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BAN ON THE IMPORT OF GOODS OF TURKISH ORIGIN AND HOW WE DEALT WITH IT

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The article examines the behavior of importing goods and local production due to the ban on the import of goods of Turkish origin. The study covers the nine-month period from January to September 2020-2021. Imports from Turkey decreased by about 70% during the observed period. The decision affected different product groups in different ways. In particular, the import of most of the goods under the ban decreased by 70-99%, the small number of goods under the ban fell by 1-2%, the import of some goods out of the ban significantly decreased, and the import of a few goods out of the ban increased significantly. The reduction in imports was accompanied by a significant increase in the production of some types of local production, but not to the extent that the import from Turkey was reduced. Moreover, in the case of most goods, even the volume of import substitution from other countries was not commensurate with the reduction of imports from Turkey. However, taking into account the growth of domestic production of some products, we believe that the ban on the import of these products should be extended, and those products that have no potential for domestic production and should be replaced by more expensive imports from other countries, the ban on these products should be lifted..

By reason of the active support of Turkey to Azerbaijan in the second Artsakh war in 2020, the Armenian government made a decision in October to temporarily suspend the import of a number of goods of Turkish origin. Taking into account the EEU regulations, the

decision was initially made for 6 months, with the aim of further extension, which has already been done once and the issue of the next extension is being discussed. The decision contained some exceptions; in particular, it did not apply to goods imported under the "processing in the customs territory" customs procedure, supply contracts concluded before the decision, goods imported for warranty and post-warranty service, the import of personal property imported by the citizens departed for permanent residence in Armenia, to the import of goods belonging to product groups FEACN 07, 08 subject to further export from Armenia to other countries.¹ After the decision came into force, in January-September 2021, compared to the same period in 2020, Armenia's imports from

Turkey decreased by about 70% amounting to 48.8 million US dollars. In general, by four-digit classification 27 product groups worth up to 1 million US dollars in January-September 2020, the import was banned. However, the above decision affected different product groups in different ways. In particular, the import of most of the goods under the ban was reduced by 70-99%, the import of some goods under the ban, such as "Tubes, pipes and hoses and fittings thereof (for example, joints, elbows, flanges), of plastics" was slightly reduced, by only 1-2%. The import of some goods out of the ban was significantly reduced, and the import of a few goods out of the ban even increased: in January-September 2020, there are three such product groups with a 6-digit

TABLE 1

The 10 largest declines in banned imports from Turkey to Armenia²

	Commodity	2020 January-September US dollars	2021 January-September US dollars	in % of previous period	decrease %
1	Garments; of textile materials (other than wool or fine animal hair, cotton or man-made fibres), knitted or crocheted, n.e.s. in chapter 61	14097414	1840	0.01	99.99
2	Petroleum oils, oils from bituminous minerals, not crude; preparations n.e.s. containing less than 70% petroleum oils, oils from bituminous minerals; these being the basic constituents of the preparations	4118135	51347	1.25	98.75
3	Washing and cleaning preparations; surface-active, whether or not containing soap (excluding those of heading no. 3401), put up for retail sale	3242265	41020	1.27	98.73
4	Ovens, cookers, cooking plates, boiling rings, grillers and roasters; of a kind used for domestic purposes (excluding microwaves)	2953839	17576	0.60	99.40
5	Footwear; n.e.s. in heading no. 6402, (other than just covering the ankle), with outer soles and uppers of rubber or plastics	2662676	5531	0.21	99.79
6	Sanitary towels (pads) and tampons, napkins and napkin liners for babies and similar articles, of any material	2569010	174558	6.79	93.21
7	Trousers, bib and brace overalls, breeches and shorts; women's or girls', of cotton (not knitted or crocheted)	1071263	48434	4.52	95.48
8	T-shirts, singlets and other vests; of cotton, knitted or crocheted	1035943	70849	6.84	93.16
9	Trousers, bib and brace overalls, breeches and shorts; men's or boys', of cotton (not knitted or crocheted)	965105	29722	3.08	96.92
10	Glues or adhesives; prepared, products suitable for use as glues or adhesives, put up for retail sale as glues or adhesives, not exceeding a net weight of 1kg	860023	1151	0.13	99.87

¹ On Temporary Ban on the Import of Goods of Turkish Origin to the Republic of Armenia" Decision of the Government of the RA (Armenian) <https://www.arlis.am/DocumentView.aspx?DocID=152165>

² Calculations made by author based on UN Comtrade data.

