

# Albanian trade policy and the process of alignment with EU Common Commercial Policy

MSc. Pranvera Kastrati, PhD Candidate

Ministry of Economic Development, Trade and Entrepreneurship, Albania

Dr. Esmeralda Shehaj, PhD

University of Tirana, Faculty of Economy, Albania

## Abstract

Albania is a member of WTO from September 2000 and is currently in a deep and substantial transformation of the trade policy. Albanian trade regime is very liberal, open and transparent fully compliant with WTO law. Accession to EU is the strategic goal of all Governments after '90s and alignment with EU acquis is at the core of any process. EU integration is an engine for the development in all candidate or potential candidate countries. This process requires the alignment of national policies and harmonization of the legislation. Trade policy is among the most developed policies in European Union and Albania. This is mainly due to the membership in World Trade Organization (WTO) and Free Trade Agreements (FTA) with the most important trading partners. The accession of Albania to EU will significantly affect the Albanian trade policy. This paper analyses the state of play of Albanian trade policy and presents the main developments in the EU Common Commercial Policy after the Lisbon Treaty (2009). Based on this analysis the paper highlights the implications for Albanian trade policy.

**Keywords:** trade policy; alignment; commitments; accession obligations

Topic Group: European integration, policy harmonization, policy implications

## Introduction

The transformation of Albania after the '90s from a centralized planned economy to market economy led to tremendous changes in trade policy. Thus, Albania was transformed from an economy managed and controlled by the state and state bodies to a free economy where market forces and demand-supply were the key drivers of any economic policies, including trade policy. Therefore, the Albanian trade policy have undergone through several stages, from which the most important is the membership in the World Trade Organization. This paper aims at presenting the evolution and characteristics of trade policy through the years, focusing on the main developments.

Developments in the Common Commercial European Union have undergone a significant transformation, peaking with the Treaty of Lisbon (2009), and expanding the coverage of trade policy and mechanisms of decision-making. The paper will

elaborate the current and future transformations of the Albanian Trade Policy due to the alignment with the EU Common Commercial Policy, in particular after the Lisbon Treaty, and based on the required administrative capacities to cope with market forces and become a fully functional market economy.

### The developments in trade policy

Albania's trade regime had its first fundamental transformation in 1991 when for the first time the right of import-export was liberalized allowing for full implementation of the principles of market economy, delegating this right from state enterprises to private commercial enterprises established. The law "On state enterprises" of 1991 transformed the state enterprises in commercial or joint stock enterprises, ready to be privatized. These companies had the right to import, export, buy and sell goods in the international market.

Foreign investment was allowed by the law no. 7764 "On foreign investments", providing non-discriminatory treatment for foreign investors to exercise economic activities in Albania. Few exemptions were defined though in the sectoral legislation allowing discriminatory practices in very sensitive areas (example: acquisition of agriculture land is not allowed to foreign natural persons). These exemptions mainly cover the natural resources and agriculture land ownership. The right for the latter is reserved to Albanian citizens only. However, leasing up to 99 years was allowed.

Albania's tariff regime was simple and still remains such, having only ad valorem tariffs with 6 levels (Table 1).

The categories of the tariff ( <sup>1</sup> )	As % of the total tariff lines
0 %	49 %
2%	17.7%
5%	0.3%
6%	2.4%
10%	19.3%
15%	12%
<b>Average tariff, 2014</b>	
	4.2% <sup>1</sup>
<b>The weighted average tariff, 2014</b>	
	1.33%*
<b>Total number of tariff lines</b>	
	9707 <sup>1</sup>

Table 1: Allocation of tariff levels, as of 2014

Source: (<sup>1</sup>) Calculated by the author

\* General Customs Directorate

### *Trade Policy before and after accession to the WTO*

Albania's tariff regime until 2000 has had a simple structure with four levels only, 5 per cent, 10 per cent, 20 and 40 per cent and applied no other form of tariff, quotas or quantitative restrictions. At the moment of WTO accession Albania did not apply any surcharge on imports, any quantitative restriction on imports or exports (except in cases of environmental protection or support to infantile industries), no subsidies in exports, no restriction on current transactions, no application of discriminatory internal taxes for import, etc. The largest commercial policy transformations started during the process of Albania's accession to the World Trade Organization (WTO), a process which ended in September 2000 with Albania's full membership in this organization. During the negotiations for membership Albania undertook a series of legal amendments which conditioned the completion of negotiations..

Albania fully liberalized the import-export regime with its membership in the World Trade Organization. The Albanian trade policy during the accession process was that of further and deeper trade liberalization and the elimination of all non-tariff barriers to trade that have distorting trade effects. The maximum tariff rate, applied at Most Favoured Nation (MFN), is 15 per cent and the binding average tariff is 6.6 per cent<sup>1</sup>. The rapid tariff liberalization has significantly reduced the weighted average tariff from 1.76 per cent in 2010 to 1.33 per cent in 2014<sup>2</sup>. The challenge of a proactive trade policy is the balance between the implementation of requirements from the private sector with regard to protectionist measures and compliance of its WTO commitments while following a liberal approach and liberalizing trade. Albania has complied with all of its commitments on trade policy arising from its membership in WTO. It widely applies WTO principles of non-discrimination, transparency and proportionality in its policies.

