Statement by Albania

UNECE REPORT ON REGULATORY AND PROCEDURAL BARRIERS TO TRADE IN THE REPUBLIC OF ALBANIA: NEEDS ASSESSMENT

Dear Delegates,
Excellences,
Ladies and gentlemen

Please allow me on behalf of the Government of Albania to thank UNECE for their appreciation of the reforms undertaken so far in Albania. We are thankful for your assessment and the encouragement towards the Albanian institutions in pursuing economic reforms and ensuring smooth and sustainable economic development. We would like to thank the UNECE Secretariat, Mr. Vepsalainen, Ms. Daoudi, Ms. Mariela Stefanllari, President of the Human Environment Culture (HEC) Foundation, for supervising the team of national consultants who conducted the face-to-face interviews with traders and all other contributors for their efforts in compiling this study and deep analysis on Albania’s regulatory and procedural trade barriers, which holds back the development and achievement of economic and trade priorities of the Government of Albania. The performance of this study was requested by the Minister of Economic Development, Tourism, Trade and Entrepreneurship, since it is a priority to tackle all bottlenecks that hamper the implementation of structural reforms undertaken by the Albanian Government.

Albania is experiencing a gradual economic upturn that is expected to continue in 2016-2018. GDP growth is driven by private investment, mainly in the form of foreign direct investment in the energy sector, and is projected to average well above 3%.

Standard & Poor’s Ratings Services raised its outlook for Albania from stable to positive, reconfirming the positive trends of the reforms implemented during last years. The assessment of Standard & Poors highlights that the Government of Albania is moving forward with ambitious plans to shrink the country’s deficit and reform the legal system, paving the road for the sustainable growth and good governance.
Business environment is a priority of the Government of Albania. The policies in this regard are integrated in the Business and Investment development Strategy 2014-2020, mirroring the EU strategy 2020.

With regard to the plans to diversify the economic structure, Albania is focussed on strategic sectors, namely agriculture, energy, services, with a particular attention to tourism, transport, ICT and telecommunication. The National Strategy for Development and Integration 2015-2020 was approved by the Council of Ministers and it sets forth the main objectives and priorities for economic development and integration.

We have read with interest the current conditions assessment and recommendations made in the Report. The government has already started with the implementation of some of the recommendations, however some of them require financial and human resources, for which the government relies on EU and other donors assistance programmes, in particular as regards capacity building needs in terms of training activities and modernisation of equipment.

A. TRADE FACILITATION

1. Transparency
With regard to recommendations on improving transparency to comply with trade facilitation policies, we would like to inform you on the following developments:

Albania sees trade facilitation and connectivity agenda as a combination of measures and needs deriving from (i) the multilateral objectives (WTO Trade facilitation Agreement), (ii) the regional objectives (CEFTA Additional Protocol 5 on trade facilitation), (iii) the bilateral cooperation (i.e. agreement on trade facilitation with Kosovo and border crossing agreement with Montenegro), (iv) national needs to boost trade and transport facilitation.

The combination of trade facilitation agenda with the investment in infrastructure and soft measures in transport is crucial to meet the objectives of sustainable growth and increased competitiveness.

Albania has become the latest WTO TFA member, ratifying the new Trade Facilitation Agreement (TFA) on 10 May 2016.

Recently, by order of the Prime Minister was established the National Committee on Trade Policy and Trade Facilitation. This Committee will bring together
representatives from institutions and the business community, in order to achieve a better cooperation between the public and private sector for trade facilitation. The Committee will serve two fold objectives: (i) comply with WTO TFA and respond to the needs of trade facilitation agenda in the multilateral, regional and bilateral fora, (ii) coordinate in a structured manner trade policy, through a sound monitoring instrument to be established.

The rules of procedure, including the scope of work of the Committee are being prepared, with the support of USAID, taking into account the best practices for trade facilitation in other countries. Albania intends to launch the establishment of the Committee and present the main outlines of the work plan for 2016-2017 within June 2016.

2. Facilitation of Border Crossing
The new Customs Code of Albania, approved in 2014 is effectively being implemented. The legal provisions for AEO and the simplified export and import procedures, in force from 1 January 2015 and partially harmonizing the EU Regulations in this regard have created new potentials for trade facilitation. While being balanced between the trade facilitation needs and security and safety aspect, the new Customs Code ensures a better and simplified approach toward customs procedures. In addition, risk management and e-payment are introduced in the customs clearance procedures providing for facilitated procedures for the private sector.

