

**EMBASSY OF INDIA
YEREVAN (ARMENIA)**

MARKET SURVEY

**MARKET OF FROZEN BUFFALO MEAT
IN THE REPUBLIC OF ARMENIA**

APRIL 2005

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Armenia – fact sheet

Official Name	Republic of Armenia, Hayastani Hanrapetutyun
Capital	Yerevan, Pop. 1.25 million; 900 – 2000 mt. above sea level
Currency	Armenian Dram (AMD), 1 USD = 450 AMD Apr 2005)
Location	South West of Asia; 48°N, 45°E; landlocked with Georgia in North (164 km); Iran (35 km) and Nakhichevan Exclave of Azerbaijan in South (211 km); Azerbaijan in East (566 km) and Turkey in West (268 km)
Area	29,743 sq. km (Forest 12.7 %, Water areas 5.6 %, Agricultural Lands 46.8 %, other lands 34.9 %)
Administrative & Territorial Division	(Total 11 Marzes or Regions) Yerevan, Aragatsotn, Ararat, Armaviv, Gegharkunik, Lory, Kotayk, Shirak, Syunik, Vajots Dzor, Tavush
Temperature	Average temperature January -6.8 ⁰ C July +20.8 ⁰ C
Population	3.2 million (as per 2001 census, March 2003 est. 3 mn), density 128 per square km; urban 66.7%, rural 33.3%, , Male 48 %, Female 52 % (3 adult males for every 4 females)
Religion	Predominantly Armenian Orthodox Apostolic Church (99%) based in Echmiadzin, headed by the Catholicos of All Armenians
Literacy	99%
Average Life Expectancy	73.5 years; Male (70), Female (76.1)
Government	President: Robert Kocharian Speaker, National Assembly: Artur Baghdasarin Prime Minister: Andranik Margarian Foreign Minister: Vartan Oskanian
Independence Day	September 21, 1991
Brief History	The process of evolution of Armenian civilisation dates back to the second millennium B.C. The Kingdom of Urartu (9th–7th c. B.C.) was the first major state formation. The Armenian plateau, located where Persia, Russia and Turkey have butted heads for centuries, has been invaded by Romans, Greeks, Turks, Persians, etc. By the 15th century, Armenia was part of the Ottoman Empire. Independent Republic of Armenia was proclaimed in August 1920, but in December 1920 became part of the Trans-Caucasian Soviet Socialist Republic. In 1991, Armenia declared independence and adopted its present Constitution in 1995.
Foreign Policy	Oriented towards Europe with strategic alliance with Russia. Seeks to maintain balance with USA. Blockade by Azerbaijan and Turkey over conflict in Nagorno Karabakh. The Organisation of Security and Cooperation in Europe (OSCE) - Minsk Group - active in finding solution. Member of the UN, CIS, Council of Europe, Black Sea Economic Co-operation and WTO. Seeks greater integration into the world economy. Has 'Observer' status in NAM. Foreign policy guided by reciprocal approach.

