

AmCham

Business INDEX 2015-2016



April 2016

Business **Index**

2015-2016

Letter from the U.S. Ambassador



Dear American Chamber of
Commerce Members,

Congratulations on the publication of your fourth annual AmCham Business Index, or ABI. With every year that passes, the ABI becomes an increasingly influential tool for U.S. and other foreign investors, as well as Albanian businesses, to assess the challenges and opportunities of doing business in Albania.

I was disappointed to note the significant drop in the ABI in 2015 from 42.77 to 37.94, but the report is not all bad news. I am encouraged that AmCham members are optimistic for 2016, with expectations that the ABI will rebound to 40.61. I believe that with successful passage and implementation of judicial reform, a commitment to a stable and predictable regulatory regime, and a strong fight against informality and corruption, we could see the ABI rebound even higher than predicted in next year's report.

The ABI provides an excellent summary of the expectations of the Albanian and foreign business community. I know that AmCham leadership will use these results to guide its engagement efforts in the coming year. I encourage the government and other business leaders also to use this report as a powerful tool to focus and prioritize business climate reforms in Albania.

The Embassy of the United States in Tirana is proud to support the AmCham and the ABI and will continue to cooperate closely with its members in promoting the interests of the U.S business community in Albania.

Sincerely,

A handwritten signature in blue ink, which appears to be "Donald Lu". The signature is fluid and cursive.

Donald Lu

Letter from the AmCham President



Dear AmCham Members,

I am very pleased to present the fourth edition of the AmCham Business Index, an instrument which helps the American Chamber of Commerce in Albania and its members measure and compare the business climate in the country over time.

The AmCham Business Index measures the most important areas of the economy that impacted our members during the 2015 calendar year. Members answered survey questions that covered political risk, efficient tax policy, the perception of corruption, informal economy, the application of rule of law, and other issues on the local economy. While there are many areas that are important in an absolute sense, the AmCham Business Index is particularly reflective of those issues that impact our members most.

The AmCham Business Index will continue to be published every year, and its findings will be shared with AmCham members, the government, and other institutions. We continue to thank both our members for their feedback and the Government of Albania for engaging with the Chamber on member issues. I would like to specifically thank Benard Shehu and his firm KONSORT for their membership contribution, hard work and outstanding results in preparing this Index for the Chamber for the fourth year in a row.

Sincerely,

A handwritten signature in blue ink that reads "Mark Crawford". The signature is stylized and cursive.

Mark Crawford

Acknowledges

The American Chamber of Commerce in Albania gratefully acknowledges former Deputy Chief of Mission of the US Embassy in Tirana, Mr. Henry Jardine, and former Secretary of AmCham Albania, Mr. Benard Shehu, CEO of Konsort, for introducing the idea and creating the AmCham Business Index. Further thanks go to Mr. Shehu and Konsort consultants for their dedicated work to prepare this fourth edition of the Index for the Chamber.

AmCham would also like to acknowledge the Board of Directors: President Mark Crawford, Vice-president Genti Daci, General Secretary Genc Likoskëndaj, Treasurer Alketa Uruçi, and Board members Mr. Peter Clavelle, Mr. Elton Çollaku, Ms. Julia Janecko, Ms. Loreta Peçi, Mr. Avni Ponari, Mr. Aleksander Sarapuli, Mr. Adrian Shehu, as well as Mr. Donald Brown, Economic Officer of the U.S. Embassy, for embracing and supporting this project this year and in previous years, some of them from its inception.

Special thanks to the staff of AmCham Albania for working with member businesses to ensure proper participation in the survey as well as for their work on the publication of this report.

Finally, AmCham expresses deep gratitude to all members who contributed to this report by participating in this survey and who also contribute to improving the business climate in Albania by their ongoing engagement with AmCham.

Copyright

Permission to use, copy and distribute the contents of this report and without a fee, royalty or a formal request is granted, as long as the material is used with the acknowledgment and attribution towards the American Chamber of Commerce in Albania.

CONTENTS

EXECUTIVE SUMMARY	6
1 ABOUT AMCHAM BUSINESS INDEX	7
2 PARTICIPANTS	8
2.1 Response Rate	8
2.2 Respondents Profile	8
2.3 Profile of Participating Companies	9
3 AMCHAM BUSINESS INDEX	11
3.1 Calculation of the index	11
3.2 AmCham Business Index result for 2015	12
3.3 Individual indicators results for 2015 and 2016 forecast.	14
3.4 Individual questions results comparison between 2014 and 2015	15
4 SURVEY RESULTS	16
4.1 OVERALL BUSINESS CLIMATE	16
4.2 BUSINESS CLIMATE FACTORS	17
4.2.1 Corruption Level	17
4.2.2 Government Bureaucracy Level	18
4.2.3 Informal Economy Level	19
4.2.4 Monopoly and Unfair Competition Level	20
4.2.5 Order and Safety in the Country	21
4.2.6 Internal Political Climate	22
4.2.7 Infrastructure	23
4.2.8 Energy Supply	24
4.2.9 Private Property	25
4.2.10 Intellectual Property	26
4.3 GOVERNMENT POLICY	27
4.3.1 Relation with Tax Authorities	27
4.3.2 Relation with Customs Authorities	28
4.3.3 Relation with Ministries	29
4.3.4 Relation with Local Government	30
4.3.5 Relation with Courts of Justice	31
4.3.6 Economic Reforms and Central Government Policies	32
4.3.7 Overall Tax Levels Application	33
4.3.8 Application of Laws and Regulations	34
4.4 PERFORMANCE OF THE ECONOMY	35
4.5 BUSINESS ACTIVITY	36
4.5.1 Goods and Services Demand	36
4.5.2 Goods and Services Demand – Exports	37
4.5.3 Total Employments Changes	38
4.5.4 Company Investments	39
4.6 FINANCIAL ENVIRONMENT	40
4.6.1 Banking Sector Policy and Services	40
4.6.2 Financial Funds Assurance	41
4.7 HUMAN RESOURCES	42
4.7.1 Qualified Local Staff Finding	42
5 RESPONDENTS COMMENTS	43
5.1 RECOMANDATIONS FOR THE GOVERNMENT	43
5.2 SPECIFIC QUESTIONS COMMENTS	49
5.3 GENERAL OVERALL COMMENTS	51
6 ANNEX I: INDEX CALCULATION METHODOLOGY	53
6.1 QUESTIONS INCLUDED IN THE INDEX	53
6.2 CALCULATION FORMULA.	54
7 AMCHAM BOARD OF DIRECTORS	55
8 AMCHAM MEMBERS	56

EXECUTIVE SUMMARY

The 2015 AmCham Business Index is: 37.94 out of 100, with a rising trend for 2016.

There was a decline of the AmCham Business Index in 2015 compared to 2014 (42.77). More than 65% of AmCham members perceived the business climate in Albania in 2015 as unfavorable or very unfavorable while 5.2% consider the climate as positive and 29.1% as neutral. The expectation for the business climate in 2016 is higher than in 2015.

The top three concerns reported by the respondents for 2015, were the “Overall Tax Level Applied” (26.89), “Monopoly and Unfair Competition” (27.80), “Government Bureaucracy” (28.17).

The perception for “Overall Tax Level Applied” has decreased during 2015. Approximately 70% of respondents consider the overall tax level applied in 2015 as unfavorable or very unfavorable for the business, 26.5% perceived it as neutral while 3.8% of them perceived it as favorable or very favorable.

The perception of the respondents on the “Order and Safety in the Country” and “Informal Economy Level” has improved. The majority of respondents maintain positive or neutral perceptions for the relation with customs authorities, local government and the ministries.

The indicator on internal political climate dropped to 32.28 for 2015, while the relation with the court of justice declined to 44.7 from 51.68.

AmCham members perceived a relapse movement of the Albanian economy in 2015 (31.44) compared to 2014 (40.14). They expect that this movement will reverse direction during 2016, reaching 43.95. In addition, the demand for goods and services and the demand for goods and services for export declined slightly in 2015 but are expected to grow in 2016.

The majority of AmCham members maintained or increased their investments in 2015. They intend to continue to invest in 2016, despite the fact that for 38% of AmCham members it was still difficult to finance their activity.

The trend of employment level has slightly increased in 2015 and this is foreseen to remain stable in 2016. Finding qualified local staff in 2015 remained difficult or very difficult for most of the responding companies and the trend is expecting to stay the same in 2016.

1

ABOUT AMCHAM BUSINESS INDEX

The AmCham Business Index (ABI) is a yearly index created by the American Chamber of Commerce in collaboration with Konsort Ltd. that measures the perception of AmCham members for the Business Climate in Albania.

The index measures important elements like government policy, level of taxes, corruption, informality, application of law, and also elements related to the performance of businesses and Albanian economy.


This index allows AmCham

to identify and measure the problems that the business community is facing and enables the Chamber to work with the government and other actors to improve the business environment in Albania.

The index and its report are


published every year and its findings are shared with AmCham members, the government, and other institutions. The first AmCham Business Index was published in May 2013.

AmCham Business Index has three main components:




Survey

The Survey of AmCham members, with questions related to the business environment in Albania.



Report

The Report, which analyzes and presents the survey results.



Index

The Index itself which represents in a single number the perception of the AmCham members for the business environment in Albania.

The 2015-2016 AmCham Business Index survey was conducted online from February 2nd to March 3rd, 2016.

The survey was addressed exclusively to AmCham Albania members and asked for their opinions regarding the business environment in Albania during the previous year (2015) and their estimation for the current year (2016).

The survey had 45 questions grouped into logical sections. The participants could choose to fill out the questionnaire in English or in Albanian.

AmCham requested that the survey should be completed by company Presidents, Administrators, CEOs or high level executives.

The survey was anonymous and the collected data do

not allow the identification of the respondent's answers. The closing of the survey and the transfer of the data were done in the presence of a public notary and a copy of anonymous data was deposited with the public notary.

The AmCham Business Index survey and this report were approved by the AmCham Board.

2 PARTICIPANTS

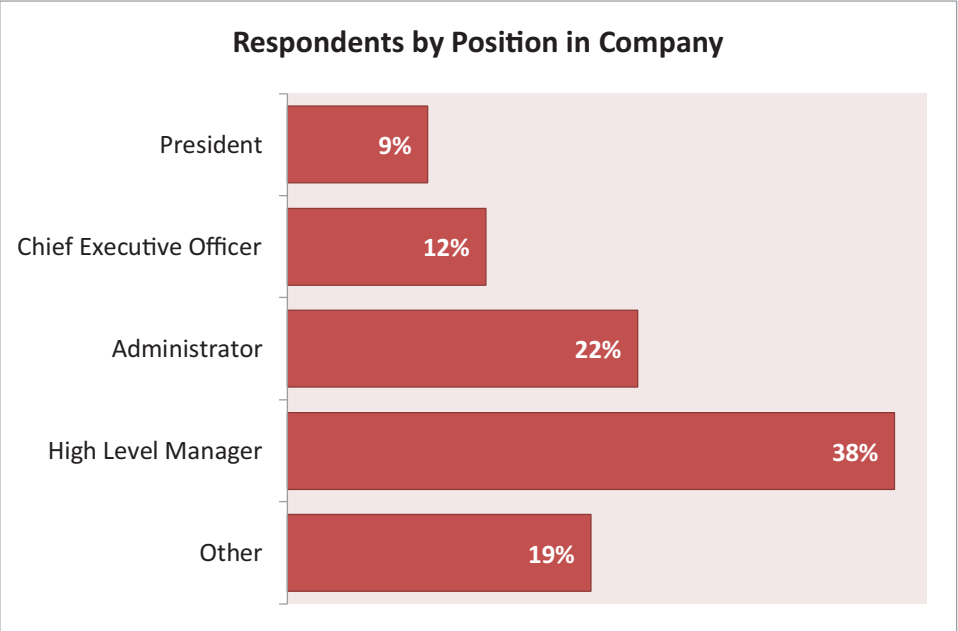
2.1 Response Rate

The total number of respondents that participated in the survey is 137. From the 137 participants, 128 of them fully completed the survey by answering all the questions.

All of the answers from all participants are included in the results of the survey. All graphs display results in percentages rounded up to one decimal point. The description in text is rounded up to a full number.

2.2 Respondents Profile

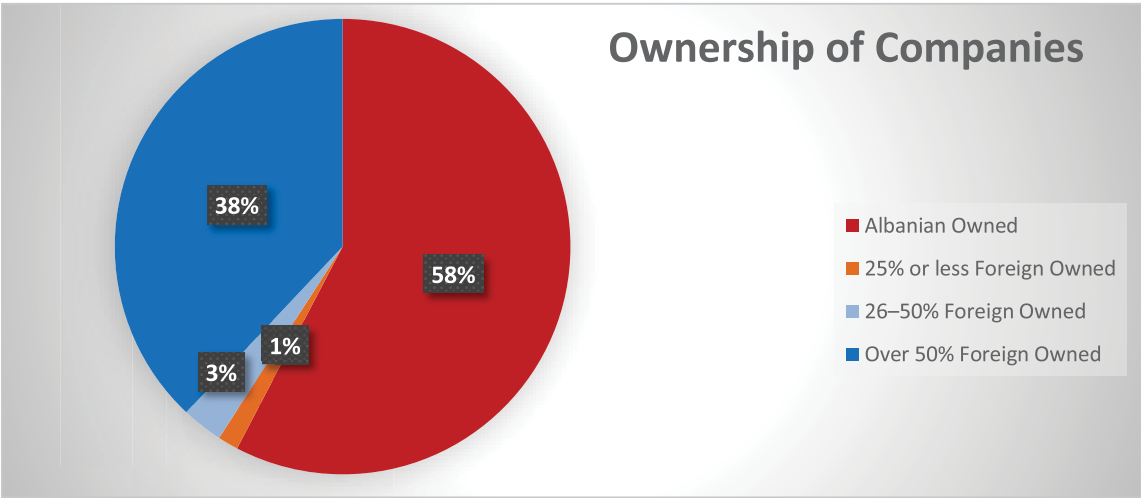
The majority of participants in the survey are in high level positions in their company including Presidents, CEOs, Administrators or high level Executives.



2.3 Profile of Participating Companies

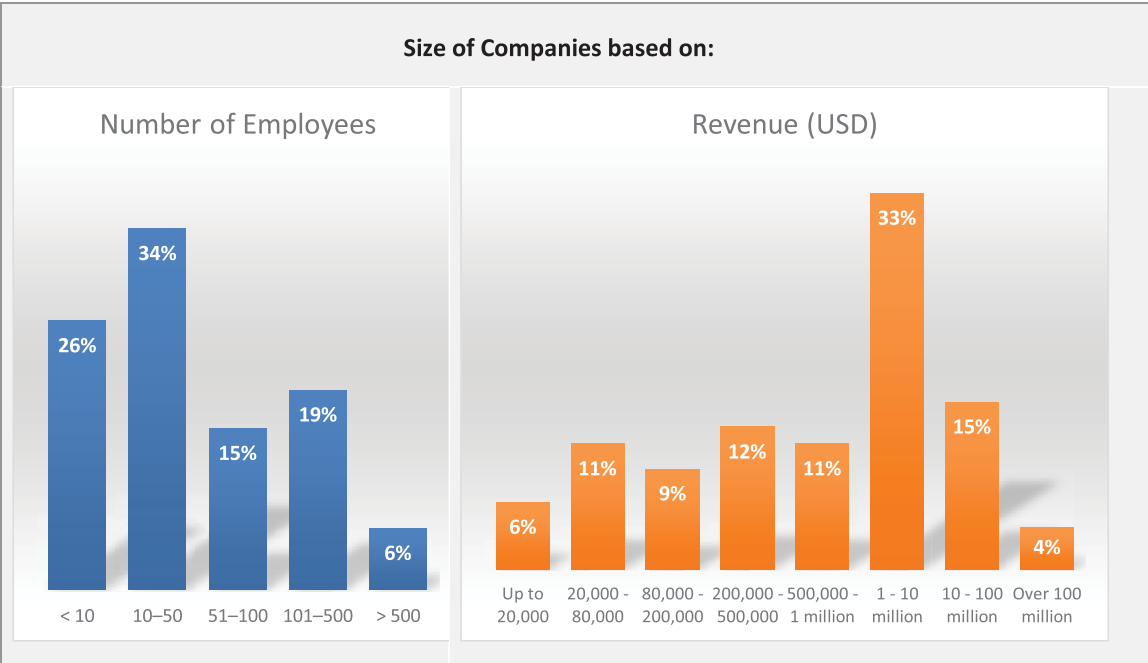
Ownership of Companies

The ownership structure of the companies that participated in the survey is shown in the following chart. More than half of the responding companies are Albanian owned.



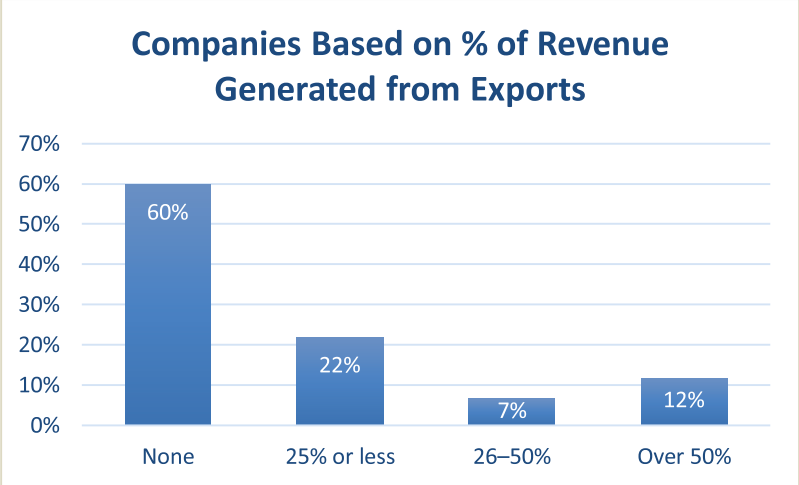
Size of Companies

The following chart shows the size of the participating companies based on their number of employees and revenue generated in 2015.



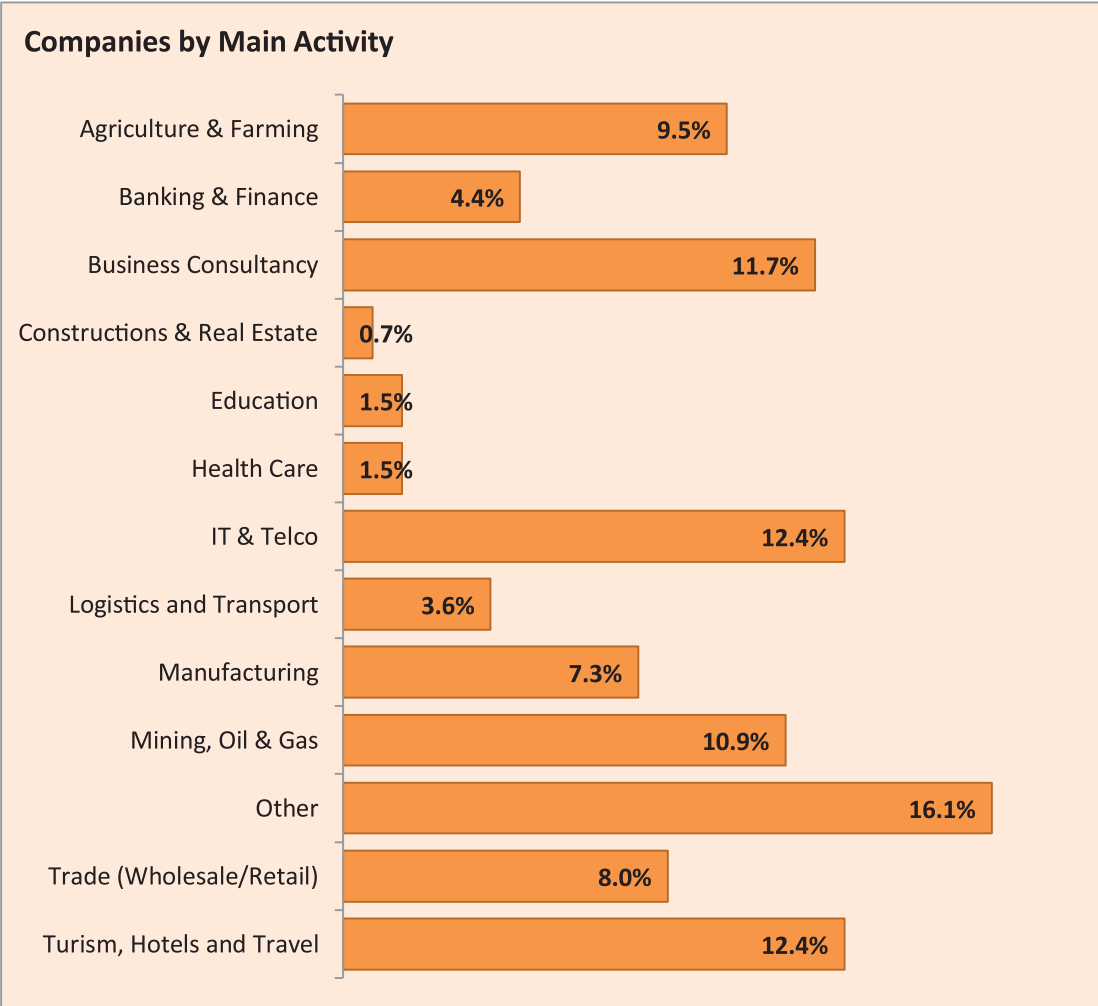
Export Revenue

The following chart shows the distribution of companies by revenue generated from export activities.



Main Activities of Companies

The main activity for companies that participated in the survey is showed in the next chart.



Other* (Non-Profit Organization, Security Services, etc.)

