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INVEST IN ARMENIA

Contributions by
Enterprise Armenia

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Invest in Armenia

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Executive Summary – Why Armenia?

Armenia has rapidly emerged as a compelling destination for foreign direct investment (FDI) in the South Caucasus, combining a resilient economy, robust human capital, and a government keenly focused on economic modernization and openness. This executive summary offers a concise, data-driven rationale for choosing Armenia as your next investment destination.

Market & Growth Potential

- **Dynamic GDP Growth:** In 2022 and 2023, Armenia posted GDP growth rates exceeding 12% and 7% respectively, among the highest in Eurasia. Projected real GDP growth for 2024–2025 is expected in the 6–7% range, reflecting ongoing economic reforms and export diversification.
- **Rising Trade Volumes:** Total foreign trade turnover reached USD 19 billion in 2023, up 50% within two years. Top export categories include minerals, food processing, IT, and light manufacturing.
- **Resilient FDI Inflows:** FDI inflows hit approximately USD 1.1 billion in 2023, a 20% increase over 2021. Investments are mainly in mining, telecom, energy, agriculture, and technology.
- **Ease of Doing Business:** Armenia consistently ranks in the world's top 50 by the World Bank for "Ease of Doing Business," surpassing most regional peers in metrics such as "Starting a Business," "Registering Property," and "Protecting Minority Investors."
- **Low Inflation & Stability:** Inflation was contained at 3.5% (2023), with the Armenian dram one of the most stable currencies in the CIS, underpinned by prudent

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macroeconomic management and a floating exchange rate regime.

Key International Benchmarks

Metric	Value (2023)	Regional Rank*
GDP (current USD, bn)	~\$21	Top 3
FDI inflow (USD, bn)	\$1.10	Top 3
Ease of Doing Business (WB, out of 190)	#7	#1 in Caucasus
Inflation rate (%)	3.5	Top quartile

*Relative to Georgia, Azerbaijan, Moldova, etc.

Strategic Location & Market Access

- Gateway Location: Armenia is strategically situated at the crossroads of Europe and Asia, forming a natural bridge for commerce between Russia, Iran, the EU, and the Middle East.
- Border proximity to major regional markets (Russia, Iran, Georgia, Turkey*) with strong logistical links via air, road, and rail (*Turkey border remains closed; ongoing diplomatic initiatives could unlock future potential).
- Preferential Trade Regimes:
- Member of the Eurasian Economic Union (EAEU), enabling zero-tariff access (population: 184 million) including Russia, Kazakhstan, Belarus, and Kyrgyzstan.
- Armenia benefitted from EU GSP+ preferential trade access until January 1, 2022. As of now, Armenia is no longer eligible for EU GSP+; it currently receives GSP preferences only from Switzerland and Norway.
- Free trade agreements with neighboring Georgia and CIS states.
- World-Class Digital Connectivity: Regional IT hub, with over 95% 4G coverage and world-class international data links.

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- **Landlocked Yet Connected:** Despite lacking sea access, Armenia compensates with Yerevan’s international airport, modern highways, and plans for regional transport corridor upgrades.

Cost & Incentive Highlights

- **Low Taxation:** Uniform corporate income tax rate of 18%. Dividends to national and foreign investors are taxed at just 5%.
- **Competitive Labor Costs:** Average monthly salaries hover around \$730—considerably below EU and CIS averages for similar skill profiles.
- **Grants & Subsidies:** The government offers incentives, capital grants, co-financing, and reimbursement schemes for qualifying FDI, especially in high-tech, food processing, agriculture and green industries.
- **FREE Economic Zones (FEZs):** Multiple FEZs such as “ALLIANCE” (IT & high-tech), “MEGHRI” (industrial & logistics), “ECOS” (High-tech), and “MYLER” (Tourism) offering a highly favorable tax regime, including 0% VAT, corporate income tax, and property tax, along with duty-free imports and expedited customs procedures.
- **Industrial Parks & Clusters:** Modern industrial parks provide plug-and-play infrastructure with below-market utilities for investors in manufacturing and processing sectors.
- **Streamlined Permitting:** Most business registration, licensing, and customs procedures are conducted online or via one-stop shops.

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Cost/Incentive	Armenia	Regional/Peer Average
Corporate Tax Rate (%)	18	20–25
Average Monthly Wage (USD)	730	800–1,100
Dividend Withholding (%)	5	8–15
FEZ Corporate Tax Rate (%)	0	0–10
VAT Rate (%)	20	18–20
FEZ VAT Rate (%)	0	

Workforce & Innovation

- **Young, Educated Talent:** Over 55% of Armenia’s population is under 35. The labor force boasts a 99% basic literacy rate, with 40% of university graduates in STEM fields.
- **STEM & IT Ecosystem:** Armenia is an acknowledged regional leader in IT, software, and engineering, with over 1,000 tech firms (including branches of global giants) employing more than 35,000 professionals.
- **Universities & R&D:** 50+ state and private universities (including American University of Armenia, Russian-Armenian University) and leading research institutes drive innovation in life sciences, engineering, and advanced manufacturing.
- **Entrepreneurial Culture:** High startup density, vibrant business accelerators, and a robust diaspora network support innovation.
- **Government-Industry Collaboration:** Joint R&D centers, public grants for commercialization, and partnerships with TUMO Center for Creative Technologies, Synopsys, and other global tech players foster a thriving innovation ecosystem.
- **Multilingual Talent Pool:** Armenian, Russian, and English are widely spoken—key for international business.

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Summary Table: Key FDI Advantages

FDI Factor	Armenia's Competitive Edge
Growth Potential	Among fastest GDP, trade growth in region
Market Access	EAEU, FTAs; Swiss and Norway GSP schemes; crossroad location
Costs & Incentives	Low taxes, wages, robust FEZ /grant regime
Human Capital	STEM/IT stronghold, multilingual, agile
Openness & Stability	Pro-investor policy, stable currency, reforms

Armenia: A Smart Bet for Foreign Investors

Investors choosing Armenia benefit from a unique fusion of robust macroeconomic performance, privileged market access, an affordable yet highly skilled workforce, a transparent business climate, and exceptional government support. The country's record-high FDI inflows, flourishing IT sector, newly opened markets, and ongoing regulatory reforms mark it as an exceptional gateway for growth in Eurasia.

Macroeconomic & Political Environment

Economic Indicators

GDP Growth & Sectoral Breakdown

Armenia's economy has shown remarkable resilience and growth over the past five years, weathering regional shocks and global uncertainties with agility.

- **GDP Performance:** From 2018 to 2023, Armenia's real GDP averaged annual growth above 6%. In 2022, GDP surged by over 12%, and in 2023, growth remained strong at approximately 7%.
- **Sectoral Breakdown:** The economic structure is well-diversified, with services (including IT, finance, and tourism) comprising 54% of GDP, industry (manufacturing, mining, energy) 27%, and agriculture 8.1% (in 2023).
- **Per Capita Income:** Gross national income (GNI) per capita rose to around USD 6,500 (2023, Atlas method).

Sector	Contribution to GDP (%)
Services	54
Industry	27
Agriculture	8.1

Inflation & Currency Stability

- **Inflation:** Inflation was kept at 3.5% in 2023, below regional averages and within the Central Bank's target range.
- **Currency:** The Armenian dram (AMD) is a free-floating currency, demonstrating notable stability, as evidenced

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by modest volatility compared to counterparts in the CIS region.

- **Monetary Policy:** The Central Bank maintains a cautious policy stance, with reserves covering over 5 months of imports.

