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**REPORT FROM THE COMMISSION**

**On the feasibility of negotiating a  
Stabilisation and Association Agreement  
with Albania**

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## **1 CONTEXT**

In the context of the Kosovo crisis, and in accordance with the General Affairs Council Conclusions of 26 April 1999 and a Declaration issued at the EU-Albania political dialogue meeting at Ministerial level on 27 April 1999, the Commission, in its Communication on the Stabilisation and Association Process for countries of South-Eastern Europe,<sup>1</sup> indicated its readiness to prepare, "in due course", a report on the feasibility of the opening of negotiations for a Stabilisation and Association Agreement (SAA)<sup>2</sup>. The Council, in its conclusions of 31 May and 21/22 June welcomed the intention of the Commission to present such a report as soon as possible and mentioned that, in the light of discussions on this report, an invitation to the Commission to present recommendations for negotiating directives might follow.

The present report therefore needs to be seen both in the context of a possible enhancement of bilateral contractual relations between the European Community (EC) and Albania, currently based on the Agreement on Trade and Commercial and Economic cooperation of 1992<sup>3</sup>, and of the implementation of the new Stabilisation and Association Process for countries in South-Eastern Europe in accordance with General Affairs Council Conclusions of 21/22 June 1999. It is also an EU contribution in the framework of the Stability Pact for South-Eastern Europe. Its purpose is to assess the feasibility of a SAA with Albania and to elaborate on important political, institutional and economic requirements for a successful participation of Albania in such perspective.

## **2 RELATIONS BETWEEN THE EUROPEAN COMMUNITY AND ALBANIA AND THE PERSPECTIVE OF AN ADVANCED RELATIONSHIP**

### **2.1 Development of bilateral relations and cooperation between the Community and Albania since 1991**

Since the start of its transition to democracy and a market economy, Albania benefits from EC assistance, namely through PHARE (since December 1991), and from the generalised scheme of trade preferences (GSP - since February 1992). Relations between the EC and Albania are based on a non-preferential Agreement on Trade and Commercial and Economic Cooperation (only MFN principle) which entered into force on 1 December 1992. Meetings of the Joint Committee were held in 1994, 1998 and 1999. Several working parties were established under this Agreement ("approximation and reform of legislation", "customs cooperation" [both 1994], "economic and financial matters" [1998], "agriculture" and "infrastructure" [both 1999]). A separate Agreement on Textiles has been in force between 1992 and 1995. A separate Joint Declaration between the EC and its Member States in parallel to the Agreement provides the framework for a bilateral political dialogue. There have been four meetings at ministerial level (1994, 1996, 1998 and 1999) and five inter-Parliamentary meetings.

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<sup>1</sup> Commission Communication to the Council and the European Parliament on the Stabilisation and Association Process for countries of South-Eastern Europe, Bosnia and Herzegovina, Federal Republic of Yugoslavia, former Yugoslav Republic of Macedonia and Albania. COM (99) 235 final, 26.5.99.

<sup>2</sup> Commission Report on the feasibility of negotiating a Stabilisation and Association Agreement with the former Yugoslav Republic of Macedonia, COM (99) 300 final, 16.6.99.

<sup>3</sup> O.J. L 343 of 25.11.92, P.1; The preamble of this agreement reads that these contractual links "will contribute to progress towards the objective of an association agreement in due course, when conditions are met".

As early as 1995, Albania requested the opening of negotiations for an association agreement. An assessment undertaken by the Commission in June 1995, on subjects such as free trade in goods and services, establishment and capital movement led to the conclusion that a "classical" Europe Agreement could not be envisaged. The General Affairs Council of 29/30 January 1996 invited the Commission to submit formal proposals for a new agreement with a view to enhancing relations with Albania.<sup>4</sup> Draft negotiating directives were prepared but no formal recommendation adopted by the Commission because the parliamentary elections of May 1996 casted a shadow on Albania's democratic record and were followed by a deep state crisis in early 1997 provoked by the breakdown of the pyramid schemes.

While recognising efforts made and the first results achieved in terms of stabilisation and recovery in Albania after that crisis, the Commission, in its periodic reports presented since October 1997 on compliance with the conditionality of the EU's Regional Approach, has pointed out that a further strengthening of contractual relations would depend on effective further progress, along with progress made in the framework of relevant Community assistance programmes and the existing Agreement. Progress in the implementation of EC assistance programmes, mainly under PHARE, was recently acknowledged by the Third Joint Committee of 26 March 1999, but there is no doubt that important programmes (for example: large infrastructure, public administration reform) are still at a rather slow pace and some of the activities remain heavily affected by the widespread crime, corruption and insecurity in the country.

Only limited use has been made so far of existing working parties under the Agreement. While the activities of the working party "customs cooperation" have been rather regular and have usefully underpinned PHARE activities in this field, the working party on "approximation and reform of legislation" has only restarted in early 1999. Cooperation has developed, however, on trade issues, *inter alia* on the basis of a Commission mission to Albania in July 1998 on the application of the GSP, which resulted in an upgrading of the bilateral trade regime in line with regional standards.<sup>5</sup> In 1998, bilateral trade reached the pre-crisis level (1996) and is still marked by a high trade deficit of Albania.<sup>6</sup>

## **2.2 Economic, political and institutional aspects with regard to the perspective of an advanced relationship with Albania<sup>7</sup>**

### **2.2.1 Economic stabilisation and reform**

After the breakdown of the Communist regime in 1992, the Albanian authorities initiated efforts of macroeconomic stabilisation and structural adjustment under IMF-supported programmes. From mid-95, however, the pace of reforms slowed down, important budgetary slippages appeared and the collapse of a number of pyramid schemes in late 1996 and its political consequences seriously affected the country. The nature and extent of the Albanian crisis confirmed the existence of major deficiencies of the financial sector, of the institutional

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<sup>4</sup> The General Affairs Council conclusions of 13 May 1996 further indicated that such an agreement should constitute an important step towards an association agreement ("sui-generis")

<sup>5</sup> Council Regulation (EC) No 1763/99 of 29 July 1999 concerning the arrangements applicable to imports into the Community of products originating in Albania and amending Council Regulation (EC) N°2820/98 of 21 December 1998 applying a multiannual scheme of generalised tariff preferences for the period 1 July 1999 to 31 December 2001 as regards Albania, O.J. L211 of 11.8.99, p1.

