

An Overview of Albania's **Economic** **Development** **Indicators**

Secretariat of the Investment Council

Available data January - June 2023





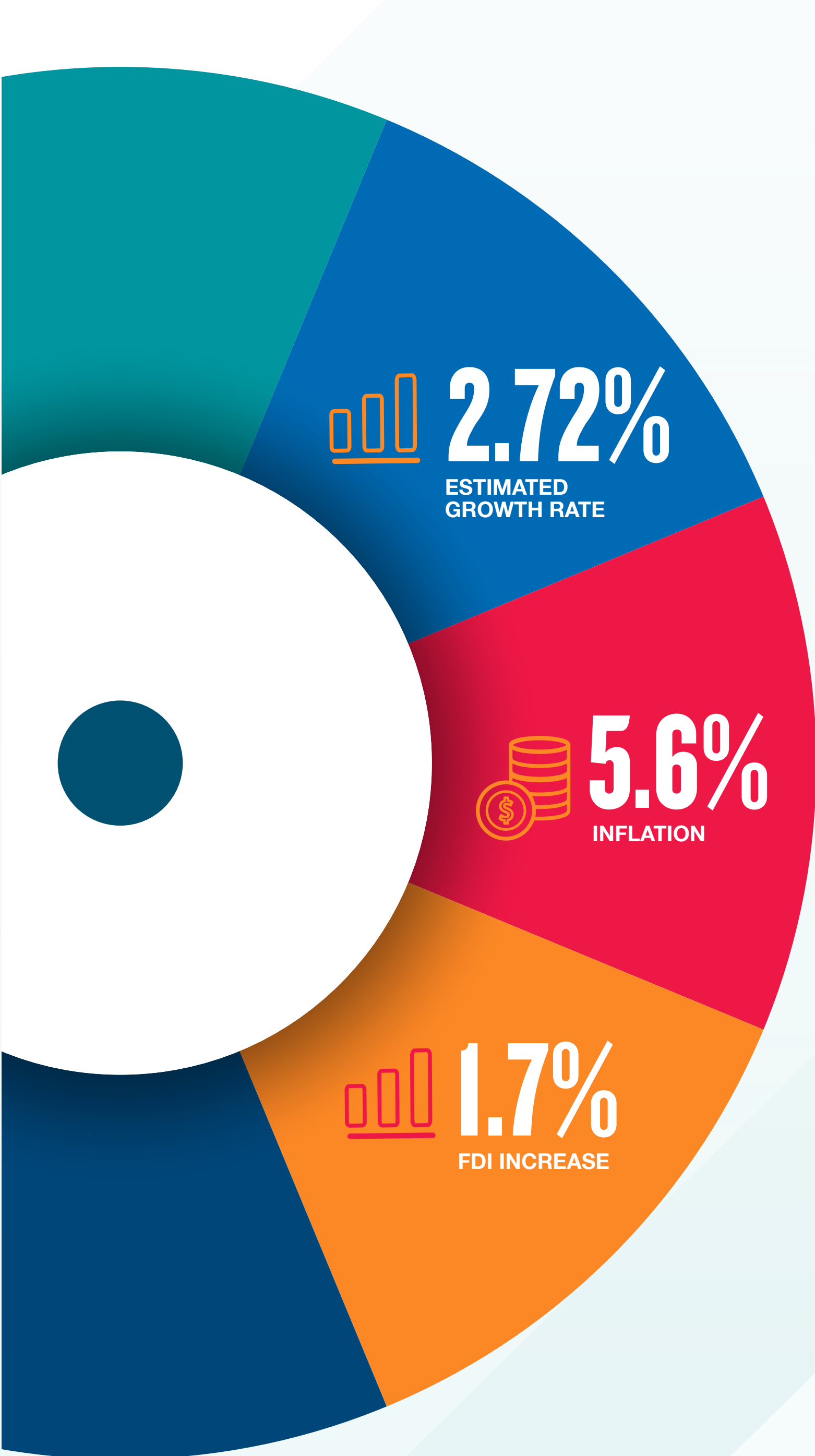
This is a summary of the main macroeconomic indicators in Albania published by official sources or international organizations.

This document does not represent the views of the Secretariat or the Investment Council.

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An Overview of
**Albania's Economic
Development Indicators**



MAIN MACROECONOMIC INDICATORS

The estimated growth rate of the **GDP in the Q1 of 2023 is 2.72%**, compared to Q1 of 2022, driven primarily by real estate activities, as well as Arts, entertainment, relaxation, and other service sectors.

In the first sixth month of 2023 (6MI 2023), the average annual inflation remained **steady at 5.6%**, which is the same level as it was one year ago.

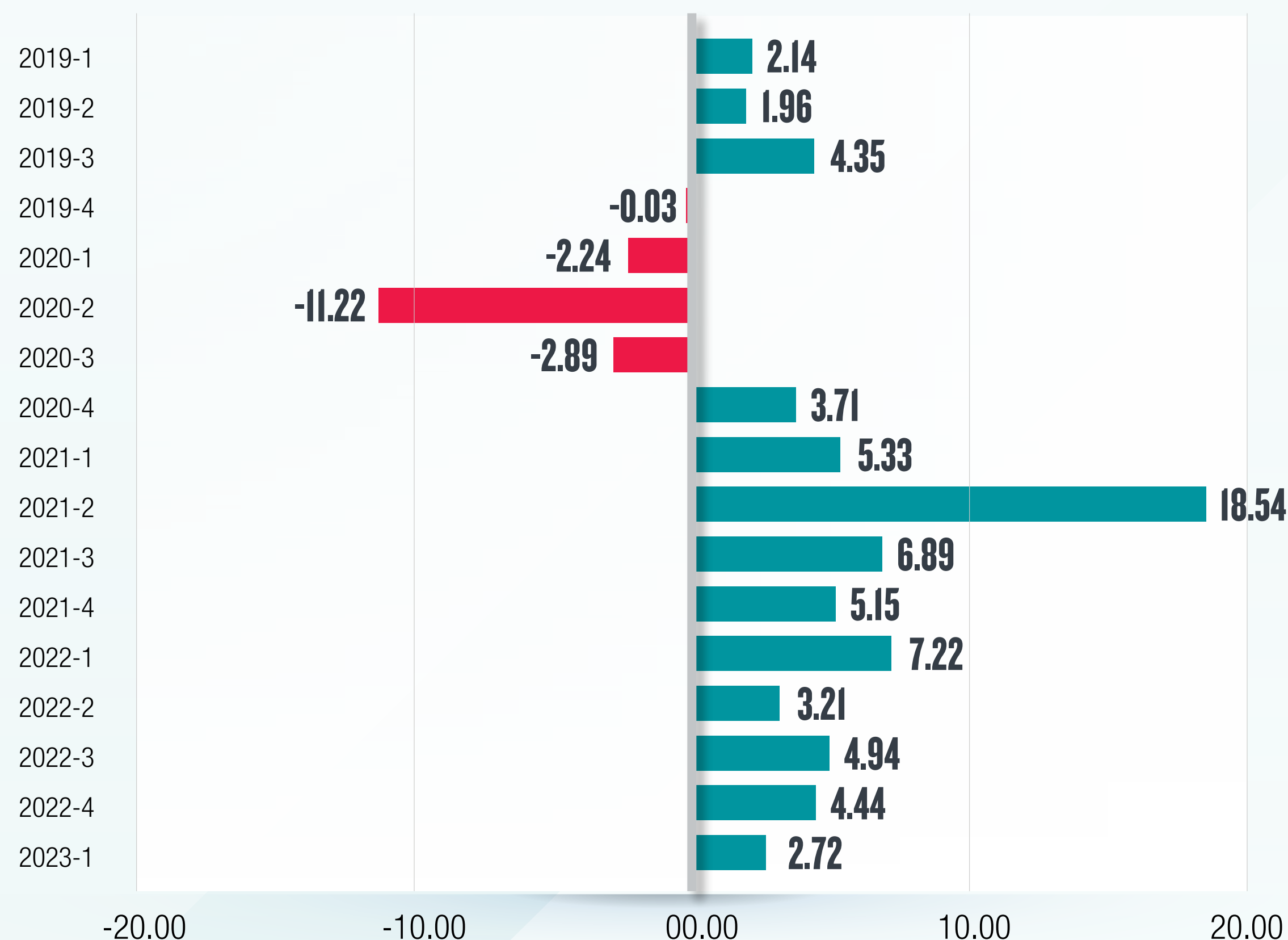
In Q1 2023, FDI inflows saw a 1.7% increase compared to the previous year. However, they experienced a significant decrease of 20.6% when compared to the previous quarter. On the other hand, during the same period (Q1 2023), the FDI stock showed substantial growth, increasing by 19.6% compared to the previous year. This growth brought the FDI stock to a value of **11.725 million Euros, which is 3.4% higher** than the FDI stock in the fourth quarter of 2022.

Other countries (confidential) hold the top spot with the highest FDI inflow for Q1 of 2023, followed by the Netherlands and Italy. Meanwhile, Switzerland continues to lead the stock of FDI in the country for the first quarter of 2023;

In Q1 2023, according to the published data, the unemployment rate experienced a slight increase of 0.1 percentage point (pp) when compared to the previous quarter.

