



TRADE POLICY REVIEW

REPORT BY

ARMENIA

Pursuant to the Agreement Establishing the Trade Policy Review Mechanism (Annex 3 of the Marrakesh Agreement Establishing the World Trade Organization), the policy statement by Armenia is attached.

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1 INTRODUCTION

1.1. In December 2015 Armenia held a referendum on constitutional amendments, according to which the Republic of Armenia (hereinafter RA) moved from a semi-presidential to a parliamentary system. According to the Constitution, the President is the Head of the State and is responsible for concluding international treaties upon recommendation of the Government and appointment and recall of diplomatic representatives upon recommendation of the Prime Minister. Domestic and foreign policy is developed and implemented by the Government of RA, which is composed of the Prime Minister, Deputy Prime Ministers and Ministers. The Prime Minister determines the main directions of the Government policy, manages the activities of the Government and coordinates the work of the members of the Government.

1.2. The objectives of trade, economic and investment policies of the country are reflected in the Armenian Development Strategy 2014-2025 aimed at improving business regulatory environment, ensuring favourable external regimes, eliminating trade obstacles, modernizing infrastructure and promoting foreign investment. The Government gives special importance to small and medium entrepreneurship.

1.3. Boosting cooperation between science and real sector, representation of local IT products and services in foreign markets, introduction of new technologies in agriculture, promotion of export of agricultural goods, further improvement of tourism infrastructure of the country are amongst priorities in the agenda of the Government.

1.4. Foreign trade has significant importance for the economy of Armenia. Foreign economic policy of Armenia is based on the liberal principles and directed to the widening of its integration into the world economy and representation of Armenia as a favourable country for doing business. Armenia is making tangible efforts to promote export of local products, to reduce non-tariff barriers and to simplify import and export procedures, as well as to protect interests of foreign investors and trade partners in the country.

1.5. The guiding principles of the country's strategy for economic development are the promotion of competitiveness and corporate governance as well as establishment of conditions necessary for development of private sector operating under an efficient, accountable and transparent government. Amongst important factors in securing economic competition are provision of equal conditions for all businesses, elimination of shadow economy and guarantee of the rule of law.

2 ECONOMIC ENVIRONMENT

2.1 Macroeconomic Situation

2.1. Since early 2000's till the onset of the Global Financial Crisis, the Armenian economy was rapidly expanding: the average Gross Domestic Product (hereinafter GDP) growth during the mentioned period reached to 11.3%. The negative spill overs of Global Financial Crisis started to affect the Armenian economy in late 2008 and continued through 2009. After the global financial crisis, the country's economy began to recover rapidly with an annual average of 4% of real GDP growth.

2.2. In 2017, the real growth of GDP reached 7.5%. The economic growth in 2017 was mostly driven by the growth registered in services (12.4%) and industry (6.6%). The agriculture sector registered decline by 5.3%. After several years of decline, the construction sector showed modest growth (2.5%). The recovery of remittances, rising commodity prices and continuous improvement of global economic conditions are the main external factors, which affected the GDP growth positively.

2.3. During 2010-2017, the sectoral structure of the economy has changed: the declining industry sector has gradually increased from 15.5% in 2010 to 17.9% of GDP in 2017, and the share of agriculture decreased from 17.0% in 2010 to 14.9% in 2017. In 2017, the largest sectors by share of GDP were agriculture (14.9%), whole and retail trade (10.8%), manufacturing (10.2%), real estate activities (8.3%) and construction (7.4%).

2.4. External trade turnover in Armenia over the period of 2010-2017 increased by 32% reaching US\$6321.0 million in 2017 compared to US\$4790.0 million in 2010. The import hasn't changed substantially (increase only by 9.3%) during this period, while exports have increased by 113.6% and constitute US\$2,223.9 million.

2.5. The trade balance continues to be negative; however, the deficit is showing a decreasing tendency. Despite the small increase in 2017, the trade balance deficit decreased from US\$2.7 billion in 2010 to US\$1.9 billion in 2017. Starting from 2010 export grew at higher pace than import (with exception of 2017, when growth of imports was higher by 1 percentage point than growth of export). Though in 2015 there was a slight decline of export (-4%), in 2016 export grew by 20.6% and in 2017 by 24.1%.

2.6. The RA Government adopted a foreign economic diversification policy aimed at expanding the geography of foreign economic relations. An example of such policy is the agreement signed between the RA and the European Union (hereinafter EU) in 2017, as well as the creation of a free economic zone on the border of the Islamic Republic of Iran and the Republic of Armenia.

2.7. In 2017, the current account deficit constituted 2.8% of GDP equalling US\$328.5 million, which was improved by 10.8 percentage points compared to 2010. This improvement is mainly conditioned by decrease of negative balance of goods and services.

2.8. In 2017 the net flow of foreign investments into the real sector of RA economy amounted to about US\$154.6 million, out of which US\$192.8 million were foreign direct investment flows. The gross flows of foreign direct investments into the real sector of RA economy in 2010-2017 amounted to US\$3.8 billion. In 2010-2017 the largest share of FDI is the Russian Federation, about 45% (US\$1.8 billion). Sectors that attracted the highest shares of investment in 2010-2017 were mining, energy, transportation, manufacturing and telecommunication.

2.2 Monetary Policy and Inflation

2.9. During 2010-2017 the monetary policy was implemented under inflation targeting regime, ensuring price stability in Armenia. The 12-monthly inflation rate averaged around 3.8% in 2010-2017, which is quite close to the 4% target rate.

2.10. Negative regional shocks, caused by the volatility in global commodity markets, affected monetary policy and inflationary developments in Armenia, by un-anchoring inflation expectations at the end of 2014. After the external shock mitigation, in 2015-2017 in low inflationary and even deflationary environment, the country implemented expansionary monetary policy, which increased the effectiveness of transmission of policy interest rates to interest rates of securities, loans and deposits. This in turn created favourable conditions for domestic demand and inflation recovery. As a result, the 12-month inflation rate was 2.6% at the end of 2017, which is within +/- 1.5% tolerance band around 4% target rate.

2.11. Since 1996, the Central bank of Armenia is committed to the free-floating exchange rate regime and to the principle of non-use of exchange rate restrictions. Episodic interventions of the Central bank in foreign exchange market are conducted only to smooth the drastic short-term volatilities of exchange rate.

2.3 Financial services and Stability

2.12. Starting from 2018 financial stability is considered as a primary goal of the Central bank in line with price stability, according to the new Constitution of Armenia. Due to the RA Government's consistent financial policies, financial sector regulatory and supervisory frameworks are compliant with the international best practice and standards (BCBS, IAIS, IOSCO). In 2012, the Financial Sector Assessment Program jointly conducted by the World Bank (WB) and International Monetary Fund (IMF) concluded that the Armenian banking sector was 93% compliant with the Basel Core Principles for Effective Banking Supervision. Armenian insurance system was 86% compliant to the Insurance core principles of International Association of Insurance Supervisors.