<sup>6</sup> See Annex I

<sup>7</sup> A comprehensive assessment of compliance with political and economic conditions as set out in the EU's Regional Approach was made by the Commission in May 1999 (SEC(99)714, 17.5.99. The following paragraphs contain selective updated information for this purpose.

and legislative framework, and more generally of normal State functions. Since July 1997, when a new Government took office, the country has made considerable efforts to stabilise the economy and address its structural deficiencies in the framework of the Joint Recovery Programme established by the Commission in cooperation with IFIs and under guidance of the IMF.<sup>8</sup>

As a result of these efforts and the support of the international community, the Albanian economy made a successful recovery. GDP is estimated to have grown by 8% in 1998, reversing the 7% decline registered in 1997. Inflation fell to 2% in March 1999 and is expected to reach 0.5% at the end of the year (1.5% on average). Despite the repercussions of the temporary massive influx of Kosovo refugees<sup>9</sup>, the authorities have shown continuing commitment to macroeconomic stabilisation policies and economic reforms. With continued financial support provided by the international community<sup>10</sup>, GDP growth is expected to continue at 8% in 1999. While the total budget deficit is expected to increase above the 10% level observed in 1998, the domestically financed deficit should further decrease to some 5.5% of GDP. Despite the improvement of revenue collection, owing to the application of a 20% VAT and improved customs duties collection, achieved with the support of EC assistance, tax revenues (estimated at some 13.5% of GDP in 1999) remain short of the level necessary for a sustainable fiscal position, in particular because of the low level of income tax. With the lowest level of development in Europe (GDP per capita at about US\$ 830), Albania continues to be predominantly a rural economy with 54% of GDP generated by agriculture, 21% by services, 13% by construction and 12% by industry.<sup>11</sup>

Structural reforms have also been progressing and are globally on track with the IMF programme. The process of winding up of pyramid schemes is basically at its end. The privatisation of the three remaining State banks progressed properly. Important progress has also been registered in small and medium-sized enterprise privatisation: as of end-June 1999, 318 out of the remaining 469 SMEs have been sold, leased or liquidated. On the contrary, progress in restructuring/privatising of the large-scale enterprises in strategic sectors was disappointing and the Kosovo crisis even emphasised the problem. In the area of customs administration reform, some important steps were made (implementation of the revised customs code, recruitment of new anti-smuggling officers, adjustment of reference prices for imports in line with market prices). However, the capacity for the judiciary to implement the adopted legislation in an efficient way, in particular to repress fraud and corruption, needs to be reinforced.

### 2.2.2 *Security and public order*

Despite major efforts by the government since late 1997, Albania remains marked by a serious lack of public order and security in large parts of the country and there is widespread crime, trafficking in arms and human beings and corruption while the security forces and the judiciary operate under poor conditions. According to ECMM and other relevant sources, security conditions have further worsened during the first half 1999, in the context of the

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<sup>8</sup> Economic emergency programme in October 1997. ESAF arrangement approved in May 1998 to support the country's medium-term economic programme 1998-2001.

<sup>9</sup> These repercussions were to a large degree offset by the substantial humanitarian aid provided through the EC Humanitarian Office (ECHO) in favour of refugees, host families and health and social institutions.

<sup>10</sup> An Emergency donor meeting, organised jointly by the Commission and the World Bank (Brussels, 26 May 1999) successfully pledged 200 US\$ million to cover external financial needs for 1999 (of which 160US\$ million as impact of the Kosovo refugees crisis).

<sup>11</sup> Basic economic data: See Annex II.

massive influx of Kosovo refugees. More recently, actions by the Albanian authorities were undertaken in order to address this situation. In particular, special police forces carried out a number of visible anti-gang actions in several parts of the country. The government also has presented draft basic laws for the functioning of its police forces and started to elaborate, in cooperation with WEU/MAPE, a strategic plan for the development of the police. These efforts and the ongoing assistance for the re-establishment of viable police forces by the WEU/MAPE as well as other bilateral assistance and the support for a strengthening of the judiciary, mainly through a joint programme EC/Council of Europe, will only bring tangible results in term of improvement of public order in the medium-term. In practice, the remaining insecurity continues to hamper cooperation and assistance, particularly in the field of infrastructure, is still one of the factors responsible for the very low level of foreign direct investment and, more generally, constitutes a mortgage for the ongoing stabilisation process in the country.

### *2.2.3 Democratic process and institutional and administrative reform*

On the basis of the constitution adopted in 1998, Albania has embarked on a substantial overhaul of its institutions and legal system in cooperation with the OSCE and the Council of Europe with a view to an effective implementation of the principle of separation of powers. The framework conditions for political normalisation in principle improved by the return to Parliament of the main opposition party (Democratic Party) in late July 1999, also with a view to a strengthening of the role of Parliament hampered so far by the boycott. On the other hand, recent developments highlighted the persistence of bipolarization and confrontation in the political life of Albania as well as institutional instability. Some progress has been made in the comprehensive State Institutions and Public Administration Reform Programme supported by PHARE, even if the effective setting up of a Civil Service Commission and of a State Publication Office, main components of this programme have still not been achieved. While democratic principles and human rights are basically respected, the main state institutions and the civil service remain weak and unstable and there are major problems in terms of law enforcement and functioning of the public administration at all levels.

## **3 PARAMETERS OF A STABILISATION AND ASSOCIATION AGREEMENT**

In addition to the general economic, political and institutional aspects mentioned above, the perspective of a Stabilisation and Association Agreement (SAA) with Albania will in particular depend on the latter's capacity to fulfil obligations under such a new type of contractual relations.

### **3.1 Political dialogue**

Within the framework of the existing bilateral political dialogue, the EU and Albania have already achieved a wide-ranging convergence of positions on international and regional issues. This dialogue has proved to be useful, in particular in the context of conflicts in the Balkans, including the recent Kosovo crisis. The anchorage of an enhanced political dialogue also under a regional format, into a future SAA, would be an acknowledgement and a useful continuation of bilateral political dialogue meetings which took place so far. Such a dialogue would also constitute an important EU contribution to the implementation of the Stability Pact for South-Eastern Europe.

At present, there are two EU Joint Actions in place, which are specifically concerning Albania.<sup>12</sup> Provisions could be integrated into a SAA which confirm the commitment of Albania to favour the implementation of these measures focusing on improvement of public order and security in the country. The political dialogue instrument could be used for a regular exchange of views on that and thus become a useful stabilisation tool.

