

B a n k o f A l b a n i a

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BALANCE OF PAYMENTS

BULLETIN

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1. GENERAL DEVELOPMENTS IN THE BALANCE OF PAYMENTS DURING 2007

The external sector of the economy for year 2007 was characterized by a large flow of trade exchanges, amounting to a total trade volume of 3.7 billion euros, which is 26% higher relative to the previous year. Trade deficit reached 2.1 billion euros or 27% higher relative to the year 2006, the highest recorded in years. The relative indicator of current deficit to GDP reached 10.7% in 2007 from 6.5% the previous year.

Trade deficit has been a permanent feature of developments in external trade, reflecting the high deficit on current account. The high demand for imports, to meet the demands of economic growth and at the same time meet the people's needs for consumer goods, has provided evidence for the growth of imports over the years.

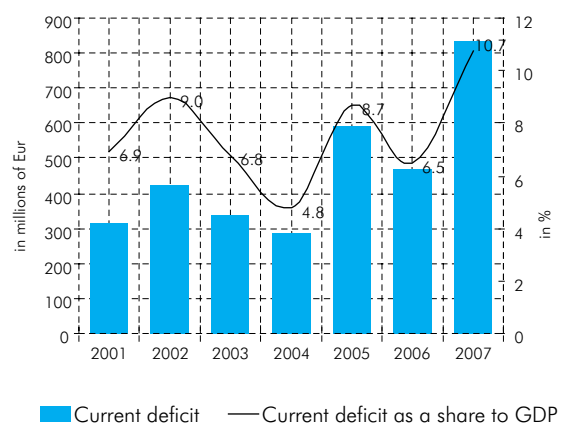
Albania's trade openness scale has improved to 84% from 72% the previous year. However, it remains in very low levels relative to the economies of other regional countries.

Although trade in goods (mainly imports) prevails, trade in services seems to have a considerable share in trade openness. These services are mainly represented by travel services, providing evidence for the competitive advantages of the Albanian economy in the international trade in services.

The expansion of trade openness scale would have been more encouraging if our exports had a larger share. Yet it may be considered as a positive development although the imports were decisive in this growth. Imports' growth for 2007 mainly resulted from productive imports rather than unproductive ones.

At the same time, the export of goods has accelerated the growth rates by 25%. This figure provides evidence for the enhanced competitiveness in the processing industry since the free trade agreements with South-East European countries¹, CEFTA, and the free trade agreements with the European Union,

Chart 1 Current deficit as a share to GDP



INTERIM² have assisted export-oriented companies enter the international markets and meet with their standards. Export of services, which is assessed to have surpassed the import of services by 13 million euros, has established the competitive advantage of the Albanian economy in the international markets.

The growth of imports for 2007 has resulted from several factors – the unusual price rise of oil and the price rise of some products in the international markets; and from some domestic factors – the deteriorated energy situation at home which led to high imports of energy.

The relative indicator of imports to GDP reached about 37.4% in 2007 relative to 31.3% in 2006.

Export of goods and services grew by about 23% relative to the previous year and only 2% was used to service external debt³, which is far behind the level of 25%, generally known as the critical level of paying off.

The considerable inflows over the years in the form of current transfers have helped to reduce the high trade deficits, leading to the improvement of the balance of payments' position. The net flow of current transfers amounted to about 1 billion euro in 2007, out of which about 91% are a contribution of the workers' remittances. The latter account for about 12.3% of the GDP, decreasing slightly by 6% relative to the year 2006.

On the other hand, the financing of current deficit for year 2007 has been almost fully covered by the foreign capital inflows in the form of capital transfers and by the financial flows in the form of foreign direct investment, borrowing from abroad and other short-term investment.

The financing of the continuous current deficit through direct investments is considered as a stable investment, with technological advantages and know-how and safer for the economy. Although the financing through borrowing from abroad eases the country's external position in the short-term, it is generally considered as a risky strategy. However, Albania is not on verge of being faced with the external debt paying off ability, being assessed in modest levels for a short-term period.

Capital inflows caused the overall balance of payments for year 2007 to end in a surplus of about 148.6 million euros, with an annual drop of 28%. This surplus in the overall balance led to the increase of foreign reserve which at end year 2007 amounted to about 1.5 billion euros.

In addition, net liabilities arising from the international investments in Albania (international investment position) reached 1.2 billion euros (about 15% of the GDP). As of end 2007, Albania's net debit position was 2.2 times higher than that of as of end 2006. Meanwhile, in terms of the GDP, Albania's trade openness scale in the international financial market is about 76.4%.

The adequacy of the monetary authority's reserve is a critical indicator of the external sector. The ratio of imports' coverage, which measures the economy's ability to meet its needs for imports (of goods and services), is 4.2 months of imports, standing at satisfactory levels.

	2005	2006	2007	2005	2006	2007
	In millions of euro			As a share to GDP		
Current Account	(589.1)	(471.0)	(831.5)	8.7	6.5	10.7
Trade Balance	(1,476.7)	(1,658.9)	(2,104.0)	21.8	22.7	27.2
Export	530.2	630.6	786.3	7.8	8.6	10.2
Import	(2,006.9)	(2,289.6)	(2,890.4)	29.6	31.3	37.4
Services (net)	140.4	(31.5)	12.9	2.1	0.4	0.2
Income (net)	131.2	208.8	216.8	1.9	2.9	2.8
Current Transfers (net)	896.9	1,010.6	1,042.9	13.2	13.8	13.5
Capital Account (net)	451.0	558.4	830.2	6.7	7.6	10.7
Overall Balance	124.8	206.6	148.6	1.8	2.8	1.9

Source: Bank of Albania

Table 1 Main indicators of the balance of payments as a share to GDP

1.1 INDICATORS OF EXTERNAL TRADE

Many key indicators of the balance of payments provide evidence for an improved situation during 2007, although some others have not performed well.

Albania's trade openness⁴ has been estimated at 49.5% from 41.8% the previous year; however, it remains at very low levels compared to other economies in the region. Meanwhile, Albania's economic openness⁵ has improved by 10% relative to the previous year and it stands at 84%. Considering the relation between trade openness and economic growth, the increase of the country's trade openness is a welcome development. However, this development would have been more encouraging if it derived more from exports, since export-oriented companies are frequently more efficient once being faced with the strong international competition. Despite the accelerated growth of exports, the increase of this indicator has to a large extent derived from imports. During 2007, the export (of goods and services) increased by about 23% relative to the previous year.

External debt service stands in modest levels, at about 2% of total exports or far below the generally considered as the critical level, 25%.

Despite the positive influence on the increase of trade openness indicator, imports have also had a negative impact on the ratio of current deficit to GDP, which indicates the current deficit permanence. Given the overwhelming growth of imports, this ratio has deteriorated in the last two years. Current deficit, excluding official transfers, accounted for 11.5% in 2007, relative to 7% in 2006.

The relative indicator of foreign direct investment to GDP accounted for 6.2%, increasing by about 74% relative to the previous year, mainly as a result

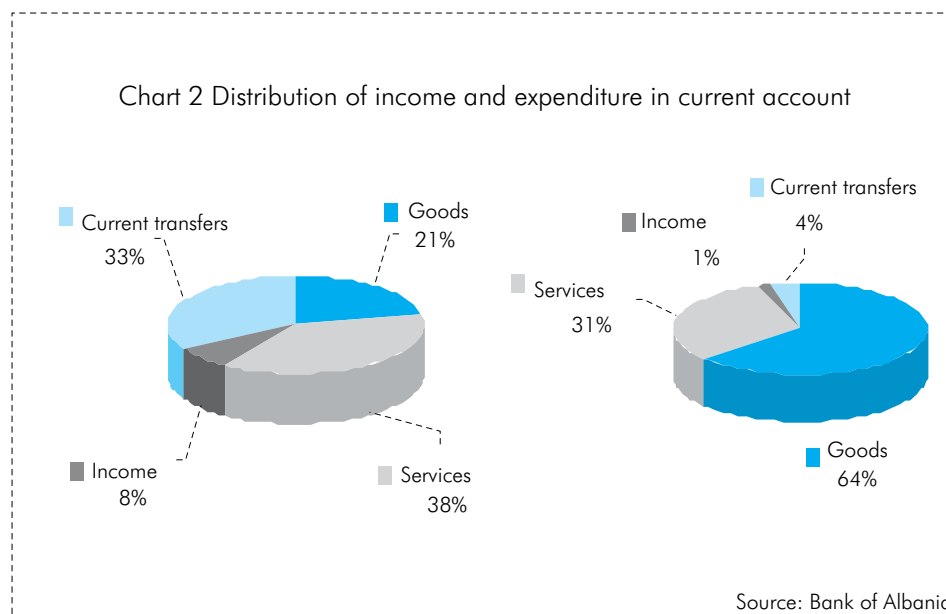
of privatization receipts. Nonetheless, this ratio continues to be considered at low levels relative to other regional economies.

A critical indicator of the external sector is the adequacy of reserves, for instance the ratio of imports' coverage which measures the economy's ability to meet its needs for imports (of goods and services) through its reserves. This ratio for 2007 is 4.2 months of imports, which is considered satisfactory⁶.

1.2 CURRENT ACCOUNT

Year 2007 was characterized by an intensive growth of current transactions with the rest of the world. Current transactions grew in volume by about 20% relative to year 2006, amounting to 8.2 billion euros, out of which 55% was used for current expenditure.

More than 95% of current expenditure was used for the purchase of goods and services. 60% of current income was provided by the exports of goods and services, while the rest has been accumulated through current transfers (33%), returns from labour and investment (7.5%).



Current deficit recorded 831.5 million euros in 2007, increasing by about 77% relative to year 2006 and accounting for approx. 10.7% of the GDP. The high trade deficit which characterized the developments in the external sector of the Albanian economy during 2007 has offset the positive effects of trade in services and the growth of positive flows in net factorial income, remaining the main causal factor for the current deficit deepening during this period.

Services account increased during 2007 both in terms of income and expenditure. Relative to year 2006, income grew at a faster pace than

expenditure. Consequently, the net result of transactions in services led to a positive balance of this account by about 13 million euros.

The positive balance of current inflows in the form of transactions and income is assessed to be about 40 million euros higher relative to the previous year. This development mainly attributes to the growth of current transfers, wherein official transfers have the main share by about 18 million euros. Meanwhile, private transfers (workers' remittances) have increased slightly, though at lower rates relative to the previous year.

1.2.1 FOREIGN TRADE

The high trade exchanges flow which characterized the year 2007 resulted in a total trade volume of 3.8 billion euros, which is 25% higher relative to year 2006. The contribution of trade in goods to current account remains high, accounting for 47% of all current transactions.

The intensified trade activity was a reflection of a number of factors such as the general price rise, the exchange rate fluctuations and the gradual reduction of customs tariffs, which was part of the trade liberalization process.

	Unit	2005	2006	2007
Exports fob	mln euro	530.2	630.6	786.3
Imports cif	mln euro	2,006.9	2,410.9	3,044.7
Trade Balance	mln euro	(1,476.7)	(1,780.3)	(2,258.4)
Trade Volume	mln euro	2,510.1	3,041.5	3,831.0
Exports Growth (relative to previous year)	%	9.2	18.9	24.7
Imports Growth (relative to previous year)	%	13.8	20.1	26.3
Exports/GDP	%	7.8	8.6	10.2
Imports/GDP	%	29.6	33.0	39.4
Trade Balance/GDP	%	21.8	24.4	29.2
Coverage Level of Imports by Exports	%	25.4	26.2	25.8
Trade Openness	%	37.5	41.8	49.5

Source: Bank of Albania

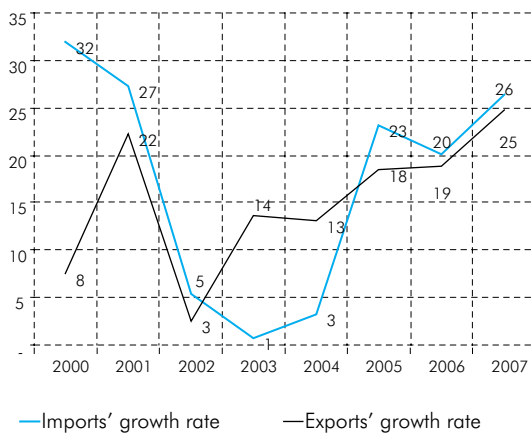
Table 2 Trade in goods

Imports continue to prevail in Albania's trade exchanges with the world, sharing more than 79% of trade volume.

The dynamics in trade provides evidence for high increasing rates in both imports (26%) and exports (25%). However, the low base of exports could not help to improve the trade deficit, which amounted to 2.3 billion euros or 27% higher than in 2006.

The productivity capacity at home, insufficient to meet the ever-increasing demand of the Albanian economy for goods, has caused the ratio of imports' coverage by exports (25.8%) to remain in the last years' levels.

In addition, exports' contribution to the GDP accounted for 10.2%, slightly improving relative to the previous year.

Chart 3 Divergence in exports and imports
(annual growth rates)


• EXPORT OF GOODS

The Albanian exports display a disproportionate distribution between manufacturing industry (active manufacturing) and the domestic sector. Manufacturing industry shares 93% of total exports. Its exports were assessed to be 26% higher than the previous year. The year 2007 continued to be characterized by the overwhelming dependence of our exports on active manufacturing in textiles and footwear industry, which contributed to their total by 48%.

The export of domestic production has increased by 14%, mainly concentrated in prepared foodstuffs of meat, fish and oil seeds.

Fuels experienced the most considerable growth during 2007, increasing by 130% and sharing about 8% of total exports. The export of crude oil accounts for 72% of fuels. Meanwhile, the domestic supply for this commodity group has been going upward sharply during the last 3-4 years. The main export destinations are the refining factories in Italy.

The export of mineral products was three times higher than in 2006. The export of chrome to concentrated markets in China and Sweden provided the most significant contribution to the growth in exports. In nominal terms, the export of aluminium and articles thereof increased by about 1.5 times, contributing to the annual growth of total exports by approx. 10%. In addition, the export of lead and articles thereof impacted the increase of mineral exports. This commodity's export grew by twice as much in both nominal and quantitative terms.

Table 3 Export according to SITC classification

Code	Description	2005	2006	2007	2005	2006	2007	2007/2006
		In millions of euro			Share in %			Change in %
0	Foodstuffs and Live Animals	20.4	26.8	28.4	3.9	4.2	3.6	6.2
1	Beverages and Tobacco	9.6	8.3	11.0	1.8	1.3	1.4	32.4
2	Raw Materials	25.6	34.9	75.6	4.8	5.5	9.6	116.9
3	Fuels	15.4	27.3	62.5	2.9	4.3	7.9	129.1
4	Animal or Vegetable Fats and Oils	0.2	0.5	0.7	0.0	0.1	0.1	61.1
5	Chemical Products	4.8	6.2	8.2	0.9	1.0	1.0	32.1
6	Manufactured Goods	114.3	141.5	167.4	21.6	22.4	21.3	18.3
7	Machinery and Equipment	22.1	24.5	33.1	4.2	3.9	4.2	34.9
8	Other Manufactured Goods	317.7	360.8	399.4	59.9	57.2	50.8	10.7
9	Miscellaneous	-	-	-	-	-	-	-
	TOTAL	530.2	630.6	786.3	100.0	100.0	100.0	24.7

Source: Bank of Albania

• IMPORT OF GOODS

The continuous price hike of oil and the high imports of energy, along with the demand for intermediate and capital goods, are the main factors to have induced the growth of imports in 2007.

The meeting of domestic demand for energy, the unfavourable weather conditions and the price rise of energy – following the oil price performance - (see box 1) have increased the expenditures on the imports of this item by six times. The imported energy grew substantially by about 3.6 times relative to the previous year, accounting for 6% of total imports. Additionally, the import of fuels and oil was 75% higher than in 2006.

The oil price hike in the international markets has triggered a domino effect on the prices of goods imported by the Albanian economy.

Table 4 Import according to SITC classification

Code	Description	2005	2006	2007	2005	2006	2007	2007/2006
		In millions of euro			Share in %			Change in %
0	Foodstuffs and Live Animals	272.33	320.9	379.3	13.1	13.3	12.5	18.2
1	Beverages and Tobacco	64.71	77.3	89.4	3.1	3.2	2.9	15.6
2	Raw Materials	75.91	86.1	68.2	3.6	3.6	2.2	(20.8)
3	Fuels	181.77	254.9	446.4	8.7	10.6	14.7	75.1
4	Animal or Vegetable Fats and Oils	28.50	31.5	34.0	1.4	1.3	1.1	7.7
5	Chemical Products	201.75	252.5	302.2	9.7	10.5	9.9	19.7
6	Manufactured Goods	509.85	618.2	754.9	24.5	25.6	24.8	22.1
7	Machinery and Equipment	488.97	484.7	630.9	23.5	20.1	20.7	30.2
8	Other Manufactured Goods	260.07	284.7	339.5	12.5	11.8	11.2	19.2
9	Miscellaneous	-	-	-	-	-	-	-
	TOTAL	2,083.85	2,410.9	3,044.7	100.0	100.0	100.0	26.3

Source: Bank of Albania

The high demand observed in the last years for pharmaceutical products, being also affected by the global developments in this item⁷, has led to a considerable growth in the import of chemical products by 19.7% relative to the year 2006.

The imports of agricultural products seem to go upward. During 2007 they were 17% higher, where vegetable products provided most of the impact.