National Committee on Trade Policy and Trade Facilitation will take adequate actions in addressing the recommendations of the report, in particular with the purpose of reduction of periods for obtaining documentation, training of official, the use of electronic documents and establishment of single window services.

The Government has already taken measures regarding the challenge of VAT refund, by adopting amendments to the law on VAT and law on tax procedure, by virtue of laws 90/2015 and 91/2015, reducing the VAT refund period for exporters from 60 to 30 days.

3. Transport and logistics support services
Infrastructure is very important to increase Albania’s competitiveness, providing for better quality of connectivity. Albania puts emphasis to the connectivity agenda in the region and is very much committed in new infrastructure facilities.
The combination of trade facilitation agenda with the investment in infrastructure and soft measures in transport is crucial to meet the objectives of sustainable growth and increased competitiveness. In the context of SEETO, there are priorities already taken on board from Albania, in particular (i) diversification of the external trade dependence from road and maritime transport through the upgrade of the Albanian rail network, (ii) the Adriatic–Ionian Highway/Expressway-extension of the TEN-T Core Network, (iii) other investment in infrastructure and implementation of soft measure to reduce the cost of transport.

4. Other important reforms

Taking into account that the small and medium enterprises constitute the backbone of the Albanian economy, as highlighted by the report, Albanian Investment Development Agency (AIDA) offers different funds to support these enterprises. One of these funds is the Competitiveness Fund, which purpose is to increase Albanian companies’ competitiveness, to better respond to the requests of international trade, by providing financial support through the sharing of costs scheme, for participating in international exhibitions and trade shows.

Other important policies and reforms that the government is undertaking for the support of strategic sectors and business environment are those in agriculture and energy, as well as the doing business reform.

- **Agriculture**
  Policies for agriculture and rural development are based on the strategic document “Inter-sectorial Strategy for Agriculture and Rural Development in Albania, 2014-2020” which provides a framework for the interventions needed to develop a viable and competitive agricultural and food processing sector and foster a balanced economic development in rural areas.

- **Energy** is a sector with high potential to positively affect the economic growth of Albania. The reform in energy sector aims to diversify sources of energy, paying due attention to all sources, in particular gas and renewable energy. The long term challenges for the energy sector require to: 1) meet the demands for energy in order to ensure economic and social development, 2) determine and apply best practices to meet demand on the “least cost” principle, 3) increase energy efficiency, in compliance with the country’s EU integration obligations, 4) meet energy needs of vulnerable groups. The drafting of the National Strategy on energy, supported by USAID, is at the preparation phase. In the area of industrial
products a new Strategic Paper on the Development of Non-food Industry 2016–2025 is approved by Council of Minister

- **Improvement of business climate**

With the purpose of improving the business climate in Albania, the Government has undertaken two important reforms, the deregulation reform and doing business reform.

**Deregulation reform**

With the deregulation reform, we are decreasing the number of licences and authorisations that businesses need to operate in Albania by 40%. This opens the way for a better climate of doing business as it reduces regulatory burden to businesses.

Another measure that is being taken is related to online e-services. Some services are online, like tax declarations, construction permits and services that are related to applications for investments. The government’s plans are to further decrease the administrative challenges that businesses face and offer faster services online.

**Doing business**

Government of Albania pursues a systemic evaluation of the ease of doing business and addresses the private sector needs through specific policy reforms, with a view to address key obstacles to growth and competitiveness. The reform is led by MEDTTE and follows on the National Plan on the ease of doing business. The ranking of Albania in the Doing Business 2015 showed considerable improvement. The decline in the following report was mainly due to the reform on construction permit and the Administrative Territorial reform. During the current year many reforms in the area of starting a business, construction permit, getting energy and trading across border are undertaken. We believe that these reforms will result in the improvement of the overall ranking of Albania in the upcoming Doing Business report.

The National Business Centre, recently established, provides a one stop shop for business registration and licensing. Introduction of the e-service for registration and licensing has already proven to be effective and well received by the private sector. The procedure and general conditions of licensing and permitting are
clearly stipulated in the national legislation, ensuring the application of any criteria and requirements on a non-discriminatory manner. The requirements and criteria are publicly available and their free online access is guaranteed.

B. REGULATORY AND STANDARDIZATION POLICIES

1. Technical regulations
In the field of technical regulation, MEDTTE has foreseen, and is in process of completing under IPA project, the following:
   - Drafting the required corresponding administrative procedures for guiding the implementation of harmonized technical regulations and improvement of existing coordination and oversight mechanisms.
   - The creation of an electronic national database of existing technical regulations with explanatory brochures on their implications for the enterprise sector.
   - Organize awareness raising activities to familiarize businesses with the concepts and basic tenets of technical regulations, including the use of harmonized standards in technical regulations;
   - Meetings for discussing draft technical regulations with the private sector.

