



The Hon. Lulzim Basha

EDITORS' NOTE Lulzim Basha was the Mayor of Tirana, the capital of Albania from 2011 to 2015. Prior to being elected Mayor of Tirana, Basha was twice elected as a member of Parliament representing Tirana (2005-2009) and Elbasan (2009-2011). During that period, he served as Albania's Foreign Minister (2007-2009), Minister of Public Works, Transport and Telecommunications (2005-2007), and Minister of Interior (2009-2011).

You ran for your current post on an anti-corruption platform. Has there been progress in addressing corruption in Albania?

The corruption in Albania has reached a boiling point. According to the government's own data, a shortcoming of \$400 million was recorded in revenue collection from Customs and Tax authorities in 2015. The primary causes of this were corruption and smuggling of fuel, tobacco, and other excise goods by a handful of oligarchs linked to the government. The High State Audit on the other side recorded \$845 million in public procurement embezzled by the various government bodies, and state-run energy and oil companies.

Although key government ministers and members of the majority in parliament have been named in these reports, Prime Minister Rama has refused to take action. Instead, he has stood up to shield the accused officials rhetorically, as well as by blocking investigations and refusing to remove abusive and corrupt officials from office.

As a result, Albanians have seen one third of the public spending disappearing into the pockets of corrupt officials. This has caused a dramatic halt of public investments, a crippling of social programs, and has compounded a worsening economic climate, causing even more unemployment and poverty growth.

Would you discuss the current economic conditions and outlook for growth in Albania?

Last year was one of the most difficult for the Albanian economy. While public debt soared over 72 percent of GDP, a chronic deficit continued to amass over the past 12 months. Exports, imports,

Reforming Albania

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Chairman, The Democratic Party of Albania

crediting, and consumption continued to shrink, reflecting the gloomy mood of the economy, and the anxiety of investors and consumers alike. The number of businesses that filed for termination of their activity in January 2016 was 21 percent higher than the same period one year ago.

The number of unemployed, particularly among the young, keeps rising and Albanians increasingly see migrating to EU countries as their only hope. Last year alone, 100,000 Albanians left for Western Europe, primarily to Germany, in search of a better life. Official data confirm that almost 200,000 Albanians have applied to come to the U.S. through the U.S. Immigration Visa Program.

What are the opportunities for foreign investment in Albania?

Albania's natural wealth, affordable labor force costs, and geographic location in the heart of Europe have the potential to attract important investors. However, over the past two years, the country has been transformed into the most taxed country in the Western Balkans while legal security and predictability has worsened to unprecedented levels as a result of haphazard fiscal changes, added bureaucracy, and corruption.

The government raised taxes and tariffs, making Albania the country with the highest tax burden in the region (save Greece). Therefore, FDIs, according to IMF data, dropped by 92 million EUR compared to one year ago. The IMF also confirms the opposition's concern that FDIs shrunk for the second consecutive year. They report that the country still benefits from FDIs that entered Albania during the previous government before September 2013, like the Devoll Hydropower plant or TAP (Trans Adriatic Pipeline).

Although Albania offers numerous opportunities in sectors such as clean energy, tourism, agriculture, and oil and minerals, the current lack of vision and priorities and, in particular, the trampling of public interest in favor of the interest of a handful of government-backed oligarchs, has shifted companies with high potential towards neighboring markets.

With such corruption, what do you tell foreign investors about doing business in Albania?

Attracting foreign investments in Albania depends on two fundamental factors. First, rule of law and the uncompromised fight against corruption, which has been taken to the level of state capture in Albania. Every potential investor is forced to meet the Prime Minister or Ministers. Second, a regionally competitive fiscal regime

and business-friendly, no-red-tape policies will help reduce the margin of discretion of officials, and nonsense bureaucracy.

The Democratic Party's fiscal program includes implementation of a 9 percent flat tax rate, elimination of dividend and capital gain tax, lowering of VAT to 15 percent, and improvement of fiscal administration to relieve businesses and other taxpayers from bureaucratic burden.

We believe in a government that provides business the necessary freedom to invest, to create job opportunities, and to improve working conditions.

How critical is it for the Democratic Party to take the lead in fighting corruption and upholding the rule of law?

This is fundamental. The Democratic Party has proven in the past her ability to deliver on the fight against crime and corruption. That is how we made it possible to make Albania a NATO member and that is why the EU removed the travel visa for Albanians in 2010. The time has again come for the Democratic Party to engage the number-one enemy to democracy and the welfare of Albanians. We have the political will, we have the plan, and we will deliver.

What are you doing to grow the Democratic Party and build its message?

The Democratic Party is undergoing change and opening up. The DP is the first party in Albania that has elected its leaders, locally and centrally, based on the principle "one member, one vote." Our entire structure has thus been voted on by our members, starting with the leader of the party, the national council, the various departments, the heads of the local branches, and recently the new leaders of our youth forum. The way we run our party today will be reflected in how we govern tomorrow. To this end, I am encouraging a much wider opening of the party to the youth and more debate over different opinions. At the same time, we are providing Albanians with an alternative. Proposals ranging from the economy to infrastructure to education and healthcare have been prepared by our best experts and are currently undergoing consultations with the public.

With so many challenges facing the country, are you optimistic for Albania's future?

The DP is getting ready to lead with a new energetic team and a well-consulted program on how to overcome this crisis and to work towards a European style democracy, a strong economy, and a secure future for all Albanians. ●