



**MANUK VARDANYAN:  
FIRST POST BANK TO BE  
OPENED IN ARMENIA UN-  
TIL END OF 2010 PAGE 2**



**ARMENIAN PM RAISES  
GDP GROWTH F'CAST TO  
6.0 PCT-INTERVIEW  
PAGE 3**

# ARMENIA HIGHLIGHTS

**Weekly Digest of the Government of Armenia**

**June 29 - July 5, 2010**

## THEMA



### **HILLARY CLINTON: PEACE SETTLEMENT OF KARABAKH CONFLICT HAS NO ALTERNATIVE**

On July 4, U.S. Secretary of State Hillary Clinton arrived in Yerevan. U.S. Secretary of State Hillary Clinton said that the U.S. believes that the Armenian-Turkish normalization will bring peace, stability and prosperity to the region. The steps taken to this end will contribute to the normalization of relations between the two states, said Hillary Clinton during a joint briefing with Armenian Foreign Minister Edward Nalbandian in Yerevan. "Though the Protocols have not been ratified yet, but President Sargsyan stated that Armenia is ready to continue talks with Turkey as soon as it makes a step forward, and we hail this statement. The U.S. agrees with this point of view, and we estimate positively the Armenian leadership's statement," stressed Clinton. For his part, Edward Nalbandian noted that Armenia is ready for a dialogue with Turkey without preconditions as soon as Ankara is ready for it. U.S. Secretary of State Hillary Clinton said that the principles for the Karabakh conflict settlement remain unchanged and are based on the Helsinki

Act: non-use of force, territorial integrity and people's right to self-determination. The U.S. is ready to help the sides reach a peace agreement, Clinton said during a briefing in Yerevan.

"It is difficult, but achievable. The OSCE Minsk Group is actively working on it. Besides the recent statement of the Co-Chairmen, both Armenia and Azerbaijan understand that there is no other way. Rather serious negotiations took place between Presidents Sargsyan and Aliyev in Saint Petersburg, and we hope for a progress," the U.S. Secretary of State noted. In addition, she noted that the U.S. has repeatedly voiced concern over attempts of military resolution of the problem. "We told the two Presidents that force is unacceptable and the U.S., along with the Co-Chairmen, condemns the recent incident, during which servicemen has died. We urge the sides to follow the ceasefire regime. Its violation only delays the peace process, which has no alternative," stressed Clinton.

July 5, 2010, [www.panarmenian.net](http://www.panarmenian.net)

### **"QUOTE OF THE WEEK"**

"WE HAVE LAUNCHED  
A SERIOUS PROCESS  
OF PENSION REFORMS  
IMPLEMENTATION THAT  
REQUIRES HUGE EFFORTS  
OF THE MINISTRY. SOCIAL  
BENEFITS WILL INCREASE  
IN THE FOURTH QUARTER,  
WHILE THEIR EFFICIENCY  
IS VERY IMPORTANT FOR  
US"

PM OF ARMENIA  
TIGRAN SARGSYAN

### **Upcoming Events**

**June 26 - July 6:** *International  
Open Chess Tournament in Jermuk*

**July 7:** *RA President Serzh Sarg-  
syan to visit Poland*

**July 11-18:** *The seventh annual  
Golden Apricot Yerevan*

**August 12:** *Solo Concert of Serzh  
Tankian in Yerevan*

### **USEFUL LINKS**

- [www.president.am](http://www.president.am)
- [www.gov.am](http://www.gov.am)
- [www.parliament.am](http://www.parliament.am)
- [www.mfa.am](http://www.mfa.am)
- [www.armenpress.am](http://www.armenpress.am)
- [www.panarmenian.net](http://www.panarmenian.net)
- [www.matenadaran.am](http://www.matenadaran.am)

