

Conference Proceedings

1st International Conference on European Integration
ICEI'16

**EUROPEAN INTEGRATION
AND ECONOMIC DEVELOPMENT**
CHALLENGES AND OPPORTUNITIES

Conference Proceedings

1st International Conference on European Integration
ICEI'16

**EUROPEAN INTEGRATION
AND ECONOMIC DEVELOPMENT**
CHALLENGES AND OPPORTUNITIES



October 15-16, 2016, Vlora, Albania

THE ABILITY TO BE INTEGRATED AND THE COORDINATION PROCESS FOR EUROPEAN INTEGRATION

PhD Candidate. Jeta Goxha
Pavarësia University College
ALBANIA
e-mail: jeta.goxha@unipavaresia.edu.al

MSc. Esmeralda Hysenaj
Pavarësia University College
ALBANIA
e-mail: adahysenaj89@hotmail.com

ABSTRACT

The main geostrategic and political objective of Albania's is the European integration, an objective that makes the basis of domestic and foreign policy since our country managed to implement an important additional objective, the NATO membership

The accession process of our country into the European structures gained impetus with the decision of the European Council of June 2014, which gave Albania the candidate status, as recognition for the reforms undertaken.

Based on article 49 of the European Union Treaty, every country can apply for EU membership if the principles of liberty, democracy, the respect for human rights and fundamental freedoms are respected, as well as law, common principles of the Member States.

However the membership might be achieved only if the applicant country fulfills all the criteria for membership, established in the Copenhagen European Council in 1993 and reinforced by the European Council in Madrid in 1995.

The European integration is a process that requires more work, for this sole purpose in the last period have been taken significant reforms and have been established a number of coordinating bodies for the Albania's membership process in the European Union. The Albanian key to success is a rapid implementation of reforms which would serve to achieve the required progress as a going concern for the opening negotiations.

This paper attempts to show how Albania has used the opportunities that come from the integration process and the challenges to be faced in achieving this objective. The method used is qualitative. There have been taken into consideration laws, progress reports and national strategy for the European integration and studies.

Keywords: European integration, challenges, coordination authorities, management, national plan.

INTRODUCTION

The end of the cold war symbolized by the fall of the Berlin Wall was an important moment in the history of international relations that marked the radical changes in geopolitical perspective. The following years bringing change in the bosom of European continent, were accompanied with political, economic and social transformations. Albania reappeared on the international scene immediately after the collapse of dictatorships in the communist countries and the collapse of Tirana's regime. Albania has managed to fight a dictatorship which was known for its rigidity and the fact that had left the country in total darkness. Some years later, in 1992 were signed for the first time, the first agreement on trade and economic co-operation between Albania and the EU. The Albania of the 90s like most other Central and Eastern European country saw the democratization of the country, the transition from centralized economy into market economy and the reform of the institutions with efforts to join the European Union.

The process of European integration or accession into UE is a political choice, which requires the involvement of all state structures, undertaking a series of reforms and their implementation in accordance with the directions of the European institutions. In fact, these reforms require for constructive dialogue and sound policies.

EU membership is a goal which requires a comprehensive commitment by our country, firstly the fulfillment of the obligations emerging from this long process, which requires the fulfillment of membership criteria, such as the stability of institutions guaranteeing democracy, the rule of law and respect for human rights, and also the existence of a functioning market economy.

All that has been mentioned above are not just obligations, but currently constitute the foundations of the Albanian national policy, getting into the account the stage in which our country is a step away from the opening of accession negotiations. In the Albanian case, the lack of dialogue between political elites has evidenced the failure or deceleration into the European integration. However we cannot fail to mention that from the entry into force of the SAA until today, the European integration process, in some moments has made significant strides although in some it is hindered due to important factors.

THE COPENHAGEN AND MADRID CRITERIA IN FULFILLING THE PATH TOWARDS EU

The changes that occurred in the early 90's were associated with the aspiration of these countries to join the European family. Countries that were out of dictatorships would be accompanied by a long process of changes that have as the main objective the democracy and a market economy.

For this and a lot of other reasons the European Union should take appropriate measures to cope with these changes. The countries of Central and Eastern Europe at a second moment will try to integrate within this structure, which had no connection to the previous union forms that these countries have been a part of, because the EU is a specific type of organization (*sui generis*).

New memberships cannot be based on the previous criteria, the political leaders felt that the situation should change because the countries which came from this part of Europe, that lacked democracy were not ready to adapt to a new order. For this reason additional criteria should be established, which will serve as a catalyst for integration, these criteria should be political, economic and legal one.

So the criteria that has to be fulfilled by the countries who are in the path towards the integration process into the European Union, are the Madrid or Copenhagen criteria. The Copenhagen or Madrid criteria are the criteria to be fulfilled by countries that are in the process of integration. At the Copenhagen Summit of 1993 the state leaders and the governments of the EU took the decision to further concretize the requirements of Article 49 in connection with the admission of new member states, these criteria were reinforced by the decisions of the Council of Madrid 1995.

The criteria, which are nowadays known as the Copenhagen criteria define the political and economic conditions that each country must meet. The criteria are as follows:

Political criteria: has to do with the institutions stability, meaning democracy, rule of law, respect for human rights and protection of minorities;

Economic criteria: it refers to a functional market economy and the capacity to withstand the pressures of competition and market forces within the EU;

The legal criteria: is closely related to the ability to meet all the obligations of a Member State and to take all rules, standards and policies that constitute the legal basis of the European Union.

The Copenhagen criteria were reinforced after the additional criteria adopted in December 1995 by the European Council in Madrid, which relates to the ability of the administrative structures to confront the effective adoption of the *acquis*. In other words the administrative structures of the countries that aspire to join the European family must be appropriate to make possible the implementation of the "acquis".

EU-ALBANIA JOINT STRUCTURES WITHIN THE IMPLEMENTATION OF THE SAA

The negotiations with Albania for the signing of the Stabilization and Association Agreement, were officially opened in 2003, but due to different problems, the signing of this agreement was made possible on 18 February 2006 and entered into force three years after, in 2009.

After the signing of SAA, the project plans and various strategies accompanied the program of approximation of Albanian legislation with the “*acquis*”. The first effort in this direction was the adoption of the National Plan for the Implementation of SAA 2007-2012.

With the entry into force of the SAA, Albania has the obligation to set up joint structures, which had the task of overseeing the implementation and enforcement of this agreement. The structures that were created in order to fulfill these obligations are found in Sections 116-121 of the SAA, these structures are as follows:

1. The Stabilization and Association Council;
2. The Stabilization and Association Committee;
3. Subcommittees.

The first structure oversees the implementation and execution of the SAA and examines any matter that may hinder the implementation and execution of the agreement and examines any national or international issues of mutual interest that may hinder its implementation, (the European Union law, E.Cana, S. Bana, 2014). Regarding the Stabilization and Association Committee, it is composed by representatives of the EU institutions and representatives of the Albanian government and has the task of continuing the relationship between contracting parties, also functioning correctly the SAA.

Regarding the subcommittee structure it is put in place by the Stabilization and Association Committee and has the duty to faithfully implement the agreement.

In the frame of completing the 5 priorities and to focus on the achievement of concrete results from the undertaken reforms of each priority have been set up joint work group with representatives of the institutions and representatives of the European Commission. These joint workgroup have made possible the structuring and monitoring of envisioned reforms in the roadmap, and have further strengthened consultation and cooperation of the Albanian Government with the European Commission (.The Ministry of the European Integration, Report for the period January-March 2015, Pg 4).

THE CREATION OF THE NATIONAL COUNCIL FOR THE EUROPEAN INTEGRATION

In November 2013, was presented the high Dialogue initiative between Albania and EU, in order for our country to be focused on the European integration process and to also monitor the progress on the fulfillment of five

key priorities, which will condition the opening the negotiations. The five priorities are: public administration reform, judicial reform, fight against corruption, the fight against organized crime and protection of human rights.

If we try to highlight the changes that took place during this period, from 2013 when the initiative for dialogue at a high level was launched and the last meeting held on March 30, 2016, it is clear that the problems remain the same, despite the fact that in some areas Albania is trying to make progress. The first meeting was held on 12 November in Tirana, between the Prime Minister, Edi Rama and the Commissioner Fule, the Albanian Government Ministers and Majlinda Bregu, the head of the parliamentary committee for European Integration, who represents the opposition.

The main objective of the high level meeting is to provide support for the integration process in the EU, focusing on the key reform priorities for structured cooperation between the EU and Albania, concurrently to help Albania's EU integration. Important is the inclusiveness in this process, both, of the Government and the opposition, who are the main partners.

In the conclusion of this meeting, according to the EU recommendations, Albania should take further measures in relation to public administration and judicial reform, to make further efforts in the fight against the corruption and organized crime, to take effective measures to reinforce the protection of human rights, including the rights of Roma and anti-discriminatory policies, and the implementation of property rights (First High Level Dialogue on the Key Priorities, 12 November 2013, Joint conclusions).

On June 24, 2014, Albania after a series of failed precedents attempts, has received the status of candidate country, this status for all the countries that aspiring to integrate into the European Union marks an important step, because it transforms the Stabilization and Association Process into an expansion process for Albania. The decision to grant candidate status reflects not only the progress made by Albania in implementing the required reforms for the progress of this process, but shows the commitment of European structures on supporting our country to achieve this objective.

According to the Report Progress for Albania in 2015, changes have been made in all the aspects, however there are still some that have a long way to go. For this reason Albania continued to actively participate in high level dialogue meetings, as well as in the related joint working groups on the five key priorities (European Commission, *Albania 2015 Report*, November 2015).

In 2015, during the Europe week, was created the National Council for European Integration. This council was established as a consequence of a recommendation of the High Level Dialogue for establishing a comprehensive framework for European integration, which will serve as a catalyst for promoting political dialogue and shall also ensure the implementation of reforms and obligations deriving from this process.

In the meeting of the National Council on European Integration, held on May 5, 2016, which was attended by representatives of government,

representatives of the majority, representatives of the opposition, civil society representatives, as well as EU ambassador in Albania Romana Vlahuti.

The head of the National Council for European Integration, Majlinda Bregu highlighted the importance of the civil society in the process of the European Integration *"We are aware that inclusion of all is the key to the success of reforms related to EU membership, it will be our main focus, with the aim of promoting and increasing the involvement of civil society and other stakeholders in the process, through capacity building in matters of the European integration"* Minutes, on 06/05/2016, The National Council on European Integration, Tirana)..

According to the minutes of the meeting, this is what the ambassador of EU emphasized during her speech before the National Council for European Integration *"The process of European integration is, in fact, a process of change, transforming society and it demands the efforts of all, you chose the people at this table, from those who work in public administration, by the journalists and the civil society. All you provide your contribution by developing, monitoring and looking for to make all these processes, policies and reforms"* (Minutes, on 06/05/2016, The National Council on European Integration, Tirana).

At the last meeting of the Dialogue for High Level for key priorities were assessed several measures launched by Albanian government to enable the fulfillment of five key priorities, among others, the establishment of the National Council for European Integration, as well as the efforts on judicial reform and the draft constitutional changes in European Integration Plan 2016-2020.

Other element that must be noted, between the Commissioner Johannes Hahn and the government representatives, Albania agreed to report regularly on the implementation of the five key priorities in order to open accession negotiations. By the EU, the Commission will continue to provide support for Albania for meeting the requirements about the opening of accession negotiations.

During this last period have been made significant steps in the context of liabilities arising on the opening of negotiations for EU membership. The month of July will be known as the month of success, because it marked the adoption of the judicial reform, precisely one of the five key priorities that our country must fulfill.

The judicial reform commission has approved the draft, even without the presence of the opposition. Approval gave way to a parliamentary procedural iter until its approval. Approval of the reform was unanimously voted by 140 votes out of 140 present, partially thanks to the intervention of the international community, as Ambassador of European Union to Albania Romana Vlahutin and US Ambassador Donald Lu Albania.

We can say that, this is one of the most important decisions in the last 10 years in Albania. The 22nd of July will be known as a historic day for justice, but not only that, perhaps thereafter their citizens could find little confidence.

By what has been mentioned above, is worth emphasizing that in recent years, progress has been made, but these changes have been due to the imposition by the representatives of the EU, while the Albanian political elite have hampered this process, due to the lack the political dialogue between the political forces.

However the journey of Albania presents a number of problems that must be resolved, to move to a new stage, the application for EU membership. The journey towards European Union is still long because other criteria must be met. The integration into the European Union in the future will pave new challenges to be met.

THE NATIONAL PLAN ON THE EUROPEAN INTEGRATION 2016-2020 AND ITS EFFECTS ON THE INTEGRATION PROCESS

The Council of Ministers by Decision Nr. 404, dated 05.13.2015 Approve the National Plan for the European Integration 2016-2020.

On May 2014, the Albanian government approved a guideline which defines and structures the planned reforms in the framework of the key priorities. In 2015 most of the measures were implemented. After the 2015 progress Report for Albania by the European Commission, the Albanian Government has prepared an action plan to address short-term recommendations of this report. The success of our country on the road to European integration is available on the implementation in time of the reforms undertaken in the framework of the integration process. Currently the Albanian government for the fulfilment of the obligations deriving from this process is based on two planned activities with the following acts:

- The roadmap for the completion of five the key priorities adopted by the Council of Ministers Nr. 330, dated 28.05.2014;
- The National Plan for the European Integration.

The National Plan for the European Integration includes medium and long term measures with a deadline until 2020, with the main objective fort our country to have fulfilled the obligations deriving from this process, the approximation of the Albanian legislation with the EU acquis. NPEI is revised annually taking into account the progress achieved, not only on the pace of approximation, but also in the implementation of harmonized legislation (the National Plan for the The European Integration).

NPIE aims to coordinate this process by defining the priorities about acts which will be approximate, the ministries responsible for the drafting and reviewing of draft acts and the terms of entry into force, also.

The positive effects which will have its implementation are related with improvement coordination and monitoring of the process. Il we try to

highlight the problems which would result if the reverse will happen, the lack of implementation will lead to a slowdown coordination of inter- institutional process on the European integration and the approximation of our legislation with that of the European Union.

CONCLUSION

The integration is a long process, which provides rights and imposes obligations, for each country that aspires to become EU member. The completion of the required criteria, is an important step because it will transformed the actual stage in which our country is, by the status of candidate country on the opening of the accession negotiations. The Establishment of special structures which will lead our country towards the integration process is an important step towards the European Union. These structures in fulfillment of the obligations arising by legal relation between Albania and the EU, have as main objective the coordination of strategic priorities and needs in the process of European integration, also to formulate proposals of EU assistance.

The European Union in the last meeting of the High Level Dialogue for the key Priorities assessed the reforms undertaken by our government in order to enable the fulfillment of five key priorities, among others, the establishment of the National Council of European Integration, efforts to reform justice and the draft for the constitutional amendments.

Our country has made progress in fulfillment of the obligations, as justice reform, which was adopted only recently, but on the other hand remains to be done to fulfill the priorities of the other. Albania has yet to face challenges, but the involvement of all political actors, but not only, as well as civil society will facilitate this process as long and difficult.

REFERENCES

Journals

Republika E Shqipërisë, Kuvendi, Procesverbal I *Këshilli Kombëtar I Integritetit European* Tiranë, Më 06.05.2016.

Plani Kombëtar Për Integrimin Evropian 2016 – 2020, Janar 2016.

Erjona Canaj, Sokol Bana, E Drejta e Bashkimit European, Shtepia botuese Onufri, Tirane 2014.

First High Level Dialogue on the Key Priorities, 12 November 2013, Joint conclusions, fq. 2.

The joint Conclusions on 6th meeting of the High Level Dialogue of key priorities, Tirana, 30 March 2016, p 2.

Qendra Shqiptare për Konkurrueshmërinë dhe Tregtinë Ndërkombëtare
Albanian Centre For Competitiveness And International Trade, *Raporti I Studimit “Analizë E Kostove dhe përfitimeve politike dhe ekonomike të procesit të integritit të Shqipërisë në Bashkimin Europian”*, Tiranë, Shtator 2014.

Marrëveshja e Stabilizim-Asociimit ndërmjet Komuniteteve Europiane e shteteve të tyre anëtare dhe Republikës së Shqipërisë.

Ministria e Integritit europian, *Raportim për periudhën Janar –Mars 2015*, Pg 4 .

European Commission, *Albania 2015 Report*, November 2015, pg. 4).

Minutes of The National Council on European Integration, on 06/05/2016 Tirana, pg 9.

Vendim Nr. 404, Datë 13.5.2015, Për Miratimin E Planit Kombëtar Për Integrimin Evropian 2015 – 2020.

Commission Staff Working Document, Albania 2015 Report, Communication From The Commission To The European, Parliament, The Council, The European Economic And Social Committee And The Committee Of The Region, Brussels, 10.11.2015

STANDARDS OF RISK MANAGEMENT IN EU COMPANIES

PhD Candidate. Argita Lamaj
Pavarësia University College
ALBANIA
e-mail: argita.lamaj@unipavaresia.edu.al

ABSTRACT

The risk management relates not only to the companies or public bodies but also to any activities in the short or long term. The advantages and opportunities offered should not be assessed simply in the context of the disputed activities, but also in relation to many different interested subjects that may affect. The standard represents the best procedure with which organizations in EU can contend. The standart that has always been used has made possible the terminology of risk recently indicated by the International Organization for Standardization (ISO).

Risk management is becoming a strategic function in the European organizations and in most cases (84% at European level) the risk and insurance manager report directly to the Board in half of the cases, (45%) more times during the year. To say this is the Risk Management Benchmarking Survey 2014, FERMA (Federation of European Risk Management Associations) that - now in its seventh edition - has achieved this year 850 replies from 21 European countries.

This paper attempts to show how the risk may be defined as a combination of the probability of an event and its consequences. Any type of initiative involves potential events and consequences that represent possible benefits or threats to the success of different companies in EU. The conception of risk management as activities linked to both the positive and negative aspects of risk is being widespread with every day that passes. The description of the risk aims to show the identified risks in a structured form. The risk estimation can be quantitative, semi-quantitative or qualitative in terms of probability and the methods used by companies in EU. Each risk is identified and then classified on the basis of its chance to happen. Using comparative methods, this paper tends to compare risk management between different companies in EU and outside EU.

Keywords: Risk management, standard, IRM, risk estimation, FERMA.

INTRODUCTION

Risk management is the identification, assessment, and prioritization of risks (defined in ISO 31000 as the effect of uncertainty on objectives) followed by coordinated and economical application of resources to minimize, monitor, and control the probability and/or impact of unfortunate events or to maximize the realization of opportunities. Risk management's objective is to assure uncertainty does not deflect the endeavor from the business goals.

Risks can come from various sources including uncertainty in financial markets, threats from project failures (at any phase in design, development, production, or sustainment life-cycles), legal liabilities, credit risk, accidents, natural causes and disasters, deliberate attack from an adversary, or events of uncertain or unpredictable root-cause. There are two types of events i.e. negative events can be classified as risks while positive events are classified as opportunities.

Risk sources are identified and located in human factor variables, mental states and decision making as well as infrastructural or technological assets and tangible variables. Strategies to manage threats (uncertainties with negative consequences) typically include avoiding the threat, reducing the negative effect or probability of the threat, transferring all or part of the threat to another party, and even retaining some or all of the potential or actual consequences of a particular threat, and the opposites for opportunities (uncertain future states with benefits).

Risk management should:

- create **value** – resources expended to mitigate risk should be less than the consequence of inaction
- be an integral part of organizational processes
- be part of decision making process
- explicitly address uncertainty and assumptions
- be a systematic and structured process
- be based on the best available information
- be tailorable
- take human factors into account
- be transparent and inclusive
- be dynamic, iterative and responsive to change
- be capable of continual improvement and enhancement
- be continually or periodically re-assessed

This paper attempts to describe Risk Management in EU companies. Section 2 describes the the current risk managemet scope, why is risk management so important. In Section 3 we present the strategic risk management, what it is,

the role it has in EU companies and companies in general.. Section 4 gives the implementation of integrated risk management that can produce a number of benefits to the organisation which are not available from the typical limited-scope risk process. Section 5 gives the conclusions derived by this paper.

CURRENT RISK MANAGEMENT SCOPE

Risk management has developed over many years into a mature discipline with its own processes, tools and techniques, and with consensus over the main concepts and practices. Nevertheless projects still fail to meet their objectives, and businesses are deprived of the expected and needed benefits, despite the theoretical principle that risk management should contribute to project and business success. Why is risk management failing to live up to its potential? (Charette 2002)

At least part of the problem lies in the scope with which risk management is commonly applied, where two key limitations exist:

1. Firstly, in most cases, the risk process concentrates on risks to projects, processes, performance and people, either addressing risks relating to technical functionality, or tackling issues of health & safety. The focus is almost entirely *tactical*, and does not consider strategic sources of risk which might affect either the project or the wider business.
2. The second limitation in the way in which risk management is typically implemented is to restrict scope to dealing only with uncertainties that have a potentially adverse affect, i.e. *threats*. This ignores the existence of upside risk, or opportunity, which can be defined as risk with positive impact. Many organisations are beginning to extend the risk process to deal equally with both opportunity and threat, seeking to maximise the benefits as well as to minimise the downside.

The current scope of risk management to deal only with *tactical threats* in the project arena reduces its ability to tackle the strategy/tactics gap outlined above, since the risk process only considers one side of the equation, i.e. tactics. This has a number of negative consequences, which include reinforcing the disconnect between projects and their strategic roots, resulting in projects being focused entirely on their deliverables instead of on the intended benefits. There are many recent examples of projects which successfully delivered on time, within budget and to performance, i.e. meeting their deliverables, but which failed to realise the expected benefits to the organisation.

The one-sided focus on threats also denies organisations the chance of exploiting opportunities through the risk process, and results in a one-way street where the only option is project failure to a greater or lesser extent. Including both threats and opportunities within the risk process increases the chance of meeting project targets on the “swings-and-roundabouts” (or “unders-and-overs”) principle (Ruskin 2000).

For risk management to achieve its potential of bridging the gap between strategic vision and tactical project delivery, two modifications are proposed to the scope of the typical risk process in order to broaden the existing focus on *tactical threats* alone. The first change is to include *strategic* elements, and the second is to include *opportunities*.

STRATEGIC RISK MANAGEMENT

Extending the existing risk management approach to cover strategic risk in EU companies is a simple task of building on what is currently in place. The typical risk management process has the following steps, which are undertaken iteratively throughout the project lifecycle :

- *Risk management planning* : defining the scope and objectives of the risk process, describing the techniques and tools to be used, stating the thresholds of acceptable risk to various stakeholders, detailing roles and responsibilities etc.
- *Risk identification* : exposing and recording all foreseeable risks which could affect objectives, together with information on their cause(s) and possible effect(s).
- *Risk assessment/analysis* : estimating the probability of occurrence and severity of impact for each identified risk and prioritising risks for further attention, grouping risks into categories to identify hot-spots of risk exposure or common causes, and analysing the combined effect of risks on objectives using statistical models.
- *Risk response development* : considering how to respond to each individual risk and to the overall risk exposure, selecting a strategy which is appropriate, achievable and affordable, allocating each response to an owner.
- *Risk monitoring* : ensuring that agreed actions are implemented effectively, monitoring the effect on risk exposure, and communicating risk information to stakeholders with appropriate detail and frequency.
- *Risk review* : updating the risk process to assess the status of existing risks, determine the effectiveness of agreed responses, identify new risks, and review the overall risk process.

This process can be simply extended to address strategic risk in addition to the tactical area simply by focusing on uncertainties which might affect strategic objectives (Hillson 2003b). If a risk is defined as “an uncertainty which if it occurs would affect one or more objectives”, it becomes possible to define various types of risk by reference to the different objectives affected. So tactical risks are uncertainties that could affect tactical objectives, and strategic risks are uncertainties that could affect strategic objectives. The same is true of risks to reputation, environment, safety, projects, programmes etc. The primary requirement for implementing strategic risk management is therefore to identify those *strategic objectives*, that EU companies have, which might be affected by uncertainty, for example the benefits defined in the business case, or stakeholder needs, or corporate goals.

The other required change to the tactical risk process to enable it to be used for strategic risk management is identification of roles and responsibilities at an appropriate level in european enterprises. Where tactical risks might be managed by the project manager or a functional manager, strategic risks are the responsibility of senior management. It is therefore necessary to consider who is suitable to be the risk process owner as well as individual risk owners at the strategic level.

With these modifications, the standard risk process can be applied at a strategic level, allowing identification, assessment and management of strategic risks.

If such a broadened approach is adopted however, it is important to ensure a clear relationship between the different levels of the risk process. This requires use of shared language and definitions for risk, a common risk process framework (including compatible tools, templates, report formats etc), a supportive risk-aware culture and staff at all levels who are committed, competent and professional in their approach to risk management. These are the characteristics of a “risk-mature” organisation, able to handle risk effectively at all levels (Hillson 1997, Hulett 2001).

INTEGRATED RISK MANAGEMENT

The evident disconnect which often occurs between strategic vision and tactical project deliverables typically arises from poorly defined project objectives and an inadequate attention to the proactive management of risks that could affect those objectives. On the risk management side, one of the main failings in the traditional approach arises from a narrow focus on tactical threats. This can be overcome by widening the scope of risk management to encompass both strategic risks and upside opportunities in european companies, creating an integrated approach which can bridge the gap between strategy and tactics.

Integrated risk management addresses risks across a variety of levels in the organisation, including *strategy and tactics*, and covering both *opportunity and threat* in the EU enterprises. Effective implementation of integrated risk management can produce a number of benefits to the organisation which are not available from the typical limited-scope risk process. These include :

- Bridging the strategy/tactics gap to ensure that project delivery is tied to organisational needs and vision.
- Focusing projects on the benefits they exist to support, rather than simply on producing a set of deliverables.
- Identifying risks at the strategic level which could have a significant effect on the overall organisation, and enabling these to be managed proactively.
- Enabling opportunities to be managed proactively as an inbuilt part of business processes at both strategic and tactical levels, rather than reacting too little and too late as often happens.
- Providing useful information to decision-makers when the environment is uncertain, to support the best possible decisions at all levels.
- Creating space to manage uncertainty in advance, with planned responses to known risks, increasing both efficiency and effectiveness, and reducing waste and stress.
- Minimising threats and maximising opportunities, and so increasing the likelihood of achieving both strategic and tactical objectives.
- Allowing an appropriate level of risk to be taken intelligently by the organisation and its projects, with full awareness of the degree of uncertainty and its potential effects on objectives, opening the way to achieving the increased rewards which are associated with safe risk-taking.
- Development of a risk-mature culture within the EU organisation, recognising that risk exists in all levels of the enterprise, but that risk can and should be managed proactively in order to deliver benefits.

Strategy and tactics are connected through project objectives, which are both affected by uncertainty, leading to risk at both strategic and tactical levels. An integrated approach to risk management can create significant strategic advantage by bridging the strategy/tactics gap, and dealing with both threats and opportunities, to enable both successful project delivery and increased realisation of business benefits.

CONCLUSIONS

In ideal risk management, a prioritization process is followed whereby the risks with the greatest loss (or impact) and the greatest probability of occurring are handled first, and risks with lower probability of occurrence and lower loss are handled in descending order. In practice the process of assessing overall risk can be difficult, and balancing resources used to mitigate between risks with a high probability of occurrence but lower loss versus a risk with high loss but lower probability of occurrence can often be mishandled.

Intangible risk management identifies a new type of a risk that has a 100% probability of occurring but is ignored by the organization due to a lack of identification ability. For example, when deficient knowledge is applied to a situation, a knowledge risk materializes. Relationship risk appears when ineffective collaboration occurs. Process-engagement risk may be an issue when ineffective operational procedures are applied. These risks directly reduce the productivity of knowledge workers, decrease cost-effectiveness, profitability, service, quality, reputation, brand value, and earnings quality. Intangible risk management allows risk management to create immediate value from the identification and reduction of risks that reduce productivity.

Risk management also faces difficulties in allocating resources. This is the idea of opportunity cost. Resources spent on risk management could have been spent on more profitable activities. Again, ideal risk management minimizes spending (or manpower or other resources) and also minimizes the negative effects of risks.

According to the definition to the risk, the risk is the possibility that an event will occur and adversely affect the achievement of an objective. Therefore, risk itself has the uncertainty. Risk management such as COSO ERM, can help managers have a good control for their risk. Each company may have different internal control components, which leads to different outcomes. For example, the framework for ERM components includes Internal Environment, Objective Setting, Event Identification, Risk Assessment, Risk Response, Control Activities, Information and Communication, and Monitoring.

REFERENCES

Journals

Association for Project Management (2004) Project Risk Analysis & Management (PRAM) Guide (second edition). High Wycombe, Buckinghamshire, UK: APM Publishing

Australian/New Zealand Standard AS/NZS 4360:2004 (2004) Risk management. Homebush NSW 2140, Australia/Wellington 6001, New Zealand: Standards Australia/Standards New Zealand

Charette, R. N. (2002) The state of risk management 2002 : Hype or reality? Arlington, MA, US: Cutter Information Corp.

Hillson, D. A. (1997) Towards a Risk Maturity Model. *Int J Project & Business Risk Mgt*, 1 (1), 35-45. [“The Risk Maturity Model was a concept of, and was originally developed by, HVR Consulting Services Limited in 1997. All rights in the Risk Maturity Model belong to HVR Consulting Services Limited.”]

Hillson, D. A. (1999) Business uncertainty: threat or opportunity? *ETHOS magazine*, 13 (June/July), 14-17

Hillson, D. A. (2002a) Extending the risk process to manage opportunities. *Int J Project Management*, 20 (3), 235-240

Hillson, D. A. (2002b) Critical Success Factors for Effective Risk Management Part 4: Risk Culture. *Project Management Review*, November 2002, 23

Hillson, D. A. (2002c) What is risk? Results from a survey exploring definitions. February 2002. [Report at www.risk-doctor.com/pdf-files/def0202.pdf]

Hillson, D. A. (2003a) A little risk is a good thing.

Project Manager Today, 15 (3), 23 Hillson, D. A.

(2003b) Gaining strategic advantage. *Strategic Risk*, June 2003, 27-28

Hillson, D. A. (2003c) Extending risk management to address opportunities. *Business Risk Management Bulletin*, July 2003. London, UK: GEE Publishing

Hillson, D. A. (2004) Effective opportunity management for projects: Exploiting positive risk. New York, US: Marcel Dekker

Hulett, D. T. (2001) Key characteristics of a mature project risk organisation. *Proceedings of the 32nd Annual Project Management Institute Seminars & Symposium (PMI 2001)*, presented in Nashville US, 5-7 November 2001

Hulett, D. T., Hillson, D. A. & Kohl, R. (2002) Defining Risk: A Debate. *Cutter IT Journal*, 15 (2), 4-10

Institute of Risk Management (IRM) (2002) A Risk Management Standard. London, UK:

AIRMIC/ALARM/IRM

Institution of Civil Engineers (2005) Risk Analysis & Management for Projects (RAMP), second edition.

London, UK: Thomas Telford

Newland, K. E. (1997) Benefits of project risk management to an organisation. Int J Project & Business Risk Mgt, 1 (1), 1-14

Project Management Institute. (2004) A guide to the project management body of knowledge (PMBOK®) (Third Ed.). Newtown Square, PA, US: Project Management Institute

Ruskin, A. M. (2000) Using unders to offset overs. PM Network, 14 (2), 31-37

UK Office of Government Commerce (OGC) (2002) Management of Risk – Guidance for Practitioners. London, UK: The Stationery Office

WESTERN BALKANS COUNTRIES STEPS TOWARDS THE EUROPIAN INTEGRATION

MSc. Blerina Dhrami
Pavarësia University College
ALBANIA
e-mail: blerina.dhrami@unipavaresia.edu.al

ABSTRACT

The Western Balkans countries have experienced a good progress in the last two years for the enlargement process, although full membership is not on the cards for any of these countries during the mandate of the present Commission (2014-2019).

The economies of these countries have experienced a notable transformation: they have transitioned toward market-based systems, privatized many inefficient state- and socially-owned enterprises, rapidly adopted modern banking systems, and enhanced the external orientation of their economies.

This paper highlights the good attributes of these countries such as macroeconomic stability, strategic geographic location, diverse economies, favorable tax regimes, low labor cost and relatively well- educated population. To have the same pace of going ahead as the other EU neighbors there is a need of investment boosting in the whole region using sources of growth like trade integration, improvement of transport infrastructure and technological innovation. The helping hand of EU perspective is a major plus and a unique quality of the region compared with other emerging markets, because it raises the efforts to realize the market oriented reforms and European standards.

Still they face a major challenge in terms of living standards, part of the explanation is that income convergence in the Western Balkans was slower because structural reforms proceeded more slowly and did not advance as far as in the New Members particularly in the area of reducing state ownership and improving governance. Another good reason behind this prosperity gap lies in the failure over the years of Western Balkan countries to be competitive, meaning that they lack the appropriate factors and institutions needed for high levels of long-term productivity. *The point issue is whether these countries can narrow the gap and what do they need to achieve this.*

Keywords: Western Balkans, Integration, Investment, Competitiveness.

INTRODUCTION

Given that the Western Balkan countries are following the path previously taken by New Member States to become members of the European Union, the analysis relies heavily on comparisons between these two sub regions. In compressing the experience of more than 17 countries over 15 very eventful years, the report inevitably focuses on broad themes, and cannot do justice to the nuance and diversity of individual country narratives.

The paper proceeds as follows. Since it is very important to be competitive in a large common market the paper begins with a picture of where the region stands on arrange of cross-country indicators, starting with the widely used World Economic Forum's Global Competitiveness Index, but also focusing on other sources such as the World Bank's Doing Business report and Governance Indicators. It is difficult to analyze all the picture patterns, but certain patterns emerge from the analysis. Encouragingly, countries in the Western Balkans have improved on average in their performance over the past decade. However, the failure to make efficient use of talent, the lack of business sophistication and quality transport infrastructure are the main reasons holding back the competitiveness of the region.

Section 2 summarizes some of the advantages of the region from an investor perspective. Principal positive attributes are the high degree of macroeconomic stability, regional cooperation, but there are other advantages highlighted too, including diverse economies that can accommodate a wide range of investments in different sectors, low tax rates (and often favorable tax breaks for large investors), competitive unit labour costs, and relatively high levels of education and language skills, especially among young people. The Western Balkans region is also well-placed geographically – its strategic location is of growing interest to global economic powers, especially China.

In the last section there is a snapshot on the Albania situation and there is a brief discussion on one of the big challenges of Albania: the informality, reforms to eliminate it.

THE COMPETITIVENESS OF WESTERN BALKANS RELATIVE TO THE OTHER PART OF EU

As already mentioned in the abstract Western Balkans lag behind the rest of Europe, because economies in the region have been less competitive than others. In this paper the meaning of competitiveness is: the right combination between institutions and policies to achieve a desirable business environment for every country, in order to attract foreign investments.

In order to see how competitive are the Western Balkans countries, a good starting point is to have a look at the World Economic Forum's Global Competitiveness Report (GCR), a publication that bills itself as the "world's most comprehensive assessment of national competitiveness". But the GCR

by no means captures all aspects of this concept. Other surveys and studies can complement the report by providing greater insights into specific aspects of the business environment and governance that hold back private sector development and deter investment.

Table 1: Rankings in Global Competitiveness Index 2015-16

		ALB	BIH	MKD	MNE	SRB	WB	EU-11	EU	EU-15
Basic requirements	1st pillar: Institutions	84	127	52	70	120	91	72	47	30
	2st pillar: Infrastructure	88	103	78	73	75	83	52	33	18
	3rd pillar: Macroeconomic environment	118	98	47	79	125	93	47	59	66
	4th pillar: Health and primary education	52	48	76	33	62	54	45	30	20
Efficiency enhancers	5th pillar: Higher education and training	47	97	46	54	71	63	40	30	20
	6th pillar: Goods market efficiency	63	129	33	70	127	84	53	39	29
	7th pillar: Labour market efficiency	97	131	84	74	118	101	68	54	45
	8th pillar: Financial market development	118	113	52	44	120	89	56	53	48
	9th pillar: Technological readiness	89	79	63	55	51	67	37	26	16
Innovation and Sophistication factors	10th pillar: Market size	104	97	108	131	75	103	66	54	37
	11th pillar: Business sophistication	95	125	72	102	132	105	63	39	19
	12th pillar: Innovation	118	115	58	69	113	95	58	37	20
Global competitiveness index		93	111	60	70	94	86	50	36	23

Source: Reports.weforum.org/global-competitiveness-report-2015-2016/.

The table shows the clear competitiveness gap between the Western Balkans region and the European Union. On average, the region is ranked 86th (ranging from FYR Macedonia in 60th to Bosnia and Herzegovina in 111th place), compared with an average 50th place for the EU-11 and 36th for the European Union as a whole. The gap is particularly large with respect to the EU-15, where the average ranking is 23rd.

Table 2. Global Competitiveness Index, evolution of the scores

	2007-2008		2015-2016		Differences in scores
	Score	Rank	Score	Rank	
Albania	3.5	109	3.9	93	0.44
BH	3.6	106	3.7	111	0.15
FYR Macedonia	3.7	94	4.3	60	0.55
Montenegro	3.9	82	4.2	70	0.3
Serbia	3.8	91	3.9	94	0.1
WB	3.7	96	4	86	0.31
EU-11	4.4	48	4.4	50	0.05
EU	4.7	34	4.8	36	0.03
EU-15	5.1	21	5.1	23	0.01

Source: World Economic Forum's Global Competitiveness Index.

As it is noticed from Table 2 there has been a gradual improvement from 2007-2008 to 2015-2016. In contrast, scores of the EU countries have remained on average almost the same as before. The biggest jump in competitiveness is in FYR Macedonia, where the score has improved by 0.6 points (on the GCR's 1 to 7 scale) and now lies just behind the EU-11 average. Notable advances have also occurred in Albania and Montenegro, but less so in Bosnia and Herzegovina and Serbia. In an important sense, therefore, the Western Balkans economies are converging with EU comparators in terms of competitiveness.

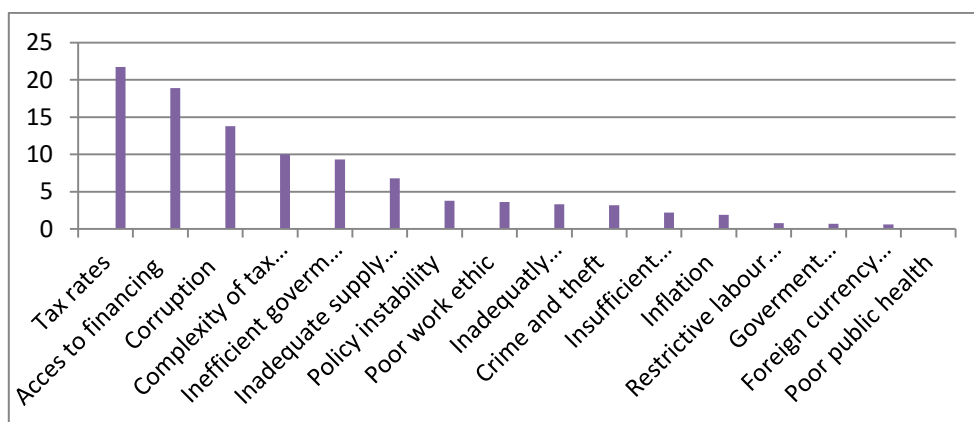
Of course there are reports which give more insights of the real situation, being a helping hand for the interested investors. Such report are "Doing business" (World Bank), joint EBRD-World Bank Business Environment and Enterprise Performance Survey (BEEPS).

The World Bank's Doing Business scores provide further insights into the obstacles faced by enterprise in the region. The latest rankings on overall ease of doing business vary widely, from 12th (FYR Macedonia) to 97th (Albania) out of 189 countries. Even this ranking should be interpreted cautiously, checking every voice regarding the ease of doing business. Especially Albania ranks in last place regarding the Construction Permits and this is caused by the government's decision to suspend the issuing of constructions during the territorial reform until urban plans are in place.

On the other hand all countries made notable progress in ease of starting a business, registering a property and trading across borders.

The graphic below demonstrates which are the main obstacles of business environment in Albania as in EBRD- World Bank Business Environment and Enterprise Survey (BEEPS)

Graphic 1. Business environment obstacles Albania



Source: EBRD-World Bank BEEPS V, 2013.

In the entire region there is a long standing problem regarding the informal sector as a key constraint. Having reliable access to electricity is also identified by many businesses in Albania and Kosovo as a major obstacle.

Access to finance is another major obstacle to doing business, according to many respondents to the BEEPS. A quarter of all surveyed firms across the EBRD region described themselves as credit-constrained, meaning that they need a loan but are either rejected when they apply for a bank loan or feel discouraged from applying. In the Western Balkans, this share is highest in Montenegro, where more than one-third of all surveyed firms feel credit-constrained, and lowest in Bosnia and Herzegovina (13 per cent). In addition, overall demand for bank credit has decreased significantly in the post-crisis period. This is not surprising because, in the presence of slow economic growth, fewer firms needed loans.

Reasons for this are the discouraging level of interest rates, complex procedures, collateral requirements and size of the loan.

Institutions and governance standards are being slowly but steadily improving.

GOOD ATTRIBUTES OF WESTERN BALKANS TO BE OFFERED TO THE INVESTORS

Some of the good attributes which need to be underlined are: prospective EU membership; macroeconomic stability; strategic location; favorable taxes; diverse economies; and low labour costs combined with a relatively educated population. Some of them will be evaluated in turn.

Although full membership is not on the cards for any of these countries during the mandate of the present Commission (2014-19), the past year has seen further progress in most countries in the enlargement process. The most advanced in this regard is Montenegro which, having started membership negotiations in June 2012, had by December 2015 opened more than half of the negotiation chapters of the EU *acquis communautaire*, including the most challenging Serbia opened its first chapters in December 2015, including the one on normalization of its relations with Kosovo, almost two years after the symbolic opening of the accession negotiations in January 2014. Albania, a candidate country since June 2014, is deemed in the latest European Commission report to be “making steady progress” while Bosnia and Herzegovina – not yet a candidate – is judged to be “back on track” and submitted its application for membership on 15 February 2016. Kosovo and the European Union signed a Stabilization and Association Agreement (SAA) in October 2015. Only FYR Macedonia, a candidate since 2005, has failed to make demonstrable progress since then as its name dispute with Greece remains unresolved.

The latest EC Enlargement Strategy has introduced a new methodology to assess the progress of aspirant countries. The report includes a five-point scale

in a few pilot areas, including rule of law (functioning of the judiciary, fight against corruption and fight against organized crime), public administration reform, and key economic criteria (the existence of a functioning market economy and the capacity to cope with competitive pressure and market forces within the European Union). These are: (1) Early stage; (2) Some level of preparation; (3) Moderately prepared; (4) Good level of preparation; and (5) Well advanced (see Table 3).

Table 3: State of progress on EU approximation

		AL B	BI H	MK D	KO S	MN E	SR B
Public administration reform		3	1	3	2	3	3
Rule of Law	Functioning of the judiciary	1	2	2	1	3	2
	Fight against corruption	2	2	2	1	2	2
Economic Criteria	Fight against organized crime	2	2	2	1	2	2
	The existence of a functioning market economy	3	1	4	1	3	3
	The capacity to cope with competitive pressure within the EU	2	1	3	1	3	3

Source: European Commission Country Reports, 2015.

Base on these data, the country most advanced on its EU track –Montenegro– is at the top end regarding public administration, the judicial system, proximity to a functioning market economy, capacity to cope with pressure and market forces within the European Union and the ability to take on the obligations of membership.

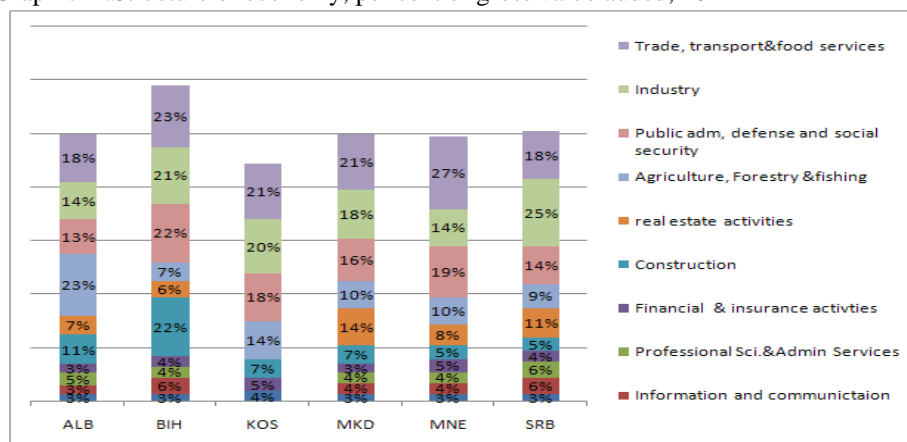
Macroeconomic stability: For many years, countries in the Western Balkans region have enjoyed a high degree of macroeconomic stability especially from the 2000th. In four of the six countries the exchange rate is immovable vis-à-vis the euro, either because the euro is the only legal tender (Kosovo and Montenegro), or because the rate is fixed through a currency board (Bosnia and Herzegovina), or a long-standing peg (FYR Macedonia). Floating exchange rate regimes prevail in Albania and Serbia but excessive fluctuations are kept in check by central bank interventions; for instance, the Albanian lek has been at the rate of approximately 140 lek per euro for the last five years. As a result, all countries have had very low inflation for many years aside from Serbia where the rate had reached high single digit levels (or even briefly double-digit territory) but is now comparable to other Western Balkans countries, as well as being below the central bank's target range. Regarding the current account and fiscal balance it can be highlighted

Montenegro which has a particularly high current account deficit. However, the country is benefiting from a high level of FDI (relative to population and GDP), as investors are attracted by the country's EU accession progress, strong tourism potential and its development as a regional energy hub and Kosovo which modestly improved its current balance over the same period, benefiting mainly from increasing remittances from abroad. At the end of 2014 public debt levels were well above 60 per cent of GDP (one of the Maastricht criteria for euro zone members) in Albania and Serbia, and at that level in Montenegro. While this poses a risk to macroeconomic stability, there are strong factors in play. Albania and Serbia, are in formal programmes with IMF, which tackle fiscal imbalances and put public debt in the right path (*World Economic Outlook, IMF, April 2015*).

In Albania Fiscal results remained on track despite assort fall in revenues. The budget deficit is estimated to have reached 4.5 percent of GDP in 2015, down from 5.9 percent in 2014. This deficit included an arrears clearance of 1.3 percent of GDP. However, a spike in non tax revenues (due to one off sales of mobile telecom licenses worth 0.4 percent of GDP), interest savings, and an across the board under execution of expenditure (1.2 percent of GDP) kept the overall budget in line with expectations. Public debt continued to rise and reached 72.2 percent of GDP by the end of 2015 (*World Bank, Albania overview 2015*).

Diverse economies: The chart below shows how diverse can be the economies of Western Balkans countries relying in different sectors, offering a wide range for investors.

Graphic 2 .Structure of economy, per cent of gross value added, 2014



Source: National statistics

Industry accounts for one-fifth of GVA on average. However, this varies significantly across the countries. The role of industry is particularly important in Serbia (where it represents an equally important part of the economy as in EU-11) and, to a slightly lesser extent, in Bosnia and

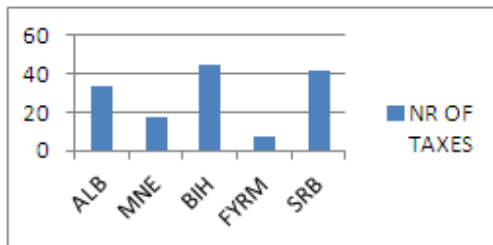
Herzegovina and Kosovo. Manufacturing is the predominant industrial subsector, especially in Serbia, FYR Macedonia and Kosovo. The utilities subsector of industry, including energy production, is important for Bosnia and Herzegovina and Montenegro.

In Albania Emigration and urbanization brought a structural shift away from agriculture and toward industry and service, allowing the economy to begin producing a variety of services - ranging from banking to telecommunications and tourism.

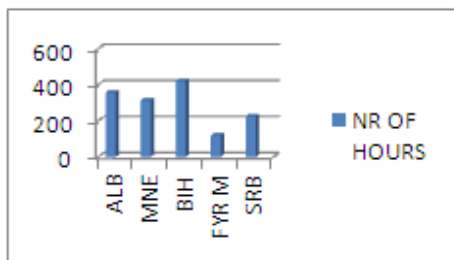
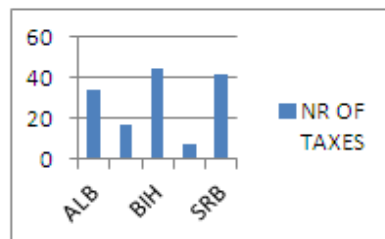
Despite this shift, agriculture remains one of the largest and most important sectors in Albania. Agriculture is a main source of employment and income – especially in the country’s rural areas – and represents around 23% of GDP while accounting for about 43.3% of the work force.

Favorable taxes: Most countries in the Western Balkans have made significant progress in reforming their tax systems in line with best international practice. During the past decade, tax rates in the region have been relatively stable, there has been a fall in the administrative burden of submitting taxes and efforts have been made towards widening the tax base. The World’s Bank Doing Business Report covers three dimensions of paying taxes such as: time needed to comply with taxes per year, number of taxes payments per year total tax rate with contributions of different types of taxes. In the chart below show the number of tax payments and time needed to comply with the tax rules all the western Balkans countries have higher scores compared with EU benchmarks in terms of the number of tax payments per year that need to be done.

Graphic 3: Paying taxes: nr of taxes 2016
needed, 2016



Graphic 4: Paying taxes; hours



Source: Doing business report 2016

Low labour cost and well educated population: The advantage of low labour costs is complemented by the relatively educated population. Improving vocational education and training in line with private sector requirements is where more work can be done. This chimes with firm-level evidence from the BEEPS which points to difficulties in hiring people with adequate skill sets. However, on a more positive note, Western Balkans countries have made an effort to meet international standards by participating in the Torino process and the South East European Centre for Entrepreneurial Learning (SEECCEL). As a result, countries in this region have adopted policy documents for medium- and long-term visions of their vocational education and training (VET) systems, with clear strategic objectives. They have also integrated entrepreneurship into VET curricula, thereby recognizing the importance of small and medium-sized enterprises in the region and their connection to VET.

ALBANIA

Before the global financial crisis, Albania was one of the fastest-growing economies in Europe, enjoying average annual real growth rates of 6%, accompanied by rapid reductions in poverty. However, after 2008 average growth halved and macroeconomic imbalances in the public and external sectors emerged. The pace of growth was also mirrored in poverty and unemployment: between 2002 and 2008, poverty in the country fell by half (to about 12.4%) but in 2012 it increased again to 14.3%. Unemployment increased from 12.5% in 2008 to 17.6 % in 2014, with a slight improvement of 17.3% in 2015, while youth unemployment reaching 32.1 % in the same period.

Growth is estimated at around 2.6 percent in 2015 and 3.4 percent in 2016. Albania's labor market has undergone some dramatic shifts over the last decade, contributing to productivity growth. Formal non-agricultural employment in the private sector more than doubled between 1999 and 2013, fueled largely by foreign investment. Emigration and urbanization brought a structural shift away from agriculture and toward industry and service, allowing the economy to begin producing a variety of services - ranging from banking to telecommunications and tourism.

Despite this shift, agriculture remains one of the largest and most important sectors in Albania.

Looking toward the future, Albania is focused on supporting economic recovery and growth in a difficult external environment, broadening and sustaining the country's social gains, and reducing vulnerability to climate change. One of key challenges for Albania is the "war" against the informality (an important contributor to the employment) especially in the agriculture sector. This leads to tax revenues losses and under supply of goods.

The most important measure to tackle it and to reduce it till now is:

1. A campaign against informality based on three pillars (raising awareness, promoting formal activity)
 - Communication (information for the general public for the positive aspects of the formality)
 - Legislation (aimed at amending the law, including incentives and penalties for them who break the law)
 - Location (identifying the regions, the businesses, sectors at higher risk of informality)

This campaign gave its positive results already in the beginning of 2015 and it continues to go on.

CONCLUSIONS

This paper has provided a number of reasons why the Western Balkans should be seen as a Region of investment opportunities and growth potential. In this concluding section we look briefly at some of the long-term challenges facing the region.

There are four main areas that require long term vision and commitment to head off the risks:

- Reform fatigue: There has been clear progress in this area, despite the difficult economic circumstances in recent years, and the EU “anchor” has been a key external driver. Even though the strength of the EU anchor has been diminished by both the internal problems of the European Union and the fact that full membership for Western Balkans countries is clearly a long way off, EU approximation is advancing and still represents the best hope for institutional reform.
- Financial sector fragility: A further positive development on cross-border coordination was the signing in October 2015 of a memorandum of understanding between the European Banking Authority (EBA) and the supervisory authorities of the banking systems in five of the six Western Balkans countries (excluding Kosovo). This non-binding agreement establishes a framework of cooperation and information exchange to strengthen banking regulation and supervision of banks operating in the European Union and in the region. The Western Balkans countries have committed to provide the EBA with regular updates on developments in their banking systems and to bring their own regulatory and supervisory standards and institutional arrangements in line with those in the European Union.
- Investment boosting: Foreign direct investment to the Western Balkans region has lagged behind over the years – in per capita terms, the region has attracted less than half the level in the 11 EU members from central and south-eastern Europe and the Baltic states. But as reforms progress and cooperation intensifies, new markets and

investment opportunities will open up. China already sees the region as a gateway to Western Europe and is lining up a massive infrastructure investment programme. The EU also needs the region's cooperation, including for a pipeline bringing Caspian gas to Italy via Albania – which may also bring gas to other Western Balkans countries for the first time via an extension. And for the region's corporate sector, integration and EU approximation can open up new markets.

- Inclusion and demographic trends: Unemployment especially among young remains in two digits and it is a common problem of these countries. Understanding the demographics of the region is necessary for creating optimal social policies, including reforms regarding labour markets and pension systems.
- Climate change: The problems of climate change require a cooperative and coordinated approach. The recent agreement emerging from the United Nations Climate Change Conference in Paris (the so-called COP 21) is a dramatic example of how willingness of countries to reach mutually beneficial outcomes can be harnessed towards concrete actions.

The spirit of cooperation among leaders in the region during recent years has been remarkable. The dialogue between six prime ministers was started by the EBRD in London in 2014, at the first Western Balkans Investment Summit. The cooperation at a regional level has been increased, since all the countries have recognized their interests. Provided this spirit prevails in the future, there is every reason to expect the Western Balkans region to return to robust, sustainable growth and continue to converge towards EU levels of competitiveness and standards of living.

REFERENCES

Journals

Peter Sanfey, Jakov Milatovic and Ana Kresic, _working paper 2015, “How Western Balkans can catch up”

Zuzana Murgasova, Madeem Ilahi, Alasdair Scott, J. Miniane, I.Vladkova-Hollar (March 2015) “The Western Balkans, 15 years of economic transition”.

World Bank Albania Partnership Report (2016) available at www.worldbank.org

EBRD-World Bank BEEPS V, 2013. Available at www.worldbank.org

“EU Enlargement policy “ 2015 available at www.europa.eu

Reports.weforum.org/global-competitiveness-report-2015-2016/

Website

www.doingbusiness.org
www.unctad.org
www.imf.org
www.instat.al
www.worldbank.org
www.financa.gov.al

THE INTEGRATION CHALLENGES OF WESTERN BALKANS INTO THE EUROPEAN UNION

MSc. Fabiola Deliaj

Pavarësia University College

ALBANIA

e-mail: fabiola.deliaj@unipavaresia.edu.al

ABSTRACT

Referring to a successful collaboration between political, economic and regional levels, for more than 50 years , the European Union is very active in assisting the countries of the Western Balkans to strengthen democracy and a close cooperation , while promoting development sustained economic growth in this region. The necessity of regional cooperation in the Western Balkans has an important policy , economic and social for all countries in the region . EU , in the late 90 th century and early XXI century came up with a new strategy for the Western Balkans , for a democratic transformation of societies in post -communist by association with the EU in stabilizing first internally and then cooperating regionally.

The dream of European integration has not yet proved a force to transform the societies in the Balkans, especially if we agree that the ultimate indicator of success is the progress of each specific country with its own indicators in the path towards the EU. With Croatia's membership in European Union seemed that the turn was coming to other Balkan countries.

But on the other hand political relevance is telling us that the EU is facing with the problems that have resulted from a cause of democratic deficit. The results of the May's elections to the European Parliament , the positioning of Germany , the popular vote of England exit off, the refugee crisis , high unemployment , etc. shows that the EU is taking steps backward politically and not only .But which impact will have the full integration of the Balkan's countries , after being part of the EU ? This impact will be study only after an analysis of the situation in which in facing today the European Union and Western Balkan countries. For that reason, the current political, social and economic confronts us with new challenges that are facing today the EU and the Western Balkans. A relation of both of two would allow us a long-term prediction of the integration process.

Keywords: The Western Balkans, Integration Challenge, Regional Cooperation.

INTRODUCTION

Today the EU is facing not only with new challenges which have often questioned the great European project, but also the rapid integration of the Western Balkans. Not intentionally in this paper are placed in front two approaches simultaneously: the situation today in which the European Union and the aspirations of the Western Balkans to be part of a united Europe. Variable first study will lead us to an answer to the future of the Balkan countries.

It's a qualitative study. It based primarily on an analysis of progress reports of recent years and other documents of the EU. This paper will argue the situation in which in facing today the European Union and Western Balkan countries. For that reason, the current political, social and economic confronts us with new challenges that is facing today the EU and the Western Balkans. A relation of both of two would allow us a long-term prediction of the integration process.

A report of the situation in which the European Union is facing today, and the aspirations of the Western Balkans to be part of a united Europe.

EU, in the late 90th century and early XXI century came up with a new strategy for the Western Balkans, for a democratic transformation of societies in post-communist by association with the EU in stabilizing first internally and then cooperating regionally. Referring to a successful collaboration between political, economic and regional levels, for more than 50 years, the European Union is very active in assisting the countries of the Western Balkans to strengthen democracy and a close cooperation, while promoting development sustained economic growth in this region.

The political contexts as the Western Balkans want to believe in idealistic commitment of European integration, with the belief that these international organizations have a higher authority than the nation-states. This side of the analysis stresses that the functioning of the union and decision-making in the EU are made on the basis of governance at many levels, where the political process has associated levels of sub-national, national, and supranational, it demonstrates that the EU still remains an experiment advanced as it regards regional integration.

If we refer to the theoretical approach (Heywood, A:148-151), we will see that the European project since its foundation is based on need and economic reconstruction of a war-torn continent. And in this case we have a realistic approach substantially. This can be seen in every aspect of EU decision-making, where the pursuit of national interests and the preservation of sovereignty did not allow this union to progress in political terms.

The balance between them varies in relation to policy areas and different issues. This image of complex policymaking certainly is better than ever barren notion of war between national sovereignty and the dominance of the

EU. If we refer to reality it seems pluralistic approach works only when integration has brought huge benefit to countries large and robust economic growth, because the relationship on the occasion of the Western Balkans seems inherently complex.

The dream of European integration has not yet proved a force to transform the societies in the Balkans, especially if we agree that the ultimate indicator of success is the progress of each specific country with its own indicators in the path towards the EU. With Croatia's membership in European Union seemed that the turn was coming to other Balkan countries.

It should be noted that enlargement policies have created tensions in the EU budget, especially when they are used to support the development of the former communist countries less developed, of course, when it comes to the Balkans. However independence and greater determination of the EU on the international stage will be reached when all state of Europe will be inside the EU.

But which impact will have the full integration of the Balkan's countries, after being part of the EU? This impact will be study only after an analysis of the situation in which in facing today the European Union and Western Balkan countries. For that reason, the current political, social and economic confronts us with new challenges that are facing today the EU and the Western Balkans. A relation of both of two would allow us a long-term prediction of the integration process.

First, out of the official map of the European Union have remained only the countries of Western's Balkan. Albania, Bosnia Herzegovina, Macedonia, Serbia, Montenegro, and Kosovo. These countries have similar characteristics between them in terms politic, as well as in economic and social indicators. The European Commission in May 1999 revealed the Stabilization and Association process, which defined the principles by which the countries and peoples of the region will progress towards EU's membership. These countries are committed to the concept of sustainable stability guaranteed through closer ties and relations with Europe.

Second, Is the policy of enlargement of the EU which takes seriously the western Balkans as a result of peace and stability in the region. In 1999 ethnic conflict in Macedonia and Kosovo War turning the attention of the EU in the Balkans. On 2003, the EU Thessaloniki Agenda (Milo,P:245-248) reveals where highlights a serious commitment to this region. Later in 2010 the European Commission brings "Stability Pact" as a political statement and economic engagement. Through the Stabilization and Association Agreements which suits the individual conditions of each country, the EU offered economic assistance, political and legal. Integration is important for both sides to security in the region.

Thirdly, the fact that Montenegro today is part of the EU proves that the EU is highly committed to fully integrate these countries and the Western Balkans is part of the united Europe.

Fourthly, while the Western Balkan countries are making progress in the development of institutions, in the preparation of human resources, strengthening the rule of law, freedoms and with rights of citizens, especially the rights of minorities, have passed seventeen years and this process is incomplete.

Based on the 2015's Progress Report, for Albania, the European Commission praised the Government reforms, but did not recommend the opening of negotiations for membership. For Serbia, the European Commission praised the Government for fulfilling the political criteria, but this government should be concentrate on some key issues including reports of a good neighborhood surrounding countries. For Macedonia, the European Commission report is not positive, since from the first time when Macedonia received the status of official candidate. For Montenegro, the European Commission assessed the progress of this country, and the government and opposition dialogue should take place in parliament. Yet progress in fighting corruption and organized crime is limited. For Kosovo, the European Commission gives writing its shading to progress and regress of the country, praising the achievement of the Stabilization and Association Agreement, and criticized the unacceptable situation in parliament. According to the European Commission, Bosnia - Herzegovina are back on the path of reform and scored a standstill on the path towards EU membership.

Fifthly, along with these issues, it should be noted that today the EU is facing huge problems of its citizens, which affects not positively to a full integration of these countries as political contexts different and in some cases still fragile democracy.

Today the EU is facing not only with new challenges which have often questioned the great European project, but also to the rapid integration of the Western Balkans. The economic crisis, first in Greece and then, economic indicators also in other EU countries, such as Italy and Spain showed that today, the EU is not in a good situation. The case of England, where 75 % of them voted exit, demonstrates that talked about the democratic deficit of the EU about there not being a concoction of Eurosceptics . We are now seeing an expansion in the EU towards the South and the North weakening. Forty-four years after it joined the EU, British citizens decided to leave. The British citizens say no to the Europe of technocrats. Increasing emigration and occupation, made the 17 million British workers voting in favor of discharge. The dates of referendum have showed that in areas with a high percentage of British immigrants have voted to a 75 % to be outside the EU, and not considering themselves as never represented in Brussels .The refugee crisis has spread panic throughout the Europe. In a world that is becoming more and more complex, where the industrialization development has not progressed at the same rate in all countries, where the process of globalization has brought many challenges, the free movements of citizens have brought more problems. From these dates, it seems clear that the most controversial issues about the EU today are those that have to do with freedom of movement and

emigration, mainly illegal immigration, seen as a major economic problem, political, social and legal. So it is clear that fear exists of internal migration, not only among EU countries, but less so when the countries of the Western Balkans to become part.

All the above factors raise important questions for a more detailed study of the long-term. England's case shows that the EU loses politically, which has shown that there are difficulties in implementation. New challenges and strengthen or weaken the EU? To be a consolidating force in the international arena should accelerate the process of accession of Western Balkan countries or the first need for these countries to achieve the standards required by the EU? Another question that may be asked is whether the international community is tired of insisting on every instance and interference in the internal affairs of these countries to become democratic states to maintain long-term stability and to meet the standards of a modern democracy?

Not intentionally in this paper are placed in front two approaches simultaneously: the situation today in which the European Union and the aspirations of the Western Balkans to be part of a united Europe. The study of first variable will lead us to an answer to the future of the Balkan countries. Democratic deficit in the EU as very controversial has to do with the fact of how decisions within the EU deal being overlooked what citizens want. Put this concept translates as a lack of legitimacy or credibility crisis.

The enlargement approach of the European Union it meets the project uniting the old continent. But it should be noted that the last election of the EU for European Parliament in May 2015 revealed what the 400 million citizens want: win far-right parties and the left, those who are against immigration policies and policies of the EU enlargement .This election year brought out the opposing parties to the European project, particularly in France and the UK. The greatest problem of these elections was the victory of right-wing extremists in France, led by Marine Le Pen and Eurosceptics in Britain.

Many analyzes and arguments can be made to the growing trend and resentment to the policies and governments of the EU , even in countries like Poland with a communist past and with a European great dream . The problem lies in the frustration of the policies undertaken which did not alleviate the effects of the crisis, which do not increase jobs, increase economic opportunity or own arrogance and political elites The problem has to do with the frustration of citizens on the policies pursued , which did not alleviate the effects of the crisis , which is not open new employment opportunities and economic growth , as well as the arrogance of political elites.

Also, the decrease of confidence comes from the fact that the citizens are becoming more mindful of their power and authority skeptical, prompting always to be vigilant from the acts and actions of policy makers and willing to judge and to estimate them. The outcome of this vote clearly showed that Member States chose to support Germany, economic power is stronger in Europe , not the United Kingdom , the other problem of the EU .

The crisis of refugees and asylum seekers and their attitude towards , decided in a new situation not only Germany but the whole European project .The Germany, leaded by Chancellor Merkel, has challenged all, guided by the motto for a borderless world, with citizens and peoples free, more tolerable by selecting to opening the borders and hospitality without conditions for immigrants which coming to the war, poverty and death. For almost a decade, Merkel offered Germany, its flourishing, a leading Europe 'de facto' and a model leader world in crisis management.

All these issues make it evident that the European Union is facing both of these tracks, the integration of the Western Balkan countries and internal problems that have come as a result of the enlargement policy. Despite the commitments made at the Thessaloniki Summit, the dream of European integration has not yet proven to provide a force for the transformation of societies in the Balkans, especially if we agree that the ultimate indicator of success is the progress of each country on the path to European Union. What seems clear is that, just because to the standards required by the EU, these countries will be part of it, so the governments of all Western Balkan countries need to work and lobby hard to be part of this union, first by promoting sustainable development, and secondly to show that they meet the standards, to be called European.

CONCLUSIONS

After more than fifty years of very dynamic evolution and deepened integration, the European Union has come to a stage when it needs to strengthen its democratic capacities in order to go further. On the other hand, Integration in the European Union is the subject of the governing programs of all Western Balkan countries, as well as their great challenges.

Jean Monne (father of integration) has said that: "The community we have created is not an end in itself, the Community is only one step on the road to the organized world of the tomorrow "-but today I think that the aspirations of these countries for integration, desire and efforts are indication of willingness to be part of a world that offers collaboration and universally partnership.

This leads us back to the topic of European integration, where an underlying concern seems still is: Is it possible to integrate the Western Balkans in the EU, without integrating internally? Together with new challenges, it seems that this process will be long.

REFERENCES

Journals

Bartolini, S. (2016)*Restructuring Europe*. Oxford University Press

Dinan,D.(1999). *Even Closer Union:An Introduction to EuropeanIntegration*.CO:Lynn Rienner Publishers

Heywood,A.(2008). *Politika*.Botimet Dudaj

Shively Phillips,W.(2012). *Hyrje ne Shkenca Politike*.AIIS

Milo,P.(2009).Historia e Bashkimit Evropian, IDEART

Why nobodys loves BE. Available from World Wide

Website

Web:<http://europesworld.org/2008/10/01/why-nobody-loves-europe-2/#.V0ryevl97IU>

The Western Balkans and its EU integration 2015,Comparative Overview . Available from World Wide

Web:http://idmalbania.org/wp-content/uploads/2016/03/The-Western-Balkans_2015Comparative-Overview.pdf

Analiza e Progres Raportit të KE për Shqipërinë për vitin 2015. Available from World Wide

Web:<http://idmalbania.org/wp-content/uploads/2016/03/Analysis-of-2015-EC-country-report-for-Albania.pdf>

Procesi i Stabilizim Asociimit . Available from World Wide

Web:https://eeas.europa.eu/sites/eeas/files/procesi_i_stabilizim-asocimit.pdf

Mes konsensusit dhe Kompromisit-Kornizimi i integritet te vendeve të Evropës Juglindore. Available from World Wide

Web:<http://www.osce.org/sq/albania/153896?download=true>

Bashkimi Evropian Nga Paskal Fonten në: Available from World Wide

https://eeas.europa.eu/delegations/.../eu_lessons_sq.pdf

CHALLENGES OF ALBANIA ECONOMY IN THE LIGHT OF EUROPEAN INTEGRATION

PhD. Veronika Durmishi
Pavarësia University College
ALBANIA

e-mail: veronika.durmishi@unipavaresia.edu.al

ABSTRACT

EU membership requires the existence of a functioning market economy and capacity to cope with competitive pressure and market forces within the European common. Economic integration has to do with the elimination of borders between two or more countries, so any restrictions on which current and future movements of goods, services, factors of production as well as the speed and quality of information are relatively low. Economic limit does not mean necessarily territorial limit. The goal of economic integration is to increase competition in the current period and in future periods. Economic integration means integration of markets and policy integration.

The integration of markets means that all market participants in different regions or different countries operate according to supply and demand throughout the European Union. While integration policies does not mean implementation of a single policy, as different countries apply different economic policy, but it means joint institutions, joint interactions and removal of discriminatory policies between countries.

The aim of the study is: to analyze the development of the Albanian economy in the context of integration of Albania into the EU customs legislation changes that suffered and fiscal fitness of this legislation with European legislation, the ability of the economy to cope with the pressures of competition, the EU countries that.

The methodology used is comparative analytical. Analytical for analyzes of various economic sectors. Comparative because it will compare the economic development of the country with the EU average and the challenges for the future.

Keywords: European integration, economic criteria, functional economy, european legislation

INTRODUCTION

EU integration should not be understood simply as a removal of borders, a move them, which allows free movement towards richer countries, in order to increase welfare. Integration does not mean abandoning your land to build the welfare work in a more attractive by the quality of life and increase benefits.

But integration means the country's internal development using economic resources, social, demographic, cultural. EU integration is, first, the alignment and acceptance of the fundamental values on the basis of which built and operates the largest intergovernmental body.

EU aims to become not simply a common economic area without customs barriers and common monetary policy, but in a community that has a common denominator, a same philosophy and vision of similar value. The birth and development of the EU came as a result of a series of treaties, not like most federations or confederations in the world, which are created by an act of the charter, commonly known as the Constitution.

THE HISTORY OF RELATIONS BETWEEN ALBANIA AND THE EU

Albania submitted its application for membership in the European Union on 28 April 2009, based on Article 49 of the Treaty on European Union, which states that: *'Any European State which respects the values referred to in Article 2 and is committed to supporting these values, can apply to become a member of the Union'*.

While Article 2 states that *"The Union is founded on the values of respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights, including the rights of persons belonging to minorities. These are values common to the Member States in a society in which the rule pluralism, non-discrimination, tolerance, justice, solidarity and equality between women and men"*.

Membership requires:

- That the candidate country has achieved stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities,
- Existence of a functioning market economy and capacity to cope with competitive pressures and market forces within the Union,
- Ability to meet the obligations of membership including adherence to the aims of political, economic and monetary union "

First diplomatic relations with EU we decided when the two sides signed a Trade and Cooperation Agreement in 1992, which realized for the first time Albanian outreach efforts and assistance from the EU. Following this agreement, Albania could benefit from preferential trade regimes that EU offered to third countries. Initially, our country became a beneficiary of assistance from the EU. This assistance was provided in the form of a loan for investment in the form of a grant for emergency issues, without forgetting the basic food aid, which came to our country after the fall of the communist regime. After the EU made the country an economic and trade agreement, the Agreement non-preferential trade and economic cooperation, which entered into force in December 1992. This agreement provided that our country can

carry out trade relations with EU countries, but not It would have priority. This is because our market was not a potential importance, which comes from the fact that our country has a small population and little purchasing power, and the fact that our goods were not competitive in the EU.

In general, the country has well fulfilled the obligations under the Stabilization and Association Agreement, the entry into force of the Interim Agreement. Albania has contributed to the proper functioning of the various joint institutions. Stabilization and Association Agreement (SAA) Albania entered into force on 1 April 2009, following its ratification by 25 member states of the EU, which were part of the community at the time of signing the SAA, as well as its adoption Albanian parliament. The ratification process was done in less than 3 years, paving the way for Albania to the EU application for obtaining the status of candidate country. The general framework of the SAA has to do with political dialogue and regional cooperation, trade provisions related to the progressive liberalization of the exchange until the establishment of a free trade area between the parties, community freedoms, and cooperation in priority areas, especially in the field justice and home affairs. This step was completed in June 2014.

Albania became a member with full rights in the Energy Community of Southeast Europe, on July 1, 2006. The treaty aims to create an integrated regional market of energy, electricity and natural gas, as part of the wider market EU 's. Albania signed the agreement on the European Common Aviation Area (ECAA) in June 2006. Albania joined the WTO in 2000 and is a member of CEFTA since 2007.

Albania has received financial assistance from the EU since in 1991. In total, in the period 1999-2010, the EU allocated over 565.7 million for Albania. In 1999-2006, Albania received assistance 259.6 million Euro from the EU CARDS. Since 2007, CARDS has been replaced by the Instrument for Pre-accession Assistance (IPA), under which Albania has received assistance worth 306.1 million Euro in the period 2007-2010. Throughout every stage of negotiations with the EU, the Albanian economy has benefited from EU funds in several directions, such as transfers budget through grant programs, which have benefited other countries in the region such as PHARE, Community assistance for Reconstruction, Development and Stabilization (CARDS), SAPARD, ISPA.

These funds have contributed to the gradual increase of public investment, income of farmers, the quality of education in order to synthesize and have contributed to the growth of the country's GDP. IPA (Instrument for Pre-Accession) recently implemented program is focused on the Adriatic IPA CBC.

ECONOMIC CRITERIA FOR EU INTEGRATION

When it comes to EU membership, the economic perspective, this process has to do with the fulfillment not only of the political criteria (stability of

institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities) and recognition the acceptance of legislation common EU - "Community *acquis*"(ability to assume the obligations deriving from membership, including the conviction against the aims of political, economic and monetary union), but also the fulfillment of the economic criteria - a functioning market economy and the ability to interact with the pressures and market forces within the EU.

These principles are enshrined, and broken down into very basic documents of the EU that have origins in the 50s of the last century and are developed step by step in accordance with the specific circumstances of individual countries. In 1993, the European Council decided in Copenhagen the economic criteria for EU membership:

- The existence of a functioning market economy;
- The ability to cope with competitive pressure and market forces within the EU.

The existence of a functioning market economy

The existence of a functioning market economy requires the liberalization of prices and trade, and the establishment of an enforceable legal system, including property rights. Macroeconomic stability and consensus about economic policy enhance the performance of a market economy. Improve economic efficiency if there is a well-developed financial sector and if removed major barriers to entry and exit. Functioning market economy cope better with competitive pressures, and in the context of EU membership, its domestic market is the market to be taken as reference points. In the early years of transition, there was a drastic contraction of production, galloping budget deficit and a three-digit inflation. With the help of the international community, in 1993, Albania embarked on a program to stabilize the economy, which included fiscal consolidation, strict monetary targets and structural reforms.

Improvements in macroeconomic stability banned in 1997, with the fall of the so-called pyramid schemes, which brought a rather negative effect on the economy and caused civil unrest. Albania has made many sweeping reforms aimed at enhancing the quality of public expenditure. Fiscal discipline has improved during most of the 90s, in accordance with various adjustment programs.

Since 2000, the program is being implemented which is a medium term budget expenditure plan based 3-year-old.

Interplay of market forces

Administered prices set by sectoral regulators (electricity, phone, water) or by state authorities. State participation in the economy is gradually reduced, and therefore the private sector today accounts for about 3/5 of GDP and 82% of total employment. This is primarily achieved through extensive privatization process. Sectors that are still owned or controlled by the State include electricity generation, railways, ports and water utilities.

Significant advances have been made in recent years to facilitate the opening of new cases. In 2007 was adopted Law on the National Registration Centre (NRC) that provides simultaneous recording of one-stop-shop for purposes of administering the tax, social security and health, and labor inspections. The legal system that supports the market economy has evolved since 1990. However, the legislative process is not fully transparent, as proposed laws are not always subject to public consultation. Laws and regulations are sometimes not consistent, complete or lacking legislation implementing acts, thus leading to uncertainty.

THE MACROECONOMIC SITUATION IN THE CONTEXT OF EUROPEAN INTEGRATION

In terms of the opening of the Albanian economy, according to Albania's Progress Report for 2015 shows that this process has continued to progress. In this way, the EU remains the main trade partner of Albania, with about 3/4 of exports and imports taken together, while Italy and Greece together account for about 70% of the total volume of trade in goods. Overall, the EU remains the main trade partner of Albania in the field of investment, while trade with CEFTA countries is growing. However, the Albanian production base concentrated around a few sectors only.

Since 2010, the current account deficit has risen gradually, mainly by increasing the deficit in trade in goods, and in 2014 amounting 15% of GDP. About half of the trade deficit is traditionally funded from current transfers from abroad, totaling about 13% of GDP in 2014. A large proportion of these transfers are workers' remittances, which, following an upward trend in the first half of 2000 declined in recent years. In the last decade, net capital inflows have largely covered, the current account deficit, contributing to higher foreign exchange reserves. FDI, representing about half of the external financing, increased by 4% of GDP in 2010 to 7.6% of GDP in 2014. The deficit of the current account constitutes high risk.

Direct credit and interest rate management was replaced after 2000 by repurchase contracts, which became the main instrument to control bank liquidity. In 2014, the Bank approached to curb inflation target in order to achieve price stability, keeping inflation at 3%, within the target of 2-4 percentage points. The target of publicly helped create clear expectations for inflation. The target of publicly helped create clear expectations for inflation. The business environment continues to be difficult, mainly due to poor infrastructure, widespread corruption, inadequate land market and real estate, limited administrative capacity and sometimes unprofessional and insufficient legal security for companies. This situation adversely affects investment and the normal functioning of a free market economy. Political uncertainty and a low level of interest from strategic investors have added challenges to the economy. In steps have been made towards improving the business

environment and climate aimed at creating facilities for investors, as well as promoting the interests of business. On the other hand, they are aimed at facilitating dialogue between the business community and the administration. Still unresolved issue of land ownership continues to hamper significantly increase investment and adversely affect economic prospects. Increasing labor costs and the informal economy also undermine investment and business development. Further reforms are needed, especially through the implementation of the legal framework and more efficient fight against tax evasion.

Over the past decade, inflation has decreased gradually and in 2002 remained below 3%. Inflation started to rise in October 2009 as a result of depreciation of the All, which led to an increase in import prices. Rising inflation accelerated in January and February 2010, mainly due to higher administrative prices (tariffs for water and electricity), but then fell, reaching 3.4% in September. So, in general, annual inflation remained below 3%, reflecting a monetary policy leaning towards high level of price stability.

Albania has pursued a liberalized exchange rate regime, the value of the currency is determined in the foreign exchange market and interventions are limited to smoothing fluctuations strengths, while maintaining an adequate level of foreign reserves. Faced with the global crisis, the Albanian currency began to depreciate and lost on average 7.5% of its value against the euro in 2009, but has created stability in the coming years. Reforms over the years have brought improvements in tax administration.

However, the ratio of public debt to GDP continues to be above 60% figure this report Even though the public debt is high, a risk mitigating factor is the fact that 3/5 of the total public debt is domestic debt, the get almost completely in local currency. Public debt consists of central government debt, because although local government has the right to borrow, has used very little opportunity so far. However, about 60% of domestic debt is short-term, with a maturity of 1-year or less, thus creating the risk of refinancing.

