

Apparel Sourcing IN ALBANIA



03.09.2019

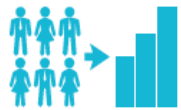
ALBANIA

Area	28,748 sq km
Capital City	Tirana
Government Democracy	Parliamentary
Population	2,9 million
Labor Force (Population)	1.085 million
Median Age	34.7 years
Official Language	Albanian



Country Profile

Population



TOTAL POPULATION

2.9 million



AVERAGE AGE

34,7 years



LITERACY RATE:

96.8%

Capital city

Tirana has around **800.000** inhabitants within the municipality limits

Political System

The Republic of Albania is a parliamentary democracy

Language

are widely spoken and understood



ALBANIAN



ENGLISH



ITALIAN



GREEK



Currency

Albanian Lek (ALL)

NATO member, EU candidate

Infrastructure



TIME ZONE - GMT

+1 hour



SURFACE AREA

28,748 km²



LENGTH OF COASTLINE

362 km



LENGTH OF LAND BOUNDARIES

691 km

- **By air:** “Mother Theresa” International Airport, located in Rinas, 17 km northwest of Tirana
- **By Road:** Kosovo, Greece, Montenegro, and North Macedonia
- **By sea (4 major ports):**
 - Port of Durrës:** Connects to the Italian ports of Bari, Ancona and Trieste in Italy and Koper in Slovenia
 - Port of Saranda:** Daily trips are made to the Greek island of Corfu.
 - Port of Vlora:** Connects to Brindisi and Otranto in Italy
 - Port of Shëngjin:** Mainly an industrial port



ECONOMIC TRADE INTEGRATION



Stabilization and Association Agreement (SAA) between the European Community Member States and Republic of Albania. Industrial products of Albanian origin exported to EU countries benefit from **0%** preferential customs tariff.



Central European Free Trade Agreement (CEFTA) since 2006

Albania, Bosnia and Herzegovina, Macedonia, Moldova, Montenegro, Serbia and Kosovo signed an Agreement to amend and enlarge the Central European Free Trade



Duty free import of garments from North Macedonia with EUR1 certificate



European Free Trade Association (EFTA) since 2009 with
Iceland, Liechtenstein, Norway and Switzerland.



Free trade agreement between Turkey and Albania since 2008

Duty free import of fabrics and trims from Turkey with EUR1 certificate

Textile Sector incentives in Albania

Sector profile

- Around 40.000 employees, more than 90% is women
- 570* apparel producers
- 202* textile producers

Sector composition

- Garment apparel production fashion, workwear, sportswear
- 88% CM / CMT / 12% Full package
- Export to EU / 78 % to Italy

Standard minute cost is 0,07 Eur

The economic support package approved in 2015 contains 33 incentives from government to support this sector:

- State-owned properties leased with 1 Eur/sqm
- 0% VAT on textile machineries
- Online digitization of Tax declaration and documents through portal e-Albania
- AIDA Competitiveness' fund support for Textile industry
- AIDA provides One-Stop-Shop care for textile companies
- 50% - 70% cost coverage for staff training and 1-year Social Security coverage for new employees
- Support in human resources recruitment through Labor offices in each district
- Partner for sector development projects with SIPPO, GIZ, USAID, EU IPA, European Enterprises Network – EEN, UN, WB, etc.

10 REASONS TO DO BUSINESS IN ALBANIA



Income Tax

Personal Income Tax



0 - 30.000 ALL
(approx. 214,00 €)



30.001 - 130.000 ALL
(approx. 924,00 €)



130.001 - and above ALL
(from 924,01 € and above)

WITHHOLDING TAX	15%
VAT	0%, 20%
CUSTOMS/IMPORT TAX	0% to 15%
EXCISE TAX	Depending on goods

Profit Tax

For companies with annual turnover from ALL 0-5 million (€0 – €35,000),
the simplified profit tax on small business will be zero ALL per year

0%

For companies with annual turnover from ALL 5-8 million (€35,000 – €57,000),
the tax rate of simplified profit tax on small business will be 5% of the taxable profit
(approximately 180 Euro)

5%

Corporate Tax

15%

Macro-Economic Indicators



MINIMUM WAGE IN ALBANIA

26,000 ALL

approx. €200

AVERAGE WAGE (PRIVATE SECTOR)

