



# Armenian-Turkish Business Relations through the Eyes of Business Opinion Leaders

## Support to Armenia-Turkey Rapprochement Project



# Presentation Structure

- ❑ *Study aim*
- ❑ *Study methodology*
- ❑ *Background information on Armenian-Turkish economic relations*
- ❑ *Pilot survey results*
- ❑ *Qualitative study results*
- ❑ *Recommendations*

# Study Methodology

- 1) Desk study of secondary data on economic relations between Armenia and Turkey,
- 2) Primary data collection on business opinion leaders' attitudes and perceptions regarding Armenian-Turkish actual and potential economic cooperation through:
  - *Pilot Surveys;*
  - *Focus Group Discussions (FG);*
  - *In-Depth Interviews (IDI)*

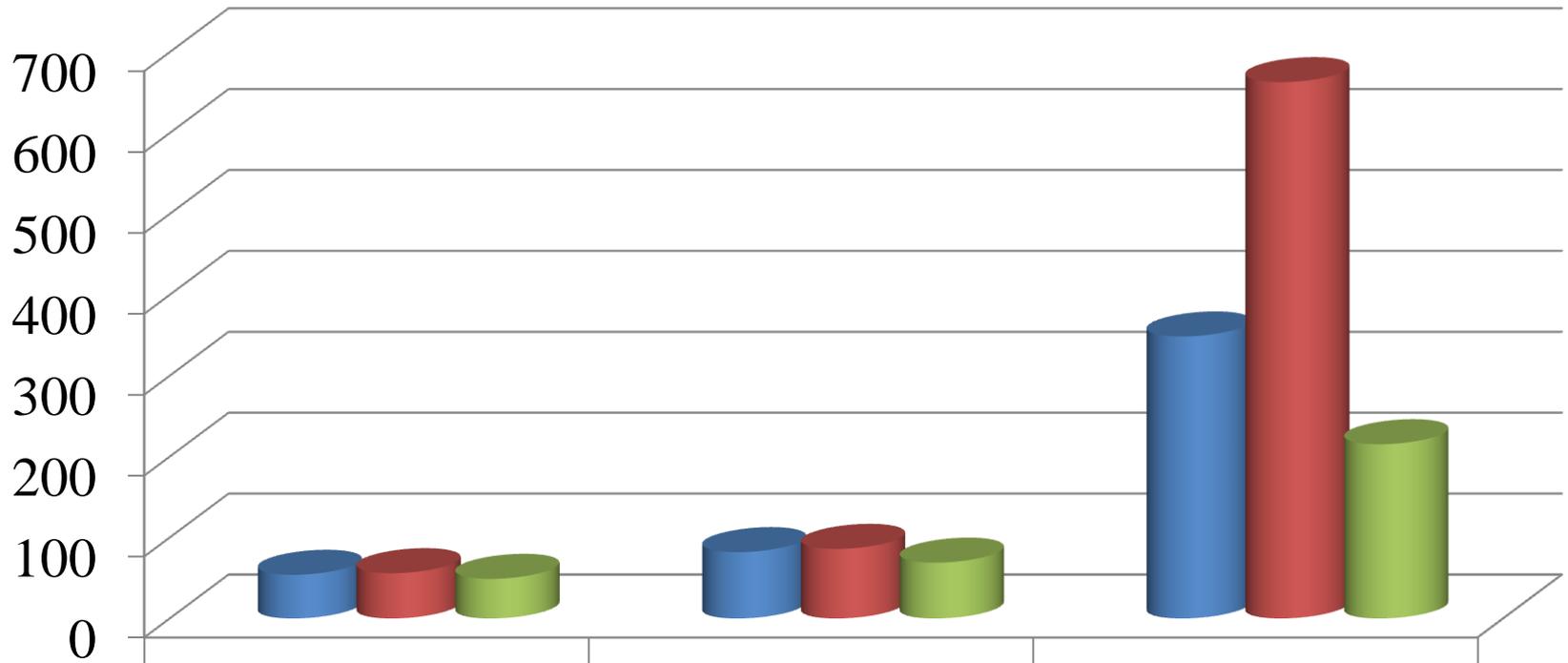
# Primary Data Collection

	N in Arm.	N in Turkey	Main purpose
<i>Pilot Surveys</i>	165	100	General assessment of cooperation patterns
<i>Focus Groups</i>	6	5	Cooperation related feelings and perceptions
<i>In-Depth Interviews</i>	70	20	Cooperation experience, problems, suggestions

