

ECONOMIC INTEGRATION: A KEY INSTRUMENT FOR EUROPEAN INTEGRATION

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Abstract

The institutional reform in transitional economies, like the Albanian economy, has been more complex than expected. The progress of the institutions seems to have influenced a non-adequate development in various fields of the economy. The degree of the informal economy in Albania has reached such levels blocking up the economic development and it has also suppressed the role of the government through its fiscal policy. The transformation process of the informal economy towards a formal economy requires the increase of public services and development particularly a more trustful plan against the fiscal evasion. My paper will focus on the use of economic instruments in the process of European integration. There is also an increasing political interpenetration of **economic** domains and expanded foreign policy agenda-s (embracing trade, foreign direct invest **economic** relations, environmental issues, etc.) which have become subject to domestic pressures. The analytical framework is a working part of this paper, whose aim is to provide both readers and the subject of this study with explanations of the main research questions, and the way in which possible answers will be sought by the researchers and scholars. Albania needs economic development, which cannot do it on its own, but needs the region, Europe and the world to help it develop. To obtain such help **economic integration** is needed. The need for a capable, integrated and well co-ordinated economy remains, however, in spite of difficulties in gauging the immediate effectiveness of such efforts. Of course, It is obvious that the conduct of economic integration in the age of globalization is no easy matter. This is particularly true for Albania, a country still lacking to some extent the capacity for effective economic diplomacy and export promotion. However, it is also true for other countries and even the major powers. Constant re-evaluation of Albanian diplomacy is imperative. In diplomacy in general and economic diplomacy in particular, knowledge and skills are very important and can lend a country considerable influence. With this paper, I will not change or challenge the definitions. After some analysis of the economic situation in Albania, in the context of European integration, I will simply try to bring some other perspective and “alternative views” on the issue.

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