



# Eurasian Economic Union Armenia's Trade Before and After

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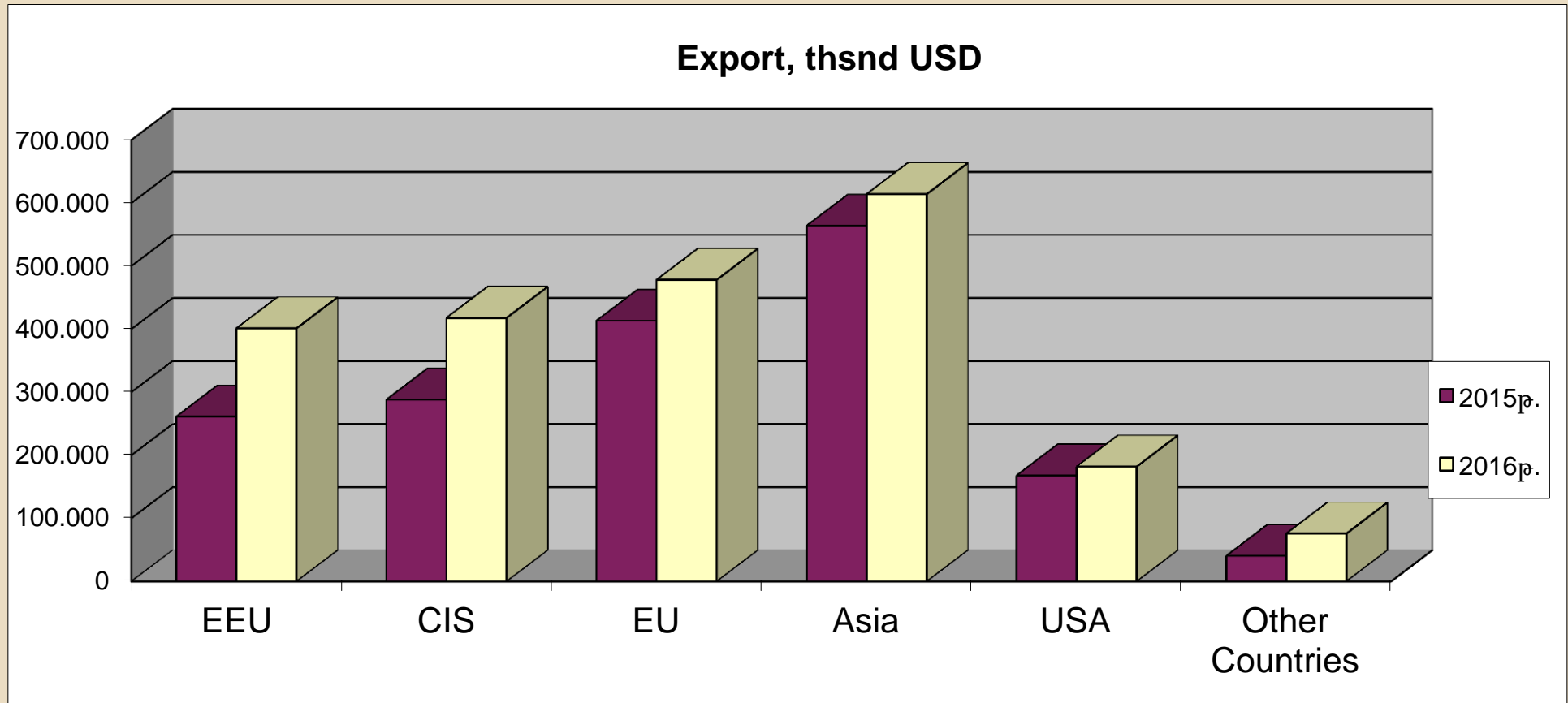
# The Events before EEU

- Dispute over Ukraine
- Economic sanctions against Russia that include:
  - Export and import ban on military trade
  - Export ban on dual-use goods for military use
  - Services and technologies required for oil exploratory work and production
- Russian countersanctions that include
  - Import ban on agricultural produce, raw materials and food
- Recession in Russia (a sharp fall in oil price and ruble's value)