# Armenian-Turkish Economic Relations

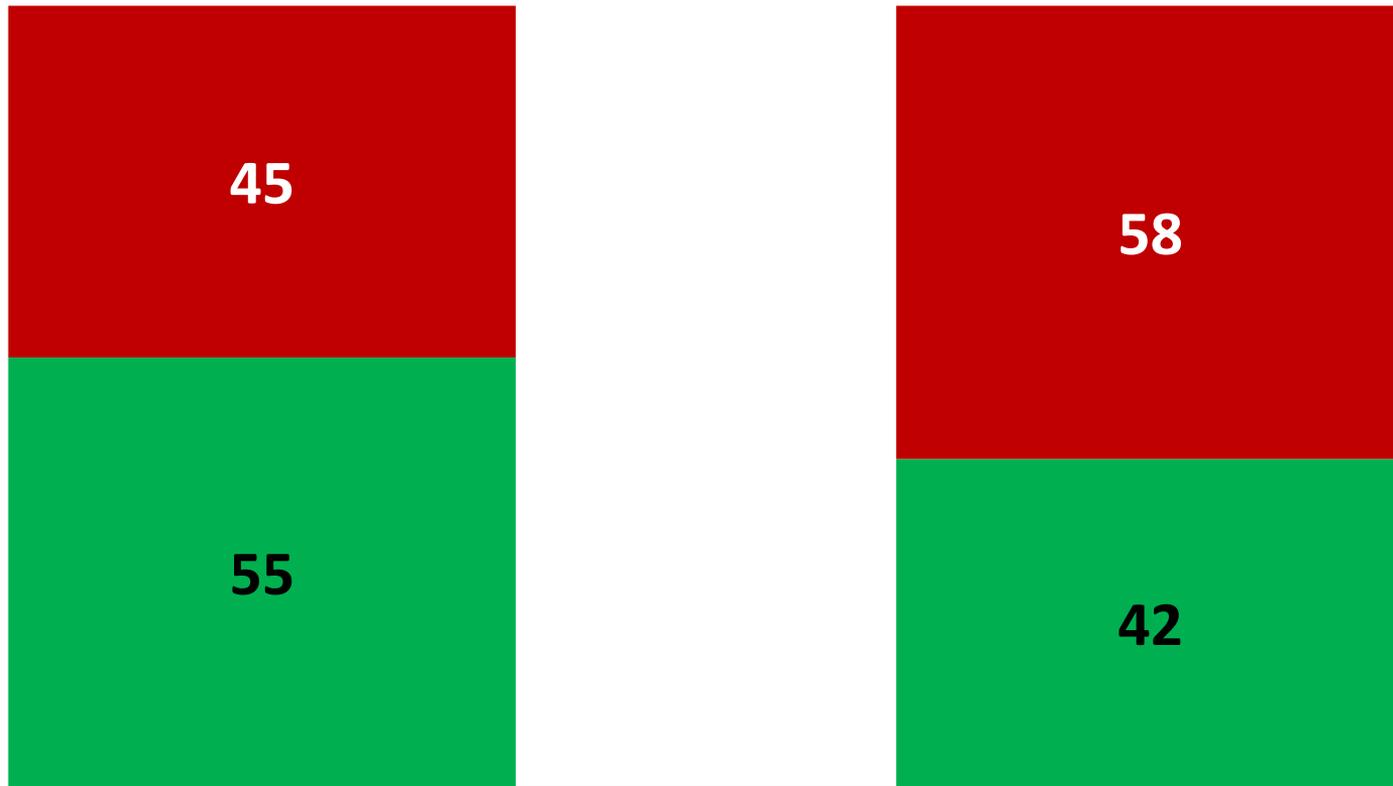
- ❑ *Turkey officially does not trade with Armenia: the trade between the two countries happens through a roundabout way via Georgia and Iran.*
- ❑ *In 2010 the number of tourists traveling from Turkey to Armenia was 1.2 thousand people (1.4 thousand people in 2009). No official information exists on the number of Armenian tourists visiting Turkey.*
- ❑ *In addition to large-scaled merchandise and products, shuttle trade is quite a visible activity between Turkey and Armenia.*
- ❑ *The largest export items from Armenia to Turkey in 2009 were much more less than the import goods from Turkey to Armenia.*

