

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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POLICY

Voluntary Public

Date: 4/13/2015

GAIN Report Number: IT15

Albania

Post: Rome

Doing Business in Albania Exporter Guide 2015

Report Categories:

Exporter Guide

Agricultural Situation

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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 they are already members of NATO, the Central European Free Trade Agreement (CEFTA), and the WTO. Albania's economy continues to grow, as they work towards improving their economy, infrastructure, corruption problems, and high unemployment rate. In 2014, total U.S. AG exports to Albania were \$17.2 million.

General Information:

Map of Albania



The Republic of Albania Overview

Albania declared its independence from the Ottoman Empire in 1912, but was conquered by Italy in 1939, and occupied by Germany in 1943. Communist partisans took over the country in 1944. Albania allied itself first with the USSR (until 1960), and then with China (to 1978). In the early 1990s, Albania ended 46 years of xenophobic communist rule and established a multiparty democracy. The transition has proven challenging as successive governments have tried to deal with high unemployment, widespread corruption, dilapidated infrastructure, powerful organized crime networks, and combative political opponents. Albania joined NATO in April 2009 and is waiting for membership in the European Union. They are already a member of the Central European Free Trade Agreement (CEFTA), and the WTO.

One of Albania's top priorities is to join the EU and in doing so, signed in 2006 the Stabilization and Association Agreement with the European Union. Albania's European Union (EU) membership aspirations received a boost in June 2014, when the European Commission granted Tirana EU candidate status in acknowledgment of its significant reform efforts since 2009; specifically those aimed at capacity building, improving democratic institutions and transitioning to a market economy. This news was a milestone for a country that only 20 years ago emerged from communist rule as one of the poorest, most isolated and most repressive in Europe. Albania is one of only a handful of European countries that avoided a recession – whilst receiving continuous foreign investment – during what has proved to be the steepest downturn in the global economy since World War II.

Albania's economy continues to grow, as they work towards improving their economy, infrastructure, corruption problems, and high unemployment rate. Total estimated population is 3 million and the official language is Albanian (however many also speak Italian). Religions include Muslim, Albanian Orthodox, and Roman Catholic. The average age is 32. Albania is located on the Strait of Otranto (separating the Adriatic and Ionian seas) and acts as a gateway between Western and Eastern Europe.

Albania's President of the Republic Bujar NISHANI was elected July 24, 2012, while Prime Minister Edi RAMA was elected September 10, 2013.

U.S. - Albania Relations

The United States established diplomatic relations with Albania in 1922, but in 1939 relations ceased due to Albania's occupation by Italy (1939-43) and Germany (1943-44) during World War II. After the fall of communism in 1991, the Albanian Government sought closer ties with the West in order to improve economic conditions and introduce basic democratic reforms. Diplomatic relations between the United States and Albania were re-established in 1991. The United States has been a strong partner and friend to Albania as it has made progress to consolidate democracy, and help the economy. The United States supports Albania's European Union membership goal, as it did Albania's pursuit of North Atlantic Treaty Organization (NATO) membership.

U.S. and International Economic Relations

In 2014, total U.S. AG exports to Albania were \$17.2 million. Major agricultural imports from the U.S. include pork, poultry, and sugar, while the main exports to the United States are spices. Albania is eligible to export certain products duty-free to the United States under the Generalized System of Preferences program, and they have signed a bilateral investment treaty with the U.S.

Bilateral Ag Trade 2014 (Food, Fish and Forestry)

Total U.S. AG Exports to Albania: \$17.2 million Total U.S Imports from Albania: \$15.1 million

Leading Products:

Poultry: \$10.9 million

Sugar: \$4.2 million

Pork: \$1 million

Tree Nuts: \$700,000

Spices: \$12.8 million

Herbs & Drugs: \$1.4 million

Horticultural Products: \$420,000

Tea: \$313,000

Albania has a free trade agreement (FTA) with Turkey and is a signatory to the Central European Free Trade Agreement (CEFTA), which includes the eight countries of Albania, Macedonia, Montenegro, Kosovo, Moldova, Croatia, Serbia, and Bosnia and Herzegovina. Albania also enjoys important trade benefits with EU members since it signed and ratified the Stabilization and Association Agreement (SAA). In June 2009, Albania also signed an FTA with the European Free Trade Association (EFTA). EFTA member states include Iceland, Liechtenstein, Norway, and Switzerland. The agreement with Liechtenstein and Switzerland entered into force in November 2010 and the agreement entered into force with Iceland and Norway in 2011. Albania has been a member of the WTO since September 2000 and is an observer of the Agreement of Government Procurement (GPA) accession.

