

# THE GOVERNOR'S SPEECH IN THE PARLIAMENTARY COMMISSION OF ECONOMY, FINANCE AND BUDGET,

DECEMBER, 8, 1999

## 1. OVERALL REMARKS

**Honorable members of the Parliament,**

I, today, present before you the report on the economic, monetary, foreign exchange and bank developments and achievements during 1999 and the objectives for 2000.

As noted from the current developments, the final objectives of ESAF for 1999 are estimated as practically achieved.

On the whole, it is deemed that the objective of economic growth, and the other three monetary objectives followed by Bank of Albania concerning monetary policy will be achieved, the limits fixed for budget deficit and budget financing from domestic resources will be respected, the annual inflation range at year-end will be too much below the fixed target and the deficit of current account in ratio to GDP is expected to undergo a more optimistic level, than forecasted.

I can already state fully convinced, that on the whole, the events of the period April - June of the current year did not deteriorate the economic condition as forecasted at the beginning of the conflict. The immediate and generous aid of International Community mitigated the provided charge.

On the other side, the turn undertaken by the events opened new perspectives to Albania from the economic view point. It is more than sufficient to make mention of the Stability Pact regarding the Balkans Region and the provision of a new space for economic activity in the North of the Republic of Albania.

The relative macroeconomic and politic stability achieved during these two years should serve as a basis for a more optimistic prospect on 2000. These ideas materialize the next year targets.

Future attention should be also focused on all matters which are currently unresolved and constitute threatening for the country stability.

## 2. THE MACROECONOMIC SITUATION

### 2.1. Production growth.

**Bank of Albania estimates, that the fixed target of economic growth of 8 per cent for 1999 will be achieved.** The economic structure of Albania favors such a thing. The national production is mainly based on agricultural production which is more immunized to the internal and external turmoil and the sectors of services, transport and construction. *The economic sectors which were mostly touched by the spring conflict comprise a relatively low weight.* On the other side, the replacement effect was noticeable enough. The damage experienced in some branches was replaced by the invigoration of some others. Owing to the crises effect, important developments were recorded in the sectors of service and construction etc.

The liable growth of 8 per cent in real terms is backed by some factors , among them mention should be made of:

Referring to the few disposed data, the industrial activity during the third quarter is noted to maintain the same range as in the previous quarters. The transacted merchandise up to the end of September of the current year compared to the equal period of the past year, recorded a decline of about 6.7 per cent. Notwithstanding, the national economy is not expected to increase significantly, judging from the low share that the state owned sector occupies in the industrial production of the country, and industrial production in the national production structure ( about 10-15 per cent by 1997). From a brief analysis of the industrial sectors, it is noted that the larger defects remain at the mineral sector and, especially, in the copper and chrome industry, where even half of the economic activity recorded during the past year is not reached. Excluding the sector of electrical supply which continues to keep the increasing tendency, low levels are maintained by the production of cement, constructing materials, metallurgical industry.

It appears that the process of privatization and reorganization of some of these sectors (as the Metallurgical Plant case) have not commenced to produce their effects, yet.

Judging from consumption indicator of cement, the construction sector continues to maintain the growing tendency. This performance of the constructing sector is mainly believed to be a upshot of enlivening public projects financed by the International Community and NATO, on one side and of the ever growing consolidation of the private sector engaged in the construction business, on the other.

Agriculture remained almost untouched by the occurring developments and continues to maintain its constant growing rates ensuring the main basis for growth on gross production. It is precisely this branch of the economy (representing over 50 per cent of GDP) which ensures achieving of the target.

Judging from the export data, the economic activity of foreign firms in the sectors of textile and footwear and wood is noted to maintain optimal rates and it could be also mentioned a higher exploiting of their capacities. Exports for the nine-month period increased by 42.5 per cent in proportion to the equal period of the previous year, while imports cited a lower growing rate, of 20.4 per cent only. At the total of exports, the re-exports share increased 66 per cent from 59 per cent in the previous year.

## 2.2. Employment and incomes

The official data on unemployment state a relatively high level, reaching that of 1994. During the period June 1997- September 1999, unemployed figured an increase of 63608 persons. At the end of the third quarter of 1999, unemployment recorded 18 per cent, as in the second quarter, but it was higher, than 17,5 per cent of the first quarter.

Unfortunately, it is impossible to judge over the accuracy of this figure. However, it is deemed, that the relatively low rate of foreign and public investments, the non-fulfillment of absorbing aids and credits (only 38.7 per cent of the annual plan is absorbed in the first half of the year), and on the other side, the curtail on public administration led to a growing official figure on unemployment.

