

▶ MAPPING REPORT ON THE TEXTILE, CLOTHING, LEATHER AND FOOTWEAR SECTOR IN ALBANIA





MAPPING REPORT ON THE TEXTILE, CLOTHING, LEATHER AND FOOTWEAR SECTOR IN ALBANIA

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industriAll European Trade Union and
IndustriALL Global Union

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The project aims to prepare and capacitate private sector partners in Albania for the implementation of the SDGs in their business models, thus directly supporting Albania's efforts to contribute to the largest global agenda that exists today – Agenda 2030 for Sustainable Development.



► Table of contents

►	Introduction	6
► 1.	Enterprises, employment, production and trade	8
	Enterprises and employment	8
	Trends in industrial production volume and turnover indexes	11
	The TCLF industry in foreign trade	12
► 2.	Business model, brands and retailers	14
► 3.	Social dialogue and collective bargaining	20
	Social dialogue	20
	Collective bargaining	21
► 4.	Wages and working conditions	23
► 5.	Support measures for the TCLF sector	26
► 6.	UN sustainable development goals, due diligence and Just Transition	29
► 7.	Turning sustainability in the Albanian TCLF industry into a growth driver - challenges and opportunities	32
►	Information sources	36

Introduction

Over the past two decades, the Albanian **textile, clothing, leather and footwear (TCLF)** industry, also known as “*Fason*”, has been an important mainstay of the national economy in terms of its contribution to employment and exports. It is one of the main export-orientated industries of the country and, as such, an integral part of the global fashion supply chain.

The Fason industry is currently going through a major crisis that is undermining its competitiveness and threatening the livelihoods of hundreds of workers, the vast majority of whom are women. Foreign brands and retailers are scaling back their activities in Albania and orders from abroad are declining. Domestic demand is also falling due to the rise in the price of products in the consumer basket. External and internal factors are jeopardizing the future of this industry which is looking for ways to get back on the growth track and ensure that this growth is sustainable.

Recent developments should prompt further reflection on the dynamics of the TCLF sector. Albania needs to redefine its role in the global TCLF industry. There are challenges to be met and opportunities to be seized that deserve in-depth analysis and a coherent approach to enable positive transformation for the benefit of all. Long-term choices must be made towards increased economic, social and environmental sustainability that can give the sector a solid foundation for recovery. The **UN Sustainable Development Goals** (SDGs), legislation on due diligence and the EU textile strategy provide an appropriate framework to that end.

Constructive **social dialogue**, underpinned by the fundamental principles and rights at work, can help address these challenges and seize the opportunities arising from changes in the world of work and technological advances. This requires representative and independent trade unions and employers’ organisations able and willing to engage in good faith dialogue. Sound industrial relations are fundamental components toward decent work that Albania has committed to promote¹, and they are instrumental in business sustainability.

¹ <https://www.ilo.org/resource/news/republic-albania-and-ilo-sign-new-cooperation-agreement-pave-way-delivering>



1. Enterprises, employment, production and trade

► Enterprises and employment

According to official national statistics, the TCLF sector numbered **1,036 companies** in 2023, of which just over half were involved in clothing, one quarter in the manufacture of leather and related products, and the remaining quarter in textiles. Most of these are **small and medium-sized enterprises**, located mainly in the capital Tirana, in Durrës, Fier, Elbasan and Korçë.

Number of enterprises 2019-2023

Activity	2019	2021	2022	2023
Manufacture of textiles	125	164	216	240
Manufacture of wearing apparel	418	427	502	546
Manufacture of leather & related products	266	236	244	250
TOTAL	809	827	962	1,036

Source: Albanian National Institute of Statistics, Business register

During the COVID-19 pandemic, orders dropped, supply chains were disrupted and most companies operated at reduced capacity. The pandemic forced them to reconsider their business strategy. Some came up with the idea of diversifying their customer base, others switched from making indoor to outdoor clothing, while others invested in new machinery to increase productivity. As in other countries, many companies sought to survive by reorienting their production lines towards the manufacture of masks and other personal protective equipment that were in high demand, while at the same time laying the foundations for new beginnings².

At the end of the lockdown period, companies were faced with an unexpected increase in demand, fueled by supply chain issues, including high shipping costs and, in many cases, delivery delays due to poor transport logistics. After this short upturn in business, the situation started to deteriorate again in the second half of 2023, and 2024 began with bankruptcies and job losses. During a meeting in Tirana³, the President of the Business Association of the textile and footwear sector – **ProExport** – pointed out that about **fifteen companies** had closed since the beginning of 2024.

Employment trends are very similar. In 2022, the TCLF sector employed around **48,700 people**, just over half of whom were in companies with **between 50 and 250 workers**. Companies with **over 250** employees operate mainly in the manufacture of leather and related products. Employment in the sector that year was lower than before the COVID-19 outbreak, but about a third higher than in 2021. The leather segment in particular saw a recovery in employment,

² <https://www.ilo.org/publications/sdg-principles-and-positive-practices-adopted-textile-clothing-leather-and>

³ Meeting on 31 October 2024

following the decline in business in 2020-2021. Employment in the TCLF sector accounted for about **45% of total employment in manufacturing** in 2022⁴.

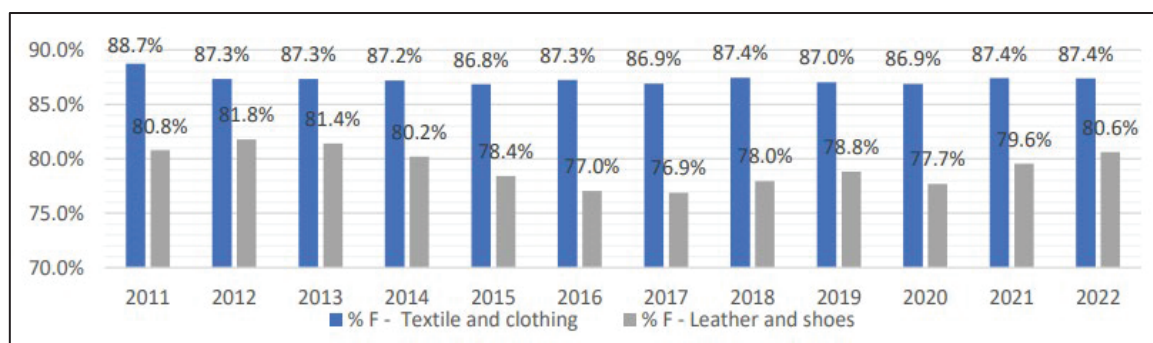
Registered employment 2019-2022

	2019	2021	2022
Textiles and garments	30,811	27,062	27,875
Leather and footwear	25,154	19,651	20,748
TOTAL	55,965	36,713	48,624

Source: Albanian National Institute of Statistics

Female workers accounted for **84% of the workforce** in the TCLF sector as a whole in 2022. Their share is lower in leather and higher in clothing. Over the past ten years, this share has remained stable in textiles and clothing but fell slightly in leather and shoes in 2016-2017. By 2022, the percentage of women in this sub-sector has returned to its 2011 level. The vast majority of women have primary or secondary education, and they are low-skilled.

Average percentage of female workers in the TCLF sector



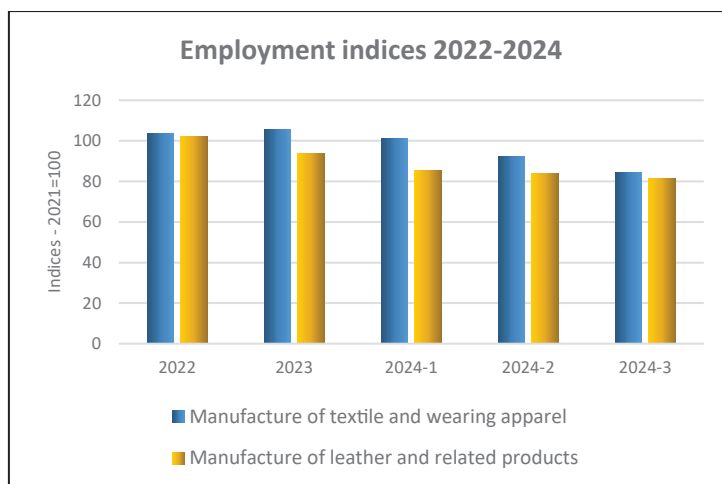
Source: GADC⁵

Since 2023, the employment trend has been reversed. Official indexes point to a **decline** in the number of jobs, in both clothing and leather. Job cuts began in shoe and underwear factories, then the crisis spread to all fashion clothing factories. There are more redundancies in small factories, which generally work on a subcontracting basis and are the first to close when the supplier is faced with a slowdown in activity. ProExport estimates that some **10,000 jobs have been lost** since the start of 2024.

Many companies are currently working with a reduced workforce because of a **shortage of orders**. A case was reported of a company that continues to pay its rent and maintain its production facilities (no doubt in the hope of resuming its activities) but has made its employees redundant. The social impact of these job losses is considerable, particularly in rural areas where there are no economic activities other than the manufacture of clothing and footwear. Moreover, workers with years of experience sewing clothes and shoes for exports find it **difficult to move to other sectors**.

⁴ Albanian National Institute of Statistics.