2.13. The Central Bank of Armenia is a mega-regulator of all financial institutions and financial markets operating in Armenia and possesses all supervisory and macroprudential tools (in line with Basel 3) to conduct effective supervision. Recent amendments to relevant legislation authorized the Central Bank to conduct consolidated supervision over financial groups.

2.14. The banking sector is well capitalized. Recent substantial increase in minimum required capital to 30 billion drams or about US\$60 million initiated by the Central Bank of Armenia has created additional buffers for banks to stay immune during shocks. In 2010-2017, the banking sector's total assets increased annually by 16.1% with the cumulative asset growth reaching 229%. In the same period, the share of non-resident investments in the banking sector's common shares decreased by 12.2 percentage points and equalled 61.8%. In 2012-2017, banking sector liabilities towards non-residents increased annually by 5.5% with the cumulative growth reaching 31%.

2.15. The Compulsory Motor Third Party Liability Insurance (CMTPL) was introduced in Armenia in 2011 aiming to protect the rights of injured parties caused by the use of motor vehicles. After CMTPL, Armenian Single Window for Automotive Insurance (ASWA) was launched in 2017. The ASWA implementation purpose is to enable online conclusion of MTPL contracts and to improve the management of compensation and damage assessment by insurance companies through a common platform. From 2010 to 2017, insurance sector total assets increased annually by 14.3%; the cumulative growth equalled 192%.

2.16. In 2014 the mandatory funded pension pillar was launched replacing the old unfunded PAYG pension system by a multi-pillar system. Amundi-Acba Asset Management and C-Quadrat Ampega Asset management companies manage six mandatory pension funds with 208,000 active participants and AMD 131.7 billion total assets (EUR 233 million) as of 31 July 2018.

2.17. In January 2018 Armenia signed the IOSCO Multilateral memorandum of understanding concerning consultation and cooperation and the exchange of information in securities and derivatives markets. In 2013, the Central Depository of Armenia (CDA) launched a new system for the centralized registry, custody and settlement of securities. In 2017, a new NASDAQ owned Genium Inet trading system was launched and the auctions of government bonds were transferred from the Central Bank to the NASDAQ OMX Armenia. Another important event was the entry of Clearstream into the Armenian market by implementing a link with the CDA. This facilitates the entrance of foreign investors to the Armenian Government bond and capital markets.

2.18. Over the past 10 years the inflow of remittances by individuals amounted to an annual average of 15.8% of the GDP. The highest value of transfers was recorded in 2013 achieving around US\$2.2 billion (45.5% more than in 2010). In 2015 there was a substantial decline in private transfers. In comparison with 2013, the inflow of the remittances declined by 33.8% and amounted to US\$1.4 billion. Decrease of remittances from abroad had also been recorded in 2014 and in 2016. Slight recovery of remittances by 12.4% have been registered in 2017 and amounted about US\$1.5 billion. The Russian Federation remains the major source for remittances in Armenia, with a share in total being close to 80%. This is explained by the large Armenian diaspora and seasonal workers.

2.4 Fiscal Policy

2.19. In 2010-2013, fiscal policy had a restraining impact on the economy and in 2014-2016 it was characterized as stimulating. At the same time, the aim was to promote the recovery of economic growth and macroeconomic stability by simultaneously maintaining the government's debt sustainability. In 2017, a restraining fiscal policy was targeted and implemented to maintain debt sustainability.

2.20. In 2015-2016 the RA state budget deficit amounted to 4.8% and 5.5%, respectively. As a result of the fiscal restraining policy implemented in 2017, the state budget deficit amounted to 4.8% of GDP. However, the deficit which presents influence on the economy, namely the deficit that reflects the reaction of fiscal policy to economic developments (except military loan) was 3.2% of GDP in 2017 and 5.0% of GDP in 2016.

2.21. The RA Government debt sustainability analysis indicates that, despite the recent debt/GDP ratios, the debt is stable in the long term and is in the range of moderate risk. As of 31 December 2017, the external debt of Armenia amounted to US\$5,494.9 million, which is 66% more than in 2010. At the end of 2017, the external debt of Armenia constituted 47.8% of the GDP, 89.1% of which was the debt of the Government.

2.22. On 1 January 2018, the new tax code entered into force in Armenia, aimed at increasing tax revenues and promoting long-term economic growth.

2.23. In 2017, works have been carried out aimed at improving fiscal risk assessment methodologies. Risk assessment activities derived from contingent liabilities on energy and water management sectors have been reflected in 2018-2020 medium-terms Expenditure Framework. A roadmap for improving fiscal risk assessment has been developed as well.

3 SECTORAL POLICY AND REFORMS

3.1 Agriculture

3.1. Agriculture is one of the vital sectors of the Armenian economy in terms of formation of the country's GDP, sustainable rural development and, most importantly, food security of the country. It makes up more than 17.5% of Armenia's GDP (the average for 2010-2017), and employs almost 33% of the country's population. The gross domestic product value of the sector in 2010-2017 has fluctuated between AMD 636.7 and AMD 906.7 billion.

3.2. The sector development is supported by the Government through a number of incentives and elimination of trade barriers, which facilitate increase in the profitability of agricultural business. It is in the agenda of the Government to enhance the level of food security (the self-sufficiency level of the main food, assessed by energy value, will reach around 75% in 2022), to develop high value-added agriculture, to introduce modern technologies, substitute import, as well as to increase export volumes and create favourable conditions for the activities of economic entities in the agricultural sector. Moreover, the membership of the Eurasian Economic Union (EAEU) and the new agreement with EU are expected to further boost the demand for the Armenian agricultural output.

3.3. In order to implement a coherent policy in the field of food security, "The Concept on Ensuring Food Security in the Republic of Armenia" was approved in 2011 by the Order of the President of the Republic of Armenia. The Concept aims to provide physical and economic access to food for the population, as well as to create prerequisites for resisting the adverse changes in the domestic and foreign markets and negating the consequences of possible emergencies. In order to ensure the fulfilment of the provisions of the mentioned Concept, the RA Government adopted in 2016 the relevant Action Plan for 2017-2021.

3.4. A new subsidy programme for loans to the agricultural sector was adopted by the Governmental Decree No. 39 of 14 September 2017. The "State Support for Implementation of the Pilot Program for Introduction of the Insurance System in Agricultural Sector" was incorporated into 2018-2020 Medium-Term Expenditure Program of the RA. It is envisaged to complete the preparatory work for the project introduction in 2018, and to start the implementation of the pilot program on introduction of the insurance system in the sphere of agriculture in 2019 with the state support.

3.5. In 2017, the gross agricultural output at current prices increased by more than 42.4% (in comparison with the same indicator in 2010); the increase of 1.8 times was recorded in the livestock sector at current prices, almost 90% of which was generated by households.

