

ARMENIA – FUTURE STRATEGY



→ - On February 27, 2009, as part of his working visit to the Russian Federation, RA Prime Minister Tigran Sargsyan met with the representatives of the Armenian community of Russia and the business circles of Moscow city. During the Prime Minister's speech slide pictures were shown, which you will find below.

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Republic of Armenia Prime
Minister Master of Economic Sciences
Tigran S. Sargsyan

Introduction:

A two - fold crisis ontology



→ → The crisis is the next stage in the economic cycle of the Old World



→ → Restoring economy to a new level following the Old World's logic.

→ → The crisis is a manifestation of the chaos as another stage in the formation of the New World



→ Formation of a qualitatively new post-industrial world*.

→ *-see T.S. Sargsyan's article entitled "The end of the State," www.gov.am

Meeting the Future



**Anti-crisis action
package
implementation**

**Formation of a post-
industrial society
model**

**Irrespective of the future scenario, we are going to
live a different world and should work in two
directions.**

GLOBAL DESTRUCTIONS



Back to the Old Order

- Movement from the complex to the simple;
- A halt in the globalization-glocalization stage;
- Orgy of protectionism;
- State interference in economic relations;
- Total mistrust;
- Growing populism amid social tensions;
- Worsening crime record.

The signs of the dawning New Order

- The absence of the logic of collapse and integration;
- Amending success criteria and reconsidering assets;
- Redistribution in power and resource centers;
- Undermining the institutes of private ownership and competition;
- Global institutes' inconsistency;
- Change in the architecture of governance.

THE NEGATIVE ASPECT OF THE CURRENT SITUATION



- The sharp decline in global prices for natural resources as a consequence of falling exports in raw materials;
- More stringent import regulations, reduced market demand in Armenia's partner countries as a consequence of falling exports in all sectors of economy;
- Eventual rise in unemployment;
- Decline in the citizens' living standards due to the fact that remittances prevail in the structure of family income;
- Suspension in private construction activities;
- Reduction of private investments into Armenia's economy;
- International contract settlement arrears;
- Higher crime- and corruption-related risks.

THE POSITIVE ASPECT OF THE CURRENT SITUATION



- Sustained macroeconomic stability;
- Eased foreign inflation pressures;
- Having withstood the first tide of the financial crisis, the banking sector keeps stable;
- As a safety cushion, the low level of foreign indebtedness favors the search of foreign lending;
- Wider possibilities for the commitment of institutional investors and creditors (WB, IFC, EBRD, Asian Development Bank and others);
- Eventual influx of qualified labor into Armenia;
- Availability of low-cost innovational equipment and technologies;
- Increased trust in the State fostered by the crisis;
- More opportunities for the correction of those mistakes made in the past;
- Urgent need in a number of reform actions.

PRINCIPLES UNDERLYING GOVERNMENT ACTION



- Watchword>Action>Result
- Discipline and order;
- Transparency and public control;
- Decision-making promptness and action complexity;
- Project-oriented approaches;
- Private-public sector cooperation;
- Availability of business exit strategies;
- Mandatory holding of joint consultations.

PART I.

GOVERNMENT'S ANTI-CRISIS ACTION PACKAGE



- **Deferred VAT payments for imported equipment and technologies;**
- **State support to exporters:**
- State guarantees;
- Credits;
- Direct participation in corporate equity;
- Subsidies (including agriculture);
- **Financing of such projects as aim the development of system-building and import-substituting sectors of economy:**
- The same +
- Increased customs duties for some product types;
- **Creation of specialized exporting enterprises with a focus on:**
 - Consolidation and optimization of export potentialities;
 - Standardization and certification of minor producers' output;
 - Lower export transaction costs.
- **Adherence to GSP+ guaranteeing lower customs duties on such products as are exported from Armenia into the European Union.**

GOVERNMENT'S ANTI-CRISIS ACTION PACKAGE (2)



- Implementation of regional and national investment projects:
- New NPP project – regional (stabilization) project;
- Road building (1000km-long new roads in 2009);
- Nationwide water supply system rehabilitation project;
- Disaster zone rehabilitation project for Gyumri and Spitak towns (Masters' Town).