The considerable growth of the imports of mineral products, machinery and appliances, base metals and articles thereof, has sought to meet the demands of the sectors of construction, energy, telecommunication and investments in infrastructure. These sectors were mostly financed through loans from commercial banks extended during 2007. About 60% of the loans were used for investments in construction, trade, vehicles and household appliances. The expenditure on the imports of mineral products and machinery and appliances were 51% and 30%, respectively, higher relative the year 2006. Base metals are ranked the third most imported commodity group, 66% of which is represented by the import of iron and steel. It is evident that these commodity groups require higher consumption of fuels, which explains the increased expenditure on import of fuels.

The imported fuels for 2007 were 18% higher than in 2006, accounting for 9% of total imports.

Box 1 Fuels – Global developments and implications on the foreign trade

Global economy is for some years being faced with the reduction of natural resources of fuels and with their prices manipulation. The incessant turbulences and the lack of stability in Middle East and the war in Iraq caused the largest region of fuels production to reduce their exports. Almost all these countries reduced the production of fuels. Oil price peaked in December 2007, when one barrel reached 98 USD, which is 20 USD higher than in 2006.

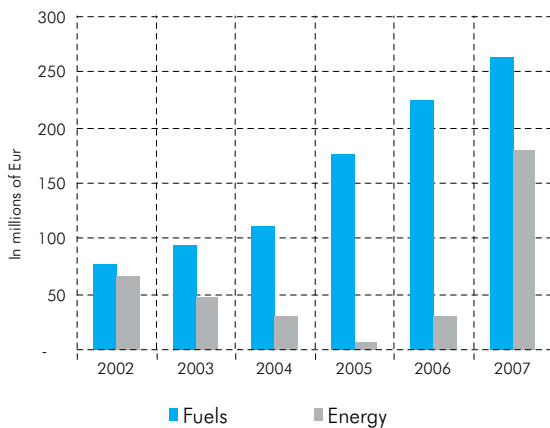
Fuels and lubricants increased overwhelmingly by approx. 75% relative to the previous year, accounting for 15% of total expenditure on Albanian imports.

Demand for fuels grew substantially during 2007. Imported fuels were 18% higher in 2007 relative to the previous year, accounting for 9% of total imports.

The energy crisis, triggered by the cease of gas supply from Russia, led to high prices of energy. During 2007, energy was mostly imported from Switzerland, Serbia and Montenegro, which account for 81% of total imports of energy.

The high prices of fuels and energy generate increased producer price of goods, having a direct impact on prices and inflation.

Chart 4 Performance of fuels over the years



Source: Bank of Albania

Box 2 Compilation and analysis of imports by BEC

Broad economic categories, (BEC) are used to provide more aggregated analysis of foreign trade. The classification by BEC categories has been applied in foreign trade data since 2003.

Chart 5 Contribution to the change of total imports



Source: Bank of Albania

BEC classifies products based on the Standard International Trade Classification (SITC), firstly on the basis of their nature (i.e. whether they are primary or secondary) and secondly, according to their main end use. This classification helps to define the importance of the breakdown of production processes. BEC classifies products into 19 different categories, which in compliance with the national statistics are grouped in 3 large groups: capital goods, intermediate goods and consumer goods.

From an analysis of imports of products according to their main end use it results that there is a more pronounced concentration towards intermediate goods (53%). Capital and consumer goods shared 30% and 14% of total imports. Intermediate goods are considerably represented by processed industrial goods (60%) and by fuels for industrial purposes.

Worth to be accentuated is that the destination of Albanian consumers' income is shifting from consumption to savings and investment. Consumer goods have reduced by 7% relative to 2006, while capital goods have increased significantly (36%).

Manufacturing industry continues to represent the most overwhelming part of Albania's trade transactions. Imports for raw materials shared 13% of the total, while 67% of export revenues derived from re-export. In absolute terms, the surplus accompanying this industry for several years amounted to 120 million euro.

	2005	2006	2007	2007/2006
			Share in %	Change in %
Capital Goods	13.10	10.68	9.32	10.27
Intermediate Goods	45.50	46.68	48.29	30.63
Consumer Goods	31.35	31.87	29.15	15.52

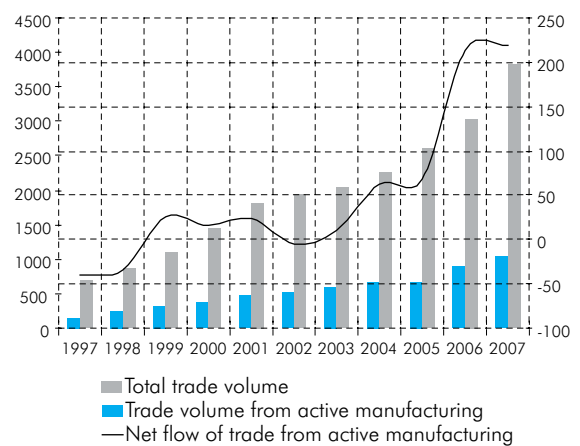
Table – BEC in the statistical annex provides a more detailed overview of trade import according to BEC classification.

• TRADE FROM ACTIVE MANUFACTURING INDUSTRY

Manufacturing industry continues to represent the overwhelming part of Albania's commercial transactions, totalling 1,041 million euros. Trade from active manufacturing increased its share relative to the previous year, contributing to the commercial transactions executed during 2007 by 32%. Imports for raw materials accounted for 13% of the total, while 67% of income from exports resulted from re-exports. In absolute terms, the surplus characterizing this industry for several years amounted to 120 million euros.

Albania's neighbouring countries, Italy and Greece, remain the prevailing markets for the activity of this type of industry. These two partner countries have a considerable and firm position in the Albanian market.

Chart 6 Contribution of trade from active manufacturing to total trade volume



Source: Bank of Albania

• TRADE BY TRADING PARTNERS

Early 2007 found Albania in a high level of trade liberalization with both the regional and the EU countries. The reduced customs tariffs, effective from December 2006⁸, marked an important step which generated a boom in trade transactions with the rest of the world.

EU prevails Albania's exports with the rest of the world, accounting for about 82% of their total. Ranking the countries by main trading partners,

it results that Italy and Greece have for several years been representing the overwhelming part of commercial relations, sharing half of the total. However, there is a shift of trade from EU countries to the Balkan countries, led by Kosovo. This trend implies greater diversification in terms of the geographical distribution of Albania's trade.

Table 5 Distribution of exports by trading partners over the years

Export by trading partners	2005	2006	2007	Change 2007/2006 (in %)
	Share to total export			
EU countries - 15, of which:	88.0	87.8	81.8	16.1
Germany	3.3	3.2	2.4	(3.6)
Greece	10.5	9.6	8.3	7.2
Italy	72.4	72.6	68.0	16.8
EU countries - New Members, of which:	1.4	0.8	1.3	90.6
Bulgaria	0.6	0.4	0.7	105.8
Czech Republic	0.1	0.1	0.0	(46.2)
Romania	0.2	0.1	0.3	355.2
Other European countries, of which:	0.1	0.1	0.3	200.5
Russia	0.1	0.1	0.3	485.1
Ukraine	0.0	0.0	0.0	115.6
The Balkan countries	8.5	8.8	12.1	70.9
Bosnia and Herzegovina	0.2	0.5	0.4	(8.3)
Kosovo	4.1	3.8	4.8	58.7
Croatia	0.0	0.3	0.1	(59.0)
Macedonia	1.6	1.6	2.4	83.7
Serbia and Montenegro	0.8	1.4	2.2	106.2
Turkey	1.7	1.3	2.2	116.3
USA	1.1	0.5	0.7	63.3
Asian countries, of which:	0.5	1.6	2.6	98.0
China	0.5	1.1	2.6	180.4
Other	0.3	0.4	1.3	370.0
Total	100.0	100.0	100.0	24.7

Source: Bank of Albania

The trade agreement between Non-EU countries in Central and South-Eastern Europe⁹ had an immediate effect on trade, causing these countries to show higher growth rates among Albania's trading partners. The free trade agreement mostly affected the exports with regional countries, which were 71% higher relative to the previous year. The Kosovo market seems to be absorbing the largest share of our exports with the Balkan countries, being at the same time the only country which we have trade surplus with.

Table 6 Distribution of imports by trading partners over the years

Import by trading partners	2005	2006	2007	Change 2007/2006 (in %)
	Share to total import			
EU countries - 15, of which:	60.4	57.5	54.1	18.9
Germany	5.4	5.6	5.5	22.5
Greece	16.6	15.8	14.6	16.7
Italy	29.3	28.1	27.2	22.0
EU countries - New Members, of which:	6.9	8.1	5.7	(11.0)
Bulgaria	2.8	2.7	1.8	(18.1)
Czech Republic	1.0	1.1	0.8	(8.1)
Romania	0.7	1.7	0.4	(68.8)
Other European countries, of which:	8.0	9.1	11.6	61.3
Russia	4.1	4.1	4.1	25.9

Ukraine	2.9	3.9	2.6	(14.5)
The Balkan countries	11.0	12.3	13.2	35.8
Bosnia and Herzegovina	0.1	0.3	0.3	40.3
Kosovo	0.4	0.5	0.6	53.2
Croatia	1.2	1.4	0.9	(20.1)
Macedonia	1.2	1.6	1.9	52.0
Serbia and Montenegro	0.6	0.9	2.2	207.2
Turkey	7.5	7.6	7.3	21.3
USA	2.1	2.0	2.5	60.8
Asian countries, of which:	7.5	6.7	7.6	44.2
China	6.7	6.0	6.7	40.5
Other	4.2	4.5	5.3	47.7
Total	100.0	100.0	100.0	26.2

Source: Bank of Albania

1.2.2 SERVICES

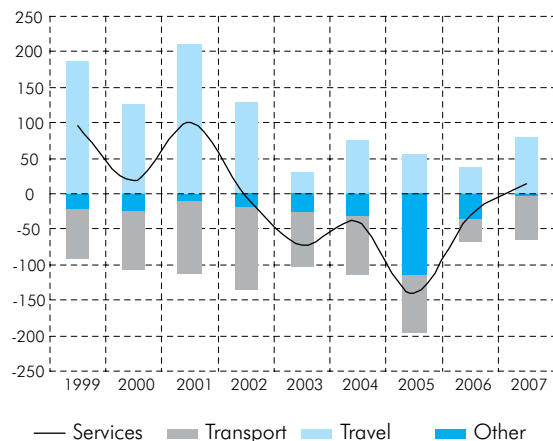
Trade in services, which has recorded an average annual growth of 17% during 2000-2007, has been marking higher growth rates than trade in goods (15%). In the overall trade volume (goods and services), services have provided more than 64% of income in foreign currency and about 31% of expenditure.

Trade exchanges in services amounted to about 2.8 billion euros in 2007, increasing by 4% relative to the previous year and accounting for 36% of the GDP.

The more rapid growth of export (22%) than the import of services (18%) has improved considerably the net position of trade in services (chart 6). Hence, after a 5-year period of deficit in trade in services, the year 2007 recorded a positive balance of 13 million euros (chart 7).

The developments in trade in services are characterized by the growth in terms of volume in financial and communication services, the improvement of technology in information services and by the diversification of cultural services providing evidence for Albania's competitive potentials in the international trade in services. However, travel services have the main share in services provided to non-residents and obtained from them (table 7).

Chart 7 Balance of services - net flow in millions of Eur



Source: Bank of Albania

Chart 8 Annual growth in import and export of services



Source: Bank of Albania

Table 7 Structure of import and export of services

	Share in exports (in %)		Share in imports (in %)	
	2006	2007	2006	2007
Total	100.0	100.0	100.0	100.0
1. Transportation Services	7.9	8.1	10.5	12.7
2. Insurance Services	0.3	0.4	2.4	3.4
3. Travel Services	69.6	70.8	64.6	65.8
4. Other Services	22.3	20.7	22.4	18.1
I. Communication Services	3.6	3.5	0.5	0.3
Ii. Construction Services	0.2	0.4	0.1	1.4
Iii. Computer and Information Services	0.1	0.1	0.2	0.8
Iv. Technical Assistance	0.0	0.0	1.3	0.9
V. Government Services	1.6	1.1	0.9	0.8
Vi. Financial Services	1.7	2.2	1.4	1.3
Vii. Personal, Cultural, and Business Services	1.8	4.3	6.0	3.8
Viii. Other Services	13.3	9.1	12.1	8.8

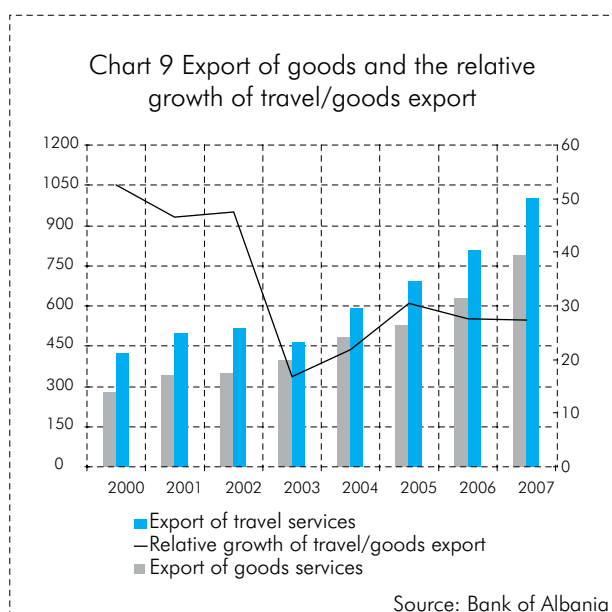
Source: Bank of Albania

- TRAVEL SERVICES

Travel services in Albania now respond to the continuous and increasing demand for this type of services, leading the export and import of services which share 71 and 66%, respectively. The higher net income relative to the previous year has financed 4% of trade deficit in 2007.

The annual growth of travel income is estimated at about 24% during 2007. This growth attributes to the annual increase by 62% in the number of the Albanian (emigrants) and foreign non-resident travellers entering Albania.

Most of non-residents were travellers from the European Union (76%) and the region (15%), having into consideration the fact that more than half of the total are Albanian emigrants. Travel income increase considerably during summer and at end-year when Albanian emigrants visit their families at home.



The increase of income from travel services has to a large extent reflected the price rise in services as a result of the energy crisis in Albania almost during the entire year. The Albanian economy was constrained to cope with the shortages in energy by increasing the costs of services provided to non-residents. Consequently, the price rise brought about the increase of daily expenditure, causing at the same time the reduction in the duration of stay of non-residents in Albania.

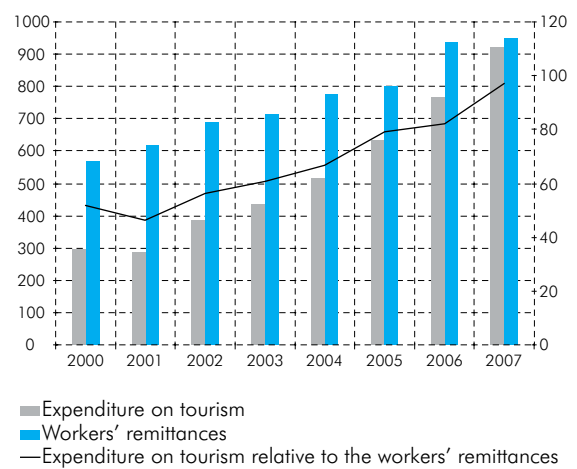
Income from export in tourism amounted to 1 billion euro, which is 27 times higher than income from the export of goods (chart 9). Given that the emigrants are considered permanent non-resident travellers to Albania the foreign currency they spend during their stay in Albania will remain at stable levels.

The import of travel services amounted to 923 million euro. This type of expenditure is estimated to be about 20% higher relative to the year 2006. This growth owes mainly to the higher number (48%) of resident travellers to the EU and the regional countries.

In terms of economic cycle, this expenditure was indirectly financed by 97% of the foreign currency entered by the Albanian emigrants. Consequently, 'travel' is considered a supporting source for the current account.

Although the quality of tourist services provided in Albania and infrastructure in particular are not yet in the standards of the regional countries (Greece, Montenegro and Croatia), the Albanian tourism has had a positive contribution to the economic growth.

Chart 10 Expenditure on tourism relative to the workers' remittances



Source: Bank of Albania

- *FREIGHT AND INSURANCE SERVICES*¹⁰ (SEE BOX 3)

Albania remains a net importer of freight and insurance services as a result of the growth in the import of goods.

Freight services recorded in 2007 a deficit of 63 million euros higher relative to the previous year. This high deficit attributes to the larger annual growth in imports (42%) than in exports (26%). However, the liberalization in transportation and the improved infrastructure, in particular the road one, will lead to fewer costs and the domestic companies may be responsible to carry out the transportation.

Consequently, these developments will in the near future have a direct impact on the reduction of deficit in freight services.

Box 3 The application effect of coefficients, estimated based on the survey on foreign trade for goods' freight and insurance, on the balance of payments

Freight cost represents a key component of the trade transaction cost. Unlike the other components of this cost, it is more measurable and has a direct impact on the final good's price. Freight cost also has its say in providing or damaging one's country comparative advantages.

Given that the information on the imports provided by the customs statements is in C.I.F¹¹ value and in order to record the imports in their F.O.B¹² value according to the balance of payments standards, the survey on foreign trade was conducted

again for year 2007, in order to estimate the freight and insurance cost coefficients as well as other trade components.

The survey concluded that:

- The freight charge of goods in imports accounts for 6% of total transaction cost (from 12% applied until 2005), while the insurance cost accounts for about 1%.

