

U.S. Country Commercial Guides



Albania
2019

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Doing Business in Albania

Market Overview

Albania is an upper middle-income country with a GDP per capita of USD 5,288 (2018 est.) and a population of approximately 2.9 million people, around 55% of whom live in urban areas (2011 Census). Real GDP grew by 4.2 % in 2018, driven chiefly by construction, exports, household consumption, and foreign direct investment in energy projects. The IMF has projected that Albania's economic growth will slow to 3.6% in 2019.

Albania received EU candidate status in June 2014 and is working to implement the reforms necessary to open EU accession negotiations. Albania joined the World Trade Organization (WTO) in 2000 and the North Atlantic Treaty Organization (NATO) in 2009.

Exports of merchandise totaled USD 2.88 billion in 2018, 1.7% of which were destined for the United States. Albania imported USD 5.94 billion of goods in 2018, 1.4% of which originated in the United States. Primary exports from the United States to Albania include vehicles and spare parts, meat, and telecommunications equipment. Primary exports from Albania to the United States include ferro-alloys, medicinal and aromatic herbs, and footwear. Two-way trade in goods between Albania and the United States totaled USD 135 million in 2018. The EU remains Albania's primary trading partner. In 2018, the EU provided 61% of Albania's imports and received 76% of its exports. Albania's primary trading partners are Italy, Germany, China, Greece, and Turkey.

Albania enjoys important trade benefits with EU members since it signed and ratified the Stabilization and Association Agreement (SAA) in 2006. Albania has a free trade agreement (FTA) with Turkey and is a signatory to the Central European Free Trade Agreement (CEFTA), which includes North Macedonia, Montenegro, Kosovo, Moldova, Bosnia and Herzegovina, and Serbia. In June 2009, Albania also signed an FTA with the European Free Trade Association (EFTA), which includes Iceland, Liechtenstein, Norway, and Switzerland.

Corruption is widespread in Albania, particularly in the judiciary, and respect for sanctity of contract remains low. Reform of the judicial system is underway, but the investment climate remains problematic and Albania is perceived by many investors as a difficult place to do business.

Property rights are another challenge in Albania, as clear title is difficult to obtain. Unscrupulous actors frequently manipulate the corrupt court system to obtain title to land that is not their own. Compensation for land confiscated by the former communist regime is difficult to obtain and inadequate. Meanwhile, the agency charged with removing illegally constructed buildings often acts without consultation and fails to follow procedures.

To attract FDI, the GOA approved a Law on Strategic Investments in 2015. The law outlines investment incentives and offers fast-track administrative procedures to strategic foreign and domestic investors, depending on the sector, size of the investment, and number of jobs created.

Albania ranked 63rd out of 190 countries in the World Bank's 2019 Doing Business report, an improvement of two places from 2018. Despite improvements, Albania continues to score poorly in the areas of issuing construction permits (151), obtaining electricity (140), paying taxes (122), enforcing contracts (98), and registering property (98).

The Albanian legal system ostensibly does not discriminate against foreign investors. The U.S.-Albanian Bilateral Investment Treaty entered into force in 1998 and ensures that U.S. investors receive most-favored-nation treatment. The Law on Foreign Investment outlines specific protections for foreign investors and allows 100% foreign ownership of companies except of domestic and international air passenger transport and television broadcasting.

Albania offers good prospects for exports across all sectors, particularly in energy, oil and gas, tourism, healthcare, mining, infrastructure, construction, and information and communication technology (ICT).

Market Challenges

All sectors are open to foreign investors and there are no legal barriers to market entry. The government has made significant reforms to ease trade and encourage foreign direct investment, including in administrative procedures, customs, business registration, licensing, payment of taxes, and e-procurement. Nevertheless, major challenges remain:

Corruption: Corruption is endemic in Albania, particularly in the judicial system. This subject is covered more in depth in Chapter 6.

Weak judicial system and poor enforcement of contracts: While implementation of judicial reform is underway, courts remain slow, inefficient, and subject to political pressure and corruption. Enforcement of court decisions remains problematic.

Property issues: The official register of property titles is incomplete and poorly maintained. Multiple claims to the same property are common, and there are legislative and legal gaps regarding restitution and compensation.

Lack of proper infrastructure: Albania's infrastructure requires further investment, despite improvements in recent years.

Frequent legislative changes: Private investors complain about frequent legislative changes and a failure by the government to adequately consult with the business community before such changes are made.

Competition from well-established European companies, distance to market, a small domestic market, and low GDP per capita are factors to consider before entering the Albanian market.

Market Opportunities

Despite its small size, Albania's emerging economy represents significant opportunities for U.S. exports and investments across a wide range of sectors, including equipment and services, energy efficient technologies, and power generation, transmission, and distribution.

Continuing development of the oil and gas sector creates potential for exports of equipment and services in all segments—upstream, midstream and downstream.

Opportunities exist for exports of IT equipment to the ICT sector, including public e-services and modernization of legacy equipment for government operations.

Modernization of the health care sector has increased demand for advanced medical devices and equipment. Dentistry also offers potential for exports of supplies and equipment.

Opportunities exist for exports of heavy construction machinery for infrastructure development, including ports and terminals, and services and technology for waste treatment and processing.

The government has emphasized privatization of road, maritime, railway, and civil aviation services, all of which could offer export opportunities. Plans to establish a small international airport in Kukes, in Albania's north, offer prospects for the export of related equipment and services. A tentative government plan to open an additional international airport in Vlore may present export opportunities for U.S. companies.

Meat, mostly for processing, represent export opportunities. Agro-processing also presents potential opportunities given robust demand for packaging and distribution facilities, refrigeration and storage capacity,

and quality control. The government plans to modernize and consolidate the agricultural sector, which may spur demand for farm equipment and services.

Tourism has potential to play a leading role in Albania's economic development. Given Albania's long Adriatic coastline, Mediterranean climate, and abundant archaeological, historical, and religious sites, tourism represents a promising sector for the Albanian economy. Opportunities exist for the development of hotels, resorts, marinas, and other tourist infrastructure.

Light manufacturing, especially in the garment and shoe industries, continues to grow, creating potential demand for equipment and machinery.

Market Entry Strategy

New-to-market investors should visit the country to better understand the local business climate and meet government officials, business associations, and potential business partners. Companies that specialize in the technology, telecommunications, and services should consider providing presentations and demonstrations of their products and services. For consumer goods, however, companies may work solely through agents or local distributors.

Most new entrants form a relationship with a local partner, who can provide insight into the business and political climate. U.S. companies should exercise due diligence when choosing local partners. U.S. companies should also be prepared to support local partners with proper training and sales materials.

The U.S. Embassy's Economic and Commercial Section can help you to locate the right partners in the local market. Other sources to consider when seeking potential partners are the [American Chamber of Commerce in Albania](#), local chambers of commerce and industry, the [Albanian Investment Development Agency](#), law firms, consulting companies, and other business organizations.

Political Environment

For additional background information on the political and economic environment of Albania, please click on the following link: <https://www.state.gov/countries-areas/albania/>.

Selling US Products & Services

Using an Agent to Sell US Products and Services

No legal requirement exists to use an agent or distributor in Albania. To conduct business effectively, however, it is important for U.S. firms to select local sales partners. Collecting meaningful information and gaining access to markets can be difficult without local representatives, who have the contacts and expertise to do business in this small, but complex market. Many foreign firms have judged it more efficient and cost effective to hire a local agent or distributor rather than conduct direct sales. U.S. companies that aim to market and distribute their goods will find a considerable number of merchants, agents, intermediaries, wholesalers, and retailers in Albania.

All the typical distribution channels are available in Albania, although they often lack the sophistication of distribution networks found in Western markets.

The following consulting offices, law firms, and other professional organizations may aid in evaluating the credibility of a potential business partner.

[PwC](#)

[Deloitte](#)

[KPMG](#)

[EY](#)

[Grant Thornton](#)

[PBM Accounting, Auditing, & Financial Consulting](#)

[Frost & Fire Consulting](#)

[Kalo Associates](#)

[Boga & Associates](#)

[Wolf Theiss](#)

[HM&H Law](#)

[Tonucci & Partners](#)

The U.S. Embassy can provide a series of complimentary and fee-based services to facilitate the entrance of U.S. companies to the Albanian market. For more details, please contact:

Ms. Edi Jacellari

Commercial Assistant

United States Embassy Tirana

E-mail: USALbusiness@state.gov

Establishing an Office

Albanian law recognizes a variety of legal forms for businesses entities. For more information on how to register an office in Albania and obtain assistance, please visit the [National Center for Business Registration](#).

The 2008 Law on Entrepreneurs and Commercial Companies governs the activities of companies and establishes legal structures under which companies may operate. The law aligns Albanian legislation with the EU's *acquis communautaire*. The legal types of business entities that can be registered with the NRC include:

Sole Entrepreneur

The Sole Entrepreneur may register to do business under his or her own name, or under a business name. Individuals interested in establishing this type of business should file an application and identity document with the NRC in the district where business is to be conducted. The application form should include identification data, address, type of business, and an exemplar of the sole proprietor's signature.

Unlimited Partnership

All partners have unlimited and joint liability for debts of the entity. Creditors can claim against a partner for the debts of the partnership, but only if they have failed in their claims against the entire partnership. In unlimited partnerships, the partners are all considered administrators of the partnership, unless stipulated otherwise in the bylaws. Each partner represents the partnership with third parties. An unlimited partnership should issue annual financial reports. The rights, duties, and obligations of partners are governed by written bylaws, which should be filed with the National Registration Center.

Limited Partnership

A limited partnership, seldom used in practice, consists of one or more general partners with unlimited liability and one or more partners whose liability is limited to the amount of their initial capital contribution. A limited partner may not participate in the management of the partnership, even by proxy, otherwise incur unlimited liability. The articles of incorporation of the limited partnership should contain:

- The total amount or value of the contributions of all partners;
- The amount or value of the contribution made by each general or unlimited partner;
- The percentage of the participation of all general partners and of each limited partner in the partnership's profits and in the remaining value after its dissolution.
- A declaration that all decisions shall be made in conformity with the articles of incorporation.

Limited Liability Company (Shpk)

LLCs are the most common business vehicle in Albania. LLC members enjoy limited liability and, unless specified otherwise in the bylaws, have the right to transfer shares to others by decision of three-fourths of the shareholders. Capital is divided into shares and there is no requirement for nominal value. Capital contributions may be in cash or any asset, tangible or intangible. The law does not permit contributions in services. Administrators nominated through the general assembly of the shareholders manage the limited liability company. Extraordinary decisions, increases, or decreases in the share capital, and mergers and acquisitions, must be approved by at least three-fourths of the capital shareholders. The law requires annual financial statements to be prepared by the company. The transformation of LLCs into unlimited or limited partnerships is subject to approval by three-fourths of the shareholders and upon approval of financial statements during the previous two years.

Joint Stock Company

JSC capital is divided into shares, with shareholders responsible for losses only to the extent of their capital contribution. The minimum initial capital required is 2 million lek (approx. USD 18,100) for companies with no public offering, and 10 million lek (approx. USD 90,600) for public offerings. Capital is fully subscribed when the partners bring assets to the company in cash or in kind. At subscription, at least one quarter of the nominal value of the shares representing contributions in cash must be paid. Payment of the remaining value shall be made in installments upon the decision of the management bodies of the company. Shares of contributions in-kind must be fully paid at subscription. The law does not permit contributions in services. The shares of a joint stock company may be ordinary or privileged.

Branches and Representative Offices

Under the Commercial Law, a foreign investor in Albania may operate through a branch or representative office. The branch or representative office should be registered in the National Registration Center and a legal representative should be appointed to administer the office. For tax purposes, the branch is treated in the same manner as an Albanian entity.

Joint Ventures

Joint ventures are overseen by the provisions of the Civil Code (articles 1074 -1112) and may be concluded by two or more persons, whether individuals or legal entities, foreign or national, agreeing to engage in an economic activity to share profits. There is no minimum capital requirement. Unless otherwise agreed, every partner may take part in the management of the partnership and has full power to carry out acts within the scope of the partnership. Every partner is entitled to receive a share of the profits after the accounts have been approved, unless otherwise agreed. Partners are jointly responsible for fulfilling the obligations imposed by law and the partnership agreement.

Franchising

No specific registration or government approval is required to establish a franchise enterprise. Increased domestic demand for merchandise and services from western markets has positioned Albania as a promising destination for franchises, including in the advertising, hotel, restaurant, catering, equipment, and apparel sectors. Current franchisees in Albania include Western Union, MoneyGram, Hilton Garden Inn, Century 21, ReMax, Best Western, My Dollarstore, Hertz, Avis, KFC, and Burger King.

Direct Marketing

Mail is the most common form of direct marketing in Albania. Consumers receive direct marketing mail from local supermarkets, electronics and home appliance stores, restaurants, and personal service providers.

Catalog shopping remains in the early stage. Direct calls or text messages are rarely used and inefficient.

Joint Ventures/Licensing

Existing legislation permits joint ventures, mixed ownership investment, and foreign and domestic investment. In the most common joint venture scheme, a foreign company provides capital, equipment, and merchandise, while the local company provides buildings, warehouses, office space, personnel, and distribution channels. U.S. firms considering such ventures should review the viability of potential local partners. Information about licenses, permits and authorizations, sectors, requirements, and application procedures can be found at the [National Licensing Center](#).

Selling to the Government

Interested companies can visit the Albanian Public Procurement Agency's [webpage](#) to learn about government procurement opportunities. Companies occasionally complain about problems in the technical and financial criteria of contracts, resulting in biased and distorted competition. Improper implementation of public procurement procedures has also been a problem. Most tender documents are in the Albanian language, not English. For large and complex projects, companies should consider retaining a local representative/partner, who can assist in accessing tender information and managing participation in the tender.

The Albanian government has held observer status to the WTO Government Procurement Agreement since 2001.

Many governments finance public works projects through borrowing from the Multilateral Development Banks. Please refer to "Project Financing" Section in "Trade and Project Financing" for more information.

Distribution & Sales Channels

U.S. companies that seek to enter the market and distribute goods can find a considerable number of merchants, agents, intermediaries, wholesalers, and retailers in Albania. Most distribution channels are in place and a number of large retailers have entered the Albanian market in the recent years. The majority of trade goes through the Port of Durres, which handles more than 90% of maritime trade. Albania also has two smaller ports: Vlore in the south and Shengjin in the north. Land-based trade can clear customs at border-crossings with Greece, North Macedonia, Kosovo, or Montenegro.

Small private shops, many of which carry Italian and Greek goods, dominate the retail sector, though retail chains, including supermarket chains Spar and Conad, have proliferated in recent years. As well, Inditex, which owns brands including Zara, Pull&Bear, Massimo Dutti, Bershka, and Stradivarius, entered the market in 2014. Other large domestic retailers include Megatek (DIY), GoTech, Globe, and Neptune (electronics and appliances). The first shopping mall (QTU) opened in 2005, followed by City Park shopping mall in 2009. Tirana East Gate (which houses Spar and Inditex) in 2011, and the Ring Shopping Mall in 2015. Toptani Shopping Center in central Tirana is one of the city's newest malls. Shopping malls have also opened in other major urban areas in Albania.

Capital goods and specialized equipment is normally sold directly to manufacturers and businesses. When selling capital goods or equipment to businesses an agent is essential. Consumer-oriented trade shows are also an important part of the retail scene in Albania.

Express Delivery

Dozens of courier, freight, logistics, and freight forwarding companies operate in the Albanian market. A list of major companies is shown below.

[MCS Tirana](#)

[CMA-AMG Albania](#)

[ZIMGo](#)

[Shega Trans](#)

[DHL](#)

[Fed Ex](#)

[UPS](#)

[ACL](#)

[Albanian Post Office](#)

[A.M.L.](#)

[SKYNET](#)

[Interliner DOO](#)

[SBA](#)

[TNT](#)

[Albanian Courier](#)

[EshopWedrop](#)

Selling Factors & Techniques

Accurate statistics for market-size are not generally available. Typically, one agent or distributor can effectively cover the entire country. Several foreign companies have used partners in Albania to expand into Kosovo and other neighboring markets like Montenegro and North Macedonia (which have significant Albanian speaking populations). Improvements in road infrastructure connecting Albania with neighboring countries, particularly with Kosovo, have facilitated the growth of regional trade.

eCommerce

E-commerce remains relatively uncommon in Albania and is offered by a limited number of domestic merchants. Albania is a predominately cash economy, but the use of credit cards is growing and they can be used in major hotels, large grocery stores, restaurants, and department stores. Cross border e-shopping remains in the early stages due to the low use of credit cards, low purchasing power, and the high cost of shipping. Additionally, many online merchants either do not ship to Albania or charge prohibitively high shipping charges. In 2016, the GOA reduced from 150 euros to 22 euros the de minimis amount, which had a negative impact on cross-border online shopping.

The use of cell phones to pay for goods and services is developing. The use of mobile phones is currently limited for mobile banking and is used mostly by businesses while the limited pool of individual users use it only to pay utility bills.

Trade Promotion & Advertising

The ad industry is developing rapidly in Albania as consumers and companies realize advertising's effectiveness and marketing's importance. All forms of media, including television, newspapers, magazines, radio, and outdoor billboards are used, though television remains the predominant medium. To a lesser extent, trade shows, sales promotion literature, and event sponsorship are also used to advertise goods and services. Albania has three national TV stations: state-owned RTSH and privately owned Top Channel and TV Klan. Dozens of local TV stations also exist. Several billboard-advertising companies offer services in the domestic market. International and domestic advertising agencies and PR firms also exist. Rules on advertising are generally liberal with a few exceptions. The government allows neither tobacco advertising nor alcoholic beverage advertising to minors. The government has also introduced restrictions on the marketing and advertising of energy drinks and sweetened beverages to minors. Advertising for over the counter medications is approved and monitored by the [National Center of Drugs and Medical Equipment](#). Advertising of registered drugs is prohibited and promotion of such drugs is done through publication of literature and organization of professional scientific events.

