

The Impact Of The Crisis Grows

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Export Suffers In The First Place

It is evident that this year Armenia's economic growth will stop being two-digit. According to the data of the previous 10 months it was 9.2%, as compared to the 13,3% of the same period of a year before. The economic growth became slower in the conditions of the world financial crisis.

Though at this stage the crisis passed round Armenia's banking system, anyhow it is having a greater impact on our economy. In the first place it is expressed on the foreign-oriented branches. In parallel with the decrease of demand in the foreign market, non-payments are also noticed, which will simply lead to the emergence of new difficulties in the organization of the reproduction sphere.

To mitigate the fall created as a consequence of the economic crisis, in December the Central Bank reviewed its re-funding interest rates. It was reduced by 0,5%.

From the beginning of the year it is the first attempt of reducing the re-funding interest rates. Before that, to mitigate the impact of the unprecedented increase of prices in the world goods-markets on the internal market and not to allow a greater level of price increase, almost every month the Central Bank raises the re-funding interest rates: from 4,5% it reached 7,75%.

We should also underscore that this way the quantity of money regulates in the internal market. The decrease of interest rates assumes devaluation of money, which, being conditioned by the mitigation of the pressure of foreign price-increase, meanwhile has positive impact on the economy, as cheaper financial resources are being involved.

While the government and the Central Bank are taking actions to mitigate the influence of the world crisis it gradually swallows new branches of economy.

After mining-industry export-orientated companies are also starting to face the same problem, for example Vanadsor chemical factory, the production of which was successfully realized in the foreign markets.

The majority of corundum and carbide, around 95%, was realized in foreign countries. During the recent times, because of almost double collapse the company has decided to quit the production of these stuffs, because in the condition of the existing prices it is not beneficial. Though by now they have managed to avoid job cuts, the company has sent 350 employees to an obliged leave.

Because of the fall of prices in the international market more than 300 employees were sent to an obliged leave in Alaverdy copper-reprocessing factory.

The companies engaged in the export sphere have already collided with the problem of non-payment, which will also lead to the reduction of volumes. The entrepreneurs can't get their money on time for the exported goods, which makes difficult the organization of re-production and creates lack of financial means.

Gradually the production of drinks is appearing in the same situation. This product is mainly exported to Russia, where as we know financial crisis is profound and has already had a very strong influence.

New companies are emerging in the sphere of information technologies that have direct connection with the foreign markets, which due to the absence of order either don't work or have appeared in obliged leave. This sphere, which is striking for the high salaries, has started job cuts.

These tendencies have serious grounds to become more profound in the different spheres of economy, which can lead to social tension, if they don't take actions to create new working places. Especially because the crisis firstly has a bearing on macro entrepreneurs, with lots of employees.

Around 8 thousand people work only in four factories of the sphere of mining industry, which due to more than dual fall of the prices of copper and molybdenum have appeared in a critical situation.

The existing economic situation has direct influence on export. Only in October the export has reduced by 15%.

There is a reduction of demand in the internal market as well. If in the beginning of the year, even in the conditions of the abrupt price-rise the import in Armenia increased by 20-30%, at the moment the growth has stopped. In October the import almost didn't increase. And this is in case when every year beginning from that month the importers are getting prepared for New Year trade and they import big amount of goods.