

## UKTI DSO PRIORITY MARKET BRIEFS

# DEFENCE & SECURITY OPPORTUNITIES: ALBANIA



### WHY THIS MARKET IS IMPORTANT

Albania's economy has improved substantially over recent years, albeit from a very low base (with average annual growth rates of 6% over the 2004-8 period), and was only one of two European countries to experience positive growth in 2009. The country is rich in mineral resources, with chrome, ferrochrome, iron, nickel and copper present in considerable quantities. There are also oil and gas reserves. Mineral extraction offers good prospects but requires sizeable foreign investment.

In addition, Albania is a member of NATO and has troops serving in Iraq, Afghanistan, Bosnia-Herzegovina and Kosovo. The country has also actively pursued closer relations with the EU, with membership of the EU the prime element of its foreign policy.

### ECONOMIC BACKGROUND (2009 FIGURES)

**GDP (National Currency BN):** 1,088.13 (2008)  
1,156.30 (2009) 1,223.85 (2010) 1,301.67 (2011)  
1,391.15 (2012) 1,494.22 (2013) 1,612.24 (2014)  
1,743.32 (2015)

**GDP (\$BN):** 12.99 (2008) 12.224 (2009) 11.578 (2010)  
12.003 (2011) 12.717 (2012) 13.537 (2013) 14.491  
(2014) 15.64 (2015)

**Per capita GDP (National Currency):** 343,259.31  
(2008) 362,948.66 (2009) 382,241.53 (2010)  
404,523.21 (2011) 430,179.62 (2012) 459,751.89 (2013)  
493,599.07 (2014) 531,074.77 (2015)

**Per capita GDP (\$):** 4,097.64 (2008) 3,836.99 (2009)  
3,616.10 (2010) 3,730.08 (2011) 3,932.44 (2012)  
4,165.14 (2013) 4,436.63 (2014) 4,764.50 (2015)

### DEFENCE ECONOMICS

**Defence Budget:**

**2008:** US\$0.256bn (SIPRI)

**2009:** US\$0.249bn (SIPRI)

**% of GDP on Defence:**

**2010:** US\$0.20bn (1.7% GDP) (NATO)

**2011:** US\$0.210bn (1.75% GDP) (NATO)

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## MILITARY OVERVIEW

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Albania has troops serving in Iraq, Afghanistan, Bosnia-Herzegovina and Kosovo. But there is a modernisation programme aimed at the armed forces, which will see them at a projected peacetime strength of 14,700 (32,610 in wartime), with the abolition of conscription. The defence budget is 2% of GDP (2009 figure). A substantial percentage of Albanian assets have now been reassigned to various border-protection and domestic security duties.

A consequence of this is that following a meeting between the Albanian defence minister, Arben Imami, and the minister for the Kosovo Security Force (Fehmi Mujota), Albania will support Kosovo in training the KSF and also in its civil contingency strategy.

The army is suffering from an exodus of trained officers into various specialised branches which operate against organised crime and where pay is much higher. In addition, Albania does not possess any military R&D facilities. NATO member since 1st April 2009, with 140 troops currently active in Afghanistan.

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## DEFENCE & SECURITY OPPORTUNITIES

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**Army:** None at this stage; equipment is donated by various NATO nations.

**Navy:** None at this time.

**Air Force:** Possible acquisition of attack helicopters, SAR helicopters, VIP transport aircraft and air surveillance radar.

**Notes:**

The Albanian defence budget is very small, with 70 per cent of it spent on military salaries and pensions.

The Albanian air force has no combat aircraft.

The Netherlands donated corvettes to Albania in 2009 (ex-Royal Netherlands Navy).

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## THE ALBANIAN DEFENCE MARKET AND HOW TO DO BUSINESS

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The following general information is intended as a preliminary guide to help UK defence companies understand the Albanian Defence Market. It is not intended to be exhaustive.

### Fundamentals Needed to Succeed in the Albanian Defence Market

Whilst each case is unique and requires a different approach, a UK company is likely to need the following for success in the Albanian defence market – for any defence procurement opportunities that may arise:

- A distinctive product that is usually in service with the armed forces and can demonstrate a clear capability improvement over existing Albanian capability;
- A clear picture of who your customer is and how you intend to sell to them, including a strategy for getting your company/product known to your intended customers;
- A detailed knowledge of the Albanian defence market sector you are intending to compete in, with particular regard to the competition and existing technology levels;
- To be aware that it is a lengthy process to establish a presence in the under-developed Albanian defence market. It will not happen overnight and can be quite painstaking and require a significant investment of time, effort and money;
- A sound knowledge of the Albanian political system, policies and governance such as export controls;
- A detailed awareness of the particular timescales involved plus an understanding of the Albanian government procurement process.

