CROSS-BORDER ECONOMIC DEVELOPMENT

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Baseline Study Report

The project “Cross Border Economic Development” (CED) is implemented by the Civil Development Agency (CiDA) in partnership with
The Support for Noyemberyan (SFN) and the Northern Branch of Eurasia Partnership Foundation (EPF)

This Baseline Study has been produced with the assistance of the European Union. The content of this publication is the sole responsibility of CiDA-led partnership and can in no way be taken to reflect the views of the European Union.

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About the project

"Cross-border Economic Development" (CED) project is a 16-month initiative, implemented within the EU-funded Eastern Partnership Territorial Cooperation (EaPTC). The project partners are Georgia-based Civil Development agency (CiDA) and Armenia-based Support for Noyemberyan (SfN) and the Northern Branch of Eurasia Partnership Foundation (NB EPF). The goal of the project is to improve living conditions of bordering communities in Georgia's Kvemo Kartli and Armenia's Tavush regions. This goal will be achieved through strengthening cross-border cooperation by attracting investments and increasing transactions between business entities from both regions, as well as informing business entities in the target regions about cross-border investment and trade opportunities.

In order to inform project activities, project partners commissioned a Baseline Study (Study). In Georgia, the Study was prepared by Economic Policy Research Center (EPRC) CiDA. In Armenia, the Study was prepared by a team of independent consultants/researchers led by Hamazasp Danielyan in cooperation with Eurasia Partnership Foundation (EPF), SfN and NB EPF.

The Study, consisting of the combination of desk study and field research, was conducted during the period of December 2015 – February 2016.

Objective

The objective of the Study was to look into economic conditions of the two neighboring regions, regulatory framework and identify the specific areas and means of supporting cross-border economic cooperation. The research focused on the following tasks:

- Identify specific sectors that have high potential for development, including capacity for increased foreign trade and investment;
- Describe and analyze existing formal regulations and informal practices related to investments, production, cross-border trade;
- Map value chain actors in the identified sectors and explore prospective business linkages and investment opportunities between the value chain actors;
- Develop recommendations for the project in order to carry out effective programmatic interventions.

Methodology

The research was divided into two stages – desk study and field research.

The **desk study** identified sectors, having potential for cross-border cooperation. . The selection looked into areas, where the CED project could carry out the most effective interventions. For this purpose, separate sector selection guidelines were designed, taking into account a set of data, including statistics from recent years in each region that revealed the most developed sectors, as well as the sectors with the highest growth rate during the last two to three years. As a result, four sectors were identified for each region.[1] Additionally, researchers responded to the following questions:

[1] See "Sector-Specific Recommendations" on p. 7

- What are the sector-specific development trends, including foreign trade?
- What are the existing general and sector-specific regulations, including taxation, licensing, certification, etc.?
- What are the exporting and importing regulations in selected sectors between Armenia-Georgia and where do the practical challenges lie?
- What are the preferable trade conditions that products/services originating in Armenia and Georgia have in the EU and EEU markets respectively?

During the second phase, each team conducted **field research** with the aim of obtaining an in-depth understanding of the opportunities in each of these two regions in order to boost cross-border cooperation. During this phase, however, the two teams preferred to implement slightly divergent approaches in terms of data collection and analysis.

In the case of the Tavush region, the team of researchers conducted 43 in-depth interviews with individuals representing the selected four sectors, as well as experts on specific sectors and public officials. While selecting the individuals representing the sectors, the researchers aimed to include the broadest possible variation of perspectives. Therefore, the following factors were taken into account - the inclusion of individuals representing all four main sub-regions (Berd, Dilijan, Ijevan, Noyemberyan) as well as the main communities of the region; the inclusion of a wide range of actors that contribute to the value chain in each of the sectors, from small scale producers to individuals having a leading role in factories; and in order to reflect the external perspective, the team also targeted experts who had in-depth knowledge of the selected sectors or economic-community development experience as well as public officials. To summarize the strategy of data collection during the field phase, researchers in Armenia relied on qualitative methods and conducted as many interviews, as necessary to form a holistic understanding of the sector, including existing challenges and opportunities, capacities and priorities, reflections on the different perspectives of value chain actors and design of sector-specific recommendations.

In case of the Kvemo Kartli region, the team of researchers largely relied on a quantitative approach by conducting a survey among Kvemo Kartli's companies. The sample included companies from the selected sectors notwithstanding them sell products domestically or abroad. These companies were ranked by turnover and Georgian team interviewed both, large and small enterprises. The survey aimed at mapping the value chain actors in the selected sectors, as well as discussing their operations, including the list of products, production capacities, import-export directions, challenges and needs for future development. The total number of companies that participated in the survey was 48 (22 large, 8 medium and 18 small). The survey also explored prospective business linkages and investment opportunities between the two neighboring regions.

General findings

Willingness to cooperate across the border and expectations from such cooperation

Willingness to cooperate with businesses across the border is very high in both countries. All businesses from the Tavush region responded positively to this questions.[2]

[2] It should be noted that the field research in both regions were conducted well before the escalation of the Armenian-Azerbaijani conflict over Nagorno Karabakh, which occurred during the early days of April 2016.

In Kvemo Kartli 69% of interviewees (33 out of 48) responded positively to the question about willingness to cooperate with Armenian counterparts, while 15% (seven businesses) were undecided and only 17% (eight businesses) responded negatively. The latter is largely attributed to the fact that these companies have well-established operations and contacts and currently do not see value of further expanding their businesses.

Regarding expectations from cooperation, first and foremost, representatives of all sectors in Tavush were interested in finding new markets for their products. Another expectation frequently mentioned by respondents, especially in the sector of fruit production and tourism, was the exchange of experience and peer-to-peer learning opportunities. However, some of the respondents, especially the ones in viniculture, expressed an interest in learning opportunities from Georgian counterparts in general and did not take into account the limitation of the program to concentrate on Kvemo Kartli, a region less advanced in grape production and wine making than some other regions of Georgia.

Far less commonly mentioned expectations were:

(a)opportunities to expand business operations in the territory of Georgia,

(b)Generating new investments or making new investments in Georgia with the aim of establishing joint business enterprises.

Similarly, in Kvemo Kartli the most frequent expectations were related to starting or increasing exports to Armenia. 63% of surveyed companies (30 out of 48) expressed such an interest. Therefore, significant number of businesses see value of establishing closer ties with Armenian companies, despite the fact that currently only 21% reported the existence of business relations (10 out of 48, half of which were from the agriculture and food processing sector).

Contrary to entrepreneurs from Tavush, 33% of surveyed companies in Kvemo Kartli expected or were interested in attracting investments from Armenia (16 out of 48 surveyed companies, 10 in the manufacturing and metallurgy sectors). Taking into account that such an interest was not observed in Tavush, with the exception of potential expansion of tobacco production in Kvemo Kartli, it is quite unlikely that these expectations of investments from Armenia will come to life in the short-term perspective, i.e. during the life span of the CED project.

~~Awareness of business op~~portunities across the border

Despite frequently observed willingness to cooperate, the majority of respondents in Armenia lack information about economic opportunities across the border. With the exception of International Masis Tabak factory and some fruit producers, all of the respondents in Tavush had a poor understanding of the economic conditions and market opportunities existing in Kvemo Kartli. These views were mostly shaped based on memories from Soviet times and assumptions/stereotypes regarding the region, while evidence-based conclusions were not common. Lack of information, as well as inability to access such information was one of the most frequently quoted constraints in starting business activities in Kvemo Kartli.

Although addressed in lesser details, similar lack of information and understanding of economic opportunities across the border was also observed among companies in Kvemo Kartli. Among one of the indications of such a gap consisted of the comparably high rates of interest in attracting investments.

Awareness about regulations, especially related to the EU and EEU

Similar to the previous section, most of the respondents in Tavush (with the exception of the largest producers) admitted that they do not have enough information on the regulatory framework existing in their sector, especially after the changes that were made as a result of Armenia's accession to the EEU, let alone regulations existing in Georgia or the DCFTA with EU.

The situation is notably better in Kvemo Kartli, where 40% of companies (totally 19) were positive about their knowledge on the preferential trade regimes (FTA, GSP, DCFTA) from which they can benefit. This can be explained by the fact that large and medium-size companies, which have established business contacts outside Georgia constituted larger segment in Kvemo Kartli than in Tavush, where majority of respondents were individual entrepreneurs or family business owners. However, only 11% of Georgian companies (totally five) have utilized this knowledge.

Production capacities

In both regions majority of respondents stated that their capacities are higher than their actual production. According to companies, production may be increased if they can establish links with businesses abroad and thus, diversify sales markets; acquire new machinery and equipment and have more effective production; and attract investments.

General recommendation

The most important finding of the study is that businesses have very limited access to information about cross-border cooperation opportunities. This limits their possibility to reach markets across the border and, therefore, also affects their production capacities. Hence, it is vital to collect information on:

- Trade opportunities across the border, including regulatory framework and practices;
- Potential access to EEU and EU markets via Armenia and Georgia respectively;
- Investment potential in the bordering regions, including local capacities and potential

Making this information available will enable businesses of the two countries to establish contacts and facilitate closer economic relations. Therefore, establishing channels of communication is another important aspect. Diversification of tools should be high on the agenda. Offering relevant information through internet sources, as well as media will ensure wider reach to business communities. Furthermore, trade unions and chambers of commerce, as well as state investment agencies will be important actors in providing access to information for large number of entrepreneurs.

According to companies participating in the study, only small number of them has links across the border. It will be important to facilitate communication, as well as share risks through supporting joint investments. NGOs through development projects and government programs, supporting business development can play an important role in this process.

Cross-border cooperation recommendations

Table 1 below depicts all eight target sectors along with sector-specific recommendations for each of them.[3] Table 1 is a summary of more detailed recommendations, included in each country report.

[3] Note that, in case of Kvemo Kartli, 3 out of 4 sectors have similar recommendations since these sectors have notable similarities. Therefore, those recommendations are presented as shared prescriptions for those three sectors. In addition, in order to have a better understanding of the origins and justification of these prescriptions, it is recommended to read the full papers of both regions which include the baseline study findings in detail.

Table 1. Sector-specific recommendations for the Tavush and Kvemo Kartli regions

Tavush Region		Kvemo Kartli Region	
Fruit production & processing	Organizing agro-tours and experience sharing with Georgian vineyards and wineries	**Agriculture and agribusiness**	Organizing marketing campaign to promote brand Georgian vegetables and cheese
	Creation of long-term and stable business relationships with Georgian input suppliers (mainly pesticides)		
	Export promotion activities to utilize market opportunities in Georgia and beyond (i.e. EU)		Creation of new linkages between Georgian and Armenian producers and exporters by means of visits, joint conferences, business councils etc.
Tobacco & cigarette production		**Manufacturing of chemicals and chemical products**	Creation of a business advisory service which will help Georgian producers who want to export to Armenia
	Agro-tours for Armenian tobacco experts/farmers to Georgia, in order to assess the prospects and possibility of tobacco cultivation in the Kvemo Kartli region	**Heavy industry (metallurgy, basic and fabricated metals)** **Manufacturing of construction materials and mining**	Organization of business tours to Armenia, to facilitate business contacts with Armenian businesses
	In the case of positive results, establishment of permanent business relations between Armenian cigarette producers and Georgian farmers		Organization of business forums and consultations between the companies of Kvemo Kartli and Tavush. The business associations already existing in both countries could be used in this regard
Textile Production (Gloves)			
	Organizing promotional tours in Kvemo Kartli for the textile factory representatives, as well as small sewing companies to market cheap but high quality gloves for the industrial & agriculture sectors of Kvemo Kartli		Creation of a database on industrial potential of Kvemo Kartli and sharing it with Armenian business
Community-based	Facilitating cooperation between tour agencies and guesthouse owners in Georgia to		

tourism (CBT)	attract more visitors via joint tours in both regions/countries.		
	Supporting experience sharing and learning among the key players providing Services in the CBT sector.		
	Organizing regular regional festivals to represent the economic potential of regions that will boost CBT		

Tobaco	Involvement of seasonal workers in the tobacco plants in the Tavush region during the months of July-August, when a human resource shortage was reported.	Agriculture and agribusiness	Promotion of investment in greenhouses, cold storage and post-harvest facilities
Textile production	Though the factory conducted an initial market study for the EU (France, Germany), developing a complete marketing ***plan*** with trade partners can boost this sector.		

Sectorial recommendations

There are a number of recommendations that are relevant for identified sectors in both countries. More detailed sectorial recommendations can be found in each country report.

Products and services of Tavush & Kvemo Kartli festival(s)

The baseline study identified economic potential of both regions, as well as key businesses. To build on these insights, festivals can be organized to host potential partners and represent all the main products and services that are available in both regions. This will facilitate establishment of initial relations among stakeholders.

Within the scope of these festivals, each selected sectors will have an opportunity to present its products, potential and needs. In case of sectors that are concentrated around one or two players (textile, tobacco production, mining etc.), these presentations can be scheduled at specific times, to be followed by one-on-one meetings with potential partners. In these cases, the chances will notably increase of representatives of large-scale businesses being present at the event.

Other sectors that unite many players, and provide products and services for mass consumption (fruit production and processing, wine production, guesthouses and tour operators, sewing companies, etc.) can present their activities for the duration of festivals. Moreover, in case of community-based tourism, festivals will add more value, since participants can be hosted by the selected guesthouses as well as get acquainted with the notable local sites and tourist attractions.

The core factors for success of such festivals are the following:

- Each of these festivals should last around 2-3 days in each location, which will enable not only a larger number of participants but will also provide enough time to run awareness sessions and thematic workshops;
- Proper preparation of the event in all aspects, starting from such things as the selection of a suitable venue and timely invitations, and ending with engaging design and informative content;

- Participation of the companies and individuals with the greatest potential to contribute to the event and establish lasting cooperation. Therefore, it is important to plan the events well in advance and get initial confirmation from core stakeholders on the date and venue of the festival;

- Taking into account the beneficial potential of the event for the local economy, the necessity of economizing on programmatic costs, and most importantly the ability to contribute to the success/failure of such initiatives, it might also make sense to engage representatives of the local authorities starting from the initial stage of planning.

Information sharing

It is important to increase knowledge about existing regulations and practices across the sectors and countries. Filling this gap of knowledge is instrumental to supporting cross-border cooperation.

To address this, thematic workshops for the selected sectors could be organized. The following topics could be targeted:

- development of community-based tourism, online marketing and the secrets of hospitability,
- potential of offering joint tour packages covering Tavush & Kvemo Kartli (and beyond),
- opportunities to expand fruit production and sales in Kvemo Kartli and Tavush,
- feasibility of exchanging seasonal farm workers and leasing of farming equipment/machinery,
- opportunities for joint promotion and branding of certain products abroad (for example promotion of "Caucasian" dried fruits/wines/cuisine/joint itineraries for tourists etc.).

Study tours to explore the opportunities on the spot

Festivals may trigger certain ideas and interests among the participants. In order to encourage further communication, Tavush and Kvemo Kartli businesses should be given an opportunity to have on-the-spot meetings with potential partners across the border.

In ideal circumstances, the organization of such visits would be subject to the ability of potential partners to submit a concise plan/concept that would explain and justify such meeting/tours, making them more productive and focused.

Consultations to businesses on cross-border cooperation

As identified by the Study, knowledge of trade, taxation, investment and other regulations, as well as practical aspects of working on the other side of the border is scarce among businesses. Without these, knowledge of potential partners across the border will not be sufficient for triggering cooperation. Therefore, it is vital to offer expertise to interested businesses. For example, with regard to expanding tobacco production in the Kvemo Kartli region in order to meet raw material demands of Armenian tobacco companies, an assessment of the quality of soils and labor skills will be required. Another example is related to expanding the exports of industrial gloves to Georgia and gaining access to the EU market. Although there is a high interest in this, a separate detailed study of Georgia and EU market demands might be required before designing program activities. In case such needs appear, the program team should be able to address those by providing high quality expertise on specific topics.

Establishment of a virtual platform

In order to be able to effectively communicate with stakeholders, share information and contacts, as well as establish long-term relations and monitor the evolution of those relations, the creation of an online, low cost but regularly updated and well-maintained virtual platform should be considered. This platform might serve both as a repository for general and sector-specific information, as well as a database of local entrepreneurs' profiles, with details on their products, capacities and contacts.

Բացահայտումների ամփոփում

Ծրագրի մասին

«Միջսահմանային տնտեսական զարգացում» (ՄՏԶ) 16-ամսյա ծրագիրն իրականացվում է Եվրամիության կողմից ֆինանսավորվող Արևելյան գործընկերության տարածաշրջանային համագործակցություն ծրագրի շրջանակներում: Ծրագիրն իրականացվում է վրացական «Քաղաքացիական զարգացման գործակալություն» հկ-ի, (CiDA/ՔԶԳ), հայաստանյան «Աջակցություն Նոյեմբերյանին» հկ-ի և «Եվրասիա համագործակցություն հիմնադրամի հյուսիսային մասնաճյուղի» (EaPTC/ԵՀՀ ՀՄ) հետ համատեղ: Ծրագրի նպատակն է բարելավել Վրաստանի Քվեմո Քարթլի և Հայաստանի Տավուշի մարզերի սահմանամերձ համայնքների բնակիչների կենսապայմանները: Այս նպատակը նախատեսվում է իրագործել վերոնշյալ մարզերի միջև միջսահմանային համագործակցության և տնտեսական գործառնությունների խթանման, ինչպես նաև թիրախային մարզերում տնտեսվարող սուբյեկտներին միջսահմանային ներդրումային և առևտրային հնարավորությունների մասին իրազեկման միջոցով:

Ծրագրային գործունեությունը հիմնավորելու նպատակով՝ գործընկերները հանձնարարեցին իրականացնել ելակետային հետազոտություն: Վրաստանում «Քվեմո Քարթլի և Տավուշի մարզերի միջև միջսահմանային տնտեսական զարգացման խթանման հնարավորությունների ուսումնասիրություն. վրաստանյան հեռանկար» հետազոտությունն իրականացվեց Տնտեսական քաղաքականության հետազոտությունների կենտրոնի (EPRC/ՏՔՀԿ) կողմից՝ ՔԶԳ-ի (CiDA) հետ համագործակցությամբ: Հայաստանում «Տավուշի և Քվեմո-Քարթլի մարզերի միջև միջսահմանային տնտեսական զարգացման խթանում. հայաստանյան հեռանկար» հետազոտությունն իրականացվեց Համազասպ Դանիելյանի կողմից ղեկավարվող անկախ խորհրդատուների թիմի կողմից՝ «Աջակցություն Նոյեմբերյանին» հկ-ի և ԵՀՀ ՀՄ-ի հետ համագործակցությամբ:

Ելակետային հետազոտությունն իրականացվել է 2015թ. Փետրվար–2016թ. դեկտեմբեր ժամանակահատվածում: Հետազոտությունն իրականացնելու համար կիրառվել են գրասենյակային և դաշտային ուսումնասիրության մեթոդներ:

Նպատակ

Ելակետային հետազոտության նպատակն էր ուսումնասիրել երկու հարևան մարզերի տնտեսական պայմանները, գործող ազգային իրավական կարգավորման դաշտերը, ինչպես նաև բացահայտել այն կոնկրետ ոլորտներն ու միջոցները, որոնք կարող են խթանել միջսահմանային տնտեսական համագործակցությունը:

Ելակետային հետազոտության առաջադրանքներն էին՝

- Բացահայտել տնտեսական գործունեության այն կոնկրետ հատվածները/ոլորտները, որոնք ունեն զարգացման բարձր ներուժ՝ ներառյալ արտաքին առևտրի և ներդրումների ծավալների ավելացման կարողություն.
- Նկարագրել և վերլուծել ներդրումներին, արտադրությանը և միջսահմանային առևտրին առնչվող ֆորմալ կանոնակարգերը և ոչ ֆորմալ գործելակերպերը:
- Քարտեզագրել բացահայտված հատվածների արժեշղթայի դերակատարների գործունեությունը և հետազոտել արժեշղթայի դերակատարների միջև հեռանկարային գործարար կապերի զարգացման ու ներդրումների ներգրավման հնարավորությունները:
- Մշակել առաջարկություններ՝ արդյունավետ ծրագրային միջամտություններ իրականացնելու նպատակով:

Մեթոդաբանություն

Հետազոտական թիմերը Հայաստանում և Վրաստանում աշխատում էին ընդհանուր նպատակի շուրջ: Ելակետային հետազոտության վաղ փուլում թիմերն առաջադրեցին այն հիմնական հարցերը, որոնք պետք է ուսումնասիրվեին ինչպես գրասենյակային, այնպես էլ դաշտային հետազոտությունների արդյունքում, և մշակեցին նշված մարզերից յուրաքանչյուրում մինչև չորս հիմնական հատվածների բացահայտման և ընտրության մեթոդաբանությունը:

Գրասենյակային ուսումնասիրությունն օգնեց բացահայտելու միջսահմանային համագործակցության ներուժ ունեցող հատվածները: Հատվածի ընտրության ընթացքում ուսումնասիրվեցին այն ոլորտները, որտեղ ծրագրի շրջանակներում հնարավոր է կատարել առավել արդյունավետ միջամտություններ: Այդ նպատակով մշակվեցին առանձին հատվածների ընտրության ուղեցույցներ՝ հաշվի առնելով տվյալների լրակազմը, այդ թվում՝ յուրաքանչյուր մարզի վերաբերյալ վերջին տարիների վիճակագրական տվյալները, որոնց հիման վրա բացահայտվեցին առավել զարգացած հատվածները, ինչպես նաև այն ոլորտները, որտեղ վերջին երկու-երեք տարիներին արձանագրվել էր աճի ամենաբարձր տեմպը: Արդյունքում, յուրաքանչյուր մարզում ընտրվեցին չորս հատվածներ[4]: Բացի այդ, հետազոտողները պատասխանեցին հետևյալ հարցերին.

- Որո՞նք են տվյալ հատվածին ներհատուկ զարգացման միտումները, այդ թվում՝ արտաքին առևտրի զարգացման միտումները:
- Որո՞նք են ընդհանուր և տվյալ հատվածին վերաբերող գործող կանոնակարգերը՝ ներառյալ հարկային, լիցենզավորման, հավաստագրման և այլ պահանջները:
- Որո՞նք են ընտրված հատվածներում Հայաստանի և Վրաստանի միջև ապրանքների/ծառայությունների արտահումը և ներմուծումը կարգավորող գործող կանոնակարգերը և գործնականում հանդիպող մարտահրավերները:
- Ի՞նչ արտոնյալ առևտրային պայմաններ են գործում Հայաստանում և Վրաստանում արտադրված ապրանքները/ծառայությունները համապատասխանաբար ԵՄ և ԵԱՏՄ շուկաներ արտահանելու համար:

[4] Տե՛ս` «Հատվածի վերաբերյալ առաջարկություններ» բաժինը, էջ 7:

Երկրորդ փուլի ընթացքում թիմերից յուրաքանչյուրն իրականացրեց **դաշտային ուսումնասիրություն**՝ միջսահմանային համագործակցության խթանման առումով նշված յուրաքանչյուր մարզի հնարավորությունների մասին համակողմանի պատկերացում կազմելու և նպատակով: Սակայն այդ փուլում թիմերից յուրաքանչյուրը նախընտրեց կիրառել տվյալների հավաքման և վերլուծության մասով միմյանցից փոքր ինչ տարբերվող մոտեցումներ:

Տավուշի մարզում հետազոտողների թիմն անցկացրեց թվով 43 մանրակրկիտ հարցազրույցներ ընտրված չորս հատվածները ներկայացնող բիզնեսների ներկայացուցիչների, ոլորտի մասնագետների և պետական պաշտոնյաների հետ: Հատվածների ներկայացուցիչներին ընտրելիս հետազոտողների նպատակն էր ընդգրկել գործարար հեռանկարների հնարավորինս լայն սպեկտրը ներկայացնող անձանց: Ուստի, հաշվի են առնվել այնպիսի գործոններ, ինչպիսիք են ընտրված անձանց ներգրավվածությունը Տավուշի մարզի բոլոր չորս գլխավոր շրջաններում (Բերդ, Դիլիջան, Իջևան, Նոյեմբերյան), մարզի հիմնական համայնքների ներկայացվածությունը, ինչպես նաև յուրաքանչյուր հատվածի արժեշղթայի գործունեությանը նպաստող դերակատարների լայն շրջանակը՝ փոքրամասշտաբ արտադրողներից մինչև խոշոր ձեռնարկությունների ղեկավարներ: Անկախ տեսակետները ներկայացնելու նպատակով՝ հարցման մեջ ներգրավվեցին նաև ընտրված հատվածների խնդիրներին քաջատեղյակ փորձագետներ, համայնքների տնտեսական զարգացման գծով մասնագետներ և պետական պաշտոնյաներ: Դաշտային ուսումնասիրության ընթացքում հավաքված տվյալների ամփոփման համար Հայաստանում հետազոտողները կիրառել են որակական մեթոդներ և անց են կացրել թվով այնքան հարցումներ, որքան անհրաժեշտ էր հատվածի մասին ամբողջական պատկերացում կազմելու համար՝ ներառյալ առկա մարտահրավերներն ու հնարավորությունները, հզորությունները և գերակա խնդիրները, արժեշղթայի դերակատարների տարբեր տեսանկյունները և հատվածի վերաբերյալ առաջարկությունները:

Քվեմո Քարթլի մարզում հետազոտողների թիմը հիմնականում կիրառել է քանակական մոտեցում՝ իրականացնելով ուսումնասիրություն մարզի ընկերությունների շրջանում: Ուսումնասիրության շրջանակը ներառում էր ընտրված հատվածները ներկայացնող ընկերությունները՝ անկախ այն հանգամանքից, թե նրանց կողմից արտադրվող ապրանքները վաճառվում էին ներքին շուկայում, թե՝ արտահանվում: Այդ ընկերությունները խմբավորվում էին ըստ ապրանքաշրջանառության ծավալի: Վրաստանում հետազոտողներն անցկացրեցին հարցազրույցներ ինչպես խոշոր, այնպես էլ փոքր ձեռնարկությունների ներկայացուցիչների հետ: Հարցման նպատակն էր կազմել ընտրված հատվածներում արժեշղթայի դերակատարների քարտեզը, ինչպես նաև քննարկել նրանց գործունեությունը՝ ներառյալ ապրանքների ցանկը, արտադրական հզորությունները, ներմուծման-արտահանման ուղղությունները, մարտահրավերները և հետագա զարգացման կարիքները: Ընդհանուր առմամբ, հարցմանը մասնակցեցին թվով 48 ընկերություններ (22 խոշոր, 8 միջին և 18 փոքր): Ուսումնասիրվեցին նաև երկու հարևան մարզերի միջև հեռանկարային գործարար կապերի զարգացման և ներդրումների ներգրավման հնարավորությունները:

Ընդհանուր բացահայտումներ

Միջսահմանային համագործակցության մեջ ներգրավվելու պատրաստակամությունը և ակնկալիքները նման համագործակցությունից

Միջսահմանային համագործակցության մեջ ներգրավվելու պատրաստակամության մակարդակը խիստ բարձր է երկու երկրների տնտեսվարողների շրջանում: Տավուշի մարզում հարցմանը մասնակցող բոլոր տնտեսվարողների պատասխանն այս հարցին դրական էր:[5] Քվեմո-Քարթլի մարզում հարցվողների 69%-ը (48 հարցվողներից 33-ը) դրական պատասխան տվեց հայաստանյան գործընկերների հետ համագործակության պատրաստակամության վերաբերյալ հարցին, 15%-ը (յոթ տնտեսվարողներ)՝ չուներ հստակ դիրքորոշում, իսկ 17%-ի (ութ տնտեսվարողներ) պատասխանը բացասական էր: Վերջին խմբի պատասխանը հիմնականում բացատրվում էր նրանով, որ այդ տնտեսվարողներն արդեն իսկ իրականացնում են լավ կազմակերպված տնտեսական գործունեություն, հաստատել են գործարար կապեր և ներկայումս հետաքրքրված չեն իրենց բիզնեսի հետագա ընդլայնման հնարավորություններով: Սակայն, անհրաժեշտ է դեռ պարզել, թե ինչով կարող է բացատրվել նման դիրքորոշում:

Ինչ վերաբերում է համագործակցության ակնկալիքներին, Տավուշի մարզի ընտրված բոլոր հատվածները ներկայացնող բիզնեսների ներկայացուցիչները առաջին հերթին հետաքրքրված էին իրենց արտադրանքի համար նոր շուկաներ գտնելու հնարավորություններով: Հարցվողների՝ հատկապես մրգի արտադրության և զբոսաշրջության ոլորտներում ներգրավված տնտեսվարողների կողմից հաճախակի նշվող մյուս ակնկալիքը փորձի փոխանակումն է և տեղում գործընկերներից սովորելու հնարավորությունները: Սակայն, որոշ հարցվողներ՝ հատկապես նրանք, ովքեր զբաղվում են խաղողագործությամբ, իրենց հետաքրքրությունն արտահայտեցին ընդհանրապես վրաստանյան գործընկերների հետ փորձի փոխանակման հնարավորություններով՝ հաշվի չառնելով այն հանգամանքը, որ ծրագիրը կենտրոնանում է Քվեմո-Քարթլի շրջանի վրա, որտեղ խաղողագործությունը և գինեգործությունն այնքան զարգացած չեն, որքան Վրաստանի այլ շրջաններում:

Ոչ այնքան հաճախակի նշվող ակնկալիքներ են՝

ա) Վրաստանի տարածքում բիզնես գործունեություն ծավալելու հնարավորություններ.

բ) Վրաստանում նոր ներդրումների ներգրավման կամ կատարման հնարավորություններ՝ համատեղ ձեռնարկությունների հիմնադրման նպատակով:

Նմանապես, Քվեմո-Քարթլիում առավել հաճախ նշվող ակնկալիքները վերաբերում էին դեպի Հայաստան արտահանելու հնարավորություններին: Նման հետաքրքրություն արտահայտեցին հարցմանը մասնակցող ընկերությունների 63%-ը (48-ից 30-ը): Այսինքն՝ զգալի թվով տնտեսվարողներ արժեվորում են հայաստանյան ընկերությունների հետ ավելի սերտ կապեր հաստատելու հնարավորությունները, չնայած այն փաստին, որ հարցվողների միայն 21%-ը հաստատեց այդ պահի դրությամբ հայաստանյան ընկերությունների հետ գործարար կապերի առկայությունը (48 հարցվողներից 10-ը, որոնց կեսը ներգրավված է գյուղատնտեսական արտադրության և սննդի վերամշակման ոլորտներում):

Ի հակադրություն Տավուշի մարզի ձեռնարկատերերի՝ Քվեմո-Քարթլի մարզի հարցվող ընկերությունների 33%-ն ակնկալում կամ հետաքրքրված է Հայաստանից ներդրումներ ներգրավելու հնարավորություններով (48 հարցվող ընկերություններից 16-ը, որոնցից 10-ը ներգրավված են արտադրության և մետաղագործության բնագավառներում): Հաշվի առնելով այն

[5] Հարկ է նշել, որ երկու մարզերում դաշտային ուսումնասիրություններն իրականացվել է 2016թ. ապրիլի սկզբին՝ Լեռնային Ղարաբաղի շուրջ հայ-ադրբեջանական հակամարտության սրման դեպքերից առաջ:

հանգամանքը, որ Տավուշի մարզի հարցվողների շրջանում չի դիտարկվել նման հետաքրքրություն (բացառությամբ Քվեմո-Քարթլիի շրջանում ծխախոտի արտադրության ընդլայնման հնարավորության), Հայաստանից ներդրումներ ներգրավելու ակնկալիքները կյանքի կոչելու հավանականությունը բավականին ցածր է կարճաժամկետ հեռանկարում, այն է՝ ՄՏՁ ծրագրի գործողության ընթացքում:

Միջսահմանային գործարար հնարավորությունների մասին իրազեկվածություն

Չնայած նրան, որ հարցվողների շրջանում հաճախակի էր դիտարկվում համագործակցելու պատրաստակամություն, Հայաստանում հարցվողների մեծամասնությունը չէր տիրապետում միջսահմանային առևտրի հնարավորությունների մասին տեղեկությունների: Բացառությամբ «Ինտերնեյշնլ Մասիս Տաբակ» ՍՊԸ-ի և մրգերի արտադրությամբ զբաղվող որոշ ձեռնարկատերերի՝ Տավուշի մարզում բոլոր հարցվողները վատ պատկերացում ունեին Քվեմո-Քարթլիի շրջանում առկա տնտեսական պայմանների և շուկայական հնարավորությունների մասին: Այդ տեսակետները հիմնականում ձևավորել էին Խորհրդային ժամանակների հիշողություններից և ենթադրություններից/կարծրատիպերից, մինչդեռ ապացույցների վրա հիմնված եզրակացությունները տարածված չէին: Հարցվողների կարծիքով նման տեղեկությունների անբավարարությունը, ինչպես նաև դրանց անհասանելիությունն այն հիմնական խոչընդոտներ են, որոնք սահմանափակում են Քվեմո-Քարթլիի շրջանում բիզնես գործունեություն սկսելու հնարավորությունները: Հետևաբար, հավաստի, տվյալ հատվածին ներհատուկ և դրա բոլոր ասպեկտներին (շուկայի պահանջարկ և հնարավորություններ, հիմնական դերակատարներ, կարգավորման շրջանակ, ծախսեր և սակագներ և այլն) վերաբերող տեղեկությունների տրամադրումը պետք է լինի միջսահմանային տնտեսական համագործակցության հաստատման ելակետը:

Միջսահմանային տնտեսական հնարավորությունների մասին տեղեկատվության նման պակաս (նվազ մանրամասներով) և անբավարար պատկերացում դիտարկվում էր նաև Քվեմո-Քարթլիում գործող ընկերությունների շրջանում: Տեղեկատվության պակասի մասին վկայող ցուցանիշներից մեկը Հայաստանից ներդրումներ ներգրավելու գործում հետաքրքրության համեմատաբար բարձր մակարդակի առկայությունն էր:

Այդուհանդերձ, տեղեկատվության պակասը տարբեր է՝ տարբեր հատվածներում, ուստի, այն լրացնելու համար անհրաժեշտ է ցուցաբերել տարբերակված մոտեցում: Օրինակ՝ տեքսիլ (ձեռնոցների) արտադրության դեպքում շուկայավարման հատուկ ծրագրի մշակումը, ինչպես նաև Քվեմո-Քարթլիում և Վրաստանի այլ շրջաններում ապրանքների խթանման թեմաներով հանդիպումների կազմակերպումը արժեքավոր կլինեն ծրագրի համար և կնպաստեն երկարաժամկետ համագործակցության զարգացմանը: Ծխախոտի արտադրության ոլորտում՝ ի լրումն շուկայավարման գործելակերպերի բարելավմանը, անհրաժեշտ է իրականացնել Տավուշի մարզի (իսկ ավելի ուշ հնարավոր է նաև՝ Քվեմո-Քարթլի մարզի) ծխախոտի դաշտերում աշխատելու համար սեզոնային աշխատուժի հասանելիության ուսումնասիրություն:[6]

Ծրագրի վաղ փուլում պատշաճ կարգով նախապատրաստված և կազմակերպված փորձի փոխանակման գործընթացներն ու փոխադարձ այցերը կօգնեն հնարավոր

[6] Քվեմո-Քարթլի շրջանում անհրաժեշտ է իրականացնել առանձին ուսումնասիրություն՝ հողի և ծխախոտի հումքի/բույսի որակի, ինչպես նաև ծխախոտի արտադրության համար անհրաժեշտ մասնագիտացված աշխատուժի առկայության մասին պատկերացում կազմելու նպատակով:

համագործակցության գաղափարների հետագա հղկման և ուղիների հարթման գործընթացներին՝ ծրագրի շրջանակներից հանելով այն գաղափարները, որոնք անիրագործելի են:

Կարգավորումների՝ մասնավորապես ԵՄ և ԵԱՏՄ կանոնակարգերի մասին իրազեկվածություն

Նախորդ բաժնում նշված պատասխանների նման՝ Տավուշի մարզի հարցվողների (բացառությամբ՝ խոշոր արտադրողների) մեծ մասն ընդունեց, որ չի տիրապետում իրենց գործունեության ոլորտը կարգավորող գործող օրենսդրական դաշտի մասին բավարար տեղեկությություններին: Մասնավորապես՝ հարցվողները տեղյակ չեն ԵԱՏՄ-ին Հայաստանի միանալու արդյունքում կատարված փոփոխությունների և առավել ևս՝ Վրաստանում գործող կանոնակարգերի կամ ԵՄ-ի հետ կնքված «Խոր և համապարփակ ազատ առևտրական տարածքի մասին» համաձայնագրի (DCFTA) մասին:

Այս առումով իրավիճակը նկատելիորեն ավելի բարվոք էր Քվեմո-Քարթլի մարզի հարցվողների շրջանում, որտեղ 19 ընկերությունների ներկայացուցիչներ (այն է՝ հետազոտվող ընկերությունների ընդհանուր քանակի 40%-ը) դրական գնահատեցին արտոնյալ առևտրային ռեժիմների *(FTA – ազատ առևտրի համաձայնագիր, GSP - ԵՄ Արտոնությունների ընդհանուր համակարգ, DCFTA - «Խոր և համապարփակ ազատ առևտրական տարածքի մասին» համաձայնագիր)* մասին իրենց իրազեկվածության մակարդակը: Սա կարող է բացատրվել այն հանգամանքով, որ երկրի սահմաններից դուրս գործարար կապեր հաստատած խոշոր և միջին ձեռնարկությունները կազմում էին հարցվողների ավելի մեծ հատված Քվեմո-Քարթլիում, քան Տավուշի մարզում, որտեղ հարցվողների մեծ մասը անհատ կամ ընտանեկան ձեռնարկատիրության սեփականատերեր էին: Այդուհանդերձ, վրաստանյան ընկերություններից միայն հինգի ներկայացուցիչները (այն է՝ ընդհանուր թվի 11%-ը) պատասխանեցին, որ կիրառել են այդ գիտելիքները: Հետևաբար ենթադրում ենք, որ իրազեկման արշավի կազմակերպումը և կարիքներին համապատասխանեցված ուղեցույցի մշակումը կարող են դառնալ ծրագրի շրջանակում արդյունավետ միջամտության միջոցառումներ:

Ամփոփելով, հարկ է նշել, որ ծրագրի շրջանակում անհրաժեշտ է լրացնել իրազեկվածության պակասը: Սակայն, առավել արդյունավետ և գործուն տարբերակն այն է, որ յուրաքանչյուր հատվածի համար մշակվի տարբերակված մոտեցում և տրամադրվի հատվածին ներհատուկ տեղեկատվություն՝ չնայած այն փաստին, որ որոշ ոլորտներ կարգավորվում են նույն կանոնակարգերով: Այս խնդրի լուծման տարբերակ կարող է դիտարկվել այն մոտեցումը, որ բոլոր մասնակիցների համար կազմակերպվի համատեղ սեմինար, իսկ յուրաքանչյուր հատվածի/ոլորտի ներկայացուցիչների համար՝ առանձին գործնական պարապմունքներ:

Արտադրական հզորություններ

Տավուշի մարզում բոլոր հարցվողները, իսկ Քվեմո-Քարթլի մարզում՝ հարցվողների մեծ մասը, նշեցին, որ իրենց ձեռնարկությունների արտադրական հզորությունն ավելի մեծ է, քան փաստացի արտադրության մակարդակը և, որ լրացուցիչ շուկաների առկայության դեպքում ձեռնարկությունները կարող են ավելացնել արտադրանքի ծավալը:

Ընդհանուր առաջարկություններ

Սույն հետազոտության ամենակարևոր բացահայտումն այն է, որ միջսահմանային համագործակցության հնարավորությունների մասին տեղեկատվության հասանելիությունը տնտեսվարողների համար խիստ սահմանափակ է: Սա իր հերթին սահմանափակում է միջսահմանային շուկաներ մուտք գործելու և արտադրական հզորություններն ավելացնելու հնարավորությունները: Հետևաբար, խիստ կարևորվում է հետևյալ տեղեկությունների հավաքումը՝

- Միջսահմանային առևտրային հնարավորությունների մասին՝ ներառյալ կարգավորման շրջանակ և գործելակերպեր.
- ԵԱՏՄ և ԵՄ շուկաներ հնարավոր հասանելիության մասին՝ համապատասխանաբար Հայաստանի և Վրաստանի միջոցով.
- Սահմանամերձ շրջանների ներդրումային հնարավորությունների մասին՝ ներառյալ տեղեկան կարողություններ և ներուժ:

Տեղեկատվության հասանելի դարձնելը կնպաստի երկու երկրների գործարարների միջև կապերի հաստատմանը և ավելի սերտ տնտեսական հարաբերությունների զարգացմանը: Ուստի, հաղորդակցության խողովակների հաստատումը դիտարկվում է որպես մեկ այլ կարևոր ասպեկտ: Գործիքների բազմազանեցումը պետք է դառնա ծրագրի օրակարգի կարևոր հարց: Համացանցային աղբյուրների, ինչպես նաև ԶԼՄ-ների միջոցով համապատասխան տեղեկատվության տրամադրումը կապահովի այդ տեղեկատվության հասանելիությունը գործարար համայնքների ավելի լայն շրջանակների համար: Ավելին, արհեստակցական միությունները, արդյունաբերական/առևտրային պալատները, ինչպես նաև պետական ներդրումային գործակալությունները կարևոր դերակատարում կունենան տեղեկատվությունն ավելի մեծ թվով տնտեսվարող սուբյեկտներին հասանելի դարձնելու գործում:

Ըստ հետազոտության մեջ ներգրավված ընկերությունների ներկայացուցիչների՝ նրանցից միայն մի փոքր մասն ունի միջսահմանային կապեր: Ուստի, կարևորվում են հաղորդակցության հեշտացումը, ինչպես նաև ռիսկերը կիսելու մեխանիզմները՝ համատեղ ներդրումային նախաձեռնություններին աջակցություն տրամադրելու միջոցով: Այս գործընթացում կարևոր դեր կարող են կատարել հասարակական կազմակերպությունները՝ զարգացման ծրագրերի իրականացման և բիզնեսի զարգացումը խթանող պետական ծրագրերում մասնակցության միջոցով:

Միջսահմանային համագործակցության վերաբերյալ առաջարկություններ

Ստորև բերված Աղյուսակ 1-ում ներկայացվում են բոլոր ութ թիրախային հատվածները/ոլորտները, ինչպես նաև դրանցից յուրաքանչյուրի վերաբերյալ տրված առաջարկությունները:[7] Աղյուսակ 1-ում ամփոփվում են յուրաքանչյուր երկրի զեկույցում ներառված մանրամասն առաջարկությունները:

Աղյուսակ 1. Ոլորտի/հատվածի վերաբերյալ առաջարկություններ. Տավուշի և Քվեմո-Քարթլիի մարզեր

Տավուշի մարզ		**Քվեմո-Քարթլի մարզ**	
Մրգի արտադրություն և վերամշակում	Ագրո-զբոսաշրջային այցերի կազմակերպում և փորձի փոխանակում Վրաստանի խաղողագործների և գինեգործների հետ	**Գյուղատնտեսու-թյուն և ագրոբիզնես**	Մարքեթինգային արշավի կազմակերպում՝ Վրաստանում արտադրված բանջարեղենը և պանիրը գովազդելու և բրենդը ճանաչելի դարձնելու նպատակով
	Երկարաժամկետ և կայուն գործարար հարաբերությունների հաստատում վրաստանյան ներդրանքների (հիմնականում՝ պեստիցիդների) մատակարարների հետ		
	Արտահանման խթանման միջոցառումներ՝ դեպի Վրաստան և դրա սահմաններից դուրս (օր.՝ ԵՄ) շուկայահանման հնարավորություններից օգտվելու նպատակով		Հայաստանյան և վրաստանյան արտադրող և արտահանող ընկերությունների միջև նոր կապերի հաստատում՝ փոխայցելությունների, համատեղ գիտաժողովների անցկացման, գործարար խորհուրդների ձևավորման և այլ միջոցներով
Ծխախոտի հումքի և ծխախոտի արտադրություն		**Թունաքիմիկատ-ների և քիմիական ապրանքների արտադրություն**	Բիզնեսի խորհրդատվական ծառայության ստեղծումը կաջակցի վրաստանյան այն արտադրողներին, որոնք ցանկանում են իրենց արտադրանքն արտահանել Հայաստան
	Հայաստանյան ծխախոտի արտադրության մասնագետների/ֆերմերների համար ագրո-զբոսաշրջային այցերի		Դեպի Հայաստան գործարար այցերի կազմակերպում՝ հայաստանյան