India -Armenia Relations	Historically warm and friendly. Huge goodwill for India. Dr S Radhakrishnan visited in September 1964 and Prime Minister Indira Gandhi in June 1976. After Armenia's independence, former President Levon Ter-Petrosyan visited India in December 1995. Treaty of Friendship and Co-operation and several other agreements and protocols. Institutionalised India-Armenia Inter-Governmental Commission and Foreign Office Consultations. Foreign Minister Vartan Oskanian visited India in December 2000. MOS (EA) visited Yerevan in July 2003 (first ever visit by Indian Minister). About 400 Indian students, mainly studying medicine. President Robert Kocharian visited in October 2003. We announced grant of US\$ 5 mn
Real GDP Growth (2004)	10.1% (2003= 13.9%)
GDP (2004)	US\$ 3.8 bn
GDP per capita (2004)	US\$ 1,100 (app)
GDP (Per Capita PPP)	US\$ 3,500 (app)
GDP by main activity	Industry 28%, Agriculture 27%, Services 45%
Labour force by sector	Industry 25%, agriculture 45%. Services 30%
External Debt (net)	US\$ 988.8 mn (2004) 95% soft loans
Exports (FOB) 2004	US\$ 715 mn cut and polished diamonds, mineral products, foodstuffs, energy (Belgium 18.2%, UK 16.8%, Israel 15.7%, Russia 12.1%, Iran 7.9%, US 6.3%, Germany 5%)
Imports (CIF) 2004	US\$ 1,351 mn natural gas, petroleum, tobacco products, foodstuffs, raw diamonds (Belgium 11.6%, Russia 11.6%, Israel 11.3%, US 9.5%, Iran 8.8%, Germany 6.7%, UAE 5.4%, Italy 4.7%, Ukraine 4.6%)
Unemployment	9.3% officially (actually closer to 40%)
Foreign trade Jan 2005	US\$ 161 mn (Exp: US\$ 45 mn, Imp: US\$ 116 mn)
Inflation (2004)	7% (2003=8.6%)
Transportation	Railways 845km, highways 16,000 km
Industries	diamond-processing, metal-cutting machine tools, forging-pressing machines, electric motors, tires, knitted wear, hosiery, shoes, silk fabric, chemicals, trucks, instruments, microelectronics, jewellery manufacturing, software development, food processing, brandy
Armenia-India Trade:	US\$ 8.67 mn (2004) mainly Indian exports of foodstuffs (essentially meat), electrical equipment, optical equipment, plastics, pharmaceuticals and other chemical goods. New items since 2003 include rice, sugar, cut and polished diamonds, and cars. Armenia exports metal scrap and raw rubber. Some Indian products come through Dubai/ Moscow.
The future	To promote India-Armenia trade and investment, the Embassy, has a special programme called RAIP (Revive and Introduce Programme) which seeks to revive every year at least one Soviet era export and introduce at least one new product or service. In 2003, the Mission revived meat exports and introduced sugar. In 2004, it was cut and polished diamonds and motor vehicles. In 2005, the project is for pharma and stones (especially marble). The Embassy has adopted a non-exclusive "four plus one" policy. The four sectors in which Armenia seeks India's assistance are small and medium industries, information technology, agriculture and light engineering, while the "plus one" is to encourage Indian companies to invest in export-oriented sectors in Armenia.

Abstract

The Commercial Section of the Embassy of India has undertaken this survey to explore meat market in the Republic of Armenia (RA). The purpose of this market survey is to find out feasibility of exporting frozen buffalo meat from India to Armenia by analyzing the existing situation in the Armenian meat market. The objectives of the survey on meat market in Armenia are as follows:

- To find out the role of the meat market in the general industrial setup of RA.
- To study the current state of the companies involved in meat processing in Armenia.
- To find out business opportunities for the export of Indian frozen buffalo meat into the Armenian market.
- To give statistical information on Armenia's meat market.
- To identify the business environment and understand the tax regime, foreign trade regulations, and foreign investment regulations.

Methodology

The method used for this market survey is a content analysis of secondary sources based on the review of reports from National Statistical Service of RA, Ministry of Trade and Economic Development of RA, Armenian Development Agency, information available through Internet, and news agencies.

Armenian Meat Market

Armenia's food processing industry, including meat processing, is one of the most promising and growing sectors of the economy. Since 1995, food processing has been one of

the leading industrial sectors constituting 37% of gross industrial production, according to the report of the Armenian Development Agency.

Armenia has a fast growing food processing sector with export potential. One of the sectors which food processing enterprises mainly specialize in is meat and meat products (smoked meat, sausages, etc.).

Meat processing has improved since the 1990s. Currently, 5 private major enterprises (in Gavar, Yerevan, Vanadzor, and Gyumri cities) operate in this sphere with a total annual capacity of 34 thousand tones of meat and sausage production (the Armenian Development Agency).

Meat Processing Companies

There are several companies in Armenia, which are engaged in meat processing activity. These companies use both local and imported meat for processing. The companies presented below are the most well-known names in meat processing industry in Armenia (for the list of meat processing firms and their contacts see Appendix 2).

