

**SUMMARY OF THE MINUTES OF MEETING**  
**INVESTMENT COUNCIL**  
**MEETING X**

**On the Facilitation of Customs Procedures**

**Tirana, 09 May 2017, 15:00 – 16:30**

The meeting was held at the Ministry of Economic Development, Tourism, Trade and Entrepreneurship (MEDTTE) and was chaired by Ms Milva Ekonomi, Minister of MEDTTE. Present in the meeting were 11 IC Members, Additionally, the meeting was attended by 20 observers representing domestic and foreign business associations, as ICC Albania, Durrës Chamber of Commerce and Industry, Economic Office of Greek Embassy, SECO – Swiss Embassy, Shteti Web, etc.

**I. Opening of the meeting**

The Chair of the Investment Council, Minister Milva Ekonomi, opened the meeting extending thanks to the members for their participation in the meeting. The topic of the 10<sup>th</sup> Meeting was “On the facilitation of Customs Procedures”, voted by the IC members in the last meeting of 2016. At the opening of the meeting, Minister Ekonomi said that the topic in question is very important, coming as a continuous demand from the business to increase competitiveness and to promote the exports. At the same time, the problems related to customs procedures are obligations in the context of improving the business climate and Albania's ranking in Doing Business. The minister mentioned the significant improvements made in the new Customs Code and the opportunities it offers as an instrument that helps competitiveness.

**II. Reporting on the Status of Previous IC Recommendations**

*Ms Diana Leka, IC Secretariat*, delivered a presentation on the status of some of the previous IC recommendations, for implementation until May 2017. More specifically, it was briefed on the incentive policies for investment promotion and the initiatives for the ‘consolidation’ of collaboration Universities-Business-Governance. Whereas, in relation to the recommendations for the Formalisation of Agriculture, there has been a collaboration between INSTAT and the Ministry of Agriculture, Rural Development and Water Administration (MARDWA) on the ‘2016 Agriculture Census’, related to the implementation of 2016 Annual Report. Meanwhile, the MARDWA has become part of the electronic system (e-permit) in the framework of verification of procedures and approval of development/ construction permits in the territory of the Republic of Albania. It is noted an increase of public consultation, improvements in incentivising the tourism sector (reduction of VAT to 6%), etc. It still remains unaccomplished the establishment of a working group to study and analyse the problematics of formalisation in the agricultural sector, simplification of the VAT compensation scheme for farmers, etc.

### **III. Presentation of the IC Secretariat of Findings and Recommendations on Facilitation of Customs Procedures**

Ms Ermelinda Xhaja, IC Secretariat, presented the object and methodology of the analysis of the Secretariat as well as some of the reforms undertaken by the customs administration. The analysis was based on the business complaints filed at the Secretariat during period 2015 - 2016. Furthermore, an open questionnaire was published online and filled in by 23 companies. Around 25 meetings with businesses, importers and exporters, consulting companies, customs administration, Ministry of Finance and Ministry of Economy were held. Furthermore, on 20 April, a consultative meeting with experts from the customs and tax administration and as well as businesses was held to discuss in advance the most important and possible recommendations to be presented at the IC Meeting.

Mr Elvis Zerva, IC Secretariat, continued with the presentation of the key findings and recommendations, which consist on: i) Timely preparation of secondary customs legislation referring to the entry into force of the new Customs Code on 1 June 2017 as well as consultation with business community; ii) Clear documentation and tracing in the GCD internal system of ways of calculating the customs value by reviewing internal acts/instructions; iii) Updating the list of reference prices; iv) The need for raising awareness of businesses to request from the customs administration information on the mandatory tariff classification and reply from customs offices to businesses for the results of the customs lab on tariff classification; v) Institutionalization of business cooperation and consultation through increased online communication and exchange of information about various business authorisations and certificates in customs and other related institutions such as Tax Authority, National Food Agency (NFA), etc. The finalising of the single window project at customs will facilitate the inter-institutional coordination. In preparing the Technical Note, the Secretariat has collaborated closely with GCD, business associations and two consulting/law firms.

### **IV. Summary of the main comments raised during the Meeting**

Ms Belinda Ikonimi, GCD, thanked the Secretariat for the work done in cooperation with GCD. The biggest challenge for the customs administration has been the preparation of the instructions of the customs code. The document has been completed and has already been submitted to the Ministry of Finance. The GCD has prepared a comprehensive communication plan with all stakeholders and intensive meetings are being held to raise awareness on the changes brought by the new Customs Code. Ms Ikonimi noted that since 1 May 2017, it has been started with the listing of all documents for online customs declaration starting first with some pilot businesses. The objective is to move toward a paperless customs service by 2018, and the online customs declaration is expected to reduce many existing problems. At the e-customs portal, the business will have information about the tariff, valuation and classifications. The project is expected to become operational around the second half of 2017.

