



MINISTRY OF ECONOMY  
OF THE REPUBLIC OF ARMENIA

# INVESTMENT POLICY STATEMENT ON FOREIGN DIRECT INVESTMENT IN ARMENIA

JANUARY 2025

This Investment Policy Statement on Foreign Direct Investment in Armenia was developed with the support of the Financial Times (Overseas) Limited

# CONTENTS

1. INTRODUCTION.....	5
2. GLOBAL FDI TRENDS .....	5
3. ARMENIA’S FDI PERFORMANCE.....	8
4. CONTRIBUTION OF FDI TO ARMENIA’S ECONOMY.....	9
5. FDI POLICY OBJECTIVES.....	11
6. FDI POLICY FRAMEWORK.....	11
7. TRADE AND INVESTMENT AGREEMENTS.....	14
7.1 EUROPEAN UNION.....	14
7.2 FREE TRADE AGREEMENTS.....	14
7.3 INVESTMENT AGREEMENTS .....	14
8. STRATEGIC FOCUS .....	15
8.1 SECTORS AND ACTIVITIES .....	15
8.2 SOURCE MARKETS (GEOGRAPHIC) .....	16
9. NURTURING OUR KEY DIFFERENTIATORS.....	17
9.1 SKILLED AND COST COMPETITIVE WORKFORCE .....	18
9.2 POLICY ENVIRONMENT FOR PRIVATE SECTOR INVESTMENT SUPPORT .....	19
9.3 EXPANDING MARKET ACCESS AND STRATEGIC LOCATION .....	20
10. COMPETITIVENESS RANKINGS AND POLICY .....	20
10.1 OPERATING COSTS.....	20
10.2 INFRASTRUCTURE AND ACCESSIBILITY.....	21
10.3 GENERAL BUSINESS ENVIRONMENT .....	22
10.4 LABOR AVAILABILITY AND QUANTITY .....	23
11. INVESTMENT PROMOTION .....	24
12. EFFECTIVE POLICY EXECUTION .....	26

## ACRONYMS

<b>BIT</b>	Bilateral Investment Treaty
<b>CEPA</b>	Comprehensive Economic Cooperation Agreement
<b>EAEU</b>	Eurasian Economic Union
<b>ECA</b>	Eastern European and Central Asia
<b>EU</b>	European Union
<b>FDI</b>	Foreign Direct Investment
<b>FTA</b>	Free Trade Agreement
<b>GCFC</b>	Gross Fixed Capital Formation
<b>GDP</b>	Gross Domestic Product
<b>ICT</b>	Information and Communications Technologies
<b>IPA</b>	Investment Promotion Agency
<b>IT</b>	Information Technology
<b>M&amp;A</b>	Mergers and Acquisitions
<b>MNC</b>	Multinational Corporation
<b>OECD</b>	Organization for Economic Co-operation and Development
<b>PPP</b>	Public-Private Partnership
<b>R&amp;D</b>	Research and Development
<b>SWF</b>	Sovereign Wealth Fund
<b>STEM</b>	Science, Technology, Engineering, and Mathematics
<b>USAID</b>	United States Agency for International Development

# FORWARD

Armenia stands at a pivotal moment in its economic development journey, driven by the ambition to build an export-oriented, innovation-driven economy. As we look ahead, foreign direct investment (FDI) will play a critical role in realizing our vision of sustainable growth, technological advancement, and shared prosperity.

Our Government's Program for 2021-2026 outlines a bold path forward—one that aims to increase the FDI-to-GDP ratio to 6 percent by fostering a stable and attractive investment environment. This program reflects our commitment to good governance, open markets, and human capital development, ensuring that Armenia becomes a competitive and inclusive economy.



Armenia offers unique opportunities for investors, including a highly skilled and cost-effective workforce, a strategic location bridging major markets, and a supportive policy framework for private sector growth. These strengths have already contributed to significant FDI growth since 2021, and we are determined to build on this momentum.

Our focus is on attracting high-quality investments from multinational corporations that bring capital, expertise, and innovation to Armenia. By enhancing productivity, creating high-value jobs, and expanding export capabilities, these investments will strengthen Armenia's position in global markets.

The Ministry of Economy and Enterprise Armenia are at the forefront of these efforts, working tirelessly to create a supportive environment for investors and to showcase Armenia as a premier destination for business. Together, we are committed to strengthening partnerships, unlocking new opportunities, and fostering long-term collaboration with the Armenian diaspora and the global business community.

I am proud of the progress we have made and remain confident in Armenia's potential to achieve sustainable, inclusive growth. I invite you to explore the opportunities Armenia has to offer and to join us in building a prosperous future.

Gevorg Papoyan,  
Minister of Economy



## I. INTRODUCTION

Armenia's future economic development depends on building an export-oriented, innovation-driven economy and attracting leading multinational corporations (MNCs) to invest in Armenia through foreign direct investment (FDI) will play a key role in achieving this.

The Government of Armenia's Program for 2021-2026<sup>1</sup> aims to raise the FDI-to-GDP ratio to 6 percent through creating an attractive and stable investment environment for high-quality investment that will increase employment, productivity and competitiveness.

Armenia's growth has been fueled by private sector investment and the expansion of international trade opportunities, with the technology and services sectors becoming key drivers of employment and foreign exchange earnings.

Since 2021, FDI has significantly increased, with Armenia offering investors:

- Skilled and cost competitive workforce;
- Strong policy environment for private sector investment support; and
- Expanding market access and a strategic location.

## 2. GLOBAL FDI TRENDS

Global FDI amounted to \$1.3 trillion in 2023 according to the World Investment Report 2024.<sup>2</sup> FDI increases employment, productivity, technology transfer, exports, and technical and managerial

---

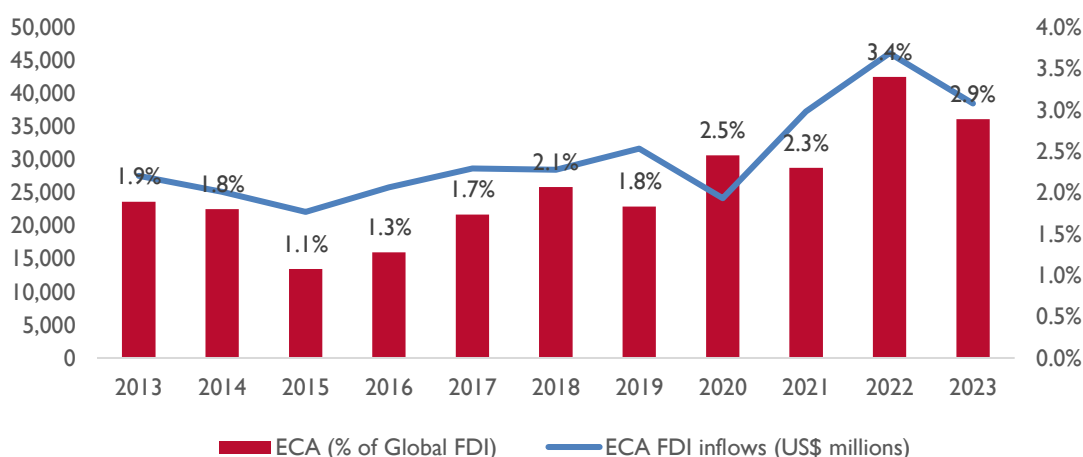
<sup>1</sup> Government of Armenia (2021): [Link](#)

<sup>2</sup> UNCTAD (2024): [Link](#)

expertise. Globally, FDI flows are equivalent to around 5 percent of global gross fixed capital formation and foreign affiliate production contributes to more than 6 percent of global output.<sup>3</sup>

With the continued expansion of MNCs, FDI inflows to Eastern European and Central Asia (ECA)<sup>4</sup> achieved a record of over \$40 billion on average per annum in 2022 and 2023, as seen in Figure 1. Furthermore, ECA’s share of global FDI inflows increased to record highs in 2022 and 2023, reflecting the strong FDI opportunities and location competitiveness of countries in the region.