[7] Հարկ է նշել, որ Քվեմո-Քարթլի մարզում ընտրված 4 հատվածներից երեքի համար ներկայացվում են նույն առաջարկությունները, քանի որ առկա են զգալի նմանություններ: Հետևաբար, այդ առաջարկությունները ներկայացվում են որպես ընդհանուր առաջարկություններ նշված երեք ոլորտների համար: Բացի այդ, առաջարկությունների ծագման և հիմնավորման մասին ավելի լավ պատկերացում կազմելու համար խորհուրդ է տրվում ծանոթանալ երկու մարզերում իրականացված առանձին հետազոտությունների ամբողջական փաստաթղթերին, որոնք ներառում են ելակետային բացահայտումների մանրամասները:

	կազմակերպում՝ Քվեմո-Քարթլի մարզում ծխախոտի բույսի աճեցման հնարավորության և հեռանկարների գնահատման նպատակով		ընկերությունների հետ գործարար կապերի հաստատմանն աջակցելու նպատակով
	Դրական արդյունքների դեպքում Հայաստանում և Վրաստանում ծխախոտի արտադրությամբ զբաղվող ընկերությունների ու ծխախոտի հումք աճեցնողներ տնտեսությունների միջև մշտական հիմունքներով գործարար հարաբերությունների ստեղծում	**Ծանր արդյունա-բերություն** (մետաղագործություն) **Շինանյութերի արտադրություն և հանքարդյունա-բերություն**	Բիզնես ֆորումների կազմակերպում և խորհրդակցությունների անցկացում Քվեմո-Քարթլի և Տավուշի մարզերի ընկերությունների միջև: Այս առումով կարելի է օգտագործել երկու երկրներում արդեն իսկ գործող գործարար ասոցիացիաների ներուժը
Տեքստիլ **արդյունաբերու-թյուն (ձեռնոցների արտադրություն)**			
	Քվեմո-Քարթլի մարզում գովազդային այցերի կազմակերպում տեքսիլ արդյունաբերությունը ներկայացնող ընկերութունների և փոքր կարի ֆաբրիկաների համար՝ մարզի արդյունաբերական և գյուղատնտեսական ընկերությունների շրջանում էժան, սակայն բարձրորակ ձեռնոցների իրացման նպատակով		Քվեմո-Քարթլի մարզի արդյունաբերական ներուժի տվյալների շտեմարանի ստեղծում՝ այն հասանելի դարձնելով նաև հայաստանյան բիզնեսների համար
Համայնքային զբոսաշրջություն	Աջակցել Վրաստանում զբոսաշրջային գործակալությունների և ջերմոցային տնտեսությունների սեփականատերերի միջև համագործակցության խթանմանը՝ երկու մարզերում/երկրներում համատեղ զբոսաշրջային այցերի միջոցով ավելի մեծ թվով այցելուներ ներգրավելու նպատակով		
	Աջակցություն համայնքային զբոսաշրջության ոլորտում ծառայություններ մատուցող հիմնական դերակատարների միջև փորձի փոխանակման և ուսուցման		

	գործընթացներին		
	Երկու երկրների տնտեսական ներուժը ներկայացնող տարածաշրջանային տոնավաճառների կազմակերպում կանոնավոր հիմունքներով՝ համայնքային զբոսաշրջությունը խթանելու նպատակով:		

Ծխախոտի արտադրություն	Սեզոնային աշխատողների ներգրավում Տավուշի մարզի ծխախոտի դաշտերում հուլիս-օգոստոս ամիսներին աշխատելու համար, երբ արձանագրվում է մարդկային ռեսուրսների պակաս	Գյուղատնտեսություն և ագրոբիզնես	Ներդրումների խթանում՝ ջերմոցային, սառնարանային և հետբերքահավաքային տնտեսություններ
Տեքստիլ արտադրություն	Չնայած նրան, որ գործարանն իրականացրել է նախնական մարքեթինգային ուսումնասիրություն ԵՄ-ի համար (Ֆրանսիա, Գերմանիա), առևտրային գործընկերների հետ համատեղ համակողմանի **մաքեթինգային ծրագրի** մշակումը կարող է խթանել այս հատվածի զարգացումը		

Ոլորտային առաջարկություններ

Ներկայացված մի շարք առաջարկություններ վերաբերում են երկու երկրներում ընտրված հատվածներին/ոլորտներին: Հատվածների վերաբերյալ առավել մանրամասն առաջարկություններին կարելի է ծանոթանալ յուրաքանչյուր երկրի զեկույցում:

Տավուշի և Քվեմո-Քարթլիի տոնավաճառի (տոնավաճառների) ապրանքներ և ծառայություններ

Ելակետային հետազոտությունը բացահայտեց երկու մարզերի տնտեսական ներուժը, ինչպես նաև հիմնական բիզնեսները: Այս ներուժն օգտագործելու համար կարելի է կազմակերպել տոնավաճառներ՝ պոտենցիալ գործընկերներ ներգրավելու և երկու մարզերում առկա հիմնական բոլոր ապրանքատեսակներն ու ծառայությունները ներկայացնելու նպատակով: Սա կնպաստի շահագրգիռ կողմերի միջև սկզբնական հարաբերությունների հաստատմանը:

Տոնավաճառների շրջանակներում յուրաքանչյուր ընտրված հատվածը ներկայացնող ընկերություններին կընձեռնվի իրենց արտադրանքը, կարողություններն ու կարիքները ներկայացնելու հնարավորություն: Այն դեպքում, երբ տվյալ հատվածը (տեքստիլ արդյունաբերություն, ծխախոտի արտադրություն, հանքարդյունաբերություն և այլն) ներկայացվում է մեկ կամ երկու դերակատարներով, կարելի է այդ շնորհանդեսների համար սահմանել հստակ համաձայնեցված ժամանակ, որին կհաջորդեն պոտենցիալ գործընկերների հետ դեմ առ դեմ հանդիպումները: Այդ կերպ զգալիորեն կաճի միջոցառմանը խոշոր ձեռնարկությունների ներկայացուցչության հավանականությունը:

Բազմաթիվ դերակատարներ միավորող և լայն սպառման ապրանքներ ու ծառայություններ մատուցող այլ ոլորտները (մրգի արտադրություն և վերամշակում, գինու արտադրություն, հյուրատներ և զբոսաշրջային օպերատորներ, կարի ֆաբրիկաներ և այլն) իրենց գործունեությունը կարող են ներկայացնել տոնավաճառների անցկացման ողջ ընթացքում: Ավելին, տոնավաճառներն ավելի մեծ արժեք կտան համայնքային զբոսաշրջության զարգացմանը, քանզի տոնավաճառի մասնակիցները կարող են հյուրընկալվել ընտրված հյուրատներում, ինչպես նաև ծանոթանալ համայնքի տեսարժան զբոսաշրջային վայրերին:

Նման տոնավաճառների հաջողության հիմնական գործոններն են.

- Այդ տոնավաճառներից յուրաքանչյուրը պետք է գործի առնվազն 2-3 օր՝ յուրաքանչյուր վայրում, որը կապահովի ոչ միայն ավելի մեծ թվով մասնակիցների ներկայություն, այլև բավարար ժամանակ՝ տեղեկատվական հանդիպումների և թեմատիկ գործնական պարապմունքների անցկացման համար.
- Միջոցառման պատշաճ նախապատրաստում՝ բոլոր ասպեկտներով, սկսած այնպիսի հարցերից, ինչպիսիք են նպատակահարմար վայրի ընտրությունը և հրավերների ժամանակին տարածումը՝ ընդհուպ մինչև դիզայներական լուծումներն ու տեղեկատվության բովանդակությունը:
- Ապահովել միջոցառմանն այնպիսի ընկերությունների և անհատների մասնակցությունը, որոնք կարող են ներդրում կատարել միջոցառման կազմակերպման գործում և ստեղծել երկարատև համագործակցություն: Ուստի, կարևոր է, որ նման միջոցառումների պլանավորման գործընթացը սկսվի նախատեսված ժամկետից շատ ավելի շուտ՝ ստանալով տոնավաճառի անցկացման վայրի և ժամկետների առնչությամբ հիմնական շահագրգիռ կողմերի նախնական համաձայնությունը:
- Նպատակահարմար է այդ միջոցառումների պլանավորման վաղ փուլից սկսած ներգրավել տեղական իշխանությունների ներկայացուցիչներին՝ հաշվի առնելով տեղական տնտեսության համար միջոցառման օգտագար լինելու պոտենցիալը, ելնելով ծրագրային ծախսերի խնայողության նկատառումներից և, ամենակարևորը, հաշվի առնելով այն հանգամանքը, որ տեղական իշխանությունները կարող են նպաստել նման նախաձեռնությունների հաջողությանը/ձախողմանը:

Տեղեկատվության փոխանակում

Կարևորվում է թիրախային ոլորտները կարգավորող և երկու երկրներում գործող կանոնակարգերի ու ընդունված գործելակերպերի մասին իրազեկվածության մակարդակի բարձրացումը: Գիտելիքների պակասի լրացումը որոշիչ գործոն է միջսահմանային համագործակցության խթանման համար:

Այս խնդրի լուծման համար կարելի է կազմակերպել ընտրված հատվածների թեմատիկ գործնական պարապմունքներ հետևյալ թեմաների շուրջ՝

- համայնքային զբոսաշրջության զարգացում, առցանց մարքեթինգ, հյուրընկալության զաղտնիքներ.
- համատեղ զբոսաշրջային փաթեթներ առաջարկելու պոտենցալ՝ Տավուշի և Քվեմո-Քարթլիի (և այլ) մարզերի ուղղություններով.

- Քվեմո-Քարթլի և Ցավուշի մարզերում մրգի արտադրության և վաճառքի ընդլայնման հնարավորություններ.
- գյուղացիական տնտեսությունների միջև սեզոնային աշխատուժի փոխանակման և գյուղատնտեսական սարքավորումների/մեքենաների լիզինգի իրագործելիություն.
- արտերկրում որոշ ապրանքատեսակների համատեղ գովազդման և բրենդինգի հնարավորություններ (օր.՝ «Կովկասյան» չրեր/զինիներ/խոհանոց/ զբոսաշրջիկների համար համատեղ ճամփորդական ուղեցույցներ և այլն):

Ճանաչողական այցեր՝ տեղում հնարավորություններն ուսումնասիրելու նպատակով

Տոնավաճառները կարող են մասնակիցների մոտ որոշ մտահղացումների և հետաքրքրությունների առաջացման առիթ հանդիսանալ: Հետագա հաղորդակցությունը խթանելու նպատակով՝ Տավուշի և Քվեմո-Քարթլի մարզերի ընկերություններին պետք է հնարավորություն ընձեռնվի մասնակցելու սահմանից այն կողմ գտնվող իրենց պոտենցիալ գործընկերների հետ տեղում կազմակերպվող հանդիպումներին:

Իդեալական հանգամանքներում նման այցերի կազմակերպումը պայմանավորվում է պոտենցիալ գործընկերների կողմից համառոտ ծրագիր/հայեցակարգ ներկայացնելու կարողությամբ, որտեղ կբացատրվի նման հանդիպումների/այցերի կարևորությունը և կներկայացվի հիմնավորում՝ դրանով իսկ վերջիններս դարձնելով ավելի արդյունավետ և առարկայական:

Միջսահմանային համագործակցության վերաբերյալ խորհրդատվության տրամադրում ընկերություններին

Ինչպես բացահայտվեց հետազոտության արդյունքում՝ ընկերությունների շրջանում առկա է առևտրային, հարկային, ներդրումային և այլ կանոնակարգերի, ինչպես նաև հարևան երկրում աշխատելու գործնական ասպեկտների մասին գիտելիքների պակաս: Առանց վերոնշյալ գիտելիքների՝ սահմանից այն կողմ պոտենցիալ գործընկերների մասին իրազեկվածությունը բավարար չի լինի համագործակցության սկզբնավորման համար: Ուստի, շահագրգիռ ընկերություններին մասնագիտական խորհրդատվության տրամադրումը վճռորոշ նշանակություն ունի: Օրինակ՝ ծխախոտի արտադրությամբ զբաղվող հայկական ընկերությունների հումքի պահանջարկը բավարարելու նպատակով Քվեմո-Քարթլիի շրջանում ծխախոտաբույսի արտադրության ընդլայնման համար կպահանջվի հողերի որակի և աշխատուժի հմտությունների ուսումնասիրության իրականացում: Մյուս օրինակը վերաբերում է դեպի Վրաստան արդյունաբերական ձեռնոցների արտահանման ընդլայնմանը և ԵՄ շուկա մուտք գործելու հնարավորությանը: Չնայած այս արտադրանքի նկատմամբ առկա է մեծ հետաքրքրություն, այդուհանդերձ, նախքան ծրագրային միջոցառումների մշակումը, անհրաժեշտ է իրականացնել Վրաստանի և ԵՄ շուկաների պահանջարկների մանրակրկիտ ուսումնասիրություն: Նման կարիքների առաջացման դեպքում ծրագրային թիմը պետք է կարողանա առաջարկել համապատասխան լուծումներ՝ առաջադրվող թեմաների շուրջ բարձրորակ մասնագիտական խորհրդատվության տրամադրման միջոցով:

Վիրտուալ հարթակի ստեղծում

Շահագրգիռ կողմերի հետ արդյունավետ հաղորդակցվելու, տեղեկատվություն և կոնտակտային տվյալներ փոխանակելու, ինչպես նաև երկարաժամկետ հարաբերություններ հաստատելու և վերջիններիս զարգացման ընթացքը մշտադիտարկելու համար, անհրաժեշտ է դիտարկել առցանց, ոչ ծախսատար, բայց կանոնավոր կերպով թարմացվող և լավ կառավարվող վիրտուալ հարթակի ստեղծման հնարավորությունը: Այդ հարթակը կարող է ծառայել և' որպես ընդհանուր բնույթի ու ոլորտներին ներհատուկ տեղեկությունների պահոց, և' որպես տվյալների բազա, որտեղ կներառվեն տեղական ընկերությունների պրոֆիլի, արտադրանքի, հզորության մասին տեղեկությունները և նրանց կոնտակտային տվյալները:

შედეგების მოკლე მიმოხილვა

პროექტის შესახებ

ტრანსსასაზღვრო ეკონომიკური განვითარება 16 თვიანი ინიციატივაა, რომელიც ევროკავშირის დაფინანსებული პროგრამის „აღმოსავლეთ პარტნიორობის ტერიტორიული თანამშრომლობის მხარდაჭერა“ ფარგლებში ხორციელდება. პროექტის პარტნიორები არიან საქართველოდან „სამოქალაქო განვითარების სააგენტო“ (სიდა), სომხეთიდან „მხარდაჭერა ნოემბერიანს“ და ევრაზიის თანამშრომლობის ფონდის ჩრდილოეთის ფილიალი. პროექტის მიზანია სომხეთის ტავუშის და საქართველოს ქვემო ქართლის რეგიონების საზღვრისპირა მოსახლეობის საცხოვრებელი პირობების გაუმჯობესება. ამ მიზნის მისაღწევად მოხდებ ორ რეგიონს შორის ტრანსსასაზღვრო და ეკონომიკური თანამშრომლობის ხელშეწყობა და ბიზნესის წარმომადგენლების ინფორმირება სამიზნე რეგიონებში არსებული ტრანსსასაზღვრო საინვესტიციო და სავაჭრო შესაძლებლობების შესახებ.

პროექტის აქტივობებისთვის ინფორმაციის მოსაკრებად პარტნიორებმა **საბაზისო კვლევის** ჩატარება დაგეგმეს. საქართველოში კვლევა „ქვემო ქართლისა და ტავუშის რეგიონებს შორის ტრანსსასაზღვრო ეკონომიკური ურთიერთობების გაფართოების შესაძლებლობები: საქართველოს პერსპექტივა“ ეკონომიკური პოლიტიკის კვლევის ცენტრმა მოამზადა სიდასთან ერთად. სომხეთში ანალოგიური კვლევა - „ტავუშისა და ქვემო ქართლის რეგიონებს შორის ტრანსსასაზღვრო ეკონომიკური ურთიერთობების გაფართოების შესაძლებლობები: სომხეთის პერსპექტივა“ - მოამზადა დამოუკიდებელი კონსულტანტების ჯგუფმა, რომელსაც ჰამაზაფ დანიელიანი ხელმძღვანელობდა, „მხარდაჭერა ნოემბერიანთან“ და ევრაზიის თანამშრომლობის ფონდის ჩრდილოეთის ფილიალთან თანამშრომლობით.

საბაზისო კველვა, რომელიც სამაგიდო და საველე კვლევების ერთობლიობას წარმოადგენს, 2015 წლის დეკემბრიდან 2016 წლის თებერვლამდე პერიოდში ჩატარდა.

მიზანი

საბაზისო კვლევის მიზანი იყო ორი მეზობელი რეგიონის ეკონომიკური პირობების და ეროვნული მარეგულირებელი ჩარჩოების შესწავლა, ასევე, იმ სფეროებისა და საშუალებების იდენტიფიცირება, რომლებიც ტრანსსასაზღვრო ეკონომიკურ თანამშრომლობას შეუწყობდა ხელს.

საბაზისო კვლევა ფოკუსირებული იყო შემდეგი დავალებების შესრულებაზე:

- კონკრეტული სექტორების იდენტიფიცირება, რომლებსაც გააჩნიათ განვითარების მაღალი პოტენციალი, მათ შორის საგარეო ვაჭრობისა და ინვესტიციების გაზრდის შესაძლებლობა;
- ინვესტიციებთან, წარმოებასა და ტრანსსასაზღვრო ვაჭრობასთან დაკავშირებული რეგულაციების და არაფორმალური პრაქტიკის აღწერა და გაანალიზება;
- იდენტიფიცირებულ სექტორებში ღირებულებათა ჯაჭვების მოთამაშეების განსაზღვრა და ღირებულებათა ჯაჭვების მოთამაშეებს შორის პოტენციური ბიზნესკავშირების და საინვესტიციო შესაძლებლობებების შესწავლა;
- პროექტისთვის რეკომენდაციების შემუშავება ეფექტიანი საპროგრამო ინტერვენციების განსახორციელებლად.

მეთოდოლოგია

სომხეთისა და საქართველოს გუნდები საერთო მიზნებზე მუშაობდნენ. საბაზისო კვლევის საწყის ეტაპზე მათ ის ძირითადი საკითხები განსაზღვრეს, რომლებიც სამაგიდო და საველე კვლევების დროს უნდა შესწავლილიყო და შეიმუშავეს მეთოდოლოგია თითოეულ რეგიონში მაქსიმუმ 4 მთავარი სექტორის იდენტიფიცირებისა და შერჩევისთვის.

სამაგიდო კვლევის დახმარებით განისაზღვრა ტრანსსასაზღვრო თანამშრომლობის პოტენციალის მქონე სექტორები. სექტორების შერჩევისას შესწავლილი იქნა ის სფეროები, სადაც პროექტი ინტერვენციის ყველაზე ეფექტიანად განხორციელებას შეძლებდა. ამ მიზნით შემუშავდა ცალკეული სექტორის შერჩევის სახელმძღვანელო პრინციპები, რა დროსაც გათვალისწინებული იქნა რიგი მონაცემები, მათ შორის თითოეული რეგიონის ბოლო წლების სტატისტიკა, რომლითაც გამოვლინდა როგორც ყველაზე განვითარებული სექტორები, ასევე ბოლო 2-3 წლის განმავლობაში ყველაზე მზარდი სექტორები. შედეგად, თითოეულ რეგიონში 4 სექტორი შეირჩა.[8] გარდა ამისა, მკვლევრებმა შემდეგ კითხვებს გასცეს პასუხები:

- რა ტენდენციები არსებობს სექტორული განვითარების, მათ შორის საგარეო ვაჭრობის განვითარებისთვის?
- როგორია არსებული ზოგადი და სექტორული კანონმდებლობა, მათ შორის, საგადასახადო, ლიცენზირების, სერტიფიცირების და სხვა რეგულაციები?
- როგორია სომხეთსა და საქართველოს შორის საექსპორტო და საიმპორტო კანონმდებლობა შერჩეულ სექტორებში და რა პრაქტიკული გამოწვევები არსებობს?
- რა უპირატესი სავაჭრო პირობები აქვს საქართველოსა და სომხეთში წარმოებულ პროდუქციას/მომსახურებას ევროკავშირისა და ევრაზიული კავშირის ბაზრებზე?

კვლევის მეორე ეტაპზე, თითოეულმა გუნდმა **საველე კვლევა** ჩაატარა, რათა სიღრმისეულად შეესწავლა თითოეულ ამ რეგიონში არსებული ის შესაძლებლობები, რომლებიც ხელს შეუწყობდა ტრანსსასაზღვრო თანამშრომლობას. თუმცა, ამ სამუშაოს შესასრულებლად გუნდებმა მონაცემთა შეგროვებისა და გაანალიზების ოდნავ განსხვავებული მიდგომების გამოყენება არჩიეს.

[8] იხილეთ სექტორული რეკომენდაციები, გვ. 7.

ტავუშის რეგიონის შემთხვევაში, მკვლევართა გუნდმა 43 სიღრმისეული ინტერვიუ ჩაატარა შერჩეული 4 სექტორის წარმომადგენლებთან, კონკრეტული სექტორების ექსპერტებთან და საჯარო მოხელეებთან. სექტორის წარმომადგენლების შერჩევისას, მკვლევრების მიზანი იყო, მოეცვათ ხედვების შესაძლებლობისდაგვარად ფართო სპექტრი. ამიტომ, გათვალისწინებული იქნა შემდეგი ფაქტორები: ოთხივე მთავარი ქვე-რეგიონის (ბერდი, დილიჟანი, იჯევანი, ნოვემბრიანი) და რეგიონის ძირითადი თემების წარმომადგენლების ჩართვა; იმ მოთამაშეთა ფართო სპექტრის ჩართვა, რომლებსაც წვლილი შეაქვთ თითოეული სექტორის ღირებულებათა ჯაჭვებში - წვრილი მეწარმიდან დაწყებული მსხვილი საწარმოების წამყვანი პირებით დამთავრებული; ასევე, გარე ხედვებიც რომ ასახულიყო, მკვლევართა გუნდმა მოიცვა ექსპერტები, რომლებსაც შერჩეული სექტორების სიღრმისეული ცოდნა ან ეკონომიკური და სათემო განვითარების გამოცდილება აქვთ და ასევე, საჯარო მოხელეები. საველე ფაზაში მონაცემთა შეგროვების სტრატეგიის შესაჯამებლად, სომეხმა მკვლევრებმა ხარისხობრივი მეთოდები გამოიყენეს და იმდენი ინტერვიუ ჩაატარეს, რამდენიც საჭირო იყო სექტორის ჰოლისტიკური გააზრების, მათ შორის არსებული გამოწვევებისა და შესაძლებლობების, სიმძლავრეებისა და პრიორიტეტების გააზრებისათვის, ასევე ღირებულებათა ჯაჭვის მოთამაშეების სხვადასხვა ხედვების ასახვისა და სექტორული რეკომენდაციების შემუშავებისთვის.

ქვემო ქართლის რეგიონის შემთხვევაში, მკვლევრების გუნდი ძირითადად რაოდენობრივ მეთოდს დაეყრდნო და გამოკითხვა ქემო ქართლის კომპანიებში ჩაატარა. შერჩევამ მოიცვა კომპანიები შერჩეული სექტორებიდან მიუხედავად იმისა, ყიდდნენ ისინი თავიანთ პროდუქციას ადგილზე თუ უცხოეთში. ამ კომპანიების რანჟირება მათი ბრუნვის მიხედვით მოხდა და გამოიკითხა როგორც მსხვილი ასევე მცირე ზომის საწარმოების წარმომადგენლები. ამ კვლევის მიზანი იყო შერჩეულ სექტორებში ღირებულებათა ჯაჭვის მოთამაშეების განსაზღვრა, ასევე მათი ოპერაციების შესწავლა, მათ შორის, პროდუქტების ჩამონათვალის, საწარმოების სიმძლავრეების, იმპორტ-ექსპორტის მიმართულებების, გამოწვევების და მომავალი განვითარების საჭიროებების განხილვა. გამოკითხვაში მონაწილე კომპანიათა მთლიანი რაოდენობა 48-ს შეადგენდა (22 მსხვილი, 8 საშუალო და 18 მცირე ზომის). კვლევამ ასევე შეისწავლა ორ მეზობელ რეგიონს შორის ბიზნესკავშირების და საინვესტიციო შესაძლებლობების პერსპექტივები.

ზოგადი მიგნებები

ტრანსსასაზღვრო თანამშრომლობის სურვილი და მოლოდინები ასეთი თანამშრომლობიდან

ტრანსსასაზღვრო ბიზნეს თანამშრომლობის სურვილი ძალიან დიდია ორივე ქვეყანაში. ტავუშის რეგიონში ყველა გამოკითხულმა მეწარმემ დადებითი პასუხი გასცა ამ კითხვას.[9] სომეხ კოლეგებთან თანამშრომლობის სურვილი ქვემო ქართლში გამოკითხულთა 69%-მა (48-დან 33-მა) გამოთქვა, 15%-მა (7 ბიზნესი) ამ კითხვას მკაფიო პასუხი ვერ გასცა, ხოლო 17%-ის (8 ბიზნესი) პასუხი უარყოფითი იყო. უარყოფით პასუხებს ძირითადად ხსნიდნენ იმ ფაქტით, რომ ეს კომპანიები გამართულად ფუნქციონირებენ, კარგი ბიზნეს კავშირები აქვთ დამყარებული და შესაბამისად, მათ შემდგომ გაფართოებაში ღირებულებას ამჟამად ვერ ხედავენ. თუმცა, ჯერ არ განსაზღვრული, რით შეიძლება აიხსნას ეს პოზიცია.

[9] უნდა აღინიშნოს, რომ საველე კვლევა 2016 წლის აპრილში მთიანი ყარაბაღის კონფლიქტის ესკალაციამდე ბევრად ადრე ჩატარდა.

რაც შეეხება მოლოდინებს ამ თანამშრომლობიდან, ტავუშის რეგიონის ყველა სექტორის წარმომადგენელი, უპირველეს ყოვლისა, დაინტერესებული იყო მათი პროდუქტებისთვის ახალი ბაზრების მოძიების შესაძლებლობებით. კიდევ ერთი მოლოდინი, რომელსაც რესპონდენტები ხშირად ასახელებდნენ, განსაკუთრებით ხილის წარმოებისა და ტურიზმის სექტორებიდან, გამოცდილების და ცოდნის გაზიარების შესაძლებლობები იყო. თუმცა, ზოგმა რესპონდენტმა, განსაკუთრებით მევენახეობის სექტორიდან, ინტერესი გამოხატა ქართველი პარტნიორებისგან ზოგადად ცოდნის მიღების შესაძლებლობების მიმართ და არ გაუთვალისწინებია ის, რომ პროგრამის მოქმედების სფერო ქვემო ქართლის რეგიონით არის შეზღუდული, სადაც მევენახეობა და მეღვინეობა არ არის ისე განვითარებული, როგორც საქართველოს სხვა რეგიონებში.

უფრო იშვიათად დასახელებულ მოლოდინებს შორის იყო:

ა) ბიზნესის ოპერირების საქართველოს ტერიტორიაზე გაფართოების შესაძლებლობები.

ბ) საქართველოში ახალი ინვესტიციების გენერირება ან ახალი ინვესტიციების დაბანდება ერთობლივი საწარმოების შექმნის მიზნით.

ანალოგიურად, ქვემო ქართლში ყველაზე ხშირად დასახელებული მოლოდინები სომხეთში პროდუქციის ექსპორტირების დაწყება და გაფართოება იყო. გამოკითხულ კომპანიათა 63%-მა (48-დან 30-მა) ამის ინტერესი გამოხატა. შესაბამისად, ბიზნესების მნიშვნელოვანი ნაწილი ხედავს სომხურ კომპანიებთან უფრო მჭიდრო კავშირების დამყარების სარგებლობას, მიუხედავად იმისა, რომ ამჟამად მხოლოდ 21%-მა განაცხადა, რომ სომხურ კომპანიებთან ბიზნესკავშირები აქვს (48-დან 10-მა, რომელთა ნახევარი სოფლის მეურნეობის და სურსათის გადამუშავების სექტორებიდანაა).

ტავუშის მეწარმეებისგან განსხვავებით, ქვემო ქართლში გამოკითხული კომპანიების 33% მოელის ან დაინტერესებულია სომხეთიდან ინვესტიციების მოზიდვით (48-დან 16 კომპანია, რომელთაგან 10 წარმოების და მეტალურგიის სექტორებიდან არის). იმის გათვალისწინებით, რომ ტავუშში ასეთი ინტერესი არ დაფიქსირებულა, გარდა თამბაქოს პროდუქციის პოტენციური გაფართოებისა ქვემო ქართლში, ნაკლებ სავარაუდოა, რომ სომხეთიდან ინვესტიციების მოლოდინები რეალობად იქცეს მოკლევადიან პერსპექტივაში, ანუ ტრანსსასაზღვრო ეკონომიკური განვითარების პროექტის განხორციელების ვადაში.

ინფორმირება ტრანსსასაზღვრო ბიზნეს შესაძლებლობების შესახებ

მიუხედავად თანამშრომლობის სურვილისა, სომხეთში რესპონდენტთა უმეტესობას არა აქვს ინფორმაცია საზღვრის მეორე მხარეს არსებული ეკონომიკური შესაძლებლობების შესახებ. „ინტერნეიშენალ მასის ტაბაკ“-ის ფაბრიკის და რამდენიმე ხილის მწარმოებელი საწარმოს გარდა, ყველა ტავუშელ რესპონდენტს ძალიან მწირი ინფორმაცია ჰქონდა ქვემო ქართლის ეკონომიკური მდგომარეობისა და საბაზრო შესაძლებლობების შესახებ. მათი შეხედულებები ძირითადად საბჭოთა დროინდელ მოგონებებს და რეგიონთან დაკავშირებულ ვარაუდებს/სტერეოტიპებს ემყარებოდა; ფაქტებზე დამყარებული მოსაზრებები კი იშვიათობა იყო. ინფორმაციის ასეთი ნაკლებობა, ასევე ამ ტიპის ინფორმაციის ხელმიუწვდომლობა ერთ-ერთი ყველაზე ხშირად დასახელებული მიზეზი იყო, რომელიც ხელს უშლიდა, დაეწყოთ ბიზნეს საქმიანობის ქვემო ქართლში. ამიტომ, ტრანსსასაზღვრო ეკონომიკური

თანამშრომლობის დამყარებისთვის პირველი ნაბიჯი იქნება ზუსტი, სექტორული ინფორმაციის უზრუნველყოფა ყველა ძირითად ასპექტზე (საბაზრო მოთხოვნები და შესაძლებლობები, მთავარი მოთამაშეები, ხარჯები და ტარიფები, სხვა).

მართალია, ეს საკითხი უფრო მცირე მასშტაბით იქნა შესწავლილი, მაგრამ ინფორმაციის ნაკლებობა საზღვრის მეორე მხარეს ეკონომიკური შესაძლებლობების შესახებ ქვემო ქართლის კომპანიებს შორისაც დაფიქსირდა. ამის ერთ-ერთი მაჩვენებელი სომხეთიდან ინვესტიციების მოზიდვისადმი შედარებით მაღალი ინტერესი იყო.

თუმცა, ეს საინფორმაციო ვაკუუმი განსხვავდება სექტორების მიხედვით და ამიტომ, ამ ვაკუუმის ამოსავსებად დიფერენცირებული მიდგომაა საჭირო. მაგალითად, ტექსტილის/ხელთათმანების წარმოებასთან დაკავშირებით კონკრეტული მარკეტინგული გეგმის შემუშავება და ქვემო ქართლსა და საქართველოში პროდუქტის სარეკლამო შეხვედრების მოწყობა ღირებულებას შემატებს პროგრამას და შესაძლოა შედეგად გრძელვადიანი თანამშრომლობა მოიტანოს. თამბაქოს სექტორს რაც შეეხება, აქ მარკეტინგის გაუმჯობესების გარდა, საჭიროა სეზონური მუშახელის ხელმისაწვდომობის შეფასება, რომელიც ტავუშის რეგიონში თამბაქოს პლანტაციებში იმუშავებდა (და შემდეგ, შესაძლოა, ქვემო ქართლშიც).[10]

პროგრამის განხორციელების საწყის ეტაპზე გამოცდილების გაზიარების და სასწავლო ვიზიტების სათანადოდ ორგანიზება და მხარდაჭერა ხელს შეუწყობს, გამოიკვეთოს პერსპექტიული თანამშრომლობის იდეები და სფეროები და ასევე, გამოირიცხოს ის სფეროები, სადაც თანამშრომლობა ვერ შედგება.

ინფორმაცია კანონმდებლობის, განსაკუთრებით ევროკავშირსა და ევრაზიის კავშირთან დაკავშირებული რეგულაციების შესახებ

აქაც ტავუშელი რესპონდენტების უმეტესობამ (უმსხვილესი მწარმოებლების გამოკლებით) აღიარა, რომ არ ფლობს საკმარის ინფორმაციას მათი სექტორების მარეგულირებელი ჩარჩოს შესახებ, განსაკუთრებით იმ ცვლილებების შესახებ, რომლებიც სომხეთმა ევრაზიის კავშირში გაერთიანების შედეგად განახორციელა, რომ არაფერი ვთქვათ საქართველოში მოქმედ რეგულაციებზე ან ევროკავშირთან ღრმა და ყოვლისმომცველი თავისუფალი სავაჭრო სივრცის შესახებ ხელშეკრულებაზე.

საგრძნობლად უკეთესი სიტუაციაა ქვემო ქართლში, სადაც 19 კომპანიის წარმომადგენელმა (მთლიანი რაოდენობის 40%-მა) თქვა, რომ იცის პრეფერენციული სავაჭრო რეჟიმების შესახებ (თავისუფალი ვაჭრობის შეთანხმება, პრეფერენციების განზოგადებული სისტემა, ღრმა და ყოვლისმომცველი თავისუფალი სავაჭრო სივრცე), საიდანაც ქართულ კომპანიებს სარგებლის მიღება შეუძლიათ. ეს აიხსნება იმ ფაქტით, რომ მსხვილი და საშუალო ზომის კომპანიები, რომლებმაც საქართველოს მიღმა დაამყარეს ბიზნეს კონტაქტები, უფრო დიდ სეგმენტს წარმოადგენდა ქვემო ქართლში, ვიდრე ტავუშში, სადაც რესპონდენტთა უმეტესობა ინდმეწარმეები ან საოჯახო ბიზნესის მფლობელები იყვნენ. თუმცა, ქართული კომპანიებიდან მხოლოდ ხუთი (ანუ 11%) იყენებდა ამ ცოდნას. ეს გვაფიქრებინებს, რომ არსებული რეგულაციების შესახებ ცნობიერების ამაღლების სათანადო კამპანიის მომზადება და მისი შესაბამისი წარმართვა ეფექტიანი ინტერვენცია იქნება.

[10] ქვემო ქართლის შემთხვევაში, შესაძლოა ცალკე შეფასება იყოს საჭირო ნიადაგის და მოსავლის ხარისხის, ასევე თამბაქოს წარმოებისთვის საჭირო სამუშაო უნარების არსებობის შესასწავლად.

რომ შევაჯამოთ, ნათელია, რომ ამ საინფორმაციო ვაკუუმის დაძლევა ის საკითხია, რომელზეც პროგრამამ უნდა იზრუნოს. თუმცა, უფრო ეფექტიანი და პროდუქტიული ვარიანტი იქნებოდა თითოეული სექტორის მიმართ განსხვავებული მიდგომის გამოყენება და სექტორული ინფორმაციის მიწოდება, მიუხედავად იმისა, რომ ზოგი რეგულაცია ყველა სექტორს ეხება. ერთობლივი შეხვედრენო ყველა მონაწილისთვის და ცალკეული სემინარები თითოეული სექტორის წარმომადგენლებისთვის, შესაძლოა, ამ პრობლემის გადასაჭრელი ერთ-ერთი ასეთი მიდგომა იყოს.

საწარმოო სიმძლავრეები

ტავუშის ყველა რესპონდენტმა და ქვემო ქართლის რესპონდენტთა უმეტესობამ განაცხადა, რომ მათი საწარმოო სიმძლავრეები ბევრად აღემატება წარმოების ფაქტობრივ დონეს და მათ შეუძლიათ, გაზარდონ პროდუქციის დონე დამატებითი ბაზრების ხელმისაწვდომობის შემთხვევაში.

ზოგადი რეკომენდაციები

კვლევის ყველაზე მნიშვნელოვანი მიგნება ის არის, რომ ბიზნესებს ძალიან შეზღუდულად მიუწვდებათ ხელი ტრანსსასაზღვრო თანამშრომლობის შესაძლებლობების შესახებ ინფორმაციაზე. ეს ზღუდავს მათ შესაძლებლობებს, გავიდნენ ბაზრებზე საზღვრის მეორე მხარეს, რაც მათ საწარმოო სიმძლავრეებზე აისახება. ამიტომ, უმნიშვნელოვანესია ინფორმაციის მოგროვება შემდეგ საკითხებზე:

- ვაჭრობის შესაძლებლობები საზღვრის მეორე მხარეს, მათ შორის მარეგულირებელი ჩარჩო და პრაქტიკა;
- ევრაზიის კავშირის და ევროკავშირის ბაზრებზე გასვლის პოტენციალი, შესაბამისად, სომხეთისა და საქართველოს მეშვეობით;
- საინვესტიციო პოტენციალის აზღვრისპირა რეგიონებში, მათ შორის ადგილობრივი შესაძლებლობები და პოტენციალი.

ამ ინფორმაციის ხელმისაწვდომობა შესაძლებლობას მისცემს ორივე ქვეყნის ბიზნესმენებს, დაამყარონ და ხელი შეუწყონ უფრო მჭიდრო ეკონომიკურ ურთიერთობებს. შესაბამისად, კიდევ ერთი მნიშვნელოვანი ასპექტი კომუნიკაციის არხების შექმნაა. ინსტრუმენტების დივერსიფიკაცია პრიორიტეტი უნდა იყოს. ინტერნეტ-წყაროებით და მედიით შესაბამისი ინფორმაციის მიწოდება უზრუნველყოფს ბიზნეს წრეების უფრო ფართოდ მოცვას. გარდა ამისა, პროფესიული კავშირები და სავაჭრო პალატები, ასევე საინვესტიციო სააგენტოები მნიშვნელოვანი მოთამაშეები იქნებიან მეწარმეთა მრავალრიცხოვანი ჯგუფისთვის ინფორმაციის ხელმისაწვდომობის უზრუნველყოფაში.

კვლევაში მონაწილე კომპანიების თანახმად, მხოლოდ მათ მცირე რაოდენობას აქვს კავშირები საზღვრის მეორე მხარეს. მნიშვნელოვანი იქნება კომუნიკაციის ხელშეწყობა, ასევე, რისკის გაზიარება ერთობლივი ინვესტიციების მხარდაჭერის მეშვეობით. ამ პროცესში მნიშვნელოვანი როლი არასამთავრობო ორგანიზაციებს შეუძლიათ ითამაშონ იმ პროექტებისა და სამთავრობო პროგრამების მეშვეობით, რომლებიც ბიზნესის განვითარებას უწყობს ხელს.

ტრანსსასაზღვრო თანამშრომლობის რეკომენდაციები

ქვემოთ მოცემული ცხრილი 1 ასახავს ყველა რვა სამიზნე სექტორს თითოეული მათგანისთვის სპეციფიკური რეკომენდაციებით.[11] ცხრილი 1 იმ დეტალური რეკომენდაციების შეჯამებას წარმოადგენს, რომლებიც თითოეული ქვეყნის ანგარიშშია შეტანილი.

ცხრილი 1. სექტორული რეკომენდაციები ტავუშის და ქვემო ქართლის რეგიონებისთვის

ტავუშის რეგიონი		ქვემო ქართლის რეგიონი	
ხილის წარმოება და გადამუშავება	აგრო-ტურების და გამოცდილების გაზიარების ორგანიზება საქართველოს ვენახებსა და ღვინის ქარხნებში	**სოფლის მეურნეობა და აგრობიზნესი**	მარკეტინგული კამპანიის ორგანიზება ქართული ბოსტნეულის და ყველის რეკლამირებისთვის
	გრძელვადიანი, სტაბილური ბიზნესურთიერთობების დამყარება საწარმოო რესურსების (ძირითადად პესტიციდების) ქართველ მიმწოდებლებთან		
	ექსპორტის ხელშეწყობის აქტივობები საბაზრო შესაძლებლობების გამოსაყენებლად საქართველოში და მის მიღმა (მაგ., ევროკავშირში)		ახალი კავშირების შექმნა ქართველ და სომეხ მწარმოებლებსა და ექსპორტიორებს შორის ვიზიტების, ერთობლივი კონფერენციების, ბიზნეს საბჭოების და სხვათა მეშვეობით
თამბაქოს და სიგარეტის წარმოება	სომხეთიდან თამბაქოს ექსპერტების/ფერმერების აგროტურები საქართველოში, რათა შეაფასონ თამბაქოს კულტივირების პერსპექტივები და შესაძლებლობები ქვემო ქართლის რეგიონში	**ქიმიკატების და ქიმიური პროდუქტების დამზადება** **მძიმე მრეწველობა (მეტალურგია, ლითონი და ლითონის ნაკეთობები)**	ბიზნესის საკონსულტაციო მომსახურების შექმნა, რომელიც დაეხმარება ქართველ მწარმოებლებს, რომლებსაც პროდუქციის სომხეთში ექსპორტირება სურთ
			ბიზნეს ტურების ორგანიზება სომხეთში, რათა ხელი შეეწყოს ბიზნეს კონტაქტების დამყარებას სომეხ

[11] გაითვალისწინეთ, რომ ქვემო ქართლის შემთხვევაში 4-დან 3 სექტორს იდენტური რეკომენდაციები აქვს, ვინაიდან ამ სექტორებს ბევრი საერთო აქვთ. ამიტომ. ეს რეკომენდაციები წარმოდგენილია როგორც საზიარო რეკომენდაციები ამ სექტორებისთვის. გარდა ამისა, ამ რეკომენდაციების წარმომავლობის და დასაბუთების უკეთ გასაგებად, სასურველია ორივე რეგიონზე მომზადებული სრული ანგარიშების წაკითხვა, რომლებშიც დეტალურად არის აღწერილი საბაზისო კვლევის შედეგები.

			ბიზნესმენებთან
	პოზიტიური შედეგების შემთხვევაში, მუდმივი ბიზნეს ურთიერთობების დამყარება სომხეთში სიგარეტის მწარმოებლებსა და ქართველ ფერმერებს შორის.	**სამშენებლო მასალების წარმოება და სამთო მრეწველობა**	ბიზნეს ფორუმების და კონსულტაციების ორგანიზება ქვემო ქართლისა და ტავუშის კომპანიებს შორის. ამ თვალსაზრისით შეიძლება ორივე ქვეყანაში უკვე მოქმედი ბიზნეს ასოციაციების გამოყენება.
ტექსტილის წარმოება (ხელთათმანები)	ქვემო ქართლში სარეკლამო ტურების მოწყობა ტექსტილის ფაბრიკის, ასევე, სამკერვალო ფაბრიკის წარმომადგენლებისთვის, რადგან მოხდეს სამრეწველო და სოფლის მეურნეობის სექტორებისთვის იაფი, თუმცა ხარისხიანი ხელთათმანების რეკლამირება ქვემო ქართლში		ქვემო ქართლის სამრეწველო პოტენციალის მონაცემთა ბაზის შექმა და მისი სომეხ ბიზნესმენებთან გაზიარება
სათემო ტურიზმი	საქართველოში ტურისტულ სააგენტოებსა და საოჯახო სასტუმროების მფლობელებს შორის თანამშრომლობის ხელშეწყობა, რათა ერთობლივი ტურების მეშვეობით მოხდეს მეტი ვიზიტორის მოზიდვა ორივე რეგიონში/ქვეყანაში.		
	სათემო ტურიზმის სექტორში სერვისების მთავარ მიმწოდებლებს შორის გამოცდილების და ცოდნის გაზიარების მხარდაჭერა.		
	რეგიონული ფესტივალების რეგულარულად ორგანიზება რეგიონების იმ ეკონომიკური პოტენციალის წარმოსაჩენად, რომელიც გაზრდის სათემო ტურიზმს.		