Mr Arben Shkodra, Producers' Association, stressed the importance of the instructions on the new Customs Code for the Producers' Association. He proposed that in Albania, as in some European Union countries, to be applied the 12-digit code of the nomenclature instead of the current 10-digit code. Concerning container scanning, most manufacturers do not have the capacity to ship all the goods within a truck and therefore make use of the grouping of goods (mix load) with other manufactures. Currently, although scanning is done once per container, the scanning fee is paid for each customs declaration. In the case of a mixed load, with many

customs declarations (a common practice), it is paid the scanning fee for 7, 8, or 10 declarations per container. Mr Shkodra also stressed the importance for further simplification of customs procedures with Kosovo. Among other things, he suggested that before being sent to the Ministry of Finance for approval, the instructions of the new Customs Code should have been consulted in advance with the business. He suggested that the EBRD-supported Secretariat in cooperation with the business chambers could organise a wide workshop with the business community on the instructions of the Customs Code. Then each of the associations can continue and create sectorial discussion groups on customs procedures.

Mr Matteo Colangeli, EBRD, emphasised the importance of facilitating trade within the Western Balkans region. The recent initiatives to establish a common transit system with Kosovo and locate an office of the Kosovo customs agency in Durres port are important steps forward. Mr Colangeli informed that EBRD is supporting in establishing a helpdesk for taxpayers to provide information to MSMEs, and that this project could be replicated with a similar structure to provide advice and information related to custom procedures for companies involved in foreign trade.

Ms Edlira Muka, Balfin Group, agreed with the findings of Secretariat in the Technical Note and specifically on the need to review the risk criteria of companies selected for the green channel. There are some companies that continue to go through the red channel although in reality they do not display any high risk. Regarding the application of reference prices, in support also of the fight against informality, to monitor the prices of imported goods, more attention is required from customs authorities. Another business problem to consider is the difference in the clearance of used products with new ones. Also, Ms Muka recommended a stronger cooperation between GCD and NFA, such as for example in regards to product certifications. NFA's focus can be further expanded by taking more responsibility and extensions in time.

Ms Laura Qorlaze, IFC, commended the Secretariat for the detailed report and clear summary of the business problems with customs. Regarding the GCD risk criteria, it was pointed out that the risk module should be reviewed for cases where businesses have been inspected several times with no violations, thus reducing the risk of control. Ms Qorlaze asked GCD and GTD for some clarifications regarding: i) What is the future perspective in the use of reference prices; ii) with the entry into force of the new Customs Code it is thought to proceed with the approval of its instruction; iii) When will be announced the best taxpayer?

Ms Elizabeta Katia, General Tax Directorate (GTD), mentioned the cooperation that started among GTD, GCD and other institutions for the transmission and channelling of real-time information, including the requirement for certificates for fiscal liabilities. Specifically, the GTD is in co-operation with second-tier banks for applying online communication for orders of seized/unseized taxpayers' bank accounts. Also, Mrs Katia said that taxes and customs in cooperation with the Ministry of Finance and the Prime Minister's Office are working on the list of the best taxpayers expected to be announced within the next three months.

Ms Miha Ekonomi, IC Chair, praised the work of the GCD and suggested the engagement of the Secretariat in cooperation with the Ministry, GCD and business associations to inform businesses the changes that are undergoing to the Customs Code and the new opportunities it offers. This is also requested by the business in the Trade Facilitation Committee. One of the business complaints brought to the Investment Council is related to the differentiated ways of addressing a business complaint in various customs branches. This is not only in the area of

customs but also in general in the state administration that does not unify its conduct to businesses and this requires clear addressing of procedures standardization.