Albania has maintained macroeconomic stability in 2015, despite the contraction of economic activity and the fall in aggregate demand, as well as weak inflationary pressures from the real and monetary sector. Economic growth slowed in 2015, while real GDP grew by only 0.7% over the previous year. Bank of Albania has registered an upward trend in the last quarter, with more balanced growth in the third quarter, based on the positive contribution of net exports and private domestic demand. Despite the growth, the output gap remains negative due to employment and other pressures exerted production less inflationary pressures.

In the financial sector, the priorities include increasing access to business financing, reduction of non-performing loans and public debt reduction. Improving employment is another long-term economic priority. Bank of Albania lowered the key interest rate again to boost lending leading to job openings in the private sector. As a chain effect, lending helps domestic

production and exports, resulting in the strengthening of the national currency against foreign currencies.

Gross Domestic Product (GDP) continued to grow, mainly due to positive net export growth, but the economy remains fragile and vulnerable to internal structural weaknesses and instability of the world economy. There was a slight improvement in the labor market, but unemployment remains high. There is still concern about the high level of budget deficit, public debt and its short-term impact, as well as for bad loans in the banking system. Improving the business and investment environment is essential for diversifying the economy and boosting its long-term potential for development. Albania must meet the structural reform of its fiscal policy and monetary stability-oriented, in order to guarantee a long-term sustainable economic development.

There is broad consensus on economic policies 2015-2020, which aims at further consolidation of the fiscal regime, reducing public debt, improving current balance and fiscal policy development in line with monetary policy, coupled with the strengthening of the budget based on costs. Maintaining macroeconomic stability, which is generally strengthened, remains the main objective of economic policy.

CUSTOMS UNION AND EUROPEAN INTEGRATION

Albanian economy underwent major structural changes in the past two decades and economic policies oriented towards macroeconomic consolidation and customs union.

Acquis in this sector consists of the Customs Code of the EU and its implementing provisions, the Combined Nomenclature, the Common Customs Tariff including trade preferences, tariff quotas and exemptions from customs duties and other legislation related to customs outside the scope of Customs Code. Member States should ensure the establishment of enforcement and executive capacities, including links to the customs computerized systems of the EU (about tariffs systems, NCTS- new computerized system of transit), ECS- Export Control System, ICS - Integrated Transportation system and EOS- systems Economic Operator). Customs administration should also ensure adequate capacity to implement and respect the specific rules set out in the areas of the *acquis* relating to customs, such as provisions for foreign trade, health and security.

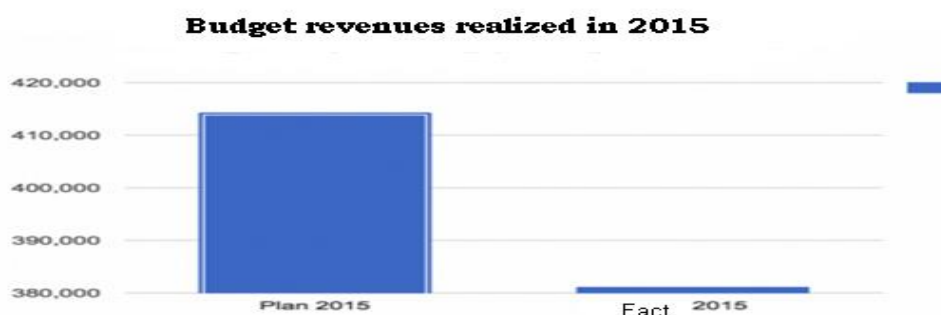
As regards the customs legislation, Albania already applies the Combined Nomenclature and its classification rules are broadly in line with the *acquis*, although their application in practice is not always consistent. Existing information systems of compulsory customs tariff, tariff suspensions, tariff quotas and the easing of obligations are similar to those of the EU, but have not yet been fully harmonized. At the time of EU accession, Albania must ensure the implementation of all EU legislation relating to customs. Albanian customs legislation does not yet include security measures or the concept of authorized economic operator (AEO).

The system of administrative fees for supervision and customs control will be analyzed in detail because some of the fees cannot be applied in accordance with the *acquis*. Albania will need to align its transit procedures in preparation for membership in the Joint Convention of Transportation. Provisional acceptance is the ATA carnet, but is not yet applied in practice because there is no national guarantor. Albanian customs result in more revenue than taxes, while in other countries the opposite happens. This is a trend that occurs in the normal way for countries that have a long period in the development of the market, compared with other countries that have less than two decades in their economic development. For countries in transition, such as Albania, the balance of revenues from customs and taxes is almost the same. However, even in developed countries, customs still remains the main institution providing revenue to state coffers. Despite this, the normal course of economic development will lead to an increase in revenue in the domestic economy, so tax, taking into consideration the growth of industries and businesses. For the moment this balance is normal. For the next 5-10 years, superiority will go towards the tax system.

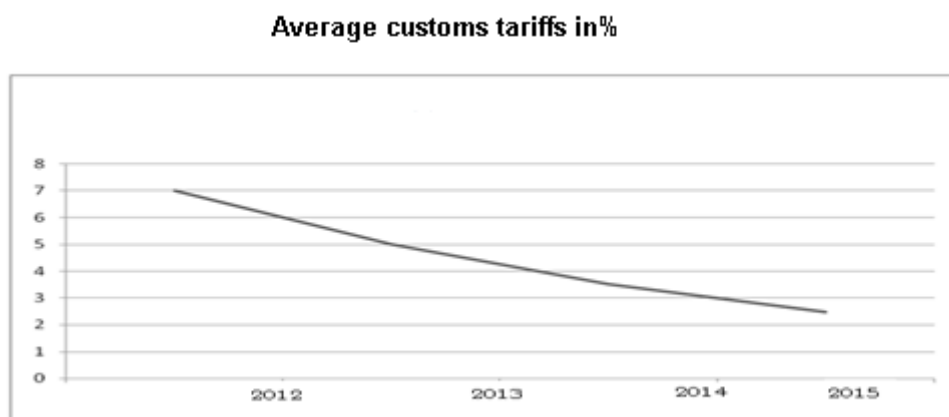
THE CHALLENGES THAT MUST BE FACED

One of the direct impacts of the movement towards a deeper integration will be the reduction of budget revenues (fiscal implications) from import customs duties. For 2015 we have a realization of the state budget by 92%. 2015 were collected 381.1 billion, about 33.3 billion less in revenue than planned in the first quarter. They have had difficulties in realization of tax and customs revenues, which has been only 92.5% of the first plan year. Specifically, revenues from national taxes are realized with 81% tax on personal income is realized with 86% income tax on the added value realized by only 93%, revenues from customs duties are carried out by 96% and revenues from excises were realized with 98%. Income tax has exceeded forecasts by 6%.

The weight of revenues from customs tariffs have dropped steadily, from 11.3 per cent of tax revenue in 1999, 9.5 percent in 2009, to 3.2% in 2015. Customs revenues, however, remain important source revenue in relation to integrated economies. Thus, Slovenia and Bulgaria they account respectively 0.6 and 0.7 per cent of GDP.



Therefore, in a medium term perspective it is expected that this source of budget revenues gradually reduced, demanding that measures be taken to a new fiscal adjustment. It is necessary to reform the fiscal system of the country aimed at expanding the tax base, not only to compensate for the loss of this source of income, but aiming at achieving the levels of revenues in order to deepen the country's fiscal consolidation and increasing levels of public investment to meet the needs that are detected within the National Strategy for Social and Economic Development of the country.



According to some estimates made by researchers of the World Bank shows that the combined action of SAA and FTAs with the region, bringing a positive effect on the indicator of welfare at over 3% of GDP (in terms dynamic), an increase salary of 5.68%; exports increased by over 50% and imports by around 6%.

ALBANIA'S ECONOMIC BENEFITS FROM EU MEMBERSHIP

In the period 2001 onwards, EU aid to Albania under the CARDS program amounted to approximately 280 million euro. These funds were provided in

the form of a grant (are non-refundable), intended for reconstruction and infrastructure, economic and social development and the promotion of regional cooperation, and focus on a few priority areas. This program aimed to help the country to establish a modern judicial system, comparable to European standards, through the revision of the legal framework, training programs, rehabilitation of prisons. Also, the attempt is made to increase the professionalism of the civil service, public administration to be efficient and to respond to EU standards. Starting from 2014, the financial support of EU candidate and potential candidate countries is provided through the new financial instrument, IPA II, which will be implemented during the period 2014- 2020. Preparations for this instrument began in late 2011 and that period, there were consultations with all stakeholders involved in this process. The new instrument, different from IPA I, consisting of five areas where each of the beneficiary countries will benefit from all areas of the sector, regardless of status (candidate or potential candidate) will be programmed according to the sector approach and not specific projects . In case Albania benefits from several areas:

Police in order public.-Albanian Police are offering strategic advice, training and equipment. Police forces have a fundamental role in strengthening the rule of law, internal security and the fight against organized crime, trafficking and corruption.

Cross-border cooperation - is another area related to the improvement of integrated border management between our country and the regional countries involved in this program.

Administrative capacity building - including the improvement of implementation capacity and sustainability of public administration, which focuses on directions expedite the Stabilization and Association Process. Customs Assistance Mission has achieved valuable results in terms of revenue collection, smuggling and corruption prevention and improved management of customs procedures.

Economic and social development - includes support aspects of trade, education and local infrastructure. As far as the development of infrastructure improvement occurred energy networks, transport and water, which are essential for economic growth in Albania. Financing projects-EU finances development projects for infrastructure development. Besides considerable relief that our country benefits from social assistance programs, he also enjoys trade preferences with regard to the EU. A good portion of domestic products can enter without restrictions and customs in European markets.

CONCLUSIONS

- Albanian customs legislation is partly in line with the *acquis*, but further efforts are needed in some areas, along with the overall harmonization of the customs legislation of the EU. Administrative and operational capacity of customs administration will be

strengthened to improve the implementation of existing legislation and to respond to future challenges. It must strengthen the capacity of Information Technology, paying special attention to interconnection and interoperability with the computerized systems of the EU.

- Our country aspires to EU membership and one of the main objectives is to reduce the EU requires all customs barriers. So the role of customs will focus more on the economy than filtering a source of income for the state budget.
- Reduce barriers customs will bring cutting costs for businesses exporting to Albania, thus Albanian businesses will have the opportunity to expand exports that will be definitely a challenge very difficult, it's facing foreign competition.
- Overall, Albania still faces challenges in the areas of harmonization of legislation and administrative capacity.
- Albania policy for industry and small enterprises and medium is broadly in line with EU principles. However, attention should be paid the remaining challenges are improving the business environment and removing remaining obstacles to investment.
- Tax Administration has made great efforts to fulfill the obligations that taxpayers voluntarily and it manages to collect most effectively tax obligations. Current legislation requires full payment of the fee before a complaint is lodged against a decision of the tax administration and does not allow the use of a bank guarantee for this purpose. Risk analysis, inspection and cooperation between the institutions should be strengthened further to improve law enforcement and to reduce the large informal economy.
- There has been some progress in the area of customs cooperation. Directorate General of Customs has continued the good cooperation and exchange of information with counterpart structures in the region, EU countries and elsewhere.

REFERENCES

Journals

Biberaj Elez, 2011. "Albania in transition, hard road to democracy 1990-2010". AIIS. Tirana.

Civici, Adrian. 2010. "The financial crisis and global". UET Press

Steger, M. B. 2003. "The EU. Brief Introduction ", Oxford -University Press. Tirana

AIIS, 2010 "The European perspective for Albania, perceptions and realities", Tirana.

Commission "Albania's application for membership of the European Union", European Commission Brussels, 9:11. 2010. European Bank for Reconstruction and Development, "Transition Report 1999 Ten years of transition", 9 Nov 1999.

Albania Progress Report, the EC, 2013,2014,2015

Fontaine, Paul. "Europe in 12 lessons'

Zef Preci, <http://europaesse.Wordpress.com/2012/01/16>. The argument for European status,

Website

http://ec.europa.eu/enlargement/pdf/financial_assistance/cards/publications/general_al.pdf <http://www.programmallp.it/index.php>

http://www.programmallp.it/index.php?id_cnt=325

<http://www.ata.gov.al/fondet-ipa-perfitimet-dhe-sfidat-e-shqiperise-ne-rrugendrejt-be>

http://ec.europa.eu/enlargement/instruments/overvieë/index_en.htm

<http://www.dogana.gov.al> (website Albanian customs service)

<http://www.europa.eu.int> (website BE customs service)

<http://www.minek.gov.al> (website Ministry of Economy)

<http://www.wcoomd.com> (website World Customs Organization)

E-BUSINESS INTEGRATION IN EU

MSc. Eljona Zana
Pavarsia University College
ALBANIA
e-mail: eljona.zana@unipavarsia.edu.al

ABSTRACT

Information and communication technologies (ICT) have fast become an integral part of the way enterprise functions. The combination of its extensive use, with new ways of using the internet efficiently, characterizes what we now refer to as the digital economy (e-economy). These are the driving forces that show the way that enterprises run their business, organize internal communication, share information with business partners and communicate with customers. In this context, e-economy includes both electronic business (e-business) and electronic commerce (e-commerce).

The European Commission has long recognized and emphasized the importance of information and communication technologies (ICT) for the European economy to thrive.

The main objective of this paper is to show how e-Business has gained new momentum in the EU. ICT has an incredible potential in cost saving, a fact widely recognized by companies that operate in EU and in the world.

Using descriptive methods, we attempt to show how e-business has become an integral part of enterprises and commerce in the EU, the advantages and disadvantages that the use of e-business brings. It will also present e-business W@tch, a platform used to monitor the use of ICT in e-business.

Keywords: ICT, e-business, e-business W@tch, e-commerce.

INTRODUCTION

The globalization of everyday business and increasing international trade are leading to a growing need to improve national and international business collaborations and transactions. Emerging technologies for e-business transactions allow for new methods of process, data and application integration. Thus, business processes today commonly require electronic transactions between business partners. With the general objective of seamlessly coupling electronic information chains, process, data and application integration have become a major challenge in sustaining international trade and business development. By using electronic transactions to automate business processes, companies seek to optimize processes,

accelerate the development of new products and services or access new markets or target groups. The facilitation of seamless electronic information processing is expected to add substantial economic value by generating cost-reduction potential and increasing the speed of process execution while at the same time enhancing the quality of processes, products and services. With seamless electronic communication inside an organization and across its boundaries, with partners, suppliers, and customers, business processes can be automated to an even greater extent, thus increasing their efficiency further. It is uncontested that the efficient use of ICT can leverage a firm's performance. ICT applications help companies serving customers in a potentially global market, support production and logistics processes, and facilitate internal work flows.

A broadly-based evolutionary development of electronic business has set in across the globe. This development, though not visibly revolutionary in character, has been nonetheless powerful in its impact. The maturity of e-business has substantially increased across sectors and regions over the last years. About 80% of large companies [1] regard e-business as relevant for their day-to-day operations.

This paper attempts to describe the use of ICT and the role of e-business in companies in EU. Section 2 describes the standards of e-business, the topology of e-business. In Section 3 we describe the adoption of e-business by European enterprises: ICT infrastructure, integration and adoption of e-business processes and the main sectors of e-business study. Section 4 gives the conclusions derived by this paper.

E-BUSINESS STANDARDS

In e-business, standards are intended for formatting data such as the descriptions of documents, transactions, processes, services, objects or conditions. Standards can offer both references frameworks for information, transactions and processes on the structure level of an electronic communication. Standards have been described and related to each other by means of level models. We will present five different models [2] used to categorize e-business standards.

- **Communication Model by Voigtmann and Zeller**

Voigtmann and Zeller (2002; 2003) [3, 4] analyze the requirements of an automated communication between systems. Based on the communication model by Shannon and Weaver (Shannon 1948) , they subdivide a communication link into four hierarchical levels. Each of these areas can be understood as a level of integration. The basis of any integration is the realization of interoperability. Accordingly, on each level different integration

requirements arise. Integration on a higher level can only be realized after it is fully achieved on the level below. A superior level uses the services implemented on the levels underneath. The use of standards is proposed as a solution for the integration needs of the four communication levels. For each level, specific standards are available. As a result, several standards are used at the same time in order to achieve complete integration across all communication levels.

- **EDI-level Model by Müller-Lankenau and Klein**

Based on the EDI architecture model by Kubicek (1993), Müller-Lankenau and Klein (2004) [5] develop an extended EDI level model, further detailing the focus of standards on the semantic level. All model levels are hierarchical. If the standardization requirements on at least the four lowermost sublevels are fulfilled, digital documents can be processed electronically.

- **Interoperability Model by Hofreiter and Huemer**

Moving beyond the scope of semiotics, Hofreiter and Huemer (2002) [6] define an interoperability model with six hierarchical integration levels. To achieve full B2B integration, interoperability needs to be realized on each of those levels. Mutual consent between the communicating parties is needed about either the format to be used or how to map one format to another. The facilitation of interoperability can be measured by the degree to which it is realized on each of the levels.

- **Standardization Model by Schmitz and Leukel**

According to Schmitz and Leukel (2003) [7], e-business standards are generally a prerequisite for efficient B2B transaction processing. Out of the abundance of standards available, suitable standards have to be chosen and, if necessary, adapted. The level model shows a hierarchical standardization order, but in contrast to the previously described approaches, the authors here separate between formatting metadata, technical data and business information by encapsulating business data into a domain-independent technical framework.

- **Integration Model by Chari and Seshadri**

Chari and Seshadri (2004) [8] propose a different approach by extending the basic idea of hierarchically ordered levels for technology, data formatting and process definitions. They systemize standards by means of a three-dimensional framework that distinguishes between the standards according to objectives and scope. The application architecture includes three functional components. The data logic enables data management by transferring them into a format that allows further processing. The business logic comprises the business applications' process logic. The presentation logic facilitates the interaction between an application and the various interfaces, such as web browser, voice recognition, mobile devices and terminals.

In consideration of all the aspects discussed, Figure 1 describes a general typology of e-business standards.

Figure 1. General e-business standards typology of e-business

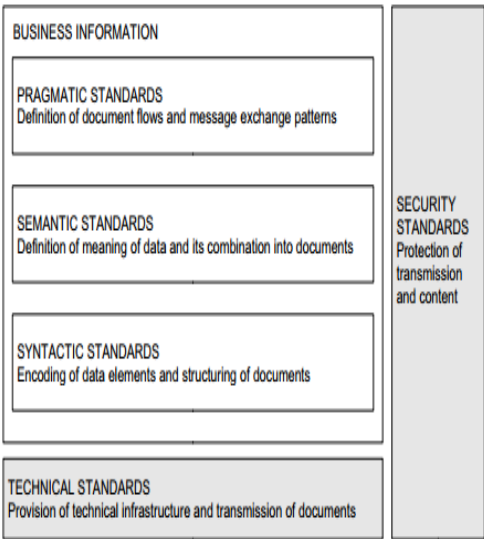
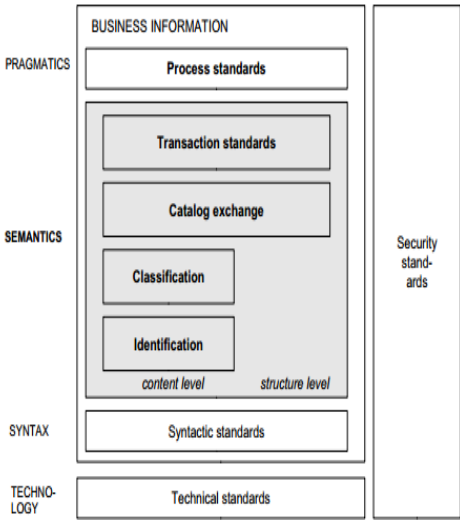


Figure 2. Detailed typology of standards



The five models introduced above all use a document-oriented approach and describe the requirements and achievements of e-business standards in various focus areas. Although there are differences in the details, a comparison of the models shows general similarities. All models assume hierarchical analysis levels and foresee the provision of a technical channel for data exchange aside from the formatting of business information and the representation of the inter-organizational business processes.

THE ADOPTION OF E-BUSINESS BY EUROPIAN ENTERPRISES

The role of ICT in e-business in EU enterprises

ICT, and in particular the internet, tend to have a profound impact on marketing activities, including the way companies communicate with customers, in how they order and sell their products and provide related services. In some sectors, the approach towards e-commerce has become a

critical factor determining a company's business model (e.g. in retail and banking). Innovation activities, including those enabled by ICT, can be a reaction to pressure from outside (from customers or suppliers) or be a proactive measure to seek competitive advantage [9, 10]. In particular, pressure from customers' appears to be the most powerful driver of e-business developments in most sectors. About 70% of those firms that practice e-business confirm that meeting expectations of their customers was "an important reason" to start e-business.

Access to the internet is the cornerstone for e-business because of its limitless capacities for connecting persons and enterprises worldwide. The percentage of EU enterprises that used computers and had internet access seems to have reached saturation level. In 2015, 97 % of enterprises had access to the internet. The share of enterprises that had internet access was similar in most countries. In 20 out of 28 EU countries, 97 % or more of enterprises reported having internet access. Concerning staff employed in enterprises with 10 or more employees, 55 % used computers, and 49 % used computers with access to the internet. Compared with 2010, the latter category increased two times more (+6 percentage points).

The flexibility offered by ICT applications permeating business operations is an essential precondition for this new relationship with customers. Though service sectors lead the way in this field, ICT is already widely used in manufacturing sectors to improve service levels. More than 60% of firms also state that the opportunity to gain competitive advantage has been an important reason for their e-business engagement. This holds true for all sectors.

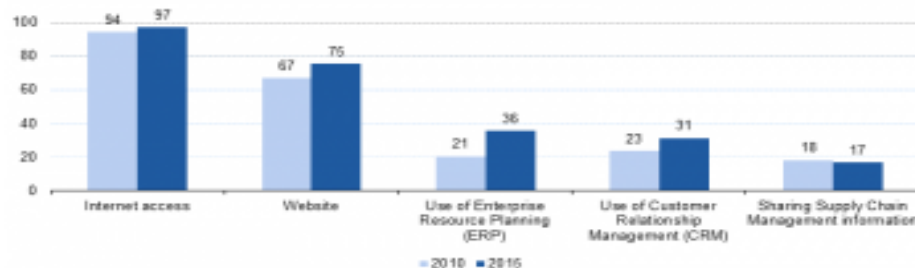
Adoption of e-business

The dynamic increase in e-commerce activity is in part a response to rising customer requirements. In a market environment which is characterized by intense international competition for many companies, the rivalry in the market and the negotiation power will also increase. In turn, companies can be expected to be more attentive and responsive to their customer's requirements.

In B2B oriented sectors, a typical situation is that large buyers aim at improving their supply chain processes and, to this end, urge their suppliers that they must comply with their own data exchange formats and processes. Many customers in a wide range of business fields expect that the products or services they are interested in are available online, including consumer goods, financial services, tickets for download, or supplies they need for their business. This drives e-commerce uptake. Many companies have confirmed in the survey [11] that they have experienced pressure from customers to adapt their ICT solutions or data exchange formats (in most sectors 40-50% of companies), and most of them have met their customers' requests. The

dynamic increase in e-commerce activity is in part a response to rising customer requirements. In a market environment which is characterized by intense international competition for many companies, the rivalry in the market and the negotiation power of customers will also increase. In turn, companies can be expected to be more attentive and responsive to their customers' requirements.

Figure 3 Adoption of e-business technologies in enterprises, EU27, 2010 and 2015 (% of enterprises)



Highlights of e-business adoption [12]

- The percentage of EU enterprises with Internet access seems to have reached saturation level in 2012 (95%).
- The percentage of EU enterprises having a website (75 %) can be expected to grow.
- The gap between small and large enterprises is reportedly bigger for those using more advanced ICT applications than for those with a website. The percentage of enterprises with a website ranged from 73% for small enterprises to 94% for large enterprises, but from 30 % to 80% respectively for those using Enterprise Resource Planning (ERP)
- More enterprises used customer relationship management (CRM) for operational purposes (31 %) than for the analysis of information about customers for marketing purposes (21 %).
- The percentage of EU enterprises using ERP software applications increased by 15 percentage points compared to 2010.

	Internet access		Website		Use of Enterprise Resource Planning (ERP)		Use of Customer Relationship Management (CRM)		Sharing Supply Chain Management Information	
	2010	2015	2010	2015	2010	2015	2010	2015	2010	2015
EU-28	94	97	67	75	21	36	23	31	16	17
Belgium	97	99	78	81	40	50	43	39	34	24
Bulgaria	85	91	37	48	11	25	12	16	18	18
Czech Republic	95	98	74	83	21	30	15	19	15	21
Denmark	97	100	88	92	29	47	24	31	17	30
Germany	97	98	81	87	29	56	42	44	26	25
Estonia	96	97	70	80	7	22	10	25	11	15
Ireland	92	97	68	75	20	25	24	29	13	14
Greece	90	87	58	61	36	37	18	20	21	15
Spain	97	98	62	75	22	35	28	33	17	17
France	97	99	58	67	24	39	19	30	13	13
Croatia	95	90	61	71	15	29	17	21	53	24
Italy	94	98	61	71	22	36	21	26	22	13
Cyprus	88	95	52	72	17	43	23	39	8	17
Latvia	91	97	48	59	8	16	12	16	34	8
Lithuania	96	100	65	77	11	40	14	34	34	24
Luxembourg	96	100	70	79	21	39	25	35	27	18
Hungary	90	90	57	64	8	15	9	14	11	9
Malta	94	97	66	83	18	30	20	26	23	13
Netherlands	98	100	81	90	22	45	19	46	5	21
Austria	97	99	80	87	25	41	41	44	14	15
Poland	96	93	65	65	11	21	16	24	17	17
Portugal	94	98	52	61	26	44	19	29	40	17
Romania	79	88	35	45	19	22	18	19	13	10
Slovenia	97	99	73	83	21	33	15	29	19	14
Slovakia	98	97	74	79	17	30	26	20	27	21
Finland	100	100	87	95	28	37	34	37	20	22
Sweden	96	98	89	90	35	·	36	35	27	13
United Kingdom	91	96	76	81	6	17	13	27	7	12
Iceland	98	·	77	·	10	·	20	·	7	·
Norway	97	98	78	80	19	32	35	36	25	20
Former Yug. Rep. of Macedonia	84	·	43	·	9	·	13	·	·	·
Turkey	91	92	53	65	15	29	31	9	16	·

Figure 4. Enterprises adopting technologies for e-business, 2010 and 2015 (% enterprises)

Case studies of e-business integration in EU enterprises

Enterprise resource planning (ERP)

More than one in three enterprises uses enterprise resource planning software applications. Enterprises' internal e-business integration refers to sharing information electronically and automatically between different business functions within an enterprise as opposed to external integration, in which other business partners are involved. Internal integration potentially streamlines and boosts the efficiency of an enterprise.

ERP software applications aim to facilitate the flow of information and the potential to integrate internal and external management information across several functions of an enterprise. A characteristic of ERP is that it is delivered in 'modules' that typically integrate processes relevant to planning, purchases, marketing, sales, customer relationship, finance and human resources.

The percentage of EU enterprises that used ERP software applications reached 36 % in 2015, that is an increase of 15 percentage points compared with 2010. Despite a considerable increase in the adoption of ERP applications, some progress can be expected, particularly among small enterprises (30 %). In all

countries, enterprises reported increases in the use of ERP. However, there may be differences in the understanding of ERP as the ‘enterprise wide information management system’, due to various country specific implementations and customization of ERP packages.

Supply chain management (SCM)

Supply chain management (SCM) includes all activities concerning the exchange of information between an enterprise and its suppliers and customers. This information may concern, for example, inventory levels, production plans, demand and supply forecasts or progress of deliveries.

Accordingly, the use of SCM software applications aims to coordinate effectively the availability and delivery of products to final consumers, in the right quantity, at the right time, into the right hands at optimal cost.

SCM actively involves all resources — business functions — concerned with planning and forecasting, purchasing, product assembly, logistics, sales and customer service.

The extent to which SCM information is shared varies among economic sectors. Some 26 % of enterprises in the distributive trade — the highest among enterprises in all economic sectors — shared SCM information with their suppliers or customers whereas 10 % or less did so in the construction and real estate sectors.

Overall, in comparison with 2010, the percentage of EU enterprises that shared SCM information electronically with their suppliers or customers, remained almost at the same level. At industry level however, the highest decreases were recorded for enterprises in the construction and information and communication.

Customer relationship management (CRM)

Enterprises streamline their marketing efforts and target their customers to maximize business potential. For this specific purpose, they use software applications for managing information about their customers, customer relationship management (CRM) applications.

It is believed that the adoption of CRM improves marketing and sales performance by improving customer service and customer relationships. Improvements come, for instance, from providing user-friendly mechanisms for receiving complaints, identifying potential problems before they occur, in general, by facilitating communication with the customer and by anticipating customer preferences. This technology enabled improvements lead to long term customer satisfaction and can ensure increased customer loyalty, decreasing marketing costs and increasing sales. As shown in Figure 6, some 31 % of EU enterprises used operational CRM software applications to

capture, store and make available information about the enterprise's customers to other business functions.

Furthermore, a CRM software application can be used to analyze customer information to identify patterns of customer preferences and behavior (analytical CRM). This information is essentially used for marketing purposes, such as sales promotions that are effective in creating interest in a product or for optimizing market penetration through the use of alternative distribution channels.

In 2015, some 21 % of EU enterprises used CRM for such sophisticated analysis. Overall, adoption levels of analytical CRM are much lower than those of operational CRM, except for enterprises in the Accommodation sector, which reported using both types of CRM to a similar extent (34 and 39 % respectively).

CONCLUSIONS

ICT has fast become an integral part of enterprise functioning and its extensive and intensive use, combined with new ways of accessing and using the internet efficiently, characterize what we refer to as the electronic economy (e-economy).

These driving forces are decisive for the way that enterprises run their business, organize internal communication, share information with business partners and communicate with customers. In this context, e-economy includes both electronic business (e-business) and electronic commerce (e-commerce). The former refers to the use of ICT in business processes and is the subject of this article, while the latter refers to commercial transactions for either goods or services.

The implementation of new ICT and complementary investments can lead to innovations, and innovations are positively associated with turnover growth. In other words, innovative forms are more likely to grow. The empirical evidence presented in this study corresponds with the theoretical predictions that suggest that ICT and innovation are positively associated with turnover and productivity growth at the firm level.

Studies on the impact of ICT confirm productivity increasing effects in both the user sectors and in the ICT producing sectors. In particular, ICT was found to have positive effects on labor productivity and total factor productivity. An important finding is, however, that ICT-induced productivity effects vary significantly between sectors and among countries. Recent research suggests that the largest productivity growth effect occurs in the ICT-producing sectors themselves, and in selected service industry sectors like banking, wholesale, retailing, and telecommunication

REFERENCES

Journals

The European Commission, Enterprise Directorate General (2003) *A portrait of e-business in 15 sectors of the EU economy: 1st Synthesis Report of the e-Business W@tch*, ISBN 92-894-5118-1, Available from World Wide Web: <http://www.ebusiness-watch.org>

Rebstock, M., Fengel, J., & Paulheim, H. (2008) *Ontologies-based Business Integration*. Berlin : Springer-Verlag

Voigtmann P, Zeller T (2002) Enterprise Application Integration und B2B Integration im Kontext von Electronic Business und Elektronischen Marktplätzen, Teil I: Grundlagen und Anforderungen. FORWIN report FWN-2002-013. FORWIN, Erlangen-Nürnberg

Voigtmann P, Zeller T (2003) Enterprise Application Integration und B2B Integration im Kontext von Electronic Business und Elektronischen Marktplätzen, Teil II: Integrationssysteme und Fallbeispiele. FORWIN report FWN-2003-001, FORWIN, Erlangen-Nürnberg

Müller-Lankenau C, Klein S (2004) Designing an EDI Solution for an Industry Segment: A Case from the Swiss Construction Industry. In: Bullen, C, Stohr E (eds) *Proceedings of the Tenth Americas Conference on Information Systems (AMCIS 2004)*. <http://www.hsw-basel.ch/iwi/publications>.

Hofreiter B, Huemer C (2002), B2B Integration – Aligning ebXML and Ontology Approaches. In: Shafaz H, Tjoa AM (eds) *Proceedings of EURASIAICT'02 Information and Communication Technology*, LNCS 2510. Springer, Berlin Heidelberg New York
Schmitz V, Leukel J (2003), CEN/ISSS Workshop eCAT – A Step towards Multilingual Electronic Product Catalogues. In: *Proceedings of the 10th ISPE International Conference on Concurrent Engineering (CE 2003)*, vol Enhanced Interoperable Systems, pp 321-327.
http://www.bli.uniessen.de/publications/2003_CE_SchmitzLeukel.pdf, 2006-01-01

Chari K, Seshadri S (2004), Demystifying Integration. *Communications of the ACM* 47(7) pg 58-63

The European Commission, Enterprise Directorate General (2007) *A portrait of e-business in 10 sectors of the EU economy: 5th Synthesis Report of the e-*

Business W@tch , ISBN 92-79-02038-2, Available from World Wide Web:[http:// www.ebusiness-watch.org](http://www.ebusiness-watch.org)

The European Commission, Enterprise Directorate General (2008) *The impact of ICT and e-business on firms, sectors and the economy: 6th Synthesis Report of the Sectoral e-Business W@tch* , ISBN 978-92-79-09355-5, Available from World Wide Web:[http:// www.ebusiness-watch.org](http://www.ebusiness-watch.org)

Giannakouris, K., Smihily, M (2013) Enterprises making slow progress in adopting ICT for e-business integration , *EUROSTAT Statistics*

Enterprises making slow progress in adopting ICT for e-business integration (2015) available from http://ec.europa.eu/eurostat/statistics-explained/index.php/E-business_integration

Eurostat statistics, Available from http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=isoc_ci_in_en2&lang=en

EXPLOITATION AND DEVELOPMENT OF TECHNOLOGY FOR VIRTUAL REALITY AND SIMULATION SOFTWARE IN INCREASING THE QUANTITY AND QUALITY OF EUROPEAN UNION ENGINEERING EDUCATION

**MSc. Medrit Mustafaraj
Pavarësia University College**

ALBANIA

email: medrit.mustafaraj@unipavaresia.edu.al

ABSTRACT

Today the world of science and technology has shifted towards the use of more diverse computer technology. Virtual Reality as one of the uses of computers in recent decades has found many applications in various fields of engineering, especially mechanical engineering. Simulation software, in other hand, increases the accuracy and speed of engineering analysis. In this study the intention was by use and development of these two mixed concepts in machining processes by CNC machine in order to learn more, enthusiastic and most effective students in the process machining. The use of these two technologies in engineering processes education, especially in the field of manufacturing and production cause increasing the quantity and quality of European Union engineering education.

Keywords: Virtual Reality, Boolean Operation ‘STL.

INTRODUCTION

Over the years, engineers have tried to do significant part of their activities in non real or virtual form because costs problems and a long time to implement economic and real examples refrain. These activities create design, manufacturing and analysis software. But what are now considered the more realistic the virtual spaces are allowed to have advantage on activities and benefit as much as possible it was real close. Creating virtual reality today have many applications in various fields.

Indeed, including in the fields of engineering, medicine, architecture, education and social. Applications of this method in terms of education is very different from other applications because in most cases try to environment what in fact become virtual, but in education systems in cases where the possibility of its implementation does not exist or is costly virtual environment implementation can cost much less in better quality. Existence of educational aids in front of the unlimited abilities of this system is inconsiderable. Flight simulators for aircraft are also one of many examples of

this costly method, but now widely using this method, equipment and current developments in education. Like other this approach is also in the ways in first foot in special centers and in certain applications support but has become rapidly widespread. For example, NASA for maintenance spacecraft engine training uses this method.

The exact definition of virtual reality is a difficult task because of growing progress in the field every day can be expected newer interpretation, for example, a three-dimensional model of the part's design software we face are much more realistic than engineering maps but today a digital image to the screen as a reality of the pieces are not design except that it called two-dimensional image of a digital three-dimensional model. As more realistic the virtual environments and digital models for better understand the interaction between space and virtual users can be general definition of Virtual Reality. However, when the two-dimensional images classified on this category, such as those from a three-dimensional model today, user will be kept three-dimensional computer monitor that you consider what is being seen as crucial elements for VR systems. Equipment and methods for creating three-dimensional images that have some facilities are extensive and in cases with significant costs. Apart from creating three-dimensional images as the first and most important part of VR environment is considered to be sound appropriate the user so that the reality of what is sees such instances as far as it can help close to the sound source and direction to the user? Another important component is also clear, however, VR is one of the most complex parts in create an enabling environment for the user's sense of touch objects and it is said that the Force Feedback as the name suggests creating a reaction force. For this purpose some user gestures also define cyberspace. One of the systems due to low volume and high efficiency in the education system has taken more attention to create three-dimensional images for specific glasses uses left and right eyes separately. This will be what the user is viewing beyond an engraved picture on a monitor and use GPS to identify the user's location in cyberspace performed by a system called Tracking System and near with it special glasses are installed. So the whole create a complete mobile sound speakers.

This type of system that coordinates time and points to clear space and can disappear at any moment provide the required accurately information. The position detection systems in a variety of there such various mechanical systems or the same vision sensors and image processing systems. The next section are equipment to detect hand movement by data cache that called Data Gloves. Most of the equipment that will be explained here is available in VR package trade in global equipment markets. However, in cases of simple equipment most of the production equipment manufactured companies are limited. Which of course is very flexible and capable to adapt the system prepared by students.

In the present study we create a virtual environment for working with milling machines to train mechanical engineering students for testing and design tools

in education car. The advantages of this method are compared to traditional teaching methods have been discussed.

MACHINING IN A VIRTUAL ENVIRONMENT

Graphics software required

The first step to create a virtual machine is virtual environment in which users work with a CNC piece work machine, and indeed in the car itself feel an environment such as a workshop machining. The creation of such space and facilities done by building model computer software create a work environment and run necessary programs is not a conventional graphics software design. As you know, the software for graphics processing such as Blender, 3DMAX, Maya has understandably taken time for each frame but the environment is virtually invisible for available real users and not be able to look at all sides that any slight change to wait for image processing. The solution uses graphics engines that run as Real Time.

Image processing is performed by the PC video card and depending on the hardware and heavy action plan a virtual environment can be more than 70 FPS. In fact, processing 50 to 60 frames per second is normal for mobility software environments and a user will see that processing time image per frame far below because the human time perception as a result such graphics engines called Real Time. The graphic quality of these engines over the mentioned graphical program is far lower, but with time and doing artistic work can be expected reasonably graphics.

There are three ways to create Real Time environments which include:

- 1- Using DirectX and OpenGL code: In fact, the code is the only way that there can be system interfaces directly with hardware (graphics card) and communicate the necessary commands issued and created three-dimensional models and other components to introduce it to start processing the image. Of course, this the method is very difficult and needs a lot of experience. Other methods for each species using this method, but they do have more convenient for users.
- 2- The use of ready engines: The graphics engine of that size do not have much effect in the field and quality are good. It is much easier to start with them but with their specialized tasks is difficult. The price of the software is also is very high and most easily available not publicly.
- 3- SDK Engines: These engines are actually more advanced codes that work with OpenGL and DirectX codes easier. The motors can be added to programming languages besides creating environments in which case Real Time We will also provide the power of a programming language

To create the virtual three-dimensional in this project was used Quest3D graphics engine that has acceptable graphics and special significant features for VR environments. To perform specialized tasks features of the software can be enhanced by writing code with C ++ language and added to it. Figure 1 show Quest3D software used in the present study.

This software is not able to model but can be modeled the components needed in the modeling software and in normal conditions moved into this application. In the design of three-dimensional used models for construction of the environments machines in this report are used SolidWorks, Blender and 3DMAX.

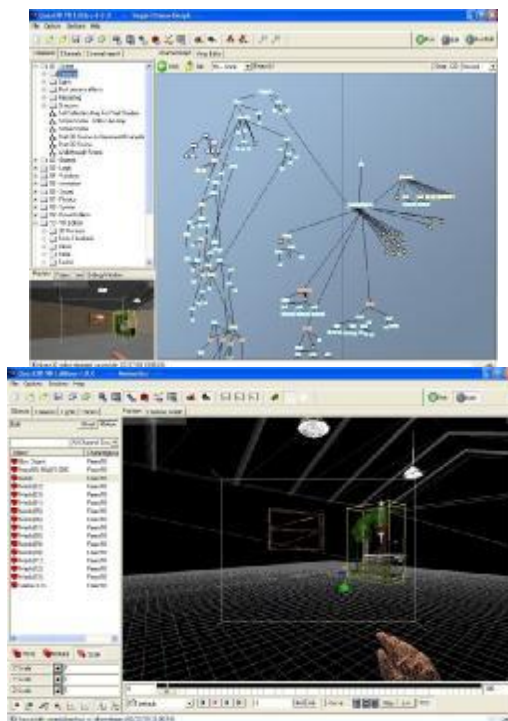


Figure 1: Create a virtual environment in the Quest3D software.

All three-dimensional models in most Real Time software are formed with surfaces by polygons are made. Three-dimensional polygon models include only specified geometry model, but features such as color, transparency, reflection and designs of models are characterized by features such as Texture and Material.

Textures in fact, are a picture with particular characteristics, like a skin covered all models. An example of this kind of engineering model is the application of STL format that include levels that made triangle. In fact, abstinence of advanced level of that in other software is commonly too used surfaces made from pieces of small flat due to simplify and reduce the volume computational operations such as lighting and shading that need a lot of time

to devote and finally, there is the possibility of implementing Real Time but quality comes down and although to some extent this is inevitable.

This application limits intended to use in this report, will be performing machining operations which what should the results and the related software or making use and other communication equipment program is connected to the computer components such as sensors equipment to create spatial resolution and response force is installed. Although the software has many benefits, but the Real Time apply coercion in projects that all equipment and accessories must quickly carry out their activities to avoid disruption in the implementation of the Real Time application. In Figure 2, machining virtual space created is compare by the workshop real spaces.

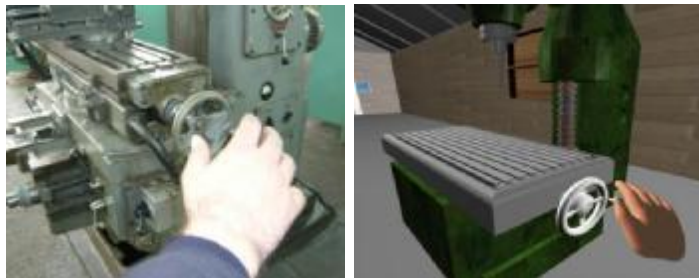


Figure 2: Comparison of a virtual environment with real environment.

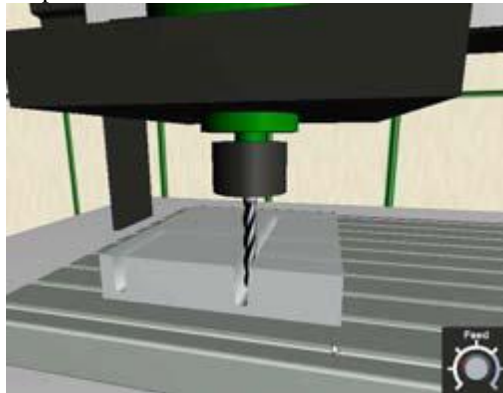


Figure 3: Tools for drilling on the removal work piece

HARDWARE REQUIRED

Special glasses

Computer generated virtual space of sight were the camera is processed. The camera in fact, looks from user's eyes to cyberspace. This is a technique used in this project to achieve the real three-dimensional and the user will see the three-dimensional in computer and uses a traditional technique that over time developed a variety of forms. In fact, we see the three-dimensional space around them because images from both eyes reached the brain and processed.

FORCE FEEDBACK

This system must be said is used only in cases of properties or in cases of limited action not widespread. For example, in a virtual surgery the surgeon deal with the effects of scalpel to the body is designed to be seen as a virtual and user seems to feel.

It is somewhat expensive and requires heavy computer operations processing equipment but in routines work is another method that can be easier to use. At the method used in this project for parts such as knobs and levers in cyberspace considered to be equivalent in real space. For example, to operate the work machine required to a full panel of levers and calipers to create and adapted a virtual space. In this case, when the user moves his hand to get leverage will see the virtual hand to hit the virtual lever and of course, in reality his hands and the levers that are equivalent with the impact and leverage the with touch can move it.

DATA GLOVES

To detect hand movements special gloves are used to allow users to impact virtual environment. The way as it works is that for every hand a reference point is selected and its position in space is identification by Tracking System, and then by joint angle sensors putting on hand will be measured the angle of bending fingers and a combining all the angles measured by the sensors and having the reference point can be modeled fingers hand gestures in cyberspace. Typically 14 sensors are enough to simulate a hand but with simplification the same work can be done with the 5 sensors. The model created is just enough for the palm of the hand because this number is enough to model fingers to handle and catch material.

TRACKING SYSTEM

As noted above Tracking Systems are different and each has advantages and limitations. One of these systems use electromagnetic sensors and with installation of such sensor on the fixed point can determine 6 degrees of freedom from the reference device be and is easily transferred to a computer. According to what was described for VR systems at least three sensors is required.



Figure 4: Gloves and special glasses for use in virtual environments.

ALGORITHMS AND RELATIONSHIPS USED IN SIMULATION OF IMITATION PROCESS

To simulate the machining process on the Virtual Reality environment requires the creation and development relationships to describe the process, such as how to pick up raw piece of material, type of tool interference with the workpiece, machining forces, deformation tools etc... Here, for example the machining forces are briefly discussed:

In this study imitation forces graphs in the virtual environment are intended so that automatically software calculating interference algorithm of the tool with the workpiece in interference geometry and with help of resources [1-14] machining forces are obtained.

ARTICLE BENEFITS OF USING MACHINE LEARNING

This study aimed to educate the virtual machining to mechanical undergraduate students. Creation virtual environment for teaching students has many advantages as discussed below:

1. Increase the quantity of training: Due to devices and educational environment limitations, simulator machining can be virtually expanded for teaching in different universities especially for students who are financial limitations or used amortized devices.
2. Increase the quality of education: In a virtual environment machining can be showed such phenomena to students as the forces of machining, changes temperature, and deformation object so that sense himself the effect of these parameters in the machining processes.
3. Decrease Training Risk: Using a virtual environment machining especially for beginning students can be reducing the risks comes with the real device.
4. Lack of restrictions on the use of machining devices: Depending on the capabilities of virtual machines in creating any type of device or any type of advanced machining facilities, students can work with very expensive device or even custom features added to it.

CONCLUSIONS

In the present study to simulate the milling process virtual environments are discussed. Simulation capabilities such as how to read the material of the piece crude interference of the tool with the workpiece, forces of machines, deformation tools, the removal and more. Use a virtual environment has many advantages in terms of machining mechanical engineers are trained in the method traditional education increases the quantity and quality of the learning process students.

REFERENCES

Journals

- Fussel, B. K., Jerard, R. B. and Hemmett, J. G. (2001). "Robust feedrateselection for 3-axis machining using discrete models." *ASME J.Manuf. Sci. Eng.* Vol. 123, PP. 214–224.
- Garnier, S. and Furet, B. (2000). "Identification of the specific coefficientto monitor the cutting process in milling." In: *CIRP II International Seminar on Improving Machine Tool Performance*, La Baule, France, 3–5 July.
- Gradišek, J., Kalveram, M. and Weinert, K. (2004). "Mechanistic identification of specific force coefficients for a general end milling." *International Journal of Machine Tools and Manufacture*, Vol. 44, PP. 401–414.
- Kim, G. M., Kim, B. H. and Chu, C. N. (2003). "Estimation of cutter deflection and form error in ball-end milling." *International Journal of Machine Tools and Manufacture*, Vol. 43, PP. 917–924.
- Kline, W. A. and DeVor, R. E. (1983). "The effect of runout on cutting geometry and forces in end milling." *International Journal of Machine Tools and Manufacture*, Vol. 23, PP. 123–139.
- Ko, J. H., Yun, W. S., Cho, D. W. and Ehmann, K. F. (2002). "Development of a virtual machining system, Part 1: approximation of size effect for cutting force prediction." *International Journal of Machine Tools and Manufacture*, Vol. 42, PP. 1595–1605.
- Larue, A. and Anselmetti, B. (2003). "Deviation of a machined surfacein flank milling." *International Journal of Machine Tools and Manufacture*, Vol. 43, PP.129–138.

- Paris, H. and Delhez, C. (2000). "Modelling cutting force in high speedmilling." In: Proceedings of CIRP II International Seminar on Improving Machine Tool Performance, La Baule, France, 3–5 July.
- Shin, Y. C. and Waters, A. J. (1997). "A new procedure to determine instantaneous cutting force coefficients for machine force prediction." *International Journal of Machine Tool and Manufacture*, Vol. 37, PP. 1337–1351.
- Tsai, J. S. and Liao, C. L. (1999). "Finite-element modelling of static surface errors in the peripheral milling of thin-walled workpieces." *J. Mater. Process. Technol.*, Vol. 94, PP. 235–246.
- Xu, P., Qu, Y. X., Zhang, D. W. and Huang, T. (2003). "Simulation and experimental investigation of the end milling process considering the cutter flexibility." *International Journal of Machine Tools and Manufacture*, Vol. 43, PP. 283–292.
- Yucesan, G. and Altintas, Y. (1994). "Improved modelling of cutting forces coefficients in peripheral milling." *International Journal of Machine Tools and Manufacture*, Vol. 34, PP. 473–487.
- Yun, W. S. and Cho, D. W. (2000). "An improved cutting force model considering the size effect in endmilling." In: *Proceedings of the ASME Manufacturing in Engineering Division MED-2000*, Vol. 11, PP. 223–229.
- Yun, W. S. and Cho, D. W. (2001). "Accurate 3-D cutting force prediction using cutting condition independent coefficients in end milling." *International Journal of Machining Tools and Manufacture*, Vol. 41, PP. 463–478.

BOOSTING ALBANIA COMPETITIVENESS IN A EUROPEAN ECONOMY THROUGH TECHNOLOGY AND INNOVATION

MSc. Anduel Mehmeti
Pavarësia University College
ALBANIA
e-mail: anduel.mehmeti@unipavaresia.edu.al

ABSTRACT

The high rates of economic and social development required in the process of Albania's European Union integration necessitate the strengthening of the role of science, technology and innovation in our society. This role comprises fundamental factors of a knowledge-led economy which are essential to face the great challenges that lie ahead in an ever competing European market.

The European Union (EU), which Albania aspire to join, has set clear objectives related to research and innovation as part of its "Lisbon Strategy", to make the EU the most competitive economy in the world.

Albania has lagged behind such developments due to the need to focus on laying the foundations for growth. However, the time has come for Albania to invest more in creating, diffusing and applying technology in long-term development goals.

Science, Technology and Innovation (SCI) are clearly recognized as fundamental factors in a knowledge-driven economy and are important at all stages of development, albeit in different forms and models. The capacities to undertake scientific and applied research, to transfer them, to adapt and assimilate new technologies into economic structures and diffuse them into society, and creatively develop new products and services using technologies are fundamental to a European competitiveness.

According to UNESCO Science Report "Toward 2030" Albania need to take a more targeted approach to business and technological development for boosting her competitiveness in the market and creating the conditions for long-term sustainable economy.

Keywords: Technology, Innovation, Economy, EU.

INTRODUCTION

Over the past decade, Albania has been one of the fastest-growing countries in Europe, enjoying average annual real GDP growth rates of 6% and accompanied by rapid reductions in poverty. Since the early 1990s, the Albanian Government has undertaken several structural reforms involving

privatization, financial market liberalization and land reforms. During this time, almost all Small and Medium-sized Enterprises (SMEs) have been privatized according to the reform, and significant progress has been made lately in the privatization of strategic sectors such as telecommunications and banking.

In 2006, Albania signed the Stabilization and Association Agreement (SAA), which is considered the first milestone on its path toward EU membership. Albania has benefited from national and regional financial assistance under the Community Assistance for Reconstruction, Development and Stabilization (CARDS) program. Between 2001 and 2006, more than 315 million Euros were marked for Albania through CARDS program. Under the reformed EU external aid system, this support was continued by the new Instrument for Pre-Accession Assistance (IPA) in 2007. Albania was proposed for candidate status in June 2014.

However, competitiveness is still low and based on low factor (labor) costs rather than high value added products or services. The economy is heavily skewed towards low technology activities – according to World Bank statistics, agriculture accounted for 21% of GDP in 2015, and the agricultural employment was relatively high (41.3%) in 2015. Exports are still low in both absolute and relative terms; exports of goods and services accounted for 27% of GDP in 2015. Sharp increases in imports, particularly capital goods, have led to large and growing trade deficits.

The growth and innovation capacity of a country depends not only on the supply of Research and Development but also on the country's ability to absorb and diffuse technology, combined with demand for its generation and utilization. Aggregating these four dimensions gives the national innovation capacity index.

The EU's enlargement policy is an investment in peace, security and stability in Europe. It provides increased economic and trade opportunities to the mutual benefit of the EU and the aspiring Member States. The prospect of EU membership has a powerful transformative effect on the countries concerned, embedding positive democratic, political, economic and societal change. The EU's single market is the largest in the world, serving 500 million citizens and generating 23% of the world GDP.

Becoming a member of the EU is not just about complying with EU rules and standards; it is also about making a country economically fit for membership to make sure that it can reap all the benefits of EU accession, and at the same time contributing to the growth and prosperity of the EU economy. Significant challenges remain in all enlargement countries in terms of economic reform, competitiveness, job creation, fiscal consolidation and inclusive growth. While all enlargement countries have largely maintained overall macroeconomic stability and modest recovery is continuing, all Western Balkan countries face major structural economic and social challenges, with high unemployment rates and low levels of revenues.

Building on the experience of EU Member States in the European Semester, the Commission is strengthening its support to improving economic governance and competitiveness in enlargement countries. This should help the enlargement countries to release the potential for sustainable growth and job creation, to better plan and sequence structural reforms and ultimately, to meet the economic criteria. This support is particularly important in relation to the Western Balkan countries since none of them is yet considered to be a functioning market economy.

COPENHAGEN ECONOMIC CRITERIA

According to the European Commission for the Enlargement and Accession, the accession criteria, or Copenhagen criteria (after the European Council in Copenhagen in 1993 which defined them), are the essential conditions all candidate countries must satisfy to become a member state. Those conditions refer to political, economic and administrative criteria.

The Copenhagen economic criteria for EU membership require:

1. the existence of a functioning market economy;
and
2. the capacity to cope with competitive pressures and market forces within the Union.

Being a functioning market economy requires:

- the existence of a broad consensus about essentials of economic policy;
- macroeconomic stability (including price stability, sustainable public finances and external accounts);
- a free interplay of market forces (including liberalized prices and trade);
- free market entry and exit;
and
- an adequate legal system (including a system of property rights, enforceability of laws/contracts) and a sufficiently developed financial sector.

The second economic criterion it is the capacity to withstand competitive pressures and market forces within the Union. This will require a minimum level of competitiveness of the economies of the applicant countries once the country joins the EU, thus this criterion is by definition more forward-looking in nature.

Being competitive in the EU requires:

- the existence of a functioning market economy;
- sufficient human and physical capital (including issues of education, research and infrastructure);

- adequate sectoral and enterprise structures (including issues of enterprise restructuring, sectoral shift, role of small and medium-sized enterprises);
- limited state influence on competitiveness (including issues of trade policy, competition policy, state aids, support for small and medium-sized enterprises, etc.);
- and
- sufficient trade and investment integration with the EU.

R&D PROGRAM AND INNOVATION TRENDS

Albania's growth reflects in part the one-time benefits of restructuring toward a market economy, relatively easy "catch up" advances using widely known technologies, and remittance flows stemming from more open borders. Future gains will be increasingly dependent on sound macro and micro economic policies, particularly attention to growth drivers in the private sector. This, in turn, requires increased R&D and innovation to enhance competitiveness and national value added. But Albania is lagging in many measures of R&D and innovation, and faces the critical change of enhancing human capital and reversing brain drain of highly-skilled workers.

According to United Nations Educational, Scientific, and Cultural organization (UNESCO) estimates based on partial data, gross expenditure on R&D (GERD) in Albania represented only 0.15% of GDP in 2008, funded almost exclusively by the public sector and by foreign sources. In 2009, funding for academic research amounted to 0.075% of GDP, while the Ministry of Education and Science allocated another 0.18% of GDP for scientific research.

The National Strategy for Science, Technology and Innovation (NSTTI) foresaw tripling GERD from 0.2 to 0.6% of GDP over 2009-2015. Even this objective is fully achieved; Albania would still be far below the European 1.9% GERD average recorded in 2009. The country faces a huge challenge in further increasing R&D investment and closing the gap with the EU average.

Another strategy for the improvement of the candidate states it is the South East Europe (SEE) Strategy: Jobs and Prosperity in a European Perspective it is to improve living conditions and bring competitiveness and development back into focus. The EU's Europe 2020 strategy has been designed to favor regional co-operation, accelerate harmonization with the EU's regulatory framework and support the accession process. The main targets of this strategy are to more than double regional trade turnover from 94 billion Euros to 210 billion Euros, raise the region's GDP per capita from 36% to 44% of the EU average, reduce the region's trade deficit from 15.7% to 12.3% of GDP and open up the region to 1 million new jobs, including 300 000 jobs for the highly qualified.

The big challenge for Southeast European countries like Albania will be to integrate their R&D system into the economy and after that to guarantee a linear improvement. The Western Balkans Regional Research and Development Strategy for Innovation should serve as a framework for collective reforms, in order to promote the Western Balkan's most urgent priority of nurturing innovation, economic growth and prosperity. This strategy is built around five interrelated pillars of the new development model:

- Integrated growth: through regional trade and investment linkages and policies;
- Smart growth: through education and competencies, R&D and innovation, digital society, cultural and creative sectors;
- Sustainable growth: energy, transport, environment, competitiveness;
- Inclusive growth: employment, health;
- Governance for growth: effective public services, anti-corruption, justice.

The reasoning behind the smart growth pillar is that innovation and knowledge economy are the main drivers of growth and job creation in the 21st century. To support the building block of R&D and innovation, Southeast European countries are advised to invest more and better in research and innovation, prioritizing investment and a “smart specialization” of the region. This implies advancing institutional and policy reforms and investing strategically in four areas:

- Improving research excellence and productivity by investing in human capital for research; upgrading and better using available infrastructure; improving the incentive regime for research performance; and advancing the Bologna Process and further integration into the European Research Area;
- Facilitating science-industry collaboration and technology transfer by further aligning the regulation of intellectual property management in public research organizations; developing technology transfer organizations, financial support for science-industry collaboration and for the development of proof of concept and building closer, structural relationship with the business community;
- Promoting business innovation and innovative startups by improving the business environment, providing mentoring systems from prototype and pre-seed to growth and expansion and guaranteeing a proper supply of technology, science parks and incubation services that can host and nurture young firms;
- Strengthening the governance of national research and innovation policies, continuing capacity building in key institutions, reforming career development to better reward research excellence, science-industry collaboration and technology transfer; reforming research

institutes to improve performance; and increasing the transparency, accountability and impact evaluation of research and innovation policies.

Parallel with the European strategies and projects for research and development the Albanian government proposed a draft for National Strategy for Development and Integration 2015-2020. The draft in its own estimates in order of priority as the second pillar for national development strategy and integration, economic growth and competitiveness through increased innovation. Production and competition are among the most important challenges for the sustainable growth of Albania. Structural reforms of the past decade, coupled with the opening of the Albanian economy to European and global markets, have created incentives for sustainable growth in the future in Albania. Restructure the economy, however, will provide a limited potential for growth in the future, given that the transition from traditional activities, low work cost in sectors such as agriculture, construction and textiles, to activities with more oriented skills and value-added sectors such as communications, banking, insurance and tourism, has almost completed the cycle. This important achievement, filled with important privatizations, the Albanian economy has grown, but also slowed potential for its further diversification.

There is a strong connection between Albania's progress on improving the rules of "doing business" and continued positive growth experienced in recent years.

In 2013, at the Global Competitiveness Report 2013-2014 Global Economic Forum, Albania was ranked in 97th place out of 148 countries. Albania's ranking has actually declined over the past two years and the main factors leading to the decrease in this category as they are identified by "doing business" are: limited access to financing, taxes and corruption. One other measure of Albania competitiveness in relation to other countries in the region are indicators of the World Bank "Ease of doing business" for 2013-2014. Under this measure Albania is ranked 90th, out of 198 countries. Albania ranks above on the possibilities to provide loans and investment protection, but lower in others, showing that there is space for improvement and increased competition. The possibility to enter into emerging markets will be essential to transform the growing improvements in competitiveness. EU market over time will be fully open to Albanian goods and services while Albania should expand access to other markets.

The second column priorities on economic growth through increased competitiveness on two priority sectors are: (1) Research and innovation; and (2) Information and Communications Technology.

EXPANSION OF SCIENTIFIC RESEARCH AND INNOVATION

Investment in research expenditures in Albania have been scarce, resulting in relatively low levels of innovation and technology, and business sophistication as well as creating the framework for the development of business centers and technological incubators. Undertaken policies for research in the period 2009-2015, aimed to reform this important sector for the economy and the development of Albania. In July 2014, it was signed the Memorandum of Understanding for Cooperation between the EU and the Republic of Albania for participation in the Framework Program "Horizon 2020" - Program for research and innovation. Application of projects in Albania is low compared with other countries in the region. This highlights the need to participate in scientific research community programs.

Innovation has been and continues to be a driving force for growth and competitiveness in Albania. "Areas of technical development and economic development" will offer one of the prerequisites for the transition from today's model economy, characterized by the use of a labor force less skilled or semi-skilled and all produced products with added value, towards a development model to promote more innovation and knowledge. To ensure a successful transition towards development Innovator, will have to pay attention to supporting the growth of Albanian enterprises seeking to bring up to date their technology. This will be achieved by transforming and adapt innovations now implemented in other countries, or in other domestic enterprises. Innovation will be a key source of growth and added value in traditional sectors with relatively low technology, such as agriculture, food processing industry, transport, construction and light industries.

Progress made in research in Albania is insufficient. National research institutions have a limited scale of participation in international research programs, and therefore they benefit less from them. This is mainly due to weak capacity and institutional benefits of weaknesses in human resource base oriented research. The biggest investments in research can also have a positive impact on employment and the preservation of national human capacities, especially in professional and technical fields. The main challenges of scientific research and innovation include: (1)The need for integration of the Albanian scientific research in European research; (2)A more active participation of Albanian researchers and research entities in European programs for research and development; (3)The need for a greater focus of attention of the investment to the extent and quality of innovation in Albania; (4)Improving the legal framework for intellectual property rights; and (5)Research Initiative to be oriented to market demand.

The vision is "to create a system research and innovator able to cope successfully with the challenges of the future development of the country such

as capacity building of human resources, energy, environmental issues, public health issues, diverse issues of innovation and social cohesion”.

Strategic objectives for research and innovation are: (1)Improving the quality of research in the public sector; (2)Strengthen the innovation and transfer of knowledge and technologies in the manufacturing sector; and (3)Improving the institutional capacity of research and innovation system.

INVESTMENT IN INFORMATION TECHNOLOGY AND COMMUNICATION

Information Technology and Communication sector is of particular importance for Albania, as it has a major impact on social and economic development, as well as virtually all other sectors of activity of the country. Some of the greatest achievements in recent years in terms of information and communication technology include: (1)liberalization of the electronic communications market; (2)increased use of internet; (3)expansion of electronic services in order to business and citizens. Also worth noting that a number of institutions have been set up to implement the government's strategy: (1)EADITC - European Agenda for the Department of Information Technology and Communication (part of the "Albania's Digital Agenda 2015-2020"); (2)The National Authority for Electronic Communications (NAEC); (3)NCSA- National Cyber Security Agency; and (4)NAIS- National Agency for Information Society.

During the period 2009-2013, there has been significant progress in the provision of public services from government to business. Mention here the creation of the National Licensing Center, the National Registration Center, expansion of infrastructure of GovNET, electronic payment of taxes (e-tax), e-procurement, customs electronic and electronic patent thus increasing significantly the index of delivery services online from 0.3913 in 2008 to 0.4488 in 2014 (UNPAs - United Nations Public Administration Network).

The main challenges of information and communication technology include: (1)Development of electronic communications infrastructure; (2)Providing more efficient electronic services to achieve optimal conditions for improving the quality of life and economy; (3)Modernization of education, scientific research and development based on the latest technological innovations; (4)Creation and promotion of business conditions for a competitive and innovative economy; and (5)Admission and innovative response to dynamic changes in the ICT sector and the continuous adaptation to these changes.

The vision is “a society based on knowledge and information for sustainable economic development and social development; consolidation of digital infrastructure across the territory, respecting faithfully European principles of free competition and fair, improving the quality of public services and increase the transparency of government”.

Strategic objectives for information and communication technology are: (1)Improving the infrastructure of the Information and Communication Technology as the backbone of the rapid development of the Albanian Society of Information and standby the Electronic growth; (2)Further development of e-government and public services are interactive via the Internet in order for citizens and businesses; and (3)Preparation and implementation of a national policy for the creation of a national infrastructure for spatial data (NSDI), in accordance with EU requirements would solve internal problems in the field of geo-spatial information.

CONCLUSIONS

Albania has made significant steps to enable the fulfillment of EU criteria for membership. Since receiving the candidate status in June 2014 Albania is committed and has confirmed participation in European projects or national projects.

The criteria known as the Copenhagen criteria's qualify the necessary conditions for the path on European association. Within these criteria Albania has participated in projects with European character as the CARDS program supported by the IPA, the Horizon 2020 project for work and prosperity to a European perspective. Albania also is part of the strategy for South East Europe and the Western Balkans to double 2020 revenues of states and the Economics of the European market. Two strategies with national character are the National Strategy for Science, Technology and Innovation 2009-2015 and the National Strategy for Development and Integration 2015-2020. The above strategies are built on the Copenhagen criteria to meet or approximate to the criteria of political, economic and legal condition that membership of countries aspiring to join the EU. With regard to Albania's competitiveness in the European market, national strategies are consistent with EU criteria and guidelines, for which the Albanian government is committed to meeting these objectives.

REFERENCES

Journals

UNESCO Science Report: "Toward 2030", Albania, page 284-285

World Bank Technical Assistance Project (P123211), Western Balkans Regional R&D Strategy for Innovation, Country Paper Series Albania, October 2013.

European Commission, EU Enlargement Strategy, Communication from the Commission to the European Parliament, the Council, the European

Economic and Social Committee and the Committee of the Regions, Brussels,
10.11.2015

National Strategy of Science, Technology and Innovation 2009-2015, Final
Draft, June 2009

The Science, Technology and Innovation System in Republic of Albania,
January 2006

National Strategy for Development and Integration 2015-2020, page 107-129

EFFECTS OF ICT DEVELOPMENT ON ECONOMIC GROWTH IN EU

Msc. Elda Robi
Pavarësia University College
ALBANIA
e-mail: elda.robi@gmail.com

PhD Candidate. Esmeralda Hoxha
Pavarësia University College
ALBANIA
e-mail:esmeralda.hoxha@unipavaresia.edu.al

ABSTRACT

In recent years, progress in information and communication technology (ICT) has caused many structural changes such as reorganizing of economics, globalization, and trade extension, which leads to capital flows and enhancing information availability. ICT plays a significant role in development of each economic sector, especially during liberalization process. ICT diffusion, through increased Internet and mobile cellular phone subscriptions, can positively affect economic growth in different ways. This paper focuses on the policy issues on embracing the ICT revolution to promote economic growth. The results indicate that there is a positive relationship between growth rate of real GDP per capital and ICT use index (as measured by the number of internet users, fixed broadband internet subscribers and the number of mobile subscription per 100 inhabitants). This implies that if these countries seek to enhance their economic growth, they need to implement specific policies that facilitate ICT use.

Keywords: ICT, Performance improvement, e-strategy, economic growth.

INTRODUCTION

At the present time, ICT has become a serious part of economy. Almost all firms and consumers use computers and Internet connection for economic purposes, such as providing consumers with a more diversified and customized products, improving product quality, and selling goods and services. Evidently, the extension of ICT and its influences on economic growth in both developed and developing countries has increased very fast

during the last two decades. However, country data on computer, cell phone, and Internet users illustrate different ICT diffusion rates across countries and regions, ICT use indicators illustrate an increasing trend, despite the recent world economic crisis. For example, the steady growth of the number of mobile cellular subscriptions is noticeable, reaching 67 per 100 inhabitants by the end of 2009 globally. This confirms that consumers are willing to continue spending part of their disposable income on mobile services - even at times of financial constraint. For measuring the contribution of ICT to economic growth, the most important issue is regarding to the specification of ICT.

ICT defines as a concept that include computers and other information equipment as well as computer software, that covers computers, peripheral equipment and other information-related office equipment (photocopiers, cash registers, calculators), communications equipment, and instruments.

In fact, ICT is the combination of electronics, telecommunications, software, networks, and decentralized computer work stations, and the integration of information media, all of which impact firms, industries, and the economy as a whole. ICT is comprised of a variety of “communication equipment” which includes radio, TV, and communication equipment and software. Therefore, ICT investment includes “investments in both computer and telecommunications, as well as related hardware, software and services”.

UNLOCKING THE GROWTH POTENTIAL OF INFORMATION AND COMMUNICATIONS TECHNOLOGY IN EUROPE

Today, Information and Communication Technology (ICT) is deeply intertwined with almost every aspect of economic and social activities, and it continues to hold the promise of tremendous innovation and growth opportunities going forward if the right enabling conditions are put in place. The past 40 years have seen the emergence of ICT as the key general purpose technology (GPT) of modern times. The ICT revolution first affected the automation and computerization of manufacturing. With the invention of personal computers and the Internet, broad sectors of the economy previously untouched benefited through investment and productivity. In particular, market service sectors, which constitute the major portion of GDP in developed economies, have experienced major benefits from ICT. Recently, non-market sectors such as health, education, and government have become more receptive to positive growth effects from ICT.

Europe has also experienced positive effects from ICT on its economy, business growth, and living standards. However, ICT has lost some of its steam as a driver of growth since the mid-2000s. First, the economic and financial crisis reduced the potential to invest and to create new or expanded markets for products and services that benefited from ICT. In addition, fragmented regulatory frameworks, lack of ICT skills, underinvestment in

ICT infrastructure, and even cultural constraints may have brought the innovation and growth effects of this technology to an early standstill. The rise of mobile broadband Internet, big data, cloud computing, and more powerful devices necessitates a fresh look at the role of ICT in the economy and how ICT policy can be reframed to support new technologies.

The new narrative describes the opportunities and constraints of the role ICT can play in growth, starting from today's slow growth environment. As European policymakers search for solutions to take the economy out of recession in the short run and to resume a healthier structural growth path for the medium and long term, a key to generating faster growth is to unlock the existing ICT-enabled growth potential in Europe. This will give a larger role to technology and innovation and their translation into the production of more and better goods and services at lower prices for Europe's domestic markets and the global economy.

Two major game changers put ICT policy centre stage

Two factors have led to a new sense of urgency and a golden opportunity for ICT as a growth enabler:

(1) Europe's economic woes create a vacuum that technology and innovation can fill.

(2) The rapid diffusion of high-speed networks and mobile devices empowers consumers to drive demand in new ways.

European companies and citizens have a unique opportunity to leverage Europe's internal economies of scale and scope to exploit the benefits offered by ICT and at the same time secure Europe's role as a global growth centre.

PRIORITIES TO RAISE ICT'S CONTRIBUTION TO ECONOMIC GROWTH

The good news is that Europe is well placed to benefit from the potential of ICT in the future. The huge size of its GDP, which has made it the largest economic bloc in the world, its relatively high levels of per capita income and productivity, the major and increasing contributions from European firms to producing for the global value chain of manufactured goods, and the above-average level of innovation infrastructure in which business, government, and research interact, are putting Europe in a favourable position to book results, for example, by improving Europe's ability to bring its innovations to market. But time seems to be running out. Other countries and regions are racing ahead, and in the digital world, many activities can flow to where they will flourish, with lags proving increasingly difficult to make up.

If Europe wants to build on its existing strengths, it must not wait longer with making meaningful, and sometime bold, changes. It must overcome its current complacency, political complexity, and inertia to act. Government and

European Commission actions are likely to be successful only if they happen in concert and, importantly, create more scale and scope for growth across Europe and create the conditions that allow a greater role for consumers and businesses to drive the impact of new technologies through their effective use. Government and business can work together to develop and foster the skills and willingness to use ICT within the context of a fully integrated single market. This market can be supported by providing effective platforms that increase readiness and by focusing on government investments where businesses leave them on the table because of the high externalities. Governments play a key role in making the necessary investments and reforms to the educational system to ensure that people are taught the technical and user skills required for today's and tomorrow's world, putting an emphasis on the employability of graduates.

Governments will need to focus increasingly on facilitating a regulatory environment in which businesses, both inside the ICT sector and outside it, can thrive (and fail). This increases the incentives to innovate by reducing the risks associated with innovating and introducing new technologies, helping the private sector to realise the spillovers that justified the original government investments.

The financial and economic crisis in Europe and other mature economies casts doubts as to the sustainability of the current situation. Even if the global growth trend slows as anticipated, a better functioning internal market can still help to provide key products and services at lower prices to 7 consumers (the digital glasshouse scenario). At the same time, a level playing field within the EU can create barriers for key outside players as slower global growth creates less growth potential elsewhere. In those cases Europe's ICT performance and its impact on growth will be more comparable to the past decade, with 1.1 percent growth, on average, but with 40 percent being allocated to ICT investment and productivity. In such a scenario, unrestrained use of ICT across the digital market can in fact partly compensate for the impact of slow global growth on the EU.

RESULTS

ICT has considerable potential to contribute to growth and recovery in the EU and to mitigate the consequences of possible decelerating global growth. Shifts in global economic activity are also showing up in the greater importance of technology in emerging economies. At the same time, as many of the larger emerging economies are on a slowing long-term growth trend, the pace of increase in global demand is coming under pressure, forcing Europe to strengthen its own role in driving growth and demand. And as the scaling advantages of new technologies and offerings such as big data and broadband increase, the limits of fragmented digital markets and lack of

integration among key user segments in services industries across Europe become an ever bigger constraint.

To unleash ICT's potential in Europe and prevent the region from falling behind, action is needed now. National governments and the European Commission must commit to a long-term coherent and strategic vision for the role of ICT, reforming and investing where necessary, putting in place favourable framework conditions, using public funding and public procurement to further innovation and leading by example.

DISCUSSION

In an optimal economic environment of strong global growth and a fully integrated digital market—a digital rainforest—the combination of hyper-competition and the rise of European firms as first-class global players could mean substantial benefits from ICT on GDP level and growth. Indeed, in this scenario GDP growth in Europe could accelerate from the 1.3 percent average growth of the past decade (2002-2012) to as much as 2.5 percent average annual growth in the decade ahead, with a very significant contribution (up to 60 percent) of that growth coming from more ICT investment and more effective ICT production and usage.

While this type of environment would benefit from strong ICT-supported growth, it would also be characterised by constant change and great disruption, implying adjustment costs and a need for flexibility from all economic actors, factors which may be less desirable from a social than an economic point of view. Also, it may not be easy to leapfrog to such a situation in an economic environment that is threatened by the short-term concerns of financial instability and budget constraints and that suffers from a long-term structural growth deficit as the result of incomplete market integration, lack of scale, and weak incentives for greater competition.

To be sure, today Europe is not enjoying the benefits or suffering the perils of a digital rainforest. But neither is it in a digital desert. European citizens are well-connected, businesses that use ICT have generally improved their performance, and growth of the ICT sector has been reasonably strong in the past two decades. However, Europe's infrastructure looks unfit to cope with future demands from the next wave in ICT, especially the rise of mobile and the use of big data and cloud computing. Market fragmentation continues to hinder firms in scalability, flexibility, and cost-effectiveness. Businesses and small innovative firms are discouraged by the many barriers they encounter. Therefore, there is a heightened need for policymakers to act now to avoid the risk of Europe falling into a digital desert. Serious ICT policy action can help to avoid a scenario in which medium-term GDP growth in Europe drops below 1 percent, with ICT effects limited to only about one-tenth of that growth.

CONCLUSIONS

This paper concentrated on exploring the effect of ICT use index on economic growth. The results show that ICT use has a significant effect on the economic growth of these countries. The coefficient measuring the effect of the ICT use on economic growth was positive, indicating that ICT affect economic growth in a positive way. Furthermore, in high income countries ICT use index has the strongest effect on real GDP per capita among the others while this effect is the lowest in countries with low level of income. Moreover, the performance of the both higher middle and lower middle income groups in the effect of ICT use index is somewhat lagging. Therefore these countries can improve their overall GDP growth with policies aimed at increasing ICT use.

Consequently, ICT plays a vital role as a mean for economic growth. Therefore, it seems necessary for all countries to increase their ICT use index through increasing the number of internet users, fixed broadband internet subscribers and the number of mobile subscription per 100 inhabitants in order to boost economic growth. It is also essential for the governments to provide the society with information, up-to-date structures and educate people in order to use ICT efficiently. The major research limitation of this study was the failure to collect data for a longer time period. Therefore future research for a longer time span would shed more light in the assessment of the relationship between ICT use and economic growth.

REFERENCES

Single Author

R. Katz (2012), *The Impact of Broadband on the Economy: Research to Date and Policy Issues*, ITU Broadband Series, ITU, Geneva.

Boston Consulting Group - BCG (2012), *The Internet Economy in the G-20 – The \$4.2 Trillion Growth Opportunity*.

International Telecommunication Union (2010) *Measuring the Information Society: The ICT Development Index*. Place des Nations CH-1211, Geneva, Switzerland.

2-3 Authors

Waverman L, Meschi M, Fuss M (2005) *The Impact of Telecoms on Economic Growth in Developing Countries*. Vodafone Policy Paper Series 2: 10–24

4 or more Authors

Van ark B, Melka J, Mulder N, Timmer M, Ypma G (2002) ICT Investment and Growth Accounts for the European Union, 1980–2000, Final Report on: ICT and Growth Accounting, for the DG Economics and Finance of the European Commission, Brussels.

Paper

Baum CF, Schaffer ME, Stillman S (2003) *Instrumental Variables and GMM: Estimation and Testing*. Working Paper, Boston College 545

Journals

O'Mahony M, Vecchi MW (2005) Quantifying the Impact of ICT Capital on Output Growth: A Heterogeneous Dynamic Panel Approach. *Economica* 72 (288) 615–633

Website

<http://www.federalreserve.gov/pubs/feds/1999/index.html>

TECHNOLOGY IN SUPPORT OF INTEGRATION E-BUSINESS

MSc. Patricia Mezani
Pavarësia University College
ALBANIA
e-mail: patricia.mezani@gmail.com

ABSTRACT

Digital strategy is a game now played at breathtaking speed. We are in Era of digital products where the product is made online, stored online, sold online, delivered online, and consumed online. The delivery is coming as an Internet service and the technology is redesigning business processes. There is a growth in the mobility of science and technology professionals inside the EU, and web developments are increasingly cooperating to bring more powerful E-Business . New “microwork” platforms, developed by companies like oDesk, Amazon and Samasource, help to divide tasks into small components that can then be outsourced to contract workers. The technology had spillover effects on other industries, such as online payment systems. ICT has also contributed to the rise of entrepreneurship, making it much easier for self-starters to access best practices, legal and regulatory information, marketing and investment resources affecting the country's economic development. Business process design and information technology are natural partners, yet industrial engineers have never fully exploited their relationship. The organizations which use IT to redesign boundary-crossing and customer-driven processes have benefits enormously. Every company must understand the broad effects and implications of the technology and how it can create substantial and sustainable competitive advantages. My approach is talking about digital strategies that improve customer service, integrate the value chain, and accelerate information flow. Virtual distributors help streamline the supply chain for direct goods and lower transaction costs by issuing a single purchase order and parsing the order to each relevant supplier that ships the product direct. There is a relationship between e-Business technologies and supplier integration that leads to better performance. E-business has emerged as a key enabler to drive supply chain integration.

