



**ARNAVUTLUK - TÜRKİYE TİCARET VE SANAYİ ODASI**  
**DHOMA E TREGTISË DHE INDUSTRIË SHQIPËRI - TURQI**

# **2018 Business Climate Survey**

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## **Survey Report**

**December 2018**

## A MESSAGE FROM THE AMBASSADOR OF TURKEY IN ALBANIA



Dear Members of the Albania-Turkey Chamber of Commerce and Industry (ATTSO),

I am pleased to join you in this meeting to announce the results of the “2018 Business and Investment Climate Survey”, carried out by ATTSO with your active participation and valuable contribution.

This survey was conducted with the participation of Turkish and Albanian companies operating in various sectors in Albania and presents significant data and results regarding the current economic situation and the investment climate in Albania. I hope that this survey will be useful for decision-makers and other business organizations in Albania.

We are happy to observe that trade and economic relations between Turkey and Albania has steadily been increasing in recent years. Our trade volume reached to 520 million US Dollars in 2018, with an almost 10% increase compared to 2017. I believe that with your efforts this amount will reach the 1 billion US Dollars target set by the Turkish President, H.E. Recep Tayyip Erdoğan during his visit to Albania in May 2015.

4 years ago, ATTSO was established by 10 members. Today, with 64 member companies, it has become one of the most influential business institutions in Albania. ATTSO not only worked to meet the expectations of the businesses, but also, I also find important, that it has worked for the economically neglected sections of the Albanian society. In this sense, I strongly believe that the activities which will be carried out by the ATTSO woman entrepreneurs’ group will support *and promote Albanian and Turkish women entrepreneurs.*

In order to increase our bilateral trade relations, starting from January 2019 we will have an intensive program. In this context, we are looking forward to expand the scope of the Free Trade Agreement which was entered into force in 2008, organize a new meeting of the Joint Economic Commission and plan other high-level visits. I truly believe that with all these activities and also with your strong contribution the bilateral economic and trade relations between our countries will further increase.

May 2019 bring joy, prosperity, peace and happiness to you and your families.

Murat Ahmet Yörük  
Ambassador

## A MESSAGE FROM ATTSO CHAIRMAN



Dear ATTSO members and distinguished friends,

I am excited to announce and to share with you the findings of the first business environment survey that we have carried out as a Turkish Chamber of Commerce and Industry (ATTSO).

In 2018, we celebrated the 4<sup>th</sup> anniversary of the establishment of our Chamber and we feel very proud of our achievements towards furthering, strengthening and expanding friendly relations and cooperation between our two countries, and also we are very happy of our member's contribution to Albanian economy.

One of the priorities of the Albanian Government has been the improving of the private sector, and we are aware of the progressive agenda on ongoing justice reform, trade facilitation, consolidation of public finances and increasing investments mainly in infrastructure, tourism and agriculture. I strongly believe that, these positive steps taken by the government will play an important role in creating a more stable and diversified economic future in Albania.

Coming to our Survey; it represents a significant voice of the Turkish business community and our members, on their main challenges linked to doing business in Albania, highlights on their future investment and their opinion on general economic outlook directly affecting their businesses.

I hope that the results of this survey, will serve as an essential cooperation and establishing a dialogue with related government institutions, on the efforts and initiatives needed to create a better business climate for the promotion of the private sector developments in Albania.

I would like to take this opportunity to thank all our ATTSO members for their trust and excellent cooperation and express my gratitude and appreciation to our Ambassador and Commercial Counselor for their continued support to the Chamber.

Sincerely,

A handwritten signature in black ink, appearing to read 'Seyhan Pencablil', written in a cursive style.

Seyhan Pencablil  
Chairman of ATTSO

## **ACKNOWLEDGES**

Albanian Turkish Chamber of Commerce and Industry (ATTSO) would like to thank H.E. M. Ahmet Yörük, the Ambassador of the Republic of Turkey in Albania for his role in supporting the ATTSO members and other companies with affiliation to Turkey. Further thanks go to Mr. Halis KAYA, Turkish Commercial Attaché and Imani Albania consultants for their dedicated work to prepare this survey and publication.

We acknowledge with much appreciation the role of ATTSO staff for working with member businesses and other respondents to ensure proper participation in the survey as well as for the great efforts in the publication of this survey report.

Last but not least, our special gratitude goes to all our current board members and ATTSO member other businesses who have contributed to this report by participating and completing the survey. This survey intends to help them in their business efforts.

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## 1. ALBANIAN ECONOMY FACTSHEET

Economic & Demographic Indicators <sup>1</sup>	Year 2015	Year 2016	Year 2017	Year 2018 <sup>2</sup>
<b>GDP in Billion</b> (Current US\$)	11.39	11.89	13.07	15.112
<b>Annual GDP Growth</b> (in % YoY)	2.23%	3.37%	3.80%	3.60%
<b>GDP per capita</b> (US\$)	3,935	4,132	4,545	5,261
<b>Population</b>	2,880,703	2,876,101	2,873,457	
<b>Interest</b>	2.70%	2.50%	2.10%	2.20%
<b>Tax Revenue</b> (as % of GDP)	23.7	24.8	25.7	25.5
<b>Public Debt</b> (as % of GDP)	73.7	73.2	71.8	71
<b>Inflation</b> (% change YOY)	1.9	1.3	2	2.5
<b>Unemployment</b> (% of Labor Force)	17.1	15.2	13.8	13.5
<b>Current Account Balance</b> (in Billion US\$)	-1	-0.9	-0.91	-1.07
<b>Current Account</b> (% of GDP)	-8.6	-7.6	-6.9	-7.1

Foreign Trade Indicators <sup>3</sup>	2015	2016	2017
<b>Imports of Goods</b> (million USD)	4,318	4,669	5,294
<b>Exports of Goods</b> (million USD)	1,930	1,962	2,301
<b>Imports of Services</b> (million USD)	1,644	1,771	1,898
<b>Exports of Services</b> (million USD)	2,208	2,651	3,193
<b>Imports of Goods and Services</b> (Annual % Change)	-2.9	6.9	8.2
<b>Exports of Goods and Services</b> (Annual % Change)	1	11.3	8.9
<b>Imports of Goods and Services</b> (in % of GDP)	44.5	45.7	46.6
<b>Exports of Goods and Services</b> (in % of GDP)	27.3	28.9	31.5
<b>Trade Balance</b> (million USD)	-2,547	-2,881	-3,202
<b>Trade Balance (Including Service)</b> (million USD)	-1,965	-2,001	-1,977
<b>Foreign Trade</b> (in % of GDP)	71.8	74.7	78.1

<sup>1</sup> Source: IMF – World Economic Outlook Database, 2017.

<sup>2</sup> For Year 2018 is used estimated data.

<sup>3</sup> Source: WTO, World Bank 2017

## Main Partner Countries

<b>Main Customers<sup>4</sup></b> <i>(% of Exports)</i>	<b>2017</b>
Italy	54.50%
Serbia	7.80%
Spain	5.60%
Greece	4.30%
Germany	4.10%
<b>Turkey</b>	<b>0.80%</b>

<b>Main Suppliers<sup>5</sup></b> <i>(% of Imports)</i>	<b>2017</b>
Italy	26.40%
<b>Turkey</b>	<b>7.50%</b>
Germany	7.50%
Greece	7.40%
China	7.30%
Spain	2.00%

<b>Major Turkish Exports to Albania</b> <i>(year 2017)</i>
Garments and articles of apparel
Electrical Equipment
Machinery and Their Spare Parts
Articles of Wood
Iron and Steel

<b>Major Turkish Imports from Albania</b> <i>(year 2017)</i>
Aluminum
Oil Seeds
Ores and Slags
Plastics
Machinery Parts

<b>Turkey's Investment Relationship with Albania</b>	<b>2017</b>
Turkey's Investment to Albania	1,63 billion US\$
Albania's Investment in Turkey	-
Number of Turkish Company's or Companies Affiliated to Turkey operating in Albania	430

<sup>4</sup> Source: Comtrade, 2018

<sup>5</sup> Source: Comtrade, 2018

## 2. EXECUTIVE SUMMARY

This is the first ATTSO Business Climate survey which brings the perception of ATTSO Members and some non-ATSSO member with affiliation to Turkey.

Overall, 21% of the respondents consider the Albanian Economy Climate for 2018 as non-favorable or favorable, 56% consider it as neutral and 23% consider is as favorable.

In 2018 almost half of the respondents' businesses have increased their investments (49% of respondents) and employment (43% of the respondents).

The top five factors reported by respondents to have more negatively influenced their business performance in 2018 are Courts Performance and Rule of Law (3.4 out of 9), Monopoly and Unfair Competition (3.9 out of 9), Bureaucracy (3.9 out of 9), Tax Treatment (inspection and audits) (4.1 out of 9) Tax Rates (4.1 out of 9).

The five primary reasons that prevent respondents from investing in Albania are:

- High Tax Rates (32% of the respondents),
- Country's Weak Economy/Slow Economic Growth (30% of the respondents),
- Lack of Government Support and Level of Subsidies (30% of the respondents),
- Lack of Skilled Available Local Labor (26% of the respondents),
- Government Regulations and Small Market Size (each of the two with 19% of the respondents).

Nearly half of the respondents perceive the overall tax level for the businesses as unfavorable (15% consider them as very unfavorable and 34% as unfavorable), 34% consider them as neutral and only 17% consider them as favorable.

The taxes that affect businesses the most and they would request the government to review are:

- Income Tax (42.6% of the respondents),
- Value Added Tax (31.9% of the respondents),
- Corporate Profit Tax (8.5% of the respondents),
- Real Estate Tax (6.4% of the respondents).

Notwithstanding the difficulties and barriers have faced in 2018, the respondents reported also certain direct undertaking by the Albanian government in the last 24 months which have positively influenced the business performance such as: Increase Turnover Thresholds for Corporate Income Tax, Review of Corporate Tax for the Small Business, Reduction of VAT on Hotels and Accommodation Units, Technological Innovations Through On-line Portals (E-Albania).

According to the survey more businesses are optimistic about the performance of the Albanian economy in 2019 compared to the number of businesses which think that Albanian economy performed better in

2018 compared with the previous year. 47% of the participants expect the economy will improve in 2019, whilst 23% of the respondents think in 2018 the economy has improved compared to the previous year.

### **3. ABOUT THE ATTSO BUSINESS SURVEY**

This is the first business survey generated by the Albanian Turkish Chamber of Commerce and Industry (ATTSO) with the support of IMANI Albania, which measures the perception of the ATTSO Members and of other Turkish companies registered in Albania on National Business Climate.

The ATTSO Business Survey was conducted online from 28 November to 7 December. The survey was addressed to ATTSO members and some big Turkish companies operating in Albania. They were asked to give their opinion on the business environment in Albania during the current year (2018) and their expectations and forecast for the next year (2019).

The survey comprises 49 questions, grouped into seven sections: Overall Business Climate, Performance of the Albanian Economy, Business Activities, Government Policy, Financial Environment, Human Resources and, Perceptions about the Future.

The respondents could fill out the questionnaire either in English or Albanian or Turkish. ATTSO requested that high executives from each respective company complete the survey.

The survey was anonymous, and the collected data did not allow the identification of the respondent's answers.

The 2018 ATTSO Business Survey offers findings that can be a reference for both businesses and policymakers with the aim to improve the overall business climate in Albania.

#### **3.1 PARTICIPANTS**

58 respondents participated in the survey. Of those, 47 fully completed the questionnaire by answering all the questions, with a response rate of 81%.

