

**SUMMARY OF MINUTES OF MEETING
INVESTMENT COUNCIL (IC)
MEETING XXXIV**

***“To Increase Competitiveness and Market Access of Albanian Non-Food Products
with European Standards”***

Tirana, 3 September 2024, 11:30 – 13:00

The meeting was chaired by the Minister of Economy, Culture and Innovation, Mr Blendi Gonxhja, IC Chair. The meeting was attended by 18 IC members and 30 observers - representatives of local and foreign business associations and state institutions in Albania.

I. Opening of the Meeting by Minister Blendi Gonxhja, IC Chair

In his opening speech, Minister Gonxhja emphasised the importance of cooperation between the government and the private sector to enhance the competitiveness of Albanian products in European markets. He also stressed that aligning with European standards is essential for successful integration into the EU. Minister Gonxhja pointed out the need to improve infrastructure, increase expertise, and strengthen information sharing between the public and private sectors. The government is dedicated to supporting businesses in meeting these standards, and efforts are already underway to develop a unique portal for exporters. In closing, Minister Gonxhja encouraged participants to share ideas for addressing key challenges and collaborate towards common goals, expressing his gratitude to the organisers and supporters of the Investment Council, including the EBRD and SECO.

II. Presentation of the Secretariat’s Key Findings and Recommendations

Ms Diana Leka (Angoni), IC Secretariat, presented the Secretariat’s key findings of the analysis, which was based on a review of the latest reports, consultations with key public and private sector actors (via focus groups), and an online survey completed by 143 businesses. The analysis identified several major challenges, including the lack of institutional data for domestic economic operators (non-food products) with competitive advantages and export potential, limited business awareness of the legal and regulatory framework outlining their rights and responsibilities within the supply chain, and insufficient institutional support regarding information or the costs of meeting quality product standards. Additionally, businesses faced limited expertise and knowledge of standards. The recommendations proposed included the creation of a priority list of domestic (non-food) products with export potential, along with the development of supporting policies, improved access to information through innovations in official communication channels, the acceleration of legal and regulatory alignment in the construction sector, the enhancement of market surveillance, and greater efforts to raise awareness and understanding of standards and best practices.

III. Summary of the Main Discussions

Mr Ardian Lekaj, Diaspora Business Chamber, highlighted several key issues concerning the Albanian economy and its export potential for products and services. He stressed the need for a

comprehensive analysis and database of Albanian products that could attract international market interest. Additionally, he emphasised the significance of international certifications, such as Global GAP, to help Albanian producers gain access to global markets. Mr Lekaj suggested that Albania should prioritise sectors where Albania holds a competitive edge, such as agriculture, construction, and energy. He shared a concrete example of an Albanian farmer who, with the right certification and support, transformed a near-bankruptcy situation into great financial success.

In closing, he emphasised the crucial role of education and workforce specialisation. He advocated for Albania to invest in high-tech sectors and industries requiring specialised skills, such as energy and outsourcing, drawing on the successful experiences of countries like Poland, Bulgaria, and Romania.

Ms Ines Muçostepa, Union of Chambers of Commerce and Industry, expressed her gratitude to the minister for his clear and direct communication. In her speech, Ms Muçostepa updated members on ongoing efforts to strengthen institutional capacities and foster regional cooperation, emphasising the importance of empowering chambers of commerce. She highlighted several recent regional initiatives involving the Union, including the creation of a regional market access platform structured into four key modules. This platform has helped 7,500 companies in the region to meet competitive standards. She also shared details about upcoming events in Berlin and Italy aimed at training businesses and facilitating B2B meetings in sectors such as infrastructure, agriculture, automotive, and construction. Additionally, Ms Muçostepa discussed ongoing efforts to develop platforms for CE certification, a crucial requirement for products entering the EU, and to create a collective brand to promote Balkan products within the EU market.

She underscored the importance of raising business awareness about these opportunities and stressed the need for better information sharing to ensure that businesses can fully capitalise on the available resources.

