

THE REPUBLIC OF ALBANIA		Long-Term	Short-Term
Sovereign	Foreign currency	BB+	B
	Local currency	BB+	B
	Outlook	Stable	Stable

THE REPUBLIC OF ALBANIA			
Data	2007*	2006*	2005*
GDP in Current Prices LEK (bn)	980	896	836
GDP in Current Prices USD (bn)	10.30	9.10	8.40
Population (mn)	3.17	3.15	3.14
Unemployment (%)	13.20	13.80	14.20
Annual Inflation (%)	2.90	2.50	2.00
Real GDP Growth (%)	6.00	5.50	5.70
Current Account Balance/GDP (%)	-10.70	-6.60	-8.90
Broad Money USD (bn)	8.05	6.63	5.74
Official Foreign Currency Reserves USD (bn)	1.62	1.48	1.17
Average Exchange Rate (LEK per USD)	90.43	98.10	99.88

*End of year

Analysts:

Mehmet **ISIK**

misik@jcravrsyaring.com.tr

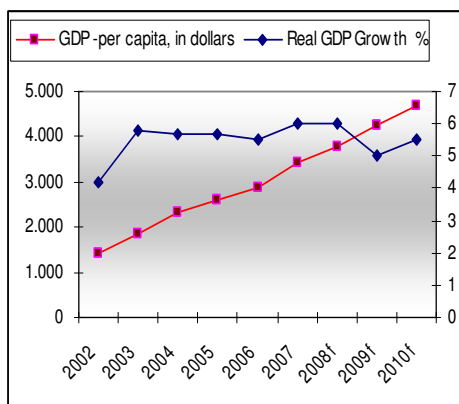
Faryal **AHMAD**

info@jcravrsyaring.com.tr

+90 212 352 56 73

Country Overview

The Republic of Albania is a small country in south-eastern Europe. It shares borders with Greece, Montenegro, Kosovo and Macedonia and has coastlines with the Adriatic Sea.



Albania occupies an important strategic location in the Balkans along the Strait of Otranto which links the Adriatic Sea to the Ionian Sea and the Mediterranean Sea. The capital of Albania is Tirana. Albania's population of 3.2 million, 95 per cent of whom are ethnic Albanians, is growing at an annual rate of 0.6%.

Albania is a parliamentary democracy established under a constitution renewed in 1998. It is however, the last of the central and eastern European countries to embark on democratic and free market reforms.

Albania remains one of the poorest countries in Europe. Per capita income was USD 3,415 in 2007. The official unemployment rate is 13.2%, and 18.5% of the population lives below the poverty line. Almost 60% of all workers are employed by the agricultural sector.

Positive Factors

- Increasing trend of GDP growth rate
- Improving fiscal and monetary performances
- Attractive country for direct foreign investment
- Progress on reforms for EU membership
- Sizeable and continuous volume of expatriate worker's remittances

Negative Factors

- Poor infrastructure and energy shortage
- Low level of income per capita
- Weak market institutions
- Sizable trade and current account deficit

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