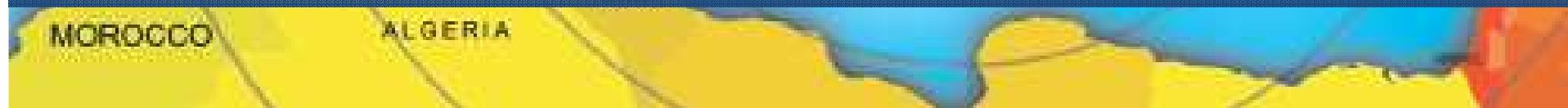




Albania: Country of Opportunities



Four reasons to invest in Albania

A Export-oriented Growth

B Competitive Human Capital

C Promising Sectoral Opportunities

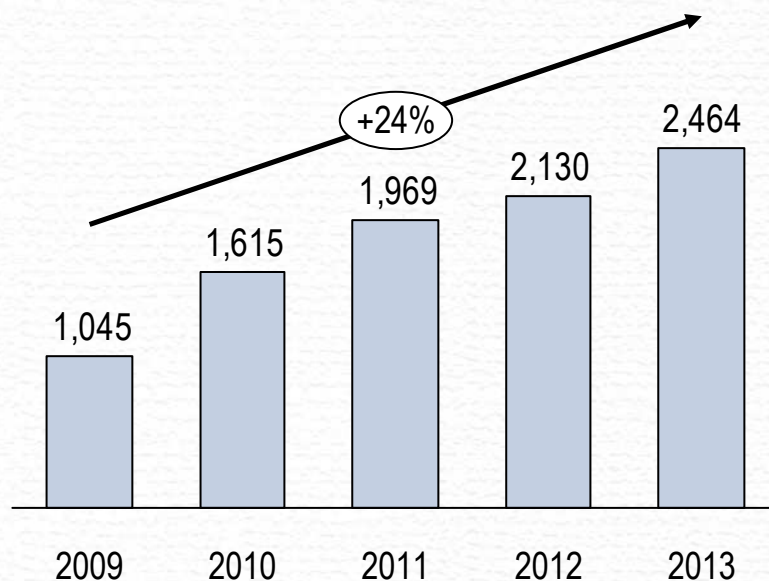
D Comprehensive Structural Reforms

A Export-oriented Growth



Albania's export has a 24% annual growth rate for the past five years, growing from 1 billion USD to 2.5 billion

Total export, 2009-2013



- Already as one of the largest sectors, the growth rate of trade is still above average