Trade Balance & Key Commodities

- **Trade Balance Trends:** Armenia's trade deficit narrowed in 2023 as exports (+45% YoY) outpaced imports' growth (+29% YoY).
- **Top Exports:** Copper ores, processed diamonds/gems, machinery, food and beverages, IT/software.
- **Key Imports:** Fuel, vehicles, machinery, foodstuffs, pharmaceuticals.

FDI Trends & Drivers

Recent Inflows by Sector

- **2023 FDI Inflows:** Armenia attracted over USD 1.1 billion in FDI, a multi-year high with a diverse sector breakdown:
- **Mining & Minerals:** 24%
- **Information & ICT:** 19%
- **Financial Services:** 15%
- **Energy & Renewables:** 11%
- **Food Processing & Agro:** 9%
- **Tourism & Hospitality:** 7%
- **Other:** 15%

Top FDI Sectors	% of Inflows (2023)
Mining & Minerals	24
ICT	19
Financial Services	15

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Major Source Countries

- Russia: Largest investor, with nearly 40% market share.
- EU States: France, Germany, Cyprus prominent within the EU.
- United States: Increasing portfolio, particularly in IT and finance.
- Middle East: UAE and Iran contribute significantly, especially in infrastructure.

Political Stability & Risk

Government Structure & Policy Outlook

- Republican Parliamentary System: Armenia operates under a stable parliamentary system, with the Prime Minister as the head of government.
- Pro-Business Policy Continuum: The government is committed to pro-investment policies, reinforcing a market-oriented economic framework and maintaining open channels with international organizations.
- Fiscal Prudence: Public debt/GDP ratio is below 50%, demonstrating sustainable fiscal management.

Transparency, Corruption, & Regulatory Consistency

- Transparency Improvements: Armenia has climbed in global anti-corruption indexes, with ongoing judicial and public procurement reforms.
- Corruption Perception: Transparency International's 2023 Corruption Perceptions Index ranked Armenia 63rd globally, ahead of most regional peers.
- Regulatory Stability: No major risk of expropriation; new laws are subject to public consultation and typically phased with investor transition periods.

Regulatory & Business Climate

Ease of Doing Business

- **Top-Ranked Reforms:** Streamlined procedures for business registration (can be completed in 1–2 days), permitting, and property registration.
- **Investor Options:** Full foreign ownership is allowed in most sectors, with free repatriation of capital/profits.
- **Online Services:** Most government services are digital, including tax and customs procedures.

Competitiveness Indexes

- **Global Innovation Index:** Armenia ranks #63 globally (2024)—regional leader in high-tech and start-up metrics.
- **World Bank Logistics Performance Index:** Noted for customs efficiency and infrastructure modernization, despite overall landlocked geography challenges.
- **UN E-Government Readiness Index:** Armenia performs above-average for digital government services.

Trade Agreements & Market Access

Armenia's external trade policy is shaped by its commitment to economic openness and regional integration. A powerful network of free trade agreements and preferential regimes provides investors with unique market access advantages for both regional and global distribution.

Free Trade & Customs Unions

Eurasian Economic Union (EAEU)

- **Membership:** Armenia joined the EAEU in January 2015.
- **Market Size:** Enables tariff-free trade with Russia, Kazakhstan, Belarus, and Kyrgyzstan—a combined market of over 184 million consumers.
- **Advantages:** No customs duties within EAEU. Simplified technical regulations, customs documentation, and product standards.
- **Mobility:** Free movement of goods, services, capital, and labor within the union.

CIS Free Trade Agreement

- **Agreement:** As a CIS member, Armenia participates in the CIS Free Trade Area (effective for Armenia since 2012).
- **Coverage:** Includes Ukraine, Moldova, and other CIS states, removing bilateral tariffs for most goods.

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Georgia–Armenia Free Trade Agreement

- **Bilateral Arrangement:** Tariff-free trade between Armenia and Georgia—facilitating access to Black Sea ports and transit corridors.

EU GSP+ Scheme (Generalized System of Preferences Plus)

- Until January 2022, Armenia benefitted from the EU GSP+ scheme, providing reduced tariffs and duty-free access for many goods exported to EU member states. As of 2022, Armenia is no longer eligible for the EU GSP+. Currently, Armenia benefits from GSP schemes provided by Switzerland and Norway
- **Compliance:** Requires adherence to international conventions on labor, environment, and governance.

Other Bilateral Agreements

- Armenia maintains bilateral free trade arrangements with Iran and several other regional states, granting access to sizable neighboring markets and improving logistics flexibility.
- Ongoing negotiations with new partners reflect continued expansion of the global trade network.

Bilateral Investment Treaties (BITs)

- Coverage: Armenia has signed over 40 BITs, including with the United States, most EU member states, Russia, China, Canada, and Japan.
- Protections: These treaties provide key investment guarantees—fair and equitable treatment, protection from expropriation, free transfer of funds, and recourse to international arbitration.
- Recent Updates: New treaties or updates have been concluded with Korea (2018), Japan (2018), and UAE (2016).

Regional Blocs & Preferential Schemes

Bloc/Scheme	Description	Key Benefits
Eurasian Economic Union	Customs union; harmonized standards	Zero tariffs, simplified trade
CIS FTA	CIS states	Duty-free access, large market
EU GSP+	No longer available; ended Jan 2022. GSP now applies with Switzerland and Norway only.	
Iran Bilateral FTA	Iran	Lower duties for key goods
Georgia FTA	Georgia	Open border for goods, transit

Market Access Logistics

- Yerevan (Zvartnots) International Airport: Modernized facility with direct flights to Russia, Europe, and the Middle East.
- Rail Links: Connected to Georgia and potentially onwards to Black Sea ports, supporting bulk and containerized goods export.
- Road/Truck: Overland routes facilitate trade with Georgia, Iran, and beyond.

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- Customs Modernization: Fully digital, risk-based customs operations; “green channel” for authorized economic operators.
- EU Trade Compliance: Support for origin certification and compliance allowing Armenian goods to benefit from trade preferences with the EU and EAEU.

Summary Table: Armenia’s Trade Access

Partner/Area	Type of Agreement	Population Covered	Status/Details
EAEU	Customs Union/FTA	184M	Member since 2015
CIS States	FTA	200M+	Effective since 2012
European Union (EU GSP+)	Preferential Scheme	447M	GSP+ beneficiary 2014–2022; no longer eligible due to upper-middle income reclassification (as of Jan 2022)
Georgia	FTA	3.7M	Entry into force in 1996
Iran	FTA	87M	Since 1996; trade corridor

Top Geographical Locations

Armenia's compact size belies its diverse investment landscape. Major cities and free economic zones (FEZs) offer distinct advantages, from connectivity and sector focus to quality of life and operational costs. This section profiles Armenia's key investment locations, their infrastructure, and what makes each region attractive for FDI.

Yerevan: The Capital as a Gateway

Overview & Connectivity

- Yerevan is Armenia's economic, political, and innovation center, generating over 65% of national GDP.
- Boasts direct international flights via Zvartnots International Airport (15+ foreign carriers).
- Robust highway grid connecting to Georgia and southern Armenia; planned rail expansion to facilitate North-South shipments.
- Business support ecosystem: government one-stop shops, major banks, international embassies.

Sector Specializations

- Information & Communications Technology: Armenia's "Silicon Valley," hosting 80% of the country's tech industry.
- Financial Services: Base for domestic/international banks, insurance, fintech.
- Professional Services & Retail: Dense cluster of consultants, lawyers, HR, and premium retail.
- Life Sciences & R&D: Multiple research hubs, medical tech startups.

