



# FACTSHEET

# MANUFACTURE Sector



# OVERVIEW

Albania has a strong and vibrant manufacturing sector, which is driven by highly successful enterprises in the textile and footwear industry. Having this great experience and skilled labor force, Albania offers a great potential to diversify its own economy by passing from the textile and footwear industry to the automotive industry.

Exports in manufacturing have been steadily increasing throughout the last few years, as have the imports of machinery and equipment. It's a cost-competitive Inward Processing industry primarily driven by garment and high-quality leather footwear production with significant expertise accumulated over the last 20 years. The main markets are Italy, Germany, Greece, France and the Netherlands.

# EXPORTS

Textiles and Footwear play a decisive role in the Albanian economy. In 2023 the most exported products were *"Textiles and shoes"* with **28.6 %** of the total, followed by the commodity group *"Minerals, fuel and energy"* and *"Construction materials and metals"* with **21%** and **19%** respectively.

The manufacturing sector has been continuously diversifying the range of its exports.

## FAST FACTS

<b>1€ LEASE</b> OF STATE-OWNED PROPERTY	<b>0% VAT</b> FOR IMPORT OF MACHINERY AND EQUIPMENT	<b>27.7%</b> EXPORTS TOTAL OF TEXTILE AND FOOTWEAR EXPORTS
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# WHY INVEST IN MANUFACTURE



## SKILLED AND COST-COMPETITIVE WORKFORCE

- **Over 1,000,000** of the population of Albania are young and well-educated professionals;
- **46%** of Albania's population is under the age of 35 and the median age is 38.8 years;
- One of the most competitive wage rates in the region workforce, with an official minimum wage of 40.000 ALL (approx. EUR 385);
- The manufacturing sector in Albania for 2022 has an average gross monthly wage of EUR 515;
- The Global Competitiveness Index ranks Albania highest in the region for the skill of current and future workforce compared to other Western Balkan Countries.



## EDUCATED WORKFORCE

- **34 VET Schools** in different cities of Albania.
- A main asset is the Polytechnic University of Tirana, which provides highly qualified workers.
- High literacy rate (**97.6%**) and high number of graduates from secondary and tertiary education.
- Excellent language skills: English, Italian, French, German, Spanish, etc.









## STRATEGIC LOCATION

- At the crossroads of Europe's major transit corridors;
- Lower transit costs to key markets;
- Well-connected transportation network:
  - 2 international airport;
  - 4 ports;
  - 15 border crossing points.
- 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* 1550 km.



## SECTORIAL INCENTIVES

-  The Government provides a symbolic tariff of € 1 leasing contract when renting government property for:
  - Manufacturing activities, with investment levels above ALL 300,000,000 (*three hundred million*) 2.8 Million Euro;
  - Inward processing of goods, which will provide not less than 50 jobs.
-  Instant reimbursement of VAT, in the case of taxpayers with a zero risk, and within 30 days in the case of exporter taxpayers;
-  Exemption from VAT on import of machinery and equipment;
-  Different financing incentives for professional on-the-job training;
-  Facilitation of Customs Procedures;
-  5% Rate of Corporate Income Tax for legal persons with economic activities in the automotive industry.





## PRESENCE OF FOREIGN MANUFACTURERS

Supported by 20 years of experience in production industry for important companies in Western Europe, Albanian manufacturing companies have improved their processes as they have transitioned from manufacturers with ordered material to genuine manufacturers. Furthermore, there is a greater number of factories able to offer finalized products. Albania has had a 'boom' in the textile and shoe manufacturing, not only producing for the local market but mostly partnering and exporting for some of the biggest European and U.S. brands like Zara, Gianfranco Ferre, U.S. Polo to mention a few. Shifting manufacturing to the Albanian clothing and shoe market is favorable for a lot

because the wages are lower compared to the same wage in a European city. The cost of production is much lower in Albania than in surrounding countries. One further advantage is the geographical closeness with Western European countries. Delivering the final products to them is faster and more flexible compared to Asian countries like Vietnam, India, and China. Recently there has been an increased interest in the automotive sector. Foreign companies such as Forchner, PSZ Albania, Giobert, and Yura from South Korea have already invested in the manufacturing sector in Albania, especially in plastic and wire harness manufacturing.





## ALBANIAN INVESTMENT DEVELOPMENT AGENCY

*invest in Albania*

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