

EMBASSY OF INDIA, BUCHAREST
ALBANIA MONTHLY REPORT FOR THE MONTH OF APRIL 2017

Economy

Official unemployment at 15.2% for people over the age of 15

Official unemployment rate for population over the age of 15 in Albania is 15.2% as per data released by the Institute of Statistics. Number of people in the work force was estimated to be 1, 365,000, in which women comprised 46.4% and men 56.6. Meanwhile, employed people in the country account for 1 million and 157 thousand, where women account for 43.8% and men account for 56.2%. Number of unemployed people was estimated to be 208,000 of which 41% were women and 59% men. Agriculture and Services are the two sectors that employ the largest number of people in Albania, at 40.2% and 40.4% of the total work force.

Albanian economic situation

The Albanian Finance Minister, Arben Ahmetaj had an overview of the economic situation in the country during the first quarter of 2017 and was optimistic that economic growth in 2017 will be around 3.8%, following last year's growth of 3.46%. According to him, this growth would continue and go up to 5.5% by 2021, if the country continues to be run by socialists. Analyzing the figures for the first quarter of 2017, Mr. Ahmetaj stated that economic sectors have all grown on an annual basis. Trade and Energy are seen as the main contributors of economic growth, although other sub sectors also marked a higher growth than these two sectors, their weight lifted the growth to 3.46%. consumption and employment levels have also grown in the period (at 2.5% and 3.1% respectively), while unemployment has dropped by 14.2%. Tourism is a sector which has also seen good growth with earnings in 2016 amounting to over Euro 1.5 bn.

World Bank Report on Albanian economy

In its periodical report, the World Bank estimates Albania to achieve the highest economic growth in Western Balkans, with the economy is expected to reach a growth of 3.5%. The World Bank predicts that Albania's economic growth is expected to further strengthen in the next two years. however, the report stated that these estimates are subject to the current political crisis being managed and diffused.

Loan interests go up, savings interests almost zero

In Albania, the gap between interest rates on loans and deposits is widening, while interest rates on deposits are almost zero. This is confirmed by the Bank of Albania, according to which, deposits with a maturity period from 1 to 60 months yielded zero interest during the month of February this year, both in Lek or foreign currency. Meanwhile, the highest interest rate seems to have amounted to 2%. On the other hand, the highest interest rate on loans was 9% for 6 month loans. Interest rates on loans that are given by the Albanian banking sector to both individuals or businesses are no lower than 4%. This

figure is mostly encountered on new loans allocated in euro for a period from 1 to 3 years or over 5 years.

Sectors

Energy

TAP and Albania to benefit from the pipeline

Albania will benefit more as part of the Trans-Adriatic Pipeline (TAP). This will be made possible following an agreement signed with the company that leads this important geo-strategic project to Albania. According to this agreement, the government is now entitled to more tax on profit from this investment, after increasing this tax from 10% to 15%, while other investments will be made for the community. This is estimated to benefit the government 90 million dollars more in terms of revenue having an overall impact on the economy through more development and higher employment generation.

Tourism

Reduction of VAT

The business sector in Albania has positively reacted to the government's decision to reduce VAT for the hospitality sector from 20% to 6%. This decision comes after several years of demand from the tourism industry. The head of Hotel and Lodging Association, Zak Topuzi, welcomed the decision and mentioned that this decision will benefit 3900 accommodation units and will in turn help Albania become a competitive regional market in this sector through increased tourism packages. Meanwhile, for Business Albania and the Chamber of Commerce and Industry, this decision will lead to growth of employment in the sector of tourism.

Trends in Global Trade – Albania and India

Albania

In April 2017 the value of exports was 24 billion lekë (USD 198 mn), an increase by 13.6 % compared with the same period of previous year and by 1.6 % compared with March 2017. The value of imports in April 2017, was 50 billion lekë (USD 413 mn), decreasing by 4.3 % compared with the same period of previous year and by 7.7 % compared with March 2017. The trade deficit 26 billion lekë (US\$ 214 mn), a decrease by 16.5 % compared with April 2016 and by 15.4 % compared with March 2017.