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Quality of Life & Costs

- Modern city living with premium and mid-range office space (USD 12–28/sqm/month).
- Residential rents (1BR apartments): USD 350–600; high-end up to USD 1,200.
- Utilities are reliable; broadband speeds up to 200Mbps standard.
- Leading schools, universities, healthcare, and vibrant cultural life.

Gyumri: Industrial & Tech Hub in the North

Overview & Connectivity

- Second-largest city; a logistics crossroads with road/rail links to Georgia’s Black Sea ports.
- Shirak International Airport connects to Russia/Europe; regular cargo/trade shipments.

Sector Specializations

- Advanced Manufacturing & Textiles: Modern industrial base, automotive, textiles, machinery.
- ICT & Engineering: “Gyumri Technology Center”— regional hub for tech startups & digital services.
- Agribusiness & Food Processing: Specialized clusters for dairy, meat processing, and organic food.

Quality of Life & Costs

- Low commercial rents (USD 7–11/sqm/month), incentivized for new manufacturing.
- Average residential rents: USD 180–330.

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- Lower cost of living but with top-tier engineering universities and skilled labor pool.

Vanadzor: Chemical & Clean-Tech Cluster

Overview & Connectivity

- Northern Armenia's third city, strategically placed on the Tbilisi–Yerevan corridor.
- Road and rail links improve movement for both goods and workforce.

Sector Specializations

- Chemicals & Clean-Tech: Historic chemical industries now transitioning into green chemistry and clean-tech.

Quality of Life & Costs

- Office/industrial rents: USD 6–9/sqm/month.
- Residential housing very affordable (USD 150–250/month).
- Mountain landscape, moderate climate, and proximity to Georgia for trade.

Meghri Free Economic Zone (South)

Overview & Connectivity

- Border city adjacent to Iran—Armenia's main opening to southern trade.
- New road links and dry port planned, focused on logistics and re-export.

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Sector Specializations

- Trade & Logistics: Gateway for goods entering from/exiting to Iran and the Middle East.
- Light Assembly: Re-export processing and warehousing encouraged.

Quality of Life & Costs

- New infrastructure; incentives on utilities and rent for FEZ tenants.
- Low population but offers unique southern cross-border advantages.

Smaller Dynamic Regions

City	Key Strengths	Sample Sectors	Typical Office Rent (USD/sqm/mo)
Abovyan	Rapid logistics, proximity to Yerevan	Warehousing, logistics	7–10
Armavir, Ararat	Fertile agri-clusters, wine	Agri-business, packaging, agro-processing industry	6–8
Hrazdan	Energy cluster (hydro, thermal, solar)	Renewables, energy tech	6–9

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Quality of Life & Cost Comparison

Location	Office Rent (USD /sqm)	1BR Rent (USD/mo)	Utility Reliability	Broadband	Talent Pool
Yerevan	12–28	350–1200	Excellent	High	Deep, diverse
Gyumri	7–11	180–330	Good	High	Tech /industry
Vanadzor	6–9	150–250	Good	Medium	Chem /clean-tech
Meghri FEZ	Subsidized	Low, varies	Good	Medium	FEZ target
Armavir	6–8	100–200	Moderate	Medium	Agri/food

Sector Deep-Dive

Armenia's investment landscape is marked by accelerating diversification, with compelling opportunities across manufacturing, infrastructure, ICT, services, agribusiness, and resources. This chapter presents a concise overview and growth outlook for at least eight priority industries, grouped under thematic segments.

Manufacturing

Overview & Growth Outlook

- Sector Share: Manufacturing accounts for 12% of GDP and 25% of export value.
- Growth: Annual sector growth averaged 8% (2020–2023), driven by rising exports and domestic investment.
- Key Segments:
 - Food processing (canned goods, beverages)
 - Textiles and clothing
 - Light engineering (electronics, machinery)
 - Jewelry and watchmaking

Investment Drivers & Challenges

- Drivers: Low production costs, skilled workforce, access to CIS/EAEU and EU markets, and special support for export-led manufacturers.
- Challenges: Logistics (due to landlocked location), raw material import dependency in some segments.

Major Players & Clusters

- Yerevan: Electronics, machinery.
- Gyumri: Automotive parts, textiles.

Infrastructure & Transport

Overview & Growth Outlook

- **Transit Role:** Armenia is a vital regional transit route connecting Eurasia, with ongoing infrastructure modernization.
- **Investment Trends:** Infrastructure modernization is ongoing, with major road and bridge projects primarily funded by international organizations such as the World Bank and ADB. While PPPs may be considered as a future model, there have been no implemented precedents of road or bridge projects using the PPP format in Armenia.
- **Key Segments:** Rail and road upgrades, dry ports, air cargo, urban transport.

Drivers & Challenges

- **Drivers:** Regional integration, trade volume growth, international donor support.
- **Challenges:** Cross-border constraints due to closed borders (particularly with Turkey and Azerbaijan).

Major Projects & Clusters

- North-South Road Corridor project (multi-phase).
- Zvartnots and Shirak airports.

Information & Communications Technology (ICT)

Overview & Growth Outlook

- Flagship Sector: Over 1,000 tech companies; sector growth >20% annually; 5% share of GDP and rising.
- Key Segments: Software development, AI & machine learning, microelectronics, fintech, mobile apps, cybersecurity.

Investment Drivers & Challenges

- Drivers: Robust STEM education, state and diaspora incentives, deep IT ecosystem, and international R&D partnerships.
- Challenges: Intense competition for talent, wage inflation in high-skill segments.

Major Players & Clusters

- Synopsys, Picsart, Krisp, Armenian IT startups, with many concentrating in Yerevan's hi-tech districts.

Services & Financial

Overview & Growth Outlook

- Service Sector Share: Services make up 54% of Armenia's GDP, encompassing finance, BPO, education, and tourism.
- Finance: Stable, growth-driven sector; foreign banks, fintech, and insurance showing strong expansion.
- Tourism: Rebounded post-2022, with eco-tourism and cultural tourism leading the recovery.

Investment Drivers & Challenges

- Drivers: Liberalized financial sector, strong regulatory frameworks, regional banking integration.
- Challenges: Small domestic market in certain BPO and professional service segments.

Major Players & Clusters

- Amundi-ACBA, HSBC Armenia, Ameriabank, and growing BPO centers.

Agribusiness & Resources

Overview & Growth Outlook

- Traditional Backbone: Agriculture remains a core component of employment and exports (8.1% GDP, in 2023).
- Growth: Trends in high-value food processing, organic/natural products, juices, canned goods and wine/brandy exports.

Investment Drivers & Challenges

- Drivers: Rich soil, water for irrigation, state investment in food safety, expanding markets, high-quality brandy/wine traditions.
- Challenges: Small plot sizes, modernization needs, environmental sensitivities in mining.

Major Players & Clusters

- Leading wineries (Karas, Armenia Wine, Vedi Alco and others), canneries in Armavir and Ararat.

Renewable Energy & Utilities

Overview & Growth Outlook

- Potential: Armenia aims for >30% renewables in power generation by 2030 (hydro, solar, wind).
- Growth: Largest solar parks in the Caucasus underway, with growing international (including ADB, EBRD) investment.
- Key Segments: Hydro, solar, wind, and small-scale biogas.

Investment Drivers & Challenges

- Liberal grid access, high solar exposure, incentives for renewables.
- Grid upgrade needs, intermittent energy output in wind/solar.

