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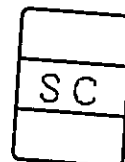
# ALBANIA

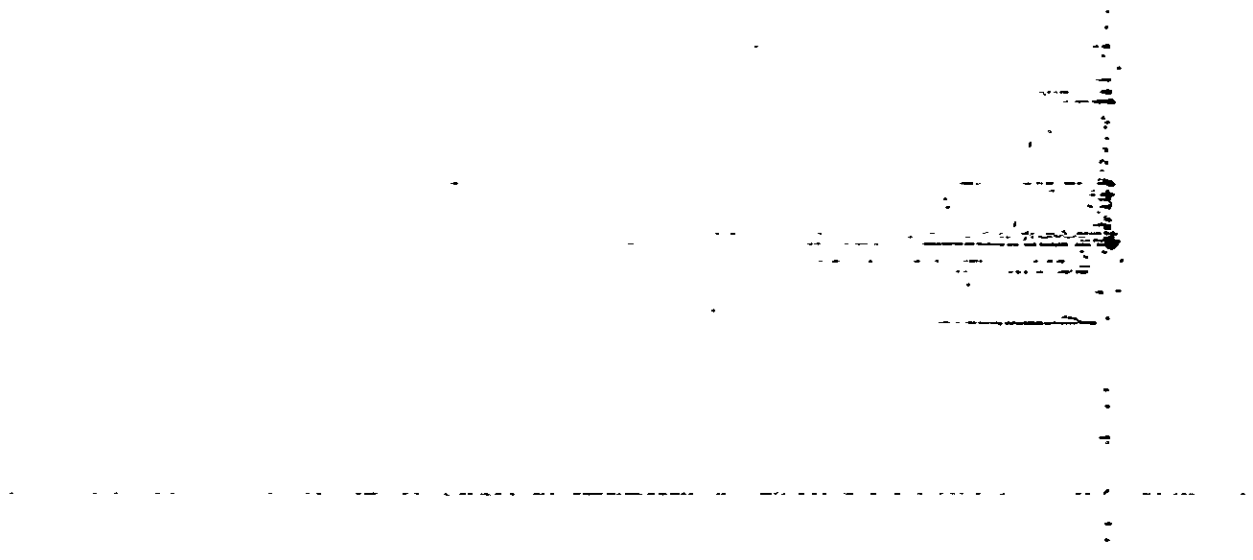
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# FOREIGN TRADE REGIME

## A. Import Regulation

### 1. Evolution and Overview of Customs Authority

During the communist period, the role of the customs authority was insignificant, limited to the control of passengers and their bags crossing the border. There were no laws giving the Customs Office the authority to control the import and export of goods, or levy tariffs. Imports and exports were classified according to a national nomenclature system, but for statistical purposes only.

In 1990, the Customs Office was empowered to exercise control over all individuals and objects passing the border of the Republic of Albania. Based on this authority, the Customs Office collects certain duties, tariffs and surcharges for its own account:

- import and export duties on commodities
- service tariffs for services rendered by the Customs Office and
- fixed surcharges (5 percent of customs value) for certain imports

In addition, the Customs Office collects certain other taxes for the account of other state administrations:

- turnover taxes on local and foreign passengers
- road taxes
- circulation taxes
- tax on foreign vehicles in circulation
- vehicle insurance taxes, collected at the border, for temporary entry and transit



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## 2. Types of Duties

Albanian law provides for three basic types of duties:

- ad valorem (calculated as a percentage of value)
- specific (calculated as a fixed amount per unit) and
- compound (a combination of ad valorem and specific)

In practice, almost all duties are ad valorem. Specific duties are applied to the import of vehicles, currently no compound duties are applied.

In addition, the Customs Code provides for the application of certain other duties in special cases:

- anti-dumping duties
- countervailing duties, and
- special customs duties

## 3. Nomenclature

Albania is developing a customs nomenclature based on the Harmonized System (HS). Thus far, classification has been completed for all commodities up to 2 figures, and for a limited number of commodities up to 4 figures. It is expected that classification up to six figures would come into effect by the end of 1994, and that explanatory notes for this nomenclature would be completed by July 1995. The legal basis for Albania's nomenclature is the law on Customs Code (established by the law no. 7509 of 2 September 1992).

