



‘Armenia’

Country Presentation

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Main Macroeconomic Indicators of RA

	2002-2006 Average Growth Rate, %	2007 Growth Rate, %	2008 Forecast
DGP	13.0%	13.7	10.0
Foreign Trade	21.3	39.7	42
Gross Investments	29.1	60.2	55.0
FDI	24.9	110.0	40

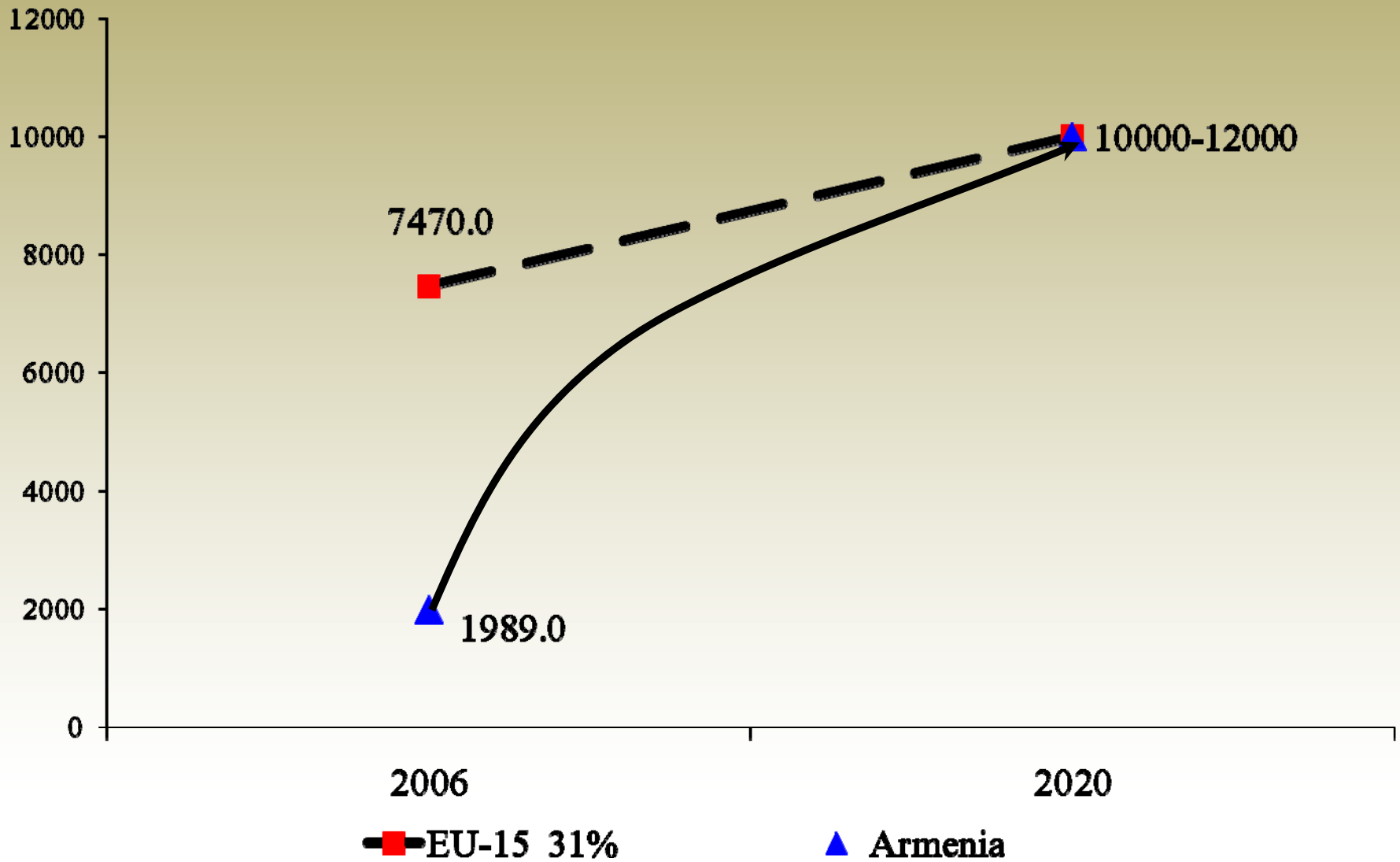


Main Macroeconomic Indicators of RA

	2002-2006 Average, %	2007, Growth Rate %	2008 Forecast
Personal Income	10.5	25,7	26
Per-capita GDP	1247.9	2844	3311
Unemployment	7.2	7.5	7.1
Inflation	3.1	4.4	4.0
Gross Investments/GDP	26	25.7	26.1
Gross Savings/GDP	19.1	23.6	22.5

