

Economy

Overview: An extremely poor country by European standards, Albania is making the difficult transition to a more open-market economy. The economy rebounded in 1993-94 after a severe depression accompanying the collapse of the previous centrally planned system in 1990 and 1991. Stabilization policies - including a strict monetary policy, public sector layoffs, and reduced social services - have improved the government's fiscal situation and reduced inflation. The recovery was spurred by the remittances of some 20% of the population which works abroad, mostly in Greece and Italy. These remittances supplement GDP and help offset the large foreign trade deficit. Foreign assistance and humanitarian aid also supported the recovery. Most agricultural land was privatized in 1992, substantially improving peasant incomes. Albania's limited industrial sector, now less than one-sixth of GDP, continued to decline in 1994. A sharp fall in chromium prices reduced hard currency receipts from the mining sector. Large segments of the population, especially those living in urban areas, continue to depend on humanitarian aid to meet basic food requirements. Unemployment remains a severe problem accounting for approximately one-fifth of the work force. Growth is expected to continue in 1995, but could falter if Albania becomes involved in the conflict in the former Yugoslavia, workers' remittances from Greece are reduced, or foreign assistance declines.

National product: GDP - purchasing power parity - \$3.8 billion (1994 est.)

National product real growth rate: 11% (1994 est.)

National product per capita: \$1,110 (1994 est.)

Inflation rate (consumer prices): 16% (1994)

Unemployment rate: 18% (1994 est.)

Budget:

revenues: \$1.1 billion

expenditures: \$1.4 billion, including capital expenditures of \$70 million (1991 est.)

Exports: \$112 million (f.o.b., 1993)

commodities: asphalt, metals and metallic ores, electricity, crude oil, vegetables, fruits, tobacco

partners: Italy, The Former Yugoslav Republic of Macedonia, Germany, Greece, Czech Republic, Slovakia, Poland, Romania, Bulgaria, Hungary

Imports: \$621 million (f.o.b., 1993)

commodities: machinery, consumer goods, grains

partners: Italy, The Former Yugoslav Republic of Macedonia, Germany, Czech Republic, Slovakia, Romania, Poland, Hungary, Bulgaria, Greece

External debt: \$920 million (1994 est.)

Industrial production: growth rate -10% (1993 est.); accounts for 16% of GDP (1993 est.)

Electricity:

capacity: 770,000 kW

production: 4 billion kWh

consumption per capita: 1,200 kWh (1994)

Industries: food processing, textiles and clothing, lumber, oil, cement, chemicals, mining, basic metals, hydropower

Agriculture: accounts for 55% of GDP; arable land per capita among lowest in Europe; 80% of arable land now in private hands; 60% of the work force engaged in farming; produces wide range of temperate-zone crops and livestock

Illicit drugs: transshipment point for Southwest Asian heroin transiting the Balkan route and cocaine from South America destined for Western Europe; limited opium production

Economic aid:

recipient: \$303 million (1993)

Currency: 1 lek (L) = 100 qintars

Exchange rates: leke (L) per US\$1 - 100 (January 1995), 99 (January 1994), 97 (January 1993), 50 (January 1992), 25 (September 1991)

Fiscal year: calendar year