The performance of the Albanian trade policy for the period 2000-2009 is assessed by the WTO in April 2010 in the first Trade Policy Review. In the conclusions of this review, Albania received very positive evaluation. H.E. Mr. Bozkurt Aran (2010) stated "..... We have witnessed an interesting saga of Albania starting with WTO accession in 2000 and moving closer to European integration. The tremendous changes Albania has carried out is a clear demonstration of how well-sequenced reforms focused on opening markets to trade, investment and private enterprise can contribute to economic growth and higher living standards...."<sup>3</sup>.

Albanian trade policy since WTO accession is inspired by WTO principles and rules. Strict application of non-discriminatory policies, in a proportional and objective

---

<sup>1</sup> Trade Policy Review Body, 30 April 2010: Trade Policy Review of Albania

<sup>2</sup> Directorate General of Customs, Albania <http://www.dogana.gov.al/sites/default/files/statistika/Buletini%20Fiskal%20%20Janar-Dhjetor%202014.htm>

<sup>3</sup> Trade Policy Review Body, 30 April 2010: Trade Policy Review of Albania, *Concluding Remarks by the Chairperson; page 2; http://www.wto.org/english/tratop\_e/tp\_r\_e/tp329\_crc\_e.htm*

manner has shown to be successful for Albania and proving the tremendous changes in a decade. As confirmed in the First Trade Policy Review of Albania in WTO (H.E. Mr. Bozkurt Aran, 2010), “.....the Albania of today bears little resemblance to the Albania of one decade ago.....”<sup>4</sup>.

The status of the Albanian commitments as stipulated in the Report of Accession to WTO is assessed and presented in Annex 1. All commitments are taken during the accession are implemented. The 9 years of transitional period allowed Albania to engage in the implementation of consolidated policies and action that ensured over time full compliance with its accession commitments. Annex 1 provides details of any measures taken in any of the commitments.

### *The instruments of the Albanian trade policy*

Free trade agreements are among the most important instruments of the Albanian trade policy. They enable a gradual opening of the market and create commercial space for Albanian exports. Albania applies no autonomous trade arrangements, which are unilateral though, while there are several free trade agreements in force. Free trade agreements, albeit with different liberalization principles embodied in its provisions and diversified market opening, are in compliance and derive from the Article XXIV of the General Agreement on Trade and Tariffs (GATT). These agreements are listed and analysed below.

- *The Stabilisation and Association Agreement (SAA) with the European Community and its Member States on one hand, and the Republic of Albania on the other.* Although the SAA entered into force on April 1, 2009, Albania’s obligations with regard to trade had entered into force since December 1, 2006.

The period after the entry into force of the Stabilisation and Association Agreement is accompanied with a parallel process affecting trade policy. This refers to the harmonization of the Albanian Trade Policy with the EU Common Commercial Policy (CCP), in particular the EU *acquis* in the area of external relations. This process requires, among others, the alignment of the Albania’s trade regime with the European Union. The main features of the Albanian trade regime compared with the EU ones, are elaborated below:

- The customs duties applied in Albania are “ad valorem” only, unlike the European Union, where the customs tariffs applied have several forms, “ad valorem”, fixed and ad valorem combined with fixed fees.
- Albania does not apply any quota under the MFN regime, while EU uses quota under MFN regime.

<sup>4</sup> Trade Policy Review Body, 30 April 2010: Trade Policy Review of Albania, *Concluding Remarks by the Chairperson*; page 2; [http://www.wto.org/english/tratop\\_e/tpr\\_e/tp329\\_crc\\_e.htm](http://www.wto.org/english/tratop_e/tpr_e/tp329_crc_e.htm)

- Albania provides no general system of preferences (GSP), while the European Union provides the GSP for many developing countries.
- Albania participates in no Customs Union, while the European Union, despite being a Custom Union, has a Custom Union with Turkey for industrial products, and is part of the European Economic Area (EEA) with EFTA countries.
- *The Agreement on Amendment of and Accession to the Central European Free Trade Agreement (CEFTA 2006)*, entered into force for Albania on 27 July 2007) Agreement for difference and acceptance of Central Europe free trade agreement (CEFTA 2006), in force in Albania since 27 July 2007.

CEFTA 2006 members are Albania, Serbia, Montenegro, Macedonia, Croatia, Bosnia and Herzegovina, Kosovo and Moldova<sup>5</sup>. CEFTA is an agreement of the new generation, which includes the commitment to liberalize trade in goods and trade in services. In addition, CEFTA 2006 addresses other new trade issues like investment, Intellectual Property Right and public procurement liberalization. Currently, the free trade area is established providing full trade liberalization among its members. Trade in services liberalization is on-going while the public procurement market among CEFTA members is open from May 1, 2010.

