

ALBANIA

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It has become increasingly difficult to understand what is going on in Albania in certain sectors, including the mining industry. Such a chaotic situation characterised almost all of 2003. Reports about Albania from the European Union and various important international institutions were generally pessimistic, with only a few positive achievements noted. Economic growth was limited and the political scene was characterised by constant bickering between the two major political parties on issues of corruption, smuggling, law-breaking and many other issues.

The country is impoverished and backward by European standards, and progress towards a market economy is slow. Agriculture accounts for almost 50% of GDP but suffers from a lack of modern equipment. Also, the country's infrastructure is inadequate and energy is in short supply. Foreign investment is minimal.

About 99% of Albania's businesses comprise small- and medium-sized enterprises, which contribute more than 75% of GDP. Unemployment was running above 22% during 2003 and more than 10% of children do not attend schools.

For the mining sector, reliable statistics and production figures are becoming more and more difficult to obtain, and new investment is minimal. For 2003 the sector reported only 3,200 employees of whom 10% were working at state- owned mines. Domestic production and exports of minerals are estimated to have been worth just US\$30 million.

There was a further reduction in foreign direct investment, a growing tendency towards monopolies in some key sectors and a further deterioration at the existing mines where working conditions are extremely hazardous and pose a serious risk to the lives of miners. A serious incident occurred at a chrome mine in the north of the country resulting in the deaths of two miners. The deadliest underground gas explosion to date in Albania, which resulted in the deaths of seven miners, was at the Selenica bitumen mine earlier this year.

An increase in the alluvial mining of sand and gravel from river beds has been a source of growing environmental concern and the government has forbidden such activities but the issue remains a serious concern because of the inability of the respective authorities to exercise the law against those companies that continue to operate.

Total investments reported in the mining sector during 2003 were about US\$10 million, and were mainly committed by the private sector to chrome and copper mines. At the start of 2003 it was reported that the Turkish metals producer, Beer Oner was considering the inclusion of two copper deposits in

its plan to redevelop Albania's copper-mining industry. The company is recommissioning the Munelle copper mine, and invested US\$1.12 million in 2002. The Lak Rosh and Arme mines are also being offered by the Albanian Government, which will close them if Beer Oner chooses not to take them. An Italian company that has a concession agreement in the chrome industry continues to extract chrome ore and produce ferrochrome.

Since 1992, Albania's chrome industry has been controlled by Albkrom, an integrated producer, with mining, processing and smelting interests, as well as control of marketing the products. The company, which is scheduled for privatization, controls chrome mines in northeast Albania, at Batra and Bulquiza, the Pjoska and Prrenjas mines in southeast Albania, and the closed Kalimash and Kam-Tropoja mines.

Because of a lack of reliable figures and statistics, it has become increasingly difficult to find current and updated figures on mineral production. The following data represent the best estimates.

Mineral production ('000 t)

Ore	2001	2002	2003
Coal	22.7	20.3	18.0
Chrome	85.9	82.0	89.0
Chrome concentrate	0	9.0	8.3
Ferrochrome	11.9	22.1	35.0
Steel	94.1	96.6	93.0
Limestone	590	650	540
Bitumen	0	4.2	43.2
Clay	385	350	340
River gravel	1,370	1,070	930