Consequently, the recording of imports in the balance of payments F.O.B was revaluated as follows:

For imports:

- In about 83% of imports, the buyer pays the freight charge, out of which 60% is paid by non-resident freight companies.

- In about 17% of imports, the (non-resident) seller pays the freight charge, out of which 35% is paid by resident companies.

For exports:

- In about 70% of exports, the (non-resident) buyer pays the freight cost, out of which 65% is paid by resident freight companies.

- In about 30% of exports, the seller pays the freight cost, out of which 65% is paid by non-resident freight companies.

Following the data processing, the freight coefficients that were subject to the balance of payments (resident - non-resident transactions) were estimated as follows:

Credit	Debit
Freight cost 3.5 Export + 0.6% C.I.F	4.6% C.I.F + 0.3 Export

The application of the coefficients obtained from the survey (goods' freight and insurance cost) has provided a positive effect on the current account of the balance of payments.

The new coefficients of this survey were applied for the year 2007; in addition, the review of the year 2006 was made.

- OTHER SERVICES

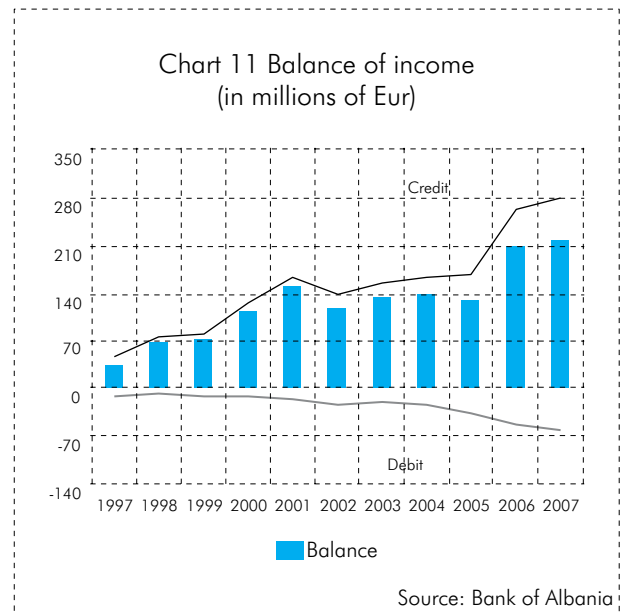
Other services have yielded a total of 40 million euros of net income, recording growth in particular in terms of exports. Other developments have been also shown in technology and information services, cultural services, as well as in government and financial services.

1.2.3 INCOME

The positive balance of factorial income as of end year (216.8 million euros) is assessed to have slightly increased relative to the previous year (4%). The fall in returns from labour of seasonal and cross-border workers (by 18%) was offset by the increase by 25% of net income from foreign direct investment

and portfolio investment, as well as of other investment in the form of interests or dividends accumulated from portfolio investment and the banking system's foreign reserve in non-resident financial institutions.

Inflows totalled 278.6 million euros in 2007 or about 6% more than the previous year. About 57% of this figure is represented by income from our investment abroad, mainly in the form of interests of the banking system's investment in portfolio investment (with an annual growth of 36%) and in investment in the form of deposits. Worth accentuating is also the income in the form of dividends from our direct investment in foreign economies, mainly of the financial sector. Outflows amounted to about 61.8 million euros. They are represented by external debt servicing in the form of matured interests and by interests or dividends obtained from non-residents' foreign investments in the Albanian economy. The latter were in the form of the banking system's foreign reserve or direct investment.



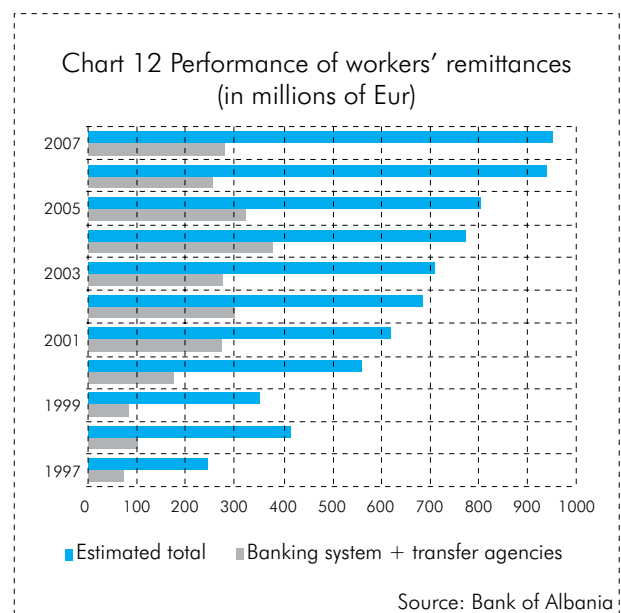
During 2007 Albania has paid 26.5 million euros to pay off the interests on its borrowing, which are assessed to have increased relative to the year 2006 (10%).

1.2.4 CURRENT TRANSFERS

Workers' remittances are vital to most Albanian people and they have turned into a typical phenomenon in the Albanian economy. Over the last years, they have not only been considered as a source of income for non-productive purposes or as a way to meet the current vital needs, which relate to the improvement of living conditions, but they have also been a financial source for productive purposes, in the form of short and long-term investment.

Workers' remittances amounted to 951.7 million euros, increasing slightly by 1.5%. This is the lowest annual growth in the last ten years (average annual growth rate has been 11.7%) and this fall is explained by the shift of foreign currency flows to investments in the form of real estates or by placing deposits in the banking system.

Remittances' contribution to waning the trade deficit is estimated at about 45.2%, dropping by 11% relative to the previous year.



Workers' remittances were also followed by official transfers, mainly in the form of technical assistance (60 million euros), which are assessed to have increased by 18 million euros relative to the previous year.

1.3 CAPITAL AND FINANCIAL ACCOUNT

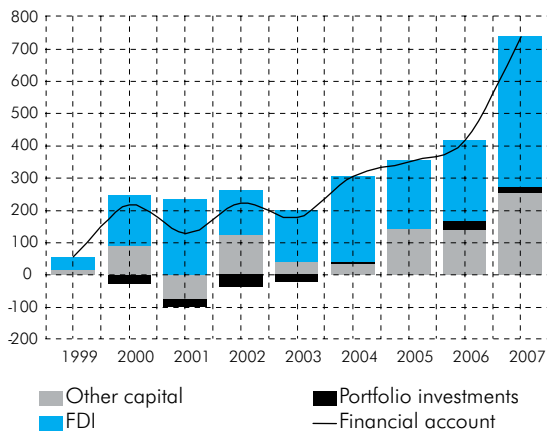
The year 2007 was characterized by large capital inflows and outflows. Excluding one-sided capital transfers, the financial account may be summarized in a considerable increase of Albania's financial liabilities to the world and of our assets abroad.

The year 2007 ended in a positive balance of capital and financial account (about 830 million euros), covering up to about 98% of current deficit.

Capital transfers, which are mainly characterized by investment grants in the public and private sector, were assessed to be 37% lower than the previous year.

As far as financial account is concerned, there has been a significant increase of our foreign liabilities represented by foreign direct investment, soft long-term borrowing and other short-term investments in the form of deposits placed in our banking system by non-resident financial institutions.

Chart 13 Financial account over the years - net flow in millions of Eur



Source: Bank of Albania

This year the Albanian economy increased its financial liabilities by about 740 million euros. The increase by 78% relative to the previous year mainly attributes to direct investments, soft long-term borrowing and to deposits placed in the Albanian banking system by non-residents.

1.3.1 NATURE AND COMPOSITION OF ALBANIAN CAPITAL FLOWS

Financial account flows are divided into three main categories – direct investments, portfolio investments and other investments.

- *DIRECT INVESTMENTS*

Foreign direct investments remain a dominant factor in the increase of financial liabilities and in the developments of Albania's capital and financial transactions. They amounted to 477 million euros in 2007, growing by 84% relative to the previous year.

The increase of these investments attributes to the privatization and to the augmentation of foreign capital in the financial sector, mainly in the banking sector.

Investments in communication represent 29% of these inflows, followed by investments in the financial sector sharing the main weight. The free trade agreements with the EU provided their impact on the increase of investments in the processing manufacturing, bringing about the improvement in production through the transfer of technology and the enhancement of production technological capacity in line with the international standards. These developments have led to the increase of trade exchanges with these countries.

The rapid developments in construction have drawn the attention of foreign investors. The presence of foreign capital in this sector has increased substantially in the recent years, bringing new capital flows in new supporting areas of this sector. Worth accentuating is the investment of Albanian emigrants in the construction sector.

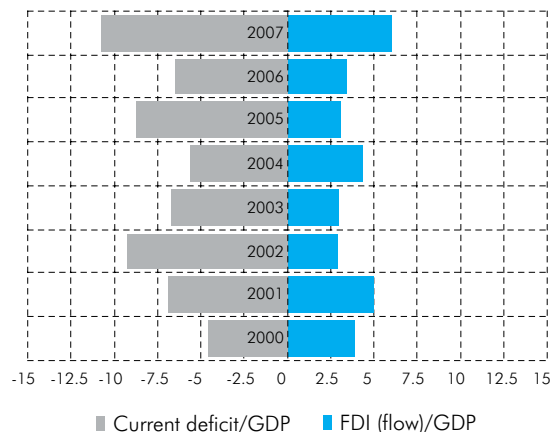
EU is the main origin of foreign investments sharing 79% of the total. Our main trading partners, Italy and Greece, continue to dominate investments in processing manufacturing of textiles (clothes and footwear).

- *PORTFOLIO INVESTMENT*

Portfolio investments have been presented in the Albanian balance of payments in the form of our financial assets – mainly of our banking system – in T-bills issued by foreign governments. As of end 2007, the stock of Albanian portfolio investment abroad totalled 61 million euros, dropping by 18.5 million euros.

This year the banking system was prone to shift the assets from portfolio investment to deposits with abroad. In terms of structural composition by currency, portfolio investments are dominated by the US dollar (66%), followed by the euro (23) and the British pound (10%).

Chart 14 Current deficit financing through FDIs



Source: Bank of Albania

- *OTHER INVESTMENT*

Financial liabilities in the form of non-residents' deposits and other liabilities created by the financial and non-financial sectors amounted to 227 million euros. These liabilities are mainly denominated in the euro (66%) and in the US dollar (34%). Worth accentuating is the fact that this increase attributes to the placement of Albanian emigrants' deposits in our banking system, providing evidence for their enhanced interest in investing in the Albanian economy.

Albania's liabilities in the form of commercial credit grew by about 13.5 million euros, being also reflected in the increase of imports for this period. The increase recorded is at similar levels with the previous year.

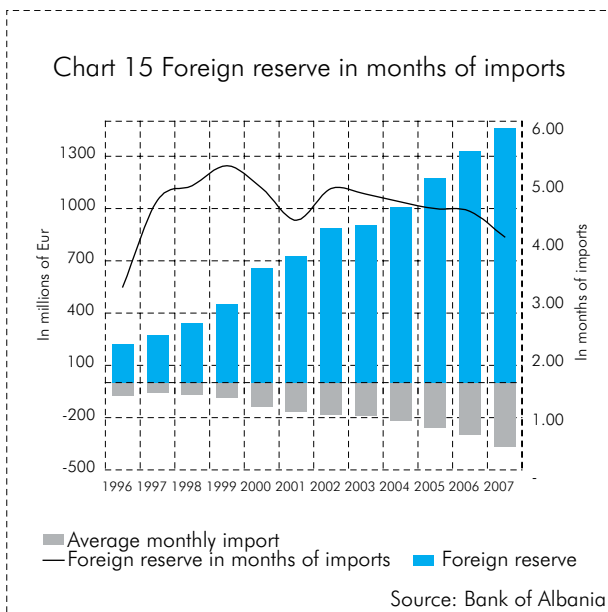
Foreign direct investments' inflows were followed by capital flows in the form of borrowing, increasing as such Albania's stock of liabilities. Long-term and soft borrowing from abroad, which remains another important factor in the increase of Albania's financial liabilities to the rest of the world, totalled 129 million euros, out of which 93% was extended to the public sector. This increase has mainly financed investments in infrastructure, being also reflected in the growth of imports for capital goods, machinery and appliances, construction materials and transportation, etc. The augmentation of these liabilities has led to the increase of future payments of external debt.

External debt servicing for 2007 has reduced our liabilities by about 54 million euros, sharing only 7% of our exports during the same year. This figure provides evidence for the paying off ability within normal levels. Private borrowing seems to have slowed its growth rates down. Relative to the year 2006, the increase of this sector's liabilities is as much as 27% of last year's inflow and it shares only 7% of borrowing.

In terms of sectoral distribution, government and state guaranteed borrowing shares the main weight in the Albanian borrowing (about 93%).

Our foreign currency assets invested outside the Albanian economy are assessed to have grown by 57.4 million euros. They are mostly shown in short and medium-term investments of the banking system's foreign reserves

in non-resident financial institutions. The collection of the public's deposits in the banking system has made banks slow the growth rate of credit to economy by 4.4% and invest the assets in deposits held with non-resident financial institutions. In terms of foreign currency denomination, 57% is in US dollar while the rest is in euro (36%) and in the British pound (7%).



1.4 RESERVE ASSETS

Foreign assets inflows in the form of financial capital were reflected in the increase of the monetary authority's reserve assets by about 148.6 million euros. As of end year 2007, reserve assets' stock stood at 1.5 billion euros, sufficient enough to finance about 4 months of imports of goods and services.

1.5 INTERNATIONAL INVESTMENT POSITION AND EXTERNAL DEBT

As of end year 2007, the International Investment Position totalled 1.2 billion euros or about 15.7% of the GDP. Albania's net debt position at end 2007 was about 2.2 times higher than end year 2006.

The deepening of the net negative position owes to the larger increase of liabilities relative to the modest growth of assets and mainly as a result of the deep negative position of foreign direct investments and other investments. Owing to the increase of liabilities, mainly of foreign direct investments, the economic financial openness in the international financial market is estimated at about 76.4% or approx. 5.5% higher relative to the year 2006¹³.

The depreciation of the US dollar to the euro and to the other currencies also impacted the deepening of the net negative position, given that foreign currency instruments denominated in the US dollar account for about 37% of assets with abroad relative to about 7% of liabilities with abroad.

Table 8 Albania's International Investment Position (as of end period, in millions of euro)

	Position at the beginning of 2007	Transactions	Change in the exchange rate	Other changes	Position at end 2007
Foreign Assets	2,316.95	177.18	(149.02)	-	2,345.11
Foreign Liabilities	2,860.25	733.12	(2.84)	(27.91)	3,562.62
Net Investment Position	(543.30)	(555.94)	(146.18)	27.91	(1,217.51)

Source: Bank of Albania

Investments in foreign assets grew during 2007 only by about 177 million euros. However, this growth was further moderated by the negative effect of the exchange rate by about 149 billion euros, hence resulting in a total growth of assets with abroad by only 1.2%.

The monetary structure of assets totalling 2.3 billion euros is entirely liquid. Foreign reserve accounts for about 61% of the total, while other investments, mainly commercial banks' deposits, account for about 34%.

Total at End Year	2006	2007	Change in %	Share in %
Direct Investments Abroad	18.36	13.06	-28.9%	0.6%
Portfolio Investments	87.47	61.26	-30.0%	2.6%
Other Investments	809.63	800.50	-1.1%	34.1%
- of which: Currency and Deposits	752.15	759.46	1.0%	32.4%
Reserve Assets	1,401.51	1,470.29	4.9%	62.7%
Total Assets	2,316.95	2,345.11	1.2%	100.0%

Source: Bank of Albania

Table 9 Composition of foreign assets in millions of euro

Foreign assets in the form of portfolio investments and direct investments abroad fell during 2007, sharing about 3% and 0.6% of total foreign assets.

Other investments are almost entirely made up of Albanian commercial banks' balances in foreign banks abroad, mainly accounts and deposits. They are to a large extent invested in US dollar. The negative exchange rate effect was higher than the increase of investments in these instruments. Consequently, their position presented at end-year 2007 with a drop of 1.1%.

The appreciation effect of the domestic currency impacted also the stock of reserve assets. Although the latter grew by about 147 million euros during

2007, as of end-year they totalled 1.47 billion euros, which is only 4.9% higher than the previous year.

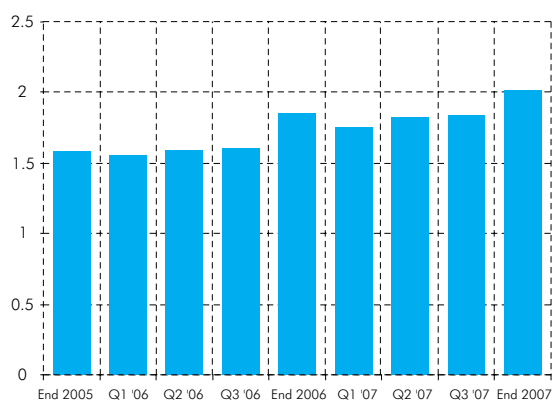
Quite the reverse, total foreign liabilities of 3.6 billion euros represent long-term investments in the form of FDIs (43.6%) and other investments (56.4%). Relative to end-year 2006, foreign liabilities were about 702 million euros higher (or about 25%) as of end 2007, mainly as a result of FDI growth at home.

