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EBA ARMENIA NEWSLETTER



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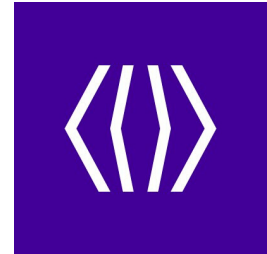
ISSUE MAY 2020

WELCOME NEW DIRECT MEMBERS OF EBA ARMENIA!



IDEMIA S.A.S.

**NATALIA
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REGIONAL SALES
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IDEMIA, the global leader in Augmented Identity, provides a trusted environment enabling citizens and consumers alike to perform their daily critical activities (such as pay, connect and travel), in the physical as well as digital space.

Securing our identity has become mission critical in the world we live in today. By standing for Augmented Identity, an identity that ensures privacy and trust and guarantees secure, authenticated and verifiable transactions, they reinvent the way of thinking, producing, using and protecting one of the greatest assets - the Identity - whether for individuals or for objects, whenever and wherever security matters. IDEMIA provides Augmented Identity for international clients from Financial, Telecom, Identity, Public Security and IoT sectors.

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EUROPEAN BUSINESS ASSOCIATION ARMENIA

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Survey: Impact of COVID-19 Outbreak on Businesses in Armenia

March, 2020



March, 2020

READ THE SURVEY

Following the coronavirus (COVID-19) outbreak in Armenia, the European Business Association Armenia (EBA) has conducted a survey with more than 100 businesses to identify the main challenges now faced by business and identified methods to mitigate them.

According to the survey, 78% of respondents consider that the coronavirus outbreak and the resulting prevention and control measures impact on their business will be high and 46% consider that their company revenues in the first part of 2020 will decrease by more than 20%. Most also noted that it is still too early to estimate the full impact and it is difficult to identify how long it will take their companies to overcome the crisis. This is to be expected as firstly the crisis has not reached its peak and secondly, such an integrated crisis is a first for most Armenian businesses and they have no prior experience of how to deal with the challenges they faced.

According to the Survey, most business operators are utilizing all their available resources to ensure the companies full involvement in prevention activities against COVID-19. These include the following: Offering remote working regimes, enabling flexible operating hours for employees, providing medical equipment and logistic support, issuing and ensuring the wearing of masks and protective clothing.

According to the survey, companies consider that in order for them to be able to continue to operate in a normal manner, the government should ensure the following support to Armenian business: Tax holidays or Tax delay for YA 2020 (33%), Loan extension or provision of interest-free (0%) loans (20%), compensation of the office rent and the utility bills (6%), bridging loan programs (7%).

EBA EVENTS WITH MEMBERS AND PARTNERS



EXCLUSIVE WEBINAR

MACRO IMPLICATIONS OF BLACK SWAN EVENTS CONSEQUENCES & OPPORTUNITIES

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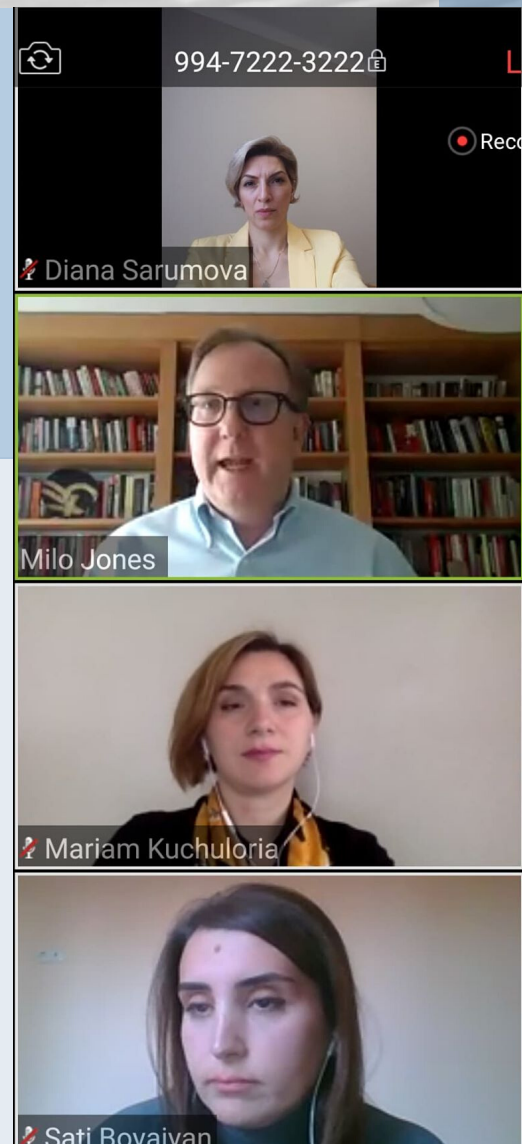
28 April, 2020

