

CURRENT STATE AND DEVELOPMENT PROSPECTS OF FRESH AGRICULTURAL PRODUCTS' EXPORT IN RA

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Introduction. Agriculture is considered as one of the key segments of Armenian economy. Despite its importance and role this sector faces a number of problems: one of the factors hindering its development is the absence of an effective organizational sale system for agricultural products and the lack of structures for increasing and promoting exports. The increase in the competitiveness of domestic products and the formation of export-oriented agriculture is one of the necessary conditions for the sustainable development of agriculture.

The increase in the export volumes of goods and their competitiveness are not only a guarantee for strengthening the economic position of country, but also of the liberalization of the economy, and this fact determines **the relevance** of this research.

The purpose of the article is to study and analyze the state of production and export of agricultural products in RA, as well as the policy of promoting that process. For that purpose following problems were defined and solved:

- To analyze the current state of production and export of agricultural products,
- To explore export opportunities,
- To study the promotion policy of the sector.

Literature review. In the system of economic relations between countries, the primary importance is given to trade. A part of any trade policy is the export promotion, which includes measures that are not only directed to the development of the exports, but also for the development of the economy as a whole¹. The development of the agriculture sector is conditioned by the development of both rural communities and those sub-sectors that have a certain influence in the process of agriculture production while contributing to the export of domestic products.²

The geographical and climatic conditions of Armenia, the limited use of chemical nutrients and pesticides contribute to the production of high quality, delicious products. This products can be successfully introduced to international markets with modern processing and packaging technologies. These technologies are currently used for the export products such as non-alcoholic beverages, mineral water, alcohol, canned fruits and vegetables, milk, milk products, dried food, meat and meat products, etc.³

¹ Tadevosyan Z. et el., The possibilities of diversification and growth of exports of the Republic of Armenia: -Yer. Economist, 2016, pp. 5-6, (original in Armenian)

² “2020-2030 Strategy of the Main Directions Ensuring the Economic Development of the RA Agriculture Sector”, page 15.

³ “Armenian Agricultural Products and Exports”, publication of the “Ensuring livelihood through

The impact of exports on expanded reproduction, GDP growth and economic efficiency has always been the subject of many economic researches. Many scholars have referred to the possible impact of export on the production of specific products, the quantitative and qualitative assessment of that impact. In the economic literature, this approach is referred as "Export-led economic growth" hypothesis. The validity of the hypothesis has been proven by many studies carried out for many different countries. For example, the trajectories of the economic development of Bangladesh, Jordan, Chile, Brazil, India, the Republic of South Africa and the countries of Sub-Saharan Africa are vivid examples of export-led economic growth¹. The economies of East Asian countries are examples of what economic miracles export-oriented national economies can achieve².

Studies in US manufacturing organizations have shown that exports and productivity levels are positively correlated. Highly productive organizations are more likely to enter foreign markets and engage in exports, and then the increase in exports will ensure further growth in productivity and efficiency³. Researchers Pack and Aw concluded that among organizations that sell similar products, the organizations that do exports are more productive and work more efficiently⁴. Similar patterns were also found in Sub-Saharan Africa. Sub-Saharan African exporters show higher productivity levels than inner-oriented organizations. African exporters improve their economic performance after entering foreign markets.

Exports are a driving force in the introduction and further application of the latest technologies and innovations. In particular, studies carried out in France had shown that exporting has a positive impact on the implementation of innovations in highly productive organizations⁵. Exporters invest in new technologies thanks to an increase in their revenues and expanded export opportunities can have positive effect on companies' performance. So we can conclude that on the one hand, the increase in revenue caused by exports prepares the ground for the investment of new technologies, leads to an increase in the efficiency of organizations, and on the other hand, highly

conservation and use of agro-biodiversity in rural communities in Armenia" project, supported by Global Environment Facility (GEF).

¹ Ee C.Y. Export-led Growth Hypothesis: Empirical Evidence from Selected Sub-saharan African Countries // *Procedia Economics and Finance*. - 2016. - № (35). - p. 232-240.

² Krueger A.O. Trade Policy and Economic Development: How We Learn // *American Economic Review*. - 1997. - №87 (1). - p.1-22.

