

Business Opinion Leaders' Research Overview and Preliminary Findings

Support to Armenia-Turkey Rapprochement Project



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Yerevan, Armenia

Armenia's Trade Turnover with Turkey in 2010

Armenia's Total Trade Turnover with Turkey:
\$212,106,700
(18% increase from 2009)

- Export to Turkey: **\$1,229,600**
(2.7% increase from 2009)

- Import from Turkey: **\$210,877,100**
(18.7% increase from 2009)

Source: www.armstat.am

Research Sampling Size

A. 70 In-depth interviews with:

- Businessmen
- Experts and political scientists
- Representatives of state structures
- Representatives of Non governmental organizations

B. 176 SMEs representing the following sectors:

- Manufacturing
- Agriculture
- Construction and building materials
- Construction engineering
- Tourism
- Transport
- Information and Communication Technologies (ICT)

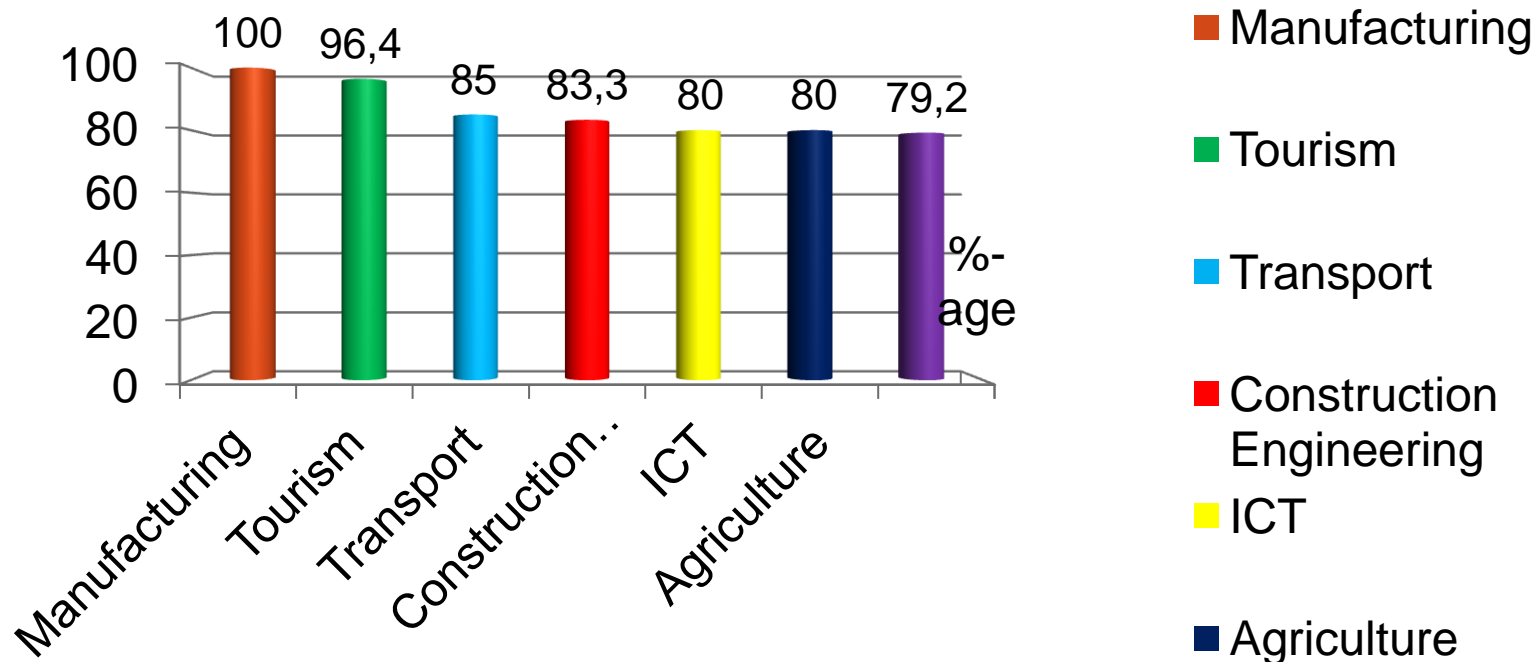
Business and Economic Relationships between Legal Entities of Armenia and Turkey

