

**GENERAL AGREEMENT
ON TARIFFS AND TRADE**

RESTRICTED
L/7613
25 January 1995
Limited Distribution

(95-0120)

Original: English

ACCESSION OF ALBANIA

Memorandum on the Foreign Trade Regime

The attached Memorandum on the Foreign Trade Regime has been received from the Government of Albania.

In order that the matter may be examined by the Working Party on Albania's accession to GATT (L/7154/Rev.1), contracting parties are requested to communicate to the Secretariat by 6 March 1995 any questions they may wish to put concerning the matters dealt with in the Memorandum, for transmission to the authorities of Albania.

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I. INTRODUCTION

This Memorandum is submitted as part of the documentation required for Albania's accession negotiations to the General Agreement on Tariffs and Trade (GATT) and the World Trade Organization (WTO). The Memorandum presents detailed information on Albania's trade regime.

In the framework of economic reforms that Albania began three years ago, the trade regime underwent a complete transformation. Trade was one of the key sectors where the establishment of a market-based economy began. Steps were taken quickly, making possible significant liberalization and privatization of trade. The result is a trade regime with a simple tariff structure relatively low tariff levels, virtually no quantitative restrictions and a completely different role for the State in regulating trade activity. There is still much to be accomplished, such as rebuilding trade-related infrastructure, and improving services related to trade, such as trade finance, but a great deal of progress has been made in relatively little time.

One of the priorities of economic reform is the integration of Albania in the international economic community. Participation in multilateral economic institutions is an important part of this process. While Albania is already a member of the principal multilateral financial institutions - the International Monetary Fund, the World Bank, the European Bank for Reconstruction and Development - no comparable step has been taken in the trade area. In addition, the Albanian Government believes that membership in GATT/WTO will contribute to the promotion of Albanian exports in international markets, and to the creation of a stable and predictable trade regime, thereby making Albania a more attractive location for foreign investors and traders, and stimulating further economic development. For these reasons, the Albanian Government considers early GATT/WTO membership to be one of its most important economic and foreign policy objectives.

The present Memorandum describes the current trade regime. During this period of transformation, however, laws and other legal acts are being developed and revised. Albania will inform the Working Party as changes occur.

II. ECONOMY AND FOREIGN TRADE

A. Economy

1. General description of economic environment

(a) Geography, climate, population

The Republic of Albania is located on the western edge of the Balkan peninsula. Albania is bordered by the Former Yugoslavia to the north, FYR Macedonia to the east, Greece to the south, and the Adriatic and Ionian seas to the west. At its closest point Italy lies only 70 kilometres to the west. Albania has a surface area of 28,748 square kilometres.

About 70 per cent of Albania's surface area is covered by mountains or hills. The average altitude - 708 metres - is about two times greater than the European average. The climate is Mediterranean. Summers are dry and hot, while winters are typically cool and rainy. Average annual rainfall is 1,300 mm.

The population of Albania is about three and a quarter million (113 inhabitant per square kilometre). Almost as many ethnic Albanians (three million) live outside of the Republic as inside. About 70 per cent of the total population still lives in the countryside, though the capital city of Tirana and other principal cities have attracted inflows in recent years. The population is growing at a rate

of 19 per 1,000 inhabitants (16.5 in the city and 21.4 in the country). Albania's population is young. Approximately 58 per cent of the population are of working age, while 33 per cent are below; less than 10 per cent (9.6) are above.

(b) Historical considerations

While Albania's experience with Communist government from 1944 to 1992 was broadly similar to that of other countries in Central and Eastern Europe, it was also unique in some important respects. First, the State exercised total control of economic assets, from factories in the cities to farm implements and animals in the countryside. This meant that when Albania began the process of introducing private ownership, everything was to be done and there was no experience to go on.

Second, during the last two decades of the Communist period, Albania followed one of the most rigid policies of economic autarky in the world. The main results of this policy were the gradual deterioration of Albania's infrastructure and other economic assets, and the impoverishment of the Albanian people. Currently, Albania has a per capita income of approximately \$350 per annum, and is the only least-developed country in Europe.

(c) Institutional responsibilities in the trade area

The main governmental institutions engaged in international trade matters are:

- Ministry of Industry, Transport and Trade

Responsible for trade policy development and coordination. Negotiates bilateral and multilateral economic agreements (trade, investment, economic and scientific cooperation etc.). Issues licences for the few commodities that are subject to export licence. Oversees the operations and ongoing privatization of Albania's remaining state trading enterprises. Proposes policy initiatives for small and medium enterprise development and for industries under its responsibility - mainly light industries such as textiles, wood products, art objects, etc.

- Ministry of Finance

In the trade area, charged with financial and fiscal policy related to trade, and supervising implementation of the fiscal regime in commercial activities.

- General Customs Office

Under the auspices of the Ministry of Finance, the Customs Office is charged with organizing, implementing and managing customs activity.

- Ministry of Agriculture

Charged with the formulation of agricultural policy

- Ministry of Natural Resources and Energy

Formulates industrial policy, identifies rules and procedures for privatization of certain activities under its responsibility, as well as conditions for attracting foreign investment.

(d) Division of authority between central and sub-central governments

Albania's 10 Ministries, as the central organs of State administration, are responsible for developing, proposing and executing policies under the direction of the Council of Ministers. Local power is exercised through prefectures, 314 communes and 43 town halls. Sub-central governments play an important role in a number of economic policy areas, such as taxation, privatization, foreign investment, government procurement and tourism. The division of authority between central and sub-central government in these areas is discussed more fully below in each corresponding section.

2. Economic situation and policies

Only two years ago, Albania was in the midst of profound economic and social crisis: GDP had dropped by more than 50 per cent over the preceding two years, inflation was rising at a monthly rate of 10-15 per cent, and widespread food shortages threatened the social order. The financial position of the government was extremely precarious. Tax revenues were falling sharply in parallel with production while social safety expenditures soared. In 1991-92, the fiscal deficit exceeded 40 per cent of the GDP.

In mid-1992, Albania initiated a comprehensive economic stabilization and reform programme with the assistance of the international lending institutions and various bilateral donors. Economic stabilization has largely been achieved. At end 1993, retail prices grew by a relatively manageable 30 per cent (down from 236 per cent at end 1992), the fiscal deficit represented 16 per cent of GDP (versus 44 per cent at end 1991), and the freely floating lek/dollar exchange rate was in its fourteenth month of holding steady at about 100:1. Unemployment was estimated at 20 per cent, down from 50 per cent or more in 1991. Production also began to recover in 1993. By the end of the year, the economy had marked real GDP growth of about 11 per cent.

It is noteworthy that the private sector has been the engine of recovery, especially agriculture (14 per cent growth in 1993), construction and transport services, while production by State enterprises has continued to fall.

The pillars of Albania's economic reform programme have been price, exchange, and trade liberalization; fiscal control; monetary restraint; and the rapid privatization of agricultural land and small enterprises. Great progress has been made in the liberalization of prices. One of the first steps under the reform programme was to decontrol prices accounting for about 75 per cent of the urban consumption basket. By April 1994, prices representing 96 per cent of the urban consumption had been liberalized. Except for controls on four basic food commodities (flour, bread, sugar, rice) and a limited number of non-food items provided by State entities (energy, medicines, telecommunications, urban transport, some housing), all wholesale and retail prices have been freed. Even for commodities and other items subject to controls, the Government has taken steps to bring prices closer into line with real costs.

Another successful element of the reform programme was the introduction of a floating exchange rate. Within several days after liberalization, the lek depreciated to about 130 per United States dollar versus lek 7 per dollar at the previously controlled rate. By the end of 1992, the lek had appreciated to about 100 per United States dollar where it remained through the first quarter of 1994. Since then, the lek strengthened somewhat, and at mid-year was trading at about 90 per United States dollar.

Finally, the rapid privatization of agricultural land and small enterprises provided great impetus for economic stabilization and sustained growth. Virtually all arable land, small retail units and small service activities are now in private hands.

B. Foreign trade

1. Role of foreign trade in the economy

The liberalization of the trade regime has played a key role in Albania's economic reform efforts. Albania has chosen a relatively rapid, far-reaching approach to trade liberalization recognizing that an open trade regime will help attract foreign investment, stimulate growth and employment, and contribute to the efficient allocation of resources. In particular, it is recognized that in order for Albanian products to be competitive internationally, Albanian firms need the stimulus of producing in a competitive home environment.

Albania's trade policy consists of the following objectives:

- contribute to the creation of a free-market economy;
- build a regulatory framework to support a free market;
- strengthen the efficiency of product circulation;
- encourage the growth of business, exports and foreign investment;
- build a legal framework to support economic transformation; and
- integrate Albania's economy in the world economy.

Albania is taking the following steps towards the achievement of these objectives:

- liberalize the trade regime
- privatize foreign trade enterprises;
- conclude economic agreements with foreign partners;
- undertake special projects to improve trade performance;
- reorganize the Chamber of Commerce; and
- encourage the creation of private business associations.

Trade occupies an important place in Albania's economy. In 1993, exports represented 12.3 per cent of GDP and imports 42.2 per cent (57.3 per cent if food aid is included). There are strong signs that an open trade regime has contributed to:

- A dramatic expansion in goods and services available to Albanian consumers.

In 1990-91, many of the most basic commodities and services were extremely difficult if not impossible to find. Now, basic commodities are plentiful and there is an evergrowing supply of refined and high-tech products.

- A reduction in the growth of prices.

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95-0121 MF	E F S	Spec(95)002	confidential - special distribution only
95-0122 MF	E F S	G/TBT/Notif.95.013	
95-0123 MF	E F S	G/TBT/Notif.95.014	
95-0124 MF	E F S	G/TBT/Notif.95.015	
95-0125 MF	E F S	G/TBT/Notif.95.016	
95-0126 MF	E F S	S/NGMTS/W/002/Add.04	
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There are many other factors at work here, but the strong improvement of supply of both imported and domestic goods has played a role.

- The growth of private sector activity.

One indication of this is that private traders now handle approximately half of all exports and imports.

- The development of products for export.

This is still in its early stages, but there are signs that certain new or "pioneer" exports (such as shoes) have had success on foreign markets and have contributed to a recovery in export revenues.

- State revenue.

One of the most important sources of revenue for the state budget is duties in imports. In 1993 duties on imports amounted to lek 3.6 billion, representing 11.1 per cent of total budget revenues (including counterpart funds and non-tax revenues), and 27 per cent of tax revenues. By eliminating import quotas in favour of a relatively simple, open system based on duties, Albania has encouraged imports and thereby contributed to greater revenues for the State.

2. Foreign trade performance: volume, balance, structure, dynamics

Like other countries in transition, Albania initially experienced a collapse in both imports and exports. From 1990 to 1991 overall trade volume (imports plus exports) dropped sharply from US\$867 million to US\$312 million. Since then, overall trade has recovered somewhat - US\$394 million in 1992, US\$693 million in 1993 - but is still below the average annual trade volume for the period 1980-1990 (US\$787 million).

The trade balance has been negative throughout the transition period as exports lagged and Albania increased imports of needed consumables and investment goods. Over the past two years, 1992 and 1993, the trade deficit has held steady at about \$450 million.

The recovery of domestic agriculture over the past two years has permitted the structure of imports to shift from a preponderance of food aid and emergency assistance towards more consumer durables and investment goods, such as machinery and equipment. In 1993, Albania's main exports were fuels, minerals and metals (20.5 per cent of total exports), and fruits, vegetables and meats (6.5 per cent). The main imports were machinery and equipment (29.2 per cent) and foodstuffs (10.1 per cent).

Albania's trade is heavily oriented towards Europe: 91 per cent of exports and 96 per cent of imports in 1993. Italy is by far Albania's most important trading partner, accounting for about 26 per cent of Albanian imports and 41 per cent of exports in 1993. The other main trading partners are Greece, 15.4 per cent of imports and 18 per cent of exports, and Macedonia, 11.4 per cent of exports and 3.3 per cent of imports.

III. FOREIGN TRADE REGIME

A. Import regulations

1. Evolution and overview of customs authority

During the Communist period, the role of the customs authority was insignificant, limited to the control of passengers and their bags crossing the border. There were no laws giving the Customs Office the authority to control the import and export of goods, or levy tariffs. Imports and exports were classified according to a national nomenclature system, but for statistical purposes only.

In 1990, the Customs Office was empowered to exercise control over all individuals and objects passing the border of the Republic of Albania. Based on this authority, the Customs Office collects certain duties, tariffs and surcharges for its own account:

- import and export duties on commodities;
- service tariffs for services rendered by the Customs Office; and
- fixed surcharges (5 per cent of customs value) for all imports except flour and wheat, Law 7732, 20 July 1993.

In addition, the Customs Office collects certain other taxes for the account of other State administrations:

- turnover taxes on commodities in circulation (15 per cent);
- excise taxes on certain commodities (a complete listing is included in Law 7797 of 23 February 1994, "On Excises in the Republic of Albania");
- airport taxes on local and foreign passengers;
- road taxes;
- circulation taxes;
- tax on foreign vehicles in circulation;
- vehicle insurance taxes, collected at the border, for temporary entry and transit.