### **3.2 Regional cooperation**

Albania pursues a cooperative policy in favour of good-neighbourly relations with all countries in the region and participates in all regional for a including the Stability Pact for South-Eastern Europe. Relations with the FRY are however frozen for well known reasons and the development of relations with the new authorities in Montenegro is hampered so far for the same reason and because the FRY authorities keep this border closed. Trade and economic cooperation with neighbouring countries (mainly Bulgaria and the former Yugoslav Republic of Macedonia) is at a traditionally low level. Some progress has been achieved since 1997 in the development of relations with the former Yugoslav Republic of Macedonia, namely through the conclusion of several agreements on economic and technical cooperation. A SAA could contain a provision concerning the conclusion of a regional convention with other countries of the region linked to the EU by a SAA agreement.

### **3.3 Trade in goods**

Albania has made significant progress in the last years in establishing a liberal and open trade system. Exports from Albania are generally free with the exception of export bans on skins and hides and on scrap metals and an export licensing restrictions on wood and wood products which complement harvesting limits for forestry conservation purposes. On a limited number of imported commodities (tobacco, alcohol) Albania still collects higher excise taxes. On the basis of a new Tariff Code adopted in April 1999, the maximum tariff rate for imports was reduced from 30 percent to 20 percent and a new tariff structure was introduced, bringing the number of tariff rates to three (20%, 10 and 5%). As a result of this, the average tariff rate declined from 15.9 percent to 14.1 percent. The government intends to reduce tariffs further in the next years to about 10-12 percent, beginning with a reduction of the maximum rate to 18 percent in the 2000 budget. It is further committed to remove the remaining quantitative restrictions or measures having equivalent effect. On that basis, Albania has made very substantial progress towards accession to the WTO, which seems within reach soon.

Albania faces a traditionally high negative trade balance and in particular in its trade relations with the EC which represent around 92% of its imports and 82% of its exports (1998). Although there is a gradual general reduction of the tariff rate for the purpose of integration into the world trade structures, it can be assumed that (remaining) income from customs duties will continue to be an important element of revenue collection in Albania. For these reasons and against the background of the general weakness of Albania's economy, the establishment of a Free Trade Area with the EC is not an easy perspective. There are basically two options for further development within a future SAA.

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<sup>12</sup> (1) Joint Action concerning a contribution by the EU to the re-establishment of a viable police force in Albania (9.3.99; in cooperation with the WEU); (2) Joint Action concerning a contribution of the EU to promoting the collection and destruction of weapons in the Gramsh district in Albania (10.5.99; in cooperation with UNDP).



- To subscribe to the objective of the establishment of a Free Trade Area by means of a date by which both parties agree to examine whether the conditions are met to establish a free trade area (*rendez-vous clause*);
- To agree to establish gradually a Free Trade Area within the longest period possible in accordance with the WTO rules (10-12 years).

The gradual establishment of a Free Trade Area between the EC and Albania would certainly require important efforts by Albania in order to generate alternative revenue collection, namely income taxes (which presupposes economic revival and development). In addition, specific budgetary support may be requested by Albania, at least for a certain transition period.

Any future trade regime would require – as in the past - EC assistance for the Albanian customs administration, both for collection of (remaining) customs duties on imports and export related activities (issuing of certificates of origin). The inclusion of Albania into the pan-European diagonal cumulation of rules of origin would obviously depend on whether the establishment of a Free Trade Area is envisaged or not.

### 3.3.1 *Industrial*

Industrial products represent the major part of bilateral trade and on the basis of the new EC preferences in line with regional standards which entered in force on 1 October 1999 Albanian exports benefits from duty-free access for industrial products within the limit of ceilings for some products. Positive prospects for the development of Albanian exports to the Community exist in the traditional sectors (mainly textiles and footwear which represent respectively 36% and 30% of its exports). A new agreement should of course at least maintain these preferences. In the case of a gradual establishment of a Free Trade Area, the Community side would have to abolish or phase out rapidly the remaining tariff ceilings and to maintain a preferential asymmetric regime over a long period, including a progressive reduction of duties for Albania.

### 3.3.2 *Agriculture*

Given the high importance of agriculture in Albania's economy (54% of GDP), there is theoretically a high potential for production and trade in this sector including fisheries. In practice, however, Albania's export capacities are very limited because of major problems in the functioning of the land market, a rather low standard of veterinary standards and other structural problems. Therefore, agriculture represents even less than 10% of Albanian exports to the EC, but 30% of its imports. A new agreement should extend the EC concessions granted under the autonomous regime and integrate additional advantages granted at present within the GSP. In the case of a gradual establishment of a Free Trade Area, these EC concessions should be more substantial, given that such a perspective would in principle imply, from the start, to implement gradually a greater liberalisation of agricultural trade on both sides. Provision would have to be made ensuring that minimum duties for several agricultural products, which are compatible with WTO rules and permit the further development of its agricultural sector during the transition period, can be applied by Albania.

## 3.4 **Current Payments and Movement of Capital**

After the breakdown of the pyramid schemes two years ago, the authorities have taken steps to reconstruct the financial infrastructure. The state-owned banks are in the process of being privatised and appropriate financial sector legislation and regulation is being introduced. The

Bank of Albania is also preparing to move to indirect monetary policy instruments and to terminate the use of minimum interest rates and credit ceilings, concurrent with establishing procedures for efficient banking supervision. Thus a basis for subsequent liberalisation of payments and capital movements is being laid.

A SAA should include specific provisions on full liberalisation of current payments (to put the regime in conformity with Article VIII of IMF), on liberalisation of direct investments, on investor protection and on liberalisation of acquisition of real estate for investment purposes. A standstill clause should be added, together with a development clause providing for further liberalisation of capital movements in the medium-term.

### **3.5 Services, establishment**

Albania has made important efforts in recent years, during WTO accession negotiations, for the opening of its economy to foreign firms and investment in all sectors. Most business activities are largely liberalised (industry, transport, construction, distribution, consultancy services including legal, accounting, taxation and banking). Important restrictions remain, however, in the financial sector and foreigners cannot acquire land for agricultural use (only lease). A liberalisation of the telecommunications sector by 2003 and further liberalisation of financial services (including insurance services) is envisaged in the coming years. Steps have also been undertaken to improve banking supervision and prudential regulation on the basis of the Law on the Bank of Albania (1997) and the Banking System Law (1998). Supervision is, however, still deficient mainly because of institutional weaknesses of the Bank of Albania and a lack of appropriate staff. In order to make effective the full liberalisation of services and the application of national treatment to EU companies major efforts will have to be made by the Albanian side, in particular in the financial sector.