I accentuate the official figure, since the events of the second quarter of year, NATO engagements in the rehabilitation of Albanian infrastructure, the activity from several international humanitarian organizations, and the foreign media, established new vacancies for drivers interpreters, dockers etc.

**The** wage of the employees engaged in the above mentioned activities exceeded the wage of the country several times. On the other side, growth was also recorded by public incomes (10 per cent in real terms) due to the ineffectiveness of the decision taken in the first quarter of 1999 on blocking expenditures for public administration and investments. In real terms, ( i.e. considering the consumer prices performance) the real growth is higher.

Notwithstanding, owing to the accrual of non-expected incomes and the appreciation of national currency, the tendency to consumption, reducing that part of incomes destined for future investing, has been more remarkable.

## 2.3. Inflation developments

*"Achieving and maintaining the prices stability"* as you may know, is the main objective of Bank of Albania. Any other duty or target is determined serving this main objective.

This objective is materialized in the performance of Consumer Prices Index. Bank of Albania has continuously aimed at achieving and maintaining low ranges on this index. In this view, the 1998-1999 period may be mentioned as a successful period. The annual inflation rate at the end of 1998 decreased to 8.7 per cent from 42 per cent recorded in 1997.

Meantime, the consumer prices performance during 1999 has been peculiar. I say peculiar, because over 9 years of transition, it was never verified an annual rate on negative ranges for months in succession. So, at the end of September the annual inflation rate reached in - 1.9 per cent followed by another negative rate of -1.8 per cent in October. **Judging from these developments Bank of Albania declares, that the inflation target is achieved. According to our estimations the annual rate, at the end of 1999, may reach at - 1 per cent.**

The low inflation reflects a positive performance on all basic determinants affecting it. More

concretely, the whole macroeconomic environment behaves as more stabilized due to the evasion from any potential expansion. Of significance has been the effect of casual factors.

The monetary policy followed by Bank of Albania served the scope of conformity to the inflation target.

- National currency appeared stable, in ratio with other foreign currencies, appreciating in tendency. This stability already recorded for several months in succession is due to the considerable effect of the high foreign exchange inflows resulting from the conflict.
- Fiscal developments are constantly maintained under control during 1999. The cost effected by the deported population was afforded by the aids brought by the international community.
- The interest rates on deposits recorded as positive in real terms and led the people be interested in depositing by reducing the inflation pressures this way.
- The imported inflation has been lower than previsted.
- The restricted operations of lending and public investments etc., restrained inflation pressures.
- The reception of the deported from Kosova occurred with a considerable inflow of goods and foreign exchange which made the extended demand invalid and exceeded.
- The continuous decline of inflation during 1998 especially, in each month of 1999 orients the consumer behavior.

## 2.4. Balance of payments

During 1999, the prevailing phenomenon in the balance of payments developments is related to the large foreign exchange inflows from abroad in a great variety of types and modes, aforementioned.

The instant result of these inflows was balance maintenance in the external position of the country led to the continuous evaluation of the national currency during the nine-month period. According to Bank of Albania assessments for the period April-begging of September, the national foreign exchange market experienced an inflow USD 300 million (excluding the wages and resident leases in foreign exchange)

USD 110 million are disbursed to the Albanian Government for covering the fiscal cost raised

by the conflict. About other USD 100 million were injected in support of routine expenditure mainly in food ,articles of wear destined for the Kosovars. The humanitarian organizations, NATO, and foreign media officials are estimated to have contributed round USD 90 million in the form of rents payments for Albanians, or other own expenditures.

Thus, the current account deficit is believed to be slightly improved compared to the prevision rendered at the beginning of the year. This because the current account improvement in the second quarter is attributed to the factors, which will be ceasing, or be at their minimum for the rest of the year.

Imports are forecasted to amount over USD 950 million (excluded aids for the deported), export will not undergo changes, but only a slight improvement, since the re-export structure of the current year recorded appearance on new merchandise item i.e., the re-exports of electronic devices, besides the traditional re-exports of footwear and textiles. The rest of the year, this quarter especially will be accompanied by increasing imports. This is going to deepen the trade deficit countervailing improvement for current account in the first half of the year.

