



MINISTRY OF ECONOMIC DEVELOPMENT AND INVESTMENTS

INVESTMENT POLICY DEPARTMENT

Invest in Armenia



2017



# CONTENT OUTLINE

SOCIO - ECONOMIC OVERVIEW

01

MARKET & TRADE OVERVIEW

02

TAXATION & INCENTIVES

03

PROMISING SECTORS

04

INVESTMENT OPPORTUNITIES

05



# REPUBLIC OF ARMENIA



**YEREVAN**  
THE CAPITAL CITY



**Currency – Armenian Dram (AMD)**

Currency rates / 2016 average  
1 USD - 480,5 AMD

## POPULATION

3,000,000 (approx.)

## TOTAL AREA

29.800 sq./km

## GOVERNMENT

Parliamentary Republic

## LANGUAGE

Armenian  
(English and Russian languages  
widely used)

## TIME & DOMAIN ZONE

UTC /GMT +4:00  
.AM



# REPUBLIC OF ARMENIA

GEORGIA

**866**

VILLAGES

**10**

REGIONS (MARZES)

**12**

DISTRICTS OF THE  
CAPITAL CITY

**48**

CITIES AND TOWNS

IRAN

# DEMOGRAPHIC STATISTICS

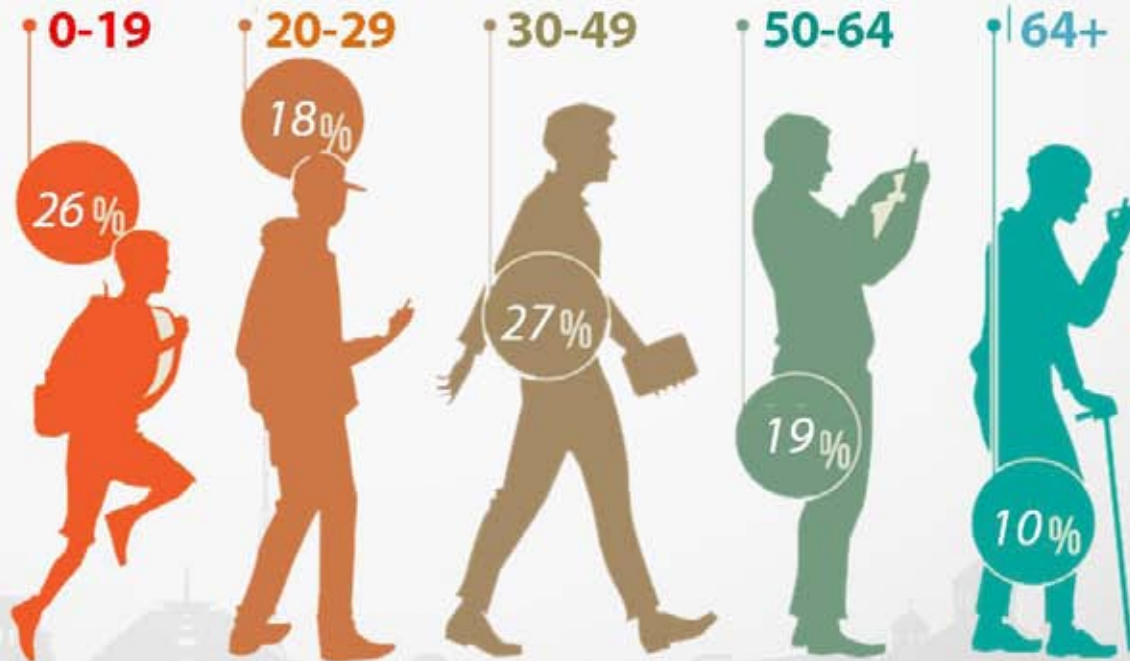
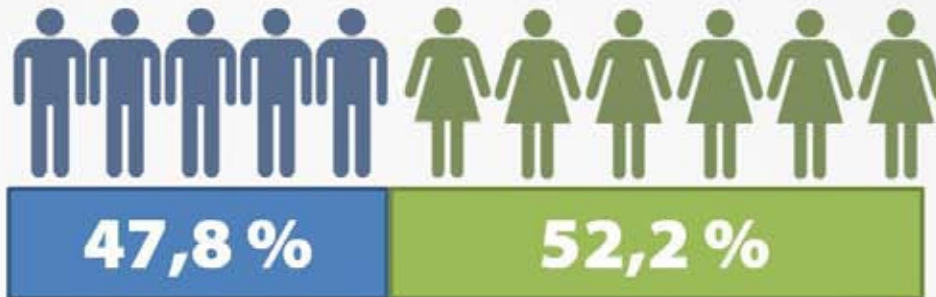
TOTAL  
POPULATION  
**2.998.600**