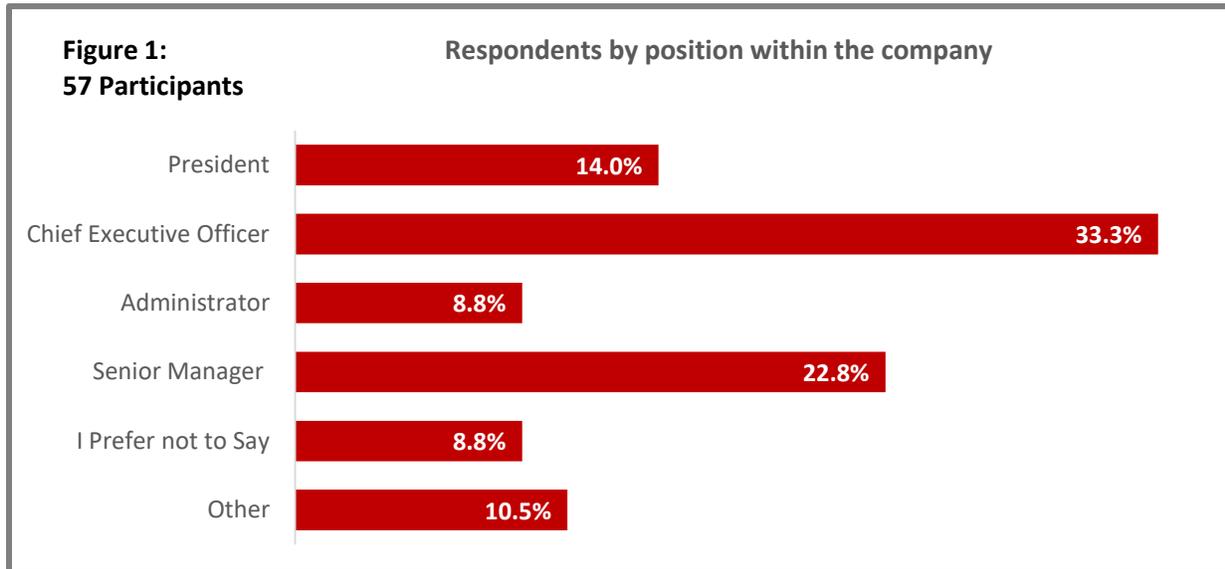
All the answers from all the participants are considered in the survey results. All graphs that display results in percentages are rounded up to one decimal point, whilst the description in the text is rounded up to a full number.

54 respondents are members of ATTSO, whilst 4 respondents are non-ATTSO members operating in Albania with affiliation to Turkey.

## 4. RESPONDENTS PROFILES

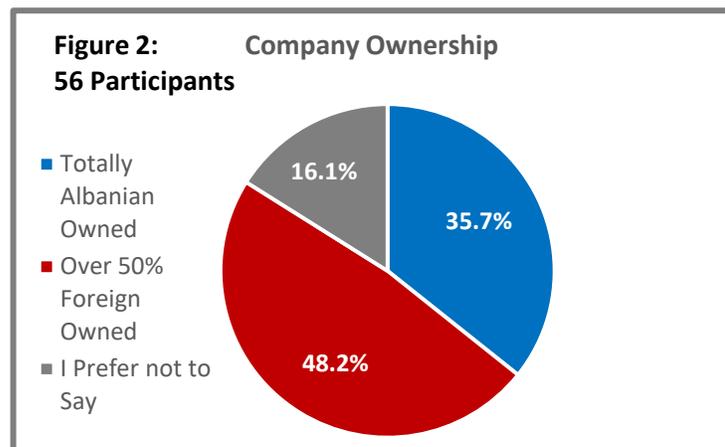
### Respondents Profile

Most participants in the survey hold high-level positions in their companies including Presidents, CEOs, Administrators or High-Level Executives. They represent 79% (45 respondents) of all the respondents.



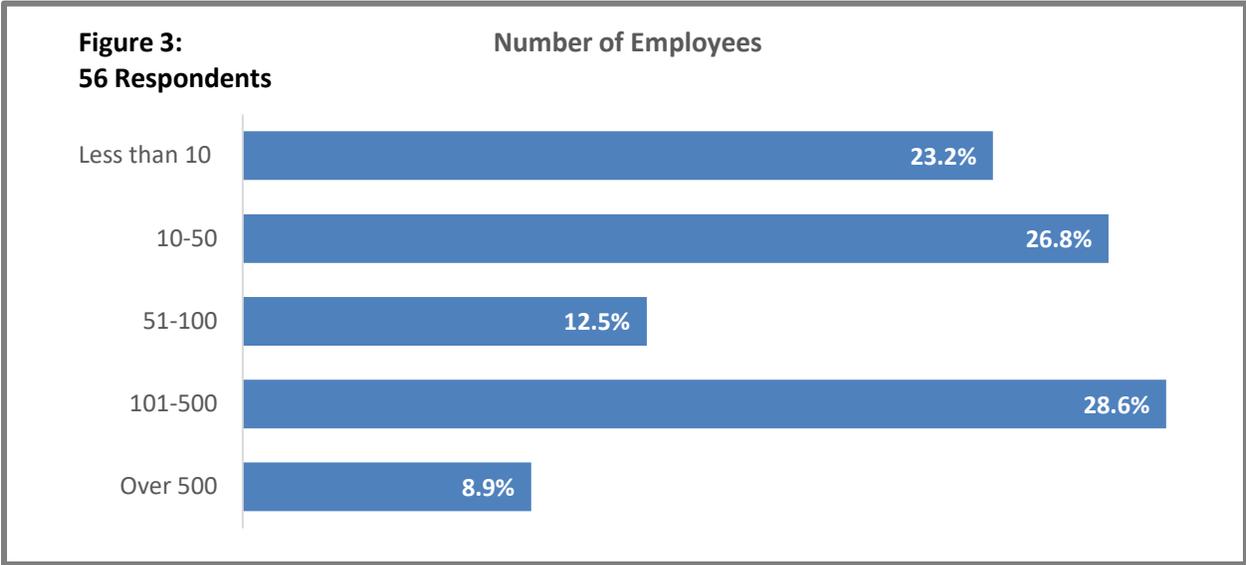
### Companies Ownership

Figure 2 on the right shows that 36% of the companies (20 respondents) are totally Albanian owned, 48% of the companies (27 respondents) are over 50% foreign owned and 16% of the companies (9 respondents) prefer not disclosing the ownership information.

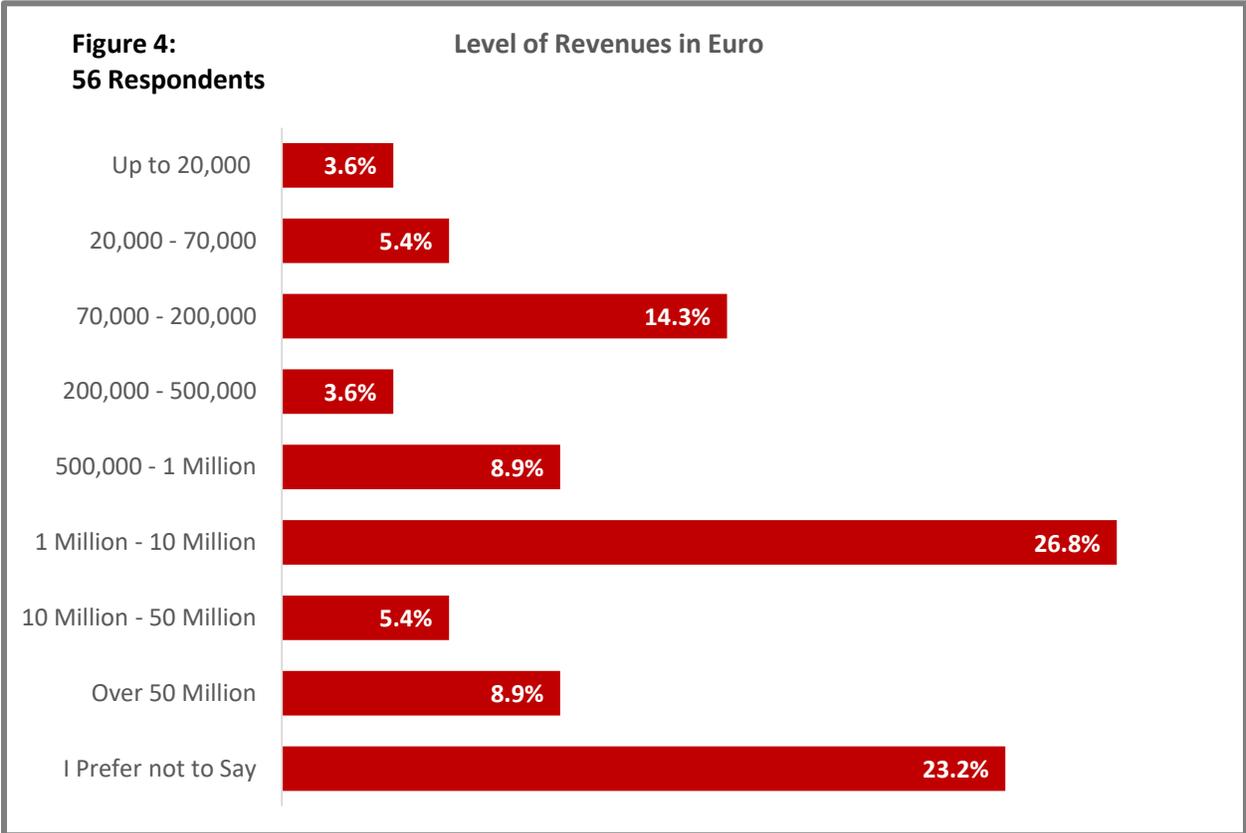


### Size of the companies and the number of employees

The companies represent a diverse range of sizes both in the number of employees and company revenues. Approximately 29% of the companies filling the questionnaire have from 101 to 500 companies, 12.5% have from 51 to 100 employees, 27% have from 10 to 50 employees. Only 8.9% of the companies have over 500 employees. The data are illustrated in Figure 3 below.

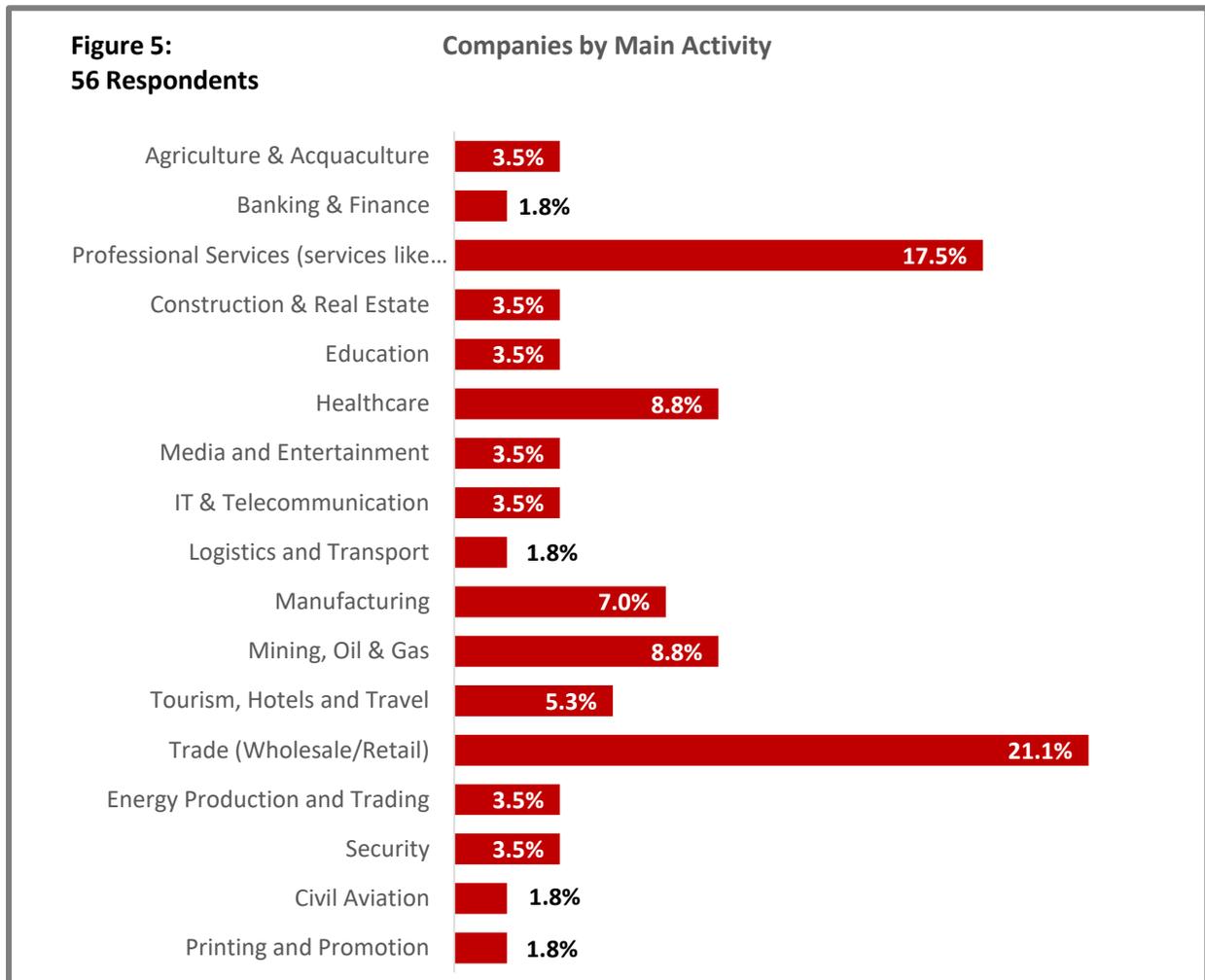


27% of the companies filling the questionnaire have a turnover from 1 to 10 million euro, 14% have a turnover from 70 to 200 thousand euro, 9% have a turnover over 50 million euro. Details about revenues level are given in Figure 4.



