



INVEST IN ARMENIA

COUNTRY PRESENTATION



ITALY – ARMENIA
BUSINESS FORUM

SPEAKER:

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MINISTER OF ECONOMY OF THE REPUBLIC OF ARMENIA



COUNTRY OVERVIEW

Area: 29.7 ths km²

Population: 3.0 mln

Capital: Yerevan

Official Language: Armenian

Main Nationality: Armenians (98%)

System of Government: Parliamentary Republic

QUICK FACTS

Currency: Armenian dram (AMD)

GDP 2018: \$ 12.43 bln

GDP Growth 2018: 5.2%

GDP Growth 2019 (estimate): 7%

GDP 2018 per capita: \$ 4,188

Main Sectors of Economy: Industry, Agriculture,
Services, Construction

Inflation Rate 2018 (EOP):

2.5%

AMD/USD Exchange Rate (2018):

482.9



COUNTRY RANKING



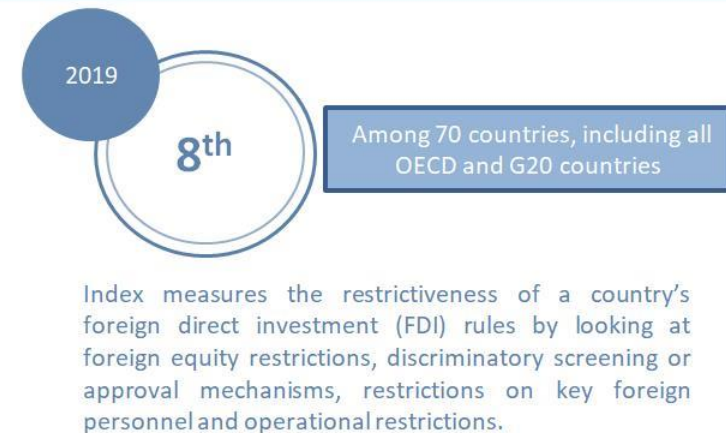
DOING BUSINESS WORLD BANK



ECONOMIC FREEDOM INDEX



OECD FDI Regulatory Restrictiveness Index



RELIABLE PARTNERSHIP

ARMENIA IS A MEMBER OF MORE THAN 40 DIFFERENT INTERNATIONAL ORGANIZATIONS

United Nations

Since 1992



Commonwealth of Independent States (CIS)

Since 1992



Black Sea Economic Cooperation

Since 1992



World Trade Organization

Since 2003



International Centre for Settlement of Investment Disputes

Since 1992



Eurasian Economic Union

Since 2015

Council of Europe, OSCE, IMF, WB, IBRD, WHO, WIPO, EBRD, ADB, World Tourism Organization, World Customs Organization, International Telecommunications Union and others



EU The Comprehensive & Enhanced Partnership Agreement

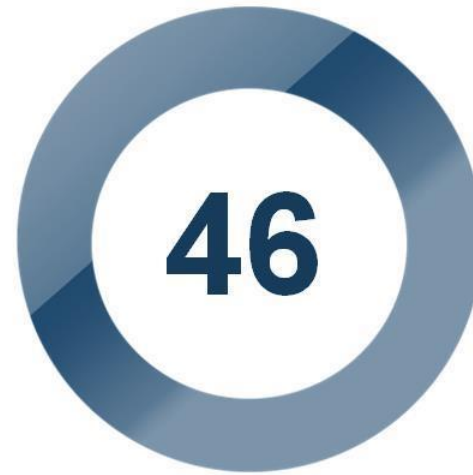
Since 2017

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, Singapore, Sweden, Switzerland, Syria, Tajikistan, Turkmenistan, Ukraine, UAE, UK, USA, Uruguay, Vietnam



DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION

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, UK, UAE, Ukraine, Germany, Ireland, Kuwait, Slovenia, Indonesia, Tajikistan, Serbia

LAW ON FDI

100% OWNERSHIP PERMITTED TO FOREIGNERS

STABILIZATION CLAUSE

Guarantees against changes of legislation on investments for 5 years

EQUAL TREATMENT

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



NO RESTRICTIONS

Unrestricted access to any sector and geographic location within country

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

“eRegulations Armenia” portal - **armenia.eregulations.org** – is an online step-by-step guide on investment-related procedures.