თამბაქო	სეზონური მუშახელის გამოყენება თამბაქოს ფაბრიკებში ტავუშის რეგიონში ივლისი-აგვისტოს პერიოდში, როდესაც მუშახელის დეფიციტია.	სოფლის მეურნეობა და აგრობიზნესი	ინვესტიციების ხელშეწყობა სათბურებში, სამაცივრე საწყობებში და მოსავლისშემდგომ საცავებში.

ტექსტილის წარმოება	მართალია, საწყისი მარკეტინგული კვლევა ფაბრიკამ ევროკავშირისთვის (საფრანგეთი, გერმანია) ჩაატარა, სრულყოფილი *მარკეტინგული გეგმის* შემუშავება ამ სექტორის ზრდას შეუწყობს ხელს.		

სექტორული რეკომენდაციები

მთელი რიგი რეკომენდაციები რელევანტურია ორივე ქვეყანაში იდენტიფიცირებული სექტორებისთვის. უფრო დეტალური რეკომენდაციების ნახვა შესაძლებელია თითოეული ქვეყნის სრულ ანგარიშში.

ტავუშის და ქვემო ქართლის ფესტივალის (ფესტივალების) პროდუქტები და სერვისები

საბაზისო კვლევამ ამ ორი რეგიონის ეკონომიკური პოტენციალი და წამყვანი ბიზნესები დაადგინა. კვლევის ამ შედეგების გასაძლიერებლად შეიძლება ფესტივალების ორგანიზება პოტენციური პარტნიორების მასპინძლობის და ორივე რეგიონში არსებული ყველა ძირითადი პროდუქტისა და სერვისის წარდგენისთვის. ეს ხელს შეუწყობს საწყისი ურთიერთობების დამყარებას დაინტერესებულ მხარეებს შორის.

ეს ფესტივალები თითოეულ შერჩეულ სექტორს შესაძლებლობას მისცემს, წარმოაჩინოს საკუთარი პროდუქტები, პოტენცია და საჭიროებები. ისეთი სექტორების შემთხვევაში, რომლებიც ერთ ან ორ მოთამაშეზეა კონცენტრირებული (ტექსტილი, თამბაქოს წარმოება, სამთო მოპოვება და სხვა), ეს პრეზენტაციები შეიძლება დაიგეგმოს კონკრეტულ დროს, რომლის შემდეგაც პოტენციურ პარტნიორებთან პირადი შეხვედრები გაიმართება. ამ შემთხვევებში მსხვილი ბიზნესების წარმომადგენლების შანსები, წარმოდგენილი იყვნენ ფესტივალზე, საგრძნობლად გაიზრდება.

სხვა სექტორებს, რომლებიც ბევრ მოთამაშეს აერთიანებენ და პროდუქტებსა და მომსახურებას მასობრივი მოხმარებისთვის აწარმოებენ (ხილის წარმოება და გადამუშავება, ღვინის წარმოება, საოჯახო სასტუმროები და ტუროპერატორები, სამკერვალო კომპანიები და სხვა), თავიანთი აქტივობები ფესტივალების განმავლობაში შეუძლიათ წარმოადგინონ. გარდა ამისა, სათემო ტურიზმის შემთხვევაში, ფესტივალები დამატებით ღირებულებას შექმნიან, რადგან მათ მონაწილეებს შერჩეულმა საოჯახო სასტუმროებმა შეიძლება უმასპინძლონ და ასევე, გააცნონ ადგილობრივი ტურისტული ღირსშესანიშნაობები.

ასეთი ფესტივალების წარმატების მთავარი ფაქტორები:

- თითოეულ რეგიონში ასეთი ფესტივალის მოწყობა 2 ან 3 დღის განმავლობაში, რაც შესაძლებელს გახდის არა მარტო მონაწილეთა დიდი რაოდენობის ღონისძიებაზე დასწრებას, არამედ უზრუნველყოფს საკმარის დროს საინფორმაციო შეხვედრებისა და თემატური სემინარების მოსაწყობად;

- ფესტივალის ყველა ასპექტის სათანადოდ მომზადება, შესაფერისი სივრცის შერჩევისა და დამსწრეთა დროულად დაპატიჟებიდან დაწყებული მოხერხებული სტრუქტურითა და საინფორმაციო შინაარსით დასრულებული;

- უფრო დიდი პოტენციალის მქონე კომპანიათა წარმომადგენლების და ინდივიდების მიერ წვლილის შეტანა ფესტივალში და ხანგრძლივი თანამშრომლობის დამყარება. ამიტომ, მნიშვნელოვანია, რომ ღონისძიება დროულად დაიგეგმოს და მიღებული იქნეს პირველადი თანხმობა მთავარი დაინტერესებული მხარეებისგან ფესტივალის ჩატარების თარიღსა და ადგილთან დაკავშირებით;

- თუ გავითვალისწინებთ ადგილობრივი ეკონომიკისთვის ასეთი ღონისძიების სასიკეთო პოტენციალს, საპროგრამო ხარჯების დაზოგვის აუცილებლობას და რაც მთავარია, ასეთი ინიციატივების წარმატება/წარუმატებლობლობის განმსაზღვრელ ფაქტორებს, შესაძლოა გონივრული იყოს ადგილობრივი ხელისუფლების წარმომადგენლების ჩართვა დაგეგმვის საწყისი ეტაპიდან.

ინფორმაციის გაზიარება

მნიშვნელოვანია ცოდნის გაღრმავება სექტორებსა და ქვეყნებში მოქმედი რეგულაციებისა და პრაქტიკის შესახებ. ცოდნის ამ დეფიციტის შევსება ხელს შეუწყობს ტრანსსასაზღვრო თანამშრომლობას.

ამ საკითხის მოსაგვარებლად შეიძლება შერჩეული სექტორებისთვის თემატური სემინარების ორგანიზება. სემინარები შემდეგ საკითხებს შეიძლება დაეთმოს:

- სათემო ტურიზმის განვითარება, ონლაინ მარკეტინგი და მასპინძლობის საიდუმლოებები;
- ტავუშსა და ქვემო ქართლში (და ამ რეგიონების მიღმა) ერთობლივი ტურპაკეტების შეთავაზების პოტენციალი;
- ქვემო ქართლსა და ტავუშში ხილის წარმოების და გასაღების გაფართოების შესაძლებლობები;
- ფერმაში მომუშავე სეზონური მუშახელის გაცვლის და ფერმერული აღჭურვილობის/მანქანა-დანადგარების დაქირავების შესაძლებლობა;
- უცხოეთში გარკვეული პროდუქტების ერთობლივი რეკლამირებისა და გაყიდვის შესაძლებლობები (მაგალითად, „კავკასიური“ ჩირის / ღვინის / სამზარეულოს / ერთობლივი ტურისტული მარშრუტების რეკლამირება).

სასწავლო ტურები შესაძლებლობების ადგილზე შესასწავლად

ფესტივალებმა შესაძლოა ბიძგი მისცეს იდეების წარმოშობას და მონაწილეებს შორის ინტერესი გააღვივოს. შემდგომი კომუნიკაციის ხელშეწყობისთვის ტავუშის და ქვემო ქართლის ბიზნესებს

უნდა მიეცეთ შესაძლებლობა, ადგილზე შეხვედნენ პოტენციურ პარტნიორებს საზღვრის ორივე მხარეს.

იდეალურ ვითარებაში, ასეთი ვიზიტების ორგანიზება დამოკიდებული იქნება პოტენციური პარტნიორების შესაძლებობაზე, წარმოადგინონ მოკლე გეგმა/კონცეფცია, რომელიც ახსნიდა და დაასაბუთებდა ასეთ შეხვედრებს/ტურებს, რაც მათ უფრო პროდუქტიულსა და ფოკუსირებულს გახდიდა.

კონსულტაციები ბიზნესთან ტრანსსასაზღვრო თანამშრომლობაზე

როგორც საბაზისო კვლევამ გამოავლინა, საზღვრის მეორე მხარეს მოქმედი სავაჭრო, საგადასახადო, საინვესტიციო და სხვა კანონმდებლობის, ასევე, პრაქტიკული ასპექტების შესახებ ცოდნა ბიზნესმენებს შორის მწირია. ამ ინფორმაციის გარეშე მხოლოდ პოტენციური პარტნიორების გაცნობა არ იქნება საკმარისი თანამშრომლობის დასაწყებად. ამიტომ, აუცილებელია დაინტერესებული ბიზნესებისთვის ექსპერტული ცოდნის შეთავაზება. მაგალითად, თამბაქოს წარმოების ქვემო ქართლის რეგიონში გაფართოებისთვის, რათა დაკმაყოფილდეს სომხეთის თამბაქოს კომპანიების მოთხოვნა ნედლ მასალაზე, საჭირო იქნება ნიადაგის ხარისხის და მუშახელის უნარების შეფასება. მეორე მაგალითი ეხება სამრეწველო ხელთათმანების საქართველოში ექსპორტის გაფართოებას და ევროკავშირის ბაზარზე გასვლას. მართალია ამ სფეროსადმი ინტერესი დიდია, მაგრამ საპროგრამო აქტივობების შემუშავებამდე შესაძლოა საჭირო იყოს საქართველოს და ევროკავშირის საბაზრო მოთხოვნების დამოუკიდებელი, დეტალური კვლევის ჩატარება. ასეთი საჭიროებების გაჩენის შემთხვევაში პროგრამის გუნდს უნდა შეეძლოს მათი დაკმაყოფილება სპეციფიკურ საკითხებზე ხარისხიანი ექსპერტიზის უზრუნველყოფის გზით.

ვირტუალური პლატფორმის შექმნა

იმისათვის, რომ შესაძლებელი იყოს დაინტერესებულ მხარეებთან ეფექტიანი კომუნიკაცია, ინფორმაციის გაზიარება, კონტაქტების და გრძელვადიანი ურთიერთობების დამყარება და ამ ურთიერთობების განვითარებაზე მონიტორინგი, კარგი იქნება იაფი, მაგრამ რეგულარულად განახლებადი და კარგად ადმინისტრირებული ვირტუალური ონლაინ პლატფორმის შექმნა. ეს პლატფორმა შეიძლება გამოყენებული იქნეს როგორც ზოგადი და სექტორული ინფორმაციის საცავი, ასევე ადგილობრივი მეწარმეების პროფილების მონაცემთა ბაზა, რომელშიც შეტანილი იქნება დეტალური ინფორმაცია მათი პროდუქტების, სიმძლავრეების და კონტაქტების შესახებ.

Baseline Study Report: Tavush Region

Opportunities for increasing cross-border economic development between the Tavush and Kvemo Kartli regions: the Armenian perspective

List of abbreviations

CED	Cross-border Economic Development
EPF	Eurasian Partnership Foundation
EaPTC	Eastern Partnership Territorial Cooperation
EU	European Union
EEU	Eurasian Economic Union
HS	Harmonized Commodity Description and Coding System
AMD	Armenian Dram
VAT	Value Added Tax
FEACN	Foreign Economic Activity Commodity Nomenclature system
RA	Republic of Armenia
WTO	World Trade Organization
GSP	Generalized Scheme of Preferences
USD	U.S. Dollars
IMT	International Masis Tabak
B&B	Bed and breakfast
CBT	Community-Based Tourism

Executive summary

This study was conducted within the framework of the “Cross-border Economic Development” (CED) project implemented by the Georgia-based Civil Development Agency (CiDA) in partnership with the Armenia-based Support for Noyemberyan (SFN) and the Northern Branch of Eurasia Partnership Foundation (NB EPF). The CED project is implemented within the EU-funded Eastern Partnership Territorial Cooperation (EaPTC) project.

The baseline study was commissioned by Eurasia Partnership Foundation (EPF) to support the implementation of the CED project aimed at increasing cross-border economic cooperation between the Tavush region in Armenia and the Kvemo Kartli region in Georgia. The study started in November 2015, was finalized in March 2016 and consisted of two main phases. The findings of the study showed that there is significant unrealized potential in developing cross-border economic cooperation between the neighboring regions. At the stage of identification of specific sectors for analysis (see section 1.2), it became clear that at least three out of these four sectors not only have the potential to expand into the Kvemo Kartli market but also to establish joint business initiatives, since these sectors were comparably underdeveloped in Kvemo Kartli while a high level of demand for such products or at least the potential to develop such a demand existed. In addition, one of the sectors, community-based tourism, had large untapped potential to benefit from increased cooperation, visibility and knowledge sharing between counterparts from across the border. Joint tours, combining efforts to promote such tours in external markets and experience sharing are areas where cooperation between the tourism sectors of these two regions has yet to materialize.

Besides this potential for development, the study revealed that there is also notable willingness among the key players of the selected sectors to engage in such cooperation. There has not been a single respondent who either refused to be engaged in the program or doubted the possibility of benefitting from the program components, namely increased knowledge on the regulatory frameworks of both countries and opportunities for cross-border economic cooperation.

Nevertheless, it should be emphasized that most of the interviewees had a limited vision of such opportunities, mostly perceiving them as just as a way of increasing the markets for their products and services. Less frequently, entrepreneurs considered cooperation across the border as an opportunity to learn from their counterparts, while making an investment or generating additional resources for their own business was seen even more rarely. However, the most significant bottleneck for the development of cross-border cooperation is not a lack of imagination but rather an information gap regarding these opportunities. This information gap was observed both regarding market needs and legal requirements to work across the border but most importantly in the form of a lack of reliable and detailed information on the names and places where such cooperation could materialize.

The elimination of this information gap should become the cornerstone of the program. For this purpose, various types of programmatic interventions can be designed; starting from the organization of large-scale fairs and festivals and ending with sector-specific workshops, separate consultations and fact-finding/study visits (see section 4.2 for a detailed discussion of these opportunities).

Description of Baseline Study and Methodology

The overall aim of the baseline study is to reveal the existing economic conditions in the two neighboring administrative regions, namely Kvemo Kartli in Georgia and Tavush in Armenia, in order to identify the areas and means for increasing cross-border economic cooperation, taking into account that these two countries, being members of different customs systems, have preferential access to two large markets.

In order to achieve these goals, a specific research methodology was developed. A baseline study was carried out from November 2015 to January 2016, and consisted of two main phases: desk research and fieldwork.

During the desk research phase:

a. the main sectors with the highest potential were identified (for an outline of the sector identification strategy as well as the results please see section 1.2),

b. the formal regulations related to these sectors were reviewed, including the tax system, trade overview and customs affairs (for details of findings please see Section 2), and

c. data collection tools were drafted and piloted (please see *Annex 1* for topic guides of the in-depth interviews).

During the field research phase, 43 interviews were conducted with individuals representing the selected four sectors as well as experts on specific sectors and public officials (please see *Annex 2* for the full list of interviewed individuals). While selecting the individuals representing the sectors of our interest, we tried to include the broadest possible range of perspectives. Therefore, the following factors were taken into account:

- inclusion of individuals representing all four main sub-regions (Berd, Dilijan, Ijevan, Noyemberyan) as well as the main communities of the region,
- inclusion of a wide range of actors that contribute to the value chain in each of the sectors from small-scale producers to individuals having a leading role in factories,
- to reflect the external perspective, we also targeted experts who had in-depth knowledge of the selected sectors or economic-community development experience as well as public officials.

As a result of this selection strategy, we were able to conduct interviews with 43 individuals representing the selected sectors as well as local and national government officials (seven community heads and two national officials) and sector experts residing both in the region and the capital. This enabled us to have a holistic picture of the current state of the specific sector as well as triangulated information and views expressed by different players in the value chain.

For instance, in the tobacco sector, we were able to talk to five tobacco farmers residing in four different communities, two of whom worked at the same time as managers of local tobacco collection and drying facilities. They served as intermediaries between the factory and farmers, and therefore had a different perspective. For a better understanding of the sector, two representatives of tobacco factories were also interviewed, which enabled us to be informed about the insights of big business and the larger development strategy.

Similarly, with regards to community-based tourism (CBT), we interviewed six B&B owners from all four main sub-regions (Ijevan, Dilijan, Noyemberyan, Berd), one of whom also worked as a tour agent and guide. In addition, two tour agents were also interviewed from two other sub-regions as well as the head of the tourism department at the Ministry of Economy.

Taking into account the specifics of the sector (a large number of producers and a variety of products), the biggest number of interviews were conducted in relation to the fruit production sector. Here we interviewed eight farmers from six different communities that produce/collect all three main groups of fruits, an individual who is engaged in reselling fruit, five individuals who represent small and medium-size (in this context, large) enterprises working in the field of fruit processing. In this regard as well, we tried to target the largest variety of players, starting from people engaged in dry fruit production and ending with managers of a large wine and brandy factory that recently expanded also into fruit processing activities (juices, canned food etc.). In addition, we talked to seven community heads and one expert in community development who worked in assisting fruit production improvement.

Regarding representation, the smallest number of interlocutors was from textile/glove production, which is natural since this sector was over-concentrated. We conducted two interviews with individuals who manage a large facility producing gloves, an individual entrepreneur who has established a sewing company, as well as representatives of Choratan village where the glove production factory is located.

To summarize the strategy of data collection during the field phase, we conducted as many interviews as necessary to form a good understanding of the sector, its challenges and opportunities, existing capacities and priorities, to reflect on different perspectives of value chain actors and to design sector-specific recommendations.

Sector selection

Generally when identifying the main sectors for research in the Tavush region, it would have been better and more accurate to get detailed data and statistics on the trade, output, tax regulations and so forth on a regional level. This would enable one to have a clear and in-depth idea about current economic trends in Tavush and Kvemo-Kartli as well as future cross-border cooperation and development opportunities between the two regions. However, some data and statistics, particularly the ones related to cross-border trade between the Tavush region and Kvemo-Kartli were not available. Therefore, the team used a combination of different methods to identify the sectors and developed the following three-step approach:

a. Based on the highest output at a regional level during the last three years, a list of the **most successful/established sectors** was identified. This enabled using the potential of already established sectors in cross-border cooperation and will assert the accuracy/reliability of the selected sector.

b. Based on special national and regional legal conditions (e.g. tax concessions, quotas, exemption of customs duties, past traditions, geography and etc.), the list of **sectors with the most growth potential** was identified. For this purpose, data on the highest level of increase of output within the last three years was also considered.

c. Based on aggregate data on trade between Armenia and Georgia for the last three years, the list of **largest sectors**[12] **in terms of cross-border trade between Armenia and Georgia** was identified. This allowed identifying the sectors with development potential in the frame of cross-border trade between the two countries. Afterwards we narrowed down the list of sectors to the regional level, and considered the ones that are most relevant to the Tavush region.

In addition, we undertook certain measures to ensure that the identified sectors were indeed viable and interesting from the standpoint of the project's priorities. For this purpose, the team reviewed all the available documents and reports on the Tavush and Kvemo Kartli regions analyzing economic trends, development prospects, output, demography and special legal conditions. Moreover, we carried out phone interviews with several local state officials and entrepreneurs.[13]

As a result of this exercise, four specific fields were selected to be further examined for the Tavush region:[14]

- Production and export of fruits (08 HS 0806 (grapes fresh or dried), 0809 (apricots, cherries, peaches, plums & sloes, fresh), 0810 (fruits other – strawberries, raspberries, blackberries etc.),
- The production of cigars, cheroots, cigarillos and cigarettes (HS – 2402),
- Textile, especially the production of gloves under HS – 6116,
- Community-based tourism, as a form of tourism where the "main tourism products are developed and consumed" in the community which actively participates and has control over the development and management of tourism.

We selected the latter not so much based on the results reflected in the official statistics, although there were notable positive trends regarding this sector as well, but rather due to recommendations coming from initial interviews and partners.

Analysis of the regulatory framework

Tax System

[12]The list was comprised of commodities with annual export/import results of more than $500 thousand. In addition we used the Harmonized Commodity Description and Coding System (HS) so as to avoid differences in classification of commodities, to be able to compare the trade data across two countries and also to select specific sectors.

[13] This proved to be a useful exercise, since at least one sector (HS-4101. Raw hides and skins of bovine or equine animals) was removed from the list once phone interviews revealed that activities in this sector had halted.

[14] Since each of these sectors is presented separately, the justification of selection is also presented in those sections.

Income tax

Income tax is paid by both residents and non-residents including sole traders and notaries (The law of the RA on income tax 2010, GT 2015, KPMG 2013).

Table 1. The list and definition of the main income tax payers in the RA.

Taxpayers	**Residents:** natural persons who have lived for more than 183 days in the RA during a tax year or whose center of vital interests is located in the RA, as well as state employees who are temporarily overseas.
	Non-residents: Other natural persons not covered by the definition above

Object of taxation:

- **for residents:** the accrued taxable income received in Armenia or overseas (passive income and the income received from civil-legal contracts for natural individuals who are not sole traders or notaries).
- **for non-residents:** the accrued taxable income (as stated above) received from only Armenian sources.

The taxable income is determined by subtracting certain deductions and expenses from the gross income of the taxpayer (see table 2) (The law of the RA on income tax 2010, GT 2015, KPMG 2013).

Table 2. Deductive income as stated by the law on income tax of the Republic of Armenia (RA)

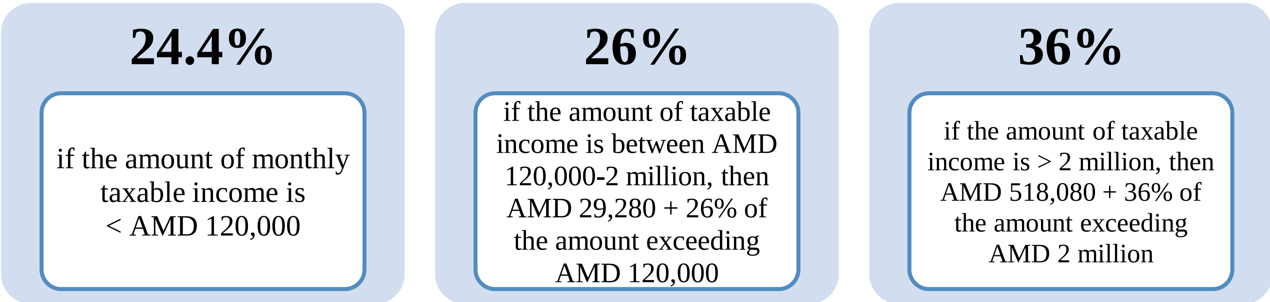
Deductive income	Exceptions
Benefits as stated by RA legislation	Maternity benefits
All types of pensions as stated by RA legislation	Pensions paid under the voluntary pension system
Insurance contributions	Contributions on the voluntary pension scheme by the tax agent
Royalties, financial assistance and support paid on social assistance grounds	
Compensation paid for performance of work (provision of services) on the basis of a civil-legal or labour contract	Compensation paid for unused vacation in the case of termination from work
Proceeds received by natural persons, other than the tax agent, from the endowment of a property	Revenue received from the endowment of a property as part of a business operation.
Monetary and in-kind assistance given to natural persons by non-commercial organizations that are registered with the tax authorities	
Receivable loans and credits	When the lender and the owner have an agreement about reimbursement

Source: Derived from ՕԵՀՍ (2010)

Expenditure includes: material costs, salary and payments equivalent to salary, depreciation, insurance remittances, rental fees, non-refundable taxes and duties, loans and other interest on borrowing, warranties, guarantees and other banking service fees, advertisement expenses, representative expenses, sponsorship expenses, judicial expenses, business trip expenses, fines, penalties and other similar expenses, expenses on audit, legal and other consulting, information and administrative expenses, factoring, and asset transaction (fiduciary) costs, expenses that were understated during the previous three years. The deductions and expenses mentioned above apply when determining the taxable income for both residents and non-residents (The law of the RA on income tax 2010).

Figure 1 represents the basic tax rate in the case when the tax agent is obliged to pay the taxes. If the amount of the monthly payable income is less than AMD 120,000, then 24.4% of that income is taxed. If the amount of taxable income is between AMD 120,000 and AMD 2 million then AMD 29,280 (which is 24.4% of AMD 120,000) is paid as tax in addition to 26% of the remaining taxable income. If the monthly taxable income is more than AMD 2 million the tax rate increases to 36%, i.e. AMD 518,080 (which is 26% of AMD 2 million) and 36% of the remaining amount of taxable income is paid (The law of the RA on income tax 2010, GT 2015).

Figure 1. Income tax rate according to the law when the tax agent pays taxes



Source: (The law of the RA on income tax 2010, GT 2015 & WB 2016)

There are several exceptions from the basic tax rate:

- In order to facilitate agriculture development for taxpayers engaged in agriculture, income received from the sale of agricultural products (cereals, technical crops, seeds, products from animal breeding (livestock, pig, sheep) etc.) is not subject to taxation. Furthermore, if that taxpayer has an additional source of income which does not exceed 10% of his/her total income the taxpayer is free of paying income tax.
- In order to promote IT development in Armenia, for the salary paid to employees and for the income which is equivalent to salary during the certification validity period, the tax rate is set at 10%.
- The income tax rate is 13% if the tax agent has signed a contract with a resident of the RA and the latter performs the work exclusively overseas and within the scope of projects approved by the Government of the RA (The law of the RA on income tax 2010, GT 2015, KPMG 2013).

Figure 2 represents the basic tax rates when the tax agent does not withhold income tax. The tax rate is 24% when the amount of monthly income is less than AMD 1,440,000 and 26% when the amount is more than AMD 1,440,000.

Figure 2. The tax rate in the case when the tax agent does not withhold income tax

24%	26%
< AMD 1,440,000	AMD 351,360 + 26% of the amount exceeding AMD 1,440,000

Source: The law of the RA on income tax (2010), GT (2015) & KPMG (2013).

The tax rate varies also for foreign citizens and for those who do not have any citizenship but have an income from Armenian sources. Table 3 illustrates the basic tax rates for this group of people. In order to avoid double taxation, the source of income of RA residents received overseas is taken into account.

Table 3. The basic tax rate for foreign citizens and for those who do not have any citizenship

Insurance payments and income from transportation (freight)	5%
Royalties, interest gains, lease of property, increase in property value	10%

Source: The law of the RA on income tax (2010)

In January 2014, a mandatory funded pension scheme entered into force. The participants of this system are employees, notaries and private entrepreneurs who were born in 1974 and afterwards. This includes also foreign citizens or individuals who do not have citizenship and work for an Armenian company and receive income that is subject to income tax. The overall amount of pension contribution is 10% of basic income. 5% of the amount is paid by the employee and the other 5% is transferred from the state budget (The law of the Republic of Armenia on pension funds 2010, KPMG 2013).

Value added tax

VAT is required to be paid by legal entities who have the right to carry out or who are registered in the RA as carrying out business, private entrepreneurs and notaries, branches of foreign organizations as well as individuals who are not sole traders but carry out activities taxable with VAT (The law of the RA on value added tax 1997, GT 2015 & KPMG 2013).

The VAT rate is 20% of the taxable turnover of goods and services. In the case of reimbursement, the VAT is calculated at 16.67%. For non-commercial organizations that are not eligible to carry out business activity as well as for natural persons, the threshold for VAT payment is AMD 58.35 million. In all other cases, the threshold for determining whether the taxpayer is a VAT payer or not is the amount of turnover tax, which is currently AMD 115 million (The law of the RA on value added tax 1997, GT 2015 & The Law of the RA on profit tax 2012).

For certain products, the payment of VAT is postponed: surgical bacteria sterilizers for surgery and laboratory use, and some other bacteria sterilizers, dishwashing machines, equipment for washing battles or other items, equipment for filling and stamping battles and similar items, various types of cranes and lifting trusses, some types of bulldozers, machines for plowing land, presses, crushers or similar equipment, equipment for producing paper or similar products, some types of printing machines, some types of sewing machines, equipment for producing leather, machines for producing electronic lamps or other products, equipment for making cigarettes, electrical machinery and mechanical appliances (The law of the RA on value added tax 1997).

Table 4 represents the exemption period for the commodities mentioned above. If the customs value of imported goods is less than AMD 70 million the extension period is one year after the assertion of goods. If the customs value of the imported good is AMD 70-300 million, the extension period is 2 years. Finally for goods with a customs value of more than 300 million, the extension period is 3 years.

Table 4. Exemption period subject to the assertion time and value of commodities

Timeframe	Customs Value
1 year	< AMD 70 million
2 years	AMD 70 million – 300 million
3 years	< AMD 300 million

Source: The law of the RA on value added tax (1997)

Furthermore, certain products under the Foreign Economic Activity Commodity Nomenclature classification system (FEACC) (especially used in agriculture) are exempted from VAT, e.g. various types of machinery used in agriculture for processing, cultivating land and for collecting and threshing crops, machinery for milking and processing of milk, fertilizers, miscellaneous chemical products, particularly insecticides, fungicides, herbicides, detergent substances, items for educational institutions, music, art and art institutions and art schools, sport schools, vocational schools etc. and revenues within the scope of tuition fees, educational supplies, such as notebooks, drawing albums etc., the sale of semi-finished goods of precious metals that are used in jewelry as well as precious metals, handmade carpets directly produced by the producer in the RA, the import of cigarettes by those individuals who are not cigarette producers or importers, the operation of casinos, the import and (or) sale of diesel, the operation of gambling machines, the organization of internet gambling, the export of goods, transit transportation through the territory of Armenia (The law of the RA on value added tax 1997). For the import of unmanufactured tobacco, tobacco refuse (commodities under HS/FEACC 2401) by organizations and sole traders - 0% VAT rate is applied in all these cases (The law of the Republic of Armenia about the confirmation of the list of goods (not subject to excise tax) imported by organizations and private entrepreneurs that are exempted from value added tax 2001).

For the export of goods from EEU countries to Armenia, VAT is paid to the tax authorities (The law of the RA on value added tax 1997, Treaty on the Eurasian Economic Union 2014, The law of the Republic of Armenia on the characteristics of the calculation and the payment of indirect taxes among the member countries of the Eurasian Economic Union 2014, MoE 2016). In the case of exports from Armenia to EEU countries, the VAT rate is 0%. If the exporter of goods (except natural persons) has the necessary documents), a 0% VAT rate may apply. These documents include an agreement between the taxpayers of both EEU countries stating the export/import of goods, a bank account statement approving the transferred amount of money, transportation documents and other documentation. All the necessary documents should be provided to the tax authority within 180 days after the actual export of goods. In the case of Georgia, Armenia has an agreement with Georgia that excludes double taxation, i.e. exported goods from Georgia to Armenia are not taxed on the Georgian border (Agreement 1998).

Profit tax

Profit tax is paid both by residents of the RA (e.g. organizations and contractual investment funds with state registration) and non-residents.

Object of taxation:

- **For residents:** it is the taxable profit obtained within and outside of RA boundaries.
- **Non-residents**: it is the total profit received from Armenian sources.

The tax rate is 20% with respect to the table profit, and for investment funds it is 0.01%. Taxable profit is the positive difference of gross income and deductions as identified by the RA law on profit tax. For investment funds, the taxable profit consists of the **net assets.** Expenditure includes all the costs directly or exclusively connected with the production of goods, provision of services, disposal of goods or provision of consulting etc. (e.g. material costs, salaries and other employment-related costs, depreciation, insurance payments, non-refundable taxes, duties and other obligatory payments, interests on loans, representative expenses and so forth). Special accounting and financial rules stated by RA laws and regulations apply when determining the amount of profit tax (The Law of the RA on profit tax 1997, GT 2015).

The tax rate is different for groups of resident taxpayers who satisfy the following conditions (The Law of the RA on profit tax 1997, GT 2015):

- Entitled groups of taxpayers are in the extraction and processing of metallic minerals, processing or sale of precious stones, production or sale of jewelry products, production and sale of excisable goods.
- The sum of the services provided to non-residents outside of Armenia and/or the work done for non-resident organizations outside of Armenia and the goods exported from Armenia under the export procedure and/or moved to another EEU country does not exceed AMD 40 billion.
- During the reporting year, at least 40 billion AMD was transferred to the bank account of taxpayers opened in the resident banks of RA in connection with export activities.
- During the reporting year, the taxpayers and/or the group of taxpayers do not have any revenue from importing goods, or work performance or provision of services with the exception of interest received for the loan given to non-residents.

If the taxpayer satisfies all the conditions mentioned above and the sum of the services provided to non-residents does not exceed AMD 40 billion, then the taxpayer or group of taxpayers pay 5% profit tax. If all the criteria mentioned above are satisfied and the sum of the services provided exceeds AMD 50 billion, then 2% is paid. 5% is paid also when a group of resident taxpayers carry out activity in the sphere of construction or installation within the scope of projects approved by the government (The Law of the RA on profit tax 1997, GT 2015).

As in the case of VAT and income tax, special conditions apply to taxpayers who work in agriculture. If the profit was gained from the sale of his/her own agricultural products (cereals, technical crops, seeds, products from animal breeding (livestock, pig, sheep) etc.), then it is not subject to taxation. Furthermore, if a taxpayer has additional sources of income, the total amount of which does not exceed 10% of his/her overall income, than the taxpayer is exempted from paying profit tax. Taxpayers who produce and sell handmade carpets are also exempted from profit tax (The Law of the RA on profit tax 1997, GT 2015).

Table 5. Profit tax rates for non-residents

Type of profit	Tax rate
Insurance compensation, reinsurance payments and income received from freight	5%
Income from the lease of property, passive income (with the exception of the income received from freight)	10%
Other services provided by a non-resident organization, as well as the income received for the provision of services for the subdivision of the non-resident	20%

Source: The Law of the RA on profit tax (1997)

Turnover tax

Turnover tax (TT) is a substitute to VAT and/or profit tax for sole traders, trade organizations and notaries. If the return on sales of delivered goods and services (performed tasks) of individuals or their turnover during the previous calendar year without VAT does not exceed AMD 115 million with respect to all types of their activities, then they are required to pay turnover tax. The tax object is the return on sales of goods and services (performed tasks) delivered by the TT payer during the reporting period, as well as other received incomes. The reporting period for this tax is every three months.

Table 6. Turnover tax rates before October 2014

Income type	Rate
Income from trading activity	5%
Income from production activity	3.5%
Income from lease, interests, royalties, disposal of assets (including real estate)	10%
Income from notarial activity	20%
Income from other activity	5%

Source: The Law of the RA on profit tax (2012)

If the taxpayer entitled in a trade activity provides all the necessary documentation as stated by RA laws and regulations confirming the purchase of goods (including indirect taxes) then the taxable income is reduced by 4% of the expenses. In this case, instead of 5% only 1.5% will be taxed (The Law of the RA on profit tax 2012).

Excise tax and taxation of cigarettes and tobacco

Excise tax is an indirect tax paid to the state budget. The taxable commodities, according to the law, are beer and wine (with the exception of brandy spirits) and alcoholic drinks, cigars, cheroots, cigarillos & cigarettes, unmanufactured tobacco, tobacco refuse, diesel, oil etc.

Excise tax is paid for the import and sale of cigars, cheroots, cigarillos & cigarettes, manufactured tobacco substitutes, tobacco refuse (HS 2402 and 2403). All legal individuals (including branches or divisions and representatives of foreign legal persons) as well as sole traders that produce or import cigars, cheroots, cigarillos & cigarettes, unmanufactured tobacco, and tobacco refuse are required to pay excise tax (The Law of the RA on excise tax 2000, GT 2015).

As in the case of VAT, special rules apply also for excise tax in the case of trade among EEU countries. The exporter is exempted from paying excise tax if he/she has all the necessary documentation regarding the export of goods and the recipient (Treaty on the Eurasian Economic Union 2014, The law of the Republic of Armenia on the characteristics of the calculation and the payment of indirect taxes among the member countries of the Eurasian Economic Union 2014).

Table 7. The basic tax rate for cigarettes and cigarette substitutes

Product code	Product label	unit of tax base	Tax rate
2402 10 00011	Cigars containing cigarettes	1000 pieces	AMD 605,000
2402 90 00011	Cigars, other		
2402 10 00012	Cigarillos containing tobacco	1000 pieces	AMD 16,500
2402 90 00012	Cigarillos, other		
2402 20 90011	Cigarettes containing tobacco with filter	1000 pieces	AMD 5,500
2402 20 10011	Cigarettes containing clove with filter		
2402 90 00013	Cigarettes, other with filter		
2402 20 90012	Cigarettes containing tobacco without filter	1000 pieces	AMD 1,540
2402 20 10012	Cigarettes containing clove without filter		
2402 90 00014	Other, without filter		
2403	Industrial substitutes of cigarettes	1 kg	AMD 1,500

Source: The Law of the RA on excise tax (2000).

Goods that are not subject to excise tax (The Law of the RA on excise tax 2000):

- alienation of goods subject to excise tax under the “export” or “re-export” procedures
- goods taxable by excise tax imported or exported according to the customs procedures identified by the EEU and RA customs legislation other than the “release for domestic consumption” customs procedure
- Import of goods taxable by excise tax that are for personal use and are not considered as an entrepreneurial activity as stated by the RA legislation.

Tax privileges and other issues

Taxation of border communities: In addition to the tax regulations mentioned above, in 2014 the Parliament of the RA adopted a law giving special privileges to border communities (The law of the RA on the tax exemption of activities carried in border communities 2014a). The main purpose of the law is to promote the economic development of these communities. As part of the law, 58 communities were selected from the Tavush region including the city of Berd, Noyemberyan, and the villages of Aygedzor, Berdavan, Dovegh, Varagavan, Tavush, Tsaghkavan and others. These communities are known for the cultivation of unmanufactured tobacco and peach as well as the production of gloves (The law of the RA on the tax exemption of activities carried in border communities 2014b, RA Government Decision 1998).

The exemption applies to retailers and producers regardless of the point of sale of the final products, and activities carried out by the law on licensing fee (e.g. dental services, catering activity, car parking activity, hairdressing etc.).

Individuals, sole traders, natural persons and organizations are exempted from turnover, income, VAT or profit taxes. Exceptions from this rule consist of products that are subject to excise tax (The law of the RA on the tax exemption of activities carried in border communities 2014b).

Taxation of family business: Exceptions apply also when family members (parents, spouses, children, siblings) establish a family business. In this case, family members entitled to the family business are exempted from all types of taxes connected with that activity. Only residents of the RA are eligible to form such businesses. The turnover resulting from a family business should not exceed AMD 18 million during a taxable year. Individuals entitled to a family business have to pay only AMD 5000 for each person as income tax (The law of the RA on taxes 1997).

General trade overview and customs affairs of Armenia

Armenia has a liberalized trade policy. Since 2003, Armenia has been a member of the World Trade Organization (WTO) (WTO 2015a). In the framework of its membership, Armenia imports 1.3% of agricultural products as well as 41.6% of non-agricultural products with a 0% customs duty (EDRC 2014). This system allows Armenia to export more than 3300 commodities with a 0% rate and around 3900 commodities at a discounted rate. Armenia has a free trade agreement with most of the CIS countries as well as with Georgia. Furthermore, since 2005 Armenia uses the Generalized Scheme of Preferences (GSP). This allows it to enter the EU market with preferential conditions. In the frame of the GSP scheme, Armenia exports base metals (78%), textile (18%) and foodstuff (2%). Overall, the use of the GSP system in Armenia is high, about 90%. Since 2014, Armenia continues to use and benefit from the GSP+ system. Under this system Armenia trades with Canada, Japan, Norway, Switzerland, EU countries and the US (EC 2015).

The main types of customs tariffs that are used in Armenia after its accession to the EEU are the following (WTO 2015b, Treaty on the Eurasian Economic Union 2014):

- Ad valorem system - the customs duty is determined in proportion to the estimated value of goods or transactions
- specific
- mixed, which includes the two mentioned above

Before its accession to the EEU, either a 0% or 10% rate was used on the imported goods in Armenia. For 752 commodities, Armenia has a transition period until 2020 (Standing Committee on Economic Affairs 2014). This implies that the customs rate for these commodities will remain the same in the first period as it was set by the RA Customs Code and will adjust gradually to the EEU common customs tariff. For 18 agricultural products, the customs duty will be greater than the EEU common customs rate. These products include apricots, certain grape varieties, plums, watermelons etc. In spite of its accession to the EEU, Armenia will keep import privileges in the frame of international agreements signed before 1 January 2015. This relates also to trade agreements with Georgia (MoE 2016a).

If tariff rates in one of the member countries are compared to the EEU common tariffs then, for exporting those goods to other EEU member countries, the difference between the EEU common tariff rate and the rate of imported goods should be paid (Treaty on the Eurasian Economic Union 2014).

Common licensing and certification regulations are applied for goods imported from third countries. In order to make the trade and movement of goods easy and safe, EEU member countries have adopted common sanitary-epidemic, veterinary-sanitary and quarantine-phytosanitary measures (Decision 317 2010, Treaty on the Eurasian Economic Union 2014).

In order to export goods from Armenia to EEU countries, it is necessary to have a certificate stating the country of origin of the product. The country of origin of the product is the place where the product was produced or was processed for the last time in accordance with the criteria stated by the law (Decision 1779-N 2004, Guidelines 2013). For the export of agricultural products (including to EEU countries), it is necessary to also have a phytosanitary certificate. The certificate is given by the state service for food safety under the Ministry of Agriculture. For the export of animal products, a veterinary certificate is needed. Both certificates are given free of charge (Guidelines 2014).

For exporting goods, the following certification fees apply (Decision 1772-N 2011, Guidelines 2014, Guidelines 2013)[15]:

- AMD 30,000 for goods requiring expert examination that are exported for the first time
- AMD 10,000 for goods that **do not require any expert examination** (i.e. that are wholly produced in Armenia)
- AMD 2,000 for agricultural products under HS/FEACC 07 (vegetables and certain roots and tubers), HS/FEACC 08 (edible fruit and nuts; peels of citrus fruit or melons) as well as HS/FEACC 10 (cereals) less than 2.5 tons that **do not require expert examination** and for more than 2.5 tons – AMD 10,000
- AMD 10,000 for commodities mentioned above but more than 2.5 tons
- AMD 20,000 for only giving an inspection act of the country of origin.

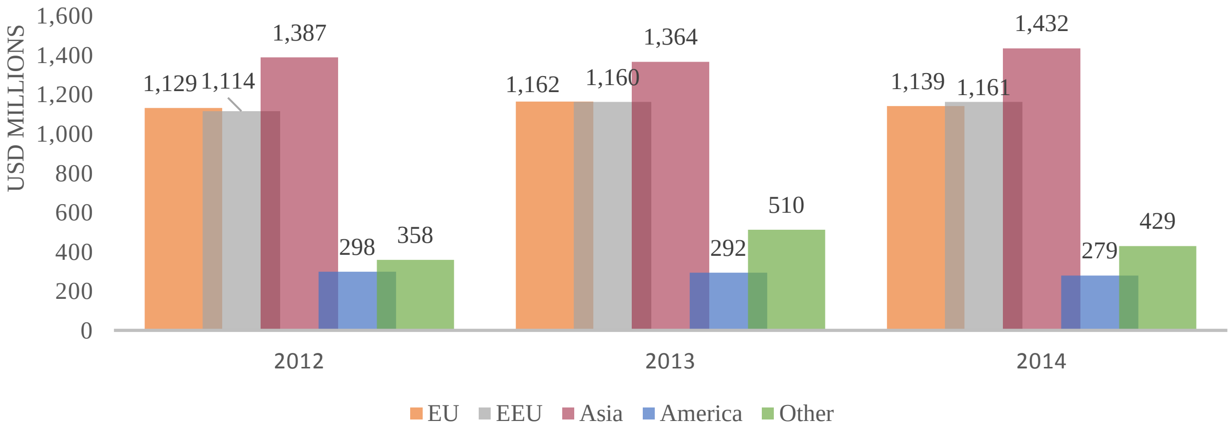
There are three types of certificates depending on the country of origin and the results of expert examination (Decision 1772-N 2011, Guidelines 2014). The certification of the country of origin is granted without expert examination if the good is produced in Armenia (Decision 1772-N 2011, Guidelines 2014, The law of the RA on customs regulations 2014).

Figure 3 illustrates the import of goods to Armenia from group partner countries. It is obvious that the EU and EEU have almost equal importance in trade for Armenia. It is also obvious that trade has been stable for the past three years, accounting for about 26% each of total imports during the past three years. The tariff rate for exports from Armenia for all commodities is 0%.

[15] All prices include VAT

Russia is one of the largest and most important trade partners for Armenia. In 2014, almost 25% of total imports were from Russia. Within the EEU countries in 2014, almost 97% of imports were from Russia. Russia is also one of the largest export markets for Armenian goods. In 2014, exports to EEU countries comprised 22% of total exports. 97% of these exports were to Russia.

