

# 2025 Albania Investment Climate Statement

## Executive Summary

Albania is an upper middle-income country with a gross domestic product (GDP) of \$25 billion (2024 International Monetary Fund (IMF) estimate) and an estimated population of 2.4 million (2023 official census). Albania joined the North Atlantic Treaty Organization (NATO) in 2009 and has been a member of the World Trade Organization (WTO) since 2000. The country began accession negotiations with the European Union (EU) in July 2022. The screening process was completed in 2023, and Albania has opened four clusters for negotiations:

- Cluster 1 – Fundamentals (October 2024),
- Cluster 6 – External Relations (December 2024),
- Cluster 2 – Internal Market (April 2025), and
- Cluster 3 – Competitiveness and Inclusive Growth (May 2025).

The government aims to open all six clusters and start EU accession negotiations on all 33 chapters by summer 2025, with the goal of completing the EU accession process by the end of the decade.

Albania's macroeconomic situation is stable. In 2024, economic growth reached 4 percent, driven by robust growth in the tourism and real estate sectors and prudent macroeconomic policies.

Inflation decreased from its peak of 6.73 percent in 2022 to 2.2 percent in 2024, remaining within the Bank of Albania's target range of 2-3 percent. The gross domestic debt ratio to GDP reduced from 75 percent in 2021 to 55 percent in 2024, thanks to:

- steady fiscal consolidation,
- prudent monetary policy,
- domestic currency appreciation, and

- increased tax revenues.

Despite the resilience and steady growth demonstrated by the Albanian economy in recent years, its economic development remains vulnerable to:

- widespread corruption,
- organized crime,
- distorted competition,
- labor shortages due to emigration,
- low productivity, and
- a large informal sector.

Albania's GDP per capita is only about a quarter of the EU-15 average. To address these challenges and increase its economic convergence with the EU economy, the country needs to undertake deep structural reforms.

Albania's legal framework aligns with international standards in protecting and encouraging foreign investments and does not discriminate against foreign investors. The Law on Strategic Investments approved in 2015, to promote both domestic and foreign investments in strategic sectors, did not attract many foreign investments despite multiple extensions beyond its original December 2018 deadline. The last amendment was approved in January 2025, extending its deadline to December 2026. The majority of more than 60 approved projects focus on the tourism sector and are dominated by domestic investors.

The U.S.-Albanian Bilateral Investment Treaty, which entered into force in 1998, ensures that U.S. investors receive national treatment and most-favored-nation (MFN) treatment. Albania and the United States signed a Memorandum of Economic Cooperation in October 2020 to increase trade and investment between the two countries.

As a developing country, Albania offers potential for foreign investments across many sectors including:

- energy,
- tourism,
- healthcare,
- agriculture,
- oil and mining, and
- information and communications technology (ICT).

In the last decade, Albania has attracted greater levels of foreign direct investment (FDI). Albania lacks an investment screening mechanism for inbound FDI. According to the United Nations Conference on Trade and Development (UNCTAD) data, during 2018-2023, the flow of FDI has averaged \$1.33 billion with FDI in 2023 reaching a record high of \$1.68 billion. Stock FDI at the end of 2023 reached almost \$14 billion, which is 81 percent higher than in 2018. According to preliminary data of the Bank of Albania, the FDI flow in 2024 hit another record high of \$1.71 billion while stock FDI reached almost \$16.7 billion, dominated by:

- real estate (23%),
- extractive industries (13.5%),
- banking and insurance (18%), and
- the processing industry (11%).

The largest sources of FDI are:

- the Netherlands,
- Switzerland,
- Canada,
- Italy,
- Turkey, and
- Austria.

FDI from the United States accounts for a small but growing share. At the end of 2024, the United States' stock FDI in Albania, according to the Bank of Albania, reached \$382 million, up from \$300 million at the end of 2023 (Albanian government data).

Albania has broad economic potential, a sound legal framework, and has progressed in limiting petty corruption by digitizing public services for both citizens and businesses. Albania's score on the Transparency International Corruption Perceptions Index improved from 37 to 42 out of 100 in 2024. However, foreign investors continue to perceive Albania as a difficult place to do business. They cite continuing challenges for investment and business in Albania due to:

- corruption in the public sector, the judiciary, and public procurements;
- unfair and distorted competition,
- a large informal economy,
- money laundering;
- frequent changes to fiscal legislation;
- property rights; and
- weak enforcement of contracts.

The emigration of young, skilled labor has created labor shortages that affect investment prospects. The business community reports that the large influx of illicit proceeds from drug trafficking, smuggling, fiscal evasion, and corruption distorts competition in the market. Investors report that they can be targets of extortion by public administration, media, and criminal groups.

Reports of corruption in government procurement are common, with investors frequently reporting cases of government corruption delaying and preventing investments in Albania. The continued use of public-private partnership (PPP) contracts has reduced opportunities for competition, including by foreign investors, in infrastructure and other sectors. Weak analysis and a lack of technical expertise in drafting and monitoring PPP contracts are ongoing concerns. Several U.S. investors have faced contentious commercial disputes with both public and private entities, including some that went to international arbitration.

Property rights continue to be a challenge in Albania because clear title is difficult to obtain. There have been instances of individuals allegedly manipulating the court system to obtain illegal land titles. Overlapping property titles are widespread. The compensation process for land confiscated by the former communist regime continues to be cumbersome, inefficient, and inadequate. The government has stated its intention to address this problem, but progress has been limited.

To address systemic corruption, Albania passed sweeping constitutional amendments to reform the country's judicial system and improve the rule of law in 2016. Albania has functional, independent anti-corruption bodies, including the Special Prosecution Office (SPO) and National Bureau of Investigation (NBI), which are part of the Special Structure Against Corruption and Organized Crime (SPAK). Judicial reform is heavily supported by the United States and EU, and implementation is ongoing, with the hope that its success will eventually improve the investment climate in the country.

Judicial reform implementation that started in 2016 included the vetting of judges and prosecutors. More than half the judges and prosecutors who underwent vetting have been dismissed for unexplained wealth or ties to organized crime, or have resigned to avoid vetting. As part of the EU accession process, the EU expects Albania to intensify investigations of high-profile cases, to build a track record of indictments of high-level corruption and money laundering cases, and to investigate judges and prosecutors whose vetting revealed possible criminal conduct. The business community praises the progress of justice reform in fighting corruption and ending impunity but expresses concerns that the vacancies created in the judiciary have slowed the adjudication of cases, creating a backlog of cases in the courts, notably at the Court of Appeal and the Administrative Appeal Court.

## **Section 1. Openness to, and Restrictions upon, Foreign Investment**

### **Policies toward Foreign Direct Investment**

Albania maintains a liberal foreign investment regime designed to attract FDI. The Law on Foreign Investments outlines specific protections for foreign investors and allows 100 percent foreign ownership of companies, except in the areas of domestic and international air

passenger transport and television broadcasting. Albanian legislation does not distinguish between domestic and foreign investments.

The Law on Strategic Investments approved in 2015 offers incentives and fast-track administrative procedures, depending on the size of the investment and number of jobs created, to both foreign and domestic investors. The law's deadline was postponed several times and the last amendment in January 2025 extended its deadline to December 2026.

