

INVESTMENT GUIDE

ARMENIA

2021



ARMENIA AT A GLANCE

COUNTRY OVERVIEW



Total area:

29,734 sq km



Population:

2,9 million



Capital:

Yerevan (1,074.3 population)



Other cities:

Gyumri, Vanadzor



Governance:

Parliamentary Republic



Currency:

Armenian dram (AMD)



Climate:

Continental



Languages:

Official: Armenian

Widely used: Russian, English



Time zone:

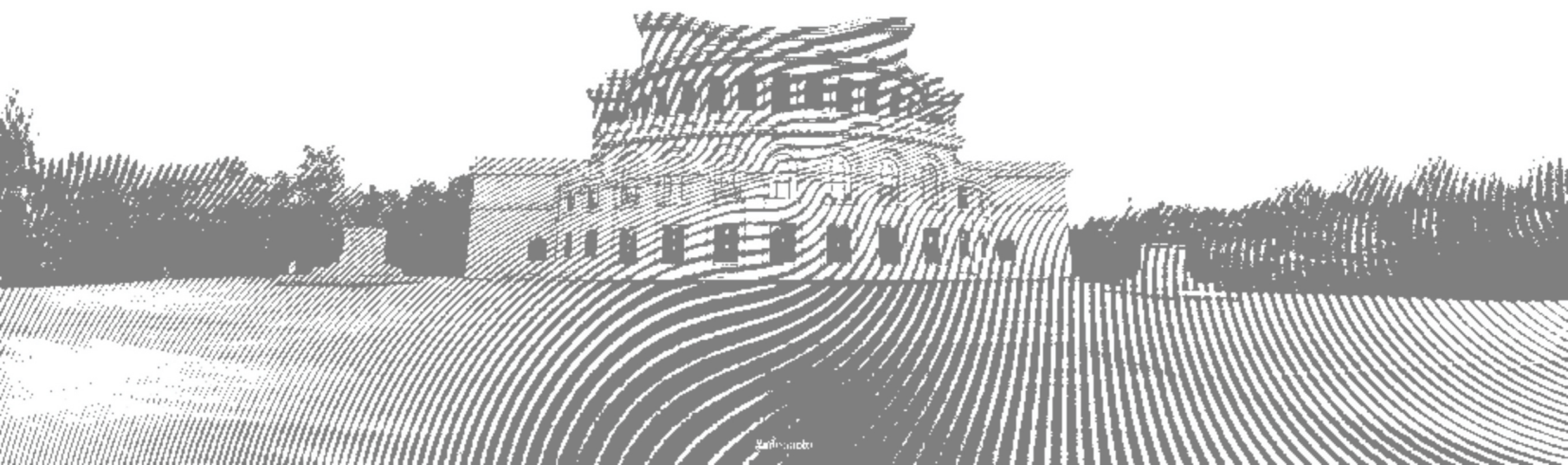
GMT +4



International airports:

Zvartnots International Airport

Shirak International Airport



RELIABLE PARTNERSHIP



EAEU

Since 2015



EU CEPA

Since 2017



United Nations

Since 1992



WTO

Since 2003



CIS

Since 1992



BSEC

Since 1992



Council of Europe

Since 2001



ICSID

Since 1992



MIGA

Since 1992

COUNTRY RANKING



DOING BUSINESS WORLD BANK

47th

by Ease of Doing
Business (2020)

10th

BY STARTING
BUSINESS

13th

BY REGISTERING
PROPERTY



ECONOMIC FREEDOM INDEX

34th

Mostly free (2020)

75 out of 100

INVESTMENT
FREEDOM SCORE



OECD FDI REGULATORY RESTRICTIVENESS INDEX

10th

Among 70 countries
including all OECD
countries and G20

MOODY'S

Ba3

(Stable)

FitchRatings

B+

(Stable)