³ Bernard A. B. and Jensen J. B. Exporting and Productivity // NBER Working Paper No: 7135. Cambridge, MA. - 1999.

⁴ Aw B.-Y. and Hwang A. R. Productivity and the export market: A firm-level analysis // *Journal of Development Economics*. - 1995. - № 47(2). - p. 313-332.

Pack H., Industrialization and trade, in: H. Chenery and T.N. Srinivasan, eds. // *Handbook of development economics*. Vol. 1. Amsterdam. - 1988. Elsevier Science Publishers.

⁵ Aghion Ph., Bergeaud A., Lequien M. and Melitz M. J. The Impact of Exports on Innovation: Theory and Evidence // *Banque de France Working Paper No. 678*. -2018.

efficient organizations are more inclined to exporting.

The studied literature proves once again that exports are an important factor of economic development and growth of sectors.

Methodology. The works of foreign scholars, materials and studies of conferences were the information basis of this research. The methods of data collection and comparative analysis were used for the purpose of the research.

Analysis. Currently, domestic and foreign markets of agricultural products condition the economic environment of local producers, making the production of agricultural products more efficient, from the production to the sale.

For small countries like Armenia, the role of foreign markets is exceptional, because the small domestic market lacks the potential to satisfy economic growth. Therefore, as a developing country, Armenia is obliged to pursue such foreign trade promotion policies that will use the existing levers and management mechanisms of regulation with maximum efficiency. Armenia's foreign trade policy needs a more systematic approach, based on the priority of the country's economic and political interest¹.

Agriculture in Armenia has all the necessary prerequisites for development, but the existing challenges and problems of the sector hinder that development and do not allow the use of the opportunities that contribute to the development of the sector².

In order to assess the export situation of Armenia, it is necessary to study the export volumes and their dynamics (Table 1).

Table 1

The dynamics of exports in RA, 2012-2023 ³

| Year | Exports volumes, million. USD |
|-------------|--------------------------------------|
| 2012 | 1380.2 |
| 2013 | 1478.7 |
| 2014 | 1547.3 |
| 2015 | 1485.3 |
| 2016 | 1791.7 |
| 2017 | 2237.7 |
| 2018 | 2412.8 |
| 2019 | 2647.2 |
| 2020 | 2536.9 |
| 2021 | 3015.9 |

¹ Tadevosyan Z. et el., The possibilities of diversification and growth of exports of the Republic of Armenia: -Yer. Economist, 2016, pp. 5-6, (original in Armenian)

² “2020-2030 Strategy of the Main Directions Ensuring the Economic Development of the RA Agriculture Sector”, page 17

³ RA Statistical Comitee, Publiactions.

The data of the table shows that in 2021, compared to 2012, the export volumes increased significantly: with 118.5% in particular. According to the data of the RA Customs Service, various products are exported from Armenia to Russia, Georgia, Spain, Italy, Iran, Turkey, Belarus, Belgium, Germany, the UAE, China, Austria, Argentina and other countries. For example, in 2022, nearly 108,235.3 thousand USD of goods were exported to UAE¹.

For the development of Armenian economy (including the development of agriculture and the increase of export volumes), the relations with the post-Soviet countries (particularly Russia, Kazakhstan, and Belarus) are of great importance. It should be noted that the dominant place in export structure is occupied by the Russian Federation (Table 2).

Table 2

RA export volumes according to EAEU countries, in 2022²

| Country | Customs value, Thousand USD |
|----------------|------------------------------------|
| Belarus | 16806,6 |
| Kazakhstan | 4705,7 |
| Kyrgyzstan | 1744,8 |
| Russia | 545627,9 |

The main agricultural products exported from Armenia are fruits and vegetables, potato, fish, dried fruits, etc. Among these products, fresh fruits and vegetables have the lion's share in export volumes.

