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INVEST

FOREIGN DIRECT INVESTMENT

FDI flows into Albania have been steadily increasing since the early 2000s. According to UNCTAD’s [World Investment Report 2023](#), FDI inflows amounted to USD 1.4 billion in 2022, representing a 16.2% year-on-year increase and surpassing pre-pandemic levels. During the same period, the stock of FDI reached USD 11.4 billion, approximately 61.6% of the country’s GDP. As of Q3 2023, the main countries contributing to the stock, according to the Central Bank, were the Netherlands (16.5% of the total), Switzerland (16.0%), Canada (12.8%), Italy (11.0%), Turkey (7.6%), and Austria (6.3%). Foreign investments primarily target extractive industries, the energy sector, banking and insurance, information and communication technology, and real estate, as noted by the U.S. Department of State. In the first three quarters of 2023, FDI to Albania totaled EUR 1.08 billion, a 10.6% increase compared to the same period one year earlier, as reported by the Central Bank.

Albania has implemented reforms to stimulate FDI. The state has enacted tax reforms favorable to foreign investors and aims to reduce corruption and administrative hurdles that may deter investment. Cumbersome procedures for obtaining operating licenses in the trade, construction, and tourism sectors have impeded investment progress. Lack of transparency in public procurement and weak contract enforcement also pose obstacles to FDI in Albania. Moreover, investments are hampered by inadequate infrastructure and poorly defined property laws, with property rights remaining challenging to secure due to difficulties in obtaining clear titles. The country has identified target sectors for foreign investment, including energy and mining, transportation, telecommunications, infrastructure and waste management, tourism, agriculture, and fisheries. Foreign investors are permitted full ownership of local companies, except in certain sensitive sectors such as domestic and international air passenger transport and television broadcasting. Currently, Albania lacks an investment-review mechanism for inbound FDI. The country ranks 83rd among 132 economies in the [Global Innovation Index 2023](#) and 48th out of 177 countries in the [2023 Index of Economic Freedom](#).

Foreign Direct Investment	2020	2021	2022
FDI Inward Flow <i>(million USD)</i>	1,108	1,234	1,434
FDI Stock <i>(million USD)</i>	9,608	10,081	11,397
Number of Greenfield Investments*	5	3	7
Value of Greenfield Investments (million USD)	339	113	160

Source: UNCTAD - Latest available data.

Note: * Greenfield Investments are a form of Foreign Direct Investment where a parent company starts a new venture in a foreign country by constructing new operational facilities from the ground up.

Country Comparison For the Protection of Investors	Albania	Eastern Europe & Central Asia	United States	Germany
Index of Transaction Transparency*	9.0	7.5	7.0	5.0

Country Comparison For the Protection of Investors	Albania	Eastern Europe & Central Asia	United States	Germany
Index of Manager's Responsibility**	7.0	5.0	9.0	5.0
Index of Shareholders' Power***	7.0	6.8	9.0	5.0

Source: Doing Business - Latest available data.

Note: *The Greater the Index, the More Transparent the Conditions of Transactions. **The Greater the Index, the More the Manager is Personally Responsible. *** The Greater the Index, the Easier it Will Be For Shareholders to Take Legal Action.

WHAT TO CONSIDER IF YOU INVEST IN ALBANIA

Strong Points

Albania's strong points are:

- Economic dynamism with a growth rate of 2.24% in 2019 (IMF)
- A strategic geographical position (with ports in the Adriatic and in the Ionian Sea)
- Important natural resources (oil, chromium, copper and coal)
- A young and low-cost workforce
- The prospect of its integration into the European Union
- A currency (lek) that is solid and stable against the euro
- A competitive tax system
- Free access to major markets (Albania is part of several FTAs with large markets, as well as the General System of Preferences)

Albania is a developing country that needs foreign investors to develop large parts of its economy, which offers many interesting opportunities.

Weak Points

Albania is one of the least developed countries in Europe and the Albanian economy remains fragile and highly dependent on external institutional support. The main obstacles to the country's development and the attraction of foreign investors are:

- An ingrained informal economy with a considerable weight on GDP (56.7% in 2019 according to the ILO, latest data available).
- A relatively poor population with below-European standards, and low public investment in education of 3.6% of GDP (World Bank, latest data available).
- An economy that is not very diversified and highly dependent on agriculture (18.5% of GDP and 36.4% of jobs in 2019 according to the World Bank, latest data available).
- High risk of corruption and organised crime undermining the rule of law.
- Fiscal and customs systems failing.
- A lack of modern infrastructure.
- Recurring energy shortages causing power cuts.

Government Measures to Motivate or Restrict FDI

Legislative and fiscal reforms have been enacted in recent years, as well as new laws on public-private partnerships, public procurement, free trade zones, business registration and electronic signatures. The country has ratified the "Investment Charter": a Stability Pact initiative aimed at reforming the legal environment in order to facilitate FDI in the Balkans. Steps are also being taken to halve non-tariff barriers and shorten the time needed to register a business (currently 40 days to 8 days only). The government of Edi Rama, driven by its desire to join the European Union, is working to reform the country and restructure it to consolidate the dynamism of its economy. Reforms have thus emerged to reduce the country's fiscal deficit (in 2019, the government deficit reached 1.9% of GDP - IMF), to reorganise the key electricity sector and to increase pensions.

For a number of years, Albania has implemented measures to attract foreign capital. Guarantees such as equal treatment between nationals and foreign investors and tax measures such as the VAT exemption for international exports and services, as well as importing activities for imported goods and for re-export, are some of the key measures that have been adopted and should facilitate a more dynamic development of FDI in the country.

INVESTMENT OPPORTUNITIES

Tenders, Projects and Public Procurement

[Tenders Info](#), Tenders in Albania

[Globaltenders](#), Tenders & Projects from Albania

[DgMarket](#), Tenders Worldwide

Finding Assistance For Further Information

Investment Aid Agency

[The Albanian Investment Development Agency \(AIDA\)](#)

Other Useful Resources

[Reasons to invest in Albania – Albanian Investment Development Agency](#)

Doing Business Guides

[Country Commercial Guide for Albania - export.gov](#)

[Doing Business Report on Albania \(World Bank\)](#)

[Albania Tax Guide, Deloitte](#)

[Doing business in Albania - UHY](#)