

CRAFTSMANSHIP AND SKILLS FOR THE FUTURE

Sectoral Portrait for Armenia

DISCLAIMER

This draft document has been developed through field interviews, desk research and focus groups involving participants working in the craft sector in Armenia. The information contained in the document is subject to revision based on further research. The document has not been through the ETF's quality editing process for language or presentation and is provided on open space solely for information purposes.

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PREFACE

The following Sectoral Portrait was developed as part of the ETF project “*Craftmanship and skills for the future - Study on skills development in the craftmanship and design sector in ETF’s partner countries*”. Eight Sectoral Portraits were developed that describe the main trends and developments of the craftmanship sectors in Albania, Armenia, Azerbaijan, Georgia, Kyrgyzstan, Turkey, Ukraine, and Uzbekistan. In particular, the Portraits identify the main trends and drivers of change that influence the skills necessary to work in the crafts sector.

Working Draft

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INTRODUCTION TO THE CRAFTS AND DESIGN SECTOR

The analysis of the country and sectoral strategy papers reveals no formal ¹[OBJ]. Below we provide some examples of policy directions envisaged by the Government for the preservation of intangible cultural values.

To identify the main types of crafts satisfying the definitions of the study, used the following sources:

- The exhibition area in Yerevan, called Vernisage, which is the largest crafts market in the country, features the main craft works present in the country.
- This source was complemented by the MyArmenia project information. The project is carried out by the Smithsonian Institute and USAID in Armenia with one of its pillars being the presentation of arts and crafts across the “marzes” (regions) of the country.
- Another source was the handicraft supporting initiative – HDIF (presented below).
- During interviews we asked participants to provide 5 examples of handmade production that they are familiar with in Armenia

Through this “triangulation” technique, the main types of crafts practised in the country were covered.

1. **Handmade Carpets.** Carpet making is a traditional occupation in Armenia, involving a higher proportion of women, , who would then pass their skills to young girls. In the nineteenth century, rug weaving became common notably in villages, where every home contained a weaving loom. The fabrication of rugs and carpets involves different weaving techniques, yet they can be woven on the same loom. Handmade carpets and rugs were an important element in interior design of traditional houses which were used to decorate floors, walls and to separate rooms.²
2. **Jewellery** (gold, silver and copper). The roots of the Armenian tradition of jewellery-making and decoration go back to ancient times. . A key part in a married woman’s attire was the silver belt. The belts were decorated with pearls and other precious or semi-precious stones. The main motifs in Armenian jewellery-making are geometrical, animal and nature-inspired.³
3. **Woodwork.** The art of woodcarvers greatly enlivened traditional homes in Armenia, which contained many wooden components, from cupola-shaped ceilings and pillars to functional furniture, bins, chests, cradles, ladles and spoons. ⁴
4. **Pottery/Ceramics.** Pottery is one of the oldest Armenian traditions, dating back to the third millennia BCE. Large vessels to carry water, preserve foods and store wine were found in the ruins of ancient dwellings, often with etchings of deer, fish, trees, the sun, and mythological creatures like dragons and serpents. Both women and men were engaged in ceramic work with women mainly making household items, and men practicing pottery on a pottery wheel. This is another tradition passed through generations in Armenian families.⁵
5. **Blacksmith.** Dating back to ancient times, blacksmithing in Armenia is considered the "mother craft", since blacksmiths made essential household items and tools for other crafts, all the while playing an important role in Armenian traditions and rites. To this day in all

1 Armenian Development Strategy 2014-2025, available at: <https://policy.asiapacificenergy.org/node/1492>

2 <https://www.myhandmadearmenia.am/>

3 ibid.

4 ibid

5 ibid

Armenian regions it is usually passed down through generations and is exclusively a men's occupation.⁶

6. **Painting.** Painting has a long history in Armenia, with the medieval ages showcasing Armenia as an exporter of various paints and related materials. The rich variety of organic and non-organic paints and their colour diversity present in the country, contributed to their usage in religious, and applied arts.⁷
7. **Clothing Design.** There are many talented independent designers and fashion brands in Armenia. Their work often reflects cultural, artistic, and architectural traditions of Armenia with a special source of inspiration being the traditional Armenian clothing “taraz”.
8. **Khachkar.** Khachkars are a unique Armenian national symbol, that are often used to commemorate an important event, mark a significant location, or serve as a memorial. Sprouting and blooming motifs—which make the khachkar similar to the Tree of Life—are prominent features. Medieval khachkar carvers typically followed the style of a local school; contemporary carvers compile their cross-stones from different schools and styles. Today stone carvers often use the language of khachkars to express artistic and philosophic ideas rather than the traditional cross-stone.⁸
9. **Other minor crafts:** batik scarfs, willow weaving, other accessories.

