



Impact of Free Trade Agreements Between Albania and the Countries of the Region in the Volume of Imports and Exports for the Years 2008-2010

KEYWORDS

Free Trade Agreement, import, export, customs and competition

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ABSTRACT *The aim of this study is the impact of free trade agreements that Albania has signed in the context of globalization of economy and trade facilitation in recent years with different countries of the region. Ratification of these Free Trade agreements between Albania and the respective countries has had positive impact in some ways, a good supplementation with market needs, the influence on the reduction of prices, increased economic competitiveness, reduction of smuggling between market mutual Influence. Movement of goods with reduced customs tariffs possible that Albanian exports goods and imports increased during this analysis in this study will be looked at the volume of total imports and exports and the FTA.*

1. INTRODUCTION

In the context of globalization of economy and trade facilitation in recent years Albania has ratified a series of bilateral arrangements for free trade with different countries of the region as follows:

1. Free Trade Agreement Albania - Macedonia which entered into force in August 2002,
2. Free Trade Agreement Albania - Croatia has entered into force in June 2003,
3. Free Trade Agreement Albania-Kosovo UNMIK has entered into force in October 2003,
4. Free Trade Agreement Albania - Serbia and Montenegro came into force in August 2004,
5. Free Trade Agreement Albania-Moldova has entered into force in November 2004,
6. Albania-B & H has entered into force in December 2004 [2, 3, 7].

Ratification of these Free Trade agreements between Albania and the respective countries has had a positive impact on facilitation of trade as well:

- A good supplementation with market needs, the promotion of import of more items especially for goods and services lacking in the nomenclature of security in the country.
- Influence the reduction of prices which came from customs tax reduction items until the removal of this takes anything that directly affected and the reduction of prices for products [3].
- Increased economic competition and technological improvements to boost local production to be competitive in the open market.
- reduction of smuggling through facilitating free movement of goods without customs duties or reduced customs tariffs in countries with which agreements were ratified,[6]
- Mutual Influence between different markets in different conditions tariff treatment, the promotion of production for export and therefore it brought and the Increase of export.

2. MATERIALS AND METHODS

Movement of goods with reduced customs tariffs possible that Albanian exports of goods increased so this brought the need to increase production for export standards in order to be more competitive in foreign markets.

These Free Trade Agreement are repealed upon the entry

into force of the amending agreement and adherence to free trade agreement of Central Europe (CEFTA). This Agreement is considered as the Free Trade Agreement between the Republic of Albania, Bosnia and Herzegovina, the Republic of Croatia, the Republic of Macedonia, Republic of Moldova, Republic of Montenegro, the Republic of Serbia and the United Nations Interim Administration Mission in Kosovo. This Agreement (CEFTA) was signed in Bucharest in December 2006 and began to be implemented in July 2007 for Albania, Macedonia, Montenegro, Moldova and UNMIK Kosovo. In August 2007 it began to apply to the Republic of Croatia, in October 2007 for the Republic of Serbia in November 2007 began to apply to the Republic of Bosnia-Herzegovina [3, 7].

Through this agreement provided that the countries of the region have to establish the basis for liberalization and trade facilitation in the region as a necessity for economic growth in these countries, in view of expanding relations with the European Union, with the ultimate aim of further integration in the trading system multilateral and regional countries membership in the European Union [1, 5].

In the context of liberalization and facilitation of Commerce, Albania has ratified the free trade agreement with Turkey, which entered into force in May 2008.

Through this agreement both countries have created opportunities to increase trade exchanges between them, provided greater opportunities for economic development in Albania, the opportunity to increase foreign investment, especially the Turkish one in Albania. Among the benefits it brought the implementation of this Agreement in order to increase the Albanian exports to Turkey. Free trade agreement is an asymmetrical arrangement, which means that the manner and degree of liberalization is different. With the entry into force of this agreement, Albanian exports of industrial products to Turkey are without customs duties, while Turkish imports of industrial products in Albania, for some industrial products are subject to significant reduction of customs duties by going to their elimination at the end of a transitional period of 5 years. With regard to agricultural products the parties have mutually granted each other tariff quota. All other agricultural products or processed agricultural and all imported quantities in both countries on the above concessions will be imported in the two countries subject to customs fees [2, 5].