⁵ <https://www.gadc.org.al/media/files/upload/Garment%20Sector%20GSCVA%20covered.pdf>

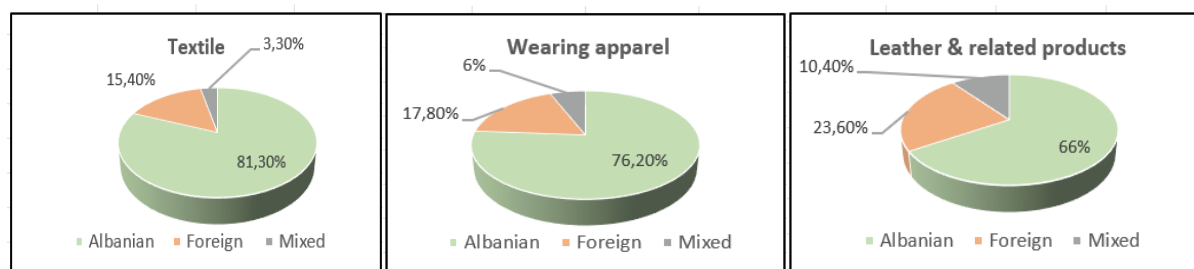


Source: Albanian National Institute of Statistics

The employers' association claims that the reason for job cuts is the **drop in the exchange rate**⁶ and, as a result, the **loss of competitiveness** and the marked **lack of liquidity** for businesses to renew production plants and purchase raw materials and diversify the current European clientele⁷. A shoe manufacturer has reported that they had enough orders but no cash because foreign companies were not paying on time, delaying invoices from two months to two years⁸.

An examination of the ownership structure shows that by the end of 2023, almost **one-fifth of enterprises** in the TCLF industry as a whole were **foreign-owned** and **6% joint companies** (i.e. Albanian-foreign). Foreign and joint ownership is mainly Italian. Foreign capital has a stronger presence in the leather and related products segment, and its share (23.6%) has even increased slightly compared with the pre-Covid pandemic level. In the textile segment, Albanian ownership prevails (81.3%), and the share of joint capital (Albanian-foreign) is low (3.30%).

Company ownership structure 2023



Source: Albanian National Institute of Statistics

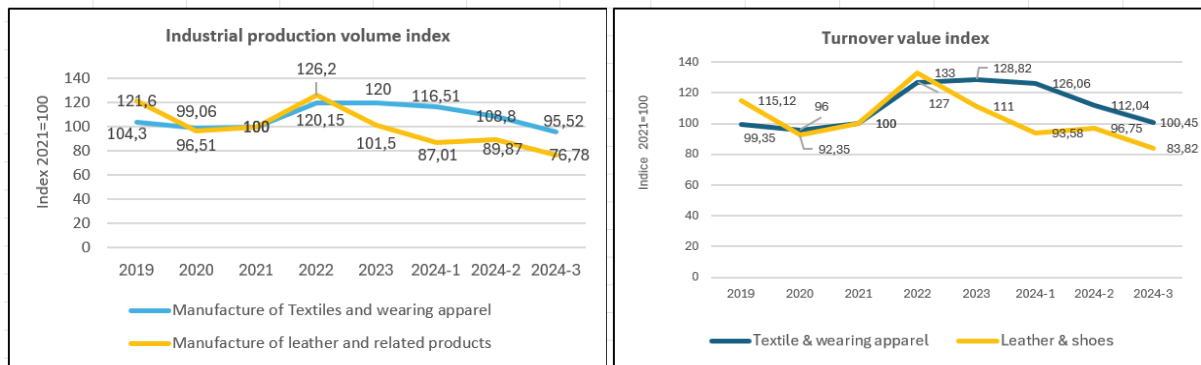
⁶ Exchange rate in October 2020: €1 = ALL120. In October 2024: €1 = ALL97.

⁷ <https://www.voxnews.al/english/biznes/kompanite-fason-thellojne-krizen-pro-eksport-albania-deri-tani-kane-shkur-i58365>

⁸ <https://ekonomia.info/sq/industri/industria-shqiptare-e-prodhimit-te-kepuceve-perballe-krizes-ekonomike>

► Trends in industrial production volume and turnover indexes

The rebound in business in 2021-2022 was short-lived. Industrial production dropped again in 2023 and in the first three quarters of 2024. In particular, footwear production fell sharply in 2023, losing several index points. A similar trend can be seen in the turnover index. Turnover in textiles and clothing rose in 2022 and began to decline in 2023. The fall in the index was especially marked in leather and footwear.



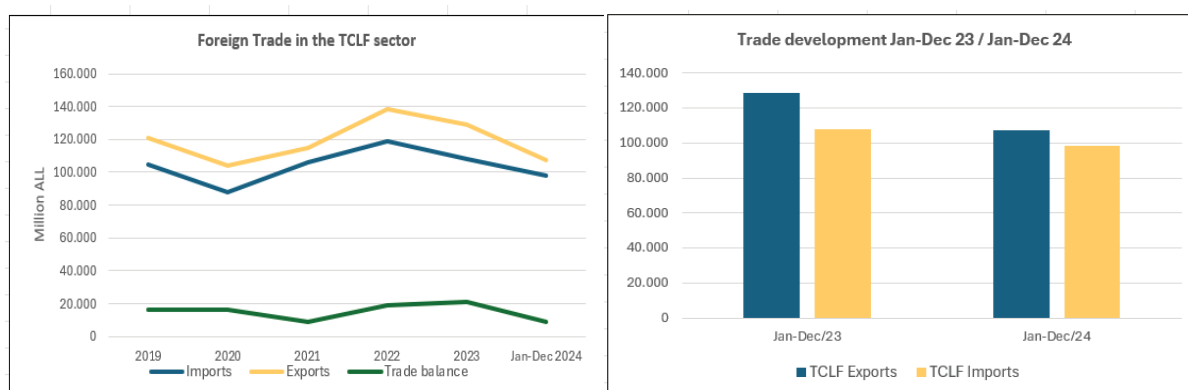
Source: Albanian National Institute of Statistics

Industry representatives do not expect the situation to improve significantly in 2025.

► The TCLF sector in foreign trade

In October 2024, TCLF exports accounted for **24.5%** of total exports and **11%** of imports, as against 40% and 16% respectively in 2019. During the COVID-19 pandemic, exports increased substantially as textiles was one of the few industries to export goods in high demand⁹, such as face masks and medical equipment¹⁰.

Over the period 2019-2023, Albania recorded a positive trade balance in textiles, clothing and footwear. This is to be attributed to the **good performance** of the **textile** and **footwear** segments, whereas the trade balance of the **leather** and leather manufacturers' segment was **negative**. It should also be noted that in 2023, the volume of both exports and imports declined, but the greater drop in imports helped maintain a positive trade balance. Figures available for January to December 2024 show that the downward trend in both exports and imports is continuing. Textiles and footwear exports were down **16.9%** and imports **9%** compared with the same period the previous year. Total Albanian exports fell by **15.4%** in 2024. Textiles and footwear accounted for **-4.8%** of this decline.



Source: Albanian National Institute of Statistics

Italy is by far the leading destination for Albanian **TCLF exports**, which accounted for almost half of total merchandise exports to that country in the first ten months of 2024. Germany ranks second, but its share of Albania's exports in value terms is minor compared to Italy. Nevertheless, it should be noted that textile and leather exports to Germany account for 42% of total exports to that country. Next comes Greece and, a long way behind, Kosovo. Interestingly, exports to Greece have increased compared to the same period in 2023, while those to the other three countries have fallen.

Albania's **TCLF imports** come primarily from Italy, followed by China, Türkiye and Greece. Although imports from Italy continue to dominate, they are tending to decrease, while those from China and Greece are rising.