47% of respondents cooperate with Turkish partners in:

- Tourism 92.9 %
- Construction & building materials 62.5 %
- Transport 60 %
- Agriculture 32%
- ICT 30%
- Construction engineering 5.6%

Willingness of Armenian Companies to Cooperate/Establish Joint Ventures with Turkish Partners

Level of Willingness (%)



Armenian Goods and Services Perceived by Armenian Businesses as Potentially Competitive in Turkey

- Gold and silver jewelry, precious stones, including raw or processed diamond
- Potato
- Meat and meat products
- Canned food
- Juice and mineral water
- Tobacco products
- Foil
- Synthetic rubber/coutchuc/
- Molybdenum
- Pharmaceutical products
- Electric power
- Leather
- Cement

Preferred Regions for Cooperation

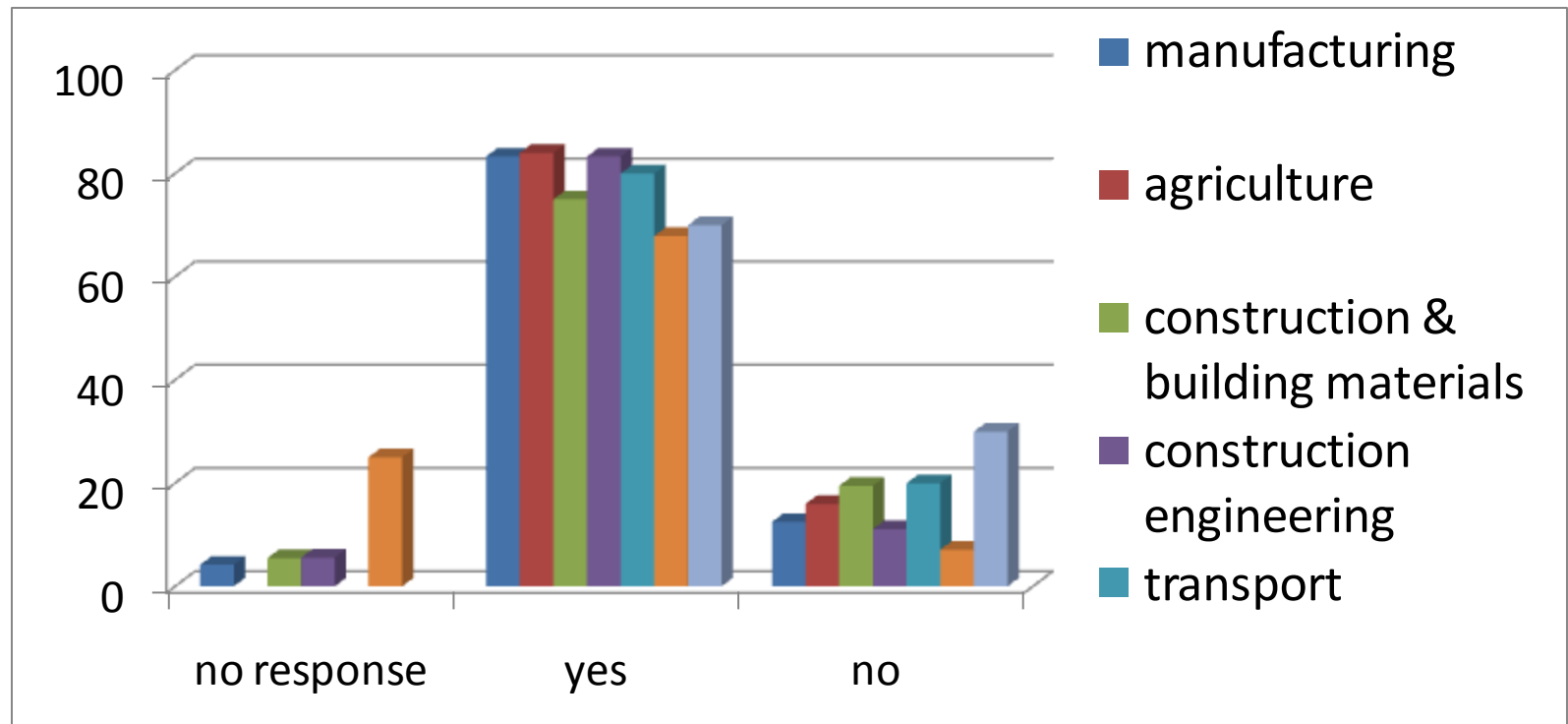
Turkey

- Istanbul
- Eastern regions of Turkey (Kars, Van)
- Bordering regions with Armenia
- Seaside regions