Keywords: digital products, virtual distributors, eBusiness, supplychain.

INTRODUCTION

Information and communication technologies (ICT) has fast become an integral part of enterprise functioning and its extensive and intensive use,

combined with new ways of accessing and using the internet efficiently, characterize what we refer to as the digital economy. Access to the internet is the cornerstone for e-business because of its limitless capacities for connecting persons and enterprises worldwide. The EU needs to further reinforce the role of technology and innovation within e-business policy, not just with specific technologies, but also by triggering new business models, market and social adaptation and e-business system improvements that offer a longer term strategic perspective for investments. In the B2C context, the Internet and e-commerce can be effective tools for better communication. A corporate Web site that provides information on products, services or technologies can enhance the quality of a firm's services to customers and attract new customers. By collecting information on customers' needs, it can be used for product development or innovation. A home page with a direct link to the corporate e-mail account provides an easy-to-access contact point. For those in different time zones, 24-hour availability of the contact is especially attractive. Eurostat's E-commerce Pilot Survey shows that SMEs' motives for Internet commerce include reaching new/more customers, geographic expansion of market and improvement of service quality. One reason why the states of EU are more developed is because they have a developed tourism . Tourism has become a leading economic activity and the use of ICT to promote tourism and to overcome the geographical dispersion has become particularly important. But how the ICT promote tourism and where is connection with e-business? Which are the benefits of ICT in e-business and how Internet e-commerce is adopted by SME ? Are there barriers of using e-commerce in firms ? In addition i have treated this for states of EU using statistical data and comparisons between them.

LITERATURE REVIEW

E-business(electronic business)is not only selling and buying but much more ,advertising ,market research,customer support,business operations ,product management ,financial transactions that all impact strategic planning ,organizational design and performance business law and taxation policies for growth of economy .More than one in three enterprises uses enterprise resource planning software applications. Enterprises' internal e-business integration refers to sharing information electronically and automatically between different business functions within an enterprise as opposed to external integration, in which other business partners are involved. ERP software applications aim to facilitate the flow of information and the potential to integrate internal and external management information across several functions of an enterprise. A characteristic of ERP is that it is delivered in 'modules' that typically integrate processes relevant to

planning, purchases, marketing, sales, customer relationship, finance and human resources.

The percentage of EU enterprises that used ERP software applications reached 36 % in 2016, that is an increase of 15 percentage points compared with 2010. Despite a considerable increase in the adoption of ERP applications, some progress can be expected, particularly among small enterprises (30 %). The percentage of EU enterprises that used computers and had internet access seems to have reached saturation level. In 2015, 97 % of enterprises had access to the internet. In 20 out of 28 EU countries, 97 % or more of enterprises reported having internet access. Concerning staff employed in enterprises with 10 or more employees, 55 % used computers, and 49 % used computers with access to the internet. Compared with 2010, the latter category increased two times more. Enterprises' websites increasingly offer various functionalities, such as online ordering, product catalogues and information, order tracking, customization of products, links to social media etc. Importantly, the use of a Enterprises consider it important to be visible on the internet. Consequently, website involves a more active role than just having an internet connection. Some 75 % of enterprises reported having a website.

E-business Benefits :

- Sell your products and services
- Help raise the profile of your business
- Improve customer support
- Make the processes on your business more efficient
- Target new markets
- Increase marketing reach
- Develop a deeper understand of your customers
- Keep your costs down
- Put your business strategies into action

E-BUSINESS AND TOURISM

For many states tourism is a significant area of business. Tourism is developing technology or technology is developing tourism ? In tourism , small tour operators, hotels , restaurants and travel agencies have been active in fostering cross-border Internet e-commerce. The Internet allows travellers direct access to travel recommendations, reviews and local tourism information without needing to go onsite. Some travellers can profit from

discount of moment and reserve their holidays . Ads on facebook , e-mail, push notifications , message are forms of technology that are promoting tourism of developed places in EU. Studies focusing on the use of ICT in the tourism industry or e-tourism have shown that the use of ICT is unavoidable in the tourism industry and that ICT will continue to be a crucial element in the success of the tourism industry, especially for developing countries. At inter-firm level, the Internet and e-commerce have great potential for reducing transaction costs and increasing the speed and reliability of transactions. They can also reduce inefficiencies resulting from lack of co-ordination between firms in the value chain. Internet-based B2B interaction and real-time communication can reduce information asymmetries between buyers and suppliers and build closer relationships among trading partners. In fact, adopters of e-commerce tend reduce transaction costs, increase transaction speed and reliability, and extract maximum value from transactions in their value chains.

ECOMMERCE IN EUROPE TO REACH €509.9 BILLION IN 2016

There are about 296 million online shoppers in Europe at the moment, each of them spending an average of 1,540 euros online last year. Marlene ten Ham, secretary general at Ecommerce Europe, thinks the report provides a promising outlook for the ecommerce industry. “Today, only 43 percent of the European population of 15 years and older shop online, and 16 percent of them buy in another country. Moreover, 16 percent of SMEs sell online and less than half of them sell online across borders. The full potential of the European ecommerce market has not yet been reached”, she says. Aside from the predicted 509.9 billion euros the industry is expected to be worth in 2016, Ecommerce Europe also looked at the more distant future. For 2017 the organization forecasts total online sales of goods and services being worth 598 billion euros, while in 2018 a total online revenue of 660 billion euros is predicted. As was the case for the last couple of years, the United Kingdom, France and Germany are clearly the major ecommerce countries in Europe. Ecommerce Europe also looked at the fastest-growing ecommerce markets in Europe. Ukraine is the number one on this list, with a growth of 35 percent compared to 2014, followed by Turkey (34.9%) and Belgium (34.2%).

METHODOLOGY

My research methodology requires gathering relevant data from the specified documents and compiling databases in order to analyze the material and arrive at a more complete understanding of technology in support of e-business .I hope to shed light on the following questions through my research: 1) Are

using businesses in Europe technology for e-commerce a) How important are factors such as internet and digital technologies in providing employers access to the webshop a) Digital media are helping or not the development of enterprises2) In what percentage member states of EU are using E-commerce compare with average of EU 3) Are there any indications of buying in webshops a)For example are they sicure or fraud, taking information from credit card , personal information. I have treated the connection of ICT , tourism and e-business based at inter-firm level where they have great potential for reducing costs and increased the speed and reliability of transactions. Based on the data from Eurostat I have made a comparision about states of EU about age of e-buyers and what is the number of people that are e-shoppers.

RESULTS

But how the behavior of customer around the Europe is changed? As is shown in figure 1 and 2 , in the past we have had a linear path to purchase where someone is looking for a product ,find it, buy with others but today as it shown in figure 2 is more complex, they spend in online store not half an hour ,not 10 minutes but just a second and what they do ? They check products in facebook , go to blogs, in twitter etc . Now everybody in Europe in webshops have to use webpage,sending emails,recommendations ,segmentation,SMS,push notifications ,sending ads on facebook reducing costs , saving time and growing the benefits .

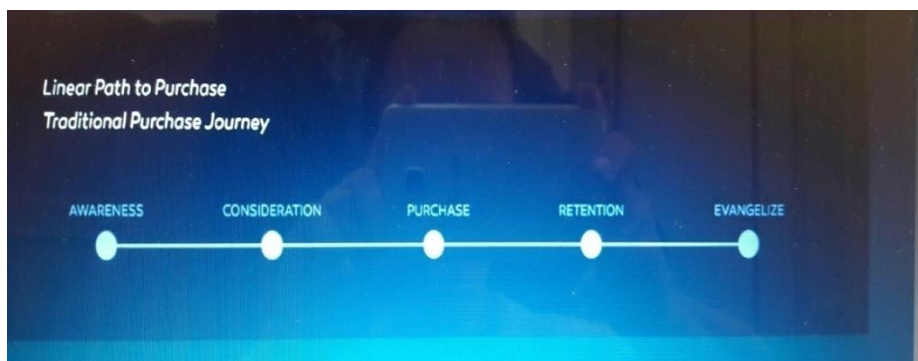


Figure 1:Traditional Purchase

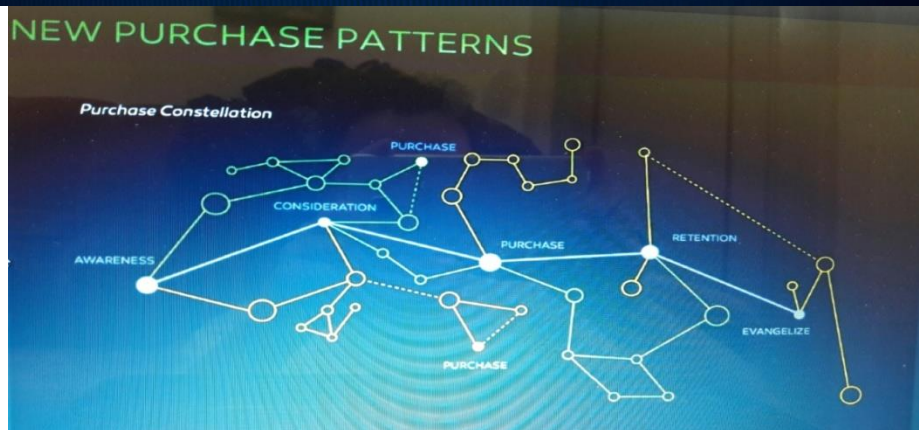
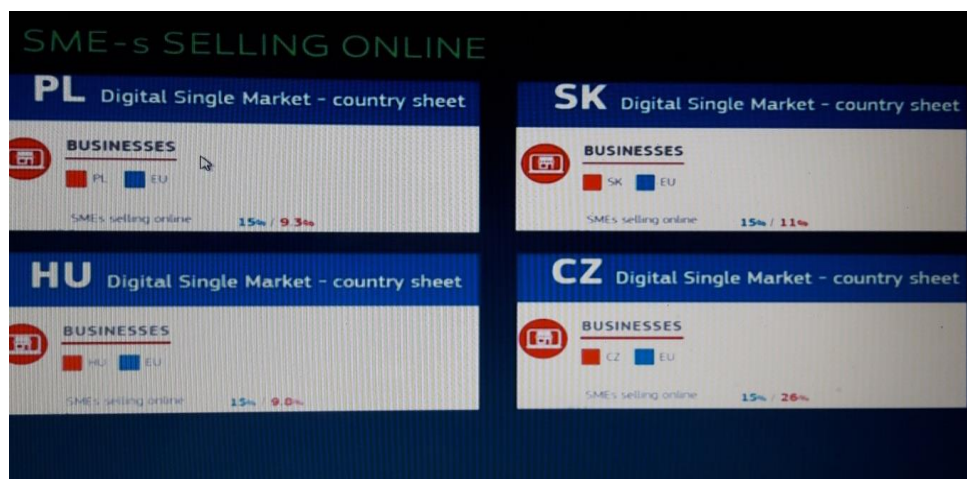


Figure 2: New

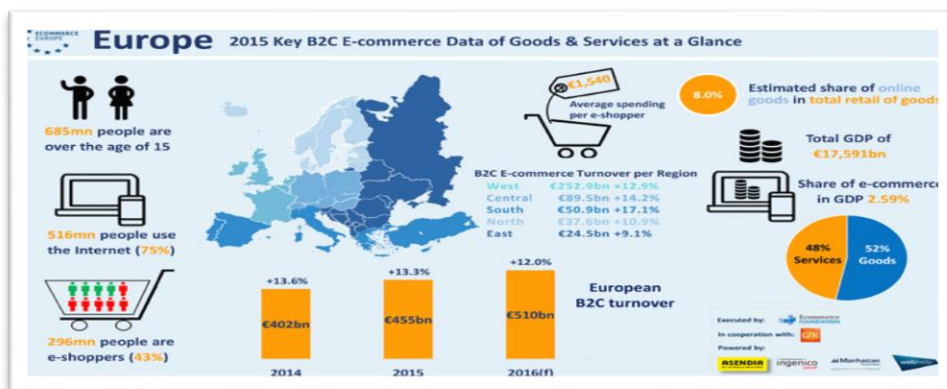


Figure 3

Small or medium companies are in e-commerce, selling something online. For example Poland and Hungary not have a big difference from average in

Europe (Poland is 9.3% ,Hungary 9% compared with EU that is 15% ,) but if we see Czech Republic it is 26% so 11% much more than EU in e-commerce.

DISCUSSION

- Are investments key for making ICT work ?
- The enterprises have barriers for using e-commerce ?
-

CONCLUSIONS

- E-commerce offers the potential to eliminate geographical barriers for many remote and isolate states, allowing them to do business by reducing their distance from key markets
- Complementary investments in skills, organizational change and innovation are key to making ICT work, and that the use of ICT affects firms performance primarily when accompanied by other changes and investments and that without these, the economic impact of ICT may be limited
- The number of e-buyers is more than the number of e-sellers
- E-commerce tourism is a key important of development of countries

REFERENCES

Journals

Information and Communication Technologies in Support of the Tourism Industry

by Wayne Pease (Author, Editor), Michelle Rowe (Editor), Malcolm Cooper (Editor)

Website

<http://ecommercenews.eu/ecommerce-europe-reach-e509-9-billion-2016/>

https://en.wikipedia.org/wiki/Electronic_business

<https://ec.europa.eu/energy/en/topics/technology-and-innovation/strategic-energy-technology-plan>

<https://www.statista.com/outlook/243/100/e-commerce/worldwide#>

https://www.youtube.com/watch?v=j_jRuY-afNw

MULTILINGUISM IN THE EUROPEAN UNION

MSc. Ana Cano
Pavarësia University College
ALBANIA
materiale.ana@gmail.com

ABSTRACT

The integration in European Union is a complex process and it can be considered, both as important and difficult at the same time, considering all economic, political and social costs/challenges to each country. Also, if we take into consideration the most focal point of the EU, the lack of European identity as a unified identity, EU faces lots of problems with those skeptics that see EU without future. As we all know that identity is first of all related with the language, and we cannot ignore and be blind about this absence. EU doesn't have one "European language"!! But, this "problem" is "solved" by the EU motto: United in diversity. Since this unification is at some levels, the first step of it starts from the languages. From this perspective, learning languages is not only a personal benefit, but also promotes the cooperation between countries because it puts the focus on collaboration and not in the differences between them. By accepting each other is easier to empower each other, even in individual, in social, economic or political terms. As a conclusion, having a Multilanguage environment help us to share and develop different aspects of multiculturalism.

Keywords: Multilanguage, identity, languages, cooperation, development.

INTRODUCTION

The languages are an important priority for the Union; the language is part of our identity and is the most direct expression of a culture. In Europe, linguistic diversity is a reality and in a Union based on the "united in diversity", the ability to communicate in several languages is essential for citizens, organizations and enterprises.

The purpose of the Linguistic Policy of the Union is to promote the teaching and learning of foreign languages in the Union and thus create an environment favorable to all the languages of the Member States. It is considered that the knowledge of foreign languages is one of the basic skills that have to possess any citizen of the Union to enhance their opportunities for training and employment in the European society of learning, in particular at the time of exercising the right to free movement of persons. In the framework of a policy of education and vocational training, the Union has set itself the objective that

all its citizens proficient in two languages in addition to their mother tongue. To achieve this, we must teach children two foreign languages in school from an early age.

METHODOLOGY

Methodological framework of this paper is based on analyzing the theoretical approach of knowledge and the effect it has in different cultures. How it is possible to create a real multiculturalists environment; how we can realize to put such differences together and unify them, without losing their identity; is there any way to fulfill this without starting from language and passing through it? If yes, which is the best instrument to achieve it? Learning foreign languages in order not to consider them “foreign” later... This is the first step to accept the others and to be easily accepted. Theoretically, this approach it seems to be the solution, but the real challenge is how to educate the culture of “multiculturalism” to the children? Is it sufficient to formulate some strategies at national level or international one? Who will guarantee the results? What about the other category of those who cannot afford learning a new language?

The priority of learning languages is institutionalized in the strategic framework "Education and Training 2020". The communication in foreign languages is one of the eight key competences necessary to improve the quality and efficiency of education and training. In addition to the main communication skills in the mother tongue, include mediation and intercultural understanding.

The educational policies of the Union receive a growing momentum of the “Europe 2020” strategy. In this context, the linguistic skills are crucial for the initiative "Agenda for new skills and jobs", because they improve the employability. They also constitute a necessary precondition for mobility, which explains the success of the implementation of the flagship initiative "Youth in Motion". The importance of learning languages is due to policies of European Union (European commission is the responsible structure that applies or implement these policies), concretely programs as listed below:

A. SUPPORT PROGRAMS

1. “Erasmus +” Program

Erasmus +, operational since January 2014, is the program of education, training, youth and sport of the European Union for the period 2014-2020. The promotion of language learning and linguistic diversity is one of the specific objectives of the program. In the Guide of the Erasmus program is stated as follows:

"The opportunities created to provide linguistic support are aimed at increasing the efficiency and effectiveness of the mobility, to improve the functioning of learning and therefore to contribute to the specific objective of the program. Provides linguistic support for the language to be used by the participants to study, enjoy a period of practical training or carry out a volunteering abroad in the context of the mobility activities of long duration supported by the Key Action 1. The linguistic support will be offered primarily in line, because the electronic learning of languages presents advantages of access and flexibility."

In the Guide of the Erasmus + program also notes the following: "In the framework of the Key Action 2 will emphasize Strategic Partnerships in the field of the teaching and learning of languages. **The innovation and good practices** aimed at promoting linguistic competencies may include, for example, methods of teaching and assessment, development of teaching materials, research, and computer aided language learning and business projects which use foreign languages. On the other hand, when the beneficiaries of strategic partnerships that organize activities of training and teaching of long duration aimed at staff, workers in the field of youth and students need it, funding will be provided for linguistic support."

2. "Creative Europe" Program

In addition to the education and training programs, the Creative Europe program provides financial assistance through the subprogram culture to language projects for the translation of books and manuscripts.

3. Other aid

The Union gives its support to the European Center for Modern Languages, whose mission is to encourage excellence and innovation in the teaching of languages and in helping Europeans to learn languages more effectively. The main objectives of the Center are to assist Member States to implement policies effectively learning languages:

- Focusing on the teaching and learning of languages;
- To foster dialog and exchanges between those active in this area;
- Providing support to networks and research projects related to its programs.

The European Center for Modern Languages works on the basis of programs quadrennial promotion of excellence in the teaching of languages in Europe. Today there are 24: German, Bulgarian, Czech, Croatian, Danish, Slovak, Slovenian, Spanish, Estonian, Finnish, French, Greek, Hungarian, English, Irish, Italian, Latvian, Lithuanian, Maltese, Polish, Portuguese, Romanian and Swedish.

The EU presents general information on its policies in all its official languages. Other more specialized content is offered in the most spoken languages in the Union.

REGIONAL AND MINORITY LANGUAGES

In the EU there are more than 60 regional or minority languages native, which have a total of approximately 40 million speakers. These include the Basque, Catalan, the Frisian, Welsh, the Sami and the Yiddish.

Although they are the national governments who determine their legal situation and the support they receive, Committee Union maintains an open dialog and promotes linguistic diversity to the extent possible.

Search available translations of Erasmus anterior [EN link](#)••, new EU program on education and training, is a possible source of funds for initiatives aimed at protecting and promoting the teaching and learning of minority languages.

LANGUAGE LEARNING

One of the objectives of the policy of multilingualism in the EU is that all Europeans speak two languages in addition to their mother tongue. The best way to achieve this is that children come from an early age in contact with two foreign languages. It has been demonstrated that this not only accelerates the learning of languages, but also improves the competence in the mother tongue.

The EU supports the teaching of languages for the **following reasons**:

- improving language skills allows more people to study or work abroad and improving their employment prospects
- speak other languages help to understand people of different cultures, which is essential in a multilingual and multicultural Europe
- To operate effectively across Europe, companies need multilingual staff
- The language industry - translation and interpretation, the teaching of languages, linguistic technologies, etc. - is one of the branches of the economy that grow more quickly.

Multilingualism: You can say that multilingualism, as a social fact, is a linguistic human right that have all humans to express themselves through their languages and codes of communication.

Multilingualism is perceived by those who defend it as a solution to the problem of the disappearance of the many languages. This problem threatens the cultural diversity of the world, devoted to the disappearance a large number of languages, which consist with everything in so many different ways of seeing, understanding, classify and establish relations between things. We know in fact that 90% of the languages are in danger of extinction, and that should disappear in about 50 years. Also we know a fact like German

Language is growing up every day in Europe. It has an important role like Spanish in USA.

The main advantages of the Multilingualism are:

- 1- Diversity of languages and cultures,
- 2- Respect for human rights,
- 3- Respect for human rights in the linguistic,
- 4- Social and political coexistence between people speaking different languages.

OTHERS ADVANTAGES

Learn more than one language in the early childhood stimulates the brain and cognitive functions; and also children with learning problems can be handled in several languages if you give them the proper tools.

The multi-lingual training improves the ability to solve problems, develops the auditory perception and power verbal skills.

Learn more than one language requires adaptation to different systems of representation of the world. This causes an increased versatility, promoting the capacity of concentration and the perspective.

Bilingual or multilingual children have the ability to dominate the languages to the level of a native monolingual or at a high level quite satisfactory.

Children who grow up with two or more languages develop an awareness by the language and are able to understand more quickly than the language is only a means and that there are several ways to convey a message.

Children who receive a multilingual education are in capacity to pass information from one language to the other, either to win vocabulary or to better understand the operation of the grammar.

Children who learn two or more languages in childhood have an additional advantage in certain jobs in particular those with international projection.

Bilingual and multilingual children better understand the cultural diversity of our world and are more open to new cultures and differences of Thoughts.

Multilingualism is a situation that must be respected in all many countries where they speak different mother tongues. It was therefore of respect and right to others to speak their mother tongue, receive education, justice and health, in the language you speak the person. There are many multilingual countries, but not all have these rights, and this dynamic; this situation that has been threatened after the creation of the nation states with a policy of unification, both in race, as in religion, language and ideology.

But if you mean to be polyglot, is a very big advantage, since you can talk to a lot of people. More than labor or economic, is more a matter of understanding the language and the culture of other people.

Multilingual schools consulted agree that between 10% and 15% of their students have learning problems, some data similar to those of monolingual schools. The difficulties, as teachers, start to be detected in two or three years,

when children begin to talk and to build phrases. The solution lies in giving them pedagogical tools for each language in aspects such as the vocabulary, the logical structure to use phrases with consistency and contextualization of their small discourses.

It is recommended to combine these teachings with techniques of stimulation and visual games as the child just by associating the new language with a playful moment: "Is the best way to internalize what they have learned. It should reward their progress and explain to them that they should not be afraid to make mistakes".

Although it is never too late to learn languages, specialists agree that between three and seven years is the best time to enter a second language, because the brain is at its optimum point of retention. "Babies have more neurons, and initiate an early learning of a foreign language facilitates rapid absorption".

DISADVANTAGES

Children who are facing a multilingual education are at risk of not achieving a satisfactory level in any of the languages and to face serious problems in the formal education of the country of the environment.

Bilingual and multilingual children are facing a society in its most monolingual. This can cause rejection on the part of the society and affect the personality of the child negatively, as for example causing a sense of inferiority.

Children who grow up with two or more languages are faced with the same problems of development of language that children monolingual: physical problems, problems of pronunciation, grammar problems. However these problems may have different nuances influenced by the second or third language.

The multilingualism for intercultural dialog

The language is a fundamental element for the integration of the non-native people in the societies of the Member States. Therefore, to promote the acquisition of the language of the host country is essential. At the same time, in our society, there are linguistic resources which are not exploited (other native languages and other languages that are only spoken in the home or in a neighborhood or specific area) and which should be valued more highly than, for example, through the development of a "personal adoptive language".

To facilitate foreign tourists, immigrants, workers and students that they have limited national language knowledge access to basic services, should ensure that the basic information available in several languages. For example, of conformity with it established in the directive "services,them States members must create windows unique multilingual to facilitate the provision of services cross-border. At the same time, the Commission is working to integrate multilingualism among citizens and want to:

The multilingualism creates prosperity

Count with a multilingual workforce is a clear asset to any company and can give to the European companies a strong competitive advantage in the market and thereby promote prosperity. Thus, it is recommended that companies invest more in language and intercultural skills. From the point of view of the citizens, the domain of several languages increases the chances of employment and allows you to choose among a wider range of job offers. In this way, Member States should encourage the acquisition of language skills outside the formal education system. At the same time, the Commission is working to:

- 1- To encourage mobility among students and workers; to
- 2- Disseminate the results of the study on language skills, creativity and innovation;
- 3- Create a platform the exchange of good practice between the parties involved.
- 4- Lifelong learning

The Member States are still a long way to go to achieve the objective of "communication in the mother tongue and two further". Normally, students in general education are those that have more opportunities in this field, but in many Member States there are still many deficiencies. The opportunities for the acquisition of other languages in education and training (VET) are even more limited. Faced with this situation, the Commission:

- 5- Promote the teaching of languages using specific community programs;
- 6- Collect and disseminate examples of best practices in the learning and teaching of languages among the Member States.
- 7- It also calls on the Member States to promote the learning of languages by using:
- 8- Offer opportunities to learn the national language more two other languages;
- 9- Provision of a wide range of languages to choose from
- 10- Improving the training of those involved in the teaching of languages
- 11- Promoting the mobility of language teachers.
- 12- The external dimension of Multilingualism

RESULTS

Multilingualism is essential for intercultural dialog and, therefore, is especially important in external relations of the EU. In this regard, should promote the teaching and learning of the European languages in third

countries to exploit their full potential. Of course, at the same time, it is also important to promote the teaching and learning of non-European languages in the EU. To achieve this purpose, the Commission:

Will cooperate with third countries in the field of multilingualism; Promote European languages in third countries.

In the same way, Member States are encouraged to strengthen cooperation with relevant institutes to promote European languages in third countries.

CONCLUSIONS

In my opinion, a new foreign language is a new “window” (an opportunity) that is open only for you.

If you apply to a job or work one of the conditions is to know a language typically like English or Italian or nowadays is more often if you know English or German.

So what you will do? Go to a language course to learn or if you have studied it in High-School or University it is better for you.

As the “**Europe Union**” is growing up every day in my case or as I think that nowadays the important language is taken by the German language and this of course it refers to the economy of the Europe. Like it is the role of Spanish in the USA.

The last advice that I have about the language is to learn more languages that you can because even if you travel abroad you don’t feel different, you speak their language, you know their culture and at least you have more opportunities for yourself.

REFERENCES

Website

http://ec.europa.eu/languages/policy/learning-languages/multilingual-classrooms_es.htm

http://ec.europa.eu/languages/policy/learning-languages/early-language-learning_es.htm

http://elpais.com/elpais/2014/02/06/opinion/1391705187_021373.html

BUILDING CAPACITY OF PUBLIC ADMINISTRATION IN THE EUROPEAN INTEGRATION PROCESS

Prof.Assoc.Dr. Nejla PEKA

**Legal expert/Department of Legislation, Monitoring of Programs
and Anticorruption
Prime Minister's Office
e-mail: pekaneila@yahoo.com**

ABSTRACT

Drafting and approximation of legislation with the EU *acquis* is a difficult and complex process. Application of this process is not only to build a legal framework in accordance with its requirements, but also to ensure best human capacities and administrative structures and other necessary conditions for its implementation. This process requires special attention to the policy formulation stage and analysis of costs, for drafting high quality legal texts.

In the process of accession negotiations with candidate countries are facing increasing levels of workloads and increase public administration activities. Therefore, it is in our country's interest to have civil servants who are trained and qualified, who would be willing to carry out this process. The negotiation process will be faster and the result would be more favorable if executed by skilled professionals. This is the reason why it is necessary to invest in capacity building and strengthening of human resources, before the start of negotiations. Tools and approaches to achieve this are the subject of national decisions.

The purpose of this exploratory study is to investigate about the changes in legal framework of building capacity of public administration in Albania and the role that legislative measures play in the process of drafting and approximation of the legislation with EU *acquis*. The study employs a mixed methodology, comprising a review of the legislation, institutional framework and of the relevant literature in the European integration process.

The findings of this study are supported in prior research in other countries. The in-depth analysis of the qualitative data revealed a basic understanding of the process of integration, especially in our country.

Keywords: process of integration, European Union, building capacity of public administration, legal framework, legislative measures, National Plan for Integration, etc.

INTRODUCTION

Albania submitted its application for EU membership on 28 April 2009. Following a request by the Council, the Commission presented its Opinion on Albania's application in November 2010. In its Opinion, the Commission considered that before accession negotiations can be opened officially, Albania still had to achieve the necessary degree of compliance with the membership criteria and in particular to meet the 12 key priorities identified in the opinion. In October 2012, the European Commission recommended that Albania be gain the candidate status conditional completion of key measures in the areas of judicial reform and public administration and revision of the Rules of Parliament.

The Commission once again recommended that Albania be gain the candidate status in the Progress Report 2013 and identified 5 key priorities for the opening of accession negotiations¹.

On November 11, 2013 started the High Level Dialogue on priorities between Albania and the EU. High Level Dialogue serves as a tool for structured EU-Albania and Albania to help maintain focus and consensus on EU integration. Opposition and independent institutions to participate actively in the High Level Dialogue between the European Commission and of Albania.

Taking this into account, in light of the obligations to be met under the SAA, the strategic goal to achieve membership in the EU and responsibility for this purpose includes, as well as social, economic and legislative bodies that have already started, Albania adopt a strategic approach, which will regulate the obligations it has assumed under its capacity and national interest.

Enlargement Strategy, 2013-2014, the Commission set 5 key priorities, as a precondition for starting accession negotiations, for which the Albanian government took all measures to develop a "*Road Map*"² through which ensured:

- continued implementation of public administration reform in order to increase the professionalism and de-politicization of public administration;
- further measures to reinforce the independence, efficiency and accountability of judicial institutions;

¹These priorities are: public administration reform, the independence, efficiency and accountability of judicial institutions; fighting corruption; the fight against organized crime; protection of human rights (including non-discrimination policies, the Roma community, and the implementation of property rights).

²Within the initiative Dialogue High Level (DNL) to Key Priorities between Albania and the European Commission, at the first meeting, held in Tirana, on November 12, 2013, the Albanian side was made the commitment to the preparation of this guideline 5 priorities that the Commission addressed for further continuation of the reforms within the EU integration process

- measures in the fight against corruption, including concrete results³, measures in the fight against organized crime⁴;
- take effective measures to strengthen and protect human rights, especially the protection of minorities, such as Roma and,
- antidiscrimination policies, and the implementation of the resolution of issues in the field of property rights.

Short term priorities in the National Plan for European Integration in five main priority areas are fully synchronized with this guide on 5 key priorities already approved by the Albanian government, and synchronized with the National Strategy for Development and Integration, 2014-2020.

Formal application for candidate status in the EU, on 28 April 2009 and the decision was taken in 2014 and crowned a long process of cooperation and constructive dialogue with partner countries, EU member states and the European Commission.

ALBANIAN GOVERNMENT'S VISION REGARDING THE EU INTEGRATION PROCESS

The vision of the Albanian government is meeting the membership criteria Albania in the European Union by 2020, as the primary strategic objective of the Republic of Albania. Upon confirmation by the European Council candidate status, on June 27, 2014⁵, the realization of this major objective entered a new phase, where the activity of the Albanian public institutions will aim will be measured, not only with the implementation of the Stabilization - Association, but the fulfillment of the conditions of membership, including negotiations membership.

³Specifically, the investigation mainly, prosecutions and convictions

⁴This includes establishing a solid track record of investigations mainly, prosecutions and convictions.

⁵Based on the progress made by Albania, in October 2013 the Commission recommended that the Council gave Albania candidate status, with the understanding that Albania continues to take action in the fight against corruption and organized crime, taken from the Strategic Document for the Instrument Pre-Accession Assistance (IPA II), 2014-2020 edition of the European Commission, the official website of the EU Delegation in Tirana, Albania. The Indicative Strategy Paper (strategic document) defines the priorities of EU financial assistance for the period 2014-2020 to support Albania in its path towards membership. He translates the political priorities defined in the framework of the enlargement policy into key areas where financial assistance is most useful to meet the membership criteria. Instrument for Pre-Accession Assistance (IPA II) is the main financial instrument through which the EU supports the implementation of reform beneficiaries in order to EU membership.

For the opening of accession negotiations, Albania must fulfill the key priorities⁶, dealing with public administration and reform the judiciary, fight against corruption and organized crime, and strengthening the protection of human rights, including rights ownership⁷.

Also, the strengthening of administrative capacity to deal with the rhythms of the EU integration process and in the process of drafting legislation is closely linked to reforms undertaken by the government in the justice system and beyond, to answer the rhythms of development country. And without doubt, part of these reforms is the government and the will to reform the governance is a clear indication of the determination, to witness our international partner's seriousness and appreciation for doing things the right way⁸.

Thus, the adoption of the National Plan for European Integration 2016-2020⁹, is a significant indicator, following the fulfillment of the commitments and obligations seriously, our country has undertaken in this phase of the process, for integration into the European family. The adoption of constitutional amendments¹⁰, clearly demonstrated the determination and the willingness of our country to meet one of the key priorities, the reform of the justice system in Albania, as one of the basic elements for building the solid and transparency relationship with our international partners. This determination showed that integration remains one of the major challenges to policy and society, both internally as well as internationally.

STRENGTHENING OF ADMINISTRATIVE STRUCTURES

In the process of accession negotiations with candidate countries are facing increasing levels of workloads and increase public administration activities. It is therefore in the interest of our country, facing the every stage of this

⁶Five key priorities or otherwise known as the Road Map, adopted by the Council of Ministers Decision 330, dated 28.05.2014, "On approval of the roadmap for 5 priorities recommended by the European Commission, 2013", published in Official Gazette No.84, pg.3377.

⁷Enlargement Strategy of the EU and Main Challenges 2013-2014, taken from the Strategic Document for the Instrument for Pre-Accession Assistance (IPA II), 2014-2020 edition of the European Commission, the official website of the EU Delegation in Tirana, Albania.

⁸The program of the government of Albania in the European integration is stated that: ***"... The process of joining the European Union is a national target, in view of democratization and transformation of the Albanian society, in accordance with European values and principles of the EU..."***.

⁹Adopted by the decision no.74, dated 01.27.2016, the Council of Ministers "On approval of the National Plan for European Integration 2016-2020", published in Official Gazette No.17, pg.1077.

¹⁰Law nr76 / 2016 "On some amendments to Law 8417, dated 21.10.1998," The Constitution of the Republic of Albania ", amended", published in Official Gazette No.138, pg.11131.

process to have trained and qualified staff, who will be ready to successfully implement this process. The negotiation process should be faster, and the result should be more favorable if executed by skilled professionals. This is why it is necessary to invest in capacity building and strengthening of human resources before the start of negotiations. Tools and approaches to achieve this are the subject of national decisions.

One of legal initiatives undertaken by the government, to strengthen the current structures of public administration, and a more efficient coordination of assistance of an acquisition higher financial funds of the EU and other donors, as well as improving growth the quality of the design and alignment of legislation with the EU *acquis*, is the adoption of a legal framework for the creation of some special structures, known as the network of European integration units and network units drafting legislation¹¹.

The establishment of these networks brings innovation manner and approach to the EU integration process, responding rhythms of this process and the current stage, in which our country is in relation to the EU.

THE ROLE OF THE ESTABLISHED STRUCTURES

To realize good governance, it is important to undertake reforms in terms of management quality and good public administration. This is not only an important issue for the country's integration into the EU as a precondition for cooperation and create a better relationship with the European Union, but also as one of the main components, the key, the interaction of bodies of state administration and citizens, with the purpose of realization of the fair, functional, efficient and transparent of good governance,.

Therefore, the network of European integration units and the network units of drafting legislation will coordinate and support the work of the respective institutions to draft a coherent, clear and transparent legislation, and to transpose and implement the *acquis*, by chapters relevant to the implementation of the Stabilization - Association¹².

Therefore, all those who are or want to be part of these networks, both inside and outside the system, will be subject to competition, developing procedures which will be fully transparent and under the supervision of the relevant state structures and experts best domestic and foreign.

¹¹The decision nr.577, dated 06.24.2015, the Council of Ministers "On the establishment of the network of European integration units and network units drafting legislation in line ministries," published in the Official Gazette nr.116, pg.6138 .

¹²In order to fulfill and duties associated with the drafting of legislation to network units drafting the legislation, the Secretary General of the Council of Ministers will establish a committee of external experts, who are experts in the fields legislation, as appropriate, to support and assist the network in drafting laws and regulations, and other legal documents.

In addition, all the civil servants will be subject to continuous training in depth, in order to raise professional and achieve the common objective, integrating the country into the European Union.

THE LEGAL INFRASTRUCTURE OF IMPLEMENTATION OF THE APPROXIMATION OF LEGISLATION

Specifically, the approximation of legislation is seen in two dimensions. The first dimension relates to a legal concept, and ensuring correct implementation in practice that means:

First in the widest sense legal transposition of the provisions of EU legislation into national legislation.

Second, the practical implementation of these provisions of the national legislation by the competent public authorities.

Thirdly ensuring practical implementation of this legislation, by a court or other enforcement and legal agencies.

In practical terms (second dimension), is one of the indicators of a country's progress towards European integration and convergence in this sense is "***the quantity and quality of national legal acts, which transpose the provisions of EU legislation, as well as evidence for effective implementation in practice.***".

This approximation legislation to Albania began with the signing of the SAA and transitional implemented in two stages. During the first phase of the transitional period of ten years, the approximation of legislation will cover some basic elements of the *acquis* in the area of common market and in some other areas related to trade. The first phase will cover the approximation of legislation in areas related to competition, intellectual property, public procurement, standardization and certification of products. The second phase of the transition period will cover other areas, which are not included in the first phase¹³.

The process of approximation of legislation in Albania is realized based on the following bylaws:

- Decision nr.584, dated 28.8.2003, the Council of Ministers "On approval of the Regulation of the Council of Ministers", as amended, which expressly provided for the drafting and completion of the concordance table and evaluation of the degree of Adoption of the

¹³Article 70 of the SAA, which is explicitly stated that Albania "***... shall attempts to ensure that its existing laws and future legislation will be gradually made compatible with European legislation, but also must ensure that existing and future legislation implemented and enforced ...***". So, these provisions oblige Albania technically bring its national legislation in line with that of the EU, but also ensure that it is implemented and take effect.

Acquis, and note CELEX number, date of adoption and full title of the legal instrument of the *acquis*, which is aligned with the draft.

- The decision nr.486, dated 25.07.2012, the Council of Ministers "On approval of the National Plan for the Implementation of the SAA (2012-2015) and the definition of institutional responsibilities for aligning Albanian legislation of any act of the European Union (which is updated annually);
- Decisions of the Council of Ministers, approved year after year, the National Plan for European Integration

CONCLUSIONS

Impacts of the integration process in the quality and effectiveness of government

Undoubtedly, that membership in the European family it is a process as long and difficult as the significant and valuable for our society and in particular, to experience the best that he relates to how they should be governed and how should we governing (Peka N.“***Integration process, challenges and application of new technologies in decision making process***”, 2014).

Commitments undertaken in the framework of this process extended in all areas of life, aiming at compliance, reconciliation and full transposition of the legislation with the Community, in order to facilitate the fulfillment of obligations arising from the correct implementation of the SAA.

Construction of legal and institutional framework, in accordance with the standards of the member states of the EU, requires undertaking important reforms and persistent, which itself not only aim democratic governance, in effective, efficient and transparent manner, on the basis of democratic principles known and widely accepted, but the unification of international best practices in terms of building the rule of law and justice.

Besides investment in infrastructure and the development of systems and services, requires special attention and drafting legislation and undertaking certain reforms that respond to these developments.

European Union membership is one of the major objectives in national level for the Republic of Albania. Our country and the entire Albanian society are fully aware that to achieve this objective need maximum commitment of all human and material resources, as well as continued efforts in view of democratization and transformation of the Albanian society, in a western democratic society.

REFERENCES

Journals

The Constitution of RoA, amended with law no.76/2016, published in Official Gazete no.138, pg.11131.

Law nr.9000, date 30.1.2003, "On organizing and functioning of Council of Ministers".

Decision nr.584, date 28.8.2003, of Council of Ministers, "On Approval of Rules of the Council of Ministers", amended.

Decision no.330, date 28.5.2014, of CM "On approval of the roadmap for 5 priorities recommended by the European Commission, 2013", published in Official Gazette No.84, pg.3377

Strategic Document of IPA (IPA II), 2014-2020, published by European Commission

Decision no.74, dated 01.27.2016, the Council of Ministers "On approval of the National Plan for European Integration 2016-2020", published in Official Gazette No.17, pg.1077

Peka N. "Integration process, challenges and application of new technologies in decision making process", submitted to International Conference "European integration of South and East European countries - Challenges" organized by the Centre for International Relationship and Balcanic studies in Tetovo", Macedonia July 2014, published with Proceedings and certificate.

Decision nr.577, dated 06.24.2015, the Council of Ministers "On the establishment of the network of European integration units and network units drafting legislation in line ministries," published in the Official Gazette nr.116, pg.6138

Enlargement strategy and main challenges 2013-2014 (COM 2013) 700".

Websites:

www.parlament.al

www.kryeministria.al

www.integrimi.gov.al

<https://eeas.europa.eu/delegations/albania>

ANALYSIS OF THE ALBANIAN QUALIFICATION FRAMEWORK

PhD Candidate. Ermira Sela
Universiteti i Tiranës
ALBANIA
e-mail: ermirasela@hotmail.com

ABSTRACT

Economic growth and European integration process are imposing to the Albanian society reforms which should be focused on the assessment of economic and social resources of the community. These developments are also affecting the spread of a new culture of work, which needs to transmit to all individuals the necessary knowledge and competencies to manage modern challenges. In this context, the establishment of effective policies that lead to increased level of skills among individuals is a necessity.

As a specific political tool, in this context, is seen the qualifications framework. Currently, more than 140 countries are at a stage of the introduction or implementation of national qualifications frameworks because they are the main tool to solve problems in the organization and systematization of qualifications. They are intended to make the education system more flexible and facilitate labor mobility.

In this context, also enters the drafting and adoption of an Albanian Qualifications Framework, which is fully in line with the European one, thus enabling the development, adoption and preservation of standards (Gjoni, E. 2010).

This paper examines how the AQF is designed and is being implemented. The method used is qualitative, taking into consideration are the reports and the studies carried out in relation to this topic. The aim is to show what is the role of AQF, in improving transparency, accessibility or quality of qualifications related to the labor market and the society.

Keywords: Qualifications Framework; European integration; standards; workforce

INTRODUCTION

Many countries are currently in a phase of adoption or implementation of qualifications frameworks, which are seen as one of the main tools for solving problems in education and training systems. A National Qualifications Framework is a plan for the comprehensive organization and systematization of qualifications, which aims to make the education system more flexible and

to facilitate the mobility of the workforce (Thorsen, S.M. 2014 pg.15). Even according to researcher Stephanie Allais, a qualification framework is seen as a specific political tool, to reform and spread education offer in such a way that to lead to the growth of skill levels and towards improving productivity in the labor market (Allais, S. 2011 pg.2). With the adoption and implementation of these frameworks, the countries aim to achieve wider social and economic purposes. However, it must not be forgotten that; the achievement of these goals is associated with specific characteristics of the social and economic life of the countries and their priorities.

Even with regard to Albania, the adoption of the framework is related to her economic and social objectives and goals, which are, fast economic development and European integration. These targets require a skilled workforce to be confronted with different challenges, in particular with those that the integration project brings.

However, despite economic growth Albania remains a relatively poor country. The high level of unemployment is one of the causes of this poverty. But it should be noted that this phenomenon is associated with individuals own preparation, often different from the labor market needs. In fact, it turns out that only a very small part is well qualified. This is a consequence of inadequate education. In this context, the adoption of qualifications framework has been done to solve the problems in the education and training sector, to enable the development and preservation of standards and to make the Albanian education system comparable to that of European countries.

The issue we focus in this paper is to analyze the main characteristics of the Albanian Qualifications Framework.

EXPLANATION OF TERMS

To understand what a NQF is, firstly is important, to determine what is meant by "qualification". According to the Oxford online dictionary qualification is "the passing of an exam or the completion of an official course"¹⁴. The definition is useful because it shows the essential characteristic of the term, its official certification. In other words, with "qualification" we mean a set of standards which is deemed to be appropriate for formal recognition and certification (Tuck, R. 2007 pg.2). This is essential to understand how the concept has been adopted by most of the qualifications frameworks.

Even in Albania, according to the law, no.10247, with qualification is understood; the specification of standards in knowledge, skills, and wider competencies (Law no. 10247, dt.04.03.2010). However, it should be noted that traditionally the term is used to refer to only one certification form that connected with the capacity to undertake a defined role at work, in other words, the acquisition or possession of professional skills and competencies

¹⁴www.oxforddictionaries.com/definition/english/qualification

(Tuck, R. 2007 pg.2). But now, the term refers to the formal requirements to achieve a qualification. The provision of qualification for an individual means that the knowledge and skills of this individual have value in the labor market and in its further education and training. According to many researchers, a qualification is gained when a competent public body (through a process of quality assurance review), provides that the individual has met the specified standards.

Given the definitions above, we notice that: “the NQF framework is an instrument for the development and classification of qualifications according to a set of criteria for levels that are achieved during education”. This set of criteria may be implicit in the qualifications descriptors themselves or become evident in the form of a series of level descriptors (OECD. 2006; “*The role of national qualifications Systems in promoting lifelong learning*”; pg.6).

Specifically, the NQF is the key for adjustment of existing qualifications.

In such a framework, qualifications are organized in a hierarchical system, so they are placed in levels according to the complexity and advancement of a given qualification. The framework describes what people should know, understand and be able to make on the basis of a specific qualification. In other words, it is the instrument for the development and recognition of skills, knowledge, and competencies across defined levels. It shows the compatibility of different qualifications and how an individual can pass from one level of qualification to another within the system (Tuck, R. 2007 pg.5).

But what are some of the main aspects and goals of these frameworks.

There are numerous reasons that pushed countries to adopt and implement them. One of the typical cases is to improve the understanding of the qualifications systems. Often existing qualifications systems are complex and incomprehensible by students also by other layers of society. In this context, a NQF is aimed to improve understanding of these systems.

Secondly, it is believed that the qualifications framework will give to employers adequate information on the skills of an individual, on what he knows and can do (Allais, S. 2010 pg.30-31). Thirdly, it is hoped that by improving the transparency of qualifications the opportunities in the accumulation and transfer of credits between different areas of learning will be extended (Allais, S. 2010 pg.30-31). In this way, the mobility of the workforce will be improved, the individuals can enter and re-enter in the education and training system more easily.

Fourth, these frameworks are expected to serve as the basis for the equivalence of national and international qualifications, thus enabling the movement of persons across national borders and training areas (Allais, S. 2010 pg.30-31). Also, they can serve as the basis for formalization of competencies, knowledge, and skills acquired outside the education and training systems. So, the individuals can formalize skills and knowledge they already possess, without completing formal courses or programs. In this way,

individuals with lower skills have the opportunity to find alternative ways to achieve qualifications.

Another reason for the adoption of these frameworks is the reduction of the mismatch that exists between education and labor market needs. It often happens that the content of the educational system is different from the actual requirements of employers. This discrepancy is caused, by the lack of involvement of the stakeholders. For this reason, employers are encouraged to participate in the improvement and design of new qualifications, in order to improve the connection with the labor market and to meet the needs of the economy.

And finally, since the national qualifications framework facilitates the roads to access to education, it is often seen as a tool that promotes lifelong learning (CEDEFOP. 2011 working paper no.12; pg.15). However, it should be noted that the adoption of a NQF does not necessarily facilitate all the achievement of these objectives.

THE STRUCTURE OF THE ALBANIAN QUALIFICATION FRAMEWORK

As we mentioned earlier in this paper, Albania aims to achieve a fast economic development and to integrate into the European Union. These objectives, among, others require the possession of skilled workforces, capable of coping with different challenges. In recent years, Albania has experienced high rates of economic growth, but which are not translated into a high level of employment. In fact, the high rate of unemployment is a worrying phenomenon for the economy of the country, this problem is particularly pronounced in those individuals who have low levels of education. Many people have entered the world of work with very low-skill and without having any professional qualification officially certified. So, it should be noted that; the general level of skills in Albania is low. There are numerous individuals who have left school before they have acquired enough qualifications for the job. But skilled workforces are necessary to have an active and competitive economy in the market. Thus, creating effective policies for development and management of human resources is required. In this context, inter alia, the approval and implementation of a NQF represents a great opportunity to increase the quality offered.

The purpose of this section is to give a brief overview of the factors that led to the approval of the Albanian Qualifications Framework. It aims to be fully in line with the EQF, thus, giving the opportunity for the education system in Albania to be compared with most of the systems in Europe (Gjoni, E. 2010).

According to the law no. 10247, the purpose of the AQF is the integration and coordination of national qualifications subsystems and the improvement of

transparency, access, progress and quality of qualifications related to the labor market and civil society.

The AQF is a national system for the classification of qualifications according to a set of criteria for specific levels of learning obtained (Law no. 10247, dt.04.03.2010). It aims to ensure that the qualifications in Albania: have good qualities; comply with the economic and social needs of the country; provide flexibility and mobility; be recognized at national and international level; make clear the importance of qualifications for employment and learning; to encourage the development of lifelong learning, etc.

The Albanian Qualifications Frameworks has a structure with 8 levels, which correspond to the levels of the European one. Also, it supports lifelong learning by defining the ways for obtaining qualifications, along with systems for credit accumulation and transfer. The eight levels cover the entire range of qualifications from basic skills (level 1) such as the ability to write, speak and count, and those who are earned in the highest academic and professional levels (levels 7-8). AQF also identifies methods and criteria, which allow individuals to move from one level to another at the same time as they undertake new studies for new skills.

Three types of qualifications are recognized by the AQF:

- "General Qualifications" related to general education studies, earned by high school students or adults at levels 1-4 of the AQF.
- "Higher qualifications" offered by or in collaboration with universities in levels 5-8 of the framework regulated by MAS through the Accreditation Council
- "Professional Qualifications" offered in vocational and technical education by the respective institutions (vocational qualifications) or at work (qualifications of professional competence). These take place on the 2-7 levels of the frame (Gjoni, E. 2010).

The development, the adoption and implementation of policies and regulations of the AQF, is the duty of the Council, which is under the Minister of Education and meets at least four times a year to monitor the implementation of policies for the development of the AQF.

The implementing institutions of AQF are, National Agency of Education and Vocational Training; Curriculum and Training Institutes for General Education; The Accreditation Agency for Higher Education and the National Employment Service. These institutions have the duty to fulfill the qualification evaluation reviews and compare them with international ones, to advise institutions responsible for recognizing foreign qualifications, for academic or employment purposes and to carry out assessments of the labor market (Law no. 10247, dt.04.03.2010).

The AQF should ensure the quality, the evaluation of candidates and certification of their competence. The framework includes a system of accumulation and transfer of credits. Through this system of credits pupils and

students will be able to collect credit that will enable their transition from one type of school to another or from one country to another. So we can say that the AQF serves as a system that checks the quality of schools. In this way, Albanian education system has the opportunity to be compared with most systems in Europe.

CONCLUSIONS

To fight unemployment and to achieve its objectives of social-economic development, Albania needs that her workforce should be equipped with the knowledge and skills required by the labor market. For these reasons, it is necessary to apply methods and policies that will make people more active and will bring them closer to the labor market. In this context; the adoption of Albanian Qualifications Framework has an important role. The AQF is seen as an instrument for reforms and changes in the education and training system, providing a fast coordination between this sector, the labor market and society. The adoption of the AQF is a reflection of the European one, thus enabling the development, and preservation of standards.

The framework serves as a starting point and point of reference for the codification of the level of qualifications. It is a hierarchical classification system of qualifications and certification, which they are associated. It should be noted that; it facilitates collaboration among stakeholders, recognize informal and non-formal learning, and made, the qualifications system transparent and understandable at the national as well as international level, promotes lifelong-learning, etc.

In this paper we have taken into consideration the Albanian Qualifications Framework, making a summary analysis of its characteristics. However, it should be noted that this paper is not exhaustive, other jobs are necessary to know better a new phenomenon in the Albanian context but also to very great importance.

REFERENCES

Journals

Allais, S. (2011); "*What is a National Qualifications Frameworks?*";
http://www.sodobna-pedagogika.net/wp-content/uploads/2013/03/3-stephanie-allais-what_is_a_national-eng.pdf

Allais, S. (2010); "*The implementation and impact of national Qualifications Frameworks*"
http://www.ilo.org/wcmsp5/groups/public/@ed_emp/@ifp_skill_s/documents/meetingdocument/wcms_126589.pdf

- CEDEFOP. (2011) working paper no.12; “*Development of national qualifications frameworks in Europe*”; www.cedefop.europa.eu/files/6112_en.pdf
- Gjoni, E. (2010); “*Kualifikimi ne vend te diplomes*”; <https://edliragjoni.wordpress.com/2010/03/12/kualifikim-ne-vend-te-diplomes/>
- OECD. (2006); “*The role of national qualifications Systems in promoting lifelong learning*”; <http://www.oecd.org/edu/innovation-education/33977045.pdf>
- Ligjinr. 10247, dt.04.03.2010; “*for the Albanian Qualifications Framework*”; <http://www.vet.al/files/ligje%20etj/LIGJ%2010247.pdf>
- Thorsen, S.M. (2014); “*The spread of national qualifications frameworks*”; <https://www.duo.uio.no/bitstream/handle/10852/41288/Master-thesis-final.pdf?sequence=1>
- Tuck, R. (2007); “*An introductory guide to national qualifications frameworks*”; http://www.ilo.org/wcmsp5/groups/public/@ed_emp/@ifp_skills/documents/instructionalmaterial/wcms103623.pdf

BRIDGING EU INTEGRATION THROUGH COMMON CULTURAL VALUE ORIENTATIONS

Prof. Assoc. Artur Jaupaj
Canadian Institute of Technology (CIT)
ALBANIA
e-mail: artur.jaupaj@cit.edu.al

ABSTRACT

Cultural value orientations continue to play an important role in EU integration. As such, various institutions of higher education shall play a vital role in identifying and highlighting both common and conflicting cultural value orientations in order to provide quality education to students and would-be teachers, on the one hand and implement better teaching practices towards an EU integration, which has become more fluid ever changing, on the other hand. Only through knowledge of multicultural values, can we learn about issues that cut across ethnic, national and gender boundaries and learn to understand how other groups process experiences, which may differ from our own ways of perceptions. This paper aims at highlighting some of the main models of cultural value orientations as defined by Kluckhohn and Strodtbeck (1961), Condon and Yousef (1975), Hall (1976) and Hofstede (1980, 1983, 1984) and applying them to real-life and everyday educational practices in the Albanian context.

Key words: *intercultural communication, cultural value orientations, multicultural education*

INTRODUCTION

Intercultural communication continues to be an unexplored academic field when it comes to educational practices. As such, it is worth studying not only its origin but also the way the discipline developed over the past decades. Regarding its beginnings, it is closely linked with the development of linguistics in the 1920s. In fact, T. Hall is widely regarded as the founder of the discipline by raising such issues as “intercultural tensions” and “intercultural problems” in the 1950s (Chen & Starosta 1998: 8). Furthermore, Hall argues in favor of “rule-governed, analyzable, and learned variable” (Chen & Starosta 1998: 8-9).

Further works which redefined the field in the 1970s include Stewart's *American Cultural Patterns* (1972) and Samovar & Porter's *Intercultural*

DEFINING PATTERNS OF CULTURAL VALUE ORIENTATIONS

Kluckhohn and Strodtbeck's Model

What is the character of human nature? (the human nature orientation)

What is the temporal focus of human life? (the time orientation)

What is the modality of activity? (the activity orientation)

What is the modality of a person's relationship to other persons? (the relationship orientation)

Range of Values

- Human nature: Basically good Mixture of good and evil
 Basically evil
- Relationship between Humans and Nature: Humans dominate
Harmony between the two Nature dominates
- Relationship between Humans: Individual Group-oriented
Collateral
- Preferred Personality: “Doing”: stress on “Growing”: stress on
“Being”: stress on action spiritual growth who you are
- Time orientation: Future-oriented Present-orientedPast-
oriented (quoted in Chen & Starosta 1998: 46).

In fact, the above questions and responses help us understand broad cultural differences among various cultural groups- national and ethnic groups as well as groups based on gender, class and so on.

Condon and Yousef's Model

Condon and Yousef (1975) revised and extended Kluckhohn and Strodtbeck's five categories to include six spheres of universal problems all human societies must face: the self, the family, society, human nature, nature, and the supernatural. Under each sphere the authors added three to five orientations with three variations of the solutions for each one.

SELF

Individualism-interdependence

- | | | |
|------------------|------------------|--------------------|
| 1. Individualism | 2. Individuality | 3. Interdependence |
|------------------|------------------|--------------------|

Age

- | | | |
|----------|---------------------|----------------|
| 1. Youth | 2. The middle years | 3. The old age |
|----------|---------------------|----------------|

Sex

- | | | |
|----------------------|-----------------------|---------------------|
| 1. Equality of sexes | 2. Female superiority | 3. Male superiority |
|----------------------|-----------------------|---------------------|

Activity

- | | | |
|----------|----------------------|----------|
| 1. Doing | 2. Being-in-becoming | 3. Being |
|----------|----------------------|----------|

THE FAMILY

Relational orientations

- | | | |
|--------------------|---------------|-----------|
| 1. Individualistic | 2. Collateral | 3. Lineal |
|--------------------|---------------|-----------|

Authority

- | | | |
|---------------|-----------------------|------------------|
| 1. Democratic | 2. Authority centered | 3. Authoritarian |
|---------------|-----------------------|------------------|

Positional role behavior

- | | | |
|---------|------------|-------------|
| 1. Open | 2. General | 3. Specific |
|---------|------------|-------------|

Mobility

- | | | |
|------------------|--------------------|-------------------------|
| 1. High mobility | 2. phasic mobility | 3. Low mobility, stasis |
|------------------|--------------------|-------------------------|

SOCIETY

Social reciprocity

- | | | |
|-----------------|---------------------------|-----------------------------|
| 1. Independence | 2. Symmetrical-obligatory | 3. Complementary-obligatory |
|-----------------|---------------------------|-----------------------------|

Group membership

- | | | |
|---|--|----------------------|
| 1. Many groups, brief groups, prolonged identification, subordination of the group to individual member | 2. Balance of nos 1 and 3 identification, of member to the group | 3. Few ordination of |
|---|--|----------------------|

Intermediaries

- | | | |
|----------------------|-----------------------------------|--|
| 1. no intermediaries | 2. specialist intermediaries only | 3. essential intermediaries (directness) |
|----------------------|-----------------------------------|--|

Formality

- | | | |
|----------------|------------------------|------------------------|
| 1. informality | 2. selective formality | 3. pervasive formality |
|----------------|------------------------|------------------------|

Property

- | | | |
|------------|----------------|--------------|
| 1. private | 2. utilitarian | 3. community |
|------------|----------------|--------------|

HUMAN NATURE

Relationship

- | | | |
|-------------|--------------|---------------|
| 1. rational | 2. intuitive | 3. irrational |
|-------------|--------------|---------------|

Good and evil

- | | | |
|---------|-----------------------------|---------|
| 1. good | 2. mixture of good and evil | 3. evil |
|---------|-----------------------------|---------|

Happiness, pleasure

- | | | |
|----------------------|-----------------------------------|---------------------------------------|
| 1. happiness as goal | 2. inextricable bond of happiness | 3. life is mostly sadness and sadness |
|----------------------|-----------------------------------|---------------------------------------|

Mutability

- | | | |
|-----------------------------|----------------|---------------|
| 1. change, growth, learning | 2. some change | 3. unchanging |
|-----------------------------|----------------|---------------|

NATURE

Relationship of man and nature

- | | | |
|--------------------------|-------------------------------|--------------------------|
| 1. man dominating nature | 2. man in harmony with nature | 3. nature dominating man |
|--------------------------|-------------------------------|--------------------------|

Ways of knowing nature

- | | | |
|-------------|----------------------------------|-------------|
| 1. Abstract | 2. circle of induction-deduction | 3. specific |
|-------------|----------------------------------|-------------|

Structure of nature

- | | | |
|----------------|--------------|------------|
| 1. mechanistic | 2. spiritual | 3. organic |
|----------------|--------------|------------|

Concept of time

- | | | |
|-----------|------------|---------|
| 1. future | 2. present | 3. past |
|-----------|------------|---------|

THE SUPERNATURAL

Relationship of man and the supernatural

- | | | |
|---------------|-----------------------|---------------------------------------|
| 1. man as god | 2. intellectual goals | 3. man controlled by the supernatural |
|---------------|-----------------------|---------------------------------------|

Meaning of life

- | | | |
|-----------------------------|-----------------------|--------------------|
| 1. physical, material goals | 2. intellectual goals | 3. spiritual goals |
|-----------------------------|-----------------------|--------------------|

Providence

- | | | |
|------------------------------|-----------------------------------|----------------------------|
| 1. good in life is unlimited | 2. balance of good and misfortune | 3. good in life is limited |
|------------------------------|-----------------------------------|----------------------------|

Knowledge of the cosmic order

- | | | |
|----------------------------|---------------------|-------------------|
| 1. order is comprehensible | 2. faith and reason | 3. mysterious and |
|----------------------------|---------------------|-------------------|

unknowable (quoted in Chen and Starosta 1998: 49).

The following chart compares the different orientations of the Chinese and Northern Americans towards family:

Family	China	United States
Relational Orientation	Lineal orientation- Characterized by a highly developed historical consciousness and a close association with extended families. Wife tends to be	Individualistic orientation- Older and younger members of the family always share the same values. Wife and children are more equal to husband, and children must be obedient to

Authority	subordinate to husband and parents. Authority orientation- Reflects a strong orientation toward paternal authority.	to parents in family. Democratic orientation- Obligations are open to negotiation. The family is child-centered.
Positional role	Specific orientation- Generation, age, and sex hierarchy is very strong; i.e., the older generation, elders, and male are superior.	Open orientation- Obligations are open to behavior negotiation.
Mobility	Low-mobility orientation- The family structure and an agricultural society made the Chinese settle in a fixed place and cultivate the land in an orderly fashion.	High-mobility orientation, conjugal family structure, no kinship bondage and high degree of technology and transportation have produced a highly mobile society.

(Chen & Starosta 1998: 47)

Hall's Culture Context Model

Hall (1976) divided cultural differences into two categories: low-context culture and high-context culture.

Low-Context Culture

1. Overtly displays meanings through direct communication forms.
2. Values individualism.
3. Tends to develop transitory personal and relationship.
4. Emphasizes linear logic.
5. Values direct verbal interaction and

is less able to read nonverbal expressions.

6. Tends to use "logic" to present ideas.
7. Tends to emphasize highly structured messages, give details, and place great stress on words and technical signs.

(Chen Starosta 1998: 51)

Hofstede's Cultural Dimensions

Hofstede (1980, 1983, 1984) compared work related attitudes across over forty different cultures and found four consistent dimensions of cultural values: individualism/collectivism, power distance, uncertainty avoidance, and masculinity/femininity:

Power Distance

Low power distance

High-Context Culture

1. Implicitly embed meanings at different levels of the sociocultural context.
2. Values group sense.
3. Tends to take time to cultivate and establish a permanent personal relationship
4. Emphasizes spiral logic.
5. Values indirect verbal interaction and is more able to read nonverbal expressions.

6. Tends to use more "feeling" in Expression.

7. Tends to give simple, ambiguous, non-existent messages.

High power distance

Less Hierarchy better	More Hierarchy
Better	
<i>Femininity/Masculinity</i>	
Femininity	Masculinity
Fewer gender specific-roles	More gender-
specific roles	
Value quality of life, support for unfortunate	Value achievement,
ambition, acquisition	of material goods
<i>Uncertainty Avoidance</i>	
Low uncertainty avoidance	High uncertainty
avoidance	
Dslike rules, accept dissent	More extensive
rules, limit dissent	
Less formality	More formality
<i>Long-Term/Short-Term Orientation</i>	
Short-term orientation	Long-term
orientation	
Truth over virtue	Virtue over truth
Prefer quick results	Value perseverance
and tenacity	
(Martin & Nakayama 2008: 43).	

INTERCULTURAL EDUCATION TOWARDS EU INTEGRATION

Based on the aforementioned models of cultural value orientations, multicultural education should raise four significant issues such as exposure to multicultural perspectives, maintaining of cultural identity, development of intercultural communication skills, and diversification of curriculum (Chen & Starosta 1998: 226).

Even though the exposure to multicultural perspectives seem to be underestimated in the Albanian context, recent developments in the educational sector particularly in the private one have paved the way for a better understanding of Albanian society as a changing one in terms of cultural values and expectations. Moreover, multicultural education is closely linked not only with individual identity but also with the collective cultural identity: "Multicultural education functions to help students rediscover their culture of origin and to strengthen, maintain, and create feelings of belonging to a community and of respect for culturally diverse values" (Chen & Starosta 1998: 227).

As a result, the development of a set of intercultural communication skills remains a must both on verbal and non-verbal communication. The following example intends simply to shed light on some cultural expectations:

“*Asian Indians*: Only urbanized Indians shake hands. They have a relaxed sense of time. They tend not to date prior to marriage. They may interrupt the speaking of others. They maintain a strong respect for secular and religious teachers. Many practice dietary restrictions. They tend not to participate in classroom discussions. They like clearly defined tasks and exercise close supervision over their subordinates.

African Americans: They may be more consensus-oriented than European Americans and generally function well in group modalities. They tend to value oral expression. They like to develop an individual, distinctive verbal and non-verbal style. Most can switch codes between black English vernacular (Ebonics) and standard English. They like to know where a person individually stands on an issue. Their proxemic distances tend to be closer than those of European Americans” (Chen & Starosta 1998: 228).

REFERENCES

Journals

- Becker, C. B. (1986). Reasons for the lack of argumentation and debate in the Far East. *International Journal of Intercultural Relations*, 10, 75-92.
- Chen, Guo-Ming & William J. Starosta. (1998). *Foundations of Intercultural Communication*. Mass.: Allyn & Bacon.
- Condon, J. C., & Jousef, F. (1975). *An introduction to human communication*. Indianapolis, IN: Bobbs-Merril.
- Craig, Robert T. & Muller, Heidi L (2008). (Eds.). *Theorizing Communication: readings across Traditions*. Los Angeles: Sage Publications.
- Hall, E. T. (1976). *Beyond Culture*. Garden City, NY: Anchor.
- Hofstede, G. J. (1984). *Culture's Consequences*. Beverly Hills, CA: Sage.
- (2004). *Culture and Organizations: Software of the Mind*, 2nd ed., Boston: McGraw-Hill.
- Kluckhohn, C., & Strodtbeck, F. (1961). *Variations in value orientation*. Evanston, IL: Row, Peterson.
- Martin, Judith N. & Thomas K. Nakayama. (2008). *Experiencing Intercultural Communication*. NY: McGraw-Hill.
- Olivier, R. T. (1962). *Culture and Communication*. Springfield, IL: Thomas
- Trenholm, Sarah & Jensen, Arthur. (2008). *Interpersonal Communication*, 6th edition. Oxford & NY: Oxford University Press.
- Whaley, Bryan B. & Samter, Wendy (eds.). (2007). *Explaining Communication: Contemporary Theories and Exemplars*. London: Lawrence Erlbaum Associates, Publishers.

"EU INTEGRATION" AND "EUROPEANIZATION" IN POLITICAL DISCOURSE IN ALBANIA (BASED ON THE PHILOSOPHY OF SPINOZA)

**PhD Candidate. Saniela Xhaferi
Pavarësia University College
ALBANIA**

e-mail: saniela.xhaferi@unipavaresia.edu.al/ sanielaxhaferi@gmail.com

ABSTRACT

Albania's EU integration is not a process of "recent", although today it is prioritized and stated as the subject of our foreign policy. This status, given to the integration of Albania into the EU is consequently reflected in our internal policy and mostly it is noted in the maximum commitment that government (s) have shown and show to fulfill the obligations deriving from the agreements, recommendations, or any other binding legal act for the status in which our country is currently in this process. Beyond specific activity, this "commitment" is reflected in all political discourse in Albania, either by the government or by the opposition; as during the campaign as part of political platforms, even during the government of the country. Exactly, the way that integration has become part of the political discourse in Albania; as is often overlapped and homogenous with the concept of Europeanization; and how policy-making in Albania is oriented toward this concept/process, will be analyzed in this paper. The attempt to differentiate the concept from the process as such, to distinguish political discourse from political action (policymaking) will have as theoretical reference Spinoza and his approach to the recognition and creation of meaning. Questions that raise Spinoza for each "stage" of recognition, if such recognition is complete and can be considered universal are a way to reflect once again on integration and Europeanization, to recognize this process since in its beginnings, to understand it and to explain the continuity. All this analysis of the integration process cannot be reduced in procedural/legal terms to fulfill the agreed obligations (before) membership, but also on how it is produced and used in political discourse in Albania, and what will remain in political discourse after the finalization of this process.

Keywords: Europeanization, integration, political discourse, policy making.

INTRODUCTION

This paper is a minimalist attempt to understand how political discourse today about the integration of Albania into the EU is mostly stripped of "normative" and filled with "imagination" within the sense that Spinoza has for this concept, and the role of imagination in producing "-isms" or "universal", in order that this truth win precisely this status, of what is acceptable as universal.

The case, to which I have noted as a going concern this "stuffing" with imagination of speeches, arguments, responses, public appearances and other forms of this nature, is limited to Albania's EU integration and to Europeanism. This limitation only on these issues is for reasons related to the topic of this presentation/conference although it doesn't exclude or includes anyone or anything a priori. (Forms of this discourse can be easily ascertained also on other issues of a political nature, such as the recent structural reform of the Socialist Party of Albania, where the followed logic is the same). And this somehow liberates me from the responsibility that such a conclusion constitute a "-ism" itself.

LITERATURE REVIEW

As I mentioned above, the only theoretical references is Spinoza's thought based on his two works "Ethics" and "Political Treaty". In a summarized way, the principal directions of Spinoza thought, to whose I will refer in this paper are as follows.

For Spinoza, the essence of the human is **desire** for "being/to be", "to continue to be/being". Multiplication of the desire will produce **joy** to the body, while reducing the size of its will produce **sadness**. In the first case the body will be **strengthened**, in the second power is **decreasing** exactly because of desire shrinking, and when this is waned so much, man begins to disintegrate and then he dies. Everything that makes the body powerful is good. The opposite is also true. Our body perceives things; these create images (feel good / bad); created Image links with outside bodies. What connect two people are the common images, and therefore, being or non being/existence is determined by the interplay of these two bodies. Thus, "the good" and "the bad" of the images produced.

For Spinoza, everything happens for several reasons, and in this sense, "the good" and "the bad" come **from chains of indispensable causes**. It is important to understand the cause-effect chain of things as things are interrelated. To understand that things are necessary and in the reports of necessity with each other, this can only be achieved through the reason. Reason says the cause, which is consequences, and then what consequences produce this consequence?? So, in this sense recognition with reasons is causation recognition, is scientific knowledge. But **what is the reason?** The

attempt of everyone/anyone to save himself. **What is the necessity?** Is the existence itself, that which is; i.e. Being, Reality, God. Only God is indispensable, and this makes him free, free "to be". While man, unlike God is dependent, but although not born free, man may become more free. **Freedom** consists in **the knowledge** of things, knowing of yourself, and true knowledge will consist in knowing God. The man who is guided by reason, only he can be free.

Spinoza says that we (man), are a form (modus) of expressing God. We express God as intelligent beings, through **the attribute of thinking** and our life is determined by our power to express God. The more we express the attributes of God more powerful we are, precisely because we express existence, express reality. But how can we express God? Through knowledge, that knowledge with intelligence/ **intellect**, this is the ability to understand things as they are. Although any type of judgment that we give to things does not make them more recognizable to us, intellect serves us to understand more than before. We make mistakes because we do not know things and behave as if we know them. Then, **why we seek to know?** Because we think that we can manage "the bad". Reason helps us to know our passions and to controlling them. People can relate/connect to each other in many ways, but **the human connection is through the intellect**, because people are really connected through chains that do not depend on anyone.

Following the explanation of these reports of being with themselves and with other beings, Spinoza explains three processes that lead us to the three stages of recognition, although the full recognition it can be achieved only in the third stage.

In the first stage we manage to create **an image**, a thought about everything that surrounds us, and this image is formed due to the information that we receive from the senses. In this sense, images are impressions, dependence, from what our body **suffers** from the manner the other is and is behaving. But as long as the produced image has 2 causes, external bodies and our state, it does not coincide with reality but with the image that we have produced for the reality, due to the action of these two causes. The created image to be valid in the space-time must have the status of Universal and be accepted as such.

Perception is what we suffer in our bodies, and the perception together with the images that he produces, belong to the imagination sphere, which is not bad for Spinoza, but it should be extended and the imagination expands only **with reason**. To reason means to conceive, so, action of the mind and this appears only **when men acts**. Only when we know things with reason people interact for real with each other, because only reasonably recognition is causal recognition. This is *recognition of the second type: rational* (Karadaku, 2012, 109). While **intuitive knowledge** is the third type, which is realized by intellect or intelligence is the ability to recognize things as they are. Only in this way we can know, and not through impression.

METHODOLOGY

The methodology applied is based on a combination of theoretical analysis of Spinoza's thought with some real elements, factual ones, connected with the issue of integration of Albania into the EU, which have characterized the Albanian political discourse since the early '90s until now. This is not simply to highlight what is happening and happens with the integration as a process, but rather to understand why this discourse is built in this way, and where? to what extent the "integration" guarantees/ leads toward and near democratic processes of the country? So, integration (as a process) which drives us to Europe, does it bring Europe closer, in terms of "Europeanization"?

More concretely I have observed how "Albania's EU integration" and "Europeanization" are used in political discourse of politicians and how these processes are continuously served to the citizens. This observation is not limited to a single/sole government, politician, diplomat or the opposition from those who produced this discourse, who initiated, who shaped and shape it day after day, following the same logic. This undertaking considered "great" for the firsts, was evaluated, welcomed, and recently criticized among the ranks of those who constitute a substantial element of the state itself, namely by its citizens. More than to identify cutting points of these two groups, the aim is to that element which produces the discourse (i.e. the acceptance or rejection of integration).

HOW IS "INTEGRATION" BECOME PART OF THE POLITICAL DISCOURSE IN ALBANIA?

If Spinoza's concern is *avoiding any utopian perspective about politics* (Spinoza, 2013, 9), it is exactly this that happens with this aspect of our policy, the integration of Albania into the EU. **First**, I will focus on "integration" as need and "Europeanism" as a product. If we follow in chronological order (from the early stages of the integration process until now), all reasoning on integration and its associated processes, the logic begins with a description of the situation in post-communist Albania as problematic; as economically hopeless and politically hopeless too; the road to democratization and development of the country would be long and arduous; that the transition would end with EU integration; that Albania should have been like entire Europe; that *the European Union was the haven of happy nations* (Kajsiu, 2012.1). But in all this definition, the Truth claimed is the kind of truth that Spinoza categorizes as **the first type of recognition**, that is not full recognition, precisely because this recognition is created through images, which themselves are created by the information that troops receive from the senses. These images produced by two causes, the perception that the body suffers or gets by interaction with another body and the condition of the body itself cannot achieve a full recognition not at all. These

produced images are precisely those that will dictate the definition for Europe, for example. "Good", "bad", "necessary".

Going back again to the starting point from which derives the logic of the need for integration of the country, this image created for the current state of Albania until the launch of the integration process is not simply the perception of those who articulate, but also the image created by a large part of "the mass" in Albania. Of course, this image produced by many factors, with which these individuals associate political structure, such as e.g. the rule of law and functioning of law, development and strengthening of independent institutions, the consolidation of democracy in the country, inclusiveness in the public sphere and access to decision-making, etc., is not good. In terms of Spinoza we do not know each other, but only imagine it, and the image produced (imaginary situation) is dictated by the situation that we have when our body interacts with another body. If "the body" in front of us, the Europe, is the image created precisely by the interplay of these two bodies, EU and US/WE, regardless of how this image is, he does not states that we recognize Europe, but we only imagine it. And the images produced by individual perceptions of these people are precisely product of what suffered their body in interaction with other bodies, and also determined by the state of these bodies themselves. The result?? According to Spinoza, this negative image brings reduction of physical power, despite this power increase when the impact produced by the interaction would be positive. In this case the produced feeling is not the pleasure, but anger, disappointment.

Precisely at this level of recognition, that has produced this negative image about the situation of the country, it is found the support for the necessity of integration, in terms of the necessity to change the situation that is causing the reduction of power of body strength of these "political bodies" (citizens); and "Europeanization" as the process needed that will enable the addition of the power of the body, which means making the body active. So integration is the desirable process. But why has importance tousling this negative situation of this "politically body- citizen"? Why everything that produces the opposite is legitimized and accepted as "good"? Why it necessarily should be changed this situation to enliven the "body" and make it active? Because each condition that weakens the body, leads to its destruction and everything that ruin body is bad. Based on this logic it lays the issue of the admissibility of integration. So, those who supports it are those who have created a negative image for the situation of the political structure to which they identify (the state), and on integration (Europeanization) they see projected the change of the situation.

Those who oppose the integration on the contrary do not suffer the same effect. This means that they have a positive image for the country and because of this perception, they incur an increase of bodily strength, and as long as it produced such a condition this is good for them. Here I would like to specify that positive image for the country does not necessarily mean that indicators of political governance, social and economic are on the maximum for this

category, but the improvement of these indicators is not causally linked to the country integration; or "twinkling" projection of Europe in the discourses of our politicians is not as glittering for them. This, to illustrate the opposite affect produced to these "political bodies". Changing the status quo will not bring joy, and consequently nor strengthen of the "political body". In this sense integration "it is not good".

OVERLAPS "INTEGRATION"-"EUROPEANIZATION"-"DEMOCRATIZATION"

Thus far, I analyzed the issue of the produced discourse and as I posit above, we may reach the conclusion that as long as this discourse will produce opposite images, will thus have supporters and opponents, which to the latter have the same purpose, increasing their physical strength.

During these years, attached to this concept (political discourse on Albania's EU integration), is the concept of the Europeanization and democratization of the country. This is evident and can be readily ascertained, suffice to hear the statements of some of Albanian politicians, but also by representatives of the EU. I've extracted some of them to illustrate this, concretely: **Sequi:** *"Integration is a national object. Both government and opposition were represented at the meeting of the SAA. ... Integration is becoming a stable democracy with the rule of law enforcement"*.

Meta: *So the success of judicial reform and the success of the other initiatives that strengthen the rule of law in Albania help Albania in setting the parameters required by the US, NATO and the EU. And for this LSI is seriously committed..... cannot accept a controversial process and dubious adoption of the Constitution, after all without the consent of the opposition vote will escalate political conflict in the country, it would end the political dialogue in the country without political dialogue there can be no step forward for European integration, i.e. it will also accident this vital integration processThe future of SMI think it is clear that it would be in any case the most important factor stability and European integration of the country Clearly it would be in any case the most important factor for the stability and European integration of the country....* So, what is observed is precisely the opposite of those negative images created for Albania and the Albanian democracy. Images that are found only in the EU and may belong to Albania too, but only if integrates in this union. Following the same logic, another finding that "fills" this speech is to create the image of political structure as a structure that needs to be renewed. What will be achieved through this way? Can be practically implemented democratization of the country, a priori with the integration process? Can we for the same reason be "Europeanized"? If we refer to Spinoza, it would be difficult the all inclusion, as long as the creation of the image of hope (as a promise to be fulfilled from

policy makers), it would be practically easy to those who have moreover need this image. So, to those who are in conditions that endanger the existence, namely in terms of necessity and indispensably. But the objective/goal of integration is not limited to this category, but at the contrary integration is the national goal, not only a political objective. As can be seen also in the following sayings "integration" is the major commitment of government.