There is a high degree of heterogeneity in terms of organization, development, public regulation and public policies towards these sectors. Some statistics on carpets and jewellery are available in the National Statistical Service, though that covers not only handmade but also industrial production. For the remaining, economically less tangible types, the evidence is mostly observational.

These crafts constitute a part of the different traditional sectors of the economy. While most of the items are part of manufacturing, the skills and traditions to produce them are subject to the cultural policy, which is outlined in the Armenian Development Strategy 2014-2025 and the 2019 Government Program and refers to the concept of “intangible cultural heritage”. This includes a “protection of domestic traditions, customs, habits, ceremonies, beliefs, knowledge and skills.” While in the wider context handicraft is subject to the country's cultural policy, both documents are unclear on the specific strategies and actions to be implemented to ensure the protection. Among the programs envisaged are: 1) Support in creation of folk art and crafts pieces; 2) Establishment of small folk art and craftwork shops in regions, preparation and publication of training and consulting manuals on folk craftwork skills.

THE CONTEXT OF THE CRAFTSPEOPLE

The workplace of the craftspeople

When an organization is formally established, the craftspeople are treated as employees. If they work as individuals, they are either registered as Private Entrepreneurs (PE) or are not formally registered. There are no specific statistics about unreported employment among craftspeople. In general, according to the country level representative labour market surveys, the Armenian labour market is characterised by around 20% unreported employment.⁹ Regarding business size, unregistered employment is more widespread in smaller firms: around 40 percent of businesses with less than 15

6 ibid

7 Martikyan Y. (1971) History of Armenian Painting arts (in Arm.)

8 <https://www.myhandmadearmenia.am/>

9 Labor Force survey, various years, www.armstat.am

employees were not formally registered back in 2012.¹⁰ Among the sectors with highest rate of unregistered employment are construction and services. Combining these observations and accounting for the fact that crafts are usually represented by micro or small enterprises (with some notable exceptions discussed below), the informality rate in the sector is estimated to be in the range of 25-35 percent.¹¹

Statistics are available regarding carpet production and jewellery. This data represents the upper bound of the crafts in those production, as the statistics do not differentiate between handmade and machine produced items.

- **Carpet production:** According to the National Statistical Committee there are 5 carpet production factories in Armenia employing 119 people. The main producers of handmade carpets are Megerian Carpet and Tufenkian Carpet. Traditionally handmade carpets are produced by women, therefore an overwhelming majority of the workers directly involved in production are female. Depending on the size of the carpet, it can be produced by a group of women working together.
- **Jewellery:** As table 3 presents below, jewellery production mostly involves micro and small businesses.

The interviews with various representatives of the arts and crafts sector largely confirm the observation on the size and type of employment which is micro and self-employed. According to HDIF, all their partners are registered as self-employed [HDIF]. Similarly, painters and sculptors are also mostly self-employed [SAFA], with a notable exclusion being designers who can find employment in the clothing industry and other design related professions (IT, architecture, etc.) [SAFA, AU].

The financial position of the craftspeople

There are no specific statistics available on earnings in the crafts sector. Nevertheless, it is important to highlight that some crafts, such as jewellery or design production are primary sources of income. On the other hand, the production of handmade wooden goods, crochet or other minor items, especially in the regions, are mostly considered as secondary income source [HDIF].

COVID-19 had a negative impact on the crafts sector's financial position due to the reliance on tourism. For example, the Vernissage market in Yerevan, used to have thousands of visitors per day during the weekend period, until closures related to the pandemic were instituted. Nevertheless, it is worth noting that there is evidence that 2020 was a surprisingly positive year in terms of online sales [HDIF, KS, FDC], which could be considered as a direction for business development.

The crafts sector is mostly overlooked by the government and international organizations in terms of direct assistance. There are some exceptions though which indirectly cover the activities involved in the sector. Some initiatives worth mentioning are:

- **Tax exemptions** (effectively subsidies in terms of tax expenditures) for handmade carpet producers. They include zero rate VAT and an exemption from the corporate profit tax if the firm is operating under this regime.
- **Tax exemptions for micro family enterprises.** There is a list of activities that are eligible for microenterprises which are fully exempt from any tax. This list, among others, includes, the production of carpets, pottery, blacksmith activities, woodwork, ceramics, non-precious

¹⁰ Labor Force survey, various years, www.armstat.am

¹¹ Importantly, this informality estimate is about employment not the output of the sector.

jewellery.¹² Hence, it is directly relevant for most crafts when they are practiced by a natural person (or a family).