The [Albanian Investment Development Agency \(AIDA\)](#) is the entity responsible for promoting foreign investments in Albania. Potential U.S. investors in Albania should contact AIDA to learn more about services AIDA offers to foreign investors. The Law on Strategic Investments stipulates that AIDA, as the Secretariat of the Strategic Investment Council, serves as a one-stop-shop for foreign investors, from filing the application form to granting the status of strategic investment/investor. Despite supporting legislation, very few foreign investors have benefited from the "Strategic Investor" status, and almost all projects have been granted to domestic companies operating in the tourism sector. Foreign investors who have applied for the status of strategic investor cite that responses from AIDA are slow.

### **Limits on Foreign Control and Right to Private Ownership and Establishment**

Foreign and domestic investors have equal rights of ownership of local companies, based on the principle of "national treatment." There are only a few exceptions regarding ownership restrictions:

- **Domestic and international air passenger transport:** Foreign interest in airline companies is limited to 49 percent ownership by investors outside the Common European Aviation Zone, for both domestic and international air transportation.
- **Audio and audio-visual broadcasting:** An entity, foreign or domestic, cannot hold more than 40 percent shares in a national audio or audio-visual broadcasting company, and not more than 20 percent shares in a second national audio or audio-visual broadcasting company. Additional restrictions apply to the regional or local audio and audio-visual licenses.

- **Agriculture:** No foreign individual or foreign incorporated company may purchase agricultural land, though land may be leased for up to 99 years. However, if the company registers in Albania, this limitation on agricultural land does not apply.

Albanian law permits private ownership and the establishment of enterprises and property. To operate in certain sectors, licenses are required but foreign investors do not require additional permission or authorization beyond that required of domestic investors. Commercial property may be purchased, but only if the proposed investment is worth three times the price of the land. There are no restrictions on the purchase of private residential property. Foreigners can acquire concession rights on natural resources and resources of the common interest, as defined by the Law on Concessions and Public Private Partnerships.

Albania lacks an investment screening mechanism for inbound FDI. There are efforts to introduce an investment screening mechanism in the legislation on foreign investments. A new provision in the Petroleum Law, introduced in 2017 allows the government to reject a petroleum-sharing agreement or the sale of shares in a petroleum-sharing agreement to any prospective investor due to national security concerns. The law on Ultimate Beneficiary Owners, approved in 2020, requires all business entities in Albania to disclose individuals who directly or indirectly own more than 25 percent of shares, voting rights, or ownership interests. Foreign investors must ensure transparency in their ownership structures by accurately reporting ultimate beneficiary owners.

## **Other Investment Policy Reviews**

Albania underwent a third-party [Investment Policy Review by the WTO in 2023 and 2024](#). In November 2017, the United Nations Conference on Trade and Development (UNCTAD) completed the first [Investment Policy Review of South-East European \(SEE\) countries](#), including Albania.

## **Business Facilitation**

The National Business Center (NBC) serves as a one-stop shop for business registration and [publishes all required procedures and documents](#). Registration may be done in person or online via

the [e-Albania website](#). Many companies choose to complete the registration process in person, as the online portal requires an authentication process and electronic signature and the company must have an authorized representative or a local intermediary to sign on its behalf. When a business registers in the NBC it is also automatically registered with the Tax Office, Labor

## Outward Investment

Albania neither promotes nor incentivizes outward investment, nor does it restrict domestic investors from investing abroad.

## Section 2. Investment and Taxation Treaties

The United States and Albania signed a bilateral investment treaty ([United States Bilateral Investment Treaties - United States Department of State](#)) in 1995, which entered into force in January 1998. The treaty ensures that U.S. investors receive national and most-favored-nation treatment and provides for dispute settlement.

Albania has concluded [bilateral investment treaties with 45 countries](#), with 40 in force.

Albania has signed free trade agreements with the EU, Central European Free Trade Agreement (CEFTA) countries (North Macedonia, Montenegro, Serbia, Bosnia and Herzegovina, Kosovo, and Moldova), the European Free Trade Association (EFTA) countries (Switzerland, Liechtenstein, Norway, and Iceland), and Turkey. There is no free trade agreement with the United States.

In 1992, Albania ratified the Agreement on Promotion, Protection and Guarantee of Investments among member states of the Organization of the Islamic Conference (OIC).

Albania does not have a bilateral taxation treaty with the United States.

Albania and the United States signed a Memorandum of Economic Cooperation in October 2020 to increase bilateral trade and investment.



## Section 3. Legal Regime

### Transparency of the Regulatory System

Albania's legal, regulatory, and accounting systems have improved in recent years, but there are still many challenges. Persistent corruption, uneven enforcement of legislation, cumbersome bureaucracy, distortion of competition, frequent changes of fiscal legislation, and a lack of transparency hinder the business community.

Albanian legislation includes provisions on:

- disclosure requirements;
- the formation, maintenance, and alteration of firms' capitalization structures;
- mergers and divisions;
- takeover bids;
- shareholders' rights; and
- corporate governance principles.

The Law on Accounting and Financial Statements includes reporting provisions related to international financial reporting standards (IFRS) for large companies, and national financial reporting standards for small and medium enterprises. Albania meets minimum standards on fiscal transparency, and debt obligations are published by the Ministry of Finance. Albania's budgets are publicly available, substantially complete, and reliable.

In August 2020, Albania approved the law for the establishment of the register of the Ultimate Beneficiary Owners. The law aims to ensure transparency on the ultimate beneficiary owners, who directly and indirectly own more than 25 percent of shares, voting rights, or ownership interests in all entities registered to do business in Albania, and was adopted following the recommendations of the Council of Europe Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL).

According to the [World Bank's Global Indicators of Regulatory Governance](#), the rulemaking process in Albania meets the minimum requirements of transparency. Ministries and regulatory agencies develop forward regulatory plans that include changes or proposals intended to be adopted within a set timeframe. The hierarchy of laws in Albania is Constitution, international ratified agreements/conventions, laws, and normative acts/executive orders of the Council of Ministers. The Law on notification and public consultation requires Albania to publish draft laws and regulations for public consultation or notification and sets clear timeframes for these processes. Such draft laws and regulations are published on the [Electronic Register for Notifications and Public Consultation](#). The business community frequently complains that final versions of laws and regulations fail to address their comments and concerns and that comment periods are frequently not respected.

The Albanian Assembly [publishes a list of both proposed and adopted legislation](#). The proposed laws are accompanied by a report on the proposed changes, reasons, and the impact of the proposed laws or amendments. All laws, by-laws, regulations, decisions by the Council of Ministers (the government), decrees, and any other regulatory acts are published on the [National Publication Center](#) website. Each government institution and agency publishes all relevant legislation on its website.

## **International Regulatory Considerations**

Albania acceded to the WTO in 2000, and the country notifies the WTO Committee on Technical Barriers to Trade of all draft technical regulations. Albania signed a Stabilization and Association Agreement (SAA) with the EU in 2006. The EU agreed to open accession talks on March 25, 2020, and the country held its first Inter-Governmental Conference (IGC) in July 2022, marking the official opening of accession talks. In November 2023, the EU finalized the screening process which defined the level of alignment with EU rules and policies and Albania's preparedness to implement the remaining criteria for EU membership. Albania has opened four clusters for negotiations and aims to open the remaining two clusters in 2025. The final aim is to complete the accession process within this decade. Albania has long been involved in

the gradual process of legislation approximation with the EU acquis. This process is expected to accelerate now that the country has opened accession negotiations.

