless, the measure may be extended for up to four more years if it continues to be necessary to prevent or regulate the injury. If measures are imposed for more than one year, they must be liberalized progressively. Interested parties may request judicial review of the Commission's final decisions.

3.49. Albania's agreements with the EU (the Stabilisation and Association Agreement (SAA)) and its CEFTA partners also contain a general safeguard clause.⁴¹ Such a clause is also contained in Albania's agreements with Turkey or EFTA. Parties may have recourse to safeguard measures not only for reasons of injury (actual or the threat of) to like or directly competitive products (as also specified in the WTO Agreement on Safeguards), but also where imports cause or threaten to cause 'serious disturbances in any sector of the economy or difficulties which could bring about serious deterioration in the economic situation of a region of the importing country.' Both of the agreements provide for a consultation or examination period between the parties in advance of measures being taken, except in emergency situations. Under the SAA, safeguard measures should normally consist of either a suspension of an applicable duty reduction or an increase of the duty rate up to the MFN rate. Under the CEFTA Agreement, any duty increases should not exceed the lesser of the MFN rate in effect at the time the action was taken or of the MFN rate on the day preceding the date of entry into force of the Agreement. Measures should generally not exceed one year under both agreements, although some flexibility is provided for in exceptional circumstances.

3.1.8 Standards and other technical requirements

3.1.8.1 Technical regulations

3.1.8.1.1 Transparency

3.50. The General Directorate of Standardization (DPS) is responsible for the adoption of standards in Albania⁴², and is Albania's national authority for notifications and its National Enquiry Point.⁴³ The General Accreditation Directorate (DPA) under the Ministry of Economic Development, Tourism, Trade and Entrepreneurship is the national accreditation body.⁴⁴

3.51. Albania's laws, decisions, and orders governing implementation and administration of the TBT Agreement include Law No. 9870 of 4 February 2008 "On standardization", as amended by Law No. 53/2015 "On some amendments to the Law No. 9870/2008" and Law No. 10384 of 24 February 2011 "On some amendments to the Law No. 9,870/2008"; DCM No. 190 of 13 March 2012 "On Code of development, adoption, approval and implementation of standards"; Law No. 116 of 11 September 2014 "On the accreditation of conformity assessment bodies in the Republic of Albania"; DCM No. 667 of 29 July 2015 "On organization and functioning of the General Directorate of Accreditors"; Law No. 10489 of 15 December 2011 "On marketing and market surveillance of non-food products"; and Law No. 10480 of 17 November 2011 "On general safety of non-food products".

⁴¹ EU-Albania SAA (Article 38), and the CEFTA Agreement (Articles 23 and 24).

⁴² DPS online information. Viewed at: <http://www.dpa.gov.al/> [28.10.2015].

⁴³ WTO document G/TBT/ENQ/35/Rev.2, 13 May 2009. The responsibilities of the DPS are set out in DCM No. 789 of 22 July 2009.

⁴⁴ DPA online information. Viewed at: <http://www.dpa.gov.al/> [28.10.2015].

3.52. Law No. 53/2015 partially approximates EU Regulation No. 1025/2012.⁴⁵ By the adoption of Law No. 10384/2011, the DPS was made responsible for organizing all standardization activities and for adopting and publishing as Albanian documents the telecommunication standards as published by European and international organizations.

3.53. Since 2010, no specific trade concerns against technical regulations maintained by Albania have been raised by in the Committee on Technical Barriers to Trade. Albania has not notified to the WTO any mutual recognition agreements with third countries on issues related to technical regulations, standards, or conformity assessment procedures. Since October 2015, the General Directorate of Accreditation has been a signatory of the European Accreditation Multilateral Agreement (EA-MLA). The DPS has cooperation agreements with the standardization bodies in Bosnia and Herzegovina, Croatia, Kosovo, Former Yugoslav Republic of Macedonia, Montenegro, Russia and Turkey. In October 2015, the DPS signed an MoU with the Czech Office for Standards, Metrology and Testing (UNMZ) with a view to enhancing cooperation in the field of standardization.

Table 3.6 Laws, decisions, and orders governing implementation of the TBT Agreement, December 2015

Law number, date and title
Standardization
Law No. 53 of 21 May 2015 "On amendments to Law No. 9870". The law has made relevant changes to Article 8 of Law No.9870/2008 relating to the employment procedures in the DPS.
Law No. 10384 of 24 February 2011 "On amendments to Law No. 9870". Under the law, the DPS is responsible for organizing all standardization activities and for adopting and publishing Albanian standards, including those concerning telecommunication standards (as published by the European (ETSI) and international (ITU-T) organizations).
Law No. 9870 of 4 February 2008 "On standardization"
DCM No. 754 of 16 September 2015
DCM No. 138 of 18 February 2015
DCM No. 190 of 13 March 2012
DCM No. 433 of 5 May 2010
DCM No. 789 of 22 July 2009
Accreditation
Law No. 116 of 11 September 2014 "On the accreditation of conformity assessment bodies in the Republic of Albania"
DCM No. 667 of 29 July 2015 "On organization and functioning of the General Directorate of Accreditation"
Conformity Assessment
Law No. 10489 of 15 December 2011 "On marketing and market surveillance of non-food products"
Specific fields
Law No. 9780 of 17 July 2007 "On construction products"
Law No. 9323 of 25 November 2004 "On medicinal products and pharmaceutical services"
Law No. 8531 of 23 September 1999 "On the fertilisers control service"
Law No. 7941 of 31 May 1995 "On food"
DCM No. 604 of 17 November 2000 "On the labelling of food products"
DCM No. 609 of 17 November 2000 "On the industrialization and commercialization of natural mineral waters"
DCM No. 234 of 11 May 2000 "On the rules and criteria of sampling and analysis of fertilisers"
DCM No. 888 of 19 December 2007 "On essential requirements and conformity assessment of toys"
DCM No. 889 of 19 December 2007 "On essential requirements and conformity assessment of simple pressure vessels"
DCM No. 73 of 28 January 2008 "On essential requirements and conformity assessment of pressure equipment"
DCM No. 369 of 27 March 2008 "On essential requirements and conformity assessment of low voltage devices"

Source: Information provided by the Albanian authorities.

3.1.8.1.2 Implementation

3.54. Between 1 January 2010 and 26 October 2015, Albania made 39 notifications under Article 10.6 of the TBT Agreement.⁴⁶ All of these notifications provide for a comment period of 60 days following circulation to WTO Members. They are largely based on, or transpose, EC Directives and international agreements. Albania's technical regulations currently in place are shown in Table 3.7.

3.55. Under the SAA (Article 75), Albania is committed to gradually conform with EU technical regulations and European standardization, metrology accreditation, and conformity assessment

⁴⁵ The authorities state that Article 2 of the law has approximated only point 2 of Article 26 of the EU Regulation.

⁴⁶ WTO documents G/TBT/N/ALB/39, 21 April 2010 to G/TBT/N/ALB/77, 30 October 2015.

procedures. The SAA sets out that, as a first step, Albania is, *inter alia*, obliged to: promote the use of EU technical regulations, European standards and conformity assessment procedures, and, where appropriate, conclude European Conformity Assessment Protocols once Albania's legislative framework is aligned with that of the EU.

3.56. The authorities indicate that, in accordance with their commitments in the SAA, all Albanian technical regulations are the result of the adoption of EU technical regulations, in other words no technical regulations are devised in Albania. The drafting of the Albanian version of the adopted EU regulations is the responsibility of the incumbent Ministry in Albania. This responsibility mainly falls on the MEDTTE's Market Surveillance Department, which is in practice responsible for drafting the majority of technical regulations. Once drafted, the technical regulations are sent to the General Directorate of Standardization for notification to the WTO, line ministries, and business organizations for comments and suggestions. Once this consultation process is finished, the draft regulations are sent to the Council of the Ministers for final approval. Usually, a technical regulation is implemented one year after its publication on the *Official Gazette*.

Table 3.7 Technical regulations in place, December 2015

Regulation Number, Date and Title
DCM No. 262 of 3 April 2013 "On approval of technical regulation on toy safety" (Directive 2009/48/EC)
DCM No. 1065 of 23 December 2015 "On approval of technical regulation on simple pressure vessels and reference list of relevant harmonized standards" (Directive 2009/105/EC)
DCM No. 1062 of 23 December 2015 "On approval of technical regulation on pressure equipment and reference list of relevant harmonized standards" (Directive 2014/68/EC)
DCM No. 1061 of 23 December 2015 "On approval of technical regulation on electrical equipment designed for use within certain voltage limits and reference list of relevant harmonized standards" (Directive 2006/95/EC)
DCM No. 1054 and No. 1067 of 23 December 2015 "On the approval of technical regulation for electromagnetic compatibility and reference list of relevant harmonized standards" (Directive 2004/108 EC)
DCM No. 1060 of 23 December 2015 "On approval of technical regulation on machinery and reference list of relevant harmonized standards" (Directive 2009/127/EC)
DCM No. 1063 of 23 December 2015 "On the approval of technical regulation on the noise emission in the environment by equipment for use outdoors" (Directive 2000/14/EC)
DCM No. 77 of 30 January 2013 "On approval of technical regulation on essential requirements and conformity assessment of non-automatic weighting instruments" (Directive 2009/23/EC)
DCM No. 1066 of 23 December 2015 "On approval of technical regulation on equipment and protective systems intended for use in potentially explosive atmospheres, and reference list of relevant harmonized standards" (Directive 94/9/EC)
DCM No. 1057 of 23 December 2015 "On approval of technical regulation on lifts and reference list of relevant harmonized standards" (Directive 95/16/EC)
Law No. 138 of 8 February 2013 "On the energy consumption information of energy related product" (Directive 2009/28/EC)
DCM No. 1064 of 23 December 2015 "On approval of technical regulation for new hot-water boilers fired with liquid or gaseous fuels" (Directive 92/42/EEC)
DCM No. 1053 of 23 December 2015 "On approval of technical regulation on personal protective equipment and reference list of relevant harmonized standards" (Directive 89/686/EC)
DCM No. 1055 of 23 December 2015 "On measurement instrument and reference list of relevant harmonized standards" (Directive 2004/22/EC)
DCM No. 1067 of 23 December 2015 "On approval of technical regulation for appliances burning gaseous fuel and reference list of relevant harmonized standards" (Directive 2009/142/EC)

Source: Information provided by the Albanian authorities.

3.57. Technical regulations from non-EU trading partners are accepted as equivalent after evaluation of a declaration of conformity and a technical dossier; standards applied by the foreign manufacturer must fulfil Albanian (and EU) essential requirements in accordance with Article 15 of Law No. 9779 of 16 September 2007. According to Article 26 of Law No.10489 of 15 December 2011, certificates, tests, and inspection reports issued by conformity-assessment bodies notified by EU member States, and the list of these published in the OJCE, are recognized in Albania.

3.58. Certificates, tests, and inspection reports issued by conformity assessment bodies in countries outside the EU may be recognized and accepted in Albania if the issuing bodies are accredited by an accreditation body signatory to the European Co-operation for Accreditation (EA), the International Laboratory Accreditation Cooperation (ILAC) or the International Accreditation Forum (IAF) Multilateral Agreements, provided that the respective conformity assessment tasks are included in the scope of the multilateral agreements to which the accreditation body is a signatory.

3.59. The certificates, tests, and inspection reports issued by conformity assessment bodies that are not covered by the EA, ILAC or IAF Multilateral Agreements may be recognized in Albania based on the equivalence of accreditation procedures. This equivalence is established by the National Accreditation Body in Albania.

3.60. The Albanian Accreditation Directorate is a full member of the EA, which allows the Directorate to take part in meetings, give suggestions and comments in documents proposed by the EA and other organizations and accreditation bodies, and to vote. The Albanian Directorate of Accreditation is an associated member of ILAC and an accreditation body member of the IAF, and has an MoU with its homologous institutions in Greece, Romania, Kosovo, Montenegro, Former Yugoslav Republic of Macedonia, Poland, Sweden, and Turkey.

3.61. Testing and/or inspection must be carried out according to the relevant EU harmonized standards (adapted into Albanian ones). Tests for the pre-marketing of regulated products, in cases where technical regulations transpose a New Approach Directive, must be conducted by designated laboratories. Accreditation is a pre-condition for obtaining the status of designated laboratory. Most market surveillance activities for industrial products are the responsibility of the MEDTTE, and are usually based on risk assessment, random checks, and sampling carried out by accredited laboratories. Market surveillance for construction products and for medical devices is under the Ministry of Transport and Infrastructure, and the Ministry of Health, respectively. Market surveillance activities are based on the EU's General Product Safety Directive (GPSD) provisions. Law No. 9779 of 16 July 2007 entitles the competent Ministry to order the removal of deficiencies within a prescribed time limit. By the end of November 2015, the General Directorate of Accreditation has accredited 25 testing laboratories, 1 medical laboratory, 2 management system certification bodies, 3 personnel certification bodies, and 9 inspection bodies.

3.1.8.2 Standards

3.62. The principal law governing the adoption of standards on engineering, transport, food, agriculture, units, and measurements, is Law No. 9870 of 4 February 2008 "On standardization". In 2011, Albania adopted Law No. 10384 of 24 February 2011 "For some amendments to the Law No. 9870". This amendment enabled the DPS to be responsible for organizing all standardization activities and adopting and publishing as Albanian documents the telecommunication standards as published by European and international organizations. On 13 March 2012, the Council of Ministers approved the Decision No. 190 "On Code of development, adoption, approval and the implementation of standards".

3.63. In December 2012, the Managing Board was established. It is one of the managing bodies of the DPS, and is composed of the representatives of standardization stakeholders.

3.64. The DPS represents Albania in various European and international standard-setting organizations. Since 2013, it has been a full member of the European Institution for Telecommunication Standards (ETSI). It is an Associate Member of the International Electrotechnical Commission (IEC), with limited voting rights, and a Correspondent Member of the International Organization for Standardization (ISO). It is also an Affiliate Member (without voting rights) of both the European Committee for Standardization (CEN) and the European Committee for Electrotechnical Standardization (CENELEC).

3.65. Between 2010 and 2015, a total of 13,609 standards were adopted, as well as 3,406 amendments and standardization documents: 11,951 were European standards (2,392 from CENELEC, 7,852 from CEN, 1,707 from ETSI). Some 26,687 standards are currently in place (December 2015), of which 74% are European standards, 12% ISO and IEC standards, 11% are national standards, and 3% are standards adopted from other sources. In line with Albania's commitment under the SAA to gradually take on board EU standards, Albania has adopted as its own standards approximately 97% of the CEN and CENELEC standards.

3.1.9 Sanitary and phytosanitary requirements

3.1.9.1 Transparency

3.66. The main institutions responsible for developing laws and regulations relating to animal, human, and plant health are the Ministry of Health; the Ministry of Environment; and the Ministry of Agriculture, Rural Development and Water Administration. The National Food Authority was established and became operational on 1 September 2010. It is responsible for the control and enforcement of the legislation concerning food safety and consumer protection. SPS measures are also implemented at the sub-central level by the appropriate local authorities.

3.67. The main SPS-related laws in Albania are: Law No. 9863 of 28 January 2008 "On Food", as amended; Law No. 10465 of 29 September 2011 "On Veterinary Service in the Republic of Albania", as amended; Law No. 9308 of 4 November 2004 'Veterinary Service', as amended, and Law No. 9362 of 24 March 2005 'Plant Protection Service', as amended. Detailed requirements are set out in specific decisions of the Council of Ministers and Ministerial Ordinances related to particular areas.

3.68. The Directorate of Food Safety in the Ministry of Agriculture, Rural Development and Water Administration (MARDWA) is Albania's national notification authority and its enquiry point under the SPS Agreement.

3.69. Albania is member of the Codex Alimentarius Commission, the European and Mediterranean Plant Protection Organization (EPPO), and the World Organization for Animal Health (OIE), as well as a contracting party to the International Plant Protection Convention (IPPC).

3.70. In 2010, Chile reported to the SPS committee that Albania restricted imports of poultry products from Chile allegedly because of avian influenza.⁴⁷ Chile stated that no avian influenza had been found in the country since 2002, and if Albania's concern was with regard to the A1/ H1N1 virus, Chile noted that there was no scientific evidence that this virus was spread by poultry products. Chile therefore requested that Albania remove these emergency measures. Albania notified to the SPS committee that the measure had been withdrawn, effective 12 June 2010.⁴⁸

3.1.9.2 Implementation

3.71. SPS measures may take the form of laws, regulations, or ministerial orders. SPS measures are drafted by the relevant Central Competent Authority (CCA), under the various directorates of the Ministry of Agriculture, Rural Development, and Water Administration (MARDWA) and the Ministry of Health. The CCA conducts risk assessment and develops the measures. Implementation may be immediate, or medium or long term. The cost of developing the measure and conducting risk assessment is covered by the state budget.

3.72. The National Food Authority (NFA), established in 2010, is a public body, reporting to the Minister of Agriculture, Rural Development and Water Administration, and responsible for the control and enforcement of the legislation concerning food safety and consumer protection. The NFA is one of the competent authorities responsible for food safety in Albania and operates at the central level, through the NFA General Directorate, and at the regional level through 12 NFA Regional Directorates.⁴⁹ The NFA, through its food inspectors, is responsible for the enforcement activity in the field.⁵⁰ At the regional level, the NFA has established a territorial control organization for food safety in the 12 administrative regions. The NFA is also responsible for safety and quality control of imported food products, manufactured and marketed in the country and the raw materials used in the food industry.

3.73. In accordance with Law No. 9362, the Structure Responsible for Plant Protection cooperates and coordinates work with the General Directorate of Standardization to adapt international and

⁴⁷ WTO document G/SPS/R/61, 16 February 2011.

⁴⁸ WTO document G/SPS/N/ALB/124/Add.1, 24 November 2010.

⁴⁹ Thirteen Border Inspection Points under NFA Regional Directorates are in charge of controlling plant and plant products, livestock, animal by-products and food of animal and non-animal origin at the borders.

⁵⁰ The food inspectors are in charge of controlling food products of animal and non-animal origin.

European standards to the field.⁵¹ This is also the case for animals and animal products, and food products. The procedures used are EU standards transposed as Albanian procedures. The Plant Protection Law requires copies of proposed SPS measures to be provided to WTO Members within a reasonable period, and that a process be established to take comments into account without discrimination.

3.74. Albania filed 61 SPS notifications to the WTO between 1 January 2010 and 31 October 2015.⁵² Only five of these notifications allowed for a 60-day comment period by Members before their entry into force.⁵³

3.75. The NFA is, *inter alia*, responsible for customs control of imported food products. It checks that food imports are labelled in the Albanian language, as required by the Council of Ministers Decree No. 554, and takes samples for analysis. All imports of food of animal origin that require special controls are physically inspected at the border by the NFA. Albania recognizes risk assessments for third countries carried out by EU members.⁵⁴ Albania follows OIE and EPPO procedures for recognizing pest- or disease-free areas.

3.76. All imports of live animals, products of animal origin (excluding food), unprocessed materials, biologic materials, bio-products, veterinary drugs, and food for animal use are inspected at authorized border inspection posts (those with facilities for veterinary control). Imports must be accompanied by an international veterinary certificate. Veterinary inspectors form part of the customs team, and have the authority to inspect the sanitary-veterinary conditions of import shipments as well as to take samples for laboratory analysis. If the veterinary inspector suspects a contagious disease, contamination, organic deterioration, or notices that documentation is incomplete, he/she may order the consignment to be locked. The Chief Veterinary Office of the Region checks the consignment and may release the goods or otherwise revoke the entry of the consignment, require laboratory analysis, confiscate the consignment or take other preventative measures. Imports (as well as exports) are subject to a veterinarian fee. All imported animals are subject to quarantine for a minimum of 21 days, except for animals that are imported from disease-free countries and are destined for slaughter within 72 hours. Quarantine costs are borne by the importer. Importers of live animals, leather, feed, biologic material on animal insemination, and veterinary drugs and vaccines must be licensed. Imports are permitted from countries that meet international standards; however, to ensure cooperation, Albania has bilateral veterinary agreements with Former Yugoslav Republic of Macedonia (1998), Croatia (1998), Romania (1999), Bulgaria (2000), Kosovo (2012), Brazil (2006), Serbia (2012), and Bosnia and Herzegovina (2013). Law No. 10465 of 29 November 2011, as amended (Article 82, paragraph 2), prohibits the use of hormones in food and products of animal origin and feedstuffs; for this reason, imports of food of animal origin that are labelled as containing hormones are not permitted.

3.77. Albania does not have any legislation in force regarding the marketing of food composed of, or containing, GMOs. However, Law No. 9863 of 28 January 2008, as amended, has a chapter on food composed of, or containing, GMOs. This chapter allows, subject to risk analysis and authorization by the MARDWA, imports of food containing GMOs (classified as 'new food') provided that products are labelled as containing GMOs (Article 36). This chapter entered into force in May 2013.

3.78. Under Law No. 9362 of 24 March 2005, plants and plant products are inspected by inspectors from the Plant Protection Service at approved customs entry points. The numbers of inspections of consignments of plants and plant products for the review period are: 26 (2011), 48 (2012), 83 (2013), 165 (2014), and 102 (2015). Where there are concerns about quality, consignments are held at the border inspection post and samples taken. Imports must be accompanied by phytosanitary certificates. Only registered plant protection products may be imported into Albania: the register is held by the Directorate of Plant Protection Services. In order to add a new product to this list, an assessment involving several agencies must be undertaken. An import licence is also required from the Directorate of Plant Protection Services. Import licences may only be granted to graduates of the Faculty of Agronomy.

⁵¹ Draft acts are sent to the General Directorate of Standardization for comments.

⁵² WTO documents G/SPS/N/ALB/126, 15 February 2010 to G/SPS/N/ALB/184, 29 May 2015.

⁵³ WTO documents G/SPS/N/ALB/149, 5 June 2012, G/SPS/N/ALB/154, 6 July 2012, G/SPS/N/ALB/155, 2 August 2012, G/SPS/N/ALB/171, 17 February 2014, and G/SPS/N/ALB/182, 20 February 2015.

⁵⁴ The NFA adopts the lists approved by the EU for the third countries.

3.1.10 Other measures

3.79. The authorities state that Albania does not maintain any trade-related investment measures.

3.2 Measures Directly Affecting Exports

3.2.1 Export procedures and requirements

3.80. Albanian legislation on customs matters, including exports, is contained in the Customs Code (Law No. 8449 of 27 January 1999), as amended. Export procedures are the same for goods transported by air, by sea or by road.

3.81. Goods that are not subject to prohibition or restriction measures and with a value of up to lek 100,000, may be cleared for export directly at the border; the customs declaration does not need to be submitted in advance. This provision does not apply when the person making the export declaration is a professional customs agent. In all other cases, export declarations must be submitted to Customs prior to export. Based on risk analysis, exports are inspected prior to loading into containers. There are no registration requirements for exporters or export products. Export declarations are processed electronically.

3.2.2 Export taxes, charges, and levies

3.82. Albania does not apply any export duties or taxes.

3.2.3 Export prohibitions, restrictions, and licensing

3.83. The exportation of firearms, ammunition, psychotropic substances, and narcotic drugs is prohibited. Special export permits are required for precious metals, antiques, national costumes of artistic or folkloric value, and books and works of art that form part of the national heritage and culture. Exports of some organic chemicals included in HS Chapter 29 are prohibited to non-signatories of the Montreal Protocol.

3.84. Export licences are required for the exportation of military goods, under Law No. 9707 of 5 April 2007 "For the state control of import/export activity of military goods". The Albanian State Export Control Authority controls the export/import of military goods and technology. The Authority also has competence to grant import, export and production licences for explosive materials (previously granted by the Minister of Defence). These licences are for one year for imports and exports, and eight years for production. The Council of Ministers approves, annually, the list of goods subject to state control of exports, to reflect the respective lists of controlled goods in the EU. The exportation of radioactive materials is regulated by the Radiation Protection Commission and subject to licensing.

3.2.4 Export support and promotion

3.85. Law No. 9374 of 21 April 2005 "On State Aid", as amended by Law No. 10183 of 29 October 2009, explicitly forbids aid directly linked to the quantity of goods exported and/or to current expenditure linked to an export activity. Aid contingent upon the use of domestic over imported goods is also prohibited. The Law does not apply, however, to aid granted to agriculture and fisheries. Albania notified the WTO in 2011 that during the calendar years 2009 and 2010 it had provided no agricultural export subsidies.⁵⁵

3.86. On 28 May 2015, Law No. 54 "On some amendments and addenda to Law No. 9789" was adopted. The Law abolished the previous "economic zones", "free zones" and "industrial parks", which were replaced by "technology and economic development areas".⁵⁶ A technology and

⁵⁵ WTO document G/AG/N/ALB/5, 19 July 2011.

⁵⁶ Albania created a programme of economic zones, through Law No. 9789, which regulated the establishment, functioning, and supervision of economic zones; the rights and obligations of responsible institutions, developers, operators and users acting under their authority; the kind of activities that were performed within them; as well as the way of determining the sites and borders. The law defined an "economic zone" as a territory having a specific economic status, which could be a free zone or industrial park. The

economic development area is a designated area of land or buildings and other immovable property, which *inter alia* provides relevant infrastructure for production, industrial development, trade and provision of services. Albanian legislation applies inside the areas. The developer and operator in an area are exempt from customs duties and value added tax. The developer and operator in an area are exempted from the payment of a 50% tax-on-profit rate for the first 5 years of their activity in the area; additionally, 20% of the annual capital expenses are recognized as deductible expenses in the tax period for the developer and user investing in the area, for a period of 2 years.⁵⁷

3.87. The Ministry of Economic Development, Tourism, Trade and Entrepreneurship (MEDTTE) is responsible for following up all activities related to the technology and economic development areas, including identifying, accepting, announcing, evaluating and selecting developers and licensing areas. Goods entering the area are subject to customs control and surveillance, in accordance with the Customs Code. Goods that originate in other parts of the customs territory of Albania and are not in transit in the area, are considered as exports. Infrastructure services offered by the rest of the customs territory of Albania to licensed developers and users of the area are considered service exports. Goods that are transferred from an area to the rest of the customs territory and that are not in transit are subject to payment of all import duties. Any part of these goods that has been processed in the customs territory of Albania is subtracted from the value of the products obtained, for the purpose of calculating customs duties. The other taxes and duties are applied on the full value. Payments connected to the activity of the natural and legal entities operating within the technological and economic development areas may be in local or foreign currency.

3.88. Albania has a few customs regimes that contain special provisions or treatment for exports. Under the Temporary Admission Regime, non-Albanian goods destined for re-export without transformation may be used in the Albanian customs territory completely or partially exempted from import duties. Goods may be held under this regime for a maximum of one year. A fee equivalent to 3% of the total import duties is payable for each month the goods are in Albania.

3.89. Albania also maintains a drawback system for all goods except those subject to quantitative import restrictions, or that might, within quotas, qualify for a preferential tariff measure or duty suspension. The authorities state that the customs regime "on reimbursement" foresees the application of drawbacks on exports. The drawback system may be used only if no other export refund has been received.

3.90. Albania also has a system of Processing under Customs Control, which allows the tariff-free importation of goods for processing in Albania. The nature of the goods must be altered through processing; and the resulting products are released for circulation in Albania subject to payment of the relevant customs duty. This procedure is authorized only for persons established in Albania, and where the imported component can be identified in the processed products. The procedure must not result in a circumvention of rules of origin. Between 2010 and 2015, 3 requests for processing under customs control were made; currently, only one operator works under the authorization in the field of medicine.

3.2.5 Export finance, insurance and guarantees

3.91. Albania maintains an export guarantees scheme by the Export-Credit Guarantee Fund, which has been notified to the WTO Subsidies and Countervailing Measures Committee (SCM)⁵⁸. However, according to the authorities, the scheme, managed by the Export Credit Guarantee Unit

economic zones were aimed at: encouraging investments; creating new jobs; accelerating regional development and integration into the international market; and introducing advanced technology.

⁵⁷ In a technological and economic development area, notwithstanding the amortization amounts, the project of the developer is exempted from the infrastructure impact tax. Constructions realized in the area are exempted from the immovable property tax for a five-year period. The developers or users of the area are exempted from the tax on transferring the right of ownership on immovable properties. There are other provisions such as those related to the supply of Albanian goods, expenses for salaries and social and health contributions of the employer, expenses for salaries, and costs of training employees.

⁵⁸ WTO documents G/SCM/N/220/ALB and G/SCM/N/220/ALB/Corr.1, 20 January 2012 and 26 January 2012.

in the Albanian Investment Development Agency (AIDA), is currently not functioning.⁵⁹ The Competitiveness Fund managed by AIDA is part of the public grants accorded to SMEs with a view to developing the export sector, improving the quality of exported products and increasing their competitiveness in the market (section 3.3.2).