The U.S. Embassy offers fee-based Single Company Promotions to help connect companies to major business and government decision makers in Albania.

Trade events and fairs are effective promotion channels for industrial products. Local and foreign firms rely on trade fairs to build business connections, gain market visibility, and learn about new technologies. A list of local trade fairs can be found at the end of this document or [here](#).

For more information on advertising and the Single Company Promotion, please contact the Embassy at USALBusiness@state.gov

Pricing

Consumers in Albania are price sensitive and reliably seek bargains. Imports into Albania are subject to a 20% VAT (drugs are exempted), which is assessed on the cost insurance freight (CIF) and value of the import plus applicable duties, which vary from 0 to 15%. When pricing products, U.S. companies should take into account

competition from the EU market. Albania has a free trade agreement with the EU, resulting in no tariffs on commodity imports from EU countries.

Prices are set by the market with a few exceptions, including electricity, which is regulated primarily by the Energy Regulatory Authority. The government also defines the margin of various entities in the distribution chain of pharmaceuticals. Commodities like tobacco, fuels, coffee, spirits, beer, wine, alcohol, tires, fireworks, and batteries incur excise tax, which varies depending on the product.

Sales Service/Customer Support

Retailers in Albania may require assistance to design point-of-sale promotions. Foreign companies may need to advise their agents and distributors on shelving displays, product location, promotional campaigns, and promotional literature.

Although sales support and customer service are relatively undeveloped as marketing tools, service provided by local distributors to customers has improved.

Firms selling capital equipment or technology should emphasize customer service and product quality. American companies that seek to operate in Albania may consider training their distributors/agents to communicate the firm's distinctive corporate policies, behavior and standards, and offer after sales service.

Protecting Intellectual Property

In any foreign market companies should consider several general principles for effective protection of their intellectual property. For background, please link to our article on [Protecting Intellectual Property](#) and [Stopfakes.gov](#) for more resources.

IP Attaché Contact Albania

Caridad Berdud, Attorney-Advisor

Office of Policy and International Affairs

U.S. Patent and Trademark Office

(571) 272-9300

Caridad.berdud@uspto.gov

Due Diligence

Companies should perform appropriate due diligence when selecting their local business partners and agents. Companies might consider fee-based services offered by the Embassy's commercial office, including International Partner Search, Gold Key Service, International Company Profile, or customized services to help U.S. companies enter into business partnerships with confidence.

Local Professional Services

Local professional business services exist. The American Chamber of Commerce in Albania is a good place to start when looking for legal and other business services in Albania. A list of major local professional services is included at the end of this chapter. The U.S. Embassy's Economic and Commercial Office can also provide lists of local professional services upon request.

Principal Business Associations

There are dozens of business associations in Albania and membership in these associations generally is open. [The American Chamber of Commerce in Albania](#) is very active in the business community and open to new membership. Other business associations include the Foreign Investors Association of Albania, Tirana Chamber

of Commerce, and the German Chamber of Commerce. To date, membership in business chambers of commerce has been on a voluntary basis. However, in 2017 the government introduced draft legislation that would obligate membership in regional chambers of commerce for all businesses. The law remained in draft form as of May 2019.

Limitations on Selling US Products and Services

There are no limitations to manufacturing and selling products in the Albanian market by foreigners.

Web Resources

Department of Commerce and Department of State websites:

[U.S. Embassy in Albania](#)

[U.S. Commercial Service](#)

[Expot.gov](#)

Legal Firms:

[Kalo Associates](#)

[Boga & Associates](#)

[Wolf Theiss](#)

[Tonucci & Partners](#)

[Frost & Fire Consulting](#)

[Bozo & Associates](#)

Auditing, Tax and Advisory Services:

[PBM Accounting, Auditing, & Financial Consulting](#)

[EY](#)

[Grant Thornton](#)

[Deloitte](#)

[KPMG](#)

[PWC](#)

Business Associations:

[American Chamber of Commerce in Albania](#)

[Chamber of Commerce & Industry Tirana](#)

[Foreign Investors Association of Albania](#)

Government Institutions:

[National Economic Council](#)

[eAlbania](#)

[Albania Investment Council](#)

[Government of Albania](#)

[Albanian Investment Development Agency](#)

[National Business Center](#)

[Ministry of Economy and Finance](#)

[Ministry of Tourism and Environment](#)

[Ministry of Agriculture and Rural Development](#)

[Ministry of Infrastructure and Energy](#)

[The General Directory of Taxes](#)

[Bank of Albania](#)

[The Institute of Statistics](#)

[The Public Procurement Agency](#)

[The General Directorate of Customs](#)

Advertising

[DDB Albania](#)

[Ogilvy & Mather Albania](#)

[Manderina](#)

[R&T Advertising](#)

Media Outlets:

[Albanian Radio Television](#)

[Top Channel](#)

[TV Klan](#)

[Vizion Plus](#)

[Monitor Magazine](#)

Leading Sectors for US Exports & Investments

Agricultural Sector (AGR)

Overview

Albania has a total land area of 28,750 square kilometers, of which 24% is agricultural, 36% forest, and 15% pasture or other type of land.

While agriculture no longer dominates the Albanian economy, it contributed around 22% to national GDP in 2017. In 2018, imports of agricultural products totaled approximately \$980 million. Exports have continued to rise, reaching about \$300 million in 2018, a 6.5% increase from 2017.

The government hopes to boost agricultural production by providing financial support to farmers and facilitating private investment in the agro-processing sector. Over the last three years, the government allocated around \$60 million to support the development of fruit and olive orchards, vineyards, greenhouses, and crop storage facilities, and to support projects in the agro-processing industry. Over the same period, the government invested \$60 million for drainage and irrigation infrastructure and \$10 million for food safety and consumer protection.

Despite a mild climate, fertile land, and abundant water resources, the agriculture sector remains underdeveloped, due largely to fragmented land, small plot size, and limited mechanization. The limited use of fertilizers and pesticides offers opportunities for investments in organic agriculture. Opportunities also exist for the production and processing of high-value cash crops.

Leading Sub-Sectors

- Meat
- Grains
- Cereals
- Animal feed
- Dry fruits
- Sugar
- Farm machinery
- Food processing equipment

Opportunities

Grain: The Albanian market consumes around 500 metric tons of grain per year, most of which is imported. In 2018, Albania imported 376,000 tons of cereals, mostly wheat and maize. Imports from Russia and Serbia represented almost 90% of the total, worth slightly more than \$100 million. Albania has historically imported limited quantities of U.S. wheat. Albania's main port, Durres, is shallow and does not accommodate the largest seagoing cargo vessels.

Meat: Domestic production of beef and poultry is growing, though opportunities exist for U.S. exports of meat and chicken. In 2018, meat imports totaled \$50 million, consistent with the previous three years. The United States is Albania's second largest supplier of meat, U.S. imports of which totaled \$6.3 million in 2018. Albania's largest meat supplier remains Brazil, which imported \$21.5 worth of meat in 2018.

Animal feed: Albania is a net importer of protein meals for animal feed. Soybeans are not produced locally, so Albania imports all its soy-related products—mostly from neighboring countries. Albania produces a

significant amount of maize, chiefly for animal feed. In 2018, Albania imported a combined 88,000 tons of animal feed (chapter 23) worth \$40 million. Demand for animal feed is rising due to growing investment in the livestock sector.

Web Resources

[Ministry of Agriculture and Rural Development](#)

[Agrarian and Rural Development Agency](#)

[ABMC](#)

Construction (CNR)

Overview

Construction contributed 9.2% to Albanian GDP in 2018. Major ongoing and expected infrastructure projects in the tourism, transportation, and energy sectors are expected to drive construction spending higher in 2019 and in the coming years. Major construction projects include finalization of the Trans Adriatic Pipeline, a USD 50 million stadium in Tirana, several hydro power stations, major road corridors, and a new international airport in Kukes. In 2018, the GOA announced the pre-qualification stage for a 90-million-euro tender to rehabilitate a 35-km railway line from Tirana to Durres, and a new 5-km line linking the railway with Tirana International Airport.

The government has also announced a three-year public-private partnership initiative from 2018 to 2020, worth one billion euros that seeks to upgrade Albania's infrastructure, including roads, hospitals, and schools.

Leading Sub-Sectors

- Construction materials
- Heavy equipment and machinery
- Energy efficient materials for residential and commercial construction
- Engineering and design services.

Opportunities

While domestic production of primary construction materials has increased significantly in recent years, Albania still imports a wide range of construction materials. High-end residential and commercial properties and construction of tourism resorts is expected to increase demand for quality supplies, especially energy-efficient materials. Potential U.S. goods for this market include wood and vinyl windows, doors, flooring, suspended ceilings, dry wall, insulation materials, adhesives; paints, cements, heating and ventilation systems, air conditioning, refrigeration, and cooling systems.

Additional infrastructure projects, such as the proposed Tirane-Durres-Rinas railway and prospects for a new international airport and new marinas, have garnered attention from domestic and foreign investors. Government-financed infrastructure projects focus mainly on roads, water supply, and sewerage. As such, demand for heavy machinery, equipment, and services is expected to increase.

Interested parties can bid online for government-financed projects at the following sites:

Web Resources

[Ministry of Infrastructure and Energy](#)

[Ministry of Economy and Finance](#)

[Albanian Development Fund](#)

[Statkraft](#)

[Trans Adriatic Pipeline](#)

[Albanian Construction Portal.](#)

Energy (ENR)

Overview

Albania is a net importer of electricity; power supply security is a major challenge. Albania's domestic generation is almost entirely dependent on hydropower, since the country's only thermal power plant is currently inoperable.

The total installed generation capacity has increased over the last few years because of new investments in small and medium-sized hydro power plants. In 2018, total installed capacity reached 2,204 MW, of which 1,448 MW are state owned (1,350 MW hydro and 98 MW thermal), with the remainder private. In 2018, several investments in small solar farms were finalized, increasing solar generation capacity to 21 MW.

System infrastructure needs major investment. The sector continues to suffer losses despite improvements over the last four years to curb theft and non-collection. The government has launched energy sector reform to address power theft and modernize distribution, transmission, and generation. The reform strategy aims to ensure security of supply through market reforms, liberalization of the energy market, anti-theft measures, new regional interconnections, and diversification of generation sources.

Construction of new generation sources and transmission lines, improvements to the grid, and investment in renewable energy all represent promising investment opportunities in Albania.

The Trans-Adriatic Pipeline (TAP), which will deliver Azeri gas via Greece and Albania to Europe, is expected to increase demand for gas-fired energy and manufacturing investments in Albania. Construction of TAP is underway and scheduled to finish in 2019, with first gas deliveries to Italy expected in 2020.

Over the past decade, the government has undertaken a series of public investments and initiatives to address sector shortcomings, chiefly with support by international donors. These initiatives include:

Increased Transmission Capacities: The German development bank Kreditanstalt für Wiederaufbau (KfW) has financed various projects in the energy sector, including 400-kv interconnection lines with neighboring Montenegro and Kosovo. The interconnection line between Albania and Montenegro was completed in 2011, and the line with Kosovo in 2016.

The government is also set to build a new 400-kV line with North Macedonia. The Albanian segment is expected to cost 70 million euros, of which the EU would provide a grant of 15.5 million euros through the Western Balkans Investment Framework (WBIF). KfW would loan an additional 50 million euros, and the Albanian transmission system operator would contribute 4.5 million euros.

KfW also has financed construction of the 110-kV ring line in southern Albania.

Increased Distribution Efficiency: In 2009, the government unbundled the Albanian Power Corporation (KESH) into generation, transmission, and distribution entities to improve the efficiency of the system, reduce losses, and improve bill collection. Additionally, the World Bank is financing a USD 150 million power reform effort and recovery project to improve security of supply and reliability.

Diversification of Generation Sources: Investment opportunities exist to expand and convert an idle power plant in Vlore—originally financed by the World Bank but never operational because of cooling system problems—to run on natural gas rather than fuel oil. The government is currently evaluating offers to rehabilitate and operate the plant.

Hydropower: The government has approved concession contracts for construction of more than 300 hydro power plants (HPP) since 2006 with capacities ranging from 1 MW to 320 MW. Most of the HPPs have installed capacity of less than 10 MW. The government continues to grant concession contracts to build hydro power plants.

Wind and solar power: In early 2017, the government approved legislation to promote electricity generation from renewable sources, including wind and solar. Units of less than 2-MW solar and 3-MW wind benefit from approved feed-in tariffs for 15 years. To date, the government has issued ten authorizations to build small solar power plants with an installed capacity of fewer than 2 MW. A consortium of India Power Corporation Ltd, the UAE's Mining Resources FZE, and Hong Kong's Midami Ltd won a concession in 2018 to build a 100-MW solar power plant in Akerni, Vlora (50 MW with a power purchase agreement (PPA) and 50 MW with no PPA).

Wind: The National Action Plan for renewable energies promotes the investments in the development of small-scale wind parks of less than 3 MW for a total of 30 MW installed capacity.

Leading Sub-Sectors

- Transmission and distribution equipment
- Smart grid solution equipment and services
- Renewable Power equipment and technologies including hydro, solar, and wind.
- Engineering services

Opportunities

The energy sector represents good investment and trade opportunities in a variety of areas. The construction of new generation sources and transmission lines, improvements in the distribution grid and the promotion of energy efficiency all represent opportunities to provide equipment, services, and financing.

Web Resources

[Ministry of Economic Development, Tourism, Trade and Entrepreneurship](#)

[Ministry of Energy and Industry](#)

[The Energy Regulator](#)

[Albanian Power Corporation](#)

[The National Natural Resource Energy](#)

[Transmission System Operator](#)

[Albanian Investment Development Agency](#)

[Statkraft](#)

[Electric Energy Distribution Operator](#)

[Trans Adriatic Pipeline](#)

Oil and Gas (OGM)

This is a best prospect industry sector for this country. Includes a market overview and trade data.

Overview

State-run oil firm AlbPetrol estimates that Albania has recoverable oil reserves of around 120 million barrels, and natural gas reserves of 5.7 billion m3 gas. Patos-Marinza is one of continental Europe's largest oilfields, and onshore and offshore oil and gas opportunities have attracted dozens of international companies to Albania over the years. Since 1992, dozens of new onshore wells have been drilled and thousands of new 2D, and some 3D, seismic profiles have been completed, onshore and offshore.

Companies that currently hold production-sharing agreements with AlbPetrol include:

Oil

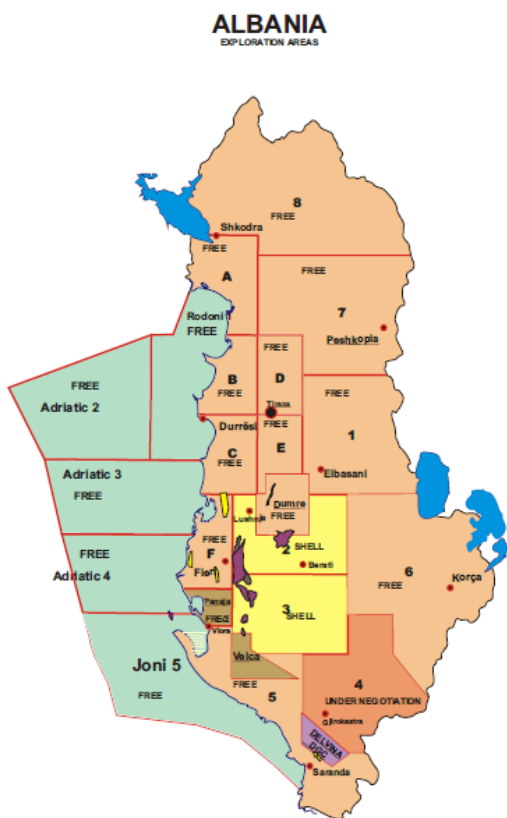
- Patos Marinza – Bankers Petroleum (2004);
- Kucova – Sherwood International Petroleum/ Bankers Petroleum (2007)
- Visoka – Transoil Group (2009);
- Ballsh Hekal – Anio Oil and Gas (2016);
- Finiq-Krane and Pekisht-Murriz – Fin-Pek Petroleum (2016);
- Cakran-Mollaj, Gorisht –Kocul, and Amonica - Transoil Group (2018)

Gas

- Divjake, Ballaj-Kryevidh, Povelce, Panaja, Finiq-Karne, and Frakull – AlbPetrol
- Delvina – Delvina Gas Ltd (2016)

Company	Oil and Gas Field	2013 (ton)	2014 (ton)	2015 (ton)	2016 (ton)	2017 (ton)	2018 (ton)
Bankers Petroleum	Patos-Marinza	1,061,000	1,211,832	1,131,625	922,443	836,500	793,600
TransAtlantic/ Continental Oil & Gas/ Anio Oil	Ballsh-Hekal	5,900	6,185	5,793	No data	No data	6,794
Sherwood International	Kucova	100	190	2,688	2,731	1,066	1,634
Transoil Group	Visoka	22,300	24,529	27,190	23,515	20,643	18,908
Fin-Pek Petroleum	Amonicë- Pekisht-Finiq	1,510	5,053	5,996	3,921	458	352
AlbPetrol	Other	37,320	45,386	47,574	46,959	92,800	89,458
TOTAL		1,209,300	1,368,222	1,279,253	1,046,401	956,001	910,760

Map valid as of September 2017



Albania’s territory is divided into the following onshore and offshore blocks, some of which may offer opportunities for exploration and development of oil and gas fields.

