

NewsLetter



AMERICAN CHAMBER OF COMMERCE
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THE OFFICIAL NEWSLETTER OF THE AMERICAN CHAMBER OF COMMERCE IN ALBANIA

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Members elect President, Secretary and two members of the Board of Directors



21st annual AmCham Albania General Assembly Meeting held

The American Chamber of Commerce in Albania has held its annual General Assembly Meeting, where members elected the chamber's President, Secretary and two members of the Board of Directors.

The year's largest and most important event for the chamber featured a panel of speakers that included Finance Minister Delina Ibrahimaj, U.S. Ambassador to Tirana Yuri Kim and Entela Ruçi of Bechtel -- moderated by incoming AmCham Albania Executive Director Neritan Mullaj.

In his remarks, AmCham President Enio Jaço provided a summary of the chamber's work since the previous annual assembly and thanked in particular all those who helped AmCham during the year. He also thanked outgoing Executive Director Ilir Trimi and welcomed the new Executive Director Mr. Mullaj.

In his address to the Assembly, President Jaço called on the government to make more of an effort to establish fair, competitive and honest practices. "We commend the government for its initiatives to reduce the informality of the gray economy through mandatory electronic billing, but we also encourage it to make more efforts to eradicate the black economy by accepting Western programs on anti-money laundering practices. These measures would increase interest among serious investors toward Albania," President Jaço said.

Focusing on American investments in Albania, Mr. Jaço welcomed Bechtel,



the largest construction company in the United States, as the newest AmCham Albania member, expressing optimism that with the right climate, other American investments will also become a reality in Albania.

Mr. Jaço added that the Investment Agenda has made AmCham's vision more concrete for an economy that is competitive and attractive to foreign investors.

The U.S. Embassy has also placed businesses' success as one of the three pillars of its work, and the Albanian government is building a long-term development strategy to meet that goal.

"I hope the Investment Agenda will be implemented. We look forward to working with the Government, the Ministry of Finance and Parliament to make it a reality. It's time to stop discussing the problems of

the business climate and launch concrete legal interventions to improve it, offering opportunities and development for all," Mr. Jaço said.

In her remarks, U.S. Ambassador Yuri Kim also focused on the AmCham Investment Agenda. "There is still more work to be done, and we call on the Albanian government to give priority to improving the business climate, to really unlock the potential that we all know exists here. The government should take the recently published AmCham Investment Agenda seriously and look at it as a guide on how to improve the business climate," Ambassador Kim said.

Finance Minister Delina Ibrahimaj confirmed that the Albanian government is implementing reforms that will bring another approach to the business climate, aiming to make Albania an attractive country in the



Western Balkans, and cooperation with the AmCham in this regard will play a major role.

BOARD OF DIRECTORS ELECTIONS

AmCham's General Assembly Meeting serves as the venue where members elect the chamber's leaders, who will run AmCham for a two-year term. Five candidates competed for the positions of President, Secretary and two members of the Board of Directors.

At the end of the voting process, Enio Jaço of CBS Creative Business Solutions was reelected as President of AmCham Albania. Reshard Këlliçi of the Harry Fultz Institute was elected as Secretary of the Board, while Ilir Rudi of ABI Bank and Shkumbin Muçolli of Burger King Albania were elected as members of the Board of Directors.

All candidates had the opportunity to introduce themselves to AmCham members, who attended the event virtually, explaining their vision on how they will help the organization achieve its objectives.



AMBASSADOR YURI KIM WELCOMES START OF WORK

Work begins on giant energy production project at Skavica

At the start of construction of one of the largest energy production projects in Albania ever, KESH Administrator Ergys Verdho spoke in detail about the Skavica project and the impact it will have on the economy.

The Skavica Hydro-Power Plant (HPP) is the last of its kind to be built on the Drin River cascade, designed and conceived in the initial stages of the study of the Drin River cascade, which will enable the maximum use of the Black Drin River tributaries. Skavica will bring a better optimization of the cascade, increasing the generating power of the two hydropower plants downstream, Fierza and Koman. "In terms of the effects that this major project will bring, Skavica will play the role of regulator for other HPPs in the Drin River cascade. It will increase by 20 percent the production of renewable electricity in the country, as well as increase the production capacities of all hydropower plants in the Drin cascade," Mr. Verdho of KESH told Monitor magazine in an interview. Ambassador Yuri Kim welcomed the start of work during her visit to Skavica.

"Today is a historic day in this relationship, with the start of the Skavica hydropower plant project, between the Government of Albania and one of the largest American infrastructure companies, Bechtel. Skavica has been a dream in this country for decades, and today it is one of the most important milestones that we are finally seeing become a reality," Ambassador Kim said.



The start of the implementation of the Skavica project comes at a time when Albania is in the midst of an energy crisis like many other European countries, and the project is considered to be the biggest energy support the country will have once it is completed.

