

# ALBANIA'S FOREIGN TRADE DEVELOPMENTS DURING THE FIRST NINE MONTHS OF 2004

Report's main highlights:

- Exports amounted to 443.7 millions USD (362 million Euro), with an increase of 37 per cent comparing the same period of 2003;
- Imports increased by 19 per cent, amounting at 1.593 billions USD (1.3 billions Euro);
- Trade deficit increased by 13.7%;
- Trade with the region continues to expand, with the strongest growth on the export side (by 2.3 times). Kosovo appears the third largest export market of Albanian products, after Italy and Greece.

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## ALBANIA'S FOREIGN TRADE DEVELOPMENTS DURING THE FIRST NINE MONTHS 2004<sup>1</sup>

### 1. General trade development

Data released from the Customs Authorities indicate that foreign trade activity continued the strong increase, particularly of the export sector. In total, by end September since the beginning of the year (Table 1), exports amounted to \$443.75 millions (Euro 362.3 millions), being increased by 37% (24% in Euro terms) compared with the same period of 2003; while imports amounted at \$1.6 billion (Euro 1.3 billion), being increased by a lower rate, of 19% (8% in Euro). Trade deficit amounts to \$1,149 million, which is 13.7% higher than the same period of 2003.

Based on the current performances, it may be expected that for the full year 2004 exports to amount at \$590 millions (exceeding the original forecast by an amount of \$60 millions), while imports at \$2.2 billion which is close to the forecast.

**Table 1:** Trade imports and exports January - September 2004

| Month        | <i>In million of USD</i> |  |                    |  |                 |
|--------------|--------------------------|--|--------------------|--|-----------------|
|              | Trade Export             |  | Trade Import       |  | Trade deficit   |
|              | In absolute values       | As percentage change towards the same period of 2003 | In absolute values | As percentage change towards the same period of 2003 |                 |
| January      | 42.56                    | 10%  | 143.00             | 8%   | 100.44          |
| February     | 47.42                    | 29%  | 160.96             | 20%  | 113.54          |
| March        | 46.48                    | 39%  | 171.17             | 20%  | 124.69          |
| April        | 51.90                    | 48%  | 176.91             | 32%  | 125.01          |
| May          | 51.16                    | 26%  | 176.29             | 3%   | 125.13          |
| June         | 53.47                    | 40%  | 185.16             | 10%  | 131.68          |
| July         | 61.98                    | 45%  | 199.85             | 30%  | 137.86          |
| August       | 36.32                    | 77%  | 180.56             | 29%  | 144.25          |
| September    | 52.46                    | 33%  | 199.28             | 26%  | 146.82          |
| <b>TOTAL</b> | <b>443.75</b>            | <b>37%</b>   | <b>1,593.17</b>    | <b>19%</b>   | <b>1,149.42</b> |

**Source:** General Directorate of Customs, ACIT

### 2. Export Developments

Except for a reduction on the exports of chemical and wood products (which together represent only 1.4% of total exports), sales in foreign markets increased on all

<sup>1</sup> This is the ACIT report on foreign trade developments. Data used on this report are received from the General Directory of Customs whose contribution in data provision is acknowledged. This is a preliminary version of trade data and we reserve the right to change the data as the latest revisions will be released by the Customs authorities.

commodities. In particular, the strong export performance continued to be driven by the exports of clothes and footwear, which account for almost 56% of total exports. Other commodities which have driven the export growth are the mineral products, whose sales increased by 1.7 times, metals and related products which increased by 85%, and the machineries and equipment which increased by 23%.