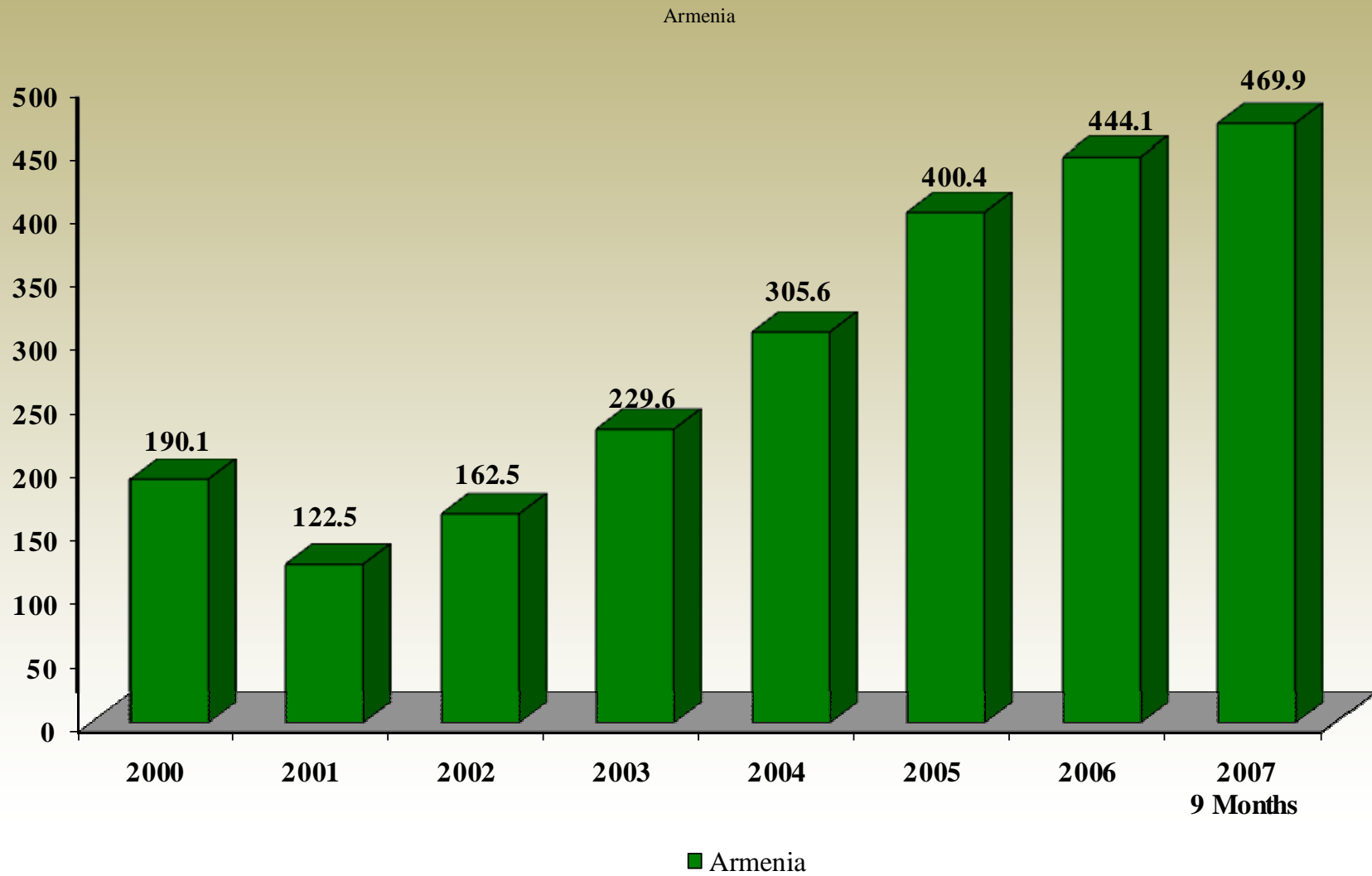
Per-capita GDP, 2010-2025

USD





Investments