46,000 ALL

approx. €328

SOURCE: INSTAT

Average Gross Wage in the Region

	CROATIA 997 €
	MONTENEGRO 972 €
	ROMANIA 476 €
	BULGARIA 340 €
	ALBANIA 328 €

SOURCE: FEDERATION OF EUROPEAN EMPLOYERS, SIEPA, INSTAT

Manufacturing Sector

- A strong manufacturing sector, which is primarily driven by highly successful enterprises particularly in the garment and footwear industries
- Success has been achieved through the development and continued strengthening of extraordinarily close relationships with leading Italian brands over the past 20 years
- Manufacturing sector represents about:
 - 15% of GDP**
 - 11.4% of total employment**



Key Facts:

- In 2018, apparel manufacturing reached **471,28 million** Eur versus **429,18 million** Eur in 2017
- Industry growth was **10%**, where **5%** in Knitted apparel (61) and **17%** in non-knitted apparel (62)
- Around **40.000** employees in apparel manufacturing sector where **90%** are women
- Serving major brands and retailers throughout Europe
- Major markets are Italy, Germany, Greece, Romania



Advantages

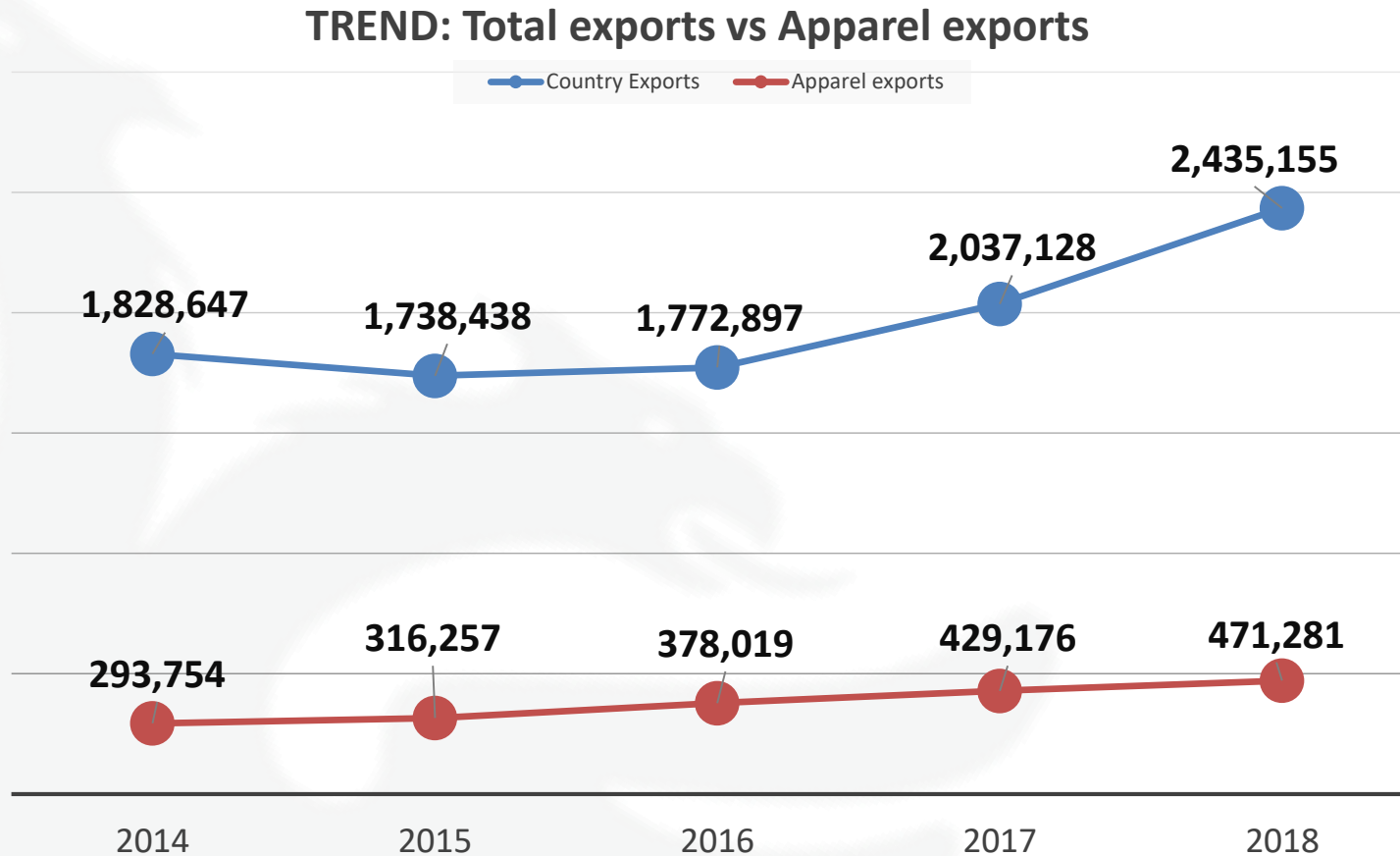
- Highly skilled workforce in textile and garment production, medium to high-end products, experience and tradition
- Short-time deliveries to EU countries and low transport costs to EU countries
- Competitive labor cost due to low labor cost, good productivity and resources
- Excellent language skills – Italian, English, Greek, French and German is growing
- Good working conditions and environmental friendly using mainly renewable energy from HEC
- Sector is focused on CMT services, with relatively new equipment and technological processes
- Consolidated legal framework in compliance with EU and international standards