### **3.6 Approximation of legislation**

As early as 1992, Albania embarked on a gradual approximation of its legislation with that of the EC, but results have been rather uneven and clear priorities were never established within the relevant working party. Against the background of a rather high turnover in ministries and administration and the poor state of the judiciary, there is also a general problem in law awareness and enforcement. A Permanent Office for the Reform and Approximation of Legislation was set up in early 1999. On that basis, the government may in future restart its activities in a more systematic manner. It is obvious that alignment to EC legal standards would necessarily be gradual over a long period. A future SAA would have to contain specific provisions not only for the implementation of approximation of legislation but also for appropriate law awareness and enforcement actions.

#### **3.6.1 *Technical Standards and Certification***

Albania has already made important efforts in adopting EC technical standards since 1992, currently in the framework of the PHARE PRAQIII programme, and is committed to continue on this path. The Albanian National Standards Body is an affiliate member of CEN and a new law on standardisation adopted in March 1999 provides the appropriate legal framework for these standardisation activities and for definitions for certification, products, conformity and quality systems. In practice, certification activities are, however, still at a very low level given the lack of interest of economic operators.

### 3.6.2 *Competition and State Aids*

A Law on competition (1995), part of the commercial law, provides a legal framework and involves antitrust actions and provisions against other unfair competition practices. Price liberalisation is almost fully achieved with the exception of certain medical products at producer and wholesale level for social policy reasons. An SAA could contain wide-ranging provisions on competition, state aids and public undertakings.

### 3.6.3 *Public Procurement*

A Law on public procurement (1995), in line with EC standards, exists and a Public Procurement Agency, in place since late 1995, is in charge of its application and of further improvement of this legal framework as well as training activities. During WTO accession negotiations, Albania undertook to join the Government Procurement Agreement (GPA), possibly by the end of 2000.

### 3.6.4 *Intellectual, Industrial and Commercial Property*

Under the existing Cooperation Agreement, Albania was already committed to take measures guaranteeing an effective and adequate protection of intellectual, industrial and commercial property at a level similar to that which exists in the Community and to adhere to relevant international conventions. The main legal instruments have been put in place: a copyright law (1992), a law on industrial property (1994) and a Patent Office (founded in 1993). Albania is a member of the Bern Convention for the Protection of Literary and artistic Workers, the Paris Convention on Industrial Property, the Madrid Agreement for the International Registration of Marks and has also signed the Patent Cooperation Treaty. An additional agreement for the protection of patents between the European Patent Office and Albania entered into force in 1996. Further improvement of protection is underway in the context of the country's accession to the WTO. In particular, Albania undertook to implement fully the Trade Related Intellectual Property Rights (TRIPS) agreement on accession without recourse to any transitional period. The necessary enforcement mechanism seems to be in place, including access to the courts for foreigners, and the criminal law provides for rather serious punishments.

### 3.6.5 *Telecommunications and the Information Society*

The Albanian authorities issued a "Policy paper on Telecommunications" in 1999 which committed the government to privatisation and liberalisation of the sector. A good offer to the WTO has also recently been submitted in the framework of accession negotiations. The new telecommunications law, enacted in 1998, allowed for the establishment of the Telecommunications Regulatory Entity. The EBRD has already invested in Albania to modernise and extend the basic network, and has provided assistance for regulatory reform and policy development but further support is needed to implement the decisions of the policy paper. Provisions in a future SAA and related support should pursue the aim declared in the policy paper of gradual orientation towards the policies, procedures and standards of the EU. This general objective should apply to the Information Society as well as to the telecommunications sector.

### 3.6.6 *Consumer Protection*

A law on consumer protection was adopted in 1997 providing for a basic legal framework in this field including the rights and responsibilities of the Albanian consumer associations. For

the enforcement of the law, a sector for consumer protection is being set up in all relevant line ministries.

### 3.6.7 *Labour law and equal opportunities for men and women*

In the field of equal opportunities for men and women, a *Consensus* project is currently being implemented to assess the compatibility of present legislation in Albania with EC directives in this field. Taking account of the findings of this project, suitable provisions in the field of equal opportunities, working conditions and social security could be integrated in a SAA.

## 3.7 **Justice and Home Affairs**

Outside the scope of the 1992 Agreement, assistance to and cooperation with Albania has already developed in the framework of a comprehensive joint EC/Council of Europe programme in favour of the judiciary and legal reform in Albania. Cooperation in the fight against drugs has also been developed in the framework of the PHARE multi-beneficiary Drugs programme.

A SAA would provide for the possibility to include:

- as far as new EC competencies (Title IV TEC) are concerned, specific provisions on asylum, migration (including readmission), external borders and judicial cooperation in civil matters;
- as far as Title VI of the TEU is concerned, certain provisions on the fight against organised crime and judicial cooperation in criminal matters, corruption, money laundering and drugs.

Effective application of such provisions would, however, depend strongly on the strengthening of the relevant Albanian authorities and administration at all levels (in particular as regards training, working conditions, human and technical resources).<sup>13</sup>

## 3.8 **Economic and Financial Cooperation**

Over the period 1991-1999, total assistance commitments from the EC to Albania have exceeded 980 € million of which 616 € million was granted through PHARE.<sup>14</sup> Since the 1997 crisis, EC assistance (in particular PHARE) has concentrated on four key areas: (1) public administration reform (including customs, police and judiciary), (2) large infrastructure (roads, water and ports); (3) agriculture and (4) local development. Despite delays in programming and implementation due to disturbances, particularly in 1997, the overall implementation of EC assistance is satisfactory, with 79% of total funds allocated in the period 1991-1998, and 68% of allocated funds disbursed. A strengthening of the absorption capacity and the removal of obstacles to the disbursement of international aid by the Albanian Government remain, however, necessary.<sup>15</sup>

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<sup>13</sup> Cooperation on justice and home affairs should take account of results of the EU High Level Working Group on Asylum and Migration which also deals with Albania (one of the case studies).

<sup>14</sup> See Annexes III and IV.

<sup>15</sup> This means above all the simplification of procedures relating to the approval of projects and adequate funds for reimbursement of VAT and customs duty and for land acquisition, namely for infrastructure projects.

The overall humanitarian assistance provided by ECHO to Albania from 1992 to 1999 amounts to over 126 € million. The total aid between 1992, when ECHO was created, and 1998 totals 35,3 € million and was targeted towards activities supporting the public health and water and sanitation sectors, in particular after the collapse of the pyramid schemes (in 1997). In response to the Kosovo crisis, ECHO stepped up substantially its assistance to Albania in 1999. A total of 91 € million has been committed by ECHO this year for humanitarian aid to refugees, host families and social structures. Out of these funds, more than 35 € million have been committed for projects in the sectors of public health and water and sanitation.