Also we can mention the Stabilization and Association Agreement between the European Community its Member States and the Republic of Albania signed the law No. 10 dated 12/02/2009.

Among the agreements that Albania has also signed Free Trade Agreement between the Republic of Albania and the EFTA States and the agreements on agriculture between the Republic of Albania and the Swiss Confederation and the Principality of Liechtenstein, the Republic of Albania and the Kingdom of Norway and the Republic of Albania Republic of Iceland, as its integral part, which entered into force on 01 November 2010.

3. RESULT AND DISCUSSIONS

Through this agreement and additional agreements on agriculture Albania and the EFTA countries establish a free trade zone, in order to promote prosperity and economic development, aiming at achieving gradual liberalization and opening up markets between them that open trade brings relief. Agreement signed in general for a number of mainly industrial items makes zero customs duty, and for a certain set of articles has reduced the customs tax which gradually will be reduced at the end of five years after the agreement enters into force duty becomes zero. For a given set of articles provided in quotas are imported duty free items.

Volume FTA impact on imports and exports will also be looked through the following tables and figures:

Table 1. The volume of total exports under the FTA and expressed in tons

2008		2009		2010	
Total Ton	FTA Ton	Total Ton	FTA Ton	Total Ton	FTA Ton
1,687,884	306,898	,566,457	93,947	2,657,652	255,004



Figure 1. Volume of Exports in Ton, Total and FTA

This figure shows that since 2008 exports have had the largest amount of exports in total, while in 2009 is looked a decrease compared to 2008 of 7% compared with the total in tons, and 69.3% compared with the total in tons under the FTA whereas, in 2010 there was an increase of 70% compared with the total of 2009 and increased by 57% compared to 2008. While under the FTA have an increase of 171% compared with 2009 and in 2008 is a decreased compared to 16.9% of exception.

Table 2. Volume of Exports in mln leks, Total and MTL

mln Leks					
2008		2009		2010	
Total Value/mln leks	FTA Value/mln leks	Total Value/mln leks	FTA Value/mln leks	Total Value/mln leks	FTA Value/mln leks
112,572	10,326	103,214	2,242	161,009	12,104

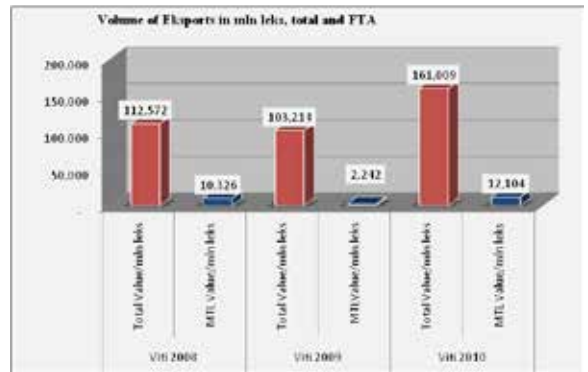


Figure 2. Volume of Exports in mln leks, Total and MTL

Figure 2 shows that in 2009 are a decrease of 8.3% compared to total 2008 and in 2010 the increase is 60 % compared to 2009, and compared with 2008 the increase is 43%. According to FTA expressed in lek, all of our tests have shown that in the year 2009 is decreased by 78% while since 2010 is increased by 440% compared to 2009 and is increased by 17.2% compared to 2008. So turns out that no matter reduction in the volume expressed in tons per year 2010 of 16.9% compared to 2008 volumes, expressed in lek shows that in 2010 an increase of 17.2% compared to 2008 and the impact this change has been the exchange rate and type of goods exported [2,7]. On further analysis the coverage of FTAs in total exports is expressed in tons in 2008 and is 18.2% of the total, in 2009 is 6% of the total and in 2010 is 7.6% of the total. Impact on the lek is as follows: in 2008 is 9.2% of the total, in 2009 2.2% of the total in 2010 and 7.6% of the total.