TRADE POLICIES



Map of Armenia's Preferential customs duties

Encompassing **45 countries** across the world with **GDP over \$46 trillion**



No customs procedures for export and import to/from EEU



Lower customs duties compared to EEU for some products by 2019/2020



No quantitative restriction on import and export



No customs tariffs on export



No VAT on export

Customs Code: in line with EEU countries

Other Government initiatives facilitating trade:



Treaties for the avoidance of double taxation with **46 countries**



Trade and Investment Framework Agreement signed in 2015 with USA

Results



Export grew by 1.1 times during last 5 years



External trade turnover reached \$7.4 billion in 2018 (by 23.5% higher than in 2014)

TAXATION AND INCENTIVES

VAT:	20%	
Profit Tax:	18%	From 2020
Dividend Tax:	5%	From 2020
Personal Income Tax:	23% decreasing up to 20%	From 2019 to 2023
Excise Tax:	Alcoholic products, cigarettes and fuels	
Import Duties:	Depends on goods	
Export Duties	Free or 0%	
Property Tax:	0%- 1%	



No Profit tax & VAT for small entities, including agriculture



Accelerated depreciation on capital assets



Customs duty exemption on importation of capital and intermediate goods



No VAT on importation of most of capital and intermediate goods



Free Economic Zones with 0% on corporate taxes

OTHER FEATURES

EXPORT OF GOODS



IN 2018

EXPORT GREW BY 10.8% ON AVERAGE DURING LAST 5 YEARS STANDING AT \$2.4 BILLION IN 2018.