"This project will not only create more green energy, but will also help Albania to be one step closer to becoming a sustainable energy exporter, more than it imports, and that can help it deal with climate change and public health concerns, not only within Albania, but also within a region that is highly dependent on coal-fired power plants," Ambassador Kim added.

"Skavica will improve the standard of living of all areas near the Drin River, which have been facing floods for many years, mainly in the Western Lowlands. It will enable the control of discharges without production during the

period of high intensity rainfall, as well as will develop the economy in that area," Ambassador Kim said, highlighting the social impact the hydropower plant will have on the community.

Based on the provisions of Law Nr. 38/2021 "On the determination of the special procedure for the negotiation and execution of the contract with the Bechtel International Inc. company, for the design and construction of the Skavica hydropower plant," between state-owned KESH sh.a. and Bechtel, the contract of the first phase has been signed, which provides for the completion of:

- a) topographic measurements and hydrological studies in support of design development;
- b) field geotechnical studies and inspections;
- c) development of the strategy for the realization of the project;
- ç) review and finalization of the environmental and social impact assessment;
- d) preparation of the technical design, including the selection of the turbine supplier, in order to calculate costs and quantities;
- dh) other agreed services to enable the progress of the design development of the Skavica HPP.

The conclusions of this phase, which is expected to be completed within the next year, will also determine which version of the project will be implemented, its costs, as well as construction deadlines, paving the way for the start of work for the Skavica HPP.



AmCham members' perception of key crisis indicators

THE AMERICAN CHAMBER OF COMMERCE IN ALBANIA HAS PUBLISHED ITS 2020 ANNUAL BUSINESS INDEX, WHICH RECORDED A DECLINE OF 0.5 PERCENT OF BUSINESS CONFIDENCE IN ALBANIA, REDUCING THE INDEX FROM 38.1 PERCENT IN 2019 TO 37.6 PERCENT IN 2021.

The Business Index is an expression of the perception that AmCham members have about the business climate, expressing their opinions through the evaluation they give several indicators.

Seventy-one percent of the AmCham membership participated in the survey, marking the highest participation in the nine years the index has been published, reflecting the importance that members give to the business climate and the implementation of reforms in support of its improvement.

The index measures important elements that affect the business climate, including government policies, taxation levels, corruption, informality, law implementation and elements related to the performance of Albanian businesses and the economy.

WHAT AMCHAM MEMBERS ARE SAYING THROUGH THE BUSINESS INDEX

More than 71 percent of AmCham members who completed the survey rated the business climate in Albania as unfavorable, only 9 percent rated it as positive, and 20 percent rated it as neutral.

According to the survey, the performance of the Albanian economy has declined by 5.64 points, and 80 percent of respondents stated that the performance of the economy declined in 2020.

The Goods and Services indicator also saw a negative perception, with a decline of 7.74 points while the Demand for Export Goods and Services indicator saw a decrease of 6.67 points.

AmCham members have not been shy about complaining about employment issues, giving that

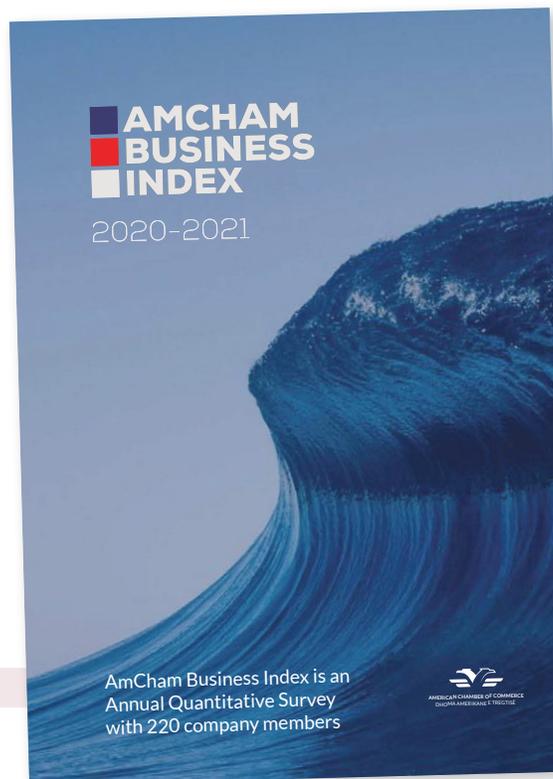
indicator a result 4 points lower than a year ago. Investments was another indicator evaluated negatively by members, with a decline of 3.9 points.

The level of taxation was also a concern, assessed as non-competitive with the rest of the region. Nearly

60 percent of respondents assess the current level of taxation as unfavorable.