# CHRONICA

## SERIOUS TASKS SET BEFORE ARMENIA'S NEWLY APPOINTED MINISTER OF LABOR AND SOCIAL AFFAIRS



Armenian Prime Minister Tigran Sargsyan introduced newly appointed Minister of Labor and Social Affairs Arthur Grigoryan. The Prime Minister noted a range of social tasks, which should be solved this year, the RA government's press service reported. "We have launched a serious process of pension reforms implementation that re-

quires huge efforts of the Ministry. Social benefits will increase in the fourth quarter, while their efficiency is very important for us," said Mr. Sargsyan. Besides, the Prime Minister referred to inspections of the Control Chamber in Armenia's regions, saying that numerous violations have been revealed during them. "As a result of submission of false documents, those families, which should not have been included in the list of beneficiaries, were receiving benefits. Currently, a clear task is set before the Ministry and newly appointed Minister - to increase the efficiency of social programs," concluded Sargsyan.

June 29, 2010 [www.panarmenian.net](http://www.panarmenian.net)

## CRAIG BARRETT SAYS SKILLS OF ARMENIAN IT SPECIALISTS SATISFYING

We do not have any displeasure about the skills and professionalism of the Armenian IT specialists,' Craig Barrett, former chief executive of the 'Intel' corporation, said at meeting with journalists. Mr. Craig Barrett was awarded June 28 the prize of RA President for the investment in the international sphere of Information Technology.

June 29, 2010 [www.armenpress.am](http://www.armenpress.am)

## MANUK VARDANYAN: FIRST POST BANK TO BE OPENED IN ARMENIA UNTIL END OF 2010

Armenian Minister of Transport and Communication Manuk Vardanyan said that Haypost CJSC, which is managed by Dutch Haypost Trust Management B.V., submitted a program for 2010-2011 to be considered by the Ministry.

In addition to the program on trust management, the company should have sub-programs, mentioning conceptual problems, including on establishment of Bank Post or Post Bank, Vardanyan told journalists in Yerevan on June 28. "I strongly believe that we should have Post Bank, as the provision of postal services has a social importance for residents of remote regions of the republic, while bank services will be provided simultaneously," he

## ARMENIAN REPRESENTATION IN SILICON VALLEY TO BE OPENED UNTIL FALL OF 2010

Executive Director of Synopsys Armenia Hovik Musayelyan said that the Armenian representation in Silicon Valley will be opened until fall of 2010.

The Armenian government was going to open the representation last year, but failed to do it due to technical reasons.

"The opening of representation in Silicon Valley will allow Armenian companies to be better represented in the U.S., be closer to Silicon Valley - to the scientific and educational environment established there. In my opinion, we will see the results of this activity with the lapse of time," concluded Hovik Abrahamyan.

June 29, 2010 [www.panarmenian.net](http://www.panarmenian.net)

## POST BANK TO BE OPENED IN

said. Currently, negotiations are held with the Central Bank of Armenia (CBA), as it should issue a license for the implementation of similar activity, the Minister told a PanARMENIAN.Net reporter.

Vardanyan added that the first Post Bank will be opened in Armenia until the end of 2010, as per program submitted by Haypost. Haypost CJSC, the national post operator of Armenia, has 900 branches on Armenia's territory.

The establishment of specialized Post Bank in Armenia is implemented as part of modernization of Armenia's postal sector, for which \$12mln are envisaged to be invested until 2012.

June 28, 2010 [www.panarmenian.net](http://www.panarmenian.net)

## HEADLINES OF THE WEEK

- **JUNE 28:** North-South transport corridor construction to kick off in March-April 2011 AH
- **JUNE 28:** AMD 3.5bln to be allocated for restoration of damaged transnational roads of Armenia AH
- **JUNE 30:** FSSP completes pilot program in Armenia AH
- **JUNE 30:** Goods turnover between Armenia and Bulgaria totaled \$100,000 in 2009 AH
- **JUNE 30:** 0.8% deflation recorded in consumer market of Armenia in June 2010 AH
- **JULY 1:** Armenia, Korea to develop relations AH
- **JULY 1:** Armenia's second president appointed Independent Board Director of JSFC Sistema AH
- **JULY 2:** Mesopotamia's civilization originated in Armenia AH
- **JULY 3:** Auto Group: Armenian auto market has good potential for development AH

## ARMENIA AND UNFPA SIGN THE 2010-2015 PROGRAM OF UNFPA'S ACTIVITIES IN ARMENIA

RA Foreign Minister Edward Nalbandyan and UN permanent coordinator in Armenia Dafina Gercheva signed on June 28 'the 2010-2015 program of the United Nations Population Fund's activities in Armenia' between the Government of the Republic of Armenia and UNFPA.