3

AMCHAM BUSINESS INDEX

3.1 Calculation of the index

The AmCham Business Index represents the perception of AmCham members regarding business climate in Albania. This Index is calculated based on the set of questions listed in the following table:

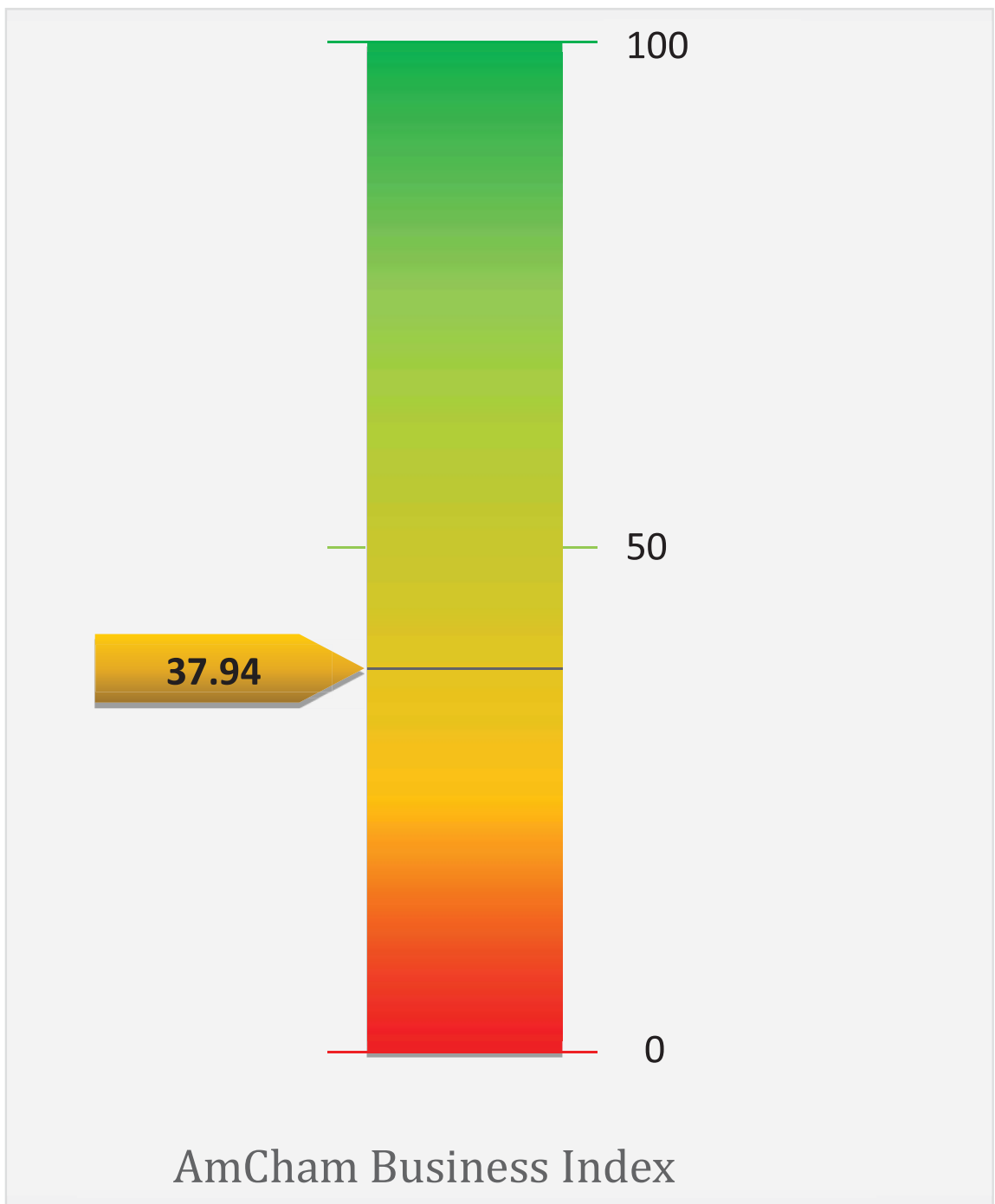
AmCham Albania Business Index Table	
Questions	Weights
Overall Business Climate	100%
How was the business climate in Albania for the last year?	25%
Business Climate Factors	25%
Please rate the level of the following factors for the last year in relation to your business activity?	
Corruption level	2.5%
Government bureaucracy	2.5%
Informal economy level	2.5%
Monopoly and unfair competition	2.5%
Please rate the level of the following factors for the last year in relation to your business activity?	
Order and safety	2.5%
Internal political climate	2.5%
Infrastructure	2.5%
Energy supply	2.5%
Private Property	2.5%
Intellectual Property	2.5%
Government Policy	20%
How was the relation of your business with the following public institutions for the last year?	
Relation with tax authorities	1%
Relation with customs authorities	1%
Relation with ministries	1%
Relation with local government	1%
Relation with courts of justice	1%
How do you consider the economic reforms and central government policy in the last year for your business?	4%
How do you consider the overall tax level applied in the last year for your business?	5%
How do you consider the application of the laws and regulations toward your business in the last year?	6%
Performance of the Economy	5%
How do you consider the performance of the Albanian economy during last year?	5%
Business Activity	15%
How has the demand for your firm's goods and services developed during the last year?	6%
How has your firm's total employment changed last year?	6%
How has your company investment changed during the last year?	3%
Financial Environment	5%
How easy was for your company to secure financing for business development during last year?	5%
Human Resources	5%
How easy was for your company to find local qualified staff during last year?	5%

Each question used for the calculation of the index has a weight which is based on its relative significance on the overall business environment in Albania. The AmCham Business Index is calculated as the weighted average of the answers to those questions.

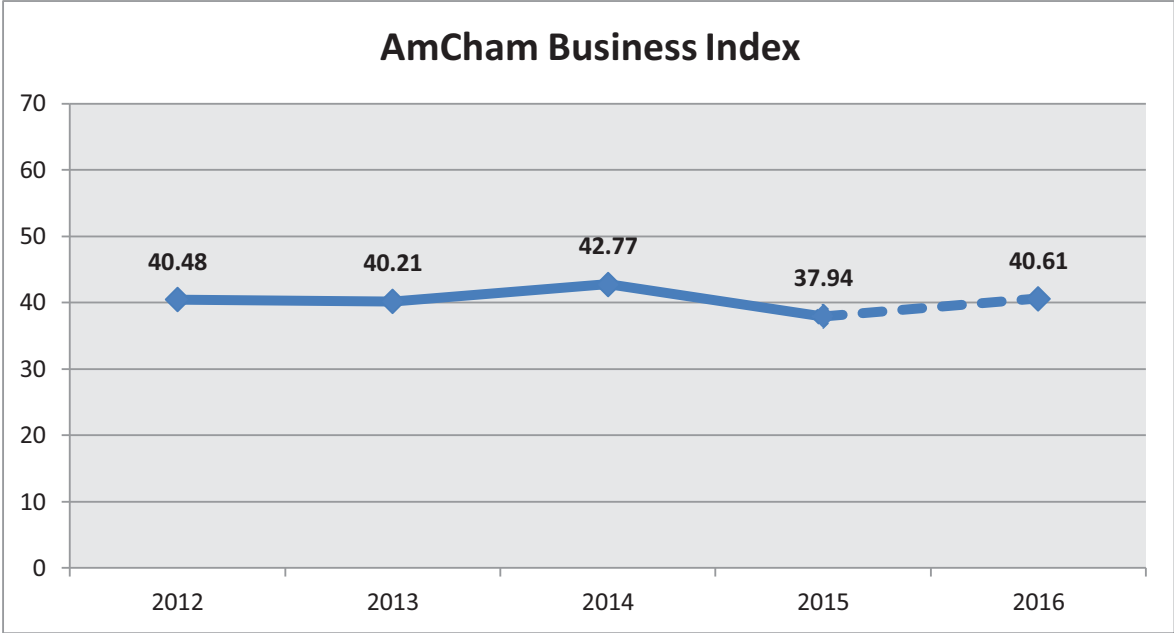
*Detailed information regarding the calculation methodology of the index can be found in Annex 1 of this document.

3.2 AmCham Business Index result for 2015

The result for 2015 AmCham Business Index is **37.94** out of 100 with a tendency to rise in 2016.



The following chart shows the evolution of the AmCham Business Index during 2012-2015, including a projection for 2016.



This chart shows the indicator evolution. **Higher results are better.**

3.3 Individual indicator results for 2015 and forecast for 2016

The following table presents the consolidated results for each question of the AmCham Business Index Survey (The minimum possible score is 0 and the maximum possible score is 100). The questions are sorted from the lowest to the highest score. Higher results are better.

Nr	Indicator Name	2015	2016	Forecast
1	Overall Tax Level Applied	26.89	36.52	▲
2	Monopoly and Unfair Competition	27.80		
3	Government Bureaucracy	28.17		
4	Business Climate	30.41		
5	Informal Economy Level	30.78		
6	Performance of the Albanian Economy	31.44	43.95	▲
7	Corruption Level	32.09		
8	Local Qualified Staff Finding	32.17	33.59	▲
9	Internal Political Climate	32.28		
10	Economic Reforms and Central Government Policy	35.23	40.04	▲
11	Application of Laws and Regulations	35.23		
12	Assurance of Financing for Business Development	39.92	41.21	▲
13	Intellectual Property	43.10		
14	Infrastructure	44.22		
15	Relation with Courts of Justice	44.70		
16	Private Property	46.64		
17	Goods and Services Demand in Exports**	47.37	54.51	▲
18	Banking Policies and Services**	47.48	48.56	▲
19	Goods and Services Demand	49.61	55.47	▲
20	Relation with Tax Authorities	49.81		
21	Order and Safety in the Country	50.56		
22	Total Investments Change	52.91	53.13	▲
23	Relation with Customs Authorities	53.79		
24	Total Employment Change	54.26	51.37	▼
25	Relation with Local Government	55.30		
26	Relation with Ministries	55.87		
27	Energy Supply	59.51		

*The detailed information regarding the calculation of the results is found in Annex 1 of this report.

**The results of these questions are not included in the AmCham Business Index calculation

3.4 Comparison of individual question results between 2014 and 2015

The table below presents the comparison of AmCham Business Index Survey results between 2014 and 2015. The results are sorted based on 2014 scores, from the lowest to the highest score. Higher results are better.

Nr	Indicator Name	2014	2015	Tendency
1	Informal Economy Level	28.04	30.78	▲
2	Government Bureaucracy	31.31	28.17	▼
3	Monopoly and Unfair Competition	31.78	27.80	▼
4	Overall Tax Level Applied	34.13	26.89	▼
5	Local Qualified Staff Finding	35.34	32.17	▼
6	Corruption Level	36.92	32.09	▼
7	Internal Political Climate	38.79	32.28	▼
8	Business Climate	39.02	30.41	▼
9	Performance of the Albanian Economy	40.14	31.44	▼
10	Application of Laws and Regulations	40.38	35.23	▼
11	Assurance of Financing for Business Development	41.35	39.92	▼
12	Economic Reforms and Central Government Policy	41.83	35.23	▼
13	Order and Safety in the Country	44.63	50.56	▲
14	Intellectual Property	45.09	43.10	▼
15	Banking Policies and Services**	48.56	47.48	▼
16	Private Property	49.30	46.64	▼
17	Infrastructure	50.00	44.22	▼
18	Relation with Courts of Justice	51.68	44.70	▼
19	Goods and Services Demand	51.68	49.61	▼
20	Goods and Services Demand in Exports**	53.68	47.37	▼
21	Total Employment Change	53.85	54.26	▲
22	Total Investments Change	55.53	52.91	▼
23	Relation with Tax Authorities	58.89	49.81	▼
24	Relation with Local Government	59.13	55.30	▼
25	Relation with Ministries	59.86	55.87	▼
26	Energy Supply	61.45	59.51	▼
27	Relation with Customs Authorities	64.90	53.79	▼

4 SURVEY RESULTS

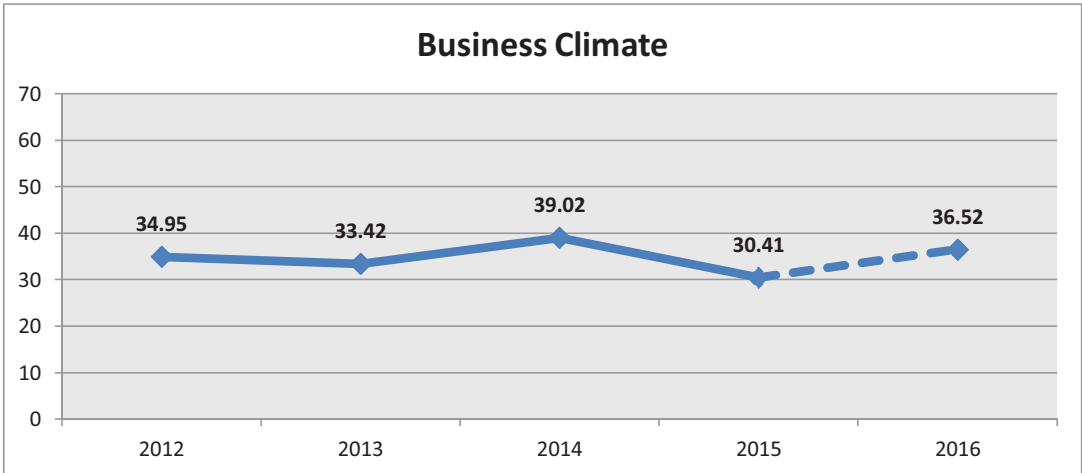
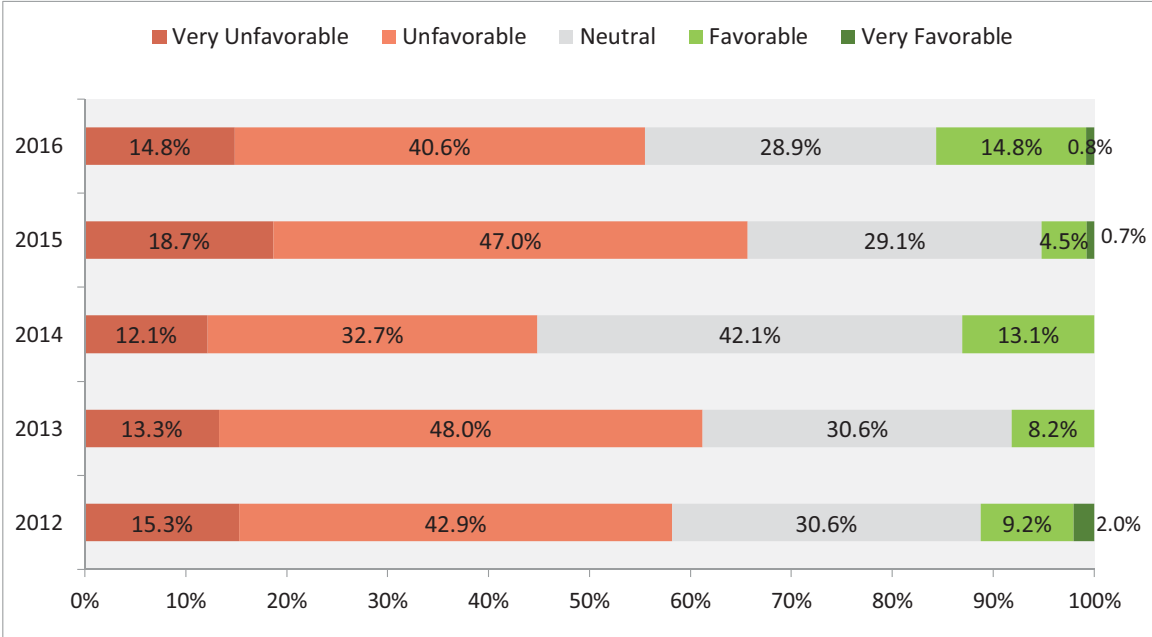
4.1 OVERALL BUSINESS CLIMATE

This section presents the opinion of AmCham Albania Members regarding the overall business climate in Albania during 2015 and their expectation for 2016.

Business Climate in Albania:

How was the business climate in Albania for the last year (2015)?

How do you expect the business climate in Albania to be in 2016?



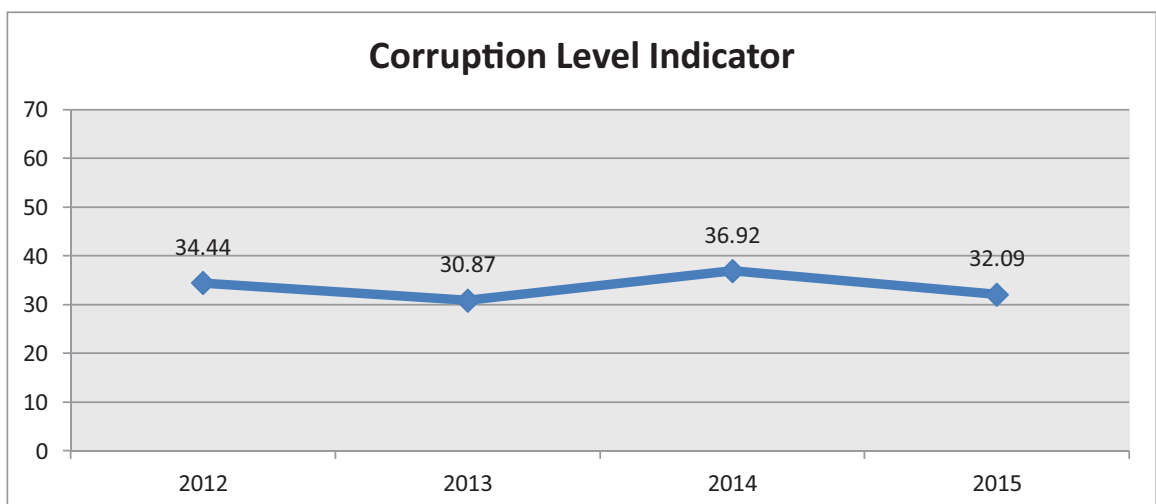
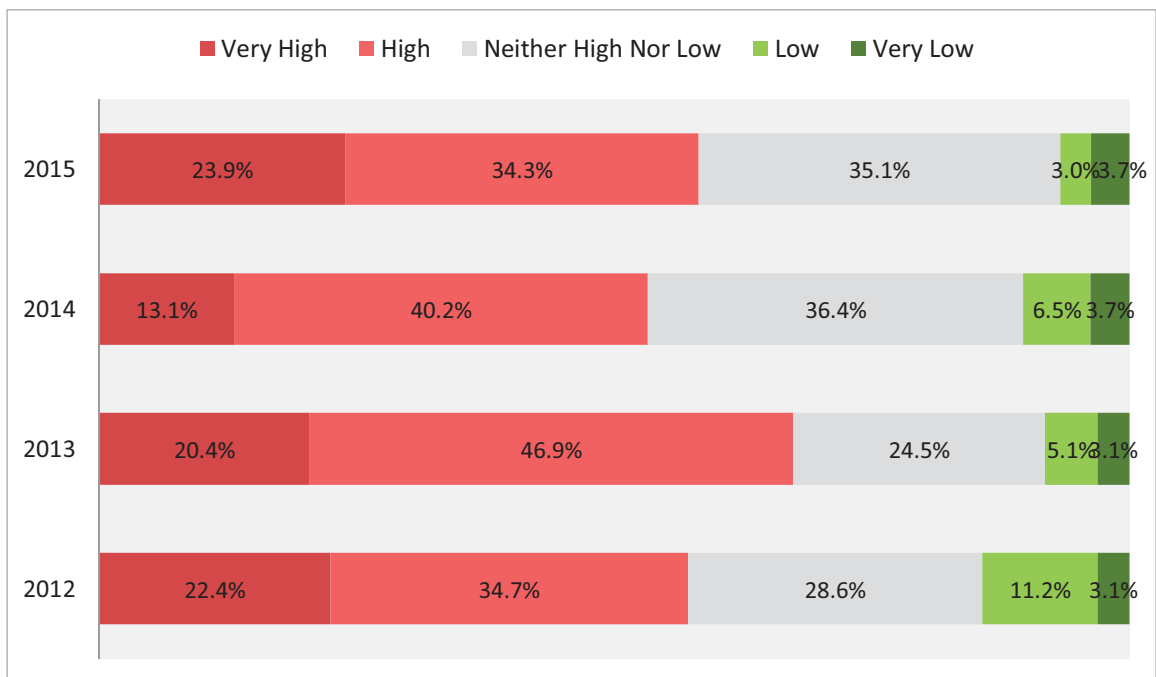
This chart shows the indicator evolution. **Higher results are better.**

4.2 BUSINESS CLIMATE FACTORS

This section shows the opinion of AmCham members in regards to the factors that play an important role in the business climate and their business activities like informal economy, government bureaucracy, monopoly and unfair competition, corruption, etc.

4.2.1 Corruption Level

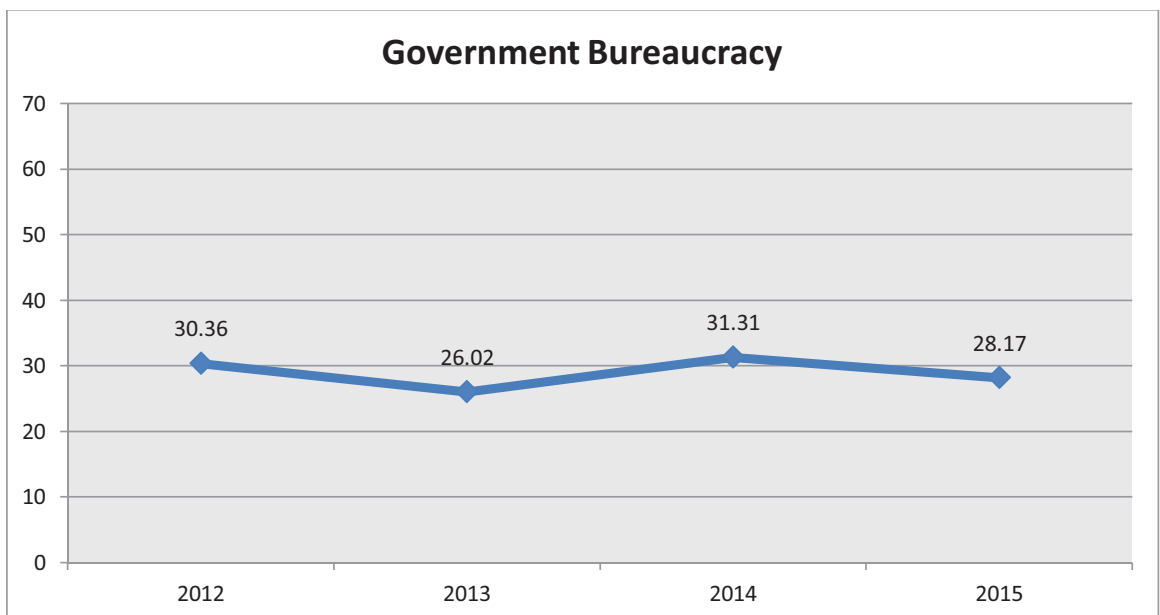
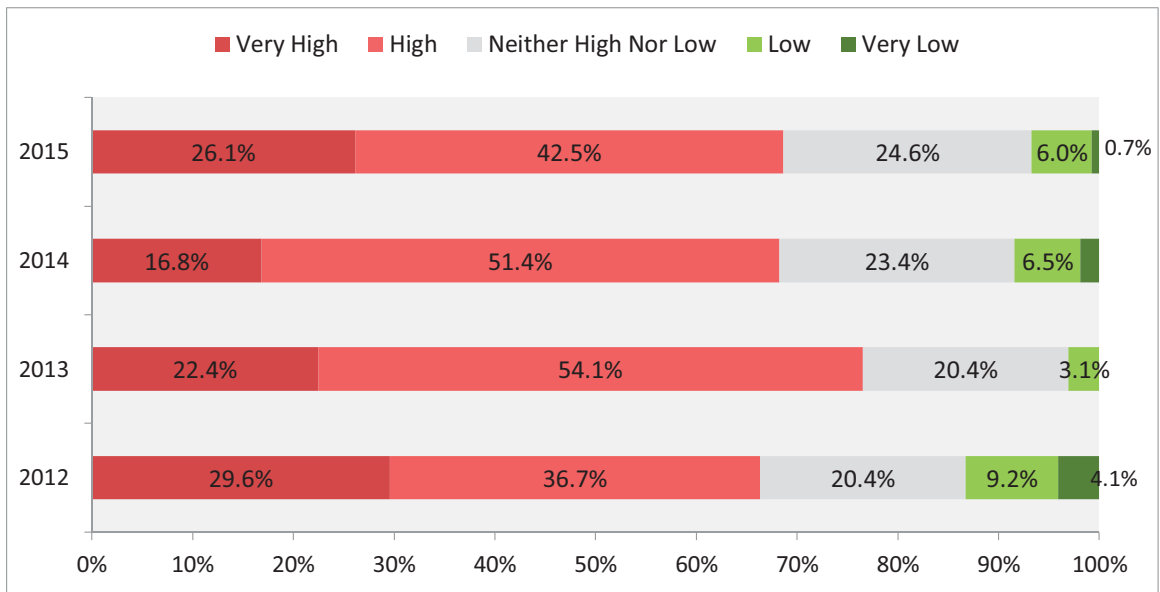
Please rate the Corruption level for the last year (2015) in relation to your business activity?