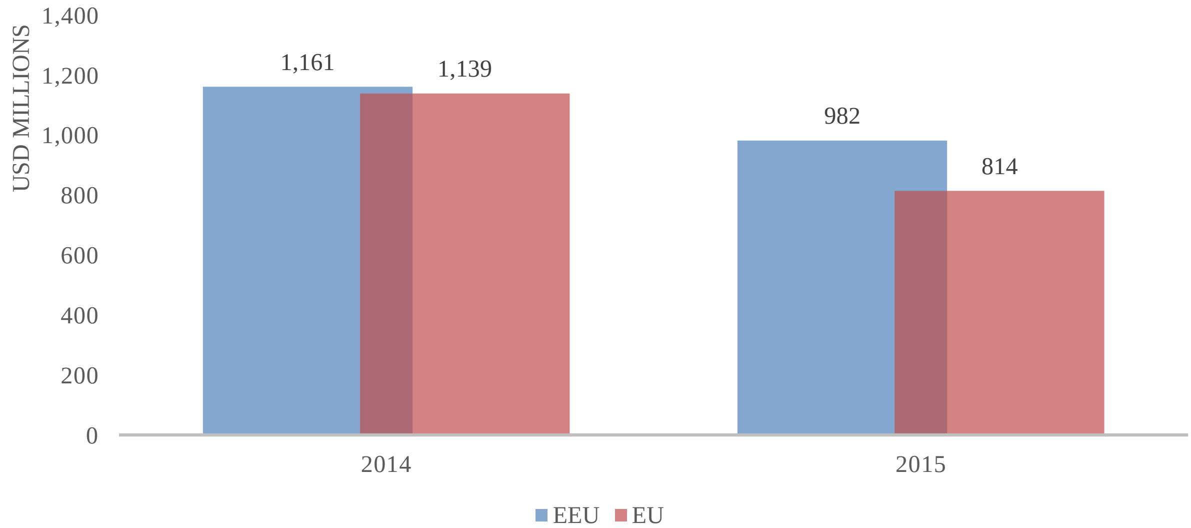
Figure 3. Import of commodities per group of countries in 2012-2014



Source: State Revenue Committee (2015)

Figure 4 represents the import of goods from EEU and EU countries before and after Armenia officially entered the Customs Union. Import from EEU countries decreased by more than 15.4% in 2015 while from EU countries the reduction was 28.6%.

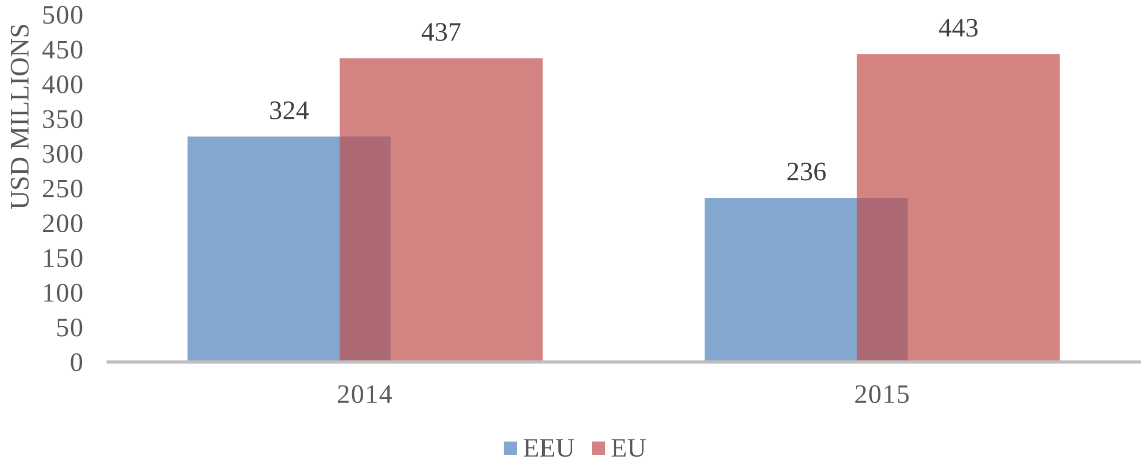
Figure 4. Import of goods from EEU and EU countries in 2014-2015



Source: Derived from NSS (2016) and State Revenue Committee (2015)

In the case of exports of goods there is a slight increase in exports to EU countries in 2015. Exports to EEU countries decreased by 27.2%. In contrast, trade with EU countries increased by 1.4% during the same period.

Figure 5. Export of goods to EEU and EU countries in 2014-2015

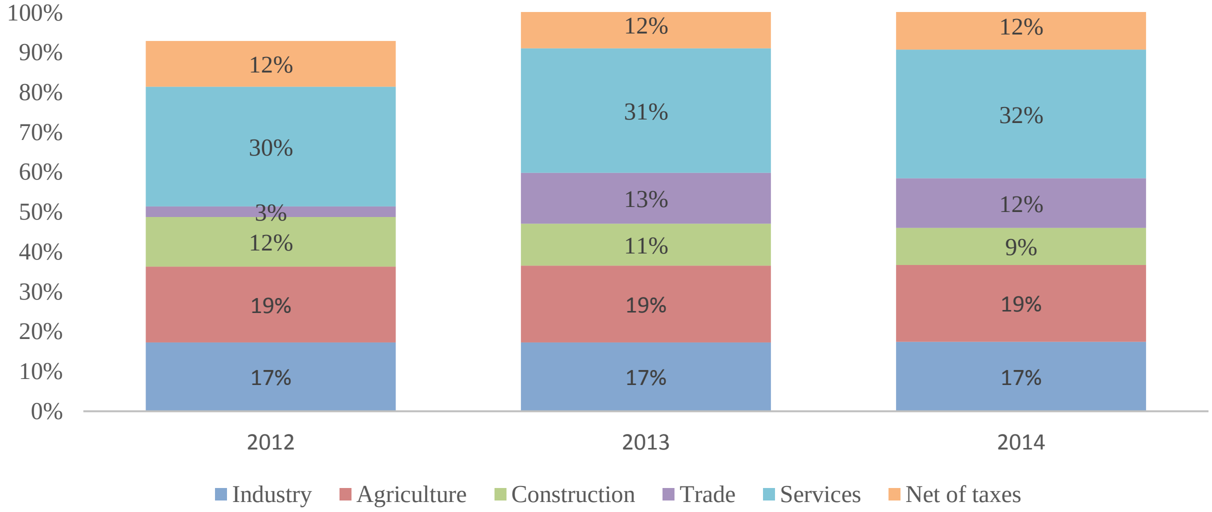


Source: Derived from NSS (2016) and State Revenue Committee (2015)

As stated earlier, Russia has an important role in trade with Armenia. This implies that economic processes in Russia will have an impact on Armenia too. In 2015, the devaluation of the Russian ruble continued (CBoR 2015). Because of this, prices of goods in Russia went up and the purchasing power declined. As a result, the prices of exported goods from Armenia to Russia increased and they lost competitiveness in the Russian market. Consequently, exports to Russia (which is Armenia's main trade partner as compared to other EEU countries) decreased. On the contrary, the slight increase in export to EU countries might be due to the fact that in spite of Armenia's accession to the EEU, Armenia continues to use the GSP trade system and export goods to the EU and other countries with a lower customs duty or 0%.

Figure 6 represents the structure of GDP in Armenia in 2012-2014. The largest share of GDP is Services comprising 30-32.3% respectively. The 2nd and 3rd place feature industry and agriculture. The share of the trade was the smallest in 2012, but then increased over time comprising 13% and 12%.

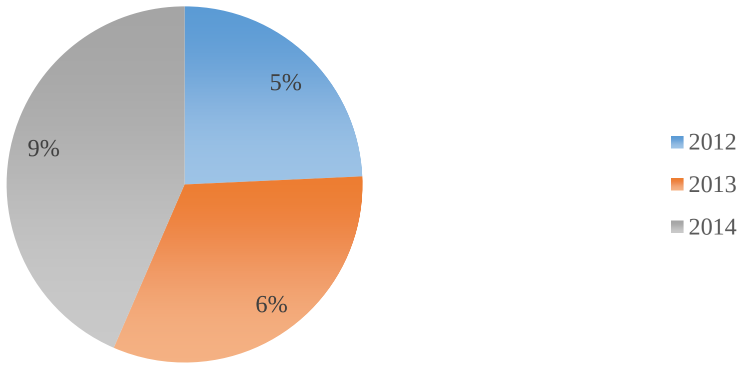
Figure 6. The structure of GDP in Armenia in percentage (2012-2014).



Source: MoE (2016b)

Figure 7 illustrates the share of selected sectors (except tourism) in the total exports of commodities. In 2012 and 2013, the share of these goods in total exports is 5% and 6%. However, in 2013, the share increased up to 9% which is mainly due to an increase of more than 1.7 times in the export of tobacco compared to 2013.

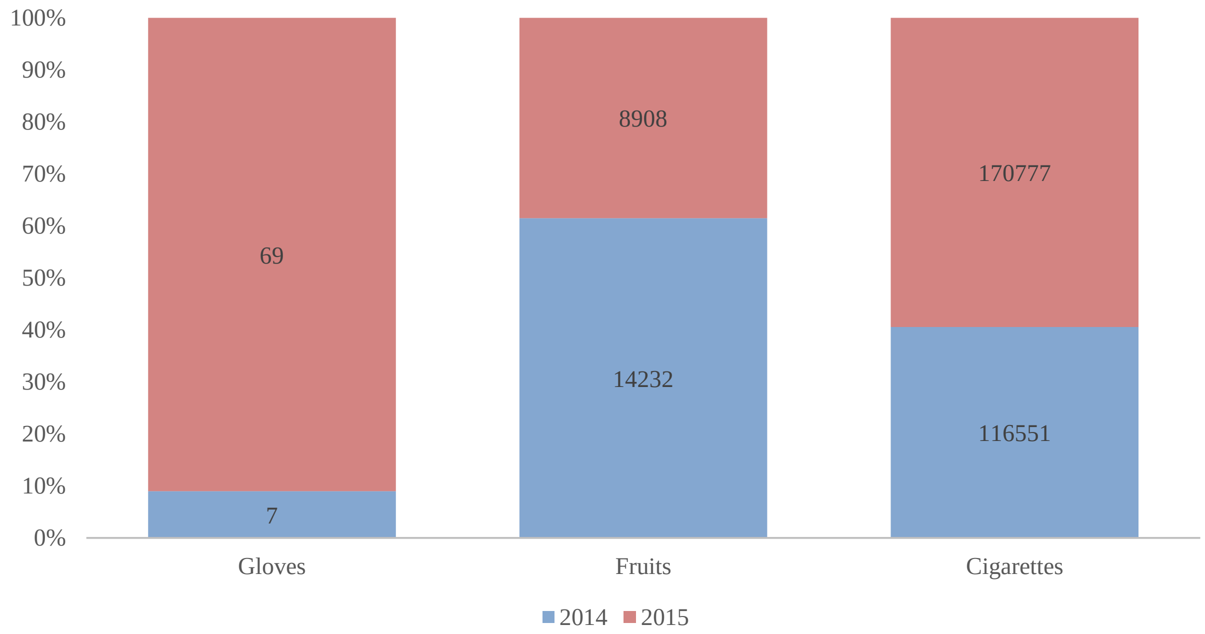
Figure 7. The share of three selected sectors in total exports of commodities in 2012-2014.



Source: State Revenue Committee (2015).

Figure 8 shows the export of commodities of the identified sectors in 2014 and 2015. The export of gloves and cigarettes increased about 9.9 and 1.5 times compared to 2014. On the contrary, the export of fruits decreased by 37.4% in 2015.

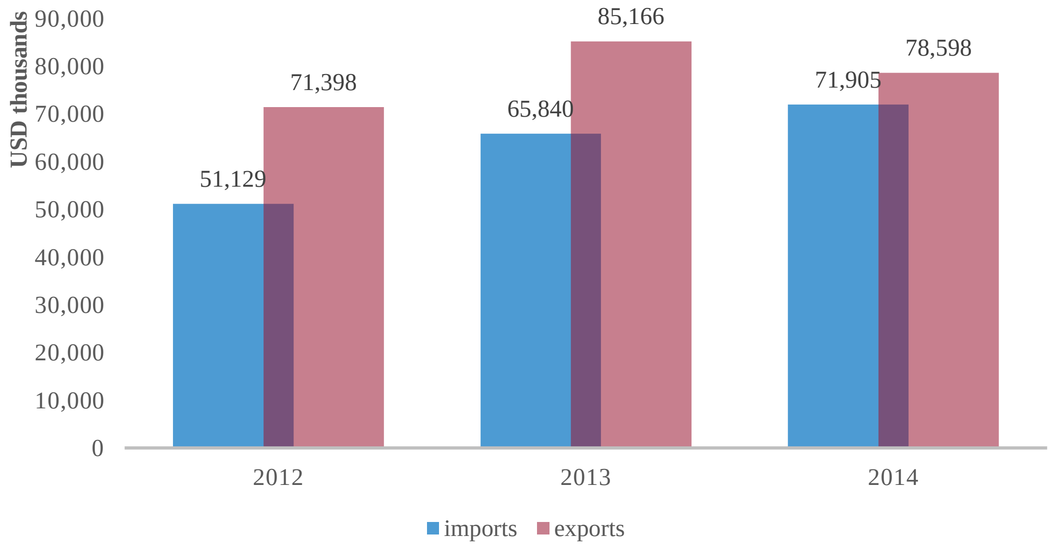
Figure 8. Total export of selected commodities in 2014 and 2015 (in USD thousands).



Source: State Revenue Committee (2015), NSS (2016).

Georgia has an important role in trade with Armenia. Figures 9 shows the main import/export data in 2012-2014 and its share in total import and export respectively. Imports from Georgia have increased over time. In 2014, exports to Georgia were less than in 2013. In 2015, exports to Georgia increased by more than 47%.

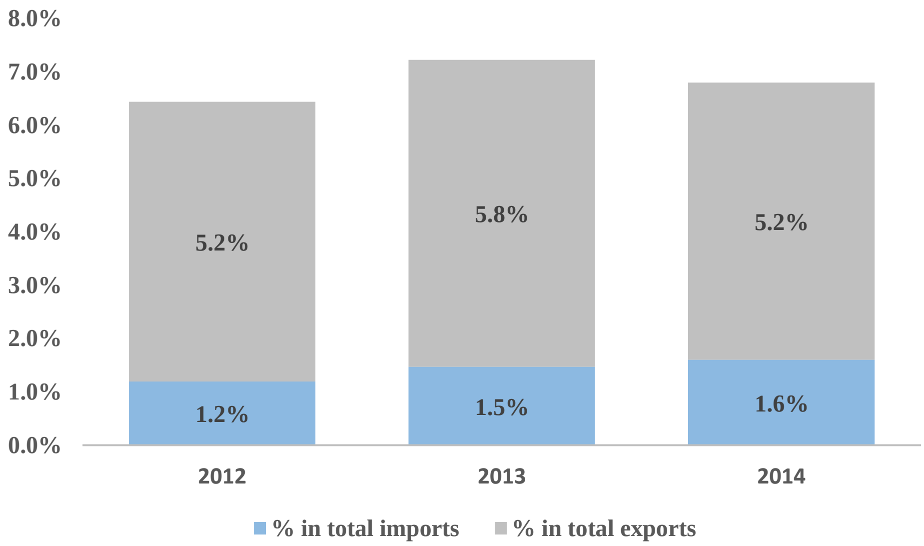
Figure 9. Trade with Georgia in 2012-2014



Source: State Revenue Committee (2015)

It is obvious that trade with Georgia has been stable over time, comprising 1.2-1.6% of total imports and 5.2-5.8% of total exports. Furthermore, the balance of trade has been positive during this period.

Figure 10. Total share in imports and exports in 2012-2014



Source State Revenue Committee (2015)

Analysis of selected sectors

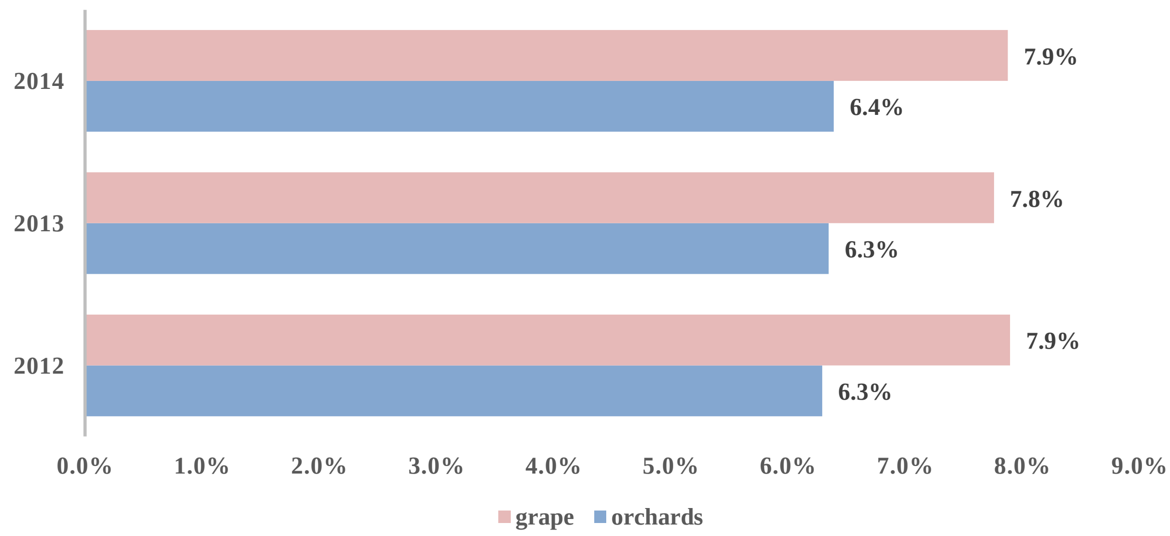
Production of fruits

Thanks to favorable weather conditions and mild winters, horticulture is one of the economic drivers of the Tavush region (The Chamber of Commerce and Industry of Gegharkunik region 2014a, The Chamber of Commerce and Industry of Gegharkunik region 2014b). The northern parts of the region mainly cultivate peaches, nectarines and apples. In the villages of Zorakan and Haghtanak, almost 90% of the residents are involved in the cultivation of plants. Almost half of the yield is peach, which is traditional for these districts. However, because of difficulties in selling them, the cultivation of peaches has decreased in recent years (The Chamber of Commerce and Industry of Gegharkunik region 2014a). In the villages of Bagratashen, Deghzavan, Debedetavan and Ptghavan, the cultivation of nectarine has started to increase. Furthermore, fruit dryers have been established in recent years for the processing of the yield of these communities, three of which use solar energy (The Chamber of Commerce and Industry of Gegharkunik region 2014b). However, in recent years peach production and cultivation has decreased (Karapetyan et al 2010).

Contrary to the northern districts, the eastern parts are specialized mainly in viniculture. Furthermore, there is a branch of Pernod Ricard[16] in Berd where some varieties of grapes are stored (Dadoyan and Grigoryan 2013).

In spite of the existing potential and mild climate, the arable lands and yields are smaller compared to other regions of Armenia and Tavush is in the 5th place for both indicators. As illustrated in figure 11, the share of arable lands among orchards and vineyards is between 7.8 and 7.9% of the total arable land of the RA. For grapes, the share is 6.3-6.5%. However it is worth mentioning that the productivity of the land is among the highest in Armenia and was in 3rd place during the same period (NSS 2013, NSS 2014a and NSS 2015a).

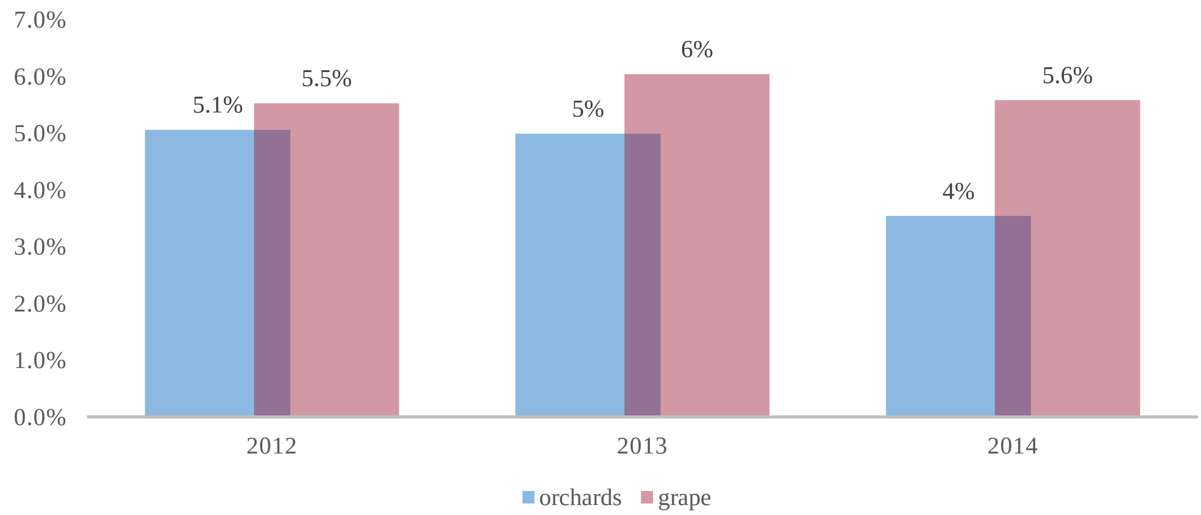
Figure 11. Share of arable land in the Tavush region for grape and in total arable land of Armenia



Source: NSS (2013), NSS (2014a) and NSS (2015a)

[16] Pernod Ricard is the owner of the world-renowned Armenian Ararat Brandy Company

Figure 12. The share of yield of the Tavush region in the total yield of the RA in 2012-2014

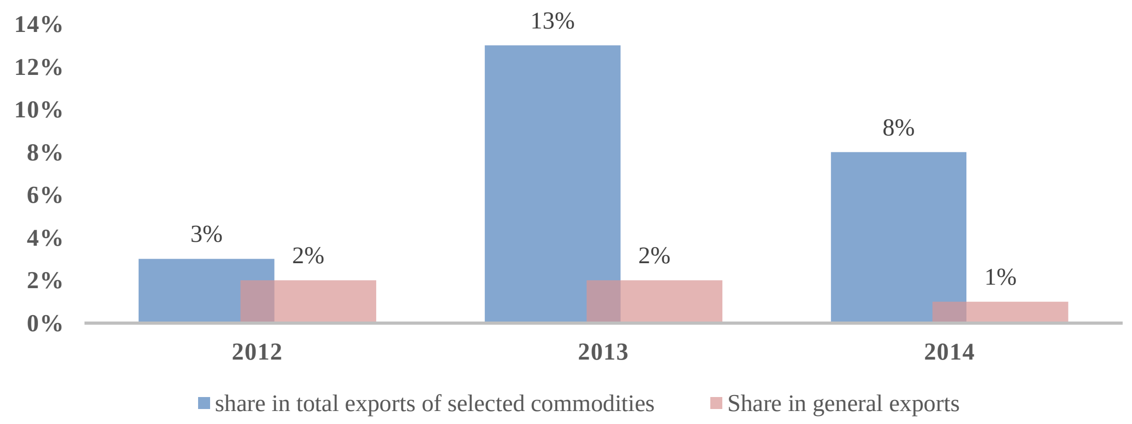


Source NSS (2013), NSS (2014a) and NSS (2015a)

Since the arable land is less, so is the harvest. Figure 12 shows the yield in the Tavush region compared to the whole of Armenia. Both in the case of fruit and grape, the harvest is smaller compared to the Ararat and Armavir regions. The produce is mainly consumed within the region and in Armenia. For peach and persimmon, Georgian and Russian markets can also be considered (AM Consulting 2011).

Fruits are among the 10 most exported commodities to the EEU countries. In 2012-2014, the exported fruits under this classification made up almost 1-2% of total exports. From EEU countries, the main market for these products was Russia, which imported more than 95% (in 2014, 100%) of the fruits exported to EEU countries. However, exports to Georgia also have a considerable share in Armenia's total exports of the products mentioned above as well as within the scope of general exports. Figure 13 illustrates export statistics to Georgia. The share of fruits exported to Georgia made up 3%, 13% and 8% of the total fruit exports (under HS 0806, 0809, 0810) respectively and almost 1-2% of total exports.

Figure 13. Export statistics of products under 0806, 0809 and 0810 in 2012-2014



Source: Derived from State Revenue Committee (2015)

Table 8 provides information on common import tariffs for commodities under the classification mentioned above.

Interestingly, one of the interviewees, a large-scale fruit producer, indicated in his interview that they export mostly to Russia and EEU countries and do not have plans to export to Georgia, since he was sure that the Georgian government has a policy to limit the import of certain fruits from Armenia (he cited peach as an example) in case there is a locally produced equivalent that needs to be sold. The Georgian market opens for import only after the locally-produced peaches are sold. This information should be verified, since no other interviewee reported such challenges.

Table 7. Common EEU tariffs for products under HS/FEACC 0806, 0809, 0810

Product Code	Product label	Tariff
0806	Fresh or dried grapes	5%
0809	Fresh apricots, cherries, peaches, plums & sloes	5%
0810 20	Raspberry & other	5%
0810 30 & 0810 40[17]	Black, white or red currants and gooseberries (other than kiwi fruit), Cranberries, blueberries and other fruits of the genus *Vaccine*: Blueberries	10%

Source: ETT (2015)

The only exception is 0809 30 which has a 0% rate. However, some products tariffs in Armenia are different and will be adjusted after a couple of years. Table 9 shows the list of products that have tariffs different from the EEU common tariffs.

Table 8. List of products with tariffs different from EEU common tariffs and the adjustment timeframe

Product Code	Product label	2015-2017	2018	2019
0806	Fresh and dried grapes	10%	7.5%	5%

[17] There are some exceptions with respect to kiwi and some other fruits which have 0% or 5% import rate. However, they are not mentioned above.

0809	Fresh apricots, cherries, peaches, plums & sloes	10%	7.5%	5% or 0%

Source: ETT (2015) and Appendix 4 (2015)

Starting from 2010, a new trend for the collection of wild fruits, spices and herbs became common in the Tavush region. Up to four fruit processing units (i.e. Eco Garden Manufacturing Cooperative LLC, Lchkadzor LLC, Arthur and Edita LLC, Ijevan Wine-Brandy factory) became actively involved in the collection of wild fruits, spices and herbs. According to the processors, they procured these wild varieties at fair prices as they had high demand in local and export markets. The main problem was a lack of workforce - only the extremely poor were involved in collection of wild plant life.

Table 9.

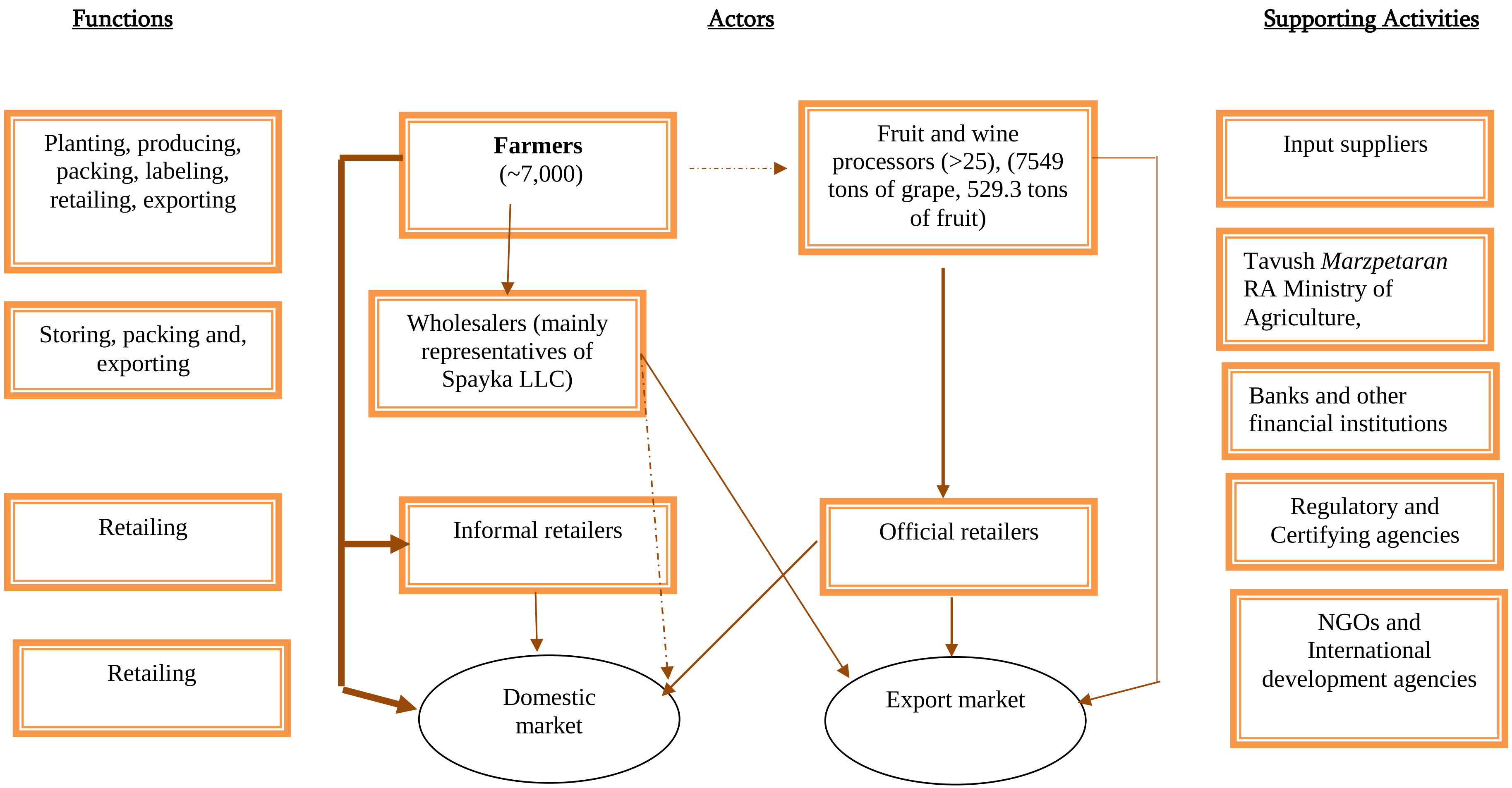
	Development constraints		Proposed solutions, recommendations
1	**Gap in infrastructure of vineyards:** old, unproductive and small-scale vineyards are in use, insufficient number of anti-hail stations.	→	Although the establishment of new vineyards is very expensive, new types of grapes should be grown by local farmers to fulfil international demand. The Georgian experience in this regard is notable, that is why agro-tours and study visits to Georgian vineyards and wineries are highly recommended.
2	**Gap in availability of low cost input supply in local market**	→	According to Armenian farmers, some inputs (mainly pesticides) have comparatively lower prices in Georgia, so the creation of a long-term and stable business relationship with Georgian input suppliers and Armenian farmers will bring benefits to both sides.
3	**Gap in irrigation infrastructure and very expensive fees.**	→	Reservoir renovations and new reservoir construction. Change terms and conditions of fees for irrigation (i.e. start irrigation fee collection after harvesting, when farmers have sufficient cash for such payments)
4	**Gap in availability and affordability of financial resources:** Governmentally subsidized agricultural loans are a good initiative for the development of this field, but for the farmers who want to set up new vineyards the loan period is too small, at least 3 years is needed for farmers to harvest their new grape varieties.	→	Provide subsidized loans for grape producers for a period from 3 to 5 years. Another option can be finding investments from Georgia to have high quality grapes to be processed in Georgia.
5	**Gap in procurement volumes and prices:** During 2015, processors limited their procurement volumes, due to the devaluation of the rubble in Russia, which was their only export destination.	→	Find alternative markets (i.e. EU) by conducting export market studies and supporting processors to export their product. Government and donor organization interventions and export promotion activities are highly recommended.

The main constraints/problems faced by the interviewed horticulture and viniculture farmers do not differ much, which is why the same recommendations also apply for farmers in horticulture. In contrast to farmers engaged in viniculture, marketing constraints are considerably higher in horticulture. For example, farmers who have a comparatively bigger peach orchard with an average annual yield face difficulties while selling their harvest. The most common feedback from farmer's feedback was the need for establishing new processing units, which will accept unlimited quantities of their harvest.

More than one of the farmers stated: "*The best model for agricultural development is the one implemented by Masis Tobacco LLC; they accept unlimited quantities of tobacco with sufficiently high prices. All Armenian processors should follow their example.*"

Fruit value chain diagnostics

Fruits (under HS 0806, 0809, 0810)



Cigarettes and tobacco

The importance of the Tavush region in tobacco production goes back to Soviet times. The share of the Tavush region in total tobacco cultivation in Armenia was 33% till 1990 (NSS 2003). Shamshadin and Ijevan districts were the centers for the production of raw tobacco, with outputs of 2500-2700 and 1800-2000 tons respectively per annum (NSS 2003). Having favorable weather conditions and most necessary traditions, the region is a leader in tobacco cultivation (NSS 2015a, Karapetyan 2009, AM Consulting 2011). As stated in table 11, the Tavush region has most of the arable land and yield of tobacco as compared to other regions of Armenia.

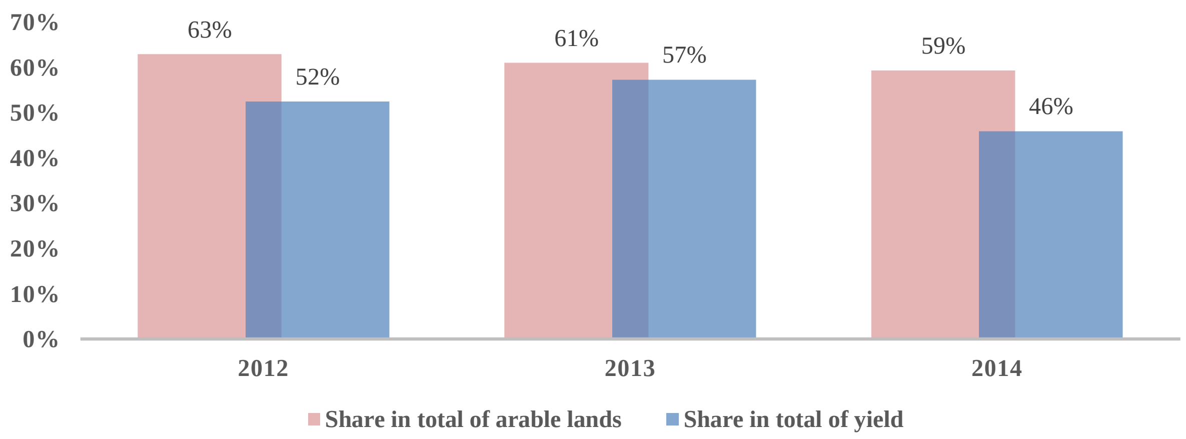
Table10. The area of arable land and the annual yield in 2012-2014.

Arable land (in hectares)			
	2012	**2013**	**2014**
Armenia	667	548	510
Tavush	419	334	302
Annual yield (in canters[18])			
Armenia	18170	16784	12528
Tavush	9525	9603	5745

Source: NSS (2013), NSS (2014a) and NSS (2015a)

Figure 14 illustrates the share of the Tavush region in the total arable lands of tobacco and the harvest in 2012-2014. The share of arable lands of tobacco in Tavush is 59% and more. In terms of the yield, the Tavush region is once again leading in Armenia. As the figure shows, in general more than 46% of the harvest is collected there (NSS 2013, NSS 2014a and NSS 2015a).

Figure 14. The share of Tavush region in total arable lands and yield in Armenia 2012-2014



Source: NSS (2013), NSS (2014a) and NSS (2015a)

International Masis Tabak (IMT), which is one of the leading tobacco manufacturers in Armenia, cultivates and purchases different varieties of tobacco in the districts of Ijevan, Noyemberyan and Berd. Furthermore, IMT has tobacco-drying rooms in the Berd region,

[18] 1 centner is equal to 100 kg

which is considered to be the center for tobacco cultivation as well as in the villages of Azatamut, Hagtanak, Baghanis, Varagavan and Tavush.
Since the cultivation of tobacco has been a traditional sector in Tavush for a long time, the villagers in this region have the necessary skills and expertise (Karapetyan 2009, AM Consulting 2011).

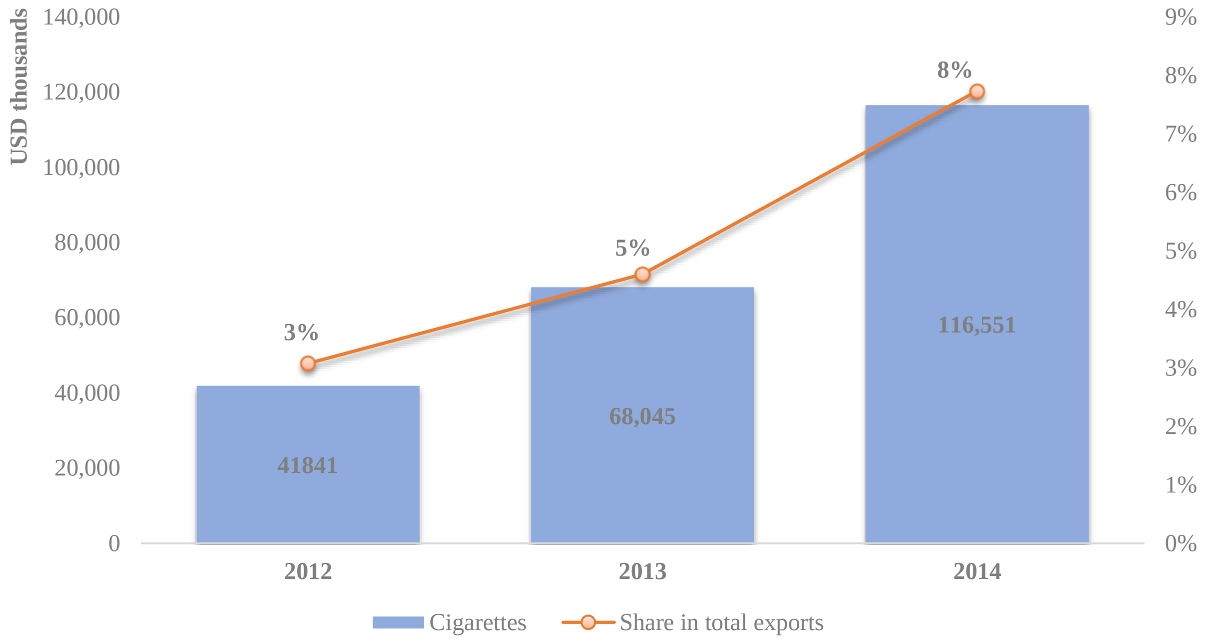
As stated by interviewed tobacco farmers, the geographic and climatic conditions of Tavush enable local farmers to grow tobacco with high tar content, which is essential for cigarette producers. Presently, all tobacco farmers work closely with IMT during all stages of tobacco cultivation. The services provided to farmers by IMT are the following:

- consulting for tobacco cultivation and related issues so as to get a high quality harvest
- provision of seedlings, chemicals with low prices
- financing farmers to cover labor and transportation expenses (farmers compensate the company with tobacco).
- Guaranteed acceptance of raw tobacco by Masis Tobacco LLC

The business activity of IMT is highly valued and creates prospects for future development in tobacco cultivation.

Besides the cultivation of tobacco, Armenia has well-developed cigarette production and export. There are two cigarette producers in Armenia (Grand Holding and Cigaronne). Figure 15 represents the export of cigarettes in 2012-2014 as a share of total exports. The share of cigarettes in total exports is 3%, 5% and 8% respectively and is increasing over time. While in 2012 the export was USD 41,848 million, in 2013 it increased to USD 68,044 million and USD 116,551 in 2014. The main importing countries of these cigarettes are Iraq, Syria, and Georgia (State Revenue Committee 2015).

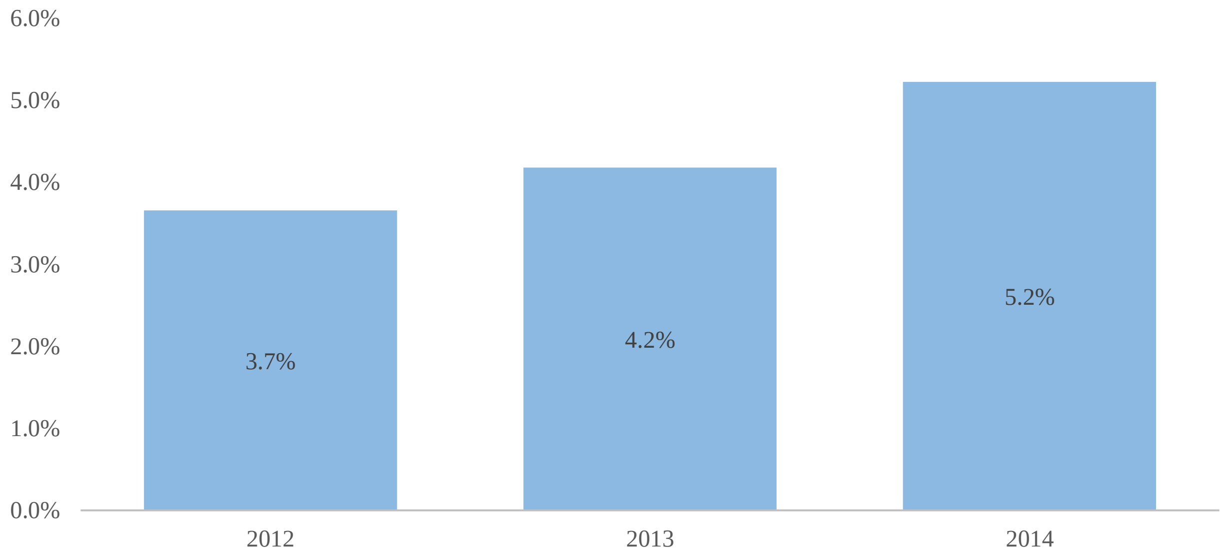
Figure 15. The share of exports of cigarettes in total exports in Armenia (2012-2014).



Source: State Revenue Committee (2015).

Figure 16 demonstrates the share of exports of cigarettes to Georgia in total exports to Georgia. One can see that cigarette exports to Georgia comprise 3.7, 4.2% and 5.2% of total exports of commodities to Georgia.

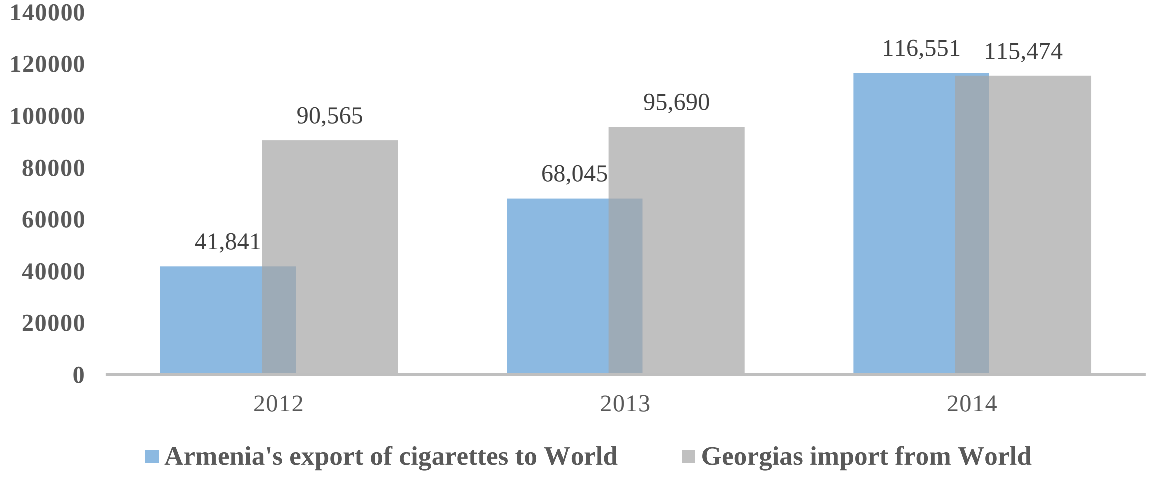
Figure 16. The share of exports of cigarettes to Georgia in total exports to Georgia



Source: State Revenue Committee (2015) and ITC (2015)

Armenia's export of cigarettes has gradually increased over time and, in 2014, the total exported cigarettes exceeded the total amount of cigarettes imported by Georgia (Figure 17).

