

**EMBASSY OF INDIA  
YEREVAN (ARMENIA)**

*MARKET SURVEY*

**TEA MARKET  
IN THE REPUBLIC OF ARMENIA**

**APRIL 2005**

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**Armenia – fact sheet**

<b>Official Name</b>	Republic of Armenia, Hayastani Hanrapetutyun
<b>Capital</b>	Yerevan, Pop. 1.25 million; 900 – 2000 mt. above sea level
<b>Currency</b>	Armenian Dram (AMD), 1 USD = 450 AMD April 2005)
<b>Location</b>	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)
<b>Area</b>	29,743 sq. km (Forest 12.7 %, Water areas 5.6 %, Agricultural Lands 46.8 %, other lands 34.9 %)
<b>Administrative &amp; Territorial Division</b>	(Total 11 Marzes or Regions) Yerevan, Aragatsotn, Ararat, Armaviv, Gegharkunik, Lory, Kotayk, Shirak, Syunik, Vajots Dzor, Tavush
<b>Temperature</b>	Average temperature January -6.8 <sup>0</sup> C July +20.8 <sup>0</sup> C
<b>Population</b>	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)
<b>Religion</b>	Predominantly Armenian Orthodox Apostolic Church (99%) based in Echmiadzin, headed by the Catholicos of All Armenians
<b>Literacy</b>	99%
<b>Average Life Expectancy</b>	73.5 years; Male (70), Female (76.1)
<b>Government</b>	<b>President:</b> Robert Kocharian <b>Speaker, National Assembly:</b> Artur Baghdasarin <b>Prime Minister:</b> Andranik Margarian <b>Foreign Minister:</b> Vartan Oskanian
<b>Independence Day</b>	September 21, 1991
<b>Brief History</b>	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.
<b>Foreign Policy</b>	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.
<b>India -Armenia Relations</b>	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
<b>Real GDP Growth (2004)</b>	10.1% (2003= 13.9%)
<b>GDP (2004)</b>	US\$ 3.8 bn
<b>GDP per capita (2004)</b>	US\$ 1,100 (app)
<b>GDP (Per Capita PPP)</b>	US\$ 3,500 (app)
<b>GDP by main activity</b>	Industry 28%, Agriculture 27%, Services 45%
<b>Labour force by sector</b>	Industry 25%, agriculture 45%. Services 30%
<b>External Debt (net)</b>	US\$ 988.8 mn (2004) 95% soft loans
<b>Exports (FOB) 2004</b>	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%)
<b>Imports (CIF) 2004</b>	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%)
<b>Unemployment</b>	9.3% officially (actually closer to 40%)
<b>Foreign trade Jan 2005</b>	US\$ 161 mn (Exp: US\$ 45 mn, Imp: US\$ 116 mn)
<b>Inflation (2004)</b>	7% (2003=8.6%)
<b>Transportation</b>	Railways 845km, highways 16,000 km
<b>Industries</b>	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
<b>Armenia-India Trade:</b>	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.
<b>The future</b>	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 Embassy of India has undertaken this survey to explore tea market in the Republic of Armenia (RA). The purpose of tea market survey is to assess the possibility of exporting tea from India to Armenia by analyzing the existing situation in the Armenian tea market. The objectives of the survey on tea in Armenia are as follows:

- To find out the business opportunities for the export of Indian tea into the Armenian market.
- To examine the present local tea market and potentials, as well as its industry volumes and sources of import.
- To give statistical information on Armenia's tea 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 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, Customs State Committee of Armenia, information available through Internet, and news agencies. The survey is based on both primary and secondary sources. Primary research involves on-site examination of tea market, interviews with marketing departments.

## **Tea Market**

Tea is one of the most popular beverages in Armenia. Armenia totally imports tea from different countries, and there is no local production within the country. Different sorts of tea are available in the Armenian market, which are sold in supermarkets, shops, specialized tea shops, etc. The following sorts of tea are available: black, green, herbal tea, fruit tea. Tea is mainly sold in packages.

Tea demand in Armenia is very high; people drink tea on a daily basis, and, especially in cold days, Armenians drink tea several times a day. There is no barrier to entry into the tea

market. Economic concentration is not high; many brands of tea are available in the Armenian market.

Medical tea (phytotea) “Natural Treasury” is produced in the Nagorno-Karabakh Republic. 20 kinds of medical herbs are the source of raw material used in this tea. The raw material is supplied by people living in rural districts. Further processing of the material is carried out at the production sector. The production capacity of the enterprise is about 100 thousands of packages of medical tea.

Tea can be a delight in Armenia, especially if it is herbal. In spring and summer, many Armenians spend their time by packing mountain herbs, drying them for tea. Many types of herbs are available in tea form in Armenia, though restaurants usually serve Indian or Georgian tea. Various brands of bag teas are available around the country.

### **Brands of Tea**

<b>Brand Name</b>	<b>Sorts of Tea</b>	<b>Type of Packing</b>	<b>Weight in gm.</b>	<b>Average Price in AMD</b>
<b>AHMAD</b>	Black	Leaf tea	100	350
<b>AKBAR</b>	Black	Leaf tea	100	350
<b>DILMAH</b>	Black	Leaf tea	100	330
<b>LIPTON</b>	Black	Leaf tea	50	330
<b>MARYAM</b>	Black	Leaf tea	100	300
<b>SHERE</b>	Black	Leaf tea	100	350

## Statistics

According to data of the National Statistical Service, foreign trade of the Republic of Armenia for tea in 2003 was as shown in table 1.

