



Agro-Processing Opportunities for Investment in Albania







Dear Investor,

This brochure has been developed to provide potential foreign investors with an overview of the Albanian Agro-processing Sector. Investing in agro-processing offers extensive opportunities, especially in organic farming, fruit and vegetable processing and several other sectors.

Agriculture remains one of the largest and most important sectors in Albania, representing around 20% of the GDP.

Fertile land, plenty of water and access to a willing and competitive workforce are among Albania's key advantages.

Despite the fact that there is a significant amount of money to be made, the potential of the agro-processing industry in Albania has not been fully explored. To boost investment, the Albanian Government has committed to create a competitive investment climate. Comprehensive structural reforms for foreign investors include: Free Economic Zones, the new Public Private Partnership Law, Strategic Investments Law and Tourism Law.

Therefore, on behalf of the Foreign Investors Association of Albania, I would like to encourage all those Investors who are willing to expand into the developing markets of the Balkan Region and benefit from the competitive advantages that a small country like Albania possesses.

Sincerely

Silvio Pedrazzi
President

Foreign Investors Association of Albania

Why invest in Agro-processing in Albania?

The agricultural sector's structure and performance

Investment in agriculture offers extensive opportunities, especially in organic farming, agro-processing and several other sectors. Fertile land, plenty of water and access to a willing and productive workforce are among Albania's key advantages for investment in this sector.

Albania has potential for cultivation of over 60 vegetable species, with an increasing trend for several species of vegetable and fruit in the last years.

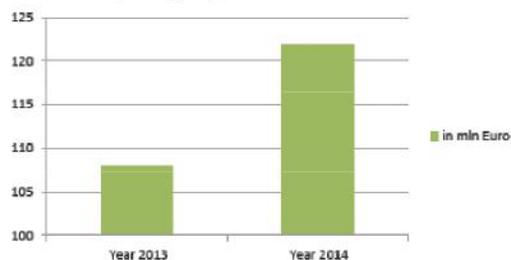
Agro-processing has developed significantly during the last 10 years and still has significant potential for expansion.

At present, the Government of Albania aims to transform "Made in Albania" into a certified and reliable brand in the international market. The goal is to develop competitive processed products to meet the demand and increase its share in International Trade.

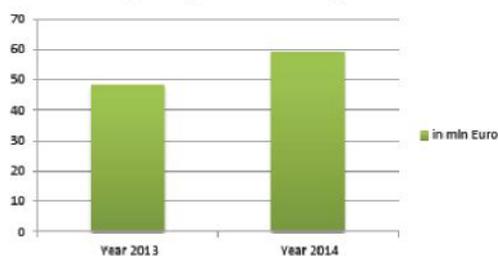
Albanian agricultural products enjoy a strong demand in countries, such as Italy, France, Belgium, Switzerland, Eastern Europe and USA. The main products which for Albania strongly compete today in foreign markets include: fresh & processed fruit and vegetable, medicinal & aromatic plants, olive oil and honey.

In 2014, the export of agricultural products in general increased by 12.5% compared to 2013, whereas the export of fruit and vegetable increased by 23% in 2014 compared to 2013.

Export of Agricultural Production



Export of Fruit and Vegetable





Top reasons to invest in the Agricultural sector in Albania

- ▶ Potential for organic agricultural development
- ▶ Government tax incentives
- ▶ Competitive labor cost
- ▶ Available Free Economic zones for Agro-processing
- ▶ Preferential Trade Agreements with the EU on the increase of exports and free trade agreements with Balkan countries
- ▶ Diverse micro-climate suitable for cultivation of different products
- ▶ Fertile & suitable soil, abundant water resources and optimal climatic conditions
- ▶ EU Candidate country



Favorable Investment Climate

The Government's objective in Albania is to assure continuous and sustainable increase on the improvement of agricultural production. The Government has introduced comprehensive structural reforms which aim to attract more foreign investors, including:

- ▶ Free Economic Zones and Technical and Economic Development Areas (TEDA)
- ▶ Public Private Partnership Law
- ▶ Strategic Investments Law

The TEDA's designation is presently applied to 3 economic zones in Albania.

TEDA's Benefits

- ▶ Albanian goods produced within the TEDA are VAT exempted
- ▶ Goods can be transported from one TEDA to another one without paying custom duties and VAT
- ▶ Capital expenses have a 120% deductible rate during a period of 2 years if developers and users invest in TEDA within three years of its operation
- ▶ Developers and users are also exempted from 50% of the profit tax rate (currently at a rate of 15 %) for a period of 5 years
- ▶ Commercial buildings in TEDA are completely exempted from real estate taxes for a period of 5 years
- ▶ Commercial buildings transferred to the TEDA are not subject to the transfer tax on real estate
- ▶ Wages and social costs are 150% deductible for the first year, and new expenses for wages and social costs compared to the previous year are 150% deductible for the subsequent years
- ▶ Training costs are double deductible for a period of 10 years
- ▶ Research and Development costs receive a double tax deduction period of 10 years
- ▶ Free market access
- ▶ Low taxes and operational costs
- ▶ Excellent geo-strategic position
- ▶ Fast company registration procedures
- ▶ Good infrastructure
- ▶ Social stability

