

Agribusiness Export Policies in Armenia



Expert Round Table - Best practices in export
promotion: Experiences in Latin America, Europe and
Central Asia - organized by FAO

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Anna Yeritsyan, ICARE

Agriculture production and export promotion through international collaboration



- USDA marketing assistance programme
- DAI Agribusiness Small and Medium Enterprise Development projet
- Small and Medium Entrepreneurship Development National Center as a hub to Enterprise Europe Network
- GIZ wine, tourism and skills development activities

Export promotion activities



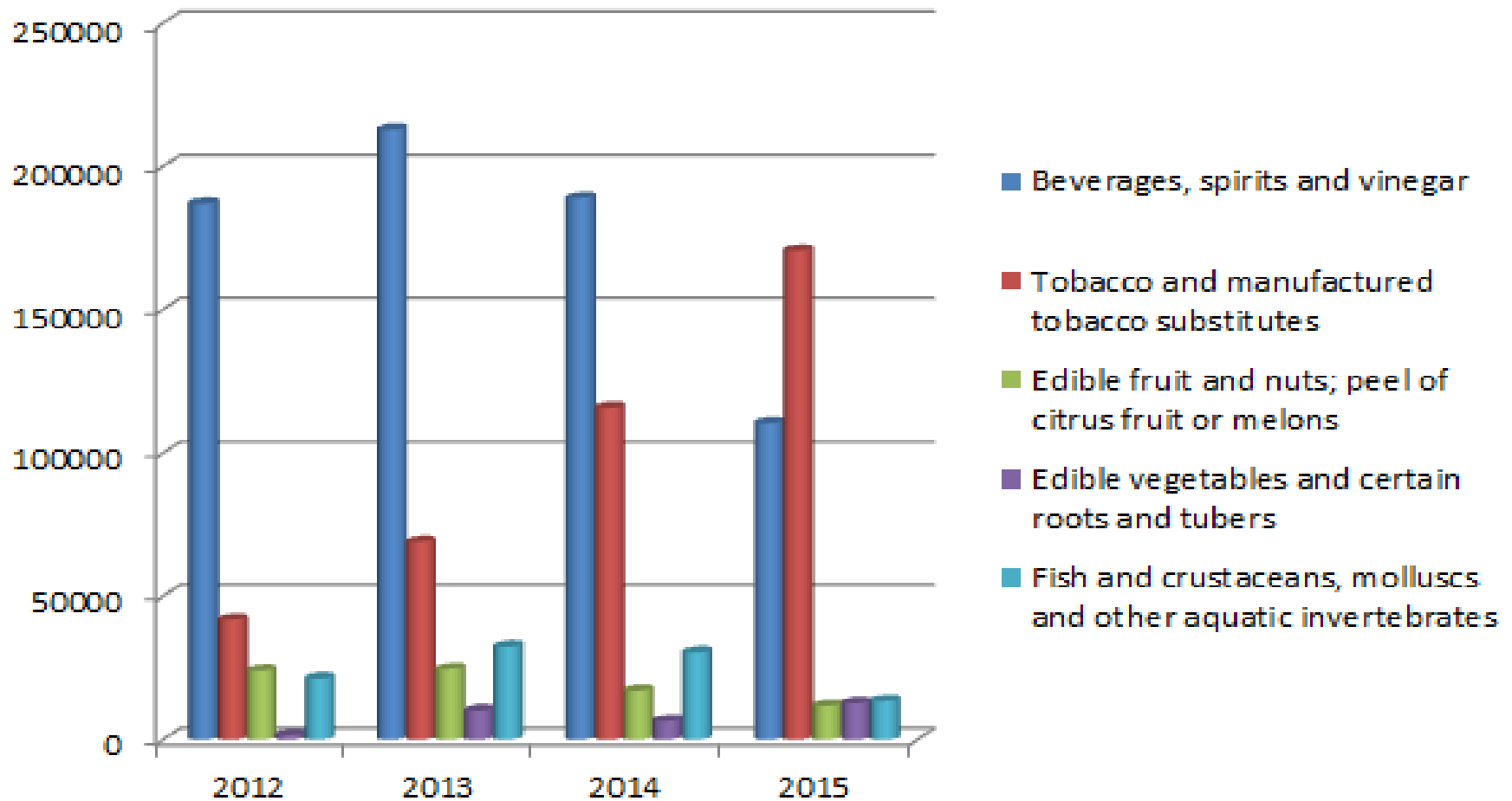
- There are no export restrictions in Armenia. Exported goods are exempt from VAT tax.
- No export tariffs, and no tariffs on raw material imports (result - booming tobacco industry)
- Exporting companies are paying only 2 % of profit tax if their yearly export is over 105mln USD equivalent, and 5 %, if the yearly export is between 84-105mln USD equivalent
- Promoting imports of greenhouse (an export oriented industry) inputs