EBA Armenia, in collaboration with EBA Georgia and EBA Member IE University organized an exclusive online master class by IE Professor and former intelligence officer Dr. Milo Jones

Webinar Topic: Macro Implications of Black Swan Events; Consequences & Opportunities

On 28 April, EBA Armenia, in collaboration with EBA Georgia and EBA Member IE University, whose Business School is among the top 10 of European business schools, organized a special virtual session.

Classical decision-making mindsets offer you the skills, frameworks, and tools for conventional sound decisions - Porter's Five Forces, the Four Ps of Marketing and Discounted Cashflow- when things are stable, but how do you model or at least think through clearly - geopolitical shocks like virus, the oil price war or renewed tension over migrants? In this session, Dr. Milo Jones gave a toolkit to make sense of the present more clearly, and to catch a glimpse of the future.

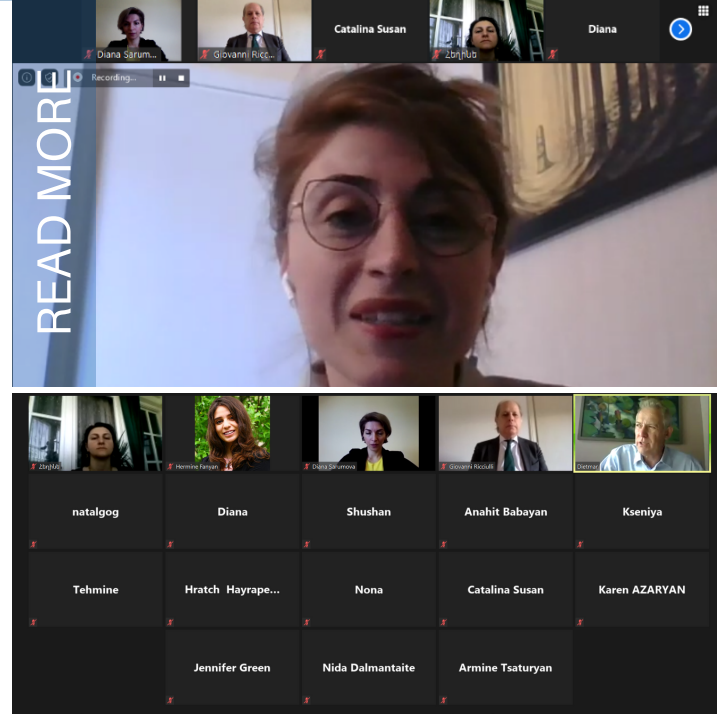


26 May, 2020

EBA ARMENIA ORGANIZED AN ON-LINE MEETING WITH EBA MEMBERS FOR THE ECONOMIC AND SECTOR OUTLOOK OF COVID-19

On 26 of May, 2020 EBA Armenia conducted a regular meeting among EBA members and partners to discuss the post COVID19 situation. The purpose of this initiative is to understand how participants should move further and overcome the post COVID19 period with minimal losses. During the meeting EBA members shared information about sectors they are operating in and exchanged ideas and thoughts on how to continue activities according to the new reality.

An opening speech was made by EBA Executive Director Ms. Diana Sarumova, after which the speakers conducted their presentations. Mr. Giovanni Ricciulli - Speaker from Italy, EBA advisor, former Ambassador of Italy to Armenia, Mr. Dietmar Stiel - Speaker from Germany, EBA Board Member, Executive Director of DWV German Business Association, Ms. Natalia Gogoberishvili - Speaker from France, EBA Member, Regional Sales Manager, IDEMIA S.A.S., Ms. Heggine Armenyan - Speaker from Armenia/ Logistic sector, EBA Board Member, Business Development Manager, Unitrans Ltd., Ms. Diana Movsesyan - Speaker from Armenia/advisory and consulting sector, EBA member, Head of Yerevan office, Schneider Group LLC.



