

ALBANIA

By Prof. Dr. Rushan Kocibelli

Today Albania is still ranked among the most impoverished countries in the world with more than one-third of its population being obliged to migrate to other countries. Most common goods and products found in the Albanian market have their origin from other countries such as Greece, Italy, Turkey, Macedonia and Bulgaria. The state administration still suffers from widespread corruption thus seriously challenging the capability of the socialist government coalition to govern the country based on professionalism and democratic principles.

Like other sectors of the Albanian economy – agriculture, textiles, the leather processing and paper industries – the state-owned minerals processing and extraction industry continues to deteriorate. Most of the largest state-owned mining corporations involved in energy, oil, copper, chrome and other minerals production have long been paralysed and are on the verge of declaring bankruptcy. Faced with growing criticism, the government of the left coalition dramatically changed direction by moving away from a restructuring of the state-owned mining sector to a policy of privatisation at the beginning of 2000.

The state sector's plight is highlighted by the situation in the chrome industry where the average monthly output of chrome in 2000 was equal to the amount produced in just one day in 1986. This situation led to the signing of an agreement in March 2000, between the Ministry of Public Economy and Privatisation and Darfo, an Italian-based company, regarding concessions for two chromite mines at Librazhd and Pogradec, and the ferrochrome plant at Elbasan.

Under the terms of the agreement, Darfo is exempt from customs taxes and other domestic tax obligations on all the funds that it invests in these projects over a four-year

period. Already, the initiative is showing signs of success with the production of 3,000 t ferrochrome in the final quarter of 2000.

With its ambitious goal of becoming a leading European chrome supplier, Darfo is holding further negotiations to acquire other chrome mines, such as the operation at Bulqiza, and also the ferrochrome plant at Burrel. Dorro anticipates that total capacity could eventually reach 36,000 t/y of ferrochrome, containing 63-65% Cr₂O₃.

Under another concession agreement, this time for 30 years, a Turkish company, Bei-Ouer, has acquired the copper operations at Rubik, whilst Albania's oldest mine producing natural bitumen was bought by a French company, KLP Industries.

Only in the private sector, through both foreign and domestic involvement, are investments being made aimed at increasing mineral production capacities and improving productivity. About 50 small private companies are currently involved in the chrome industry and are consolidating their financial positions in the market. In total, around 250 private companies are involved in the Albanian mining sector, of which 10 are foreign companies.

In the nickel silicate industry, a Greek company has rented the Bitincka open-pit mine and last year it produced a considerable amount of ore, which will be processed in Greece. Bitincka is estimated to contain some 4 Mt of deposits in iron-nickel and nickel silicate. By processing these ores (averaging 1% Ni) ferronickel is extracted with an average 30% nickel.

In northeastern Albania, where large deposits of iron and nickel-iron silicate are located, an Australian company was evaluating potential new methods of producing metallic nickel

from such deposits. The termination of testwork suggests, however, that the trials were unsuccessful.

Because of the boom in the construction industry over the past five years, limestone production figures have seen a sharp rise and it seems likely to continue in the coming years as well. Locally produced limestone continues to be processed almost entirely in Albania.

The extraction and processing of decorative stones is constantly under threat as a result of the imports of such materials from neighbouring Greece. Some new workshops were established during 2000, however, to process alabaster, mainly in Tirana, Elbasan and Korce.

At present, Albania's coal production is sufficient to satisfy demand only for those private companies involved in the production of construction materials such as bricks and tiles.

From what is evident today the future of the Albanian mining industry will rely on the

private sector which thus far has funded the increases in production capacities, and has improved considerably efficiency and production quality. Indeed, it was because of the vastly improved performance of the private companies over the state-owned companies that the government was forced to start negotiations for the privatisation of Albania's largest oil refinery at Ballsh. Built in the late 1990s with Chinese technology, this refinery remains one of the relatively successful facilities within the country's largely problematic oil-processing industry.

Albanian Mineral Production ('000 t except where stated)			
	1998	1999	2000
Oil	309	268	213
Natural Gas	16,123	13,220	11,118
Coal	33	28	20
Chrome ore	124	130	117
Chrome concentrate	14	12	13
Ferrochrome (t)	29,300	23,410	24,200 ^a
Limestone	540	630	641
Clay	380	422	420
River gravel	960	1,576	1,630

a Includes 3,200 t from the private sector.