The licensing of all vacant blocks is administered by the National Agency of Natural Resources (AKBN.)

Shell Upstream Albania, a wholly-owned subsidiary of Royal Dutch Shell, operates in blocks 2 and 3, where the company is currently assessing the commercial viability of its discovery of oil and gas. In 2018, Shell also signed an agreement for block 4.

Cox Oil, a U.S. company based in Dallas, was awarded a lease in onshore Block 5 in 2018 and is currently finalizing its contract with the Ministry of Energy and Infrastructure.

Onshore blocks 1, 6, 7, 8, A, B, C, D, E, Dumre, and Panaja are vacant, and all offshore blocks are vacant.

Refining and oil imports & exports:

Albania has two aging refineries at Ballsh and Fier with refining capacity of 1 million tons and 0.5 million tons, respectively. In 2017, a third refinery began operations near Elbasan with an annual refining capacity of 250,000

tons. Albania exports much of its crude oil and imports most of its refined fuel. In 2018, imports under chapter 27 reached almost \$600 million, while exports amounted to \$380 million.

Refined crude oil from Albania’s refineries:

Year	2012	2013	2014	2015	2016	2017	2018
Quantity of crude oil exported (ton)	935,947	1,197,643	1,057,137	961,288	874,251	297,429	565,728
Quantity of refined crude oil (ton)	106,929	62,225	300,000	353,768	170,767	515,488	

Albania has two coastal oil and gas terminals: Porto Romano in Durrës, and Petrolifera in Vlora. Each has capacity to store liquid petroleum gas, crude oil, diesel, gas, and additional liquids and dry products.

Gas market: Albania has no natural gas production and remains unconnected to regional gas networks. The Trans-Adriatic Pipeline (TAP), construction of which is underway and scheduled to finish in 2019, is expected to play a role in developing Albania's energy market and facilitate the government's objective of becoming a gas hub in the Western Balkans.

For TAP-related opportunities, please visit: [Trans Adriatic Pipeline](#)

Leading Sub-Sectors

- Gas pipeline equipment
- Midstream oil equipment, including oil and gas pipelines and storage
- Equipment and services for offshore and onshore oil and gas exploration and production
- Oil and gas terminal products
- Gas station equipment, including for transportation
- Oil and oil by-products.

Opportunities

Existing oil production operations, and current and new oil and gas exploration licenses, both onshore and offshore, may represent opportunities to U.S. oil and gas companies and affiliated oil and gas service providers. The Trans-Adriatic Pipeline may offer opportunities for salt-dome gas storage, thermal energy generation, and the construction of downstream gas infrastructure and interconnectors. Plans are in place to expand the Southern Gas Corridor to include additional connectors, including the planned-Ionian Adriatic pipeline (IAP). The IAP, which would connect to TAP near the Albanian city of Fier, would carry up to 5 bcm of gas to Montenegro, Croatia, and Bosnia and Herzegovina. Opportunities also exist for exports of U.S. oil products, since Albania must import almost all of its refined fuel. The planned rehabilitation of a now-dormant thermal power station in Vlore could represent opportunities for U.S. exports of liquid natural gas.

Web Resources

[Trans Adriatic Pipeline](#)

[National Agency of Natural Resource](#)

[Ministry of Infrastructure and Energy](#)

[AlbPetrol](#)

[Shell Global](#)

[Bankers Petroleum LTD](#)

[Transoil Group](#)

[Romanoport](#)

[La Petrolifera Italo Albanese](#)

Medical Equipment (MED)

Overview

Albania's healthcare system focuses predominantly on public hospitals and public health services, though private healthcare has become increasingly popular. The Ministry of Health (MoH) takes a leading role in the public sector. The MoH develops health policies, proposes the national health care budget, and monitors state-owned health institutions. The Compulsory Healthcare Insurance Fund (ISKSH) is based on payroll contributions by employees and employers and subsidized by the government. Patients rely on ISKSH for reimbursement of prescription drugs and approved services by private secondary and tertiary providers.

Albania's public healthcare sector has 22 district hospitals, 11 regional hospitals, and four university hospitals. The country also has one trauma university center, two psychiatric hospitals, and the National Centre on Child Development and Rehabilitation. The system is financed by the state budget and public institutions directly purchase equipment and services. The Law on Public Procurement requires open electronic tenders for all purchases of goods and services.

The government in recent years has granted several major public hospital service concessions through a public private partnership model, including for laboratory services, provision of sterile surgical instruments, medical waste treatment, and basic health check-ups for citizens aged 35-70.

The private sector is also developing at a fast pace. The number of clinics for specialized diagnosis has increased significantly in major urban areas and the number of private hospitals is growing. Tirana has four major private hospitals, including American Hospital, Hygeia, German Hospital, and Salus Hospital, and several other smaller hospitals and clinics.

The dental sector is entirely private. The number of dental and orthodontic clinics has increased significantly over the last decade and clinics often invest in the latest technology.

Leading Sub-Sectors

Best export prospects include equipment and medical devices in the categories of medical imaging, ultrasound, monitors, and anesthesia; dental; diagnostic and surgical microscopes; endoscopes; and blood diagnostics.

A list of companies present in the Albanian market and their products according to categories follows:

Medical Imaging, Ultrasound, Monitors & Anesthesia: GE Healthcare, Siemens, Toshiba, Hitachi, Philips, Shimadzu, Hologic, Konica Minolta, Mindray, Esaote, Carestream, Fujifilm, Canon, Agfa, Samsung Medison, EcoRay, GMM, GMI, MESA-MEDICAL, Agilent, Fukuda Denshi, Samsung Medison, Alpinion, Drager, Eppendorf, Penlon.

Dental: Kavo, Siemens, Sirona, Anthos, Ritter, Degudent, Vitali SRL, Faro, Dentaurem, MyRay, Villa Sistemi Medicali, YOSHIDA DENTAL, Heraeus-Kulzer, Carestream Dental, Planmeca, Castellini, Gnatus, UFSK, Ivoclar Vivadent AG, MIDMARK, ULTRADENT Dental-Medizinische.

Diagnostic & Surgical microscopes: Haag-Streit, Ellex, Zeiss, Leica, Shinippon, Takagi, Nikon, Nidek, Tomey, Topcon, Huvitz, Reinchert, Motic, Atmos, Alcon, Wallach, Alltion, Karl Kaps, Oculus, Optopol technology, Breukhoven, CSO Costruzione Strumenti Oftalmici, Optopol Technology, Quantel Medical, Lightmed.

Endoscopes: Fujifilm, Olympus, Otopront, Huger, Pentax, Storz, Applied, Vision.

Blood Diagnostic: Abbott, Roche, Becton Dickinson, Siemens, Thermo Scientific, ELITech Group, Beckman Coulter International S.A, Dirui.

Opportunities

Products representing export opportunities for U.S. manufacturers include: diagnostic imaging (CT, MRI) and radiation therapy equipment, computer tomography imaging equipment, electrocardiographs, cardiovascular diagnostic equipment, pacemakers, digitalized x-ray equipment, clinical laboratory equipment, non-invasive surgical devices, anesthesia and intensive care equipment, ultrasound equipment, urology equipment, laboratory and testing equipment, tissue and blood bank related equipment, needles, catheters, medical lasers, endoscopes, laser instruments, and dentistry equipment and products.

Interested companies should visit the [Agency of Public Procurement Portal](#) to monitor public sector tenders. The private market also presents opportunities, and interested companies should engage local dealers, agents, representatives, or partners for assistance. In addition to the Albanian Procurement platform, companies should also monitor announcements by the World Bank, which in the past has financed improvements to Albania's health sector.

Web Resources

[Ministry of Health](#)

[Public Procurement Agency](#)

[American Hospital](#)

[Hygeia Group](#)

[German Hospital](#)

[Salus Hospital](#)

[The National Agency of Drugs and Medical Devices](#)

Pharmaceuticals (DGR)

Overview

Albania's pharmaceutical sector includes 200 pharmaceutical warehouses, one thousand pharmacies, 210 pharmaceutical private agencies, and 42 pharmacy hospitals. Imports dominate Albania's drug market and most major international brands are present in the country. Locally manufactured products, while growing recently, continue to account for a small share of the total market. In 2018, domestic production accounted for around 10% of market share.

The Ministry of Health monitors the pharmaceutical industry, and all drugs must be registered with the National Agency of Drugs and Medical Equipment. The government sets profit margins for actors involved in the distribution chain for both reimbursed drugs and non-reimbursable drugs.

The Compulsory Healthcare Insurance Fund (ISKSH), which manages the public health coverage plan, includes a mix of Bismarck and Beveridge models. ISKSH develops an annual reimbursement list of drugs that will be subsidized by the government for primary and hospital healthcare. For a list of reimbursable drugs, please visit the following [website](#).

Two drug commissions annually approve the list of drugs reimbursable by ISKSH. The commissions also define profit margins for importers and secondary distributors, as well as pharmacies. For more information, please visit [Compulsory Health Insurance Fund](#).

In 2018, Albanian imports under chapter 30, "pharmaceutical products," reached USD 220 million. Generic drugs are popular in the market due to their lower prices.

Leading Sub-Sectors

- Drugs
- OTS and Food Supplements.

Opportunities

Pharmaceuticals that treat cardiovascular disease, cancer, and diabetes are expected to rise in demand. U.S. suppliers might also consider the pharmaceutical market for vitamins and minerals. The market for food supplements is also under-developed and represents additional opportunities for U.S. exporters.

Web Resources

[Compulsory Health Insurance Fund](#)

[Ministry of Health](#)

[List of Reimbursable Drugs](#)

Travel and Tourism (TRA)

Overview

The Albanian government has identified tourism as a key economic sector, touting its potential to spur development of the entire country. Located in the Mediterranean region, Albania could well represent Europe's last tourism "secret."

Albania has a diverse topography, including mountains, valleys, forests, rivers, lakes, and beaches. The country offers many opportunities for exploration of cultural heritage and archaeological sites that date back to pre-Roman and Greek times. Amphitheaters, castles, Roman cities, monasteries, and ancient churches are among the archeological points of interest that Albania has to offer, some of which are UNESCO protected sites.

Albania's 450-km-long Adriatic coastline is one of the country's best assets and offers numerous investment opportunities. The coast, which stretches from the Adriatic Sea in the north to the Ionian Sea in the south, is underdeveloped and generally lacks Western-standard beach resorts. Given the rising influx of Western tourists, demand is growing for high-end resorts, particularly in the south. Albania also holds great potential for mountain tourism.

The number of tourist arrivals to Albania reached nearly 6 million in 2018, a 15% increase over 2017, many of whom were visitors from neighboring countries. A growing number of U.S. citizens also visit Albania, particularly the southern coastal region, as part of day-excursions from Corfu, Greece. In 2018, 117,000 U.S. citizens entered Albania, up from 96,000 in 2017.

According to the 2019 World Travel and Tourism Council Report on Albania, travel and tourism receipts in 2018 reached \$4.27 billion, or 27.3% of GDP. Tourism service exports generated \$2.15 billion in 2018, or 48% of total exports.

Leading Sub-Sectors

- Marinas
- Leisure Boats
- Hotel franchises
- Upscale hotel accommodations
- Design, architectural, and, engineering services
- Construction materials.

Opportunities

The government aims to support development of tourist resorts, especially along the southern coastline. Hotel franchise opportunities are also present, particularly in tourist areas.

The sector also offers opportunities to develop marinas. Exports of boats and small yachts also represent promising opportunities.

Web Resources

[Ministry of Environment and Tourism](#)

[Albanian Construction Portal](#)

[The National Coast Agency](#)

[Albanian Tourism Agency](#)

Customs, Regulations & Standards

Trade Barriers

Albania has no significant non-tariff trade barriers. However, administrative bureaucracy, including the use of sanitary or phytosanitary measures (SPS), can delay the movement of goods and increase costs. In addition, the application of market prices, often referred to as “reference prices” in calculating customs dues and other taxes at customs, have become a concern and are a potential barrier for many businesses involved in trade activity.

Import Tariff

Albania enjoys a liberal trade regime. Foreign trade was liberalized in 1990 and follows guidelines set by the European Union (EU) and World Trade Organization (WTO). Albania has been a member of the WTO since 2000. The Customs Tariff Nomenclature is based on the Harmonized Commodity Description and Coding System (HS).

The Directorate General of Customs is the institution responsible for the management of customs in Albania. Major pieces of legislation regulating customs activity include:

- Law no. 102/2014, “Customs Code of the Republic of Albania” and bylaws.
- Law no. 8474 of April 14, 1999, “On the Combined Nomenclature of Goods.” The nomenclature of goods in Albania changes every year because of the fulfillment of WTO requirements and free trade agreements. For 2019 nomenclature please visit the following link: [Combined Nomenclature of Goods](#).
- Free Trade Agreements (SAA, CEFTA, FTA with Turkey, and FTA with EFTA countries.)

Albania implements preferential tariffs on products originating from member countries of the European Community, CEFTA, EFTA, and Turkey. The following link has the complete 2019 list: [Preferential Tariffs](#).

Albania is also a signatory to the International Technology Agreement under the WTO umbrella, which provides free import of information technology equipment.

Commodities coming from the U.S. market are generally at a competitive disadvantage as they incur customs duties, which are generally higher compared to goods originating from countries with which Albania has signed FTA-s.

All customs declarations with a value of more than 1,000 euros pay a scanning fee of 22 euros per declaration, while fewer than 1,000 euros incurs a 5 euro scanning fee. Generally, the VAT for imported commodities is 20%, with a few exceptions.

Import Requirements & Documentation

The importer is responsible to provide the necessary import documents to customs. The following are the main documents required for imports and exports, though U.S. exporters should consult with importers for a complete list of required documents:

- Certificate of the quality of goods;
- Certificate of the analysis of goods;
- Certificate of the origin of goods;
- Original purchase invoice and terms of delivery (sales contract for the good is optional);
- Transportation documents (CMR, BL, AWB);
- VAT number of importer;
- Import authorization for certain goods.

It is obligatory to describe the sanitary characteristics of food or medical products. Drugs and medical equipment must be registered with the National Center of Drugs and Medical Equipment to be imported into the country. Certain products require import permits.

Labeling/Marking Requirements

According to the Law on Food, all food products destined for end consumers must have labels in the Albanian language and include the name of the product; ingredients; quantity of special ingredients or categories of ingredients; net quantity/weight/volume; expiration date; manner of storage; pertinent consumer warnings; and importer's full address. The label in Albanian is not a requirement for the exporter, but rather for the Albanian importing company, which should place labels before the product enters the market. Sticker labels in Albanian are acceptable when labels are in a foreign language.

Labeling of drugs is regulated separately. For more information, please visit the [National Center of Drugs and Medical Equipment](#).

Directions on the labeling for non-food products in Albanian are less specific than food products.

U.S. Export Controls

The Albania State Export Control Authority (AKSHE) controls the import/export of dual use and military goods and commodities/technologies. Any company operating in Albania, public or private, dealing with import-export, transit, transshipping, transfer, exhibition of dual use military goods and commodities/ technologies, or that serves as broker for these goods, included in the EU list of control and approved by the Council of Ministers, are legally bound to obtain license or authorization prior to the start of procedures by the State Export Control Agency in compliance with the Albanian legislation in force.

For more information, please visit the [State Export Control Authority \(AKSHE\)](#).

The United States imposes export controls to protect national security interests and promote foreign policy objectives. The United States also participates in various multilateral export control regimes to prevent the proliferation of weapons of mass destruction and prevent destabilizing accumulations of conventional weapons and related material. The U.S. Department of Commerce's Bureau of Industry and Security (BIS) administers U.S. laws, regulations and policies governing the export and reexport of commodities, software, and technology (collectively "items") falling under the jurisdiction of the Export Administration Regulations (EAR). The primary goal of BIS is to advance national security, foreign policy, and economic objectives by ensuring an effective export control and treaty compliance system and promoting continued U.S. strategic technology leadership. BIS also enforces anti-boycott laws and coordinates with U.S. agencies and other countries on export control, nonproliferation and strategic trade issues.

BIS is responsible for implementing and enforcing the EAR, which regulate the export, reexport, and transfer (in-country) of items with commercial uses that can also be used in conventional arms, weapons of mass destruction, terrorist activities, or human rights abuses, and less sensitive military items.

BIS's Export Administration (EA) reviews license applications for exports, reexports, transfers and deemed exports (technology transfers to foreign nationals in the United States) subject to the EAR. Through its Office of Exporter Services, EA provides information on BIS programs, conducts seminars on complying with the EAR, and provides guidance on licensing requirements and procedures. EA's Office of Technology Evaluation (OTE) analyzes U.S. export data on items subject to the EAR, BIS license application data, and global trade information to assess data trends. [OTE's data portal](#) provides excerpts from statistical reports, along with data sets to enable the public to perform analyses of exports and licensing on its own.

U.S. exporters should consult the EAR for information on how export license requirements may apply to the sale of their items. If necessary, a commodity classification request may be submitted in order to obtain BIS assistance in determining how an item is controlled (*i.e.*, the item's classification) and the applicable licensing policy. Exporters may also request a written advisory opinion from BIS about application of the EAR to a specific situation. Information on commodity classifications, advisory opinions, and export licenses can be obtained through the BIS website at www.bis.doc.gov or by contacting the Office of Exporter Services at the following numbers:

Washington, D.C. Tel: (202) 482-4811 Fax: (202) 482-3322
Western Regional Office Tel: (949) 660-0144 Fax: (949) 660-9347
Further information on export controls is available at:
<http://www.bis.doc.gov/licensing/exportingbasics.htm>

BIS's Export Enforcement (EE) is responsible for the enforcement of the EAR. BIS works closely with U.S. embassies, foreign governments, industry, and trade associations to ensure that exports from the United States are secure. In accordance with the EAR, BIS officials conduct site visits, also known as End-Use Checks (EUCs), globally with end-users, consignees, and/or other parties to transactions involving items subject to the EAR, to verify compliance.