## 2.5. Foreign exchange developments

**During** 1999, the national currency is strengthened in its exchange to main foreign currencies traded in the domestic market as a result of:

- The prudent and stingy monetary policy of Bank of Albania. The relatively high rates of nominal and real interest, supplied by the investments of treasury bills in Lek at the beginning of the year, (at 20-25 per cent) increased the demand for domestic currency. The constant cutting of interest rate serves the price reducing of the national currency to compensate its artificial strengthening.

But, the more expeditious decline of inflation range still keeps high the real interest rate earned by the investments in Lek, maintaining their attractiveness.

- The tight fiscal policy and keeping a lower deficit than planned by reducing the inflation pressures.

- The considerable inflows in foreign exchange and goods due to spring events (as above mentioned)

The quiet social climate inside the country which influenced establishing a psychology for optimal developments in the country.

- The growing role of the banking system in the domestic market, influencing increase of foreign exchange transactions performed through the banking system as well as disallowing opened positions to foreign exchange.

- exchange rates performance which manifested strengthening of American dollar in the international markets. This incited lower rates of foreign exchange in the domestic market in the conditions of a weak demand for foreign currency.

### 3. MONETARY DEVELOPMENTS

Bank of Albania drafts and approves its monetary policy in compliance with the article 161 of the Constitution and clauses of the current law "On Bank of Albania" and serving the main objective.

During the period 1998-1999, Bank of Albania has pursued a prudent and tight monetary policy aiming reduction of inflation pressures on the economy. Bank of Albania estimates the performance pursuing the monetary policy through fixing and achieving three quantitative targets on: the floor for the net foreign exchange reserves of Bank of Albania, the ceiling for the net banking credit to the government and the net domestic assets of Bank of Albania.

At the beginning of 1999, Bank of Albania in collaboration with the Ministry of Finance and IMF fixed an annual inflation target of 7 per cent for the year-end. The monetary program Bank of Albania monetary program was outlined in compliance to this objective. The annual increase on broad money was determined to be about 15 per cent; the credit ceiling issued by the banking system for the economy match the range of Lek 8 billion which is an excessive liberal range if compared to the previous years; credit to the government amount at Lek 27.9 billion.

Today, when a month remains from year-end, it is confirmed achieving for the three quantitative monetary targets and negative rate attaining for inflation.

Considering the positive monetary developments, inflation performance and the national currency throughout 1999, Bank of Albania reacted by alleviating its monetary policy. The current developments established appropriate area for this mitigation, but to render these effects materialized a period of time longer than one year is needed to render its effects materialized.

The instruments used by Bank of Albania in implementing the monetary policy were: the rate fixing on requested reserves of Bank of Albania, the credit ceiling over the banking system and the floor rate for time deposits in Lek placed with state owned banks.

#### 1.1. Achieving quantitative monetary targets.

On the whole, the three quantitative targets are estimated to be achieved on better ranges, than previsted.

First, **net foreign exchange reserves of Bank of Albania** at the end of October amounted at USD 289 million, or USD 124 million over the floor. Their increase is mainly a result of: the inflow of Euro 20 million (or nearly USD 20.7 million) granted by the European Community in sustenance of the extra- budget deficit for the current year; the receiving of the third trench in the framework of ESAF-2 program by USD 12.8 million, funds supplied by the World Bank, as well as USD 2.4 million granted by the Finland Government to aid the Albanian government.

The foreign exchange inflows from abroad despite of pushing instant increase on the foreign exchange reserves of Bank of Albania, did not have impacts on the monetary indicators, as a whole. Bank of Albania, in order to not influence on the further evaluation of Lek and to restrain the people consumption consequencing by the evaluation of their incomes in Lek, followed the policy of increase on foreign reserve assets and did not intervene in the foreign exchange market.

Second, **net domestic assets of Bank of Albania** are recorded by about Lek 19 billion below the ceiling fixed for them in this period. Third, **net credit of the banking system for the Government** is applied to control indirectly the internal financing of budget deficit. As acknowledged, this deficit is financed on credits

issued by Bank of Albania and commercial banks. At the end of September this credit was round Lek 8 billion beneath the ceiling.

Under this framework, crediting relations between the Bank and the Government undertake special importance. On the whole, credits issued by central banks to the government conduct increase on inflation pressures. On the other side if crediting becomes free, non-submitting to clear and restricted rules and moreover when these rules are not followed, then conditions favoring a significant curtail on central bank's independence forward their appearance.

In Albania such relations are regulated by law and on bilateral arrangement between Bank of Albania and the Ministry of Finance. On the other side, Bank of Albania is seriously engaged to respect rigorously the legal clauses and to act in compliance to its philosophy: on a prudent and tight monetary policy that will induce decline in inflation pressures.