**FIGURE 1. NET FDI INFLOWS INTO EUROPE AND CENTRAL ASIA (ECA), 2013-2023**



Source: Based on data from UNCTAD.

Three major global shifts in FDI are creating new challenges and opportunities to attract FDI:

## 1) SUPPLY CHAIN RESHORING

Geoeconomic confrontation has resulted in a decline in investment flows between geopolitical blocs; the proportion of greenfield FDI projects between geopolitically distant countries<sup>5</sup> declined from 23 percent of global FDI projects in 2013 to just 13 percent of FDI projects in 2022. This is resulting in increased FDI opportunities for nearshoring and friendshoring, especially for countries with strong regulatory regimes and in close proximity to regional blocs with tariff-free access.

## 2) GROWTH OF TECHNOLOGY AND KNOWLEDGE-BASED SERVICES FDI

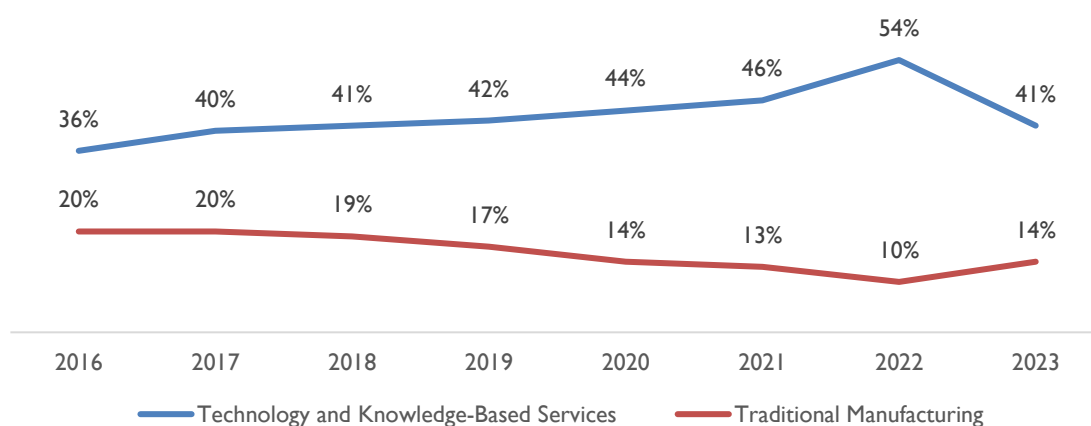
The sectoral composition of MNCs investing overseas is shifting from traditional manufacturing to asset-light, services activities. Figure 2 shows that technology and knowledge-based services sectors increased their share of global FDI projects from 36 percent in 2016 to 41 percent in 2023. Traditional manufacturing projects, on the other hand, saw a decline in share of global greenfield FDI projects from 20 percent in 2016 to 14 percent in 2023.

<sup>3</sup> UNCTAD (2024): [Link](#)

<sup>4</sup> Defined in this policy statement as: Albania, Armenia, Belarus, Bosnia-Herzegovina, Bulgaria, Croatia, Estonia, Georgia, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Moldova, Montenegro, North Macedonia, Romania, Serbia and Slovakia.

<sup>5</sup> For definition of geopolitically distant countries see: Bailey, M. A., A. Strezhnev and E. Voeten (2017). “Estimating dynamic state preferences from United Nations voting data”. *Journal of Conflict Resolution* 61(2): 430-456.

**FIGURE 2. SHARE OF GLOBAL GREENFIELD FDI PROJECT NUMBERS BY INDUSTRY, 2016-2023 (PERCENT)**

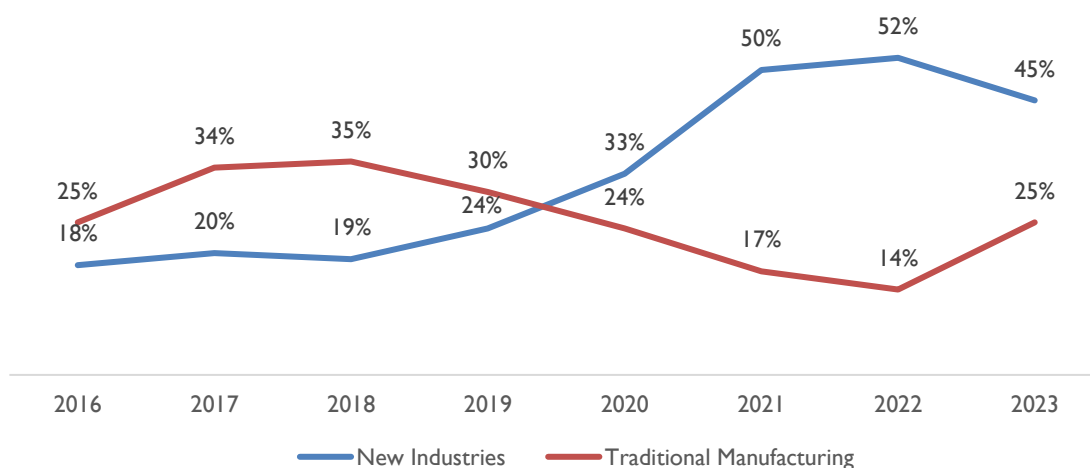


Source: fDi Markets from the Financial Times Limited. Based on publicly available sources and data provided by Investment Promotion Agencies (IPAs). Additionally, Technology and Knowledge-Based Services includes financial services, professional services, software and IT, and telecom services. Traditional Manufacturing includes all manufacturing projects excluding new industries (clean tech, semiconductors, and electric vehicles).

### 3) CLIMATE CHANGE AND HIGH-TECH INDUSTRY DEVELOPMENT

Climate change and government support for investment that will accelerate the shift to a low carbon economy has led to a rapid growth of clean tech FDI, especially in renewable energy electricity generation and solar photovoltaic and wind sector manufacturing supply chains. The growth of the information economy in general and Artificial Intelligence in particular are leading to a major global shift in FDI to the semiconductors and data centers sectors. Figure 3 shows that new industries around clean tech, data centers, and semiconductors have become the leading sectors for FDI measured by the capital investment of projects, reaching over 50 percent of FDI capital investment worldwide in 2022.

**FIGURE 3. SHARE OF GLOBAL GREENFIELD FDI CAPITAL EXPENDITURE BY INDUSTRY, 2016-2023 (PERCENT)**



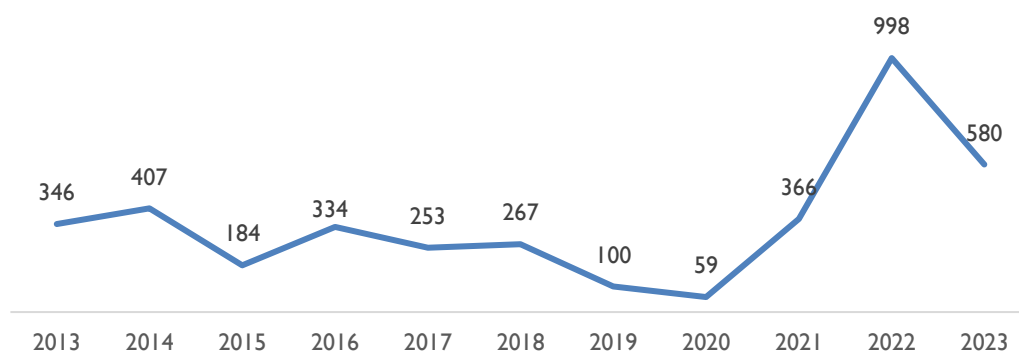
Source: fDi Markets from the Financial Times Limited. Based on publicly available sources and data provided by Investment Promotion Agencies (IPAs). Data includes estimates on the capital investment of projects. New Industries includes clean technology, semiconductors, data centers, and electric vehicles. Traditional Manufacturing includes manufacturing projects excluding New Industries.