June 28, 2010 [www.armenpress.am](http://www.armenpress.am)

## CENTRAL BANK PUBLISHES 2 BOOKS MAY-JUNE

The Central Bank of Armenia published two books- 'The Economy of Armenia in International Assessments' and 'RA Central Bank's System of Forecast and Analysis of Policy' - from May to June, 2010.

July 1, 2010 [www.armenpress.am](http://www.armenpress.am)



## SERZH SARGSYAN HAILED DECISION OF IPAO PARTICIPANTS TO VISIT NKR



On July 1, Armenian President Serzh Sargsyan met with participants of the 17th assembly of the Inter-parliamentary Assembly on Orthodoxy (IPAO). During the meeting, Mr. Sargsyan noted that Armenia attaches importance to preservation and dissemination of Christian values, as well as to religious education. Stressing the importance of adoption of a resolution by IPAO on Preservation of Monuments of Christian Culture in the Region and Peace Settlement of the Karabkh Conflict, the Armenian leader said that the resolution is valuable for establishment of

peace, trust and stability in the region.

Mr. Sargsyan appreciated IPAO goals aimed overcoming the radical nationalism and intolerance, human rights protection, as well as protection of national and religious minorities' rights. Serzh Sargsyan hailed the decision of IPAO participants to visit NKR. For his part, Chairman of the assembly, member of the Russian parliament Sergey Popov expressed hope that the discussions within the framework of the conference will be continued in parliaments of IPAO member countries, while the adopted resolutions will give cause for reflection by leaders of these states and international organizations. Participants of the meeting also referred to the Karabakh conflict settlement, Armenian-Turkish normalization, recent statement by the Presidents of the OSCE Minsk Group's Co-Chair countries, as well as the process of the Armenian Genocide international recognition, the RA President's press service reported.

July 1, 2010 [www.panarmenian.net](http://www.panarmenian.net)

## RA PM PREDICTS 5-6% INFLATION IN ARMENIA

Armenian Prime Minister Tigran Sargsyan has said that the 8,8% economic growth in Armenia is conditioned by 3 factors. "The first is the recovery of Armenian economy. 1% agricultural and 12% construction industry growth was registered. Unemployment rates tend to reduce while salaries continue rising," he said. "The second is the result of anti-crisis measures taken by the government." As to tax, customs and social payments, these reached AMD 270bln, exceeding the envisaged sum by 11,6%. "This means that we will be able to ensure macroeconomic stability and lower the budgeted deficit to 4,5% instead of planned 6,5%," the PM



said.

The third factor, according to Sargsyan, is the stability of national currency rate achieved as a result of monetary policy pursued by the Central Bank.

"Inflation will be 5-6%," he said.

June 28 2010 [www.panarmenian.net](http://www.panarmenian.net)

## ARMENIA GETS THROUGH TO FIBA EUROPEAN DIVISION C CHAMPIONSHIPS FINAL



The Armenian women's basketball team booked its ticket to the final of FIBA European Division C Championships final, winning its semi-final match vs Scotland 86:63 on July 2.

Due to this victory, Armenia has gained the right to participate in FIBA European Division B Championships in 2011, irrespective of the result of the final match due July 3.

July 2, 2010 [www.panarmenian.net](http://www.panarmenian.net)

## NEW MUSLIM TURKEY IS NOT POWERFUL ENOUGH TO SOLVE PROBLEMS OF THE REGION

The proclaimed principle of "null problems" works badly, and centuries-old blackmail has come to replace it.