## **Legal System and Judicial Independence**

The Albanian constitution provides for the separation and balancing of legislative, executive, and judicial branches, thereby supporting the independence of the judiciary. The civil court system consists of district courts, appellate court, and the High Court (the Supreme Court). The district courts are organized in specialized sections according to the subject of the claim, including civil, family, and commercial disputes.

The administrative courts of first instance, the Administrative Court of Appeal, and the Administrative College of the High Court adjudicate administrative disputes. The Constitutional Court reviews cases related to the constitutionality of legislation and protects the constitutional rights of citizens and legal entities.

Investors in Albania are entitled to judicial protection of legal rights related to their investments. Foreign investors have the right to submit disputes to an Albanian court. In addition, parties to a dispute may agree to arbitration. Many foreign investors complain that judicial corruption and inefficient court procedures undermine judicial protection in Albania and seek international arbitration to resolve disputes. It may be beneficial to U.S. investors to consider including binding international arbitration clauses in any agreements with Albanian counterparts.

## **Laws and Regulations on Foreign Direct Investment**

There is no one-stop-shop that lists all legislation, rules, procedures, and reporting requirements for investors. However, foreign investors should visit the [Albania Investment Development Agency](#) website, which offers wide-ranging information for foreign investors.

To boost both domestic and foreign investments in strategic sectors, the Albanian government approved the law on strategic investments in May 2015. Under the law, a “strategic investment” may benefit from either “assisted procedure” or “special procedure” assistance

from the government to help navigate the permitting and regulatory process. The insignificant share of foreign investors that have benefited from the status of strategic investors has fueled the perception among foreign investors that the law has benefited mostly domestic companies with strong ties to the ruling majority.

Albania maintains a liberal foreign investment regime with limited exceptions, most of which apply to the purchase of real estate. Agricultural land cannot be purchased by foreigners and foreign entities but may be leased for up to 99 years. Investors can buy agricultural land if registered as a commercial entity in Albania. Commercial property may be purchased, but only if the proposed investment is worth three times the price of the land. There are no restrictions on the purchase of private residential property.

Albania's tax system does not distinguish between foreign and domestic investors. Informality in the economy, which the IMF estimates to be around one third of the total economy, presents challenges for tax administration.

Visa requirements to obtain residence or work permits are straightforward and do not pose an undue burden on potential investors. U.S. passport holders can stay in Albania for one year without a residence permit. To reset this period, a U.S. citizen must leave Albania for at least 90 days. Shorter trips do not extend the one-year limit. U.S. citizens who intend to work and invest in Albania should apply for a residence permit, which can be granted for up to 5-years for U.S. citizens. The application can be done electronically in the [e-Albania portal](#).

## **Competition and Antitrust Laws**

The [Albanian Competition Authority](#) is the agency that reviews transactions for competition-related concerns. The Law on Protection of Competition governs incoming foreign investment whether through mergers, acquisitions, takeovers, or green-field investments, irrespective of industry or sector. The law is broadly in line with the EU legislation on competition. In the case of share transfers in insurance, banking and non-banking financial industries, the [Financial Supervisory Authority](#) and the [Bank of Albania](#) may require additional regulatory approvals. Transactions between parties outside Albania, including foreign-to-foreign transactions, are covered by the

competition law, which states that its provisions apply to all activities, domestic or foreign, that directly or indirectly affect the Albanian market. In 2024 the Competition Authority issued 102 decisions on abuses. Competition Authority decisions can be appealed in the Court of Tirana within 30 days of the decision notification.

## **Expropriation and Compensation**

The Albanian constitution guarantees the right of private property. According to Article 41, expropriation or limitation on the exercise of a property right can occur only if it serves the public interest and with fair compensation. During the post-communist period, expropriation has been limited to land for public interest, mainly infrastructure projects such as:

- roads,
- energy infrastructure,
- water works,
- airports, and
- other facilities.

Compensation has generally been reported as below market value and owners have complained that the compensation process is slow, unfair, and the institutions fail to observe proper procedures. There have been reports of extortion of U.S. businesses connected with threats of property expropriation. Civil courts are responsible for resolving such complaints.

There are many ongoing disputes regarding property confiscated during the communist regime. Identifying ownership is a longstanding problem in Albania that makes restitution for expropriated properties difficult. The restitution and compensation process started in 1993 but has been slow and marred by corruption. Many U.S. citizens of Albanian origin have been engaged in long-running restitution disputes. Court cases go on for years without a final decision, causing many to refer their cases to the European Court of Human Rights (ECHR) in Strasbourg, France. A significant number of applications are pending for consideration before the ECHR. Even after settlement in Strasbourg, enforcement remains slow.

To address the situation, Albania approved new property compensation legislation in 2018 that aims to resolve pending claims for restitution and compensation. The 2018 law reduces the burden on the state budget by changing the cash compensation formula. The legislation presents three methods of compensation for confiscation claims:

- restitution;
- compensation of property with similarly valued land in a different location; or
- financial compensation.

It also sets a 10-year timeframe for the completion of the process. In February 2020, the Albanian Parliament approved the Law on the finalization of the transitory process of property deeds in the Republic of Albania, which aims to finalize land allocation and privatization processes contained in 14 various laws issued between 1991 and 2018. Despite efforts, property issues continue to be cumbersome, and potential investors should exercise caution when dealing with property transactions. Corruption, lack of transparency and inefficiency in procedures, lack of an efficient integrated land management system, finalization of digitalization and reconciliation of legal titles and cadastral maps, and lack of completion of the first property registration are among the major property challenges. In its 2023 progress report for Albania, the EU noted that the legalization of informal construction, expropriation, and demolition of construction must strictly adhere to the legal framework in place, including the principle of transparency and due judicial process.

Albania has generally not engaged in expropriation actions against U.S. investments, companies, or representatives. There have been limited cases in which the government has revoked licenses, specifically in the mining and energy sectors, based on contract violation claims. Several cases ended up in international arbitration, with arbitration awards rendered both in favor and against the government.

The law on Strategic Investments, approved in 2015, empowers the government to expropriate private property for the development of private projects deemed special strategic projects. Despite the provision that the government would act when parties fail to reach an agreement,

the clause is a source of controversy because it entitles the government to expropriate private property in the interest of another private party. The expropriation procedures are consistent with the law on expropriation, and the cost for expropriation would be incurred by the strategic investor. The provision has yet to be exercised.

## **Dispute Settlement**

Albania is a member state to the International Centre for the Settlement of Investment Disputes (ICSID Convention) and is a signatory to the convention on the Recognition and Enforcement of Foreign Arbitral Awards (1958 New York Convention). In 2000, Albania ratified the 1961 European Convention on International Commercial Arbitration (Geneva Convention).