### 3. ARMENIA'S FDI PERFORMANCE

Foreign direct investment in Armenia has grown considerably, reaching the highest ever FDI inflows in 2022 and 2023, with over \$1.5 billion of FDI attracted in the last two years, as shown in Figure 4.

**FIGURE 4. FDI NET INFLOWS IN ARMENIA, 2013-2023 (MILLIONS OF DOLLARS)**



Source: Based on data from UNCTAD, Central Bank of Armenia.

The growth of FDI into Armenia reflects the improving business climate and opportunities for FDI and how Armenia is positioned to benefit from key global trends in FDI (see Section 2). In particular, Armenia has benefited from the rapid growth of global FDI in high-tech services and manufacturing; from 2020-2023 over half (52 percent) of greenfield FDI projects in Armenia were in the software and IT sector, compared to one-fifth (22 percent) of FDI projects from 2014-2019.<sup>6</sup> Many of these software and IT projects were in Research and Development (R&D) activities and Armenia has also attracted many R&D projects in the semiconductor sector.

<sup>6</sup> Based on data from fDi Markets (Financial Times Limited). Data is based on publicly available sources and does not track all projects.



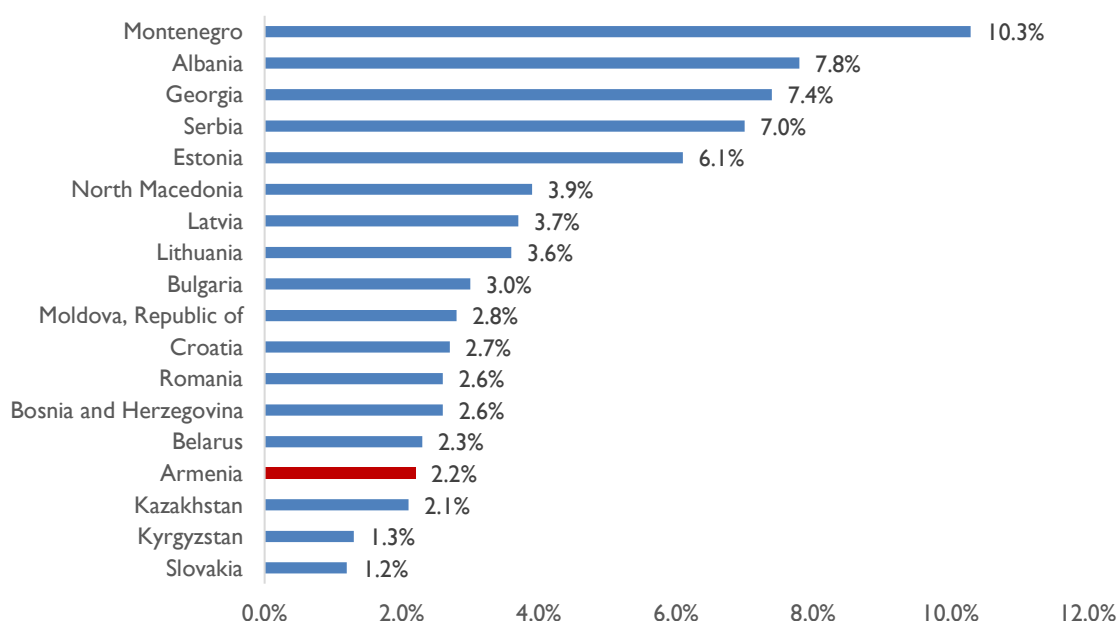
Armenia has not only increased the number of MNCs establishing software, IT, and R&D projects in the country, but has also increased its regional market share of FDI. Armenia’s market share of software and IT FDI projects in the Eastern Europe and Central Asia region grew from 1 percent during 2014-2019 to 5.4 percent in 2020-2023, comparable to established technology hubs such as Latvia.

Technology and knowledge-based services FDI is capital-light, requiring minimal capital investment in facilities, machinery and equipment but high investment in the workforce. As such, this type of FDI does not result in large FDI inflows but has a major economic development impact, creating high-tech employment, enhancing skills and knowledge, fostering education sector development, and boosting exports, as well as generating positive spillovers for construction, retail, and the hotel, restaurant, and café/catering sectors.

While the high share of technology and knowledge-based FDI into Armenia is therefore very important to take into consideration when evaluating FDI data, the FDI inflows data is still relevant for evaluating opportunities for growing FDI.

Figure 5 below shows that from 2017-2022, net FDI inflows into Armenia were on average equivalent to 2.2 percent of its GDP. This is comparable to countries such as Georgia, where FDI inflows were equivalent to for 7.4 percent of its GDP.

**FIGURE 5. AVERAGE ANNUAL FDI NET INFLOWS IN ARMENIA AND SELECTED COUNTRIES, 2017-2023 (PERCENT OF GDP EQUIVALENCE)**



Source: Based on data from UNCTAD.

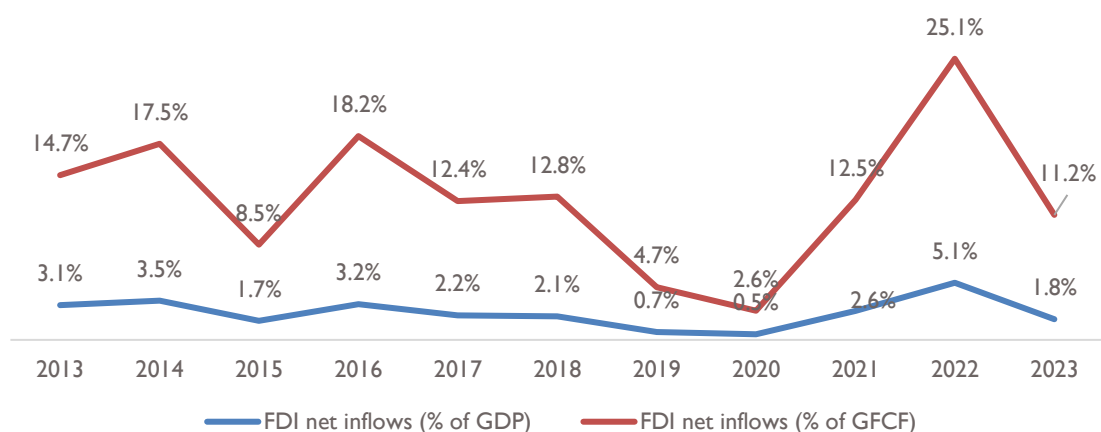
If Armenia had attracted the same volume of FDI relative to its GDP as Georgia (FDI volume equivalent to 7.4 percent of GDP), it would have attracted four times more FDI - an additional \$5.9 billion - from 2017-2023. This highlights the scale of opportunity for Armenia to increase FDI in more capital-intensive sectors while continuing to build on Armenia’s strong track record of attracting MNCs to establish high-tech and knowledge-based FDI projects.



