



THINK **ALBANIA**

Automotive Component
Manufacturing

Snapshot: Why expand your footprint to Albania?



Young, highly-motivated workforce

- Young, available workforce with average age ~35
- Average manufacturing wages ~€350/month
- Over 20k students graduating university yearly
- 40% of adults speak a foreign language; 60% of youth



Easy market access

- Modern highways connect to Europe
- Most of Europe within 3 day road travel
- Modern ports and airport
- Ranks 25th in ease of trading across borders



Stable, exporter-friendly environment

- Stable business environment
- Member of NATO and EU candidate country
- Automotive sector incentives
- Free trade with most of Europe (EU, EFTA, CEFTA, Turkey)



Affordable, clean energy

- 95% of energy generation from renewable sources
- Electricity costs below EU average
- Strong solar potential with >300 days of sunshine
- Stable energy grid integrated with region

Deep dive into what Albania offers

- Albania has a burgeoning automotive sector
- Companies are turning to Albania for...
 1. ...the low-cost environment
 2. ...the highly-motivated labor force
 3. ...its ideal geographic position
- The government is ready to support

Albania has a burgeoning automotive sector that has picked up speed in the past five years

2012



Begins production with 10 employees; has grown to 350 with additional plans to hire 150 more



2018



Opens second plant, bringing production to over 700 employees



2020



Opens third plant



2015



Begins production at first plant, initially employing ~400



2019



Four new Tier 1 auto suppliers open plants in the country; the largest of which, Sumitomo, announces intentions of growing to 5,000 employees

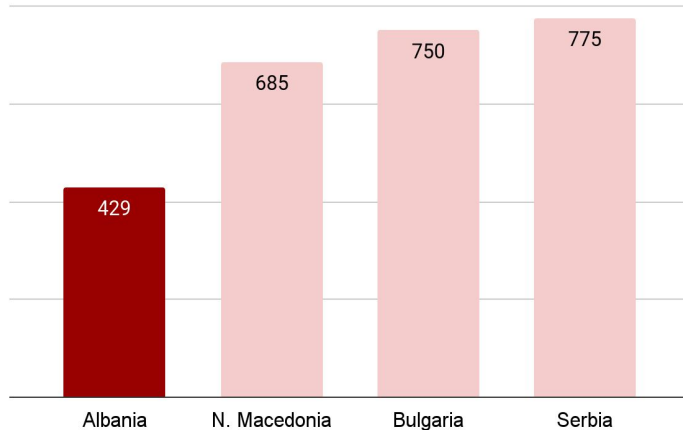


“We were very impressed by our Albanian workforce... Trainings... were highly successful,” Delmon Group CEO

“...we chose Albania to invest due to the qualified workforce, competitive costs, geographical position...” Lucas Nam, Yura

Companies are primarily drawn by the low-cost environment, with average manufacturing wages near €350 euros/month

Avg. gross monthly wages are among the lowest in Europe and the region (€ / month)



Manufacturing monthly wages:

Entry level = €300-350

Specialist / Engineer = €600-1200

fDi Intelligence

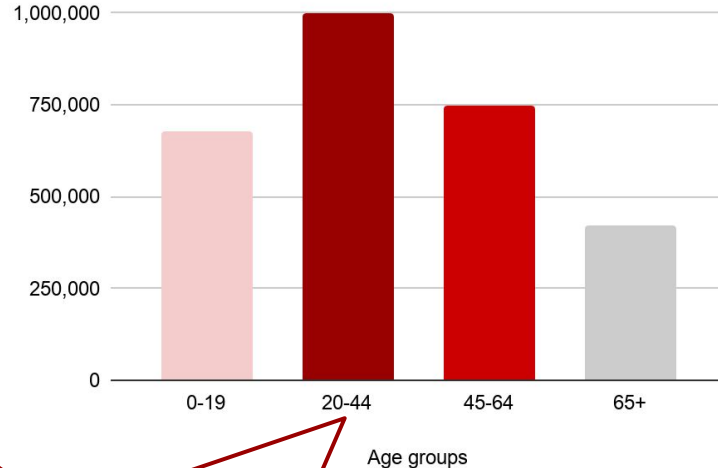
Tirana, Albania ranks Top 10 for cost-effective mid-sized cities in Europe