Ms Albana Laknori, Tirana Chamber of Commerce and Industry, expressed her appreciation for the active cooperation within the IC platform, attributing much of this success to the diligent efforts of the Secretariat. However, Ms Laknori voiced concerns regarding the lack of communication and transparency from the state, particularly from the Ministry of Economy, in relation to the screening process and meetings held in Brussels. She pointed out that businesses have not been kept informed about these developments or whether their feedback has been considered. Ms Laknori highlighted the critical need for financial support for export businesses, noting that Albanian products remain uncompetitive when compared to those from neighbouring countries like Serbia and North Macedonia. She stressed the importance of greater involvement and better communication with business institutions, urging the dissemination of information to their members. As a concrete example, Ms Laknori shared the struggles faced by a company in Dibër in exporting its products and obtaining a certificate of origin, underscoring the need for transparency and clear information for businesses to navigate such challenges effectively.

Mr Edvin Prence, Pro-Eksport Albania, raised concern over the unequal competition faced by Albanian businesses when competing against imported products, which often receive financial support from their countries of origin. He highlighted that, despite the cut-and-trim sector exporting over 40 million units of clothing, locally produced goods struggle to compete within the Albanian market due to a lack of government incentives and direction. He also pointed out the paradox in Albania's trade of raw materials, mentioning that while the country exports live (raw) skins valued at 30 million euros, it imports processed skins worth 300 million euros. This, he explained, underscores the lack of support for processing raw materials domestically, especially when the cut-and-trim sector depends on raw materials, and local production is insufficient to meet the demand.

Mr Preņe further expressed concerns about the lack of transparency and credibility in government decision-making processes, noting that many discussed policies remain unimplemented. Regarding the CEFTA agreement, he noted that although Albania adheres to regional trade rules, it does not reap equal benefits. He argued that taxes on raw materials are higher in Albania compared to the benefits offered in European countries, urging for zero tax policies on these materials to boost the competitiveness of domestic industries.

In conclusion, he called for greater fulfilment of recommendations made during previous IC meetings and expressed hope that the minister would take steps to improve support for the sector.

Ms Antonela Hako, Women's Economic Chamber, greeted the members and shared her thirty years of experience in the food production industry. She expressed concerns about the government's lack of attention and support for this sector. Despite the food industry not being seen as a priority, she emphasised that the challenges faced by enterprises in this sector are similar to those in other industries and require immediate solutions. Some of the key issues she raised include:

- ***Product certification process.*** While Albanian companies have received the necessary certifications as production units, their products themselves remain uncertified, creating a major obstacle to exports and competitiveness in international markets, particularly within the European Union. She stressed that awareness of the importance of product certification requires not just the will of businesses but also a comprehensive market strategy from the government.
- ***Government engagement and market strategy.*** The government needs to take a more serious approach to developing a market strategy that helps Albanian companies meet EU standards while providing financial support for the necessary investments. To successfully enter the European market, Albanian companies require additional investments beyond what they have already made. This support, she emphasised, is crucial to ensure that Albanian products are competitive and acceptable in Europe.

Ms Hako proposed holding a follow-up meeting in a few months to review the progress made and discuss further steps needed to improve the sector. She highlighted the importance of maintaining a continuous dialogue between the government and the private sector, ensuring that the concerns raised lead to concrete actions that support and strengthen Albania's food industry.

Mr Emanuel Salinas, World Bank, thanked the minister and expressed support for the analysis and the issues raised. He raised several issues and recommendations as follows:

- ***Investment in national-quality infrastructure.*** There is a need for national-quality infrastructure to certify Albanian producers. Current gaps in institutions, materials, and systems must be addressed to improve the quality certification process.
- ***Bureaucratic Obstacles.*** Bureaucratic barriers to export and import need to be eliminated, suggesting that while progress has been made with a single market window, further improvements are needed.
- ***Support for Technology Adoption.*** Redesigning support instruments to aid technology adoption and quality improvement, noting that substantial investment is required and the financial sector alone cannot be relied upon. The government has a significant role to play in this.
- ***Quality Certification Programs.*** Developing programs to assist companies with obtaining quality certifications, as these can be costly and challenging for many businesses, even if they have improved their production processes.
- ***Innovation and Production Processes.*** Emphasised the need for innovation in production processes, highlighting that both high-tech solutions and practical improvements are essential for boosting efficiency and product quality.