# Turkish Capital on the Armenian Market



	Legal Entities	Turkish Founders	Investment in thousand USD
■ 1.1.2009	54	82	349
■ 1.1.2010	56	86	663
■ 1.1.2011	49	69	215

# Cooperate with Turkey/Armenia, %



Armenia

Turkey

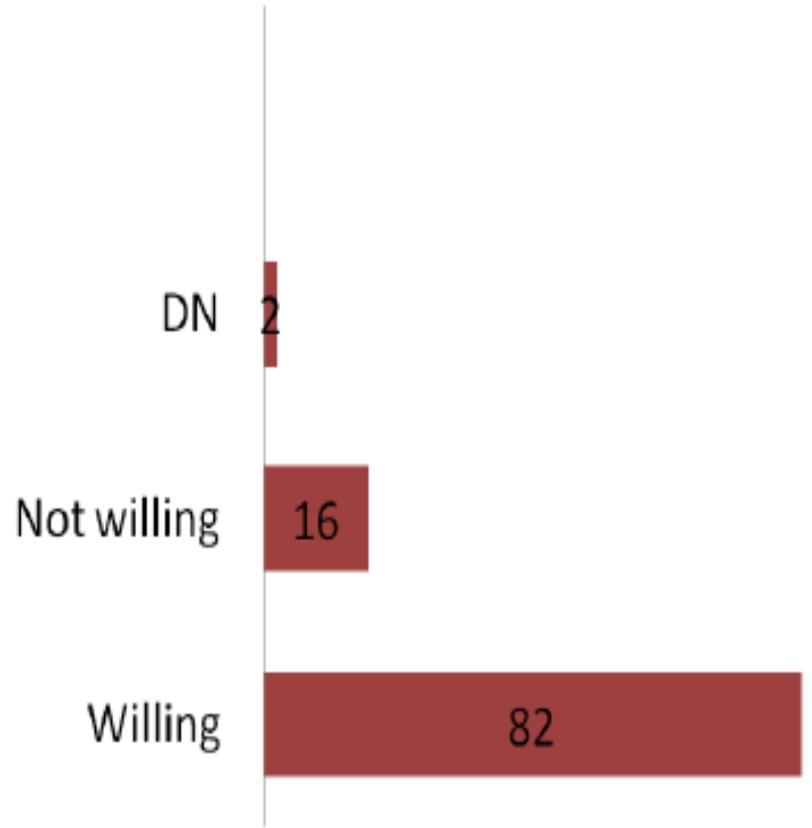
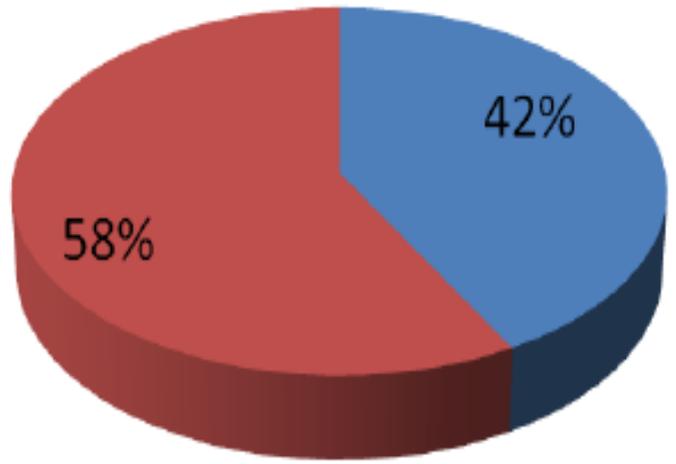
■ Yes ■ No