URBAN  
1.907.400  
RURAL  
1.091.200

PENSION  
AGE



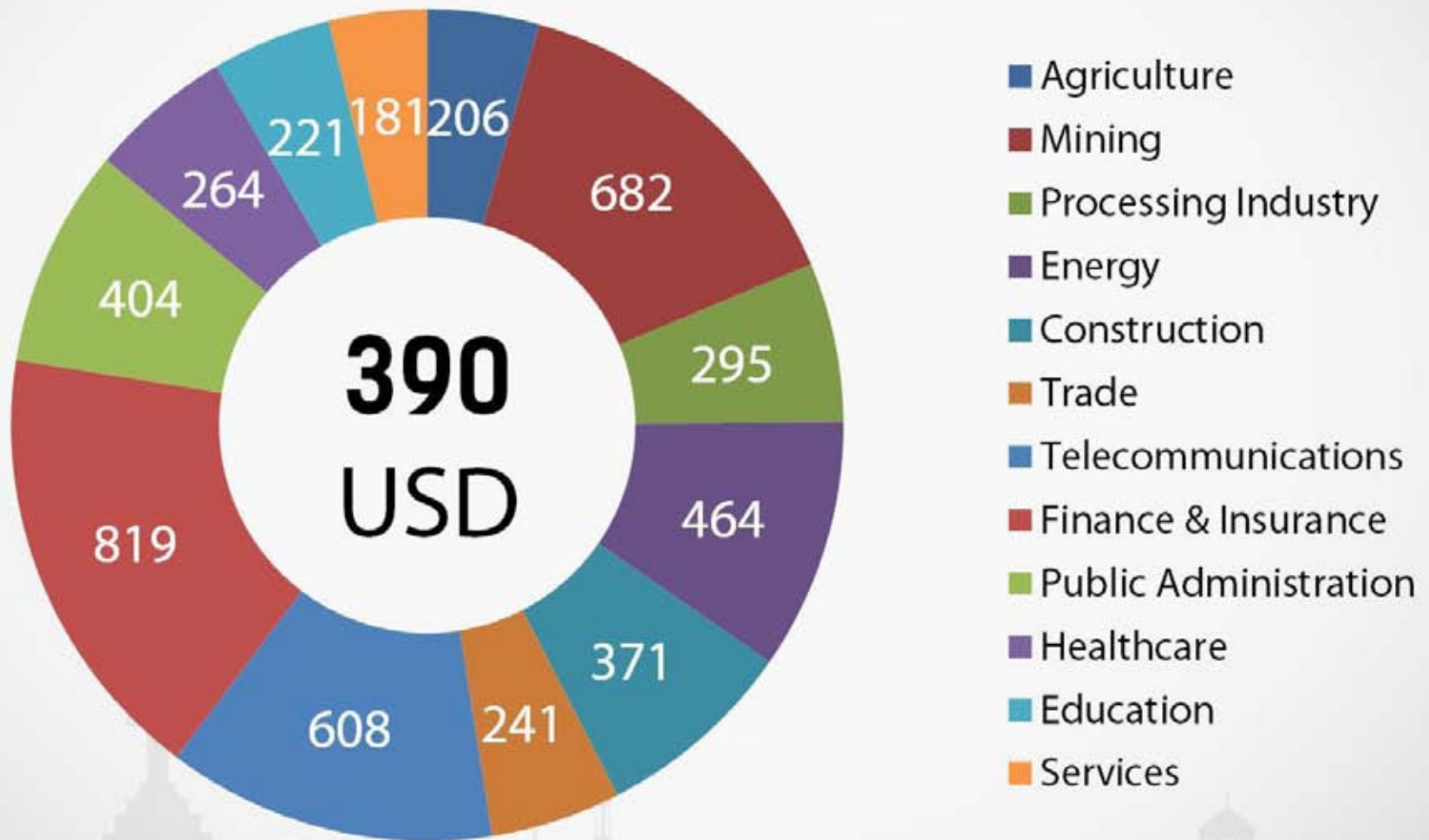
**63**



# EMPLOYMENT IN ARMENIA



# AVERAGE SALARIES



*As of 2016 the average monthly salary in Armenia is 187,000 AMD*

# ARMENIAN DIASPORA

*Estimate of Armenian Diaspora*

**- 8,000,000 -**

UNITED STATES

**1,5 M**

FRANCE

**0,5 M**

GEORGIA

**0,45 M**

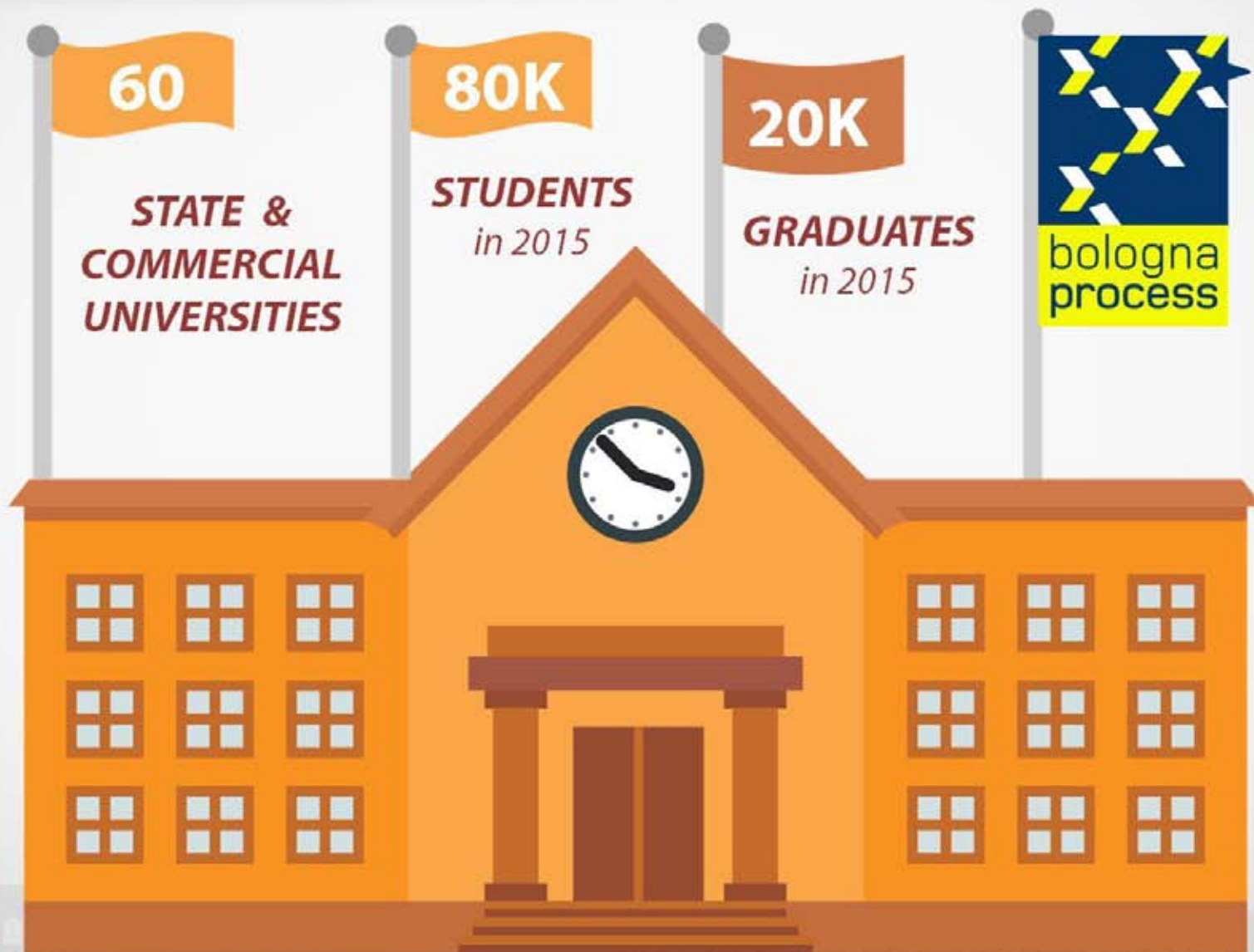
RUSSIA

**2,5 M**

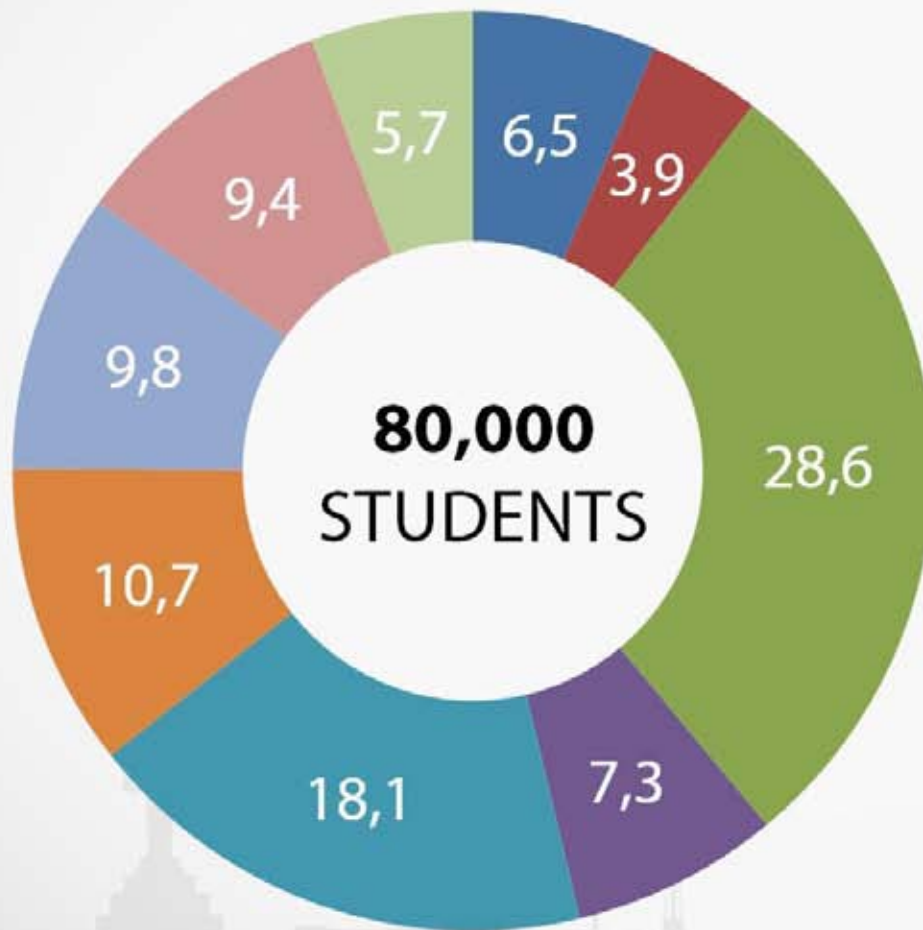




# EDUCATION IN ARMENIA



# STUDENTS BY SPECIALITY



- IT & Mathematics
- Natural Sciences
- Humanities
- Healthcare
- Economics & Management
- Education & Pedagogy
- Industry & Services
- Agronomy & Food
- Arts

# RESEARCH & DEVELOPMENT



ARMENIAN-INDIAN CENTER FOR  
EXCELLENCE IN ICT



DEVELOPMENT & TESTING  
LABORATORY



CENTER FOR CREATIVE  
TECHNOLOGIES

TECHNOPARKS , FREEZONE, INCUBATOR

**VTC** Vanadzor Technology Center

**GTC** Gyumri Technology Center



# INTERNET ACCESS

**2,2**  
MLN. USERS

**98%**  
COUNTRY COVERAGE

**1\$**  
PER 1 MBPS  
/ MONTH

*Average internet  
speed in Mbps\**



Sources: Akamai,  
Bandwidthplace.com,  
Numbeo

# E-SOCIETY

## GOVERNMENT

Legal databases, visas, tracking the progress of letters, applications, requests

**WWW.E-GOV.AM**

## REGISTER

System allows online registration of legal entities in a matter of minutes

**WWW.E-REGISTER.AM**

## CADASTRE

Online submission of requests for registering rights over real estate and movables