After the G8 summit in Toronto, Turkey has come to interfere more enthusiastically in the affairs of the region, even in those she has nothing to do with. As we have been repeatedly writing, Erdogan is in a hurry to revive the Ottoman Empire, and if possible, within the previous borders. And before the World War I it comprised Western Armenia, Syria, Lebanon, Iraq, Palestine, and Judea, i.e. the countries that can never agree among themselves or individually with Israel.

Hardly is it possible that Erdogan may become a second Anwar Sadat and reconcile the Arab world and Israel for a second time. It happens only once and not for long. But it is also true that new Islamic Turkey is not powerful enough to solve all the problems of the region she is fighting against. They include the Syrian-Israeli territorial dispute, Iran's relations with the Arabs, and the Turkish-Israeli relations.

By the way, Turkish Prime Minister has finally lost his last hope of regulating the Turkish-Israeli relations, and has turned to Barack Hussein Obama for help. At the meeting with the U.S. President Turkish Prime Minister demanded that Israel apologize, and declared that they share a common position with the U.S on this issue. "We have reached an agreement with U.S. President Barack Obama on the issue of apologies and compensation from Israel," Erdogan said. All is well, but one thing is unclear – Is Obama himself going to apologize to Turkey for Israel, or pay compensation for an armed attack by the activists of Hamas? Or will he be able to get Benjamin Netanyahu to make this step? It's quite like Azerbaijan: Baku wants to resolve the Karabakh conflict in her favor, but by the hands of others. Actually, hiding behind others' backs and achieving something by the hands of others is the distinctive feature of the Ottomans. One doesn't have to look far for examples - the Armenian Genocide was carried out with the active assistance of the Kurdish population. But when it comes to doing something individually, the Turks fail in everything, and the war with Kurdish rebels is a shining example. No doubt, the Turkish army knows how to fight, and she has proved it many times throughout history. But a guerilla war of attrition is not for her!

July 2, 2010 full story [www.panarmenian.net](http://www.panarmenian.net)

## IMF EXECUTIVE BOARD APPROVES THREE-YEAR ARRANGEMENT UNDER FOR THE REPUBLIC OF ARMENIA

The Executive Board of the International Monetary Fund (IMF) on June 28 approved a three-year arrangement under the Extended Fund Facility (EFF) in an amount equivalent to SDR133.40 million (US\$197.4 million) and a three-year arrangement under the Extended Credit Facility (ECF) in an amount equivalent to SDR133.40 million (US\$197.4 million) for the Republic of Armenia. Access under the arrangements totals an amount equivalent to SDR 266.80 million (US\$394.8 million) for the period through June 27, 2013. The Board decisions enable the immediate disbursement of an amount equivalent to SDR 36.2 million (US\$53.6 million). The Board also took note of Armenia's request to cancel a Stand-By Arrangement approved on March 6, 2009 without completing the fourth review. The program objectives are to restore fiscal and external sustainability, preserve financial stability,

and support growth and poverty reduction. These objectives will be addressed under the new EFF and ECF arrangements, which will provide a renewed focus on the macroeconomic policies and structural reforms to achieve solid medium-term growth, fiscal and debt sustainability, and financial sector stability. Following the Executive Board's discussion on Armenia, Mr. Murilo Portugal, Deputy Managing Director and Acting Chair, said: "The Armenian economy is emerging from a deep downturn. Policies supported under the Stand-By Arrangement (SBA) were instrumental in maintaining economic and financial stability and mitigating the impact of the crisis on the poor. As the economy recovers, the authorities are renewing their focus on medium-term challenges: achieving strong growth and poverty reduction, debt sustainability, and financial sector stability."

*Full story June 29, 2010 [www.financial.com](http://www.financial.com)*

## YEREVAN HOSTS DELPHIC GAMES

Over 500 young people from nine countries of the CIS, the Baltic States and Georgia have arrived in Yerevan to take part in Youth Delphic Games of the CIS Member States marking the 65th anniversary since the end of WW II in Europe. The Delphic Games have been held annually in one of the countries comprising the CIS since 2002. This time the participants will compete in 19 nominations covering music, acting, circus arts and design. Armenia's Culture Minister Asmik Poghosyan says the games are aimed at helping the young people make friends with peers from other countries. History of the Delphic Games dates back to 582 B.C.