Hence, **net claims of Bank of Albania against the Government** amounted in Lek 66,7 billion at the end of the nine-month period (from Lek 64,9 billion encountered a month ago)

The main argument of this rise is the reduction by Lek 2 billion on government deposit besides Bank of Albania.

On the whole, credit for the government in ratio to GDP is gradually decreased. In December, 1997, this indicator accounted at the range of 53 per cent, a year later, thus by December of 1998, declined in 42 per cent and by the end of September 1999, recorded 39 per cent. This tendency should be considered, as a positive signal, which demonstrates, that the share of non-performing expenditures is recurred on the total of GDP.

### **3.2. Credit to the economy in 1999**

As underlined above, the credit ceiling approved by Bank of Albania for 1999 was extremely liberal. This ceiling was imposed on all the banks on exception to the state-owned ones. Meantime, it is estimated that this ceiling even by this year will be completed on low range at about 16 per cent. Credit for the economy, starting by March almost maintained the same ranges and composing structure, by nearly Lek 18,5 billion.

Credit in Lek is constantly declining and at the same time that in foreign exchange records increase. At the end of the third quarter, foreign exchange credit occupies 44 per cent of the credit stock from 32 per cent recorded by 1998. This tendency consequences by the fact that credit for the economy is ensured solely by private and joint-venture banks which are engaged in the foreign exchange activity.

Perhaps, this point is worth discussing a bit longer in relation to credit ceiling. As a direct instrument of monetary policy, the credit ceiling was applied as a means to control money demand. Its application was dictated even by the limited number of banks in our country, undeveloped capital markets and the deficiency of standard rules on bank supervision.

In these two last years Bank of Albania approve extremely liberal credit ceilings and allowed its marketing among banks. Nevertheless this ceiling was not applied though the number of licensed banks increased. In this framework, I avail of the occasion to explain that credit ceiling has not hampered the economic crediting.

Based on some factors as:

- Credit ceiling proves to be an unsuccessful instrument in controlling money demand.

- Government securities market is enhanced as in respect to the number of participants and as well as to the operations performed in it.

- It is completed the legal and regulating framework of bank supervision in relation to the monitoring of the loans portfolio quality and their concentration.

Bank of Albania took the decision of abrogating the credit ceiling instrument for the second tier banks. But, the ceiling will remain on state-owned banks, for not rising additional costs by the issue of unstudied credits during the period of their preparation for privatization.

### **3.3 Interest rates**

The performance of inflation, exchange course, the relative politic and macroeconomic stability in Albania, the control maintenance on monetary and fiscal developments, but even the needs for inciting crediting and economic growth imposed on Bank of Albania an orientation towards a mitigation in monetary policy. This is reflected in

the ongoing decline of floor interest rates on time deposits in Lek placed in state owned banks. A similar rate has acquired the status of being a reference rate for all other rates.

Up to now, the interest rates have declined six times. Interest rates on annual deposits decreased from 16.5 per cent at the beginning of 1999, to 9 per cent at year-end, which is the lowest historic range since 1992. Notwithstanding Bank of Albania in its decisions has been attentive to preserve real interest rates at their positive ranges. The latter has been effective in increasing banking system's deposits.

Hence, the rise range of currency outside banks excessively decreased in September, as compared to the previous months increase. From May up to September, the ratios of currency outside banks / broad money and currency outside banks / deposits almost lingered on their constant ranges, respectively by 27 and 37 per cent. Thus, the rise of currency outside banks has been proportional with the deposits increase.

Deposits themselves, during the nine months period, increased by 17 per cent. Deposits in Lek increased by 9.5 per cent. Their average monthly increase is at about Lek 1.4 billion. Nevertheless, deposits on foreign currencies recorded a higher rate of increase, as consequence of the current year particularities, that was characterized by large inflows in foreign currencies.

The interest rates decline on deposits in state owned banks was instantly followed by interest rates adjustments even in the other banks by establishing a competitive environment within the banking system on depositors absorbency. Notwithstanding, a slower movement is recorded in crediting. This effect arises because of crediting restriction in Lek.

Taking account of this reaction and being aware of inflation performance exceeding any optimistic prevision during 1999, Bank of Albania will be prudent with respect to interest rates decisions in the future. Even nowadays, as previously underlined in our periodical declarations made every six months, premises for reoccurrence of negative phenomenon and perhaps a further intensive decline of interest

rates bringing about negative effects can not be ignored.