Total import, 2009-2013



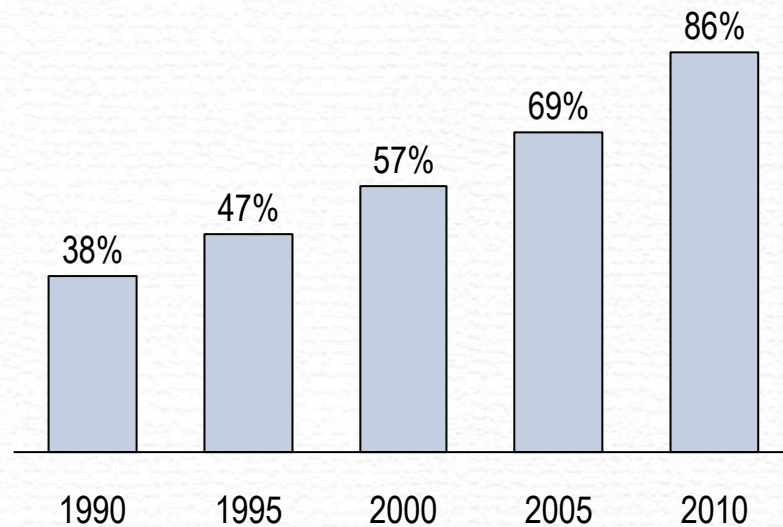
- Import has been declining since 2011

A Export-oriented Growth



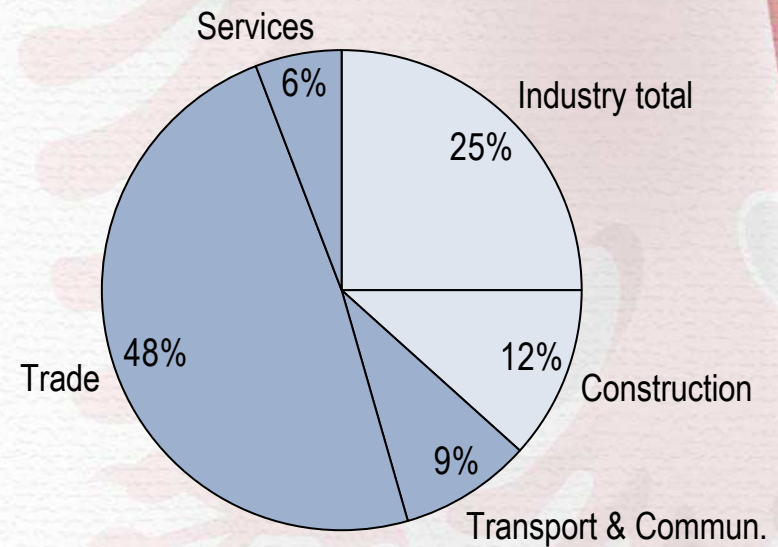
Trade is playing an increasingly important role in Albania, contributing almost half of the country's GDP in 2012

Albania's Trade as % of GDP, 1990-2010



- Albania has a dynamic manufacturing sector and an increasingly efficient logistic system, which has boosted the trade sector

Share of total income by sector, 2012



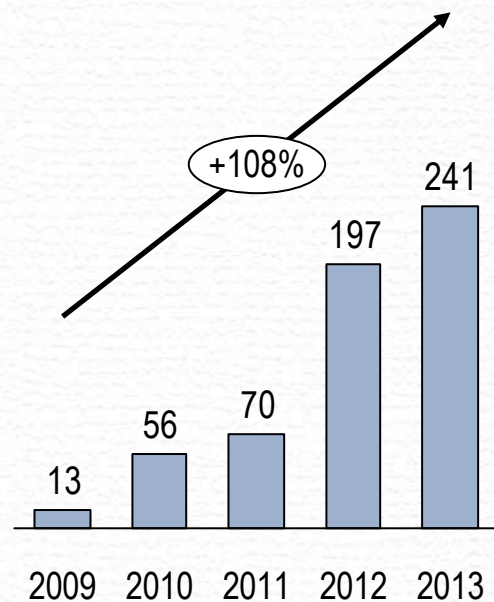
- Total income from producers of goods and services is 15.3 billion USD
- Trade is almost 50% of the total

A Export-oriented Growth



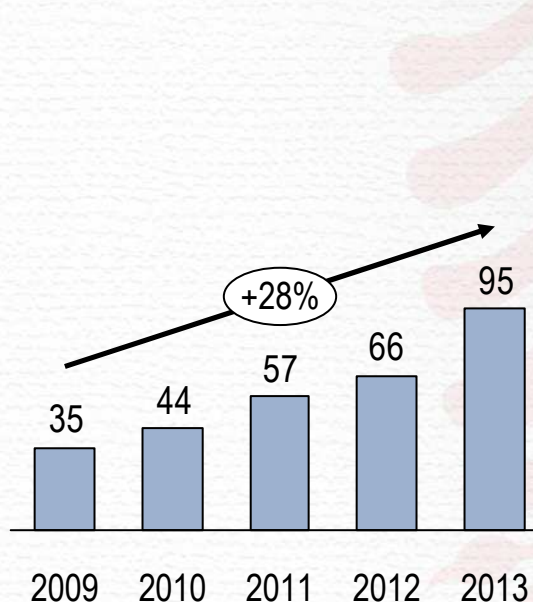
Thanks to closer economic integration, Albania's export to Spain, Germany and France has surged despite debt crisis