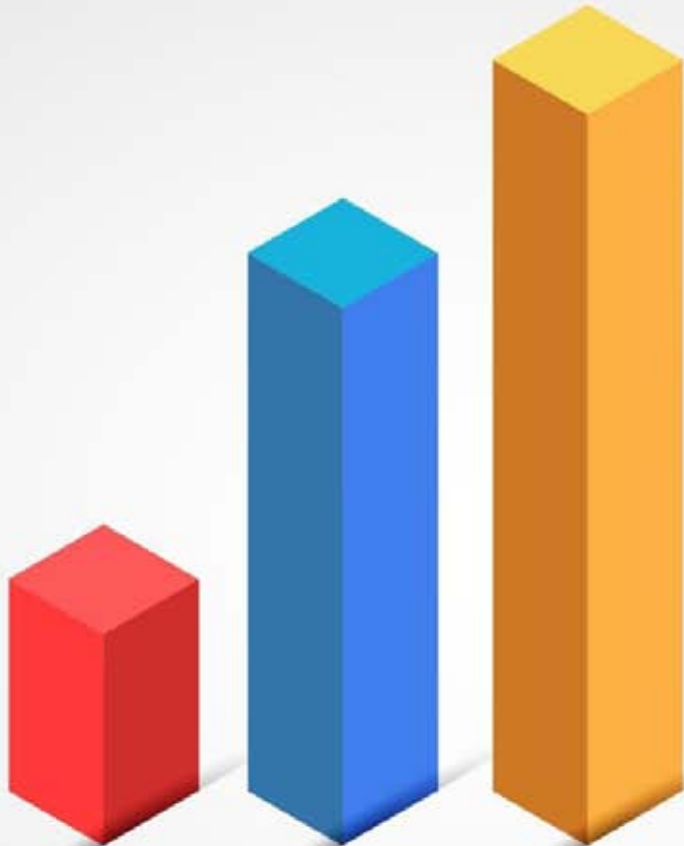
**WWW.E-CADASTRE.AM**

## PAYMENTS

Online payments of duties, fees and administrative fines collected for services delivered by state or local government bodies.

**WWW.E-PAYMENTS.AM**



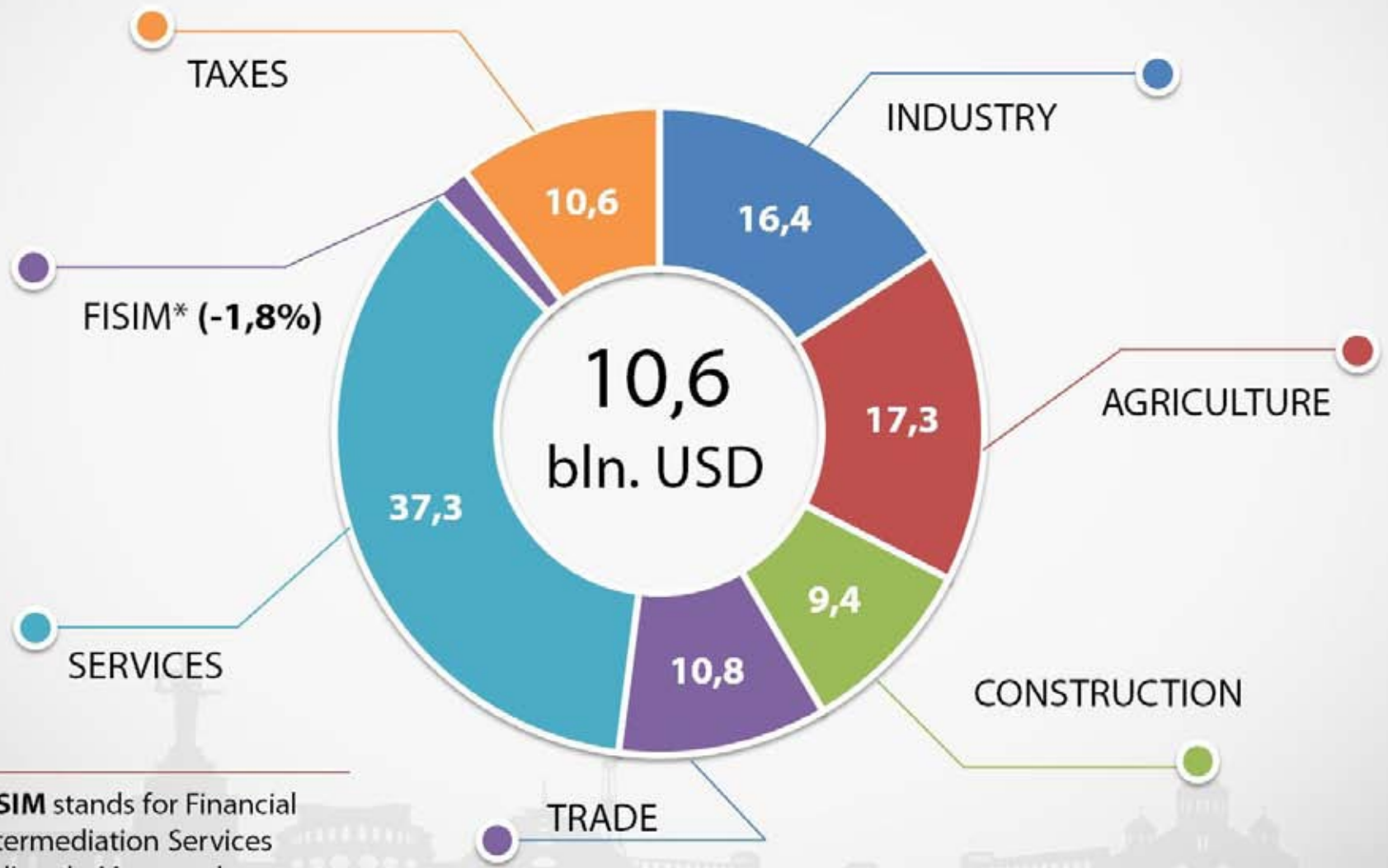


**MACRO  
ECONOMIC  
PERFORMANCE**

# GDP GROWTH



# GDP STRUCTURE



**FISIM** stands for Financial Intermediation Services Indirectly Measured



# GDP STRUCTURE BY YEARS

	2010	2011	2012	2013	2014	2015
<b>INDUSTRY</b>	15.4	17.1	16.0	16.3	16.2	<b>16.4</b>
<b>AGRICULTURE</b>	17.0	20.3	17.9	18.4	18.5	17.3
<b>CONSTRUCTION</b>	17.3	13.0	11.7	10.5	9.2	<b>9.4</b>
<b>TRADE</b>	12.9	12.6	12.1	12.0	11.7	10.8
<b>SERVICES</b>	27.9	28.5	33.8	33.7	35.2	<b>37.3</b>
<b>TAXES</b>	11.2	10.9	10.7	11.1	11.3	10.6
<b>FISIM</b>	-1.9	-2.5	-2.2	-2.0	-2.1	-1.8