## 4. CONTRIBUTION OF FDI TO ARMENIA'S ECONOMY

The volume of net FDI inflows into Armenia relative to size of GDP and total investment in the economy (Gross Fixed Capital Formation - GFCF) has varied significantly over the last decade. At the height of the Covid-19 pandemic in 2020, FDI inflows were equivalent to a very low percentage of GDP and GFCF. Subsequently, the value of FDI inflows relative to GDP and GFCF reached record highs in 2022, with FDI inflows equivalent to over 25 percent of GFCF as shown in Figure 6. This shows the increasing importance of FDI to Armenian economy.

**FIGURE 6. ARMENIA NET FDI INFLOW IN RELATION TO GDP AND GFCF, 2013-2023 (PERCENT)**



Source: Based on data from UNCTAD. GDP measures the market value of all final goods and services produced. GFCF includes: land improvements; plant, machinery, and equipment purchases; and the construction of roads, railways, and the like, including schools, offices, hospitals, private residential dwellings, and commercial and industrial buildings.

The increasing role of MNCs and FDI in the Armenian economy has helped increase the economic performance of the country. Key facts include:<sup>7</sup>

- Armenia was the 4<sup>th</sup> fastest growing economy in the world in 2023 in terms of overall GDP growth (8.3 percent) and GDP per capita growth (7.5 percent);
- Armenia had the fastest growth of trade and value-added services in the world in 2023, with 12.1 percent growth;
- Armenia had the 4<sup>th</sup> fastest growing exports of goods and services in the world in 2023, with 41.6 percent growth, higher than any country in Europe or Asia; and
- Armenia has the 6<sup>th</sup> highest proportion of exports in Information and Communications Technologies (ICT) services in 2023 (12.7 percent of exports); only Ireland, Israel, Cyprus, India and Ukraine were higher.

Enterprise Armenia,<sup>8</sup> the national Investment Promotion Agency (IPA), has around \$2.5 billion of expected investments in the pipeline and is also working with over 200 existing investors to help retain and expand their investments. The importance of MNCs and FDI to the Armenian economy is expected to expand over the coming years. The Armenian Ministry of Economy, in collaboration with Enterprise Armenia, has also launched the Forbes "100 Most Valuable Brands" initiative, aiming to facilitate collaboration between large local companies and Forbes-listed brands, and investments into the real sector of the economy.

## 5. FDI POLICY OBJECTIVES

The Government of Armenia's Program for 2021-2026 is the country's overarching national development strategy. The strategy prioritizes good governance and the rule of law, tackling corruption, fostering open market competition, human capital development, and cultivating stronger links with the Armenian diaspora to stimulate economic growth.

This program is aligned with the Government's ambition to increase the net FDI-to-GDP ratio to 6 percent by creating an attractive and stable investment environment, contributing to attracting a greater number and of higher quality investments that will increase employment, capital formation, and long-term development. Major objectives of the program related to economy include:

- Create an export-oriented, knowledge-based, and inclusive economy to achieve an annual GDP growth rate of 7 percent;
- Reduce the unemployment rate to 10 percent;
- Increase formal sector's employee's compensation to GDP to 25 percent;
- Increase economic complexity index to 0.1 percent.

## 6. FDI POLICY FRAMEWORK

Armenia's aim is to attract MNCs to establish operations in the country and provide capital, technical knowledge, and managerial capabilities that will increase the productivity, exports, and value added of the economy. The focus is therefore on attracting investments from industry leading MNCs that are global corporations and can deliver sustainable economic development impact.

---

<sup>7</sup> Data sourced from fDi Benchmark, Financial Times Limited, and is based on top 100 countries for FDI.

<sup>8</sup> Enterprise Armenia (2023): [Link](#)



The Government of Armenia is committed to removing restrictions to investment, developing a fair tax structure, and maintaining stable policies in the creation and maintenance of a favorable investment climate with the goal to increase high quality foreign and domestic investment.

Key policy objectives for the Government of Armenia include:<sup>9</sup>

- Increase Armenia’s FDI performance by attracting leading MNCs to capitalize on the growth of technology investment globally and reshoring and nearshoring opportunities;
- Identify, highlight, and build Armenia’s competitive advantages;
- Ensure a competitive IPA that matches international best practice;
- Better capitalize on the potential and opportunities that the Armenian diaspora offers for FDI;
- Build a more sustainable and diverse FDI portfolio across new sectors and source markets;
- Strengthen partnerships with existing investors; and
- Increase the variety of cross-border modes of investment.

The Government of Armenia maintains an open-door policy to FDI. Investment policy is based on the liberalization of investment relations, the establishment of national policies that do not discriminate against foreign investors, and ensuring the protection of investments. Foreign companies are entitled to the same treatment as domestic companies under Armenian Law, and there are no major restrictions in most sectors of the economy.

Legal provisions covering foreign investment projects are specified in the Civil Code (1998),<sup>10</sup> which establishes the legal framework for property rights, contract enforcement, and corporate governance, and in the *Law on Foreign Investments* (1994),<sup>11</sup> which provides internationally recognized

---

<sup>9</sup> United States Agency for International Development (2022): [Link](#)

<sup>10</sup> Armenian Legal Information System (ARLIS) (1998): [Link](#)

<sup>11</sup> Armenian Legal Information System (ARLIS) (1994): [Link](#)

protections and guarantees for foreign investors. This unified investment law stipulates the key rights and privileges for foreign investors, including:

- Unrestricted access to most sectors<sup>12</sup> and geographic locations within the country;
- Exploitation of natural resources through concession contracts;
- 100 percent property ownership (except land for individuals), with foreign citizens have access to long-term lease contracts;
- Free and unlimited repatriation of property and profits;
- Unlimited currency exchange on market rates;
- No restrictions on personnel recruitment; and
- Compensation for losses resulting from illegal actions by state authorities while performing their duties.

Broader policy improvements have established a robust framework to ensure a predictable and competitive business climate and promote private investment as an engine of economic development in the context of a systematic approach to FDI across government bodies and policy areas. Additionally, the Government of Armenia is currently revising the national FDI law to improve the country's attractiveness to international investors.

Market competition and removal of barriers to market entry has been strengthened with the implementation of the *Law on Protection of Economic Competition (2020)*.<sup>13</sup> Opportunities to engage in Public-Private Partnership (PPP) projects have been established with the *Law on Public-Private Partnership*, which was adopted in 2019 and amended in 2021.<sup>14</sup> This law has established a framework for foreign investments in infrastructure projects and introduce clear criteria for PPP project selection by the government. The Amendments to the *Law on Licensing (2023)* extended licensing to: a) manufacturing of medical devices; and b) maintenance of medical devices. Therefore, the businesses will be required from now onward to obtain a license beforehand to undertake such operations.

To ensure consistency in the administration of an open-door policy to FDI, foreign firms are regulated under the *Tax Code of the Republic of Armenia (2016)*,<sup>15</sup> which is the main legal act defining existing tax types and regulating tax regimes. The corporate income tax is currently set at 18 percent for both domestic and foreign firms, which is in the top quartile of countries with the lowest taxation. The *Law on Free Economic Zones (2011)*<sup>16</sup> introduced key regulations to attract FDI into Free Economic Zones, offering exemptions from VAT, profit tax, customs duties, and property tax.<sup>17</sup>

---

<sup>12</sup> There are some restrictions on foreign ownership within the media and commercial aviation sectors and of agricultural land.

<sup>13</sup> Competition Protection Commission (2020): [Link](#)

<sup>14</sup> Ministry of Economy of the Republic of Armenia (2022): [Link](#)

<sup>15</sup> Armenian Legal Information System (ARLIS) (2016): [Link](#)

<sup>16</sup> Armenian Legal Information System (ARLIS) (2011): [Link](#)

<sup>17</sup> Further incentives offered to foreign investors in Armenia can be viewed [here](#).



