

# Quick facts:

Population: **3.0 mln**

Capital: **Yerevan**

Official language: **Armenian**; Fluent: **Russian, English, French and Farsi**

Currency: **Armenian dram (AMD)**

AMD/USD exchange rate (February 2017): **486**

GDP 2016: **10.75 bln USD**

GDP 2016 per capita: **3,596 USD**

CPI Inflation rate 2016: **-0.5%**

Unemployment rate 2016: **17.9%**



**B+**

STABLE

FitchRatings

**B1**

(STABLE  
OUTLOOK)

MOODY'S

**4.63**

Basel AML Index

**WB 38<sup>th</sup>**

out of 190  
countries

DOING BUSINESS

Acts as a **gateway to major markets**

Member of **Eurasian Economic Union (EEU)** since 2015 with access to single market of more than 180 million

**Very open economy**

## ECONOMY

**Strong human capital** and a well educated population

Historically strong political and economic relations with **Iran**

**Relatively open investment and trade policy**

**Stable macroeconomic environment.** Armenia over-performs majority of the countries in the region by macro indicators

Total Length of roads - 7,568 km  
Under construction: North-South Road  
Corridor - 556 km, to provide high-speed  
road connection between Iran and Georgia

Total length of Armenian  
Railways is 1,328.6 km  
Yerevan metro length is 12 km

The water supply  
and sanitation system  
has been significantly  
upgraded

### Water and sanitation



### Roads



### Railway



### Gas Supply

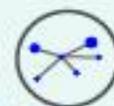
96% gasified  
Main Pipelines



- Iran-Armenia,  
diameter - 700 mm  
capacity - 2.3 bcm (by 2019)
- Russia-Georgia-Armenia  
pipeline

## INFRASTRUCTURE

### Communication



Mobile, Landline Telephone  
and High speed internet  
coverage on the whole territory.  
Landline subscribers - 582 ths  
Mobile subscribers - 3.6 mln  
Internet users ~ 2 mln



### Airports

- Zvartnots, Yerevan
  - Best in the region
  - About 4 mln passenger capacity
  - 10,000 m<sup>2</sup> warehouse territory
- Shirak, Gyumri
  - Mainly flights to Russian cities



### Energy infrastructure

Diversified energy production  
-100% electric network coverage

## FREE ECONOMIC ZONES (FEZ) <sup>2</sup>

- 📊 VAT- 0%
- 📊 Profit tax -0%
- 📊 Custom duties – 0%
- 📊 Property tax – 0%

Preferential Economic activities in FEZ:

- 📊 Electronics
- 📊 Precision engineering
- 📊 Pharmaceutical and biotechnologies
- 📊 Information technologies
- 📊 Alternative energy
- 📊 Production design
- 📊 Telecommunication
- 📊 Jewelry, Watchmaking, Diamond cutting
- 📊 Production of goods, not produced in Armenia

✅ **LAW ON FREE ECONOMIC ZONES, JUNE 2011**



Tax burden in Armenia is 23.4% of GDP  
which is less than average indicator for Europe (33%)

## Taxation

VAT 20%

Profit tax 20%

Income tax 24.4 - 36%

### Free Economic Zones:

VAT 0%

Profit tax 0%

Custom duties 0%

Property tax 0%

### OTHER FEATURES

- ✓ No Profit tax & VAT for small entities, including agriculture
- ✓ Accelerated depreciation on capital assets
- ✓ Loss carry forward for corporate tax purposes (5 years)
- ✓ Special Tax regime for IT start-ups
- ✓ Profit tax privileges for large exporters
- ✓ Tax exemptions in border regions

Armenia has double taxation  
treaties with 42 countries:

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

# LABOR AVAILABILITY AND QUALIFICATION

Well-educated, skilled and competitive labor force, especially in the field of Science, Technology, Engineering and Math