ECONOMIC GROWTH PERFORMANCE

Quatrly GDP growth in %

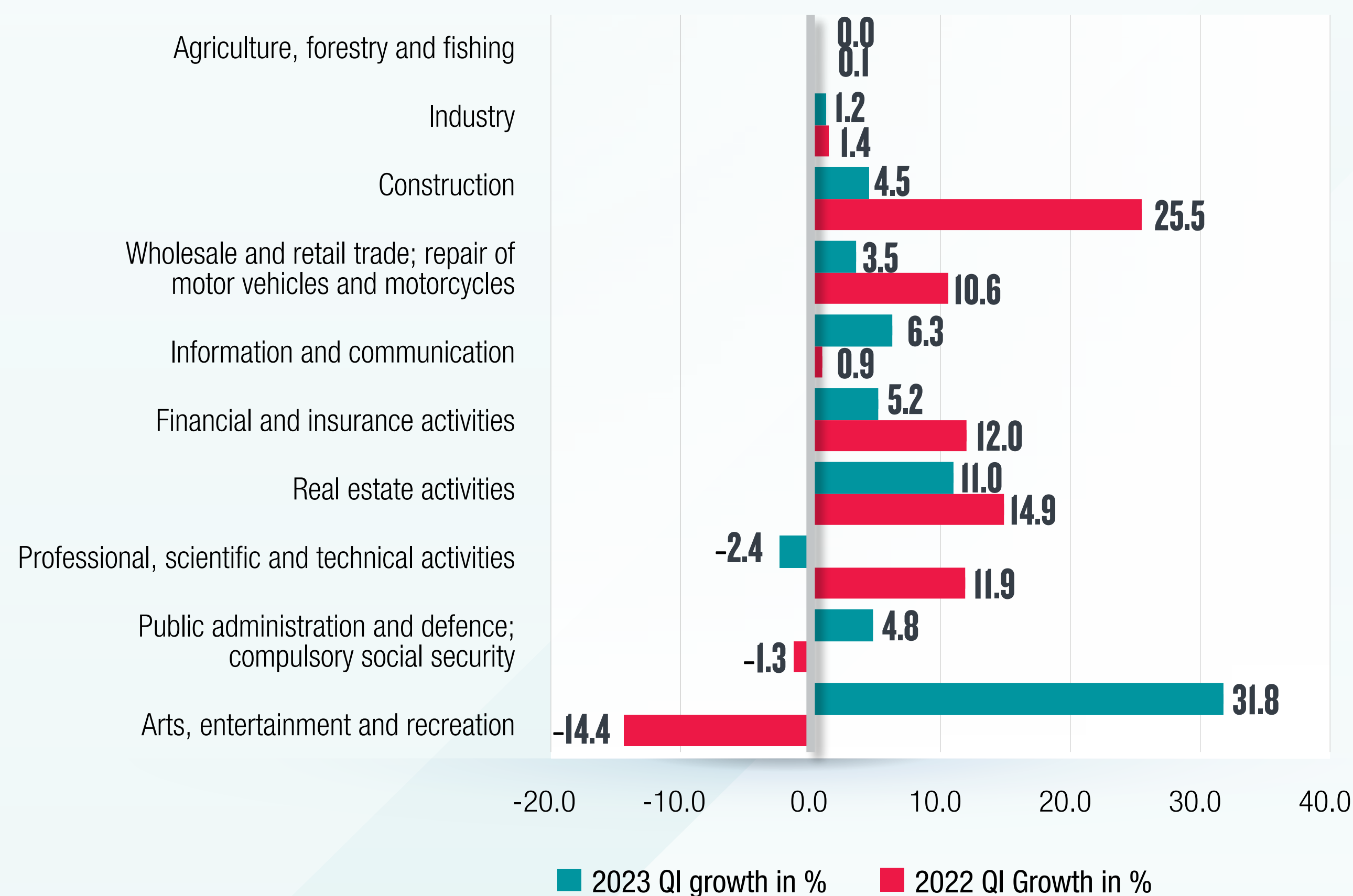


In the first quarter of 2023, the Gross Domestic Product (GDP) is estimated to increase by 2.72% compared to the same quarter in 2022. However, it is worth noting that a year ago, during the first quarter of 2022, the increase in GDP was higher, recorded at 7.22%.

Source: INSTAT, July 2023

ECONOMIC GROWTH (QUARTERLY)

Quarterly annual growth according to economic activities



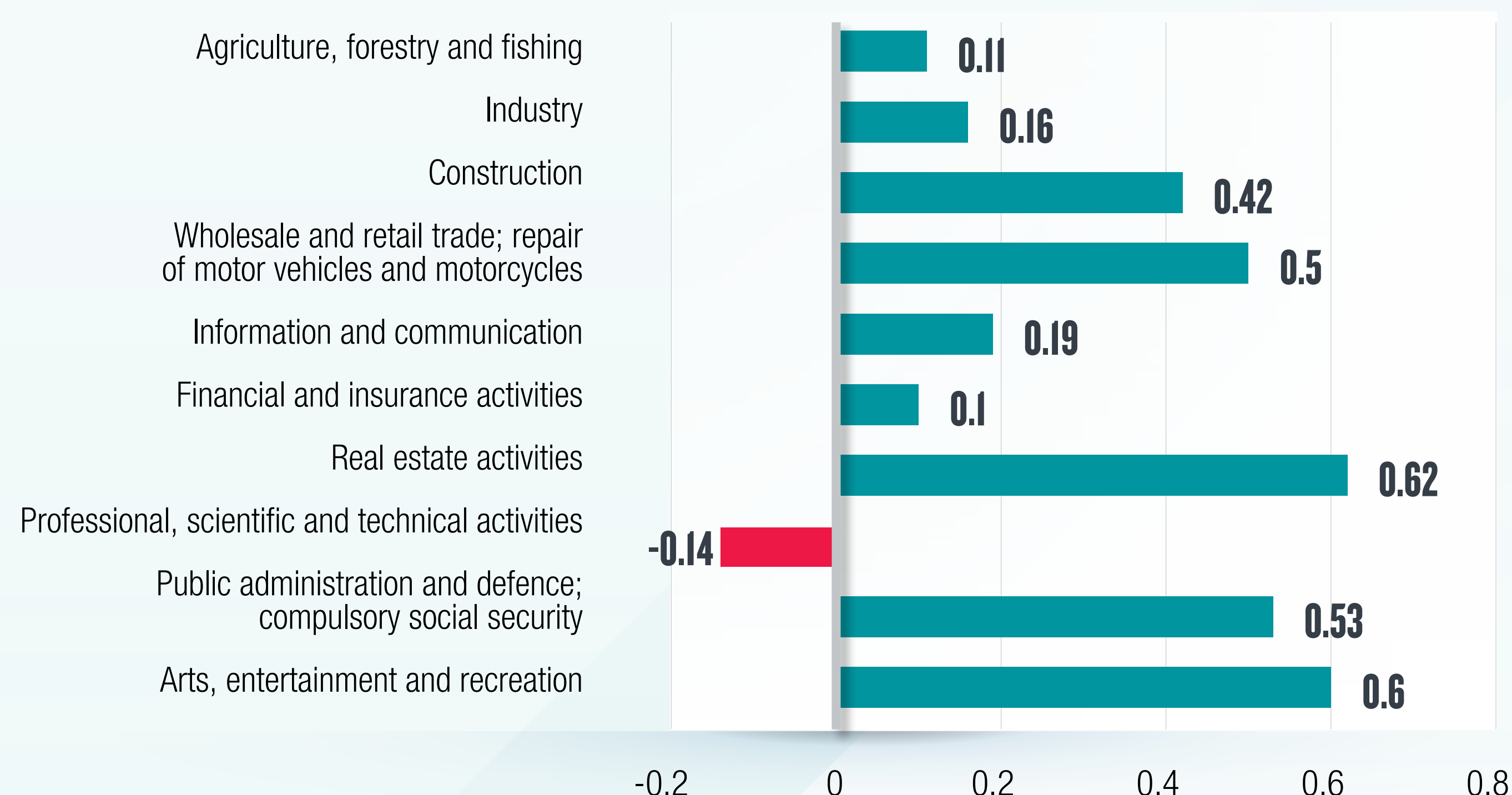
Source: INSTAT, July 2023

During the first quarter of 2023, several branches of the economy experienced growth compared to the same quarter a year ago. These branches include, Arts, entertainment, and other services, Public Administration, Real Estate, Information and Communication, Trade, and Industry.

On the other hand, the branch that experienced a decline during the same period compared to the previous year is Scientific and Professional Activities.

CONTRIBUTION TO ECONOMIC GROWTH (QUARTERLY)

2023 - Q1 Contribution to growth p.p. according to economic activities



Source: INSTAT, July 2023

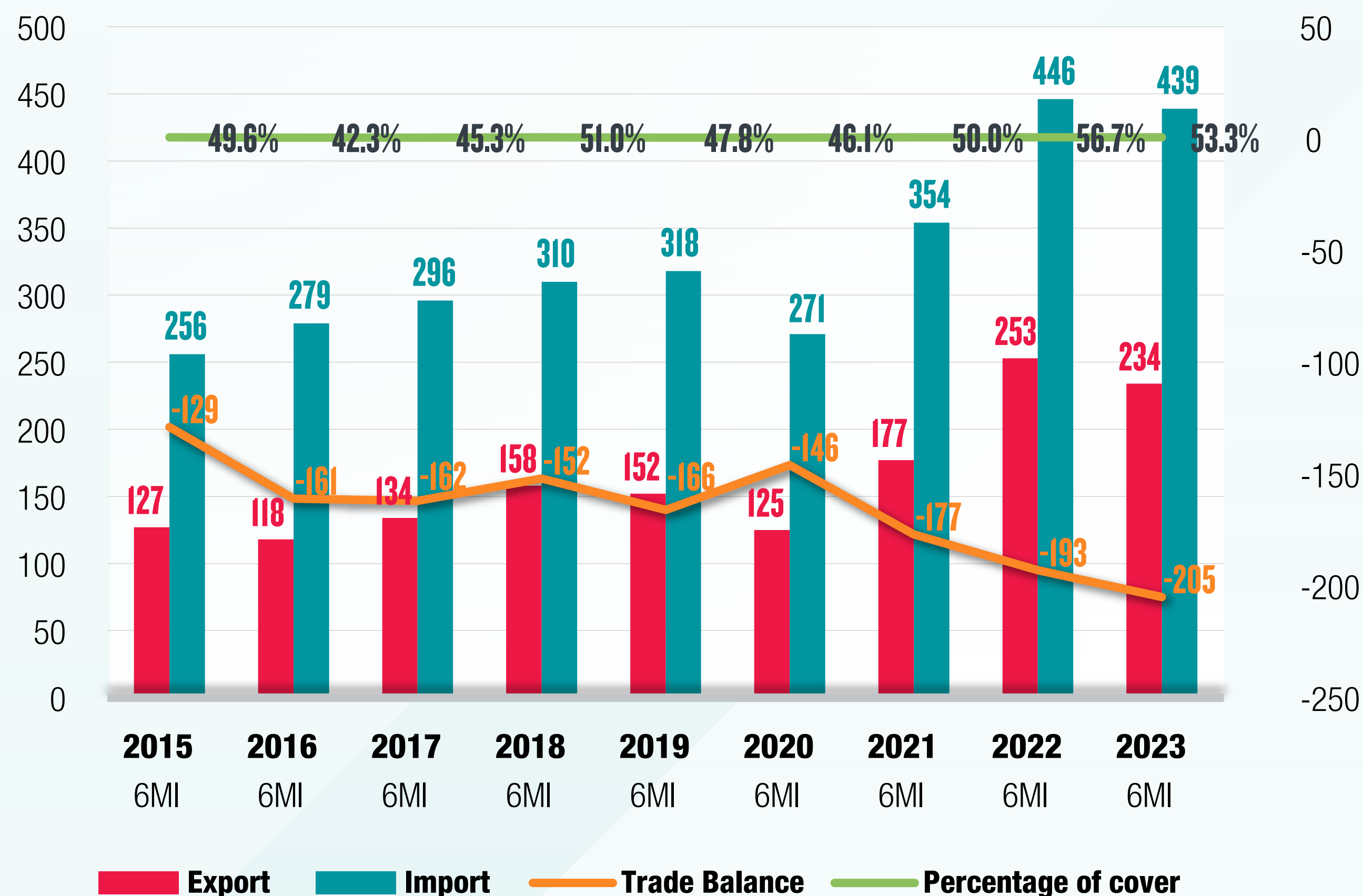
The contribution to the quarterly growth was as follows:

Real estate activities: +0.62 percentage points (p.p.); Arts, entertainment, and recreation; other service activities: +0.60 p.p.; Public Administration, Education, and Health: +0.53 p.p.; Trade, Transport, Accommodation, and Food Service: +0.50 p.p.; Construction: +0.42 p.p.; Information and Communication: +0.19 p.p.; Industry, Energy, and Water: +0.16 p.p.; Agriculture, Forestry, and Fisheries: +0.11 p.p.; Financial and Insurance Activities: +0.10 p.p.