Textile & Leather Fair in Tirana NOVEMBER 1-2, 2019

Total Export vs Apparel exports trend

(HS-Code 61+62)

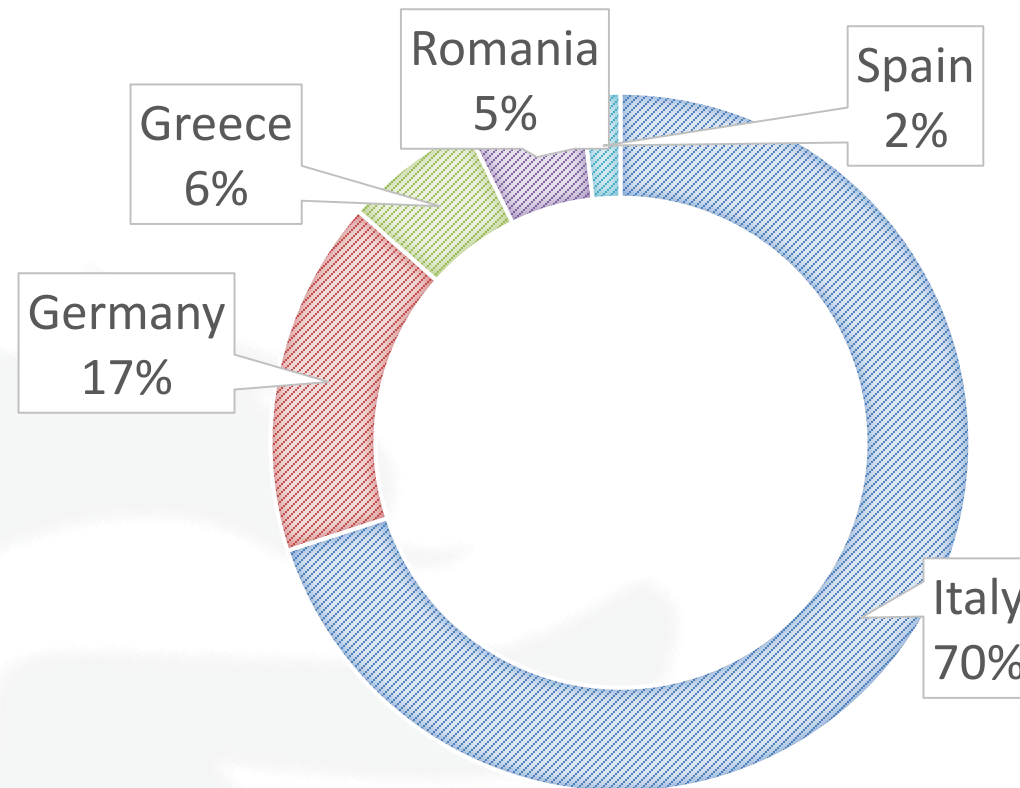


Albanian Export of Woven Clothing

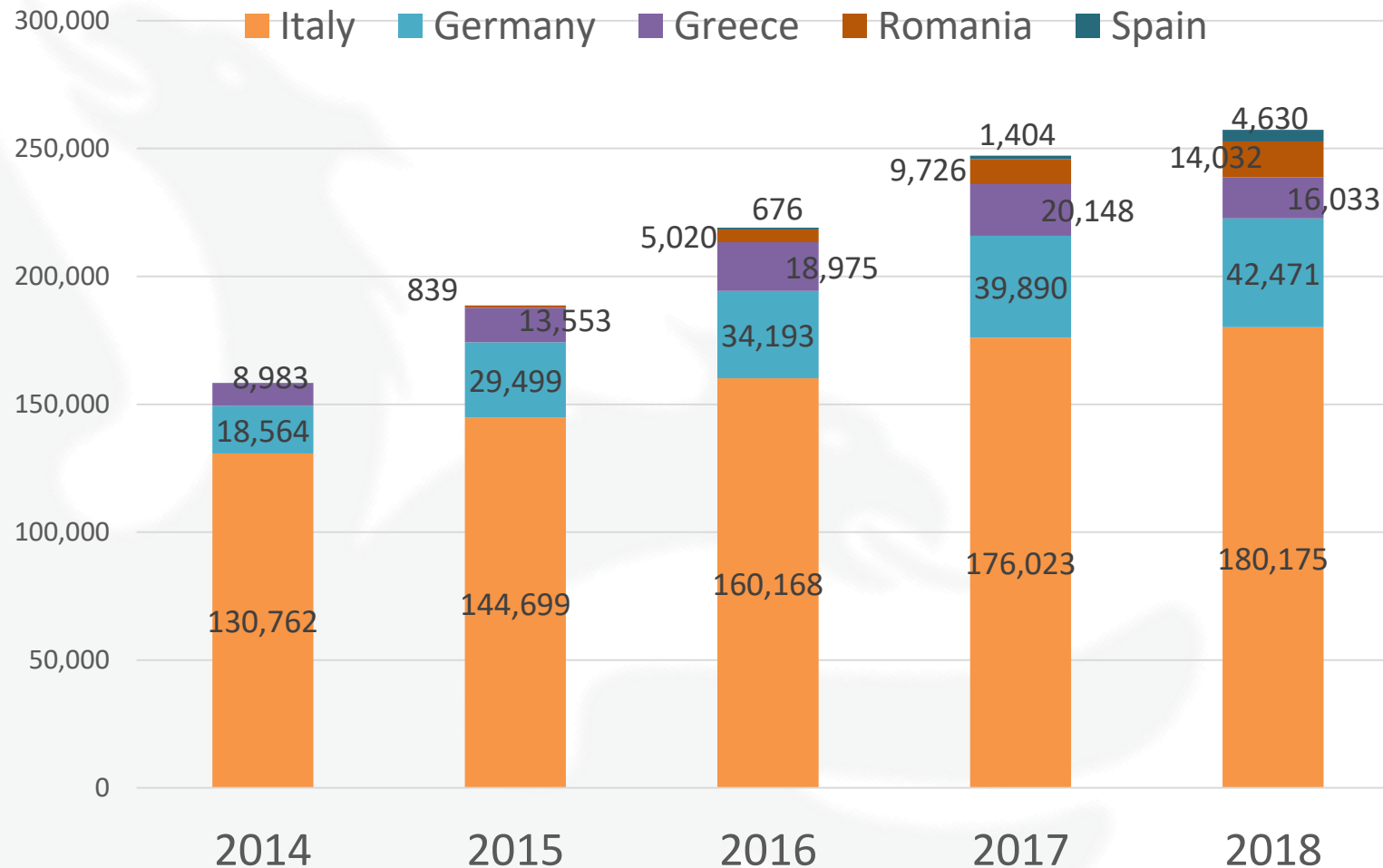
Destination country share

HS-Code 62

Year 2018



Albanian Export of Woven Clothing



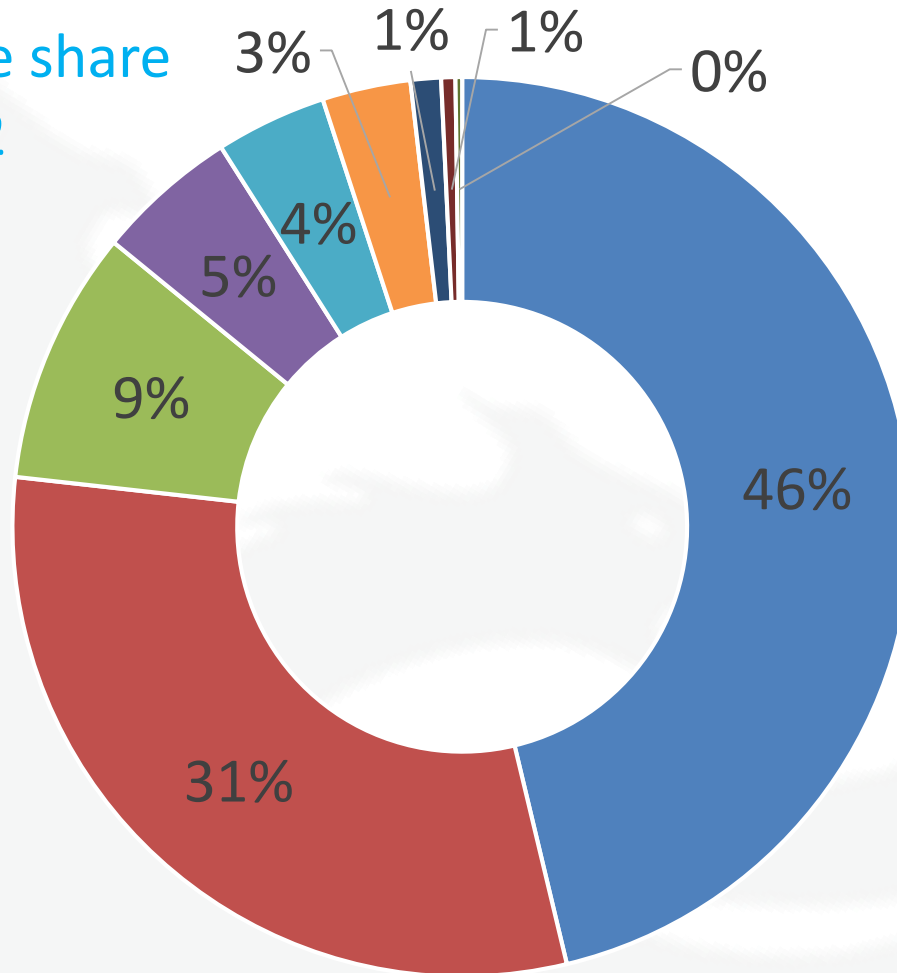
Export trend per country

HS-Code 62
in 2014 - 2018

Unit: '000 Euro

Albanian Export of Woven Clothing

Product type share
HS-Code 62
Year 2018



- 6203 Men's or boys' suits, ensembles, jackets, blazers, trousers, bib and brace overalls, breeches and shorts (excluding knitted or crocheted, wind-jackets and similar articles, separate waistcoats, tracksuits, ski suits and swimwear)