## 4. Evolution of Tariff Structure

The first tariff classification, created in 1991, consisted of four commodity groups and five tariff levels:

1.	food products	10%
2.	non-food products	20%
3.	textiles	15%
4.	machinery, equipment	30% (new) 20% (used)

Tariffs were calculated as a percentage of local retail prices.

A desire to introduce greater flexibility led the customs authority, at the end of 1991, to expand these four groups to thirteen.

1.	Raw material for the production of consumption goods for light and food industries	5%
2.	Basic food consumption goods	5%
3.	Processed food articles	10%
4.	Processed goods for industrial use (textile etc.)	10%
5.	Electrodomestic goods (radio, TV-set, video, recorder refrigerators, tapes, washing machines, etc.)	10%
6.	Processed industrial goods (jewels, watches etc.)	30%
7.	Raw material as input for production	5%
8.	Machinery and equipment	5%
9.	Books, magazines, newspaper, raw material for publication and indispensable school article	5%
10.	Tobacco, cigarettes, alcoholic and non-alcoholic drinks and coffee	10%
11.	Other goods not included in the aforementioned groups	20%
12.	New vehicles of all sorts	20%
13.	Used vehicles: fixed tariffs in leks according to the kind of vehicle	

It may be noted that in moving from four groups to thirteen, no tariff levels were increased, and the tariff level for many items was reduced, in some cases significantly (e.g. machinery and equipment).

This 13-group structure made possible a more detailed classification, but did not completely avoid the problem of combining different commodities within the same group. Tariffs were

(and still are) calculated in lek, based on the hard currency purchase price converted into leks at the rate on the purchase date.

The current tariff schedule consists of 99 commodity groups („chapters“) divided among four tariff levels: 0, 5, 20, and 30, as follows:

3	chapters	0%
42	chapters	5%
31	chapters	20%
24	chapters	30%

In 1993, the weighted average tariff levels for the main commodity groups were:

Chapters	Description	Tariff
01.00-24.00	Food substances directly extracted from nature	15,8%
25.00-40.00	Minerals and chemical, plastic materials and their products	6,2%
41.00-71.00	Processed goods classified according to their constituent materials	16,9%
72.00-83.00	Metals and their by-products	12,9%
84.00-97.00	High technology goods	12,3%

For 1993, the overall weighted average tariff level for imported goods was 12.55%.

### 5. Tariff Preferences

Currently, Albania issues no tariff preferences. Law No. 7609 of 22.09.1992 (article 22) provides for the application of preferential tariff measures (reduction or suspension of import

duties or taxes, increase of quotas) in the framework of preferential trading arrangements (e.g.: customs unions, freetrade zones or agreements).

### 6. Non-Tariff Measures, Quotas and Licensing

The import of certain products is prohibited for reasons of health, safety and public order (arms, munitions, toxic wastes, pesticides, seeds, etc.). Otherwise, there are no quotas, licenses or other non-tariff measures for imported goods.

### 7. Taxation Regime

In the application of its tax regime, Albania adheres to the principal of national treatment. Products imported into Albania are not subject to taxes or other internal charges which do not apply to like Albanian products, or which exceed those applied to like Albanian products.

The basic elements of Albania's current tax regime were set in place in 1992 with the passage of laws on turnover tax, profit tax, excise tax, the tax system, customs tariffs, personal income, and on the taxation of physical persons dealing in trade, artisan services, transport, etc. In 1994, a law on property tax was passed. The government expects to submit in 1995 a law on „value added tax“ (VAT) to replace the turnover tax.

The law on turnover tax applies to all commodities, services and construction activities sold in Albania. Generally the rate is 15 percent. However, for commodities sold within the same sector (for example cloth sold to a clothes manufacturer), and commodities and services destined for export the rate is zero. For sales outside of the sector the rate is 20 percent.

Profits of domestic and foreign, juridical, private and state entities are, in general, subject to a 30 percent tax. Higher rates apply to profits from tourism. (40 percent) and from the exploitation of offshore petroleum and gas (50 percent). Joint ventures involving Albanian and foreign participation, and wholly foreign-owned ventures established before 20 March 1993 are not subject to profit taxes for four years if their activities last at least ten years. Such ventures established after 20 March 1993 qualify for the tax exemption on the additional condition that they are engaged in production.



Excise taxes are applied to a range of commodities such as tobacco, cigarettes, alcohol, alcoholic and non-alcoholic beverage, electricity for industrial activity, and petroleum by-products. Excise tax rates range from 20 to 100 percent. The following commodities are exempt from excise taxes: electricity for domestic consumption, cooking fuel, commodities subject to turnover taxes, and those destined for export.

