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# Trade Gap Remains Deep In Armenia During April

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Newest data bring no relief for concerns over wide Armenian external imbalances. Indeed, according to data from the country's National Statistical Service and as reported by ARMNIFO, exports increased by 4.4% year-on-year (y/y) over January-April, totalling \$337US million. Detailed data further show that, specifically, exports of precious and semiprecious stones fell by 26.7% y/y to stand at \$51US.4 million. At the same time imports soared by 37.2% y/y, reaching \$1US.19 billion, and bringing the trade deficit for the first four months of the year to \$857US million, which corresponds to some 38% of the estimated GDP for the period. As first-quarter export growth was earlier reported at 1.5% y/y (see Armenia: 22 April 2008:), the latest data suggest some speeding up of export gains.

On the other hand, coming after an increase of imports at 31.5% y/y seen in the first quarter, they also point to further acceleration in import growth in April in annual terms. However, month-on-month (m/m) comparison provides somewhat more balanced reading: exports increased by 12.7% m/m in April, whereas imports rose by 13.5% m/m. Finally, geographical trade data show that Armenia's trade deficit was widened by some 50% y/y with both the European Union (EU) countries and economies of the Commonwealth of Independent States (CIS), the respective gaps standing at \$208US.1 million and \$295US million in January-April.

Significance: Armenia's trade deficit for 2007 as a whole came in at over \$2US billion, widening by a massive 73% compared with 2006 (see Armenia: 25 January 2008: ) and this year has not started on a very promising note regarding the possibility of a turnaround. The trade gap is expected to stay fairly wide over this year, as export potential to an extent remains dependent on the diamond trade. At the same time, domestic demand seems to be holding up more persistently than previously thought, and this is further reflected in persistently very high import growth. In addition, the strength of international commodity prices puts upwards pressure on import prices.

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