**Trade Agreements**

**Trade and Free Trade Agreements**

**Foreign Trade Regulations**

Albania applies a liberal trade regime while its foreign trade has been liberalized since 1990 and follows the guidelines set by the European Union and World Trade Organization. Albania has been a member of WTO since 2000 and applies WTO rules on import licensing. As a result of this liberalization and an on-going process of harmonization of Albanian customs rules with the EU system, imports and exports of commodities are not generally subject to special authorization requirements. Exceptions apply to quotas or control requirements imposed through different bilateral or multilateral agreements signed by Albania. Licenses are also required for specific commodities with restricted circulation within the country such as military or strategic goods, radioactive materials and psychotropic substances, drugs etc.

The country’s trade policies compilation subdued to some duties generated by its membership as well as to the need for adoption of country’s legislation in conformity with global trade rules. Albania committed to:

* a. liberalize its tariff regime by employing a tariff reduction process (bound rates and sectorial initiatives);
* b. to perform all commitments derived by the agreements on Technical Barriers to Trade (TBT) and Sanitary and Phytosanitary Standards (SPS);
* c.Albanian Customs Code emphasizes that custom valuation will take place in compliance with the requirements of WTO;
* d. Albania is a member of WIPO (World Intellectual Property Organization) since 1992 and it has recognized some international agreements in this area. Albania has committed to implement the entire TRIPS Agreement and the legislation regarding author’s copyrights. Albania has also signed the respective memorandum related to intellectual Property Regime.

Exports are not subject to any export taxes, fees or other barriers. Imports are not subject to any import duty taxes other than customs duties. Imports are subject to VAT and some items, such as tobacco, alcoholic beverages and fuel are also subject to an excise tax.

**Trade Developments**

Trade volume in 2011 rose by 23.9 % compare to 2010, with imports rising by 12.4% and exports by 20 %. During 2011 total imports amounted to 544,004 million ALL (3,867.09 million Euro million euro) and exports amounted to 197,459 million ALL (1,404.16 million euro).

The EU remains the main trading partner of Albania, providing 64.1 % of imports and receiving 72.5 % of Albania’s exports. In order of trade volume in 2011, Albania imports mainly from Italy, Greece, China, Germany and Turkey, and exports to Italy, Kosovo, Turkey, Greece, Spain and Germany. Italy and Greece represent respectively 47.7 % and 16.6 % of imports, and 73.3% and 7.1% of exports.

* Almost 30 % of exports were realized by the group “Minerals, fuels, electricity”.
* 32% of exports and 9% of imports were realized by the group “Textiles and Shoes”.
* The group “Machinery and equipments” represented 20% of imports.
* The group “Construction materials and metals” represented 15% of imports and 21% of exports.

**Free Trade Agreements**

**Stabilization and Association Agreement**

As an important achievement toward EU integration, the Stabilization and Association Agreement includes the establishment of a free trade area between Albania and the EU in a 10 year time frame. The SAA was ratified on April 2009 and supersedes the Interim Agreement which is now an integral part of the SAA.

**Central European Free Trade Agreement (CEFTA)**

On December 19, 2006, all of Albania’s bilateral trade agreements with countries in the region were transformed into a multilateral one, the Central European Free Trade Agreement (CEFTA 2006), which includes eight countries: Albania, Macedonia, Montenegro, Kosovo, Moldova, Croatia, Serbia and Bosnia and Herzegovina.

CEFTA’s main objectives are, inter alia, to expand trade in goods and services and foster investment by means of fair, stable and predictable rules, eliminate barriers to trade between the Parties, provide appropriate protection of intellectual property rights in accordance with international standards and harmonize provisions on modern trade policy issues such as competition rules and state aid. It also includes clear and effective procedures for dispute settlement.

**European Free Trade Association (EFTA)**

On December 2009, Albania signed an FTA with the European Free Trade Association (EFTA). EFTA member states are Iceland, Liechtenstein, Norway and Switzerland.

The Free Trade Agreement between the Republic of Albania and the EFTA states focuses on the liberalization of trade in goods. Both EFTA and Albania will abolish all customs duties on industrial products, including fish and other marine products. Bilateral arrangements on agricultural products between the individual EFTA States and Albania also form part of the instruments establishing the free-trade area between both sides.

**Free trade agreement with Turkey**

Albania has also a Free Trade Agreement with Turkey, signed in 2006 and entered into force on May 2008. According to the agreement, no tariffs will be put on Albanian industrial goods exported to Turkey and tariffs for certain Turkish products will be reduced before they will eventually be exempted in five years.Regarding to agricultural products, the countries have granted each-other tariff quota.

**Diagonal cumulation**

Diagonal Diagonal accumulation (based on the principle which enables you importing countries, which after a certain degree of processing, goods originating them as their own). The application of diagonal cumulation between Albania, Croatia, Macedonia, Serbia and the EFTA States is foreseen by the Free Trade Agreements that these countries have signed with the EFTA States.

**The U.S. Generalized System of Preferences (GSP) Program**

The System of Preferences General (GSP) is a US trade program designed to promote economic growth in developing countries by providing preferential duty-free entry of up to 3,500 products from 128 countries including Albania & Kosovo.The purpose of the GSP program is to give these exports a competitive edge in the U.S. market.

U.S. companies and customers are especially interested in buying goods through the GSP program because the exports are not charged tariffs, upon entering the United States.

Many items are eligible for GSP duty-free treatment. These include most manufactured goods; inputs used in manufacturing; jewelry; many types of carpets; certain agricultural and fishery products; and many types of chemicals, marble, and minerals