TABLE 2

Local production of some banned goods importing from Turkey in kind³

	2021 January-September	2020 January-September	% change 2021 Jan-Sep to 2020 Jan-Sep
Fabrics, tons	18	11.7	153.8
Bed linen thous. items	112.1	33.5	3.3 times
Coats, waterproof coats, waterproof coats with hats, warm jackets, windbreakers, and similar knitted or crocheted products for men or boys (for women or girls) thous. items:	535.8	464.5	115.3
Tights, pants, socks, socks and other socks, knitted or woven thousand items	16313.3	16071.7	101.5
Sweaters, pullovers, jackets, coats (vests) or similar products knitted or woven thousand. items:	2316.9	5738	40.4
Soap and organic surfactants and products used as soap, soap or detergent coated paper, cotton, linen, or nonwovens, tons	581.5	473.5	122.8
Detergents, tons	4728.2	3607.5	131.1

classification of imports in excess of 1 million US dollars, which are "Fabrics; knitted or crocheted fabrics, other than those of headings 60.01 to 60.04, of cotton, dyed" by 49%, "Medium density fibreboard (MDF), of a thickness exceeding 9 mm" by 27%, "Aluminium; alloys, hollow profiles" by 24%. Table 1 presents the 10 product groups with the largest decline in 6-digit classification.

In the first place is the product of knitted clothes, the import of which has been reduced by almost 100% by more than 14 million dollars. In other words, on the one hand, the import of garments from Turkey was reduced, on the other hand, the import of fabrics, which was not initially banned and was intended to enable local producers to organize their production without depriving them of raw materials, increased by 49% amounting to 0.9 million US dollars. In addition to the increase in fabrics imports, the production of fabrics in the local market has increased by about 54%, in particular, if in January-September 2020 11.7 tons of fabric was produced, in January-September 2021 it reached 18 tons (table 2).

The production of linen has also increased significantly; in particular, it has more than tripled compared to the previous period. The production of coats has increased by 15% or more than 71 thousand pieces. The production

of tights has also increased, though by a small amount of 1.5%. However, the production of sweaters and jackets has sharply decreased, but the impact of which on the general production of clothes has not been significant. Drawing parallels with the ban on the import of such goods from Turkey, and not claiming that local production has increased solely due to that, however, we can state that it has generally had a positive impact on the increase in the above-mentioned local production. Has such an increase in domestic production offset the reduction in imports of these goods from Turkey? Table 2 provides an overview of the local production in kinds of some of the goods subject to the import ban. However, in terms of value, when we consider the production of garments, for example, it increased by 23%, amounting to 28065.6 million drams⁴, which is 5912.5 million drams or 12 million US dollars more than in the same period of last year. At first glance, it may seem that the reduction in clothing imports of more than \$ 14 million was largely (by 12 million US dollars) replaced by local production, but only 1123.7 million drams or 2.3 million US dollars of that increased production (Table 3) was sold in the domestic market. The production of textile products increased 2.3 times, making 1368.9 million AMD, which

³ Based on the "Output of Main Commodities in the Industrial Organizations (in Kind) for January-September 2021 (Armenian)" <https://armstat.am/en/?nid=82&id=2426>

⁴ Main Indicators of Industrial Organizations by Economic Activities (two-digit code), by Marzes and Yerevan city for January-September 2021 (Armenian) https://armstat.am/file/article/2nish_m_09_2021.pdf

increased by 727.2 million AMD or about 1.5 million USD as compared to the same period of the previous year, and the sales in the domestic market increased by 871.5 or about 1.8 million US dollars. In other words, the increase in the sales value of garments and textiles in the domestic market together amounted to only 4.1 million US dollars, while only the import of "Garments; of textile materials (other than wool or fine animal hair, cotton or man-made fibers), knitted or crocheted, n.e.s. in chapter 61 " from Turkey decreased by more than 14 million US dollars, and in general, the total import of the above-mentioned product group decreased by 17 million US dollars as compared to the same period of the previous year. Comparing the sales and import figures of local production in the domestic market with the previous year, we can conclude that as a result, consumption has significantly decreased. Thus, the ban on the import of garments from Turkey, on the one hand, was accompanied by a significant increase in domestic production, on the other hand, a significant reduction in domestic consumption.