- *The free trade agreement with Turkey* was signed on 22 December 2006 and entered into force on 1 May 2008. The free trade agreement with Turkey was signed on 22 December 2006, and entered into force on 1 May 2008.

The Free Trade Agreement between Turkey and Albania allows for duty free trade in industrial products from January 1, 2013. The entry of some basic agricultural products, Processed Agriculture Products (PAPs) in the Albanian market based on concessions, while fish products are removed from customs fees. Introduction of basic agricultural products, PAPs and fish products originating from Albania in the Turkish market based on concessions.

Moreover, Turkey participates in the European Union customs union for industrial products and this facilitates the process of trade policy adjustment between the two countries.

- *Free trade agreement with EFTA States* is signed on 17 December 2009. This agreement came into force on 1 November 2010 for Albania and Switzerland, August 1, 2011 to October 1, 2011 Norway and Iceland<sup>6</sup>.

The FTA between the EFTA States and Albania consists of the main multilateral trade agreement, which includes industrial products, PAPs and fisheries and three agreements

---

<sup>5</sup> Croatia was a member of CEFTA 2006 till 1 July 2013

<sup>6</sup> The preferences with Norway and Island, though Albania ratified the agreement in 2010, entered into force in August and October 2011

in the field of basic agricultural products, with each state. Industrial products are exchanged duty free between Albania and the EFTA countries. Albania and the EFTA states have granted reciprocal tariff concessions for agricultural based products, PAPs, based on tariff quotas. Agreement between Albania and the countries of EFTA is a new generation agreement, which also includes trade in services and investment (with the exception of Norway). Implementation of anti-dumping measures is not part of it, unlike other agreements free trade for Albania.

#### *Coordination of the Albanian trade policy coordination*

The coordination of the trade policy in Albania is problematic. Progress reports of the European Union (2010, 2011, 2012, 2013, and 2014) stress the need to strengthen administrative capacity for trade policy. For this, the mechanism for the coordination of trade policy in all its dimensions, formulation, implementation, monitoring and evaluation is established. The Order of the Prime Minister No. 102, dated 06.08.2009 established the inter-ministerial working group for the evaluation of trade policy in the Republic of Albania. This group is chaired by Deputy Minister responsible for trade and includes representatives from all ministries and institutions.

The main scope of work of the inter-ministerial working group was to prepare the report of achievements in trade policy of the Republic of Albania, in accordance with the commitments of the Republic of Albania in the framework of its accession to the World Trade Organization, including: (i) tariffs and other trade data; (ii) the operational, functional and institutional cooperation; (iii) commercial policy measures, including imports, exports, measures of technical barriers to trade, sanitary and fito-sanitary measures, trade facilitation, competition, state aid, public, etc.; (iv) issues related to industrial and intellectual property, competition policy, reforms of doing business, etc.; and (v) all other matters related to trade.

This group is transformed later in a permanent group through Prime Minister Order Nr.133 dated 28.06.2010 aiming to prepare the annual reports on the development of trade policy in Albania, serving as an instrument of monitoring also.

### **Common Commercial Policy of the European Union (CCP)**

#### *Objectives and competences of the Common Commercial Policy of EU*

The EU is a customs union<sup>7</sup> created in full compliance with the provisions and requirements of Article XXIV of GATT 1994, as one of the first policies implemented by the European Union (formerly the European Community) together with the Common Agricultural Policy (CAP). The Treaty of Rome established the custom union and therefore the creation of a common external tariff of the EU as one of the core

<sup>7</sup> Established in accordance with Article 110 of the EEC Treaty, currently Article 206 of the Treaty TFEU

segments of the common commercial policy. The elimination of custom duties in the trade among its members, as defined by the Treaty of Rome, was to be completed within the transitional period, 1 January 1970, along with the elimination of import restrictions and other trade barriers with equivalent effect.

CCP goals have evolved with the Treaties of Amsterdam, Nice and Lisbon. At the time of establishment of ECC, the common trade policy did not include trade in services, the commercial aspects of the intellectual property rights and foreign direct investment. Until the Lisbon Treaty, the Commission and the Council were the governments of the CCP and the Treaty of 2009 (Treaty of Lisbon) the European Parliament is co-legislator in the CCP also.

The CCP is an exclusive right of the European Commission since the Treaty of Rome, currently confirmed in Article 3, paragraph 1, of the Treaty on the Functioning of the EU (TFEU), leaving the members states with no authority and power regarding the commercial policy formulation and negotiations. However, particular attentions should be given to the extent Members States are lefts with no powers and authority in every aspect of commercial policy CCP based on uniform principles, applied to all Members States, when it comes to changes in the tariff rates, preferential agreement on tariffs and trade covering market access and trade in services, trade aspects of the intellectual property rights, foreign direct investment, the achievement of uniformity in measures of liberalization, export policy and market protection measures (i.e. dumping and subsidy issues)

CCP constitutes the main external policy of the EU. Almost all bilateral agreements address trade issues in a core chapter and, in most of such bilateral agreements, trade preferences to third countries are provided. This policy has a very broad legal dimension being applied from about 50 years and as such it uses different legal instruments. Despite the fact that CCP is defined as an exclusive right of the EU Commission since the Treaty of Rome (1957), this right has been questioned time after time. The European Court of Justice Opinion (ECJ) in the case 1/75 "Local Cost Standard" denied the right of Member States to enter into international agreements on trade policy issues.