TOP EXPORTED GOODS



MINERAL
PRODUCTS



PROCESSED FOOD &
BEVERAGES

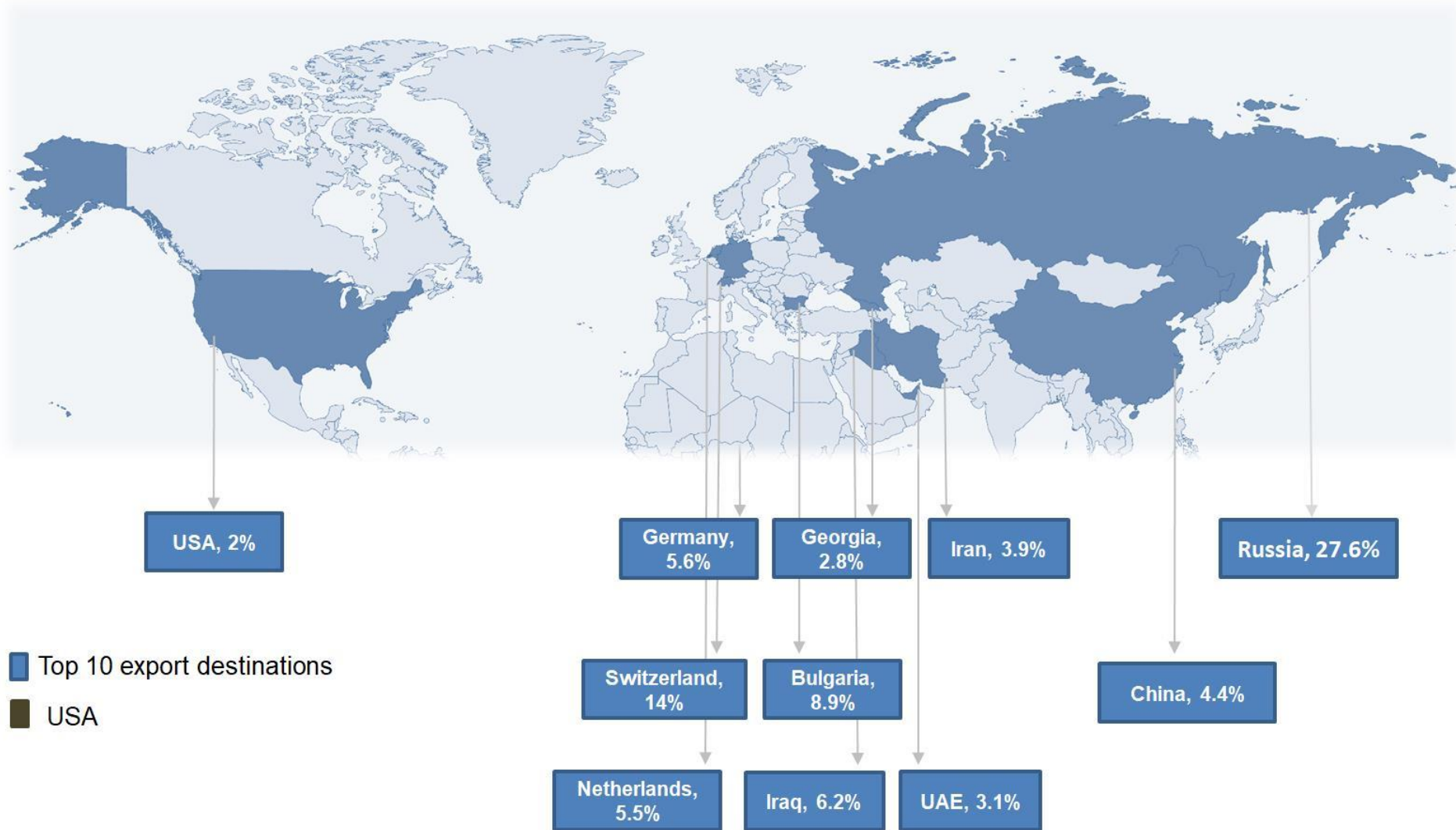


TEXTILE



JEWELRY
PROCESSED DIAMONDS

MAIN EXPORT DESTINATIONS



ARMENIA – ITALY BILATERAL TRADE

EXPORT



IMPORT



TRADE TURNOVER



	Export	Import	Total Turnover
2019 January - September	46.5	149.3	195.7
2018	49.9	182.6	232.5
2017	43.3	158.0	201.3
2016	31.9	128.8	160.7
2015	32.5	148.5	181.0

RECENT JOINT PROJECTS



ENERGY
€250
million



APPAREL
€35
million



CERAMICS
PRODUCTION
€30 million

STRUCTURAL REFORMS

Transformation into a high-tech, industrial, export-led and inclusive economy



TECHNOLOGICAL ADVANCEMENT

OUR VISION



Ultimate goal of the economic policy in upcoming years:

- » Significant increase of competitiveness
- » Technological modernization of productions
- » Utilization of innovations



One of the ways to achieve it:
ATTRACTION OF EFFICIENCY-SEEKING FDI

PROCESSED FOOD & BEVERAGES



Armenia exported about \$229.7 million worth of beverages and about \$110 million worth of agro-food products in 2018.

30.5% growth in export of beverages and 62% growth in exports of processed food in 2018 compared with 2016.

Beverages constitute 9.5% of Armenian total exports and processed food constitutes 4.6% of Armenian total exports in 2018.

Armenia is CIS region's **1st** and world's **6th** largest exporter of brandy.

Armenian winemaking has a history of more than 6000 years. The market has both large-scale traditional wineries and smaller wine producers.

There is a unique combination of excellent climate conditions and affordable and skilled labor force in agriculture and food production.

INNOVATIVE TECHNOLOGIES



Export volume reached \$363.9 million USD in 2018. 70% of the ICT sector is exported to USA, Canada and Europe.

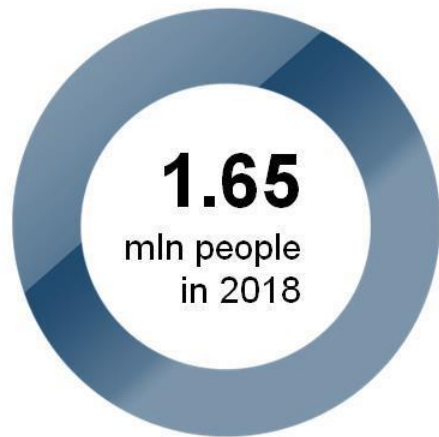
Armenia's export volume has marked a 7% growth rate in 2018. Export grew by 30% on average during last 5 years.

Talented, well-educated and professional workforce: more than 41% of the Armenian ICT workforce hold Master's or higher degrees.

The Global Innovation Index 2018 has ranked Armenia as an innovation achiever.

Over 243 foreign companies, from small development centers to R&D, design, coding, and testing centers, operate in Armenia.

TOURISM



Increased at an average rate of 9% during the period 2014-2018



Increased at an average rate of 6.6% during the period 2014-2018

2018 – GROWTH 10.5%

2019 JANUARY - SEPTEMBER – GROWTH 14.4%

Visa free regime for citizens of more than 60 countries.

Two international airports: “Zvartnots” in Yerevan and “Shirak” in Gyumri.

High potential in hotel construction. Available infrastructure: 320 hotels in Yerevan and 236 hotels in provinces.

SECTOR STRENGTHS

25000 monuments to different cultures and periods, 3 UNESCO World Heritage Sites.