# INFLATION RATES



# ECONOMIC RATING

## DOING BUSINESS INDEX 2017



Among 190 countries



## ECONOMIC FREEDOM INDEX 2017



Among 186 countries



# FDI INFLOW

*Cumulative FDI in 2010-2016*

**- \$ 3,100,000,000 -**

ARGENTINA

**\$144,7 M**

FRANCE

**\$ 524,4 M**

GERMANY

**\$ 162,2 M**

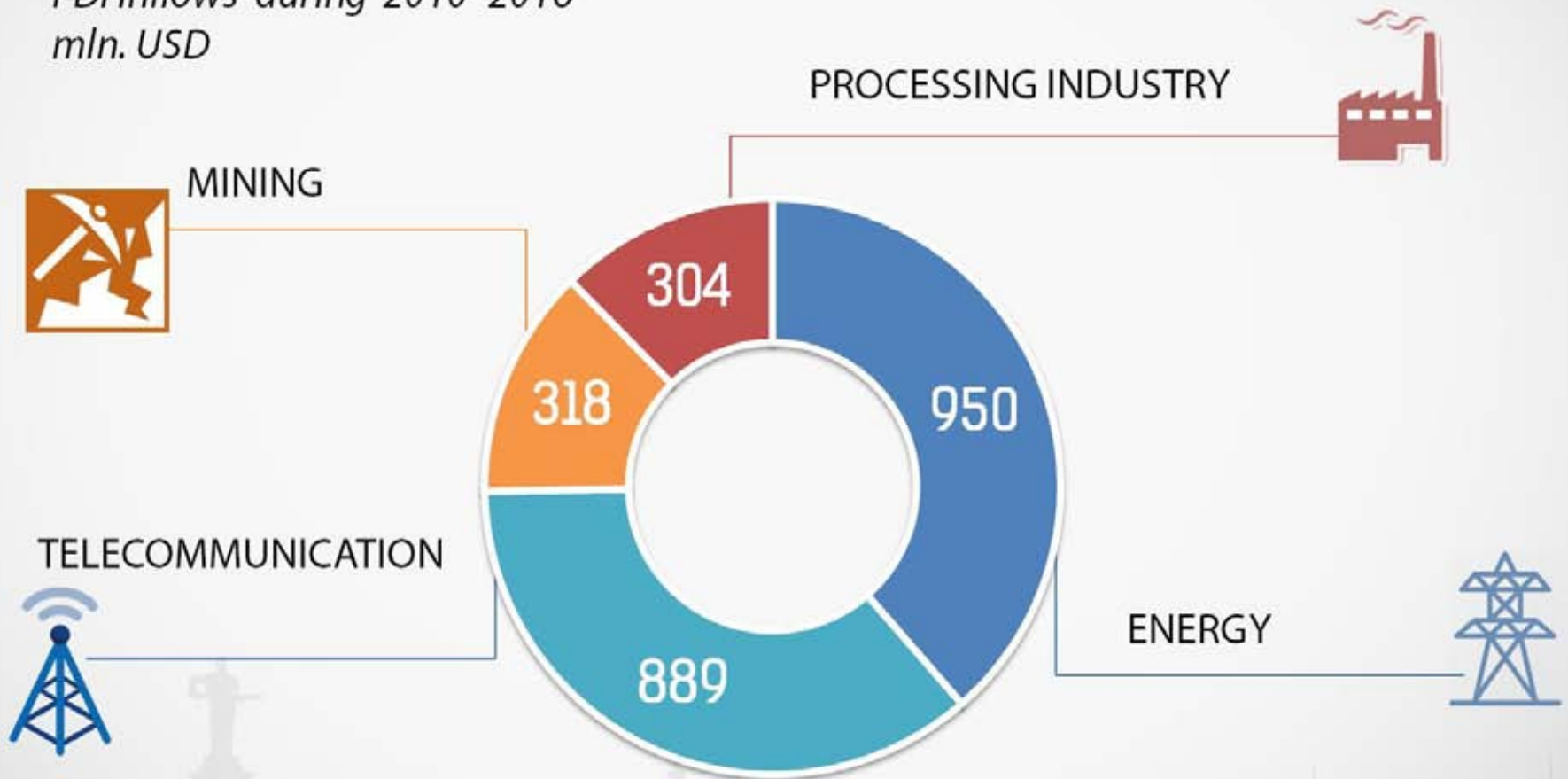
RUSSIA

**\$ 1,37 BN**



# FDI STRUCTURE

*FDI inflows during 2010-2016  
mln. USD*



# LATEST INVESTMENTS



4 STAR HOTEL IN YEREVAN  
BY **DOUBLE TREE HILTON**



UWC INTERNATIONAL SCHOOL  
IN DILIJAN



AMULSAR GOLD MINING PROJECT  
BY **LYDIAN INTERNATIONAL**



HYDROPOWER STATION  
BY **U.S. CONTOUR GLOBAL**

# LAW ON FDI

## 100% OWNERSHIP PERMITTED

### STABILIZATION CLAUSE

*Guarantees against changes of legislation on investments for 5 years*

### NO RESTRICTIONS

*Unrestricted access to any sector and geographic location within country*



### EQUAL TREATMENT

*Legal regime no less favorable than that of nationals, unless a more favorable regime is provided by a respective treaty*

### LAND OWNERSHIP

*Companies registered by a foreigner in Armenia have the right to buy land. Foreign citizens can have long-term lease contracts.*

- Free exchange of foreign currencies
- No restrictions on remittances
- Free repatriation of profit
- No restrictions on staff recruitment

# INTERNATIONAL TREATIES



## PROMOTION AND RECIPROCAL PROTECTION OF INVESTMENTS

Argentina, Austria, Belgium and Luxemburg, Belarus, Bulgaria, Canada, China, Cyprus, Egypt, Finland, France, Georgia, Germany, Greece, India, Iran, Iraq, Israel, Italy, Jordan, Kazakhstan, Kuwait, Kyrgyzstan, Latvia, Lebanon, Lithuania, Netherlands, Qatar, Romania, Russian Federation, Sweden, Switzerland, Syria, Tajikistan, Turkmenistan, Ukraine, UAE, UK, USA, Uruguay, Vietnam

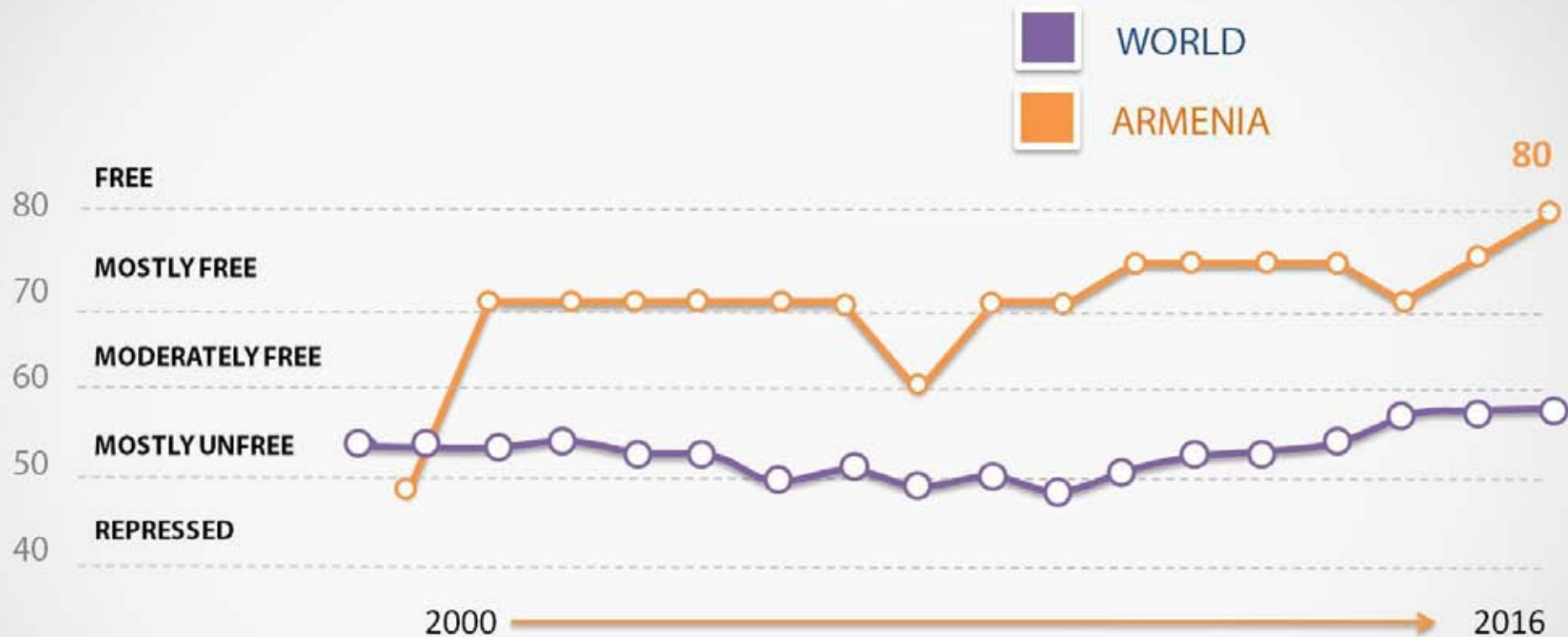


## DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION

UK, UAE, Austria, Belgium, Bulgaria, Belarus, Canada, Switzerland, China, Cyprus, Czech Republic, Estonia, Spain, Finland, France, Georgia, Greece, Croatia, Hungary, India, Iran, Italy, Kazakhstan, Lebanon, Lithuania, Luxembourg, Latvia, Moldova, Netherlands, Poland, Qatar, Romania, Russian Federation, Syria, Thailand, Turkmenistan, Ukraine, Germany, Ireland, Kuwait, Slovenia, Indonesia, Tajikistan, Serbia



# INVESTMENT FREEDOM INDEX



**IN 2017 ARMENIA'S SCORE OF INVESTMENT FREEDOM IS 80 POINTS. RANKED AMONG TOP 23 ECONOMIES BY INVESTMENT FREEDOM COMPONENT**