Figure 17. Armenia's exports of cigarettes and Georgia's Imports of cigarettes in USD thousands (2012-2014)



Source: State Revenue Committee (2015) and ITC (2015)

From January 2015, Armenia joined customs tariffs with EEU member countries for almost all commodities. In this framework, for importing commodities under 2401 (tobacco unmanufactured, tobacco refuse) the customs rate is 5% of the customs value. The only exceptions are commodities under 2401 20 850 1 (Virginia type tobacco) and 2401 20 850 9 (other) of FEACN system. The tax rate for these two commodities is 4%.

For commodities under HS 2402 (cigars, cheroots, cigarillos & cigarettes), the tax rate is 22.2% but no less than €2.22 per 1000 pieces (ETT 2015, Appendix 4 2015). The only exception from this rule are commodities under 2402 90 000 0 FEACC system (cigarettes containing tobacco – other) the rate of which is 22.5% but no less than €2.25 per 1000 pieces.

However for about 752 commodities, Armenia has a transition period until 2020 (Standing Committee on Economic Affairs 2014). This implies that the customs rate for these commodities will remain the same in the first period as set by the RA Customs Code and will adjust gradually to the EEU common customs tariff. As stated in table 12, for some commodities the tax rate will remain 0% until 2018. In 2019 the rate will increase to 2% and in 2020 it will be equal to the EEU common customs tariff rate.

Table 11. EEU customs rate exemptions for the import of commodities under HS FEACC classification system

<table>
<tr><th>Product code</th><th>Product label</th><th>2015-2018</th><th>2019</th><th>2020</th></tr>
<tr><td>2401 20 350 0</td><td>Bright air-cured tobacco</td><td rowspan="5">0%</td><td rowspan="5">2%</td><td rowspan="3">5%</td></tr>
<tr><td>2401 20 950 0</td><td>--other</td></tr>
<tr><td>2401 30 000 0</td><td>Tobacco refuse</td></tr>
<tr><td>2401 20 850 1</td><td>Virginia type</td><td rowspan="2">4%</td></tr>
<tr><td>2401 20 850 9</td><td>--other</td></tr>
</table>

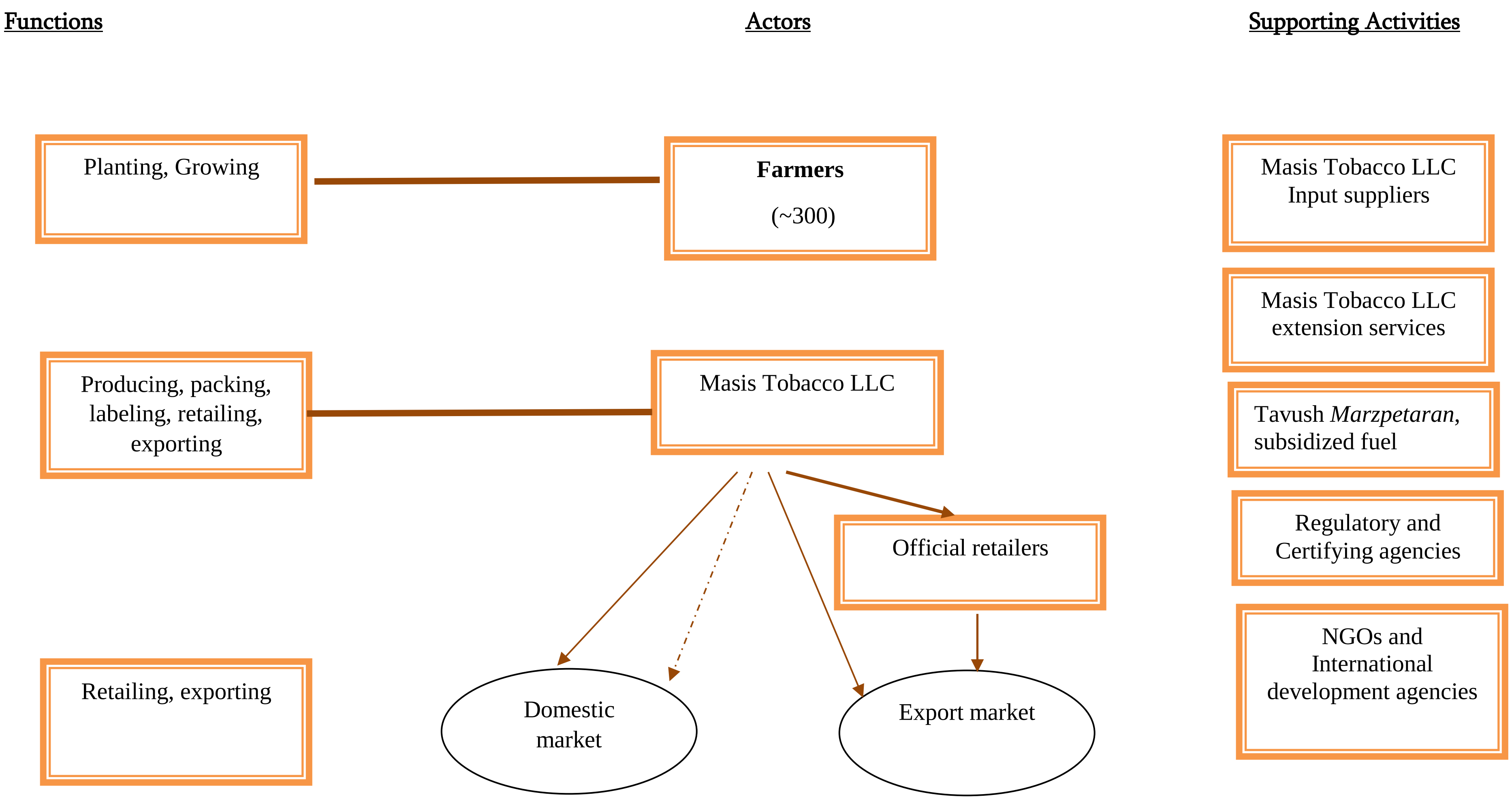
Source: Appendix 4 (2015)

In spite of well-developed tobacco cultivation and related economic advantages there are several constraints and issues according to surveyed experts and field VC actors, which are represented in the table below.

Table 12.

	Development constraints		Proposed solutions, recommendations
1	**Gap in sizes and structure of tobacco farms**: small-scale production of tobacco, high fixed costs, low profitability	→	Promote enlargement of tobacco farms via intensification of the consolidation of small and scattered farms, support collaboration.
2	**Gap in irrigation infrastructure (especially in Berd region).** During August, tobacco farmers face difficulties in watering their tobacco plants, which decreases their productivity up to 3 times.	→	Reservoir renovations and new reservoir construction will enable farmers to increase both the sizes of tobacco plants and productivity.
3.	**Gap in availability and affordability of workforce and financial resources:** although Masis Tobacco is financing tobacco farmers for their operations, producers still face difficulties in terms of workforce and their payments. The lack of workforce made local farmers resort to artificially high payments (up to 10,000 AMD per day) to local seasonal workers.	→	Tobacco cultivation field development will encourage seasonal workers working abroad (mainly to Russia) to stay in the country. The devaluation of the ruble is a "motivating" factor that might help keep such workers in Armenia. Another option can be the involvement of seasonal workers (especially located in Tsalka region, Kvemo Kartli) to the tobacco plants in Tavush region during July-August months.
4.	**Gap in farmers' knowledge and application of appropriate cultivation practices.**	→	A **crop rotation system** returns various nutrients to the soil. Tobacco farmers do not use this system due to lack of arable lands.
5.	**Gap in irrigation fees.** The same tariffs are used for both tobacco lands and grape, though tobacco lands are less water-intensive. According to tobacco farmers, irrigation fees in Armenia are much more expensive than in neighboring countries.	→	Decrease irrigation fees for tobacco producers in order to stimulate tobacco production in the Tavush region
6.	**Gap in insufficient quantity of anti-hail measures**	→	Establish new anti–hail stations.
7.	**Gap in information about feasibility of tobacco growing in Kvemo Kartli**	→	Organizing agro-tours for Armenian tobacco experts/farmers to Georgia, in order to assess the prospects and possibility of tobacco cultivation in the Kvemo Kartli region. In case of positive results, ensure regular consultation of Armenian tobacco experts with Georgian farmer for the further development of this field and establishment of permanent business relations between Armenian cigarette producers and Georgian farmers, if possible.

Tobacco value chain diagnostics



Textile production (Gloves)

Tavush Textile LLC, as a producer of gloves, was founded in 2015 in the Tavush region, in the village of Choratan and produces gloves mainly for export to Russia. Within the scope of this study, the production of gloves was chosen as a sector with potential for cross-border trade due to tax privileges in the Tavush region and the narrow specialization (since it produces only gloves that are used in construction, agriculture, mining) of the company give them the opportunity to be competitive in international markets.

For the trade of gloves under HS 6116, there are no exceptions for Armenia after its accession to the EEU. Table 14 represents EEU common tariff rate for gloves under the HS or FEACC systems.

Table 13. EEU common tariffs for import of gloves under FEACC or HS classification by six digits

<table>
<tr><th>Product code</th><th>Product label</th><th>Unit of measurement</th><th>Tariff</th></tr>
<tr><td>6116 10</td><td>Gloves, Mittens, Mitts Impregnated, Coated or Covered With Plastics or Rubber</td><td rowspan="4">pair</td><td>12%</td></tr>
<tr><td>6116 91</td><td>Gloves, Mittens, Mitts, of Wool or Fine Animal Hair, Knitted or Crocheted</td><td>10%</td></tr>
<tr><td>6116 92</td><td>Gloves, Mittens, Mitts, of Cotton, Knitted or Crocheted</td><td>13%</td></tr>
<tr><td>6116 93 & 6116 94</td><td>Gloves, Mittens, Mitts, of Synthetic and other Fibres, Knitted or Crocheted</td><td>14%</td></tr>
</table>

Source: ETT (2015) and FT (2015)

Total amount of gloves exported from Armenia in 2015 is $69.2 thousand, which is almost 10 times more compared to the previous year (NSS 2016, State Revenue Committee 2015).[19]

The construction of Tavush Textile LLC was started in March 2015 and it began operations in the beginning of July 2015 in Choratan village. The founder is Suren Yeritsyan, an Armenian Russia-based businessman who was born in the Tavush region. Currently, the company produces agricultural, construction, anti-freeze and anti-corrosion gloves. The total space of the factory is about 2000 sq. m. During interviews with the director of the factory and head of production, it was clear that they have long-term plans for the enlargement of their production capacity by constructing new units/factories in region, one of them is almost ready (in Artzvaberd village), while operational locations for the other 3 units (Berd, Paravakar and Chambarak) have been chosen. In the near future, all 5 factories together will have an annual productivity of 40 million pairs of gloves, which will create approximately 2000 workplaces since textile production is more labor intensive. Even now, besides their factory employees (about 80), they have home based workers in the village of Chinari. They provided their home-based workers with sewing

[19] The data on export vs. country for 2015 was not available but presumably the product is mainly imported to CIS countries. Further proof and statistics will be provided.

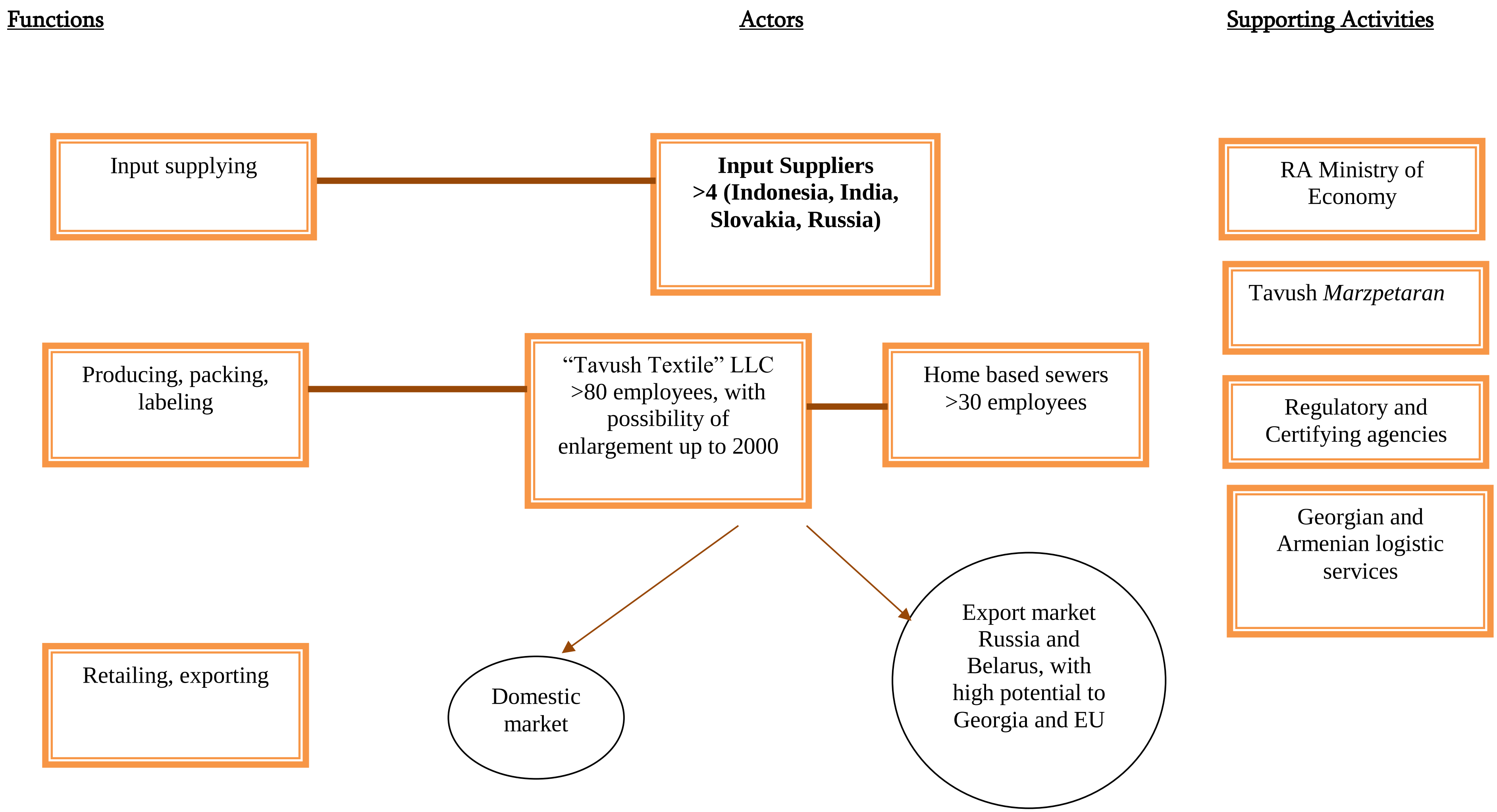
machines in order to get gloves of higher quality than the conventional ones being produced in factory. The home-based products have a higher selling price.

Presently, they do not face any problems with markets, as their products enjoy a high level of demand in Russia. According to the director of the factory, they have already conducted a market study in the EU (mainly in Germany and France) and discovered that they are producing gloves with lower costs and higher quality in Choratan village than their main competitors (mainly Chinese producers) who export their products to Europe. This low cost production is mainly associated with tax privileges for the Tavush border communities. On the other hand, they are working closely with the Ministry of Economy of Armenia as their business plans have strategic importance for the future development of the Tavush region.

Table 14.

	Development constraints		Proposed solutions, recommendations
1	**Gap in textile workforce knowledge and skills**	➔	Creation of local educational centres for future textile technologists and a professional training center for employees
2	**Gap in VAT taxing regulation.** According to the Law "*On tax exemptions for entrepreneurship in border village communities*," producers operating in border communities are exempted also from VAT, but for producers who are mainly importing raw materials and exporting their products (i.e. Tavush Textile) this has a negative impact, since this regulation results in these companies losing the opportunity for VAT refunding.	➔	Design legislative changes to make VAT exception optional for the producers, by giving them the chance to refuse their VAT "privileges."
3	**Gap in market information Georgia/EU.** As with their current production capacities they are able to fulfil only Russian market demand, they do not conduct in-depth market studies in Georgia and the EU. According to the management representatives of Tavush Textile LLC, along with the enlargement of their current production capacities, they are looking for new trade partners abroad.		Business consultation and business tours in Georgia, in order to find out new trade partners. Though they have conducted an initial market study in EU (France, Germany), but they need to have a complete ***marketing plan*** with their trade partners. Project interventions in this area are highly recommended. The same recommendation is valid for smaller size sewing companies that have the capacity to produce cheap and high quality uniforms, including for factory workers of the industrial sector in Kvemo Kartli.

Gloves value chain diagnostics



Community based tourism development in Tavush

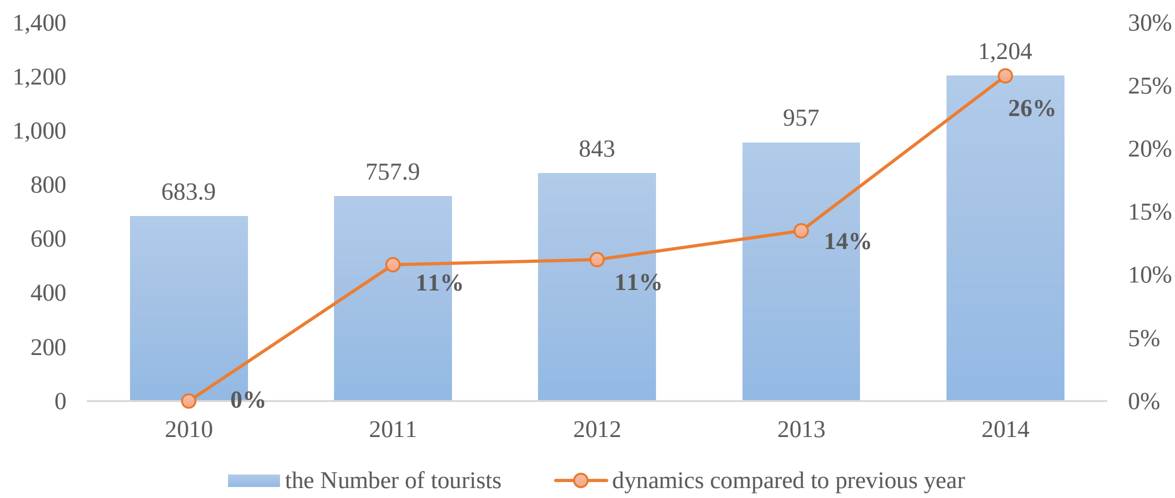
Today, tourism is regarded as one of the main areas of growth in the Armenian economy and is a driving force for the overall development of the country. The aim of the tourism sector in Armenia is (Tourism Support Services schedule 2013, the law of the Republic of Armenia on Tourism and Tourist Activities 2003, Appendix 1 2015, NCFA 2011):

- to promote the development of social-cultural centers and regions of the RA,
- to create necessary conditions for visitors,
- to improve infrastructure and foster cooperation with international organizations,
- to continue participation in international conferences and exhibitions,
- to increase the share of the tourism industry in the national economy,
- to promote the development of community-based tourism.

The main public body responsible for tourism development is the Department of Tourism of the Ministry of Economy. It implements tourism development plans and projects, and establishes qualification procedures for hotels. Tourism related regulations include the law on tourism, the concept of tourism development as well as specific regulations related to standards and qualifications of hotel facilities, guesthouses, tour agencies, the hotel classification system and so forth (NCFA 2011). Overall, there are not many laws and regulations in this sector.

During the last years, Armenia has seen a significant growth in its tourism sector due to a more focused government policy towards tourism development and private sector initiatives (ACG 2014, USAID CAPS 2007, NCFA 2011). Armenia is rich with historical-cultural, natural and religious heritage and has much to offer for the development of tourism (ADA 2008). Figure 19 represents the number of tourists that visited Armenia in 2010-2014 and the percentage change compared to the previous year. One can see that the number of visitors to Armenia is gradually increasing and, in 2014, more than 1.2 million tourists visited Armenia which is 26% more compared to 2013.

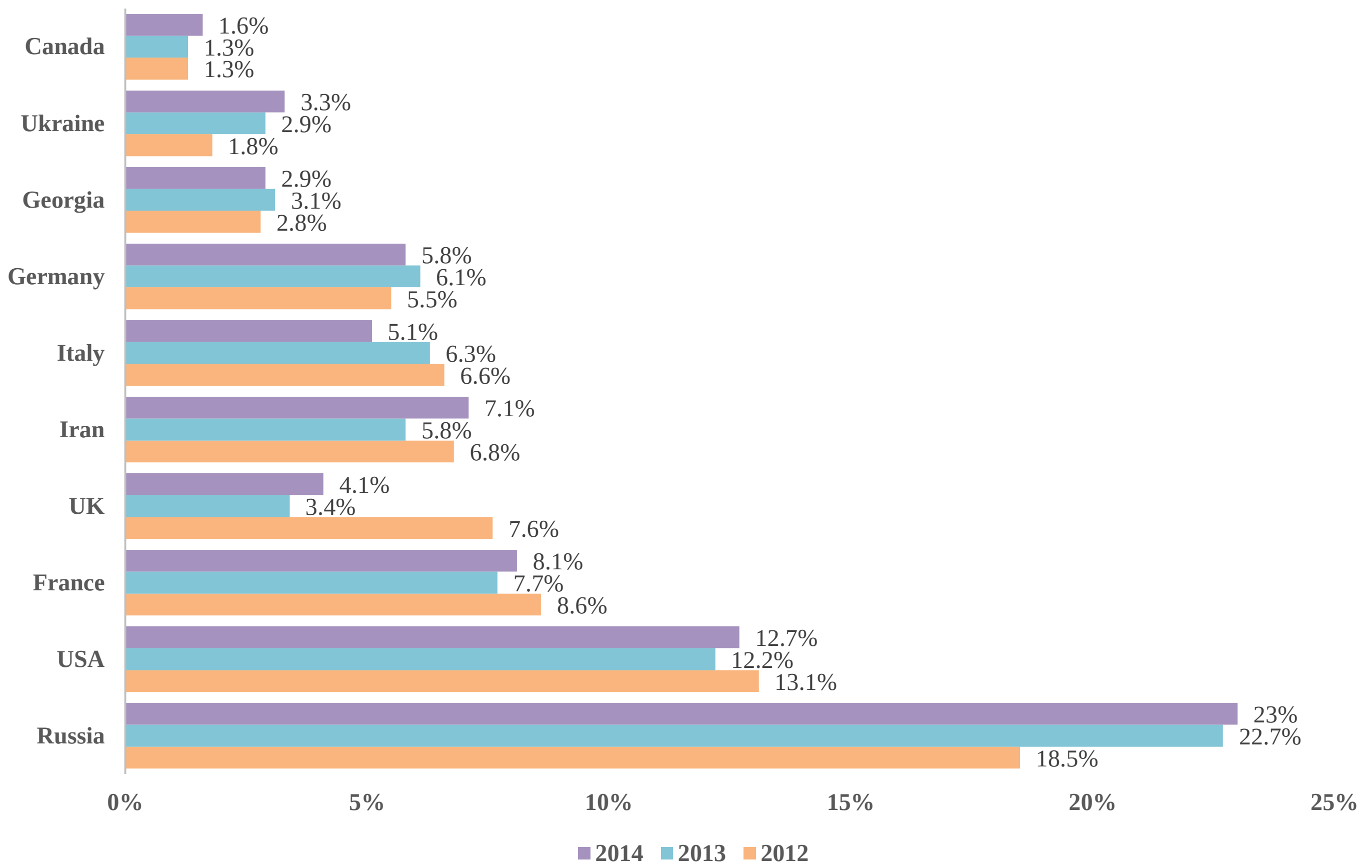
Figure 18. The number of tourists that visited Armenia 2010-2014



Source: MoE (2015) and NSS (2015b)

As stated in figure 19, the majority of tourists visiting Armenia come from Russia, USA, France, UK, Iran, Italy, Germany, Georgia, Ukraine, and Canada. The number of tourists visiting Armenia from Georgia is almost steady during this period comprising 1.28-3.1% of total arrivals.

Figure 19. International tourist arrivals to Armenia in 2012-2014



Source: NSS (2014b) and NSS (2015b)

In order to promote tourism development and make Armenia an attractive tourist destination, tourism development in Armenia has been concentrated along 5 distinct corridors - Central, Northeastern, Northwestern, Sevan and Southern. The Northeastern corridor includes the cities of Vanadzor, Stepanavan, Alaverdi, Dilijan and Ijevan. The criteria for grouping and selecting the corridors were based on the potential of inflow of tourists, attractiveness of the investment and planning of strategic land use and infrastructure.

As noted by the NCFA (2011), despite the fact that tour operators and accommodation providers promote tourism development, the main supply side of the tourism is the destination with its attractions (environment, natural attractions, i.e. festivals and events, ethnic culture, traditions and lifestyle etc.). Being part of the Northeastern corridor, the Tavush region, particularly the cities of Dilijan, Ijevan, Noyemberyan, Berd and surrounding communities have a lot to offer tourists. The region is green and rich with large areas of forests and fresh air. About 40% of the region is covered with forests which make the air fresh and the region rich in flora and fauna (Decision 383 2012, NSS 2015c). The mild climate, mountainous fresh air and mineral water springs are extremely favorable for leisure, resort visits and tourism development (NSS 2015c, Simpson 2003). The regional center of Ijevan and the surrounding communities have many historical-cultural sites and recreational facilities. One of the two national parks of Armenia, Dilijan National Park is situated in the Tavush region. The National Park alone hosts about 257 immobile cultural and historical monuments (archeological sites, ancient churches, monastery complexes, cross stones etc.) (ADA 2008). The city of Dilijan has been a major resort and tourism destination since the Soviet Union (Shahnazaryan et al., 2014). With the opening of the UWC international school in 2013, the importance of Dilijan in terms of tourism rapidly increased. Within the scope of the establishment of UWC, the IDeA foundation has already designed a project for sustainable ecotourism development by transforming Dilijan into a major cultural, economic, educational and resort city. The project is worth more than $250 million (CivilNet 2015).

Despite the increasing role of tourism in socio-economic development, it is difficult to assess the exact impact of tourism on the development of local communities. In this framework, community-based tourism (CBT) leads to economic, environmental and socio-cultural benefits: it allows local communities to use their resources, encourages local employment (especially for young people and women) and fosters capacity building, preservation of nature and culture as well as improvement of infrastructure. As stated by various authors, CBT is a form of tourism where the “main tourism products are developed and consumed” in the community, which actively participates and has control over the development and management of tourism. Overall, CBT is managed and owned by the local community. (Lalayan 2014, Asker et al. 2010). Furthermore, it also increases local income, creates business opportunities and stimulates the local economy through a multiplier effect and so forth (Galyan 2011, Lalayan 2014). Hence, most of the benefits remain within the local community (Lalayan 2014, et al. 2010). This implies that, in the case of CBT, the participation of local communities is important for delivering maximum benefits (Stephen et al. 2009, Mason 2008, Mowforth and Munt 2009). CBT includes hosting tourists in a local community and managing the tourism plan (Asker et. al 2010)**.** As stated by NCFA (2011) “Tourism […] is associated with an overnight stay” (p.64). One of the main ways that the local community in Tavush region can benefit from CBT is the provision of homestays or bed and breakfasts (B&Bs). Generally, B&Bs include not only a homestay, but also food (breakfast, lunch, dinner), and the service of a guide or taxi. Given the fact that B&Bs are owned by local communities and local residents provide most of the services, the benefits remain in the local community.

According to RA law, B&Bs or guesthouses have 3 classes of qualification and need to have all the necessary conditions for accepting guests (e.g. wardrobe, desk or table, mirror, 24-hour electric supply etc.)[20] (Decision 946 2004). For provision of services, B&Bs need to pay a licensing fee. Table 15 represents the amount of licensing fees for guesthouses in a quarter. The amount of the fee depends on the number of rooms in the guesthouse (The law of the Republic of Armenia on licensing fees 2010).

Table 15. Quarterly licensing fees per room for guesthouses in the regions of Armenia in AMD thousands

Name of activity	Yerevan	Regional centers	Other cities	Remote and borderline	Other places
Service provision by a guesthouse	15,000	10,000	10,000	5,000	5,000

[20] According to the RA law, B&Bs are the same as guesthouses

Source: The law of the Republic of Armenia on licensing fees (2010)

The development of guesthouses is heterogeneous in Tavush. While there are more than 50 well developed B&Bs in Dilijan, the number of B&Bs is considerably less, ranging from 4 to 8 in the Ijevan, Noyemberyan and Berd districts. Furthermore, guesthouses in Dilijan are of the highest quality throughout Armenia (Karapetyan 2009). As noted by respondents, the role of B&Bs as well as CBT has further increased because of the establishment of the UWC international school, which has made Dilijan a unique tourism destination compared to other parts of the Tavush region. The municipal authorities have started to pay more attention to the city, regular transportation has appeared throughout the city, an information desk has opened, a map of destinations and accommodations has been published and so forth. The latter has an important role in making the destination more attractive. In recent years, internet marketing has promoted the development of B&Bs, i.e. most of the guesthouses are registered in online travel websites (mainly Booking.com and TripAdvisor), which have facilitated an increase in the number of visitors. Most of the interviewees had hosted visitors who came from Georgia. The interviewees from Dilijan stated that, in about 40% of cases, visitors had arranged joint tours to Armenia and Georgia. B&Bs provide overnight stays and breakfast. For an additional cost (ranging between AMD 5,000-7,000, depending on the guesthouse) they also provide also lunch and dinner.

All the interviewees confirmed that the majority of tourists come from EU countries, especially France, Germany, Netherlands and etc. Israel is another major source country from which tourists visit. However, there are also visitors from the EEU and Asian countries. For the promotion of B&Bs, the Armenian B&B Association has an important role, and was established in 2013. As stated by one guesthouse owner in Ijevan (guesthouse Anahit), with the help of tourism department and the Association, some B&Bs participated in a project in the Rhône-Alpes province of France which included exchange of experience, training of B&Bs etc. In addition, a guidebook was published by the famous writer Patrick Kaplanian, including Georgia and Armenia as a tourism destination. Thanks to the published book, the guesthouse Anahit had more than 10 visitors. Some of the guesthouse owners (e.g. Artziv) have collaborated also with tour agencies (e.g. Armenia Tour). As stated by Mekhak Apresyan, Head of Tourism Development Policy Department of the Ministry of Economy of Armenia, the cooperation between guesthouses and tour agencies has increased in recent years and is continuous.

When asked the question “What is particularly attractive for tourists?” all the interviewees stated that the lifestyle, culture, food, fresh air and natural and cultural monuments are the main driving force for CBT. Indeed, most of the tourists like to visit Tavush and stay mainly at B&Bs so as to see the everyday life in the community and to taste homemade food. Moreover, since Tavush is rich with forests and cultural monuments, tourists also visit these places by either hiking or taking off road tours.

All the interviewees i.e. B&B owners, head of the tourism department and the director of the association agreed that tourism has a huge impact on the economic and environmental development of the Tavush region. To the question “How important is tourism for the community and what advantages and disadvantages does it have from the viewpoint of the community and the region as a whole?" all the respondents replied that CBT development can facilitate employment, increase the preservation of historical-cultural resources, promote infrastructure development, change the mentality of local residents etc. According to Mekhak Apresyan, besides the advantages of the B&Bs mentioned above, the development of other types of tourism (e.g. agro-tourism) is also a possibility. According to him, the department/government also pays close attention to CBT development by organizing and participating in different festivals and exhibitions, training programs, providing cheap loans (e.g. the National Center for SME Development provides loans for local economic development), business plan consultations etc. Overall, this was confirmed also by most of the interviewees.

Beside the provision of bed and food, in many cases B&B owners also provide guide and transportation services for tourists. For some families, tourism is the main source of income. The average monthly revenue ranges between AMD 400,000–600,000. In Dilijan, most of the guesthouses have been registered as turnover taxpayers for more than 10 years. However, after the adoption of the law on family business they tended to register as a family business so as not pay any taxes.[21] The high season for B&Bs is between May and September. In winter, the visitors are mainly from the different regions of Armenia (especially from Yerevan). All the respondents agreed that foreign tourists bring many benefits to the community.

On the question "…what steps should be taken to develop tourism between the Tavush and Kvemo Kartli regions?" all the respondents, including guesthouse owners, associations and the public sector representatives/the tourism department stated that different festivals should be organized in different parts of the regions, representing the natural and social-cultural heritage of each community. For example, the owner of guesthouse Anahit mentioned that, with the cooperation of the Ijevan branch of the SME Development Center, the Women's Development Resource Center, an organization called Vinet and an OSCE representative, an exhibition was organized in Ijevan in autumn 2015, the purpose of which was to assess the potential of the city and the region as a whole. The short term result of the exhibition was to start an English language training program in Ijevan, since the main communication with tourists is in English. The long term result was to develop carpet weaving, since the region was famous for carpet weaving in the past. However there are not enough financial resources and sponsors are needed. The head of the tourism department also confirmed the importance of different exhibitions and festivals. He gave the example of Areni village, where an annual wine festival takes place on 3 October. The festival started in 2009. Now it is part of the tours organized to the southern part of Armenia by most tour agencies and attracts more than 20,000 visitors.

In spite of the advantages of CBT and the potential of Tavush as a tourism destination, there are important issues and obstacles towards the development of CBT and B&Bs. First, the infrastructure is not well developed in the Tavush region (the only exception can be Dilijan, where the infrastructure has improved in recent years). B&B owners in Ijevan (particularly owner of the guesthouse Anahit

[21] The law and regulations are represented in detail in Chapter 1

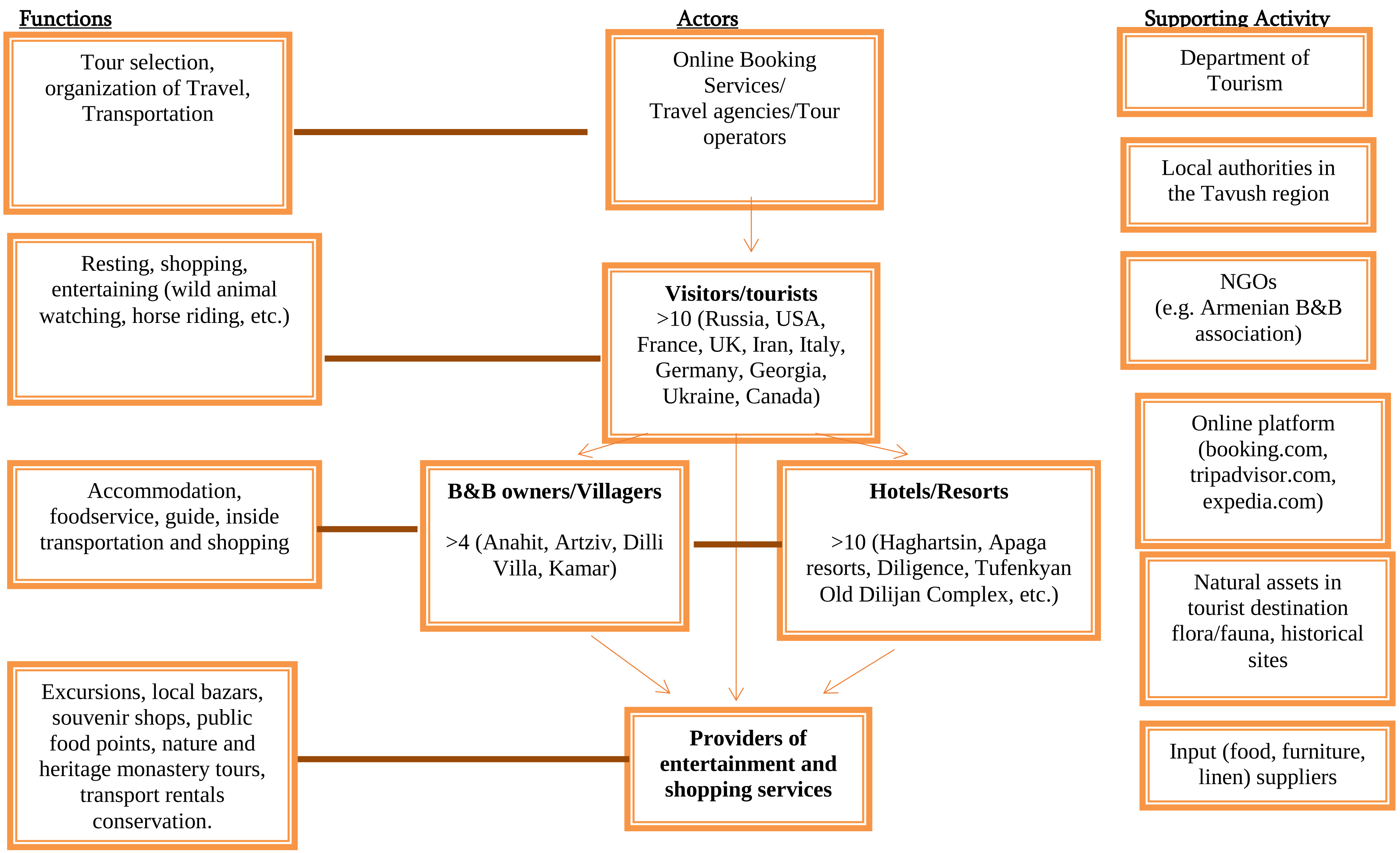
were complaining that there were no traffic signs, street names, or public toilets. Furthermore, few of the cultural sights have proper roads, which makes it difficult to visit these places. Third, despite the fact that the number of joint tours has increased recently, there is almost no cooperation with the Georgian side to develop CBT. Fourth, local authorities are also passive in terms of cooperation and the promotion of tourism development. Fifth, there is not enough awareness on behalf of B&Bs about different initiatives. For example, none of the interviewees mentioned that the National Center for SME Development helps to get loans for business start-ups which also include B&Bs. None of the respondent guesthouse owners were aware about different festivals that are taking place. Although most of the respondents were complaining that no festivals (including joint festivals with Georgia) are organized in Tavush that can promote CBT development, a festival of cultural renaissance takes place in Dilijan in August every year. Finally there is no transport directly from the Tavush region (i.e. from Dilijan) to Georgia. The latter is important since, in many cases, visitors had joint tours and wanted to go to Georgia from Dilijan, but they had no transport options. While the road infrastructure in Dilijan is in good condition, in the Ijevan and Berd areas the roads require repairs. Another important issue is commercialization among B&Bs. As stated by the head of the tourism department and the director of the Association, there is a tendency among guesthouses to revert to commercial business instead of remaining as hospitable and traditional B&Bs.

Table 16. Recommendations and the main rationale behind them

Recommendations	**Rationale**
1. Organize joint festivals: one in Kvemo Kartli and one in the Tavush region	Festivals should represent the economic potential of the region (i.e. agricultural and industrial products, historical-cultural heritage etc.). For example, in the past the Tavush region was famous for the production of preserved food, cultivation of agricultural products and production of stone. The festival will attract local and foreign visitors, journalists, tour operators, state authorities. This will promote CBT development, open new markets for local products and reveal the overall economic potential, natural-cultural heritage and attract investment. The festival can be organized for example in the regional centres or other places, where there is a need to promote tourism or economic development. In terms of the Tavush region, this can be the regional center Ijevan, or Berd (Dilijan is already well known compared to the other areas and CBT is well developed there).

2. Strengthen the cooperation between Armenian and Georgian tour agencies and B&B owners, between the state authorities of two countries as well as between the Armenian B&B association and similar Georgian associations that promote CBT development.	Cooperation between tour agencies and guesthouse owners will attract more visitors and promote CBT development. This will increase the awareness regarding the guesthouses worldwide and among foreign tour agencies through online marketing since, in most cases, local tour agencies cooperate with foreign ones when organizing tours. The cooperation may also result in the organization of joint tours from foreign countries to Georgia and Armenia with the involvement of guesthouses. A partnership between the Armenian B&B association and similar associations in Georgia will create connections between guesthouses in the two countries and will give the opportunity to share experiences. Furthermore, B&B owners of both countries will have the chance to participate in training programs as in the case of the cooperation with Rhône-Alpes region. Joint exhibitions and festivals will facilitate the creation of bilateral relations between Georgian and Armenian counterparts.
3. Organize joint seminars on the topic of CBT development.	Joint seminars will help to exchange experience in CBT, especially among B&Bs both in the Kvemo Kartli and Tavush regions. This will help to create a link between the two regions, discover and resolve challenges that hinder CBT development. In some cases B&B owners had quite advanced knowledge and skills in hosting guests, and therefore could be engaged in experience sharing activities. In other cases, additional efforts are required to advance the skills among B&B owners and other players in marketing, utilization of online tools, and expanding on suggested services could improve the business and bring additional income.

Tourism value chain diagnostics



Conclusions and recommendations

General conclusions

Willingness to cooperate across the border and expectations from such cooperation

While initiating the baseline study, we had concerns that some of Armenian entrepreneurs would have reservations related to possible business cooperation with colleagues from the other side of the border, taking into account the ethnic composition of the Kvemo Kartli region. However, these assumptions did not materialize, and not a single interlocutor indicated unwillingness to cooperate. Moreover, the subject of ethnic composition came up a number of times, but never as a factor limiting the willingness or ability to establish business relations. In some cases, it was mentioned that there have been successful cases of cooperation with both ethnic Azeri and Georgians across the border, but this mostly referred to the Soviet period. Interestingly, one of the interviewees, a large-scale fruit producer, stated that the importance of increasing/establishing such cooperation is not only economic, but also political.

As for the expectations from cooperation, first and foremost, the representatives of all sectors were interested in opportunities to find new markets for their products. Another expectation that was frequently mentioned by our interlocutors, especially in the sector of fruit production and tourism, was experience sharing and peer-to-peer learning opportunities. Here however, it should be emphasized that some of interlocutors, especially ones in viniculture, expressed interest in learning opportunities from Georgian counterparts in general and did not take into account the limitation of the program to concentrate on Kvemo Kartli, which is not as advanced in grape production and wine making as some other regions of Georgia.

Far less commonly mentioned expectations were (a) opportunities to expand their business operations in the territory of Georgia, (b) generating new investments or making new investments in Georgia with the aim of establishing joint business enterprises.

Awareness about business opportunities across the border

Despite this frequently observed willingness to cooperate, it is safe to state that most of our interlocutors lack information about the economic opportunities available across the border. With the exception of the International Masis Tabak factory and some fruit producers, all of our interlocutors had a poor understanding of the economic conditions and market opportunities existing in Kvemo Kartli. These views were mostly shaped based on memories from Soviet times, assumptions/stereotypes regarding the region, while evidence-based conclusions were not frequent. This lack of information as well as the inability to collect such information independently was one of the most frequently quoted constraints in starting business activities in Kvemo Kartli. Therefore, the provision of correct, sector-specific information about all the main aspects (market demands and opportunities, main players, regulatory framework, costs and tariffs, etc.) should be a starting point of establishing cross-border economic cooperation.

The information gaps in various sectors are different, and therefore a differentiated approach should be adopted to fill them. For example, in case of textile/glove production, the development of a specific marketing plan and product promotion meetings focused on Kvemo Kartli and the rest of Georgia would add value to the program and potentially lead to long lasting cooperation. In case of the tobacco sector, in addition to improved marketing, an assessment is needed of the availability of a seasonal labor force to work on tobacco fields in Tavush region and potentially later in Kvemo Kartli. For a later component, a separate assessment might be needed to understand the quality of soil and crops in Kvemo Kartli, as well as the existence of labor skills required for tobacco production.

Properly prepared and well-facilitated experience exchange and study visits at the early stage of program implementation would enable the polishing of ideas and avenues of possible cooperation as well as the elimination of the ones that are not feasible.

Awareness of regulations, especially related to the EU and EEU

Similar to the previous section, most interlocutors (with the exception of the largest producers) admitted that they do not have enough information on the regulatory framework existing in their sector, especially the changes that were made as a result of Armenia's accession to the Eurasian Economic Union, let alone regulations existing in Georgia or the FTA/EU. It is clear that this gap should also be addressed by the program. However, here again a more efficient and productive option would be to have a differentiated approach for each sector and provide sector-specific information, despite the fact that some regulations are the same across the sectors. A joint session for all participants and separate workshops for each sector representatives might be an approach to solve this issue.

Sector-specific recommendations

In order to facilitate the design and implementation of the CED project, our baseline study has revealed a number of areas and action points to work on each of the selected sectors. All of these prescriptions are separately discussed in the sections dedicated to each of the sectors. However, to filter the sector-specific recommendations that are relevant and feasible from the point of view of the CED project, a separate table was constructed below.