Spain



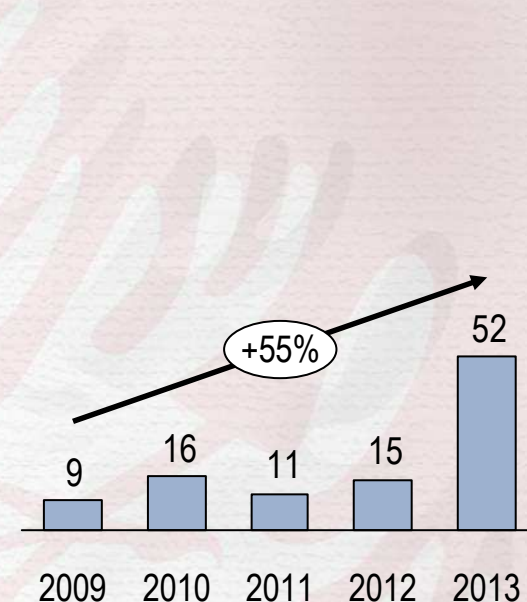
- Albania's export to Spain is more than doubling every year in average

Germany



- Albania's export to Germany is growing fast at 28% per year

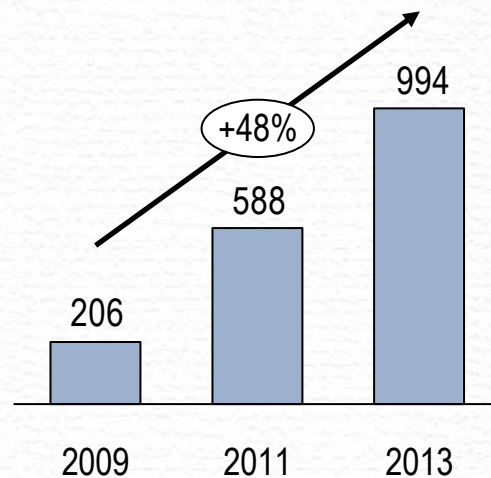
France



- Albania's export to France is surging at more than 50% per year

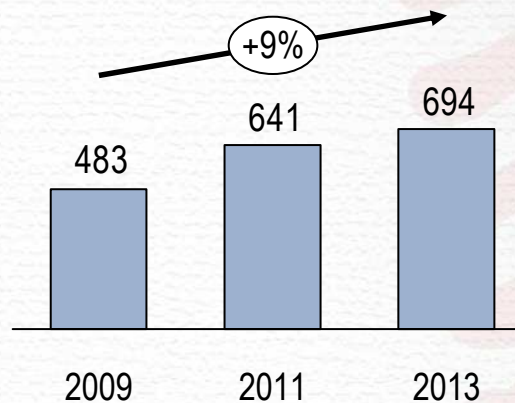
Exports of Albania are primarily driven by three sectors:

Energy



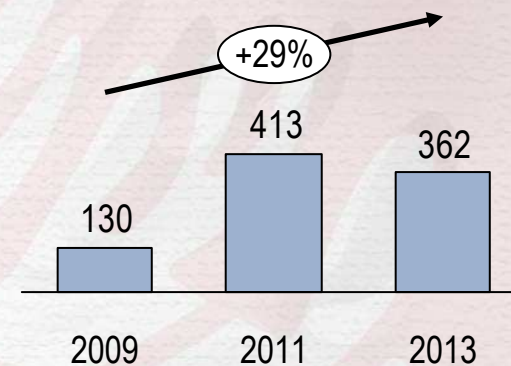
- The export of minerals, fuels, electricity and other energy products has enjoyed an annual growth rate of 48% in the past 5 years

Apparel



- The export of textile, clothing and footwear has been growing steadily at 9% per year
- Albania has the cost advantage in fashion manufacturing

Construction



- Construction has been a new driver of export for Albania
- The export of construction materials and metals has a rapid growth rate of 29% per year recently

B Competitive Human Capital



In terms of human capital, Albania has a young workforce that is well-educated and highly-motivated