Under the Albanian Constitution, ratified international agreements prevail over domestic legislation. In July 2023, Albania approved a new law on arbitration, based on UNCITRAL model law on International Commercial Arbitration. The law applies to both domestic and international arbitration. An arbitration is considered international when parties to an arbitration agreement have, at the time of the conclusion of that agreement, their places of business in different states; the place of arbitration according to the arbitration agreement, or the country with which the dispute, subject to the arbitration, is most closely connected, is outside Albania; or a substantial part of the contractual obligations, subject of the dispute, are performed outside Albania. The recognition and enforcement of international arbitration award is done in compliance with the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards, ratified by Albania in 2000. The concerned party shall submit the request for recognition and enforcement before the competent Albanian Court of Appeal of the General Jurisdiction. The recognition of an international arbitration award can be rejected only for the reasons listed in Article V of the New York Convention.

## ***Investor-State Dispute Settlement***

Albania signed a Bilateral Investment Treaty with United States in 1995, which entered into force in 1998. Foreign investors should opt to include international arbitration clauses in their

contracts with Albanian parties including the government because the court system is not responsive or due to concerns about corruption.

Over the past 10 years, there have been three investment disputes between the Albanian government and U.S. investors, two of which resulted in international arbitration. Despite Albania's stated desire to attract and support foreign investors, U.S. investors in disputes with Albania reported a lack of productive dialogue with government officials, who frequently displayed a reluctance to settle the disputes before they escalated to the level of international arbitration, or before the international community exerted pressure on the government to resolve the issue. U.S. investors in Albania should consider including binding arbitration clauses in any agreements with Albanian counterparts.

### ***International Commercial Arbitration and Foreign Courts***

An alternative to dispute settlement via the courts is private arbitration or mediation. Parties can engage in arbitration when they have agreed to such a provision in the original agreement, when there is a separate arbitration agreement, or by agreement at any time when a dispute arises. In July 2023, Albania approved a new law on arbitration, based on UNCITRAL model law on International Commercial Arbitration. The law applies to both domestic and international arbitration. The concerned party shall submit the request for recognition and enforcement before the competent Albanian Court of Appeal of the General Jurisdiction. The recognition of an international arbitration award can be rejected only for the reasons listed in Article V of the New York Convention. Mediation is also available for resolving all civil, commercial, labor and family disputes, consumer rights, disputes between public and private entities, and intellectual property.

### **Bankruptcy/Insolvency Regulations**

Albania maintains adequate bankruptcy legislation, though corrupt and inefficient bankruptcy court proceedings make it difficult for companies to reorganize or discharge debts through bankruptcy.



A 2016 Law on bankruptcy aimed to close loopholes in the insolvency regime, decrease unnecessary market exit procedures, reduce fraud, and ease collateral recovery procedures. The Bankruptcy Law governs the reorganization or liquidation of insolvent businesses. It sets out non-discriminatory and mandatory rules for the repayment of the obligations by a debtor in a bankruptcy procedure. The law establishes statutory time limits for insolvency procedures, professional qualifications for insolvency administrators, and an Agency of Insolvency Supervision to regulate the profession of insolvency administrators. The bankruptcy law provides for equal rights for the local and foreign creditors in a bankruptcy proceeding in Albania.

## Section 4. Industrial Policies

### Investment Incentives

The [Albanian Investment Development Agency](#) is the best source to find incentives offered across a variety of sectors. To boost investments in strategic sectors, Albania approved a Law on Strategic Investments in May 2015 that outlines the criteria, rules, and procedures that state authorities employ when approving a strategic investment. The deadline was postponed several times, and the current deadline is December 2026. The law does not discriminate between foreign and domestic investors. To date, most projects approved under this law have been granted to domestic investors in the tourism sector.

The following sectors are defined as strategic sectors:

- mining and energy,
- transport,
- electronic communication infrastructure,
- urban waste industry,
- tourism,
- agriculture (large farms) and fishing,

- economic zones, and
- development priority areas.

### ***Major Incentives Albania Offers***

**Energy and Mining, Transport, Electronic Communication Infrastructure, and Urban Waste Industry:** Investments greater than €30 million enjoy the status of assisted procedure, while investments of €50 million or more enjoy special procedure status.

The Albanian government offers power purchasing agreements (PPA) for 15 years for electricity produced from hydroelectric plants with an installed capacity of less than 15 megawatts. The Albanian government also offers feed-in-premium tariff for solar installations with installed capacity of less than two megawatts and for wind installation of less than three megawatts through a competitive tendering process. The [Energy Regulatory Authority \(ERE\)](#) conducts an annual review of the feed-in-premium tariffs for wind and photovoltaic parks. The ERE also conducts an annual review of the feed-in-tariffs for small hydroelectric plants with an installed capacity of less than 15 megawatts. Certain machinery and equipment imported for the construction of hydropower plants are VAT exempt. Imports of machinery and equipment for investments of greater than €400,000 for small wind and solar parks with an installed capacity of less than three megawatts and two megawatts, respectively, enjoy a VAT exemption. Imports of hot water solar panels for household and industrial use are also VAT exempt.

**Tourism and Agritourism:** Investments of €5 million or more enjoy the status of assisted procedure, while investments greater than €50 million enjoy the status of special procedure. In 2018, Albania introduced new incentives to promote the tourism sector. International hotel brands that invest at least \$8 million in a four-star hotel and \$15 million in a five-star hotel are exempt from property taxes for 10 years, pay no profit taxes, and pay a VAT of 6 percent for any service on their hotels or resorts. For all other hotels and resorts, Albania reduced the VAT on accommodation from 20 percent to 6 percent. Profit taxes for agritourism ventures were reduced to 5 percent from 15 percent previously, while VAT for accommodation is now 6 percent, down

from 20 percent. Five-star hotels and agritourism facilities are exempt from the tax on impact on infrastructure while both four- and five-star hotels are exempt from tax on buildings.

**Agriculture (Large Agricultural Farms) and Fishing:** Investments greater than €3 million that create at least 50 new jobs enjoy the status of assisted procedure, while investments greater than €50 million enjoy the status of special procedure. In addition, Albania offers a wide range of incentives and subsidies for investments in the agriculture sector. The funds are a direct contribution from the state budget and the EU Instrument of Pre-Accession for Rural Development Fund (IPARD). The program is managed by the [Agricultural and Rural Development Agency](#). Agricultural inputs, agricultural machinery, and veterinary services are exempt from VAT. The Albanian government offers other subsidies to agricultural farms and wholesale trade companies that export agricultural products.

Some incentives offered in the agriculture sector include:

- zero VAT for agricultural machinery and for fishing industry items, such as:
  - ships,
  - nets,
  - electronic equipment,
  - refrigerators, and
  - ship engines.
- zero tariff for the registration and compulsory vaccination of livestock,
- zero tax for the purchase of diesel from fishing vessels,
- a reduction of profit tax up to 5 percent for Agricultural Cooperative Societies and
- 10 percent VAT for supply of agricultural inputs, including:
  - chemical fertilizers,
  - pesticides,
  - seeds, and
  - seedlings.

**Development Priority Areas:**

- Investments greater than €1 million that create at least 150 new jobs enjoy the status of assisted procedure.
- Investments greater than €10 million that create at least 600 new jobs enjoy the status of special procedure.