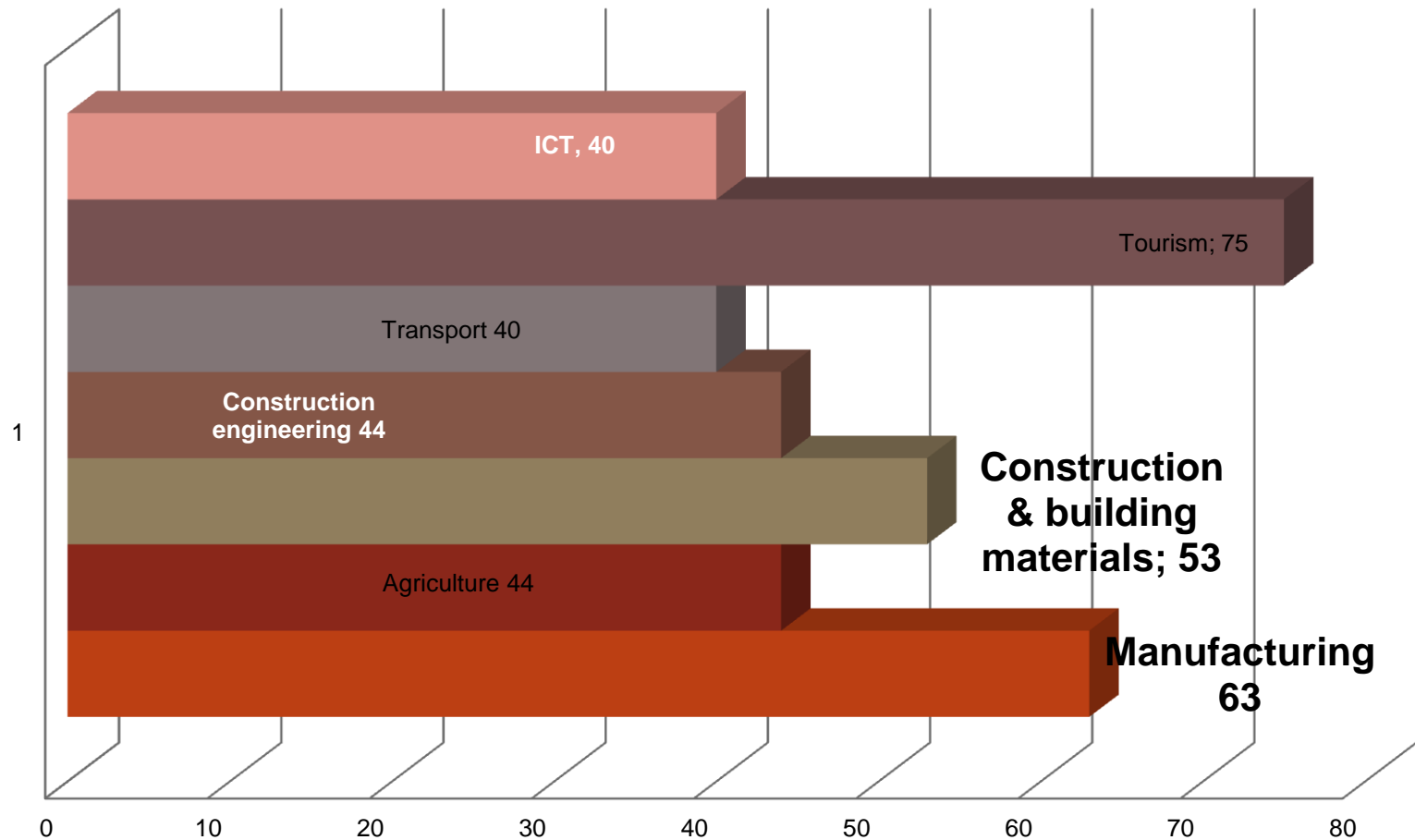
Armenia

- Yerevan
- Aragatsotn marz
- Armavir marz
- Shirak marz
- Lori marz

Possibility of Turkish Technology and Equipment Usage in Armenia



Visits and Sharing Experiences

