

Gross Domestic Production of 2006

Stable economic growth in Albania

The real growth of GDP of year 2006, in the preliminary estimations, (reference to the renovated calendar or GDP indicators publication), has reached in 5.53% (after an increase by 5.72% in year 2005)

According to the latest calculations of GDP, 2006 compare with 2005, growth in terms of volume, the manufacturing industry (+13.3%), in construction (+11%) and post-communications (+12.5%) have signed the highest increase. While the agriculture sector was increased by 3.0% in 2006, compare with 0.9% in 2005. Nevertheless, during 2006, growth in the branches within industry sector is presented with differences. After a powerful growth at real value added of extracting industry in year 2003 (+15.3%), this indicator has marked negative levels during 2005-2006.

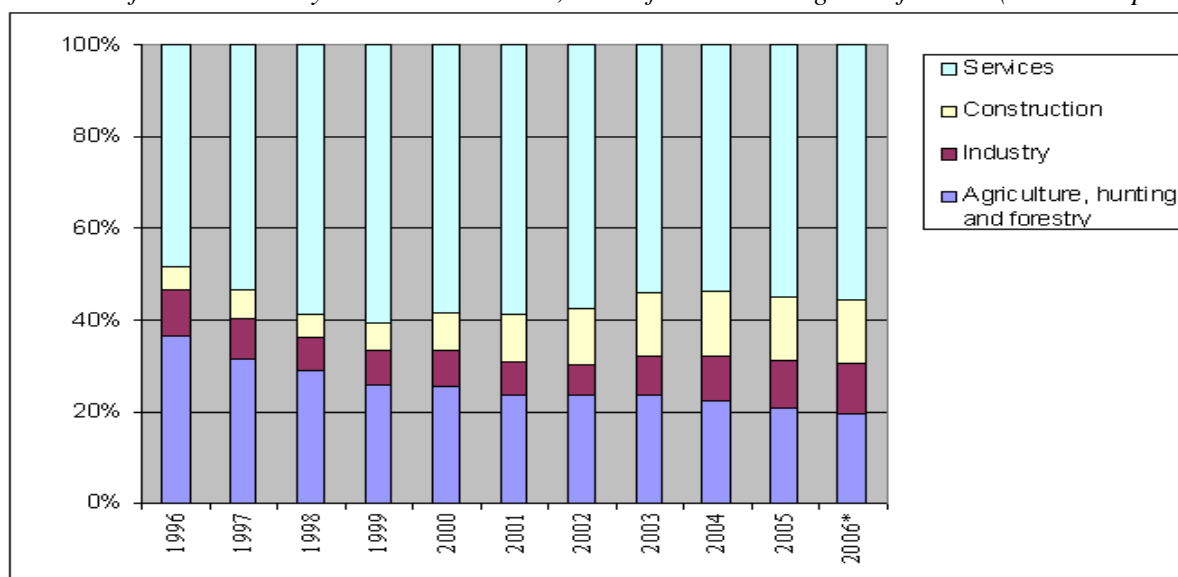
Economic growth in Albania has demonstrated a kind of slowdown, from 9% in years 1993 -1996 in 5.93 % in years 2000 – 2006. Notwithstanding, this tendency is similar with the economic growth of countries in transition. A typical phenomenon in the economies of these countries was a higher growth rate during the first years of transition and declining growth rates during the coming years.

GDP per capita has reached at average level of 1880€(2216 \$ USA) only during the recent five years. According to the latest estimations this amount was 2300€or 2882 \$ USA during the 2006.

Services represent the biggest sector of Albanian economy and during the last decade its weight varies from 50% to 60% of Value Added with basic prices and gross of FISIM. On the other hand, industry together with construction represent 25.2% of economy in the year 2006, although during the last decade their weight hardly reached an around 15% target. In 2006, agriculture continued to generate around 19.5% of Albanians incomes, although its weight decreased by around 46.7% compared to 1996.