# FINANCIAL SYSTEM



CENTRAL  
BANK OF  
ARMENIA



**18**  
BANKS



**35**  
CREDIT  
ORGANIZATIONS



**9**  
INSURANCE  
COMPANIES

---

HSBC   ACBA-CREDIT AGRICOLE



**30** BILLION AMD

*Total capital requirement for banks*  
**Approx. 62M USD**

# CURRENCY STABILITY



# FINANCIAL RATING



with a Stable Outlook

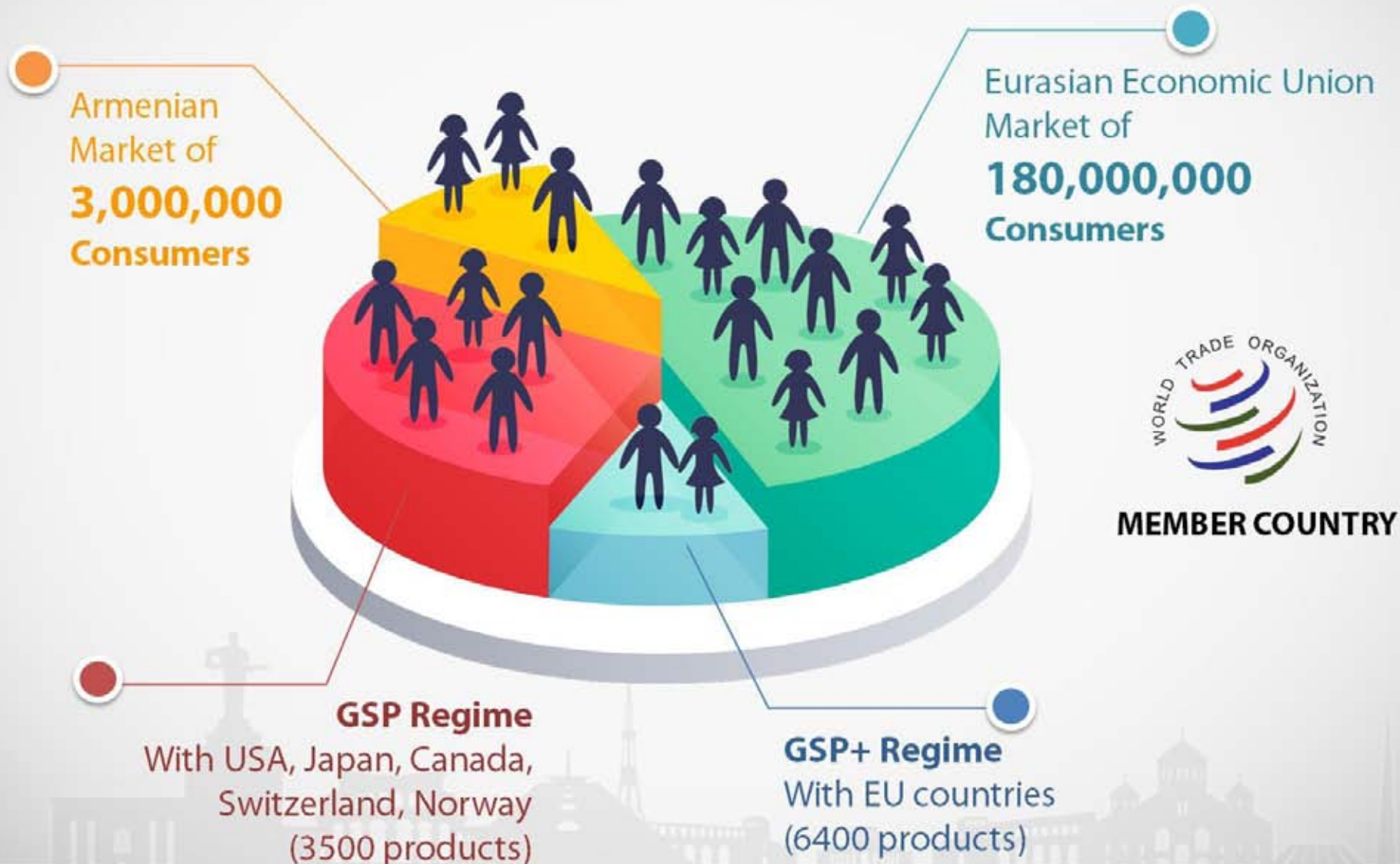
**Fitch**Ratings



with a Stable Outlook

**MOODY'S**

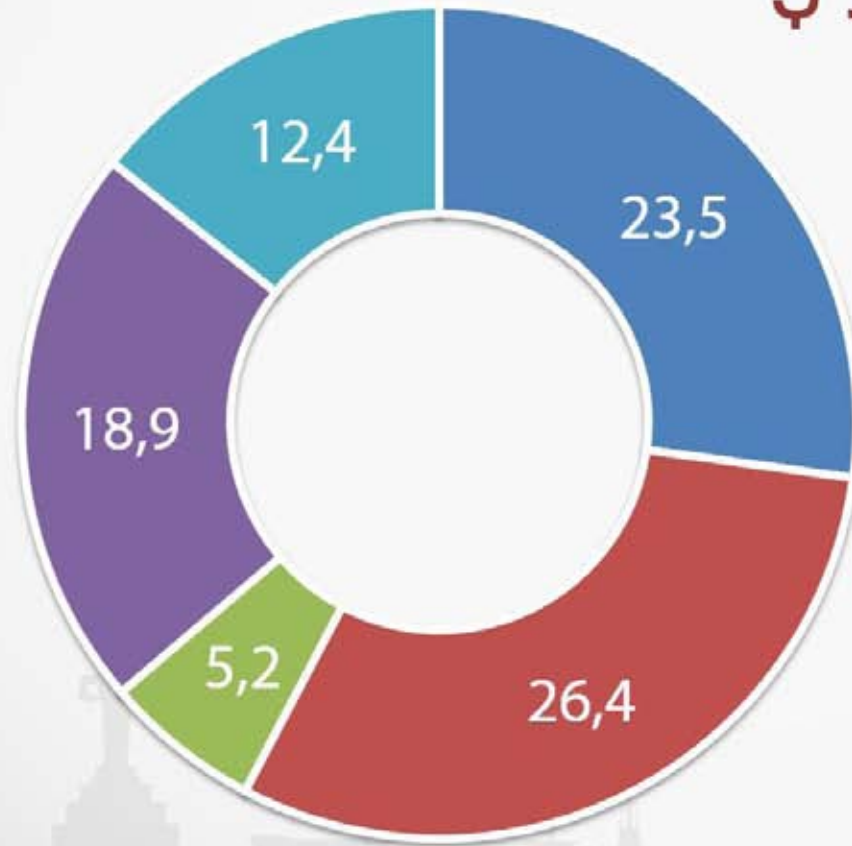
# MARKET & TRADE



# MAIN EXPORTS

Total exports in 2016

- \$ 1,783,000,000 -

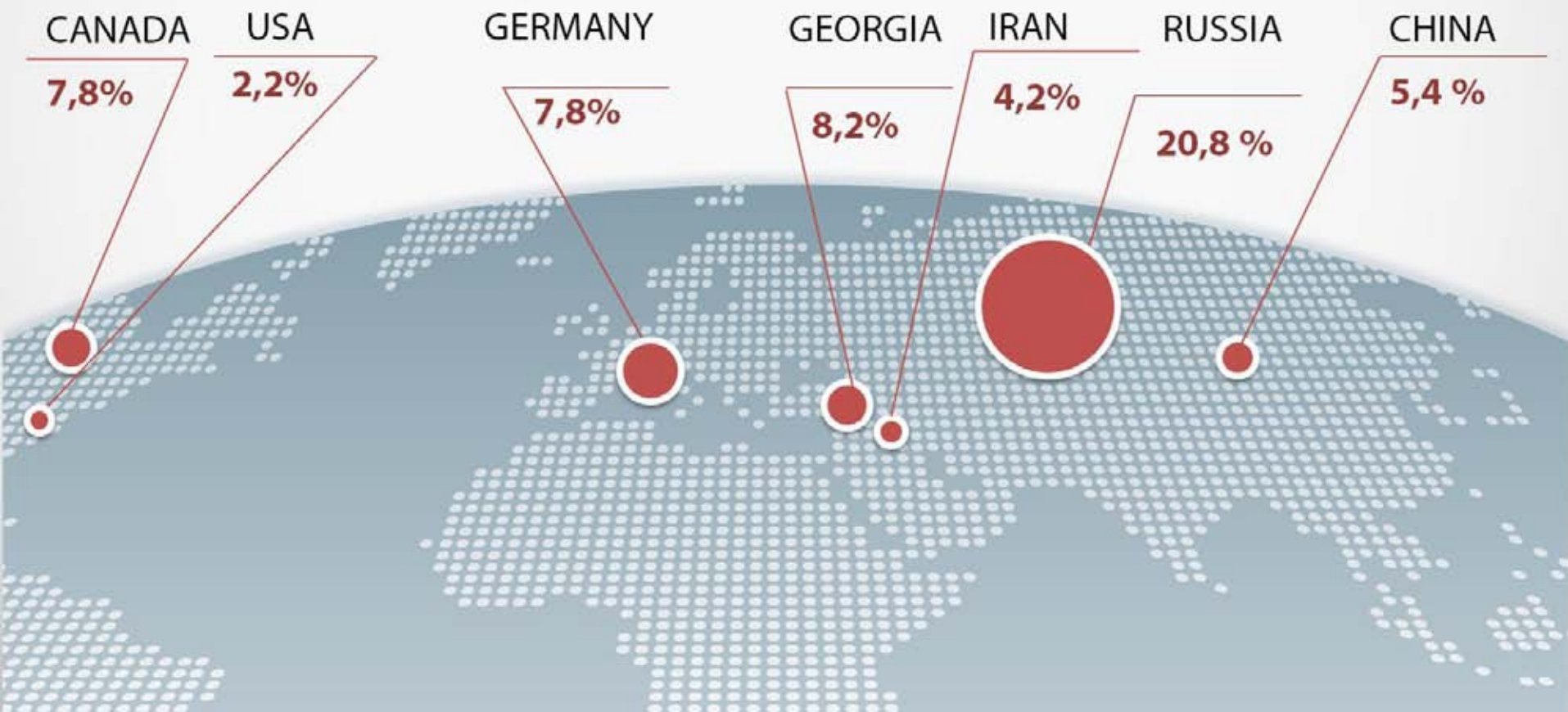


- Processed Food
- Mining Products
- Textile
- Precious, semi-precious stones, metals, articles
- Non-precious metals and articles