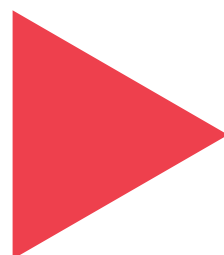
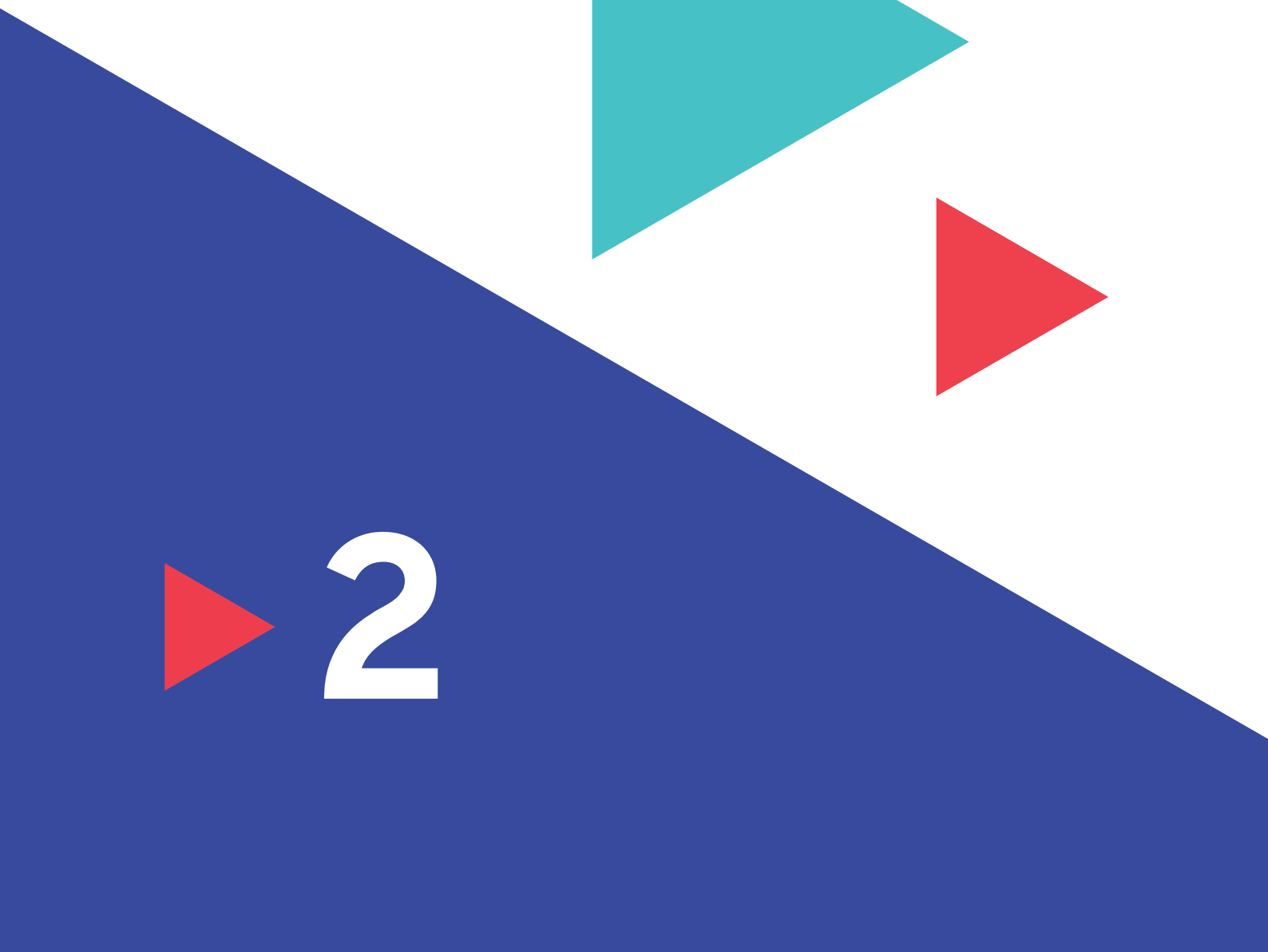
Main export destinations January-December 2024		
Country	Million ALL	In % of total exports to the country
Italy	67,867	49
Germany	7,613	42
Greece	6,848	35
Kosovo	147	0.5

Main import destinations January-December 2024		
Country	Million ALL	In % of total imports from the country
Italy	37,556	24
China	12,797	13
Türkiye	10,308	16
Greece	5,368	9.5

Source: Albanian National Institute of Statistics

⁹ ILO, Draft assessment of the TCLF sector, August 2024

¹⁰ By way of example, the company EFA Solution manufactured around 10 million protective gowns for the German medical market. The German development agency GIZ (*Gesellschaft für internationale Zusammenarbeit GmbH*) supported EFA Solution in getting the protective personal equipment (PPE) properly certified. EFA Solution even had to contract out part of the work to other companies to meet the high demand for PPE.



2

2. Business model, brands and retailers

In Albania, **cut-make-trim** (CMT) is still the prevailing business model. Designs and patterns are imported, and most of the finishing is conducted abroad. Materials (fabric and accessories) are imported, mainly from Türkiye and Italy, and the contract providers have full control of pricing, margins, timing and sales. As a result, there is a **low level of added value in the manufacturing process**. Some companies offer a “full package”, from design to a ready-made garment, or they have their own brand. The finished products can be sold on the domestic market or exported, bearing the “Made in Albania” label. About **5%** of companies operate under their own brand name. These include, among others, Sam Wear, Krienko Jeans, Dren Abazi, Anisa Haroku, Alba&N, Desa &Co, and Illyrian Bloodline. Apart from fashion, a few companies are also involved in the manufacture of carpets and upholstery (e.g. DiGio upholstery plant in Elbasan, VIP Saloti/Able in Vlorë).

Many Albanian companies manufacture garment and footwear for well-known brands and supply them directly, while others operate as subcontractors of main contractors. Their websites often feature the names of the brands, highlighting successful cooperation and partnerships, but the sites are not regularly updated and, consequently, they do not give an accurate picture of the current situation. For their part, and despite their commitment to supply chain traceability and transparency, not all brands publish a list of their **suppliers**. In addition, when they do, the lists are often incomplete. Sometimes they include only Tier 1 suppliers, sometimes Tier 1 and 2 (see tables on pages 11-13). Few brands publish their Tier 3 suppliers, the lowest in the supply chain. Others simply indicate on their website the countries in which they operate, without mentioning the number and names of their business partners. Still, other companies probably believe that their membership of non-governmental organisations that promote fundamental rights at work is sufficient proof of their commitment to transparency and accountability in the supply chain.

Brands and suppliers, the latter often under pressure from their customers, state that they are dedicated to contributing to the UN Sustainable Development Goals. Sustainability has become an important component of corporation reputation and decision-making processes. Brands advocate for **fair working conditions**, including **living wages**, and **binding environmental standards** in their production facilities and along the supply chain. But the reality on the ground is quite different. Working conditions in many places leave much to be desired, and sustainability remains an abstract concept for many.

Currently, the general trend among major brands and retailers is to **withdraw from Albania** or reduce the number of their suppliers. By way of example, Esprit, New Look, PVH (brands Calvin Klein, Tommy Hilfiger), Bonprix (part of the German Otto Group), VF Corporation (brands The North Face, Timberland, Altra, etc.) and Ralf Lauren no longer source from the country. In 2019, Benetton had five suppliers in Albania, today it has none. The same applies to the American Stitch Fix, which had two business partners in 2023 and has since disengaged from the country. Inditex and Zalando have also downsized.

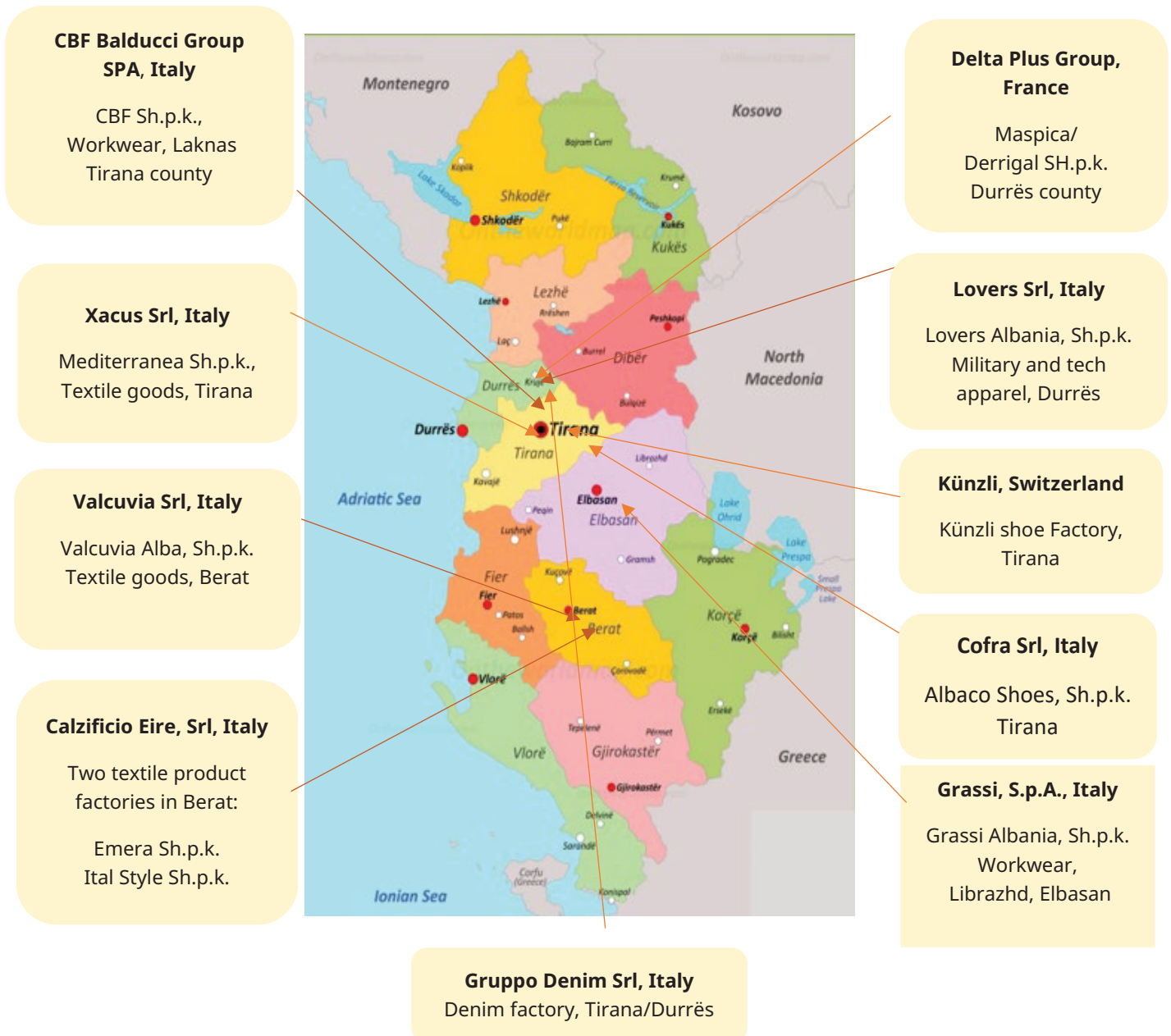
The disengagement by brands concerns not only the supply chain, but also manufacturing facilities. Foreign brands, mainly Italian, are **moving to lower-cost countries**, such as Tunisia and Egypt. In January 2024, the Italian brand Cotonella announced that it was relocating part of its production to the Kashkadarya region of Uzbekistan, citing rising production costs in Albania, attributed to the depreciation of the Euro and the increase in the minimum wage. Cotonella came to Albania in 1996, and in 2008, the production plant in Shkröder opened a modern fabric-cutting laboratory and became an international logistics center for the brand. Some time ago, Kral Shoes relocated 30% of its business to Tunisia, and the company has stated that all production would be transferred there shortly¹¹.