### Routes to Market

At this time, there is little prospect of doing any business in the defence sector. Because most of the Albanian defence budget is used to service military pensions and pay salaries, there is virtually no finance available for defence procurement. However, any UK defence company wishing to do business with the Albanian armed forces should first consult the Albanian Defence Attaché at the Albanian Embassy in London (details below). They may also be required to submit an F680 application for any meetings arranged with the Albanian Defence Ministry (see details below on how to do this).

In addition, because the majority of people in Albania – including in official organisations – do not speak English – it may be necessary for a UK defence/security company to secure the services of a translator and/or interpreter.

### HMG Support

For the Albanian defence market advice, support and assistance to UK companies is provided by UKTI DSO RD West in London and the Defence Section of the British Embassy in Tirana.

The British Embassy in Tirana works with international and local partners to implement projects that facilitate Foreign and Commonwealth Office (FCO) objectives and strategic priorities. The following funds are available:

**The Strategic Programme Fund (SPF)** – previously known as Global Opportunities Fund (GOF) SPF is the FCO's most important Programme Budget, and is divided into strands which reflect the UK's Department Strategic Objectives (DSOs). The purpose of SPF is to promote action on global issues in areas of strategic importance to the UK.

**SPF "Reuniting Europe"** – to extend the success of enlargement by supporting countries through the EU integration process, particularly in the fields of improved governance and economic growth. This is one of the SPF strands under which Albania qualifies for funding as a priority country.

### **UK assistance in Albania**

Funds for financial year 2010-11:

**Strategic Programme Fund (SPF)** SPF Re-uniting Europe (RE) Programme Two different projects

**Objective** Increase transparency, effectiveness, and accountability of the Albanian High Court

**Value** £160,000

**Strategic Programme Fund (SPF)** Chevening Programme (Scholarships) Four Scholars in Academic year 2010-11

**Objective** Promote the UK's longer-term political, economic and commercial interests and support diplomacy and goodwill through offering study in the UK to potential leaders, decision makers etc.

**Value** £75,000 plus

**Strategic Programme Fund (SPF)** Chevening Programme (Fellowships) Number not yet known

**Objective** Promote the UK's longer-term political, economic and commercial interests and support diplomacy and goodwill through offering study in the UK to potential leaders, decision makers etc

**Value** NYK

### **Albanian Export Controls**

The official Albanian export regulations state that the designated country must not be subject to any United Nations embargo, nor contravene any conventions to which Albania adheres, where the import or export of armaments, ammunitions and other items is prohibited. UK defence manufacturers must first obtain a F680 licence in order to be able to export but should also ensure that – owing to official security concerns – none of the items are controlled or appear on the Military List. This also applies to UK security companies.

In addition, UK defence companies are required to present the End User with a document issued from the UK, guaranteeing that the equipment designated for Albania will arrive there safely and will not be re-exported or transited to a third-party country.

For more information, contact the Export Control Organisation of the Department of Business, Innovation and Skills, at  
<http://www.bis.gov.uk/exportcontrol>

### **Visit Security Clearance**

This is obtained from the UK Ministry of Defence's (MoD) International Visits Control Office, which is located at Abbey Wood in Bristol.

Further guidance and the required forms are at:  
<http://www.mod.uk/DefenceInternet/AboutDefence/WhatWeDo/SecurityandIntelligence/DESPSYA/InternationalVisitsControlOffice.htm>

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## ARMED FORCES – MILITARY STRENGTH

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<b>Active</b>	<b>14,295</b>
Joint Force Comd	8,150
Support Command	4,300
TRADOC	1,000
MOD and General Staff	795
Paramilitary	500

### Terms of service: conscription 12 months

The Albanian Armed Forces (AAF) is a joint, primarily land-orientated force centred on light infantry capabilities supported by naval and air units.

Source IISS and the Military Balance 2010

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## SECURITY ISSUES

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PAMECA III runs from 2008-11 and will build upon the work of previous EU-funded policing projects, in order to meet the assessed needs of the Albanian State Police as the key beneficiary; and it should also generate improvements for secondary beneficiaries (Ministry of the Interior, Ministry of Justice, General Prosecutors Office etc).

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## DOMESTIC DEFENCE INDUSTRIAL CAPABILITY

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Albania does not have an indigenous defence industry. Much of its legacy material is a mixture of Chinese and Soviet manufacture. Whatever replacement equipment there is has been donated to the Albanian armed forces.

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## DEFENCE IMPORTS & EXPORTS 2005-9

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**Identified Albania Defence Import Procurement:**  
Total: \$29 Million

**Identified Albania Defence Exports:**  
None Declared

Source: UKTI DSO Survey of Defence Exports and Various Open Sources

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## COMPETITORS

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The US and selected European countries (including France, Germany, Italy and the Netherlands) are active in the Albanian defence market. There may be opportunities for UK subsidiaries of foreign-owned companies to leverage business from their respective parent company.

Albania has received equipment financed by "aid" (gifted): in 2006, for example, with aid from the German Government, Albania and Eurocopter S.A.S. [Marignane, France] signed a three-year, US\$12.1 million contract for the delivery of 12 modernised BO 105 helicopters.