In the first four months of 2017, the value of exports was 87 billion lekë (USD 719 mn), increasing by 16.4 %, compared with previous year and the value of imports was 183 billion lekë (USD 1.5 bn), increasing by 4.1 %. Trade deficit was 96 billion lekë (USD 793 mn), decreasing by 5.3 % compared with the same period of 2016. In the first four months of 2017, exports are increased by 16.4 % compared with previous year. A positive contribution was given by the groups: Minerals, fuels, electricity” with +6.3 percentage point, “Construction materials and metals” with +5.0 percentage point, “Textile and footwear” with +3.4 percentage point. While a negative contribution was given by the groups: “Wood manufacture and article of paper” with -0.2 percentage point, “Leather and leather manufactories” with -0.1 percentage point. In the first four months of 2017, imports are increased by 4.1 % compared with previous year. A positive contribution was given by the groups: “Chemical and plastical

products” with +1.7 percentage point, “Machinery, equipment and spare parts” with +1.0 percentage point, “Textile and footwear” with +1.0 percentage point. While a negative contribution was given by the group: “Construction materials and metals” with -1.6 percentage points, “Wood manufactures and article of paper” with -0.1 percentage point. The performance of trade in goods by partner countries In April 2017, countries with which Albania has had the highest increase of exports, compared to April 2016 are: Italy with (1.3 %), Kosovo with (8.3 %) and Spain with (126.9 %). While, countries with which has had a decrease of exports are: Serbia with (-21.6 %), Montenegro with (-3.4 %) and Switzerland with (-42.3 %)

In the first four months of 2017, countries with which Albania has had the highest increase of exports, compared to the same period of 2016 are: Italy with (9.6 %), Kosovo with (22.7 %) and Spain with (142.0 %). While, countries with which has had a decrease of exports are: Switzerland with (-35.9 %), Netherland with (-26.7 %) and Malta with (-96.3 %). In April 2017, countries with which Albania has had the highest increase of imports, compared to April 2016 are: Italy with (3.8 %), Turkey with (2.9 %) and China with (4.6 %). While, countries with which has had a decrease of imports are: Greece with (-1.9 %), Germany with (-48.9 %) and Russia with (-40.1 %). In the first four months of 2017, countries with which Albania has had the highest increase of imports, compared to the same period of 2016 are: Italy with (2.6 %), Turkey with (9.2 %) and Greece with (5.1 %). While, countries with which has had a decrease of exports are: Germany with (-4.6 %), China with (-10.0 %) and Russia with (-25.8 %). Trade with the EU countries, in the first four months of 2017 is 65.6 % of total trade. In the first four months of 2017, exports to EU countries occupied 76.6 % of total export and imports from EU countries occupied 60.3 % of total import. The main trade partners are: Italy (37.5 %), Germany (7.3 %), Greece (6.8 %) and China (6.4 %)

India

I. MERCHANDISE TRADE

EXPORTS (including re-exports)

In continuation with the double digit growth exhibited by exports during March 2017, exports during April 2017 have shown growth of 19.77 per cent in dollar terms valued at US\$ 24635.09 million as compared to US\$ 20568.85 million during April, 2016. Non-petroleum and Non Gems & Jewellery exports in April 2017 were valued at US\$ 17718.87 million against US\$ 15136.41 million in April 2016, an increase of 17.06 %. The growth in exports is positive for all major economies, USA (4.74%), EU (0.16%), Japan (13.30%) except for China (-1.56%) for February 2017 over the corresponding period of previous year as per latest WTO statistics.

IMPORTS

Imports during April 2017 were valued at US\$ 37884.28 million which was 49.07 per cent higher in Dollar terms over the level of imports valued at US\$ 25413.72 million in April, 2016.

CRUDE OIL AND NON-OIL IMPORTS:

Oil imports during April, 2017 were valued at US\$ 7359.27 million which was 30.12 percent higher than oil imports valued at US\$ 5655.92 million in April 2016. In this connection it is mentioned that the global Brent prices (\$/bbl) have increased by 25.40% in April 2017 vis-à-vis April 2016 as per World Bank commodity price data. Non-oil imports during April, 2017 were estimated at US\$ 30525.01 million which was 54.50 per cent higher than non-oil imports of US\$ 19757.80 million in April, 2016.

