



FACTSHEET

MANUFACTURE Sector

A competitive nearshoring hub at the gateway to the European Union



OVERVIEW

Albania’s manufacturing sector is a key pillar of the economy, characterized by a strong export orientation and increasing integration into European supply chains. It is primarily driven by labour-intensive production and benefits from cost efficiency, a young and adaptable workforce, and a strategic geographic position that supports efficient access to major markets.

In recent years, the sector has gained momentum through growing foreign investment and deeper participation in regional value chains, positioning the country as an emerging nearshoring destination within Europe.

This dynamic reflects a gradual shift toward higher integration, improved productivity, and expanded industrial capacity.

Key Insights



Manufacturing is a significant economic pillar

Manufacturing in Albania accounts for approximately 11.1% of GDP in 2024, confirming its role as a core productive sector of the economy (Instat, 2026).

Export-Oriented Manufacturing Structure

Manufacturing is a key driver of Albania’s export economy, with a substantial share of its output directed to international markets.

Industrial Base: Scale & Employment

The manufacturing sector plays a significant role within Albania’s broader production economy, with 28,898 enterprises,¹ representing approximately 6% of total enterprises. It employs an average of 95,276 people, accounting for around 17.3% of total employment in goods production.

¹ Source General Directorate of Taxation

WHY MANUFACTURING IN ALBANIA?



STRATEGIC LOCATION

- Positioned at the crossroads of key European transit corridors, enabling efficient regional connectivity and trade flows with the European Union
- Lower transit times and transportation costs to major European markets
- Well-developed and expanding transport infrastructure, including:
 - 1 international airports + 1 under development
 - 4 seaports
 - 15 border crossing points



SKILLED & EDUCATED WORKFORCE

- With a median age of 44.3 years, the workforce reflects a mature demographic profile that combines experience with stability, supporting consistent productivity across the economy.¹
- In the 2023–2024 academic year, Albania recorded 28,193 higher education graduates, including 3,852 in engineering, manufacturing, and construction fields, alongside 3,174 graduates from upper secondary vocational education, strengthening the pipeline of technical and industry-relevant skills for the economy.¹
- High literacy rate (**97.6%**) and high number of graduates from secondary and tertiary education.
- Excellent language skills: English, Italian, Greek, French, German, Spanish, etc.



COMPETITIVE WORKFORCE

- Competitive wage levels, with a minimum wage of approximately ALL 50,000 (~€524)
- Strong regional performance in workforce skills, ranked highly in regional competitiveness indicators for both current and future talent availability
- The industry sector in Albania for 2025 has an average gross wage of EUR 675.
- The Global Competitiveness Index rank Albania highest in the region for the skill of current and future workforce compared to other Western Balkan Countries.

¹ Source INSTAT 2026

SECTORIAL INVESTMENT INCENTIVES



Symbolic Leasing Fee for State Property

A symbolic lease of €1 is offered for government-owned land and facilities used for qualifying manufacturing investments above ALL 300,000,000 (~€3.14 million), as well as for inward processing projects that create at least 50 jobs.



VAT Refund Acceleration

Immediate VAT reimbursement is available for low-risk taxpayers, with refunds processed within 30 days for exporting companies.



VAT Exemptions on Capital Goods

Exemption from VAT on the import of machinery and equipment for investment projects exceeding ALL 500 million (~€5.24 million), significantly reducing upfront capital costs.



Workforce Training Support

Financial incentives and support schemes for professional and on-the-job training programs to enhance workforce skills.



Customs Facilitation

Simplified and expedited customs procedures to support efficient import of inputs and export of finished goods



Reduced Corporate Tax Regime

A preferential 5% corporate income tax rate for automotive manufacturers producing vehicles and component parts - offering a highly competitive fiscal advantage for industrial investment.



FOREIGN DIRECT INVESTMENT IN MANUFACTURING

Foreign Direct Investment stock in manufacturing reached €1.547 billion in the end of 2025, accounting for 9.1% of total FDI, highlighting the sector's strong attractiveness to international investors.

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.

Overall, Albania's manufacturing sector is evolving rapidly, supported by foreign investment, and is expected to continue growing as the country strengthens its position as an outsourcing destination in Europe.





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