Indeed, Italy has had a strong presence in Albania's fashion industry for several decades. In the early 1990s, Italian brands began to see Albania as a new market in which they could explore new opportunities and expand. Many renowned Italian companies set up manufacturing facilities in the country, providing employment to thousands of people. However, **heavy dependence on a specific market**, both for shoes and clothing - as is the case with Italy - makes the Albanian **TCLF sector** more **vulnerable to fluctuations in orders**.

¹¹ <https://shekulli.com.al/2024/01/15/nuk-ndalen-falimentimet-e-kompanive-fason-partneret-pozhvendosen-ne-egjipt-e-tunizi-ne-pak-dite-mbeten-pa-pune-1-mije-punonjes/>

Foreign brands are present in Albania, directly through their own production facilities, but mainly through their supply chains.

Some foreign companies with manufacturing facilities in Albania



Although their presence is less significant than before, several major brands/retailers continue to source from Albania. Generally, they have one or two local suppliers, rarely more.

Four of them have signed a **global framework agreement** (GFA) with IndustriALL Global Union. These are: ASOS, a British online fashion retailer; Inditex, a Spanish fashion group (brands: Zara, Zara Home, Bershka, Massimo Dutti, Oysho, Pull&Bear, Stradivarius, Uterqüe and Lefties); H&M Hennes & Mauritz, a Swedish fashion retailer (brands: H&M, Cos, Weekday, Cheap Monday, Monki, H&M Home, & other Stories, Arket); and Tchibo, a German retailer group.

ASOS business in Albania has remained relatively stable since 2019, unlike Inditex, which had eight suppliers at that date and now only two. H&M and Tchibo have been sourcing from Albania for less than three years.

Brand/retailers	Supplier / factory - location	Workforce	% female workers
ASOS ¹²	- AA Wears, apparel/accessories, Fier, 1st Tier - Damos, apparel, Korce, 1st Tier - Iliria Footwear, Tirana, 2nd Tier - Industria Balkanike e Veshjeve, apparel, Bilisht site, 1st Tier - Industria Balkanike e Veshjeve, apparel, Korce site, 1st Tier - Industria Balkanike e Veshjeve, apparel, Libonik site, 1st Tier	0-150 0-150 150-300 150-300 150-300 0-150	91 93 93 93 91 98
Inditex ¹³	- One factory in Fier county - One factory in Durrës county	200 30	- -
H&M ¹⁴	- Effemme, Srl /Tak Shoes factory, Durrës - Effemme Srl / Afa 3 Calzatura factory, footwear, Berat	1-500 1-500	- -
Tchibo ¹⁵	Emera Sh.P.K., wet processing unit, Berat; Parent company Calzificio Eire Srl, Italy	n.a.	-

Two brands, members of the **Action, Collaboration, Transformation (ACT)** initiative, are active in Albania: these are Next, a UK based retailer (wholly owned brands including Lippy, Love & Roses, and Friends Like These); and Zalando, a German online retailer.

Brand/retailers	Supplier/factory name - location	Workforce	% female workers
Next ¹⁶	- Calzificio Eire Srl - Italstyle Shpk, apparel, 1st Tier, Berat - Iliria Footwear, Tirana, 2nd Tier	250 150-300	- 93
Zalando ¹⁷	Vingi Shoes Srl – Sunrise Sh.P.K. (cut & stitch), Krüje	123	82

Other brands/retailers providing supplier information:

Brands/retailers	Suppliers/factories - Location	Workforce	% female workers
American Eagles Outfitters ¹⁸ , US	One supplier	-	-
J. Barbour & Sons, UK ¹⁹	Alba Shoes Group, Sh.p.k., 1st Tier	<1,000	-
Burberry, UK	Almoda, Kruje; via a contractor	70	-
Carrefour, France	Marlotex, Berat	<300	-
Clarks, UK	Prodyn Shoes, part of Efa Solutions, Tirana	-	-
Costas Siamidis, Greece	Marikatex²⁰, Gjirokaster	200	-
Hugo Boss ²¹ , Germany	Aitex, Sh.p.k., apparel, 1st Tier, Fier	101-500	88

¹² Status October 2024

¹³ Status 2024

¹⁴ Status October 2024

¹⁵ Status July 2024

¹⁶ Status August 2024

¹⁷ Status December 2024

¹⁸ <https://www.aeo-inc.com/responsible-sourcing/>

¹⁹ Status April 2024

https://opensupplyhub.org/profile/5772?contributors=5754&lists=4423&countries=AL&sort_by=name_asc

²⁰ <https://www.marikatex.al/our-history>

²¹ <https://group.hugoboss.com/en/sustainability/product/production-suppliers/production-sites>

Kler Italia Soc Coop, Italy	• Kler Sh.p.k, Tirana-Durres	22 ²²	
Lacoste, France ²³	• Ambra Sh.p.k./Giuntini, apparel, 1 st Tier, Durrës	420	90
	• Lea Konfeksion/Giuntini, apparel, 1 st Tier, Durrës/Shkozet	118	94
	• Ambra Sh.p.k.-Hub/Giuntini, apparel, 1 st Tier, Flake	37	67
Lowa, Germany ²⁴	• Alba Shoes Group Sh.p.k., Kamëz, partner since 2023	~1,000	-
Mads Nørgaard, Denmark ²⁵	• E. Kreziou, production facility covering sewing, ironing, and packaging	-	-
Olymp Brezner ²⁶ , Germany	• Blue Sky, apparel, Fier, business relationship since 2018	280	-
Otto Group ²⁷ , Germany	• Gori Konfeksion, Durrës	-	-
Prada Group, Italy ²⁸	• Prodyn Shoes, Tirana	600	-
Puma ²⁹ , Germany	• Altex Sh.p.k., apparel, 1 st Tier, Permet	101-500	96
Reiss, UK ³⁰	• Idelbrando Sh.p.k., 1st Tier, Tirana	70	-
River Island ³¹ , UK	• Almoso Sh.p.k., footwear, Fushkruje	230	91
Schöffel GmbH ³² , Germany	• Albconf Sh.p.k., sportswear, cooperation since 2021	-	-
Teamdress Holding GmbH ³³ , Germany	• Al-Textile Sh.p.k., workwear, Fier	-	-
About You SE & Co. KG ³⁴ , Germany	• Kozi Fason, apparel, Gjirokastër	<100	-

Several brands, members of the **Fair Wear Foundation**, source from Albania. They do not disclose the name of their business partners in Albania. They are:

- **Acne Studios**, Sweden: in the report “Brand Performance Check”³⁵, Acne Studios indicates that it has one production location in Albania and “has started to draft follow-up plans for some of its production locations”, including in Albania.
- **De Berkel B.V.**, the Netherlands: De Berkel is part of the German-based Teamdress Group that produces in Europe, partly via contract manufacturing, including in Albania³⁶.
- **Engelbert Strauss**, Germany: workwear. In its 2023 Social Report³⁷, the company states that it has two footwear suppliers in Albania – one since 2004 and the other since 2018. Both plants were audited in 2022.
- **Dynafit, La Munt, Salewa and Wild Country**³⁸: these brands are part of the Oberalp Group, based in Germany, and manufacture outdoor wear. They source from three production locations in Albania. The Oberalp Group assesses Albania as a medium-risk country.
- **Marc O’Polo**, Germany: The Brand Performance Check³⁹ mentions one production site, accounting for 0.45% of the total production volume.

²² LexisNexis

²³ https://corporate.lacoste.com/app/uploads/2024/07/LACOSTE_Factories-List_March-2024-Tier-Level-City.pdf

²⁴ <https://lowa.com/de/experience-lowa/sustainability/production-locations>

²⁵ Information checked with the company, October 2024.

²⁶ https://www.olymp.com/de_de/company/responsibility/lieferkette-transparenz-partnerschaft
<https://api.fairwear.org/wp-content/uploads/2024/07/Olymp-HRDD-Social-Report-2024.pdf>

²⁷ 2023 data

²⁸ Agonia e fasonit, Monitor AL, 19 October 2024.