### Diverse Range of Industries

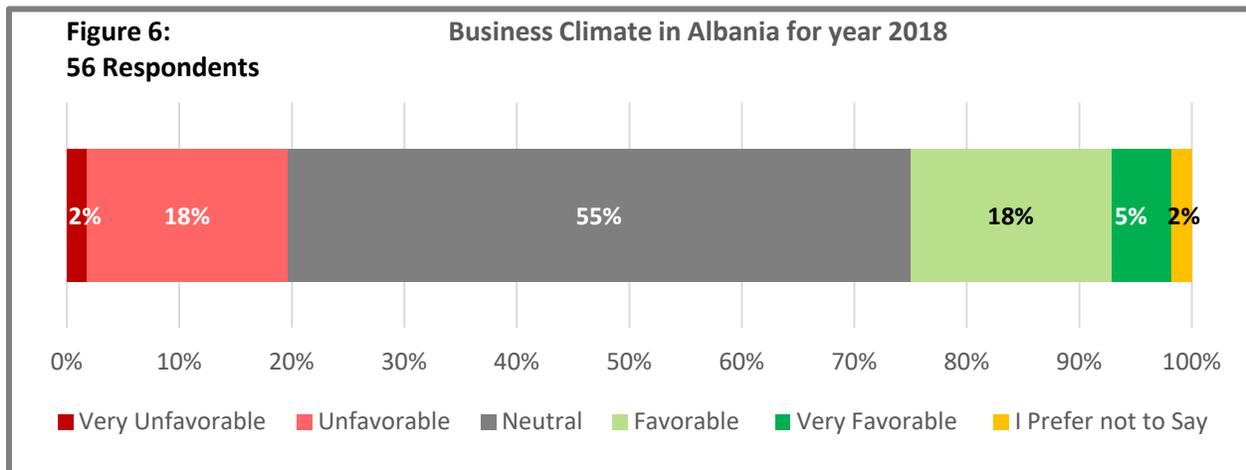
The respondents' business entities represent a broad range of over 15 industry sectors. The most representative industry sector is the trade (wholesale and retail) sector with 21.1% of the respondents' business entities, and professional services sector (services like lawyers, consultants, accountants, etc.) with 17.5% of the respondents' business entities. Figure 5 below displays the full range of industry sectors where the business entities belong.



## 5. BUSINESS CLIMATE

This section presents respondents' views about the general business climate in Albania in 2018. As illustrated in Figure 5 below, 55% of the respondents find the business climate in Albania as neutral, 20% as not favorable and 23% as favorable.

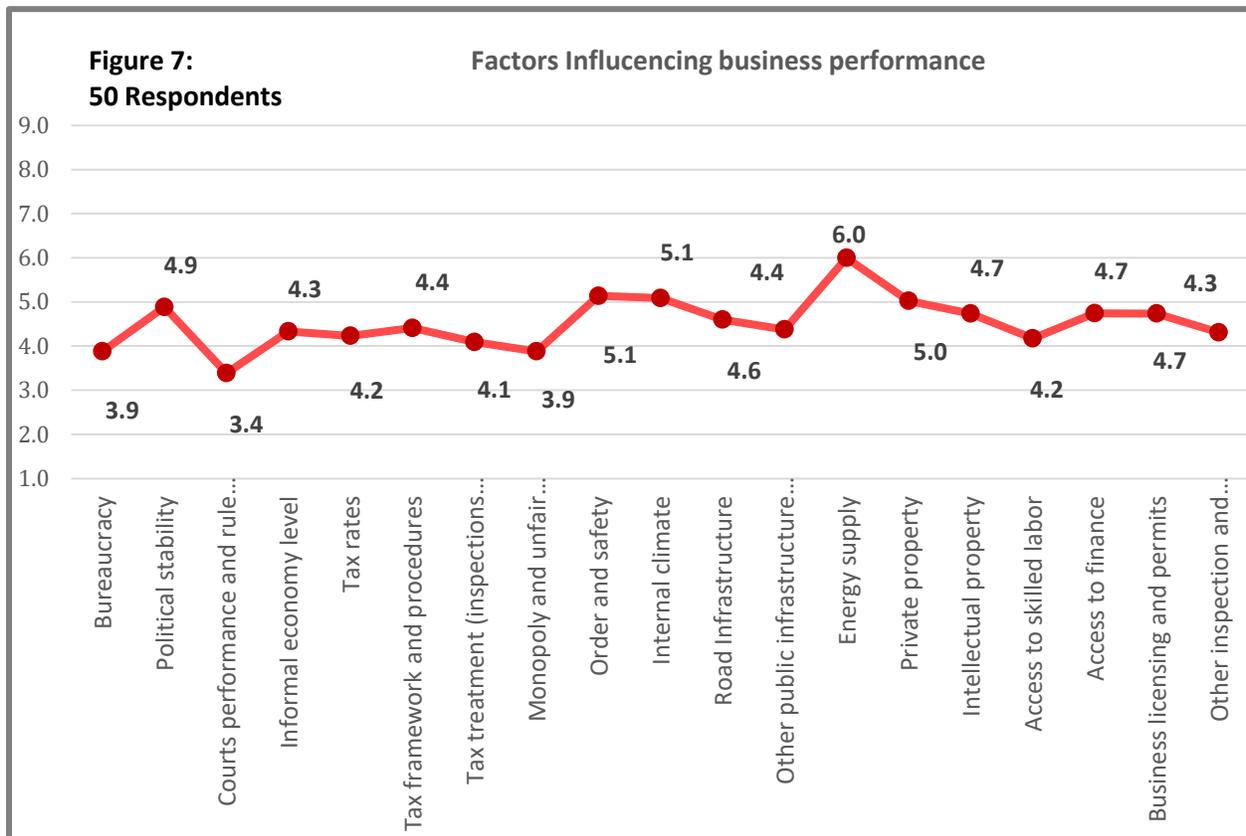
**How was the business climate in Albania this year?**



Respondents were also asked to assess how their business performance is influenced by 19 political, infrastructural, financial, legal and regulatory factors, starting from the most negative influence with score 1 to the most influence with score 9. Most positively the business is influenced by the energy supply and most negatively is influenced by courts' performance and rule of law. The rating is presented in Figure 7.

**Please rate the level of the following factors in relation to your business activity?**

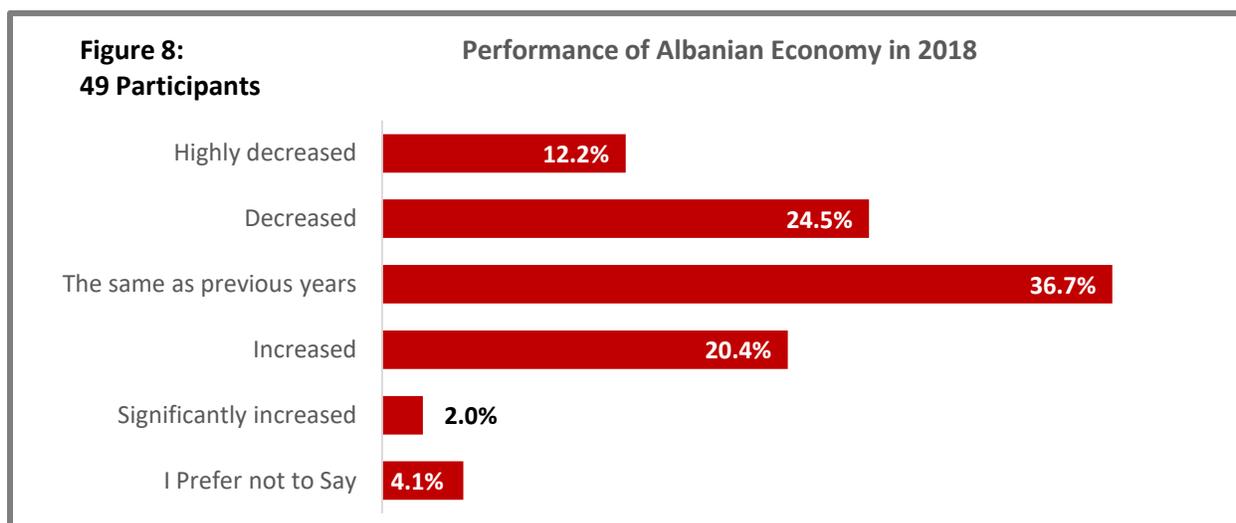
Rate 1 as the most negative and 9 as the most positive.



## 6. PERFORMANCE OF THE ALBANIAN ECONOMY

This section presents the opinion of respondents about the performance of the Albanian economy in 2018 as compared to the previous year.

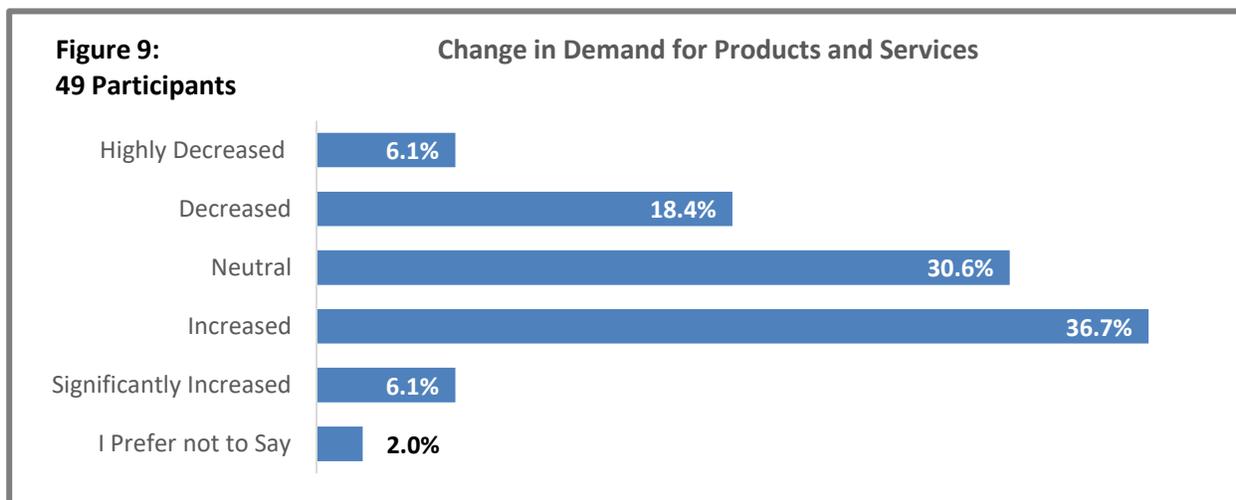
*How do you consider the performance of the Albanian economy during the year 2018?*