- *TiVET Program Review:* Suggested reviewing Technical and Vocational Education and Training (TiVET) programs to prioritise quality as a core skill, aiming to develop a skilled workforce in this sector.
- *Investment Policy Redesign:* Proposed redesigning investment policies to attract foreign investors focused on global value chains, aiming to connect Albanian producers with the global market (e.g. supermarkets), rather than investing in areas like luxury hotels and restaurants, which are already plentiful.
- *Border Crossing Improvements:* There is an urgent need to enhance border crossing points to prevent delays and spoilage of products, especially agricultural ones, by ensuring faster and more efficient processing.
- *Regulations and Inspections:* Regulations and inspections should offer certainty to producers, avoiding bureaucratic hurdles, and regulators should play a supportive role.

He concluded by expressing his willingness to work collaboratively with the government to address these challenges and expedite improvements in the area.

Ms Ekaterina Solovova, EBRD, expressed her appreciation for the preparation of the meeting and the IC's progress report, thanking the technical Secretariat for their efforts. She found the discussions both relevant and practical and raised several issues for consideration. She highlighted the need for improvements, especially the ones that could be more quickly achieved, such as amendments of relevant legislation which would unblock export of certain products, such as construction materials. Emphasising the importance of focusing on country's competitive advantages in the context of global market, she reflected on recent challenges faced by Albanian exporters, such as euro depreciation and rising labour costs, suggesting that strategy that is based on cheap labour and low-cost production is unlikely to be viable in the future. She also pointed out that Albania's rapidly improving infrastructure positions it as a potential transit hub in the Western Balkans, with energy exports becoming viable in the near future. Additionally, she proposed that Albania could be an attractive destination for knowledge-based companies to set up their regional hubs in Albania and bring both international and domestic labour. While focusing on exports is crucial, she stressed the need for Albanian companies to remain competitive domestically as EU products enter the market, emphasising the need for enhanced awareness and preparedness among Albanian SMEs, particularly those serving the domestic market. She concluded thanking for the opportunity to engage in the discussions and underscored the importance of addressing these points.

Mr. Hubert Perr, EU Delegation, raised the following five points:

1. *Focus Areas for Albania:* Dy years ago, the Albania Government presented a national strategy which emphasised that Albania, as a small country, should focus on its comparative advantages, specifically in tourism, agriculture, digital infrastructure, and energy. He stressed the importance of aligning efforts in these areas and integrating them, as well as addressing issues like declining agricultural production despite increased tourism.
2. *EU Market and Standards:* The EU market entry rules are complex, just like the food safety standards, but these standards protect both EU and Albanian consumers. Albania needs to view these standards positively and work towards meeting them, as they will ultimately benefit the country.
3. *EU Accession Negotiations:* EU accession involves adopting EU standards, not just negotiating. Therefore, Albania needs to embrace these standards as they will become the country's own norms in the future.

4. *Growth Plan and Integration*: Several initiatives have been undertaken to support Albania's integration into the EU, including:
 - *SEPA (Single Euro Payments Area)*: This will enhance Albania's competitiveness by simplifying cross-border payments.
 - *Digital Payments and Roaming*: Improvements in digital payment systems and affordable roaming for tourists and Albanians travelling to the EU.
 - *Border Crossings*: Efforts to make border crossings more efficient for goods and people.
5. *Support and Funding*: The EU will provide 900 million euros to Albania to support reforms and prepare for EU accession. Albania should use these funds effectively and prioritise reforms to align with EU standards.

He ended by expressing his commitment to support Albania's integration efforts and reforms.

Minister Blendi Gonxhja, MEKI, discussed problems related to agriculture and European Union funds. He highlighted the need to reassess the stance on collective penalties and ensure the continuity of development programs. He stressed that Albania needs to compete with neighbouring countries and the region, which are leveraging funds for development, and that EU aid is crucial for the country's progress.

Minister Gonxhja also discussed the significant pressure on state debt and the need for a reasonable reduction strategy. He underscored the importance of European funds for achieving efficiency and improving the country's situation, calling for increased support and understanding from the EU to meet requirements and advance in the European integration process.

Mr Denald Tafani, the Hellenic Business Chamber in Albania, highlighted the important role of the IC and the importance of dialogue between businesses and the government. He stressed that while tax issues persist, the primary concern is access to finance and investment in innovation and technology. Mr Tafani noted that Albanian production businesses struggle to compete with companies operating in the European Union, e.g. Italian, Greek, etc., due to the lack of subsidies and soft financing. He cited examples where one Greek or Italian business receives up to 70% in subsidies and 20% in soft financing, while Albanian businesses face high interest rates, with 100% Euribor financing plus an additional 2-3%.