²⁹ <https://about.puma.com/sites/default/files/documents/pdf/puma-global-factory-list-2024.pdf>

³⁰ Open Supply Hub, 2023

³¹ https://images.riverisland.com/image/upload/v1698241637/0_20231025_WK43_TRANSPARANCY_DNT.pdf

³² https://schoeffel-b2c.cdn.prismic.io/schoeffel-b2c/ZkIsDEFLKBrW0te_Schoeffel_SustainabilityReport23_A4-DE2.pdf

³³ Open Supply Hub

³⁴ Status September 2024, Open Supply hub

³⁵ <https://api.fairwear.org/wp-content/uploads/2024/04/BPC-Acne-Studios-2023.pdf>

³⁶ <https://www.teamdress.com/en/company/sustainability/sustainability-report>

³⁷ <https://www.engelbert-strauss.de/Nachhaltigkeit/Overlay/Sozialbericht>

³⁸ <https://api.fairwear.org/wp-content/uploads/2024/08/Salewa-Dynafit-Wild-Country-LaMunt-BPC-2024.pdf>

³⁹ https://a.storyblok.com/f/103305/x/24c7b38cd1/1-mop-bpc-marc-opolo-se-2023_final.pdf

The **Decathlon Group** has a partnership with DBS Group in Tirana. The DBS Group (with Italian capital) has been operating since 2014 and has two production sites. It is a fully integrated factory that handles all stages of production and employs over 600 workers⁴⁰.

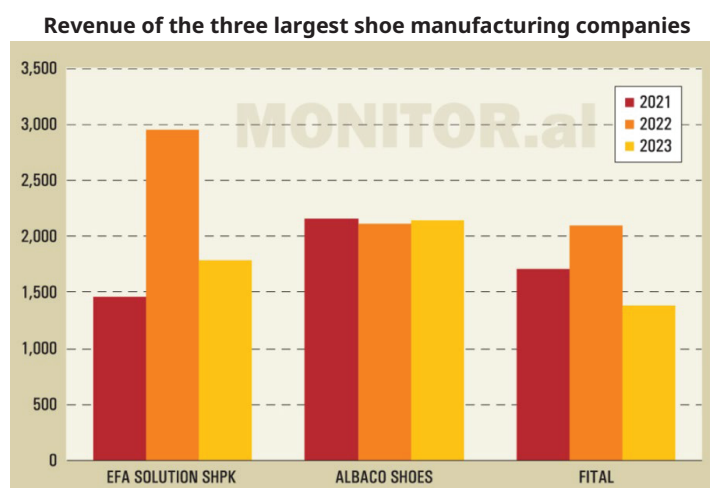
Several companies manufacture **professional workwear**, including for the police and army, either exclusively or as a complement to fashion. Such is the case of Eria Textiles⁴¹, located in Elbasan. It employs over 200 workers and produces uniforms for NATO armed forces.

Local media and studies report that well-known brands, such as Versace, Dolce & Gabbana, Gianfranco Ferre, Geox, Valentino, Max Mara, Paul Green, etc., source from Albania. However, product traceability for these brands is very difficult to establish and suppliers could not be identified with supporting evidence.

In 2019, five textile and footwear companies (Albaco Shoes, Endi Sh.p.k textile manufacturing, Fital Sh.p.k., Alba Shoes Group and Remal textile manufacturing) totalling over 7,000 employees were among the top ten largest employers in Albania. This is no longer the case today.

In 2023, **shoe and clothing factories** suffered a **total export loss of 90 million euros**, but the losses are expected to be even greater in 2024. Shoe manufacturers in particular have seen their revenues plummet.

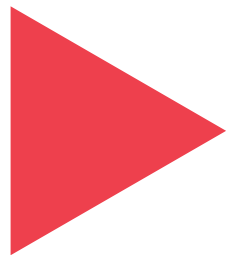
In the period January-September 2024, export revenues were €176 million lower than in the first nine months of the previous year. All indications are that the losses will get worse between now and the end of the year, as the sector is not expecting any improvement.



Source: Monitor AL, 19 October 2024

⁴⁰ <https://www.dbsalbania.com/en/2024/01/17/dbs-group-inaguration-of-new-manufacturing-facility/>

⁴¹ <https://www.eriatextiles.com/apparel-producer-workwear-producer/>



3

3. Social dialogue and collective bargaining

Social partners

- **Employers' association:**
 - **ProExport Albania** is the only business association representing textile, garment and footwear enterprises in Albania.
- **Trade union federations:**
 - **Trade Union of Textile, Confectionery, Shoe Leather Workers, and Trade Union of Workers of Craft services (including tailors, shoemakers, and dyers)** - *Organizata Sindikale e Punonjësve të Tekstilit, Konfeksioneve, lëkurë këpucës and Organizata Sindikale e Punonjësve të Shërbimeve Artizanale (berber, parukier, rrobaqepës, këpucari, ngjyrosje, etj.*⁴². These two unions are part of the organizational structure of **KSSH Confederation**.
 - **Independent Trade Union for Textile and Light Industry** - *Sindikata e Pavarur e Industrisë së Lehte dhe Tekstile, SPLIT*⁴³. The union is part of **BSPSH Confederation**.

Cooperation between the two confederations is formal. Moreover, it is proving **very difficult to bring social partners together**.

► Social dialogue

Social dialogue is an integral part of the **2030 Agenda for the UN Sustainable Development**. It is vital for attaining the UN SDGs, especially SDG 8 on Decent Work and Economic Growth. In fact, several SDG targets lay the foundations for genuine social dialogue, including mechanisms for dialogue and collective bargaining.

At national level, social dialogue in Albania takes place within the **National Labour Council (NLC)**, a tripartite consultative body that is composed of representatives of employers, trade unions⁴⁴ and the Government. The NLC has often been the subject of criticism. In particular, its representativeness, composition and functioning have been questioned. With a view to strengthening the Council's capacity, in May 2022, the Council of Ministers approved the Decision "*On the determination of employers' organisations and trade union organisations in the National Labour Council*", and in July 2022, the Ministry of Finance and Economics issued an order "*On the appointment of members and candidates of the National Labour Council, and representatives of employers' and employees' organisations*". The Council was reconstituted in 2022. It **met only once in 2023** and again in October 2024. More meetings are planned for 2025.

Overall, the practice of a genuine social dialogue is acknowledged as an essential tool in industrial relations, and its proper functioning is considered a priority in view of an effective NLC. Social dialogue is addressed in various government documents. The **National Employment and Skills Strategy 2023-2030**⁴⁵, for instance, stresses the role of social dialogue to support reforms in the field of employment and harmonisation of legislation and institutional mechanisms of the labour market with EU standards. The Strategy further aims to consolidate the NLC and ensure the "inclusive and active participation" of the "organisation of employees" and the "functioning of **transparent** and **efficient accountability**". The Strategy also has as a goal to include "other parties with an interest and contribution to the labour market, such as **civil society organizations**", in line with developments in European countries.

⁴² <https://kssh.org/federatat-2/>

⁴³ <https://bspsh.org.al/en/federatat/sindikata-e-industrise-se-lehte-a-tekstile>

⁴⁴ The Trade Union of Textile, Confectionery, Shoe Leather Workers, and Trade Union of Workers of Craft services/ KSSH Confederation is currently a member of the NLC.

⁴⁵ https://arkiva.financa.gov.al/wp-content/uploads/2023/10/National-Employment-and-Skills-Strategy-2030_EN.pdf

A well-functioning dialogue is of utmost importance when industrial change is required. However, the facts show that social dialogue in the Albanian TCLF sector is very limited. It should also be noted that in July 2023, the European Parliament adopted a resolution on the 2022 Commission Report on Albania⁴⁶, calling on the public authorities to step up their efforts in terms of upskilling, improved working conditions and social dialogue through meaningful dialogue and collective bargaining. Employers and trade unions concur that, generally, the level of social dialogue in Albania is weak, in some places it is non-existent. One union representative even said that globally it has regressed. This poses a major threat to the achievement of the Decent Work Agenda, a strategic objective of ILO programming.

► Collective bargaining

Collective bargaining in Albania is guaranteed by the Constitution (Article 50), ILO Conventions (Albania has ratified all ILO fundamental conventions), as well as by the Labour Code (Article 176)⁴⁷. At this point it is worth mentioning that the Ministry of Labour and Social Affairs, charged with the responsibility to protect and safeguard the interest of workers, was dissolved in September 2017 and its various directorates were transferred to other ministries. The Directorate of Labour and Social Affairs was integrated into the Ministry of Finances and Economy⁴⁸ (MFE). In 2023, this Directorate was moved to the Ministry of Economy, Culture and Innovation (MECI).

In the TCLF sector, collective bargaining takes place at **company level**. The two trade union federations claim a total of **55 company agreements**, including two new agreements signed in 2023-2024. The coverage of collective bargaining is estimated to be low and a long way from the 80% target set by the **European Minimum Wage Directive**⁴⁹ adopted in 2022.

Despite statements to this effect⁵⁰, there is still **no collective agreement at sectoral level**. The President of ProExport indicated that several months ago, he had approached the trade unions on the issue of a sectoral agreement, but that to date there had been no concrete follow-up of this initiative. Moreover, as reported by union representatives, there seems to be little willingness on the part of the government to promote collective bargaining at branch level. The lack of a collective agreement does nothing to contribute to a dynamic TCLF industry.

Unions believe that there are gaps in the Labour Code, particularly with regard to representativity, and that the legal basis for collective agreements at the national level is not clearly defined. In their view, amendments to the Labour Code are necessary.

