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Contribution to Working Group B – Session 3

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Ladies and Gentlemen,

Allow me to address you, the participants of the twelfth meeting of OSCE Economic Forum, and to extend my sincere appreciation to the Organization for Security and Co-operation in Europe for the invitation to participate in such an important Forum. We are especially pleased that the first preparatory seminar of this Forum on the subject “Assistance to the Development of Small and Medium Enterprises (SME)” was organized in Armenia, where the recent years have marked considerable economic development in the result of persistent, multi-targeted and coordinated activities of the Armenian Government.

Taking into consideration the role and the strategic importance of SMEs in the social and economic development of the state, subsequent initiatives are undertaken in Armenia to foster this sector of economy, including activities directed at the structuring and instituting the system of the state’s support to SMEs. We have undoubted achievements in this area.

For the recent years small and medium entrepreneurship has been one of the dynamically developing sectors of the Armenian economy. Year by year the number of small and medium enterprises increases thus providing for new job opportunities. The statistical data come to witness such positive developments. For the period covering years 2000-2003 were set up more than twenty thousand SMEs and offered more than fifty thousand job opportunities.

The share of SMEs in GDP is significant. As compared to year 2002, SME share increased by 3 percent and made 38 percent of GDP in 2003, against 19 percent in 1999. This trend sustains for the present time as well.

Proceeding from the importance of SMEs in the economic growth of the State, in providing job opportunities, improving well-being of the populace, formation of the middle stratum of society and in ensuring social and political stability in the state, the Government of the Republic of Armenia regards this sector among its highest priorities in the development of the Armenian economy and undertakes progressive measures in this direction.

At present there already exists the legal framework in Armenia to support the entrepreneurial activities in a developing state. In this regard, a special stress should be laid to the fact that in the course of recent 2-3 years have been adopted the major laws important both for the overall economy and particularly for the development of SMEs.

In the December of 2002 Armenia joined World Trade Organization (WTO). With this, Armenia was acknowledged as the partner of WTO member states enjoying equal rights and having a legal framework that meets the international requirements. Indisputably, joining WTO provided additional incentive for the development of SME in the republic.

Starting from 2002 an annual programme on the state support to SME is being elaborated and implemented; the programme focuses on execution of key objectives defined in RoA Law on the State Support to SMEs.

The main sections of the Program cover almost all hindrances typical of the current phase of SME development in Armenia and include the list of priority issues to be addressed by the SMEs state support system.

Within the framework of 2002 Programme on State Support to SMEs was established the National Center for SME Development in Armenia, which has become the basic unit in the state support system. At present are already established the regional branch offices of the Center in a number of marzes (regions) and in 2005 the regional branch offices will operate in all administrative units of the state. Therefore, it could be stated with certainty that in Armenia is already laid the foundation for the state support to SME.

An important place in the system of SME support rests with the Chambers of Commerce and Industry. The Government of the Republic of Armenia represented by the Ministry of Trade and Economic Development has initiated the elaboration of RoA Law on Chambers of Commerce and Industry as well as structuring the system of RoA Chamber of Commerce and Industry. There are a series of problems in this process, which are at this stage viewed by us as problems of formation and improvement. For the purpose of addressing these issues coordinated activities are being conducted among the Government of the Republic of Armenia, the Chamber of Commerce and Industry and international organizations. This gives grounds to concede that RoA Chamber of Commerce and Industry will become an important part in the system of SME support.

Essential role in the development of small and medium entrepreneurship is attached to the international organizations that conduct relevant programs in this area.

In order to focus the potential and to coordinate the activities of international organizations involved in the SME development as well as to enhance the effectiveness of activities in the elaboration and implementation of the SME development policy in Armenia, RoA Ministry of Trade and Economic Development in the current year initiated establishment of Coordination Council for supporting SMEs. The Council comprises 11 international organizations, including OSCE - the co-operation with which in SME sector commenced with the Preparatory Seminar of this Forum and at present it is intensifying and is becoming more substantial. At present activities are conducted in the elaboration and implementation of concrete actions targeted at improvement of the state policy for SMEs as well as strengthening and development of SME support system.

Small and medium entrepreneurship in Armenia is becoming one of the major powers in the Armenian economy. No doubt, the state policy for establishing effective economic, social and political conditions as well as for intensifying the international co-operation in this sector will ensure further improvement of SME sector and the national economy in general.

Let me once again to extend my greetings to you and to wish every success in your activities for the economic welfare of all states, which, in its turn, will form basis for addressing social and political problems conditioned, in one part, by the difficulties of the transition period.