- **Support to creative industries by the EU.** One of the beneficiaries of this support is the newly established Design and Fashion Chamber (2017). With around 200 members of which 90% are women, their main mission is to support and strengthen the Armenian fashion and design sectors by enabling their integration into local and international markets. The Chamber also helps its members present their works in fashion boutiques abroad, organize online sales of their products and contribute to development of skills in the sector [FDC]. GIZ through its SMEDA project provided aid to the Chamber during its initial steps¹³. Another related initiative by EU – i-Portunus scheme, funds mobility of artists, creators and cultural professionals, implemented by consortia of cultural organisations. While launched in 2019, it has already had participants (winners) from Armenia in the calls for architecture and cultural heritage.

The trends of the sector suggest low to medium earning perspectives. Although entry costs to this sector are relatively low, there was no growth observed indicating that earning possibilities are limited.

CHARACTERISTICS OF THE CRAFTS AND DESIGN SECTOR

Traditions, heritage, and cultural practice

As in other countries, crafts are deeply rooted in the traditions and cultural heritage of Armenia. In the case of handmade carpets, the government recognizes their production as an important part of the national heritage. To that end the vast tax exemptions put in place for this sector are aimed at insuring that the art of weaving is preserved, as it is taught by apprenticeships and on the job training.¹⁴ Furthermore, there are two main handmade carpet producing companies – Tufenkian carpets and Megerian carpets. Both companies have used existing infrastructure of carpet producers in the country. This was seen in the mid-2000s when Tufenkian acquired a local company unable to continue its operations in Gegharkunik region of Armenia. Three units continue to work in Armenia thanks to orders from Tufenkian company - one each in the villages of Chambarak, Lchashen and Karmir. The women employed in those units learned the art of carpet weaving from their mothers, many of whom worked in Haygorg (Armenian Carpet producing unit in Soviet times) for decades.¹⁵

There are also unique examples, like Khachkar (cross-stone) carving. UNESCO has declared the Armenian Khachkar (cross-stone) an intangible cultural heritage in need of urgent safeguarding. It describes Khachkars as “outdoor steles carved from stone” by craftspeople in Armenia and its

¹² Article 272 of the Tax code.

¹³ Support to SME Development in Armenia, Designing a better future - Supporting Armenia's creative talent, 2017, https://www.smeda.am/uploads/mini_reports/Mini-Report_Creative%20&%20Cultural%20Industries.pdf

¹⁴ Article 126 of the Tax code envisages corporate profit tax exemptions for handmade carpet production. Article 64 of the same law envisages VAT exemption for handmade carpet production.

¹⁵ Nazaryan L. Carpet Weaving in Armenia (2007), available at: <https://hetq.am/en/article/21375>

diaspora, that are used as sites for worship, memorial stones, and relics that “facilitate communication between the secular and divine”.¹⁶

Interviews confirmed that other types of crafts, such as silver and bronze jewellery, woodwork, batiks and others also reflect upon the cultural heritage, using traditional ornaments and shapes, such as the medieval Armenian miniature paintings. Silver items are mainly made with traditional Armenian motives and quality [KS]. In terms of crocheted handicrafts, there are only a few countries in the world competing with Armenia, thus marking it as a symbolic Armenian craft. These handicrafts are made by women who are above 30 and usually live in rural areas, having obtained the skill from their mothers and grandmothers. [HDIF].

Organisation of the crafts and design sector

Certain crafts have more organization than others, using coordination mechanisms – such as unions and chambers. Thus, the painters and sculptures have a longstanding Artists’ Union of Armenia with around 1,200 members which has a clear function and role. The union was established in 1932 and has a long record of supporting its members by organizing exhibitions and providing other forms of publicity [AU]. In 2017, the Fashion and Design Chamber of Armenia was established which has a mission to support the Armenian fashion industry and create a joint platform for the creative industry. The Chamber is helping to establish a strong network among Armenian fashion companies, designers, buyers, media to present Armenian fashion, to exhibit designers, their interpretation of Armenian culture and creativity, and to network with the wider creative community and beyond [FDC].