**Foreign Tax Credit:** Albania applies foreign tax credit rights even in cases where no double taxation treaty exists with the country in which the tax is paid. If a double taxation treaty is in force, double taxation is avoided either through an exemption or by granting tax credits up to the amount of the applicable Albanian corporate income tax rate (currently 15 percent). In 2019, Albania reduced the dividend tax from 15 percent to 8 percent.

**Corporate Income Tax Exemption:** Film studios and cinematographic productions, licensed and funded by the National Cinematographic Center, are exempt from corporate income tax.

**Loss Carry Forward for Corporate Income Tax Purposes:** Fiscal losses can be carried forward for three consecutive years (the first losses are used first). However, the losses may not be carried forward if more than 50 percent of direct or indirect ownership of the share capital or voting rights of the taxpayer are transferred (changed) during the tax year.

**Lease of Public Property:** Albania can lease public property of more than 500 square meters or grant a concession for the symbolic price of one euro if the properties will be used for manufacturing activities with an investment exceeding €10 million, or for inward processing activities. Albania can also lease public property or grant a concession for the symbolic price of one euro for investments of more than €2 million for activities that address certain social and economic issues, as well as activities related to sports, culture, tourism, and cultural heritage. Criteria and terms are decided on an individual basis by the Council of Ministers.

**Incentives for the Manufacturing Sector and ICT:** Albania reduced the profit tax from 15 percent to 5 percent for software development companies and the automotive industry. Manufacturing activities are exempt from 20 percent VAT on imports of machinery and equipment. The Albanian

government offers a symbolic one-euro rent for government-owned property (land and buildings) for investments exceeding \$2.7 million that create a minimum of 50 jobs. No VAT is charged for products processed for re-exports. Employers are exempt from paying social security tax for one year for all new employees.

The manufacturing sector obtains VAT refunds immediately in the case of zero risk exporters, within 30 days if the taxpayer is an exporter, and within 60 days in the case of other taxpayers. Apparel and footwear producers are exempt from 20 percent VAT on raw materials if the finished product is exported. In 2011, Albania also removed customs tariffs for imported apparel and raw materials in the textile and shoe industries (e.g., leather used for clothes, cotton, viscose, velvet, sewing accessories, and similar items).

**Technological and Development Areas (TEDA):** The Law on Economic Development Areas provides fiscal and administrative incentives for companies that invest in this sector and for firms that establish a presence in these areas. Major incentives include:

- Capital expenses are 120 percent deductible during a period of two years if developers and users invest in TEDA within three years of its operation.
- Developers and users are also exempted from 50 percent of the profit tax rate (currently 15 percent) for a period of five years.
- A developer's project is exempted from infrastructure taxes.
- Buildings in TEDA are exempted from real estate taxes for five years.
- Buildings transferred to the TEDA are not subject to the transfer tax on real estate.
- Wages and social insurance contribution costs are 150 percent deductible for the first year, and new expenses for wages and social costs compared to the previous year are 150 percent deductible for the subsequent years.
- Training costs are doubly deductible for a period of 10 years. Research and Development costs are doubly deductible for a period of ten years.
- Albanian goods that enter TEDA are exempted from VAT taxation which is 20 percent.

- Goods can be transported from one TEDA to another without paying custom duties or VAT.
- From the moment goods enter Albania, they are exempted from custom duties and VAT.

## **Foreign Trade Zones/Free Ports/Trade Facilitation**

Albania has no functional duty-free import zones or free trade zones, although legislation exists for their creation. The May 2015 amendments to the Law on the Establishment and Operation of Technological and Development Areas (TEDAs) created the legal framework to establish TEDAs, defining the incentives for developers investing in the development of these zones and companies operating within the zones.

Durana Tech Park in Durrës, Albania's second-largest city, opened in April 2025. Durana Tech Park aims to attract foreign IT businesses and support new IT ventures and digital nomads and create 5,000 new jobs. Major incentives for companies operating in the Durana Tech Park include:

- zero corporate tax for 15 years;
- exemption from employee income tax for 10 years for R&D personnel;
- exemption from VAT on goods, equipment, and services used in the park;
- exemption from infrastructure impact tax;
- exemption from property tax for 10 years;
- partial state reimbursement for training costs of scientific and technical personnel,
- simplified customs procedures for importing and exporting goods; and
- zero VAT on Albanian goods supplied in the park for producing innovative products.

Construction of TEDA Kashar in Tirana is underway, with anticipated completion in March 2026.

## **Performance and Data Localization Requirements**

There are no performance requirements for foreign investors or minimum requirements for domestic content in goods or technology. Investment incentives are equally available to

foreign and domestic investors. Investments in certain sectors require a license or authorization and procedures are similar for foreign and domestic investors.

Albanian government approves an annual quota of foreign workers following a needs assessment by sector and profession. However, the law on foreigners provides for various exemptions including work permits for staff that occupy key positions, among other categories, which can be issued outside the annual quota.

Albanian legislation regulating the functioning of the National Agency of Information (AKSHI) requires that every company contracted by the government to develop a computer system provide the source code and all related technical documents of the system. In addition, every government system and its data must be hosted at the government datacenter maintained by AKSHI. Access to encrypted data, algorithms, or certificates held by a trusted provider is governed strictly by international law and must comply with the EU's General Data Protection Regulation Law. If a foreign IT provider needs to access the source code of a critical service, such access may be regulated through a specific agreement between the involved parties (i.e., the company and the supplier).

Albania has comprehensive legislation for the protection of personal data. According to the new law on the protection of personal data in Albania law 124/2024 that transposed the EU's General Data Protection Regulation (GDPR), companies are prohibited from transferring personal data of citizens outside the EU zone. These measures align with standard GDPR cross-border data transfer restrictions.

There is no legal requirement mandating servers to be hosted within national borders. However, there are restrictions in place requiring that all services, whether hosted on-premises or in the cloud, must reside within the EU zone and comply with the GDPR as transposed into Albanian legislation, Law 124/2024 on the Protection of Personal Data in Albania. The National Authority for Cyber Security (AKSK) and the Commissioner for Personal Data Protection oversee compliance.

## Section 5. Protection of Property Rights

### Real Property

Individuals and investors face significant challenges with protection and enforcement of property rights in Albania. Despite improvements with the recording system, the inadequate state of the data remains a risk for title security and a constraint to investment. The property sector is perceived by the public as one of the most exposed to corruption. Property registration procedures and obtaining property titles are still cumbersome and prone to widespread corruption. The government has adopted an online platform for the submission of applications for transactions with properties, but it has not been sufficient to eradicate corruption in the process.

To streamline the property management process, Albania established in April 2019 the State Cadaster Agency (ASHK), which merged different agencies responsible for property registration, compensation, and legalization. The property registration system has improved thanks to international donor assistance, but the process has moved forward slowly as Albania has yet to complete the initial registration of property titles, especially in highly valued southern coastal areas and mountainous areas. In 2020, the government adopted legislation which aims to finalize the transitory processes for the initial registration of the entire set of immovable properties, legalization of illegal buildings, and the complete digitalization of property files. According to the Roadmap for Rule of Law, approved by the government in December 2023 as part of the EU integration process, 95 percent of the initial registration of properties should be completed by June 2026 and entirely by 2028, with digitalization of files by 2030.