Export Insurance Agency

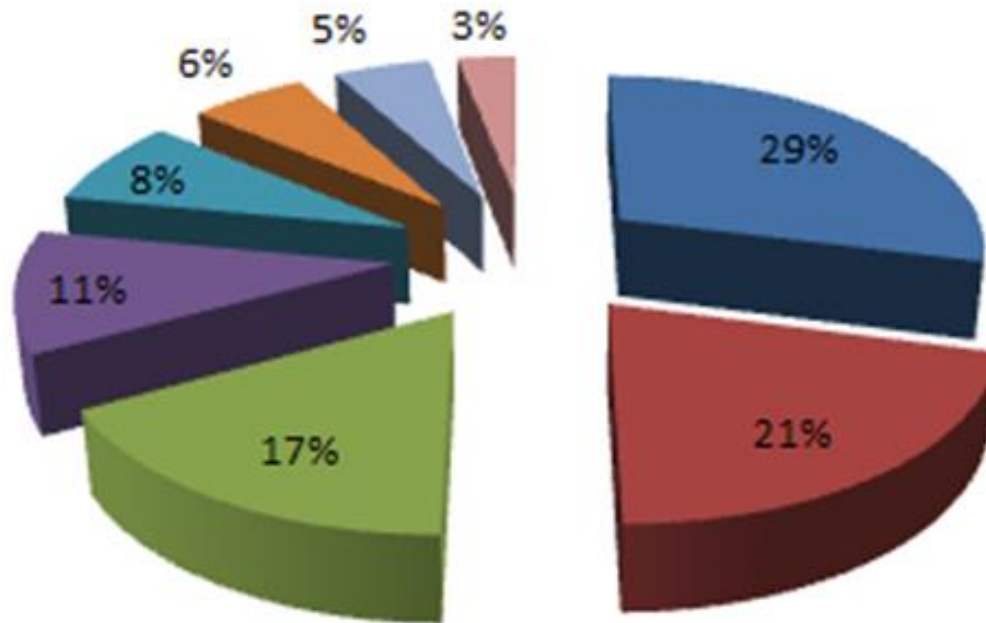


- Operated by the committee from different ministries
- insures financial losses incurred because of non-payment of importing party
- collaborates with banking sector in provision of loans for producing the goods to be exported
- 25 cases of insurance during the first year of operation (2015)

The top 5 categories of agriculture exports (thous. USD)



List of agricultural products with the highest export potential



■ Apricot ■ Cheese ■ Meat ■ Grape ■ Honey ■ Patato ■ Plum ■ Other

Factors hindering the trade (OECD study, 2014)



- Lack of knowledge about Armenian products -25%
- Low price competitiveness – 25%
- Delayed payments by foreign buyers – 21%
- Absence of information about the foreign market-12%
- No export expansion need – 8%
- Other – 9%

Export Challenges in Armenia



- Not sufficient activities aimed at promotion
- Limited export knowledge and skills
- Not favorable regulatory system and infrastructure
- Limited information on foreign buyers' payments accuracy, currency risk, political risk.

Source: OECD Private Sector Development Policy Handbook

What can be done



Not sufficient activities aimed at promotion

- Export insurance agency development and increased awareness of its activities in business sphere
- Access to finance for exporting companies
- Developing idea of niche marketing that several small companies can do within a national umbrella brands (ex. Armenian fruit, or Armenian organic)

Export and credit guarantee funds. Case of Estonian CredEx or Italian SACE

What can be done



Limited export knowledge and skills

- Promoting awareness of Armenian products in target export countries
- Providing information to local producers on possible export markets, opportunities and limitations on each market
- Establishment of business ranking agency for getting information on foreign buyer

(Case of Mexican Bancomext with 22 locations in the country and over 31 abroad)

What can be done



Infrastructure development

- Warehouse system, providing place to small producers for storage and packaging (Zvartnots FEZ, or small regional warehouses)
- Certification compliance and certified laboratories operating according to internationally accepted standards

What can be done



Development of efficient regulatory framework

- Establishment of single window system for customs and export certification
- Simplify export procedures (in «doing business 2014» days to export – 16)
- Improve competitive environment

What can be done



- Establishment of a wholesale agency that will implement the exports
- Invest in education field to ensure the availability of specialissts to produce high quality goods for export
- Diversify export directions (currently about 85% of ag. exports are directed towards RF)



Thank you for your attention

Anna Yeritsyan,
Research Director
International Center for Agrinusiness
Research and Education
anna@icare.am