Table 3: Volume of exports to FTA countries in total tons and FTA tons.

ton					
2008		2009		2010	
FTA Ton	Total Ton	FTA Ton	Total Ton	FTA Ton	Total Ton
306,898	744,440	93,947	567,836	255,004	921,102

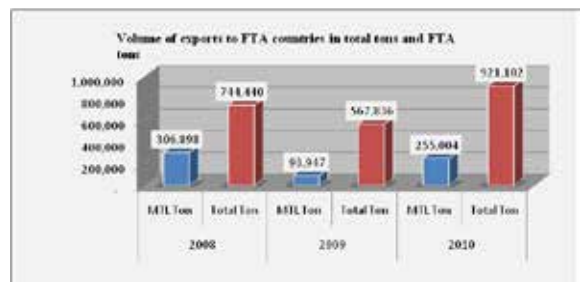


Figure 3. Volume of exports to FTA countries in total tons and FTA tons

In the analysis of Exports to countries with which we have agreements resulting as follows: Since 2009 we have a 23.7% decline compared to 2008, and 2010 in total to these countries has increased by 62% compared to 2009 and increased by 23.7% versus 2008.

Table 4 . Volume of exports to FTA countries in total Leks and FTA Leks

Mln/ Leks					
2008		2009		2010	
FTA mln leks	Total mln leks	FTA mln leks	Total mln leks	FTA mln leks	Total mln leks
10,326	17,432	2,242	12,987	12,104	26,054

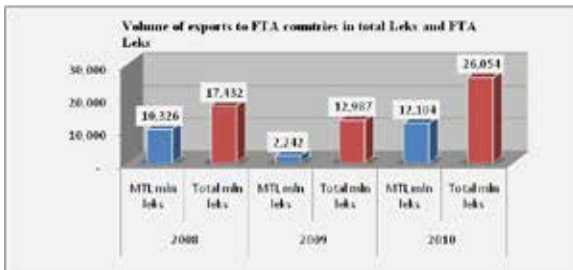


Figure 4. Volume of exports to FTA countries in total Leks and FTA Leks

If this trend expressed in Leks is as follows: since 2009 has decreased by 25.5% compared to 2008, the year 2010 has increased by 10.6% compared to 2009 and increased to 49.5 compared to 2008. Percentage of coverage of FTA versus total exports to countries with which agreements have expressed in tons, resulting in 2008 FTA covers 41.2% of total exports, in 2009 16.5% of the total and in 2010 27.7% of the total. This analysis of coverage expressed the following results: in 2008 59% of the total, in 2009 the percentage of coverage is 17.3% compared to the total and in 2010 46.5% of the total. Clearly seen in 2010 increased the percentage of coverage of FTA exports to total exports affected by this exchange rate.

Table 5. Volume of Imports in Net mass, total and MTL Ton

2008		2009		2010	
Total ton	FTA Ton	Total ton	FTA Ton	Total ton	FTA Ton
4,661,142	444,140	5,298,297	787,144	4,690,263	824,499

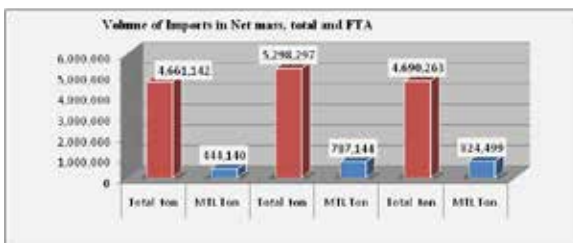


Figure 5. Volume of Imports in Net mass, total and FTA

In respect of imports we have made the same analysis as for exports and the results are: The total Imports in 2009 are increased by 13.7% compared with 2008, in 2010 an increase of 11.5% compared to 2009 and increased by 0.6% against 2008.

Table 6. Volume of Imports in mln Leks, total and FTA

2008		2009		2010	
Total Value/ mln Leks	FTA Value/ mln Leks	Total Value/ mln Leks	FTA Value/ mln Leks	Total Value/ mln Leks	FTA Value/ mln Leks
439,894	26,256	431,104	36,722	480,191	48,001

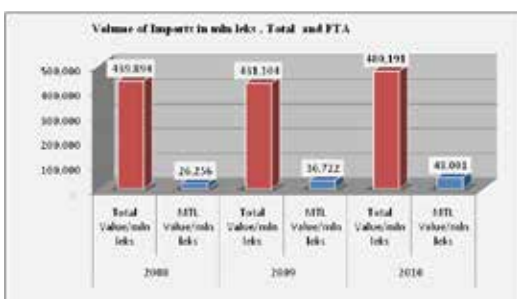


Figure 6. Volume of Imports in mln Leks, total and FTA

While in 2009 is a decrease of 2% versus 2008, in the year 2010 is increased by 11.4% compared to 2009 and increased by 9.2% compared to 2008. Increase in weight in 2009 versus 2008 and the resulting decline in value lek shows that this year have been substantial price declines in 2009 and this affected by the crisis of 2008, which has led to increased volume and tone.