3.3 Measures Affecting Production and Trade

3.3.1 Legal framework for business

3.92. All companies must be registered in the Register of Companies. Law No. 9901 of 14 April 2008 "On Entrepreneurs and Companies" regulates the establishment and management of commercial companies in Albania.⁶⁰ Law No. 9723 of 3 May 2007 "On the National Registration Centre" established the National Registration Centre (NRC) as a central public institution. The NRC provides access to registry information via the internet and electronic registration is foreseen; it has service windows countrywide.

3.93. Albanian legislation provides for companies to be established under four main corporate forms: general partnership, limited partnership, limited liability company, and joint-stock company. Individuals may also register to do business in Albania; they have unlimited liability for debts incurred as a result of their business. The most common corporate form used by foreign investors is the limited liability company. Foreign companies may also be established through a representative office or a branch; they are subject to the same procedures and formalities required for the formation of an Albanian company. Branches of foreign companies are subject to the same tax treatment as domestic companies. According to the Albanian Civil Code, joint ventures can be established by two or more persons, whether individuals or legal entities, foreign or national, agreeing to engage in an economic activity in order to share profits deriving from them.

3.94. Law No. 8438 of 28 December 1998 governs income tax for natural and legal persons. All domestic and foreign companies engaging in economic activities in Albania are subject to income tax on all their sources of income based in Albania. Foreign companies based abroad but with activities in Albania are taxed only on the basis of their Albanian operations. The Law No.8438/1998 was amended by Law No. 177/2013 of 28 December 2013, which entered into force on 1 January 2014; the amendment introduced progressive tax rates instead of the previous flat rate of 10%. The new tax rate for personal income tax is: (1) 0% up to a monthly taxable income of lek 30,000 – unchanged from the previous system; (2) 13% of the amount exceeding lek 30,000, for a monthly taxable income of between lek 30,001 and 130,000; and (3) lek 13,000 plus 23% of the monthly taxable income exceeding 130,000, for a monthly taxable income above 130,000. Taxable income includes corporate earnings, distributed stock dividends, income from the lease and transfer of real property, and interest on bank deposits and securities.

3.95. Profit tax (corporate tax on profits) is 15% as of 1 January 2014, instead of 10% previously.

3.96. The authorities state that a draft law "On amendments of Law No. 8438" was approved by the Council of Ministers and is being discussed in the Parliament.

3.97. With the adoption of the new 2014 fiscal package, Law No. 179/2013 of 28 December 2013, the Government has taken a number of initiatives such as: (1) no VAT on machinery worth over US\$ 500,000 that is deemed to be used to increase productivity; (2) no taxes on small businesses with an annual turnover of less than lek 2 million – small businesses will pay an annual tax of lek 25,000; (3) businesses with an annual turnover of between lek 2 million and 8 million are

⁵⁹ The Export-Credit Guarantee Fund aims to support exporters, through state guarantees for short-term financing loans, in order to ensure that domestic exporters face the same financing terms and conditions as foreign ones. The Fund also aims at increasing the competitiveness of Albanian undertakings; it is managed by the Albanian Investment Development Agency (AIDA) in the MEDTTE. The subsidy is in the form of loan guarantees to exporting small and medium-sized enterprises (SMEs). The maximum amount of the guarantee is lek 10 million per customer, for a maximum of 12 months and 80% of the value of the credit.

⁶⁰ AIDA online information. Viewed at: <http://www.aida.gov.al/pages/registration-licensing> [28.10.2015].

subject to a tax rate of 7.5%; (4) no VAT on medicines or health services, as of 1 April 2014; and (5) no excise duty on fuel used for the needs of oil producing companies.⁶¹

3.98. Law No. 9632/2006 provides for the application of a tax on small businesses, defined as those with an annual turnover of less than lek 8 million. This tax is applied instead of income tax on profits and is divided into two categories: a fixed amount on turnover of up to lek 2 million, plus a proportional tax of 1.5% on income of between lek 2 and 8 million. The authorities state that the tax due is always presumptive, based on the turnover agreed between the taxpayer and the tax authorities, rather than on actual turnover.

3.99. According to a World Bank study, in 2015, Albania was ranked second among the top ten reformers, and 97th overall out of 189 economies analysed.⁶²

3.3.2 Incentives

3.100. State assistance to private economic activity is governed by Law No. 9374 of 21 April 2005 "On State Aid", as amended by Law No. 10183 of 29 October 2009, unchanged since Albania's previous review.⁶³ The law applies to all manufacturing and services activities; it does not apply to state aid granted to agriculture and fisheries. It establishes the conditions under which state aid may be granted, namely, if it: promotes the economic development of areas with low standards of living or where there is serious unemployment; promotes a project of national importance or remedies a serious disturbance in the economy; facilitates the development of certain economic activities or of certain economic areas, provided the aid granted does not adversely affect the obligations under any international agreements ratified by Albania; or promotes cultural development and heritage conservation, where it does not seriously affect trading conditions and competition. The authorities state that locals and foreigners are treated alike with respect to the fiscal incentives provided.

3.101. The law forbids aid directly linked to export quantities or current expenditure linked to export activities, as well as aid contingent upon the use of domestic over imported goods. Aid to sensitive sectors is not compatible with this law, unless provided by the State Aid Commission (SAC). In 2014, sectoral state aid amounted to lek 1,115 million; the aid was granted to public services (water supply and sewage – in the form of a subsidy from the state budget to 55 water supply undertakings managed by local municipalities), public transport (railways – in the form of a direct subsidy), mining (closure and conservation). Aid for the energy sector was also granted, amounting to lek 195 million in the form of deferred payment of VAT for electricity import. Aid classified as *de minimis* is compatible with this law.⁶⁴ Nonetheless, it would appear that the implementation of the law is poor, mainly due to the lack of independence and adequate administrative capacity of the competent bodies.⁶⁵

3.102. SMEs may receive state aid for consultancy services but aid must not exceed 50% of the costs of these services, and the services may not be a periodic or continuous activity or related to usual operating expenditures. The same percentage applies for first participation in fairs and exhibitions, where the aid must not exceed 50% of the additional costs incurred in renting, setting up, and running a stand. Newly created SMEs may also receive aid, of up to €200,000 for installation costs. Aid for disadvantaged and disabled workers must not exceed 75% of the wage costs for disabled workers and 50% of the wage costs for disadvantaged workers.

⁶¹ AIDA online information. Viewed at: <http://www.aida.gov.al/pages/taxes> [28.10.2015].

⁶² World Bank online information. Viewed at: <http://www.doingbusiness.org>.

⁶³ Law No. 9374 is being revised and assessed by the Parliament. Under Law No. 9374, state aid may take the form of: subsidies or grants; exemptions, reductions and deferrals of taxes and other fiscal contributions; writing-off of overdue fees and penalties; debt write-offs or offsetting of losses; loan guarantees or loans at reduced fees/rates of interest; reduction of social security obligations; reduction in the price of goods supplied; sales of public property below market prices; purchase of products or services at above the market price; and increase of state-owned equity in undertakings or increase of its value in circumstances not acceptable to a private investor under normal economic conditions.

⁶⁴ Aid is considered to be *de minimis* if it does not exceed €100,000 for any three-year period, irrespective of its form and objective, provided it is not linked to export-related activities, it is not conditioned upon the use of domestic over imported goods, and the recipient is not experiencing economic difficulties (e.g. is on the verge of bankruptcy).

⁶⁵ UNCTAD (2015), *Voluntary Peer Review of Competition Law and Policy: Albania*.

3.103. The State Aid Commission (SAC), composed of five members and chaired by the minister in charge of economic affairs, is the decision-making body for state aid. The Commission is responsible for assessing and authorizing state-aid schemes and individual aid, on the basis of proposals of the State Aid Department of the MEDTTE. Providers must notify the State Aid Department of any plans to grant state aid; the SAC must give its approval before any aid can be granted. The Commission's decisions must be taken within 60 calendar days of the receipt of a complete notification. If the Commission finds aid to be unlawful, it can issue an injunction to suspend the aid and order the recovery of any disbursement made from the beneficiary. The recovered amount, together with interest, is added to the budget of the aid provider.

3.104. The Law on State Aid mandates that all aid providers must report to the Department all existing aid schemes within six months of their entry into force. The authorities state that these schemes are notified, listed, and assessed by the SAC, which takes a decision in each case with respect to compatibility with the Law. According to the authorities, all existing state-aid schemes are listed in the Report on the Inventory of State Aid Schemes in Albania, as approved by DCM No. 45 of 16 January 2008.

3.105. SMEs may benefit from the Albanian Competitiveness Fund, established by Law No. 9645 of 27 November 2006 "On the State Budget of 2007", and managed by AIDA. The purpose of this scheme is to increase the competitiveness of SMEs through improvement of their products and management qualities, delivery of products with high market standards, and their integration into regional and European markets. The benefit takes the form of a grant with cost sharing of up to 70%, for a maximum of lek 1.4 million per undertaking. The benefit scheme is for three years; the total amount budgeted for 2015 was lek 17.8 million.⁶⁶ In 2015, 24 companies were accorded grants totalling about lek 17.0 million.

3.106. The Government runs a scheme of VAT exemption on payments for the import of equipment and machinery in order to facilitate private-sector investments in Albania. This scheme initially had its legal basis in Law No. 7928 of 27 April 1995 and DCM No. 180 of 13 February 2013. The scheme is now governed by Law 92/2014 and DCM No. 953 of 29 December 2014, as amended.⁶⁷ The VAT exemptions are accorded to equipment and machinery imported by subjects fulfilling, *inter alia*, the criteria of DCM No. 953. Application to the customs administration is necessary to receive such exemptions. In 2015, revenue foregone by VAT exemptions amounted to about lek 10 billion.

3.107. Albania maintains a programme of technology and economic development areas (section 3.2.4).

3.108. A Development Programme for Small and Medium Enterprises (SMEs) funded by Italy aims at improving access to finance for SMEs. The programme consists of a €25 million credit line and a guarantee fund of €2.5 million for loan guarantees that aim to counter the main obstacles to bank crediting. On 12 July 2014, a Programme of Integrated Assistance for the Development of Albanian SMEs entered into force; the programme is to replenish the financial facilities established within the first phase of the Italian-funded programme by providing an additional €15 million.⁶⁸ The second component, the guarantee fund, started to be implemented in April 2011, after the signing of the Albanian Guarantee Fund (AGF) Participation Agreement between the Ministry of Economy and eight private commercial banks. Between 2009 and 2015 (up to 25 May), 99 investment projects (including 23 agribusinesses) were financed from the credit line amounting to around €21.9 million.

3.109. Albania has made regular notifications to the WTO under Article XVI:1 of the GATT 1994 or Article 25 of the SCM Agreement. In its most recent notification issued in 2015, Albania states that it does not grant or maintain any subsidies notifiable under Article XVI:1 of the GATT 1994 and Article 25.2 of the Agreement on Subsidies and Countervailing Measures.⁶⁹ In its 2012 notification,

⁶⁶ DCM No. 419 of 15 May 2015 "On the extension of the Competitiveness Fund for the period 2013-2015".

⁶⁷ Consequently, Law No. 7928/1995 was repealed.

⁶⁸ The initiative aims at contributing to the economic and social growth of Albania by: (1) supporting the access of Albanian SMEs to the credit system and enhancing the development of the entrepreneurial environment; and (2) promoting social responsibility in Albanian SMEs.

⁶⁹ WTO documents G/SCM/N/253/ALB and G/SCM/N/284/ALB, 5 May 2015.

Albania included five incentives programmes: the Export-Credit Guarantee Fund; deferral of VAT payment for imported machinery and equipment; excise duty exemptions for fuel oil utilized on energy generation by thermos power plants with a capacity greater than 5 MW; reimbursement of fuel excise for fuel consumed in heating greenhouses for industrial and agro-industrial manufacturing and used for technological needs of production; and the Albanian Competitiveness Fund.⁷⁰ Incentives linked to exports are described in section 3.2.4 above.

3.3.3 Competition policy and price controls

3.110. The Competition Authority of Albania (CAA), a public entity, independent in performing its tasks, is in charge of monitoring and implementing competition policy.⁷¹ It is directly appointed by and accountable to the National Assembly. The CAA's mission is to protect free and effective competition in the market by implementing the legislation on competition. The National Assembly approves the annual budget for the CAA's activities. The revenues collected under Law No. 9121 of 28 July 2003 "On Competition Protection" as amended, including revenues from sanctions, are disbursed to the state budget. The Law confers the right of the CAA to self-initiate investigations and to apply penalties. The current structure of the CAA, approved through Decision of the Albanian Parliament No. 12 of 12 May 2008, comprises the Competition Commission and the Secretariat of the Competition Authority.⁷²

3.111. The main competition policy objectives are contained in the National Competition Policy issued in December 2006. The authorities state that the CAA is in the process of drafting the new National Competition Policy. Competition policy is regulated by Law No. 9121 of 28 July 2003 "On Competition Protection", as amended by Law No. 10317 of 16 September 2010.⁷³ The 2010 amendment introduced, *inter alia*: (1) applying Albania's competition rules to undertakings with special or exclusive rights to perform certain economic activities, or entrusted with the performance of services of general interest or having the character of a revenue-producing monopoly provided that law enforcement does not obstruct the fulfilment of the tasks assigned to them⁷⁴; (2) empowering the CAA with the ability to grant individual exemption from the general prohibition as well as to block exemptions to certain categories of agreements between undertakings; (3) a *de minimis* rule applied to all agreements that do not significantly restrict competition; (4) introduction of a "significant impediment of effective competition" test for mergers⁷⁵; (5) allowing the initiation of a preliminary investigation with the approval of the Commission (previously, only the Secretary General of the Commission was authorized to approve it); (6) removing the relevant legal provisions that required an undertaking that is deemed to be abusing the market power to prove that its practice was not infringing the law for objective reasons of legal or economic nature; and (7) introducing a maximum sanction (fine) of 10% of the infringer's turnover instead of the previous minimum sanction of 2% of turnover. Law No. 9121/2003, as amended, applies to any entity, public or private, engaged in commercial activity, as well as to any associations thereof; it is also applicable to foreign entities whose

⁷⁰ WTO documents G/SCM/N/220/ALB, 20 January 2012, and G/SCM/N/220/ALB/Corr.1, 26 January 2012.

⁷¹ The CAA is a full-right member of Competition International Network, which includes 65 other competition authorities from various countries.

⁷² The Competition Commission is the CAA's decision-making body; it is a permanent collegial body within the CAA's structure. It has five members, appointed for a five-year term by the Assembly. The Chairman of the Commission is the head of the CAA. The Secretariat monitors market conditions, performs administrative investigations, and prepares the related reports that are presented to the Competition Commission. In addition, the Secretariat represents the Competition Commission before the courts and follows up and supervises the implementation of decisions taken by the Commission. The Secretariat is headed by a General-Secretary elected by the Commission.

⁷³ Relevant regulations include various Albanian Competition Commission Decisions: No. 190 of 26 May 2011; No. 187 of 3 May 2011; No. 179 of 2 March 2011; No. 176 of 24 February 2011; No. 234 of 19 July 2012; No. 235 of 19 July 2012; No. 236 of 19 July 2012; No. 276 of 18 March 2013; No. 286 of 21 May 2013; No. 295 of 14 November 2013; No. 322 of 3 July 2014; No. 332 of 9 October 2014; No. 352 of 3 March 2015; and No. 374 of 8 October 2015.

⁷⁴ During the period under review, no application of the act was made to such undertakings. In practice, the CAA has been legally authorized to assess public contracts and concessions granted by the State to certain undertakings and to exempt them, if deemed necessary, from the application of Albania's competition rules, in accordance with legal requirements for exemption. UNCTAD (2015).

⁷⁵ This reflects recent developments in the EU to replacing the "dominance" test. The authorities indicate that the threshold of the turnover required for merger notification was decreased and certain improvements in the merger proceedings were put in place.

activities have an effect on the Albanian market. The authorities state that the 2010 amendment is in line with EU legislation, although certain differences remain; they consider that the law has been approximated to a broad extent with the *acquis communautaire*, not only in substance but also in terms of its implementation tools. The notification regime according the individual exemptions (agreements) is still in force in the Albanian law. The law deals with three main areas: agreements with serious consequences on the market (cartels⁷⁶), abuse of dominant position, and economic concentrations.

3.112. Law No. 9121, as amended, prohibits certain practices, independently of their effects, including all agreements that prevent, restrict or distort competition, and in particular those that: (a) directly or indirectly fix purchase or selling prices, or any other trading conditions; (b) limit or control production, markets, technical development, or investment; (c) share markets or sources of supply; (d) apply dissimilar conditions to equivalent transactions with other trading parties, thereby placing them at a competitive disadvantage; and (e) make contracts subject to acceptance of supplementary obligations that have no connection with the subject of such contracts. These prohibited agreements are not considered legally valid.

3.113. Article 5 of the law foresees the exemption of individual agreements. During the period under review, the Competition Commission approved four individual exemptions from the competition law. They were: (1) Decision of Competition Commission No. 225 of 28 May 2012 "For exemption from the prohibition of agreement of cooperation between undertakings in the market of information exchange insurance for border insurance of motorized vehicles for responsibility towards third parties"⁷⁷; (2) Decision of Competition Commission No. 298 of 6 December 2013 "On the legal assessment of the compatibility of the law and regulations of cooperation agreements between undertakings of the insurance market and information exchange for the market of compulsory insurance of transport vehicles in relation to third parties"⁷⁸; (3) Decision of Competition Commission No. 338 of 11 November 2014 "On the individual exemption from the prohibition of agreement between undertakings Digitalb Sh.A and other television operators"⁷⁹; and (4) Decision of Competition Commission No. 367 of 4 June 2015 on "Exemption from the prohibition of agreement to buy-sell electricity between KESH and OSHEE, for redundancies

⁷⁶ Nonetheless, the law does not define cartels.

⁷⁷ On 6 April 2012, the Competition Authority, in accordance with Article 5 and 48 of the law, received a notice from the authorized representative of several insurers on their request to be exempted from the prohibited agreement. The purpose of the agreement was to be information exchange to cover the risk associated with the insurance holder, information exchange regarding insurance premium, organization of joint studies of market and the distribution of these results without delay to all parties. A report by the Competition Commission concluded that the agreement did not affect competition and it contributed to the improvement of service and payment from the insurance companies.

⁷⁸ The undertakings involved made a self-assessment of the compatibility of the law and regulation and asked for confirmation from the Competition Authority regarding this compatibility. The objective of the agreement was to exchange information between parties to cover the risk of the third party liability (TPL) insurance, to set certain standards related to motor third party liability (MTPL) insurance, and to allow the calculation of the average costs of life insurances. The participating parties in the agreement declared that they were aware and motivated to respect the principles of effective competition and will make efforts to not adopt behaviours that will limit competition and violate Article 4 of the Law on "Competition Protection" or get involved in setting of prices and market shares, but will operate only within the legal framework established by the law. The Commission based on these facts decided that the parties involved are in accordance with Article 3 of the Regulation "For the application of Article 6 of LPMK to certain categories of agreements decisions and concerted practices in the sector insurance" and therefore exempted from prohibited agreements. The Commission requires the parties involved to respect the following commitments: (1) the undertakings must continue to sell their insurances under their personal logos, (2) the parties should report to the Competition Authority regarding the measures they will put in place to ensure their internal MTPL insurance policies do not get forged, and (3) the parties should make any information available to the Authority whenever they are required to.

⁷⁹ The purpose of the agreement presented by Digitalb Sh.A is to include the following channels in its digital platform: TOP CHANNEL, SHOP TV, KLAN TV, ORA NEWS, NEWS-24, ABC NEWS, A1 REPORT, UTV NEWS, SUPERSONIC, STV FOLK, KANALI FOLKLORIT, SCAN TV, CHANEL ONE, and ALBANIAN SCREEN. The Commission concluded that the agreement had the following benefits: (1) it contributes to the improvement of distribution, (2) it allows the consumers to have a direct cut in these benefits, (3) it does not put the undertakings vertical restrictions which are unnecessary to achieve these benefits, (4) it does not seriously affect competition in relation to the services and products of the agreement, and (5) the agreement will be limited until the end of 2015. The Commission also imposed certain restrictions related to transmission and distribution. After assessing the agreement the Commission decided that the pros outweigh the cons and decided to exempt it from the prohibited agreement.

including those from large flows of water, to compensate for the loss in the distribution network for 2015".⁸⁰

3.114. The Law also stipulates the evaluation criteria for assessing an undertaking with dominant position in the market. The dominant position of one or more undertakings is appraised notably by establishing the following: (a) the relevant market shares of the investigated undertakings and those of the other competitors; (b) the barriers to entry into the relevant market; (c) the potential competition; (d) the economic and financial power of the undertakings; (e) the economic dependence of the suppliers and purchasers; (f) the countervailing power of buyers or customers; (g) the development of the undertakings' distribution network, and access to the sources of supply of products; (h) the undertakings' links with other undertakings; and (i) other characteristics of the relevant market such as the homogeneity of the products, the transparency of the market, the undertakings' cost and size symmetries, the stability of the demand, or the free production capacities. Article 9 of the law stipulates that any abuse by one or more undertakings of a dominant position in the market is prohibited.

3.115. Certain substantial concentration of undertakings must be notified to the Authority for authorization.⁸¹ The Commission prohibits concentrations that significantly restrain effective competition as a result *inter alia* of creation or strengthening of a dominant position. In making the appraisal, the Commission may take into account the economic efficiencies resulting from the concentration.⁸² The Commission may not prohibit a concentration where one of the involved undertakings is in serious risk of bankruptcy and does not have any less anticompetitive options at its disposal. If the concentration does not show any indication of significant restriction of competition in the market as a result of established or strengthened dominant position, the Commission shall decide to authorize the concentration within two months from the date of the notification. Where the Commission finds that the concentration shows such indications, it shall decide to authorize the concentration based on conditions and obligations stipulated in Article 61 of the law or open an investigation to decide, within three month of the initiation of the investigation, to declare whether the concentration is prohibited or not.

3.116. The CAA has the authority to apply fines, cease and desist orders, and other civil remedies as a result of its investigations. Articles 73 and 74 define the fines. Article 73 stipulates "fines for not serious infringement" where the fines imposed to the undertakings must not exceed 1% of the aggregate turnover of the previous financial year. Such fines are imposed notably when the undertakings provide: incorrect, incomplete or misleading information in response to a Commission request or decision or do not provide the data within the deadline specified in a Commission decision or the Secretariat request; incorrect, incomplete or misleading information in their notifications; inaccurate and incomplete additional data and documents; or the required books or other business records in incomplete form during inspection. The fines are imposed when

⁸⁰ The agreement's purpose is to buy/sell in order to compensate for the losses in the distribution system given excess quantities of water flow for 2015. It is limited to a certain period of the year when there is a higher flow of water. Based on the investigation procedures followed by the Authority in relation to the market of electrical energy trade from OSHEE to cover its distribution losses, it concluded that there was no competition in this market segment due to the heavy regulations put in place by OSHEE. The agreement may potentially limit competition for other sellers of electrical energy who enter the procedures to sell energy in order to compensate for losses in the distribution system. The agreement was exempted from prohibition due to the following reasons: (1) it contributes to national safety and social problems arising from the flooding of designated areas due to drainage, (2) it contributes to the maximum exploitation and optimization of produced energy distribution, (3) it ensures a decrease of costs since it guarantees the covering of losses in the distribution, and (4) it brings essential benefits for debtor consumers given the insurance costs of buying electricity to cover losses are included in the final price per kW. Considering that that the agreement was in the public interest, the Authority decided to exempt it from prohibited agreements until the end of 2015.

⁸¹ If in the financial year preceding the concentration; (1) the aggregate worldwide turnover of all the participating undertakings exceeds lek 7 billion, and the individual turnover in Albania of at least one of the participating undertakings exceeds lek 200 million; or (2) the aggregate turnover in Albania of all the participating undertakings exceeds lek 400 million, and the individual turnover of at least one of the participating undertakings on the domestic market is over lek 200 million. Concentrations must be notified within 30 days of the conclusion of the agreement, the acquisition of a controlling interest, the creation of a joint venture, or the announcement of the public bid for purchase or exchange.

⁸² Provided that they meet all the following conditions: (1) the efficiencies should contribute to the improvement of consumers' wellbeing, or at least neutralize the potential negative effects that the concentration would have; (2) the efficiencies have, or should have, resulted from the concentration under review; and (3) no other less anti-competitive alternative ways to generate them exist except the concentration under review.

the undertakings: refuse to submit to inspections ordered by a decision; refuse to answer any questions on facts; or provide inaccurate, incomplete or fraudulent answers or obstruct the inspections. Article 74 stipulates "fines for serious infringements" where the fines imposed on the undertakings are a maximum of 10% of the aggregate turnover in the preceding financial year. Such fines are imposed notably when the undertakings: infringe Article 4 (prohibited agreements) or Article 9 (abuse of dominant position); contravene a decision ordering interim measures; fail to comply with a condition and obligation set by the CCA; put into effect a concentration that results in competition restriction in the market in contradiction with the obligation set by the decisions of the CCA; put into effect a concentration prohibited by the CCA or do not take the necessary measures to restore the competition.

3.117. In addition, Article 76 provides for "periodic penalties/fines", and Article 78 "individual fines". Article 77 stipulates leniency foreseeing cases where the CCA may grant total or partial immunity from fines.

3.118. Since 2010, the CAA has initiated 46 investigations, which were preliminary or in-depth investigations in different sectors of the economy, regarding potential anti-competitive behaviour, abuse of dominant positions or prohibited agreements.⁸³ Since 2010, the CAA has also taken 201 decisions in total. Out of these, 46 decisions were on concentrations, 10 on abuse of dominant positions, 14 on prohibited agreements, 3 on exemption of prohibited agreements, 23 on approving secondary legal acts such as regulations and guidelines, 20 on recommendations on public institutions relating to competition concerns, 14 on imposing fines to undertakings for anti-competitive behaviour and infringing the competition rules, one on interim measures, and one on conditions and obligations.

3.119. Decisions by the CAA may be appealed in court. Since the creation of the Administrative Court in 2012, all the court files and court procedures have been transferred to the First Administrative Court and then to the Administrative Appeal Court and the High Court. During 2010 and 2015, there were nine court decisions that have taken final form at the Administrative Appeal Court, and five other decisions that are still in the ongoing process at the Administrative Appeal Court.

3.120. In general, price controls are not applied in Albania, although prices for telecommunication services, water, and electricity are regulated.

3.3.4 State trading, state-owned enterprises, and privatization

3.121. Albania notified to the WTO that it does not maintain any state trading enterprises within the meaning of Article XVII of the GATT 1994.⁸⁴

3.122. The Ministry of Economic Development, Tourism, Trade and Entrepreneurship (MEDTTE) is in charge of implementing the privatization strategy with regard to most strategic sectors; the Ministry of Finance is the responsible authority for banking. The MEDTTE performs the process of completing the documents for the privatization of assets while selling them is carried out by the Ministry of Finance. The CAA analyses whether the privatization of a given company may result in a monopolistic position.

3.123. Changes since 2010 in legislation related to privatization include the following: (1) amendments to the legal framework related to the privatization of INSIG S.A. such as adoption of Law No. 22/2015 of 19 March 2015 "On the repeal of the Law No. 10168", as amended, Law No. 38/2015 of 16 April 2015 "On an amendment to Law No. 8,831 of 22 November 2001", under which the ownership of INSIG was transferred from the Ministry of Finance to the MEDTTE, because INSIG was removed from strategic sectors as stipulated by Law No. 10166 of

⁸³ The details of the investigations are found in Decisions of the Competition Commission Nos.: 147, 155, 156, 157, 184 (issued in 2010); 191, 196, 201, 205, 211 (issued in 2011); 215, 218, 219, 222, 233, 245, 249, 250, 251, 252, 253, 257, 258 (issued in 2012); 262, 274, 275, 277, 292, 297 (issued in 2013); 302, 306, 310, 315, 316, 326, 333, 336, 342 (issued in 2014); 344, 346, 355, 360, 361, 373, 376, and 380 (issued in 2015).

⁸⁴ WTO documents G/STR/N/13/ALB, G/STR/N/14/ALB, and G/STR/N/15/ALB, 12 June 2014.

15 October 2009⁸⁵, and DCM No. 546 of 18 June 2015 "On defining the form and formula of privatization of shares of the INSIG S.A.", under which the Government is to sell 100% of its shares in this company through an open tender; (2) adoption of Law No. 52/2014 of 22 May 2014 "On the insurance and reinsurance activity", under which the sale procedures and contract is to be approved in advance by the Albanian Financial Supervisory Authority (AFSA); (3) adoption of DCM No. 832 of 3 December 2014 "On the procedures of privatization through auction of state owned share packages in companies in the non-strategic sectors", which, applied to the privatization of all state owned companies in non-strategic sectors, stipulates *inter alia* the rules on procedures for the selection of the privatization formula, procedures for the sale of share packages, and auctioning procedures; (5) adoption of DCM No. 926 of 29 December 2014 "On the criteria for the evaluation of the state property that is privatized or transformed, and the sale procedure", which, applied to all state-owned companies and their facilities and assets that are going to be privatized, *inter alia* stipulates the rules for the selection of companies to be privatized, and sets up evaluation commissions, procedures for the assessment of the value of immovable properties, evaluation of amortization, and procedures for the sale of these properties (recognizing the right of first purchase to the former land owners).