# Spillover Effect of Russian Crisis to Neighboring Countries

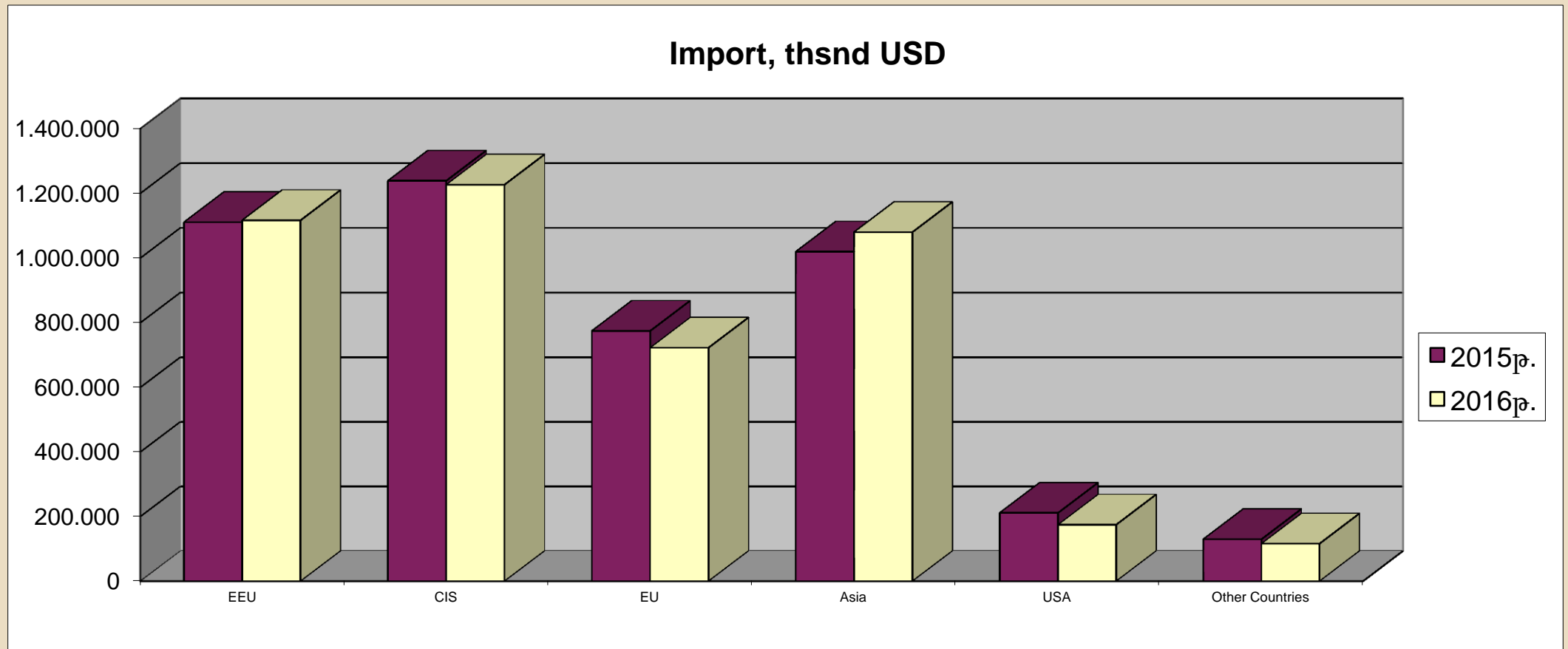
- **Spillover through Trade Channel**
  - Goods and Services Export to Russia
  - Goods and Services Import from Russia
- **Remittances Channel**