2. Types of duties

Albanian law provides for three basic types of duties:

- ad valorem (calculated as a percentage of value);
- specific (calculated as a fixed amount per unit); and
- compound (a combination of ad valorem and specific).

In practice, almost all duties are ad valorem. Specific duties are applied to the import of vehicles; currently the compound duties are applied only for used vehicles.

In addition, the Customs Code provides for the application of certain other duties in special cases:

- anti-dumping duties;
- countervailing duties; and
- special customs duties.

3. Nomenclature

Albania is developing a customs nomenclature based on the Harmonized System (HS). It is expected that classification up to six figures will come into effect in early 1995, and that "explanatory notes" for this nomenclature will be completed by July 1995. The legal basis for Albania's nomenclature is the Law on Customs Tariffs (No. 7609 of 22 September 1992) and the Customs Code (established by Law No. 7599 of 2 September 1992).

4. Evolution of tariff structure

The first tariff classification, created in 1991, consisted of four commodity groups and five tariff levels.

1.	Food products	10%
2.	Non-food products	20%
3.	Textiles	15%
4.	Machinery, equipment	30% (new) 20% (used)

Tariffs were calculated as a percentage of local retail prices.

A desire to introduce greater flexibility led the customs authority, at the end of 1991, to expand these four groups to thirteen.

1.	Raw material for the production of consumption goods for light and food industries	5%
2.	Basic food consumption goods	5%
3.	Processed food articles	10%
4.	Processed goods for industrial use (textile, etc.)	10%
5.	Electrodomestic goods (radio, TV set, video recorder, refrigerators, tapes, washing machines etc.)	10%
6.	Processed industrial goods (jewels, watches, artistic works, etc.)	30%
7.	Raw material as input for production	5%
8.	Machinery and equipment	5%
9.	Books, magazines, newspapers, raw material for publication and indispensable school articles	5%
10.	Tobacco, cigarettes, alcoholic and non-alcoholic drinks and coffee	10%
11.	Other goods not included in the aforementioned groups	20%
12.	New vehicles of all sorts	20%
13.	Used vehicles: fixed tariffs in leks according to the kind of vehicle	

It may be noted that in moving from four groups to 13, no tariff levels were increased, and the tariff level for many items was reduced, in some cases significantly (e.g., machinery and equipment).

This 13-group structure made possible a more detailed classification, but did not completely avoid the problem of combining different commodities within the same group. Tariffs were calculated in lek or hard currency, based on the hard currency purchase price converted into leks at the rate prevailing on the date of presentation of the customs declaration.

The current tariff schedule consists of 102 commodity groups (chapters and sub-chapters) divided among four tariff levels: 0, 5, 20 and 30. (As noted above, there is a 5 per cent surcharge on all imports except flour and wheat.)

Tariff level	No. of chapters	No. of sub-chapters	Total
0%	2	2	4
5%	38	4	42
20%	29	2	31
30%	22	2	24
(reserve)	1	-	1
	92	10	102

(For complete tariff schedule, see Annex C.)

In 1993, the weighted average tariff levels for the main commodity groups were:

Chapters	Description	Tariff
01.00-24.00	Food substances directly extracted from nature	15.8%
25.00-40.00	Minerals and chemicals, plastic materials and their products	6.2%
41.00-71.00	Processed goods classified according to their constituent materials	16.9%
72.00-83.00	Metals and their by-products	12.9%
84.00-97.00	High technology goods	12.3%

For 1993, the overall weighted average tariff level for imported goods was 12.55 per cent.

5. Tariff preferences

Currently, Albania issues no tariff preferences. Law No. 7609 of 22 September 1992 (Article 22) provides for the application of preferential tariff measures (reduction or suspension of import duties or taxes, increase of quotas) in the framework of preferential trading arrangements (e.g., customs unions, free-trade zones or agreements).

6. Quotas, licences and other non-tariff measures

The import of certain products is prohibited for reasons of health, safety and public order (arms, munitions, toxic wastes, pesticides, seeds, etc.). Otherwise, there are no quotas, licences or other non-tariff measures for imported goods.

7. Taxation regime

In the application of its tax regime, Albania adheres to the principle of national treatment. Products imported into Albania are not subject to taxes or other internal charges which do not apply to like Albanian products, or which exceed those applied to like Albanian products.

The basic elements of Albania's current tax regime were set in place in 1992 with the passage of laws on turnover tax, profit tax, excise tax and on the taxation of physical persons dealing in trade, artisan services, transport etc. In 1994, a law on property tax was passed. The Government expects to submit in 1995 a law on "value added tax" (VAT) to replace the turnover tax.

The law on turnover tax applies to all commodities, services and construction activities sold in Albania. Generally the rate is 15 per cent. However, for commodities sold within the same economic branch (for example cloth sold to a clothes manufacturer), and commodities and services destined for export the rate is zero. For sales outside of the economic branch the rate is 20 per cent.

Profits of domestic and foreign, juridical, private and State entities are, in general subject to a 30 per cent tax. Higher rates apply to profits from tourism (40 per cent) and from the exploitation of offshore petroleum and gas (50 per cent). Joint ventures involving Albanian and foreign participation, and wholly foreign-owned ventures established before 20 March 1993 are not subject to profit taxes until the end of 1995. Joint ventures and wholly foreign-owned enterprises established after 20 March 1993, which are engaged in productive activity for more than ten years, are exempt from profit taxes for the first four years after the beginning of production.

Excise taxes are applied to a range of commodities such as tobacco, cigarettes, alcohol, alcoholic and non-alcoholic beverages, electricity, and petroleum by-products. Excise tax rates range from 20 to 100 per cent (see complete list at Annex D). The following commodities are exempt from excise taxes: imported kerosene, commodities subject to turnover taxes, and those destined for export except unprocessed leather and tobacco.

A small business tax is applied to small traders, shop owners, employees of small service providers, and individuals engaged in transportation. Fees are calculated on the basis of annual income from sales (for example 3 to 6 per cent for owners of small shops), or are set at a fixed annual rate (\$110 to \$120 for traders selling from carts, etc.).

The Law on Personal Income Tax establishes tax obligations for wages, emoluments for individual services, income from the loan of different objects such as warehouses, shops, land etc., as well as all other sources of personal income. Wages and emoluments for individual services rendered to third parties are subject to taxation if they exceed \$40 per month. All income levels are subject to a

20 per cent tax rate, with the exception of income for creative work (5 per cent). Personal income taxes do not apply in cases where a bilateral agreement on elimination of double taxation is in place.

The Law on Property Taxation applies to agricultural land and buildings, whether private or State owned. Taxes on agricultural land range from \$15-60 per hectare per annum taking into account the land's location, fertility, etc. Taxes on buildings are calculated taking into account the kind and purpose of the building, its surface area, etc.

Albania's entire tax regime is administered by 1000 officials from which 600 in the tariff offices and 400 in the customs offices.

8. Customs valuation

Article 15 of the Law on Customs Tariffs states that the calculation of customs duties for imported commodities shall be made on the basis of:

- relevant tariff (as set out in the tariff schedule);
- customs value;
- origin (for commodities benefiting from preferential trade arrangements)

The customs value of an imported good consists of the transaction value, as indicated in the purchase receipt, plus transport expenses.

During the past two years, customs authorities have often encountered the problem of importers presenting receipts indicating a lower price than the real purchase price or a lower price than what is considered to be the real value. To counter this problem, the Customs Office is authorized to contradict the purchase price presented by the importer in the event it is lower than a minimum price as determined by Decree of the Council of Ministers (Decree 82 of 2 March 1994 partially amended by Decree 94 of 11 March 1994 and Decree 314 of 11 July 1994). Only certain groups of commodities are subject to such minimum prices (see Annex E for complete list).

9. Rules of origin

Based on Article 18 of Law 7609, a good's country of origin is determined by applying the following test:

- If a good is totally produced in a single country, that country is the country of origin.
- If two or more countries have been involved in production of a good, the place of origin is the country of principle transformation. Principle transformation is determined taking into account changes in the tariff nature of the good, and total increase in basic value, and technological and industrial processes used in transforming the commodity.

Documents certifying country of origin are required in all cases, particularly in cases involving preferential tariffs or other preferential measures from bilateral or multilateral agreements.

10. Customs formalities

Generally, imported goods clear customs in two steps: (1) at the border; and (2) at a customs office near the point of destination where a more detailed inspection takes place. More specifically, importation involves the following steps.

1. At the border:
 - Presentation of a written "Declaration of Internal Transit" which describes the kind of goods being imported the quantity and their destination.
 - Presentation of a transport document and purchase receipt.
 - Depending on the kind of goods being imported, presentation of documents certifying origin, quality, phytosanitary standards, etc.
2. Transit of goods from the border to the destination customs office requires an insurance guarantee.
3. Upon arrival at the destination customs office, the importer must submit a detailed written declaration for the imported goods called a "General Administrative Document".
4. The above documents must be original, and the owner or an agent of the owner must be present during customs control.

11. Standards and certificates

The Customs Office requires the submission of a certificate attesting that the imported good meets certain quality standards. The same minimum quality standards apply to Albanian goods and imported goods.

The application of standards is mandatory for:

1. Medical equipment
2. Raw materials, food industry products and their packaging.
3. Pharmaceutical products
4. Energetics and electronics
5. Petroleum, gas and some by-products
6. Mineral extracting and processing
7. Metallurgy
8. Mechanics
9. Certain energy, electronic, radio, and communication equipment
10. Various chemical products
11. Various glassworks, ceramic products
12. Various wood works
13. Various agricultural and stock-breeding products
14. Various textile products
15. Various leather products
16. Various construction materials
17. Various kinds of packaging
18. Certain products intended for arts, culture and sports
19. Standards for methods of quality analysis, technical conditions for production, and terminology.

Standards for other products exist but are not mandatory.

Imports of new commodities must be accompanied by a quality certificate, otherwise they are subject to analysis in laboratories accredited by the Department of Standards and Quality. In some

cases, such as for food products, an imported product accompanied by a quality certificate is also subject to laboratory analysis. In such cases, it is the duty of the quality control office to take samples from these commodities and send them to the aforementioned laboratories.

The Chamber of Commerce is, in general, authorized to verify the Albanian origin of exports for purposes of rule of origin. In the case of textiles exported to countries of the European Union under the bilateral treaty on textiles, the General Customs Office is authorized to verify Albanian origin.

12. Sanitary and phytosanitary measures

The import of all animals and stock-breeding products requires prior veterinary control at the border and at an interior veterinary control centre (Order No. 233 of the Minister of Food and Agriculture and the Minister of Finance). After these veterinary controls have been made, confirming that the product is fit for use and consumption, documentation is presented to the nearest destination customs office.

After clearing customs, but before selling, imports are controlled in a specialized independent laboratory to ensure conformity with standards, quality and hygiene.

Imported herbs are controlled at the border.

B. Export regulations

1. Nomenclature of export tariffs

The same tariff codes are used for exported commodities as for imported commodities (see above Sections III A. 3 and 4).

2. Types of export taxes

Law No. 7825 of 18 May 1994 provides that commodities that are exported from Albania are not subject to export taxes. However, excise taxes are imposed on exports of two commodities - unprocessed leather and tobacco - at a rate of about 100 per cent of their customs value. Law No. 7678 of 9 March 1993 provides that these excise taxes will be collected until the end of 1994.

3. Types of export tariffs

There are no export tariffs *per se*; only excise taxes on exported tobacco and unprocessed leather as noted in the preceding section.

4. Export licensing system

An export licensing system was established in Albania for the first time at the end of 1991 (Decree of the Council of Ministers No. 327, of 28 August 1991). At that time, 44 commodity groups were subject to export licence.

From 1992 until the present, the number of the commodities under export licence was significantly decreased aiming at further liberalization in the trade regime.

In the second half of 1992, the list of commodities under export licence was reduced to six groups, while the export of five other groups was prohibited. In the second half of 1993, the number of commodities subject to export prohibition increased to nine.

Currently, the commodities under licence or prohibition are as follows (Decree No. 135 of 29 March 1994: "Trade Export-Import Regime from and towards the Republic of Albania").

Requiring licence:

1. Timber, fire wood, charcoal
2. Unprocessed tobacco
3. Petrol, gasoline, benzine

(This group of commodities represent less than 1 per cent of the total value of Albanian exports).

Prohibited:

1. Residues and scraps of precious metals
2. Residues and scraps of pig iron and steel
3. Residues and scraps of coloured metals.

The motivations for applying export controls on the above commodities are as follows:

For timber: To preserve limited resources. During the past several decades, timber resources were not well maintained, and steps were not taken to regenerate supplies. In addition, many forests were uprooted in order to expand arable land.

For oil, petroleum: To ensure domestic supply at a time when demand is much higher than supply, and Albania faces constraints on its ability to import significant quantities.

For unprocessed tobacco: To ensure supply for the domestic tobacco processing industry.

For residues and scraps of precious metals, coloured metals, etc.: In recent years, Albanian machinery, equipment and industry were in some cases destroyed as people stripped them of such metals.

The Ministry of Industry, Transport and Trade is authorized to issue the above licences.

C. Export subsidies

Albania does not maintain export subsidies.