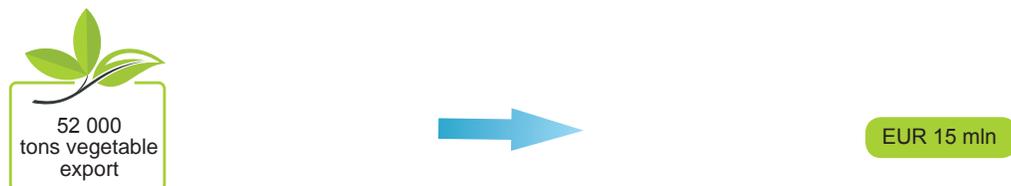
Investment Opportunities

Fresh vegetable production

The production of fresh vegetable in Albania is favored by the country's climatic conditions which favor the cultivation of vegetables in the entire territory of Albania with a mild climate and with about 300 days of sun per annum. Recent statistics show that in 2014 Albania marked an increase of 2.8% of vegetable production.

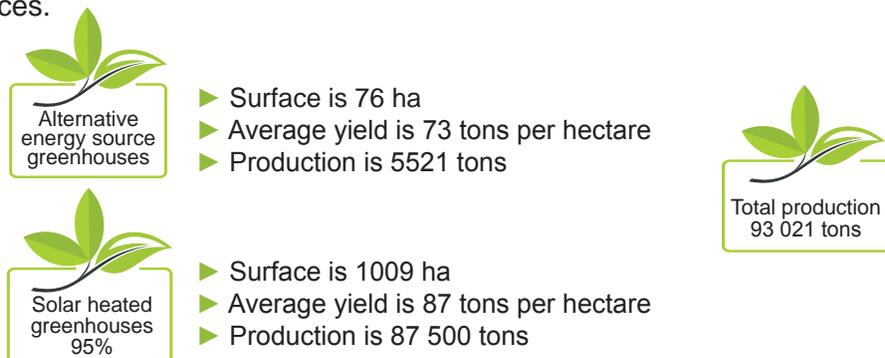


During 2014, Albania exported 52,000 tons of vegetables with a value of EUR 15 mln. Referring to the quantity of exported products, vegetable and fruit are top of the list of Albanian exported products.



Greenhouse vegetable

The number of farms with greenhouses in Albania is about 5,100, out of which 5,000 are solar heated greenhouses while 100 farms utilize alternative energy sources.

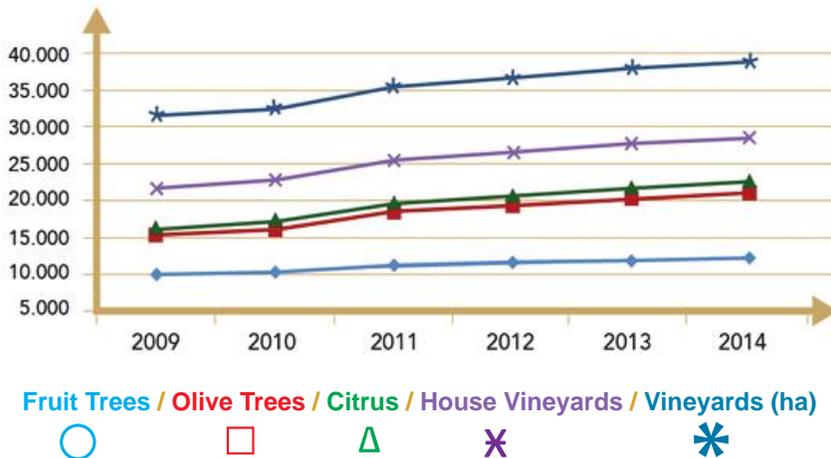


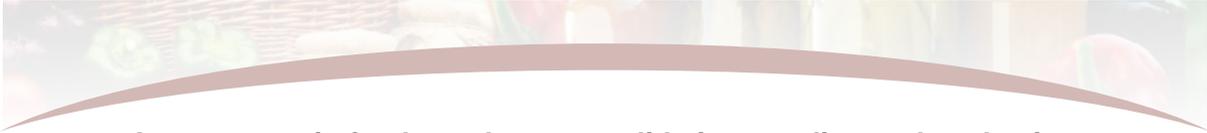
Solar heated greenhouses are good investment opportunities in Albania as they are simpler, lighter and have low construction cost, compared to those with alternative energy sources.

Fruit trees and vineyards

Increased plantation of fruit trees in recent years has yielded increased production levels, 220,000 tons of fruit in 2014, an increase of 0.9% compared with 2013. Korca has the greatest average of fruit trees and the highest annual fruit production amounting to 63,965 tons. Vlora is Albania's primary producer of citrus, with an output of 10,657 tons over 2014. In total, citrus production increased by 5% compared with 2013. In 2014, there were exported 14 thousand tons of fruit, with the value of EUR 11 mln compared with EUR 6.5 mln in 2013.

Statistics on Fruit Trees in Albania





Investments in fresh produce consolidation, grading and packaging centers

Considering the fact that Albanian agricultural production is made of thousands of households, the focus for investments in major fresh produce consolidation, grading, standardization and packaging centers, is to better serve to both local and especially export markets.

