
Global Crisis, Russian-Georgian Conflict, Armenian Elections Influence GDP Growth Last Jan-Nov

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The global crisis, Russian-Georgian conflict and the elections in Armenia caused a GDP growth slowdown in Armenia last January-November 2008.

At his meeting with journalists, Souren Poghosyan, Head of the Securities Department, Yerevan State Economic University, pointed out that 7.2% GDP growth was registered in Armenia last January-November, the lowest index since the year 2000, whereas the annual GDP growth was 12.6% in the country from 2001 through 2007.

"In a sense, the low economic growth rates were the result of the global economic crisis, though we must not attribute everything to the crisis alone, because last year was an election year, and there were much higher political risks in the country," Poghosyan said.

Among other factors he included the Russian-Georgian conflict, which raised the investment risks in the country.

The expert believes that Armenia was hardly affected by the crisis at the first stage due to the fact it was not participating in the securities market.

"The influence of the economic crisis is very difficult to determine now, but it must have influenced Armenia, and we should consider its further effects on the country," Poghosyan said.

He pointed out the financial and economic systems as key ones to be affected by the crisis.

Financially, Poghosyan pointed out the importance of special attention to inflationary and deflationary pressures, price changes and their influence on Armenia, the banking sector, securities market, where, if insignificant, the influence is present.

>From the macroeconomic point of view, the crisis may influence the metal mining industry, construction, tourism. It may cause a decrease in private money transfers from Russia and in direct foreign investments. However, the effect of the crisis on the macroeconomic indicators is yet difficult to forecast.

The GDP growth in Armenia budgeted for 2008 is 10%.

The economic growth was 5.9% in Armenia in 2000, 9.6% in 2001, 13.2% in 2002, 14% in 2003, 10.5% in 2004, 14% in 2005, 13.4% in 2006 and 13.7% in 2007.