3.6. Cattle breeding is the leading branch of animal husbandry in Armenia. About 90% of milk and almost 70% of meat in Armenia are produced due to cattle breeding. More than 170,000 farms are engaged in cattle breeding. Sheep breeding is one of the traditional animal husbandry branches in Armenia. Annually about 23,000 tons of mutton and lamb are produced in Armenia, part of which is exported to Georgia, Iran, Kuwait, Lebanon and Qatar. Swine breeding is also one of the major branches of animal husbandry in Armenia. Annually 27,000 tons of pork is produced in the country (live weight).

3.7. Poultry breeding is the most automated branch of animal husbandry in Armenia. At present there are more than 10 medium-size and large poultry enterprises in the country. 650-700 million eggs and 14-15 thousand tons of poultry meat are produced in the country per annum.

3.8. Expansion of the fishing industry in Armenia is driven by recently obtained know how and efficient management skills of the relevant business entities. At present annually 16-17 thousand tons of commercial fish is produced in the country, about 20%-30% of which is exported. Frozen and processed fish and caviar are exported to the United States, Georgia, the Russian Federation, Ukraine, several Arabic countries etc. At present there are 150-160 fish farms registered in the country out of which around 83% are located in the RA Armavir and Ararat marzes (regions).

3.9. Apricot, grapes, cherries, peaches, plums, potatoes and tomatoes are the main exports of fresh fruits and vegetables, with tomato and grapes the largest share in 2017 (27.1% and 16.6% accordingly).

3.10. The food processing industry is mainly focused on exports. The largest share of exports is made up of beverages and spirits, fresh and processed fruit and vegetables, chocolate and dairy products. Alcoholic beverages and spirits make up the largest share of Armenian prepared foods exports, accounting for around 35.9% in 2017.

3.11. Amongst priority activities directed to develop the agricultural sector are introduction of drip irrigation systems and anti-hail networks, establishment of the intensive orchards, development of pedigree breeding farms, development of local seed breeding and seed production and introduction of the agricultural insurance system.

3.2 Energy

3.12. The Energy Policy of Armenia is aimed at ensuring energy independence and enhancing the energy security of the country, ensuring regional integration and sustainable development of the energy sector based on further development of nuclear energy, diversification of supply of energy sources and full and efficient use of local (renewable) energy resources, as well as promotion and implementation of energy-efficiency measures.

3.13. On 27 July 2017, the action-plan on liberalization of the electricity market of Armenia and development of inter-state trade has been adopted. The electricity market liberalization is directed to increase the efficiency of the whole system through increased competition, scale up the cross-border trade, maximize the efficiency of production of electricity and enable new private investments in the energy sector. The action plan envisages step-by-step liberalization measures and adoption of necessary legal acts until 2021. The process has been launched and the new market model will operate fully in 2019.

3.14. The Government is taking significant steps to increase the total share of renewable energy to at least 50% in electrical energy production of the country. In 2017 the portions of electricity production by type was as follows 38.8% thermal power plants, 29.5% hydro-electric power plants and 36.7% nuclear power.

3.15. As of the 1 July 2018, electricity was generated by 186 Small Hydro Power Plants (SHHPs), with total 360 MW installed capacity, from which 125 was constructed in last 10 years. Thirty-three additional SHPPs are under construction, with about total projected 63.2 MW capacity and 250 million kWh annual supply. Annual hydropower resource potential is estimated at 222.4 million kWh.

3.16. The average annual amount of solar energy flow per square meter of horizontal surface is about 1720 kWh (the average European is 1000 kWh). One fourth of the country's territory is endowed with solar energy resources of 1850 kWh/m²/year. According to the first stage of the "Solar PV plant construction Investment Project" that was approved by the Government of the Republic of Armenia Protocol Decision 53-37 dated 29 December 2016, it is foreseen to construct a utility-scale Masrik-1 solar PV power plant with 50-55 MW capacity in Gegharkunik Marz of Armenia. Construction of other five PV plants with about 60MW average capacity will follow-up.

3.17. The RA Government envisages to support private projects for construction of wind power plants by developing new legal incentives. Thus, it is foreseen to construct wind power plants with capacity of 100-150 MW. The first grid connected wind power plant in Armenia and in Caucasus with total capacity of 2,6 MW was put in operation at Pushkin pass in December 2005. Electrical energy production license was given to other two wind power plants, with total 270 kW designed installed capacity. Additional 2 wind power plants – total with 5.3 MW capacity are under construction.

3.18. The RA Government envisages to support private projects for construction of geothermal power plants by developing new legal incentives. In the result of Exploratory Drilling Grant Program, it is foreseen to construct a Geothermal Power Plant at Karkar site, Syunig Region, Armenia. Within the framework of the said Program 2 narrow wells exploratory drilling results and Preliminary Cost Calculations for Karkar Geothermal Power Plant have been prepared. Within this framework it is foreseen to find investment companies with international experience for the construction of Geothermal/Organic Rankin Cycle operating/Power Plant at Karkar Geothermal site. Wells test reports as well as the final cost calculation reports have been sent to more than 50 international investors by e-mail.

3.19. Improving energy security and economic competitiveness of the country, and minimizing the negative impact on the environment is a priority. In this regard the Government makes tangible efforts to promote the introduction and development of energy-saving technologies. Implementation of clean energy projects for development of green energy in rural communities is planned for the nearest future.

3.20. Significant effort is directed at the improvement of transmission and distribution networks. In particular Armenia-Iran (400 kV) overhead power transmission line as well as Armenia-Georgia (400 kV) overhead power transmission lines are envisaged to come online by the end of 2020. After realization of these projects, Armenia will be positioned in the region as a regional hub of electric power, linking the electric energy systems of Iran, Georgia and the Russian Federation.

3.3 Tourism

3.21. Armenia recognizes tourism as a priority. With its preserved nature, unique religious and cultural heritage Armenia has the potential to offer attractive and competitive tourism products and high-quality services.

3.22. Contribution of Tourism and travel is estimated at around 4% of Armenia's GDP, and provides over 40,000 jobs. The number of tourists visiting the country has been steadily growing reaching 1.494.779 visitors in 2017, which is 18.7% higher than in 2016. The number of visits increased by 119% compared to 2010. In January-June 2018 the number reached 685,971 visits, which is an increase of more than 10.2% compared to the same period of 2017.

3.23. The structure of the tourist flows to the country is quite diverse, with 27.1% of the total share from the CIS countries, 24.0% from EU and 48.9% from other countries.

3.24. The citizens of the EU member States and the Schengen Acquis states are exempted from the visa requirement for travel and stay in Armenia. In general, citizens of more than 40 countries, including CIS region, Australia, New Zealand, Singapore and Republic of Korea, can visit Armenia without visa. In 2017, border crossing procedures were facilitated for the citizens of Canada, China, United Arab Emirates, Qatar, Japan, and India. Since 1 March 2017 citizens of the Russian Federation can visit Armenia with their internal passports. During 2018 border crossing procedures have been facilitated for the citizens of Albania, Australia, New Zealand, Singapore and Republic of Korea.

3.25. Armenia is making significant efforts to develop and improve tourism infrastructure. The liberal policy in the sector has ensured representation of world-known hotel brands in the country.