# Cooperation with Turkish businessmen

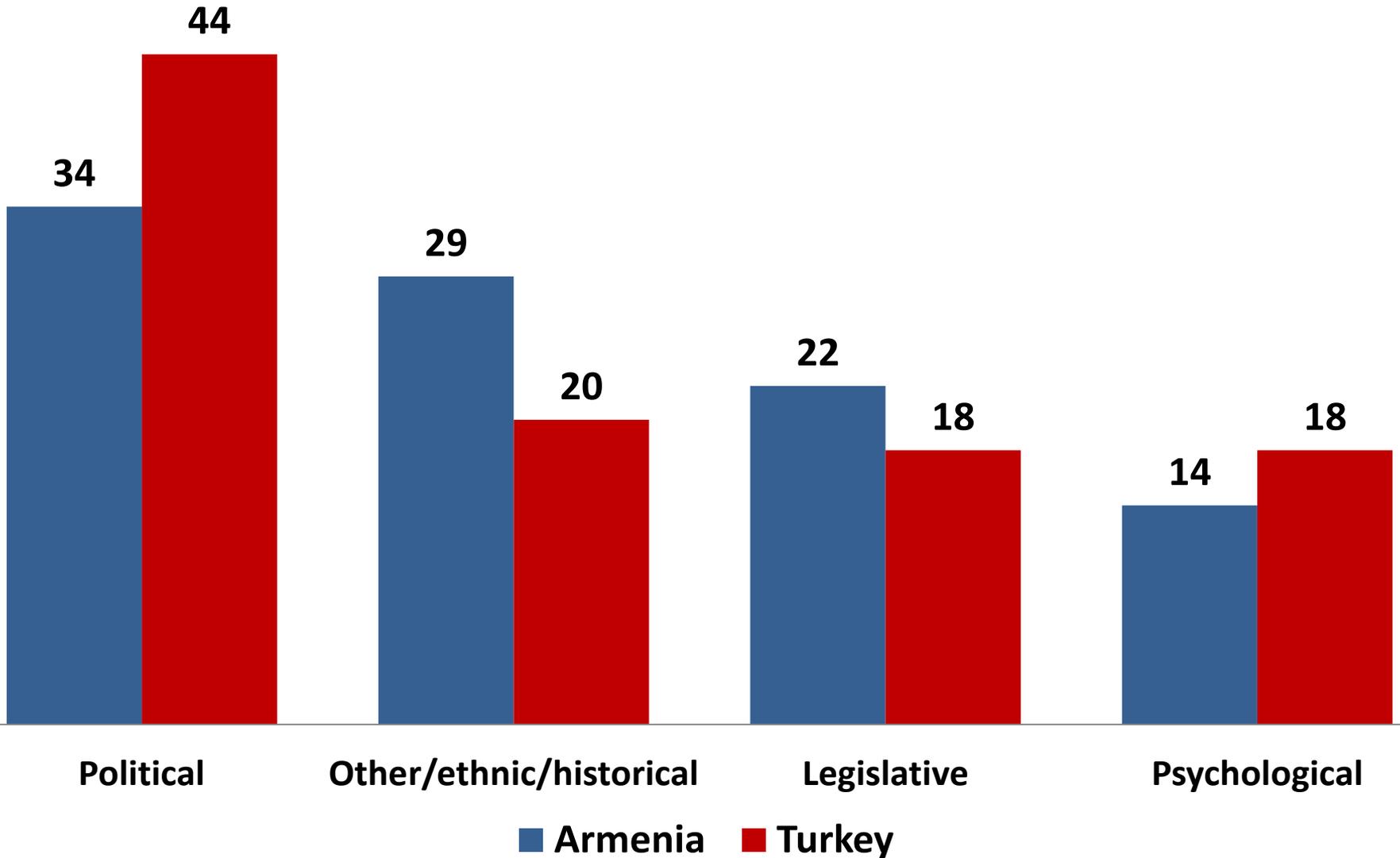
	Yes		No		Total N
	%	N	%	N	
<b>Agriculture</b>	32	8	68	17	25
<b>Construction and Building Materials</b>	60	18	40	12	30
<b>Construction Engineering</b>	6	1	94	17	18
<b>Information and Communication Technologies</b>	30	6	70	14	20
<b>Manufacturing</b>	83	20	17	4	24
<b>Tourism</b>	93	26	7	2	28
<b>Transport</b>	60	12	40	8	20
<b><i>Total</i></b>	<b>55</b>	<b>91</b>	<b>45</b>	<b>74</b>	<b>165</b>