## 7. TRADE AND INVESTMENT AGREEMENTS

### 7.1 EUROPEAN UNION

Economic ties between Armenia and the European Union (EU) are strengthening following the formal entry into the Comprehensive and Enhanced Partnership Agreement (CEPA) in 2021.<sup>18</sup> This agreement aims to improve Armenia's investment climate and business environment while removing barriers in trade in services between the EU and Armenia. The EU is now Armenia's third largest export market, accounting for 12.6 percent of Armenia's total trade in 2023.<sup>19</sup> Armenia is dedicated to expanding access of Armenian-based firms to this market and increasing the contribution of EU-based firms to Armenia's net inflows of FDI.

### 7.2 FREE TRADE AGREEMENTS

Armenia has strengthened trade and investment cooperation with regional partner markets, becoming a signatory member of the Eurasian Economic Union (EAEU) in 2014,<sup>20</sup> a customs union that brings Armenia, Belarus, Kazakhstan, Kyrgyzstan, and Russia into a single integrated market. Through EAEU Membership, Armenia has also signed Free Trade Agreements (FTAs) with Serbia, Vietnam, and Iran, and is the first EAEU state with a trade in services and investment agreement with Singapore. Armenia is also signatory to the Commonwealth of Independent States Free Trade Area since 2011,<sup>21</sup> which also includes Belarus, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Ukraine, and the Armenia-Georgia FTA. The Commonwealth of Independent States Agreement on Free Trade in Services, Establishment, Activity, and Implementation of Investment<sup>22</sup> has been ratified by the governments of Armenia, Belarus, Kyrgyzstan, Russia, and Tajikistan.

### 7.3 INVESTMENT AGREEMENTS

Armenia is a signatory country of the International Convention of Investment Disputes and Member of the Multilateral Investment Guarantee Agency. Additionally, Armenian Bilateral Investment

---

<sup>18</sup> European Commission (2021): [Link](#)

<sup>19</sup> European Commission (2024): [Link](#)

<sup>20</sup> Ministry of Foreign Affairs (2023): [Link](#)

<sup>21</sup> World Trade Organization (2013): [Link](#)

<sup>22</sup> Commonwealth of Independent States (2024): [Link](#)

Treaties (BITs) with other countries contain similar provisions on treatment of international investors and options for international arbitration by providing official protections for foreign investors against expropriation, performance requirements, and unequitable treatment of foreign and domestic capital. Armenia has 41 BITs<sup>23</sup> and 47 Double Taxation Treaties<sup>24</sup> currently in force. Armenia is currently negotiating a new BIT agreement with Italy after the previous agreement's expiration in 2018, and is in the process of concluding new BIT agreements with the Kingdom of Bahrain and Uzbekistan.

## 8. STRATEGIC FOCUS

Armenia's strategic focus for FDI is based on:

- Strengthening Armenia's existing sectors and developing new sectors and activities;
- Diversifying FDI source markets;
- Attracting industry leading MNCs with global presence; and
- Facilitating new modes of investment.

### 8.1 SECTORS AND ACTIVITIES

Armenia is open for investment in all major sectors, offering opportunities for MNCs across its diverse economy, including technology and services, manufacturing, agribusiness, and tourism. Through the *Law on Public-Private Partnership*, Armenia is also expanding opportunities for MNCs to invest in utilities, infrastructure, energy, and education projects. The key focus is on attracting innovative and export-oriented investment that will support industrial transformation, digitalization of the economy, and increase productivity. Digitalization and the Green Economy play crucial roles in Armenia's long-term development and attracting FDI into these activities is a focal point of key government programs.<sup>25</sup>

Armenia has important industry clusters and value-chains in priority sectors with key opportunities for investment in:

- ICT;
- Semiconductors, with key focus on R&D but also opportunities for manufacturing;
- Agribusiness, with key focus on food and beverage manufacturing;
- Advanced engineering and manufacturing sectors, including in electronics and pharmaceuticals;
- Business process outsourcing; and
- Education and training;
- Tourism, leisure and entertainment;
- High value-added production in craft industries, especially jewelry and textiles and leather.

---

<sup>23</sup> Bilateral Investment Treaties: Argentina, Austria, Belgium and Luxembourg, Belarus, Canada, China, Cyprus, Egypt, Finland, France, Georgia, Germany, Greece, Korea, Iran, Iraq, Israel, Japan, Jordan, Kazakhstan, Kuwait, Kyrgyzstan, Latvia, Lebanon, Lithuania, Netherlands, Qatar, Romania, Russia, Singapore, Sweden, Switzerland, Syria, Tajikistan, Turkmenistan, Ukraine, UAE, UK, USA, Uruguay, and Vietnam.

<sup>24</sup> Double Taxation Treaties: Denmark, Luxembourg, Indonesia, Iran, Romania, India, Hungary, Greece, Italy, Kazakhstan, Lebanon, Lithuania, Latvia, Ireland, Qatar, France, Georgia, Finland, Czech Republic, Bulgaria, Estonia, Russia, Belarus, Croatia, China, United Arab Emirates, Austria, Belgium, Canada, Poland, Moldova, Netherlands, Switzerland, Syria, Thailand, Turkmenistan, Ukraine, Kuwait, Spain, Slovenia, Tajikistan, Serbia, Cyprus, United Kingdom, Slovakia, Germany, Sweden.

<sup>25</sup> Programs include the Digitalization Strategy for 2021-2025, NerUzb diaspora technology start-ups program, From Idea to Business grant program, Certification of tax benefits to the IT sector, Armenia's Digital Transformation Agenda (2018-2030), National Security Strategy 2020, Energy Sector Development Strategic Program to 2040, and the Strategy for the main directions ensuring economic development in agricultural sector for 2020-2030.



Armenia has succeeded in attracting MNCs to establish high-value operations in priority sectors. World-leading MNCs with R&D centers in Armenia include:

- Synopsys
- Nvidia
- AMD
- Broadcom
- Microchip Technology
- Siemens
- Insight
- Oracle
- IBM
- Microsoft
- Emerson
- Philip Morris.

## 8.2 SOURCE MARKETS (GEOGRAPHIC)

With its close proximity to Europe, Central Asia and the Middle East, along with free trade agreements covering 40 countries in Europe and globally,<sup>26</sup> Armenia's strategic location and diverse sector opportunities is driving strong interest from MNCs globally to invest in Armenia.

Strategically important markets that Armenia will focus on for promotional activities to attract MNC investment and diversify the country's FDI inflows include:

- United States and Europe (with key focus on the largest economies);
- Gulf markets (especially in agri-business sector and for PPP opportunities);
- China (the world's second-largest economy with FDI across key target sectors);
- India (IT and digitalization, pharmaceuticals, film industry).

---

<sup>26</sup> Countries covered by trade agreements: Austria, Belarus, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Greece, Hungary, Iran, Ireland, Italy, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Luxembourg, Malta, Moldova, Netherlands, Poland, Portugal, Romania, Russia, Serbia, Singapore, Slovakia, Slovenia, Tajikistan, Turkmenistan, Spain, Sweden, Ukraine, and Vietnam.



The Armenian diaspora comprises an estimated 7.2 million Armenians living in 137 countries. This unique international network is a competitive advantage for Armenia, recognized by the Government through the establishment of the Office of the High Commissioner for the Diaspora.<sup>27</sup> The Armenia-diaspora partnership is a key component of the Government of Armenia's Program for 2021-2026. This initiative aims to create a favorable environment for diaspora Armenians to repatriate, live, work, and create in Armenia, as well as facilitate investment processes. Proactive outreach to the Armenian diaspora working in MNCs in major economies like the US, France, and Brazil will also be very effective in building relations with MNCs and positioning Armenia as a viable option for their FDI projects.

