



MINISTRY OF ECONOMIC DEVELOPMENT AND INVESTMENTS

Invest in Armenia

2018



Speaker:
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DEPUTY MINISTER

CONTENT OUTLINE

ECONOMIC OVERVIEW

MARKET & TRADE

INCENTIVES & FREE ECONOMIC ZONES

REFORMS & NEXT STEPS





REPUBLIC OF ARMENIA



YEREVAN
THE CAPITAL CITY



Currency – Armenian Dram (AMD)

Currency rates / 2017 average
1 USD - 480 AMD

MACROECONOMIC INDICATORS 2017

Economic Activity Indicator: 7.7%
Inflation: 2.7%

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

E-SOCIETY



ECONOMIC RATING

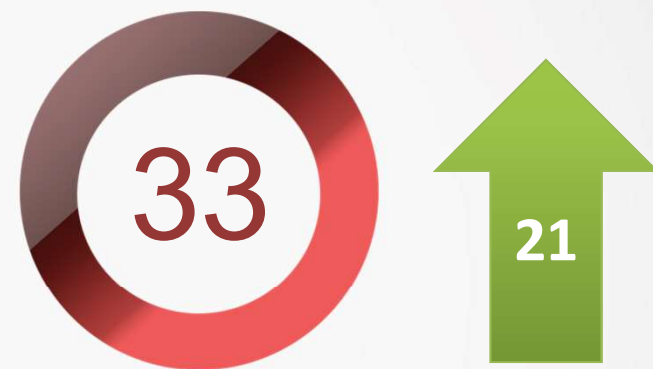
DOING BUSINESS INDEX 2017



Among 190 countries



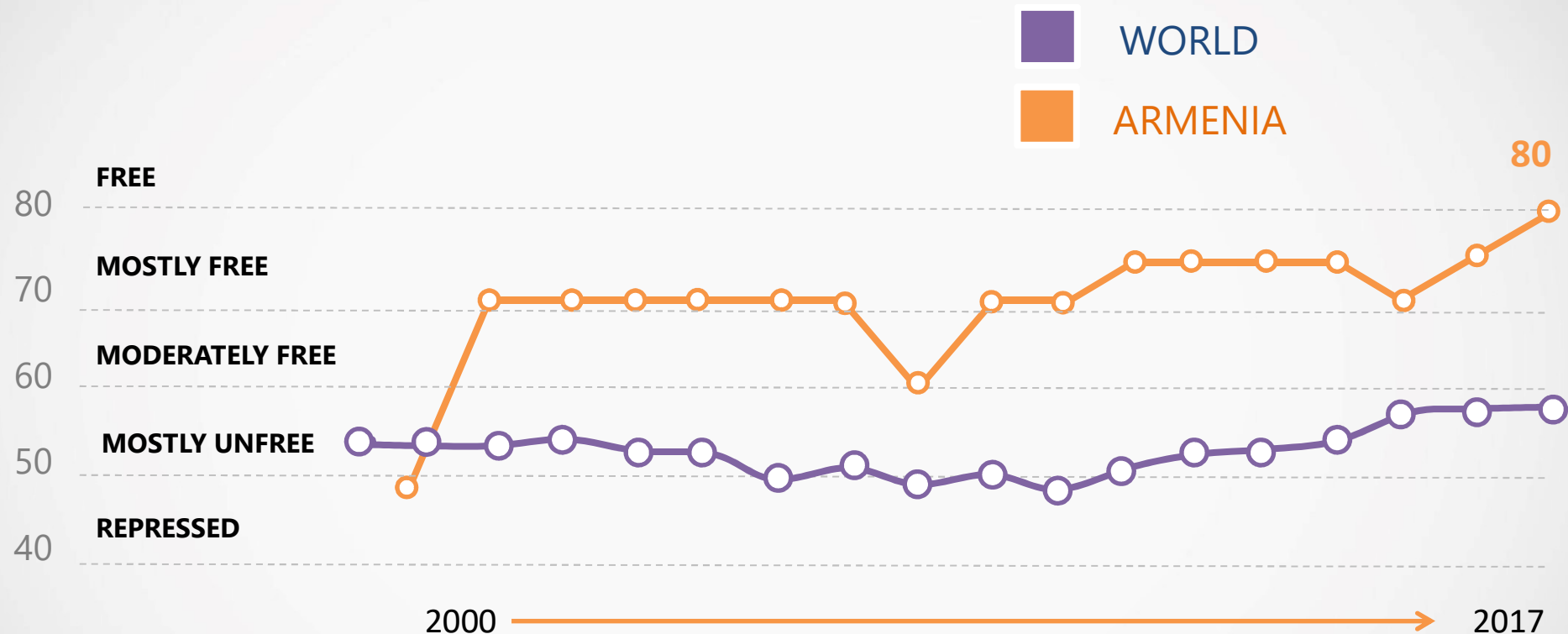
ECONOMIC FREEDOM INDEX 2017



Among 186 countries



INVESTMENT FREEDOM INDEX



OPEN ECONOMY

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

FDI INFLOW

Cumulative FDI in last 5 years

- \$ 3,200,000,000 -

ARGENTINA

**\$144,7
M**

FRANCE

\$ 524,4 M

GERMANY

\$ 162,2 M

RUSSIA

\$ 1,37 BN

MAIN FDI SECTORS

- ENERGY
- TELECOMMUNICATION
- MINING
- PROCESSING INDUSTRY

INTERNATIONAL TREATIES



PROMOTION AND RECIPROCAL PROTECTION OF INVESTMENTS

Italy, Argentina, Austria, Belgium and Luxemburg, Belarus, Bulgaria, Canada, China, Cyprus, Egypt, Finland, France, Georgia, Germany, Greece, India, Iran, Iraq, Israel, Jordan, Japan, 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

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

STABLE FINANCIAL SYSTEM



CENTRAL
BANK OF
ARMENIA



17
BANKS



36
CREDIT
ORGANIZATIONS



9
INSURANCE
COMPANIES

HSBC



ACBA-CREDIT AGRICOLE



30 BILLION AMD

Total capital requirement for banks
Approx. 62M USD

ACCESS TO MAJOR MARKETS

Armenian
Market of
3,000,000
Consumers

Eurasian Economic
Union
Market of
180,000,000
Consumers



GSP Regime
With USA, Japan, Canada,
Switzerland, Norway
(3500 products)

GSP+ Regime
With EU countries
(6400 products)