"Geghard Msamterqi Kombinat" LLC was founded in 1989 to provide meat products to local and international markets. As one of the pioneers in the processed meat industry, it had a significant growth within the last seven years, and is currently producing over 100 varieties of cooked, semi-smoked and smoked sausages, hams and other meat products. In 1999, the company undertook a plant renovation installing approximately USD 1 million of high tech processing equipment. The state-of-the-art technology has made it

possible for Geghard to explore export market opportunities and to export their products in Russia, Kuwait and United Arab Emirates.

“**Atenk**” meat factory first represented its production in Armenian market in 1993. In the first period, it produced only 3 kinds of sausages, but it found a demand and the question of enlarging the variety of production rose. At present, “Atenk” produces 79 types of sausages and smoked meat products, which are sold not only in Yerevan but also in other regions of Armenia. The production is fulfilled by Russian and German equipments due to which the volume of the production is enlarging.

“**Valletta**” LLC has produced meat products *Biella* since 1999. Wholesale trade of the company includes meat imported from India and Brazil. Valletta LLC offers Biella meat products, such as summer sausages, semi smoked sausages, meat delicacies, saveloy, ham, etc. Valetta is searching for new partners.

At present "**Ararat**" factory of meat products is one of the biggest companies in this production area in Armenia. The factory developed a productive capacity of 200-400 kg per day. Since 1989 the factory has existed and developed by expanding annually its output capacities. Currently, the factory produces an assortment of more than 50 products, in comparison with the 5-6 products at the beginning of its development. According to “Ararat” factory website, own meat production, building of own farms, and the search for new meat producers in Europe and Russia are also considered very important for the strategic development of their company.

Most of Armenia’s food processing plants are actively looking for foreign partners to increase their production.

Statistics

For December 2003 compared to December 2002 increase in meat product price comprised 9.5% and exceeded by 9.0 percent point the respective indicator (0.5%) of the same period of the previous year. For March-August 2003, 5.8% increase in price for meat product commodity group was followed by 1.2% price decrease for September-November, which again changed into price increase for December comprising 3.2% (Socio-economic Situation of the Republic of Armenia for January-December 2003).

Extracts from foreign trade of Armenia by commodity groups for 2003 related to meat and meat products are presented below:

FOREIGN TRADE OF ARMENIA BY COMMODITY GROUPS FOR 2003

CHAPTER	Export			Import		
	Volume ton	Mln. drams	Thous. USD	Volume ton	Mln. drams	Thous. USD
Meat and Meat Products	608,6	276,9	476,1	27731,4	12933,1	22368,6

FOREIGN TRADE OF ARMENIA, BY COMMODITY SUBGRUP FOR 2003

(by the customs declarations data)

SUBGRUP NAME	Export		Import	
	Volume ton	Thous. USD	Volume ton	Thous. USD
Meat of bovine animals, frozen	593.5	426.9	8850.2	8429.2

The following tables summarize data for the export and import patterns of Armenia by countries and percentages of the total export and import:

EXPORTS, IMPORTS OF ARMENIA BY MEAT AND EDIBLE MEAT OFFALS BY CIS COUNTRIES AND OTHER COUNTRIES OF THE WORLD

(1000 US dollars)

	2000		2001		2002		2003	
	exports	imports	exports	imports	exports	imports	exports	imports
Total	14.6	20476.9	7.7	20939.6	43.9	19082.5	476.1	22368.6
CIS countries	2.4	60.9	7.7	55.5	43.9	1008.4	473.0	404.2
other countries	12.2	20416.0	0.0	20884.1	-	18074.0	3.1	21964.4

STRUCTURE EXPORT AND IMPORT OF ARMENIA BY MEAT AND EDIBLE MEAT PRODUCT

(in % of total)

	2000		2001		2002		2003	
	exports	imports	exports	imports	exports	imports	exports	imports
Total	100	100	100	100	100	100	100	100
Meat and edible meat product	0.0	2.3	0.0	2.4	0.0	1.9	0.1	1.7

Source: "Socio-economic Situation of the Republic of Armenia for January-December 2003"

Required Import Documentation

A custom declaration form must be presented with a pre forma invoice or a contract indicating the specifications, quantity, and value of goods being imported. Meat and meat products are one of the products that must be certified. Imported food products' labels must have the manufacturer's name, contents, weight, and "best before date". It is required labeling by the registered trademark for meat.