57% of Albania's population is under age of **35**

The median age of Albania's population is **31.2** years

They are **well-educated, highly-motivated**

Many can speak **English, Italian and Greek**

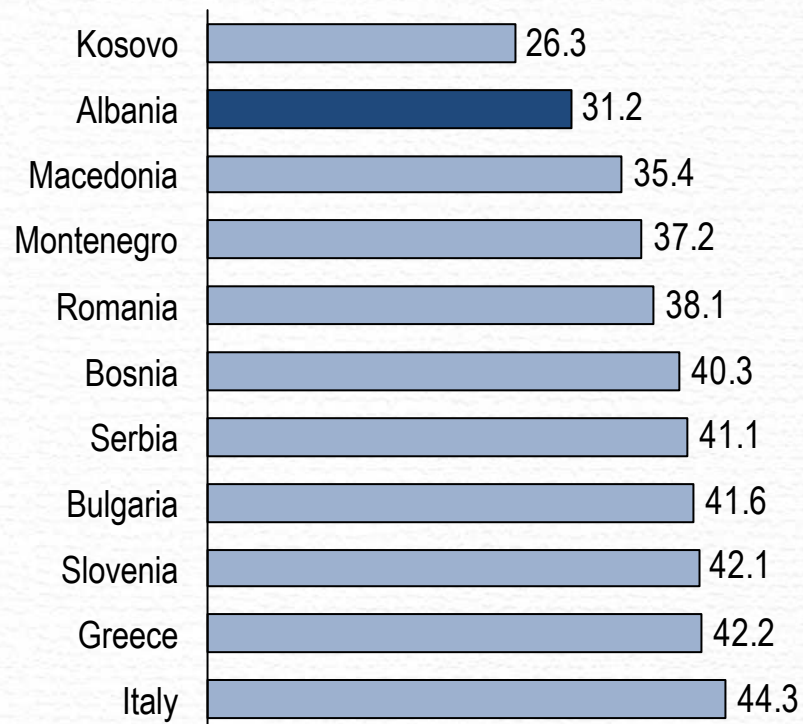
There are over **1,000,000** of them

B Competitive Human Capital

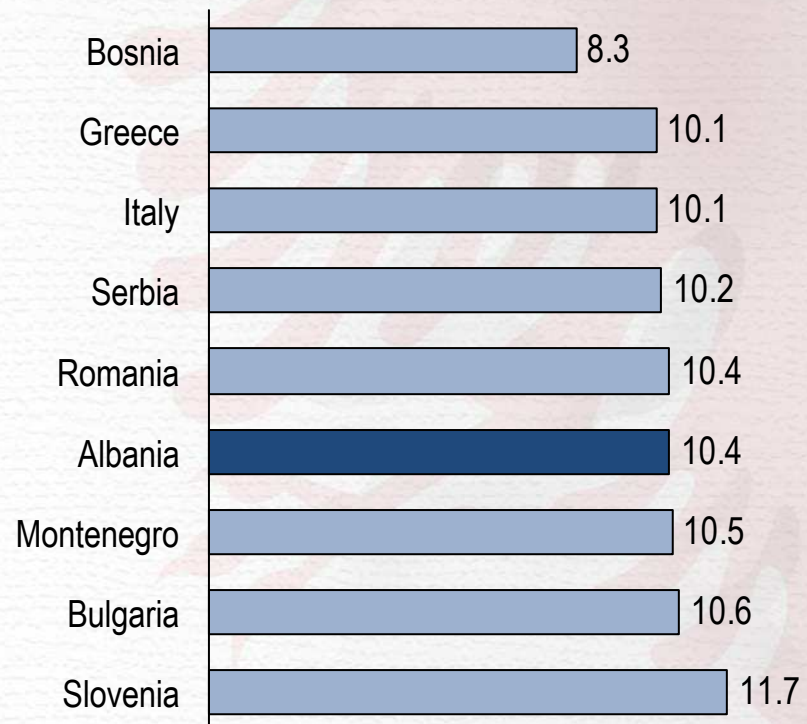


Albania has one of the lowest median age in the region, and a well-educated workforce comparatively

Median age, 2010



Average years of schooling, 2012



Many from the workforce have great language skills and have received professional training

Language skills



- Albania's workforce has proficiency in foreign languages
 - **English, Italian and Greek** are widely spoken
 - **French and German** included in the education system

Vocational training



- Professional Trainings driven by market needs
 - **Vocational trainings** and hands on trainings at leader factories in each sector
 - **Flexible structure**, to support workforce needs in different regions