3.124. In 2013, the Government privatized 100% of the shares of the 2 HPP companies in strategic sectors: "HPP Ulez-Shkopet Sh.A" and "HPP Bistrica 1 and Bistrica 2 Sh.A" as well as some assets and state shares in some companies in the non-strategic sectors. Privatization proceeds since 2010 amounted to US\$187.1 million: 80% corresponded to the privatization of companies in the main strategic sectors; and 20% to the privatization and asset sales of small and medium enterprises and sale of land.

3.125. The State currently has a share in 71 companies and statutory bodies (Table A3.4).

3.126. The current scheme of arrears payments of state-owned undertakings has been applied through a series of decisions of the Council of Ministers. The scheme aims at aiding state-owned undertakings, reducing their liabilities especially in the water supply and mines sector. The original scheme was first implemented in 2002. The authorities state that the budget allocation to finance it has been reduced over the years. Since it began, the scheme has supported *inter alia* the water-supply and sewage services.

3.3.5 Government procurement

3.127. Albania is not a party to the WTO Agreement on Government Procurement (GPA); it is an observer to the Agreement. The authorities state that Albania intends not to accede to the GPA at the moment; the process of harmonization of Albania's national legislation with the EU *acquis* in all areas is its priority and any process of accession to the GPA at the moment would, in their view, be demanding and difficult for Albania.

3.128. The main law governing public procurement in Albania has remained Law No. 9643 of 20 November 2006, "On public procurement" (PPL), as amended by several laws including Law No. 131/2012 of 27 December 2012 and Law No. 182/2014 of 24 December 2014. These amendments were intended to further harmonize the PPL with the EU directives in this area, transposing some of their provisions. Law No. 182/2014 excludes from its scope employment contracts and several legal services. The authorities state that the law also makes various arrangements and clarifications in relation to the problems identified during the implementation of the law in practice. For example, the law provides more detailed rules regarding the framework agreement that can be signed by a Contracting Authority with one or more economic operators only after the conclusion of one form of the procurement procedures provided by law. Law No. 9643 seeks to harmonize Albanian legislation and align procedures for the award of public works, services, and supply contracts with EU Directives, particularly Directive 2004/18/EC. The Law's regulations are contained in DCM No. 914 of 29 December 2014, DCM No. 918 of 29 December 2014, and DCM No. 28 of 14 January 2015 regarding the central purchasing authority.⁸⁶ Other laws and regulations relevant to public procurement in Albania include: Law No. 125/2013 "On concessions and public private partnership", as amended⁸⁷; Law No. 9874/2008 "On public

⁸⁵ The MEDTTE is the representative of the State as an owner for all public companies in non-strategic sectors.

⁸⁶ PPA online information. Viewed at: <https://www.app.gov.al/ep/VKM.aspx/>.

⁸⁷ Law No. 125/2013 repealed Law No. 9663 of 18 December 2006.

auction", as amended; and Prime Minister's Order No. 13 of 11 February 2015 "On the adoption of the structure and organization chart of the Public Procurement Agency".

3.129. The public procurement regulatory framework also consists of several instructions/guidelines, manuals, and standard bidding documents.⁸⁸ The legislation on public procurement applies to procedures for procurement of goods, public works, and services, and is applicable to economic operators and contracting authorities. Albania's procurement regime aims at complying with the *acquis communautaire* and international standards.

3.130. Public procurement is decentralized, with each government agency responsible for its own procurement and for implementing and administering the relevant procurement-related provisions. Contracting authorities (CAs) are subject to monitoring by the Public Procurement Agency (PPA) and the Supreme Auditing Office. The PPA, under the Prime Minister, is responsible for drafting legislation and regulations, advising CAs in relation to procurement procedures, and supervising and monitoring procurement activities, but is not a central procuring entity. The PPA also produces a Public Procurement Bulletin (PPB) and provides procuring entities with advice and other support to ensure proper and uniform application of the PPL. CAs must keep records and documents regarding their awarding procedures, and must submit a report on their procurement activities to the PPA every four months. The Public Procurement Commission, established under Law No. 10170/2009, is the review body that deals with administrative complaints about public procurement procedures and issues administrative decisions in this regard. By the adoption of Law No. 131/2012, the Public Procurement Advocate was abolished with a view to avoiding the duplication of tasks and duties concerning government procurement in various institutions. The authorities consider that changes introduced by these recent laws accorded the PPA monitoring functions regarding the application of the public procurement procedures and a well-functioning procurement system, and the function of the administrative review of complaints has been accorded exclusively to the Public Procurement Commission (PPC) since 2010.

3.131. Albania has government procurement provisions in its FTA with the EU. Where domestic legislation does not comply with any of Albania's obligations under any international agreements, such agreements prevail over domestic legislation. Otherwise domestic legislation applies with regard to public procurement procedures. Albania's law does not grant any type of preference to domestic suppliers.

3.132. The PPL sets out in detail the rules applying to the procurement of goods, works and services by CAs. The stated objectives of the law are, *inter alia*, to promote efficiency and efficacy in the public procurement procedure, and to ensure better use of public funds and reduce procedural costs. The PPL also aims to promote competition among economic operators, guaranteeing equal and non-discriminatory treatment for all economic operators, and enhancing transparency in public procurement procedures. The PPL applies to all types of procurement contracts, including procurement in the field of national defence with regard to civil procurements. The exceptions are procurement procedures classified as "state secret"; contracts subject to special security measures or in case of natural disasters, war, armed operations, military training, and participation in military missions outside the country; contracts pursuant to international lending or donation agreements; contracts dealing with the acquisition or rental of buildings or land; and some specific services.⁸⁹ All public entities are covered by the PPL. The PPL applies to private entities to the extent they are involved in a public procurement procedure.

3.133. The awarding principles under the PPL are: openness, non-discrimination, transparency of procurement procedures, fair competition, and cost-effectiveness. The non-discrimination article specifies that no participant shall be discriminated against (or favoured) on grounds of nationality; both direct and indirect discrimination is prohibited. All essential procurement information must be published/made available, and the CA must ensure that tender documentation is readily available. Technical specifications must give a correct and complete description of the procurement. All

⁸⁸ PPA online information. Viewed at: <https://www.app.gov.al/ep/Regulations.aspx/>, <https://www.app.gov.al/ep/ProcurementManuals.aspx/>, and <https://www.app.gov.al/ep/BiddingDocuments.aspx/>.

⁸⁹ These are arbitration and financial services; purchase, development, production, co-production of programmes, or commercials for broadcasting by radio and television operators, or publication in the printed media, as well as contracts for broadcasting time; arbitral or conciliation services; sale, purchase or transfer of titles, or other financial instruments; research and development services; legal services such as arbitration, reconciliation, appointed lawyers and expertise for criminal proceedings and employment contracts.

participants in a tender must be given notice of the award decision, with justification, and the results of the procedure must be published.

3.134. Contracts must be awarded to the offer that meets the qualification criteria with the lowest price. CAs may use various criteria to this end, for example: quality, price, technical merit, cost effectiveness, after-sales service and technical assistance, delivery period, etc., provided the criteria are closely linked to the subject-matter of the contract are objective and non-discriminatory, and are clearly set out in the contract notice or in the tender documents. Offers must be assessed on economic and technical grounds only.

3.135. The legislation on public procurement sets out the methods for calculating the value of a public contract, which must be based on the whole payable amount (VAT currently at 20% is not included), as calculated by the CA upon publication of the contract in the PPB. CAs have the possibility and the discretion to apply a tender security of 2% of the estimated contract value only for international contracts.

3.136. The PPL and its regulations mandate the establishment of minimum and maximum monetary thresholds for procurement purposes; these thresholds are reviewed every two years. In 2015, the maximum thresholds were: lek 1.2 billion for public works contracts; and lek 200 million for public contracts for goods and services. The minimum thresholds were: lek 12 million for public works contracts; and lek 8 million for public contracts for goods and services. Since 2014, a primary threshold for the use of the small value procedure has been set at lek 800,000 (instead of lek 400,000 previously).⁹⁰ Tenders over the primary threshold are evaluated in each CA by an Evaluation Commission consisting of at least three members, all with voting rights. CAs evaluate tenderers, based on the fulfilment of a number of qualification criteria, including professional qualification, and technical, financial, and legal capabilities.

3.137. The PPL and its regulations specify the following types of procurement procedures: open; restricted; negotiated (with or without publication of contract notice); request for proposals; small value purchase; consultancy services; and design contest. The Law specifies that the open procedure should be the preferred procedure for every CA. This procedure allows any economic operator to submit a tender; the CA prepares a contract notice and tender documents and sends a notice to the PPA to be published in the electronic procurement system (EPS) and PPB. Suppliers submit offers, and the CA's Evaluation Commission evaluates the tender, selects the winner, and sends a notice to the EPS. The CA then concludes the contract and sends the award notice and the signed contract to the EPS.⁹¹

3.138. The contract notice, contract award, and contract conclusion notices must be published for public procurement contracts using the open, restricted or negotiated procedure with publication, the design contest, the consultancy service, and request for proposals. All notices by a CA must be published in the Bulletin for Public Notices of Albania. When the notice is published by the PPA, it must be placed on the EPS. Notices for contracts above the minimum threshold must also be published in the PPB, and notices for contracts above the maximum value threshold must also be published in at least one newspaper of European distribution.

3.139. Time limits for interested bidders to submit their offers vary according to the modality, and the complexity of the contract. As a general rule, the time limits for an open procedure are: not less than 52 days from the date the procurement notice is published, for tenders above the maximum threshold; and 30 days for tenders with a value between the minimum and maximum threshold (for open procedures performed by electronic means the time limits are reduced to seven days). For negotiated and restricted procedures that include a published notice the minimum time limit for submission of requests for participation is 20 days from the date the procurement notice is published, for tenders above the maximum threshold, and 15 days for tenders between the minimum and maximum thresholds (for restricted and negotiated procedures with prior publication performed by electronic means the time limits are reduced to five days). For

⁹⁰ DCM No. 914/2014 of 29 December 2014.

⁹¹ See WTO (2010) for circumstances where either a restricted procedure, a negotiated procedure, the small value procurement procedure, the consultancy services, or the design contest is employed. The procedures request for proposal can be employed for procedures of a value under the minimum threshold lek 8 million for services and supplies contracts and lek 12 million for works contracts); where the small value purchase is employed, the threshold is lek 800,000.

the request for proposals the time limit is ten days from the date the procurement notice is published. The notice of award is given immediately to the tenderer who submitted the best tender. Within ten days of the award notice to the successful tenderer, the CA must send a notice to the PPA for publication in the PPB and on the PPA website. The CA and the awarded tenderer must sign the contract within 60 days of publication in the PPB (compared with 30 days before 2014). Within ten days of concluding the contract, the CA must send the PPA a notice that the contract has been signed; this is published in the PPB and the EPS.

3.140. Joint procurement may be undertaken when more than one CA intends to procure the same goods, services or works. In such case, one of the CAs may be appointed to perform the procurement or a joint Central Purchasing Body (CPB) may be established to perform all necessary procedures. Albanian legislation contains provisions for the evaluation and rejection of abnormally low tenders. The law also provides for sub-contracting, which should be specified in each contract and not exceed 40% of the contract value.

3.141. Under the PPL, electronic procurement (e-procurement) has been in use. All the public procurement procedures carried out in 2014 were performed electronically, except for negotiated procedures without publication, which amounted to 31.2% of the total number of the procurement procedures finalized with a winner in the year. In accordance with DCM No. 918 of 29 December 2014, the use of e-procurement is mandatory for all CAs except for the negotiated procedures without publication.⁹² As a result, offers and requests for participation in a procurement process are now sent and received electronically, and evaluation is also performed online.

3.142. A total of 5,288 procurement procedures were published in 2014: 1,377 open procedures for construction, good, and services; 6 restricted procedures; 3,789 requests for proposal; 116 consultancy services and design contests. In the same year, there were no negotiations with prior publication of the contract notice. The total value of procurement in 2014 was lek 60 billion. Open procedures accounted for lek 50 billion, or 84% of the total; requests for proposal lek 8 billion, or 13%; and restricted procedures and consultancy services together accounted for the remaining 3%.

3.143. Albanian law foresees procedures for remedies and enforcement. Enforcement can be sought before the CA, PPC (since 2010), and the Administrative Court, which follow the administrative enforcement procedures. Once these procedures are exhausted, court actions may be initiated. Objections to a procurement decision must be filed in writing with the CA within seven working days of the day the complainant should have become aware of the alleged breach of the PPL. Under new procedures adopted in 2012, if the CA fails to take a decision within seven days of receipt of the objection, the complainant is entitled to file a written appeal with the PPC within 10 days from the next working day of the deadline or in case of a rejection within 10 working days from the day of receiving notice of the decision. Upon receiving the complainant's written appeal, the PPC must respond within 7 days, or 10 days if it requires further information from the CA. After completing the administrative enforcement procedures, the complainant is entitled to file actions with the first instance administrative court. The administrative court must begin the judicial examination within 7 days of the filing date. A complainant who suffered loss or damage as a result of a breach of the PPL may claim damages in court.

3.144. The PPC received 1,008 complaints with respect to procurement procedures in 2015 (by 19 November 2015), 833 in 2014, 548 in 2013, 573 in 2012, 481 in 2011, and 191 in 2010. Of the 1,008 complaints in 2015, 481 were rejected, 491 were accepted by the PPC and 36 are still in process. In 2015, 39 cases were submitted to the Administrative Court (66 cases in 2014).

3.3.6 Intellectual property rights

3.3.6.1 Overview

3.145. The General Directorate of Patents and Trademarks (GDPT), a public institution under the Ministry of Economic Development, Tourism, Trade and Entrepreneurship, is the only institution

⁹² Since 1 January 2009, the use of e-procurement had been mandatory for all CAs except for the negotiated procedures without publication of notice and for small value purchase procurement, in accordance with Council of Ministers Decision No. 45 of 21 January 2009.

through which the Albanian State gives the right of ownership of patents for inventions and utility models, topographies of semiconductors, trademarks and service marks, industrial designs and geographical indications. The GDPT aims to strengthen the protection of industrial property within the Albanian territory through the recognition and/or registration of such rights, to guarantee a level of protection equivalent to that of European countries. The Albanian Copyright Office (ACO), answerable to the Ministry of Culture, is responsible for copyright issues.⁹³

3.146. Since 1 May 2010, Albania has been a member of the European Patent Organization (EPO). In the field of industrial property, Albania is a signatory to a number of international agreements including the Convention Establishing the World Intellectual Property Organization (WIPO) and the Paris Convention for the Protection of Industrial Property (1983). The GDPT represents Albania in the EPO and WIPO and has started negotiations to join the Office for Harmonization of the Internal Market (OHIM), which registers marks and industrial designs.

3.147. Under the Stabilisation and Association Agreement (SAA), Albania is committed to taking all necessary measures in order to guarantee that, no later than four years after the date of entry into force of the Agreement it will provide a level of protection for intellectual, industrial, and commercial property rights similar to that existing in the EU, including the effective means of enforcing such rights. According to the authorities, the GDPT has realized all the objectives deriving from the SAA (Article 73) and from the National Strategy for the Enforcement of Intellectual Property Rights 2010-2015 (NSIIPR) for 2010-15, issued in 2010.⁹⁴ The purpose of the NSIIPR has been to provide an equal level of protection of intellectual property rights with the EU countries. With a view, *inter alia*, to complying with Article 73 of the SAA to ensure approximation of the legal framework with that of EU countries, a draft new law on copyright and related rights was adopted by the Council of Ministers on 22 September 2015 and has been sent to the parliamentary committees. The authorities state that the new law is expected to significantly improve the situation and the reality of copyright and related rights in Albania; they consider that in response to the level of economic development and trade, and in the spirit of EU integration process, it is necessary to undertake necessary and effective measures to improve Albania's system of copyright and related rights protection, which over the years has faced numerous challenges.

3.148. The NSIIPR foresees a monitoring system with a ministerial group chaired by the minister of economy and representatives of other state institutions. The authorities consider that Albania's IP system is in full compliance with: (1) the *acquis communautaire* through the law on copyright and other related rights; and (2) the provisions of the TRIPS Agreement through the criminal code.

3.149. The authorities state that administrative reforms have been proposed such as: (1) increasing the number of working staff from the existing 13 members to 20 members; (2) increasing the number of staff with a legal background; and (3) increasing the outreach of the ACO to cover the entire territory of Albania. They also intend to increase administrative capacity through training, establish regional copyright offices, increase the number of inspectors, and launch awareness campaigns.

3.150. Currently, the authorities are setting up institutional working groups to prepare a New National Strategy for the Enforcement of Intellectual Property Rights.

⁹³ DCM No. 232 of 19 April 2006 and DCM No. 343 of 6 June 2007 defined the legal functions of the ACO, which include: examining and certifying applications for registration of copyright/related rights and contracts for transfer of economic rights; keeping the electronic Copyright Register; certifying contracts between parties subject to the law, and examining complaints on copyright infringement and issuing administrative decisions; participating in civil/penal processes; and proposing improvements to copyright law. The ACO also offers specialized services on demand, for which it charges.

⁹⁴ With DCM No. 760 of 1 September 2010, the Council of Ministers approved the "National Strategy for the Enforcement of Intellectual Property Rights".

Table 3.8 Conventions and treaties on intellectual property rights to which Albania is a party, December 2015

Convention	Entry into force for Albania Entry into force for Albania
Convention Establishing the World Intellectual Property Organization	30 June 1992
Berne Convention for the Protection of Literary and Artistic Works	6 March 1994
Paris Convention for the Protection of Industrial Property	4 October 1995
Patent Cooperation Treaty	4 October 1995
International Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations	1 September 2000
Convention for the Protection of the Producers of Phonograms Against Unauthorized Duplication of Their Phonograms	26 June 2001
WIPO Performers and Phonograms Treaty	20 May 2002
WIPO Copyright Treaty	22 November 2001
Agreement between the Republic of Albania and the European Patent Organization on Cooperation in the Field of Patents	1 February 1996
Universal Copyright Paris Convention and two additional protocols	4 November 2003
Budapest Treaty on International Protection of Micro-organisms for Patent Purposes	19 September 2003
Nice Convention related to International Classification of Goods and Services	19 September 2003
Madrid Agreement concerning the International Registration of Marks	4 October 1995
Protocol relating to the Madrid Agreement concerning the International Registration of Marks	30 July 2003
International Convention for the Protection of New Varieties of Plants	12 May 2005
The Hague Agreement Concerning the International Deposit of Industrial Designs of 6 November 1925 as revised at the Hague on 28 November 1960	19 March 2007
Geneva Act Concerning the International Deposit of Industrial Designs	19 May 2007
Strasbourg Agreement Concerning the International Patent Classification, 1979	15 May 2006
United Nations Convention on Contracts for the International Sale of Goods	1 June 2010
International Treaty on Plant Genetic Resources for Food and Agriculture	10 August 2010
Convention on the Rights of Persons with Disabilities	13 March 2013
Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization to the Convention on Biological Diversity	12 October 2014
European Convention on Cinematographic Co-Production	1 October 2010
Patent Law Treaty (PLT)	17 May 2010
European Patent Convention (EPC 2000)	1 May 2010
London Agreement – The Agreement on the application of Article 65 EPC	1 November 2013
TRIPS Agreement	22 December 1995

Source: WIPO; WTO documents IP/N/1/ALB/2, 23 February 2005, and IP/N/1/ALB/3, 4 April 2008; and information provided by the Albanian authorities.

3.3.6.2 Legal and institutional framework

3.151. Albania has legislation on industrial property (trademarks, patents, industrial designs, and geographical indications), as well as on copyright, protection of plant varieties, and layout-designs of integrated circuits. Some of the Albanian legislation has been notified to the WTO since 2002, although it would appear that laws recently adopted are yet to be notified (Table 3.9).

3.3.6.2.1 Industrial property

3.152. Law No. 9947 of 7 July 2008, as amended, covers the protection of patents, industrial designs, trademarks and service marks, and geographical indications. Amendments to the Law No. 9947 were adopted through Law No. 10/2013 of 1 March 2013 and Law No. 55/2014.⁹⁵ Other relevant laws include: Law No. 8488 of 13 May 1999 "On Protection of the Topography of Integrated Circuits" as amended by Law No. 66/2014 of 24 July 2014.⁹⁶

3.153. Regulations to implement the law are contained in: DCM No. 1707 of 29 December 2008 "On the approval of the regulation concerning the grant of patents for inventions and utility models" as amended by DCM No. 618 of 07 September 2011; DCM No. 1,706 of 29 December 2008 "On the approval of the regulation concerning the registration of trademarks of goods and services"; DCM No. 1705 of 29 December 2009 "On the approval of the regulation concerning the

⁹⁵ With these amendments, the authorities maintain that the Law No. 9947 is fully approximated with the following EU legislation: Directives 9/44/EC, 98/71/EC, 2008/98/EC, and 2004/48/EC.

⁹⁶ The authorities maintain that these laws are fully approximated with Council Directive 87/54/EEC of 16 December 1986 on the legal protection of topographies of semiconductor products.

registration of geographical indications"; DCM No. 381 of 8 April 2009 "On the approval of the regulation concerning the registration of industrial designs"; and DCM No. 883 of 13 May 2009 "On the approval of fees concerning industrial property objects" as amended by DCM No. 433 of 16 June 2011.

3.154. The authorities maintain that laws and regulations regarding industrial designs, trademarks, geographical indications, topographies of integrated circuits, and trade secrets have been approximated with EU legislation.⁹⁷

Table 3.9 Overview of IPR protection, 2015

Coverage	Duration	Exclusions and limitations
Patents		
Industrial Property Law No. 9947 of 7 July 2008, as amended		
Any invention that is new and involves an inventive step, that is capable of industrial application	20 years from the date of filing	<p>1. Inventions, the commercial exploitation of which would be contrary to public order, morality or public health and human life; the exploitation of an invention is not considered to be contrary to public order or morality only because it is prohibited by law or bylaw, unless it violates a prescriptive norm. On this basis, the following, in particular, shall be considered unpatentable: (a) processes for cloning human beings; (b) processes for modifying the germ line genetic identity of human beings; (c) uses of human embryos for industrial or commercial purposes; (d) processes for modifying the genetic identity of animals which are likely to cause them suffering without any substantial medical benefit to man or animal, and also animals resulting from such processes.</p> <p>2. Plant or animal varieties or essentially biological processes for the production of plants or animals, without prejudice to the patentability of inventions which concern a microbiological or other technical process or a product obtained by means of such a process;</p> <p>3. The human body, at the various stages of its formation and development, and the simple discovery of one of its elements, including the sequence or partial sequence of a gene.</p> <p>4. Methods for treatment of the human body or animal body by surgery or therapy and diagnostic methods practiced on the human or animal body; this provision shall not apply to products, in particular substances or compositions, for use in any of these methods.</p> <p>5. Substances obtained through internal nuclear transformations for military purposes.</p>
Industrial designs		
Industrial Property Law No. 9947 of 7 July 2008, as amended		
New ornamental form of an object or new ornamental arrangement of lines or colours whose visual configuration can be used in manufacture	25 years from date of filing	<p>May not be registered when:</p> <p>(a) does not comply with the requirements of Article 112 of the Industrial Property Law; (b) is not new and has individual character; (c) is determined essentially by technical or functional considerations; (d) conflicts with morality or public order; (e) represents an abstract scheme or a technical plan; (f) contains a flag or national emblem</p>
Utility models		
Industrial Property Law No. 9947 of 7 July 2008, as amended		
New invention in a new shape or arrangement, capable of industrial application	10 years from date of filing	<p>With the exception of processes, animal and plant varieties, the following inventions can be protected by a utility model:</p> <p>a) inventions which are patentable according to this Law;</p> <p>b) inventions which are new, susceptible of industrial application and are the result of a creative effort.</p>
Trademarks for goods and services		
Industrial Property Law No. 9947 of 7 July 2008, as amended		
Visually perceptible sign that distinguishes or certifies a good or service	10 years, renewable for equal successive periods	<p>A sign is not registered as a trademark if: (a) there is no distinctive character; (b) it consists exclusively of elements or indicators to show the type, quality, quantity, purpose, value, geographical origin or time of production of goods or performing services, or to show other characteristics of goods or services; (c) it consists exclusively of elements or indicators that have</p>

⁹⁷ More specifically with the following documents: the European Patent Convention (EPC 2000); Directive 98/44/EC (biotechnological inventions); Directive 98/71/EC (protection of designs); Directive 89/104/EEC (trademarks); Directive 2004/48/EC (protection of industrial property rights); Regulation (EEC) 1768/92 (protection of medicinal products); Regulation (EC) 1610/96 (plant protection products); Regulation (EC) 6/2002 (Community Registration designs); Regulation (EC) 40/94 (Community Registration trademarks); and Regulation (EC) 2081/92 (protection of geographical indications).

Coverage	Duration	Exclusions and limitations
		become common in everyday language or have returned to commercial practices; (d) it is composed of shapes or lines, imposed by the nature of the goods or services and/or shapes or lines essential to meet a technical result; (e) it consists of forms that give a value to essential goods; (f) it consists of elements that harm the public interest or contravene public order or moral values; (g) it consists of elements that tend to mislead the public; (h) it consists of geographical indications for wines or alcoholic beverages that do not originate from the place indicated by the geographical indication in question, even if the true origin of the products has been indicated or the geographical indications have been translated and are accompanied by such expressions as "kind", "type", "style", "imitation" or other similar ones (Articles 142 and 143 of the Law No. 9947, as amended), (i) it consists of names, portraits, personal nicknames, well known in Albania, whose use has not been given authorization by the person himself or his successor; (j) it consists of names of States (full or abbreviated); the state emblems, medals, honorary orders; the seal and official signs approved by the country; arms of internationally recognized organizations or their abbreviations; religious symbols; national flags; or (k) it consists of elements inconsistent with Article 6ter of the Paris Convention
Geographical indications		
Industrial Property Law No. 9947 of 7 July 2008, as amended		
Name of a country or region used to designate a service or good whose characteristics or reputation are derived from the country or region	Every 5 years from the filing date	Use of the geographical indication is restricted to goods or service providers from the locality. Article 176 specifies the details of geographical indication protected under the law. Article 178 stipulates rights gained through registration.
Copyrights and related rights		
Law No. 9380 of 28 April 2005 (copyright and related rights), and related provisions including Council of Ministers Decision (DCM) No. 232 of 19 April 2006 (creation and working of Albanian Copyright Office), and DCM No. 343 of 6 June 2007 (adaption of the tariffs of services that are offered by the Albanian Copyright Office); Law No. 97 of 4 March 2013 (audiovisual media).		
Text of literary, scientific or artistic works; musical compositions, audiovisual works, drawings, paintings, photographic works. No registration necessary	Life of the author or creator plus 70 years as the general term of protection; term varies according to the type or nature of the work	No authorization required where the name of the author is cited, or for reproductions used for educational purposes, among others. In the case of computer programs, acts related to backup copy, partial quotes for teaching purposes, similarity with a pre-existing program, and integration with an application or operational system technically indispensable for user needs, subject to certain conditions
New plant varieties		
Law No. 8880 of 15 April 2002 "On Plant Breeders' Rights", Law No. 9395 of 12 May 2005, "On the Accession of the Republic of Albania to the International Convention for the Protection of New Varieties of Plants", Council of Minister Decision No. 72 of 15 February 2001 "On the approval of the regulation of plant protection products", and Law No. 9947 of 7 July 2008 On Industrial Property		
New plant varieties and derived plant varieties of any genus or species. Guarantees the property right to any natural or legal person obtaining a new plant variety or essentially derived variety	20 + 5 years from the filing date	May be subject to compulsory licences
Layout designs of integrated circuits		
Law No. 8488 of 13 May 1999 "On the Protection of Topographies of Integrated Circuits", as amended by Law No. 9957 of 17 July 2008		
Protection of layout of integrated circuits	10 years from application	No protection for concepts, processes, systems or techniques on which the layout is based or of any information stored
Undisclosed information		
Law No. 9121 of 23 July 2003 (protection of competition), as amended by Law No. 9499 of 3 April 2006; Regulation of the Commission on Verification of Manufacturing Conditions of Pharmaceuticals No. 2976 of 14 July 1998; Regulation No. 4 of 30 December 1999 (registration of veterinary drugs)		
Protects against unfair commercial use of information and data presented to the	Up to 2 years after the employment or confidential	May be subject to compulsory licences

Coverage	Duration	Exclusions and limitations
authorities for commercial approval Law No. 9121 deals with undisclosed information in general; Regulation No. 2976 deals with undisclosed information related to pharmaceutical products; Regulation No. 4 of 30 December 1999 deals with drugs for veterinary use	relationship is terminated	

Source: WIPO Lex database, and information provided by the Albanian authorities.

