**Armenia** 

Armenia is an ancient state and was the first country to assume Christianity as official state religion. Shortly after gaining the independence 1991 a war with the eastern neighbour Azerbaijan started – about the Azeri enclave Nagorno-Karabakh. Since the cease-fire 1994 the enclave is controlled by Armenia, but the conflict is far from solved. The relation between the countries is still hostile and there are constant skirmishes at the border. Also the relations with the large neighbour to the west, Turkey (which also is a close ally to Azerbaijan), are historically constrained after the Ottoman genocide 1915-1920, when closer to 2 million Armenians were killed.

Russia is the good ally that in different ways supports Armenia, not least economically with support loans and good trade relations. There are also many Armenians living and working in Russia. Armenians are also spread in many other parts of the world, not least in the USA. Large remittances from these Armenians abroad are essential to improve the situation in the economy. However the economic downturn in Russia – the main trading partner and the main source of remittances – is pressing down the economic growth and has caused the currency (Dram, AMD) to depreciate significantly.

It will be a continued focus on geopolitical issues, where relations with Turkey will be crucial and where the relations with an economically stronger (and vengeful) Azerbaijan risk to become more strained. EU is also involved in increased co-operation.

Key facts (Sources: IMF, World Bank, The Economist, Business Monitor Int´l, ArmStat)

 2014 2015e 2016f 2017f

Population (mn) 3,0 3,0 3,0 3,0

GDP (nom.; USD, bn) 10,9 10,3 11,2 12,0

GDP-growth, real (%, y-o-y) +3,4 +1,2 +2,5 +3,4

GDP/capita (USD) 3.645 3.437 3.700 4.000

Budget balance (% of GDP) -2,0 -4,5 -4,6 -4,3

Inflation (CPI; e-o-p, %) 3,0 6,1 5,0 4,4

Export (USD, bn) 3,3 3,5 3,9 4,3

Import (USD, bn) 5,5 5,8 6,3 6,9

Balance of trade (USD, bn) -2,2 -2,3 -2,4 -2,6

Current account (USD, bn) -0,8 -0,8 -0,9 -0,9

Current account (% of GDP) -7,8 -7,9 -7,8 -7,6

Foreign reserves (USD, bn) 1,5 1,7 1,5 1,5

Total external debt (USD, bn) 9,3 10,0 11,1 11,9

Total external debt (% of GDP) 85,7 97,2 99,1 99,0

Exchange rate (AMD/USD) 474.49 470 468 475