Table 10 Composition of foreign liabilities in millions of euro

Total at End Year	2006	2007	Change in %	Share in %
Direct Investments in Albania	1,079.93	1,551.90	43.7%	43.6%
Other Investments	1,780.33	2,010.72	12.9%	56.4%
of which:				
Loans	1,496.21	1,689.58	12.9%	47.4%
Currency and Deposits	95.16	203.91	114.3%	5.7%
Total Liabilities	2,860.25	3,562.62	24.6%	100.0%

Source: Bank of Albania

Chart 16 Gross external debt stock (as of end period in billions of Eur)



Source: Bank of Albania

EXTERNAL DEBT

Albania's external debt continued to expand during 2007, although at lower rates relative to the year 2006. Total external debt amounted to 2 billion euros from 1.8 billion it totalled at end 2006. This increase mainly owes to the expansion of commercial banks' short-term liabilities (in the form of loans and currency and deposits).

In terms of external debt sectoral breakdown as of end 2007, the general government is responsible for the largest part of debt liabilities (about 53%). As of December 2007, external debt stock of the general government amounted to about 1.06 billion euro (13.7% of the GDP) and it was entirely represented by long-term loans. Including here the monetary authority's external debt, other sectors'

external debt guaranteed by the general government and the domestic public debt, total public debt accounted for 55.8% of the GDP as of end 2007.

Table 11 Gross external debt stock by sectors (as of end period, in billions of euro and in %)

	2005	2006	2007	Share in %		Growth in %	
				2006	2007	2006	2007
1. General Government	0.97	1.00	1.06	54.0	52.8	3.1	6.1
2. Monetary Authority	0.10	0.10	0.09	5.3	4.6	(5.3)	(6.1)
3. Banking System	0.13	0.31	0.47	16.9	23.6	146.7	50.8
4. Other Sectors	0.34	0.37	0.38	19.8	19.0	9.5	4.2
5. Direct Investments: Intra-company Loans	0.04	0.07	-	4.0	0.0	84.0	(100.0)
Gross External Debt	1.58	1.85	2.01	100.0	100.0	17.5	8.5

Source: Bank of Albania

As of end 2007, commercial banks' liabilities amounted to about 47 million euros, which is 51% higher than as of end 2006, and they were mainly made up of short-term debt liabilities. Short-term loans have the main share in the banking sector's external liabilities by about 48%, followed by currency and deposits which share 43% of all liabilities in this sector.

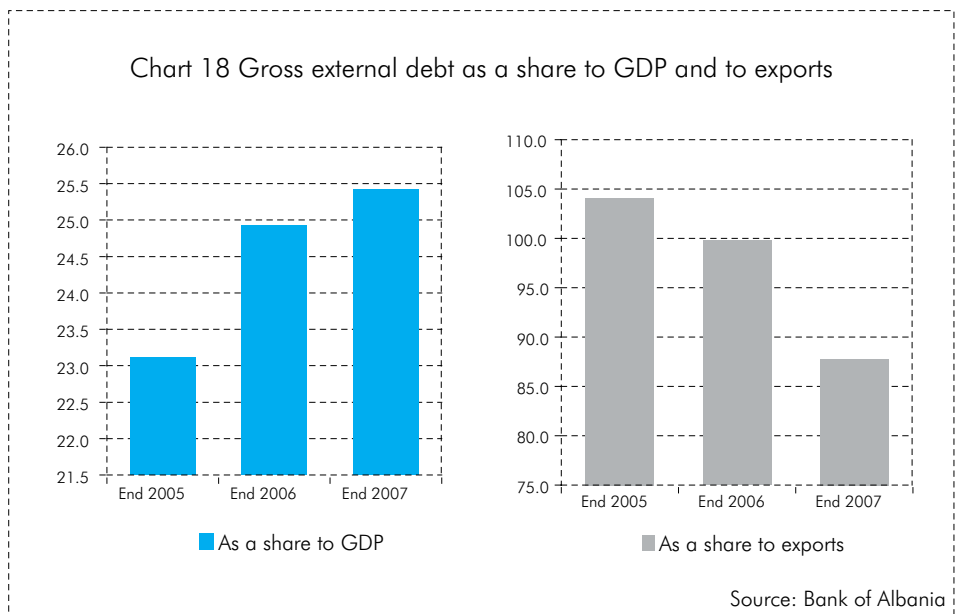
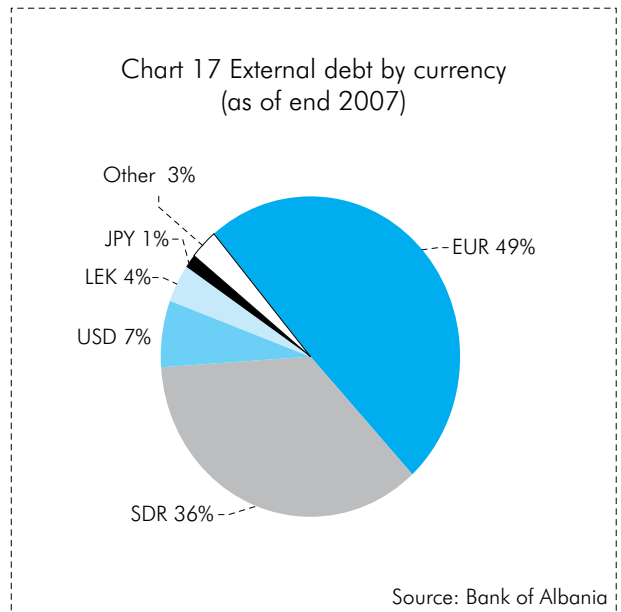
Debt liabilities for other sectors reached 38 million euros at end 2007. They were mainly long-term loans extended to non-residents by non-financial companies (about 76%), followed by commercial loans which share 20% of this sector's liabilities.

As of end 2007, euro denominated liabilities shared the largest part of the external debt by about 49%, followed by those denominated in the SDR by 36%. External debt liabilities in the form of US dollar denominated instruments have a small share in total liabilities (7%).

In terms of external debt composition by financing instruments, long-term loans prevail sharing about 73% of the total. Short-term loans account for 11.3%, while currency and deposits share 3.5% of total debt.

As of end 2007, the relative indicators of external debt were improved.

The ratio of external debt to goods and services reached 87.8% as of end 2007, dropping by 12% relative to end-year 2006 as a result of the more rapid growth of exports (by about 25%) than the increase of external debt liabilities (by about 8.5%).



Meanwhile, the ratio of external debt to the GDP has almost maintained the same levels as the previous year. During 2005-2007, the external debt accounted for 25% of the GDP.

As of end 2007, total reserve assets were about 2.7 times as much as short-term debt, sufficient to cover about 73% of total gross external debt.

2. ANNEX

2.1 ALBANIA'S TRADE POLICY

Starting from 2002, Albania has been going through the process of pursuing trade liberalization on a preferential basis, first with the regional countries and then with the EU.

The liberalization of Albania's trade regime should be viewed as a highly important process given the large opportunities it provides to the Albanian business to expand and be more competitive in the market. Recent years' statistics provide evidence for enhanced intensity in terms of imports and exports' growth in the Albanian trade.

The establishment of a free trade area between Albania and the Balkan and EU countries has yielded a positive effect on the country's welfare as a result of a more efficient use of resources. This implies that the sectors and products having competitive advantages will absorb current resources.

In the context of the multilateral trading system, Albania became a member of the World Trade Organization in September 2000. The country's trade policies are now anchored by the global trade regulatory system, which makes these policies much more transparent and reliable. In the context of the membership into the WTO, our country committed to set a maximal tariff of 20 per cent, while undertaking sectoral initiatives for the gradual liberalization of trade.

In the context of the European integration, in 2003, Albania began the negotiation process with the European Union for the conclusion of the Stabilization and Association Agreement (SAA). The authorities have gone through a technical round of negotiations for the chapters of trade in industrial goods and a number of trade negotiations for agricultural products.

Following the signing of the Stabilization and Association Agreement (SAA) on 12 June 2006 in Luxembourg, the development and enhancement of trade relationships between Albania and the EU countries became ever-increasingly necessary. To this purpose, on 1 December 2006 the Interim Agreement became effective. It allows the application of SAA trade-related provisions. It replaced the Agreement on Trade and Economic Co-operation between

Albania and the EU within a 10-year period. According to this agreement, the customs taxes on Albanian industrial goods entering the European market become zero. The same rule is applied for most of the agricultural products, while for other products, the taxes will drop gradually until they are fully abolished. The implementation of standards will ever-increasingly become a determining factor in establishing how much is to be spent in order to achieve the European standards.

With the support of the European Union, South East European countries (seven of them: Albania, Bosnia and Herzegovina, Macedonia, Bulgaria, Romania, Croatia, Serbia and Montenegro, and later on Kosovo and Moldova) concluded in 2001 a Memorandum of Understanding for the facilitation and liberalization of trade between them. This implies free movement of goods and services, along with the better use of comparative advantages of countries. The final goal is to establish a free trade area between these countries by the beginning of 2008, through free trade agreements.

Upon the entry into force of the Free Trade Agreement with Bosnia and Herzegovina in December 2004, Albania completed the bilateral framework of free trade agreements in the region.

The establishment of the free trade area between the regional countries mainly covers industry, while agriculture and foodstuffs industry are in many cases envisaged to open partially and gradually or maintain the current trade regime.

In the context of the Memorandum of Understanding for the Facilitation and Liberalization of Trade, of the Stability Pact (concluded in Brussels by the ministers of trade of South East European countries in June 2001), the Albanian Government committed to implement liberal trade policies. One of the Stability Pact requirements requires the Balkans to be transformed into a free trade area. Albania has concluded bilateral agreements with all countries part of this Memorandum, including Kosovo.

The Free Trade Agreement concluded between Albania and the Republic of Turkey on 21 December 2006 is an asymmetric agreement, upon which the Albanian goods exported to Turkey are not subject to customs taxes. Similarly, the tariffs on particular industrial goods imported from Turkey will continue to drop and be abolished after 5 years.

Currently, the Free Trade Agreements with Bulgaria and Romania are not effective, since they have become EU members. Therefore, the Interim Agreement is applied. Free trade agreements with other regional countries, except Turkey, have been terminated upon the entry into force of the CEFTA in July 2007.¹⁴

On 6 April 2006, at the South East Europe Prime Ministers Summit in Bucharest, a joint declaration on expansion of CEFTA to Albania, Bosnia and Herzegovina, UNMIK on behalf of Kosovo, Serbia and Montenegro was

adopted. Current CEFTA member countries are Croatia, Former Yugoslav Republic of Macedonia and Albania. The new enlarged agreement was initialled on 9 November 2006 in Brussels and has been signed on 19 December 2006. It was ratified on 31 March 2007 and the new CEFTA Treaty became effective in July 2007. The enlarged CEFTA will consolidate the bilateral net of free trade agreements and will provide for equal partnership. It will provide free access to the Albanian exports in a large market. Moreover, it will establish joint institutions in order to further boost the economic development and to handle trade barriers cooperatively. An open market between the regional countries will provide Albania with the opportunity to integrate with the European economy.

2.2 MEASUREMENT OF TOURISM SERVICES FOR YEAR 2007

2.2.1. INTRODUCTION

The tourism industry generates substantial economic benefits to the host countries, in particular to developing ones. The promotion of these countries as tourist destinations has the economic growth as its final aim. Travel expenditure and the export and import of related goods and services bring income to the recipient economy and promote the necessary investments in other sector of the economy.

The main benefits of tourism to a country are foreign exchange earnings, tax revenues, business opportunities for budding entrepreneurs, and employment for workers in the industry. According to the World Tourism Organization, tourism represents one of the top five export categories for as many as 83% of countries and is the main source of foreign exchange earnings for at least 38% of countries.

Tourism generates jobs directly through hotels, restaurants, nightclubs, taxis and souvenir sales. Indirectly, jobs are generated through the supply of goods and services required by tourism-related suppliers. The WTO estimates that tourism represents 7% of jobs worldwide.

Tourism pushes the local government to improve the infrastructure, such as the water-supply system, the roads, the energy and the telecommunication. Consequently, the quality of residents' life is improved and tourism is facilitated.

The Albanian tourism now responds to the continuous demand for its growth and it has the adequate potential to attract visitors from other world regions as well. Being among the most important variables in the current account, tourism is measurable. The Balance of Payments Division compiles in the form of assessments the earnings and expenditure of tourism. The assessments are made based on surveys conducted starting from year 1999 in co-operation with the Statistics Institute (INSTAT).

The survey is compiled and sponsored by the Bank of Albania while the on-site interviewing is carried out by the INSTAT on quarterly basis.

2.2.2. TOURISM SURVEY

i. MAIN CONCEPTS USED IN THE ANALYSIS¹⁵

- 'Travel' covers primarily the goods and services acquired from an economy by travellers during visits of less than one year to that economy.
- A traveller is an individual staying for less than one year in an economy of which he or she is not a resident for any purpose. The one-year guideline does not apply to students or to patients receiving health care abroad, who remain residents of their economies of origin. They are considered travellers and their expenditure is included in travel services.
- An excursionist is a temporary visitor staying less than 24 hours.
- Travel services are broken down into business travel and personal travel.
- Business travel covers the acquisition of goods and services by business travellers, who are going abroad for all types of business activities, such as carrier crews stopping off or laying over, government employees on official travel, employees of international organizations on official business, and employees doing work for enterprises that are not resident in the economies in which the work occurs. They may visit an economy for sales campaigns, market exploration, commercial negotiations, missions, meetings, production or installation work, or other business purposes on behalf of an enterprise resident in another economy.
- Personal travel covers goods and services acquired by travellers going abroad for purposes other than business, such as holidays, participation in recreational and cultural activities, visits with friends and relations, pilgrimage, and education and health-related purposes.
- Travel services are broken down according to the type of expenditure:
 - Expenditure on goods,
 - Expenditure on accommodation and food and beverage serving services;
 - And all other travel expenditure.
- The most common goods and services entered under travel are lodging, food, beverages, entertainment and transportation within the economy

visited (all of which are consumed in the supplying economy) and gifts, souvenirs and other articles purchased for travellers' own uses and which may be taken out of the economies visited.

ii. PURPOSE

- The primary purpose of this survey is to collect information on the duration of stay and the expenditure of resident and non-resident travellers during their travels in and out of Albania.
- The specific purpose relates with the characteristics of each interviewed category, with the travel purpose, the country of origin for non-residents visiting Albania and the destination for residents travelling abroad, etc.

iii. METHODOLOGY

- Defining the sample

The survey is conducted on quarterly basis, with a sample volume of 1000 people per quarter. The selection of border checkpoints where the interviewing is made is based on the quarterly data made available by the Ministry of Internal Affairs. The data includes the number of entries and exits of Albanian and foreign tourists in the territory of the Republic of Albania. Worth to note is the fact that not all border checkpoints are included in the survey. It covers those border checkpoints where there is a large movement of travellers. The survey covers two groups of travellers: resident travellers who return from their travel abroad, and non-residents who leave Albania. Resident travellers include residents of Albanian or foreign nationality who return from their travel abroad. The breakdown of non-residents of Albanian (Albanian emigrants) and foreign nationality is also applied in the category of non-resident travellers. In addition, these two main categories distinguish between excursionists.

- Instrument used to collect the information

Based on the abovementioned categories, the Statistics Department has compiled two questionnaires, one in Albanian and one in English. Both questionnaires have seven questions, four qualitative and three quantitative questions.

- A. Traveller's identification
- B. Country of residence
- C. Purpose of visit
- D. Place of accommodation
- E. Duration of stay
- F. Expenditure carried out during the travel
- G. Gifts or free services received during the travel

- On-site interviewing

1000 people are interviewed every quarter. They are resident travellers interviewed while they return from abroad and non-resident travellers while they leave Albania. The interviewing is made by interviewers recruited by the INSTAT, who have been instructed by the Statistics Department specialists.

- Information processing

The data entry and processing is made by the Statistics Department. The data entry is made according to the border checkpoints and to the category of travellers. Prior to the data processing, the extreme values are removed and the average daily expenditure is converted into the euro. After the data processing we obtain the average duration of stay of a business or personal traveller for each border checkpoint. In addition, we measure the average expenditure of each business or personal traveller. These estimating coefficients are measured for the six categories of travellers: residents of Albanian and foreign nationality, non-residents of Albanian (emigrants) or foreign nationality and resident and non-resident excursionists.

- The application of the survey results for estimating the tourism expenditure and income in the balance of payments

The results obtained from the category of non-residents are used to estimate the income from tourism (credit), while those obtained from the category of residents are used to estimate the expenditure (debit). In the balance of payments, tourist income and expenditure are broken down into 'business' and 'personal'. It is for this reason that the results related with the duration of stay and the daily expenditure are to be applied separately.

The following formula is used to estimate the credit and debit for tourism.

Export (Tourism services) = Average no. of NR* (duration of stay)* average (daily expenditure)

Import (Tourism services) = Average no. of R* (duration of stay)* average (daily expenditure)

where, NR – refers to non-residents and R – refers to residents.

iv. ANALYSIS OF RESULTS

a. Number of travellers

The year 2007 was characterized by a high number of travellers coming in and going out of Albania. The number of residents travelling outside the country was 1.5 times higher relative to the previous year. 7% of this figure is shared by excursionists.

The number of non-residents visiting Albania was 1.6 times higher relative to the previous year. 51% of this figure is shared by Albanian emigrants, while excursionists share only 11%.

The origin of non-residents is from the European Union (76%) and the region (15%). In more concrete terms, the highest number of non-residents visiting Albania is from Greece (31%), Italy (29%) and from Germany (5%). Worth accentuating is the fact that more than half of non-residents are of Albanian nationality, but residents in these countries. As far as the region is concerned, 5% of the non-residents are from Macedonia, 3% from Turkey and 3% from Kosovo.