Table 2: Exports by group of commodities, January-September 2004

| Section according to HS | Section Description   | Exports (F.O.B) |                    |                                  |
|-------------------------|---|-----------------|--------------------|----------------------------------|
|                         |   | Value           | Share to the total | % increase as same period - 2003 |
| 1                       | Live animals: animal origin products  | 2.03            | 0.46               | 1.27                             |
| 2                       | Vegetable products  | 11.95           | 2.69               | 26.33                            |
| 3                       | Animal grease and oils or vegetal and its products...   | 0.29            | 0.07               | 56.84                            |
| 4                       | Prepared food; drinks, alcoholic beverages and vinegars; tobacco and manufactured tobacco substitutes   | 19.41           | 4.37               | 57.13                            |
| 5                       | Mineral products  | 21.09           | 4.75               | 176.66                           |
| 6                       | Chemical industrial products or alloys  | 1.52            | 0.34               | -27.38                           |
| 7                       | Plastic and its products; tire and its products   | 1.23            | 0.28               | 200.61                           |
| 8                       | Unprocessed and processed leather, coats and their products ...   | 9.82            | 2.21               | 16.92                            |
| 9                       | Wood and its products; charcoal; cork and its products ...  | 6.85            | 1.54               | 5.93                             |
| 10                      | Wood or other fiber, cellulose, paper or cartoon materials' dough...  | 4.73            | 1.07               | -39.59                           |
| 11                      | Textile and its products  | 151.62          | 34.17              | 28.49                            |
| 12                      | Footwear and hats, umbrellas and parasols, walking sticks....   | 120.44          | 27.14              | 27.27                            |
| 13                      | Stone, gypsum, cement products...   | 1.91            | 0.43               | 24.18                            |
| 14                      | Natural or cultivated pearls, jewelry...  | 0.56            | 0.13               | 94.99                            |
| 15                      | Main metals and their products  | 64.61           | 14.56              | 85.10                            |
| 16                      | Mechanic, electric machinery and equipment ...  | 14.29           | 3.22               | 23.44                            |
| 17                      | Vehicles  | 1.70            | 0.38               | 70.99                            |
| 18                      | Optic, photographic, cinematographic, measuring, control, precision, medical or surgical implements and instruments, watches; musical instruments and equipment | 0.75            | 0.17               | 367.83                           |
| 19                      | Weapons and munitions and their equipment   | 0.03            | 0.01               | -90.87                           |
| 20                      | Different manufactured products   | 8.73            | 1.97               | 51.90                            |
| 21                      | Works of art, collection and antics pieces  | 0.18            | 0.04               | 521.77                           |
| <b>TOTAL:</b>           |   | <b>443.75</b>   | <b>100.00</b>      | <b>37%</b>                       |

**Source:** General Directorate of Customs, ACIT

Exports of minerals were mainly of oil products (chapter 27 of HS) which accounted for about 70% of total mineral exports and the rest is mainly chromium products. Exports of metals were dominated by Ferro-alloys (about 25% of section 15 of HS) and articles of metals (chapter 83 of the HS). The exports of machineries and equipment is mostly

composed of electrical equipments (generators) which might have been imported first by Italian and other foreign companies and then re-exported back home.

**Exports of agriculture and food products** increased by 46%. However, the export structure continues to be limited to three group of commodities, fish products (with about \$10 million of sales), medical plants (with sales at \$9.6 millions) and water and beverages (with sales at around \$5 millions) [Table 3]

Table 3: Exports of agriculture and food products: January-September 2004

| Chapter according to HS | Chapter description   | Exports      |                    |                     |
|-------------------------|---|--------------|--------------------|---------------------|
|                         |   | Value        | Share to the total | % increase as -2003 |
| 1                       | Live animals  | 0.88         | 0.20               | 2341.55             |
| 2                       | Meat and edible meat offal  | 0.00         | 0.00               | -99.95              |
| 3                       | Fish and crustaceans, mollusks and other aquatic invertebrates  | 0.76         | 0.17               | 23.29               |
| 4                       | Dairy products, birds' eggs, natural honey ...  | 0.31         | 0.07               | -24.22              |
| 5                       | Animal origin animals not elsewhere specified or included   | 0.08         | 0.02               | 178.75              |
| 6                       | Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage                                | 0.18         | 0.04               | 85.30               |
| 7                       | Edible vegetables and respective roots and tubers   | 0.54         | 0.12               | -16.08              |
| 8                       | Edible fruit and nuts; peel of citrus fruit or melons   | 0.37         | 0.08               | 4.92                |
| 9                       | Coffee, tea, mate and spices  | 0.62         | 0.14               | 203.70              |
| 10                      | Cereals   | 0.00         | 0.00               | -78.52              |
| 11                      | Products of the milling industry; malt; starches; insulin; wheat gluten   | 0.37         | 0.08               | 998.40              |
| 12                      | Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruits; industrial or medicinal plants; straw and fodder | 9.59         | 2.16               | 18.89               |
| 13                      | Lac; gums, resins and other vegetable saps and extracts   | 0.29         | 0.07               | 455.56              |
| 14                      | Vegetable plaiting materials; vegetable products not elsewhere specified or included                                      | 0.00         | 0.00               | #DIV/0!             |
| 15                      | Animal or vegetable fats and oils ...   | 0.29         | 0.07               | 56.84               |
| 16                      | Preparations of meat, of fish or of crustaceans, mollusks or other aquatic invertebrates                                  | 9.96         | 2.24               | 10.57               |
| 17                      | Sugars and sugar confectionery  | 0.02         | 0.00               | -26.87              |
| 18                      | Cocoa and cocoa preparations  | 0.02         | 0.01               | #DIV/0!             |
| 19                      | Preparations of cereals, flour, starch or milk; bakers' wares   | 0.04         | 0.01               | 149.39              |
| 20                      | Preparations of vegetables, fruit, nuts or other parts of plants  | 1.03         | 0.23               | 478.11              |
| 21                      | Miscellaneous edible preparations   | 0.08         | 0.02               | 372.72              |
| 22                      | Beverages, alcoholic beverages and vinegar  | 4.98         | 1.12               | 704.78              |
| 23                      | Residues and waste from the food industries; prepared animal feed   | 0.32         | 0.07               | 280.46              |
| 24                      | Tobacco and manufactured tobacco substitutes  | 2.97         | 0.67               | 23.14               |
| <b>TOTAL</b>            |   | <b>33.68</b> | <b>7.59</b>        | <b>46.21</b>        |

