Albania

Post: Rome

Doing Business in Albania

Report Categories:
Exporter Guide

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Report Highlights:
The Republic of Albania is a small former Communist nation situated on the Strait of Otranto which acts as a gateway between Western and Eastern Europe. While one of Albania’s priorities is to join the EU and NATO, they are already members of the Central European Free Trade Agreement (CEFTA), and the WTO.
With the fall of communism throughout Eastern Europe, Albania has slowly started to reap the benefits of a hard earned democracy. The Republic of Albania may still have a very long way to go but seems to be slowly working towards improving its’ economy, poor infrastructure, rampant corruption, and high unemployment rate.

Total estimated population in 2007 was 3.18 million of which over 90 percent are ethnic Albanian. The official language is Albanian (however many also speak Italian). Religions include Muslim (Sunni and Bektashi), Albanian Orthodox, and Roman Catholic. The average age in Albania is 28, with over 65 percent of the population between the ages of 15 and 64.

Albania is located on the Strait of Otranto (separating the Adriatic and Ionian seas) and acts as a gateway between Western and Eastern Europe.

The ruling Democratic Party in Albania is led by Prime Minister Sali Berisha, and the next Parliamentary elections are scheduled for June 2009. One of Albania’s priorities is to join the EU and in doing so signed in 2006 the Stabilization and Association Agreement with the European Union. Albania is also waiting for membership in the North Atlantic Treaty Organization (NATO). Albania is already a member of the Central European Free Trade Agreement (CEFTA), and the WTO.
Albania’s Economy

According to the World Bank, Albania is one of the poorest countries in Europe, with an estimated per capita income of U.S. $6,400 in 2008. The official unemployment rate is 13.5 percent, while 18.5 percent of the population lives below the poverty line. 60 percent of the Albanian population is employed in the agricultural sector.

Albania is an import-oriented economy, and its’ trade balance certainly proves this. In 2007 Albania’s trade balance was $4.844 billion in imports, and $1.416 billion in exports. While trade with EU countries accounts for 69.3 percent, their main trading partners are Italy and Greece. In 2007, the U.S. accounted for an insignificant share of Albania’s trade volume. The bilateral trade base is quite low and focuses primarily on a narrow range of goods and products. In 2007, imports from the U.S. declined by 28.7 percent compared to the same period of 2006 while exports increased by 107 percent. Agricultural products and metal products are the main exports to the U.S. (Please refer to the BICO spreadsheets at the end of the report).

Albania’s main exports are textile and footwear products, construction products, metals and minerals, food and agricultural products. Imports are mainly machinery and equipment followed by agricultural products, construction materials and metals.

Official GDP
$23.07 billion
Albania has a large gray economy that may be as large as 50% of the official GDP.

**Per Capita GDP**

$6,400

**Total Exports**

$1.416 billion

**Total Imports**

$4.844 billion

**Population**

3,619,778 (July 2008 est.)

**Total Labor Force**

1.09 million

**Labor Force Employed in Agriculture:**

60%

**Unemployment Rate**

13.5%

**Exchange Rate**

Albanian Leke per 1 U.S. dollar:

- 79.546 (2008)
- 92.668 (2007)
- 98.384 (2006)
- 102.649 (2005)

**Albania's Agriculture**

Albania is a small country with a total area of 28,750 square kilometers, 24 percent of which is dedicated to agriculture, 36 percent forests and 15 percent pastures. The World Bank reports that there is growth potential in the agro-food sector with recent investments in the flour industry, production of fruit juices, meat processing and fruit and vegetable conserve industries. The food industry covers 17.3 percent of the agricultural sector compared to just 1.1 percent of the fishery, 37.4 percent of the livestock and 44.2 percent of plants. Recent developments show that Albanian farmers are shifting towards greenhouse vegetables, fruit trees and animal products while the cultivation of cereals is in decline.

**Specific Agricultural Sectors**

**Milk Processing**

Latest statistics show that there are about 380 milk processing companies present in Albania which account for 19 percent of the entire agro processing industry in country.

