



Tirana, June 21st, 2021

In attention of: Albania Investment Council

Topic: Contribution by Foreign Investors Association of Albania on the Business and Investment Development Strategy 2021-2027

President of FIAA Dr. Constantin von Alvensleben in 21st June 2021 session of Albanian Investment Council

Honored Minister, Honored members of the Investment Council,

Thanking you for the opportunity to contribute the position of FIAA, the Foreign Investors Association of Albania, I would like to compliment the Government for its draft of the Business and Investment Development Strategy until 2027. It paves the way for the future and aspires to make Albania fit for EU accession, but it is obvious that a lot of work needs to be done. FIAA has some comments regarding the business climate in Albania for the foreign investors, which I will address, and some further comments on the situation of trade, which my fellow Board member of FIAA, Mr. Gasmen Toska, owner of the textile company Marlotex in Berat will make.

Regarding the business climate, the Strategy describes a largely positive picture for foreign investment. But the reality is often not so positive for existing and future foreign investors. I refer to the FIAA Manifest from February of this year, where FIAA stresses the need to finish the work on the justice reform, to ensure the rule of law for any foreign investor. This is not only important for attracting new foreign investment. It is equally important for keeping existing foreign investor within Albania, and to ensure that existing foreign investors at all times give positive testimonials about Albania when they are called from abroad.

Our Manifest also addresses the need for improved tax procedural rules. It is FIAA's position that Albania needs a binding framework for obtaining tax rulings, making obligatory for the tax administration to respond within a reasonable time frame to requests for advance rulings. Too often foreign investors face conflicting views of different authorities, leading to unnecessary disputes.

Further, I should also stress the need for prior consultation before normative acts and ministerial orders are adopted. GoA should always be in discussion with the concerned companies, and not just publish such acts in the Official Gazette, creating a fact and avoiding the discussion.

We also wish to make two additional proposals for the Strategy:

1. The logistics sector can be helped by creating the necessary legal framework for the establishment of free economic zones. Considering the Government's focus on expanding and modernizing the port and airport infrastructure of the country, economic zones close to the port and the airport will boost the development.



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2. Recently, we spoke about the need to promote innovation. Albania should take advantage of the EU and of IFI to support a venture capital/private equity ecosystem to support private initiative in growth areas such as manufacturing and IT services.

3. Another key point to this strategy and to the proper implementation of its objectives and priorities:

“We know that in the last 3 years the Ministry of Economy has worked with the IFC/WB and the stakeholders for a new Draft Law on Foreign Investments and we as FIAA have commented a lot. We would like to know on the status of this Draft as its approval would be fundamental on the proper implementation of this Strategy.”

FIAA will be honored and motivated to function as partner of the newly to be formed GoA, together with all other distinguished business associations, to advise GoA during the next four years. We wish to fill out such role on a sustainable basis, making use of the high competence of FIAA's newly established Board of Directors. Let us create the right framework for on-going consultation in good partnership, and in the best interest of this great country.

Thank you for your attention, I wish to give the floor to Mr. Gasmen Toska.

FIAA Board Member Mr. Gasmen Toska:

I would like to speak about the good perspectives for Albania in the field of manufacturing for export. The goal of the relocation of some industries in Europe will give opportunities for investments in Albania.

For this purpose, the recommendations of FIAA are: a) a realistic exchange ratio EUR-ALL and b) a level of corporate income taxes which is situated in middle range of neighbor countries, could help these new investments.