



UW College of Agriculture and Natural Resources  
**Global Perspectives Grant Program**  
**Project Report Instructions**

A brief written report must be submitted electronically to the AES office **within one month of returning from your trip**. Photographs supplementing the report are encouraged and are appreciated by the donor. Failure to submit a report may jeopardize future funding from AES.

In addition to forwarding these reports to our benefactor, reports will also be published on the AES website. Reports must be written in a style **understandable by the lay person** and may be edited for readability before being published to the AES website and in the University of Wyoming Foundation report.

**Format:** Use 12 point type, single line spacing, and one inch margins. Submit your report to [aes@uwyo.edu](mailto:aes@uwyo.edu) as a PDF file.

**Include the following information:**

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## 1. COVER PAGE

**Award Period** (originally, May 2020- May 2021): **Summer 2022**

**Principal Investigators:**

*Dr. Vardges Hovhannisyan*

**Department:** Agricultural and Applied Economics

**Email:** [vhovhann@uwyo.edu](mailto:vhovhann@uwyo.edu)

*Dr. Vardan Urutyanyan*

**University:** Armenian National Agrarian University

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**Project Title from Application:** Empirical Evaluation of the Effects of Market Changes and Accession to New Markets on Food Prices and Consumer Welfare in the United States and Armenia

**Amount spent:** **\$7,975**

**Non-technical summary (max 1500 characters plus spaces):** Provide a one paragraph non-technical summary that most people can understand.

This project aimed at expanding and broadening research collaborations between the University of Wyoming and the Armenian National Agricultural University (ANAU), and (International Center for Agribusiness, Research, and Education) ICARE that were established in 2016. The principal investigators, Drs. Vardges Hovhannisyan and Vardan Urutyanyan had already worked in the past, when they conducted collaborative research to evaluate the effectiveness of the USDA-

supported milk marketing cooperatives in Armenia. The findings of this project were presented at the International Food and Agribusiness Management Conference in 2004.

I aimed at building upon this previous collaboration and expanding the working relationship with the ANAU, and ICARE. The main goal was to empirically assess the impacts of Armenia's accession to the Eurasian Economic Union on consumer welfare. Specifically, it combines primary individual-level expenditure survey data with the recent advances in consumer theory to examine welfare consequences of rising prices of a broad range of widely consumed dairy products. The choice of the dairy category reflects its importance in the structure of the modern Armenian diet, with the respective nutritional and financial implications. Our findings shed light on the disproportionate effects of the EAEU-induced dairy price surge in Armenia and may prove useful in designing information-based alleviation policies. The main results emerging from this study indicate that the adverse effects of dairy price increases have been moderate. However, the current Ukraine-Russia conflict and the destruction of Ukraine's agri-food system will likely have lasting effects on Armenian dairy imports, domestic prices, and consumption, given that Ukraine has been one of the top four dairy exporters to Armenia. Therefore, the policy lessons stemming from our study may be particularly timely in light of imminent food crisis and can help inform public policy.

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**2. REPORT:** Maximum of two pages of text; please also include **photos**. Must be written in a style understandable by the lay person.

**Include:**

1. Main results of activities planned in the proposal.
  2. Describe any future plans
  3. Outline potential impacts to a) the College of Agriculture and Natural Resources, b) the University of Wyoming, and c) the State of Wyoming
  4. Photos—be sure you have necessary permissions to be posted to the AES website.
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**QUESTIONS?** Contact Joanne Newcomb in the Agricultural Experiment Station office at [aes@uwyo.edu](mailto:aes@uwyo.edu) or (307) 766-3667.

## REPORT

The Global Perspectives Grant Program (GPGP) provided me with the opportunity to deepen the relationship between the University of Wyoming and the ANAU. Specifically, Dr. Urutyán (rector of the ANAU) and I completed a research project that investigated the consumer welfare consequences of Armenia's Eurasian Economic Union accession.

Armenia underwent dramatic changes after the fall of the Soviets such as the transition of the country from a centrally planned to a market economy, opening of the borders, and liberation of foreign trade. In order to integrate into the global economy, attract foreign investments, and stimulate exports, Armenia further sought to become a World Trade Organization (WTO) member, which it accomplished in 2003, after 10 years of successful negotiations. In the decade that followed, Armenia was on course to join the European Union in 2015; however, in a sudden and unexpected move, it chose to join the Eurasian Economic Union (EAEU) instead. In addition to Armenia, the EAEU comprises Russia, Belarus, Kazakhstan, and Kyrgyzstan, with a total population of 182 million and an aggregate GDP of \$2 trillion. In 2015, the EAEU member countries arrived at an agreement over creating a single market, and, therefore, established uniform customs duties across the member states. As a result, the traditionally open Armenian economy with a considerably liberal trade regime made a commitment to adopt relatively more protectionist policies. More specifically, by 2022, Armenia will raise its customs duties to the EAEU tariff rates on a wide range of imported products from the non-EAEU countries. These include some 800 food groups and items such as dairy, meats and meat products, oils, and agricultural commodities. The imminent result will be higher domestic prices of the affected categories, as it will be more costly to provide non-EAEU supplied products in face of higher tariffs, while the domestically produced goods will face reduced competition from these countries. Despite this anticipated increase in food prices and the implications thereof for domestic consumers, this remains a largely unexplored and overlooked area.

The main results emerging from this study indicate that the adverse effects of dairy price increases have been moderate. However, the current Ukraine-Russia conflict and the destruction of Ukraine's agri-food system will likely have lasting effects on Armenian dairy imports, domestic prices, and consumption, given that Ukraine has been one of the top four dairy exporters to Armenia. Therefore, the policy lessons stemming from our study may be particularly timely in light of imminent food crisis and can help inform public policy.

We wrote a manuscript based on this project, which was presented at the annual meetings of the Western Agricultural Economics Association (paper at the WAEA, June 2022) and the Agricultural and Applied Economics Association (poster at the AAEA, August 2022). We further submitted this manuscript to the Eastern European Economics journal for publication in August 2022.

Dr. Urutyán visited the University of Wyoming in July-August 2022, where he visited with Dr. Hovhannisyán and other faculty in the Agricultural and Applied Economics department. He then attended the AAEA meeting in Anaheim, CA, where he presented a poster based on the project completed within the frameworks of the GPGP.

My overriding impression is that Dr. Urutyán's visit to the University of Wyoming helped further deepen the relationship between the UW and ANAU. Through this relationship, I have been able to recruit several students from the Caucasus (I have already recruited two students from the ANAU and ATC/ICARE in 2017 and 2019, one of which, Magda Kondaridze, successfully completed a MS at the University of Wyoming and went on to do a Ph.D. at the Washington State University; and the second student, Meri Hambaryan, successfully completed a MS at the University of Wyoming and went on to do a Ph.D. at the University of Florida). The most recent recruitment happened in Spring 2022, when Armen Khachatryan joined the department of Agricultural and Applied economics as a MS student, where he will be working with Dr. Hovhannisyan.

Going forward, this project can help broaden and deepen the research and teaching collaboration between both institutions and can further foster the exchange of students.



*In the photo: Dr. Vardan Urutyán (rector, ANAU).*



*In the photo: Drs. Vardges Hovhannisyanyan and Vardan Urutyanyan, and MS student Armen Khachatryan at the annual Agricultural and Applied Economics Association conference, August 2022, Anaheim, CA (from left to right).*