In all international agreements, the EU is represented by the Commission that is more than a party, which means that it takes part in negotiations, signs the agreement and, and, if necessary, participates in their management. In the areas where the EU has exclusive responsibility (agriculture, commerce, fishing), Member States have no longer primary role as the Commission negotiates and manages agreements under the mandate established by the Council. According to Article 351 of TFEU the rights and obligations arising from agreements signed by member states before their membership in the Union are not affected by the provisions of the Treaties. However, in the case of enlargement of the Union, if the existing arrangements do not comply

with the Treaties, Member States involved should take all steps necessary to eliminate inconsistencies.

The European Union operates on the basis of competences defined by treaties. There are three main powers in the hierarchical pyramid of the European Union:

- Exclusive competences<sup>8</sup>, under which the European Union regulates the field. This means that the European Commission acts on behalf of the member countries, (e.g. common commercial policy, common agricultural policy). In accordance with Article 216 of the Treaty of Functioning of European Union (TFEU) the exercise of this kind of power lies in cases where: (i) it is determined so by the treaty, (ii) the conclusion of an agreement is necessary to achieve an objective of the Treaty, (iii) the completion of an agreement is defined in the relevant legal act, (iv) the completion of an agreement is likely to affect or alter common rules<sup>9</sup>.
- Shared competences between European Union and Member States<sup>10</sup>, according to which Member States and the European Commission regulate the area, (e.g. transport policies). According to this right, Member States regulate the area in the case European Commission takes no action in this respect.
- The Member States competences, under which Member States regulate the field while the European Union takes only auxiliary actions of a coordinating nature.

However, these powers can be extended in accordance with Article 352 of TFEU, which creates flexibility within the framework of the policies defined by treaties, so that the Commission, with the proposal of Member States and unanimously, take appropriate measures without requiring by member States to take concrete steps towards the harmonization of legislation, if treaties exclude this<sup>11</sup>. The concept and competence of CCP of the European Union is expanding in years based on European Court of Justice (ECJ) case law. ECJ states that article 113 of EEC (article 207 of TFEU) can be interpreted in a way that limits CCP to the traditional aspects of commercial policy. The case reviewed by ECJ on EU and its members jurisdiction in the conclusions of Uruguay Round ruled that EU has the exclusive right for trade in goods and provision of cross-border services.

### *The principles of the common commercial policy*

CCP follows the general principles of the WTO in terms of its trade with third countries. In addition, CCP also follow additional principles which serve to the members of the European Union in implementing all the customs union obligations.

---

<sup>8</sup> Article 3 of TFEU

<sup>9</sup> [http://europa.eu/legislation\\_summaries/glossary/external\\_responsibilities\\_en.htm](http://europa.eu/legislation_summaries/glossary/external_responsibilities_en.htm)

<sup>10</sup> Article 4 of the treaty TFEU

<sup>11</sup> Point 1 and 3, Article 352 of TFEU

- The principle of uniformity

The principle of uniformity requires that all imports from third countries are treated the same way in any member states of the European Union. This requires that the same customs tariffs, import quotas and other restrictive measures are implemented by all European Union member countries regardless of the origin of the imported goods. The application of this principle requires the European Union to implement a common external tariff with all third countries. This principle is fully achieved only after the establishment of the common market in 1992. The establishment of the common market ensures uniform application of CCP by eliminating import quotas (textiles and clothing, Japanese cars and bananas), in force until 1992.

The principle of uniformity is fully implemented in 1968 as a strict requirement of the customs union to implement a common custom tariff for imports from third countries. Nevertheless, Member States continued to maintain quantitative restrictions applicable to certain sensitive products as long as the European Union failed to create a unique system of quantitative restrictions applicable to the customs union. Article 115 of the EEC allows member states to control indirectly imports from third countries, moreover in terms of different quotas implemented by member states after the end of the transitional period. Donckerwolcke's case tested the legality of the system as stated in the principle of uniformity.

- The principle of assimilation

The principle of assimilation has been viewed closely with the principle of uniformity. Under the principle of assimilation products imported from third countries, in accordance with the provisions of Article 29 of the TFEU<sup>12</sup>, is put in free circulation after they entered into the territory of one of the Member States of the EU, after duly payment of customs duties and/or other taxes. The case mentioned above (Donckerwolcke) tested the legality of the two principles at the same time. Under this case, pursuant to Article 115 of the EEC Treaty Member States may deviate from the principle of free movement and to take restrictive measures on imports, measures which, as explained above were completely abolished with the creation of the common market.

- The principle of non-discrimination.