Table 3

The main agricultural products exported from RA, in 2022³

| The name of product group | Thousand USD |
|----------------------------------|---------------------|
| Fish, fresh or frozen | 27 932,6 |
| Meat | 373,1 |
| Mutton | 138,7 |
| Milk products | 10 653,9 |
| Potato | 237,6 |
| Vegetables, fresh or frozen | 43 295,4 |
| Tomatoes, fresh or frozen | 26 057,4 |
| Fresh fruits | 36695,9 |
| Total agriculture output | 188554,6 |

¹ RA Customs Service, Customs Statistics, RA foreign trade by country-product (I semester of 2021-2022)

² Same place:

³ RA Customs Service, Customs Statistics, RA foreign trade by commodity groups of FTA (I semester of 2021-2022)

The transportation of exported products from Armenia to the main export destinations is carried out in following ways:

- By trucks: in this case the goods are transported through Bagratashen customs spot to Georgia. Then transits through Georgia to the Russia. Trucks go to the Russian markets through the border point of Lars. This is the main export rout for the fruits and vegetables exported from Armenia.
- By plane: in this case planes depart from Zvartnots airport to Moscow. This rout is equipped with cold storage facilities to keep fruits and vegetables fresh. This method is mainly used to deliver the food to the destination as fresh as possible, but it is relatively expansive.

Armenia is a relatively small country with limited resources (including limited arable lands). The territorial area of Armenia is 2.97 million hectares, of which 2.05 million hectares have agricultural significance. A very small part of the agricultural land is arable, which is located mainly in the Ararat Plain. More than 60% of Armenia's agricultural lands are pastures. According to the State Cadastre, the total area of cultivated land in Armenia is 448,000 ha, and about 33% of that cultivated land is unused for various reasons. After independence, Armenia passed "the Law of Land Privatization", according to which all state farms, orchards and vineyards became private property. Therefore, each of the 340,000 small farmers received about 1.4 hectares of land, which hinders economically efficient land use. Currently, only 6-7% of farms have the size of 10 hectares or more. Under such conditions, it is necessary to improve agriculture production and service infrastructure. Currently, more than 98% of gross agricultural output is provided by the private sector. The problem of small farms and fragmented lands is a major challenge for agriculture development because small farms cannot and do not produce competitive products and cannot use modern technologies and cultivation methods¹.

In general, especially for Armenia, as a landlocked country with closed borders, transport substructures are important. Closed borders lead to a number of obstacles, including increased transportation costs, reduced opportunities for transit trade, and a number of other logistical problems².

Taking into account the importance of solving the above-mentioned problems, the following actions are distinguished in the 2020-2030 strategy of RA agriculture development³:

¹ Program of "Improving living conditions through conservation and use of agro-biodiversity in rural communities of Armenia", Value Chain of Agricultural Products, 2016, p. 4-5 (original in Armenian).

² Tadevosyan Z. et al., The possibilities of diversification and growth of exports of the Republic of Armenia: -Yer. Economist, 2016, pp. 45, (original in Armenian)

³ "2020-2030 Strategy of the Main Directions Ensuring the Economic Development of the RA Agriculture Sector", pp. 55-56

- Diversification of the export directions by improving the development of the certification system,
- Development and implementation of the export strategy,
- Improvement of export logistics sub-sectors.

For the development of sustainable agriculture, it is necessary to prioritize the development of local agricultural markets. In turn, the stability of the food markets is determined by a properly functioning of market system. It enables the latter to optimally organize the process of selling food products, promote exports, and stabilize the food security of the country.

Taking into account the fact that the domestic market of Armenia is limited, it is necessary to emphasize the sale of agricultural products on the direction of promoting exports. It's no secret that Armenia is an importing country, imports here exceed exports several times. Therefore, the Government should consider export promotion policy as a priority.

Export promotion is still hindered by small sizes of farms, lack of proper export mechanisms, absence of large producers and waste removal companies, as well as low level of cooperation between producers and exporters. In addition, there are also problems related to product marketing and limited information on export markets¹.

In order for export process of agricultural products to be mutually beneficial for exporting and importing countries, the following measures should be implemented:

- to study the existing problems in the value chain of the sales of basic agricultural products and the forms of their interaction,
- to carry out statistical research on indicators characterizing the state of sales, sales' volumes and prices of agricultural products,
- to assess the comparative advantages regarding the policy tools aimed at the promotion of agricultural products' export,
- to evaluate the possibilities of localization of the advanced international experience of organizing the sale of agricultural products,
- to identify the possibilities of improving the mechanisms of sale and distribution of agricultural products in the domestic market of RA ².