"Petroleum oils, oils from bituminous, not crude" products are the second largest group of goods in Turkey with the largest decline in imports. In January-June 2021, compared to the same period of last year, it decreased by 4.1 million US dollars, and in

terms of volume it declined by 6766 tons. Instead, imports from Russia increased by 32 million US dollars or 24068 tons. Even though the total imports of petroleum oil products increased by 27.3 million US dollars in the observed period, but decreased by 8225 tons in terms of volume. The reason is not only the ban on imports from Turkey, but also a significant reduction in imports from Iran (43843 tons).

In January-September 2021, the import of detergents from Turkey decreased by 98.7% or 3606 tons. At the same time, imports from Russia increased by 3391 tons, and domestic production by 31% or 1120 tons.

The local production of soaps and products used as soaps, increased by 23%. Data on the sales markets of the latter have not been published yet, so we cannot say what part of the local products has been consumed in the domestic market. It is noteworthy that the prices of detergents and cleaning products increased by 12.4%, while the average inflation of non-food products was 8.5%.⁵ Of course, such a rise in prices is not due solely to the import ban, but nevertheless it has had its impact. There are no data on local production of ovens, cookers, glues, sanitary towels and tampons, and the reduction in imports from Turkey has been partially replaced by imports from other countries. It should be noted here that the inflation of large household electrical and

TABLE 3

Local production of garments and textiles and their sales (thous. Armenian drams)⁶

	2021 January-September	2020 January-September	Change in size
Garments production	28065,6	22153	5912,5
Sales of finished products	27059,9	21995,4	5064,6
Of which CIS countries	10804,7	8745	2059,7
Other countries	8940,4	7059,2	1881,2
Sales in the local market	7314,8	6191,1	1123,7
Textile production	1368,9	641,6	727,2
Sales of finished products	1398,4	518,5	879,9
Of which CIS countries			
Other countries	11,6	3,3	8,4
Sales in the local market	1386,7	515,2	871,5

⁵ Socio - Economic Situation of RA, January-September 2021 (Armenian), https://armstat.am/file/article/sv_09_21a_130.pdf

⁶ Based on "Main Indicators of Industrial Organizations by Economic Activities (two-digit code), by Marzes and Yerevan city for January-September 2021 (Armenian)", https://armstat.am/file/article/2nish_m_09_2021.pdf

non-electrical appliances was 11% (there is no data on the prices of the other products mentioned above), which is again higher than the average inflation of non-food items. Again, the import ban, being not the only conditioning factor, nevertheless affected the prices of the given products.

The 99.8% (2.6 million US dollars) drop in footwear imports from Turkey was offset by a sharp increase in imports from China of 5.7 million US dollars. Data on domestic production of footwear (excluding leather) are not yet available. As for the domestic prices of shoes, they have increased by 6.8%.

Thus, the study of the ban on the import of goods from Turkey for a short period of nine months showed that it had an ambiguous effect on the volume of imports, domestic production, and consumption. In particular, the import of most of the banned goods was significantly reduced, which in the case of some goods was accompanied by an increase in domestic production, but not by the volume by which it was reduced. Part of the reduction in imports from Turkey has been replaced by imports from other countries, mainly from Russia and China. However, a

study of the top ten declining commodities found that the increase in imports from other countries, except for footwear and oil products, was not commensurate with the decline in imports from Turkey, which led to a decline in consumption amid inadequate growth in domestic production. Considering that it also had a certain impact on the inflation of the above-mentioned goods, we can conclude that at least in the short run, it had a negative impact on the population, the final consumer. However, taking into account the growth of domestic production of some products, we believe that the ban on the import of these products should be extended, and those products that have no potential for domestic production and should be replaced by more expensive imports from other countries, the ban on these products should be lifted. Thus, in the conditions of the still destructive approaches of Azerbaijan-Turkey, the ban on the import of Turkish goods can be extended, but by reducing the negative impact on the final consumer as much as possible, that is, by reducing the number of goods under the ban.