Berisha: *Prime Minister Sali Berisha assessed as a priority of the government that runs Albania's EU integration, promising completion of all required standard and reforms. I remain focused **and integration in the EU is and will remain a project of the highest priority in my country.** We will do our best to achieve what is required: standard, norms, practices, to deserve it.*

Meta: *"... Me personally and LSI have worked that reform includes as many actors, not only the opposition of course, but also many other actors and believe that inclusion has been an undisputed dimension of this debate and reform. Now we can continue the debate for many years to come, but we are aware **that every minute that passes is against us, is counterproductive and jeopardize further progress our agenda in relation to the European Union,**" said Meta.*

Nano: *..... I started significantly with Ilir Meta, as LSI that he leads has integration as a mainstay of its policy.... we are seeking for all the possibilities to build a consensual process as more for selecting new President of the Republic, a process that should be in function of the country's integration into the EU. It would be consistent with the integration agenda ... to serve a better product in the implementation of integration strategies and reforms for the country.*

The question is, whether there is really so much desire to citizens for integration?? If the goal of integration is to fulfill the objective of Europeanization and democratization of the country, how can be guaranteed it? And naturally the question makes sense as long as it is not certain that those who want the integration want it precisely for these reasons. So those who want integration are also those who see the consolidation of democracy in this process?? And to guarantee this fact first we should guarantee that this action, integration is perceived as desirable, as a positive affect that strengthens the body (individuals) and makes it stronger. So an attempt to change people's affective world. And based on Spinoza's approach, this change of people and their affective world comes from a stronger affect and not from the truth.

This logic seems to follow the Prime Minister in his discourse regarding the integration of Albania into the EU. No matter whether you are at a young or old age, employed or not, with the conviction of left or right, as long as the integration include every one. This can be clearly seen in the following statement: *"Albania deserves more, because it has everything needed for these*

people to live in a normal economy, a secure society, and a worthy place among equals at the table of the United European Family. Our goal is clear: to govern as deserves Albania. Albanians give a tangible view of European Albania that dream and deserve. To make Albania an inspiring model not only for peace, but also for the development in the region.Is at least recognition that Albania is the homeland and Europe is our future. We consider future success of the European integration process closely linked to the versatile communication that should involve all stakeholders, most particularly the social partners, civil society, academic society and other interest groups. Only in this way citizens' expectations will be realistic and reforms could be accompanied with appropriate support and sense of belonging to the European integration process of the Albanian society. We intend to introduce a line and multilateral cooperation with the conviction that the success rate in the process of integration, measured by the implementation of reforms, involvement in decision-making of all the main actors, the opposition, civil society, business, interest groups. Must gain time accelerated towards the finalization of a process that we believe will strengthen the rule of law and improve the lives of Albanian citizens. "

This call for the integration to be accepted by everyone, disappointed from politics or not, supporters of the government, beneficial or not by the power, is based on this positive image produced by this discourse. In this logic does not erase the aim of integration that is Europeanization and democratization, and that neither can be considered something "bad", as long as this process is the "empowerment" of Albania. It is to this argument that lays the answer to the integration objectors who "criticize" this kind of treatment of the issue of integration so precisely because it removes the "democratization" and "Europeanism" from the meaning that they have in reality. Well, not as processes that comes necessarily with the integration of the country. If this logic will be accepted, then Albanian democracy cannot be consolidated if there would not be any aspiration for "EU integration". This conclusion cannot stand!!

So far we evidence that political discourse is based on the production of these different images that affect individuals in different ways. Precisely by this created report (interaction- incurrence) is generated controversy; if integration inevitably leads or not to democratization; If integration necessarily bring Europeanization or not; that in this sense integration is necessary.

But this kind of recognition reduced to images is incomplete regarding Spinoza and we cannot rely on it. It is necessary to pass to the **third stage of recognition** to the **tangible realities** and to more **concrete knowledge** as only in this stage is the full recognition. And even if it seems strange how this kind of recognition is "enough" to those who recognize it as such, based on the Spinoza outlook this is possible as long as reality is understood through images and not through reason. (Although according to Spinoza reality must

be understood through reason, not images!). And determination for the necessity or not, cannot be done beyond that. And what it is, is the existence. Exactly to the reality itself, to which we must rely to understand the reality, and not images that we create for this reality. In this sense, is it the reality, the existence, that "Europe" of political discourse?? As it is explained above, of course it is not, and therefore even the reports (Albania-EU Integration-Europeanization-democratization) cannot define as necessary or not.

THE POLITICAL DISCOURSE VS POLITICAL ACTION (CONCEPT/EUROPEANIZATION PROCESS/INTEGRATION)

Europeanism is absolute project produced in the political discourse in post-communist Albania, the project that was "there" behind the door, ready to be embraced after the integration. Although this model was embraced a priori as the right one, as the necessity and commitment/efforts for its implementation were as intense, he still has not guaranteed us the desirable outcome. What lacks this model? Does it come because this model does not respond to our political experience or that we do not like this model enough so as to realize it? If we will be based on Spinoza's theory, both alternatives make sense. It is quite possible that the regime for any form - if we truly want- we can think and find rules and laws to make these regimes stable over time to defend peace, freedom, justice security for citizens. (Spinoza, 2013, 7).

CONCLUSIONS

In conclusion, we can say that all political discourse for Albania's EU integration is **disconnected from reality** according Spinoza's conception for it. And as long as this discourse is based on the images we produce for reality and not by reason, can rightly say that this reality is not comprehended. The same, not comprehended is the reality that we- citizens (citizens in the political sense) produce for "Albania", as well as them- politicians produce for "Europe". Avoiding once again by the attempted to give generalizing "recommendations", I think that is the choice of everyone to remain in this stage of recognition or to advance it further.

Neither integration nor the Europeanization and democratization of the country do not come closer and quickly, whether it will accept or will oppose them a priori as processes. So, neither euro-skepticism nor the pro-Europeanization can have meaning in the universal plan, but only to the social. If this "body-Europe" adds strength to this "body-Albania", then it is good. The opposite is equally true. And this change comes not from reason, but in the affective plan.

REFERENCES

Books

Spinoza. (2013) *Traktati Politik*. Tirane: Pika Pa Siperfaqe
Karadaku, D. (2012) *Nje Poligrafi Filozofike*. Tirane: EMAL

Website

Berisha, S. (2011) *Berisha ne CNN: gjithcka per integrimin ne BE*. [Accessed 15th September 2016] Available from World Wide Web: <http://www.panorama.com.al/berisha-ne-cnn-gjithcka-per-integrimin-ne-be/>
Kajsiu, B. (2012) *Paradigma deshperuese e integritit ne Bashkimin European* [Accessed 20th September 2016] Available from World Wide Web: <http://www.esd.worldbank.org/html/esd/agr/sbp/end/ngo.htm>
Meta, I. (2016) *Ilir Meta: Vonesat e reformës në drejtësi rrezikojnë integrimin, LSI mbështet draftin e SHBA-BE* [Accessed 15th September 2016] Available from World Wide Web: <http://sot.com.al/politike/ilir-meta-vonesat-e-reform%C3%ABs-n%C3%AB-drejt%C3%ABsi-rrezikojn%C3%AB-integrimin-lsi-mb%C3%ABshtet-draftin-e-shba>
Meta, I. (2016) *Ilir Meta: LSI do jete ne cdo rast factor I rendesishem per stabilitetin dhe integrimin* [Accessed 15th September 2016] Available from World Wide Web: <http://www.kohajone.com/2016/08/06/ilir-meta-lsi-do-jete-ne-cdo-rast-faktor-i-rendesishem-per-stabilitetin-dhe-integrimin/>
Nano, F. (2012) Fatos Nano nis turin e konsultave: Me Ilir Meten na bashkon integrimi [Accessed 15th September 2016] Available from World Wide Web: <http://www.noa.al/mob/index.php?type=artikull&id=176734.html>
Sequi, E. (2012) *“Integrimi axhende kombetare. Dialog konstruktiv”* . [Accessed 15th September 2016] Available from World Wide Web: <http://www.panorama.com.al/sekui-kusht-kriteret-politike-dhe-fuqizimi-i-qytetareve/>
“Shqiperia dhe Bashkimi European” [Accessed 15th September 2016] Available from World Wide Web: <http://www.integrimi.gov.al/al/programi/shqiperia-dhe-bashkimi-evropian>

EUROPEAN UNION'S RELATIONS WITH ALBANIA AND THE ROLE OF THE EU IN THE DEMOCRATIZATION PROCESS

Dr.Armand Sheqi
Pavarësia University College
ALBANIA
e-mail: mandisheqi@yahoo.com

ABSTRACT

The European Union has played a primary role in overcoming the transition for countries of Central and Eastern Europe. The positive role of incentives by the European Union (hereinafter EU) has a direct impact on the development of the process of democracy and market economy. Taking a look at the case of Albania, it is argued in this article that the EU is increasingly faced with the dilemmas of the application to work on the reforms. At the same time, in order to stabilize the region, the EU is seeking to ensure that the pace of reforms is maintained in all the countries of the Western Balkans. To analyze the promotion offered by the EU in Albania, it must be stopped in two main instruments: (1) access negotiations, and in further stages of the accession process, and (2) technical assistance. The article concludes that the encouragement offered by the EU has not been adequately for the needs of a less developed country of transition.

Keywords: European Union, Albania, Integration, Western Balkans.

INTRODUCTION

The EU has supported the transformation of Albania since 1991, when the Union integrated Albania in its aid program **PHARE**.¹⁵ Since then, Albania has received about 1 billion euros in aid from the EU. In December 1992, the European Commission (hereinafter EC) concluded a Trade and Cooperation Agreement with Albania. In this context, a Joint Committee was established to pursue the political dialogue between the Albanian government and the EU regarding all bilateral issues. Moreover, the EU-Albania relations are embedded in the EU's regional approach towards the Western Balkans. The

¹⁵ <http://www.esiweb.org/enlargement/wp-content/uploads/2009/02/ec-phare-annual-report-1999.pdf>, The PHARE Programme was originally created in 1989 to assist Poland and Hungary and later expanded to other countries in CEE and South-East Europe. Until 2000, Albania was as well eligible for funds under the PHARE.

first initiative of the EU in the region was the process Royaumont (An initiative for stability and good neighborliness in South-Eastern Europe), launched in December 1996 in order to support the implementation of the Agreement of the Dayton Peace and to focus on promotion of regional projects in the field of civil society, culture and human rights. Its objective was to enhance the cooperation between the Western Balkan countries at the regional and sub-regional level.¹⁶ This process not resulted in an integration perspective, and would lose its significance.

In response, the EU has developed another program, the Regional Approach, in 1997. It was a program similar to the **Royaumont Process**.¹⁷ The Regional Approach required to support the implementation of the Dayton Peace Agreement and to achieve political stability and economic development in the region; but in contrast to the Royaumont Process, the EU established by the Regional Approach conditionality clear political and economic development of bilateral relations with the five countries of the region (conclusions of the General Affairs Council of the EU on 29 April 1997). The conditions include respect for democratic principles, human rights, rule of law, protection of minorities, market economy reforms and regional cooperation.

Two years later, in 1999, the European Commission acknowledged that Western Balkan countries had not responded positively to the incentives offered by the regional approach of the EU.¹⁸ Moreover, the 1999 crisis in Kosovo has had a major impact on the EU strategy towards the region, and especially to Albania. In May 1999, in response to instability in the region that showed the Kosovo crisis in 1999, the European Commission proposed the creation of a Stabilisation and Association Process (SAP) as a new framework for the development of relations between the EU and countries of the Western Balkans. SAP reflected a more ambitious vision for the region's development, which was based on the recognition that the main incentive for reform in the region was a credible prospect of EU membership for each country.¹⁹

A key element of SAP was the creation of the Stabilization and Association Agreement (SAA). This new contractual relationship established soon some

¹⁶ European Commission. 1996. *Albania Phare Multi-Annual Indicative Programme 1996-99*.

¹⁷ Hans-Georg Ehrhart, 1999. Prevention and Regional Security: The Royaumont Process and the Stabilization of South-Eastern Europe. In *OSCE Yearbook 1998, Yearbook on the Organization for Security and Cooperation in Europe*, Baden-Baden: 327 – 346.

¹⁸ Commission of the European Communities. 1999. *Commission Report on the feasibility of negotiating a Stabilisation and Association Agreement with Albania, COM 599 (final)*. Brussels.

¹⁹ European Commission. 2001. *Albania Country Strategy Paper 2002-2006, European Community CARDS Programme, 30 November 2001*. Brussels.

political and economic conditions.²⁰ SAA's objective was to support the consolidation of democracy, rule of law, as far as economic development and regional cooperation. It ultimately aimed at creating free trade area between the EU and each of the Western Balkan countries.²¹ According to the EU, the SAA will contribute to the EU's objectives in three ways. It would bring the region closer to the standards that applied by the EU; focus attention on respect for main democratic principles (human rights and minority rights, stable democratic institutions, etc.); and include key elements that are at the heart of the single market of the EU (competition and state aid, intellectual property rights, etc.).

Besides bilateral relations between individual countries of the region and the EU, SAP also emphasized the regional dimension of the integration process. Therefore, the requirements of the SAA by each country required a clear commitment to regional cooperation. To support the Stabilisation and Association Process, the European Council established in December 2000 "Community Assistance for Reconstruction, Development and Stabilisation" (Community Assistance for Reconstruction, Development and Stabilization-CARDS), a new financial instrument for the region.²² It was intended to bring a more strategic approach to EU assistance supporting the objectives and mechanisms of SAP with increased financial resources for the region, as well as shifting aid priorities. It focused on the reforms and building of the institutions necessary to implement the obligations that are included in SAA. Albania began to receive funds under the CARDS regulation in 2001.

In addition, I analyzed two important instruments of EC, the conditionality that had aimed bringing the Western Balkans closer to the EU, the EC assistance, and political dialogue and negotiations. Both can be considered as the main incentives that the EU was providing to support the transformation to democracy and market economy. It will mainly focus on the crucial period from 1997 onwards, when the collapse of pyramid schemes²³ in Albania led to

²⁰ Hereby, the EU follows a "graduated approach" meaning that "progressive implementation of conditions will lead to progressive improvement of relations" (General Affairs Council Conclusion on 20 April 1997).

²¹ European Commission. 2001. *Albania Country Strategy Paper 2002-2006*, *European Community CARDS Programme*, 30 November 2001. Brussels.

²² European Council. 2000. *Presidency Conclusions, Santa Maria da Feira, 19.6.2000*. <http://ue.eu.int/ueDocs/cms_Data/docs/pressData/en/ec/00200-r1.en0.htm>

²³ Christopher Jarvis, 2000. The Rise and Fall of Albania's Pyramid Schemes, *Finance and Development*, 37 (1): f. 46-49. A Pyramid schemes is a fund or company that attracts investors by offering them very high returns; "these returns are paid to the first investors out of the funds received from those who invest later. The scheme is insolvent—liabilities exceed assets—from the day it opens for business. However, it flourishes initially, as news about the high returns spreads and more investors are drawn in".

a major political crisis and economic and marked a serious setback in the process of its transformation.

METHODOLOGY

The method of study is based on: a) analysis not unilaterally of the problems and facts about the relationship EU-Albanian, b) critical research of the relationship EU-Albanian, highlighting staying preferential of EU towards region countries, c) the most complete presentation and comparison of the development of relations in the years 1991- onwards, showing the strengths and limitations of the current analysis of these relations, d) in the treatment of EU-Albanian relations as part of the wider European history.

DISCUSSION

To analyze EU's aid to Albania, will distinguish three different stages. The first phase runs from 1991 to 1997; The second phase, from 1997 to 1999, when the EU decided to develop its process of Stabilisation and Association Agreement; and the final stage, from 2001 onwards, when the EU started its new program of assistance (CARDS) for the Western Balkans. The following will take a detailed looking at strategies of the EU defined in the Strategy of different countries and the assistance provided by the EU in Albania during these three stages. In this way, the strategic objectives of the EU combined with the amount of funds allocated to specific sectors can be used as an indicator for the EU focus and its priorities in support of Albania.²⁴

During the first phase of the EU assistance in the amount of 318 million euro was allocated mainly for emergency aid and food. In addition, and 190 million euros were allocated in grants to support the process of economic reforms.²⁵ According to the 1995 strategy for the development of Albania had these overall objectives of EU intervention for the period 1996-1999: the promotion of macroeconomic stability; incentives for private sector development; rehabilitation of basic infrastructures; the preservation of the society to essential services and the protection of natural resources.²⁶ Multi-annual Indicative Programme (Multi-annual Indicative Program MIP), which laid down in greater detail key areas of EU as a priority of the support for the years 1996 to 1999 showed that the main role of the PHARE program would be to help fulfillment of market reforms and the medium-term restructuring

²⁴ Only PHARE and CARDS assistance is taken into account. Note that all numbers are indicative. Therefore, they will differ from the actual disbursement of funds.

²⁵ European Commission. 2001. *Albania Country Strategy Paper 2002-2006, European Community CARDS Programme, 30 November 2001*. Brussels.

²⁶ European Commission. 1995. *Albania Country Strategy Paper*.

and modernization of the economy.²⁷ MIP also stressed that the aid would be provided to support Albania's ambition to further develop relations with the European Union. Allocation of financial resources amounted to 140 million euros in the period 1996-1999. According to the priorities of the 1995 strategy, a large amount of aid attributed sectors of transport, energy and telecommunications - 27.9 percent; water and environment - 16.4 percent; and the development of local community - 12.1 percent. The latter greatly support infrastructure projects and smaller scale aimed at basic rehabilitating of the infrastructure in Albania. Taking together all three sectors, infrastructure projects are based on 56.4 percent of the funds available. Second, public administration project has received 12.1 percent of the assistance. It included, among other things, support for the civil service and the supreme audit institution; customs, police and judicial reforms; approximation of legislation; public awareness and statistics.²⁸ Funds for agriculture remain at about 10 percent of the total resources, while funds for education, health and private sector remained below 8 percent.

The second phase of the EU aid has started after the dramatic developments in Albania during the crisis of 1997. In the institutional light of the lack of the economic stability caused by the collapse of pyramid schemes, the EU had revised its strategy. This happened in the Report for the Country Strategy in 1997, which had the focal point the institutional development of Albania.²⁹ According to EU, although Albanian's macroeconomic and structural achievements were impressive, Albania lacked judicial implementation capacity and an efficient public administration, and it suffered from an unreformed financial sector. According to the 1997 strategy, the EU aimed to regulate its strategy, identifying the following areas of action: government's restoring and development; promotion of civil society; design and implementation of sound economic policies and social policies; and the revival of economic activities.

In order to reaffirm its commitment to Albania, the EU decided to reinforce certain sectors of intervention, while gradually abandoned the others "to release the necessary funds for priority programs (and a critical mass) for key interventions."³⁰ EU priorities were set in the context of the newly developed with Regional Approach for South-Eastern Europe as reflected in the conclusions of the General Affairs Council of April 29, 1997. The 1997 strategy clearly stated that it was in the common interest of Albania and the EU to promote the development of a society, the adoption of "play's rules"

²⁷ European Commission. 1996. *Albania Phare Multi-Annual Indicative Programme 1996-99*.

²⁸ European Commission. 2001. *Albania Country Strategy Paper 2002-2006, European Community CARDS Programme, 30 November 2001*. Brussels.

²⁹ European Commission. 1997. *Albania. Orientation of Phare Assistance. Support of State and Economic Recovery*.

³⁰ Po aty.

and basic principles with other European companies.³¹ A primary objective of EU assistance for this reason was the "existence of a proper regulatory and legal framework and the capacity of the Government to implement it." Therefore, the EU revised MIP program by reducing funds and the overall number of support areas.³² In reviewing MIP, the EU had significantly increased its support for public administration, which rose from 12.1 percent to 19.4 percent. Furthermore, its support for agriculture rose by 9.6 percent to 12.6 percent. Meanwhile, the EU had started to withdraw from health, education and development in the private sector, including the privatization of small and medium enterprises, banks, and tourism, which was reduced by nearly 22 percent in just 9.9 percent. Still, the focus of assistance was put clear on infrastructure projects, which amounted to 58 percent by MIP's review, compared with 56.4 percent in MIP-in screen, getting support for transport, water and local community. This means that, although the EU adopted its strategy to the new situation after the crisis of 1997, its priority aid will not change radically. Rather, the need for a greater emphasis on support for institutional reform became a target additional extension of "old program" (European Union 1997: 10).

At the end of 1999, beginning of 2000 decisions to take further steps for Albania's integration into European structures by offering the prospect of eventual membership, marked the third phase of the EU assistance. In 2001, Albania became part of the CARDS funds. CARDS program supported the objectives and mechanisms of the SAP. Assistance will increasingly focus on the implementation of the reforms and necessary building of the institutions and implementation of the Stabilisation and Association Agreement (European Commission 2001: 6). Aid Programme for the period 2002-2004, placed more emphasis on sectors such as justice, democratization, and public administration (European Commission 2001). Areas of support and funds allocated suffered a significant change in the focus of the EU. The main focus of EU assistance during 2002-2004, focused on support of public administration.³³ Development of local community (small-scale infrastructure) took about 16 per cent of resources. Assistance to environmental projects declined 7.6 percent. CARDS assistance in the years 2002-2004 amounted to about 144 million euros (European Commission 2001: 58).

Taking into account the new regional strategy, helping Albania was significantly adjusted to adapt to the new requirements, and to support areas that will have the most importance to the implementation of the SAA in the

³¹ European Commission. 1997. *Albania. Orientation of Phare Assistance. Support of State and Economic Recovery.*

³² The EU did not increase the overall amount of its aid assistance though, which remained 140 million ECUs.

³³ It includes support to civil service reform, supreme audit institution, customs, police, judiciary, and approximation of legislation, SAA preparation, and statistics.

future. Support for comprehensive reform of the administrative (in the field of justice and home affairs, building the general capacity of the administration, etc.) and the CARDS program provided funding for measures very special which were central to the implementation of the SAA in the future and Free Trade zone for the future with the EU, eg public procurement, competition and state aid, statistics, integrated border management, asylum and migration, trade, the framework which included legal and regulatory standards, technical standards and certification as well as veterinary and sanitary control (European Commission 2001: 3).

The shift in EU aid over three distinct phases becomes even clearer when the funds allocated in the three periods are compared with each other. While during the previous strategy (1996-1999 MIP and MIP's revised), the main focus of aid has been in support of infrastructure with around 60 percent of the funds, during the 2002-2004 period, we have a radical shift about public administration (including judicial reform) to become the most important area of support with 60 percent of the assistance.³⁴ During the same period, as the transport sector or the agricultural sector had not received funding. This means that support for infrastructure was limited to small infrastructure projects in local level of the community development.³⁵

Comparison of EU aid to the countries of the Western Balkans with the EU Strategy towards Central and Eastern Europe, we can find significant differences as well as important similarities in the strategic support to the EU. A major change has to do with sector support in both cases about the accession process. Until 1997, "EU policy was oriented toward a wide range of purposes related to the transition to pluralist democracy and market economy".³⁶ Only after the Luxembourg Summit in 1997, all instruments were defined and detailed preparations for membership. While the main priorities during the accession in the case of Central and Eastern Europe were institution-building (around 30 per cent of funds) and infrastructure development (about 70 per cent of funds), in the case of Albania almost the opposite was happening (with 60 percent provided for institution building and around 24 percent in infrastructure) Moreover, in the case of Central and Eastern Europe, gave additional pre-accession funds through ISPA and

³⁴ In order to make the amounts spent on specific areas comparable, I stick to the classification used by the EU and include in "public administration" the funds spent for justice and home affairs.

³⁵ Due to low rates of disbursement and delays in the implementation of PHARE projects, there were still PHARE infrastructure projects under implementation during 2002-2004.

³⁶ Heather Grabbe, 2002. European Union Conditionality and the Acquis Communautaire. *International Political Science Review*, 23 (3): 249- 268.

SAPARD programs.³⁷ So far in Albania shall not yet given these additional funds.

A similar approach of EU happened for the countries in Central and Eastern Europe, initially through the CARDS program and then the main focus of EU aid has changed to support the integration process through the PSA. While earlier, EU assistance under the PHARE was driven by demand to focused more support and economic development and reconstruction (an approach the mentality of development) the introduction of the CARDS program moved to an integrated approach, which sought support in areas greater importance and future implementation of the SAA. For this reason, most of the aid given to the important areas for future implementation of the SAA.

While according to EU documents, preconditions and necessary regulations for the implementation of the SAA, standards, and certification - will eventually lead to the development of the country - for example, by attracting foreign investors - this causal link it was questionable (European Commission 2001: 23).³⁸ Former bureau chief of the country's World Bank in Albania, stated in an interview that this institutional structure would be successful only if the support of reform and democracy, ie, the social-economic development, would be promoted.³⁹ According to him, the EU should pay more attention to economic development and income generation. Moreover, built institutions should lead to better services for the citizens and country development. It can not be seen as an purpose in itself.

CONCLUSION

In conclusion, analyzing strategies and EU assistance since 1991 until today, we can observe a major shift in priority, from an approach aimed at reconstruction and economic development in an approach to integration. Although this can be interpreted as positive, politically and in terms of economic development, assistance under the CARDS program does not appear to have been adequate to meet the big challenges in Albania. Starting

³⁷ While the "Instrument for Structural Policies for Pre-accession" (ISPA) was designed to address environmental and transport infrastructure priorities in the applicant CEECs, the aim of the "Special Accession Programme for Agriculture & Rural Development" (SAPARD) is to support the structural adjustment in their agricultural sectors and rural areas, as well as the implementation of the *acquis communautaire* concerning the CAP (Common Agricultural Policy) and related legislation.

³⁸ "Sustainable economic development is central to the SAP. All of the measures supported will contribute directly or indirectly to this goal" (European Commission 2001: 23).

³⁹ Interview with Eugene Scanteie (The former Head of the World Bank's country office in Albania), 14.2.2003 in Tirana.

the transformation as the poorest country in Europe, political and economic development of Albania is still at risk from lack of basic preconditions, eg underdeveloped infrastructure, weak institutions, high rates of immigration, a very high drain of the brain. Process standards may be inappropriate in the context and the imperatives necessities of the transition and lack the reserve administrative and financial capacity. (Grabbe 2002: 266) In this context, a contradiction between development and acceptance can be observed, which becomes especially obvious in the case of less developed countries in Europe. This contradiction reveals the limits of an approach to integration, which are not considered adequate by special transformations and problems of the country.

This article aims to cast a critical eye on two important instruments of the EU to its conditionality in relations with Albania, what assistance, and negotiations for a SAA. Analyzing the PHARE and CARDS program, we saw a significant change in the approach of the EU. In this way, the EU decided its integration agenda by focusing its assistance almost exclusively on building of the institutions. While there has been a predominance of aid provided for the infrastructure in the period up to 1997, this changed drastically with the introduction of CARDS assistance in 2001. Considering that Albania is one of the poorest countries in Europe and needs a strong economic growth to catch the rest of Europe as well as exclusive concentration of EU funds in the fields necessary for the implementation of the SAA in the future does not seem to have been adequate for the needs of the country. In other words, we can conclude that when the EU decided to integrate politically and economically closer Albania in its structures, it ceased to bolster the foundations of this integration. This dilemma can be described as “double role of the Unions”, ie, as an aid donor and “club owner”. According to Grabbe, it is doubtful whether the “acceptance and transition are part of the same process and preparations for EU membership are the same with the overall development objectives.” (Grabbe 2002: 253).

To transform South-Eastern Europe into a “success story”, comparable with those of most countries in Central and Eastern Europe, the EU needs to put the emphasis firmly on economic development issues. Although it is offering a SAA, incentives to Albania should be used more efficiently. Work within the region and further research are needed.

REFERENCES

Journals

Commission of the European Communities. 1999. *Commission Report on the feasibility of negotiating a Stabilisation and Association Agreement with Albania, COM 599 (final)*. Brussels.

Commission of the European Communities. 2003. *Commission Staff Working Paper. Albania. Stabilisation and Association Report 2003, SEC (2003) 339*. Brussels.

Commission of the European Communities. 2004. *Commission Staff Working Paper. Albania. Stabilisation and Association Report 2004, SEC (2004) 374/2*. Brussels.

Council of the European Union. 2000. *Council Regulation (EC) No 2666/2000 of 5 December 2000 on assistance for Albania, Bosnia and Herzegovina, Croatia, the Federal Republic of Yugoslavia and the Former Yugoslav Republic of Macedonia*. http://europa.eu.int/eur-lex/pri/en/oj/dat/2000/l_306/l_30620001207en00010006.pdf

Demetropoulou, Leeda. 2002. Europe and the Balkans: Membership Aspiration, EU Involvement and Europeanization Capacity in South Eastern Europe. *Southeast European Politics*, 3 (2-3): 87-106. *Integrating Albania into the European Union* 73

Ehrhart, Hans-Georg. 1999. Prevention and Regional Security: The Royaumont Process and the Stabilization of South-Eastern Europe. In *OSCE Yearbook 1998, Yearbook on the Organization for Security and Cooperation in Europe*, Baden-Baden: 327 – 346.

Europäische Kommission. 1996. *Bericht der Kommission an den Rat. Gemeinsame Grundsätze für die künftigen vertraglichen Beziehungen mit bestimmten Ländern Südosteuropas*. Brüssel.

European Commission. 1995. *Albania Country Strategy Paper*.

European Commission. 1996. *Albania Phare Multi-Annual Indicative Programme 1996-99*

European Commission. 1997. *Albania. Orientation of Phare Assistance. Support of State and Economic Recovery*.

European Commission. 2001. *Albania Country Strategy Paper 2002-2006, European Community CARDS Programme, 30 November 2001*. Brussels.

European Council. 2000. *Presidency Conclusions, Santa Maria da Feira, 19.6.2000*. <http://ue.eu.int/ueDocs/cms_Data/docs/pressData/en/ec/00200-r1.en0.htm>

European Council. 2001. *Presidency Conclusions, Gothenburg European Council, 15.6.2001*

European Union. 2003. *Press release, 7 November 2003, Delegation of the European Commission in Albania*. Tirana.

Grabbe, Heather. 2002. European Union Conditionality and the Acquis Communautaire. *International Political Science Review*, 23 (3): 249- 268.

Jarvis, Christopher. 2000. The Rise and Fall of Albania's Pyramid Schemes, *Finance and Development*, 37 (1): 46-49.

Kommission der Europäischen Gemeinschaften. 2001. *Bericht der Kommission an den Rat über die Arbeit der Hochrangigen Lenkungsgruppe EUAlbanien zur Vorbereitung der Verhandlungen über ein Stabilisierungsund Assoziierungsabkommen mit Albanien*, KOM (2001) 300 endgültig. Brüssel.

Kubicek, Paul J. 2003. *The European Union and Democratization*. London/ New York: Routledge.

- Kuko, Valbona. 2003. *Stabilization and Association Process in Albania and Institutional Framework*. Tirana, <http://www.acit-alorg/events/symposium/Valbona_Kuko.pdf>
- OSCE Presence in Albania. 2004. *Semi-annual OSCE report on activities in Albania, Report delivered by the Head of the OSCE Presence in Albania, Ambassador Osmo Lipponen, to the OSCE Permanent Council in Vienna*, 30 September 2004.
- Pridham, Geoffrey. 1994. *Building Democracy? The International Dimension of Democratization in Eastern Europe*. London: Leicester University Press.
- Schimmelfennig, Frank and Ulrich Sedelmeier. 2005. *The Europeanization of Central and Eastern Europe*. Ithaca, NY: Cornell University Press
- Smith, Karen. 1997. *Paradoxes of European Foreign Policy. The Instruments of European Union Foreign Policy*. EUI Working Paper no. 97/68, Badia Fiesolana.

THE EVOLUTION OF RESPECT FOR HUMAN RIGHTS IN ALBANIA IN THE FRAMEWORK OF EU INTEGRATION PROCESS

**Alisa Hoxha (student)
Pavarësia University College
ALBANIA
e-mail: alisahoxha18@gmail.com**

ABSTRACT

Recognition, protection and respect of human rights are the three main pillars that directly affect the progress of the democratic order. This is because their perfection also supports the development of political, economic and legal aspect of a democratic state. Their relevance is closely connected with the human being as long as both these concepts cannot stay without each other, because only so the man can have a living with dignity. The categorization of human rights as natural rights puts them in the foundation of society, as the intangible and inalienable. With the development of society, the corpus of rights that people have/enjoy is expanded and together with this is added the commitment to respect them, both nationally and internationally. This perfection is materialized and is visible especially in the context of the European Union, which through the Bill of fundamental rights has strengthened all these rights starting from that most fundamental, as the right to life, freedom of expression, prohibition of discrimination, prohibition of torture, prohibition of racism, gender equality and many others. Formalization and real protection of them, has given universal character to the obligation for fulfilling them, not only to Member States, but also for those that aim integration in the union. The case of our country as a potential candidate for EU membership and its relationship with human rights will be analyzed in this paper. How has the status of these rights changed? Are they considered because of the importance they have as fundamental rights or are seen simply as an obligation to be fulfilled? Is sufficient commitment and willingness of policymakers to change the observance of these rights? What is the role of awareness among citizens? What improvements will have in this regard?

Keywords: human rights, living with dignity, natural rights.

INTRODUCTION

Protection of rights is the foundation and the initial or basic phase where each state should start to be safe in the path of development. The term "right" means the entirety of those norms or rules governing the behavior of society. By J. Donnelly "dominant conception of human rights is based on the theory

of natural rights: human rights are the most indivisible rights of individuals, based on their nature as human beings. In other words, human rights are the rights that someone has simply by being human. (Daci, 2011, 36) Unlike the professor, Curtis FJ Doebbler for human rights has the idea that they are "the main requirements that individuals make to their government, the legitimacy of which is often based on its ability to provide an appropriate response to these requests (Daci, 2011, 36). So to give a concrete definition of what human rights are none of us can, but ideally we understand all those values, qualities or actions without which we cannot exist. To have your right means to feel free and confident in what you do, be aware that it is operating correctly and does not adversely affect the lives of other people. Recognizing the emergence of this plurality of right, since the emergence of humankind itself, we clearly understand their indispensable character for human beings. So, since in its beginning this field has been of considerable importance, reaching today a special importance without which the existence itself cannot be understood.

Each individual from the moment of birth until the end of his life enjoys a variety of rights. This entire created field has the main aim in direct protection of the person and guarantee his existence and well-being in the moment that he will become part of a society. All these rights have arisen since the beginning of mankind, and are sanctioned in the documents of the time. We can mention: the Code of Hammurabi in Babylon (2130-2088p.e.r) which is as old as humanity itself. We can mention the Quran, the Christian Law (the canonical right), Magna Charta, the Bill of Rights of Man, and a range of other endless legislations which were getting clearer and accurate over the time, and all for the same purpose, to protect them and to return freedoms and basic rights in intangible assets; to practically guarantee them the status "universal".

LITERATURE REVIEW

Since the ending of the World War II, all the new created international organizations gave fundamental importance to the recognition and securitization of human rights. These organizational initiatives having still in their memory the war atrocities and the powerlessness of the international instruments to avoid what had just happened, tried to decide precisely the goals of peace and friendly relations between them. Following this evolution spirit it was created a typical organization based in the European federalist inspiration, renamed the Council of Europe. So, in short, here it is described clearly the idea of how it has evolved and changed the status of these rights, displayed initially in a simple way, which generally aims to recognize them, while today this field is perfectly transformed. Not only respecting these rights is binding for everyone, individual or institution, but disregard them is reprehensible.

METHODOLOGY

The methodology followed for this work is a combination of descriptive approach to the evolution of human rights at the international level, with a comparative analysis of this presentation in Albania. So how human rights are born and developed as rights; as they are further categorized; how is this reflected their commitment to respect, in the political and legal; the main international organizations and institutions that formulated these rights, in an attempt to give them their universal character, the obligation to fulfill them. Finally, as they are discussed human rights in Albania; whether our country has achieved to build all the necessary legal mechanisms and institutional measures to guarantee these rights status 'universal', as charged with the obligation of international acts for human rights; We treated them today in the framework of EU integration; Is there a significant improvement to the extent to which these rights are respected? This improvement is the product of legislation to approximate or character "binding" that is integration in the EU for Albania?

To reflect on these issues and to give an answer (not necessarily exhaustive), I -based on secondary sources, literature on human rights and particularly on human rights in Europe, with judicial practice, and I have consulted some of the national strategies of Albania in the framework of integration, to see the role and status accorded to human rights and their categories.

Given all expounded above, a natural question arises: All these basic rights are considered as such by their own importance or are only considered as an obligation to be fulfilled?

I think this idea has generally been achieved in its form. So I mean that their importance is seen necessary and irreplaceable therefore these rights have a special importance in the vital base and I do not think that such are considered to fulfill certain obligations. Let me bring you here an example: imagine a human being, to whose identity has not been attributed all the rights, but only the right to life, freedom of thought and the right to be fed to meet the basic needs to live on this earth. Don't you think that such a case is the ideal case of a man turned into a slave? Where it has the duty to submit to only those duties that determine mistake to think so and that is acting on the basis of his rights. If the freedom of expression is denied, the freedom of thought is not worthy. The freedom of action has no value if your movements are forced to what you must do or what not. Even there is no importance the right to life to itself if you do not enjoy all the other rights in order to recreate what seems right to you.

So the importance of this corpus of all rights means a lot to us. For such reason we consider it irreplaceable and high valued because it is really so. In our country this consideration is based on true values carried by these rights and obviously they are not named so simply to fulfill such obligations. We can't forget to mention the importance of civil and political rights from which comes out: Albanian legislation in accordance with international

agreements, has specified in laws and regulations, a number of provisions dealing with the treatment of prisoners and detainees, as well as the powers and duties of the competent state bodies, in order to respect the dignity of prisoners and pre-treat them without bias or discrimination on grounds of sex, nationality, race, economic and social, political views and religious beliefs, improving living conditions and safety in which they are kept and treated prisoners and detainees as and the development of social and rehabilitation programs for prisoners. With the same importance are also displayed economic and social rights or minority rights and their protection, which must exist in reality and in harmony with each other to fulfill their function.

European integration is a political and geostrategic objective of Albania, which lies at the heart of domestic and foreign politics. For such reason we need to stay at any time in accordance with its national legislation and also have to assimilate it through the best way to participate in the union. Article 70 of the SAA establishes a special commitment of the Republic of Albania: the approximation of national legislation with the European Union, a process that should be completed in two phases of 5 years each, within 2019. Alignment and implementation of the legislation will increase economic development and trade with the European Union; it will improve the welfare and living conditions of Albanian citizens, being crowned at the end with Albania's association to the European Union.

I think that the Albanian territory is a place which has evolved over time. Many of these rights that we today, think of as something of normal existing, years ago not only did not exist but we could not even thought to seek for them or to raise voice for them. But today, in this democratic period of our country, obviously, such moments are missed and situations gradually attained to perfection, maybe not all but most of it is. Despite this, still in our days there are still people who suffer for these rights. There are people who every day more and more lose their lives to win anything about these rights. And for these reasons in this case our people day by day seems to grab the tops of perfection.

Authority bias that has affected, and continues to affect directly on the field is the will and more engagement of policymakers in Albania. *"Little People may be sacred for the great people, and from the rights of the weak stems the right of the strongest."*

This is a famous expression of Victor Hugo, which I think has created something ideal. So initially we are the only one who has our destiny in hand. With the possibility that we have to choose, we separate ourselves to believe that our representative would ideally represent us. And from this moment everything it is up to him to advance and develop further the field or to confine itself to the existing rights. His way of leadership means a lot to us, because any individual acting according this way will have a direct impact on society.

So it is undisputed that the ways of leadership, positive desires for change, will and commitment of the Albanian policymakers have influenced directly

in the field and are trying to achieve the position where we are today. Our country has always had this goal in itself, be part of the EU Union. Over the years, the regulation and improvement of many details, earning the candidate status for this union, it is obvious that we are acting under and for in fulfillment of its criteria requesting. Candidate status is an encouragement to accelerate the pace of reforms. It has a multiple values for Albania.

- First, it is a very important political signal for Albania, which shows that the country is moving in the right direction through difficult reforms, but necessary ones;
- Second, in economic terms, the candidate status is expected to enable a more favorable environment for doing business, and promote foreign investment and sustainable economic growth in Albania;
- Third, candidate status will further strengthen cooperation between Albania and the European Union and its individual institutions;
- Fourth, the candidate status showed that the expansion remains on top agenda of the EU and that the EU together with the Member States are committed to the accession of Albania and other countries of the region.

The Albanian government is aware that obtaining candidate status and each new step along the membership brings new responsibilities and requires more work great. Albanian government seeks the intensification of reforms for European integration, while maintaining a focus on meeting the priorities identified in the Enlargement Strategy of the European Commission in October 2014, especially for public administration reform, judicial reform, fight against corruption and organized crime, as and full respect for human rights, in order to advance towards the opening of negotiations for membership.

Key to the success of Albania towards European integration is rapid implementation of reforms through planned activities, as presented in the basic documents of the Government:

- Guidelines for completing the five key priorities adopted by the Council of Ministers Nr. 330, dated 28.05.2014;
- National Plan for European Integration.

These two plans, although synchronized, are different in nature and purpose, where the roadmap is a plan specifically designed to meet five key priorities of the Enlargement Strategy of the European Commission, 2013, which contains measures for implementing the short-term target in various fields,

while the National Plan for European Integration includes medium and long term measures extended until 2020, with the aim that Albania has fully aligned its legislation with the *acquis* of the EU, as well as all sectors have meet standards set out in chapters *acquis*.

Candidate status is an encouragement to accelerate the pace of reforms. In November 2013, it is presented the initiative for a High Level Dialogue Summit with Albania in order to have the Albanian government focused in the European integration process and to monitor progress made in the five key priorities set for the opening of accession negotiations. The five priorities are: public administration reform, judicial reform, fight against corruption, the fight against organized crime and protection of human rights.

Along with this detail, it stands another important element which is awareness of citizens. The latter, at any moment has had and has a leading role. Any new legislation, any way of governing or anything else that emerges in this context for improving the situation in this field, aims mainly for the awareness of every citizen.

A dignified leadership in itself implies the achievement of a goal, and this goal is precisely the conviction of all individuals to act accordingly. The desire to achieve the creation of a legal culture is big. Such a culture as much in accordance with the law should be as real and tangible by the whole society. It is about a culture which must exist between us with a *de facto* nature. Its purpose is simple. It must first respect, to not harm or affect the rights of individuals, achieving the right point, in order to be individualized the memory of each individual.

Having reached this idea, which is more complex than it appears in this sense, we have reached where we want.

To be all informed, to know what is happening to us, to what level we are, and in which standard of living we will achieve if we become part of the EU are some key elements that resolve any misunderstanding or any obstacle that It has emerged to date. Since each of us is aware, focusing even more on legal culture we will have even more opportunity to adjust the common life in the European Union.

A clear expression of commitment to the protection of human rights, is the ratification of almost all conventions on human rights within the UN, Council of Europe. Albania has a positive balance in meeting the standards of human rights, a fact well known and appreciated by international organizations. Cultural diversity, tolerance and coexistence between different minorities and religious communities, are positive model of Albanian society and in this context expresses the desire and the commitment to maintain and develop them further. The climate of tolerance and coexistence was highlighted during the visit of Pope Francis in Tirana. So in short Albania has given considerable importance to this area, which put us in the treaty ratification and different Jarmuth, some which are:

- International Covenant on Civil and Political Rights (ratified in 1991).

- International Covenant on Economic, Social and Cultural Rights (ratified by Law nr.7511 dated 08.08.1991).
- Convention on the Children Rights (ratified by Law nr.7531 dated 11.12.1991)
- Convention on the Elimination of All Forms of Discrimination against Women (ratified by law No. 7767, dated 09.11.1993).
- Convention against Torture and Cruel Inhuman Treatment Degrading (ratified with law no. 7727, dated 06.30.1993).
- International Convention on the Elimination of All Forms of Racial Discrimination (ratified in 1994).
- Convention "On Protection of the Rights of All Migrant Workers and Members of Their Families" (ratified by Law no. 9703, dated 02.07.2007).
- UN Convention "On protection of all persons from enforced disappearance"
- Based on the obligations of the Convention (ratified by our country with the law nr.9802, dated 13.09.2007)
- Albania is also a party to the Optional Protocols to the international conventions within the UN specifically:
- Optional Protocol to the Convention against Torture and cruel treatment or punishment, inhuman or degrading (ratified by Law No. 9094, dated 3.07.2003).
- Additional Protocol to the Convention against Discrimination against Women (ratified by Law no. 9052 dated 17.4.2003).
- Optional Protocol "On the Sale of Children, Child Prostitution and Child Pornography with" (ratified by Law no. 9834, dated 22.11.2007).
- Optional Protocol "On the Involvement of Children in Armed Conflict (ratified by Law no. 9833, dated 21.12.2007)
- Optional Protocol on communication procedures
- Optional Protocol to the International Covenant on Civil and Political Rights (ratified October 4, 2007).

- Second Additional Protocol to the International Covenant on Civil and Political Rights (ratified by Law nr.9726, dated 7.05.2007) .12

Our country, as a potential candidate country for EU membership has certainly adopted the majority of the criteria to be part of this union, but there is still much work to do. Strengthening the rule of law, electoral reform, the development of a European election standards, the fight against corruption and organized crime as well as the respect of human rights are based on a number of factors that should be respected to details to achieve where we want. Problems that can be encountered during the journey can hardly be overlooked. The political will must work to resolve them convincingly according to a defined path, because the violation of one of them penalizes us. All of us must be convinced that without solving these problems, bypassing without analyzing as it should, we cannot become part of the EU.

CONCLUSIONS

But why this entire struggle for all these years to become a member of this union?? No doubt we all are on the same opinion in this point. Who does not love the best chance? For this reason we all are trying reasons to achieve the best. And the best for us is to be part of EU. EU is the place where everything is determined how it will be resolved, where there is protection and prosecution for persons who deserves it, and most important thing is that is the place where justice prevails. We as worthy citizens of our country should seek and "fight" to achieve this idea. Let me bring you as a conclusion a known expression to Shakespeare: "*No heritage is richer than justice.*"

So we clearly know that what we want, we know what is best for us, so what remains to us is the hope that it is only a matter of time. And when this intense desire and the challenge will become One, we will become part of the European family.....!

REFERENCES

Books

Gee, J. (1990) *Social linguistics and literacies: Ideology in discourses*. Philadelphia: Falmer.

Daci, J. The human rights. Tirana, 2011 p 36

Daci, J. The human rights. Tirana, 2011 p 36

Bianku, L. The human rights in Europe. Tirana 2001 p 13

The Ministry of European integration. “National Plan for the European integration from 2016 to 2020”

Journals

Hedgcock, J. (2002) Toward a socioliterate approach to second language teacher education. *Modern Language Journal*, 86, 299–317.

Website

Dichter, T. (1999) *Non-Governmental Organisations (NGOs) in Microfinance: Past, Present and Future* [Accessed 20th September 2009] Available from World Wide Web: <http://www.esd.worldbank.org/html/esd/agr/sbp/end/ngo.htm>
<http://www.kdnj.al/sq/content/t%C3%AB-drejtat-e-njeriut-n%C3%AB-shqip%C3%ABri>

AUDIT ROLE IN THE PREVENTION AND DETECTION OF FRAUD RISK

Prof.Asoc.Dr. Hysen Muceku
European University of Tirana
ALBANIA
e-mail: hysen.muceku@uet.edu.al

Prof.Asoc.Dr. Arbi Agalliu
European University of Tirana
ALBANIA
e-mail: arbi.agalliu@uet.edu.al

ABSTRACT

Finding and reporting the various types of fraud is one of the biggest challenges facing organizations today. Auditors have a responsibility to provide reasonable assurance that material misstatements are detected, whether due to fraud or material error.

Evaluation of the functioning of the controls established by management, and the development of appropriate techniques for detecting and preventing fraud in areas containing the greatest risk of fraud, are important objectives of auditors.

In the paper is treated: types of fraud, the conditions for fraud, assessing the risk of fraud and sources of information for assessing the risks, responsibilities when suspected of fraud, the oversight of corporate governance to reduce the risks of fraud, as well as the response to fraud risks by defining specific areas with fraud risk.

Through the analysis of some examples of financial manipulations that have led quite different corporations and countries to the financial crisis that are experiencing today, the role of audit activity is highlighted in preventing, detecting and minimizing the risk of fraud.

The focus of the study will be to review the literature about the studies that have been done in this field, academic debates that have been raised and the arguments used, as this will help to enrich a theoretical model to analyze and evaluate specific cases.

Also, are handled tools, techniques and recommendations about improving the role of auditors in detecting and preventing fraud risk.

Keywords: risk, fraud, detection, prevention, manipulation.

INTRODUCTION

One of the most important information on the basis of which decisions are made in the organization is the financial information prepared and presented periodically through registration, classification and abstract of the economic events of the organization. Therefore, the safety and quality of financial information has a great importance for decision makers as well as other parties who have interests in the organization.

Fraud in information and in financial statements have led quite different corporations and countries into financial crisis like the one that are going through today, so one of the greatest challenges of our days is the safety and quality of financial information.

In the safety and quality of financial information, auditors play an important role through the opinions and reports they present. Financial audits are performed to assess the accuracy and completeness of records and account balances. So, their goal is to determine whether the organization's financial information reliably presents the financial position, results of operations and organization's deviations from accounting standards and financial reporting.

Fraud is an intentional act carried out by one or more persons (management, employees, third parties), who through deliberate misuse of the organization's resources lead to distortion of financial information and financial statements. Fraud can include: manipulation, falsification or alteration of data or documents, misuse of funds and accounting policies, registration of fictitious transactions or without economic content etc.

LITERATURE REVIEW

In their book "Auditing and Assurance Services" pg.355, (2014), Alvin.A.Arens, Randel J.Elder and Mark S.Beasley, fraud as a legal concept defined: "fraud is an intentional act to deprive a person or party from property rights." In this definition we see the 3 typical elements of fraud: (1) conducting a deliberate action, (2) doing something wrong or error causing harm and losses somebody on purpose, (3) unauthorized personal benefits.

Within the audit of financial statements, fraud is defined as an intentional misstatement in the financial statements which includes two main categories, financial reporting fraud and misuse of assets.

International Federation of Certified Accountants (IFAC), considers the concept of fraud as "intentional act committed by one or more individuals among management, employees or third parties, resulting in a presentation of incorrect financial statements".

International Organization of Supreme Audit Institutions (INTOSAI), considered fraud as "unlawful interaction between two entities where one party intentionally misleads the other one through false documents for illegal and unjust benefits. The term refers to a trick intentional act by one or more

individuals in management, employee or third party that may come from misstatement of the financial statements".

Government Auditing Standards of US (GAO), official definition on fraud is: "Fraud is the tip of unlawful acts, which involves taking something through willful distortion of the facts".

Fraud is labeled as "deliberate distortion of the truth" or a "false distortion or display on a matter of fact", which encourages another person to fraudulently obtaining "something valuable or a legal right that does not belong".

Financial reporting fraud is a deliberate misrepresentation or omission of the financial statements of the amounts or disclosures to defraud users (WorldCom's example that capitalized as fixed assets billions of dollars that should have been recorded expenses).

In broad terms, fraud is an intentional act made for personal gain or to damage another individual. Specific definitions vary by jurisdiction. But it should be noted that fraud is a crime, so it is a violation of civil law and thus should be treated and punished.

Various scholars among them Joseph T.Wells, in "Occupational Fraud and Abuse" (1997) has introduced the triangle of fraud (Fraud Triangle). For a trick to be fulfilled there must be appropriate conditions for fraud that have been discussed and analyzed by various authors and have already become part of the auditing standards. The three conditions for fraud are:

Firstly, *it should exist the possibility for fraud*, that has to do with access to tools, people, information, computer systems, which enable not only committing a fraud, but also its concealment. So, the circumstances offer opportunities for executives or employees to commit fraud. People can abuse the position entrusted to solve its financial problems, with a low perceived risk that they can be detected. This opportunity is provided generally by poor internal controls or when the controls do not exist.

Second, *motivation, incentive and encouragement for fraud*. Pressure may be prompted by different reasons such as personal financial problems that can't be solved by legitimate means. So, motivation can also be perceived as contrast of force and desires for goods, and lack of money. Managers or other employees have incentives or pressures to commit fraud.

Thirdly, *rationalization / rationale*, occurs when the acquirers develop a justification for their misleading actions and for these deceptive conduct they are "okay" in their minds. So, there is an attitude, character or set of ethical values that allows managers and employees to commit an act of dishonesty, or they are in an environment that imposes sufficient pressure caused by them to rationalize committing a criminal act.

RESEARCH QUESTION, HYPOTHESIS AND WORKING METHOD

-The basic research question is: are information and financial statements affected from the risk of fraud and misstatement?

-The hypothesis of the paper: Frauds in financial information and statements influence in the process of decision making from entities leaders based on this information and financial statement.

-Methodology of the paper: To make this study we have used comparative, interpretive and analytical analysis.

ANALYSIS AND INTERPRETATION OF RESULTS

Management responsibilities of handling fraud risks

In the process of governance and control of the organization, management has the primary responsibility to minimize the risk of fraud, through its combination of preventive measures, keeping under control and detection. Designing and implementing efficient anti-fraud programs and establishing effective internal controls, management can prevent fraud and opportunities for fraud.

For an effective governance of organizations three important elements are identified (that are part of the standard audit) to prevent, control and detect fraud, respectively:

- *The culture of honesty and high ethics in the organization.* Studies show that the most effective way to prevent and detect fraud is to implement anti-fraud programs and controls that are deployed based on core values that organizations represent. These values create an environment that reinforces acceptable behavior and expectations that employees have to run their operations. These values help create a culture of integrity and ethics that provides the basis of employee job responsibilities.

- *The responsibility of management in the assessment of the risks of fraud.* Effective supervision of the risks of fraud begins with the recognition by the management that fraud may be committed by each employee under certain circumstances. Management is responsible for designing and implementing programs and establishing controls to reduce the risks of fraud. For areas with high risk of fraud, managers should periodically assess whether the proper implementation of anti-fraud programs and internal control systems are functioning effectively. An important role in reducing fraud is played by auditors (especially internal auditors) examining and evaluating internal controls that reduce the risk of fraud. They help in detecting fraud by performing audit procedures to detect fraud in financial reporting and misuse of assets.

- *The role of the audit committee in overseeing the activities of the organization.* The Audit Committee has responsibility to oversee the financial reporting and the effectiveness of internal control systems in the processes of the organization. In fulfilling this responsibility, the Audit Committee assesses the potential of management in establishing internal controls and management in overseeing the fraud risk and anti-fraud programs. The Audit Committee also assists in creating an effective "tone" on the importance of honesty and ethical behavior by strengthening management in zero tolerance for fraud. Supervision of the Audit Committee serves as a deterrent to fraud by senior management, supervision includes: (a) direct reporting on the findings of the internal auditors to the Audit Committee, (b) periodic reporting by officers of ethics for each fraud signal (c) other issues related to the lack of ethical behavior or suspicion of fraud.

The role of audit in preventing and detection of fraud risk

When identifying risks of material misstatement due to fraud, the auditor should assess whether anti-fraud programs and controls established by management have reduced the identified risks of material misstatement.

The assessment by the auditor of the risks of material misstatement due to fraud should be a continuous process throughout the audit period and coordinated with other procedures of risk assessment.

Knowledge of specific areas of fraud risk and development of procedures to detect fraud is one of the most important auditing activities. Depending on the client's industry, certain accounts are especially vulnerable to manipulation or theft, for example:

- Revenues and receivables are sensitive to manipulation and theft. Auditing standards specifically ask auditors to identify in most audits the revenue recognition as a risk of fraud. Increased income is often a key performance indicator for analysts and investors, providing an even greater incentive to inflate income. The main types of manipulation of income are: fictitious income, snap recognition of revenue and manipulation adjustments of earnings. The main objective of the auditor is to identify unusual relationship or unexpected involving revenue accounts that might indicate fraud in financial reporting.

- The risks of fraud with the inventory. In many organizations, the inventory is the most valuable account in the balance sheet. Because usually ready marketable, inventory is susceptible to abuse. Auditors through audit techniques should perform procedures to verify the physical existence of inventories.

- Absorption in the cycle of purchase and payment. The most common fraud in the area of shopping is making fictitious payments to fictitious vendor and

deposit money in an fictitious account. These frauds can be prevented by allowing payments to be made only to approved dealers and carefully investigated documentation that supports purchases by authorized personnel before they make payments.

- Fixed assets. In many cases, companies make subjective assessments of fixed assets. To reduce the possibility of theft, fixed assets must be protected physically, and should be inventoried and evaluated periodically.

- Payroll costs. Although they are a lower risk area of fraud they should be to the attention of auditors in the financial reports. Two possible areas of fraud are, the creation of fictitious employees and appreciation of individual salaries hours. The existence of fictitious employees usually can be prevented by dividing the functions of human resources and payroll. Zoom hours timer can be prevented using approved salary work schedules.

During the planning phase of each audit, auditors should identify the risks of fraud and critically assess audit evidence. If during the audit, the auditor discovers information or circumstances that indicate material misstatement due to fraud that may have occurred, it should examine thoroughly the issue; get the evidence needed in consultation with other auditors involved in the audit. The auditor should assess the reasons for the anomaly or fraud that has occurred, determine whether it is intentional or fraud action, and regardless if they have other anomalies occurred.

Auditing standards require the auditor to use specific techniques for the investigation of fraud in every audit. Inquiries should be addressed to the auditor to management aware of any fraud occurred or suspected activities of the organization. The audit committee should play an active role in overseeing the fraud risk assessment and management's response to this risk. Auditors advised the audit committee members about their views of the risks of fraud and whether they are aware of any fraud committed or suspected.

Auditing standards require the auditor to evaluate whether fraud risk factors indicate incentives or pressures to commit fraud, the opportunity to commit fraud, or attitudes or rationalizations to use an excuse for misleading actions. The existence of fraud risk factors does not mean that there is fraud, but that the possibility of fraud is higher. Auditors should consider the factors influencing the trick, along with other information that will be used to assess the risks of fraud.

The auditor should perform analytical procedures during the phases of planning, conducting and reporting the audit to identify unusual transactions or events that may indicate the presence of material misrepresentation in financial statements. When the results of the analytical procedures differ from the expectations of the auditor, the auditor compares these results with other information obtained about the possibility of cheating to determine whether the risk of frauds increased.

For auditing activity an important process is documentation and evaluation of fraud. Once the fraud risks are identified and documented, the auditor assesses

the factors that reduce the risk of fraud and recommends appropriate measures to manage them.

During the audit process, the auditor constantly assesses whether gathered evidence and information received indicates material misstatement due to fraud. All abnormalities that the auditor notes during the audit should evaluate for any indication of fraud. When fraud is suspected, the auditor gathers additional information to determine if there are actually scams. Often, the auditor begins making additional inquiries of management and others.

An efficient technique that auditors use in investigating fraud is interviews and questionnaires. Interviewing allows auditors to clarify issues on the lookout and to understand verbal and non-verbal reactions of those responsibilities. Interviewing helps identify issues that can be removed or missing documentation. The auditor can modify the interview questions based on the answers of respondents.

Types of questionnaires that an auditor uses during the investigation of fraud are:

a) *Informing questions* to get information about the facts and details that the auditor doesn't have, usually about events and processes of the past or present. Auditors often use the informing questions when they collect evidence questioning about alleged misrepresentation or fraud during the audit. Auditors can effectively use the informing questions by asking open questions about the details of the events, processes, or circumstances.

b) *Assessment questions* to validate or contest the preliminary information. Auditors often begins with an appreciative inquiry, with open-ended questions that allow the respondent to give detailed answers that can later be followed by more specific questions. A common use of assessment questions is to ascertain answers to questions from previous management asking other employees.

Asking effective questions can be obtained sufficient information to assess whether there is fraud.

Good listening techniques and behavioral observation techniques signal strengthening investigation techniques by the auditor. Good listener benefits from silence to think about the information provided and to determine priorities and to consider the information heard.

Auditors often use audit software such as ACL or IDEA to determine whether there may be fraud. Software tools can be used to search for fictitious income transactions, and provide effective controls for the decay documents sequences. Auditors use auditing software, including basic spreadsheet tools such as Excel, to classify transactions or account balances into subcategories for further analysis of the audit. Auditors use the basic spreadsheet tools such as Excel, to perform analytical procedures on separate levels. E.g., sales can be classified to share data by location, by product type, and time for a further analysis of the analytical procedures.

When the auditor concludes that fraud can be present, auditing standards require the auditor to discuss the matter with an appropriate level of

management and to further investigate whether this issue can be considered insignificant. Appropriate level of management must be at least a higher level by those involved in fraud, as well as the high management and the Audit Committee. If the auditor believes that senior management may be involved in fraud, the auditor should discuss the matter directly to the audit committee. If the results of the audit procedures may indicate a higher risk of material misstatement due to fraud, auditing standards require that the auditor can draw from commitment of the audit.

CONCLUSIONS

Organizations need to develop and implement effective programs of risk management and fraud, and have written policies, in which they should include the expectations of the board of directors and senior management regarding fraud risk.

Fraud risk exposure should be assessed periodically by the organization in order to identify specific potential schemes and events that the organization should detect, and control them continuously in order to manage them.

In the process of managing fraud risk an important role plays the determination of the proper techniques of detection and prevention of fraud to avoid potential key events that cause the risk of fraud, and reduce potential impacts on the organization's activities. If preventive measures fail or risks don't decrease through the measures taken by directors, auditors and internal auditors in particular need to build and use appropriate techniques of detection of events and deceptive actions.

Fraud risk reporting is an important phase in the process of fraud risk management. Therefore, organizations need to build an effective reporting process to serve as a database for possible fraud, and facilitate a coordinated approach to investigations and corrective actions. This will ensure the risks of potential fraud to be managed appropriately and in a timely manner.

REFERENCES

Journals

"Auditing and Assurance Services" (2014), Alvin.A.Arens, Randel J.Elder and Mark S.Beasley.

"The Internal Auditing", Handbook (2005), KH Spencer Pickett.

"The role of Internal Audit in Enterprise – Wide, Risk Management" (2004), Institute of Internal Auditors, UK & Ireland.

IIA Research Foundation, "Risk management: changing the internal auditor's paradigm. Internal Auditing", (1998) McNamee, David and Selim, Georges.

"Occupational Fraud and Abuse" (1997) Joseph T.Wells.

Audit standards of the International Organization of Supreme Audit Institutions (INTOSAI).ISSAI 1240 – The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements.

Standards of the International Federation of Accountants-Certified (IFAC).International Standard onAuditing 240 the auditor's responsibilities relating to fraud in audit of financial statement.

Government Auditing Standards USA (GAO).

INTERNATIONAL NEGOTIATIONS AND TREATIES, MAIN POLITICAL INTEGRATION PROCESSES

Blerina Keçi
University of Tirana
ALBANIA
e-mail: keci.blerina@yahoo.com

ABSTRACT

The process of integration in the European Union (EU) began in 1951 with the creation of the European Coal and Steel Community (ECSC) with the objective to ensure political and economic benefits for the participating countries. Many of the countries that have experienced hostility for centuries have been now successfully incorporated within the EU for more than fifty years.

European Union member countries in their diversity are united, which means that at every stage of the development of the European Union have been required compromises among states. To realize these compromises, international negotiation pose a better structure. International Negotiation is a strategic component of political Europe. Treaties put in question the rules of the common law decisions, which become applicable in member countries.

The author's interest in this research is to treat this case by essentially focusing in detail on the treatment of the importance that international negotiations and treaties have for the European political integration processes in the countries.

Scientific contributions at issue are based on the study of literature of the problem. The study is based on theoretical methods. The problems discussed in this paper include: the unchanging elements of negotiation, European treaties etc.

Keywords: European Union, Integration, Treaty Negotiations, Political Integration.

INTRODUCTION

To prevent the collapse of the continent again under the weight of violence and war, opponents had no choice but to unite their destinies. Thus in 1950 France and Germany decide to leave behind the disputes between them.

The Robert Schuman declaration of 9 May 1950 led to the Treaty of the European Community of Coal and Steel on April 18, 1951. The first six states in European history; France Germany Italy Netherlands Belgium Luxembourg, united their destinies.

Year after year the European Union expanded by integrating more countries in their midst. The States that refused to integrate into the family of European Union, at the same time they refused to change their identity by transferring national sovereignty to European institutions.

ELEMENTS UNCHANGING NEGOTIATION

There are many types of negotiations: between individuals, between organizations, between countries. All these forms of negotiation present fixed elements which must be identified before they appear as specifics of community negotiations. Negotiation is a way of social regulation or policy that gives more priority to dialogue and free exchange of convincing evidence than any other violent character. Hope and the opportunity for a coordinated solution to the conflict prevails.

There are two policy frameworks that allow us to identify the objectives of the negotiation, or it is just a political tool to achieve final political goals, in this case if the negotiations fail following the war (or any other form of countering violence), or symbol, the quest for peace and in this case its failure does not lead to an armed conflict.⁴⁰

Political sociology is about distributive and integrative negotiation. In the first case there are winners and losers at the end of the negotiations and the rejection of the results leads to the use of means other than negotiation.

In the second case, the conclusion of negotiations was just won and these types of negotiations may favor the growth of shared resources. This is why the European negotiations cannot be considered as a last resort to be used before the disaster.

Negotiation is a legitimate regulatory principle, which establishes rules on which stakeholders agree: negotiation compels them to participate in the observance of the rules. Underlying every negotiation stand rules.⁴¹

More integrative negotiation favors the search for mutual contractor's advantages. This means that he favors compromise, offering favorable prospects for a party as well as the next.

Negotiation is the art that will mean giving up what makes it a very delicate exercise, because the direction of the goodness it assumes, the ability to assess the costs and benefits intertemporal the exchange in a not stable configuration, also in a democracy the ability to accept attractions in a political space represented by the negotiator.⁴²

Intertemporal politics in Europe favors more integration and negotiation search for mutual advantageous contractors. This means that he favors compromise offering favorable prospects for a party as well as as the next.

⁴⁰Robert, Soin, *Political Europe Crises History and Prospects of Integration Processes*. Tiranw: PAPYRUS, 2008, 58

⁴¹Robert, Soin, *Political Europe*, 59

⁴²Robert, Soin, *Political Europe*, 60

Negotiations between Member States confronted with the delicate organization between national and supra-national powers, because they have to constantly match the diversity of the European Union member states. The presence and development of an integrated European power not built at the expense of the states. Even with the exclusive prerogatives of the Community, federal and binding type, there is only what the Member States have entrusted to him. Various governments negotiate with tenacity every point of common policies seeking to assess as much as possible for their respective interests in a logical and adjacent traditional diplomacy between sovereign states.⁴³

EUROPEAN TREATIES

A treaty is an act whereby the states and entities define behavioral norms, rights and obligations. The term treaty means any such act even when there is a different name such as agreement, convention, pact, declaration, protocol, etc. Treaties are divided into two categories: legislative and normative treaties contract. It can become another kind of treaties division by the number of parties participating in them, multilateral treaties and bilateral treaties. Participating in multilateral treaties there are more or less a number of countries, while multilateral treaties are concluded between the two countries.⁴⁴

The European Union is based on international treaties but is much more than a traditional international organization. It is an entity and the political system is less than the political system of a traditional nation state. Given its special nature, the European Court of Justice has for a long time, interpreted it as the founding treaties of constitutional texts although national governments have tried to draft a constitution for the EU, as a state, which would be a bold and controversial move and also a political impossibility.⁴⁵

A treaty is defined as a legal act that obliges signatory states. It is an international agreement on an essential and valuable principle, for a long period or unlimited.⁴⁶

Two dimensions essential to a treaty, are bound on one side by the fact that it brings together independent states for one or several issues that belongs to them and over which they had no common starting position, and another, they are linked until the agreements are concluded. For example, conferences, summits, conventions dealing with the fact that political representatives of states decide to meet in order to try in finding a common solution.⁴⁷

So a summit conference to Congress, a treaty that receives status which allows lasting agreement between states is a sensitive issue which has been

⁴³Robert, Soin, *Political Europe*, 61

⁴⁴Arben, Puto, *Public International Law*, Tirana: Dudaaj, 2010, 17

⁴⁵Desmond, Dinan, *History of European Integration*, Tirana: Alls, 2012 205

⁴⁶Dixon, Martin, *International Law*, Tirana: Alls 2012 66

⁴⁷Robert, Soin, *Political Europe*, 64

the reason for holding these meetings. So we can say this about the Peace Treaty of Vienna of 1825, because the Congress of Vienna led to a negotiated peace after a long period of armed conflict. So, the Treaty is not determined by the collection of states nor solemn putting on stage a moment or a place or a certain country, but by the content and sustainable results ratified by the signatory countries. However, treaties are a result of long negotiations that take place during the different political meetings between countries. All European treaties, Rome (1957), the Single European Act (1986), the Constitutional Treaty (2004), can be analyzed by two readings. The first is aimed toward political agreements, in any circumstance, to bringing them into the fold while maintaining their national identity. The second highlights the long-term development of the political content of the agreement. These agreements, initially for the economic field, then extended to the currency, later they opened the field of foreign affairs, defense and building a space of freedom security and justice.⁴⁸

It should also be noted a common feature that binds these treaties. Numerous treaties have left their mark on the political history of Europe. From the Treaty of Westphalia (1648) to the treaty of Utrecht (1713), Vienna (1815) and Versailles (1919), are all set to **broke** the peace treaty. But what characterizes these policies stands on one side and the sanction of loss on the other side, without closing all doors making it possible for the abolition of war in the future. None of the European treaties are officially called a peace treaty. However, they are the first and only treaties in modern European history that eventually closed all doors that allow the reuse of war. The successes of the various European Treaties are already known, but it is important that at any moment we do not overlook the fact that these successes would not have been made possible if there would be no moral obligation for a lasting peace, which is the founding element.⁴⁹

Treaty establishing the European Community of Coal and Steel (KEQC), Paris April 8, 1951. It comes into force on July 23, 1952, ended July 23, 2003. Treaty that created the European Economic Community and the European Atomic Energy Community, Rome March 25, 1957.

Treaty on European Union, Maastricht on February 7, 1992. It comes into force on November 1, 1993.⁵⁰

Treaty on European Union as revised by the Treaty of Amsterdam, 2 October 1997. Entry into force on May 1, 1999.

⁴⁸Frederica ,Bindi,*The Foreign Policy European Union*, Brookings Institution's Press, Washington, D.C, 2010. 19

⁴⁹Robert, Soin, *Political Europe*, 69

⁵⁰Milo, Pascal, *European Union*, Tirana: albPAPER 2002.179

Treaty on European Union as amended by the Treaty of Nice, February 26, 2001 and enter into force on the February 2003
The treaty drafters of the Constitution for Europe, adopted by the European Council in Brussels on 17 and 18 July 2004.⁵¹

CONCLUSIONS

Created by the will of the States, first by various local positions, unfinished terms of its borders and political identification. Europe is a political form unknown until now.

At every stage of the development of the European Union have been required compromises among states, always difficult and far from perfect. International negotiation is the best way to realize the compromises and treaties that establish the rules and laws made applicable to all.

Community negotiations are suitable for the elements to produce compromises that give life to political dialectics.

European treaties through words represent the right rules and the main agreements, which become applicable in the European Union.

REFERENCES

Journals

Bindi, Frederica, *The Foreign Policy European Union*, Brookings Institutions Press, Washington, D.C: 2010.

Dinan, Desmond, *History of European Integration*, Tirana: Alls 2012.

Jean BaptiseteDuroselle, André Kaspi, *History of International Relations*, Volume II, Tirana: Lira, 2011.

Martin, Dixon, *International Law*, Tirana: Alls . 2011

Milo, Pascal, *European Union*, Tirana: albPAPER 2002.

Arben, Puto, *Public International Law*, Tirana: Dudaj, 2010

Soin, Robert, *Europa Political Crises History and Prospects of Integration Processes*. Tirana: PAPYRUS 2008.

⁵¹ JeanBaptiseteDuroselle, André Kaspi, *History of International Relations*, Volume II, Tirana: Lira, 2011 624

ALBANIA AS A COMPETITIVE FORCE IN EU THE AGRICULTURAL SECTOR AND ITS PERSPECTIVES

Besarta Tafa
Canadian Institute of Technology
ALBANIA
b.tafa@cit.edu.al

Gjergji Tafa
REA's ltd
ALBANIA
gjergjitafa@gmail.com

ABSTRACT

Albania is one of the aspirant countries in European Union. Its challenge is to join the UE the soonest. Due to this perspective, it is really important to study the progress it has recently done. This will help the examination of the problems and finding ways to face challenges.

This text is focused on the economical progress of Albania, specifically in the agricultural sector. Its scope is to show how much competitive it is in the EU. It also explains how Albania can improve this sector in order to be more competitive in the European Union, as well as being a significative element in the whole European economy

Based on data from EUROSTAT and the Ministry of Agriculture, a comparison analysis is used in order to show how the entire economy of EU is related to that of Albania. Than we use a future forecast analysis to predict the progress after implementing the strategy of collectivization.

This study will show that Albania is a competitive force in the agricultural sector in EU. By implementing the collectivization strategy its competitiveness will increase. The correlation between the entire economy of EU and that of Albania will also increase, indicating that it can be an influential party.

Keywords: join the UE, challenges, agricultural sector, collectivization, competitiveness

INTRODUCTION

Steps of Albania toward European Union

The European Union is a really strong and prosperous union, dated in 1951. Albania, like the other European countries, aspires to join this union for years.

The history of Albania toward European Union starts since 1991, when diplomatic relationships were established.

After some agreements for cooperation between them, finally, in June 2006 Albania signed the Stabilization and Association Agreement. This was an important milestone for our country because it established an all-round bilateral cooperation, opening an irreversible path toward EU.

In 2009 Albania joined with full rights NATO. This important event was a support and a stimulus to real reforms and achievements in national security and peace. Its contribution was not only in our country but in all member countries.

During years we tried to gain the status of candidate country in European Union, but in December 2012 this status was only given to Tirana. Albania had yet to do in order to be a candidate country, until 27 June 2014. Holding this status means too much for a small country like Albania. It is a really strong publicity for the country and it opens miscellaneous perspectives to be followed. It puts Albania next to other developed countries candidate to join European Union.

But this doesn't mean we are already done. We now have the support of the union to achieve its requirements. We have strong relationships and easiest ways to cooperate. But we still have to work too much to tell Europe we can do it. The real challenge starts now. All the candidate countries must meet the Accession criteria, otherwise called the Copenhagen criteria, in order to gain the status of member state in EU. According to European commission, three elements to be fulfilled are:

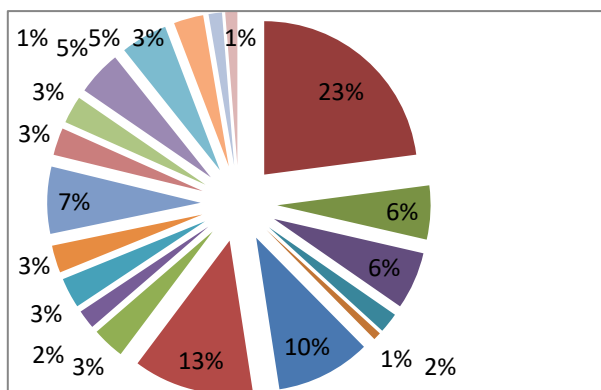
- Political criteria
- Economic criteria
- Administrative and institutional capacity to implement the "Acquis"

This study is concentrated on the second criterion which more clearly says "A functioning market economy and the capacity to cope with competition and market forces." **European Commission, (12/10/2015) *European Neighborhood Policy and Enlargement Negotiations***

Let's first see what is the structure of Albanian Economy and then we can determine which sector can give us better results in terms of European Union integration.

Economic structure of Albania.

The structure of Albanian (INSTAT, **Appendix 1**) is as follows:



The 23% of the total GDP of Albania comes from the agriculture.

Albania is known as an agricultural country. Its relief created optimal conditions for agricultural areas. Its climate has helped in the cultivation of miscellaneous plant in different cities all the year. That's why this sector takes the first place in the entire economy of the country.

The second most developed activity in Albania is wholesale and retail trade; repair of motor vehicles and motorcycles with a 13 % contribution on the total GDP. Then it is the construction which takes 10 % of the GDP. The other activities listed by the weight to the total GDP are as follow: Real estate activities; Manufacturing industry; Mining and quarrying industry; Education, Public administration and defense; compulsory social security; Transportation and storage; Information and communication; Human health and social work activities; Administrative and support service activities; Financial and insurance activities; Professional, scientific and technical activities; Electricity, gas, steam and air conditioning supply; Accommodation and food service activities; Arts, entertainment and recreation; Other service activities and Water supply, sewerage, waste management and remediation activities.

As the agriculture is the most developed sector of the Albanian economy and contributes almost a quarter of the total GDP, it is the element of importance in our study. First of all, it has some challenges to pass in order to pretend the participation in the Union. Even though the farmers in some regions produce BIO, high quality products, talking for the entire country we can say that the European Union standards miss. The work conditions, the production and storage conditions, the high technology and other element are still in initial phase.

On the other hand, the politics of the country still need progression in order to adjust to those of European Union. When the politics is ready and acceptable from the European Union, a new era can start for Albania. We believe that if the country adapts the collectivization strategy, it will help in the quality of production, in the decrease of the costs and in an open market for Albanian products especially in Europe. This will be the focus of our study and we will see how this can be achieved.

LITERATURE REVIEW

Recently, the progress of Albanian toward European Union requirements has been satisfactory. The **Progress-Report of European Commission for Albania (2015)** emphasizes that the country shows progress in most of fields, but it is in initial stage in the field of free movement of workers, rural and agricultural development and some other fields.

So, the agricultural sector is not in the required level and we have too much work to do for the integration. But, on the other hand, it is the most developed sector of economy in our country. Based on this, we are free to believe that a more intensive work in this direction will generate great results.

Moreover, according to **the Agricultural Ministry (2016)**, it is part of priorities in the Governmental program, as well as part of plan for European Integration.

In a study of **Food and Agriculture Organization of the United Nations (2014)**, The European Union focuses on the Agricultural development of South Eastern Europe, part of which is also Albania. Taking into account the importance of this sector in these countries, it is necessary some reforms to be taken in order to help these countries to approach their legislation with that of European Union. These reforms should increase the competitiveness and the regional trade of the countries.

Reforms done from Albanian government in agriculture aims to increase the productivity of this sector by the strategy of collectivization. The cooperation between private and public is also an opportunity for development. ***Agriculture Policy and European Integration in Southeastern Europe (2014)***

Regarding the prices, the agriculture in Albania is not, and will never be competitive unless the increase in use of land or the productivity and efficiency of land, **Food and Agriculture Organization of the United Nations (2014)**. On the other hand, Albanian farmers miss the passport which allows them to trade their agricultural products in the international market with competitive prices, **Agro web (October 2015) - GLOBALG.A.P The passport for agricultural Albanian products**

But we have organic products produced by small farmers in many areas in Albania. They put too much effort in their production so its quality is better than anywhere else. Even though Albanian farmers do not have certification, we can say that their products are BIO even more than European products which hold a certification. According to the **Institute of Statistics (2012)**, the experts allege that the originality of the production increased a lot the competitive values of Albanian products.