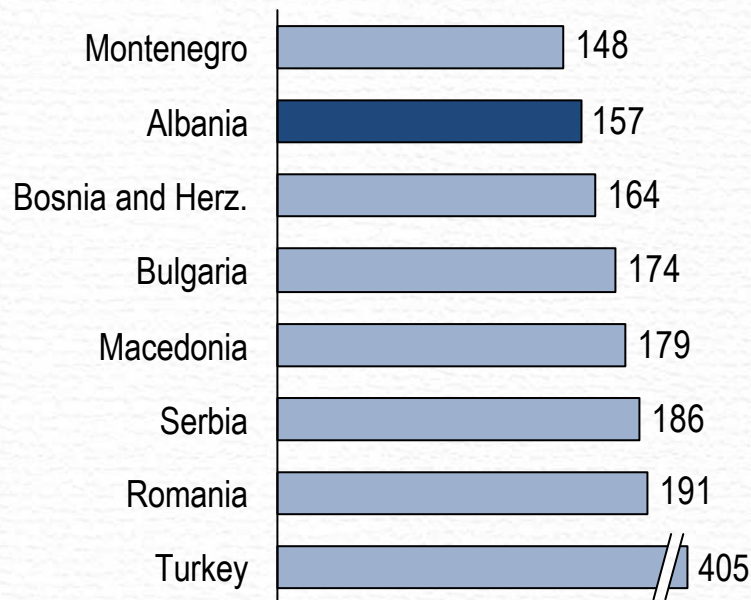
Workforce availability



- Approximately **116,000 students** register annually in all the universities
- The budget of the National Employment Service will be tripled next year
- Support funding available for businesses expanding

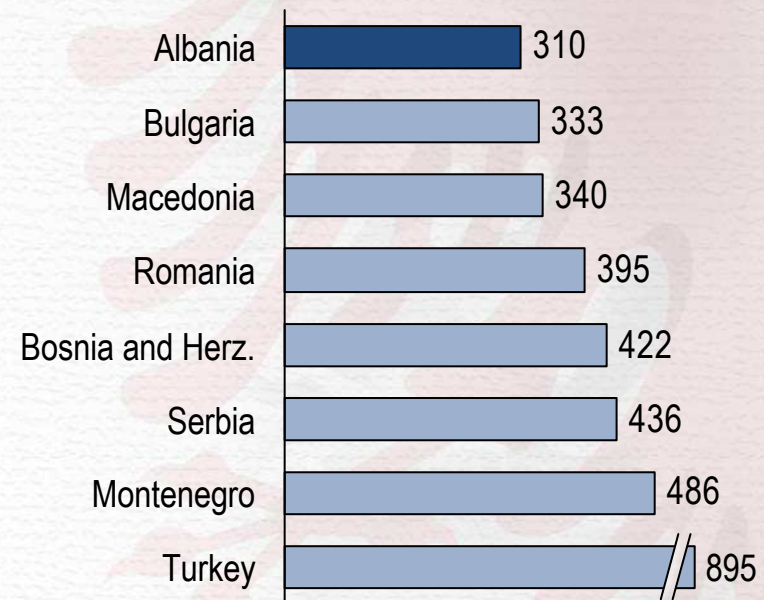
Compared with neighboring countries, Albania's wage level is the most competitive

Monthly minimum wages in EUR, 2013



- According to the latest minimum wage law of Albania, it is the second lowest in the region

