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CCAMTAC- Regional Research/Analytical Economic Policy Seminar

“Raising Armenia’s Export Performance”

Thursday, February 2, 2023

Introduction and moderation:

Norbert Funke, Director, CCAMTAC

Presenters:

Yulia Ustyugova, Resident Representative in Serbia, IMF

Nathalie Reyes, Analyst in the Middle East and Central Asia Department, IMF

Jules Hugot, Economist, Economic Research and Regional Cooperation Department, Asian Development Bank

Raising Armenia’s long-term growth prospects is critical to increase jobs, achieve higher living standards, and slower or stop emigration. Based on a co-authored [IMF working paper](#), Nathalie Reyes and Yulia Ustyugova (paper with Klakow Akepanidaworn and Lili Karapetyan) started by providing an overview of Armenia’s export performance and analyzed factors and policy variables that affect export performance and its composition. Based on a detailed analysis of export data and empirical analyses based on (1) a gravity model and (2) panel regressions, the analysis suggested that Armenia should focus on products with higher complexity to sustainably increase Armenia’s growth rate. Key supportive policy measures would include (i) leveraging trade agreements to further integrate; (ii) reducing nontariff barriers, including documentary and border costs; (iii) improving the quality of infrastructure, including transport network and telecommunication; and (iv) strengthening education and research.

In his presentation based on recent research from the Asian Development Bank, Jules Hugot complemented the presentation by focusing on recent changes in Armenia’s trade policy ([the impact of tariff changes on Armenia’s foreign trade](#)) and opportunities. Upon accessing the Eurasian Economic Union (EEU) in 2015, Armenia’s trade policy was bound to change. The average EEU common external tariff (CET) was about 6 percent in 2015, twice higher than Armenia’s pre-EEU average tariff. In addition, prior to EEU accession, the structure of Armenia’s tariff policy was simple. Following a transition period, the convergence to the higher EEU CET is expected to reduce Armenia’s welfare by 1.6%. At the same time, the scenario analyses of the research showed that EEU membership provides new opportunities for free trade arrangements (FTAs) that could increase Armenia’s welfare. However, even under an ambitious scenario regarding the trade agreements that could be signed by the EEU, the gains would not offset the losses from joining the EEU.



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The subsequent discussion focused on technical aspects of gravity models, the underlying data, as well as tools to perform such an analysis. While data may need to be updated for future analysis, the authors would be happy to share them as well as some tools.