

Distinguished Ladies and Gentlemen,

I avail myself of the opportunity to provide more information on my country, Albania, where democracy is growing, with a stable economic increase which is based on a political stability which ever better guarantees regional cooperation.

Economic growth in 2004 is 6%, same is predicted even for the year 2005, inflation did not exceed 4% (same rate is predicted even for the year 2005). Meanwhile, it is foreseen that unemployment goes towards reduction by 14% that was in 2004.

In Albania, there is witnessed a consolidation of the private sector, that contributes to 75% of the gross domestic product and 62% of employment. In 2004, 7.000 new firms were established.

A reformation strategy and an economic strategy, that approach us to the European Union are being applied in the country. The exchange and free movement of goods and services is being extended. A regional power system, infrastructure and corridors standardizing communication are being created. Facilities and standards for the free circulation of people are being adopted.

Particularly for the business activities, more facilities should be created. This is a problem that we all that are here have set forth , but not yet found a final solution.

Albania is successfully implementing the Free Trade Agreements with 8 countries in the Region. Such a thing has extended the opportunities of the market for the regional entrepreneurs. Due to the fact that Albanian exports with the regional countries have tripled in the year 2004.

We have reached Free Trade Agreements with Bulgaria, Rumania, Moldova, Serbia and Montenegro and soon it is expected to be signed with Turkey.

The result of such agreements will be the gradual reduction of customs duties to their total elimination on January 1, 2007, to be accompanied by a liberalizing policy for the free movement of the people and capitals.

Albania's regional integration is an indispensable condition for its integration in the global economy.

Possibilities to increase trade exchanges with the regional countries are even unexploited.

What must be concretely done to further increase the trade volume with the countries of the Region?

- - we must study the commodity importing lists for these countries in order to know their needs;
- - to extensively get to know the business community with the list of commodities with zero or reduced customs' duties;
- - the business community seek support and aid in these countries such as Greek banks, VODAFONE Company, Austrian Raiffaisen Bank etc., to get to know potential interpreters;
- - Exporters might surmount this situation, building a strategy of cooperation with local partners, for the creation of joint ventures and encouraging direct foreign investments in highly export potential domestic industry.

Direct foreign investments in Albania for the year 2004 amounted to 300 million dollars. We were lucky that the Albanian Savings Bank was purchased by Austrian Raiffaisen Bank.

Work is going on for the improvement of the climate for the growth of business and investments at home.

Here we might mention the OECD survey and recommendations, submitted in Tirana on February 9, 2004 by Mr. Declan Murphy, director of the Investments Program in Southeastern Europe.

Finally:

Business and Government must work together for carrying into effect these recommendations, which are realized soon in time, undoubtedly bring about the improvement of the business climate and increase of investments. Albania has a skilled labour power and very low salaries as compared to other West European countries. Legislation, which enables the companies to hire or dismiss employees, is more liberal than in any other European country. Such a thing is positive. In this was the firm will find the way to come to Albania, attempting to exploit the

priorities offered by the employment situation, to start new businesses, to create new income sources and open up new export markets.

During 2005, in Albania several huge companies pertaining to strategic sectors will be privatized:

ALBTELECOM	- in telecommunication
ARMO	- in the petroleum sector
INSIG	- in the insurances' sector

We invite You to participate.

Edmond Karaxho
Thessaloniki, Economic Forum 24-25 February 2005