### 8.3 NEW MODES OF INVESTMENT

Armenia's open-door policy to FDI encourages MNCs to invest in the country not only in greenfield FDI projects but also in via alternative modes of investment, including equity investments and Mergers and Acquisitions (M&A), international project finance, and business partnerships and joint ventures with local enterprises and institutions. Armenia offers an open environment for these alternative modes of inward FDI that contribute to the productive capacity of the economy.

World-leading MNCs like Teleperformance initially invested in Armenia through M&A of local enterprises. There is strong interest in investment opportunities in Armenia from sovereign wealth funds (SWFs) and public pension funds, especially those from the Gulf, which collectively manage over \$36 trillion in assets under as of June 2024, representing an increase of \$17.8 trillion since 2014.<sup>28</sup> These funds are increasingly investing in capital-intensive strategic infrastructure, renewable energy, and real estate development projects in the ECA region. SWFs have emerged as major sources of FDI, with equity direct investments (foreign and domestic) exceeding \$71 billion in projects in 2022.

## 9. NURTURING OUR KEY DIFFERENTIATORS

Highlighting and nurturing Armenia's strengths as a competitive investment destination is critical for promoting its potential as a strategic hub for regional investment opportunities. Armenia must identify the key selling points for priority sectors and activities and develop these to differentiate the country's offerings to multinational corporations (MNCs), ensuring sustainable and long-term attraction and retention of high-quality investments.

Major location determinants for FDI in the ECA region include: access to a skilled workforce (cited by 52 percent of MNCs), access to regional markets (25 percent), domestic market growth (28 percent), quality of the regulatory environment (26 percent), and access to technology and innovation (15 percent).<sup>29</sup> Understanding Armenia's competitive position and key strengths across these location determinants is essential to be able to promote and attract FDI to Armenia.

---

<sup>27</sup> Office of the High Commissioner of the Diaspora (2024): [Link](#)

<sup>28</sup> Global SWF (2024): [Link](#)

<sup>29</sup> fDi Markets, from the Financial Times. Based on the location motives cited in the public press releases of MNCs for 351 FDI projects in the ECA region from 2021-2023.



Based on a review of Armenia’s international rankings, Armenia stands out in three main location determinants:

**1) Skilled and cost competitive workforce: Armenia is a regionally competitive location for skilled, technical, and cost-effective talent.**

Armenia’s human capital is one of its strongest resources for attracting FDI to the country, and will create an export-oriented, knowledge-based, and inclusive economy with a sustainable supply of workforce and graduate skill sets for high-value sectors and activities.

**2) Policy environment for private sector investment support: Armenia is a leading investor-friendly jurisdiction in the region for foreign enterprise.**

Armenia has showcased strong improvements in governance and support for private sector investments in recent years and will continue to strengthen its investment climate and foundational structures of the business environment to ensure private enterprise is the driver of long-term, sustainable economic development.

**3) Expanding market access and strategic location: Armenia is a regional trade and investment hub with a central location.**

Armenia is positioning itself as a regional hub for foreign enterprises to expand from into Eurasian and European markets, highlighting the country’s strategic location and international agreements with partners for trade, investment, and economic cooperation.

## **9.1 SKILLED AND COST COMPETITIVE WORKFORCE**

Access to a skilled workforce is the most frequently cited determinant for FDI in the ECA region. Armenia has strong human capital and a well-educated, multilingual population, with a competitive advantage in science, technology, engineering, and mathematics (STEM) fields (the share of graduates in STEM subjects in Armenia was 20 percent in 2022),<sup>30</sup> which has been a driving force for significant investment in the high-tech and information technology sector in Armenia, attracting world-leading investors like Nvidia, AMD, and Synopsis. The tech sector now employs more than 30,000 staff and,

---

<sup>30</sup> Armenian Center for Socio-Economic Studies (2024): [Link](#)



in 2022, Armenia's IT exports reached over \$1.926 billion, with Armenia having the highest export concentration in computer services exports in the ECA region, and 6<sup>th</sup> highest in the world.<sup>31</sup>

Knowledge and innovation are key priorities for economic development in the Government of Armenia's Program for 2021-2026. This will lead to structural reforms aimed at aligning the education and training system with the needs of priority sectors in the country, helping to retain Armenia's competitive advantage in skilled labor. Initiatives such as the TUMO Centre for Creative Technologies,<sup>32</sup> ARMATH labs,<sup>33</sup> Academic City,<sup>34</sup> Plug and Play Germany GmbH accelerator,<sup>35</sup> and Engineering City project<sup>36</sup> exemplify these efforts.

## 9.2 POLICY ENVIRONMENT FOR PRIVATE SECTOR INVESTMENT SUPPORT

Over one quarter of MNCs investing in the ECA region cite the quality of the regulatory environment as a key location determinant. Armenia has made significant progress to ensure that the registration of commercial enterprises is straightforward, the regulatory environment is efficient, and open-door policies to FDI are in place. In 2019, the e-regulations platform that provides a step-by-step guide for business and investment procedures was launched. The platform enables companies and individual entrepreneurs to register their businesses at a single location and reducing the online registration time for commercial entities.<sup>37</sup> The *Law on Public-Private Partnership* has defined the legislative and institutional framework for PPP projects and unlocked private sector investment opportunities in the healthcare, water, and waste sectors of the economy, including for foreign investors.

Demonstrating the strength of Armenia's policy environment, in 2018 Armenia was named The Economist's country of the year for improvements in democracy and governance.<sup>38</sup> In 2024, Armenia ranked highest for economic transformation in Eastern Europe, the Caucasus, and Central Asia, with improvements in democratic transformation, economic transformation, and governance.<sup>39</sup> Improvements in the transformation index reflect important reforms, including the newly established

<sup>31</sup> Data sourced from fDi Benchmark, Financial Times Limited, based on data from World Trade Organization.

<sup>32</sup> TUMO Center for Creative Technologies: [Link](#)

<sup>33</sup> ARMATH: [Link](#)

<sup>34</sup> Prime Minister of the Republic of Armenia (2024): [Link](#)

<sup>35</sup> Ministry of High-Tech Industry of the Republic of Armenia (2024): [Link](#)

<sup>36</sup> The Engineering City: [Link](#)

<sup>37</sup> eRegulations Armenia Portal (2019): [Link](#)

<sup>38</sup> The Economist (2018): [Link](#)

<sup>39</sup> BTI Transformation Index (2024): [Link](#)

Anti-Corruption Court (which began its work in 2022), the implementation of the 2020 *Law on Forfeiture of Assets of Illicit Origin*, and amendments to the *Law on Public-Private Partnership* (2021), showcasing the dynamic policy environment for improving the country's investment climate.

### 9.3 EXPANDING MARKET ACCESS AND STRATEGIC LOCATION

Access to regional markets is cited by one quarter of MNCs investing in the ECA region as a key location determinant. Armenia is making considerable progress in positioning itself as a regional hub through its rapid expansion of trade agreements and its strategic location.

Armenia has signed a CEPA with the EU and is also a member of the EAEU. These agreements enable exporting companies to capitalize on Armenia's strategic location and position the country as a hub for MNCs to bridge East and West together as a key differentiator.

Armenia is seeking to expand infrastructure and regional cooperation for better transport options, supported by the *Law on Public-Private Partnership*. The Government of Armenia has proposed the Crossroads of Peace Initiative to improve regional cooperation,<sup>40</sup> expand East-West and North-South trade, and open road and railway connections of Armenia with Azerbaijan and Türkiye by establishing border and customs controls and infrastructure developments, based on the principles of sovereignty, equality and reciprocity. A feasibility study for the development of a Dry Port and Special Economic Zone in Shirak region has been completed, which is a strategic project under the Crossroads of Peace Initiative.<sup>41</sup> This initiative will create a multi-model dry port and industrial park to support Armenia as a transit transport and export-focused hub.