3.4 Information and Communications Technology

3.26. Armenia has retained its great potential for technology development, and was considered a hub for software development, industrial computing, electronics, and semiconductor production. It

continues to be the regional leader in IT and high-tech industry due to its highly qualified labour force.

3.27. The industry's total revenue, which consists of the Software and Services sector and the Internet Service Provider sector, reached US\$765.1 million in 2017 compared to US\$150 million in 2010. Number of information and communications technology (ICT) companies increased annually by 10% reaching 650 in 2017. Armenian ICT companies mainly specialize in embedded software development, semiconductor design, customized software, outsourcing, financial software, multimedia, web design, information systems, and system integration. Armenia has made significant progress in semiconductor design and the creation of related intellectual property.

3.28. The number of employees in the ICT sector has increased drastically over the past 7 years reaching more than 15,000 in 2017 compared to 4,960 in 2010. 50% of the production of the sector is exported, mainly to the U.S., EU and the Russian Federation. The role of export in total production has registered a slight decrease over recent 10 years thanks to development of the local market and, as a consequence, increased domestic demand.

3.29. The sector benefits from tax incentives set by the law "On State Support to IT sector" adopted in 2014. These incentives foresee 10% income tax break and exemption from profit tax. As of January 2018, 439 IT start-up companies have been certified for these incentives.

3.5 Transport and Communication Infrastructure

3.30. As a landlocked country, Armenia's economy heavily depends on international transit and cross-border access. To ensure access to foreign markets the Transport Sector Development Strategy has been developed, which defines investment priorities in transport sector. It pursues maximization of the transport sector's performance by 2020, and envisages a long-term prosperity through establishment of efficient, cost effective, environmentally and socially sustainable transport infrastructure and services.

3.31. Today Armenia's road network extends nearly 7,534 km (as of 2017), out of which interstate highways constitute – 1,759 km, republican – 1,969 km and local – 3,806 km. The major project for the Government of Armenia in this sector is the North-South Road Corridor program, which covers construction, upgrade and rehabilitation of over 560 km of roads. It is expected that North-South Road Corridor will be completed by 2025.

3.32. Armenia's railway network plays a crucial role in providing mobility for people and freight. The network includes the metro system that serves passengers in the capital. The total length of railway tracks is 1328.6km, out of which 780km – the main track. Operational length is 726km. Armenia's railroad network has 23.5-ton axle loads; is wholly electrified; equipped by system of semi-automatic blocking and a modern technological communication system.

3.33. Armenia's two principal airports are "Zvartnots" International Airport in Yerevan, and "Shirak" International Airport in Gyumri. Total passenger traffic was more than 2.5 million passengers in 2017, which is 20% more than in 2016. Total freight turnover was 6.9 million tons/km in 2017.

3.34. In October 2013, the Government of Armenia adopted "open sky" policy in the field of civil aviation. Negotiations were held with partner states in order to revise existing air services agreements in line with the liberalized aviation policy and to sign new agreements. On 24 November 2017, the EU-Armenia Common Aviation Area Agreement was initialled in Brussels. This agreement will improve market access for airlines, providing better connectivity, more choice and lower fares for travellers.

3.35. Negotiations with more than 30 airlines resulted in entry of some into the Armenian market, also number of airlines expressed interest in servicing routes to Armenia. To improve business environment for airlines, software development for a new online system for granting permissions to airlines to operate flights to Armenia is in process. This will simplify procedures, reduce bureaucracy and create a predictable environment for all the stakeholders.

3.36. The telecommunication sector is one of the leading and dynamic sectors of Armenia and has registered considerable growth over the last decade. Growth in the sector started in 2007, when the government implemented several reforms directed to increasing competition in the sector. As a result, the mobile communication segment has been considerably boosted by the introduction of competition into the market place.

3.37. Armenia's public telecommunication networks are equipped for both fixed and mobile access services. The country has achieved an overall 100% geographic coverage for fixed access services in 2017. In the capital Yerevan, 100% of the incumbent's public switched telephone network (PSTN) services are digital, while in regions around 86% of the PSTN services are digital.

3.38. Armenia has achieved an overall 100% geographic coverage for mobile access services in 2017 provided by three mobile network operators. In particular, 80.2% of the localities throughout the territory of the republic receives a mobile access service from three mobile network operators, 15.3% of localities have coverage by two mobile network operators, while 4.2% of localities is serviced by one mobile network operator only.

3.39. Reliable Internet access service is available throughout the country. Internet access in Armenia has increased, particularly in the past few years. The Internet penetration rate in Armenia was 69% in 2017 (about 2005786 users), compared with 46% in 2012 and just 6.2% in 2008. Internet access service providers offer the following services on the domestic market: ADSL, fiber-optic and cable access, 450 MHz fixed broadband access, WiFi and WiMax wireless technologies, CDMA, GPRS, EDGE, 3G and 3G+ technologies, as well as 4G/LTE and 4G+/LTE Advanced technologies. There are more than 100 companies, which provide Internet access services in Armenia.

4 TRADE POLICY DEVELOPMENTS

4.1 Trade and Investment Policy

4.1.1 Trade in goods

4.1. In 2017 the total export of goods from Armenia amounted to US\$2,242.9 million, which is 25.2% higher than in 2016. The total import was around US\$4,182.7 million, which formed a deficit of foreign trade at the level of US\$1.9 billion. Armenia's foreign trade turnover showed a sharp increase of 26.9% in 2017, after modest growth of 7.4% in 2016 and a 20.6% decline in 2015.

4.2. The main export articles of Armenia are mining products, prepared food as well as precious and semiprecious stones, and precious metals. Moreover, export of prepared food increased by 4 times in 2017 compared to 2010, becoming the second largest export category after the mining products. Export of mining products and precious and semiprecious stones, and precious metals increased by 2.5 and 2 times respectively.

4.3. Mining production (mostly natural gas) occupies significant share in the import structure, constituting 15.5%; however, the import of this particular article registered a downturn of 0.5% compared to 2010. Among the biggest import commodities, products machinery equipment and mechanisms have registered a decline of 0.3%. Import of products of chemistry and related industries and prepared food increased by 20% and 22% respectively.

4.4. The Russian Federation is the top trade partner of Armenia followed by China, Switzerland, Germany and Bulgaria. Export to the Russian Federation constituted 24.1% of exports in 2017 compared to only 13.3% in 2010. The Russian Federation's share in the import structure of Armenia is dominant as well at 20.7%. This share has recorded a slight decline of around 2 percentage points compared to 2010. In the mentioned period, a 57% growth in imports from Georgia was registered, which constituted 8.4% of imports in 2017. Next come the United Arab Emirates, Switzerland, China and Iran which have about a 4-5% share in the import structure.

4.5. The share of EU countries in the total trade turnover of Armenia has decreased reaching 24.3% in 2017 compared to 32% in 2010. In 2010-2017 the total trade with the EU countries

increased only by 2% and amounted to US\$1.6 billion, while total trade turnover with CIS countries has increased by 44%.