Tourism & Hospitality

Overview

- Strong recovery after pandemic; international tourist arrivals trending toward 2 million/year.
- UNESCO heritage, adventure tourism, medical/spa, agro-tourism and gastro-tourism are key growth niches.

Tourism & Regional Infrastructure

The Tourism and Regional Infrastructure Project (TRIP)—co-financed by the Government of Armenia and the World Bank—aims to boost Armenia’s tourism potential through targeted infrastructure and soft investments in several regions. TRIP will support tourism clusters focusing on wine, wellness, adventure, culture, education, and ecotourism across Ararat, Vayots Dzor, Shirak, Tavush, and Syunik regions.

The project will improve connectivity for these clusters, enhance tourism site infrastructure, and elevate Armenia’s natural assets and human resources. TRIP specifically aims to improve business and professional skills in nearby communities to maximize job creation. It aligns with the World Bank’s approach of attracting private investment in these tourism clusters and will support sustainable, inclusive, and climate-resilient regional development in seven prioritized clusters:

(i) Areni, (ii) Gyumri, (iii) Goris, (iv) Dilijan, (v) Dvin, (vi) Jermuk, and (vii) Yeghesis.

Key project interventions address major constraints to development in each cluster, including tackling inadequate basic infrastructure/services and diversifying tourism-related offerings.

Education, R&D, and Healthcare

Overview

- Universities attract international students and research projects.
- Growth in private healthcare, medical device investment, and biotech R&D.

Summary Table: Armenia’s High-Potential Sectors

Sector	Growth Rate	FDI Focus Areas	Major Clusters/Locations
Manufacturing	8%	Electronics, Food Proc., Jewelry	Yerevan, Gyumri
ICT	20%+	Software, Microelec, Fintech	Yerevan, Gyumri
Infrastructure	6–7%	Transport, Energy, Airports	North-South
Agribusiness	4%	Wine, Organic, Agro-processing	Ararat, Armavir, Vayoc Dzor, Shirak, Lori
Mining	6%	Copper, Molybdenum, Gold	Syunik, Lori
Services	7%	Finance, BPO, Tourism	Yerevan, resorts
Renewable Energy	10–12%	Solar, Hydro, Wind	Gegharkunik, Aragatsotn

Incentives & Free Economic Zones

Armenia has prioritized investor support through targeted fiscal incentives, streamlined regulations, and expanding Free Economic Zones (FEZs). Whether establishing greenfield projects or relocating existing operations, investors benefit from a suite of general and sector-specific programs designed for maximum competitiveness.

General Incentives

Key incentives and guarantees for foreign investors include:

- Unrestricted access to most sectors and geographic locations.
- 100% property ownership.
- Free and unlimited repatriation of property and profits.
- Unlimited currency exchange at market rates.
- No restrictions on personnel recruitment.
- Compensation for losses due to illegal actions by state authorities.
- Free Economic Zones offering exemptions from VAT, profit tax, customs duties, and property tax.
- Tax exemptions for activities in bordering and other communities
- Tax incentives for import and export of certain goods and equipment
- Tax exemptions for various sectors, including agriculture, ICT, Pharmaceutical, manufacturing.

Tax Incentives

- Corporate Income Tax:
- Standard rate: 18% (among the lowest in the region).

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- Dividend Withholding Relief:
- Standard Corporate Income Tax rate of 5% for foreign investor dividends.
- VAT Exemptions/Deferrals:
- Standard rate: 20%
- There are cases in which exemption from VAT or application of the 0% VAT rate is granted.
- Customs Duty Exemptions:
- Capital goods, raw materials for export production, and input components are frequently exempt from import duties.
- Tax incentives are also provided for companies operating in the High-tech sector.

R&D Credits & Innovation Grants

- R&D Tax Credits: Qualified expenditures deducted against profits, targeting technology and product development.
- Innovation Grants: Co-financing support through the Ministry of Economy and international donors for broad-based technology and industrial projects.
- Export Support: Reimbursement or grant support for export promotion activities (trade shows, certifications, market entry costs).

Financing, Guarantees, and Support

- Soft Loan Facilities: Low-interest government and donor financing for industrial upgrades, renewables, agro-processing.
- Credit and Political Risk Guarantees: Partial guarantees and insurance mechanisms available for foreign investors through the National Investment Fund and international agencies.

Free Economic Zones (FEZs)

Armenia’s FEZs offer world-class fiscal and regulatory advantages, serving as magnet locations for high-value manufacturing, trade, and technology. Investments in FEZs receive privileged treatment vs. onshore investments.

Overview of Major FEZs

Name	Location	Focus Sectors	Status/Benefits
Meghri	Meghri/ Iran Border	Industrial & logistics: agriculture, manufacturing, electricity supply, warehousing, culture, tourism, entertainment, recreation (except gambling)	Since 2017, 50-year license
ECOS	Yerevan	Manufacturing & technology: manufacturing industry, high/information tech	Not specified, 25-year license
MYLER	Aparan	Service: tourism-recreational services, cable cars, passenger/light vehicle rental, sports/entertainment, conferences, catering, etc.	Since 2025, 20-year license

FEZ Fiscal & Non-Fiscal Benefits

- Zero Corporate, Profit, Property & Dividend Taxes (duration varies by FEZ, up to 100% relief for the first 10 years).
- No VAT or Customs Duties on equipment, inputs, and exports.
- Simplified Customs: Priority lanes and green channel customs clearance for FEZ-based companies.
- Expedited Licensing: One-stop investor service, fast-track business licensing and connection to utilities.
- Lower Land/Lease Costs and subsidized utility rates in FEZ locations.
- Freely Hiring Foreign Experts, plus streamlined permit and residence for expat staff.

Application Process & Key Contacts

- Eligibility:
- Open to both foreign and local investors in target sectors.
- Application package includes Application, Business plan, which must include an initial declaration, Certificate provided by the organizer regarding the conditions for conducting activities within the free economic zone.
- Submission:
- Applications should be sent to the Armenian Ministry of Economy
- Approval Timeline: Typically, 20–30 business days for approval by the Government.
- Contact Points:
- Ministry of Economy, Industrial Policy Department,
- FEZ Operators (Alliance, Meghri, Ecos, Myler)

Key Takeaways

- Armenia's incentive ecosystem is among the region's most comprehensive: from core tax reductions, duty waivers, and financing programs to internationally benchmarked FEZs.
- Multiple FEZs cater to priority sectors—IT, advanced manufacturing, logistics, tourism —backed by competitive cost structures, regulatory flexibility, and government aftercare.
- Approval is transparent and relatively fast, with dedicated investor support to guide applications at every step.

Operational Overheads & Infrastructure

A profitable investment climate depends on competitive operating costs, reliable infrastructure, and efficient logistics. Armenia's improvements in utilities, property markets, and workforce costs position it as a viable base for international investors.

Labor Costs

Wage Landscape

- National Average:
- Average monthly wage: ~USD 730 (as of 2025).
- Skilled IT/engineering: USD 900–1,200; unskilled/manual: USD 300–450.
- Regional Differentiation:
- Yerevan: ~10–20% higher than national average due to demand.
- Gyumri/Vanadzor/regions: ~10–20% lower, offering savings for labor-intensive ventures.

Occupation	Yerevan (USD/mo)	Regions (USD/mo)
Software Developer	1,100	900
Assembly Line Worker	400	340
Accountant	700	580
Warehouse Worker	350	300

Social Costs

- Social Security/Payroll Tax:
- Employer pays social security rate (5-10% depending on the salary threshold), with modest additional costs for health and pension contributions.