FIND THE RECORDING On-line meeting **COVID-19 EBA members Economic and Sector Outlook**



Mr. Giovanni Ricciulli
EBA advisor, former Ambassador of Italy to Armenia



Ms. Diana Movsesyan
Head of Yerevan office
Schneider Group LLC



Ms. Heggine Armenyan
EBA Board Member
Business Development Manager
Unitrans Ltd



Ms. Natalia Gogoberishvili
Regional Sales Manager
IDEMIA S.A.S.



Ms. Diana Sarumova
Moderator, Executive Director
EBA Armenia



Mr. Dietmar Stiel
EBA Board Member, Executive Director
DWV German Business Association



8 May, 2020

EBA ARMENIA ORGANIZED AN ON-LINE MEETING WITH EBA MEMBERS ABOUT THE ECONOMIC IMPACT OF COVID-19

On 8, May EBA Armenia launched the meeting among EBA members and partners to discuss the post COVID19 situation. The purpose of this initiative is to understand how participants should move further and overcome the post COVID19 period with minimal losses. During the meeting EBA members shared information about sectors they are operating in and exchanged ideas and thoughts on how to continue activities according to the new reality.

An opening speech was made by EBA Executive Director Ms. Diana Sarumova, after which the speakers started their presentations. Particularly, Ms. Catalina Susan, General Manager of Armenia Marriott Hotel Yerevan ("Armenia Hotel Complex" CJSC), Mr. Stanisav Stojcic, General Manager of Hyatt Place Yerevan ("Interarm-M" LLC), Mr. Artashes Tonoyan, CEO of Good Credit UCO CJSC, Mr. Ara Makaryan, Deputy Head of Lending Department, Head of Projects Financing Division of Armswissbank CJSC, Ms. Kristina Mikayelyan from Softline Armenia LLC, and Mr. Edgar Karapetyan, Deputy CEO of Galaxy Group of Companies, made presentations and spoke about the current situation, its impact on the different industries, and possible predictions. The meeting was finalized with the Q&A session.

Country rank in 2017	Country	Share of arriving visitors in 2017	Share of arriving visitors in 2019
1	European Union countries together	21.3%	19.3%
2	Russia	20.3%	21.9%
3	Iran	14.2%	17.8%
4	United States	13.6%	15.1%

Arrival purpose	Share of arriving visitors in 2017	Share of arriving visitors in 2019
Business travel	23.9%	25.5%
Recreation	52.4%	53.2%
Other	23.3%	21.3%

EBO WORLDWIDE NETWORK'S EVENTS

30 April, 2020

EBA ARMENIA AND ITS MEMBERS ATTENDED THE WEBINAR OF ASIA INFRASTRUCTURE INVESTMENT BANK (AIIB) ABOUT COVID-19 CRISIS RECOVERY FACILITY

On 30 April, the Asian Infrastructure Investment Bank (AIIB) has launched its COVID-19 Crisis Recovery Facility (CRF) in response to urgent economic, financial and public health pressures and to support a quick recovery of its members after the current crisis. The Facility will offer an initial USD 5-10 billion of financing to both public and private sector entities facing serious adverse impacts as a result of the pandemic. It is part of the coordinated international response to counter COVID 19 crisis, as per the Extraordinary G20 Leaders' Summit.

As a collaboration between the European Chamber and the AIIB, the jointly organized webinar aims a) to introduce the AIIB Crisis Recovery Facility (CRF) to member companies of the EU Chamber of Commerce in China and European Business Organization (EBO) Network in Asia, and to provide an opportunity for member companies to ask questions. b) to solicit feedback from member companies of EU Chamber and EBO network in Asia on perceived financing needs resulting from COVID situation, with a focus on infrastructure construction business in Asia. The webinar was opened by AIIB's President Jin Liqun and the EU Chamber's President Joerg Wuttke, followed by AIIB's presentation on COVID-19 impact in Asia and AIIB's introduction of the CRF.



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23 April, 2020

EBA ARMENIA ATTENDED THE EBOWWN INTERNATIONAL DISCUSSION ON “GLOBAL CHALLENGES AND LOCAL RESPONSES”

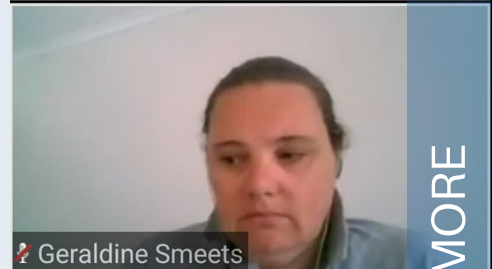
On 23 April, EBA Armenia participated in the webinar of EBO WWN, where business representatives from six countries discussed current economic issues at the global and national levels, effective support measures for local companies, and plans for business development after the crisis.