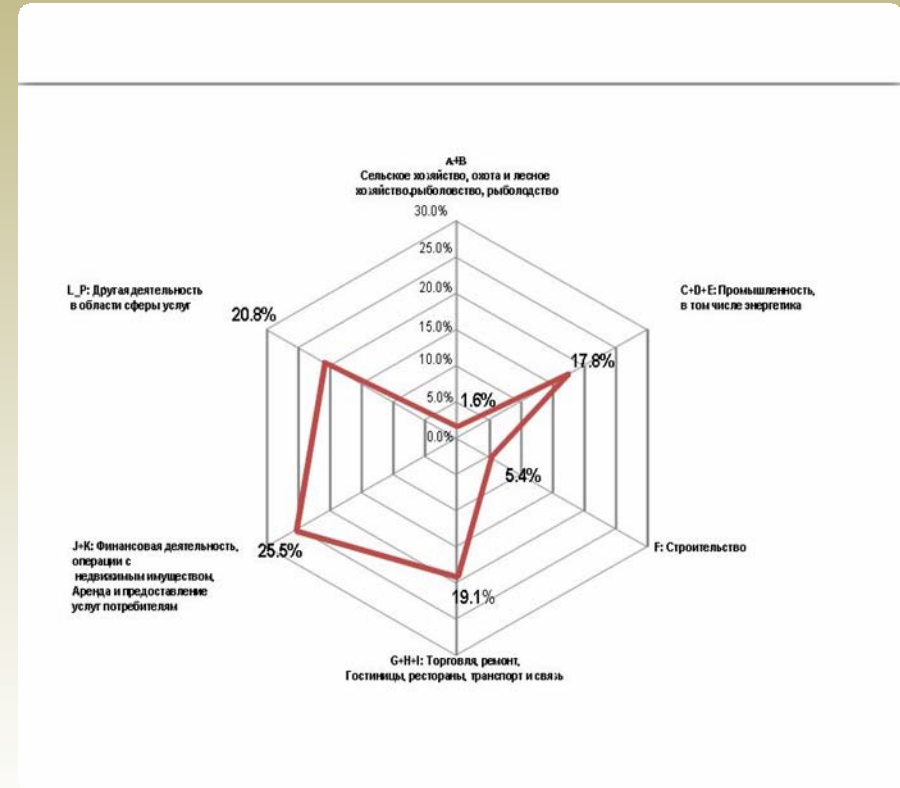
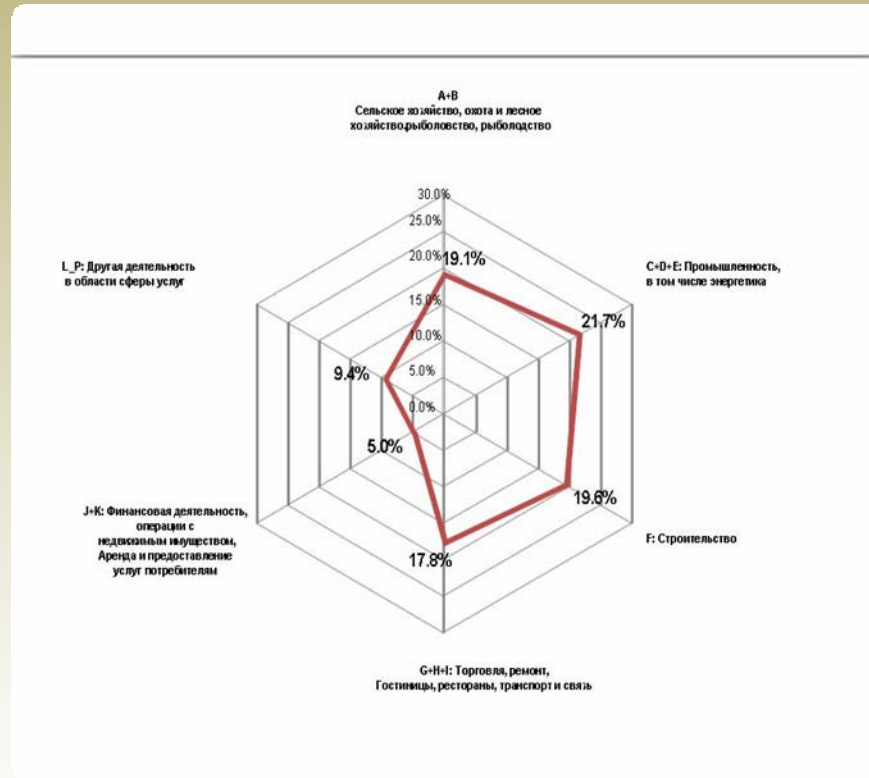




