



Economic Report 2022

Armenia

15.10.2023

Executive Summary

Despite the ongoing conflict with Azerbaijan and the difficult regional situation, Armenia experienced robust economic performance throughout 2022, marked by a substantial 12.6 percent increase in real GDP, fueled by strong consumer spending (caused i.a. by substantial immigration from Russia) as well as high external demand. While these figures are indeed impressive, questions remain regarding the sustainability of this growth, in particular in view of a rather over-heated housing market and still relatively weak industrial production. Furthermore, the strong local IT sector shows signs of reaching its capacity limits.

The country witnessed a notable deceleration in inflation, with the rate dropping to 8.1 percent in January 2023. This decline was primarily driven by a decrease in food price inflation, indicating some relief for consumers and a positive sign for economic stability.

Armenia's international trade remained robust, with both exports and imports showing remarkable strength. Armenian exports to Russia have especially increased as a result of changed trade flows after the beginning of the war in Ukraine. Insecurities exist if this trend can continue as political relations with Russia have cooled somewhat in 2023.

The Armenian Dram (AMD) maintained stability against the US Dollar (USD) in early 2023. Furthermore, it even strengthened against the Russian Ruble (RUB). These currency dynamics contribute to a favorable environment for investment but create challenges for Armenian exporters.

A cumulative deficit of 2.1 percent of GDP arose for the full year 2022. While this deficit is a concern, it is not alarmingly high and indicates room for fiscal management improvements (financial indicators demonstrated positive improvements in December 2022). However, the influx of 100'000 refugees in 2023 will create a certain challenge for the state budget in the years to come.

In conclusion, Armenia's economy has exhibited impressive resilience and adaptability in 2022 despite facing challenges, yet the challenges are continuing to increase, particularly those connected to the country's difficult geopolitical situation. In this context, it is crucial for the government to address the fiscal deficit and work on fiscal consolidation to ensure long-term economic stability and sustainable growth. Monitoring these trends and implementing appropriate policy measures will be critical for Armenia's economic prospects based on the results of 2023.

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1 ECONOMIC OUTLOOK AND ECONOMIC POLICY DEVELOPMENTS

Economic Growth

- The Russian – Ukraine war, which started in late February 2022, interrupted the growth momentum of Central and West Asian economies that had recovered from the coronavirus (COVID-19) pandemic. Supported by widespread government assistance programs for individuals and businesses, the Central and West Asian region, which covers **Armenia**, Azerbaijan, Georgia, Kazakhstan, the Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan, made a V-shape recovery from the pandemic—with their economies growing by 5.7% in 2021, up from the 2% contraction in 2020 and higher than the pre-pandemic growth rate of 4.7% in 2019.

However, the region’s growth was hit again—with inflation added—in 2022, affected by the global economic slowdown triggered by the Russian-Ukraine war and related sanctions. The impact on individual economies varied greatly, presenting either new challenges or new business opportunities.

In the case of **Armenia**, the country was able to attract large firms leaving Russian market and expand exports, which was not the case for all countries in the region.

Armenia experienced robust economic performance throughout 2022, marked by a substantial 12.6 percent increase in real GDP, fueled by strong consumer spending and high external demand.

The current account deficit plummeted to 0.9 percent of GDP for the year, benefiting from strong tourism income and remittances. Foreign direct investment and other investment inflows also increased, reflecting primarily capital inflows from Russia. Gross reserves increased to USD4.1 bn. The dram appreciated by over 20 percent against the US dollar in 2022.

Inflation & Employment

- During 2022, Armenia absorbed a notable influx of migrants, businesses, and capital following Russia’s intervention in Ukraine. These developments stimulated domestic demand and led to the strengthening of the national currency. Increased money transfers bolstered reserve levels and reduced the prevalence of the U.S. dollar in credit transactions. However, these positive trends are vulnerable to potential reversals, adding an element of uncertainty to the economic outlook. In 2022, the **average inflation rate reached 8.6 percent**, up from the 7.2 percent seen in 2021.
- The **unemployment rate saw a significant decline to 13 percent** on average in 2022, from 15.5 percent at the close of 2021, which shows signs of labor market tightening. This decline is anticipated to lead to a notable decrease in the upper middle-income countries poverty threshold (measured at USD 6.85 per day, 2017 PPP), reducing it from 51.7 percent in 2021 to 41.8 percent in 2022. On the demand side, growth was mainly powered by private consumption, which benefited significantly from an exceptional influx of individuals and funds from Russia, as well as a substantial 10 percent rise in real wages.¹

Public Debt

- Driven by robust economic and fiscal performance and the appreciation of the national currency, the **government debt to GDP** declined sharply by 14 percentage points from

¹ <https://www.worldbank.org/en/country/armenia/overview#3>

60.3 percent in 2021 to **46.7 percent of GDP by end-2022**, due to deficit reduction, high nominal growth, and exchange rate appreciation.²

Fiscal Deficit

- In 2022, fiscal performance exhibited strength, as **the budget deficit** significantly decreased from 4.6 percent of GDP in 2021 to **2.2 percent** on account of robust revenues and spending under-execution. This improvement was attributed to the vigorous economic and fiscal performance and the appreciation of the AMD. The high fiscal performance is primarily attributed to a notable increase in tax collection, which rose by 21 percent. While current expenditures experienced a modest 4 percent growth, capital expenditures surged by 193 percent when compared year-on-year. These capital expenditures accounted for 4.6 percent of GDP, marking the highest level seen in the past decade.

External Balance & reserves

- During 2022, there was a notable **enhancement in the external balance**, characterized by an unprecedented increase in the export of goods and services. This surge was, in part, driven by the **re-exportation of goods to Russia**. Both tourism-related service revenues and money transfers experienced a threefold increase in 2022 when compared to the previous year. This substantial growth can be largely attributed to a significant rise in inflows from Russia.

Notably, as of end-January 2023, **international reserves** reached an historically high level of USD3.7 billion, equivalent to 4.4 months of import coverage. The substantial financial inflows in 2022 had the consequence of causing the average exchange rate against the USD to appreciate by 14 percent in nominal terms.

Remittances

- A record of about USD5.2 billion in personal remittances was sent to Armenia in 2022. USD3.6 billion came from Russia, which is also a record amount. Thousands of Russians moved to Armenia after Russia's attack of Ukraine, moving their capital as well. These funds revitalized Armenia's economy but also caused local prices to rise.

According to the Central Bank of Armenia, the money flowing in and out of Armenia includes transactions of commercial and non-commercial nature. Commercial transfers involved activities related to the exchange of goods and services, investments in securities, as well as the lending and borrowing of funds, among other similar operations. Therefore, these funds not only represent remittances from Armenians residing abroad to their families in Armenia but also include transfers made for purposes such as buying goods and conducting business activities by individuals.

