

Albanian-Serbian trade not spectacular, but getting better.

The economic relations between Albania and Serbia are not spectacular, but are getting better. Almost all the participants of a roundtable about the economic relations between Albania and Serbia, organized by the Albanian Institute for International Studies, concurred with these words from Jelica Minic, President of the Forum for International Relations of the European Movement in Serbia.

Predrag Bjelic of the University of Belgrade, in his presentation said that generally speaking, trade flow in goods between Albania and Serbia is sporadic and not at all consistent. After an increase marked in one year, the trade collapses in the following one. Trade flows between the two countries are very low in all the parameters. The maximum reached in export from Serbia to Albania was USD 131.2 million, in 2010, and USD 25 million from Albania to Serbia, in 2008. From the standpoint of the structure of goods traded between Albania and Serbia, the beginning of the analyzed period was dominated by primary products – mainly agricultural products and foodstuffs. In 2004 approximately 72% of the total exports from Serbia to Albania involved the product group of Food and Live Animals. In 2015, however, export from Serbia to Albania became more diversified and this product group had a share of only 33.5% while two other product groups –from the range of industrial products – became quite significant.

Bjelic showed that export from Serbia to Albania is dominated by agricultural products like wheat and corn, but also by sugar and wheat flour. Iron and steel scrap hold the third position. As regards Serbia's imports from Albania, we can also observe the dominance of agricultural products like tomatoes, cucumbers, melons and watermelons. Other products include Portland cement, footwear parts, oil derivatives and furniture parts. We can thus conclude that the main products in the Albania-Serbia trade in 2015 were agricultural and low technology-intensive industrial products. Also Albania is Serbia's least significant trading partner of all the CEFTA 2006 parties, if we do not include the Republic of Moldova, which happens to have a small trade exchange with all the CEFTA 2006 parties.

Mostly the trade potential between the two countries is in the same products which now constitute the bulk of the trade. Also the Potential trade in services between Albania and Serbia is substantial, as both economies are service oriented. In Serbia, primary services are those involving transport and transit, as well as health, although Albania will become a leader in tourism and transport services in the future.

Elena Pici, Associated Researcher of the Albanian Institute for International Studies, in her presentation about the economic cooperation between Albania and Serbia, said that regional economic cooperation will enable participating countries to overcome the small size of their domestic markets, to achieve economies of scale and greater specialization in the production process; thus increasing the competitiveness of their products. Secondly, it will expand existing industries and will set up new export industries, diversifying exports and reducing their vulnerability to setbacks in a specific product market. Thirdly, regional cooperation can enhance the capacity of participating countries to meet emerging challenges, including the application of new technologies. Fourthly, it is increasingly clear that regional economic cooperation increases trade volumes by reducing the costs of transactions across international borders and removing non-border obstacles.

Apart from being a basic requirement for economic advancements of each country, she said, closer economic cooperation in the Balkans is of a strategic importance to further consolidate political stability at national and cross-border level, an important requirement towards the EU accession. The long term view is to restructure relationships so that Western Balkan countries would have an incentive to see each other prospering, this because the wellbeing of “the other” has a direct impact on the wellbeing of “the self”. She said that Albania and Serbia are the two largest countries of the Western Balkans and in the same time they exert a major political influence in the region. As such, the cooperation between these two countries is instrumental for the economic and political stability of the region and its future integration into the EU.

The trade cooperation between Albania and Serbia has experienced a boost since the establishment of bilateral free trade agreements between the two countries in 2004 and particularly after their accession to the Central European Free Trade Association (CEFTA) 2006. Due to the fact that the economic structure of Serbia is focused on industrial production which is more tradable, while the Albanian economy is oriented towards tourism, services, manufacturing and agriculture there is a stark trade disproportion (exports vs imports) in favor of Serbia. She also stressed the fact that structural reforms of the economy remain an important complementary and necessary aspect of making both economies reciprocally advantageous. In addition, the current climate calls for a more proactive and comprehensive approach, a need to link the improvements in infrastructure with the investments in order to create opportunities. By using this approach, both countries could address broader investment issues and promote economic activity, such as special productions and trade zones. A potential field for the future strategic cooperation can be the area of industrial production, where each of the countries can specialize in complementary stages of production.

The Swedish ambassador to Tirana, Johan Ndisi, said that it is important to strengthen relations between Serbia and Albania in the framework of EU integration. Western Balkans could make a crucial contribution to EU, especially concerning the stability and peace in the region. He stressed the fact that the western Balkan countries are small countries as are the Nordic countries and the investors don't see individual countries, but regional markets. It is important to promote connectivity, to lessen trade barriers. This will promote investments, he concluded.

Elida Petoshati of the Ministry of Foreign Affairs said that the economic relations between Albania and Serbia should not be seen in the bilateral frame but in a regional frame. According to her there is an untapped potential between the two countries. There are a lot of Serbian companies coming to Albania and vice versa and a growing number of Serbs which visit Albania during the summer. She said that we should promote the knowledge of each other and that we should be committed to strengthen the overall Albanian-Serbian cooperation, giving a model toward EU integration.

According to Luan Bregasi, Director of the Joint Chamber of Commerce Albania-Serbia, 2016 was the best year ever for the economic relations between Albania and Serbia. He said that it has filled a vacuum created from history. Albania and Serbia are not important in the economical sense. If we create a common market, he said, we will be big. During the Nis forum it was impossible to cope with the demands for cooperation from the Serbian companies.

Miroljub Zaric, Serbian ambassador in Tirana, said that has been an unpredictable improvement in our relations. 9-10 years ago it was impossible to imagine these relations. This, according to him, was the best year in the relations between the two countries.

According to a survey made by the Albanian Institute for International Studies, the majority of Albanians view the relations with Serbia as normal and with the potential to ameliorate in the future. They see the Albanian-Serbian relations as important for the economic development and the security of the Balkans. But, the majority lacks knowledge of Serbia and the economic trade that Albania has with it. Only 18% of respondents had ever been in Serbia. Also, the majority are not informed about the recent developments regarding the economic cooperation between the two countries.