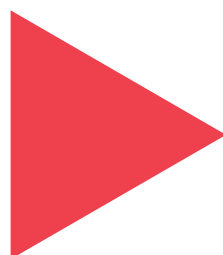
⁴⁶ https://www.europarl.europa.eu/doceo/document/TA-9-2023-0285_EN.html

⁴⁷ A trade union must have a minimum of 20 people and is formed as an organisation with legal status through registration with the Court in Tirana. <https://ceelegalmatters.com/employment-2023/employment-albania-2023>

⁴⁸ Since then, the Ministry of Finances and Economy has been reformed and is now called Ministry of Finances.

⁴⁹ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32022L2041>

⁵⁰ <https://www.industriall-union.org/albanian-unions-and-employers-want-collective-agreement>



4

4. Wages and working conditions

In June 2023, the **legal minimum wage** rose from **ALL34,000** to **ALL40,000** (EUR 400) and it has not changed since then. The average wage in the TCLF sector is a little higher but still far from a living wage⁵¹, which advances several of the UN SDGs, in particular Goal 5 (Gender Equality) and Goal 8 (Decent Work and Economic Growth).

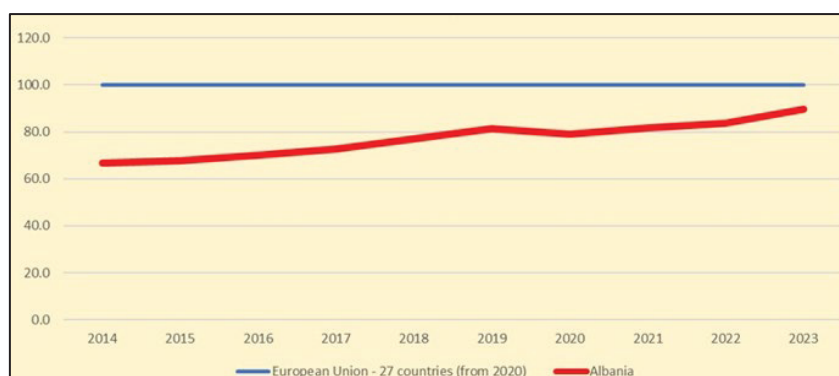
Average gross monthly wage – 2nd Quarter 2024

	Lek	Euros
Average monthly wage	75,114	753
Average monthly wage in private sector	70,430	706
Average wage in TCLF sector	44,450-49,400	450-500
Minimum legal wage	40,000	400

Source: Albanian National Institute of Statistics and union data

Despite the 17.6% increase in 2023, Albania's statutory minimum wage remains one of the **lowest in Europe** in nominal value, but the **last in terms of purchasing power**, according to a Eurostat ranking⁵². In 2023, food prices were 89% of the EU average (EU 27 = 100) compared with 83.7% the previous year, and the GDP per capita was 34% of the EU average in 2022⁵³.

Food prices in Albania in relation to EU average



⁵¹ In March 2024, the ILO Governing Body endorsed an agreement setting new guidelines for wage policies and living wages which are underpinned by collective bargaining and freedom of association.

⁵² <https://cleanclothes.org/campaigns/europe-floor-wage>

⁵³ <https://www.cna.al/english/ekonomi/edhe-pas-rritjeve-paga-minimale-ne-shqiperi-mbetet-me-e-uleta-ne-europe-i407546>

⁵³ <https://monitor.al/shqiperia-po-kap-europen-per-nivelin-e-cmimeve-por-jo-te-jeteses/>

Regular **working hours** are from 07:00 to 15.30 hrs or 07:30 to 16:00 hrs, with half an hour break. Typically, companies provide **transportation** to and from the factory, as most workers come from rural areas. Depending on the workload, employees may have to work on Saturdays, or part of it, to complete orders. In some cases, working time can go up to 48 hours/week. **Overtime** seems to be common in workwear manufacturing companies. Buyers are demanding and often impose tight deadlines. **Penalties** apply if orders are not fulfilled on time. One case was reported where a supplier working exclusively for a foreign buyer could not produce anything else without the latter's approval, demonstrating the buyer's power over the supplier.

In addition to wages, **abuses of rights** at work have been reported, such as incomplete payment through the banking system (one part of the salary is paid in cash – envelope wages), wage arrears, and non-payment of social and health insurance contributions. In addition, overtime is not always compensated according to the law. **Occupational health and safety** is another issue raised by trade unions, including poor ventilation, lighting and noise. Workers are under pressure to meet the production targets and fulfil orders, often on tight deadlines. The pressure is particularly high in shoe manufacturing, and workers are not always properly protected, for instance when handling chemicals. Awareness of health and safety issues at the workplace is low, as is that of workers' rights and labour legislation. Accidents often go unreported. In addition, unions note that organizing is difficult, which limits the workers' ability to bargain collectively for better conditions and protection of their rights. Union access to factories is also restricted by company owners⁵⁴. The fear of losing one's job often prevents workers from joining a union.

The demonstration organised by workers of a fashion factory in Vlorë in November 2024 is an illustration of the situation in the sector. They mobilized to denounce the poor working conditions in the plant, the non-payment of social insurance, disrespectful attitudes⁵⁵ and even threatening phone calls⁵⁶. Factories in this region have been accused of exploiting workers by failing to pay social security contributions for years⁵⁷. In 2023, workers at the Toni Oil tailoring factory in Bllisht went on strike to protest against long working hours, incomplete leave and low pay. The previous year they had protested because some people were working without employment contracts and insurance. An independent union was set up in the factory and the leader dismissed "due to restructuring in the company"⁵⁸. The Labour Inspectorate ruled that the dismissal was a breach of law and management had violated the workers' right to organise and to protest. A collective agreement was finally signed that met many of the workers' demands and the union leader was reinstated⁵⁹. But, a few months later, under the pretext of a drop in orders, the factory laid off most of its workers, including the union leader.

During a meeting⁶⁰ at the **State Labour and Social Services Inspectorate**, it was pointed out that an important share of the complaints comes from workers in the TCLF sector. During 2023, a total of 800 complaints were lodged and dealt with mainly through the appropriate inspection processes. Around 20% of the complaints concerned manufacturing, particularly TCLF companies⁶¹, and related to working conditions and fair treatment. The Labour Inspectorate stated that the number of complaints is increasing.

The worker protests and the complaints lodged with the Labour Inspectorate shed light on the **non-compliance with labour laws in the Albanian TCLF sector**. There is a need for reform in labour practices within the sector.

Some non-governmental organisations, for instance the **Gender Alliance for Development Centre (GADC)**, also play an important role in denouncing poor working conditions and promoting workers' rights in the sector. Their activities focus mainly on awareness-raising, communication and training.

⁵⁴ <https://citizens.al/en/2024/05/30/the-uncertain-path-of-a-woman-for-more-rights/>

⁵⁵ Albania has ratified the ILO Violence and Harassment Convention.

⁵⁶ <https://euronews.al/kushte-skandaloze-punonjeset-e-fasonerise-ne-vlore-dalin-ne-proteste-ja-kerkesat/>

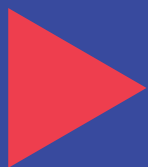
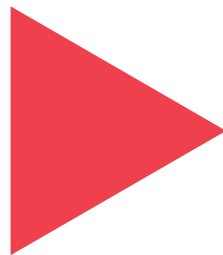
⁵⁷ <https://www.ocnal.com/2024/11/women-in-vloras-textile-industry.html>

⁵⁸ <https://citizens.al/2023/01/17/punetoret-e-fasonerive-po-organizohen-sindikalisht-per-te-fituar-te-drejta-ne-pune/>

⁵⁹ <https://www.reporter.al/2023/01/06/pas-dy-diteve-proteste-kompania-fason-pranon-kerkesat-e-punetoreve/>

⁶⁰ Meeting on 28 October 2024.

⁶¹ [Analiza pune – ISHPSHSH](#)



5

5. Support measures for the TCLF sector

For some time now, businesses have been seeking to draw the attention of the government to the serious problems facing the TCLF sector. They recognize that they need to transform, but say that they “don't have the capacity to do so without government help”. Government intervention is needed. “We were promised a fiscal package in 2021, but it was never implemented”, said a representative of the Export Association⁶². Other industry representatives argued that if this package had been implemented at that time, the situation in the sector would be more favourable today⁶³.

A major step was taken at the beginning of 2024, when the government committed to assisting the sector. In April, the Council of Ministers approved a **State guarantee line** amounting to **ALL4 billion** for investments in **technology** and **innovation**, and for **raw material purchases**.

The Minister of Finance stated “We are supporting a State Guarantee Instrument in support of businesses of the fashion processing sector which need to improve technological processes and further increase productivity, and to cope with the effects of shocks in this sector. This instrument aims to support businesses through the state loan guarantee in order to provide the necessary financing from second-tier banks”⁶⁴. **Intervention measures** to stimulate transformation and investment in technology and innovation in the sector include:

- **Fast refund/reimbursement of VAT** through a dedicated channel for TCLF companies.
- **Overdraft for the quick availability of liquidity**, according to contracts with customers that companies must put into production.
- A **sovereign guarantee instrument** of ALL4 billion (€39 million) for investments in technology and innovation.
- A **financing scheme** for the establishment of a professional academy for manufacturing and related training in the company.
- A **free trade agreement** between Albania and raw material producing countries, such as Pakistan, Bangladesh and India (which currently have preferential lanes with European countries for customs duties while Albanian products are subject to customs duties).