The distinction between commercial and non-commercial components remains unclear. Nonetheless, the explanation from the Central Bank corroborates reports indicating that, following Western sanctions against Russia, which restricted imports and exports between the USA, European nations, and Russia, Armenia served as a transit hub for the transportation of these goods into Russia. This was not solely limited to corporate entities but also involved individual actors.

Remittances from Armenia to foreign destinations doubled in 2022, with individuals sending USD2.6 billion through banks. This amount represents a substantial increase of 2.1 times (equivalent to USD1.4 billion) compared to 2021.³

² <https://www.imf.org/en/News/Articles/2023/06/12/pr23205-armenia-imf-exec-board-completes-1st-rev-under-stand-by-arrangement>

³ <https://hetq.am/en/article/152720>

Until November 2021, USD47.5 mio of remittances have been transferred from Switzerland.

Important Policy changes

- **General economic policy assessment:** According to the IMF staff review for 2022⁴ structural reforms have progressed in response to significant medium- and long-term economic risks. To foster inclusive, resilient, and export-oriented growth, specific measures are increasingly vital.
- **Labor Market:** An employment strategy is nearing completion, targeting increased participation among women, youth, and rural populations. This involves enhancing vocational training, incentivizing female employment, and improving childcare services. The aim is to counteract Armenia's aging population, but limited labor market data hampers reform targeting and monitoring.
- **Access to Finance:** Progress is being made on a concept note for bankruptcy legislation review, aiming to bolster creditors' rights and streamline insolvency procedures. Swift implementation is crucial for attracting foreign investors and sustaining recent FDI inflows. Inadequate corporate transparency and unreliable financial reporting raise collateral requirements, prompting the authorities to approve a revised corporate governance code that is expected by the end of 2023.
- **Trade Diversification:** Armenia's exports are overly reliant on certain products and destination markets, notably metals and Russia. To diversify exports, the authorities are committed to devising an export strategy to eliminate bottlenecks and enhance the capacity for high-value product exports, that is expected by the end of 1Q 2024. Concurrent reforms, like the introduction of an electronic custom document submission system, aim to reduce non-tariff barriers and bolster exports.
- **Fiscal Policy:** The fiscal landscape witnessed substantial improvement in 2022, driven by a confluence of factors. Firstly, the headline fiscal deficit significantly contracted, registering at just 2.1 percent of GDP for the year. This improvement was the result of robust government revenue generation, coupled with a notable degree of underutilization in government expenditure. Furthermore, the central government's debt position underwent a noteworthy transformation during this period, declining by an impressive 14 percentage points relative to GDP, ultimately reaching 46.7 percent of GDP. This debt reduction was primarily attributed to several key drivers, including the successful reduction of the fiscal deficit, a period characterized by robust nominal growth, and favorable exchange rate dynamics that collectively contributed to the positive trajectory of the debt-to-GDP ratio.
- **Monetary policy:** Decisive and proactive monetary policy implementation has been successful in containing inflationary pressures, but monetary policy needs to remain vigilant. The newly established over-the-counter commercial trading platform for the overnight repo market is expected to foster participation of private investors in the economy, help develop money markets, and improve the monetary policy transmission. The CBA has committed to prepare and adopt an enhanced communication strategy for monetary policy, expected by 1Q 2024, and improve liquidity management forecasting, including in coordination with the Ministry of Finance. Monetary policy will continue to rely on data, and any future adjustments to monetary policy should be based on developments in inflation, inflation expectations, and output gap projections.
- **Trade:** Based on the economic performance in 2018-2020 Armenia was classified as an upper middle-income country (GNI per capita is in the range of USD 4,096-12,695, Atlas method), thus from January 1, 2022, **Armenia no longer benefits from the EU GSP+ regime benefits**. Analysis of the changes in tariff rates shows that for certain product groups, such as aluminium foil, clothing, cigarettes and

⁴ <https://www.elibrary.imf.org/downloadpdf/journals/002/2023/205/002.2023.issue-205-en.xml>

beverages, changes in tariff rates can have a significant impact. However, no impact is foreseen for example on copper, which is the main export item.⁵

- **Agriculture:** To enhance agriculture productivity and improve climate change resilience, the government have extended the existing crop insurance scheme ahead of the September 2023 schedule, allowing entrepreneurs from all regions to cover up to ten types of crops (up from four) against additional types of risks. Further reforms to (i) develop land sales and rental markets; (ii) improve agricultural sector statistics; and (iii) enhance land registration systems would contribute to support agricultural investments and productivity.
- **Governance reforms:** The authorities have taken several actions to address corruption: (i) the development of an anti-corruption strategy was finalized; (ii) a dedicated division for economic crime has been established within the prosecutor's office, which also collaborates with the Central Bank of Armenia on matters related to digital assets; (iii) the scope of filing beneficial ownership information has been broadened to encompass all legal entities, mandating the disclosure of income and expenses. This requirement extends to all government positions susceptible to corruption.

However, there is a continued need for additional measures to enhance the independence of the judiciary, aligning with the newly enacted 2022–26 Judicial Reform Strategy. This includes bolstering administrative and management structures within the Supreme Judicial Council and improving the selection process for its members.

In tandem with development partners, the authorities are actively engaged in efforts to enhance the e-procurement system.

2 PRIORITY SECTORS AND OPPORTUNITIES FOR SWISS COMPANIES

In 2022 the top-performing sectors included financial and insurance services (46.9%), information technology and communication (45.9%), as well as transportation and warehousing (45.2%). Notably, GDP growth was observed across all sectors, except for agriculture, mining, and the health and social services field. The greatest influence on the composition of GDP is attributed to the automotive trade sector at 11.8%, followed closely by the manufacturing industry at 11.7%, and agriculture at 10.4%.

2.1 Sector development

- **IT:** Notwithstanding the market challenges, Armenia's ICT sector witnessed year-over-year growth of more than 30% during 2022. The labor force within Armenia's IT sector is constrained, making the substantial influx of IT professionals arriving from Russia since the onset of the conflict a valuable opportunity for Armenia. This is especially pertinent as the local education system continues to produce a limited number of IT specialists, insufficient to meet the domestic industry's demand. More analysis on tech sector development can be found under **2.3 Digitization**.
- **Mining:** Armenia possesses abundant mineral resources, which include copper, gold, steel, zinc, magnesium, and molybdenum (ranking **11th globally in reserves**). However, despite its growth potential, Armenia currently lacks a well-defined mining sector policy. The World Bank's current Armenia Mineral Sector Policy Grant II is helping the government evaluate the economic viability of different types of mining investments for

⁵ https://www.cba.am/Storage/EN/publications/DVQ/Monetary%20overview_IV.2021.pdf

Armenia and the potential to develop stronger economic links along the supply chain.⁶

Despite the Armenian government reporting strong GDP growth, the crucial manufacturing subsector of mining and metallurgy experienced a significant contraction in 2022. The mining sector's contribution to Armenia's GDP amounted to a mere 3.8%, in 2022 marking a decrease compared to the preceding year.