According to Statistics published by the **Ministry of Agriculture (2016)**, the export of agricultural products has been increased by 28%. These trends testify their quality and the orientation of the Albanian farmers toward products of special interest for European markets, **Gert Selenica (September 2016) Albanian products; the quality increase tempts the foreign markets.**

METHODOLOGY

Comparison analysis

An analysis is used in order to show the relation between the GDP from agriculture of European Union (28 countries) and Albania. This analysis is done by data generated from EUROSTAT and INSTAT. It takes into consideration the GDP from agriculture of European Union, of each country which is part of the union and the GDP from Agriculture of Albania. Data is taken from 2005 to 2014

A comparison between Albania and the member states of EU is done in order to point out their contribution on one hand and the contribution of Albania on the other hand.

Future Forecast Analysis

Because Albania has a program for Integration 2014-2020, the forecast of GDP in this study is done until 2020. For the European Union and its member countries we have data until 2015, while for Albania we have data until 2014, so we use the technique of extrapolation in order to predict the GDP from agriculture for 2015 and 2016. This technique takes into consideration the series of values for the period 2005-2014 in order to forecast the 2016 and beyond. Assuming that all the elements of interior and exterior environment remain unchangeable it makes the forecast by following the trends of the past. It The forecast of growth for EU after 2016 will continue the same. While for Albania the implementation of collectivization strategy will suggest a higher growth in 2017, 2018 and 2019 following the trend of increase in the agricultural surface used. In the coming years the growth is predicted with the extrapolation technique. After this, another comparison between Albania and member countries is done in order to see the position of Albania in the EU regarding the GDP from agriculture.

RESULTS

Comparison between member countries and Albania

If we take into analysis 15 member states with the higher GDP from Agriculture, Albania would take the twelfth place, leaving back 4 countries like Lithuania, Greece, Sweden and Austria. The 2230 million Euros represents 2.46% of GDP from agriculture of European Union. This is a significant figure for a small country like Albania.

GEO/TIN	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Europea	52,419	77,354	82,731	56,289	71,302	86,544	93,301	86,678	83,387	77,923	90,719
France	13,414	19,337	17,543	13,591	19,418	19,553	23,666	19,349	17,895	18,396	20,687
German	7,494	11,213	13,177	8,720	10,636	12,204	14,686	14,246	13,992	12,959	11,927
United K	3,777	4,787	6,848	4,351	4,604	6,400	6,616	6,457	7,286	6,146	7,242
Poland	3,847	6,428	6,761	4,442	5,235	6,951	7,377	6,464	6,146	5,475	6,636
Romania	2,153	2,182	5,212	2,608	3,344	6,106	3,872	5,859	5,113	4,483	5,802
Spain	4,133	7,358	5,984	4,030	5,073	6,178	5,426	6,144	4,728	4,519	5,063
Italy	5,486	7,452	8,915	5,510	5,906	8,417	8,364	8,055	8,104	6,403	4,702
Hungary	2,035	2,581	3,148	1,871	2,220	3,140	2,957	3,092	3,211	2,881	3,244
Denmark	1,679	2,679	1,942	1,573	2,636	2,654	3,017	2,022	2,196	2,067	2,409
Bulgaria	721	784	1,704	1,084	1,308	1,915	2,185	2,025	2,124	1,826	2,395
Czech Re	1,052	1,735	1,634	1,106	1,596	2,125	2,009	2,045	1,998	1,993	2,249
Albania	1,104	1,183	1,300	1,372	1,590	1,693	1,787	1,887	1,992	2,098	2,230
Lithuania	421	883	1,001	795	794	1,131	1,731	1,469	1,433	1,755	1,852
Greece	1,260	1,963	1,939	1,603	1,497	1,800	1,743	1,599	1,508	1,241	1,471
Sweden	689	1,480	1,003	671	1,093	1,210	1,478	1,098	1,282	1,228	1,339
Austria	641	1,174	913	636	1,102	1,217	1,308	958	1,001	954	1,122

52

Future Forecast Analysis

The growth in EU GDP follows the trend while, for Albania the following logic is used:

S of Albania = 28,748 km² = 2.874.800 ha⁵³

In a study of Open Data Albania, Soil structure by region in Albania (2011),⁵⁴ the agricultural land constitutes 24.2% of total Albanian surface, and these figures have been the same as previous years. So, the agricultural land equals: 24.2% * 2.847.800 ha = 689.167,6

Supposing that these figures will continue the same in the coming years, we can find the percentage of exploited land in 2016. According INSTAT, (Appendix2) the sown area with crops in Albania in 2015 is 413.110 ha. By the Trend analysis we predict the value for 2016 to be 417.32.

In conclusion, the use of agricultural land is $417.32/689.167,6 = 60\%$

By implementing the collectivization strategy, we aim to increase step by step the use of agriculture land. In 2017 the use of the land can increase to 70%, in 2018 to 82%. After three years, by using different techniques, tools and by

⁵² <http://ec.europa.eu/eurostat/data/database>

⁵³ https://sq.wikipedia.org/wiki/Gjeografia_e_Shqip%C3%ABris%C3%AB

⁵⁴ [http://open.data.al/sq/lajme/lajm/lang/sq/id/703/Struktura-e-tokes-sipas-Qarqeve-ne-Shqiperi-\(2011\)](http://open.data.al/sq/lajme/lajm/lang/sq/id/703/Struktura-e-tokes-sipas-Qarqeve-ne-Shqiperi-(2011))

taking advantage by the economy of scale, the entire agricultural land can be used. We suppose that the production will increase at least with the same percentage as the usage of the land. The table below shows the prediction of GDP from agriculture in 2020

GEO/TIME	2017	2018	2019	2020
European Union				100,847
France				22,484
Germany (unif)				15,752
United Kingdom				8,344
Poland				7,163
Romania				7,045
Italy				6,783
Spain				4,848
Albania	2,602	3,048	3,717	4,238
Hungary				3,629
Bulgaria				2,998
Czech Republic				2,628
Denmark				2,526
Lithuania				2,370
Sweden				1,496
Greece				1,366
Austria				1,218

The forecast for 2020 moves Albania up in classification, taking the eighth place among the member countries. This means a $4238/100847=4.2\%$ would be the contribution of Albania in the GDP from Agriculture in the European Union. It is an increase of almost 100 % in the GDP from agriculture of Albania.

DISCUSSION

The first challenge of Albania in its road to European Union is the adaption of the politics with those of Europe. Once it achieves this objective, an open market waits for Albanian products. Even though it produces BIO products with a high quality, there are some other problems Albania has to deal with. The absence of a structured market, real politics and objectives to be achieved, the conditions of work, and other are also problems to deal with. The strategy of collectivization can be the solution for such problems. If it takes place, the process of work will be organized. The use of materials and the quality of the products will be controlled. Each zone will produce products of its spatiality by adapting to the relief and climatic condition. This will increase the total quality. This way, Albanian farmers can take the certificate of quality easier. It will be their passport to the open European market.

The existence of a large market will decrease the storage costs. The concentration of the production inputs, the work force and the work process tools will decrease the production costs. So, the total costs will be decreased by the economy of scale. That way, the Albanian products can compete in the European Union market earlier with quality, or with price.

CONCLUSIONS

- The relationship between Albania and EU started in 1991
- Now Albania holds the status of “Candidate Country” in EU
- It’s coming challenge is the politics in Economy
- The Albanian agriculture has a great perspective in terms of integration
- The suggestion of the collectivization will be a good solution for the future
- This future is too much promising

REFERENCES

Website

- European Commission (2015) *Progress-Report of European Commission for Albania*
Web: <http://www.euro-centre.eu/progres-raporti-2015-i-komisionit-europian-per-shqiperine/>
- Agricultural Ministry (2016) *Agriculture and stockbreeding*
Web: <http://www.bujqesia.gov.al/al/programi/bujqesia-dhe-blegtoria>
- Food and Agriculture Organization of the United Nations (2014) *Agricultural development of South Eastern Europe* Web: <http://www.fao.org/3/a-i4166e.pdf>
- Agro web (October 2015) - GLOBALG.A.P *The passport for agricultural Albanian products* Web: <http://agroweb.org/?id=10&l=582&ln=sq>
- Gert Selenica (September 2016) *Albanian products; the quality increase tempts the foreign markets.*
Web: <http://agroweb.org/?id=10&l=1546&ln=sq&url=produktet-shqiptare-rritja-e-cilesise-josh-tregjet-e-huaja>
- Wikipedia (2016) *The geography of Albania*
Web: https://sq.wikipedia.org/wiki/Gjeografia_e_Shqip%C3%ABris%C3%AB

Open.data.al (2016) *The structure of land according to regions in Albania (2011)*
Web: [http://open.data.al/sq/lajme/lajm/lang/sq/id/703/Struktura-e-tokes-sipas-Qarqeve-ne-Shqiperi-\(2011\)](http://open.data.al/sq/lajme/lajm/lang/sq/id/703/Struktura-e-tokes-sipas-Qarqeve-ne-Shqiperi-(2011))
INSTAT (2016) *Annual National Accounts (Production Method), by NACE Rev 2, 1996 - 2014*
Web: <http://www.instat.gov.al/en/themes/national-accounts.aspx>
EUROSTAT (2016) *Economic accounts for agriculture – values at current prices*
Web: <http://ec.europa.eu/eurostat/data/database>

APENDIX 1

GROSS DOMESTIC PRODUCT BY ECONOMIC ACTIVITIES

(2005 – 2014, at current prices)

in million ALL

Code	Economic activities	Years								
		2006	2007	2008	2009	2010	2011	2012	2013 *	2014**
A1	Agriculture, forestry and fishing	154,547	165,623	181,954	192,117	222,589	237,062	250,126	264,140	278,924
A2	Mining and quarrying industry	11,345	14,334	19,257	15,815	29,136	44,868	60,195	66,516	69,085
A3	Manufacturing industry	42,807	51,142	54,010	59,457	67,587	73,640	61,502	68,310	73,603
A4	Electricity, gas, steam and air conditioning supply	22,412	17,865	20,346	24,302	41,682	23,678	22,298	27,795	25,850
A5	Water supply; sewerage, waste management and remediation activities	7,925	7,286	7,339	8,589	10,482	10,887	9,673	9,841	10,005
A6	Construction	136,383	154,041	170,957	171,115	160,249	165,378	151,793	138,878	121,402
A7	Wholesale and retail trade; repair of motor vehicles and motorcycles	98,702	109,095	121,970	126,420	131,633	138,623	143,570	147,932	154,294
A8	Transportation and storage	28,319	33,391	36,220	41,188	46,974	53,290	56,169	42,569	41,594
A9	Accommodation and food service activities	17,362	19,842	20,685	23,316	25,850	24,749	24,533	23,214	24,342
A10	Information and communication	39,629	47,927	52,756	53,228	44,857	43,957	41,735	37,807	38,849
A11	Financial and insurance activities	18,731	23,225	30,392	27,190	29,672	33,477	32,133	30,359	35,160
A12	Real estate activities	63,300	68,105	73,573	75,672	76,416	78,368	79,883	85,843	85,816
A13	Professional, scientific and technical activities	13,985	16,771	17,283	22,223	22,128	22,630	28,268	29,453	35,098
A14	Administrative and support service activities	7,883	9,630	12,165	10,974	12,376	15,350	23,578	29,000	35,292
A15	Public administration and defence; compulsory social security	35,299	36,869	40,251	45,695	48,717	51,502	53,716	54,086	57,149
A16	Education	29,187	32,304	37,562	42,630	47,019	50,763	57,694	60,873	59,797
A17	Human health and social work activities	14,443	16,579	20,308	25,480	29,155	31,598	33,255	34,984	38,114
A18	Arts, entertainment and recreation	4,819	6,449	9,202	9,861	12,190	13,938	11,809	11,331	17,121
A19	Other service activities	8,185	10,823	10,686	14,523	18,774	17,364	12,818	14,767	15,439
	GVA at basic prices	755,265	841,299	936,917	989,796	1,077,485	1,131,121	1,154,747	1,177,698	1,216,933
	Net taxes on products	117,470	124,228	143,759	154,140	162,160	169,503	178,064	172,354	177,487
	GDP at market prices	872,735	965,528	1,080,676	1,143,936	1,239,645	1,300,624	1,332,811	1,350,053	1,394,419

2013* Final

2014** Semi final

APENDIX 2

Structure of field crop plantings

000 ha

No	Description	2000	2005	2010	2011	2012	2013	2014	2015
1	Cereals	178,2	147,7	145,7	147,7	143,0	142,1	143,2	142,6
	Wheat	112,0	82,4	73,9	69,2	73,2	71,2	70,0	69,6
	Maize	53,0	48,4	54,2	61,2	53,5	53,5	55,0	54,6
	Rye	1,3	1,5	1,1	1,5	1,3	1,2	1,4	1,3
	Barley	1,2	1,5	2,5	2,8	2,4	2,5	2,7	2,5
	Oats	10,7	13,9	14,0	12,9	12,5	13,6	14,1	14,6
2	Vegetable & melons	32,8	32,5	30,8	30,6	31,0	30,0	30,0	31,1
3	Potatoes	11,4	10,1	9,0	9,5	9,3	9,1	9,6	10,1
4	Beans	22,5	16,1	13,7	14,4	14,6	14,2	14,6	14,9
5	Tabacco	5,7	1,5	1,2	1,2	1,3	1,7	1,5	1,2
6	Sunflower	1,9	1,1	1,3	1,5	1,4	0,7	0,7	0,7
7	Soybean	0,4	0,4	0,3	0,3	0,3	0,3	0,2	0,2
8	Forage	165,0	191,0	202,0	204,0	208,9	215,3	204,2	207,3
9	Other crops							5,0	5,0
Sown area		419,3	400,4	404,00	409,0	409,8	413,3	408,9	413,110

Source of information: Ministry of Agriculture, Rural Development and Water Administration

MICROCREDIT IN THE RURAL SECTOR. COMPARISON OF MICROCREDIT IN ALBANIA WITH REGIONAL COUNTRIES

PhD. Migena Petanaj
University of Vlora, "I.Qemali"
ALBANIA
e-mail: migenapetanaj@hotmail.com

PhD Candidate. Lorena Çakërri
University of Vlora, "I.Qemali"
ALBANIA
e-mail: lorenacakerri@gmail.com

ABSTRACT

In Albania, as in most countries of the region's the economic reality with its own problems should not only read correctly, but should translate to effective and efficient intervention in markets. Microcredit is the best way to use scarce funds. In the current reality of the Albanian, microcredit constitutes an important factor in the economic growth of the country that must be taken in consideration and for this purpose has been analyzed in all of its elements.

This project is dedicated to research the impact of microcredit in the country's economy through a simple econometric study and the extent to which it affects the structure of the financial sector market, considering the rapid expansion of micro-credit and its interaction with the growing financial sector. Also, this paper has as objective to analyze the impact of microcredit in the development of the rural sector, by illustrating a concrete case in the area of Myzeqea which shows us better problems in this sector and how we can improve it. At the end of the paper we made a comparison of the progress of microcredit in Albania with several countries of the region. The idea for the realization of this paper is taken from the role that microcredit has an development of farmers and rural areas in general.

Key words: microcredit, economic growth, rural area, financial sector.

INTRODUCTION

The service originated in microcredit cooperatives created in Europe in the late 19th century. Microcredit consists mainly in providing small loan amounts that individuals are unable to borrow in private commercial banks. The beginnings of microfinance in rural areas emerged in the early 90s,

because Albania is a country where about 50 percent of the population lives in rural areas and because most of the poor people, as in many developing countries, live in these areas. The amount of a microcredit is 30,000 up to its maximal level of 600,000 ALL. Microcredit is an important initiative for businesses that want to develop or individuals who have a need to fast but have low income and are neglected by banks. Construction of the credit institutions taking not only helps out from difficulties and more individuals and businesses that are in financial difficulties, but also serves as a catalyst for the economy of the country and its development.

Microcredit currently assessed as one of the main factors that directly supports the growth and improvement of small business in rural areas. Rural microcredit, or consumer loans granted to farmers is a new model of financing of agro industrial business in the country. Although it started in the early 90s in our country, but now this service has begun to see a profit from farmers. Many studies show that countries that have developed microloans are those countries that have a better economic development of the country. Microcredit often confused with microfinance, but the difference is that it is based and is usually taken only with small loans without offering other services such as insurance. Rural microcredit is one of the biggest contributions taken for farmers who run small enterprises, those looking to expand their business, or seeking to invest to find ways of selling their agricultural production.

Rural microcredit is the only area that has paid attention to farmers and rural areas of their businesses. Obtaining credit by women from large institutions has been a critical problem. Legal barriers and cultural norms may prevent them from linking financial contracts. Discrimination by large lending institutions can make their market rationing, or to provide them with loans of smaller amounts than the amounts given to men. Microcredit to solve problems not only economic but also social.

REFORMS UNDERTAKEN FOR MICROCREDIT IN ALBANIA

Within the development of agriculture and agribusiness, the Albanian Government is committed to supporting the sector through a series of reform initiatives and financial support, where can be mentioned: Years 2015-2016 reforms for agriculture, undertaken with the help of the EBRD by NOA. Project NOA Company with European Bank for Reconstruction and Development (EBRD). In cooperation with the European Bank for Reconstruction and Development (EBRD), the Government is helping in the development of agriculture, a key sector of the economy, through the presentation of the Program for Sustainable Agro business in Albania, where as main service are: promoting and improving continuing, the approach to financing. The goal is different allocations of funds for agribusinesses in Albania. Agribusiness is one of the sectors which could affect the

development, bringing economic growth, help in opening and job creation, and provide a significant impact on various social benefits to society. Under this new platform, the EBRD aims to improve funding opportunities for agribusinesses home, in the framework of European integration, offering dedicated lines of credit for banks and microfinance institutions in Albania, by sharing with them the risk of lending to agribusiness sector through schemes warranty.

Technical assistance for all institutions (banks and non banks) which will be offered to NOA, as the Financial Institution of the first selected using a fund with favorable conditions of 5 million Euros, which has agreed to collaborate in support of development Agri-business further in the country. Seeing as a chain of particular importance for growth and continuous improvement for the sector and the entire economy's links, Agreement between the parties was signed in April 2016. In this context NOA came with a new product, flexible for the entire agribusiness chain in the country by the farmer to the processor and cumulative agro business. This project puts the company in a more favorable position in the national and international market, reinforcing its image as a company supporting the development of economy in the country and specifically in the agriculture sector, development of capacities in agribusiness lending.

Technical assistance for local agribusinesses which will be offered through business consulting and knowledge transfer. Government approves in principle to grant the Islamic Bank microfinance project. The Council of Ministers decided approval in principle of the loan agreement and technical assistance (grant) between the Government of the Republic of Albania and the Islamic Development Bank (IDB). The agreement is made to participate in the financing of microfinance project through a loan granted by the Islamic Solidarity Fund for Development (ISFD), in the amount of 1,000,000 (one million) USD, a loan from own funds of the IDB, in the amount 2,670,000 (two million six hundred and seventy thousand) ID (Islamic Dinars), and a grant from the IDB, in the amount of 200 000 (two hundred thousand) ID (Islamic Dinars).

OTHER POLICIES UNDERTAKEN IN AGRICULTURE AND RURAL DEVELOPMENT

The production plant is part of the National Strategy for Social and Economic Development of the country, is part of the priorities in the Government Program, is part of the Plan for European Integration and part of the Action Plan for the Implementation of European Partnership (2010-2017). In crop production sector is an increase of production for each crop, with production growth more evident in protected environments.

Albania with its climatic conditions, geographical position and perennial tradition in the cultivation of vegetables and potatoes, there is potential for the

cultivation of about 60 vegetable species. Currently, over 30 such cultivated and trend to increase the number of species is increasing, based on the request of the European market. The project started by FAO in this regard, followed by the Spanish Cooperation and ongoing technical assistance provided considerable assistance in improving the legal framework. Today we have a new law on cooperative societies in the field of agriculture with positive implications in the field of crop production and not only. A very important development for the country is the first meeting of the Monitoring Committee for the IPARD Program - 2 as an important institution for investment decision-making in rural areas.

This committee is composed of representatives from all stakeholders for the development of the agricultural sector and rural development, as well as representatives from ministries like that of European Integration, Finance, representatives of relevant departments, civil society associations sectors of agriculture, tourism or working environment, financial systems and foreign donors. Focusing on funds of EU financial support for Albanian agriculture sector within the IPARD Program - 2, this funding package of 13 million Euros will go to support direct investments in agriculture and advisory service.

In the context of European integration, one of the major challenges is the preparation of agriculture and rural areas by raising standards, improving productivity through the introduction of new technologies and modernization of this sector. IPARD Program - 2 is approved by the European Commission in the month of July 2015. The deal Sector for the implementation of this program has been ratified by the Albanian Parliament with the law no. 37/2016 dated 18 March 2016. The implementation of this program structures are in the process of gaining accreditation by the European Commission so that the implementation of this program to begin in 2017.

THE IMPACT OF MICRO CREDIT IN THE ECONOMIC DEVELOPMENT OF THE COUNTRY

Recent changes in the environment are characterized by growing microfinance and financial integration with national systems and the entry of commercial banks. Microcredit is not perceived as an isolated sector, informal mediation fictional, but it is a wide segment of the financial system. Nowadays microfinance is not done automatically sensed by lifting the poor out of poverty through small enterprises. But it focuses on "the graduation of poverty" families with low incomes by giving them a variety of financial services with the best quality. The impact of microfinance in economic growth is perceived through direct and indirect channels. The direct channel is based microfinance in reducing poverty, increasing prosperity and increasing the value of production by poor entrepreneurial activities. Economic growth is a measure that captures the total direct contribution of microfinance.

According to the indirect channel microfinance contributes to increasing liquid liabilities through financial deepening and development of retail banking. Based on microfinance development depends on the performance of the stream bank. Microcredit plays a very important role in the economy of a country, especially from 2008 and the following years we are seeing a very large development of these types of institutions as never not knowing crisis.

Microcredit also brings major changes in infrastructure between demographic and geographical penetration of credit intermediary. Microcredit products and the services are very competitive in the market and are offered at very satisfactory for all kinds of human layers. Unless a layer of people paid attention to the bank does not take into account, also it provides them with lower cost gradually bringing economic development. Albanian economy grows when growing mass of product sold this comes as a result of increased investments, by touching one of the voices of the GDP and causing its growth. Simultaneously microcredit as a relatively new field it causes the aggregate economic growth benefiting in a better way promotional.

One of the positive points mentioned also the Microcredit is the assistance it has given to the image of women always support by strengthening and making strong economy, adding their participation. Microcredit addition to points very positive for the country faced with problems arising that are a danger to the country, one of them has to do with the fact that some institutions aim to promote clients who have no chance of finding a market, income or application and for individual parts and other problems that could find no application.

Another case is that the risk of micro credit can often fail to cover even its own costs. At the same time many microcredit institutions could fail to find support in political policy or the economy. Also rarely require funding and support to strengthen and expand existing points.

Advantages and disadvantages of microcredit on the economy:

Positive effects on the economy	Negative effects on the economy
Based on poverty reduction	Used by a certain number of individuals with certain reasons, Not everyone can apply
Increase social welfare	Minimum degree fail to cover the costs
Adding value to	There have political

products from the poorest entrepreneurial activities	support as well as social
Changes in infrastructure between demographic and geographic penetration of credit mediator	Fail to managing a firm's assets by turning in cash for daily account
Albanian economy grows when growing mass of product sold	Not even develop financial management systems or skills required for a position as he
Stimulates aggregate price	Often requires financial and economic assistance to be extended
Lower interest rates, this results in lower costs for the economy	Being competitive in the market, the launch of new products reduces the level of trading

Table 1 Source: Author

In a normal economy impacts they are both positive and negative. In the case of microcredit, this field has both sides of the coin; however, use in practice has shown the opposite of the biggest power in this field is showing its positive points. Practice also noted that a cost difference therefore cost reduction, increase of products sold, customer investment in microcredit, increasing the welfare of the population have had a positive impact on GDP of the country causing economic growth.

COMPARISON OF MICROCREDIT IN ALBANIA IN THE REGION

The Balkan region constitutes only 3% of global loan, but 10% of global portfolio .In 2008 the region was affected by the crisis affecting the microfinance sector, however after this year began its recovery. During 2009, the Balkan region had a setback in loan services. Some credit unions and some microfinance programs of commercial banks were closed. The total number of institutions remained at similar levels to 2008. The commercial banks revised their products in response to the financial crisis in Central and

Eastern Europe and the Balkans the focus of microfinance focused on lending to small enterprises and medium-sized enterprises (SMEs).

Unlike loan portfolio, deposit portfolio had increased in many regions with the exception of CEE. The economy in the ECA region was affected by the global financial crisis. As a result of demand from customers for microcredit came falling because there were fewer businesses as a result of the crisis, so for customers who depended on salaries or remittances for the loan repayment has decrease in these resources.

Thus bids for loans from microfinance fell because they were more aware of the crisis and many of them decided not to distribute new loans and to maintain the current portfolio by focusing on the reduction of bad loans, improving service and a focus special assessment of social performance indicators and financial education clients. Balkans and Central and Eastern Europe had the highest decline in the region in terms of number of borrowers, respectively 7% and 15%. Although the number of microfinance institutions was almost identical to 2008 on 8,000 there was a change in the type of institutions. Thus, an increase of non-banking financial entities and reduction in the number of credit unions and microfinance programs in commercial banks. Many credit unions in Poland, Ukraine and Romania were closed because of the crisis.

In Ukraine were 99 fewer credits to the union as a result of the crisis. This came as a result of members' deposits withdrawals and deposits fell by 10-15% in banks in Ukraine. Likewise, there was decline in the number and credit unions in Romania to 388 as a result of pressure from the competition by the Association of Credit Unions of Romania.

In general, since 2009, resulted in year contraction of markets in microfinance that due to the global crisis and some specific events occurring, such as congestion in debt to customers as in Bosnia and Herzegovina or the situation unstable political situation in Georgia, portfolio or their credit is reduced or there has been growing and is often undertaken the process of re-evaluation of products offered to respond to the global financial crisis and to better adapt to current market needs. In 2015, 79% of the total value of microcredit has been issued for business purposes and 21% for personal consumption purposes. However, according to analysts, the microfinance sector remains attractive for investors.

Here are analyzing the level of micro credit in several countries of the region:

Bosnia-Herzegovina

Bosnia-Herzegovina is one of the biggest microfinance markets, having a very large increase over the years 2006-2008, but 2009 was a decrease in its performance due to the general crisis that had gripped countries. This site contains 25 microcredit institutions having always more demanding to

increase their number. In March 2014 the country has an active loan \$ 215,467 that was covered by a portfolio of USD 741.1m. The microcredit sector is one of the most successful in the world.

The financial sector is very liquid and well capitalized, however, credit growth has stagnated, making you have bad credit 14% and 65% only certainty, in May 2013 bad debt fell by 3%. Political strengthening, improvement of the business sector and advancing institutional reforms and labor market are steps forward for this country. Also visible progress is being developed to promote the creation of new jobs; the investment climate must be improved.

Romania

The economy recovers from the financial crisis by improving the legal framework and fiscal policy in order to support the development of entrepreneurship. Increased demand for microcredit is 250000 microcredit du hast attained year. Credit unions and banks SMEs are increasingly interested to participate in programs that are issued by the government. Microfinance is made up of institutions such as credit unions, local institutions but also by investors based on the national legal framework. Year after year there was an increase of 103 million euro loan; business loans represent about 54% of the loan portfolio and 46% of personal loans. Also, beats microcredit represents 26% of GDP per capita. The number of borrowers increased by 10.8% and no loans disbursed increased by 14.1%. The biggest beneficiaries in the field of microfinance are: non-banking institutions, entrepreneurs and farmers.

Macedonia

In Macedonia there are no specific rules about microfinance law, but normally law-based banking. Two of the microcredit institutions are named FULM and Moznosti that are recorded as credit unions. They are based on serving the very poor. Macedonia has a loan portfolio of USD 28.1M, of which 12837 are active loan. There is a number of deposit-member 7620. Financial institutions offer small business loans for working capital, inventory, and retail trade services or provide loans for renovations, repairs or reconstruction of housing. Customers form solidarity agriculture and get money for a very long time, services such as credit analysis, raw materials, and fertilizer seeds. Because in 2013 the poverty level was 30.4% and the company is poor, these institutions are contributing to the salvation of society from poverty. Macedonia or a sustainable financial sector has fallen by credit however 7% to 4%. Credit

problems are more or less around 10%. Economic performances deteriorated causing GDP to fall by 0.3%.

Serbia is ranked first in the Balkans for a higher loan portfolio than other Balkan countries, it shows a good use of microfinance loan made by microfinance institutions important for the country and we strongly affected the country's GDP. Albania is a country that is among the good standing and not very good, however, if we look at previous years we see a growing awareness and value of loans taken by these institutions, causing microfinance to turn a sector strongly never ignorant crisis.

CONCLUSIONS

Microcredit meets urgent needs of individuals and low-income economy by helping 900 villages, especially agriculture and livestock but has simultaneously lifted up the image of women.

Microcredit offers authentic products and services as credit for a loan, credit for business loans for SMEs and services such as micro insurance, option transactions.

NOA as microfinance institutions and credit unions have a very important place and have a good positive growth having an investment portfolio mostly in farming.

The use of microcredit has its effects on the economy both positive and negative. Positives are: poverty reduction, lower costs, increase social welfare and we can Failure to keep the other side are the costs and expenses do not have political or social backing.

By comparison with other Balkan countries it was concluded that Albania is not among the countries with a high micro crediting development especially in rural areas, in agriculture and livestock, but is an average of them. The country with the loan portfolio is large with Serbia and with less development in the sector remains Macedonia, although there is farming developed.

The future of micro-lending institutions (MFIs) will depend on the economic development of areas they serve, according to them it will bring changes in values and services loans, thus helping and paid attention to the sector as a whole but especially in rural areas, microcredit will have a good performance you will not ever recognize the crisis.

Over the years of 2011-2015 we see an increase in the impact of microcredit in GDP, however, non-bank institutions should try to be detached from making donations to strengthen economically and well positioned in the market.

REFERENCES

Journals

Adams, Dale, Doug Graham dhe JD Von Pischke (eds.). Undermining Rural Development with cheap loans . Westview Press, Boulder, Kolorado, 1984.

Performance and Risk Analysis in microcredit, Bulletin of the Bank of Albania

Bateman, Milford. "" Microfinance works why not? Destructive Rise of Local neoliberalism. Zed Books, London, 2010.

Drake, Deborah, dhe Elizabeth rhyne (eds.) The Komercializimi i Mikrofinanses: Kumarian Press, 2002.

Rhyne, Elizabeth Integrating Microfinance: How Lending to the poor, I grew up and came of age in Bolivi. Kumarian Press, 2014.

Gibbons, David. Grameen Reader. Grameen Bank, Dhaka, 1992.

Harper, Malcolm dhe Shailendra Vyakarnam Enterprise Rural... ase studies from developing countries ITDG Publishing, 2014.

Hulme, David dhe Paul Mosley. . Finance Against Poverty Routledge, Londër, 2004

Johnson, Susan dhe Ben Rogaly. Microfinance and Poverty Reduction. Oxfam, Oxford UK, 2015.

Kadaras, James dhe Elizabeth rhyne. Characteristics of equity investments in microfinance. Accion International, 2015

The microfinance and the microfinance products, World Bank ,viti 2014 Publication, Microfinance and agriculture in Ballkan places

Journal of Microfinanza .forum per i profesionisti in microfinanza e lo sviluppo di microimprese di scambiare informazioni e idee

Microfinance and its development, the Bank of Albania 2013

Microfinance and agriculture in Europe, 2014

Intalbania Resources, World Bank information 2015

2014-2015 Annual Report, Noa

Credit Union Annual Report, 2014-2015

The raport of microfinance in Europe, 2012

FISCAL DECENTRALIZATION, VITAL FACTOR OF LOCAL GOVERNMENT AUTONOMY

PhD Candidate. Lorena Çakërri
University of Vlora, “ I.Qemali”
ALBANIA
e-mail: lorenacakerri@gmail.com

PhD. Migena Petanaj
University of Vlora,” I.Qemali”
ALBANIA
e-mail: migenapetanaj@hotmail.com

ABSTRACT

Since from the second half of the last century the ongoing reforms are aimed at the democratization of societies. Decentralization and local authorities represent the basic principles of consolidated democracies in order to meet the needs of civil society, while providing as much decision-making with this population. Fiscal decentralization is regarded as a key financial link of this process which has the financial support of local government programs with financial resources and rigorous planning of expenditure. The purpose of this paper is to analyze fiscal autonomy as one of the main principles of local governance in Albania. In this context, this paper is divided into three main parts, in which basic concepts are treated theoretically, and further is presented their practical implementation through the analysis of indicators of fiscal decentralization in Albania. This paper explains two key concepts, such as local government autonomy and the theoretical framework of fiscal decentralization in Albania. In fact, the decentralization reform is at the center of development policies in Albania, because it provides tools that enhance the participation and mobilization of national resources, but also provides a cost effective tool of public spending. This paper presents an analysis of fiscal decentralization in Albania focusing on decentralization of income and expenditure. Further work follows with the conclusions and recommendations, which can be valuable for addressing the issues in this area by different researchers.

***Key words:* decentralization, fiscal autonomy, public spending, local government.**

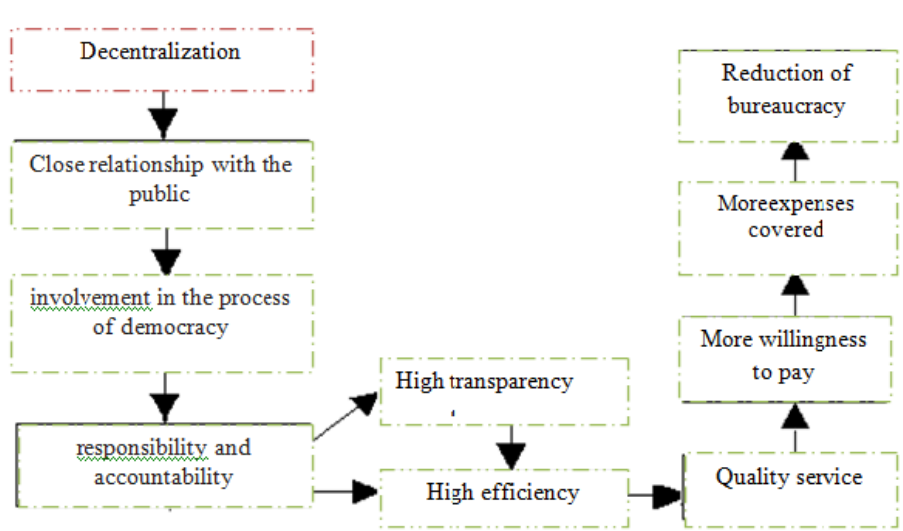
INTRODUCTION

With local autonomy means the right and ability of local communities to effectively adjust to run, within the law, under their responsibility and to the best of their populations, a good part of public affairs.

European Charter of Self - Government Units is the first legal instrument to define and safeguard the principles of local autonomy, one of the pillars of democracy, protection and development of which it is the duty of the Council of Europe. The purpose is to complement the lack of common European standards for measuring and safeguarding the rights of local authorities, which are closer to citizens, and to give citizens the opportunity to participate effectively in decisions that impact on their everyday environment. Indeed, the European Council is convinced that local communities are one of the main foundations of any democratic regime, under which the core competencies of the local community appointed by the constitution or by law. However, this provision does not prevent local communities to take power with specific purposes in accordance with the law.

THE BENEFITS OF FISCAL DECENTRALIZATION

Decentralization of power, in terms of strengthening local governance is one of the basic pillars of democratic public institutions of a state, which enables both public and aligning the effective management decision-making by citizens. Decentrilizimit fiscal benefits become even more pronounced when we highlight the positive effects to maximize the benefits. The most important benefits of decentralization and fiscal decentralization course can be summarized in the form of a diagram:



Picture 1 : Benefits of decentralization

INDICATORS OF FISCAL DECENTRALIZATION

National decentralization strategy stresses that the vision of the Albanian government is "Strengthening local governance and fiscal decentralization process in order to ensure a higher efficiency of local government itself"

Table 1 : Two key indicators of fiscal decentralization

I. Local revenue
Local revenue in relation to the income of local government
Local revenue to GDP
II. Local expenses
Local expenses to the expenses of local government
Local expenses to GDP

Source : Institute for Democracy and Mediation Department of Local Government and Integrated Development

FINANCIAL AUTONOMY OF LOCAL GOVERNMENT

- First, the significant improvement of decision-making capacity of local government bodies in the direction of expanding the structure of domestic financial resources
- Secondly, the right bodies for setting tariffs VC local public services implemented by them.
- Thirdly, the right of decision on the use of funds (such expenditures).

DECENTRALIZATION OF REVENUE

Article 9.3 of the European Charter of Local Self-Government: *At least a part of the financial resources of local communities should be provided by local duties and taxes, the percentage of which they define the limits Native force that allows law.*

To determine fiscal autonomy in terms of revenue must first identify the proceeds of VC, setting the legal framework, ie what is allowed local governments in connection with legal regulations and then analyze numerical data on revenue collection by the local government for the period 2005-2015. By 2015, the exercise of its functions, LGUs have completed covering about

50% of their revenues collected from taxes and fees, then from their budgets, and 50% is covered by transfers of discretionary budget central accords.

Once determined the type of income VC and local government autonomy, the only thing that remains is that local authorities have a good fiscal discipline to increasing the income available. To come to the conclusion that as well as revenues are decentralized, it is necessary to analyze numerical data obtained from official sources of information. Quantitatively income VC in total show that fiscal decentralization has been successful, but if we consider the fact that the tax on small business is assigned to local governments to increase their autonomy, fiscal decentralization has benefits only in 2005, the year that coincides with maximum revenue collected from small business. By 2005, small business tax (SBT) was the most important source of its revenue to the local government, but the status of the SBT has been one of the main

Years	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total revenue	204'163	229'444	251'555	291'238	299'597	324'719	330'469	330'384	327'178	366'700	398'210
Revenue from LG	12'019	11'112	9'366	11'307	12'148	11'898	11'791	10'859	10'825	12'400	12'563
-small business tax	3'793	2'626	2'232	2'584	2'485	2'318	2'570	2'143	1'975	1'736	1'480
-property tax					1'509	1'896	1'942	2'506	2'454	3'596	4'017
-local taxes and fees	8'226	8'486	7'134	8'723	8'154	7'684	7'279	6'210	6'396	7'068	7'066

Table 1 : LG revenues from taxes and fees for the 2005-2015 period .Source Ministry of Finance

in million lekë

Years	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenue from local government	12'019	11'112	9'366	11'307	12'148	11'898	11'791	10'859	10'825	12'400	12'563
Total revenue	204'163	229'444	251'555	291'238	299'597	324'719	330'469	330'384	327'178	366'700	398'210
GDP	814'797	882'209	967'670	1'089'293	1'151'020	1'242'418	1'301'700	1'284'300	1'387'676	1'415'484	1'453'702
% to total revenue	5.89 %	4.84 %	3.72 %	3.88 %	4.05 %	3.66 %	3.57 %	3.29 %	3.31 %	3.38 %	3.15 %
% to GDP	1.48 %	1.26 %	0.97 %	1.04 %	1.06 %	0.96 %	0.91 %	0.85 %	0.78 %	0.88 %	0.86 %

Table 2: Comparison of LG income to total income and GDP

Source :Ministry of Finance

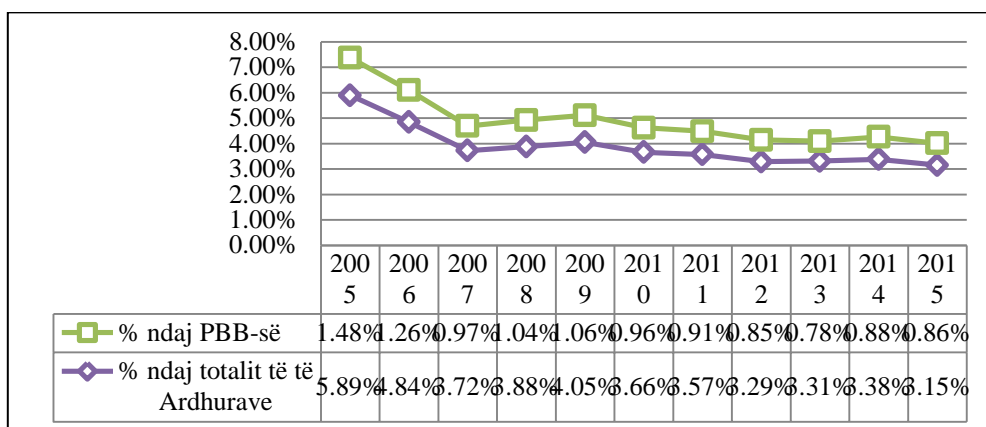
The table above presents two main indicators measuring the fiscal decentralization which are: 1) Revenues from local government as% of total public revenues and 2) income from LG as% of GDP.

The first option represents part of the total local revenues and shown that from 2007 to 2009 there was an increase of collected revenues. Then performance has not been good having suffered only decline in revenue collection.

In the same way the second varinati or comparison with GDP represents the performance of revenue collection in relation to the overall economic development. The same situation in this regard, so seeing an increase between 2007-2009 and then just drop despite year on year growth the economy has experienced only. Maybe it confirms the fact that fiscal decentralization does not affect a country's economic growth. But also proves the contrary, economic growth certainly influences the performance of decentralization in this case, decentralization of income.

In 2014 and 2015 it turned upward to the local budget, respectively, to 0.88% of GDP in 2014, and 0.86% of GDP in 2015, as a result of increased government transfers from the state budget which brings access new to fiscal

decentralization. The graph shows a relationship between two variables where they have almost a similar performance.



Graphic 1 : Comparison of LG income to total income and GDP

Source :Ministry of Finance

Fiscal decentralization authorizes local governments to collect tax revenue as a direct way, and through intergovernmental transfers. Since the latter are larger and more important they represent the main sources of funding for local and regional governments.

Albania has an unconditional transfer of certain funds given to local government budget in order to perform and cope with its functions and activities. Along with tax revenues that are administered and collected by local government, they constitute the main source of financing of Local Budget. Much of the unconditional grant funds are distributed through a formula, which is part of the Budget Law.

We see since 2005-2009 there has been an increase in his highest marks with 63.8% in 2009 which have also had a grant increase of 35.8%. This means that most of its functions to local government is financed through the funds transferred from the state budget. The grant from the state budget for the LG came sitting during 2010- 2013 but increasing again in the following years and in 2015 it occupies 61.5% of the grant for the local budget expenditure.

This shows that local autonomy is impossible to achieve when there are depending on these levels against the central government. But the transfer is great because in the context of decentralization, services of general public interest have been transferred to local governments, but the coverage is done with grants awarded by the central government.

DECENTRALIZATION OF SPENDING

The following table shows in local spending for the decade in the analysis, but these costs are not analyzed in what ways have spent but the funding source.

This to understand the fiscal autonomy of local governments for full autonomy is achieved only when the costs are covered entirely by the revenues collected.

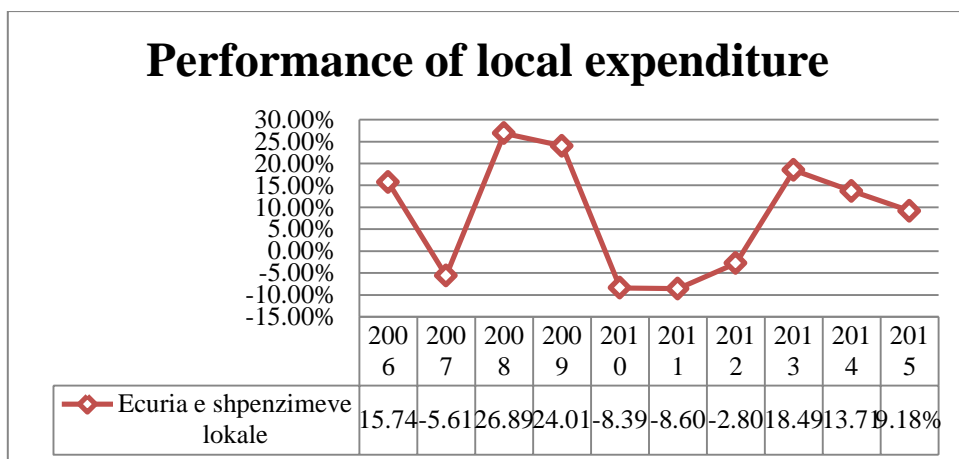
Years	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Local budget expenditures	19'535	22'609	21'340	27'079	33'582	30'764	28'119	27'333	32'387	36'826	40'207
- revenue											
from local taxes and fees	12'019	11'112	9'366	11'307	12'148	11'898	11'791	10'859	10'825	12'400	12'563
-Grant from budget for LG	7'516	11'497	11'974	15'772	21'434	18'866	16'328	16'474	18'962	21'726	24'644
-Local budget from royalties transfer									300	200	400
-Local budget (from non tax revenues)									2'300	2'500	2'600

Table 3 : Local government expenditures by source of funding

Source :Ministry of Finance

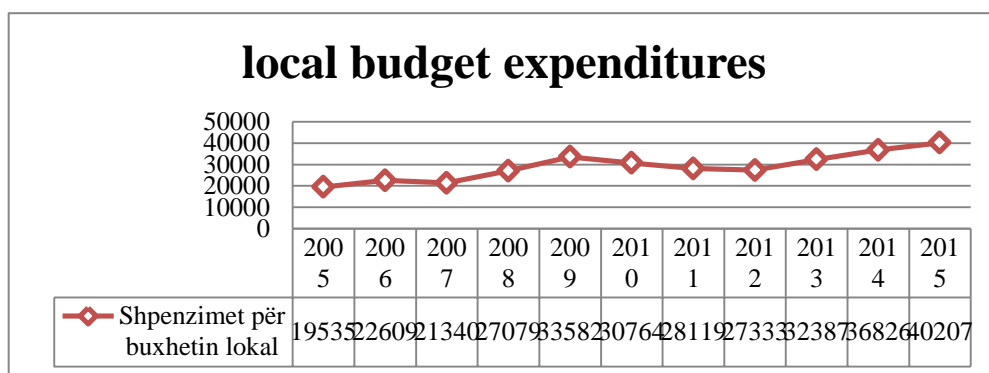
Initially it is necessary to analyze the costs separately from other variables seeing their progress from year to year. For this is used the percentage change year after year, which is shown in the chart below. From the chart it is clear that progress has been spending more decline than increase. The years with the highest increase was in 2006 with 15.74% and 26.89% in 2008, and then we had negative decline during 2010-2012, to newly ascendant again in 2013-2015.

So we can say that decentralization has had a positive impact on the level of local spending in recent years because it shows progress% change in costs and a better value or a positive change shows that improvements are made.



Graphic 2 : Change in% of total expenditure year after year

Despite the change in percentage we can say that costs have had an upward trend in value. If we look at the chart below note that the total local government expenditure is increasing from year to year except for the period 2006 - 2007 and 2010-2012. This allows us to make a preliminary conclusion that during the years of decentralization has had a generally increasing trend in the level of expenditures. This is the fact that local governments the right was transferred to the budget planning in this case to an independent expenditure planning. Certainly increasing values also come for the transfer of planning the tasks were transferred to the provision of public services.



Graphic 3: Change of local budget expenditure 2005-2015

CONCLUSIONS

At the conclusion of this paper, we can say that fiscal decentralization reform is a very profitable especially in the public interest. A fair approximation of his logic brings a healthy local autonomy for decision-making approach

makes public services to address the needs of the people, by increasing the transparency of government to the public, but also the pleasure of the latter.

Creating a new division of administrative and territorial, 12 counties and 61 municipalities, positively affects local autonomy of these units. One of the arguments associated with large reductions municipal councilors increasing financial resources that local governments will have at their disposal, so that they perform their functions and powers in an efficient and sustainable.

In Albania since the beginning of this process in 2000, the situation has been improving. Creating a legal basis after all intergovernmental fiscal relations have brought improvements in terms of revenues and in terms of local spending. But success is not achieved the desired levels because there are still problems with setting clear tasks. County has not yet assumed the role of a genuine regional government and its dependent tasks are somewhat unfavorable but also indirect election of representatives in the region poses a problem to be solved. However local revenues and expenditures have increased mostly known although not at the levels desired. Local Borrowing it is very faint and from institutional constraints that come from the middle and the fear of not fulfilling the financial obligations arising from the loan resulted in a loss of guarantees that are essentially public property.

Finally financial autonomy of local government remains a challenge. There is a lack of capacity to collect its own revenue sources, particularly the property tax and other taxes and local fees. Reducing the small business tax in 2006 and later reduction of vehicle tax had a negative impact on revenues of local government in recent years.

REFERENCES

Journals

- Adam, A., Delis, M. D., and Kammas, P. (2008). Fiscal decentralization and public sector efficiency: Evidence from oecd countries. CESifo Working Paper, (2364)
<http://www1.worldbank.org/publicsector/LearningProgram/Decentralization/ConditionsEffective.pdf>
- Azfa Meagher, P. (2001) Conditions for Effective Decentralized Governance: A Synthesis of Research Findings. *IRIS Center Working Paper* No. 256.
<http://www1.worldbank.org/publicsector/LearningProgram/Decentralization/ConditionsEffective.pdf>

Bird, R. M., (1995), Fillesat e Labirintit Fiskal; Disa Probleme në Decentralizimin Fiskal, Finance & Development, Shtator
<http://www.aset-al.com/dokumente/decentralizimi.pdf>

Bordignon, M., Colombo, and Galmarini (2003). Fiscal federalism and endogenous lobbies' formation. CESifo Working Paper, (1017).
https://ideas.repec.org/p/ces/ceswps/_1017.html

Falleti, T. G. (2005). A Sequential Theory of Decentralization

Falleti, T. G. (2005). A Sequential Theory of Decentralization: Latin American Cases in Comparative Perspective. The American Political Science Review, 99(3), 327-346
<https://kellogg.nd.edu/publications/workingpapers/WPS/314.pdf>

Garten, J. E. (1996), The Big Emerging Markets, The Columbia Journal of International Business, Summer, f. 6-31
<http://www.aset-al.com/dokumente/decentralizimi.pdf>

McKay, B. (1996), Yeltsin, shtimi i mbledhjes së taksave, Një Problem në Buxhet, The ËallStreet Journal, 14 Tetor, faqe. A14
<http://www.aset-al.com/dokumente/decentralizimi.pdf>

Sherif Bundo, Fiskalitetet ,2012 fq 53-54

Shqipëria: Decentralizimi në tranzicion Vëllimi II: Raport analitik
<http://shtetiweb.org/wp-content/uploads/2013/10/DecentralizimiNeTranzicionV2.pdf>

Wallace E. Oates , Searching for Leviathan: An Empirical Study 1985
http://assets.cambridge.org/97805216/30351/excerpt/9780521630351_excerpt.pdf

Website

Buxhetet ndër vite, Ministria e Financës
<http://www.financa.gov.al/al/raportime/buxheti>

Drejtori e Përgjithshme e tatimeve
<https://www.tatime.gov.al/sq-al/Pages/default.aspx>

IDM- Instituti për Demokraci dhe Ndërmjetësim
<http://idmalbania.org/wp-content/uploads/2015/06/Matja-e-ndikimit-te-decentralizimit-Final.pdf>

Manual për të Ardhurat Vendore, Tiranë 2015
http://shtetiweb.org/wp-content/uploads/2015/04/manual_per_te_ardhurat_vendore.pdf

Ministër Shteti për Çështje Vendore, RAT dhe Decentralizimi
<http://www.çështjetvendore.gov.al/al/prioritetet/rat-decentralizimi>

Projekti i USAID për planifikimin dhe qeverisjen vendore
<http://www.plgp.al/index.php/sq/burimet/botimet/100-white-paper-shqip>

Reform and Decentralization of agricultural services, Decentralization defined
<http://www.fao.org/docrep/005/Y2006E/y2006e05.htm>

THE RIGHT TO BE FORGOTTEN

PhD Candidate. Eriola Cakrani
University of Vlora “Ismail Qemali”
ALBANIA
e-mail: eriol_hoxha@yahoo.it

ABSTRACT

Since the first personal computer was invented the situation has changed significantly and rapidly. The huge quantitative of information that people exchange between them, has grow up with the development of the information technology. All the information that people use in now a days can be stored and processed by automatically means or not. The internet is a common way of communication and all the information that we find in it, is accessible at any time, by anyone, despite how actual it is. A part of information is personal information (personal data), and the overspread of it, without time or geographic barriers, can affect human rights, especially their right to privacy. The internet capacity of storing and processing large quantity of information has brought regard with personal data protection. The right to be forgotten is a person's right to request that their data in Internet search engines to be deleted if they are not current, and violate their right to privacy. In this direction an important key is the jurisprudence of the European courts and the new European data protection Regulation (article 17). It's time to find out legal, ethical and social solutions, to reconcile values such as; the right to privacy, freedom of expression and the right to be forgotten.

Key words: the right to be forgotten, personal data protection, internet, jurisprudence of European Courts, Article 17 of European data protection Regulation.

INTRODUCTION

The Internet exists because, in the early seventies, the US military realised that an enemy attack could make communications impossible - they needed a system that would work without vulnerable control centres. At first it linked just seven computers in the UK, US and Norway. While the use of internet today is a possibility that a large part of the people have, and its number of users increases progressively.

Cyberspace is the new frontier of gathering information by increasing (Solove.J.D, 2004) and changing radically, the ways of communication.the komunikimit ways. Every personal computer, Internet service provider, and Web site can now create, collect, and process personal information (Reidenberg.R.J, 2000). In this way, the Internet has changed almost everything creating the new home of thought (Richards.M.N, King.H.J,

2013). Using a computer, phone, and other devices we can search for any information we need. At first glance it seems that everything goes well; we find information about a geographic place, an old friend, also we can make our purchases, pay the bills etc. The risks of the usage of the internet start when the personal data are processed without our consent and at the same time multiplied the possibility that these data are processed by unauthorized entities. (for every web click the web administrators can register the address, the time and whenever users have visited the site)

The network capacity during the deliberation of information makes irrelevant distance and geographical position. Internet differs radically from other forms of collection and processing of data due to the geographical notion, data can be taken anywhere and processed elsewhere stored elsewhere.

People apparently seek an inviolable sphere of their own privacy (Simitis.S, 1999), but often they are ready to reflect on the network personal information (email, city or residence, date of birth) and relevant information relating to private lives (partner, children, etc.). When access to profile information extends beyond self-selected contacts, such as when access to a profile is provided to all members within the SNS, or the data is indexable by search engines, access goes beyond the personal or household sphere. Equally, if a user takes an informed decision to extend access beyond self-selected 'friends' data controller responsibilities come into force. Effectively, the same legal regime will then apply as when any person uses other technology platforms to publish personal data on the web (WP.29 /136).

The internet has become an important part of our daily life. We are already involved in the global information society, where most of the actions and our individual elections leave "footprints"; organization of these footprints allows the identikit reconstruction of the real person. The Internet has expanded the possibility of moving around all kinds of information, in this way collecting and storing of them. Digital traces that we leave behind during our daily activity, can be monitored, registered, searched for, and as well compile the exact "digital copy" of our personality. The advancement of technology makes these digital copies to be more accurate, easier to access and interpret. Our digital profiling rises important questions regarding to individuals and institutions that create these profiles and to the goals for which they are used. During the data processing, information related to highly personal characteristics can be recorded, which makes these individuals vulnerable and as a result it brings social consequences (Kang.J. 1998).

Setting a limit on the amount of valuable information on us, we reduce the ability of third parties to predict, regulate and control our behavior. One way to reduce the amount of personal data that can be collected over us, is to protect ourselves (our personal data) from curious observations of others. Considering privacy as the right to be left alone, looks like the ideal way to restrict the quantity of information disclosed on us (Schermer.W.B. 2007). The network configures a new form of society, but that does not mean that by accessing the network people should lose their rights. If entrance in cyber

space is related to the right's model, at the same way leaving it must be regulated in order to be able to ensure personal integrity.

The ability of everyday equipment to connect with other equipment and with humans through existing infrastructure of the internet has swiftly advanced. Internet already, is able to generate massive amounts of data which could then be processed.

Internet is not uniform, it contains a variety of different spaces, some are less dangerous than others for the privacy of people who visit them (Trudel.P. 2009). One of the new communication forms on the world wide web is the use of social networks. Individuals surfing on social networks will be leaving traces of personal data and this will undoubtedly increase and concern over the fate of these footprints. Among the most popular social networks we can mention; Twitter, Facebook, WhatsApp, Instagram etc. These are virtual spaces in which people connect to each other, thus they register in these groups using their personal information. Some people sign up giving their real name, their city, and where they work, whereas there are others who share photos or information concerning their interests.

Another way, equally popular is the use of search engines such as Google, Yahoo, etc. What we do on internet it's solely ours, data regarding our connections, key words that we use on our search, are totally private and should in no case be made public. Search engines on the internet have the ability to record any information while using them. The past can come back to us with only a single click. This is the starting point of the concern over what is called the "right to be forgotten".

"THE RIGHT TO BE FORGOTTEN" PRACTICE OF THE ECHR AND INNOVATIONS IN LEGISLATION

Protection of personal data stands on several largely accepted principles; one of them is the principle of the right to request deletion or correction of personal data that hold not true or incomplete, or data collected in violation of law (Article 35 § 3 of the Albanian Constitution). Therefore Directive 95/46 provides for the right of the subjects to request deletion of data, but in no case, the Constitution, the law or Directives reference directly on the data contained in the network.

The right to be forgotten in contrast to the right to request the correction of data is not linked to their untruthfulness but with the time factor that has elapsed since the moment when the data are made public. Traditionally the right to be forgotten, is related to the right of the subject to not see published information regarding events disclosed in a lawful manner, and a relatively long time has passed since its publication (Finocchiaro.G.2015)

When it comes to the data that are on the web until the approval of the Regulation on Protection of Personal Data in the EU, there has been no legal or constitutional provision that it had provided the right to be forgotten, this is

the reason for which it is considered by the jurisprudence as special evolution of protection of personal identity related to the autonomous right of individuals to be able to reflect themselves in the current social dimension (Valvo. L.A.2015). The absence of a special legal arrangement on the right to be forgotten has turned it into the subject of judicial review by the ECHR and ECR, taking the first steps on outlining this right. It is worth mentioning that the right to be forgotten finds constitutional strength in human dignity, which is a non-negotiable value in the contemporary constitutionalization (Frossini.T, 2015)

The most serious problem people are facing today, has to do with the ability of the web to register everything and not to forget anything (Rosen. J.) information found on the web are easily accessible by everyone, and it's this characteristic that has influenced the rise of the right to be forgotten. Millions of actions are carried out on the internet all over the world - where people share pictures, videos, their thoughts and emotions. An event, a photo, or video on the internet with uncomfortable content could be the fastest way to get acquainted from others. One of the aspects of the right to be forgotten arose when newspapers digitized historical articles and anyone could find news from the past, something that previously would have been of interest only to persons who benefit directly from such news (Valvo L.A.2015).

Human nature itself is created in order to have the ability to forget, the human brain works in such a way that leaves most of the information in omission, while the web operates in the opposite way the human nature does, so this is a reason more to have the right to be forgotten. The right to be forgotten plays an important role in the lives of people as long as it creates links with the past and programs the future (Pagallo U. 2014). It can also be understood as a tool to protect the independence of individuals and that allows people to delete data, which can reveal traces that lead to the past, as well as data belonging to or affecting them(Pagallo U. 2014).

On this basis, we can say that both omission and memory should cooperate to create the personal identity as two sides of the same coin. In legal terms this means that the protection of freedom of expression, the right to information, the right to know and freedom of press should go hand in hand with the protection of the right to be forgotten. It will be necessary to build a proper path to find the balance between memories and omission (Pagallo U. 2014).

If the issue that appears in the archives of the internet belongs to a news considered to be of public interest, citizens have the right to the news remaining available. But if this is not the case, then it is not right that the news remains available and being used as a blot on one's reputation. What if the news is related to an event that has resulted in victims, wouldn't it be painful for the relatives?! What if a person has suffered his sentence for a crime that happened in the past and has been rehabilitated, does he have the right to request deletion? There are other cases when the news can be just a single photo (photo-news) taken from a person whom we may or may not know. Such events are posted every day on the internet and get shared all over the

world. It could happen that our friends share on the internet "secrets" related to our lives. What would happen to these pieces of information contained on the web? They don't vanish by themselves, on the contrary they are there and at any time can return to the attention of people who are intrigued by our way of living.

Advocates of the right to be forgotten use as their argument the importance that has the full control of personal data on providing for each individual the opportunity to create his own identity in the best way possible. The relationship of individuals with their past it's not only related to the creation of their own identity but also to rapports that they will create with other people. The right to be forgotten often offers to individuals the opportunity to remove from their past data that are under the public administration and so to introduce themselves in a different light. To set free a person from the strings linking him to his past, it creates grounds to build new beginnings, new future, and this is the intention of the right to be forgotten (Pagallo U. 2014). Personal data represent a part of the individual personality, for this reason it is more than necessary to allow people to decide on their data, meaning to have the right to be forgotten (Frossini.T, 2015)

Implentation of the right to be forgotten in EU legislation will serve as an opportunity for individuals to ask the web to intervene by deleting the information contained therein and regarding them. Will there be any difficulties in putting this right into practice? We think that the difficulties will be obvious and we will list the reasons below.

THE WĘGRZYNOWSKI, SMOLCZEWSKI ISSUE AGAINST POLAND ECHR DECISION

The case concerned the complaint by two lawyers that a newspaper article damaging to their reputation, remained accessible to the public on the newspaper's website.

The applicants, Szymon Węgrzynowski and Tadeusz Smolczewski, are Polish nationals who live in Katowice (Poland) and work as lawyers. In May 2002, they won a libel case against two journalists working for the daily newspaper *Rzeczpospolita* following the publication of an article alleging that the two lawyers had made a fortune by assisting politicians in shady business deals. The judgment was upheld on appeal in April 2003. Holding in particular that the journalists' allegations were largely based on gossip and hearsay and that they had failed to take the minimum steps necessary in order to verify the information, the courts ordered them and their editor in chief to pay a fine to a charity and to publish an apology in the newspaper. These obligations were complied with.

In July 2004, the two lawyers brought new civil proceedings against *Rzeczpospolita*, alleging that they had recently found out that the article remained accessible on the newspaper's website. They sought an order to

have the article removed from the site and to have an apology published. However, the court held in particular that removing the article from the website would amount to censorship and to rewriting history. Had the applicants sought an order for the article on the Internet to be supplemented by a footnote or a link informing the readers about the judgments in the original libel proceedings, the court would have given serious consideration to such a request.

The Court (ECJ) had pointed out in previous cases that the Internet was an information and communication tool particularly distinct from the printed media, especially as regards the capacity to store and transmit information. Serving billions of users worldwide, it was not and potentially would never be, subject to the same regulations and control. The risk of harm posed by content and communications on the Internet to the exercise and enjoyment of the rights guaranteed by the Convention, particularly the right to respect for private life, was certainly higher than that posed by the printed media. Therefore, the policies governing reproduction of material from the printed media and the Internet might differ. The latter undeniably had to be adjusted according to technology's specific features in order to secure the protection and promotion of the rights and freedoms concerned.

The Court accepted the view of the Warsaw Regional Court that it was not the role of judicial authorities to engage in rewriting history by ordering the removal from the public domain of all traces of publications which had in the past been found, by final judicial decisions, to amount to unjustified attacks on individual reputations. Furthermore, it had to be taken into consideration that the legitimate interest of the public in access to public Internet archives of the press was protected under Article 10 of the Convention (freedom of expression).

The court found that the measure taken to put a note on the article which would indicate the end of the trial between the parties would be sufficient to offset the rights on both sides, by carrying out an effective protection of their rights and dignity.

The applicants did not request the establishment of the note, but the deletion of the article from the archives of the paper. About this claim the court considered that it would be a violation of Article 10 of the ECHR, limiting freedom of expression.

GOOGLE SPAIN AND GOOGLE INC. CASE

The case is unique in the sense that the Court has been called to interpret the European legislation in the context of search engines for the first time. The case concerns the question of removal from Google's search results references to information available in the internet archives of one of the Spanish newspapers. The information regarded outdated financial liabilities of Mr. Gonzales and information about insolvency proceedings against him which

was published at the request of Spanish authorities both in the paper and online edition of the newspaper in 1998. The newspaper refused to remove the information from its website even though Mr. Gonzales claimed the debt was not valid anymore and the information was no longer relevant. The individual then redirected his request for erasure to Google asking it not to show links to the newspaper in its search results when his name was entered as a search term in the search engine. The individual also addressed a complaint to the Spanish Data Protection Authority. The DPA rejected the complaint against the newspaper on the grounds that the publication of such data in the press was legally justified. However, the DPA upheld the complaint against Google, requesting that the contested search results be removed from its index of search results. Google sought the annulment of this decision before the Audiencia Nacional which stayed the proceedings in order to refer a number of prejudicial questions to the CJEU.

Jääskinen, the Advocate General in his opinion submitted in the case *Google Spain and Google Inc. v. Spain* before the CJEU invoked in the introduction to this paper, drew attention to the important role of search engines in a modern information society. He emphasized that the right to search for content using search engines is one of the most important ways of exercising the freedom of expression. After the above-mentioned Advocate's General opinion was delivered in this case, which clearly prioritized the freedom of expression over the protection of privacy, many expected that the CJEU judgment would be the "last nail in the coffin" to the controversial right to be forgotten concept provided for in the EU's General Data Protection Regulation. However, surprisingly the CJEU did not follow the N. Jääskinen's approach. At the outset, the CJEU made important findings about the role of search engine as "data controllers" who "collect and process data" within the meaning of the Data Protection Directive.

The *Google Spain* case is one of the most controversial cases lately, even the judicial process of was characterized by contrasting stances between participating parties. It is worth mentioning that the final conclusions of Advocate General Jääskinen, were diametrically opposite to the court decision. According to Jääskinen the Directive at the time of its adoption couldn't be able to predict the current evolution of the internet and furthermore he did not consider Google responsible for processing of data that appear in the web sites of third parties. The Directive does not provide general guidelines about "the right to be forgotten". It is for this reason that this argument cannot be used against the service providers of search engines, relying on the Directive, and even on the interpretation of the Charter of Fundamental Rights of the European Union. The countries and the Commission at this point had different stances, while the Court its decision precisely on Directives and articles 7 and 8 of the Charter of the rights of the EU.

The case presenting concern is putting into practice the possibility to request from the web (Internet) to hide information about people, if they don't want

that information to be there. Even the court in this case, was not quite clear on the procedures. According to the Court, the request for deletion by the individual of interest can be made directly to the search engines, without the intervention of any judicial or administrative authority. The Court affirms that any interested person shall have the right to request deletion of unconditional information on their behalf, this is a right that prevails toward the economic interest of the web administrators, but also toward the right of the public to access this information. The prevalence of alleged privacy, loses its role only if we find ourselves against particular situations, in this case the public intervention on its basic human rights is justified by the public's interest to know this information (Sartor G.,2015).

THE INCLUSION OF THE RIGHT TO BE FORGOTTEN IN EU LEGISLATION

The Right to be forgotten has been included in the proposed EU Data Protection Reform 2012 (the Regulation) and was described as the people's "right - and not only the "possibility" – to withdraw their consent to the processing of the personal data they have given out themselves". The reforms on the protection of personal data in the EU, through the Regulation, has included for the first time some new concepts such as the principles of privacy by design and the right to be forgotten. The Regulation clearly recognizes that collecting and processing of data through investigation techniques generates more threats to the privacy of persons. Therefore it has set a specific set of rules on the data subject, which are important for online activities such as; the right to be forgotten and the right to oppose. The inclusion of this new concept of the right to be forgotten is linked with the possibility that the European citizens have, in case they do not want any longer that information about them to stay on the internet, to request deletion. The provision that regulates this right is entitled as "the right to erasure" (the right to be forgotten).

The right to be forgotten is a new right and as such it is understandable to be at the center of debates and criticism (Markou C. 2015), as well as the pro and con opinions.

Some of the reasons that are expected to present difficulties on implementing this law in practice are: first, the possibility to delete information that is available to the public can result as a restriction on freedom of expression; secondly, there will be an increasing cost on companies if they agree to meet people's requests for deletion; thirdly the future can bring uprising conflicts between Europe and USA, on the context of balancing the right to data protection and freedom of expression, thus leading to a limited internet (Rosen. J.2012). On the USA law the supremacy of freedom of expression prevents the space of the right to be forgotten on the internet, if information is legally allocated to the public can continue to stay and be republished without

restriction (Sartor G.2015). On the USA right guaranteed by the first amendment, the publication of the criminal past of a person is legal. According to this legislation Wikipedia rejected two German citizens who had killed a famous actor, the removal of that information from the actor's website (Sartor G.2015).

Beside that the two legal systems diverge in the legal regulation of the offered defense, or better saying they have a different weight in their respective legal systems, the European and American one, it exists another reason related to the interests that are at stake (Sartor G.2015). The protagonists of the internet economy are located in U.S. and they have a colossal profit from the processing of personal data. This is just one example of how the practical implementation of the right to be forgotten it is likely to face obstacles. For all the reasons mentioned above, the parties that can show "resistance" in the implementation of this right can be the media, the politicians and the online operators (Bernal A.P 2011).

The reasons which have led the European lawmakers in guaranteeing the right to be forgotten are related to the perception that citizens can encounter difficulties on the internet to get away from their past, because the Internet records everything and it never forgets. This is considered as the opportunity that people should have control over their own data, and the balance to cope better with the risk on the protection of privacy. Furthermore young people over the factor of time, you feel embarrassed by the information previously posted. The question is whether it is necessary that the information about an adolescent to be available on the internet for a 10 year or 40 year period? This question can receive both answers , yes or no, but the answer will be depending on the circumstances and the type of information (Korenhof P. 2015). Therefore if an individual doesn't want his personal data to be processed or stored, and it does not exist any legitimate reason to keep them, they must be deleted from the system.

One of the main goals of the human rights in general is to put the power into the hands of individuals, and in this way to limit the actions of those who can press, abuse or benefit from them. This type of power transferring, is an opportunity to correct the current disequilibrium on personal data - and to help restoring at least part of the control that people have lost or feel they have lost. In itself granting rights to a group establishes responsibilities on others (Bernal A.P. 2011), this means that the recognition of the right to be forgotten for people will obligate the network operators in implementing this right.

As mentioned above the network is an endless space that collects a very large amount of data, this means that the possibilities to carry out operations with these data are also endless. As a matter of principle people must give their consent whenever they allow an operator to act on their data. We say as a principle, because actually in practice, it may happen that consent is given by persons even though not always by understanding the terms and conditions. For many years now, I carry out a test with my students, asking them the question "How many of them have read the terms of privacy when they

signed up for an email address or social networks?”. The answer is in almost all cases negative, and the reasons are simple, non speaking a foreign language or the difficulty to understand the terms of consent. Therefore most of the time they click "accept" (agree), without being really clear what kind of actions are they giving consent to. The operators due to changes that they themselves incur or the market dictates them, can transfer these rights to another operator together with the data of their users. This is the moment when the data will be processed without the consent of the data subject.

Reasons why data may be required to be deleted include: that data are no longer necessary for the purpose for which they were collected or processed; the subject has revoked consent and there exists no other legal basis that the processing can continue; the subject rejects processing of the data and there is no other legal basis that the processing can continue; the data are not treated legally; the data must be deleted to meet a legal obligation.

The innovation on the legislation lies in the second paragraph of article 17, according to which the persons responsible for processing of public data, not only have an obligation to respond to the request by the interested subject without any unjustified delays, but in accordance with the latest technology to take all reasonable measures to inform other technical processors with the request of the interested subject to erase every link, copying or reproduction of personal data (article 17§2). If the request for cancellation is refused to be fulfilled by the responsible subject, the interested party should be given the motivations and the possibility that he is entitled, to be directed to the control authority and judicial appeal.

Article 17 parag 3: envisions also the exceptions in the article itself; about the right of exercising the freedom of expression and freedom of information; fulfilling a legal obligation that requires the treatment provided by the rights of EU or a country member, or the execution of a task to the public interest or in exercising public authority in which it's involved the holder of the processing; to allow the public interest in the public health sector; to allow the archiving on behalf of the public interest, for scientific or historical research; to ascertain, exercise or the defense of a legal requirement. The existence of these prohibitions highlights the balancing of different requirements, on one hand the right of persons to privacy and on the other the criminal justice, public safety or freedom of expression.

The possibility that was acknowledged to European citizens in the new legislation on data protection, to exercise the right to be forgotten is not an absolute right, as there are cases that there is a legitimate purpose for which the maintenance of records is justified. This means that the right to be forgotten has its restrictions and can not be made a cause and much less to convert into the right to erase the whole history. Events that are found in the archives of the media will continue to be there. Under the tension, which is supposed to be between the right to be forgotten and freedom of expression none of these rights shall prevail over the other, but they will be under a balance.

If the right path for the implementation into practice will be found, the right to delete information may have a very positive impact. It can give people the opportunity to have more control over their own data, thus being more autonomous. It may affect directly in reduction of the amount of data that are held, and as a result more vulnerable, as long as the individuals exercise their right to deletion. The most important is the fact that in this way they can force holders of data to keep them for justified reasons, clarifying the individuals about these reasons. The most important of all, is the fact that being able to delete data at any time may encourage the development of business models that are not established on keeping the such personal data.

In the practical implementation of the right to be forgotten it remains to verify if the control over the autonomy of personal information will justify for European citizens the "repression" of the right to information. It could happen that a lot of the information of public interest will be inaccessible, and as a consequence the requests to delete them will have an impact on the political public debate. The impact on the effects that will cause to European operators providing network services, against the American ones and their potential (Sartor G. 2015).

In a world consisting largely on data and information, where the online and offline world converge, the need to protect personal data of persons, their integrity and the opportunity to tell their own story should not be underestimated. Such a thing is supported by guaranteeing the legal instruments of this right (Floridi L. 2015).

CONCLUSIONS

Putting into practice the protection of individual's rights has historically been one of the flaws on data protection laws in the EU (Rosen. J, 2012). Someone could be asking why we are giving all this attention to the right to be forgotten, meanwhile issues related to other data that are equally important are left in the shadows. This is related to the rules concerning the security and protection of data held by providers of electronic communications services available to the public or public communication networks, as long as the Directive 2006/24 does not provide sufficient guarantees, as required by Article 8 of the Charter, to ensure an effective protection of the stored data, against the abuse danger and against any illegal access and use of these data.

The issue is whether the internet will be accepted as a form of archives or as a means of distributing and communicating the information. In fact the ECHR is clear on its position, it considers the internet an archive. Whereas regarding the recognition of the right to be forgotten, ECHR considers it as a right that must be balanced with freedom of expression (Grazia L. 2013). According to this position of the ECHR, a subject has the right to apply not for the deletion of the information but updating it, this relies on the fact that information which is not updated is not true (Frosini E. 2015).

In the case of Google Spain the situation is different; the complainant requested a deletion of the information from Google search engines not because of the falsity of it, but because it had been available for a long period of time without any reasonable cause. Furthermore, this information did not represent a fact of social importance. The ECJ decision has been the object of many discussions, and it has even has been interpreted as an absurd decision, as long as it obliges the network providers exert a role that does not belong to them. Others have held an attitude toward Google cynical decision that aims to reduce the costs of Google and to disrepute the decision of the Court (Sartor G. 2015). The decision of the ECJ goes in favor of the privacy protection, hence to the dignity of a person.

Protection of personal data, in particular the right to request deletion of data (the right to be forgotten), related to the request to delete wholly or partly personal information on the internet is in continuous conflict with other rights. Through Google Spain decision, Europe has given priority to the right to be forgotten instead to the freedom of expression. This report has different legal approaches, on one hand it respects the dignity and personality of an individual and on the other hand it does not limit the freedom of expression. The Court with its decision has given political legitimacy to the solution in favor of European citizens, against the economic power of the American network operators (Sartor G. 2015). In fact the court decision has proved to be in full compliance with the European perspective in the field of data protection, this is demonstrated by the approval of the Regulation on the protection of personal data in the EU.

REFERENCES

Journals

Solove D.J. (2004), *The digital person Technology and privacy in the information age*, New York: New York Press.

Schermer W.B. (2007), *Software agents, surveillance, and the right to privacy: a legislative framework for agent-enabled surveillance*, Leiden University Press.

Trudel P. (2009), *Privacy Protection on the Internet: Risk Management and networked Normativity*, Reinventing data protection?, Bruxeles; Springer.

Reidenberg R.J (2000), *Resolving Conflicting International Data Privacy rules in cyberspace*, Strandford Law Review.

Neil M. Richards, Jonathan H. King (2013), *Three paradoxes of big data*, Strandford law review online.

Available At http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2325537

Simitis S. (1999), *Privacy An Endless Debate*.

Article 29 Data Protection Working Party. 'Opinion 5/2009 on online social networking'. Adopted on 12 June 2009. Available at

http://ec.europa.eu/justice_home/fsj/privacy/docs/wpdocs/2009/wp163_en.pdf (29.03.2010).

Kang J. (1998), *Information Privacy in Cyberspace Transactions*, Strandford Law Review, vol 50.

Trudel P.(2009), *Privacy Protection on the Internet: Risk Management and networked Normativity*, Reinventing data protection? Springer.

Finocchiaro G.(2015), *Il diritto all'oblio nel quadro dei diritti della personalita*, Il diritti all'oblio su internet dopo la sentenza Google Spain, Roma TrePress 2015.

Valvo L. A. (2015), *The right to be forgotten in the "Era of digital information"*, Review, European Integration Studies.

Frossini E. T.(2015), *Google e il diritto all'oblio preso sul serio*, Il diritti all'oblio su internet dopo la sentenza Google Spain, Roma TrePress 2015.

Rosen. J (2012), *The Web Means the End of Forgetting*, Available at <http://www.nytimes.com/2010/07/25/magazine/25privacy-t2.html?pagewanted=all&r=0>

Pagallo U., Durante M., (2014), *Legal Memories and the right to be forgotten*, Protection of Information and the Right to Privacy- A New Equilibrium?, Springer.

Case Of Wegrzynowski And Smolczewski V. Poland (Application no. 33846/07), 16 July 2013

Case Times Newspaper vs United Kindom (application 3002/03), 10 Marc 2009 § 27

Conclusions of Advocate General, on C-131/12 Google Spain and Google Inc. case against the Spanish Agency of Personal Data Protection (SAPDP) and Mario Costeja Gonzàlez.

Available at http://europa.eu/rapid/press-release_CJE-13-77_it.htm

Sartor G., M.Viola De Azevedo Cunha (2015), *Il Caso google e i rapporti regolatori USA/EU*, Il diritto all'oblio su internet dopo la sentenza google spain, Roma Tre-Press.

Rosen. J. (2012), *The right to be forgotten*, Strandford Law Review, <https://www.stanfordlawreview.org/online/privacy-paradox-the-right-to-be-forgotten/>

Court decisions; Digital Rights Ireland, case 293/12, case 594/12, EU Court Desicioni, § 66

Grazia De L.(2013), *La liberta di stampa e il diritto all'oblio nei casi di diffusione di articoli attraverso internet: Argomenti comparativi*, Rivista Telematica Giuridica Dell'associazione Italiana Dei Costituzionalisti, N: 4

General Regulation on data protection (EU)

Markou C. (2015), *"The Right to Be Forgotten" Ten Reasons Why it Should Be Forgotten, Reforming European Data Protection Law*, Serge Gutwirth, Ronald Leenes, Paul De Hert, Editors, Law and Governance Technology Series, Issues in Privacy and Data Protection, Volume 20, Springer.