A country of eight geographic and seven climatic zones with a stunning diversity of landscape, flora, fauna and climate.

“Open Sky” policy since 2013.

TEXTILE, LEATHER & SHOES



Armenia exported about \$240.9 million worth of textile, leather & shoes in 2018.

65.3% growth of textile export and 36.1% growth of leather and shoes export in 2018.

Textile, leather and shoes constitute 10% of Armenian total export in 2018.

EU is one of the main export destinations of Armenian textile and garments.

Highly competitive market for outsourcing

Competitive and highly skilled workforce.

JEWELRY, PROCESSED DIAMONDS



Armenia exported about \$307.4 million worth of jewelry, processed precious metals and diamonds.

5.6% growth in export of jewelry, precious metals and precious stones in 2018.

Jewelry, precious metals and precious stones constitute 12.7% of Armenian total export in 2018.

The 2nd exporter of diamonds of the CIS region.

Kimberley process certification since 2002.

No licensing or special permit is needed to establish jewelry companies in Armenia.

The import and sale of gold and valuable stones are exempt from VAT.

FINANCIAL SECTOR



**CENTRAL
BANK OF
ARMENIA**



17
BANKS



41
CREDIT
ORGANIZATIONS



8
INSURANCE
COMPANIES



4
INVESTMENT
AND PENSION
FUND
MANAGERS



No insolvency within the last 15 years
4% +/- 1.5 % inflation target

Transformation from Basel II principles to Basel III
Regulatory framework is harmonized with EU directives.

*Investors of the investment fund
are taxed only 0.01% on NAV
(net asset value) of each fund
unit, at the end of the year.*

*Capital Gains and
Redemption of Units are
tax exempt in Armenia.*

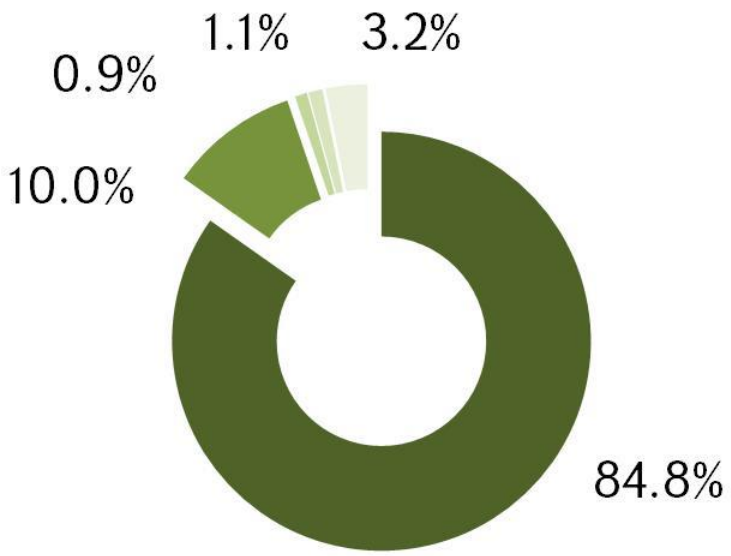
*Interest is exempted
from tax if it is paid
on a loan of any
nature granted by a
banking enterprise*

*Opportunity to access the
Russian market with
Armenian license.*

FINANCIAL SYSTEM: ASSETS AND EQUITY STRUCTURE

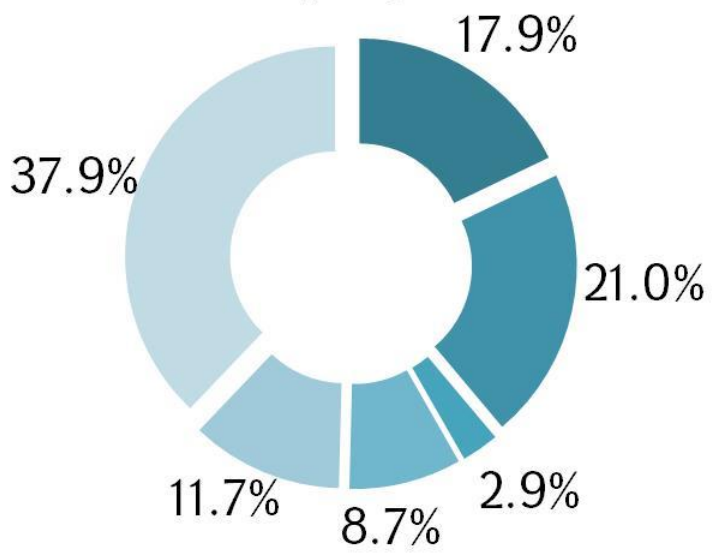
Bank-dominated financial sector, diversification strategy being adopted