An EUC is an on-site verification of a party to a transaction to determine whether it is a reliable recipient of U.S. items. EUCs are conducted as part of BIS's licensing process, as well as its compliance program, to determine if items were exported in accordance with a valid BIS authorization or otherwise consistent with the EAR. Specifically, an EUC verifies the *bona fides* of recipient(s) of items subject to the EAR, to include: confirming their legitimacy and reliability relating to the end use and end user; monitoring their compliance with license conditions; and ensuring such items are used and/or re-exported or transferred (in-country) in accordance with the EAR.

BIS officials rely on EUCs to safeguard items subject to the EAR from diversion to unauthorized end uses/users. The verification of a foreign party's reliability facilitates future trade, including pursuant to BIS license reviews. If BIS is unable to verify the reliability of the company or is prevented from accomplishing an EUC, the company may receive, for example, more regulatory scrutiny during license reviews or be designated on BIS's Unverified List or Entity List, as applicable.

BIS has developed a list of "[red flags](#)," or warning signs, intended to discover possible violations of the EAR.

Also, BIS has "[Know Your Customer](#)" guidance.

BIS provides a variety of training sessions to U.S. exporters throughout the year. These sessions range from one to two day seminars and focus on the basics of exporting as well as more advanced topics. Check a [current seminar schedule](#) for a list of upcoming seminars.

BIS also provides [online training](#).

The EAR does not regulate transactions involving all U.S. goods, services, and technologies. Other U.S. Government agencies regulate more specialized exports. For example, the U.S. Department of State's Directorate of Defense Trade Controls has authority over defense articles and services. A list of other agencies involved in export control can be found on the [BIS website](#) or in Supplement No. 3 to Part 730 of the EAR.

The [EAR](#) is available on the BIS website.

And on the e-CFR ([Electronic Code of Federal Regulations](#)) website.

The Consolidated Screening List (CSL) is a list of parties for which the United States Government maintains restrictions on certain exports, reexports or transfers of items. The CSL consolidates a number of smaller lists

of restricted parties that are maintained by a variety of U.S. Government agencies, including the Department of Commerce, as an aid to industry in conducting electronic screens of potential parties to regulated transactions. The CSL is available here: <http://apps.export.gov/csl-search> or <https://developer.trade.gov/consolidated-screening-list.html>.

Temporary Entry

Effective February 25, 2013, Albania became a party to the Customs Convention on Carnet (ATA) for temporary import of goods. ATA Carnets are accepted for transit, and not accepted for postal traffic or unaccompanied goods. For information on obtaining an ATA export document, please visit the following [website](#).

The Albanian customs regime is structured as follows:

Free Circulation Regime – Import or release of goods into free circulation, as a category of customs regime, means the permanent placing of goods in the territory of Albania. Products set under such a regime are subject to all trade policy measures, such as custom duties and other related payments.

Export – Export regime is applied on all Albanian products destined for export outside the Albanian customs territory.

Active Processing (Fason Regime) – The active processing regime implies that foreign goods undergo operations of transformation or processing on Albania’s customs territory without incurring taxes and fees, except for the customs processing fees, provided resulting products are exported.

Processing Under Customs Control – This regime allows goods to be imported from outside Albania for processing operations, which change their nature or state, without being subject to import duties or other trade policy measures. Duty becomes payable when the finished product is put on free circulation. The duty is then payable on the finished product as if it had been imported directly.

Temporary Permit Regime – Non-Albanian goods destined for re-export can be used in the Albanian customs territory being completely or partially exempted from import duties and any trade policy measures if they are not experiencing any change except depreciation. The maximum period for goods to be under such regime is one year. After this period, they should be re-exported.

Passive Processing – Albanian products can be exported temporarily outside the Albanian customs territory for processing, before reimportation with complete or partial exception of import duties.

Transit Regime – Transit of goods and/or vehicles between foreign countries through the territory of Albania without application of trade policy measures. Goods transported through the territory of Albania are exempt from customs duty, VAT, and excise taxes.

Temporary Warehouse Regime – Products are considered to have the status of temporary storage from the moment they are present in the customs office until the time their destination is determined. Such goods are held in specific areas approved by customs authorities.

Prohibited & Restricted Imports

There are no specific prohibited imports. Certain categories of products require licenses and registration before their importation to Albania, including but not limited to, insecticides, pesticides, and pharmaceuticals. Special import provisions are enforced for strategic sectors such as weapons, munitions, and dual-use items.

Customs Regulations

The General Directorate of Customs is responsible to manage, organize, and control customs activity in Albania. The customs value of goods includes the price of the goods plus transport and insurance expenses.

For more information about customs regulations in Albania, please contact:

[General Directorate of Customs, Tirana, Albania](#)

Tel: +355 4 2269098

E-mail: marredheniemepublikun@dogana.gov.al

For a complete list of contacts at Customs, please see the following link: [General Directorate of Customs](#).

Standards for Trade

Overview

Albania has specific institutions for standardization, conformity assessment, accreditation, and product certification. In certain areas, such as processed foods, beverages, and pharmaceutical products, individual ministries or agencies issue sector-specific standards and certificates.

Albania has adopted standards regimes developed in other Western countries with ISO and EN as primary standards-making bodies based on WTO regulations. These standards supersede all national standards. The General Directorate of Standardization (DPS) is the public agency responsible to implement European and international and national standards and is certified according to international standard ISO 9001.

Albania is a correspondent member without voting rights of the International Organization for Standardization (ISO) and an affiliate member without voting rights to the European Committee for Standardization, and European Committee for Electrotechnical Standardization (CEN & CENELEC). Albania is also an associate member to the International Electrotechnical Commission with limited voting rights, and a full member of the European Telecommunications Standards Institute (ETSI). The Stabilization and Association Agreement with the EU stipulates that Albania must adopt European Community technical regulations, European standards, and conformity assessment procedures.

Application of Albanian standards is voluntary unless specified by law. Most standards, aside from those concerning products for human consumption, are not enforced by legislation. Standards are developed or adopted by technical committees composed of interested parties from various sectors and industries. The work of the committees is passed to the national standards organization, [the General Directorate of Standardization \(DPS\)](#), the legal entity in charge of standardization in Albania. DPS represents Albania at European and international organizations dealing with standards like CEN, CENELEC, ISO, IEC, ETSI, and ITU, and serves as a liaison to WTO officials. DPS is also the official point of contact for issues related to technical barriers to trade (TBT). Obligations under the WTO/SPS Agreement are passed to the Ministry of Agriculture and Rural Development and the National Food Authority.

Standards

The Law on Standardization No. 9870 established the rules and procedures for the development of all national standardization activities and the creation and functioning of DPS, which is responsible to develop, adopt, approve, implement, and publish Albanian standards in all fields. DPS is also responsible to transpose and publish European and international standards. By 2017, DPS had adopted all harmonized European standards as Albanian standards. Foreign entities should have a local presence to participate in standards development. DPS publishes [quarterly information bulletins](#), which contain newly adopted standards, withdrawn standards, and standards for public opinion.

The prices of Albanian standards (SSH) are approximately 30% of international standards. Construction-SSH EN 590, oil and gas-SSH EN 228, standards of quality management-SSH EN ISO 9001, and the competency of calibration and testing labs SSH EN ISO/IEC17025 are among the most requested standards by the private sector.

The Ministry of Agriculture and Rural Development: Albania follows WTO agreements on sanitary and phytosanitary procedures. To import food and agricultural products, companies must receive a license from the National Food Authority (AKU). When applicable, products also must pass sanitary, psychopathologic, or veterinary control. Additional information on sanitary requirements can be obtained from the [Ministry of Agriculture and Rural Development](#) and the [National Food Authority](#).

[The National Agency of Drugs and Medical Equipment \(AKBPM\)](#) specializes in the analysis, control, and administration of medical equipment standards. NADME operates under the Ministry of Health and works in accordance with WHO principles. It is the licensing authority for drug imports and responsible for drug registration and inspection.

Testing, Inspection and Certification

Conformity Assessment

The primary national conformity assessment body is the [General Directorate of Metrology \(GDM\)](#), which operates in accordance with Law No. 9875, "On metrology." The GDM implements the metrology policy in Albania in three categories: scientific, industrial, and legal metrology.

GDM develops the national metrology system in line with European standards and harmonizes technical procedures for conformity of measurements to avoid technical barriers to trade. The national metrology system includes national standards laboratories, calibration laboratories, testing laboratories, and certification entities authorized to conduct the business of legal metrology.

The GDM is a member, with full rights of the International Organization of Legal Metrology, of the European Association of National Metrology Institutions, the International Measurement Confederation, and an associate member of the European Cooperation for Legal Metrology, and General Conference on Weights and Measures.

Law No. 10489, on the trading and oversight of non-alimentary products defines that private authorized entities can act as conformity assessment bodies in the case of certification, inspection, and testing.

Product Certification

Product certification is done on a voluntary basis, except in cases of exports and products for security, safety, and the environment, in which it is compulsory. Most required product certifications concern sanitary characteristics of foodstuffs and medicine. U.S. exporters generally do not face legal impediments related to product certifications. However, red tape and attempts at corruption could present obstacles during product certification procedures.

The accreditation of product certification is done by the Albanian Accreditation Directorate and/or by foreign Institutions. The Accreditation Directorate is based on the standard SSH EN 45011 for the accreditation of the institutions for product certifications.

In 2015, the European Accreditation Body (EA) General Assembly accepted Albania as a member with full rights. Membership is preconditioned on having an agreement with the EA to become a signatory of the mutual recognition agreements in the field of testing laboratories. This would allow the recognition at the European level of testing by accredited laboratories by the DPA.

Accreditation

The Albanian Accreditation Directorate (DPA) is recognized by the Albanian government as the single national accreditation body to assess, in accordance with international standards, organizations that provide certification, testing, and inspection and calibration services. The DPA operates a management system that accords with the requirements of SSH ISO/IEC 17011. The DPA is a full member of the International Laboratory Accreditation Cooperation (ILAC) and of the International Accreditation Forum (IAF) and, since May 2015, a full member of the European Accreditation Organization EA. Laboratory accreditation is not compulsory for every sector. It is, however, mandatory for laboratories dealing with safety and health issues.

Law 116/2014 on the accreditation of organizations that provide conformity assessment in Albania, and Law 10489 for the marketing and monitoring of the non-alimentary market aim to align Albanian legislation with EU regulations, including EU Regulation 765/2008.

In October 2018, DPA signed an agreement with the International Accreditation Forum (IAF) and International Laboratory Accreditation Cooperation (ILAC) for the certification of management systems according to ISO 17021-1, which will allow DPA's certificate to be internationally recognized. Test certificates from foreign laboratories are accepted if the lab is accredited by an EU member state or European accreditation body.

Publication of Technical Regulations

Approved technical regulations are published in the Official Gazette, which can be found at the following link: www.qbz.gov.al. Each agency issues its own publications. The DPS publishes a quarterly standards bulletin (in Albanian) and the annual Catalogue of Albanian Standards. By law, the DPS is the national authority for notifications and a reference for draft standards, technical rules, and procedures for conformity assessment.

Proposed technical regulations are not widely available to the public. With proposed regulations, however, the DPS will notify WTO officials to solicit comments.

NIST Notify U.S. Service

"Members of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to notify to the WTO proposed technical regulations and conformity assessment procedures that could affect trade. Notify U.S. (www.nist.gov/notifyus) is a free, web-based e-mail registration service that captures and makes available for review and comment key information on draft regulations and conformity assessment procedures. Users receive customized e-mail alerts when new notifications are added by selected countries and industry sectors of interest and can also request full texts of regulations. This service and its associated web site are managed and operated by the USA WTO TBT Inquiry Point housed within the National Institute of Standards and Technology, part of the U.S. Department of Commerce."

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Trade Agreements

Albania joined the WTO in 2000 and applies WTO rules on import licensing. From 1999 to 2006, Albanian exports to EU countries benefited from an asymmetric regime in the form of autonomous measures. Therefore, Albanian exports were subject to various reductions and discounts on duties when entering the EU market. The regime was applicable to agricultural and industrial goods.

In 2006, Albania signed the Stabilization and Association Agreement (SAA) with the EU. The agreement, which was ratified in 2009, liberalized trade relations between the EU and Albania in terms of tariff barriers for agricultural and industrial goods.

[Treaties Office Database](#)

Albania is a member of the multilateral Central European Free Trade Agreement (CEFTA), along with North Macedonia, Montenegro, Kosovo, Moldova, Serbia, and Bosnia and Herzegovina.

[CEFTA Legal Documents](#)

Albania also has an FTA with Turkey, which was signed in 2006 and entered into force in 2008.

[FTA with Turkey](#)

In 2009, Albania signed an FTA with the [European Free Trade Association \(EFTA\)](#). EFTA member states include Iceland, Liechtenstein, Norway, and Switzerland. The agreements with Liechtenstein and Switzerland entered into force in 2010, and the agreements with Iceland and Norway entered into force in 2011.

Licensing Requirements for Professional Services

To conduct activities in certain sectors in Albania, companies and individuals must apply for licenses, permits, and authorizations. Detailed information on the types of licenses, authorizations, permits, sectors, and the requirements and application process, can be found at the [National Business Center](#).

Web Resources

[General Directorate for Customs](#)

[National Food Authority](#)

[Accreditation Directorate](#)

[General Directorate of Standardization](#)

[National Agency of Drugs and Medical Equipment](#)

[General Directorate of Metrology](#)

[European Free Trade Association](#)

[CEFTA Legal Documents](#)

[FTA with Turkey](#)

[State Export Control Authority \(AKSHE\)](#).

[The General Directory of Taxes](#)

[Treaties Office Database](#)

[Consolidated Screening List API](#)

[Bureau of Industry and Security](#)

[Boomerang Carnets](#)

Investment Climate Statement

Executive Summary

Albania is an upper middle-income country with a gross domestic product (GDP) per capita of USD 5,288 (2018) and a population of approximately 2.9 million people, around 45 percent of whom live in rural areas. According to IMF estimates, real GDP increased by 4.2 percent in 2018, and growth is expected to decline during 2019 but remain close to 4 percent in the medium term. Albania received European Union (EU) candidate status in June 2014 and has since been seeking to open accession negotiations. The EU has encouraged Albania to continue progress in reforms related to five key priorities: public administration reform, justice reform, the fight against corruption, the fight against organized crime, and protection of human rights, including the rights of persons belonging to minorities and property rights.

Foreign investors cite corruption, particularly in the judiciary, a lack of transparency in public procurement, and poor enforcement of contracts as continuing problems in Albania. In 2016, the Government of Albania (GOA) passed sweeping constitutional amendments to reform the country's judicial system and improve the rule of law. The implementation of judicial reform is underway, including the vetting of judges and prosecutors for unexplained wealth. While numerous judges and prosecutors have been dismissed by a vetting commission for unexplained wealth or organized crime ties, foreign investors perceive the investment climate as problematic and say Albania remains a difficult place to do business.

Investors report ongoing concerns that regulators use difficult-to-interpret or inconsistent legislation and regulations as tools to dissuade foreign investors and favor politically connected companies. Regulations and laws governing business activity change frequently and without meaningful consultation with the business community; business owners and business associations frequently note they did not receive enough notice, time, or opportunity for engagement on regulatory and legislative changes. Major foreign investors report pressure to hire specific, politically connected subcontractors and express concern about compliance with the Foreign Corrupt Practices Act while operating in Albania. Reports of corruption in government procurement are commonplace. The increasing use of public private partnership (3P) contracts has narrowed the opportunities for competition, including by foreign investors, in infrastructure and other sectors. Poor cost-benefit analyses and a lack of technical expertise in drafting and monitoring 3P contracts are ongoing concerns. The government had signed more than 200 3P contracts by the end of 2018.

Property rights remain another challenge in Albania, as clear title is difficult to obtain. There have been instances of individuals manipulating the court system to obtain illegal land titles. Compensation for land confiscated by the former communist regime is difficult to obtain and inadequate. The agency charged with removing illegally constructed buildings often acts without full consultation and fails to follow procedures.

To attract FDI and promote domestic investment, the host government approved a Law on Strategic Investments in 2015. The law outlines investment incentives and offers fast-track administrative procedures to strategic foreign and domestic investors, depending on the size of the investment and number of jobs created. The government also passed legislation creating Technical Economic Development Areas (TEDAs), like free trade zones. The development of the first TEDA, in Spitalle, Durrës, was granted to a consortium of local companies in August 2017, but only after the tender had failed three times. Development of the TEDA has yet to begin, as one of the bidders has challenged the decision in the court.

Transparency International’s 2018 Corruption Perceptions Index ranked Albania 99th of 180 countries, a drop of eight places from 2017. Consequently, Albania is now perceived as the most corrupt country in the Western Balkans. While it improved by two spots, to 63rd, in the World Bank’s 2019 “Doing Business” survey, Albania continued to score poorly in the areas of enforcing contracts, registering property, granting construction permits, and obtaining electricity.

The Albanian legal system ostensibly does not discriminate against foreign investors. The U.S.—Albanian Bilateral Investment Treaty, which entered into force in 1998, ensures that U.S. investors receive most-favored-nation treatment. The Law on Foreign Investment outlines specific protections for foreign investors and allows 100 percent foreign ownership of companies in all but a few sectors.

Energy and power, tourism, water supply and sewerage, road and rail, mining, and information communication technology represent the best prospects for foreign direct investment in Albania over the next several years.