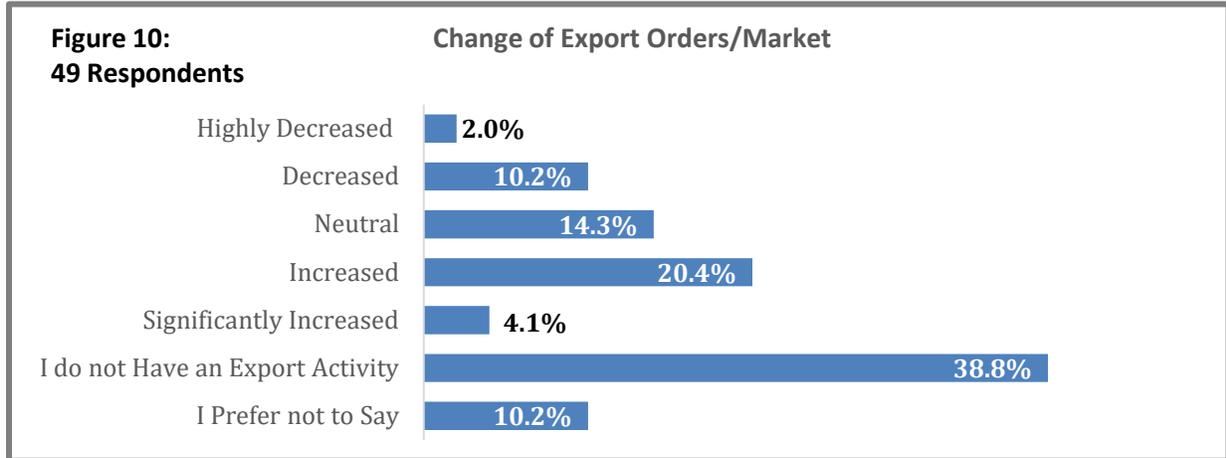
## 7. BUSINESS ACTIVITIES

This section reports the opinion of the respondents about their business performance in the current year. Four questions were made in this regard. Overall, the number of companies who reported having performed better is slightly higher than the number of companies who reported having performed worse than last year. Yet most of the companies reported having performed same as in the previous year.

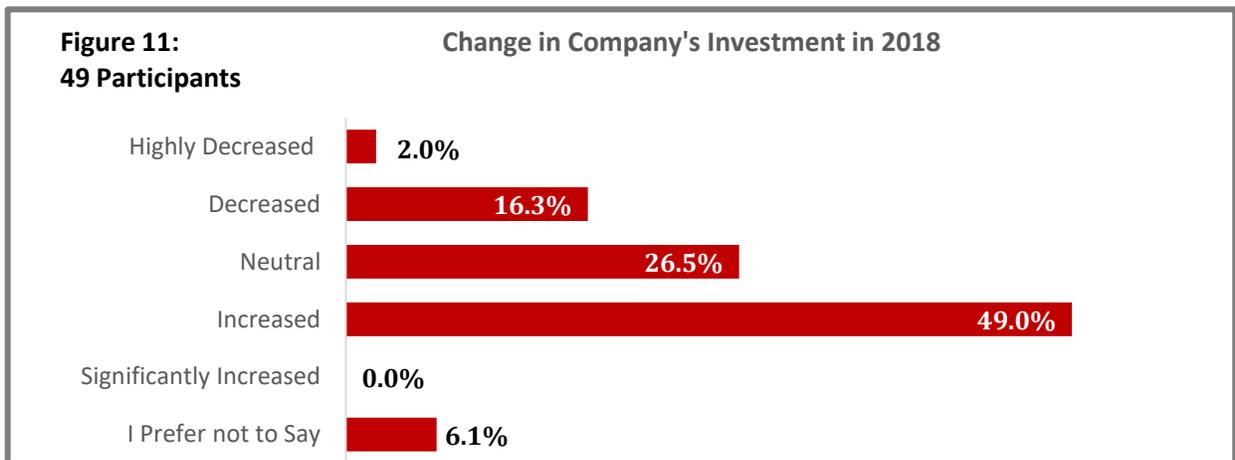
*How has the demand for your company products and services developed during this year?*



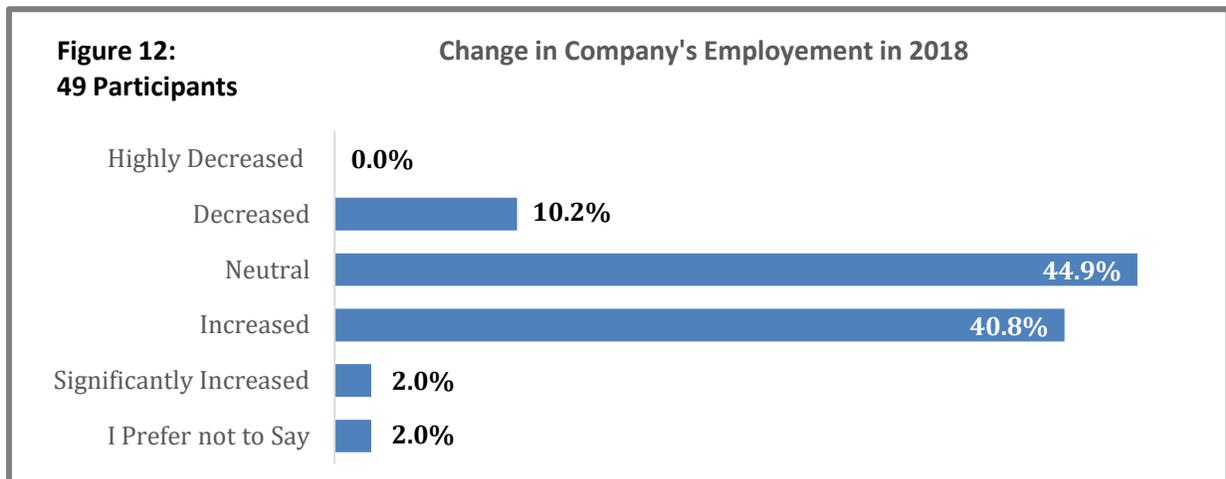
*In case you have export activity, how have your export orders/markets developed in this year?*



*How has your company investment changed during this year compared to the previous year?*



*How has your company total employment changed this year?*



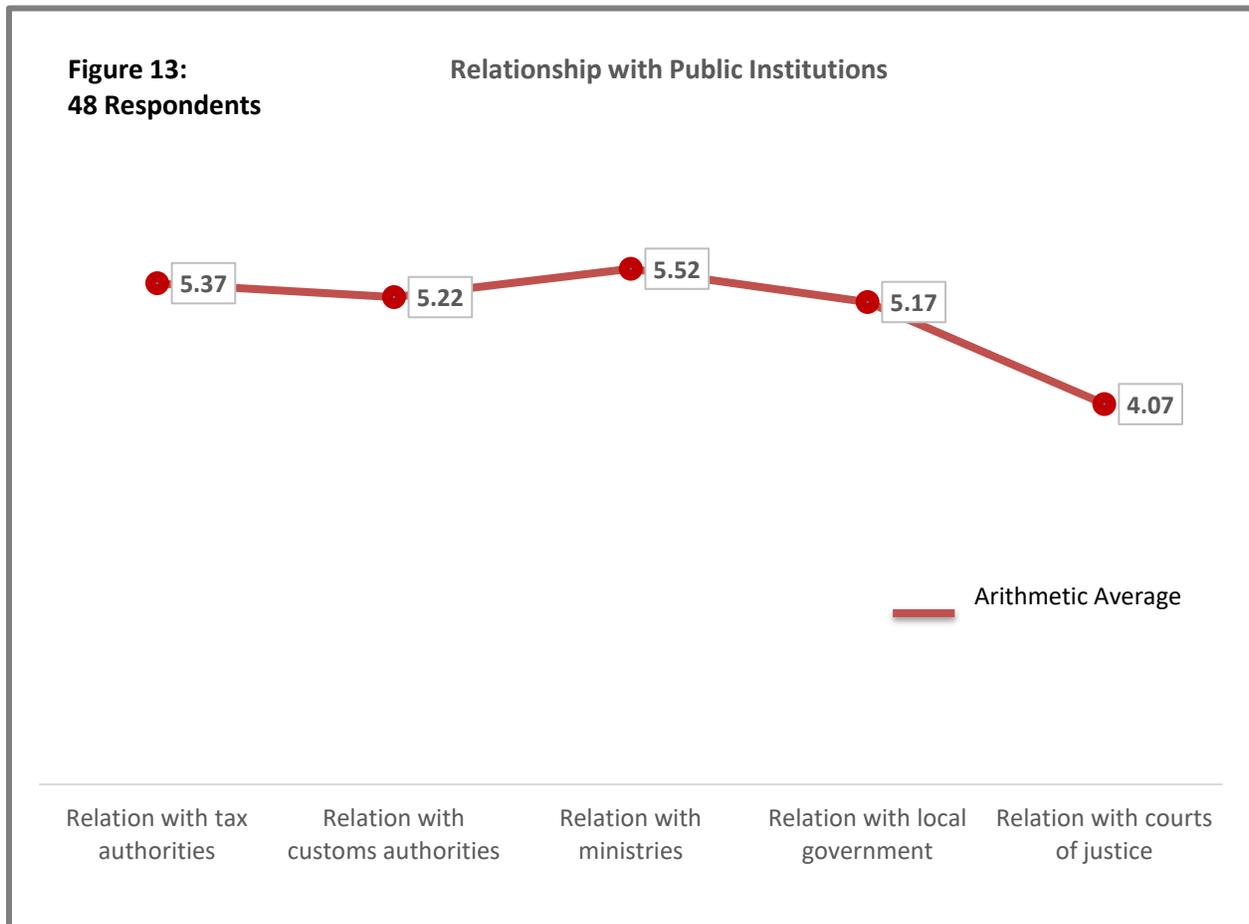
## 8. GOVERNMENT POLICIES

This section provides respondents opinion about several issues connected with government and public entities. This section is covered by five questions made to the respondents.

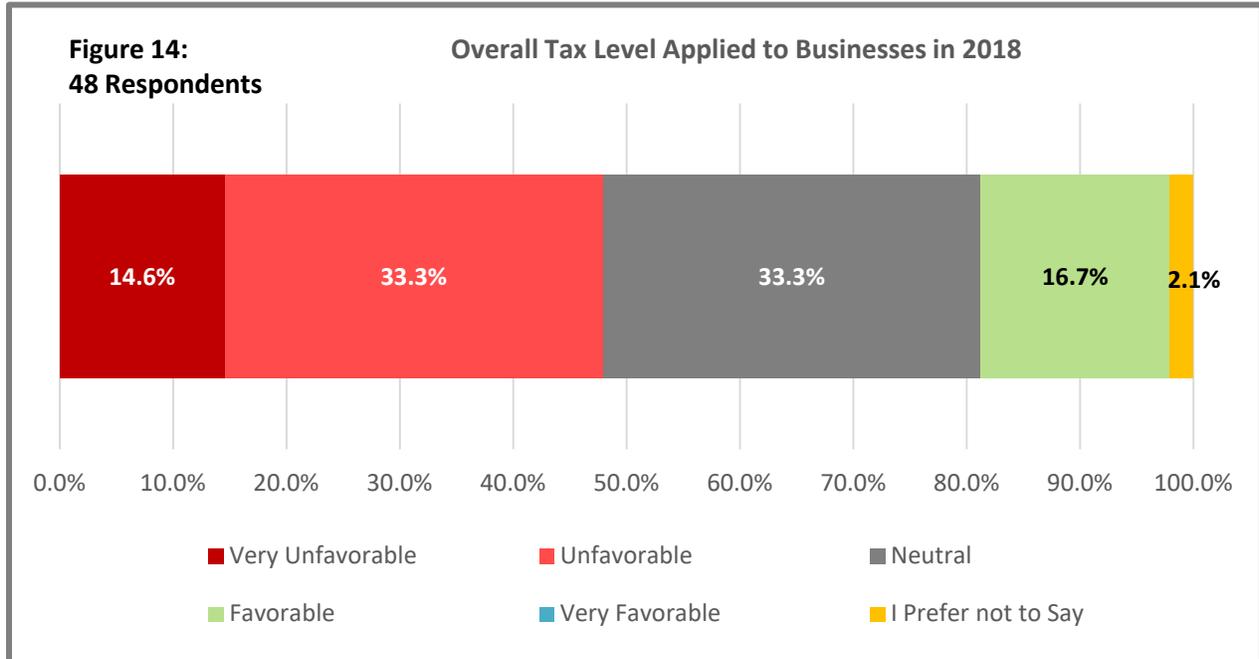
This section's results are also in line with what is reported by respondents in the open answers with recommendations for the government section. Respondents say the overall tax rates in Albania are unfavorable to businesses, and income tax and V.A.T are the taxes to affect businesses the most which they would like to see revised. Generally, respondents have a neutral opinion on whether the laws and regulations are favorable to businesses.