- **Agriculture:** Agriculture contracted further by 0.7 percent in 2022, a similar drop as in 2021, from lower livestock production.⁷ Despite the government's report of robust double-digit economic growth in the past year, Armenia's agricultural sector remained in a state of crisis. Agricultural output remained stagnant in 2022, in stark contrast to the thriving performance observed in other sectors of Armenia's economy, which have notably benefited from increased trade and cash flows originating from Russia.

Statistics show 5.7 percent overall increase in crop production, although this masked significant declines in vegetable and grape yields. Concurrently, meat and dairy production experienced a contraction of 5 percent, with the nation's livestock population decreasing by approximately 10 percent. This decline reflects the challenging circumstances faced by farmers, who resorted to culling cattle as they struggled to cope with their economic hardships.⁸ Unsurprisingly, Armenia witnessed a rise in the imports of meat, dairy goods, and even select vegetables during 2022.

Experts observe that Armenia's food self-sufficiency decreased even more in 2022. Among other factors, the conflicts along Armenia's border with Azerbaijan significantly disrupted agricultural operations in nearby areas, playing a role in this trend.

- **Construction:** After a decade of decline, the sector has recently witnessed a resurgence. Presently, the outskirts of the capital are teeming with newly constructed apartment buildings, and construction contributed to **7.2 percent of the GDP in 2022**. In early 2023, Armenia's construction industry experienced impressive growth, expanding by 12.2 percent compared to the same month in 2022. In January, 10 percent of construction projects were supported by the government funding, marking a doubling of the percentage from the same period last year. Nearly two-thirds of the financing came from organizations, while almost 19 percent was contributed by individuals.⁹

Real estate market: In 2022, the Armenian real estate market experienced a significant surge in the number of transactions, with foreign nationals participating in over 4,900 of the 52,000 sales and purchase deals. Notably, the majority of foreign buyers in 2022 were Russian nationals. The rental market also witnessed an unprecedented level of activity in 2022, particularly in Yerevan, where rental transactions increased by approximately 10%. One real estate agency even reported a nearly 100% surge in rentals, although this has tapered off in the past two months.

Data from the State Cadastre Committee revealed that in 2022, a total of 204,910 real estate transactions were conducted in Armenia, marking a 1.7% growth compared to 2021, when there were 201,563 transactions.

The Russian-Ukrainian conflict led to two significant influxes from Russia, which brought to a boom in rental transactions in 2022. Subsequently, this influx drove up both rental prices and apartment prices. Currently, the monthly rental for a 1-room apartment in downtown Yerevan starts from USD800. Furthermore, this is already the decreased

⁶ <https://documents1.worldbank.org/curated/en/099740107202331671/pdf/IDU0272fe39b0f4dc04ca3085fe070d0c002cd09.pdf>

⁷ <https://www.adb.org/sites/default/files/publication/863591/arm-ado-april-2023.pdf>

⁸ <https://www.azatutyun.am/a/32304303.html>

⁹ <https://emerging-europe.com/news/sector-in-focus-construction-in-the-south-caucasus/>

price, in 2022 it had reached up to USD1200. But before that the prices started at around USD500.

The rental prices are currently declining as the supply is increasing and there is less demand. However, prices of apartments for sale are maintained in the high levels of 2022. The price for one square meter in downtown of the capital is estimated between USD2000-3000, reaching USD5000 in new buildings. The lowest prices in the same area are around USD1700-1800 per square meter in old buildings.

The real estate market is notably sensitive, with properties frequently purchased for investment purposes rather than as residences. Fluctuations in the political and economic landscape, particularly those linked to Russia, can exert a considerable impact on the market. It is difficult to make forecasts due to the market's susceptibility to external factors.¹⁰

- **Energy:** Reforms in energy sector have advanced. The authorities have announced plans of renewable energy production up to 2030 and for a more competitive domestic electricity market, with free and open electricity trading. The single window e-system reduces interaction with the authorities and simplifies the process of issuing permits and customs clearance. In February 2022 an electronic electricity trading platform was introduced to facilitate free and open trading under the auspices of Armenia's Public Services Regulatory Commission. Before this, the domestic electricity market had a single supplier, the Electricity Network of Armenia. This shift enables open access to other suppliers and cooperation among all energy market participants. Full liberalization is planned for February 2023. The momentum towards an open and free electricity market should be stepped up by the authorities by enhancing the competitiveness of the electricity industry and attract further investment in renewable energy.

During 1Q 2022 the government adopted the program on energy saving and renewable energy for 2022-2030. Under this program for example, an exemption on customs duties for imported electric cars is granted that is forecasted to increase the share of electric vehicles to 10 percent of all light vehicles in the country by 2030.¹¹

- **Tourism:** Tourist arrivals from Russia nearly doubled to 800 thousand, reaching almost half of total arrivals, and spending per tourist increased substantially in 2022. A total of 2,600 non-resident companies and 6000 non-resident individual entrepreneurs (mainly from Russia) were registered in Armenia during March 2022– February 2023. *Approximately 40 percent of these companies and 65 percent of entrepreneurs are registered in the IT sector. The number of non-resident employees (15,000) and their average wages doubled in 2022. Non-resident deposits have risen by 62 percent.*
- **Financial system:** The overall condition of the financial system is currently stable, although there are emerging risks to consider. On the heels of double-digit growth in mortgage and construction lending, banks have become more exposed to real estate risks. Their mortgage portfolio has more than doubled over four years, and the share of loans to the construction sector has increased considerably.

Banks are in a robust position with their capital comfortably exceeding the 12 percent requirement, healthy levels of liquidity, and relatively low non-performing loans.

Banks have experienced significant advantages from the substantial influx of funds into the economy due to the mass migration from Russia following the onset of the conflict in Ukraine. These inflows translated into a record-high level of profitability in 2022, resulting in a substantial improvement in capitalization and liquidity. It is

¹⁰ <https://armenpress.am/eng/news/1103040/>

¹¹ <https://www.ebrd.com/publications/transition-report-202223-armenia>

anticipated that the banking sector's performance will continue to outperform historical norms in the short term.

