

EU statement at the Trade Policy Review of Albania, 11/05/16

Statement by EU Deputy Ambassador Detlev Brauns

I would like to welcome the Delegation of Albania, led by M. Ervin METE, Deputy Minister, Ministry for Economic Development, Tourism, Trade and Entrepreneurship. I would also like to thank the WTO Secretariat for their report and the Discussant, H.E. Mr. Peter C. Matt (Liechtenstein) for his remarks.

Since its first Trade Policy Review in 2010, Albania has suffered from declining foreign inflows following the financial crisis, due to the fall in exports and remittances. However, overall, Albania can be commended for having resisted the impact of the crisis rather well, in particular by ensuring fiscal consolidation combined with some important structural reforms. The forecast for the GDP growth for 2015 is 2.7%. Nevertheless, a lot remains to be done to improve the life of many Albanian citizens as the unemployment is still at quite high level (17%), even if this figure is probably inflated by the remaining high level of informal activities.

Albania plays active role in the WTO and the EU appreciates the regular contacts we have with the mission of Albania in Geneva. The EU continues to be the first trading partner of Albania and accounts for 67% of its total trade. In 2015, we exchanged goods worth 3.7 billion euros, which represents more an increase of more than 30% since the entry into force of the Stabilisation and Association Agreement (SAA) in 2009. This agreement is the basis for the bilateral free trade area between the EU and Albania and it also constitutes the legal instrument for alignment of Albania to the EU *acquis* and Albania's progressive integration into the EU structures.

Albania applied for EU membership in 2009 and obtained the status of candidate country in June 2014, which implies major reforms and adjustments of the legal, administrative and judicial framework. The opening of the accession negotiations is conditioned on fulfilling a set of key priorities, including public administration reform, reform of the judicial system and fight against corruption. The EU supports Albania with technical



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and financial assistance to implement these necessary reforms - the budget allocated for the period 2014-2020 amounts to about 650 million euros.

The EU would like to praise Albania for the reforms already carried out. I would like to use this opportunity to highlight the instrument of acceptance of Trade Facilitation Agreement that Albania deposited yesterday. Another example of reforms is the new law on copyright and the EU would be interested to know more about its implementation and enforcement. We would also appreciate Albania's views on the perspectives for further measures aiming at reducing the size of the informal sector. Additionally, it would be useful to better understand Albania's intentions regarding the opening up of certain economic sectors (public procurement, energy, and health) in order to further promote competition as well as the assessment by Albania of the impact of the ongoing efforts deployed to attract FDI, notably with the support of incentives. This review is also a good opportunity for us to learn more about the recent institutional changes regarding Albania's trade policy, for example, the ongoing establishment of three new bodies - the National Committee for Trade Policy Coordination and Facilitation, the National Economic Council, and the Investment Council.

The EU very much supports Albania's reform efforts which are needed as European businesses still face important trade barriers, including at the border. In other areas such as public procurement, competition, IPR enforcement, and public administration, further progress would also be welcomed. In the financial sector, the high number of non-performing loans needs to be further addressed in order to tackle the continued risk aversion by banks which limits access to credit for businesses. In our advanced written questions, we have sought clarification on these and a couple of other issues.

Finally, the EU would like to commend Albania for using the alternative timeframes for this TPR as it makes this exercise more transparent and interactive. Let me end my statement by wishing Albania a very successful second review.