MEMBER COUNTRY

MAJOR EXPORT DESTINATIONS

Total exports in 2017

- \$ 2,242,9000 -

SWITZERLAND

12 %

GERMANY

5,9%

GEORGIA

6,9%

IRAN

3,8%

RUSSIA

24,1 %

CHINA

5,5 %

MAIN EXPORT PRODUCTS

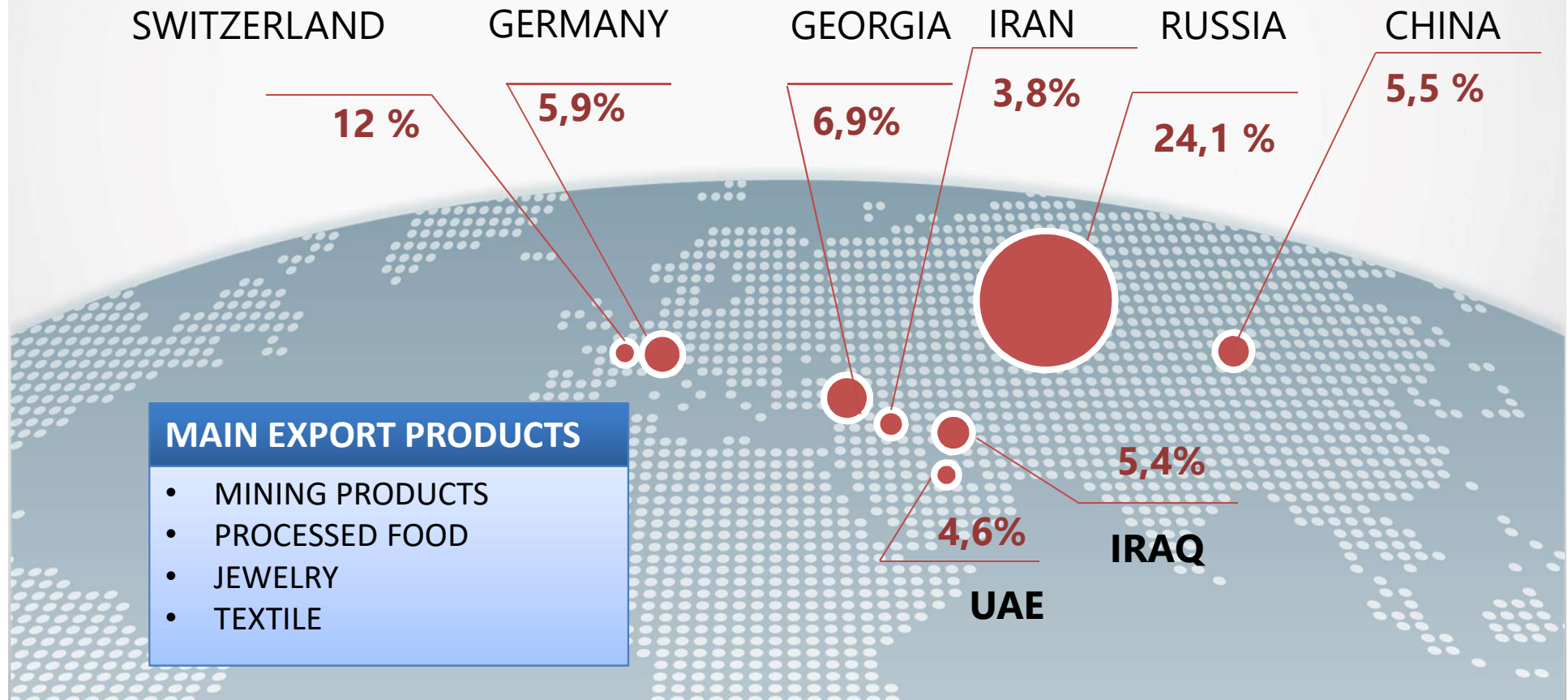
- MINING PRODUCTS
- PROCESSED FOOD
- JEWELRY
- TEXTILE

5,4%

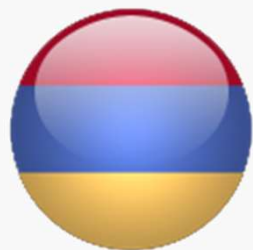
IRAQ

4,6%

UAE



ECONOMIC COOPERATION



IMPORT

2015 – 35
2016 – 36.1
2017 – 50.5



(mln. USD)



EXPORT

2015 – 14.6
2016 – 18.8
2017 – 8,1

35 companies with Polish capital

EURASIAN ECONOMIC UNION



Since 02.01.2015 Armenia is a member of the Eurasian Economic Union (EEU)

- Free movement of goods, capital, services and people.
- Access of Armenian production to about 180 million consumers.
- No customs formalities during mutual trade.
- No non-tarif measures of trade and trade technical barriers.
- Common transport, agriculture and energy policies
- Single markets

2016 - Common pharmaceutical market

2019 - Common energy market

2025 - Common oil, oil products and gas market

COOPERATION WITH EU



*Armenia has signed **Comprehensive and Enlarged Partnership Agreement /CEPA/** with the European Union at the summit in Brussels in **November 2017***