Armenia's exports of goods and services grew by nearly 41.6 percent in 2023, with Armenia achieving the fourth-fastest GDP and export growth in the world among 100 leading countries for

FDI. Whilst neighboring countries and EAEU members are the destinations of nearly half of Armenian exports, EU countries have emerged as the second-largest market, and the UAE and China have significantly increased their roles as trade partners. With expanding market access, a strategic location, a supportive policy environment, and improving infrastructure, Armenia offers a strong position for multi-region exports.

## 10. COMPETITIVENESS RANKINGS AND POLICY

### 10.1 OPERATING COSTS

Efficiency-seeking FDI is a key reason why MNCs invest in the ECA region. MNCs are attracted to the most cost-competitive locations that offer access to a skilled workforce, markets, and a high-quality regulatory and policy environment. Labor, site and property, and utility costs significantly influence the corporate location decision-making process, depending on the sector and project type. Armenia offers some of the lowest labor costs for key skilled positions in the wider region, along with competitive utility and property costs.

---

<sup>40</sup> Prime Minister of the Republic of Armenia (2024): [Link](#)

<sup>41</sup> The Prime Minister of the Republic of Armenia (2024): [Link](#)



## 10.2 INFRASTRUCTURE AND ACCESSIBILITY

Upgrading the country’s strategic infrastructure network has been a priority for the government to increase Armenia’s competitiveness. Support from multilateral groups, such as the European Bank for Reconstruction and Development, Asian Development Bank, and EU, have significantly boosted Armenia’s road and energy infrastructure network, whilst partnerships with private sector partners have resulted in significant investments in renewable energy projects and industrial infrastructure for production and export.

The Government’s Crossroads of Peace Initiative<sup>42</sup> has also highlighted railways in the country that can be restored for commercial use to provide railroad connection between the South Caucasus region and the neighboring countries and suggested Armenia’s East-West Road infrastructure networks to be opened to neighboring Azerbaijan and Türkiye, and the North-South Road Corridor that will stretch 556 km from Georgia to Iran.

With Armenia achieving considerable success in attracting MNCs to establish IT and R&D operations in Armenia, the quality of digital infrastructure has become very important for continued growth and competitiveness of the technology sector. Armenia has made significant progress in strengthening its digital infrastructure; in 2023, it recorded the third-fastest internet upload speeds in the world—trailing only Japan and South Korea—and the ninth-fastest download speeds.<sup>43</sup> Armenia is also ranked top in the ECA region in international internet bandwidth (bits per user) and according to the Network Readiness Index 2024,<sup>44</sup> Armenia is ranked 3<sup>rd</sup> in the CIS region, scoring above the average in the region for technology, people, and governance.

The Government, in line with its mission to position Armenia as a technological hub, is actively working to introduce a 5G broadband network in the country. The 3600-3800 MHz radio frequency range has already been liberalized, and corresponding legislative changes have been initiated.

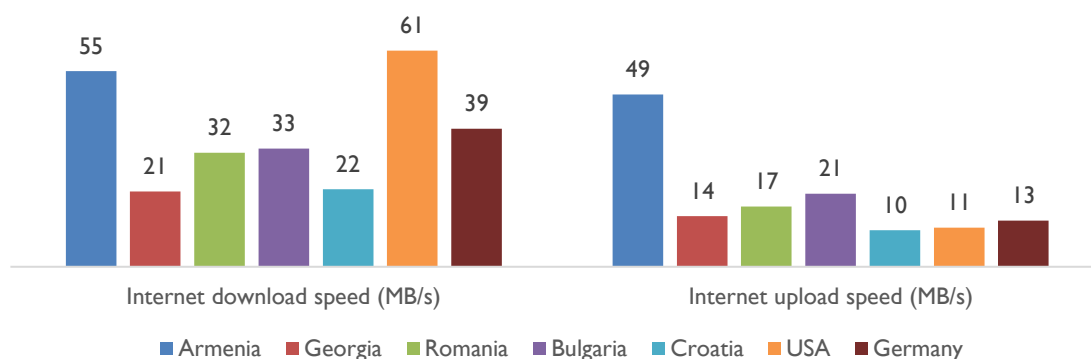
---

<sup>42</sup> Prime Minister of the Republic of Armenia (2024): [Link](#)

<sup>43</sup> Data sourced from fDi Benchmark, Financial Times Limited.

<sup>44</sup> Portulans Institute (2024): [Link](#)

**FIGURE 7. ARMENIA AND SELECTED LOCATIONS INTERNET UPLOAD AND DOWNLOAD SPEED IN MEGABITS PER SECOND (MB/S), 2023**



Source: Broadband Speed Checker.

### 10.3 GENERAL BUSINESS ENVIRONMENT

The general business environment includes the ease and cost to establish a business, the quality of the regulatory environment, and the level of operating risks. The efficiency of legal and regulatory processes, ease of moving capital into and out of the country, transparency of government regulations, lack of corruption, and strength of investor and property rights are all cited in the top five most important overall factors in determining investment intentions by investors in the Kearney FDI Confidence Index, 2024.<sup>45</sup>

The most recent Organization for Economic Co-operation and Development (OECD) FDI Regulatory Restrictiveness Index shows that Armenia has one of the most open FDI regimes,<sup>46</sup> ranking 9<sup>th</sup> overall and showcasing strong support for private sector investment from overseas.

According to the Legatum Prosperity index 2024, which ranks a country’s wealth and wellbeing, Armenia is ranked 61<sup>st</sup> overall, and since 2017 has moved up the rankings table by 18 places, performing most strongly in Enterprise Conditions and Education, whilst the biggest improvement compared to a decade ago came in Governance.<sup>47</sup> These strengths and improvements support Armenia’s growing competitive advantage in private sector investment support, with Armenia ranking 1<sup>st</sup> among peer countries in lowest degree of state ownership of the economy and 3<sup>rd</sup> for private companies permitted and protected. Similarly, as shown in Figure 8, Armenia has a low regulatory burden on businesses operating in the country. Armenia’s robust legislative and regulatory framework continues to be enhanced to promote and protect private sector investments, which are key drivers of economic development.

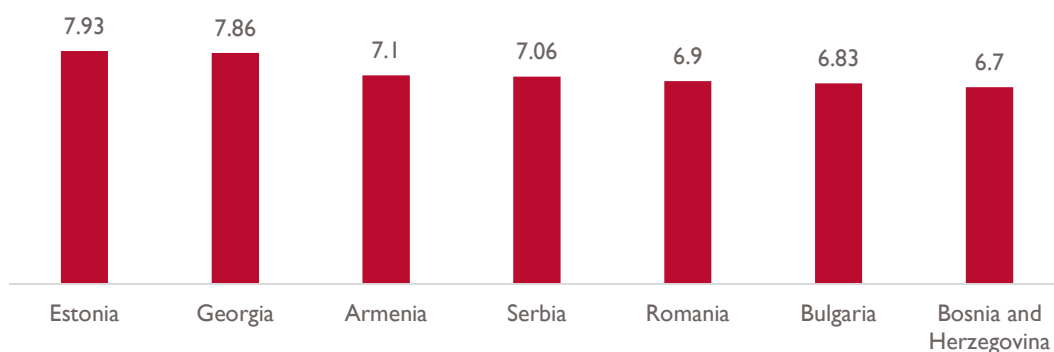
<sup>45</sup> Kearney (2024): [Link](#)

<sup>46</sup> OECD (2020): [Link](#)

<sup>47</sup> Legatum Institute (2024): [Link](#)



**FIGURE 8. ARMENIA AND SELECTED PEER LOCATIONS' REGULATION, 2022<sup>48</sup>**



Source: Fraser Institute.