*June 29, 2010 [english.ruvr.ru](http://english.ruvr.ru)*

## ASIAN DEVELOPMENT BANK GIVES LOAN TO ARMENIA

Armenia and the Asian Development Bank plan to sign a loan agreement in December 2010 to finance the construction of the South-North motorway connecting the Armenian town of Megri at the Iranian border to the Georgian Black Sea ports of Batumi and Poti, Armenia's Transport and Communications Minister Manuk Vardanian has said. The motorway is expected to cost around USD 962 million. Construction companies from different countries like Italy, Brazil and so on have already expressed an interest in participating in this project. Particular interest has been expressed by Iran, which will gain access to the Georgian Black Sea ports through this connection.

*June 30, 2010 [www.messenger.com.ge](http://www.messenger.com.ge)*

## ARMENIA'S ORIENT EXPRESS

The Russians are likely to build and the Iranians plan to pick up much of the tab for a proposed Armenia-Iran railroad, meant to provide a second international railway route for landlocked and semi-blockaded Armenia. Two subsidiaries of Russian Railroad placed bids to construct the 400-kilometer line, a job with an estimated cost of anywhere from \$1.7 billion to \$4 billion. The terrain is mountainous, making it difficult and cost-consuming to clear the roadbed, but Yerevan says the

link will offer a vital gateway for Armenia's exports. The furthest Armenians can now travel by train is to the Georgian Black Sea port city of Batumi. The dispute over the breakaway region of Abkhazia and the Nagorno-Karabakh War long ago put paid to railway connections to Russia. After completing a feasibility study, Tehran said it will pay its own money to build the Iranian section of the railroad and will co-sponsor the Armenian section.

*June 29, 2010 [www.eurasianet.org](http://www.eurasianet.org)*

## ARMENIAN PM RAISES GDP GROWTH F'CAST TO 6.0 PCT-INTERVIEW



Armenia's economy could grow by over 6 percent in 2010, five times more than previously expected thanks to an expansion in construction and industry, Prime Minister Tigran Sargsyan said on Monday. The landlocked former Soviet republic of 3.2 million is recovering from a slump in 2009, when the global economic crisis and a recession in close economic ally Russia prompted a sharp decline in exports and remittances. Armenia's gross domestic product (GDP) rose 8.8 percent in the first five months of 2010 compared with the same period of the previous year. The government's revenues are 11 percent above target, giving it new optimism about full-year performance. "I think annual economic growth (in 2010) will be more than 6 percent. If the current growth is sustained, it might be higher," Sargsyan told Reuters in an interview. Officials had previously forecast 1.2 percent growth this year after GDP contracted by over 14 percent in 2009. Government measures, including tax reforms, as well as capital inflows have helped the Armenian economy to recover. "Industry and construction are two main driving forces of economic growth... But such a high share of construction in the GDP is dangerous and it should be reduced in favour of new sectors," Sargsyan said. Sargsyan said the government was seeking to diversify the economy, with the agriculture, chemical, pharmaceutical and information industries seen as presenting the most potential. The construction and industrial sectors grew by 12.5 and 12.0 percent respectively in the first five months of the year. In nominal terms, GDP grew to 1.0 trillion drams (\$2.7 billion). The International Monetary Fund said last month the Armenian economy could grow as much as 4 percent in 2010, doubling its original forecast and promising better loan terms. Sargsyan said higher growth could help the government reduce the deficit to 4.5 percent of GDP from the 6.0 percent projected for this year and the 7.5 percent level reached in 2009.

*June 29, 2010, [www.reuters.com](http://www.reuters.com)*

"Armenia Highlights" is compiled in association with Patriotic Network & Armenian Herald

DISCLAIMER: Views expressed in "Armenia Highlights" do not necessarily reflect the views of the Government of Armenia.