KEY ECONOMIC INDICATORS

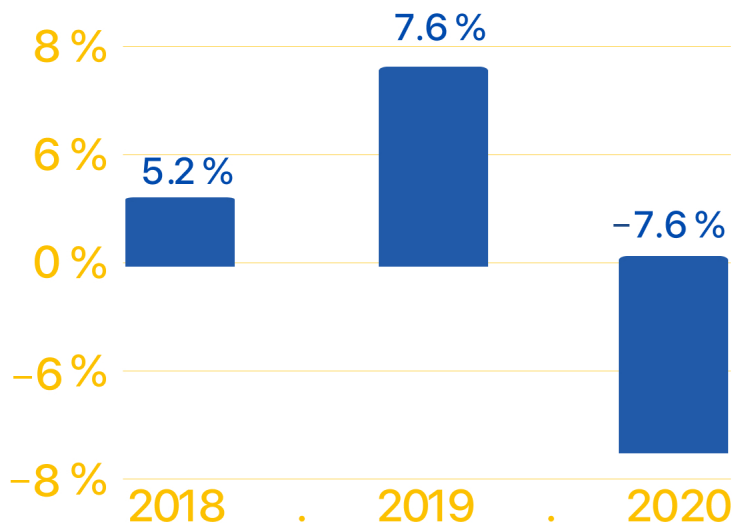
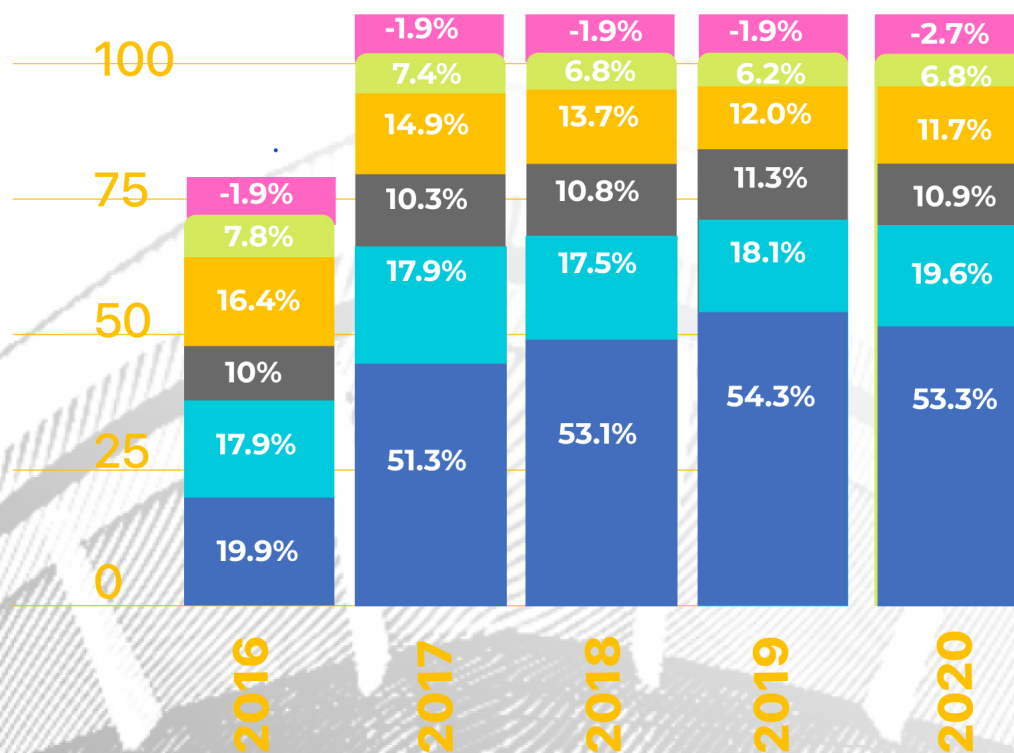


Figure 1: Changes in Gross Domestic Product Real Growth Rate, %, 2020

- Currency: Armenian dram (AMD)
- Economic activity index 2020: -7.5%
- GDP 2020: \$ 11.8 bln. preliminary
- GDP Growth 2020: -7.6% preliminary
- GDP per capita 2020: \$ 4.269 preliminary
- Main Sectors of Economy: Industry, Agriculture, Services, Construction
- Inflation rate 2020: 1.2%
- AMD/USD average exchange rate 2021: 523 AMD



■ Trade & services ■ Industry ■ Net taxes ■ Agriculture ■ Construction ■ FISM

Figure 2: Structure of Gross Domestic Product by Classification of Economic Activity, %, 2020

ATTRACTIVE SECTORS FOR FDI

**Innovative
agriculture**



**Food
processing**



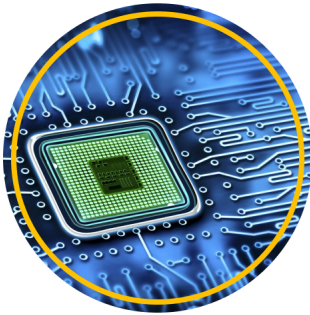
**Beverages &
winemaking**



Tourism



High-tech & IT



Pharmaceutical



**Textile &
apparel**



BPO





WHY ARMENIA?