Paul A. Bernal (2011), *A right to delete?*, European Journal of Law and Technology, Vol. 2, No.2. <http://ejlt.org/article/view/75/144>

P.Korenhof, J. Ausloos, I. Szekely, M. Ambrose, G.Sartor, R.Leenes,(2015),
*Timing the right to be forgotten: A study into "Time" as a factor in deciding
about retention or erasure of data*, Reforming European data protection Law ,
Bruseles: Springer,
http://europa.eu/rapid/press-release_SPEECH-12-26_en.htm
<https://www.theguardian.com/technology/2015/may/19/internet-world-wide-web-1994-archive>

THE PROTECTION OF HUMAN RIGHTS AFTER ALBANIA RECEIVED EU CANDIDATE'S COUNTRY

PhD Candidate. Lindita Liçaj
Pavarësia University College
ALBANIA
e-mail: lindita.licaaj@unipavaresia.edu.al

MSc. Atird Hoxha
Pavarësia University College
ALBANIA
e-mail: atrid.hoxha@yahoo.it

PhD. Artur Gaxha
Pavarësia University College
ALBANIA
e-mail: artur.gaxha@unipavaresia.edu.al

ABSTRACT

Human rights and fundamental freedoms are in the focus of progress for all the states of law. In this century, there are today, most countries of the world have recognized, guaranteed, protected and promoted a series of rights, ranging from the inherent and unseparated rights; as the personal and private rights, civil and political rights and social cultural and economic rights.

Albania, as equally as other states has managed to protect and guarantee a broad catalog of human rights and fundamental freedoms in the last 26 years. But the journey does not stop here, because Albania wants to be a member state of the European Union. After receiving the candidate country for EU accession in June 2016, Albania should implement several conditions, one of which is to protect and guarantee the human rights, to become part of the great family of the European Union states.

The purpose of this article is to know the changes and new step taken by the Albanian government to protect and guarantee the human rights in the Republic of Albania. These consist in changing the Albanian law, create law enforcement institutions that realize the protection of human rights, create the national strategies which would obtain the standards established by the European Union against Albania.

Qualitative research will be based on comparisons of previous laws and approximated laws by the European Union Institution's recommendations in this article. National development strategy and the policies pursued by the Albanian government's are those that will arrive or not, to realize the protection of human rights, in that way that the European Union admit Albania as a part of yourself.

It should take measures to strengthen human rights, including multi nationality population, measures anti discrimination, and should protect the property right.

Keywords: Protect human right, European Union, national strategies, institution's recommendations.

INTRODUCTION

Albania, as a state of law has provided in its own fundamental law, in the Constitution of the Republic of Albania, protecting and guaranteeing human rights and fundamental freedoms. The Constitution of the Republic of Albania has provided a set of rights and fundamental freedoms categorized in three groups, namely the personal rights and freedoms, civil and political rights and economic, social and cultural rights. Protection and guarantee of fundamental rights and freedoms did not stop here, because the Albanian state applied international law and has ratified a lot of international legal acts (Article 122 of the Constitution of the Republic of Albania, 2008). Albania has signed a number of international agreements with the European organization to integrate within the European Union. The cooperation started with the European Economic Community with the signing of the Trade and Economic Cooperation since 1992. The process of stabilization and association began with the 5 Eastern European countries. Albania has signed the Stabilisation and Association Agreement in June 12, 2006 and the finalization of the agreement effective on April 1, 2009, when it entered into force. Following the entry into force of the SAA, Albania should enforce contractual obligations arising from the agreement. One of the obligations is to respect and guarantee human rights and fundamental freedoms. European journey towards EU brings considerable changes in respecting human rights and fundamental freedom. Since the entry into force of the SAA and after each year that passes, Albania has made progress in respecting and protecting human rights. Reports sent periodically every year by the European Union Commission addressed to Albania showed positive changes associated with the implementation, respect and guarantee of human rights in Albania. Albania's application for membership addressed to the European Union was introduced as early as April 2009. But in November 2010 the European Commission published an opinion with 12 key priorities for the opening of accession negotiations to the European Union to Albania. It took about 4 years that Albania received candidate country status by placing an obligation to carry out 5 conditions as key priorities, such as public administration reform, justice reform, the fight against organized crime, the fight against corruption and protection of human rights, including the Roma population and anti-discrimination policies and respect for property rights. The purpose of my paper is to present the changes made in the Albanian legislation regarding respect for human rights as a condition set by the

European Union to be achieved by Albania and identify the current position of the realization of the protection of rights mjeriut. Will present the steps taken by the Albanian government to respect human rights, the rights of the Roma population, which are Anti-discrimination policies for the implementation of human rights without distinction, race, color, descent, ethnicity, etc. Protection of property rights as one of the fundamental rights will also be included in the article showing the measures taken by the Albanian government to achieve the protection of the right to private property.

Methodology as an important process that is selected to conduct the research is focused on comparisons made between existing legislation and the change implemented in Albania following the recommendations made by the European Commission. Strategy created by the Albanian government constitute a source to identify the readiness of the Albanian state to meet the conditions. The data collected by the Ombudsman institution and reports to the Assembly of the Republic of Albania used to illustrate the current situation of the Roma and respect of their rights. National Action Plan 2015-2020 for the integration of Roma and Egyptians created by the Albanian government will make possible a more effective implementation of Roma inclusion policies.

Have spent over two years of receiving the status of candidate country for Albania to become part of the European Union and steps taken by the Albanian state are satisfactory, but if the conditions will be met with correctly then we as a country could be part of the great family of the European Union. The protection of human rights through the establishment of institutions' enforcement change existing laws with align those of the European Union by implementing incentive policies to guarantee human rights, will create a framework of comprehensive measures taken by Albania successfully to achieve this priority.

FUNDAMENTAL RIGHTS

The right to live in human life is protected by law, as set out in the Constitution of the Republic of Albania. As one of the natural rights that accompany people from birth has an extensive legal protection. Albania except the predicted as a fundamental right by placing first in the field of catalog but has signed and ratified a considerable number of international agreements that guarantee a more secure protection as the European Convention of human rights, additional protocols Convention etc. From the moment of the abolition of the death penalty from the Albanian legislation (Constitutional Court decision of 1999) and up to two years measures taken by the Albanian government and the legislation change and adaptation communitare ascuis most were satisfactory and progressive visible. The only problem remains the phenomenon of blood feud. Although the Albanian penal code vendetta and revenge are classified as criminal offenses with severe sanctions measures with imprisonment up to 20 years in some areas of the

country continue to exist these phenomenon. According to the report the European Commission following the situation in the past two years has a positive change but have not yet gone this phenomenon. Feud and revenge are more prevalent in the north of Albania, but also in cases of Tirana rural areas due to migration rural. This is the situation of the past two years thinking that the disappearance of the phenomenon could be step towards joining the European Union. In March of 2015 the Assembly of the Republic of Albania approved a resolution and recommendations on blood feud. Ombudsman as a constitutional body for the protection of human rights in the assembly presents proposals for measures to guarantee and observance of human rights violations. The Ombudsman has created a national mechanism to prevent torture. This mechanism has managed to decrease the number of cases of torture as a result of complaints by victims. Through concrete recommendations state police and prison system has to minimize their achievements and prevent ushtrusr torture by police officers. An important step for the protection of human rights is the resolution of the Ombudsman directed the Assembly of the Republic of Albania which provides for the restoration of the Council of Coordination for feuds created in 2005, the educational programs and social situation in rural areas and develop further investigations by the prosecution and the police and investment in conflict prevention. The Ombudsman has promoted human rights by preparing reports and recommendations to the Assambly of Republic of Albania. But even though they conduct training and awareness campaigns on human rights are not fully implemented.

Gender equality is another priorit European Union. Albania in the past two years has taken significant measures to equality gender. It created the online system reporting and monitoring cases of gender violence. This system has made it possible denunciations cases of domestic violence against women . The national shelter for victims of domestic violence created handled many cases filed by victims of violence provided treatment. Woman with an important role in society requires a greater participation in political and public positions.

Changes occurred in 2015 in the Electoral Code to be congratulated valid regarding% of women in many lists of names. In the 2015 local elections in multi-name lists for municipal councils was completed condition where 50% of the members put together were women. Another step to ensure gender equality shows were and where mayoral candidates were elected for 9 women who will be in charge of respective municipalities. There are 29 women in all of the members of parliament of Albania. But do not stop here because every minister of the government has appointed responsible person to help solving gender issues,

In the constitution over the Republic of Albania is predicting a category of people who enjoy greater legal protection, such as children (2008 AYC) a category that requires a greater protection requires that measures to protect the rights of children to be as complete as possible. The rights of children need a

greater commitment by the state. A large number of government organizations act to promote the rights of children but lack the means state budget. The parliamentary commission for minors, domestic violence and gender equality adopted a resolution on the Rights of the Child which has a term of 9 years to be realized through the development plan. Attention has a code of protection of human rights which is expected to be completed and approved in parliament of the Republic of Albania. Child labor is a concern because they manage to work long hours generally being exploited Roma children have to beg like a bad shfrytësim form.

Albania has made significant progress on freedom of expression. Its constitution and the law on the right to information which is in accordance with international law provides for freedom of exercise of the right of expression, but its enforcement is faulty, due to the fact that not always the legislation is implemented in order to implement equality before the law. Audiovisual media law is being implemented at a faster pace compared with a year earlier, due to the lack of political agreement were not met vacancies media regulatory authority, AMA. There are reported cases of libel suits against journalists by politicians and the media. Audiovisual media law set new rules for public complaints against the media, but further efforts are needed to ensure their implementation, as well as to set up bodies and initiatives that effectively address the complaints of readers / viewers. Journalists are not safe to have registered their physical attack as those of 2013. Cases of intimidation of journalists few are accompanied by the immediate intervention of the police and relevant authorities. The new law on access to information, adopted in September 2014, is in accordance with international standards. Recent proposals for amending the Civil Code and the Law on audiovisual media, in order to filter the comments offensive and lifting existing restrictions on ownership of audiovisual media, can limit freedom of expression. Media ownership has become more transparent, but concerns remain hidden ownership. Lack of transparency in the financing of the media remains problematic. Concern remains the distribution of state advertising and public funding for media owners and businesses close to the government, because it affects fair competition between media businesses. The proposed amendment to remove limits on audiovisual media ownership has caused concerns that will facilitate the creation of a monopoly in the audiovisual media sector.

Commissioner for Protection against Discrimination a instiutcion that aims to implement anti-discrimination policies, has increased the number of cases increasing number of cases in litigation. Through training and awareness campaigns had managed to increase the number of complaints. Must be applied the lawon protection against discrimination which provides the policies anti-discrimination.

A category of persons as lesbian, gay, bisexual, transgender and intersex (LGBTI). Already have a legal protection, this is because in the Parliament of the Republic of Albania approved the resolution on protecting the rights and

freedoms of persons belonging to the LGBTI community, which requires a plan of action, legislative changes and other measures to protect LGBT people, Ombudsman and made responsible for monitoring its implementation. These people have and their area created in Tirana. As regards respect for and protection of minorities, inter-ethnic relations have continued to be good, but the legal and political framework needs improvement. Implementation of policies for egyptian people inclusion is not yet realized in full in general. It adopted a National Action Plan 2015-2020 for the integration of Roma and Egyptians, a step that demonstrates the readiness of the Albanian Government for the integration of Roma. According to the Commission's progress report on Albania run the inclusion of Roma children in the education system has been improved; however, enrollment and dropout remains a serious problem: 42% of Roma children attend pre-school (3-6), but only 16.1% complete primary education, 2.1% have completed secondary education, and 0.3% have a university education. 40.3% of the Roma population is illiterate. Number of Roma and Egyptians in rrugëvazhdon be a permanent concern. Roma and Egyptian people continue to face very difficult living conditions and often with discrimination and social exclusion, especially with regard to access to health care, social protection, employment and housing. In the field of protection of personal data, the number of complaints submitted to the Commissioner for Personal Data Protection has slightly increased. Commissioner adopted the Strategy and Action Plan for the protection of personal data for the period 2014-2017, as well as instructions for the use of video surveillance by private agencies. In September 2015, it was adopted a new law on access to information, provided in cillin is a new competence of the Commissioner to handle certain complaints. Free telephone number for complaints of citizens is functional and the complaint form found on the website of the Commissioner. Training and awareness activities have increased. Commissioner was consulted on proposed legislative initiatives. Publication of court decisions is not always in accordance with the provisions of data protection. The media does not implement Always the right of protection of personal data.

The reform of property rights is a high priority for Albania should be taken. The Albanian government has approved the strategy and action plan for the reform of property rights, which will be able to create a better protection of the right of ownership. The government has adopted several decisions on execution of judgments of the ECHR, which provide financial compensation to plaintiffs. It created an electronic system of registration of real estate which aplokohe 10 branches IPRO. As the mandate of the Agency for Restitution and Compensation of Property (PRCA) and the deadline for finalizing the restitution and compensation of property was extended by a year, to meet around 8000 requests pending filed by former owners who were seized properties during communist regime. PRCA established a new electronic register which records all decisions taken since its establishment and in chronological order, in order to facilitate the work and enable effective

corrective measures. The processing of claims of former owners to return and compensation through the agency handling the property has positive results creating opportunities for compensation in cash of all properties based on properties owned. Compensation is realistic, transparent and sustainable. Changes in the Law on Legalization approved in May 2015 to facilitate the process for reducing tariffs and administrative procedures, as well as provide legal solutions to problematic issues. Deadline for registration of buildings completed before 2009 was delayed and landed registration fees for citizens. Very few measures have been taken to finalize the registration of properties in order to guarantee the security of property rights. Interagency cooperation for policy and legislation has improved, but, in general, needs to be improved. More efforts are needed to update and implement the strategy 2012 - 2020 for property rights and to complete the process of property registration, to ensure the implementation of court decisions and continue the process of property restitution and compensation.

CONCLUSIONS

Albania has proved that implement fundamental rights and freedoms by improving measures taken. Measures are actually changes in the current legislation, it is worth mentioning the law on the right to information, the law on personal data protection, the law on the media, the law on the registration of real estate, law on legalization of informal constructions, etc. electoral code. It shall implement property rights completing the registration process of property restitution and compensation and implementing 2012-2020 strategy adopted by the Albanian government for the rights of ownership.

Audiovisual media law after its approval is applied and implemented slowly this because Audiovisual Media Authority as a regulatory body. The media has had some problems related to its functions. The financing remains problematic media information, that the fact that there are transparent financials and budget that financed the media.

Gender equality has managed to apply in many decision-making bodies or public organizations. The National Council for gender equality has performed a satisfactory job. Also it and coordinators in each ministry are effective in realization of their work. The number of offenses reported of violence against women has increased and issues

Albania has taken some concrete steps to reinforce the protection of human rights and to effectively implement anti-discrimination policies; Both areas are key priorities. This presents a mixed picture regarding human rights and protection of minorities. Freedom of assembly and association, freedom of thought, conscience and religion have generally been respected.

In the area of anti-discrimination policies, it increased the number of cases examined and inspections initiated by the Commissioner for Protection from Discrimination. Law on Protection from Discrimination is mostly in line with

the EU acquis, however, its implementation is insufficient and needs to build a anti-discrimination jurisprudence to be solid. The legal framework for persons with disabilities has been revised; It should ensure its implementation. Albania ratified Protocol 16 of the Council of Europe Convention for the Protection of Human Rights and Fundamental Freedoms. Although Albania has ratified most of the international conventions on human rights, further efforts are needed to ensure implementation of tyre.Në about child rights, Albania should provide institutional mechanisms for the protection of children, protection of victims of violence violence, and gender equality, to continue efforts to bring existing legislation on juvenile justice in accordance with international standards, increase efforts to establish a law firm for discrimination and to step up efforts to find a lasting solution to the right housing for vulnerable groups. Albania needs to improve implementation of the strategy for 2012-2020 property rights and the process of registration, restitution and compensation of property as soon as possible.

REFERENCES

Journals

The Constitution of the Republic of Albania , 2012
 Official Journal of the Republic of Albania Publication of Official Publications Center, 2014 Law No. 160 number. 119/2014 dated 18.09.2014 for the right to information
 Official Journal of the Republic of Albania Publication of Official Publications Center, 2014 Law No. 160 number. 120/2014 dated 18.09.2014 On amendments and additions to the Law no. 9887, dated 10.3.2008, "On Protection of Personal Data", change
 Official Journal of the Republic of Albania, Center Edition Official Publications, 2015, number 51 Law no. 31/2015 dated 02.04.2015, On some amendments to Law no. 10 019, dated 29.12.2008 "The Electoral Code of the Republic of Albania", as amended
 Law No. 10221 of 4 February 2010 on Protection against Discrimination
 The staff working document of the Commission, Report 2015 for Albania, Brussels, 2015
 The staff working document of the Commission, Report 2016 for Albania, Brussels, 2016
 National plan for European integration 2016 – 2020, Ministry of integration, March 2016
 Law No 97.2013for the audiovisual media in the republic of Albania .pdf
<http://ama.gov.al/preview/wp-content/uploads/2015/03>

ASSESSMENT OF NOMINAL CONVERGENCE CRITERIA FULFILLMENT BY THE ALBANIAN ECONOMY

PhD. Edmira Cakrani
Pavarësia University College
ALBANIA
e-mail:edmira.cakrani@unipavaresia.edu.al

MSc. Jezerca Hodaj
Pavarësia University College
ALBANIA
e-mail:jezerca.hodaj@unipavaresia.edu.al

ABSTRACT

Joining the European Union is still the biggest dream of Albanians. This dream is in the base of strategic objectives of Albania and it determines the philosophy of all internal and foreign policies of Albania. To be part of EU and to adopt the euro will bring benefits for the Albanian economy, but this requires the fulfillment of some criteria. The Maastricht Treaty determines the nominal convergence criteria of joining the European Monetary Union and adopting the euro. The objectives of this paper are to assess the price stability, government financial stability and exchange rate stability of Albania comparing with the pre determined values during the period 2004-2015 and the forecast for the future years.

Keywords: Albania, nominal convergence criteria, European Union.

INTRODUCTION

The Maastricht Treaty establishes the criteria for the nominal convergence of a country in the Eurozone. In order to be accepted, each country should satisfy some minimal requirements. Joining the euro area means that the states must give up their national currency and their national monetary policy and, equally, adopt both the single European currency and the common monetary policy, formulated and coordinated by the European Central Bank. Under the Maastricht rules, a EU member country must achieve a high degree of price stability, keep its government finances sustainable and maintain a stable exchange rate. The Maastricht criteria form a coherent package based on a set of economic indicators that is neither negotiable nor subject of change. Prior

to the euro adoption, a country must be a member of the Exchange Rate Mechanism - ERM II for a minimum 2 years, that means fixes its exchange rate to euro with a central rate with a fluctuation band of $\pm 15\%$. The entry in ERM II should not be considered before a sufficient degree of nominal convergence and structural adjustment has been reached (De Grauwe, Schnabl, 2004). First, by setting the central rate misalignments need to be avoided. Equilibrium exchange rate is extremely difficult to assess when major structural adjustments have not yet been achieved and nominal convergence is not in advance stage. Second, if participation in ERM II occurs too early, maintaining simultaneously price stability and exchange rate stability could become extremely difficult.

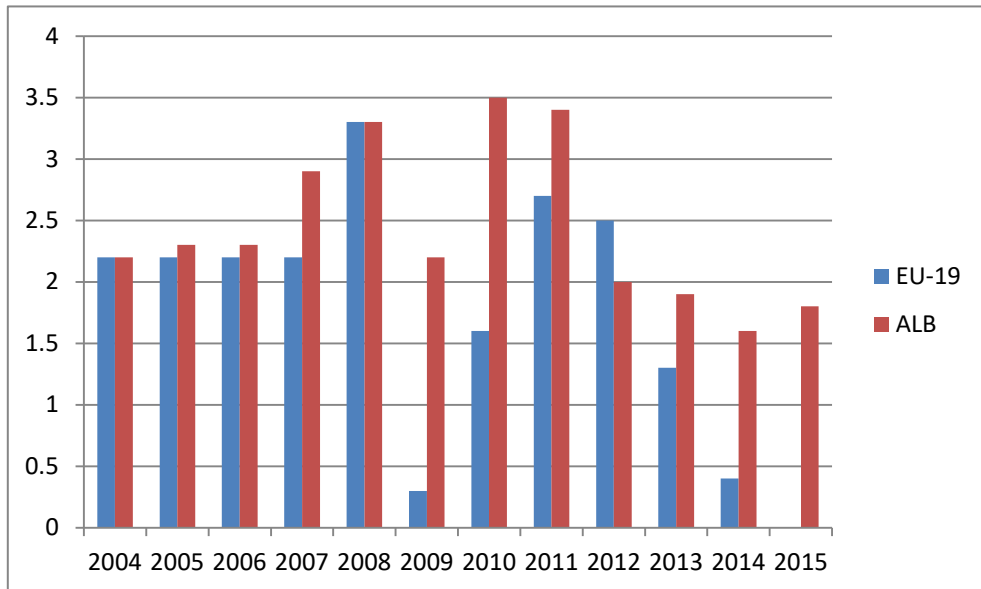
PRICE STABILITY CRITERION

The first indent of Article 140(1) of the Treaty requires: “the achievement of a high degree of price stability; this will be apparent from a rate of inflation which is close to that of, at most, the three best performing Member States in terms of price stability”. Article 1 of Protocol No. 13 on the Convergence Criteria also stipulates that: “the criterion on price stability shall mean that a Member State has a price performance that is sustainable and an average rate of inflation, observed over a period of one year before the examination, that does not exceed by more than 1.5 percentage points that of, at most, the three best performing Member States in terms of price stability. Inflation shall be measured by means of the consumer price index on a comparable basis taking into account differences in national definitions.

With regard to “an average rate of inflation, observed over a period of one year before the examination”, the inflation rate is calculated using the increase in the latest available 12-month average of the Harmonized Index of Consumer Prices (HICP) over the previous 12-month average. The reference value of the price criterion is calculated as 1.5 percentage points plus the simple arithmetic average of the rate of inflation in the three countries with the lowest inflation rates, provided that this rate is compatible with price stability.

Both the Treaty and the Protocol in some areas leave scope for interpretation by the institutions that assess the fulfillment of the criteria (the European Commission and European Central Bank). Therefore, when assessing the fulfillment of the criteria one should also take into account the specific way in which these institutions implement the criterion.

Figure 1. Average annual Inflation Rate in Eurozone and Albania



Source: Eurostat; WDI

In the beginning of the period under study Albania has shown an inflation rate not very different from the average of Eurozone countries. From 2004 to 2009 the inflation rate was almost the same. But, since 2009 the inflation rate grows significantly comparing to the Eurozone average. That is expected, taking into account that from 2009 Albania has an important growth rate, while Eurozone suffers the crises.

Table 1. Consumer Price Index for best performing countries and Albania

	2004	2005	2006	2007	2008	2009	2010
2011 2012 2013 2014 2015							
Average CPI of reference countries	1.1	1.4	1.5	1.7	2.6	-0.3	0.9
1.9 2.1 0.5 -0.2 -1.0							
Reference value	2.6	2.9	3.0	3.2	4.1	1.2	2.4
3.4 3.6 2.0 1.3 1.4							
Albania	2.2	2.3	2.3	2.9	3.3	2.2	3.5
3.4 2.0 1.9 1.6 1.8							

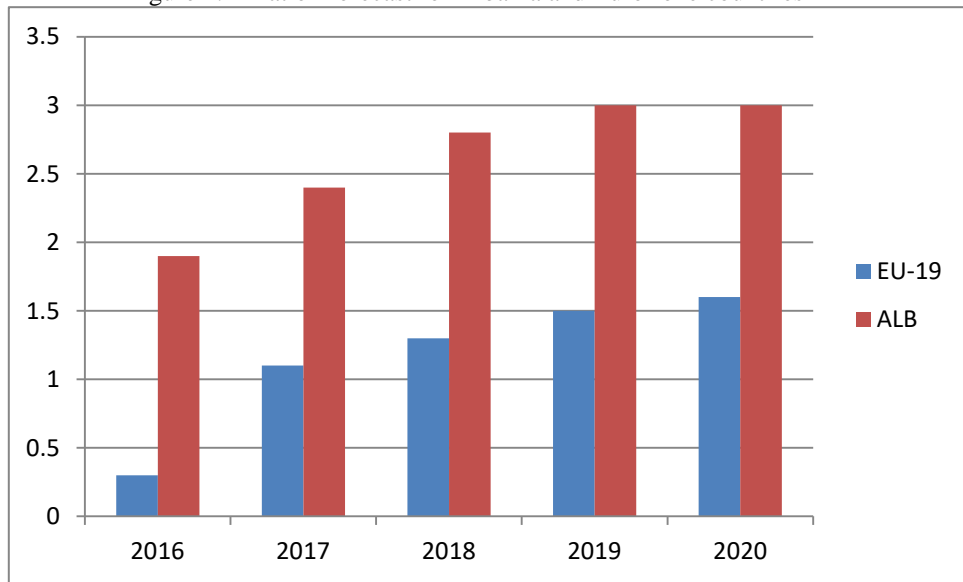
Source: Authors calculation with data from Eurostat and WDI

Table 1 shows the analysis of fulfillment of price stability criterion in Albania. From 2004 to 2008, Albania was compliant with the price stability criterion, because in these years, the inflation rate in Albania doesn't exceed the reference value. In 2009 and 2010, Albania fails to fulfill the criterion, because the inflation rate is higher than reference value by 1%, and this is the biggest deviation from reference value in the period of study. After a period of

inflation rate below the reference value, in 2014 and 2015 the rate turns slightly above the reference value.

The analysis shows that Albania has shown mostly price stability in the period under study and this is going to be even in future, because forecast for the inflation rate in Albania and European Union for the period 2016-2020 shows that the deviance from the average of UE inflation rate doesn't expected to be much higher than 1.5%. (Unable to identify the three best performing countries for the period 2016-2020, the comparison is made with the average of Eurozone countries)

Figure 2. Inflation forecast for Albania and EuroZone countries



Source: Statista

GOVERNMENT FINANCIAL POSITION CRITERION

The second indent of Article 140(2) of the Treaty requires “the sustainability of the government financial position; this will be apparent from having achieved a government budgetary position without a deficit that is excessive as determined in accordance with Article 126(6) of the Treaty”.

Article 2 of Protocol No. 13 on the Convergence Criteria stipulates that this criterion “shall mean that at the time of the examination the Member State is not the subject of a Council decision under Article 126(6) of this Treaty that an excessive deficit exists”. Article 126 of the Treaty sets out the excessive deficit procedure, which is specified in more detail in the Stability and Growth Pact. According to Article 126(3) of the Treaty, the European

Commission prepares a report if a Member State does not fulfill the requirements for fiscal discipline, in particular if:

1-the ratio of the planned or actual government deficit to GDP exceeds a reference value (defined in Protocol No. 12 on the excessive deficit procedure as 3% of GDP), unless:

-either the ratio has declined substantially and continuously and reached a level that comes close to the reference value, or

-the excess over the reference value is only exceptional and temporary, and the ratio remains close to the reference value.

2. the ratio of government debt to GDP exceeds a reference value (defined in the Protocol on the Excessive Deficit Procedure as 60% of unless the ratio is sufficiently diminishing and approaching the reference value at a satisfactory pace.

Table 2. Government balance in Albania (in % of GDP)

	2012	2013	2014	2015	2004	2005	2006	2007	2008	2009	2010	2011
Reference value					-3.0	-3.0	-3.0	-3.0	-3.0	-3.0	-3.0	-3.0
3.0		-3.0	-3.0	-3.0								
Albania					-5.1	-3.5	-3.3	-3.5	-5.6	-7.1	-3.1	-3.5
3.4		-4.9	-5.1	-3.9								

Source: Eurostat

Table 2 shows the performance of budget deficit of Albania for the period 2004-2015. During this period, the budget deficit of Albania has been consistently above the reference value of 3%. In 2004, the budget deficit is almost twice higher than the reference value, while in the following years has fallen to levels close to that reference. In 2008, the budget deficit increased significantly again, to pass in 2009 where the deficit increased to 7.1%, so almost 140% higher than the reference value. Even in the following years, the balance of government in Albania has continued to remain negative in significant measure.

In the upcoming years the budget deficit is projected to fall below 3%, although in 2020 the deficit is projected to slightly exceed the reference value.

Table 3. Forecast of government balance in Albania (% of GDP)

	2016	2017	2018	2019	2020
Reference value	-3.0	-3.0	-3.0	-3.0	-
3.0					
Albania	-2.38	-2.52	-2.72	-3.09	-
3.24					

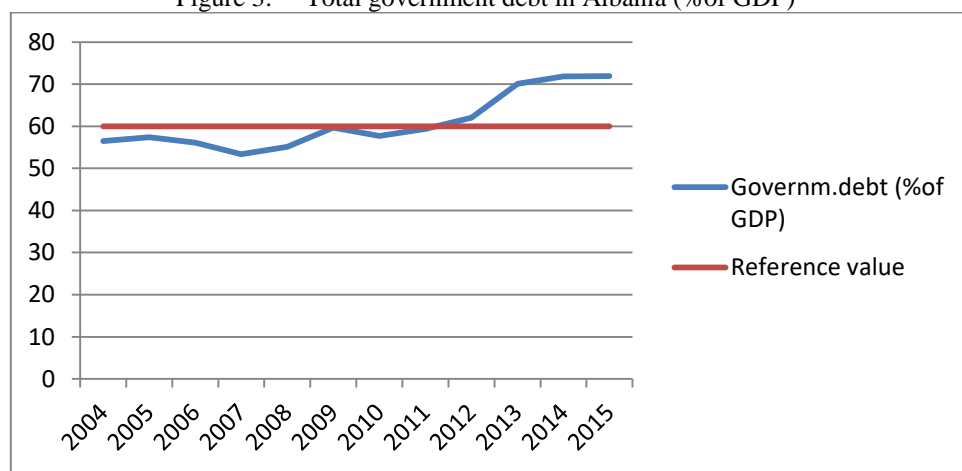
Source: Statista

If the criterion of financial position will be studied by the level of total government debt (versus GDP), then it will be noted that from 2004 to 2011,

the total debt of the government does not exceed the level of 60% of GDP, which is the reference value. After 2011, the level of debt has been steadily growing. In 2013 debt level exceeding 70% of GDP, while continuing to grow in the coming years.

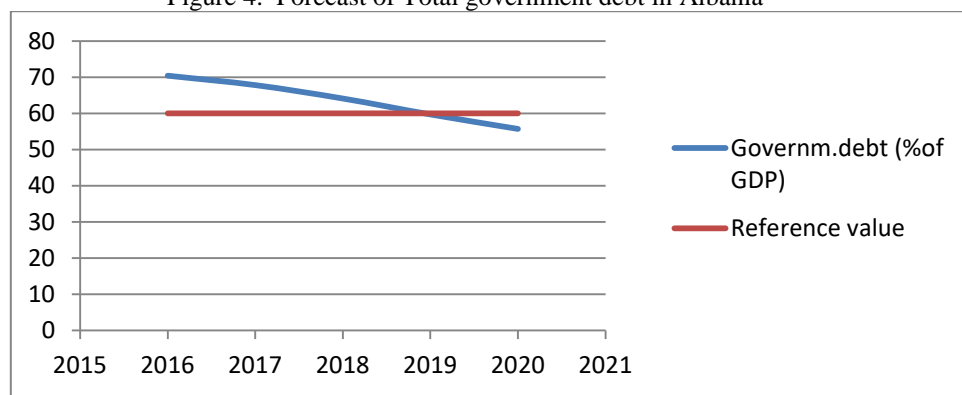
The level of debt is projected to be above the reference value for the coming years, although it is expected to descending trend. In the beginning of year 2017, the debt level is projected to fall under 70%. Descending trend expected for the following years, however, the debt would continue to remain above the 60% of GDP even in 2018, while in 2019 debt is expected to go to 60% of GDP. Only in 2020 it expected that the debt will fall under the reference value.

Figure 3. Total government debt in Albania (% of GDP)



Source: Eurostat

Figure 4. Forecast of Total government debt in Albania

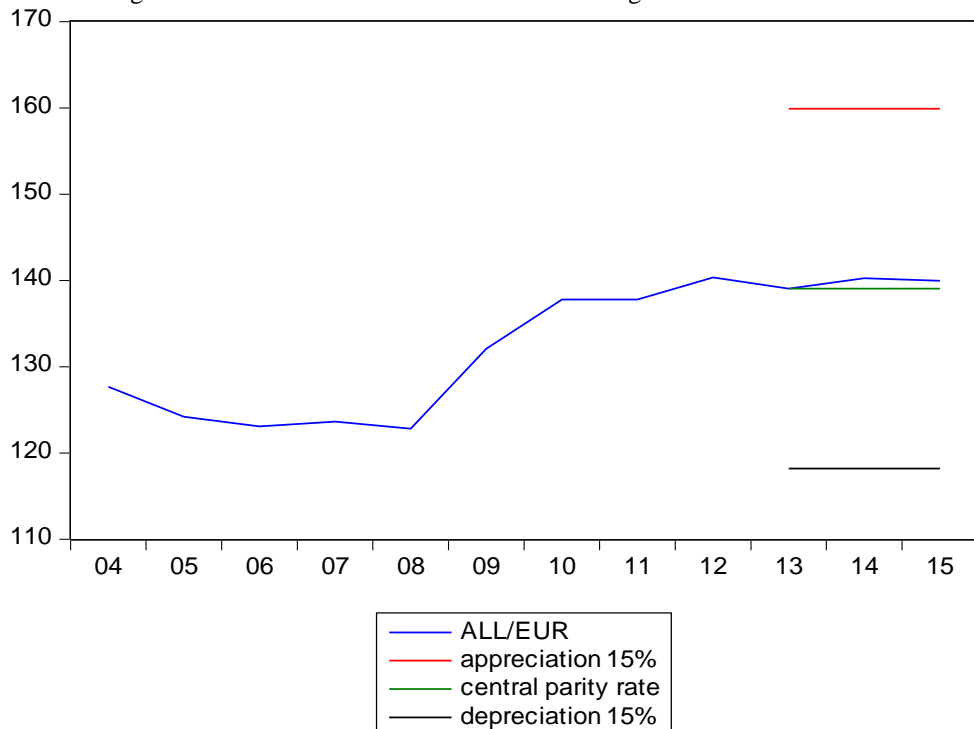


Source: Statista

EXCHANGE RATE CRITERION

The third indent of Article 140(1) of the Treaty requires: “the observance of the normal fluctuation margins provided for by the exchange-rate mechanism of the European Monetary System, for at least two years, without devaluing against the euro”. Article 3 of Protocol No. 13 on the Convergence Criteria stipulates that: “the criterion on participation in the exchange-rate mechanism of the European Monetary System referred to in the third indent of Article 140(1) of the Treaty shall mean that a Member State has expected the normal fluctuation margins provided for by the exchange-rate mechanism of the European Monetary System without severe tensions for at least the last two years before the examination. In particular, the Member State shall not have devalued its currency’s bilateral central rate against the euro on its own initiative for the same period. The Treaty refers to the criterion of participation in the European exchange-rate mechanism (ERM until December 1998 and ERM II since January 1999). First, the ECB and the EC assess whether the country has participated in ERM II “for at least the last two years before the examination”, as stated in the Treaty. Second, as regards the definition of “normal fluctuation margins”, the ECB recalls the formal opinion that was put forward by the EMI Council in October 1994 and its statements in the November 1995 report entitled “Progress towards Convergence”. The EMI Council’s opinion of October 1994 stated that “the wider band has helped to achieve a sustainable degree of exchange rate stability in the ERM”, that “the EMI Council considers it advisable to maintain the present arrangements”, and that “member countries should continue to aim at avoiding significant exchange rate fluctuations by gearing their policies to the achievement of price stability and the reduction of fiscal deficits, thereby contributing to the fulfillment of the requirements set out in Article 140(1) of the Treaty and the relevant protocol”. In the “Progress towards Convergence” report it was stated that “when the Treaty was conceived, the ‘normal fluctuation margins’ were $\pm 2.25\%$ around bilateral central parities, whereas a $\pm 6\%$ band was a derogation from the rule. In August 1993 the decision was taken to widen the fluctuation margins to $\pm 15\%$. The interpretation of the criterion, in particular of the concept of “normal fluctuation margins”, became less straightforward. It was then also proposed that account would need to be taken of “the particular evolution of exchange rates in the European Monetary System (EMS) since 1993 in forming an ex post judgment”. Against this background, in the assessment of exchange rate developments the emphasis is placed on exchange rates being close to the ERM II central rates.

Figure 5. The fluctuation of ALL/Euro Exchange Rate in Albania



Source: Bank of Albania

Since 1992, Albania has adopted a free floating exchange rate regime. In the period under study, the exchange rate of Albanian Lek against the Euro has varying continuously.

If the exchange rate value of ending 2013 will be considered as central parity value, then it will be noted that fluctuations in the exchange rate were continuously within permissible level fluctuation.

CONCLUSIONS

To join the European Union and to benefit from the Eurozone, Albania must fulfill some criteria, known as the Maastricht Treaty Criteria. These criteria require price stability, sustainable government debt and budget deficit and stable exchange rate.

In the beginning of the period under study Albania has shown an inflation rate not very different from the average of Eurozone countries. From 2004 to 2009 the inflation rate was almost the same. But, since 2009 the inflation rate grows significantly comparing to the Eurozone average. That is expected, taking into account that from 2009 Albania has an important growth rate, while Eurozone suffers the crises. The analysis shows that Albania has shown mostly price stability in the period under study and this is going to be even in future.

In the period under study, budget deficit in Albania has been steadily above the reference value of 3%. If the criterion of financial position will be studied by the level of total government debt (versus GDP), then it will be noted that from 2004 to 2011, the total debt of the government does not exceed the level of 60% of GDP, which is the reference value. After 2011, the level of debt has been steadily growing. In 2013 debt level exceeding 70% of GDP, while continuing to grow in the coming years.

If the exchange rate value of ending 2013 will be considered as central parity value, then it will be noted that fluctuations in the exchange rate were continuously within permissible level fluctuation.

In conclusion, can be suggested that Albania is far away of being part of Eurozone, because Albania fails to fulfill the nominal convergence criteria and this is expected even in the future 5 years.

REFERENCAT

Journals

De Grauwe, P., Schnabl, G., (2005). *Nominal versus real convergence - EMU entry scenarios for the new member states*. KYKLOS, Vol 58-2005-No.4, page 537 - 555.

Website

www.databank.worldbank.org/wdi

www.bankofalbania.org/

www.ec.europa.eu/eurostat

www.statista.com

PERSPECTIVES OF FIGHTING ORGANISED CRIME AS GLOBAL PHENOMENA, IN FRAMEWORK OF EUROPEAN INTEGRATION

MSc Anila Fega
Pavarësia University College
ALBANIA
e-mail : anila.fega@unipavaresia.edu.al

Iliba Bezati
Appeals Court Vlorë
ALBANIA
e-mail: ilibabzt@gmail.com

ABSTRACT

Organised crime is the most dangerous form of criminality, present in different forms inside all the societies. The globalisation phenomena has shown huge profits to world nations but also has shown a lot of problematic as the increase in organised crime. Organised criminality is the greatest threat of political stability and economical stability of each country. It has also negative consequences to regional safety of Europe.

Free movement of people, opening international markets in our country conceded also to internationalisation of organised crime.

Beside the start and growth of organised crime in Albania, we had also a react of state institutions, to mention specialised organisations to collect information and hit typical cases to some forms of appearance of organised crime.

The unity of war against organised crime and illegal traffics is also a prior field, as well as a very important element to fulfil the standards to the important achievement of integration of Albania and opening the membership negotiations.

War against organised crime is a part of 5 important priorities , addressed by Guidelines and Progress Report of European Commision 2015. MSA obliges Albania to be engaged in promotion of regional collaboration and good affinity relationships, causing developments of projects in common interest for the topics that have to do with war against organised crime, obligations that are connected to the actuality and perspective of this process.

Keywords: organised crime, globalisation, integration, law, mechanism.

INTRODUCTION

As organised crime is a global phenomena and international one, in this work are highlighted actualities and perspectives in war against organised crime. Organised crime is always reaching international size, as it has specifications making international crime a form or modality of organised crime. I have tried to give developing stages of organised crime as well as elements that have characterised it in its relative periods. I have also highlighted the need of improving the war against organised crime mechanisms, to the need of state cooperative methods and to the importance of this process related to the Integration of Albania in EU.

METHODOLOGY

Scientific methods used to this treatment are the comparative one, analysing the similarities and differences between the Albanian and international phenomenons, as well as time related comparison of organised criminality (diacron), so, in different time periods.

Through qualitative method I have explained the meaning of the phenomenon in society or political point of view. To add on, it is not left behind the statistical approach to the problem, based on the General Police Directory, Department of Narcotics and Traffics.

RESULTS

Organised criminality, definition

One of the most common and dangerous forms of criminal behaviour is professional one or organised one. This form is considered also professional, as it is operated by subjects practicing regularly this criminal activity, being capable and turning it into a profession or a mastery. The income of this activity are very high. For the first time the term "Organised crime" is used in 1986, in the state report of the society of crime prevention in New-York.

In Europe, for the first time the notion of organised crime is used in Italy (the notion of criminal organisation in a mafia definition, 1982), the World Minister Conference "For organised international crime" (Napoli 1994) has aproved the political declaration of UN, and the Global Acting Plan against organised international crime.

For a long time the organised crime has continued to be identified with mafia, especially the italian one. With organised crime is understood the illegal activities of well organised members, a disciplined organisation and engaged in supporting the sevicees and illegal trade, including: gambling, narcotics, threats at work and other criminal activities of this kind."(Podvorica A.)

Practically the organised crime is considered a criminal activity which is sentenced, continued, with an organised structure, helped by corruption actions and with hunger of huge incomes.

Contribute of this organised crime definition has given also the United Nations Organisation in 2000 in Palermo, approving the United Nations Convention against Transnational Organised Crime. The purpose of this Convention is to promote cooperation to prevent and combat transnational organised crime more effectively(article 1).

The Article no. 2 of this convention states:

(a) “Organised criminal group” shall mean a structured group of three or more persons, existing for a period of time and acting in concert with the aim of committing one or more serious crimes or offences established in accordance with this Convention, in order to obtain, directly or indirectly, a financial or other material benefit;

(b) “Serious crime” shall mean conduct constituting an offence punishable by a maximum deprivation of liberty of at least four years or a more serious penalty;

(c) “Structured group” shall mean a group that is not randomly formed for the immediate commission of an offence and that does not need to have formally defined roles for its members, continuity of its membership or a developed structure;

End of cold war and globalisation have enforced the local and international power making it more and more independent of politics. The fall of Berlin Wall has let the criminal organisations that were present in the soviet block to expand in the capitalist west. The end of Confronto Bipolare, has let the free people movement (to criminals too) from Africa, Asia, China and Latin America to Europe. (Larivera L.)

The characteristics of organised crime make it the most dangerous form compared to other dangerous behaviours in society. So, it aims to take out its profits through threats, blackmails, psychic and physical violation, corruption, connection with police relations, courts, administrative organs.

Today, organised crime is presented as a global phenomenon, that is the biggest threat to humankind civilisation, it collapses and offends the fundamental rights and freedoms of human, and its shown as an immanent threat to the function and development of political society system, so creating and adding the individual insecurity and the society as a whole, and threatening the national security.

To show its role, we have featured some information related to the incomes the crime brings and its nature.

Krimi i organizuar në TQN



Sa prodhon industria e krimit në botë?

Trafiku i drogës dhe armëve

Trafiku i Qënieve Njerëzore

Evropa dhe Azia Qendrore

66% Sfondi seksual
26% Puna e dhunshme
8% Forma të tjera të shfrytëzimit



5 of 46

Organised crime in Albania

The beginnings of organised crime in Albania are set in the change of the totalitarian system to the pluralist one. The transition from a controlled system from the state, with a rough penal politic, through a system democratic and fragile, has brought weak institution and workers without necessary education and experience.

After 90' there are some factors that have influenced the gradual development of organised crime in Albania, at first shown in simple forms of criminal groups and later in the structured and organised groups. The fundamental factors that the researches show to analyse the development of this rough form of criminality are:

- Contacts between elements with Albanian criminal tendencies with those of the neighbour countries, experience gathering of these countries and the forms of operating this crime form
- Low awareness of community to the danger and consequences of organised crime.

- Maximal income secured through organised criminality for a very short period of time
- High poverty levels in the whole Albanian territory
- Geographic position in the crossroads between the west and the east
- Insufficient level of reaction of state institutions to endure, hit and disconnect the founding and development of organised crime forms in Albania.
- Corruption growth, especially in law effectuation structures, courts, procuration body and police
- Because of these factors and other causes, inside a brief and short period of time, Albania has started to be mentioned in international institution reports as a highly criminality production country, Gradually criminal groups of Albania, with time have become concurrents of criminal Italian, French, Belgian, English, Greek concurrents. (MCS No. 1140, dt. 30.07.2008)

Period	Help to illegal border crossing	Keeping prostitution bars and subjects	Prostitution expoliation	Traffic of motor means of transport	Arm and munition traffic	Exploitation of mater traffic
January – December 2015	55	23	81	151	21	10
January – August 2016	32	13	52	104	23	8

- The Albanian penal right considers the organised crime as the highest grade of professional crime organisation, and crime organisation is

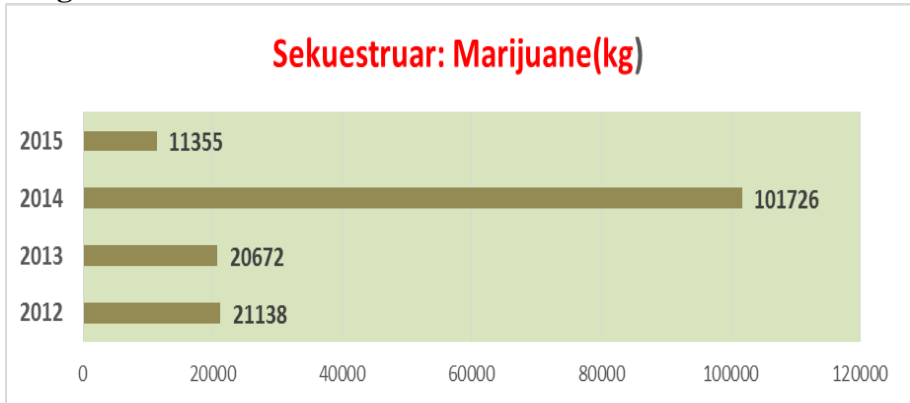
understood as the creation of different organised bands that cooperate regularly to commit penal acts.

Quantitative information and statistics:

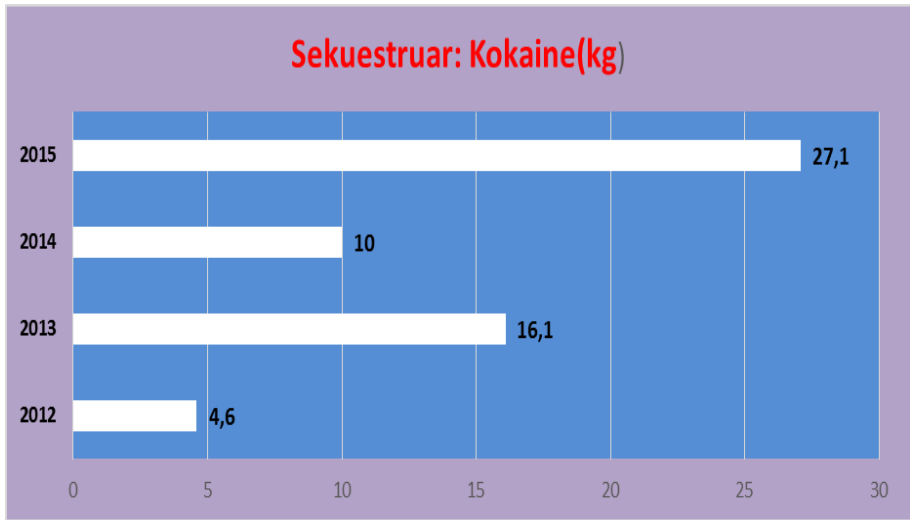
Penal evaluated acts, from the Sector of Investigation of illegal Traffic.

Table 1

Drugs



Graph 1



Graph 2

Relations of organised crime war with European Integration of Albania

Beside foundation and development of organised crime in Albania, the reaction of state institutions and especially specialised organs to get knowledge and hit typical cases of some forms of organised crime as narcotics traffic, human beings traffic, and especially women to prostitution exploitation, contraband and other penal acts connected to illegal traffics.

A careful work is done, to ensure that the war against organised crime to be supported by the suitable legal framework to do this action. Can be considered achievement related to the war against organised crime:

Law No.9642, dated 20.11.2006 "On the ratification of Council of Europe Convention" On the measures against Trafficking in Human Beings, Law No.9686, dated 26.02.2007 "On some amendments in the Penal Code of the Republic of Albania, Law No.9859, dated 21.01.2008 "On some amendments in the Penal Code of the Republic of Albania, the Law 10192 "On the Prevention and Fight Against Organised Crime and Trafficking Through Preventive Measures Against Property",

Law No.9917 dated 19.05.2008, "On the prevention of money laundering and financing terrorism" amended by law no. 10 391 dated 3.3.2011 "On some amendments in Law no.9917 dated 19.05.2006". On preventing of money laundering and financing terrorism. This law has been amended with law No: 66/2012

Beside ratification of conventions, aderation in international mechanisms in war against organised crime (Europol, Interpol). War against organised crime and illegal trafficking is one of the priority areas of the Albanian Government, and is a very important element in meeting the standards for the integration of Albania and for obtaining candidate status.

The fight against organised crime was part of the five key priorities addressed by the Roadmap and the EU Commission Progress Report 2015. The SAA provisions oblige Albania to engage in the promotion of regional cooperation and good neighbourly relations, to develop projects of common interest on issues relating to the fight against organised crime, illegal migration and trafficking, including in particular that of human beings, smuggling, illegal trafficking of weapons and vehicles, and so forth.(NPEI 2016-2020)

The results achieved in recent years demonstrate the progress made in police cooperation and in the fight against organised crime and corruption. Inter-institutional cooperation as well as international police cooperation continues to deliver good results in terms of operations, arrests and joint investigations, including the investigation of criminal assets. The coordination of anti-trafficking efforts at the national level is conducted as a comprehensive

approach, including not only state institutions but also those independent state ones, civil society and the general public.

Structural and legal changes have occurred within the state police and prosecution office for the purpose of intensifying the fight against organised crime. Albania has signed cooperation agreements and protocols with Europol, with Italy and Greece.

During 2015 there are signed agreements of cooperation with Montenegro, Macedonia, Croatia and Kosovo.

The 2016 objective is to intensify the fight against organised crime and corruption through these actions:

- Build up fight against illegal trafficking and money laundering; ensure effective implementation of the Anti-Mafia Law through amendments that will enable a better performance
- Intensify fight against cultivation and trade in narcotic substances, aiming at reducing demand and availability of illegal drugs, with particular focus on heroin and cocaine, also by upgrading cooperation with international partners.

CONCLUSIONS

War against organised crime requires vision, objectives and important sources as well as capabilities to treat this phenomena, as well as methods and new models in managing these sources.

The long term goal of implementation of war strategies against it is “building a society without organised crime threats, in peace and continuous improvement of quality of life of the citizens, giving the image of a quiet state and in high security standards.

This vision is highly connected to the defining of every institution responsibilities, building the whole infrastructure, growth of capacities and technical-professional capabilities , qualitative implementation of tasks related to it, growth of cooperation between institutions, becoming an important element in Integration of our country in EU.

REFERENCES

Books

The Penal Code of the Republic of Albania

Journals

The United Nations Convention against Transnational Organized Crime, Palermo, Italy, 2000.

Larivera L., La globalizzazione del crimine organizzato, Quaderno N°3925 del 04/01/2014.

National Plan for European Integration, 2016-2020, Tirane

Podvorica A. (2015) Traffic of human beings as a special form of organised crime, Kosovo 2000-2013, Tirana

Mirza Smailq, Organised Crime in Bosnia and Herzegovina, Sarajevo, p.101

VKM no. 1140 date 30.07.2008 "To approval of intersectorial strategy of war against organised crime, traffics and terrorism."

CHALLENGES OF FINING THE COMPETITIVENESS OF MARKET AND PRODUCTION CLIMATE IN ALBANIA

Kevin Hamzaraj
Vienna University of Technology
AUSTRIA
e-mail: kevinhamzaraj1@gmail.com

ABSTRACT

Since 1990, with the dissolution of communist regime and centered economy model, Albania has been facing new challenges regarding to the new competitive market and new production model. Economy and production is no longer planned from the government, but it yet operates responding to the needs and demands of consumers. For these two and half decades Albania has walked in the path of modernising its production model and going fully competitive, with a certain model and guidelines: the standards of European Union.

Today, one of the most important challenges in Albanian economy as a whole, is enduring the pression of concurrence and market forces from inside of the European Union. In the European Comity Report of 2015, is stated that Albania has some level of preparation in this topic and has made some improvements in transport infrastructure and energy field. However, some important investments in human and physical capital are needed to improve country's competitiveness.

The production quality requires a very strong and specialised human capital, which is nowadays one of the biggest barriers of attracting foreign investments as well as creating international standards to Albanian products and services. Since the production costs are relatively low in comparison with most of the Union countries, it seems like the lack of specialised human capital blocks Albania from being attractive to international firms of production. The solution, as stated in the report, is the improvement of Higher Education quality and professional education restructuration.

EU stands pro competitiveness and anti-cartel rules against limitation agreements between companies and state financial help operations, since this is concurrence unfriendly. In Albania there are present challenges to ensure operational independence of State Help Commission and optimal function of Concurrence Authority.

To sum up, optimal concurrence in Albanian markets is the only way to optimise and accelerate a more qualitative production system, as well as the step forward to make this country's market equally competitive among the united european market.

Keywords: market, economy, production, competitive

INTRODUCTION IN ALBANIAN PRODUCTION CLIMATE AND CONSUMER MARKET SITUATION

Albania is a country with unique dynamics of economical development in the region. Until the year 1990 this country has had a centred economy model. It was the government the key actor to plan and organise the whole production process and economy in this country. This period was the time when Albania has had the climax of industry production and agriculture production per capita, according to INSTAT.

In 1990, with the dissolution of the regime the industry collapsed. Since this year the competitive market that was established has led to a number of challenges regarding to the new economy model as well as new market rules, till then unknown for the albanians. The private property and free initiative were then a breakthrough.

The two first decades of 21st century have been the years when humankind has faced a fast global technological growth, reflecting new production perspectives and market changes. Nowadays the need of fining the competitiveness of market and production climate in Albania has not only economical importance, but also a political one, since this country is prospecting of being accepted as a full-rights member of European Union. In this article I am not interested to analyse neither monetary nor financial politics, but operative politics and applied regulations to make our market highly competitive and our production system efficient and attractive to foreign venture and investments. Secondly I am interested in analysing the in-company strategies that should be followed to make production and quality better, as well as innovation and improvement prospects. I think that this part of the problem solving is yet too little discussed in academical level.

METHODOLOGY

The methodology of this research is based on two steps. The first one is collecting useful information about the topic, seen in a bride and general point of view. The theoretical studies involve both economic and technical fields, seen as inseparable to supply a complex and full analysis of concurrence and production.

The second one is taking these theories and comparing them to the actual situation in Albania, as well as giving useful conclusions related to the topic. Starting from the general information is the best method to be both objective and practical.

RESULTS

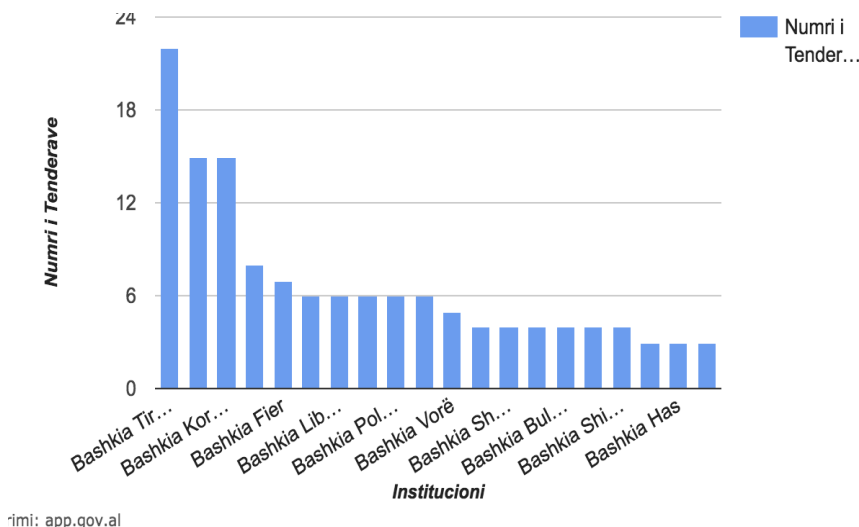
Albanian products and services must be the choice of consumers, in this way the inland companies will grow and expand their income and investments. To answer the needs and demands of consumers, quality of products must make them competitive among imported products from EU countries with a more effective industry.

Competition is the most effective way to ensure the forward going of quality of the products and the most consumer friendly prices on the market.

In economics and general equilibrium theory a market is called competitive when several conditions exist (Debreu,1959). Some of these conditions show specific problematics in Albania's case. Today in Albania the key topics to discuss, according to competitive market conditions, are: profit maximisation of sellers, barriers to entry or exit, perfect information, perfect factor mobility and non increasing returns to scale and no network effects.

Lack of competition decreases the quality of offered products as well as affects negatively in the price setting. A comparative example of lack of competition is the high number of state tenders with only one competitor as shown on the graph below:

Figure 1. Number of Tenders with only one Economic Operator



Source: app.gov.al

It is relative to find causes of this phenomena, but it is sure they belong to the lack of respecting the conditions of competition market.

In Albania the law no. 9121 “Protecting the competition” is set on 28.07.2003 and the competent arbitrary institution to guarantee it is Competition Authority.

The tasks of this institution are protecting the market against: forbidden agreements (cartels), dominant position abuse, unit or concentration of enterprises. Another duty of this institution is to protect the consumer interests and to review normative acts that can threaten competition (Authority of Competititon Raport,2011).

To ensure the health of production climate, under the Ministry of Energetics and Industry, operates the State technic and industrial Inspectorate, disallowing the subjects to produce without following the quality standards and guidelines.

In fact, during my research I didn’t find any specific Albanian Quality Certification, which pushes european markets to be sceptic to albanian products. However, the general ISO quality system certification as an obligatory guideline, is seen among most of the businesses as a crucial part of quality management.

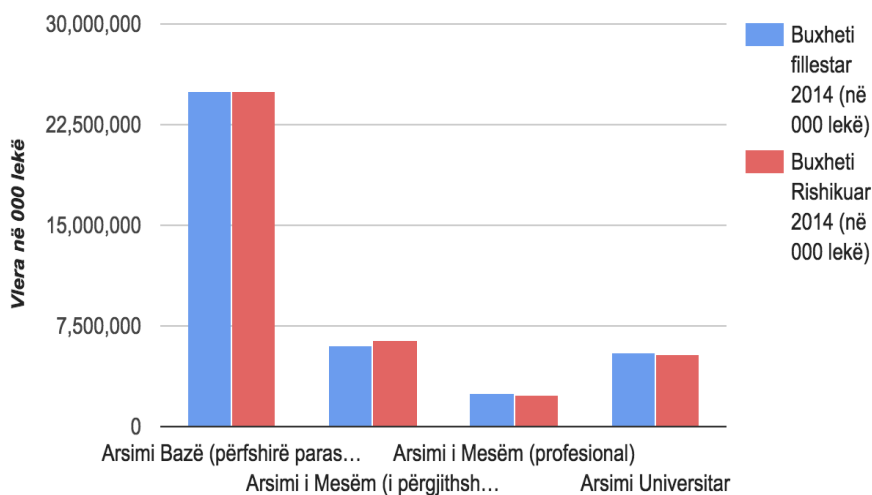
ISO 9001-2008 is the referring point, world accepted, for quality management certification system of businesses of all sectors and all sizes. This system advantages the consumers and answering the demands and needs in the best way possible. As ISO certifies the process and the business as a whole, in Albania there is a lack of product certification. The consumers have here a right to be sceptic and to choose other countries products.

Factors that affect production are intern factors as well as extern factors. Extern factors involve economic, technic, political and legal ones. Intern ones involve organisation, resources and capabilities (Bauer, Hayessen,2009). Adequate legal regulations and guidelines in Albania are established and changed since 1995⁵⁵. These regulations guarantee a proper european production system.

Labour belongs to primary production factor group, but specialised human capital is today a challenge in Albania. In fact, comparing to other EU Countries, education investments are in

⁵⁵ Law nr. 7926, date 20.04.1995, ”To transformation of public enterprises into trade societies”

Figure 2. Year 2014 Budget of Education and Sport Ministry



Source: Ministry of Finance of Albania

a lower level. Infrastructure for factor mobility is an important factor to guarantee production, as well as information. Today INSTAT gives brief statistics related to the consumer information and consumer needs, information needed to calculate the input and output type and quantity, as well as to do important studies of competition. Detail information about consumer market is not found.

QFD (Quality Function Deployment) is the method to give the priority to consumer needs in a product. Two steps of this method are competition comparison and technical competition comparison. The equal information of companies is important to this method and to consumers. Innovation and continued improvement are important to the overall company quality and products. Since the consumers require better quality, they have the right to choose between products. For example in the hydrocarbure market, intern refined product is less required than import product so the intern production is brut exported in the EU. In Albania overall product import is dominant. This gap is a minus, related to the enduring of forces from inside the EU.

DISCUSSION

In EU “kaledioscope” the competition of albanian market is not in the highest levels as the companies are not fully responsive to the conditions of the competitive markets. The infrastructure does not answer the needs to compete

broadly, as the transport and securing of factors and resources is minimal and unmodernised.

The good professionals are in Albania hard to find as people tend to choose administrative rather than technical education and the median professions show a gap. This is also a consequence of lack of investments in professional education and relation of this kind of education directly to industry.

Information is low, and the new companies should start the activity experimentally from scratch as bigger and older companies have a monopolistic advantage.

Innovation is low and few companies have the right timing to follow the market requirements and to think globally and improve their product qualities.

Forces from inside the EU are for Albania hard to endure, as the production system in the EU is planned and well set, as in Albania there is a gap in organisation and planning, as well as proper modern operating.

Services and tourism are the most important part of Albanian economy, but this doesn't mean that production and product providing on the market must be left aside. Today it is one of the so little discussed topics, but its importance is big.

CONCLUSIONS

As seen on the results, the market is competitive, but there is a lot more to do to approach this market with the european one, as an important integration and economical plus.

To make the intern products compete well with other european products there is more to do, as the production climate is yet in its first steps and proceeding slowly, although the system is more than 20 years old. Innovation is in a low quote and change in products is relatively slow.

To the foreign investments, Albania should guarantee the good probability of market success and good production performance. The increasing numbers show an approach of these investments, but also a low rate compared to the expectations.

Operative politics and modern production are still a construction site.

REFERENCES

Journals

Bauer, J.; Hayessen, E.: 100 Produktionskennzahlen, 1. Auflage, Cometis Publishing, 2009

Gerard Debreu, Theory of Value: An Axiomatic Analysis of Economic Equilibrium, Yale University Press, 1959

Fischbach, S.: Lexikon Wirtschaftsformeln und Kennzahlen, mi-Fachverlag, 2006

Petri, F. (2004), General Equilibrium, Capital and Macroeconomics, Cheltenham: Edward Elgar.

Brunner, F.-J.; Wagner, K.: Taschenbuch Qualitätsmanagement, München/Wien 2011

Masing, Walter u.a. (Hrsg.): Handbuch Qualitätsmanagement, 5., Auflage, Carl Hanser Verlag GmbH & CO KG, München u.a., 2009

ACIT (Albanian Center for International Trade). (2007). Annual Report.

Informing publication, Authority of Competition, November 2011

Website

<http://www.energija.gov.al/>

<http://www.instat.gov.al/al/home.aspx>

<http://www.iso.org/>

TRAFFICKING OF ART AND CULTURE WORKS ACCORDING TO ALBANIAN LEGISLATION

PhD. Myzafer ELEZI
Pavarësia University College
ALBANIA
e-mail: myzafer.elezi@gmail.com

ABSTRACT

Trafficking of art and culture is one of the lowest forms of illegal enrichment. This phenomenon was observed for the first time in Albania in the early 1990s after the change of political system in the country. In Albania until that time there were art works with special cultural and artistic values, which were administered by certain experts with special knowledge, but they were not widely known because of the constraints that dictated the communism system. Lots of immigrants had taken knowledge overseas regarding the financial value and importance of these art and culture works. Thus, with their return to their homeland, using the turbulent political situation and the low level of security in the country, they started looting places of worship which had just begun to rebuilt. Also, illegally had started archaeological excavations in the country parks, such as park Butrint in Saranda, in Bylis, Apollonia, Amantia etc, stealing icons, in order to smuggle and sell them to neighboring countries. Generally, these icons have as destination Greece and later on other European countries. Passing through border cross points posed no difficulties due to lack of experience and insufficient knowledge of the police and customs authorities in the field of art and culture works. A typical way of trafficking has been camouflaging the cultural and art objects in vehicles with goods or through the falsification of the accompanying documents. The changes that followed in the criminal legislation in the country over time, impeded somewhat the trafficking of the cultural heritage works

In this paper will be treated the continuous improvements that has undergone the penal and criminal procedural legislation in Albania, inter-institutional and international cooperation for the protection of cultural heritage and the prevention of their illicit trafficking.

Key words: art work, cultural work, trafficker, criminal offence, criminal investigation, etc.

INTRODUCTION

Trafficking of art and culture works is a crime committed in a region or in some countries. Concerns related to the theft and trafficking of art and culture works were identified after 1990, and especially in 1997, where a large number of cultural heritage objects were looted or destroyed as a result of the turmoil that took place in Albania which followed with the lack of public order and security in the country. Most of these works were not inventoried under the current format which currently uses the National Center of the Cultural Property Inventory, with detailed data, such as certificates associated with picture. Lack of the passport of cultural heritage has hampered their tracing and search by the law enforcement agencies.

Even in the following years, there were problems of theft or trafficking of art and culture works, shown more in the form of acquisition of objects from illegal excavations or theft of iconostasis in objects of worship etc. People involved in this criminal activity, generally have special knowledge in this field, are aware of modern technology, have good financial status and multiple social connections domestically and abroad.

It should be emphasized that, even nowadays many archaeological sites are exposed and illegal excavations are made. Individuals or groups of individuals illegally acquiring objects of cultural heritage, are interested in trafficked them later for personal benefit. Trafficking of art and culture works is carried out abroad in EU countries, but also in the US, aiming to send them into private museums, auction houses or in various different collectors against considerable benefits. Currently are identified damages of cultural heritage objects in these forms:

- Illegal archeological searching;
- Theft of worship objects;
- Illegal under water searching, etc.

THE CONCEPT OF ART AND CULTURE WORKS IN ALBANIA

To define the concept of art and culture works we refer to Albanian law on cultural heritage. This law was approved in 2003 and subsequently have been made some improvements. (*Law no. 9048, date 07.04.2003 for "Cultural heritage"*). The object of this law are the values of cultural heritage, provision of its protection rules and duties and responsibilities of the institutions operating in this field (*Article 2 of the Law*). But, let refer to the law in order to identify the official terms which are related with the cultural heritage.

"Heritage of unique values" is the cultural, material or spiritual property unique of its kind. These assets to be regarded as art and culture works should be provided with accompanying document known as *"the object passport"*. This passport is nothing else but an identifying card of an object of cultural

heritage, where are placed the picture of the object, films, sketches, location, size, weight, composition, computer code, author, country, preservation place, description and history. Its importance stands, in the event of blocking art and culture works originating from Albania, the counterpart authorities request details that prove the origin of this work, such as the size of the object, the type of the material, the place where was found, the preservation place, the inventory number, photo, and other details that prove the origin and the ownership of a work. These object elements are found in the document called. *“object passport”*. (In articles 505 and 509 of the Criminal Procedure Code *“International Rogatory Letter”* is predicted that the authority responsible for the delivery and follow up of these requests is the Ministry of Justice).

In order to safeguard this national property, not only the state structures should have special knowledge of cultural heritage objects. It should be noted that, generally trafficking is referred to movable cultural heritage objects, including:

- a. objects, parts or elements of objects, such as mosaics, columns, capitols, sculptures, wall paintings, icons, iconostasis, characteristic ceilings, epitaphs, tombs, with over 100 years of seniority;
- b. The movable archaeological material, which comes from archaeological excavations, collected by the archaeological searches or they come as occasional findings or which are preserved in collections or other various funds;
- c. artistic creations of all kinds and types, including creations of authors living;
- d. Archive documents of national historical significance;
- e. manuscripts and publications, books and periodicals of special value, historical and bibliographical
- f. various collections of philatelic, numismatic art, with over 25 years of seniority;
- g. Traditional working, handcrafts and living. Mechanisms, machinery or objects of daily use or that ceremonial, the artisan, ethnographic or historical objects produced in artisan way, with over 50 years of seniority and fabricated objects over 75- years-old;
- h. production technology of traditional products;
- i. cold weapons and fire, the handicrafts manufactured before the start of World War II;
- j. Personal objects of historical distinguished;
- k. The objects included in the inventories of assets declared under preservation or protection of the museum network of art galleries and state institutions of the country until 1991. (Article 4, point 2 of Law no. 9048, date 07.04.2003 for *“Cultural heritage”*).

The law also foresees obligations for non-state objects of cultural heritage associated with the procedure of their conservation and protection, not

foreseeing the right to sell abroad. So, regardless of ownership, cultural heritage sites are indirectly owned by the state. Thus, the law states that the cultural heritage of special value and unique national, not state-owned, may be collected, sold, purchased, left legacy or gifted between Albanian citizens who live in the country but, in any case, be accompanied by relevant object passport. New law is the right of the state to expropriate cultural heritage in the event of not maintaining their rightful owner. Thus Article 12 of the Law provides that: *"The objects of cultural heritage in private ownership, with particular values of national and unique, when the owner refuses to provide conditions for their preservation, when the public interest may be expropriated in support of the legal provisions applicable to expropriation"*. It should be noted that the law violates the case of purchases of works of art and culture in the country in order to sell them overseas. This is because they represent the work and legacy of our country cannot transform those cultural values that carry.

In order to protect the cultural heritage of Albania has ratified several international conventions law. Thus, it ratified the Convention on the preservation of intangible cultural heritage, which aims:

- preservation of intangible cultural heritage;
- respect for the intangible cultural heritage of communities, groups and individuals affected;
- awareness locally, nationally and internationally of the importance of intangible cultural heritage and its mutual evaluation;
- International cooperation and assistance in this area. (*See: articlei 9, point 1 of Law nr. 9048, date 07.04.2003 for "Cultural Heritage"*).

Also, since 2008 Albania is a party to the "Convention for the protection of underwater cultural heritage". Under this Convention, "underwater cultural heritage" means all traces of human existence having a cultural, historical or archaeological that have been partially or totally underwater, periodically or continuously, for at least 100 years such as:

- sites, structures, buildings, tools and human remains, together with their archaeological context and landscape;
- ships, aircraft or other means, or part thereof, their cargo or other contents, together with their archaeological context and landscape; and
- objects of prehistoric character. (*Articlei 9, point 1 of Law nr. 9048, date 07.04.2003 for "Cultural Heritage"*).

Therefore it should be stored and treated legally the status of cultural heritage.

ALBANIAN LEGISLATION FOR THE TRAFFICKING OFFENSE OF ART AND CULTURE WORKS

Theft and trafficking of art and culture works is a phenomenon that harms the national culture. Albania is not recorded as a destination for cultural movable assets, but a country of origin, rather than a destination market. After 1990 are recorded cases of theft of icons in the churches, primarily in the south eastern and south western part of Albania, in order to be trafficked abroad. The maintenance of buildings or places where are preserved objects of cultural inheritance, is a problem that deserves special attention from all law enforcement institutions in the country. Elements are often identified with criminal tendencies towards illegal searches, embezzlement, theft and trafficking in movable cultural property. For this reason is needed legal attention to prevent such crimes. Preservation of buildings or places where are preserved cultural heritage values, for the relevance of these objects, it is the duty not only of the police structures but all state institutions. Therefore in the investigation of this criminal act is involved the overall framework of the fight against organized crime.

In early 1990 the offense of trafficking of art and culture works was not provided by national legislation. Thus, the changes made to the Criminal Code of the Republic of Albania, theft and trafficking in art and culture works, was part of "Offences against property and economic sphere", in two separate provisions. Specifically, Article 138 of the Criminal Code "Theft of art and culture" predicts, theft of art and culture works, is punishable by a fine or imprisonment up to five years. While theft of art and culture works of national importance, is punishable by five to ten years. (*Penal Code of Republic of Albania, Chapter III "Criminal offences against property and economical sphere", Section I "Theft of property", articles 138 and 138/a*).

Until 2001 national criminal legislation had only one provision, the theft of art and culture works. While trafficking outside the Albanian territory had no prediction. Based on the situation created where it was found that the art works went resulted of being trafficked, it was necessary to establish a penal provision in national legislation concerning trafficking in art and culture works. Thus, the Law no. 8733, dated 24.01.2001 among others in the Criminal Code, by adding a new provision, relevant to trafficking of art and culture works. (See: article 3 of law no. 8733, date 24.01.2001 "*For some changes in the Penal Code of the Republic of Albania*". Official Journal no. 4, year 2001)

For this reason, Article 138 of the Criminal Code was followed by Article 138/a. This article provides that import, export, transit and trade in violation of the law of art and culture works, with the purpose of material profit or any other profit is punishable by three to ten years. The same act, if committed in collaboration or more than once or causes serious consequences is punishable by five to fifteen years.

As follows we will treat the elements of the criminal offense of theft and trafficking in art and culture works. The object of crime in cases of theft are legal relations established for the preservation and management of art and culture, whether state or private property, protected by law from criminal acts and omissions. In the case of trafficking of these offenses, the object of crime besides protection from trafficking are also the legitimate interests of the state and the citizens, then the whole national culture. (*Ismet Elezi, "Penal law (special part)", published ERIK, Tirana 2007, pg. 210*). In the case of theft of art and culture works, from the objective side of the crime is committed with theft of secret or open to art and culture works (icons, sculptures, paintings, etc.). While in the case of trafficking offense is committed by means of importation, exportation or transit contrary to the law, illegal manner, without a license or authorization from the relevant institutions. In this case the consequences of national culture and art go. (*Ismet Elezi, "Penal law (special part)", published KUMI, Tirana 2014, pg. 201*). The subject of crime in both cases any person who has reached the age of criminal responsibility and is accountable before the law. As to the subjective side could say how in itself provided for in Article 138 and 138 / a, the crime is committed for purposes of profit. It should be noted that in cases of trafficking, crime can be performed for any other benefit, eg to be identified as the author of what cultural or art work.

Since the theft of art and culture works is an offense predicted in the law, the police duty is to take proper measures to prevent, detect and investigate the perpetrators. This obligation is clearly defined in the law of the State Police. (*Law no. 108/2014 "State Police", Chapter IV "The duties of State Police", article 17, point 1, letter "c"*).

INSTITUTIONAL MEASURES TAKEN FOR THE PROTECTION OF ART AND CULTURE WORKS.

In the framework of the obligations deriving from international and national laws, in order to prevent theft and trafficking of art and culture works, as well as inventory, assessment and maintenance, the state has taken a series of actions. Thus, the government has approved the decision establishment of permanent evaluation committee of cultural heritage, privately owned movable and scientific criteria and procedures for the evaluation of these objects. (*DCM, no. 795, date 26.11.2003 for "Establishment, composition and the functioning way of the permanent evaluation commission of the cultural heritage objects, in private ownership, movable, the scientific criterias and procedures of the evaluation of these objects"*).

According to this decision, the Commission has the duty to assess cultural heritage, privately owned, movable, arising out of the territory of the Republic of Albania and to recommend to the Minister of Culture, in support of the act-

assessment facilities, not authorization or extract them out of the territory. This decision defines precisely the mode of operation, scientific evaluation criteria and procedures of evaluation facilities and the issuance of permit. Also, they have adopted several other legal acts that define standard procedures for the preservation and maintenance of cultural heritage. Such acts are:

Decision of the Council of Ministers no. 426, dated 13.07.2007 for "*the approval of the Albanian card restoration.*" This Charter is a document that has guidelines regarding the approval of fundamental criteria in the field of restoration. The object of this card are the values of the cultural heritage of every age, from architectural monuments, to paintings and sculptures, as well as the findings of time Paleolithic up to expressions figurative popular culture, ethnographic, contemporary art, books and archival documents, proof of customs and traditions, facilities that belong to natural persons, legal entities, private or public, in order to protect their conservation and restoration. (*See: article 2 of the Albanian Card of Restoration*).

Decision of the Council of Ministers no. 723, dated 14.05.2008 for "*The composition of the national committee of spiritual heritage.*" This decision provides that the composition of the National Committee of Cultural and Spiritual Heritage chaired by the minister responsible for cultural heritage, in addition to heads of institutions that have obligations for the protection of cultural heritage, to be the Secretary of the National Committee of UNESCO.

Instruction no. 446, dated 07.05.2007 for "*The adoption of standards of public bidding documents for the restoration of cultural monuments*". This instruction of the Minister of Culture provides that: "Public institutions which through procedures of public bidding, available funds from the State Budget for the implementation of the restoration of buildings or monuments, from the licensed entities for this purpose, should restoration using standard documents, approved ...".

A special importance has the submission of the National Action Plan "*For preventing and combating trafficking in movable cultural property*" 2014 - 2017, which aims to harmonize the efforts of institutions, increase cooperation between them and also the adoption of means of legal methods more efficient, from all national institutions responsible in the fight against theft and trafficking in movable cultural property. Of particular importance assessed the main objectives of the Action Plan on prevention of trafficking of movable cultural assets, which are:

- Creation of the updating inventory of the National Fund of Cultural Assets;

- Improving the legal framework regulating the field of cultural heritage in order to strengthen the fight against trafficking in cultural heritage;
- Strengthen coordination among central and local level, to maximize the efforts of all institutions involved in combating trafficking in movable cultural property;
- Strengthen the technical and professional capacities by organizing joint training meetings;
- Intensification of international cooperation in the field of illegal trafficking through the signing of bilateral or multilateral agreements;
- Raising awareness in communities on illicit trafficking and its consequences.

SOME INDICATIONS OF THE FIGHT AGAINST TRAFFICKING IN ART AND CULTURE WORKS

Involvement in illegal activities of trafficking of art and culture works for people with specific knowledge in this area, makes it more complex and more complicated the possibility of investigations. Below we list several police carried out to prevent trafficking outside the Albanian territory, several cultural heritage sites:

- Operation "*Onufri*" conducted in 2009, at the end of which three persons were arrested. One of the arrested former officer of the ethnographic museum in the city of Portland, one of many cities with cultural heritage, under the protection of UNESCO. During this operation was confiscated as material evidence some objects, such as 700 pieces of coins various Illyrian period; a statue about 400 years; and paintings produced for which believed were around 400 years ago etc.
- Operation "*Promise*" conducted in 2010, in the city of Elbasan. This operation was completed with 5 citizens arrested and seized the material evidence material a church bell weighing 40 kg bronze, three paintings with cultural heritage value, as well as items of other valuable objects.
- Operation "*Selca*" conducted in Korca, which was finalized with the arrest of four people involved in the theft for trafficking some cultural heritage sites. Structures police seized objects of historical, archaeological and cultural sites, which belong to the prehistoric periods ranging from 8 th century BCE. 3 and 2 p.e.s, Roman. These objects allegedly stolen in the early settlement in Selcë, Pogradec. (Source: Sector against Illicit Trafficking in State Police).