Source: General Directorate of Customs, ACIT

### 3. Import developments

Imports registered an increase in almost all group a commodities [Table 4]. Two main import categories, i.e., textiles and footwear products which mostly serve the export industry increased by 17% and 8%, respectively. Imports of machineries and equipment, and transport vehicles, increased by 34% and 29% respectively. They both account for 23% of total imports. Other important groups of commodities which have shown strong growth are vegetables (by 42%) and wood products (by 46%).

| Section according to HS |   | Section Description | In million of USD |                    |                                |
|-------------------------|---|---------------------|-------------------|--------------------|--------------------------------|
|                         |   |                     | Imports (C.I.F)   |                    |                                |
|                         |   |                     | Value             | Share to the total | % increase as same period 2003 |
| 1                       | Live animals: animal origin products  |                     | 46.75             | 2.93               | 4.53                           |
| 2                       | Vegetable products  |                     | 120.34            | 7.55               | 41.97                          |
| 3                       | Animal grease and oils or vegetal and its products...   |                     | 24.08             | 1.51               | 25.25                          |
| 4                       | Prepared food; drinks, alcoholic beverages and vinegars; tobacco and manufactured tobacco substitutes   |                     | 134.50            | 8.44               | 14.62                          |
| 5                       | Mineral products  |                     | 160.61            | 10.08              | -0.56                          |
| 6                       | Chemical industrial products or alloys  |                     | 109.68            | 6.88               | 32.65                          |
| 7                       | Plastic and its products; tire and its products   |                     | 48.49             | 3.04               | 17.92                          |
| 8                       | Unprocessed and processed leather, coats and their products ...   |                     | 44.41             | 2.79               | 14.65                          |
| 9                       | Wood and its products; charcoal; cork and its products ...  |                     | 22.73             | 1.43               | 45.78                          |
| 10                      | Wood or other fiber, cellulose, paper or cartoon materials' dough...  |                     | 29.92             | 1.88               | 20.94                          |
| 11                      | Textile and its products  |                     | 169.10            | 10.61              | 16.94                          |
| 12                      | Footwear and hats, umbrellas and parasols, walking sticks....   |                     | 50.43             | 3.17               | 6.78                           |
| 13                      | Stone, gypsum, cement products...   |                     | 58.41             | 3.67               | 17.82                          |
| 14                      | Natural or cultivated pearls, jewelry...  |                     | 0.82              | 0.05               | 92.24                          |
| 15                      | Main metals and their products  |                     | 147.62            | 9.27               | 15.98                          |
| 16                      | Mechanic, electric machinery and equipment ...  |                     | 259.40            | 16.28              | 23.90                          |
| 17                      | Vehicles  |                     | 108.06            | 6.78               | 28.73                          |
| 18                      | Optic, photographic, cinematographic, measuring, control, precision, medical or surgical implements and instruments, watches; musical instruments and equipment |                     | 23.93             | 1.50               | 76.50                          |
| 19                      | Weapons and munitions and their equipment   |                     | 0.28              | 0.02               | -51.22                         |
| 20                      | Different manufactured products   |                     | 33.45             | 2.10               | 16.47                          |
| 21                      | Works of art, collection and antics pieces  |                     | 0.19              | 0.01               | -23.04                         |
| <b>TOTAL:</b>           |   |                     | <b>1593.17</b>    | <b>100</b>         |                                |

**Source:** General Directorate of Customs, ACIT

Imports of agriculture and food products amounted at \$326 millions, with an increase of 17% compared to the same period of 2003.