MAIN & TARGETED EXPORT MARKETS



HIGH EXPORT POTENTIAL PRODUCTS



FRUITS AND VEGETABLES



PROCESSED FOODS



WATER AND BEVERAGES



TEXTILE



JEWELRY
PROCESSED DIAMONDS

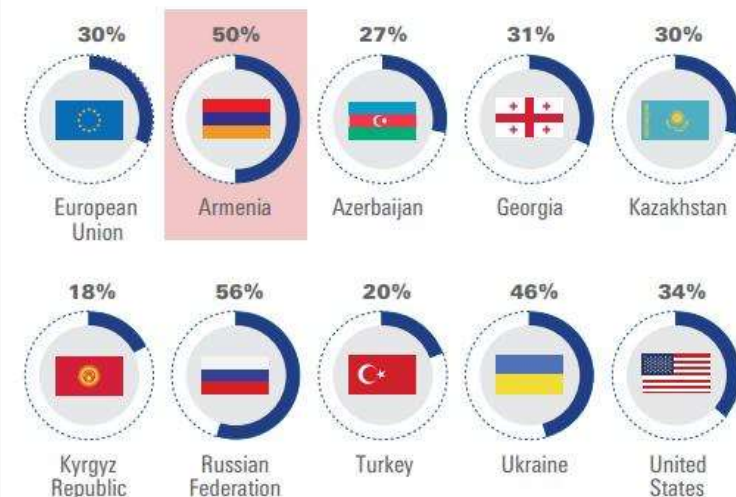


PHARMACEUTICALS

LABOR



Labor force with tertiary education (% of total)

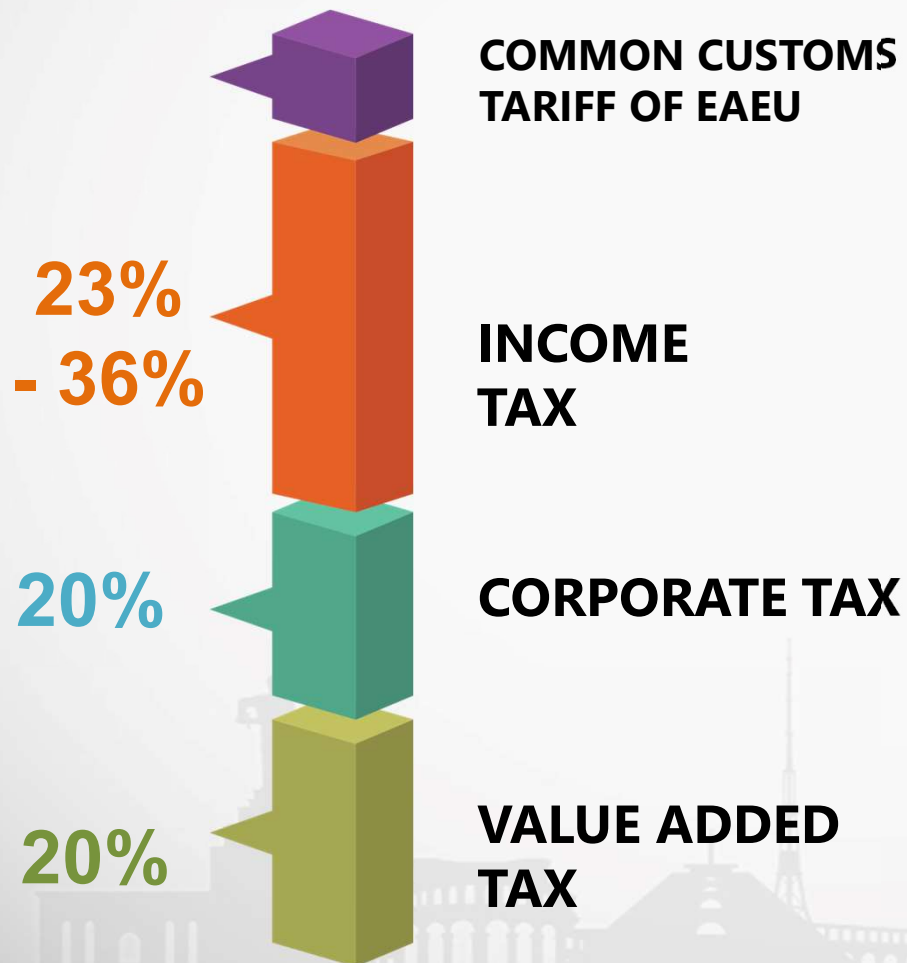


In 2017 the average monthly salary in Armenia was 194,259 AMD

Armenia has one of the most educated populations among the CIS countries. Labor force ranks 2nd behind Russia, with around 50% having tertiary education.