Commercial Real Estate

Office & Industrial Rates

- Office Space:
- Modern business centers in Yerevan: USD 12–28/sqm/month.
- Regional secondary cities (Gyumri, Vanadzor): USD 7–11/sqm/month.
- Warehouse/Industrial:
- Standard warehouse: USD 5–9/sqm/month in Yerevan, lower in regions.

Property Type	Yerevan (USD/sqm/mo)	Regions (USD/sqm/mo)
Office	12–28	7–11
Warehouse/Industrial	5–9	3–6

Utilities & Reliability

Core Utilities

- Electricity:
- Grid reliability >99%.
- Tariff for industrial use: USD 0.09–0.11/kWh.
- Water:
- Ample supply in most areas; main cities have stable potable water.
- Industrial water tariff: ~USD 0.70/m³.
- Gas:
- Widespread grid, with tariffs around USD 290/1,000 m³ for industry.
- Broadband:
- 95%+ coverage in urban centers; standard commercial package: 100–200 Mbps, USD 22–40/mo.

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Utilities Summary Table

Utility	Urban (Yerevan)	Regional Cities	Reliability
Electricity	\$0.09/kWh	\$0.09/kWh	99% uptime
Water	\$0.70/m ³	\$0.70/m ³	High
Gas	\$290/1,000m ³	\$290/1,000m ³	Excellent network
Broadband	\$22/100Mbps	\$17/50–100Mbps	High, less rural

Transportation & Logistics

Access & Fees

- Air Cargo:
- Zvartnots and Shirak airports handle regular cargo and offer bonded warehouse facilities.
- Road & Rail:
- North-South Corridor connects to Georgia/Black Sea; new projects for Iran border.
- Trucking costs to Tbilisi (Georgia): USD 300–400 per FTL.
- Rail freight: Competitive rates vs. regional peers; customs-clearance streamlined in FEZ corridors.

Port Access (via Georgia)

- Poti and Batumi (Georgia):
- Main sea port access; overland transit time: ~16–24 hours.
- Shared customs-transit schemes and digital “green corridor” for Armenian shippers.

Logistics Providers

- Courier/Express: International (DHL, FedEx, TNT) and strong local networks.

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- 3PL Providers: Regional presence, FEZ logistics support, bonded storage.

Legal & Regulatory Framework

Armenia's pro-business and transparent regulatory landscape ensures robust protections for foreign investors. In line with global standards, the country balances investor guarantees, modern taxation, and streamlined labor and immigration laws, making compliance both predictable and practical.

FDI Protections & Guarantees

- National Treatment: Foreign investors enjoy the same rights as local investors—full repatriation of profits, protection against unlawful expropriation, and uncapped foreign ownership in most sectors.
- Bilateral Treaties: Over 40 BITs strengthen protection, offering arbitration pathways and standardized dispute settlement internationally.
- No Forced Local Partners: Most sectors allow 100% foreign equity, with few restrictions outside national security/strategic assets.

Armenia is a signatory of the International Convention of Investment Disputes (ICSID) and member of Multilateral Investment Guarantee Agency (MIGA)

Industry-Specific Regulations

- Sectoral Licensing: Sensitive areas (banking, telecom, mining, energy) require licenses or permits—typically streamlined, time-bound, and transparent.

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- Compliance Programs: Ongoing monitoring and digital reporting requirements for environment, mining, and pharma industries.

Taxation

- Corporate Profit Tax: 18% standard rate.
- Withholding Tax: The Profit Tax is subject to a separate 5% tax rate on dividends to national and foreign investors.
- VAT: The standard VAT rate in Armenia is 20%. However, certain transactions are either exempt from VAT or subject to a 0% VAT rate. Activities carried out within FEZs are fully exempt from VAT.
- Double Tax Treaties: Over 50 treaties enable reduced withholding rates and relief from double taxation for cross-border investors.

Labor & Employment Laws

- Contracts & Flexibility: Fixed and open-ended contracts permitted. Probation, part-time, and telework widely accepted.
- Wages & Benefits: Minimum monthly wage (~USD 197), mandatory social fund contributions. These contributions fund pensions and other social benefits.
- Workplace Safety: Occupational health standards aligned with ILO best practices; strict inspection protocols for high-risk sectors.
- Termination & Disputes: Transparent procedures with reasonable employer recourse; wrongful termination subject to civil appeal, as such matters fall under the jurisdiction of civil courts in Armenia.

Environmental & Safety Standards

- Regulation & Oversight: Environmental Impact Assessments (EIA) mandatory for major projects—mining, energy, infrastructure.
- Key Laws: Law on Environmental Oversight, Law on the Environmental Impact Assessment, Mining Code, and sector guidelines (energy, chemicals) enforce compliance.
- Sustainability Incentives: Grants and tax offsets for green building, renewable energy, and pollution-reducing investments.

Data Privacy & IP Protection

- Data Privacy: Personal Data Protection Law enforces standards on collection, processing, and cross-border transfer of data—in line with EU/GDPR principles.
- IP Rights: Patent, copyright, trademark, and industrial design protection (WIPO member). Enforcement via specialized court procedures, online registry systems, and expedited protection for software and tech

Immigration & Work Permits

- Visa Exemptions: Visa-free or simplified e-visa for 60+ countries.
- Work Permits: The issuance of work permits is carried out through a unified electronic platform: <https://workpermit.am>. Application—issued up to 30 business days.
- Temporary Residence: Available for qualifying foreign investors and skilled workers if the necessary conditions are met.

Dispute Resolution

- Court System: Modern judiciary with specialized chambers for commercial/administrative disputes.
- International Arbitration: Investors may select international arbitration (UNCITRAL, ICC, ICSID) or local courts.
- Enforcement: Armenia is a signatory to the New York Convention—arbitral awards are enforceable locally.

Investment Process & Restrictions

Efficient, transparent processes and clear regulatory limits empower investors in Armenia. In most sectors, capital can be deployed rapidly with minimal approvals. This chapter outlines

step-by-step workflows, sectoral limits, and compliance required for successful entry and expansion.

Approval Workflow

Step-by-Step Process

- Project Scoping & Pre-Assessment
- Identify target sector, intended activity, and location.
- Consult with the Ministry of Economy or local “one-stop” centers.
- Business Registration
- Electronic or in-person at the State Register of Legal Entities.
- Required documents: Application of the founder(s) or the Director or the authorized person, Decision on the creation of the legal entity, copies of Charter, founders’ Licensing & Permits (If Applicable)
- Licensing required for regulated sectors (banking, mining, telecom, pharmaceuticals, etc.).
- Process varies by agency (typically 7–30 days).
- Tax Registration
- Registration with State Revenue Committee; obtain Taxpayer Identification Number (TIN).
- VAT registration (if annual turnover exceeds threshold).
- Free Zone/ FEZ Registration
- If opting for FEZ status: parallel application to zone operator or Ministry of Economy.
- Operational Approvals

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- Environmental Impact Assessment (if needed for project type).
- Property lease/purchase registration.

Key Authorities Involved

- State Register of Legal Entities (business incorporation)
- Ministry of Economy (FDI/ FEZ applications)
- Specialized sector regulators (Central Bank, Ministry of Territorial Administration and Infrastructure, etc.)
- State Revenue Committee (tax)
- Committee of Urban Development

Sectoral Caps & Minimums

- No General Foreign Ownership Limit: Foreign investors can generally hold up to 100% in most sectors.
- Exceptions:
- Defense, national security, and certain natural resources (strategic oversight, minority local participation needed).
- Media and broadcasting: capped foreign shareholding.
- Land: Only Armenian citizens/entities can directly own agricultural land; foreign entities may lease long-term or own via local subsidiaries.

