
IMF Announced Statement Concerning Armenia

RIA OREANDA, Russia

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Yerevan. OREANDA-NEWS On 28 November was announced, that Mr. Murilo Portugal, Deputy Managing Director of the International Monetary Fund (IMF), issued the following statement in Yerevan at the conclusion of his visit to Armenia during November 21-22:

"I am pleased to be in Armenia for the first time. The main purpose of my visit has been to participate in the commemoration of the 15th anniversary of the dram.

"In this context, I had the privilege to meet the President and the Prime Minister, as well as the Minister of Finance, the Chairman of the Central Bank of Armenia, and other representatives of the government and parliament. We had very productive discussions, and I would like to thank the Armenian authorities for their warm welcome and excellent hospitality.

"I have been very impressed by the performance of the Armenian economy over the last several years. Armenia has achieved high GDP growth, low inflation, and a significant reduction in poverty.

"I am pleased to note that economic performance has remained strong during the last few months, when the global financial crisis has worsened. The impact of the crisis on Armenia has been limited.

"The Armenian banking system continues to perform well. Financial soundness indicators do not indicate significant vulnerabilities. The banking sector remains profitable and well-capitalized, nonperforming loans are low, and the overall level of liquidity is still comfortable. Banks continue to receive capital inflows from international investors.

Remittances have grown quite rapidly.

As most of these inflows come from Russia, the continued growth of remittances will remain closely linked to economic developments in Russia.

"Inflows of foreign direct investment (FDI) also remain strong, and there are no indications that any planned investment projects have been cancelled.

"Falling food and oil import prices should benefit Armenian consumers. At the same time, Armenian exports of base metals may suffer from lower international prices.

"The IMF is pleased to have been able to support Armenia's economic reform program over the last few years, and we will continue to do so. On November 17, the IMF Executive Board approved a new three-year IMF program under the Poverty Reduction and Growth Facility. Under the new program, Armenia will be eligible to draw SDR 9.2 million or about USD 14 million over the next three years, at an annual interest rate of 0.5 percent. The main purpose of the program is to signal the IMF's continued support for Armenia's macroeconomic policies and structural reform agenda in the country's transition to emerging market economy status, thus facilitating Armenia's integration into the world economy.

"I am encouraged by the meetings held yesterday and today. I sensed strong

ownership of reforms, which is good for Armenia's continued economic success. The IMF stands ready to assist Armenia with policy and technical advice, as well as financial support in implementing its reform agenda, and I wish the authorities success in this endeavor."