A small business tax is applied to small traders, shop owners, employees of small service providers, and individuals engaged in transportation. Fees are calculated on the basis of annual income from sales (for example 3 to 6 percent for owners of small shops), or are set at a fixed annual rate (US\$ 110 to US\$ 120 for traders selling from carts, etc.)

The Law on Personal Income Tax establishes tax obligations for wages, emoluments for individual services, income from lottos and concourses, income from the loan of different objects such as warehouse, shops, land, etc., as well as all other sources of personal income. Wages and emoluments for individual services rendered to third parties are subject to taxation if they exceed US\$ 40 per month. All income levels are subject to a 20 percent tax rate, with the exception of income for creative work (5 percent). Personal income taxes do not apply in cases where a bilateral agreement on elimination of double taxation is in place.

The Law on Property Taxation applies to agricultural land and buildings, whether private or state owned. Taxes on agricultural land range from US\$ 15-60 per hectare per annum taking into account the land's location, fertility, etc. Taxes on buildings are calculated taking into account the kind and purpose of the building, its surface area, etc.

Albania's entire tax regime is administered by 500 officials under the authority of the Finance Ministry, 400 in the Customs Office, 100 in the Department of Financial Policy.

## 8. Customs Valuation

Article 15 of the Law on Customs Tariffs states that the calculation of customs duties for imported commodities shall be made on the basis of :

- relevant tariff (as set out in the tariff schedule),
- customs value
- origin (for commodities benefiting from preferential trade arrangements)

The customs value of an imported good consists of the transaction value as indicated in the receipt or invoice, plus transport and insurance expenses (obligatory).

During the past two years, customs authorities have often encountered the problem of importers presenting receipts indicating a lower value than the real Customs Office is authorized to contradict the purchase price presented by the importer in the event it is lower than a minimum limit determined by Decree No. 82, dated 2.03.1994 of the Council of Ministers partially amended by DCM No. 94, date 11.03. 1994. Only certain groups of commodities are subject to such „floor“ values.

## 9. Rules of Origin

Based on article 18 of Law 7609, a good's country of origin is determined by applying the following test:

- If a good is totally produced in a single country, that country is the country of origin.
- If two or more countries have been involved in production of a good, the place of origin is the country of principle transformation. Principle transformation is determined taking into account changes in the tariff nature of the good, and total increase in basic value, and technological and industrial processes used in transforming the commodity.

Documents certifying country of origin are required in all cases, particularly in cases involving preferential tariffs or other preferential measures deriving from bilateral or multilateral agreements.

### 10. Customs Formalities

Generally, imported goods clear customs in two steps: (1) at the border, and (2) at an interior („inner“) customs office, located at or near the city of destination. More specifically, importation requires:

1. Presentation at the border in all cases, and presentation at an inner customs office in cases where all formalities are not taken care of at the border.
2. Preparation of an import certificate which is provided by the border customs office for the attention of the inner customs office.
3. A customs declaration, which may be made orally (for Passengers), or in writing. A detailed written declaration is required for most commodities, a summary written declaration may be used in some cases.
4. Payment of customs duties (for dutiable goods) at the border or inner customs office.
5. Verification of passengers, means of transport and commodities at the presence of officials.

### 11. Standards and Certificates

The Customs Office requires the submission of a certificate attesting that the imported good meets certain quality standards. The same minimum quality standards apply to Albanian goods and imported goods.

**The application of standards is mandatory for:**

1. Medical equipment
2. Raw materials, food industry products and their packaging
3. Pharmaceutical products
4. Energetics and electronics
5. Petroleum, gas and some by-products
6. Mineral extracting and processing
7. Metallurgy
8. Mechanics
9. Certain energy, electronic, radio and communication equipment
10. Various chemical products
11. Various glasswork, ceramic products
12. Various wood works
13. Various agricultural and stock-breeding products
14. Various textile products
15. Various leather products
16. Various construction materials
17. Various kinds of packaging
18. Certain products intended for arts, culture and sports
19. Standards for methods of quality analysis, technical conditions for production, and terminology.

Standards for other products exist but are mandatory.