The structure of Albanian economy is characterized by a strong polarization between the traditional sectors such as agriculture (19.5%) and services sector (55.3%). Manufacturing Industry continues to be less developed although the increase by 13.3% during the last two years. At the services sector, its weight has been 54.6% of Value Added with basic prices and gross of FISIM during the years 2003-2006.

Structure of value added by economic activities, in % of value added gross of FISIM (at current prices)



In the table below is presented the evolution of main indicators of GDP for year 2004-2006.

Indicators	Real Growth of GDP in % (With price of previous year)			Year 2006*			
	2004	2005	2006*	Structure in %	Price changes in %	Value in Billion Leks	Sectorial contribution in economic growth
GDP	5.7	5.7	5.5		3.6	891.0	
Agriculture, hunting and forestry	6.3	0.9	3.0	19.5	0.2	156.9	10.3
Industry	14.1	11.7	12.1	11.0	0.6	88.3	21.1
- Extracting Industry	15.3	-3.2	-3.4	0.7	7.8	5.8	-0.4
- Manufacturing Industry	14.0	13.0	13.3	10.3	0.1	82.5	21.5
Construction	7.9	6.3	11.0	14.2	1.1	114.2	24.9
<u>Total Services</u>	<u>2.8</u>	<u>6.2</u>	<u>4.3</u>	<u>55.3</u>	<u>5.3</u>	<u>444.8</u>	<u>38.7</u>
-Trade, Hotels and Restaurants	2.2	5.7	2.6	20.8	2.4	167.0	9.1
-Transport	4.9	8.0	2.6	5.3	0.8	42.4	2.4
-Post and communication	6.3	21.4	12.5	3.9	-0.7	31.6	7.9
-Other Services	2.5	3.9	4.9	25.4	9.4	203.9	19.4
FISIM (-)	-5.8	3.6	14.5		13.1	-30.4	-7.6
GROSS VALUE ADDED	5.7	5.9	5.5		2.7	773.5	87.4
Taxes on products	5.7	5.7	5.9			121.2	13.7
Subsidies on products (-)	6.0	-3.5	14.1			-3.7	-1.1

The sectoral contribution to the real GDP growth (+5.53%) fully reflects the unbalances in the structure of Albanian economy, according to the above presented trends. Agriculture has given a solid declining contribution in the economic growth (out of 1.9% in 1998 to 0.5% in 2002, with a 1.4% jumping in 2004 and from 0.2 % in 2005 at 0.6% in 2006). This tendency has made the Albanian economy increasingly less sensible towards the probable changes in this sector.

Industry's contribution is giving a positive support to the general growth probably due to a growth of the manufacturing industry. Extracting industry had less effect on the general growth. The most dynamic activities (transport, communication and other services, mainly the financial ones) in the services sector have provided a stable support to the economic growth (with 0.4% and 1.1%).

The contribution of economic sectors to the real GDP growth

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Agriculture, hunting and forestry	-6.0	1.9	1.5	1.6	0.6	0.5	0.6	1.4	0.2	0.6
Industry	-2.4	2.3	1.6	0.1	0.4	-0.3	1.8	1.1	1.1	1.2
- Extracting Industry	-0.3	0.0	0.2	0.1	0.1	-0.2	0.1	0.1	0.0	0.0
- Manufacturing Industry	-2.1	2.3	1.4	0.0	0.4	-0.1	1.8	1.0	1.1	1.2
Construction	-0.8	-0.8	0.9	2.7	2.5	2.1	2.6	1.0	0.8	1.4
Total Services	-0.1	3.4	9.1	-0.2	3.7	2.0	0.3	1.4	3.0	2.1
- Trade, Hotels and Restaurants	-0.1	0.6	1.9	-2.7	0.8	0.4	-1.1	0.4	1.1	0.5
- Transport	-0.9	1.1	4.5	1.3	0.7	1.0	0.5	0.2	0.4	0.1