Consolidation of the existing export markets and expansion to more markets is another good and feasible investment opportunity.

With regards to standards, important steps have been taken by both public institutions and processors. The Albanian government, in line with the overall trend to line up legislation with the *acquis communautaire*, requires that agro-processors implement HACCP standards, though certification per se is not compulsory. Medicinal & Aromatic Plants collectors and exporters also apply organic standards for EU and US markets.

Processed fruit and vegetable

In terms of export, fruit and vegetable processing, with a value of EUR 60 mln, tends to increase in quantity and more importantly in quality, competing and replacing imported products. In Europe, Albania is already represented convincingly through its agricultural organic products.

In Albania there are 25 integrated fruit and vegetable consolidators, owning warehouses with a capacity of 800-1,800 tons, supplied by 5 to 600 small farms, varying in the characteristics of their capacities. Products from open field farms primarily include: apple, watermelon, tomato, cucumber, potato, onion, leak, carrot, etc.

Additionally, there are around 100 small artisanal agricultural processing workshops that focus on specialty products, such as: *gliko*, jams and/or particular little quantities of traditional local vegetable specialties.

Processing capacity for around 3,000-4,500 tons of fruit and vegetable includes a wide range of products such as sauces, canned fruits, jams, marmalade, mixed salads, dressings and marinated/pickled vegetables.

Medicinal and Aromatic Plants cultivation and processing

Medicinal and aromatic plants are mainly gathered in the wild, but they are also cultivated all over the country.

Cultivation of medicinal and aromatic plants and their processing is a major non timber agro-forestry business in Albania.

The most in-demand plant in this sector is sage, which accounts for about 50% of all exports. Other significant crops are: oregano, thyme, lavender and savory, the export of which contributes to Albania's preeminence as a producer of herbs: about 60% of the sage imported into the USA is of Albanian origin, as is 70% of the wild thyme imported by Germany.

Further medicinal and aromatic plants cultivated and processed in Albania include: hawthorn, dog rose, repanda juniper berry, blueberry, thistle seed, artichoke, chamomile, herbal teas, basil, bay leaves, cornflower, dandelion, fennel and coriander, followed by about 300 species, mostly wild collected.

Export of medicinal and aromatic plants during 2014



Organic products

Albania has 662 hectares of organic certified land, which comprises 0.1% of the total agricultural land in the country. In 2013, Albania had 46 organic producers, 27 agro-processors, 4 importers and 20 exporters. In 2011, Albania started the export of organic olive oil to Swiss market.

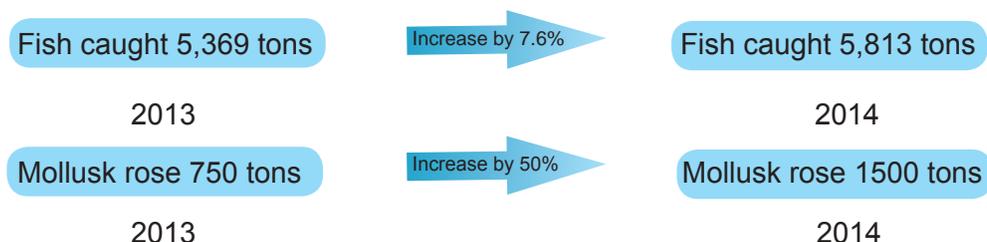
The main organic products in Albania are fresh herbs and vegetables, table grapes, olive oil, medicinal and aromatic plants, chestnuts and forest mushrooms.

Albania is the largest exporter of fresh herbs in the Balkans. There are 6 ha of greenhouse planted with 20 species of fresh herbs.

Fishing and Aquaculture

In 2014, the fishing industry reached the level of 5,813 tons of farmed fish, compared with 5,369 in 2013, an annual increase of 7.6%, which is expected to continue.

The production of bivalve mollusks rose significantly with an increase of 50% in 2014 compared with 2013. Production reached 1500 tons in 2014 from 750 tons that was in 2013.



Aquaculture has expanded rapidly during the past 10 years in Albania. In late 2012 over 1,250 tons of fish were farmed.

With opportunities for export, this business is considered as a potential for investment.

Chicken meat production, a particularly advantageous potential for investment

Albania currently supplies only 30% of the local market's demand and has great potential in this sector, which it can be defined as a very good and feasible investment opportunity for the potential foreign investors.

Potential investors in this sector, will not only have the possibility to fill in the gap between demand & supply in the local market, but will have all the possibilities to compete beyond the regional market.

Joint-venture possibilities are quite evident and feasible in this sector.

Interested to know more?

FIAA is your Partner

Contact us!



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FIAA - Foreign Investors Association of Albania is the most important business association operating in Albania as a supporter and facilitator of foreign investments in the country. It has been active in Albania for more than 15 years by representing the biggest foreign investors operating in various sectors of Albanian economy such as banking and financial services, construction, mining, energy, oil, telecommunications, tourism, agriculture and processing.

FIAA is known for its special role as a networking instrument. It regularly brings together investors to discuss problems and suggest relevant appropriate solutions.