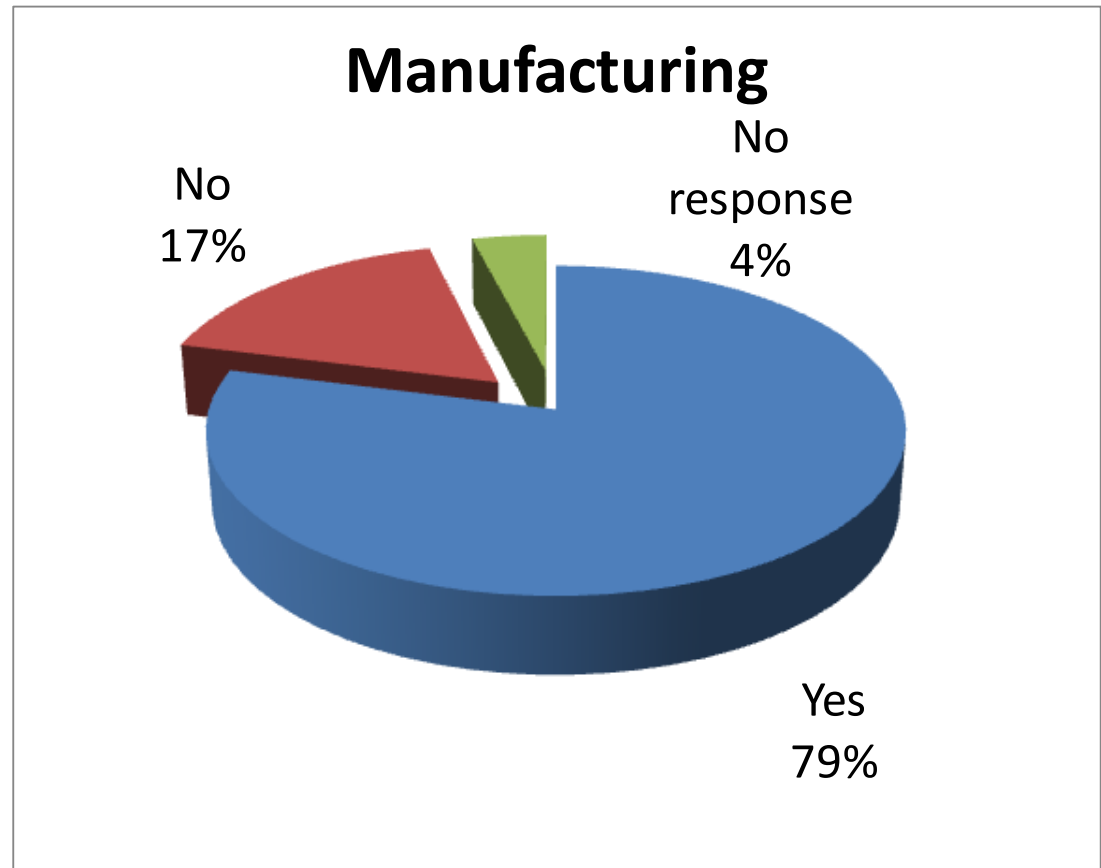


Joint Ventures Establishment

Example: Manufacturing

Question:

Are there any opportunities for establishing joint ventures in manufacturing sector?



