



Albania

FACTS & FIGURES

LOCATION

Southeastern Europe, bordering the Adriatic Sea and Ionian Sea, between Greece and Serbia and Montenegro

CLIMATE

Mild temperate; cool, cloudy, wet winters; hot, clear, dry summers; interior is cooler and wetter

POPULATION

3,581,655 (July 2006 est.)

CAPITAL CITY

Tirana

GDP (real growth rate)

5% (2006 est.)

Source: CIA World Factbook 2007

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►►► ENTRY INTO THE EUROPEAN UNION IS AT THE TOP OF THE AGENDA FOR A COUNTRY ISOLATED FROM ITS NEIGHBORS FOR SO LONG. DEMOCRATIC REFORMS AND DESIRE FOR REGIONAL STABILITY DRIVE ALBANIA TOWARDS ITS GOALS

Paving the way for European integration

Perceptions of Albania fall into two categories: a lack of any perception at all, or images of a cold, gray land cloaked in secrecy. Understandable as such preconceptions are, in light of Albania's history of isolation, today the western Balkan nation forms a considerably more colorful addition to the European mosaic.

Located in southeastern Europe, at the heel of Italy's 'boot', Albania has a temperate climate and beaches that hug the Adriatic and Ionian Seas. Endowed by long association with successive cultures, Albania's roots are entrenched in the history of the region. The footprints of the Illyrian, Roman, Byzantine and Ottoman civilizations have left their indelible mark on the country, resulting in a nation punctuated by UNESCO World Heritage Sites.

Declared the Principality of Albania in 1925, a period of stability overseen by the self-styled 'King Zog' - President Ahmet Zogu - ensued until occupation by Italian and German forces during WWII. The cessation of

hostilities saw the Communist Party assume control of the country. It was a portentous event for Albania.

A wartime resistance leader and staunch Marxist-Leninist, Enver Hoxha ruled Albania with a potent blend of paranoia and autocracy from 1944 until his death in 1985. His isolationist policies and brutal suppression of political dissidence have drawn comparisons to Hitler and Pol Pot. As fearful of internal rebellion as he was of invasion, he ordered the construction of 600,000 pillboxes across Albania - many of them facing the towns and villages they purported to protect.

Hoxha had fed international observers the warped idea that his was an industrially advanced, self-sufficient, prosperous nation in the Marxist idealist mould. What emerged after his death was a country mired in semi-feudalism, poverty and fear, and desperately cut off from the world.



SALI BERISHA
Prime Minister of Albania

"Albania is very different now," explains Prime Minister Sali Berisha, "although it is still suffering the consequences of a kleptocratic regime. I believe that the rule of law is the very foundation of free society. All our laws now are in accordance with western standards, and were drafted by western experts."

Through political reform and collective will, Albania now finds itself on the cusp of EU membership, with a growing economy and huge potential for tourism revenue. An agreement was signed in 2006 to enter into the EU Stabilization and Association process and, pending ratification from the 25 member states, Albania will take its place at the European table in the near future. EU Commissioner for Enlargement, Olli Rehn, states, "In the Western Balkans, the EU can really make a differ-

ence. The region is at a crossroads and the EU will guide it down a peaceful and reformist path." It is also expected that an invitation to join NATO will be forthcoming in 2008.

Indeed, Albania's role in easing regional tensions has been key to its consideration for NATO membership.

President Alfred Moisiu says of the proposal, "We must take into consideration the positive consequences regarding the strengthening of peace and stability for the entire region, and for Europe itself."

Although February's parliamentary elections were criticized by international observers, July's presidential ballot provides Albania with an opportunity to showcase its democratic ideals.

Like the prodigal son, Albania is ready to return to the European fold after its wilderness years. "I agree with the idea of the Balkans returning to Europe, instead of thinking of it as an enlargement of Europe," concludes Mr. Berisha.

CONSTRUCTION

'Albanian emigrants want to have a house here'

Avenir Kika, General Director of Kika Construction, sheds light on the housing boom, the problems facing the sector and new construction ventures.

What were the drivers for the sudden growth of the construction industry in recent years?

