

## **Prepared Remarks for the American Chamber of Commerce in Armenia (2005)**

It's been several years since we had an event like this in Yerevan. Even the incorrigible optimists among us probably could not have predicted the progress, high growth rates and indicators of economic development evident particularly on the streets of Yerevan.

Of course, it's never fast enough. Everyone is impatient. In a fast paced, globally competitive world, few have reason to dig deeper to find hidden value or make the extra effort it takes to invest in Armenia. But for those who do, the results are increasingly encouraging.

What accounts for the growth?

In part, Armenians are funding Armenia and their families in Armenia. In part, Armenian companies, products and services are maturing.

The food processing industry, for example, provides an interesting model for the trajectory from high dependence on imports to import- substitution to exporting to the region and now to the world. For a small land-locked country with sometimes hostile or unpredictable neighbors, food security is no small thing.

Armenia's energy system, while dependent on nuclear energy, is a net exporter as well and provides relatively cheap and reliable electricity, with a high level of collections and low loss rate. For a country that had an energy crisis and energy blockade in the mid-nineties, this is also a great achievement.

Road Construction has made the country more navigable. Still more work needs to be done.

In telecom the introduction of competition and the freeing up of some of the internet has helped. More needs to be done.

Construction in general helped absorb some of the urban workforce left jobless due to the deindustrialization.

Urban renewal and construction have been an important spur for economic growth and development, particularly in Yerevan, where the real estate market has risen significantly over the past several years. Is it sustainable? Is it being undertaken in a way that assures continuing growth through developing a local construction cluster and feeder/local suppliers?

Perhaps emergence of real global leaders in the hi-tech sphere and the steady and substantial growth in tourism have the potential to lead the way for competitive niches in the global economy that spur domestic clusters of industries.

The public and private sectors are still under-resourced and lack the ability to properly comply and implement many of the laws and regulations that have been adopted. This sometimes leads to circumvention and corruption.

As an attorney, business advisor and businessman myself, I believe that "streamlining, automation and modernization" are urgently needed to make Armenia's institutional infrastructure more competitive. Compared to the 70 more competitive environments in the world, there is too much paper, too many signatures, seals, and handwritten register books and too much emphasis on insignificant details while more detrimental abuses are ignored.

Having lived and worked in the CIS for over a decade now, I have concluded that the problem is not simply the "enforcement," but the "policy and laws themselves." Good laws are laws that people are on the whole willing and able to abide by and enforce. If they are not willing or able on the whole to abide by and enforce them, then these laws are not good laws and should be reformed until the law matches the resources and the people's willingness and ability to abide by and enforce them.