# Cooperation with Armenia, actual and willing

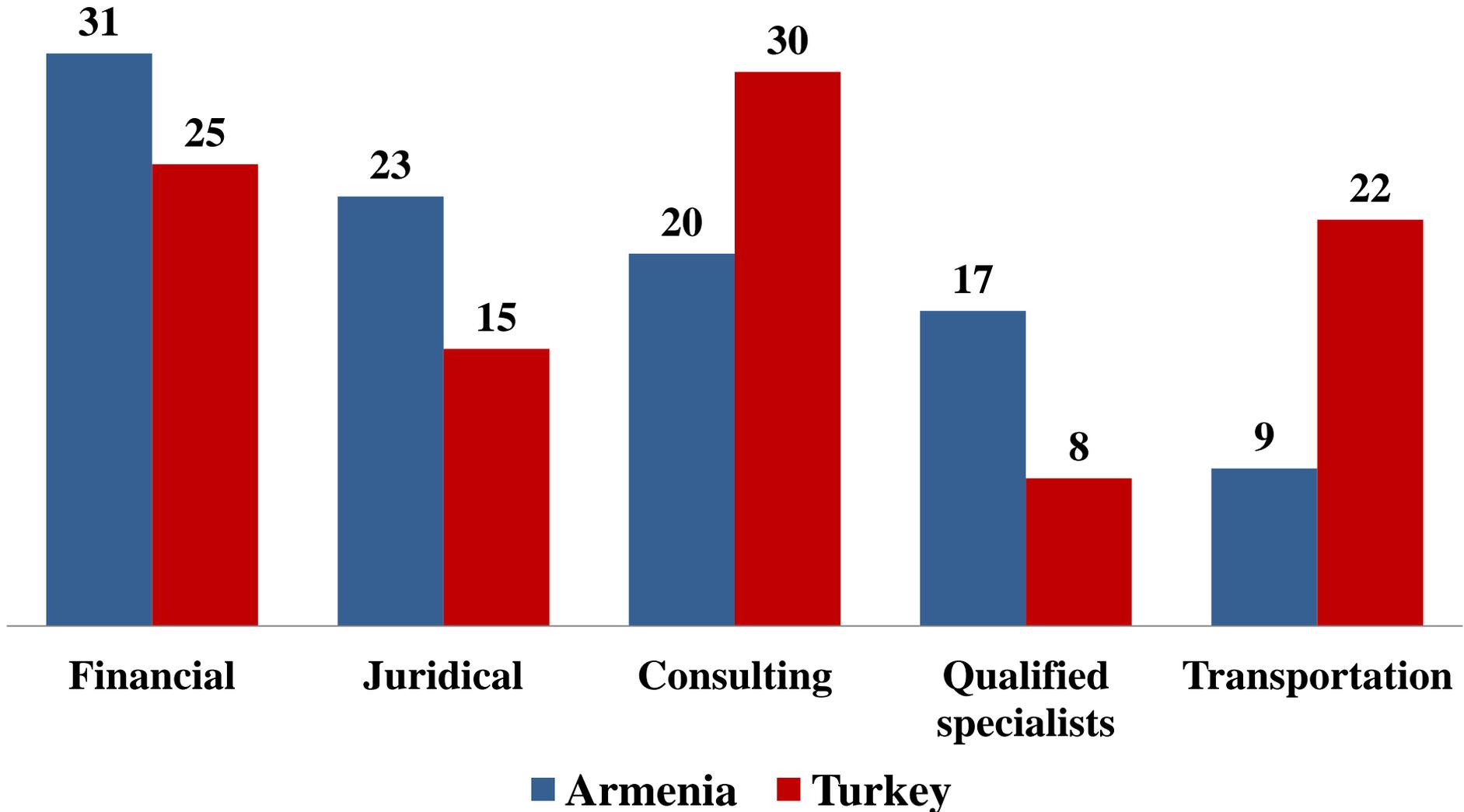
■ Cooperated ■ Not Cooperated



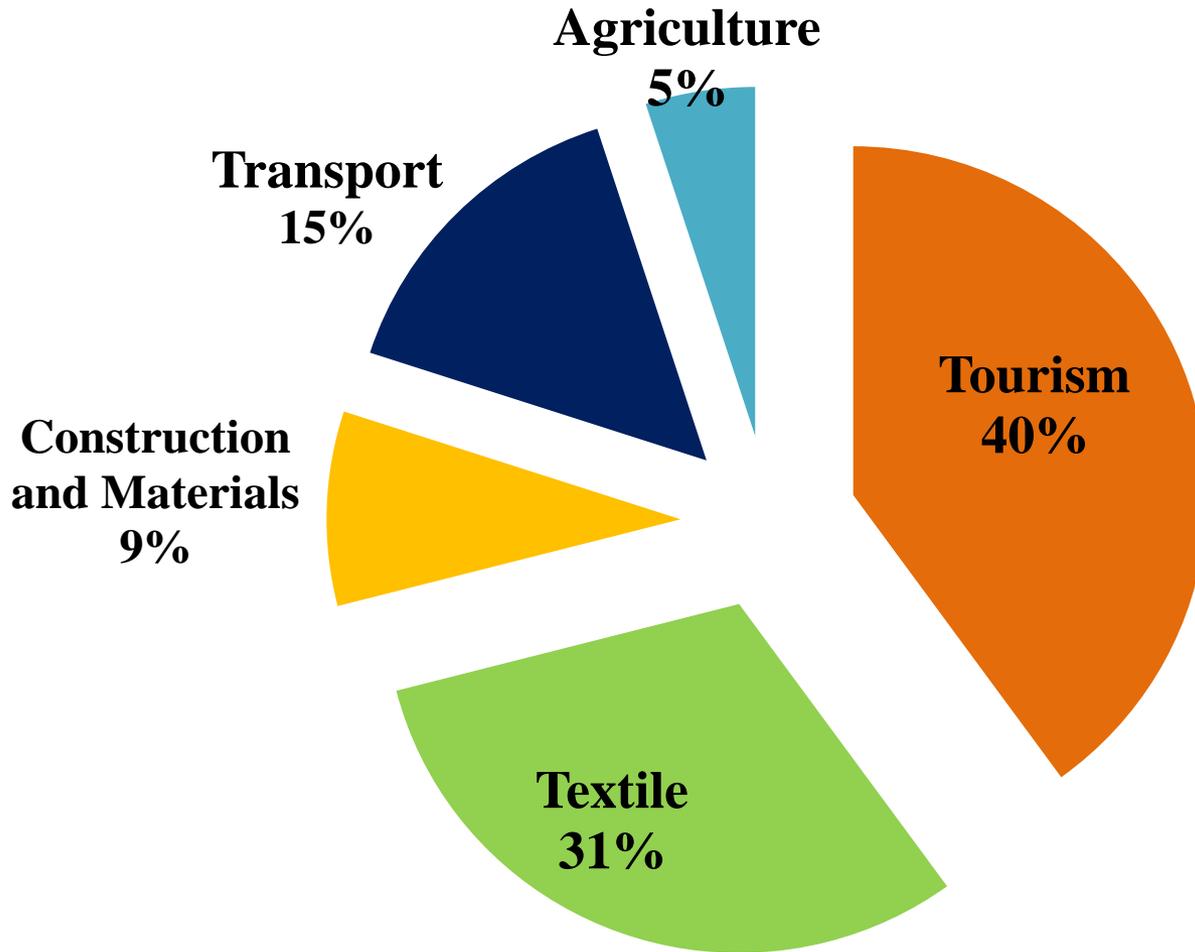
# Obstacles to Cooperation, %



# Type of Assistance Needed to Start Cooperation, %



# Sectors of possible cooperation, %



# Information Deficit

*“For us the Turkish market is very dark, and ours is dark for them. First of all we have to uncover the Turkish market for our enterprises and vice versa”.*

ICT sector businessman, Armenia

*“It is very difficult to form an opinion about the Turkish side because interactions have been too few”.*

Construction engineering sector businessman, Armenia

*“I built a construction in Turkmenistan. I can do the same in Armenia. I wouldn't mind to go there. But how can I go there? May they issue a visa? I don't know how they may meet?”*

Contractor from Malatya, Turkey