Example: Manufacturing Sector

Question: *In what ways do you expect to cooperate with Turkish counterparts?*

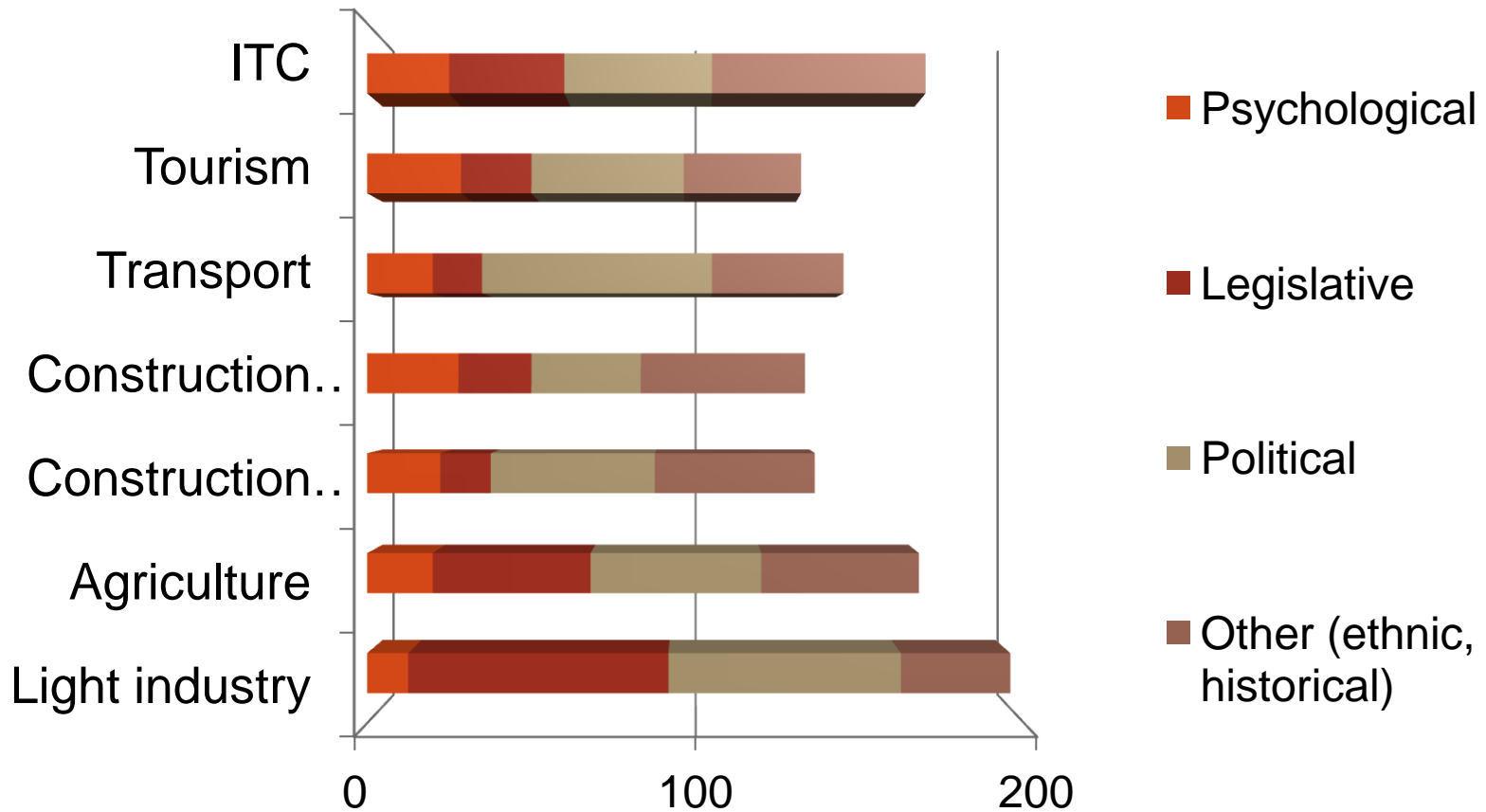
- Involvement of Turkish specialists, import of raw materials and joint export to Russia
- Use of Turkish raw materials and local workforce
- Establishment of joint-stock companies
- Attracting Turkish investment
- Joint production and export
- Any format involving government support or engagement

Familiarity with Turkish Market, Products and Resources among Armenian Businessmen

Level of Familiarity

• Manufacturing	79%, of which 95.8%
• Tourism	85.7 %
• Construction & construction engineering	83.3%
• Transport	75%
• ICT	70 %
• Agriculture	60 %
• Not familiar	20.1%