In 2022, the Armenian banking sector achieved an all-time high in profitability, with gross revenues nearly doubling, and the sector's return on equity surged to 28%, a significant increase from the historical average of 8% over the past decade. Moreover, the sector's average Tier 1 capital ratio reached 19% by the end of 2022, compared to 15% at the end of 2021. Notably, foreign-exchange adjusted deposit growth registered a robust 43% in 2022, driving the sector's average loans-to-deposits ratio to an historically low level of 82%, down from 99% at the end of 2021. Banks that embraced new clients most enthusiastically experienced the greatest benefits from this phenomenon.¹²

The **insurance sector** of Armenia ended 2022 with an increase of almost 24% (in AMD). Total volume reached USD158 mio. Most of the big market players are with Russian capital and in 2022 they faced unavoidable challenges in the view of sanctions on Russia and separate individual Russian businesses. The local insurance companies addressed these issues with flexibility and made profound changes in the structure of their shareholders, in order to be able to continue serving international organizations in the Armenian market.

2.2 Potential for Swiss companies

Adaptive capacity of Swiss businesses

In the wake of international sanctions imposed on Russia following its invasion of Ukraine, Swiss businesses demonstrated their ability to promptly adjust to unforeseen circumstances and innovate new approaches to conducting business in new locations while staying compliant with the sanctions. As a result, Armenia has witnessed several Swiss and multinational companies headquartered in Switzerland re-orienting towards Armenia. This phenomenon primarily pertained to companies operating in the IT sector.

In the current situation, Switzerland Global Enterprise (S-GE) has already received enquiries from Swiss businesses to sell their products in other markets than Russia. This situation could bring new opportunity for the economy of Armenia, and for other EAEU member countries that could become a new market for the Swiss products.

Embassy with the help of the SACOC can bridge such companies with the Ministry of Economy of Armenia and local enterprises. It is important to follow up on this, and with the help of S-GE to check the nature of products and businesses that have pulled out from the Russian market and are actively looking for alternative markets.

Long-term value driven

The security environment remains unstable, marked by sporadic border skirmishes, with a newly established civilian EU mission overseeing developments along the border with Azerbaijan. While Armenia and Azerbaijan have reinitiated discussions on normalizing their relations, encompassing topics such as border delineation and the establishment of road and railway connections, it is expected that progress in these negotiations will proceed at a gradual pace.

¹² <https://www.fitchratings.com/research/banks/armenian-banks-benefit-from-large-russian-inflows-28-03-2023>

Armenia can use this momentum to transition its economy towards a value-driven, long-term approach, resembling Switzerland, rather than being exclusively influenced by short-term prospects.

Armenia as a hub for trade

Armenia possesses the potential to become an important trade hub for the region. Its strategic geographical location, combined with the active support and commitment from the government, amplifies Armenia's significance and role within the realm of international trade.

Businesses established in Armenia may benefit from: (i) **favorable conditions for importing raw materials** from member states of EAEU / exporting production to large markets due to minimal customs clearance formalities, technical regulations, etc.; (ii) **location of the country** potentially being a gateway for Iran to the EAEU market and vice versa; (iii) strategy of **cooperation with EU countries**, potentially becoming a gateway for EU countries to access the EAEU market and vice versa.¹³

Infrastructure modernization projects

The **S-GE new GoGlobal Cockpit** platform is an important tool to get first hand information about the existing projects in other countries, where Swiss solutions can be offered. Since it has been launched the platform gives access to multiple public tenders announced also by the government of Armenia or by donor organizations, where Swiss companies can participate in equal terms. Currently Swiss companies have a possibility to participate to about 23 public tenders for implementing different projects in Armenia with a total value of USD 1,11 billion.¹⁴

2.3 Digitisation

- **Government level:** Armenia's turnover in the IT sector grew over 50% in 2022 and the development of the digital economy is a priority for the government. The government continues to prioritize the establishment of a unified digital space within the Eurasian Integration territory as a crucial objective. In this context, the importance and high demand for the establishment and advancement of tools for intergovernmental information exchange and digital projects that foster integration, remained important. The government has extended support to IT businesses, with more than 1,000 startups benefiting from substantial tax incentives in the year 2022.

The government announced 3 main goals (i) ensuring efficient and effective public administration based on the maximum use of data from information systems and a big data; (ii) improving the efficiency and modernizing the private sector of the economy through the development of platforms and digital services; (iii) supporting the development of digital skills and abilities for the wide spectrum of society.¹⁵

- **Sector development:** The GDP share of the IT sector was about 4.5% in 2022 (3.7% in 2021). The Government Programme for 2021-2026 outlined its ambition to increase the share of the ICT sector to a range of 5-6% over the next few years. Since 2018, the Pashinyan administration has consistently reaffirmed its commitment to supporting the development of this sector, fostering a conducive environment for foreign investments, and providing assistance to local small businesses and startups.

¹³ <https://assets.kpmg.com/content/dam/kpmg/am/pdf/2017/am-en-great-country-smart-opportunities.pdf>

¹⁴ <https://goglobal.s-ge.com/en/business-opportunities>

¹⁵ <https://armenpress.am/enq/news/1103235.html>

Armenia's ICT sector has earned respectable positions in global indices such as the Global Innovation Index, the Network Readiness Index, and the Global Competitiveness Index. Armenian universities and private enterprises, including notable entities like TUMO, Microsoft, Synopsis, and IBM, prioritize STEM education, playing a pivotal role in training and nurturing young, ambitious professionals who subsequently find employment in both domestic and international IT companies.

Several Armenian IT firms have demonstrated the capacity to attract significant investments and expand their operations internationally. However, notwithstanding these positive developments, the Armenian IT industry faces substantial challenges, including talent emigration, which contributes to a shortage of qualified specialists within the domestic labor market. Additionally, various other issues present obstacles to growth and pose risks for companies operating within the country. It is noteworthy that the IT sector is widely recognized as one of the highest-paying segments in the Armenian job market.

Russian tech companies like Miro (valued at USD17.5bln) and Yandex have expanded their presence in Armenia, offering potential employment opportunities for local tech sector workers. The long-term impact of Russian, Ukrainian, and Belarusian tech professionals in Armenia remains uncertain. While some have integrated into local startups, many have also found opportunities to immigrate to Europe and North America, work remotely for global companies, or join their employers' Armenian branches.

- **Tech-company structurization:** Armenia's technology sector is predominantly composed of startups, with a significant majority of these firms, accounting for over 80%, having fewer than 25 employees. Approximately 13% of these startups have workforces ranging from 25 to 100 employees, while only 4% have more than 100 employees. Notably, despite state initiatives aimed at fostering the growth of local startups, the presence of foreign companies, or businesses owned by foreigners, remains substantial in the country.

Armenia has attracted substantial investments from prominent multinational high-tech companies, including industry leaders like Synopsis, NI, NVIDIA, Veeam Software, among others, who have established a strong presence and engaged in research and development (R&D) activities within the country.¹⁶

- **Balance:** Within this context, Armenia continues to have a trade deficit in the ICT sector, where it imports more ICT goods than it exports. In Armenia, ICT goods accounted for only 0.4% of the total goods exports. For the years 2018 and 2019, the proportion of ICT goods among Armenia's exports remained at 0.3%. This figure reached its highest point in 2001 when it exceeded 2%. Notably, in 2020, Armenia's total high-tech goods exports amounted to USD28.7 mio, which was approximately USD17 mio lower than the previous year in 2019.