# Sense of Insecurity

*“Any, even slightest incident related to Armenian tourists in Turkey gets such a reaction and resonance that any Armenian wishing to go to that country first of all expresses a concern whether by going to Turkey s/he is not jeopardizing her/himself. Time is needed to disperse that atmosphere of mistrust and fear” .*

Tourism sector businessman, Armenia

*“I aspire to visiting Armenia and seeing what I may sell. But who will guarantee my security? What if I get in trouble?”*

Owner of a construction material company from Denizli, Turkey

# Trust and Business Ethics

*“There is a task of establishing trust and interrelations. If there is trust, all problems will be solved”.*

ICT sector businessman, Armenia

*“Mechanisms for cooperation are being obtained gradually: by means of personal contacts, mutual visits, meetings, hospitality, receptions, dinners... Some of the best possibilities to start cooperation are ... international exhibitions. Acquaintances, connections made during such exhibitions become a start for later mutually beneficial and promising cooperation”.*

Tourism sector entrepreneur, Armenia

*“In case of cooperation, mutual trust based on business ethics is needed, which in the situation of no diplomatic relations, is the only way to protect rights and interests of businessmen, and in many cases it is more efficient and strong medium”.*

Tourism sector businessman, Armenia

# COOPERATION

*“Direct link was difficult. But there are non-Turkish intermediary organizations, which find a buyer, find a consumer, give us the communication means and we get into direct contact”.*

ICT sector businessman, Armenia

*“For example there are B2B market places where not only “softs” are sold, but everything. And all that is done very easily. An organization gets registered, members register; there are no borders whatsoever”.*