3.155. Law No. 9947/2008, as amended, clarifies the conditions for the protection of industrial property rights, as well as the procedures for patent and other industrial property investigation, examination, and approval. It also contains more detailed provisions on registration, opposition procedures in each case, infringement of rights and enforcement. The law also gives the judicial system and other relevant institutions the possibility of increasing their role in the protection of these rights.

3.156. The right to a patent belongs to the inventor or his/her legal representative; joint applicants have equal rights, unless they agree otherwise. If two or more applications are filed for the same invention by different persons, priority is given to the application that holds the earliest date of filing. Priority right is given to parties to the Paris Convention, or WTO Members for filings done under their national legislation. Patents are granted by the GDPT. To be patentable, an invention must constitute an innovation, contain an inventive step, be non-obvious, be applicable in industry, and adequately described for its use (Table 3.9). Patents are granted for 20 years from the filing date subject to payment of renewal fees; utility models are granted for 10 years from the filing date, subject to payment of renewal fees. Supplementary protection certificates for medicinal products and plant protection products are granted for five years from the filing date, subject to payment of renewal fees.

3.157. The GDPT is required to publish all patent applications 18 months from the date of deposit or, where priority has been requested, from the date of priority. However, if the applicant requests, in writing, that the application be published before the 18-month deadline, the GDPT must publish it in its next newsletter. The publication of a patent application gives the applicant, temporarily, the same rights as those granted by the patent itself. The GDPT keeps the register of patents, which is open for inspection by the public. Patents considered "state secret" follow rules issued by the Minister of Defence. In this case the patent applicant must allow the Ministry of Defence use of the invention subject to compensation. The authorities indicated that there have been no applications for such patents.

3.158. Objections to the granting of a patent may be filed within nine months of the date of publication. The owner of the patent has the right to present his/her arguments within three months of receipt of the notification. Following hearings or the presentation of written statements and an investigation, the GDPT Board of Appeal takes the decision to invalidate the patent or to reject the opposition demand.

3.159. Under certain conditions, the Law allows courts to grant compulsory licences to any person who proves himself capable of exploiting the invention subject of a patent granted in Albania. The conditions include that the patent has not been worked within four years of its filing or three years of issuance, and that the licence applicant has tried unsuccessfully to obtain a voluntary licence from the patent holder. Patent holders are compensated in the case of compulsory licences; if the parties do not agree, the compensation is determined in court. In cases of national security or major interest, the Ministers of Defence and of Health may authorize an agency, a state institution or a person designated to make, use or sell the invention product of a patent, even without the consent of the patent owner, against payment of fair compensation. No compulsory licences were issued during the period under review.

3.160. The authorities state that there are no legal provisions in industrial property law on the issue of parallel imports. Albania applies a national system of exhaustion of trademark rights, unless a bilateral or multilateral agreement provides otherwise: in these cases an international system of exhaustion of rights will be applied only to the countries defined in the agreements.

3.161. There were 499 patent applications for 2015 (up to 3 December 2015), of which 481 were extensions and validations of patents issued by the European Patent Office (EPO), 16 were national applications, and 2 were under the PCT; 441 patents were granted, 3 were refused, 141 applications lapsed and 134 are in process.⁹⁸ During 2010-15 (up to 3 December 2015), 75 applications for industrial designs were received and 64 registrations issued. During the same period, 3,869 applications for trademarks were received and 3,649 registrations issued.

3.3.6.2.2 Copyright

3.162. Copyright is governed by Law No. 9380 of 28 April 2005 (copyright and related rights), as amended, and related provisions including DCM No. 232 of 19 April 2006 (creation of the Albanian Copyright Office), and DCM No. 343 of 6 June 2007 (adoption of the tariffs for services offered by the Albanian Copyright Office). Law No. 9380 was amended by Law 78/2013 of 14 February 2013 "On some amendments to Law 9380", which is associated with the adoption of Law No. 10433 of 16 June 2011 "On inspection of the Republic of Albania". The amendment of the law on copyright provides for a structure to monitor the market including inspection on the use of intellectual product. The amendment was published in the Official Gazette No. 31 of 12 March 2013. With the amendment, the Market Inspectorate is to be established to monitor the intellectual property market, with the approval of the respective DCM. The authorities state that the law on copyright is partially approximated with the *acquis communautaire* of the EU.

3.163. As at end-2015, the authorities were attempting to finalize the drafting of a new law on copyright and related rights, to comply with Albania's commitments under the SAA. The new law would transpose a number of EC Directives and ensure better protection of copyright and related rights.⁹⁹ It would introduce provisions aimed at: (1) ensuring better protection of copyright and other related rights; (2) strengthening and intensifying control, monitoring, and enforcement activities; (3) improving administrative and legal procedures; (4) widening the coverage of cases that constitute administrative or penal offences, infringements or penal acts; and (5) increasing the values and scope of punitive sanctions.

3.164. The current Copyright Law provides for the protection of literary, artistic, public and other works including any original intellectual creation of this nature, and computer programs.¹⁰⁰ Protection does not depend on the manner and form of expression, or on the quality or the aim of the work; it is not extended to ideas, procedures, processes, systems, ways of action, concepts, expressed principles or discoveries. In accordance with the law, the economic rights of the author include the exclusive right of authorizing: the reproduction of the work; its importation, with the purpose of distribution (selling, leasing, renting, loaning) to the public; its translation; the preparation of adaptations or alterations, and communication to the public.

3.165. The terms of protection under the Copyright Law are as follows: copyright: the lifetime of the author plus 70 years after his death; works of applied art (moral and economic rights): 25 years from their making; rights of performers: 50 years, starting from the end of the year in which the performance took place; rights of producers of phonograms: 50 years, starting from the end of the year in which the phonogram was produced for the first time; rights of broadcasting organizations: 50 years, starting from the end of the year in which the broadcasting took place. Moral rights are protected permanently.

3.166. Agencies of Collective Management of copyright and related rights require a licence from the Minister of Culture, upon recommendation from the ACO. An agency must be established per

⁹⁸ In 2010, there were 341 patent applications, of which 338 were extensions and validations of patents issued by the European Patent Office (EPO), 2 were national applications, and 1 were under the PCT; 340 patents were granted, 12 were refused, and 201 applications lapsed.

⁹⁹ Namely, Directive 93/83/EEC; Directive 96/9/EC; Directive 2004/48/EC; Directive 2001/29/EC; Directive 2001/84/EC; Directive 2006/115/EC; Directive 2006/116/EC; Directive 2009/24/EC; and Directive 2014/26/EU.

¹⁰⁰ WTO (2010) for the details of protection of these intellectual property rights.

category of work or branch of art. Currently, four collective management agencies are licensed to operate in Albania.¹⁰¹ Agencies may determine their own charges.

3.167. Between 2010 and 2015, the ACO received 412 requests for copyright registration by authors or their legal successors.

3.3.6.3 Enforcement

3.168. Legislation with respect to enforcement is contained in the Penal Code and its amendments, Penal Procedure Code, the Civil Code, the Civil Procedure Code and its amendments, and customs legislation (the Customs Code Law No. 8449 of 27 January 1999 and DCM No. 205, 13 April 1999, as amended), unchanged since Albania's previous review. The authorities maintain that the General Directorate of Customs aims to provide a level of protection and enforcement of IPRs similar to that of the EU, and the GDC's legal basis for the IPR protection and enforcement is being aligned (harmonized) with Regulation (EU) No. 608/2013 of the European Parliament and of the Council of 12 June 2013, concerning customs enforcement of intellectual property rights and repealing Council Regulation (EC) No. 1383/2003. In accordance with this legal framework, rights infringement may be brought to the courts, which are authorized to impose fines of between lek 100,000 and lek 500,000 for patent, mark or design infringement, established as administrative fines. The Code of Civil Procedures authorizes judges to order the payment of monetary damages adequate to compensate the injury.

3.169. Under the Penal Code, as amended, the unlawful production and distribution on a commercial scale of industrial goods and food constitutes a criminal infringement punishable with fine or imprisonment for up to two years. When committed in collaboration with other persons, more than once, or when it has caused serious consequences, it is punishable with imprisonment from three to ten years. The translation, adaptation, sound or visual recording, reproduction, or transmission of an artistic work without the authorization of its author, when the author's moral and economic rights have been infringed, constitutes a criminal act penalized by fine or imprisonment of up to one year. Under the Penal Code, fines and imprisonment of up to four years may be applied for fraudulent misappropriation of property or copyright infringement.

3.170. The holder of a trademark or patent may, under the Customs Code, request the customs authorities to prohibit the release for circulation, or the exportation or re-exportation of counterfeited or pirated goods. The Law on Competition authorizes courts to impose fines of between lek 10,000 and lek 200,000 to persons or companies who do not respect business secrets.

3.171. During 2010-15, the GDPT was called to take part in 137 judicial cases for violations of industrial property rights, either as a defendant or as a third party. The Board of Appeal, as a part of GDPT, took decisions on 165 cases during 2010-15.

3.172. During the period under review, the Albanian Copyright Office undersigned memoranda of understanding with other Albanian authorities (e.g. tax offices, customs directory, authority of audiovisual media, competition authority) that are in charge and directly have obligations to enforce the IPR in Albania. The authorities consider that this has improved cooperation with these bodies and improved the situation of IPR enforcement in Albania. The ACO also makes efforts to cooperate with the Ministry of Education and the Institute of Education Development to introduce the concepts of copyright and intellectual property rights in general into the school curricula of the pre-university education system, and to raise awareness among the different categories of IPR users to inform them of the benefits of IPRs and obligations they have under the copyright law. The ACO cooperates with the General Directorate of Police (Department of Economic Crime) for monitoring the market for IP infringements.

3.173. The implementation of copyright law is verified by ACO inspectors who, under the Memorandum of Understanding with the General Directorate of Taxation, collaborate with tax

¹⁰¹ These include: the Agency of Collective Management of Copyright "ALBAUTOR", in the field of music and its mechanical registrations; the Agency of Collective Management of Copyright "FMAA", for the protection of rights of directors and screen-writers of Albanian cinematography and audiovisual works; the Agency of Collective Management of Related Rights "AKDIE", for the protection of performers and executors; and the Agency of Collective Management of Related Rights "AMP", for phonogram producers' rights.

inspectors on an ad hoc basis. They conduct, for example, unannounced inspections in businesses, which may result in confiscation of infringing matter and in fines, collected by the relevant regional tax office, and added to the state budget. A fine may be appealed within ten days before the ACO, which is obliged to issue a decision within ten days. ACO decisions may be appealed before the courts. The authorities state that, in most cases, the appeals are rejected and the fines applied, but that the record for collecting the fines has not been good.

3.174. Between January 2010 and December 2015, the ACO received 262 complaints with respect to breaches of copyright by right-holders. As at January 2015, administrative proceedings for 238 of these cases had been completed. The authorities note that in most of the completed cases the ACO ruled in favour of the right-holders. In 2010-15, the First Instance Court of Tirana issued 88 verdicts related to copyright disputes; there are 13 judicial cases under proceedings in this court as well as 5 cases before the Appeal Court of Tirana and 5 cases before the High Court.

3.175. Fines may be appealed within 30 days to the ACO, which must issue a decision within 30 days. ACO decisions may be appealed to the courts. The authorities state that in most cases, appeals are rejected and the fines are applied; nonetheless, the record for collecting the fines has improved as a result of the appeals.

3.176. Between January 2010 and December 2015, 733 administrative measures were applied to copyright infringement and about 13,200 pirated items of merchandise (e.g. CDs, DVDs) were confiscated.

3.177. During the period under review, the number of inspectors in the ACO increased by 5 persons, to 8 inspectors, indicating one inspector per each of the largest districts of Albania. The authorities expect that with the establishment of the Central Inspectorate, the inspection part of the ACO will be transferred to the Inspectorate. The authorities expect that with the amendment to the copyright legislation that is expected to take place in 2016, the coordination between the ACO and the judiciary will improve for better implementation of the copyright law.

4 TRADE POLICIES BY SECTOR

4.1 Agriculture

4.1.1 General features

4.1. Agriculture continues to be an important economic activity for Albania. In 2014, around 48% of the population were employed in farms. The agriculture sector (including forestry and fishing) accounted for about 22.6% of GDP in 2014. Most farming is subsistence. Livestock (mainly cattle, sheep and goats) accounted for 50.5% of total agricultural production (around lek 94.1 billion), field crops 30.7% (lek 57.1 billion), and orchards 18.8% (lek 35.1 billion) in 2013.¹ About 98% of the total agricultural holdings in Albania are family farms.² Between 2007 and 2012, the average farm size increased from 1.14 ha to 1.20 ha.³

4.2. Albania is a net importer of food. Agri-food imports totalled around US\$ 1,025 million in 2014, representing 19.6% of total merchandise imports; in the same year the value of exports was around US\$ 105 million, or 4.3% of the total (Tables A1.1 and A1.2). Serbia and Italy are the principal destinations for Albania's exports (Table 4.1).

Table 4.1 Exports of agricultural products (WTO definition) by main trading partners, 2014

Product description ^a	Value of imports (US\$ million)	Main trading partners		
		Principal	Second	Third
Total agriculture	67.9	Serbia (23.2%)	Italy (21.2%)	Germany (11.0%)
Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal plants; straw and fodder	20.4	Germany (36.7%)	US (30.3%)	Italy (8.3%)
Edible vegetables and certain roots and tubers	18.2	Serbia (46.1%)	Bulgaria (16.3%)	Montenegro (15.8%)
Edible fruit and nuts; peel of citrus fruit or melons	13.8	Italy (52.7%)	Serbia (30.4%)	Russian Federation (8.6%)
Raw hides and skins (other than furskins) and leather	6.2	Italy (82.7%)	Bosnia Herzegovina (17.3%)	
Preparations of vegetables, fruit, nuts or other parts of plants	5.2	Greece (99.4%)	Serbia (0.6%)	

a Data are presented at the 2-digit HS level.

Note: WTO definition of agriculture: HS Chapters 01-24 (excluding fish and fishery products (HS Chapter 3, 0508, 0511.91, 1504.10, 1504.20, 1603-1605 and 2301.20)) plus some selected products (HS 2905.43, 2905.44, 2905.45, 3301, 3501-3505, 3809.10, 3823, 3824.60, 4101-4103, 4301, 5001-5003, 5105-5103, 5201-5203, 5301, and 5302).

Source: UN Comtrade.

4.3. The main challenges facing agriculture in Albania include farm land consolidation, developing infrastructure (transport, water, and electricity; improving market orientation and participation; diversifying farm production; meeting EU product and food safety standards; and enhancing competitiveness by the introduction of improved farm machinery), and promotion of agricultural cooperatives.

4.4. Government policies to date have been focused mainly on rehabilitating infrastructure, particularly irrigation and drainage, road infrastructure, market infrastructure and laboratories, and assisting farmers through education, training, extension services, the transfer of knowledge, new practices and technologies, and moving towards integration into the agricultural policies of the

¹ The total agriculture production amounted to around lek 186.3 billion in 2013.

² EU Albania Progress Report (2014)

³ Ministry of Agriculture, Rural Development and Water Management (MARDWA) (2014), Inter-sectoral Strategy for Agriculture and Rural Development in Albania – Final Version.

EU. The agriculture sector is eligible for funds from the European Agricultural Fund for Rural Development (EAFRD), and the EU Instrument for Pre-Accession Assistance in Rural Development Programme (IPARD). The authorities state that technical and financial aid from external donors under the IPARD played an important role in supporting the sustainable development of agriculture.

4.1.2 Legal and policy making framework

4.5. The Ministry of Agriculture, Rural Development and Water Administration (MARDWA), established in 2013⁴, is responsible for policy development and implementation in the agriculture sector, including agriculture, food safety, veterinary and phytosanitary policies, and fisheries. The authorities state that, based on Chapter II of the SAA and on the WTO Agreement on Agriculture, Albania has certain state aid obligations in agriculture, as provided for in the text of the agreements, for example an allowable subsidy must be not more than 5% of GDP of the sector for the same year. The MARDWA is also responsible for: developing draft legislation approximating EU ones; providing education and training; undertaking analytical and development studies; providing public service activities, such as irrigation and drainage, and extension services; agricultural research and laboratory control; analysis of agricultural policies; and marketing services. The IPARD Paying Agency under the MARDWA is charged with implementing agricultural policy measures, including the administration of funds from the State and international donors, as well as analysis and evaluation-related work. The Directorate of Programming and Evaluation of Rural Policies, which is responsible for developing the policies and programmes for the use of rural development funds, was established in the MARDWA in 2013.

4.6. The main laws governing the sector are Law No. 9817 of 22 October 2007 "On agriculture and rural development" and Law No. 37/2015 of 9 April 2015 "On ratification of the framework agreement between the Council of Ministers of the Republic of Albania and the European Commission for cooperation rules for Albania assistance in the frame of the instrument for pre-accession (IPA)".⁵

4.7. The Inter-sectoral Strategy for Agriculture and Rural Development 2014-2020 (ISARD) which was adopted on 29 October 2014 lays out the Government's programme for the sector, in line with the overall objective of moving towards integration into the EU. The authorities note that the ISARD reflects the EU's approach for the Common Agricultural Policy (CAP) 2014-2020. The strategy is supported by the EU's IPARD. The ISARD intends to introduce various measures including financial support measures, promotion of investment (e.g. in physical assets of agricultural holdings), support for the setting up of producers' groups, and the adoption of quality schemes (e.g. organic products, products with protected designation of origin and geographical indication). The Government estimates that expenses plus investments to implement the strategy will be €93 million for the period between 2014 and 2020.

4.1.3 Border and related measures

4.8. Tariff protection granted to the agriculture sector is higher than the overall simple average applied MFN tariff. While the latter was 4.2% in 2015, the average MFN applied tariff for agriculture (WTO definition) was 8.7%. Albania has bound all agricultural tariff lines and does not

⁴ Previously, the Ministry of Agriculture, Food and Consumer Protection.

⁵ Other relevant laws include: Law No. 87/2013 "On categorization of production, labelling and trading of olive oil and olive pomace oil"; Law No. 171/2014 "On completion of the legal procedures of transferring the agriculture land owned by the former-agriculture enterprises in ownership of the beneficiaries", which aims at the completion of legal procedures for transferring the ownership of the former agriculture enterprises agriculture land without compensation to the beneficiaries under the Law No. 8053 of 21 December 1995 "On transfer of ownership of agricultural land", as amended, who have not made the transition in ownership, under the conditions and procedures specified by this Law; Law No. 172/2014 "On some additions and amendments" to Law No. 9948 of 7 July 2008 "On reviewing the legal validity of property titles on agricultural land", as amended; Law No. 38 of 5 April 2012 "On agricultural cooperative societies"; Law No. 74/2013 On some changes and amendments on the Law No. 9863, dated 28 January 2008, "On food"; Law No. 10465 of 29 September 2012 "On veterinary service in the Republic of Albania"; Law No. 10416 of 7 April 2011 "On the planting and plant propagating material", as amended; Law No. 67/2013 of 14 February.2013 "On amending Law on the planting and plant propagating material No. 10416 of 7 April 2011"; and Law No. 64/05/2012 "On fishery".

maintain tariff quotas, except for those applied under some regional trade agreements (Table A3.3).

4.9. In 2015, in value terms, top exporters of agricultural and food products to Albania included Italy, Greece, and Serbia (Table 4.2).

Table 4.2 Imports of agricultural products (WTO definition) by main trading partners, 2014

Product descriptions ^a	Value of imports (US\$ million)	Main trading partners		
		Principal	Second	Third
Total agriculture	533.1	Italy (21.6%)	Greece (20.8%)	Serbia (10.9%)
Cereals	69.0	Russian Federation (40.3%)	Serbia (36.6%)	Italy (7.8%)
Preparations of cereals, flour, starch or milk; pastry cooks' products	55.0	Turkey (38.3%)	Italy (29.4%)	Greece (16.9%)
Edible fruit and nuts; peel of citrus fruit or melons	52.7	Greece (44.4%)	Italy (20.6%)	Ecuador (17.8%)
Meat and edible meat offal	45.3	Brazil (30.9%)	US (29.7%)	Italy (19.1%)
Beverages, spirits and vinegar	44.1	Italy (42.7%)	Greece (24.9%)	Serbia (19.7%)
Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes	39.9	Ukraine (29.1%)	Bulgaria 22.2%)	Former Yugoslav Republic of Macedonia (18.9%)
Sugars and sugar confectionery	30.0	Brazil (39.5%)	Algeria (38.9%)	Turkey (9%)
Live animals	28.4	Greece (52.0%)	Hungary 12.4%)	Romania (11.1%)
Coffee, tea, maté and spices	25.1	Italy (53.6%)	Brazil (19.8%)	India (16.2%)
Miscellaneous edible preparations	23.2	Italy (38.9%)	Turkey (18.9%)	Greece (13.9%)

a Data are presented at the 2-digit HS level.

Note: WTO definition of agriculture: HS Chapters 01-24 (excluding fish and fishery products (HS Chapter 3, 0508, 0511.91, 1504.10, 1504.20, 1603-1605 and 2301.20)) plus some selected products (HS 2905.43, 2905.44, 2905.45, 3301, 3501-3505, 3809.10, 3823, 3824.60, 4101-4103, 4301, 5001-5003, 5105-5103, 5201-5203, 5301, and 5302).

Source: UN Comtrade.

4.10. Albania does not apply the special safeguard mechanism to any agricultural product. Albania has not notified any export restrictions to the WTO under Article 12.1(b) of the Agreement on Agriculture.

4.1.4 Export subsidies

4.11. Albania has notified the WTO that, for the period 2009-2010, it provided no export subsidies.⁶

4.1.5 Domestic support measures

4.12. The current domestic support measures in the agri-food sector include direct payments, national investment schemes; subsidized loan schemes (e.g. interest free loans). They amounted to €12.5 million in 2015 (€12 million in 2014).⁷ In the provision of direct payments, the authorities established in 2012 priority sectors including: fruit, nuts, olives, vineyards, vegetables produced in greenhouses, milk, olive oil, honey, organic products, snail breeding, and medicinal plants, as well as promotion of agricultural cooperatives, promotion of banking credit for agriculture, and increasing the number of animals.

4.13. Under the ISARD, financial support is made available for restructuring and modernizing production, increasing competitiveness, ensuring a sustainable utilization of resources, and

⁶ WTO document G/AG/N/ALB/5, 19 July 2011.

⁷ EU Albania Progress Report (2015) and EU (2014).

generating alternative income possibilities. Support is also made available to farmers and agro-processing operators that fulfil the national regulatory requirements.⁸

4.14. Albania's notifications to the WTO on domestic support cover the period 2009-2010 and 2013. Albania has reported that it did not provide Amber Box support (i.e. Current Total Aggregate Measurement of Support (AMS)) above the *de minimis* threshold over this period. Non-product specific AMS has consisted largely of irrigation-related projects and support for greenhouses. The main target for Green Box spending has been inspection and infrastructural services.⁹

4.15. The agriculture and fishing sectors are exempt from the implementation of Law No. 9374.

4.2 Mining and Energy

4.2.1 Mining

4.16. Albania is a country rich in mineral resources. Exploration, exploitation and processing of minerals constitutes an important activity for the Albanian economy: mining employs 8,000 people, and has a production worth €150 million (i.e. between 1.5% and 2% of the GDP), €80 million of which is exported.

4.17. The identified reserves for the various types of minerals are described in Table 4.3.

Table 4.3 Albania's mineral reserves

Mineral	Reserves in millions of tons
Chrome ore	23.7
Copper ore	44.9
Iron-nickel	266.0
Nickel-silicate	102.0
Coal	712.0

Source: Information provided by the Albanian authorities.

4.18. The legal regime of mining is defined by Law No. 7796 of 17 February 1994, amended by Law No. 10304 of 15 July 2010, which basically institutes a licencing regime, as mining production is entirely private. Licences are granted after a tendering procedure for 10 years renewable once. The licences include a tax formula remunerating the State in the form of a rental fee. The Laws also provide for mining planning procedures, tendering procedures, control and rehabilitation of the environment, investments through financial guarantees, definition of dangerous areas, and safety procedures and regulations.

4.19. By mid-2015 there were 1,847 production licences granted in total, of which 615 were active. 33 of those were granted to foreign investors, notably for the production of chromium, copper, iron, nickel and limestone. In addition, there are 264 research and discovery licences. Table 4.4 below details the number of licences by type of mineral production.

Table 4.4 Mining licences granted by type of production

Production	Number of licences
Chrome	497
Copper	60
Ferro-nickel, Nickel-silicate	57
Limestone	688
Marble	77
Gypsum alabaster	36
Clay and kaolin	100
Bituminous sand grit	61
Stone coal	16
Sterile slag	20
Basalt	27
Quartz	20
Others	188

Source: Information provided by the Albanian authorities.

⁸ MARDWA (2014), ISARD in Albania – Final Version.

⁹ WTO documents G/AG/N/ALB/6, 27 February 2012; and G/AG/N/ALB/7, 22 June 2015.

4.2.2 Energy

4.20. The main economic indicators for the energy sector in Albania are contained in Tables 4.5 and 4.6 below.

4.2.2.1 Statistical overview

Table 4.5 Albania production, imports and exports of energy for 2013

In thousands of tonnes of oil equivalent (ktoe) on a net calorific value basis

	Coal ^a	Crude oil ^a	Oil products	Natural gas	Nuclear	Hydro	Geothermal, solar, etc.	Biofuels and waste	Electricity	Heat	Total ^b
Production	1	1,207	0	15	0	598	12	201	0	0	2,034
Imports	66	0	1,510	0	0	0	0	0	200	0	1,776
Exports	0	1,167	33	0	0	0	0	0	0	0	1,200

a The column of coal also includes peat and oil shale where relevant; that of crude oil includes crude oil, NGL, refinery feedstocks, additives and other hydrocarbons.

b Totals may not add up due to rounding.

Source: International Energy Agency, online information. Viewed at: <http://www.iea.org/statistics/statisticssearch/report/?country=Albania>.

Table 4.6 Total final energetic consumption by sector for 2013

In thousands of tonnes of oil equivalent (ktoe) on a net calorific value basis

	Coal ^a	Crude oil ^a	Oil products	Natural gas	Nuclear	Hydro	Geothermal, solar, etc.	Biofuels and waste	Electricity	Heat	Total ^b
Total final consumption	67	0	1,219	6	0	0	12	201	593	0	2,098
Industry	63	0	83	6	0	0	0	10	119	0	281
Transport	0	0	800	0	0	0	0	0	0	0	800
Other	4	0	191	0	0	0	11	191	473	0	872
Of which residential	0	0	80	0	0	0	5	160	332	0	578

a The column of coal also includes peat and oil shale where relevant; that of crude oil includes crude oil, NGL, refinery feedstocks, additives and other hydrocarbons.

b Totals may not add up due to rounding.

Source: International Energy Agency, online information. Viewed at: <http://www.iea.org/statistics/statisticssearch/report/?country=Albania>.

4.2.2.2 Oil

4.21. As can be observed from the tables above, Albania is a producer and exporter of crude oil. Out of the 1.3 million tons of crude oil produced in Albania in 2014, 300,000 tons were refined locally, while 1 million tons were exported. According to the national oil company Albpetrol Sh.A., the remaining reserves are estimated at 25,527,426 tons.

4.22. Albania imports most of its oil products, although there exist a local refinery, ARMO Sh.A., which is 15% state-owned and 85% in the hands of foreign private investors.

4.23. The state-owned company, Albpetrol, is active in the development, production and trade of crude oil. The Government is planning to privatize it in 2016 and has set up a working group in March 2015 to identify options for its restructuring and privatization. Two Canadian companies, Bankers Petroleum and Petromanas, as well as the Anglo-Dutch Shell Company, are also active in

the country in the exploration and/or production fields. Offshore reserves are presently being explored.

4.24. The regulatory framework of the oil sector consists of two main laws. First, the Petroleum Law (Exploration and Production) (Law No. 7746 of 28 July 1993), as amended, which is harmonized with Directive 94/22/EC of the European Parliament and of the Council of 30 May 1994, determines the conditions for granting and using authorizations for the exploration and production of hydrocarbons. The Law recognizes that all oil reserves in the jurisdiction of Albania are the exclusive property of the Albanian State. The Petroleum Law expressly permits the Ministry of Energy and Industry to enter into a "Petroleum Agreement" with any company which has the technical and financial capacity for exploration and production in an area. This Agreement has to be approved by the Council of Ministers. The contractors to this Agreement are granted exclusive rights for:

- The exploration period, whose duration is up to 5 years and can be prolonged up to 7 years.
- The development/exploitation period for 25 years, that can be prolonged if the contractor declares a commercial discovery during the exploration period.

