

Armenia: Building Opportunity



Republic of Armenia

YEREVAN

The capital of Armenia



- Area - Total 29.800 sq. km
- Population - 3,231,900
- Currency – Armenian Dram

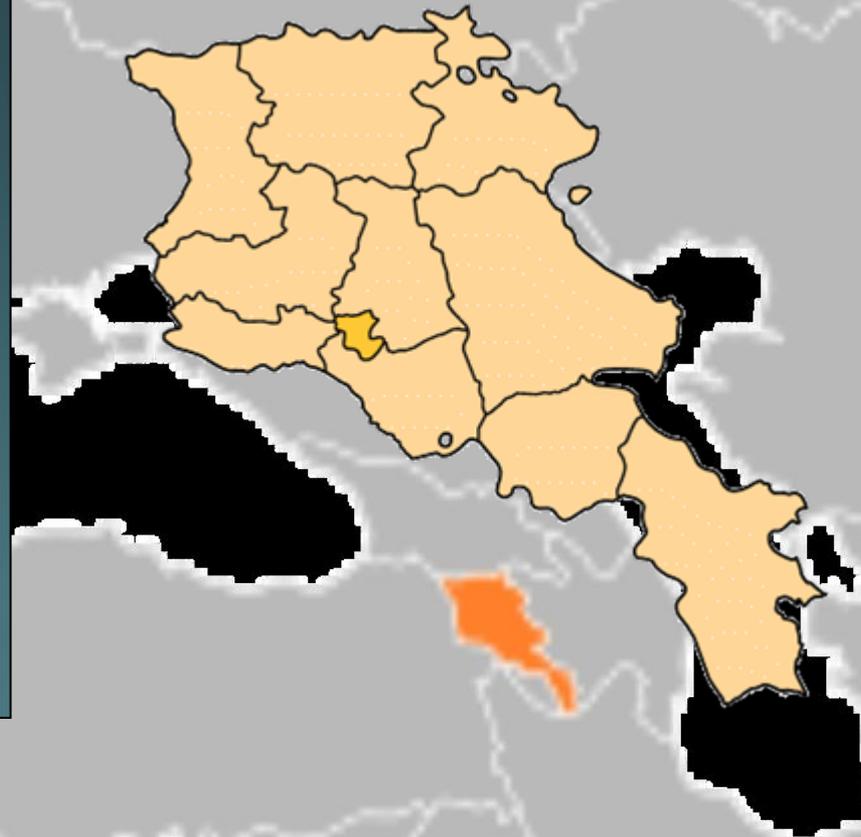
BORDER COUNTRIES /

Border length in km.