But it seems that the Albanian economy has also seen a few business climate developments that were seen in a positive light by the AmCham community. Members

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gave a positive grade to the Monopolies and Unfair Competition indicator, increasing it by 6.02 points, while the level of Corruption had a more positive perception, increasing by 3.09 points.

In the business climate-sensitive indicators, the Domestic Political Climate indicator saw the most positive assessment, rising by 7.69 percent. The indicator measuring government bureaucracy also marked a slight improvement of 1.7 percent. The law and rules enforcement indicator also saw a slight increase.

PRESIDENT JAÇO

Enrio Jaço: Albania still faces great challenges to overcome business climate issues. Cooperation with the newly-established government and parliament is critical to turn to a new page in how business is done in Albania.

The 2020-2021 Business Index results provide a real assessment that shows Albania still faces great challenges in overcoming business climate issues.

The fact that we saw an increase in participation in the survey, with 71 percent of members participating in the Index, the highest since its inception, shows the importance that businesses give to the environment in which they operate and the rules of the game. But the 0.5 point decrease from a year ago and the drop to the lowest level since the start of the index nine years ago proves the weight of the corrosive phenomena that continue to hold the country hostage as it tries to move faster toward progress.

The dynamic of events and Albania's goal to fulfill its European perspective leave no time for reflection. They show us the importance of joint action.

To restore business trust, there must first be constructive dialogue and cooperation based on a high degree of responsibility. AmCham has the expectations of dialogue and finding mechanisms for cooperation with the newly-established government and parliament to turn to a new page in how business is done in Albania.



Businesses can now use AEO Status across the region



Albanian businesses that have received the status of Authorized Economic Operator (AEO), will soon be able to benefit from the same facilities the status offers in Bosnia and Herzegovina, North Macedonia, Moldova, Montenegro, Kosovo and Serbia. The Central European Free Trade Agreement (CEFTA) member states, in line with the political objectives of the Berlin Process and in response to the need to further deepen trade integration in the region, have adopted Additional Protocol 5, which over the years has aimed to create synergies among countries in the region to facilitate trade. Albania's General Customs Directorate has announced. The protocol, an integral part of the CEFTA Agreement, has focused on provisions which are based on obligations and commitments made under the World Trade Organization (WTO) Trade Facilitation Agreement. The implementation of the

protocol has been a priority for the Customs Administration, with a special focus not only on the facilitation of Authorized Economic Operators within the country but also their recognition across the region, the Customs Directorate noted. The regional recognition of the programs of the Authorized Economic Operators comes as the CEFTA participatory states agreed in 2019 to approve the "Ministerial Decision on the mutual recognition of the national AEO programs." Since then, in cooperation with the CEFTA Secretariat and GIZ, the Customs Administration has made possible the implementation of all procedures that enable the use of the AEO Status. The initiation of mutual recognition procedures makes it possible that the AEO approved by one CEFTA participant be granted during customs clearance the same benefits as those given to that country's own AEOs. These

rights will be the same as those granted to AEOs within their own home customs territory. The Central European Free Trade Agreement (CEFTA) is an international trade agreement signed by countries generally located in Southeast Europe. Current CEFTA members include Albania, Bosnia and Herzegovina, North Macedonia, Moldova, Montenegro, Kosovo and Serbia.

THE BENEFITS OF AEO STATUS

- » a) A more favorable treatment in relation to risk assessment and checks:
- » Fewer physical and documentation checks;
- » Priority treatment and priority notification in case of selection for customs checks;
- » Specific premises in addition to customs offices for customs checks.
- » b) A simplified or exclusive access to certain customs simplifications:

- » Reduction of the guarantee level or exemption from the guarantee;
- » Simplifications in transit;
- » Simplifications in value;
- » Authorization for simplified statements, etc.
- » c) Agreements for shared recognition with other states.

An AEO benefits from facilities in checks during the entry/exit of goods in the Albanian territory. For AEOs in the EU, the Albanian General Customs Directorate (GCD) has so far issued four OEA certificates while four more applications are being processed. The Albanian GCD is also cooperating with other customs administrations in the region to ensure mutual recognition of the AEO status and to facilitate trade among the region's countries.

AEO CRITERIA

Based on the type of authorization required (customs or security and protection simplifications), the applicant must meet certain criteria:

- » Not to have committed serious or repeated violations of customs legislation and tax rules;
- » Have a trade management system, and if necessary transport registers, which allow for proper customs checks;
- » Have good liquidity and ability to make payments;
- » Have practical standards and professional competencies or qualifications (AEO-D)

FOR AEO-S STATUS, ADEQUATE SECURITY AND PROTECTION STANDARDS

- » Appropriate trade chain security measures;
- » Physical integrity and controlled access;
- » Logistics processes and proper handling of different types of goods;
- » Responsible staff and identification of business partners.