On the other side, the fiscal policy should also be more mitigated concerning capital expenditure and public investments accomplishing. It is important to require increasing investments at the range of 50 per cent.

#### **4. ALBANIAN BANKING SYSTEM SITUATION**

##### **4.1. Licensing**

During 1999, the banking system maintained the extending tendency noticed since 1996 at least. Other three private banks commenced activity this year: the FEFAD bank, the Branch of First Investment Bank (a Bulgarian private bank) and the Intercommercial Bank (an affiliate of the Greek Commercial Bank). The current figure of banks and bank branches operating in the Republic of Albania is 13. They are mainly concentrated in Tirana and few of them (excluding the network of state owned banks) have branches in other cities besides Tirana.

As it can be seen, banks on foreign capital and other non banking institutions on local capital are constantly licensed by Bank of Albania. Under the stipulated period, no requirements were presented by Albanian subjects, apart the interest of various individuals on licensing rules. The lack of private banks on Albanian capital is deemed as due to several reasons:

- ⇒ Investment on a bank establishing is not so profitable as in other activities as construction or trade. It must be accepted that banking activity could not enable high profits and rapid enrichment, a mentality established during this decade.
- ⇒ A bank management requires a qualified team.
- ⇒ The preliminary investment on opening a bank is considerable because the cost of a bank failure is exceptionally high and is characterized as a cost of a specific nature.
- ⇒ The investors hesitancy before the obligation to declare the source of their capital and possessions on a bank establishing.
- ⇒ The necessity to present a financial survey on a seven year period.

requires high trust from the public and other banks .

The macroeconomic situation of the country had its positive impact on banking system

economic environment is assessed on a relatively high risk potentiality. In this

experience are still presented as conservative and excessively prudent in their investing policy,

of new products.

The banking reform in Albania is deemed to be

and ongoing process of privatization of state owned banks. The increasing figure of new banks

banks, injecting negative effects on the entire banking activity due to their problem charge.

with respect to bank managing. The provision of broader spaces for them incites competition and

potentiality for banks clients and development of banking technology. This will bring in its own

activity on the whole.

On the other side the privatization of state

continuous postponement of fixed schedules for steps to be undertaken. The National

the hands of the new share- holders within the second quarter of 2000.

slower, since the privatization formula is not approved yet. The previously fixed schedules on

are continuously delayed. In front of this situation, the Ministry of Finance is risking

“On banks in the Republic of Albania” according to which state owned banks up to the end of

supervisory rates. Yet, their owner has not presented programs on rehabilitation and

side, it slightly done for establishing relationships

between state owned banks and the budget of

Banking activity in Albania is characterized by concentration of activities where the main share

month period of 1999, these banks represent:

⇒

represents the credit issuing over years, since these banks are currently are forbidden to

⇒ 86,1 per cent of the total share of

individual placements. In the period January-September, the total deposit of these banks

of 1998. Meantime these banks deposits in Lek comprise 70,6 per cent of the total share of

⇒ 81.6 per cent of the total of balance-

⇒ 96.8 per cent of the total of investments

bills;

⇒

Non-performing loans remain the main problem of state owned banks. Round 65,2 per cent of

precisely this ongoing deterioration of credit portfolio that urged Bank of Albania undertake

banks.

During this period, credit issuing to the Albanian

At the end of September 1999, their credit stock increased about 49,8 per cent as compared to

Meantime, the nine-month term recorded a profit of Lek 678,1 million from Lek 3.3 billion losses in

was affected by:

The higher growing rate of incomes in ratio with

financial incomes is 33.8 per cent, while that of expenditures is by 13.9 per cent.

expenditures for interests represent the main categories of banking incomes and

from interests recorded 7 per cent, while

expenditures for interests decreased by 11, 4 per cent.

The improving structure of expenditures for state owned banks interests was effected by the interest rates cut off on time deposits in Lek. These banks expenditures for interests were curtailed by 13.2 per cent. This made the financial result change from a loss of Lek 3.4 billion at the end of September 1998 into a profit of Lek 0,5 billion at the end of September of the current year. This financial improvement of these two banks, due to their share in the banking system led to improving indicators for the entire system.

#### 4.3. Bank inspections

As to ensure banking system stability and banks activity in compatibility with the Albanian legislation, Bank of Albania has accomplished several inspections focusing the entire activity of the bank, or a particular aspect of it. As a rule, banks are fully examined every 18 months. Next year, this schedule will be reduced into 12 months.