Tax Regime

Customs Duties

Customs Duties are levied on all legal and natural entities importing goods to Armenia. Customs duty is either 0% or 10% depending on the item.

Custom Duty for the import of meat and meat products into Armenia is 10%.

Value Added Tax (VAT)

Value Added tax applies to all legal and natural entities. VAT rates for the realization of goods (works, services, etc.) are levied at a standard rate of 20%.

According to the Law of the Republic of Armenia “On Value Added Tax”, dated May 14, 1997 (and addition December 14, 2001), two rates 0% and 20% of VAT are decided for goods and services subject to tax.

In the case of import the 20 % VAT is charged except the cases provided by the legislation. VAT is calculated and is charged on the border of the Republic of Armenia by customs bodies.

According to the Law of the Republic of Armenia dated June 29, 2001 few enlisted imported goods subjected to 0% customs tariff rate and 0% VAT is not charged on the border of the Republic of Armenia by customs bodies.

VAT 0% is imposed on goods exported from the customs border of the Republic of Armenia. In accordance with law, VAT amounts, paid for the export of goods and services, are to be compensated.

Value Added Tax for the import of meat and meat products into Armenia is 20%.

Foreign Trade Regulations

Trade Regime

Foreign trade of the Republic of Armenia is regulated by a regime, established by the legislation and normative acts, as well as by bilateral and multilateral interstate, intergovernmental agreements of the Republic of Armenia with the other countries.

The Republic of Armenia signed agreements on free trade with Russian Federation, Ukraine, Turkmenistan, Moldova, Belarus, Kazakhstan, Tajikistan and Kyrgyzstan. These agreements envisage exemption from custom tariffs and taxes. The export sections retain an exclusion from this regime for a certain number of products, defined by protocols on exclusion from free trade regime.

The Republic of Armenia signed agreements on Most Favorable National Regime (MFN) with European Union, USA, Argentina, Bulgaria, Qatar, Latvia, Lithuania, Iran, Egypt, Israel, KPDR, Slovakia, Estonia, UAE, Canada, China, Cyprus, Hungary, Lebanon, Poland, Romania, Syria, Switzerland, and Vietnam.

The trade regimes with other countries are regulated by interstate agreements on trade and economic cooperation.

Re-export

Re-export of goods of CIS countries is made only by permission of authorized bodies of the country of origin (of the products). The Ministry of Trade and Economic Development of Armenia authorizes re-export to the third countries. This Ministry decides tariff and non-tariff restrictions for re-export of goods.

Transit

Goods in transit via territory of Armenia are not subject to taxes or tariffs.

Export Opportunities for the Indian Companies

Since local production of foodstuff cannot satisfy the demand, Armenia imports large amount of food, including meat for processing. The food processing industry has been steadily growing, creating a significant demand for processing. In general, the volume of food imports has been growing, while local production has been declining due to high production costs. Imported foodstuffs are mainly of Iranian, Turkish, Russian, UAE, European, and US origin. A significant portion of commercial imports from India is meat. Meat along with poultry products, sugar, flour, soft drinks and alcoholic beverages represents the best export niches in the Armenian market for foreign companies.

Armenia imports meat from several countries, including the Arab United Emirates, US, France, India, and other countries (see Appendix 1 for the full list of countries with which Armenia had foreign trade by meat for 2003).

Armenia and India trade a variety of products, including meat. According to the National Statistical Service of Armenia, bilateral trade between Armenia and India in 2003 was US\$ 5,995,200 and most of it being Indian exports of meat and meat products. India's main item of export to Armenia is especially buffalo meat. In 2003, India was the forth by the export of meat to Armenia: India exported to Armenia 3792.9 tons of meat with a cost of USD 3,634,700. The Armenian market is open with opportunities for competition among local producers. However, it is restricted by high transportation costs. Exporting meat and meat products to Armenia will enable the Indian meat producing companies to enter the CIS market and to enjoy the "high quality - low cost - high profit triangle".