1. Azerbaijan - 566 km,
2. Georgia - 164 km,
3. Iran - 35 km,
4. Turkey - 268 km

Armenia

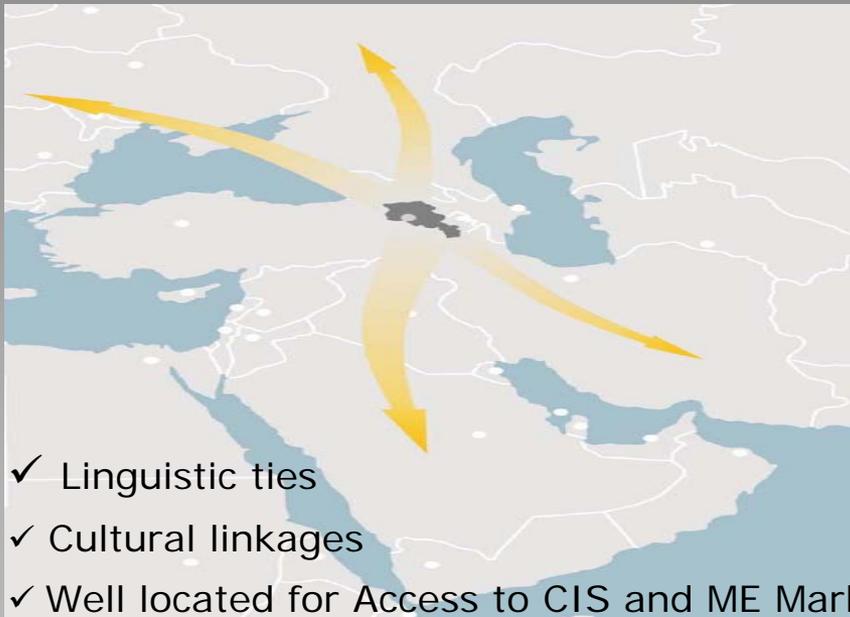
COUNTRY LOCATION



Armenia: Building Opportunity

Building Bridges

Armenia as a platform for international partnerships



- ✓ Linguistic ties
- ✓ Cultural linkages
- ✓ Well located for Access to CIS and ME Markets
- ✓ Trading agreements
- ✓ Active Diaspora and Talented workforce
- ✓ Favorable Investment Legislation
- ✓ No Restrictions on Foreign Investor Ownership
- ✓ Free Repatriation of Profit

Closing Opportunity Gaps

Untapped potential as a vehicle for growth



- ✓ Highly trained human capital
- ✓ Unexploited resources
- ✓ A government ready for partnerships in:

Technology,

Education, Life Sciences,

Tourism, Energy and Infrastructure

Political Environment and Reforms



Post- election stable situation

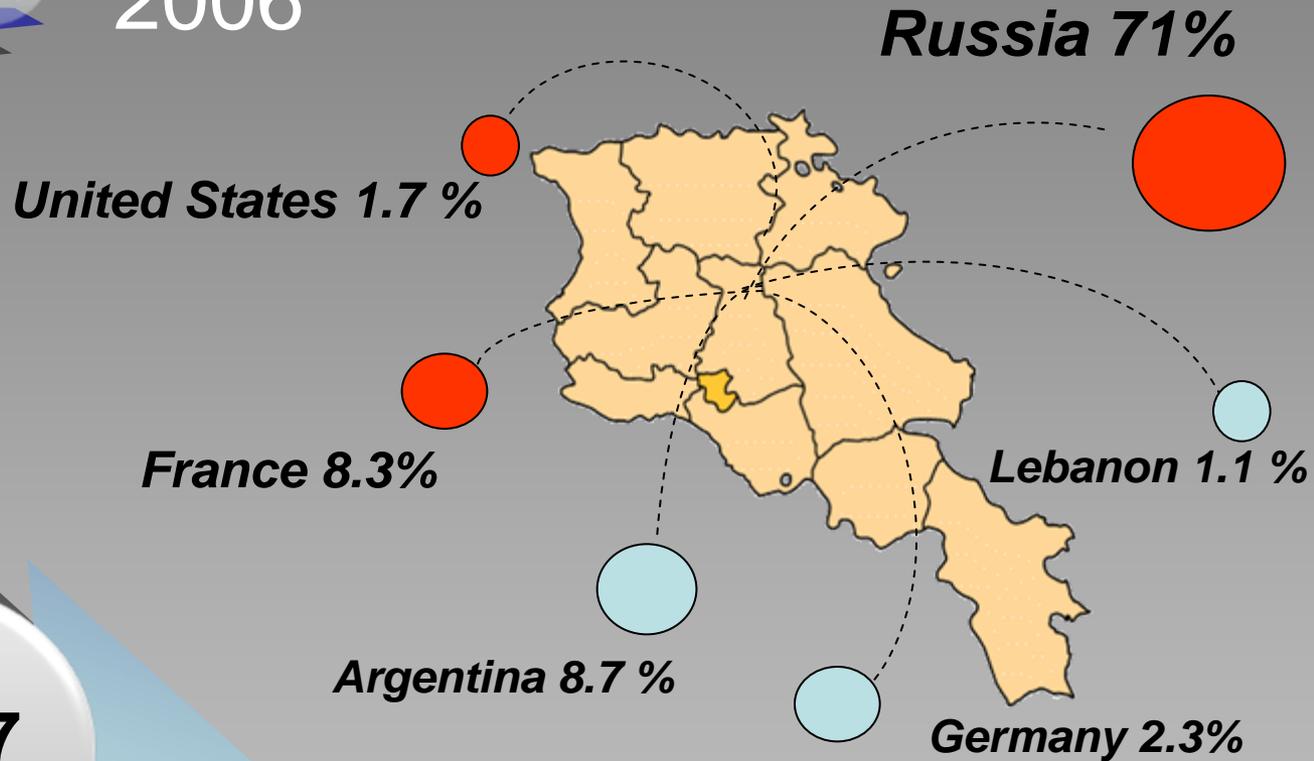
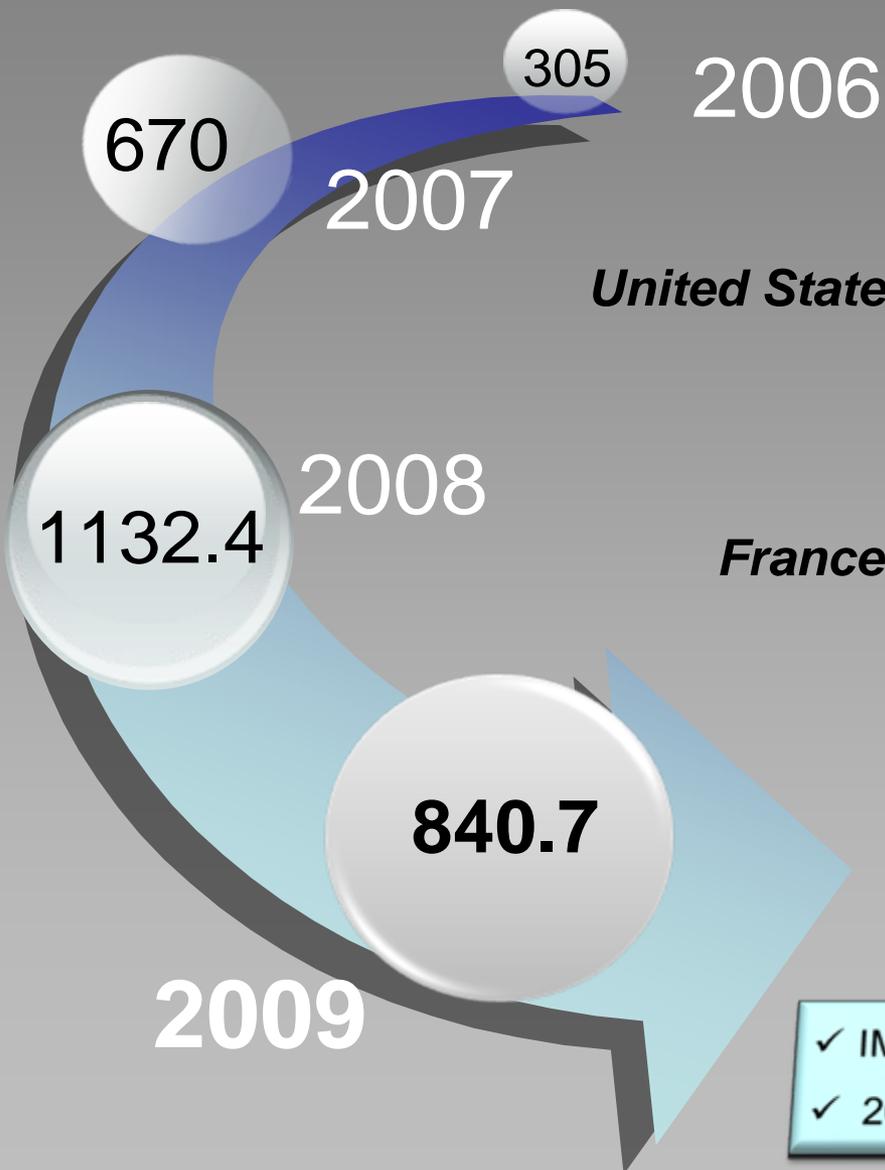
Ambitious tax reforms

Government Commitment to FDI Attraction

Open international relations

Armenia is a member of IMF, WTO, MIGA, Council of Europe and etc. As a member of MIGA it is possible to get MIGA guarantees to insure investment against political risk. Armenia is a member of more than 40 international organizations.