FDI LEGISLATION

OWNERSHIP

100% OWNERSHIP OF RESIDENT LEGAL ENTITIES IS PERMITTED FOR FOREIGNERS

LAND OWNERSHIP

COMPANIES REGISTERED BY A FOREIGNER IN ARMENIA HAVE THE RIGHT TO BUY LAND. FOREIGN CITIZENS CAN HAVE LONG-TERM LEASE CONTRACTS

NO RESTRICTIONS

UNRESTRICTED ACCESS TO ALMOST ANY SECTOR AND GEOGRAPHIC LOCATION WITHIN COUNTRY

EQUAL TREATMENT

LEGAL REGIME NO LESS FAVORABLE THAN THE ONE FOR NATIONALS, UNLESS A MORE FAVORABLE REGIME IS PROVIDED BY A RESPECTIVE TREATY

**SIGNATORY COUNTRY OF ICSID CONVENTION
MEMBER OF MIGA**

WHY ARMENIA?

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

- ✓ Highly experienced, creative, and well educated workforce
- ✓ Stable macroeconomic environment
- ✓ Resilient banking system
- ✓ Comprehensive continuous reforms of business environment
- ✓ Developed IT sector



GATEWAY TO MARKETS

**ARMENIAN
MARKET OF**

3.000.000

CONSUMERS



FTA

Armenia

With CIS & Georgia

**EURASIAN ECONOMIC
UNION MARKET OF**

183.800.000

CONSUMERS



FTA

EAEU

With Vietnam, Singapore,
Iran & Serbia

GSP REGIME

3.500 products

WITH USA, JAPAN, CANADA,
SWITZERLAND, NORWAY

GSP + REGIME

6.400 products

WITH EU COUNTRIES

FOREIGN TRADE

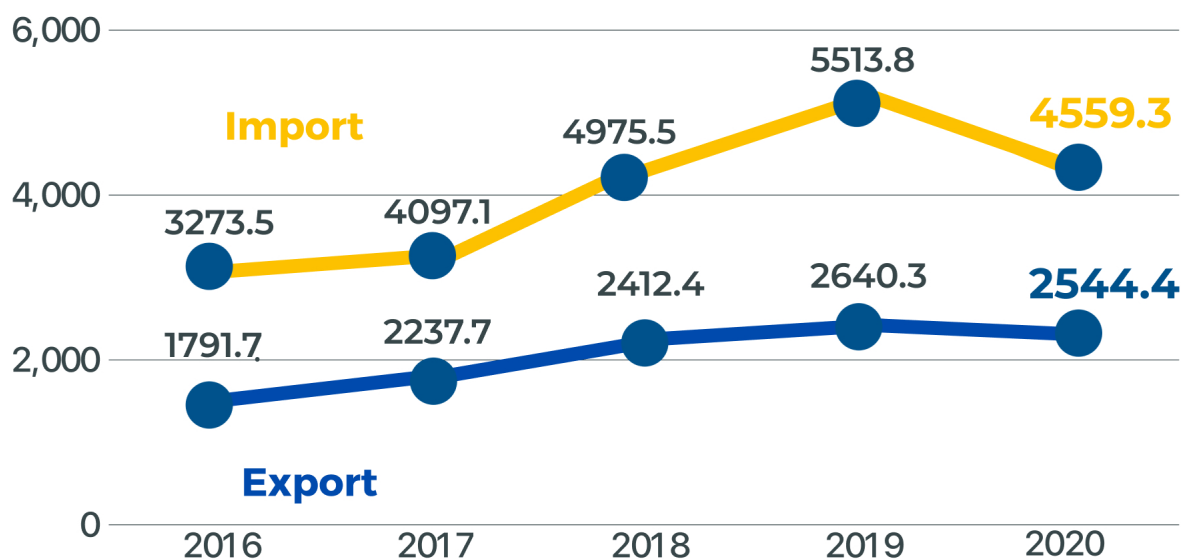


Figure 3: Export and Import, million USD, 2020

MAJOR EXPORT DESTINATIONS

Russia 26.6%, Switzerland 18.4%, China 11.4%, Iraq 6.4%, Bulgaria 5.9%, Netherlands 3.8%, UAE 3.8%, Iran 3.3%, USA 2.7%, Georgia 2.3%, Germany 2.2%