The main basis of the principle of non-discrimination derives from the GATT principle which forms the primary basis of CCP. Under international law, all international agreements take precedence over national legislation and therefore this principle is embodied in all EU regulations. The WTO law has no direct effect in the national

---

<sup>12</sup> Products coming from a third country are considered free circulation if they meet all the requirements documentary import and pay duties in a member country of the EU

legislation therefore this principle must be included in every piece of legislation. The ECJ case law “Faust against the Commission” ruled that as long as the EU legislation does not have specific provisions for the implementation of non-discrimination in all commercial aspects, then there are potentials of non-implementation of the MFN and national treatment principles. As for the degree of implementation of the principle of non-discrimination in the European Union, the case law “Faust against the Commission”, shows European Union legislation contains no provisions to enforce the principle of non-discrimination on the all types of commercial aspects; there is a possibility of non-implementation of the principle of most favoured nation and national treatment.

### *Instruments of the Common Commercial*

CCP has two basic legal instruments in terms of the legislative framework of the European Union:

- Bilateral or multilateral instruments. This refers to bilateral or multilateral FTAs and WTO agreements.
- Autonomous instruments that refer to the EU legislation applying to import and export. EU legislation on import and export constitutes the main legal basis from which, as a general rule, no deviation is possible. However, few deviations may be allowed by relevant bilateral agreements.

More than 60 per cent of EU trade is intra-EU and as such it depends entirely on the single market instruments. These instruments prohibit any kind of trade protectionism between Member States, or application of commercial incentives that distort competition within EU. For the remaining 40 per cent trade CCP instruments apply (i.e. common external tariff, common rule on import and export, common safeguard measures, etc.)

### **The impact of EU accession in Albanian trade policy**

Albanian trade policy will be affected significantly after joining the European Union due to the necessity to align with CCP principles and its development. Moreover, the new competences and scope of CCP provided by the Lisbon Treaty (2009) will have an impact for Albanian trade policy. The major changes will be due to the effective implementation of the CCP principles and adaption of all its implementing instruments.

The above analysis of the common commercial policy of the European Union, the substantial changes occurred for trade policy in the Lisbon Treaty and the other aspects of trade policy assessed form the basis for the transformation of Albanian trade policy. With membership in the European Union, Albania is obliged to fully implement CCP by implementing its principles and will lose at the same time the right to take or propose

trade policy on behalf of Albania. Progress report of the European Union to Albania for 2014 recognizes moderate progress in trade policy and the need for administrative capacity building.

Based on the analysis as above since the first day of accession to the European Union Albania must ensure the implementation of:

- Obligations arising from the Customs Union:
  - Implementation of the common external tariff and Customs Code of the European Union. Only 17 per cent of tariff lines of Albania will remain unchanged after accession and 32 per cent of tariffs currently 0 per cent will have to raise to the level of the European Union common external tariff<sup>13</sup>.
  - Implementation of the European Union's trade regime as regards prohibitions, restrictions or any other coercive measures and protective measures (anti-dumping and countervailing);
  - The repeal of all preferential free trade agreements and automatic implementation of all preferential arrangements that the EU has with third countries;
  - Implementation of the System of Preferences of the European Union
- The obligations arising from trade status in WTO
  - Renegotiation of the level of "bound rate" and fee-based to ensure imperishable trade regime before accession to WTO member countries have to Albania;
  - Renegotiation of the schedule of specific commitments in GATS services to adapt commitments on market access and national treatment;
  - Renegotiation of all other sectoral commitments arising from other agreements of the WTO, as the Information Technology Agreement, etc.
- The obligations arising from bilateral or multilateral agreements
  - The repeal of all free trade agreements that Albania has currently in effect and recognition and enforcement of all free trade agreements that the European Union has;
  - Renegotiation of trade regime of free trade agreements before the accession of Albania targeting inclusion of Albania's interests in the European Union's existing agreements with the same third countries.
  - Repeal of all agreements for trade and economic cooperation of Albania;
  - Review of bilateral foreign direct investments in accordance with Regulation No 1219/2012 of the European Parliament and of the Council of 12 December 2012 "The creation of provisional arrangements for bilateral investment agreements between Member States and third countries"

---

<sup>13</sup> Author's calculations

- *The harmonization of trade legislation*

For all CCP areas for which the European Union legislation (regulations) Albania should repeal its legislation and implement Auto-European Union legislation.

## **Conclusions**

This paper analysed the evolution of the trade policies in Albania, highlighting the recent developments in trade and compliance with the EU requirements for integration, with the aim of forecasting the possible impact that European Integration will have on trade policies in Albania. Accession of Albania in EU will impact the Albanian trade policy in a considerable and substantial extent. This will bring fundamental changes in the competence for trade policy formulation and proposal, decision-making process and representation. Albania will follow all CCP developments in the European Union and will operate in accordance with the decisions taken in ex-Article 133 Committee.

Albania will not be able to propose, design or undertake any initiative that affects trade policy with third countries, as in all cases its interests will be articulated through European Commission. Albania will be required to follow all the initiatives taken by the block of EU countries in all aspects of trade. All trade agreements, bilateral and multilateral, will be denounced after joining the EU and application of all EU free trade agreements, autonomous regime and Generalized System of Preferences will be automatically applicable for Albania. Albania will be part of the Committee ex Article 133. To allow active participation in this committee, to present economic and trade interests of local operators Albania must guarantee an effective mechanism for coordination of trade policy.