In the light of past experience, it can generally be said that economic and financial cooperation with Albania means above all assistance, including assistance in order to promote cooperation. As cooperation has developed in those fields covered by past and present EC assistance, it can be assumed that wide-ranging cooperation provisions within a future SAA would inevitably mean the need to extend this assistance to underpin those provisions.

### 3.8.1 *Customs and Taxation*

The customs sector is already well covered by the EC customs assistance mission in Albania (CAM-A) deployed since 1997, and other activities (also within the relevant Working Party) aiming at a modernisation of the Albanian customs service. Despite substantial EC efforts in the sector, the Albanian customs administration has not developed to the extent expected, and still requires continued effort, encouraged by the imposition of balanced conditionality. On the basis of the new Customs code of April 1999, in line with European standards, it is envisaged that cooperation and assistance will be further enhanced, in order to also contribute to the fight against fraud and corruption (*inter alia* the setting up of a specific anti-smuggling unit). Future cooperation in the field of taxation could usefully underpin the country's efforts to reform its tax system and administration under IMF guidance. A strengthening of other tax revenues is indeed a paramount task, in particular in view of a future eventual establishment of a Free Trade Area between the EC and Albania.

### 3.8.2 *Statistics*

The statistical office of Albania (INSTAT) already participates in Eurostat activities oriented towards the harmonisation of the statistical system with European standards, and receives support in the framework of PHARE. Creating a legal framework, a good GDP calculation, a business register and conducting a population census are some of the priorities for the improvement of a basic statistical system. A future cooperation programme should also reinforce INSTAT's equipment and staff, currently marked by a high turnover.

### 3.8.3 *Industry and SMEs*

Bilateral cooperation in this area has been rather limited so far. The EBRD has focused so far on preparation for the creation of industrial parks and free trading zones (in Durrës) which have not been successful so far, *inter alia* because of legal problems and the general lack of foreign direct investment in Albania. It could be useful to include in a future SAA provisions to promote cooperation with active participation of EU industry organisations and entrepreneurs in targeted industrial sectors such as mining and oil, textiles and footwear which constitute a certain potential in particular for exports.

#### 3.8.4 *Agriculture*

Cooperation and assistance in this sector has been important, namely for the continuation of cadastral surveys and the production of land maps of all districts, the rehabilitation and upgrading of veterinary control services and the promotion of the fishery sector. On the basis of the "Green Strategy", a strategic plan for the development of the agricultural sector (1998), cooperation could be further developed within a future SAA particularly in order to ensure a functioning land market, to promote marketing and distribution of food products (also for exports) and to further improve veterinary and phytosanitary standards.

#### 3.8.5 *RTD*

Albania has participated in the 4<sup>th</sup> EC Framework Programme for RTD. It is eligible for INCO-Copernicus 2 and specific programmes (project by project) within the 5<sup>th</sup> Framework Programme. Provision could be made to pursue cooperation within a future SAA.

#### 3.8.6 *Education and Training*

The country is participating in the TEMPUS programme for higher education (since 1992) and is also involved in programmes of the European Training Foundation. A future SAA could include specific provisions on cooperation in education and training, which would also include projects focusing on institution building.

#### 3.8.7 *Culture and Audiovisual*

Cooperation in the culture and audiovisual sectors has been non-existent in the past. In the light of this, a future SAA could include specific provisions on cooperation (including harmonisation of legislation) in these fields, which would also include projects focusing on institution building, especially in the audiovisual sector.

#### 3.8.8 *Transport*

The road programme in Albania is supported by PHARE, also with a view to the completion of strategic axes which are also part of the Trans-European Network, and PHARE Cross-Border Activities are of central importance for the country. Given its geographical situation and the state of its infrastructure, Albania is not yet an important transit country. Provisions could however be included laying down the principle of free transit for road traffic and rules for the future harmonisation of road taxation, technical and social legislation. A future SAA could also include provisions for the development of infrastructure of common interest and the progressive liberalisation of port facilities.

#### 3.8.9 *Energy*

Albania has been participating in EC activities aiming at promoting regional energy cooperation in South-Eastern Europe, particularly as regards the development of regional energy interconnections in oil, gas and power sectors. Despite a lack of reforms and the present domestic difficulties in this area - the electricity sector is marked by distribution problems and severe financial losses due to non-payment of bills and uneconomical tariffs - the country has the potential to play, in future, a rôle in regional energy systems and specific provisions in a SAA could help the country to develop this rôle.

### 3.8.10 Environment

In the environmental field, cooperation has been primarily focussed through the LIFE-III country programme, which supports technical assistance or demonstration projects. This programme has been able to provide some concrete results, even during the recent period of institutional instability in Albania. In addition, some of the activities under PHARE (water, agriculture, and local development) have a clear environmental dimension. Given the prominence of environmental issues in the country, further cooperation and assistance in this field should be pursued through a future SAA.

## 4 CONCLUSIONS

### 4.1 Prerequisites for a successful participation of Albania in the Stabilisation and Association Process

At the Tirana International Conference of 30 October 1998, the Albanian government subscribed to an important number of objectives to be achieved and actions to be taken in the short and medium term, as regards internal and external security and the regional context, the democratic process and institutional reform and economic stabilisation and reforms.<sup>16</sup> Since then, some progress has been made and the Albanian government has in particular proved to be successful during the recent Kosovo refugee crisis. However, much still needs to be done in order to reach sustainable stabilisation and normalisation in the country.<sup>17</sup> Within the framework of the EU's Stabilisation and Association Process (of which a SAA is an only one, albeit an important instrument), the country would have to take action in key areas of concern.

#### 4.1.1 Continued macro-economic stabilisation and accelerated structural reforms

- Continuation of sound macroeconomic policies in accordance with the medium-term economic programme supported by the IMF;
- Acceleration of the revision of banking legislation and of the supervisory framework and finalisation of the privatisation or liquidation of the remaining state-owned banks;
- Stepping up of efforts preparing the privatisation of public enterprises and utilities;
- Strengthening of tax collection through broadening of the tax base, reform of the tax administration and implementation of the new customs code;
- Establishment of a functioning agricultural land market;
- Integration of public investment expenditures into the general state budget;
- Restructuring of public utilities and promotion of their sound financial management on a cost-recovery basis.

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<sup>16</sup> See Conclusions of this Conference and the relevant EU position, adopted by the General Affairs Council of 26/10/98.