This chart shows the indicator evolution. **Higher results are better.**

4.2.2 Government Bureaucracy Level

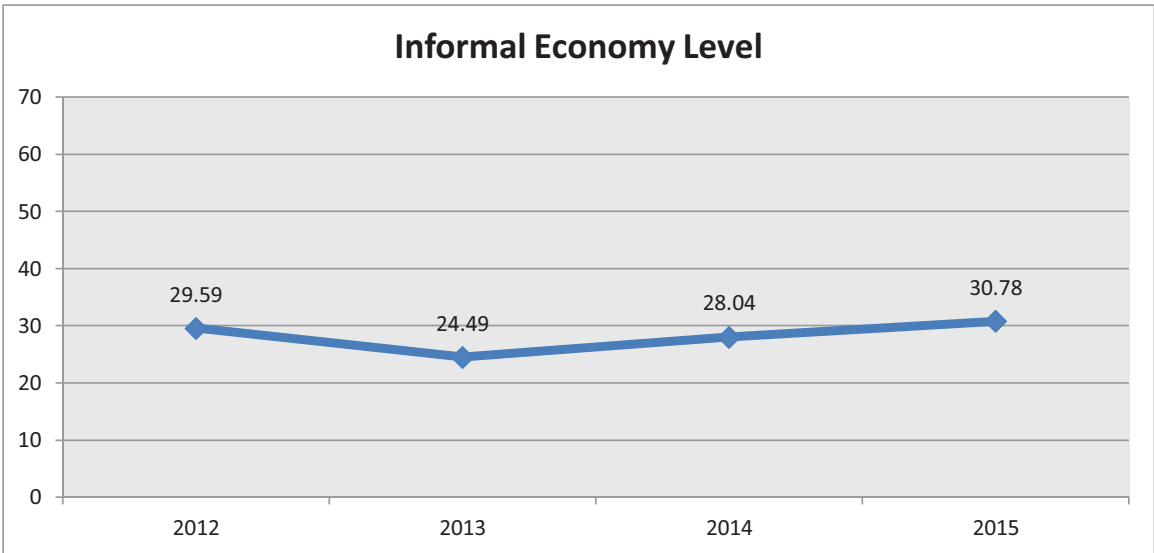
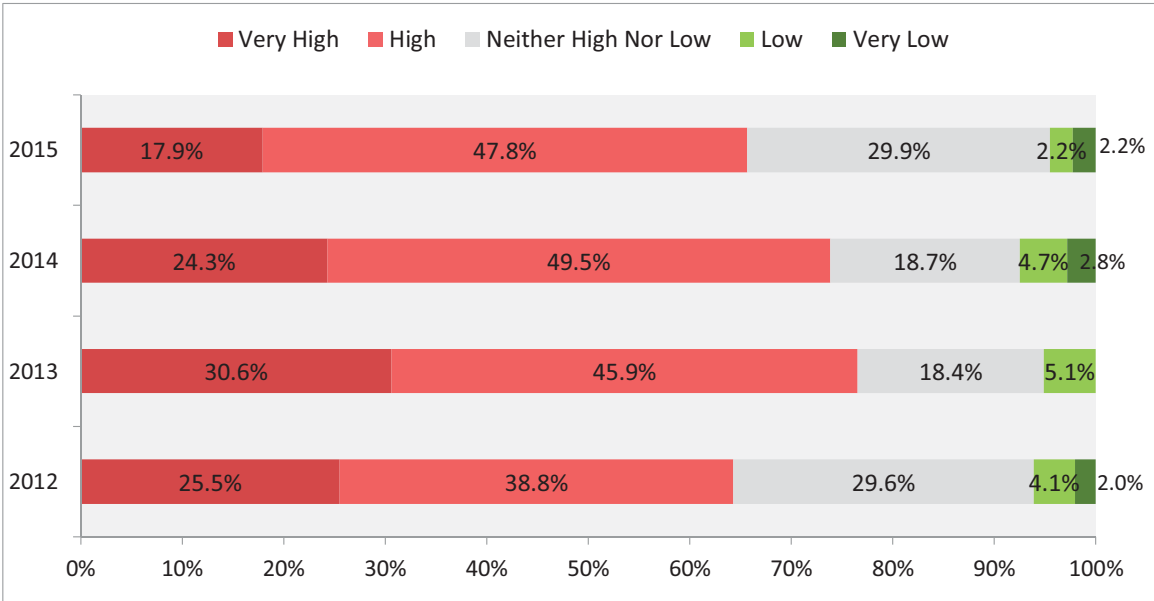
Please rate the Government bureaucracy for the last year (2015) in relation to your business activity?



This chart shows the indicator evolution. **Higher results are better.**

4.2.3 Informal Economy Level

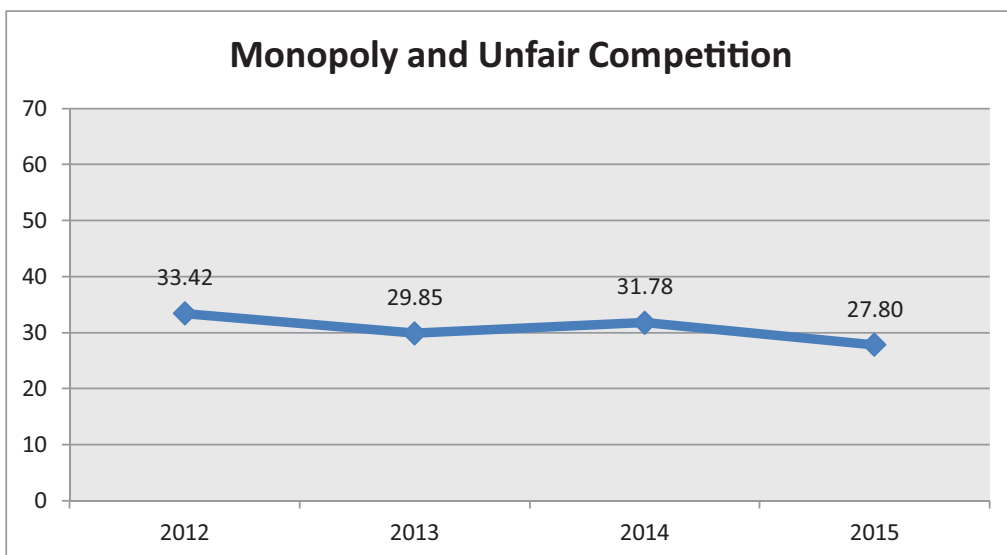
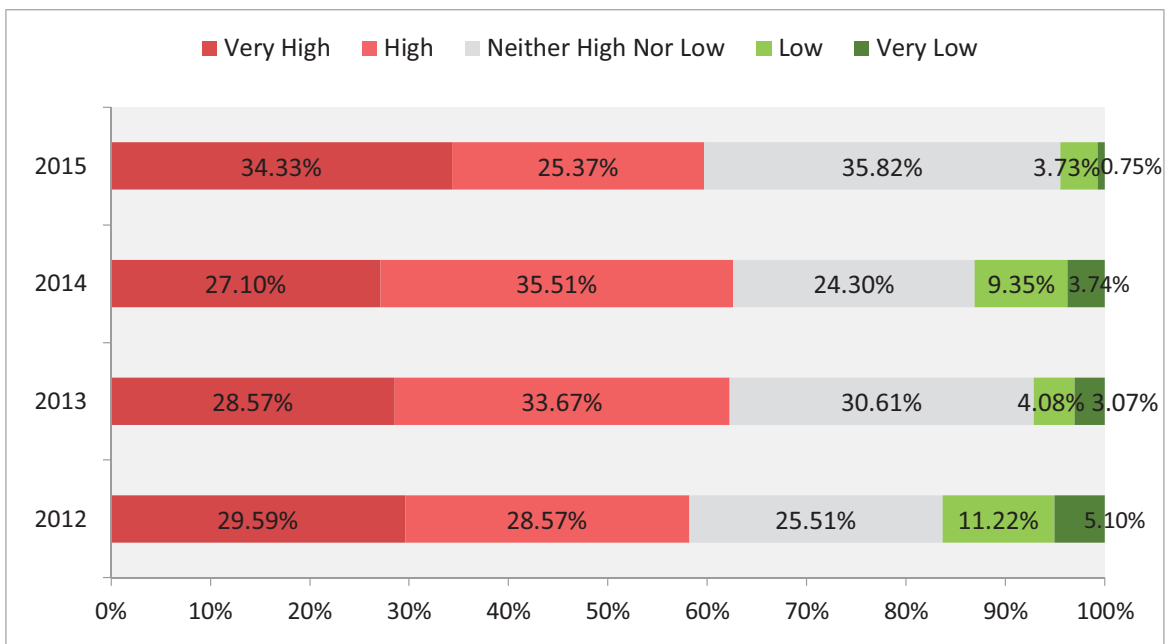
Please rate the Informal economy level for the last year (2015) in relation to your business activity?



This chart shows the indicator evolution. **Higher results are better.**

4.2.4 Monopoly and Unfair Competition Level

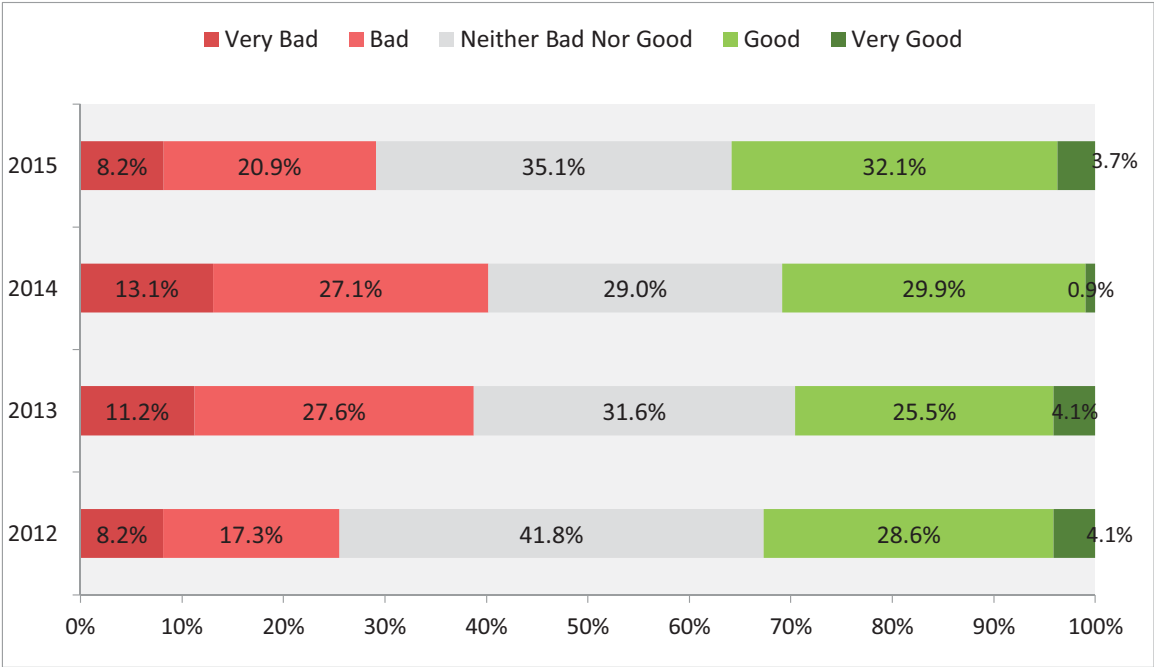
Please rate the Monopoly and unfair competition level for the last year (2015) in relation to your business activity?



This chart shows the indicator evolution. **Higher results are better.**

4.2.5 Order and Safety in the Country

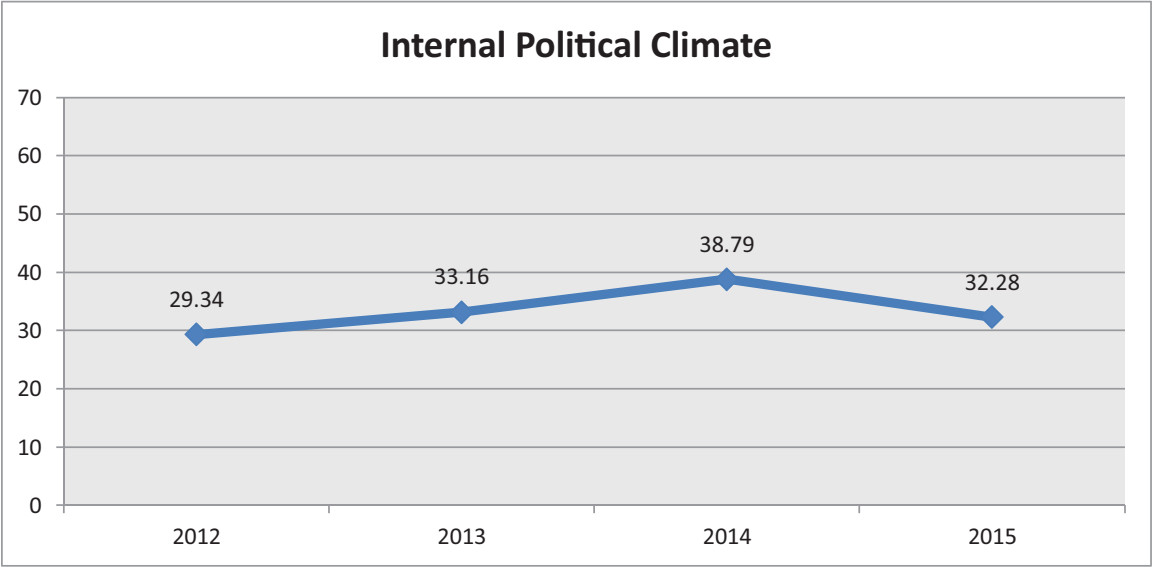
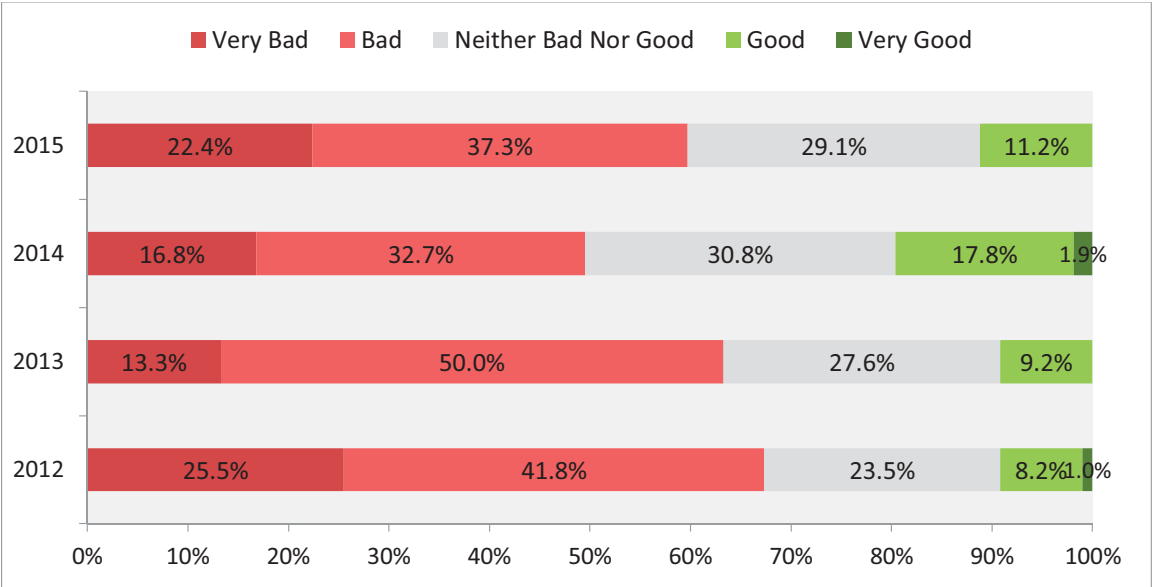
Please rate the Order and safety factor in the country for the last year (2015) in relation to your business activity?



This chart shows the indicator evolution. **Higher results are better.**

4.2.6 Internal Political Climate

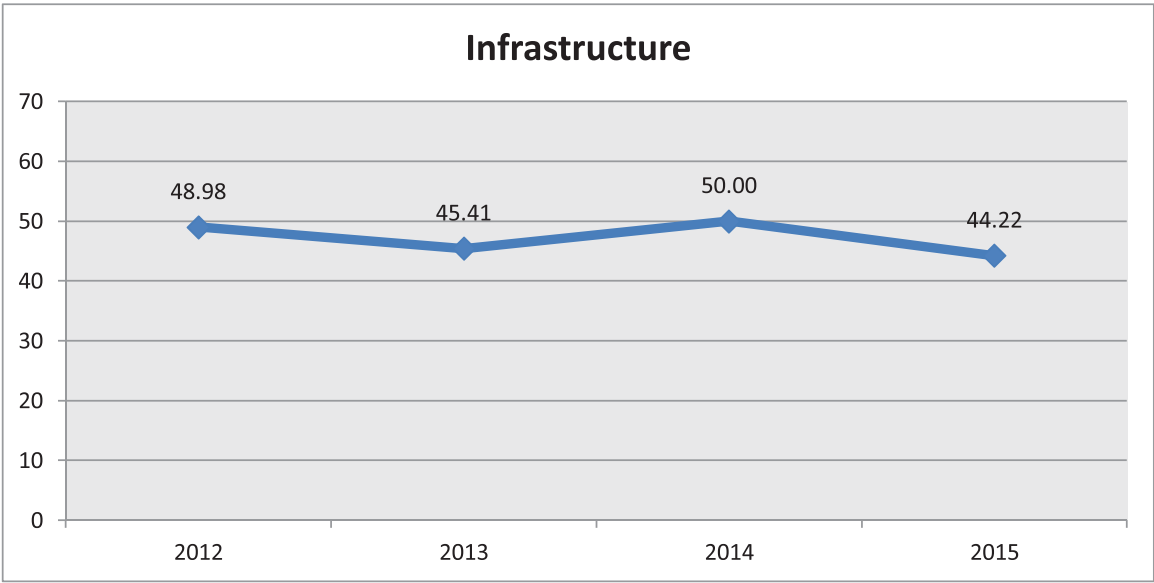
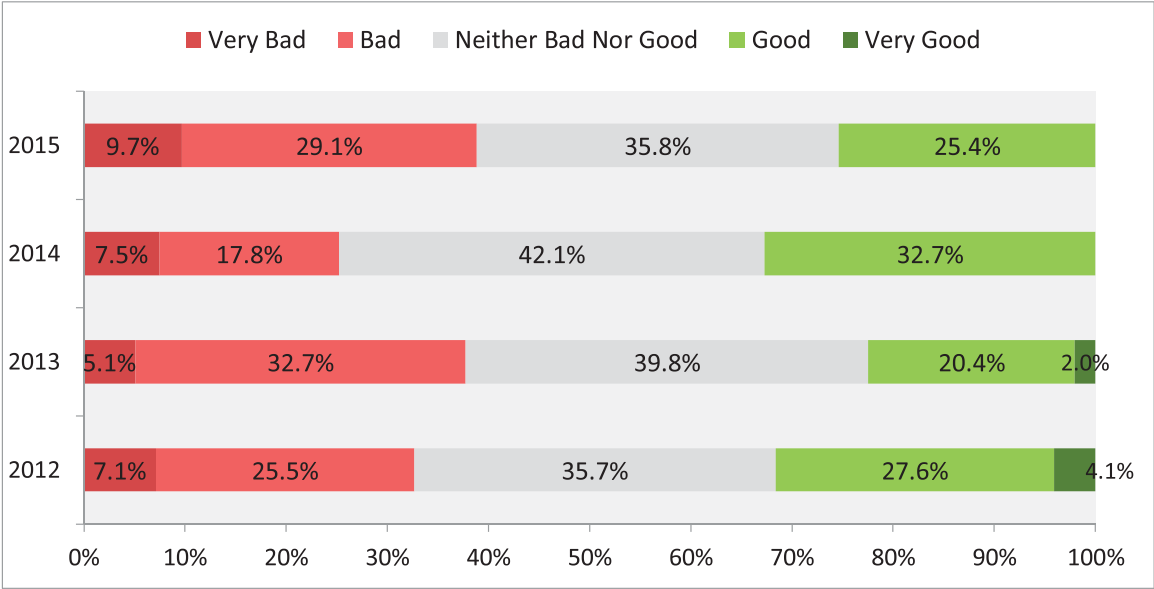
Please rate the internal political climate for the last year (2015) in relation to your business activity?



This chart shows the indicator evolution. **Higher results are better.**

4.2.7 Infrastructure

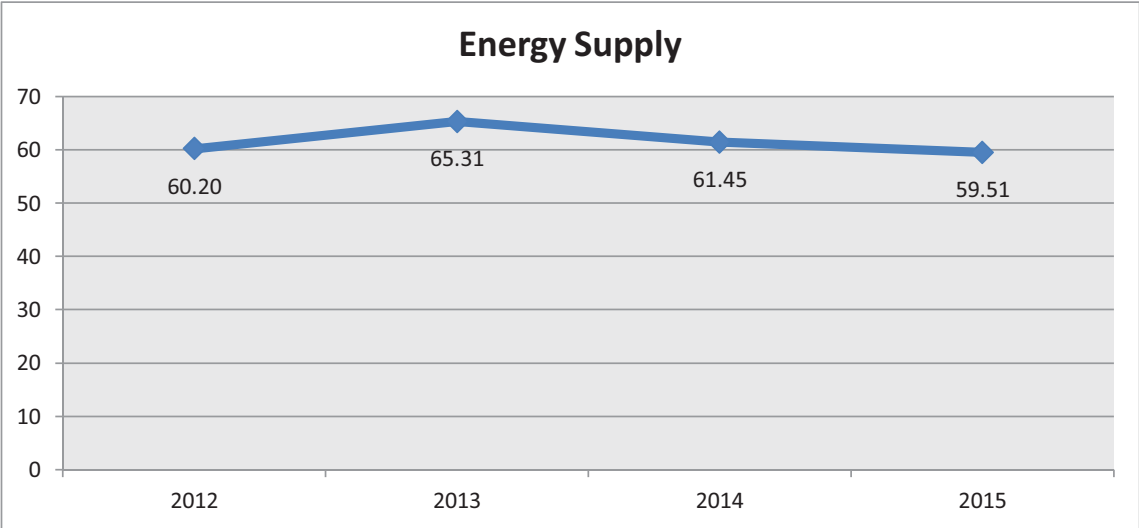
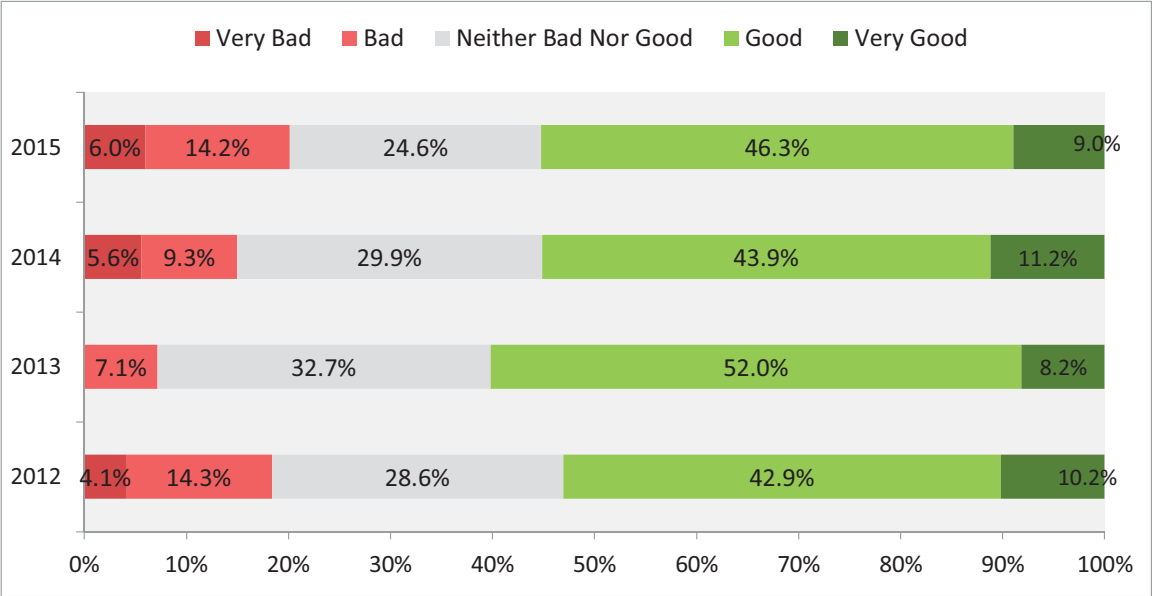
Please rate the Infrastructure factor for the last year (2015) in relation to your business activity?