In addition, MEDTTE has organised, with GIZ - German government support, several awareness-raising meeting with the private sector for technical regulations, which have a public impact.

2. Standardization Policy
General Directory of Standardization continues with the adoption of standards in line with EU regulations. MEDTTE is in process of transposing into local legislation EU regulation 1025/2012 “For European Standardization”. This draft legislation will allow higher representation of SMEs in standardisation process, including financial support to enable effective participation, provide access without payment to the draft standards.

3. Accreditation
Progress has been achieved in the field of accreditation. Given that DPA is a signatory of EA MLA for testing, DPA has been granted full membership of ILAC for testing, as of 16 May 2016. Since that day, DPA has signed ILAC MRA for testing.
DPA officials regularly attend the meetings of all EA committees.
4. Conformity assessment bodies
Regarding the recommendations on developing Albanian CABs, the Inter-sectoral Strategy for Agriculture and Rural Development in Albania, 2014-2020 provides for the creation of a functional laboratory network for food security, as part of the system of food control, which is well organised and complies with EU requirements, in relation to the quality in performing the analysis of food champion, taken in the framework of food security control plans, including:

- Accreditation – ensuring the quality of the laboratory network;
- Reorganisation of the system with the purpose of creating a laboratory network for food security, distributed in all the territory of Albania, taking into consideration geographical differences and avoiding the superposition of activities.

5. Market surveillance
The council of Ministers Decision on the establishment of Market Surveillance Inspectorate (MSI) is approved on 20 of January 2016. The structure of the Market Surveillance Inspectorate was recently approved by Order of Prime Minister. The MSI is structured in 5 main departments (Technical, Surveillance of products, Surveillance of tourism standards, Intellectual Property and internal services department), with a total of 90 employees.

Market surveillance for gas and fuel for consumer use is not under the competence of this Inspectorate, but it is a function of the Ministry of Energy and Industry.

Moreover, the market surveillance standard operational procedures have been approved by Order of the Minister no. 305, dated 30.05.2014, while the methods of risk classification and assessment were approved by Instruction of the Minister no. 117, dated 26.12.2013. These documents provide clear guidelines for the Inspectorate’s work, based on the principle of proportionality and are published on the Official Gazette, as well as MEDTTE website.

6. Metrology
In the field of metrology, the Council of Ministers adopted decision no. 1055, dated 23.12.2015, which is fully harmonised with Directive 2009/34/EC on measurement instruments. Moreover, MEDTTE is under process of transposing the new Directive 2014/32/EU on measurement instruments. The draft decision of the Council of Ministers is under consultation process.
For improving the control function of pre-packaged goods, DPM was provided with equipment for pre-packaged goods in 2012 in the framework of BERIS PROJECT. For 2016, DPM has foreseen to acquire two other new equipment.

Four laboratories of General Directorate Metrology (GDM) (volume, mass, pressure and force) part of the Scientific Metrology Department, are in accreditation process.

Also, all the calibration laboratories in all fields covered by DPM implement quality management system according to international requirements (ISO/IEC 17025).

Regarding the strengthening of existing laboratories with the necessary requirements to obtain international recognition, DPM has participated in various inter-laboratory comparisons organised by EUROMET, for which we are expecting the final report. Training of staff on general metrology issues and laboratory has been provided with the assistance of the German Government.

Finally, with regard to metrology system, DPM has been part of different activities organised by regional bodies, such as Montenegro, Serbia, etc. With regard to establishment of new laboratories, DPM is in process of tendering the laboratory of time and frequency, as well as the laboratory of torque is in function.

DPM is assessing the feasibility of establishing the other laboratories.

CONCLUSION
UNECE report provides very good basis for Albanian Government to propose concrete actions concerning removal of regulatory and procedural barriers to trade. Recommendations of this report will be part of discussions of National Committee of Trade Facilitation and Trade Policy Coordination and will be included in the medium to long-term action plan for trade facilitation. The Committee has the mandate to coordinate the work with all donors in trade facilitation area.

We appreciate the support of UNECE and all other international organisations for the implementation of the recommendations provided in the report. Albania will approach these organisations following a mapping of all donors that are currently supporting the Albanian government in different fields included in the recommendations.

Thank you!