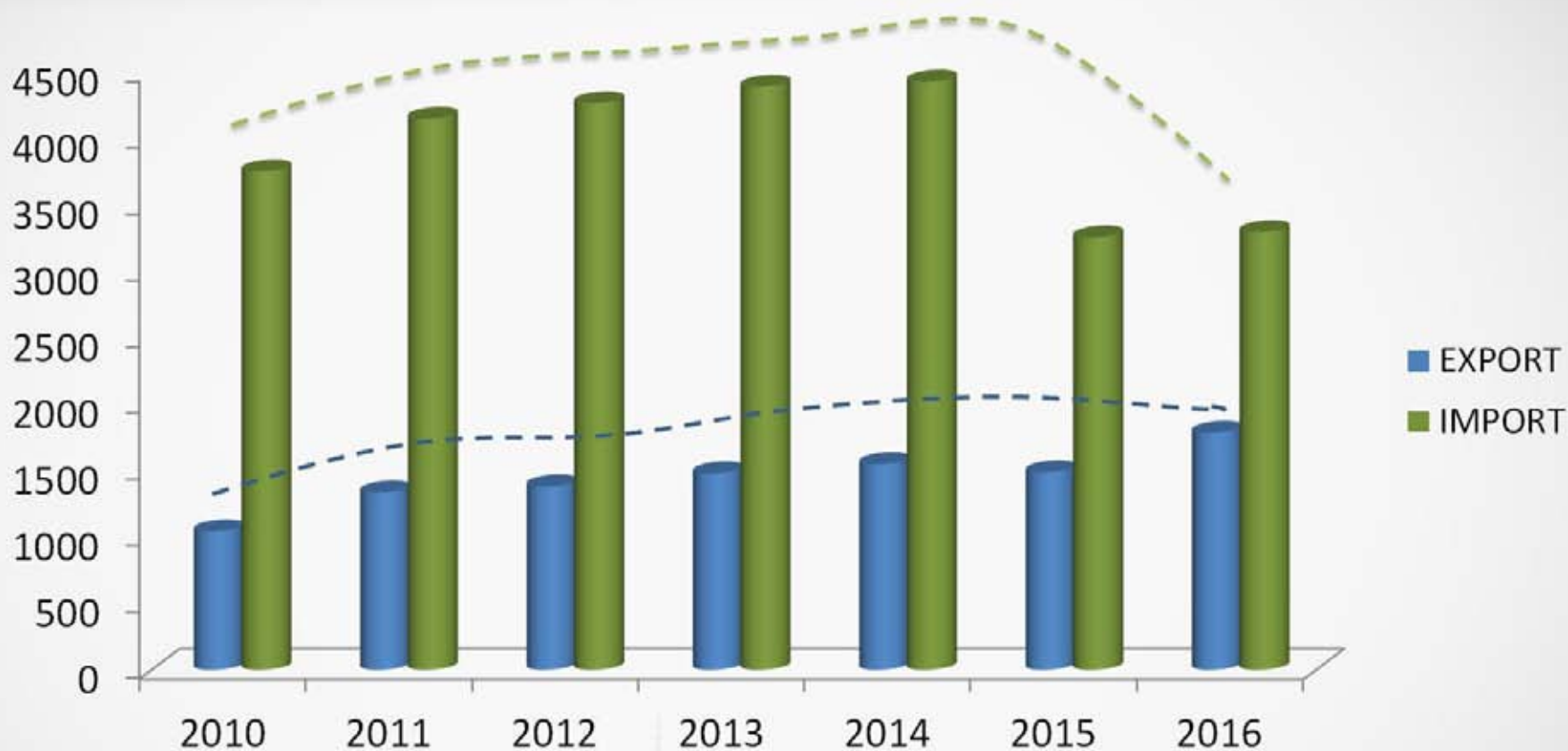
# MAJOR EXPORT DESTINATIONS

*Total exports in 2016*

**- \$ 1,783,000,000 -**



# EXPORT / IMPORT VOLUMES

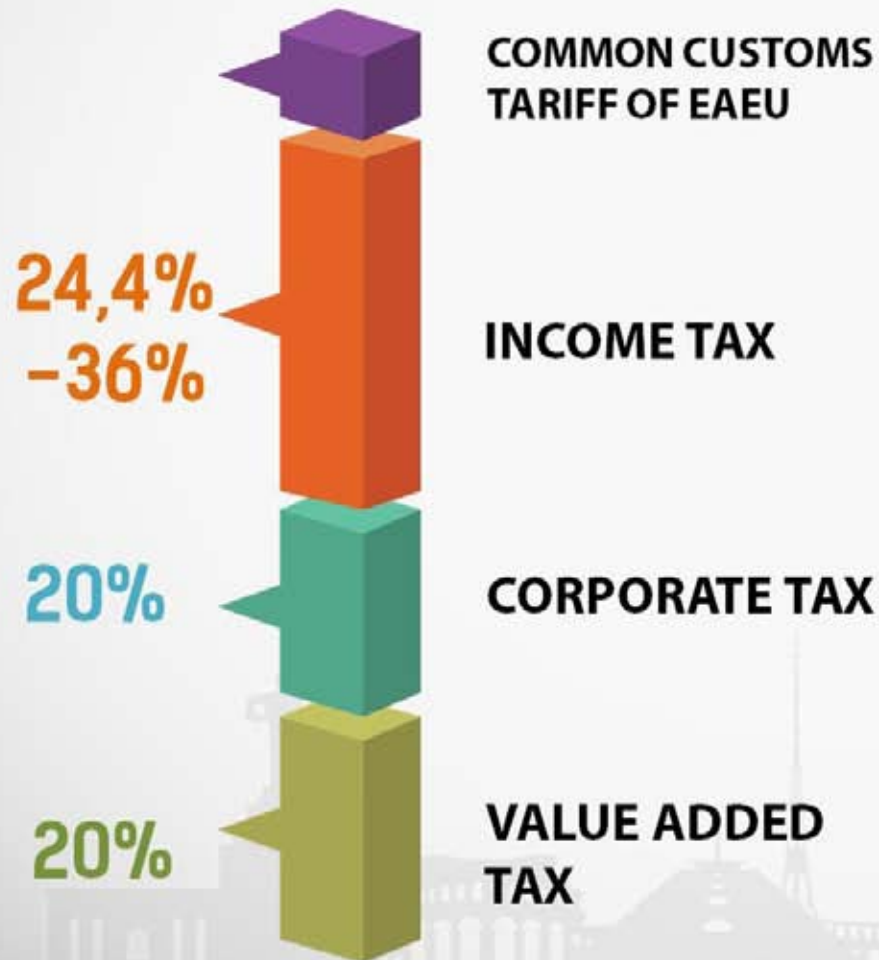


mIn.USD	2010	2011	2012	2013	2014	2015	2016
<b>EXPORT</b>	1041	1329	1380	1478	1547	1486	1783
<b>IMPORT</b>	3749	4151	4261	4385	4424	3254	3292
<b>BALANCE</b>	-2708	-2811	-2881	-2907	-2877	-1768	-1509



# TAX SYSTEM

## General taxation regime



## Simplified taxation regime

**3,5% - 10%**

**ON TURNOVER**

- Replaces Value Added Tax and Corporate Tax for SMEs.
- Reduces the amount of data to be filed by the taxpayers with the tax authority.
- The tax rate is differentiated based on the type of income.
- Taxpayer's turnover from the previous calendar year should not exceed **AMD 115 million (around 240.000 USD)**

# TAX INCENTIVES FOR INVESTORS

## FREE ECONOMIC ZONES

### TAX EXEMPTIONS

- *In border areas of Armenia*
- *In Dilijan city and bordering areas*

### TAX EXEMPTIONS

*for IT start-up companies*



### PROFIT TAX

*privileges for large exporters*

### VAT PAYMENTS

*postponement for up to 3-year period for importing equipment and goods within the scope of investment projects.*