Average monthly wage in EUR, 2013

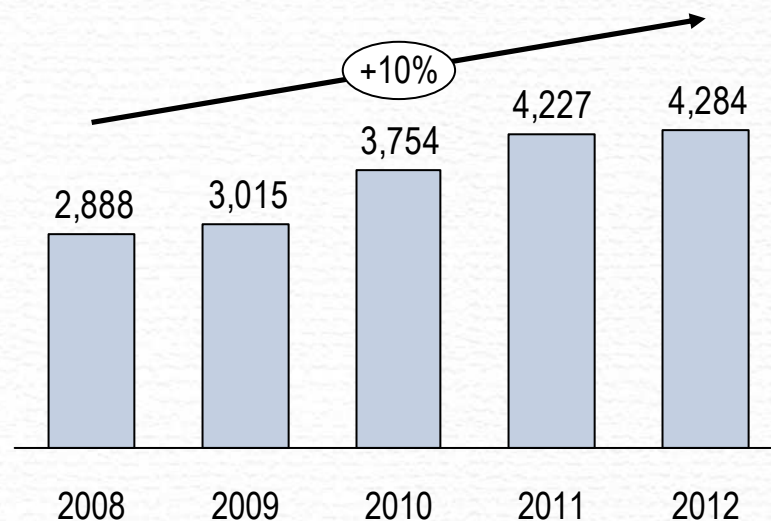


- The average monthly wage of Albanian workers is as low as 310 euros

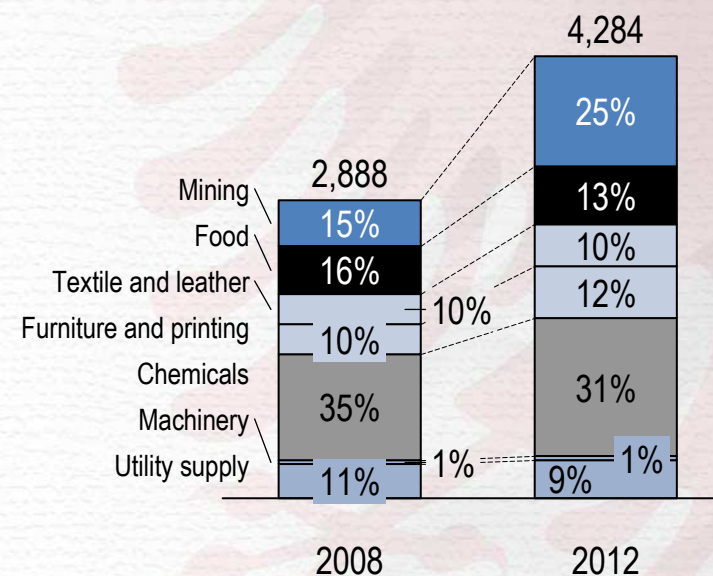
Albania's vibrant mining and manufacturing sector has been growing at 10% annually

Albania's industrial output, mln USD, 2008-2012

Industrial output



Contribution by sector

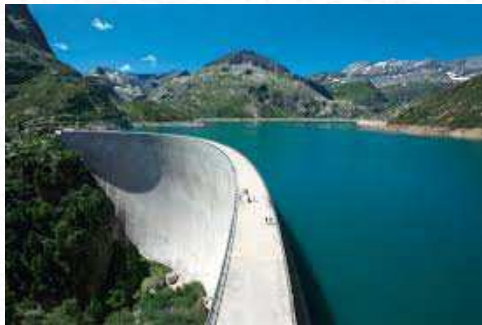


- Manufacturing has been a stable contributor to Albania's GDP growth
- Many enterprises have partnership with major brands and retailers throughout Europe

- The mining industry has traditionally been the backbone of the Albanian economy, and it has enjoyed rapid growth in the past five years

Albania has a dynamic sector of renewable energy and tremendous untapped potential of green power

Hydro power



- **Eight large rivers** run through the country from the mountainous East to the Adriatic and Ionian seas
- To date **only 35%** of Hydro-Energetic potential of the country is utilized, and total resources are about **4,500 MW**

Wind and solar energy



- Albania has favorable conditions for development of solar energy – solar radiation is calculated to be more than **1,500 kWh/m²/yr**
- Albania has an **untapped wind power potential**, in particular along the Adriatic coast

Petroleum and gas energy



- Albania has significant oil reserves and produced about **1.2 million tons** in 2013
- Its oil exports to foreign markets at the end of 2012 amounted to 567 million USD, dominating the total domestic exports

The agriculture sector of Albania has distinct natural advantages and superior market conditions