**12. Sanitary and Phytosanitary Measures**

The import of all animals and stock-breeding products requires prior veterinary control at the border and at an interior veterinary control center (order no. 233 of the Minister of Food and Agriculture and the Minister of Finance). After these veterinary controls have been made, confirming that the product is fit for use and consumption, documentation is presented to the nearest interior customs office.

The customs authorities cancel any operations upon certification that veterinary control has been avoided.

## **B. Export Regulation**

### 1. Nomenclature of Export Tariffs

The same tariff codes are used for exported commodities as for imported commodities.

### 2. Types of Export Duties

Certain commodities are subject to ad valorem export duties and in some cases to excise taxes (Decree no. 194 of 13.03.1993).

### 3. Export Tariff Structure

The current tariff structure for exports is as follows:

Live, fresh fish	3%
Frozen, salted and smokedried fish	2%
Sage and Mollusks	5%
Medicinal plants	10%
Unprocessed leather	10%
Live animals for meat consumption	25%
Unprocessed tobacco	40%
Unprocessed wood materials	70%

The weighted average tariff for exports in 1993 was 23.12 percent

In 1993 and 1994, unprocessed leather and tobacco exports are subject, in addition to the above duties, to excise taxes at the rate of 100 percent of their total value (Law no. 7678 of 09.03.1993, article 9)

#### 4. Export Licensing System

##### **a.) Types of Export Licenses**

There are two kinds of export licenses. One, decided by individual ministries for commodities under their competence, and a second decided by agreement among ministries for other commodities. In the first case, a fixed number of licenses are issued for a given period of time (usually six months or a year). In the second case, the system is more flexible, allowing for increases in the target number of licenses.

##### **b.) Evolution and Structure**

An export licensing system was established in Albania for the first time at the end of 1991 (Decree of the Council of Ministers no. 327, of 28.08.1991). At that time, 44 commodity groups were subject to export license.

From 1992 until the present, the number of the commodities under export license was significantly decreased aiming at further liberalization in the trade regime.

In the second half of 1992, the list of commodities under export license was reduced to six groups, while the export of five other groups was prohibited. In the second half of 1993, the number of commodities subject to export prohibition increased to nine.

Currently, the commodities under license or prohibition are as follows (Decree no. 135 of 29.03.1994: „Trade Export-Import Regime from and towards the Republic of Albania“):

**Requiring License:**

1. Timber, fire wood, charcoal
2. Unprocessed tobacco
3. Petrol, gasoline, benzine

(This group of commodities represent less than 1 percent of total value of Albanian exports.)

**Prohibited:**

1. Residues and scraps of precious metals
2. Residues and scraps of pig iron and steel
3. Residues and scraps of colored metals

**The motivations for applying export controls on the above commodities are as follows:**

- For timber: To preserve limited resources. During the past several decades, timber resources were not well maintained, and steps were not taken to regenerate supplies. In addition, many forests were uprooted in order to expand arable land.
- For oil, petroleum: To ensure domestic supply at a time when demand is much higher than supply, and Albania faces constraints on its ability to import significant quantities.
- For unprocessed tobacco: To ensure supply for the domestic tobacco processing industry.
- For residues and scraps of precious metals, colored metals, etc.: In recent years, Albanian machinery equipment and industry were in some cases destroyed as people stripped them as such metals.

### **C. Export Subsidies:**

Albania does not maintain export subsidies.

### **D. Regulation of Trade in Transit:**

Article 50 of the Customs Code defines the regime for trade in transit. There are two basic cases where this regime applies:

for commodities transiting the territory of Albania with a destination in another country (international transit), and

commodities intended for local consumption, and which clear customs at an inner customs office rather than at the border.

Under this regime, vehicles and commodities may circulate duty-free during transit but are subject to road taxes as follows:

#### **For non Albanian vehicles:**

for personal cars US\$1 per day

For buses US\$0.02 per passenger kilometer, or not less than US\$5 per day

For trucks US\$0.02 per ton kilometers or not less than US\$5 per day, when trucks travel unloaded they pay 50 percent of the tax.

Albanian vehicles are subject to road tax of 16 percent of the retail price of benzine and gasoil. Commodities circulating under this regime require documentation providing data on the commodity, transporter and destination, and must be accompanied by receipts/invoices.