4.25. The contractor is subject to tax on profit at a rate of 50% of the realized profit¹⁰, as well as to a royalty tax of 10% of the sales revenues¹¹. Changes are about to be introduced in the petroleum agreements on the so-called "stability [of legal environment] clause". It will be limited in time to 10 or 12 years, and will be narrowed down so that the environmental law can be exempted from its scope. A "cost limit" in the financial scheme will also be created, whereby companies will have to pay taxes as of the first barrel produced, since not all revenues but only 90% of them, will be affected to the recovery of the costs of exploration.

4.26. Second, Law No. 8450, dated 24 February 1999, "On refining, transportation and trading of oil, gas and their by-products", as amended, regulates the intermediary and downstream petroleum activities in Albania. The Law defines, in particular, the obligations of the refinery and the wholesale trade companies regarding the maintenance of an emergency oil stock equivalent to 90 days of sales. At present, this scheme is self-administered by the industry, and the Albanian authorities are working on a new system that would be compliant with the relevant EU directive (Directive 2009/119/EC).

4.2.2.3 Gas

4.27. As can be observed in the statistical tables above, the production of gas in Albania is marginal and, in fact, declining, the existing fields being quasi-depleted. However, a new discovery of oil and gas in the Shpiragu geological structure has been announced by Petromanas and the Anglo-Dutch Shell Company. They are in the evaluation phase of this discovery. There is no importation of gas, since Albania is not linked to the European network of pipelines. That situation is about to change with the construction of the Trans Adriatic Pipeline (TAP), which will begin in May 2016 with a start of commercial operations planned for December 2020.

4.28. The regulatory framework for gas is influenced by the approximation process of the EU *acquis*. The regulator of the gas sector, the Energy Regulatory Entity (ERE) is also that of the electricity sector, established by Law No. 43/2015 of 30 April 2015 "On power sector". Its competences correspond, to a very large extent, to that mandated for independent regulatory authorities by the 2009 EU Third Energy Package. On 17 April 2015, the ERE, adopted a Decision to prolong the exemption granted to the TAP project from certain requirements of the gas *acquis*, such as unbundling, third party access and tariff regulation. The Decision was developed jointly with the regulators of Italy and Greece. The TAP pipeline will have to be certified as an independent transmission operator, which is one of the models allowed by the Third Energy Package, before the beginning of its construction in May 2016.

4.29. A new Law "On natural gas sector", amending the existing Law, was adopted on 23 September 2015 by the Albanian Parliament (Law No. 102/2015, dated 23 September 2015,

¹⁰ According to Law No. 7811, dated 12 April 1994, "On approval of Decree No. 782", dated 22 February 1994 "On the fiscal system in the hydrocarbons sector (exploration-production)".

¹¹ According to Law No. 9975, date 28 July 2008, "On the national taxes".

"On natural gas sector"), which aims at full compliance with the EU Third Energy Package. Based on this new Law, the Ministry of Energy and Industry, in cooperation with the Energy Community Secretariat, is preparing the secondary legislation on the gas sector.

4.30. The requirements for non-discriminatory access to the transmission and distribution networks, as well as storage and liquefied natural gas (LNG) facilities, are established by the new Law. The conditions for refusal of access are aligned with the gas *acquis*. Access is granted pursuant to the rules and tariffs approved by the ERE.

4.31. The Law requires a transmission system operator (TSO) to adopt a Grid Code which would transpose third party access services, capacity allocation, congestion management and, partly, the transparency obligations of Regulation (EC) 715/2009. The ERE, in cooperation with the Energy Community Secretariat, is also working to adopt the Gas Grid Code, and other regulatory acts.

4.32. Currently, Albpetrol owns licences, issued by the ERE, as operator of both the gas transmission network¹² and the gas distribution network¹³. Based on the provisions of the new Gas Law, Albpetrol must complete the procedures for the unbundling of its gas transmission and distribution activities. In this context, the Supervisory Board of Albpetrol JSC has taken Decision No. 29 of 28 September 2015, "For the approval of the structure of the Center of Gas Transmission and Distribution". Final approval by the Ministry of Economy is still pending.

4.33. In 2014, under Round 11 of the Western Balkans Investment Framework (WBIF), a grant worth EUR 1.1 million was approved for the preparation of the Gas Master Plan for Albania (GMPA). The GMPA, which will be completed by October 2016, will investigate issues such as the diversification of energy resources, connection to regional and European gas networks, and the establishment of the gas sector and market in Albania.

4.2.2.4 Electricity

4.34. As can be observed from the statistical tables above, electricity production in Albania is essentially of hydro-electric origin, and hence sensitive to weather conditions and vulnerable to climate change, with a small share of geothermal origin. While Albania does not export electricity, it imports about one third of its consumption from neighbouring countries.

4.35. In practice, the electricity sector of Albania still operates mainly under regulated conditions. The wholesale market is dominated by the state-owned, regulated electricity production company Korporata Elektro-energjitike e Shqiptare (KESh). KESh operates the three state-owned large hydro generation plants and the (currently non-functional) thermal power plant Vlora. KESh provides the electricity for the captive customers, including required imports and balancing, under regulated wholesale prices. KESh acts as supplier of last resort and exporter. The competitive part of wholesale covers 20% of the overall supply, and involves trading and supply through bilateral contracts between 74 independent producers (of which 26 are foreign-owned) and 16 so-called "large eligible customers", i.e. consumers connected via the 100 kV or consuming more than 50 million kWh per year, e.g. the cement, petroleum and steel industries and the water supply sector.

4.36. The retail supply is dominated by Operatori i Shperndarjes se Energjise Elektrike (OShEE). After the unsuccessful privatization episode and a settlement agreement with the Czech company CEZ, it is now a state-owned company. In October 2014, the ERE re-issued its license for distribution and retail public supply. OShEE supplies electricity to all categories of captive customers under regulated prices. The new Law includes a schedule for gradual liberalization of the retail segment (30 June 2016 for customers connected with a voltage of 35 kV; 31 December 2016 for customers connected with a voltage of 20 kV; and 31 December 2017 for customers connected with voltages of 10kV and 0.6 kV). Finally the state-owned, legally unbundled, company Operatori i Sistemit te Transmetimit (OST) operates the transmission system of Albania and performs central dispatching of the electricity loads.

¹² ERE Decision No. 118, dated 22 August 2012, "On licensing of Albpetrol JSC in the activity of natural gas transmission".

¹³ ERE Decision No. 119, dated 22 August 2015, "On licensing of Albpetrol JSC in the activity of distribution of natural gas".

4.37. The regulatory framework of the sector has been completely revamped by the new Law No. 43/2015 "On power sector", adopted on 30 April 2015. This Law approximates the provisions of Directive 2009/72/EC (the Third Energy Package) and addresses the liberalization of the electricity market, the treatment of public service obligations, the unbundling of the transmission system, the powers of the national regulatory authority, and the supply of electricity and customer protection.

4.38. In terms of unbundling, the transmission operator OST will be, according to Article 72 of the Law, ownership-unbundled before the end of 2017 as required by the relevant EU Directive, as will the distribution system operator OSHEE.

4.39. Mandatory third party access and treatment of exemptions are fully transposed by the Power Sector Law. Network tariffs are set and published by the ERE. The Law also transposes the requirements on congestion management and provision of information as required by Regulation (EC) 714/2009 and its Annex. The implementation will depend on the passing of secondary legislation.

4.40. Eligibility is ensured by the Power Sector Law which explicitly grants the right to all customers to switch supplier, in particular to low-voltage customers including households. The development of switching rules is envisaged, and the Law foresees the opening of the retail market in a gradual manner according to the voltage level, starting with 110 kV customers and ending with 10 kV customers who will have to buy electricity on the market by the end of 2017. Low-voltage level (0.4 kV) customers may still benefit from a universal service.

4.41. Authorizations for new hydropower plants are granted based on the Concession Law (Law No. 9663 of 18 June 2006, as amended by Law No. 125/2013 on concessions and PPP) and a competitive bidding process, or through the authorization of the construction of new power generating facilities regulated by Decision No. 822 of the Council of Ministers. Power plants below 2 MW which are not subject to the Concession Law are granted an authorization by the Ministry in charge of energy.

4.2.2.5 Renewable energies

4.42. The Law "On renewable energy", No. 138/2013, was adopted in May 2013. Albania has committed to a binding 38% target of gross final energy consumption from renewable sources in 2020. In 2009, it was 31.2%. This Law transposes the 10% renewables target by 2020 in the transport sector from Directive 2009/28/EC. It also provides that the Government shall approve simplified procedures on issuing the necessary authorizations for producers of renewable energy. However, these procedures have not yet been established.

4.43. In addition, the 2015 Power Sector Law provides for priority and guaranteed access of renewable energy producers to the electricity networks, and also priority dispatch of electricity produced from renewable sources. The 2008 Law "On biofuels" introduced some measures required under the then-relevant EU Directive, but it was never implemented. It is about to be revised with a view to transposing the requirements of Directive 2009/28/EC on sustainability criteria and introducing more adequate incentive measures. For now, Albania applies operational support only to electricity from hydropower. Energy from renewable sources other than hydropower is currently not supported.

4.3 Manufacturing

4.44. Manufacturing *stricto sensu* represented 5.6% of the GDP in Albania in 2014. This figure appears very low but, if the energy and the mining sector are added to it, this share is 14.2%. Construction, a semi-industrial activity, represents 11%.

4.45. In terms of employment, the non-food industry manufacturing sector represents 8.6%, which demonstrates a relatively high labour intensity.

4.46. Table 4.7 below describes the contribution of the various subsectors of manufacturing to GDP, and shows that the textile and leather/footwear sector accounts for the largest part (30.7%),

followed by metal products (18.2%), rubber and plastic products (17.8%), and food processing (13.3%).

Table 4.7 Contribution to GDP and employment of the manufacturing sector, 2010-14

	2010	2011	2012	2013 ^a	2014 ^b
Manufacturing sector (US\$ million)	650	730	568	622	640
<i>% of GDP at current basic prices</i>	6.3	6.5	5.3	5.6	5.6
<i>Annual % change at 2010 constant prices^c</i>	11.6	10.5	-15.7	6.6	3.6
US\$ million (% of total manufacturing sector)					
Textiles, wearing apparel and leather products	165 (25.4%)	196 (26.8%)	161 (28.4%)	183 (29.5%)	194 (30.7%)
Basic metals and fabricated metal products, except machinery and equipment	111 (17%)	120 (16.5%)	99 (17.4%)	116 (18.7%)	115 (18.2%)
Rubber and plastic products and other non-metallic mineral products	121 (18.5%)	132 (18.1%)	105 (18.5%)	111 (17.8%)	112 (17.8%)
Food products, beverages and tobacco products	102 (15.6%)	111 (15.3%)	94 (16.6%)	89 (14.2%)	84 (13.3%)
Wood and paper products, and printing	67 (10.2%)	69 (9.4%)	58 (10.2%)	49 (7.9%)	52 (8.2%)
Furniture; other manufacturing; repair and installation of machinery and equipment	42 (6.5%)	48 (6.6%)	41 (7.2%)	43 (6.9%)	47 (7.4%)
Other manufacturing activities	44 (6.7%)	53 (7.3%)	10 (1.7%)	31 (5%)	28 (4.4%)
Employment	..	..	..	75,747	89,187
% of total employment in non-food industry sector	..	..	..	7.6	8.6

.. Not available.

a Semi-final.

b Preliminary.

c Chain-linked volume measures, reference 2010 year (2010=100).

Source: Instant online information. Viewed at: <http://www.instat.gov.al/>; and information provided by the Albanian authorities.

4.47. As detailed in Table 4.8 below, the main manufactured exports of Albania are apparels (24.1%), followed by leather and related products (16.2%), basic metal industry (14.0%), and rubber and plastic products (10.4%). The main manufactured imports of Albania are coke and refined petroleum products (12.6%), followed by food products (10.8%), and chemicals (7.4%).

Table 4.8 Albania's trade by industry (ISIC Rev.4), 2010-14

	2010	2011	2012	2013	2014
Imports (US\$ billion)	4.1	4.7	4.2	4.4	4.6
Imports (€ billion)	3.1	3.4	3.3	3.3	3.5
(% of total manufacturing imports) ^a					
Coke and refined petroleum products	12.2	14.7	16.0	16.2	12.6
Food products	10.5	10.4	10.9	10.5	10.8
Chemicals and chemical products	6.4	6.4	7.5	8.0	7.4
Motor vehicles, trailers and semi-trailers	5.4	6.5	7.1	6.4	6.6
Machinery and equipment n.e.c.	5.6	6.8	6.2	5.6	6.5
Wearing apparel	4.2	4.2	4.1	4.5	5.2
Rubber and plastics products	4.3	4.4	4.5	4.8	5.0
Textiles	4.0	3.9	3.9	4.4	5.0
Basic metals	6.4	6.7	6.3	5.5	5.0
Electrical equipment	5.7	5.4	4.3	4.3	4.7
Exports (US\$ billion)	1.1	1.3	1.2	1.4	1.6
Exports (€ billion)	0.8	0.9	0.9	1.0	1.2
(% of total manufacturing exports) ^a					
Wearing apparel	26.4	25.0	24.3	24.1	24.1
Leather and related products	15.3	14.9	14.7	14.9	16.2
Basic metals	17.8	18.9	17.9	16.3	14.0
Rubber and plastics products	9.7	9.8	9.8	10.6	10.4
Other non-metallic mineral products	4.6	5.0	6.7	5.9	5.3
Coke and refined petroleum products	1.3	2.5	1.0	1.9	5.2
Food products	5.0	5.4	6.0	5.6	4.8
Fabricated metal products, except machinery and equipment	5.5	4.8	5.4	4.7	4.5
Paper and paper products	2.0	1.7	2.1	3.5	3.9

	2010	2011	2012	2013	2014
Electrical equipment	3.6	3.7	3.3	3.1	2.7

Note: A definition for the manufacturing sector is based on ISIC Rev. 4; thus the figures cover all trade related to manufacturing.

a Only the top ten sectors are presented, according to 2014 trade.

Source: WTO Secretariat's calculations, based on information provided by the authorities.

4.48. The Albanian business and investment development strategy for the period 2014–2020 assigns, in addition to the traditional objectives of competitiveness, diversification and technological development, particular priority to the value chain of mineral products, to the recycling industry and to inward processing ("façon").

4.4 Telecommunication services

4.49. The main economic characteristics for the telecommunication services sector in Albania are described in Box 4.1 below.

Box 4.1 Main economic characteristics for the telecommunication sector in Albania

Indicators

Total telephone subscribers (per 100 inhabitants, 2014): 127
Mobile phone subscribers (% total tel. subscribers, 2014): 93%
Internet users (per 100 inhabitants, 2014): 60.1%
Fixed broadband penetration (2014): 8%
Mobile broadband penetration (2014): 11%
Electronic communications as share of GDP (2010): 4.7%

Main actors:

Number of companies providing value-added telecom services: 34

Names and market shares of the leading companies for fixed telecom services:

Albtelecom: 77%, Abcom: 7%, Nisatel: 4%, Albanian Satellite telecom: 2%, AMC Fiks: 1%, Other alternative operators (i.e. about 80 operators): 9%

Name and market shares of the leading companies for mobile telephones services:

Vodafone Albania: 46%, Telecom Albania (AMC): 33%, Albtelecom (Eagle Mobile): 13%, Plus Communication: 8%

Name and market share of the mobile broadband internet services (2014):

Vodafone: 60%, Telekom Albania: 23.5%, Albtelcom: 16.5%

Name and market share of fixed broadband internet services (2014):

Albtelecom: 40%, Abcom: 23%, ASC: 13%, Abissnet: 11%, Other alternative operators: 13% (total: 131 ISP)

Foreign ownership participation in telecom companies:

- Telecom Albania is 100% owned by Cosmote (OTE-Deutsche telecom), from Greece and Germany;
- Vodafone Albania is 100% owned by Vodafone plc, UK;
- Albtelcom and its mobile arm Eagle Mobile are 76% owned by Calik Enerji Telecommunications (consortium of Calik Enerji and Türk Telekom), from Turkey;
- PRIMO is 75% owned by telecom Slovenia;
- Abcom, which is 100% owned by American Broadband (USA).

State ownership:

All Albanian telecommunications undertakings are 100% privately owned, except the fixed incumbent operator Albtelecom Sh.A, which has a 24% state shareholding

Establishment of new companies, mergers or closures since the last Review: none

4.50. Regarding pricing of mobile telephony (which constitutes by far the largest segment of the telecom market), the International Telecommunication Union "Measuring the Information Society Report" of 2015 has computed that the monthly price basket is US\$30.4, i.e. 8.03% of the gross national monthly income per capita. However, the authorities underline that most consumers use

monthly bundles, and that the monthly bundle of the main operator costs only US\$9.09 per month, i.e. 2.24% of the gross national monthly income, or US\$0.03 per minute on average.

4.51. Box 4.2 describes the regulatory framework for telecommunication services in Albania.

Box 4.2 Regulatory framework for telecommunication services in Albania

GATS commitments:

Albania has undertaken full commitments (none for modes 1, 2 and 3 for both market access and national treatment) for all telecommunications services except for voice telephony over private networks, and has subscribed to the disciplines of the telecom reference paper.

Interconnection and competition issues:

Fixed interconnection regime: Fixed interconnection is regulated by the 19 May 2008 Law No. 9918 "On electronic communications", by the Regulation "On access and interconnection", by AKEP's decisions of significant market powers (SMP), and by reference interconnection offers and interconnection agreements.

After conducting market analysis, AKEP designated, in 2007, Albtelecom (the fixed telephony incumbent) as a provider with significant market power (SMP) in the markets of wholesale call origination, wholesale call termination on its network, and wholesale transit on the fixed public telephone networks. AKEP has consequently imposed transparency, non-discrimination, provision of access, cost-orientation and price regulation remedies on Albtelecom. A Reference Interconnection Offer (RIO) was approved in 2007 by AKEP, and was subsequently modified and updated after the entry into force of the 2009 Law "On electronic communications". It is publicly available on the Albtelecom website.

In 2013, AKEP designated 77 alternative operators with SMP in the relevant market, for services of call termination on their own individual public telephone networks provided at a fixed location. AKEP has imposed transparency (but no RIO obligation), non-discrimination, provision of access and price regulation remedies on these 77 alternative operators.

In June 2015, AKEP has approved for publication the document "Market analysis of fixed telephony". In it, AKEP proposed that:

- The wholesale call origination market would be deregulated because, according to market analysis, it does not pass the "three criteria test", and it is therefore not liable for ex ante intervention. It is, hence, proposed to remove the obligations imposed on Albtelecom in this market;
- Starting from 1 January 2016, call termination rates on all fixed networks would become identical, i.e. there would be symmetric tariffs between the incumbent operator and the alternative operators, and only one segment (versus two, currently) for all network operators that offer fixed telephony;
- Fixed termination rates of the incumbent network operator and of the alternative operators would be reduced following a glide path with two stages, namely 1 January 2016 and 1 January 2017. This would amount to a 68% reduction from the current level;
- The transit rate of Albtelecom would be reduced in two stages (1 January 2016 and 1 January 2017) to 54% of the current level.

This document is published on the AKEP website, and the period of public consultation ended on 15 September 2015.

Mobile interconnection regime: the obligation to offer access to Mobile Virtual Network Operators and national roaming was imposed on the two largest mobile operators in March 2010. However, no requests were made to establish MVNOs and, in the meantime, a fourth mobile provider started operations. Hence, in July 2012, the regulator, stating this absence of interest and the loss of SMP by the two main operators, discontinued these roaming obligations. This does not preclude new MVNOs establishing in the future and requesting the resolution of their complaints by the regulator if they fail to agree on access with mobile network operators.

Number of complaints filed or resolutions effected of interconnection disputes among operators: 35

Other regulatory aspects:

Main recent and planned regulatory changes:

- Albania has started implementing the EU *acquis* on telecom in 2008, via the transposition of the EU 2003 regulatory framework, in the Law "On electronic communications". In October 2012, amendments to that Law were adopted in Law No. 102/2012 so as to transpose the 2009 EU regulatory framework.
- The National Plan for the development of broadband was approved by DCM No. 468, dated 30 May 2013. It provides a roadmap for the Government, public administration and AKEP for the period 2013-2020 on how to develop universal access to internet.

Regulatory supervision:

- The Minister responsible for electronic communication is the Minister of State for Innovation and Public Administration.
- The regulatory body is the Autoriteti Komunikimeve Elektronike dhe Postare (AKEP), which was established in 1998. The rules for dismissal of Members of the board have been changed in 2012. Before dismissing or removing a member of the Board, the member shall be given the opportunity to submit its claims to the committees of the Parliament. The decision to dismiss/remove the chairman, a member or more than one member of the Board should be based on law and justify reasons leading to their dismissal/removal. Parliament's decision is published. In addition, rotating mandates of various durations have been instituted, so as to ensure continuity.

Liberalization steps: local rural fixed voice telephony: 1998, local urban fixed voice telephony: 2007, national fixed voice telephony: 2003, international fixed voice telephony: 2005, data networks: 1998, institution of a general authorization licencing regime: 2008, abolition of all remaining restrictions: 2013.

Facility sharing: Regulation No. 26, dated 16 August 2012, "For content, form and function of electronic registry of electronic public communications networks in Albania", and AKEP Regulation No. 35, dated 10 July 2015, "On rules for use of shared facilities and assets of public electronic communication networks". This Regulation defines the principles, responsibilities and procedures for the use of shared facilities and assets of public electronic communication networks (passive elements). These rules also define the method for determining the fees and tariffs for these services, in case of disputes between the undertakings. To that effect, AKEP provides, develops and maintains the electronic registry, and prepares guidelines for the access and use of the data in it. The electronic registry contains data on public electronic communications networks, including, *inter alia*, geographic coordinates, technical details and the evaluation of the exploited capacities of objects of electronic communications, cable routes and radio transmitters.

These data are shared with the municipalities, so that they can get a proper picture when delivering rights of way for infrastructure. A new draft law is being prepared for the sharing of infrastructure, including power lines and water infrastructures. Pricing will remain free but subject to benchmarking and dispute resolution by the regulator.

Local loop unbundling:

AKEP has designated Albtelecom as an SMP operator for fixed local access (LLU) and bitstream access, and has imposed on it the obligation to publish the Reference Unbundling Offer (RUO). The offer has been published in the website of Albtelecom since 2013, and was last updated in 2015.

Number portability: Number portability has been implemented since 2010 for both mobile and fixed telephony via a central database whose legal basis is Article 88 of Law No. 9918 "On Electronic Communications" and Regulation No. 13, dated 16 April 2010, "On number portability". This Regulation defines the modalities and timing of the implementation of number portability.

Spectrum management:

Spectrum management in Albania is based on four layers of regulations:

- First, the National Frequency Plan, (Government Decision No. 466, dated 27 February 2013) which is based on the ITU Radio Regulations, determines the frequency bands for radio communication services, and shows the allocation of radio frequency bands, giving an overview of the use of the radio frequency spectrum in the national and international context. It can be found on the web page: <http://www.akep.al/en/national-frequencies-plan>.
- Second, the frequencies usage plan, approved by the AKEP, includes:
 - Frequency bands allocated to the National Frequency Plan, for "civil" usage, which can be used for civil purposes, as well as radio services applications, defined in these frequency bands; and
 - Rules relating to the use of frequency bands, including features of frequency management for networks of radio communications, radio stations and radio equipment, the method of providing frequency, various instances of individual authorization of the use of frequencies, technical requirements and conditions of operation associated with the operation of radio systems.

The Plan is published on the web page: <http://www.akep.al/en/frequencies-usage-plan>

- Third, frequency usages not requiring an individual authorization are defined by AKEP Decision No. 2481, dated 15 May 2014. They include all the Wide-Band Data Transmission Equipment (WAS/RLAN), Equipment for Automatic Vehicle Identification for Railways (AVI), Non-Specific Short Range Devices, Low-Power Alarms for Security and Safety, Social Alarms, etc.
- Fourth, an individual authorization regime for frequencies assignment and usage, which is based on the rules approved by AKEP Decision No. 2395, dated 5 December 2013. They include radio and

television operators that use radio frequencies for fixed links, and point-to-point; private entities that use radio frequencies in UHF/VHF bands for private mobile radio (PMR), private entities that use frequencies for satellite stations or TETRA systems, and undertakings using frequencies for study, research, testing and experimentation. In case of demand being superior to the number of frequencies available, a tendering procedure will be used.

- For mobile telephony, all four operators have been assigned spectrum in the 900 MHz and 1800 MHz. Three of them also in 2.1 and two also in 2.6 GHz bands. Three operators provide 3G (since 2010-2013) and 4G services (since 2015).

Accounting rates: unregulated

Licensing:

A general authorization licensing regime was instituted in 2008 by the Law "On electronic communications", and further implemented by Regulation No. 24, dated 2 February 2012, "On general authorization", approved by AKEP No. 1774, dated 2 February 2012.

Individual authorizations are required only for the rights to use radio spectrum bands when they are considered scarce resources.

Universal service: No universal service, but co-investment procedures and infrastructures sharing with operators to cover blackspots areas including for broadband.

4.5 Financial services

4.52. The main economic indicators for financial services in Albania are described in Box 4.3.

Box 4.3 Financial services: statistical overview

General:

Share of financial services in the GDP:

2010: 2.39% (of which insurance 0.39%)

2014: 2.48% (of which insurance 0.34%)

Employment in financial services (banks and insurance companies)

2010: 7,609 (of which insurance 1,225)

2014: 8,196 (of which insurance 1,377)

Net financial services exports (as percentage of GDP):

2010: 0.03%

2014: 0.03%

Net financial services imports (as percentage of GDP):

2010: 0.11%

2014: 0.10%

Capital stock of foreign financial services providers (as percentage of GDP):

2010: 7.34% (of which insurance 0.27%)

2014: 7.71% (of which insurance 0.3%)

Significance of the financial services arm of the Post Office:

The 100% state-owned Albanian Post S.A./Posta Shqiptare Sh.A has a very low market share: in 2014, this non-bank financial institution performed 0.2% of the total number of transactions, or 0.12% of the total amount performed by all non-bank financial institutions in the field of payments and money transfers services. Its importance in the primary T-bill market is also insignificant.

Banking services:

Number of banks and recent consolidation:

2010: 16 banks (of which 14 foreign controlled banks, of which 2 branches of foreign banks)

2014: 16 banks (of which 14 foreign controlled banks, the two branches having been transformed into subsidiaries)

Concentration/share of the various types of banks in the total balance sheet for banks:

2010: foreign controlled banks with 90.6% of the assets; local banks with 9.4%; Top 5 banks: 72%

2014: foreign controlled banks with 86.3% of the assets; local banks with 13.7%; Top 5 banks: 74.7%

Lending activities (credit volume)

2010: lek 490.869,67 million (domestic currency lending: 30.2%; foreign currency lending: 69.8%)

2014: lek 595.138,33 million (domestic currency lending: 38.3%; foreign currency lending: 61.7%)

Securities activities: (securities holdings in bank accounts)

2010: lek 320.825,03 million

2014: lek 436.023,82 million

Insurance:

Number of insurance companies and recent consolidation

2014: 10 companies, of which life: 2, non-life: 7, life and non-life: 1

Total balance sheet of the insurance sector

As of March 2015: €182million, of which life insurance: 16%, non-life: 84%

total assets split:

2010: foreign controlled insurance companies: 48.9% of total assets; domestic insurance companies: 51.1%

2014: foreign controlled insurance companies: 59.4% of total assets; domestic insurance companies: 40.6%

Concentration:

Cumulative market share of the top 5 companies (2014): 65.61%

Pensions funds:

Number of pension funds (2014): 6, of which 3 management companies of voluntary pension funds, and 3 banks acting as depositories of pension funds

Total assets (2014): €4.49 million

Stock exchange and securities:

Capitalization of the companies listed: There are no companies listed on the Tirana Stock Exchange.

Bonds: The volume of secondary market of government securities during the period January-June 2015 was dominated by transactions in short-term instruments (T-Bills) at 65.14%. The remaining part was long-term instruments (notes and bonds) at 34.86%. In terms of the number of transactions, 82.51% of all transactions in the secondary market of government securities were in T-Bills.

4.53. Box 4.4 describes the main features of the regulatory framework for banking services, and their recent evolution.

Box 4.4 Regulatory framework for banking

GATS commitments

Albania has undertaken commitments in the following subsectors of insurance with the following limitations:

Acceptance of deposits, lending of all types, financial leasing, all payments and money transmission services, guarantees and commitments: mode 1 unbound for Market Access (MA), none for national treatment (NT), modes 2 and 3 none for MA and NT.

Recent or planned regulatory changes:

The Bank of Albania (BoA) continued to consolidate its work by revising the regulatory and supervisory framework in accordance with the provisions of the banking law and in compliance with the Basel Committee standards, aiming also at its further alignment with the EU *acquis*.