Expected Economic Transformation 2008-2025

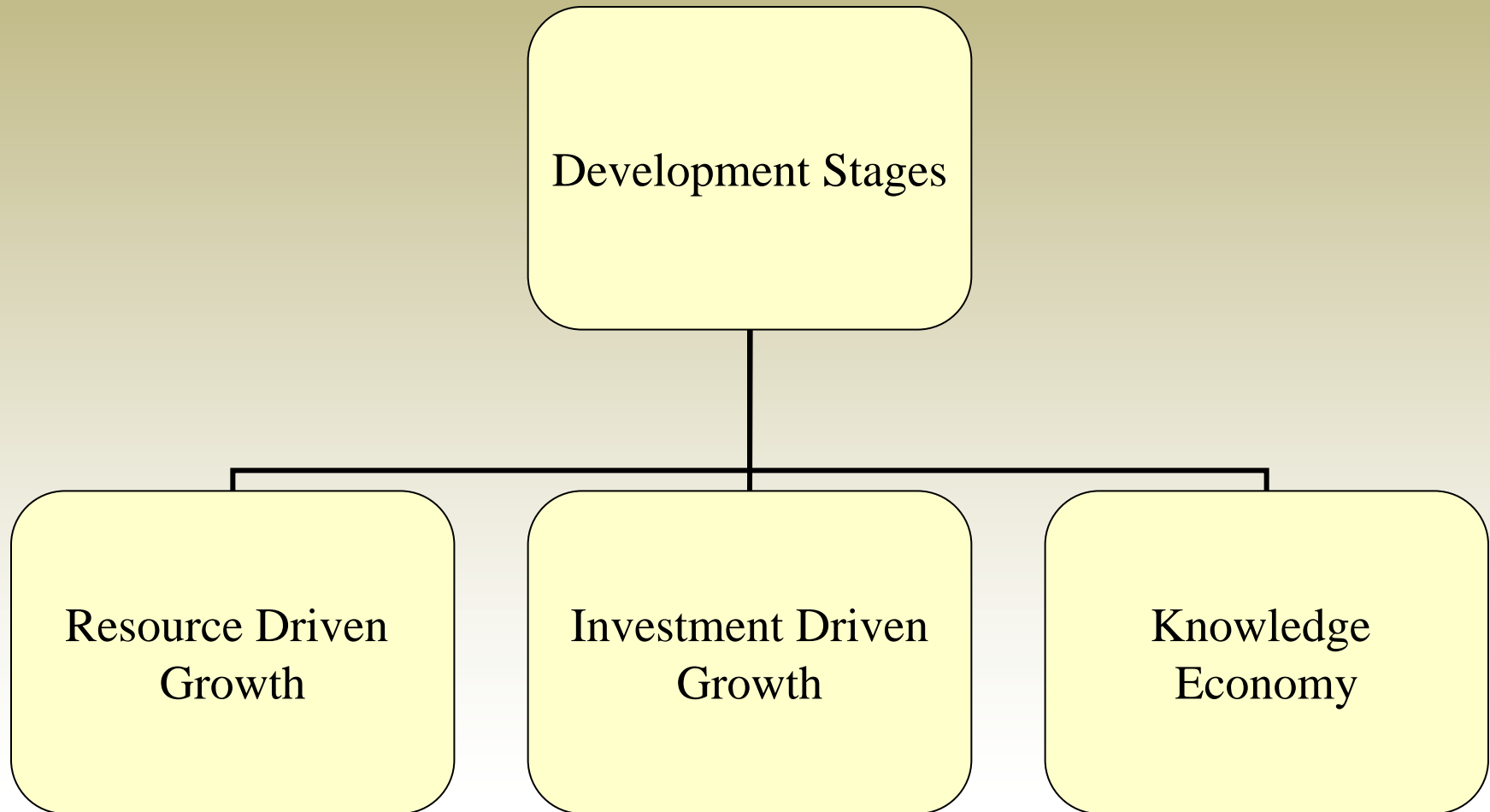
Armenia

EU-15





Development Perspectives





Investment Driven Growth

Preconditions

- Macroeconomic Stability,
- Privatized infrastructure (Energy, Communications),
- Unrestricted Capital Inflow and Outflow,
- Reliable and Dynamically growing banking sector
 - Numerous Global Banks.
- Free customs regime on Capital Good Imports.
- Pension and Insurance Reform
 - Cumulative Pension System,
 - On average 150-200 mln. institutional long term savings.
- Capital Market Formation
 - OMX is in Armenia now,
 - Introduction of Corporate Governance Rules:
- Qualified and Educated Labor Force



Investment Driven Growth

Transformation

- Improve country's global competitiveness,
- Improve Business and Investment Environment,
- Promote the entry of Multinationals,
- Extend Private-Public Partnership in building infrastructures,
- Formation of Knowledge Economy Infrastructure.



Improve Country's Global Competitiveness

- Accelerated growth of productivity. (we have to grow faster than our partners)
- Integration into global value chains (IT, Hi Tech, chemical and others),
- Direct application of European quality standards,
- Protection of Intellectual Property ,
- Placement among the top most competitive countries' ranking done by World Economic,
- Free Trade Agreement with Russia, EU, Asian and Middle East Countries



Improve Business and Investment Environment

- Placing Armenia among top 10% of countries on the Doing business ranking.