## Average monthly wages in Armenia (\$ US)

ECONOMY, AVERAGE	391
AGRICULTURE, FORESTRY, FISHING	255
MINING AND QUARRYING	729
MANUFACTURING	365
ELECTRICITY, GAS, STEAM SUPPLY	696
CONSTRUCTION	454
TRADE	314
TRANSPORT & WAREHOUSES	316
HOTELS & RESTAURANTS	262
ICT	884
FINANCE & INSURANCE	787
PROFESSIONAL, SCIENTIFIC SERVICES	353
HEALTHCARE	290

Literacy rate in Armenia is close to 100%

Armenia is a leading country in South Caucasus by tertiary enrollment with 46.1% rate  
60 Universities  
80K students

Large potential to utilize well-educated qualified professionals in Diaspora

## Priority Sectors



ICT AND PRECISION  
ENGINEERING



PHARMACEUTICALS  
AND HEALTH CARE



ADVANCED  
TECHNOLOGY



TRANSPORT AND  
INFRASTRUCTURE



SUSTAINABLE  
ENERGY



TOURISM AND  
HOSPITALITY



AGRI-FOOD



TEXTILE AND  
SHOES PRODUCTION



FINANCIAL  
AND BANKING

## Investors in Armenia

SYNOPSIS

gsk

Foote

Beeline

ARMENIA

Schneider  
Electric

Sun  
Microsystems

ACBA-CREDIT AGRICOLE BANK

Radisson

Pfizer

KRKA

HYATT  
PLACE

WURTH

Marriott

ThreeFour

Microsoft

NATIONAL  
INSTRUMENTS

VEDLIA

knauf

RICHEL  
ARTISTS & ARTS

HSBC

FMD K&L

MENARINI

Parnd Record

MTC

Abbott

Roche

SIEMENS

Grant Thornton

DUNDEE  
CORPORATION

AZAD

BYBLOS BANK

D-Link

STADPOM

KPMG

THE VALARDE

HUAWEI

IBM

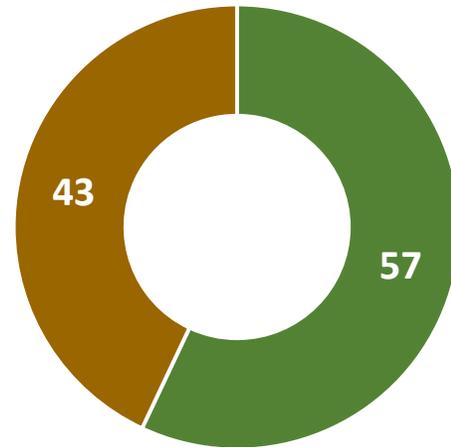
Instigate  
ROBOTICS

ORACLE

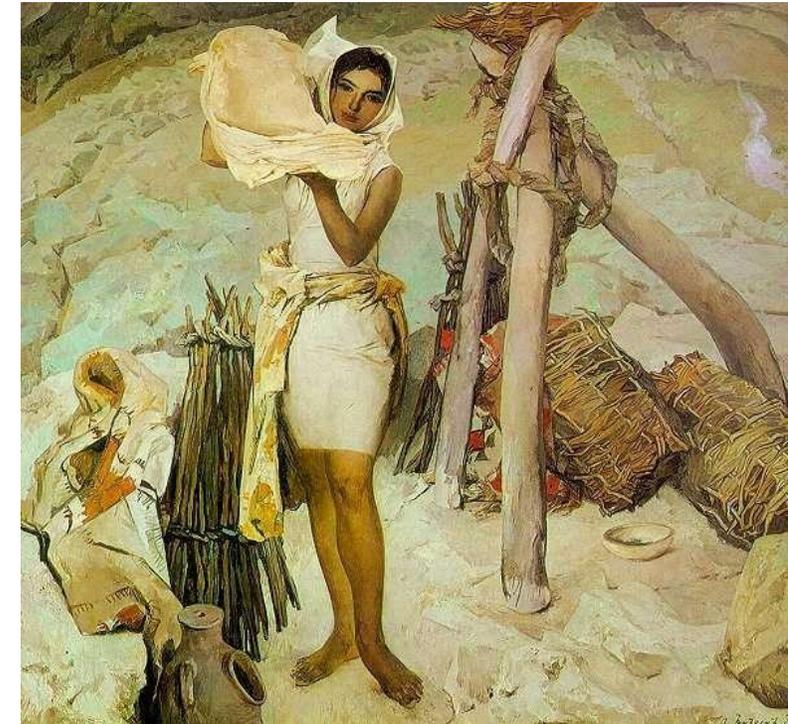
**AGRO**

➤ **Agricultural output: 1,888 mln. USD**

➤ **Agricultural output structure, %**



■ Plant Growing   ■ Animal Husbandry



## SECTOR SPECIFIC REGULATIONS

	AGRICULTURE	FOOD PROCESSING	PRODUCTION OF BEVERAGES
<b>PROFIT TAX</b>	n/a	20%	20%
<b>IMPORTING DUTIES</b>	0%	Depends on products /no duty for EEU/	Depends on products /no duty for EEU/
<b>EXPORTING DUTIES</b>	0%	0%	0%
<b>VAT</b>	n/a	20%	20%
<b>EXCISE TAX</b>	n/a	n/a	For the distribution of alcoholic beverages
<b>LICENSING REQUIREMENTS</b>	no	no	For the distribution of alcoholic beverages