An interesting model of the craft industry’s organization is offered by HDIF. It brings together a couple of hundred women in handicrafts. While the major items produced are crocheted handicrafts there are also: knitted, sewn, embroidered and hand felted items. Most of the artisans are attached to small firms or NGOs (such as women resource centres), though some are individual entrepreneurs who employ other women from their local community. Nevertheless, the idea is that every partner should run their business by officially registering it and paying taxes [HDIF].

The organization of the crafts sector carries additional peculiarities due to unclear boundaries of what can be considered as a crafted product. To some extent this is associated with quality control and verification of authenticity. For some items there still exist external certification bodies as in the case of jewellery production, where the producers can choose to inspect the metal used in production, but it does not seem to be compulsory. Because this process leads to additional cost, some producers often try to avoid it when possible. Overall, the buyers in the market distrust silver production that has not been inspected. In other crafts many things depend on the approach of the producer and to what extent industrial production forms part of the overall output. In this regard, HDIF serves also as a quality control point. It does its best to ensure that products are authentic handicraft and that contractual terms are respected (in terms of materials used, processing and packaging) [HDIF].

There are no other specific quality certifications that are applied. Unlike the food production sector, where, for instance, the winery production can participate in international fairs and get certificates, this does not occur with crafts, except for the Fashion and Design Chamber [FDC]. One of the functions of the FDC is aiding members to participate in international fashion fairs and presentations including the

¹⁶ <https://asbarez.com/88764/unesco-lists-armenian-khachkar-as-intangible-cultural-heritage/>

Mercedes-Benz Fashion Days in Kiev (2018), The World's Premier Fashion Trade show in Paris (2018), Pitti Supper Fashion Fair in Milan (2018, 2019) and others.

A market for the craftspeople

There are several channels through which the craftspeople sell their products:

- **Markets and fairs.** Since 1996 the Vernissage market in Yerevan is managed by a private organization (a limited liability company) who received a contract from the Yerevan municipality to operate a market for handicraft and souvenir products. The municipality has little formal information on the participants of the market, segmentation between different crafts and in general quality control in the market.¹⁷
- **Direct orders.**
- **Art, souvenir and jewellery shops.** Boutiques are mostly used for jewellery production
- **Online platforms.** These have seen an uptick in activity. A quick search of online silver shops, handmade scarfs and woodworks reveals the availability of tens of Armenian handicraft brands on Facebook, Instagram and Etsy. Online channels are also mentioned by the interviewed organizations. HDIF is promoting all its members' products online, Fashion and Design Chamber is engaged in helping its members with online sells [HDIF, FDC].

The crafts market can be separated into three broad segments: local demand, tourist market and external demand, which is satisfied via online shops. It is difficult to assess the relative size of these markets across different types of crafts. The interviewed silver shop representative claimed that local sales are important [Kara], but the data in Table 3 suggests the opposite showing that around 45% of output is exported. Crochet products instead, are mostly sold on the external market [HDIF].

Employment in crafts and design

Standard online job search platforms do not contain opportunities for craftspeople. At the time of writing this report, job platforms such as www.staff.am, showed no open vacancies for crafts. These online platforms are mostly focus on IT and related spheres. The state Employment agency is more involved with traditional sectors as well.

There is not much traditional employment in the crafts and design sector. The overwhelming majority are self-employed, who establish their boutiques or work from home [KS, HDIF, SAFA, AU]. This leads to a problem regarding social protection, especially involving old age pensions. According to Armenian laws, those born after 1974 should accumulate their pension by contributing to their own account.¹⁸ When crafts people work informally, their contributions are missing. Moreover, pension contributions for those born after 1974 are done at a minimum level, meaning they might not have sustainable income at the age of retirement.

In terms of looking for employment (firms searching for employees or artisans searching jobs), the prevalence of informal ways to find work is common, which is also reflected in interview results [KS,

¹⁷ Mejlumyan Z (4 July, 2018), Vernissage Market Vendors Complain About Rents and Influx of Cheap Manufactured Souvenirs, <https://hetq.am/hy/article/90951> (in Armenian)

¹⁸ Those born before 1974 can join the pension system voluntarily.

FDC, SAFA]. Moreover, this is also in line with country wide statistics on looking for jobs, where the largest share, around 40%, claim to have found one through friends and connections.¹⁹

Worthy of note is that the initiatives set up to promote crafts are often geared towards gender equality or explicitly promote women participation. One notable projects is the Homeland Development Initiative Foundation (HDIF), which was set up to empower women engaged in handicraft (crocheted handicrafts, knit, sewn, embroidered and hand felted handicrafts) by giving them training and skills to be successful independent business operators.²⁰ Currently around 200 local women groups from Armenia are involved in handicraft production under the umbrella of HDIF, which support local small women groups with product development, marketing and promotion services.²¹ Ninety percent of Fashion and Design Chamber members are women [FDC]. While it is difficult to quantify gender shares in the crafts, women do have a major role and in certain crafts they are the driving force.