II. TRADE IN SERVICES (for March, 2017, as per the RBI Press Release)

EXPORTS (Receipts)

Exports during March 2017 were valued at US\$ 14179 Million registering a positive growth of 8.57 per cent in dollar terms as compared to negative growth of 3.76 per cent during February 2017.

IMPORTS (Payments)

Imports during March 2017 were valued at US\$ 8267 Million registering a positive growth of 14.26 per cent in dollar terms as compared to negative growth of 13.96 per cent during February 2017.

III. TRADE BALANCE

MERCHANDISE: The trade deficit for April 2017 was estimated at US\$ 13249.19 million which was 173.47% higher than the deficit of US\$ 4844.87 million during April 2016. **SERVICES:** As per RBI's data, the trade balance in Services (i.e. net export of Services) for March, 2017 was estimated at US\$ 5912 million. The net export of services for April- March, 2016-17 was estimated at US\$ 65214 million which is lower than net export of services of US\$ 69419 million during April- March, 2015-16. (The data for April-March 2015-16 and 2016-17 has been derived by adding April-March month wise QE data of RBI data). **OVERALL TRADE BALANCE:** Overall the trade balance has improved. Taking merchandise and services together, overall trade deficit for April- March 2016-17 is estimated at US\$ 40980.00 million which is 16.87 percent lower in Dollar terms than the level of US\$ 49297.53 million during April-March 2015-16.

Bilateral Trade

(US\$ million)

Trade	Export	Import	Total
<i>Albania's Trade with India 2015-2016 (Apr-March)</i>	17.20	24.04	41.24
<i>Albania's Trade with India 2016-2017</i>	26.62	6.50	33.12
<i>Albania's total global trade in Jan-April 2017</i>	715.2	1504.5	2219.70

(Source M/Commerce, GoI and (Albanian Statistical Institute, INSTAT),
1 USD = 121.63 ALL Leke)

Top 9 items of Export to the World

(In US \$ Thousand)

S. No.	Commodity	Period	Exports
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1.	Textile and Footwear	Jan-April 2017	309.18
2.	Construction materials and metals	Jan-April 2017	110.82
3.	Minerals, fuels, electricity	Jan-April 2017	138.89
4.	Food, beverages, tobacco	Jan-April 2017	61.27
5.	Machineries, equipment's' and spare parts	Jan-April 2017	36.02
6.	Wood manufactures and articles of paper	Jan-April 2017	19.65
7.	Others	Jan-April 2017	17.56
8.	Chemical and plastic products	Jan-April 2017	11.82
9.	Leather and leather manufactures	Jan-April 2017	71.28

(Source: Albania Institute of Statistics)

Top 9 items of Import from the World

(In \$ thousand)

S. No.	Commodity	Period	Imports
1.	Machineries, Equipment and spare parts	Jan-April 2017	318.72
2.	Textile and footwear	Jan-April 2017	215.40
3.	Construction materials and metal	Jan-April 2017	186.69
4.	Food, beverages, tobacco	Jan-April 2017	261.59
5.	Chemical and plastic products	Jan-April 2017	227.62
6.	Minerals, Fuels, Electricity	Jan-April 2017	135.86
7.	Leather and leather manufactures	Jan-April 2017	44.18
8.	Others	Jan-April 2017	57.90
9.	Wood manufactures and articles of paper	Jan-April 2017	55.52

(Source: Albania Institute of Statistics)

Top 10 items of Imports from India

US\$ millions)