Table 7. Volume of Imports from FTA countries in Net mass, Total and FTA.

Ton

2008		2009		2010	
FTA Ton	Total Ton	FTA Ton	Total Ton	FTA Ton	Total Ton
444,140	744,206	787,144	997,757	824,499	1,087,758

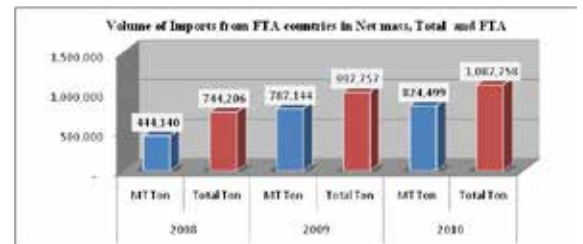


Figure 7. Volume of Imports from FTA countries in Net mass, Total and FTA.

Volume of imports under the FTA expressed in tons per year 2009 results in an increase of 78% compared to 2008, in 2010 increased by 4.7% versus 2009 and increased by 86.5% compared to 2008.

Table 8. Volume of Imports from FTA countries in mln Leks, Total and FTA.

2008		2009		2010	
FTA mln Leks	Total mln Leks	FTA mln Leks	Total mln Leks	FTA mln Leks	Total mln Leks
26,256	62,864	36,722	56,249	48,001	70,758

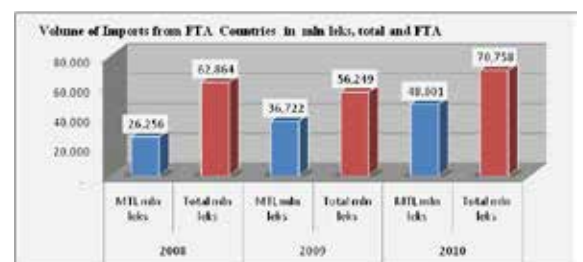


Figure 8. Volume of Imports from FTA countries in mln Leks, Total and FTA

Expressed in Leks in 2009 have resulted in an increase of 39.9% compared to 2008, the year 2010 increased by 30.7% compared to 2009 and increased by 83% compared to 2008. Percentage of coverage of imports under the FTA to total imports resulted as follows: for volume in tons per year in 2008 occupied 9.4% of total imports under the FTA, in 2009 15% and in 2010 17.6% of the total. But this analysis, shows that in 2008 the percentage of coverage is 6% against the total, 8.5% in 2009 and in 2010 10% of the total. It is obvious that the free trade agreements from year to year have brought effects in increasing the volume of goods under these agreements [1-3]. While in the figures that express the total imports from countries which we have free trade agreements is shown that from year to year has been increasing in the volume expressed in

tons as well as that expressed in Leks. Percentage of coverage of imports under the FTA to total imports from countries which have free trade agreements have the following results: expressed in volume in tons per year in 2008 60% of total imports in 2009 from 79% to total and in 2010 of 76% of the total, while the volume expressed in Lek have shown that in 2008 we have 41.8% of total volume, in 2009 65.3% of the total and in 2010 we have a coverage of 69.8% of the total.

4. CONCLUSIONS

From this analysis that we have made about the impact of FTA on trade facilitation, reducing prices and the volume of Import Export results that generally in 2008 and since in 2010 have had a very positive trend in the increase of volume

which indicates that these agreements have a positive impact as well as in the Export Import. Year 2009 in total exports declined this affected by falling prices in international markets in the second half of 2008 which also had its effect in 2009. Seeing that the signature of the free trade agreements between Albania and countries of region we believe that have to be a great attention towards their implementation, which would bring the corresponding benefits both in terms of further trade facilitation as well as in what that for the Albanian state is more important for the further increasing of the volume of Albanian goods to region and Europe markets.

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