
WB : AMD Depreciation Help Armenian Producers

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YEREVAN, March 4. /ARKA/. Aristomene Varoudakis, WB Country Manager, believes that the AMD depreciation will help Armenian producers.

The exchange rate corrections will help Armenian companies increase their exports and help the ones affected by the situation increase their profits, Varoudakis told reporters.

He pointed out a decrease of 24.5% in Armenia's exports this January, one of the causes being the worse economic situation in the world, particularly in the Commonwealth of Independent States (CIS) and European Union (EU), which are Armenia's major trade partners.

This is going on against the forecasts of a decrease in the world trade this year.

Another problem is that the world prices for the products exported from Armenia - furniture and molybdenum - have fallen, which affected the companies' profits.

On the other hand, the new exchange rate will help the companies competing on the market - imported products will be more expensive, which will help the Armenian companies ensure competition. Varoudakis finds it difficult to make accurate forecasts of an increase in exports as a result of the exchange rate corrections.

He pointed out that the WB advised the CBA to return to the floating rate regime long ago.

Yesterday morning the CBA Board took into account the gradually worsening trade conditions amid the present global economic and financial crisis, as well as lower capital flow rates, and decided to restrict its interventions in the currency market thereby reverting to its floating exchange rate policy. CBA experts believe that the USD average exchange rate will be 360-380 AMD/\$1 this year.

This January Armenia's foreign trade turnover showed an annual decrease of 24.5% and reached 77.9bln AMD or \$254.3mln.

Armenia's exports totaled 10.4bln AMD (\$34.2mln) - a decrease of 43.9%. Imports totaled 67.5bln AMD (\$220.1) - a decrease of 20.2%.

Thus the unfavorable foreign trade balance reached 57.1bln AMD (\$185.9mln), or 56.7bln AMD (\$184.1mln) without humanitarian cargoes.