Albania applies a liberal trade regime following guidelines set by the EU which are in line with international trade rules. As a result of the on-going process of harmonizing its customs rules with the EU system under the SAA, imports and exports of agricultural and food products are not generally subject to special authorization requirements. The tariff system for agricultural commodities has been simplified, and is now composed of five tariff levels of most favored nations and no “tariff quotas” as well as differentiated seasonal tariffs, which are applied to fruits and vegetables. Excise duties are applied on a group of agricultural and food products.

Economic Overview

Albania, coming from a closed, centrally-planned state is making the difficult transition to a more modern open-market economy. Albania, like most countries, has been affected by the global economic crisis. The agricultural sector, which accounts for almost half of the nations’ employment, is limited primarily to small family operations and subsistence farming due to the lack of modern equipment, unclear property rights, and the prevalence of small, inefficient plots of land. The country will continue to face challenges from increasing public debt, having exceeded its former statutory limit of 60% of GDP in 2013. Strong trade, remittance, and banking sector ties with Greece and Italy make

Albania vulnerable to spillover effects of debt crises and weak growth in the euro zone.

The Government of Albania is working towards creating a more competitive investment climate by undertaking qualitative changes in procedures and legislation, as well as structural reforms needed to reshape the business environment. The focus for the future development of the Albanian economy will remain to attract Foreign Direct Investments, with a particular focus on those sectors of Albania's economy that have unexploited potential, both in terms of natural resources, and sectors that are as yet under-performing, including renewable energy, tourism, agribusiness, infrastructure and services. Albania has adopted a liberal regulatory framework which has been designed to create a favorable investment climate for foreign investors.

Albania is committed to building a new model of sustainable economic development, accompanied by a new fiscal discipline, boosting domestic production and the utilization of the country's natural resources as key contributors to stimulating domestic economic growth. The main priorities of the government are: fair taxation, support for entrepreneurship (with a focus on SMEs), free competition, and full accountability towards the business community.

In mid-2008 Albania graduated the International Development Association (IDA) – the soft financing arm of the World Bank Group focusing specifically on poor countries – to the International Bank for Reconstruction and Development (IBRD), which works in partnership with several middle income economies. In May 2014, Albania received two Development Policy Loans totaling US\$220mn – in the areas of public finance and banking sector modernization – as well as in late-September US\$150mn in IBRD financing for the Power Recovery Project. Despite financial constraints, Albania has also made tangible progress on achieving its Millennium Development Goals (MDGs), although social welfare indicators still lag significantly behind Western European nations. Prior to the global financial crisis, Albania had enjoyed average annual real GDP growth rates of 6%, accompanied by rapid reductions in poverty and unemployment.

GDP (purchasing power parity):

\$26.73 billion (2013 est.)

GDP - per capita (PPP):

\$8,200 (2013 est.)

Agriculture's % of GDP:

21%

Main agricultural products:

wheat, corn, potatoes, vegetables, fruits, sugar beets, grapes; meat, dairy products, and sheep

Agriculture's % of labor force:

48%

Unemployment rate:

16.9% (2013 est.)

Exchange rate:

Albanian Leke per one US dollar: 109.2

Treaties & Agreements

Albania signed the Bilateral Investment Treaty with United States in 1995. The treaty entered into force in 1998. For a copy of the treaty please visit the following link:

<http://www.state.gov/documents/organization/43474.pdf>

Albania has signed BIT and Treaties for the Avoidance of Double Taxation with numerous countries. For a list please visit the Albanian Ministry of Foreign Affairs www.mfa.gov.al

Albania has signed free trade agreements with the following countries:

Non-EU countries in Southeast Europe, Central European FTA (Albania, Bosnia and Herzegovina, Croatia, Macedonia, Moldova, Montenegro, Serbia, Kosovo) <http://www.cefta2006.com/legal-texts>

EFTA countries (Iceland, Liechtenstein, Norway and Switzerland) <http://www.efta.int/free-trade/free-trade-agreements/albania/fta.aspx>

Turkey

<http://www.economy.gov.tr/index.cfm?sayfa=tradeagreements&bolum=fta&country=AL®ion=0>