Table 17. Sector-specific recommendations for CED

Sector	Recommendations[22]
Fruit production & processing	Agro-tours and experience exchange with Georgian vineyards and wineries
	Creation of a long-term and stable business relationship with Georgian input suppliers (mainly pesticides)
	Export promotion activities to utilize market opportunities in Georgia and beyond (i.e. EU)
Tobacco & cigarette production	Involvement of seasonal workers (especially located in the Tsalka region, Kvemo Kartli) at the tobacco plants in the Tavush region during the months of July-August when a human resource shortage has been reported.
	Agro-tours for Armenian tobacco experts/farmers to Georgia, in order to assess prospects and the possibility of tobacco cultivation in the Kvemo Kartli region
	In case of positive results, establishment of permanent business relations with Armenian cigarette producers and Georgian farmers
Textile Production (Gloves)	Although the factory has conducted an initial market study for the EU (France, Germany), a complete ***marketing plan*** with trade partners will boost this sector
	Promotional tours in Kvemo Kartli for large scale textile factory representatives to market cheap but high-quality glove products for the industrial & agriculture sectors of Kvemo Kartli
	Same recommendation for smaller size sewing companies to market the production of uniforms.
Community based tourism (CBT)	Cooperation between tour agencies and guesthouse owners to attract more visitors via joint tours in both regions/countries.
	A partnership between the Armenian B&B association and similar associations will create an opportunity for experience sharing and learning.
	Organization of periodic regional festivals to

22 In order not to make the content redundant, only brief versions of the recommendations are presented here. More detailed versions can be found in the sections dedicated to each sector.

	represent the economic potential of regions that will boost CBT

General recommendations and suggestions on the possible design of program interventions

Since there are a number of broad recommendations that are more or less relevant for all four sectors, the aim of this part is to suggest some ideas and directions for designing program interventions that will reflect the needs and opportunities revealed during the baseline assessment.

"Products and services of Tavush & Kvemo Kartli" Festival

As the result of the baseline study, a good understanding was formed of the economic potential of both regions as well as the main areas of interest and key players. To build on these insights, and to launch the project, a festival can be organized to host key potential partners and represent all the main products and services that are available for wide consumption in both regions. This will enable the establishment of initial relations among the potential stakeholders of the program in a friendly and warm atmosphere. In terms of logistics, as well as to maximize the size of the audience, it will be more feasible to organize one such festival in the Tavush region and one in Kvemo Kartli, each being two or three days long.

Within the scope of these festivals, each of the selected sectors will have a chance to present its achievements, plans and needs, albeit differently. In case of sectors that are concentrated around one or two players (textile, tobacco production, mining etc.), these presentations can be scheduled at specific times, to be followed by one-on-one meetings with potential partners. In this case, the chances will notably increase of representatives of large-scale businesses being present at the event.

Other sectors that unite many players, and provide products and services for mass consumption (fruit production and processing, wine production, guesthouses and tour operators, sewing companies, etc.) can present their activities during the whole duration of the festival. Moreover, in the case of community-based tourism, these festival(s) will add more value since participants can be hosted by the selected guesthouses as well as get acquainted with the notable local sites and tourist attractions.

Another benefit of hosting all the main potential partners in the same venue is the ability to talk about the program as well as conduct on-the-spot workshops to increase knowledge about the existing regulations across the sectors and countries. Filling this gap of knowledge is instrumental to the success of the program and should be addressed regardless of the time and place. However, if such an educational component is completed at the beginning of the program/ during festivals, it will facilitate (a) savings in organizational costs, (b) the involvement of a larger number of participants and (c) an increase in the awareness of opportunities at the initial stage of the program.

In addition, and in case there are no time constraints, separate thematic workshops for the selected sectors could also be organized. The following topics could be targeted:

- development of community-based tourism, online marketing and the secrets of hospitability,
- potential of offering joint tour packages covering Tavush & Kvemo Kartli (and beyond),
- opportunities to expand fruit production and sales in Kvemo Kartli and Tavush,
- feasibility of exchanging seasonal farm workers and leasing of farming equipment/machinery,
- opportunities of joint promotion and branding of certain products abroad (for example promotion of "Caucasian" dried fruits/wines/cuisine/join itineraries for tourists etc.).

The core factors for success of such festivals are the following:

- Each of these festivals should last around 2-3 days in each location, which will enable not only a larger number of participants but will also provide enough time to run awareness sessions and thematic workshops;
- Proper preparation of the event in all aspects, starting from such things as the selection of a suitable venue and timely invitations, and ending with engaging design and informative content;
- Participation of the companies and individuals with the greatest potential to contribute to the event and establish lasting cooperation. Therefore, it is important to plan the events well in advance and get initial confirmation from core stakeholders on the date and venue of the festival;
- Taking into account the beneficial potential of the event for the local economy, the necessity of economizing on programmatic costs, and most importantly the ability to contribute to the success/failure of such initiatives, it might also make sense to engage representatives of the local authorities starting from the initial stage of planning.

Study tours to explore the opportunities on the spot

As a result of the successful organization of the festival(s), certain ideas and suggestions will be generated among the participants. In order to encourage further work on those ideas, participants of the program should be given an opportunity to have another round of on-the-spot meetings with potential partners across the border.

In ideal circumstances, the organization of such on-the-spot visits would be subject to the ability of potential partners to submit a concise plan/concept that would explain and justify such meeting/tours, making them more productive and focused. However, it is highly unlikely to be common practice for participants to submit such plans. This is why the program team should be ready to substitute and take the lead in designing and organizing sector-specific tours and meetings.

For this purpose, it will be crucial to generate and enlist all the core questions that should be addressed during the tours.

Targeted consultations on specific topics

It is already clear at this point that that the answers to certain questions with the potential to contributing to long-lasting and large-scale economic cooperation will probably require more in-depth knowledge and expertise, and therefore cannot be tackled by just establishing relations during festivals or study visits. For example, with regard to expanding tobacco production in the Kvemo Kartli region in order to meet raw material demands of Armenian tobacco companies, an assessment of the quality of soils and labor skills will be required. Another example is related expanding the exports of industrial gloves to Georgia and to gain access to the EU market. Although there is a high interest in this, a separate detailed study of Georgia and EU market demands might be required before designing program activities. In case such needs appear, the program team should be able to address those by providing high quality expertise on specific topics.

Establishment of a virtual platform

In order to be able to effectively communicate with stakeholders, share information and contacts, as well as establish long-term relations and monitor the evolution of those relations, the creation of an online, low cost but regularly updated and well-maintained virtual platform should be considered. In case these conditions are met, this platform will certainly assist the program team in achieving their goals and monitoring success. This platform might serve both as a repository for general and sector-specific information, as well as a database of local entrepreneurs' profiles, with details on their products, capacities and contacts.

It is worth considering the creation of a separate section in this platform specifically designated for stakeholders with program-related information relevant to them, and another section open to the public where both awareness raising materials will be placed as well as the profiles of selected sectors and entrepreneurs will be visible. The former will help increase the scope and number of beneficiaries, and expand beyond selected regions; the latter will open up investment and collaboration opportunities for the program stakeholders.

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Annexes

Annex 1. Topic guides for in-depth interviews

Topic Guide 1 (General)

Intro:
We thank you for your readiness to participate in our study. We are doing a baseline study on Cross–Border Economic Development between the Tavush region & Kvemo Kartli and are interested in learning about your perspective on the possibilities of improving this cooperation, especially taking into account that Armenia & Georgia have adopted different approaches in terms of economic integration with different international systems, thus getting access to two different large markets.

Our project is supported by the EU-funded Eastern Partnership Territorial Cooperation.
We would like to ask for your permission to record our conversation since it will be much easier for us to work with the material. In addition, we want to notify you that we are not going to use direct quotes from you and your name will not appear in the published report. Most importantly, we want to ask you to be very open and honest in your answers since our main goal is to learn about the existing situation.

1. **General information about activity, including details for VC mapping**

1 Let's start the conversation by briefly describing your main economic activities. What are your main types of products/services? How long have you been engaged in this sector?
1.1.1 What is the legal status of your organization? How many people are employed by your business? How many of them are full-time, how many part-time?
1.2 What are the main organizations, individuals that play a crucial role in your business (supply, sales, etc.). Who are the main players/value chain actors in your sector, what are their contributions/functions? Indicate names/ possible contacts -
1.2.1 Input suppliers
1.2.2 Production/capacity
1.2.3 Market players/competition
1.2.4 Sales (share of export in total production, main destination of export)

2. **Challenges and opportunities, including the ones related to EEU-EU integration**

2.1 How would you describe the overall existing environment from the point of view of conducting business, particularly in your sector?

2.1.1. What are the main challenges and achievements in running your business? Please elaborate separately on existing formal regulations in relation to taxes, customs, standards as well as their real implementation at the national and local levels.

2.1.2. Access to finance (banks, microfinance organizations);

2.1.3. Governmental support (extensions, private sector development programs);

2.1.4. Capacity building providers (NGOs, private sector actors).

2.2 During the last year or so Armenia/Georgia has signed documents that would facilitate doing business with the EEU/EU. How has it affected your business, if at all?

2.2.1 Are you aware of existing regulations, particularly in relation to taxes and customs, new standards etc.? How have they have changed and what is their impact on your business?

2.2.2 What kind of challenges and opportunities do these developments provide in relation to your business? Could you provide specific examples?

2.2.3. Have you ever thought of or even tried to make use of these opportunities? If yes, how? If not, why?

3. Economic cooperation across the borders (Kvemo Kartli-Tavush)

3.1 Since we are interested in exploring economic development activities across the border, we would like to learn if you are engaged in such interaction. If yes, please specify what kind of cooperation you have with Georgians/Armenians? If no, please indicate the main reasons.

3.2 Do you want to cooperate with Armenian/Georgian businesses? If yes, in what areas?

3.2.1 Are you interested in attracting investment from Armenia/Georgia? If yes, in which areas?

4. Recommendations/ideas

How could you benefit from the changed reality and how could existing challenges be overcome? In other words, how could you improve your business, what are the main gaps and how they could be closed?

Topic Guide 2 (Community based tourism)

Intro:

We thank you for your readiness to participate in our study. We are doing a baseline study on Cross–Border Economic Development between the Tavush region & Kvemo Kartli and are interested in learning about your perspective on the possibilities of improving this cooperation, especially the area of tourism.

Our project is supported by the EU-funded Eastern Partnership Territorial Cooperation.

We would like to ask for your permission to record our conversation since it will be much easier for us to work with the material. In addition, we want to notify you that we are not going to use direct quotes from you and your name will not appear in the published report. Most importantly, *we want to ask you to be very open and honest in your answers since our main goal is to learn about the existing situation.*

1. How long have you been living in this community? What is your occupation?
2. How important is tourism for your community? Does tourism create any new markets for local products? Has tourism brought more advantages or disadvantages to the community and region so far? Does tourism bring benefits/revenue to the community? In what way and approximately how much?
3. Does tourism have any deteriorating effects (e.g. tourists tend to worsen the environment or infrastructure (pollution), (the question is related to foreign tourists mainly, not local)?
4. What is the average monthly income of the people living in your community? How different is your income from it?
5. Do you provide any services or products to tourists (e.g. guide, shop, accommodation, cooking, transport, restaurants? If yes, please specify what kind of products or services?
6. Does the quality of your life change for the worse or for the better because of tourism? Why?
7. What are the main challenges that hinder tourism development in your community/region?
8. Are you aware of any important decisions about tourism development related to your community? If yes, please specify. If No, why not?
9. In your opinion, which organizations and institutions are responsible for tourism development in the region? What are the roles of each of those institutions? Do they fulfil their roles? Do tourism-related organizations and institutions communicate across various fields to address immediate or long-term issues or both?
10. Do local & regional authorities organize meetings relating to tourism development in different communities and do representatives from these communities participate in them?
11. From which countries are the visitors/tourists? Do you have many tourists coming from Georgia, and especially from Kvemo Kartli? If yes, what is the main purpose of their visits?
12. Do you, in any way, cooperate with Georgian travel agencies, particularly with agencies in Kvemo Kartli? Do you have any joint tours, i.e. tourists who visit both Georgia and Armenia?
13. In your opinion what steps should be taken to develop tourism between the Tavush and Kvemo Kartli regions?

Annex 2. List of interviewees

	Name	Surname	Position	Community	Gender	Date
1	Andrey	Ghavalyan	Farmer, grape	Verin Karmir	male	27-Dec
2	Qalantar	Qalantaryan	Deputy village Mayor/grape farmer	Choratan	male	27-Dec
3	Gor	Abrahamyan	Village Mayor	Norashen	male	13-Dec
4	Varuj	Baghmanyan	Village Mayor	Choratan	male	14-Dec
5	Hovsep	Ananyan	Employee of Tavush Textile	Choratan	male	27-Dec
6	Mikael	Ezekyan	Director of Tavush Textile	Choratan	male	27-Dec
7	Aram	Nigoyan	Village Mayor	Navur	male	12-Dec
8	Gor	Abrahamyan	Village Mayor	Norashen	male	13-Dec
9	Artur	Ohanjanyan	Grand Tobacco	Yerevan	male	19-Dec
10	Khachik	Shekikyan	"Masis Tobacco" LLC	Yerevan	male	24-Dec
11	Artur	Hovhannisyan	Village Mayor	Tavush	male	29-Dec
12	Ararat	Edigaryan	Tobacco farmer	Noyemberyan	male	18-Dec
13	Kamo	Baldryan	Director of "Masis Tobacco" Varagavan collection center	Tavush	male	26-Dec
14	Rima	Manucharyan	Tobacco Farmer	Tavush	female	26-Dec
15	Anahit	Alaverdyan	B&B "Anakhit"	Ijevan	female	18-Dec
16	Gagik	Engibaryan	B&B "Kamar"	Ijevan	male	18-Dec
17	Susanna	Eghiazaryan	B&B "Arciv"	Dilijan	female	27-Dec
18	Nunufar	Xazaryan	B&B Dilli Villa	Dilijan	female	27-Dec
19	Aram	Mayilyan	B&B Utik	Berd	male	27-Dec
20	Erik	Baghdasaryan	Expert of Poverty Reduction Program, Armenian Relief Fund	Yerevan	male	22-Dec
21	Lusine	Smbatyan	Director of the Armenian B&B Association NGO	Yerevan	female	25-Dec
22	Mekhak	Apresyan	Head of tourism department of the Ministry of Economy	Yerevan	male	23-Jan
23	Aramayis	Abovyan	Head of Koghb village	Yerevan	male	29-Dec
24	Narine	Chagharyan	Sewing company	Ijevan	female	12-Jan
25	Ruslan	Antonyan	Berry gatherer/farmer	Ayrum	male	13-Jan
26	Merujan	Davtyan	Farmer/ Viniculture, dried grapes	Archis	male	14-Jan
27	Spartak	Zakharyan	Farmer/Horticulture/Peach, French plum, pistachio	Haghtanak	male	15-Jan
28	Karapet	Barseghyan	Tobacco Farmer	Koghb	male	15-Jan
29	Artavazd	Yeganyan	Tourist agent , Zikatar, (resort)	Koghb	male	15-Jan
30	Vigen	Hovhannisyan	Dry fruit production	Bagratashen	male	26-Dec
31	Samvel	Gasparyan	Fruit resell	Noyemberyan	male	27-Dec
32	Vardan	Azatyan	Manager, Production of wine, brandy, and fruit vodka	Berdavan	male	27-Dec

33	Atom	Yegoryan	Ijevan Wine Brandy factory	Ijevan	male	29-Dec
34	Vardan	Zurabyan	Farmer/ Viniculture 1	Berdavan	male	28-Dec
35	Sergo	Manucharyan	Farmer/Viniculture 2	Aygehovit	male	29-Dec
36	Manuk	Harutyunyan	Farmer/Horticulture/Peach 1	Bagratashen	male	26-Dec
37	Armen	Gabrielyan	Farmer/Horticulture/Peach 2	Bagratashen	male	26-Dec
38	Arman	Chilingaryan	Berry gatherer/farmer	Jujevan	male	28-Dec
39	Vardan	Jilavyan	Tobacco Farmer	Haghtanak	male	27-Dec
40	Ashot	Ghalumyan	Tourist agent	Ijevan	male	28-Dec
41	Hayk	Azatyan	Tourist agent (B&B)	Koghb	male	28-Dec
42	Karen	Gishyan	President, Kar Art LLC	Ijevan	male	28-Dec
43	Pashikyan	Taron	Director, Ayrum Artadramas OJSC	Ayrum	male	27-Dec

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Baseline Study Report: Kvemo Kartli Region

Opportunities for increasing cross-border economic development between the Kvemo Kartli and Tavush regions: the Georgian perspective

List of abbreviations

AA	Association Agreement with EU
ACDA	Agriculture Cooperatives Development Agency
APMA	Agricultural Projects Management Agency
CIS	Commonwealth of Independent States
DCFTA	Deep and Comprehensive Free Trade Area
EDA	Entrepreneurship Development Agency
EEU	Eurasian Economic Union
ENPARD	European Neighbourhood Programme for Agriculture and Rural Development
FDI	Foreign Direct Investments
FIZ	Free Industrial Zone
FTA	Free Trade Agreement
Geostat	National Statistics Office of Georgia
GDP	Gross Domestic Product
GSP	Generalized System of Preferences
REAP	Restoring Efficiency to Agricultural Production
USAID	United States Agency for International Development
VAT	Value Added Tax
WTO	World Trade Organization

Executive summary

Georgia is located on the gateway between Europe and Central Asia. Around 60% of all types of overland international freight throughout are items in transit. Georgia has great potential for better integration and the development of the region.

Geographic proximity, cultural connections and similarity in marketplaces make Armenia and Georgia natural trading partners. With Armenia's borders to Azerbaijan and Turkey closed, Georgia has become the main transit route for Armenian goods heading to Russia, Turkey, Europe and the world. Georgia benefits from preferential access to Armenian markets and from the transportation of Armenian goods and oil across its territory.

The FTA between Georgia and Armenia dates from 1995 with the initial set of CIS agreements. In recent years, the improvements in road infrastructure connections led to an increase in turnover between the two countries. Georgia is one of the major transport corridors for Armenia's external trade. Georgia's railway and road connect Armenia to the Georgian Black Sea ports. Besides, through Georgian territory, Armenia is connected to the Russian Federation. Armenia historically has been an important trade partner for Georgia. During the last decade, Armenia has been one of the top destination countries for Georgia's export.

The Kvemo Kartli region consists of 7 administrative units - 6 municipalities (Bolnisi, Gardabani, Dmanisi, Marneuli, Tetri Tskaro and Tsalka) and one city (Rustavi). According to preliminary results from 2014 of the General Population Census of Georgia, the population of Kvemo Kartli is 424,769 persons, which is 11.4% of the total population of Georgia.

Kvemo Kartli is rich in natural resources. In the Soviet period, the region had developed heavy and light industry, agriculture and a processing/manufacturing industry. By December 2015, there were 4,661 active business enterprises in Kvemo Kartli (6.4% of total active enterprises in Georgia). The top Georgian mining and heavy industry companies are located in Kvemo Kartli.

The Business Statistics Sample Survey, conducted by Geostat, identifies some (not all) manufactured items produced in Kvemo Kartli. The incomplete list of manufactured products (listed by ranking) is the following: ammonium nitrate, re-bar, electricity, copper concentrate, flour (wheat), precious metals (gold), silicon manganese, cement, cement clinkers, eggs, PET bottles capsules, poultry meat, steel pipes, pet food, bread and bakery, asphalt-concrete, plastic containers, tomato paste, gypsum, cheese, wall blocks, lime, non-ferrous metal crowns, plastic and metal doors, windows, frames, door sills, shutters, blinds and similar articles, sausages, oxygen, vegetables, pasta, ammonium sulfate, steel - concrete structures and objects (wells, sewer lids, and similar articles of iron and concrete), wooden doors – windows, bred fish, salted or in brine, smoked fish, office furniture, carbon dioxide, milk and dairy products, etc.

Since more than 62% of population in Kvemo Kartli is rural, an understanding of the economy of the region is essentially dependent on an understanding of the agricultural sector. Cereal and vegetable growing, as well as animal husbandry are the priorities for the region's development.

Kvemo Kartli is the leading region in Georgia in the average yields of potato, haricot beans, melons and annual grasses. Kvemo Kartli is an absolute leader in the production of eggs among Georgia's regions.

The objective of this study was to describe the market opportunities and challenges for cooperation between the Kvemo Kartli region in Georgia and Tavush region in Armenia. The study also aimed to identify areas that might be interesting for the development of trade relations between the regions and to further investigate these areas.

The focus on agriculture and agribusiness is common for a country like Georgia and region like Kvemo Kartli where agriculture remains the primary business for households and largest employer. The same should apply to the Tavush region of Armenia. Therefore, processing of agricultural products is more likely one of the key areas of cooperation between these bordering regions. Eggs, meat, milk, potatoes and vegetables, some fruits and vegetable products (tomato paste, pickles, sauce, jams, salads, etc.) are the products Kvemo Kartli region needs to encourage to export.

The big exporting companies of Kvemo Kartli produce and export copper, gold, steel, re-bar, steel pipes, ferro-silicon manganese, ammonia, nitric acid, ammonium nitrate and sulfate, sodium cyanide, semi fabricate pet-preforms. Some products are in the list of top exported products to Armenia (cyanide).

Based on the baseline study, the priority sectors for further investigation and analysis have been identified. Those sectors are: **agriculture and food processing, manufacturing of chemical products, metallurgy and manufacturing of basic and fabricated metals, manufacturing of construction materials.** Companies for the sample were listed according to their turnover. The total number of companies participating in the survey was 48.

All respondents of the survey indicated that they produce lower (some of them much lower) than their production capacity. New business relations may lead to increase of demand and the volume of production. More than half of the respondents listed new business relations and the purchase of new machinery as business improvement opportunities.

38 companies out of 48 don't have business relations with Armenian counterparts. 33 companies want to cooperate with Armenian companies and 16 want investment from Armenia.

Only 4 companies export to Armenia. The list of products exported to Armenia is as follows: steel construction materials, steel pipes, armature, lime, ammonium, cyanide, ammonium sulfate, nitric acid, oxygen, poultry.

30 companies want to export to Armenia but only 6 know about the preferential trade regime of Armenia. More information flow between companies in the two regions is needed.

33 companies import investment goods from abroad and only 1 company imports it from Armenia.

The main recommendations based on the study and survey are following:

- Develop an information campaign for improving awareness among local companies in order to help these companies know about existing preferential trade regimes such as DCFTA, GSP, FTA;
- Improve relations between companies in Armenia and Georgia. Assist companies in establishing direct contacts with counterparts in the neighboring country;
- Set up the channels of information exchange between two neighboring countries. Information exchange should concentrate on investment opportunities, prices, availability of some investment goods and preferential trade regimes in each country.

Methodology

This study was conducted within the framework of the "Cross-border Economic Development" (CED) project implemented by the Georgia-based Civil Development Agency (CiDA) in partnership with the Armenia-based Support for Noyemberyan (SFN) and the Northern Branch of Eurasia Partnership Foundation (NB EPF). The CED project is implemented within the EU-funded Eastern Partnership Territorial Cooperation (EaPTC) project.

The goal of the CED is to improve the living conditions of bordering communities in Georgia's Kvemo Kartli and Armenia's Tavush regions. This goal will be achieved through a) strengthening cross-border cooperation between the Kvemo Kartli and Tavush regions by attracting investments; b) strengthening cross-border cooperation between Kvemo Kartli and Tavush regions by increasing transactions between business entities from both regions; and c) informing business entities in target regions about cross-border investment and trade opportunities, focusing on exploring new opportunities arising from Georgia's Association Agreement with the European Union (EU) and Armenia's membership in the Eurasian Economic Union (EEU).

The study consists of two stages: desk research and field work. The desk research generally describes Georgia's economy, trade, taxation and regulations related to the trade regime, as well as investment and business enabling environments. External trade statistics between Georgia and Armenia give a clear picture about the trade volume between the two countries and the list of top exported goods from Georgia and top imported goods from Armenia.

The most significant part of the study refers to the Kvemo Kartli region and assesses its economic potential. This part of the study concentrates on the most developed sectors of the region, including the data on Kvemo Kartli's contribution to national value added formation. Special attention has been paid to agriculture as a primary sector for employment and income distribution for local households.

The study emphasizes the number of active companies in the region and the list of manufactured products by these companies. It also identifies the priority sectors for further investigation and analysis followed by the sample of the survey and the list of Kvemo Kartli's exporting companies. The sample includes all exporting companies and other potential companies from the selected sectors. These companies are ranked by turnover.

The survey aimed to map value chain actors in the selected sectors, including the list of products, production capacities, export-import directions, challenges and the needs for future development. The total number of companies that participated in the survey was 48 (22 large, 8 medium and 18 small. The survey also explored prospective business linkages and investment opportunities between the two neighboring regions. The survey results and analysis are provided in annex 2.

Background

Georgia is a small, lower-middle income developing country, geographically located in the Southern Caucasus, bordering on the Black Sea to the West, with Russia to the North and Turkey, Armenia and Azerbaijan to the South and East. The country covers a territory of about 69,700 km² and its population is 3.7 million (2014 General Population Census). Since gaining independence in 1991, following the break-up of the former Soviet Union, Georgia had a period of dramatic social, economic and political change. In the four years following the Rose Revolution in 2003, the Government undertook significant governance, economic and social reforms, with impressive results.

The following reforms have been conducted by the Government of Georgia: fighting corruption, tax reforms, reforms in customs and trade policy, deregulation of economy, reduction of number of licenses and permits, privatization, improvement of public services, improvement of budget policy, price liberalization, legal framework etc. Through anti-corruption legislation, effective law enforcement and free access to online registries, the Georgian economy promotes transparency and reduces the bureaucratic burden.

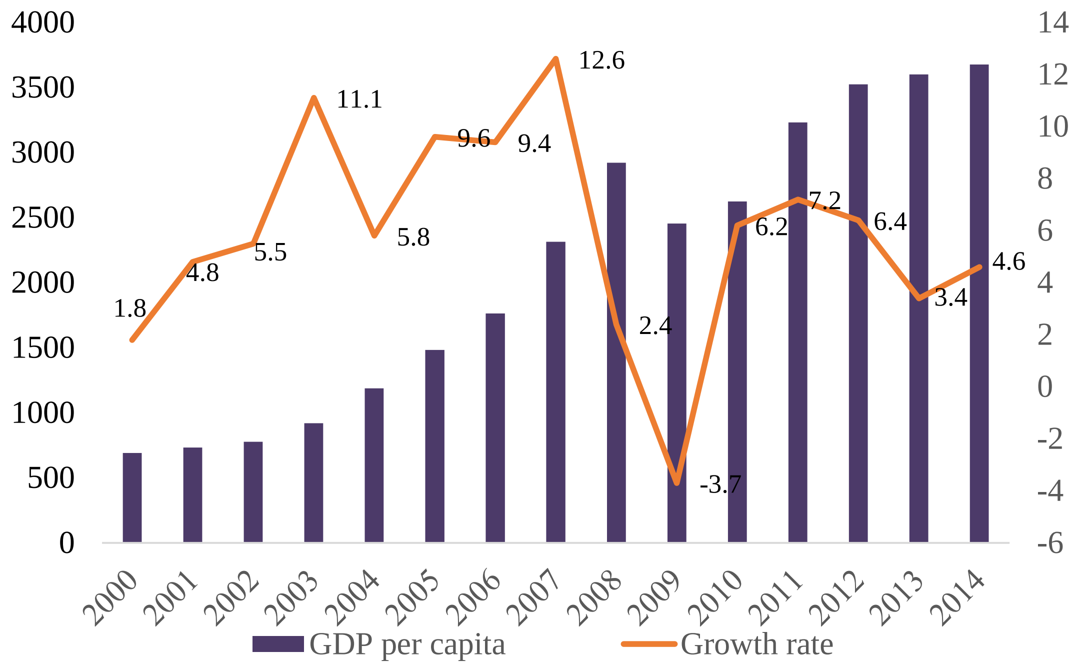
The country's impressive progress in improving business climate has been well documented in a number of international indices. Georgia has shown significant improvement in the World Bank Doing Business ranking, from 112 in 2005 Georgia reached 15th place by 2015 in the overall ranking. At present, Georgia's international rankings are following:

- BB-/BB-/BB – Standard and Poors, 2014
- 80th place (out of 142 countries) in the Legatum Prosperity Index, 2014
- 52th place (out of 177 countries) in the ranking of Transparency International's Corruption Perception Index, 2014
- 69th place (out of 144 countries) in the ranking in the Global Competitiveness Index of the World Economic Forum, 2014-2015
- 15th place (out of 189 countries) in the ranking of World Bank's Ease of Doing Business, 2014
- 22st place (out of 178 countries) in the ranking of Heritage Foundation's Economic Freedom Index, 2015

As a result of the conducted reforms and a large amount of capital inflow, in 2007, the GDP growth rate reached 12.6% and Foreign Direct Investments (FDI) reached 2 billion USD (19.8% of GDP).

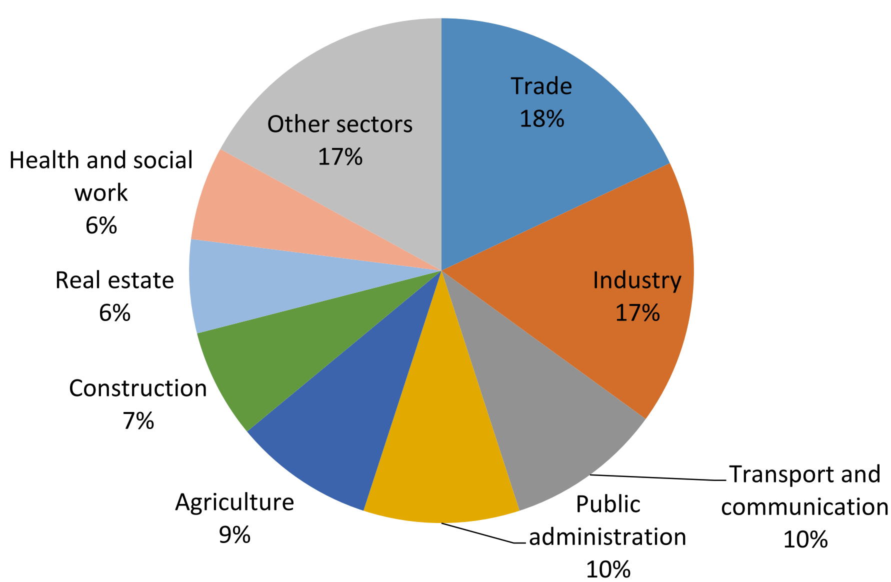
Figure 1 shows the GDP real growth rate and GDP per capita from 2000 to 2014. Figure 2 shows the composition of GDP in 2014.

Figure 1. GDP per capita (USD) and real GDP growth (%)



Source: National Statistics Office of Georgia (Geostat)

Figure 2. Structure of GDP (%), 2014

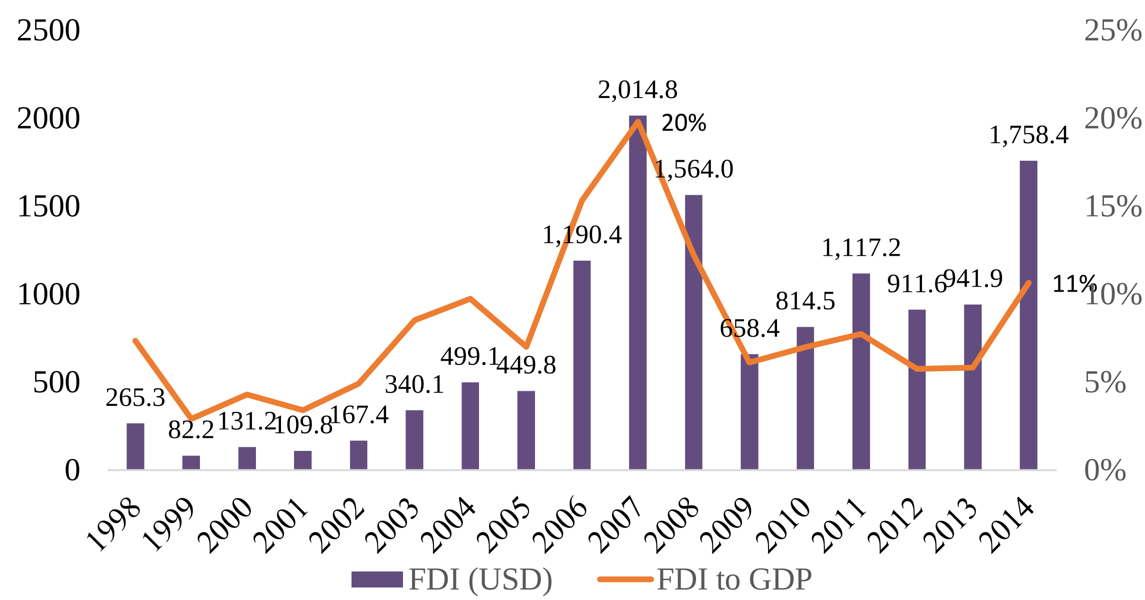


Source: Geostat

FDI shrank after the global financial crises in 2008-2009 and the Russian-Georgian military conflict in 2008. In recent years, FDI has increased in Georgia and in 2014, the volume of FDI was

1.7 billion USD (10.6% of GDP). Georgia is considered as essentially a corruption-free investment destination.

Figure 3. FDI in millions (USD) and as a percent of GDP



Source: Geostat

Trade

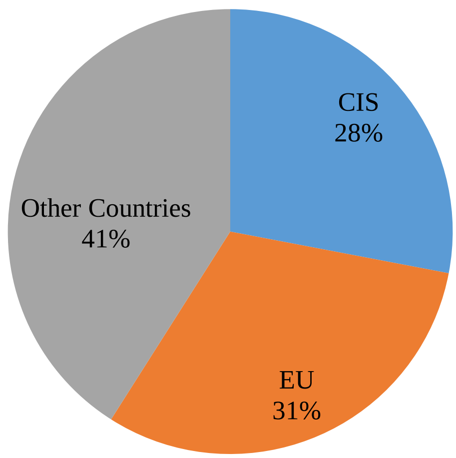
Georgia's liberal trade regimes provide investors with a favorable opportunity not only to access the country's 3.7 million residents, but the wider regions' markets. With free trade agreements (FTA), Georgia has access to a 900 million market that is not subject to customs tax. In June 2014, Georgia signed an Association Agreement (AA) with the EU and the Deep and Comprehensive Free Trade Area (DCFTA) agreement is the part of AA. The DCFTA came into force in September 2014 and is intended to liberalize trade between Georgia and the EU by lowering tariffs and reducing non-tariff barriers. Under DCFTA, all customs duties are eliminated on goods originating from Georgia, except for the products listed in the annex II to the agreement, which sets out the limits of the tariff rate quotas.

The DCFTA envisages three types of exceptions to free trade: 1) free trade within the limits of the tariff quotas and the only product included in this category is garlic; 2) products that are still subject to entry price but for which the ad valorem component of the import duty is eliminated. In this case, entry price will be fixed and the duty shall not be dependent on volume of exported goods. Those products are tomatoes, cucumbers, sweet oranges, apples, pears and grape must. None of the below listed products currently enter the EU market (except for grape must), the share of these particular product categories is substantial in the total agricultural exports of Georgia - around 20 percent of total exports; 3) products that are subject to anti-circumvention (anti-fraud) mechanisms. These products are beef, pork and lamb, poultry meat, dairy products, eggs, cereals, sugar, mushrooms etc.

To date, Georgia has signed FTAs with Commonwealth of Independent States (CIS) countries that include Ukraine, Belarus, Moldova, Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan and Turkmenistan, as well as its neighbors, Turkey, Azerbaijan and Armenia. In addition, Georgia started negotiations on FTA with China. Georgia has General Schemes of Preference (GSP) with the US, Norway, Switzerland, Canada, and Japan.

In addition, Georgia is a member of the World Trade Organization (WTO) since 2000.

Figure 4. Georgian export by country groups (%), January-November, 2015



Source: Geostat

Taxation

Georgia is the one of the least tax burdened countries in the world. Out of 21 taxes in 2004, only 6 flat taxes exist today.

Non-residents and tax resident individuals are subject to Georgian income tax only on income received from Georgian sources. An individual is considered to be a resident of Georgia for personal income tax purposes if he or she is present in Georgia for more than 183 days in any 12-month period ending in a tax (calendar) year. Personal income tax rate is 20% in Georgia.

Legal entities incorporated in Georgia are normally treated as tax residents and are taxable on their worldwide income. Legal entities incorporated abroad are normally treated as foreign tax residents ("non-residents") and are taxable on income from Georgian sources or income from performing business activities through their permanent establishment in Georgia. Profit tax is imposed on profits earned by Georgian and foreign enterprises. Georgian enterprises are taxed on profit, which is determined as gross income from economic activities less allowable deductions, at a flat rate of 15%.

The object of Value Added Tax (VAT) taxation is a taxable transaction or a taxable import. A taxable transaction is a supply of goods/services, including those supplied or rendered on a gratuitous basis, if they are considered to be carried out in the territory of Georgia. Taxable transactions do not include supplied goods/services outside Georgia. The VAT rate applicable in Georgia is 18%, referred to as the standard rate, which is applied to most goods/services. Certain transactions are exempt from taxation. There are two types of exempted transactions: with VAT input and without VAT input rights. The export of goods is exempted with VAT input right, while import of certain medicines, passenger cars, publications, mass media and baby products are exempted without input VAT right.

All physical and legal persons producing excisable goods in the territory of Georgia, or importing excisable goods are subject to excise taxes. Since excise duty is an indirect tax, any excise duty paid in connection with exported items produced in Georgia may normally be refunded to the exporter. Excise tax is imposed on wine, beer and liquors (whiskey, vodka, etc.); cigarettes and other tobacco products; cars; natural gas, oils, oil distillates, and other products produced from oil and bituminous minerals.

The property tax is a local tax and consists of the land tax and property tax of individuals and enterprises. Local self-government bodies are entitled within their authority to establish local taxes in the respective territory within the maximum limit stipulated by the Tax Code. Property tax rate is between 0.05-0.2% of the fair market value of the property that is located in Georgia if the individual's family worldwide income will be from GEL 40,000 to GEL 100,000 during the reporting calendar year. If, however, such annual income exceeds GEL 100,000, the tax rate will be between 0.8-1%.

Georgia has one of the most liberal import duty systems in the world, with an average weighted import duty rate of 1.5%. The Tax Code regulates the taxation of the import of goods. Customs duties are payable upon the release of goods by Customs officials. Before 2007, Georgia had 16 different import duties. At present, goods transferred through the customs of Georgia are subject to import tax at the rates 0%, 5% or 12%. 90% of all imports pay 0% duty. The import tax depends on the type of goods being imported. Goods imported into Georgia are subject to VAT in accordance with the Tax Code. As mentioned above, the rate of VAT is 18% of the value of the imported goods. Excise tax is applicable to goods transferred through Georgian customs in accordance with the Tax Code. Georgia has no quantitative restrictions (quotas) on trade (except on ozone-depleting substances). Only medical products, firearms, explosives, radioactive substances, dual use goods, industrial waste, and a few types of agricultural chemical products are subject to import/export licensing. At a minimum, imports require a declaration, an invoice, and transport documentation. The Customs Code of Georgia does not require financial guarantees from importers to Georgia prior to the customs clearance, except for temporary entry of goods.

Georgia has double tax treaties with more than 50 countries, which generally follow the OECD Model Tax Convention on Income and on Capital.

In terms of border control, all foreign travelers to Georgia enjoy highly accessible and service-oriented customs policies and administrative protocol. The average time for customs clearance is currently 15 minutes – one of the fastest and the most efficient in the region.

Special Taxation and Investment Regimes

As part of efforts to attract international investment capital and investors searching for a high rate of return, the Government of Georgia decided to create free industrial zones (FIZ) in Georgia. The FIZ offers extended tax benefits as well as operational simplicities to the companies based in the zone. Businesses registered in the zone benefit from relatively cheap and skilled Georgian labor, lower taxes, and easy access to the sea.

Special Trading Companies have been introduced to encourage the development of trade transit function within Georgia. A Special Trading Company is an enterprise that, for the purpose of exemption from profit tax envisaged under the Tax Code of Georgia, has been granted the status of special trading company. A foreign entity that renders its economic activities in Georgia through its permanent establishment has the right to be granted the status of a Special Trading Company and register a separate permanent establishment only in case the permanent establishment renders the activities of the Special Trading Company envisaged by the Tax Code.

In addition, an international financial company is a financial institution that on the basis of the application by its authorized representative is granted the status of an international financial corporation, and a certificate proving this status is issued. Moreover, an international financial company is established outside the free industrial zone. As the primary objective of the international financial companies is to serve the offshore companies in the least costly way, they benefit from certain tax exemptions as provided in the Tax Code. Besides this, the status of tourist enterprise has been introduced to encourage development of tourism sector of Georgia. A tourist enterprise is a legal entity which builds hotels, supplies hotel assets in full or in part to another person in order to return them in the form of rent and makes buildings operate as hotels according to the conditions of a tourist enterprise as envisaged by Georgian legislation.

For taxation purposes, individuals may obtain a special status of Micro Business and individual entrepreneurs – the status of Small Business. A Micro Business is exempt from personal income taxation. In order to obtain the status of a Micro Business, entrepreneurs should carry out economic activities independently without hiring employees, and should receive annual gross income up to 30,000 GEL, should maintain an inventory balance up to 45,000 GEL, should undertake activities that are not banned for Micro Business as defined by the Government. Small Business is liable for personal income tax at a 5% rate of total gross income. For obtaining the status of a Small Business, entrepreneurs should receive an annual gross income from economic activities up to GEL 100,000, should maintain an inventory balance up to GEL 150,000, should not be a registered VAT payer, should undertake activities that are not banned for Small Business as defined by the Government, should use a cash machine and should not have been penalized for not using the latter more than 3 times during a calendar year.[23]

Transit Potential

Georgia is located on the gateway between Europe and Central Asia. Around 60% of all types of overland international freight consist of items in transit. Georgia has great potential for better integration and the development of the region. During recent years, Georgia rapidly developed its road infrastructure. FDI inflows in the logistics sector have primarily targeted the transport infrastructure. Besides, in addition to the existing sea ports, the Georgian Government has started to work on the new Black Sea port project.

The Baku-Tbilisi-Kars Railway is a new corridor that will connect the Azerbaijani, Georgian and Turkish railways. Project implementation began in 2007 and construction began in 2008. It foresees the rehabilitation and reconstruction of the 178 km-long railway between Marabda and Akhalkalaki and construction of a new railway from Akhalkalaki to the Turkish border. This project will effectively open a new rail-only corridor from the Caspian Sea to Europe via Turkey, eventually excluding the need for sea transportation once the planned rail tunnel under the Bosphorus Strait in Istanbul is complete. The project could also open a North-South rail corridor linking Russia to Turkey. This line will transport both freight and passengers and is expected to provide an alternative freight transport route to routes that transit through Iran. Management believes this line will be an important driver of future incremental transport volumes, particularly container cargo, although, as it is a new route, it is believed it may take time to attract significant volumes. The construction should end by November 2016.

Licensing

Through reforms, the total number of licenses and permits was reduced by 86%. After the reforms, 30 days are necessary for issuing licenses and 20 days for issuing permits. The “Silence is consent" policy means that a permit or license is automatically granted if no government action is taken within statutory time limits. Licenses and permits may be required only for: safety and health protection, security of living conditions and cultural environment of individuals, protection of state and public interests.

Business Promoting State Programs

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[23] http://www.rs.ge/Default.aspx?sec_id=4846&lang=2&newsid=2693, Tax Code of Georgia (unofficial translation)
http://www2.deloitte.com/ge/en/pages/tax/articles/guide-to-taxation-and-investment-in-georgia.html,
Guide To Taxation and Investment in Georgia, Deloitte Georgia

Georgian entrepreneurs can benefit from state-supported programs. For instance, the Ministry of Economy and Sustainable Development, together with the Ministry of Agriculture, implements a state program called "Produce in Georgia" aimed at the further development and encouragement of enterprises. The goals of the program are the development of entrepreneurship in Georgia, establishment of new enterprises and the expansion or upgrading of existing ones, alongside the increase of competitiveness in the private sector and export potential through simplification of access to real property and modern technologies and provision of consultations. The program has 3 components: access to finance (credit and leasing), access to infrastructure, technical assistance.