FDI Inflows (mln. USD)



✓ IMF indicates lowest inflation in Armenia in CIS in 2007
✓ 2001-2007 the average annual GDP growth was **13%**

Armenian exports

Rapid export growth of Construction materials and Semi-Precious Stones.

Major export items for Armenia are:

- Software
- Nonferrous metals
- Unwrought copper
- Diamonds
- Mineral products
- Foodstuff

Netherlands 13.4 %

Russia 17.3%

Germany 14.5%

Israel 2.3%

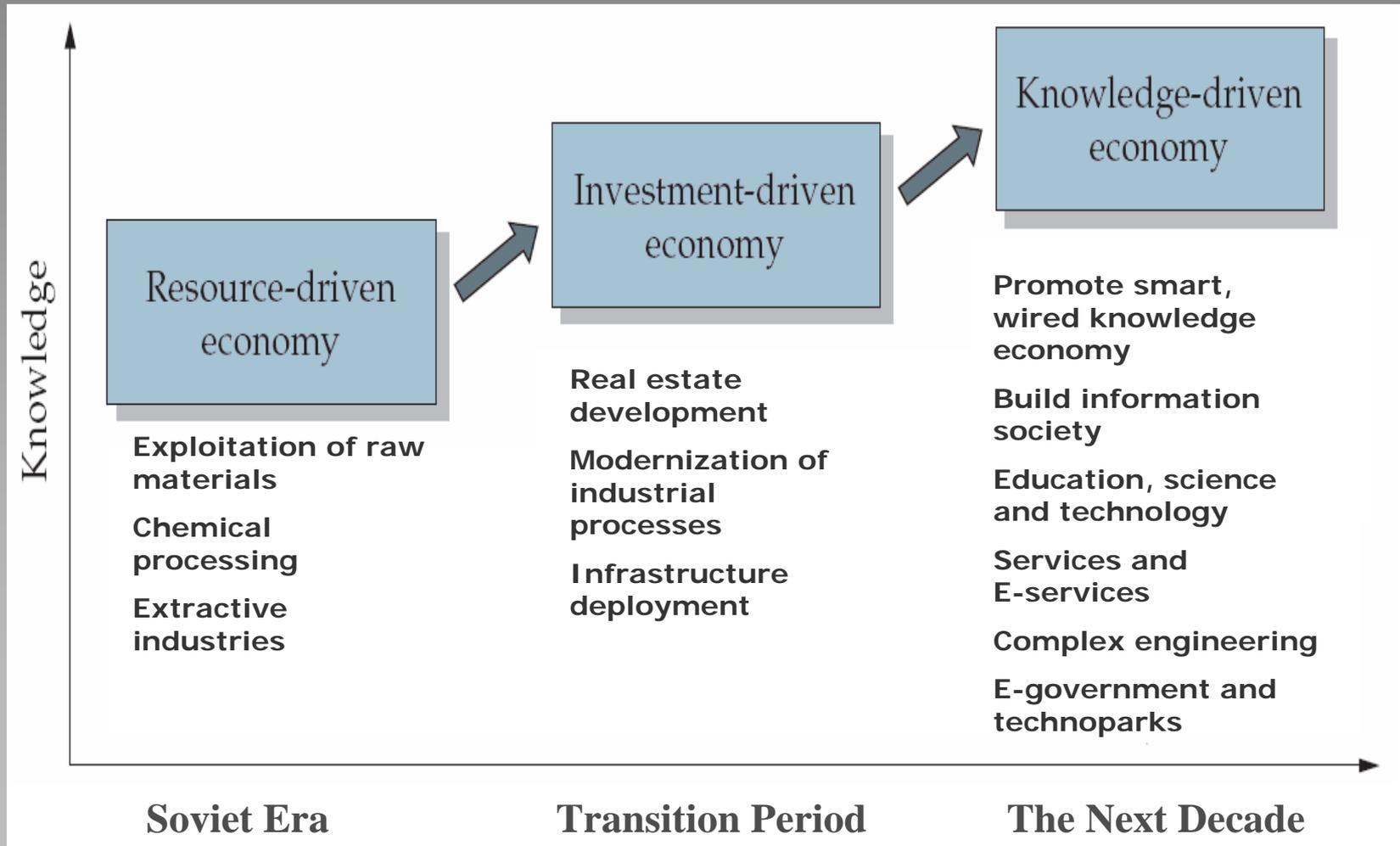
United States 4.5 %

Iran 3.3 %

Belgium 8.8%

- ❑ **NO EXPORT DUTY**
- ❑ **favorable import tariffs 0% or 10%**
- ❑ **simplified taxation for sme**
- ❑ **profit tax – 20%**
- ❑ **income tax – max.20%**
- ❑ **value added tax – 20 %**

...Now Accelerating through Structural Change



Investment Driven Growth

- ❑ Increase Armenia's global competitiveness
- ❑ Improve business and investment environment
- ❑ Promote the entry of Multinationals
- ❑ Extend PPP by building infrastructure
- ❑ Form knowledge economy infrastructure

Enabling Environment

- ❑ Reach top 10% of Doing Business Index
- ❑ Reform governance
 - Simplify tax filing
 - Simplify customs
 - Simplify licensing
 - Increase corporate social responsibility
 - Install E-governance in five years

