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“Filling gaps and removing traps
for sustainable resource management”

The Formation of Foreign Direct Investments on Agricultural Scale and its Economic Consequences

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Abstract

The paper was prepared in the framework of the Agreement number - 2017-3299 / 001-001.TOPAS - From Theoretical-Oriented to Practical education in Agrarian Studies Project and is devoted to the study of the foreign direct investments for agricultural sector in developing economies. It is addressed to those who are working in the area of agricultural production planning, activities adjustment and decision making in competitive market environment. The role of FDI for developing and emerging economy is significant because it provides investments flows from developed donor countries to the economy of developing country and allow advanced technology transfer, creation of new job places, establishment processing potentialities for agricultural products. FDI stimulates the advancement of agricultural business, growth of agricultural productivity and as a consequence reducing the level of the poverty. The analysis of the poverty of developing countries has been analyzed. The study based on the quantitative assessment of sources allowing to reduce the poverty level. Further, using data concerning to the agricultural value added index and the level of the agricultural employment the assessment of the productivity is implemented. The productivity of sectors considered for comparative analysis allowed ranking countries according to the level of the productivity. Further, the solution of the following tasks should became vital to provide accuracy of the assessment of the efficiency of the Agricultural foreign direct investments. In line of this approach the paper presents:

(i) a suitable analysing technique for the quantitative measurement and modelling of the employment in agriculture and Foreign direct investment in developing and emerging economies.

(ii) a suitable analysing technique for the quantitative measurement and modelling of the dependence of GDP, from Employment in industry, Employment in agriculture, Employment in services and Agriculture, forestry, and fishing, value added (% of GDP).

In conclusion we argue that approaches studied in present paper allow to consider the significance of the agricultural foreign direct investments for the GDP growth. We argue also that FDI provide increasing the employment in agriculture, poverty reducing in agriculture and provide the establishment of harmony in sectors as follows: agriculture, industry and services.

Keywords: Agriculture, developing, emerging, employment, FDI, GDP, poverty, value added