D. Regulation of trade in transit

Article 50 of the Customs Code defines the regime for trade in transit. There are three basic cases where this regime applies:

- for commodities transiting the territory of Albania with a destination in another country (international transit);
- commodities intended for local consumption, and which clear customs at an inner customs office or at the border; and
- imports that are processed and re-exported.

Under this regime, vehicles and commodities may circulate duty free during transit but are subject to road taxes as follows:

For non-Albanian vehicles:

- for personal cars US\$1 per day;
- for buses US\$0.002 per passenger kilometre, or not less than US\$5 per day;
- for trucks US\$0.002 per ton kilometre or not less than US\$8 per day; when trucks travel unloaded they pay 50 per cent of the tax.

Albanian vehicles are subject to a road tax of 16 per cent of the retail price of benzine and gas oil.

Commodities circulating under this regime require documentation providing data on the commodity, transporter and destination, and must be accompanied by receipts/invoices.

IV. POLICIES AFFECTING FOREIGN TRADE

A. Privatization

Recent trends

A critical part of Albania's economic transition is the programme to privatize most of the State enterprise sector. This undertaking, difficult for any country in transition, has been especially challenging in Albania given that under the communist regime State ownership and control of economic activity was absolute. Unlike some countries in transition, where there had been at least a degree of private or semi-private activity in certain sectors, Albania began its privatization efforts with no recent experience with private ownership and entrepreneurial activity. Further complicating matters, many public objects which could be considered for privatization are in a serious state of disrepair and based on outdated technology.

Despite these obstacles, over the past several years a great deal of progress has been made. By the end of 1993, over 90 per cent of agricultural land and about 50 per cent of small and medium enterprises had been privatized. Through August 1994, a total of 34,172 public units (objects and enterprises) had been sold generating proceeds of roughly US\$45.5 million. As discussed further below, the privatization of state foreign trading enterprises is well underway and should be complete by the end of 1994. The latest data on national employment indicate that about 64 per cent of employed Albanians are now working in the private sector (670,000 out of 1,045,000). It is estimated that private activity at the end of 1993 represented about 5.5 per cent of GDP, with the strongest contributions coming from private agriculture, trade, construction and transport. Privatization has also contributed to the Government's largely successful efforts to bring the fiscal deficit under control (reduced from 44 per cent of GDP in 1991 to 5 per cent through mid-1994). On the revenue side, private sector activity in the first six months 1994 generated approximately 19 per cent of total budget revenues.

Policy and objectives

Considering the important relationship between privatization and other components of economic reform, Albania is working to ensure that privatization is harmonized with price liberalization, financial

and banking system reform, development of telecommunications, establishment of a capital market, etc.

Efforts are being made to implement privatization in a way that is rapid, transparent and socially just, and to ensure that a number of other objectives are achieved, including:

1. Increasing the economic efficiency of productive resources and promoting the owners of these resources.
2. Decreasing State participation in economic activity and increasing competition in the market.
3. Decreasing budget expenditure in loss-making enterprises.
4. Facilitating equal participation of foreign and domestic investors through the use of simple procedures.

In the coming months and years, the Government will seek to build on the generally successful privatization of small and medium enterprises (up to 300 employees or up to US\$500,000 in long-term assets), and to make progress in the privatization of large enterprises.

Institutional and legal framework

Since August 1991, the Law on Private Ownership and Free Initiative, as amended, has served as the basic legal instrument for privatization. This Law authorizes the National Agency for Privatization (NAP) to carry out its activities. The work of the NAP is overseen by the Council of Ministers through the Management Board of NAP, a body of 13 senior government officials.

To promote rapid privatization, the process has been decentralized so that district branches of NAP play an active role in decision making.

Privatization has had to take into account the problem of compensating former private owners of State properties or of objects that were located on such properties. The Law on Restitution and Compensation No. 7698 of 15 April 1993) aims at giving back properties to former owners or compensating them in some other way if the property was occupied or destroyed. Their compensation occurs in different forms: in kind with other similar lands or by vouchers.

The direct legal framework or related to privatization in Albania include:

- Law No. 7512, 10 August 1991 "For protection of private ownership and free initiative, independent private activity and privatization"
- Law No. 7698, 15 April 1993 "For restitution and compensation of properties, expropriators"
- Law No. 7638, 19 November 1992 "On commercial companies"
- Law No. 7631, 29 October 1992 "On State enterprises bankruptcy"
- Decree No. 284, 25 June 1992 "For restarting the privatization process"

- Decree No. 190, 16 April 1993 and No. 308, 30 June 1994 "For reorganization of National Agency of Privatization"
- Decree No. 248, 27 May 1993 and No. 234 24 May 1994 "For some measures in accelerating the privatization of small and medium enterprises"
- Decree No. 232, 24 May 1994 "For privatization of Albanian State right in joint-ventures"
- Decree No. 184, 4 May 1994 "For giving of the property compensation to the political ex-punished and persecuted people from the Communist regime"
- Decree No. 386, 26 July 1993 "For renting of State-owned objects"
- Decree No. 47, 7 February 1994 "For criterias of evaluation of State enterprises that will be privatized".

B. State foreign trading enterprises

Under the previous regime, Albania's State Foreign Trading Enterprises (SFTes) enjoyed a monopoly over all import and export activities. That monopoly ended in 1991 with the passage of the Law on State Enterprises which gave all enterprises in Albania, both private and State-owned, the right to import or export freely without any obligation to go through SFTes, and more generally proclaims the freedom of all enterprises to conduct their business in accordance with the principles of a market-based economy.

Recent data on the activity of SFTes indicate that their role in Albanian trade has diminished greatly, from a total monopoly only several years ago to approximately 22.1 per cent of imports and 50.8 per cent of exports in 1993. It is expected that in early 1995 all of Albania's SFTes will be privatized. One of the most difficult issues to be resolved concerns foreign debt incurred by SFTes under the previous regime.

Currently, Albania has a total of 13 SFTes under the responsibility of the Ministries of Industry, Transport and Trade (8), Agriculture (2), Minerals and Energy Resources (1), Construction (1) and Defence (1). Their activities are limited to importing and exporting (i.e., no production).

Ministry of Industry, Transport and Trade

1. "Industrialimpeks" (Industrial Import-Export)

Woolens, cotton products, various textiles, chemical products, paper and paint products, synthetic materials, educational equipment/supplies, various acid products.

2. "Makinaimpeks" (Machinery Import-Export)

Imports: Mechanical and electric machinery and equipment, spare parts.

Exports: Explosives (dynamite, etc.)

3. "Arteksport"

Various textile commodities, plastics, chemicals, and artworks.

4. "Mekalb"
Import of commodities needed for electro-mechanical industry.
5. "Agroeksport"
Export of different processed and unprocessed agricultural products.
Import of agricultural and alimentary products.
6. "Albkontroll"
Is in charge to control the export and import commodities.
7. "Albkop" export and import of different commodities.
8. "Albtransport"

Ministry of Agriculture

1. "Eksimagra"
Import of pesticides, wheat, grain, canned meat.
Export of various agriculture products such as olives, onions, beans, cucumbers, tomatoes, melons, etc.
2. "Alimpeks"
Principally export of tobacco and tobacco products as well as medicinal herbs.

Ministry of Mineral Resources and Energy

1. "Minergoimpeks"
Export and import of minerals, industrial oil, refined oil products, iron, pig iron, steel, chromium, zinc, aluminium.

Ministry of Construction and Tourism

1. "Mandimpeks"
2. Ministry of Defence

1. "Meiko"

C. Fiscal, monetary and budgetary policy

Fiscal, monetary and budgetary control have been key elements in Albania's stabilization, adjustment and development programme. Vigorous steps on these fronts have resulted in dramatic reductions in Albania's fiscal deficit, from 44 per cent of GDP in 1991 to 5 per cent through the first half of 1994, and in retail price inflation, from 236 per cent in 1991 to 18 per cent through mid-1994.

These positive results go beyond targets set out in Albania's stabilization and adjustment programme with the IMF (see following section).

Monetary policy has emphasized careful control on domestic credit exercised through the imposition of bank-by-bank credit controls. (The absence of a well-developed banking system and a credit market makes bank-by-bank credit controls the main instrument of monetary system policy).

Albania's budgetary situation has improved through a combination of steps designed to expand revenues while curtailing and better orienting public expenditures. New laws providing for taxation of the agriculture sector and broader taxation of private incomes have expanded the tax base. Improvements in customs administration, such as the introduction of banking services at the border and a system of payment guarantees for import duties, have made for more effective and efficient collection of customs revenues.

Meanwhile, demands on the budget have eased somewhat thanks to the rapid decontrol of prices, a tight incomes policy for public sector employees, and steady reduction in public employment (about 12 per cent reduction from end 1992 to end June 1994). Budgetary monitoring and execution have been strengthened following the transfer of these responsibilities from the banking sector to a new Treasury Department, created in 1993. These improvements, taken together, have permitted the Government to begin a cautious programme of government expenditures for greatly needed infrastructure repair and development, interest payments on debt obligations, and targeted social spending.

D. Foreign exchange system and relations with the IMF

The lek serves as the means of payment within the territory of the Republic of Albania. In exceptional cases, and with the approval of the Central Bank, other currencies may be used for purchases within Albania.

Since July 1992, the lek has floated freely against other currencies. Exchange rates are quoted daily by the banking system in accordance with supply and demand for each currency.

The Central Bank has licensed six commercial banks to conduct currency operations in Albania and abroad. Exchange bureaus and individuals are licensed to buy and sell foreign exchange within the territory of Albania. Rates are freely negotiable.

Current payments

Albania's exchange system is virtually free of restrictions on payments for current transactions. Companies and individuals, both Albanian and foreign, can freely purchase foreign exchange for import of goods and services. There are no repatriation or surrender requirements. Travel restrictions have been lifted except for a notification requirement for transfers above \$5,000.

Albania maintains restrictions under Article XIV, Section 2, of the IMF's Articles of Agreement resulting from outstanding balances on inoperative bilateral payments agreements. Discussions on clearing these arrears are in process. Albania expects to have concluded these efforts by end-1995, and be in a position to accept the obligations of Article VIII, thereby formally establishing current account convertibility.

Capital

Capital transfers by residents and non-residents are subject to prior written approval by the Bank of Albania, except for the following operations which may be made freely: (1) inward capital

transfers by residents and non-residents; (2) transfers of proceeds of the withdrawal of non-resident registered deposits and capital; (3) outward transfers, without limit, by emigrants at the time they leave Albania; and (4) in the context of a foreign direct investment (Article 7 of Law No. 7764, 2 November 1993 "For Foreign Investment"):

- returns;
- compensation;
- payments arising out of an investment dispute;
- payments made under the contract, including accrued interest payments made pursuant to a loan agreement;
- proceeds from the sale or liquidation of any or all part of an investment; and
- the return of shareholder's equity resulting from the diminution of capital when the company has decreased its capital in accordance with Albanian legislation.

Relations with the IMF

Albania joined the International Monetary Fund on 15 October 1991. A 12-month, SDR 20 million stand-by arrangement was approved by the IMF Board in August 1992 to support Albania's programme to establish fiscal and monetary control, to introduce price and trade system reforms, and to float the exchange rate. The programme was successfully implemented, and in July 1993, the stand-by arrangement was replaced by a three-year SDR 42.36 million enhanced structural adjustment facility (ESAF). The first annual ESAF review concluded that programme policies are being implemented, and that in a number of cases economic performance has in fact exceed programme targets.

E. Banking system

Albania has a two-tier banking system. The Albania Central Bank (the Bank of Albania/BOA) has primary responsibility in the following areas:

- executing monetary policy, by setting minimum reserve levels for commercial banks;
- executing exchange rate policy, including the licensing and supervision of foreign currency operations;
- issuing bills of exchange, cheques, bonds and other instruments of obligation;
- buying and selling obligations and guaranteed papers issued by financial institutions;
- issuing credit to financial institutions;
- issuing bonds on behalf of the State; and
- buying and selling gold, precious metals and other international means of payments.

The second tier of the banking system consists of six commercial banks: three state institutions (National Commercial Bank, Rural Commercial Bank, Savings Bank), two joint ventures with Albanian State and foreign private participation (Italian-Albanian Bank; Albanian-Arabian Islamic Bank); and one wholly private foreign bank (the Dardania Bank). As of May 1994, these commercial banks had a total of 94 branches throughout the country.

Under the "Law on Albanian Banking System" an bank may be organized in one of the following forms:

- as a State bank, a limited liability bank, a cooperative bank, or a private bank with wholly Albanian capital;
- as a State or private bank with mixed Albanian and foreign capital;
- as a private bank with wholly foreign capital.

In May and June 1994, the Board of Directors of the Albanian Central Bank issued new guidelines for the licensing of banks.

One of the main objectives of the new guidelines is to encourage new private entrants, both resident and non-residents, to invest in Albania's financial sector and to become a significant new source of financing for private sector activities. To support this objective, the new procedures provide transparent licensing criteria based on international standards.

National treatment in banking applies except in two respects: (1) Law No. 7559 of 22 April 1992 ("On Albanian Banks") includes different provisions for the establishment of Albanian banks and foreign banks with respect to minimum capital requirements; and (2) Law No. 7560 of 28 April 1992 prohibits branches and representative offices of foreign banks from accepting deposits from natural or juridical Albanian persons.

