
Armenian Economy 'Freest In CIS'

By Ruben Meloyan

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Armenia continues to boast the freest economy in the Commonwealth of Independent States, according to an annual report released Tuesday by the conservative U.S. Heritage Foundation and 'The Wall Street Journal.'

Their 2009 Index of Economic Freedom around the world rates 179 countries on 10 economic factors like trade barriers, property rights, taxes and market regulations. Armenia is 31st in the rankings, ahead of all other CIS nations and even European Union countries such as France and the Czech Republic. Its overall performance is unchanged from the previous survey released a year ago.

'Armenia rates significantly higher than the average country in eight of the 10 freedoms,' reads the latest Heritage/WSJ survey. 'Commercial regulations are flexible and relatively simple. Low tax rates and moderate government spending contribute to an impressive degree of fiscal freedom. There are few restrictions on foreign investment, and banking is wholly private and well regulated.'

Its authors noted at the same time that 'widespread corruption' and weak protection of property rights continue to hamper economic activity in Armenia. 'Although a number of reforms have been introduced during the past four years, corruption remains a problem in such critical areas as the judiciary, tax and customs operations, health, education, and law enforcement,' they said.

Local analysts have long treated these largely positive assessments of economic freedom in Armenia with a degree of skepticism. They argue that the Heritage/WSJ surveys focus on the existence of business-related laws and regulations, rather than their enforcement by the government.

Government connections remain essential for engaging in large-scale economic activity in the country. Some lucrative sectors of its economy have been effectively monopolized by wealthy businesspeople close to the government. And Armenian courts still rarely make decisions going against the will of the executive branch.

'I think we should not pay too much attention to these ratings because there are much more important indicators that are not being talked about,' said Suren Poghosian, a senior professor at the Yerevan Economics University. 'Take the indicator of the competitiveness of the Armenian economy, for example. We have a much more grim picture here.'

Gagik Aghajanian, the executive director of the Apaven cargo shipment company, pointed to 'serious problems' with the enforcement of Armenian laws. 'A lot of work needs to be done to ensure that engaging in business is easy and beneficial in this country,' he told RFE/RL. 'For example, there is an outflow of capital from Armenia to Georgia, and everyone is aware of that.'

That Armenia's investment climate leaves much to be desired is acknowledged by the government and Prime Minister Tigran Sarkisian in particular. Speaking at a cabinet meeting last week, Sarkisian pledged to take 'radical' measures to improve it. Those, he said, will include a much tougher crackdown on tax evasion by large companies.

"It Is A Mistake To Consider Armenia Partially Free"

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According to head of the Vanadzor office of the Helsinki Citizen's Assembly Artur Sakunts, the Freedom House evaluation of Armenia doesn't correspond to reality.

According to Sakunts, Armenia is not a partially free country as stated in the evaluation of Freedom House this year; rather, it is completely not free.

Artur Sakunts listed a number of conditions that allow him to disagree with the evaluation given by the Freedom House experts, including prohibition of rallies for the opposition, ban on marches and demonstrations, as well as limits set on freedom of speech and use of electronic media.

"There is a large scale of violations in Armenia, including assaults against political prisoners and others regardless of political views, as well as average citizens. It is simply a mistake to consider Armenia half-free when there are political prisoners," Artur Sakunts goes on to say.

According to the Freedom House international law defense organization, there was a decline in freedom last year in Armenia. Last year, Armenia's reputation went down in terms of political rights. As stated in the "Freedom in the World-2009" report, it is due to the events that took place in the wake of the February 19 presidential elections.

Artur Sakunts believes that the decline in reputation in terms of political rights was registered before and not after the presidential elections.

"There has been no freedom in Armenia since the state overturn in 1998 and it reached the peak on March 1," said Sakunts.

Freedom House has observed 193 countries of which 89 were considered free, 62 were partially free, while 42 were not free countries. Georgia and Turkey were considered partially free, while Azerbaijan is not a free country. Russia was also considered as not a free country, while Ukraine is in the list of free countries.