### Annex 1 Status of implementation of WTO commitments Albania

WTO AGREEMENTS AND OTHER ASPECTS	COMMITMENTS <sup>14</sup>	STATE OF PLAY
<p><i>Customs duties</i></p> <p>SECTORAL INITIATIVES: CUSTOMS DUTIES AND OTHER FEES</p>	<ul style="list-style-type: none"> <li>The elimination of customs duties on products, agricultural machinery, chemical products, civil aviation equipment, construction equipment, spirits, beers, furniture equipment, medical equipment, pharmaceutical products, paper, steel, Information Technology Agreement (ITA)</li> <li>All charges will be "ad valorem" for any product Albania will not apply specific obligations or combined.</li> <li>Albania will eliminate all tariff quotas.</li> <li>Albania commits not to apply in its Schedule of market Access, duties and other taxes under Article II 1 (b) of the GATT, for imported goods.</li> </ul>	<p>All other commitments on tariff reductions are completed within the transition period</p> <p>In 2004 Albania applied to the WTO for "waiver" for some of the products included in sectoral initiatives. The document was adopted by the WTO in May 2005. The period of "waiver" ended with the completion of the transition period, 2009.</p>
<p>CHARGES FOR SERVICES OFFERED</p>	<p>Starting from its membership Albania will not apply or introduce customs duties or taxes for services provided in addition to those applied</p>	<p>Implemented since WTO membership</p>
<p>APPLICATION OF INTERNAL TAXES ON IMPORTS; EXCISE TAX AND VALUE ADDED TAX, VAT</p>	<ul style="list-style-type: none"> <li>Albania will apply excise tax in strict accordance with Article III of the GATT 1994.</li> <li>No discrimination between foreign goods and services to be applied in local taxes, excise, VAT or any other tax</li> </ul>	<p>Implemented since WTO membership</p>
<p>IMPORT LICENSING AGREEMENT, QUANTITATIVE RESTRICTIONS ON IMPORTS, INCLUDING PROHIBITIONS, QUOTAS AND LICENSING SYSTEM</p>	<ul style="list-style-type: none"> <li>Albania confirmed that after accession will not use quantitative restrictions on imports or other measures having equivalent effect.</li> <li>After the membership Albania will not introduce or apply new quantitative restrictions on imports or other non-tariff measures having equivalent effect;</li> <li>In the case of balance of payments difficulties in Albania will use these measures only in accordance with the provisions of the WTO and Article XII of GATT 1994 and the Memorandum of the Balance of Payments Provisions.</li> </ul>	<p>Albania complies to these commitments since its membership.</p> <p>Monitoring of the licensing system in Albania is on-going. Based on the Council of Minister Decree no 85 dated 02/17/2007 Albania regularly notifies the licensing systems in force and any legal framework applicable to them</p>
<p>CUSTOMS VALUATION AGREEMENT</p>	<p>Strict implementation of the provisions of the agreement on customs valuation</p>	<p>At full implementation since 2007</p>
<p>AGREEMENT ON RULES OF ORIGIN</p>	<p>Albania committed that from the date of accession to the WTO, preferential and non-preferential rules of origin shall be in accordance with the WTO Agreement on Rules of Origin.</p>	<p>Legal acts in this area are consistent with the WTO.</p>

<sup>14</sup> Working Party report on Albania's membership in the WTO, WT /ACC/ALB /51, 3 July 2000

<p><i>THE ANTI-DUMPING AGREEMENT</i></p> <p><i>AGREEMENT OF SUBSIDIES AND COUNTERVAILING MEASURES</i></p>	<p>Albania confirms that it will not apply any anti-dumping or countervailing measure until it has announced and implemented all relevant laws in accordance with the provisions of the WTO Agreements on Implementation of Article VI and the Agreement on Subsidy and Countervailing Measures.</p>	<p>The relevant legislation is in full compliance with the requirements of the WTO agreements. In addition, Albania notifies regularly as defined by this agreement. However, Albania has never applied any antidumping or countervailing measure. Their report to the WTO accomplished with 6-monthly reports</p>
<p><i>AGREEMENT ON SAFEGUARDS</i></p>	<p>No safeguard measures will apply until it is announced and implemented the legislation concerned.</p>	<p>The relevant legislation is in full compliance with the requirements of the WTO agreements. However, Albania has not implemented any protective measures on imports.</p>
<p><i>RULES ON EXPORTS</i></p> <p><i>SUBSIDIES ON EXPORTS</i></p>	<p>Albania has eliminated restrictions on exports to the approval of DCM. 450 date. September 16, 1999 "On the Export-Import Regime and from R.SH".</p> <p>Albania confirmed that after accession there will be no subsidies including export subsidies which meet the criteria of prohibited subsidies within the meaning of Article 3 of the WTO's Agreement on subsidies and countervailing measures.</p>	<p>Albania has the same arrangement export to that of pre-accession (ie Decision no. 450 dated. September 16, 1999)</p> <p>Albania does not apply subsidies to exports.</p>
<p><i>AGREEMENT ON TECHNICAL BARRIERS TO TRADE.</i></p>	<p>Albania commits that by accession to WTO:</p> <ul style="list-style-type: none"> <li>• Law no. 8464 date. March 11, 1999 "On Standardization" is in full compliance with the WTO Agreement on Technical Barriers to Trade (TWT / ACC / ALB / 32 / Rev.3.</li> <li>• Albanian standards will be voluntary for foreign and domestic manufacturers in accordance with the principle of national treatment.</li> <li>• Voluntary standards do not create technical barriers to trade</li> <li>• The process of preparing the standards will be open, free and transparent.</li> <li>• Technical Rules will be binding and are used to protect the life and health of humans, animals or plants, or the environment, not an obstacle to trade, etc.</li> <li>• All provisions of the Agreement on Technical Barriers to Trade will apply from the date of accession and without overwhelmed any transitional period.</li> </ul>	<p>Law to standardize no. 9870, dated 04.02.2008 "On Standardization", amended and bylaws are in full compliance with WTO commitments by ensuring that (i) the standards are voluntary and create a barrier to trade, (ii) the mandatory technical regulations are not create an unnecessary obstacle to trade but respecting</p>