The EBA initiated this event to connect the representatives of business communities across the world. Together with the peers from all over the world, the panelists discussed different national approaches to handling the crisis at both state and company levels and learn about possible measures to support the local business during the lockdown. Besides, the speakers shared their opinions on the future of their national economies as a part of the global economy, and what can be done to recover international business relations.

The German government has launched a program to partially compensate workers' salaries, including payroll taxes. So, about 700,000 German companies have already applied for compensation, and currently, 3 million workers receive their salaries under this scheme. Also, the scale of German anti-crisis programs is impressive. Thus, a fund of 600 billion euros was created to stabilize the economy. In addition, the state will allocate 50 billion euros to support small businesses and individual entrepreneurs.

Korean government was able to keep the coronavirus situation under control, the epidemic will still have a negative impact on the country's economy, for example, the FDI fell by 16% in Q1. Sven-Eric Batenburg, Director of Legal and International Affairs, European Chamber of Commerce in Korea, emphasized that SMEs appeared to be the most vulnerable in times of economic turbulence. Also, Korea is a very export-dependent country and in the first 20 days of April, there was a 27% drop of trading activities. At the same time, the state is trying to support the business. Thus, the size of the state support programs in Korea is comparable to 13% of the country's GDP.

As a conclusion, in order to tackle the crisis and ensure further economic development, it is important to have effective governance.



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EBA PARTICIPATION IN PARTNER'S EVENTS



EU4Business: Connecting Companies

Ana Sarateanu
Senior Project Officer

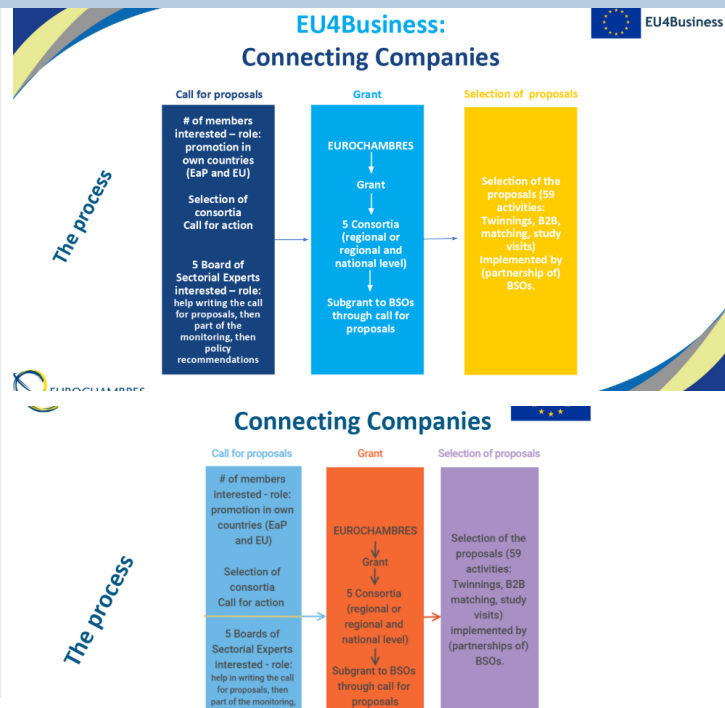


16 April, 2020

EBA ARMENIA ATTENDED THE PRESENTATION OF EU4BUSINESS: CONNECTING COMPANIES PROGRAM

On 16 April, EBA Armenia attended the presentation of EU4BCC program.

Within the framework of the agreement signed between the European Commission and the "European Chamber", "EU4Business: Connecting Companies" program will be implemented, which is essentially a continuation of the East Invest program. The project will be implemented by the European Parliament, which benefits all six countries of the Eastern Partnership (Armenia, Azerbaijan, Belarus, Moldova, Ukraine). At this stage of the project, conducted research within the framework of business support organizations and associations, particularly in the fields of wine, organic food, textiles, tourism and high technology.