Table 1: Key Metrics and Rankings

Measure	Year	Index/Rank	Website Address
TI Corruption Perceptions Index	2018	99 of 180	http://www.transparency.org/research/cpi/overview
World Bank’s Doing Business Report	2019	63 of 190	http://www.doingbusiness.org/en/rankings
Global Innovation Index	2018	83 of 126	https://www.globalinnovationindex.org/analysis-indicator
U.S. FDI in partner country (\$M USD, stock positions)	2017	\$56	http://www.bea.gov/international/factsheet/

World Bank GNI
per capita

2017

4\$,320

<http://data.worldbank.org/indicator/NY.GNP.PCAP.CD>

Openness To, and Restrictions Upon, Foreign Investment

Policies Towards Foreign Direct Investment

The GOA understands that private sector development and increased levels of foreign investment are critical to support sustainable economic development. Albania maintains a liberal foreign investment regime designed to attract FDI. The Law on Foreign Investment outlines specific protections for foreign investors and allows 100 percent foreign ownership of companies, except in the areas of domestic and international air passenger transport and television broadcasting. Albanian legislation does not distinguish between domestic and foreign investments.

The 2010 amendments to the Law on Foreign Investment introduced criteria specifying when the state would grant special protection to foreign investors involved in property disputes, providing additional guarantees to investors for investments of more than 10 million euros. Amendments in 2017 and 2018 extended state protection for strategic investments as defined under the 2015 Law on Strategic Investments.

The Albanian Investment Development Agency (AIDA) oversees promoting foreign investments in Albania. Potential U.S. investors in Albania should contact AIDA to learn more about services AIDA offers to foreign investors (<http://aida.gov.al/>).

The Law on Strategic Investments stipulates that AIDA, as the Secretariat of the Strategic Investment Council, serve as a *one-stop shop* for foreign investors, from filing of the application form to granting the status of strategic investment/investor.

Despite hospitable legislation, U.S. investors are challenged by corruption and the perpetuation of informal business practices. Several U.S. investors have left the country in recent years after contentious commercial disputes, including some that were brought before international arbitration.

Limits on Foreign Control and Right to Private Ownership and Establishment

Foreign and domestic investors have equal rights of ownership of local companies, based on the principle of “national treatment.” According to the World Bank’s “Investing Across

Borders”indicator, just three of 33 sectors have restrictions against full foreign ownership, or in the case of the agriculture sector, against foreign land ownership.

- Domestic and international air passenger transport: foreign interest in airline companies is limited to 49 percent ownership by investors outside the Common European Aviation Zone, for both domestic and international air transportation;
- Television broadcasting: no entity, foreign or domestic, may own more than 40 percent of a television company.
- Agriculture: No foreign individual or foreign incorporated company may purchase agricultural land, though land may be leased for up to 99 years

Albania lacks an investment review mechanism for inbound foreign direct investment. Albanian law permits private ownership and establishment of enterprises and property. Foreign investors do not require additional permission or authorization beyond that required of domestic investors. Commercial property may be purchased, but only if the proposed investment is worth three times the price of the land. There are no restrictions on the purchase of private residential property. Foreigners can acquire concession rights on natural resources and resources of the common interest, as defined by the Law on Concessions and Public Private Partnerships.

Foreign and domestic investors have numerous options available for organizing business operations in Albania. The 2008 ‘Law on Entrepreneurs and Commercial Companies,’ and ‘Law Establishing the National Registration Center’ (NRC) allow for the following legal types of business entities to be established through the NRC: Sole Entrepreneur; Unlimited Partnership; Limited Partnership; Limited Liability Company; Joint Stock Company; Branches and Representative Offices; and Joint Ventures.

Other Investment Policy Reviews

World Trade Organization (WTO) completed a Trade Policy Review of Albania in May 2016 (https://www.wto.org/english/tratop_e/tpr_e/tp437_e.htm).

In November 2017, UNCTAD completed the first Investment Policy Review (IPR) of South-East European (SEE) countries, including Albania (<http://unctad.org/en/pages/PublicationWebflyer.aspx?publicationid=1884>).

Business Facilitation

The National Business Center (NBC) serves as a one-stop shop for business registration. All required procedures and documents are published on-line (<http://www.qkb.gov.al/information-on-procedure/business-registration/>). Registration may be done in person or online via the [e-Albania portal](#). Many companies choose to complete the registration process in person, as the online portal requires an authentication process and electronic signature and is only available in the Albanian language.

Outward Investment

Albania neither promotes nor incentivizes outward investment or restricts domestic investors from investing abroad.

Bilateral Investment Agreements and Taxation Treaties

Investment Treaties

The United States and Albania signed a Bilateral Investment Treaty (<https://www.state.gov/e/eb/ifa/bit/117402.htm>) in 1995, which entered into force in January 1998. The treaty ensures that U.S. investors receive national or most-favored-nation treatment and provides for dispute settlement. There is no free trade agreement or bilateral taxation treaty between the two countries.

As of April 2018, Albania had concluded bilateral investment treaties with 45 countries.

See <https://investmentpolicyhub.unctad.org/IIA/CountryBits/2#iiaInnerMenu> a full list here: <https://investmentpolicyhub.unctad.org/IIA/CountryBits/2#iiaInnerMenu>. Out of 45 agreements, seven are not yet in force. The BIT with the United States has been in force since 1998.

Taxation Treaties

As of April 2018, Albania had signed treaties for the avoidance of double taxation with 41 countries. See a full list here: <https://www.tatime.gov.al/c/6/125/marrevshjenderkombetare>.

Albania has also signed free trade agreements with the EU, CEFTA countries (Macedonia, Montenegro, Serbia, Bosnia and Herzegovina, Kosovo, and Moldova), EFTA countries (Switzerland, Liechtenstein, Norway, and Iceland), and Turkey. In addition, in 1992, Albania ratified the Agreement on Promotion, Protection and Guarantee of Investments among member states of the Organization of the Islamic Conference.

Legal Regime

Transparency of the Regulatory System

Albania's legal, regulatory, and accounting systems have improved in recent years, but challenges remain. Uneven enforcement of legislation, cumbersome bureaucracy, and a lack of transparency all hinder the business community.

Albanian legislation includes rules on disclosure requirements, formation, maintenance, and alteration of capital, mergers and divisions, takeover bids, shareholders' rights, as well as corporate governance principles. The Law on Accounting and Financial Statements includes reporting provisions related to international financial reporting standards for large companies, and national financial reporting standards for small and medium enterprises. Albania meets minimum

standards on fiscal transparency, and debt obligations are published by the Ministry of Finance and Economy. Albania's budgets are publicly available, substantially complete, and reliable.

The law on notification and public consultation requires that the GOA publish draft laws and regulations for public consultation or notification. Such draft laws and regulations are published at the following page: <http://www.konsultimipublik.gov.al/>. However, the business community frequently complains that final versions of laws and regulations fail to incorporate their comments and concerns.

All laws, by-laws, regulations, decisions by the Council of Ministers, decrees, and any other regulatory acts are published at the National Publication Center at the following site: <https://qbz.gov.al/>

Other independent agencies and bodies, including, but not limited to, the Energy Regulator (ERE), Telecom Regulator (AKEP), Natural Resources Bureau (AKBN), and Extractive Industries Transparency Initiative (EITI), oversee transparency in specific sectors.

State-owned oil company Albpetrol retains some regulatory authority over legacy oilfields and is a consistent source of reports of corruption, malign interpretation of regulations, and inefficiency in the hydrocarbons sector. Major foreign investors in this sector report difficulties in complying with often overlapping regulatory requirements, and inconsistent and often conflicting interpretations of Albanian legislation and regulations governing oil exploration and extraction.

International Regulatory Considerations

Albania acceded to the World Trade Organization in 2000, and the country notifies the WTO Committee on Technical Barriers to Trade of all draft technical regulations.

Albania signed a Stabilization and Association Agreement (SAA) with the EU in 2006, and currently seeks to open accession talks with the EU. The country has embarked on a gradual process of legislation approximation with the EU.

Legal System and Judicial Independence

The Albanian legal system is based on the continental judicial system. The Albanian constitution provides for the separation of legislative, executive, and judicial branches, thereby supporting the independence of the judiciary. The Civil Procedure Code, enacted in 1996, governs civil procedure in Albania. The civil court system consists of district courts, appellate courts, and the Supreme Court. The district courts are organized in specialized sections according to the subject of the claim, including civil, family, and commercial disputes.

The administrative courts of first instance, the Administrative Court of Appeal, and the Administrative College of the High Court, now adjudicate administrative disputes. Administrative courts aim to adjudicate administrative cases quickly. The Constitutional Court reviews whether laws or subsidiary legislation comply with the Constitution, and in limited cases protects and enforces the constitutional rights of citizens and legal entities.

Parties may appeal the judgment of the first instance courts within 15 days, while appellate court judgments must be appealed to the Supreme Court within 30 days. A lawsuit against an administrative action is submitted to the administrative court within 45 days from notification and the law stipulates short procedural timeframes enabling faster adjudication of administrative disputes.

Albania does not have a specific commercial code, but defines commercial legislation through a series of relevant commercial laws including, Foreign Investment Law, Commercial Companies Law, Bankruptcy Law, Environmental Law, Law on Corporate and Municipal Bonds, Transport Law, Maritime Code, Secured Transactions Law, Employment Law, Taxation Procedures Law, Banking Law, Insurance and Reinsurance Law, Concessions Law, Mining Law, Energy Law, Water Resources Law, Waste Management Law, Excise Law, Oil and Gas Law, Gambling Law, Telecommunications Law, Value Added Law, Sports Law, etc.

Corruption is endemic in the Albanian judicial system and U.S. investors are advised to include binding international arbitration clauses in agreements with Albanian counterparts. While the government has historically respected decisions by international arbitration courts, the GOA ignored a 2016 injunction from such a court in a high-profile investment dispute (a decision that was later reversed.) Albania is a signatory to the New York Convention and foreign arbitration awards may be enforced in local courts.

Laws and Regulations on Foreign Direct Investment

The Law on Foreign Investments seeks to create a hospitable legal climate for foreign investors and stipulates the following:

1. No prior government authorization is needed for an initial investment;
2. Foreign investment may not be expropriated or nationalized directly or indirectly, except for designated special cases, in the interest of public use and as defined by law;
3. Foreign investors enjoy the right to expatriate all funds and contributions in kind from their investments;
4. Foreign investors receive most favored nation treatment according to international agreements and Albanian law.

There are limited exceptions to this liberal investment regime, most of which apply to the purchase of real estate. Agricultural land cannot be purchased by foreigners and foreign entities but may be leased for up to 99 years. Investors can buy agricultural land if registered as a commercial entity in Albania. Commercial property may be purchased, but only if the proposed investment is worth three times the price of the land. There are no restrictions on the purchase of private residential property.

To boost investments in strategic sectors, the government approved a new law on strategic investments in May 2015. Under the new law, a “strategic investment” as deemed by the government benefits from either “assisted procedure” or “special procedure” assistance by the government to help navigate the permitting and regulatory process. To date, no major foreign investors have taken advantage of the law. Several projects proposed by domestic companies or

consortiums of local and foreign partners have been designated as strategic investments, mostly in the tourism sector.

Major Laws Governing Foreign Investments:

- Law 55/2015, “On Strategic Investments”: Defines procedures and rules to be observed by government authorities when reviewing, approving and supporting strategic domestic and foreign investments in Albania;
- Law 7764/1993 “On the Foreign Investments” amended by the Law 10316/2010.
- Law 9901/2008 “On Entrepreneurs and Commercial Companies”: Outlines general rules and regulations on the merger of commercial companies;
- Law 110/2012 “On Cross-Border Mergers”: Determines rules on mergers when one of the companies involved in the process is a foreign company;
- Law 9121/2003 “On Protection of Competition”: Stipulates provisions for the protection of competition, and the concentration of commercial companies;
- Law 10198/2009 “On Collective Investment Undertakings”: Regulates conditions and criteria for the establishment, constitution, and operation of collective investment undertakings and of management companies;

Authorities responsible for mergers, change of control, and transfer of shares include, the Albanian Competition Authority (ACA; <http://www.caa.gov.al/laws/list/category/1/page/1>) which monitors the implementation of the competition law and approves mergers and acquisitions when required by the law; and, the Albanian Financial Supervisory Authority (FSA; <http://www.amf.gov.al/ligje.asp>) which regulates and supervises the securities market and approves the transfer of shares and change of control of companies operating in this sector.

Investors in Albania are entitled to judicial protection of legal rights related to their investments. Foreign investors have the right to submit disputes to an Albanian court. In addition, parties to a dispute may agree to arbitration. Albania is a signatory to the New York Arbitration Convention and foreign arbitration awards are typically recognized by Albania, although the government refused to recognize an injunction from a foreign arbitration court in one high profile case, in 2016, calling into question the government’s commitment to arbitration (this refusal was later reversed). The Albanian Civil Procedure Code outlines provisions regarding domestic and international commercial arbitration. Many foreign investors complain that endemic judicial corruption and inefficient court procedures undermine judicial protection in Albania and seek international arbitration to resolve disputes.

Albania’s tax system does not distinguish between foreign and domestic investors. Informality in the economy, which may represent as much as 40 percent of the formal economy, presents challenges for tax administration.

Visa requirements to obtain residence or work permits are straightforward and do not pose an undue burden on potential investors. The only potential complication to obtaining a work permit is the requirement that a foreign employer maintain a certain number of local employees. The Law on Foreigners states that a foreign employer will be granted a work permit only if the number of foreign employees did not exceed 10 percent of the total number of employees on the payroll over the preceding 12 months.

The Law on Entrepreneurs and Commercial Companies sets guidelines on the activities of companies and the legal structure under which they may operate. The government adopted the law in 2008 to conform Albanian legislation to the EU's Acquis Communautaire. The most common type of organization for foreign investors is a limited liability company.

The Law on Concessions establishes the framework for promoting and facilitating the implementation of privately financed concessionary projects. Concessions may be identified by central or local governments or through third party unsolicited proposals. In the case of unsolicited proposals, the proposing company is entitled to receive a bonus of up to 10 percent of total points based on the technical and financial proposal. The GOA is in the process of approving changes to the law that would restrict third party unsolicited proposals in certain sectors.

Competition and Anti-Trust Laws

The Albanian Competition Authority (<http://www.caa.gov.al/?lng=en>) is the agency that reviews transactions for competition-related concerns. The Law on Protection of Competition governs incoming foreign investment whether through mergers, acquisitions, takeovers, or green field investments, irrespective of industry or sector. In the case of particular share transfers in insurance and banking industries, the Financial Supervisory Authority (<http://amf.gov.al/>) and/or the Bank of Albania (<https://www.bankofalbania.org/>) may require additional regulatory approvals. Transactions between parties outside Albania, including foreign-to-foreign transactions, are covered by the competition law, which explicitly states that the transactions apply to all activities, domestic or foreign, that directly or indirectly affect the Albanian market.

Expropriation and Compensation

The Albanian Constitution guarantees the right of private property. According to Article 41, expropriation or limitation in the exercise of a property right can occur only if it serves the public interest and with fair compensation. During the post-communist period, expropriation has been limited to land for public interest, mainly infrastructure projects such as roads, energy infrastructure, water works, airports, and other facilities. Compensation has generally been below market value and owners have complained that the compensation process is slow and unfair. Civil courts are responsible for resolving such complaints.

Change of government can also be of concern to foreign investors. Following the 2013 elections and peaceful transition of power, the new government revoked or attempted to renegotiate numerous concession agreements, licenses, and contracts signed by the previous government with both domestic and international investors. This practice has occurred in years past, as well.

There are many ongoing disputes regarding properties confiscated during the communist regime. Identifying ownership is a longstanding problem in Albania that makes restitution for expropriated properties difficult. The restitution and compensation process started in 1993, but has been slow and marred by corruption. Many U.S. citizens of Albanian origin have suffered from long-running restitution disputes. Court cases drag on for years without a final decision, forcing many to refer their case to the European Court of Human Rights (ECHR) in Strasbourg, France. As of December 2018, the Court had issued around 31 decisions in favor of Albanian citizens in

civil cases involving protection of property, with financial bill in the millions of euros for the GOA. A significant number of applications are pending for consideration before the ECHR. Even after settlement in Strasbourg, enforcement remains slow.

To address the situation, the GOA approved new property compensation legislation in 2018 that aims to provide a solution to the pending claims for restitution and compensation. The 2018 law reduces the burden on the state budget by changing the cash compensation formula. The legislation presents three methods of compensation for confiscation claims: restitution; compensation of property with similarly valued land in a different location; or financial compensation. It also set a 10-year timeframe for the completion of the entire process.

The GOA has generally not engaged in expropriation actions against U.S. investments, companies, or representatives. There have been limited cases in which the government has revoked licenses, especially in the mining and energy sectors, based on contract violation claims.

Dispute Settlement

ICSID Convention and New York Convention

Under the Albanian Constitution, ratified international agreements prevail over domestic legislation. Albania is a member state to the International Centre for the Settlement of Investment Disputes (ICSID Convention). It also is a signatory to the convention on the Recognition and Enforcement of Foreign Arbitral Awards (1958 New York Convention). Albania has ratified the 1927 Convention and the European Convention on Arbitration (Geneva Convention).

Investor-State Dispute Settlement

For an arbitration award to be locally recognized, the claimant must enforce the award before the Court of Appeals. The procedure to recognize a foreign arbitral award typically lasts around one month and either party may appeal the Court's decision to the Supreme Court. The appeal must be filed within 30 days from the date of decision or notification of the other party (if absent).