<sup>17</sup> See also Conclusions of Friends of Albania Plenary Meeting, Brussels, 22/7/99

#### *4.1.2 Strengthening of security and public order*

- Adoption of a legal framework for the police forces, including the special police forces, in accordance with the civil service law as amended;
- Consolidated presence and improved functioning of the police forces, on the basis of a strategic plan for their development, in cooperation with the WEU;
- Implementation of arms collection and destruction in Gramsh in cooperation with UNDP, and examination of possible extension of such actions;

#### *4.1.3 Improvement of governance and strengthening of law enforcement*

- Adoption of a framework law on the organisation of the Ministry of Justice and timely implementation of actions foreseen in cooperation with the Council of Europe, for judicial and legal reform;
- Implementation of activities under the Anti-Corruption Programme agreed with the World Bank, also by making fully operational the anti-smuggling unit set up in the framework of the EC customs assistance mission
- Effective establishment of the State Publication Office and of an independent Civil Service Commission

### **4.2 The perspective to open negotiations for a Stabilisation and Association Agreement**

#### *4.2.1 Feasibility of an association perspective*

Albania remains marked by important economic, political and institutional weaknesses which do not facilitate the perspective of an association with the EC and its Member States. At least in parallel to the opening of negotiations, if not before, the country must do its utmost to address these weaknesses. In particular, credible commitments and a timetable for action are necessary in the areas mentioned under point 4.1. for a successful participation of the country in the Stabilisation and Association Process and prerequisites for the upgrading of contractual relations towards an association with the EC and its Member States.

Albania is fully committed to a further opening and liberalisation of its economy in the perspective of its accession to WTO which is expected soon. In certain areas, Albania has already made important efforts to come closely to EC legal standards (for example: technical standards, industrial, commercial and intellectual property). Based on past bilateral activities, a future SAA would also provide an appropriate framework for enhanced cooperation and assistance with the country.

There are, however, three basic problems which, at the least, hamper a full association with the EC and its Member States.

- general problems in terms of institutional stability, governance, functioning of basic administration and rule of law;



- the uneasy (if not very difficult) establishment of a Free Trade Area with the EU given the relative importance of revenues from customs duties (EU represents more than 90% of its imports); and
- the general weakness of its economy and its high dependence on foreign aid;

In addition, any association perspective would necessitate an extension of EC assistance in all relevant areas.

#### *4.2.2 A successive stages approach of association*

Negotiations for a new agreement with Albania need to take full account of the political and economic reality in the country. A future SAA with Albania would therefore have to be a tailor made one, possibly foreseeing successive stages, in particular as regards the establishment of a Free Trade Area but also for gradual alignment to EC acquis. In such perspective, it would be useful to include in a SAA with Albania evolutionary clauses or other appropriate provisions permitting decisions at a later stage on further rules in these areas.

#### *4.2.3 The way ahead towards possible negotiations*

The Commission considers it appropriate to invite the Albanian government to give a status report, including a timetable, on actions taken or envisaged in priority areas mentioned under point 4.1., to be made available prior to further consideration of a possible perspective to open negotiations for a SAA. This status report will be subject of an in depth discussion with EU Member States in the relevant Council bodies.

Following discussions on this status report, the present feasibility report and possible relevant Council conclusions, the Commission would have to carry out additional technical talks with the Albanian side in order to further clarify certain aspects linked to a SAA perspective, in particular the question of whether or not to establish a Free Trade Area and how to align to the EC acquis on the basis of improved governance and respect for the rule of law, before a possible formal recommendation for the opening of negotiations for a SAA can be made.

Table 1 : Overall developments 1989 - 1999<sup>\*1</sup>

|                | Billion<br>(Billion Euro until 1998) |         |         | exp/imp | Annual rate of change |              | Share of Albania<br>in extra EU trade |           |
|----------------|--------------------------------------|---------|---------|---------|-----------------------|--------------|---------------------------------------|-----------|
|                | EU exp.                              | EU imp. | Balance | %       | EU exp.<br>%          | EU imp.<br>% | exp.<br>%                             | imp.<br>% |
|                |                                      |         |         |         |                       |              |                                       |           |
| 1989           | 0,121                                | 0,100   | 0,021   | 121     | 80                    | 39           | 0,03                                  | 0,02      |
| 1990           | 0,118                                | 0,081   | 0,037   | 146     | -3                    | -20          | 0,03                                  | 0,02      |
| 1991           | 0,167                                | 0,065   | 0,101   | 255     | 41                    | -19          | 0,04                                  | 0,01      |
| 1992           | 0,304                                | 0,058   | 0,247   | 528     | 83                    | -12          | 0,07                                  | 0,01      |
| 1993           | 0,400                                | 0,081   | 0,319   | 496     | 31                    | 40           | 0,08                                  | 0,02      |
| 1994           | 0,426                                | 0,123   | 0,303   | 347     | 6                     | 52           | 0,08                                  | 0,02      |
| 1995 (EU 12)   | 0,504                                | 0,150   | 0,355   | 337     | 19                    | 22           | 0,08                                  | 0,03      |
| 1995 (EU 15)   | 0,518                                | 0,151   | 0,367   | 343     | 22                    | 23           | 0,09                                  | 0,03      |
| 1996           | 0,744                                | 0,198   | 0,547   | 377     | 44                    | 31           | 0,12                                  | 0,03      |
| 1997           | 0,565                                | 0,190   | 0,374   | 297     | -24                   | -4           | 0,08                                  | 0,03      |
| 1997 (January) | 0,055                                | 0,022   | 0,034   | 255     | -                     | -            | 0,11                                  | 0,04      |
| 1998           | 0,554                                | 0,215   | 0,339   | 257     | -2                    | 13           | 0,08                                  | 0,03      |
| 1998 (January) | 0,034                                | 0,015   | 0,019   | 227     | -38                   | -30          | 0,06                                  | 0,03      |
| 1999 (January) | 0,037                                | 0,018   | 0,019   | 203     | 8                     | 20           | 0,08                                  | 0,03      |

\*1 January 1999. Annual rate of change is calculated over the same period of 1998.