GOVERNMENT'S ANTI-CRISIS ACTION PACKAGE (3)



→ **Small and medium-size enterprise support:**

- Additional financing for small and medium-size enterprises, supported by the World Bank, the EBRD, the Asian Bank channeled through the banking system and other financial structures;
- Exemption from all types of enterprise duties for a number of traditional crafts;
- Shift to the fixed payments system for a number of services;
- Removal of the mandatory accounting requirement and enabling simple taxation for those enterprises with less than AMD 100 million annual income

GOVERNMENT'S ANTI-CRISIS ACTION PACKAGE (4)



- Commitment of long-term State lending for implementation of anti-crisis actions;
- Cutback in not-goal-oriented government expenditure;
- Ensuring enhanced efficiency for the government apparatus and full transparency in the pursuit of anti-crisis action;
- Improved system of State procurement. State procurements will aim Armenian producers inclusive of small and medium-size enterprises;
- Inviting the opposition to monitor the implementation of the Anti-crisis and anti-corruption action plans.

PART II

POST-INDUSTRIAL SOCIETY: CHIEF CHARACTERISTICS



- Knowledge creation as a basic process;
- Intellectual capacity and mental activity as core resources;
- Networking in system administration;
- Knowledge as a success criterion;
- Self-realization as basic behavior.

STATE POLICY PRIORITIES IN INDUSTRIAL SOCIETIES



- Innovational technologies;
- Health care;
- Education;
- Finance;
- Organized holidays;
- Business Excellence Center;

OUR MEETING'S GOAL IS THE SHAPING OF A NEW ARMENIAN WORLD



- The Armenian world is a development new space uniting Homeland and Diaspora in a single organism;
- The Armenian world is a unified platform for Armenian Metropolis and Diaspora representatives' mental activity;
- The Armenian world is the birth of an all-Armenian global network.
- *The Armenian world is our response to the modern challenges in the form of a new architecture for world order engineering efforts.*

THE ARMENIAN WORLD IS A SYSTEM OF NON-STANDARDIZED GOVERNANCE STRUCTURES AND METHODOLOGIES



- The National Competitiveness Council (NCC) shall seek to ensure that Armenians worldwide are competitive across national boundaries;
- The National Competitiveness Fund shall seek to build a project field within the Armenian World;
- The All-Armenian Bank shall seek to finance projects under the PCS mission;
- “Luys” Foundation shall seek to finance the education and training in world-famous educational establishments for any Armenian student whatever their citizenship;

EXTRACT FROM RA PRESIDENT SERZH SARGSYAN'S ADDRESS TO THE DIASPORA



**“No Armenia exists beyond the Armenian
World and the Armenian World is
impossible without Armenia.”**

THE GOVERNMENT OFFERS TO THE ARMENIAN WORLD:



- Support in the creation of “mirror enterprises” in Armenia;
- Tax arrangements for major investment projects;
- State guarantees for such projects as may generate new jobs and/or boost exports;
- Availability of land and output capacity for long-term lease contracts;
- Removal of business barriers at the initiative of the Operational Headquarters and the Government of Armenia;
- The right to participate in the Armenian government’s infrastructure projects;
- Reliable banks for the safe-keeping of savings..

THE CRISIS IS A CHANCE!



As we are facing a challenge, ARMENIANS ALL OVER THE WORLD SHALL:

- display the highest degree of national self-organization;
- demonstrate their aptitude for prompt response to new realities
- *The crisis is an opportunity for going back to our origins!*
- *The crisis is an opportunity for getting rid of prejudice and past mistakes!*
- *The crisis is an opportunity to show to the entire world that the wisdom of the old nation is a reality!*

***YOU ARE AWAITED AT
HOME!***



***WELCOME TO THE ARMENIAN
WORLD!***

Government of the Republic of Armenia

www.gov.am