The government pledged to further support the TCLF industry's closed-cycle production and to become more productive and competitive by strengthening the “Made in Albania” brand⁶⁵.

The total amount of individual loans may not exceed ALL100 million, and the portion of the loan earmarked for the purchase of raw materials may not exceed 30%. The State guarantee is intended to cover up to 70% of the value of the loans with an interest rate of 5.2%. The repayment period is up to 7 years for investment loans, and up to three years for loans to purchase raw materials. Loan applications had to be sent to no later than 31 October 2024 and contracts must be signed no later than 31 December 2024⁶⁶.

Eight companies applied for a loan from four commercial banks. At the end of the process in December 2024, **only three loans had been granted**.

⁶² <https://shekulli.com.al/2024/01/15/nuk-ndalen-falimentimet-e-kompanive-fason-partneret-po-zhvendosen-ne-egjipt-e-tunizi-ne-pak-dite-mbeten-pa-pune-1-mije-punonjes/>

⁶³ [Government promises supportive package for textile and shoes industry - Euronews Albania](https://euronews.al/government-promises-supportive-package-for-textile-and-shoes-industry/)

⁶⁴ <https://top-channel.tv/2024/02/21/qeveria-ndryshon-buxhetin-2024-rrit-te-ardhurat-dhe-shpenzimet-ul-borxhin-4-miliarde-leke-garanci-per-fasonet4/>

⁶⁵ <https://euronews.al/en/government-promises-supportive-package-for-textile-and-shoes-industry/>

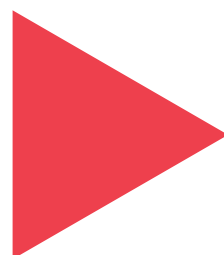
⁶⁶ ILO Zero draft assessment of the textiles, clothing, leather and footwear sector, August 2024.

Generally, employers and trade unions feel that the **government should give more support to the TCLF sector**. KSSH/TCLF union pointed out that the Fund's impact was limited, “as the guarantee is mostly for the few companies that have the “Made in Albania” process, and not for the majority that are companies that do only a part of the process of the final product”⁶⁷. During a meeting, the Executive Director of the Union of Albanian Business commented that the government did not give enough incentives to the sector and the State Guarantee Fund was not a solution⁶⁸. ProExport went further, saying that without State intervention, the social impact of the crisis would only get worse, and the issue should be looked at as a “national problem, and not just a sectoral problem”⁶⁹.

⁶⁷ <https://kssh.org/workshop-i-perbashket-i-industriali-europa-industriali-global-dhe-fes-sigurimi-i-nje-tranzicioni-te-drejte-ne-vendet-e-ballkanit-perendimor/>

⁶⁸ Meeting on 28 October 2024.

⁶⁹ <https://balkaninsight.com/2024/03/08/women-in-albanian-textile-sector-pay-high-price-for-leks-rally/>



6

6. UN sustainable development goals, due diligence and Just Transition

Respect for human rights and compliance with international labour standards are essential to achieving the **UN Sustainable Development Goals**. Due diligence contributes to these goals and ensures that workers' voices are heard in supply chains. A development path in which human rights are not respected and promoted cannot be sustainable and would deprive the notion of sustainable development of its meaning. Achieving the SDGs requires that States meet their duty to protect human rights from business-related human rights abuses, and that businesses meet their corporate responsibility to respect human rights. Companies are required to take concrete steps to identify, prevent and address any adverse human rights impacts resulting from their operations.

Legislation on due diligence has been adopted at European and national levels. This is a major departure from unilateral codes of conduct and self-regulatory approaches supported by company audits, which have largely failed mainly due to lack of strict enforcement mechanisms and insufficient transparency. At European level, the **Corporate Sustainability Due Diligence Directive** was finally adopted in June 2024⁷⁰. The Directive aims to foster sustainable and responsible corporate behaviour throughout the global value chains. It imposes new obligations on large companies to address the adverse impacts of their activities on human rights and environmental protection. Doing business, within or outside the European Union, must mean doing business responsibly. This also applies to the European companies operating in Albania.

At national level, two countries have passed legislation on due diligence that is relevant to Albania. These are Germany and France. The **German Supply Chain Due Diligence Act** (*Lieferkettengesetz*), which came into force in January 2023, requires German businesses to identify and account for their impact on human rights and the environment throughout their global supply chains. To meet their responsibilities, companies must implement extensive compliance measures and document that they have done so. Companies that fail to meet their obligations are liable to fines. The French **Duty of Vigilance Law** (*Loi relative au Devoir de Vigilance*) was passed by Parliament in 2017. It requires companies to publish an annual vigilance plan. The vigilance plan must establish effective measures to identify risks and prevent severe impacts on human rights and the environment resulting from the company's own activities, the activities of companies it controls directly or indirectly, and subcontractors and suppliers with whom the company has an established commercial relationship. In the event of failure to publish the plan, the Court can give notice to the company to comply with its vigilance obligations, with financial penalties imposed for the delay. The company may be ordered to compensate for the damage that due diligence could potentially have avoided.

References to due diligence can also be found in **global framework agreements** (GFAs) that IndustriALL Global Union has negotiated with multinational corporations. GFAs have been developed in response to globalization and thanks to global unions' pressure for governance structures that build on labour relations. These agreements put in place the best standards of trade union rights, health, safety and environmental practices, and quality of work principles across a company's global operations, regardless of whether those standards exist in an individual country.

By signing a GFA, a multinational company accepts responsibility for protecting and respecting fundamental workers' rights, in particular the **right to organize and bargain collectively**, that are enshrined in core ILO conventions, and for exercising due diligence concerning the impact of its operations on human rights in its production facilities and along its supply chain. The supplier provision in a GFA is of special importance as it is precisely in these supply chains that the most

⁷⁰ <https://eur-lex.europa.eu/eli/dir/2024/1760/oj>. The Directive applies to companies with more than 1,000 employees and a turnover exceeding €450 million. It covers the entire chain of activities, from production to distribution. Companies are required to implement a risk-based system to monitor, prevent, or remedy identified human rights and environmental damages. This responsibility extends to subsidiaries and business partners. Companies can be held liable for damages and must provide full compensation for any violations.

frequent abuses of workers' rights occur. Freedom of association and the right to bargain collectively are key rights in a sustainable supply chain.

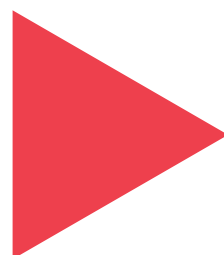
IndustriALL Global Union has signed GFAs with six TCLF global companies. These are Inditex (brands Zara, Massimo Dutti, Bershka, Pull&Bear, Stradivarius, Oysho and Zara Home), ASOS, H&M, Mizuno, Tchibo and Esprit. As noted above, four of them – Asos, Inditex, H&M, and Tchibo - have suppliers in Albania. IndustriALL Global Union also signed a joint statement with Tchibo in 2020, under which they reaffirm their commitment to ensure “the respect of the right to collective bargaining that allows conditions for sectoral collective bargaining agreements”. Global framework agreements with other companies are currently under discussion.

In addition, two brands/retailers that are part of the **Action, Collaboration, Transformation** (ACT) initiative and have signed the **Memorandum of Understanding**⁷¹ currently source from Albania. These are Next and Zalando. The objective of this initiative is to transform the global garment, textile and footwear industry and secure living wages for workers through collective bargaining at industry level, freedom of association and responsible purchasing practices. ACT has adopted a joint due diligence framework for member brands to ensure that their purchasing practices facilitate the payment of living wages to garment workers in their supply chains. Purchasing practices have an impact on wages and working conditions. Not only prices, but also payment terms, planning and delivery times, need to be taken into consideration.

As part of their due diligence obligations under existing and applicable legislation, regulations and negotiated agreements, TCLF companies have to assess the social and environmental impact of their activities. This includes understanding how changes will affect workers and the local economy, especially in the supply chain, and taking appropriate measures to ensure that the **shift towards a sustainable TCLF sector is fair and leaves no one behind**. Just Transition provides a pathway to a sustainable future, in all aspects of its social, economic, and environmental dimensions. It must be anchored in labour rights, social dialogue and decent work.

It is necessary to increase awareness and thereby understanding of stakeholders, in particular workers, about the various pieces of legislation on due diligence and agreements contributing to the due diligence process to help advance proper implementation and engage in good faith social dialogue.

⁷¹ The Memorandum of Understanding, signed between ACT member companies and IndustriALL Global Union, is the basis for cooperation between the ACT members outlining the commitments necessary to establish freedom of association, collective bargaining and living wages within global supply chains.



7

7. Turning sustainability in the Albanian TCLF industry into a growth driver - challenges and opportunities

The Albanian TCLF industry is at a crossroads. It needs to transform itself with a focus on sustainability if it is to return to growth, compete globally, and offer quality jobs and good working conditions. Various factors, including regulatory legislation, are also raising industry standards for sustainability.

In its country framework for Albania for the period 2023-2027⁷², the World Bank Group underlines that the apparel manufacturing industry has “grown rapidly, benefitting from access to global supply chains. Yet competitiveness is hampered by relatively low productivity, insufficient investment in production processes and new technologies, small-scale deficiencies in getting products to market in a fast and predictable manner, and business environment uncertainties”. Most jobs available provide low wages and limited opportunities for professional development.