As follows we will present a case study on the reference of the offense to the prosecutor, pursuant to Article 293 of the Criminal Procedure Code and Article 138 / a of the Penal Code for the offense of "trafficking in works of art and culture" provided Article 138 / Criminal Code:

"Police structures possess information about the illegal activities conducted by subject AB, born and resident in the city of K, for research, sale and trafficking of works of cultural heritage, offense provided by Article 138 / Criminal Code.

According to the information available, it appears that the subject AB, for the realization of his illegal activity that exploits the Internet, where on the www.njoftime.com address, under "Tourism" has published the announcement: "Sell the old buildings of the time Arber Kruja (c. V - VIII BC)". In this announcement he refers for further information the website <http://stoli-arberore.webs.com/>.

Also, the information shows that the subject AB, the announcement is published and photos of objects which seeks to sell as necklace beads milefiori, fibula Brosh gold very rare object, gold earrings, tools, earthenware, etc. Objects in the pictures published are part of the inventory of the graves of the medieval period arberore century culture. VII - XIV. Look not found objects are stored randomly as well. The possibility of finding them is only if dug graves of the period. This is confirmed by the opinion of specialists in the field. There is reasonable suspicion that these objects subject AB, can you export, the trade transitive in Macedonia, after only three months of the end output frequent this place, which is confirmed and the reports of TIMS.

As above, it is estimated that there are elements of the crime: "Trafficking of art and culture" provided for by Article 138 / Criminal Code, therefore request initiation of criminal prosecution against the subject AB, and collaborators of the other potential in this illegal activity. In order to collect the evidence necessary for fighting this criminal activity, in parallel with the start of criminal proceedings, in the interest of the investigation would be the authorization for observation, filming the photographing of a person or associates likely involved in criminal activity interception of telecommunications and mobile phone number, pursuant to Articles 151, 221 and following of the Code of Criminal Procedure".

As a result of investigative actions carried out by applying special methods of investigation, referred to in the information reference cited above, it became possible legal documentation of criminal activity of trafficking in works of art and culture, seizure of material evidence and therefore capture the potential perpetrators who were arrested in the act, based on Articles 138 / a and 25 of the Criminal Code of the Republic of Albania.

By analyzing official statistics relevant structures of the State Police, noted that in addition to the investigation of offenses in the area of organized crime have been identified and investigated cases related to theft and trafficking in

works of art and culture. Generally the number of cases detected is low, but this does not mean that there were no cases of trafficking of cultural heritage. Below we list some data regarding the observed cases, which referred the beginning of criminal proceedings for consumption Article 138 / a of the Criminal Code:

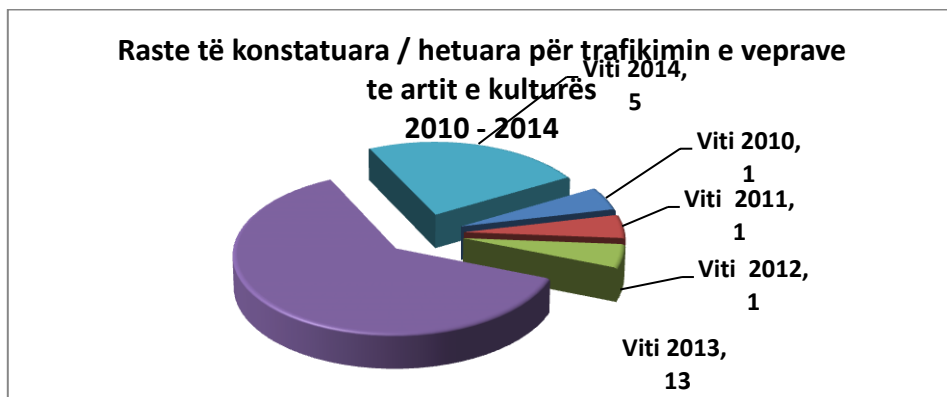
Table 1: Trafficking of art and culture works 2010 - 2015

Year	Cases identified & investigated	Perpetrators of offence		
		Arrested	Investigated while free	Total perpetrators
2010	1	5	5	5
2011	1	-	1	1
2012	1	1	-	1
2013	13	6	9	15
2014	5	5	4	9
2015	4	1	4	5
Total	25	18	23	36

Source: Sector against Illicit Trafficking in State Police

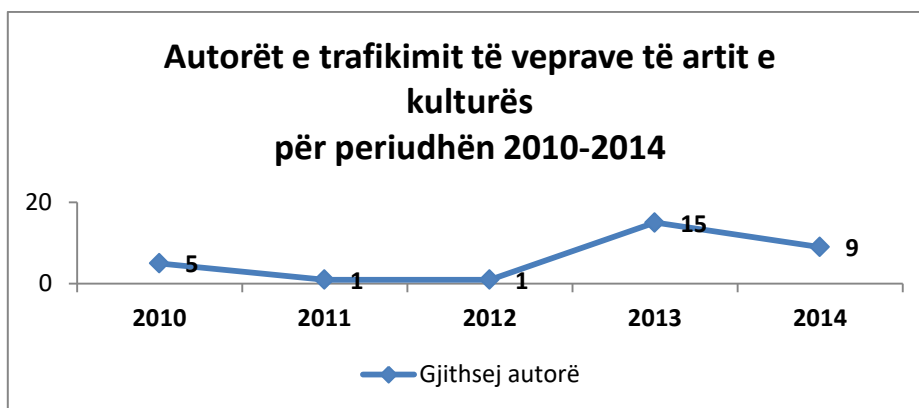
As seen from the table above, for a five year period were identified 21 cases with a total of 31 authors involved in the crime of trafficking in works of art and culture, of which only 2013 were registered and investigated 13 cases with 15 offenders. Below we present a graphical cases registered and investigated separately by years:

Graphic 1: Cases identified & investigated for trafficking offence of art and culture works 2010 – 2014



From the above data is found that the number of authors of the trafficking offense of art and culture works varies from year to year. The curve below shows that the largest number of offenders arrested is in 2013 with 15 authors, followed by the following year, 2014, with 9 authors. These statistics show that the action plan of specific structures of the State Police in cooperation with the Prosecution Office in order to prevent the theft and trafficking of cultural heritage works in Albania, drafted and implemented in 2013 has proven effective.

Graphic 2: Perpetrators of trafficking offence of art and culture works 2010 - 2014



Regarding the 2015, by the end of September were identified 3 cases of trafficking of art and culture works, in which were arrested four perpetrators for the crime provided by Article 138 of Criminal Code. (*Referred to the 9-month Report of the Sector against Illicit Trafficking in State Police*).

The above statistics are referred to those cases which have had criminal charges or have been caught in the border crossing points, attempts to be trafficked abroad. There is a possibility that some people who have inherited various objects that relate to the cultural heritage for economic reasons to have sold them abroad. In fact, in these cases there are no official statistics, but I believe there is a significant number of cases which have occurred but there are not criminal proceedings recorded. It is so important the process of recording and documenting all acts of movable cultural heritage. Even the periodic inspection of the relevant line institutions would be a way to maintain and control the situation and serving this purpose.

CONCLUSIONS

Some of the factors, favorable to the theft and trafficking of art and culture works in Albania are:

- First of all, the state institutions responsible for the prevention and combating the trafficking of art works, and the public does not have

the required sensitivity for the national negative consequences of these phenomena.

- Lack of proper performance of the institutions for the application of administrative measures and criminal law enforcement to cultural heritage, against abusers, thieves and traffickers of cultural objects.
- Involvement in this illegal activity, in some cases, of the persons charged with the task of maintaining the management of art and culture works.
- The use of technology such as, the use of detectors for illegal research, perfecting the method of camouflaging of stolen objects, the use of electronic communication system, etc., as well as the inability to maintain control of the territory by the law enforcement agencies and monitoring of any kind of illegal expedition.
- The Growing market requirements, so these profitable products are exploited by the international trafficking networks.

For law enforcement institutions in the country, police, prosecutors, etc., the fight against theft and trafficking of art and culture works constitutes one of its commitments in the framework of the overall fight against organized crime. State Police has the means and the legal basis to use special methods and means of investigation, to hit criminal activity in the field of theft and trafficking in movable cultural property. The Criminal Procedure Code has provisions for "special techniques of investigation" as tapping, simulated purchase, undercover agents, such methods under the criminal procedure law can be applied in investigations related to the theft and trafficking of movable cultural property;

Investigating cases of theft and trafficking of art and culture works, for the specific nature of this offense requires a certain level of knowledge in the field of art and culture. For this reason the structures involved in the investigation of this crime must undergo continuous training to become familiar with the specifics of the investigation, and the roads or ways applied by traffickers to realize the extraction outside the country's cultural and artistic wealth. Through courses specific training and advanced staff of national institutions, will increase the knowledge about national and international legislation for works of art and culture, as well as offenses related to them, and therefore will strengthen preventive measures against this phenomenon.

To prevent theft and trafficking of cultural property is important to raise the public awareness and the staff of national institutions for the negative effects that the Albanian society suffers from theft of art and culture. These institutions should cooperate among themselves to prevent theft and trafficking in works of art and culture. Therefore requires a close partnership between all law enforcement agencies in the investigation of criminal

offenses. Statistics about the theft and trafficking of works of art and culture should be made public so that the community get the information necessary for the values that have art works and penalties to bring their theft and trafficking.

Enforcement structures, especially the police and the prosecution office should receive sufficient knowledge of investigative techniques that are applied in neighboring countries, investigating and documenting criminal activity in this area. Partner organizations such as Europol, Eurojust or SELEC can provide a unique contribution not only to exchange information but also to provide specific training and exchange of experience in this regard.

Also is needed close cooperation between the structures of investigation and specialized agencies in the field of art and culture, as well as the Central Office Interpol Tirana regarding the exchange of information maintained for the theft and trafficking of art and culture works, or cases of capture and sequestration from the police authorities of neighboring countries.

REFERENCES

Books

Penal Code of Republic of Albania

Criminal Procedure Code of Republic of Albania

Ismet Elezi, "Penal law (special part)", Published ERIK, Tirana 2007.

Ismet Elezi, "Penal law (special part)", Published KUMI, Tirana 2014.

Journals

Law no. 9048, date 07.04.2003 for "Cultural heritage "

Law no. 9490, date 13.3.2006 for " The ratification of the Convention for protection of non-material cultural heritage" Paris 2003.

Law no. 10027, date 11.12.2008 for "*The Accession of Republic of Albania in Convention for protection of under water cultural heritage*" Paris 2001.

Law no. 108/2014 for "*State Police*".

Decision of Council of Ministers no. 795, date 26.11.2003 for "*Establishment, composition and operating way of the permanent commission of evaluating cultural heritage objects, private ownership, movabla, scientific criterias and procedures of the evaluation of these objects*".

Decision of Council of Ministers no. 426, date 13.7.2007 for "*The approval of the Albanian restoration card*".

Decision of Council of Ministers no. 723, date 14.5.2008 for "*Composition of the national committe of the spiritual cultural heritage*".

Instruction no. 446, date 5.7.2007 for *“Approval of the standard documents for the public competition of the restoration of culture monuments”*.

National Action Plan *“For prevention and fight against trafficking of movable cultural properties”* 2014 – 2017.

National statistics of the Sector against Illicit Trafficking in State Police (2010 – 2015).

EU: ENLARGEMENT OR BREXIT?! WHAT WILL BE THE FUTURE?

Dr. Altin Kulli
Canadian Institute of Technology (CIT)
ALBANIA
e-mail: altin.kulli@cit.edu.al

Prof. Ass. Aleksandër Biberaj
Canadian Institute of Technology (CIT)
ALBANIA
e-mail: aleksander.biberaj@cit.edu.al

ABSTRACT

It is foreknown that Britain voted on June to leave the EU. This issue is of great concern now to be discussed, not just related to UK itself, but even to the EU member countries, and to Balkan ones as well. It is expected to have effect on different aspects, but our concern is mainly about economic effects and legal aspects of the future EU integration and difficulties foreseen to be faced by each country. Thus, it has to be with the new rules, regulations and agreements needed to be established in order to deal with international trade and financial markets, freedom of labour movement, financial transactions, EU project engagement, and other aspects.

The discussion is focused first, on what effects are expected to be for UK, referring the macro economical and constructional development. And furthermore, does BREXIT implies that EU is going to look for a new establishment towards increasing number of member countries or towards contraction, taking in consideration Balkan countries and Turkey?

Focusing mainly to positive scenarios, considering the globalization prospective and anti-nationalist /populist movements, it can be concluded that the future of Western Balkans' integration on EU is gloomy and vague, fueled by confusion and uncertainty in short term, but in low speed towards EU accession in long term.

Keywords: EU integration, EU member countries, BREXIT, globalization prospective

INTRODUCTION

A Brief Description on the Story of UK, the Western Balkans and Turkey to European Integration and the BREXIT

UK, BREXIT and the EU

The accession of UK to the EU is a pathway filled with obstacles from time to time, fueled by the goal of various individuals, advocacy groups, and political parties to withdraw from it, which has led to different disagreements peaking at two distinguished referendums, as those of 1975 and 2016. Britain's membership of the EU has been contested over the years, since its allying to EU in the mid 1970^s; with somehow 30 to 60 % of the Britons opposing the EU membership, an opposition that has certainly increased as a result of rapid rise in EU immigration, since the late 1990^s, on one hand, and the Eurozone debt crises, causing high level of unemployment across Southern Europe, on the other hand. Thus it seems worth of going through some historical developments on this issue.

The Treaty of Rome, signed in 1957 and entered in force in 1958, agreed the establishment of European Economic Community (EEC), called a “Common Market”, the predecessor of the EU⁵⁶, an economic and political partnership involving 28 European countries, which affirmed the political objective of progressive European integration by each Member State to foster economic co-operation, thinking that when countries trade together, the war between them is more unlikely to happen. The UK didn't sign the Treaty at that moment. Latter, realizing its mistake, UK applied twice to join the organization, in 1961 and 1967, but both cases resulted in failure, due to the veto by the President of France, Charles de Gaulle. Only when the De Gaulle resigned, the possibility of the British accession was opened up, incentivizing

¹⁵⁶ With the introduction of European Union (EU) in 1993, the EEC was renamed the European Community (EC), reflecting the evolution of the organization from an economic union into a political union. As a result of the Maastricht Treaty, when the Treaty of Lisbon (2009) came into force, the EC was eliminated and was embedded into the EU, and the Treaty of Rome was renamed the Treaty on the Functioning of the European Union, which constituted a great advancement on the European Integration. The EU was designed to integrate Europe's nations politically and economically, including a united foreign policy, common citizenship rights and (for most member nations, not including the UK) a single currency, the euro.

the UK to apply for the third time, which was successful. UK joined the EEC in 1973, followed by Denmark and Ireland, establishing the *Europe of Nine*⁵⁷.

However, after the accession of UK to EEC, with a commitment to renegotiate Britain's terms of EEC membership, UK just two years later was on the verge of backing out again, when decided to hold the first referendum in 1975, called the "Common Market-Referendum", on whether to remain in the EEC on the new terms, though continued membership of the EEC was approved and backed by 67.2% of votes, with only Scotland and Western Isles voting against⁵⁸. In 1979, the European Monetary System and European Exchange Rate Mechanism came into force and the United Kingdom opted out of this new instrument, as a result of which the European Currency Unit (ECU), the predecessor of the Euro was born. Britain was the only EEC Member State not to join the ERM. Tensions between the EEC and the UK increased in 1984, when the "*Iron Lady*"- Prime Minister Margaret Thatcher, made a tough speech on budget "rebate", threatening otherwise to halt the British payments to the EEC budget as it were considered to be unfairly treated. The reason behind this laid to the fact that even though being the third-poorest EC nation, it has to be the biggest contributor to the Community's budget, due to farm subsidies (almost 70 percent of total EEC expenditures) and its relative lack of farms. Thatcher negotiated the issue, reducing the Britain's contribution to the budget to about 12 percent.

In 1986 the United Kingdom, ratified the Single European Act, without a referendum, an act which accelerated the necessary legislative programmes to eliminate the trade-barriers through arrangements such as qualified majority voting (QMV) in the Council of Ministers. In 1989 the United Kingdom joined the European Exchange Rate Mechanism with Pound Sterling being pegged to the Deutschmark and on the following year, Thatcher resigned as Prime Minister for her increasing Eurosceptic views and internal divisions within her Party.

Later, the Euroscepticism was revealed by the billionaire businessman, Sir James Goldsmith, who founded the Referendum Party in 1996 with a platform of providing a referendum on the EU accession of the UK and contesting the Maastricht Treaty, an attempt which costed him of £20m and failed to succeed.

⁵⁷ For more details refer to the Historiasiglo20.org (www.Historiasiglo20.org/Europe/traroma.htm)

⁵⁸ Refer to the news.bbc.co.uk/onthisday/hi/dates/stories/june/6/newsid_24990000/2499297.stm)

In 1997, a new area, that of pro-European Union started with Prime Minister Tony Blair, who worked to rebuild ties with the rest of Europe, when he came to power. But, this “peace” was ended with the appearance of the “mad cow” (bovine spongiform encephalopathy) disease on the late ‘90^s, when Brussels imposed a ban on British beef. The general EU ban was lifted in 1999, after tough restrictions were imposed on beef exports, but France kept its own ban in place for years after that. It was not only beef, UK and EU had to battle with. Another issue to battling was that of British chocolate (including popular brands like Mars Bars, Kit-Kats and Cadbury’s), which, after a long debate (of around 27-years) resulted in the Court Decision in favor of UK, in 2000, to finally sold it to the rest of Europe.

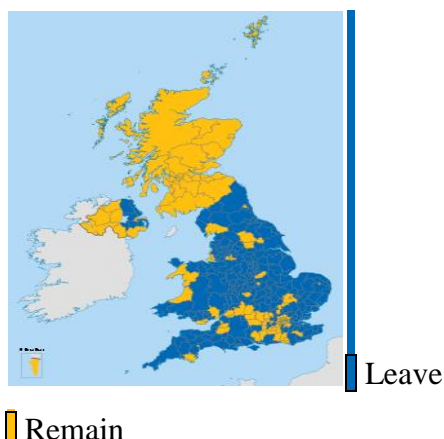
In 2007, after plans for an official EU constitution collapsed, the member nations finished negotiating the controversial Lisbon Treaty, which gave Brussels broader powers and the Prime Minister Gordon Brown signed the document later, as he missed the broadcasted ceremony on television in which the leaders of the 26 other member nations signed the treaty.

In 2011, the former Prime Minister, David Cameron became the first UK prime minister, who vetoed an EU treaty, aiming to protect Britain’s financial sector. After rejecting the 2012 referendum’s call, in a speech of early 2013, outlining the challenges faced by Europe, he promised, for the next winning general election, to renegotiate UK’s relationship with EU, including changes in migrant welfare payments, financial safeguards and easier ways for Britain to block EU regulations in the EU, but he hoisted with his own petard and simultaneously the support of UK Independence Party (UKIP) for the hard line stance against the EU increased over the past years, as a result of which, Cameron announced, in February 2016, the second historic referendum for the UK to be held on June.

On June 23rd 2016, the United Kingdom went through a nationwide referendum process, recently considered as the BREXIT⁵⁹ (primarily called BRITXIT), in order to decide whether the UK should leave or remain in the European Union. The results were positive, with 52% of the voters approving the UK to depart from EU, where England as well as Wales voted strongly for Brexit, while Scotland and Northern Ireland both supported to stay in the EU, as illustrated in the following picture.

⁵⁹ The term BREXIT is thought to initially being used by Peter Wilding in a Euractiv blog post on 2012.

Figure 1. Results of the UK's Referendum 2016



Source: BBC news

That is the starting point of the BREXIT process, which is expected to last 2 years, but in the meantime, the UK remains a full member of the European Union, until it leaves completely. The term BREXIT, It is a word, used as a hybrid term for UK leaving the EU - in which two words **B**ritain and **E**xit are merged, as it was analogically used by GREXIT, in case of supposed Greek exit from the Eurozone and possibly the EU.

Although undoubtedly a historic decision, BREXIT is considered to be also only the latest development in the colliding relationship between the UK and the EU over almost 50 years.

Western Balkans, Turkey and EU

In the prospect of EU integration, in order to sustain and foster the stability and economic development in the Western Balkans, the EU launched in 1999, the *Stabilization and Association Process (SAP)*, and the *Stability Pact*, replaced in 2008 by the *Regional Cooperation Council*, as a strategic framework: on one hand, to uphold the gradual establishment of harmonious relationships between the EU and Western Balkans, based on the bilateral agreements and regional cooperation, financial assistance, political and economic cooperation and improving trade affairs, aiming at creating free trade areas; and on the other offering accession towards EU, as primarily being a candidate or potential candidate and later a full member, by fulfilling the Copenhagen Criteria and adopting and implementing all EU legislation; facilitating the visa-free travelling on the EU region.

Kosova and Bosnia & Herzegovina are currently to be potential candidate for EU accession, with the agreements SAA, respectively signed in 2015 and 2008, while Albania (2009), Montenegro (2010), Serbia (2012) and Former Yugoslav Republic of Macedonia (FYROM-2005) are officially candidates, with the accession negotiations being opened to Serbia and Montenegro.

Turkey, applying for the EU membership in 1987, has become an official candidate in 1999, and currently has its negotiations being opened since 2005. After blocking 8 chapters and not closing one, due to the Cyprus dispute, in 2016, Turkey and EU reaffirmed the joint actions to halt the irregular flow of migrants to the EU, and to revitalize the accession process as well.

Croatia joined the EU in 2013, marking the *sixth EU enlargement*, and becoming the first of seven Western Balkan countries whose application to EU accession was approved, and the 28th Member State of the European Union, following that of Romania and Bulgaria in 2007⁶⁰. Croatia's accession represents a significant encouragement for other region's countries, towards future enlargement of EU.

BREXIT, ECONOMIC ISSUES AND CONSEQUENCES

As the popular adage says and Friedman uses too to explain economics in late nineteenth century, "there isn't no such thing as a free lunch", the British vote to exit it has its opportunity costs, meaning it is not a free exit, it has to have implications on UK itself and the EU, as it happens in everyday life decision making process.

Focusing on the economic consequences there are different scenarios to be considered, based on the fact that the BREXIT way to follow is not yet decided and different alternatives might be offered to the UK to opt for. BREXIT effects would depend upon what would be the relationship between UK and the EU and the length of the period it takes to negotiate on agreements to leave the EU in the short term, the fallout from the negotiations till when they actually begin because it's not a "pocket calculator"⁶¹, agreement, but a period that is featured by a lot of uncertainties, considering that the procedure to exit, even though it has been discussed several times, no one state did leave as UK did in 2016. To consider the economic consequences, we have to take account of these different scenarios, which show even the divergences in the economic schools of thought, as the one of going and fighting for BREXIT (pro-Brexiteers / Euro skeptics) and that of going against it (pro-Europeans / EU).

⁶⁰ For more details on EU accession application dates, requirements, agreements and so on refer to the European Parliament website (europarl.europa.eu).

⁶¹ Mr. Clegg on the Express, (Sep. 16, 2016) for more details.

The short term effects of BREXIT to UK economy were expected to be serious, with people spending less, company profits falling, wage growth slowing, unemployment growing and generally less prosperity all around. It was such analysis of the effect, which obviously resulted to the fall down of pound the day after the BREXIT vote and continued till now, where pound sterling dropped to a 31-year low against the dollar on October 4, 2016, diving by around 10% compared to the dollar and more to euro⁶². The short-term effect is almost entirely separate: it has more to do with fear and expectations than actual policy, given that nothing has legally changed yet and the business firms and manufacturers simply don't know how and what will be their legal framework, over the next few years.

The effect of such a fall, as referring economic experts can be two sided: the price to imported goods could be higher, making the final consumer spent more of his budget or as Bank of England warns "Be, on the watch out for your packet of biscuits getting smaller or your lorry roll shrinking...". In this view, some argue that the downfall slump in sterling has increased the costs of some major firms such as Easy jet and John Lewis while to the exporting site, the price is going to be lower, giving incentives to the domestic goods to be sent towards other countries, those of EU or other non-EU countries with which UK has trade relations. Professor Dowd, an economics professor at Durham University, a Brexit campaigner economist, who argues that nowadays EU is not important any more, but the rest of the world is what matters to UK trade relations, mentions on this issue of UK financial services investing on other countries, outside EU among other words that: "Most of our financial services business is actually outside the EU, and our share of business with the EU is declining anyway...." we're competing with Singapore, New York and Tokyo and so forth, "

Thus, even though having such a fall in pound sterling, it appears that the UK economy have endured that initial shock of the BREXIT vote, but the concern is about the long-term effects of BREXIT, an issue to which there are controvertible opinions.

Referring the financial markets, UK also lost its top credit rating, an AAA rating, bringing higher the cost of borrowing funds by government, and pound as well slump, but share prices have recovered from a dramatic slump in value, with both the FTSE 100 and the broader FTSE 250 index soars higher than before the referendum, as pound slide. This slump in the pound has made UK exports more attractive and contributed to a strong showing from the manufacturing sector.

⁶² The week, Oct. 5th, 2016

Inward investment was always predicted to slow when the election campaign is near and people run-up to the vote, due to the uncertainty of the outcome and its consequences, companies don't know what to expect, are worried about the status of their EU staff and are therefore nervous and often downbeat, something that happened in the Scottish case of the independence referendum in 2014. The Bank of England decided to implement an expansionary monetary policy by injecting an amount of £170bn into the economy and to cut interest rates at a new record low level of 0.25% unleashing some important stimulus, aiming to stave the economy off recession and stimulate consumption and investment.

Furthermore, the economy is expecting to prosper for the fact that up now nothing has happened, as mentioned by Mr. Clegg of The former Liberal Democrats⁶³: "No one knows what Brexit means. Once it becomes clear it should be put to the people". The talks and after BREXIT negotiations with the EU are at the initial stage and there has been no political distortion, the new government quickly put order of things. In this situation, the people has a positive perception of the referendum and is still shopping; and as Brexiters claim, as the country would no longer contribute to the EU budget, there will be more money at the Britons 'disposal. Fears that car-makers could scale back or even end production in the UK if vehicles could no longer be exported tax-free to Europe were underlined by BMW's decision to remind its UK employees at Rolls-Royce and Mini of the "significant benefit" EU membership confers. Some companies are now beginning to embrace the new order, and are doing what businesses are meant to, adapting according the changing realities to maximize their profits, as Philip Hammond, the new Chancellor of Britain, in a public speech answering to the worries of car producers of Nissan and the aforementioned of BMW for potential post-BREXIT tariffs, aiming at incentivizing the investment as a means of protecting the economy from the turbulence urges for supporting financially the British business due to the fact that they are "adjusting to life" outside the EU countries, meaning that the UK government is going to negotiate for compensating the firms being possibly hit with new expected trade rules and regulations, due to which they have to undergo the trade tariffs and tax barriers⁶⁴.

As previously mentioned, the long term effects on trade and investments as well can see diverging views: pro-Europeans think the UK's status as one of the world's biggest financial centers will be diminished if it is no longer seen

⁶³ The Express, (Sep.16, 2016) Clegg demands ANOTHER EU VOTE – and says "don't expect pocket calculator negotiation".

⁶⁴ The Independent, (Oct.3, 2016): Phillip Hammond hints on financial support hit by BREXIT

as a gateway to the EU for such services of US banks, while Brexit campaigners suggest that, the freedom, being out of EU rules and regulations, can offer Britain opportunities to open more the market towards other non-EU countries, as underlined by Prime Minister Mrs. May “The United Kingdom has always been an outward-facing, global partner at the heart of international efforts to secure peace and prosperity for all our people.”⁶⁵

Eurosceptics argue that the vast majority of small and medium sized firms do not trade with the EU but are restricted by a huge regulatory burden imposed from abroad. This is in line with the view of Giles (2016)⁶⁶, which analyses the development of UK economy after the BREXIT, mentioning that there are controversies on the prosperity of the economy, some arguing that the economy is going to suffer and slow down and some that the Britain economy is going to prosper. Considering the above discussion, Mr. Heath said in Telegraph on July 2016: “We all have our views on whether BREXIT will hit or help the economy over the next 10 or 20 years. This will depend in part on what exact deal we obtain from the EU, the extent of the new trade agreements we sign with other countries and economies, how open we remain to migration (Australia and the US simultaneously tightly control immigration but also allow a lot of people in) and the supply-side and other policy responses that the UK adopts to make it more competitive in an era of self-government”.

Regarding the trade sector, there are to be considered different alternatives, which are set against to each-other, referring to would be-relationship nature and partners. One of the ideas is as the leader of UKIP (British Party) Farage, a pro-Brexit proposes that Britain could follow a **Norway-model**, being a member of European Economic Area (EEA), having access to the single market but not subject to EU laws on specific areas, such as agriculture, justice and home affairs. But others as argued in the Economist believe that would not be such a “peaceful leave”, because in such a case, Britain “it would remain bound by virtually all EU regulations, including the working-time directive and almost everything dreamed up in Brussels in future”. Still this might be true as France and Germany as well also warned recently that there would be “consequences” for Britain for it left the EU as Merkel advised recently German businesses of no exception to the EU’s single market rules, otherwise it would represent “a systemic challenge for the entire European Union”, though they are urging for hard BREXIT, as even Mr. Muscat, the prime minister of Malta, which will hold the EU’s rotating presidency when Britain triggers article 50 of the Lisbon treaty on May on the Guardian

⁶⁵ The Express (2016, Sep.22): Boris Johnson: Article 50 WILL be invoked in 2017, but EU exit will NOT take two years

⁶⁶ Chris Giles (2016), the Financial Times, Jul.27, 2016 “Brexit in Seven charts - The Economic Impact.

mentioned that BREXIT is “not just an accounting exercise” and regarding the hard-BREXIT he continued that “The four freedoms - free movement of goods, capital, services, and people - could not be decoupled”. This was a response to the speech of new PM, Mrs. May who announced that Britain is going for hard-BREXIT, mentioning that It has happened because of the immigration fearness and sovereignty, but not only. This alternative, as BBC news announced the City UK report, would be less disruptive, costing the industry up to 4,000 jobs and £2bn of revenues a year⁶⁷.

Another model or would be the UK exiting the EU bloc "without any regulatory equivalence", and at the same report mentioned the costs to the industry were somewhere up to £20bn and 35,000 jobs lost, considering that the *domino* effect or the "knock-on impact" on related business activities could cost a further £18bn and 40,000 jobs. But this has to be considered with reserves due the fact that it is just a simplified research. It was a fear that eastern Europeans would deprive Britons, of jobs by migrating from countries where wages were lower. Great Britain's minimum wage is more than double that of countries such as Poland, Czech Republic, and Romania, for instance, which has meant that some 1 million immigrants from other EU countries have migrated to Great Britain seeking better paying jobs, and pushing out many blue collar Brits in the process. (Green 2016)

The second option to the trade issue is that Britain could follow a **Swiss-model**, series of bilateral agreement to give access to the specific sectors of the single market.

The third alternative as Brexit campaigner Boris Johnson proposed is that Britain would adopt a **Canada-style** trade arrangement. "I think we can strike a deal as the Canadians have done based on trade and getting rid of tariffs" and have a "very, very bright future", he mentioned.

BREXIT, LEGAL ISSUES AND PROBLEMS

The main issue to be discussed about, which is the initial point of many other discussions in patterns to follow after the BREXIT vote, is that of Article 50 TEU of the Lisbon Treaty, although many hard-line Brexiters has claimed that the Article 50 is not the only mechanism for extrication. As for this, the law professor Reid, of Sheffield Hallam University, presents the ideas of The Vote Leave Roadmap, which considers that there are 2 other main alternatives for withdrawal, except Article 50, by using other articles as well, such: Article 48 TEU process for changing the treaties of the EU; the Article 50 TEU, the article 54 of the Vienna Convention of the Law of Treaties 1969; simply

⁶⁷ BBC news (2016, Oct.5) Hard BREXIT could cost financial sector £38bn.

repealing by UK of the European Communities Act 1972 and replacing it with new UK law. But, as he argued and lately mentioned on public speeches of the PM, Mrs. May and UK Chancellor, Phillip Hammond it's somehow been decided that the Article 50 is the one that extricate the UK from the EU laws and regulations.⁶⁸

Even though PM, Theresa May has never wanted to go for this Article, now she has the chance to do it, After the withdrawal from the European Union, Britain's has to follow a procedure which it takes a period of at least 2 years, to trigger the Article 50. May announced on October, that UK is going to trigger this Article by March, 2017. But the procedure is going to be full of surprises and uncertainties, since it depends on the attitudes across Europe, as well as the political situation at home country. As the European Policy Centre analyst Fabian Zuleeg predicts, it will take longer than 2 years for the BREXIT to end completely, because "EU leaders are unlikely to be very accommodating to Britain's wishes". Further, until now no member state has ever tried to leave the EU, but the process for withdrawal is set out in the Treaty of Lisbon, which was signed in 2007. Meanwhile, during the negotiation period, UK stays as a member of the EU, where some things would continue as normally do. Some experts warn it could take up to ten years to wrap up the complicated "divorce".

EU laws would still apply to the UK and British ministers would continue to participate in most EU business, but without participating to the internal EU discussions or decisions on its own withdrawal as referring to Ruparel⁶⁹.

Article 50 sets out the processes and deadlines that would govern an exit from the EU and is the only legal way to leave the union. However, it has not yet been used and so is completely untested.

A country wishing to withdraw must enter into negotiations with other member states about the terms of its departure. The negotiating process is about having access to the single market and how, to what degree, creating new trade deals, as well as deciding the rights of movement for EU nationals and Britons, where each agreement (chapter) would have to be approved by all 27 other member states and may require ratification by national parliaments.

This procedure can take up to two years, with the possibility of an extension if the withdrawing state and the European Council mutually consent to a longer

⁶⁸ For a detailed discussion refer to EU Analysis blog (Jul.28, 2016) BREXIT begins: An overview of legal issues.

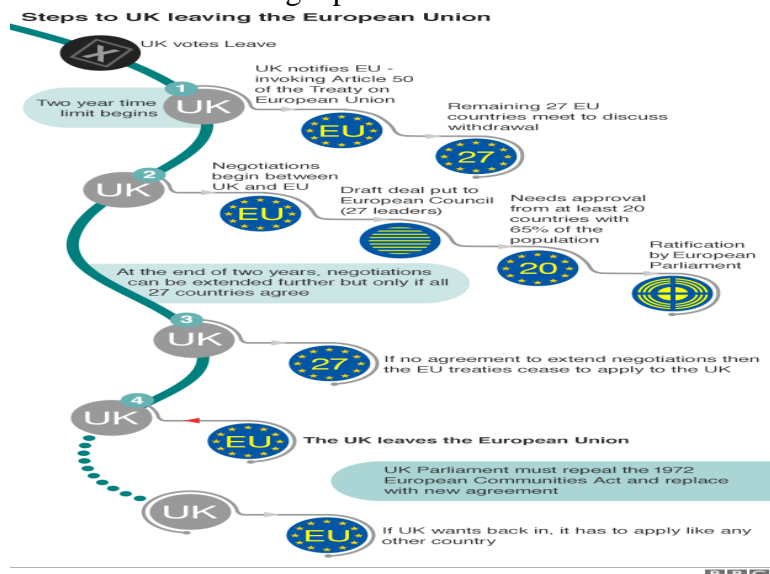
⁶⁹ Raoul Ruparel is the Open Europe's co-director

negotiation period. Focusing on this issue, it can be emphasized that the case of UK departure can be one of those that is probably going to last more than the 2 years, regarding Theresa May announcement of **hard-BREXIT** and further Merkel appeal to German firms, urging them to support the principle of “full access to the single market only in exchange for signing up to the four freedoms”. While Boris Johnson talked about this process that it is expected to be accomplished in less than 2 years, Philip Hammond, suggested it could take up to six years for the UK to complete exit negotiations. The terms of Britain's exit will have to be agreed by each national parliament, a process which could take some years, he has argued. Everything depends on the will and the concordance in signing the negotiations.

The European Court of Justice (ECJ) is the arbiter of EU law and has the final word on the interpretation and application of EU law (see Article 19 TEU). As such, only the ECJ can definitively pronounce on the meaning and application of Article 50 TEU.

This can be done through various mechanisms applicable to the ECJ's jurisdiction. This process for exiting the EU, by contrast to traditional international law processes, is driven by the EU itself, and must be conducted according to EU law, not general public international law. The supranational sui generis nature of the EU requires that the EU be actively involved in the process for withdrawal of a Member State.

An overview of the legal procedure is illustrated below:



EU law still stands in the UK until it ceases being a member. The UK will continue to abide by EU treaties and laws, but not take part in any decision-making.

TRENDING APPROACH TO EU FUTURE: MORE INTEGRATED (ENLARGEMENT) OR CONTRACTION?

Event the future movements on the EU integration are unclear and uncertain, and they vary with different scenarios to be considered, which are in line with the ideas of proposing/opposing the globalization movements. BREXIT effects would depend upon what would be the relationship between UK and the EU in the long-term future.

Stiglitz (2016) in an interview to the LSE speaks about the BREXIT costs, considering It as a positive movement, due to the fact that “the cost of keeping the Eurozone together probably exceeds the cost of breaking it up”

The European Union has clearly been shaken to its core by the seismic Brexit decision. The economic and geopolitical consequences of a UK departure from the European Union are serious. At its heart, the EU is torn between two competing push and pull factors: the desire to act decisively and in a spirit of unity and the requirement to ensure future relations with the UK remain as close as possible.

If it had been such a case, as the like Marshall Plan mentioned on a research on Germany succeeding to pay off debts, by professor Ritschl of economic history, could it have prevented Brexit and the possible breakup of the Euro zone - and maybe the European Union, as well?

The recent UK referendum to exit the EU with its turbulence created by, like an earthquake is expected to have serious significant implications not only for the United Kingdom and its constituency, but of course even of the European Union itself.

As mentioned on our discussion, no action is taken yet and thus, nothing is clear on the way the UK I going to follow. It is this would-be followed pathway that determines the nature of the future relationship between the UK and the EU, but not only. Due to increasing risk of Eurosceptics, the later crisis, Great Depression of 2008, the crises of Greece, Portugal and Italy put into the question the EU itself issue, whether if any contagion could be to the rest of the EU, affecting its nature and its membership, scope and focus of the new 27 EU member bloc, and the implications on Scottish independence or increasing calls for unifying Ireland, causing the UK unity to be questioned as well. The very real potential for constitutional crisis in the UK, with the possibility the breakup of the UK, could have longer-term implications for EU enlargement to the Western Balkans.

Regarding the EU project of Turkey's association, in the stream with the wind of Western Balkans, it might be said that Turkey, actually a candidate officially to the EU is prospering to join the EU. Turkey and Western Balkans as well were considering the UK as an major strategic player in the EU, thus the UK exit declined a bit their optimism towards the EU. On a speech of Boris Johnson (UK's foreign secretary) visiting Turkey⁷⁰, where he emphasized the importance of Turkey as a major UK's trade partner, the UK from its own side, promises to support Turkey attaching the EU, something that is apparent on his words "We may be leaving the European Union but we are not leaving Europe," continuing "...we will help Turkey in any way".

Though, the optimistic point of view, thinking of UK getting stronger outside EU, the risk of the above implications, if happening, could lead to the dissolution of the UK, a national catastrophe of historic proportions, with much less influence on the international stage, bringing certainly more impact on EU on general and the Balkans, especially, creating more uncertainty and risk.

Regardless of recent events, the UK will likely continue to support the integration of the region into European structures and institutions, so the impulse is directly placed on the remaining EU to ensure that the implications of Brexit for the Western Balkans are few and far between.

Umland⁷¹, consider the UK BREXIT scenario that might bring benefits to the Outsiders of EU, which is the case even for the Western Balkans. This would also send strong signals outside the EU. They will demonstrate across the globe the importance of the Union for Europe's and for the world's future. "While starting a rather difficult period in British history, the BREXIT vote may kick-start a fruitful discussion of, and provides new impulse to, **deeper European integration**. If the European Union becomes stronger as a result of these developments, even England and Wales may one day decide to rejoin again".

The UK would then be seen as a safe haven from those risks, attracting investors, boosting the pound and reducing the risk that Scotland would "leave the relative safety of the UK for an increasingly uncertain EU".

Even though the viewpoint of the above discussions fits more to the pessimist point of view of Brexiters, we are for the European integration, and as UK leaves, we think that there might be the desire of enlarging further the European Union with new Member States, trending to go towards future

⁷⁰ Politico, Sep. 29, 2016 Boris Johnson will help Turkey join the EU.

⁷¹ Andreas Umland (Jun. 24, 2016) Harvard International Review.

enlargement. This is in line with the statements Merkel and Hollande in Paris Summit 2016, who were keen to stress that Brexit would have no bearing on the ongoing accession process and that the EU remained committed to the Balkans, reassuring and emphasizing once more about future expansion of the union in the wake of the UK's decision to withdraw, affirming the EU enlargement projection mainly with regard to Western Balkans. This has even to do with the fact as Merkel warns "it was important to find a careful answer to Britain's eventual departure, and that people would only choose the EU if it helped them to prosper".

But it is still the case to be stressed that post-BREXIT developments will push towards consolidating first the rest of smaller EU and limiting damages, being more careful on their decisions rather than to enlarge the union, accounting for the associated challenges and costs that would bring. Thus the pace of integrating towards EU would be somehow slower that it was expected prior to BREXIT, even due to the fact that these countries were considering the UK as a internal important strategic ally, influencing the financial developments and integration in Europe. Furthermore to support the slowing speed idea, EU is going to be more careful, that replacing the UK, a net contributor, with a group of countries, such Balkans, with problems of corruption, facing an enormous amount of debt incurred during and by the Great Recession of 2008, and political disputes, which would bring further tension on EU finances, is likely not to be applauded. Something to be added has to be with the fact that the rising support of the Brexiters, populists, Euroskeptics, could threatens the European integration, leading to the contrary, towards contraction or even further breaking it up.

CONCLUSIONS

It is foreknown that Britain voted on June to leave the EU. This issue is of great concern now to be discussed, not just related to UK itself, but even to the EU member countries, and to Balkan ones as well. It is expected to have effect on different aspects, but our concern is mainly about economic effects and legal aspects of the future EU integration and difficulties foreseen to be faced by each country. Thus, it has to be with the new rules, regulations and agreements needed to be established in order to deal with international trade and financial markets, freedom of labor movement, financial transactions, EU project engagement, and other aspects.

Focusing on the economic consequences there are different scenarios to be considered, based on the fact that the BREXIT way to follow is not yet decided and different alternatives might be offered to the UK to opt for. BREXIT effects would depend upon what would be the relationship between UK and the EU and the length of the period it takes to negotiate on agreements to leave the EU in the short term.

The short term effects of BREXIT to UK economy were expected to be serious, with people spending less, company profits falling, wage growth slowing, unemployment growing and generally less prosperity all around. In this view, some argue that the downfall slump in sterling has increased the costs of some major companies, while to the exporting site, the price is going to be lower, giving incentives to the domestic goods to be sent towards other countries, those of EU or other non-EU countries with which UK has trade relations.

Thus, even though having such a fall in pound sterling, it appears that the UK economy have endured that initial shock of the BREXIT vote, but the concern is about the long-term effects of BREXIT, an issue to which there are controvertible opinions.

Referring the financial markets, UK also lost its top credit rating, an AAA rating, bringing higher the cost of borrowing funds by government, and pound as well slump, but share prices have recovered from a dramatic slump in value, with both the FTSE 100 and the broader FTSE 250 index soars higher than before the referendum, as pound slide. This slump in the pound has made UK exports more attractive and contributed to a strong showing from the manufacturing sector.

The main issue to be discussed about, which is the initial point of many other discussions in patterns to follow after the BREXIT vote, is that of Article 50 TEU of the Lisbon Treaty, although many hard-line Brexiters has claimed that the Article 50 is not the only mechanism for extrication. As for this, the law professor Reid, of Sheffield Hallam University, presents the ideas of The Vote Leave Roadmap, which considers that there are 2 other main alternatives for withdrawal, except Article 50, by using other articles as well, such: Article 48 TEU process for changing the treaties of the EU; the Article 50 TEU, the article 54 of the Vienna Convention of the Law of Treaties 1969; simply repealing by UK of the European Communities Act 1972 and replacing it with new UK law. But, as he argued and lately mentioned on public speeches of the PM, Mrs. May and UK Chancellor, Phillip Hammond it's somehow been decided that the Article 50 is the one that extricate the UK from the EU laws and regulations.

Even though PM, Theresa May has never wanted to go for this Article, now she has the chance to do it, After the withdrawal from the European Union, Britain's has to follow a procedure which it takes a period of at least 2 years, to trigger the Article 50. May announced on October, that UK is going to trigger this Article by March, 2017. But the procedure is going to be full of surprises and uncertainties, since it depends on the attitudes across Europe, as well as the political situation at home country. As the European Policy Centre analyst Fabian Zuleeg predicts, it will take longer than 2 years for the BREXIT to end completely, because "EU leaders are unlikely to be very accommodating to Britain's wishes". Further, until now no member state has

ever tried to leave the EU, but the process for withdrawal is set out in the Treaty of Lisbon, which was signed in 2007. Meanwhile, during the negotiation period, UK stays as a member of the EU, where some things would continue as normally do. Some experts warn it could take up to ten years to wrap up the complicated "divorce".

EU laws would still apply to the UK and British ministers would continue to participate in most EU business, but without participating to the internal EU discussions or decisions on its own withdrawal as referring to Rupare.

Event the future movements on the EU integration are unclear and uncertain, and they vary with different scenarios to be considered, which are in line with the ideas of proposing/opposing the globalization movements. BREXIT effects would depend upon what would be the relationship between UK and the EU in the long-term future.

Even though the viewpoint of the above discussions fits more to the pessimist point of view of Brexiters, we are for the European integration, and as UK leaves, we think that there might be the desire of enlarging further the European Union with new Member States, trending to go towards future enlargement. This is in line with the statements Merkel and Hollande in Paris Summit 2016, who were keen to stress that Brexit would have no bearing on the ongoing accession process and that the EU remained committed to the Balkans, reassuring and emphasizing once more about future expansion of the union in the wake of the UK's decision to withdraw, affirming the EU enlargement projection mainly with regard to Western Balkans. This has even to do with the fact as Merkel warns "it was important to find a careful answer to Britain's eventual departure, and that people would only choose the EU if it helped them to prosper".

Regarding the EU project of Turkey's association, in the stream with the wind of Western Balkans, it might be said that Turkey, actually a candidate officially to the EU is prospering to join the EU, an attempt that is going to be supported by UK although BREXIT happened.

But it is still the case to be stressed that post-BREXIT developments will push towards consolidating first the rest of smaller EU and limiting damages, being more careful on their decisions rather than to enlarge the union, accounting for the associated challenges and costs that would bring. Thus the pace of integrating towards EU would be somehow slower that it was expected prior to BREXIT, even due to the fact that these countries were considering the UK as a internal important strategic ally, influencing the financial developments and integration in Europe. Furthermore to support the slowing speed idea, EU is going to be more careful, that replacing the UK, a net contributor, with a

group of countries, such Balkans, with problems of corruption, facing an enormous amount of debt incurred during and by the Great Recession of 2008, and political disputes, which would bring further tension on EU finances, is likely not to be applauded. Something to be added has to be with the fact that the rising support of the Brexiters, populists, Euroskepticists, could threatens the European integration, leading to the contrary, towards contraction or even further breaking it up.

REFERENCES

Journals

- Beiber, Florian (2016): “*Ever Farther Union-Balkans and Brexit*”, Nations in Brief, Freedom House.
- European Parliament (2016): “*Briefing*”
- Global Councel (2015): “*BREXIT-The impact of the UK and the EU*”
- Takin, Funda (2016): “Brexit or No Brexit- Political and Institutional Implications of an EU without the UK, Istituto Affari Internazionali (IAI), WP 16, 2016.

Website

- <http://www.bbc.com/news/uk-politics-32810887>
- <http://hir.harvard.edu/brexit-will-good-european-integration/>
- <http://blogs.lse.ac.uk/euoppblog/2016/07/13/social-roots-of-brexit/#Author>
- <https://www.ft.com/content/0260242c-370b-11e6-9a05-82a9b15a8ee7>
- <https://www.ft.com/content/17e52328-4cd8-11e6-8172-e39ecd3b86fc>
- <https://www.ft.com/content/bee6d64e-3e14-11e6-8716-a4a71e8140b0>
- <http://www.telegraph.co.uk/business/2016/07/28/whatever-the-impact-of-brexit-we-need-to-energise-our-economy/>
- <http://www.theweek.co.uk/77010/will-brexit-cause-a-uk-economic-recession>
- <http://www.politico.eu/sponsored-content/ilhan-kyuchyuk-the-bulgarian-mep-devastated-by-brexit/>
- <http://www.euronews.com/2016/08/26/merkel-calls-brexit-a-deep-break-in-eu-integration>
- <http://www.express.co.uk/news/world/714794/non-eu-freedom-movement-migrants-europe-european-union-Agust-n-D-az-de-Mera-Was>
- http://www.huffingtonpost.com/david-sassoli/brexit-should-inspire_b_10660228.html
- <https://www.linkedin.com/pulse/brexit-european-integration-turkey-kedisa-articleId=8288465147591855405>
- <https://www.rt.com/business/348536-pound-markets-drop-rating/>

http://www.nytimes.com/2016/06/21/world/europe/brexit-britain-eu-explained.html?_r=0
<http://www.economist.com/news/britain/21702225-forget-financial-markets-evidence-mounting-real-economy-suffering>
<https://woodfordfunds.com/economic-impact-brexit-report/>
<http://www.independent.co.uk/news/education/education-news/brexit-top-uk-universities-facing-issues-working-with-european-partners-a7132451.html>
<http://eulawanalysis.blogspot.al/2016/07/brexit-begins-overview-of-legal-issues.html>
<http://www.europeanfutures.ed.ac.uk/article-3981>
<https://www.theguardian.com/politics/2016/oct/05/angela-merkel-takes-significantly-tougher-brexit-stance>
<http://europeanlawblog.eu/?p=3324>
<http://europeanlawblog.eu/?p=3294>
<http://europeanlawblog.eu/?p=3311>
<http://www.history.com/news/the-history-behind-brexit>

A REVIEW OF THE MAJOR STOCK MARKETS: NYSE, NASDAQ AND LSE IN PERSPECTIVE

MBA Isida Mansaku
Canadian Institute of Technology
ALBANIA
e-mail: i.mansaku@cit.edu.al

MSc. Saimir Mansaku
Canadian Institute of Technology
ALBANIA
e-mail: saimir.mansaku@cit.edu.al

Ioannis Tampakoudis, PhD
Canadian Institute of Technology,
ALBANIA
e-mail: ioannis.tampakoudis@cit.edu.al

ABSTRACT

Considering that the stock market play an important role in the global financial system, while the US and the European economies are the most significant parts of the system, we have conducted a review of the three major stock exchanges; New York Stock Exchange, London Stock Exchange and NASDAQ.

The purpose of this study is to determine if there are any differences and similarities between these stock exchanges and in fact, if the variations in key observed criteria improve the quality of each exchange as well as increase the competitiveness between them. We provide a side-by-side comparison of the three stock exchanges based on certain dimensions. The findings outline some differences, but generally they are becoming more similar to each other. The results of this paper could be useful to an array of market participants, such as companies that wish to be listed, investors, regulators and national or international authorities.

Keywords: NYSE, NASDAQ, LSE, stock exchange, trade conduct

INTRODUCTION

Business leaders today have many options to take into consideration when they select the market to raise capital. The stock exchanges are a significant component of the free market economic system and the main part of the stock market. The core function of the stock exchanges is to enable fair and orderly

trading, as well to provide accurate information on the securities being traded and on their prices. Those securities are bought or sold by various companies. This process helps them to invest in efficient investment plans and also contributes to capital formation and economic growth.

This research study is dedicated to stock market as a whole with focus on a comparative analysis of three of largest and most important stock exchanges in the world. It is divided into four sections: Section 1 describes the objectives, methodology and data used, Sections 2 gives a general overview of the stock market and in particular of the stock exchanges, Section 3 provides a side-by-side comparison of the three stock exchanges based on certain criteria. Section 4 draws the conclusions and discusses the implications of our research findings.

Research Question and Objectives

While there have been a considerable number of researches related only to specific criteria of stock exchanges such as liquidity or price volatility, there is little research study dedicated to stock market as a whole with focus on a comparative analysis of the largest global stock exchanges such as NYSE, NASDAQ and LSE. Thus, it is an interesting research question to be answered. First of all, it is vital to determine if there are any differences and similarities between these stock exchanges. After that, it is important to examine if the variations in key observed criteria improve the quality of each exchange and increase the competition between them. The study intends to capture similarities, patterns and trends in activities and movements and analyses the influence that the exchanges have on each other.

The research serves two main objectives. The primary aim is to choose an appropriate methodology and to provide evidence on this significant issue. The second major intent is to assist market players such as current or potential investors, issuers of securities, creditors, governments and of course scholars to identify potential efficiencies from our results and help them to make use of this information.

Methodology and Data

This study analyses NYSE, NASDAQ and LSE which are parts of different socio-economic and geographic backgrounds. We select NYSE and NASDAQ as two important components of American stock market and LSE which lies in the heart of European economy. Considering the fact that NYSE is well-known with its conventional “open outcry” method, and NASDAQ which operates as fully automated market, the other reason that triggered us to compare these two giants is to examine how the advancement of technology and the systems bring them to new competitive, challengeable opportunities. The main part of the study is the comparative analysis, wherein the exchanges

have been compared on certain areas and parameters. We use side-by-side comparison approach in order to document any significant differences or similarities between them. While there are many advantages of using this kind of methodology, it also lays space for further improvement.

The primary data used is the information available on the web pages of each respective exchange. The purpose behind this is the accuracy and the reliability of data. Another substantial factor in making use mostly from this kind of data source is also the concern that we have regarding the validity of data, since the exchanges are continuously under the pressure to adapt and hence, to improve their operations due to changes in customer needs.

THE STOCK MARKET AND THE STOCK EXCHANGES

Key Divisions within Capital Market

The capital market aims to facilitate financing for investment projects that last for a period of over one year. Based on security categories, this market is composed of both stock and debt. The stock market is a public entity where the stocks or other securities of a company are traded at a continuously adjusted price. It is also known as “Equity Market”. The securities are listed on stock exchanges or they are traded privately. Based on market levels, the capital market can be split mainly into two sections: primary market and secondary market. The primary market is a market where new issues or new financial claims are offered to the public for the first time. Initial Public Offering or IPOs is a typical method of issuing security in this market. Secondary market is that part of the capital market which deals with the securities already issued in the primary market. The main purpose of secondary market is creation of liquidity to encourage new investments. The financial securities in the secondary markets are generally traded through the medium of:

- **Over-the -Counter (OTC)**, which are decentralized exchanges where the trades occur directly through dealer networks. In these markets the price is not necessary published for the public. The main reason for which the securities are traded over-the-counter is because the company is small, making it unable to satisfy exchange listing requirements.
- **Stock Exchanges**, which are well-organized market places where the listed securities are bought and sold in a safe, fast and publicly transparent manner.

The Importance of Stock Exchanges

The stock exchanges serve the purpose of an organized and regulated market platform where investors and issuers indulge in the activity for buying or selling various industrial and financial securities like shares, bonds,

commodities, currency or pooled investment products. They play an important role because they:

- Provide central and convenient meeting places for traders of securities
- Increase the market ability and liquidity of securities and mobilize the savings
- Help companies and governments to raise funds
- Facilitate company growth and support capital formation
- Contribute to stability of security prices, equalize the price and smoothen price movements
- Provide forecasting service and speculate

COMPARISON OF NYSE, NASDAQ AND LSE

The information presented below describes briefly New York Stock Exchange, NASDAQ and London Stock Exchange and in particular analyzes some dimensions upon which they are similar to each other, but also differentiate. The three exchanges account for the trading of a major portion of securities worldwide. Although in the past NYSE and NASDAQ were identified as very different, over the years those differences are lessened, and by now these market giants are far more similar. Carrying out pair wise comparison on certain criteria with respect to our goal and knowing these differences and similarities will help better understand the functions of stock exchanges and the mechanics behind using on them.

NYSE, NASDAQ and LSE

The New York Stock Exchange (NYSE) is the oldest and by far the largest market place referring the market capitalization of its listed companies at US\$25.3 trillion as of December 2014. It is located at Wall Street, New York. It is also known as the “Big Board”.

The NASDAQ Stock Market commonly known as the NASDAQ is a global electronic marketplace founded in 1971 by National Association of Securities Dealers. At the beginning it was merely a quotation system, which went live for 2,500 over-the-counter securities.

London Stock Exchange is Europe’s oldest stock exchange. Starting its life in coffee houses, the Exchange nowadays is located in the City of London, in UK. Over the centuries it has been developed as a strong, well-regulated stock market and today stays at the heart of global financial markets.

Origination and Launch Time

NYSE is the oldest stock exchange in the world, founded in 1792. LSE is one of the oldest global stock exchanges, its roots trace back to 1688, but

officially its history starts in 1801. NASDAQ has been created in 1971 as a comparative upstart and even then, not as a stock exchange but as an electronic quotation system. Before March 8, 2006, their type of ownership was a major difference between these exchanges: the NYSE was private, while the NASDAQ and LSE were listed as a publicly-traded corporation. This difference disappeared in March 2006 when NYSE went public after being a not-for-a profit exchange for nearly 214 years. The shares of these exchanges, like those of other public companies can also be traded by any participant on an exchange.

Location

The location of an exchange refers to the “place” where the transactions take place. On NYSE the trades occur in a physical location, on the trading floor on Wall Street. LSE is located in the City of London, United Kingdom. The NASDAQ, compared to both NYSE and LSE, is not a physical entity but a fully automated system, which has a virtual existence in cyberspace. It is not located on any physical trading floor, but the trades are conducted on a telecommunications network of thousands of computers. It might be famous for its MarketSite Tower and broadcast studio in Times Square, but very little is done there.

Trade Conduct

The way how they conduct trades, how the securities are transacted from sellers to buyers is one of the most significant differences between the exchanges.

NYSE: The NYSE is primarily a continuous auction market, the floor traders and floor brokers work on execution of the orders such as buy and sell, person-to person, telephone or electronic orders either exclusively for their own accounts or on behalf of the investors. In the past, NYSE participants mostly used the "open outcry" method, which involved verbal bids and offers as well hand signals, to communicate with each other and to convey trading info. This method is also called “pit trading”. As of January 24, 2007, NYSE went from strictly making use of floor trading to a hybrid market, which includes both traditional and the electronic trading method. Despite a small group of extremely high-priced stocks that are still auctioned only on the trading floor, almost all stocks are also traded via electronic hybrid market. The investors maintain the right to choose the method they want to use.

NASDAQ: The NASDAQ on the other hand is a dealer’s market. Rather than being an auction market, it operates as a dealer network, although its stocks are not generally classified as OTC. It is considered a stock exchange where the trade takes place directly between investors (buyers or sellers) and the

market makers, which are broker-dealer firms that take the risk to hold an inventory of a certain number of shares. Their function is to facilitate trading and liquidity and complete for their customer orders through elaborate systems, electronically connected to one other that display bid/ask quotes for a guaranteed number of shares. Unlike the orders are called out by brokers in NYSE, on NASDAQ the market makers place their names on the list of buyers and sellers, which then NASDAQ distributes in a split of second to thousands of computers.

LSE: The process of trading in LSE is similar to the NYSE; shares are traded between buyers and sellers, who join the market to gain access in capital. When things get out of hand the specialist tries to keep things stable. Electronic trading occurs through computerized systems for matching buy and sell orders. After the order is executed, usually by a trading system the acknowledgement is sent to the involved parties to confirm the order execution and its size (and order may be partially execute), price and time.

To conclude, as the physical floor trading has gradually been replaced by electronic trading in NYSE, this has become less of a difference between stock exchanges. The investors are able to enter their orders into the system and execute them immediately. The use of electronic mediums to conduct tasks done before by floor brokers and traders has increased throughout the years. However, these stock exchanges still differ from each other because NYSE is locked in the tradition of the “trading floor” and prefers to use the open outcry and to execute a percentage of its trades on the floor in addition to electronic trading whereas the LSE has moved more to the next generation of electronic trading and in NASDAQ the trades are totally electronically executed.

Market Participants

NYSE: The main market participants in NYSE and their roles are as follows:

Designated Market Maker (DMM): In order to further improve the performance, quality and competitiveness, two of NYSE regulated markets such as NYSE and NYSE MKT offer a unique market model which combines the high-tech automation and provides much lower latency and total anonymity, with a high-touch participation of market professionals on integrated systems such as Designated Market Makers (DMM). DMMs’ main role is to maintain a fair, systematic market and to provide liquidity through communication with the trading desk and floor brokers.

The Specialist: The specialist is a dealer representing the specialist firm, who is in charge of matching up floor traders, buyers and sellers, so he merely facilitates the trade, but not only. He acts also as auctioneer, agent, catalyst and principal. A specialist differs the most from a DMM because the later does not have access to inside information until the trade is made, so he faces the same risks as other market participants.

Trading Floor Broker: The floor Broker is an independent member of the Exchange, who combines flexibility, judgment, automation and anonymity with technology and order management tools. During openings, closings and unique intra-day trades, he is positioned around the trading desk to try to complete the orders. He uses e-Broker, handheld order-management devices and has access to advanced algorithm programs.

NASDAQ: The trader who operates on the NASDAQ is known as the market maker, which in fact is a number of large investment firms that buy and sell securities through an electronic network. They maintain inventories of shares and buy and sell stocks from there to individual clients and other dealers. Each market maker must give a two-sided quote, which means they state a company bid and ask price for a specific asset. Since they put both bid and ask prices, they reassure the establishment of a fair price, making money on the spreads and get paid a percentage of their wins. They are competitive and enable competitive prices. As a result, the investors get the best price. As this competition lies on the limited spreads, the market makers on the NASDAQ will in some instances act like the specialists on the NYSE.

There are several parties involved in issuing LSE bonds⁷². The main players are:

Lead manager and syndicate: The lead manager, generally being a financial institution, is responsible for managing the entire issue process. He advises the issuer on the structure and timing of the issue and appoints the syndicate, a group of investment banks that sell the issue.

Legal advisers: Legal advisers are responsible for the due diligence process and verifying statements of fact as well as for the drafting of the legal documentation.

Paying agents: The paying agent is responsible for receiving the interest payments of the bonds from the issuer and distributing them to the bondholders.

To sum up, in NYSE and LSE buyers and sellers trade between one another, when the things get out of hand the Specialist/DMM keeps things stable by matching them up and facilitates the trade. In NASDAQ, the market maker controls the price since he buys or sells. He can push the stock in any direction as he benefits from making money on the spreads and from a percentage of the customer profits. The role of the market maker and that of the specialist and DMM is technically different; a market maker creates a market for a security, whereas a specialist or DMM in general merely facilitates it. However, the duty of all of them is to increase the liquidity of their respective exchanges and to ensure orderly markets for their customers. If too many orders are backed up, the parties involved in the trade try to match the buyers with the sellers to ensure the execution of as many orders as

⁷² <http://www.londonstockexchange.com/specialist-issuers/debts-bonds/how-to-issue/how-to-issue.htm>

possible. If there is no one willing to buy or sell, the market maker or the specialist will work on finding buyers and sellers and probably even buy and sell from their own inventories.

Listed Companies

The NYSE by reputation is the exchange for “blue chips” firms and mega-corporations. Blue chips are nationally recognized, well-established and financially sound companies⁷³. These are the old guards, and the big name companies that have always dominated the world economy and its stocks are considered to be more stable and established, whereas the NASDAQ is the exchange for newer, smaller companies trying to make a reputation. Known as a high-tech market, NASDAQ attracts in particular those firms in newfangled fields of electronics, high tech, Internet etc. According to this, the stocks tradable on this exchange are considered to be more volatile and growth oriented. The NASDAQ is mainly hospitable to companies on the rise. If those companies hit indeed the big time, they may then seek a listing on the NYSE. However, as the NASDAQ grows and becomes more established, this difference has diminished as well. There are also plenty of heavyweights on NASDAQ. Even though some companies, which start with a NASDAQ listing, grow big and successfully, it's become more common for them to stay there, rather than switching to the NYSE.

Referring to a report of September 30, 2014⁷⁴, the total number of listed companies in LSE is 2,467. Those companies are from 70 countries, making the LSE the most international of all exchanges. Over 1,300 of LSE high performance companies list on the Main Market and nearly 1,100 ones with high growth potential trade on the AIM.

Listing Authority

NYSE and NASDAQ: As self-regulatory organizations, NYSE and NASDAQ have to carry out their business operations according to SEC-approved exchange rules and the federal securities laws. SEC is the government agency which acts as the ultimate regulator of the securities industry. The acronym SEC stands for “Securities and Exchange Commission”. The primary role of SEC is to secure that stock markets operate in a fair way for all investors. The Exchanges are required to file with SEC all new proposed rules and any changes on existing ones. Before they take effect, SEC publishes them and encourages public to submit comments enabling all investors the transparency on the way their orders are processed

⁷³Investopedia

⁷⁴<http://www.londonstockexchange.com/statistics/companies-and-issuers/companies-and-issuers.htm>

and executed.⁷⁵ SEC then reviews the proposed rules and in case the exchanges fail to have sufficient governing rules, SEC may take enforcement actions against the Exchanges.

LSE: LSE is regulated by the UK Listing Authority (UKLA), which is competent authority for listed companies, competent authority for the purposes of the European Prospectus and Transparency Directives and competent authority for certain aspects of Market Abuse Directive. In parallel to the application process of LSE, the companies must apply to the UKLA to have the securities admitted for trading on LSE markets.

The most obvious difference between NYSE, NASDAQ and LSE is that the later offers companies more flexible terms for using the exchange, unlike the exchanges in United State where the laws govern standards within the stock exchange industry.

Listing Requirements

The decision to list on a particular exchange is very important for many firms. The listing standards, fees and regulatory environment are the main criteria that affect a lot that decision. The listing standards and listing fees will be subject of another study research and will be analyzed more in deep, but to summarize we say that all three exchanges have their initial and continued listing standards that companies must meet in order to list and after that to stay listed on the respective exchange. The main aim of these requirements is to protect investors. They also maintain the quality of the market and help it functions efficiently. In the past, there were considerably more stringent requirements for being listed on NYSE than on NASDAQ, though by now there's little distinction. After NYSE has become a publicly traded company, the differences between the listing requirements have diminished.⁷⁶

The minimum initial requirements include stock price criteria, distribution and size criteria such as minimum number of publicly held shares and minimum market value or minimum number of shareholders, and minimum financial or liquidity criteria. In addition, there are also certain qualitative standards such as the corporate governance requirements that must be met. All three exchanges have the discretion to deny any applicant, or apply additional conditions even in the case the company satisfies all the required standards

⁷⁵<http://www.sec.gov/rules/sro/nyse.shtml> and <http://www.sec.gov/rules/sro/nasdaq.shtml>

⁷⁶*For more detailed information on the listing standards, refer to the official website of the respective exchange*

Among the similar listing requirements, both NYSE and NASDAQ require a minimum of \$ 4 stock price.

NYSE: We will present an overview of minimum quantitative listing standards for US companies. In addition to them, there are also certain qualitative standards such as the corporate governance requirements that must be met⁷⁷.

▪ **Initial Listing Standards for US Companies**

- **Share Price Criteria:** All issuers must have at least \$4 price at the time of initial listing⁷⁸
- **Distribution Criteria:** All the following distribution standards are required to be met
 - Publicly held shares; 1.1 million
 - Market Value of Publicly held shares
 - ✓ IPOs, Spin-offs, Carve-outs \$40 million
 - ✓ All other listings \$ 100 million
 - Minimum number of shareholders; 400 round lot (Number of 100 shares holders or more or of a unit of trading if less than 100 shares)
- **Financial Criteria:** There are some alternatives where each of them consists of a bundle of standards; at least one of these alternatives must be met. The following is one of them.
 - Aggregate pre-tax income for the last three years; \$10 million
 - Minimum in the most recent year; \$2 million
 - Minimum in the next most recent year; \$2 million
 - Positive amount in all three years

In addition to initial listing requirements, NYSE has also quantitative and qualitative continued listing criteria.

NASDAQ: The NASDAQ sets also its own standards for listing and continuing which are similar to the NYSE. It is comprised of three market tiers: Global Select Market, Global Market, and Capital Market. A company which applies to trade on the NASDAQ, must meet certain financial, liquidity and corporate governance requirements of at least one of the three market tiers.

The following table provides a summary of initial financial and liquidity requirements the companies (referring only to IPOs and Spin-Offs) must meet in order to join one of the three market tiers. As shown below, the requirements for Global Select Market are the most stringent compared to

⁷⁷http://nysemanual.nyse.com/LCMTTools/PlatformViewer.asp?selectednode=chp_1_4&manual=/lcm/sections/lcm-sections/

⁷⁸<http://usequities.nyx.com/regulation/issuer-oversight/listing-standards/us>

other two markets. The corporate governance requirements are the same for all NASDAQ market tiers.

Table 1: Initial financial and liquidity requirements

Financial & Liquidity Requirements	Global Select Market	Global Market	Capital Market
Stockholders' equity	\$55 m	\$30 m	\$5 m
Publicly held shares	1,250,000	1.1 m	1 m
Market value of publicly held shares	\$45 m	\$20m	\$15 m
Market value of listed securities		\$75 m	\$50 m
Shareholders (round lot holders)	450	400	300
Market makers		3/4	3
Bid Price	\$4	\$4	\$4
Operating history		2 years	2 years

Source: www.listingcenter.nasdaq.com

Once listed on NASDAQ, companies must continue to meet certain requirements to maintain the status as listed stocks. There are some standards for each market, whereas companies must satisfy all of the criteria under at least one of these standards.

LSE: The listing requirements presented below are a summary of the standards that should be met in order to join one of the LSE markets.

- **Main Market- Key eligibility requirements**

The initial and ongoing regulatory requirements for being a Main Market company consist of UKLA requirements and LSE's Admission and Disclosure Standards. The UKLA is responsible for the approval of prospectuses and admission of applicants to the Official List and then the Exchange admits securities to trade on the Main Market. There are two listing segments in Main Market-Premium and Standard Listing. While the issuers of Premium segment are expected to meet the highest listing and corporate governance standards, the companies which join Main Market through Standard Listing are allowed to enter this market by meeting directive minimum standards harmonized across the EU.

▪ **AIM- Key eligibility requirements**

AIM is specifically designed to meet the needs of small and emerging companies. The criteria to join this market are less stringent compared to Main Market. Once a company on AIM develops in a certain stage, it may switch from AIM to the Main Market. On one hand, this move will increase regulatory requirements, but on the other hand, the company will have more benefits such as reputation which can attract potential investors.

Main Market and AIM- Continuing obligations

In addition to required application and eligibility criteria, all companies listed on the LSE are subject to the continuing obligations. These include a range of requirements, such as providing information to all investors at the same time, which might affect the share price or the released financial results on a timely basis. There are also differences between the continuing obligations for Premium or Standard Listing, and AIM.

To conclude, the three exchanges apply their respective initial and continuous requirements which are similar to each other in order to ensure issuers comply with all relevant criteria.

Listing Cost

The basic of fee structure on three exchanges consists of One-time Fee named whether Initial, Entry or Admission fee and Continued or Annual Fee. The initial fees are different calculated and applied among the three stock exchanges. In general, in NYSE initial fees are calculated on a per share basis, referring to the number of shares issued and outstanding. NASDAQ calculates the entry fees based upon the total initial number of shares outstanding. In LSE the admission fee is calculated based on the company's market capitalization at the time of admission which is calculated by multiplying the total number of shares with the opening price on the day of admission. An application fee of 25,000 dollars is applied to NYSE, \$25,000 for NASDAQ Global Select and NASDAQ Global Markets and \$5,000 for NASDAQ

Capital Market. There is no application fee applied to enter the markets of LSE. In NYSE annual fees are invoiced at the beginning of each subsequent year applicable to that year. NASDAQ calculates the annual fees based on the last company's Total Shares Outstanding (TSO) available for all classes of stock listed, usually determined as of December 31, of the previous year. As of January 1, 2015, NASDAQ offers companies that pay according to Rules 5910 or 5920, an "All-Inclusive" Annual Listing Fee. Any company, not subject to this new fee structure, must pay standard annual or other fees. All companies having either equity securities or certificates representing shares admitted to trading on LSE have to pay annual fees. They are based on the market cap of the issuer at close of trading on the last business day of November in the previous year.

Regarding the issuance of additional shares, there is no fee in NASDAQ for the issuance of up to 49,000 shares per quarter. Also AIM does not charge any fee for further issues with value below 5 million pound.

The fees are differently by types of securities. All above was referred to equity securities. Regarding the debt securities, LSE is very competitive since it does not charge annual fee for listing debt, reducing in this way the cost of capital raised on its markets.⁷⁹ Below we summarize listing cost for the three exchanges.

Table 2: Summary of listing costs

Requirements	NYSE	NASDAQ	LSE
Fee Structure	Initial & Annual Fee	Entry & Annual Fee	Admission & Annual Fee
Calculation of fees	At "per share" rate	Total shares outstanding (TSO)	Market cap.
Initial Application Fee	\$ 25,000	\$25,000/ \$5,000	
First time listing	\$0.0032 per share + one -		

⁷⁹ The full LSE admission and annual fee can be found on <http://www.londonstockexchange.com/companies-and-advisors/listing/fees/fees-for-issuers-2014-2015.pdf>

	time charge of \$50,000		
Min. and Max. Fees	<\$125,000 >\$250,000 (Special charge incl.)	Up to 30 m shares\$125,000 Over 100 m shares\$225,000 Global Select and Global Mark Up to 15 m shares \$50,000 Over 15 m shares\$75,000 Capital Market (Application fee incl.)	Market cap: £7,600-£440,000 (Main Market) Max.-£85,750 (AIM)
Listing of additional shares	Up to 75m \$0.0048 Over 75m- 300m\$0.0037 Over 300m 0.0019	If <49,999 shares quarterly, 0.01 per additional share	market cap: up £500 m-25% above £500 m-10% discount on admission fee scale- Main Market
Min. and Max. Fees for listing of additional shares	\$10,000- \$500,000 (per transaction)	\$5,000- \$65,000 (per fiscal year)	no further issue fees applied for capital raised below £ 5m- AIM
Annual Fees	\$0.001 per share, minimum \$45,000	Up to 10 m shares — \$40,000: over 150 m shares — \$125,000 \$32,000-\$45,000 (Capital Market)	Up to£50,000-UK companies Up £25,000-Foreign companies Main Market, PSM,SFM £6,050 (AIM)

Source: Information held from the respective exchange' web pages

Listed Securities

NYSE: Based on the December 2014 data, it is the largest and most liquid cash equities exchange in the world. NYSE Arca is designed as a fully-electronic exchange, where more than 8,000 listed securities are traded. It is the leader market of listing and trading exchange-trading funds (ETFs), offering the largest public ETF liquidity pool in the US.

NASDAQ: NASDAQ provides a range of securities accepted for trade in order to support the decisions of investors to invest on them. The securities traded on NASDAQ are stocks, bonds, options, mutual funds, ETFs and commodities, which are basic goods of value, interchangeable during commerce with other commodities of the same type.

LSE: Ordinary shares are the most common type of stock equities in the UK. LSE Derivatives Market offers a numerous innovative products such as Dividend Neutral Stock Futures or Index and Dividend derivatives. It provides screen trading and Trade Reporting, a service where the member firms report trades for listed and tailor-made contracts. Exchange Traded Products (ETPs) are also offered in SETS and they guarantee two-way prices. ETPs have continuously bid-offer orders that are traded throughout the day.

The table below summarizes main types of securities available for trading on the NYSE, NASDAQ and LSE.

Table 3: Summary of products traded on the NYSE, NASDAQ and LSE

NYSE	NASDAQ	LSE
Equities	Stocks	Ordinary Shares
Options	Options	Derivatives
ETPs	ETFs	ETPs
Bonds	Bonds	Retail Bonds
Indices	Mutual Funds	Structured Products
	Commodities	Exchange Traded Commodities
		Global Depositary Receipts

Source: Information held from respective exchanges' web sites

CONCLUSIONS

A stock exchange can be considered as an economic mirror where important changes in a country and the economy are reflected in the shares prices. Any

increase or decrease in the prices of shares indicates the economy boom or recession time period respectively. Business operations are becoming increasingly globalized as centers of economic strength and innovation around the world. We note that, the stock exchanges are also intend to pursue listings across their respective borders or to access other markets through mergers, acquisitions or strategic alliances in order to take advantage of the opportunities raised in this environment. According to the research done on the listing requirements and other criteria, we can emphasize that the selection of an appropriate exchange is a long-term strategic decision that is primarily determined by the firm's major business leaders.

The scope of the study encompassed the main stock exchanges in the US and Europe. It provided a side-by-side comparison of NYSE, NASDAQ and LSE based on certain criteria and it brought forth some distinct conclusions. We showed briefly that every stock exchange has its own requirements that should be met by companies - whether financial or operational - in order to qualify for the listing. Moreover, we find out that the exchanges use a variety of methods when they charge listing fees. Hence, our results strongly increased the compliance to the belief that the listing standards help to maintain the quality and to ensure an efficient function of stock markets. The comparative analysis showed again that in general stock exchanges are reliable barometers to measure the economic growth of respective countries. Overall, we conclude that the three stock exchanges are more similar than different and that they strongly and continuously impact each other in the context of globalization and increased interest in capital markets.

Finally, we would like to mention that this study is intended as a basis for further discussion and it provides comparative knowledge to get a better idea about the important happenings on stock exchanges and to understand the impact that one exchange movement has on other ones. Whilst every effort has been made to ensure the accuracy and completeness of the facts provided, we give no warranty in that regard and accept no liability for any loss or damage incurred through the reliance upon the information contained herein. This study makes no evaluative conclusion and do not guide to eligibility of any company to list on any of three exchanges covered.

REFERENCES

Journals

Ernst & Young Report (2007); IPO insights comparing global stock exchanges

Huang, R. & Stoll, H. (1996); Dealer versus Auction Markets: A paired comparison of execution costs on NASDAQ and the NYSE. *Journal of Financial Economics*, 313-357
Oxford University Press (2010); Regulated Exchanges, agents of economic growth, 70-108
Reuters Press Release (2012); Sustainable Stock Exchanges Initiative: Exchanges listing over 4,600 companies commit to promoting sustainability
Schwartz, R.A., & Francioni, R. (2004); *Equity Markets in Action: The Fundamentals of Liquidity, Market Structure & Trading*. New York: John Wiley & Sons

Websites

www.fca.org.uk
www.investopedia.com
www.londonstockexchange.com
www.nasdaq.com
www.nyse.com
www.proskauer.com
www.sec.gov
www.wikipedia.org

TAX POLICY INDUCED NON COMPLIANCE – EMPIRICAL INVESTIGATION USING TAX GAP FOR ALBANIA

Dr. Albana Demi (MOSHO)
Canadian Institute of Technology
ALBANIA
e-mail:albana.demi@cit.edu.al

Proff. Ass Skender UKU
Agricultural University of Tirana
ALBANIA

Mimoza Agolli, PhD(c)
Canadian Institute of Technology
ALBANIA
e-mail:mimoza.agolli@cit.edu.al

ABSTRACT

The tax system includes the entire variety of taxes and fees applied throughout economic agents, being individuals, families, public and private entities. What is tax compliance and how taxpayers' behavior depends on tax rate is important to tax administration and fiscal consolidation. While tax policies at a European context remain broadly a national policy, fiscal indicators, meaning fiscal revenues and expenses are important to the Maastricht rules of macroeconomic stability for European countries, including here acceding countries as Albania.

This study tries to compare the compliance gap of business taxpayers depending on the tax rate in Albania. The study tries to identify the degree to which tax rate has been influencing tax non compliance in transition economies and explore the possibility of using tax rate as mean of fiscal consolidation.