The program has industrial as well as agricultural directions. The industrial direction is implemented by the Entrepreneurship Development Agency (EDA) under the Ministry of Economy and Sustainable Development, while the agricultural direction is led by the Agricultural Projects Management Agency (APMA). EDA supports enterprises in the following areas: access to finance, micro and small business support, export promotion, training and consulting, business service center. APMA implements the Co-financing of Agro Processing and Storage Enterprises Project, Preferential Agrocredit Project as well as some other targeted projects including Agricultural Insurance Project.

Georgia-Armenia trade relations

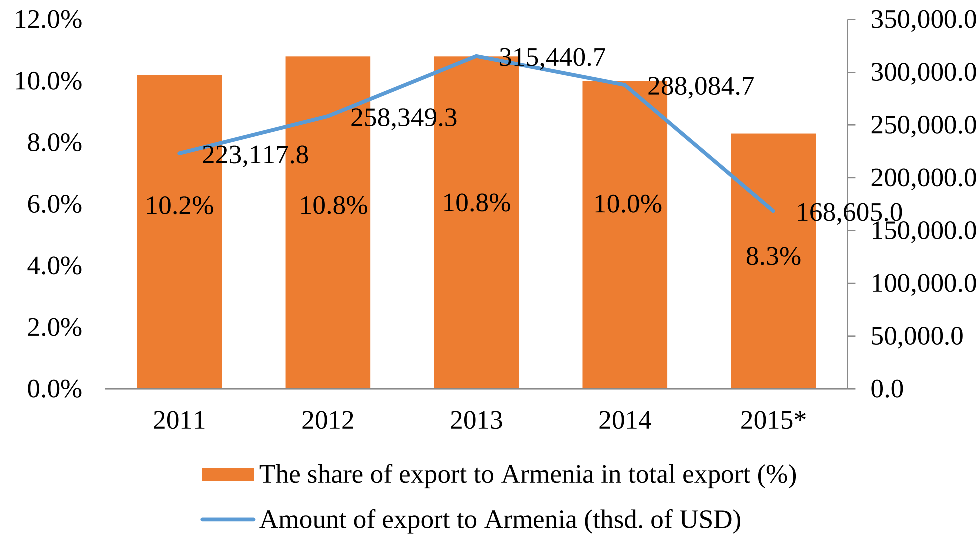
Geographic proximity, cultural connections and similarity in marketplaces make Armenia and Georgia natural trading partners. With Armenia's borders to Azerbaijan and Turkey closed, Georgia has become the main transit route for Armenian goods heading to Russia, Turkey, Europe and the world. Georgia benefits from preferential access to Armenian markets and benefits from the transportation of Armenian goods and oil across its territory. Armenia has made substantial commitments to liberalize trade in services in acceding to the WTO. Armenia became a member of the WTO in 2003.

Services account for about 40% of Armenian GDP, considered a relatively low figure compared to other transition economies. Several service sectors are expected to emerge as key focal points for future economic growth. Further extension of Armenian trade must have a strong emphasis on the services sector. The share of agriculture in Armenian GDP is around 20%, twice as large as in Georgian GDP. There is considerable potential for growth in agricultural production in Armenia.

Referring to industry, the following industries are dominating in Armenia's economy: diamond processing, metal-cutting machine tools, forging and pressing machines, electric motors, tires, knitted wear, hosiery, shoes, silk fabric, chemicals, trucks, instruments, microelectronics, jewelry, software, food processing, brandy, mining. Armenia possesses important reserves of copper, lead, zinc, iron and gold.

The FTA between Georgia and Armenia dates from 1995 with the initial set of CIS agreements. In recent years, the improvements in road infrastructure connections led to an increase in turnover between the two countries. Georgia is one of the major transport corridors for Armenia's external trade. Georgia's railway and road connect Armenia to the Georgian Black Sea ports. Besides, through Georgian territory, Armenia is connected to the Russian Federation. Armenia historically has been an important trade partner for Georgia. During the last decade, Armenia has been one of the top destination countries for Georgia's export.

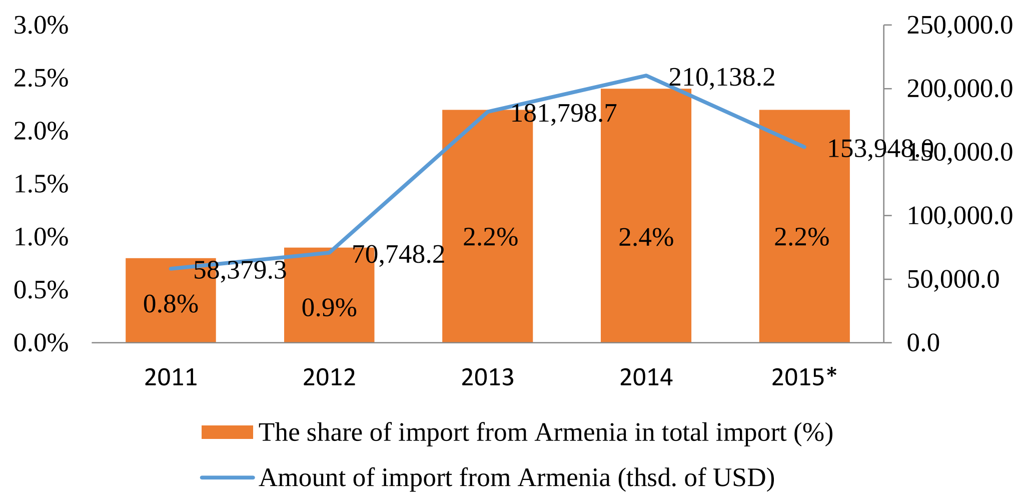
Figure 5. Georgia's export to Armenia



*Source: Geostat, *2015 January-November*

Import from Armenia to Georgia has been growing in recent years. The amount of import from Armenia to Georgia is shown in figure 6.

Figure 6. Import from Armenia to Georgia



*Source: Geostat,*2015 January-November*

The Top 10 exported/imported products are shown in tables 1 and 2.

Table 1. Top 10 exported products to Armenia in 2015

Motor cars (Units)
Petroleum gases and other gaseous hydrocarbons
Mineral or chemical fertilizers, nitrogenous
Undenatured ethyl alcohol, spirits, liqueurs and other spirituous beverages (L 100% spirit)
Oil-cake and other solid residues, resulting from the extraction of soya-bean oil
Motor vehicles for the transport of goods (Units)
Cyanides, cyanide oxides and complex cyanides
Electrical energy
Particle board and similar board of wood or other ligneous materials
Medicaments put up in measured doses

Source: Geostat

Table 2. Top 10 imported products from Armenia in 2015

Copper ores and concentrates
Petroleum gases and other gaseous hydrocarbons
Carboys, bottles, flasks and other closures, of glass.
Electrical energy
Articles for the conveyance or packing of goods; stoppers and lids of plastics
Medicaments put up in measured doses
Live sheep and goats
Undenatured ethyl alcohol, spirits, liqueurs and other spirituous beverages (L 100% spirit)
Cigars, cheroots, cigarillos and cigarettes (1000 pieces)
Undenatured ethyl alcohol and other spirits, denatured, of any strength (L)

Source: Geostat

Economy of Kvemo Kartli

The Kvemo Kartli region consists of 7 administrative units - 6 municipalities (Bolnisi, Gardabani, Dmanisi, Marneuli, Tetri Tskaro and Tsakla) and one city (Rustavi). According to preliminary results from 2014 of the General Population Census of Georgia, the population of Kvemo Kartli is 424,769 persons, which is 11.4% of the total population of Georgia. After Imereti, Kvemo Kartli is the most populated region in Georgia. After Tbilisi and Adjara, Kvemo Kartli showed the lowest population decline, in comparison to the previous census of 2002. Kvemo Kartli is an ethnically diverse region, mainly populated with Georgians (44.7%), Azeris (45.1%) and Armenians (6.3%).[24]

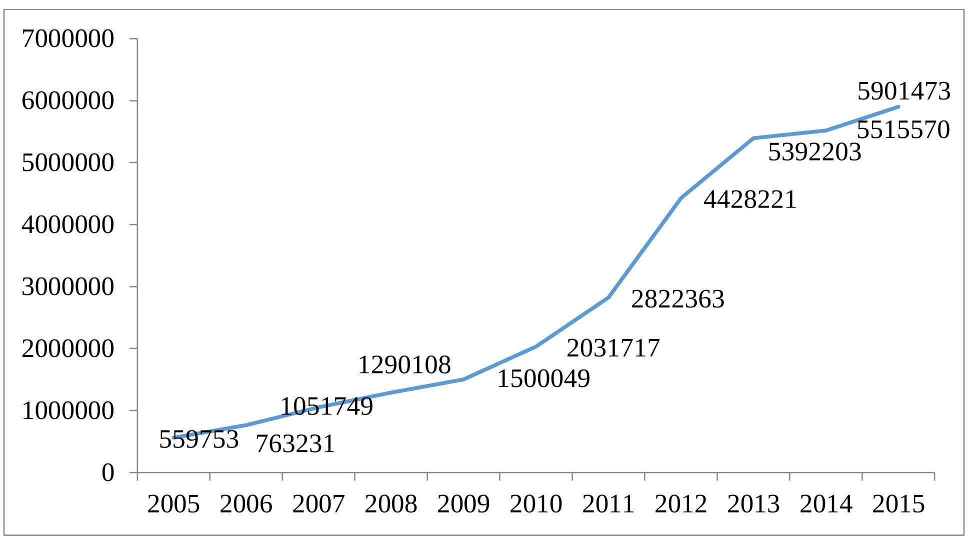
Kvemo Kartli is rich in natural resources. In the Soviet period, the region had a developed heavy and light industry, agriculture and processing/manufacturing industry.

[24] 2002 Population Census of Georgia

Kvemo Kartli has an indigenously rich natural setting and ancient history. The South Georgian volcanic mountains and plateaus form one of the most beautiful landscapes in the country. The region has a perfect combination of Alpine mountains and deserts. The climate is dry-subtropical and warm. The average annual temperature is 15.3ºC, 4ºC in January and 25.2ºC in July. There are unique forests with a wide variety of fauna, and clean rivers rich in fish. There are more than 2400 rivers and many lakes.

Kvemo Kartli has considerable touristic potential as well as transit potential in relation to neighboring countries (Armenia and Azerbaijan). In the Government's Strategy for Kvemo Kartli Development of 2014-2016, the location of Kvemo Kartli is highlighted as an important advantage. Kvemo Kartli has potential for horse riding, hunting, agro- and eco-tourism etc. Various cultural and historical monuments (more than 650) are interesting destinations for tourists. About 300 historical monuments are part of established tourist routes. One of the interesting tourist destinations is Dmanisi Archeological Site, which is the earliest hominin site of its kind outside of Africa, dating back 1.81 million years. Bolnisi Trinity Church dates back to the V century. The Manglisi Resort with its sanatoriums and recreation centers has the capacity to receive around 10,000 people annually. The value chain diagnostics for tourism is given in annex 4.

Figure 7. International Arrivals in Georgia by Years (the number of foreign visitors)



Source: Georgian National Tourism Administration

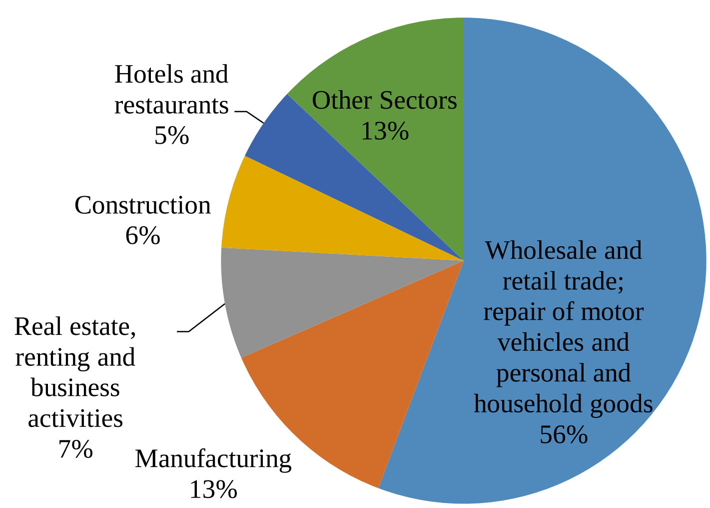
In 3 months of 2016:

- Number of international travelers: 1,134,436 (14.7% more than in 3 months of 2015);
- Top 5 countries by the number of arrivals: Azerbaijan (335,186), Turkey (273,532), Armenia (229,114), Russian Federation (144,764), Ukraine (28,383).

In 2014, Gross Value Added at current prices in Kvemo Kartli was 2.163 billion GEL, which is 9% of total Gross Value Added for Georgia (highest after Tbilisi). In the formation of Kvemo Kartli's Gross Value Added, industry dominates (36.7%), followed by agriculture (16.8%).

By December 2015, there were 4,661 active business enterprises in Kvemo Kartli (6.4% of total active enterprises in Georgia). The top mining and heavy industry companies are located in Kvemo Kartli. A sectoral distribution of active enterprises in Kvemo Kartli is given by figure 6.

Figure 8. Sectoral distribution of active enterprises in Kvemo Kartli (%)



Source: Geostat

During the first three quarters of 2015, the turnover of business companies active in the Kvemo Kartli region was 2.3 billion GEL, which is 6.1% of total turnover of the business sector in Georgia. The number of people employed in the business sector was 32,041 persons (5.6% of total employed in Georgia) by the third quarter of 2015. According to the annual labor statistics of 2014, the total number of people employed in Kvemo Kartli is 185,608. 34% of persons employed are hired

(63,131) and 66% are self-employed (122,477). The vast majority of self-employed people are engaged in agriculture. In 2014, the official unemployment rate in Kvemo Kartli was 9.5%, which is lower than the national unemployment rate in Georgia (12.4%).

The Business Statistics Sample Survey, conducted by Geostat, identifies some (not all) manufactured items produced in Kvemo Kartli. The incomplete list of manufactured products (listed by ranking) is the following: ammonium nitrate, re-bar, electricity, copper concentrate, flour (wheat), precious metals (gold), silicon manganese, cement, cement clinkers, eggs, PET bottles capsules, poultry meat, steel pipes, pet food, bread and bakery, asphalt-concrete, plastic containers, tomato paste, gypsum, cheese, wall blocks, lime, non-ferrous metal crowns, plastic and metal doors, windows, frames, door sills, shutters, blinds and similar articles, sausages, oxygen, vegetables, pasta, ammonium sulfate, steel - concrete structures and objects (wells, sewer lids, and similar articles of iron and concrete), wooden doors – windows, bred fish, salted or in brine, smoked fish, office furniture, carbon dioxide, milk and dairy products, etc.

According to official statistics, FDI is counted based on registration and not based on business activities. While 6.4% of total active enterprises are registered in Kvemo Kartli, by three quarters of 2015, 4.3% of total FDI was directed to companies registered in Kvemo Kartli.

Table 3. FDI in Kvemo Kartli, 2013-2015

	2013	2014	2015 (Q1-Q3)
Total FDI in Georgia	941.9	1758.4	1019
FDI in Kvemo Kartli	14.4	55	44.5
% in total	1.5%	3.1%	4.3%

Source: Geostat

Referring to FDI distribution by kind of economic activities, two sectors were dominating in 2015 - 59% of FDI in Kvemo Kartli was in mining and 37% in manufacturing.

Due to the nature of business activities developed in Kvemo Kartli, there is huge export potential in the region. The number of Kvemo Kartli companies exporting products in 2014-2015 was 127.

The rehabilitation of infrastructure became the Government’s priority in the recent period and a number of important projects were implemented in this sector. The Kvemo Kartli region was no exception in this respect. Improvement of roads is an issue that has been partially solved but not in all the districts so far.

The Kvemo Kartli region neighbors Armenia and Azerbaijan. There are 7 border check points in the region, 4 check points with Armenia (vehicle checkpoints: Guguti, Akhkerpi, Sadaklho and Sadakhlo Railway checkpoint) and 3 border check points with Azerbaijan (vehicle checkpoints:

Tisteli Khidi, Vakhtangisi, and Gardabani Railway checkpoint). The goods, which are mainly related to agriculture, are carried by motor cars as well as semi-trucks and trucks.

Agriculture in Kvemo Kartli

Georgia is rich in the tradition of agriculture and has substantial agricultural potential. Agriculture has played an important role in the preservation of its unique identity, self-sufficiency and economic development, but today agriculture and food production is lagging well behind the development of other parts of the economy. Agriculture provides a potential route for helping many Georgians out of poverty and for improving livelihoods. Agriculture is important because some 50% of the labor force is engaged in agriculture, with approximately 85% of them self-employed. Economic diversification away from agriculture is difficult for many rural families in the short-to-medium term and yet a commercial farm requires much higher capitalization that a subsistence one. The real growth rate of the agricultural sector, including forestry and fishing in 2013 was 11.3% and 1.5% in 2014. It is clear, however, that the sector, while having considerable potential for contributing to economic growth and income generation, still faces many challenges.

Generally speaking, Georgian agriculture lacks market orientation, commercial planning, contracted relationship, qualified human resources, capital, access to veterinary and plant protection services, storage facilities, and a developed land market. State funding as well as private financing is not sufficient for the development of infrastructure. These problems are common in the Kvemo Kartli region too.

Using the preliminary results of the 2014 Agricultural Census, we can estimate that more than 58% of households listed in Kvemo Kartli classify as agricultural holdings.[25]

Family-produced agricultural products are the only income for many households in the region. Since more than 62% of the population in Kvemo Kartli is rural, an understanding of the economy of the region is essentially dependent on an understanding of the agriculture sector. Cereal and vegetable cultivation, as well as animal husbandry are the priorities for the region’s development. According to the Study of Social and Economic Conditions and Attitudes of the Kvemo Kartli Population, conducted by the Institute of Social Studies and Analysis (2012), the local people in Kvemo Kartli believe that the region’s population has the skills best suited for agricultural development.

Kvemo Kartli is the leading region in Georgia by average yields of potato (13.5 tons/hectares), haricot beans (0.9 tons/hectares), melons (29.6 tons/hectares) and annual grasses (3.2 tons/hectares). The region is second biggest producer after Samtskhe-Javakheti by average yield of vegetables (10.3

[25] Agricultural holding: any economic unit engaged in agricultural production, without regard to the scale of production, legal status of the unit and the tenure form of agricultural assets.

tons/hectares) and second biggest producer after Guria by average yield of corn (3.0 tons/hectares). Value chain diagnostics for vegetables is given in annex 4.

Kvemo Kartli is the absolute leader in the production of eggs among Georgia's regions. 52% of the total eggs (286.1 million pieces) produced in Georgia are produced in the Kvemo Kartli region. Besides this, Kvemo Kartli is the largest meat producer compared to other regions of Georgia (12.1 thousand tons, 22% of total), including leading in poultry meat production (6.2 thousand tons, 41% of total). In addition, Kvemo Kartli is the second largest producer of potatoes, milk, cattle milk and wool. Kvemo Kartli is famous with its different varieties of cheese. The most famous and unique local cheese is Tenili, which is made from sheep or cow's milk. The value chain diagnostics for cheese is given in annex 4.

The production statistics for agricultural products are shown in table 4.

Table 4. Production of annual and permanent crops in Kvemo Kartli, 2013-2014

Annual Crops

	2013	2014
Production of Wheat (ths.tons)	10.7	7.9
Production of Barley (ths. tons)	1.2	2
Production of Maize (ths.tons)	23.5	22.2
Production of Haricot Beans (ths. tons)	1.7	1
Production of Potato (ths.tons)	91.3	55
Production of Vegetable (ths. tons)	53.8	37.8
Product of Melons (ths. tons)	3.7	3
Production of Annual Grasses (ths. tons)	1.4	2.3
Production of Perennial Grasses (ths. tons)	28	19.5

Permanent Crops

	2013	2014
Production of Fruit (ths. tons)	7.4	6.2
Production of Pome Fruit (ths. tons)	1.7	1.3
Production of Stone Fruit (ths. tons)	1.4	1.2
Production of Subtropical Fruit (ths. tons)	4.2	2.4
Production of Apples (ths. tons)	1.2	1
Production of Plums (ths. tons)	0.6	0.2
Production of Cherries (ths. tons)	0.4	0.7
Production of Peaches (ths. tons)	0.1	0.1
Production of Walnuts (ths. tons)	0.5	0.3

Production statistics of animal husbandry is shown in the table 5.

Table 5. Production of animal husbandry in Kvemo Kartli, 2013-2014

	2013	2014
Production of Meat (in slaughtered weight, ths. tons)	7.0	12.1
Production of Beef (in slaughtered weight, ths. tons)	3.5	2.3
Production of Pork (in slaughtered weight, ths. tons)	0.6	2.4
Production of Sheep and Goat Meat (in slaughtered weight, ths. tons)	0.9	1.0
Production of Poultry Meat (in slaughtered weight, ths. tons)	1.9	6.2
Production of Milk (mln. liters)	102.8	114.8
Production of Cattle Milk (mln. liters)	100.8	112.6
Production of Sheep and Goat Milk (mln. liters)	2.0	2.2
Production of Eggs (mln. pieces)	257.4	286.1
Production of Wool (ths. tons)	0.3	0.4
Production of Honey (ths. tons)	0.2	0.3

Various donor organizations and international projects aim at capacity building for beneficiaries in agriculture and agribusiness sectors, in particular the capacities of farmers and private companies. For example:

- OXFAM – the lead agency, (with implementing partners) "Towards a new direction – Supporting agricultural cooperation in Georgia." The area of assistance is agricultural cooperatives. This is an integrated program of cooperative development and capacity building, technical trainings and demonstration units, networking support with state and private sector service providers and market actors, as well as advocacy to promote positive changes in the policy and the regulatory framework in agriculture;

- United States Agency for International Development (USAID)-funded project Restoring Efficiency to Agricultural Production (REAP). The project is designed to increase income and employment in rural areas by delivering firm-level investment and technical assistance to expand the operation of existing smallholder farmers and rural enterprises. The project will facilitate the entry of new agribusinesses and input suppliers, including machinery service providers, storage facilities, sorting/grading centers, and small and medium scale processors to improve the availability of high-quality inputs and services, and strengthen markets for agricultural goods and services;

- Project "Capacity Building to the Agriculture Cooperatives Development Agency (ACDA)" is part of European Neighborhood Programme for Agriculture and Rural Development (ENPARD) Programme and, therefore, its overall objective is the same as is ENPARDs and is as follows: to contribute to increasing food production in Georgia and reducing rural poverty. The project purpose is to strengthen institutional capacity and skills of ACDA, to institutionalize continued training programs for registered cooperative managers and management leaders, to strengthen the management capacity and install proper governance of registered cooperatives and to improve understanding among cooperative members of the meaning and purpose of cooperative enterprises and an increased sense of ownership of their cooperatives. Project activities cover the entire territory of Georgia.

Assessment of the economic potential of Kvemo Kartli

The objective of this study was to describe the market opportunities and challenges for cooperation between the Kvemo Kartli region in Georgia and Tavush region in Armenia. The study also aimed to identify areas that might be interesting for the development of trade relations between the regions and to further investigate these areas.

Taking into consideration the location of Georgia and its infrastructure, the priority area of cooperation will be stimulating trade by collective processing. This means transferring some inputs into the Kvemo Kartli region from Armenia, where it would be processed not only for the Georgian market, but also for the EU, Turkey and other priority markets. The same practice could be implemented vice-versa, using the Tavush region for collective processing to access the Eurasian Economic Union market.

The focus on agriculture and agribusiness is common for a country like Georgia and a region like Kvemo Kartli where agriculture remains the primary business for households and the largest employer. The same should apply to the Tavush region of Armenia, however further research needs to be conducted in this regard. Therefore, the processing of agricultural products is more likely to be one of the key areas of cooperation between these bordering regions. Eggs, meat, milk, potatoes and vegetables, some fruits and vegetable products (tomato paste, pickles, sauce, jams, salads, etc.) are the products Kvemo Kartli region needs to encourage to export. But at the same time, it is quite challenging for rural farmers/primary producers of those products to comply with the sanitary and phyto-sanitary standards imposed by the EU Association Agreement.

At present, not all of Georgia's agricultural products comply with the EU's food safety regulations or those of other countries. Under the DCFTA, the reform of Georgia's food safety regulations will aim at ensuring that its food products meet international standards. By doing so, it will improve the safety of Georgian consumers and increase exports of Georgian foodstuff. The DCFTA envisages some exceptions to free trade. One is the anti-circumvention (anti-fraud) mechanism. Some products are subject to this rule, like beef, pork and sheep meat, poultry meat, dairy products, eggs, cereals, sugar, mushrooms etc.

The companies located in the Kvemo Kartli region, produce and export a variety of products, including manufactured products. The list of manufactured products is given in Chapter 2. The big exporter companies of Kvemo Kartli produce and export copper, gold, steel, re-bar, steel pipes, ferro-silicon manganese, ammonia, nitric acid, ammonium nitrate and sulfate, sodium cyanide, semi fabricate pet-preforms. Some products are in the list of top exported products to Armenia (cyanide).

Based on this study, we can identify the priority sectors for further investigation and analysis: ***agriculture and agribusiness, manufacturing of chemicals and chemical products, heavy industry (metallurgy, basic and fabricated metals), manufacturing of construction materials and mining***. The value chain diagnostics for armature is given in annex 4.

Annex 1 provides information on the survey sample. The total number of exporting companies from Kvemo Kartli is 127 however only 30 companies are conducting exports in the above-mentioned selected sectors. The sample given in annex 1 includes all exporting companies (30 companies from the selected sectors) and potential exporting companies. The companies are ranked by selected sectors and by turnover. The survey analysis is given in annex 2.

In order to assess the export potential of particular products, price comparisons between the two regions should be analyzed. Incentives for trade will be created in the areas where goods have major price differentials. Prices could be similar for some products, but the incentive for trade will always exist due to the trade opportunities given by access to the EU market for Georgian business and by access to Eurasia Economic Union market for Armenian business. For agricultural products, seasonality and the quality of harvest will help trade to develop. In addition, in order to have successful cooperation, farmers and producers on both sides will need business advisory services, access to financial resources.

Conclusions and recommendations

This study identified the priority sectors for further cooperation between two regions. These sectors are: agriculture and food processing, manufacturing of chemical products, metallurgy and manufacturing of basic and fabricated metals, manufacturing of construction materials. The survey (annex 1, annex 2) showed that all respondents need the regular upgrade of their equipment or machineries. There is an obvious need for new business contacts not only for access to the market but also for the upgrade of machinery and receipt of new investments. New business relations may lead to an increase in demand and the volume of production.

Most of the problems faced by companies are related to insufficient sales and access to the market.

Most of the respondent companies want to cooperate with Armenian companies and many want investments from Armenia. This is a good signal for the potential of development and cooperation between the countries and regions.

The main recommendations are:

- Develop an information campaign for improving the access of up-to-date information among local companies in order to help make these companies aware of existing preferential trade regimes;
- Foster cooperation between Georgian and Armenian companies. Assist companies in establishing direct contacts with counterparts in the neighboring country. This could be achieved through holding cross-border business initiatives, such as networking meetings and various product fairs. These initiatives could lead to potential joint ventures. The new contacts will lead to new business opportunities for the companies of both countries;
- Promote cross-border economic and as well as cultural cooperation among bordering municipalities for trust and confidence building;
- Set up the channels of information, web platforms to foster information exchange between two neighboring countries. Information exchange should concentrate on investment opportunities, prices, availability of some investment goods and preferential trade regimes of each country;
- Conduct trainings of local companies to improve marketing practices aiming at improvement marketing practices and company-customer communication;
- Conduct analysis of production and export potentials of Kvemo Kartli companies and compare it to the existing demand in Armenia;
- Prepare analysis of demand on investment goods as well as on equipment and machinery of Kvemo Kartli companies and compare it to the production of Armenian companies.

Sector-specific recommendations

The survey results showed the obvious willingness of cooperation in case of both regions. Representatives of all the selected sectors are interested in mutual cooperation in trade, investment and experience sharing.

As the study also highlights particular sectors, the value chain diagnostics of some specific products (tourism, vegetables, chees, and armature) is given in Chapter 4. The Tourism sector is one of the priority areas and has potential for joint collaboration between the two regions. Recommendations for the tourism sector will be following:

- The Georgian National Tourism Administration needs to start negotiations with the Armenian Tourism Agency to strengthen cooperation between tourist companies and operators in the two countries to better promote the Kvemo Kartli and Tavush regions;
- There are some specific experiences of providing very special tourist services in each country. Cooperation at the national level is important for experience sharing;
- There is only one Tourism Information Center in the region, located in Bolnisi. The aim of the Center is to promote the tourist destinations of Georgia and particular tourist destinations of Kvemo Kartli. The information about tourist destinations of Armenia and Tavush could be

disseminated through the Bolnisi Tourism Information Center. The same practice should be supported in the Tavush Region;

- There are some national festivals and exhibitions in both countries (in Georgia's case the wine, cheese festivals) and participation in these national festivals will be beneficial for farmers of both countries;
- Organizing joint festivals in the two regions will help local service providers, especially farmers, to present the products and services they provide. This will be essential for transforming agricultural establishments into agro-tourism subjects (cheese, honey, vegetables, meat products, wine, eggs etc.);
- Cooperation could be strengthened between the popular restaurants in the two regions, aiming at inclusion of Georgian food in the local restaurants of Tavush and vice versa – including Armenian food in Georgian restaurants in the Kvemo Kartli region.

Recommendations for the agricultural sector and agribusiness (including vegetables and cheese) are as follows:

- The main recommendations for the agricultural sector consist of developing a marketing campaign to promote and brand Georgian vegetables and cheese. The same recommendations could be applied to the Tavush Region as well;
- For the expansion and development of trade between Kvemo Kartli and Tavush, trade promoting facilities for the agricultural sector will help not only Georgian and Armenian farmers but also the consumers of both countries, who would benefit from the opportunities. More specifically, new investments are needed in greenhouses, cold storages and post-harvest facilities;
- Market access should be increased by creating new linkages between Georgian and Armenian producers and exporters through visits, joint conferences, business councils etc. The business associations of both countries can lead the process and the local governments of both regions would support the establishment of the cooperation format;
- A mechanism should be set up for information exchange on ongoing tendencies of the agricultural markets, especially information exchange on prices of particular agricultural products in the markets of both regions.

Referring to industry, manufacturing of chemical products, metallurgy and manufacturing of basic and fabricated metals, manufacturing of construction materials are identified as priority sectors for the Kvemo Kartli Region. The value chain of armature is explained in detail in annex 4, since armature is a product having input from metallurgy and is used as a construction material. Besides, armature is exported outside of Georgia and Armenia is one of the export destination countries. The following recommendations could be made for industry in general:

- Create a business advisory service which will help Georgian producers who want to export to Armenia. The survey has already identified many Georgian producers willing to export to Armenia or have business relations with Armenian counterparts;

- Organize business tours to Armenia, especially for those companies who want to have business contacts with Armenian business;
- Organize business forums and consultations between the companies of Kvemo Kartli and Tavush. Already existing business associations in both countries could be used in this regard;
- Create a database on the industrial potential of Kvemo Kartli and share it with Armenian businesses.

Annex 1.

Survey sample

	Number of Active Enterprises	Number of Selected (sampled) Enterprises	Number of Reserved Enterprises
Total number of companies	**317**	**50**	**25**
Including:			
Agriculture	38	10	5
Food processing	123	10	6
Manufacturing of Chemical Products	12	10	2
Metallurgy and Manufacturing of Basic and Fabricated Metals	27	11	6
Manufacturing of Construction Materials	117	9	6

Annex 2.

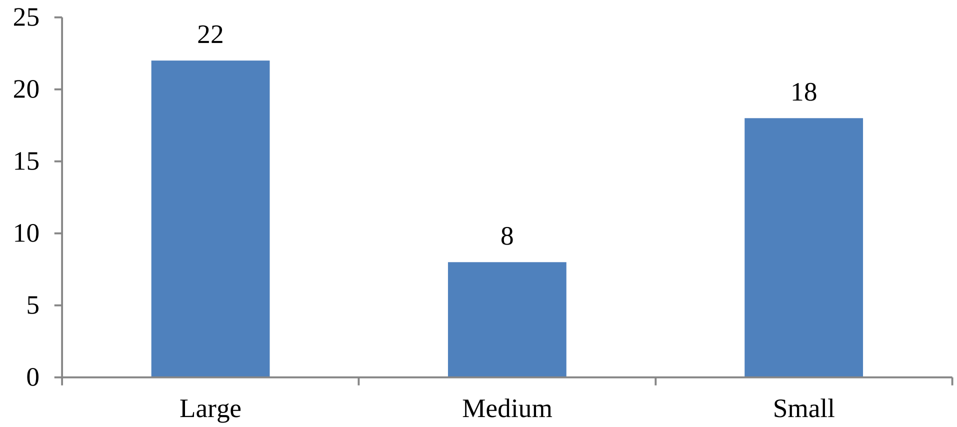
Survey Results and Analysis

Based on the Baseline Study on the Economic Potential of Kvemo Kartli, the priority sectors for further investigation and analysis have been identified. Those sectors are: **agriculture and food processing, manufacturing of chemical products, metallurgy and manufacturing of basic and fabricated metals, manufacturing of construction materials**. Table 1 gives the information on the sample of the survey.

Table 1. Survey Sample

	Number of Active Enterprises	Number of Selected (sampled) Enterprises	Number of Reserved Enterprises
Total number of companies	**317**	**50**	**25**
Including:			
Agriculture	38	10	5
Food processing	123	10	6
Manufacturing of Chemical Products	12	10	2
Metallurgy and Manufacturing of Basic and Fabricated Metals	27	11	6
Manufacturing of Construction Materials	117	9	6

Companies for the sample were listed according to their turnover. This means that the survey was more focused on large companies which play an important role in the formation of regional value added. Some of the selected companies play an important role in the formation of sectoral value added for the whole economy of Georgia. The distribution of respondent companies by size is given in the chart below:



The total number of companies participating in the survey was 48 (41 Limited Liability Companies, 5 Joint Stock Companies and 4 Individual Entrepreneurs). The sectoral distribution of these companies is the following:

Table 2. Sectoral distribution of the survey

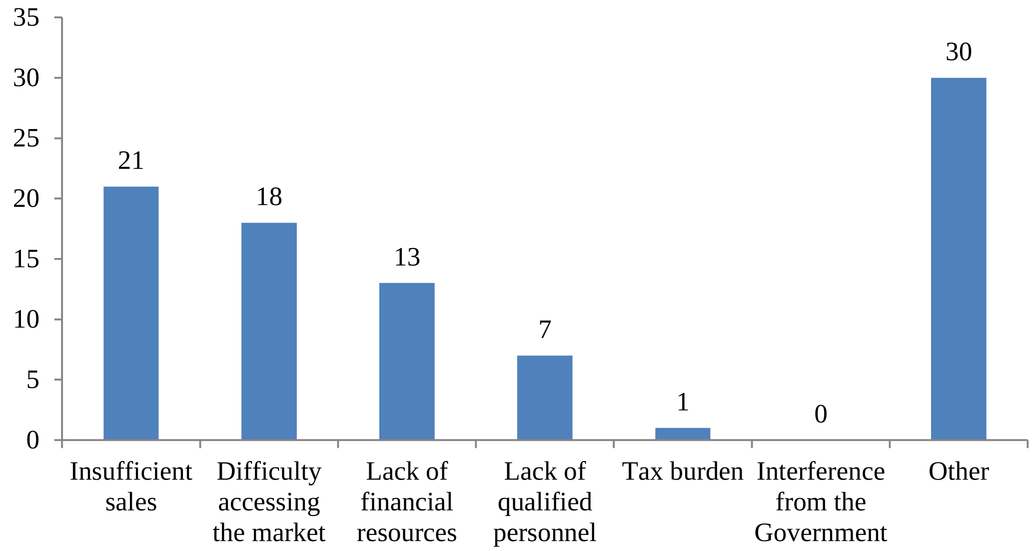
Agriculture and Food Processing	20
Manufacturing of Chemical Products	11
Manufacturing of Construction Materials	9
Metallurgy and Manufacturing of Basic and Fabricated Metals	8

Production capacity and machinery

Almost all companies have a capacity to produce more than their actual output and 12 of them produce less than half of their capacity (4 companies from agriculture and food processing, 4 from manufacturing of chemical products, 3 companies from manufacturing construction materials and 1 company from metallurgy and manufacturing basic and fabricated metals). All these companies use production machinery. The results of the survey indicate that a large number of enterprises are still using outdated technologies and therefore, are having difficulties efficiently carrying out their activities. Consequently, the replacement/modernization of that equipment and machinery could significantly increase their production capacity.

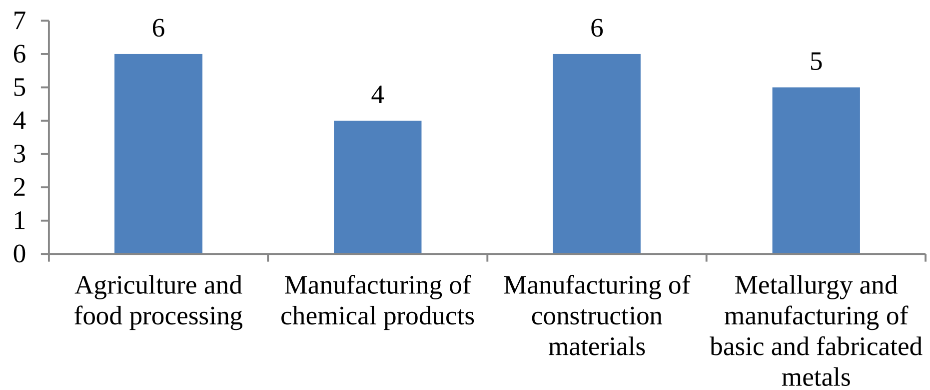
Challenges and problems

What kind of problems and challenges does your business have?

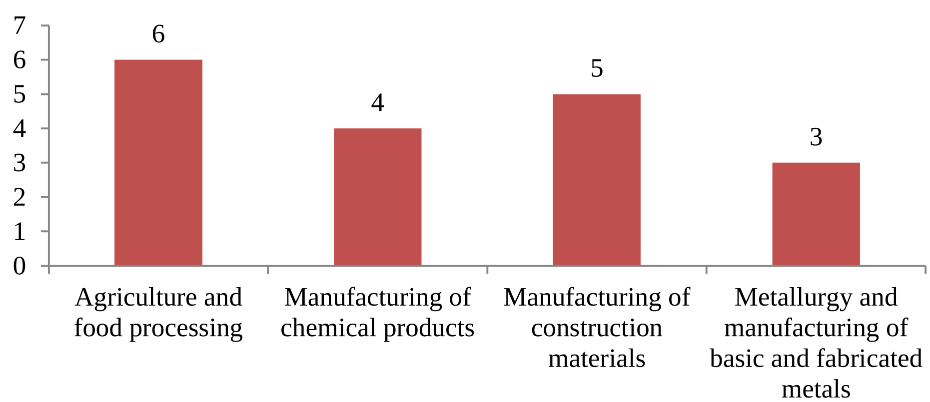


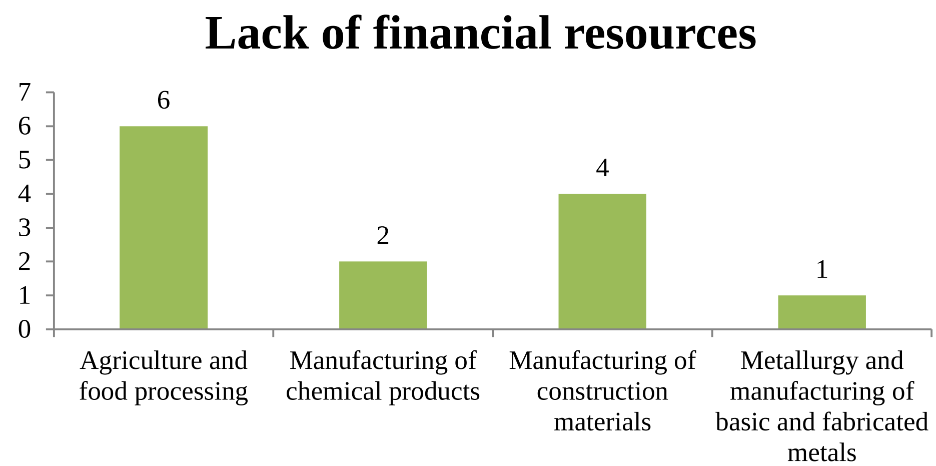
Three main challenges and problems can be highlighted as the most important. These are - insufficient sales, difficulty accessing the market, and lack of financial resources. A sectoral distribution of companies by challenges and problems is given in the charts below:

Insufficient sales



Difficulty accessing the market





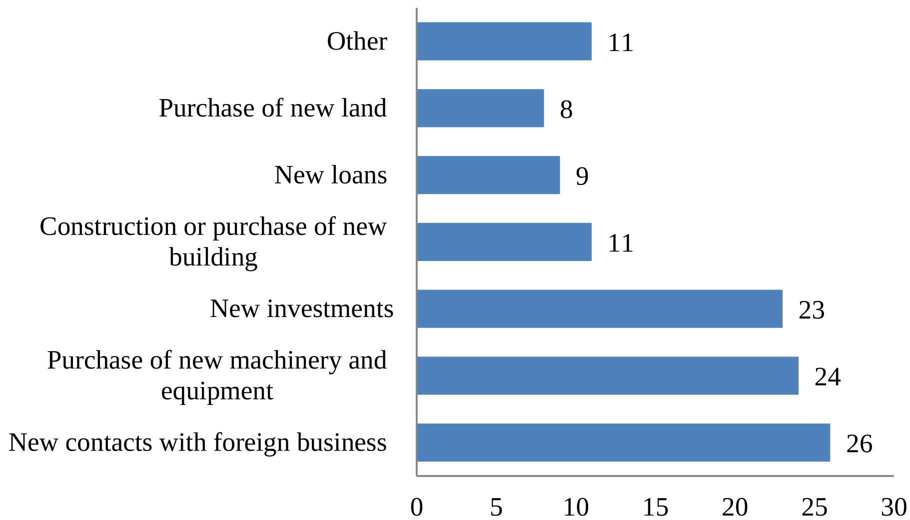
As seen from this chart, 30 companies listed other challenges and problems. 5 companies responded that low prices in global, regional and domestic markets are an impediment for the business, while GEL devaluation is a major problem for 4 companies. Other problems and challenges listed by the companies are: price increase on investment goods, poor infrastructure such as roads, water supply, ecological problems, tax legislation and a decrease in aggregate demand, low access to locally-extracted raw materials.

However, the main issue identified among enterprises is the absence of competition in the domestic market, particularly an excess of low-quality imported goods or a surplus of products manufactured on the basis of low quality intermediate goods imported from abroad. Thus, the final products are offered at lower prices to the customers.

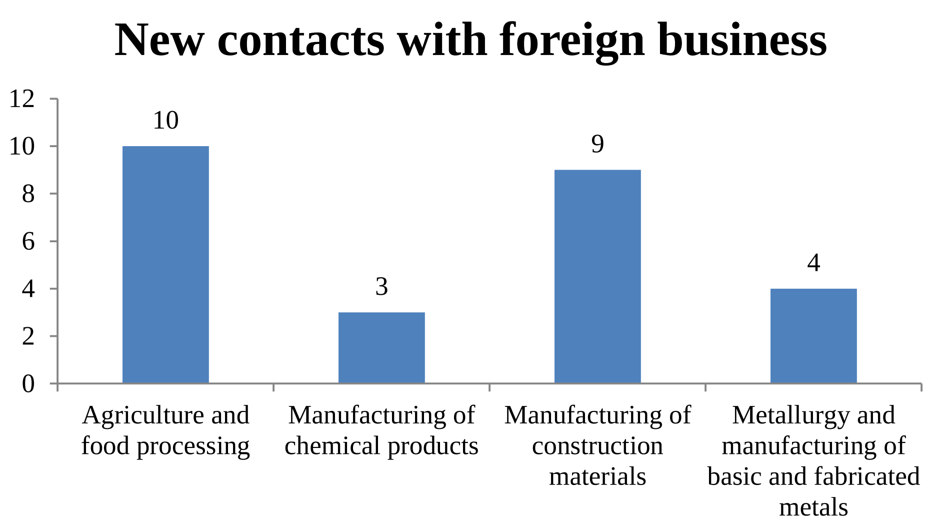
However, we should point out that, in many cases, product safety and quality control is not carried out by the Georgian government. As a result, a low level of awareness among customers about the standards in product safety and quality leads them to choose low cost consumer goods. One of the best examples of this sensitive issue is cheese production/meat production by SMEs located in the Kvemo Kartli region, where cattle breeding plays a key role in rural development.