### CUSTOMS DUTY

*exemption within the scope of investment projects.*

# FREE ECONOMIC ZONES

## JEWELRY

**MERIDIAN FEZ  
OFFICE AND INDUSTRIAL  
PREMISES**



## HI - TECH

**ALLIANCE FEZ  
OFFICE PREMISES**



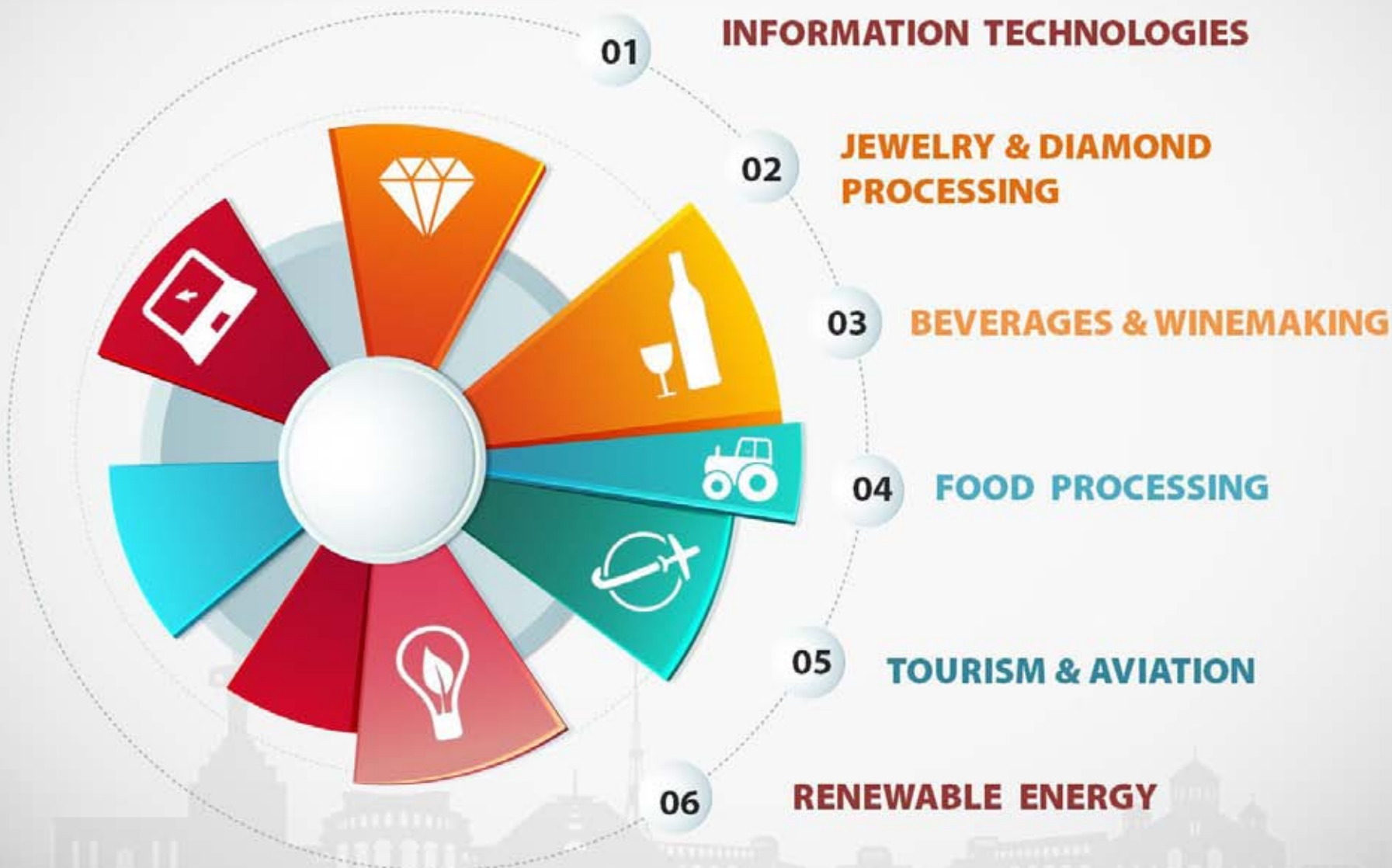
**ALLIANCE FEZ  
INDUSTRIAL PREMISES**

*Free Economic Zones are  
located in Yerevan.*

# TAX INCENTIVES

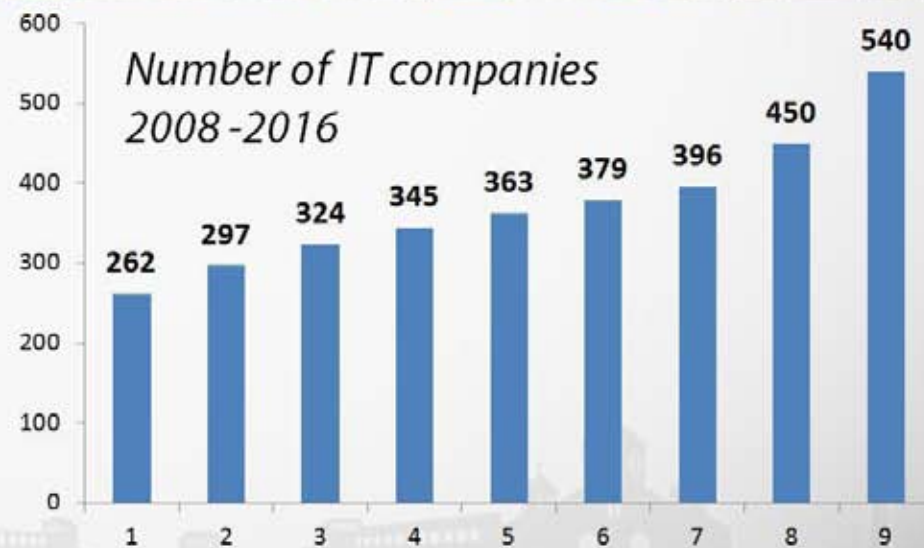


# PROMISSING SECTORS



# INFORMATION TECHNOLOGIES

- *World-class R&D capabilities in engineering, computer science, physics, and mathematics*  
*Well-educated and talented workforce with technical skills and English language proficiency*
- *Strong university programs with specializations in IT and related sciences*
- *Highly competitive labor costs and low operating costs*
- *Solid government support for the sector*
- *Sustainable and continuous growth in the IT sector*
- *Extensive experience with large multinational companies*
- *IP protection laws and regulations meeting international standards*



# JEWELRY & DIAMOND PROCESSING

- *Ancient jewelry making traditions in Armenia*
- *Skilled labor force incorporating recently arrived Armenians from Syria, Low labor cost, considerable number of sector players (10000 jewelers)*
- *Strong comparative advantage compared to CIS countries: 2nd exporter after Russia*
- *Positive image of Armenian jewelry in certain export markets*
- *Favorable tax conditions in Armenia (Free Economic Zone)*
- *Absence of duties on import from jewelry items from Armenia in main target markets*



# BEVERAGES & WINEMAKING

- *Steady growth of production, sales and exports in the last years*
- **Strong comparative advantage:** *Armenia is the 5th global exporter of grape brandy, and the top exporter among CIS region.*
- *Long time tradition, strong know-how, professional education (Wine Academy)*
- *Many producers (farmers) and open market*





# FOOD PROCESSING

- *Long established tradition of producing high quality processed food*
- *Export oriented and diverse agro-food processing sector*
- *Developed logistic and distribution services*
- *Effective food safety system based on international standards*
- *Favorable and unique soil and climate conditions for growing of agricultural species*
- *Seven research institutions, one higher education institution and eight state colleges offer education and research activities in food processing sector*
- *Estimated to be worth USD 900 million, sector is one of the largest industries in Armenia, **directly employing about 21,000 people***