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Ռուզաննա ԹԱԴԵՎՈՅԱՆ
«Ամբերդ» հեղափոխական կենտրոնի կրթական հեղափոխող, ՀՊՏՀ,
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ՀԱՅԱՍՏԱՆԻ ԵՎ ԱՇԽԱՐՀ

ԹՈՒՐԻՔԱԿԱՆ ԾԱԳՄԱՆ ԱՊՐԱՆՔՆԵՐԻ ՆԵՐՄՈՒԾՄԱՆ ԱՐԳԵԼՔԸ ԵՎ ՓՈԽԱՐԻՆՄԱՆ ՈՂԻՆԵՐԸ

Հոդվածում ուսումնասիրվել է թուրքական ծագման ապրանքների ներմուծման արգելքով պայմանավորված՝ ապրանքների ներմուծման և տեղական արտադրության վարքագիծը: Ուսումնասիրությունն ընդգրկում է իննամսյա՝ 2020-2021 թթ. հունվար-սեպտեմբեր ժամանակահատվածը, որի ընթացքում Թուրքիայից ներմուծումը կրճատվել է մոտ 70%-ով: Որոշումը տարբեր կերպ է ազդել տարբեր ապրանքախմբերի վրա: Մասնավորապես՝ արգելված ապրանքների գերակշիռ մասի ներմուծումը կրճատվել է 70-99%-ով, սակավաթիվ արգելվածներինը՝ 1-2%-ով, որոշ չարգելվածներինը՝ էապես, իսկ սակավաթիվ չարգելվածներինը զգալիորեն աճել է: Ներմուծման կրճատումն ուղեկցվել է տեղական արտադրության մի շարք ապրանքատեսակների արտադրության էական աճով, սակայն ոչ այն չափով, ինչ չափով կրճատվել է Թուրքիայից ներմուծումը: Ընդ որում, ապրանքների մեծամասնության դեպքում անգամ այլ երկրներից ներմուծման փոխարինման ծավալները համարժեք չեն եղել Թուրքիայից ներմուծման կրճատմանը: Այնուամենայնիվ, հաշվի առնելով որոշ արտադրատեսակների հայրենական արտադրության աճը, կարծում ենք՝ այդ ապրանքների ներմուծման արգելքը պետք է երկարացնել, իսկ այն ապրանքների նկատմամբ, որոնք ներքին արտադրության որևէ ներուժ չունեն և պետք է փոխարինվեն այլ երկրներից ավելի թանկ ներմուծմամբ, արգելքը պետք է վերացնել:

Հիմնաբառեր. Հայաստան, Թուրքիա, ներմուծում, արգելք, տեղական արտադրություն

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АРМЕНИЯ И МИР

ЗАПРЕТ НА ВВОЗ ТОВАРОВ ТУРЕЦКОГО ПРОИСХОЖДЕНИЯ И ПУТИ ИМПОРТОЗАМЕЩЕНИЯ

В статье исследуется изменение импорта товаров и местного производства из-за запрета на ввоз товаров турецкого происхождения. Исследование охватывает девятимесячный период с января по сентябрь 2020-2021 годов. Импорт из Турции за рассматриваемый период снизился примерно на 70%. Решение повлияло на разные товарные группы по-разному. В частности, импорт большинства товаров, попадающих под запрет, снизился на 70-99%, небольшое количество товаров, попадающих под запрет, упало на 1-2%, ввоз некоторых товаров не попадающих под запрет значительно снизился, а импорт товаров, не попадающих под запрет, значительно выросло. Сокращение импорта сопровождалось значительным увеличением производства некоторых видов местной продукции, но не до уровня сокращенного импорта из Турции. Более того, в случае большинства товаров даже объем импортозамещения из других стран не был соизмерим с сокращением импорта из Турции. Однако, учитывая рост внутреннего производства некоторых товаров, мы считаем, что запрет на ввоз этих товаров следует продлить, а те товары, которые не имеют потенциала для внутреннего производства, будут заменены более дорогим импортом из других стран, запрет на эти продукты должен быть снят.

Ключевые слова: Армения, Турция, импорт, запрет, местное производство