There had been a strong demand for housing together with an increase in land restrictions which led to a boom in the construction of high-rise apartment buildings. Also there has been an upsurge in Albanian emigrants, especially from Greece and Italy, who want to have at least one residence here, and that has been a huge source of funding. Furthermore, people who moved from the north and south into major cities like Tirana and Durres needed housing as well. There has also been a boom in factories producing construction materials, such as concrete, bricks and cement, which has influenced growth in the industry.

What challenges are facing the sector and how are you addressing them?

There have been problems with the land, but new laws are being introduced. For example, we tend to build on the outskirts of Tirana, because there landowners only ask for about 20 percent in exchange for the land, so currently we are building the new urban areas of Tirana, because it is difficult and costly to build in the center. In terms of other infrastructure, roads are in better condition in northern Albania compared to the south. We are currently part of a 50-member consortium getting ready to participate in public tenders for the construction of new roads. Hopefully new projects will take off when there is increased and stronger private-public partnerships.

What other projects are in the pipeline?

We are currently working on building housing complexes with villas just west of Tirana. This is a long-term project that may take seven to eight years during which we will construct 1,500 apartment buildings. It is set to include a movie theater and a covered Olympic-sized swimming pool.



AVENIR KIKA
General Director of Kika Construction

ENERGY

Privatization opens the doors to a buzzing sector

Kesh and the European Bank for Reconstruction and Development supply the voltage to reignite Albania's energy sector

ALBANIA suffers from high electricity consumption, a problem it has been struggling to fix. To combat the conundrum, a national energy strategy was put into place to guarantee the security of supply and promote the efficient and economic use of electricity. A regional energy platform was also created, allowing Albania to form bilateral agreements with neighbors. Behind these efforts is the national electricity company, Korporata Elektroenergetike Shqiptare (KESH).

KESH is in charge of the generation, supply, import, export and distribution of electricity. It is currently undergoing privatization, set to be completed by 2008. The process will begin with the separation of the power distribution division from Kesh and its subsequent privatization, which should take eighteen months. The process is based on a contract signed between the International Finance Corporation (IFC) and Albania's Ministry of Energy, Economy and Trade.

Meanwhile, KESH is looking to at-

tract assistance from international donors and private sector investment. Last October, the European Bank for Reconstruction and Development (EBRD) loaned the company €16 million to finance the rehabilitation of six outdated transmission substations. Previous loans have contributed to the upgrade of transmission and distribution networks and the construction of a new thermal power plant in Vlora which will supply the network with 20 percent more electricity. New work on hydro-power plants will soon

be underway, projecting a total capacity increase of almost 50 percent by 2010.

KESH has all the potential of being a catalyst for energy-related activities in Albania, a role that will benefit local businesses and residents, and ultimately allow Albania to participate in and contribute to the regional energy market in Southeast Europe. Gjergj Bojaxhi, General Director of Kesh, says, "Our goal is to turn Kesh into a new model for the Albanian economy."



400 KILOMETERS OF VIRGIN BEACHES, an intoxicating blend of ancient Hellenic, Byzantine, Roman and Ottoman cultures and areas of unspoilt natural beauty combine to make Albania Europe's hidden gem. Adventure and relaxation, mountain air and the crystal blue waters of the Adriatic sea will leave indelible moments in your memory. Share the secret and experience the warm hospitality of Albania. "For people with an adventurous spirit and an inquiring mind, Albania is a great country to visit. Not just for the amazing architecture but also for its beautiful mountains, pristine undeveloped beaches, fabulous food and friendly, welcoming people." - Reading Eagle

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THE CHANGING SKYLINE OF ALBANIA

The National Air Traffic Agency of Albania (NATA) is in the final stages of the modernization of its air traffic control capabilities. In tandem with its international partners, Lockheed Martin, UK National Air Traffic Services and EUROCONTROL - the European Organization for the Safety of Air Navigation - NATA has implemented Lockheed Martin's SkyLine air traffic control navigation system. Lockheed Martin's SkyLine system is a single air traffic management system for area and terminal / tower air traffic applications. It provides proven radar data processing with multi-sensor tracking and state-of-the-art advanced flight data processing. The National Aerospace Modernization Project is an Albanian-European-USA business venture aimed at increasing the capacity of Albanian airspace. This will assist commercial airlines to significantly reduce operating costs by opening up unidirectional routes to the southeast and the northwest, while tripling the number of flights into and out of Mother Teresa airport in Tirana.