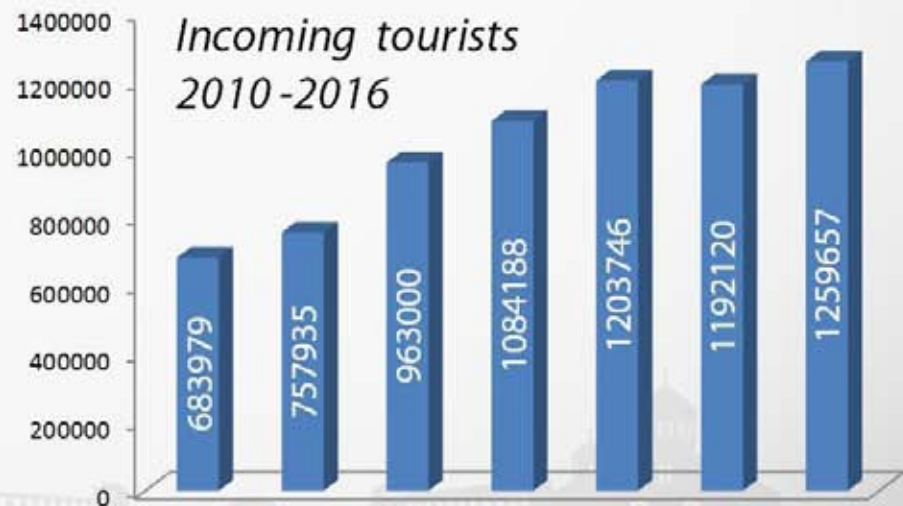
# TOURISM SECTOR

- *15-20% annual growth of the number of incoming tourists.*
- *Second home for around 8 million Armenians living in different countries*
- *More than 5000 historical monuments spread around the country, some included in UNESCO World Heritage*
- *The longest ropeway in the World "Wings of Tatev" – 5.7 km*
- *Ski resorts – Tsakhkadzor with modern 6 lifts rope-way*
- *Mineral Spa resorts – Jermuk, Bjni, Dilijan, Arzni*



# AVIATION SECTOR

- Armenia is implementing "Open Skies" policy in the field of civil aviation and air communication.
- Reconstructed "Zvartnots" Intl. Airport, the main air gate of Armenia, was recently declared the best airport in CIS countries.
- Shirak is the 2nd largest airport located in 120 km from Yerevan. Airport is granted certain tax exemptions and can be cost efficient option specifically for low cost airlines.



# RENEWABLE ENERGY

- *Favorable legislation, fixed feed-in tariffs effective for 20 years, tax incentives*
- *Hydro resources are the most widely used among the renewable energy resources.*
- *Significant solar energy potential. The average annual amount of solar energy flow per sq. m. of horizontal surface is about 1720 kWh (the European average is 1000 kWh).*
- *Number of hydropower, geothermal and solar investment projects are available for PPP implementation*



**Renewable Energy Generation Capacity and Production Targets by 2020-2030**

	Capacity installed (MW)		Generation (GWh)	
	2020	2025	2020	2025
Small Hydro	377	397	1,049	1,106
Wind	50	100	117	232
Geothermal	25	100	373	745
PV	40	80	88	176
<b>Total</b>	<b>492</b>	<b>677</b>	<b>1,627</b>	<b>2,259</b>

# PPP OPPORTUNITIES

1

## FREE ECONOMIC ZONE IN SYUNIK REGION

*According to the preliminary estimates, the required investment is around **USD 28 million***



2

## COPPER SMELTER PLANT INVESTMENT PROJECT

*According to the preliminary estimates the required investment is around **USD 400-450 million***



# PPP OPPORTUNITIES

## 3

### NORTH-SOUTH ROAD CORRIDOR INVESTMENT PROJECT

*The preliminary estimated cost of construction works of the North-South Road Corridor Investment program is about **USD 2-3 billion***



## 4

### YEREVAN'S 33RD DISTRICT INVESTMENT PROJECT

*The preliminary estimated cost of construction works of the Investment Program is about **USD 90 million***



# MAJOR BRANDS



Beeline™

**INDITEX**



HYATT®

CONTOURGLOBAL®



Hilton

**D-Link**

*Coca-Cola*

ACBA-CREDIT AGRICOLE

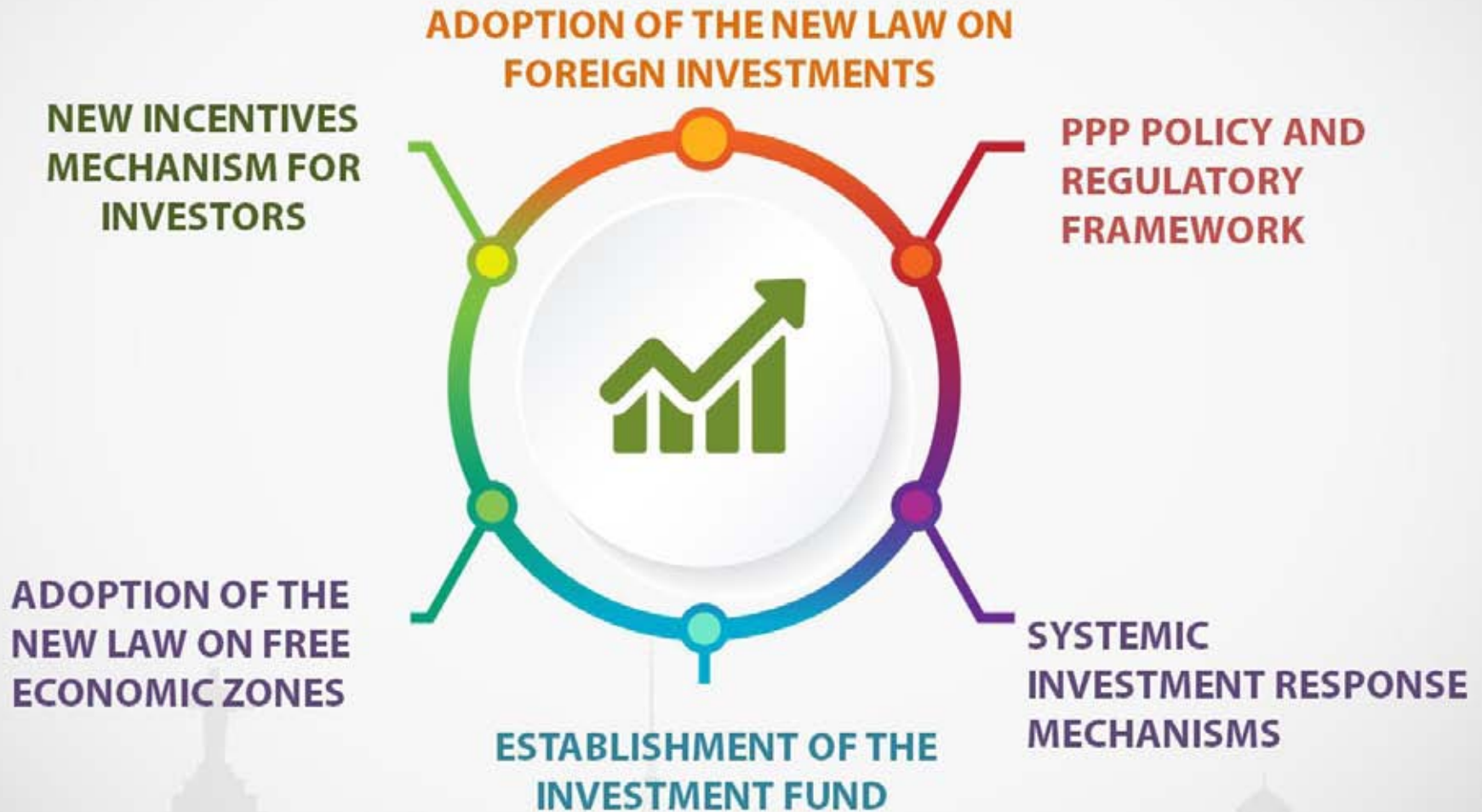
**SIEMENS**

Radisson 



**SYNOPSYS®**

# REFORMS AND FUTURE ACTIONS





# STATE SUPPORT ORGANIZATIONS



**SME Investments UCO**  
[www.smeinvest.am](http://www.smeinvest.am)



**Center for Strategic  
Initiatives**  
[www.reforms.am](http://www.reforms.am)



**Development  
Foundation of  
Armenia**  
[www.dfa.am](http://www.dfa.am)



EXPORT INSURANCE  
AGENCY OF ARMENIA

**Export Insurance Agency of Armenia**  
[www.eia.am](http://www.eia.am)



**SME Development National Center**  
[www.smednc.am](http://www.smednc.am)

# DEVELOPMENT FOUNDATION OF ARMENIA



## INVESTMENT PROMOTION & SERVICING

- Inform potential investors of overall investment environment and opportunities
- One Stop Shop for investors
- On the ground advice: legal, tax, customs, HR, financing, incentives
- Aftercare services

## EXPORT PROMOTION & SUPPORT

- Capacity Building: training, referrals
- Direct Support: loan subsidies, certification support, trade fair participation
- Buyer outreach: distributors trips, Made in Armenia expo, business forums
- Market Research and export regulatory info

# WHY ARMENIA ?



# CONTACT US



## **MINISTRY OF ECONOMIC DEVELOPMENT AND INVESTMENTS OF THE REPUBLIC OF ARMENIA** INVESTMENT POLICY DEPARTMENT



+ 374 11 597 127



[investment@mineconomy.am](mailto:investment@mineconomy.am)



[www.mineconomy.am](http://www.mineconomy.am)