The possibility of bringing an action before the local court to avoid arbitration proceedings is remote. According to explicit provisions in the Albanian Code of Civil Procedure, if a party brings actions before local courts despite the parties' agreement to arbitrate, the court would, upon motion of the other party, dismiss the case without entertaining the merits of the case. The decision of the court to dismiss the case can be appealed to the Supreme Court, which has 30 days to consider the appeal.

An alternative to dispute settlement via the courts is private arbitration or mediation. Parties can engage in arbitration when they have agreed to such a provision in the original agreement, when there is a separate arbitration agreement, or by agreement at any time when a dispute arises. Legislation distinguishes arbitration of international disputes from arbitration of domestic disputes in that the parties involved in an international dispute may agree to settle through either a domestic or foreign arbitration tribunal. Mediation is also applicable in resolving all civil, commercial, and family disputes and is regulated by the law "On Dispute Resolution through

Mediation.” Arbitral awards are final and enforceable and can be appealed only in cases foreseen in the Code of Civil Procedure. Mediation is final and enforceable in the same way.

There are no consolidated institutions for dispute resolution through arbitration and arbiters are appointed ad hoc in compliance with the provisions of the Code of Civil Procedure. The law provides for the National Chamber of Mediators and Chambers of Mediators as institutions to perform mediation. Mediators are licensed and registered at the Mediators Register at the Ministry of Justice, which maintains a list of mediators from which the parties can choose.

The provisions for arbitration procedures and the recognition and enforcement of foreign awards are stipulated in the Albanian Code of Civil Procedure. Albania does not have a separate law on arbitration. Although the arbitration chapter of the Code of Civil procedure stipulates only the rules for domestic arbitration, the country is signatory to the 1958 New York Convention, and as such, recognizes the validity of written arbitration agreements and arbitral awards in a contracting state.

The Albanian Code of Civil Procedure requires the courts to reach a judgment within a reasonable amount of time, but does not provide for a specific deadline to decide on commercial disputes. Reaching a final judgment in a commercial litigation may take several years to exhaust all stages of the process.

The procedure for the recognition of a foreign arbitral award should take on average approximately one month; however, in certain cases this decision may be appealable. An appeal against a court decision that recognizes a foreign arbitral award does not automatically suspend the effects of the enforcement.

International Commercial Arbitration and Foreign Courts

Over the past ten years, there have been six investment disputes between the GOA and U.S. companies, four of which resulted in international arbitration. Despite a stated desire to attract and support foreign investors, U.S. investors in disputes with the GOA report a lack of productive dialogue with government officials, who frequently display a reluctance to settle the disputes before they are escalated to the level of international arbitration, or before the international community exerts pressure on the government to resolve the issue. U.S. investors in Albania are encouraged to include strong binding arbitration clauses in any agreements with Albanian counterparts.

Bankruptcy Regulations

Albania maintains adequate bankruptcy legislation, though corrupt and inefficient bankruptcy court proceedings make it difficult for companies to reorganize or discharge debts through bankruptcy. A law on bankruptcy that entered into force in May 2017 aimed to address loopholes in the insolvency regime, decrease unnecessary market exit procedures, reduce fraud, and ease collateral recovery procedures. The Bankruptcy Law governs the reorganization or liquidation of insolvent businesses. It sets out non-discriminatory and mandatory rules for the repayment of the obligations by a debtor in a bankruptcy procedure. The law establishes statutory time limits for

insolvency procedures, professional qualifications for insolvency administrators, and an Agency of Insolvency Supervision to regulate the profession of insolvency administrators.

Debtors, creditors, or tax authorities can initiate a bankruptcy procedure. Debtors and creditors can file for either liquidation or reorganization. Tax authorities can request a bankruptcy procedure when the subject reports losses three years consecutively. Bankruptcy proceedings may also be invoked when the debtor is unable to pay the obligations at maturity date or will be unable to pay in the near future.

According to the provisions of the Bankruptcy Law, the initiation of bankruptcy proceedings would suspend the enforcement of claims by all creditors against the debtor subject to bankruptcy. Creditors of all categories should submit their claims to the bankruptcy administrator to be treated under the bankruptcy proceeding. The Bankruptcy Law provides specific treatment for different categories, including, secured creditors, unsecured creditors, and unsecured creditors of lower ranking (i.e. those whose claims would be paid after all the secured and unsecured creditors were satisfied). The claims of the secured creditors will be satisfied by the assets of the debtor, which secure such claims under security agreements. The claims of the unsecured creditors will be paid out of bankruptcy estate excluding the assets used for payment of the secured creditors, following the priority ranking described under the Albanian Civil Code.

Pursuant to the provisions of the Bankruptcy Law, the creditors have the right to establish a creditors committee and the creditors' assembly. The creditors' committee is appointed by the Commercial Section Courts, before the first meeting of the creditors' assembly. The creditors' committee represents the secured creditors, the unsecured creditors with larger claims, and creditors with small claims. The committee has the right: (a) to support and supervise the activities of the insolvency administrator; (b) to request and receive information about the insolvency proceedings; c) to inspect the books and records; and, d) to order an examination of the revenues and cash balances.

If the creditors and administrator agree that reorganization is the company's best option, the bankruptcy administrator prepares a reorganization plan and submits it to the court for authorizing implementation.

According to the insolvency procedures, only creditors whose rights are affected by the proposed reorganization plan enjoy the right of vote and the dissenting creditors in reorganization receive at least as much as what they would obtain in a liquidation. Creditors are divided into classes for the purposes of voting on the reorganization plan and each class votes separately and creditors of the same class are treated equally.

The insolvency framework allows for the continuation of contracts supplying essential goods and services to the debtor, the rejection by the debtor of overly burdensome contracts, the avoidance of preferential or undervalued transactions, and the possibility of the debtor obtaining credit after commencement of insolvency proceedings. No priority is assigned to post-commencement creditors.

The creditor has the right to object to decisions accepting or rejecting creditors' claims and should approve the sale of substantial assets of the debtor. The creditor does not have the right to request information from the insolvency representative and the law does not require approval by the creditor for the selection of appointment of insolvency representative.

According to the law on bankruptcy, foreign creditors have the same rights as domestic creditors with respect to the commencement of, and participation in, a bankruptcy proceeding. The claim is valued as of the date the insolvency proceeding is opened. Claims expressed in foreign currency are converted into Albanian currency according to the official exchange rate applicable to the place of payment at the time of the opening of the proceeding.

The Albanian Criminal Code provides for several criminal offenses in bankruptcy such as: (i) the bankruptcy was provoked intentionally; (ii) concealment of bankruptcy status; (iii) concealment of assets after bankruptcy; and, (iv) failure to comply with the obligations arising under bankruptcy proceeding.

According to the World Bank's 2019 "Doing Business" Report, Albania ranked 39th out of 190 countries in the insolvency index. A reference analysis of 'resolving insolvency' can be found at the following link: <http://www.doingbusiness.org/data/exploreeconomies/albania#resolving-insolvency>

Industrial Policies

Investment Incentives

The Albanian Investment Development Agency (AIDA; www.aida.gov.al) is the best source to find incentives offered across a variety of sectors. Aside from the incentives listed below, individual parties may negotiate additional incentives directly with AIDA, the Ministry of Finance and Economy, or other ministries, depending on the sector.

To boost investments in strategic sectors, the GOA approved a new law on strategic investments in May 2015 that outlines the criteria, rules, and procedures that state authorities employ when approving a strategic investment. The GOA has extended by one year, to December 2019, the deadline to apply to qualify as a strategic investment. A strategic investment is defined as an investment of public interest, based on several criteria, including the size of the investment, implementation time, productivity and value added, creation of jobs, sectoral economic priorities, and regional and local economic development. The law does not discriminate between foreign and domestic investors.

The following sectors are defined as strategic sectors: mining and energy, transport, electronic communication infrastructure, urban waste industry, tourism, agriculture (large farms) and fishing, economic zones, and development priority areas. The law foresees that investments in strategic sectors may benefit the status of assisted procedure and special procedure, based on the level of investment, which varies from EUR 1 million to EUR 100 million, depending on the sector and other criteria stipulated in the law.

In the Assisted Procedure, the public administration coordinates, assists, and supervises the entire administrative process for the investment approval and makes available to the investor state-owned property needed for the investment. Under the special procedure, the investor also enjoys state support for the expropriation of private property and the ratification of the contract by parliament.

The law and bylaws that entered into force on January 1, 2016, established the Strategic Investments Committee (SIC), a commission headed by the prime minister whose members include ministers covering the respective strategic sectors, the state advocate, and relevant ministers whose portfolios are impacted by the strategic investment. The Albanian Investment Development Agency (AIDA) serves as the Secretariat of SIC and oversees providing administrative support to investors. The SIC grants the status of Assisted Procedure and Special Procedure for strategic investments/investors based on the size of investments and other criteria defined in the law.

Energy and Mining, Transport, Electronic Communication Infrastructure, and Urban Waste Industry: Investments greater than 30 million euros enjoy the status of assisted procedure, while investments of 50 million euros or more enjoy special procedure status.

Tourism and Economic Areas: Investments of 5 million euros or more enjoy the status of assisted procedure, while investments greater than 50 million euros enjoy the status of special procedure. In 2018, the GOA introduced new incentives to promote the tourism sector. International hotel brands that invest at least USD 8 million for a four-star hotel and USD 15 million for a five-star hotel are exempt from property taxes for 10 years, pay no profit taxes, and pay a value-added tax (VAT) of just 6 percent for any service on their hotels or resorts. For all other hotels and resorts, the GOA reduced the VAT on accommodation from 20 percent to 6 percent. In the information technology sector, the government has recently reduced the profit tax for software development companies from 15 percent to 5 percent.

Agriculture (large agricultural farms) and Fishing: Investments greater than 3 million euros that create at least 50 new jobs enjoy the status of assisted procedure, while investments greater than 50 million euros enjoy the status of special procedure.

In addition, the GOA offers a wide range of incentives and subsidies for investments in the agriculture and agro-tourism sectors. The funds are a direct contribution from the state budget and the EU Instrument of Pre-Accession for Rural Development Fund (IPARD.) IPARD funds allocated for the period 2018-2020 total 71 million euros. The program is managed by the Agricultural and Rural Development Agency (<http://azhbr.gov.al/>). Profit taxes for agrotourism ventures are now 5 percent, down from 15 percent previously, while the value-added tax (VAT) is now six percent, down from 20 percent previously. Agricultural inputs, agricultural machinery, and veterinary services are exempt from VAT. The government offers other subsidies to agricultural farms and wholesale trade companies that export agricultural products.

Development Priority Areas: Investments greater than one million euros that create at least 150 new jobs enjoy the status of assisted procedure. Investments greater than 10 million euros that create at least 600 new jobs enjoy the status of special procedure.

Energy sector: Certain machinery and equipment imported for the construction of hydropower plants are VAT exempt. The government supports the construction of small wind and photovoltaic parks with an installed capacity of less than three megawatts and two megawatts, respectively, by offering feed-in-premium tariffs for 15 years. The Energy Regulatory Authority (ERE; <http://www.ere.gov.al/>) conducts an annual review of the feed-in-premium tariffs for wind and photovoltaic parks. The ERE also conducts an annual review of the feed-in-tariffs for small hydroelectric plants with an installed capacity of fewer than 15 megawatts. Imports of machinery and equipment for investments of greater than 400,000 euros for small wind and solar parks with an installed capacity of fewer than three megawatts and two megawatts, respectively, enjoy a VAT exemption. Imports of hot water solar panels for household and industrial use are also VAT exempt.

Foreign tax credit: Albania applies foreign tax credit rights even in cases where no double taxation treaty exists with the country in which the tax is paid. If a double taxation treaty is in force, double taxation is avoided either through an exemption or by granting tax credits up to the amount of the applicable Albanian corporate income tax rate (currently 15 percent).

In 2019, the GOA reduced the dividend tax from 15 percent to 8 percent.

Corporate income tax exemption: Film studios and cinematographic productions, licensed and funded by the National Cinematographic Center, are exempt from corporate income tax.

Loss carry forward for corporate income tax purposes: Fiscal losses can be carried forward for three consecutive years (the first losses are used first). However, the losses may not be carried forward if more than 50 percent of direct or indirect ownership of the share capital or voting rights of the taxpayer is transferred (changed) during the tax year.

Incentives for manufacturing sector

Lease of public property: The GOA can lease public property of more than 500 square meters or grant a concession for the symbolic price of one euro if the properties will be used for manufacturing activities with an investment exceeding 10 million euros, or for inward processing activities. The GOA can also lease public property or grant a concession for the symbolic price of one euro for investments of more than two million euros for activities that address certain social and economic issues, as well as activities related to sports, culture, tourism, and cultural heritage. Criteria and terms are decided on an individual basis by the Council of Ministers.

Manufacturing activities are exempt from VAT on machinery and equipment.

The employer is exempt from the social security tax payment for one year for all new employees.

The state pays the salaries for four months for the new employees and offers various financing incentives for job training.

VAT credit for fuel: Taxpayers whose main business activity is production of bricks and tiles and the transport of goods with technological means can credit VAT on the purchase of fuel used

wholly and exclusively for their business activities, up to the limit of a certain percentage of the taxpayer's total annual turnover.

Manufacturing sector obtains VAT refunds immediately in the case of zero risk exporters, within 30 days if the taxpayer is an exporter, and within 60 days in the case of other taxpayers.

Apparel and footwear producers are exempt from 20 percent VAT on raw materials so long as the finished product is exported. In 2011, the GOA also removed customs tariffs for imported apparel and raw materials in the textile and shoe industries (e.g. leather used for clothes, cotton, viscose, velvet, sewing accessories, and similar items).

Technological and Development Areas (TEDA): The Law on the Economic Development Areas provides fiscal and administrative incentives for companies that invest in this sector, and for firms that establish a presence in these areas. A full list of incentives can be found at: http://www.teda.gov.al/?page_id=687.

Foreign Trade Zones/Free Ports/Trade Facilitation

Albania has no functional duty-free import zones, although legislation exists for the creation of such. The May 2015 amendments to the Law on the Establishment and Operation of TEDAs created the legal framework to establish TEDAs (a.k.a. free trade zones), defining the incentives for developers investing in the development of these zones and companies operating within the zones. The Ministry of Finance and Economy has announced two investment opportunities that seek private sector developers to obtain, develop, and operate fully serviced areas located in Koplik (61 hectares) and Spitalle (100 hectares). Interested investors and developers can find more information for the development of TEDAs at the following link: <http://aida.gov.al/faqe/zonat-me-zhvillim-teknik-dhe-ekonomik>.

Performance and Data Localization Requirements

Although visa, residence, and work permit requirements are straightforward and do not pose an undue burden on potential investors, the Law on Foreigners requires foreign investors to prove that foreign employees constitute less than 10 percent of the investor's total workforce before a work permit is granted. There is no minimum requirement for domestic content in goods or technology.

According to current legislation in force, companies with sensitive data (primarily in telecommunications, banking, and energy) are not authorized to transfer data abroad. To do so, they must receive approval and fulfill certain security criteria. As such, many companies operating in Albania are returning their data to Albania. The two largest private datacenters in Albania belong to telecom operator Albtelekom and the Albanian Telecommunication Union (ATU).

Protection of Property Rights

Real Property

Protection and enforcement of property rights remain significant challenges for individuals and investors in Albania. Despite recent improvements, procedures are cumbersome, and registrants have complained of corruption during the process. The GOA has drafted and passed property legislation in a piecemeal and uncoordinated way. Reform of the sector has yet to incorporate consolidation of property rights or the elimination of legal uncertainties. According to the EU's 2018 Progress Report, significant progress has yet to be made toward improving the legal framework for registration, expropriation, and compensation of property. As well, the legalization process for illegal construction throughout the country remains far from complete.

Through international donor assistance, the property registration system has improved, but reform is incomplete. Approximately 15 percent of properties nationwide are unregistered, mostly in urban and high-value coastal areas. Albania counts around 4.4 million properties, of which 3.8 million have been registered. Albania has an estimated 440,000 illegal structures, and illicit construction remains a major impediment to securing property titles. A process that aims to legalize or eliminate such structures was begun in 2008, but remains incomplete. The situation has led to clashes between squatters and owners of allegedly illegal buildings and the Albanian State Police during the demolition of such structures.

According to the 2019 World Bank's "Business Report," Albania performed poorly in the property registration category, ranking 98th out of 190 countries. It took an average of 19 days and six procedures to register property, and the associated costs could reach 9.2 percent of the total property value. The civil court system manages property rights disputes, though verdicts can take years and authorities often fail to enforce court decisions.

To streamline the property management process, the GOA in April 2019 established the State Cadaster Agency, which integrated several major agencies responsible for property registration, compensation, and legalization, including the Immovable Property Registration Office (IPRO) and the Office for the Legalization of Illegal Structures (ALUIZNI).

Intellectual Property Rights

Albania is not listed on the United States Trade Representative (USTR) Special 301 Report or Notorious Markets List. However, intellectual property rights (IPR) infringement and theft are common due to weak legal structures and poor enforcement. Counterfeit goods, while decreasing, are present in some local markets, ranging from software to garments to machines. Albanian law protects copyrights, patents, trademarks, stamps, marks of origin, and industrial designs, but significant gaps remain between the law's intent and its enforcement. Regulators are ineffective at collecting fines and prosecutors rarely press charges for IP theft. U.S. companies should consult an experienced IPR attorney and avoid potential risks by establishing solid commercial relationships and drafting strong contracts.