The most important import categories include meat products (with \$29.7 millions), fruits (with \$30.7 millions), cereals (with \$52 millions), tobacco (with \$36 millions), beverages and preparations of cereals (with 424 millions, each), etc. All the import categories also registered a modest increase compared to the same period of 2004.

| Chapter according to HS | Chapter description   | <i>In thousand of USD</i> |                    |                     |
|-------------------------|---|---------------------------|--------------------|---------------------|
|                         |   | Value                     | Share to the total | % increase as -2003 |
| 1                       | Live animals  | 3.25                      | 0.20               | 12.33               |
| 2                       | Meat and edible meat offal  | 29.74                     | 1.87               | 6.99                |
| 3                       | Fish and crustaceans, mollusks and other aquatic invertebrates  | 5.59                      | 0.35               | -29.51              |
| 4                       | Dairy products, birds' eggs, natural honey ...  | 7.98                      | 0.50               | 32.75               |
| 5                       | Animal origin animals not elsewhere specified or included   | 0.20                      | 0.01               | 94.12               |
| 6                       | Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage                                | 1.11                      | 0.07               | 12.74               |
| 7                       | Edible vegetables and respective roots and tubers   | 16.38                     | 1.03               | 49.85               |
| 8                       | Edible fruit and nuts; peel of citrus fruit or melons   | 30.69                     | 1.93               | 29.38               |
| 9                       | Coffee, tea, mate and spices  | 5.44                      | 0.34               | 15.74               |
| 10                      | Cereals   | 52.15                     | 3.27               | 49.74               |
| 11                      | Products of the milling industry; malt; starches; insulin; wheat gluten   | 12.66                     | 0.79               | 47.21               |
| 12                      | Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruits; industrial or medicinal plants; straw and fodder | 1.72                      | 0.11               | 78.43               |
| 13                      | Lac; gums, resins and other vegetable saps and extracts   | 0.10                      | 0.01               | 189.38              |
| 14                      | Vegetable plaiting materials; vegetable products not elsewhere specified or included                                      | 0.09                      | 0.01               | 18157.07            |
| 15                      | Animal or vegetable fats and oils ...   | 24.08                     | 1.51               | 25.25               |
| 16                      | Preparations of meat, of fish or of crustaceans, mollusks or other aquatic invertebrates                                  | 6.40                      | 0.40               | 139.43              |
| 17                      | Sugars and sugar confectionery  | 13.84                     | 0.87               | 1.82                |
| 18                      | Cocoa and cocoa preparations  | 3.72                      | 0.23               | 19.77               |
| 19                      | Preparations of cereals, flour, starch or milk; bakers' wares   | 24.38                     | 1.53               | 16.90               |
| 20                      | Preparations of vegetables, fruit, nuts or other parts of plants  | 12.41                     | 0.78               | -0.97               |
| 21                      | Miscellaneous edible preparations   | 10.08                     | 0.63               | 19.08               |
| 22                      | Beverages, alcoholic beverages and vinegar  | 24.44                     | 1.53               | 14.20               |
| 23                      | Residues and waste from the food industries; prepared animal feed   | 2.96                      | 0.19               | 5.74                |
| 24                      | Tobacco and manufactured tobacco substitutes  | 36.28                     | 2.28               | 13.62               |
| <b>TOTAL</b>            |   | <b>326</b>                | <b>20.44</b>       | <b>17.17</b>        |

**Source:** General Directorate of Customs, ACIT

#### 4. Trade by partner countries

EU was the destination of 89.7% of exports and supplied 67.5% of total Albania's imports. Exports to EU increased 30.6%, while imports grew by 12.8%. The highest increase on the exports side was registered with Greece (by 35%) and Italy (by 31%), which both compose 84.8% of total exports to the EU. Export in Germany, which accounts for 3.9% of total, increased as well by 32.5%. Both imports and exports decreased with the UK and Austria.

