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## **PM : In conditions of global crisis, pass to cruelest economy regime**

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In conditions of the global economic crisis and worsening of the economic situation in the country, the Armenian government should pass to the cruelest saving of the public funds, Prime Minister of Armenia Tigran Sarkisyan said at the government Thursday session in view of the decision on reallocation of the budget revenue and expenditure, 2009.

The prime minister said the world economy experiences decay, so, the government should be ready to implement the worse development scenario. "In the crisis conditions we have to save and make as much expenses as we can collect taxes", the PM said. In view of worsening of the economic situation in Armenia, the country's government made a protocol decision on Thursday on reallocation of the most risky budget revenue and expenditure from early to late, 2009, Finance Minister of Armenia Tigran Davtyan said at the briefing held after the government session. According to him, as a result of the analysis over the first-two months, the Finance Ministry has calculated that the State Treasury may receive less than one is due - 131 bln drams of revenue (\$354 mln at the current average rate). The government decided to reallocate this revenue from the 1-3 quarters to the 4th quarter. The minister also said the tax receipts to the country's budget over January-February reduced as compared with the similar period, 2008, and made up less than the scheduled level. So, the tax receipts over January, 2009, reduced by 5 bln drams against January, 2008, and the receipts over February - by 10 bln drams. "Development of the global economic situation does not give rise to an optimism, so, the government resolved to reallocate the most risky revenue", the minister said.

The budget expenditure for 2009 at the amount 93 bln drams (\$251 mln) will be also redistributed by the end of the year. He means revisiting of expenditure for business trips, buying of the movable property and real estate and holding of some state events. The protected articles of the budget will not change, mainly for defence and social needs, the minister said. He assured that salary of the budgetary sphere workers will not change. Davtyan added that this decision of the government will not touch fulfillment of the big pan-Armenian projects in 2009, in which the government takes part. He means construction of the new nuclear power block, Iran-Armenia railway and creation of Pan-Armenian Bank.

He declined to predict further development of Armenian economy in the present conditions, but beginning from March the government is expecting certain growth of the business activity and tax revenues in the budget. Davtyan also said that the approved credits of the IMF \$540 mln and of the WB \$525mln for the next four years, as well as the expected stabilizing credit of Russia \$500 mln will help Armenia overcome consequences of the world crisis. Armenia has a good potential to resist the crisis because of the low plan on deficit of the budget 2009 in an amount less than 1% GDP and low external state debt, which does not exceed 14-15% of the GDP.

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