
Armenia sees robust growth despite crisis, regional tensions

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The Armenian parliament on Thursday approved a state budget that forecasts only a small drop in economic growth despite the global financial crisis and regional instability.

The budget forecasts economic growth of 9.2 percent in the ex-Soviet republic next year, only slightly down from this year's forecast 10 percent.

Prime Minister Tigran Sarkisian told lawmakers the budget "gives preference to macro-economic and financial stability, which will strengthen our country's immunity in conditions of economic crisis."

The budget puts revenues at 2.9 billion dollars (2.2 billion euros) and expenditures at 3.1 billion dollars (2.3 billion euros). Social spending will account for 47.2 percent of the budget while defense and security will take 22.4 percent.

Inflation is forecast at four percent and the minimum monthly wage will rise to 100 dollars (77 euros) per month as of January 1.

The budget was approved by a vote of 81-5.

Armenia's economy, fuelled by its booming construction and service sectors, grew 13.8 percent in 2007 after an average of 12.6 percent in the previous three years.

Armenia's recent growth comes despite it being landlocked, short of natural resources and having fraught relations with two neighbouring states.

Turkey and Azerbaijan have imposed economic embargoes and cut off relations with Yerevan over its backing of ethnic Armenian separatists in Azerbaijan's breakaway region of Nagorny Karabakh.

Growth rates were expected to fall due to the global financial crisis and aftershocks of the war in August between Russia and neighbouring Georgia, which raised fears of instability in the region and disrupted regional trade.