(sources: GATT/WTO ref. to Bundesministerium für wirtschaftliche Angelegenheiten  
ho Zl. 1110-G/94 of 19.04.1994 / do Zl. 29.603/129-I/7/94 of 07.06.1994)



EXPLANATORY NOTES TO THE ALBANIAN TARIFF

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7 Edible vegetables and certain roots and tubers	5
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9 Coffee, tea, mate and spices	20
10 Cereals	5
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29	Organic chemical	5
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32	Tanning or dyeing extracts; tannins and their derivatives; dyes, pigments and other colouring matter; paints and varnishes; putty and other mastics; inks	20
33	Essential oils and resinoids; parfumery, cosmetic	
34	Soap, organic surface-active agents, washing preparations, lubricating preparations, artificial waxes, prepared waxes, polishing or scouring preparations, candles and similar articles, modelling pastes, "dental waxes" and dental preparations with a basis of plaster	20
35	Albuminoidal substances; modified starches; glues; enzymes	20
36	Explosives; pyrotechnic products; matches; pyrophoric alloys; certain combustible preparations	20
37	Photografic or cinematographic goods	20
38	Miscellaneous chemical products	20

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41	Raw hides and skins (other than furskins) and leather	5
42	Articles of leather; saddlery and harness; travel goods, handbags and similar containers; articles of animal gut (other than silk-worm gut)	30
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47	Pulp of wood or of other fibrous cellulosic material; waste and scrap of paper or paperboard	20
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49	Printed books, newspapers, pictures and other products of the printing industry; manuscripts, typescripts and plans	5

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50	Silk	5
51	Wool, fine or coarse animal hair; horsehair yarn	

	and woven fabric	5
52	Cotton	5
53	Other vegetable textile fibres; paper yarn and woven fabrics of paper yarn	5
54	Man-made filaments	5
55	Man-made staple fibres	5
56	Wadding, felt and nonwovens; special yarns; twine, cordage, ropes and cables and articles thereof	20
57	Carpets and other textile floor coverings	30
58	Special woven fabrics; tufted textile fabrics; lace; tapestries; trimmings; embroidery	30
59	Impregnated, coated, covered or laminated textile fabrics; textile articles of a kind suitable for industrial use	30
60	Knitted or crocheted fabrics	20
61	Articles of apparel and clothing accessories, knitted or crocheted	30
62	Articles of apparel and clothing accessories, not knitted or crocheted	30
63	Other made up textile articles; sets; worn clothing and worn textile articles; rags	30

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64	Footwear, gaiters and the like; parts of such articles	20
65	Headgear and parts thereof	30
66	Umbrellas, sun umbrellas, walking sticks, seat-sticks, whips, riding-crops and parts thereof	30
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78	Lead and articles thereof	5
79	Zinc and articles thereof	5
80	Tin and articles thereof	5
81	Other base metals; cements; articles thereof	5
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84.02	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	20
85.01	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers	2 0
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86	Railway or tramway locomotives, rolling-stock and parts thereof; railway or tramway track fixtures and fittings and parts thereof; mechanical (including electro-mechanical) traffic signalling equipment of all kinds	5
87.01	Tractors	0
87.02	Vehicles other than railway, tractors or tramway rolling-stock, and parts of accessories thereof	5
88	Aircraft, spacecraft, and parts thereof	5
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90	Optical, photograpjic, cinematographic, measuring, checking, precision, medical and surgical instruments and apparatus; parts and accessories thereof	20
91	Clocks and watches and parts thereof	30
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99 (Reserved for special uses)



COMMODITIES SUBJECT TO EXCISE TAX

	Percentage excise
a) Tobacco and tobacco products	
-- Cigarettes	50
-- Cigars	70
-- Tobacco for consumption	70
-- Cigarette paper for sale	50
b) Alcoholic drinks	
-- Beer	40
-- Wine	40
-- Raki	70
-- Cognac, uzo, fernet, ponch, whisky rumm and all other alcoholic drinks	80
-- Liquors	60
c) Soft and fresh drinks	30
ç) Mineral water and carbonated water	20
d) Electric energy	50
dh) Imported alcohol for sale	50
e) Domestic production of alcohol for sale..	30
e) Cafe	30
f) Petroleum by products	
-- Gasoline 45-89.9 octane	60
-- Gasoline over 90 octane	50
-- Gazoil	40
-- Kerosene	40
-- Valvolina	80
-- Lubrificant oil of all kinds and grease	80
-- Others (heavy fuel, black oil, liquid gas, petroleum cocks, toluol, sulphur, ksilol, solvent	25

Notes:

- 1) Cigarettes paper imported for production is exempted from excise.
- 2) Imported commodities are subject to an additional excise duty of 35% if belong to category (a), exempting the cigarettes 50%, and 25% if belong to category (b).