4.6. The main body responsible for formulation and implementation of trade policy in Armenia is the Ministry of Economic Development and Investments (MoEDI), in cooperation with other line ministries and state bodies. The MoEDI is responsible for the WTO related issues, negotiating and implementing of bilateral and multilateral trade agreements, promoting investments.

4.7. Armenia has ratified and acceded to the WTO Trade Facilitation Agreement and notified its A, B and C category commitments. Moreover, the country has already implemented many of the B category commitments earlier than indicated in the notification.

4.1.2 Customs regulations

4.8. From 2 January 2015, Armenia has joined the Eurasian Economic Union and customs tariff and non-tariff regulation is being implemented on the unified base. However there are some national specifics that are being implemented at national legislation level, particularly the Law "On Customs Regulation" which entered into force from 2 January 2015 and secondary legislation.

4.9. Armenia applies the Customs Code of the Eurasian Economic Union (it has been in force since 1 January 2018).

4.10. Armenia continues to apply Most Favoured Nation (MFN) tariffs to all WTO Members. As a member of the Eurasian Economic Union, Armenia applies common tariff rates based on Harmonized Commodity Description and Coding System, with the exception of 800 goods for which decreased tariff rates are applied (the longest timeline for those is 2021 year). Before accession to EAEU, Armenia applied 0% or 10% import tariff rates. Seasonal tariffs are applied to certain potatoes, fresh or chilled tomatoes, fresh or chilled cucumbers, sweet peppers, fresh apples, certain pears, beet sugar, and certain kind of white sugar.

4.11. In case of import from non EAEU member countries customs authorities calculate and collect import customs duties, indirect taxes (VAT and excise tax), road tax and environmental taxes before release of goods except for the cases fixed in legislation.

4.12. According to the Treaty on EAEU, trade between EAEU members is exempted from customs duties. Since there is no common border between RA and other EAEU members' goods are moved according to the "Customs Transit" customs procedure, in exception of being transported by air, electric transmission or pipelines. So, for goods imported from EAEU countries, importers have to pay indirect taxes (VAT and excise tax) no later than 20th day of the month following the importation day and also road taxes and environmental taxes in terms fixed in the tax code of RA.

4.13. Before accession to EAEU Armenia applied 0% export tariff rate and currently the export tariff rate continues to remain at 0% according to the law on Customs Regulation.

4.14. Armenia made trading easier by introducing self-declaration desks at customs houses and warehouses, investing in new equipment to improve border operations and introducing a risk management system. For the simplification of customs procedures Single Window portal was introduced by www.trade.gov.am website. It is developed according to the UNECE Recommendation No. 33. This allows to provide services to foreign traders by SW portal. Some border control agencies have already had access to the system and provide some services. It is open to other agencies to join and in the nearest future the number of agencies will be increased.

4.15. Armenia has modernized three border crossing points linking Armenia with Georgia: Bagratashen, Bavra and Gogavan. The border crossing point with Iran (Meghri border point) is in the process of modernization.

4.16. The Customs Code of the EAEU proposes implementation of several reforms, one of which is introduction of e-declaration system latest in 2020. Despite this timeline, currently customs provide an opportunity for traders to do electronic declaration by SW portal (www.trade.gov.am). This leads to reduction of the time and costs for foreign traders and will allow to manage effectively the resources available in the system as a result of the risk management.

4.1.3 Non-tariff regulations

4.1.3.1 TBT (standardization, metrology, accreditation)

4.17. On 16 December 2010, the Government of Armenia adopted the "2010-2020 Quality Infrastructure reform strategy" which foresees implementation of around 80 activities in four sectors of quality infrastructure aiming to improve the legal and institutional framework according to international best practice. According to the strategy, about 30 legal acts were adopted during 2011-2012 and laws "On Technical Regulation", "On Standardization", "On Accreditation" and "On Uniformity of Measurements" were approximated to the EU legislation.

4.18. After Armenia joined the Eurasian Economic Union, technical regulations of the EAEU, which are worked out mostly on the basis of European Union Directives, international and European standards, became mandatory.

4.19. According to the Treaty "On Eurasian Economic Union", technical regulations of the Union or national mandatory requirements shall only apply to products included in the common list approved by the Commission. Since Armenia's membership to the EAEU, 46 national technical regulations have been reviewed. Currently, 38 EAEU technical regulations are enforced, 19 technical regulations are in a drafting stage.

4.20. "National Accreditation Body" State non-commercial organisation is an associated member of the European co-operation for Accreditation (EA) since November 2016. International accreditation was awarded to three testing laboratories ("Standard dialog" LLC, "FDA Laboratory" LLC and "Republican Veterinary-Sanitary and Phytosanitary Laboratory Services Center" SNCO). The last two laboratories have accreditation of the American National Standards Institute.

4.21. The calibration laboratory in Armenia, which is performing calibration in seven directions (mass, heat, pressure, radio electrical, time and frequency, linear and material quantities calibration) was accredited by Accreditation National Body. Accreditation of this laboratory gave an opportunity to our testing labs to ensure the harmonization of measurements with the international system of units.

4.22. During the last ten years, the National Institute of Standards of Armenia has developed new harmonized national standards (about 9000 standards) to remove trade barriers and promote export and import of products. The Institute is a member of the International Organization for Standardization since 1997 and an affiliate member of the European Committee for Standardization since 1 January 2008. In 2016 the Institute signed a memorandum of understanding with the American National Standards Institute and in 2017, a memorandum with the American Society for Testing and Materials, aiming to promote the trade and to reduce the technical barriers to trade with the USA.

4.23. Conformity assessment procedures are developed on the base of legislation of EAEU member States and are approximated to standard ISO/IEC 17067: 2013 (Conformity assessment - Fundamentals of product certification and guidelines for product certification schemes) and approaches, adopted in EU Council Decision No. 768/2008/EC (on a common framework for the marketing of products).

4.24. The Government drafted a national strategy on metrology, which aims to determine the direction for the development of the effective and internationally recognized national metrology system in Armenia. Currently, the National Institute of Metrology is a member of the Euro-Asian Cooperation of National Metrological Institutions. It is also planned to become a member of the International Bureau of Weights and Measures and International Organization of Legal Metrology.

4.1.3.2 SPS measures (including food safety)

4.25. In the sanitary and phytosanitary area, a number of measures have been taken to reduce barriers in the field, improve and modernize the legislation for standards of food safety and the food safety system in general, increase consumers' awareness, as well as to promote investments in the field, especially in the implementation of new technologies.

4.26. The State Service for Food Safety of the Ministry of Agriculture of the Republic of Armenia is a principal governmental body in the veterinary and phytosanitary sphere. The Service has established an efficient partnership with international organizations, including the World Organization for Animal Health, International Plant Protection Convention, Food, and Agriculture Organization of the United Nations, Center for Agribusiness and Rural Development, and International Finance Corporation. Focused actions include legislative and regulatory improvements and modernization of laboratories.