Supervisory authorities:

Ministry/agency responsible for the coordination and strategic management of international financial, monetary and tax matters: Ministry of Finance.

Sector supervisor (monitoring bank liquidity, overseeing payment and settlement systems, etc.):

The Supervision Department at the BoA is responsible for assessing and monitoring the risks of the banking system and individual banks, including liquidity risk; the Accounting, Finance and Payments System Department at the BoA is responsible for overseeing payments systems.

Responsibility for competition policy issues:

The Competition Authority is the body in charge of the application of Law No. 9121 of 28 July 2003 "On competition protection". In applying this Law to regulated sectors (including the banking sector), the Competition Authority co-operates with regulatory entities and other regulatory institutions.

Preferential and bilateral policies:

Preferential arrangements affecting banking services: none

Bilateral agreements and MOUs. MOU between the BoA and the US Federal Deposit Insurance Corporation (22 April 2013).

Recognition of prudential measures of other countries through international agreements or unilaterally:

The BoA has the right to require from the competent supervisory authority of the foreign bank the necessary information regarding the supervision of this bank's project.

Currently there are only two banking groups that are subject to consolidated supervision. Their affiliates are incorporated within the territory of the Republic of Albania.

With regard to large international banking groups that have subsidiaries in Albania, the BoA has MOUs with foreign supervisory authorities (Greece, Italy, Turkey, Bulgaria, Germany, and Kosovo) to share information and cooperate for the overall assessment of their risk profile.

Usually the MOUs signed between the BoA and other home supervisors include some provisions regarding crisis management. In all the MOUs signed among institutions, an article is usually dedicated to confidentiality or professional secrecy issues.

On August 2015, the European Banking Authority (EBA)'s Board of Supervisors confirmed the evaluation of the confidentiality regime under which the Albanian authorities operate. The EBA recommendation on Equivalence of Confidentiality Regime is addressed to the EU national competent authorities.

With the Single Supervisory Mechanism (SSM), the European Central Bank (ECB) has become the competent authority for prudential supervision over significant credit institutions in the Euro area, some of which operate in Albania. The exchange of information with the ECB will be ensured on the basis of existing MOUs. As a more permanent solution, a bilateral MOU with the ECB will be signed between the two authorities in the near future.

Licensing:**General criteria:**

The BoA shall give its initial approval for the license (Article 19, para. 2 of Banking Law No. 9662/2006, amended) only after it has been satisfied that:

- a) the bank complies with the requirements of this Law;
- b) the shareholders of the bank have a good reputation, lawful source of their contribution to the capital, lawful registered and regulated activities, and the financial potential to contribute additional funds, if the capital falls beneath the required minimum threshold set by the BoA, or to effect necessary financing for the continuation of the bank's activities;
- c) the qualifications, experience and reputation of the bank's, or the branch of the foreign banks, administrators, as well as those of shareholders with qualifying holdings, are consistent with the business plan submitted for licensing purposes;
- d) the operational and control structures, including banks, or branches of a foreign bank's, procedures and policies, are consistent with the purpose and the performance of the proposed activities;
- e) the submitted business plan is realistic and competitive in the market, and the expected financial condition of the bank or the branch of the foreign bank is satisfactory;
- f) the bank, or the branch of a foreign bank, has no less than two executive directors.

Additional criteria for foreign banks:

- a) the foreign bank may exercise banking activities in the Republic of Albania through opening a branch or establishing a subsidiary (Article 7, para. 2 of Licensing Regulation No. 14/2009, amended).
- b) the foreign bank applying for a license to open a branch is supervised on a consolidated and sustainable basis by the respective foreign supervisory authorities (Article 19, para. 2/e of Banking Law No. 9662/2006, amended).
- c) if the subject applying for a license is expected to be a branch or subsidiary of a foreign bank, the application for acquiring a license, in addition to that stipulated in Article 17 of the Law on Banks, is accompanied by the following documentation (Article 7, para 3 of Licensing Regulation No. 14/2009, amended):
 - a) the organization and management scheme of the foreign bank;
 - b) the list of foreign bank administrators;
 - c) the by-laws that set out and adjust the mutual relationships between the parent bank and its branch or subsidiary in Albania;
 - d) information on the recent economic developments and the perspective of the origin country;
 - e) information relating to the assessment of the bank's performance issued by the supervisory authority of the respective country and by the international rating agencies (ratings, if applicable);
 - f) information relating to the management, strategy, capital ownership structure, and financial state of the foreign bank;
 - g) the documentation defined in letters "a" and "e" of paragraph 1, of this Article.

Decision No. 55, of the Supervisory Council of the BoA of 1 October 2014 introduced some amendments to the existing Regulation No. 14 of 11 March 2009 "On granting the license and the exercise of banking activity of

banks and branches of foreign banks in the Republic of Albania". First, a new criteria was added to decide on a shareholder application to increase shareholdings in a bank beyond 33% and 50% of the capital. Second, some criteria were added regarding granting the approval for expanding the banking network outside the Republic of Albania, by opening a branch, subsidiary or representative office. They focus mainly on the analysis of the economic and political conditions of the home country; the characteristics of the banking and/or financial system of the home country; the market position of the foreign bank; the banking supervision scheme in the home country; the accounting legislation and practices applicable in the home country; etc. In the meantime, to provide cross-border banking and/or financial services outside the territory of the Republic of Albania, for which the bank is obliged to inform the BoA, some criteria are determined to assess and justify the refusal of the licence for providing these services, should the BoA so decide.

Licensing organ: the Supervisory Council of the BoA.

Limitation of numbers of licences: There are no limitations for the numbers of bank licences.

Statutory maximum delay to process licences applications:

The licensing process of banks and branches of foreign banks includes two phases (Article 16 of Banking Law No. 9662/2006, amended):

- a) the initial approval of the licence, and
- b) the granting of the licence.

The BoA shall, within three months from the date of the acceptance of the application for a license, grant or refuse the initial approval for the licence, and shall notify the applicant of such decision in writing.

The BoA shall repeal the initial approval of the license if the bank, or the branch of the foreign bank, does not meet the conditions for obtaining the license within 12 months from the initial approval for the license. The BoA has the right to extend this deadline no longer than 6 months from the date of its expiry.

Validity of a licence:

The license is perpetual, non-transferable and not tradable. The annex activities, for which the bank, or the branch of a foreign bank, is licensed following compliance with the requirements set out in the Banking Law and by-laws issued by the BoA, is an integral part of the license.

Restrictions on banks selling or disposing of licences: The license is perpetual, non-transferable and not tradable

Minimum capital requirements to obtain a licence: A person/persons applying to exercise a financial and banking activity in the Republic of Albania through the establishment and license of a bank, shall deposit for this purpose at the BoA a minimum initial capital amounting to not less than lek 1 (one) billion. A foreign bank applying to carry out a banking and financial activity in the Republic of Albania through its branch, shall deposit for this purpose at the BoA the endowed initial capital of the branch, amounting to not less than lek 1 (one) billion.

Administrative allocation of financial resources: none.

Determination of interest rates and fees: free.

Prudential regulations:

Measures to ensure compliance with the Basel Committee's Core Principles for Effective Banking Supervision:

In October-November 2013, the financial system and its oversight were subject to an assessment by the International Monetary Fund (IMF) and the World Bank (WB). This assessment included all segments of the financial system, the way of overseeing them, the approximation to international standards, and the public authorities' ability to identify and manage various risks and interinstitutional cooperation.

The mission assessed that, in spite of an unfavourable and challenging economic environment due to the international financial crisis, the BoA demonstrates a high level of compliance with the Basel Core Principles for Effective Banking Supervision. The work and improvements of concepts for the full implementation of risk-based supervision were also assessed as positive.

In 2013, the Financial Sector Assessment Program of the IMF and the WB assessed the implementation of 29 of the Basel Committee Principles for Effective Supervision. During 2014, and following their recommendations, some amendments to the supervisory framework were made, notably concerning recovery resolution plans, loan write-offs, the risk-based approach, regulatory capital, the concentration of risks, market discipline requirements, guidelines for restructuring of banks, and guidelines for real estate appraisal.

Regulation 10, dated 26 February 2014, "On risk management from large exposure of banks", incorporating rules and concepts of the new BoA Regulation 48, dated 31 July 2013 "On capital adequacy ratio" and approximating the new EU regime on large exposures (Regulation 575/2013) "On prudential requirements for credit institutions and investment firms", was adopted, and entered into force on 1 January 2015.

Regulation 48, dated 14 July 2010, "On management of risk from open foreign currency positions", which takes into consideration the Basel Committee document on Capital Accord (or Basel II) and the EU Directive 2006/48/EC on calculating open foreign currency positions and foreign exchange risk management. It provides new definitions for some items/transactions that will be part of the structural foreign currency position, by setting out the approval criterion by the BoA, and it adjusts the net open foreign currency position calculation approach to the provisions made in the Basel document and the European Directive.

Specific provisions against money laundering:

The main recent development in this regard was the signing of a cooperation agreement, on 10 June 2014, between the BoA and the General Directorate on Preventing Money Laundering and Terrorism Financing of the Ministry of Finance, in the framework of combating money laundering and terrorism financing. The implementation of the recommendations provided by the Moneyval Committee of the Council of Europe and the Financial Action Task Force (FATF) were regularly monitored and reported to the relevant institutions.

Recent measures in that regard include the guidance of the risk measurement of Anti-Money Laundering (AML) risk approved by the Supervisory Council of the BoA on 28 August 2013, and a new methodology of the evaluation of the AML risk, adopted in February 2014.

Bank deposit insurance scheme: lek 2.5 million per capita, funded by a contribution of the banks based on their total assets.

4.54. Box 4.5 describes the main features of the regulatory framework for insurance services and their recent evolution.

Box 4.5 Regulatory framework for insurance

GATS Commitments

Albania has undertaken commitments in the following subsectors of insurance with the following limitations:

Life and non-life insurance: mode 1 unbound except for the insurance of non-residents in Albania and for foreign investments, mode 2 none, mode 3 none for Market Access (MA), and commercial presence restricted to companies having exercised insurance activities in their home country for at least five years, and a residency obligation for the general representative of the company under national treatment (NT).

Marine, Aviation and Transport insurance ("MAT") and reinsurance: none for modes 1, 2 and 3 except for five years' experience in the home market, and a residency obligation for the general representative under NT mode 3.

Insurance intermediation and services auxiliary to insurance : none for modes 1, 2 and 3 for MA and NT.

Recent legislative changes:

Law No. 52, dated 22 May 2014, "On the insurance and reinsurance activity":

This Law determines the principles and specifies the procedures relating to the establishment, organization, management, operation and supervision of insurance, reinsurance and insurance intermediary activity, to further enhance the degree of compliance with, and implementation of, the EU Directives and Insurance Core Principles of the International Association of Insurance Supervisors (IAIS). It creates the possibility for the application of risk-based supervision, which is a shift from the current supervisory philosophy of the insurance market in the country.

Law No. 54/2014, of 29 May 2014, amending Law No. 9572 of 3 July 2006 "On the Financial Supervisory Authority":

- reinstates the AFSA Board's powers regarding its institutional governance, in order to be able to effectively respond to the supervisory and regulatory process;
- strengthens AFSA's requirements with regard to its relations with other supervisory and enforcement authorities in the areas of anti-money laundering and counter-terrorism financing;
- clarifies the protection mechanism for Board members and AFSA employees when exercising their tasks in good faith, in order to strengthen their independence and integrity on the job; and
- strengthens AFSA's financial independence and accountability by providing for the establishment of a reserve fund, by specifying more clearly how revenues are to be collected and how the excess funds are to be returned by the supervised entities, and by precluding any funding from the state budget.

Law No. 10455 of 27 February 2011, amending Law No. 10076 of 12 February 2009 "On compulsory

insurance within the transport sector":

This Law provides for the tariff liberalization of compulsory insurance premiums in the transport sector, removing the fixed tariff regime and allowing insurance companies to self-determine their compulsory insurance premiums, in accordance with the conditions and requirements of the insurance market.

Supervisory authorities:

Institution responsible for licensing, regulation and supervision: the Financial Supervisory Authority, which is the single supervisory authority and the only regulator of this market according to Law No. 9572, dated 3 July 2006, "On the Financial Supervisory Authority", as amended, and Law No. 52, dated 22 May 2014, "On the insurance and reinsurance activity".

Institution responsible for competition policy issues: National Competition Authority.

Preferential and bilateral policies:

Preferential arrangements affecting insurance services: none.

Bilateral agreements and MOUs with:

- the Austrian Financial Market Authority (FMA); the Macedonian Insurance Supervision Agency (ISA); the Central Bank of the Republic of Kosovo (CBRK); the Agency for Supervision of Fully Funded Pension Insurance of Macedonia (MAPAS); and the European Security and Market Authority (ESMA).

Licensing:

The licensing process of the insurance activity is regulated by Law No. 52, dated 22 May 2014, "On the insurance and reinsurance activity". Foreign-owned companies wishing to carry out business activity in the territory of Albania may do so either by establishing a subsidiary (Article 14) or through a branch registered in the Republic of Albania, in accordance with Article 42 of the Law.

Criteria for assessing applications for insurance licence: Article 42, paragraph 6, item b) of this Law stipulates that the Financial Supervisory Authority shall refuse to approve an application for licensing a foreign insurance company branch in the absence of reciprocity. In this context, lack of reciprocity shall mean that the supervisory standards are not of the same level as the Albanian supervisory framework. The aim of this reciprocity provision is to ensure stability in the domestic insurance market and ensure effective supervision of all the operators in this market.

Criteria are based on technical and financial capacities, minimum capital requirements, business plans and risk management.

Compatibility of life and/or non-life insurance licences:

The licence for life assurance activity is granted separately from a licence for non-life assurance, pursuant to the insurance classes foreseen by Annex I, Section B of the Law.

Differential treatment for foreigners in the licensing process: none.

Limitation on number of providers: none.

Licensing authority: the Financial Supervisory Authority.

Maximum processing time for applications:

The maximum processing time for both of the types is 12 months from the date when the application for licence to carry out the insurance activity is received.

Period of validity of a licence: unlimited.

Restrictions on selling or disposing of licences: Licences are non-transferable and not purchasable.

Prudential regulations:

Differences of treatment between state-owned firms, other domestically-owned firms, foreign-owned branches, and foreign-owned subsidiaries: none.

Recognition of home country supervision of foreign insurance companies:

An insurance company from a foreign country shall carry out insurance activity in the Republic of Albania only through a branch registered in the Republic of Albania or as a subsidiary. The provisions on the

supervision of domestic insurance companies apply, *mutatis mutandis*, to the supervision of other persons, including branches of insurance companies from foreign/EU member countries. In the case of EU member States, the Law stipulates that an insurance company carrying out insurance activity under specific classes in a member State may also carry out insurance activity under the same classes in the Republic of Albania, either directly or through its branch. However, the provisions of the Law that are related to direct insurance provided by an insurance company from a Member State in the Republic of Albania, shall be applicable as of the date the Republic of Albania becomes a member of the EU and, as a consequence, the rest of the regulation of the direct insurance activity will take place after the accession of Albania to the EU.

Minimum capital requirements to obtain a licence: lek 260 million for non-life, lek 370 million for life.

Administrative allocation of insurance services: there are no pricing regulations in general insurance or in compulsory motor insurance.

Approval required for life and non-life premiums and products: none.

4.55. Box 4.6 describes the main features of the regulatory framework for securities and stock exchanges services and its recent evolution.

Box 4.6 Regulatory regime for securities and stock exchanges, 2012

GATS commitments

Albania has undertaken commitments in the following subsectors with the following limitations:

- trading for own account or for the account of customers of money markets instruments, foreign exchange. Mode 1 unbound for MA and none for NT, none for modes 2 and 3, MA and NT.
- trading for own account or for the account of customers of derivatives including futures and options, exchange rates and interest rate instruments, transferable securities and other instruments including bullion: none for modes 1, 2 and 3 for MA and NT.
- participation in all kinds of securities: none for modes 1, 2 and 3 for MA and NT.
- money broking: none for modes 1, 2 and 3 for MA and NT.
- asset management: none for modes 1, 2 and 3 for MA and NT.

Supervisory authority and licensing organ: Financial Supervisory Authority (Law No. 9572, dated 3 July 2006, "On the Financial Supervisory Authority", as amended, and Law No. 9879, dated 21 February 2008, "On securities").

Licensing:

The licensing process of a stock exchange is determined in Articles 78, 79 and 80 of Law No. 9879, dated 21 February 2008, "On securities".

General criteria:

Securities dealers:

- Any company who wants to carry out transactions with securities must be established as a joint-stock company incorporated in the Republic of Albania.
- In the case of a natural person, the application to acquire a license to carry out transactions with securities shall be accompanied by a document certifying the fulfilment of one of the following conditions:
 - completion of postgraduate training in the area of financial investments or financial analysis for a period of not shorter than 1 (one) year;
 - professional experience, inside or outside the country, for a period of not less than 3 (three) years in the area of providing advice in relation to securities.

The natural person must: (a) not be a person subject to any conviction for economic crimes committed inside or outside the territory of the Republic of Albania, including fraud and counterfeiting; (b) not be an administrator, manager or controller of a company against which bankruptcy proceedings have started or, which has gone bankrupt; (c) not be simultaneously a staff member and a member of the supervisory board

or of the board of management in another brokerage or intermediary company; (d) be resident in the Republic of Albania or have a valid permit of residence issued by the competent bodies; (e) have a sufficiently sound financial condition to meet his responsibilities; and (f) enjoy a good reputation.

Asset managers:

Assets managers are regulated by Law No. 10198, of 10 December 2009, "On collective investment undertakings".

Pursuant to this Law, at least two executive members of the board of directors of the management company must have the professional knowledge and experience required for managing the management company's operations. Those members must meet all the following criteria:

- have full legal capacity to enter into legal transactions;
- have a clean criminal record;
- be fit and proper to hold the position in accordance with Article 18 of the Law;
- have at least three years of working experience in a professional, managerial or independent position in a financial institution, and have been a member of the governing bodies of such institutions; or be licensed or approved by the FSA to practice the profession of investment adviser in the Republic of Albania;
- have qualifications and certificates from vocational programs recognized by the FSA or other counterpart institutions, certifying their professional capacities in the area of investment fund and portfolio management; and
- take a test on their knowledge of their relevant field and legislation, in accordance with FSA-specified rules.

Every person who is, or is to be, a significant owner, member of the board of directors, or auditor in, or with respect to, a management company must be fit and proper to hold the particular position.

Stock exchange: it is worth noting that, for the time being, there are no companies listed in Albania, although the legal possibility to do so exists through the Law "On securities" (Articles 78, 79 and 80 of Law No. 9879, dated 21 February 2008, "On securities").

Additional criteria for foreign firms:

Foreign securities dealers. Only through an agent established in Albania (the agent does not need to have the Albanian nationality nor to be a physical person) or through a subsidiary (Decision No. 55 of the AFSA Board of 30 March 2011, amended by Decision No. 123 of 25 November 2013).

Stock exchanges organized under foreign law: In accordance with Article 3 of Regulation No. 120, dated 2 October 2008, "On the licensing and supervision of the securities exchange", the shares of a company operating as a stock exchange in the territory of Albania may also be owned by a foreign stock exchange. Owners of the stock exchange shall be legal persons established in Albania or in a country of the EU or the OECD.

Foreign asset managers: none (same treatment as Albanian nationals).

Period of validity of a licence: indefinite.

Transferability of licences: not transferable.

Limitation of the number of providers: none.

Restrictions on foreigners buying and selling on the stock market: A foreign issuer is a securities issuer whose seat is registered outside the Republic of Albania. A foreign issuer may issue securities in the Republic of Albania by a public offering only through an authorized company that the foreign issuer has engaged to act as an issuing agent. The authorized company may be a stockbroker company or a bank that has received from the authorities the license to perform securities transactions. The application for approval of the prospectus of the issue of securities of a foreign issuer shall be filed on behalf of the foreign issuer by the authorized company.

Operating conditions:

Requirements to use international accounting and disclosure standards: according to Law No. 9228 of 29 April 2006 "On accounting and financial statements", any profitable entity is obliged to maintain accounts and prepare and publish financial statements, in accordance with international accounting and disclosure standards.

Provisions on shareholders' rights in companies listed in the stock exchanges and on companies' obligations to disclose information: Pursuant to Law No. 9879 of 21 February 2008 "On securities", all the issuers of listed securities shall promptly inform the public about all information pertaining to circumstances or decisions that constitute material facts. All information and facts that can influence the price of securities shall be considered as material facts.

4.56. Box 4.7 describes the main features of the regulatory framework for mutual funds services and their recent evolution.

Box 4.7 Regulatory framework for mutual funds, 2012

GATS commitments

Asset management: none for modes 1, 2 and 3 for MA and NT.

Supervisory authorities for mutual funds:

Ministry/agency responsible for defining sector policy and for its supervision: the Financial Supervisory Authority.

Licensing criteria: The licensing process of collective investment undertakings in the Republic of Albania is governed by Law No. 10198 of 10 December 2009 "On collective investment undertakings".

The collective investment undertakings in the Republic of Albania operate in one of the following forms:

- a) As "Investment Funds", which shall be open-ended undertakings established by contract, offering units to the public, as prescribed in Article 54 and other provisions of the Law;
- b) As "Investment Companies", which shall be close-ended undertakings established as joint-stock companies under the legislation in power in the Republic of Albania, that can be either with public or with private shares, and whose sole business shall consist of investing in accordance with Article 58 and other provisions of the Law.

A management company cannot start to perform any promotion, trade, or offer for sale of any units or shares of a collective investment undertaking before being issued a license by the FSA.

Additional licensing conditions for foreign companies: A management company with a registered office in an EU country and/or a country recognized, permitted and approved by the FSA, wishing to establish a branch in the Republic of Albania, shall notify the competent authority in the EU country or the permitted country.

The management company shall also provide the FSA with evidence that it is authorized by the competent authority of the respective EU country and/or the permitted country, that it meets the prescribed conditions and is authorized to carry out its activities.

Period of validity of a licence: indefinite.

Transferability of licences: not transferable.

Limitation on the number of providers: none.

4.57. Box 4.8 describes the main features of the regulatory framework for pension funds services and its recent evolution.

Box 4.8 Regulatory framework for pension funds, 2012

GATS commitments

Asset management, such as cash portfolio management, pension fund management, custodial and trust services: none for modes 1, 2 and 3 for MA and NT.

Recent or planned reforms:

The FSA, in cooperation with WB experts, is working to amend Law No. 10197, dated 10 December 2009, "On the voluntary pension funds". Changes in the Law aim at its alignment with Directive 2003/41/EC of the European Parliament and the European Council, of 3 June 2003, "On the activities and supervision of institutions for occupational pension", with the principles of supervision of private pension drafted and approved by the International Organisation of Pension Supervisors (IOPS), and with the OECD Guidelines.

An important development in this market was the introduction of appropriate tax incentives (employer and employee contributions to the schemes are recognized as deductible income subject to statutory limits, and may be shown in the payrolls) in the 2015 fiscal package.

Supervisory authorities for pension funds: The Financial Supervisory Authority (FSA)

Licensing criteria:

A pension fund management company shall not start marketing, or enter into a pension fund contract with anybody, before the Authority has granted a license to the management company. The applicant has to be a registered joint-stock company with capital share fully paid. The Authority shall grant a license only if it is satisfied that:

- the applicant satisfies the capital adequacy requirements in the Law (at all times lek 15.625 million, but if the assets exceeds lek 31.25 million the capital must increase by 0.02% of the value of the net assets without exceeding lek 1.250 million);
- each significant owner, director, ultimate controller, executive director, administrator, and internal auditor of the company is fit and proper;
- the applicant has adequate managerial capacity, including IT infrastructure and operational safeguards, to act in a sound and prudent manner in accordance with all the requirements in the Law;
- the applicant has made proper arrangements for financial accounting and auditing and will maintain satisfactory accounting and other records of its business with adequate systems of control;
- the proposed name does not mislead unit-holders, potential unit-holders or anyone else likely to have dealings with it;
- the applicant has sufficient funds to survive and meet capital adequacy requirements during all its activities, including the period of time when the business is not profitable; and
- the applicant commits, in writing, to the Authority that it will always act in the best interests of its unit-holders.

Additional licensing conditions for foreign companies:

Apart from the requirements listed above for obtaining a licence, foreign companies must also submit a declaration from the applicant's home country supervisory authority if the applicant is a subsidiary of a foreign financial institution or bank that holds a valid license to provide financial services in the foreign country.

Period of validity of a licence: indefinite.

Transferability of licences: not transferable.

Limitation on the number of providers: none.

4.6 Maritime transport services

4.58. The main economic data for maritime transport are described in Table 4.9.

Table 4.9 Main economic data for maritime transport in Albania, 2015

Fleet	Vessels (2015)		Tonnage (2015-DWT)		Geographic deployment (%)	
	Number	% of world fleet	tonnes	% of world fleet	Bilateral trade	Cross trade
National flag	67 ¹⁴	..	83,000	0.005%	..	..
Of which foreign controlled	none	..	..	..	..	..
Beneficially owned fleet under foreign flags	30 ¹⁵	..	101,000	0.01%	..	..
Merchandise trade	Volume (tonnes, except for containers: TEU)		Value		% of Albania's international trade	
	Imports	Exports	Imports c.i.f	Exports f.o.b	Imports	Exports
International maritime freight trade	1,946,820	1,389,000	..	..	..	..
Of which containers	42,673	43,027	..	..	..	..
Of which transhipped	none	none	..	..	..	-
Of which dry bulk	1,235,080	772,079	..	..	..	..
Of which liquid bulk	..	..	..	..	-	-
Domestic maritime freight trade	none	none	none	none	none	none
Of which conducted under a waiver regime	none	none	none	none	none	none
Privately managed terminals	Type of cargo	Managing company(ies)/ Nationality	Volume (2015)		Date and duration of the contract	
Romano Port	Oil	Porto Romano Sh.A./Albanian	..		..
Petrolivera Italo-Albanese (PIA)	Oil	PIA/ Italian	..		..

¹⁴ Vessels over 100 GRT. Viewed at: <http://stats.unctad.org/fleet>.

¹⁵ Vessels over 1,000 GRT. Viewed at: <http://stats.unctad.org/fleetownership>.

Fleet	Vessels (2015)		Tonnage (2015-DWT)		Geographic deployment (%)	
	Number	% of world fleet	tonnes	% of world fleet	Bilateral trade	Cross trade
East terminal DPA	Bulk (general) Cargo	German		Exp: 265,928 tons Imp: 184,773 tons	June 2013 for 35 years	
Container Terminal Durres Port Authority	Containers	KURUM/Turkish		Exp: 42,673 TEU Imp: 43,027 TEU	February 2013	for 35 years
AFTO (Albanian Ferry Terminal Operator)	Passenger	AFTO/German		Imp: 371,961 pax Exp: 298,501 pax	September 2013	for 25 years

Source: UNCTAD and information provided by the Albanian authorities.

4.59. The cargo and passenger traffic of the main Albanian ports are detailed in Tables 4.10 and 4.11.

Table 4.10 Cargo traffic in Albanian ports, 2010-14

Thousand tonnes

		2010	2011	2012	2013	2014
	Total	4,169.0	4,067.0	3,983.9	4,001.0	4,066.2
	- Import	2,786.0	2,668.0	2,540.0	2,234.0	2,383.5
	- Export	1,362.0	1,388.0	1,444.0	1,767.0	1,682.7
1	Port of Durres	3,406.0	3,475.3	3,516.0	3,648.0	3,717.4
	- Import	2,086.6	2,158.0	2,168.0	1,937.0	2,111.9
	- Export	1,319.0	1,317.3	1,348.4	1,711.0	1,605.6
2	Port of Vlora	317.4	200.6	109.3	63.5	97.6
	- Import	317.4	200.6	109.3	60.5	73.8
	- Export	0.0	0.0	0.0	3.0	23.9
3	Port of Saranda	70.9	23.8	13.3	15.7	16.6
	- Import	70.9	23.8	13.3	15.7	16.6
	- Export	0.0	0.0	0.0	0.0	0.0
4	Port of Shengjin	375.1	367.0	345.0	273.3	234.6
	- Import	311.0	286.0	250.0	220.6	181.3
	- Export	42.8	70.6	95.2	52.7	53.3

Source: Information provided by the Albanian authorities.