This chart shows the indicator evolution. **Higher results are better.**

4.2.8 Energy Supply

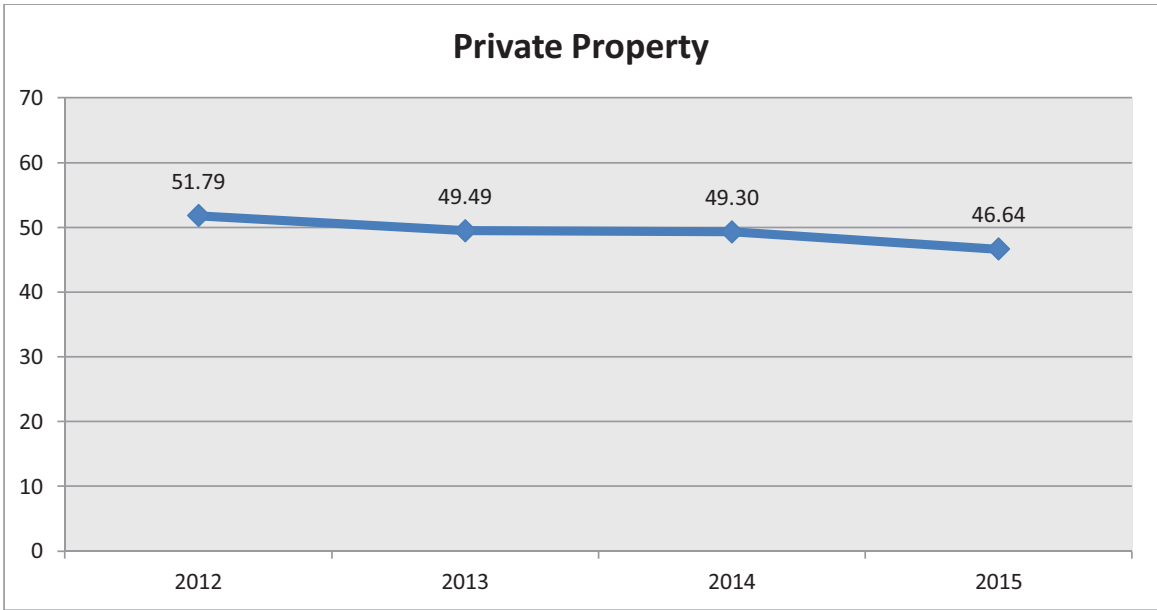
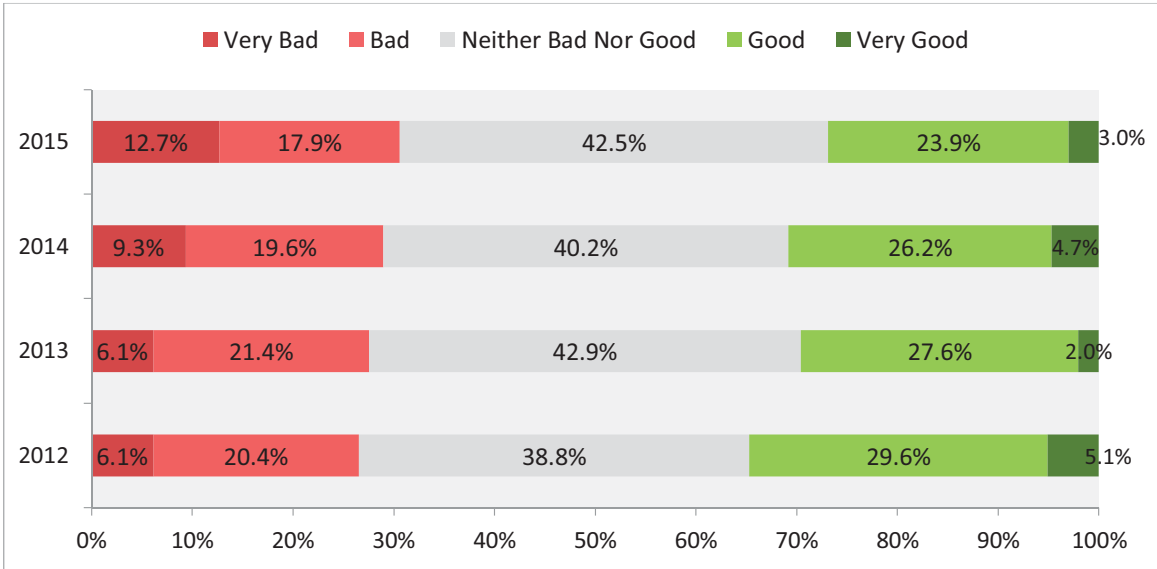
Please rate the Energy supply factor for the last year (2015) in relation to your business activity?



This chart shows the indicator evolution. **Higher results are better.**

4.2.9 Private Property

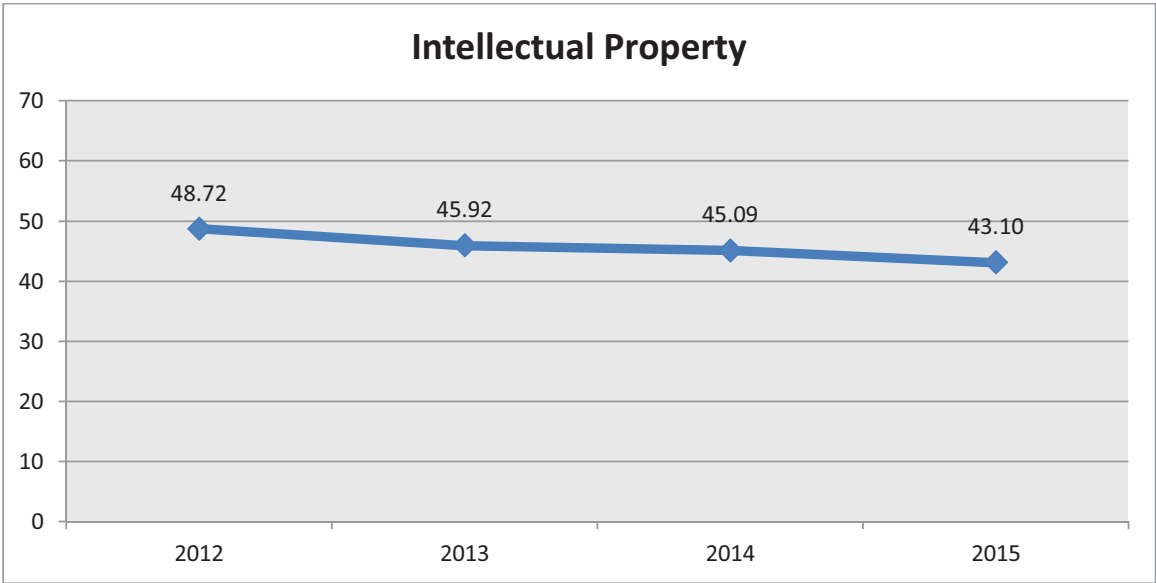
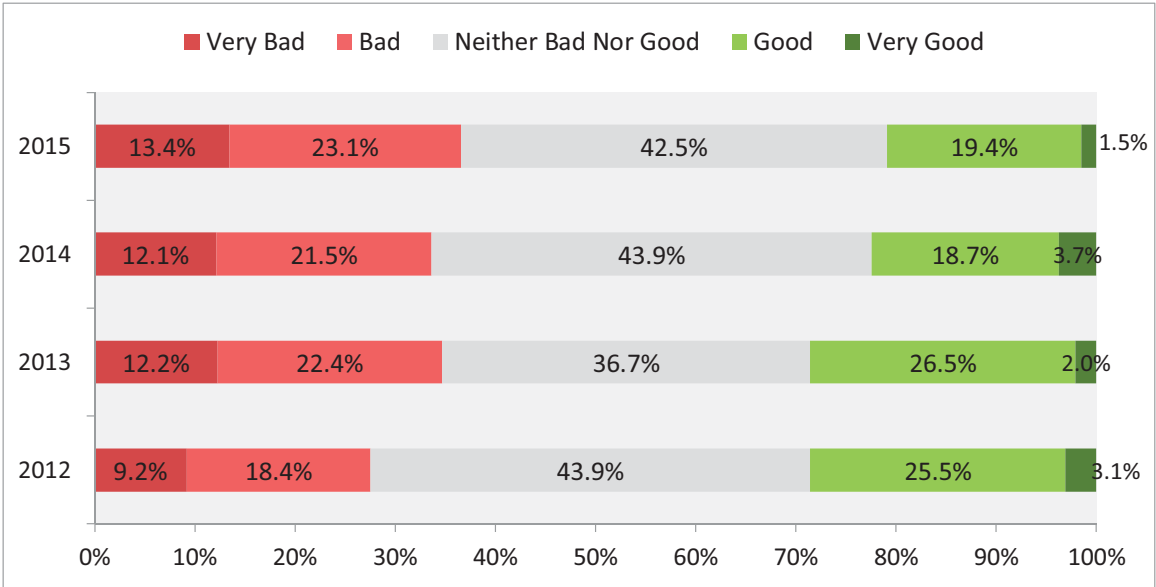
Please rate the Private property factor for the last year (2015) in relation to your business activity?



This chart shows the indicator evolution. **Higher results are better.**

4.2.10 Intellectual Property

Please rate the Intellectual Property factor for the last year (2015) in relation to your business activity?



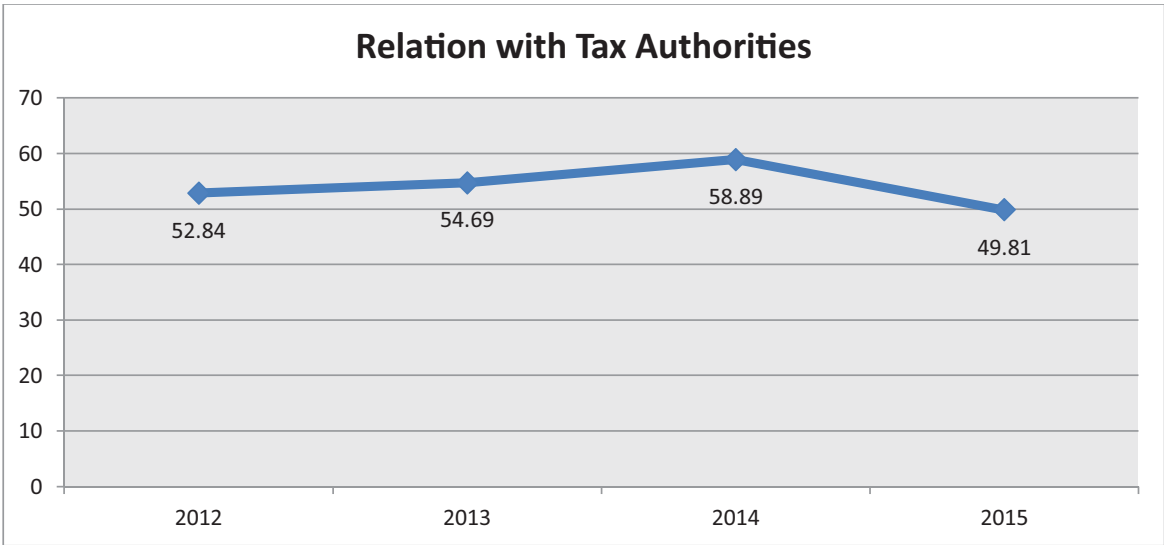
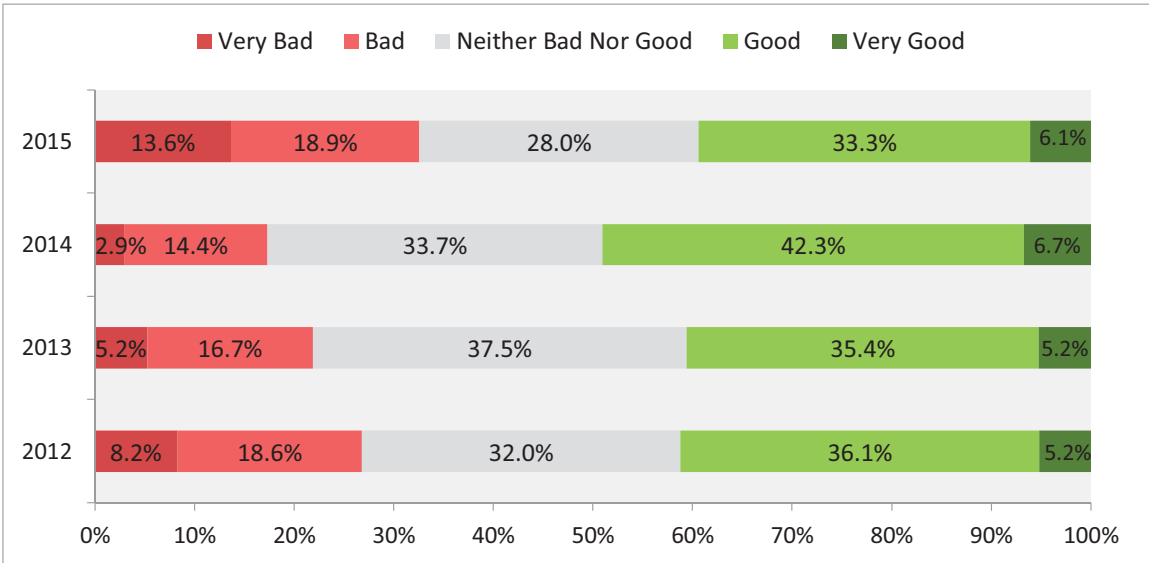
This chart shows the indicator evolution. **Higher results are better.**

4.3 GOVERNMENT POLICY

This section reports the opinion of the respondents regarding the impact of governmental policy and the relation of AmCham members with central and local government institutions.

4.3.1 Relation with Tax Authorities

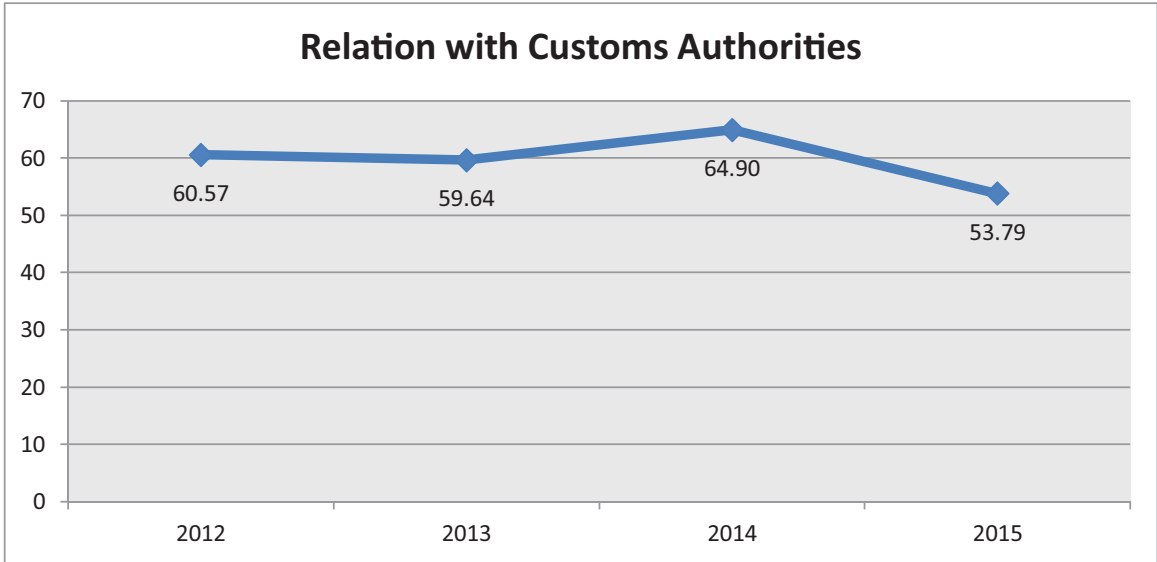
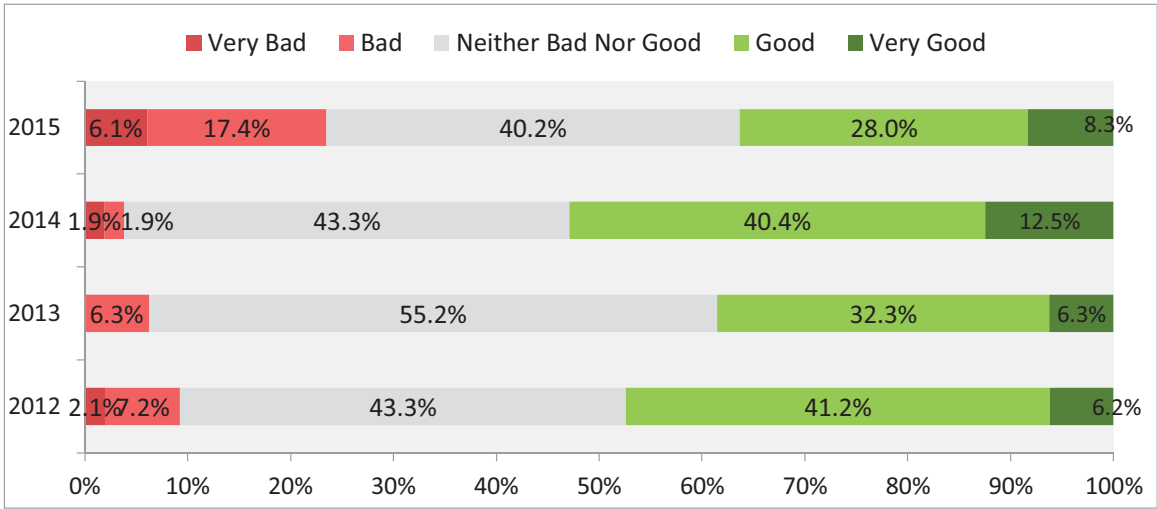
How was the relation of your business with tax authorities for the last year (2015)?



This chart shows the indicator evolution. **Higher results are better.**

4.3.2 Relation with Customs Authorities

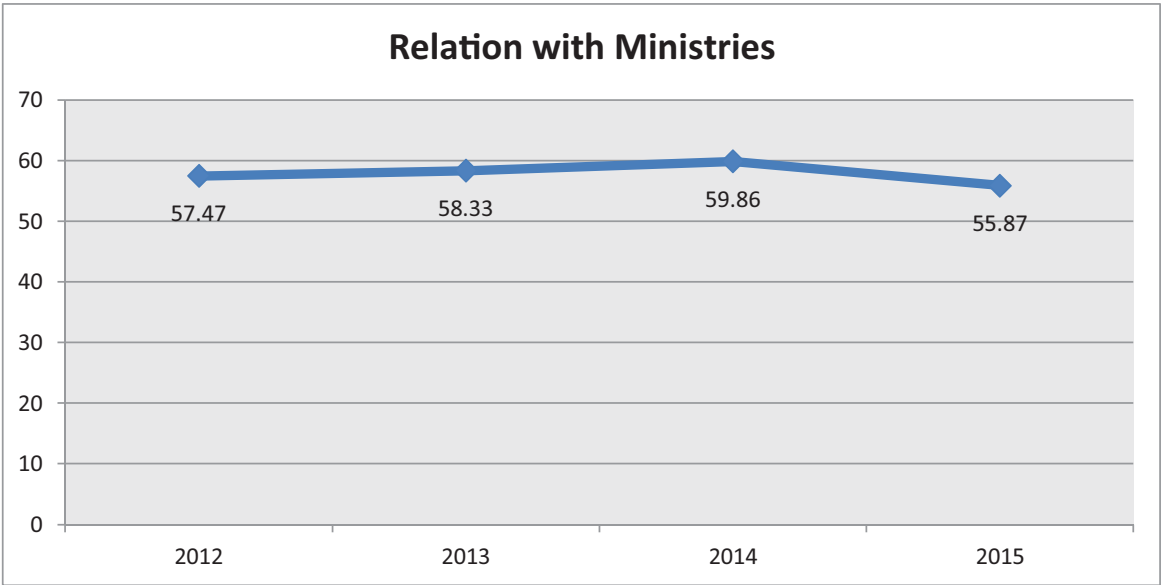
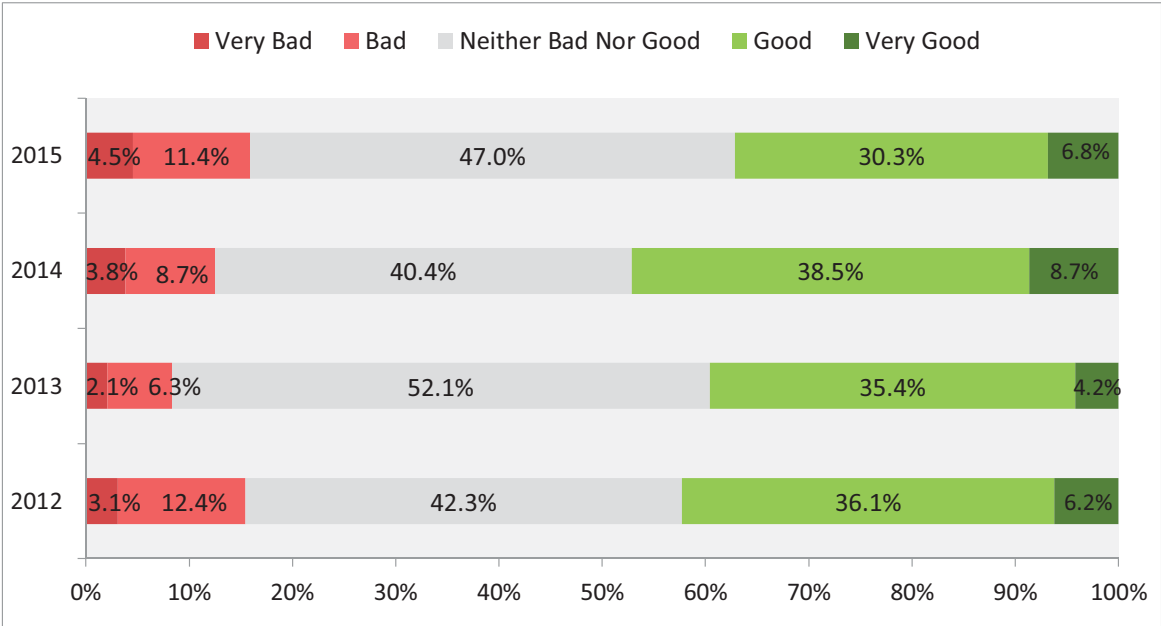
How was the relation of your business with customs authorities for the last year (2015)?