#### **10.4 LABOR AVAILABILITY AND QUANTITY**

The availability and cost of human resources, along with labor productivity and skills, are key drivers of FDI, especially as technology and knowledge-based services become the leading sectors for FDI projects by volume. In the Global Innovation Index 2023,<sup>49</sup> Armenia ranked 72<sup>nd</sup> globally, an improvement from 80<sup>th</sup> position in 2022 and marking one of the largest advancements globally. This improvement was particularly notable in innovation outputs, where Armenia ranked 62<sup>nd</sup> globally in 2023. Armenia's global ranking was highest in Creative outputs (61<sup>st</sup>), Knowledge and technology outputs (67<sup>th</sup>) and Institutions (69<sup>th</sup>) and is globally competitive for indicators such as ICT services exports as a percent total trade (9<sup>th</sup> globally), labor productivity growth (13<sup>th</sup> globally), and ICT access (18<sup>th</sup> globally), showcasing strong competitive assets in talent and high-tech services exports.

As shown in Figure 9, Armenia also significantly improved ranking in the Global Talent Competitiveness Index by 11 places between 2018-2023,<sup>50</sup> rising from 66<sup>th</sup> to 55<sup>th</sup>. Armenia

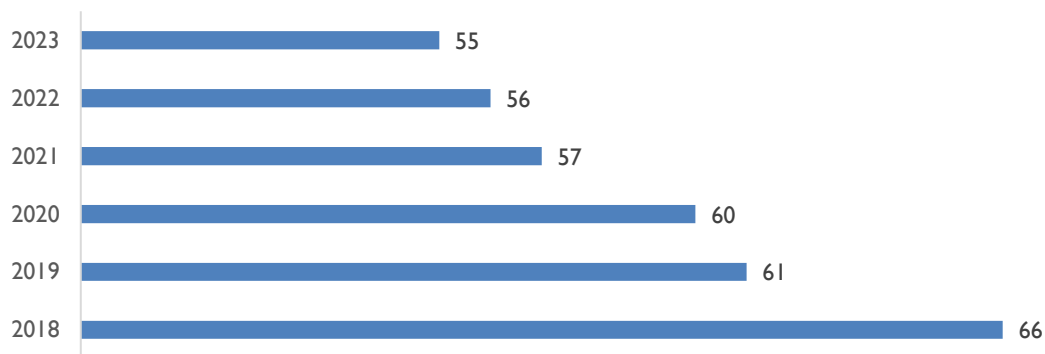
<sup>48</sup> Score 0-10, where 10 is best, based on assessment of Business Regulations, Labour Regulations, and Credit Market Regulations [Link](#)

<sup>49</sup> WIPO (2024): [Link](#)

<sup>50</sup> INSEAD (2023): [Link](#)

performed particularly well in skills matching (2<sup>nd</sup> globally), workforce with secondary education (5<sup>th</sup> globally), population with tertiary education (11<sup>th</sup>), and population with secondary education (19<sup>th</sup>).

**FIGURE 9. ARMENIA GLOBAL TALENT COMPETITIVENESS RANKING, 2018-2023**



Source: Global Talent Competitiveness Index.

With 59 universities in the country and 80,095 students in higher education institutions in 2023,<sup>51</sup> Armenia has the potential to become a global leader in technology and innovation by fostering partnerships between academia and the private sector to ensure that educational programs are aligned with market needs and produce graduates well-prepared for the demands of modern workforces and critical sectors.

Armenia also recognizes that the diaspora community is a valuable source of skills, and initiatives to attract these skills must be examined and strengthened. This approach reflects both the cultural ties of the community to Armenia and the relative size of its 7.2-million-person diaspora, which constitutes one of the highest percentages of a country's population living abroad globally. Identifying and connecting sector-specific Armenian diaspora networks in high-demand areas such as technology and R&D, as well as establishing links with STEM professionals abroad, are key action items for Armenia to address skills gaps in the country.

## II. INVESTMENT PROMOTION

The Ministry of Economy is the main government body responsible for the development of investment policy in Armenia, which involves creating a favorable legal and regulatory environment to attract foreign investments. The Ministry is tasked with crafting strategies and programs that align with Armenia's broader economic goals, ensuring that investment policies are robust, transparent, and geared towards sustainable growth.<sup>52</sup>

Enterprise Armenia acts as a single window and key partner for investors in the country responsible for attracting and facilitating FDI inflows, supporting foreign and local investors throughout the investment lifecycle, bridging investors and the public sector, and providing aftercare services.

Following international best practices, Enterprise Armenia, reporting to the Board of Trustees chaired by the Prime Minister of Armenia, was established in 2019 to attract and facilitate FDI and enhance Armenia's image as a business destination. Enterprise Armenia operates as part of the wider investment policy framework and works closely with the Government of Armenia, Municipalities,

<sup>51</sup> Enterprise Armenia (2023): [Link](#)

<sup>52</sup> Investment Programs developed by the Ministry of Economy can be found [here](#).





Free Economic Zones, and business community, including business membership organizations and private companies.

The organization's mandates include:

- Foster a supportive environment for both foreign and domestic investors, positioning Armenia as a highly desirable investment destination on the global stage;
- Attract new FDI and promote reinvestment, driving sustainable economic growth;
- Achieve recognition of Armenia as a leading business destination renowned for its dynamic and diverse economy that enriches both local entrepreneurs and global business leaders.

Enterprise Armenia maintains a network of representatives abroad providing support services for companies seeking to invest and engage in business activities in Armenia. The network includes 15 representatives in Canada, the USA, Brazil, Ireland, Netherlands, Spain, Italy, Bulgaria, Russia, the UAE, and Ethiopia.<sup>53</sup> Enterprise Armenia is committed to expanding and strengthening these overseas networks to advise and inform foreign investors with information on business opportunities, market access and organizing investment, and promotional events.

Competing for and successfully attracting FDI today demands effective horizontal policies and practices by governments requiring a whole-of-government approach. While Enterprise Armenia has the lead role in packaging and presenting national, regional, and sectoral propositions to investors, it relies on departments across government and public and private sectors to ensure Armenia's propositions are competitive and supportive of attracting leading MNCs to invest in Armenia. Engaging with and cultivating this wider network of support is an essential task for Enterprise Armenia to implement best-practice promotion.

---

<sup>53</sup> Enterprise Armenia (2024): [Link](#)

## 12. EFFECTIVE POLICY EXECUTION

Growth of knowledge-based services and emerging new industries around climate change and advanced technologies are creating new opportunities to attract high-quality, export-oriented FDI. The regionalization of supply chains is also a key trend influencing the location of FDI.

Effective policy execution is crucial across a range of areas including developing skilled labor pools, enhancing the investment policy regime, and expanding market access and connectivity to ensure that Armenia can benefit from the global trends and attract leading MNCs and quality investment.

Armenia has made significant improvements in its attractiveness as an FDI location, and the Government of Armenia is committed to enhancing the country's reputation overseas as a place to do business. Job creation and the development of high-value sectors and activities are key priorities in Armenia's development agenda, which cannot be achieved without FDI.

Enterprise Armenia will continue to engage with its partner organizations to promote Armenia as an investment destination for MNCs under the auspices of the Ministry of Economy and will pursue constructive policy advocacy to reflect the needs of Armenia's priority sectors and activities, increase the number of investments key regions globally, and accommodate new modes of investment from abroad.