

ALBANIA

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The Albanian economy continues to seek urgently further improvements and regulations. Its development during 2001 was slower than expected. Many analysts view 2001 as the year during which the political and economic crisis deepened further in all respects. Agriculture continued to remain the basis of the economy, though with lower output than a year ago. Construction remained the most dynamic sector, although there were the first signs of a slowing down of its uninterrupted growth over the past 6-7 years.

The public industrial sector continued to shrink. The index of industrial production reduced by about 27% while overall jobs were down by 20%. Only 1.5% of those employed in the public sector work in the extractive industry and 3% of them in the processing sector.

More than 140,000 Albanian families or nearly 600,000 Albanians comprising 17% of the domestic population live below the official poverty level and therefore benefit from social assistance programmes. A large number are former mining employees. Their living

conditions today are far from what they dreamt of providing for their families. They lack proper housing conditions and education opportunities and, like the rest of the country, they suffer energy and water shortages. Albania continues to depend largely on the aid it gets from Western donor countries. The major donors are the US (25% of total aid), Italy (24%) and Germany (8%).

The gravest economic factor is the energy crisis. Domestic production last year was the lowest ever recorded, thus leaving the country and its economy completely dependant on government purchases of energy from other countries. The consequences for the industry, businesses and families are very serious and deeply worrying.

Emigration continued to dominate the choice of many young people educated and trained in Albania. A good many belong to the mining sector. Emigration is attractive because of the lack of employment opportunities, stability and choices, and the widespread corruption in public administration. During 2001, the number of registered students was 5% lower

Mineral Production ('000 t)

Sector	1999		2000		2001	
	Public	Private	Public	Private	Public	Private
Gross oil	268	0	314	0	308	0
Natural gas	13,220	0	11,490	0	10,980	0
Coal	28	0	20.6	0	15.7	7
Chrome ore	97.2	0	46.4	70.6	12.89	73
Chrome concentrate	12	0	3.4	0	0	0
Ferrochrome	23.4	0	8.7	3.8	0	11.9
Steel	0	15.6	0	64.7	26.6	67.5
Limestone	0	630	0	641	0	590
Clay	0	422	0	420	0	385
River gravel	0	1,576	0	1,630	0	1,370

than a year ago. Technical high schools mainly specialising in geology and mining were closed down in several towns. Sustainable and long term solutions are needed and government officials know this only too well.

Albania's copper industry posted some of its lowest production and sale figures of the past decade, and the coal sector remained paralysed. Official statistics on production and processing indicate a reduction in output of 13,000 t for chromium ore, 51 t for copper wire and 27,000 t for steel.

The ratio between exports and imports in the minerals sector was 4:1 in favour of imports. Italy conducts 70% of the overall trade with Albania. Greece comes second exporting various goods including bottled water even though Albania has substantial water deposits of its own.

The private sector offers a glimmer of hope for Albania's mining industry. Both domestic and foreign companies have been investing more and during 2001 the Albanian Parliament

approved concession agreements with two foreign companies. One was with a Turkish company Ber-Oner in the copper industry for a period of 30 years. According to this agreement Ber-Oner is committed to investing about US\$20 million in three phases. The other agreement was with an Italian company Darfo. Under this agreement Darfo will operate the Bulqiza chrome mine (250,000 t/y capacity), two chrome plants in Burrel and some ancillary units related to chrome production. Darfo has thus become the major investor in a sector which, until some years ago, had been the pride of the Albanian mining industry. Darfo has committed to invest more than US\$20 million and to operate the facilities for a period of 30 years. The Albanian Parliament has decided that all such foreign companies will be excluded from all fiscal and custom taxes so long as they are investing in the industry.

The country, and the mining sector in particular, eagerly await more such investments. The quality and commitment of these companies while doing business in Albania remains to be seen.