Figure 13 illustrates how the businesses rate their relations with the main public institutions in Albania. The average arithmetic score for five main public institution categories is 5.07, which is also a middling scoring.

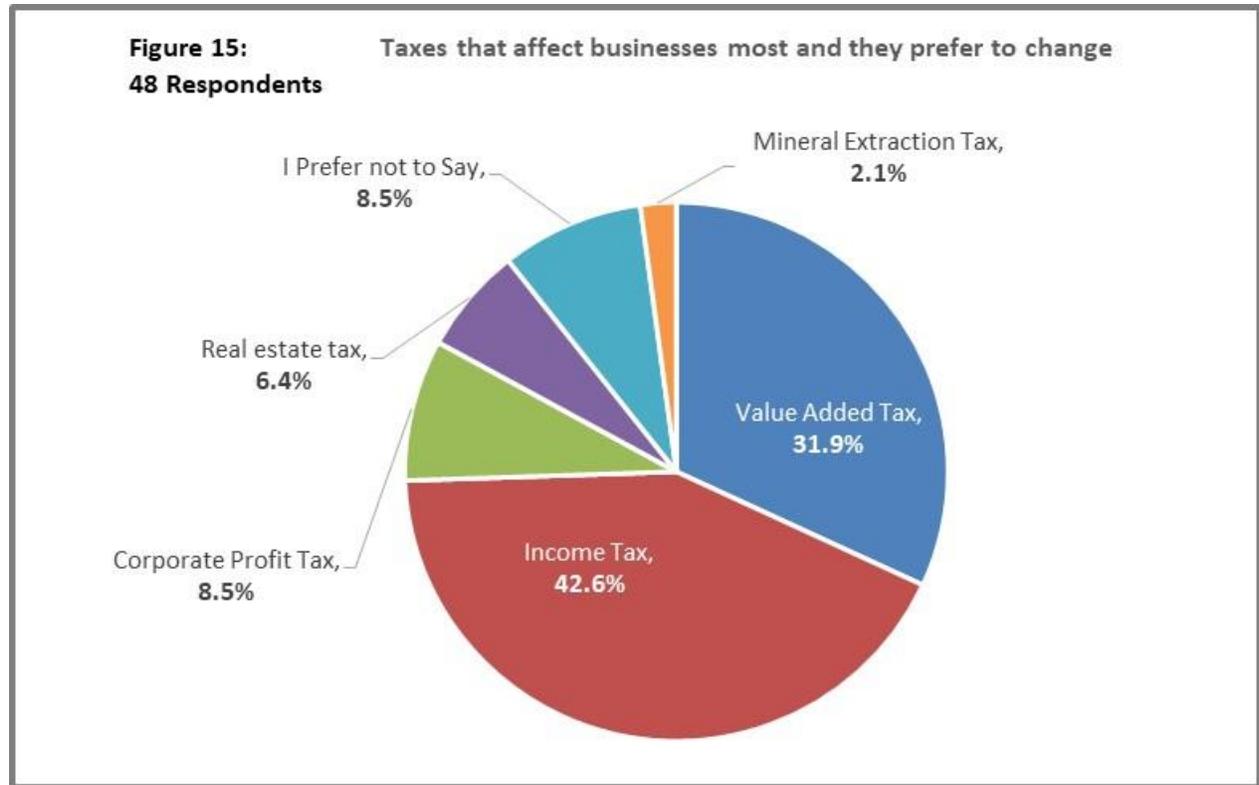
***How was the relation of your business with the following public institutions over the last 12 months?  
Rate 1 as the most negative and 9 as the most positive.***



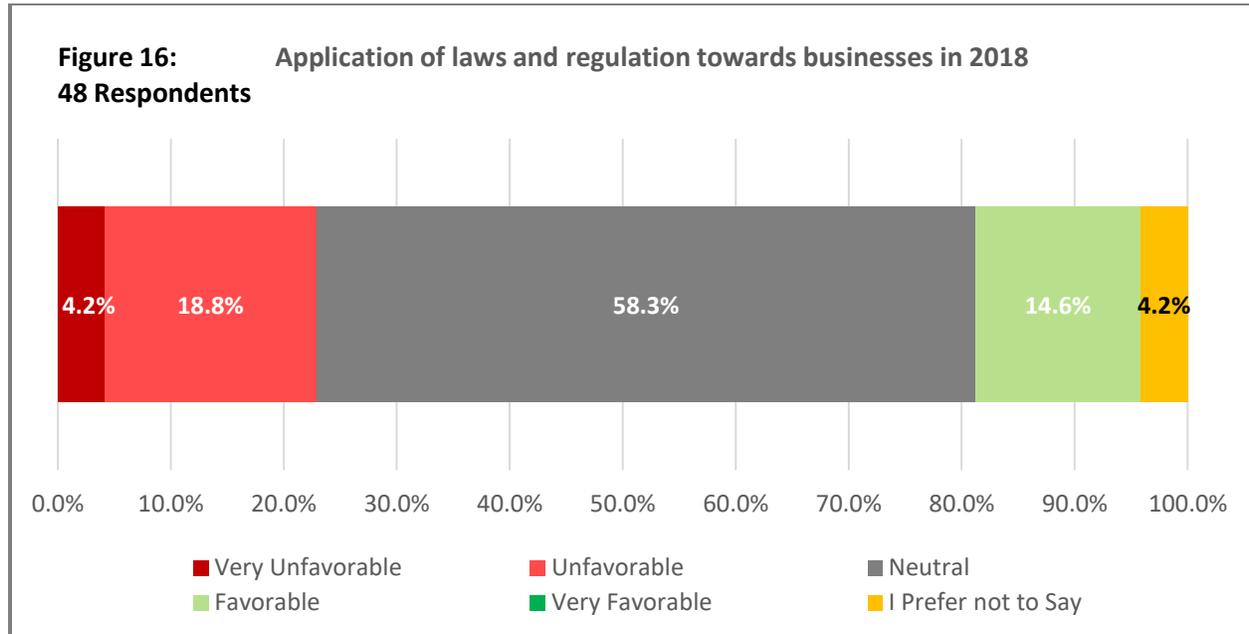
**How do you consider the overall tax level applied during this year for your business?**



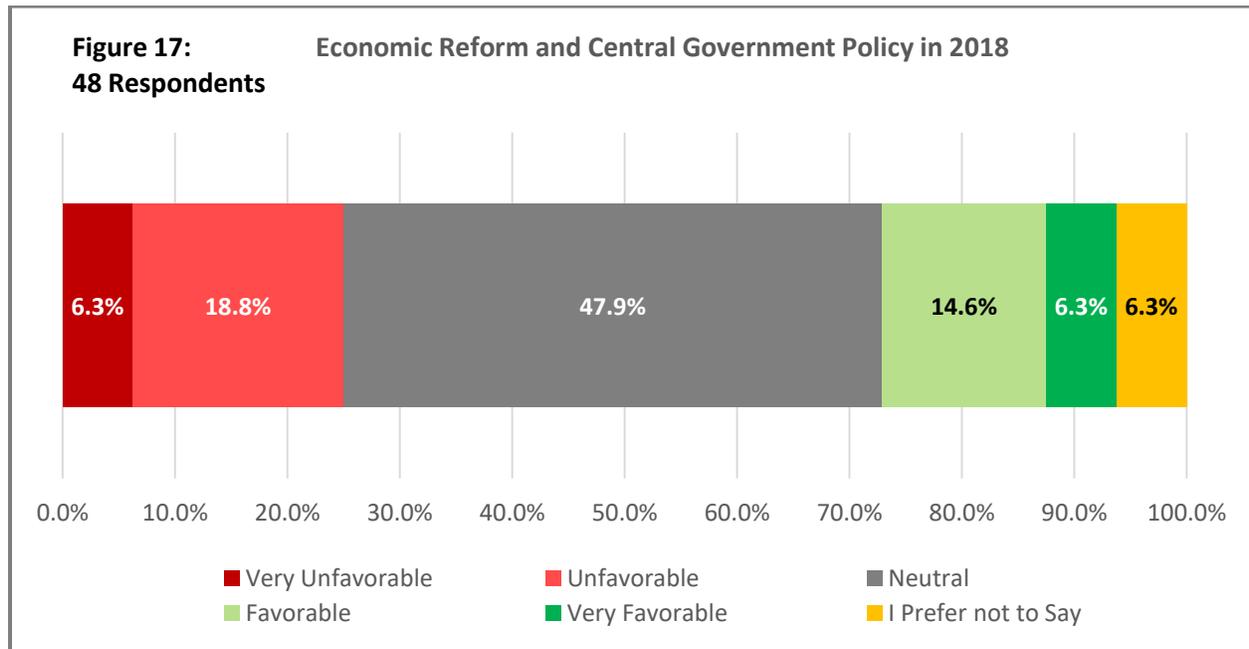
**What tax affects you the most and you would like the government to change?**



**How do you consider the application of the laws and regulations toward your business this year?**



**How do you consider the economic reforms and central government policy during this year for your business?**



Generally, the economic reforms that have been undertaken by the government affect businesses in different ways. An open-ended question was made to identify which government undertakings of the

last 2 years provide good incentives for the businesses. Not surprisingly, in line with what is highlighted in earlier sections, government endeavors to reduce taxes and technological innovation to reduce bureaucracy are highly encouraging by the businesses.

**Name up three main actions taken by the government or public institutions over the last 24 months that provide a good incentive to your business now and in the future.**

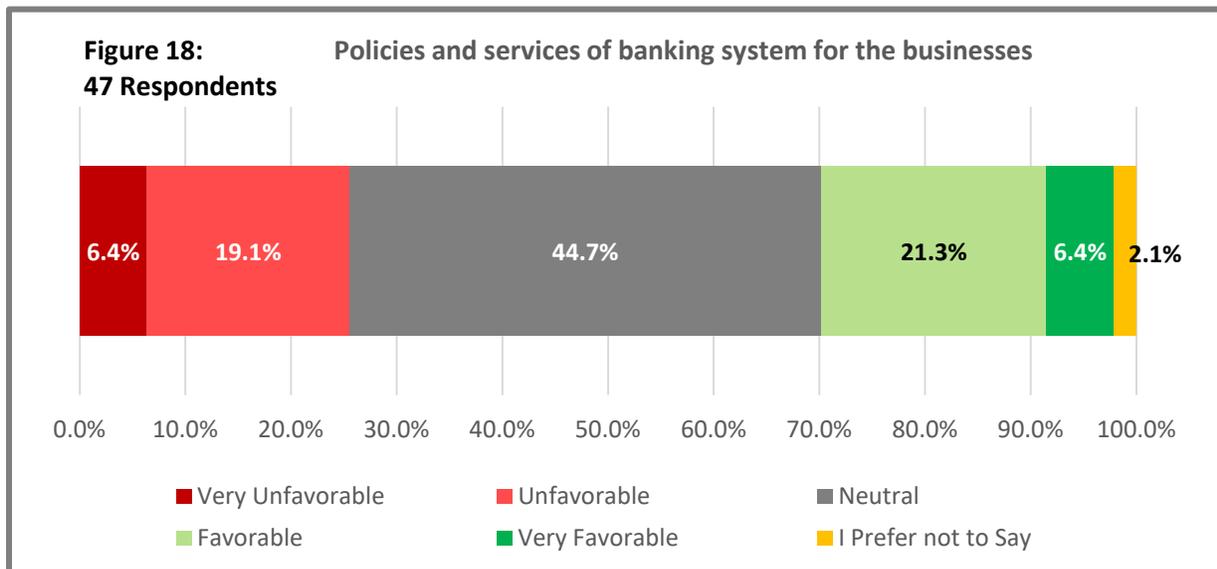
18 participants have responded to this question by providing their comments on government undertakings that positively influence the business now and in the future. Their answers vary by industry are displayed and summarized in the table below.