- 6205 Men's or boys' shirts (excluding knitted or crocheted, nightshirts, singlets and other vests)
- 6204 Women's or girls' suits, ensembles, jackets, blazers, dresses, skirts, divided skirts, trousers, bib and brace overalls, breeches and shorts (excluding knitted or crocheted, wind-jackets and similar articles, slips, petticoats and panties, tracksuits, ski)
- 6206 Women's or girls' blouses, shirts and shirt-blouses (excluding knitted or crocheted and vests)
- 6217 Made-up clothing accessories and parts of garments or clothing accessories, of all types of textile materials, n.e.s. (excluding knitted or crocheted)
- 6212 Brassieres, girdles, corsets, braces, suspenders, garters and similar articles and parts thereof, of all types of textile materials, whether or not elasticated, incl. knitted or crocheted (excluding belts and corselets made entirely of rubber)
- 6211 Tracksuits, ski suits, swimwear and other garments, n.e.s. (excluding knitted or crocheted)
- 6202 Women's or girls' overcoats, car coats, capes, cloaks, anoraks, incl. ski jackets, windcheaters, wind-jackets and similar articles (excluding knitted or crocheted, suits, ensembles, jackets, blazers and trousers)
- 6201 Men's or boys' overcoats, car coats, capes, cloaks, anoraks, incl. ski jackets, windcheaters, wind-jackets and similar articles (excluding knitted or crocheted, suits, ensembles, jackets, blazers and trousers)