The sale of real estate to foreigners is not limited, except that they cannot buy land as individuals, but can only buy or lease after establishing a commercial company in Albania. The government is aiming to remove these limitations in the new investment law which has been in the drafting process for several years but also in the framework of the EU integration process.

The International Property Rights Index, a publication of the [Property Rights Alliance](#) ranked Albania 97th out of 125 countries in their 2024 index on the overall physical property right,



unchanged from the previous year, which underscores ongoing challenges and no improvement from the previous year.

Albania is a member of the 2001 Cape Town Convention on Mobile Equipment (CTC) and the Protocol on Matters Specific to Aircraft Equipment. The U.S. Embassy has not been approached about any disputes under the CTC.

## **Intellectual Property**

Although Albania is not included on the U.S. Trade Representative's (USTR's) Special 301 Report or Notorious Markets List, intellectual property rights (IPR) infringement and theft persist due to weak legal structures and poor enforcement. Despite progress in the adoption of legislation on copyrights and industrial property rights in the framework of the alignment of the Albanian legislation with the EU *acquis communautaire*, and although Albanian law protects copyrights, patents, trademarks, industrial designs, and geographical indications, counterfeit goods are still present in local markets and shopping malls, including:

- software,
- garments,
- machines, and
- cigarettes.

Regulators are often ineffective at collecting fines and prosecutors rarely press charges for IPR theft. In 2024, five IPR violation cases were handled in the Tirana district court, 16 cases in the administrative court of first degree and appeal, and one case is in the High Court. While the copyright directorate at the Ministry of Economy Culture and Innovation reports that in 2024 there have been four cases against businesses for violating audiovisual copyright. In two cases, perpetrators were convicted, and the penalty was collected while two other cases are in Appeal Court. Over the last three years, there has been only one conviction in the framework of article 149 of the criminal code on the violation of intellectual property. U.S. companies should consult

an experienced IPR attorney and avoid potential risks by establishing solid commercial relationships and drafting strong contracts.

All applications related to IP issues are submitted through the e-Albania platform and the entire examination process is carried out and managed online through the System for the Administration of the Industrial Property (SAPI) system. Depending on the complexity of the case, the average waiting time for patent applications or trademark registration approval takes 5-7 months.

The State Inspectorate for Market Surveillance (SIMS) is responsible for monitoring the enforcement of intellectual property (IP) rights. In 2024, the copyright division of SIMS carried out 343 inspections, resulting in 40 administrative sanctions. The SIMS industrial property division carried out 407 inspections, resulting in 12 administrative sanctions. SIMS disposed of limited amounts of counterfeit garments and detergents during 2024. The Customs Directorate is the main authority to protect IPR on imported products and reports on the counterfeit goods it seizes and destroys annually. In 2024, the customs administration suspended the release of 40,911 pieces of various clothing and accessories suspected of infringing IPR. In cases of seized goods, the rights holder must provide the burden of proof and therefore must first inspect the goods to determine if they are infringing. The rights holder is also responsible for the storage and destruction of the counterfeit goods.

According to the American Chamber of Commerce 2024 Business Index, IPR protection has improved compared to the previous year and is not considered a serious concern.

In 2022, the Albanian government adopted the National Strategy for Intellectual Property 2022 – 2025 which aims to further protect and promote IP rights. Amendments to the Albanian Industrial Property Law, introducing new provisions regarding trade secrets and trademarks, have entered into force since 2021. The most significant change was the transposition of Directive (EU) 2016/943 on the protection of undisclosed know-how and business information (trade secrets) against their unlawful acquisition, use and disclosure. Since 2019, the Criminal Code and Code of Criminal Procedures were amended to include harsher punishments for IPR infringement.

Albania is party to the:

- World Intellectual Property Organization (WIPO) Patent Law Treaty,
- Patent Cooperation Treaty,
- Berne Convention, and
- Paris Convention

and is a member of the European Patent Organization.

For additional information about national laws and points of contact at local IPR offices, please see [WIPO's country profile for Albania](#).

## **Section 6. Financial Sector**

### **Capital Markets and Portfolio Investment**

The Albanian government has adopted policies to promote the free flow of financial resources and foreign investment in Albania. Both Law no. 7746 dated 1993 on foreign investments and Law 55/2015 on strategic investments in Albania support the principles of equal treatment, non-discrimination, and protection of foreign investments. Foreign investors have the right to expatriate all funds and contributions of their investment. In accordance with IMF Article VIII, the government and Central Bank do not impose any restrictions on payments and transfers for international transactions. Despite Albania's shallow foreign exchange market, banks enjoy enough liquidity to support large transactions. Portfolio investments continue to be a challenge because they remain limited mostly to company shares, government and corporate bonds, and real estate as the Tirana stock market remains non-operational.

In recent years, the constant reduction of non-performing loans has allowed commercial banks to loosen lending standards and increase overall lending. Non-performing loans (NPL) have further dropped at the end of 2024 reaching 4.15 percent compared to 4.7 percent one year ago. Overall lending has steadily increased and at the end of 2024 reached about \$9.2 billion marking a 12.2 percent increase compared to 2023. The credit market is competitive, especially

since local banks compete to increase their share of the market. Average interest rates for new loans in domestic currency for the private sector reached 6.38 percent at the end of 2024 while the interest rate for new loans in euro is slightly lower at 6.1 percent. Commercial banks operating in Albania have improved the quality and quantity of services they provide, including:

- a large variety of credit instruments,
- traditional lines of credit, and
- bank drafts.

Reacting to a reduction of inflationary pressure during 2024, the Bank of Albania (BoA) has loosened its monetary policy decreasing on two different occasions the base interest rate to 2.75 percent in November 2024 compared to 3.25 percent at the end of the previous year.

## **Money and Banking System**

In the absence of an effective stock market, the domestic banking sector remains the main channel for business financing. Despite being confronted with multiple domestic and global shocks in recent years (the 2019 earthquake, pandemic, Russia's war in Ukraine), the banking sector has remained resilient, liquid, profitable, and well capitalized. Capital adequacy, at 19.82 percent in December 2024, remains well above Basel requirements and indicates sufficient assets for the banking sector. The BoA, the country's Central Bank, is responsible for the licensing and supervision of the banking sector in Albania. The banking sector is fully privately owned, and its total assets have steadily increased, reaching \$23.2 billion at the end of 2024, mostly based on loans and investments in securities. There were only 11 banks in December 2024, down from the peak of 16 in 2016. The degree of foreign ownership has declined significantly over the last decade, with the share of assets owned by foreign banks falling from 90 percent in 2013 to 65 percent at the end of 2024, reducing the system's vulnerability to contagion risks from external shocks. As of December 2024, the Turkish owned National Commercial Bank (BKT) remains the largest bank with 24.5 percent market share, followed by domestic Credins Bank with 16.6 percent, and Austrian Raiffeisen Bank with 14.4 percent. The

American Investment Bank is the only private bank with U.S. shareholders and ranks seventh with 6.7 percent of the banking sector's total assets.