<b>Taxes</b>	
Cut off the tax on the distribution of dividends	+
Reduction of V.A.T for hotels and accommodation units to 6%	+++
Review of corporate tax for the small business	+++
Increase turnover thresholds for corporate income tax	++++
10 Years no taxes for new 5-star hotels	+
30 days prior notice for tax inspections	+
Change of law for VAT advertising supplied by audiovisual media	+
<b>Infrastructure</b>	
Improved Road Infrastructure	++
The increase in Public Investments	++
<b>Technology</b>	
Co-Governance Electronic Platform "Shqiperiaqeduam.al"	+
Technological innovations through online portals (E-Albania)	+++
<b>Legislation and Regulatory</b>	
Improvement of tourism legal framework	+
Determination of use zones in aquaculture	+
Legal framework/policies on concessions	+
Measures against the informal economy	+
No visa during the summer season for several countries requiring a visa in Albania	+
Transfer of value department from branches to General Customs Directorate	+
<b>Communication</b>	
Open communication between Government and ATTSO Members	++

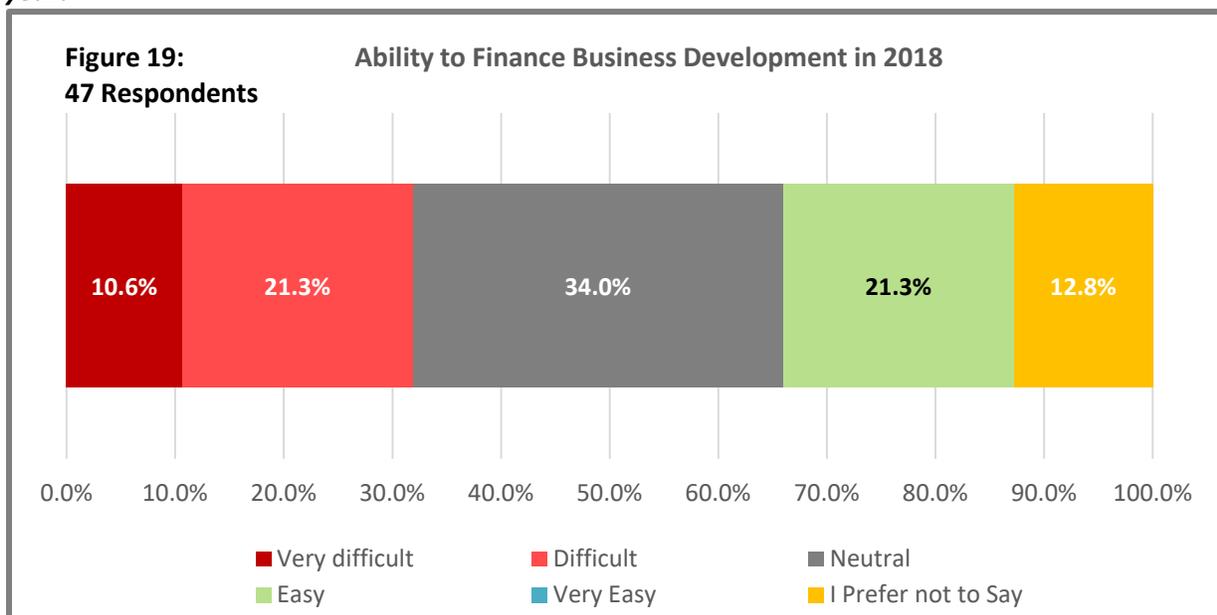
## 9. FINANCIAL ENVIRONMENT

Although in general respondents report of having increased their investments in 2018, their considerations for policies and services of the banking systems and their ability to obtain access to finance for business development are considered neutral (neither supportive, not unfavorable) to provide incentives for further investments. Two questions are made in this regard.

**How do you consider the policy and services that the banking system provided to your business during this year?**



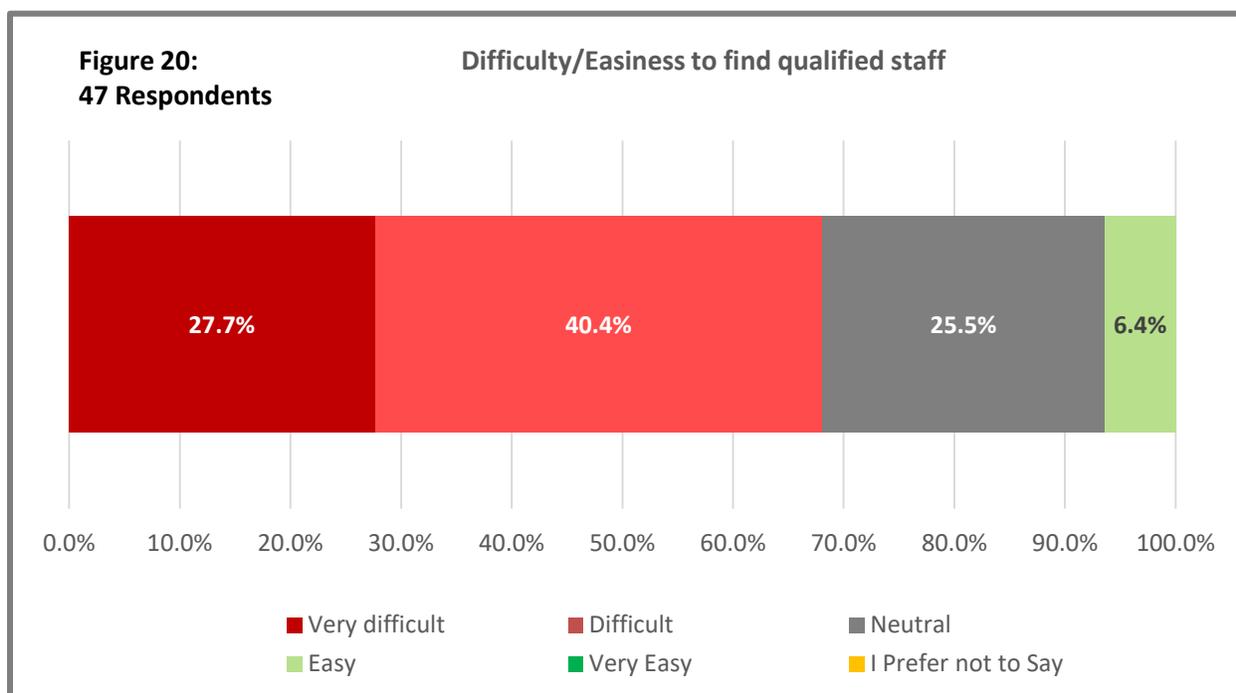
**How easy/difficult was for your company to assure financing for business development during this year?**



## 10.HUMAN RESOURCES

More than two-thirds of the respondents report they have difficulties to find qualified workers in Albania. In this group, 28% say it is very difficult, and 40 say it is difficult to find qualified staff. 26% find it neutral to find qualified staff and only 6% find it very easy.

*How easy was for your company to find local qualified staff during this year?*



## 11. PERCEPTIONS AND WISHES ABOUT THE FUTURE

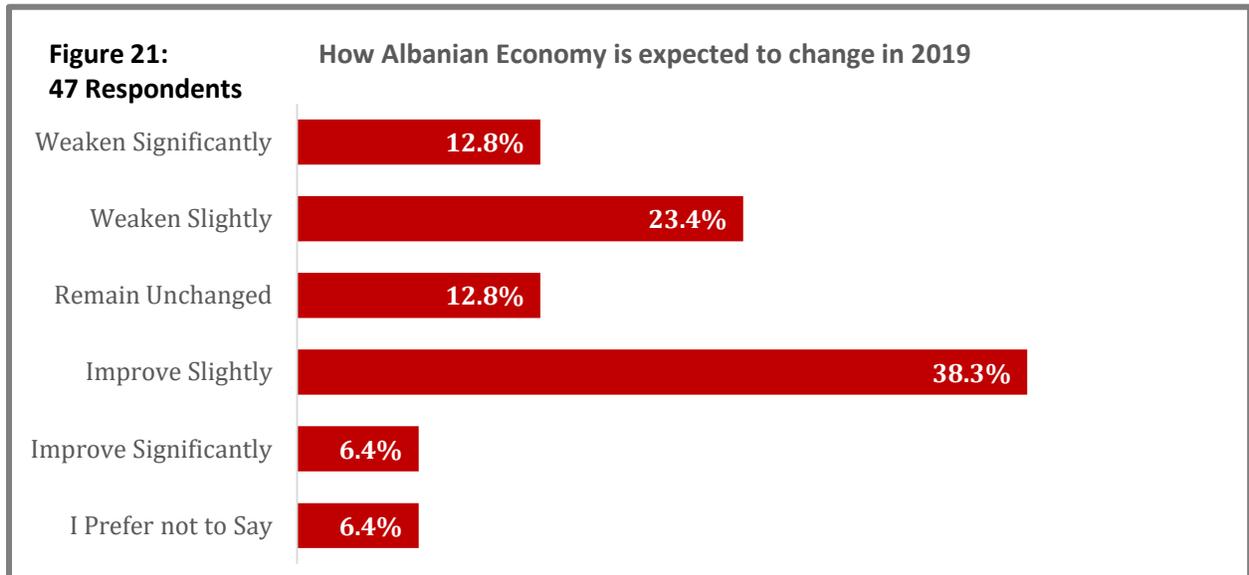
This section provides information on the business perception about the future and covers three main areas:

- Expectations what the Albanian economy will be like next year;
- Main barriers that prevent the companies to invest in the country;
- Expectation what the business turnover will be like next year;

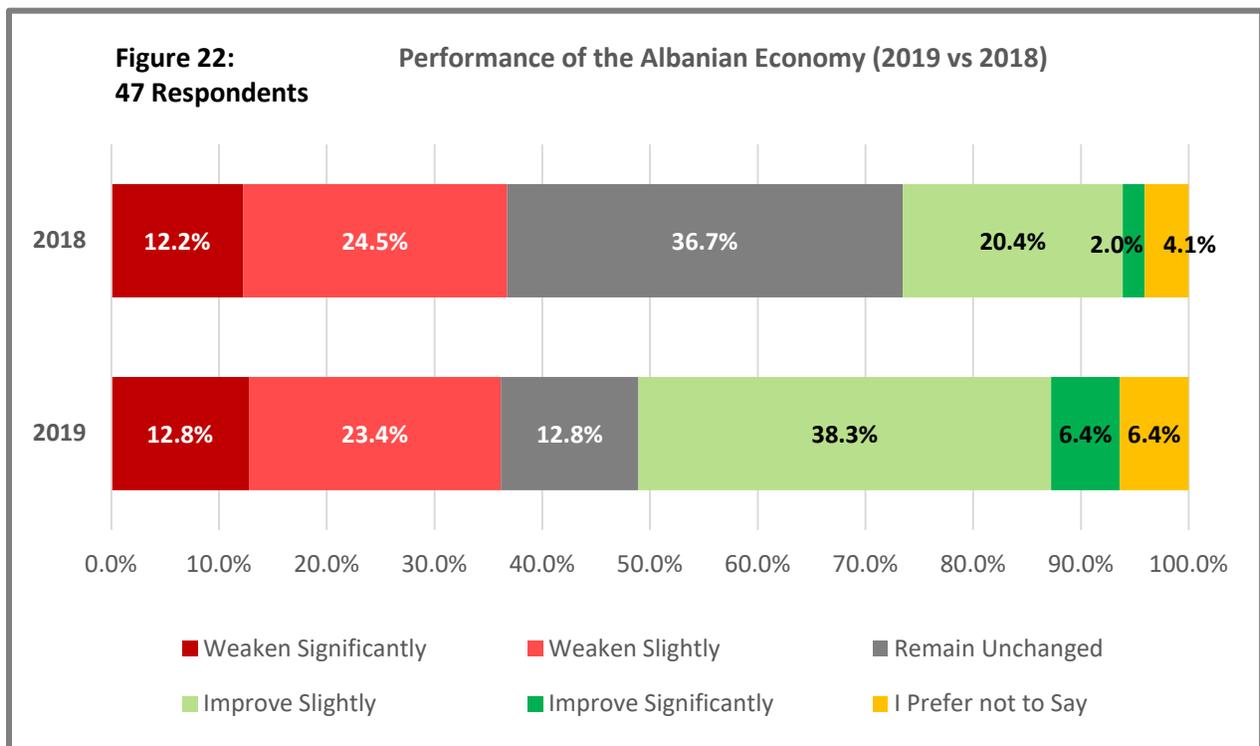
In this regard, three questions were made to the respondents.