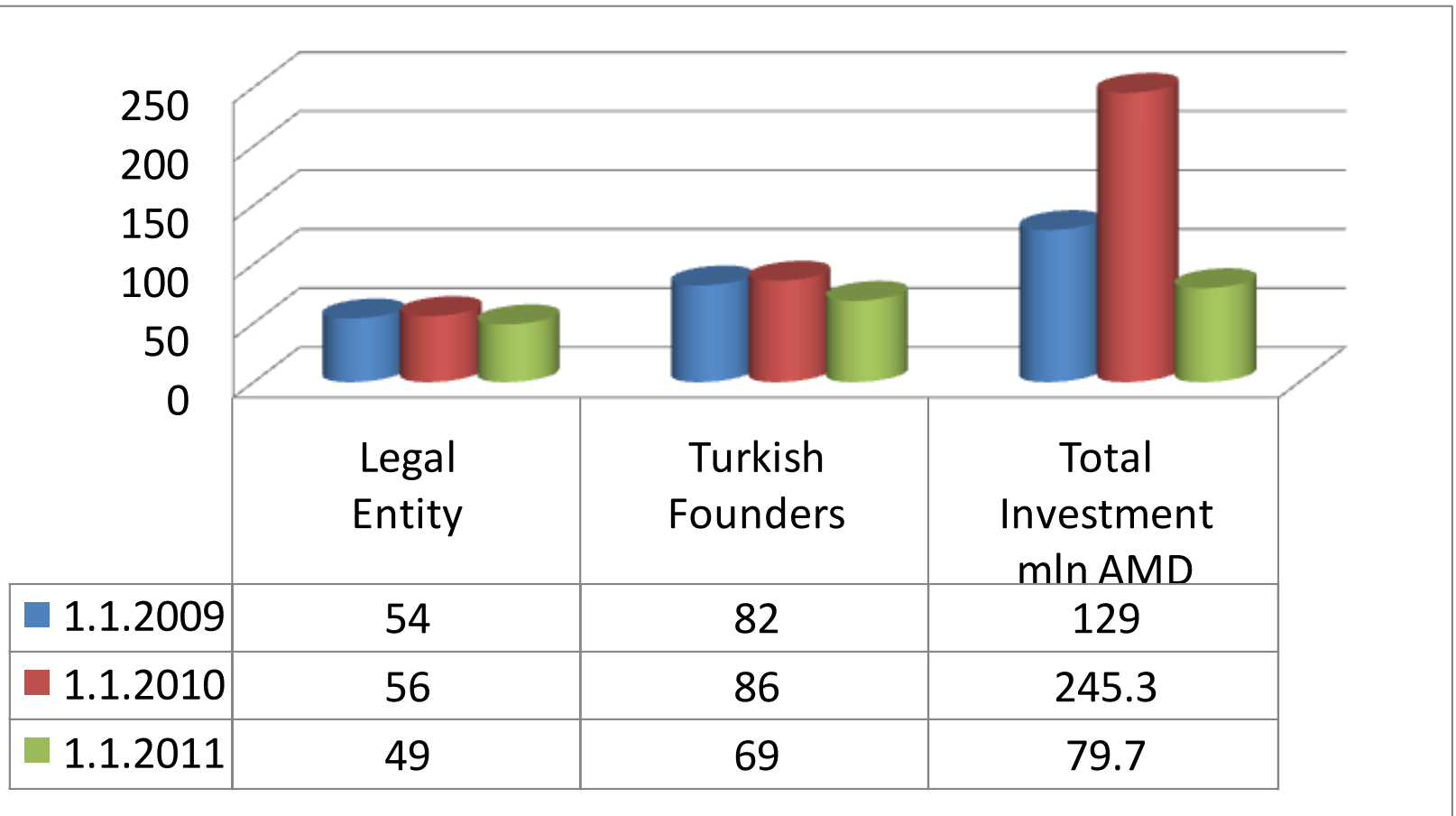
Barriers to Armenia-Turkey Cooperation by Sectors



Types of Expecting Support for Partnership with Turkish Businesses

- Government assistance 49,3%
- Financial support 34%
- Juridical 30%
- Consulting 25,5%
- Qualified specialists 15,7%
- Transport 9,9%
- Other 17,6%

Dynamics of Armenian-Turkish Joint Ventures: 2009-2011



Early Conclusions

- The level of business cooperation between Armenia and Turkey is relatively low, except for tourism sector.
- Cases of interrupted business relations are not dominant.
- The reasons for breaking business relations are mostly case-specific rather than systemic and hard to recover (address).
- The current situation and past experience indicate favorable grounds to foster Armenia-Turkey business cooperation.

Recommendations

- To increase the flow of capital between the countries through establishment of joint ventures
- To protect business rights through:
 - Forming specialized groups, that may involve youth organizations
 - Non governmental organizations
 - Unions and associations
 - Business clubs

Thank You