TAX SYSTEM

General taxation regime



Simplified taxation regime

1,5% - 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 58,3 million (around 120.000 USD)**

TAX INCENTIVES FOR INVESTORS

TAX EXEMPTIONS

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

TAX EXEMPTIONS

for IT start-up companies

FREE ECONOMIC ZONES



PROFIT TAX
privileges for large exporters

VAT PAYMENTS

-industrial equipment and raw materials exempted on border
-postponement for up to 3-year period for importing equipment and goods within the scope of investment projects.

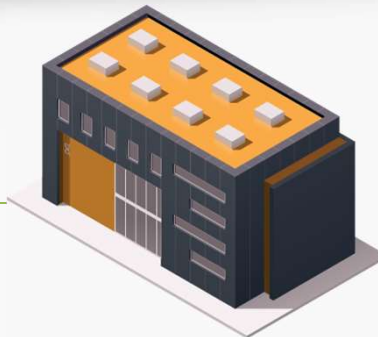
CUSTOMS DUTY

exemption within the scope of investment projects.

FREE ECONOMIC ZONES

JEWELRY

MERIDIAN FEZ
OFFICE AND
INDUSTRIAL PREMISES



ALLIANCE FEZ
INDUSTRIAL
PREMISES



*2 Free Economic Zones are
located in Yerevan.*



HI – TECH

ALLIANCE FEZ
OFFICE PREMISES

TAX INCENTIVES

0 %

- PROFIT TAX
- VAT
- PROPERTY TAX
- CUSTOMS DUTY

MEGHRI FREE ECONOMIC ZONE

Launch of the FEZ: December 2017

Type: Trade, Industrial and Logistics FEZ

Area: around 60 ha

Lifetime: 50 years

Main sectors: industry /machinery/, chemical industry, biotech / pharmaceuticals, hi-tech materials production, textile, etc.

Pricing:

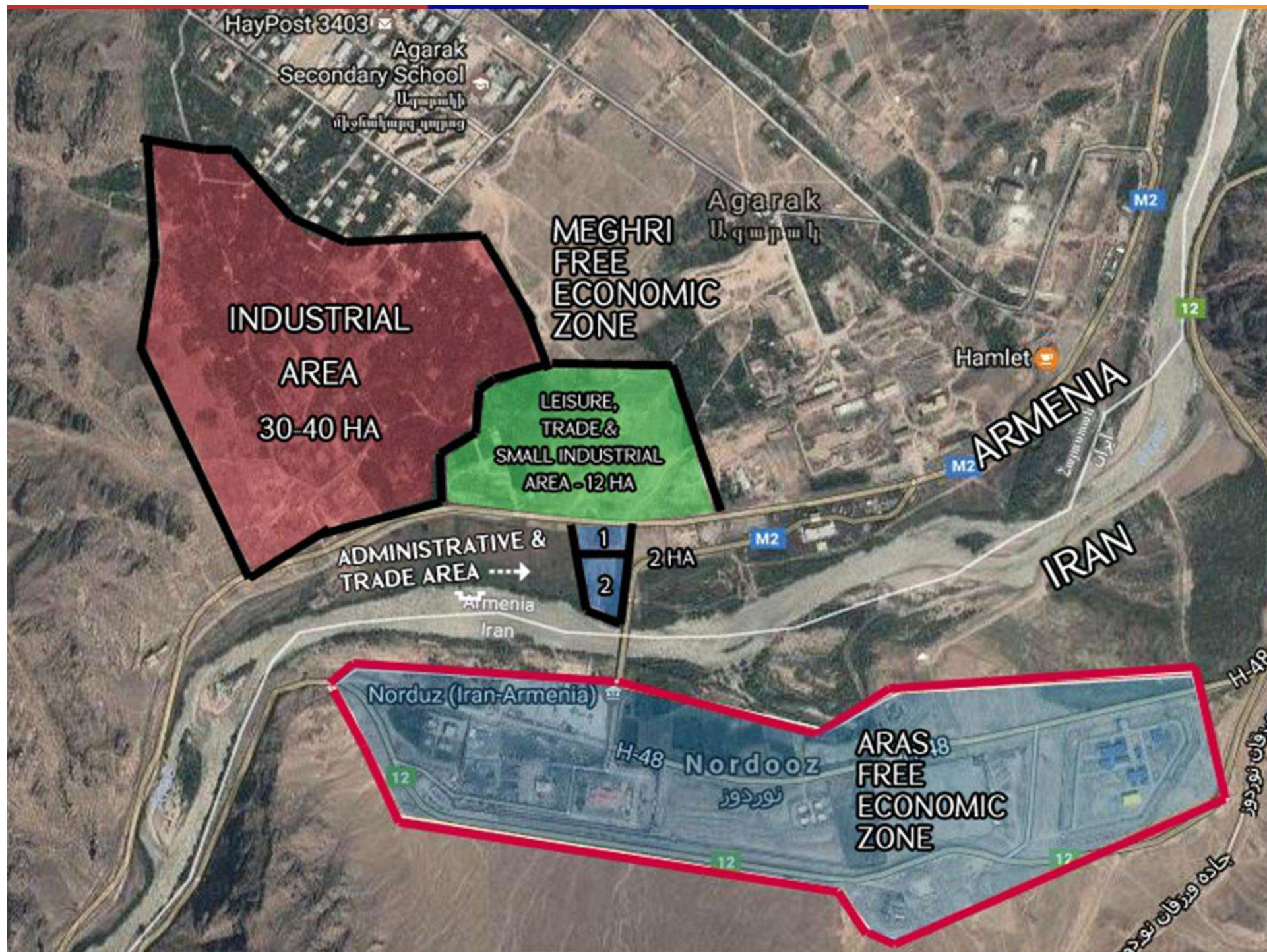
LAND LEASE: 0.7\$ - 2\$ per sq.m.

LAND PURCHASE: 40\$-60\$ per sq.m.



Features of the FEZ:

Largest FEZ in the country, multifunctional, almost without any sectoral restriction, on the border with Iran, having special preferential trade regime in EEU.