Table 2 : Most important EU 15 exports in 1999 and corresponding values in 1998 (January)<sup>\*2</sup>

| Sector by section of Common Customs<br>Tariff | 1999<br>(January) |                     |                               | 1998<br>(January) |                     |                               |
|---|-------------------|---------------------|-------------------------------|-------------------|---------------------|-------------------------------|
|   | Meuro             | Share of total<br>% | Change over<br>January 1998 % | Meuro             | Share of total<br>% | Change over<br>January 1997 % |
|   |                   |                     |                               |                   |                     |                               |
| 1. Agriculture, incl. processed (I-IV)        | 7                 | 19                  | -32                           | 10                | 30                  | -43                           |
| 2. Machinery & electrical (XVI)               | 6                 | 16                  | -4                            | 6                 | 18                  | -20                           |
| 3. Textiles (XI)                              | 6                 | 15                  | 28                            | 4                 | 13                  | -17                           |
| 4. Mineral products (V)                       | 4                 | 10                  | 84                            | 2                 | 6                   | -28                           |
| 5. Foot/head wear, umbrellas... (XII)         | 3                 | 9                   | 326                           | 1                 | 2                   | -82                           |
| 6. Base metals & articles (XV)                | 2                 | 6                   | -12                           | 2                 | 7                   | -39                           |
| 7. Chemical products (VI)                     | 2                 | 5                   | 4                             | 2                 | 5                   | -37                           |
| SUBTOTAL                                      | 30                | 81                  | 6                             | 28                | 82                  | -38                           |
| ALL SECTORS                                   | 37                | 100                 | 8                             | 34                | 100                 | -38                           |

\*2 In 1998 Base metals were in 4th place, Mineral prods. in 5th place, Chemical prods. in 6th place, Ceramics in 7th place, Footwear in 10th place.

Table 3 : Most important EU 15 imports in 1999 and corresponding values in 1998 (January)<sup>\*3</sup>

| Sector by section of Common Customs<br>Tariff | 1999<br>january |                     |                               | 1998<br>january |                     |                               |
|---|-----------------|---------------------|-------------------------------|-----------------|---------------------|-------------------------------|
|   | Meuro           | Share of total<br>% | Change over<br>January 1998 % | Meuro           | Share of total<br>% | Change over<br>January 1997 % |
|   |                 |                     |                               |                 |                     |                               |
| 1. Foot/head wear, umbrellas... (XII)         | 6               | 34                  | 37                            | 5               | 30                  | -32                           |
| 2. Textiles (XI)                              | 6               | 34                  | 14                            | 5               | 36                  | -1                            |
| 3. Base metals & articles (XV)                | 2               | 10                  | -1                            | 2               | 12                  | -10                           |
| 4. Agriculture, incl. processed (I-IV)        | 1               | 7                   | -10                           | 1               | 10                  | 25                            |
| 5. Mineral products (V)                       | 1               | 6                   | 3917                          | 0               | 0                   | -98                           |
| 6. Hides and skins (VIII)                     | 1               | 3                   | -22                           | 1               | 4                   | -32                           |
| 7. Wood... (IX)                               | 0               | 2                   | -23                           | 0               | 3                   | 45                            |
| SUBTOTAL                                      | 18              | 96                  | 21                            | 14              | 95                  | -22                           |
| ALL SECTORS                                   | 18              | 100                 | 20                            | 15              | 100                 | -30                           |

\*3 In 1998 Textiles were in first place, Footwear in 2nd place, Hides & skins in 5th place, Wood in 6th place, Machinery in 7th place, Mineral prods. in 12th place.

## ALBANIA – BASIC DATA

|                                |   |
|--------------------------------|---|
| <b>Official Name</b>           | Republic of Albania; Capital: Tirana  |
| <b>Total area</b>              | 28,748 km <sup>2</sup>  |
| <b>Neighbouring countries</b>  | Greece, FRY (Serbia and Montenegro); Former Yugoslav Republic of Macedonia  |
| <b>Population</b>              | 3,4 million (1997); Annual growth: 2% (1997)  |
| <b>Density</b>                 | 115.9 persons/km <sup>2</sup> (1998)  |
| <b>Ethnic profile</b>          | 98% Albanians, 1,8% Greeks, the rest Macedonians, Montenegrins and others.  |
| <b>Languages</b>               | Albanian (official dialect is tosk) 95%; Greek 3%; Other 2%   |
| <b>Religion</b>                | Muslims 70%, Albanian Orthodox 20%, Roman Catholics 10%   |
| <b>Currency</b>                | Albanian Lek 140 = .1 Euro (July 1999)  |
| <b>Inflation</b>               | 42% (1997); 8,7% (1998)   |
| <b>Unemployment</b>            | 28% (1997); 20,7% (1998). According to the World Bank around 30% of the population is living under the poverty line |
| <b>GDP (In bn \$)</b>          | 2.3 (1997); 3.0 (1998)  |
| <b>Real GDP growth</b>         | -7,0 (1997); + 8% (1998)  |
| <b>Origins of GDP</b>          | Agriculture: 54.4%; commercial sector/services 18.0%; industry: 12%; construction 12.6%; transport 3.0% (1998)      |
| <b>GNP/Capita (in \$)</b>      | 750 (1997); 830 (1998). Estimations of emigrants' remittances per capita: 250 (1997); 300 (1998)                    |
| <b>Average monthly wage</b>    | 150\$ (98)  |
| <b>Current account</b>         |   |
| <b>In m \$</b>                 | -276 (1997); -187 (1998); -450 (forecasts 1999)   |
| <b>% GDP</b>                   | -12.1 (1997); -6.1 (1998); -11.9 (forecasts 1999)   |
| <b>Trade balance (in m \$)</b> | -518 (1997); -634 (1998); -826 (forecasts 1999)   |
| <b>Main trading Partners</b>   | Exports: Italy (60.1%); Greece (19.8%); Germany (5.7%)<br>Imports: Italy (44.1%); Greece (29.2%); Germany (3.8%)    |
| <b>Main exports</b>            | Textiles, Footwear, Base metals, Agriculture products   |
| <b>Main imports</b>            | Agriculture/Food, Mineral products, Machinery, Textiles   |
| <b>Total external debt</b>     |   |
| <b>In m \$</b>                 | 760 (1997); 900 (1998)  |
| <b>in % of GDP</b>             | 33.3 (1997); 29.5 (1998)  |

**ANNEX III**

**Overall PHARE Assistance in ALBANIA 1991-99 (Mio €)**

(Commitment)

