

Conference—Albania: Opportunities and Challenges in the Move Towards Emerging Market Status

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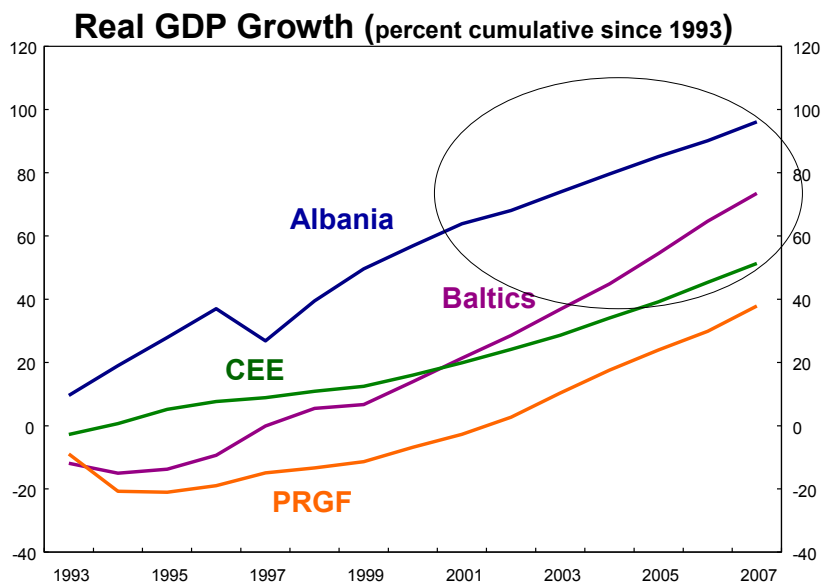
Salient Points from the Welcoming Speech of Mr. G. Bell, IMF Mission Chief for Albania

I would like to extend a warm welcome to His Excellency Prime Minister Berisha and all other participants in this IMF conference on *Albania: Opportunities and Challenges in the Move Towards Emerging Market Status*.

This conference is taking place within the context of the 2008 IMF Article IV Consultation with Albania. The Article IV consultation—which the IMF carries out with Albania every other year—aims at examining developments, policies, and prospects from a medium- to long-term perspective, in contrast to the more short-term focus of ongoing program discussions.

After some 16 years of IMF programs and even more years of transition, Albania now has macroeconomic stability firmly entrenched.

- Growth has been stable and high, with per capita income more than doubling in the last decade, while inflation has been well contained, reflecting prudent fiscal and monetary policies.



- Looking ahead as Albania moves away from IMF concessional funding and prepares for an eventual end to IMF program support, there will be a need for new internal and external anchors for economic policies.
- Also, as the country continues its transition towards emerging market status, it will be more exposed to the forces of globalization and external shocks, including the international price shocks experienced recently. This in itself will create new challenges for fiscal and monetary policies.
- Furthermore, the graduation from concessional borrowing will imply more reliance on international capital markets, which in turn will require development of new skill sets to efficiently utilize the new funding sources and manage the risks involved.
- The first two panels, this morning, will look into these issues. The challenges facing monetary policy is the subject of Panel I, while Panel II covers those facing fiscal policy—including the issue of ensuring debt sustainability that arises with greater access to international financial markets.

While macroeconomic stability is well entrenched, there is still a substantial unfinished structural reform agenda.

- Although much has been accomplished, more needs to be done to further improve the business climate, in particular with respect to the functioning of the judiciary, including contract enforcement, property rights, and good governance. Successful reform in this area will be increasingly necessary in the years ahead if Albania is to fully reap the benefits of globalization, and attract the foreign investment necessary to sustain high growth rates and rising income levels.
- This afternoon, Albania's growth prospects and the structural reform agenda needed to maximize growth potential will be the subject of Panel III. This panel will also highlight the origins and macroeconomic costs of existing and potential constraints to growth, particularly those emanating from the troubled electricity sector.

Lastly, the conference will conclude with a high-level roundtable to take stock of the day's discussions and look ahead to the policies of tomorrow that would allow Albania to move toward EU membership.

In concluding, I would again like to welcome you to this conference, from which I hope we all will learn a lot. We are looking forward to fruitful, open-minded discussions and constructive comments.

Now, it is my honor and pleasure to give the floor to His Excellency Prime Minister Berisha, who will give some introductory remarks.