This chart shows the indicator evolution. **Higher results are better.**

4.3.3 Relation with Ministries

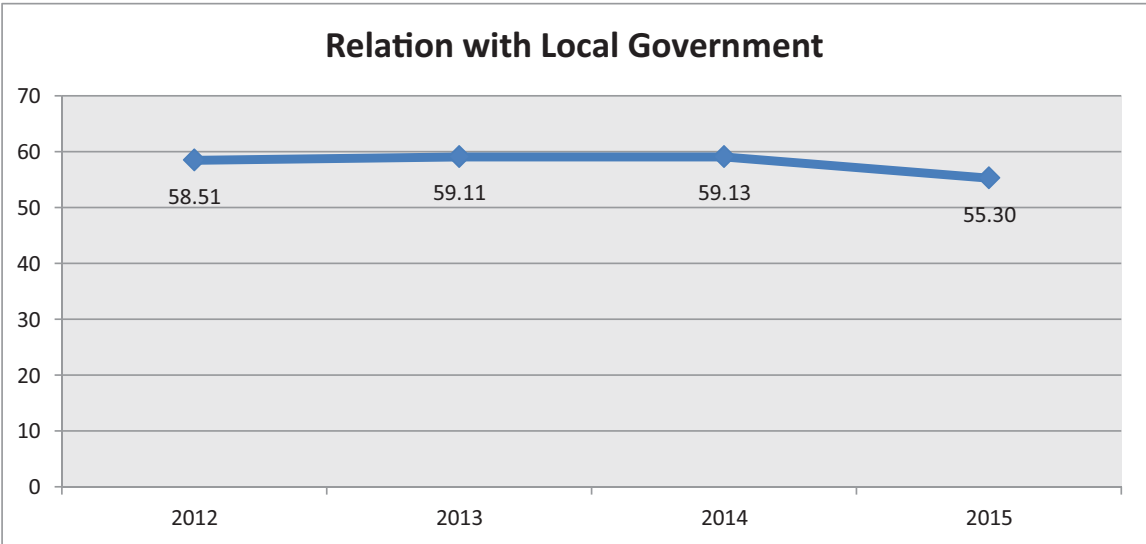
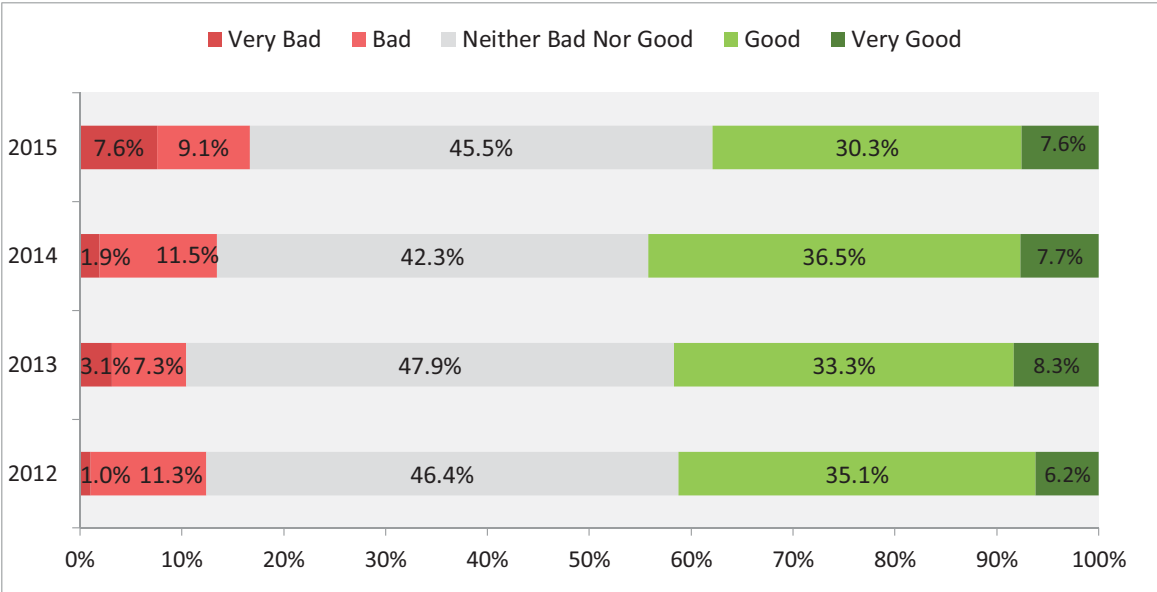
How was the relation of your business with Ministries for the last year (2015)?



This chart shows the indicator evolution. **Higher results are better.**

4.3.4 Relation with Local Government

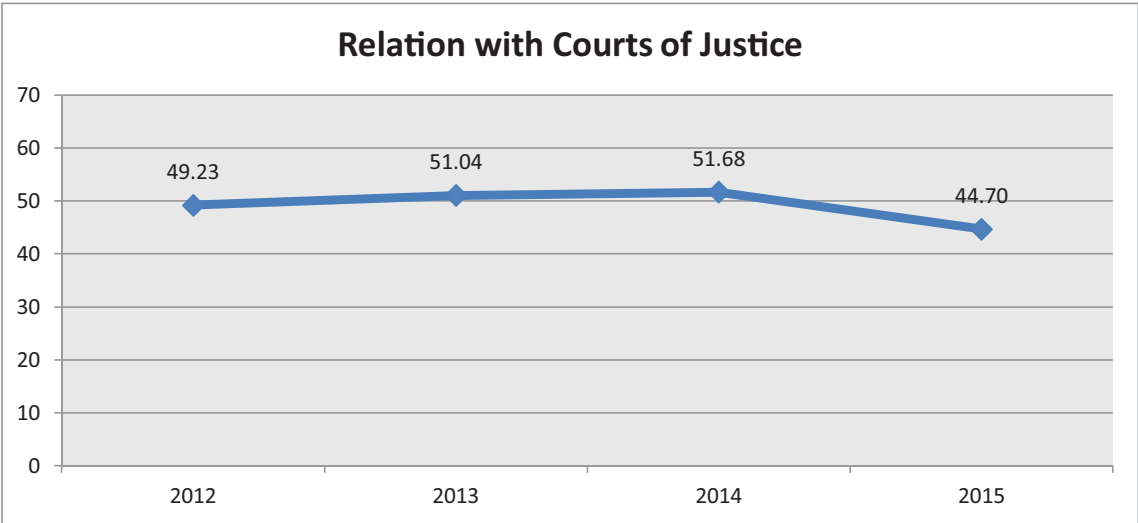
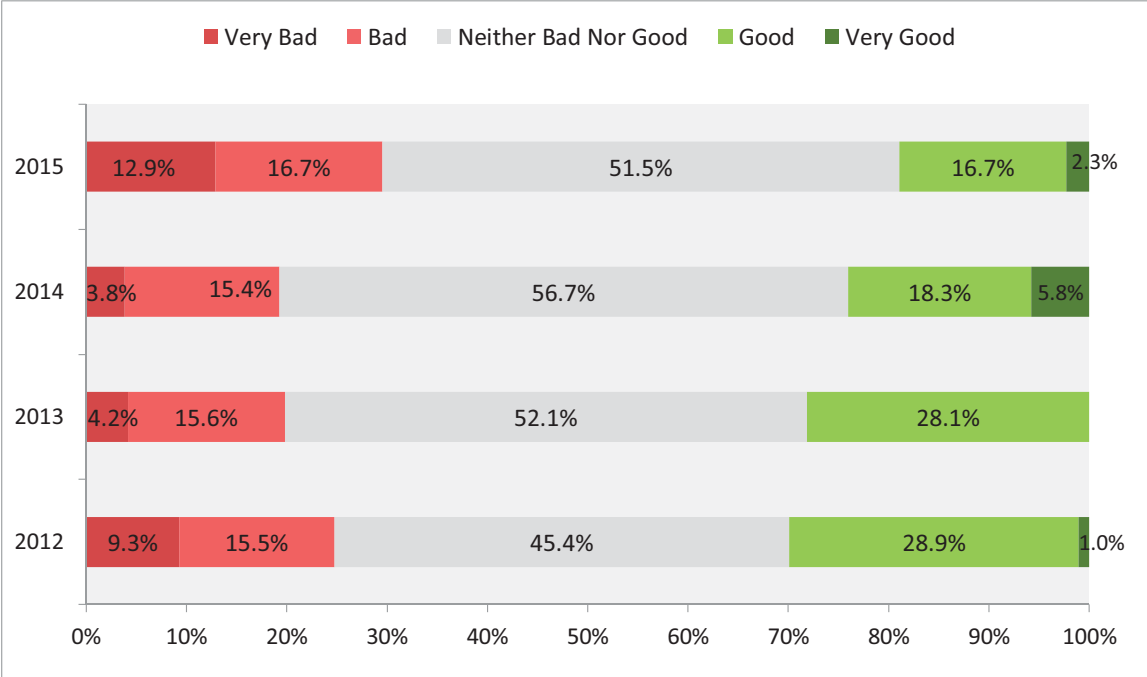
How was the relation of your business with Local Government for the last year (2015)?



This chart shows the indicator evolution. **Higher results are better.**

4.3.5 Relation with Courts of Justice

How was the relation of your business with Courts of Justice for the last year (2015)?

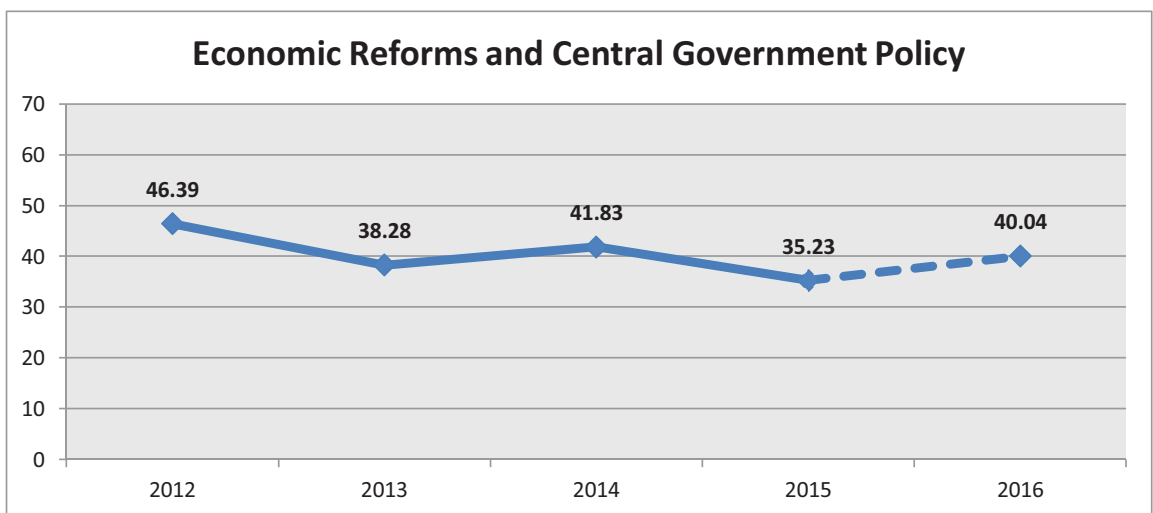
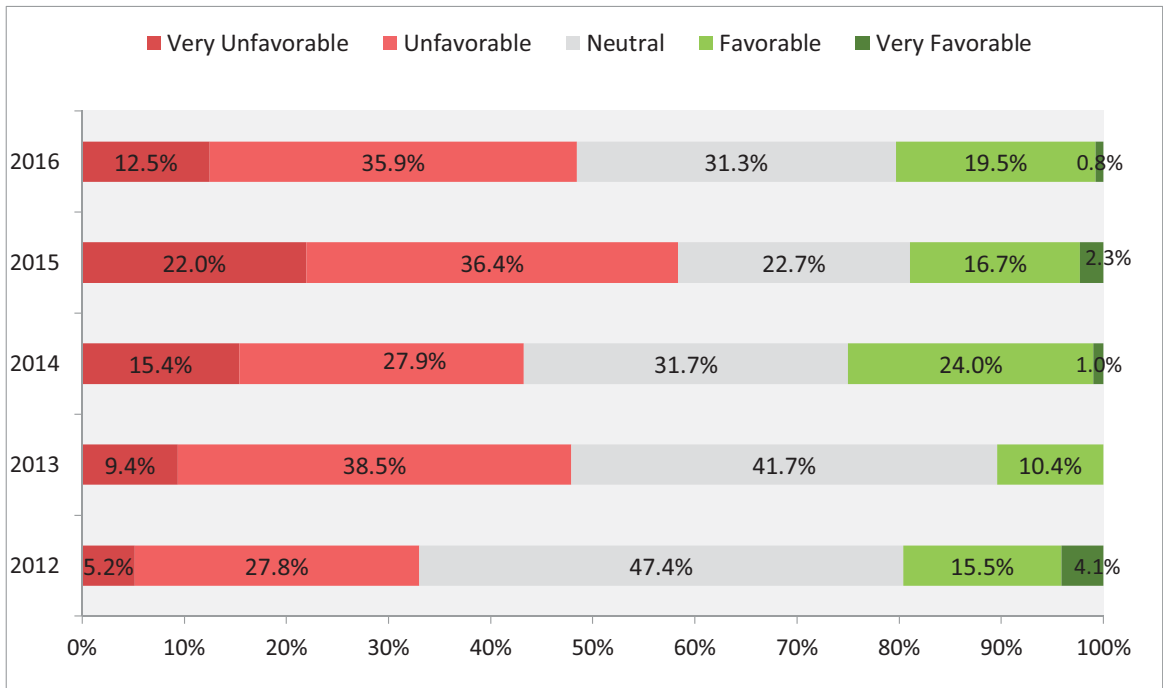


This chart shows the indicator evolution. **Higher results are better.**

4.3.6 Economic Reforms and Central Government Policies

How do you consider the economic reforms and central government policy in the last year (2015) for your business?

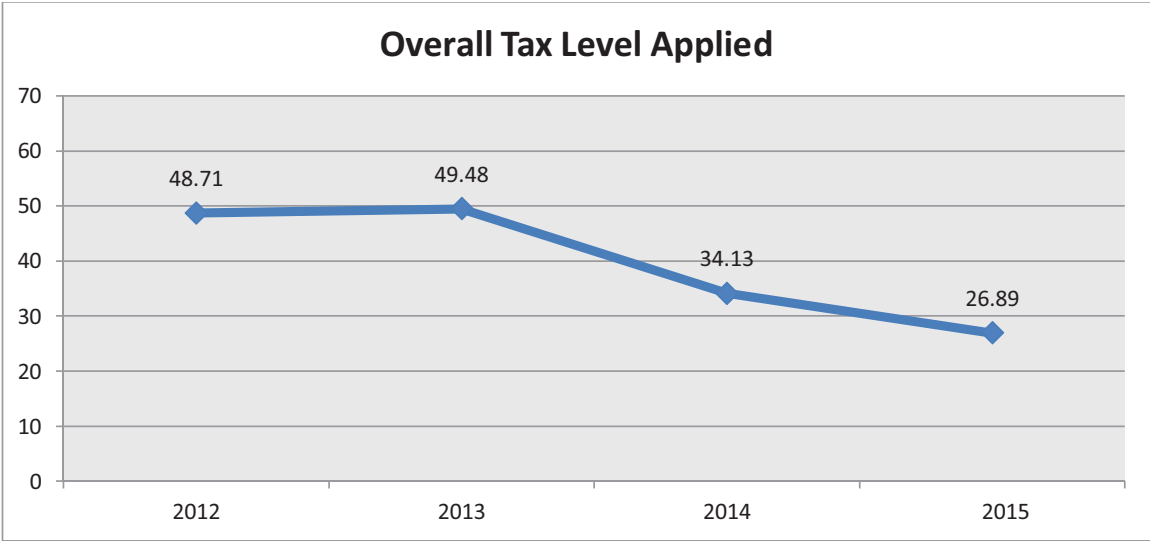
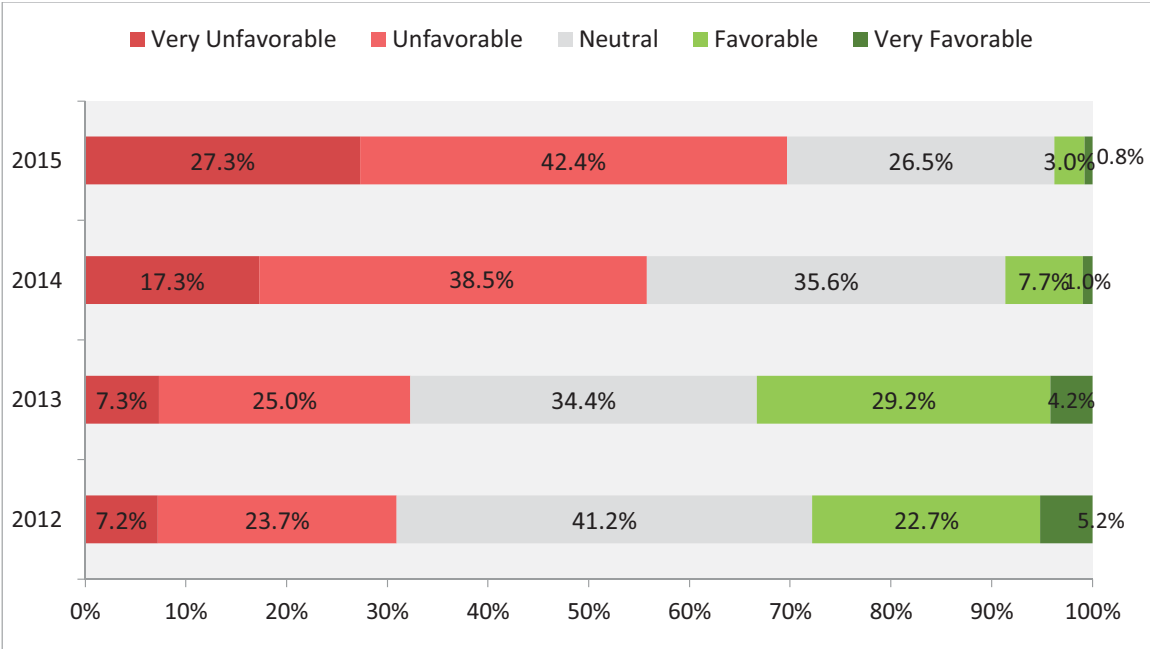
How do you expect the economic reforms and government policy to be in 2016 for your business?



This chart shows the indicator evolution. **Higher results are better.**

4.3.7 Overall Tax Levels Application

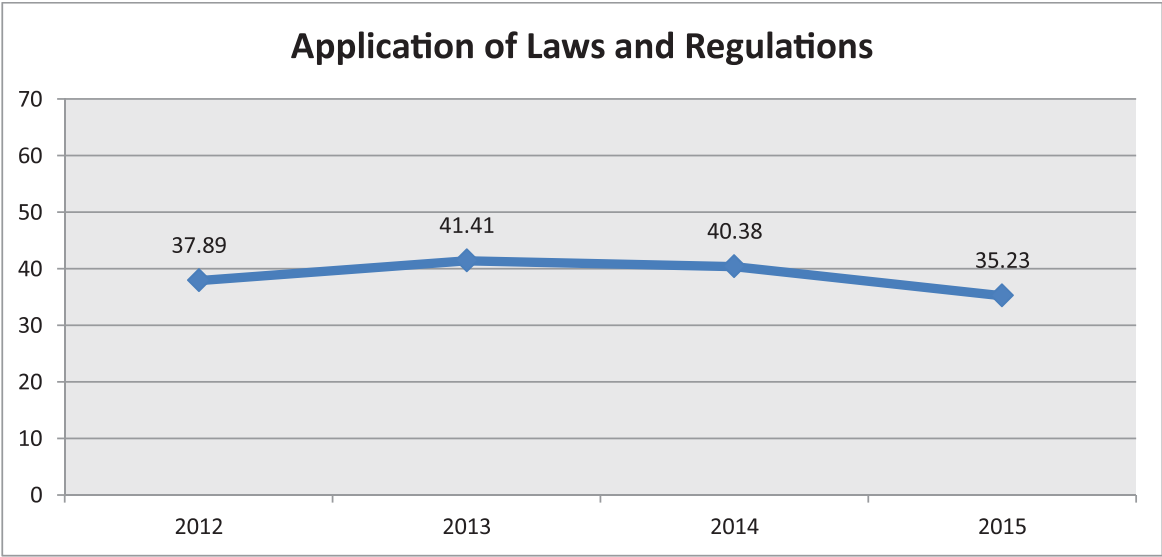
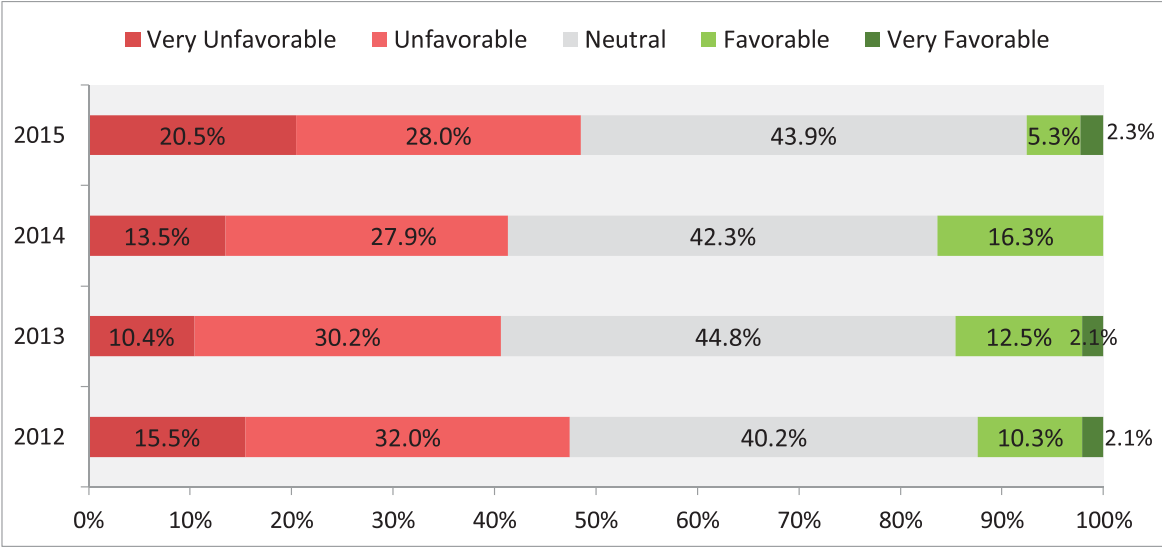
How do you consider the overall tax level applied in the last year (2015) for your business?