Table 4.11 Passenger traffic in Albanian ports, 2010-14

		2010	2011	2012	2013	2014
	Total	1,119,803	1,165,769	1,101,025	1,009,186	1,094,569
1	Durres	834,040	853,748	798,524	717,399	774,681
2	Vlore	165,227	190,228	190,820	159,625	156,407
3	Sarande	116,069	121,793	111,681	132,162	163,481
4	Shengjin	4,467	0	0	0	0
I	Depart from	574,103	591,303	559,385	509,555	559,090
1	Durres	426,265	432,602	403,256	359,716	394,983
2	Vlore	88,225	97,626	100,262	83,379	82,737
3	Sarande	57,887	61,075	55,867	66,460	81,370
4	Shengjin	1,726	0	0		
II	Arrived in	545,700	574,466	541,640	499,631	535,479
1	Durres	407,775	421,146	395,268	357,683	379,698
2	Vlore	77,002	92,602	90,558	76,246	73,670
3	Sarande	58,182	60,718	55,814	65,702	82,111
4	Shengjin	2,741	0	0		

Source: Information provided by the Albanian authorities.

4.60. The regulatory framework for maritime transport is described in Box 4.9.

Box 4.9 Maritime Transport Regulatory Framework

GATS commitments:

- Albania has undertaken additional commitments on access to/use of port services (pilotage/towing and tug assistance/provisioning, fuelling and watering/garbage collection and ballast waste disposal/port captain's services/navigation aids/shore based operational services essential to ship operations including communication, water and electrical suppliers, emergency repair facilities, and anchorage, berth and berthing services); and

- Albania has undertaken full commitments (none for the first three modes of delivery both for market access and national treatment) for rental of vessel with crew services, maintenance and repair of vessel services, and supporting services for maritime transport services.¹⁶

Applied regime:

Cabotage: cabotage is reserved for Albanian and EU flag carriers.

Registration policy:

- The registration policy is determined by the maritime code of Albania (Law No. 9251 of 8 July 2004), Law No. 9254 of 15 July 2004 "On the ratification of the UN convention on the conditions for the registration of ships", and by the Council of Ministers Decision No. 462 of 9 July 2014 "On the register of vessels in Albania".
- These regulations do not impose any nationality or ownership requirements/limitations to register a vessel under the Albanian flag. The only requirements are linked to technical and safety considerations.
- Flying the Albanian flag does not impose any nationality requirement regarding the crew except for the shipmaster, who has to have either the Albanian nationality or be a citizen of an EU member State. Foreign seafarers can be employed aboard Albanian flagged ships provided that they have a residency and a work permit and that their competency certificates are recognized by the Albanian maritime administration. This recognition is subject to reciprocity.

Access to ports policy: The treatment of ships in Albanian ports, notably in Durres, the main port, is the same for all the nationalities. However, in the ports of Shengjin, Vlora and Saranda, the Albanian flag enjoys a rebate of 50% on the quay's tariff.

Bilateral and plurilateral agreements: There are different bilateral agreements with different EU and non-EU countries that provide national treatment to Albanian flag ships, but there are no cargo-sharing agreements.

Onshore activities policy: There are no specific restrictions for all port and offshore services.

Competition policy: Competition policy is a horizontal policy in Albania. There is no maritime specific legislation or peculiarities.

Support policy:

There is no specific support policy, such as tonnage tax, tax breaks, cargo reservations or second registry.

Security policy:

National regime: Maritime security in ships and ports of the Republic of Albania is implemented according to the SOLAS Convention (ISPS Code) and Law No 168/2013 "On ship and ports security in Albania", and different by-laws. All ports of the Republic of Albania have their own security assessments and plans. They have their own security forces for the implementation of legislation and for the enhancement of maritime security in ports (including an authorized economic operator regime).

Bilateral agreements: none.

4.7 Air transport services

4.61. The main economic data and the regulatory framework for aviation services in Albania are described in Box 4.10.

Box 4.10 Main economic data and regulatory framework for aviation services

Generic economic data

Scheduled airlines: No domestic airlines for the time being. However, two start-ups, Albanian Airways and Albania Wings, have applied for an aircraft operating certificate. These requests are currently under consideration.

Number of passengers (departures and arrivals) handled by the airport system (2014): 1.81 million.

Total tonnage of cargo handled by the airport system (2014): 2,324 tons.

Maintenance and repair: No repair stations certified by the US Federal Aviation Administration (FAA) or by the European Aviation Safety Agency (EASA).

¹⁶ As defined in CPC 745**.

Computer reservation systems present in Albania: Amadeus, Galileo.

GATS commitments:

Albania has full commitments (none for the first three modes of delivery both for market access and national treatment) for aircraft repair and maintenance services.

Albania has listed an MFN exemption for the sales and marketing of air transport services and for computer reservation services regarding preferential market access resulting from bilateral air transport agreements.

Applied regime

Aircraft repair and maintenance:

- There is no regulation constraining the national airlines to have their planes repaired and maintained in domestic facilities.
- There are no sector-specific limitations on the establishment of foreign maintenance repair and overhaul (MRO) providers.

Computer reservation services:

- There are no regulations granting a monopoly to a particular CRS supplier, or prescribing the compulsory use of a supplier.

Selling and marketing:

There is no specific regulation preventing or limiting the sales by foreign airlines of their own tickets through whatever channel (online, airports counters city offices). This situation is not affected by air services bilateral agreements.

Ground-handling services:

Tirana Airport Partners has the monopoly of ground handling services at Tirana airport until 2025, as per the concession granted by law to them.

- Self-handling, mutual handling and third party handling are not allowed. This situation is not affected by air services bilateral agreements.
- Albania has transposed EU Council Directive 96/67 EC and will apply its liberalizing provisions when Tirana airport reaches the required level of traffic.

Airport services:

Tirana International Airport, the only international airport in Albania, is privately managed via a 20-year concession running from 2005 to 2025 granted to Tirana International Airport SHPK/Tirana Airport Partners. Tirana Airport Partners is composed of three shareholders: AviAlliance GmbH, DEG Deutsche Investitions - und Entwicklungsgesellschaft, and the Albanian-American Enterprise Fund.

Slots: the slot allocation process in Albania is governed by a regulation which is a transposition of Council Regulation (EEC) 95/93 "On common rules for the allocation of slots at community airports" and its amendment, and which is based on the principles governing the system of slot allocation (IATA Worldwide Scheduling Guidelines).

Commercial aviation:

National establishment rules:

These rules are contained in three pieces of legislation, namely the Air Code of Albania, Minister Ordinance No. 17, dated 2 September 2010, "On the applicable rules for the operation of air services", as amended - that transposes EU Regulation 1008/2008 - and the Minister Orders transposing EU Regulation 216/2008 and its Implementing Rules. They thus impose a majority ownership and effective control by EU and/or Albanian interests.

- No specific air charter policy.
- No specific all cargo policy.

4.62. Table 4.12 describes the main characteristics of the air services agreements signed by Albania. During the period under review, 2010-2015, Albania has signed six more agreements, with Singapore, Brazil, Qatar, United Arab Emirates, Kuwait and Saudi Arabia, respectively. These agreements have all entered into force, except that with Singapore which has still to be ratified by the parliament, and with Saudi Arabia which still has to be approved by the Council of Ministers before going through the parliamentary process.

Table 4.12 Albania's plurilateral and bilateral air services agreements and their main characteristics

Partner	Date	Entry into force	5 th	7 th	Cabotage ³	Coop ⁴	Designation ⁵	Withholding	Pricing	Capacity	Stat	ALI
Austria	18.03.1993		Y	N	N	N	M	SOEC	DA	PD	Y	10.0
China	28.03.1972		N	N	Y	N	S	n/a	DA	PD	N	7.0
Czech Republic	20.05.1958		N	N	N	N	S	n/a	n/a	PD	N	1.0
Germany	22.04.1992		N	N	N	N	M	SOEC	DA	PD	Y	4.0
Serbia	23.11.1956		N	N	N	N	S	n/a	n/a	PD	N	1.0
Slovenia	10.11.1992		N	N	N	N	M	SOEC	DA	PD	Y	4.0
Turkey	26.05.2003		N	N	N	Y	M	SOEC	DD	PD	Y	13.0
United Kingdom	30.03.1994		N	N	N	N	M	SOEC	DD	B1	Y	14.0
United States of America	24.09.2003	05.04.2004	Y	N	N	Y	M	SOEC	DD	FD	N	28.0
ECAA ¹⁷	09.06.2006		Y	Y	Y	N	M	COI	FP	FD	N	43
Singapore	19.01.2015		Y	N	N	Y	M	PPoB	FP	FD	N	38
Brazil			Y	N	N	N	M	PPoB	FP	FD	Y	32
Qatar			Y	N	N	N	S	SOEC	DA	PD	Y	6
United Arab Emirates			Y	N	N	Y	M	SOEC	FP	FD	Y	26
Kuwait			Y	N	N	N	M	SOEC	DA	PD	Y	10
Saudi Arabia			Y	N	N	N	M	SOEC	FP	PD	Y	20

1 S (single); M (multiple).

2 SOEC (Substantial Ownership and Effective Control); PPoB (Principal Place of Business); (COI) Community of Interest; n/a (not available).

3 DA (Double Approval); DD (Double Disapproval); CoO (Country of Origin); ZP (Zone Pricing); FP (Free Pricing); n/a (not available).

4 PD (Pre-Determination); B1 (Bermuda I); FD (Free determination); O (Other); n/a (not available).

5 Air Liberalization Index.

Source: Information provided by the Albanian authorities.

4.8 Road transport services

4.63. The main economic indicators of the road transport services sector are described in Box 4.11.

Box 4.11 Main economic indicators of road transport

Road transport

Road freight transport

Fleet (2014): 46,000 trucks (of which 14,400 over 3.5 tons) and 3,900 trailers

Volume (million tonnes/km 2014): 2.076 (+6.5% as compared to 2013), of which 5.8% of transit traffic

Road passenger transport

Fleet (buses and vans, 2014): 20,200

Volume (million passengers/km, 2014): 23.1 (+5% as compared to 2013)

4.64. The main characteristics of the regulatory framework for the road transport services sector are described in Box 4.12.

¹⁷ The European Common Aviation Agreement (ECAA) is a plurilateral aviation agreement grouping the European Union and its member States on the one hand and Albania, Bosnia and Herzegovina, the FYROM, Iceland, Norway, Serbia, Montenegro, and Kosovo on the other. It is aimed at transposing in the medium term the EU single aviation market. For a complete analysis of this agreement see S/C/W/270/Add.2 dated 28 September 2007, pages 95 to 104.

Box 4.12 Road transport regulatory framework**GATS commitments**

- Albania has full commitments for consumption abroad and commercial presence for market access and national treatment for international passenger and freight transport. The cross-border mode remains unbound.
- Albania also undertook full commitments (none for the first three modes of delivery both for market access and national treatment) for the rental of commercial vehicles with operators, maintenance and repair of road transport equipment, and supporting services for road transportation services.¹⁸
- Albania has listed an MFN exemption to cover its existing and future bilateral road transport agreements, including road-rail transport agreements.

Applied regime***Establishment/domestic regulatory framework:***Licensing requirements:

- Domestic transport of passengers is regulated through licences granted at municipal level, except for occasional transport services which are regulated at the level of the region/district. Domestic transport of goods for third parties and rentals are regulated through licences granted at municipal level, except for the transport of hazardous goods (certificate issued by the General Directorate of Road Transport Services) and transport by non-standard vehicles (license issued by the General Directorate of Road Transport Services) (Law No. 8308 of 18 March 1998 "On road transport", as amended, and Instruction No. 15 of 24 July 2007 "On criteria and procedures for issuing licences, authorizations and certificates for activities in the road transport sector").
- There are no restrictions to the establishment of foreign-owned trucking companies.
 - Licensing criteria: Individuals or legal entities applying for a license for the road transport of passengers and goods must prove they meet the following conditions:
 - a) Good reputation;
 - b) Adequate financial situation;
 - c) Professional competence;
 - d) Have an effective and stable establishment in Albania (new criteria based on Regulation (EC) No 1071/2009 of the European Parliament and of the Council.
 - The license, transport permit (authorization) and certificate are not transferable from the holder to another operator.
 - The license holder engaged in an activity for which he/she is licensed or authorized, may enter into a sub-contractual agreement with a third party, but not for more than 35% of the activity. The holder of license or authorization is liable for meeting the license/authorization conditions, and this liability also extends to the activity performed by the sub-contractor.
 - If the transport operator fails to collect the license/authorization/certificate within 60 days from its issuance, it shall be revoked. In the case of inter-urban transport lines for passengers, the competent authority in the ministry shall notify the municipality which has issued that authorization to the operator.
 - A license/authorization/certificate shall be annulled upon the request of the transport operator. In the case of regular transport lines for passengers, the competent authority which has issued the license/authorization/certificate shall be notified at least two months prior to the termination of the activity. The annulment request of the license/authorization/certificate shall state the date of activity cessation and the reasons for it.

Capacity regulation: Road transport - there are no limitations for operating in the regular or occasional transport for passengers and for the transport of goods.
In intercity (or inter-urban) transport for passengers, on regular bus lines between districts, only one company for the respective regular line is allowed. In addition, one company can cover more than one regular line.

Pricing regulation:

- Road freight prices are free.
- For social reasons, road passenger tariffs are subject to a maximum pricing regulation (Council of Ministers Decision No. 66 of 7 February 2007).

International regulatory framework:

Bilateral agreements: with Poland (1990), United Kingdom (1993), Italy (1993), Russia (1993), Romania

¹⁸ As defined by CPC item 744.

(1993), Denmark (1994), Croatia (1994), Netherlands (1994), Sweden (1995), Hungary (1996), Germany (1996), Greece (1997), FYROM (1998), France (1999), Bulgaria (1999), Luxemburg (1999), Turkey (2000), Austria (2005), Slovenia (2007), and Switzerland (2008).

Relationship with the EU: Bilateral international traffic remains governed by the bilateral road transport agreement signed with individual EU member States (see above for the list and below for the quotas). The EU single market for road transport package will apply only if and when Albania has become an EU member State. It is therefore not part of the *acquis* to be approximated. However, "internal" EU road transport regulations are part of the *acquis*. This is the case of Regulation No. 1072/2009 "On cabotage". Cabotage is, in principle, forbidden, but can be allowed on a case-by-case basis with a special permit granted by the Ministry of Transport (Law No. 8308 of 18 March 1998, as amended). The EU Licensing Regulation (No. 1071/2009) and its requirement of an effective and stable establishment has been transposed into Albanian law by the Council of Ministers Decision No. 928 of 18 November 2015. This is also the case of Directive 2006/22/EC "On minimum conditions for the implementation of Council Regulations" (EEC) No. 3820/85 and (EEC) No. 3821/85 "Concerning social legislation relating to road transport activities"; Directive 2003/59/EC of 15 July 2003 "On the initial qualification and periodic training of drivers of certain road vehicles for the carriage of goods or passengers", amending Council Regulation (EEC) No. 3820/85 and Council Directive 91/439/EEC, and repealing Council Directive 76/914/EEC; Regulation (EC) No. 1072/2009 of 21 October 2009 "On common rules for access to the international road haulage market"; and Directive 2010/40/EU of 7 July 2010 "On the framework for the deployment of Intelligent Transport Systems in the field of road transport and for interfaces with other modes of transport".

Plurilateral/regional agreements (if any): ECMT multilateral quota system, Interbus; EU *Acquis*.

4.65. Table 4.13 details the quotas negotiated in the framework of the bilateral agreements for 2015.

Table 4.13 Quotas negotiated in the framework of the bilateral agreements for 2015

State	Quantity	State	Quantity
Austria		Kosovo	
Bilateral + Transit	1,000	For third countries	200
Truck Euro 1	200	Latvia	
Truck Euro 2	100	Bilateral + Transit	70
Belgium		For third countries	30
Bilateral + Transit	200	Montenegro	
Croatia		For third countries	350
Bilateral	500	Macedonia/FYROM	
Transit	1,000	For third countries	200
Cyprus		Netherlands	
Bilateral + Transit	50	Bilateral + Transit	200
Czech Republic		For third countries	100
Bilateral + Transit	200	Poland	
For third countries	50	Bilateral + Transit	500
France		Romania	
Bilateral + Transit	500	Bilateral	500
Truck Euro1, Euro2, annual	20	Transit	500
Greece		Serbia	
Bilateral + Transit with one passage	500	Bilateral Euro 2	500
Bilateral + Transit with multi passage, 2 years	2,500	Bilateral + Transit	500
Germany		For third countries	200
Bilateral + Transit	550	Slovakia	
Bilateral + Transit Ro-Ro	150	Bilateral + Transit	250
Bilateral + Transit Ro-Ro Euro 1	50	Slovenia	
Bilateral + Transit Ro-Ro Euro 2	50	For third countries	300
Bilateral + Transit Ro-Ro Euro 3	50	Spain	
Bilateral + Transit Euro 1	30	Bilateral + Transit	300
Bilateral + Transit Euro 2	20	For third countries	100
Hungary		Turkey	
Bilateral + Transit without road tax	800	For third countries	600
Bilateral + Transit with road tax	700	CEMT/ECMT Authorizations (Annual, monthly)	
Italy			
Bilateral	7,000		
Trailer	5,200		
Truck Euro 3	5,300		
Truck Euro 4	500		

Source: Information provided by the Albanian authorities.

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5 APPENDIX TABLES

Table A1.1 Merchandise exports by HS chapter, 2010-14

HS Section	HS chapter	2010	2011	2012	2013	2014
Total (€ million)		1,170	1,401	1,532	1,756	1,832
		(% of total)				
01	Live animals and products	1.4	1.2	1.4	0.7	0.9
02	Vegetable products	2.0	2.3	2.3	2.7	3.2
03	Fats and oils	0.1	0.1	0.1	0.1	0.0
04	Prepared food, beverages and tobacco	2.3	2.1	2.1	2.4	2.4
05	Mineral products	27.8	29.9	35.7	40.3	33.6
	HS 27 Mineral fuels, mineral oils and products of their distillation	18.0	21.2	26.6	31.0	25.3
	HS 26 Ores, slag and ash	6.9	5.6	5.3	6.1	4.8
	HS 25 Salt; sulphur; earths and stone; plastering materials, lime and cement	2.9	3.1	3.8	3.2	3.4
06	Chemicals and products thereof	0.4	0.8	0.4	0.5	0.7
07	Plastics and rubber	0.7	0.6	0.5	0.6	0.7
08	Raw hides and skins; leather, furskins and articles thereof	1.6	1.5	1.3	1.3	1.2
09	Wood, cork, straw	1.0	0.9	0.9	0.7	0.7
10	Pulp of wood; paper and paperboard	2.0	1.5	1.7	2.5	2.9
	HS 48 Paper and paperboard	1.3	1.1	1.3	2.0	2.6
11	Textiles and textile articles	18.7	17.2	15.2	14.4	16.7
	HS 61 Clothing accessories, knitted or crocheted	10.3	9.6	8.7	8.0	9.3
	HS 62 Clothing accessories, not knitted or crocheted	7.7	7.0	6.1	5.9	6.8
12	Footwear, headgear, etc.	15.7	15.4	13.9	13.7	16.9
	HS 64 Footwear, gaiters and the like; parts of such articles	15.7	15.4	13.9	13.7	16.8
13	Articles of stone, plaster, cement	0.6	0.6	0.6	0.5	0.4
14	Precious stones and metals, pearls	0.3	0.2	0.1	0.1	0.2
15	Base metals and articles thereof	19.4	20.4	18.2	14.2	14.2
	HS 72 Iron and steel	11.6	13.3	11.3	8.5	8.3
	HS 83 Miscellaneous articles of base metal	3.3	2.7	2.7	2.3	2.1
16	Machinery, electrical equipment	3.9	3.4	3.2	2.9	3.1
	HS 85 Electrical machinery and equipment and parts thereof	3.0	2.9	2.3	2.1	2.3
17	Transport equipment	0.3	0.5	0.4	0.4	0.5
18	Precision instruments	0.1	0.1	0.1	0.2	0.3
19	Arms and ammunition	0.2	0.1	0.2	0.0	0.0
20	Miscellaneous manufactured articles	1.4	1.4	1.4	1.3	1.4
21	Works of art, collectors' pieces and antiques	0.1	0.0	0.0	0.1	0.0
	HS 99	0.0	0.0	0.0	0.1	0.2

Source: UNSD Comtrade database.

Table A1.2 Merchandise imports by HS chapter, 2010-14

HS Section	HS chapter	2010	2011	2012	2013	2014
Total (€ million)		3,475	3,882	3,798	3,676	3,942
		(% of total)				
01	Live animals and products	3.1	2.9	3.0	2.9	3.0
02	Vegetable products	5.2	5.1	5.3	5.4	5.3
	HS 10 Cereals	2.2	2.6	2.5	2.5	2.2
03	Fats and oils	1.2	1.3	1.3	1.1	1.1
04	Prepared food, beverages and tobacco	8.7	7.6	8.1	8.6	7.6
05	Mineral products	15.4	18.8	20.9	18.0	16.3
	HS 27 Mineral fuels, mineral oils and products of their distillation	13.8	17.6	19.9	17.2	15.5
06	Chemicals and products thereof	8.0	7.6	8.7	9.2	9.2
	HS 30 Pharmaceutical products	3.3	3.0	3.2	3.1	3.8
07	Plastics and rubber	3.8	3.6	3.8	4.1	4.0
	HS 39 Plastics and articles thereof	3.2	3.0	3.2	3.4	3.3
08	Raw hides and skins; leather, furskins and articles thereof	1.8	1.7	1.8	2.2	2.6
	HS 41 Raw hides and skins (other than furskins) and leather	1.6	1.6	1.7	2.1	2.5
09	Wood, cork, straw	1.5	1.3	1.3	1.3	1.4
10	Pulp of wood; paper and paperboard	2.8	2.4	2.1	2.6	2.7
	HS 48 Paper and paperboard	2.5	2.2	1.8	2.2	2.5
11	Textiles and textile articles	7.6	7.3	7.2	8.3	9.1
	HS 61 Clothing accessories, knitted or crocheted	2.1	2.1	1.9	2.1	2.3
	HS 62 Clothing accessories, not knitted or crocheted	1.6	1.5	1.6	1.9	2.2
12	Footwear, headgear, etc.	2.0	2.0	2.0	2.2	2.3
	HS 64 Footwear, gaiters and the like; parts of such articles	1.9	1.9	1.9	2.1	2.2
13	Articles of stone, plaster, cement	3.1	2.8	2.6	2.6	2.4
14	Precious stones and metals, pearls	0.1	0.1	0.1	0.2	0.2
15	Base metals and articles thereof	12.8	12.3	10.3	9.7	10.4
	HS 72 Iron and steel	5.8	6.2	4.9	4.0	4.6
	HS 73 Articles of iron or steel	3.6	3.1	2.3	2.5	2.6
16	Machinery, electrical equipment	14.3	14.2	11.9	11.9	12.7
	HS 84 Nuclear reactors, boilers, machinery and mechanical appliances	6.7	7.3	6.5	6.5	7.0
	HS 85 Electrical machinery and equipment and parts thereof	7.5	6.9	5.4	5.4	5.8
17	Transport equipment	5.2	5.9	6.6	6.8	6.4
	HS 87 Vehicles	4.9	5.7	6.3	5.8	5.8
18	Precision instruments	1.5	1.2	1.1	0.9	1.1
19	Arms and ammunition	0.1	0.1	0.1	0.0	0.0
20	Miscellaneous manufactured articles	1.9	1.7	1.8	1.9	2.0
21	Works of art, collectors' pieces and antiques	0.0	0.0	0.0	0.0	0.0

Source: UNSD Comtrade database.

Table A1.3 Merchandise exports by destination, 2010-14

(€ million and per cent)

	2010	2011	2012	2013	2014
Total (€ million)	1,170	1,401	1,532	1,756	1,832
	(% of total)				
America	1.8	1.4	0.8	0.9	0.8
United States	1.5	1.0	0.5	0.5	0.6
Other America	0.3	0.4	0.3	0.4	0.2
Europe	90.6	95.3	94.8	93.0	93.8
EU(28)	70.2	72.9	75.6	76.7	77.4
Italy	50.8	53.4	51.1	46.3	52.0
Spain	3.4	3.6	9.2	9.8	6.5
Malta	0.8	2.4	1.8	6.7	6.2
Greece	5.4	5.1	4.4	3.2	3.5
Germany	2.8	2.9	3.1	3.8	2.8
France	0.9	0.5	0.7	2.1	1.1
Bulgaria	1.0	1.2	1.3	0.9	1.1
The Netherlands	0.7	0.7	1.0	0.7	0.9
Austria	1.0	1.2	1.2	0.5	0.8
Cyprus	0.0	0.0	0.0	0.0	0.5
Poland	0.0	0.0	0.0	0.1	0.3
Romania	0.1	0.2	0.2	0.2	0.3
Czech Rep.	1.1	0.5	0.3	0.4	0.3
EFTA	4.2	2.7	1.0	1.8	0.8
Switzerland	4.1	2.7	1.0	1.8	0.8
Other Europe	16.2	19.7	18.2	14.5	15.5
Serbia	8.3	9.3	8.9	7.5	8.0
Turkey	6.0	7.4	6.3	3.7	3.9
Former Yugoslav Rep. of Macedonia	1.7	2.1	1.9	1.8	2.1
Montenegro	0.0	0.8	0.8	1.3	1.4
Commonwealth of Independent States (CIS)	0.0	0.0	0.0	0.3	0.2
Africa	1.1	0.5	0.8	0.8	1.2
Libyan Arab Jamahiriya	0.7	0.2	0.7	0.6	0.6
Egypt	0.3	0.1	0.0	0.1	0.4
Middle East	0.9	0.1	0.2	0.2	0.4
Asia	5.6	2.7	3.4	4.8	3.6
China	5.5	2.5	2.7	4.6	3.4
Japan	0.0	0.0	0.0	0.0	0.0
Other Asia	0.1	0.1	0.7	0.2	0.2
Other	0.0	0.0	0.0	0.0	0.0

Source: UNSD Comtrade database.

Table A1.4 Merchandise imports by origin, 2010-14

(€ million and per cent)

	2010	2011	2012	2013	2014
Total (€ million)	3,475	3,882	3,798	3,676	3,942
	(% of total)				
America	3.4	3.8	4.6	4.9	5.3
United States	1.6	1.4	2.1	2.4	2.4
Other America	1.8	2.3	2.5	2.4	2.8
Canada	0.3	0.9	0.8	0.6	1.0
Brazil	0.9	0.8	0.9	0.8	0.8
Europe	80.8	80.8	79.8	79.0	79.2
EU(28)	66.5	65.3	63.3	64.2	61.1
Italy	28.2	30.5	31.9	33.1	29.8
Greece	13.1	10.6	9.5	8.9	9.4
Germany	5.6	5.7	6.0	5.8	6.0
France	2.2	2.4	1.6	2.6	1.9
Spain	1.6	2.1	2.0	1.6	1.7
Poland	1.4	1.2	1.3	1.5	1.4
Bulgaria	1.8	1.3	1.3	1.7	1.4
Austria	1.6	1.8	1.3	1.2	1.2
Croatia	1.9	1.3	1.3	1.1	1.1
Romania	1.2	1.0	1.1	0.9	1.1
United Kingdom	1.5	1.1	1.0	0.8	1.0
Hungary	0.9	0.9	0.8	0.8	0.8
The Netherlands	1.0	0.8	0.5	0.7	0.8
EFTA	1.6	2.7	3.0	1.6	3.1
Switzerland	1.5	2.6	2.9	1.6	3.1
Other Europe	12.7	12.9	13.6	13.2	15.0
Turkey	5.7	5.6	5.8	6.4	7.1
Serbia	4.7	4.4	5.4	4.1	5.4
Former Yugoslav Rep. of Macedonia	1.6	1.6	1.6	1.7	1.5
Commonwealth of Independent States (CIS)	4.9	4.4	5.6	3.0	3.1
Russian Federation	2.2	1.9	2.6	2.0	2.1
Africa	0.6	0.6	0.6	2.8	1.7
Middle East	1.1	1.2	0.3	0.5	0.7
Asia	9.1	9.2	8.9	9.5	10.0
China	6.3	6.4	6.4	6.8	7.3
Japan	0.5	0.5	0.5	0.4	0.4
Other Asia	2.3	2.3	2.0	2.4	2.3
Other	0.0	0.0	0.1	0.3	0.1

Source: UNSD Comtrade database.