The group of Professional activities and administrative services had a negative contribution of 0.14 p.p. to the quarterly growth.

CIRCULATION OF GOODS IN FOREIGN TRADE

Foreign Trade in billion ALL



Source: INSTAT, July 2023

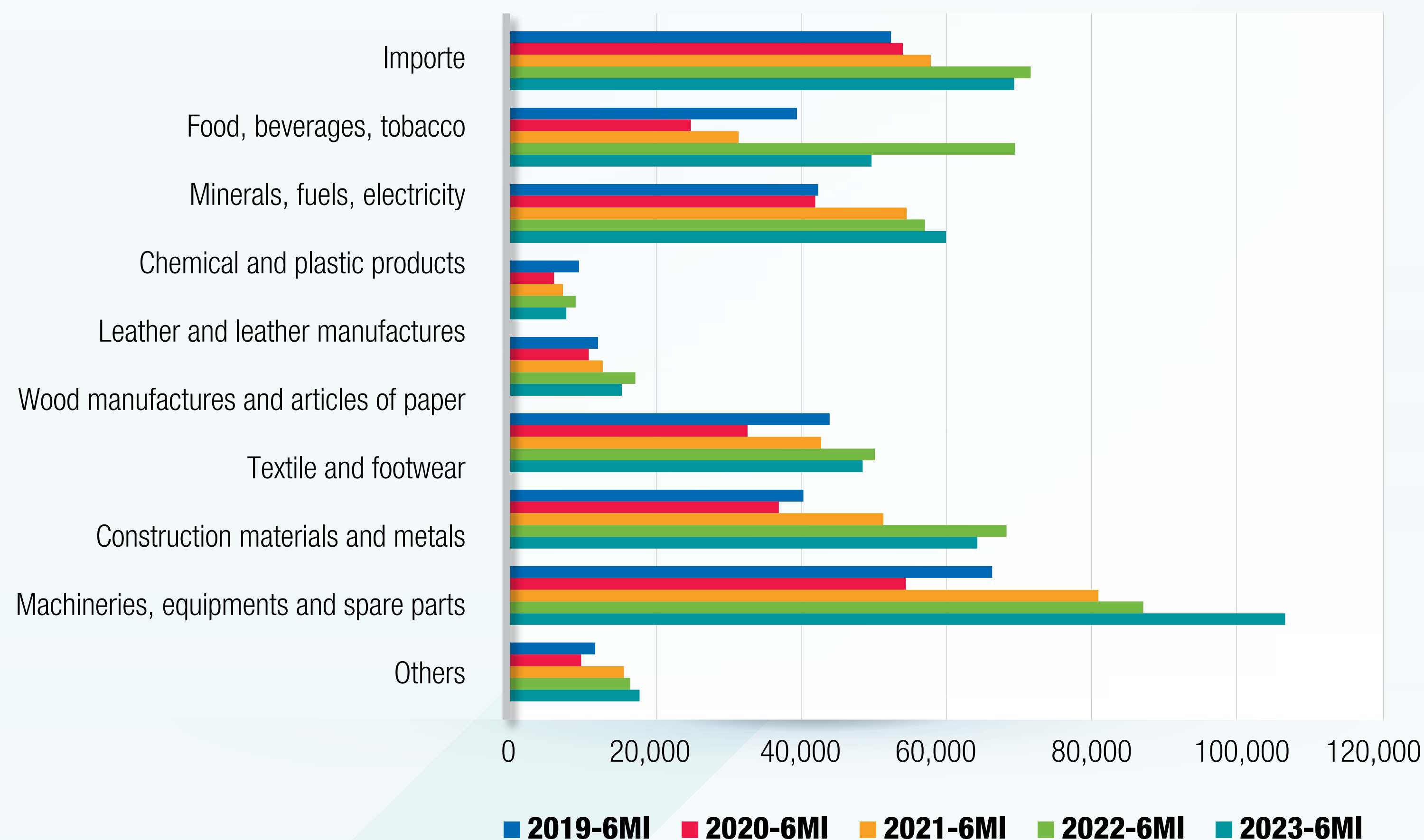
During the first six months of 2023 (6M 2023), the exports of goods amounted to 234 billion ALL, showing a decrease of 7.4% compared to the previous year. On the other hand, imports of goods reached 439 billion ALL, which decreased by 1.6% compared to the previous year.

As a result, the trade deficit for the same period reached 205 billion ALL, indicating an increase of 6.2% when compared to the trade deficit in the first six months of 2022.

The coverage percentage of exports to imports decreased to 53.3% during the first six months of 2023.

CIRCULATION OF GOODS IN FOREIGN TRADE

Imports (in million ALL)



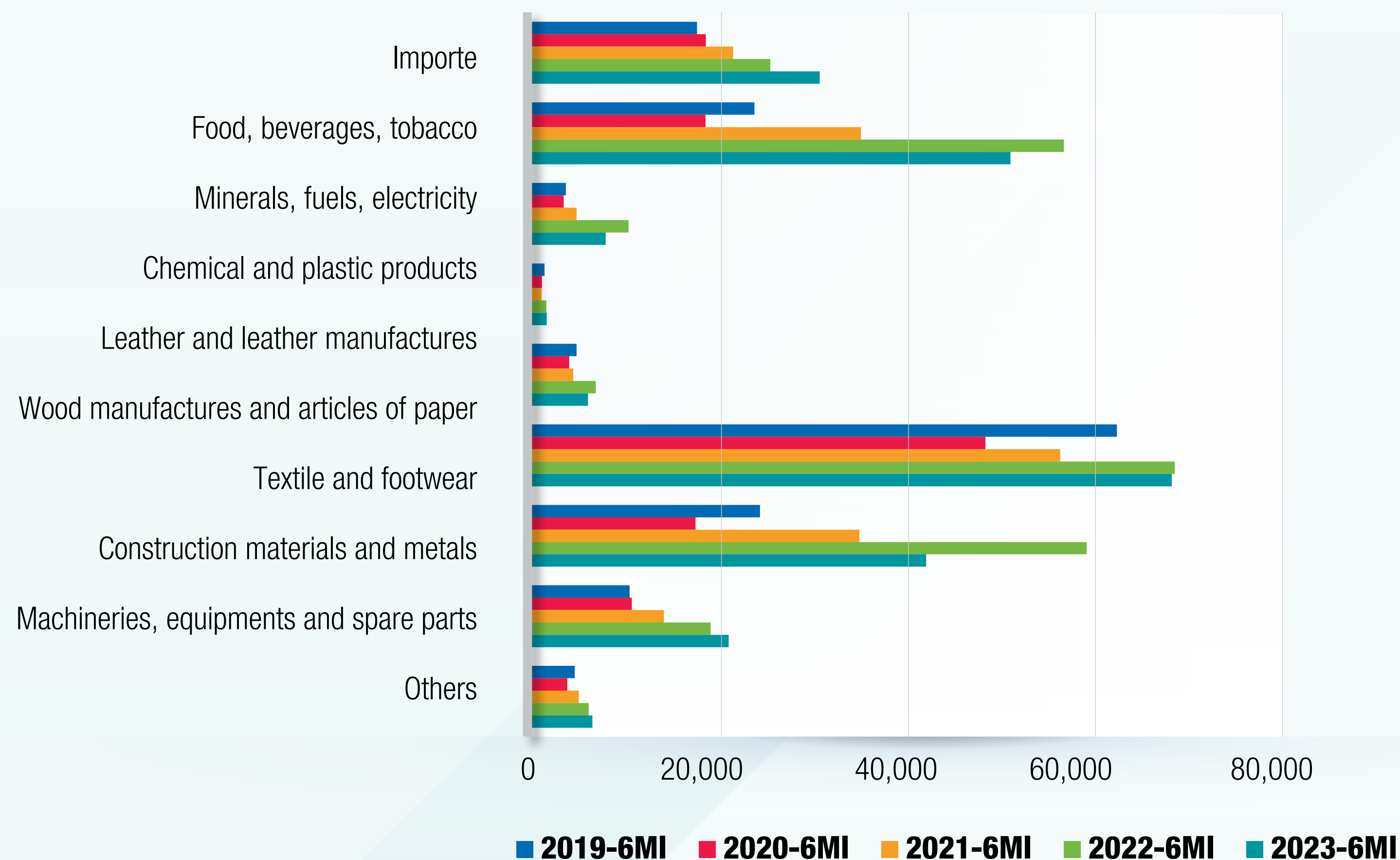
Source: INSTAT, July 2023

In the first half of 2023 (6MI 2023), imports decreased by 1.6% compared to the same period in 2022. The groups that contributed to this annual decrease in imports are, “Minerals, fuels, electricity” with a negative impact of 4.4 p.p, “Construction materials and metals” with a negative impact of 0.9 p.p; “Food, drinks, tobacco” with a negative impact of 0.5 percentage points.

Conversely, there were some groups that had a positive impact on imports, mitigating the overall decline: “Machinery, equipment, and spare parts” with a positive impact of 4.4 p.p and “Chemical and plastic products” with +0.7 p.p.

CIRCULATION OF GOODS IN FOREIGN TRADE

Exports (in million ALL)



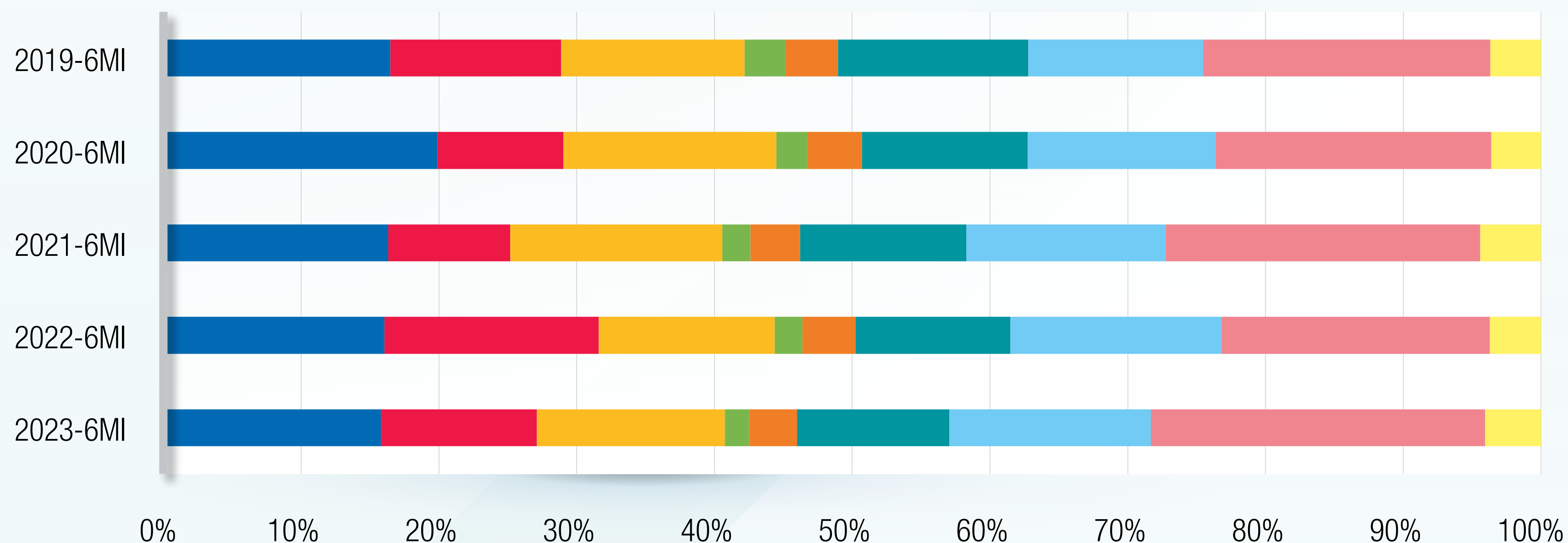
Source: INSTAT, July 2023

During the first half of 2023 (6MI 2023), exports experienced a decrease of 7.4% compared to the same period a year ago. The groups that contributed to this annual decrease in exports are as follows: “Construction materials and metals” with a negative impact of 6.8 p.p., “Minerals, fuels, electricity” with -2.2 p.p, “Chemical and plastic products” with -1.0 p.p.