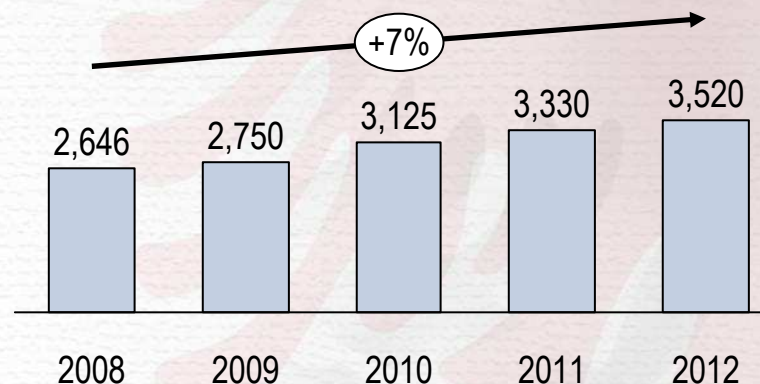
Albania's agricultural output, mln USD, 2008-2012

Natural and market advantages



- **Favorable climate**
 - Average 16 degrees in the costal areas
 - Diverse micro-climate that is suitable for different products
- **Suitable soil and abundant water**
- **Advantages from preferential trade agreements** with EU on the increase in exports

Steady growth in the past five years



- The agricultural sector has grown steadily in the past five years
- This sector has not been affected by the European debt crisis

Albania has abundant resources for tourism, and it is now a globally recommended tourist destination

New York Times



- Albania was listed fourth on NYT's "52 Places to Go in 2014"
- *"On a rugged shore, Europe at its best"*
- *"This is Europe when it was fresh and cheap"*

Frommer's Travel Guide



- **The top destination** by Frommer's Travel Guide in 2012
- *"Here you have white-sand beaches, crystal-clear waters, and Mediterranean villages barely changed since long before King Zog"*

Lonely Planet



- **Albania topped the annual list** of top 10 places to visit (2011)
- *Currently new international 'branding campaign under way: **Albania: Go Your Own Way**'"*
- **Albania won't be off the beaten track** for much longer

Albania's legal framework on FDI has been designed to create a favorable business climate for foreign investors

No limitation and full openness

- The implementation of the economic reforms constitutes the main engagement of the Government for the country's social-economic development, with **the final goal of integration with the European Union**
 - **No prior government authorization is needed** and no sector restrictions to foreign investments
 - There is **no limitation on the percentage share of foreign participation** in companies- 100% foreign ownership is possible

Full protection and equal treatment

- **Full protection of foreign investment**
 - Foreign investment **may not be expropriated or nationalized** directly or indirectly, except in special cases, in the interest of the public us as defined by law
 - Foreign investors have the right to **expatriate all funds and contributions** in kind of their investment
- **Equal and unbiased treatment**
 - In all cases and at all times investments will have an **equal and unbiased treatment**, and will have complete protection
 - In any case foreign investment will have a **treatment equal to what common international practice allows**

Albania's legal framework on FDI has been designed to create a favorable business climate for foreign investors (2)

Doing Business reform

- Our goal is Albania to be in **top 20 countries in Doing Business in 2016** and in **top 25 countries in Heritage Foundation's Economic Freedom index**. Further, Albania will **improve its rankings by 20 positions** in World Economic Forum's Competitiveness index and Transparency International's CPI within two years.

Other major reforms

- Deregulation reform
- Free Economic Zones
- Mass privatizations
- New PPP law

We are actually working on a 10 Points Plan to boost the country's economic growth

Furthermore, Albania has no restriction on capital movement and has one of the most competitive tax rates in the region