19 MAY, 2020

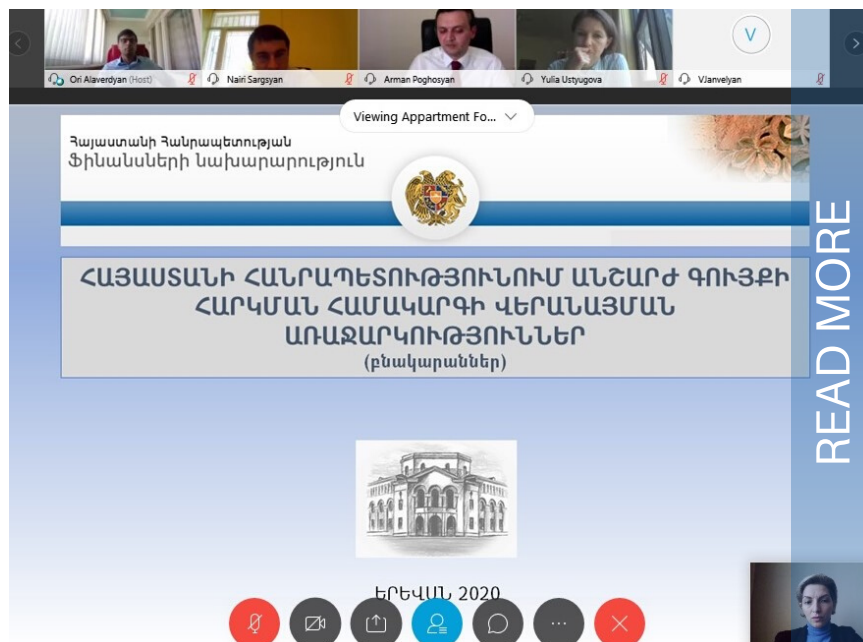
EBA ARMENIA ATTENDED THE SME DEVELOPMENT COUNCIL MEETING COORDINATED BY THE EBRD BSO UNDER THE SUPPORT OF THE MINISTRY OF ECONOMY.

On May 19, the meeting of SME Development Council was held in the form of an online discussion. RA Minister of Economy Mr. Tigran Khachatryan made an opening speech. Private sector organizations discussed the issues on the agenda, with particular reference to the proposals on current programs to alleviate the economic consequences of the coronavirus.

19 May, 2020

EBA ARMENIA ATTENDED THE ONLINE MEETING OF THE PUBLIC COUNCIL OF REVENUE POLICY IMPROVEMENT.

On May 19, the online meeting of the Public Council of Revenue Policy Improvement took place, where recommendations for reviewing the tax system were discussed with private sector organizations.

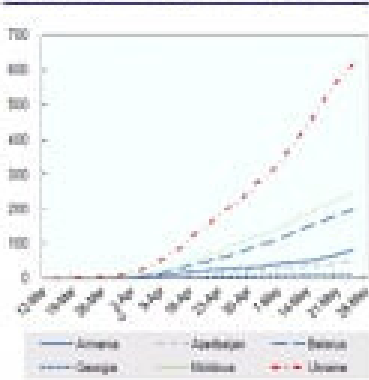


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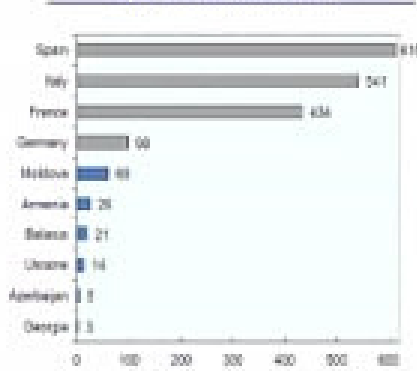
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Current state of Covid-19 pandemic in EaP

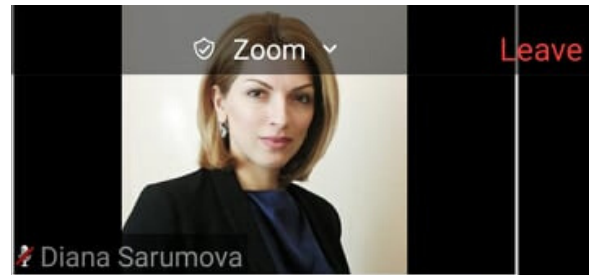
Total confirmed Covid-19 deaths



Total confirmed Covid-19 deaths per million inhabitants



Public health impact in EaP less dramatic than in Western Europe. However, effects of "deconfinement" strategies and potential "second waves" call for active monitoring.