This chart shows the indicator evolution. **Higher results are better.**

4.3.8 Application of Laws and Regulations

How do you consider the application of the laws and regulations toward your business in the last year (2015)?



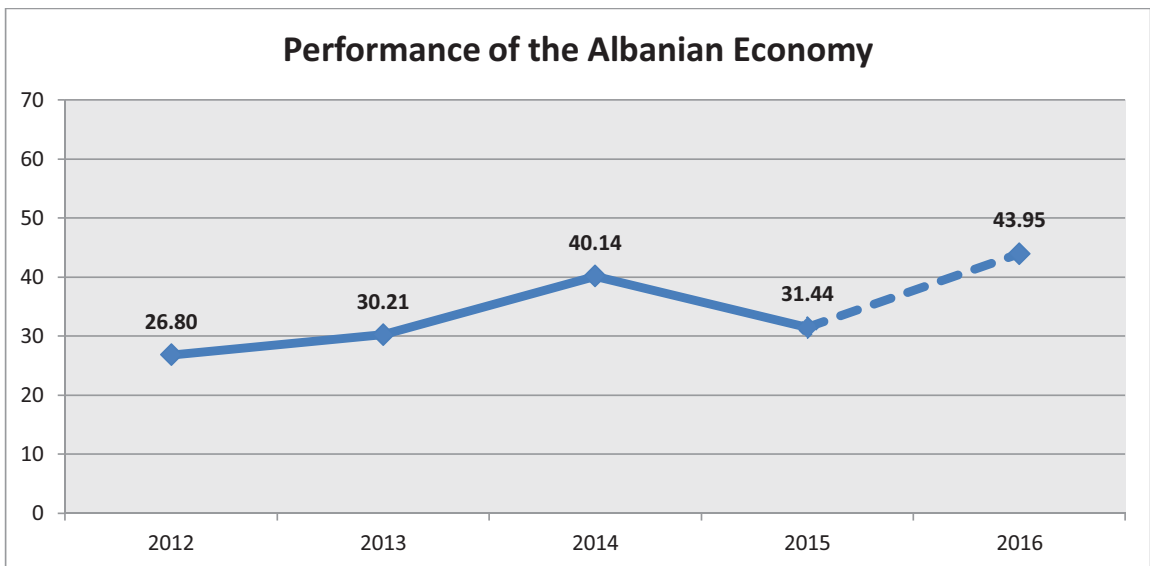
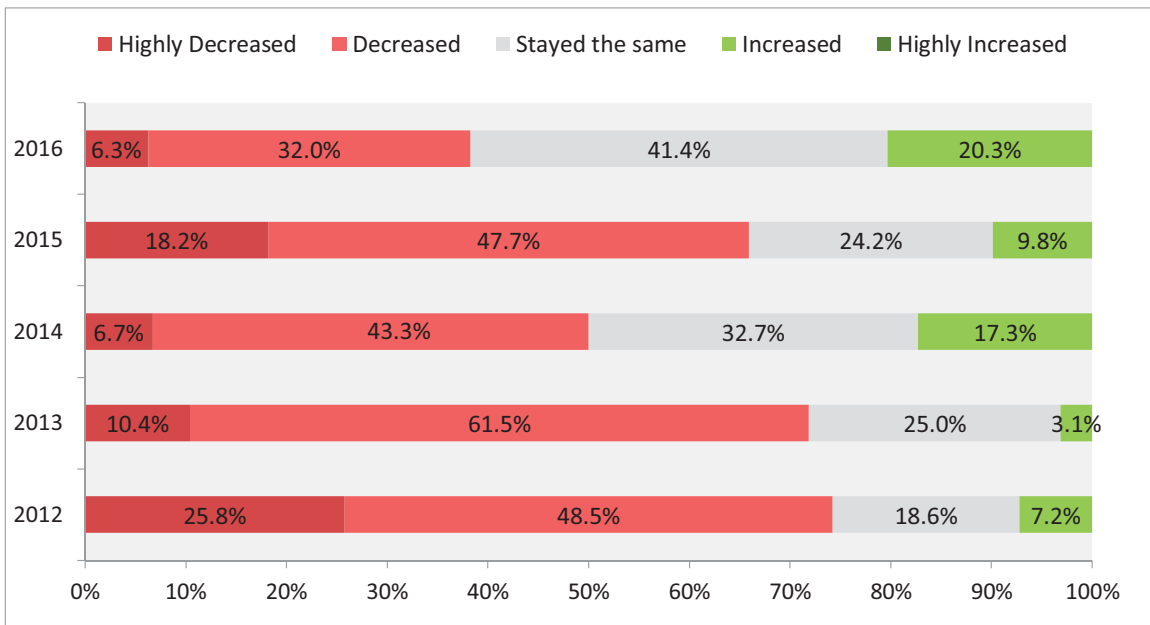
This chart shows the indicator evolution. **Higher results are better**

4.4 PERFORMANCE OF THE ECONOMY

Performance of the Economy:

How do you consider the performance of the Albanian economy during last year (2015)?

How do you expect the performance of the Albanian economy to be in 2016?



This chart shows the indicator evolution. **Higher results are better**

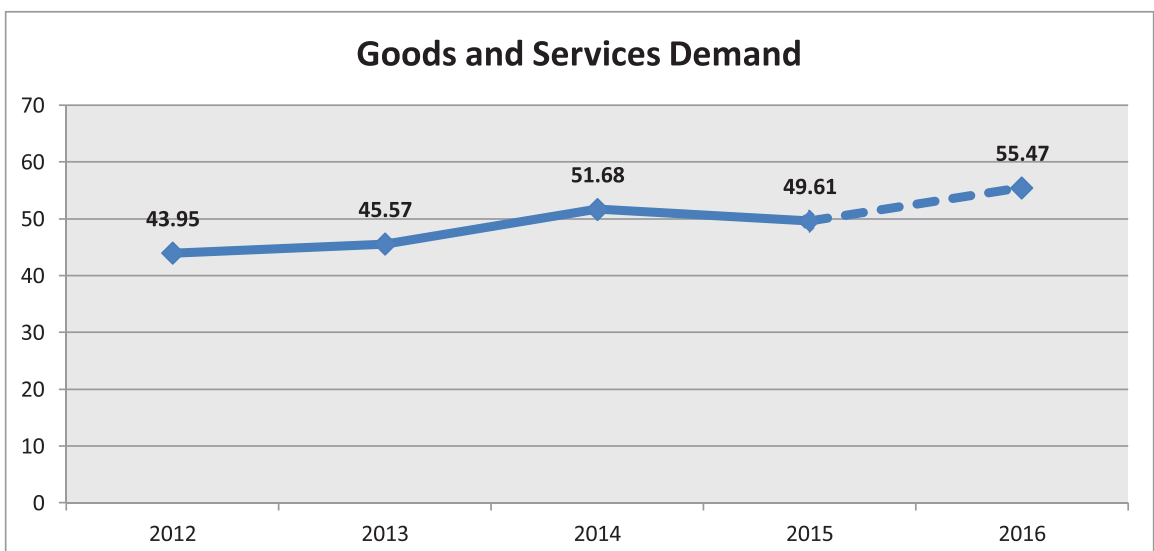
4.5 BUSINESS ACTIVITY

This section presents the performance of AmCham members' business activities during 2015 and their expectations for 2016.

4.5.1 Goods and Services Demand

How has the demand for your firm's goods and services developed during last year (2015)?

How do you expect the demand for your firm's goods and services to change in 2016?

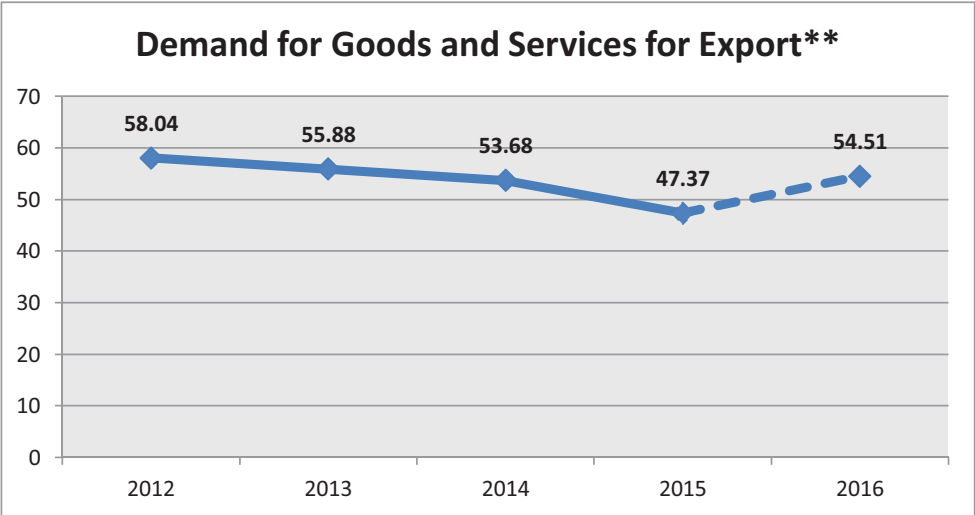
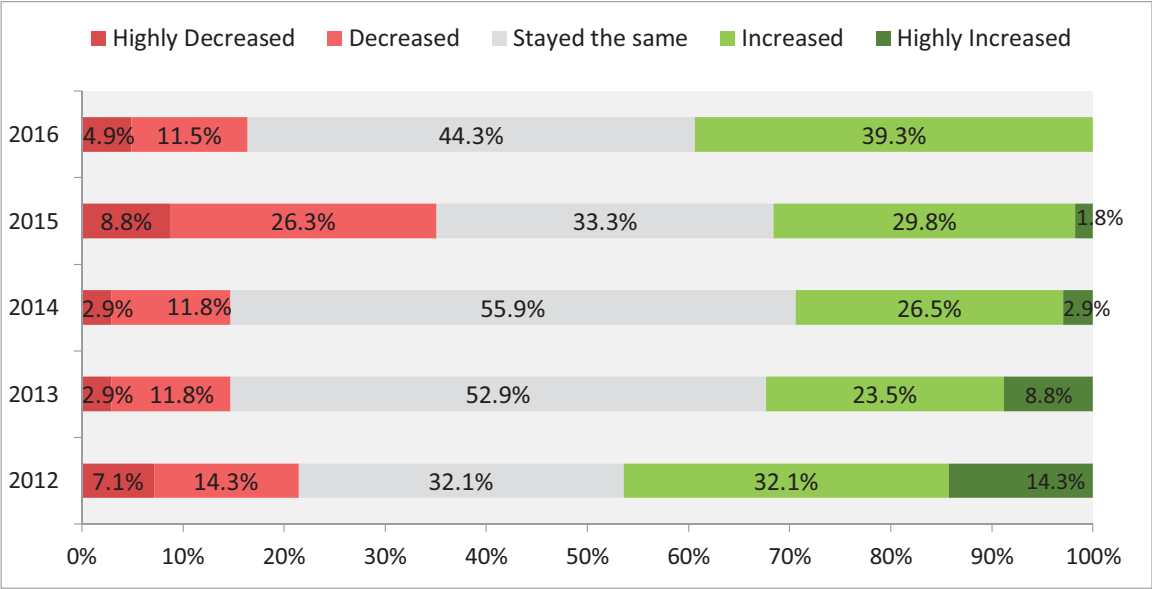


This chart shows the indicator evolution. **Higher results are better.**

4.5.2 Goods and Services Demand – Exports

In case you have export activity, how have your export orders for your goods and services developed in the last year (2015)?

How do you expect the export orders for your goods and services to change in 2016?

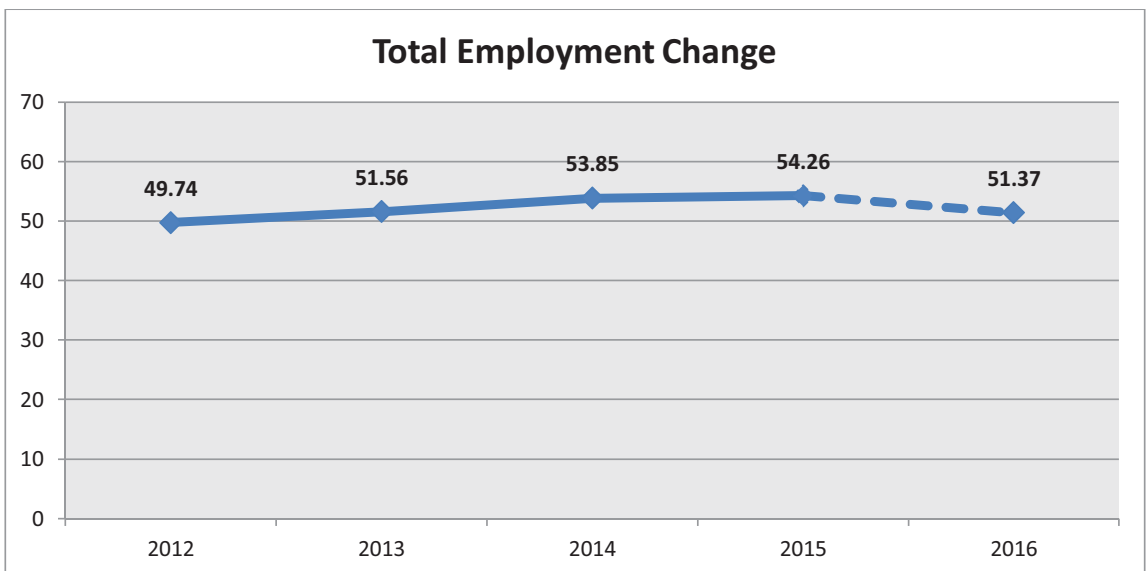
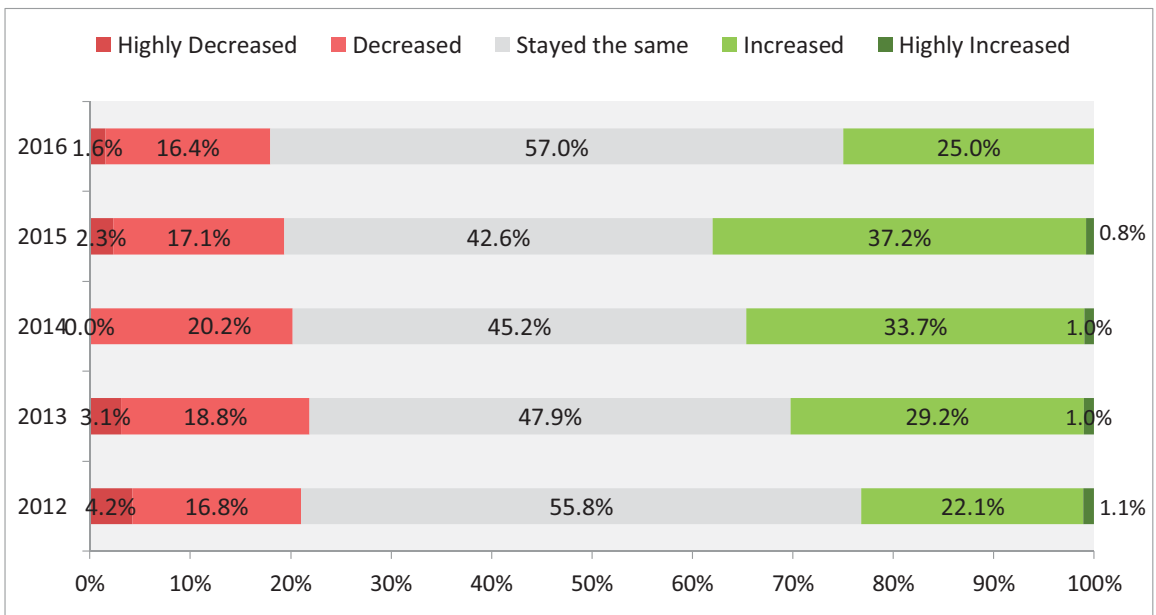


This chart shows the indicator evolution. **Higher results are better.**

4.5.3 Total Employments Changes

How has your firm’s total employment changed last year (2015)?

How do you expect your firm’s total employment to change in 2016?

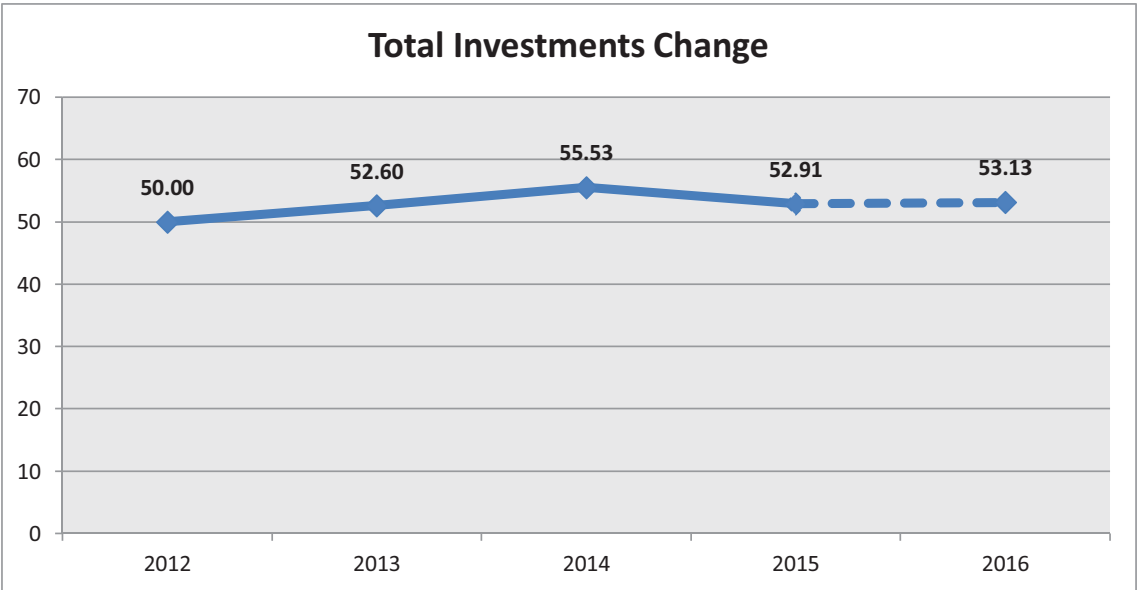


This chart shows the indicator evolution. **Higher results are better.**

4.5.4 Company Investments

How has your company’s investment changed during last year (2015)?

How do you expect your company’s investment to change in 2016?



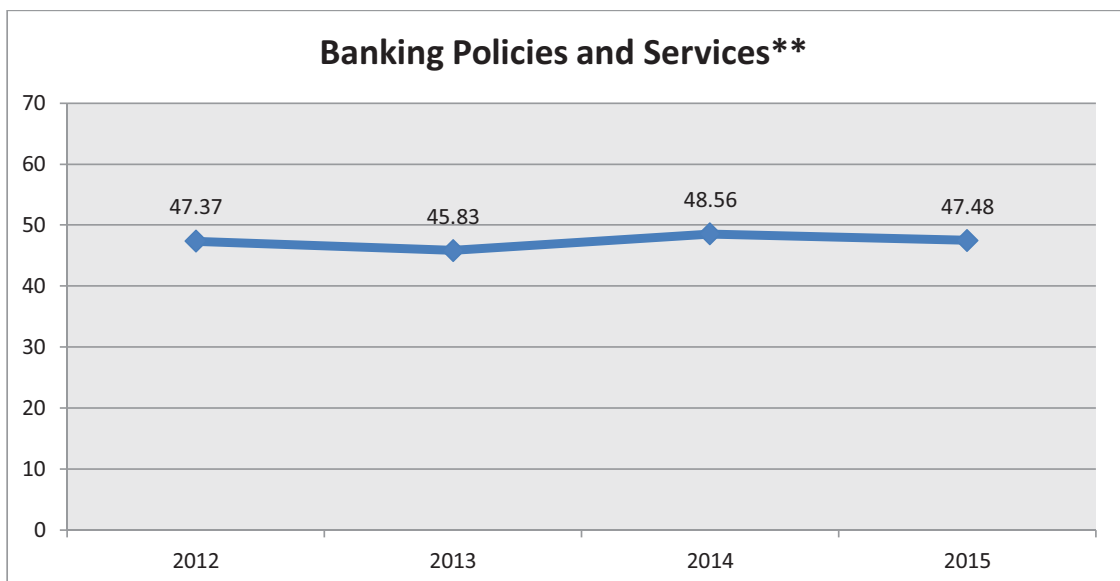
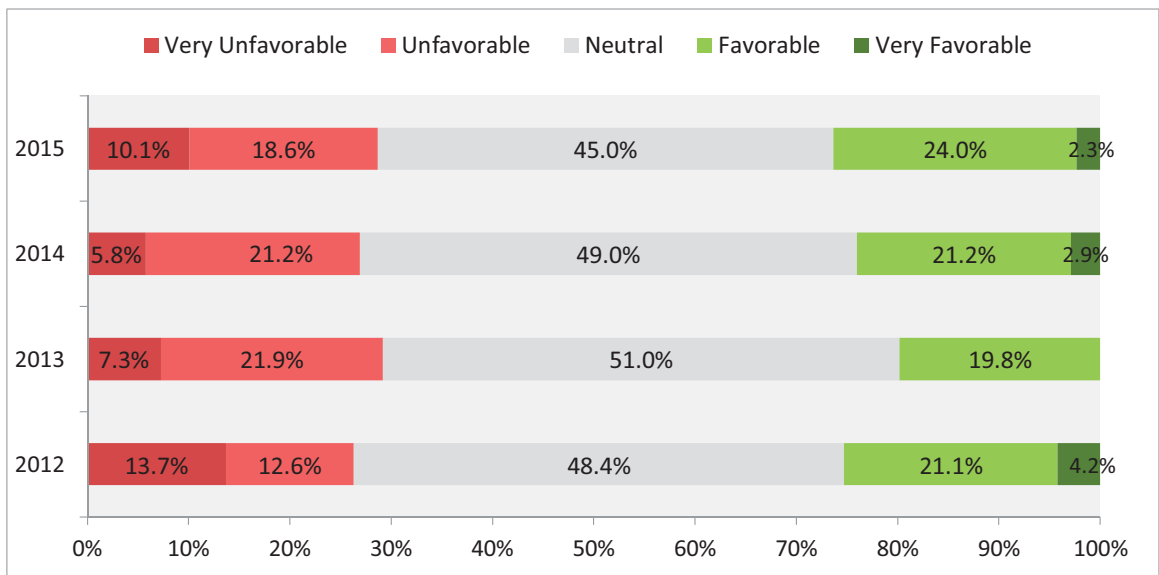
This chart shows the indicator evolution. **Higher results are better**

4.6 FINANCIAL ENVIRONMENT

This section presents the opinion of AmCham members regarding financial environment in Albania in terms of financing business development and the policy and services provided by the banking sector to the companies.

4.6.1 Banking Sector Policy and Services

How do you consider the policy and services that the banking system provided to your business during the last year (2015)?