The main destinations of residents remain the European Union (75%) and regional countries (22%). A considerable number of residents have travelled to Greece (41%), Italy (24%), Montenegro (8%), Macedonia (5%), Croatia (2%) and to Kosovo (1%).

The distribution of travellers by country allows us to determine the composition of the foreign currency basket, which is composed of the Euro, the British pound and the US dollar.

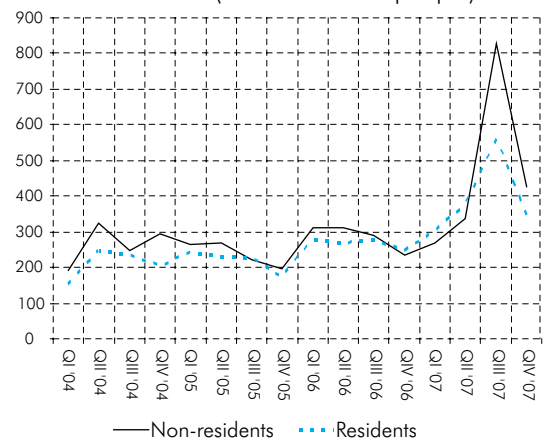
The survey indicates that 22% of non-residents have visited Albania for business travel, while the rest (78%) for personal travel. Meanwhile, the survey shows that 67% of residents have travelled abroad mainly for personal travel.

58% of both residents and non-residents is accommodated at the relatives or friends, while 34% stay in hotels and 3% rent apartments. These figures highlight the fact that the largest part of non-residents visiting Albania are Albanian emigrants. Similarly, residents travelling abroad mainly accommodate themselves at the Albanian emigrants living abroad.

b. Duration of stay¹⁶

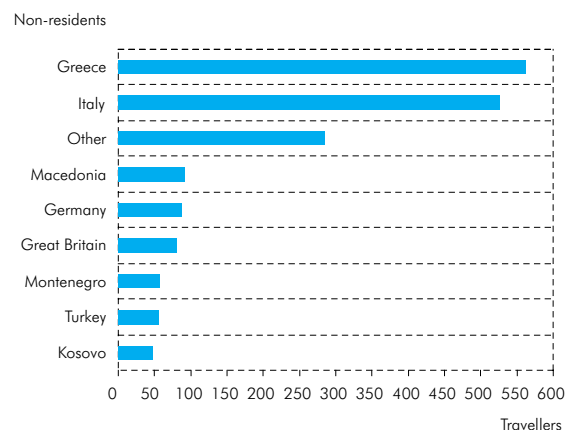
The survey data indicate that the duration of stay of non-residents is 7 days for personal travel and 5 days for business travel. An exception is made for Albanian emigrants, who have stayed 10 days for personal travel. The duration of stay of residents is 9 days for personal travel and 4 days for business travel.

Chart 19 Number of residents and non-residents in and out of Albania in quarters during 2004-2007 (in thousands of people)



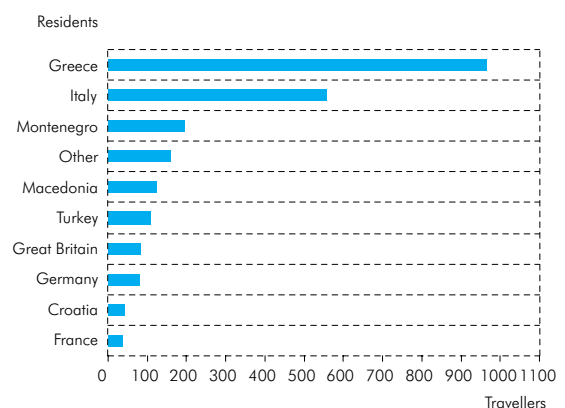
Source: Bank of Albania estimations based on the data provided by the Ministry of Internal Affairs

Chart 20 Distribution of non-residents by country of origin



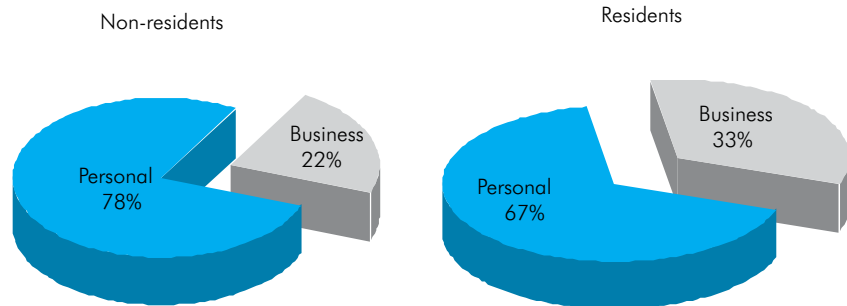
Source: Bank of Albania survey

Chart 21 Distribution of residents by destination



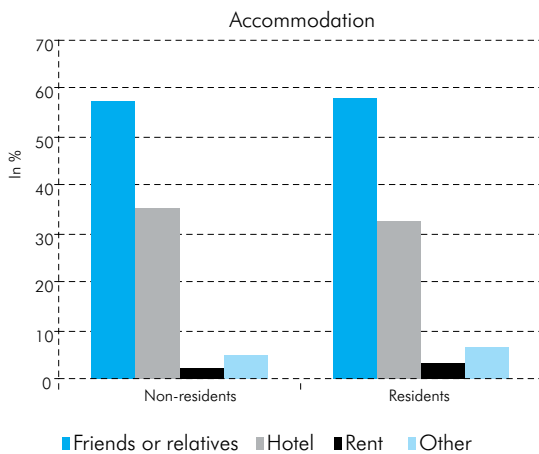
Source: Bank of Albania survey

Chart 22 Distribution of residents and non-residents by purpose of visit



Source: Bank of Albania survey

Chart 23 Distribution of non-residents and residents by accommodation



Source: Bank of Albania survey

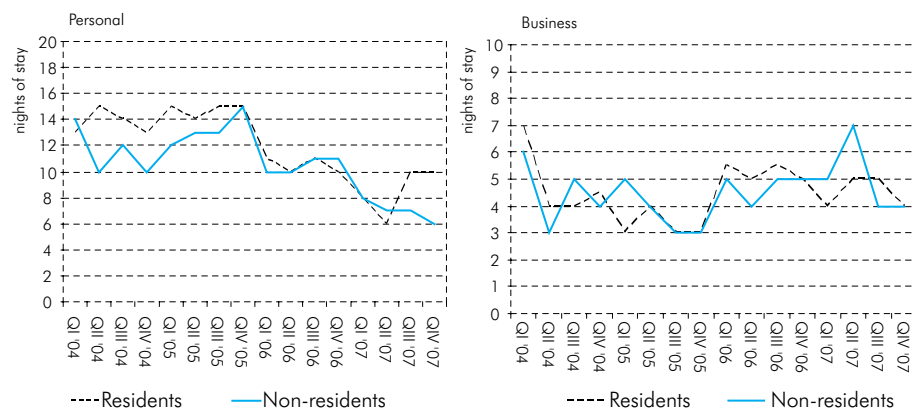
The duration of stay of both residents and non-residents is conditioned by the seasonal period of the year. The third quarter of the year records the longest duration of stay and the highest number of travellers travelling in and out of Albania.

c. Average daily expenditure

Average expenditure for personal travel is assessed to have been lower than for business travel for both residents and non-residents.

Non-residents have spent 89 euros a day for personal travel and 118 euros for business travel.

Chart 24 Duration of stay for residents and non-residents by purpose of visit, in quarters for 2004-2007

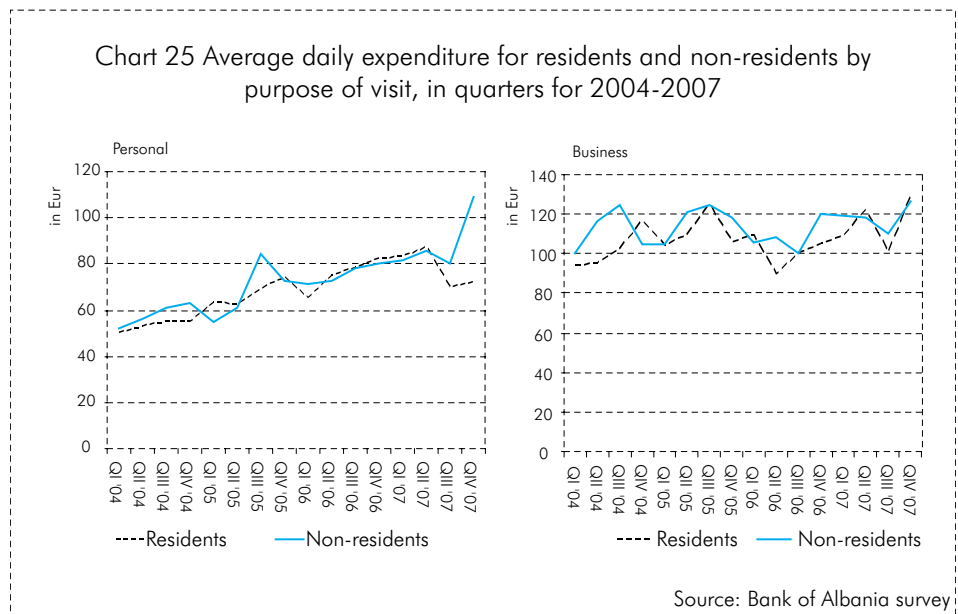


Source: Bank of Albania survey

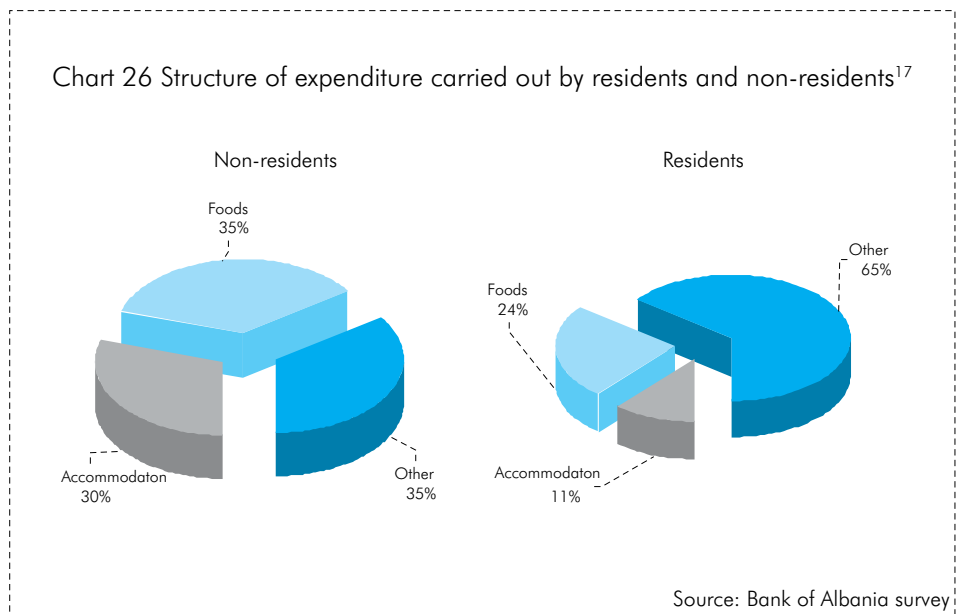
Albanian emigrants have spent on average 50 euros a day for personal travel and 68 euros for business travel. The tourist season marked the peak of Albanian emigrants' expenditure.

Although with a low share in the total number of non-residents, excursionists record high expenditure for both personal (84 euros) and business (106 euros) travel.

During 2007, residents have spent on average 115 euros a day for business travel and 78 euros for personal travel, while excursionists have spent 50 euros for personal travel and 60 euros for business travel.



The effect 'emigrant and excursionist' remains a characteristic of the structure of expenditure and of the share they have in travellers' budget. In order to make them comparable, we have excluded the expenditure carried out by



emigrant non-residents, excursionist non-residents and excursionist residents bearing in mind the fact the emigrants accommodate themselves at their relatives, while excursionists do not have any accommodation expenditure.

Non-residents have spent around 65% on accommodation and food and the rest on other activities. Accommodation shares a small part in the residents' expenditure (11%) while food shares 24%. Other purchases share the main weight by 65%.

Only 3% of residents have been travelling on tourist packages, mainly to Montenegro, Croatia, Turkey and Italy.

3. METHODOLOGICAL ANNEX

Non-resident:

Any individual, enterprise or organization established in a country other than Albania. Banks operating in other countries are examples of non-residents. The persons who do not generally live in Albania (for more than a year) are also non-residents.

Resident:

All enterprises operating in Albania, whether they are property of Albanian or foreign individuals. The persons who generally live in Albania are also considered residents, regardless of their citizenship or nationality. An exemption to this rule is the foreign personnel of embassies accredited to Albania. They are considered non-residents. In general, if troubles are encountered while determining the residency of an entity, it will be established based on the period this entity has been operating in Albania. In case this period is longer than one year, the entity will be considered as a resident.

Import of goods:

The process of changing the ownership of moveable goods (with a few exceptions) from a non-resident to a resident.

Export of goods:

The process of changing the ownership of moveable goods (with a few exceptions) from a resident to a non-resident.

Trade balance:

The difference between exports and imports. A country has a trade deficit if it imports more than it exports; the opposite scenario is a trade surplus.

SITC classification:

SITC classification is the Standard International Trade Classification which is a one-digit statistical classification of the commodities entering external trade. It is designed to provide the commodity aggregates required for purposes of economic analysis and to facilitate the international comparison of trade-by-commodity data. This classification derives from the regrouping of the harmonized system HS of 97 commodity groups.

Imports for active manufacturing:

Goods acquired temporarily and intended to be used as raw material for further processing.

Re-exports:

Goods entered in a country and intended to be exported only, after their processing and change in the domestic economy.

Free trade agreement:

It is a negotiable and agreed on document between trading partners, which establishes unimpeded exchange and flow of goods and services and abolishes or breaks tariffs and trade barriers significantly.

Economic openness scale:

It measures the trade volume in terms of a country's GDP, expressing how open the economy of a country is to the rest of the world. The highest the rate, the more opened the economy of a country is.

Rules of origin:

Rules of origin are the criteria needed to determine the national source of a product. The general accepted rule for determining the origin is that the country where the final essential transformation or the adequate process is made is the product country of origin.

BEC (Broad Economic Categories):

The classification of foreign trade statistics by economic categories BEC provides to the users and analysers of such statistics the categorization of trade according to their main end use.

Intermediate goods:

Goods purchased for resale or for use in producing final goods for consumers. In the process of production, intermediate goods become part of the final product or are entirely changed during the process.

Capital goods:

Goods used for the production of final goods and services, which are not part of them, such as machinery, transportation means, office equipment, etc.

Consumer goods:

Goods acquired for personal use.

Tourism:

It is the balance of payments component, in which are recorded all the transactions in goods and services related to the travellers' expenditure. According to the IMF manual, these transactions are recorded in the debit and credit of "travel".

Traveller:

According to the balance of payments, a traveller is an individual staying, for less than one year, in an economy of which he is not a resident for any purpose other than: (a) being stationed on a military base or being an employee (including diplomats and other embassy personnel) of an agency of his or her government; or (b) being an accompanying dependent of an individual mentioned under (a); or (c) undertaking a productive activity directly for an entity that is a resident of that economy.

Tourist expenditure:

Tourist expenditure covers all goods and services acquired by travellers from the economies in which they are travelling, paid for on his or her behalf.

Personal travel:

This category covers goods and services acquired by travellers going abroad for purposes other than business. Included are leisure activities such as holidays, participation in sports and other recreational and cultural activities, visits with relatives and friends, pilgrimage and religious observances, studies, and health-related purposes.

Business travel:

The business travel category covers the acquisition of goods and services by: a) business travellers going abroad for all types of business activities, such as sales campaigns, meetings, etc.; b) seasonal and border employees.

Foreign direct investment:

Direct investment is the category of international investment that reflects the objective of a resident entity in one economy (direct investor) obtaining a lasting interest in an enterprise resident in another economy. Direct investment implies the existence of a long-term relationship between the direct investor and the enterprise, and a significant degree of influence by the investor on the management of the enterprise (Balance of Payments Manual, IMF fifth edition recommends a minimal capital participation of 10 per cent).

Portfolio investment:

Portfolio investment includes equity securities, debt securities different from the direct investment. Referring to the Balance of Payments Manual, IMF fifth edition, the degree of influence by the investor on the management of the enterprise is recommended to be less than 10 per cent.

Other investment:

“Other investment” account is a residual category that includes all financial transactions not covered in direct investment, portfolio investment, or reserve assets. In the Albanian balance of payments, this category mainly includes borrowing, currency and deposits, trade credit, as well as other assets and liabilities.

Reserve assets:

Reserve assets consist of those external assets that are readily available

to and controlled by monetary authorities for direct financing of payments imbalances, for indirectly regulating the magnitude of such imbalances through the intervention in exchange markets to affect the foreign currency exchange rate, and/or for other purposes.

International Investment Position:

The International Investment Position is the balance sheet of the country's stock of external financial assets and liabilities at the end of a specific period. The primary type of classification in the IIP statement is the distinction between assets and liabilities. The difference between them represents the net investment position. The second level of classification by function is fully consistent with the BOP financial account. The functional types of assets and liabilities are (i) direct investment, (ii) portfolio investment, (iii) financial derivatives and (iv) other investment. Included in assets are also the reserve assets held by the monetary authorities. The third level of classification is by domestic sector. Investment instruments are broken down by four main sectors: general government, monetary authority, banks, and other sector.