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Sector	Max Foreign Stake	Additional Notes
Banking/Finance	100%	License required
Telecom/IT	100%	License, regulatory clearance
Media/Broadcasting	49%	Strategic cap
Mining/Energy	100%	EIA, license, state oversight
Agriculture Land	0% (direct)	Lease only; or via subsidiary
FEZs/Industrial	100%	No restrictions

Reporting & Compliance Requirements

- Annual Audit: All companies must file annual financial statements, audited by licensed local auditors for large entities.
- Tax Returns: Monthly/quarterly (VAT, payroll) and annual (corporate profit) declarations—mostly online.
- Sector-Specific Reports: Additional reporting in finance, mining, and environmental compliance.
- Transparency: Disclosure of ultimate beneficial owners for new incorporations.
- Anti-Money Laundering (AML): Most sectors, especially financial services, operate under strict AML/CFT standards.

Establishing Your Presence

A successful entry into Armenia requires careful planning around company formation, banking, staffing, and site selection. This chapter delivers a practical, stepwise guide tailored for foreign investors.

Company Formation

Legal Entity Options

- Limited Liability Company (LLC): Most popular for foreign investors; flexible on governance, limited shareholder liability.
- Joint Stock Company (JSC): Suitable for larger ventures or planned public offerings; allows for easy capital raising.
- Branch/Representative Office: Used for market testing or service provision without full local incorporation.

Currently foreign legal entities wishing to transfer their domicile to Armenia can do so without winding-up their legal entities due to the process of re-domiciliation.

Registration Steps for establishing a new company:

- Reserve Company Name: Online or in person at the State Register of Legal Entities (except for financial organizations such as banks, credit, or investment companies, etc.)
- Prepare Documentation: Application of the founder(s) or the Director or the authorized person.
- If the founder is a foreign legal entity:
 - Application
 - Founders' decision or meeting minutes
 - Charter of the legal entity

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- Proof of state duty payment (if applicable)
- Executive head's details (passport, social card number, email)
- Extract from the foreign commercial register, translated and certified in Armenian
- If the founder is a foreign individual:
 - Application
 - Founders' decision or meeting minutes
 - Charter of the legal entity
 - Proof of state duty payment (if applicable)
 - Executive head's details (passport, social card number, email)
 - Certified and translated copy of the founder's passport
- Submission: Electronic filing preferred; physical documents accepted as backup.
- Receive Certificate: Electronic certificate of registration within 1–2 business days.
- Tax Number Issuance: Coordinated with company registration.

Regulatory Timeframe & Costs

- Total process: Typically, 1–2 business days.
- Registration fees:
- Registration of a legal entity is free of charge.
- Registration of a subdivision of a foreign legal entity (branch or representative office) requires a state duty of USD 130–135.

Banking & Finance

Opening Bank Accounts

- Requirements: Charter, State Registration Certificate, Taxpayer Identification Number (TIN, usually included in the registration certificate), director's and shareholders'

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IDs, proof of address, Power of attorney (if opening via a representative). Foreign companies may need notarized and apostilled founding documents translated into Armenian. Requirements may vary slightly by bank.

- **Currency:** Accounts available in AMD, USD, EUR, and other major currencies.
- **Timeframe:** Account opening generally completed in 2–5 business days; some banks enable same-day for pre-cleared clients.

Major Banks

- **Local Leaders:** Ameriabank, Ardshinbank, ACBA, Converse Bank.
- **International Partnerships:** Inecobank (for cross-border payments and trade finance).
- **Facilities:** Online/mobile banking, FX trading, trade finance, project and investment loans, leasing and factoring services.

Access to Local Financing

- **Instruments:** Corporate loans, investment credit, and government/donor-funded soft loans for targeted sectors (especially in IT, Agribusiness, and Renewable Energy).

Hiring & Staffing

Local vs. Expatriate Staffing

- **Labor Market:** Strong domestic talent pool, particularly in STEM, business, and languages.
- **Expatriate Hiring:** Allowed; streamlined but requires work permit (issued within 10–20 business days).

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Contracts & HR Tools

- Employment Agreements: Employment agreement or individual act on hiring; must comply with the Labor Code.
- HR Support: Local recruiters, payroll firms, and online job portals widely available.

Immigration Pathways

Work Permits & Residence Process in Armenia

- Unified Electronic Platform: Since January 1, 2022, Armenia has adopted a unified electronic platform to fully digitize and streamline the process of issuing work permits and residence status for foreign nationals. All applications must be submitted through this online system.
- Step-by-Step Overview:
- Employer Registration: The process begins with the online registration of the employer on the platform.
- Vacancy and Permit Application: The employer submits a request to obtain residence status for the foreign national, providing a vacancy description. The Ministry of Labour and Social Affairs confirms the vacancy and the selected candidate. The foreign national's personal data is then entered into the system.
- Residence Status Notification: Upon approval, the foreign national receives an email notification confirming their residence status and permission to work. A residence permit card is issued at the end of the process.
- Additional Points:
- Expatriate hiring is allowed, but foreign employees need a work permit before starting work.

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- Citizens from over 60 countries can enter Armenia visa-free for short stays, but a work permit is still required for employment.
- Temporary residence status is available for entrepreneurs or employees with valid work permits.

Residence:

- Temporary Residence Status: Expedited for entrepreneurial activity in Armenia or employees with a valid work permit.
- Validity: Issued for up to 1 year, with the possibility of renewal annually. Renewal application must be submitted at least 30 days before expiration.
- Permanent Residence Status: Expedited for entrepreneurial activity in Armenia.
- Validity: Issued for 5 years, renewable for the same period. Extension must be applied for at least 30 days before the permit's expiration.

Site Selection

Criteria

- Zoning and land use permissions (industrial, commercial, or mixed-use).
- Proximity to infrastructure (utilities, transport corridors, data networks).
- Talent availability, cost structure (rent, utilities), and neighborhood amenities.

Tools & Portals

- Government-Backed Portals: Armenian National Interests Fund, Invest in Armenia, property

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marketplaces listing available industrial zones and buildings.

- Support: Site visits coordinated via the Ministry of Economy or SEZ operators; fast-tracked for strategic and high-value projects.

Market & Trade Intelligence Tools

A robust investment strategy in Armenia increasingly leverages digital analytics, real-time trade data, and contact-mining platforms. While optional, these turnkey tools can enhance decision making, due diligence, and partner identification for foreign investors.

Customs-Declaration Analytics

Overview

- Purpose: Provides near real-time visibility into Armenia's import/export activity by sector, commodity, geography, and value trends.
- Providers: The Armenian State Revenue Committee offers dashboards; commercial providers (e.g., ImportGenius) aggregate shipment data at HS code and company levels.

Use Cases

- Demand Mapping: Track volumes and sources of key inputs, identify high-growth export subsectors.
- Pricing Trends: Monitor both local and global price benchmarks for raw materials and finished goods.
- Competitor Watch: Analyze shipment patterns of major competitors and potential joint-venture partners.

Importer/Supplier Contact Mining

Business Intelligence Tools

- Government Registries: Transparent company registers with contact details, directors, and shareholders for all Armenian entities.
- Commercial Platforms: ADAMftd, Kompass, and LinkedIn for advanced searches by industry, export records, and legal standing.
- Chamber Membership Lists: Armenian Chamber of Commerce maintains up-to-date lists for key sectors.