Additionally, he pointed out that many young Albanians are working remotely for foreign companies, attributing this to the quality of education they have received. Mr Tafani stressed the need for Albania to enhance its education and services to better support these professionals and attract more foreign companies.

Ms Bianca Duro, Pendl & Piswanger, as an entrepreneur with 25 years of experience in training and 13 years in personnel certification, highlighted the critical need for human resource development in Albania. She pointed out that the main issue is the lack of support for the qualification and certification of personnel and called for a clear and swift plan from the Albanian government to address this. Ms Duro noted that her organisation is accredited by the General Directorate of Accreditation and has sought to expand accreditation in the metal sector, which is highly regulated in Europe. She emphasised that Albanian entrepreneurs often rely on foreign specialists due to the shortage of qualified local resources. She urged immediate action to educate the market and enhance accountability towards third parties, criticising the current certification system. Specifically, she mentioned that some certificates, like those for energy managers, are not state-recognized despite being funded by European resources.

Ms Duro concluded by offering her expertise to help improve the situation and develop human resources in Albania.

Minister Blendi Gonxhja, MEKI, discussed advancements and investments in professional education in Albania. He highlighted the establishment of ten new institutions and the

modernisation of educational structures through donor and international programs. Minister Gonxhja stressed the importance of investing in the qualification of young people, particularly those from challenging economic backgrounds with untapped potential. Minister Gonxhja emphasised the need to identify and nurture this potential alongside improving economic and urban planning to tackle existing problems and enhance educational quality. While acknowledging potential irregularities, he pointed out that Albania can be proud of its progress, citing OECD charts that reflect qualitative improvements in human capital and labour policies.

Ms Bianca Duro, Pendl & Piswanger, acknowledged the government's efforts in advancing professional education and emphasised the critical need for standardisation and certification of competencies, aligning them with European Union standards. She noted that some standards are mandatory, not optional.

Minister Blendi Gonxhja, MEKI, highlighted the importance of worker qualification and encouraged youth to consider professional education over traditional careers like medicine or law. He criticised the previous system, where diplomas and certificates could be bought, and stressed the need to create genuine, well-paid training opportunities.

IV. Update on the status of IC Recommendations, January-June 2024

Ms Diana Leka, IC Secretariat, provided an update on the status of past Investment Council recommendations. Out of 334 recommendations approved since 2015, 48% have been implemented, while 113 remain unimplemented. The Secretariat updates this data based on official responses and public information. In the first half of 2024, 17 recommendations were implemented in the tourism, agriculture, and agro-processing sectors. A significant issue has been enabling online payment systems for administrative services. However, an agreement has been reached for online payments through a designated bank. The government has worked with the banking association to address this challenge.

Ms Irida Huta, Association of Banks, reported on recent developments in providing government service payments through banks. She highlighted that implementing this recommendation has been a major objective and has now been completed. Currently, one bank has been offering this service for over three months, with three other banks also starting to provide similar services. The core services are fully operational and continue to expand. The process has been deemed very successful, with positive market acceptance from both individuals and businesses.

Ms Diana Leka (Angoni), IC Secretariat, further presented some other developments in the implementation of IC recommendations in different sectors. She highlighted the successful integration of local government into the online payment process for administrative services, marking a significant improvement in efficiency and transparency at the local level. There has also been progress in enhancing digital security, with ongoing preparations and reforms aimed at increasing reliability and user protection on digital platforms. In the tourism sector, efforts have been made to standardise categories for tourism entities and improve statistical data, which are crucial for effective planning and promotion. For agriculture, the focus has been on digitising the land registry and updating information on agricultural lands to enhance transparency and efficiency in land management. Additionally, support for farmers' groups has been strengthened, and the registration and methodology for data collection in the agro-processing sector have been refined, including the alignment of Albanian phytosanitary certificates with international standards.

In the end, Ms Leka suggested that such reports be issued annually rather than every six months. This change would allow more time to receive official responses from the institutions.

Minister Blendi Gonxhja, MEKI, thanked for the update and emphasised the need for the Secretariat to also report on ministries or institutions that have not responded.

V. On the Next Topic for Discussion

Ms Diana Leka (Angoni), IC Secretariat, informed the members that the next topic for discussion will be access to finance, with relevant details to be shared subsequently.