External debt:

Gross external debt, at any given time, is the outstanding amount of those actual current, and not contingent, liabilities that require payment(s) of principal and/or interest by the debtor at some point(s) in the future and that are owed to non-residents by residents of an economy. The main criterion for a liability to be included in the gross external debt of the country is that it is issued by a resident and is owed to a non-resident, regardless of whether it is issued on domestic or international, money or capital markets. In the debt tables, are recorded the amount of tranches actually disbursed, not contingent. The institutional sectors of the gross external debt tables are general government, monetary authorities, banks and other sectors. According to debt instruments, external debt includes: liabilities in the form of securities and money market instruments, loans, trade credits, currency and deposits and other liabilities. Debt liabilities related to direct investment are presented separately.

4. STATISTICAL ANNEX

BALANCE OF PAYMENTS in millions of EUR	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Current Account	-312.6	-61.4	-129.2	-185.2	-316.1	-444.0	-349.5	-340.2	-589.1	-471.0	-831.5
Merchandise: Exports	140.2	184.8	258.2	277.0	340.3	348.4	394.9	485.6	530.2	630.6	786.3
Merchandise: Imports	-614.5	-721.7	-884.4	-1174.2	-1489.1	-1566.5	-1571.8	-1762.3	-2006.9	-2289.6	-2890.4
Trade Balance	-474.3	-537.0	-626.2	-897.2	-1148.8	-1218.1	-1176.9	-1276.7	-1476.7	-1658.9	-2104.0
Services: Credit	60.0	76.8	252.4	482.9	596.8	612.3	632.9	807.5	967.3	1156.6	1415.2
Services: Debit	-89.6	-114.8	-156.0	-471.1	-497.0	-620.5	-705.0	-848.0	-1107.7	-1188.1	-1402.3
Income: Credit	45.8	76.4	80.4	124.5	165.2	137.4	153.6	161.2	168.2	263.2	278.6
Income: Debit	-9.5	-7.8	-9.7	-10.0	-15.0	-21.8	-21.5	-23.3	-37.0	-54.4	-61.8
Private Unrequired Transfers	129.6	372.0	174.3	481.2	551.3	625.9	714.2	778.4	835.5	968.1	982.8
Official Unrequired Transfers	25.4	72.9	155.7	104.6	31.4	40.7	53.0	60.7	61.4	42.5	60.1
Capital Account	1.9	27.7	63.3	84.8	131.9	127.4	138.2	106.2	99.2	143.4	90.1
Financial Account	127.0	23.7	53.6	217.0	128.0	223.1	177.0	307.1	351.8	415.0	740.1
Direct Investment	42.3	40.0	38.5	156.6	230.7	141.4	156.9	267.4	209.3	250.3	465.6
Portfolio Investment	0.0	0.0	0.0	-28.7	-25.7	-40.3	-20.6	4.6	-2.0	27.2	18.5
Other capital*	74.0	-23.4	-4.6	69.6	-90.6	116.5	30.6	25.5	135.1	131.8	250.6
Net Errors and Omission	218.5	63.6	128.9	30.4	217.6	124.1	123.2	160.5	262.9	119.2	149.9
Overall Balance	34.8	53.6	116.6	147.0	161.4	30.6	88.9	233.7	124.8	206.6	148.6
Reserve and Related Items											
Reserve Assets	-34.8	-53.6	-116.6	-147.0	-161.4	-30.6	-88.9	-233.7	-124.8	-206.6	-148.6
Use of Fund Credit and Loans	10.7	7.1	19.8	19.5	13.6	5.5	10.0	9.6	9.4	5.8	5.5
Memorandum Items											
Total Change in Reserve Assets	-25.1	-67.5	-91.4	-141.8	-146.0	-103.0	-158.0	-276.1	-47.4	159.2	99.0
of which: Revaluation	-13.7	14.8	-24.6	-1.4	-15.7	72.7	69.6	42.4	-77.4	-47.9	-49.5

*/ not included Use of Fund Credit and Loans.
Source: Bank of Albania

BALANCE OF PAYMENTS 2007 in millions of EUR	Q4 '06		Q1 '07		Q2 '07		Q3 '07		Q4 '07	
	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit
A. Current Account	860.8	-978.1	796.5	-973.1	898.5	-1085.8	1076.5	-1246.5	928.4	-1226.0
Goods, Services and Income	551.2	-951.7	509.4	-926.4	603.9	-1047.7	746.7	-1188.4	620.2	-1192.0
1. Goods, Balance of Payments Basis	167.3	-644.5	182.3	-625.1	209.8	-710.5	197.3	-724.7	196.9	-830.1
1a. Goods, Reported Trade	167.3	-644.5	182.3	-625.1	209.8	-710.5	197.3	-724.7	196.9	-830.1
1b. Goods from Aid		-2.9		-1.6		-2.4		-2.1		-1.6
1c. Goods from Migrants										
2. Services	287.0	-279.5	265.1	-292.7	337.5	-324.1	454.3	-443.1	358.3	-342.5
2a. Transport Services	21.1	-36.9	24.0	-40.6	30.6	-39.6	30.8	-44.6	29.8	-53.6
i. Freight Services	8.0	-23.6	10.4	-31.8	12.3	-35.8	11.3	-36.3	11.9	-42.4
ii. Passenger Services	4.1	-6.7	9.1	-5.0	13.4	-1.0	16.1	-5.5	14.6	-5.7
iii. Other	9.0	-6.6	4.5	-3.8	4.8	-2.8	3.4	-2.8	3.4	-5.6
2b. Insurance	1.1	-7.9	0.7	-10.2	1.1	-10.3	1.6	-13.0	1.6	-14.0
2c. Travel	190.8	-184.5	170.4	-176.6	223.5	-207.5	360.4	-316.0	247.1	-222.4
i. Business	35.8	-29.8	41.1	-44.6	73.2	-76.3	24.8	-64.4	45.0	-52.1
ii. Personal	155.0	-154.7	129.4	-132.0	150.3	-131.1	335.7	-251.6	202.1	-170.3
2d. Other Services	74.1	-50.3	69.9	-65.2	82.2	-66.7	61.5	-69.4	79.8	-52.4
i. Communication Services	10.9	-1.2	15.0	-1.3	9.5	-1.8	11.6	-0.2	13.4	-1.1
ii. Construction Services	0.5	-0.1	1.7	-0.3	1.4	-0.4	0.6	-5.5	1.9	-14.0
iii. Computer Services	0.7	-0.5	0.4	-2.5	0.6	-2.9	0.4	-2.6	0.6	-3.0
iv. Technical Assistance	0.0	-2.0	0.0	-3.5	0.0	-2.4	0.0	-4.7	0.0	-2.4
v. Government Services	1.0	-1.4	5.1	-1.8	3.4	-3.9	3.7	-2.1	3.9	-3.1
vi. Financial Services	7.0	-4.7	1.6	-5.8	8.3	-3.3	10.1	-3.9	10.6	-5.4

vii. Business, Cultural and Personal Services	5.9	-12.3	6.7	-17.7	9.6	-14.2	14.0	-14.5	30.6	-6.8
viii. Other	48.1	-28.1	39.5	-32.3	49.5	-37.9	21.1	-35.9	18.7	-16.8
3. Income	96.8	-27.6	62.0	-8.7	56.6	-13.1	95.0	-20.6	65.0	-19.4
3a. Compensation of Employees	59.2	-16.5	28.4	-0.9	29.4	-1.2	31.7	-1.0	29.7	-4.0
3b. Investment Income	37.6	-11.1	33.6	-7.8	27.2	-11.9	63.4	-19.6	35.3	-15.4
i. Foreign Direct Investment Income	7.2	-1.4	0.2	0.0	0.0	-0.4	13.4	-5.5	0.0	-0.3
-Dividend	7.2	-1.4	0.2	0.0	0.0	-0.4	13.4	-5.5	0.0	-0.3
ii. Portfolio Investment Income	10.6	-0.6	12.0	0.0	11.3	-0.4	27.0	-5.5	14.1	-0.3
Capital	1.9	-0.6	0.2	0.0	0.0	-0.4	13.4	-5.5	0.0	-0.3
Interest	8.8	0.0	11.8	0.0	11.3	0.0	13.6	0.0	14.1	0.0
iii. Interest on Reserves	14.0	-2.0	20.3	-4.1	15.7	-3.0	22.7	-4.4	21.1	-4.5
iv. Other Income (Debt)	5.8	-7.3	1.1	-3.7	0.1	-8.2	0.3	-4.2	0.1	-10.4
4. Current Transfers	309.6	-26.4	287.1	-46.7	294.6	-38.1	329.8	-58.1	308.2	-34.0
4a. General Government	8.2	0.0	16.6	0.0	11.6	-	17.2	-0.2	15.1	-0.2
i. Technical Assistance	5.0	0.0	11.8	0.0	5.9	-	9.4	0.0	5.9	0.0
ii. Cash Grants	0.0	0.0	2.9	0.0	2.6	-	7.2	0.0	4.7	0.0
iii. Goods and Other	3.3	0.0	2.0	0.0	3.0	-	0.6	-0.2	4.5	-0.2
4b. Remittances from Expatriates	248.4	0.0	232.0	0.0	237.0	-	250.4	0.0	232.3	0.0
4c. Other	53.0	-26.4	38.5	-46.7	46.1	-38.1	62.2	-57.9	60.8	-33.8
Current Account Balance	-117.3		-176.5		-187.3		-170.0		-297.6	
-excluding official transfers	-125.5		-193.2		-198.9		-187.2		-312.7	
B. Capital and Financial Account	252.5		178.7		159.0		298.0		194.5	
I. Capital Transfers	34.7		26.9		16.5		21.8		24.9	
1. Debt Forgiveness	0.0		0.0		0.0		0.0		0.0	
2. Other	34.7		26.9		16.5		21.8		24.9	
II. Financial Account	217.8		151.8		142.4		276.2		169.7	
1. Liabilities	202.2		151.0		140.7		365.5		140.3	
1a. Foreign Direct Investment	57.8		93.5		62.4		223.4		97.3	
i. Equity Investment	17.3		46.5		32.3		195.6		65.7	
ii. Other Capital	40.5		47.1		30.2		27.8		31.6	
1b. Borrowing	23.7		31.7		22.4		34.0		40.8	
i. Official Borrowing	18.4		29.3		21.9		31.0		38.0	
i. Private Borrowing	5.3		2.5		0.6		3.0		2.8	
1c. Use of Fund Credit and Loans	0.0		2.8		0.0		2.7		0.0	
1d. Repayments	-15.4		-11.1		-17.4		-10.4		-14.8	
1e. Currency and Deposits	112.9		15.4		60.0		72.8		-44.5	
1f. Trade Credits	-2.1		6.9		6.2		2.6		-2.1	
1g. Change in Arrears	0.0		0.1		0.0		0.0		0.2	
1h. Other Liabilities	25.3		11.7		7.0		40.4		63.3	
2. Assets	15.6		0.8		1.7		-89.3		29.4	
2a. Foreign Direct Investment	-5.2		-2.1		-6.6		-0.4		-2.1	
i. Capital Investment	-5.1		-2.1		-6.3		-0.3		-2.1	
ii. Other Capital	-0.1		0.0		-0.2		0.0		0.0	
2b. Portfolio Investment	3.9		18.5		0.0		-19.2		19.2	
2c. Deposits	36.9		-46.2		19.1		-67.0		38.7	
2d. Currency	-17.6		15.0		-3.4		-4.6		-26.2	
2e. Other Assets	-2.4		15.5		-7.5		1.9		-0.3	
C. Reserves	-85.4		-14.5		-23.1		-135.1		24.1	
1. Gold	0.0		0.0		0.0		0.0		0.0	
2. Foreign Currencies	-87.6		-14.8		-24.0		-136.7		21.6	
3. SDR	2.1		0.3		0.9		1.5		2.5	
4. Reserve Position in the Fund	0.0		0.0		0.0		0.0		0.0	
D. Net Errors and Omissions	-49.8		12.3		51.4		7.1		79.0	

Source: Bank of Albania

EXTERNAL DEBT												
in millions of EUR	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Drawdowns	107.5	88.5	122.6	156.0	110.1	96.4	146.3	175.3	181.1	144.2	138.6	126.1
of which:												
Use of Fund Credit and Loans	-	13.8	8.9	22.3	17.8	10.8	5.0	12.2	9.6	9.4	5.8	5.5
Principal Due	18.7	18.0	10.7	16.8	17.1	20.9	39.2	37.0	40.1	41.8	48.0	43.0
Principal Paid	18.7	18.0	10.7	16.8	17.1	20.9	39.2	37.0	40.1	41.8	48.0	42.8
Change in Arrears	-	-	-	-	-	-	-	-	-	-	-	0.2
Interest Due	12.4	7.8	9.6	8.5	7.4	10.8	17.4	16.2	18.4	25.1	18.9	13.3
Interest Paid	12.4	7.8	8.8	8.5	7.4	10.8	17.4	16.2	18.4	25.1	7.1	0.7
Change in Arrears	-	0.0	0.8	-	-	-	-	0.0	-	-	11.9	12.6
Borrowing	107.5	88.5	113.7	156.0	110.1	96.4	146.3	175.3	181.1	144.2	144.4	126.1
Net Change in Arrears	-	0.0	0.8	-	-	-	-	-	-	-	11.9	12.8
Principal Falling Due	18.7	18.0	10.7	16.8	17.1	20.9	39.2	41.2	40.1	41.8	48.0	43.0
of which:												
Debt Forgiveness	-	-	-	-	-	8.4	0.4	-	-	-	-	-

Source: Ministry of Finance, the banking system and the Bank of Albania

CREDIT LINES BY SECTORS												
in millions of EUR	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	
General Government												
Drawdowns	41.8	80.0	101.5	107.5	101.8	127.6	101.7	103.4	68.6	78.6	89.0	
Principal Due	0.3	0.5	4.8	1.8	3.3	11.8	12.6	17.8	20.1	28.9	23.1	
Principal Paid	0.3	0.5	4.8	1.8	3.3	10.3	12.6	17.8	20.1	28.9	23.1	
Increase in Arrears	-	-	-	-	-	1.5	-	-	-	-	-	
Interest Due	2.5	3.2	3.1	4.9	7.8	7.0	10.6	12.9	12.2	11.9	12.6	
Interest Paid	2.5	2.7	3.1	4.9	7.8	7.0	10.6	12.9	12.2	11.9	12.6	
Increase in Arrears	-	0.5	-	(0.0)	-	-	0.0	-	-	-	-	
Borrowing	41.8	80.0	101.5	107.5	101.8	127.6	101.7	103.4	68.6	78.6	89.0	
Net Change in Arrears	-	0.5	-	(0.0)	-	1.5	0.0	-	-	-	-	
Principal Falling Due	0.3	0.5	4.8	1.8	3.3	12.2	12.6	17.8	20.1	28.9	23.1	
Monetary Authority												
Drawdowns	13.0	9.7	8.3	21.0	13.4	7.1	0.0	0.0	-	0.3	5.5	
Principal Due	-	-	-	8.5	14.9	15.9	9.5	8.7	8.6	10.2	11.2	
Principal Paid	-	-	-	8.5	14.9	15.9	9.5	8.7	8.6	10.2	11.2	
Increase in Arrears	-	-	-	-	-	-	-	-	-	-	-	
Interest Due	0.2	1.8	1.5	3.1	3.8	1.0	1.0	0.7	0.7	0.7	0.8	
Interest Paid	0.2	1.8	1.5	3.1	3.8	0.9	1.0	0.7	0.7	0.7	0.8	
Increase in Arrears	-	-	0.0	(0.0)	-	0.1	-	-	-	-	-	
Borrowing	13.0	9.7	8.3	21.0	13.4	7.1	0.0	0.0	-	0.3	5.5	
Net Change in Arrears	-	-	-	(0.0)	-	-	-	-	-	-	-	
Principal Falling Due	-	-	-	8.5	14.9	15.9	9.5	8.7	8.6	10.2	11.2	