Share in total assets



- Commercial Banks
- Non-bank credit organizations
- Insurance companies
- Invetsment firms
- Other financial institutions

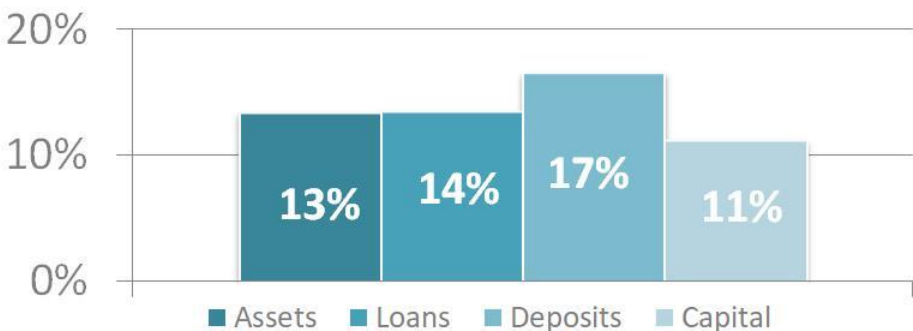
Share in banking sector equity



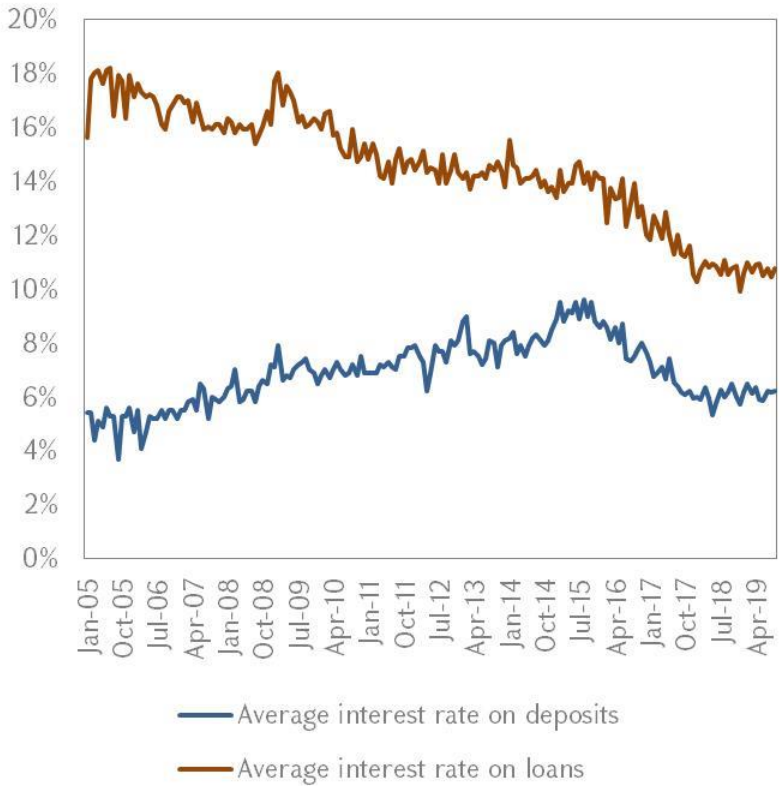
- Russia
- EU
- USA
- Lebanon
- Other countries
- Domestic

FINANCIAL STABILITY

2012-2018 ANNUAL COMPOUNDED AVERAGE GROWTH RATE



INTEREST RATES



BANKING SECTOR PROFITABILITY



OPPORTUNITIES IN FINANCIAL SECTOR



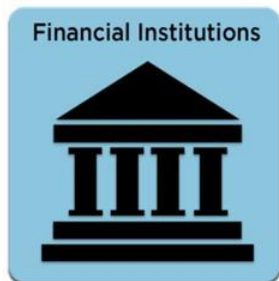
Provide loans to Italian corporate clients operating in Armenia



Open operations in Armenia to capitalize on fast growing economy and emerging consumer segment.



Provide Export Credit financing for imported Italian capital goods



Investment banking and dealing/brokerage services in Armenia



Using AMX (stock exchange) as a transactional hub to deal with Eurasian Economic Union financial counterparties



Establish Investment fund

WHY INVEST IN ARMENIA ?



THANK YOU!