4.27. During the reporting period regulations and laws were aligned with international standards, the laboratories have been upgraded with new equipment and systems. Further, the phytosanitary, veterinary and food safety legislation is brought into compliance with the procedures defined by International Standards for Phytosanitary Measures, and standards and practices of World Organization for Animal Health and Codex Alimentarius.

4.28. Based on the results of phytosanitary monitoring in 2010-2017, the Plant Protection State Program aimed at combating the most dangerous and quarantine plant diseases has been implemented. In 2010-2017, the Farm Animals Vaccination Program funded from the state budget was implemented, which included preventive and diagnostic measures for human and animal health and common diseases, such as FMD, anthrax, tuberculosis, brucellosis, etc.

4.29. In 2012, the State Service for Food Safety has developed the residue monitoring plan for honey and aquaculture finfish in accordance with EU legislation requirements and submitted it to the DG SANTE (former DG SANCO), which allowed to implement a monitoring of residues in locally produced honey and aquaculture finfish. It was a basis for the export permission of Armenian honey to EU. According to official statistics, a total of 38 tons of honey were exported in 2017, out of which more than one tons to the EU.

4.30. Improving existing slaughterhouses and expanding the slaughterhouse network, which will ensure the production of high quality and safe meat products is one of priorities of the Government for 2018. Moreover, the State Service for Food Safety has made some arrangements on introduction of animal registration system, creation of a digitalized animal identification system, which includes animals, animal shelters, animal movements and animal health interventions, introduction of the risk assessment model, creation of a digital import system are foreseen to be implemented in the sanitary and phytosanitary sector in near future as well.

4.31. Necessary measures have been taken to introduce quality control systems in the food industry, in particular Hazard Analysis and Critical Control Points (HACCP) aimed at preventing and reducing risks during the early stages of production. The Service has produced printed materials to assist the Food Business Operators in the process of introduction of the HACCP system as well as has carried out public awareness raising campaigns. In order to be able to carry out audit of HACCP system according to the RA legislation the Service has drafted a check-list and after incorporating all the comments and recommendations has been submitted to the Government for approval.

4.1.3.3 Quotas, export/import prohibition

4.32. As a member of the EAEU the common external trade regime is also extended to non-tariff measures: import/export prohibitions, quantitative restrictions, exclusive trading rights, licensing (permit),¹ anti-dumping, countervailing and safeguard measures. The legal basis for these measures is the founding Treaty of the EAEU. Decision on application of these defence instruments is taken by the Eurasian Economic Commission following the investigation conducted in accordance with the Annex 8 of the Treaty, which contains Protocol on Application of Safeguards, Anti-dumping and Countervailing Measures in Respect of Third Countries.

4.1.3.4 Import/export restrictions, licences

4.33. According to the paragraph 3 of Part 2 of Annex 7 to the Treaty "On the Eurasian Economic Union" of 29 May 2014, unified measures for non-tariff regulation are applied, when implementing

¹ Certain types of licences and permits were in place before accession to the EAEU, in accordance with the RA Law "On Licensing".

trade with third countries in the territory of the Union. Accordingly, decision No 30 of the Board of the Eurasian Economic Commission "On non-tariff regulation measures" of 21.04.2015 is applied. At the same time, unilaterally applied measures are prescribed by the Part 7 of the Annex 7 to the Treaty "On the Eurasian Economic Union", in particular, according to the point 50, in exceptional cases member States may, in trade with third countries, unilaterally apply temporary measures. The list of activities subject to licensing is provided by the Law "On Licensing". Armenia has carried out significant reforms to simplify requirements and procedures to obtain permits and licences. In particular, the law "On Notification of the Implementation of Activities" adopted in 2015, replaces the licensing of 17 types of activities with a notification (correspondingly, the number of licensed activities was reduced by the same amount). According to the above law, legal entities and individuals, as well as individual entrepreneurs, can engage in activities subject to notification in five working days after the notification is submitted. E-licences platform (<https://www.e-gov.am/licenses>) launched by Armenia in 2011 allows to apply for a licence and submit necessary documents online.

4.34. Armenia has import restrictions only for several types of products: pharmaceutical products and medicines, phytoprotection chemicals, weapons, components used in the production of weapons, explosives, nuclear materials, poison, drugs, strong psychotropic substances, devices for use in opium smoking, and pornographic materials.

4.35. As is the case for imports, export of weapons, nuclear materials, pharmaceuticals, rare animals and plants, rare objects or artefacts considered part of the national patrimony require state permission.

4.1.4 Investment policy

4.36. Armenia's investment policy is among those of the most liberal ones in the CIS region. The main objectives of the state policy in the investment area are the improvement of investment environment, improvement of legal framework and promotion of investments in the economy of the Republic of Armenia, including foreign direct investments.

4.37. The Republic of Armenia applies the principles of "Open Doors" policy, liberalization of investment activities, reservation of national and most favourable treatment of foreign investors and proper protection of investors.

4.38. On 8 October 2015, the Government of Armenia adopted the Investment Policy Concept and the Timetable of Activities. Objectives of the Concept are to create a favourable investment and business environment, increase transparency of regulatory environment, reveal the country's competitive advantages, increase investment sizes, develop market infrastructure, create high-quality and high-paid jobs, develop human capital and provide sustainable economic growth and population welfare.

4.39. The investment sector in Armenia is regulated by the Law "On Foreign Investments", adopted in 1994. The Law declares national and most-favoured-nation regimes, provides guarantees to investors as well as key rights and a number of incentives for foreign investments: 100% of property ownership (except land), free and unlimited repatriation of property and profits, unlimited currency exchange on market rates, guarantees against changes of legislation on investments for 5 years, no restrictions for personal recruitment etc. There are no restrictions on the rights of foreign nationals to acquire, establish or dispose of business interests in Armenia.

4.40. Armenia has signed bilateral treaties on investment promotion and protection with 42 countries so far. Currently Armenia is negotiating such treaties with 24 countries. Armenia is a Member of the International Centre for Settlement of Investment Disputes.

4.41. The Government of Armenia is committed to developing a coherent, systematic approach to Public Private Partnerships, and a robust basis for implementing them in Armenia. In that perspective, Policy Statement on Public Private Partnerships was approved on 9 November 2017. The draft law on Public Private Partnership was approved by the Government of RA on 6 September 2018 and sent to the National Assembly.

4.2 Public Procurement

4.42. Armenia acceded to the WTO Agreement on Government Procurement (GPA 1994) on 15 September 2011. On 5 June 2015, Armenia signed and acceded to the WTO Revised Agreement on Government Procurement (revised GPA). To ensure compliance with the revised GPA and the Treaty on the Eurasian Economic Union, to increase transparency and to ensure independence of the procurement appeal system, the new law "On Procurements" was adopted on 16 December 2016.

4.43. E-procurement system is widely used by public bodies. As of 2017, the range of clients using e-procurement system includes 301 clients,² which carry out all the competitive procurement procedures (including also purchases from one person, conditioned by urgency) provided by relevant legislation via the electronic system (www.armeps.am).