In 1993, Albanian banks extended a total of lek 10.3 billion to State and private sector recipients. The majority of these credits, about lek 5.5 billion, went to private sector recipients. Interest rates on credits are freely negotiated between the crediting bank and the recipients.

About 80 per cent of short term credits extended to the private sector are used for trade purposes.

F. Industrial policy

One of the most dramatic shifts in the Albanian economy over the past five years has been the sharp decline in the role of industry. Whereas in 1990 industry contributed more than 40 per cent to national production, versus 35 per cent for the next most important sector, agriculture, by end 1993 agriculture represented about 55 per cent, while industry's share had declined to about 14 per cent. There are many reasons for the drop in industrial output: a lack of capital for maintenance and reinvestment, dependence on outdated production techniques, shifts in traditionally secure export markets, etc. One of Albania's main economic policy objectives is to reactivate the industrial sector.

Industrial policy in Albania divides roughly into two branches: policy for State-owned light industries, such as textiles, leather goods, etc., and policy for state-owned heavy industries, principally in mining and energy.

The main policy difference between the two branches concerns the degree and speed of privatization. For light industry, it is foreseen that all enterprises will be privatized. For heavy industry, it is intended that certain enterprises will be privatized as quickly as possible, while others would remain the property of the State, at least for the time being.

1. Light industry

The State-owned light industry sector in Albania consists of 279 enterprises engaged in such areas as textile and clothing manufacture, leather and shoes, artistic works, mechanical and electro-mechanical goods, chemicals, plastics, glass and ceramics, wood processing, printing and paper production.

The share of these industries in Albania's total industrial production of total employment is as follows.

<u>Sector</u>	<u>% of industry production</u>	<u>% of employment</u>
Textile, clothing, leather, shoes	5	2.0
Mechanical and electro-mechanical	2	0.4
Chemicals, plastics, glass, ceramics	3	0.4
Wood processing, printing and paper	3	0.4
Total light industry	13	3.3

The Ministry of Industry and Trade (MIT) is responsible for setting overall policy related to light industries. The main policy objectives are:

- to reactivate potentially viable enterprises, especially those that provide vital inputs to other areas of the economy;
- to privatize as many enterprises as possible, as quickly as possible;
- to assess the ability of enterprises to produce competitively for export markets, and to encourage such production.

To realize these objectives, the Albanian Government has sought to attract foreign capital and to create favourable conditions for export-led growth, for example by allowing duty-free import of raw materials used in facon/assembly production.

2. Heavy industry

Heavy industry in Albania consists mainly of mining and energy enterprises. Within mining, the main products are chromium, copper, coal. The energy industry focuses on production of electricity, petroleum and petroleum by-products, such as gasoline, kerosene, lubricants, bitumen and unrefined diesel.

Heavy Industry Production (Main Items)
('000/tons)

Items	1991	1992	1993	6/1994	6/93- 6/94 (%)
Electricity (Mln/KWh)	3,735	3,350	3,481	1,679	+6
- Hydro (Mln/KWh)	3,567	3,220	3,311	1,920	+11
Copper ore	561	239	239	83	-27
Cathodic copper	4.4	2.3	2.9	1.3	+17
Chromium ore	586	322	281	108	-31
Ferrochromium	25.4	21.6	34.6	18.4	0
Oil	845	585	568	269	-7

Heavy industry has traditionally been the most important component of the industrial sector and the country's main source of foreign exchange earnings. Albania has, for example, been one of the world's most important producers and exporters of chromium. Despite a sharp decline in exports of heavy industry commodities - from 48 per cent of total Albanian exports in 1992 to 20 per cent in 1993 - these commodities are still the most important component of Albanian exports.

The Albanian Government is taking steps to reactivate these industries.

Attracting foreign capital participation is an essential part of this process given that major investment and restructuring will need to take place in order for Albania's large industries to be productive again and competitive on international markets.

3. Key laws and other legal acts

To encourage joint ventures between foreign investors and Albanian State enterprises:

- Decree No. 93, of 28 February 1994 provides that the State-owned part will be privatized immediately after the establishment of the joint venture.
- Decree No. 232, of 24 May 1994 provides that the State will offer for sale its part of a joint venture first to the employees within the joint venture and the foreign partner.

Law No. 7512 of 10 August 1991 defines the strategy and scope of privatization foreseen for different industrial branches.

G. Foreign investment policy

Recent trends

The stabilization of financial and security conditions, the maintenance of a relatively open exchange and trade regime, and the passage of a liberal foreign investment law have contributed to

investor confidence. From 1992 to 1993, foreign direct investments grew from US\$20 million to US\$68 million.

Foreign investment has been realized through joint ventures with State enterprises and, to a lesser extent, between private foreign and Albanian enterprises. At end 1993, 99 joint ventures involving foreign investors and Albanian State capital had been established and begun operations. These joint ventures provided for direct investment, over time, of US\$120 million.

In addition, 55 wholly private ventures providing for investment capital of US\$86 million, over time, had also been established.

Of the joint ventures involving Albanian State capital participation, 53 per cent are with Italian partners, 20 per cent with Greek partners, 6 per cent with German, 2.6 per cent with American, and 13 per cent with various other partners. Such ventures have been concentrated in tourism (24 per cent), food industry (21 per cent), construction (15 per cent), light industry (12 per cent), and transport (8 per cent).

Foreign investment in Albania's private sector has grown from 8.8 per cent of total investment, in 1992, to 41 per cent in 1993. Such investment has been concentrated in the transport and construction sectors.

Legal environment

On 2 November 1993, the Albanian Parliament passed a new Law No. 7764 "On Foreign Investment" which provided a liberal legal framework for foreign investment in Albania. This law provides for:

- national treatment;
- investment without prior government authorization or case-by-case approval;
- guaranteed repatriation of profits and capital;
- security against nationalization, expropriation or other actions with equal effects;
- international dispute settlement.

The only exception to national treatment concerns land ownership. Foreign investors may lease land for 99 years but may not own land. No sector of the economy is closed to foreign investment.

A foreign investment may be registered as:

- An Albanian juridical subject (whether wholly foreign owned, or a joint venture with State or private capital); or
- as a branch or representative of a foreign juridical subject.

Albanian law provides for a number of incentives to attract foreign investment. The following is an indicative list.

Incentives of general application

- Tax holidays: four years for investments in productive activities when the activity lasts at least 10 years, and thereafter reimbursement of 60 per cent of profit tax when profits are reinvested in Albania (Law No. 7677 of 28 January 1993 "On Profit Tax");
- exemption from withholding tax on the transfer of incomes out of Albania (Law No. 7729 of 20 July 1993);
- exemption from the turnover tax for items exempted from customs tariffs (Law No. 7676 of 2 March 1993 "On Turnover Tax").

Sector-specific incentives (other than for tourism)

- Exemption from customs tariffs on machinery, equipment and assembly materials for investment in:
 - production;
 - construction;
 - telecommunications, banking, supply of petroleum for ships, railroad, air and public services;
 - transport of materials related to investment in reconstruction, modernization and expansion of airports, seaports and railroads (Decision No. 49 of Council of Ministers, dated 21 March 1994).

Incentives for investment in tourism

- Exemption from customs tariffs and excise taxes for three years for import of commodities needed for the investment, if commodities of comparable price and quality cannot be found in the Albanian market (Law No. 7665, dated 21 January 1993 "For Development of Tourism Priority Zones").
- Exemption from profit taxes for five years, and 50 per cent reduction in profit taxes for the following five years (Law No. 7665, dated 21 January 1993).

The legal framework is completed by a number of bilateral agreements on the elimination of double taxation. Albania maintains such agreements with Italy, Poland, Hungary, Malaysia, Turkey and Romania. Agreements are under negotiation with eight other countries.

Albania is a member of the Multilateral Investment Guarantee Agency (MIGA) and the International Centre for the Settlement of Investment Disputes (ICSID).

H. Government procurement

Recent trends

In 1993, the Albanian Government procured a total of US\$11.7 million worth of goods and services using Albanian funds and funds from foreign donors. This amount represents about 3.7 per cent of the total budget and about 1 per cent of GDP. The great majority of government purchases were imports. Approximately 58 per cent of total procurement is by the central government, and 42 per cent by local government authorities.

Legal framework and procedures

The legal framework for government procurement is still under development. A law on public procurement is being prepared by the Procurement Unit of the Ministry of Industry and Trade with assistance by the World Bank. It is expected that the law will be completed in February 1995 and would be based on the following objectives:

- Maximizing economy and efficiency in procurement;
- fostering and encouraging participation in procurement proceedings by suppliers and contractors, especially, where appropriate, participation by suppliers and contractors regardless of nationality, and thereby promoting international trade;
- promoting competition among suppliers and contractors for the supply of goods or construction to be procured;
- fair and equitable treatment of all suppliers and contractors;
- promoting the integrity of, as well as fairness and public confidence in, the procurement process;
- achieving transparency in the procedures relating to procurement.

Currently, government procurement decisions are made on the basis of a Decree by the Council of Ministers (No. 467 of 17 August 1993, "For Procurement Procedures with State Funds") and an accompanying Instruction (No. 11 of 17 August 1993, "For the Documentation and Contractual Conditions for Public Procurement"). These instruments provide for different procurement procedures depending on the origin of the funds. For procurement using funds entirely from foreign donors, purchase decisions are in accordance with the donating institution's or country's procurement guidelines. For procurement using mixed funds from foreign donors and the Albanian State budget, purchase decisions are made according to guidelines concluded for each agreement.

Procurement using funds entirely from the Albanian State budget is through one of three methods: auction, direct negotiation or local procurement.

- Auction: This method takes one of two forms:
 - (1) for procurement valued above lek 20 million (US\$200,000), open tendering in which all bidders are invited to bid; and
 - (2) for procurement valued at less than lek 20 million, restricted tendering in which only selected bidders are invited to compete.

In the second case, a minimum of three bidders from not less than three countries must be invited to bid.

- Direct negotiation with a single bidder (domestic or foreign): Use for procurement of any value in the following cases:
 - (1) for needs that can only be fulfilled by a single provider; and

- (2) for urgent procurement needs in exceptional economic conditions upon approval by the Council of Ministers.
- Local procurement: Bidding by Albanian firms only for procurement valued at less than lek 50 million (US\$500,000) or, for greater amounts, by approval of the Council of Ministers. In reaching its decisions, the Council would normally take into account the following criteria:
- (1) the price of local goods or services in comparison to those prevailing outside Albania, taking into account transport expenses;
 - (2) the availability of local raw materials, supplies and required technology, the effect that their local procurement would have in promoting employment and national production;
 - (3) whether this would serve the special economic interests of Albania.

In all of the above cases, the procuring entity may be a Ministry, a State-owned enterprise or other public body directly concerned, another public entity with special procurement authority, or a private entity chosen for procurement purposes. Each procuring entity appoints not less than five people to serve as a Permanent Procurement Commission. For each procurement, not less than two specialists familiar with the object or service to be procured are appointed to the Commission.

Procurement decisions are made in three stages:

- (1) preliminary examination of documents submitted by prospective bidders;
- (2) examination of technical requirements; and
- (3) economic examination, in which offered prices, differences between unit and total prices, transport expenses, etc. are examined. Only specialized members of the Commission have the right to vote in the technical evaluation stage of bidding (stage 2).

I. Agricultural policy

Economic importance of the sector and recent trends

Albania is mainly an agricultural economy. Approximately 50 per cent of the total workforce is engaged in farming. In 1993, agriculture represented about 55 per cent of GDP and contributed 20 per cent to total budget revenues (lek 648 million out of lek 32.8 billion). Agricultural exports, including livestock, represented 14.3 per cent of total exports (lek 12,756 million out of lek 88,869 million).

Following a collapse in agricultural production in 1990-1991, the sector has strongly recovered. In 1993, agricultural production grew by 14 per cent in real terms, the strongest growth sector in the economy.

Agriculture Production
(in million lek)

	1990	1991	1992	1993	1994 (expected)
Total production	4,715	3,730	4,401	5,035	5,448
Of which:					
Arable plants	2,443	1,552	1,993	2,422	2,600
Fruits	278	236	172	196	212
Livestock	1,994	1,942	2,236	2,417	2,636
% of GDP	35.9	39.3	54.1	55.8	55.9

Laws, regulations and policies

One of the earliest economic reforms undertaken by the Albanian Government was to initiate the return of agriculture to private hands. New laws provided for private use and ownership of land (Law No. 7501 of 19 July 1991; Law "On the Land"), for the free determination of how agricultural land is to be used (Law No. 7512 of 10 August 1991), and for the establishment of independent private farmers' associations (Law No. 7638 of 19 November 1992 "On Commercial Companies"). Currently, about three fourths of agricultural land is privately owned, and 81 private farmers' associations have been set up.

In addition to privatizing land, the Government has taken steps to privatize State-owned enterprises and other property related to agriculture. The "Law on Private Ownership, Private Activities and Free Initiatives" (Law No. 7512 of 18 October 1991) has resulted in the privatization of almost all State agriculture enterprises, three food processing enterprises, and 748 warehouses and dairy factories.

