Introduction

Albania is a country located in Southeastern Europe in the Balkan Peninsula with an Adriatic and Ionian coastline. Neighboring countries include Greece, Macedonia, Montenegro, and Kosovo. Albania has a strategic location along the Strait of Otranto linking to the Mediterranean Sea. The government system is a republic; the chief of state is the president, and the head of government is the prime minister. Albania, having transitioned from a centrally-planned state in the 1990s, is an open-market economy in which the prices of goods and services are determined in a free price system. Albania is a member of the Central European Free Trade Agreement (CEFTA).

Key Economic Facts

- **Income Level (by per capita GNI):** Upper Middle Income
- **Level of Development:** In Transition
- **GDP, PPP (current international $):** $51.49 billion (2022)
- **GDP growth (annual %):** 4.84% (2022)
- **GDP per capita, PPP (current international $):** $18,551.72 (2022)
- **External debt stocks, total (DOD, current US$):** $11,086,175,521.50 (2021)
- **Manufacturing, value added (% of GDP):** 6.55% (2022)
- **Current account balance (BoP, current US$):** -$1.13 billion (2022)
- **Inflation, consumer prices (annual %):** 6.73% (2022)
- **Labor force, total:** 1,381,652 (2022)
- **Unemployment, total (% of total labor force) (modeled ILO estimate):** 11.81% (2022)
- **Imports of goods and services (current US$):** $9.03 billion (2022)
- **Exports of goods and services (current US$):** $7.07 billion (2022)

GDP Composition %

- **Agriculture:** 19
- **Services:** 47
- **Industry:** 21
- **Manufacturing:** 7

*Although Manufacturing is included in the Industry figures, it is also separately reported because it plays a critical role in economy.

Rankings

- **Corruption Perceptions Index:** 109 / 178
- **Global Competitiveness Index:** 81 / 141
- **Global Enabling Trade Index:** 60 / 136
- **Index of Economic Freedom:** 49 / 176
- **International Logistics Performance Index (LPI):** 88 / 160
- **Inward FDI Potential Index:** 85 / 139
- **KOF Index of Globalization:** 76 / 185
- **Networked Readiness Index (NRI):** 84 / 139

Risk Assessment (Provided by Coface)

- **Country rating:** D - A high-risk political and economic situation and an often very difficult business environment can have a very significant impact on corporate payment behavior. Corporate default probability is very high.
- **Business Climate rating:** C - The business environment is difficult. Corporate financial information is often unavailable and when available often unreliable. Debt collection is unpredictable. The institutional framework has many troublesome weaknesses. Intercompany transactions run major risks in the difficult environments rated C.

**Strengths**
- Candidate for European Union membership, Stabilisation and Association Agreement
- Mineral (oil, chromium, copper, iron-nickel, silicates, coal), hydroelectric and tourism potential
- Long coastline
- Abundant and inexpensive labour
- Flexible exchange rate coupled with a strong lek against the euro and substantial reserves

**Weaknesses**
- Small, open and poorly diversified economy
- Unfavourable demography: ageing and emigration
- Large albeit shrinking informal economy (40% of GDP), which undermines government revenues
- Poverty, low priority given to education, low-skilled workforce
- Dependence on rainfall: agriculture (one-fifth of GDP for 42% of jobs) and hydroelectricity (98% of electricity), and exposure to seismic risk
- Inefficient (though improving) court system and administration
- Corruption and organized crime, in some cases linked to drug trafficking

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