On the whole, bank inspections found procedure deficiencies and various risks undertaken by them:

- ⇒ Banks have appointed authorized accounting experts without taking Bank of Albania consent.
- ⇒ Policies and procedures on developing lending operations and managing assets and liabilities appeared to be deficient.
- ⇒ Banks are found to miss a satisfactory level of managing and training of staff and directors to manage the extension of some banking operations.
- ⇒ Banks indicate poor functioning of audit committee and internal audit.
- ⇒ Banks show transgression of sub-legal acts approved by Bank of Albania.
- ⇒ Bank of Albania is aware that all above mentioned problems are not encountered in all banks and reacted by undertaking the appropriate corrective measures in accordance with the competencies granted by banking legislation in Albania and the regulations approved by it.

#### 5. CONCERNS AND TARGETS FOR 2000

Based on this relatively stabilized macroeconomic and political environment of 1998-1999, targets for 2000 still remain ambitious and optimistic. The next year, is previsited to accomplish an economic growth of 8 per cent, the annual inflation rate reach at 3 per cent at year-end, foreign assets reserves account for 4.3 months of imports, the current account deficit in ratio to GDP lie at the limit of 9 per cent.

Based on these targets, Bank of Albania drafted its monetary program where the growth on broad money is fixed at 10 per cent. This growth is deemed to be sufficient for fulfilling the financial needs arising by the state budget during this year, will maintain foreign exchange reserves at required ranges and provide the appropriate spaces for credit extension on the private sector, as well. **According to the current law "On Bank of Albania"**, the new credit issued to the government on a fixed year is up to 5 per cent of the average income of the three previous years and 8 per cent in exceptional circumstances.

Based on the estimations provided by the Ministry of Finance over the incomes and budget expenditures, the expected lending from Bank of Albania to the government is at Lek 4.3 billion, pursuing the aforementioned limit of 5 per cent. The supervisory Council has taken the decision to increase this range at Lek 6,9 billion within the limits permitted by law.

The above limits do not hamper Bank of Albania, that pursuing the article 32 of the law " On Bank of Albania" and based on the occurring developments of the economy and banking system In Albania review the monetary program concerning the increasing lending spaces to business and the government across these limits. **But, I stress that any limit revising in any case will be serving the main target and if the authorities follow the ESAF-2 requirements. Each step to be undertaken will not intrude the inflation target achieving.**

To attain these objectives, an all-embracing support is important for allowing work to the economy.



I say so because the 3 years lack in investments and providing an unsafe climate for foreign investors, increasing unemployment, the projects non-fulfillment are expenses that can not be covered by the Albanian economy in a short-term period. They will act in the future by restricting the opportunities on a stable economic growth.

The achieved stability in these two years is not consolidated yet and may be regarded, as the quietness after the storm of 1997. Unwilling to repeat previously mentioned statements, but incited firstly by my civil concern, I stress that the economy needs to be supported on much more public order and on a bit more honesty and correctness by the state administration.

The non-official economy, parallel, or black, call it as you want, is cruelly competing the national economy by risking the latter control. Providing no efforts to reduce the current share and activity of informal economy, the future undertaking of any country may be late or impossible and is destined to prove ineffective.

**Shkëlqim Cani**

**Governor**

<b>Indicator</b>	<b>1997</b>	<b>1998</b>	<b>September 1999</b>
GDP on current prices (in million Lek)	341.716	456.766	
GDP on constant prices	15.325	16.556	
Real rise in percentage	-7.0	8.0	
GDP structure (change in percentage)			
Industry	-5.6	...	...
Agriculture	1.0	...	...
Construction	-6.3	...	...
Transport	-20.5	...	...
Others	-25.0	...	...
Inflation annual rate in percentage	42.1	8.7	-1.77 (tetor 1999)
Number of unemployed	193.526	250.000	238.708
Unemployed range	14.9	17.5	18.0
Export (in million USD)	158.6	208.0	54.6
Import	-693.5	-811.7	-252.1
Trade defient	-534.9	-603.6	-197.5
Current account deficit in % of GDP	11.1	8.3	
Foreign exchange reserves in months of imports	5.3	5.7	5.7
Budget expenditure (in million Lek)	56.654	93.518	76.676
Budget expenditure	100.73	141.628	111.312
Capital expenditure	13.859	24.215	16.734
Budget deficit in percentage of GDP	-12.9	-10.5	-6.3
Domestic financing	37.726	27.596	12.199
Foreign financing	6.360	20.513	22.473

Source of items : Bank of Albania, Ministry of Finance, INSTAT.