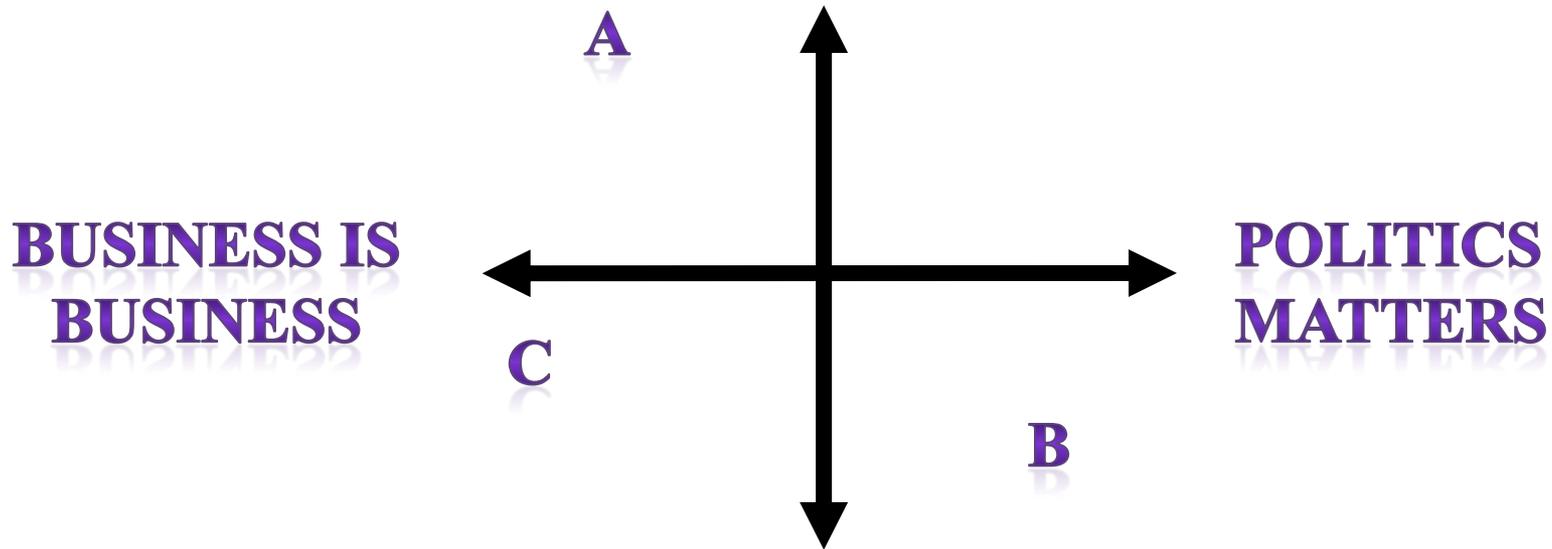
ICT sector businessman, Armenia

*“As of today in the sphere of cargo transportation TIR (Transport International Routier) international system is the only structure that smoothens obstacles”.*

Transportation sector businessman, Armenia

# Conclusions: Mapping of Opinions

**OPEN BORDER =  
NEW OPPORTUNITIES**



**OPEN BORDER =  
NEW RISKS**

# Influence of Politics

*“It happens very often that a planned trip is canceled, because for whatever national security reasons a person is forbidden to have a vocation in Turkey... There are cases when a Turkish tourist refuses, or s/he , to put it mildly, is being advised not to go to Armenia and s/he is simply afraid to contravene” .*

Tourism sector businessman, Armenia

*“I would say ‘no’ if you asked me whether I was afraid or had a problem as I did trade with Armenia when the Turkish President Gül went to Yerevan. Why would I fear? Even if Gül went there it meant that there was no problem between us. But now I may not say the same things. I may not dare to say even that I do business following the elections as I cannot know how the policy will be formed...”*

Businessman from Istanbul, Turkey

# Recommendations

- ❑ *Create a consulting agency to provide businessmen of both countries with information and advice on legislative, administrative and other business-related issues.*
- ❑ *Do a detailed analysis of quality/price supply and demand of goods and services.*
- ❑ *Study the laws of the two countries regarding tax and customs, transportation, energy sphere, education, tourism and other spheres of cooperation and disseminate these among businessmen, enhancing their information on the respective sector legal regulations.*
- ❑ *Organize courses on the Armenian business related legislation in Turkey and on Turkish legislation in Armenia.*

## Recommendations (2)

- ❑ *Sensitize international business associations to the Armenian-Turkish issue; encourage them to help Armenian-Turkish cooperation across borders.*
- ❑ *Help businesses in both countries prepare advertisement materials in the language of the other country, help exchange those advertisement materials.*
- ❑ *Create software platforms enabling online trade. Encourage businesses on both sides use existing platforms, such as B2B Marketing.*
- ❑ *Organize and assist activities that facilitate personal contacts: exchange visits, experience sharing, workshops, seminars, conferences, EXPOs, exhibitions, etc.*