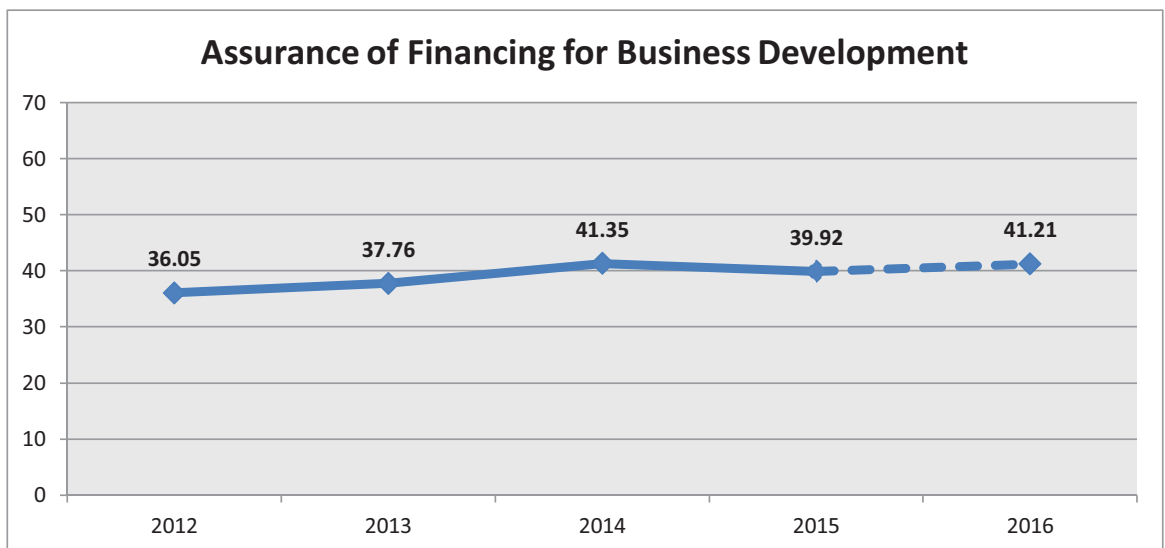
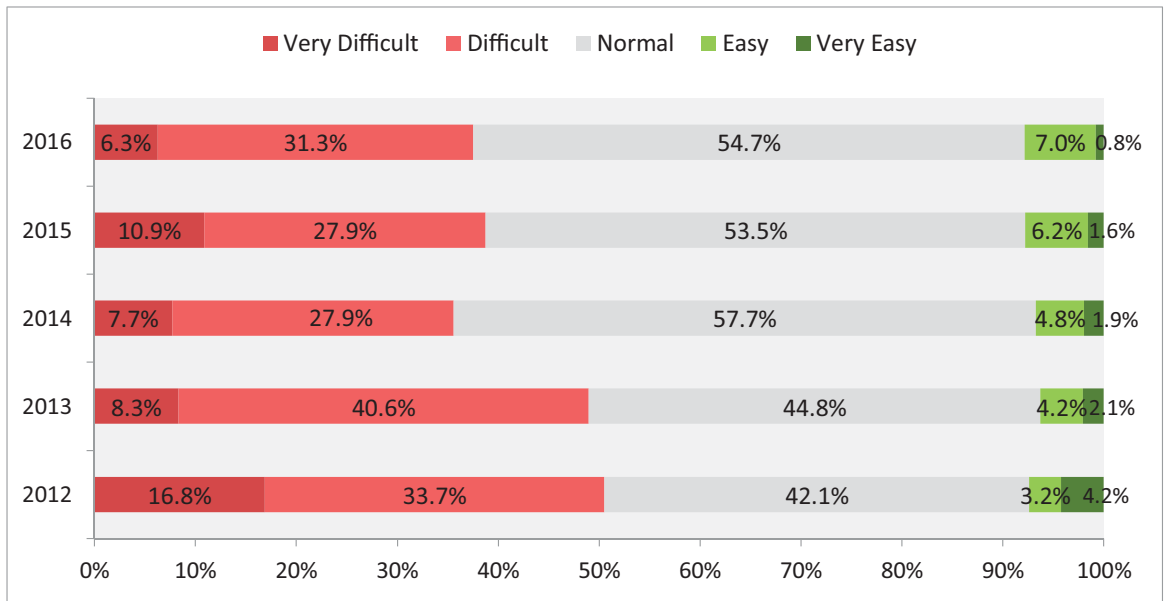


This chart shows the indicator evolution. **Higher results are better**

4.6.2 Financial Funds Assurance

How easy was for your company to assure financing for business development during last year (2015)?

How do you expect finding of financing for business activities to be during 2016?



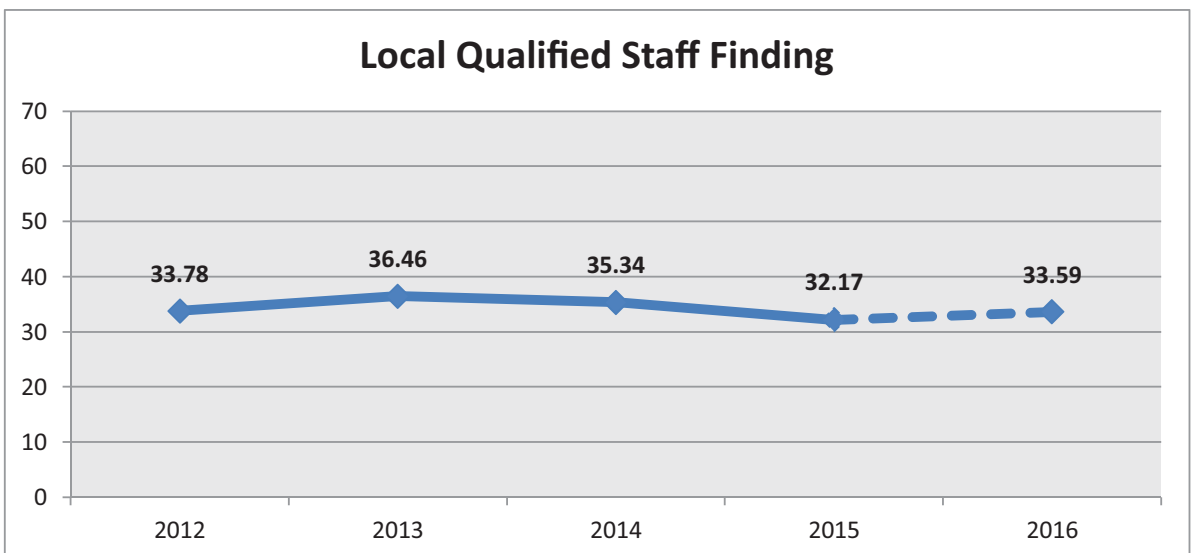
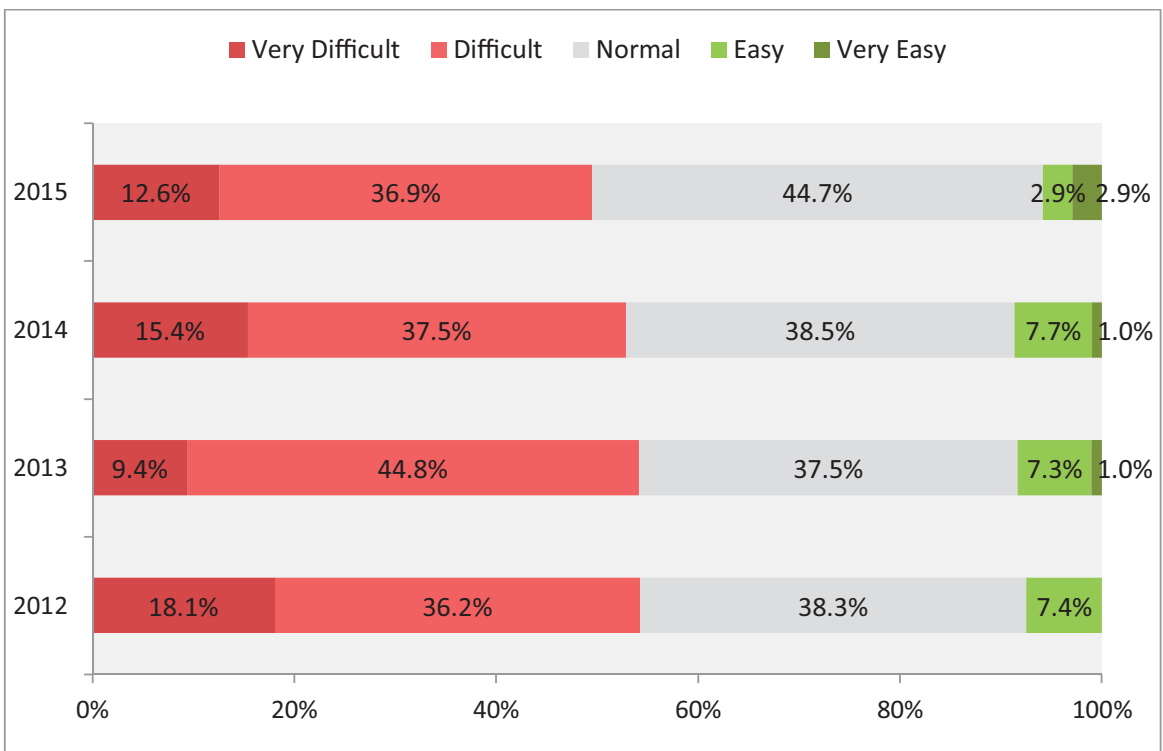
This chart shows the indicator evolution. **Higher results are better**

4.7 HUMAN RESOURCES

4.7.1 Finding Qualified Local Staff

How easy was for your company to find qualified local staff during last year (2015)?

How do you expect finding of qualified local staff to be during 2016?



This chart shows the indicator evolution. **Higher results are better**

5

Respondents' Comments

All the comments made by the participants are presented in this section.

5.1 RECOMMENDATIONS FOR THE GOVERNMENT

Question: In your opinion, what measures should be taken by the Albanian Government in order to improve the business climate in Albania?

Comment 1- Improve legal system improve integrity of tax collection system - incentivize FDIs through special tax regime - invest in new public works for infrastructure modernisation

Comment 2- Clear and simplified procedures, especially in customs. - Increase management level of public institutions. Focus on doing things. - Priority. Legal reform is crucial. It is corrupted and lacks professionalism. As it is it is a threat to the business.

Comment 3- 1. Lower taxes 2. Increase small business turnover limit (from 8,000,000 ALL to 20,000,000 ALL)

Comment 4- 3. Consider business as a partner and not as an enemy 4. Provide faster and more accurate reaction from tax office to business requests. 5. Invest more on Albanian educational system

Comment 5- 1. Not changing the Legislation frequently 2. Taking into consideration all parties interests and point of view 3. Provide clear visibility and information (especially Tax Authorities) to the business environment 4. Revise the Legislation for the Small Business & Entrepreneurs

Comment 6- 1. Stabilize the tax reforms and provide adequate professional tax related information to start-ups and well established businesses in Albania. The inconsistencies in tax reform are driving decision makers to biased information and unforeseen well put business cash flow forecasts. 2. In order for prosperity in exports and imports Albania's status as a "Red Corruption" index level, shall be reduced. All of our partners are global manufacturers and we have had a tough time setting up our accounts due to the high corruption in Albania. 3. Instead of constantly relying on the private sector to set standards, Albanian government must take a really good look at its procedures and improve the public standards. This includes training, improve work conditions and promote unions in order to protect the employees' rights.

Comment 7- Decrease taxes; Carry out a proper legal form; Fight against corruption; Ensure for business legal certainty by authorities such as tax and customs; Secure and promote open and transparent business competition;

Comment 8- Education & Training programs to be implemented for taxpayers before implementing related change. Guarantee funds for strategic sectors (agriculture, agri-tourism, livestock, energy, etc.) should apply from the Government.

Comment 9- Fight corruption Lower taxes Avoid corruptive concessions Better rule of law

Comment 10- Increase investments

Comment 11- Increased transparency in government ministries and continued reform of judicial system. Promotion of foreign direct investment and support for companies who continue to invest in Albania.

Comment 12- Instead of the burdensome and business-not friendly measures adopted by the government to fight informality, which have resulted in a general negative atmosphere for doing business with adverse impact on the economy growth rate, the government should focus on the following: - predictability of tax system: stop introducing new/increasing taxes to fill in the budget deficit - it is temporary and does not seem to work. - attractiveness for FDI: it is not just

the tax rate, but the entire tax administration process in Albania that is not favorable to FDI - let to mention the arbitration cases against Albania which certainly do not contribute to increase our attractiveness for serious businesses. - improve the tax and customs administration: a mindset change is required and that should really come from top to bottom; it is not the tax inspector who determines the targets and forces their achievement no matter what. - stop granting concessions through unrequired proposals, it has become grotesque. Either the government knows what it needs and manages that through regular procurements processes or it does not have the capacities to govern, so simple. Also, a certain legal mechanism should be introduced to clearly favor serious investors, businesses with high standards of integrity, e.g. through granting a considerable bonus to all US/EU (really) based investors participating in public tenders.

Comment 13- Invest in local government thereby improving public services and local economic development.

Comment 14- It is very important to get the business community inputs. Decrease taxes. Create proactive policies Improve the tax inspection process. Invest into increasing the state people capacities.

Comment 15- Legislation should be change to offer financial incentives for the export of professional services outside Albania

Comment 16- Lower taxes

Comment 17- Lower taxes. Improvement of government climate for business

Comment 18- Lower taxes, generates more business and zero informality economy.

Comment 19- Lower taxes, increase of FDI

Comment 20- More awareness and transparency in fiscal measures

Comment 21- Private property. The issues of private property remain unsolved. The properties are with many conflicts. The right of property lead any government policy and business climate.

Comment 22- Reduce local taxes

Comment 23- Rule of law. Informality

Comment 24- Rule of law, informality

Comment 25- Should work more against corruption in high ranks.

Comment 26- Stop increasing or introducing hidden taxes i.e. mandatory membership fees to city chambers, small business administrators forced increase of their minimum salaries, etc.... Start discussing with business community and find win-win ideas for business and government.

Comment 27- Talk to the business community Listen to what they say Be their partner not the punisher

Comment 28- TAX reform. Reduce level of TAX. Reduce number of TAX. Fight corruption. Transparency. Fight informality. Administrative Court regulation (No prepayment at this actual level for court cases against tax authorities). Increase base for tax ground and not increase TAX level (referring to the actual one). All bussiness concils or organization need to be lobbying for Government trasparancy in decision making and involvement of stakeholder on open sesions and discussions.

Comment 29- The laws that were passed this year were good and favorable toward us in theory. The problem is that they are not applied equally. Corruption has to stop. When things tightened regarding fature tatimore, our largest competitor (which is also the largest player in our industry in Albania) was seen delivering in the evenings with unmarked vehicles. We are a

new business who has been reporting everything from the beginning.

Comment 30- They have to resign immediately. They don't know what they are doing and are implementing everything in the wrong way.

Comment 31- Thorough reform of the tax administration - in terms of personnel, systems and tone at the top.

Comment 32- To fight corruption Increase professionalism in Customs and taxation areas To separate public administration from politics - public officials to act professionally Enforcement of Law and Public Order

Comment 33- Fight trade informality in general, cut tobacco in particular - Stop applying reference prices in custom (at least for EU products) - Ensure business predictability by not changing the laws and regulation (case of Excise tax PREpayment/ bank guarantee) - Respect the promise of not having additional Tax controls on companies audited by big 4 - Respect the law on VAT reimbursement - Discontinue the unrealistic request to cover VAT difference for all stock of cigarettes in Albania when RSP is increased

Comment 34 (Translated)- The qualification of Tax & Customs Administration. Cessation of frontal pressure. Exercise of financial control based on performance and not selective. Changing level of dividend from by 15 % to 10 %. Change the level of VAT on service sector industry. Tourism under regional competition.

Comment 35 (Translated)- Fiscal system unchanged for several years- excessive levels of public administration changes- efficiency of working on government agencies- constant monitoring of the law of anti-monopolies.

Comment 36 (Translated)- 1. Create simplified procedures for doing business. 2. Reduce the profits tax for export companies that generate new jobs and bring in foreign currency. 3. Monitor and reduce corruption in governmental institutions that distribute government funds and grants for the agro-processing industry.

Comment 37 (Translated)- 1. Be determined in the fight against informality. For this reason, an indispensable step would be the categorization of businesses. This can be done by eliminating the term "small business" and by doing away with the 5-million-lek limit, which small businesses try not to surpass and, for this reason, refuse supply invoices. All businesses must pay VAT, with the exception of certain categories that should pay a fixed rate. 2. Review the tax procedures legislation to determine punitive measures in proportion to the damage caused to the state.

Comment 38 (Translated)- 1. Lower the profit tax level so that this may lead to an increase in the level of foreign investments in our country, as well as to attract further foreign investments. This, in turn, would lead to a higher level of employment and would make Albania more competitive in the region.

Comment 39 (Translated)- 1. Fight informality. 2. Fight the copying of brands and enable the implementation of branding rights. 3. Fight corruption. 4. Make the property law more specific. 5. Provide assistance for programs and funding for new investments. 6. Get the businesses' opinion on any legal changes.

Comment 40 (Translated)- 1. Stop the importing of used vehicles for trade purposes. 2. Impose the necessary restrictive taxes for the importing of used vehicles for personal use. 3. Prohibit the entry of any used vehicles for personal use below the Euro 6 level. 4. Do not allow the importing of more than 1 vehicle for personal use per year. 5. Impose Euro 6 emission standards for the importing of new vehicles.

Comment 41 (Translated)- Digitalize services so that business representatives may not have to meet with public clerks. This would obviate bureaucracy and corruption. The government

must intervene in the bank system regarding the products offered and the tariffs applied. The Albanian legislation ought to look more like that of the EU. We are lagging far behind in this area. We are still stuck with references and guesswork, which allows government officials to behave arbitrarily toward private businesses.

Comment 42 (Translated)- Measures must be long-term, not medium or short-term. The use of natural resources must be maximized. Laws ought to have a single interpretation, rather than many such. The latter lead to individual interpretations, which does not favor Albanian or foreign companies.

Comment 43 (Translated)- It should formalize the economy.

Comment 44 (Translated)- Implement business accountability in an equitable manner. Lower taxes (VAT) + profit tax are needed.

Comment 45 (Translated)- We appreciate the government's policies and reforms but, without an all-round political consensus, the results will be minimal. We appreciate its efforts in enforcing the law and the equality of all entities, without distinction, before the law.

Comment 46 (Translated)- Timely information, transparency, and equality in punishment, despite the business size.

Comment 47 (Translated)- Fight informality.

Comment 48 (Translated)- This government has become just like the previous one, if not worse. As owners, we have many problems with it. 7 year ago I bought some property in Ksamil (Saranda), for which I also possess the pertinent ownership certificates. The problem is that I cannot visit my property and use it because it has been illegally occupied.

Comment 49 (Translated)- The business climate has worsened. Fear and skepticism regarding continuity have increased substantially. The government must see business as its partner; it ought to support, not fight, it (the private-public partnership does not exist). There must be fair taxation and the profit tax must be reduced (as well as taxation in general). Overall, a system improvement is needed. In the last two years, experience has shown that it's not taxes and fines that grow the GDP, but the system.

Comment 50 (Translated)- The creation of a friendly climate for the businesses, the growth of professionalism, the decrease of administrative procedures, and the coordination between central and local government institutions.

Comment 51 (Translated)- It should relax the tax system and reduce the VAT.

Comment 52 (Translated)- The fight against informality must be all-inclusive, rather than selective. The fiscal authorities must do comparative analyses of companies with similar or identical activities.

Comment 53 (Translated)- Fight corruption. New employment and business possibilities.

Comment 54 (Translated)- The measures that the government must take to improve the business climate in our country should lead to a lowering of taxes for businesses, rather than to their tenfold increase.

Comment 55 (Translated)- 2016 is the right time for Albanian authorities to give heed to their conscience and to stop unlawful appropriation (i.e., to stop stealing). It is demoralizing to see that, while the economy has fallen and keeps falling each year, the government authorities are getting richer and richer. It is clearly visible that the best part of the state budget is invested in corruptive tenders with long-term contracts. Corruption is at the same level as before 2013, if not worse. Stop stealing!

Comment 56 (Translated)- To improve the business climate in our country, the Government

should invite the business sector (associations and chambers of commerce) to every roundtable that discusses business reforms, taxations, assistance, and punishment (i.e., imprisonment). At the end of the day, all falls on the businesses' shoulders. The Government just wants to stay in power; it does not go to prison. The Government goes on state-paid holidays, because it gets really exhausted in Albania. P.S.: Every government in Albania is like that saying: "all pigs have the same face". What can businesses do in Albania? Businesses are treated as subversive, as a disease from the past. Our governments cannot be cured mentally to rid businesses of this label.

Comment 57 (Translated)- Better fiscal policies and finding resources for public investments

Comment 58 (Translated)- Reconsider tax and tariffs policies on a national and local level in order to formalize the economy and to provide further impetus for national and international investments.

Comment 59 (Translated)- Review the taxes.

Comment 60 (Translated)- Review current laws, mainly those related to fines, which are extremely high.

Comment 61 (Translated)- First, the present climate is suffocating businesses. Second, the tax legislation is not in proportion with the administrative offense when it comes to the penal punishment. Third, high fines are exacerbating corruption. Fourth, the desire for investments has gone and is dying out. Fifth, the Albanian society has become a savings, rather than a consumer, society. Sixth, corruption reigns supreme because fines are high. Seventh, smuggling is rife because of high customs taxes, so businesses are forced to smuggle in their products. Finally, food product prices (e.g., cheese, sausages, beer, etc.) here are higher than those in Germany. Also, everything in Albania is going belly up. For example, in terms of healthcare, people want to go abroad. Regarding education, everybody wants to study abroad. As to employment, all want to emigrate. Industries and investments are only getting worse. A final note: the face of Albanian politics—from the Prime Minister to the courts or to the public administration—has made all Albanian businessmen look unreliable compared to three years ago. In other words, if I go to fairs, I have to hire a British consultant so that he may vouch for me as an individual and serve as my guarantee. I do this because, when they ask me where I am from and they realize that I hail from Albania, they only think of corruption and of our courts and stay away from me or ask 100% payment upfront.

Comment 62 (Translated)- First, there's a need for a tax system that is business-friendly. Second, state subsidies for particular business sectors are needed. This would stimulate and increase foreign investments. In these difficult years for our economy, the state should play the main role to not allow a reduction in production and, as a result, the job cuts. Regarding the sale of "Made in Albania" products, firm policies are needed to support the domestic businesses. The unfair competition of imported products is ruining the local products. As I have already mentioned in this survey, establishment of price floors for specific products would automatically eliminate cheating producers from the market. They cause financial difficulties for all those serious enterprises that have strongly invested in the quality of their products. Such an initiative would punish unfair competition and, more importantly, would increase food safety in our country.

Comment 63 (Translated)- We hope that the punitive measures in the fight against formality—which were recently approved by the government—will change. There can be no safe business climate in the midst of a psychological pressure on businesses. Also, we think that the government's latest initiative to exempt small businesses from taxes is unfair. This constitutes discrimination against the big businesses and would impact them negatively.

Comment 64 (Translated)- The state must reconsider its heavy taxation policies.