**Fisheries**

The fish processing industry has shown potential through the years and has expanded tremendously. Latest statistics report that there are presently 27 companies and 5 fish canning operations in Albania. Due to modern technology and high product standards, most of the production is export oriented. At sea fishing accounts for about 80 per cent of total production, even though there are a few fish and shellfish breeding farms.

**Grain and Flour**
Most of Albania’s grains are imported. On average Albania consumes 800,000 tons of grain per year. The local industry processing industry produces on average about 250,000 tons of grain per year. There are small mills located in Albania that process locally produced grain.

**Edible Oils**

Annual consumption of vegetable oil in Albania is estimated at 45,000 tons. There are a few Albanian and foreign companies presently operating in the refining and bottling of imported crude vegetable oil. There is however potential in olive tree plantations which cover more than 110,000 acres with some 4.092 million olive trees. Annual olive oil consumption in Albania is around 4,000 tones.

**Vegetables and Fruits**

Albania’s production of greenhouse vegetables is increasing. Main vegetables produced are cucumbers and tomatoes which account for more than 80 per cent of total vegetable production. Winter season vegetables cultivated include lettuce, spinach, carrot and cauliflower. Estimates report that there are 4.9 million fruit trees in Albania, including citrus, grape and cherry plums. Most of the production goes into the agro processing industry. Main products include jams, marinated vegetables and stewed fruits.

**Medicinal Herbs**

Albania has always had a significant herb and spice industry, with a production of sage and oregano. They are however lacking a domestic processing and packaging industry.

**Processed Foods**

Albania produces both semi finished (e.g. frozen, dried and concentrate), and finished products (i.e. canned and preserved). The processed food and beverage sectors account for 10 percent of Albania’s exports. Albania mainly exports processed food to Italy, Greece, Germany, France and the U.S.

**Market Entry Strategy**

To enter the Albanian market it is strongly recommended that companies find an agent and/or local distributor. The American Chamber of Commerce in Tirana, local chambers of commerce and industry, and the Albanian government agency for foreign investment promotion can provide assistance and guidance in finding an agent. Information and access to markets can be very difficult without local representatives who will have contacts and know-how to do business in this small-but-complex market. Before investing or establishing economic ties in Albania, it would be best to visit the country first.

U.S. companies seeking to market and distribute their goods can easily find merchants, agents, middlemen, wholesalers and retailers. While distribution channels are in place they are certainly less sophisticated than in other European markets. Private companies dominate the retail industry and many of the shops carry Italian and Greek goods. Fruits and vegetables are typically sold at open-air, non-refrigerated public markets. Consumer-oriented trade shows are an important part of the retail scene.

Liquidity is presently a major problem within the Albanian economy. Therefore, with some exceptions, for advance payments confirmed letters of credit by foreign banks are highly recommended. Local consulting offices or law firms, local banks and other professional organizations may be helpful in determining the credibility of a potential business partner.

Goods can enter Albania both via land and sea, with major sea ports in Durres and Vlora. Foreign companies also use the sea ports of Thessalonica and Piraeus, Greece, and Bari and Brindisi, Italy.
**Import Tariffs**

Albania enjoys a liberal trade regime, and as of December 2006, most of the agricultural products originating from EU countries face a zero tariff rate. Those products excluded from zero tariff rate consideration can benefit from tariff quotas or annual tariff reductions to reach a zero tariff rate. The maximum rate of 15 percent is applied to products such as textiles, jewelry, and some luxury food products.

In Albania there are six basic custom rates for imports depending on product type: zero percent, two percent, five percent, six and a half, ten percent, and 15 percent.

Albania has a Value Added Tax (VAT) of 20 percent. For imports to Albania, the VAT is assessed on the CIF (cost, insurance and freight) value of the goods plus the duty. Import regulations are generally numerous and not available in English. In order to learn about customs duties, taxes, and quality requirements for a specific product, U.S. exporters can contact freight forwarders or business consultants in Albania.

