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## Armenia gets another western credit rating.

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Moody's Investors Service, a leading Western risk assessment company, has assigned its first-ever credit rating to Armenia in what senior officials in Yerevan described on Tuesday as another milestone in the country's transition to the free market.

Moody's ratings are widely used by investors around the world for analyzing risks associated with lending to foreign countries and companies. The BA2 grade given to Armenia signifies a medium level of creditworthiness.

The chairman of the Armenian Central, Tigran Sarkisian, and Finance Minister Vartan Khachatryan stressed the fact that Moody's rated Armenia more highly than neighboring Georgia and Turkey and put it on a par with neighboring Azerbaijan. They said the rating will allow the Armenian government to sell bonds in international financial markets and will make it easier for local private firms to attract foreign investments and loans.

Khachatryan made it clear, however, that Yerevan has no intention to issue so-called Euro-bonds in the near future. "The government does not plan to issue Euro-bonds and get into greater debt in the coming years because we think we can achieve our current objectives with internal resources and loans received from international organizations," he told a joint news conference with Sarkisian.

Much of Armenia's budget deficits have for years been covered by low-interest loans disbursed by the World Bank and financial grants provided by Western governments. Proceeds from domestic sales of government bonds and treasury bills still pale in comparison with donor funding.

Moody's rating is slightly higher than the one assigned to Armenia by another famous rating agency, Fitch, in early June. The latter's "sovereign credit rating" of BB- indicated a relatively high risk of doing business. While praising the country's "impressive economic performance," Fitch said Armenian economy remains "vulnerable to shocks" due to its high degree of dollarization, underdeveloped financial services and the unresolved Nagorno-Karabakh conflict.

A statement by the Armenian Central Bank quoted the Moody's vice-chairman, Sarah Bertin, as citing the same problems hampering Armenia's economic development. She said at the same time that Moody's analysts believe that a renewed war in Karabakh is unlikely in the coming years.

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