FEZ PLANNING

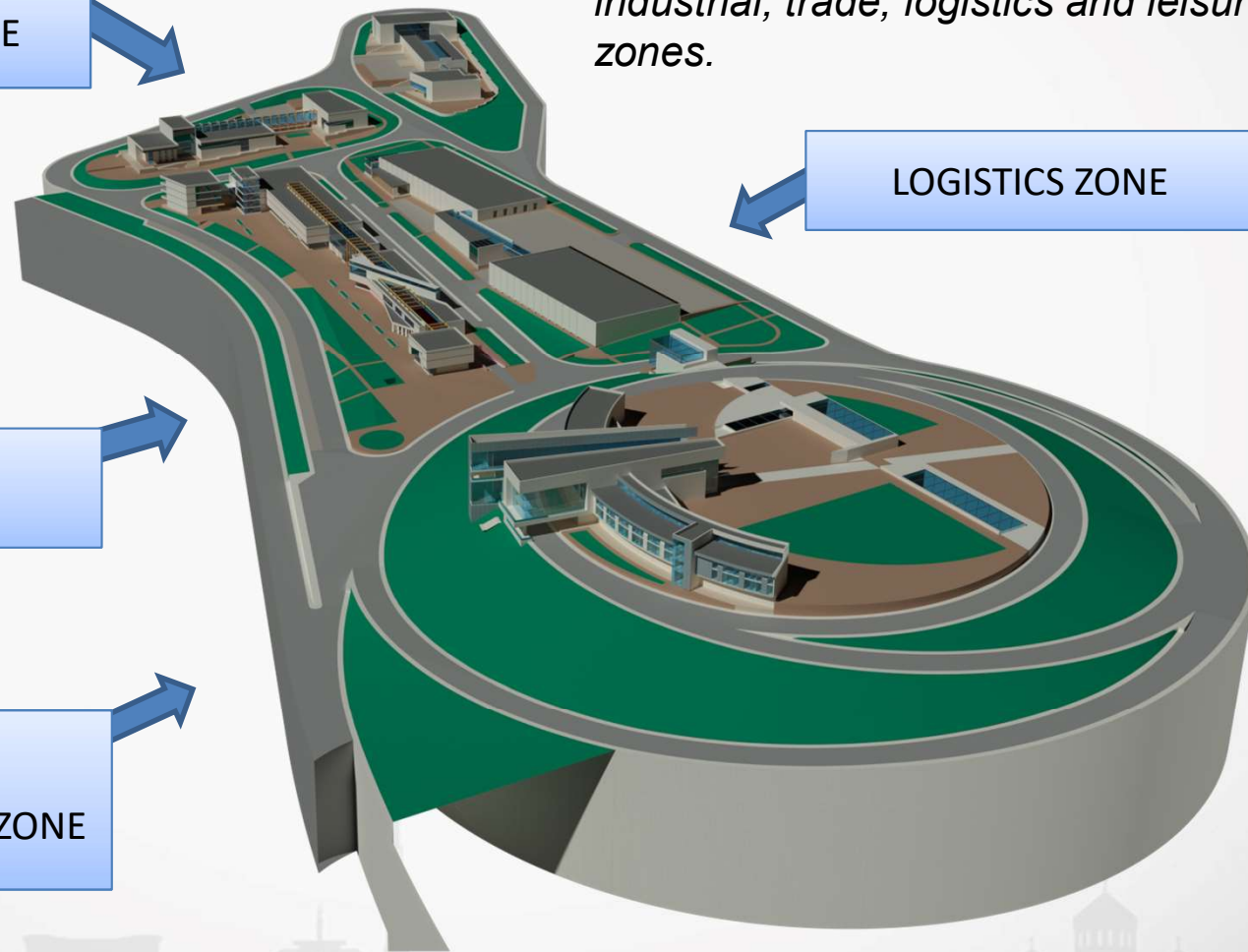
INDUSTRIAL ZONE

Around 350 000 sq.m. will be allocated for industrial, trade, logistics and leisure zones.