4.44. Since 1 October 2017, a new procurement (www.procurement.am) website has been launched. The website is integrated into the ARMEPS e-procurement system, which by one action gives the customers an opportunity to ensure the publication of procurement announcements and invitations, changes made to them and clarifications regarding the invitations, making the procurement process more transparent and more controlled for the public and the media.

4.3 Intellectual Property Rights

4.45. Armenia has made a number of amendments and changes in the Intellectual Property related legislation in the reporting period to be fully aligned with the international standards. In 2011, the Government adopted the IPR Strategy, which aimed to develop more effective national procedures for enforcement of IPR and increase public awareness on IPR so that the IPR system can contribute to improvement of economic and creative environment in Armenia, the ability of Armenia to compete in the global economy.

4.46. Reforms of trademark legislation have launched in 2010 by adopting a new Law "On Trademarks". Together with the newly adopted Trademark law, Armenia has also adopted a new Law "On Geographical Indications" (29 April 2010), which regulates issues relating to registration, legal protection and use of geographical indications, appellations of origin and guaranteed traditional products. The new laws are in full compliance with the EU requirements.

4.47. A draft law "On Copyright and Related Rights, as well as draft laws "On Patents" and "On Industrial Designs" are being currently drafted. These drafts are supposed to be submitted to the Government of the Republic of Armenia in 2018.

4.48. With few exceptions Armenia has ratified most of the International Treaties and Conventions in the field and has intention to accede to the Marrakesh Treaty to Facilitate Access to Published Works for Persons Who are Blind, Visually Impaired or Otherwise Print Disabled (MVT) and Beijing Treaty on Audiovisual Fixations.

4.4 Competition and Business Environment

4.49. The significant improvement of competition environment has been recorded in Armenia over the past few years, which was due to the development of the institutional capacity and the consistent work carried out by the competition authority. The improvements were proved by high ratings of international organizations and the results of the studies carried out by the Commission. According to the World Competitiveness Report, Armenia recorded significant improvement in three main competitiveness directions: the effectiveness of antimonopoly policy, the impact of dominant positions on the competition and the intensity of competition in the domestic market, since 2010. Particularly in these directions Armenia respectively was ranked 40th, 28th and 66th in 2017 instead of 138th, 133rd and 136th in 2010.

² All public state bodies, urban communities, commercial organizations established by the state, foundations.

4.50. Meanwhile, the Commission conducted various researches in different product markets involving also the representatives of business community and consumer protection NGOs to reveal the existing problems in the field of economic competition in the period of 2010-2017.

4.51. The studies carried out by the Commission show that product markets in Armenia are open and there are no monopolies in those markets. The studies also showed, that the monopoly markets in the Republic of Armenia were connected with natural monopolies (gas, electricity, water) and the spheres transferred by the state to concession management (such as railway, airport).

4.52. At the same time, even in the markets, where, according to the studies, big companies having dominant position operated, dozens of small and medium-sized companies also acted in these markets contributing to the formation and improvement of competition environment in them.

4.53. The legislation on competition has been changed in March 2018 and complied with the requirements of the revised Constitution of Armenia, harmonized with the general rules and principles of competition set by the legislation of the Eurasian Economic Union, as well as the recommendations provided by the EU experts. The revised legislation introduced new mechanisms for exemption from liability measures or reduction of the amount of imposed penalties etc.

4.54. Armenia continues implementation of reforms directed to the improvement of the business-operating environment in the country. For this purpose, since 2008 the Government annually approves business environment improvement action plans. Actions defined by these plans mainly are focused on topics of the WB "Doing Business Report": simplification of tax and customs administration, improvement of bankruptcy processes, protection of interests of small shareholders, simplification of company registration process, reduction of time limits in judicial proceedings, etc.

4.55. Armenia is ranked 47th out of 190 economies according to the WB Doing Business report 2018. In the reporting period Armenia substantially improved its business environment, receiving high scores for starting a business and property registration (15th and 13th ranks respectively by the WB Doing Business Report 2018). Improvements have been registered for other indicators of the WB Doing Business Report. Particularly:

- Registration of business entities became easier thanks to established one-stop shop that merged the procedures for name reservation, business registration and obtaining a tax identification number and creation of an online registration tool (Electronic Register Portal)³;
- Armenia made registering property easier by improving the land dispute resolution mechanisms of the land administration system. Moreover, since 1 January 2015 registration of rights to movable property can be done electronically⁴;
- Armenia made getting electricity easier by imposing new deadlines for connection procedures and introducing a new geographic information system at the utility;
- Armenia made registering property easier by improving the land dispute resolution mechanisms of the land administration system.
- The customs and tax authorities have introduced a risk-based control system to reduce the administrative burden for the businesses;
- To foster higher usage rate of e-services, the Government adopted a concept paper on Formation of E-Society in Armenia. Currently, the functional e-services include the online filing of tax returns and social security contributions, e-Pension, e-Procurement systems, e-Cadastre, e-Registration, etc.

³ <https://www.e-register.am/en/>.

⁴ <https://www.registration.am/>.

4.56. Acknowledging the crucial role of the small and medium entrepreneurship (SME) sector in the country's economic development, the RA Government is taking consistent steps towards state support and development of the SME sector. Modern infrastructure and efficient SME support instruments have created necessary preconditions for SME prospective development in Armenia aimed to support to knowledge-based and innovative industries, formation of favourable environment for technology transfer and expansion of foreign economic activity of SMEs.

5 BILATERAL AND REGIONAL ARRANGEMENTS

5.1 Bilateral trade agreements

5.1. In May 2015 the Republic of Armenia and the United States of America signed a Trade and Investment Framework Agreement (TIFA). The TIFA provides a framework and principles for dialogue on trade and investment issues. The agreement creates a platform to meet and discuss issues of mutual interest with the objective of improving cooperation and enhancing opportunities for trade and investment.

5.2. Armenia has eight bilateral free trade agreements in force: with Georgia, Ukraine, the Republic of Moldova, the Republic of Kazakhstan, the Kyrgyz Republic, the Republic of Tajikistan, the Republic of Belarus and Turkmenistan.

5.3. The country has GSP access to the U.S., Japan, Norway, Switzerland and Canada. The country benefits also from the EU's Generalised Scheme of Preferences plus (GSP+) arrangement.

5.4. Armenia has trade attachés in the EU, in the People's Republic of China, the Republic of Belarus, as well as trade representatives in Austria, Lebanon, the Switzerland, Turkmenistan and the Russian Federation.

5.2 EU-Armenia

5.5. Current EU-Armenia relations in economic, investment, trade, legislative and other areas are regulated by the EU-Armenia Comprehensive and Enhanced Partnership Agreement (CEPA).

5.6. The Comprehensive and Enhanced Partnership Agreement was signed on 24 November 2017 in the frame of the 6th Eastern Partnership Summit in Brussels. The Agreement was ratified by Armenia on 11 April 2018 and entered into provisional application on 1 June 2018. The trade part of the CEPA aims to foster sustainable growth, improve investment and business environment and thus promote trade of goods and services between parties.

