Albania: Investment Trends and Opportunities

Natalia Bayona, Executive Director
Global investments outlook
The world and Europe
Foreign Direct Investments (FDI) - *all sectors* - *global*

Global FDI flows increased by 3% in 2023 compared to 2022, reaching almost USD 1.37 trillion.
<table>
<thead>
<tr>
<th>Region</th>
<th>FDI inflows (USD billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia and the Middle East</td>
<td>584</td>
</tr>
<tr>
<td>North America</td>
<td>377</td>
</tr>
<tr>
<td>Latin America and the Caribbean</td>
<td>209</td>
</tr>
<tr>
<td>Europe</td>
<td>70</td>
</tr>
<tr>
<td>Africa</td>
<td>48</td>
</tr>
</tbody>
</table>

Source: UNCTAD World Investment Report 2023 and UNCTAD, Global Investment Trends Monitor No.43, 2024
Foreign Direct Investments (FDI) - all sectors - Europe

FDI flows to Europe in 2023 increased by **165.2%** to USD **70 billion**.

It represents **5%** of the total world’s FDI.

Source: UNCTAD World Investment Report 2023 and UNCTAD, Global Investment Trends Monitor No.43, 2024
Despite early recession worries and global economic challenges, Europe’s FDI soared by 165.2% due to robust financial markets, highlighting the contrast between regional growth and broader economic issues. This increase was significantly influenced by substantial fluctuations in the Netherlands and Luxembourg.

**Tourism cluster**

Between 2022 and 2023, 50 greenfield projects were announced in the European tourism cluster for a total of USD 1.3 billion.
Foreign Direct Investments (FDI) - *tourism sector* - *global*

**Greenfield** projects 2018 - 2023

2,619 announced projects representing a total capital investment of **USD 179.4 billion**

Expecting to create **402,082 jobs**

Source: UN Tourism based on fDi Intelligence from the Financial Times (2023)
Foreign Direct Investments - tourism sector - Europe

799 announced greenfield projects representing a total capital investment of USD 43 billion. It means, an average investment of USD 5.4 million per project.

48% of the projects correspond to accommodation.

Expecting to create 80,291 jobs in the same period.

# Top FDI investors in Europe
## 2018 - 2023

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>108</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>93</td>
</tr>
<tr>
<td>Spain</td>
<td>78</td>
</tr>
<tr>
<td>Germany</td>
<td>71</td>
</tr>
<tr>
<td>France</td>
<td>63</td>
</tr>
<tr>
<td>Netherlands</td>
<td>46</td>
</tr>
<tr>
<td>Switzerland</td>
<td>37</td>
</tr>
<tr>
<td>China</td>
<td>24</td>
</tr>
<tr>
<td>Thailand</td>
<td>20</td>
</tr>
</tbody>
</table>

Note: In instances where countries share the same number of announced projects, the ranking is fine-tuned by considering the CAPEX (Capital Expenditure) of the declared investments. Source: fDi Intelligence Financial Times, fDi Markets. Data from January 2018 to December 2023.
Investment Guidelines for Albania
TOURISM DOING BUSINESS
INVESTING IN
ALBANIA
1. Why invest in Albania?

**Gross Domestic Product (GDP) growth in 2023**

- 3.6% higher than the last 10 years average of the country
- GDP is projected to grow by 3.7% in 2024

**is the amount of Foreign Direct Investment received between January and September 2023**

Source: UNCTAD, Global Investment Trends Monitor 2023 and Global Investment Trends Monitor No.43, 2024
### Main reasons to invest in Albania

<table>
<thead>
<tr>
<th>Liberal and reformist investment climate</th>
<th>Optimal geographic location</th>
<th>Economic growth and stability</th>
</tr>
</thead>
<tbody>
<tr>
<td>&quot;Law on Tourism&quot; offering entities &quot;special status&quot;</td>
<td>Vital crossroads for Europe's major transit corridors</td>
<td>3.7% GDP Growth (p) in 2024</td>
</tr>
<tr>
<td>100% allowance for ownership</td>
<td>Adriatic and Ionian Sea enhance the country’s role as a bridge between East and West</td>
<td>Robust exports, increased FDI and free access to large markets</td>
</tr>
</tbody>
</table>

Source: Albanian Investment Development Agency (AIDA) and Ministry of Finance of Albania (2024)
Main reasons to invest in Albania

**Infrastructure development for high-end tourism**

- Major investments in infrastructure such as: airports, marinas, and ports

**Sustainable tourism and environmental focus**

- Innovative policy making and sustainability

Source: Albanian Investment Development Agency (AIDA) and Ministry of Finance of Albania (2024)
2. Economic outlook

Albania’s GDP doubled over the last 10 years (2012 - 2023), increasing from USD 12.3 billion in 2012 to USD 23 billion in 2023.

3.7% is the expected GDP growth for 2024, and 3.2% for 2025.

International tourism receipts represents

17% of the country’s GDP
65% of all service exports
46% of all exports
GDP Annual Growth (%) 2013-2025p
Average for the period 2013 - 2022 = 2.9%

Contribution of different sectors to the GDP

- **Service industry**
  Leads with **47.3% GDP contribution**, employs **43% of workforce**, driven by tourism.