<i>SANITARY PHYTOSANITARY MEASURES AGREEMENT</i>	Albania confirmed that it will apply to all obligations of the WTO Agreement on Sanitary and Fito-sanitary Measures from the date of its membership without undergoing a transitional period.	Albania applies WTO SPS Agreement rules in all cases, except as otherwise defined by International Organization responsible to ensure the safety regulation in the area
<i>INVESTMENT MEASURES AGREEMENT ON TRADE</i>	Albania commits that after accession will not take any action that would conflict with the TRIM Agreement and will apply this agreement without overwhelmed any transitional period.	Albania does not apply any discrimination in relation to foreign investment related to trade in goods, in accordance with Article 1 of the agreement TRIM
<i>PUBLIC PROCUREMENT</i>	Albania commits that after accession will initiate negotiations on Public Procurement Agreement with a specific list of units and tables. In the results of these negotiations will be satisfactory in the interest of Albania and the other members of this Agreement, Albania will conclude negotiations for membership in this Agreement within 31 December 2000.	<ul style="list-style-type: none"> <li>• In October 2001, Albania has started the membership of the Public Procurement Agreement of the WTO by depositing answers Document GPA / 35. In collaboration with the Public Procurement Agency.</li> <li>• In July 2007, Albania has deposited in WTO law of the new public procurement and its regulations implementing the principle of transparency.</li> <li>• Albania is not yet a member of this agreement in respect of their own trade policy as part of preparedness for alignment with common trade policy.</li> </ul> <p>No official position is notified yet on the intent for membership to this agreement</p>
<i>AGRICULTURE AGREEMENT</i>	<ul style="list-style-type: none"> <li>• Prohibited subsidies on exports of agricultural products are kept zero and zero and in the future.</li> <li>• Internal support for agriculture, trade effect is zero and in the future will be in accordance with the Agreement of Agriculture on this point that allows not support more than 5% of domestic production for the product in question, or 5% of the total agricultural production, when the support is not given for a particular product.</li> </ul>	<p>Albania does not provide any subsidy on export</p> <p>Scheme domestic support accorded to the agricultural sector is in accordance with the engagement of "de minimis" Total Support (AMS) of Albania for 2010 is 913,888 thousand ALL</p>

<p><i>GENERAL AGREEMENT ON TRADE IN SERVICES</i></p> <p><i>SCHEDULE OF SPECIFIC COMMITMENTS ON TRADE IN SERVICES</i></p>	<p>The Bank of Albania reserves the right to retain control of the capital. The current regime will be removed no later than 2010.</p> <ul style="list-style-type: none"> <li>• The liberalization of mobile phone service - licensing of the second mobile operator.</li> <li>• The liberalization of fixed telephony services.</li> <li>• Services of life insurance and non-life (excluding security services in air and sea transport). Starting from January 1, 2005, foreign nationals not resident in Albania and foreign investments in Albania can be obtained abroad (cross-border service)</li> <li>• The schedule of services Albania has committed to provide access to market "without limitation" of the following services: legal consultancy, accounting services and taxation, architectural services, engineering services and integrated engineering, urban services, medical and dental services, veterinary services, computer services, other business services, telecommunications services (excluding basic telecommunications services ), construction services, educational services, library and archival services, health services, tourism services, ancillary transport services.</li> </ul>	<p>Liberalization in this area was conducted by the Rules of the Bank of Albania "on foreign exchange" approved by decision No. 70, dated 30.09.2009, the Supervisory Council of the Bank of Albania,</p> <p>Liberalisation of the fixed telephony market was conducted in 2005, by Law No. 8618, dated 14.06.2000, "On Telecommunications in the Republic of Albania", and the Council of Ministers Decision No. 464, dated 03.07.2003. The privatization of the company "Albtelecom" in 2008, by Law No. 9785, dated 19.07.2007. These developments eliminated exclusivity associated with fixed telephony Albtelecom</p> <p>Current legislation in the insurance field has not including the implementation of these commitments.</p> <p>Sectoral legislation does not provide for any limitation on market entry mentioned sectors except notary service and private legal bailiffs who are detained be provided by foreigners</p>
--	---	--