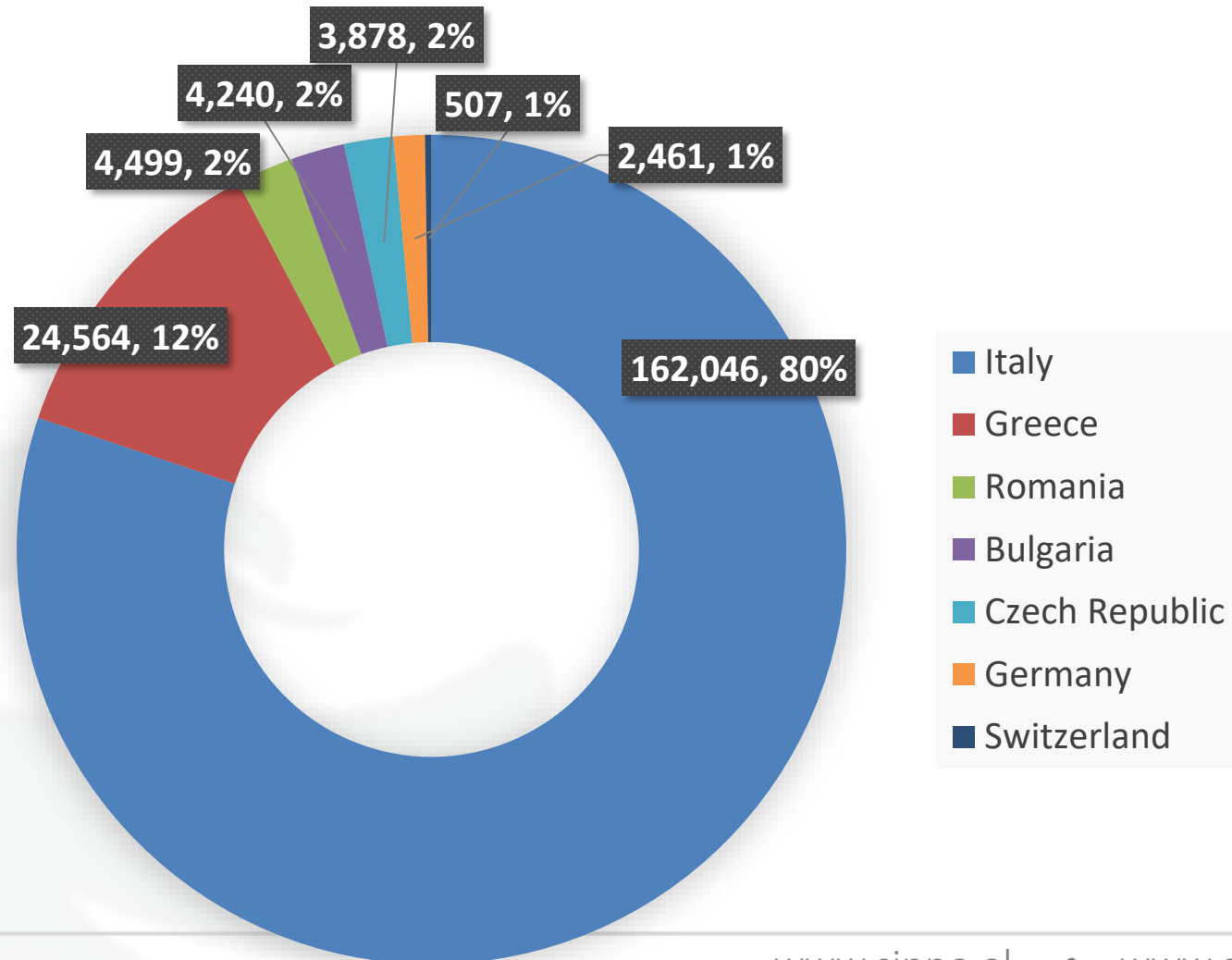
Albanian Export of Knitted Clothing

Destination country share

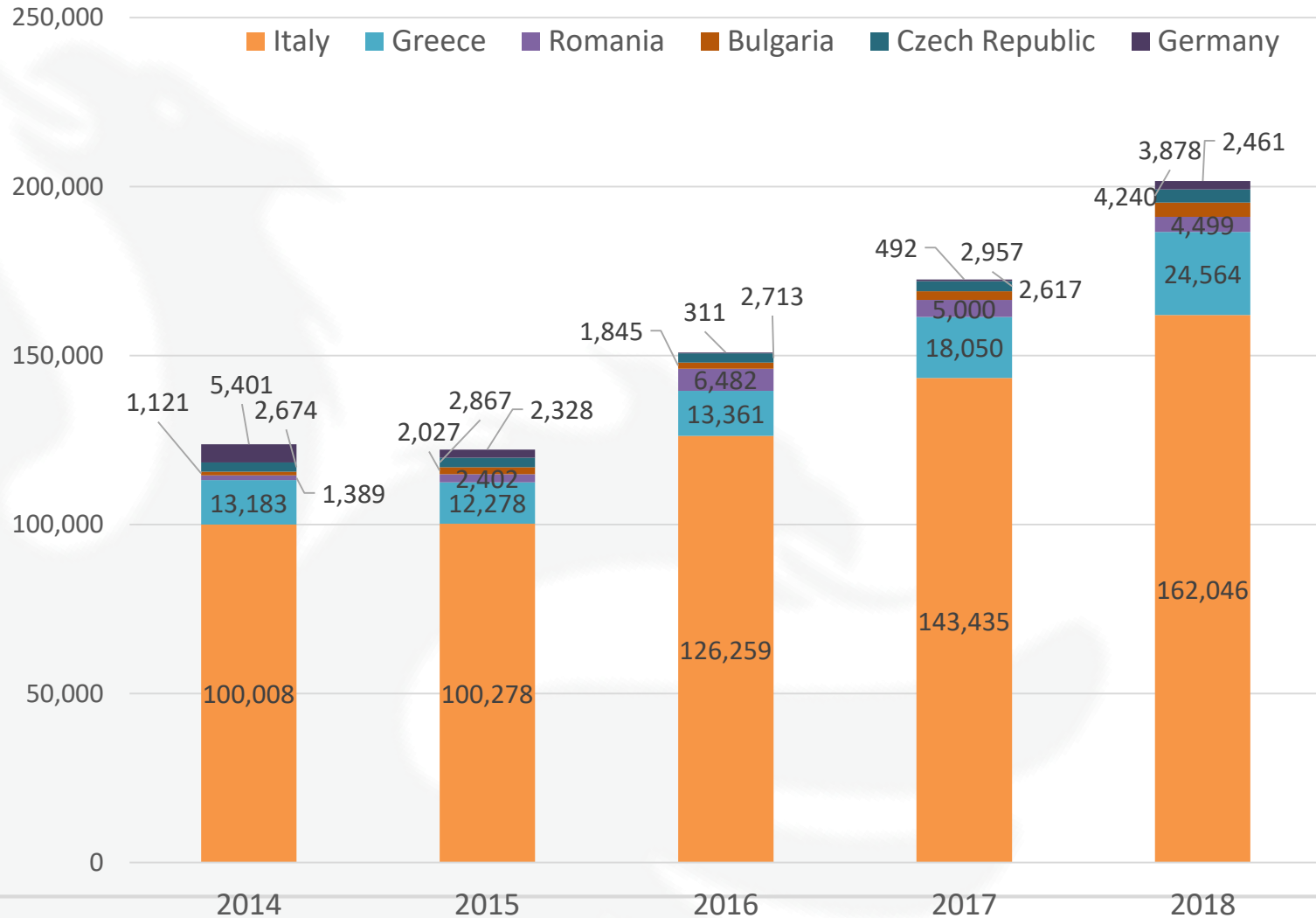
HS-Code 61

Year 2018

Unit: '000 Euro



Albanian Export of Knitted Clothing

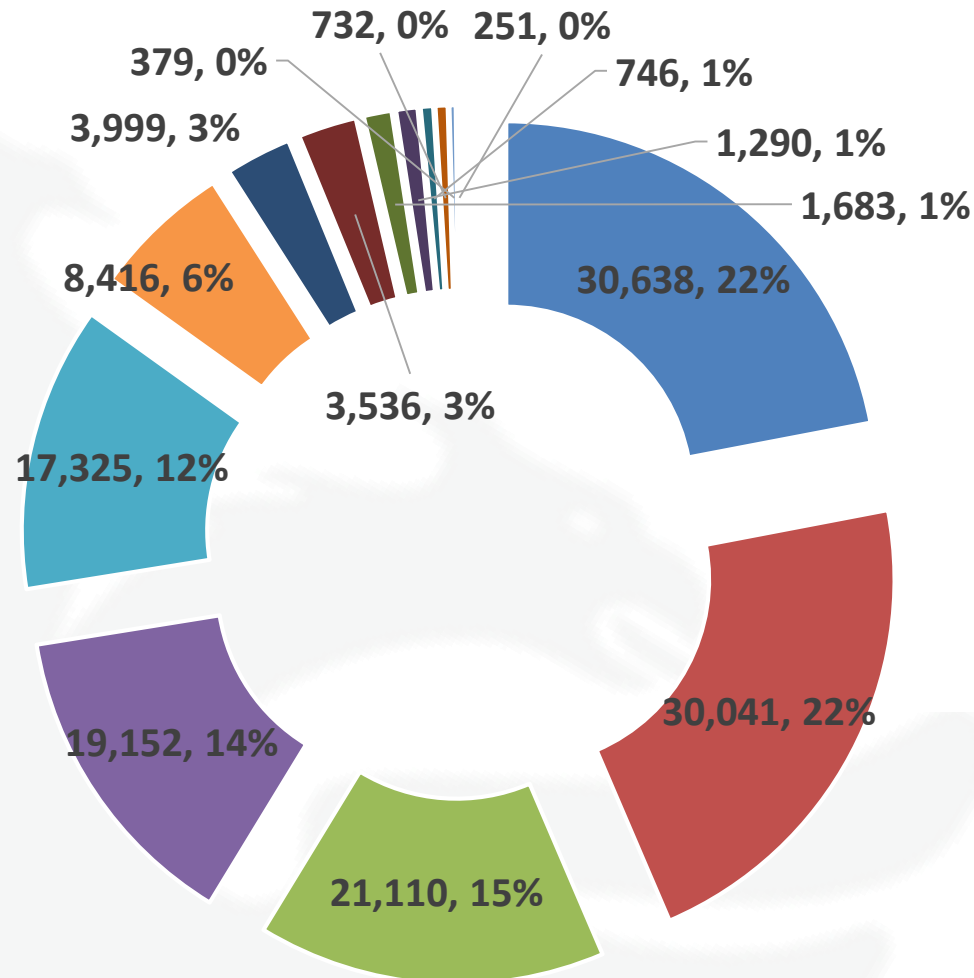


Export trend per country
HS-Code 61
in 2014 - 2018
Unit: '000 Euro

Sources: ITC based on UN COMTRADE statistics

Albanian Export of Knitted Clothing

HS-Code 61
year 2018
By Product Groups
'000 Euro



- 6109 T-shirts, singlets and other vests, knitted or crocheted
- 6107 Men's or boys' underpants, briefs, nightshirts, pyjamas, bathrobes, dressing gowns and similar . . .
- 6108 Women's or girls' slips, petticoats, briefs, panties, nightdresses, pyjamas, négligés, bathrobes, . . .