LOGISTICS ZONE

TRADE ZONE

LEISURE &
ENTERTAINMENT ZONE



HOW TO BECOME A RESIDENT



Documents required for application

- *Initial agreement with FEZ operator*
- *Business plan*



Stages of getting permission

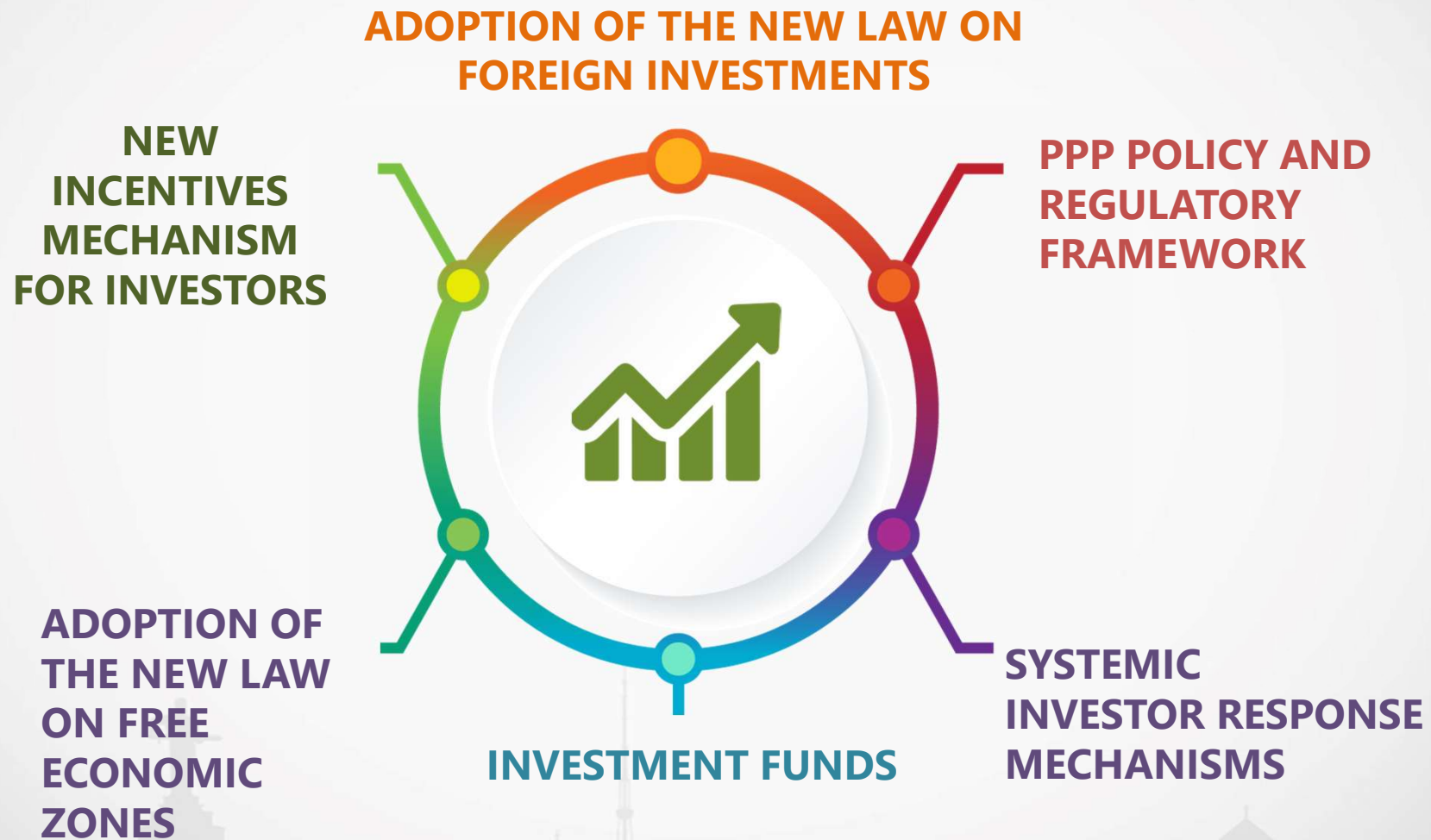
- *Applying for the permission*
- *Evaluation by the interagency Committee /**max. 10 days** /*
- *Decree of the Government / **max. 15 days** /*
- *Agreement with the FEZ operator*



Criteria of business plan evaluation

- *Project being export-oriented*
- *Volume of investments*
- *Workplaces created*
- *New technologies*

REFORMS AND FUTURE ACTIONS



WHY ARMENIA ?



FAVORABLE INVESTMENT LEGISLATION.

ONE OF THE MOST OPEN INVESTMENT REGIMES. "OPEN-DOOR" POLICY TOWARDS FOREIGN INVESTORS



02

**HIGHLY EXPERIENCED, CREATIVE, COST EFFICIENT
AND WELL EDUCATED WORKFORCE**



03

**STABLE MACROECONOMIC ENVIRONMENT
& DIVERSE TRADE REGIMES**



04

**STABLE BANKING SYSTEM COMPLIANT WITH
INTERNATIONAL STANDARDS**



05

**COMPREHENSIVE CONTINUOUS REFORMS OF BUSINESS
ENVIRONMENT**



MAJOR BRANDS



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