

## **OVERVIEW OF THE VLORA FREE ZONE PROJECT**

Pursuant to the Law no. 9789, dated 19.07.2007 "On the establishment and functioning of economic zones", the Government of Albania has approved the decision No. 628, dated 11.06.2009 "For establishing the economic zone with the status of free zone in a territory in Vlore". The Vlore free zone is a project of paramount importance for industrial development of Albania and in line with government's policy in attracting domestic and foreign investments, creation of new jobs in a competitive market and ensuring a sustainable and balanced regional economic development in the country.

The Ministry of Economy, Trade and Energy, as the institutional organization in charge with the development of the economic zones, based on the Law No. 9663, dated 18.12.2006 "On concessions", and the government's decision No. 829, dated 05.08.2009, which defines the Ministry as the Contractor Authority, has begun the competitive procedures for granting the developer status for the free zone in a territory in Vlore.

In order to optimize competition and attraction of strategic investors for this important area, which would design, develop and operate the free zone, the Ministry of Economy and Energy, has initiated a process of open international tender for the execution and completion of a Concession Agreement (with a duration of 35 years), that will be negotiated and signed between the Ministry and the winning bidder, subsequently approved as foreseen in the legislation. The winner will be selected through competitive procedures as provided by the law No. 9663, dated 18.12.2006 "On concessions", as amended.

- *FREE ZONE AREA OF A TERRITORY IN VLORE*

The project will be carried out in an area of 478.14 hectares, in the cadastral area No.2765 and No. 8604 in Vlore. Out of this area, 349.21 ha is state property and the remaining part of 128.93 ha is private property, for which is foreseen expropriation in the framework of public interest, according to the law no. 8561, date 22.12.1999 "For expropriation and obtaining temporary use of private property for public interest".

The economic zone will be granted in concession under the form BOT (construction, operation and transfer) for a duration of 35 years under the 1 Euro (symbolic fee) regime.

- *GEOGRAPHICAL POSITION*

The economic zone with the status of the free zone is situated north of Vlore city, it lies near the marine harbor. The terrain consists of land, dunes, marshes and forest. The area extends to the north until the Narta lagoon. The area is rich with water and the city water supply system is located nearby. Vjosa river is also in the proximity of the area.

- *INFRASTRUCTURE*

The economic zone has good access to the national road and railway to Vlore. In the proximity of the area lies good electrical network and sewerage systems which enable the possibility of their connection with the internal infrastructure to be built within the free zone. The area neighbors also other important infrastructural facilities. The Levan-Vlore highway passes about 1000 m in the northeast of the area, the existing national road Fier-Vlore is located about 2 km from the southern border economic area. The 110 kV electrical substation is located

2 km from south border of the free area. About 2 km in south of the zone, is located the water supply system which serves well to the urbanization of the area, the recently constructed thermo power plant and the high voltage access to the electricity network is located about 2.5 km from the center of the free zone area.

An important element for the activities in the free area is considered its proximity to the industrial park in Vlore. In addition, the free zone will be established near the new harbor of Vlore, its construction is also awarded by a concession. The containers processing in this port would serve to the development of the free zone.

- *ACTIVITIES AND INCENTIVES FORESEEN*

The activities envisaged under the government's decision No.628, dated 11.06.2009 "On the establishment of economic zone with the status of free zones, of a territory in Vlore" are port activity, industrial and processing activities, trade and storage of goods and services, with the exception of activities related to steel production.

The law no. 9789, dated 19.07.2007 "On the establishment and functioning of economic zones" has foreseen that goods entering into the free zone and those services that are performed within the free zone are exempted from customs duties and the value added tax. The exemption from customs duties and tax, starts from the entry of goods in the free zone.

Such fiscal incentives and the provision of the free zone area under a concession of the form BOT (construction, operation and transfer) for a period of 35 years under the 1 Euro (symbolic fee) regime, in addition to overall efforts by the government to improve the business climate in the country, constitute the main ingredients to stimulate the investors to perform their activity in the free zone of Vlore, which is the first of this kind in Albania.

- *THE BIDDING PROCEDURE*

The Ministry of Economy, Trade and Energy (METE) has determined that the procedure for the selection of the developer of free zone in Vlore will take place on 18.12.2009 at 11:00 (local time) in the premises of the METE.

In order to select the most appropriate project for the establishment of the free zone in Vlore, the Ministry will evaluate bids submitted by potential bidders by taking into consideration the fulfillment of technical criteria and specifications in designing the feasibility study, aiming that bidders submit a proper technical project solution with quality and standards.

The amount of investments in the area, the employment figures during the operation of the free zone and the concession fee calculated over the percentage of annual revenue that will be transferred to the Contracting Authority for the period of operation of the free zone, are the other components weighting the selection procedure for the winning bid.

In order to promote cooperation between local enterprises and the developer of the free zone, the bidder must ensure that a part of the construction in the free zone will be executed through local companies. Special attention will be given to environmental assessment of the activities carried out in the free zone. Bidders should avoid or mitigate social impacts by performing their evaluation and explaining the effects of the project.

Interested companies could obtain the full set of bid documents by contacting the Department of Economic Zones Development at the Ministry of Economy, Trade and Energy, before the deadline of December 18<sup>th</sup>.