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## MUTUAL TRADE AND ECONOMIC COOPERATION BETWEEN ARMENIA AND GEORGIA

**Аннотация:** в статье речь идет о взаимном торгово-экономическом сотрудничестве между Арменией и Грузией. Автор подчеркивает, что сложившаяся политическая ситуация в регионе Южного Кавказа, расстановка сил – все это способствуют созданию предпосылок для развития армяно-грузинских отношений, что поднимает их на качественно новый уровень. Эти отношения основаны не на политических, а на экономических соображениях, ориентированных на выгоды. Автор приходит к выводу, что политическое и экономическое сотрудничество между Арменией и Грузией во многом основано на торговом и энергетическом транзите через территорию Грузии, и оно сравнительно невелико, хотя и продолжает постоянно расти. Например, уже в 2017 году Грузия была шестым по величине торговым партнером Армении по объему экспорта (155212,5 тыс. долларов США).

**Ключевые слова:** Армения, Грузия, торговля, отношения, экономика, сотрудничество.

**Abstract:** the article is devoted to the mutual trade and economic cooperation between Armenia and Georgia. The author points out that current political situation in the South Caucasus region and balance of power contribute to creation of preconditions for the development of Armenian-Georgian relations and raise them to a qualitatively new level. These relations are based not on political, but on trade economic benefit-oriented considerations. The author comes to the conclusion that political and economic cooperation between Armenia and Georgia is in many ways based on trade and energy transit through Georgian territory and it is comparatively small, though it

*keeps gradually growing. For example, already in 2017 Georgia was the sixth largest trade partner of Armenia in export volume (USD 155212.5 thousand).*

**Keywords:** Armenia, Georgia, trade, relationship, economic, cooperation.

Armenia and Georgia are two oldest countries of the South Caucasus have multiple similarities historically and culturally. Georgia, politically already associated with Brussels, starts creation of Deep and Comprehensive Free Trade Area (DCFTA) with the European Union while Armenia intends to integrate with the Russia-led Eurasian Economic Union (EAEU). Relations with neighboring countries are one of the main priorities of the foreign policy of Armenia. Regional policy of Armenia derives from realities of the unresolved Nagorno-Karabakh conflict, strained relations with Azerbaijan and Turkey, Armenia's blockade by these states. In this situation, good-neighborly relations with Georgia and Iran are of particular importance [7]. In the 1990s, the economic blockade of Armenia made Georgia the most important economic partner of Armenia. Despite being a member of the EAEU, Armenia has the right to maintain its free trade agreement with Georgia. Armenia is a member of EAEU since 2015, this means, that the companies operating in Armenia can export their product to the market of EAEU without any custom rate [3]. Thus, free trade between the countries will continue. However, Georgia will only be able to export domestic products tariff-free to Armenia. For example, already in 2017 Georgia was the sixth largest trade partner of Armenia in export volume (155212.5 thousand USD) [1].

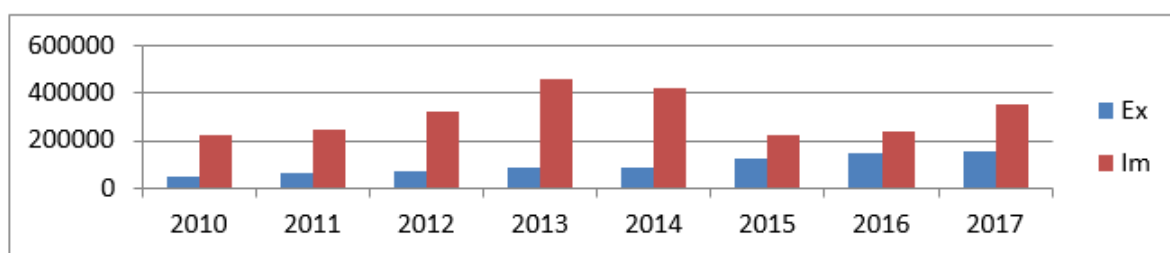


Table 1. Armenia-Georgia trade Turnover in 2010–2017 (thousand USD) [8]

We have reviewed Armenia-Georgia turnover in 2010–2017, and the dates have been taken from the Statistical Service of Armenia. As table 1 illustrates of export and import from 2010 to 2013 both indicators were increased and the highest point of import was in 2013 about 459836.8 thousand dollars, and the highest point of export was

in 2017 about 152892.5 thousand dollars. After 2013 indicators of import decreased till 2016 approximately 2 times. Then in 2017 compared with 2016 increased about 355649.4 thousand dollars. The main imported products from Georgia are agricultural products, vehicles, mineral waters, chemicals and medicines. The main export goods to Georgia are mining equipment, crop and poultry products, agricultural products and food industry products [4].

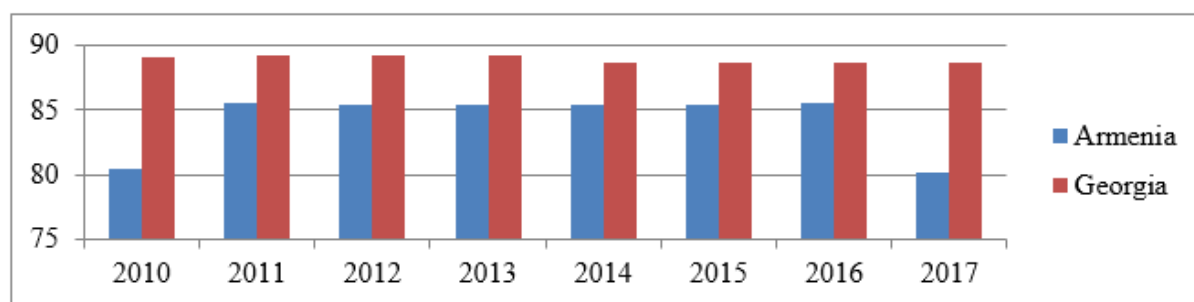


Table 2. Economic Growth Rate in Armenia and Georgia 2010–2017 [5], %

As Table 2 shows, that the observed period in Armenia the highest growth rate was in 2012 about 7.2% and this index exceeds by Georgia. However, in 2016, the Armenia's indicator is far behind the indicator of Georgia. In 2017 compared with 2016 the indicator of economic growth rate was increased about 7% and after all of this the highest point was in 2017 about 7.5% and at the same period the economic growth of Georgia was also increased about 2%.

After the collapse of the USSR, there are about 80 international treaties and agreements between Armenia and Georgia, which practically cover the entire spectrum of relations. Unfortunately, some contracts remain on paper and are not applied in practice. The most important of these agreements is the international convention «On transit trade of landlocked countries» [6]. The most important components of the economic relations of these two countries are mutual investments and tourism. Initially, it should be noted that investments from Georgia to Armenia are absent. In the nearest future, their enrolling in two inconsistent processes of economic integration issue a challenge but, at the same time, open new opportunities for two neighbors. If currently there is little Armenia can practically offer Georgia in trade, economic and transit spheres, it is in many ways dependent itself on its neighbor in the mentioned spheres. Georgian territory conducts on the average approximately 60–70% of the entire goods turnover of

Armenia, main flow of gas imported into the country and the only currently functioning railway branch. Based on this, it is understandable why it is important for Armenia to keep and provide political, communication, energy, and transportation stability of Georgia.

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