Conclusion

The Armenian food-processing sector is a growing sector of economy. One of the sectors which food processing companies mainly specialize in is meat processing. This fact is explained by the increasing demand of the population in that particular product. Indian meat exporting companies can be supplier of meat, more specifically, frozen buffalo meat, for the Armenian meat processing factories. In general, there is a possibility to export Indian frozen buffalo meat to the Armenian market. Mainly, the end users of the frozen buffalo meat are meat processing companies of Armenia.

Appendix 1**FOREIGN TRADE OF THE REPUBLIC OF ARMENIA WITH SEPARATE COUNTRIES FOR 2003 FOR MEAT AND MEAT PRODUCTS**

Country Name	Export		Import	
	Volume ton	Thous. USD	Volume ton	Thous. USD
Belgium	0.0	0.0	49.8	30.0
Canada	0.0	0.0	619.7	435.4
Cyprus	0.0	0.0	56.7	53.9
Denmark	0.0	0.0	78.0	70.6
Dominica	0.0	0.0	83.3	62.4
Dominican Republic	0.0	0.0	4764.0	3360.6
France	0.0	0.0	474.3	444.9
Georgia	198.0	83.3	539.0	404.2
Germany	0.0	0.0	47.2	32.7
India	0.0	0.0	3792.9	3634.7
Indonesia	0.0	0.0	100.0	95.0
Iran	0.0	0.0	1595.9	1516.1
Italy	0.0	0.0	967.9	588.4
Lebanon	0.0	0.2	0.0	0.0
Monaco	0.0	0.0	24.4	14.6
Nederland	0.0	0.0	839.6	720.5
Poland	0.0	0.0	59.4	23.0
Russia	409.9	389.7	0.0	0.0
Spain	0.0	0.0	148.0	90.7
Switzerland	0.0	0.0	1626.6	1357.5
Arab United Emirates	0.7	3.0	4357.7	3930.8
USA	0.0	0.0	7507.1	5502.6
Total	608.6	476.1	27731.4	22368.6

Source: *National Statistical Service of the Republic of Armenia. Statistical Handbook. Foreign Trade of the Republic of Armenia with Separate Countries by Commodity Groups for 2003.*

Appendix 2

Meat Processing Companies of Armenia

1. GEGHARD MSAMTERQI KOMBINAT Co.Ltd

Albert H. Vardanyan, Director



Kotayk Marz, Jrvezh



(3741)634849, 644566, 289077

Fax: (3741)634849, 288482

E-mail: geghard@arminco.com

URL: <http://www.geghard.com> <http://www.spyur.am/geghard.htm>

TYPE

MEAT PROCESSING FACTORIES

SHOPS: MEAT PRODUCTS

2. ATENK MEAT PROCESSING AND PACKING FACTORY Co.Ltd

Albert V. Yeritsyan, President



375052, Yerevan, Kanaker, Tsarav Aghbyuri St. 59a



(3741)629100, 627360 administration

Fax: (3741)280410

E-mail: info@atenk.com

URL: <http://www.atenk.com> <http://www.spyur.am/atenk.htm>

GENERAL ACTIVITY

Smoked meat & chicken products and delicacies. Jerky

TYPE

MEAT PROCESSING FACTORIES

3. BARI SAMARATSI Co.Ltd

Hovhannes V. Hovakimyan, Director



375020, Yerevan, Nor Aresh, 22th St., House 117; Agatangeghosi St. 7



(3741)472550, 474843 production; 541039 shop

URL: <http://www.spyur.am/samaratsi.htm>

GENERAL ACTIVITY

Production of meat products. Food shop

TYPE

MEAT PROCESSING FACTORIES

SHOPS: FOOD PRODUCTS

4. GGG MEAT PROCESSING AND PACKING FACTORY of GALSTYANNER HAYR EV VORDI Co.Ltd

Gurgen G. Galstyan, Director

Ararat Marz, Norabats, 3rd St., House 10



(3741)598833, (37436)43311, (3749)407660 (mobile)

