

# ALBANIA

## Automotive Parts Manufacturing

*EXPLORE NEW POSSIBILITIES*

*invest in Albania*

# Why Auto Parts in Albania?

## 1. A STRONG, STABLE ECONOMY

- GDP growth has been improving for the past 5 years”
- Expanding trade to regional and global markets
- Stable macroeconomic management, endorsed by World Bank, IMF and EU

## 2. INVESTOR-FRIENDLY LEGISLATION

- No prior government authorization is needed and no sector is closed to foreign investment;
- No limitation on the percentage share of foreign participation in companies. A 100% foreign ownership is possible;
- Foreign investors have the right to expatriate all funds and contributions in kind of their investment;
- Albania’s tax system does not distinguish between foreign and domestic investors;
- Foreign investments enjoy equal and unbiased treatment as the domestic investments and have complete protection;
- Special state protection.

## 3. STRATEGIC LOCATION

- At the crossroads of Europe’s major transit corridors,
- Over 40% of world auto parts are sold in European markets close to Albania
- Lower transit costs to key markets

### Well connected transportation network:

- 1 international airport
  - 4 ports
  - 15 border crossing points
  - Railway/international
- **Distance** from Tirana to some main destinations in EU cities: Budapest, Hungary **960km**; Turin, Italy **1300km**; Vienna, Austria **1340km**;

Munich, Germany 1340km; Frankfurt, Germany 1750km;  
Cologne, Germany **1930km**

Paris, France **2190km**; Prague, Czech Republic **1550km**

- **Transport** costs for a (20 ton truck) varies between €0.8 to €1.5 per km (by road) and 82.575 ALL approximately 660 EUR” per container (by sea)

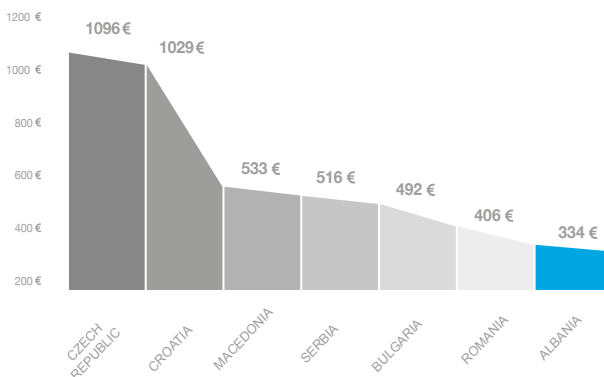
#### 4. PROXIMITY TO A GROWING MARKET

- The global auto parts manufacturing market is projected to grow at a CAGR of 3.6% and is expected to reach more than 408 Bn EUR by the end 2025, creating new sale opportunities.
- **The European automotive industry** is a key sector for the European economy, providing a positive contribution to the trade balance of around €24 billion in 2014.

#### 5. COMPETITIVE PRODUCTION COSTS

- Albania's production costs are lower than most countries that currently export auto components in Europe
- Tax rates considerable below the EU rates
- Various fiscal benefits (tax exemptions, reliefs)

**AVG. GROSS WAGE IN THE REGION**



## Cost-competitive

Worker	260 EURO
High Management	800 EURO
Middle Management	400 EURO

## Educated, productive and cost-competitive workforce

Over 1,000,000 of the population of Albania are young and well-educated professionals. - 57% of Albania's population is under the age of 35 and the median age is 35\* years High literacy rate (97.6%) and many graduates from secondary and tertiary education

Excellent language skills: English, Italian, French, German, Spanish, etc

Most competitive wage rates in the region workforce (the min. wage in Albania is 24.000ALL approx. 180\* Euro).

### The skills are there

- Fashion industry primarily driven by the garment and high quality leather foot-wear production.
- Significant expertise accumulated over the last 20 years
- The sector represents about 15% of GDP while accounting for about 11.4% total employment.

### Educated workforce

- 15 VET Schools, transferable skills
- Polytechnic University of Tirana

## 6. A FANTASTIC TRADING BASE

- A WTO member, applying WTO rules on import licensing
- Numerous free trade agreements (EU, CEFTA, EFTA, Turkey and GSP Program)

\* Source INSTAT 2016

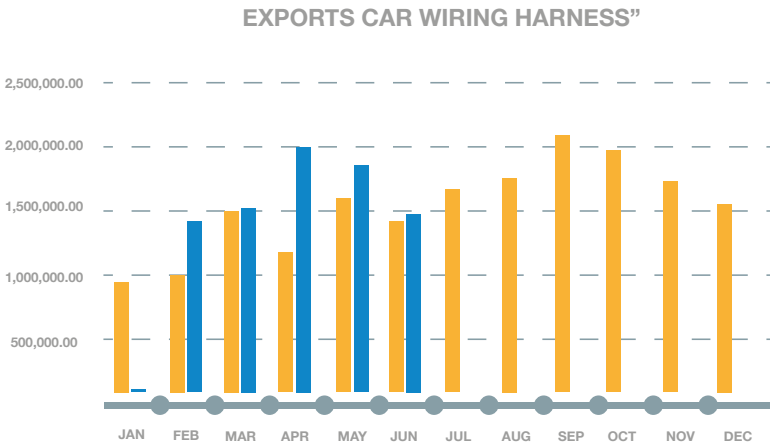
\* Source BoA, average exchange rate 2017 1Euro = 134,1

## 7. INVESTMENT INCENTIVES

- A symbolic lease cost of 1 Euro per contract, when renting government property
- Exemption from VAT on imported machineries and equipment;
- Different financing incentives for professional on-the-job-training
- Facilitation of customs procedures

## PRESENT COMPANIES OPERATING AND GROWING FURTHER

**Forschner**, manufacturing car wiring harness **PSZ**, manufacturing wiring harness for electronic components and cars



Source: Customs

■ 2017 ■ 2018





Albanian Investment Development Agency  
Agjencia Shqiptare e Zhvillimit të Investimeve

**Albanian Investment Development Agency, AIDA, is the key Albanian public institution for attracting and supporting foreign and domestic investors. The Agency is led by a Management Board, chaired by the Prime Minister.**

**AIDA's mission includes:**

- Attraction of FDI-s in Albania
- Strengthening the competitiveness of Albanian SME-s
- Promoting Albanian exports
- Innovation and projects

**AIDA services are focused on:**

- Promoting Albania as an Investment Destination
- Facilitating and Supporting Direct Investments in Albania
- Qualified Information on Opportunities, Incentives, Policies and Schemes
- One Stop Shop for Strategic Investors
- Handling all applications related to Strategic Investments
- Establishing contacts with Governmental Bodies, Authorities
- Helping and Supporting Investors to plan their investment itineraries



Albanian Investment Development Agency  
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