Situation on 21 October 1999

| TYPE OF PHARE ASSISTANCE                       | 1991        | 1992         | 1993        | 1994        | 1995        | 1996        | 1997        | 1998        | 1999         | TOTAL 1991-99 | 2000*       | TOTAL 91-2000* |
|--|-------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|---------------|-------------|----------------|
| <b>PHARE NATIONAL PROGRAMMES</b>               |             |              |             |             |             |             |             |             |              |               |             |                |
| Agriculture                                    |             | 15,0         | 10,0        | 5,0         |             | 1,7         | 6,0         | 6,3         | 5,2          | 49,2          |             |                |
| Infrastructure (1)                             |             | 4,4          |             | 3,0         | 18,4        | 17,0        | 7,0         | 8,0         | 5,5          | 63,3          |             |                |
| Private Sector Development (2)                 |             | 2,8          | 7,0         | 3,0         | 2,0         |             |             |             |              | 14,8          |             |                |
| Health   |             |              | 6,0         | 7,0         |             |             |             |             |              | 13,0          |             |                |
| Water and Environment                          |             |              | 3,3         |             |             | 1,5         | 6,7         | 2,5         | 12,6         | 26,6          |             |                |
| Education (incl. TEMPUS)                       |             | 1,2          | 2,5         | 2,4         | 4,2         | 2,5         | 2,5         | 0,7         | 1,6          | 17,6          |             |                |
| Local Community Development                    |             |              |             |             | 8,5         |             | 5,0         | 3,0         | 7,2          | 23,7          |             |                |
| Public Administration Reform (3)               |             | 1,6          | 1,2         | 0,8         | 1,9         | 8,6         | 6,3         | 8,9         | 11,4         | 40,7          |             |                |
| Approximation of Legislation                   |             |              |             | 0,3         |             |             |             |             |              | 0,3           |             |                |
| Aid Coordination (4)                           |             |              |             | 0,5         |             | 1,7         |             | 1,1         | 2,0          | 5,3           |             |                |
| Financial Sector and Audit                     |             |              |             |             |             |             | 0,5         |             | 0,1          | 0,6           |             |                |
| <b>TOTAL Phare National Programmes</b>         |             | <b>25,0</b>  | <b>30,0</b> | <b>22,0</b> | <b>35,0</b> | <b>33,0</b> | <b>34,0</b> | <b>30,5</b> | <b>45,5</b>  | <b>255,0</b>  | <b>35,0</b> | <b>290,0</b>   |
| <b>PHARE CROSS-BORDER PROGR.</b>               |             |              |             | <b>20,0</b> | <b>18,0</b> | <b>20,0</b> | <b>20,0</b> | <b>12,0</b> | <b>14,0</b>  | <b>104,0</b>  | <b>40,0</b> | <b>144,0</b>   |
| <b>OSCE ELECTION SUPPORT</b>                   |             |              |             |             |             |             | <b>1,5</b>  |             |              | <b>1,5</b>    |             | <b>1,5</b>     |
| <b>BALANCE OF PAYMENTS SUPPORT</b>             |             | <b>35,0</b>  | <b>35,0</b> |             | <b>35,0</b> |             |             |             |              | <b>105,0</b>  |             | <b>105,0</b>   |
| <b>SPECIAL BUDGETARY ASSISTANCE</b>            |             |              |             |             |             |             | <b>14,9</b> |             |              | <b>14,9</b>   |             | <b>14,9</b>    |
| <b>ASSISTANCE IN FAVOUR OF KOSOVO REFUGEES</b> |             |              |             |             |             |             |             |             | <b>62,0</b>  | <b>62,0</b>   |             | <b>62,0</b>    |
| <b>PHARE HUMANITARIAN AID</b>                  | <b>10,0</b> | <b>50,0</b>  | <b>10,0</b> | <b>7,0</b>  |             |             |             |             |              | <b>77,0</b>   |             | <b>77,0</b>    |
| <b>OVERALL PHARE ASSISTANCE</b>                | <b>10,0</b> | <b>110,0</b> | <b>75,0</b> | <b>49,0</b> | <b>88,0</b> | <b>53,0</b> | <b>70,4</b> | <b>42,5</b> | <b>121,5</b> | <b>619,4</b>  | <b>75,0</b> | <b>694,4</b>   |

(1) includes Transport, Energy, Telecommunications

(2) includes Privatisation, SMEs, Banking, Tourism

(3) includes Civil Service Reform, Supreme Audit Institution, Police, Statistics, Customs and Judiciary

(4) includes feasibility studies in 1996 and the establishment of a Central Contracting and Financial Unit in 1999.

\* forecast

**ANNEX IV**

**Overall EC Assistance in ALBANIA 1991-99 (Mio €)**

**(Commitments)**

Situation on 21 October 1999

| TYPE OF EC ASSISTANCE           | 1991 | 1992  | 1993 | 1994 | 1995  | 1996 | 1997 | 1998 | 1999  | TOTAL 1991-99 | 2000* | TOTAL 91-2000* |
|---------------------------------|------|-------|------|------|-------|------|------|------|-------|---------------|-------|----------------|
| <b>OVERALL PHARE ASSISTANCE</b> | 10,0 | 110,0 | 75,0 | 49,0 | 88,0  | 53,0 | 70,4 | 42,5 | 121,5 | 619,4         | 75,0  | 694,4          |
| FEOGA                           |      | 120,0 |      |      |       |      |      |      |       |               |       |                |
| <b>HUMANITARIAN AID</b>         |      |       |      |      |       |      |      |      |       |               |       |                |
| (ECHO <sup>(1)</sup> )          |      | 2,0   | 0,5  | 1,7  | 1,2   | 1,7  | 16,3 | 12,0 | 91,0  | 126,2         |       | 126,2          |
| <b>FOOD SECURITY</b>            |      |       |      |      |       |      |      |      |       |               |       |                |
| (DG Development)                |      |       |      |      |       |      | 10,8 |      | 5,7   | 16,5          |       | 16,5           |
| <b>BALANCE OF PAYMENT</b>       |      |       |      |      |       |      |      |      |       |               |       |                |
| SUPPORT (DG ECFIN)              |      |       |      |      |       |      |      |      | 20,0  | 20,0          |       | 20,0           |
| <b>OTHER ACTIONS</b>            |      | 0,3   | 0,6  | 1,1  | 0,4   | n.a. | n.a. | n.a. | n.a.  | 2,4           | n.a.  | 2,4            |
| <b>EIB LOANS</b>                |      |       |      |      | 34,0  | 12,0 |      | 22,0 | 16,0  | 84,0          |       | 84,0           |
| <b>TOTAL EC ASSISTANCE</b>      | 10,0 | 232,3 | 76,1 | 51,8 | 123,6 | 66,7 | 97,5 | 76,5 | 254,2 | 988,5         | 75,0  | 1063,5         |

\* forecast

(1) Regular ECHO programme to Albania including the regional support in favour of the Kosovo refugees in order to cover refugees related costs.

n.a. = not available

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