Indeed, the vast majority of Albanian TCLF enterprises are oriented towards CMT production with a low level of added value. Developing a strategy to increase added value along the value chain is therefore critical for expansion and sustainability of the sector. Transforming the TCLF industry from its current low-value, low-cost position to a high-value position, where more local companies would provide high-quality final products under their own brands, requires support from policy makers, technological upgrading, skills enhancement and improved working conditions.

Several companies have taken steps to modernise their production facilities and invested in new technologies that are less wasteful to help achieve sustainability goals. By way of example, DBS Group has taken measures towards **environmental-friendly manufacturing**, such as electricity generation through solar panels, electric carbon-fibre heating and cooling systems using natural air recirculation⁷³. The Denim Factory Group has implemented various sustainable practices, e.g. reducing water usage in production processes and using life cycle assessment to minimize their environmental impact. State-of-art Samwear Sh.p.k. is using digital sublimation printing technology⁷⁴.

Clearly the TCLF sector wants to upgrade production equipment and processes and move from an order-based model to a “Made in Albania” model. In a survey carried out by the Department of Textile and Fashion of the Polytechnic University of Tirana⁷⁵, 56% of the respondents answered that they have as objective to move to a closed production cycle. Almost 35% said they have the plan in the short term, but it requires investment. It is also clear that the current fall in orders and market uncertainty may be holding back investment. However, shifting to own-brand production that would enable businesses to better control their product’s lifecycle is a slow process, as one company owner put it. The **lack of raw materials** from Albania is seen as a major difficulty in that process.

Transformation can also mean diversification, both in terms of products and markets. Beyond the traditional fashion industry and home furnishing applications, technical textiles such as medical textiles or textiles used in the automotive sector could be a promising avenue for Albania. Market diversification would involve expansion into new countries or geographical areas, reducing the TCLF industry's dependence on EU countries and increasing opportunities for growth. By exploring new markets or new product ranges, companies could be led to rethink their strategies and develop innovative solutions to meet the needs of new customers.

⁷² <https://documents1.worldbank.org/curated/en/09915000222322770/pdf/BOSIB086c3ab510fa0a5380a0666ba92b08.pdf>

⁷³ ILO, Zero draft assessment of the textiles, clothing, leather and footwear sector, August 2024.

⁷⁴ Ibid.

⁷⁵ https://jieas.net/wp-content/uploads/2024/04/JIEAS_7-.pdf

In February 2024, the World Bank representative in Albania stated that Albania's competitive advantage should not be low labour costs. "We simply cannot advance convergence in the EU and towards a high-income country based on low wages...We need to transform the economy towards higher value-added production, and we need to do it quickly. And to achieve this, we need to **leverage our human capital**. There is simply no other way." The EBRD's representative spoke along the same lines: "Low labour cost is not a sustainable competitive advantage...Albania should move away from low value-added outsourcing activities in the clothing industry and offer more complex and higher value-added products and services"⁷⁶.

Indeed, improving working conditions is key to achieving a competitive and sustainable TCLF industry. Workers are not paid enough to enjoy a decent standard of living. Understandably, young workers are not interested in working in a sector that does not offer good working conditions and development prospects. They prefer to turn to better-paid jobs or move abroad. The labour shortage resulting from the sector's lack of attractiveness has led some companies to **hire workers abroad**, notably in Bangladesh and Nepal⁷⁷.

Building skills is critical to support a sustainable TCLF industry in Albania. At present, the level of education of the workforce is low. The great majority of the female workers have primary or secondary education. Only a small percentage has graduated from university. The low level of skills and the mismatch between skills and jobs are seen as major challenges in the National Employment and Skills Strategy 2023-2030⁷⁸ developed by the Albanian Ministry of Finance and Economy. Better matching of demand with supply in the labour market and upskilling are strategic goals. Ensuring that workers have the right skills is essential for the development of the TCLF sector.

Technological advances have led to the development of new materials, processes and equipment that require textile workers to be constantly trained, learning and adapting to new methods. **Digitalisation** will transform jobs, some of which will disappear, while others will be created. The **EU Pact for Skills** for the textiles eco-system⁷⁹ notes that 'the TCLF industry faces increasing skills gaps and shortages, primarily due to its ageing workforce, a mismatch between education and the industry's needs, technological change and low levels of worker mobility.' The European social partners have signed up to this Pact for Skills and hope to extend the work and findings to the non-EU members.

The shift towards higher-value products requires a more skilled workforce and greater operational efficiency. Targeted investment in education and vocational training is needed, as well as better cooperation between technical institutes/the Polytechnic University of Tirana and manufacturing companies. Special emphasis should be placed on IT and digital skills⁸⁰.

Albania's participation in the **Digi4Wearables** (Digital Tools for Wearable Products for the Shoe Industry)⁸¹ capacity-building project is part of that effort. The project focuses on supporting the digitalisation of the footwear industry and aims to improve the knowledge of workers in Albanian footwear companies of green and digital manufacturing. It is coordinated by the Portuguese Technological Footwear Centre (CTCP).

The social partners and other relevant stakeholders should work with policy makers to develop a skills strategy for the sector, while emphasising the need to make the sector more attractive to young people.

The TCLF industry has a considerable **environmental footprint** in terms of water use and pollution, hazardous chemical discharge and greenhouse gas emission. It is one of **the most waste-generating sectors** globally and responsible for about 10% of the annual global carbon emissions. To try and reduce this enormous carbon footprint, the European Commission adopted a new **Strategy for Sustainable and Circular Textiles in March 2022**⁸². The Strategy, which includes 16 pieces of legislation, aims to create a new sustainable ecosystem for all textile products sold on the EU market by 2030, addressing the way they are produced and consumed, and to make sustainable products the norm in the EU and facilitate a transition to a circular economy.

⁷⁶ <https://gazeta-telegram.com/2024/02/11/institucionet-nderkombetare-fokusi-te-burimet-njerezore-dhe-arsimi/>
<https://robadaalbanesi.com/institucionet-nderkombetare-fokusi-te-burimet-njerezore-dhe-arsimi/>

⁷⁷ <https://sunaulorojgar.com/jobs/vacancy-for-nepalese-employee-in-albania-with-free-visa-free-ticket/>

⁷⁸ https://arkiva.financa.gov.al/wp-content/uploads/2023/10/National-Employment-and-Skills-Strategy-2030_EN.pdf

⁷⁹ https://pact-for-skills.ec.europa.eu/about/industrial-ecosystems-and-partnerships/textiles_en

⁸⁰ <https://www.investment.com.al/wp-content/uploads/2023/05/Albania-Investment-Council-From-Low-Wages-to-Labour-Productivity-2023.pdf>

⁸¹ <https://digi4wearables.eu/>. Four countries participate in the project: Portugal, Albania, Greece and Romania. The project is underway and will be completed in December 2025.

⁸² https://environment.ec.europa.eu/strategy/textiles-strategy_en

By 2030, all products placed on the EU market will have to be:

- long-lived and recyclable
- made up largely of recycled fibres
- free of hazardous substances and produced in an environmentally friendly way
- produced respecting social rights

with the goal of ending the **fast fashion** culture, characterised by the marketing of frequent fashion collections manufactured at low cost, producers will have to take greater responsibility for their production along their entire supply chain.

Albania has had EU candidate status since 2014, and first accession negotiations took place in July 2022. As a result, the country will be impacted by the EU textiles strategy and the transition towards increased circularity and sustainability, in terms of employment, working conditions and job content. Albania exports to European countries, primarily to Italy, followed by Germany and Greece. Manufacturers will therefore need to ensure that their products meet the new EU legislation to access the EU market. They will need to adopt sustainable business practices, as well as digital, environmental, and recycling technologies, which means investing in reskilling and upskilling the workforce, including digital skills. So far, not many companies have embraced digitalisation⁸³. However, suppliers have reported that customers are now pressuring them to integrate environmental protection and better chemical management practices into their production process.

TCLF's Albanian companies are not involved in the production of raw materials for fabrics or in the end-of-life management of clothing and footwear. The shift from a CMT model to sustainable production processes could be a key element in restructuring the sector and supporting the transition to a circular model. Textile waste processing is seen as a new opportunity in Europe and could also be an area of interest for Albania. In the EU, the European Commission's impact assessment report⁸⁴ on the Waste Framework Directive highlighted the potential for the creation of 8,740 jobs in waste management. The potential of creating a more circular and fairer economy for European workers can be found in industriAll Europe's 2022 paper - "*More and fair circular economy: towards strategic autonomy for industrial jobs and a cleaner environment*"⁸⁵.

To be sustainable, the TCLF industry in Albania must provide decent jobs, promote fair labour practices, and meet high environmental standards. Businesses need to change the way they operate and produce, and to adapt to new market conditions to be competitive.

This requires strong social partners to conduct a genuine and constructive social dialogue, and a firm commitment from public authorities to provide the sector with support commensurate with the challenges it faces.

⁸³ Data from the Gender Alliance for Development Centre, Tirana.

⁸⁴ https://environment.ec.europa.eu/publications/proposal-targeted-revision-waste-framework-directive_en

⁸⁵ https://news.industrial-all-europe.eu/documents/upload/2022/12/638055883130940811_Adopted_-_More_and_fair_circular_economy_-_towards_strategic_autonomy_for_industrial_jobs_and_a_cleaner_environment_-_EN.pdf



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LexisNexis

European Union

International Labour Organisation

World Bank Group

ilo.org

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