<b>REGULATIVE BODY</b>	SSFS*	SSFS*	SSFS*

\*The State Service for Food Safety

# THE MOST PROMISING AREAS FOR INVESTMENTS

Modern  
greenhouses



Intensive  
orchards



Viticulture  
and wine  
production



Animal  
husbandry



Organic  
agriculture



# CULTIVATION OF MEDICINAL AND AROMATIC PLANTS IN ARMENIA

- Area: 30.000 km<sup>2</sup>
- Flora: over 8,804 species incl. 3555 Vascular and 229 endemic
- Endemic represent 3% of vascular plants (compared to 1.5% across Caucasus)
- Density of species:

	Armenia	World average
Lower plants	161.8	0.15
Higher plants	131.66	1.67

Armenia, country of various biblical herbs

- Companies manufacture: herbal teas, dried medicinal plants and essential oils

## Investment opportunities

Production of medicinal/aromatic/spice herbs in Armenia with application of advanced agricultural techniques focusing on native plants with high demand in foreign markets



# CULTIVATION OF MEDICINAL AND AROMATIC PLANTS IN ARMENIA

- Over **200 species of edible plants** are collected in Armenia, used fresh, cooked, pickled or dried. Commonly used plants include longleaf (*Falcaria*), asparagus (*Asparagus*), and chervil (*Chaerophyllum*)
- Around **120 species of wild berries and nuts** are collected, including walnut (*Juglans*), hazelnut (*Corylus*), pear (*Pyrus*), apple (*Malus*), dogwood (*Cornus*), blackberry and raspberry (*Rubus*), and currant (*Ribes*)
- Around **10% of plants** found in Armenia have some **medicinal use**, and species of hawthorn (*Crataegus*), buckthorn (*Rhamnus*), juniper (*Juniperus*), barberry (*Berberis*), rose (*Rosa*), and St John's wort (*Hypericum*) are collected for traditional remedies
- Around **150 species** of plants are known to produce **essential oils**, mainly species of thyme (*Thymus*), helichrysum (*Helichrysum*), and wormwood (*Artemisia*).
- A number of species are also used for their vitamin, tannin or resin contents.