Current and emerging skills demand in the sector

It is important to highlight that apprenticeships/internships remain an important source of skill acquisition in crafts. Almost all interviewed organizations put high importance on acquisition of skills at the workplace, whether in the form of formal training program [KS, FDC], or traditional transfer of some crafts skills within the community or family [HDIF]

In terms of skills preservation and acquisition, there are three issues to be discussed here:

- There is a clear problem with the preservation of specific craft skills in some of the sectors, such as carpet production or Khachkar (cross stone) carving. The government has tried to solve these issues by providing incentives to work in some of the sectors (e.g., carpet), but it had never been estimated whether this approach was effective or whether other crafts might need similar support.
- Another issue is with the introduction of new technologies that impact on hand made production sectors. Such technologies, as, the printing of ornaments on silk scarfs can make the hand-made painting relatively less attractive to cosumers (given that there is no visible difference between the two),thereby creating a risk of displacing handwork.
- Finally, a problem exists in terms of managerial and commercialization skills. While there are masters in the mentioned sectors, quite often they fail to develop the business due to absence or misunderstanding of market rules and a market-oriented approach. There are programs aimed at developing business development skills (e.g., organized by SME supporting organizations or international organizations – EU, GIZ, and others) but they mostly focus on other dimensions, which can be the size of the organization, female ownership, or the fact of coming from a disadvantaged area.

There is a formal structure of preparing specialists for certain craft industries, which is achieved via primary (crafts) vocational (Լախնական մասնագիտանա /արհեստագործական/) and secondary vocational (Միջին մասնագիտական) educational institutions. Given the mode with which statistics are

19 Baghdasaryan V., Alaverdyan, S., Ghazaryan D., (2021) "MAKING ACTIVE LABOR MARKET POLICIES WORK: BEST INTERNATIONAL PRACTICES AND THEIR IMPLICATION FOR ARMENIA", Project Report, Policy Development and Research Fund, American University of Armenia

20 www.hdif.org

21 Muradyan M. (2018), Social Entrepreneurship in Armenia, Master Thesis, American University of Armenia

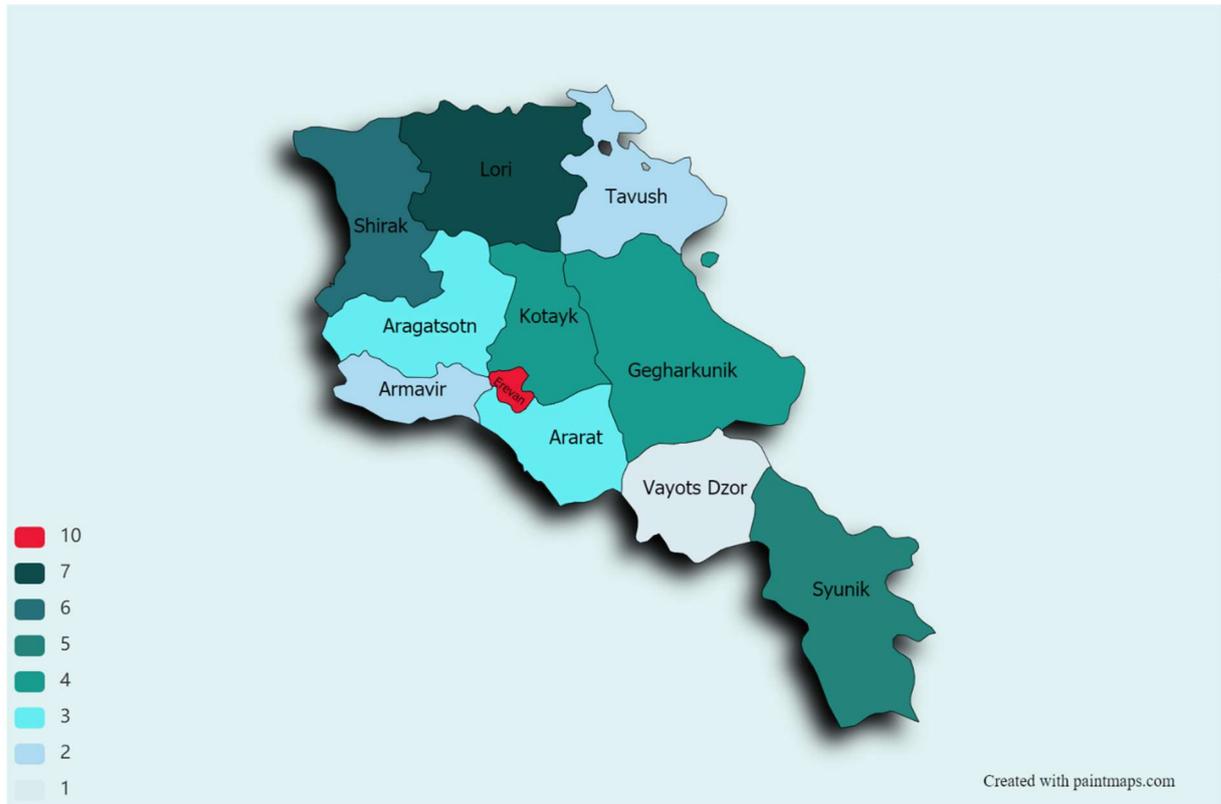
reported, it is difficult to ascertain exactly which specializations lead to crafts. A conservative approach would be to focus on arts programs. In terms of vocational schools this makes up around 15% of those studying in these two levels of vocational education (Table 1).