# The Impact of EEU Integration on Armenia's Trade



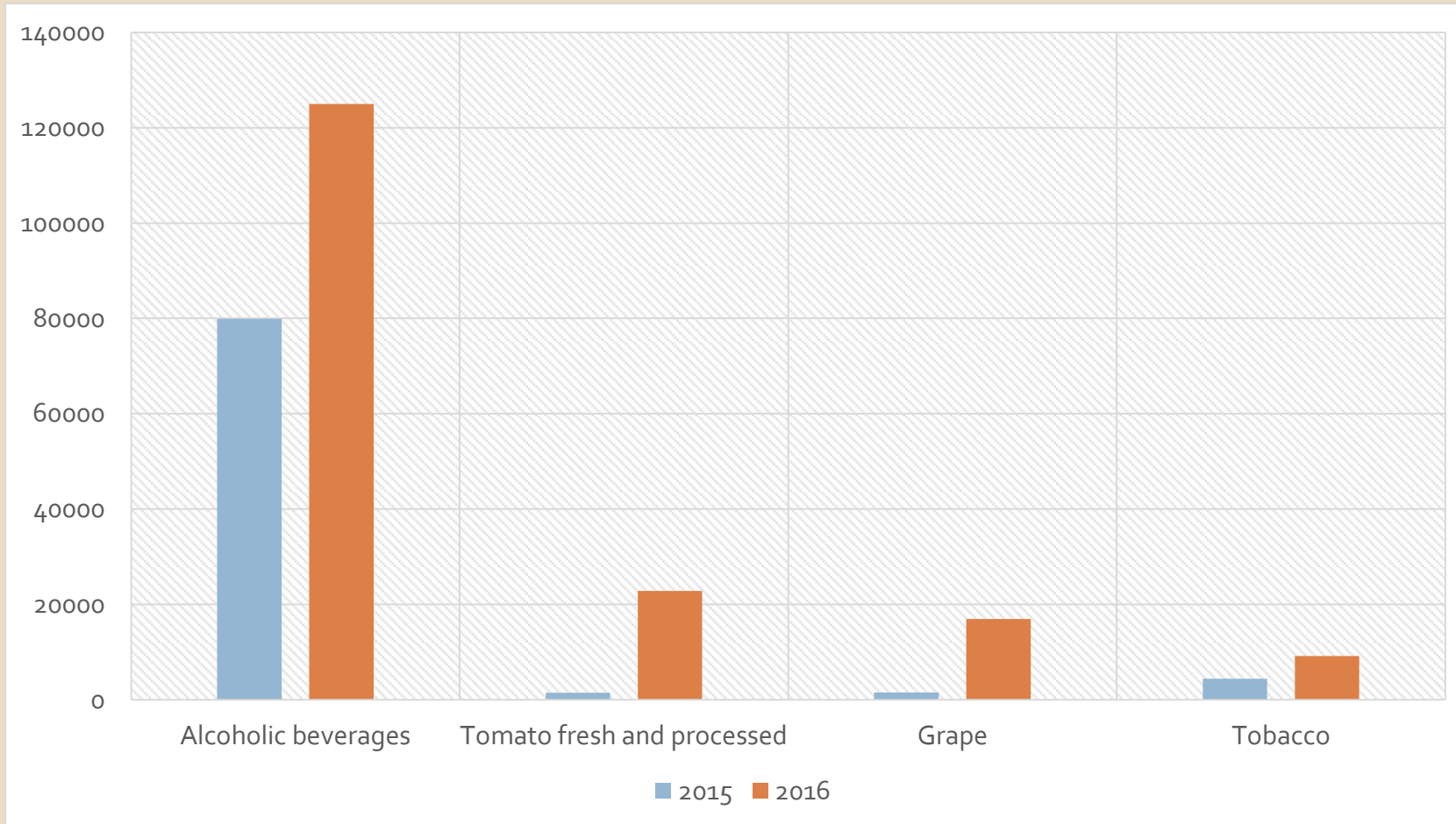
Source: customs.am

# The Impact of EEU Integration on Armenia's Trade



Source: customs.am

# Export of Main Commodities to Russia (thsnd. USD)



Source: customs.am

# The Impact of EEU Integration on Armenia's Trade

- Recession in Russian economy caused trade between these two economies to decline by 18% in 2015.
- The exports of EU to Armenia declined by more than 30% back in 2015, explained by decreased consumer spending in Armenia.
- On a country level, there's no significant change in trade volumes between Armenia and EEU countries other than Russia, with an annual trade balance of less than \$10 mln

# Recommendations

- Positioning Armenian brandy in high price segment and competing with French production, that can bring about \$214 mln USD market value.
- Focusing on production of high-price luxury cigarettes as a way of moving from supplying only ethnic Armenians to luxury segment within EEU countries, where these products are of high demand.
- Increasing the export of organic produce to already mature EU markets where demand for organic produce continuously increases.
- Strengthening strategic ties with Iran.