For custom tariffs and excise tax levels please visit the Albanian general Customs Administration at [http://www.dogana.gov.al/](http://www.dogana.gov.al/)

**Import Requirements and Documentation**

In order to export products to Albania, the following documentation is required:

1. Certificate of quality of goods
2. Certificate of analysis of goods
3. Certificate of origin of goods

Importers must fill out a Declaration Form of Goods for selling goods in Albania. The Albanian Customs officers examine the form (physical control or check of the document) and then accept the Declaration Form. Payment of customs duties is based upon the amount calculated by the Customs authority, and Customs officials must perform a physical inspection of the merchandise prior to releasing it.

**Labeling and Marking Requirements**

According to the Council of Ministers’ Decision No. 604, November 17, 2000, labels must contain information that conforms to international standards. Labels must be printed in a language that most Albanians can understand (such as Albanian, Italian, or English). On July 2003, the Albanian government passed additional legislation requiring that all imported food products have labels in Albanian. These labels must contain a general description of the product, including the date of production and the date of expiry.

**Product Certification**

Product certification is done on a voluntary basis, unless specifically provided otherwise by Albanian law. Most legal product certifications concern sanitary characteristics of foodstuffs and medicine. As of today, Albania does not have any Mutual Recognition Agreements with any U.S. organizations.
**VISA Requirements**

All travelers entering or exiting Albania must have six months or more validity on their passport. U.S. citizens do not have to obtain a Visa prior to entering Albania. An entry stamp will be issued at the point of entry that is valid for a stay of up to 90 days for a fee of ten Euros. For stays exceeding 90 days, those interested must apply for a Residency Permit at the police station with jurisdiction over the city of residence.

**Local Time, Business Hours, and Holidays**

The time in Albania is one hour ahead of Greenwich Time and 6 hours ahead of the East Coast of the United States (Eastern Standard Time).

Most Albanian businesses are open Monday through Friday from 8 a.m. to 5 p.m. and occasionally open on Saturday mornings.

Government offices generally operate Monday through Thursday from 8 p.m. to 6 p.m. and on Friday from 8 a.m. to 2 p.m. There is no legislation regulating shop hours and many shops are open seven days a week.

**U.S. AG, Fish & Forestry Exports to Albania**
<table>
<thead>
<tr>
<th>PRODUCT</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>RICE</td>
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<td>0</td>
<td>0</td>
<td>0</td>
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</tr>
<tr>
<td>SUGAR</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>-</td>
</tr>
<tr>
<td>SUGAR, SWEETENERS &amp; BEVERAGE RATES</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>-</td>
</tr>
<tr>
<td>OTHERS</td>
<td>46</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>TOTAL</td>
<td>4,338</td>
<td>33</td>
<td>215</td>
<td>160</td>
<td>226</td>
<td>6.70</td>
</tr>
<tr>
<td>WHEAT</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>-</td>
</tr>
<tr>
<td>SOYBEAN MEAL</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>-</td>
</tr>
<tr>
<td>SOYBEAN OIL</td>
<td>188</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>-</td>
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<tr>
<td>FEED &amp; FODDER (EXCL PET FOODS)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>-</td>
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<tr>
<td>LIVE ANIMALS</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>PLANTING SEEDS</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<td>0</td>
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<tr>
<td>SUGAR, SWEETENERS &amp; BEVERAGE RATES</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>-</td>
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<tr>
<td>OTHERS</td>
<td>188</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>-</td>
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<tr>
<td>TOTAL</td>
<td>1,236</td>
<td>33</td>
<td>215</td>
<td>160</td>
<td>226</td>
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<tr>
<td>TOTAL</td>
<td>5,574</td>
<td>33</td>
<td>215</td>
<td>160</td>
<td>226</td>
<td>6.70</td>
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<tr>
<td>TOTAL</td>
<td>6,810</td>
<td>33</td>
<td>215</td>
<td>160</td>
<td>226</td>
<td>6.70</td>
</tr>
</tbody>
</table>

