

## **UPDATE ON LICENSING OF TRADABLE ITEMS**

### Ministry of Defense: Export and import of armaments and munitions

The system of the export –import of the military items (guns, munitions, explosive and chemical products) is regulated by an internal regulation and is not yet a law. Simultaneously, it is subject to the obligations that stem from international conventions ratified by the Republic of Albania.

The export of armament and munitions is performed in accordance with the Decision of the Council of Ministers, no. 365, dated 6/06/1994 “On the extermination and sales of armament and munitions that have or are about to expire, as well as on sales of surplus stock of armament and munitions”. Based on this decision, the Ministry of Defense is authorized to exterminate or sell infantry, sapper and artillery munitions (and other) which have expired according to the allowed parameters as well as laboratory analyses. In addition to these, the same thing can be done for munitions, which are surplus or stock as well as bullets of different guns. This decision is valid for one year and is renewed at the end of each year.

The Ministry of Defense has set the criteria for the munitions and armament that shall be considered surplus or stock as well as the regulations of their sales in the Regulation approved by the Council of Ministers dated 10/08/1994 “On the sales of armament and munitions”. The objective of this sales is to make possible for the Ministry of Defense to activate the resources which are stock or surplus as well as other new products of armament, munitions and other military items in order for it to cover the cost of the reform of modernizing military structures as well as reconstructing the military industry.

According to this regulation, the sales of armament and munitions as well as other military products is organized by the Ministry of Defense through the issuing of licenses.

In each case, the license is authorized by an order of the Minister of Defense. The license is untransferable. It can be renewable partly or totally by the Minister of Defense in the cases when the activity does not fall completely in the fields foreseen in the license, when the provisions foreseen in the regulation are breached or when it ceases to exist as a juridical person for major reasons.

The licensed enterprises and firms, before signing the contract for each sale, are obliged to be supplied with Export Authorization by the Ministry of Defense and for this they need to submit a number of documents.

In the framework of the execution of this decision, we have compiled the Regulation of issuing the licenses, which has come into power by the Order of the Minister of Defense no. 402, dated 1998. Based on this regulation, we have founded the commission of issuing the licenses, which is the unique authority in the territory of the Republic of Albania that is entitled to issue such authorizations (licenses) to state and private subjects. These subject that are issued such license can produce eruptive and explosion products and can distribute or trade them according to the specifications in the license. The Minister of Defense approves the composing and the number of members of this commission.

The license is a professional authorization in a written form, which is revocable and which allows its possessor to exercise one or some determined activities in the field of production of eruptive and explosion products as well as their distribution or trade according to the specifications in it. It

is not transferable from one person to another. It is issued to any juridical person only in the official name of the firm, is valid for a period of two years and is renewable.

The right to be issued a license is possessed by all those firms that meet the conditions according to the Albanian legislation.

#### Ministry of Agriculture and Food:

There are no restrictions on imports of agricultural commodities or food products in existing legislation, laws, or by-laws. There are no specific licensing requirements for imported agricultural commodities or food products.

With regard to exports, there is a temporary ban for the export of live mollusks and fish to protect sensitive areas inhabited by these animals. The ban is expected to be lifted by the end of 1999.

Ministry of Agriculture and Food issues licence of professional and services activities for export and import of agriculture products

For exercising profession issue licences in Veterinary, fishing, food, protection of plants, etc.

#### In veterinary sector

a. permission of exercising activity of clinic and veterinary pharmacy

This kind of permission is based on the equality principal and doesn't allow any kind of discrimination for physical and juridical persons, foreign and domestic persons.

B. Permission on export and import for live animals and their products (included fishes and other water products), and pharmaceutical veterinary products as well, within 10 days- 2 months. This kind of permission, is aiming to be eliminated within the year.

#### In plants protection

a. Permission for exercising of pesticide trade, based on profession and other criteria

This kind of permission is based on the equality principal and doesn't allow any kind of discrimination for physical and juridical persons, foreign and domestic persons. It's for relevant qualified and educated persons.

B. Permission on export-import of plants protections. This kind of permission is based on the equality principal and doesn't allow any kind of discrimination for physical and juridical persons, foreign and domestic persons. It's for relevant qualified and educated persons.

C. Permission for export and import of sapling and seeds. This permission is issued according to law on "Seed and sapling" and on sub legal acts, as well. There is no quantitative restrictions.