It is expected that by the end of 1994, the entire agriculture sector will be completely privatized. To promote the privatization of Albania's food industry, it is expected that securities will be issues in the near future.

State interventions in agriculture

Government intervention in the agriculture sector is minimal. There is some subsidization of grain prices - to support production, the Government guarantees a minimum purchase price of lek 14 per kg. - and very limited amount of direct payments to poor rural families, lek 201 (approximately US\$2) per month per capita in 1993.

As for interventions via the trade regime, a broad range of agricultural commodities are subject to import duties. For the great majority of commodities and food imports subject to duty, the duty level is 5 per cent. A few commodities are subject to a 20 per cent import duty (see Annex C). The following items may be imported duty-free: grain and flour. Pesticides, live animals, seeds and seedlings are subject to import licence.

J. Tourism

Tourism has been identified as one of the sectors where Albania enjoys a comparative advantage. Unspoiled natural resources and a little-known cultural heritage give tourism the potential to generate significant foreign exchange and, as a labour intensive activity, to become a major job creation sector.

However, Albania's tourism industry is still at an embryonic stage and faces many obstacles: poor transport and telecommunication infrastructure; lack of a fully trained labour force; lack of a modern banking system to service tourism needs efficiently; unreliable electricity and water supplies; inefficient sewage treatment and disposal; and poor quality hotel accommodation.

Due to these obstacles, initial growth rates will be slow. Nevertheless, Albania considers that a step-by-step, environmentally sound development strategy is preferable to one emphasizing rapid growth.

Recent trends

Under the previous regime, international visitors came to Albania in closely controlled groups. In 1990-1991, this kind of State-organized tourism collapsed in the initial turmoil of transition. Since 1991, however, border and hotel statistics indicate that international visits have increased considerably.

International visitors (non-resident) coming to Albania:

1991	82.1 thousand
1992	148.4 thousand
1993	228.3 thousand

International visitors accommodated in State hotels:

1991	12.9 thousand
1992	28.4 thousand
1993	45.2 thousand

By comparing data on total visitors and visitors accommodated in State hotels, it is clear that a considerable number of visitors rely on the private sector for accommodation (private hotels, villas and flats).

In 1993, 70 per cent of international visitors came to Albania for business purposes, and 30 per cent for tourism purposes (vacation, health treatment, etc.). As most visitors are business persons, the average length of stay is rather short, 2-3 days, while for vacations the average length of stay is 10-15 days. More than 65 per cent of all visitors arrive by vehicle, 20 per cent by ship and 15 per cent by air. Visitors come from Europe (90 per cent), the United States (7-8 per cent) and other locations.

Over the past three years there has been also a sharp rise in the number of Albanian residents travelling abroad.

1991	84.6 thousand
1992	141.0 thousand
1993	224.0 thousand

The main motivation for travel outside Albania is trade. Seventy-five per cent travelled by vehicles, 21 per cent by ship and 4 per cent by air.

Economic importance

Data on tourism are extremely limited, but it appears that the role of tourism in the Albanian economy, while still relatively small, is growing. As noted above, the number of foreign visitors coming to Albania has approximately tripled between 1991 and 1993. In 1993, tourism revenues amounted to lek 820 million, about 3.3 per cent of tax revenues.

Regarding employment, while the number of people employed in the hotels has contracted over the past several years ...

1991	3,300 employees
1992	2,815 employees
1993	2,370 employees

... it is likely that the total number of people employed in tourism activity has grown if one takes into account private participants.

Institutional, policy and legal/regulatory environment

The Government plays a significant role in Albanian tourism through the formulation of tourism policies, through the licensing of certain tourism activities, and through its ownership of tourism assets such as hotels, land, and the main tourism agency "Albtourist". It is expected that the Government's role will diminish over time. Albtourist is in the process of being transformed into a holding company for the main tourism assets owned by the State. Some of these assets have already been privatized such as taxis, small restaurants and some small hotels. It is foreseen that an additional 30 hotels and restaurants will be privatized by the end of 1994.

The Ministry of Tourism, created in 1992, has overall responsibility for tourism policy. This policy is based on a recognition that Albania's main tourism assets are its unspoiled natural and archaeological/cultural resources. Accordingly, Albania intends to pursue an environmentally sound development model which avoids large-scale, rapid development, and emphasizes high quality small and medium-sized units in priority tourism zones.

To date, five priority tourism zones have been identified along the Adriatic, Ionian and Lake Ohrid coastlines (Decree No. 88 of 1 March 1993, "On Approving Tourism Priority Zones"). All economic activities and development projects in such zones will be controlled by the Ministry of Tourism and the Tourism Development Committee (Law No. 7665 of 21 January 1993). The Tourism Development Committee is an interministerial body which is charged with analysing proposed activities in priority tourism zones and authorizing the issuance of licences for approved proposals. The Committee is also responsible for issuing authorizations for certain incentives which are available to both Albanian and foreign entrepreneurs.

Both within and outside priority tourism zones, foreign firms have the same opportunity as Albanian firms to provide goods and services such as construction, establishment of hotels, etc. In other words, Albania applies a policy of national treatment in the tourism area.

Visas, entry and exit fees

A visa is required for all foreigners entering Albania except for nationals from the European Union, the United States, Canada, Bulgaria, Turkey, Egypt, Saudi Arabia, Malta, Qatar and Bahrain.

Foreigners departing Albania by airline are required to pay an airport tax of US\$10. Albanians pay US\$5. No exit tax or fee is imposed for departures by land or sea.

Use of travellers' cheques and credit cards

Travellers' cheques are generally accepted by Albanian banks. Certain banks, hotels and restaurants accept credit cards.

K. Subsidy policy

In line with liberalization steps taken by the Albanian Government over the past several years, in particular regarding price, trade and fiscal reform, the role of government subsidies in economic and trade performance has declined sharply.

Price subsidies

As noted above (II.A.2), all wholesale and retail prices have been liberalized except for controls on two basic food commodities and a limited number of non-food items such as kerosene, urban and railroad transport, energy for heating, school books and medicines and Post-Telegraf-Telephone (PTT) tariffs. Prices representing 96 per cent of the urban consumption basket have been freed. In 1993, price subsidies came to lek 2.5 billion, about 2.5 per cent of GDP, and are expected to decline to about 1.6 per cent of GDP in 1994. The Government's intention is to eliminate remaining price subsidies by end 1996.

Export subsidies

There are no Albanian export subsidies.

The tax and customs regimes provide some incentives to encourage export, including:

- exemption from excise and turnover tax for commodities destined for export;
- exemption from customs duties for goods imported for facon/assembly and then re-exported.

Enterprise and agriculture subsidies

There are no Albanian enterprise production subsidies, except short and medium-term subsidies for the development of portable water and irrigation systems for remote villages, and for transport by rail of commodities. The Government's main intervention in the enterprise sector over the coming years will be funding for the restructuring of some 30 enterprises, part of a public investment programme supported by multilateral and bilateral donors.

There are no direct agriculture production subsidies. Some special credit facilities for the purchase of agricultural inputs, such as seeds and pesticides, are available to farmers from the Agricultural Bank and other sources. Price subsidies, as noted above, are limited to: medicine, school books, urban transport and rail transport. As a social support measure, the government provides limited income support to farm families amounting to the equivalent of several US dollars per person in a month.

L. Free-trade and free-economic zones

Currently there are no free-trade or free-economic zones in Albania. The possibility of creating one or more free-trade zones is being studied.

V. TRADE AND ECONOMIC RELATIONS WITH THIRD PARTIES

A. Bilateral and Multilateral Trade and Economic Cooperation Agreements

In an attempt to create a more favourable legal structure for international trade and foreign investment in Albania, during the last two to three years the Albanian Government has signed a number of bilateral and multilateral trade and economic agreements. Such agreements can be divided into five categories:

(1) Trade Agreements

These are basic trade agreements which accord national treatment, MFN, and in some instances the better of national treatment or MFN with respect to trade in goods and services.

Agreements have been signed with the Czech and Slovak Republics, the United States, China and Malaysia. Agreements are under negotiation with Canada and South Africa.

(2) Trade and Economic Cooperation Agreements

These agreements go somewhat beyond basic trade agreements and include provisions which aim to foster economic cooperation in identified economic sectors through the exchange of information and other measures.

Agreements have been signed with the European Community, Poland, Slovenia, Croatia, Austria, Bulgaria and EFTA. Agreements are under negotiation or are nearly complete with Russia, Spain, Hungary, the Czech Republic, the Netherlands, Libya, Israel, Republic of Korea, Norway, Sweden, Switzerland, Cyprus, Japan and the United Kingdom.

(3) Economic, Industrial and Scientific Cooperation Agreements

Agreements have been signed with Germany, Italy, Greece, France, Turkey, China, the United States, Netherlands, Egypt, Romania, Bulgaria, Croatia, Slovenia and Finland.

(4) Reciprocal Investment Promotion and Protection Agreements

With a view to stimulating foreign investment, these agreements typically provide national treatment for investment by each contracting party, protection against nationalization, free transfer of capital, and special provisions for impartial settlement of disputes.

Agreements have been signed with Germany, Italy, Turkey, Switzerland, Greece, Austria, Poland, Egypt, China, Croatia, Tunisia, Malaysia, Netherlands, Bulgaria, United Kingdom and Romania.

Agreements are under negotiation with Hungary, Russia, the United States, the Czech Republic, Sweden, Belgium, France, Slovenia, Finland, Norway, Australia, Israel, Spain, Argentina, Brazil, Malta, Cyprus, Morocco.

(5) Double-Taxation Avoidance Agreements

Agreements have been signed with Italy, Poland, Hungary, Malaysia, Turkey, Romania.

The Ministry of Industry and Trade is responsible for negotiating and signing the first four categories of agreements. The Ministry of Finance is responsible for the negotiation of Double-Taxation Avoidance Agreements.

B. Membership in multilateral economic organizations

Albania is a member of the International Monetary Fund, the World Bank, the European Bank for Reconstruction and Development, the Black Sea Economic Initiative and the Organization of Islamic States. Albania participates in certain programmes of the Organization for Economic Cooperation and Development intended to assist countries in transition.

C. Preferential trade arrangements or other special trade arrangements or agreements

In 1993 a sectoral "Agreement on Trade in Textile Products" between the EC and Albania entered into force. (1) The Agreement creates space in the European market for Albanian textile exports. The Community undertakes in respect of textile products listed in Annex I of the Agreement, and up to certain specified levels of imports, to suspend the application of quantitative import restrictions and other measures having the equivalent effect currently in force, and not to introduce new ones. Albania undertakes to provide non-discriminatory treatment to European textile import originating in EU countries. The Agreement is renewable on an annual basis.

- (1) Such sectoral agreements are provided for in the Albania/EU "Trade and Economic Cooperation Agreement" which entered into force in December 1992. To date, the Agreement on Textiles is the only sectoral agreement that has been concluded

VI. LAWS AND LEGAL ACTS

A. Progress in establishment of a commercial legal regime

The Parliament and the Government of Albania have made substantial progress in establishing a legal framework to support the transition from a centralized, controlled economy to an economic system based on free market principles. This framework may be divided, roughly and with considerable overlap, into (1) laws related to internal economic reforms; and (2) laws to integrate Albania in the international economy. These laws and related decrees are set out in Section B, below.

The greatest progress has perhaps been made in passing laws related to fiscal and budgetary reforms. This reflects the urgency of the fiscal and budgetary crisis which confronted Albania in the first stage of its economic reform programme. Great progress has also been made in the areas of small scale privatization, agricultural land reform, company law and customs law. As a rough estimate,

one might say that more than half, and perhaps as much as 70 per cent of the commercial legal regime is in place.

The most important legal initiatives under preparation or still to be approved by the Parliament include laws on consumer protection, bankruptcy, competition and value-added tax.

B. Key laws and other legal acts

(1) Related to internal economic reforms - general

- Law for "Civil Code of Republic of Albania" adopted in 1994.
- Law "For the sanction and protection of private property, free initiative, independent private activities and privatization" adopted in 1991 and amended in 1992 and 1993. Provides for private ownership and private activities; for obtaining juridical status; for the privatization of State property, etc.
- Law "On land" adopted in 1991 and amended in 1993. Provides to natural and juridical persons agricultural land, either as property or disponibility free of charge.
- Law "For restituting and compensating former property owners" adopted in 1993.
- Law "For privatizing State housing" adopted in 1992 and amended in 1993.
- Decree "For some measures to accelerate the privatization of small and medium enterprises" adopted in 1993.
- Decree "On assessing criteria for the valuation of State property to be privatized or made part of a joint-venture, and the fixing of rentals of State objects to third parties" adopted in 1994.
- Decree "For privatization of main agriculture enterprises" adopted in 1993.
- Law "On commercial companies" adopted in 1992, which creates the legal basis for establishing commercial entities in the form of limited liability companies, joint-stock companies, collectives, etc.
- Law "On State enterprises" adopted in 1991, and amended in 1992 and 1993, establishes the basis for turning state-owned enterprises into private or joint enterprises; provides for the creation, merger, division, liquidation, organization and management of state-owned enterprises, as well as economic relations among them.
- Law "On bankruptcy of State enterprises" adopted in 1992.
- Law "On trade unions" adopted in 1991 and amended in 1992 and 1994.
- Law "For clauses that modify the first part of the Commercial Code" adopted in 1992.
- Law "On Chamber of Commerce and Industry" adopted in 1994.