Transportation route to Tirana (ALB):

Kopa (SLO) - by ship to - Durees (ALB) - Tirana (ALB).

Vienna (A) - Budapest (H) - Timisoara (RO) - Sofia (BLG) - Skopje (MAC). Tirana (ALB).

**Airplanes to Tirana:** AUA, Swissair, Alitalia, Malev, Olympic, ADA Air, Kroatian Airline

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ETT Albania

in Tirana

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# **MACEDONIA**

Jan. 1995

## FOREIGN TRADE REGIME

The government in Macedonia tried also by a chamber of GATT/WTO. They has the same framework as Albania has. (source: GATT/WTO; Bundesministerium für wirtschaftliche Angelegenheiten 1995)

### Information regarding Customs Duty and Foreign Trade Regimes

Apart from a few for the Austrian export insignificant exceptions, the Macedonian customs duty applies fundamentally the same customs rates for the import from all countries. For imported goods, the following categories are in existence:

1. liberalized import (L B-Category):  
just above 90% of all goods fall below it
2. import quotas (Kk quantity quota; Kv value quota)
3. Goods requiring official approval (D-Category)  
The granting of a special approval is required.

Customs duty:

Harmonized system, basis for the payment of duties prices carriage paid to border (Customs value rate=exchange rate on the second to last labour day of the week preceding the import); average customs duty level 10%.

### Other import duties:

7.5% tax settling + 7.5% special tax + 1% customs record charge.

### Double taxation agreement:

Macedonia has not signed a double taxation agreement with Austria.

### Turnover tax:

A gross all-phases turnover tax, which corresponds to the Value Added Tax system in Austria, is not in existence in Macedonia. The local system consists of an one phase turnover tax, which is applied to the sale to the ultimate customer. The turnover tax is handed over each time by the company, which sold the goods to the ultimate consumer. There are a number of turnover tax rates, which are often changed, such that to calculate the correct turnover tax for a certain product, a direct inquiry at the respective financial authorities is indispensable. The trade delegation in Belgrade is happy to assist in this matter. The introduction of a value added tax is planned.

### Sample goods:

Macedonia is not a member of the customs duty agreement of the Carnet ATA. Samples, thus, can only be imported temporarily after a deposit of a security at the border crossing, i.e. on the basis of a guarantee declaration by a border carrier.

Costums free is the unlimited import, by state authorities and companies, that of advertising items (with name of the firm printed on it), not used for reselling purposes, as well as for items, proven to be used exclusively for advertising purposes.

### Accompanying Documents for the Dispatch of Goods:

Commercial Invoice three copies, certificate of origin two copies (obligatory supply for currently approximately 50 goods), above all this, a submission can be required for goods needing import approval.

### Regulations for the Dispatch by Mail:

Standard letter up to 20g (min. 14 x 9 cm, max. 23,5 x 12 cm, strength 0.5 cm); maximum letter weight 2 kg (width, length, strength in total 90 cm; largest of these dimensions max. 60 cm); newspapers, magazines, and books (i.e. printed material) max. 1 kg (domestic); 5 kg (foreign); small packages max. 1kg (dimensions same as for letter); large parcels max. 15 kg.

### Packaging Regulations, Labelling, Description of Origin:

exist only, as far as they are required by other regulations (e.g. food stuffs regulations regarding content and packaging material). Hay as packaging material: only with protection of plants certificate. Incidentally, one should follow the instructions of the importer.

### Special Legal Requirement:

essential are health certificates for live cattle, meat, plants (including wood), quality certificates for certain textile products; regarding pharmaceutical and plant protection products and others, evidence, that the concerned product is also sold on the market of the foreign manufacturer.

### Handling of not accepted good:

Such goods can remain in customs warehouses for no more than 30 days. This time frame can be extended by a well-founded application to 45 days. For goods which easily spoil, the time period is 3 days maximum. After expiration of the time period and request by the customs authorities, the recipient must pay the duties on the goods within 2 days or dispatch the goods back to the foreign supplier, or face the sale or auctioning off of items.