Source: Ministry of Finance, Bank of Albania

CAPITAL AND FINANCIAL ACCOUNT 2007		1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Jan.	Feb.	March	April	May	June	July	August	Sep.	Oct.	Nov.	Dec.
in millions of EUR																								
I. Capital Transfers	1.9	27.7	63.3	84.8	131.9	127.4	138.2	106.2	99.2	143.4	90.1	10.9	6.7	9.3	5.1	6.4	5.0	8.6	6.4	6.8	6.0	6.0	12.2	6.7
1. Debt Forgiveness	-	-	-	-	10.7	0.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Other	1.9	27.7	63.3	84.8	121.2	126.9	138.2	106.2	99.2	143.4	90.1	10.9	6.7	9.3	5.1	6.4	5.0	8.6	6.4	6.8	6.0	6.0	12.2	6.7
II. Financial Account	127.0	23.7	53.6	217.0	128.0	223.1	177.0	307.1	351.8	415.0	740.1	38.9	37.3	75.6	28.8	54.1	59.5	23.4	116.6	136.2	49.9	49.9	79.5	40.3
1. Liabilities	70.6	135.9	176.8	298.0	366.5	278.6	288.5	441.4	349.9	563.4	797.5	32.7	71.2	47.1	43.7	33.4	63.7	50.3	148.1	167.1	41.7	41.7	63.1	35.5
1a. Direct Investment	42.3	40.0	38.5	156.6	230.7	141.4	156.9	278.4	212.6	258.6	476.7	36.1	44.3	13.2	21.7	18.5	22.2	32.9	57.6	132.9	33.7	33.7	24.6	39.0
i. Equity Investment	42.3	40.0	40.2	156.6	230.7	-	-	-	4.1	59.6	340.0	10.7	24.9	10.8	7.2	10.7	14.3	29.0	40.3	126.3	17.6	17.6	21.2	26.9
ii. Other Capital	-	-	(1.7)	-	-	141.4	156.9	278.4	208.5	199.0	136.6	25.4	19.3	2.4	14.5	7.8	7.9	3.9	17.2	6.7	16.1	16.1	3.4	12.1
1b. Borrowing	40.2	91.1	117.8	109.9	105.2	156.2	126.4	181.1	144.2	150.3	129.0	8.4	6.3	17.0	4.3	3.2	14.9	8.5	14.0	11.5	10.9	3.1	26.8	
i. Official Borrowing	40.2	91.1	117.8	109.9	105.2	151.5	114.9	116.5	89.8	118.2	120.2	6.0	6.3	17.0	5.8	3.2	12.9	7.7	11.8	11.5	11.1	3.1	23.8	
ii. Private Borrowing	---	---	---	---	---	4.7	11.5	64.6	54.4	32.2	8.8	2.5	-	-	(1.5)	-	2.0	0.8	2.2	-	(0.2)	-	-	3.0
1c. Use of Fund Credit and Loans	10.7	7.1	19.8	19.5	13.6	5.5	10.0	9.6	9.4	5.8	5.5	-	2.8	-	-	-	-	2.7	-	-	-	-	-	-
1d. Repayments	(13.8)	(8.4)	(15.0)	(19.9)	(26.1)	(43.5)	(31.9)	(40.1)	(41.8)	(56.1)	(53.7)	(6.0)	(2.9)	(2.2)	(4.0)	(4.9)	(8.5)	(4.2)	(4.8)	(1.4)	(3.0)	(4.7)	(4.7)	(7.1)
1e. Currency and Deposits	2.5	3.1	15.6	3.9	46.0	8.0	16.9	2.1	(29.9)	124.0	103.8	12.5	6.5	(3.6)	2.8	0.5	56.8	(1.5)	60.4	13.9	(27.8)	16.2	16.2	(32.9)
1f. Trade Credits	(12.4)	2.4	(1.6)	28.0	(2.9)	6.7	9.6	13.6	8.3	13.8	13.5	0.7	2.3	3.8	2.9	2.6	0.8	0.8	(0.0)	0.4	2.3	(1.5)	0.4	(1.0)
1g. Change in Arrears	1.1	0.5	0.0	0.0	(0.0)	1.5	0.0	-	-	0.2	0.3	-	-	0.1	-	-	-	-	0.0	(0.0)	0.2	-	-	-
1h. Other Liabilities	-	-	1.7	-	-	2.7	0.5	(3.3)	47.2	66.6	122.4	(19.1)	12.0	18.8	16.0	13.6	(22.6)	11.9	20.6	7.9	29.1	23.4	23.4	10.7
2. Assets	56.4	(112.2)	(123.2)	(81.0)	(238.5)	(55.5)	(111.4)	(134.3)	1.9	(148.3)	(57.4)	6.2	(33.9)	28.5	(14.9)	20.8	(4.2)	(26.9)	(31.5)	(30.8)	8.3	16.3	16.3	4.8
2a. Equity Investment	-	-	-	-	-	-	-	(11.0)	(3.3)	(8.3)	(11.1)	(3.7)	1.9	(0.2)	1.3	0.8	(8.6)	(0.2)	(0.1)	(0.1)	(0.3)	(0.1)	(0.1)	(1.7)
2b. Portfolio Investment	-	-	-	(28.7)	(25.7)	(40.3)	(20.6)	4.6	(2.0)	27.2	18.5	18.5	0.0	(0.0)	0.0	0.0	0.0	0.0	(19.1)	(0.1)	(0.1)	(0.1)	(0.8)	20.1
2c. Deposits	49.9	(81.0)	(85.1)	4.0	(59.1)	(22.3)	(31.4)	(88.1)	52.9	(156.0)	(55.3)	(40.5)	(44.4)	38.7	(12.6)	23.0	8.7	(7.0)	(10.0)	(50.0)	19.5	8.8	8.8	10.4
2d. Currency	9.6	(30.0)	(36.2)	(49.4)	(134.5)	30.2	(30.6)	(15.2)	0.2	(18.6)	(19.2)	12.5	8.4	(5.9)	(2.5)	(0.2)	(0.6)	(15.8)	(6.2)	17.3	(10.4)	10.2	10.2	(26.0)
2e. Other Assets	(3.1)	(1.2)	(1.9)	(6.9)	(19.2)	(23.1)	(28.9)	(24.6)	(45.9)	7.4	9.6	19.4	0.2	(4.1)	(1.0)	(2.8)	(3.7)	(3.9)	3.9	3.9	1.9	(0.5)	(1.7)	1.9
III. Reserve Assets	(34.8)	(53.6)	(116.6)	(147.0)	(161.4)	(30.6)	(88.9)	(233.7)	(124.8)	(206.6)	(148.6)	(1.8)	(6.8)	(5.9)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
1. Gold	-	-	-	-	-	-	-	-	-	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
2. Foreign Currency	(34.8)	1.2	(97.2)	(144.7)	(152.2)	(37.1)	(87.7)	(229.1)	(191.7)	(209.7)	(153.9)	(3.7)	(5.2)	(5.9)	1.4	0.0	(25.4)	(21.5)	(15.3)	(99.9)	8.1	8.6	8.6	4.9
3. SDR	-	(54.8)	(15.3)	(2.3)	(9.2)	6.5	(1.3)	(4.6)	66.9	3.2	5.3	1.9	(1.6)	-	-	0.6	0.3	0.4	1.2	-	-	-	0.7	1.9
4. Reserve Position in the Fund	-	-	(4.2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Source: Bank of Albania

INCOME TRANSACTIONS in millions of EUR	2007																						
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Jan.	Feb.	March	April	May	June	July	August	Sep.	Oct.	Nov.	Dec.
INCOME	36.2	68.6	70.7	114.4	150.2	115.6	132.1	137.9	131.2	208.8	216.8	18.0	15.8	19.5	12.1	15.1	16.2	24.1	27.7	22.6	18.3	13.3	14.0
Credit	45.8	76.4	80.4	124.5	165.2	137.4	153.6	161.2	168.2	263.2	278.6	20.1	18.8	23.1	17.8	18.4	20.3	29.5	32.0	33.5	23.5	21.0	20.5
Debit	(9.5)	(7.8)	(9.7)	(10.0)	(15.0)	(21.8)	(21.5)	(23.3)	(37.0)	(54.4)	(61.8)	(2.0)	(3.0)	(3.6)	(5.7)	(3.3)	(4.1)	(5.3)	(4.3)	(11.0)	(5.3)	(7.7)	(6.5)
Compensation of Employees	20.8	45.9	47.6	71.0	77.7	76.1	75.4	99.8	89.1	124.8	112.1	9.14	9.28	9.10	9.51	9.04	9.69	9.85	10.50	10.31	8.99	9.38	7.33
Credit	20.8	45.9	47.6	71.0	77.7	76.1	79.0	103.7	89.1	145.4	119.2	9.3	9.7	9.4	9.7	9.9	9.9	10.3	10.8	10.6	9.8	10.0	9.9
Debit	(0.0)	-	-	-	-	-	(3.6)	(3.9)	-	(20.6)	(7.0)	(0.2)	(0.4)	(0.3)	(0.2)	(0.8)	(0.2)	(0.4)	(0.3)	(0.3)	(0.8)	(0.6)	(2.6)
Investment Income	15.4	22.7	23.1	43.4	72.5	39.5	56.8	38.1	42.1	84.0	104.7	8.9	6.5	10.4	2.6	6.0	6.6	14.3	17.2	12.3	9.3	3.9	6.7
Credit	24.9	30.5	32.8	53.5	87.5	61.3	74.6	57.5	79.1	117.8	159.5	10.7	9.2	13.7	8.1	8.5	10.5	19.2	21.2	22.9	13.7	11.0	10.5
Debit	(9.5)	(7.8)	(9.7)	(10.0)	(15.0)	(21.8)	(17.9)	(19.4)	(37.0)	(33.8)	(54.8)	(1.9)	(2.6)	(3.3)	(5.5)	(2.5)	(3.9)	(4.9)	(4.0)	(10.7)	(4.5)	(7.1)	(3.8)
Direct Investment Income	(1.9)	-	-	(0.1)	3.2	(0.6)	(0.9)	(0.2)	(1.4)	6.6	7.5	0.1	0.0	0.1	(0.4)	-	-	3.3	4.5	0.1	0.0	(0.0)	(0.2)
Credit	-	-	-	-	3.3	-	-	-	0.3	10.3	13.7	0.1	0.0	0.1	-	-	-	4.3	5.0	4.1	0.0	-	-
Debit	(1.9)	-	-	(0.1)	(0.1)	(0.6)	(0.9)	(0.2)	(1.7)	(3.6)	(6.2)	-	(0.0)	-	(0.4)	-	-	(1.1)	(0.5)	(4.0)	(0.0)	(0.0)	(0.2)
Portfolio Investment Income	-	-	-	-	-	21.0	31.2	21.0	21.5	39.4	58.2	3.7	3.8	4.5	3.4	3.8	3.8	7.4	8.6	5.4	5.1	4.6	4.1
Credit	-	-	-	-	-	21.0	27.5	21.0	30.1	41.0	64.4	3.7	3.8	4.5	3.7	3.8	3.8	8.5	9.1	9.4	5.1	4.7	4.3
Debit	-	-	-	-	-	-	-	-	(8.6)	(1.5)	(6.2)	-	(0.0)	-	(0.4)	-	-	(1.1)	(0.5)	(4.0)	(0.0)	(0.0)	(0.2)
Interest on Reserves	22.5	30.3	30.6	52.3	83.9	38.8	27.6	25.9	39.3	44.6	63.8	5.8	4.0	6.4	3.4	3.8	5.5	4.7	5.7	7.9	6.8	4.5	5.3
Credit	24.9	30.5	32.8	53.5	84.2	40.3	29.3	26.8	40.8	49.2	79.8	6.7	5.3	8.3	4.3	4.8	6.7	6.2	7.1	9.5	8.5	6.4	6.2
Debit	(2.4)	(0.2)	(2.2)	(1.2)	(0.3)	(1.6)	(1.7)	(0.9)	(1.5)	(4.6)	(16.0)	(0.9)	(1.3)	(1.9)	(0.9)	(0.9)	(1.2)	(1.4)	(1.3)	(1.6)	(1.8)	(1.8)	(0.9)
Other Interest Income	(5.1)	(7.6)	(7.5)	(8.8)	(14.7)	(19.6)	(19.6)	(8.6)	(17.3)	(6.7)	(24.8)	(0.7)	(1.3)	(0.7)	(3.8)	(1.6)	(2.7)	(1.1)	(1.6)	(1.1)	(2.6)	(5.2)	(2.5)
Credit	-	-	0.0	0.0	0.0	0.0	17.8	9.7	7.8	17.4	1.7	0.3	0.0	0.8	0.1	0.0	0.0	0.2	0.1	0.0	0.1	0.0	0.0
Debit	(5.1)	(7.6)	(7.5)	(8.8)	(14.7)	(19.6)	(15.3)	(18.4)	(25.1)	(24.1)	(26.5)	(0.9)	(1.3)	(1.4)	(3.9)	(1.6)	(2.7)	(1.3)	(1.7)	(1.1)	(2.7)	(5.2)	(2.5)

Source: Bank of Albania

CURRENT TRANSFERS TRANSACTIONS		2007												2007										
		1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Jan.	Feb.	March	April	May	June	July	August	Sep.	Oct.	Nov.	Dec.
in millions of EUR		155.1	444.9	330.0	585.8	582.7	666.6	767.3	839.1	896.9	1011.0	1042.9	81.2	84.7	74.6	87.9	86.0	82.6	87.3	96.6	87.8	94.1	88.7	91.4
CURRENT TRANSFERS		186.5	495.3	503.4	690.0	655.0	727.8	839.3	911.9	1021.8	1135.9	1219.8	94.7	96.2	96.3	98.7	98.6	97.2	107.3	112.5	110.0	104.5	100.4	103.3
Credit		-31.4	-50.4	-173.4	-104.2	-72.3	-61.1	-72.0	-72.8	-124.9	-124.9	-176.9	-13.4	-11.6	-21.7	-10.8	-12.6	-14.7	-20.0	-15.8	-22.2	-10.4	-11.7	-11.9
Debit		25.4	72.9	155.7	104.6	31.4	40.7	53.0	60.7	61.4	42.5	60.1	5.0	5.7	5.8	4.4	3.8	3.4	1.7	10.9	4.4	4.9	3.3	6.7
General Government		28.8	77.5	158.4	107.5	36.1	42.6	53.9	60.8	65.3	49.9	60.5	5.0	5.7	5.8	4.4	3.8	3.4	1.8	10.9	4.5	5.0	3.4	6.7
Credit		-3.4	-4.6	-2.7	-2.9	-4.7	-1.9	-0.8	-0.2	-3.9	-7.4	-0.4	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Debit		1.3	32.7	53.1	15.7	20.3	24.7	44.2	44.9	46.5	38.5	33.0	3.9	3.9	3.9	2.0	2.0	2.0	1.6	3.9	3.9	2.0	2.0	2.0
Technical Assistance		1.3	32.7	53.1	15.7	20.3	24.7	44.2	44.9	46.5	38.5	33.0	3.9	3.9	3.9	2.0	2.0	2.0	1.6	3.9	3.9	2.0	2.0	2.0
Credit		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debit		6.5	5.1	45.5	64.3	0.0	0.7	0.0	0.0	3.5	0.0	17.4	0.1	1.3	1.5	0.6	1.3	0.7	0.0	6.8	0.4	1.7	0.0	3.0
Cash Grants		6.5	5.1	45.5	64.3	0.0	0.7	0.0	0.0	3.5	0.0	17.4	0.1	1.3	1.5	0.6	1.3	0.7	0.0	6.8	0.4	1.7	0.0	3.0
Credit		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debit		17.7	35.0	57.1	24.5	11.1	15.3	8.8	15.8	11.3	4.0	9.7	1.0	0.5	0.4	1.9	0.5	0.7	0.2	0.1	0.1	1.2	1.3	1.7
Goods and Other		21.0	39.7	59.8	27.5	15.8	17.2	9.7	16.0	15.2	11.5	10.2	1.0	0.5	0.4	1.9	0.5	0.7	0.2	0.2	0.2	1.3	1.4	1.8
Credit		-3.4	-4.6	-2.7	-2.9	-4.7	-1.9	-0.8	-0.2	-3.9	-7.4	-0.4	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Debit		157.5	399.8	344.6	581.4	618.7	684.8	710.8	774.2	802.1	937.2	951.7	77.3	77.3	77.3	79.0	79.0	79.0	83.5	83.5	83.5	77.4	77.4	77.4
Remittances from Expatriates		157.5	399.8	344.6	581.4	618.7	684.8	710.8	774.2	802.1	937.2	951.7	77.3	77.3	77.3	79.0	79.0	79.0	83.5	83.5	83.5	77.4	77.4	77.4
Credit		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debit		-27.8	-27.8	-170.3	-100.2	-67.4	-58.9	3.5	4.2	33.4	31.3	31.1	-1.2	1.6	-8.6	4.5	3.3	0.2	2.1	2.3	-0.2	11.7	8.0	7.3
Other		0.2	18.0	0.4	1.1	0.2	0.3	74.6	76.8	154.4	148.8	207.5	12.3	13.1	13.1	15.3	15.9	14.9	22.1	18.1	22.0	22.0	19.6	19.2
Credit		-28.1	-45.8	-170.7	-101.3	-67.7	-59.3	-71.2	-72.6	-121.0	-117.5	-176.5	-13.4	-11.6	-21.7	-10.8	-12.6	-14.7	-20.0	-15.8	-22.2	-10.3	-11.6	-11.9
Debit																								