5.7. Since 2009, Armenia benefits from the EU Special Incentive Arrangement for Sustainable Development and Good Governance (GSP+). On 1 January 2018, Armenia started application of the EU Registered Exporter system (REX System). The REX System is the system of certification of origin of goods, which is based on a principle of self-certification by economic operators. The producers and/or exporters registered in the REX system are entitled to make out a statement on origin and export to the EU countries, Switzerland and Norway without submitting a certificates of origin Form A.

5.3 EAEU-Armenia

5.8. On 3 September 2013, Armenia issued a declaration of intention to join the Customs Union. The Treaty on the Accession of the Republic of Armenia to the Treaty on the Eurasian Economic Union was signed on 10 October 2014 and came into force on 2 January 2015, when Armenia became a member of the EAEU.

5.9. The EAEU provides for the free movement of goods, services, capital and people. The Union provides for unified policies in foreign trade and investment, customs and technical regulation, the authority of which is transferred to the Eurasian Economic Commission (EEC), a supranational body responsible for development and implementation of foreign trade policy. Negotiations on issues that do not fall within the competence of the EEC are held by the EAEU members exclusively.

5.10. The decision to launch free trade negotiations with non-member countries is made by consensus by the Supreme Eurasian Economic Council.⁵ Therefore, free trade in goods between EAEU member States and a third party (after 1 January 2015) can be established exclusively on the basis of a Free Trade Agreement between the Eurasian Economic Union and that party. Armenia and its EAEU partners are negotiating free trade agreements with Egypt, India, Israel, Serbia and Singapore. The FTA between the EAEU and Viet Nam entered into force in October 2016. Negotiations were also concluded with China on a framework agreement for economic cooperation and with Iran (Islamic Republic of) on an Interim Agreement leading to formation of a free trade area. Both agreements were signed in May 2018.

6 FREE ECONOMIC ZONES

6.1. The law "On Free Economic Zones" and several regulations adopted on 25 May 2011 by National Assembly of Armenia is a basic regulatory document. Residents of free economic zones are completely exempted from VAT, profit tax, property tax and customs duties. Services on behalf of the state bodies are delivered on "one stop shop" basis.

6.2. There are three free economic zones currently operating in Armenia:

- *"Alliance" free economic zone* was established in 2013. "SYTRONICS ARMENIA" CJSC is recognized as the operator of the zone. "Alliance" free economic zone is focused on the production and exports of high and innovative technologies in the field of electronics, precision engineering, pharmaceuticals and biotechnologies, information technologies, alternative energy, industrial design and telecommunications.
- *"MERIDIAN" free economic zone*, established in 2015, is specialized in jewellery, stones cutting and watchmaking.
- The *"Meghri" free economic zone* was opened in Meghri town on the border to Iran in 2017. The operating type of the free economic zone is defined as industrial and logistic: in the sphere of agriculture, manufacturing, electricity supply, trade, transportation and economy storage, professional and technical activity, culture, tourism, entertainment and recreation.

7 TECHNICAL ASSISTANCE

7.1. While Armenia makes all efforts to achieve positive outcomes in all trade related areas, there are many areas where the technical and financial assistance of international organizations and donors would be invaluable.

7.2. In order to increase the knowledge of diplomats on WTO and its agreements, it is desirable to organize training programmes for diplomats of the Ministry of Foreign Affairs and for students of the Diplomatic School of the Ministry of Foreign Affairs of Armenia in the area of the Law of the World Trade Organization.

7.3. In order to raise awareness in the field of intellectual property rights it would be desirable to organize, with the help of international organizations, seminars and training for the staff of the Armenian Intellectual Property Agency (patent examiners, trademark examiners, copyright experts), as well as for enforcement officials (representatives of police, customs office, judiciary) and for students of law department who aim to continue their activities in the field.

7.4. In the framework of the WTO Trade Facilitation Agreement, Armenia is reviewing the international best practice for the purpose of creating a national trade facilitation committee in accordance with the requirements of the WTO Trade Facilitation Agreement. Armenia would welcome technical assistance in this area to be able to create a national trade facilitation committee that would effectively function as a driving force for trade facilitation.

⁵ Supreme Body of the Union, consisting of the Heads of the member States.

7.5. Armenia would also welcome technical and financial assistance of external donors to be able to implement its category C commitments under the WTO Trade Facilitation Agreement in a timely manner.

7.6. A number of SPS related areas would benefit from technical and financial assistance. Particularly, training courses would be helpful to raise the understanding on the principles and provisions of the WTO Agreement on Sanitary-Phytosanitary Measures, main challenges and issues related to SPS. A Quality Control System (HACCP) audit training course for state inspectors would also be welcome. Other specialized training events could include training courses on Veterinary Risk Assessment and Methodology, Plant Protection Risks Assessment and Methodology and Antimicrobial resistance (AMR) and scientific-laboratory researches and approaches directions, with the aim of the raising of quality of specialists of the "Scientific Centre for Risk Assessment and Analysis in Food Safety Area" SNCO of State Service for Food Safety of Ministry of Agriculture of the RA.

7.7. Armenia also seeks possible international donor organizations to be able to implement the gradual introduction and application of International Plant Protection Standards (ICPD), as well as to implement Animal identification and registration programme in the Republic of Armenia.

ABBREVIATIONS

ADSL	Asymmetric digital subscriber line
AMD	Armenian Dram
ASWA	Armenian Single Window for Automotive Insurance
CDA	Central Depository of Armenia
CEPA	EU-Armenia Comprehensive and Enhanced Partnership Agreement
CJSC	Closed Joint-Stock Company
CIS	Commonwealth of Independent States
CMTPL	Compulsory Motor Third Party Liability Insurance
DG SANTE	Directorate-General for Health and Food Safety
EA	European co-operation for Accreditation
EAEU	Eurasian Economic Union
EaP	Eastern Partnership
EEC	Eurasian Economic Commission
EU	European Union
FMD	Foot-and-mouth Disease
GDP	Gross Domestic Product
GPA	WTO Agreement on Government Procurement
GSP	Generalised System of Preferences
HPP	Hydro Power Plant
IPR	Intellectual Property Rights
IOSCO	International Organization of Securities Commissions
ICT	Information and communications technology
kWh	Kilowatt Hour
LLC	Limited liability company
MFN	Most Favoured Nation
MoEDI	Ministry of Economic Development and Investments of the Republic of Armenia
MTPL	Motor Third Party Liability Insurance
MW	Megawatt

PAYG	Pay As You Go
PV	Photovoltaic
REX System	The EU Registered Exporter System
SHPP	Small Hydro Power Plant
SME	Small and Medium Entrepreneurship
SNCO	State Non-Commercial Organisation
SPS	Sanitary and Phytosanitary
TBT	Technical Barriers to Trade
TIFA	Armenia-USA Trade and Investment Framework Agreement
UNECE	United Nations Economic Commission for Europe
U.S./USA	United States of America
USD	United States Dollar
VAT	Value Added Tax
WB	World Bank Group
WTO	World Trade Organization