Comment 65 (Translated)- It should start by creating a differentiating list of businesses by analyzing their reports and activities. 1. It should be “friendly” and not dig with the hope of finding some possible infractions. This would only worsen the stress that companies feel. 2. It should improve and reduce the duration of customs procedures by placing time limits for their completion. 3. It should provide an answer to the requests and needs regarding tax treatment by considering the business sector as a partner, rather than operate on the preconceived notion that “they all are hiding something”.

Comment 66 (Translated)- Invest in infrastructure and public works.

Comment 67 (Translated)- Be more clear and careful with economic policies.

Comment 68 (Translated)- Create a more stable regulative framework for the tax system and avoid frequent changes.

Comment 69 (Translated)- Create a more favorable climate for businesses

Comment 70 (Translated)- Assist businesses by reducing taxes. The current climate is only destroying them. Reduce all local taxes, rather than raise them by 300 %.

Comment 71 (Translated)- Relax the current tax and customs system.

Comment 72 (Translated)- Don’t be oppressive.

Comment 73 (Translated)- Don’t approve laws that only worsen the pressure on businesses and, as a result, exacerbate corruption. It seems that the Government does not understand the situation and climate under which businesses operate. It must find mechanisms and impart positive energy on businesses. The fiscal package and laws must be in accordance with the climate, culture, and mentality under which businesses operate.

Comment 74 (Translated)- The government should intervene urgently into its approach to tax and customs legislation by aligning it to European Union standards. It must not abruptly increase central and local taxes and tariffs. As it is, businesses are faced with unforeseen costs in their Budget Plans. The tax and tariffs level should be similar to that of other countries in the region. Fiscal arrogance toward businesses must stop.

Comment 75 (Translated)- The government must really change its attitude toward the business sector. It should value it as a partner and as a main factor of development, rather than treat it as its own property. It should get rid of the idea that, when the economy does not progress at the right rhythm, the budget may be achieved through fines. Drastic fines should be replaced with penalties that are proportionate to a company’s activities. It should also hold accountable and fine the diverse sectors of the public administration when they do not pay their dues. It should stimulate all medias—even by conditioning their funding—to create the necessary space for providing information on the legislation pertinent to business activities.

Comment 76 (Translated)- Respect the partnership with businesses. Pay attention to the businesses’ voice regarding the quality of state institutions.

Comment 77 (Translated)- Intensify the fight against informality. Reduce taxes, or at least do not increase them. Intensify the fight against corruption.

Comment 78 (Translated)- Alleviate the fiscal burden and prioritize the big consumers when it comes to energy supply. Our case is specific and energy costs do not favor us. We must have more access to the importing of replacement parts. Economy must become more formalized and this high level of corruption must be eliminated.

Comment 79 (Translated)- Reduce taxes, simplify taxation, and lower fuel taxes to ease the burden of expenses for the middle class.

Comment 80 (Translated)- Improve legal system; improve integrity of tax collection system;

incentivize FDIs through special tax regime; invest in new public works for infrastructure modernisation

Comment 81- Clear and simplified procedures, especially in customs. - Increase management level of public institutions. Focus on doing things. - Priority. Legal reform is crucial. It is corrupted and lacks professionalism. As it is it is a threat to the business.

Comment 82- 1. Lower taxes 2. Increase small business turnover limit (from 8,000,000 ALL to 20,000,000 ALL)

Comment 83- 3. Consider business as a partner and not as an enemy 4. Provide faster and more accurate reaction from tax office to business requests. 5. Invest more on Albanian educational system

Comment 84- 1. Not changing the Legislation frequently 2. Taking into consideration all parties interests and point of view 3. Provide clear visibility and information (especially Tax Authorities) to the business environment 4. Revise the Legislation for the Small Business & Entrepreneurs

Comment 85- 1. Stabilize the tax reforms and provide adequate professional tax related information to start-ups and well established businesses in Albania. The inconsistencies in tax reform are driving decision makers to biased information and unforeseen well put business cash flow forecasts. 2. In order for prosperity in exports and imports Albania's status as a "Red Corruption" index level, shall be reduced. All of our partners are global manufacturers and we have had a tough time setting up our accounts due to the high corruption in Albania. 3. Instead of constantly relying on the private sector to set standards, Albanian government must take a really good look at its procedures and improve the public standards. This includes training, improve work conditions and promote unions in order to protect the employees' rights.

Comment 86- Decrease taxes; Carry out a proper legal form; Fight against corruption; Ensure for bussiness legal certainty by authorities such as tax and customs; Secure and promote open and transparent bussiness competition;

Comment 87- Education & Training programs to be implemented for taxpayers before implementing related change. Guarantee funds for strategic sectors (agriculture, agri-tourism, livestock, energy, etc.) should apply from the Government.

Comment 88- Fight corruption Lower taxes Avoid corruptive concessions Better rule of law Increase investments

5.2 COMMENTS TO SPECIFIC QUESTIONS

The below comments are made by respondents for impact of the factors like: Corruption Level, Government Bureaucracy Level, Informal Economy Level, Monopoly and Unfair competition, and relations with government authorities.

Comment 1 (Translated)- The state administration is professionally incompetent and arrogant. Unfair competition occurs especially with public funds.

Comment 2 (Translated)- Informality remains the main issue.

Comment 3 (Translated)- Unfair competition has continued in the areas of tourist services, such as restaurants, bars, and hotels. On the other hand, it has not affected the cable-car transportation because it is unique for our country.

Comment 4 (Translated)- The illegal shutdown of the "Dinamo" market, police blocking the market to stop the businesses' supply and trade, as well as to block consumers. – Changing the

protein level in the imported flour from 12 to 9 %. In reality, the imported flour is up to 7 % per bread loaf. This has suffocated the flour industry and has resulted in bread with flour of up to 7 % in proteins. Wheat for animal consumption is imported without VAT from factories in Kosovo, Montenegro, and Macedonia. It is ground and exported to Albania as flour for bread. The Food Authority is inexistent and only serves the interests of some people in power.

Comment 5 (Translated)- Monopolistic status of SICPA- provider of tax stamps for excisable goods is increasing cost of goods sold. Lack of state control on sales of cut tobacco

Comment 6 (Translated)- A state with very high taxes and very low services

Comment 7 (Translated)- There are no monopolies in this sector but there is unfair competition, which comes mainly from the informal economy.

Comment 8 (Translated)- There are no monopolies in our sector but informal economy is feeding unfair competition.

Comment 9 (Translated)- To get done quickly, one is forced to pay bribes. The only goal of a very high number of partisan employees is to get their state salary. They think that their job is eternal. Out of ignorance, they are not able to provide timely solutions to issues that, in most cases, are caused by their own ignorance or their evil, corruptive schemes. The state views import companies as the greatest evil even though it monitors everything regarding these companies from the entry point. We have constantly complained about the smuggled produce coming from the northern borders, but the state has not shown the ability or desire to stop this phenomenon. This has constituted a huge problem for our company and has caused us losses, especially regarding US products (chicken meat). But retailers since the government says they are tax-free do not want accept vat receipts because they say we are small businesses and the prime minister and the opposition say that we are not going to pay taxes, while us large distributors should go to jail because we are a minority and the informal majority should not because they are the people (votes), in few words

Comment 10 (Translated)- Sophisticated corruption is the worst scourge.

Comment 11 (Translated)- The winner in practically all tenders is predetermined even before they are announced. Winners are always the same companies, known for their political connections. The funds used from such procurements are terribly and abusively high.

Comment 12 (Translated)- The issue of corruption in Albania will persist for as long as unskilled party-people are put in leading, specialist positions.

Comment 13 (Translated)- The sale of luxury products, such as extra-virgin olive oil of a very high quality, is heavily penalized in the market by the lack of price floors according to the nature of products. Extra virgin olive oil cannot be sold lower than the price of 750 AL/liter. This is conditioned by the amount of olives needed to produce 1 liter of extra virgin olive oil. The olive price in the last three years has been 120-130 AL/kg. One liter of extra-virgin olive oil requires minimally 5 kg of olives, plus packaging, the work force, etc. How is it possible that in the Albanian market it's a normal occurrence to find olive oil, with the "extra-virgin" label, at a price of 490 AL/liter???

Comment 14 (Translated)- Most tenders for public funds in the ICT sector are fixed.

Comment 15 (Translated)- The mortgaging of legalized assets is a real scandal. The abuse with the construction permits and with the construction process gets worse because of the heavy pressure of bribes, etc. The law on fines and taxes imposed on businesses is absurd.

Comment 16-This is the second year our company gets robbed. Never before had our van been stolen, along with its load. The state never gave us any answer. In fact, to unregister our

delivery van, we had to enlist the help of friends in “high places”. The domestic political climate is extremely bad for business. It is miserable, conflict-ridden, and incriminated. It’s in the hands of “machos”, criminals, thieves and knaves and their activities.

5.3 GENERAL OVERALL COMMENTS

The following comments are general comments made by participators at the end of the survey.

Question: Do you have any additional comment?

Comment 1 (Translated)- It is necessary to revise the entire legal framework related to taxes and, especially, to the inspectorates of work, food safety, environment, etc. The existing laws have given these inspectorates exaggerated rights, which they use as an excuse to apply continuous pressure on businesses. Faced with the threat of extremely hefty fines, businesses propose corruptive compromises, which are highly desired by inspectors.

Comment 2 (Translated)- In my opinion, the way that changes to the legislation (approved in November 2015) are being implemented leaves much to be desired. Informality, especially on the part of the domestic producers and of the small businesses, has increased substantially. This has forced us to face unfair competition. Thank you!

Comment 3 (Translated)- AmCham should more actively protect the interests of its member businesses, whether they are American or Albanian.

Comment 4 (Translated)- For foreign investments to increase, the business climate must be improved, as well as the conditions for doing business. The question “Why invest in Albania?” should receive an answer before we attract foreign investors.

Comment 5 (Translated)- What is needed is less words, more work. Corruption is corroding our country.

Comment 6 (Translated)- It is indispensable to make way for free competition in tenders, concessions, etc. Its aim would be to enable all Albanian and foreign businesses to participate in Albania’s economy through a competition that is truly free. All direct procurements, without tender, and from predetermined companies, must stop. Monopolies must be done away with. The business community should be consulted before any decision on tax changes. The businesses’ suggestions and needs must be taken seriously into account. The stance toward businesses must change. They should be treated with due respect as very important contributors to our country’s economic development.

Comment 7 (Translated)- Fighting corruption in all state institutions, at every level and department, would heal all sectors in this country.

Comment 8 (Translated)- Even though the state’s role in economy may seem limited, many possibilities exist for impacting development. Examples would be a clearer public-private partnership, the certification of private ownership, the stimulation of business investments, and the revitalization of bank loans.

Comment 9 (Translated)- In the long term, we are very hopeful about the justice reform.

Comment 10 (Translated)- I wish to comment on how the procurement procedures are implemented. The lowest bid wins???? What about the standards? If a bidder wins but does not fulfill the required standards, should the procedure be repeated???? Is this not a waste of time? Is it possible to analyze an offer simply by providing a price without knowing what kind of product is offered behind that price???? I would really love to get some answers for these questions.

Comment 11 (Translated)- I don't think that we can achieve our objectives through short-term operations. The business sector must be made aware of the obligations that arise from doing business by being provided with timelines.

Comment 12 (Translated)- Politics and businesses display the same level of corruption.

Comment 13 (Translated)- Hope!

Comment 14 (Translated)- We hope for the improvement of this economic situation.

Comment 15 (Translated)- I would like you to present my comments to the AmCham Board in its next meeting.

Comment 16 (Translated)- Businesses are doing very little to oppose the state. It seems as if all have agreed on inaction. It is necessary to hold the state accountable to the taxpayers, rather than vice-versa.

Comment 17 (Translated)- As representative of women entrepreneurs, I think that the Government should view this well-organized group as a national, socio-economic asset. It should support us, not simply through invitations and participation, but also through dedicated programs, by enabling us to receive grants and loans, and by compiling a special budget for this group for 2016 and beyond.

Comment 18 (Translated)- Intensify meetings with the US Embassy to apply pressure on the Government regarding the implementation of the justice reform.

Comment 19 (Translated)- As company administrator, I declare that I have no unpaid obligations to the state, the tax authorities, the customs office, or the power supply company. I have no unpaid dues regarding social or health insurances, no unpaid police fines whatsoever, and no unpaid obligations to third parties outside the bank sector. I have a good and proper relationship with the Albanian bank system. This form was signed by me truthfully, without any denigrating motives, and at no benefit of mine personally or of the company that I manage.

Comment 20 (Translated)- The public structures' bureaucracy continues. To get VAT books, one must waste 4 work hours, etc.

Comment 21- I read an article recently written about the milk industry in developing countries. The article said that when developing countries adopt EU or American style laws to the milk industry, it actually slows the rate of change for the industry and encourages informality to continue. We have seen this concept to be 100% true in our business and in Albania.

Comment 22- My company's business is yet regulated but the new law recently approved and the completion of the secondary legislation within May 2016, the market will undergo further liberalization.

Comment 23- Please do not manipulate the results.

Comment 24- Thank you

Comment 25- Thank you

Comment 26- The constant political bickering undermines efforts to improve the business climate.

Comment 27- We are motivated as young leaders to push the momentum of these radical changes and continue to see this beautiful country prosper. There is a high motivated and well educated workforce in Albania with a median less than 30 years of age who is looking forward to embrace the change. The government should support the new upcoming movement and start with a clean motivated bunch.

6

ANNEX I: Index Calculation Methodology

6.1 QUESTIONS INCLUDED IN THE INDEX

AmCham Albania Business Index Table	
	Questions Weights 100%
Overall Business Climate	25%
How was the business climate in Albania for the last year?	25%
Business Climate Factors	25%
Please rate the level of the following factors for the last year in relation to your business activity?	
Corruption level	2.5%
Government bureaucracy	2.5%
Informal economy level	2.5%
Monopoly and unfair competition	2.5%
Please rate the level of the following factors for the last year in relation to your business activity?	
Order and safety	2.5%
Internal political climate	2.5%
Infrastructure	2.5%
Energy supply	2.5%
Private Property	2.5%
Intellectual Property	2.5%
Government Policy	20%
How was the relation of your business with the following public institutions for the last year?	
Relation with tax authorities	1%
Relation with customs authorities	1%
Relation with ministries	1%
Relation with local government	1%
Relation with courts of justice	1%
How do you consider the economic reforms and central government policy in the last year for your business?	4%
How do you consider the overall tax level applied in the last year for your business?	5%
How do you consider the application of the laws and regulations toward your business in the last year?	6%
Performance of the Economy	5%
How do you consider the performance of the Albanian economy during last year?	5%
Business Activity	15%
How has the demand for your firm's goods and services developed during the last year?	6%
How has your firm's total employment changed last year?	6%
How has your company investment changed during last year?	3%
Financial Environment	5%
How easy was for your company to assure financing for business development during last year?	5%
Human Resources	5%
How easy was for your company to find local qualified staff during last year?	5%

These questions have five possible answers starting from negative (with 0 score) to very positive opinion (with 100 score).

For example, the question “How was the business climate in Albania for the last year (2015)?”
The scoring per each choice is:

Very Unfavorable	0
Unfavorable	25
Neutral	50
Favorable	75
Very Favorable	100

Each question used for the calculation of the index has a weight which is based on its relative significance on the overall business environment in Albania. For example, the question “How do you consider the performance of the Albanian Economy last year?” has weight of 5% of the total index.

The sum of all weighted results is the result of AmCham Business Index.

6.2 CALCULATION FORMULA

First is calculated the average score of each question included in the index calculation using the below formula:

$$\bar{q} = \sum_{i=1}^n x_i/n$$

Where: \bar{q} is the average score of the question

x_i is the score of each answer given to the question

$\sum X$ is the sum of scores given to the question

n is the number of respondents that answered to the question

Then, the AmCham Business Index is calculated as the weighted average of the scores of the questions, using the below formula:

$$ABI = \sum_{i=1}^n (\bar{q}_i \times w_i)$$

Where: **ABI** is the AmCham Business Index

\bar{q}_i is the average score of each question calculated previously

w_i is the weight allocated to each question

n is the number of questions included in the index calculation

AMCHAM BOARD OF DIRECTORS



President
Mark C. CRAWFORD
Aksioner International
Securities Brokerage



Vice-President
Genti DACI
ABCom



Secretary
Genci LIKOSKENDAJ
CCS Computer & Copier Systems



Treasurer
Alketa URUÇI
Boga & Associates



Board Member
Adrian SHEHU
T.C.N



Board Member
Avni PONARI
SIGAL Uniqa Group Austria



Board Member
Elton ÇOLLAKU
Financial Union
Tirana-Western Union



Board Member
Loreta PEÇI
PricewaterhouseCoopers
Audit



Board Member
Adam EHRLICH
University of New York Tirana



Board Member
Artan BOZO
Bozo & Associates



Board Member
Roman KHRUSHCH
Philip Morris Albania



Executive Director
Lorenc GJONI
AmCham Albania

AMCHAM MEMBERS

A & A Group	AVON Cosmetics Albania	Donianna
A & B Business Consulting	B & A - 02	Easypay
A Bi Esse	B & B Food Service	Eco Mat
A.E. Distribution	Bakery Adriatica	EcoUCD USA Albania
A.M.G	Balfin-Balkan Finance	EGNATIA Group
ABC Health Foundation	Investment Group	EHW
ABCom	Bankers Petroleum Albania	Elledi
Adamb	Ltd.	Embassy of the United States
Adi Company	Bar-Gallery-Art Cubi	Enrico-Marinelli
Adriatic Ventures-Adi	Bar-Restorant Shqiponja	Era 2000
Agrotal 1	Bayer D.O.O. Tirana	Erbiron
AIM Advisory	Representative Office	Ermira Lulaj
Ak-Invest	Bërdica	Ernst & Young Albania
Aksioner International	Bereqet	Europetrol Durrës Albania
Securities Brokerage	Best Alb Group	Everest IE
Alba Skela Construction	Beta	Eyes Advertising
Albael	BGP Products Switzerland	Facilization
Albanian - American	GmbH (Mylan)	FAFA
Enterprise Fund	Bilanc	Farmatech
Albanian Duty Free	Bindi	Fatmir Kazazi
Distribution	Birra Korça	Fedos
Albanian International	Boga & Associates	Filipi Company
School	Bozgo	Financial Union Tirana -
Albanian-American	Bozo & Associates	Western Union
Development Foundation	Brema Ambiente	First
AlbAtlas	British American Tobacco	Florifarma
Albeno Sila	Albania	Food Bank Albania
AlbGarden	Bukuria Shqiptare Beli	Foundation
Albpastrim	CCS	Fufarma
Alb-Star Ltd.	Century 21 Albania	Fusha
Albtours D - VAS tour	Co Casa	Fushë Kruja Cement Factory
operatore	Coca-Cola Bottling Shqipëria	G&H Partners
Ales Construction	Coffee Club Albania	GAEA-Green Alternative
Alkan/Sh	Communication Progress	Energy
Alpha Bank	D&A Fin Partner	GDQ International Christian
Alufloor Construction Group	Dajti Construxion	School
Alumil - Albania	Dajti Ekspres	Gender Alliance Development
Ambra	DDB Albania	Center
American Bank of	Deloitte Albania	Gener 2
Investments	Deutsche Lufthansa Albania	Grant Thornton
American Hospital	Branch	GSA
American Noble Coffee	Devoll Hydropower Sh.A	Harry T. Fultz Foundation
American Training Center	subsidiary of Statkraft AS	HGH Engineering
Amined	DHL International Albania	Hoffmann - La Roche
ANDE-LM Agency	Ltd.	Hygeia Hospital Tirana
Antea Cement	Dimapak	ICTS Albania
Antoneta Gjeçi	Dinamo	IDRA
Artinel	DM Consulting Services	InfoSoft Systems
Auto Star Albania	Albania	Instituti Jeta e Re
Avanntive Consulting	Dompe Albania	Intech +

International Commercial Bank	Playground Albania	Tona Co
Intersig Vienna Insurance Group	Porsche Albania	Tonucci & Partners Albania
Intesa Sanpaolo Bank	Prespa 2000	Tours Albania & Balkans
Iris	PricewaterhouseCoopers Audit	Transatlantic Albania Ltd.
Jera Construction	Printec Albania (Cyprus) Limited	Trema Engineering 2
Jordil	Procredit Bank	TriMed
JT Internacional Tirana	Rametal	Turgut Ozal
Junior Achievement of Albania	Regional Development Agency, Korça	TUV Austria Albania
Jupiter Group	Rejsi Farma	Ulysses Enterprises
Kalo & Associates	Relikaj Ltd.	United Bank of Albania
Kantina e Pijeve Gj. K. Skënderbeu	Renova	United Transport-UPS
KDF	S & T Albania	University of New York Tirana
KESH	S.T.A	Valu Add Management Services
Kika	S2 Global Inc.	Vasil Shandro
Konsort	Saimir Ivziku	Veneto Banka
Korsel	Salltik	Vera Qerrushi
KPMG Albania	SHAFP Sigal Life Uniqa Group Austria	Vodafone Albania
Ksamili Investment	Sheraton Tirana Hotel	Western Atlas International Inc.
Kuel	Shoqata Kombëtare e Grave Profesioniste, Afariste dhe Zejtare	Wine.Al
Laura Pustina	SIGAL Uniqa Group Austria	Woodrow Wilson School
Lincoln Centers of Albania	Sigma InterAlbanian Vienna Insurance Group	World Vision Albania
Llambi Karbunara	Simmons Edeco Limited, Branch in Albania	Xhovani-4
Loloçi & Associates	Small Business Association, Korçë	Zaka & Kosta Attorneys at Law
Mara Garden City Hotel & Residences	Starnet	Zhan 92
Marketing & Distribution, Albania	Stefani & Co	ZICO
Marlotex	Studio Mallkuçi & Sadushaj	
McCANN Tirana	TA Law Firm	
Melgushi	Taçi Oil International	
Mermer Balliu	Tafaj Z	
Microsoft Albania	Tashko Pustina - Attorneys	
Miell-Tirana	TCN	
Mifol Inerte	Tech360	
MRDC	Teknoxgroup Shqipëri	
Muça	Telekom Albania	
NCH Advisors Inc.	Tendence 3A	
Net-SFS	Tetra Tech ARD	
NOA	Teuta Durrës	
Nov Hotel	Tirana Bank	
Optika Roma	Tirana Business Park	
Optima Legal & Financial	Tirana International Airport	
P.V.N. Colosseo	Tirex Exploration	
Pelinku Jeans	Tobacco Holdings Group	
Philip Morris Albania		
Phoenix Petroleum		
Pianeta		

We believe that one day Albania will be one of the most technologically advanced countries in the world!

Let's start this future now !

KONSORT

For more than 12 years **Konsort** has delivered Software and complex IT Solutions for many customers in Telecommunication sector, Health, Public Administration, Financial Services, Energy, etc.

Our Services

- ◆ Software Development
- ◆ IT Consulting
- ◆ Systems Integration
- ◆ Service Outsourcing
- ◆ Support & Maintenance
- ◆ IT Training

Our Solutions

- ◆ BI & Reporting
- ◆ Case Management
- ◆ Telecom Systems
- ◆ Security & Audit Systems
- ◆ Cloud Solutions
- ◆ Mobile Systems



Visit us at: www.konsort.com, Email: contact@konsort.com