

REPUBLIC OF ALBANIA

PEOPLE'S ASSEMBLY

LAW

No. 8306, Dated, 14.03.1998

ON THE PRIVATIZATION STRATEGY OF PRIMARY IMPORTANCE SECTORS

According to Article 16 of Law No. 7491, dated 29.04.1991 "On the Main Constitutional Dispositions", with the proposal of the Council of Ministers

**PEOPLE'S ASSEMBLY
OF REPUBLIC OF ALBANIA**

DECIDED:

Article 1

Definitions

For the understanding of this Law:

"Right of Ownership" is the right of freely own and possess the object, within the limits determined by the Law.

"Right of utilization and development" are the rights resulting from the possession of the object, with utilization, exploitation and development purposes of the object.

"Golden share" is a share with special characteristics that is hold by the state, for a determined period of time to apply exclusive rights on decision taking, on special and important issues of the company, but not on the issues regarding its daily activity.

"Privatization vouchers" are privatization Leks (money), privatization vouchers and vouchers issued by the Albanian Bank.

"Strategic Investor" is any legal person who possesses financial guarantees and credibility in the economical activity of a certain sector.

Article 2

The privatization strategy of the primary importance sectors, prepared by the Council of Ministers is approved.

Article 3

State enterprises and joint-stock companies with state capital acting in the importance sectors of the economy are open to privatization.

With privatization is understood total or partial transfer to the legal or physic person of the right of ownership, utilization and development.

Transfer of the ownership right will be carried out through the sale of the shares of the companies or certain objects issued by state enterprises or companies.

Article 4

The primary importance sectors of economy are: power and mining industry, oil and gas industry, posts, telecommunications, forests and hydro reserves, roads and railways, ports and airports, air and railway transport and second level banks with totally state own capital and the insurance companies with totally state own capital.

Article 5

The definition of the structure and of the formula for the privatization of state owned companies in the primary importance sectors is done by Law.

Article 6

Council of Ministers, on any decision to be taken on the privatization of the enterprises and companies acting in the primary importance sectors, must anticipate the necessary measures to face the social problems according to the definitions in the privatization laws of the relevant sectors.

Article 7

The privatization of these sectors will be accomplished with participation of strategic investors, to whom will be offered not less than 30% of the shares. The definition's criteria and the selection procedures for the strategic investors are decided by the Council of Ministers.

Article 8

Participation with privatization vouchers, in the privatization of enterprises and of companies in the primary sectors, is determined in the formula of privatization, but in any case it could not be more than 20% of the accounted capital. The representation way of shareholders and the rights resulting by them are to be determined by the Council of Ministers.

Article 9

In the cases of the privatization with partial or total transfer of ownership, the formula of privatization is applied. The formula of privatization expresses the percentage of the company capital to be held by state, by the strategic investor or by other investors and the possible limit for the participation of privatization vouchers. That is to be determined on a case by case basis by the Council of Ministers. In any case the package to be privatized with the participation of the strategic investor, will be paid in cash.

Article 10

When state reserves the right to decide upon issues related to strategic or public interests or when it is required a mass of control, it holds "the golden share" or a determined package of shares. The cases of holding "the golden share" or a package of shares are determined by the privatization laws for each sector. The rights resulting by "the golden share" are determined in the contract of sale.

Article 11

For the application of the privatization procedures, since the moment of the publication of the decision for the privatization of the company, a minimum period of three months, during which will be secured the necessary legal transparency for the data, the procedure and the decisions taken.

Article 12

The Council of Ministers is nominated to prepare the necessary draft laws, according to the definitions and the timeframes decided for the privatization strategy and to approve the necessary by-legal acts for the implementation of this strategy.

Article 13

Ministry of Public economy and Privatization is in charge, with the duty of the representative of the owner of the state property, to accomplish the implementation of the privatization strategy for the sectors defined on Article 4 (excluding the banking and insurance sector), respecting all the relevant procedures in accordance with the approved legal framework.

Article 14

Ministry of Finance is charged to accomplish the implementation of the privatization strategy for the sectors of the second level banks with totally state own capital and insurance companies with totally state own capital, respecting all the relevant procedures in accordance with the approved legal framework.

Article 15

The second paragraph of Article 3 of Law 7512, dated 10.08.1991" On sanctioning and protection of private property, free initiatives, independent private activities and privatization" is abrogated.

Article 16

This Law comes into force 15 day after the publication of the Official Paper.