3 FOREIGN ECONOMIC POLICY

3.1 Host country's policy and priorities

Economic Unions and Trading

- In 2013, Armenia undertook a pivotal shift by joining the **Eurasian Economic Union (EAEU)** of which it is a full member since January 2015. Previously, Armenia was seen as one of the countries more vigorously pursuing their association process with the

¹⁶ <https://evnreport.com/magazine-issues/armenias-tech-sector-in-2022/>

European Union. This step was a major shift, since the EAEU's customs union is not compatible with the affiliation to the EU's Deep and Comprehensive Free Trade Agreement (DCFTA). Despite this re-orientation, Armenia remains committed to closer ties with the West and especially the European Union.

- On 1 March 2021, the **EU Armenia Comprehensive and Enhanced Partnership Agreement** entered into force. In terms of trade policy, CEPA retains content from the previous Association Agreement, as seen across a range of sectoral areas of cooperation, including political dialogue, energy and security.
- From 1 January 2022, Armenia has been excluded from the **EU Generalized System of Preferences (GSP+)** as it has been classified as a middle-income/upper-income country by the World Bank in 2018, 2019 and 2021.
- Should in the future the negotiations between EFTA and the EAEU resume, Armenia can join the mid-term perspective of the bloc's free trade agreement with the **European Free Trade Association (EFTA)**, through which it could also become a free trade partner of Switzerland.

3.2 Outlook for Switzerland (potential for discrimination or comparative advantage)

- The changes regarding the GSP+ system do not directly affect the GSP-status Switzerland has regarding Armenia. Switzerland will abolish the customs duties for industrial goods from January 2024 and the Swiss GSP regime will be applicable only with full or partial customs duties' reductions for food and agricultural goods originating from Armenia.
- The following **bilateral agreements** ruling economic and trade exchanges are in force between Switzerland and Armenia:
 - Agreement on Trade and Economic Cooperation of 19 November 1998
 - Agreement on the Promotion and Reciprocal Protection of Investments of 19 November 1998
 - Agreement on the Avoidance of Double Taxation with Respect to Taxes on Income and Capital of 12 June 2006
 - Agreement on the Avoidance of Double Taxation with Respect to Taxes on Income and Capital has been accepted by the Swiss Federal Council of 12 November 2021
- These agreements provide a solid legal framework for the development of bilateral trade and economic relations. As a rule, Armenia is committed to diversifying its external economic relations to the highest extent possible and welcomes the interest of Swiss investors and other trade partners.
- The Embassy has no information on intended or collateral discrimination against Swiss economic interests in Armenia.
- Armenia is not a signatory of the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information and Intended First Information Exchange Date (MCAA).

Outlook for Switzerland (potential for discrimination or comparative advantage)

4 FOREIGN TRADE

4.1 Developments and general outlook

4.1.1 Trade in goods

Trade development with selected partners:

Armenia's foreign trade in 2021 grew by 17.7% from the previous year to USD8.372 billion. Foreign trade volume in December 2021 was up USD931.8 mio (an increase of 23%)

compared to December 2020 and up 3.7% compared to November 2021.

Foreign trade turnover with **Commonwealth Independent Countries (CIS)** countries amounted to about USD2.9 billion, an increase of 20.4%. The largest foreign trade partners of Armenia in 2021 were Russia (USD2.6 bio, up 20.9% from 2020), Ukraine (USD168.9 mio, up 12.4%) and Belarus (USD86.2 mio., up 7.8%). Armenia's foreign trade with the **EU** countries in 2021 grew to about USD1.6 billion (23.4% rise from 2020). The top five largest trade partners were Germany (USD289.8mln, 2.5% decrease), Italy (USD287.8mln, 24% increase), Netherlands (USD228.6mln, 79.6% increase), Bulgaria (USD227.6mln, 32.3% increase) and Belgium (USD104.8mln, 44.1% increase) Other major trade partners were China (USD1.3 billion, up 30.7%), Iran (USD502.8 mio, up 25.2%), **Switzerland (USD385.3 mio, 18.4% decline)**, the United States (USD207.4 mio, up 35.9%), Georgia (USD190.3 mio, up 45.9%), Iraq (over USD182 mio, up 9.6%) and the UAE (USD11.6 mio, up 3.4%).

Exports:

- Armenian exports amounted to USD5.4 billion with FOB prices which recorded a huge 177.7% growth rate compared to 2021. Armenia's exports are prominently driven by its relationship with **Russia**, which is the **1st export destination** of Armenian goods and constitutes a significant **45%** share of the country's total exports (USD2.4 billion). Notably, this share has surged by an impressive 185%, underscoring the strong economic ties between the two nations. **EU** stands as the **2nd most crucial trading partner** for Armenia, comprising a substantial **14.4%** share of its exports (USD772.7 mio). Although the growth rate is relatively modest at **18%**, the EU remains a consistent and important trade bloc for Armenia. Armenia's export portfolio reflects a diversity of trade partners. The **UAE** holds the **3rd position** with a **10%** share, maintaining stable growth at **5.8%**. Notably, Armenia enjoys robust trade relations with a range of countries, including Iraq, Georgia, Iran, Belarus, and the USA, each contributing significantly to its export landscape. Armenia's exports to **China** have experienced a decrease. China holds the **4th position** with a reduced share of **6.9%**. in 2022, **Switzerland's** is the **5th top export destination** for Armenian goods, however its share has contracted to **4.7%**, marking a noteworthy decline of export volume by **29%**. These changes may be indicative of evolving trade dynamics and challenges in these markets. **Georgia** and **Belarus** have emerged as trade partners of growing importance, boasting significant increases in their shares by 129% and 166%, respectively.
- **Exported goods:** According to statistical data, Armenian exports of mining industry products stood at USD1.022 billion (growth by 4% compared 2021), exports of finished food industry products grew by 40% to about USD877 mio, exports of non-precious metals surged by 26% to more than USD459 mio, exports of precious and semi-precious stones, precious metals upped by 2.03 times to USD989 mio, exports of textile products upped by 16% to USD212 mio, exports of plant products grew by 21% to USD225 mio, exports of animals and animal products rose by 60% to USD171.5 mio.