Table A3.1 MFN tariff averages by HS 2-digit level, 2015

HS	Description	No. of lines	Averages (%)	Ranges (%)	Share of duty free lines (%) ^a	SD ^b	CV ^c
	Total	9,386	4.2	0 - 15	48.6	5.5	1.3
01	Live animals	65	4.7	0 - 15	10.8	4.5	0.9
02	Meat and edible meat offal	248	9.9	2 - 15	0.0	1.4	0.1
03	Fish and crustaceans, molluscs and other aquatic invertebrates	427	0.0	0	100.0	0.0	0.0
04	Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or included	171	9.6	0 - 15	1.8	2.0	0.2
05	Products of animal origin, not elsewhere specified or included	20	6.5	0 - 10	35.0	4.8	0.7
06	Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage	41	7.4	2 - 15	0.0	6.4	0.9
07	Edible vegetables and certain roots and tubers	111	9.6	2 - 15	0.0	2.2	0.2
08	Edible fruit and nuts; peel of citrus fruit or melons	124	10.0	5 - 15	0.0	0.6	0.1
09	Coffee, tea, maté and spices	50	11.5	0 - 15	4.0	4.9	0.4
10	Cereals	62	1.9	0 - 2	3.2	0.4	0.2
11	Products of the milling industry; malt; starches; inulin; wheat gluten	71	9.6	0 - 10	4.2	2.0	0.2
12	Oil seeds and oleaginous fruits; misc grains, seeds and fruit; industrial or medicinal plants; straw and fodder	74	3.6	0 - 10	39.2	4.2	1.2
13	Lac; gums, resins and other vegetable saps and extracts	14	8.9	2 - 10	0.0	2.8	0.3
14	Vegetable plaiting materials; vegetable products not elsewhere specified or included	5	10.0	10	0.0	0.0	0.0
15	Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes	128	2.3	0 - 10	71.1	4.1	1.8
16	Preparations of meat, of fish or of crustaceans, molluscs or other aquatic invertebrates	102	4.4	0 - 15	62.7	5.9	1.3
17	Sugars and sugar confectionery	44	6.0	0 - 10	2.3	4.1	0.7
18	Cocoa and cocoa preparations	27	10.0	10	0.0	0.0	0.0
19	Preparations of cereals, flour, starch or milk; pastry cooks' products	51	6.4	2 - 10	0.0	4.0	0.6
21	Miscellaneous edible preparations	39	10.2	0 - 15	7.7	5.8	0.6
22	Beverages, spirits and vinegar	184	9.3	0 - 15	38.0	7.3	0.8
23	Residues and waste from the food industries; prepared animal fodder	64	6.2	0 - 10	23.4	4.5	0.7
24	Tobacco and manufactured tobacco substitutes	21	7.0	2 - 15	0.0	5.5	0.8
25	Salt; sulphur; earths and stone; plastering materials, lime and cement	78	3.2	0 - 10	2.6	2.9	0.9
26	Ores, slag and ash	44	2.0	2	0.0	0.0	0.0
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	112	5.8	0 - 15	32.1	5.0	0.9
28	Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, of radioactive elements or of isotopes	247	1.8	0 - 2	11.3	0.6	0.4
29	Organic chemicals	456	0.0	0	100.0	0.0	0.0
30	Pharmaceutical products	50	0.2	0 - 6	96.0	1.2	4.9
31	Fertilizers	31	1.9	0 - 2	3.2	0.4	0.2

HS	Description	No. of lines	Averages (%)	Ranges (%)	Share of duty free lines (%) ^a	SD ^b	CV ^c
32	Tanning or dyeing extracts; tannins and their derivatives; dyes, pigments and other colouring matter; paints and varnishes; putty and other mastics; inks	57	5.2	0 - 6	8.8	1.9	0.4
33	Essential oils and resinoids; perfumery, cosmetic or toilet preparations	48	5.7	2 - 6	0.0	1.1	0.2
34	Soap, organic surface-active agents, washing preparations, lubricating preparations, artificial waxes, prepared waxes, polishing or scouring preparations, candles and similar articles, modelling pastes, dental waxes and dental preparations with a basis	29	3.4	0 - 6	31.0	2.7	0.8
36	Explosives; pyrotechnic products; matches; pyrophoric alloys; certain combustible preparations	10	3.2	2 - 6	0.0	1.8	0.6
37	Photographic or cinematographic goods	42	2.0	2	0.0	0.0	0.0
38	Miscellaneous chemical products	149	1.5	0 - 2	22.8	0.8	0.5
39	Plastics and articles thereof	205	3.7	0 - 6	12.7	2.3	0.6
40	Rubber and articles thereof	96	7.5	0 - 15	35.4	6.8	0.9
41	Raw hides and skins (other than furskins) and leather	71	5.4	0 - 10	28.2	4.6	0.9
42	Articles of animal gut (other than silk-worm gut)	36	13.3	0 - 15	11.1	4.7	0.4
43	Furskins and artificial fur; manufactures thereof	23	4.3	2 - 15	0.0	4.9	1.2
44	Wood and articles of wood; wood charcoal	178	0.0	0	100.0	0.0	0.0
45	Cork and articles of cork	12	2.0	2	0.0	0.0	0.0
46	Manufactures of straw, of esparto or of other plaiting materials; basketware and wickerwork	23	11.1	10 - 15	0.0	2.1	0.2
47	Pulp of wood or of other fibrous cellulosic material; recovered (waste and scrap) paper and paperboard	24	0.0	0	100.0	0.0	0.0
48	Paper and paperboard; articles of paper pulp, of paper or of paperboard	149	0.0	0	100.0	0.0	0.0
49	Printed books, newspapers, pictures and other products of the printing industry; manuscripts, typescripts and plans	22	0.0	0	100.0	0.0	0.0
50	Silk	25	0.6	0 - 2	72.0	0.9	1.6
51	Wool, fine or coarse animal hair; horsehair yarn and woven fabric	60	4.3	2 - 10	0.0	3.6	0.8
52	Cotton	149	0.1	0 - 2	96.0	0.4	4.9
53	Other vegetable textile fibres; paper yarn and woven fabrics of paper yarn	34	1.4	0 - 2	29.4	0.9	0.6
54	Man-made filaments	85	1.3	0 - 10	80.0	3.2	2.4
55	Man-made staple fibres	143	6.8	2 - 10	0.0	3.9	0.6
56	Wadding, felt and nonwovens; special yarns; twine, cordage, ropes and cables and articles thereof	57	3.4	0 - 15	28.1	4.0	1.2
57	Carpets and other textile floor coverings	39	10.0	10	0.0	0.0	0.0
58	Special woven fabrics; tufted textile fabrics; lace; tapestries; trimmings; embroidery	51	6.1	0 - 10	39.2	4.9	0.8
59	Impregnated, coated, covered or laminated textile fabrics; textile articles of a kind suitable for industrial use	42	6.0	0 - 10	40.5	4.9	0.8

HS	Description	No. of lines	Averages (%)	Ranges (%)	Share of duty free lines (%) ^a	SD ^b	CV ^c
60	Knitted or crocheted fabrics	57	6.8	0 - 10	31.6	4.6	0.7
61	Articles of apparel and clothing accessories, knitted or crocheted	147	0.0	0	100.0	0.0	0.0
62	Articles of apparel and clothing accessories, not knitted or crocheted	194	0.0	0	100.0	0.0	0.0
63	Other made up textile articles; sets; worn clothing and worn textile articles; rags	76	9.1	0 - 15	10.5	3.3	0.4
64	Footwear, gaiters and the like; parts of such articles	78	10.9	0 - 15	10.3	4.4	0.4
65	Headgear and parts thereof	12	13.8	10 - 15	0.0	2.2	0.2
66	Umbrellas, sun umbrellas, walking-sticks, seat-sticks, whips, riding-crops and parts thereof	8	14.4	10 - 15	0.0	1.7	0.1
67	Prepared feathers and down and articles made of feathers or of down; artificial flowers; articles of human hair	8	14.4	10 - 15	0.0	1.7	0.1
68	Articles of stone, plaster, cement, asbestos, mica or similar materials	61	14.6	10 - 15	0.0	1.4	0.1
69	Ceramic products	45	11.0	2 - 15	0.0	6.0	0.5
70	Glass and glassware	130	7.2	0 - 15	2.3	5.4	0.7
71	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal, and articles thereof; imitation jewellery; coin	56	5.5	2 - 15	0.0	5.7	1.0
72	Iron and steel	344	0.3	0 - 2	86.9	0.7	2.6
73	Articles of iron or steel	240	6.3	0 - 15	54.6	7.2	1.2
74	Copper and articles thereof	59	0.0	0	100.0	0.0	0.0
75	Nickel and articles thereof	18	0.0	0	100.0	0.0	0.0
76	Aluminium and articles thereof	58	0.0	0	100.0	0.0	0.0
78	Lead and articles thereof	10	0.0	0	100.0	0.0	0.0
79	Zinc and articles thereof	11	0.0	0	100.0	0.0	0.0
80	Tin and articles thereof	6	0.0	0	100.0	0.0	0.0
81	Other base metals; cermets; articles thereof	67	0.0	0	100.0	0.0	0.0
82	Tools, implements, cutlery, spoons and forks, of base metal; parts thereof of base metal	98	10.3	10 - 15	0.0	1.1	0.1
83	Miscellaneous articles of base metal	42	12.5	0 - 15	7.1	5.0	0.4
84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	874	0.5	0 - 10	89.7	1.8	3.9
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	501	2.9	0 - 10	58.7	4.3	1.5
86	Railway or tramway locomotives, rolling-stock and parts thereof; railway or tramway track fixtures and fittings and parts thereof; mechanical (including electro-mechanical) traffic signalling equipment of all kinds	29	0.0	0	100.0	0.0	0.0
87	Vehicles other than railway or tramway rolling-stock, and parts and accessories thereof	184	3.6	0 - 15	42.9	5.6	1.5
88	Aircraft, spacecraft, and parts thereof	21	2.0	2	0.0	0.0	0.0
89	Ships, boats and floating structures	35	3.1	2 - 15	0.0	3.6	1.2
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or	241	1.5	0 - 10	59.8	2.8	1.8

HS	Description	No. of lines	Averages (%)	Ranges (%)	Share of duty free lines (%) ^a	SD ^b	CV ^c
	surgical instruments and apparatus; parts and accessories thereof						
91	Clocks and watches and parts thereof	51	15.0	15	0.0	0.0	0.0
92	Musical instruments; parts and accessories of such articles	30	2.0	2	0.0	0.0	0.0
93	Arms and ammunition; parts and accessories thereof	22	15.0	15	0.0	0.0	0.0
94	Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; lamps and lighting fittings, not elsewhere specified or included; illuminated signs, illuminated name-plates	77	6.6	0 - 15	50.6	7.3	1.1
95	Toys, games and sports requisites; parts and accessories thereof	62	7.1	0 - 15	46.8	7.4	1.0
96	Miscellaneous manufactured articles	69	12.1	0 - 15	17.4	5.8	0.5
97	Works of art, collectors' pieces and antiques	7	0.0	0	100.0	0.0	0.0

a Duty-free tariff lines as a percentage of total tariff lines.

b Standard deviation.

c Coefficient of variation.

Note: 2015 tariff schedule is based on HS12 nomenclature consisting of 9,674 tariff lines (at 11-digit tariff line level).

Source: WTO Secretariat calculations, based on data provided by the Albanian authorities.

Table A3.2 Tariff lines with applied MFN tariffs exceeding the bound rates, 2015

Tariff code	Product descriptions	2015 Applied tariff (%) ^a	Bound rates (%) ^b
27073000	Xylol (xylenes)	15	20 or 10 ^c
271099	Waste oils		
27109100	Containing polychlorinated biphenyls (PCBs), polychlorinated terphenyls (PCTs) or polybrominated biphenyls (PBBS)	10	5 or 10 ^c
27109900	Other	10	5 or 10 ^c
30061030	Sterile surgical or dental adhesion barriers, whether or not absorbable	6	0
3706	Cinematographic film, exposed and developed, whether or not incorporating soundtrack or consisting only of soundtrack		
370610	Of a width of 35 mm or more		
37061020	Consisting only of soundtrack; negatives; intermediate positives	2	0
37061099	Other positives	2	0
38247800	Containing perfluorocarbons (PFCs) or hydrofluorocarbons (HFCs), but not containing chlorofluorocarbons (CFCs) or hydrochlorofluorocarbons (HCFCs)	2	0
38259010	Alkaline iron oxide for the purification of gas	2	0
	Flat panel displays able to display signals from automatic data-processing machines with an acceptable level of functionality		
	Colour		
85285931	With a screen of the liquid crystal display (LCD) technology	2	0
85285939	Other	2	0
85285970	Other	2	0 or 10 ^c
	Not designed to incorporate a video display or screen		
	Other (other than video tuners)		
85287191	Apparatus with a microprocessor-based device incorporating a modem for gaining access to the Internet, and having a function of interactive information exchange, capable of receiving television signals	10	0
85287199	Other	10	0
90172039	Marking-out instruments	2	0 or 5 ^c

a The 2015 tariff is based on HS12 nomenclature.

b Final bound rates are aligned to the 2015 applied tariff schedule (HS12 nomenclature) by the Secretariat.

c One of the bound duties is higher than applied MFN rates.

Note: Tariff codes with applied MFN rates exceeding bound rates are identified using the 2015 applied tariff schedule (HS 2012) and the bound tariff schedule (HS 2007) using WCO correlation tables between HS 2007 and HS 2012.

Source: WTO Secretariat calculations, based on data provided by the Albanian authorities and the WTO CTS database.

Table A3.3 Tariff quotas of agricultural products based on preferential trade agreements to which Albania is a party**(a) Tariff quotas of agricultural products based on the CEFTA Free Trade Agreement**

CN code	Description	Quota (ton/hi)	2010		2011	
			Imported quantity	Quantity used (%)	Imported Quantity	Quantity used (%)
Montenegro						
0204	Meat of sheep or goats, fresh, chilled or frozen	100	0	0.0	0	0.0
020900	Pig fat and poultry fat	300	0	0.0	0	0.0
0210	Meat and edible meat offal, salted, in brine, dried or smoked	300	0	0.0	0	0.0
0403	Buttermilk, curdled milk and cream, yogurt, kephir and other fermented or acidified milk and cream	100	0	0.0	0	0.0
0405	Butter and other fats and oils derived from milk; dairy spreads	50	0	0.0	0	0.0
0406	Cheese and curd	100	0	0.0	0	0.0
0703	Onions, shallots, garlic, leeks and other alliaceous vegetables, fresh or chilled	100	0	0.0	0	0.0
0708	Leguminous vegetables, shelled or unshelled, fresh or chilled	100	0	0.0	0	0.0
16	Preparations of meat, of fish or of crustaceans, molluscs or other aquatic invertebrates	300	0	0.0	0	0.0
2007	Jams, fruit jellies, marmalades, fruit or nut purée and fruit or nut pastes	200	0.4	0.2	0	0.0
2009	Fruit juices (including grape must) and vegetable juices, unfermented and not containing added spirit	100	56	56.5	0	0.0
210500	Ice cream and other edible ice, whether or not containing cocoa	100	0	0.0	0	0.0
2201	Waters, including natural or artificial mineral waters and aerated waters, without sweetening matter/not flavoured	500	0	0.0	0	0.0
2202	Waters, including mineral waters and aerated waters with sweetening matter/flavoured	500	24	4.8	24	4.8
220300	Beer made from malt	1,000	0	0.0	12	1.2
2208	Undenatured ethyl alcohol; spirits, liqueurs and other spirituous beverages	200	0	0.0	0	0.0
Serbia						
0405	Butter and other fats and oils derived from milk; dairy spreads	200	0	0.0	0	0.0
04061080	Fresh (unripened or uncured) cheese	200	0	0.0	0	0.0
1001	Wheat and meslin	2,500	1,473	58.9	2500	100.0
1101	Wheat or meslin flour	2,500	2,500	100.0	2500	100.0
110313	Cereal groats and meal of maize (corn)	5,000	398	8.0	50	1.0
1601	Sausages and similar products, of meat	100	0	0.0	0	0.0
1902	Pasta or others such as spaghetti, macaroni, noodles, lasagne, gnocchi, ravioli, cannelloni; couscous	250	227	90.9	46	18.4
190531	Sweet biscuits	750	11	1.5	0	0.0
2007	Jams, fruit jellies, marmalades, fruit or nut purée and fruit or nut pastes	250	0	0.0	0	0.0
2009	Fruit juices (including grape must) and vegetable juices, unfermented and not containing added spirit	200	33	16.6	11	5.6
2104	Soups and broths and preparations	100	6	5.7	2	1.7
2105	Ice cream and other edible ice	100	100	100.0	51	50.6
2201	Waters, including natural or artificial mineral waters and aerated waters, without sweetening matter/not flavoured	200	0	0.0	0	0.0
2204	Wine of fresh grapes	200	0	0.0	0	0.0
230990	Preparations of a kind used in animal feeding	400	0	0.0	0	0.0
2203	Beer made from malt	200	0	0.0	0	0.0
22082012	Cognac	500	0	0.0	0	0.0
22082026	Grappa	200	0	0.0	0	0.0

CN code	Description	Quota (ton/ht)	2010		2011	
			Imported quantity	Quantity used (%)	Imported Quantity	Quantity used (%)
220870	Liqueurs and cordials	500	0	0.0	0	0.0
Former Yugoslav Republic of Macedonia						
040610	Fresh (unripened or uncured) cheese	50	0	0.0	0	0.0
04069029	Kashkaval	50	0	0.0	0.1	0.2
0702	Tomatoes, fresh or chilled	150	31	20.6	150	99.9
0707	Cucumbers and gherkins, fresh or chilled	100	14	13.8	4	4.0
080810	Apples	3,000	1,853	61.8	35	1.2
1601	Sausages and similar products, of meat	150	104	69.1	30	19.9
1602	Other prepared or preserved meat, meat offal or blood	100	2	1.9	23	22.8
1704	Sugar confectionery, not containing cocoa	200	31	15.4	14	6.9
Croatia						
0403	Buttermilk, curdled milk and cream, yogurt, kephir and other fermented or acidified milk and cream	50	0	0.0	1	1.5
040630	Processed cheese, not grated or powdered	100	0	0.0	0	0.0
040690	Other cheese	100	0	0.0	0	0.0
2201	Waters, including natural or artificial mineral waters and aerated waters, without sweetening matter/not flavoured	100	0	0.0	0	0.0
2007	Jams, fruit jellies, marmalades, fruit or nut purée and fruit or nut pastes	50	0	0.0	0	0.0
2009	Fruit juices (including grape must) and vegetable juices	200	0	0.0	0	0.0
22	Beverages, spirits and vinegar	500	0	0.0	0	0.0
240220	Cigarettes containing tobacco	100	0	0.0	0	0.0

Source: Based on data provided by the Albanian authorities.

(b) Tariff quotas of agricultural products based on the Free Trade Agreement (FTA) between the Republic of Turkey and the Republic of Albania

CN code	Description	Quota (ton/ht)	2010		2011		2012		2013		2014		2015	
			Imported Quantity	Quantity used (%)	Imported Quantity	Quantity used (%)	Imported Quantity	Quantity used (%)	Imported Quantity	Quantity used (%)	Imported Quantity	Quantity used (%)	Imported Quantity	Quantity used (%)
040630	Processed cheese, not grated or powdered	200	0	0.0	0.1	0.03	0.02	0.01	0	0.0	0	0.0	0	0.0
040690	Other cheese	100	1	0.6	1	1.1	1	1.3	0	0.0	0	0.0	0	0.0
04071100	Eggs for hatching	5,000,000	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
04071911														
04071919														
0409	Natural honey	100	99	98.8	1	1.2	0	0.0	0	0.0	0	0.0	0	0.0
070200	Tomatoes, fresh or chilled	200	200	100.0	200	100.0	200	100.0	74	36.9	200	100	200	100.0
070960	Fruits of the genus Capsicum or of the genus Pimenta	200	185	92.4	149	74.3	59	29.4	31	15.6	129	64.3	43	21.3
071080	Other vegetables, frozen	200	0	0.0	0.1	0.04	0	0.0	0	0.0	0	0.0	0.1	0.1
071290	Other vegetables; mixtures of vegetables, dried	200	0	0.0	0	0.0	0	0.0	0	0.0	0.1	0.03	0	0.0
071320	Chickpeas	150	1	0.9	2	1.1	2	1.2	0.1	0.1	0	0.0	0	0.0
071333	Kidney beans, including white pea beans	100	0	0.0	0	0.0	0	0.0	20	20.0	0	0.0	0	0.0
071340	Lentils	150	12	7.7	14	9.6	12	7.9	14	9.1	30	19.7	10	6.6
080232	Walnuts	100	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0.05	0.05
08024100	Chestnut whether or not shelled or peeled	100	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
08024200														
080420	Figs	200	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
080610	Grapes	200	3	1.5	3	1.4	4	1.8	0.2	0.1	6	3.0	6	2.9
0807	Melons (including watermelons)	200	0	0.0	0	0.0	0	0	0	0.0	0	0.0	0	0.0
080810	Apples	400	0	0.0	0	0.0	0	0	0	0.0	0	0.0	0	0.0
08092100	Cherry (including sour cherry)	200	0	0.0	0	0.0	0	0	0	0.0	0	0.0	0	0.0
08092900														
080930	Peaches	100	0	0.0	0	0.0	4	3.8	0	0.0	0	0.0	0	0.0
081110	Strawberries, frozen	200	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
081190	Other fruits, frozen	50	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
081310	Dried apricot	100	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0.4	0.4
0904	Pepper of the genus Piper; dried or crushed or ground fruits of the genus Capsicum or of the	50	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0.5	0.9

CN code	Description	Quota (ton/ht)	2010		2011		2012		2013		2014		2015	
			Imported Quantity	Quantity used (%)	Imported Quantity	Quantity used (%)	Imported Quantity	Quantity used (%)	Imported Quantity	Quantity used (%)	Imported Quantity	Quantity used (%)	Imported Quantity	Quantity used (%)
	genus Pimenta													
0909	Seeds of anise, badian, fennel, coriander, cumin or caraway; juniper berries													
0910	Ginger, saffron, turmeric (curcuma), thyme, bay leaves, curry and other spices													
081110	Strawberries, frozen	200	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
081190	Other fruits, frozen	50	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
081310	Dried apricot	100	0.02	0.02	0	0.0	0	0.0	0.4	0.4	1	1.0	0.3	0.3
0904	Pepper of the genus Piper; dried or crushed or ground fruits of the genus Capsicum or of the genus Pimenta Seeds of anise, badian, fennel, coriander, cumin or caraway; juniper berries Ginger, saffron, turmeric (curcuma), thyme, bay leaves, curry and other spices	50	0.2	0.4	1	2.0	0.3	0.5	0.5	0.9	2	3.1	2	3.1
1704	Sugar confectionery, not containing cocoa	1,000	1,000	100.0	1,000	100.0	1,000	100.0	1,000	100.0	1,000	100.0	803	80.3
1806	Chocolate and other food preparations containing cocoa	3,500	388	11.1	552	15.8	1,080	30.9	1,412	40.3	1,093	31.2	688	19.7
200110	Cucumber and gherkins, prepared or preserved	1,100	598	54.3	750	68.1	580	52.7	514	46.7	542	49.3	234	21.3
200190	Other prepared or preserved vegetables and fruits													
2002	Tomatoes prepared or preserved otherwise than by vinegar or acetic acid													
200590	Other vegetables and mixtures of vegetables, prepared or preserved													
2007	Jams, fruit jellies													
2008	Prepared or preserved fruit, nuts and other edible parts of plants													
2009	Fruit juices													
2105	Ice cream	50	50	99.8	50	99.8	50	100.0	50	100.0	42	83.2	41	82.6

Source: Based on data provided by the Albanian authorities.

(c) Tariff quotas of agricultural products based on the Stabilisation and Association Agreement between the European Communities and their member States, of the one part, and the Republic of Albania, of the other part

CN code	Description	Quota (ton/hl)	2010		2011		2012		2013		2014		2015		
			Imported Quantity	Quantity used (%)	Imported Quantity	Quantity used (%)	Imported Quantity	Quantity used (%)	Imported Quantity	Quantity used (%)	Imported Quantity	Quantity used (%)	Quota (ton/hl)	Imported Quantity	Quantity used (%)
04011010 04012011 04012091	Milk and cream, not concentrated nor containing added sugar or other sweetening matter												790	790	100.0
10019120 10019900	Common wheat and meslin Other	20,000	10,145	50.7	7,150	35.8	19,238	96.2	20,000	100.0	18,918	94.6	42,000	0	0.0
10059000	Maize (except seeds)												10,000	4,562	45.6
220410 220121	Sparkling wine In containers holding 2 litres or less	10,000	10,000	100.0	9,654	96.5	10,000	100.0	9,989	99.9	10,000	100.0	10,000	8,011	80.1
21032000	Tomato ketchup and other tomato sauces	60	60	100.0	60	100.0	60	100.0	60	100	60	100.0	60	60	100.0

Source: Based on data provided by the Albanian authorities.

Table A3.4 State-owned companies in Albania**Joint-stock companies with more than 50% state ownership**

No.	Name of company	Activities
1	Albpetrol	Oil extraction and implementation of hydrocarbons agreements
2	KESH	Manufacture, supply and regional exchange of electricity
3	OST	Transmission of electricity
4	OSHEE	Distribution of electricity
5	Kombinati Energjetik	Energy
6	Kripa	Concession (salt manufacturing)
7	Prodhim Këpuca	Leasing (shoe manufacturing)
8	Prodhim Mobilje	Leasing (tire sales)
9	Prodhim Veshje	Leasing (clothing manufacturing)
10	Berateks	Leasing (clothing manufacturing)
11	Prodhim Kabllo	Concession (electrical cable manufacturing)
12	Albcontrol (ish ANTA)	Provision of air traffic control services
13	Aeroporti "Nënë Tereza"	Monitoring of concession contracts
14	Hekurudha Shqiptare	Rail transport (passenger and freight)
15	Porti Detar (in Vlorë)	Port services
16	Porti Detar (in Shëngjin)	Port services
17	Porti Detar (in Sarandë)	Port services
18	Posta Shqiptare	Postal services
19	Regjistri Detar Shqiptar	Registration of vessels
20	Albturist TO	Leasing (commercial environments)
21	Alba Film Studio	Leasing (visual media) and management of film archive
22	Qendra Sportive	Administration of the palace of sport "Asllan Rusi", Tirana
23	Albkontrolli	Control of mineral products
24	Qendra e Regjistrimit të Aksioneve	Registration of stocks
25	Duhan Cigare	Leasing (shoe manufacturing)
26	Tipografia Ushtarake	Leasing (printer media)
27	NPV Ushtarake	Military
28	Trajtimi i Studenteve Nr. 1 (Tirana)	Student accommodation and services
29	Trajtimi i Studenteve Nr. 2 (Tirana)	Student accommodation and services
30	Trajtimi i Studenteve Nr. 3 (Tirana)	Student accommodation and services
31	Trajtimi i Studenteve (Gjirokastër)	Student accommodation and services
32	Trajtimi i Studenteve (Korçë)	Student accommodation and services
33	Trajtimi i Studenteve (Elbasan)	Student accommodation and services
34	Trajtimi i Studenteve (Shkodër)	Student accommodation and services
35	Trajtimi i Studenteve (Vlorë)	Student accommodation and services
36	Tregu i Shitjes me shumicë Fruta Perime (Vlorë)	Marketing fruits and vegetables
37	Tregu i Shitjes me shumicë Fruta Perime (Shkodër)	Marketing fruits and vegetables
38	Albminiera	Closing and conservation of mining sites
39	INSIG	Insurance services

Joint-stock companies with up to 50% state ownership (2014 and 2015)

No.	Name of company	City	State ownership %
1	Sh.A. "Armo"	Tiranë	15
2	Sh.A. "AlbteLEKom"	Tiranë	16.8
3	Sh.A. "Arteksportimport"	Tiranë	49
4	Sh.A. "Industrialimpeks"	Tiranë	49
5	Sh.A. "Prodhim Material ndërtimi"	Elbasan	36.4
6	Sh.A. "Frigoriferi"	Durrës	49
7	Sh.A. "Bloja"	Tiranë	7.35
8	Sh.A. "Uzina Dinamo"	Tiranë	13.38
9	Sh.A. "Euromag 2000"	Durrës	49
10	Sh.A. "Mika"	Korce	37.98
11	Sh.A. "Buka"	Tiranë	45.9
12	Sh.A. "Tarabosh"	Shkodër	42.8
13	Sh.A. "Rekor Albania"	Gjirokaster	15

Limited liability companies

No.	Name of the company	State ownership %
1	Agrigosë , Kavajë	17.27
2	Argjiro Tabacco Gjirokastër, shpk	43.37
3	ALMOD , Shkozë, Durrës, shpk	81.83
4	Coca Cola Shpk, Tiranë	2.65
5	Disko Bar Lux shpk, Tiranë	20
6	Euro Gren shpk , Tiranë	29
7	Euroteorema shpk Peqin	30
8	Foralb Alabastër shpk, Kavajë	25
9	Interkinex shpk, Tiranë	20
10	Ital druri shpk, Elbasan	18.07
11	KAP shpk, Kavajë	17.5
12	Qendra Tregtare dhe e Zhvillimit Kulturor (QTZHK), Tiranë	45.11
13	S Saranda shpk	30
14	Siav Konstruksion, Vlorë	45.11
15	Trans Albania shpk, Tiranë	49
16	Super beton shpk, Tiranë	30
17	Cement Factory shpk, Elbasan	20.69
18	United Quarriers (Guri gëlqeror) shpk, Elbasan	13.09
19	Elber Elbasan	100

Source: Information provided by the Albanian authorities.