There is also one public higher education institution – State Academy of Fine Arts that is providing academic programs in arts and crafts. The available academic programs are: painting, sculpture, graphics, art studies, design, computer graphics, fashion design, applied arts. There are around 850 students studying in this institution. Applied arts programs are offered in three cities - carpet weaving (Dilijan), smithery (metal processing in Gyumri) and pottery (Yerevan). The number of enrolled students in applied arts is low. Technological developments leave less space in the market for handicraft in these areas, hence the low demand by the applicants. Instead, there is a high demand to study design, fashion design and computer graphics [SAFA]. Table 2 summarizes student share in arts compared with other majors by gender and status.

TABLE 1. PRIMARY AND SECONDARY VOCATIONAL STUDENTS BY SPECIALIZATIONS, 2019-2020 ACADEMIC YEAR

	Number of Students		Out of which Women		Graduates	
	Primary	Secondary	Primary	Secondary	Primary	Secondary
Education		911		614		333
Arts	856	3822	209	2389	263	566
Journalism		102		97		54
Business, management	116	6268	52	3625	43	1805
Law		108		42		65
Environmental		48		13		16
ICT	570	3247	173	848	192	396
Engineering	546	1123	13	88	159	178
Industry and technology		1170		407		136
Architecture and construction	331	144	-	19	112	22
Agriculture	66	471	8	89	46	78
Fishing		15		3		-
Healthcare		5361		4014		1594
Social work		141		98		43
Personal services	2142	786	720	529	659	172
Security services		256		76		66
Transport services	1232	881	2	34	328	176
Total	5859	24854	1177	12985	1802	5700
Share of arts in total	15%	15%	18%	18%	15%	10%

TABLE 2. STUDENTS STUDYING ARTS IN HIGHER EDUCATION, 2019-2020



	Admitted		Number of students		Graduated in 2019	
	Total	Women	Total	Women	Total	Women
Arts	915	703	3731	2628	997	722
Other	13716	7406	60816	31740	14849	8818
Total	14631	8109	64547	34368	15846	9540
Share of arts in total	6%	9%	6%	8%	6%	8%

Source: www.armstat.am and author's calculations

Thus around 55% of student in vocational level and 70% at higher education level are women. In terms of shares of arts students in total it is slightly higher at the vocational level (18%).

The following map provides the distribution of educational institutions offering primary and secondary vocational training by regions of Armenia. Higher education is mostly concentrated in Yerevan. **Figure 1. Distribution of vocational education across the country, 2019**

Source: www.armstat.am and author's calculations

Goldsmith and silversmith trainings are also offered by some private training centers, but it is difficult to assess how popular these courses are. Traditionally, this type of work was taught by individual apprenticeships with a master [KS].

In terms of emerging skills there is a growing recognition of soft skills and the importance of communication. Looking at the experience of the State Academy of Fine Arts (SAFA), as the primary educational institution in the field, the issue of new skills is acknowledged at two levels. Firstly, the need of changes in existing academic programs and secondly the introduction of new academic programs. However, regardless of the level of overall skills, the following are important priorities: communication skills, which are serious issues for people in the arts; knowledge of foreign languages, here SAFA is offering students out of curriculum a free foreign language courses (English, Italian, French, Russian); basic computer literacy (e.g. presentation software) for students studying in majors not related to technology (Painting, Sculpture). Overall, the approach is to provide the students with soft skills [SAFA].