Closing of the meeting

At the end of all discussions, Minister Gonxhja thanked the participants for their contributions and declared the meeting closed.

List of participants

Government representatives

1. Mr Blendi Gonxhja, IC Chair/Minister of Economy, Culture and Innovation
2. A representative delegated by Ms Laura Plaku, CEO, AIDA

Business representatives

1. Ms Albana Laknori, General Secretary, delegated by Mr Nikolin Jaka, Chair, Tirana Chamber of Commerce and Industry
2. Ms Ines Muçostepa, Chair, Union of Chambers of Commerce and Industry
3. Mr Ardian Lekaj, Chair, Albanian Diaspora Business Chamber
4. Mr Balazs Revesz, President, Foreign Investors Association in Albania (FIAA)
5. Ms Antonela Hako, Chair, Women's Economic Chamber (WECA)
6. Ms Bilgen Aldan, Chair, ICC Albania
7. Mr Grant Van Cleve, President, AmCham Albania
8. Ms Irida Huta, Manager of Digital Channels Department, OTP, delegated by Mr Bledar Shella, Chair of the Supervisory Board, Albanian Association of Banks
9. Mr Denald George Tafani, President, Hellenic Business Association of Albania (HBAA)
10. Mr Valer Pinderi, President, Albanian E-commerce Association (AECA)
11. Pendl & Piswanger (*ad-hoc member, company*)
12. Emante Panel (*ad-hoc member, company*)

International partners

1. Mr Hubert Perr, Head of Cooperation, EU Delegation
2. Ms Ekaterina Solovova, Head of the EBRD Resident Office in Albania
3. Mr Emanuel Salinas, Country Manager, World Bank Albania
4. Ms Laura Qorlaze, Country Representative, IFC

Absentees:

1. Ms Delina Ibrahimaj, Minister of State for Entrepreneurship and Business Climate
2. Ms Natasha Ahmetaj, Deputy Governor of the Bank of Albania
3. Mr Sergio Fontana, President, Confindustria Albania

Special guests:

1. Mr Endrit Yzeiraj, Deputy Minister of Finance and Economy
2. Mr Philip Arnold, Deputy Chief of Mission, Embassy of Switzerland in Tirana

Other guests:

3. Ms Anxhela Bushati, Director, MEKI
4. Ms Vjollca Bazaiti, Head of the Monitoring Sector of Building Standards and Rules, MIE
5. Ms Ardita Mele, Director of Accreditation Dept., General Directorate of Accreditation
6. Mr Riza Hasanaj, General Director, General Directorate of Standardization
7. Mr Petrit Rama, General Director, General Directorate of Metrology
8. Ms Erinda Piluri, Deputy. General Director, General Directorate of Metrology
9. Mr Aleko Polo, CEO, Union of Producers

10. Ms Brunilda Isaj, General Secretary, Microfinance Association (AMA)
11. Mr Edvin Preçe, Chair, Pro-Eksport, Albania
12. Mr Neritan Mullaj, CEO, AmCham
13. Ms Ardita Seknaj, General Secretary, ICC Albania
14. Ms Anila Jani, Expert
15. Ms Gledis Shehu, Expert
16. Ms Erifili Berberi, Executive Director, Hellenic Business Association of Albania (HBAA)
17. Mr Reinaldo Pipiria, Chair, National Albanian Real Estate Association (NAREA)
18. Ms Tiziana Domi, Project Coordinator, Swiss Chamber of Commerce (SWISSA)
19. Ms Erjola Vejzati, BMP
20. Mr Arben Memo, Expert
21. Mr Ardian Hackaj, Research Director, CDI Institute
22. Ms Borana Kalemi, Project Associate, Swiss Contact
23. Ms Blerina Raca, Project Manager, GIZ
24. Ms Eranda Begaj, Country Coordinator, GIZ
25. Mr Erald Buzi, Këshilltar, ProSEED, GIZ
26. Ms Esmeralda Ballesha, Representative, CIPE
27. Ms Aida Lahi, Policy Advisor, Embassy of Netherlands in Albania
28. Mr Keler Gjika, Senior Financial Sector Specialist, World Bank Albania
29. Ms Sigita Stafa, Programme Officer, Embassy of Switzerland in Tirana
30. Ms Endrita Xhaferaj, Principal Counsellor, EBRD