

**Speech of H.E. Mr. Sali Berisha, Prime Minister,  
held at the IMF Conference  
May 14, 2008**

This Conference gives me a special opportunity to express the thanks and gratitude to the IMF, this excellent ally of Albania, that in these 16 years has essentially assisted the country towards its economical transition, which I would say has been successful.

IMF has given an essential contribution for a sustainable growth, and the great transformation of the Albanian economy, as well as other ex-communist countries. Albania and these countries owe the IMF the support, the model they have introduced, and the success of their economic transformation.

Albania is here today in this conference with an impressive balance (outcome). I would like to remind the audience that in '92, the average annual salary of Albanians was US\$48 and the exchange rate was ALL130 for US\$1, whereas today, the minimum monthly salary is above US\$200, and the average monthly salary is above US\$300.

The beginning of '92 marked a full economic collapse, with an unemployment rate of 80 percent. The Government decided to close down all large industries, being inspired by Ronald Reagan saying that "nothing punishes the economy more than the efforts to breathe life into sick and hopeless enterprises".

Albania was fully collectivized, but through close cooperation with international institutions we started the road of transforming the economy of rapid privatizations and full liberalization of the market. Prices increased 15 times unlike in any other ex-communist country in Europe, and in the meantime salaries increased correspondingly. In quite a short period, within the range of 3 to 4 years, the exchange rate was liberalized and gained full stability as economic growth reached two-digit figures. Land, buildings, and all small and medium-size enterprises were privatized. All these factors built the foundations of a solid economy, which did not shake despite the pyramid crisis and the rebellion of '97. The economy maintained its foundations, and through all the decade it continued to show an admirable growth and sustainable macroeconomic stability. Even when it faced problems during the last decade, those major problems were organized crime and corruption, which turned out to be serious obstacles for foreign investments.

My Government declared a zero-tolerance war against organized crime, and today life for business people and Albanian citizens is one of the safest in the region and in Europe; the crime rate is much lower compared with the respective average rate of the countries of the European Union. A strong-willed fight was declared against corruption. There is still corruption; however the results of this fight are inspiring.

Albania is classified today among the countries with the highest fiscal freedom in Europe and beyond, and it is not the reduction of tax rates only that defines this level of freedom. It has its own weight, as well as the fight against corruption. Results of this fight are reflected in the growth of revenue in the state budget, which are 28 percent of GDP compared with 22 percent previously, and this was achieved through combating fiscal evasion, smuggling, and

informality. It has enabled this Government to present to the Albanian Parliament a supplementary budget for approval, in June of each year, including this year.

The administration is out of the conflict of interest; procurements are moving towards full digitalization, and we are doing the same with taxes, customs, and other procedures. The fight against corruption remains a major priority of my Government.

Albania with each passing day is becoming more attractive to foreign investments. Companies from all over the world are now targeting its sea shore, water, mineral resources, and they are very much looking forward to investing in Albania. Last year, exports increased by 28 percent, and the level of credit in the economy is increasing rapidly. Despite the very restrictive monetary policies, which are mainly dictated from a worldwide situation of inflation with a clear impact also in Albania as a result of the globalization era, the Albanian economy is growing significantly with high growth rates every year. Its competitiveness is increasing by also increasing the range of competition within. The implementation of the Stabilisation and Association Agreement did not bring negative spillovers for the Albanian economy; exports increased and they are mainly targeted towards the European Union.

Our economy still needs to improve its standards. It was a very good step to implement the lowest fiscal burden in Europe, but we also need to introduce the easiest fiscal system in Europe. It was worth it, and we are grateful to those who assisted us, to launch a ‘one-stop-shop’ system for business, but we still need to highly facilitate the system of licensing and permissions, to remove the unnecessary procedures, and to group within the ‘one-stop-shop’ what cannot be removed. Some projects are in process and they are very important. Albania should fully reform its inspectorates, which have a large amount of bureaucracy and limited competence that increase the burden over businesses.

A foremost objective of my Government is the “digital age”. Nothing can impact business more than it. Each citizen will benefit from the “digital age” the best, the cheapest and the quickest services; business itself will be the major beneficiary, time being the most valuable benefit.

We are graduating from IMF arrangements to continue with Article IV Consultations. Our efforts to decrease the debt will be consistent. Nothing is more important to a country than its fiscal discipline. I think that we must concentrate our full efforts to strengthening the fiscal discipline and to decrease the debt at a maximum, even though we inherited an unpleasant situation of debt, but the debt is a future burden for generations to come.

I will do my utmost to decrease the debt, to lower the budget deficit, to speed up the engines of quick economic development of the country, and to turn Albania into the most attractive country for foreign investments in the region.

I once again take the opportunity, Mr. Bell, to thank you, your headquarters, the Managing Director and previous Directors, for all the incredibly valuable contributions that you have given to this country, which in spite of all difficulties represent the most positive transformations that can be noted.