S. No.	Commodity	Period	Imports by Albania from India.
1.	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television, image and sound recorders and reproducers, and parts.	April 2016-Mar 2017	2.37
2.	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof.	April 2016-Mar 2017	0.97
3.	Articles of stone, plaster, cement,	April 2016-Mar 2017	3.91

	asbestos, mica or similar materials.		
4.	Optical, photographic cinematographic measuring, checking precision, medical or surgical inst. And apparatus parts and accessories thereof.	April 2016-Mar 2017	1.12
5.	Products of animal origin, not elsewhere specified or included.	April 2016-Mar 2017	0.77
6.	Coffee, Tea, Mate and Spices	April 2016-Mar 2017	3.05
7.	Ceramic products	April 2016-Mar 2017	1.85
8.	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof.	April 2016-Mar 2017	
9.	Raw hides and other skins	April 2016-Mar 2017	1.33
10.	Articles of apparel and clothing accessories, knitted or corched	April 2016-Mar 2017	0.58

(Source: Ministry of Commerce & Industry, Government of India)

Top 10 items of exports to India

(US\$. million)

S. No.	Commodity	Period	Imports Albania from India.
1.	Iron and steel	April 2016-Mar 2017	5.46
2.	Salt, Sulphur, Earths and Stones, Plastering material, Lime and Cement	April 2016-Mar 2017	0.49
3.	Wool Fine or Coarse Animal Hair, Horse Hair, Yarn and Woven Fabric	April 2016-Mar 2017	0.31
4.	Footwear, Gaiters and the like, articles thereof	April 2016-Mar 2017	0.09
5.	Copper and articles thereof	April 2016-Mar 2017	0.08
6.	Oil seeds and Olea fruits, Misc grains and seeds, Industrial or Medicinal Plants, fodder etc	April 2016-Mar 2017	0.04
7.	Electrical machinery and equipment and parts thereof	April 2016-Mar 2017	0.02
8.	Sugars and Sugar Confectionary	April 2016-Mar 2017	0.01

(Source: Ministry of Commerce & Industry, Government of India)

Important India related statements of commercial significance by political leaders, think tanks, chambers, associations etc:

Ambassador presents credentials to the President of Albania: Ambassador Dr. A.V.S. Ramesh Chandra presented his credentials to the President of Albania, H.E. Bujar Nishani on 19 April 2017 at a simple but cordial ceremony held at the Presidential Office in Tirana. In the meeting that followed, the President praised India's achievements in the economic sector and its role in bringing peace to the world as the largest democracy on the globe. During the visit, Ambassador also met the Albanian Minister of Economy, Ms. Milva Ekonomi, and had wide ranging discussions with her, including sectors of investments that are considered to be the priority for Albania where India has immense expertise such as railways and port infrastructure, pharmaceuticals and information technology. The pending issues in respect of the DTAA, BIPPA and Maritime Agreement were also discussed. Ambassador also hosted a lunch for prominent Indian entrepreneurs and Albanian dignitaries during his visit.

Feedback from major Indian industries/ other commercial concerns set-up in that country and Indian trade visitors to that country

S. No.	Name of business house	Activity sector	Trade barrier issues if any	General Feedback
1.	Feedback has generally been positive.			

Feedback on major trade fairs / BSM including Indian participation (whether or not supported by MAI funds) :

S. No.	Particulars of Trade Fair, dates etc.	Number of participants from India	List of large participants	Feedback received
1.	The Indian companies/delegation continues to participate in important trade fairs. The feedback has generally been positive. However, there is no record of any Indian company having participated in any Trade Fairs in Albania in July, 2016.			

Feedback from local commercial visitors to trade fairs in India, including under BSM. Number of Business Visas issues:

S. No.	Particulars of Trade Fair, dates etc.	Number of participants	List of large participants	Number of Business Visas issued	Feedback received
1.	Feedback has been encouraging and positive. No business visas were issued by Embassy of India, Bucharest for Albanian Nationals during April 2017. Also, no Conference Visas were issued to Albanian nationals during the month.				

Investment

Details of activities conducted out of Trade Promotion budget:

BE for 2017-18	RE for 2017-18	Amount utilized	Details of Activity
Rs 8.50	-----	<i>Nil</i>	<i>nil</i>

Indian Trade inquiries for the month of April 2017

Trade enquiries: In the month of April 2017 the Embassy of India, Bucharest did not received any trade enquiries from India and none trade enquiry from Albania.

S. No.	Enquiry originator	Product	Nature Import/Export	Action Taken
1.	Nil			

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