Albania also enjoys important trade benefits with EU members since it signed and ratified the Stabilization and Association Agreement (SAA) in 2009 <http://ec.europa.eu/trade/creating-opportunities/bilateral-relations/agreements/>

Albania's Agriculture

Agriculture remains the largest and most important subsector in Albania. Agriculture is the main source of employment and income – especially in rural areas – and represents about 21% of GDP while accounting for about half of total employment. Albania's agricultural sector continues to face a number of challenges, however, including small farm size and land fragmentation, poor infrastructure, market limitations, limited access to credit and grants and inadequate rural institutions. According to recent figures from the Albanian Institute of Statistics (INSTAT), 47% of the Albanian population (and around 49% of the labor force) live in rural areas and engage in agriculture related activities. Arable and pastoral land also accounts for approximately 25% (560,000 hectares (ha)) of the country's total land area and can broadly be divided into three geographic zones: a coastal zone to the west of the country, constituting 44% of the arable land; a hilly zone in the central part of the country, constituting 37% and offering the possibility of livestock farming; and the upland zone, constituting 19% and with the potential for forestry.

Albania's climate supports a diverse range of crops from continental to Mediterranean, including field crop cultivation such as vegetables, fruit production, vineyards, citrus, spices and herbs, medicinal crops, timber production and olive trees. There are vast resources concentrated in agriculture and it is the main source of income for nearly half of the population. 21% of Albania's GDP currently comes

from value added by this sector, according to recent World Bank figures. There are however hurdles to overcome; farming remains a small-scale, subsistence activity for many Albanians; according to recent research by the country's Ministry of Agriculture, the average size of a crop yielding farm is just 1.02ha (compared to an average of 48 ha in Germany and an EU average of around 12ha). Farm land in Albania is also fragmented — a legacy from land reforms undertaken in the 1990s, when large collective farms were dismantled and the land distributed to former workers. There is a reluctance of the new landowners to sell their land and uncertainties about property rights hinder the development of a functioning land market. There are some challenges to overcome to improve agricultural productivity and develop the sector. Other contributing factors are: the need for improved cooperation between producers and business sectors; improved marketing of products for export and facilities to store, process, and pack products; and the development of irrigation and drainage systems and farming and processing technology. Furthermore, many agro-food enterprises do not currently comply with EU food safety standards. As a result, they cannot reach foreign markets, particularly those in the EU. It is estimated that just 30% of Albanian livestock and crop production is currently sold in markets.

Significant attention is being given to improving the agricultural and agro-processing sector by both the government and donor agencies. In terms of government policy, a key document is the Action Plan for the Implementation of the European Partnership (2010-2014), which has set in motion a program of legislative assimilation with the standards of the European Community, as well as the development of strategies for land use, rural development, diversification of farming activities and increased competitiveness in agriculture. The Albanian government clearly recognizes agricultural development to be essential to its long-term growth.

There's also a strong desire for change within the farming community itself: a recent EU-financed survey published this summer showed that more than two-thirds of Albanian farmers are willing to collaborate to produce and trade. Additionally, in a recent World Bank survey of policymakers, NGOs, research institutes and media officials, agriculture and rural development was ranked as the fifth most important development priority – above healthcare, job creation and transport and below only education, law and justice, anti-corruption and strengthening property rights.

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 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.

Agro-industry background and challenges

The Albanian agro-industry is a complex sector that is made up of small private businesses that were created as a result of the privatization of the former agro-processing state enterprises and new investment from private initiatives. The privatization of these State agro-processing enterprises started in 1992 with the bread, flour, milk, alcoholic and non-alcoholic beverage industries. The current orientation of the agri-business and agro-industry sector in Albania is highly driven by the need to comply with the conditions of EU accession and the WTO regulations in order to access more diversified markets.

The challenges that the agribusiness sector in Albania is facing today are:

- Insufficient investment in research and development
- Strong competition from imported products
- A lack of appropriate facilities (i.e. storage, processing capability, packaging, logistics and delivery speed)
- Inconsistent flow of goods/information between actors throughout the food supply chain