A revised 2016 IPR law aimed to harmonize domestic legislation with EU law to strengthen IPR enforcement and address shortcomings in existing legislation. The main institutions responsible for IPR enforcement include the State Inspectorate for Market Surveillance (SIMS), the Albanian Copyright Office (ACO), the Audiovisual Media Authority (AMA), the General Directorate of Patents and Trademarks (GDPT), the General Directorate for Customs, the Tax Inspectorate, the

Prosecutor's Office, law enforcement, and the courts. The law also stipulated the establishment of three new IPR bodies: The National Council of Copyrights, which is responsible to monitor the implementation of the law; the Agency for the Collective Administration, in charge of IPR administration; and the Copyrights Department within the Ministry of Culture. The Criminal Code was also amended in 2017 to better address copyright infringements.

The SIMS, established in 2016, is responsible to inspect, control, and enforce copyright and other related rights. The Directorate has noted some progress on IPR protection. Yet, despite minor improvements, law enforcement on copyrights remains problematic and copyright violations are rampant. The number of copyright violation cases brought to court remains low.

While official figures are not available, Customs does report the quantity of counterfeit goods destroyed annually. In cases of seizures, the rights holder has the burden of proof and must first inspect the goods before any further action takes place. The rights holder is also responsible for the storage and destruction of the counterfeit goods.

The GDPT is responsible to register and administer patents, commercial trademarks and service marks, industrial designs, and geographical indications. The 2008 law on Industrial Property was amended in 2014 to reflect EU legislation on the matter.

Albania became a contracting party to the World Intellectual Property Organization (WIPO) Patent Law Treaty and a full member of the European Patent Organization in 2010. The government became party to the London Agreement on the implementation of Article 65 of the European Convention for Patents in 2013. In 2018, Parliament approved the 34/2018 law, which ensures Albania's adherence to the Vienna Agreement for the International Classification of the Figurative Elements of Marks.

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at: <http://www.wipo.int/directory/en/>

Resources for Rights Holders

Contact at mission on IP issues:

Jeffrey		D.		Bowan
Economic	and	Commercial		Officer
Phone:	+	355	(0)	4229
E-mail:	BowanjD@state.gov			

Country resources:

American	Chamber	of	Commerce
Address:	Rr. Deshmoret e shkurtit, Sky Tower, kati 11 Ap 3 Tirana, Albania		
Email:	info@amcham.com.al		
Phone:	+355	(0)	4225 9779

Fax: +355
<http://www.amcham.com.al/>

(0)

4223

5350

List of local lawyers: http://tirana.usembassy.gov/list_of_attorneys.html

Financial Sector

Capital Markets and Portfolio Investment

In the absence of a stock market, the country's banking sector remains the main channel for business financing. The sector is sound, profitable, and well capitalized, although the high rate of non-performing loans (NPL) remains a concern. The Bank of Albania's legal measures to address the problem have generated mostly positive results. The banking sector is fully private. It has undergone significant consolidation over the last year, shrinking the number of banks to 12, down from 16 at the beginning of 2018. As of December 2018, the Turkish National Commercial Bank had further consolidated its position as the largest bank, with 28.4 percent of the market, followed by Austria's Raiffeisen Bank, with 15 percent, and Albania's Credins Bank, with 12.9 percent. The share of Greek banks has significantly decreased in recent years due to the departure from Albania of the National Bank of Greece and Greece-based Piraeus Group's Tirana Bank.

The government has adopted policies promoting the free flow of financial resources to promote foreign investment in Albania. The government and Central Bank refrain from restrictions on payments and transfers for international transactions. Despite Albania's shallow FX market, banks enjoy enough liquidity to support sizeable positions. Furthermore, portfolio investments remain limited mostly to company shares, government bonds, and real estate.

Nevertheless, the high rate of non-performing loans and the economic slowdown forced commercial banks to tighten lending standards. After a slight increase in 2017, the stock of loans decreased by 3.3 percent year-on-year in 2018, due also to the 9 percent appreciation of the domestic currency against the euro. The credit market is competitive, but interest rates in domestic currency can be high, ranging from 6 percent to 8 percent. Most mortgage and commercial loans are denominated in euros, as rate differentials between local and foreign currency average 2.5 percent. Commercial banks have improved the quality and quantity of services they offer, and the private sector has benefited from the expansion of these instruments.

Money and Banking System

Albania's banking sector weathered the financial crisis better than many of its neighbors, due largely to a lack of exposure to international capital markets and lack of a domestic housing bubble. The sector has contracted in recent years. In December 2018, Albania had 474 bank branches, down from 552 in 2016. Capital adequacy, at 18.2 percent, remains above Basel requirements and indicates sufficient assets, which in 2018 totaled USD 13.54 billion. At the end of 2018, the return on assets was 1.2 percent. Non-performing loans continued to fall, reaching 11.1 percent at the end of the 2018, down from 13.2 percent compared with 2017, and a significant improvement over 2014, when NPLs stood at 25 percent.

The Bank of Albania has the flexibility to intervene in the currency market to protect exchange rates and official reserves, but not for longer than 12 months. As part of its strategy to stimulate business activity, the Bank of Albania has persistently lowered interest rates, which in June 2018 reached a historic low of 1 percent, down from a rate of 1.25 percent in place since May 2016.

Most banks operating in Albania are subsidiaries of foreign banks, and just two have Albanian shareholders. However, Albanian ownership is expected to increase because of the sector's ongoing consolidation. Foreigners are not required to prove residency status to establish a bank account, aside from the normal know-your-client procedures. However, U.S. citizens must complete a form allowing for the disclosure of their banking data to the IRS as required under the U.S. Foreign Account Tax Compliance Act.

Foreign Exchange and Remittances

Foreign Exchange

The Central Bank of Albania (BOA) formulates, adopts, and implements foreign exchange policies and maintains a supervisory role in foreign exchange activities in accordance with the Law on the Bank of Albania No. 8269 and the Banking Law No. 9662. Foreign exchange is regulated by the 2009 Regulation on Foreign Exchange Activities no. 70 (FX Regulation).

The Bank of Albania maintains a free float exchange rate regime for its domestic currency, the lek. Albanian authorities do not engage in currency arbitrage, nor do they view it as an efficient instrument to achieve competitive advantage. The Bank of Albania does not intervene to manipulate the exchange rate unless required to control domestic inflation, in accordance with the Bank's official mandate. Foreign exchange is readily available at banks and exchange bureaus. However, when exchanging several million dollars or more, preliminary notification may be necessary, as the exchange market in Albania remains small. A 2018 campaign launched by the BOA with a goal to reduce the domestic use of the euro and other foreign currencies has yet to produce tangible results. The campaign is part of a larger reform that aims to improve the effectiveness of domestic economic policies.

Remittance Policies

The Banking Law does not impose restrictions on the purchase, sale, holding, or transfer of monetary foreign exchange. However, local law authorizes the BOA to temporarily restrict the purchase, sale, holding, or transfer of foreign exchange to preserve the foreign exchange rate or official reserves. In practice, the Bank of Albania rarely employs such measures. The last episode was in 2009, when the Bank temporarily tightened supervision rules over liquidity transfers by domestic correspondent banks to foreign banks due to insufficient liquidity in international financial markets. It also asked banks to halt distribution of dividends and use dividends to increase shareholders' capital, instead. The BOA lifted these restrictions in 2010.

The Law on Foreign Investment guarantees the right to transfer and repatriate funds associated with an investment in Albania into a freely usable currency at a market-clearing rate. Only licensed entities (banks) may conduct foreign exchange transfers and waiting periods depend on

office procedures adopted by the banks. Both Albanian and foreign citizens entering or leaving the country must declare assets in excess of 1,000,000 lek (USD 9,000) in hard currency and/or precious items. Failure to declare such assets is considered a criminal act, punishable by confiscation of the assets and possible imprisonment.

Although the Foreign Exchange (FX) Regulation provides that residents and non-residents may transfer capital within and into Albania without restriction, capital transfers out of Albania are subject to certain documentation requirements. Persons must submit a request indicating the reasons for the capital transfer, a certificate of registration from the National Registration Center, and the address to which the capital will be transferred. Such persons must also submit a declaration on the source of the funds to be transferred. In January 2015, The FX Regulation was amended and the requirement to present the documentation showing the preliminary payment of taxes related to the transaction was removed.

Albania is a member of the Council of Europe Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL), a Financial Action Task Force-style regional body. The 2019 INCSR maintains Albania in the “Major Money Laundering Jurisdictions” category following its inclusion for the first time in 2017. The category implies that financial institutions of the country engage in currency transactions involving significant amounts of proceeds from international narcotics trafficking.

Sovereign Wealth Funds

Albania does not have a sovereign wealth fund. A draft law to establish the Albanian Investment Corporation is currently under discussion. The GOA plans to transfer state owned assets, including state-owned land, and provide initial capital to launch the corporation. The corporation would develop, manage, and administer state-owned property and assets as public investments.

State-Owned Enterprises

State-owned enterprises (SOEs) are defined as legal entities, which are entirely state-owned or state-controlled and operate as commercial companies in compliance with the Law on Entrepreneurs and Commercial Companies. SOEs operate mostly in the generation, distribution, and transmission of electricity, oil and gas, railways, postal services, ports, and water supply. There is no published list of SOEs.

No discrimination exists between public and private companies operating in the same sector. The government requires SOEs to submit annual reports and undergo independent audits. SOEs are subject to the same tax levels and procedures, and same domestic accounting and international financial reporting standards, as other commercial companies. The High State Audit is the institution that audits SOE activities. SOEs are also subject to public procurement law.

Albania is yet to become party to the Government Procurement Agreement (GPA) of the World Trade Organization (WTO), but has obtained observer status and is negotiating full accession. However, private companies can compete openly and under the same terms and conditions with respect to market share, products and services, and incentives.

The SOE operation in Albania is regulated by the Law on Entrepreneurs and Commercial Companies, the Law on State Owned Enterprises, and the Law on the Transformation of State-Owned Enterprises into Commercial Companies. The Ministry of Economy and Finance and other relevant ministries covering the sector in which the company operates represent the state as the owner of the SOEs. There are no legal binding requirements for the SOEs to adhere to Organization for Economic Cooperation and Development (OECD) guidelines. However, basic principles of corporate governance are stipulated in the above-mentioned laws and generally accord with OECD guidelines. The corporate governance structure of SOEs includes the supervisory board and the general director (administrator) in the case of joint stock companies. The supervisory board is comprised of 3-9 members, who are not employed by the SOE, two-thirds of whom are appointed by the representative of the Ministry of Economy and Finance, and one-third by the line ministry, local government unit, or institution to which the company reports. The Supervisory Board is the highest decision making authority and appoints and dismisses the administrator for the SOE through a two-thirds vote.

Privatization Program

The privatization process in Albania is nearing conclusion, with just a few major privatizations remaining. Such opportunities include OSHEE, the state-run electricity distributor; 16 percent of Albtelekom, the fixed- line telephone company; and state-owned oil company Albpetrol.

The bidding process for privatizations is public and relevant information is published by the Public Procurement Agency at www.app.gov.al. Foreign investors may participate in the privatization program. No public timelines exist for future privatizations.

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Responsible Business Conduct

Public awareness of corporate social responsibility (CSR) in Albania is low and CSR remains a relatively new concept for much of the business community. The small level of CSR engagement in Albania comes primarily from the energy, telecommunications, heavy industry, and banking sectors, and tends to focus on philanthropy and environmental issues. International organizations have recently improved efforts to promote CSR awareness. Thanks to efforts by the international community and large international companies, the first Albanian CSR Network was founded in March 2013 as a business-led, non-profit organization. The American Chamber of Commerce in Albania also formed a subcommittee in 2015 to promote CSR among its members. The government maintains relatively robust CSR, labor, and employment rights, consumer protection, and environmental protection legislation, but enforcement and implementation is inconsistent.

Albania has been a member of the Extractive Industries Transparency Initiative (EITI) since 2013.

The Law on Commercial Companies and Entrepreneurs outlines generic corporate governance and accounting standards. According to the above-mentioned law and the law on the national business registration center, companies are required to disclose publicly when they change administrators and shareholders and to disclose financial statements.

The Corporate Governance Code for unlisted joint stock companies incorporates the OECD definitions and principles on corporate governance, but is not legally binding. The code provides guidance for Albanian companies and aims to provide a best-practice framework above the minimum legal requirements, while assisting Albanian companies to develop a governance framework.

Corruption

Corruption is a continuing problem in Albania, undermining the rule of law and jeopardizing economic development. Albania ranked 99th out of 180 countries in Transparency International's 2018 Corruption Perceptions Index (CPI). Despite some improvement in the index from 2013 and 2014, progress in tackling corruption has been slow and unsteady. Albania remains one of the most corrupt countries in Europe, according to the CPI. The passage by Parliament of constitutional amendments in July 2016 to reform the judicial system was a major step forward, and reform, once fully implemented, is expected to position the country as a more attractive destination for international investors.

Judicial reform has been described as the most significant developments in Albania since the end of communism, and nearly one-third of the constitution was rewritten as part of the effort. The reform also entails the passage of laws to ensure implementation of the constitutional amendments. Judicial reform's vetting process will ensure that prosecutors and judges with unexplained wealth, insufficient training, or those who have issued questionable past decisions are removed from the system. The reform is also establishing an independent prosecutor and a specialized investigation unit to investigate and prosecute corruption and organized crime. Once fully implemented, judicial reform will discourage corruption, promote foreign and domestic investment, and allow Albania to compete more successfully in the global economy.

UN Anticorruption Convention, OECD Convention on Combatting Bribery

The government has ratified several corruption-related international treaties and conventions and is a member of major international organizations and programs dealing with corruption and organized crime. Albania has ratified the Civil Law Convention on Corruption (Council of Europe), the Criminal Law Convention on Corruption (Council of Europe), the Additional Protocol to Criminal Law Convention on Corruption (Council of Europe), and the United Nations Convention against Corruption (UNCAC). Albania has also ratified several key conventions in the broader field of economic crime, including the Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime (2001); and the Convention on Cybercrime (2002). Albania has been a member of the Group of States against Corruption (GRECO) since the ratification of the Criminal Law Convention on Corruption, in 2001, and is a member of the

Stability Pact Anti-Corruption Network (SPAI). Albania is not a member of the OECD Convention on Combating Bribery of Foreign Public Officials in international Business Transactions.

Resources to Report Corruption

In an effort to curb corruption, the government announced a new platform in 2017, "[Shqipëria qe Duam](#)" – "The Albania We Want," which invites citizens to submit complaints and allegations of corruption and misuse of office by government officials. The platform has a dedicated link for businesses. The Integrated Services Delivery Agency (ADISA), a government entity, provides a second [online portal](#) to report corruption.

Political and Security Environment

While political violence is rare, political protests in 2019 have included instances of civil disobedience, low-level violence, and the use of tear gas by police. Albania's June 2017 elections and transition to a new government were peaceful. On January 21, 2011, security forces shot and killed four protesters during a violent political demonstration. In its external relations, Albania remains a source of stability in the region and maintains generally friendly relations with neighboring countries.

Labor Policies and Practices

Albania's labor force numbers around 1.2 million people, according to official data. After peaking at 18.2 percent in the first quarter of 2014, the official estimated unemployment rate has decreased in recent years, falling to 12.3 percent in December 2018. However, unemployment among persons aged 15-29 remains high, at 23 percent. Around 40 percent of the population is self-employed in the agriculture sector. Informality remains widespread in the Albanian labor market. A 2016 International Labor Organization (ILO) report on the informal economy showed that informal employment constituted 32 percent of the labor market in Albania excluding the agriculture sector.

The institutions that oversee the labor market include the Ministry of Finance, Economy, and Labor; the Ministry of Health and Social Protection; the National Employment Service; the State Labor Inspectorate; and private actors such as employment agencies and vocational training centers. Albania has adopted a wide variety of regulations to monitor labor abuses, but enforcement remains weak due to persistent informality in the work force.

Outward labor migration remains an ongoing problem affecting the Albanian labor market. For example, recent media reports say a significant number of doctors and nurses have emigrated to Europe, mostly to Germany. In December 2018, the average public administration salary was approximately 63,276 Albanian lek (approximately USD 575) per month. The GOA increased the national minimum wage in January 2019 to 26,000 lek per month (approximately USD 225), but it remains the lowest in the region.

While some in the labor force are highly skilled, many work in low-skill industries or have outdated skills. The government provides fiscal incentives for labor force training for the inward processing industry, which in Albania includes the footwear and textile sectors. The National Employment Service provided training and internship opportunities to 8,500 registered job seekers in 2018. It also promotes self-employment through the establishment of new businesses. In March 2019, Parliament approved a new law on employment promotion, which defined public policies on employment and support programs. Albania has a tradition of a strong secondary educational system, while vocational schools are viewed as less prestigious and attract fewer students. However, the government has more recently focused attention on vocational education. In 2018, 20.5 percent of high school pupils were enrolled in vocational schools, compared with 15.7 percent in 2013.

Law 108/2013 of 2013, “On Foreigners,” and various decisions of the Council of Ministers regulate the employment regime in Albania. The law limits to 10 percent the number of foreigners hired by employers in Albania. However, employment can be regulated through special laws in the case of specific projects, or to attract foreign investment, and wages and training costs may be tax deductible. The law on Free Trade Zones also provides fiscal incentives for labor taxes in case of investments in the zone.

The Labor Code includes rules regarding contract termination procedures that distinguish layoffs from terminations. Employment contracts can be limited or unlimited in duration, but typically cover an unlimited period if not specified in the contract. Employees can collect up to 12 months of salary in the event of an unexpected interruption of the contract. Unemployment compensation makes up around 50 percent of the minimum wage.

Pursuant to the Labor Code and the recently amended “Law on the Status of the Civil Employee,” both individual and collective employment contracts regulate labor relations between employees and management. While there are no official data recording the number of collective bargaining agreements used throughout the economy, they are widely used in the public sector, including by state-owned enterprises. Albania has a labor dispute resolution mechanism as specified in the Labor Code, but the mechanism is considered weak.