Ms Belinda Ikonomi, informed that the customs administration has been quite busy during the drafting of the implementing provisions of the new customs code, also because of the limited time. In the next 2-3 weeks there is still an opportunity to discuss the new code before it becomes definitive. Ms Ikonomi stated that the communication with the business is important and lately two new sectors have been set up within the GCD, dealing exclusively with the communication with the business and awareness raising. There is a plan to establish a helpdesk, and she expressed willingness to collaborate with stakeholders in this aspect. Moreover, Ms Ikonomi explained that GCD has clear manuals made available at each customs branch and it is important also the way these are implemented in the field by the customs employees. Most of the procedures are centralised although there are some procedures delegated to customs offices, but always for the purpose of providing facilitation to the business. Meanwhile regarding the customs value, which remains a continuous concern to the business, we aim that next year, via online declaration, to create a big centre of value where the value and classifications are not changed from one customs employee to the other but are uniform and standardised for the whole territory. This would avoid also the contacts of the business and would help in reducing corruption and in the standardising the process and equal treatment of the business. The customs code has six evaluation methods where the reference price is the sixth one, but unfortunately it has been passed from the first directly to the sixth without making use of the other methods of evaluation. Therefore the database of the value where will be reported the sales of the last three months will serve for the establishment of a real database for evaluation and minimising the use of reference prices. Regarding the scanning of containers, the customs administration only executes the instructions foreseen in the scanning concession contract. Ms Ikonomi commented in regard to one of the recommendations in the Technical Note for the publishing of the inspections data, and suggesting that taking into consideration the specifics of the customs authority activity and the security of the risk profiles, not to include as a recommendation the publishing of the inspections findings.

Ms Diana Leka, IC Secretariat, mentioned collaboration with the meat sector on this meeting agenda. There are manufacturing capacities, and some companies with considerable investments in the sector, willing to export, but on a standstill due to problems related to veterinary reform, licencing, National Food Agency, etc.

IC Chair, replied that the Ministry of Economy, through also the Committee for Trade Facilitation where the Ministry of Agriculture also participates, is following this issue. There are problems with trading agricultural products in the EU and CEFTA area. We need a more flexible NFA to work also in the framework of a national plan of measures to promote the export of agricultural products but also to protect the domestic products. Ministry of Economy should make efforts to expand to new markets, and we are considering with which countries to negotiate agreements of free trade, e.g. with Ukraine, countries of North America, North Africa, etc.

The Chair thanked all the participants for their contribution and highlighted the taken decisions:

1. Approval of the Technical Note and Recommendations of the Secretariat with a minor editing regarding the publication the data on inspections.

2. The Secretariat in collaboration with Ministry of Economy, GCD, the chambers of commerce to organise a consultation with the business on the new instructions of the customs code.
3. Final documents of the IC Meeting X will be distributed to the Members and published on the IC website.
4. The next meeting is suggested in September 2017. While the remaining subjects to be discussed for 2017, approved previously by the Members, are:
  - Analysis on e-permits
  - Analysis on inspections
  - Start-ups

Regarding the selection of the next subject, it will be communicated by e-mail with the Members.

5. On the problems of Labour Code, raised previously by two IC Members, the Secretariat has prepared an analysis included in the meeting handouts. If there are questions and suggestions by the members we are open to discuss.

**V. Closing of the Meeting** – Meeting was closed at 16h30.

## List of Participants

### Government representatives

1. Ms Milva Ekonomi, Chair of the Investment Council/Minister of Economic Development, Tourism, Trade and Entrepreneurship;
2. Ms Lorena Pullumbi, Chief of Cabinet, in absence of Mr Bledi Çuçi, Minister of State for Local Issues/National Coordinator of the Anticorruption Strategy
3. Mr Orald Lani, Counsellor, in absence of Ms Ermonela Felaj, Minister of State for Relationships with Parliament
4. Ms Elizabeta Katia, Deputy General Tax Director, in absence of Ms Vasilika Vjero, General Tax Director
5. Ms Belinda Ikonomi, General Director of General Customs Directorate
6. Mr Genti Beqiri, General Director of AIDA

### Business community

1. Ms Eniada Çupi, Senior Finance Specialist, in absence of Mr Shkëlqim Bozgo, TAP Albania Country Manager
2. Ms Edlira Muka, CEO of Balfin Group
3. Mr Arben Shkodra, Chair of Producers' Association

### International partners

1. Mr Matteo Colangeli, Director of EBRD Resident Office in Albania
2. Ms Laura Qorlaze, Representative of the IFC Office in Tirana

### **Not attended:**

1. Ms Natasha Ahmetaj, Deputy Governor of the Bank of Albania
2. Mr Yngve Engstroem, Head of Cooperation, EU Delegation Albania
3. Mr Luan Leka, CEO, EHW GmbH – sent by email prior to the Meeting comments on the proposed suggestions of the Secretariat
4. Mr Luan Bregasi, Chair, BiznesAlbania
5. Mr Mark Crawford, President, American Chamber of Commerce
6. Ms Hilda Shijaku, Economist, World Bank