27 May, 2020

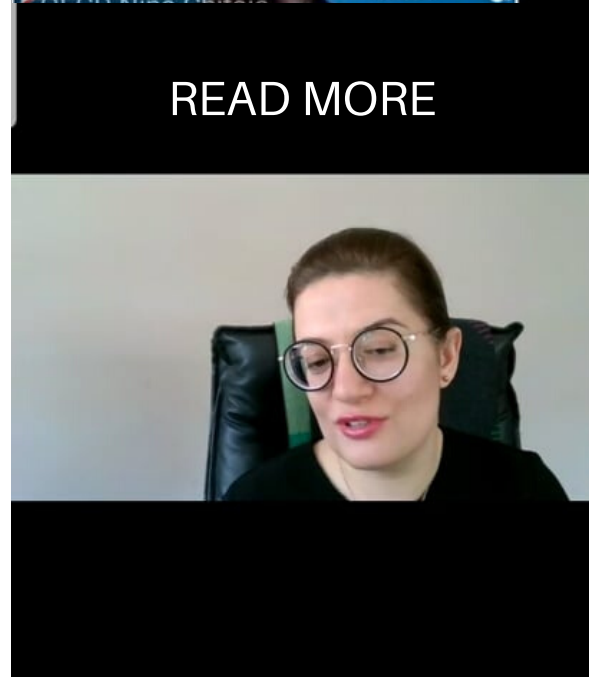
EBA ARMENIA ATTENDED THE "SUPPORTING RECOVERY AND ENHANCING RESILIENCE" WEBINAR OF OECD

Helping SMEs withstand the Covid-19 crisis in the Eastern Partner countries

On 27 May, OECD Eurasia Competitiveness Programme organized a webinar, the first in a series of events between late May and end of June. While it is difficult to estimate the magnitude of the effect of the COVID-19 crisis on the Eastern Partner (EaP) economies and their SMEs, it is clear that it will cause a sharp contraction in domestic output, household spending and international trade. During the Regional Webinar the Covid-19 crisis response in the EaP countries was discussed. The discussion was based on an OECD regional note on the Covid-19 Crisis Response in the Eastern Partnership.

Among the panelists from EAP countries Ms Naira Margaryan, Deputy Minister of Economy, Armenia, introduced the situation in Armenia.

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11 March, 2020

EBA ARMENIA PARTICIPATED IN A SEMINAR ON “INFORMATION COLLECTION TOOLS” AT THE ALA OFFICE

On 11 March, the Armenian Lawyers’ Association NGO organized a capacity building training seminar on the topic “Information Collection Tools” for the representatives of the CSO Anti-Corruption Coalition of Armenia. The training was held in the framework of the “ALA for Modernisation” project and took place in the ALA Central Office.

Ms. Arpine Hakobyan, President of “NGO Center” Civil Society Development NGO, Chairwoman of the Governing Board of CSOs Anti-Corruption Coalition of Armenia conducted the training. She presented to the attention of participants the CSO representatives the qualitative and quantitative information collection methods, expert inquiry needed for CSOs, as well as the types of sociological surveys.



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10 March, 2020

EBA ARMENIA ATTENDED THE PRESENTATION OF STUDY ON THE CURRENT STATE AND DEVELOPMENT PROSPECTS OF THE SME SECTOR CONDUCTED BY AMERIA CJSC

On March 10, an exclusive study by Ameria CJSC on the current state and development prospects of the SME sector was published.

This is a large-scale study of the company's small and medium-sized enterprises, which provides an opportunity to effectively assess the current state of the industry, expectations and development prospects. The work was done based on information in 2019.. The company last presented such a study in 2013.

The presentation of the research was followed by a question and answer session with the participation of Babken Tunyan, Chairman of the NA Standing Committee on Economic Affairs, and Naira Margaryan, Deputy Minister of Economy. This part of the event focused on issues identified in the study, such as the lack of a comprehensive definition of SMEs, which is a major breakthrough, especially in international and local reports. They discussed the issue of SMEs having a small share in the GDP structure (26%), the low level of labor productivity and other issues in the report.

Representatives of the legislative and executive branches at the discussion highlighted the survey conducted by Ameria CJSC as a guiding and informative tool.



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