Albania is a recipient of US "security assistance" (including FMS and FMF) and Excess Defense Articles. US companies also have Direct Commercial Sales as a route to the Albanian defence market: equipment sales are licensed under the Arms Export Control Act.

Albania officially became a NATO member in April 2009, which arguably may present market opportunities for Western European in addition to US companies. NATO and Albania co-operate on defence and security sector reform. Albania contributes to the fight against terrorism through its participation in the "Partnership Action Plan on Terrorism". This includes sharing intelligence and analysis with NATO, enhancing national counter-terrorist capabilities and improving border security, so some business opportunities could emerge.

Russia is export-active in the region but has hitherto not had a major sales breakthrough in the Albanian market.

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## PROCUREMENT ORGANISATION

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The sole Albanian defence procurement organisation is the Military Import-Export Company (MEICO), whose website is at: [http://www.mod.gov.al/index.php?option=com\\_content&view=article&id=44](http://www.mod.gov.al/index.php?option=com_content&view=article&id=44)

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## OFFSET POLICY

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It is uncertain whether there is any offset policy. The British Embassy in Tirana has been unable to obtain any information from the Albanian Government, and there does not appear to be any offset organisation.

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## KEY PERSONALITIES

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<b>Defence Minister</b>	Arben Imami (PD – Democratic Party of Albania)
<b>Army</b>	Chief of General Staff – Brig.-Gen. Maksim Malaj
	Deputy Chief of General Staff – Col. Agim Lala
	Commander of Land Forces – Brig.-Gen. Shpetim Spahiu
<b>Navy</b>	Chief of Naval Brigade Command – Rear Adm. Kudret Cela
	Chief of Naval Operations – Capt. Gerveni Kristaq
<b>Air Force:</b>	Chief of Air Brigade Command – Brig.-Gen. Astrit Fuat Jaupi

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## FURTHER INFORMATION

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**If you require further information/clarification on anything in this Market Brief please contact:**

UKTI Defence & Security Organisation  
BD Market Analysis

T: +44 (0)20 7215 8209

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## OTHER USEFUL CONTACTS

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### **Albania Desks; UKTI Defence & Security Organisation**

Deputy Director RD West  
UKTI Defence & Security Organisation  
T: +44(0)20 7215 8153

### **RD West, Desk Officer for Romania, Hungary and the Balkans**

UK Trade & Investment Defence & Security Organisation  
T: +44(0)20 7215 8320

### **Albanian Embassy London**

Embassy of the Republic of Albania  
33 St George's Drive  
London SW1V 4DG  
T: +44(0)20 7828 8897  
F: +44(0)20 7828 8869  
E: embassy.london@mfa.gov.al  
www.albanianembassy.co.uk

### **Albanian Defence Attaché in London:**

Col. Qemal Shkurti  
T: +44(0)20 7828 8897  
E: Qemal.Shkurti@mfa.gov.al

### **British Embassy Albania**

British Embassy  
Rruga Skenderbeg 12  
Tirana  
T: (355) 4 223 4973/4/5  
F: (355) 4 224 7697

### **Internet:**

<http://ukinalbania.fco.gov.uk/en/>

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## OTHER USEFUL WEBSITES

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Government portal on Albania:

[http://www.e-albania.al/web/Welcome\\_to\\_e\\_Albania\\_1\\_2.php](http://www.e-albania.al/web/Welcome_to_e_Albania_1_2.php)

Albanian Customs:

<http://www.dogana.gov.al/index.php?lang=EN>

Albinvest (about investing in Albania):

<http://www.albinvest.gov.al/>

National Tourism Agency:

<http://www.albaniantourism.com/>

Institute of Translation & Interpreting:

<http://www.iti.org.uk/indexMain.html>

Chartered Institute of Linguists:

<http://www.iol.org.uk/>

### **Albania Travel Advice**

Travel information and general embassy contact details can be found at:

<http://www.fco.gov.uk>

### **Foreign Consular Offices in Albania**

Media, travel, careers, business and state links/ information can be found at:

**E-Albania:** [http://www.e-albania.al/web/Welcome\\_to\\_e\\_Albania\\_1\\_2.php](http://www.e-albania.al/web/Welcome_to_e_Albania_1_2.php)

**Note:** Most of the information is in Albanian only.

### **Visa Services and Links**

[http://www.e-albania.al/web/Visa\\_Procedures\\_and\\_Custom\\_Rules\\_215\\_2.php](http://www.e-albania.al/web/Visa_Procedures_and_Custom_Rules_215_2.php)

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**The CIA World Factbook** provides information on the history, people, government, economy, geography, communications, transportation, military, and transnational issues for 266 world entities. The Reference tab includes: maps of the major world regions, as well as Flags of the World, a Physical Map of the World, a Political Map of the World, and a Standard Time Zones of the World map.

<https://www.cia.gov/library/publications/the-world-factbook/>

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