# Advantages of Armenian herbs:

## ➤ **Quality of Armenian herbs:**

- **Arduous mountains conditions** make the plant protect itself, synthesize a fair amount of phenol and flavone compounds, tannin, vitamins and essential oils.
- **Active elements** in most of Armenian herbs are comparatively much more than in herbs of China, Bulgaria, and India origin (e.g. in St-John's-wort, used in most herbal teas, of China origin there are **0.2%** of hiperifum, but in Armenian analogue there is approximately **1.1%**)
- **Ecological purity:** in Armenia the herbs are grown in ecologically clean environment, and in different climatic zones – from the mild plains up to the Alpine regions
- **Production quality:**
  - ***Recipes*** of herbal teas from Armenia are based on centuries-old experience of national medicine.
  - ***Quality control*** under the Drug and Medical Technology Agency of Armenia



# ORGANIC MARKET

- Organic agriculture is among government priorities
- Growing market of organic production
- Availability of certification body
- 1,100 hectares of organically certified areas (arable land and wild collection areas)
- Organic production: fruits, berries, honey and herbal tea
- Investment opportunities:
  - dried fruit
  - juices
  - dairy
  - preserved production



*Organic agriculture is gaining popularity and more farmers get certification.*

# ARMENIA, THE BIRTHPLACE OF WORLD FAMOUS WINE AND BRANDY

**6<sup>th</sup>**

world exporter  
of brandy

**1<sup>st</sup>**

exporter of the  
CIS region

|"Ararat Brandy"  
world famous brand

|" Strong comparative advantages  
|" Growing world recognition

## Market strength

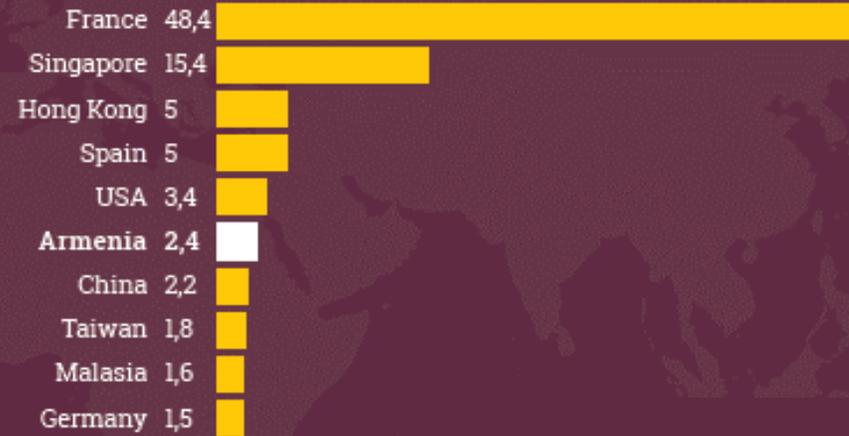
- Wine making tradition and strong know-how
  - Solid experience in brandy manufacturing
  - Government support to farmers to improve quality and productivity
- 
- 35 companies
  - 1 500 employees
- 
- Quality raw grape, with specific characteristics for brandy manufacturing conditioned by climatic factors: high number of sunny days, high quality of soil and water
- 
- Laboratory equipment in a small number of advanced companies
- 
- Developed design and printing services
- 
- Union of Armenian Winemakers
- 
- State diploma of qualified technician in the fields of "Fermentation Technologies and Winemaking" and "Winemaking and Juice Production"
- 
- New private educational programs such as EVN Wine Academy

## Investment opportunities

- The 1st exporter of brandy of CIS region
  - Armenia accounts for 50% of global brandy exports from CIS countries
- 
- Growing production, sales and exports
  - Wine exports +49% in 2014
  - Brandy exports +15% annual growth (2010-2015)
- 
- Excellent soil and climate conditions, high altitude and limited use of chemical fertilizers
- 
- Open market with many farmers
- 
- Developing wine tasting rooms and wine agro-tourism

# Growing recognition on global markets

## Top ten world spirits exporters



## Top ten clients of Armenian wine, % of exports



## Top ten clients of Armenian Brandy, % of exports