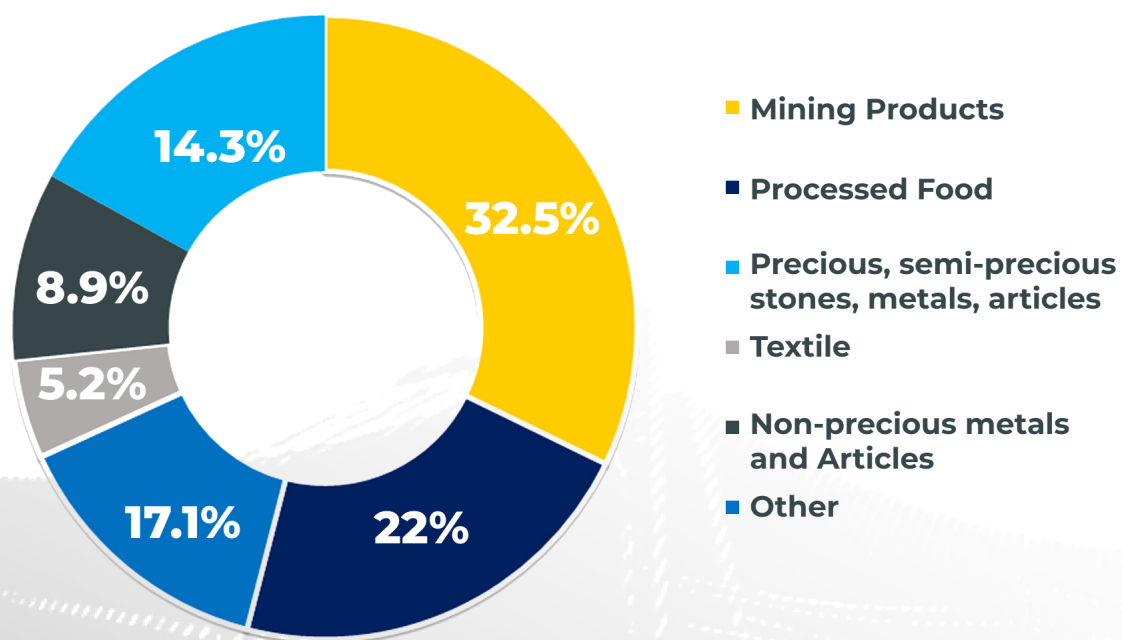


Figure 4: Main goods exported in 2021

TAXATION AND INCENTIVES



- ✓ Customs duties exemptions on importing of machinery and raw materials within the scope of investment projects
- ✓ Tax exemptions in border regions
- ✓ No profit tax & VAT for micro-entities (turnover up to approx. 50 thousand USD), including agriculture
- ✓ Loss carry forward for corporate tax purposes (5 year)
- ✓ Accelerated depreciation on capital assets
- ✓ Simplified tax and turnover tax for SMEs (up to 240 thousand USD)
- ✓ Exemption from VAT & Profit tax for operations in Dilijan community and adjacent territories of the Tavush marz of Armenia within the scope of investment projects above 4.1 million USD

FREE ECONOMIC ZONES

LAW ON FREE ECONOMIC ZONES

FROM JUNE 2011

0%

Value-Added Tax
Customs Duties
Profit Tax
Property Tax

HI-TECH
INDUSTRIAL
PRODUCTION

JEWELRY
WATCHMAKING
DIAMOND CUTTING

HI-TECH

"ALLIANCE" FEZ
SINCE 2013

"MERIDIAN" FEZ
SINCE 2015

"ECOS" FEZ
SINCE 2018

REGISTER YOUR BUSINESS

Types of legal entities

- ✓ Individual Entrepreneurship
- ✓ Limited Liability Company
- ✓ Joint-Stock Company
- ✓ Partnership
- ✓ Cooperative
- ✓ Branch of Foreign Company
- ✓ Non-Profit Organization
- ✓ Private Equity Fund



eRegulations Armenia

Portal is a step-by-step guide on
business investment-related
procedures

<https://armenia.eregulations.org/>



5 minutes

Online registration of commercial
entities is available at
www.e-register.am



1-10 days

Opening a corporate
bank account
in Armenia may take
1-10 days



Investment Support Center is a governmental authority for investment and foreign trade. Functioning as a “one-stop-shop”, ISC provides comprehensive support to local and foreign businessmen in Armenia.

Investment Support Center aims to promote and facilitate investments and provide aftercare services to the investors.

Acting as a liaison between public and private sectors ISC provides immediate assistance to the problems arising during the investment activities to ensure investors' satisfaction.