<p><i>AGREEMENT ON THE PROTECTION OF INTELLECTUAL PROPERTY RIGHTS RELATED TO TRADE</i></p>	<ul style="list-style-type: none"> <li>• Albania to accede to the Treaty of the World Intellectual Property Organization concerning Copyright.</li> <li>• Albania to accede to the Treaty on Intellectual Property Organization Performances and Phonograms related.</li> <li>• Albania will join the Geneva Convention of 1971 for the "Protection of Producers of Phonograms against unauthorized duplication of their phonograms"</li> <li>• The Government of Albania will fully apply Trade Agreement provisions related Aspects of Intellectual Property Rights (TRIPS) on the date of its accession to the WTO and without holding any transition period.</li> </ul>	<p>Membership in the Treaty of the World Intellectual Property Organization (EPOWIPO) concerning Copyright is in effect from 6 August 2005.</p> <p>Membership in the Treaty of the World Intellectual Property Organization (WIPO) regarding the performances and Phonograms is effective as of May 20, 2002</p> <p>Membership in this Convention is in force since 26 June 2001.</p> <p>Albania has implemented all the provisions of the TRIPS Agreement. In 2008 she has done all relevant changes in national legislation to reflect changes in the TRIPS Agreement. With Law No. 9950, dated 10.07.2008, "On the accession of the Republic of Albania in changes" TRIPS Agreement "are assumed new responsibilities derived from membership</p>
<p><i>CIVIL AVIATION AGREEMENT</i></p>	<p>Albania will operate in accordance with this Agreement and will be ready to sign it at the time of accession.</p> <p>Imports for civil aviation parts will be zero at the time of accession.</p>	<p>Customs duties on civil aircraft parts are made zero since WTO membership.</p> <p>Albania is member of the Agreement on Trade in Civil Aviation by the law No. 9881, dated 28.02.2008, "On the accession of the Republic of Albania on the" Agreement on trade in civil aircraft "</p>
<p><i>TRANSPARENCY</i></p>	<p>With the membership in the WTO will notify all relevant acts as defined by the WTO Agreement.</p>	<p>The notification process is guaranteed by the Council of Ministers Decree no. 85 date 02.17.2007 "On the notification procedures of the legal framework trade, economic and financial, in the WTO" which defines all the obligations notified of Albania</p>

TRADE AGREEMENTS	The Albanian government will review the provisions of the WTO Agreements and in particular Article XXIV of GATT and Article V of GATS relating to trade agreements and ensure that requirements relating to preferential trading systems, free trade areas or customs unions where Albania will become a member to be in full compliance with them.	Albania has negotiated and signed free trade agreements with countries of the region, CEFTA 2006, Turkey, EFTA States and EU. All these agreement are in accordance with Article XXIV of GATT1994.
------------------	---	--

Source: Analyses made by the author.

## Bibliography

1. Piet Eeckhout, 2011. EU External Relations Law, Second Edition; *Oxford EU Law Library*, chapters 9 and 10, pp 323-465
2. Peter Van den Bossche, 2008. The law and policy of World Trade Organization, Second Edition, *Cambridge University Press*, chapters 4 and 5, pp 320-504,
3. Consolidated version of the EU Treaties and the Charter of Fundamental Rights of European Union, 2008. Ministry of European Integration, Albania
4. Albania Progress Report 2011, 2012, 2013, 2014
5. The Stabilisation and Association Agreement with the European Community and its Member States on the one hand, and the Republic of Albania on the other.
6. Agreement on Amendment of and Accession to the Central European Free Trade Agreement (CEFTA 2006)
7. Free Trade Agreement between the Republic of Albania and the EFTA States
8. The Free Trade Agreement between the Republic of Albania and Turkey
9. Trade Policy Review of Albania (2010) [http://www.wto.org/english/tratop\\_e/tpr\\_e/tp329\\_e.htm](http://www.wto.org/english/tratop_e/tpr_e/tp329_e.htm)
10. Musaraj, Arta. "Tourism development, touristic local taxes and local human resources: A stable way to improve efficiency and effectiveness of local strategies of development", *Academicus International Scientific Journal*, Issue 6, (2012): 41-46.
11. Working Party report on Albania's membership in the WTO, WT /ACC/ALB /51, 3 July 2000
12. The Opinion 1/75, ECR 1975, p. 1355
13. The ECJ case law 41/76, Donckerwolcke against the Prosecutor of the Republic, ECR 1976, 1921
14. The ECJ case law 52/81, Faust against the Commission, ECR 1982, 3746, para 25-27