Fiscal, budgetary, financial

- Law "On tax system in the Republic of Albania" adopted in 1992 and amended in 1993 and 1994.
- Law "On administering taxes and duties in the Republic of Albania" adopted in 1992 and amended in 1993.
- Law "On turnover tax" adopted in 1991 and amended in 1992, 1993 and 1994.
- Law "On excise duties in the Republic of Albania" adopted in 1992 and amended in 1993 and 1994.
- Law "On property tax in the Republic of Albania" adopted in 1994.
- Law "On profit tax" adopted in 1992 and amended in 1993.
- Law "On small business tax" adopted in 1993.
- Law "On personal income tax" adopted in 1992 and amended in 1994.
- Law "On banking system in Albania" adopted in 1992. Forms the legal basis for the banking system in Albania and regulates the establishment, licensing and operation of banks.
- Law "On the Bank of Albania" which entrusts the Central Bank with the task of implementing State monetary policy, regulating banking, licensing and supervising commercial banks.

(2) Laws to integrate Albania in the international economy

- Law "On foreign investment" adopted in 1992 and amended by passage of a new law in 1993. Provides facilities and guaranties for foreign investors such as: exemption from preliminary authorization; fair and equitable treatment; protection and security against nationalization and expropriations; the right to transfer income and capital out of Albania and the right to impartial international dispute settlement.
- Law "On customs code of the Republic of Albania" adopted in 1992.
- Law "On customs tariffs" adopted in 1992 and amended in 1993 and 1994.
- Decree "On exemption from customs tariffs on machinery, equipment and assembly materials for investment in productive activity when such activity lasts at least 10 years and when the machinery and equipment are in addition to establishment capital" adopted in 1993 based on Customs Tariff Law.
- Law "For excluding from customs duties goods imported which are involved in programmes funded with credits with favourable terms" adopted in 1994.

VII. STATISTICS AND PUBLICATIONS

A. Foreign trade statistics, responsible agencies

There are three main institutional bodies involved in collecting, processing and publishing foreign trade and economic statistics:

- The National Institute of Statistics (NIS);

NIS is the principal component in Albania's economic information environment. It receives information from all other collectors, including the Customs Office, the District Tax Officers, its own district branch offices and various ministries.

- Departments of Statistics and Information (DSI) in various Ministries;
- The Chamber of Commerce and Industry (CCI).

Two other institutions, the Customs Bureau and the District Tax Office, collect information for use by various government organs but do not publish it.

B. Publications related to economic statistics

From the National Institute of Statistics:

- Statistika, published quarterly and at end year.
- Statistical Yearbook of Albania, published through 1991; replaced by Statistika.
- Occasional announcements, analyses and statistics on particular topics.

From the Department of Statistics and Information in the Ministry of Industry and Trade: Informative Bulletin, published quarterly and annually, focusing on trade data and on performance of industries under the competence of the ministry.

From the Ministry of Industry, Mineral Resources and Energy: Albania: Informative Guide, 1993. Contains basic information on population, geography and various economic sectors (agriculture, tourism, telecommunications, etc.).

From the Ministry of Tourism: "Albania, Investing in Tourism"; two materials as a part of Strategy for Development of Tourism in Albania "Albania Tourism Guidelines" and "Potential Development of Tourism in Albania". "Environment and Institutional Aspects."

VII. ANNEXES

ANNEX A

TRADE AGREEMENTS WITH THIRD PARTIES

Trade and Trade Related Agreements

Trade Agreements		
No.	Country	Date of Signature
1.	Czech/Slovakia	October 1990
2.	USA	May 1992
3.	China	February 1993
4.	Malaysia	January 1994
Trade and Economic Cooperation Agreements		
1.	EU	March 1992
2.	EFTA	December 1992
3.	Slovenia	May 1992
4.	Poland	March 1993
5.	Croatia	May 1993
6.	Austria	March 1994
7.	Bulgaria	April 1994
Economic, Industrial and Technical Agreements		
1.	Germany	June 1988
2.	Greece	March 1988
3.	Bulgaria	December 1988
4.	Italy	November 1989
5.	France	February 1989
6.	China	November 1989
7.	Romania	April 1989
8.	Turkey	June 1990
9.	Finland	November 1991
10.	USA	May 1992
11.	Netherlands	December 1992
12.	Slovenia	May 1992
13.	Egypt	May 1993
14.	Croatia	May 1993
Agreements on Reciprocal Protection and Promotion of Investment		
1.	Germany	October 1991

Agreements on Reciprocal Protection and Promotion of Investment (cont'd)		
2.	Italy	September 1991
3.	Greece	August 1991
4.	Turkey	June 1992
5.	Switzerland	September 1992
6.	China	February 1992
7.	Poland	March 1993
8.	Egypt	May 1993
9.	Croatia	May 1993
10.	Tunisia	October 1993
11.	Austria	March 1994
12.	Malaysia	January 1994
13.	Netherlands	April 1994
14.	Bulgaria	April 1994
15.	United Kingdom	March 1994
16.	Romania	May 1994
Agreements on Elimination of Double Taxation		
1.	Hungary	November 1992
2.	Poland	March 1993
3.	Malaysia	January 1994
4.	Turkey	April 1994
5.	Romania	May 1994
6.	Italy	November 1994

ANNEX B

STATISTICAL DATA

TABLE No. 1

Summary of Main Economic Indicators

Indicators	1992	1993	1994
GDP			
(current prices in Million. leks)	49,518	101,805	164,281
(constant prices, 1990)	10,974	12,182	13,155
GDP growth			
(% change, constant prices)	-10	11	8
Retail prices			
(% change)	237	31	18
Budget deficit			
(% of GDP)	17	11	8
Unemployment			
(% of Pop. in work age)		22.3	N/A
Trade balance	-453	-455	-461
Current account balance			
(% of GDP)	-66	-36	-25
Foreign direct investment	20	68	N/A
(in million US\$)			

Note: Figures for 1994 are projected

Sources: Ministry of Finance
Albanian Central Bank
Ministry of Labour
Ministry of Industry and Trade.

TABLE No. 2
Real GDP - Production Side Estimate

(In Million of 1990 leks)	1990	1991	1992	1993	1994
Net material product	13,122	9,497	8,129	9,020	9743
Industry	5,490	3,464	1,386	1,247	1247
Agriculture	4,715	3,730	4,401	5,035	5448
Construction	841	585	614	808	921
Transportation	433	304	243	274	314
Other services	1,642	1,414	1,484	1,655	1812
GDP/NMP ratio	1.28	1.28	1.35	1.35	1.35
GDP	16,813	12,156	10,974	12,182	13155
Growth Rates (%)					
Net material product	-13.8	-27.6	-14.4	11	8
Industry	-19.6	-36.9	-60.1	-9.9	0
Agriculture	-4.4	-20.9	18.1	14.4	8.2
Construction	-14.6	-30.4	5.1	31.5	14.2
Transportation	-15.9	-29.9	-19.9	13.1	14.4
Other services	-16.4	-13.9	5.2	11.5	9.5
GDP	-10	-27.7	-9.7	11	8
Share of Total NMP					
Net material product	100	100	100	100	100
Industry	41.8	36.5	17	13.8	12.8
Agriculture	35.9	39.3	54.1	55.8	55.9
Construction	6.4	6.2	7.6	9	9.5
Transportation	3.3	3.2	3	3	3.2
Other services	12.5	14.9	18.3	18.3	18.5

Note: Figures for 1994 are projected

Source: Ministry of Finance.

TABLE No. 3
Domestic Production: 20 Main Commodities

Commodity	Unit of Measure	1991	1992	1993	6/1994
Electric energy	Million kwh	3,735	3,350	3,482	1,968
Petroleum	Thousand ton	845	585	568.1	259.6
Natural gas	Million m ³	141	102	81.9	29.2
Coal	Thousand ton	1,087	366.1	214.7	86.4
Chromium mineral	"	587	322.3	281.1	108.2
Ferrous chromium	"	25	22	34.6	8.8
Copper mineral	"	561	239.7	239.4	83.5
Steel*	"	27.7	0.5	9.4	18.3
Superphosphate	"	43	22.4	9.4	5.6
Ammonium nitrate	"	27	9	5.4	2.7
Urea	"	28	19	16.1	N/A
Cloth	Million mtr.	11.1	8.3	10.2	2.96
Knitwear	Million piece	5.5	3.2	4.3	1.1
Shoes	"	1.9	1.2	0.8	0.1
Glass production	Million lek	13	24	15	N/A
Cement	Thousand ton	311.5	197.2	197.8	145.9
Beer	Thousand bl.	76.5	18.4	5.1	14.7
Soap	Thousand ton	5.4	2.1	4.1	1.9
Cigarettes	"	1.7	1.4	1.4	0.4
Fish	"	3.2	0.6	0.5	0.1

Source: Institute of Statistics.

TABLE No. 4

Budget

Budgetary Revenues		
(in billion leks)		
	1993	6/1994
Tax revenues	24.5	15.5
Turnover tax	4.9	2.2
Excise	4.3	3.6
Profit tax	5.6	1.8
Social insurance	3.2	2.9
Customs duties	3.7	2.7
Small business tax	0.5	0.4
Personal income tax	0.1	0.2
Other taxes	1.9	1.7
Non-tax revenues	3.4	2.7
Revenue from budgetary institutions	0.1	0.6
Property sales	0.9	1.5
Fines	0.4	0.2
Other revenues	1.9	0.4
Counterpart fund revenues	4.4	2.2
TOTAL	32.3	20.4

Budgetary Expenditures		
(in billion leks)		
	1993	6/1994
Current Expenditures	38.9	22.1
Personnel	10.4	7.7
Wages	7.4	5.3
Compensation	1.4	0.9
Contribution to Social Security	1.6	1.5
Interest	2.9	1.8
Operation and maintenance	7.6	4.1
Subsidies to enterprises	2.5	0.9
Social insurance	7.3	4.7
Other	8.2	2.9
Unemployment	4.8	1.1
Social assistance	1.4	1.6
Former political prisoners	0.2	0
Enterprise support	1.6	0.2
Development Expenditures	5.1	1.1
Investment	5.1	1.1
TOTAL	43.9	23.2

Source: Ministry of Finance.

TABLE No. 5

Employment and Unemployment

	1993	ne %	6/1994
Total population	3,167,478		3,202,031
Population in work age	1,763,402		1,786,082
Active population	1,346,000	42.5%	
Total employment	1,045,000	59.2%	
State sector	375,400	35.9%	32,4000
Industry	108,800		
Mineral and energy	10,100		
Construction	23,200		
Transport and Communication	19,700		
Agriculture, forest and fishery	8,400		
Trade	9,600		
Other	195,600		
Private sector	670,000	64.1%	111,481
Private farmers	580,000		
Total unemployment	301,300	22.3%	261,400
In city	240,300		212,200
In country	61,000		49,200

Source: Institute of Statistics.

TABLE No. 6

Consumer Price Index

Months	Index				Change			
	1991	1992	1993	1994	1991	1992	1993	1994
January	100	224.4	733.5	917.5	0%	10%	7%	2%
February	106	256.2	765.3	933.1	6%	14%	4%	1.7%
March	110	285.5	771.9	938.9	4%	11%	1%	0.6%
April	115	310.6	770.9	1,023.5	5%	9%	0%	9%
May	123	334.8	767.1	1,041.1	7%	8%	-1%	1.7%
June	128	354.1	768.2	1,058.4	4%	6%	0%	1.7%
July	135	377.4	828.3		6%	7%	8%	
August	140	549.7	838.8		4%	46%	1%	
September	145	588	874.6		4%	7%	4%	
October	150	655.3	891.4		3%	11%	2%	
November	170	678	896.7		13%	4%	1%	
December	204.1	686.9	899.4		20%	1%	0%	
Annual inflation (year average)						226%	85%	
Annual inflation (year end)						237%	31%	

Source: Institute of Statistics.

TABLE No. 7

Balance of Payments

	1992	1993		
		Q1	Q2	Q3
Trade balance	-453	-93	-96	-123
Export of goods	70	23	20	27
Import of goods	523	115	116	150
Services balance	-49	-29	-24	-24
Income balance	-35	-6	-5	-4
Unrequited transfers	524	152	118	176
Official	374	96	40	88
Private	150	56	78	88
Current account balance	-14	24	-7	25
CAB (excluding official transfers)	-387	-72	-47	-63
Capital import net	31	17	11	10
Foreign investments	20	12	17	18
Official borrowing	36	12	12	15
Trade credits	0	5	6	2
Deposits	-23	-11	-18	-4
Other capital	-2	-1	-6	-21
Change in reserves (increase)	-25	-41	-5	-67
Errors and Omissions	8	0	1	32

Source: Albanian Central Bank.