Regarding new programs, the approach is to introduce modules to deliver the aforementioned skills. In addition, the institution is working to develop the capacity of students to engage in interdisciplinary projects (art and psychology, art and IT, etc.). An entrepreneurship module, developed with the support from the British Council is also part of the new skill set that is required for students [SAFA].

THE NATIONAL APPROACH TO CRAFTS AND DESIGN

Laws and policies for the crafts and design sector

The regulation of various crafts depends on the sector of the economy to which the activity is allocated to. It also depends on the framework of policies that refer to some crafts more than others depending on their role in shaping national identity and gender aspect. Finally, priorities of the international organizations that might be allocating attention to a specific activity influence regulation. During recent years, this was seen in the many implemented initiatives aimed at promoting tourism. Some of them also considered the development of specific crafts in certain areas (see Smithsonian institute initiative, they are all in the frame of touristic activities). Alternatively, the EU has been quite active in promoting the development of creative industries over the recent years with one of the areas being the design and fashion, which also happened to be a part of crafts.

Therefore, the general regulatory and institutional framework is fragmented and depends on the initiatives in the adjacent sectors. Approaches adopted in terms of taxation regimes described in section 1.2.2. are about certain provisions in the tax code envisaging special treatment for handmade carpet producers and microenterprises engaged in handicraft.

The economics of crafts

There is no separate accounting of GDP or employment in the crafts sector, for a few reasons. First, standard statistical divisions do not capture crafts as a separate sector. Second, given its size and relative low importance for the economy it is difficult to collect data on crafts sector. Third, in general

crafts (hand made products) do not appear to have been a high priority on country's development perspective.

Having said this, two important craft sectors are to some extent captured by standard statistics: carpet production and jewellery. Though it is important to underline that the data in the following table does not distinguish handmade and machine produced products, hence it represents the upper bound of possible crafts' outputs in these sub-sectors.

In terms of contribution to the overall industry output the carpet production is negligible (0.04% of manufacturing). Similarly, production of jewellery represents 0,36% of manufacturing.

TABLE 3. ARMENIAN CARPET PRODUCTION AND JEWELLERY IN 2019

INDUSTRY SUB-BRANCH	NUMBER OF COMPANIES	TOTAL NUMBER OF EMPLOYEES	TURNOVER, MLN USD	EXPORT SHARE	SHARE OF TURNOVER IN TEXTILE INDUSTRY (NACE REV. 2, DIV 13)
Carpet production	5	119	1.34	9%	44%
Jewellery:					
Productions of jewellery from precious metals (32.12.3)	30	388	11.0	80%	NA
Carving on precious metals (32.12.4)	1	4	0.05	-	NA
Other jewellery, not part of other groups (32.12.9)	3	3	0.02	-	NA
Jewellery from non-precious metals (32.13)	4	9	0.04	46%	NA

Main Indicators of Industrial Organizations by Economic Activities (five-digit code), in 2019 (in Armenian), www.armstat.am

Note: The industry includes all carpets, not only handmade. It is reasonable to assume that major part of the exported items is handmade.

Other production items are not counted by the current statistical system and are diluted in larger sectoral units. Thus, the handmade wood products are presented under the general wood production (which includes mainly furniture), ceramics or textile production will be included in larger groups. This complicates the proper mapping of these activities in the economy. From the regulatory perspective it is also remains mainly unaccounted for in the official economy. While being produced either by registered private entrepreneurs, family enterprises (microenterprises) or unregistered craftsmen, the data is also not available from the perspective of taxation. There is no statistics on the PE field of

activity, microenterprises with revenues less than a given threshold are fully exempt from any reporting and taxation.

In general, there is an information vacuum within the sector. During the interview, the HDIF founder Tim Straight mentioned the following regarding public policy and information: “The main problem is that the public sector really doesn’t know the crafts sector. Until January 2021, the craftsmen could ship their handmade products by post without even naming the product, hence there is no real understanding of what the sector is, what are the skills and general economic significance. So, a first step would be to collect the information and data. This information can be used to promote crafts abroad, by supporting participation of Armenia in worldly known handicraft fairs as an example. Possessing correct information would also enable the sector to have a clear legal and taxation framework” [HDIF].