Conversely, there were some groups that had a positive impact on exports, partially offsetting the overall decrease: “Food, drinks, tobacco” with a positive impact of 2.1 p.p and “Machinery, equipment, and spare parts” with +0.8 p.p.

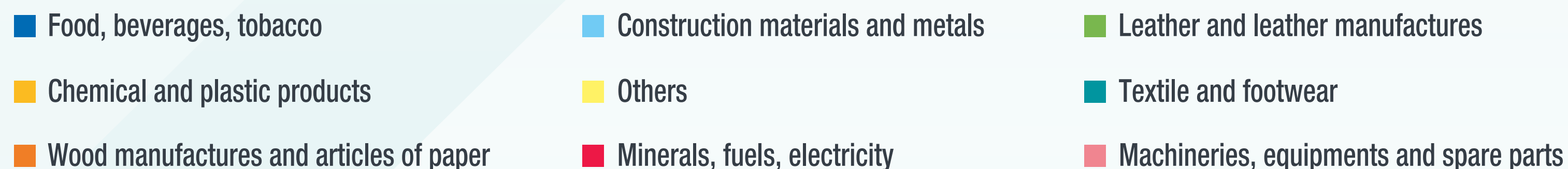
IMPORTS OF GOODS

Imports structure (in %)



During the first half of 2023 (6M-I 2023), the structure of goods imports is primarily dominated by the following categories:

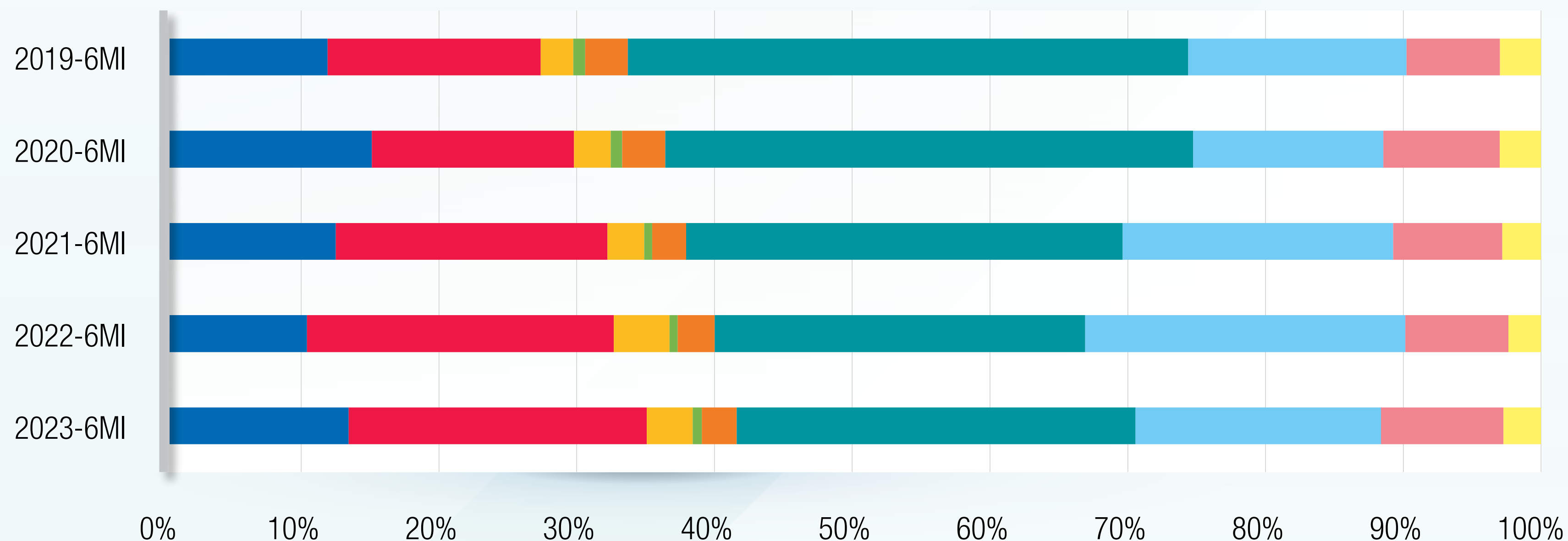
Machinery and equipment, Food, Beverages, Tobacco, Construction materials, Metals



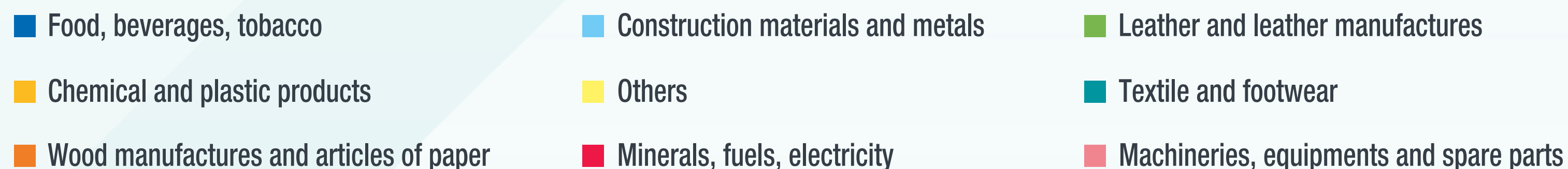
Source: INSTAT, July 2023

EXPORTS OF GOODS

Exports structure (in %)



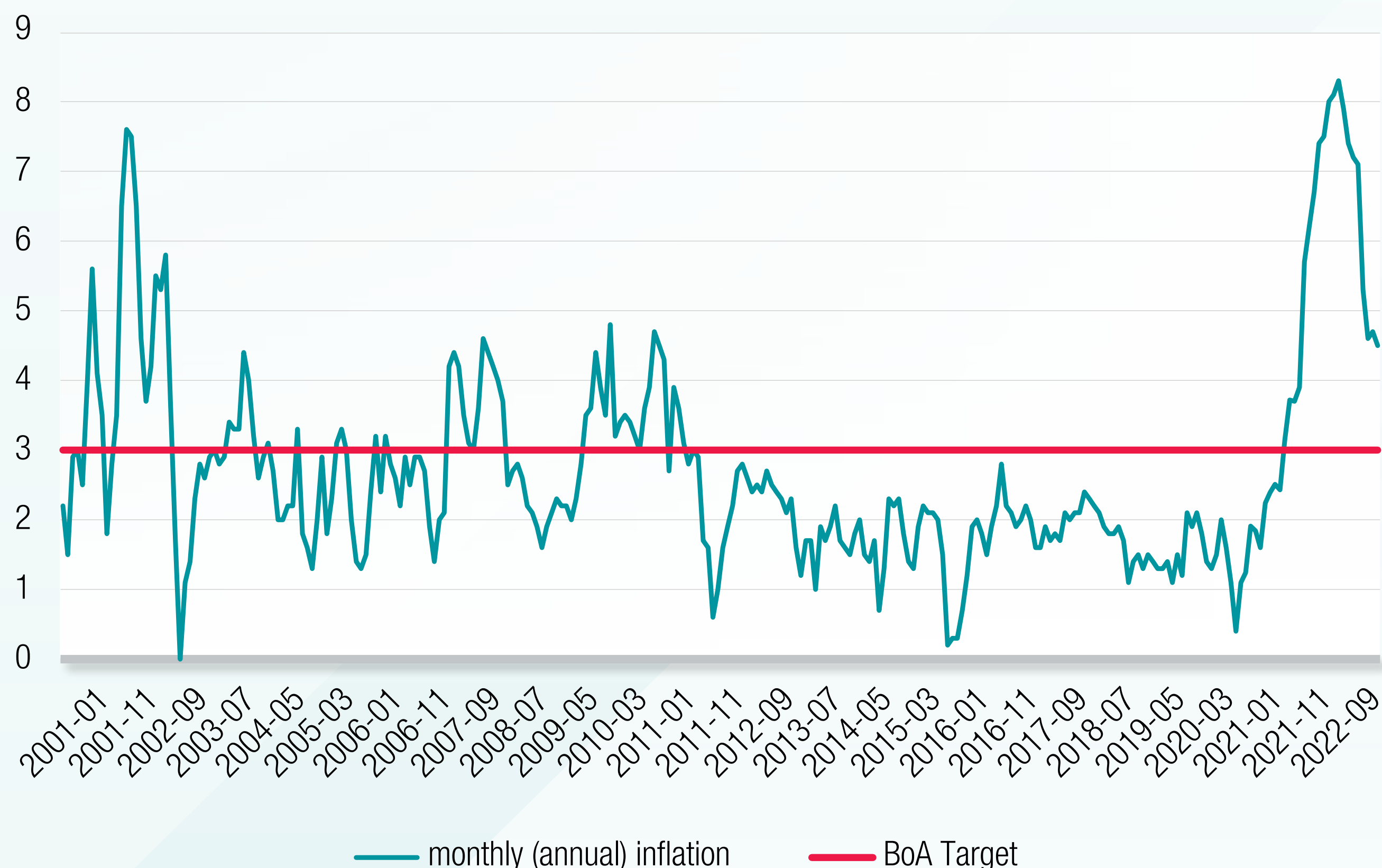
During the first half of 2023 (6M-I 2023), exports continue to maintain their product structure, with the majority of exports being: Textiles and Shoes, Construction Materials and Metals, Minerals, Fuels, and Electricity.