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Albania

TOURISM

Tapping into untouched tourism potential

Often overlooked as a tourist destination, Albania is beginning to emerge as a choice European market

CARE TO SUNBATHE on a secluded beach or take a long hike through the mountains? Whatever tickles your fancy, it's waiting to be discovered in an unlikely destination, but if you're up for adventure and excitement, pack your bags: we're going to Albania.

In Albania the sun shines on 450 km of pristine coastline along the Adriatic and Ionian Seas, home to dramatic backdrops and unspoiled beaches like Golem and Vlora Bay. The pearl of the Albanian Riviera is Saranda, where you can visit the ancient Illyrian city of Onchesmos, a port dating back to the first century B.C. Palasa, Dhermiu and Borshi are other spots along the coast where you can enjoy fishing, diving, canoeing and kayaking.

Albania also has deep roots in Hellenic, Roman, Byzantine and Ottoman cultures, resulting in a strong historical heritage and a unique cultural identity. One of its many archaeological sites, Amantia, is a hilltop settlement from 350 B.C., and Shkodra, one of Europe's oldest cities,

'We are working to diversify our offer to include not just sun and sand, but rural and eco-tourism as Albania has virgin nature and coastline'

was once the capital of the Illyrian kingdom and later the economic nucleus of northern Albania. Today it is a cultural center with countless museums.

The country is also home to multiple UNESCO World Heritage Sites, including Gjirokastra, or "The City of Two Thousand Steps", a well-preserved Ottoman town influenced by Islamic traditions and with outstanding 17th century architecture. Another is Berat, "The City of a Thousand Windows", home to an impressive 5th century fortress and the magnificent buildings inside, which date back to the 13th century. Butrint, one of the Ancient World's key maritime and commercial centers, is also on the World Heritage List. Home

at various times to Greeks, Romans, Byzantines and Venetians, Butrint is an archaeological spot containing remnants of each period of the city's development.

These wonderful sights are turning a country virtually unknown on the vacation circuit into an up-and-coming hotspot, prompting observers to predict that Tirana, the capital, will soon become South East



Tirana is home to a range of architecturally different buildings, from the modern convention center to Soviet-era apartment buildings.

Europe's answer to Prague. This transformation, however, will not be possible without extensive efforts, and the government has already set a target of 500,000 tourists per year, 100,000 new jobs and an estimated revenue of \$800 million. Mr. Bujar Leskaj, Minister of Tourism, says, "We are working to diversify our offer to include not just sun and sand, but rural and eco-tourism, as Albania has virgin coastline, untouched nature, rich flora and fauna and is close to many important European countries. We are ready to tap into the market."

To cope with the growing numbers of visitors, the ministry is working with the World Bank to produce a master plan for the urban development of the southern coast. Furthermore, a new program is providing loans to entrepreneurs interested in developing services like lodging, and potential foreign investors have been quick to snap up development opportunities in the hotel industry. Mr. Leskaj says, "Albania has the necessary resources to accommodate these tourists and manage the flux of visitors we have projected." Furthermore, the ministry is committed to developing tourism in a way that is environmentally friendly, avoiding the overdevelopment and congestion that plagues other destinations, setting Albania apart from its Mediterranean competitors.



Tirana offers a mix of modern urban lifestyle and vestiges of the communist era.

TELECOM

Albtelecom goes mobile as density soars

State-owned Albtelecom is preparing for privatization by increasing its fixed line capacity and expanding the range of its mobile, internet and broadband services

ALBANIA'S fixed line operator, Albtelecom, has been the key state-owned company slated for privatization in line with the Albanian government's policy, in addition to the power utility company KESH.

Plans to sell the company were underway in 2005 when the former Socialist government signed a deal with the Turkish Calik Enerji Telekom consortium to sell 76 percent of the company for \$120 million; however, when the new government came into office it did not recognize the agreement, saying it lacked transparency, competition and public discussion. Today, the government - instead of initiating a new tender - is renegotiating some of

the contract's terms, a process which is expected to take up to nine months. Privatization is expected to be completed by the end of 2007.