Ambitions for the Near Future



Information Technology



Education



Health Care



Tourism



Energy



Infrastructure



Microsoft

SYNOPSYS
Predictable Success

Sun
microsystems

VIRAGE
LOGIC

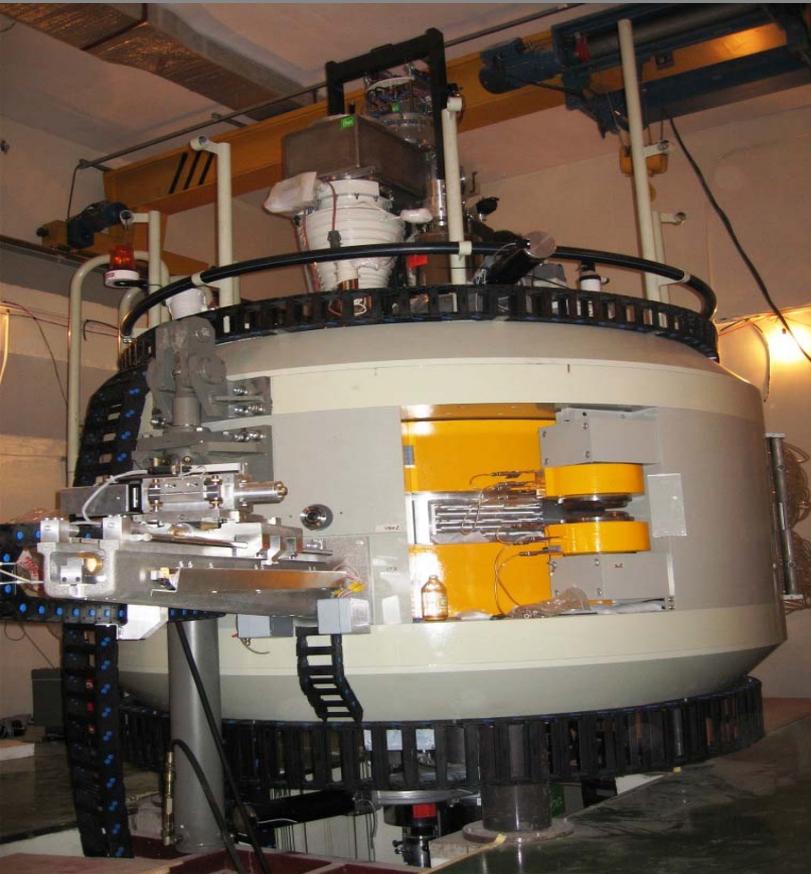
Information Technology

- Armenian IT sector is dominated by foreign investors
- The annual growth of IT companies' establishment - 20%
- Export of 63% of IT output to over 20 countries (USA, Europe and the CIS)
- Support of Government of Armenia through its declaration of IT as a priority sector and by being itself a lead user of IT, e.g. e-VISA applications
- Monthly salary of experienced software developer in Armenia is USD 800 (10 times lower than the US and a third of the cost of similar labor skills in India)
- Existence of Skillful and Creative Cost-Efficient Labor Force
- Long Tradition in IT Sector
- More than 6800 IT related Students

Nationwide Broadband

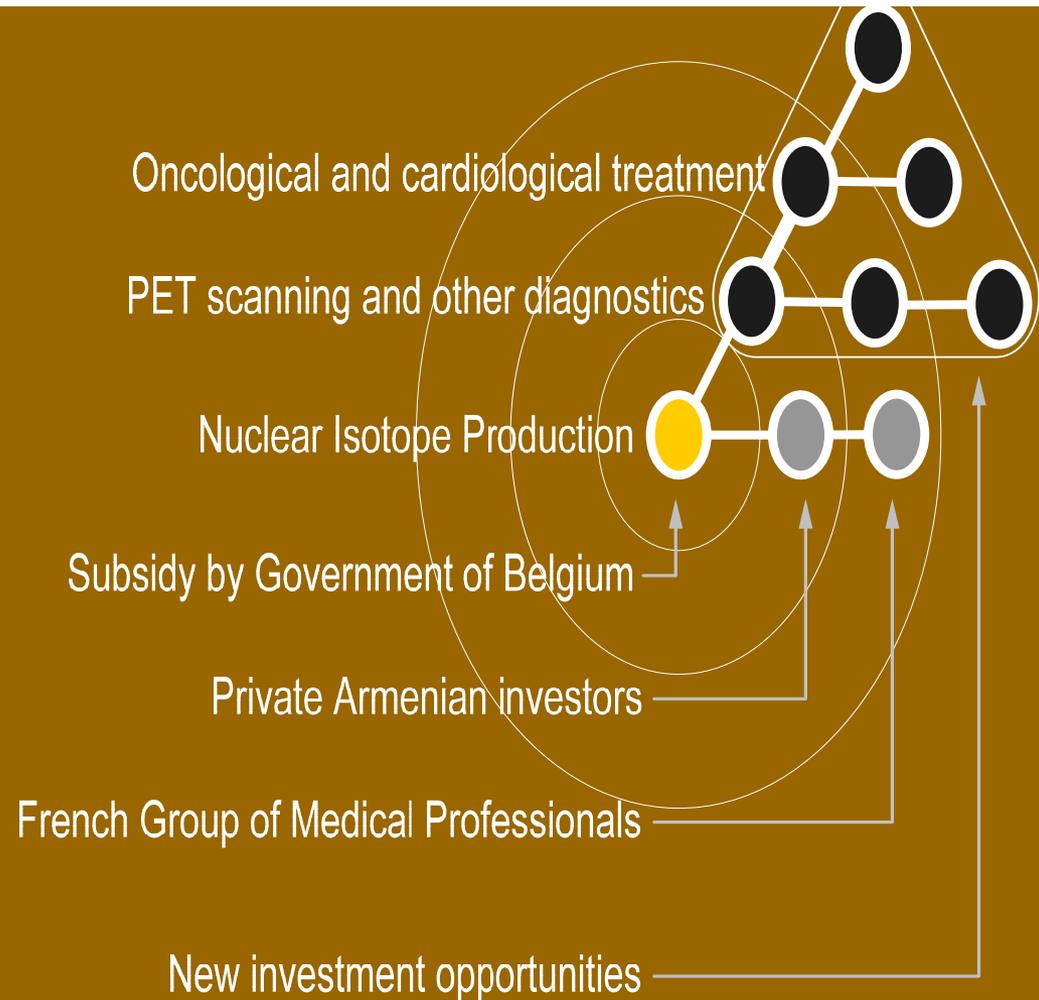
The Government is developing a comprehensive broadband strategy to provide access for all and create major new opportunities for international investment

