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ARMENIA ON THE EURASEC FOOD MARKET

The following areas of cooperation form the basis of the Eurasian Union's economic integration:

1. Mutual trade expansion.
2. Deeper border cooperation (easing customs procedures).
3. Cooperation in the energy sector.

4. Cooperation in the transportation and communications sectors.

A particular area of cooperation is also the agro-industrial complex. The EurAsEC member states' natural and geographical conditions allow maximizing the use of comparative advantages of agricultural sector specialization, as well as implementing mutually beneficial trade reflecting the integration processes of the agrarian market. Foreign trade opportunities are primarily determined by the ratio of agricultural product production and domestic consumption. Table 1 below shows the main agricultural products production volumes by EurAsEC countries in 2012.

Table 1

The main agricultural products production volumes by EurAsEC countries in 2012

Product	Measurement unit	Russia	Belarus	Kazakhstan	Armenia	Overall EurAsEC and Armenia
Wheat	Thousand tons	70908 76.2%	9227 9.9%	12865 13.8%	46 0.05%	93046 100%
Potatoes	Thousand tons	29533 73.4%	6911 17.2%	3126 7.8%	647 1.6%	40217 100%
Vegetables	Thousand tons	14626 72.7%	1581 7.9%	3062 15.2%	849 4.2%	20118 100%
Meat (in slaughter weight)	Thousand tons	8007 78.8%	1092 10.7%	934 9.2%	130 1.3%	10163 100%
Milk	Million tons	32 71.3%	7 15.5%	5 11%	1 2.2%	45 100%
Egg	Million units	42007 83.7%	3846 7.7%	3673 7.3%	658 1.3%	50184 100%

Note: *The table is compiled according to the date available in* [7].

As the table shows, the productivity of agricultural products in Armenia is lower than in any of the EurAsEC member countries. It should be noted that in Russia 8.3% of the budget revenues are spent on the development of agriculture, in Belarus respectively 11%, in Kazakhstan 2.9%, while in Armenia, only 1.9% [1, 6]. In fact, initially unequal economic conditions are formed, which reduce the

competitiveness of Armenian products in the markets of these countries.

Nevertheless, the absolute figures from Table 1 do not fully reflect either the country's role in EurAsEC agricultural production total volume, or the self-reliance level of each individual country's food production. For this reason it is advisable to also consider the relative index, which is the production of agricultural products per capita. Based on this, the particular indices of primary agricultural products production have also been calculated, and the integral sum of which has allowed ranking countries according to the security level of domestic production of agricultural products (Table 2).

The data provided in the table 2 show that Armenia ranks in third place by per capita agricultural production indices among the EurAsEC members. Of all the products the first place belongs to the Belarusian agro-industrial complex. The sum of agricultural production indices of Belarus is about 2 times higher than the relevant figure of the other states, which speaks for the gap between that country's agro-industrial complex development level and that of the agro-industrial complexes of the other members of EurAsEC. Thus, the rest of the countries have several problems with certain types of food production and self-reliance.

Table 2

EurAsEC countries ranking in per capita basic agricultural production in 2012

Product	Measurement unit	Russia	Belarus	Kazakhstan	Armenia
Wheat	Kg	494	975	754	14
	index	0,69	1,35	1,05	0,02
Potatoes	Kg	206	730	183	199
	index	0,86	3,06	0,76	0,83
Vegetables	Kg	102	167	179	262
	index	0,92	1,52	1,63	2,38
Meat (in slaughter weight)	Kg	55	115	54	40
	index	1,14	2,39	1,12	0,83
Milk	Kg	223	739	293	308
	index	0,85	2,8	1,11	1,17
Egg	Item	293	406	215	203
	index	1.11	1.54	0.82	0.77
Sum over indexes		5.57	12.7	6.5	6
Ranking		4	1	2	3

Note: *The indices are counted by the author.*

In addition to the aforementioned, production volumes predetermine the potentials for export. Table 3 s hows Armenia's export and import of certain agricultural products with EurAsEC countries. The data clearly demonstrates that in this sphere, Armenia has trade arising from comparative advantages only with Russia, as such products, in production of which Armenia has high level of specialization, are only exported to Russia. In particular, these are "Edible vegetables and certain roots and tubers", "Edible fruit and nuts; peel of citrus fruit or water-melons", and "Fish and crustaceans, mollusks and other aquatic invertebrates" commodity groups, which export volumes exceed import volumes in trade with Russia. Nevertheless, with mentioned commodity groups Armenia's trade balance with Belarus has negative value (with the exception of the "Edible fruit and nuts; peel of citrus fruit or water-melons" product group), while in trade with Kazakhstan, these commodity groups are not included at all.

In fact, fruits and vegetables exported from Armenia in this region's food markets, which are competitive, are not exported to Belarus and Kazakhstan in large quantities, in relation to the commodity and logistics complex system (Table 3).

Table 3

The volumes of Armenia's export and import of certain foodstuffs to EurAsEC member states in 2011(thousand dollars)

	Russia		**Belarus**		**Kazakhstan**	
	Export	**Import**	**Export**	**Import**	**Export**	**Import**
Meat and meat products	-	0,1	-	116,3	-	-
Fish and lobsters	11609.1	313.9	38.3	53.7	-	-
Milk and dairy, bird eggs	1497.2	3628.3	-	2409.0	-	-
Vegetables	935	501	-	5,8	-	-
Fruit	14051.4	1,4	40,3	6,4	-	-
Grain	4.4	54261	-	-	-	21366.9
Sugar	13.6	2424.3	-	25.3	-	7.7

Note: *The table is compiled according to the Statistical yearbook of Armenia 2012.*

Despite the sufficient development level of Armenia's dairy products market, those goods are not competitive in the EurAsEC market, which can lead to import volumes increment after joining the Customs Union. Armenia's export potential in other products is low.

Thus, Armenia's main trading partner for foodstuff trade in the frame of EurAsEC is Russia. However, Armenia, being a small country, is unable to meet the demand of the Russian market especially due to the fact that within this sphere in Armenia, there are problems related to the backwardness of the technological sector, labor productivity, and the insufficient competitiveness of t he products. This is why it's necessary to deepen cooperation in the fields of science and innovation, concentrating efforts on t he transition to agrarian innovative development.

Litriture

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