TABLE No. 8

Exports and Imports According to Main Commodity Groups

(In million leks)

Groups	Exports			Imports		
	1992	% of total	1993	% of total	1992	% of total
Fuels, minerals and metals	2,557.3	47.9	2,564.1	20.5	425.1	3.1
Chemical products	43.9	0.8	42.5	0.3	463.5	3.3
Building materials	9.5	0.2	negligible	0	4,660.1	33.2
Non food consumption products	59.2	1.1	886.3	7.1	99.9	0.7
Foodstuffs	8.7	0.2	31.8	0.2	164.3	1.2
Fruits, vegetables and meat	225.3	4.2	817.9	6.5	728.9	5.2
Machinery and equipment	0	0	0	0	493.8	3.5
					12,541.3	29.2

Source: Institute of Statistics
Ministry of Industry and Trade.

TABLE No. 9

Exports and Imports by Continents

(In million leks)

Continent	1993				6/1994			
	Exports		Imports		Exports		Imports	
	In value	In %	In value	In %	In value	In %	In value	In %
Europe	11,419.3	91	57,617.2	96	4,927.1	91.3	25,361.9	96.8
Asia	551.6	4	643.5	1	2.3	0.1	673.2	2.6
America	520.9	4	1,511.7	3	3,12.8	8.6	57.6	0.5
Africa	0.2	0	81.7	0	0	0	29.9	0.1

Source: Ministry of Industry and Trade.

TABLE No. 10

Exports by Top 25 Countries

Countries	Value in Million Leks			
	1991	1992	1993	6/1994
Italy	121.3	4,74.3	5,124.7	3,518.6
Greece	122	9,44.7	2,237.8	555.7
Macedonia	N/A	42.4	1,421.4	266.5
Belgium	84.7	387.9	755.5	204.4
Germany	122	261.1	535.4	242
United States	3.1	163.2	456.8	407.3
France	18.9	43.4	220	86.3
Japan	42.4	383.9	1,72.6	N/A
Slovenia	0	17.2	1,71.8	28.3
Turkey	5.4	N/A	1,69.8	52.9
Switzerland	39.9	78.3	156.5	11.7
Croatia	0	15.7	125.6	18.3
Austria	90.7	36.1	118.3	225.2
Bulgaria	1,12.5	143.1	87.7	30.6
Spain	10.5	0.3	64.4	0.001
Hungary	65.6	9.7	49.2	30.5
United Kingdom	6.2	12.1	41.2	0.002
Poland	2.1	0.02	34.5	0.1
Netherlands	6.3	1.6	31.4	4.6
Romania	29.7	2.8	20.2	2.5
Czech/Slovakia	56	11.4	19.2	12.7
Russia	0	14.8	10.6	0.5
China	9	111.3	7.7	N/A
Australia	0	0.5	5.3	N/A
Norway	1.1	N/A	3.8	N/A

Source: Ministry of Industry and Trade
Institute of Statistics.

TABLE No. 11

Imports by Top 25 Countries

Countries	Value in Million Leks			
	1991	1992	1993	6/1994
Italy	359.4	4031	15,204	8,488.5
Greece	236.4	533.4	8,967.3	5,658.7
Germany	456.4	563.2	5,464.2	1,226.5
Bulgaria	19.1	277.6	3,158.2	2,183.5
Macedonia	0	12.8	1,938.8	671.2
Turkey	272.3	309.1	1,497.2	1,020.9
France	221.6	196.6	760	472.7
Switzerland	262.5	35.3	699.8	348.2
Hungary	162.1	464.2	587.3	172.5
Czech/Slovakia	217.3	305	480.7	178.8
Austria	154.8	89	466.4	231.6
Poland	29.1	9.7	429	26.1
Belgium	7	39.8	356.3	280.6
United Kingdom	21	16.9	354.5	75.7
Romania	75.2	53.1	296.5	234.1
China	154.1	304.1	277	414
Korea	9.5	N/A	200.3	65
United States	0.6	0.7	158.4	35.1
Netherlands	33.2	47.8	147.1	114
Croatia	0	41.1	121.4	230.6
Egypt	22.9	37.4	76.4	28.8
Sweden	56	7.3	66.3	157.1
Denmark	3.1	N/A	47.1	108.8
Japan	1.4	N/A	21.9	6.1
Norway	0.1	N/A	5.2	0.1

Source: Ministry of Industry and Trade
Institute of Statistics.

TABLE No. 12

Exports and Imports by State and Private Sector

(In million leks)

	Exports				Imports			
	1992		1993		1992		1993	
	In value	In %	In value	In %	In value	In %	In value	In %
TOTAL	5,706.5	100%	12,498.9	100%	2,2617.8	100%	58,337.6	100%
State sector	3,436.3	60.2%	5768	46.1%	7,506.3	31.9%	12,881.1	22.1%
Private sector	2,270.2	35.7%	6,730.9	53.9%	5,628.7	27.8%	30,101.6	51.6%
Aids					9,482.8	40.3%	15,354.7	26.3%

Source: Institute of Statistics
Ministry of Industry and Trade.

ANNEX C

TARIFF SCHEDULE

EXPLANATORY NOTES TO THE ALBANIAN TARIFF SCHEDULE

TABLE OF CONTENTS

General Rules for the Interpretation of the Albanian Tariff

Law No. 7733, 20 July 1993

SECTION I

Live Animals; Animal Products

	<u>Section Notes</u>	<u>Tariff Rate</u>
01.00	Live animals	5
02.00	Meat and edible meat offal	5
03.00	Fish and crustaceans, molluscs and other aquatic invertebrates	5
04.00	Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or included	5
05.00	Products of animal origin, not elsewhere specified or included	5

SECTION II

Vegetable Products

06.00	Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage	20
07.00	Edible vegetables and certain roots and tubers	5
08.00	Edible fruit and nuts; peel of citrus fruit or melons	5
09.00	Coffee, tea, mate and spices	20
10.00	Cereals	5
11.00	Products of milling industry; malt; starches; inulin; wheat gluten	5
12.00	Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal plants; straw and fodder	5
13.00	Glue, gums, resins and other vegetable saps and extracts	20
14.00	Vegetable plaiting materials; vegetable products not elsewhere specified or included	20

SECTION III

Animal or Vegetable Fats and Oils and their Products;
Prepared Edible Fats;
Animal or Vegetable Waxes

<u>Section Notes</u>	<u>Tariff Rate</u>
15.00 Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes	5

SECTION IV

Prepared Foodstuffs;
Beverages, Spirits and Vinegar; Tobacco
and Manufactured Tobacco Substitutes

16.00	Preparations of meat, of fish or of crustaceans, molluscs or other aquatic invertebrates	20
17.00	Sugars and sugar confectionery	5
18.00	Cocoa and cocoa preparations	20
19.00	Preparations of cereals, flour, starch or milk; pastrycooks' products	20
20.00	Preparations of vegetables, fruit, nuts or other parts of plants	20
21.00	Miscellaneous edible preparations	20
22.00	Beverages, spirits and vinegar	30
23.00	Residues and waste from the food industries; prepared animal fodder	5
24.00	Tobacco and manufactured tobacco substitutes	30

SECTION V

Mineral Products

25.00	Salt; sulphur; earths and stone; plastering materials, lime and cement	5
26.00	Ores, slag and ash	5
27.00	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	5

SECTION VI

Chemical Products and Related Industries

<u>Section Notes</u>	<u>Tariff Rate</u>
28.00 Inorganic chemical; organic or inorganic compounds of precious metals, of rare-earth metals, of radioactive elements or of isotopes	5
29.00 Organic chemical	5
30.00 Pharmaceutical products	0
31.01 Fertilizers	30
31.02 Nitrogenous	5
32.00 Tanning or dyeing extracts; tannins and their derivatives; dyes, pigments and other colouring matter; paints and varnishes; putty and other mastics; inks	20
33.00 Essential oils and resinoids; perfumery, cosmetic or toilet preparations	30
34.00 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 of plaster	20
35.00 Albuminoidal substances; modified starches; glues; enzymes	20
36.00 Explosives; pyrotechnic products; matches; pyrophoric alloys; certain combustible preparations	20
37.00 Photographic or cinematographic goods	20
38.00 Miscellaneous chemical products	20

SECTION VII

Plastics and Articles thereof; Rubber and Article thereof

39.00 Plastics and articles thereof	20
40.00 Rubber and articles thereof	20

SECTION VIII

Raw Hides and Skins, Leather, Furskins and Articles thereof; Saddlery and Harness; Travel Goods Handbags and Similar Containers; Articles of Animal Gut (other than Silk-Worm Gut)

	<u>Section Notes</u>	<u>Tariff Rate</u>
41.00	Raw hides and skins (other than furskins) and leather	5
42.00	Articles of leather; saddlery and harness; travel goods, handbags and similar containers; articles of animal gut (other than silk-worm gut)	30
43.00	Furskins and artificial fur; manufactures thereof	30

SECTION IX

Wood and Articles of Wood; Wood Charcoal; Cork and Articles of Cork; Manufactures of Straw, of Esparto or of other Plaiting Materials; Basketware and Wickerwork

44.00	Wood and articles of wood; wood charcoal	30
45.00	Cork and articles of cork	5
46.00	Manufactures of straw, of esparto or of other plaiting materials; basketware and wickerwork	30

SECTION X

Pulp of Wood or of other Fibrous Cellulosic Material; Waste and Scrap of Paper or Paperboard; Paper and Paperboard and Articles Thereof

47.00	Pulp of wood or of other fibrous cellulosic material; waste and scrap of paper or paperboard	20
48.00	Paper and paperboard; articles of paper pulp, of paper or of paperboard	5
49.00	Printed books, newspapers, pictures and other products of the printing industry; manuscripts, typescripts and plans	5

SECTION XI

Textiles and Textile Articles

	<u>Section Notes</u>	<u>Tariff Rate</u>
50.00	Silk	5
51.00	Wool, fine or coarse animal hair; horsehair yarn and woven fabric	5
52.00	Cotton	5
53.00	Other vegetable textile fibres; paper yarn and woven fabrics of paper yarn	5
54.00	Man-made filaments	5
55.00	Man-made staple fibres	5
56.00	Wadding, felt and non-wovens; special yarns; twine, cordage, ropes and cordage, ropes and cables and articles thereof	20
57.00	Carpets and other textile floor coverings	30
58.00	Special woven fabrics; tufted textile fabrics; lace; tapestries; trimmings; embroidery	30
59.00	Impregnated, coated, covered or laminated textile fabrics; textile articles of a kind suitable for industrial use	30
60.00	Knitted or crocheted fabrics	20
61.00	Articles of apparel and clothing accessories, knitted or crocheted	30
62.00	Articles of apparel and clothing accessories, not knitted or crocheted	30
63.00	Other made up textile articles; sets; worn clothing and worn textile articles; rags	30

SECTION XII

Footwear, Headgear, Umbrellas, Sun Umbrellas, Walking-sticks, Seat-sticks, Whips, Riding-crops and Parts thereof; Prepared Feathers and Articles Made therewith; Artificial Flowers; Articles of Human Hair

64.00	Footwear, gaiters and the like; parts of such articles	20
65.00	Headgear and parts thereof	30
66.00	Umbrellas, sun umbrellas, walking sticks, seat-sticks, whips, riding-crops and parts thereof	30

	<u>Section Notes</u>	<u>Tariff Rate</u>
67.00	Prepared feathers and down and articles made of feathers or of down; artificial flowers; articles of human hair	30

SECTION XIII

Articles of Stone, Plaster, Cement, Asbestos, Mica or Similar Materials; Ceramic Products; Glass and Glassware

68.00	Articles of stone, plaster, cement, asbestos, mica or similar materials	20
69.00	Ceramic products	20
70.00	Glass and glassware	5

SECTION XIV

Natural or Cultured Pearls, Precious or Semi-precious Stones, Precious Metals, Metals Clad with Precious Metals and Articles thereof; Imitation Jewellery; Coin

71.01	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal and articles thereof	5
71.02	Imitation jewellery; coin	30

SECTION XV

Base Metals and Articles of Base Metal

72.00	Iron and steel	20
73.00	Articles of iron or steel	20
74.00	Copper and articles thereof	20
75.00	Nickel and articles thereof	5
76.00	Aluminium and articles thereof	5
77.00	(Reserved for possible future use)	-
78.00	Lead and articles thereof	5
79.00	Zinc and articles thereof	5
80.00	Tin and articles thereof	5

	<u>Section Notes</u>	<u>Tariff Rate</u>
81.00	Other base metals; cerements; articles thereof	5
82.00	Tools, implements, cutlery, spoons and forks, of base metal; parts thereof of base metal	20
83.00	Miscellaneous articles of base metals	20

SECTION XVI

Machinery and Mechanical Appliances; Electrical Equipment; Parts thereof; Sound Recorders and Reproducers, Television Image and Sound Recorders and Reproducers, and Parts and Accessories of such Articles

84.01	All agricultural machinery and equipment	0
84.02	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	20
85.01	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers	20
85.02	Parts and accessories of such articles of Chapter 85.01, which they are using for their productions	5