**NOTES:**
* Denotes highest export levels since at least CY 1970

**SOURCE:** U.S. BUREAU OF THE CENSUS TRADE DATA

**FOR MORE INFORMATION VISIT THE FAS WEBSITE: FAS.USA.GOV**

**U.S. AG, Fish**
<table>
<thead>
<tr>
<th>Product</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>% Change</th>
</tr>
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<tbody>
<tr>
<td>Bulk Agricultural Total</td>
<td>75</td>
<td>99</td>
<td>264</td>
<td>175</td>
<td>166</td>
<td>8</td>
<td>41%</td>
<td>159.81</td>
</tr>
<tr>
<td>Tea (incl. Herb Tea)</td>
<td>79</td>
<td>99</td>
<td>264</td>
<td>170</td>
<td>166</td>
<td>8</td>
<td>41%</td>
<td>159.81</td>
</tr>
<tr>
<td>Intermediate Agricultural Total</td>
<td>512</td>
<td>485</td>
<td>554</td>
<td>405</td>
<td>1,083</td>
<td>22</td>
<td>44%</td>
<td>103.70</td>
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<tr>
<td>Other Vegetable Oils</td>
<td>32</td>
<td>40</td>
<td>76</td>
<td>112</td>
<td>52</td>
<td>0</td>
<td>0</td>
<td>-</td>
</tr>
<tr>
<td>Feeds &amp; Fodders (Excl. Pet Foods)</td>
<td>18*</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>-</td>
</tr>
<tr>
<td>Essential Oils</td>
<td>218</td>
<td>107</td>
<td>262</td>
<td>36</td>
<td>164</td>
<td>0</td>
<td>0</td>
<td>-</td>
</tr>
<tr>
<td>Other Intermediate Products</td>
<td>235</td>
<td>295</td>
<td>277</td>
<td>253</td>
<td>877</td>
<td>22</td>
<td>44%</td>
<td>103.70</td>
</tr>
<tr>
<td>Consumer-Oriented Agricultural Total</td>
<td>3,060</td>
<td>4,497</td>
<td>3,922</td>
<td>3,815</td>
<td>6,321*</td>
<td>249</td>
<td>381</td>
<td>44.90</td>
</tr>
<tr>
<td>Processed Fruit &amp; Vegetables</td>
<td>6</td>
<td>10</td>
<td>30</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>-</td>
</tr>
<tr>
<td>Wine and Beer</td>
<td>10</td>
<td>10</td>
<td>50</td>
<td>94</td>
<td>50</td>
<td>8</td>
<td>50%</td>
<td>-100.0</td>
</tr>
<tr>
<td>Spices</td>
<td>2,937</td>
<td>4,647</td>
<td>3,292</td>
<td>3,762</td>
<td>4,370*</td>
<td>234</td>
<td>361</td>
<td>53.13</td>
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<tr>
<td>Forest Products (Excl. Pulp &amp; Paper)</td>
<td>0</td>
<td>66</td>
<td>0</td>
<td>0</td>
<td>127*</td>
<td>0</td>
<td>0</td>
<td>-</td>
</tr>
<tr>
<td>Other Value-Added Wood Products</td>
<td>0</td>
<td>66</td>
<td>0</td>
<td>0</td>
<td>127*</td>
<td>0</td>
<td>0</td>
<td>-</td>
</tr>
<tr>
<td>Fish &amp; Seaweed Products, Edible</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>-</td>
</tr>
<tr>
<td>Agricultural Product Total</td>
<td>3,611</td>
<td>5,036</td>
<td>4,130</td>
<td>4,386</td>
<td>6,189</td>
<td>272</td>
<td>413</td>
<td>54.00</td>
</tr>
<tr>
<td>Agricultural Fish &amp; Forestry Total</td>
<td>3,611</td>
<td>6,102</td>
<td>4,180</td>
<td>4,566</td>
<td>6,196</td>
<td>272</td>
<td>413</td>
<td>54.00</td>
</tr>
</tbody>
</table>

**Key USDA-FAS Contacts**

FAS Rome, Italy has regional coverage of Albania.

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