Applications

- Supplier Verification: Confirm reliability/history of prospective suppliers/exporters.
- JV & B2B Target List: Assemble contact databases for business matching, joint ventures, and procurement.

Due-Diligence Dashboards

Turnkey Offerings

- Know Your Customer (KYC): Tools aggregate sanction, litigation, licensing, and export violation data.
- Financial Health: Integrate third-party credit scores, balance sheets, bankruptcy reports, and tax compliance status.
- Litigation History: Armenia's e-Justice Portal enables quick civil/criminal litigation checks.

Practical Steps

- Government data (State Registrar, tax filings) is public and available for nominal fees.

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- Most large banks, investment funds, and law firms supply bundled due-diligence packages for investors.

Utilizing Digital Tools for Investment Decisions

Practical Workflow

- **Market Sizing:** Use customs/statistical tools to estimate sector trends.
- **Partner Screening:** Filter candidates via business registries, online databases, and KYC services.
- **Price Benchmarking:** Leverage global and regional aggregation platforms.
- **Ongoing Monitoring:** Subscription dashboards for risk alerts, trade shifts, and regulatory updates.

Local Support

- The Ministry of Economy provides free/facilitated access for registered investors.
- International advisory firms, trade chambers, and embassies also offer curated data and “warm introduction” services.

Case Studies – Success Stories Across Sectors

Real-world examples showcase the breadth of foreign direct investment success in Armenia, reflecting proven gains in ICT, energy, and agribusiness. Each profile illustrates key drivers, partnership structures, and the impact of Armenia’s reforms and unique value proposition.

ICT: Picsart (Digital Startup to Global Player)

Overview:

Founded in Yerevan, Picsart has grown into a global leader in mobile photo editing, now valued at over \$1 billion (“unicorn”).

- Investment Highlights: US investors joined via Series A and B, leveraging Armenia’s software engineering talent and cost competitiveness.
- Ecosystem Enablers: Armenia’s IT tax incentives, support from the TUMO Center for Creative Technologies, and streamlined company registration.
- Impact: Global user base (over 150 million MAUs), research hubs in Yerevan and San Francisco, and ongoing investment in local STEM education.
- Sources: Picsart IPO filings; Ministry of High-Tech Industry; TechCrunch.

Energy: Masrik-1 Solar Power Plant

Overview:

Masrik-1 is Armenia’s first utility-scale solar power project, co-invested by the Netherlands’ FMO and Spain’s Acciona Energia.

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- Investment Highlights: Over \$50 million FDI, with technology transfer, project finance via international banks, and concessional loans from the EBRD and World Bank.
- Incentives: 20-year power purchase agreement (PPA) with state utility, VAT exemption on imported solar panels, and priority grid access.
- Impact: Provides clean energy for 20,000+ households, establishes Armenia as a Caucasus clean energy leader.
- Sources: EBRD Project Summary; FMO; Renewable Energy World; Armenian Ministry of Energy.

Agribusiness: Karas Wines

Overview:

Karas Wines combines Armenian terroir with international investment (Argentina and US-based Armenians) for premium wine exports.

- Investment Highlights: FDI was channeled into modern vineyards, Italian equipment, and European certifications.
- Government Support: Land lease facilitation, branding grants, and international trade fair support.
- Impact: Entry into over two dozen export markets, award-winning products, increased local employment, and recognition for Armenian wines worldwide.
- Sources: Karas Wines media kit; Armenia Wine & Vine Foundation; Decanter Magazine.

Agribusiness: Grand Candy

Overview:

As the largest confectionery producer in Armenia, Grand Candy has attracted foreign strategic investors and modernized supply chains since the 2000s.

- **Investment Highlights:** Foreign equity infusion led to cutting-edge manufacturing lines, export expansion to Russia, Georgia, and EU markets, and the development of Armenia's first HACCP-certified plant.
- **Incentives Leveraged:** VAT exemptions for new equipment, government grants for food safety certification, and trade preferences under EAEU.
- **Note:** Since 1 January 2022, Armenia stopped benefiting from the EU Generalised System of Preferences (EU GSP+) following reclassification as an upper-middle income country. Armenia currently benefits from Swiss and Norway GSP schemes.
- **Impact:** Tripled exports, several hundred new jobs, and an expanded retail network regionally and internationally.
- **Sources:** Company press releases; Armenia Investment Promotion Agency; Swiss and Norway GSP scheme utilization reports.

Services & BPO: Ameriabank

Overview:

Foreign investment into Armenian finance has spurred digital transformation and cross-border growth.

- **Impact:**
- **HSBC Armenia:** Opened first digital-only branch, bringing global digital banking services to Armenia.

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- Ameriabank: IFC and EBRD shareholdings led to green finance, SME lending, and international trade facilitation products.
- Sources: Ameriabank/HSBC Armenia annual reports; IFC/EBRD project disclosures.

Tourism: Radisson Blu Hotel, Yerevan

Overview:

Nordic-HotellInvest's entry, via the Radisson Blu brand, demonstrates FDI in premium hospitality.

- Incentives: Preferential land leases, accelerated construction permits, and FEZ support for staff training.
- Impact: International tourist arrivals up, multiplier effect on local suppliers, and global branding for Yerevan.
- Sources: Radisson Blu Press Releases; Ministry of Economy of RA; UNWTO.

Cultural & Business Etiquette

Succeeding in Armenia hinges not only on financial acumen, but also a nuanced understanding of local business culture. Strong interpersonal ties, respect for hierarchy, and clarity in communication help build trustful, productive partnerships.

Negotiation Styles

- **Relationship-Oriented:** Personal trust is foundational in Armenian business—expect to invest time in face-to-face meetings and informal conversations before closing a deal.
- **Indirect Communication:** Decisions may be influenced “between the lines” and in social contexts. Politeness and tact are valued over confrontation.
- **Hierarchy & Seniority:** Key decisions are made by senior executives or owners; junior staff might not have decision-making power.
- **Pace:** Negotiations can be relatively slow compared to Western norms, with additional time devoted to building rapport and consensus.

Decision-Making Protocols

- **Consensus & Leadership:** Formal hierarchies are common; while group discussion is valued, the final decision typically rests with owners/founders or senior management.
- **Documentation:** Contracts are critical. Good-faith verbal deals carry less weight; comprehensive paperwork is expected, especially with international partners.

Workweek & Holidays

- Standard Workweek: Monday–Friday, typically 9:00am–6:00pm. Business meetings are rarely scheduled for weekends or after hours.
- Public Holidays (2024 Example):
- New Year's (Jan 1–2)
- Armenian Christmas (Jan 6)
- International Women's Day (Mar 8)
- Genocide Remembrance Day (Apr 24)
- Independence Day (Sep 21)
- Several religious/national observances (total: ~12 non-working days/year)
- Planning Tip: Holiday dates are fixed; it is strongly advised to confirm scheduling in spring and early autumn to avoid long holiday absences.

Language & Communication Tips

- Official Language: Armenian is the state language. Russian is widely spoken, particularly in business and technical circles; English is increasingly common, especially among young professionals and the IT sector.
- Business Cards: Dual-language (Armenian/English or Armenian/Russian) cards are appreciated.
- Correspondence: Written communication should be polite, formal, and free of ambiguity. Avoid slang or humor in early-stage business exchanges.
- Meetings: Punctuality is expected, though meetings may begin with informal conversation. Dress is typically business formal for initial encounters.