Source: Bank of Albania

EXPORT BY COMMODITY GROUPS, 2007 in millions of EUR	2007												2007										
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Jan.	Feb.	March	April	May	June	July	August	Sep.	Oct.	Nov.	Dec.
Live Animals, Animal Products	3.6	3.7	3.2	2.0	2.5	2.3	2.4	2.1	3.0	4.4	5.9	0.3	0.3	0.3	0.2	0.3	0.5	0.4	0.3	1.2	0.7	0.9	0.5
Vegetable Products	13.8	14.4	11.8	13.2	12.8	13.9	13.3	15.2	15.9	18.3	21.5	1.8	1.3	1.2	1.1	0.9	2.4	1.5	1.8	1.9	2.8	3.1	1.6
Animal or Vegetable Fats and Oils	0.0	0.4	0.3	0.0	0.0	0.0	0.4	0.3	0.2	0.5	0.7	0.0	0.0	0.0	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.0	0.1
Prepared Foodstuffs, Beverages, Tobacco	8.0	11.2	12.0	14.9	15.7	7.7	16.8	22.2	24.3	26.8	28.8	1.5	2.8	2.1	1.9	3.2	3.4	2.8	2.2	2.6	2.6	2.1	1.5
Mineral Products	7.5	21.1	16.4	8.1	6.6	9.7	10.4	19.6	27.7	47.7	121.1	4.2	10.0	6.4	7.8	7.6	13.7	16.0	18.5	11.0	8.6	11.6	5.7
Products of Chemical Industry and Related	1.0	0.7	0.7	1.5	3.4	1.7	2.2	1.8	2.4	1.4	3.1	0.9	0.1	0.2	0.2	0.2	0.2	0.1	0.3	0.3	0.4	0.1	0.4
Plastic, Rubber and Items Thereof	0.4	1.0	1.2	1.0	1.1	0.7	0.5	1.6	3.3	5.3	5.8	0.4	0.4	0.6	0.5	0.6	0.5	0.6	0.7	0.4	0.4	0.3	0.4
Raw Hides and Skins, Leather	7.3	5.9	6.6	9.0	12.2	15.8	9.9	10.7	10.3	12.1	16.3	1.1	1.5	1.8	1.9	2.1	1.1	1.1	0.5	1.3	1.2	1.5	1.2
Wood and Articles of Wood	4.7	4.9	6.0	8.0	9.7	9.1	7.7	7.7	8.4	8.8	9.8	0.8	0.9	0.9	0.7	0.9	0.8	0.9	0.5	0.9	1.1	0.8	0.5
Pulp of Wood, Paper and Paperboard	3.3	2.6	4.3	2.8	1.9	3.1	8.4	5.7	8.3	11.5	14.7	1.1	1.1	1.3	1.2	1.3	1.2	1.3	0.8	1.2	1.4	1.6	1.4
Textiles and Textile Articles	32.0	61.9	92.3	118.0	126.9	132.0	137.1	160.8	160.9	181.6	214.6	16.1	17.5	20.2	16.5	18.2	19.3	21.0	10.4	18.4	19.6	20.2	17.2
Footwear, Headgear and Umbrellas	24.2	36.2	63.7	74.9	97.2	101.2	117.9	134.9	145.7	163.5	166.1	13.7	14.3	15.3	13.9	17.0	16.5	16.1	8.0	12.7	12.5	14.4	11.8
Articles of Stone, Plaster, Cement, Ceramic Products, Glass	0.4	1.5	0.6	0.8	2.0	2.0	1.8	2.2	2.5	4.0	4.8	0.3	0.4	0.4	0.4	0.5	0.4	0.5	0.3	0.5	0.5	0.4	0.4
Pearls, Jewellery, Coins	0.0	0.2	0.8	0.6	5.0	0.4	0.4	0.6	0.9	1.0	2.0	0.1	0.1	0.2	0.2	0.2	0.1	0.2	0.1	0.2	0.2	0.2	0.3
Base Metals and Articles Thereof	12.7	8.3	13.7	23.4	27.2	32.7	43.8	69.3	81.2	101.7	116.6	8.1	8.3	12.1	13.1	11.5	10.6	8.8	6.5	9.9	9.7	10.6	7.4
Machinery and Mechanical Appliances, Electrical Equipment	6.6	3.9	11.6	4.8	7.9	9.0	13.0	17.3	20.3	22.8	31.4	2.3	1.7	2.4	2.1	2.5	3.9	2.7	1.6	2.6	3.3	3.5	2.8
Vehicles, Aircraft	0.5	1.0	4.7	0.2	1.0	0.9	1.1	1.8	1.8	1.8	1.7	0.2	0.1	0.1	0.1	0.2	0.1	0.2	0.1	0.1	0.1	0.1	0.2
Optical, Photographic, Measuring, Medical, Musical Instruments	0.1	0.7	0.4	0.6	0.2	0.3	0.2	1.6	1.0	0.6	2.6	0.2	0.1	0.1	0.0	0.1	0.1	0.0	0.0	0.1	0.1	0.3	1.5
Arms and Ammunitions	0.0	0.0	-	1.8	0.5	0.7	0.3	0.5	0.5	3.3	2.5	-	-	0.0	-	0.1	0.9	0.4	0.3	0.4	0.3	-	0.2
Miscellaneous	3.0	5.4	7.4	7.7	5.7	7.3	7.6	9.6	11.4	13.7	16.3	1.0	1.0	1.1	1.2	1.8	1.7	1.9	1.1	1.3	1.4	2.8	0.0
Works of Art, Antiques	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.1	0.0	0.1	0.1	0.0	-	0.0	0.0	0.0	0.0	-	-	-	0.0	0.0	-
TOTAL	129.2	184.9	257.6	293.3	339.7	350.5	395.2	485.6	530.2	630.7	786.3	54.0	61.7	66.6	63.1	69.4	77.4	76.4	53.9	67.0	66.9	74.9	55.1

Source: General Directory of Customs. The published statistics are compiled in concordance with the balance of payments methodology framework.

IMPORT BY COUNTRY in millions of EUR	2007												2007										
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Jan.	Feb.	March	April	May	June	July	August	Sep.	Oct.	Nov.	Dec.
European Union	476.2	607.7	708.5	907.5	1,161.1	1,215.2	1,286.7	1,190.3	1,258.0	1,385.3	1,647.2	108.8	114.6	134.5	126.9	139.3	144.6	152.3	116.7	137.2	148.1	159.5	164.8
Austria	8.1	9.9	16.0	16.7	17.5	24.7	30.9	20.5	35.9	29.0	39.6	1.6	2.6	4.9	3.5	3.5	3.0	3.5	4.5	2.8	4.6	2.2	3.0
Belgium	6.1	7.1	9.6	6.1	10.0	7.2	8.9	14.3	15.9	20.4	10.2	1.3	0.9	1.3	0.5	1.0	0.7	0.9	0.8	0.4	0.8	0.5	1.1
Great Britain	5.2	4.4	9.3	8.2	50.7	44.2	37.2	10.5	18.2	33.6	37.6	1.5	1.3	2.9	1.9	5.9	2.4	5.0	2.9	4.1	2.8	3.2	3.6
Denmark	3.7	3.7	5.0	4.3	2.8	5.0	7.4	4.1	4.0	3.6	3.7	0.2	0.2	0.5	0.3	0.3	0.4	0.5	0.2	0.3	0.4	0.2	0.2
Finland	0.0	0.1	2.3	7.1	28.6	1.8	3.0	3.9	11.4	6.2	10.2	1.9	0.5	0.2	0.8	0.7	1.0	0.7	0.1	0.7	0.6	1.4	1.4
France	7.4	8.1	11.0	17.3	12.5	15.8	19.2	25.7	25.3	23.1	30.2	3.0	1.9	2.8	2.3	2.7	3.2	2.6	-	2.4	3.4	2.4	3.4
Germany	24.2	28.2	48.8	59.0	71.6	76.5	102.9	113.8	112.8	136.2	166.8738	10.2	12.9	14.3	13.5	12.7	14.6	16.4	12.2	13.9	14.8	15.2	16.2
Greece	150.8	210.5	248.6	330.8	426.7	416.6	399.0	340.9	346.2	380.7	444.4	31.2	30.1	29.7	34.3	34.9	36.7	41.5	41.0	43.7	35.8	42.3	43.3
Ireland	0.5	0.2	0.7	3.1	5.1	4.3	2.3	5.9	8.9	7.4	8.4	0.7	0.4	0.6	0.5	0.7	0.8	1.1	0.7	0.6	1.0	0.2	1.0
Italy	260.3	322.6	331.9	432.7	497.8	581.7	626.2	596.6	610.8	677.2	826.2	51.2	59.2	70.4	64.3	70.6	77.3	74.1	47.1	63.4	77.4	86.7	84.5
Luxembourg	0.0	0.0	0.1	0.2	0.1	0.2	0.2	0.6	0.9	0.8	2.2	0.1	0.0	0.0	0.0	1.6	0.0	0.1	0.0	0.0	0.0	0.0	0.4
Netherlands	4.4	6.1	9.2	9.0	10.5	10.7	12.4	13.7	17.7	12.1	16.1	1.4	1.3	1.8	1.0	0.9	0.8	1.1	1.7	0.8	1.0	2.2	2.2
Portugal	-	0.0	0.2	0.5	0.1	0.8	0.3	1.3	2.1	1.8	2.6	0.2	0.0	0.1	0.1	0.6	0.1	0.4	0.6	0.1	0.2	0.1	0.2
Spain	3.7	6.6	13.2	12.1	16.4	21.3	31.2	27.7	35.7	41.2	40.4	3.3	2.3	4.1	3.1	2.9	3.1	3.6	4.2	3.6	4.2	2.3	3.6
Sweden	1.6	0.2	2.5	0.5	10.8	4.5	5.6	10.9	12.3	12.0	8.4	1.1	0.8	0.8	0.6	0.4	0.6	0.8	0.6	0.4	1.0	0.5	0.7
Regional Countries	58.8	62.9	104.5	151.5	186.5	229.2	240.8	232.3	304.2	902.1	470.4	30.4	33.5	41.7	42.4	44.6	39.9	38.4	44.0	47.4	38.8	35.6	33.6
Bulgaria	16.1	19.6	25.1	29.1	31.9	38.9	47.0	0.9	59.2	104.1	54.3	3.6	3.3	3.9	4.7	4.9	4.2	5.0	5.4	6.0	5.1	3.5	4.5
Bosnia and Herzegovina	0.0	0.1	0.0	0.1	0.1	0.8	1.3	36.9	2.7	17.8	9.2	0.4	0.6	0.9	0.6	0.7	1.0	0.7	1.0	1.1	0.7	0.9	0.6
Croatia	2.4	4.4	7.7	13.6	19.9	38.5	28.0	23.8	25.0	56.8	29.7	1.2	2.6	1.6	2.6	2.5	2.3	3.6	2.4	1.5	4.4	2.4	2.6
Former Yugoslavia	1.3	0.9	0.7	11.1	9.5	17.5	10.1	13.4	20.9	160.9	81.2	4.1	4.2	10.4	12.4	10.8	7.7	7.0	8.5	10.5	2.6	1.4	1.5
Macedonia	11.7	10.1	16.4	26.3	19.5	19.3	16.4	19.1	25.8	113.4	59.1	3.4	4.2	4.8	4.4	4.8	5.8	4.6	5.9	5.4	5.7	5.3	4.7
Romania	1.7	3.0	5.9	6.8	14.3	14.3	14.8	8.0	15.3	25.4	13.1	1.3	1.1	1.6	0.9	0.8	0.9	1.8	1.6	0.6	0.9	0.8	0.7
Turkey	25.6	24.9	48.8	64.5	91.3	99.9	123.2	130.1	155.3	423.7	221.3	15.5	16.9	18.5	16.7	19.4	17.9	15.6	19.1	22.1	19.5	21.1	18.8

Source: General Directory of Customs. The published statistics are compiled in concordance with the balance of payments methodology framework.

Classification of Imports by Broad Economic Categories (BEC) in millions of EUR	2007															
	2004	2005	2006	2007	Jan.	Feb.	March	April	May	June	July	August	Sep.	Oct.	Nov.	Dec.
Capital Goods	270.8	306.4	295.5	442.3	13.0	26.8	42.8	33.1	41.3	38.8	43.3	35.7	35.6	41.2	39.7	50.9
Capital Goods (except Transport Equipment)	197.0	230.9	214.2	263.1		15.5	28.1	19.1	23.7	22.7	27.6	20.7	20.5	25.5	26.4	33.4
Transport Equipment, Industrial	37.4	42.1	43.2	63.3	5.4	3.4	5.5	4.5	7.8	5.0	4.8	5.4	6.1	5.6	3.6	6.1
Passenger Vehicles (50%)	36.3	33.3	38.1	115.9	7.6	7.8	9.2	9.6	9.9	11.1	11.0	9.5	8.9	10.2	9.8	11.4
Intermediate Goods	874.2	1,019.4	1,217.2	1,627.7	99.0	123.7	129.0	133.2	130.5	136.6	128.5	132.2	158.7	145.5	169.1	141.7
Food and Beverages, Primary, Mainly for Industry	54.2	52.0	67.4	90.5	4.6	5.8	5.6	5.9	6.3	6.3	8.0	9.6	10.6	12.7	8.6	6.6
Food and Beverages, Processed, Mainly for Industry	28.2	28.2	27.7	31.3	1.6	2.3	2.3	1.4	3.0	1.3	4.3	3.0	3.6	2.1	4.1	2.5
Other, Primary, Mainly for Industry	28.0	32.9	37.5	8.0	0.97	0.44	0.50	0.05	1.12	0.70	0.58	0.88	0.54	0.55	0.61	1.04
Other, Processed, Mainly for Industry	554.1	669.0	802.9	907.8	63.3	64.2	70.7	78.5	79.5	88.8	78.7	67.3	74.8	88.5	78.3	75.2
Fuels and Lubricants, Primary	1.3	0.6	3.7	8.0	0.97	0.44	0.50	0.05	1.12	0.70	0.58	0.88	0.54	0.55	0.61	1.04
Fuels and Lubricants, Processed (50%)	47.2	71.3	91.7	217.4	13.91	12.90	10.94	14.52	15.98	15.10	20.18	23.98	22.86	18.77	23.34	24.89
Other Fuels and Lubricants, Processed	44.6	37.9	66.7	217.8	3.35	27.80	26.98	22.41	12.96	11.76	2.85	14.74	33.13	6.28	40.10	15.47
Parts and Accessories of Capital Goods	93.5	104.4	93.1	112.6	7.94	7.47	8.95	8.19	8.14	9.46	9.62	9.47	9.68	12.61	10.30	10.76
Parts and Accessories of Transport Equipment	23.2	23.1	26.4	34.3	2.4	2.3	2.6	2.2	2.5	2.4	3.7	2.5	2.9	3.6	3.2	4.2
Consumer Goods	685.4	757.9	898.1	1,220.8	80.6	79.0	91.2	90.3	101.5	94.8	105.4	98.9	106.5	112.0	135.9	124.7
Food and Beverages, Primary	62.0	60.8	71.4	81.9	5.6	6.3	7.8	7.4	5.2	3.0	3.8	4.3	5.0	4.4	20.6	8.6
Food and Beverages, Processed	160.4	174.4	207.3	232.9	16.4	14.0	18.6	19.5	20.7	19.5	20.0	18.2	20.3	24.0	20.7	21.0
Transport Equipment, Non-Industrial	3.0	3.3	2.5	3.6	0.7	0.2	0.3	0.1	0.3	0.2	0.3	0.3	0.3	0.3	0.2	0.3
Durable	47.1	57.2	68.2	92.1	5.4	5.5	6.6	5.3	7.4	7.6	10.3	6.9	7.2	8.6	9.8	11.5
Semi-Durable	165.5	169.6	189.9	200.8	14.1	14.5	15.6	13.8	17.9	17.6	16.1	13.5	14.7	18.5	23.5	21.1
Non-Durable	163.9	187.9	228.9	276.2	16.9	17.8	22.2	20.2	24.1	20.8	23.7	22.1	27.2	27.3	28.0	25.9
Passenger Vehicles (50%)	36.3	33.3	38.1	115.9	7.6	7.8	9.2	9.6	9.9	11.1	11.0	9.5	8.9	10.2	9.8	11.4
Fuels and Lubricants, Processed (50%)	47.2	71.3	91.7	217.4	13.91	12.90	10.94	14.52	15.98	15.10	20.18	23.98	22.86	18.77	23.34	24.89
Consumer Goods not classified elsewhere	0.1	0.2	0.1	10.3	0.6	2.0	1.5	0.0	0.9	3.9	1.0	0.1	0.1	0.1	0.1	0.1
TOTAL	1,830.5	2,083.9	2,410.9	3,301.0	193.2	231.5	264.6	256.6	274.2	274.1	278.2	267.0	300.8	298.8	344.7	317.3

* Fuels and Lubricants (Processed) and Passenger Vehicles are classified as goods for double-use purpose.

Source: General Directory of Customs. The published statistics are compiled in concordance with the balance of payments methodology framework.

ENDNOTES

¹ Effective from July 2007 (The CEFTA has unified the free trade agreements with the regional countries).

² Effective from December 2006.

³ External debt service implies the paying off of interests from the financial liabilities.

⁴ Measured as the ratio of trade volume in goods to the GDP.

⁵ Measured as the ratio of trade volume in goods and services to the GDP.

⁶ There are no specific criteria, it depends on the circumstances. The coverage with reserves of 3-6 months of imports is considered as sufficient.

⁷ World Trade Report reports an overwhelming upward trend of exports of pharmaceutical products from developed industrial countries, as a result of the high need and the increased dependence of the population on medicines, thus increasing the health-related expenditure.

⁸ The CEFTA, the free trade agreement with the South East European countries, entered into force in July 2007.

⁹ The CEFTA, the free trade agreement with the South East European countries, entered into force in July 2007.

¹⁰ For the estimation of goods' freight and insurance cost were applied the coefficients obtained from the trade survey for the year 2006 and on.

¹¹ C.I.F - cost, insurance and freight.

¹² F.O.B. - free on board, is a transportation term that indicates that the price for goods includes delivery at the seller's expense to a specified point and no further, excluding freight and insurance cost.

¹³ The International Investment Position is the balance sheet of the country's stock of external financial assets and liabilities at the end of a specific period. Financial openness is measured as the ratio of total gross foreign assets and liabilities to the GDP. These estimations include the financial and real sector of the economy.

¹⁴ Source: Ministry of Economy, Trade and Energy.

¹⁵ These concepts are defined based on 'The Balance of Payments Methodology', Statistics Department, December 2006.

¹⁶ Excursionists have been excluded from the analysis and the chart, given the fact that their stay in a given country is zero nights.

¹⁷ Expenditure carried out by excursionists have been excluded in the category of residents, while in the category of non-residents were excluded the expenditure carried out by emigrants and excursionists.