Scientific novelty. The scientific novelty of this article lies in the fact that, on the basis of the studies carried out by the authors, the factors hindering the expansion of the agricultural products' export in RA were identified, measures aimed at improving the situation were proposed, the application of which will have a favorable impact on the export development.

¹ Same place, pp. 56-57.

² Voskayan A. E., Hovhanisyan S. V. Possibilities of localization of the international experience of sale of agricultural products in RA (with the example of fruits and vegetables),

Conclusions. The analysis of the state of the agricultural products' export in Armenia allowed us to identify existing problems and made following conclusions.

- There are a number of problems in the value chain of the sales of agricultural products: relations in the organization of sales of products are still not properly regulated. The situation is also conditioned by the imperfection of the infrastructure and practices, the small sizes of the farms, the slow extension of advanced methods of cooperation between them, as well as by the absence of the effective structures of state support and regulation.
- Not enough attention is paid to the proper study and research of the demand for agricultural products in markets, marketing issues, etc. There is an obvious lack of market data and information, production volumes are not sufficient in some cases, and the produced products are not competitive having high cost and prices.
- The export process is hindered by rising transportation costs and obstacles in the consumer chain. Today's exporters face a number of obstacles due to unregulated cross-border relations. The road connecting Armenia to Russia is the Lars checkpoint, which is frequently closed due to a number of objective reasons, there are also problems with cargo transportation, related to the availability and accessibility of refrigerated cargo transportation means.
- Special attention must be paid to the price policy of those products in which Armenia has competitive advantages: in particular apricots, peaches, grapes, tomatoes, potatoes, vegetables. Moreover, the strategy of state support for export promotion should be implemented not only in terms of agricultural products, but also in terms of products obtained from their processing, so the whole value chain can benefit from that support and record joint economic growth.

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ԹԱՐՄ ԳՅՈՒՂՄԹԵՐՔՆԵՐԻ ԱՐՏԱՀԱՆՄԱՆ ԱՐԴԻ ՎԻՃԱԿԸ ԵՎ ԶԱՐԳԱՑՄԱՆ ՀԵՌԱՆԿԱՐՆԵՐԸ ՀՀ-ՈՒՄ

Աշոտ Խաչատուրի Մարկոսյան Աշոտ Պողոսի Խաչատրյան

Համառոտագիր: Հանրապետության սոցիալ-տնտեսական իրավիճակի, ագրոպարենային համակարգի ենթակառուցվածքների անբավարար գործունեության և բազմաթիվ այլ գործոնների հետևանքով գյուղատնտեսության առջև ներկայումս ծառացած են մի շարք հիմնախնդիրներ: Հատկապես լուծում է պահանջում գյուղատնտեսական արտադրանքի իրացման կազմակերպական արդյունավետ համակարգի և արտահանման ծավալների ավելացման ու խթանման կառուցակարգերի ներդրումը, ինչպես նաև ներմուծման ծավալների կրճատումը և տեղական արտադրության զարգացումը:

Ապրանքների արտահանման ծավալների աճը, դրանց մրցունակությունը ոչ միայն տվյալ երկրի տնտեսական դիրքի ամրապնդման, այլև տնտեսության ազատականացման գրավականն է, ինչով էլ պայմանավորված է հետազոտության **արդիականությունը:** Հոդվածի **նպատակն է** ուսումնասիրել և վերլուծել ՀՀ-ում գյուղատնտեսական արտադրանքի արտադրության և արտահանման վիճակն ու գործընթացի խթանման քաղաքականությունը:

Նպատակին հասնելու համար լուծվել են հետևյալ **խնդիրները**. վերլուծել է գյուղատնտեսական արտադրանքի արտադրության և արտահանման ներկա վիճակը, ուսումնասիրվել է արտահանման հնարավորությունները, ինչպես նաև ոլորտի խթանման քաղաքականությունը:

Աշխատանքի ուսումնասիրության հիմք են հանդիսացել օտարերկրյա տնտեսագետների աշխատանքները, գիտաժողովների նյութերը և այլն: Հետազոտության ընթացքում կիրառվել են տվյալների հավաքագրման, համեմատական, վիճակագրական վերլուծության **մեթոդները**:

Գիտական նորույթ: *Սույն հոդվածի գիտական նորույթը կայանում է նրանում, որ հեղինակների կողմից կատարված ուսումնասիրությունների հիման վրա բացահայտվել են ՀՀ գյուղերի արտահանման խթանմանը խոչընդոտող գործոնները, առաջարկվել են ոլորտի բարելավմանն ուղղված միջոցառումներ, որոնց կիրառությունը իր բարենպաստ ազդեցությունը կունենա արտահանման զարգացման վրա:*

Ստացված արդյունքները կարող են կիրառվել արտահանման ոլորտում քաղաքականության մշակման համար:

Բանալի բառեր. արտահանում, թարմ գյուղմթերք, արտահանման խթանման քաղաքականություն, զարգացման խոչընդոտներ

ТЕКУЩЕЕ СОСТОЯНИЕ ЭКСПОРТА СВЕЖИХ ОВОЩЕЙ И ПЕРСПЕКТИВЫ РАЗВИТИЯ В РА

Ашот Хачатурович Маркосян
Ашот Погосович Хачатрян

Аннотация. В результате социально-экономического положения республики, недостаточного функционирования инфраструктур агропродовольственной системы и многих других факторов сельское хозяйство в настоящее время сталкивается с рядом проблем. Внедрение эффективной организационной системы реализации сельскохозяйственной продукции и структур по увеличению и продвижению объемов экспорта, а также сокращение объемов импорта и развитие местного производства особенно требуют решения.

Увеличение объема экспорта продукции, ее конкурентоспособность является залогом не только укрепления экономических позиций данной страны, но и либерализации экономики, что и определяет актуальность исследования.

Цель статьи - изучить и проанализировать состояние производства и экспорта сельскохозяйственной продукции в РА и политику стимулирования этого процесса.

Для достижения цели были решены следующие задачи: проанализировано текущее состояние производства и экспорта сельскохозяйственной продукции, изучены экспортные возможности, а также политика продвижения отрасли.

В основу изучения работы легли работы зарубежных экономистов, материалы конференций и т.д. В ходе исследования использовались методы сбора данных, сравнительного и статистического анализа.

Научная новизна данной статьи заключается в том, что на основе проведенных авторами исследований выявлены факторы, препятствующие развитию экспорта сельскохозяйственной продукции РА, предложены меры, направленные на оздоровление отрасли, применение которых благоприятно скажется на развитии экспорта.

Полученные результаты могут быть использованы для разработки политики в экспортном секторе.

Ключевые слова: экспорт, свежая сельскохозяйственная продукция, политика стимулирования экспорта, препятствия развитию.

CURRENT STATE AND DEVELOPMENT PROSPECTS OF FRESH AGRICULTURAL PRODUCTS' EXPORT IN RA

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Abstract. As a consequence of the socio-economic situation of the RA, insufficient functioning of the infrastructure in the agro-food system and many other factors, agriculture is currently facing a number of problems. The introduction of an effective organizational system for the sales of agricultural products and structures for increasing and promoting export volumes, as well as the reduction of import volumes and the development of local production are issues to be dealt with.

The increase in the export volumes of goods and their competitiveness are not only a guarantee for strengthening the economic position of given country, but also of the liberalization of the economy, and this fact determines **the relevance** of this research. **The purpose** of the article is to study and analyze the state of production and export of agricultural products in RA, as well as the policy of promoting the process. For that purpose following problems were defined and solved:

- To analyze the current state of production and export of agricultural products,
- To explore export opportunities,
- To study the promotion policy of the sector.

The works of foreign scholars, materials and studies of conferences were the information basis of this research. The methods of data collection and comparative analysis were used for the purpose of the research.

Scientific novelty. The scientific novelty of this article lies in the fact that, on the basis of the studies carried out by the authors, the factors hindering the expansion of the agricultural products's export in RA were identified, measures aimed at improving the situation were proposed, the application of which will have a favorable impact on the export development.

The obtained results can be implemented during exports policy development processes.

Keywords: exports, agricultural products, export promotion policy, development obstacles