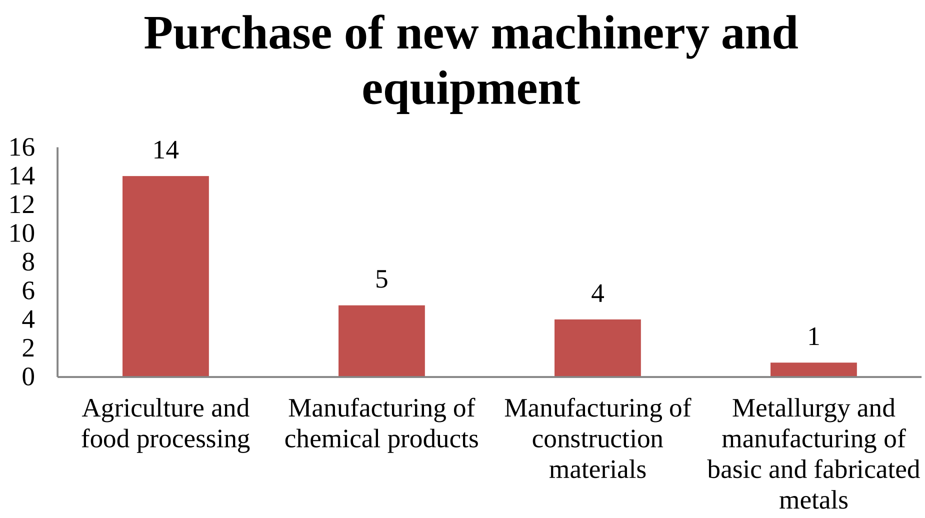
Business improvement opportunities

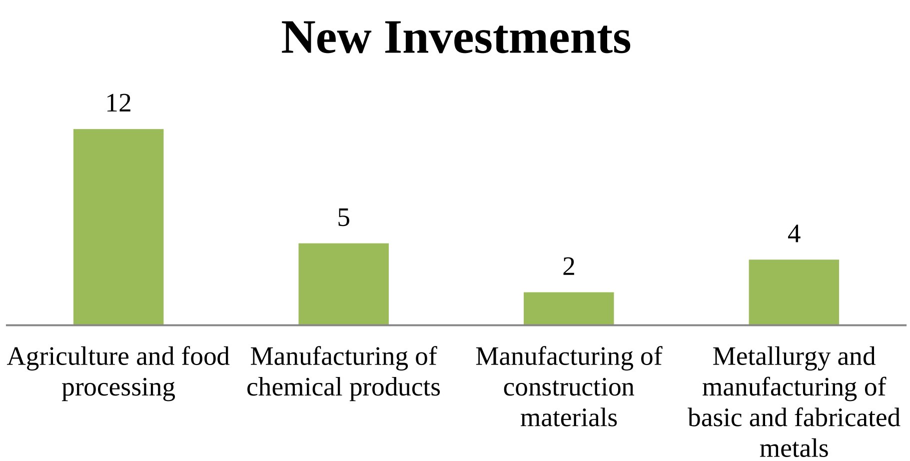
How can your business improve?



The top three business improvement opportunities are: new contacts with foreign businesses, purchase of new machinery and new investments. These opportunities are interrelated with each other. For example, new contacts with foreign companies will directly affect the investment opportunities and purchase of new machinery and equipment. The sectoral distributions of these three main opportunities are the following:





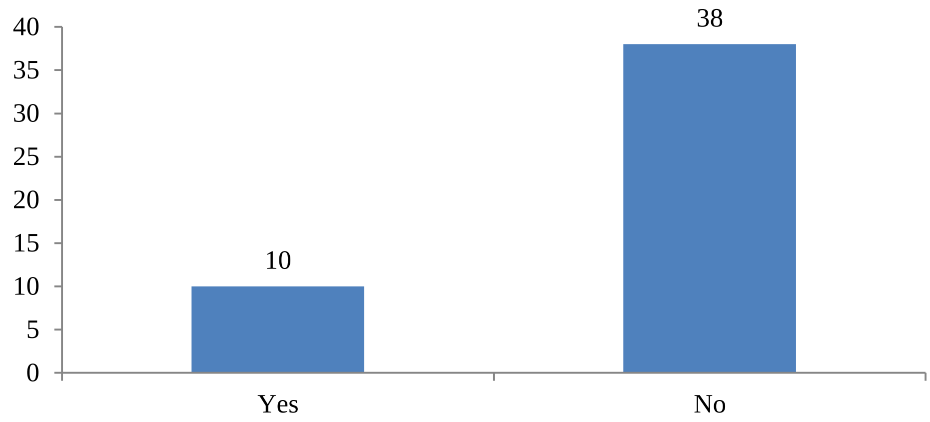


Other opportunities to improve business are: improvement of business relations in the local market, stabilization of GEL, simplification of import duties, improvement of competition in the local market, availability of new technologies, increase of retail prices, export to the new markets, availability of low-interest business loans.

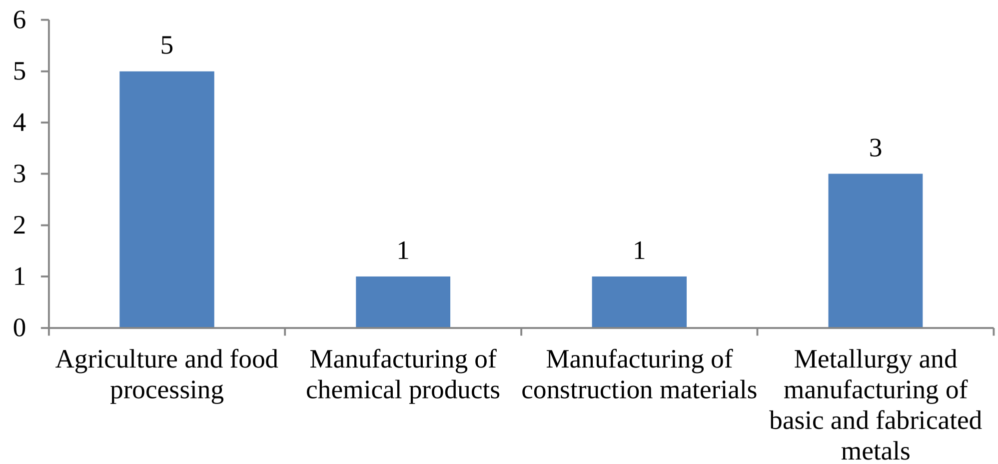
Referring to the existing issues at the production stages, 22 companies responded that they do not have any problems. Some of the companies claim the non-availability of capital goods, variation in import parity prices due to GEL devaluation, a lack or low quality of the local primary goods, high electricity tariffs, power outages, and a lack of access to the market due to an excess of low-cost imported products and difficulties of finding new customers. 27 companies responded that they do not have any problems in the sales stage while other entrepreneurs mentioned low quality of service and difficulties in company-customer communication.

Business relations with Armenian companies

Does your company have business relations with Armenian companies?

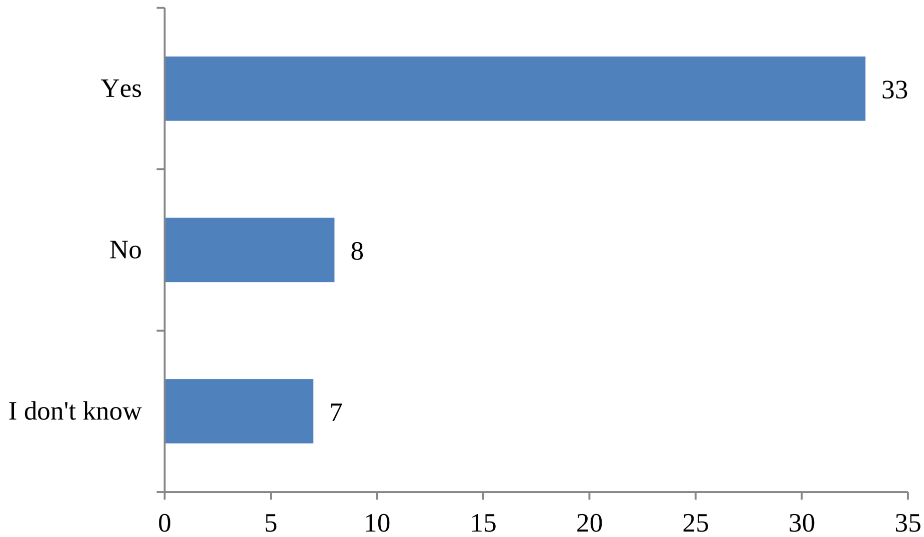


The sectoral distribution of the 10 companies that have business relations with Armenian companies is the following:

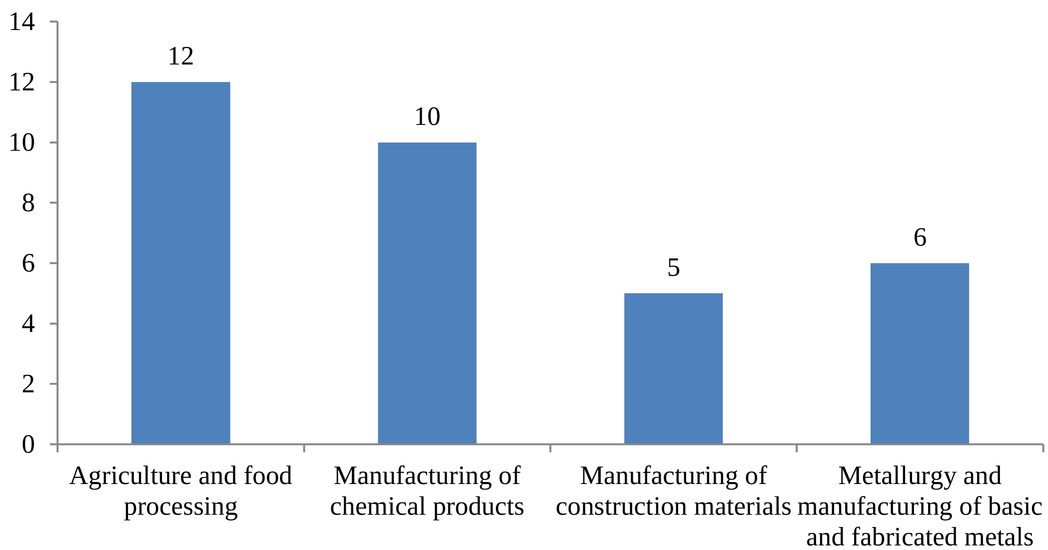


Willingness to cooperate with Armenian companies

Do you want to cooperate with Armenian companies?

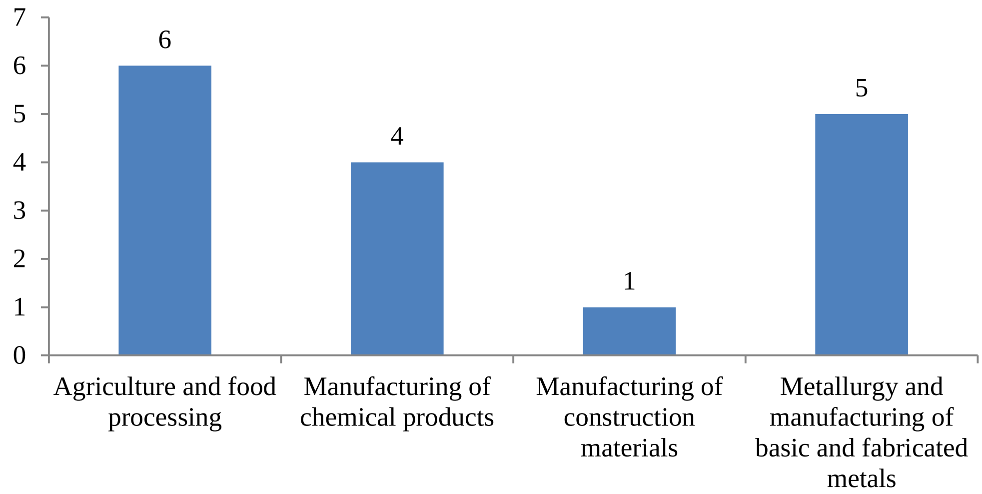


The sectoral distribution of the 33 companies that want to have business relations with Armenian companies is the following:



Willingness to gain investments from Armenia

16 companies wish to gain investment from Armenia. The sectoral distribution of these companies is shown in the chart below.
Are you interested in gaining investment from Armenia?



Business processes where companies want investment from Armenia

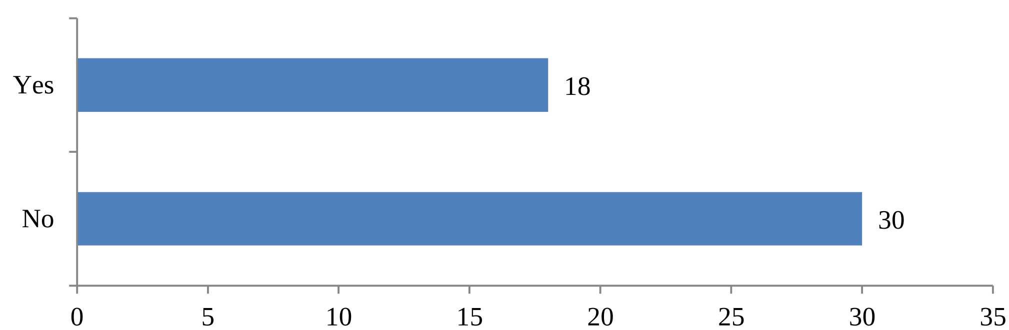
Companies listed several business operations in which they are willing to gain investments from Armenia, including:

- processing of non-organic wastes;
- plastic bottles and bags;
- processing machinery;
- paper processing machinery;
- construction of food processing factory;
- upgrading of agricultural machinery;
- production of wheel stones;
- cheese ingredients, production technologies, specialists;
- fresh fruit import from Armenia;
- fish breeding, processing, technologies;
- slaughterhouse.

Some companies are interested in the investment to get access to the Armenian market.

The number of companies whose products are exported

Are your products exported?



16 companies from 18 carry out export activities by themselves.

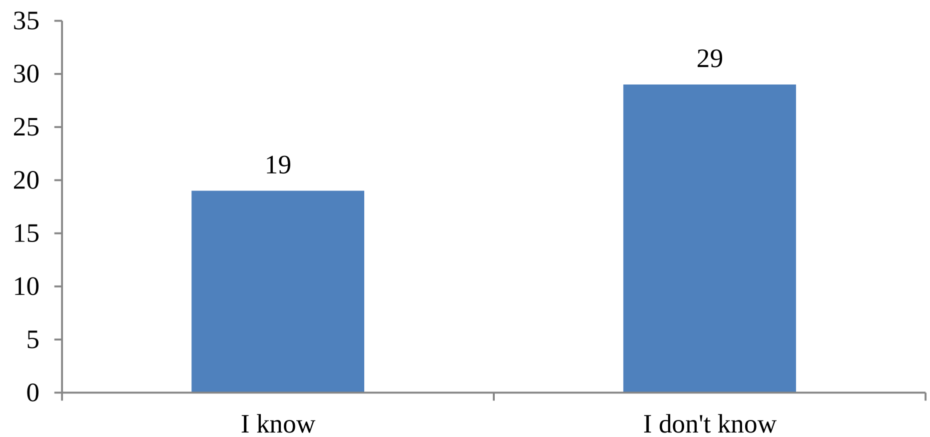
Export destination countries

Companies produce various products. The top export destination countries are Azerbaijan, Armenia, Turkey and the Russian Federation. A large amount of export goes to Ukraine, the U.S., Turkmenistan, Iran and Kazakhstan. Some export goes to Kuwait, Belarus, France, Greece, Egypt, Malaysia, Cyprus, Vietnam, Thailand, CIS countries, EU countries, African countries, and South American countries. One company is conducting negotiations with the Armenian side to export to Armenia.

The list of products exported to Armenia is as follows: steel construction materials, steel pipes, armature, lime, ammonium, cyanide, ammonium sulfate, nitric acid, oxygen, poultry.

The number of companies familiar with the preferential trade regimes

Do you know about the preferential trade regimes (FTA, GSP, DCFTA) from which Georgian companies can benefit?



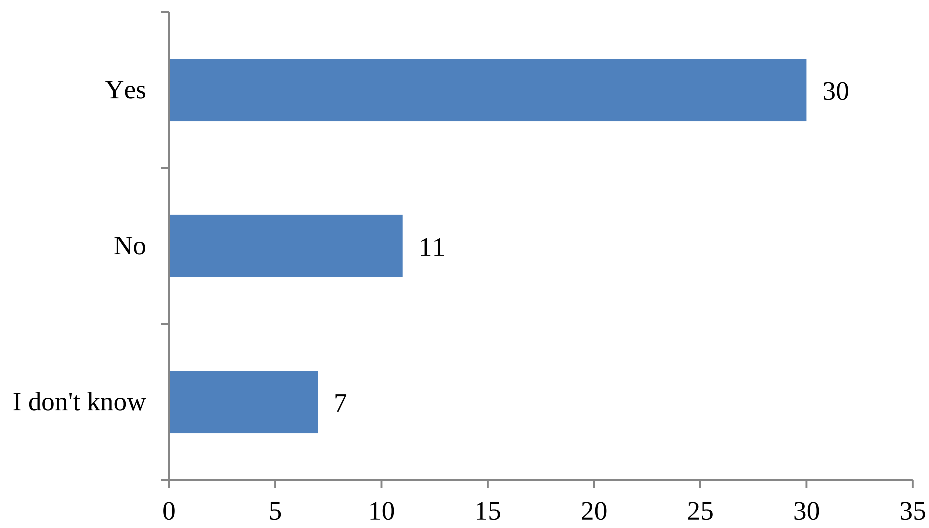
Out of 19 companies, which know about the preferential trade regimes, 16 know about the FTA, 5 about GSP and 13 about DCFTA. 11 companies out of 29 which do not know about preferential trade regimes are companies whose products are exported and 10 of them export by themselves.

The number of companies using preferential trade regimes

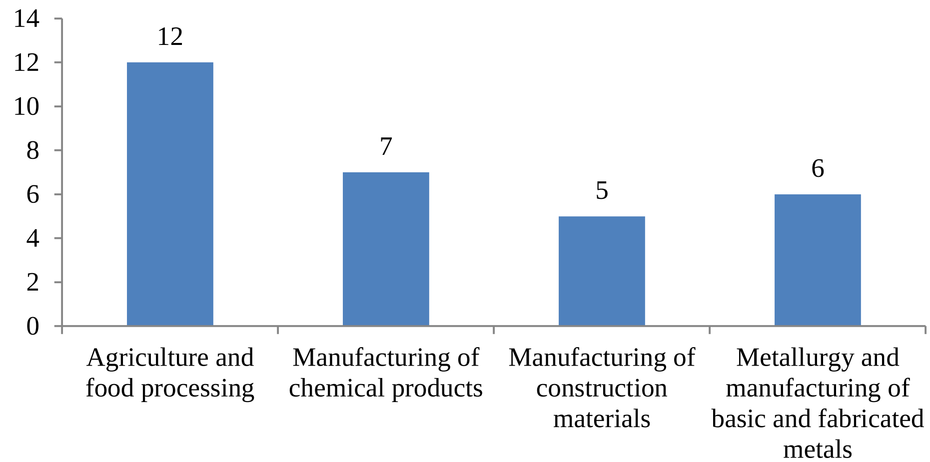
The number of companies using preferential trade regimes is 5. 3 companies use the GSP/DCFTA and only 1 company uses FTA.

Interest in exporting to Armenia

Are you interested in exporting to Armenia?



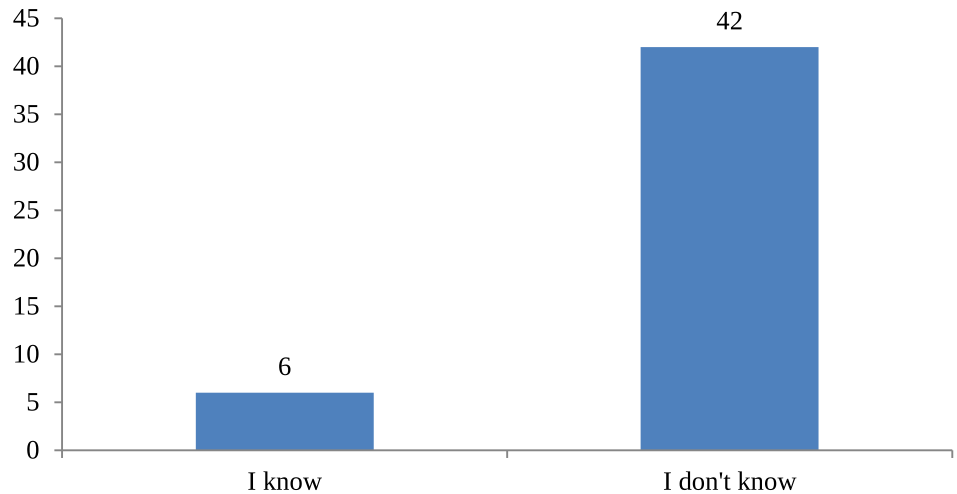
The sectoral distribution of those 33 companies who want to export to Armenia is the following:



This high interest in exporting to Armenia by Georgian producers is caused by the intention to diversify sales markets in the short-term period, while through the long-term strategies they envisage a sustainable growth in their production volume.

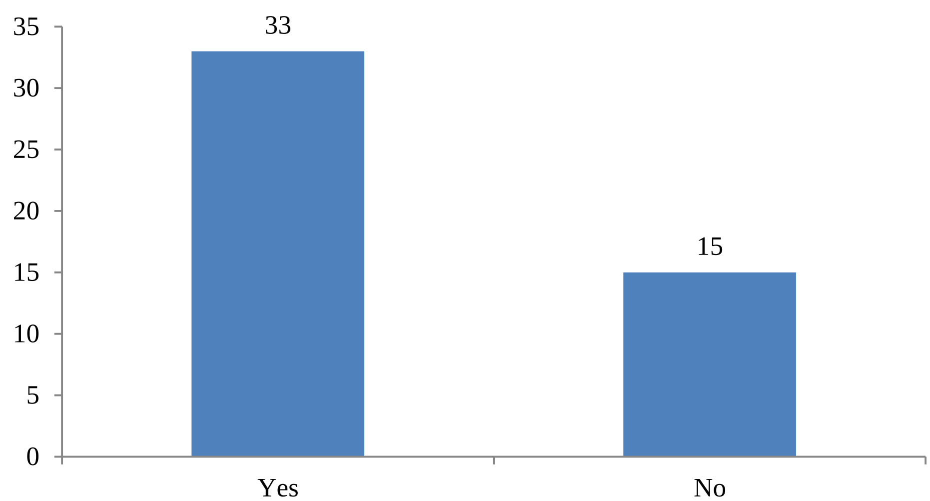
Information about preferential trade regimes of Armenia

Do you know about the preferential trade regimes of Armenia (Eurasian Economic Union)?



Importing investment goods

Are you importing any investment goods used in production?



Import origin countries of investment goods

The top import origin country for investment goods is Turkey. A large amount of imports come from Ukraine. There are some imports from China, the Russian Federation, Austria, Germany, Italy, Armenia, France and the U.S. A small number of imports come from Kazakhstan, Azerbaijan, Bulgaria, Iran and India. Some steel pipes come from Armenia.

Main findings

As all respondents are involved in manufacturing and processing, all of them are using some type of production machineries. This means that all of them need regular upgrading of their equipment or machineries.

All respondents indicated that they produce lower (some of them much lower) outputs than their production capacity. New business relations may lead to an increase of demand and the volume of production. More than half of the respondents listed new business relations and the purchase of new machinery as business improvement opportunities. Slightly less than half of the respondents said that they need new investments. So, there is an obvious need for new business contacts not only for market access but also for the upgrade of machinery and receipt of new investments.

None of the respondents denied any problems or challenges. Only 3 respondents refused to answer. Major problems are related to insufficient sales and market access. There are problems related to marketing and difficulties in company-customer communication.

38 companies out from 48 do not have business relations with Armenian counterparts. 33 companies want to cooperate with Armenian companies and 16 are interested in receiving investments from Armenia. This is a good signal for the need of development of cooperation between the countries and regions.

The companies listed several business operations in which they are willing to see investments from Armenia, including: processing of non-organic wastes, plastic bottles and bags, processing machinery, paper processing machinery, construction of a food processing factory, upgrading of agricultural machinery, production of wheel stones, cheese ingredients, fresh fruit import from Armenia, fish breeding, slaughterhouse. Some companies are interested in the investment to gain access to the Armenian market. This is very valuable information and needs to be shared with Armenian counterparts.

Only 4 companies are already exporting to Armenia. The list of products exported to Armenia is as follows: steel construction materials, steel pipes, armature, lime, ammonium, cyanide, ammonium sulfate, nitric acid, oxygen, poultry.

Only 19 companies are familiar with preferential trade regimes for Georgian producers and only 5 of them use one of these regimes. More than half (11) of the 19 companies produce export-oriented products. This number shows that there is a need for disseminating more information to promote the existing preferential trade regimes.

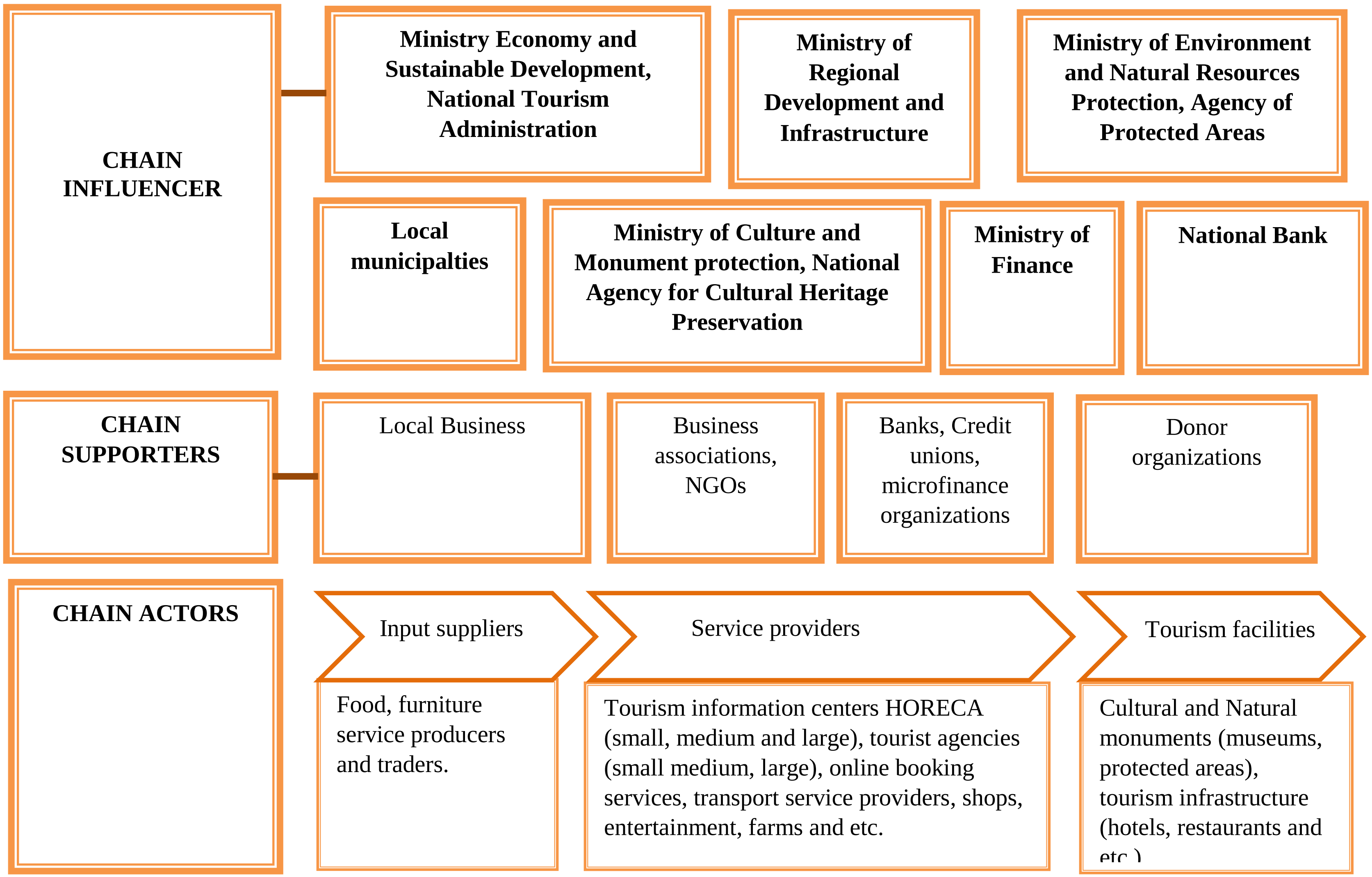
30 companies want to export to Armenia but only 6 know about the preferential trade regime of Armenia. A greater information flow between the companies of the two regions is needed.

33 companies import investment goods from abroad and only 1 company imports it from Armenia. This part needs to be investigated further in order to reveal business opportunities for both sides.

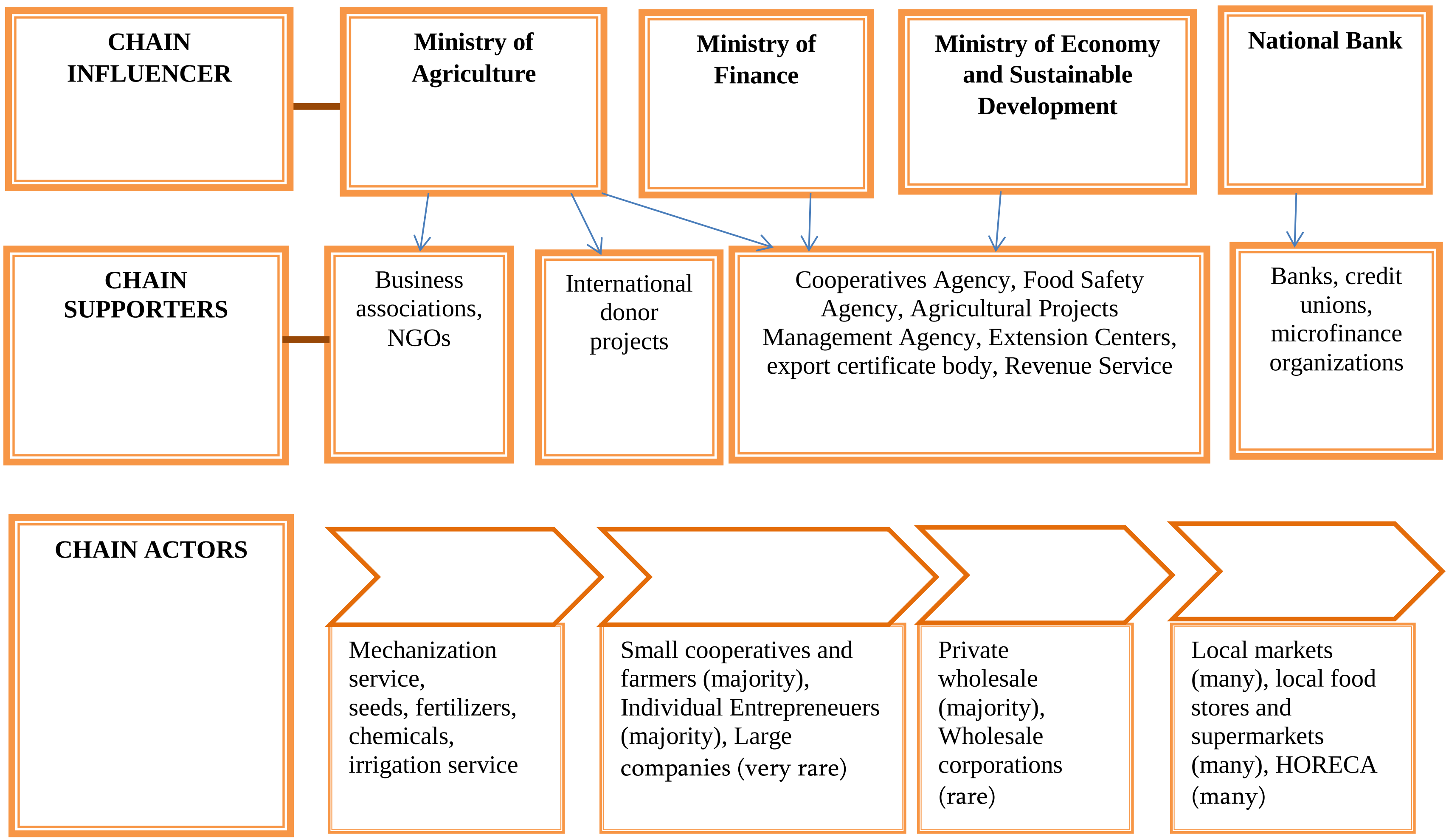
Product safety and quality control is not carried out by the Georgian government. At present, not all Georgia's agricultural products comply with the EU's food safety regulations or those of other countries. Under the DCFTA, the reform of Georgia's food safety regulations will aim at ensuring that its food products meet international standards. By doing so, it will improve the safety of Georgian consumers and increase exports of Georgian foodstuff. It is important that Georgian companies are supported throughout the process to ensure a smooth transition process, and special emphasis should be placed on technological upgrades and access to extension services.

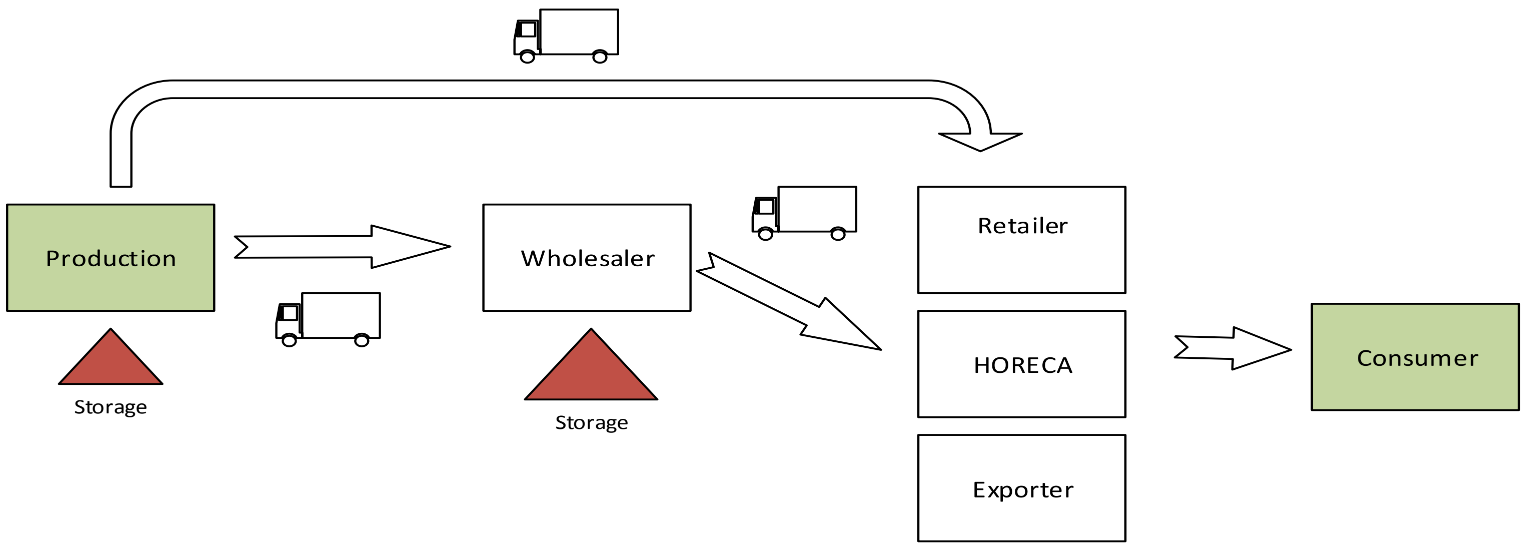
Annex 3.

Tourism value chain diagnostics



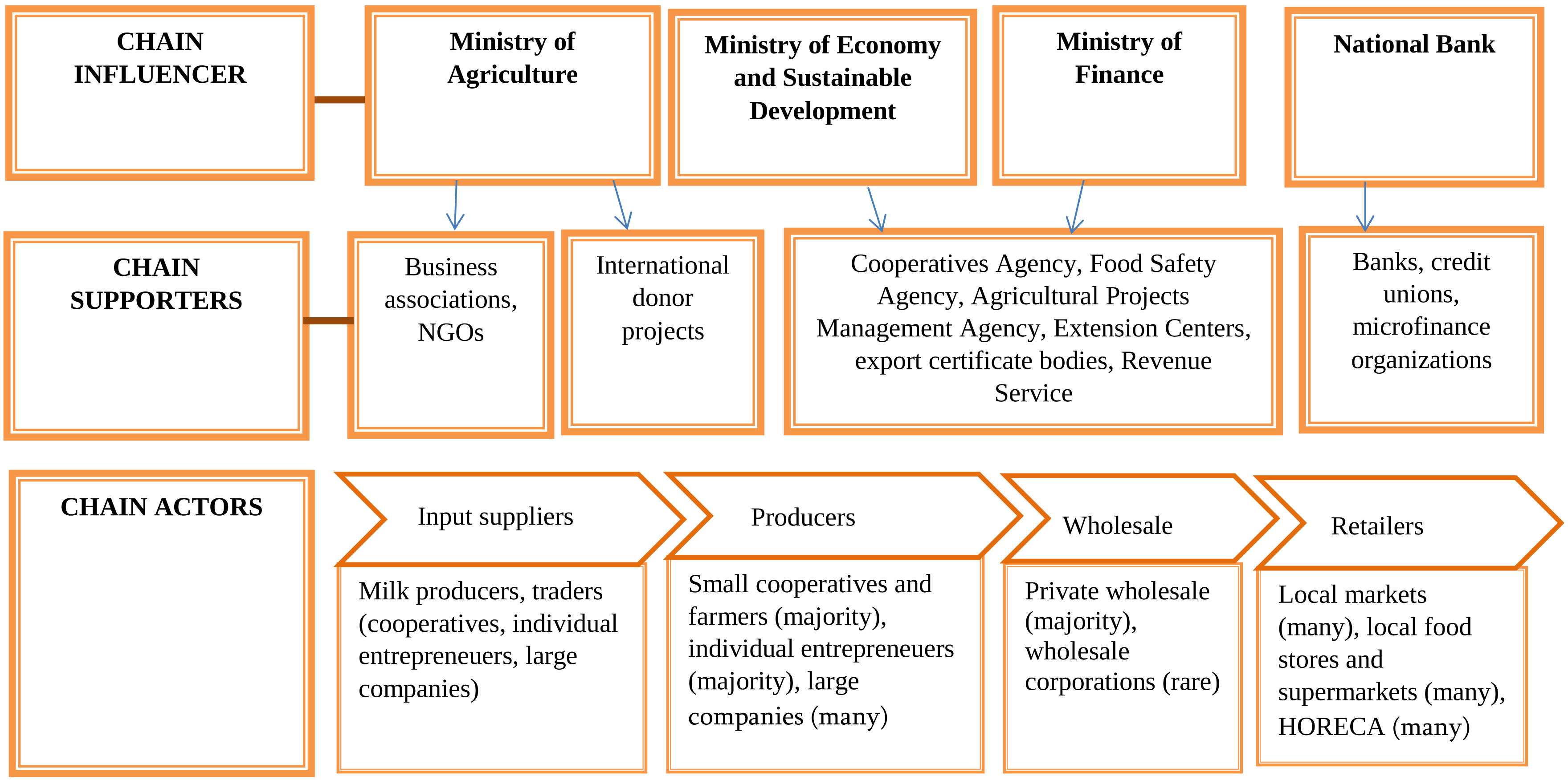
Vegetables value chain diagnostics (potato, onion, eggplant, pepper, tomato)





Number of producer companies: 3 companies from the sample, 1 LLC and 2 individual entrepreneurs.
Only potato is exported to Armenia and Russia.

Cheese value chain diagnostics



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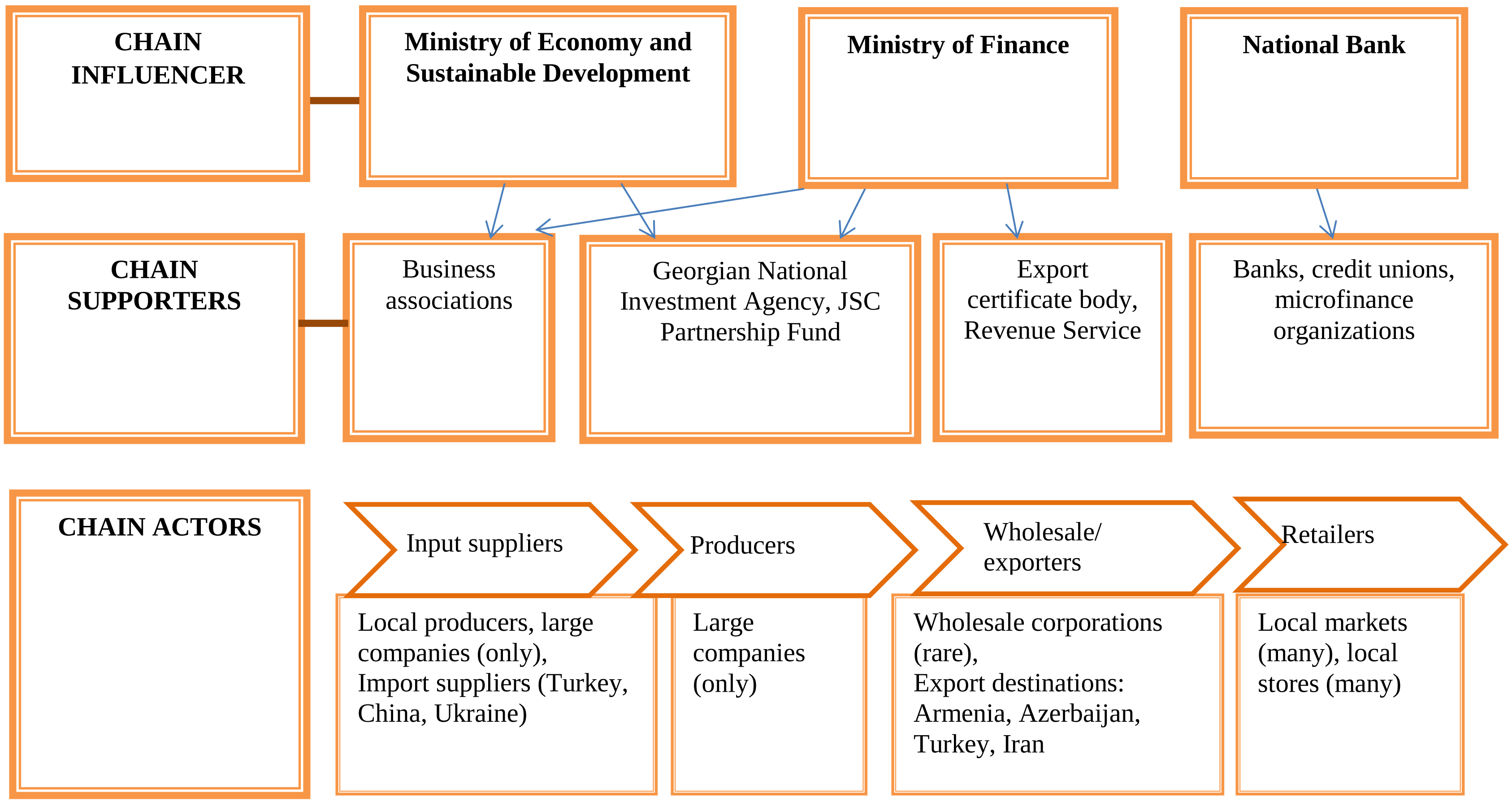
European Partnership Territorial Cooperation opens an opportunity for Eastern Partnership countries to identify and jointly address common challenges in their border regions towards sustainable economic and social development at local level.

EaPTC comprises four territorial cooperation programmes: Armenia-Georgia, Azerbaijan-Georgia, Belarus-Ukraine and Moldova-Ukraine.

Number of producer companies: 3 companies from the sample, 2 LLC and 1 individual entrepreneur.
Cheese from Kvemo Kartli region does not go to the export markets.

Armature value chain diagnostics



Number of producer companies: 3 large companies from the sample (LLCs).

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