Health Care



Cyclotron accelerator used to produce nuclear isotopes used for diagnostics and treatment

NEUCLEAR MEDICINE





Energy & Infrastructure

- The energy sector is one of the most developed sectors of the Armenian economy
- Nuclear, thermal, hydro power production
- The Government has decided to build a new 1,200 Megawatt reactor that will generate surplus electricity for sale across borders
- Renewable and alternative energy, including wind energy and biofuels

Unique business opportunity for investors.

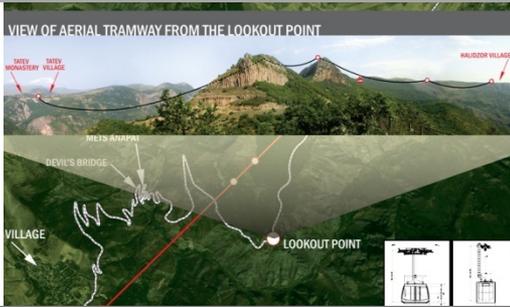
*** Government according to the law buys green energy from suppliers for the period of 10 years, thus securing the market for the producers for that period.**



North-South Transportation Corridor



Armenia is a natural corridor linking transportation routes North from the Caspian Sea and the Gulf, through Iran, up to the Black Sea and Russia, through Georgia.



Tourism

Tatev Revival Project



Jermuk



Revival and Development

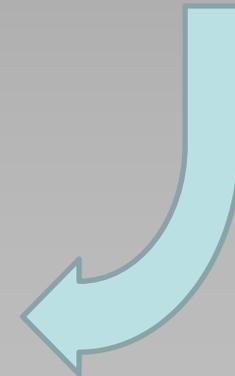
“Center for Healthy and Active Living”.

- ❖ Tatev monastery was founded in the 9th century and served as the political center of Syunik principality.
- ❖ To rehabilitate Tatev creating solid scientific and educational basis for its further development as a tourism and education hub of the region.
- ❖ To create necessary infrastructure for easy access to the monastery by introducing cable car lines over the Halidzor gorge.

- ❑ Jermuk used to be a well-known spa center during Soviet times with 25,000 tourists per year.
- ❑ The town has good conditions for ski vacation, a ski lift was built recently by Swiss that attracted 15,000 guest during the summer of 2008. Establishing and reviving superior accommodation, medical treatment, winter sports, chess competition, youth camps, restaurants, shops, transport, communications, agriculture, religious and cultural sites.

Free Economic Zone and Agricultural Logistic Centre near Zvartnots Airport

- Surplus value increase of agriculture
- Involvement of farmers in economic development
- Improvement of socio-economic situation in rural areas
- Sustained investment in agriculture to provide technologically advanced manufacturing
- Share increase of agricultural exports
- Brand formation, Armenia
- as a producer of quality
- agricultural products





Environment and Urban Development

The MSW management in Yerevan

- Investment: AMD 10 bn – AMD 12 bn
- The contract term should be 10 years, not 1 year to allow investment
- Waste quantity is about 800,000 m³ per year, the largest shares are for food waste (35% - 50%) and paper/ cardboard as well as plastics (both around 10% – 12%).

Nubarashen landfill

- ❑ Investment: AMD 38.5 bn.
- ❑ Nubarashen landfill is located about 12 km south of the center of Yerevan. 5.05 million m³ of waste have been deposited at the site. Most districts are at a distance of less than 25 km (from center 12 km) to Nubarashen landfill. The unit operation costs are estimated to amount to about AMD 1000/t waste (US\$ 3.12/t) not including investment costs.