Product	EXPORT		IMPORT	
	volume, ton	thous. US \$	volume, ton	thous. US \$
Tea	1.0	36.4	196.6	617.0

Source: National Statistical Service of the Republic of Armenia

Table 1

Out of whole imported tea, 4 tons were green tea and 193 tons were black tea, according to data provided by the State Customs Committee of the Government of Armenia.

The average annual republican price for one kilogram of tea for 1999-2003 is shown in Table 2.

(AMD)

Year	1999	2000	2001	2002	2003
Price	3347	3189	3135	3070	3052

Source: National Statistical Service of the Republic of Armenia

Table 2

## Taxation

Tea is one of the products in Armenia, which requires labeling by registered trademark (Armenia. Customs Guide 2003, p. 8). A certificate of conformity to safety is required for the import of tea.

Imported consumer goods are subject to customs tariffs in an amount of 10%. According to the Law of the Republic of Armenia "On Value Added Tax", dated May 14,

1997 (and addition to it December 14, 2001), 0% rate of VAT and 20% rate of VAT are imposed on goods and services. VAT is uniformly charged at the rate of 20% on imported goods, except for cases provided by the legislation.

Taxes for import of tea into the Republic of Armenia are as follows:

- *Customs duty for tea import is 10%.*
- *Value Added Tax (VAT) for tea import is 20%.*

Payments for the custom duty should be made in Armenian drams.

### **Investment Climate**

The Government of Armenia considers the investment policy as one of the key aspects of its economic development course. Stable economic growth is achieved in the last 4-5 years. The average growth rate was 6% which is reflected in steady growth in GDP (2000 - 6.0%, 2001 - 9.6%, 2002- 12.9%, 2003 1st - half 14.5%) and in drastic quantitative and qualitative increase in export volumes (2000-28.4%, 2001-14.1%, 2002-48.5%, 2003 1st - half 47.5%) (<http://www.minted.am/en/invetsment.html#1>). Armenia has declared an "Open Door" investment policy. This liberal approach was incorporated into the legislation by adoption of "**Foreign Investment Law**" in 1994 and in other provisions of economic laws relevant to investment. According to the Ministry of Trade and Economic Development, Armenia has recognized the importance of protecting investments and investors and developed such a legal framework that makes Armenia attractive for foreign investments.

### **Conclusion**

As there is high demand for tea in Armenia, it would be attractive to Indian businessmen to import Indian tea to Armenian. Moreover, there is a demand for high quality tea as the Armenian market is full of low quality Georgian tea. In particular, the demand for

the Indian tea is high in Armenia. Armenians consider it as one of the best teas in the world.



India can be the main supplier of tea to Armenia, because, as it has already been said, demand for the Indian tea is high.

## CONTACT LIST

### 1. X-STYLE Ltd.

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#### **Karen Nahapetyan, Director**

 375010, Yerevan, Koryuni 5  
 (3741)588191, 225320  
 Fax: (3741)225320  
 Trade. Tea (deliveries)

### 2. TEA LAND

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#### **Avagyan Aram, Director**

 375001, Yerevan, Abovyan 11  
 (3741)569091  
 Fax: (3741)560675  
 Trade. Tea (deliveries)

### 3. VALLETTA Limited Liability Company

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#### **Stepanyan Shahe, Director**

 375085, Yerevan, Aeratsiai Residential Area 1;  
 (3741)467400, 467410, 467060 office; 536521; 443885 chain supermarkets  
 Fax: (3741) 467400  
 Trade. Tea (deliveries)

### 4. NATURA GOLD SPECIALIZED SHOP & TEA-HOUSE of TEALAND Co.Ltd

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#### **Aram V. Avagyan , Director**

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 (3741)569091, 582184  
 Fax: (3741)560675  
 URL: <http://www.spyur.am/naturagold.htm>

#### **ACTIVITY, PRODUCTS, SERVICES**

Tea-House  
 Trade. Tea  
 Trade. Tea Accessories  
 Trade. Tea: Medicinal

#### **TYPE**

SHOPS: TEA

## 5. KLAIK EXPOCENTRE

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### Avadis Janiashian , Director



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### GENERAL ACTIVITY

Wholesale trade

### ACTIVITY, PRODUCTS, SERVICES

Delivery Service: Food Products

Trade. Tea (deliveries)

### TYPE

SUPERMARKETS

## 6. NIVEA WHOLESALE TRADING WAREHOUSE of ESTING Co.Ltd

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### Grenik Hakobyan , Director



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URL: <http://www.nivea.com> <http://www.nivea.ru> <http://www.spyur.am/esting.htm>

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### GENERAL ACTIVITY

Wholesale trade in "Ahmad Tea"

### TRADE NAMES, PARTNERS

AHMAD TEA (United Kingdom) -Exclusive Distributor

### ACTIVITY, PRODUCTS, SERVICES

Trade. Tea (deliveries)

Trade. Tea: Medicinal (deliveries)