### Transportation route:

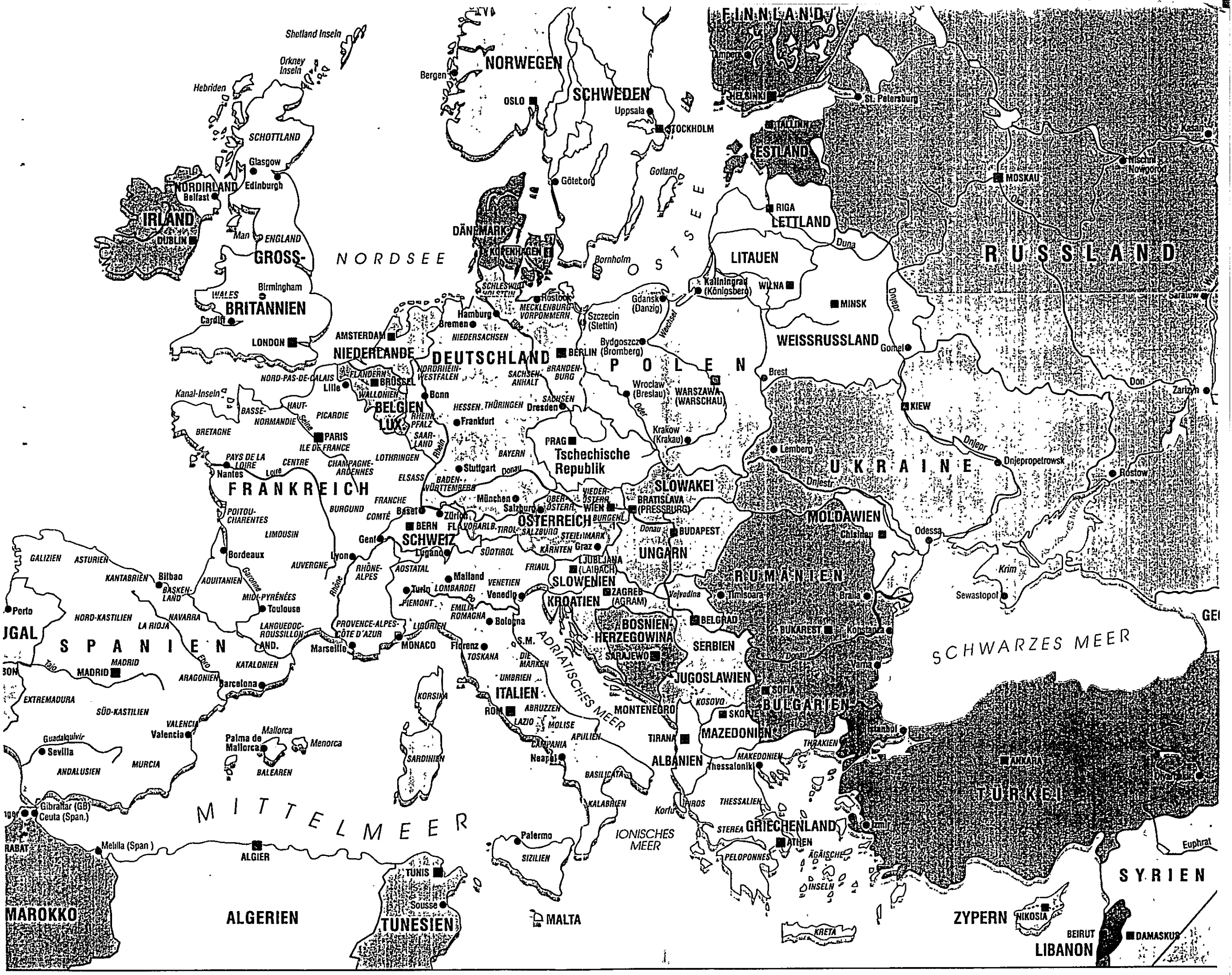
The Greeks have established an embargo on Macedonia. Because of the port of Thesaloniki, as the nearest seaway for the transport of goods, is not used any longer. Instead, goods are now being transported by ship to Drac (Albania) and from there with lorries to Macedonia.

There is also another possibility of transporting goods through Bulgaria. Both ways are very unsuitable and expensive because the main routes (road and railway) has been built from Thesaloniki (Greece) and Belgrade (through Nis) to Skopje, which are now not being used because of the embargo towards Yugoslavia.

