

Trade Strategy Consultation

Yerevan, Armenia, June 28 and 29, 2010

The consultation was held in 2 days, the first one with government officials and the second one with academia, development partners, private sector, etc. Gohar Gyulumyan (ECSP1) chaired the sessions and Jose G Reis (PRMTR) was the main speaker, presenting the accompanying power point. Souleymane Coulibaly (ECSP1) participated in both sessions. In addition, a meeting was held with the vice Minister of Economy, Mr Tumasyan.

Chairing the sessions, Gohar explained the objectives of the meeting, highlighting the importance of having Armenia as one of the countries participating in these trade consultations.

June 28–29 – Meeting with Government officials (10 participants): main points discussed during the session.

- Positive reaction to Bank’s presentation. General support to the approach proposed.
- Most of the comments highlighted the importance of the trade competitiveness pillar for countries like Armenia.
- Links between trade and competition are important – free trade helps competition inside the country. On the other hand, some countries close their eyes to big cartels in order to incentivize exports.
- The Bank should devote greater effort to helping countries move from the stage of processing raw materials to adding value and to diversifying exports. Transfer of knowledge and technology is a key aspect.
- Efforts to help with standards in meeting requirements of export markets are important because these constitute barriers. Armenia inherited the soviet system.
- Data initiatives are important to make barriers transparent to policy-makers and exporters alike. Participants were also interested in learning about specific projects related to trade data.
- If countries have thick borders, Armenia has even more thick borders: no direct borders with EU, two borders closed. “Closed borders are a disaster”. Trade facilitation ought to be major focus.
- There are also considerable border management difficulties. Tariffs are often applied to reference prices (not invoice prices), based on the customs code and the need to collect revenue for the Treasury.
- An important objective under the trade competitiveness pillar is to bring small and medium firms to foreign markets. Interest in learning about specific projects related to SMEs and trade.
- Pillars are quite comprehensive – how will the studies be selected? What is the role of the different partners, who will do what?
- Ministry of economy officials welcomed the new strategy and the emphasis on trade competitiveness and trade data. They are important to allow investigating the impact of trade on poverty and identifying internal barriers to the generation of income.
- Citing Armenia’s landlocked condition and border problems, he highlighted the importance of flexible approaches, taking into account the specific conditions faced by each country.

- Some asked about the potential role of the diasporas as a non-traditional promotion scheme for the trade strategy of the country.
- How will the new strategy feed in the new country partnership strategies and what could be expected in terms of capacity building?

June 29 Meeting with academia, development partners and think-tanks (6 participants)

- How will the new strategy be implemented and what are the implications in terms of financial support for a country like Armenia
- The regional context is characterized by conflicts – an element that has to be taken into account in the WB's strategy
- Competitiveness pillar welcome, as producing locally is a key aspect of any development strategy. Macroeconomic aspects (exchange rate policy) play an important role and should not be ignored.
- Since trade is a two-agent operation, strategy should also deal with trade liberalization in developed countries.
- At least in the Armenian case, trade seems to be more an effect than a source of growth.
- The Bank should present trade indicators in way that could help understand trends in a clearer way (e.g. presenting separate figures for China, raw materials vs industrialized products, etc).