Imports:

- According to statistics, the volume of imports to Armenia according to goods origin in 2022 grew by 163.5% to USD8.7 billion with CIF prices. Armenia's imports are significantly dominated by **Russia**, contributing to **30%** of the total import volume, Russia reigns as the **top import source** (USD2.6 billion, growth by 47% compared 2021). **EU** ranks **2nd** (USD1.5 billion), representing **17%** of Armenia's imports. Importantly, the import value from the EU has seen a remarkable **growth of 62%**, highlighting the strengthening of economic ties between Armenia and EU member states. **China** ranks **3rd**, and has emerged as a significant import source for Armenia, accounting for **16%** of the total imports (USD1.39 billion). The impressive **60% growth** in import value from China reflects Armenia's increasing reliance on this global economic powerhouse. **Iran** maintains its role as a regional import partner and holds

4th position, contributing **7%** of Armenia's imports (USD599 mio) with a solid **37%** growth. This underlines Iran's significance in facilitating trade and economic ties within the region. While the **USA** and **Japan** each represent smaller shares of Armenia's imports at **4%** (USD386 mio) and **2%** (USD195 mio), respectively, it's important to note that these countries exhibit consistent import patterns, contributing to Armenia's economic diversity.

Armenia's import portfolio extends to emerging markets, including **Georgia, Belarus, Korea, and Brazil**, each playing a role in shaping the country's import dynamics. The substantial **91%** growth in imports from **Belarus** suggests growing trade opportunities with neighboring countries. **Switzerland** has a limited but **growing role** and **holds 14th position**. Although Switzerland accounts for only **1%** of Armenia's imports, it's significant due to its role as a financial and trading hub. The **76% growth in imports from Switzerland** reflects positive trends in this regard.

In summary, Armenia's import landscape showcases a blend of established partnerships with countries like Russia and the EU, expansion into new and emerging markets, and steady import patterns from countries like the USA and Japan. The data highlights Armenia's efforts to diversify its import sources and foster economic ties with both regional and global partners. It also underscores the country's potential for further growth and development in international trade.

- **Imported goods:** Imports of mining industry products grew by 28% to USD1.19 billion, imports of machinery and equipment were up 91% to USD1.7 billion, imports of chemical industry products grew by 29% to USD586 mio, imports of finished food products rose by 33% to USD579 mio, imports of non-precious metals upped by 60% to USD624 mio, imports of precious and semi-precious stones, precious metals upped by 1.7 times to USD690 mio, imports of land, air and water vehicles grew by 2.1 times to USD965 mio, imports of textile products rose by 31% to USD396 mio, and imports of animals and animal products rose by 56% to USD260 mio.

Import legislation:

- **End of ban on Turkish imports:** The ban was imposed at the beginning of 2021 in the wake of Armenia's military defeat to Azerbaijan, in which Turkey also played a pivotal role. With the changing regional situation and Turkey and Armenia slowly reproaching ban has been lifted by the end of 2021. The government was citing reasons including inflation and difficulties for Armenian businesses that rely on Turkish products.

4.1.2 Trade in services (if data available)

According to World Bank data, the trade in services amounted to 16.7% of GDP for 2020. This means a sharp decline by almost 50% in one year (from 36.2% of GDP in 2019). In 2022, country's trade in services (% of GDP) was at level of 34.5 % versus 22.2 % of 2021.

4.2 Bilateral trade

4.2.1 Trade in goods

From our host country's perspective, the overall trade volume amounted to USD 300.2 MM in 2022 against USD385.3mIn in 2021. Switzerland among top 5 recipient countries of Armenian exports with USD 254.5 MM (against USD 359.6 MM in 2021). In 2022 Switzerland was the 4th most important export destination for Armenian goods after Russia, UAE and China, and 13th among exporters to Armenia with USD45.7 MM (against USD 25.9 MM in 2021) based on goods origin.

The trade turnover according to Swiss statistics for 2022, sees Swiss imports from Armenia amounting to CHF 57.01 MM as of November 2022 (against CHF 12.07 MM in 2021) and exports to Armenia valued at CHF 8.91 MM as of November 2022 (against CHF 22.54 MM in 2021). This decline in bilateral trade is mostly due to decreased volume of exported precious metals and watch parts from Armenia. The main trade directions are pharma, machinery (not electric), watch parts and textile.

About 40 companies registered in Armenia are doing business with Switzerland contributing to creation of more than 1000 jobs in Armenia.

Armenia is a beneficiary of customs' duties exemption or easing through Switzerland's **Generalized System of Preferences (GSP)**. However, this instrument, which could significantly benefit Armenian exporters, remains still very little known and underused¹⁷.

In 2022, agricultural products constituted only 4.6% of Armenia's exports to Switzerland. Only a small portion of these imports fell under the GSP, while a larger quantity entered under the MFN duties (according to the Tariff). Upon closer examination, it was evident that a significant portion of agricultural products imported without GSP benefits was wine, which does not qualify for preferential treatment under GSP.

Nevertheless, there is a possibility that Armenia may explore the potential to import more diverse agricultural products under the GSP to Switzerland in the future, which was the reason in July 2023 in cooperation with the Ministry of Economy of Armenia, the embassy organized a seminar on export tools to raise awareness on the possibilities offered by the Swiss GSP to the exporters of Armenian goods.

Switzerland, together with the European Union and Norway, introduced as of January 2017 a system of self-certification of origin by exporters. **The Registered Exporter system (REX)**¹⁸ consists of an application accessed through the Internet.¹⁹ REX will progressively and fully replace the current system of origin certification. In Armenia the transition to new REX platform started on 01.01.2018 and was finalized on 30.06.2019.²⁰ To be entitled to make out a statement on origin for consignments containing originated products exceeding CHF 10'300, the Armenian exporters will have to register under the national customs administration.

In summary, as observed in previous reporting years, it's important to highlight that the data provided by the National Statistical Service of Armenia consistently varies significantly from Swiss statistical data. Typically, the Armenian figures tend to be higher. The clarification received from the National Statistical Service of Armenia is provided in the attached file:



Reasons of
differences_CH_AM

5 DIRECT INVESTMENTS

¹⁷ The EU equivalent (GSP+) is much better used by Armenian exporters. "Armenia benefits from the reformed EU Generalized Scheme of Preferences (GSP+). 91% of total EU imports from Armenia entered the EU with zero duties in 2018, which is lower than in 2017. According to the information from Eurostat this is because part of Armenia's exports to the EU were registered as "confidential" by a Member State." (https://eeas.europa.eu/sites/eeas/files/partnership_implementation_report_armenia.pdf)

¹⁸ <https://www.ezv.admin.ch/ezv/en/home/information-companies/exemptions--reliefs--preferential-tariffs-and-export-contribution/importation-into-switzerland/developing-countries-gsp--generalized-system-of-preferences-.html>

¹⁹ https://ec.europa.eu/taxation_customs/dds2/eos/rex_validation.jsp?Lang=en&Screen=0&Type=&Number=&Expand=false

²⁰ https://ec.europa.eu/taxation_customs/business/calculation-customs-duties/rules-origin/general-aspects-preferential-origin/arrangements-list/generalised-system-preferences/the_registered_exporter_system_en#heading_7

5.1 Developments and general outlook

Armenia's policy on foreign direct investment is considered as being **one of the most open and liberal among the CIS countries**. Foreign direct investment is actively encouraged and enjoys the same rights as locally originated investment. Policy is governed by the Law on Foreign Investment, as well as bilateral investment treaties (of which Armenia has concluded about 40). Those investments can be restricted in some territories/areas based on national security considerations. In practice, there is only one strict limitation that is for television broadcasting, where at least 50% of shareholdings must be controlled by Armenian nationals. Less strict limitations apply to some financial institutions and to gambling.