Following a reduction of the banking presence due to banking sector consolidation, the number of bank outlets increased in 2024 reaching 405 outlets at the end of the year compared to 385 at the end of the previous year. Despite being traditionally a cash-based economy, the use of cards and online transactions has increased significantly in recent years. The card market is fully controlled by Visa and Mastercard. There were 1.437 million cards issued at the end of 2024, 5.6 percent more than the previous year. Furthermore, the volume of online and card transactions reached \$26.5 billion and \$2.4 billion, respectively, at the end of the year, marking increases of 19 and 15 percent compared to the previous year.

Legally, there are no restrictions for foreigners who wish to establish bank accounts as they are not required to prove residency status, but in practice procedures can be burdensome. U.S. citizens must complete a form allowing for the disclosure of their banking data to the IRS as required under the U.S. Foreign Account Tax Compliance Act (FATCA). The BoA reports that banks in Albania have not lost any correspondent banking relationship in recent years. However, some banks with Albanian shareholders continue to have problems with finding correspondent banks due to their small volume of business. In November 2024 Albania joined the Single Euro Payments Area (SEPA), a European initiative that enables cheaper and faster cross-border electronic payments in euro. Albanian banks and non-bank institutions are expected to launch the first cross-border SEPA transactions in October 2025.

## **Foreign Exchange and Remittances**

### ***Foreign Exchange***

The BoA formulates, adopts, and implements foreign exchange policies and maintains a supervisory role in foreign exchange activities in accordance with the Law on the Bank of Albania No. 8269 and the Banking Law. Foreign exchange is regulated by the 2009 Regulation on Foreign Exchange Activities no. 70 (FX Regulation).

The BoA maintains a free-floating exchange rate regime for the domestic currency, the Lek. Albanian authorities do not engage in currency arbitrage, nor do they view it as an efficient instrument to achieve competitive advantage. Interventions in the domestic exchange market are regulated by the BoA's decision no. 80 approved in December 2020. The BoA does not intervene to manipulate the exchange rate but only to increase/decrease the monetary reserves, counteract excessive volatility in the domestic exchange market and implement monetary policy objectives. In 2024 however, facing a sustained appreciation of the domestic currency against the euro, the BoA ramped up interventions in the FX market of about €933 million – 3.7 times more than in 2023. The domestic currency further strengthened against the euro in 2024 by 7.4 percent.

Foreign exchange is readily available at banks and exchange bureaus. Preliminary notification is necessary if the currency exchange is several million dollars or more – the law does not specify an amount but provides factors for determining the threshold for large exchanges – as the exchange market in Albania is shallow as confirmed by a recent IMF report which sustained that Albania's FX markets have a yearly turnover of \$11 billion. The BoA's foreign reserves reached \$6.9 billion at the end of 2024.

### ***Remittance Policies***

The Banking Law does not impose restrictions on the purchase, sale, holding, or transfer of foreign currency. However, local law authorizes the BoA to temporarily restrict the purchase, sale, holding, or transfer of foreign exchange to preserve the foreign exchange rate or official reserves. In practice, BoA rarely employs such measures.

The Law on Foreign Investment guarantees the right to transfer and repatriate funds associated with an investment in Albania into a freely usable currency at a market-clearing rate. Only licensed entities (banks) may conduct foreign exchange transfers. Waiting periods depend on office procedures adopted by the banks. Both Albanian and foreign citizens entering or leaving the country must declare assets in excess of 1,000,000 lek (about \$11,000) in hard currency and/or precious items. Failure to declare such assets is considered a criminal act, punishable by confiscation of the assets and up to two years of imprisonment.

Although the Foreign Exchange (FX) Regulation, decision no. 70 on Foreign Exchange Transactions, which dates to 2009, provides that residents and non-residents may transfer capital within and into Albania without restriction, capital transfers out of Albania are subject to certain documentation requirements. Persons must submit a request indicating the reasons for the capital transfer, a certificate of registration from the National Registration Center, and the address to which the capital will be transferred. Such people must also submit a declaration on the source of the funds to be transferred. In January 2015, the FX Regulation was amended and the requirement to present the documentation showing the preliminary payment of taxes related to the transaction was removed. The waiting period for the transfer is usually up to 60 days.

Albania is a member of MONEYVAL, a Financial Action Task Force-style regional body. In October 2023, FATF removed Albania from the category of jurisdictions under increased monitoring, also referred to as the grey list for money laundering, after being part of the list for three years. The 2025 International Narcotics Control Strategy Report (INCSR) kept Albania in the “Major Money Laundering Jurisdictions” category following its inclusion for the first time in 2017. Albania and the United States do not have a bilateral MLAT, but cooperation is possible through multilateral conventions.

## **Sovereign Wealth Funds**

Albania does not have a sovereign wealth fund, but in October 2019 the Albanian Parliament established the [Albanian Investment Corporation \(AIC\)](#), with the objective of revitalizing and monetizing underutilized public sector assets and spurring economic development. The AIC identifies and repurposes state-owned properties for productive investments, develops and oversees investment projects, and invests across all sectors by mobilizing state-owned, private domestic, and foreign capital.

## **Section 7. State-owned Enterprises**

State-owned enterprises (SOEs) in Albania are legal entities that are either entirely state-owned or state-controlled, operating as commercial companies. They comply with the Law on

Entrepreneurs and Commercial Companies and the Law on the Transformation of State-Owned Enterprises into Commercial Companies, ensuring equal treatment with private companies in the same sector. SOEs must register with the Business Registration Center, and their financial statements are publicly accessible on the [National Business Center \(QKB\) website](#). The Albanian government mandates annual reports and independent audits for SOEs. They adhere to the same tax levels, procedures, domestic accounting, and international financial reporting standards as other commercial companies and are subject to public procurement regulations and audits by the High State Audit.

According to the OECD Report on Western Balkan Competitiveness 2024, Albania has 76 fully or majority state-owned companies, primarily in energy and transportation sectors, excluding local government-owned water supply and sewage companies. Major SOEs operate in electricity, oil and gas, railways, postal services, ports, air traffic control, and water supply. In 2024, the government established two new SOEs:

- KAYO, for arms and military technology manufacturing and trade, and
- the Operator of Concentrated Procurements, for government procurements.

Although Albania has the greatest number of SOEs in the Western Balkans, they account for only 1.5 percent of national employment, less than half of the regional average.

SOE operations are governed by the Law on Entrepreneurs and Commercial Companies, the Law on State-Owned Enterprises, and the Law on the Transformation of State-Owned Enterprises into Commercial Companies. Relevant ministries represent the state as the owner of the SOEs. While not legally required to follow OECD guidelines, the basic principles of corporate governance in the relevant laws generally align with OECD standards. The corporate governance structure of SOEs includes a Supervisory Board comprising three to nine members not employed by the SOE. Two-thirds of the board members are appointed by the Ministry of Finance, and one-third by the relevant line ministry, local government unit, or institution. The Supervisory Board appoints and dismisses the General Director (Administrator) through a two-third vote. However, in practice, the authority to select and dismiss the CEO rests with the shareholding ministry rather than the board of directors, limiting the board's power to monitor



management decisions. According to the OECD report, efforts to establish independent and professional SOE boards are limited, and board vacancies are usually not competitive or open to the public, which increases the risk of political interference.