- 6110 Jerseys, pullovers, cardigans, waistcoats and similar articles, knitted or crocheted (excluding . . .
- 6104 Women's or girls' suits, ensembles, jackets, blazers, dresses, skirts, divided skirts, trousers, . . .
- 6106 Women's or girls' blouses, shirts and shirt-blouses, knitted or crocheted (excluding T-shirts . . .
- 6103 Men's or boys' suits, ensembles, jackets, blazers, trousers, bib and brace overalls, breeches . . .
- 6112 Track-suits, ski-suits and swimwear, knitted or crocheted
- 6111 Babies' garments and clothing accessories, knitted or crocheted (excluding hats)
- 6101 Men's or boys' overcoats, car coats, capes, cloaks, anoraks, incl. ski jackets, windcheaters, . . .
- 6105 Men's or boys' shirts, knitted or crocheted (excluding nightshirts, T-shirts, singlets and . . .
- 6117 Made-up clothing accessories, knitted or crocheted; knitted or crocheted parts of garments . . .
- 6114 Special garments for professional, sporting or other purposes, n.e.s., knitted or crocheted
- 6102 Women's or girls' overcoats, car coats, capes, cloaks, anoraks, incl. ski jackets, windcheaters, . . .

Conclusion

- If you are looking for:
 - MEDIUM to HIGH-END QUALITY
 - FAST DELIVERY TIME
 - FLEXIBLE QUANTITIES
 - EFFECTIVE COSTS

ALBANIA IS THE RIGHT PLACE TO SOURCE!
&
AIDA IS HAPPY TO HELP YOU IN EVERY STEP!

THANK YOU 😊. Any question please?

You are welcome to visit Albanian Stand at:



HALL 7
Stand 70A42

ALBANA ZYKAJ
SMEs & Exports Department
Albanian Investment Development Agency

VASIL KOLEZI
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