As the only fixed line telecommunications company, Albtelecom has a monopoly on the fixed line sector. The company posted a \$10.9 million gross profit for the first half of 2006, due to network expansion and cutting costs, 46.3 percent above its original forecast.

In the first half of 2006, the company installed 10,261 new fixed lines, up 80 percent from the previous year and almost 30 percent over initial targets. At the end of the year the company had almost 250,000 subscribers. Also offering a host of services, including

broadband and internet, Albtelecom saw its internet revenue rise by 219 percent year on year.

In terms of mobile carriers, Albania's major operators include Albanian Mobile Communications and Vodafone Albania. Albtelecom recently launched its mobile arm, Eagle Mobile. Mobile telecommunications in Albania is at a greater density than in any other country in the region as it is quite effective and covers almost all the territory throughout the country.

Ilirian Kuka, the company's General Director, says, "My priorities have been to change the image of the company and to introduce new products. We are working on improving the infrastructure and increasing capacities. In ten years I see Albtelecom as a very modern company in line with other big telecoms firms in Europe, and also a big player in the Balkans."

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ALBTELECOM sh.a.

Albtelecom is modernizing Albania's telecommunications infrastructure. Using digital technology and fiber-optic cables to optimize internet accessibility, Albtelecom aims to open the telecommunications market in Albania to mobile operators while increasing internal services to both the public and private sectors. The only company in Albania to offer interconnection for internal and external communication, the enhancement of our digital capacity will allow equitable and competitive business within the national industry while offering opportunities for international network providers to enter Albania's dynamic and expanding telecommunications market.

TRANSPORT

Air traffic expansion set to double passenger flow

"FLIGHT TRAFFIC has increased and will continue to do so for two reasons. Firstly, Albania's success in managing its airspace and secondly, our strategic location," says Arben Xhiku, General Director of the National Air Traffic Authority (NATA).

This increase in traffic is also a result of Albania's expanding political and economic relations. At the forefront of it all is NATA which, in order to meet tomorrow's challenges, has embarked on two groundbreaking plans. The first is the Master Air Traffic Management Plan, aimed at modernizing Albania's air traffic system by 2010.

The other is the National Airspace Modernization Program (NAMP), an Albania-U.S.-Europe partnership that first took flight in 2001. Two years later a \$50 million contract was signed with Lockheed Martin to help Albania establish radar control capabilities for the 2004 Athens Olympics, install new navigation equipment and construct a new airport tower and traffic control center.

The new system will triple capacity for flights over Albania, decrease flight times for airlines flying between northwestern Europe and the eastern Mediterranean and provide Albania with self-sustaining over-flight revenues. This project will also allow NATA to improve safety by using the latest technology.

With European traffic expected to triple in the next two

Famous Albanians



Onufri

Onufri was a famous painter in the 16th century. Best known for his Christian-themed religious works, portraits and landscapes, he also introduced a new red pigment into the art world, dubbed Onufri red.



Mother Teresa

Mother Teresa was a Roman Catholic nun who founded the Missionaries of Charity and won the Nobel Peace Prize in 1979 for her humanitarian work. She was one of the greatest advocates for the poor and helpless.



Ismail Kadare

Born in 1936, Mr. Kadare is a novelist and poet whose works encompass history, culture, folklore and politics. In 1992 he won the Prix mondial Cino Del Duca and in 2005 he received the inaugural Booker International Prize.



Currently, Mother Teresa Airport in Tirana is Albania's only point of air entry.

decades, Albania must take steps towards modernization for the sector's economic development. The country's international airport in Rinas, which currently sees 750,000 passengers per year, will be able to welcome 1.5 million by 2010 and is looking to become a southeastern European air-traffic hub. A growing list of companies fly to Albania including Olympic Airlines, Alitalia and British Airways.

According to Mr. Xhiku, "NATA is European in every sense of the word", and as Albania plays a key role in stepping up services and in European air traffic, it is very much a modern truth.

Reinventing energy. That's something to see.

KESH Albanian Power Company is making great strides in the energy sector. Having helped the country create a regional energy platform through bilateral agreements with neighboring countries, modernized and repaired equipment, and upgraded existing facilities, KESH, with the help of private sector development, is changing the face of the industry, and fast becoming the catalyst for all energy-related activities in Albania and the region.

KESH Albanian Power Corporation

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