- Reforming state governance
 - Simplify tax filing
 - Simplify Customs
 - Simplify Licensing
 - Increase corporate social responsibility
 - E-Governance in 5 years



Promote the entry of Multinationals

- Know-How,
- Targeted efforts using the Diaspora connections,
- Flexibility in government decisions.



World Class Infrastructures

- *Private-Public Partnership and Best practice*
- *Modernization of Energy Sector According to Development Goals*
 - Extend capacities,
 - Renewable .
- *Modern Physical Infrastructure*
 - Paid tunnels and highways.
- *Communications*
 - National Network,
 - Liberalization of frequencies
 - A new mobile communication's company entry in 2009
- *Implementation of Best Practice*



Knowledge Economy

- We started from education (Business → University → knowledge /school/)
 - Interactive education (every Armenia should be able to read and speak English and Russian) ,
 - Establishment of Business → University Link,
 - Emphasize and strengthen the engineering school,
 - Modern Business school and educational center.
- Techno Parks and Business Incubators
 - Gyumri techno park pilot program
 - Modern techno park nest to Yerevan as final target
- SME development,
 - Innovations and Integration into Global Value Chains,
 - Massive use of IT and Hi Tech in production and daily life.

Government should spend 1% of GDP on R&D provided that private sector matches this to 3-4% of GDP.

Diaspora is an important source of knowledge and entrepreneurship.