Armenia Urban Development

- ✓ A modern and attractive urban infrastructure to attract investors and boost the economy
- ✓ A clean and sustainable system to improve the environment and the quality of life
- ✓ Private sector involvement to improve urban services management

Yerevan Urban transport

- ❑ An efficient and integrated urban transport system to serve people's mobility
- ❑ A sustainable system to improve the environment, the quality of life and preserve it for future generations
- ❑ A modern and attractive urban infrastructure to attract investors and boost the economy
- ❑ A social, fair and accessible system which provide transport solutions with equity



Mining

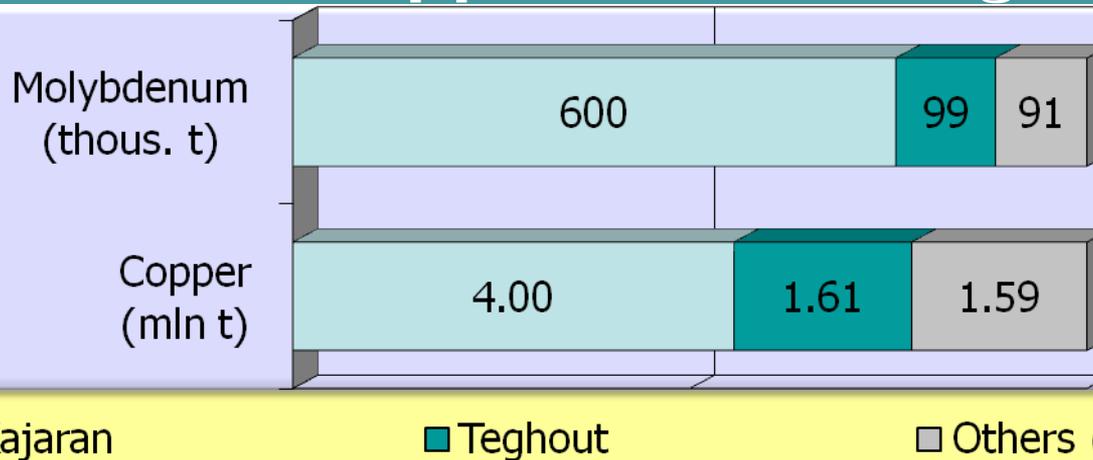
Metals Produced

Copper	Molybdenum
Gold	Lead
Zinc	Chrome

Mining Regulations

- Exploration license being provided for up to 5 year period, with the possibility to extend for 4 more years
- Guaranteed right to obtain mining license with successful exploration
- Mining license for up to 25 years, with the possibility to extend to up to 50 years
- Simplified procedures for shorter term exploration (<3 years) and mining (<12 years) licenses
- Exploration and mining licenses transferable upon formal approval of the government

Investment Opportunities: Toghout



Best Practices

Armenian Railway Concession

- 2000: Canarail “Post Conflict Study”
- 2000: HWTSK 5 year business plan for AR
- 2005: WB study on private sector participation in railways in Eastern Europe and Central Asia
- 2005: HWTSK begins AR concession preparation work
- 2007: CPCS retained to advise on transaction

Armenia Water Supply and Sewerage Company: A Good Practice of Private Sector Participation

- Urgent need to improve water supply and sanitation (WSS) infrastructure.
- Reforms to address WSS issues
- AWSC going private
- ADB supports private sector participation



Armenian
Development
Agency

ADA was established by the Government to facilitate foreign direct investment and promote exports. The Prime Minister of Armenia is the chairman of the board. The ADA acts as a **"one-stop shop"** agency for investors



Competitiveness
Foundation
of Armenia

The Competitiveness Foundation is an independent entity founded through a partnership between the Government of Armenia and a group of leading representatives of the private sector from the United States, Russia, the European Union and the Middle East.



SME
DEVELOPMENT
NATIONAL CENTER
of Armenia

SME DNC is authorized to provide state support to small and medium entrepreneurship in the country. The support is provided through implementation of annual SME State Support Programs with resources allocated from State budget.

THANK YOU FOR
YOUR ATTENTION



INVEST IN ARMENIA