Trade with the South Eastern European countries also increased both on exports and imports sides. In particular, exports increased by almost 2.3 times, while imports by 12.5%. Kosovo remains the main export market for Albanian products, with 4.6% of total Albania's exports. During this period exports to Kosovo almost tripled compared the same period of 2003. Exports in the region increased with all the countries, despite the negligible amounts of exports in these countries. The largest import partner countries from the region remain Bulgaria, Croatia, Serbia and Montenegro and Macedonia. Except for Bulgaria, B&H and Rumania, with all other countries imports increased during this period.

Trade with Turkey, USA and other countries also increased: exports to Turkey doubled, while a marginal increase was registered with USA and other countries. Imports from USA increased by 1.6 times and from Turkey by 30%.

**Table 6** Trade Imports and Exports according to partner countries during January - September 2004

| Partner countries      | Exports            |                |                            | Imports            |                |                            | Trade deficit   |
|------------------------|--------------------|----------------|----------------------------|--------------------|----------------|----------------------------|-----------------|
|                        | In absolute values | % of the total | Change as compared to 2003 | In absolute values | % of the total | Change as compared to 2003 |                 |
| <b>EU countries</b>    | <b>398.19</b>      | <b>89.73</b>   | <b>30.58</b>               | <b>1074.97</b>     | <b>67.47</b>   | <b>12.82</b>               | <b>676.78</b>   |
| Germany                | 14.56              | 3.28           | 32.47                      | 83.01              | 5.21           | 30.16                      | 68.45           |
| Greece                 | 55.56              | 12.52          | 35.34                      | 335.81             | 21.08          | 1.92                       | 280.25          |
| Italy                  | 320.66             | 72.26          | 31.03                      | 537.64             | 33.75          | 18.60                      | 216.98          |
| Austria                | 1.48               | 0.33           | -69.29                     | 23.39              | 1.47           | -6.48                      | 21.91           |
| United Kingdom         | 0.13               | 0.03           | -63.99                     | 5.87               | 0.37           | -77.08                     | 5.74            |
| Other EU countries     | 5.80               | 1.31           |                            | 89.25              | 5.60           |                            | 83.45           |
| <b>SEE countries</b>   | <b>31.22</b>       | <b>7.04</b>    | <b>227.29</b>              | <b>114.61</b>      | <b>7.19</b>    | <b>12.48</b>               | <b>83.38</b>    |
| Kosovo                 | 20.32              | 4.58           | 299.43                     | 3.59               | 0.23           | 30.63                      | -16.72          |
| Macedonia              | 5.20               | 1.17           | 129.06                     | 19.86              | 1.25           | 68.55                      | 14.66           |
| Serbia & Montenegro    | 3.41               | 0.77           | 96.41                      | 23.94              | 1.50           | 110.76                     | 20.52           |
| Croatia                | 0.37               | 0.08           | 40.14                      | 24.15              | 1.52           | 6.88                       | 23.78           |
| Bulgaria               | 1.42               | 0.32           | 1277.53                    | 35.83              | 2.25           | -9.54                      | 34.41           |
| Rumania                | 0.13               | 0.03           | 104.44                     | 6.76               | 0.42           | -46.03                     | 6.64            |
| Bosnia and Herzegovina | 0.38               | 0.08           | 2156.98                    | 0.47               | 0.03           | -62.51                     | 0.09            |
| <b>USA</b>             | <b>1.84</b>        | <b>0.42</b>    | <b>11.72</b>               | <b>18.46</b>       | <b>1.16</b>    | <b>165.91</b>              | <b>16.61</b>    |
| <b>Turkey</b>          | <b>9.04</b>        | <b>2.04</b>    | <b>251.07</b>              | <b>115.53</b>      | <b>7.25</b>    | <b>29.90</b>               | <b>106.49</b>   |
| <b>Other countries</b> | <b>3.45</b>        | <b>0.78</b>    |                            | <b>269.61</b>      | <b>16.92</b>   |                            | <b>266.16</b>   |
| <b>TOTAL</b>           | <b>443.75</b>      | <b>100</b>     |                            | <b>1,593.17</b>    | <b>100</b>     |                            | <b>1,149.42</b> |

**Source:** General Directorate of Customs, ACIT