Notwithstanding the national law, which prevents foreign individuals to **own land**, the latter can obtain long-term leases and ownership of buildings is allowed. Besides, a local company registered in Armenia by a foreign national can acquire land.

Several **grants or incentives** are available to investors, both foreign and domestic, particularly in the fields of agriculture and IT start-ups. Imports of machinery are eligible for postponing of VAT payments.

During 2022, the amount of foreign direct investments (FDI) to Armenia decreased. **In 2022 the net flows of foreign investments in the Armenian economy amounted to 491 Mio. CHF** versus 522 Mio. CHF in 2021 (with 1CHF=400AMD). Of that amount 454,5 Mio. CHF were foreign **direct** investments which were **41%** more compared to the previous year. **Russia** accounted for the largest amount of net direct investment flows in Armenia, followed by Argentina and Cyprus. The main flows of investments in 2022 were in the **energy sector, metal ore mining, real estate and air transportation**.

5.2 Bilateral Investment

Swiss private investments in Armenia have mainly been directed to the financial services, manufacturing (watchmaking), pharmaceutical research and food industry. Even if it is not possible to provide a precise figure, in the light of inputs from the pharmaceutical sector, Research & development activities should account for a good share of the total investments (estimate: 10/15%). In 2022 direct investments flown to Armenia from Switzerland targeted two main sectors: **wholesale trade (CHF 2.75 mio FDI) and construction (CHF 0.4 mio FDI)**. **Switzerland improved its rank** according to the results of 2022 becoming **top-11 investor** in Armenia (after Russia, France, Germany, Argentina, Cyprus, Luxemburg, Jercy, USA and Lebanon).

6 ECONOMIC AND TOURISM PROMOTION

6.1 Swiss foreign economic promotion instruments

Several organizations – first and foremost the Swiss-Armenian Chamber of Commerce (<https://sacoc-switzerland.ch>) inaugurated in June 2017- are active in the promotion of trade and economic relations between Armenia and Switzerland. Most of these private initiatives are attributable to a relatively small, but very enterprising Armenian diaspora in Switzerland.

The Embassy of Switzerland in Armenia organizes informational and promotional business-events on a regular basis.

6.2 The host country's interest in Switzerland

From Armenia's perspective, Switzerland is mainly perceived as a financial centre, as a

home for several thousand (around 6000 ppl) diaspora Armenians and, to a lesser extent, as a place of quality education. The number of tourists visiting Switzerland from Armenia is small.

Switzerland, notably its banking and finance sectors as well as its robust economy, enjoys an excellent reputation in Armenia.

Whereas the number of Armenian tourists visiting Switzerland is small and the potential of a strong increase is rather limited, the numbers of visitors from Switzerland to Armenia interested in the Armenian culture and rich historical legacy were growing over the past years: in 2022 Armenia welcomed **2888 visitors from Switzerland** which was 12% more vs 2021.

ANNEX 1 – Economic structure

Economic structure of the host country

	2020	2021	2022
Distribution of GDP²¹			
Primary sector	15.1%	16.8%	14.2%
Manufacturing sector	12.4%	11.4%	11.3%
Services	72.5%	71.8%	74.5%
- of which public services	13.8%	15.3%	13.5%

Distribution of employment	2020	2021	2022
Primary sector	2.95%	2.91%	2.76%
Manufacturing sector	11.95%	11.47%	11.36%
Services	85.1%	85.62%	85.87%
- of which public services	30.74%	29.99%	31.34%

Source(s):

https://www.armstat.am/file/article/sv_03_21a_112.pdf

https://www.armstat.am/file/article/sv_03_22a_112.pdf

https://www.armstat.am/file/article/sv_01_22a_142.pdf

https://www.armstat.am/file/article/sv_03_23a_112.pdf

https://www.armstat.am/file/article/sv_01_23a_142.pdf

²¹ The presented figures have been amended according to the adjustments in the statistical data published by Armenian Statistical Service.

ANNEX 2 – Main economic data

Host country's main economic data*

	2020	2021	2022
GDP (USD bn)	12,641	13,928	19,502
GDP per capita (USD)	4,267	4,701	6,583
Growth rate (% of GDP)	-7.4	5.7	12.6
Inflation rate (%)	1.2	7.2	8.6
Unemployment rate (%)	18.1	15.5	13.0
Fiscal balance (% of GDP)	-5.4	-4.7	-2.1
Current account balance (% of GDP)	-3.8	-2.4	-0.9
Total external debt (% of GDP)	100.1	98.2	72.7
Debt-service ratio (% of exports)	158.7	134.8	72.8
Reserves (months of imports)	5.1	3.8	4.0

Source:

- IMF report <https://www.elibrary.imf.org/downloadpdf/journals/002/2023/205/article-A001-en.pdf>
- WB overview <https://www.worldbank.org/en/country/armenia/overview#3>

ANNEX 3 – Trade partners

Trade partners of the host country Year: 2022

Host country view

	Rank	Country	Exports from the host country (USD mio)	Share	Change ²²		Rank	Country	Imports to the host country (USD mio)	Share	Change ^{e10}
→	1	Russia	2,410.96	45.0%	185%	→	1	Russia	2,622.50	30%	47%
→	2	EU	772.75	14.4%	18%	→	2	EU	1,509.64	17%	62%
↑	3	UAE	534.12	10.0%	5.8 t	→	3	China	1,388.35	16%	60%
↓	4	China	369.50	6.9%	-6%	→	4	Iran	599.67	7%	37%
↓	5	Switzerland	254.59	4.7%	-29%	↑	5	USA	386.52	4%	2.0t
↓	6	Iraq	249.71	4.7%	52%	↑	6	Japan	195.32	2%	2,5t
↑	7	Georgia	156.25	2.9%	129%	→	7	Georgia	144.79	2%	19%
↑	8	Iran	111.16	2.1%	70%	↑	8	Belarus	110.58	1%	91%
↓	9	USA	78.20	1.5%	-4%	↑	9	Korea	94.81	1%	102%
↑	10	Belarus	75.19	1.4%	166%	↑	10	Brazil	84.02	1%	53%
						↓	14	Switzerland	45.69	1%	76%
		Total	5,360.07	100%			Total	8,768.66	100%		

Source:

Armstat: https://www.armstat.am/file/article/sv_12_22a_411.pdf

Bilateral trade between Switzerland and the host country

	Export (CHF mio)	Change (%)	Import (CHF mio)	Change (%)	Balance (in mio)	Volume (in mio)
i2017	91.3	178.6	141.3	46	-49.95	240.6
2018	130.27	42.6	193.71	37.1	-63.44	206.98
2019	51.80	-60.2	252.57	-30.4	200.77	304.37
2020	18.69	-63.7	165.77	-34.4	-147.09	184.46
2021	22.53	+20.6	12.07	-92.7	10.46	34.61
(Total 1)*						
2022***	57.91	+153%	8.91	-26%	48.1	65.92

*) 'Economic' total (total 1): not including gold bars and other precious metals, currencies, previous stones and gems, works of art and antiques

**) Change (%) from the previous year

***) Swiss statistics are available only for January – November 2022 period

²² Change from the previous year in %

ANNEX 4 – Bilateral trade

PROVISORISCHE ERGEBNISSE

Bundesamt für Zoll und Grenzsicherheit BAZG, Aussenhandelsstatistik, 3003 Bern

TN103: Schweizerischer Aussenhandel nach Ländern und Kapiteln

12.12.2022

Periode: Januar bis November 2022

Land: 185 Armenien

* = Veränderungsrate / Anteile nicht berechenbar

** = Veränderungsrate > 999.9 %

Total 2: Ergebnisse inklusive Gold in Barren und anderen Edelmetallen, Mineralerzeugnissen, Edel- und Schmucksteinen sowie Kunstgegenständen und Antiquitäten.

Total 2		Import in Mio. CHF				Export in Mio. CHF				Saldo in Mio. CHF	
		2021	2022	+/- %	Anteil	2021	2022	+/- %	Anteil	2021	2022
Total		9.65	8.91	-7.7	100.0	20.83	57.01	173.7	100.0	11.18	48.11
01 - 24	Landwirtschaftliche Produkte	0.07	0.42	482.9	4.7	0.27	0.48	73.8	0.8	0.20	0.05
25 - 26	Mineralische Stoffe	0.02	0.03	85.4	0.4	0.02	*	0.0	0.0	-0.02	-0.02
27	Energieerzeuger			*	*	0.00	0.01	194.2	0.0	0.00	0.01
28 - 29	Chemische Grundprodukte	0.00	0.01	452.4	0.1	0.01	0.01	20.8	0.0	0.01	0.00
30	Pharmazeutische Erzeugnisse	0.44	0.00	-99.9	0.0	6.31	21.33	238.1	37.4	5.87	21.33
31 - 32	Düngemittel, Farbstoffe, Pigmente			*	*	0.59	1.80	206.3	3.2	0.59	1.80
33 - 34	Schäufungsmittel, Waschmittel	0.00	0.00	-71.9	0.0	0.13	0.34	154.8	0.6	0.13	0.34
35 - 38	Süßwaren, versch. chemische Erzeugnisse	0.00	0.00	-2.9	0.0	0.40	1.23	209.0	2.2	0.39	1.22
39 - 40	Kunststoffe, Kautschuk	0.00	0.00	471.5	0.1	0.11	0.81	609.7	1.4	0.11	0.80
41 - 43	Felle, Leder, Lederwaren	0.01	0.16	**	1.8	0.02	0.03	45.4	0.0	0.01	-0.14
44 - 46	Holz, Kork, Flechtwaren		0.00	*	0.0	0.04	0.32	803.0	0.6	0.04	0.32
47 -	Papier und Papierwaren	0.00	0.00	-19.6	0.0	0.01	0.01	10.4	0.0	0.01	0.01

49											
50 - 63	Textilien und Bekleidung	2.83	2.07	-27.0	23.2	0.11	0.57	400.7	1.0	-2.72	-1.50
64 - 67	Schuhe, Schirme usw.	0.00	0.00	428.2	0.0	0.05	0.06	13.2	0.1	0.05	0.06
68 - 70	Waren aus Steinen, Keramik, Glas	0.01	0.00	-85.2	0.0	0.07	0.08	13.2	0.1	0.07	0.08
71	Edelsteine, Edelmetalle, Bijouterie	0.18	0.70	297.4	7.8	4.61	1.91	-58.7	3.3	4.44	1.21
72 - 83	Unedle Metalle und Waren daraus	1.26	1.66	31.2	18.6	0.54	0.86	60.4	1.5	-0.73	-0.79
84	Maschinen (nicht elektrisch)	0.00	0.01	158.9	0.1	0.49	16.10	**	28.2	0.48	16.09
85	Maschinen (elektrisch)	0.04	0.04	13.2	0.5	0.28	0.59	111.9	1.0	0.24	0.55
86 - 89	Fahrzeuge, Flugzeuge usw.	0.00		-100.0	*	0.13	0.11	-13.4	0.2	0.13	0.11
90	Opt. / medizin. Instrumente	0.05	0.09	71.3	1.0	1.07	2.34	119.6	4.1	1.01	2.25
91	Uhrmacherwaren	4.69	3.48	-25.8	39.1	5.54	7.89	42.5	13.8	0.85	4.41
92	Musikinstrumente	0.00	0.00	233.0	0.0			*	*	0.00	0.00
93	Waffen und Munitionen			*	*	0.01	0.02	301.5	0.0	0.01	0.02
94	Möbel, Bettzeug usw.	0.00	0.00	664.2	0.0	0.02	0.03	69.6	0.1	0.02	0.03
95 - 96	Spielzeuge, Sportgerätee usw.	0.01	0.02	188.4	0.2	0.02	0.05	195.1	0.1	0.01	0.03
97	Kunstgegenstände, Antiquitäten	0.04	0.20	436.8	2.2	0.00	0.00	**	0.0	-0.04	-0.19

ANNEX 5 – Main investing countries

Main investing countries in the host country

Year: 2022

	Rank	Country	Direct investment gross (Mio USD, stock)	Share %	Variation (stock)	Inflows over past year (mio USD)
	1	Russia	7,618.64	53%	+12%	283.07
	2	France	1,270.01	9%	+2%	13.00
	3	Germany	766.54	5%	+2%	0.92
	4	Argentina	505.37	4%	+9%	40.20
	5	Cyprus	439.95	3%	+21%	26.62
	6	Luxemburg	389.67	3%	+7%	10.18
	7	Jersey	368.52	3%	+16%	-
	8	USA	345.69	2%	+1%	1.57
	9	Greece	320.99	2%	0%	-
	10	Lebanon	317.44	2%	0%	0.12
↑	11	Switzerland	257.05	2%	+2%	2.86
		Total	14,304.46	100%	+/- ...%	

Source:

Armstat: https://www.armstat.am/file/article/sv_02_23a_420.pdf