URL: <http://www.spyur.am/ggg.htm>**GENERAL ACTIVITY**

Basturma, fillets, cooked meats, convenience foods

TYPE

MEAT PROCESSING FACTORIES

5. MAX CONCERN Limited Liability Company

Arsen A. Bagratyan, General Manager

375023, Yerevan, Arshakunyats Ave. 9



(3741)548171, 548191

Fax: (3741)548171

E-mail: maxgroup@mail.comURL: <http://www.spyur.am/maxgroup.htm>**GENERAL ACTIVITY**

Poultry farms: eggs, meat

TYPE

CROP CULTIVATION

POULTRY FARMS

PRINTING HOUSES

WOOD-PROCESSING FACTORIES

6. LINDA MEAT PROCESSING AND PACKING FACTORY Co.Ltd

Karen Margaryan, Managing Director

378510, Kotayk Marz, Arzni, Arzni Highway



(3741)285444, 287666, (37422)22850

Fax: (3741)287666

E-mail: bacon@arminco.comURL: <http://www.spyur.am/linda.htm>**GENERAL ACTIVITY**

Meat processing factory

TYPE

MEAT PROCESSING FACTORIES

7. ARARAT MEAT PROCESSING AND PACKING FACTORY

Meruzhan S. Manukyan, President



375007, Yerevan, Arshakunyats Ave. 135



(3741)480991, 488510, (3749)408525 President (mobile)

Fax: (3741)480991

E-mail: info@araratfactory.am , president@araratfactory.am

URL: <http://www.araratfactory.am>

GENERAL ACTIVITY

Manufacture of meat products

TYPE

MEAT PROCESSING FACTORIES

8. VALLETTA Limited Liability Company

Henrich V. Zakhariants, Director



375085, Yerevan, Aeratsiai Residential Area 1; Amiryan St. 13; Garegin Nzhdehi St. 13



(3741)467400, 467410, 467060 office; 536521; 443885 chain supermarkets

Fax: (3741)467410

E-mail: valletta@valletta.am

URL: <http://www.valletta.am> <http://www.spyur.am/valletta.htm>

GENERAL ACTIVITY

Trade, manufacture, construction, chain restaurants and supermarkets

Building materials and building industry supplies

TRADE NAMES, PARTNERS

BIELLA (Armenia) – Producer

OSRAM (Germany) – Partner

PREMIER (Armenia) – Producer

TYPE

MEAT PROCESSING FACTORIES

SUPPLIERS: FOOD PRODUCTS

9. ARTEM & HRAYR BROTHERS MEAT PROCESSING AND PACKING FACTORY Limited Liability Company

Hrach Kh. Guloyan, Director



Ararat Marz, Mkhchyan, Acharyan St. 6



(3749)401257 Director, 415921, 208787 (mobile)

URL: <http://www.spyur.am/artemhrayr.htm>

GENERAL ACTIVITY

Manufacture of meat products

TYPE

MEAT PROCESSING FACTORIES

10. ETALON G.A.M.A.

Arsen Galstyan, President



1/3 Pavstos Byuzand Street, Yerevan 10



(374-1) 521-280

Fax: (374-1) 589-626

Email: etalon@netsys.com

GENERAL ACTIVITY

Meat Processing

Government Entities

11. Ministry of Agriculture of Armenia

David Lokyan, Minister



2 Government Building, Republic Square, Yerevan-10



Tel: (374-1) 520-641

Fax: (374-1) 523-793

12. Ministry of Trade and Economic Development of Armenia

Karen Chshmarityan, Minister



Mher Mkrtchyan str. 5, Yerevan-10



Tel: (374-1) 526134, 566185, 581122

Fax: (374-1) 526577

URL: www.minted.am

13. Agribusiness Development Center

Armen Davtyan, Director



12 Vagharshian Street, Yerevan-12 Armenia



(374-1) 505-995

Fax: (374-1) 277-647

Email: adc@mbox.amilink.net

14. Industry Associations

Agrarian-Peasant Union of Armenia

Hrachya Berberyan, Executive Director



13a Vardanants Street, Yerevan-10



(374-1) 542-121

Fax: (374-1) 542-121

15. Armenian Farmers Association

Haykuhi Lambaryan, President



43a Pushkin Street, Suite 30a, Yerevan 02



(374-1) 538-053

Fax: (374-1) 538-053