1 No restriction on capital movement



2 No restrictions on repatriation of profits



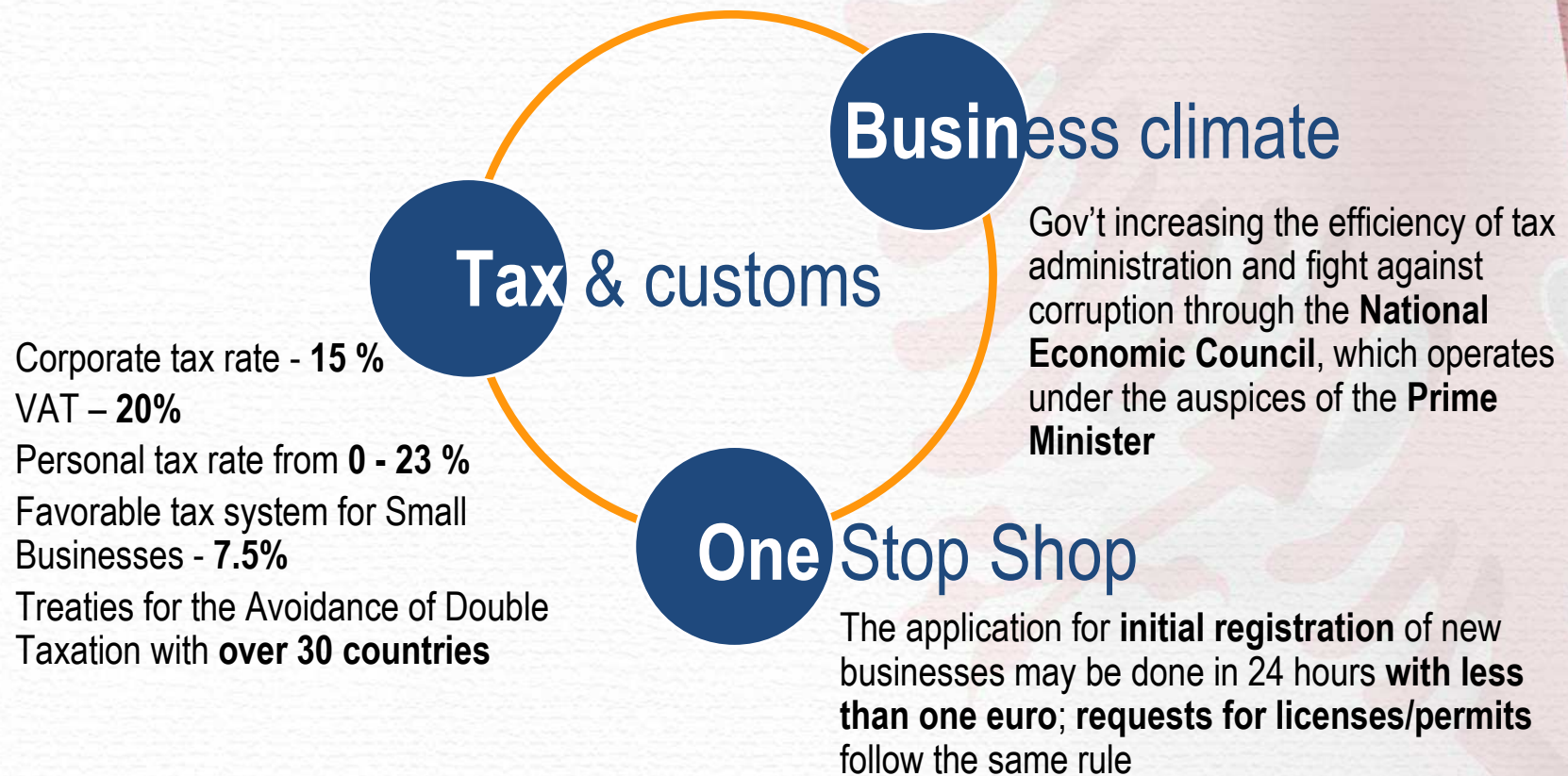
3 Simplified tax procedures



4 Competitive tax rate



Further business climate reform is taking place in order to better share the growth opportunities with foreign investors



The government has rolled out the Textile and Footwear Industry Package 2014, giving a strong stimulus to the fashion industry;

- 1** Under the slogan “a new chapter for employment”
- 2** A symbolic rent of EUR 1 when leasing from gov’t
- 3** A one-stop shop dedicated solely to the sector
- 4** Instant reimbursement of VAT
- 5** Simplification of procedures



Similar sectorial packages followed in agriculture, energy and tourism

Where to invest...

- 1 New Port of Shëngjin
- 2 Blue Highway
- 3 Arbër Road
- 4 Saranda Airport
- 5 Albanian Railway Network



Where to invest...

- 6 Skavica and Vjosa HPPs
- 7 Waste Management Infrastructure Projects
- 8 Spitalla Economic Zone
- 9 Digitalization of Touristic Information System



Investors already present in Albania



THANK YOU

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