SECTION XVII

Vehicles, Aircrafts, Vessels and Associated Transport Equipment

86.00	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	5
87.01	Tractors	0
87.02	Vehicles other than railway, tractors or tramway rolling-stock, and parts of accessories thereof	5
88.00	Aircraft, spacecraft, and parts thereof	5
89.00	Ships, boats and floating structures	5

SECTION XVIII

Optical, Photographic, Cinematographic, Measuring, Checking, Precision, Medical or Surgical Instruments and Apparatus; Clocks and Watches; Musical Instruments; Parts and Accessories thereof

<u>Section Notes</u>	<u>Tariff Rate</u>
90.00 Optical, photographic, cinematographic, measuring, checking, precision, medical and surgical instruments and apparatus; parts and accessories thereof	20
91.00 Clocks and watches and parts thereof	30
92.00 Musical instruments; parts and accessories of such articles	30

SECTION XIX

Arms and Ammunition; Parts and Accessories thereof

93.00 Arms and ammunition; parts and accessories thereof	30
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SECTION XX

Miscellaneous Manufactured Articles

94.01 Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; lamps and lighting fittings, not elsewhere specified or included; illuminated signs, illuminated nameplates and the like	30
94.02 Prefabricated buildings	5
95.00 Toys, games and sports requisites; parts and accessories thereof	30
96.00 Miscellaneous manufactured articles	30

SECTION XXI

Works of Art, collectors' Pieces and Antiques

97.00 Works of art, collectors' pieces and antiques	0
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ANNEX D

EXCISE TAX SCHEDULE

COMMODITIES SUBJECT TO EXCISE TAX

Law No. 7797, 23 February 1994

	<u>Percentage excise</u>
(a) Tobacco and tobacco products	
- Cigarettes	50
- Cigars	70
- Tobacco for consumption	70
- Cigarette paper for sale	50
(b) Alcoholic drinks	
- Beer	40
- Wine	40
- Raki	70
- Cognac, anisette, fernet, punch, whisky rum and all other alcoholic drinks	80
- Liquors	60
(c) Soft and fresh drinks	30
(ç) Mineral water and carbonated water	20
(d) Electric energy	50
(e) Imported alcohol for sale	50
(f) Domestic production of alcohol for sale	30
(g) Coffee	30
(h) Petroleum by-products	
- Gasoline 45-89.9 octane	60
- Gasoline over 90 octane	50
- Gasoil	40
- Kerosene	40
- Valvolina	80
- Lubricant oil of all kinds and grease	80
- Others (heavy fuel, black oil, liquid gas, petroleum coke, toluol, sulphur, ksilol, solvent	25

Notes:

- (1) Cigarette paper imported for production is exempt from excise taxes.
- (2) Domestic production of alcohol for beverages is not subject to excise taxes.
- (3) Except for cigarettes, imported commodities are subject to an additional excise tax of 35 per cent if they belong to category (a), and 25 per cent if they belong to category (b). Imported cigarettes are subject to an additional excise tax of 50 per cent.

ANNEX E

MINIMUM PRICES FOR IMPORTS

MINIMUM PRICES FOR IMPORTED COMMODITIES

<u>No.</u>	<u>Article</u>	<u>Unit</u>	<u>Minimum price US\$</u>
1.	Meat		
	(a) cattle, veal, lamb	ton	1,000
	(b) animal entrails	"	800
	(c) fowls and their parts	"	800
	(d) fowls entrails	"	500
2.	Food prepared with meat	"	
	(a) fresh salame	"	1,000
	(b) dried salame	"	2,000
	(c) bacon	"	2,300
	(d) canned meat	"	1,300
3.	Fruits		
	(a) apples	"	100
	(b) oranges	"	100
	(c) lemons	"	130
	(d) grapes	"	120
	(e) bananas	"	350
4.	Vegetables		
	(a) tomatoes	"	150
	(b) potatoes	"	100
	(c) cucumber	"	150
5.	Dairy products		
	(a) butter	"	1,100
	(b) cheese	"	1,200
	(c) powder milk	"	1,000
	(d) eggs	thousand	30
6.	Other food products		
	(a) sugar	ton	280
	(b) flour	"	170
	(c) rice	"	280
	(d) cacao	"	800
	(e) macaroni	"	300
	(f) starch	"	450
	(g) vegetable oil	"	500
	(h) margarine	"	600
7.	Cafe		
	(a) baked	"	1,200
	(b) baked (grain or ground)	"	3,000
8.	Fresh drinks	litre	0.35

<u>No.</u>	<u>Article</u>	<u>Unit</u>	<u>Minimum price US\$</u>
9.	Raki		
	(a) in bottle up to 2 litre	"	1.3
	(b) in barrel	"	1.0
10.	Beer		
	(a) in bottle	"	0.32
	(b) in can	"	0.32
	(c) in barrel	"	0.11
11.	Wine		
	(a) in bottle up to 5 litre	"	0.9
	(b) in barrel	"	0.15
12.	Other alcoholic drinks		
	(a) strong over 35% volume	"	3.0
	(b) soft up to 35% volume	"	2.0
13.	Corn molasses alcohol and other agriculture products that contain sugar, with graduation not less than 95.5%		0.8
14.	Industrial alcohol (not food)	"	0.6
15.	Alcoholic distiller from wine (grape alcohol) containing ethylic alcohol not less than 68% (in barrel)	"	1.3
16.	Cigarettes		
	(a) III category	ton/netto	5,500
	(b) II category	"	7,000
	(c) I category	"	13,000
17.	Benzine		
	(a) RON 70-85	ton	160
	(b) RON 85.1-95	"	180
	(c) RON over 95.1	"	190
	(d) without lead	"	180
18.	Gasoil	"	145
19.	Lubricant oil		
	(a) SAE oil	"	600
	(b) AFTO oil	"	500
	(c) other oils	"	380
20.	Soap (all kinds)	"	450
21.	Detergents		
	(a) powder	"	550
	(b) liquid	"	400

<u>No.</u>	<u>Article</u>	<u>Unit</u>	<u>Minimum price US\$</u>
22.	Synthetic blanket over 2 m ²	piece	5
23.	Rugs	m ²	4
24.	Rug pads	m ²	2
25.	Fur	m/linear	1.5
26.	Glass	m ²	2
27.	Steel and different profiles	ton	300
28.	Sheet-iron		
	(a) black	"	400
	(b) zincato	"	440
	(c) inoxidable	"	500
29.	Zincato pipe	piece	440
30.	Shower assembly	"	15
31.	Stove		
	(a) electric		
	- big	"	140
	- small	"	70
	(b) with kerosene		
	- up to 10 litre	"	70
	- over 10 litre	"	90
32.	Electric furnace		
	(a) without chafing-dish		
	- up to 1000 W	"	6
	- over 1000 W	"	8
	(b) microfurance with high frequencies	"	35
33.	Oil stove		
	(a) with reflector	"	45
	(b) without reflector		
	- up to 2 litre	"	25
	- over 2 litre	"	30
34.	Boiler (water hitter)		
	(a) up to 10 litre	"	15
	(b) 10-20 litre	"	20
	(c) 20-40 litre	"	25
	(d) 40-60 litre	"	30
	(e) over 60 litre	"	35

<u>No.</u>	<u>Article</u>	<u>Unit</u>	<u>Minimum price US\$</u>
35.	Electric radiator		
	(a) up to 1000 W	"	35
	(b) 1000-2000 W	"	45
	(c) Over 2000 W	"	60
36.	Electric thermoventilator		
	(a) up to 1000 W	"	25
	(b) 1000-2000 W	"	30
	(c) over 2000 W	"	35
37.	Ventilator		
	(a) up to two speeds	"	12
	(b) over two speeds	"	20
38.	Automatic washing-machine		
	(a) 12-15 programmes	"	190
	(b) over 15 programmes	"	220
39.	Refrigerator		
	(a) 120-145 litre	"	80
	(b) 145-175 litre	"	110
	(c) 175-240 litre	"	150
	(d) over 240 litre	"	200
40.	Sewing machine		
	(a) electric		
	- small	"	5
	- with 1 programme	"	30
	- with many programmes	"	80
	(b) mechanic		
	- by hand	"	30
	- by foot	"	35
41.	Radio-magnetophone		
	(a) mono-cassette stereo		
	- up to 20 W	"	20
	- over 20 W	"	30
	(b) double-cassette stereo		
	- over 20 W	"	30
	- 20-40 W	"	40
	- over 40 W	"	60
42.	Magnetophone (without radio) stereo		
	(a) up to 10 W	"	12
	(b) over 10 W	"	18
43.	Radio-magnetophone equipment and gramophone		
	(a) up to 50 W	"	60
	(b) over 50 W	"	90

<u>No.</u>	<u>Article</u>	<u>Unit</u>	<u>Minimum price US\$</u>
44.	Radio-magnetophone equipment and compact disc	"	200
45.	Walkman (radio)	"	5
46.	Television set		
	(a) white and black		
	- up to 16 inch	"	50
	- over 16 inch	"	65
	(b) colour		
	- up to 14 inch	"	80
	- 14-18 inch	"	150
	- 18-22 inch	"	220
	- over 22 inch	"	250
47.	Video apparatus		
	(a) only reproducing	"	150
	(b) reproducing and recording	"	190
48.	Satellite antenna		
	(a) complete	"	120
	(b) electronic receiver	"	95
	(c) parabolic reflector	"	15
	(d) other details	"	10
49.	Sponge		
	(a) 30-31 kg/m ³ density	dm ³	0.06
	(b) 25-27 kg/m ³ density	"	0.075
	(c) 22-24 kg/m ³ density	"	0.08
	(d) up to 22 kg/m ³ density	"	0.09
50.	Clothes		
	(a) children's underwear	piece	0.15
	(b) adult's underwear	"	0.30
	(c) children's drawers	"	0.12
	(d) women's drawers	"	0.25
	(e) men's drawers	"	0.35
	(f) jeans pants for children	"	2
	(g) jeans pants for adult	"	5
	(h) men's shirts	"	2
	(i) sweater	"	5
	(k) men's socks	"	0.35
	(l) women's socks	"	0.45
51.	Clothes		
	(a) rough and white cambric	ml	0.5
	(b) coloured and stamped cambric	"	0.7
	(c) rough and white fannelet	"	0.5
	(d) coloured and stamped fannelet	"	0.65
	(e) white chintz	"	0.4
	(f) coloured and stamped chintz	"	0.6

<u>No.</u>	<u>Articles</u>	<u>Unit</u>	<u>Minimum price US\$</u>
52.	Shoes and boots		
	(a) leather	piece	10
	(b) other	"	5
53.	Bedroom		
	(a) complete	"	600
	(b) bed	"	120
	(c) folding-wardrobe	"	180
	(d) wardrobe with three doors	"	270
	(e) per each additional door	"	90
	(f) commode	"	200
54.	Dining room		
	(a) complete	"	400
	(b) couch	"	100
	(c) single armchair	"	50
	(d) double armchair	"	85
	(e) table	"	20
55.	Sideboard		
	(a) one element	"	100
	(b) two elements	"	190
	(c) three elements	"	280
	(d) per each element in addition	"	80
56.	Sideboard for kitchen		
	(a) complete	"	180
	(b) the down part	"	90
	(c) the upper part	"	90
57.	Wood table for eating	"	100
58.	Plastic table	"	12
59.	Glass table for dining room		
	(a) small	"	15
	(b) middle	"	25
	(c) big	"	30
60.	Metallic table	"	30
61.	Chair		
	(a) wood	"	15
	(b) plastic	"	7
	(c) metallic	"	20
62.	Construction materials		
	(a) majolice plates	m ²	3
	(b) WC	piece	12
	(c) bidet	"	12
	(d) ceramic sink	"	20

<u>No.</u>	<u>Article</u>	<u>Unit</u>	<u>Minimum price US\$</u>
	(e) inoxidable sink	"	50
	(f) unloading cassette	"	10
63.	Colour		
	(a) oil colour	ton	1,100
	(b) smalt colour	"	1,250
	(c) anti-rust colour	"	1,250
	(d) hydromat colour	"	1,000
	(e) alcalid lacquer	"	1,150
64.	Nails	"	450
65.	Plastic pipe		
	(a) up to 32 mm diameter	"	0.45
	(b) 32-100 mm diameter	"	1
	(c) over 100 mm diameter	"	2.2
66.	Plastic box		
	(a) small	"	3
	(b) big	"	3.5
67.	Plastic materials		
	(a) hydroisolator sheets	m ²	1.75
	(b) platex	"	2.4
	(c) table mat	"	1.8
68.	Bicycle		
	(a) up to 20 inch	piece	10
	(b) 20-24 inch	"	40
	(c) 24-26 inch	"	50
	(d) over 26 inch	"	45
69.	Motorcycle		
	(a) 25-75 cm ³	"	70
	(b) 75-125 cm ³	"	90
	(c) 125-175 cm ³	"	120
	(d) 175-270 cm ³	"	170
	(e) over 270 cm ³	"	220
70.	Used vehicles (over 10,000 km)		
	(a) car	"	lek 150,000
	(b) microbus, truck up to 3 ton	"	lek 300,000
	(c) bus and truck over 3 ton	"	lek 500,000
	(d) motorcycle	"	lek 20,000
71.	Cement		
	(a) packaged	ton	35
	(b) non-packaged	"	25