Source: INSTAT, July 2023

CONSUMER PRICE INDEX

Consumer Price Index, annual change %



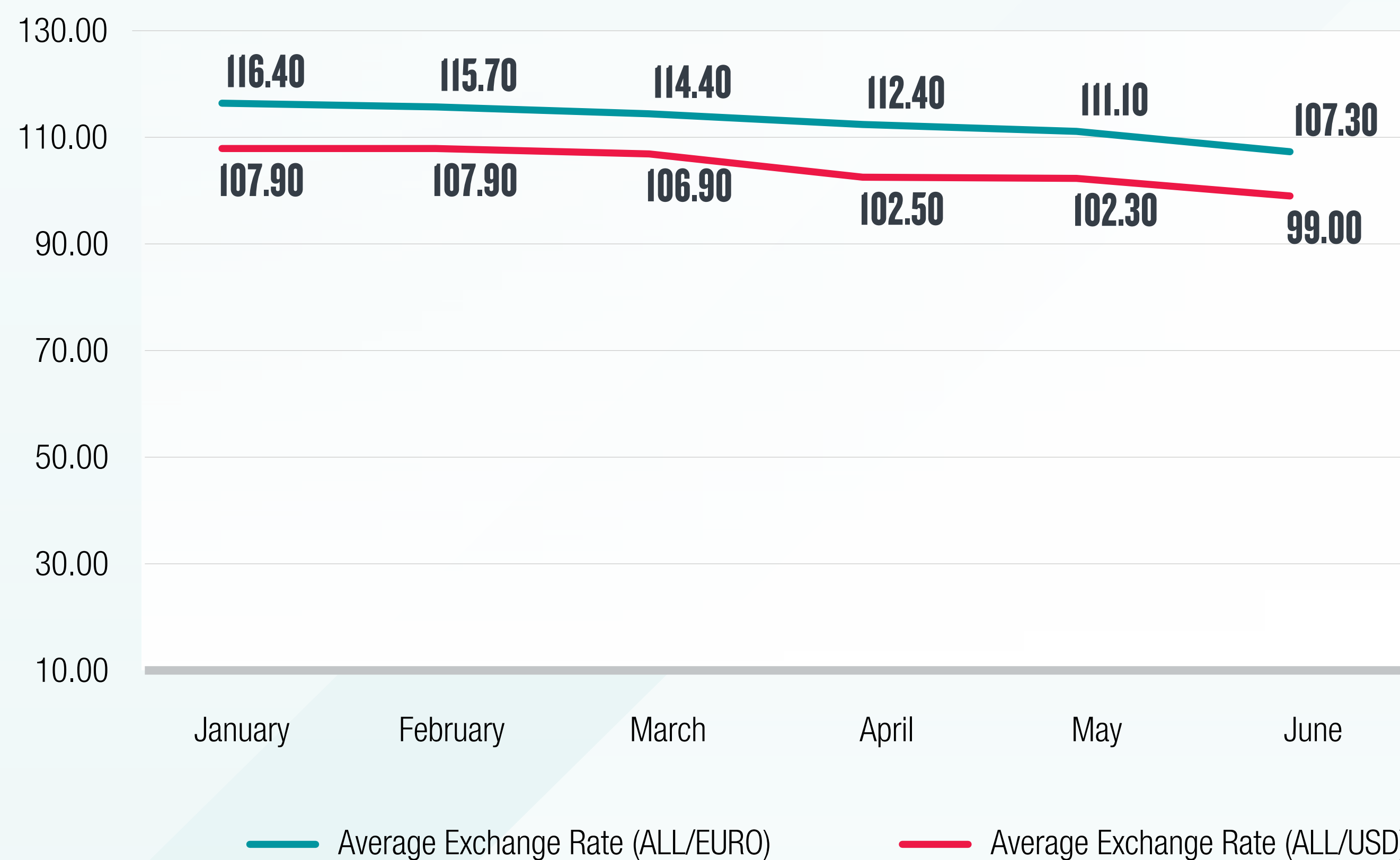
During 6Ml 2023, the average inflation on an annual basis remained at the value of 5.6%, which is the same level as it was a year ago.

Based on the chart data provided, starting from the end of 2011, the monthly inflation on an annual basis has consistently been below the Bank of Albania's target of 3%. However, an upward trend has been observed since November 2021, where the recorded inflation started to exceed the BoA's target at high rates. This trend continued until October 2022 when inflation began to decline.

Source: INSTAT, July 2023

EXCHANGE RATE

Average Exchange Rate

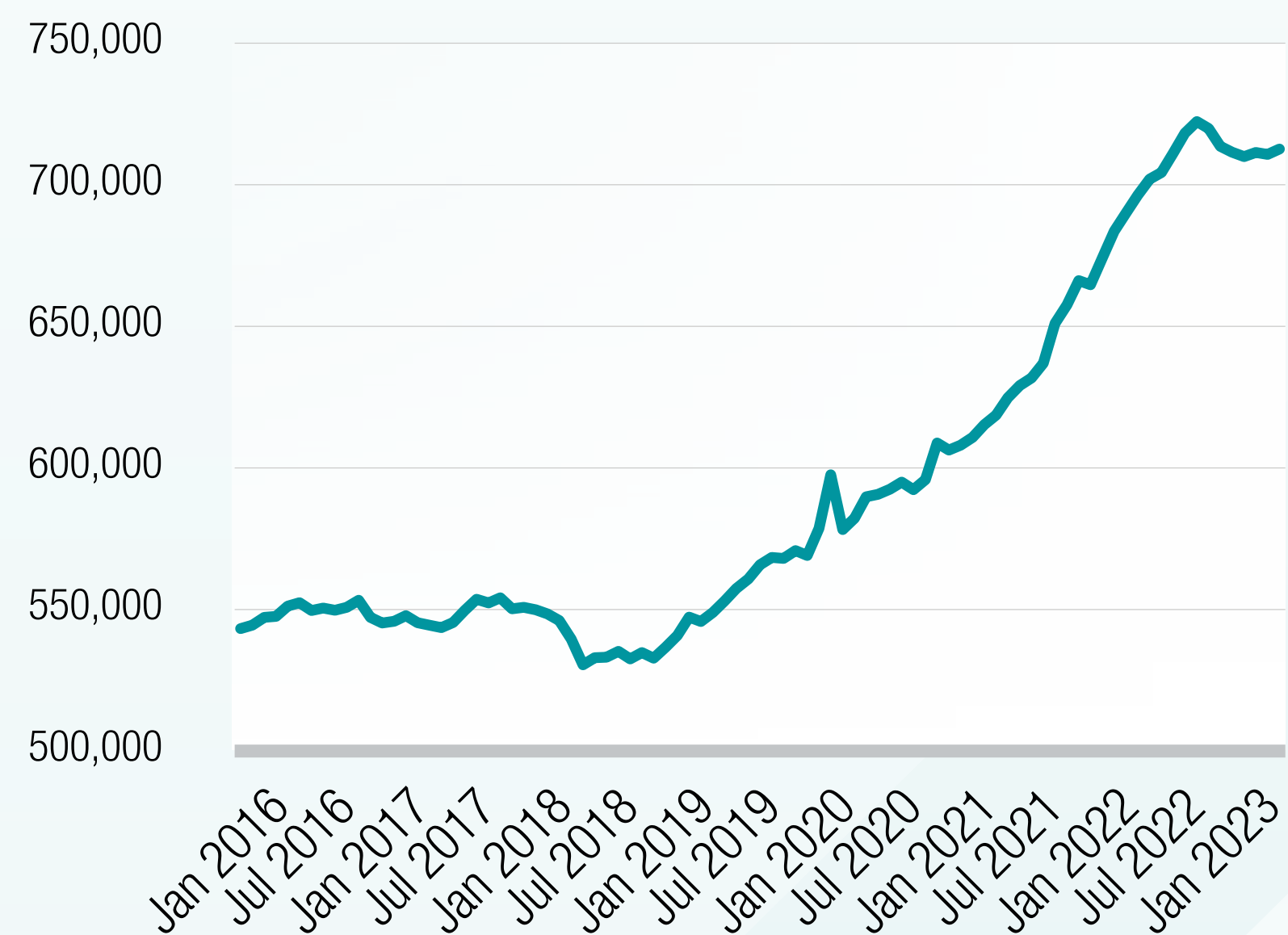


During the first six months of 2023 (6M 2023), the average exchange rate of Lek (Albanian currency) to Euro was 112.9. Meanwhile, the average exchange rate of Lek to USD (US Dollar) was 104.4.

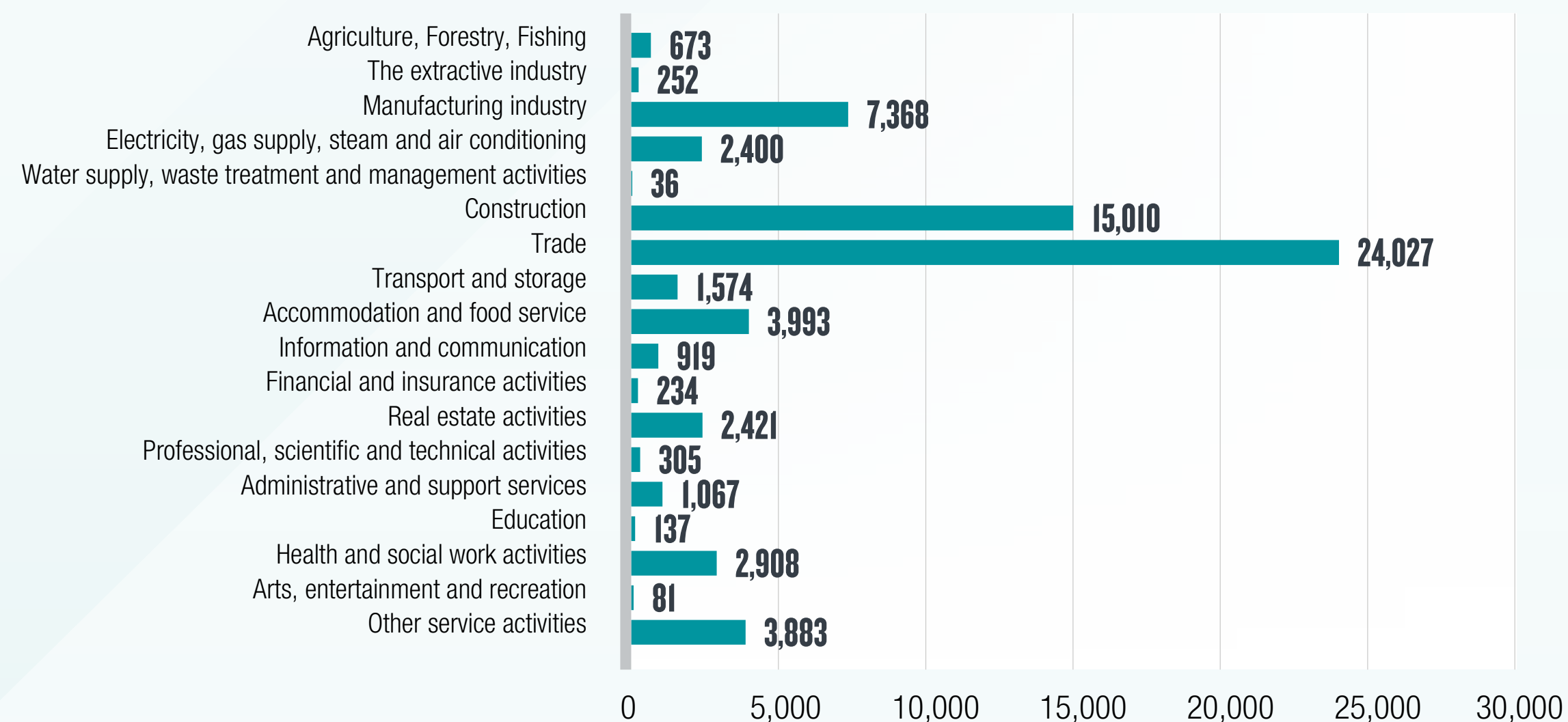
Source: Bank of Albania, July 2023

CREDIT TO ECONOMY

Totale credit to economy (mln ALL)