- **Manufacturing**
  Declining influence, contributes **21.4% to GDP**, employs 20% of workforce.

- **Agriculture**
  Contributes **18.6% to GDP**, employs 36% of workforce.
3. Investment outlook

**EUR 1.4 billion** was the total of Foreign Direct Investment inflows in 2022 in Albania

### Origin of FDI flows in Albania

**Cumulative Periods from 2014 to 2023**

<table>
<thead>
<tr>
<th>Country</th>
<th>Switzerland</th>
<th>Netherlands</th>
<th>Italy</th>
<th>Türkiye</th>
<th>Austria</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD million</td>
<td>1,829</td>
<td>1,693</td>
<td>887</td>
<td>809</td>
<td>489</td>
</tr>
</tbody>
</table>

**Tourism cluster**

**Greenfield** FDI announcements in tourism (2018 - 2023) for **USD 135 million**

Source: Bank of Albania (2024), Statistics, Foreign Direct Investments, Quarterly stock of direct investment-liabilities by country - BPM6, available
Strategic Investment Projects in Tourism
Government Initiatives and Impact

Through the Strategic Investment Law, the country has backed 21 key tourism projects from 2016 to 2023

- Involving a total investment of EUR 3.1 billion
- Creating approximately 16,900 jobs

Source: Ministry of Tourism and Environment of Albania

*These graphs show only 5 out of the 21 projects mentioned*
As of 2023, Albania registered more than 154 startups in different sectors including: financial services, tourism, technology and innovation. Startups in Albania raised around USD 60 million over that period.

Law No. 36/2023 provides support for the creation and development of high-growth potential startups in the technology and innovation sector, which will enhance development within the tourism sector.

Source: Albania Tech (2024) and Ministry of Tourism and Environment of Albania (2024).
4. Competitiveness and value proposition

Albania is positioning as a premier investment destination for high-end tourism:

- Extensive infrastructure: airports, marinas, ports, and highways.

  **Key project:**
  Largest foreign direct investment in the country's history: **EUR 2.2 billion.**

- The number of **tourism establishments** grew **23%** in 2022 vs 2019. Also, available rooms **increased in 8,666** in the same period.

- Features a top World Heritage Sites: the **Vjosa Wild River National Park.**

Source: UN Tourism (2024), World Tourism Barometer 2024 and Ministry of Tourism and Environment of Albania, 2024.
**Best performing destinations in Europe (2023)**

International tourist arrivals (% change vs. 2019)

<table>
<thead>
<tr>
<th>Country</th>
<th>International tourist arrivals (2023)</th>
<th>% change vs. 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Albania</strong></td>
<td>10.1 million</td>
<td>+53%</td>
</tr>
<tr>
<td>Andorra</td>
<td></td>
<td>+31%</td>
</tr>
<tr>
<td>Liechtenstein</td>
<td></td>
<td>+16%</td>
</tr>
<tr>
<td>Iceland</td>
<td></td>
<td>+15%</td>
</tr>
<tr>
<td>Serbia</td>
<td></td>
<td>+15%</td>
</tr>
<tr>
<td>Portugal</td>
<td></td>
<td>+11%</td>
</tr>
<tr>
<td>Montenegro</td>
<td></td>
<td>+10%</td>
</tr>
<tr>
<td>Denmark</td>
<td></td>
<td>+8%</td>
</tr>
<tr>
<td>Malta</td>
<td></td>
<td>+8%</td>
</tr>
<tr>
<td>Türkiye</td>
<td></td>
<td>+7%</td>
</tr>
</tbody>
</table>

**1st** best performing destination in Europe in international tourist arrivals

10.1 million in 2023

Different schemes and incentives for Foreign Direct Investment in Tourism

**Tax incentives**
- Reduced VAT rate of 6% on accommodation services
- Profit Tax of 5% for taxpayers certified as agritourism
- 0% Building Tax for 4/5-star hotels holders of international recognition
- 0% Infrastructure Tax for 5-star hotels with special status
- 0% Corporate Income Tax for Accommodation facilities such as 4 and 5-star hotels with special status

**Non-tax incentives**
- The disposal of state immovable property provides for the availability of state real estate (also through a symbolic EUR 1 - contract) for a period of up to 99 years.
- Establishing of touristic ports or permanent pits serving as supporting infrastructure for tourist structures
- Disposal of beach areas for investments near the shores of the sea or lake.

Source: Ministry of Tourism and Environment of Albania, 2024.
Portfolio of opportunities

9 projects valued at over EUR 380 million

3 key examples

- Clean and resilient environment “Blue Sea”
  Estimated investment EUR 80 million

- Regional integrated tourism and urban improvement study for the Alps gateway project
  Estimated investment EUR 70 million

- Support for sustainable regional development in economically potential areas in Albania
  Estimated investment EUR 60 million

Source: Ministry of Tourism and Environment of Albania, 2024.
Albania is an attractive destination to invest in tourism. A projected GDP growth of 3.7%, a solid scheme for investment promotion and the best performance in Europe in international arrivals demonstrate the potential of the country for a more innovative tourism sector for all.
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