Albania has been a member of the International Labor Organization since 1991 and has ratified 54 out of 189 ILO conventions, including the entire set of fundamental and governance conventions. The implementation of labor relations and standards remains a challenge according to the ILO. Furthermore, labor dialogue has suffered from the 2017 division of the Ministry of Labor and Social Protection into two different institutions.

U.S. Department of State Human Rights Report: <https://www.state.gov/reports-bureau-of-democracy-human-rights-and-labor/country-reports-on-human-rights-practices/>

U.S. Department of Labor Child Labor Report: <http://www.dol.gov/ilab/reports/child-labor>

OPIC and Other Investment Insurance Programs

The Overseas Private Investment Corporation (OPIC) signed an agreement with Albania in 1991. Albania has also ratified the World Bank’s Multilateral Investment Guarantees Agency (MIGA) Convention. Both instruments provide investment guarantees against certain non-commercial risks (i.e., political risk insurance) to eligible foreign investors for qualified investments in developing member countries. MIGA’s coverage covers the following risks: currency transfer restriction, expropriation, breach of contract, war, terrorism, civil disturbance, and failure to honor sovereign financial obligations. MIGA and OPIC often cooperate on projects.

For more information on OPIC please see: <http://www.opic.gov/>

For more information on MIGA, please see: <http://www.miga.org/>

Foreign Direct Investment and Foreign Portfolio Investment Statistics

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

Economic Data	Host Country Statistical Source*		USG or International Statistical Source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) (\$M USD)	2017	\$13,039	2017	\$13,039	www.worldbank.org/en/country

Foreign Direct Investment	Host Country Statistical Source*	Country	USG or International Statistical Source	USG or International Statistical Source	USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in partner country (\$M USD, stock positions)	2017	\$89	2017	\$56	BEA
Host country's FDI in the United States (\$M USD, stock positions)	2017	N/A	2017	\$0	BEA
Total inbound stock of FDI as % host GDP	2017	55.4%	2017	55.4%	UNCTAD

* Source for Host Country Data: Bank of Albania (<http://www.bankofalbania.org/>), Albanian Institute of Statistics (<http://www.instat.gov.al/>), Albanian Ministry of Finances (<http://www.financa.gov.al/>)

Table 3: Sources and Destination of FDI

Direct Investment from/in Counterpart Economy Data

From Top Five Sources/To Top Five Destinations *(US Dollars, Millions)*

Inward Direct Investment

Outward Direct Investment

Inward Direct Investment			Outward Direct Investment		
Total Inward	\$6,739	100%	Total Outward	\$471	100%
Greece	\$1,279	19%	Kosovo	\$314	66.6%
Switzerland	\$1,066	15.8%	Italy	\$137	29%
Canada	\$1,051	15.5%	U.S.A.	\$9	1.9%
Netherlands	\$944	14%	Netherlands	\$2	0.4%
Turkey	\$508	7.5%	Germany	\$2	0.4%

“0” reflects amounts rounded to +/- USD 500,000.

Table 4: Sources of Portfolio Investment

Portfolio Investment Assets

Top Five Partners (Millions, US Dollars)

Total			Equity Securities			Total Debt Securities		
All Countries	\$814	100%	All Countries	\$38	100%	All Countries	\$776	100%
Turkey	\$258	32%	Turkey	\$17	46%	Turkey	\$241	44.4%
Czech Rep.	\$101	12%	Netherlands	\$8	22%	Czech rep.	\$101	14.76%
Italy	\$89	11%	Canada	\$8	22%	Italy	\$89	12.53%

Germany	\$67	8%	Bahamas	\$2	5%	Germany	\$67	9%
Poland	\$37	5%	U.S.A.	\$2	5%	Poland	\$37	2.78%

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Trade & Project Financing

Methods of Payment

Trade financing options for imports to Albania have improved in recent years as the banking sector has further developed. The most commonly used international payment mechanisms to facilitate transactions include letters of guarantee and letters of credit, which are available through local banks.

Bank-to-bank trade financing alternatives can be structured with or without a letter of credit. Many importers regularly receive goods under a short-term supplier credit agreement. Importers are free to arrange payments through long-term supplier loans when making larger purchases. For transactions abroad, the most preferred forms of payment are letters of credit or payments in advance. The U.S. Export-Import Bank (Ex-Im) provides insurance policies to U.S. exporters to allow more flexible payment terms.

In August 2018, S&P affirmed Albania's rating at B+/B with a stable outlook, while in September 2018, Moody's maintained its rating for Albania's government debt obligations at B1 with a stable outlook. Collection agencies have been established in recent years, including Tranzit Finance, a non-banking financial institution controlled by U.S.-based NCH Capital.

Banking Systems

The banking sector is regulated by Law 9662, "On Banks in the Republic of Albania." The law defines guidelines to ensure sound management and administrative procedures for domestic and foreign banks. The banking sector is fully private and includes 14 operational banks, down from 16 in 2018. The Turkish National Commercial Bank commands a 31% market share, trailed by Austria-based Raiffeisen Bank with 16%, and local bank Credins with 14%. The market share of Greek banks decreased to 5.6% at the end of 2018, down from more than 15% in recent years. The American Bank of Investments (ABI Bank), owned by New York-based NCH Capital Group, is the only U.S. private capital firm in Albania's bank sector. ABI Bank acquired the National Bank of Greece in early 2018. Hungary's OTP Bank Group, one of the largest independent financial service providers in central and eastern Europe, completed the purchase of Societe General Albania in 2019, and has expressed plans to expand further in Albania.

The banking sector remains well capitalized, profitable, and liquid. In 2018, profits reached around \$82 million, with 17.9 capital adequacy ratio, 1.2% return on assets, and 13% return on equities. At the end of 2018, total bank sector assets reached \$12.7 billion, mostly bank deposits.

As of March 2019, the number of bank outlets nationwide decreased to 425 compared with 474 at the end of 2018, due largely to mergers and acquisitions. Non-performing loans continued to fall in 2018, reaching 11.1% in December 2018 compared with 13.2% in 2017. The stock of outstanding loans, particularly to the private sector, contracted due chiefly to the appreciation of the domestic currency. However, capital adequacy, at 17.9%, remains above Basel requirements.

The regulatory framework aligns with international practice. The Bank of Albania (BOA) has tightened supervision rules over banks because of the global financial crisis and the risks of contagion posed by regional banks.

There are 31 non-banking financial institutions and 14 savings and loan associations in Albania. These institutions target medium-sized businesses that are not primarily served by the commercial banking sector. They offer loans from USD 1,000 to USD 500,000. A detailed list can be found [here](#).

Foreign Exchange Controls

There are no foreign exchange controls in Albania. The Bank of Albania is entitled to impose exchange restrictions for payments and transfers for capital account transactions. Such restrictions can be introduced

for a period not to exceed 12 months and extended for a similar period. In 2009, the BOA amended the Regulation of Foreign Exchange Controls, which does not include any restriction over international financial remittances. The export of hard currency by commercial entities, including juridical persons and sole traders, must be done through bank transfers.

Repatriation of income (dividends, royalties, and consultancy services) is allowed if no tax liabilities are outstanding in Albania. Transfers of current international payments (imports of goods and services, transportation, interest and principal payments, and other purposes defined in the regulation) must be supported by documentation such as invoices, certificates, or transport documents, to the transferring bank. There is a limit of USD 8,000 of hard currency and other assets that can be carried across border checkpoints. Violation of the rule is subject to penal charges.

US Banks & Local Correspondent Banks

The American Bank of Investments is majority owned by NCH Capital, a significant investor in eastern Europe. Many banks in Albania may have U.S. correspondent banks and some U.S. banks may have correspondent relations with more than one bank in Albania. Since banking relationships may change quickly, the best source of current information on correspondent banking arrangements is the banks themselves. Contact information for all banks in Albania can be found on the Bank of Albania website: [List of Licensed Banks in Albania](#)

Project Financing

In the absence of a stock market, the banking sector remains the primary channel for project financing. The entrance of large European banks in recent years has strengthened competition and improved the intermediation role of the banking system as a primary developer of the economy.

Multilateral Development Banks

The U.S. Commercial Service maintains Commercial Liaison Offices in each of the main Multilateral Development Banks, including the European Bank for Reconstruction and Development and the World Bank. These institutions lend billions of dollars in developing countries on projects aimed at accelerating economic growth and social development by reducing poverty and inequality, improving health and education, and advancing infrastructure development. The Commercial Liaison Offices help American businesses learn how to get involved in bank-funded projects, and advocate on behalf of American bidders. Learn more by contacting the Commercial Liaison Offices to the [European Bank for Reconstruction and Development](#) and the [World Bank](#).

World Bank:

Albania has received World Bank assistance across a range of sectors since becoming a member in 1991. World Bank total commitment to Albania, as of May 2019, is estimated at USD 2.82 billion across 124 projects. The World Bank currently has 11 active projects in Albania, including in energy, transport, water, business, environment, agriculture, and community development.

In 2015, the World Bank signed the 2015-2019 Country Partnership Framework (CPF) with Albania, which proposed to lend up to USD 1.2 billion over a five-year period aimed at supporting Albania's goal to achieve equitable growth and accede to the European Union.

From more information, please visit the [World Bank's website](#).

International Finance Corporation:

The International Finance Corporation (IFC) serves as the private sector "window" of the World Bank and offers a full range of financial products and services to companies in developing member countries. These services include long-term loans, equity investments, quasi-equity instruments, guarantees and standby financing, and risk management (intermediation of currency and interest rate swaps, and provision of hedging facilities).

IFC's advisory services in Albania operate with the aim of improving the country's investment climate, bettering the performance of private sector companies, increasing access to finance, and attracting private sector participation in development of infrastructure projects.

For more information, please visit the IFC [website](#).

European Bank for Reconstruction and Development:

The European Bank for Reconstruction and Development (EBRD) offers financial products including loans, equity, and trade guarantees. EBRD tailors financial products for public and private-sector clients, with a focus on private-sector development in Albania.

As of May 2019, cumulative investment by the EBRD in Albania reached \$1.287 billion for 87 projects, chiefly in the infrastructure, energy, financial, industry, commerce, and agribusiness sectors.

The U.S. Commerce Department is represented at EBRD headquarters; for EBRD procurement, opportunities please visit the following [website](#).

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For EBRD in Albania, please visit the [EBRD website](#).

Business Travel

Business Customs

Albania is a relationship-oriented society that places a premium on friendship, hospitality, and trust. Business discussions are usually preceded by a series of questions concerning health, family, and the general well-being of the parties. Business meetings often take place over coffee, and the time spent partaking in such is considered important to the business relationship and should not be discounted. Albanians frequently exchange gifts.

Appointments should be made in advance of a business visit and exchange of business cards is common. Most Albanian businesspeople speak at least one foreign language, the most common being English and Italian. Computer usage is extensive, and most businesspeople use e-mail and the internet. Summer holidays typically take place in July and August and it can be difficult to reach company personnel during this period.

Business dress is recommended when meeting with government officials. Smart business casual is appropriate for meetings with businesspersons and visits to local companies.

Travel Advisory

Business travelers to Albania should remember that the country's transportation network is limited. Despite recent infrastructure improvements in major traffic corridors, roads in rural areas are often in poor condition. Drivers are aggressive and frequently disregard traffic laws.

Traveling at night outside urban areas is not recommended due to poor road conditions and a lack of adequate street lighting. Rail service is extremely limited and not recommended, as rails and rolling stock is in poor condition. Tirana's international airport serves the entire country.

As in any country, travelers should take precautions to ensure their personal safety while travelling. Please refer to the [State Department's Consular Information Sheet for Albania](#).

Visa Requirements

U.S. citizens do not require a visa for stays of less than one year in Albania.

Stays of more than one year require a residence permit. Please visit the [website of the U.S. Embassy in Tirana](#) for instructions on how to apply for a residence permit.

U.S. Companies that require travel by foreign businesspersons to the United States should be advised that security evaluations are handled through an interagency process. Visa applicants should visit the following links:

[Travel.state.gov \(the U.S. State Department\)](#)

[U.S. Embassy Tirana, Albania](#)

Currency

The national currency is the Albanian lek (ALL). Albania has adopted a free-floating exchange rate regime since 1992. The Bank of Albania publishes the value of the Albanian currency against foreign currencies. For daily official exchange rates, please visit the [website of the Bank of Albania](#).

Telecommunications/Electronics

Cellular phones are widely used in Albania. Three companies currently offer mobile services: Telecom Albania, Vodafone, and Eagle Mobile. All three companies offer 4G. Triple band cell phones (like Treo, Handspring, Blackberries, etc.) can be used in Albania, but since roaming charges are expensive, it is recommended to use prepaid cards offered by local carriers.

Albania's voltage is 220V and plugs and sockets are those of European types C and F.

Albania's country code is +355, followed by the local land line or cellular phone number.

Transportation

Tirana International Airport Mother Theresa (TIA) is Albania's only airport and provides flights to major European destinations. Air carriers that operate at TIA can be found at [TIA's website](#).

There are no direct flights from the United States to Albania, and major European transfer points to Albania include Istanbul, Vienna, Frankfurt, Munich, and Rome. Public transportation is limited in Albania and most business travelers will want to travel by taxi or hire a car and driver for the duration of their visit. Avis, Hertz and other rental car companies offer services in Albania. A taxi from Mother Teresa International Airport to the center of Tirana costs approximately USD 20. For longer periods of travel or standby use, a car and driver can be rented for approximately USD 5-8 per hour.

Major taxi companies in the capital include:

[Green Taxi](#)

[Merr Taxi](#)

[Speed Taxi](#)

[City Taxi](#)

Language

The national language of Albania is Albanian. Many Albanians speak at least one foreign language, including, most commonly, English and Italian. Albania has a large pool of well-trained and talented linguists who can serve as translators and interpreters. Translators generally charge approximately USD 100-200 per day.

Health

The quality of medical care at private hospitals and clinics in Tirana has improved in recent years, but does not yet meet western standards. Medical care outside the capital is limited because of a lack of medical specialists, diagnostic aids, medical supplies, and prescription drugs. Tirana has four main private hospitals that offer modern facilities and a full range of services, including the American Hospital, Hygeia Hospital, German Hospital, and Albanian-Italian Salus Hospital.

Travelers with previously diagnosed medical conditions should consult their physician before traveling to Albania. As prescription drugs may be unavailable locally, travelers may also wish to bring extra supplies of required medications.

U.S. medical insurance plans rarely covers health costs incurred outside the United States unless supplemental coverage is purchased.

The local emergency phone number is 127. Limited ambulance service is available, but response times are often long, even in urban areas. In rural areas, response times are even longer. The number to dial police is 129, while the number for traffic police is 126.

For more information, please visit the following web sites:

[U.S. Passports & International Travel](#)

[U.S. Embassy in Albania – Medical Assistance](#)

Resources:

[Spitali Amerikan](#)

[Hygeia Group](#)

[German Hospital](#)

[Salus](#)

Local Time, Business Hours and Holidays

EST +6

GMT +1

Most Albanian businesses are open Monday to Friday from 8 a.m. to 5 p.m., and occasionally open on Saturday. There is no legislation regulating shop hours and many shops are open seven days a week into late evening.

Government offices generally operate Monday to Friday from 8 a.m. to 4:00 p.m., and during the summer from Monday to Friday from 8 a.m. to 4:30 and Friday from 8 a.m. to 2 p.m.

The U.S. Embassy will observe the following Albanian and U.S. holidays in 2019:

January 1 New Year's Day (Albania/U.S. Holiday)

January 2 New Year's Day

January 21	Martin Luther King Day (U.S. Holiday)
February 18	President's Day (U.S. Holiday)
March 14	Summer Day
March 22	Nevruz Day
April 21	Catholic Easter
April 28	Orthodox Easter
May 1	May Day
May 27	Memorial Day (U.S. Holiday)
June 4*	Big Bajram
July 4	Independence Day (U.S. Holiday)
August 11*	Small Bajram
September 2	Labor Day (U.S. Holiday)
September 5	Mother Teresa Day
October 14	Columbus Day (U.S. Holiday)
November 11	Veteran's Day (U.S. Holiday)
November 28	Thanksgiving (U.S. Holiday)
November 28	Albanian Independence Day
November 29	Albanian National Liberation Day
December 25	Christmas Day (Albania/U.S. Holiday)

When an authorized American holiday falls on a Sunday, the embassy is closed the following Monday. When such a holiday falls on a Saturday, the embassy is closed the preceding Friday.

When an authorized Albanian holiday falls on a Saturday or Sunday, the office is closed the following workday in accordance with local custom.

*The dates of the Muslim holidays of Big Bajram (Eid al-Fitr) and Small Bajram (Eid al-Adha) are subject to the lunar calendar and may change.

Temporary Entry of Materials or Personal Belongings

According to Albanian customs regulations, temporary entry of materials and personal belongings is allowed only after submission of the following documents, in addition to an employment contract of more than one year. Only one shipment is allowed under this category:

- Request signed by the applicant (in Albanian) and submitted to the Tirana Directory of Customs requesting duty free import of belongings;
- Photocopy of applicant's passport (notarized);
- Employment confirmation letter from the applicant's employer;

- Photocopy of the employment contract (from which the applicant may delete any confidential information);
- Photocopy of a residential lease contract in Albania (notarized);
- Photocopy of a residence permit in Albania (notarized), and;
- The packing list

Travel Related Web Resources

[U.S. Passports & International Travel](#)

[U.S. Department of State – Bureau of Consular Affairs, Visas](#)

[U.S. Embassy Tirana, Albania](#)