



*100 Vjet Pavarësi*

**REPUBLIC OF ALBANIA**  
**MINISTRY OF ECONOMY, TRADE AND ENERGY**

**CEFTA Deputy Ministers Meeting**

**21 June 2012**

Dear distinguished Deputy Ministers, State Secretaries, Assistant Ministers and representatives of the CEFTA Parties,

It's a great pleasure to meet with you all in Tirana in the CEFTA Deputy Ministers meeting. As a tradition now in CEFTA we meet often to share views and discuss future challenges of the development for our economies. As you know this year Albania is the Chair in Office of CEFTA and the Chair of the Investment Committee. Synergies are crucial and I believe that the today's meeting will help in portraying the challenges ahead with a view to facilitate common solutions for the benefit of all of us.

This meeting was preceded by the OECD workshop on Regional Trade Liberalization, European Integration and Investment Flows in CEFTA 2006 where academicians and policy makers could discuss potentials for future actions in the area of trade and investment.

Please let me share with you first some achievements of Albania during the last years.

I'll start with trade policy. We are very pleased with the achievements to date in this area. The first trade policy review for Albania in WTO confirmed that the tremendous changes carried out by Albania are 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

According to the Global Competitiveness Index 2011-2012, Albania ranked 78 out of 142 countries, with an improvement of 10 places compared to 2010. Particular attention was given to FDI and in 2010, for the first time they reached more than 1 Milliard US Dollars. Investment Reform Index confirms that Albanian ranking in Investment Policy & Promotion is at the region's average and we are working to improve that ranking.

Economic Freedom of the World shows an improvement of 16 places for Albania in the economic freedom compared with 2010. According to Heritage Foundation in 2012 Albania is ranked the second in the region, after Macedonia for the economic freedom.

Albania's trade volume in 2011 noted an increase of 16.1% compared with 2010. Export increased more than import, 22% and 14.2% respectively. Export share to CEFTA increased constantly and nowadays it represents 12.5% of the total exports compared to around 3% prior to the trade liberalization. Although EU remains the main trading partners the trade with the region is increasing. This is a direct result of the trade policy and the liberal approach taken by Albania since early 90s.

Irrespectively to these figures many analysis and reports made confirm that:

1. Trade policy in CEFTA was successful enough by liberalizing almost all trade in goods and creating as such the free trade area.
2. Trade policy alone cannot fully succeed unless we do not commit in specific policies to increase competitiveness. Productivity, human capital skills and education remain at the core of our current concerns and immediate actions are needed.
3. Investment policy in this region was mainly focused to attract FDIs. Theoretically, this would have brought more investment in manufacturing. However, the analysis shows that the biggest share of FDIs in the region is in services. We all agree that foreign investment create good potentials to technology transfer, employment and increase in productivity. However, I believe we should not neglect the potentials of domestic investors as well;

Having said that Albania sees as the challenges for the short to medium run the following areas;

1. Elimination of NTBs. We all know that we have engaged a lot in this respect and concrete actions have been taken. The implementation of ex-ante elimination approach in tackling NTBs is quite important. The second cycle for the elimination of NTBs through the monitoring instrument developed by OECD will bring us new ideas and areas for regional actions in both TBT and SPS measures. The alarm for new protectionism measure in the global economy is rising. This is very a disputable argument in WTO and we all witness the potentials this to be an argument within CEFTA as well.
2. Trade in services liberalization. We have already started this process and we see that this exercise will not be easy. This involves many institutions within

each country public administration, expertise and knowledge, and firm commitment. As the Chair in Office we are optimistic to provide the Joint Committee with the relevant information, rational and approach to allow a decision on potential launching of the negotiations;

3. Trade facilitation. This is simple and difficult at the same time. We all know that there is no predefined concept for trade facilitation. It is clear though that it includes formalities and procedures and we believe that working as a region will help more. Trade facilitation nowadays is much more concerned with t behind the borders concerns and obstacles. The energy dedicated to the trade logistics and the combination of that exercise with supply chain would be a challenge. Focusing on priority sectors is a must.
4. Capacity building and governance. The capacity building initiative as part of Albanian Chairmanship Program is a challenge to all public administration in the region. We believe that by developing clear, sustainable and predictable channels for coordination, monitoring and cooperation in the area of trade policy development we would be able to cope with the challenges ahead, while aligning with EU Common Commercial Policy.

Along these lines the strengthening of the existing CEFTA structures and genuine solutions in the short and medium run is a prerequisite to, at least, the maintenance of the actual success of CEFTA. Moreover, I think that working together on this issue to find logical and acceptable solutions is a confirmation to the commitment and political importance we give to CEFTA as a region and individual country.

Dear Colleagues,

We have many challenges ahead and I'm convinced that we have learnt how during these years of CEFTA implementation to succeed. The key for this is cooperation, common trust and commitment to the CEFTA agenda. In my capacity as the Chair in Office I would like to reconfirm the Albanian Government strong commitment to CEFTA and to the regional cooperation.