D. Permission for product of saplings and seeds. This permission is issued according to law on "Seed and sapling" and on sub legal acts, as well. There is no quantitative restrictions.

#### In agro-food sector

Permission for agriculture foods. This kind of permission is based on the equality principal and doesn't allow any kind of discrimination for physical and juridical persons, foreign and domestic

persons for every person, physical and juridical, foreign and domestic. It is based on the Food Law and some relevant regulates.

#### In fishing sector

Permission for the exercising of fishing, based on the law of "Fishing and Acqua culture "This kind of permission is based on the equality principal and doesn't allow any kind of discrimination for physical and juridical persons, foreign and domestic persons for every person, physical and juridical, foreign and domestic.

#### In forestry sector

Professional permission in forestry and pasture, based on :  
The permissions are given to:

The natural persons must be (engineers and forestry technicians) for implementations, studies and designs.

Juridical persons must fulfill the criteria that should employ a technician and to have activities only in the fields the natural person is licensed for.

The technicians working for juridical persons must deal only with implementation of the works, and the engineers, in bases of the experience and the previous activities, can deal with implementations, studies and designs.

The professional permissions are given for 11 different fields.

The availability of professional permissions is annual with the renewal possibility based on the opinion of the Directory of the Forestry Service where the activity is performed during last year. To approve the professional permissions, the requesters must present a bunch of documents (determined in the respective documents) that are examined by a commission, chaired by General director of Forests and Pastures approved by the Minister of Agriculture and Food.

We note that these permissions are based on the principle of national treatment and do not allow any discrimination between local and foreign natural or juridical persons.

#### Ministry of Public Economy and Privatization:

Export prohibitions include: firewood, unprocessed wood; sawed wood and beams; scrap of iron and steel, except the scraps of stainless steel and waste of iron remaining from the buckets of furnaces, copper and copper articles except copper rust, electrolytic copper and small copper handicraft products which are not produced from copper molds. There are no commodities, which are subject to an export license

Firewood (44.01.10 - 44.01.22) is defined as being in the form of chunks, cudgels, branches or twigs or other similar forms; chips of wood and saw-powder, being agglomerated or not in the form of chumps, bricks or other similar forms. Unprocessed wood (44.03.10 - 44.03.99) is defined as stripped or not, either rounded or not (except the elements of wood details). Sawed wood and beams (44.07.10 - 44.07.99) is defined as bars or sheets, planed and polished, spiked together with joints thicker than 6mm (except the planed or polished beams, and joined pieces

which are allowed to be exported). Other items include: scraps of iron and steel (72.04) except the scraps of stainless steel and waste of iron remaining from the buckets of furnaces; copper and copper articles (74.01 - 74.19) except copper rust, electrolytic copper and small copper handicraft products which are not produced from copper molds;

New items added to the list include hides of cattle (41.01) defined as fresh, dried, limed, salted, stretched or otherwise treated but not tanned or pergaminated, prepared, and cleaned (these are for hides of cattle other than those of horses); raw skins of sheep and lambs (41.02) defined as fresh or salted, dried or limed, pointed or otherwise treated, but not tanned or prepared (including skins with wool, stretched or unstretched); other hides and skins (41.03) defined as fresh or salted, dried, limed in salted water or otherwise treated, but not tanned and pergaminated or processed further (including wool or hair and stretched or unstretched).

The reasons that these products are export prohibited are as follows:

As far as wood is concerned, as a result of the situation in the country, this property has been misused by uncontrolled cutting. Having in mind that this product is of vital importance for the ecology, this may bring about a threatening of the ecosystem balance in our country

As far as scraps of stainless steel and copper, their export has been prohibited because after the events of 1997, exporting its equipment made of these products for profit purposes destroyed the property of state-owned enterprises

As far as unprocessed leather is concerned, the reason for prohibiting its export is that nowadays in Albania, this industry seems well organized. There are more than 10 producing entities (main part of those are Joint Venture) that, in cooperation (though still in the first steps) with foreign investors, are operating in this field, and the value of their investments is relatively big and is based on the potentialities possessed by our country be it in the form of raw material or in the perennial experience of this industry in Albania

The following is a list of the decisions of the Council of Ministers that identify the prohibited exportable products:

- No. 360, dated 10/7/1995 “ On the regime of export – import from and in the Republic of Albania”;
- No. 415, dated 7/08/1995 “On an amendment in the Decision of the Council of Ministers no. 360 , dated 10/7/1995 “ On the regime of export – import from and in the Republic of Albania”;
- No. 121, dated 12/02/1996 “On an amendment in the Decision of the Council of Ministers no. 360, dated 10/7/1995 “ On the regime of export – import from and in the Republic of Albania” amended by decision No. 415, dated 7/08/1995;
- No. 711, dated 21/10/1996 “On an amendment in the Decision of the Council of Ministers no. 360 , dated 10/7/1995 “ On the regime of export – import from and in the Republic of Albania” amended by decision No. 415, dated 7/08/1995 and decision no. 121, dated 12/02/1996”;

- No. 98, dated 4/02/1998 “On the invalidation of the Decision of the Council of Minister no. 153, dated 26/03/1997 and no.200, dated 2/05/1997 as well as some amendments on the Decision of the Council of Ministers no. 360 , dated 10/7/1995”;
- No. 321, dated 23/05/1998 “On some amendments Decision of the Council of Ministers no. 360 , dated 10/7/1995 “ On the regime of export – import from and in the Republic of Albania”.

Ministry of Public Economy and Privatization is the institution charged with the issuing of the authorizations for producing the following items:

1. Mining Concessions which are issued for the following activities:

- Exploration
- Prospecting and exploration
- Prospecting
- Exploitation

Of the minerals of our country.

The procedures for issuing the concessions for such activities are based on the Mining Law of Albania no. 7796, dated 17.12.1996, from which we can quote:

Mining right means a permission issued in accordance with this Law to engage in activities related to prospecting, exploitation or mining.

2. Concession for exercising the activities in the following fields:

- Mechanical Industry
- Industry of Leather-shoes processing, rubber and plastic
- Industry of clothes made of cotton and wool textiles as well as their mixing.
- Industry of wood processing
- Industry of consume chemical productions
- Industry of glass and ceramic products

The procedures for issuing such concessions are determined by the Decisions of the Council of Ministers no. 295, dated 13/06/1994, no. 198, dated 2/05/1997 and no. 98 dated 4/02/1998.

The Ministry of Industry, Transport and trade determine and respective regulations for the criteria, conditions and procedures for issuing such concessions for exercising the activity in the fields of transport and industry and foresee as well the measures that shall be taken in case such regulations are breached.

Having in mind that these are concessions for exercising an activity, we emphasize that they do not have an impact on the regime of export and import.

Ministry of Health

The accession of Albanian in WTO leads to the liberalization of trade. Within this framework, we aim that the health service, being an important component in the life of the country, shall have a very positive impact by this accession.

It is obvious that the commercial aspect of this service is related with the import and production of drugs, medical materials and equipment as well as the offering of professional services. All the above mentioned areas are covered by state as well as private subject. The later, following the opening of our country, include even foreigner. The respecting of commercial regulations and rights should be performed without damaging the quality of services.

The strategy for the importing of drugs and medical materials and equipment will be as follows: a tariff regime that goes toward tariffs zero. The following of this strategy is important because it enables the purchase of the above mentioned items which usually have high process from medical institutions which have limited budgets. In this mode, we shall make available medicines with high quality as well as part of medical materials that until now are in the form of donations. Low tariffs toward tariffs zero shall have a positive impact also on the local production (up to-date only pharmaceuticals). It would be advisable that a protection policy for the local production be followed until the tariffs become zero, through the differentiating of tariffs of raw material from those of ready-made medicines.

The local production shall be developed in accordance with the commercial rights (patents). The quality shall be guaranteed for import as well as the local production through the non-tariff technical barriers. Such regulations do exist already. They are approved and shall be improved and completed based on the utilized regulations in other countries that are members of WTO. In this way, they should not be extra barriers that shall hinder the entering of goods.

# DATA ON THE PROGRESS OF THE PRIVATIZATION PROCESS

SECTOR	No. Of enterprises for privatization	DEADLINE
<b>Strategic</b>		
• Albpetrol	4	End of year 2000 and on
• Energetic body	1	Partly 1999-2000
• Telecomm	1	End of year 1999 and on
• AMC	1	Second quarter of 1999
• Alb chromium	1	First half of 1999
• Alb copper	1	First half of 1999
• Railways	1	After year 2000
• Airports	1	Only services, year 2000
• Harbors	1	Only services, year 2000
<b>Non-strategic</b>	469	300 within the first and second quarter of 1999. The rest, which still have legal issues, etc., will be on going.