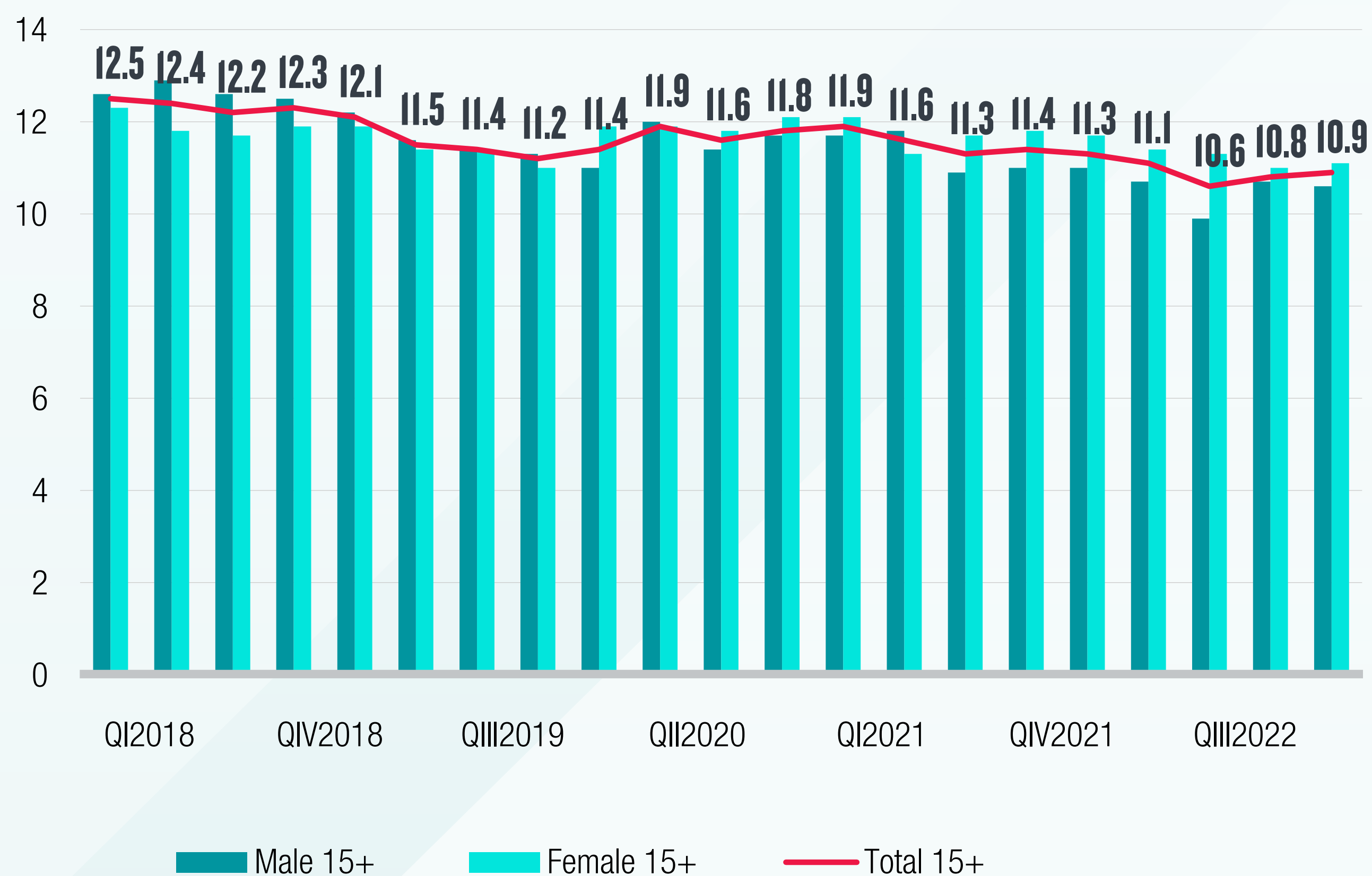
New loan 5MI 2023 according to economic activity million Lek



In May 2023, the economy received a total credit of 712.6 billion lekë. The major share of the new credit during the 5MI of 2023 was directed towards wholesale and retail trade, construction, and manufacturing, following the same pattern observed a year earlier.

LABOR FORCE

Unemployment rate



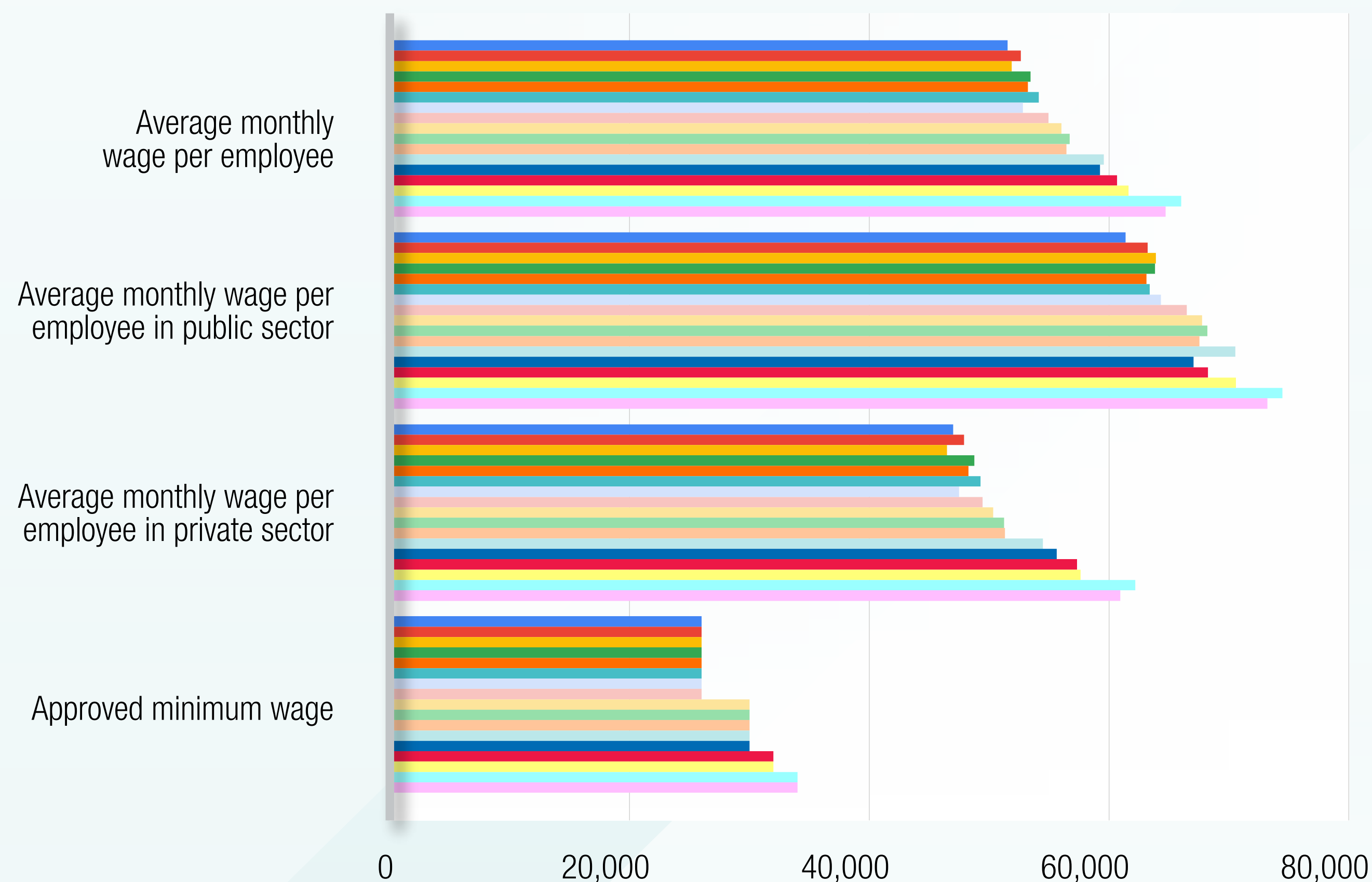
Source: INSTAT, July 2023

In the first quarter of 2023, based on published data, the unemployment rate increased by 0.1 percentage point (pp) compared to the previous quarter.

On the other hand, according to INSTAT data for the first quarter of 2023, the number of employed people increased by approximately 5,042 individuals compared to the previous quarter.

AVERAGE WAGE AND MINIMUM WAGE

Average monthly salary



According to official published data, the average salary during IT 2023 was 64,706 ALL, showing a decline compared to the previous quarter.

For employees in the private sector, the average monthly salary was 60,943 ALL, reflecting a 2% increase compared to the previous year. Conversely, employees in the state sector had an average monthly salary of 73,205 ALL, which experienced a 1.7% decrease compared to TIV 2022.