Additional considerations

- Utility costs are competitive
 - 95% renewable energy
 - €0.10 / kWh
- Construction costs are below EU levels and comparable with the region

Companies are also drawn by the young, highly-motivated & dynamic workforce

Albania has a young population, with ~1 million between the ages of 20 and 44



High workforce availability with >25% youth unemployment

Education Statistics

Students graduating university yearly **20k**

Currently enrolled in higher education (total) **130k**

Enrollment by subject:

- Business, administration and law **32k**
- Engineering, manufacturing and construction **21k**
- Information and communication technologies **9k**
- Natural sciences, mathematics and statistics **6k**

Literacy rate **>95%**

% Adults speaking a foreign language **~40%**

% Youth speaking a foreign language **~60%**

Albania is the ideal nearshore location for just-in-time production, with most EU centers within 2-3 days via ground transport

- Connected to Europe via highway systems
- 2-3 day transport to most major EU centers
- Adriatic Sea ports for cargo
- International airport w/ daily flight across Europe
- EU candidate (2014) & Member of NATO (2009)

Free Trade Agreements



European Union



European Free Trade Association
(Iceland, Liechtenstein, Norway & Switzerland)



Central European Free Trade Association
(Bosnia, Kosovo, Moldova, Montenegro, North Macedonia, and Serbia)



Turkey

Preferential Trade



Automotive manufacturing investments are of strategic importance and are eligible to receive support

Incentives offered to foreign automotive manufacturers

	Standard	Industry incentives
VAT	20%	0% for inward processing / re-exports
Corporate Income Tax	15%	5% for automotive sector

Additional benefits

"€1 Contract" offers 30 year lease of a state owned facility for €1/year

Non-financial benefits

- One-stop-shop support from government investment agency (AIDA)
- Customs facilitation
- 100% foreign ownership of companies permitted
- Stable business environment

Special Economic Zone with additional incentives under development (details to follow)

Tirana, the capital city, is developing the country's first Special Economic Zone with planned completion in 2022

VAT and customs exemptions

- Goods destined for the zone are exempt from VAT and custom duties

Tax exemptions

- Exempt from 50% of Corporate Income Taxes for 5 years
- Developers in the zone are exempt from infrastructure taxes
- Buildings in the zone are exempt from real estate taxes for 5 years

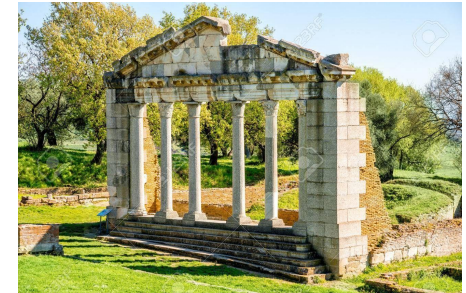
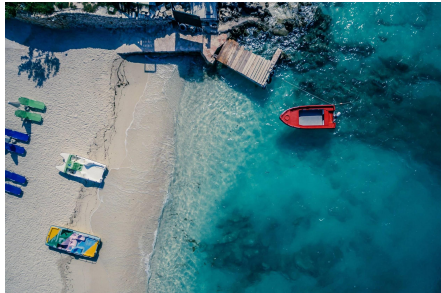
Tax deductions

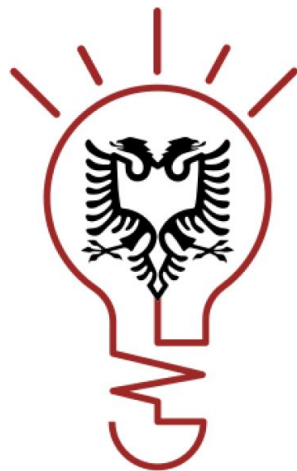
- Developers and companies can deduct up to 120% of capital expenditures for 2 years if they invest within 3 years of the zone's inception
- Year-over-year incremental wages and social security expenses are eligible for 150% tax deduction
- 200% of training and R&D costs are deductible for 10 years

Other benefits

- Located near major roadway within 20 minutes of airport and port
- Pre-built connections to critical infrastructure (e.g., electric, water)
- On-site customs administration
- International arbitration for any disputes that may arise

BONUS: Warm climate, breathtaking nature, and rich culture make Albania a great location for a business trip





T H I N K **A L B A N I A**

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