Social Protocols

- Hospitality: Business often involves sharing coffee or meals—refusing an invitation can be considered impolite.
- Gift-Giving: Modest gifts (wine, sweets, items from your country) are welcome, especially for important introductions or milestones.

Key Contacts & Resources

A successful investment journey in Armenia is greatly enhanced by connecting with central government agencies, advisory bodies, and sector networks. This section provides authoritative contact points and resource links for streamlined entry, due diligence, and ongoing operations.

Investment Promotion & Facilitation

Enterprise Armenia (Investment Support Center)

- Services: Export facilitation, market entry strategies, and investment project matchmaking.
- Website: enterprisearmenia.am
- Contact: info@enterprisearmenia.am | +374 10 201 200

Armenian National Interests Fund (ANIF)

- Role: Armenia's official investment promotion and project facilitation agency, supporting foreign investors from initial inquiry to aftercare.
- Website: anif.am
- Contact: info@anif.am | +374 12 231 300

Ministry of Economy – Business Environment Department

- Services: FDI counseling, incentive application assistance, FEZ operator approvals, investment climate briefings.
- Website: mineconomy.am
- Contact: secretariat@mineconomy.am | +374 11 597 131

Export Promotion & Trade Support

Armenian Development Agency (ADA)

- Focus: International business connections, trade delegations, export promotion missions.
- Website: ada.am
- Contact: info@ada.am

Chambers of Commerce & Sectoral Networks

Chamber of Commerce & Industry of Armenia

- Role: Business networking, B2B events, legal support.
- Website: armcci.am
- Contact: info@armcci.am | +374 10 560 215

American Chamber of Commerce in Armenia (AmCham)

- Focus: Advocacy, networking for US and international investors, sector working groups.
- Website: amcham.am

French-Armenian Chamber of Commerce & Industry (CCIFA)

- Website: ccifa.am

German Business Association (DWV Armenia)

- Website: dvv.am

Site Selection & Local Authorities

- Local Economic Development Offices: Each region's government has a focal point for investment facilitation—lists available at gov.am.
- Property Portals:
 - property.am (commercial & industrial listings)
 - realestate.am
- FEZ Operators:
 - Alliance FEZ: fez.am
 - Meghri FEZ: meghrifez.am
 - Ecos FEZ: fez.ecos.am/am
 - Myler FEZ: fez.myler.am/

Legal, Tax, and HR Advisory

- Major Law Firms: TK & Partners, Ameria Legal, Concern Dialog, K&P Law.
- Tax Advisors: PwC Armenia, Grant Thornton Armenia, KPMG Armenia.
- HR Firms: Staff.am, Cascade People & Business.

Quick Reference Table

Resource	Area of Support	Website
ANIF	Investment Promotion	anif.am
Ministry of Economy	Policy, FEZ, Incentives	mineconomy.am
Enterprise Armenia	Investment Promotion, Export, project support	enterprisearmenia.am
Chamber of Commerce & Industry	Networking, legal	armcci.am
Property Portals	Site selection	property.am
Major Law & Tax Firms	Legal/Tax Advisory	tk.partners, pwc.com/am

International & Donor Organizations

- IFC/World Bank, EBRD, UNDP, and other multilaterals maintain country desks and business advisory units accessible to foreign investors seeking funding, PPPs, or policy advice.

Why Now Is the Right Time

Today's Armenia offers a rare convergence of macroeconomic momentum, regional opportunity, and government commitment that make it an exceptional destination for foreign direct investment. This chapter summarizes the most urgent and favorable drivers for investors in 2024–2025.

Strong Post-Pandemic Rebound

- **Double-Digit GDP Growth:** Armenia led the wider region in economic recovery, with GDP rebounding over 12% in 2022 and sustained growth above 7% in 2023.
- **FDI Surge:** Record inflows in the past two years, with investments not only from traditional partners (Russia, EU) but a wave of new entrants in tech, renewables, and manufacturing.
- **Export Boom:** Trade volumes have expanded by more than 50% since 2021, signaling robust external demand and export diversification.

Major New Incentives & Economic Zones

- **Upgraded FEZs & Industrial Parks:** Multiple new and expanded FEZs across Yerevan, Meghri, Aragatsotn and Kotayk, targeting sectors from IT and tourism to logistics and green tech.
- **Enhanced Incentive Packages:** Extended corporate tax holidays, improved R&D credits, and new grant programs for high-value-added industries.
- **Leap in Digital Government:** Nearly all registration, licensing, and customs services are now online,

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enabling quick and transparent entry for foreign investors.

Regional and Global Connectivity Gains

- EAEU & EU Market Access: Combined access to the Eurasian customs union (184M consumers).
- Note: Since 1 January 2022, Armenia no longer benefits from the EU's GSP+ regime after being reclassified as an upper-middle income country. Armenia currently benefits from Swiss and Norway GSP schemes.
- New Trade Corridors: Upgrading of North-South and East-West routes, with more reliable access to Georgian ports and the Iranian market.
- Air Connectivity: Growth in direct international flights and air cargo capacity via Zvartnots and Shirak airports.

Labor, Innovation & Startup Environment

- Up-skilled Talent Pool: Record-high enrollments in STEM, entrepreneurship, and language programs. A vibrant startup scene backed by public and diaspora funding.
- IT & High-Tech Leap: The IT sector now exceeds 5% of GDP, with global unicorns (Picsart, Krisp) and top engineering talent available at a fraction of Western costs.
- Diaspora Engagement: Strategic programs enable global Armenian investors/entrepreneurs to partner with locals for technology transfer, market expansion, and mentorship.

Predictable, Pro-Business Policy

- **Rule of Law:** Modern, predictable regulatory system—faster dispute resolution, strong IP and data protection, and robust anti-corruption reforms.
- **Ease of Doing Business:** Ranked among the region’s top for business setup, licensing, and property registration.
- **Banking Stability:** A sound, well-capitalized and internationally integrated banking sector supports foreign investors with competitive loans, FX, and trade finance.

Multisector Opportunity

- **Manufacturing:** Critical-mass clusters in food, textiles, precision engineering, supported by FEZ economics.
- **Renewable Energy:** Solar, hydro, and wind now at the top of new FDI pipelines; world-scale projects with multilateral backing in execution.
- **Tourism Rebound:** International arrivals and hotel occupancy have not only recovered—they have hit all-time highs.
- **Agro-Export Potential:** Premium food and wine exports leverage Armenia’s historic “brand” and modern food safety systems.
- **Financial Services:** Entry of green and digital finance, regional BPO centers, and international banks.

Geo-Political Leverage

- **Bridge Between Markets:** Armenia’s neutral diplomacy and multi-vector foreign policy safeguard open trade and access—even amid regional tensions.

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- Peace Initiatives and Integration: Prospects for normalized relations with neighbors (notably, Turkey and Azerbaijan) could unlock new corridors, supply chains, and investment flows.

Bullet Point Summary: Why Invest in Armenia Now?

- Unprecedented GDP and trade growth; stable, forward-looking economic policy
- Comprehensive incentives and lower costs across FEZs, industry, and R&D
- Access to major regional markets (EAEU, EU, Middle East)
- World-class human capital—deep STEM/IT pool, trilingual proficiency
- Digitized, “one-stop” government for all major procedures
- Diaspora and institutional support for funding, partnership, and scaling
- Emerging logistics, energy, and tourism sectors—drivers for next-decade returns

The next two years represent a window of opportunity to access a growing, European-standard market at favorable entry costs and risk levels. Investors who act now will capture the first-mover advantages of Armenia’s unique growth cycle.

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