
IMF Warns Of More Trouble For Armenian Economy

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Armenia's macroeconomic performance could worsen further in the coming months because of a deepening fallout from recession in Russia, a senior official from the International Monetary Fund warned on Friday.

The Armenian economy contracted by 3.7 percent in the first two months of this year after more than a decade of robust growth. Armenian exports collapsed by as much as 45 percent in this period not least because of a sharp fall in international prices for metals and minerals, the country's number one export items.

Other Armenian exports such as food products have suffered as a result of decreased demand in Russia, their main market. Russia is also the main source large-scale cash remittances sent home by hundreds of thousands of Armenians working abroad. The volume of those remittances has dropped significantly in recent months, also affecting the economic situation in Armenia.

According to Masood Ahmed, director of the IMF's Middle East and Central Asia department, the knock-on effects of the Russian recession on the Armenian economy have yet to manifest themselves in full. 'This is a moment, if you like, when we need to have a contingency plan to prepare for a further worsening of the economic situation,' he said during a panel discussion in Yerevan.

The Armenian government is trying to reduce the effects of the global downturn with increased spending and state assistance to local companies. It is seeking hundreds of millions of dollars in loans from various international institutions for that purpose. One such loan worth \$540 million was approved by the IMF last month.