A new plan for building a new railway route Sofia (Bulgaria) - Skopje - Drac (Albania) has been presented, but there are several problems in its realization:

- the construction of the section of the new railway route in Macedonia, Skopje-Bulgarian border, has already started, but only 15% of the entire financial means have been provided
- Bulgaria is not interested in building a new railway route towards Macedonia because there are some other priorities, e.g. improvement of railway routes from the Yugoslav border (Dimitrivgrad-Sofia-Turkey) with help of the foreign capital (European Project of Fast Railway Routes). The other reason being the financial difficulties of the Bulgarian government in establishing a new route to Macedonia.

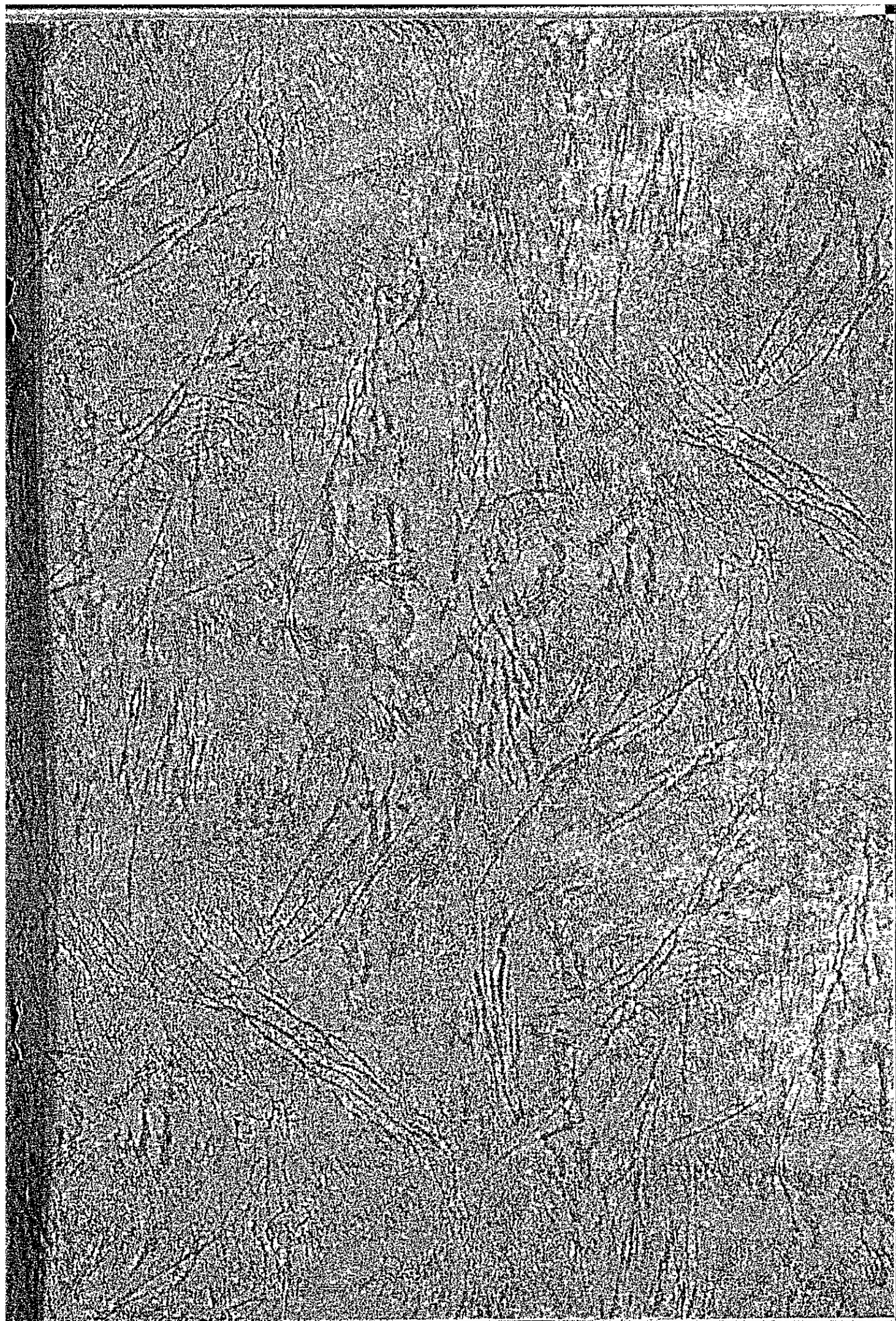






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