The number of respondents who expect an improvement of the Albanian economy next year is larger than the number of those who expect that Albanian economy weakens next year.

**How do you expect the economy in Albania will change over the next year?**

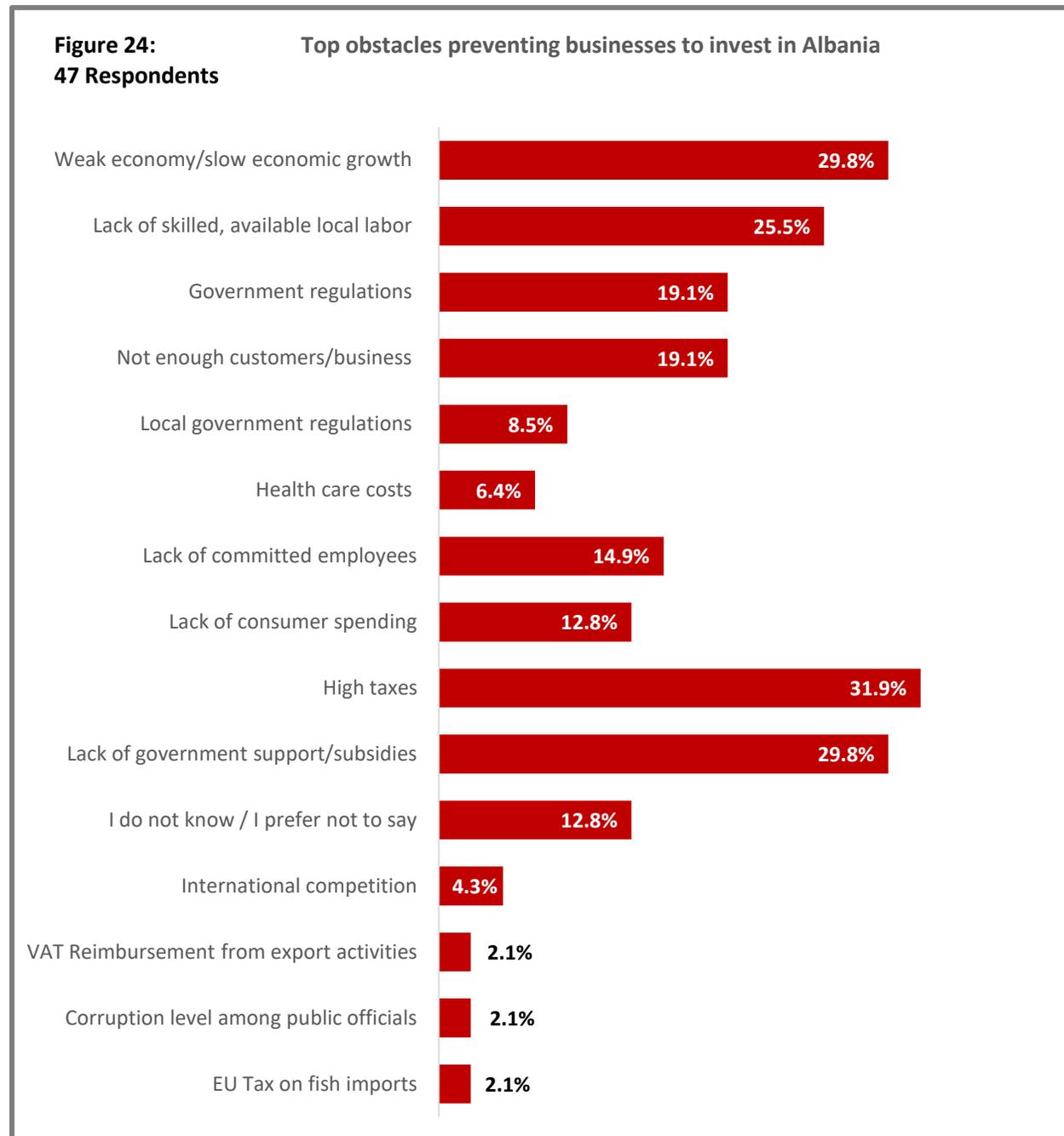


More respondents are slightly optimistic that the Albanian economy will improve in 2019, as compared with the number of respondents who think the Albanian economy has improved in 2018.



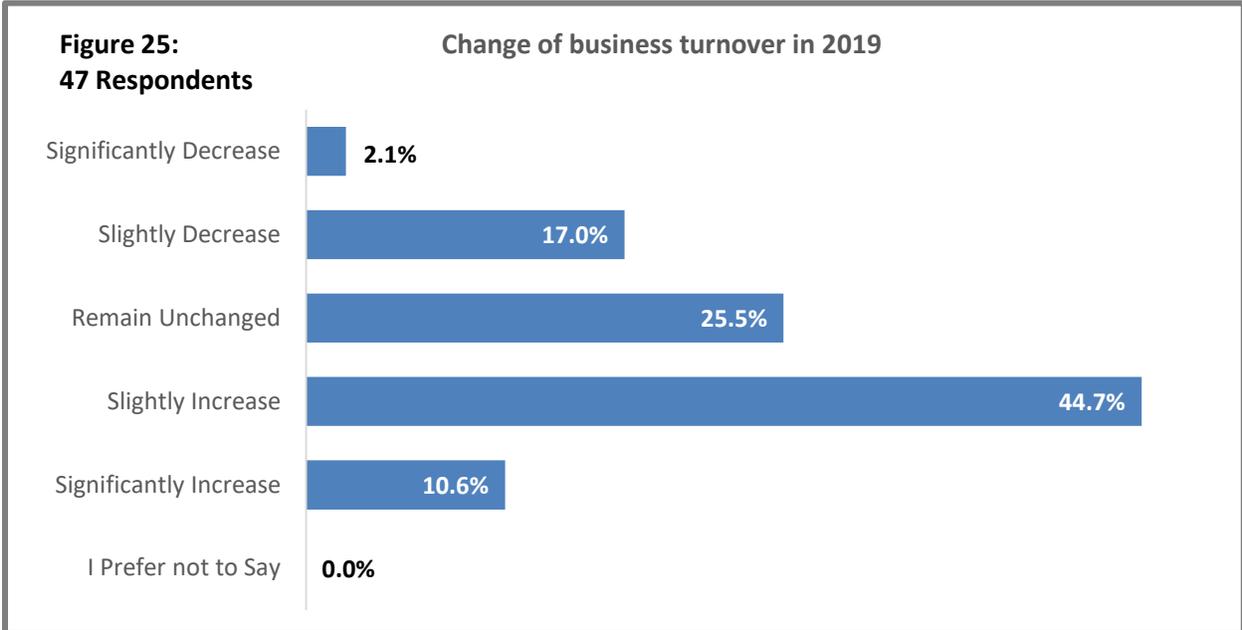
There are several barriers that prevent businesses to invest in Albania. Most problematic barriers are directly associated with government policies and actions like the tax rates, lack of government support and subsidies, government regulation, and some other with current overall market structure and market opportunities, like weak economy/slow economic growth, lack of skilled labor, small market size.

**What are the top obstacles that prevent you from increasing your investment in plant or equipment?**  
*Each respondent could choose up to three alternatives.*



Businesses are asked if they expect a turnover change in 2019, and most of them are optimistic that their turnover will slightly increase, a quarter of them believe that the turnover will not change and about 20% believe the turnover will decrease in 2019.

*What do you expect your business turnover to be like in the next 12 months?*



## 12. RESPONDENTS COMMENTS AND RECOMMENDATIONS FOR THE GOVERNMENT

In this section, respondents were asked to list up to three actions that consider that government should do help their entity next year. 33 respondents sent their comments which are fully listed below as given by each respondent, without editing. Translation is made for the respondents who filled the questionnaire either in Albanian or in Turkish.

### *Name three things you would like the government to do to help your entity in the next 12 months?*

#### **Respondent 1:**

- Reduce taxes;
- Increase investments;
- Improve payment procedures for executed works;

#### **Respondent 2:**

- Remove mineral royalty;

#### **Respondent 3:**

- Regulate procedure for Albanian exports, to avoid delays and increase professionalism at work;

#### **Respondent 4:**

- Reduce taxes; Reduce taxes; Reduce taxes

#### **Respondent 5:**

- Reduce V.A.T.;
- Reduce property tax;
- Fight informality;

#### **Respondent 6:**

- Reduce property tax, especially for the unused part of the construction, as this is considered an ongoing investment;
- Review V.A.T on restaurants which are inside the hotels;
- For businesses that import goods, do not block in advance the money for the excise stamps, e.g. for alcoholic beverages. Presently the

money is blocked as prepayment until the goods are delivered to customs.

#### **Respondent 7:**

- Increase the tax threshold for the small business to 14 million lek.
- The tax office should assess the risk electronically, without conduction fiscal visits;
- The operational and direct expenses should be recognized in non-sector level. E.g. I use diesel but cannot use V.A.T. I have refreshment costs but not all of them are recognized. When I risk losing share in the market, I increase marketing expenses and the balance sheet turns negative, but this is considered an unrecognized expense. If there were no such barriers, and the expenses by recognized the businesses would always ask for VAT invoices and this would reduce informality. Those businesses when unrecognized expenses are not recognized do not have any interest to formalize the trade transaction.

#### **Respondent 8:**

- Market formalization;
- Removal of customs duties for products coming from Turkey;
- Stop contraband;

#### **Respondent 9:**

- Facilitate customs procedures for imports and exports;

**Respondent 10:**

- Reduce excise duty on fuel;
- Lower the price of electrical energy;
- Reduce corporate profit and dividends distribution tax; this should at least be at the same level as in the previous government;

**Respondent 11:**

- There are many laws in Albania, but no law enforcement by the institutions. I only ask enforcement of rule of law by the institutions, as such thing is not happening.

**Respondent 12:**

- Review the agreement signed between Albania and EU on fish export quotas. Our company is obliged to sell the product 8.4% cheaper because EU has imposed a tax to EU companies importing fish from Albania. We ask this quote or tax to be removed. We expect a commitment from the Albanian Government.