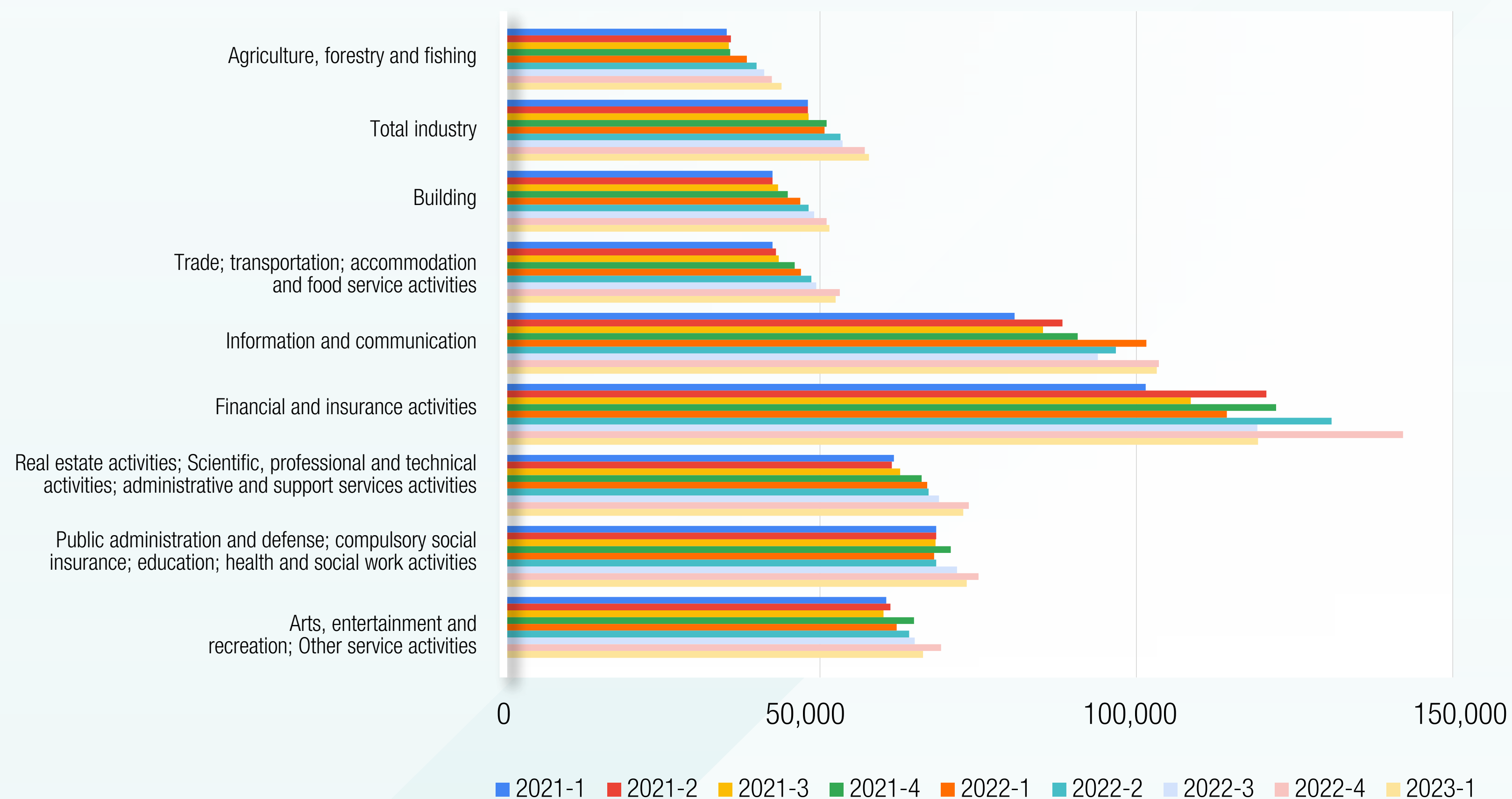
Note: data are averages of quarterly figures published by INSTAT

I/19 II/19 III/19 IV/19 I/20
II/21 III/21 IV/21 I/22 II/22
II/20 III/20 IV/20 I/21
III/22 IV/22 I/23

Source: INSTAT, July 2023

AVERAGE SALARY BY SECTORS (IN ALL)

Average gross monthly salary according to economic activity



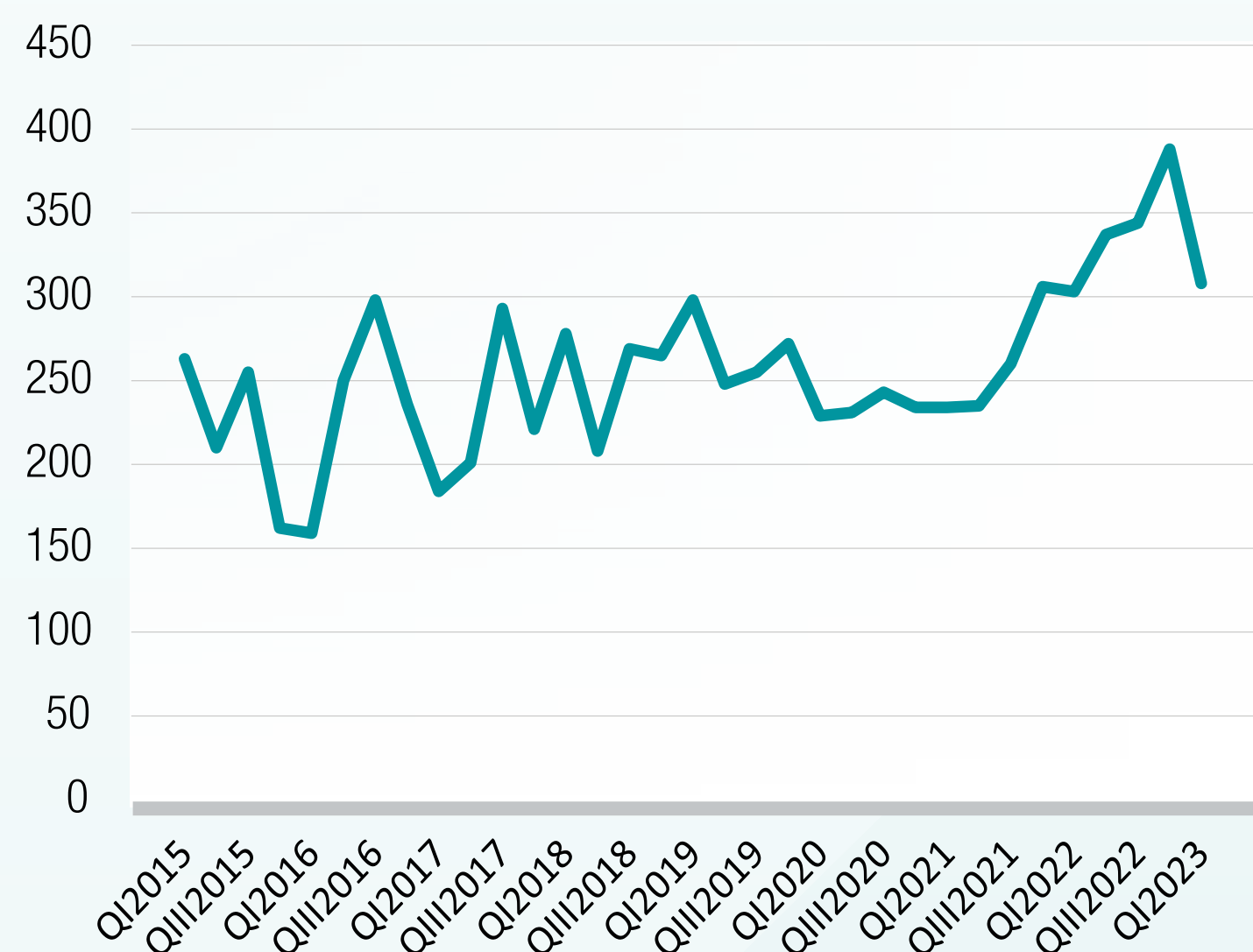
Despite a decrease from the previous quarter, the “Financial and insurance activities” sector still maintains the highest salaries, followed by the “Information and Communication” sector.

On the other hand, the “Agriculture, Forestry, and Fisheries” sector reported the lowest salaries.

Source: INSTAT, July 2023

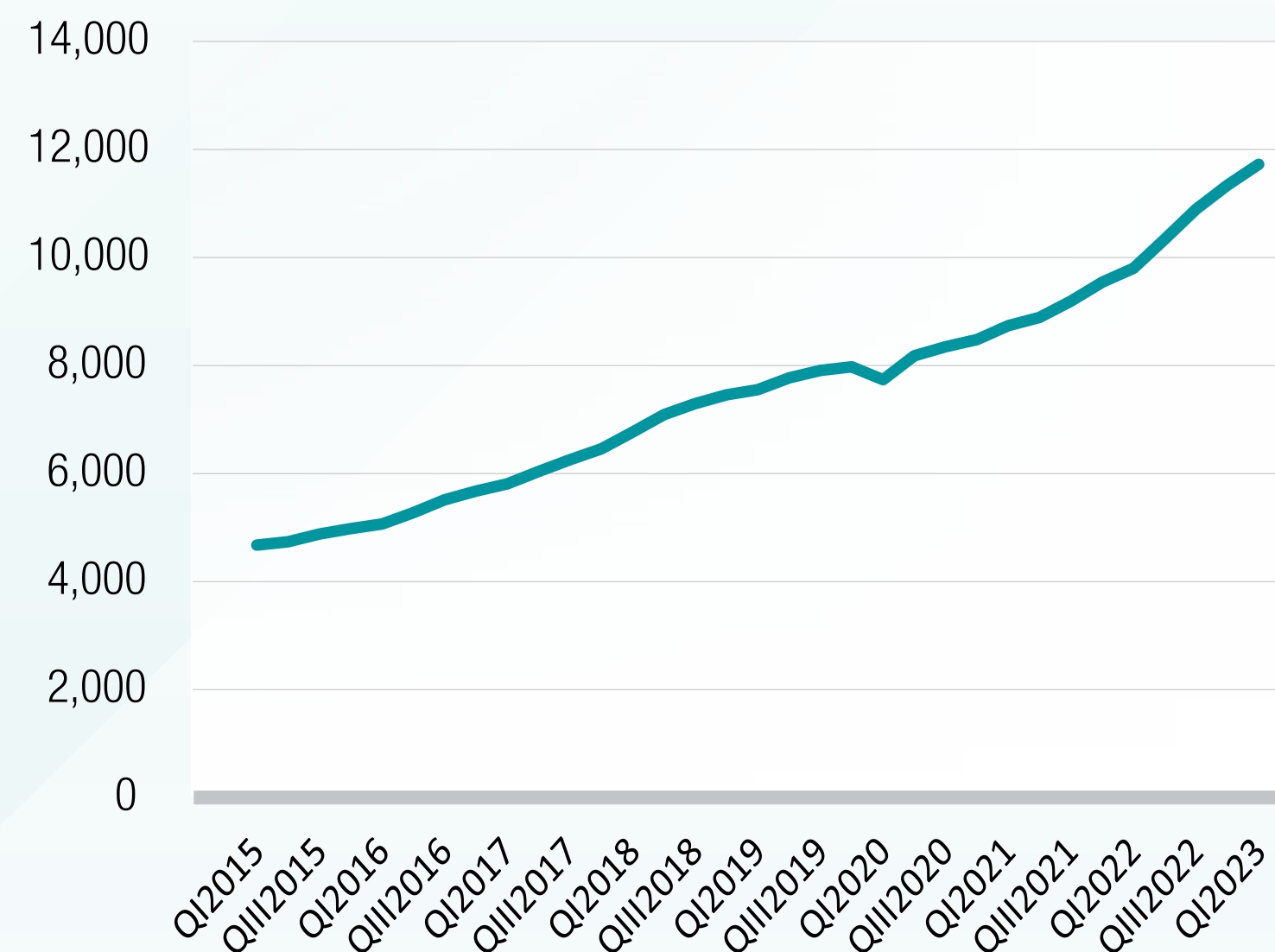
FOREIGN DIRECT INVESTMENTS

FDI inflow on a quarterly basis



In Q1 2023, Foreign Direct Investment (FDI) inflows saw a growth of 1.7% when compared to the previous year. However, there was a significant decline of 20.6% in FDI inflows when compared to the previous quarter.