U.S. Agriculture Exports to Albania

United States Department of Agriculture
Foreign Agricultural Service

Area/Partners of Destination
And Commodities Exported

January - December
Values in Thousands of dollars

Partner	Product	2009 Value	2010 Value	2011 Value	2012 Value	2013 Value	2014 Value	Period/Period % Change (Value)
Albania	FAS Agricultural Total	13,799	19,351	21,688	29,782	28,447	17,151	-40
Albania	Poultry & Products	8,645	13,850	15,889	16,549	18,192	10,905	-40
Albania	Broiler Meat	8,392	13,764	15,557	16,495	18,020	10,804	-40
Albania	Turkey Meat	16	72	13	54	172	101	-41
Albania	Other Poultry Meat	237	15	319	0	0	0	--
Albania	Sugar & Tropical Products	132	43	80	0	0	4,186	--
Albania	Sugr & Rel Pdt,X Hon	0	0	0	0	0	4,129	--
Albania	Tea, Incl Herbl Tea	0	0	0	0	0	46	--
Albania	Fibers	0	0	0	0	0	11	--
Albania	Coffee & Coffee Prod	0	0	75	0	0	0	--
Albania	Sugar & Trop, Misc.	132	43	5	0	0	0	--
Albania	Livestock & Meats	3,858	3,135	4,231	11,361	9,486	1,038	-89
Albania	Variety Meats, Pork	446	132	368	1,621	1,897	628	-67
Albania	Pork, Fr/Ch/Fz	2,458	2,225	2,692	9,458	7,064	368	-95
Albania	Bull Semen	101	147	69	66	170	41	-76
Albania	Beef & Veal,Fr/Ch/Fz	550	573	1,001	184	355	0	--
Albania	Pork, Bacon, Cured	0	0	50	0	0	0	--
Albania	Pork,Prep/Pres,Nt/Cn	155	33	0	0	0	0	--
Albania	Pork,Prep/Pres,Cannd	41	0	0	0	0	0	--
Albania	Lamb&Mutton,Fr/Ch/Fz	38	0	0	0	0	0	--
Albania	Variety Meats, Beef	64	23	50	32	0	0	--
Albania	Ined Meatmeal Tankge	0	3	0	0	0	0	--
Albania	Other Livestck Prods	4	0	0	0	0	0	--
Albania	Horticultural Products	203	210	628	707	479	701	46
Albania	Tree Nuts And Preparations	78	125	508	691	243	667	174
Albania	Other Hort Products	92	16	120	16	36	29	-21
Albania	Vegetables and Preparations	12	0	0	0	200	5	-98
Albania	Fruits and Preparations	21	69	0	0	0	0	--
Albania	Oilseeds & Products	7	14	5	7	30	246	715
Albania	Planting Seeds	0	0	0	9	11	39	265
Albania	Grains & Feeds	875	1,544	785	748	168	33	-81
Albania	Dairy & Products	79	554	71	402	80	5	-94
Grand Total		13,799	19,351	21,688	29,782	28,447	17,151	-40

U.S. Agriculture Imports from Albania

United States Department of Agriculture
Foreign Agricultural Service

Area/Partners of Origin And General Commodities Imported		January - December Values in Thousands of dollars						
Partner	Product	2009 Value	2010 Value	2011 Value	2012 Value	2013 Value	2014 Value	Period/Period % Change (Value)
Albania	FAS Agricultural Total	6,339	6,655	7,824	8,655	13,597	15,114	11
Albania	Sugar & Tropical Products	6,163	6,378	7,325	8,216	13,270	14,653	10
Albania	Spices	5,042	5,048	5,936	7,054	11,553	12,846	11
Albania	Herbs & Drugs	890	1,066	898	735	1,243	1,432	15
Albania	Tea, Excpt Herbal Tea	232	263	451	412	451	313	-31
Albania	Coffee & Coffee Pds	0	0	7	15	23	47	100
Albania	Honey	0	0	0	0	0	15	--
Albania	Sugr & Tropical Misc	0	0	33	0	0	0	--
Albania	Horticultural Products	8	182	269	297	300	420	40
Albania	Other Hort Products	8	148	126	129	131	298	127
Albania	Fruits and Preparations	0	31	59	35	55	75	35
Albania	Vegetables and Preparations	0	3	83	132	113	47	-58
Albania	Oilseeds & Products	168	95	230	133	20	22	8
Albania	Grains & Feeds	0	0	0	9	6	19	233
Grand Total		6,339	6,655	7,824	8,655	13,597	15,114	11

Good prospects exist for U.S. exporters in the following sub sectors:

Grain: The Albanian market consumes about 500 metric tons of grain per year, most of which is imported. Albania imports on average 260,000 -300,000 tons of wheat annually, 49% of which from Russia and close to 28% from Serbia. In the past, there have been some sporadic efforts to import wheat from the United States, but the main barrier to trade remains the poor infrastructure in Albanian ports. Although there are some logistical issues in the size of shipments that Albanians can import because the port of Durres is shallow and can only process ships with a dive of less than 8 meters, there is a good market export potential. The Albanian government is planning to deepen the port and improve warehouse capacities in order to maximize the economic benefits of the Durres-Kukes road. Albania produces large amounts of maize, mostly for animal feed, but in 2013 imported a combined 150,000 tons of maize and animal feed worth about \$45 million. The main competitors for U.S. wheat and maize are eastern countries, primarily Russia and Ukraine, as well as Argentina.

Livestock: There are interesting prospects for U.S. exporters of red and poultry meat, and edible offal. Despite the fact that Albania produces large amounts of red meat and other products, the country imports considerable amounts of live animals and meat products, mainly for the meat processing industry. In 2014, total imports of livestock and meats from the United States amounted to \$1 million, and poultry was \$10.9 million.

Animal feed: Albania is a net importer of protein meals for animal feed. There is no local production of soybeans, so traditionally soybean meal and other soy products are imported. Imports have come primarily from neighboring countries and, as in the case of wheat and other bulk products, attempts to import directly from the U.S. have not succeeded due to the poor import infrastructure. In 2014, Albania imported \$239,000 worth of animal feed from the United States. Imports have increased as demand is high due to growing local and foreign investment in the poultry and pork sectors.

Food Safety

Albania has been a member of the Codex Alimentarius Commission since 1992 and is a correspondent member of the International Organization of Standardization (ISO). In 2009, the Council of Ministers of the Republic of Albania adopted the National Plan for the Implementation of the SAA for 2009-2014 that lays down short, medium and long term priorities for Albania in the European integration process, including the need to update the legal framework and related physical infrastructure for the official inspection of food in line with EU standards. There has been progress in adopting legislation in various areas, including a quality policy that refers to the introduction and promotion of geographical indications. However, there is still a need to adopt a new veterinary framework law. Further efforts are needed in order to harmonize Albanian legislation with the New and Old Approach directives, as well as to build an adequate market surveillance infrastructure.

The new Law on Food passed in 2008 determines the conditions for production, processing, conservation, distribution, control and marketing of food products used for consumers. In 2009 the National Food Authority (NFA) was established in order to bring production standards up to EU levels. The NFA still needs to be clarified and a clear chain of command needs to be established. It has not yet developed its risk-assessment capacity and the Scientific Committee and Panels have not yet been established. The General Directorate of Standardization (GDS) of Albania, which was established in 2008 and replaced the Bureau of Standards, has continued its preparations to apply for full membership of the European Committee for Standardization (CEN) in 2012. The law on standardization was amended in February 2011. In total there are 16 conformity assessment bodies (CABs) accredited by the General Directorate of Accreditation (GDA). The responsibility for plant health has been allocated to the NFA and the Directorate of Crop Production Policies is responsible for plant protection. Fish production and fishery inspections are the responsibilities of two different departments of the Ministry of Environment, Forests and Water Administration, and fish diseases are covered by the Animal Health Directorate in the Ministry of Agriculture, Food and Consumer Protection (MAFCP).

Processed fishery products are the responsibility of the Food Safety Department in MAFCP and the NFA. Work on drafting a new fisheries law has been advancing, with the aim of strengthening the surveillance and monitoring system in fisheries in order to enable the sector to apply the satellite-based vessel monitoring system and to combat illegal, unreported and unregulated fishing and processing.

Quality control and certification

All quality standards have voluntary status. Sanitarian controls are imposed and monitored by the directorates in the Ministry of Agriculture, Food and Consumer Protection. For imported food and Agri-products, a license must be granted by the food quality and inspection directorate in the MAFCP. Under the Instrument for Pre-accession Assistance (IPA) of the EU, Albania receives financial support for the implementation of food safety standards such as GMP, HACCP and ISO. ALBINVEST, a governmental body, plays an important role and is running a €5 million grant program. It can offer grants of up to 50 % of the establishment costs of entities that are ready to implement such systems. However, the enforcement of adopted legislation is weak due to the lack of financial resources for official control. While some organic farming has been subsidized through direct schemes, most activities in the sector have been driven by donor funding.

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.

Key USDA-FAS Contacts

FAS Rome, Italy offers regional coverage of Albania.

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