**Respondent 13:**

- Should undertake legal initiatives;

**Respondent 14:**

- Create an environment/facilitation that simulates incoming tourism in Albania. Apply legal criteria to respect and protect the environment, especially in coastal areas;

**Respondent 15:**

- Increase measures against the informal economy;
- Improve the rule of law;

**Respondent 16:**

- Reduce taxes to increase foreign investments;
- Approve a law that protects foreign investments

**Respondent 17:**

- Reduce the level of informality in healthcare;
- Increase requirements and control for high-quality products;
- Simulate fair competition;

**Respondent 18:**

- Reduce taxes;

**Respondent 19:**

- Increase transparency and reduce corruption;

**Respondent 20:**

- Regulations should be improved for energy trading because OSHEE is still the monopoly entity for mid-voltage and low voltage consumers. Like in European countries it should be allowed to supply even the houses (low voltage) private consumer this will allow the market to be improved;

**Respondent 21:**

- Change the regulatory in the mines sector for the law application;
- Reduce bureaucracy;
- Lower the taxes;

**Respondent 22:**

- Conduct international competition;
- Do more rigorous tax tracking for the Shareholding Companies;
- Use Price reference;

**Respondent 23:**

- Provide uninterrupted energy supply. In our factory, several times we confront with electricity power cut and the new electricity line is not reaching our factory in Tirana. Problems in electricity are affecting our production line. There are many other factories around Kshar

area with the same situation with us, that's why the government must provide the new electricity power in this area;

- I think that the government must provide a tax incentive, for foreign companies that operate in the production area;
- As an exporting company, euro depreciation has a negative impact on us;

**Respondent 24:**

- Internal processing regime needs to be arranged and to be active as soon as possible.
- The specification of agricultural fields study should be completed in a short period of time;
- Attention must be paid to the solution of security problems for foreign investors;

**Respondent 25:**

- Raise the threshold for the corporate profit tax;
- A good part of our expenses is not recognized in the account books; if such expenses would be fiscally recognized as a business expense this would wipe out informality and bring a higher circulation in the economy. Many companies and ours are not interested to ask for fiscal invoices for the expenses that aren't recognized in the account books. VAT for such expenses must be recognized and/or must be compensated VAT from the other taxes;

**Respondent 26:**

- V.A.T refunds should be made on a regular basis and should be kept in a regular procedure;
- Implementation of the Social Security Bilateral Agreement by the Albanian Government;

**Respondent 27:**

- Re-organization of the VAT refund procedure and speeding up of the procedures;

- Removal of VAT on machinery and their spare parts used for production machines;
- Suitable prices for the heavy industry in energy production.

**Respondent 28:**

- We expect the implementation of bilateral agreements, policies that increase incentives for investors and their application;

**Respondent 29:**

- Support and provide incentives for export activities;
- Improve the V.A.T Tax Refund;
- Remove V.A.T on raw materials;

**Respondent 30:**

- Reduce tax;
- Fight against the informal economy to avoid migration;

**Respondent 31:**

- Reduce taxes;
- Fight informal economy to avoid emigration;

**Respondent 32:**

- Customs;
- Labor office;
- Taxes;

**Respondent 33:**

- In the sector that we operate, we request that our regulatory AKEP creates a regulation on conditions for fair competition. We request a review of the decisions that damage fair competition;
- In line with the European Union directive, we ask the creation of incentives/funds for the Fiber Optic infrastructure within the scope of the Digitalization project and make joint projects with our company.

## 13. METHODOLOGY

The survey was conducted by Imani Albania Ltd on behalf and in close corporation with Chamber of Commerce and Industry Albania-Turkey.

### Data Collected

The data was collected via an online based questionnaire that was sent to all targeted participants. There were two forms of data collected:

**Quantitative:** Quantitative data that consisted of the following category questions:

- Yes or No questions;
- Multiple choice questions with one or more than one selection choice;
- Multiple choice questions with extra optional fields;
- Evaluation and Weighting Matrixes;

**Qualitative:** Qualitative data including participant comments. This was made possible through open questions and comments;

Multiple participation was not allowed.

When a description is used as evaluation alternative, the answers are reported with the same description. When the description is clearly quantified by the respondents (e.g. assess from 1 to 9) statistical numbers are used when reporting such specific questions.

The survey text is given in section 12.1 below.

## 13.1 SURVEY TEXT

### INTRODUCTION

Imani Albania is undertaking a confidential survey of the businesses operating in Albania. This survey is being conducted on behalf of ALBANIAN TURKISH CHAMBER OF COMMERCE and the purpose of it is to provide support for its existing and potential members on the matters most relevant to them.

We would like your opinion of business conditions. Please complete this questionnaire by checking the appropriate boxes. The completion of this survey takes approximately 25 minutes.

### A. RESPONDENT/COMPANY PROFILE

#### 1. Are you a member of Albanian Turkish Chamber of Commerce

- a) Yes
- b) No

#### 2. Which of the following industry classifications best describes your principal business in Albania?

- a) Agriculture & Farming
- b) Banking & Finance
- c) Professional Services (services like lawyers, consultants, accountants, etc.)
- d) Chemicals
- e) Construction & Real Estate
- f) Education
- g) Healthcare
- h) Media and Entertainment
- i) IT & Telecommunication
- j) Logistics and Transport
- k) Manufacturing
- l) Mining, Oil & Gas
- m) Tourism, Hotels, and Travel
- n) Trade (Wholesale/Retail)
- o) Other (Specify)

#### 3. Company Ownership

- a) Totally Albanian owned
- b) Up to 25% foreign owned
- c) 25-50% foreign owned
- d) Over 50% foreign owned
- e) Don't know

**4. Number of Employees**

- a) Less than 10
- b) 10-50
- c) 51-100
- d) 101-500
- e) More than 500
- f) I Prefer not to Say

**5. Please indicate your revenues level in Euro.**

- a) Up to 20,000
- b) 20,000 - 70,000
- c) 70,000 - 200,000
- d) 200,000 – 500,000
- e) 500,000 -1 Million
- f) 1 Million -10 Million
- g) 10 Million - 50 Million
- h) Over 50 Million
- i) I Prefer not to Say

**6. Can you please indicate your position in the company?**

- a) President
- b) Chief Executive Officer
- c) Administrator
- d) Senior Manager
- e) I Prefer not to Say
- f) Other (Specify)

**B. OVERALL BUSINESS CLIMATE**

**7. How was the business climate in Albania for this year?**

- a) Very Unfavorable
- b) Unfavorable
- c) Neutral
- d) Favorable
- e) Very Favorable
- f) I prefer not to Say

**8. Please rate the level of the following factors in relation to your business activity?**

(Starting from negative with 1 score to very positive opinion with 9 score. Select the last column if you do not want to answer.)

- a) Bureaucracy
- b) Political stability
- c) Courts performance and rule of law
- d) Informal economy level
- e) Tax rates
- f) Tax framework and procedures
- g) Tax treatment (inspections and audits)
- h) Monopoly and unfair competition
- i) Order and safety
- j) Internal climate
- k) Road Infrastructure
- l) Other Public Infrastructure (Sewage, Water, etc.)
- m) Energy supply
- n) Private Property
- o) Intellectual Property
- p) Access to skilled labor
- q) Access to Finance
- r) Business Licensing and Permits
- s) Other inspection and regulatory agencies

### **C. PERFORMANCE OF ALBANIAN ECONOMY**

#### **9. How do you consider the performance of the Albanian economy during the year 2018?**

- a) Highly decreased
- b) Decreased
- c) The same as previous years
- d) Increased
- e) Significant increased
- f) I prefer not to Say

### **D. BUSINESS ACTIVITIES**

#### **10. How has the demand for your company products and services developed during this year?**

- a) Highly Decreased
- b) Decreased
- c) Neutral
- d) Increased
- e) Significant increase
- f) I prefer not to Say

**11. In case you have export activity, how have your export orders/markets developed in this year?**

- a) Highly Decreased
- b) Decreased
- c) Neutral
- d) Increased
- e) Significant increase
- f) I do not have an export activity
- g) I prefer not to Say

**12. How has your company investment changed during this year compared to the previous year?**

- a) Highly Decreased
- b) Decreased
- c) Neutral
- d) Increased
- e) Significant increase
- f) I prefer not to Say

**13. How has your company total employment changed this year?**

- a) Highly Decreased
- b) Decreased
- c) Neutral
- d) Increased
- e) Significant increase
- f) I prefer not to Say

**E. GOVERNMENT POLICY**

**14. How was the relation of your business with the following public institutions over the last 12 months?**

Starting from negative with 1 score to very positive and excellent opinion with 9 score. Select the last column if you do not want to answer.

- a) Relation with tax authorities
- b) Relation with customs authorities
- c) Relation with ministries
- d) Relation with local government
- e) Relation with courts of justice
- f) I prefer not to Say
- g) Other (specify)

**15. How do you consider the overall tax level applied during this year for your business?**

- a) Very Unfavorable

- b) Unfavorable
- c) Neutral
- d) Favorable
- e) Very Favorable
- f) I prefer not to Say

**16. What tax affects you the most and you would like the government to change?**

- a) Value Added Tax
- b) Income Tax
- c) Corporate Profit Tax
- d) Real estate tax
- e) Other (Specify)
- f) I Prefer not to Say

**17. How do you consider the application of the laws and regulations toward your business this year?**

- a) Very Unfavorable
- b) Unfavorable
- c) Neutral
- d) Favorable
- e) Very Favorable
- f) I Prefer not to Say

**18. How do you consider the economic reforms and central government policy during this year for your business?**

- a) Very Unfavorable
- b) Unfavorable
- c) Neutral
- d) Favorable
- e) Very Favorable
- f) I Prefer not to Say

**19. Name three main actions taken by the government or public institutions over the last 24 months that provide good incentive to your business now and in the future.**

(You may write up to three sentences, one sentence for each government action that provides good support to your business. Please be specific and short.)

- a) \_\_\_\_\_
- b) \_\_\_\_\_
- c) \_\_\_\_\_

## **F. FINANCIAL ENVIRONMENT**

**20. How do you consider the policy and services that the banking system provided to your business during this year?**

- a) Very Unfavorable
- b) Unfavorable
- c) Neutral
- d) Favorable
- e) Very Favorable
- f) I Prefer not to Say

**21. How easy/difficult was for your company to assure financing for business development during this year?**

- a) Very difficult
- b) Difficult
- c) Neutral
- d) Easy
- e) Very Easy
- f) I do not know / I prefer not to say

## **G. HUMAN RESOURCES**

**22. How easy was for your company to find local qualified staff during this year?**

- a) Very difficult
- b) Difficult
- c) Neutral
- d) Easy
- e) Very Easy
- f) I Prefer not to Say

## **H. PERCEPTIONS AND WISHES ABOUT THE FUTURE**

**23. How do you expect the economy in Albania will change over the next year?**

- a) Weaken significantly
- b) Weaken slightly
- c) Remain unchanged
- d) Improve slightly
- e) Improve Significantly
- f) I Prefer not to Say

**24. Top obstacles preventing you from increasing your investment in plant or equipment?**

(you may choose up to three alternatives)

- a) Weak economy/slow economic growth
- b) Lack of skilled, available local labor
- c) Government regulations
- d) Not enough customers/business
- e) Local government regulations
- f) Health care costs
- g) Lack of committed employees
- h) Lack of consumer spending
- i) High taxes
- j) Lack of government support/subsidies
- k) I Prefer not to Say

**25. What do you expect your business turnover to be like in the next 12 months?**

- a) Significant Decrease
- b) Slight Decrease
- c) Remain Unchanged
- d) Slightly increase
- e) Significantly increase
- f) I Prefer not to Say

**26. Name three things you would like the government to do to help your entity in the next 12 months?**

(You may write up to three sentences, one sentence for each thing where you want government help for your entity. Please be specific and short.)

- a) \_\_\_\_\_
- b) \_\_\_\_\_
- c) \_\_\_\_\_

## **14. ACRONYMS AND ABBREVIATIONS**

AKEP – Electronic and Postal Communication Authority

ATTSO - Albanian Turkish Chamber of Commerce and Industry

EU – European Union

GDP – Gross Domestic Products

IMF – International Monetary Fund

IT – Information Technology

Personal Income Tax - The tax on personal incomes is applied to the individuals' incomes.

US\$ - United States Dollars

V.A.T – Value Added Tax

YoY – Year on Year

WTO – World Trade Organization

