RPTB1 TRADE AND INVESTMENT PROMOTION PLANNING SYSTEM

90/91 TRADE AND ECONOMIC OVERVIEW

Mission: BELGRADE

Country: ALBANIA

There has been little improvement, if any, in Albania's economy in the past year. With few reliable statistics available, it is difficult to make precise assessments but it is clear that the party Politburo is unhappy with the state and direction of the economy. The country's crucial oil and chromite industry, traditional foreign exchange earners, have suffered productivity losses due to antiquated equipment. Agricultural growth has failed to keep pace with domestic needs despite increased mechanization of sowing and harvesting equipment.

Foreign trade continues to be dominated by several European partners, most notably Czechoslovakia, Yugoslavia, Romania, Italy, West Germany, Austria, and Greece.

Trade with Canada declined substantially in the first half of 1989--exports decreased from $776,000 to $103,000. A major hurdle to trading with Albania has been its constitutional ban on acceptance of foreign credits. Some new ground has been broken by the FRG in this respect with the issuance of DM20 million in technical and cooperation assistance. Perhaps this indicates a softening of their position on credit.

While Albania has critical import needs to modernize its aging industrial equipment, its ability to pay and its tardiness in responding to trade enquiries make it a difficult market to penetrate. Albania's insistence on "mutually-balanced trade" makes doing business even more difficult since the products they have available for export enjoy little demand in Canada. However, some creativity in placing Albanian goods in third markets could be a key to opening up more substantial trade links with Albania. This approach is currently being pursued by a few Canadian companies.