Drivers of change in the crafts and design sector

In a more general perspective, there were two major drivers of the crafts sector – tourism and export. Among these two, tourism has a much bigger impact on crafts development. In fact, almost all the crafts sectors discussed so far are tourist oriented, especially the traditional ones. Thus, the My Armenia Program which is funded by USAID and implemented by the Smithsonian Institution aims to strengthen cultural heritage sustainability through community-based tourism development. Within this tourism development project there is an important component “Make and Learn with Local Artisans”. It features a set of local crafts, and the initiative is helping artisans to show their skills and products to tourists visiting the regions of the country.²² The largest exhibition area in Yerevan, the Vernisage, is also primarily targeting tourists. Finally, even the culture preservation and development objectives outlined in the government programs mentioned in Section 1.1 above, are appearing as a support to attracting more tourists and developing the touristic capacity of the country.

Crafts, and more in general arts, are being directly impacted by the technological developments and the possible degree of commercialization. This is reflected in increasing shares of students studying design, computer design and fashion design at the expense of decreasing interest in fine and applied arts [SAFA]. This reflects differences in employment probability and earnings perspectives especially in traditional crafts (crochet, woodwork, pottery, home based carpet weaving, etc.) that have a low productivity and are worth being pursued only if the market values the “handwork”.

Recently online sales have started to gain an important role, which might eventually bring an increase in export shares.

In terms of outlook, there are different possible directions. The crafts which are subject to “fusion” with modern technologies and trends might still be preserved, though the share of “handmade”, traditional aspects will be inevitably decreasing. For the others, the skill base will eventually be worn-out as a younger generation will get more engaged in productive activities with a subsequent transition of “crafts into arts”. The timing of these transitions will eventually depend on the policies implemented.

²² More details available at: <https://myarmenia.si.edu/en/>.

ANNEX 1. LIST OF STATISTICS

Below is an indicative list of statistical data that could be identified. If no data is available on the crafts sector specifically, data on the cultural sector as a whole could be valuable to help contextualise other information collected on the crafts sector.

Category	Data that can be collected (if existing)
Economics	<p>Sector share of the GDP; Sector share of a country's trade; Sector share of investment; Sector share of the R&D; Sector share of the innovative firms; Share of companies operating in the crafts sector;</p> <p><i>See if any data exist on individual sub-sectors (e.g., pottery, woodwork etc.).</i></p>
Employment	<p>Share of crafts employment as part of total employment; Share of the self-employed in the crafts sector; Share of formal/informal employment within the sector. Share of people working on a full-time basis in the crafts sector; Share of the craftspeople who are single job holders (i.e. crafts is their main economic activity); Average salary of the craftspeople; Data on unemployment of craftspeople; Share of women and men in crafts employment; Labour productivity.</p> <p><i>See if any data exist on individual sub-sectors (e.g., pottery, woodwork etc.).</i></p>
Education	<p>Number of education programmes offered in crafts and design related fields; Share of tertiary students in the crafts-related fields of education; Number of yearly graduates from crafts and design schools / share of total graduates; Literacy rate within a country; Early school leaving rate within a country.</p>
Financial aspects of companies	<p>Number of grants awarded for the craftsmen and people; Share of financial support awarded to craftspeople and crafts companies as part of national / private funding schemes. Amount of foreign investment / donor contributions (e.g. EU, UN, etc.)</p>
Digitalisation	<p>Share of population having digital access / skills.</p>
Additional aspects	<p>COVID-19: Any data that relates to the COVID-19 and its impact on the economics and labour market (specifically the crafts sector)</p>

References to the interviews in the text:

[SAFA] – Mr. Mkrtych Ayyvazyan, Vice Rector, State Academy of Fine Arts, April 27

[HDIF] – Mr. Tim Straight, Founder, Homeland Development Initiatives Foundation, March 30

[FDC] – Mr. Vahan Khachatryan, President, Fashion and Design Chamber,

[AU] – Mr. Suren Safaryan, President, Artists Union

[KS] – Ms. Karine Avetisyan, Owner, Kara Silver boutique

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- 1 Baghdasaryan V., Alaverdyan, S., Ghazaryan D., (2021) "MAKING ACTIVE LABOR MARKET POLICIES WORK: BEST INTERNATIONAL PRACTICES AND THEIR IMPLICATION FOR ARMENIA", Project Report, Policy Development and Research Fund, American University of Armenia
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- 1 <https://www.tufenkian.com/pages/tufenkian-yerevan> and <https://www.megeriancarpet.am/>.
- More examples can be found at: <https://www.armgeo.am/en/disappearing-crafts-in-armenia/>