## Privatization Program

The privatization process in Albania is almost complete, with only a few major entities left.

Potential future privatizations include:

- OSHEE, the state-run electricity distributor, and
- the state-owned oil company Albpetrol.

Other sectors may also present privatization opportunities in the future. The bidding process for privatizations is public, and relevant information is published by the [Public Procurement Agency](#). Foreign investors may participate in the privatization program. The Agency has not published timelines for future privatizations.

## Section 8. Corruption

Albania has a sound legal framework to fight corruption and prevent conflict of interest of public officials and politicians, including their family members. However, corruption continues to undermine the rule of law, jeopardize economic development, and prevent Albania from reaching its full potential. Foreign investors cite corruption and related issues as some of the biggest problems hampering the business environment in Albania, including:

- corruption in the judiciary, government, public procurements, and media;
- lack of transparency;
- lack of competition;
- a large informal economy; and
- poor enforcement of contracts.

The passage of constitutional amendments in July 2016 to reform the judicial system was a major step forward. This reform, once fully implemented, is expected to position the country as a more attractive destination for international investors. U.S. and EU-supported judicial reforms are among the most significant developments in Albania since the end of communism, and nearly one-third of the constitution was rewritten as part of the effort. The vetting process of judges and prosecutors, an integral part of the justice reform was completed in 2024. More than half the judges and prosecutors who have undergone vetting have been dismissed for unexplained wealth or ties to organized crime, or have resigned to avoid vetting. The Special Prosecution Office (SPO) and National Bureau of Investigation (NBI), part of the Special Structure Against Corruption and Organized Crime (SPAK), established within the framework of judicial reform are making progress in investigating, prosecuting, and convicting those engaged in corruption and organized crime, including current or past senior officials and criminal kingpins. The SPO has initiated investigations into several high-profile cases, ordering arrests and convictions of several high-level officials.

Albania has made progress in the field of asset forfeiture. However, more cooperation from government agencies with the SPO is necessary to advance the fight against corruption and organized crime and tackle the widespread culture of impunity. Further progress by these specialized anticorruption structures and a continued record of convictions of high-level corruption would promote foreign and domestic investment and enable Albania to compete more successfully in the global economy.

The Albanian government has ratified several international treaties and conventions related to corruption and is a member of major international organizations and programs dealing with corruption and organized crime, including the:

- Civil Law Convention on Corruption (Council of Europe),
- Criminal Law Convention on Corruption (Council of Europe),
- Additional Protocol to Criminal Law Convention on Corruption (Council of Europe), and
- United Nations Convention Against Corruption (UNCAC).

Albania ratified several key conventions in the broader field of economic crime, including the Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime (2001)

and the Convention on Cybercrime (2002). Albania has been a member of the Group of States against Corruption (GRECO) since the ratification of the Criminal Law Convention on Corruption in 2001 and is a member of the Stability Pact Anti-Corruption Initiative (SPAI). Albania adopted legislation for the protection of whistleblowers.

## Resources to Report Corruption

Individuals may report corruption by contacting the designated anti-corruption coordinators (Kordinatorët Kundër Korrupsionit) assigned to each public institution. Complaints can be submitted in person to the coordinator within the relevant institution or by email at [koordinatori.ak@drejtesia.gov.al](mailto:koordinatori.ak@drejtesia.gov.al), which is managed by the Ministry of Justice. They can also file a complaint using [Shqipëria që duam \(The Albania We Want\)](#) platform.

In addition, businesses can file corruption complaints with any Police Commissariat or Prosecution Office in the district they operate or with the Special Structure Against Organized Crime and Corruption (SPAK) when corruption cases involve high level officials.

## Section 9. Political and Security Environment

Political violence is rare and the security environment is stable. The May 2025 national elections were peaceful. Albania has generally encouraged stability in the region and maintains friendly relations with neighboring countries.

## Section 10. Labor Policies and Practices

According to official data, Albania's labor force was estimated at 1.46 million people in 2023, with approximately 1.33 million employed. After peaking at 18.2 percent in the first quarter of 2014, the official estimated unemployment rate has significantly decreased in recent years reaching 8.8 percent at the end of 2024 compared to 9.5 percent the year before. Youth unemployment at 19.1 percent and high youth emigration remain key challenges for the Albanian labor market.

The service and agriculture sectors have the highest share of employees with respectively 46.7 percent and 32.3 percent of total employment. According to the Public Institute of Statistics (INSTAT), the share of informal employment in the non-agricultural sector is 26.2 percent in 2023. International organizations assess informality between 30-35 percent of GDP. The sectors most exposed to informality are agriculture, wholesale and retail trade, and construction.

The institutions that oversee the labor market include the:

- Ministry of Economy, Culture, and Innovation,
- Ministry of Health and Social Protection,
- National Employment Service,
- State Labor Inspectorate, and
- private entities, such as employment agencies and vocational training centers.

Albania has adopted regulations to monitor labor abuses, but enforcement remains weak.

Outward labor migration remains an ongoing problem affecting the Albanian labor market. According to a 2024 Report from the International Organization for Migration (IOM), Albania has suffered massive emigration. It is estimated that around 40 percent of Albania's workforce is working abroad contributing to brain drain and putting pressure on local industries and economies that lose workers. The report cites high rates of poverty, wage gaps between Albania and other countries in the region, significant corruption and clientelism, among other factors contributing to emigration. Finding local qualified staff has become the top concern for the members of the American Chamber of Commerce in recent years.

The labor shortage, especially in the tourism industry, has forced local companies to bring in workers from Southeast Asia. Numbers are still low, but they are growing quickly. At the end of 2023, there were 10,365 foreigners with a labor permit, almost 30 percent more than the previous year.

The Labor Code defines procedures for the termination of the employment contract and differentiates between layoffs and firing providing specific settlements for each of them. Unemployment benefits are available to insured employees with at least one year of paid contributions and are paid for up to 12 months. Albania's special economic zones (TEDA) offer various labor incentives, including increased deductibility for wages and social costs and double deductibility for training and R&D costs. Collective agreements are common in Albania but poorly enforced.

In Albania, there is no special jurisdiction for labor disputes, but they are brought before the already overloaded ordinary courts along with other civil disputes. Labor litigations often last several years, considerably delaying access to justice.

The Labor Code was amended in 2024 to increase the paid leave from 4 weeks a calendar year to 22 days and remove the condition to take one week as the minimum leave.

See the [U.S. Department of State Human Rights Report](#) and the U.S. Department of Labor's [Findings on the Worst Forms of Child Labor](#)

## **Section 11. U.S. International Development Finance Corporation (DFC) and Other Investment Insurance or Development Finance Programs**

DFC is the successor of the Overseas Private Investment Corporation (OPIC). OPIC signed an agreement with Albania in 1991, which is still in force. The DFC is America's development bank and partners with the private sector to finance solutions to the most critical challenges facing the developing world. DFC provides equity financing, debt financing, political risk insurance, and technical development assistance. DFC prioritizes its work in low-income and lower-middle-income countries and operates with restrictions in upper middle-income countries. Albania classifies as an upper middle-income country.

## **Section 12. Contact for More Information**

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