The paper is organized in three sections, tax rates and tax compliance theoretical considerations are summarized in section one. The empirical model and data are summarized in section two followed by empirical results. The influence of tax rate on tax non compliance and fiscal consolidation was highly significant causing a behavioral adjustment of individuals to comply or not comply with the policy change. A tax non compliance phenomena and general economic expectations if negative, affect the persistence of the tax noncompliance behavior of the agents risking the fiscal consolidation.

Keywords: tax system, private sector, tax rate, panel data, comparative analyses

INTRODUCTION

Tax compliance has been worsening throughout the years of economic downturn in both developing and developed economies (IMF, 2015). The reduction in tax revenues due to incompletion of tax payers made even more vulnerable economies by deteriorating fiscal balances and demanding more public debts. This has increased the pressure to the fiscal administration to improve their efficiency.

In developed countries tax compliance is high, making policies to increase tax revenue of little relevance of a tax consolidation objective. Developing countries, on the other hand, need to tackle the problem at policy and management aspect of fiscal sector, since both tax policy and tax administration can improve tax collection by strengthening tax compliance.

The tax reform in Albania in the recent year has been focusing the tax compliance urging for conformity by applying field audits with risk factor in selection of those entering in the audit scheme. The government, aimed to restructure the tax rates, under the objective of more equity in income distribution. This policy was mirrored in increased tax rates, which as a fiscal policy goes against the tax compliance enforcement effort. We model the influence of tax rate change on tax compliance by making use of tax gap, simple average tax rate and output gap derived from the Hedrick Prescott filter of GDP. The redistribution of income is affected by public expenditures through fiscal policy instrument forms which add greater care categories with low incomes.

Tax gap, used as a measure of tax non compliance will then be regressed against macroeconomic indicators and tax rate in order to understand the influence of tax rate on tax noncompliance for Albania.

The influence of tax rate on tax non compliance and fiscal consolidation was highly significant causing a behavioral adjustment of individuals to comply or not comply with the policy change. A tax non compliance phenomena and general economic expectations if negative, affect the persistence of the tax noncompliance behavior of the agents risking the fiscal consolidation.

LITERATURE REVIEW ON TAX COMPLIANCE GAP AND FISCAL CONSOLIDATION

Tax non compliance is an old concern for the tax administration, however concern and analyses has been intensified throughout literature mainly because of the economic downturn globally. Fiscal non compliance became more evident because of the economic downturn with high public debts, weak

fiscal performance with low revenues and increased demands for public spending.

In the seminal paper of Allingham and Sandmo (Sandmo, 1972) tax evasion was considered a Becker type gambling, with economic agents choosing the level of evasion comparing savings from tax nonpayment with expected penalty (penalty weighted by the risk of being caught for evasion). Risk based method of tax compliance would increase the probability of economic agents being caught for their evasion, increasing penalties for evasion and reducing incentive to evade taxes. Tax noncompliance increases if tax policy loses attention over compliance or when risk assessment on tax compliance is not well established and developed.

Cost of tax compliance are difficult to be measure, however they are not insignificant in general. Tax compliance cost are large and significant for SMEs, which sometime choose either to operate as shadow (not registered) or reduce formal economic activity to a minimum where there is no need to pay some of the taxes. Applying low and simple taxation, combined with improved customer services to self voluntary declaration has helped in reducing tax noncompliance. Corruption of tax administration ruins the benefits of such a simple and encouraging taxation. Corruption damages tax revenues, compliance culture and most of the time becomes chronic. (Finance, 2012)

Non compliance varies with the size of the economic activity (Kanbur and Keen, 2014), failure to register is mainly an attitude of micro and small companies. Non compliance in term of payment is mostly among big companies, however measuring or identifying their non compliance is hindered among complex accounting and legal practices requiring high monitoring efforts by the tax administration (Demi & A.Mosho, 2012).

Behavioral aspects of the economic agents become important to understand and reduce non compliance, given the costly auditing and monitoring practices. Social norms, feeling of guilt and shame even patriotism are often factors combined in the so called tax morale (Singhal, 2014). Policy interventions that simplify the taxation or highlight factor behind voluntary compliance often improve tax compliance. (Behavioral Insoght Team, 2012) When taxpayers perceive public spending as efficient and public institutions enjoy a high public trust tax non compliance weakens. (OECD, 2013)

Businesses to consumer transactions are adding a challenge for tax compliance. Consumers have no strong incentives to collect receipts/invoices making it difficult for the tax administration to cross check information. E-commerce is also making more difficult identifying when and where sales are performed. In developed countries business to consumer transactions has been considered responsible for 25% of tax collection gap, while in some underdeveloped economy the tax collection gap because B2C transactions is reported to represent 60% of this gap (Castro, 2014).

The theoretical framework of tax compliance examined the role of institutions in reducing tax non compliance. Effective institutions equipped with effective

management practices are key to reduction of tax non compliance. Tax authorities often suffer from frequent senior staff replacement causing disruption in policy and practices of tax management (OECD, 2014). Tax authorities' salary scale does not support attraction of those that are the best not corrupted professional. Funding of tax authorities weaken them as institutions, sometime tax authorities have cancelled field auditing due to lack of funding for transport and accommodation. Tax authorities are not sufficient autonomous and this makes their integrity and resistance to corruption weak. The perception that tax authorities are not resistant to corruption creates a long lasting increase in non compliance to taxation not caused by the tax morale.

METHODOLOGY OF TAX COMPLIANCE GAP ESTIMATION, DATA AND VARIABLES DEFINITION

Tax compliance gap can be estimated through a bottom up or top down approach. The bottom up approach, as presented in the literature, estimates the compliance gap through random audits among tax payers' financial books. This method is mostly used to estimate the income tax gap and generally accepted as accurate but very costly (Ministry of Finance, 2014).

The top-down approach of tax compliance gap estimates is based on the national accounts and other national statistics, which are combined to estimate the tax base and tax revenues under full tax compliance. Comparing potential tax revenues with actual tax revenues estimates the tax compliance gap (Indirect Tax 2015). The top down method is relatively simple way of measuring tax compliance; however the accuracy is interdependent on the national statistic quality, which appears problematic in countries like Albania with a high degree of informality. Top down tax compliance estimations are mainly used for consumption tax such as VAT tax.

In this paper estimates of tax gap using IMF RA-GAP methodology will be implemented. Tax gap, used as a measure of tax non compliance will then be regressed against macroeconomic indicators and tax rate in order to understand the influence of tax rate on tax noncompliance for Albania.

National accounting data are used to estimate the potential tax revenues from three different taxes, the tax on profit, personal tax and VAT during years 2000-2014. The difference between the potential revenue and the actual revenue is named a compliance gap. The compliance gap caused by tax policy change is usually considered as an estimate of the policy gap. We will examine the latest tax rate change in 2013 and see if this rate has generated tax compliance gap (Finance, Yearly Fiscal Statistics 2010-2015, 2009).

We have used three different measures of tax base for each tax considered, for the VAT tax we used value added account from the national accounting as a tax base, for tax on profit we have used income from capital and for personal income potential tax total income for employment are used as a tax base.

EMPIRICAL RESULTS

Tax gap was estimated for the three taxes VAT, tax on profit and personal income taxation from 1996 to 2015. Most of the tax non compliance appears on value added tax. VAT rate has not been reformed in the time frame considered, so what the index is measuring represents non compliance.

The non compliance has been noticeably reduced, in 1996 VAT was 60% under potential, the degree of informality and compliance was weak reflecting weak tax authorities, unreformed practices and high corrupted practices emerging during the financial crises of 1997. The tax non compliance was strengthen and declined up to 2008 when the economic crises was reflected in an increased trend of the non compliance.

Tax gap was around 6% of GDP in 2013, profit tax gap was the highest gap among the highest one, and however there is a convergence between the tax gaps to around 10% under tax collection potential after 2013. (see figure 1 and 2)

Figure 1: Share of tax gap to GDP (in %)

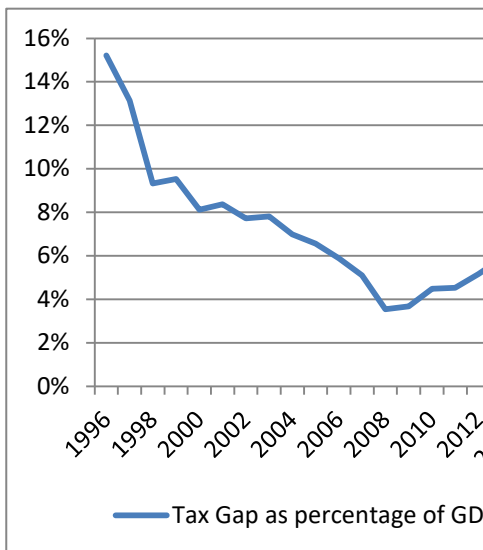
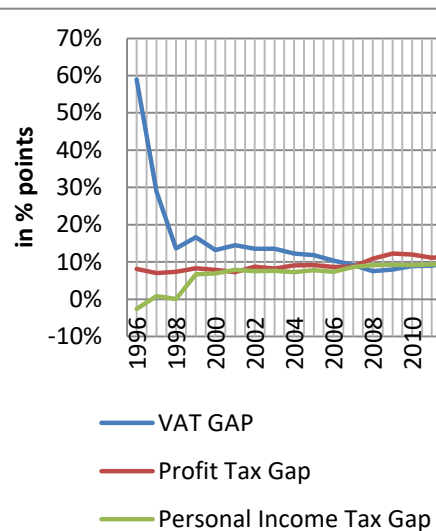
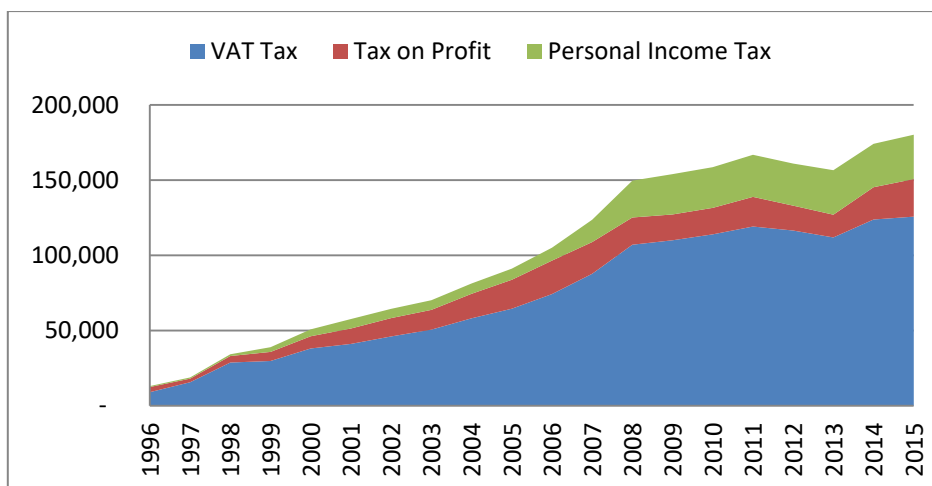


Figure 2: Tax gap per VAT, profit tax and



Source: INSTAT, Ministry of Finance and author own calculations.

Figure 1: Revenue per type of tax (in Mio Lek)



Source: (Finance I. a., 2015) Instat and Ministry of Finance

The effect of two main economic crises on non compliance appears strong and evident from the dynamics of tax gap. The effect of economic crises on tax compliance was common among EU countries and region economies.

The tax reform in Albania in the recent year has been focusing the tax compliance urging for conformity by applying field audits with risk factor in selection of those entering in the audit scheme. The government, aimed to restructure the tax rates, under the objective of more equity in income distribution.

This policy was mirrored in increased tax rates, which as a fiscal policy goes against the tax compliance enforcement effort. We model the influence of tax rate change on tax compliance by making use of tax gap, simple average tax rate and output gap derived from the Hedrick Prescott filter of GDP.

Table 1: Estimation results of tax rate influence on compliance gap

	Model 1 VAT gap difference	Model 2 Tax Gap difference
Tax Non Compliance Gap (Lag 1)	-0.391910*** (-5.565)	-0.505033*** (-6.326520)
Output Gap	0.0000019*** (3.518924)	0.0000015** (2.580545)
First Difference Output Gap	-0.000003 (-3.3286)	-0.0000022** (-2.065602)

Tax rate	0.019979** (2.988245)	0.002367** (3.456067)
Tax Rate Difference	0.004778 (0.446687)	0.000493 (0.418660)
Constant Term	-0.178094* (-1.960227)	-0.012732 (-1.494213)
AR Term	-0.395451** (-3.910708)	-0.671576 (-2.992618)
R-square	0.81	0.808
Adjusted R-square	0.71	0.70
F-statistic	7.309** (0.003)	7.871744 (0.001800)
Darbin Watson	2.03006	1.9

Source: Estimation results

Ueda (2014) examined the relation between output and policy map in a cross country panel dataset and concluded that a one point increase in the output gap (measured through the difference between potential GDP and current GDP) increases tax compliance by three percentage points. The improved or deteriorated tax compliance under macroeconomic shocks, as argued by the literature and empirical work, appear to be of short term.

CONCLUSIONS

The tax reform in Albania in the recent year has been focusing the tax compliance urging for conformity by applying field audits with risk factor in selection of those entering in the audit scheme. The government, aimed to restructure the tax rates, under the objective of more equity in income distribution. This policy was mirrored in increased tax rates, which as a fiscal policy goes against the tax compliance enforcement effort.

We model the influence of tax rate change on tax compliance by making use of tax gap, simple average tax rate and output gap derived from the Hedrick Prescott filter of GDP.

Tax gap, used as a measure of tax non compliance will then be regressed against macroeconomic indicators and tax rate in order to understand the influence of tax rate on tax noncompliance for Albania.

Fiscal policy is affected by the establishment of the desired reports in the economic power of citizens. It should be noted that here the state is not intended to affect the equality of citizens in terms of economic power, because it can have the exactly consequences in loss of motivation to work better with greater effort and responsibility in place labor, higher realized revenues respectively broadly based wealth. From this perspective also it

depends on measures to be taken to establish specific reports on income and assets.

Fiscal policy instruments can be applied to other purposes in the field of education policy, education for demographic purposes, cultural, construction, health and commercial.

The influence of tax rate on tax non compliance and fiscal consolidation was highly significant causing a behavioral adjustment of individuals to comply or not comply with the policy change. A tax non compliance phenomena and general economic expectations if negative, affect the persistence of the tax noncompliance behavior of the agents risking the fiscal consolidation.

REFERENCES

Journals

(2015). A review of global indirect tax developments and issues.

(2012). Behavioral Insight Team.

Alla, M (2014), "Characteristics of VAT in Albania", European Journal of Social Sciences Education and Research, Vol.1, No.1.

Ahmed, Robina, and Mark Rider 2008 "Pakistan's Tax Gap: Estimates by calculation and Methodology, Andrew Young School of Policy Studies (Atlanta Georgia State University)

Castro, C. a. (2014).

Demi, A., & A.Mosho. (2012). Financial System and the European Integration, .

Finance, I. a. (2015).

International Monetary Fund (2016), Albania – Fiscal Transparency Evaluation, IMF Country Report No.16/5.

Finance, I. a. (2015).

ACIT, (2010), *A Study on the Value Added Tax (VAT) Reimbursement For Exporters*, Tirane.

Finance, I. a. (2016).

Finance, M. o. (2009). *Yearly Fiscal Statistics 2010-2015*.

Finance, M. o. (2012). *Albanian Public Finance Management Strategy*,.

IMF. (2015). *International Monetary Found*.

(2015). *Indirect Tax 2015*.

Ministry of Finance, R. o. (2014). *Economic and Fiscal Program 2014-2016*. Tirana, Albania.

OECD. (2013).

OECD. (2014).

Sandmo, A. a. (1972). Tax Evasion.

Singhal, L. a. (2014).

TOWARDS A NEW DIMENSION: REFUGEE CRISIS MANAGEMENT IN BALKANS

Dr. Bledar Komina
Canadian Institute of Technology
ALBANIA
e-mail:bledar.komina@cit.edu.al

ABSTRACT

Speaking about the management of the refugees coming from war zones to the Balkans is a very complicated issue. Because in fact you have to speak for the countries that host the refugees, the conditions through which they pass to the Balkans, their emotional health, etc.

For this reason the management of the situation becomes even more difficult when the countries through which refugees want to go sometimes are not hospitable, do not have the right conditions and in the most extreme case they do not want to accept the refugees. Following the progress of this process, which is displayed prominently with the Syrian refugee crisis, this study aims to address those mechanisms which are available for use by the European Union in connection with reception and their arrangement in the EU countries. The study aims to bring in general, the EU experience in connection with civilian crisis management and the treatment of refugees in particular, focusing on their status and other aspects of the EU legal framework and the experience gained over the last decades.

Keywords: EU; civilian crisis management; migration; Balkans; refugee crisis.

INTRODUCTION

People who had resisted totalitarianism during the World War II were determined to put an end to international hatred and rivalry in Europe, to build a lasting peace. Between 1945 and 1950 a group of courageous politicians, including Robert Schuman, Konrad Adenauer, Alcide de Gaspar and Winston Churchill, were intended to convince their peoples to enter a new era. New structures would be created in Western Europe, based on common interests and established on the basis of agreements that would guarantee the rule of law and equality between states.

The European Union nowadays appears as a major player on the international scene, with a long-term vision, which is embodied in the "European Security Strategy" and diplomatic instruments, civil and military crisis management.

Despite this strategic development on security issues, since the beginning the Union appeared as an economic, political, commercial, humanitarian and development power. The European Union is found present today, not only in the European continent and the Balkans, but even in the Caucasus, Africa, the Middle East and Asia. Precisely these radical changes have significantly affected the new European vision of the EU, which feels capable to convey his own values built on peace and prosperity wider than its borders.

In May 2001 the European Commission published a "Declaration on Preventing Conflicts", which included also the Safeworld proposals done earlier on the model and ways of conflict prevention. Likewise the EU, under the chairmanship of Sweden decided to launch the "Programme of the European Union for the prevention of violent conflicts" in June 2001, which highlighted that conflict prevention present a priority for the European Union and to strengthen the long and short term measures for a better future and peaceful member states of the EU, and beyond. The document also stressed that this preventive must be coordinated with the United Nations Organization (UN) and other regional organizations and civil associations (European Union Programme, 2001).

Syrian Crisis, from Balkan to EU

2011 broke out what is known as the "Arab Spring". North African countries and the Middle East began searching the advent of democracy, one after another. When this wave reached Syria, Assad banned protests and arrested who stood against. When the opposition become more powerful he used the army and thousands of people died.⁸⁰ The fight escalated until it came to civil war.⁸¹ In the Echo Factsheet "Humanitarian Aid and Civil Protection" of European Commission published in September 2016, Syrian crisis is qualified as the "world's largest humanitarian crisis since World War II".⁸²

In such circumstances and with international countries aiming to extend their power over Syria, blew a great civil war killing thousands of people. Insecurity of life and use of chemical weapons, forced thousands of people to leave their home. So far, Albania is not affected by the influx of asylum seekers. According to syrianrefugees.eu, 11 million Syrians had fled their

80 Amnesty International, *Annual Report, Syria 2015-2016*.

81 Human Rights Watch, *World Report 2015: Syria, "Government attacks civilians"*. For more please follow: <https://www.hrw.org/world-report/2015/country-chapters/syria>

82 European Commission, *Echo Factsheet "Humanitarian Aid and Civil Protection"*, publishet in September 2016, Brusseles, Belgium.

homes since the civil war started in March 2011. More than 10 percent of the Syrian refugees have fled to European Countries.”⁸³

*“An estimated 11 million Syrians have fled their homes since the outbreak of the civil war in March 2011. Now, in the sixth year of war, 13.5 million are in need of humanitarian assistance within the country. Among those escaping the conflict, the majority have sought refuge in neighbouring countries or within Syria itself. According to the United Nations High Commissioner for Refugees (UNHCR), 4.8 million have fled to Turkey, Lebanon, Jordan, Egypt and Iraq, and 6.6 million are internally displaced within Syria. Meanwhile about one million have requested asylum to Europe. Germany, with more than 300,000 cumulated applications, and Sweden with 100,000, are EU’s top receiving countries.”*⁸⁴

Meanwhile according to ACAPS⁸⁵ reports, “the number of arrivals of asylum seekers, refugees and other migrants to Europe significantly increased in March 2015. In all 2015, over 856,000 migrants arrived in Greece with the number of fatalities rising to 730 in the eastern Mediterranean route. In the first quarter of 2016 the number of arrivals has decreased, but remains high in comparison with the first quarter of 2015.”⁸⁶ As it is stated in the informations published by HRW (Human Rights Watch) “Border closures and a March 2016 deal with Turkey led to a significant decline in arrivals of migrants and asylum seekers by sea to Greece compared to 2015”⁸⁷

Migrant people coming from the Middle East, have as their first destination Greece. Lesbos island is one of the areas that received a high number of immigrants since the start of the crisis. In October 2014, was registered a new record of 10,000 asylum seekers per day. In Greece, migrants perform their first registration process. The European Union awarded a budget of 4.8 million euros, to transport them from the Greek islands inland.⁸⁸ That has greatly facilitated their journey, as the majority of refugees march on foot for kilometers every day. Amnesty International in its Annual Report 2015-2016 reports that “At least 500,000 Syrian refugees crossed by water or land into Europe, but many European countries and other countries in the region failed to accommodate a fair share of those fleeing.”⁸⁹ Meanwhile in the London

⁸³ <http://data.unhcr.org/syrianrefugees/asylum.php>

⁸⁴ <http://syrianrefugees.eu/>

⁸⁵ <https://www.acaps.org/>

⁸⁶ <https://www.acaps.org/themes/refugeemigrant-crisis>

⁸⁷ <https://www.hrw.org/tag/europes-migration-crisis>

⁸⁸ http://ec.europa.eu/echo/where/europe-and-central-asia/greece_en

⁸⁹ Amnesty International, *Annual Report, Syria 2015-2016*.

Conference held on February 4, 2016, in addition EU pledged over 3 billion euros for humanitarian, development and stabilisation assistance.⁹⁰

After entering the inland, immigrants continue their way towards Macedonia, passing through the border point of Gevgelija. In Macedonia, they are subject to another registration before taking buses to send in Serbia. The first station in the country is Presevo. This area, populated mainly by Albanians, has temporary residence camps.

Thanks to an agreement signed between Croatia and Serbia, it has been made available to accelerate the process trains crossing refugees. Also, between both governments it is made possible data transfer refugees to avoid a second registration in Croatia. Such an agreement was welcomed by the EU leaders. After Croatia, migrants traveling to Slovenia follow their dream to reach one of the states of Western Europe.

In 2014, three years after the beginning of the Syrian crisis, “U.N. issued its largest ever appeal for a single crisis — according to their estimates, \$8.4 billion was necessary in 2015 to meet the needs of all those affected by the crisis, both inside and outside Syria, an increase from the previous year's \$6.5 billion. Both appeals were only around 50 percent funded. This year, the U.N. predicts \$7.7 billion is required to provide emergency support and stabilization to families throughout the region.”⁹¹

Table no. 1: Syria population, October 9th 2016.⁹²

17 889 378	Syria Current population
9 049 705	Current male population (50.6%)
8 839 674	Current female population (49.4%)
347 707	Births this year
878	Births today
80 973	Deaths this year
-593 224	Net migration this year
-1 498	Net migration today
-326 490	Population growth this year

⁹⁰ European Commission, *Echo Factsheet “Humanitarian Aid and Civil Protection”*, published in September 2016, Bruxelles, Belgium.

⁹¹ <https://www.mercycorps.org/articles/iraq-jordan-lebanon-syria-turkey/quick-facts-what-you-need-know-about-syria-crisis>

⁹² <http://countrymeters.info/en/Syria>

Table no. 1: Syria population, October 9th 2016.⁹³

Table no. 2: Syria population 2009-2015.⁹⁴

2009	20 331 964	2.89 %
2010	20 643 737	1.53 %
2011	20 610 885	-0.16 %
2012	20 239 962	-1.80 %
2013	19 650 675	-2.91 %
2014	19 047 537	-3.07 %
2015	18 637 447	-2.15 %

EU INSTRUMENTS FOR CIVIL CRISIS MANAGEMENT

The term "civil crisis management", as the second pillar of the framework of ESDP, is used for the first time in the context of the development and use of non-military capacities. Community is committed to a long time in a variety of activities that contribute to assistance given to third world countries that are in crisis. In this focus, a large number of instruments are adapted to achieve one of the objectives of the foreign policy of the EU's conflict prevention and crisis management. All these elements lie in a time span that begins with the crisis appearance and ends up with the stabilization of the situation.

To undertake this assistance to these countries, concepts such as time, space and the efficiency associated with geographical and financial instruments occupies an important place in the management process. Some of the most important ones are described below:

The Emergency Actions and Facilitating the Transition

There is a considerable number of specialized instrumentation to provide assistance in emergency cases related to political instability and environmental crises. The main instruments to respond such situation are

⁹³ <http://countrymeters.info/en/Syria>

⁹⁴ *Ibid.*

those dealing with humanitarian relief that the EU gives, and capacities mobilized by the states involved in the Civil Protection Mechanism of the EU. These mechanisms are then followed by the Rapid Reaction Mechanism. Generally there is no transition to the rigid boundaries that affect the chronological order of the components. All steps are taken depending on the nature of the crisis. All emergency and transitional measures are closely related to the procedure and decisions that affect the generation of funds, which are very important for the activation of resources. Moreover mechanisms serve to ensure cooperation between Member States in managing these instruments.

Protection of Civilians

Based on institutional perspective the most important priority for ESDP is the protection of civilians. In practice the cooperation between member states and the central institutions of the EU, are governed by the Civil Protection Mechanism, established in 2001. Operational heart of this system is the Monitoring and Information Centre, which is operational 24 hours a day.

In case of an emergency MIC immediately informs the 30 countries that cooperate in this context (the EU - 27 countries, and Iceland, Norway and Liechtenstein). MIC immediately gives signal for help and begins organizing coordination of assistance and aid delivery and dispatch field teams. To be more explicit, the mechanism works by sending ground troops of specialists that perform detailed analysis on those that are needed immediately.

Until 2008 the institution's budget was 7 million euros. This budget is used for training, exchanges of experiences and coordination of specialists, as well as technical means. This institution was set in motion in case of earthquakes in Algeria, Iran and Morocco, forest fires in France and Portugal etc.⁹⁵

Rapid Reaction Mechanism

Rapid Reaction Mechanism is a Community body, which was founded in 2001 and was designed to raise funds with a separate proposal for the promotion of political stability. It is used to finance none fighting activities or peace talks, aiming at resolving problematic situations, serious risks and conflicts. RRM can fund an activity until a time limit of six months. Further budget should be provided by other institutions or different donors. Until 2008 the annual budget of this mechanism have been 30 million euros. As outlined the budget is used to support the activities inter alia: peace negotiations, mediation, monitoring and implementation of peace or ceasefire, like in the

⁹⁵ Novak, Agnieszka, *Civilian crisis management: the EU way, Chaillot paper*, Institute for Security Studies, no. 90, 2006, p. 51.

case of Aceh, Sri Lanka, Côte d'Ivoire and Liberia; restoring the rule of law and civil administration in the case of Afghanistan; administration support the deployment of international monitoring institutions in crisis countries such as Afghanistan, FYROM, Sri Lanka etc.⁹⁶

Democracy, Rule of Law and Human Rights

To support government activities and to reinforce the developing process of democratization, good governance and the rule of law in countries that are in transition, was founded in 1999 European Initiative for Democracy and Human Rights (EIDHR - European Initiative for Democracy and Human Rights).

The activity of this organization lies in areas such as promotion of civil and political rights, the observation of the electoral process, and the resolution of conflicts. For example, the budget of this institution at the service of the coverage of these issues in 2005 was 130 million euros. This budget was used to support government institutions dealing with electoral processes in countries that had previously experienced conflicts or crises, such as Afghanistan, Iraq, Palestine etc. Also it was used in monitoring the electoral process in countries such as Ethiopia, Lebanon, Guinea Bissau, Burundi etc.⁹⁷

Rehabilitation and Reconstruction

The objective of this instrument is to support sectoral relief in the phase of rehabilitation and reconstruction of countries that have experienced major destruction from conflicts or natural disasters. It provides rapid humanitarian aid, which are included in short-term objectives, as well as assistance for developing countries, which are included in long-term objectives in this sector. Activities include the repatriation of refugees, their integration in society, demobilization of troops after the war, local empowerment and vital sectors of society. The budget for these activities has been very small (5 million euros for the region) and it is distributed among 5 geographic regions: Asia, Latin America, the Mediterranean, the Caucasus and Central Asian Republics.⁹⁸

96 *Ibid*, pp. 52-53.

97 *Ibid*, pp. 53-55.

98 *Ibid*, pp. 55-56.

CONCLUSIONS

Unlike the Balkan countries, the EU has all the tools and opportunities to stimulate and support the capacity building of an action in the countries in conflict or crisis and to support the post-conflict or crisis situations, until the implementation of reforms needed to reach the state of normality. EU prefers to support other international partner organizations, ranking as an important contributor to whom it delivers the tools and everything necessary to provide assistance in the event of a crisis.

Distribution of EU assistance to other international partner organizations is an effective way through which the EU aims to strengthen cooperation and coordination capacities of the relevant institutions in this field.

Cooperation and implementation of plans for overcoming the crisis takes great importance in all the stages in which the crisis exceeds. The fact that this kind of cooperation and assistance is less observable and attracts less attention does not mean that it's less successful. In fact, some experts argue that keeping a low profile of the EU in such cases, is itself an important indicator of the careful work that Union makes in specific and sensitive cases.

Nothing is more important than resolving the crisis, support and giving assistance to whom are interacting in terrain. This has nothing to do whether Brussels wants to appear or act indirectly and effectively. This is a determining factor of the states increasing their power and efficiency and avoiding old sensibilities, especially in the former colonies of European countries where sensitivity to interfere in internal affairs can cause turmoil and uncertainty.

Support actions and cooperation with international partner institutions, and nongovernmental organizations, enables the EU to reduce its costs and increase the efficiency of the operation. In this case it comes to organizations and institutions that are already present in regions of crisis to contribute and who have a great experience in resource management and knowledge of local factors.

In the case of short terms objectives is observed, that the assistance of emergency management had not a full knowledge over local situations, a clear analysis and support to aid in those areas where the operation would be extended. While good planning is required in such cases and certainly transition to the stable phase requires even greater cooperation in the rehabilitation period.

In long-term EU assistance has been poorly adapted to the crisis response, especially in the case of Syrian refugees. Measures taken against countries for the establishment of a working strategy in case of crisis situations and management during and after, as well as the length of the extension of these programs has led them not in the perspective of finding political solutions and taking care for the civilians.

EUROPEAN ACCESSION OPPORTUNITIES AND CHALLENGES FOR TRACEABILITY FOOD SAFETY SYSTEMS IN ALBANIA

Fabjan Lashi
Canadian Institute of Technology
ALBANIA
e-mail: fabjan.lashi@unipavaresia.edu.al

Iir Kapaj
Agricultural University of Tirana
ALBANIA

ABSTRACT

Albania is undertaking many reforms toward becoming a full member of European Union (EU). Pre-accession and later on EU accession require strict measures and a set of rules and regulations to be introduced, adopted and implemented in the agriculture sector. In particular as object of this study is the food safety regulation, with main focus on traceability information systems. We will try to address questions regarding access in technology, internet readiness of Albanian customers to introduce traceability systems as integrated part of food production and food trade in country. Call back action for food trace in case of disease outbreak, remain a challenge for Albanian government and customers have interest on the subject. Food security and interest access more information is visibly affected from the level of education.

Keywords: Traceability Management Information Systems, Food Safety, EU Accession, EFSA

INTRODUCTION

Albania is facing serious problems with the national food safety control system in terms of legislation, control and enforcement, which pose real and perceived safety risks for consumers (Vercuni, et al., 2016). European accession is an important milestone of Albanian government and a great

challenge for Albanian citizens as well. All Albanian governments have listed as top priority the EU accession and have spent enormous efforts to follow-up and work toward fulfillment of EU recommendations in different sectors: Justice; rule of law, better public services, minorities living in Albania and among other sectors under monitoring are also production and services standards (EC, 2014). Food safety is an important subsector in the agriculture with a large effect in everybody's life in Albania as in other countries. The Albanian industry has done some improvements in better management of production, investments in technology, capacity building for employees and managers, but still remains challenges to achieve necessary standards in order to naturally integrate the product flows in the international import-export routes. Agriculture has always been the most important sector of the Albanian economy. Until Communists came into power in 1944, around 85% of the population's main source of income was through subsistence farming. Immediately following the Communists' rise to power, they immediately started a rapid industrialization of the country and the collectivization of agriculture. Significant economic growth was achieved during the 1960s and early 1970s as a result; however, by the late 1980s, the Albanian economy began suffering from problems associated with poorly managed collective farms and state-owned companies (Civici, 2003). Quality management is of paramount importance in all stages of agro-food production. Recently, the concept of quality management has taken an unprecedented focus in the media and global society as an effect of globalization and particularly, due to numerous food scandals (Kapaj, 2011). Specifically the food sector has a specific interest in customer behavior because of sensitivity of the issue. With increase of incomes for majority of families in Albania the attention toward quality has increased. Awareness of customers for information related to food origin, food attributes, food control are in demand especially in urban areas where food trust is uncertain. The increased awareness of food safety, as well as changes in dietary and consumption patterns have attracted interest in studying safety perception toward food products (Grunert, 2005). There are different ways to see the problem of food safety and IS on traceability. The EU Regulation 178/2002 regarding the establishment of the European Food Safety Agency (EFSA) set the foundations towards more strict traceability requirements in food sector and paved the way for further legal requirements at a national level assuring information flow transparency and efficient traceability in the Food Industry of each country-member of the EU (Folinas, Manikas, & Manos, 2006). There are implications quality, safety, logistic optimization and as consequence cost reduction, and willingness to pay for food stuff. In this paper our interest is to see the current infrastructure of food safety, the Albanian law and the perception Albanian customers for food safety.

THE THEORETICAL FRAMEWORK FOR FOOD SAFETY

Since the beginning we should define clearly what the traceability system is, what the benefits for using them are, and why costumers have benefits from higher food safety.

The theoretical framework on how an information system (IS) should be designed and implemented in order to respond promptly callbacks, on cases of disease or infections, has received different answers from different authors. There are authors that think that the traceability systems are needed only for callback or trace the food. Manly they refer to the EU Regulation 178/2002, which took effect on 1st January 2005 food and feed business operators shall be able to identify any person from whom they have been supplied with a food, a feed, a food-producing animal or any substance intended to be, or expected to be, incorporated into a food or a feed. Moreover, food business shall have in place systems and procedures to identify the other businesses to which their products have been supplied. This information shall be made available to the competent authorities on demand. (Folinas, Manikas, & Manos, 2006). There are other authors that consider as more efficient and important that traceability IS should become an important tool for the producers for reducing costs, improve quality of service, and reduce costs at long run.

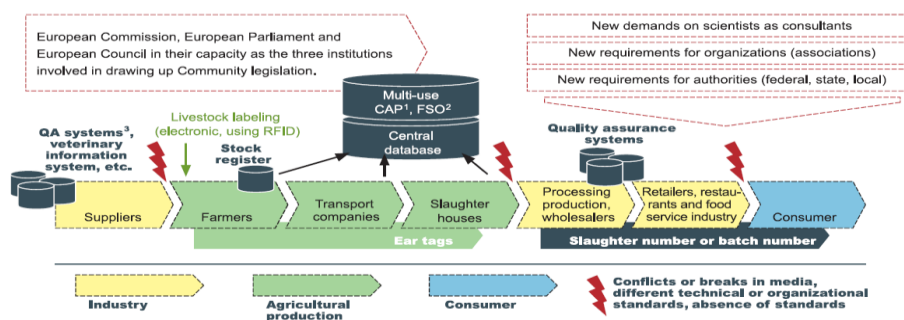


Figure 1. Interaction of information in the EU agriculture sector⁹⁹

Access in Internet and Technology is Still a Shallenge in Albania?

Main IS used in the industry of food safety require some infrastructure preconditions. Internet and access in new technologies and devices is a key factor. Referring to the latest statistics the internet penetration is in a significant increment in Albania from 2000 to 2013 as shown in the below table from 0.1% to 61.01%.

⁹⁹ Source: http://www.itfoodtrace.de/dateien/Flyer_englisch.pdf (date 15/6/2012)

Table 1. Internet Usage and Population Statistics

<i>YEAR</i>	<i>Users</i>	<i>Population</i>	<i>% Pop.</i>	<i>Usage Source</i>
2000	2,500	3,083,300	0.1 %	ITU
2002	30,000	3,084,586	1.0 %	ITU
2006	75,000	3,087,159	2.4 %	ITU
2007	471,200	3,087,159	15.3 %	ITU
2008	580,000	3,619,778	16.0 %	GfK
2009	750,000	3,639,453	20.6 %	ITU
2010	1,300,000	2,986,952	43.5 %	ITU
2012	1,441,928	3,011,405	48.1 %	ITU
2013	1,815,145	3,020,209	60.1 %	ITU

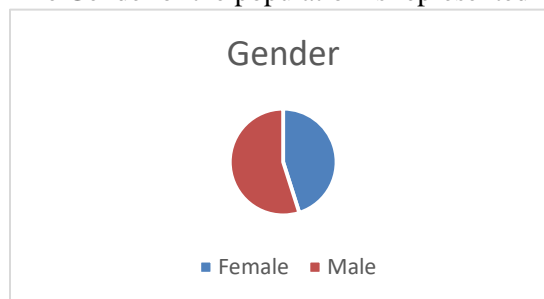
(<http://www.internetworldstats.com/euro/al.htm>, 2014)

Based on the above data we can judge that the adoption of newest IS that are already in use from developed countries like Italy, Germany, and other EU and non EU member states is possible also in Albania at least from the access in infrastructure prospective.

RESULTS

During August 2016 a survey was conducted in urban and suburban areas of Tirana. 280 questionnaires were filled in face to face interview and online questionnaires. Questions related with knowledge and awareness for food safety are made to different groups of customers focusing specifically on meat and meat stuff. The interest to change and adopt new and modern ways to get information about the food they consume is also explored. Let's have some information about interviewed population:

- a) The Gender of the population is represented in the table below:



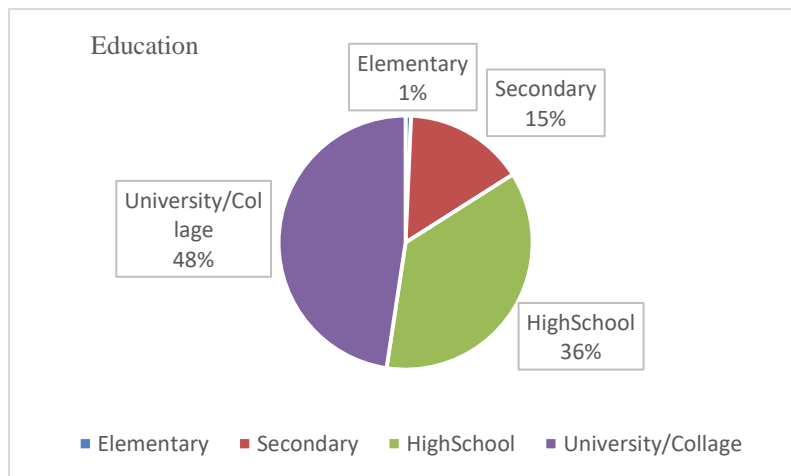
Graphic 1. 45.1% Female and 54.9% Males

b) The relation status to the family head

Family Head Relation Status				
	Frequency	Percent	Valid Percent	Cumulative Percent
1.Family Head him selves	124	45.1	45.1	45.1
2.Wife/Husband	90	32.7	32.7	77.8
4.Doughter/Son	55	20.0	20.0	97.8
5.Sister/Brother	1	.4	.4	98.2
6.Soninlaw/ Daughter-in-law	4	1.5	1.5	99.6
8.other	1	.4	.4	100.0
Total	275	100.0	100.0	

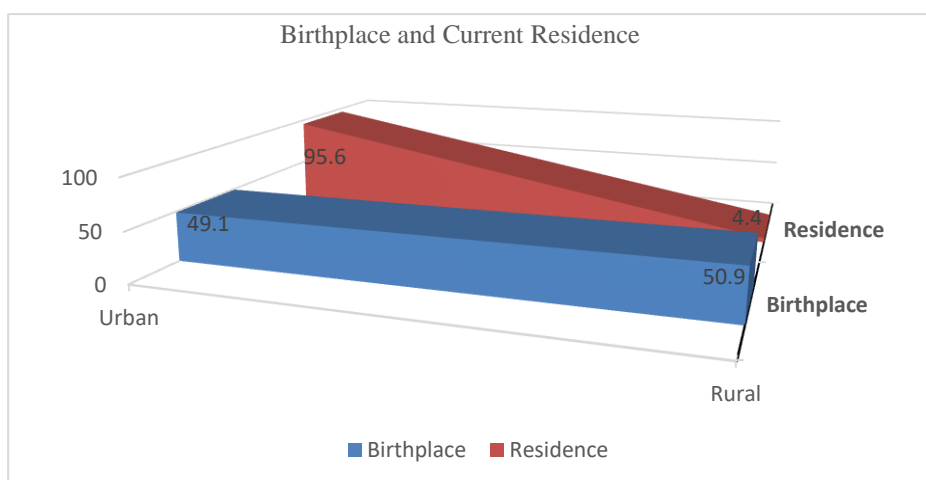
Table 3. Family head relation status

c) Level of education for the interviewed customers



Graphic 2. Level of Education

d) The provenience of the population and actual living location (Residence) of meat customers, see graphic 3:



Graphic 3. Birthplace and Residence

After analyses using tow step cluster emerges that higher the level of education, higher the degree of being interested in reading the label on food stuff. The following cluster visualization represent three education clusters:

- University/College with importance on reading the label of (3.73)
- High School with importance on reading the label of (2.84)
- Elementary school with importance on reading the label of (2.14)

Clusters

Input (Predictor) Importance
■ 1.0 ■ 0.8 ■ 0.6 ■ 0.4 ■ 0.2 ■ 0.0

Cluster	3	1	2
Label			
Description			
Size	<div style="width: 47.6%; background-color: #90EE90;">47.6% (131)</div>	<div style="width: 36.4%; background-color: #90EE90;">36.4% (100)</div>	<div style="width: 16.0%; background-color: #90EE90;">16.0% (44)</div>
Inputs	Arsimi	Arsimi	Arsimi
	LexoEtiketen 3.73	LexoEtiketen 2.84	LexoEtiketen 2.14

Table 6. Clusters and their importance size

Measurement levels are from 1- Never, 2- Rare, 3- Regularly, 4- Often, 5 – Always

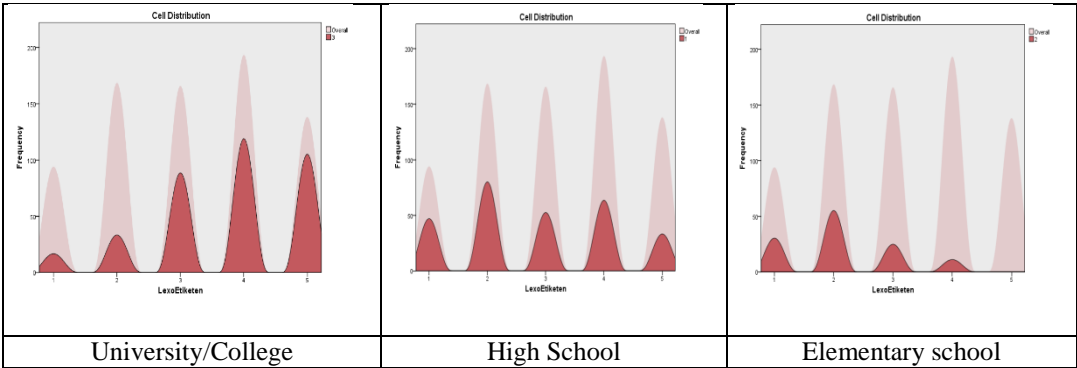


Table 7. Three clusters interest in label reading

Based on the results it is evident that better educated people have more interest in accessing the information, not only for the basic information but for a series of other data collected that are still in process of evaluation and elaboration, such as certificate of origin, preferences for meat of various type, willingness to pay etc. Other analyses will be used for future studies.

CONCLUSIONS

Is very important for underdeveloped countries with access in information technologies, scares education and weak management tools to be supported by local or central government, offering them support in tools for innovation actions to increase usage if traceability systems for food safety. There can be different options to support the food production sector (Yang, et al., 2016), using subsidies or other cost amortization methods for them. Enforcing by laws and regulation in the conditions where law enforcement is not in the well performing mechanisms doesn't resolve the issue, even more increase chances for corruption between parties involved in the process. Increasing public awareness to make them more willing to pay can lead to proactive investments from food industry. Ensuring the callback process from farm to fork will increase chances to be accepted in European markets and return the investment (Volk, Rednak, & Erjavec, 2010) for agriculture industry in general and food sector in particular.

REFERENCES

Journals

Badia-Melis, L., Mishra, P., & Ruiz-García, L. (2015). Food traceability: New trends and recent advances. A review. *Elsevier Food Control*, 394-400.

- Civici, A. (2003). *The Situation and Competitiveness Level of the Agro-food Sector in*. Tirana.
- EC, C. E. (2014). *Albania 2014 PROGRESS REPORT*. Brussels: EC.
- FAOSTAT, F. A. (2016, August 9). Production / Livestock Processed. Rome, Rome, Italy.
- Folinas, D., Manikas, I., & Manos, B. (2006). Traceability data management for food chains. *British Food Journal*, Vol. 108 Iss: 8 pp. 622 - 633.
- Grunert, K. (2005). Food quality and safety: consumer perception and demand. *European Review of Agricultural Economics* 32, 369-391.
- Guri, F., Kapaj, I., Musabelliu, B., Meço, M., Topulli, E., Keco, R., . . . y Paloma, S. (2015). *Characteristics of farming systems in Albania*. Luxembourg: Publications Office of the European Union JRC.
- Imami, D., Chan-Halbrendt, C., Zhang, Q., & Zhllima, E. (2011). Conjoint Analysis of Consumer Preferences for Lamb Meat in Central and Southwest Urban Albania. *International Food and Agribusiness Management Review*, 111-126.
- Kapaj, I. (2011). *Assessing quality and safety of food and beverage products in Albanian processing enterprises*. Hohenheim: Institute of Farm Management, Hohenheim University.
- Vercuni, A., Zhllima, E., Imami, D., Bijo, B., Hamiti, X., & Bicoku, Y. (2016). Analysis of Consumer Awareness and Perceptions about Food Safety. *Albanian Journal of Agricultural Sciences*, Vol. 15 Issue 1, p19-26. 8p.
- Volk, T., Rednak, M., & Erjavec, E. (2010). *Western balkans Agriculture Policy - Cross country overview and comparaison. Agriculture in the Western Balkan Countries*. Halle: IAMO. 57: 27.
- Yang, X.-t., Qian, J.-p., Li, J., Ji, Z.-t., Fan, B.-l., & Xing, B. (2016). A real-time agro-food authentication and supervision system on a novel code for improving traceability credibility. *Elsevier Food Control*, 18-26.

TESTING PURCHASING POWER PARITY: A EUROPEAN UNION – ALBANIA CASE STUDY

**Ph.D (c) Jona Puci
Canadian Institute of Technology
ALBANIA
e-mail: j.puci@cit.edu.al**

ABSTRACT

As a result of the increase of financial markets in the last decades, Purchasing Power Parity has been widely considered due to its significance and influence in exchange rate policies. It is viewed as a basis for international comparison of expenses and incomes, an efficient arbitrage condition, and an equilibrium condition. The objective of this research is to test the relation between exchange rates and the level of prices in the context of European Union and Albanian financial markets. The validity of Purchasing Power Parity (PPP) for the Euro / ALL exchange rate is examined from 2006 to 2015 / Q1. To achieve this objective Augmented Dickey - Fuller unit root test is performed to check for stationary and after that using Engle – Granger and Johansen techniques the series are tested for co – integration. The results indicate that, PPP fails to hold according to Engle – Granger methodology, whereas Johansen test gives some support to the theory. Strong emphasis is given on the effects of the global financial crisis and mainly on the behavior of PPP during periods of increased unpredictability.

Keywords: PPP, Euro, ALL, exchange rates and inflation

INTRODUCTION

Generally speaking, the theory of Purchasing Power Parity (PPP) states that exchange rate, in the long run, have the tendency to reproduce the differences in inflation rates among the countries whose currencies are being considered. Different scholars have stated that PPP fails to hold in the short run, for many reasons; mentioning here the small sample being considered, since econometric tests usually fail to catch the slow movements of exchange rates and therefore, the longer the period the more likely that PPP will hold. When considering GDP per capita, PPP is important because it gives a more accurate outline about the standard of living of a country. It is probably the most known theory not only in determining the exchange rate between two currencies, but also in comparing the economic performance of different countries. If the same goods are sold in different countries, the price will be

equal but expressed in a different currency. Based on the Law of One Price, in free and totally competitive markets, the prices of exactly alike goods cannot differ.

The main goal of the study is to analyze more in depth PPP with respect to Euro and ALL for the period from 2006 to 2015. The paper is organized as follows. The next section provides a brief literature review. The third part describes the methodology used. The fourth section analyzes the data gathered. The fifth part presents the results of the study. The last part concludes with the main findings.

LITERATURE REVIEW

Many empirical studies after 1970s have tested whether PPP does hold or not; and the primary results have been encouraging. The consistency of PPP was tied more to the stability of the USD during this period, whereas by the end of 1970s the USD became more volatile, which led to a rejection of many econometric test regarding the consistency of PPP. The study of Engel and Rogers (1996) indicated that the greater the distance between the two countries the larger the volatility of price differentials.

Baharumshah and Ariff (2002) failed to support the PPP theory in five South East Asian countries. According to the study of Allsopp (2004) when testing the relation between consumer prices and exchange rates in East Asia, PPP holds at different levels of significance. Moreover, Alba and Papell (2007) found proof in favor of PPP for European and Latin American countries, in a sample of 84 developed and developing countries using advanced econometric methods. In this study PPP failed to hold for African and Asian countries. Robertson et al. (2009) stated that PPP holds between Mexico and US, mainly because of the trade relations between the two countries.

In a recent study, Waithe (2010) analyzed a period from 1994 to 2009 for US and China, using Ordinary Least Squares (OLS), and the results did not support at all PPP theory, neither its absolute or relative form. Moreover, Voinea (2013) tested the relative form of PPP for the “pre-crisis period” and the full sample (1980 – March 2013), and found evidence in favor of PPP for GBP, Euro and JPY during the crisis period. The econometric tests failed to support PPP for the Canadian dollar, JPY with US prices.

METHODOLOGY

The model that will be considered for the examination of PPP is:

$$ls_t = \alpha + \beta_1 * lcp_i_{eu_t} + \beta_2 * lcp_i_{al_t} + u_t$$

Where:

ls_t - is the logarithm of the nominal exchange rate

lcp_ieu_t - is the CPI of the EU in logarithm
lcp_ial_t - is the CPI of Albania in logarithm

If PPP holds: $\alpha=0$, $\beta_1=1$ and $\beta_2=-1$.

The data for this study comprise Consumer Price Index value and nominal exchange rates of EU and Albania. The period covered is from January 2006 until December 2015, monthly data, a sample of 156 observations. Augmented Dickey - Fuller (ADF) unit root test is used to check the stationary of the data set. If the null Hypothesis is accepted, it is supposed that there is a unit root and the series will then be tested in the first difference. The hypotheses are: • H_0 : *If critical value < t-statistic (in absolute value), unit root exist and we fail to reject the null hypothesis - the data are non - stationary* • H_1 : *If critical value > t-statistic (in absolute value), unit root doesn't exist, so we reject the null hypothesis - the data are stationary*

After running a regression the coefficients of the independent variables are calculated. Then the model is tested for of co - integration using Engle - Granger and Johansen techniques. If the results indicate that the time series are co - integrated, means that the variables, in the long run, have a relation, which might deviate in the short run, but it will return to its equilibrium. A condition for co - integration is that all the variables must be integrated in the same order and the time series should be non - stationary in levels. The hypotheses are: Null hypothesis: *No co - integration* Alternative hypothesis: *Co - integration*

The main advantage of Johansen's methodology is that it can test for co-integration between more than two variables simultaneously.

ANALYSIS OF THE RESULTS

Stationary Tests

Table 2: Stationary test

Stationary tests 2006 - 2015					
level					
Period	Obs	<u>ADF</u> t-statistic	Critical value	Null hypothesis	p - value
CPIalb	156	-1.657	-3.493*	Fail to reject	0.450
			-2.888**	Fail to reject	
			-2.581***	Fail to reject	
CPIeu	156	-2.125	-3.493*	Fail to reject	0.235
			-2.888**	Fail to reject	
			-2.581***	Fail to reject	
NER	156	-1.531	-3.486*	Fail to reject	0.513
			-2.886**	Fail to reject	
			-2.579***	Fail to reject	
RER	156	-1.514	-3.492*	Fail to reject	0.5224
			-2.886**	Fail to reject	
			-2.581**	Fail to reject	
first difference					
Period	Obs	<u>ADF</u> t-statistic	Critical value	Null hypothesis	p - value
CPIalb	107	-3.602	-3.493*	Reject	0.007
			-2.888**	Reject	
			-2.581***	Reject	
CPIeu	106	-3.51	-3.493*	Reject	0.050
			-2.888**	Reject	
			-2.581***	Reject	
NER	118	-8.097	-3.486*	Reject	0.000
			-2.886**	Reject	
			-2.579***	Reject	
RER	107	-1.762	-3.492*	Fail to reject	0.397
			-2.886**	Fail to reject	
			-2.581**	Fail to reject	
Critical values marked with * are at 1% confidence level/ marked with ** at 5 % confidence level/ marked with *** at 10% confidence level					

In Table 1, are presented the results of the stationary test performed using EViews7. The ADF is performed at 1%, 5% and 10% levels of significance.

The results indicate that ADF statistic for consumer price indexes and Exchange Rates are within the acceptance area for all the series tested at 5% and 10 % levels of significance, when the data are in levels. This means that, unit root exist and the Null hypothesis cannot be rejected, hence, the series are non-stationary on levels. After taking the first difference of the data the Null hypothesis is rejected at 1%, 5% and 10%, for the consumer price indexes and the nominal exchange rate, therefore the series are stationary. The data set do the real exchange rate remains non – stationary even after taking the first difference.

Co – integration Tests

In Table 2, nominal exchange rates and the consumer price indexes are tested for co – integration. Engle - Granger co - integration test fails to reject the Null hypothesis for the period under estimation. The results indicate that the residuals are non - stationary and there is no co-integration among the data set. In contrary to Engle – Granger, Johansen method rejects the Null hypothesis for this period at 1% and 5% confidence level. Both tests, Maximum Eigenvalue and the Trace test, lead to the same result.

Table 3: Co - integration tests

Integration Order - I(n) based on the ADF				Engle - Granger				Johansen								
NER	CPIa lb	CPIe u		t- statisti c	Critic al value s	Null hypothes is	p - val ue	No. of CE(s)	Trace statis tic	Critic al value at 0.05	P- val ue	Null hypothes is	Max- Eigen statis tic	Critic al value at 0.05	P- val ue	Null hypothes is
2006 - 2015	I(1)*	I(1)*	I(1)*	-1.675	- 3.486	Fail to reject	0.4 41	None	40.98 2	29.79 7	0.0 01	Reject	23.03 8	21.13 2	0.0 26	Reject
	I(1)* *	I(1)* *	I(1)* *		At most 1	17.94 3		15.49 4	0.0 21	Reject	14.80 5	14.26 4	0.0 41	Reject		
	I(1)* **	I(1)* **	I(1)* **		At most 2	3.137		3.841	0.0 76	Fail to reject	3.137	3.841	0.0 76	Fail to reject		
Critical values marked with * are at 1% confidence level/marked with **at 5 % confidence level/marked with *** at 10% confidence level																

CONCLUSIONS

The aim of this paper was to test the validity of Purchasing Power Parity for the Albanian Leke and Euro for the period from 2006 to 2015. Two approaches have been used for this study: 1- the unit root test to check if the exchange rates and the consumer price indexes are stationary and 2- the co – integration test between the above mentioned variables. The Null hypothesis was rejected only after the data were differenced once, but they were non stationary on level. Engle – Granger test fails to support PPP, while based on Johansen methodology, there is some support in favor of the theory.

The results indicate that none of the two approaches can definitely find a solution to the issue of PPP. Therefore, deviations from the theory, which are due to different shocks in the economy, will convert to exchange rate volatility. Considering that exchange rate is related to price levels, any fluctuation arising in financial markets that affects nominal exchange rate will be passed on to the real exchange rates.

REFERENCES

Journals

- Taylor, Alan M. and Taylor, Mark P. (2004). *The Purchasing Power Parity Debate. CRIF Seminar series*. Paper 24.
- Taylor, A.M. (2002). A Century of Purchasing Power Parity. *The Review of Economics and Statistics*. 84, p139-150
- Imbs, J., Mumtaz, H., Ravn, M., & Rey, H. (2005). *The Quarterly Journal of Economics*, pp. 1-43.
- Papell, D. (1997). Searching for stationarity: *Purchasing power parity under the current float. Journal of International Economics*, 43, 313-332.
- J. Morley, 2001, “*The Adjustment of Prices and the Adjustment of the Exchange Rate*” (unpublished; University of Wisconsin-Madison and Washington University).
- Taylor, M.P. (2003), *Purchasing Power Parity. Review of International Economics*, 11(3), 436-452.
- Taylor A.M., Taylor M.P. (2004), *The Purchasing Power Parity Debate. Journal of Economic Perspectives*, 18(4), 135–158.
- Damodar N. Gujarati, fourth edition, *Basic Econometrics*; p 800 - 850

QUALITY MANAGEMENT ANALYSIS IN PHYSICAL MEASUREMENTS

PhD. Klodian Dhoska
Tallinn University of Technology
ESTONIA
e-mail: klodian.dhoska@ttu.ee

MSc. Uljan Sinani
University of Southern Denmark
DENMARK

MSc. Eriola Sada
Department of Coordination Projects and International Relations, General
Directorate of Taxation of Albania
ALBANIA

MSc. Dorjana Ferati
Polytechnic University of Tirana,
ALBANIA

ABSTRACT

Nowadays, physical measurements are playing important role in human activities and such as for making the decision in the problems of technology, economy, environment and legislation. Furthermore, evaluations of quality in production system, consumer assurance, process control of the produce are some of the activities that are based on physical measurement analysis. Most of the problems in for assuring the quality system are establishment the reliability of the results that gave laboratory. Reliability toward laboratory must exist only if it is based on the reliability of the measurements which prove this quality. The purpose of this paper is establishment of the quality system in physical measurement laboratories for avoiding important problems and technical barriers in most of the mentioned activities.

Keywords: Quality, physical analysis, economy, laboratories, reliability

INTRODUCTION

Nowadays, physical measurements are playing important role in human activities and such as for making the decision in the problems of technology, economy, environment and legislation. Furthermore, evaluations of quality in

production system, consumer assurance, process control of the produce are some of the activities that are based on physical measurement analysis. One important reason is always the growth of the number of countries that are interested to enter in International Economic and Trade [1]. Essential request is the assessment of the produce and service that will be compared between different countries and avoiding technical barriers. Based on it, for this purpose precede some national and international organization which have for their object work the standardization of a measurement method, quality of product and accreditation of laboratory. In the center of these organizations are International and European standards/directives. The most important standards are ISO/IEC 9001 “Quality Management System” (QMS) and ISO/IEC 17025 “General requirements for the competence of testing and calibration laboratories”. Many of the problems for assuring the quality system are establishment the reliability of the results that gave laboratory. Reliability toward laboratory must exist only if it is based on the reliability of the measurements which prove this quality. The purpose of this paper is based on the establishment of the quality system in physical measurement laboratories [2] for avoiding important problems and technical barriers in most of the mentioned activities.

QUALITY MANAGEMENT SYSTEM IN PHYSICAL MEASUREMENT LABORATORIES

Ensuring the quality of analytical data in the laboratory is essential to ensure the reliability of the measurements results almost in the field of transport accuracy, international trade, environmental protection, implementation of the legislation/normative and ongoing customer confidence in any laboratory's work which is the purpose of quality assurance (QA). QA is typically ensured by having a QMS. There are a number of QA standards designed to ensure quality. One of the important standards is ISO 9001 which is a wide general standard that can be applied to any form of manufacturing or service industry. The other important standard is ISO 17025 which is designed for laboratories that test and calibrate materials and equipment. Based on these standards, quality management system of the laboratories shall include all the aspect of their work and will be able to demonstrate that their service is with best quality. The Figure 1 shows the scheme of all components of the quality management system that is needed to take in consideration from physical measurement laboratories.

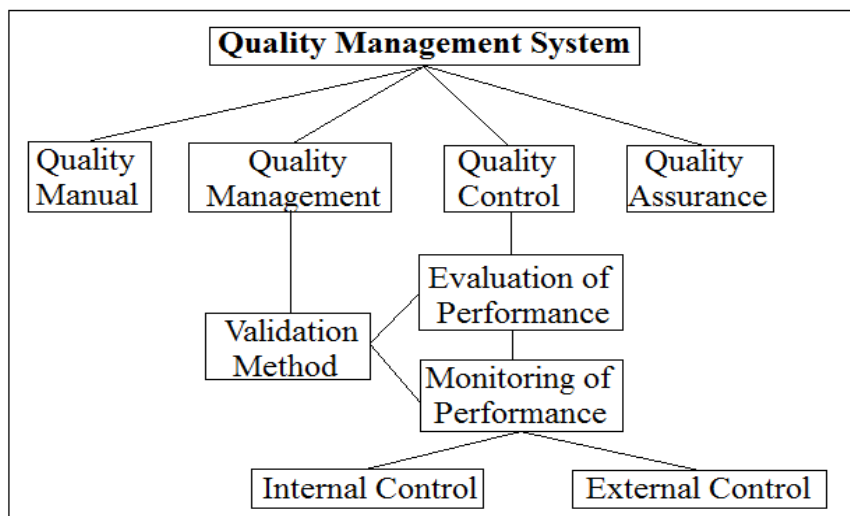


Figure 1: Schematic view for quality management system

In order to assess the performance of the physical measurement laboratories for ensuring the quality of the obtained results is needed to establish which parameters shall be determined in the used method. Most of the cases required to evaluate the precision, accuracy of the method, systematic errors (bias), selectivity and specificity. One important characteristic in physical analysis is own connection in directly manner with object that analyze as is the sample. Establishment of QMS made the possibility to prevent errors in accomplishment of analysis and the effects that are in connection with it. The prevention of the errors decreases necessity to repeat the analysis and the importance is to avoid the possibility that error of the results to arrive at clients [2].

The important factor that influence in operation and organization of the quality system in physical measurement laboratories are as follows:

- Legislation
- Management
- Economical factor
- Tools and Environment
- Staff Level

Meanwhile, tools that have available analytical laboratories for constructing the QMS are:

- Quality manual
- Reference materials (RM)
- Certificate reference materials (CRM)
- Apparatus (level and their maintenance),

- Reagents and other materials
- Evaluation method and quality control charts
- Inter-laboratory Comparisons
- Qualification and training staff

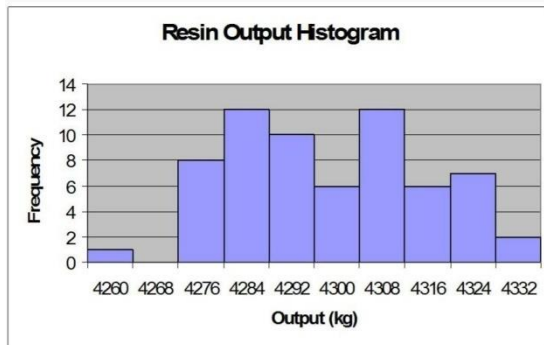
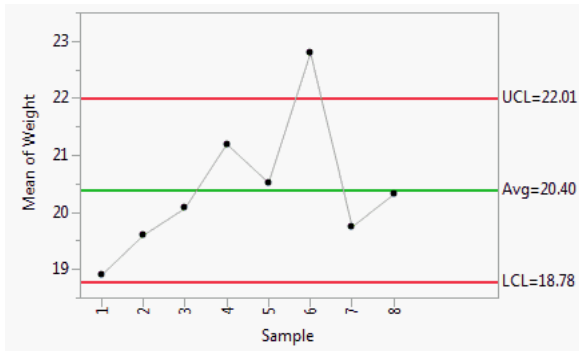
The laboratory staff shall be composed from general manager, analyst and assistant personal for ensuring the QMS. Best manner to ensure that quality system work in good condition is that it allocates one person or one commission, independent from laboratory staff which has responsibility to control and improve the QMS [3]. In order to improve the effectiveness of the quality assurance system is needed to use frequently audits which may proceed from external specialist but shall proceed and internal periodical control to evaluate the effectiveness of the special analyst or special part of the laboratory.

QUALITY CONTROL IN PHYSICAL MEASUREMENT LABORATORY

There are three important steps for ensuring quality control in physical measurement laboratories:

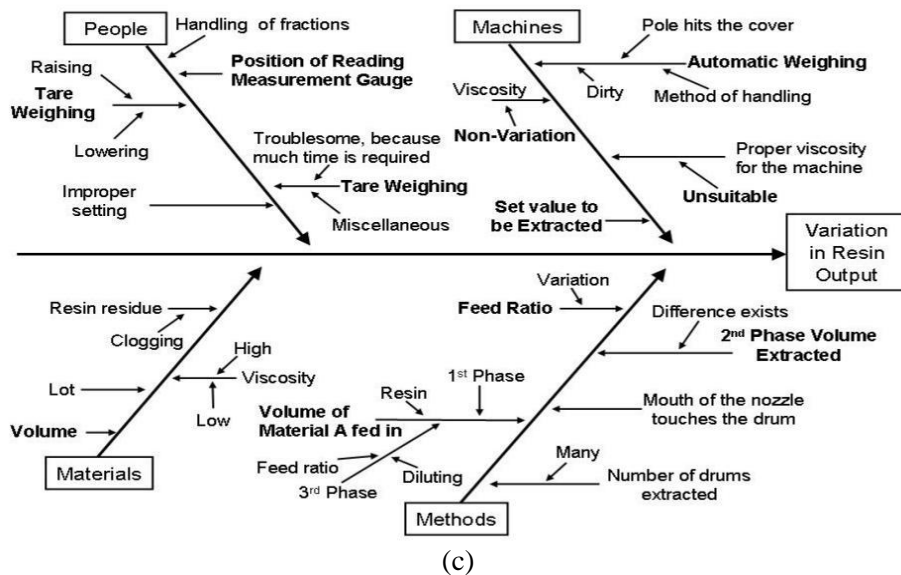
- Quality control from statistical manner.
- Internal control of quality in physical measurement laboratories
- External control of quality by means of inter-laboratory comparisons.

In the first step is shown the quality control that can be realized by statistical manner as can be seen in Figure 2.



(a)

(b)



(c)

Figure 2: Statistical manner for ensuring quality control, (a) control chart (b) histogram and (c) Diagram cause-effect [4, 5]

The second step is focused in internal control of quality in physical measurement laboratories and is prepared by some components which are as follows:

- i. Prove of the analyst competence (certificate)
- ii. Analysis of the standard sample which is prepared outside the laboratory
- iii. Evaluation of calibration (verification every time the calibration curve)
- iv. Analysis of the white exhibit (purity of reagents)

The last step is focused on external quality control in physical measurement laboratories which have the general objective to compare the given results by different laboratories. The laboratory attends comparison laboratory which analyze one or some identical homogeny sample in specify condition and assessment of the obtain results are shown in one unique report [6].

CONCLUSIONS

This paper has briefly described the importance of the quality management systems in physical measurement laboratories. Establishment of the quality system in physical measurement laboratories will play an important role for avoiding the technical barriers in different fields such as economy, legislation, technology of the produce, environmental problems and assurance that we give to consumer. Furthermore, different physical measurement laboratories will ensure to the consumer analytical data with quality acceptance.

REFERENCES

Journals

- K. Dhoska; J. Kacani; A. Dorri; V. Ramaj, Quality assurance and quality control in chemical e physical analysis; 6th Research/Expert Conference with International Participations "QUALITY 2009", Neum, B&H, June 04 – 07, 2009.
- F. M. Garfield; E. Klesten; J. Husch, AOAC International - Quality Assurance Principles for Analytical Laboratories - 3rd Edition 2000, ISBN-0-935584-70-6.
- P. De Bievre; H. Gunzler, Traceability in Physical and Chemical Measurement, 2005, ISBN 978-3-540-27093-5.
- Shewart Control Chart
http://www.jmp.com/support/help/Shewhart_Control_Charts.shtml
accessed in September 2016.

Statistical thinking to improve quality
<http://www4.asq.org/blogs/statistics/2008/03/> accessed in September 2016.

V. I. Dvorkin, Interlaboratory Quality Control of Physical Analysis with Reference Materials at Disposal, 2000.

STRATEGY TO INCREASE TOURISM IN THE SOUTH OF ALBANIA

Siana Ahmeti
Canadian Institute of Technology
ALBANIA
e-mail: siana.ahmeti@cit.edu.al

Ilir Çekiri
Canadian Institute of Technology
ALBANIA
e-mail: ilir.cekiri@cit.edu.al

ABSTRACT

Tourism in Albania for the moment is experiencing a positive trend, especially cultural and heritage tourism of an uncovered country. Archeological places from Illyrian, Roman and Greek time unhabituated and not-commercial seaside, mountains, traditional culinary are important attraction for the foreign and domestic tourists. Despite positive developments in the tourism sector, Albanian tourism is not yet operating under its optimal scale. The high level of competition internationally in attracting tourists is one of the factors influencing the modest growth of the tourism sector in Albania. This essay is trying to look at tourism development patterns and identify some possible way to influence consumer's behavior through marketing of the tourism "product" features and improve the position of Albania in international markets.

The paper will shortly describe the development for the tourism sector in Albania, further it will summaries the consumer's behavior theory at micro prospective and lastly will provide some general ideas of how Albania can market itself in order to induce a change in European consumers behavior and generate a larger flow of tourist.

Keywords: cultural, European consumer's behavior, international markets, developments.

INTRODUCTION

Tourism in Albania began with Ahmet Zogu governance. With a growing working class Communist state built cabins and hotels in touristic areas. After the fall of Communism Tourism sector has experienced spontaneous growth

of the construction of hotels and resorts. Another milestone for the development of tourism was the publication of some promotional video on international news channels and promotional articles in international newspapers. Over the years, with the exception of 2009, the month that has the largest influx of foreign visitors was August, which coincides with the period of tourism on the beaches of Albania. Meanwhile in other months there are a much more limited number of visitors.

This indicates that other types of tourism, except coastal tourism are extremely underdeveloped.

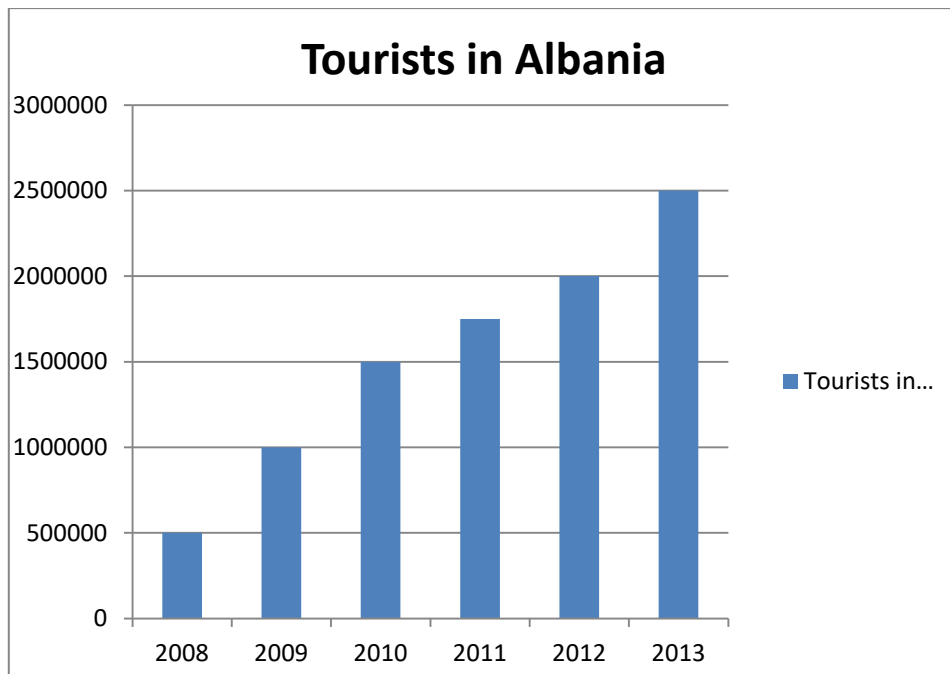
During the last three years incomes from foreign visitors in Albania have been:

Viti	2007	2008	2009
Te ardhurat (milione EUR)	1,002	1,170	1,302

Source:MTKRS

As seen from the data, from 2008, in 2009, income from visitors increased by 11%, while the number of foreign visitors increased by 34%. The same trend is observed for the period 2007-2008: revenues increased by 17%, while the number of visitors has increased by 21%. So even though the number of foreign visitors is an important indicator of the development of tourism in a country, it is necessary to analyze the growth of income from this activity.

Reflecting the principles of the consumer choices and behavioral patterns some general ideas on how Albania could adopt advertising strategies to attract more tourist. The statistics show that tourism on south has embarked on a positive trend.



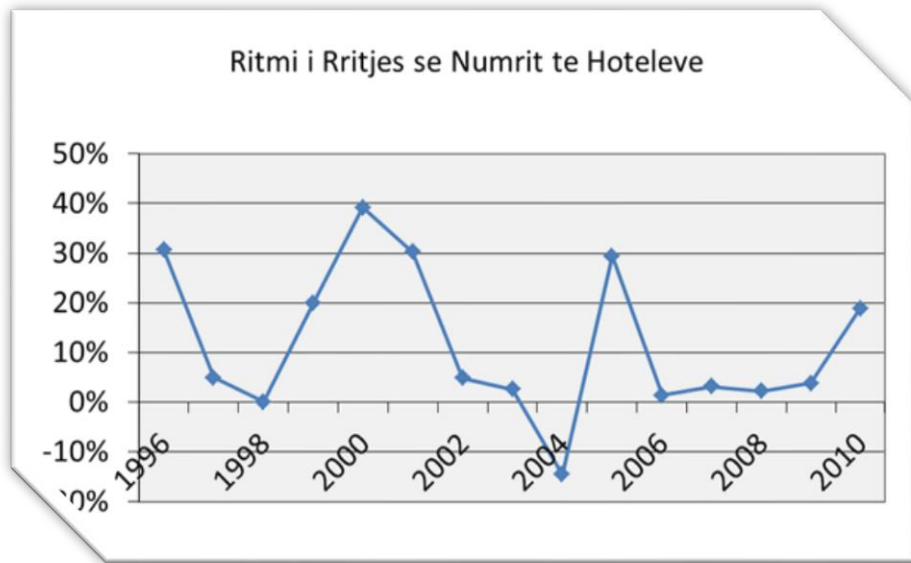
Source: INSTAT

This study is made by Instant according to the development of tourism in Albania. As we can see from the chart 2013 has an increase in 29% compare to 2012. All the indicators are important to be study but specifically is consummator behavior because at least all this industry should be available for tourists starting form services, package, and accommodation. All of the improvements are made by consumers' demands according to their behaviors. But what does it is a consummator behavior?

Customer Behavior Theory

It is the study of individuals, groups, or organizations and the processes they use to select, secure, and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and society. Customer behavior study is based on consumer buying behavior, with the customer playing the three distinct roles of user, payer and buyer. Research has shown that consumer behavior is difficult to predict, even for experts in the field.

As I said before one of the consumer's demand has to do with the accommodation. I am going to show below a graph that shows the increasing of hotels recently.



What we can see from the chart is that despite of the fact that numbers of tourist is growing faster and faster the numbers of hotels does not fits ,but we have an increasing of hostels ?Can we say that here we have a strategy to increase the numbers of tourists in south by offering them cheaper accommodation ? I think yes, but I am going to stop later at this point, because firstly I want to answer shortly at the questions that people randomly made during my search.

What is the most important force that should be studied by businesses within the industry?

I think that all the forces are important to be study, because only so this industry can work properly. However I think that consumer power should be singled out because all this industry must be available to tourists starting from offers, accommodation, infrastructure etc.

Does the change in tourism have impact the small competitors?

With the evolution of tourism the competition is increased by affecting the services offered. Participation through training, seminars and fairs has played another important role to small competitors for their promotion.

Investment in the tourism sector is a mixing of public and private resources. Creation of a touristic infrastructure network distinguishes the tourism product, improve the touristic image of the country and promote the process of touristic development.

Infrastructure is the third component of touristic offer, after the touristic resources and touristic accommodation. It helps touristic development of different areas and helps in completing of touristic needs. According to Fabre P.(1979)³, the required investments for the touristic development of a country are of two categories:

- Investments done in businesses that sell goods and services consumed directly by the visitors
- Investments done in general infrastructure and public services.

The state contribution in touristic developments it distinguishes two main directions:

- Creation of a favoring investments atmosphere.
- The Favoring financing.

CONCLUSIONS

What We Will Suggest For The Future?

Expansion of services even more specialized for clients such as the introduction of catering services, organizing birthdays etc..

Bringing a new and innovative culture for the organization of a new culture for the organization of social events, conferences, political and contemporary standard offering specialized services in this area.

Another recommendation for this business would be even much more affordable prices and flexible for a wide range of clientele.

To understand better what we have in our tourism and what we need to have its good to have a political, environment, social and technological analyses.

Political Environment

- Increasing the Tourist Information Offices, under the new law "On Tourism" Nr.9734, dated 14.05.2007 through countries, Tourist Information Offices and tourist destinations country, for the promotion of tourism areas.
- Restructuring of the Office of National Tourism Agencies under the above mentioned law.
- Development of curriculum for special tourist areas
- Development of infrastructure elements.

Economic Environment

- Ensure the efficient development of the economy through resource management, to create space spaces for future generations.
- Funding and mechanisms for long-term natural areas, cultural preservation and development aimed at them.
- Creation of a permanent structure that provides continuing financial marketing budget each year for the award of a national priority for tourism.

Social Environment

- Social and cultural sustainability ensures and enhances people's control of their lives and strengthens community identity
- Improve food safety practices through education campaigns in the hospitality sector.

Technological Environment

- Strengthen the Albania online presence.
- Increased telecommunication links between urban and rural areas.

What will be the future of tourism?

- Establishing a clear vision expressed in a long-term strategy associated with marketing programs.
- Development of specific geographic areas of the country.
- Naturally that tourism should be a priority branch of economic development of our country. It should affect the development of all areas of the country and in other branches of the economy. This will create new opportunities for employment growth in the country and creates a positive image for sustainable development and the country's integration into Europe.
- Establish programs to encourage and facilitate the introduction of domestic and foreign investment in tourism expand and improve national infrastructure and that of the tourist areas and to develop a sustainable tourism industry and in harmony with the environment.

REFERENCES

Journals

<http://www.aplaceinthesun.com/news/feature/tabid/131/EntryId/1902/Default.aspx>

http://www.globalbispartners.com/uploads/albainan_tourism_today.pdf

<http://www.topentrepreneur.co.za/Pages/Marketing/Consumer%20Behaviour%20The%20Decision%20Making%20Process.html>

http://www.amfiteatruerconomic.ase.ro/arhiva/pdf/no18/articol_fulltext_pag104.pdf

http://www.dsdc.gov.al/dsdc/pub/strategy_of_tourism_2007_2013_1033_1.pdf