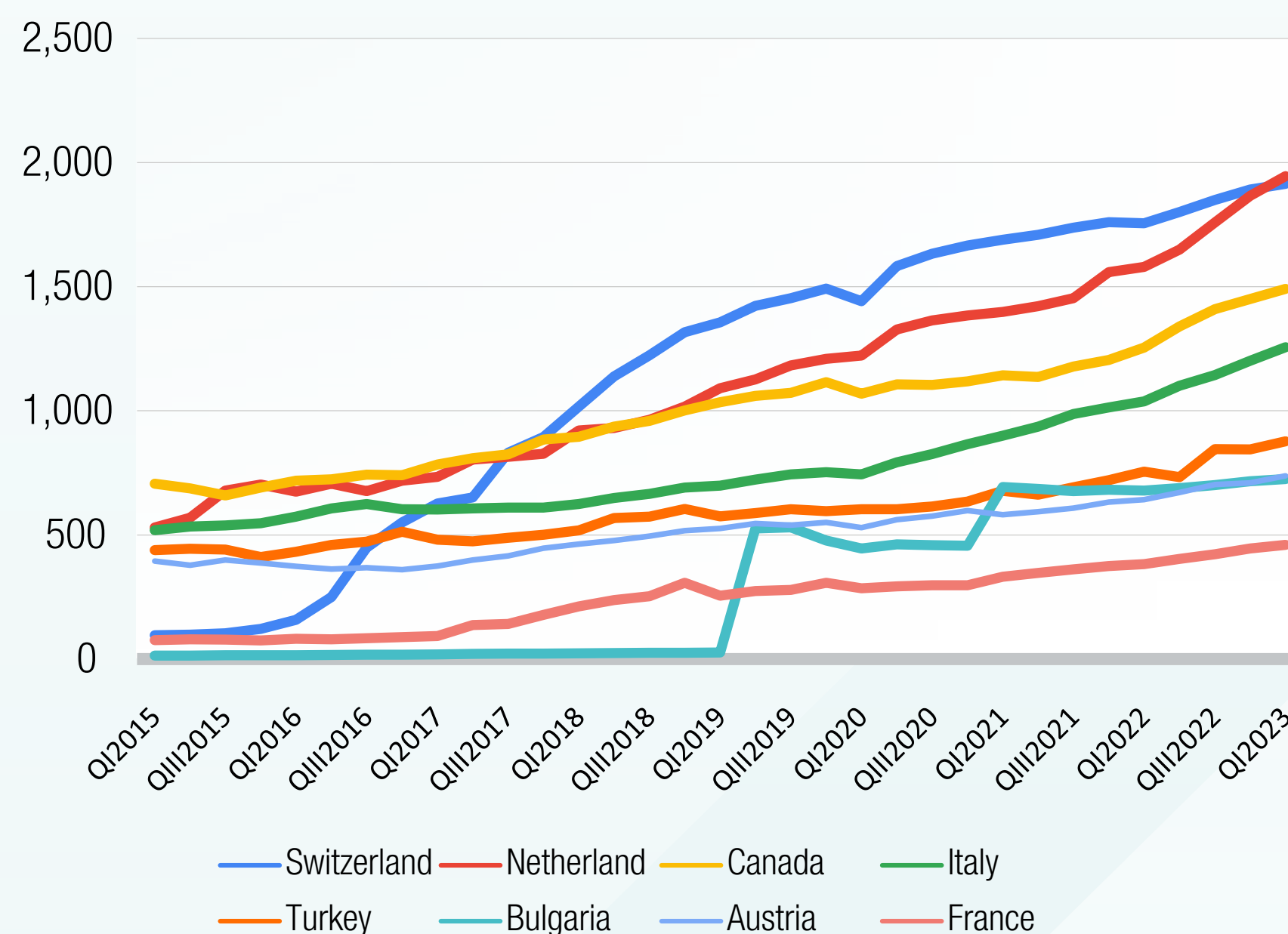
FDI stock on a quarterly basis



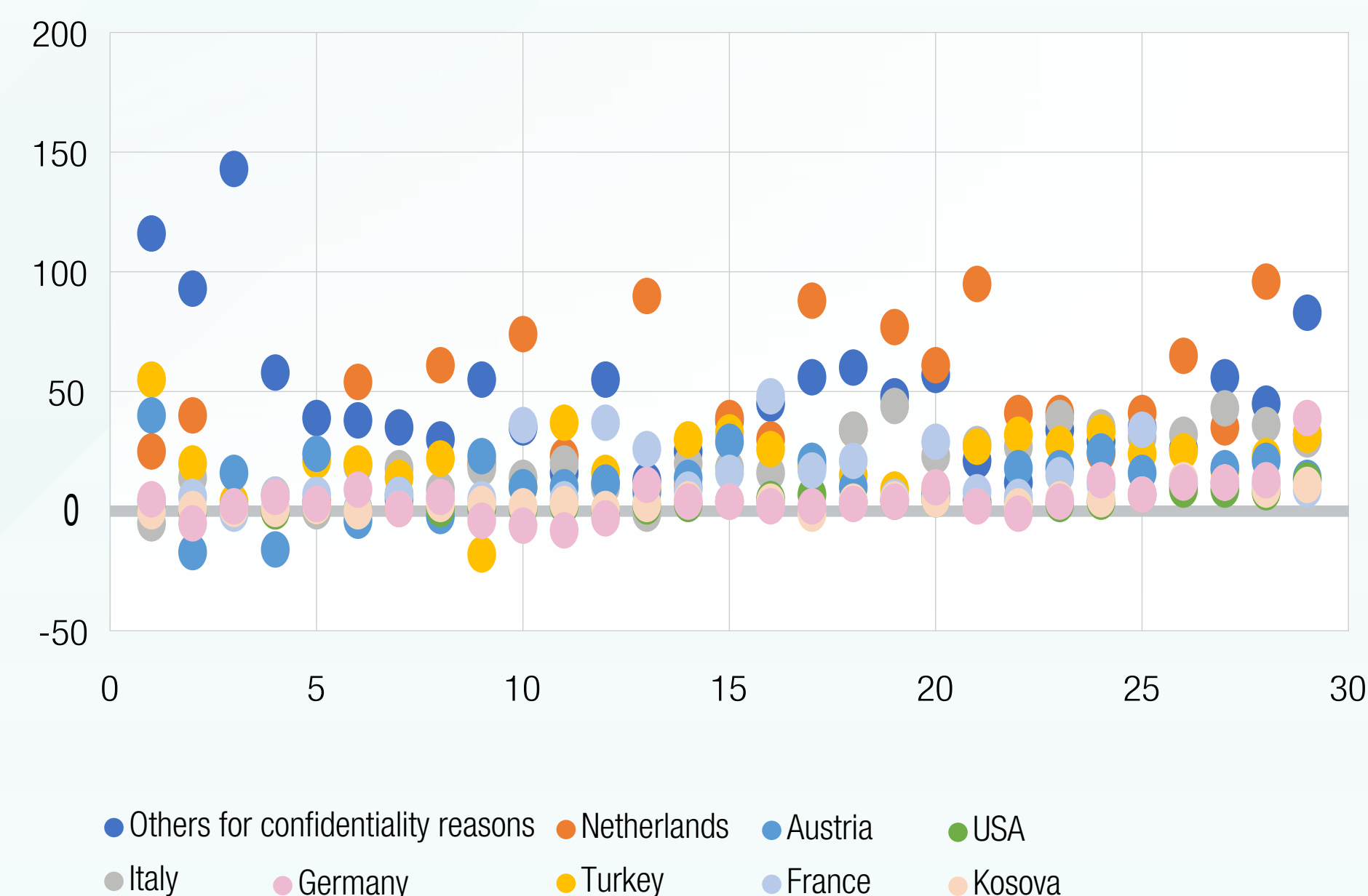
On the other hand, during the same period (Q1 2023), the FDI stock experienced substantial growth, increasing by 19.6% compared to the previous year. This brought the FDI stock to a value of 11.725 million Euros, which is 3.4% higher than the FDI stock in the fourth quarter of 2022.

FOREIGN DIRECT INVESTMENTS

FDI Stock according to country of origin, million EURO



FDI flows according to country of origin, million EURO



In the Q1 of 2023, the highest FDI inflow is attributed to Other countries (confidential) with 66 million Euros, securing the first position. Following closely are the Netherlands with 62 million Euros and Italy with 43 million Euros. Meanwhile, during the first quarter of 2023, Switzerland maintains its lead in terms of the stock of FDI in the country, amounting to 1,914 million Euros. However, it's important to note that there has been a continuous decrease in inflows from Switzerland during this period.

FOREIGN DIRECT INVESTMENTS

FDI flows according to economic activity, million EURO



In the first quarter of 2023, the Extractive Industry emerged as the most attractive sector for Foreign Direct Investment (FDI), with Financial and Insurance Activities and Real Estate Activities following closely in terms of attractiveness to foreign investors.

Source: Bank of Albania, July 2023

ABOUT INVESTMENT COUNCIL IN ALBANIA

The Investment Council facilitates the development of mutual trust between the business community and the government in Albania and contributes to an incremental institutionalization of effective policy dialogue. It contributes to the national reform and economic transition process by enhancing institutions, laws and policies that promote market functioning and efficiency.

Secretariat of Albania Investment Council – Team

The work of the Investment Council is supported by the Secretariat, an independent body of professionals selected and contracted by the EBRD to directly engage with the business community.

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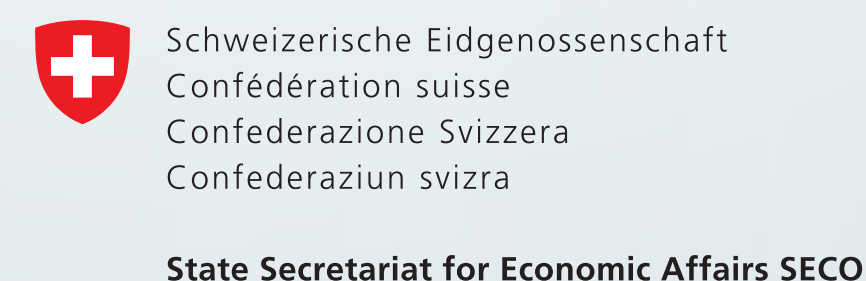
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Published by the Investment Council Secretariat (ICS), Dëshmorët e Kombit, Tirana, Albania
info@investment.com.al / www.investment.com.al / ICS is responsible for the content of this publication.

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Investment Council is supported by the Ministry of Finance and Economy, the European Bank for Reconstruction and Development (EBRD) and the Swiss State Secretariat for Economic Affairs (SECO)