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Working Party on the Accession of Armenia

DRAFT REPORT OF THE WORKING PARTY ON THE ACCESSION OF ARMENIA

Revision

I. Introduction

1. At its meeting on 17 December 1993, the Council of Representatives established a Working Party to examine the application of the Government of Armenia to accede to the General Agreement on Tariffs and Trade (GATT 1947) under Article XXXIII, and to submit to the Council recommendations which might include a draft Protocol of Accession. In a communication dated 31 January 1995 (WT/L/25), the Government of Armenia applied for accession to the Agreement Establishing the World Trade Organization (WTO) pursuant to Article XII of the WTO Agreement. Following Armenia's application and having regard to the Decision adopted by the General Council on 31 January 1995 (WT/GC/M/1), the Working Party on the Accession of Armenia to the GATT 1947 was transformed into a WTO Accession Working Party. The terms of reference of the Working Party were also contained in document WT/L/25.

2. The Working Party met on 24 January and 23-24 September 1996, 14 May 1997 [and ...] under the Chairmanship of H.E. Mr. D. Kenyon (Australia).

Information

3. The Working Party had before it, to serve as a basis for its discussions, a Memorandum on the Foreign Trade Regime of Armenia (WT/ACC/ARM/1), and the questions submitted by Members on the Armenian foreign trade regime together with the replies of the Armenian authorities thereto (WT/ACC/ARM/2 and Corr.1; WT/ACC/ARM/5; and WT/ACC/ARM/8). In addition the representative of Armenian made available to the Working Party the following material:

- The Customs Code of the Republic of Armenia of 1 January 2001;
- Decree of the Government of the Republic of Armenia No. 40 of 13 February 1993, "Additional Measures on State Regulation of International Economic Activities";
- Resolution No. 31 of 21 February 1995, "On Regulation Regarding the Establishment, Registration, Licence and Suspension of Activities of Banks and Their Branches and Agencies and Those of Foreign Banks Operating in the Republic of Armenia"
- Law on Amendments and Additions to the Republic of Armenia Law on the "Value-Added Tax" of 10 December 1994;
- Law of the Republic of Armenia on Property Tax;
- Law on Making Amendments in the Republic of Armenia Law on Excise Tax of 30 November 1994;
- Law on Pledge Collateral;
- Law on Bankruptcy of Enterprises and Individual Entrepreneurs of 15 June 1995;
- Law on Making Amendments in the Republic of Armenia Law on Corporation Tax of 19 December 1994;
- Law on Standardization of 9 December 1999;
- Law on Conformity Assessment of 9 December 1999;
- Law on Patents of 21 August 1993;
- Law on Income Tax of 8 February 1995;
- Law on Land Tax of 27 April 1994;
- Law on State Agrarian Inspections;
- Statute of the Peasant and Collective Peasant Farms of 22 January 1991;
- The Land Code of 29 January 1991;
- Supreme Council Resolution on the Maximum Sizes of the Land Lots in Property of the Peasant and Peasant Collective Farms;
- Resolution No. 581 of 16 December 1994, “On Corroboration of the Temporary Regulations for Auditing Activities in the Republic of Armenia”;
- Government Decision of 17 January 1995, "On the Procedure of Granting Licenses for Importation and Exportation of Goods (Works, Services) in the Republic of Armenia";
- Government Resolution No. 67 of 8 February 1995, "On the State Procurement Order of 1995 of the Republic of Armenia";
- Government Resolution No. 4 of 19 August 1995, "On Confirmation of the Temporary Regulations for Trademarks and Service Marks";
- Government Resolution No. 606 of 29 December 1994, "On Rates of the Excise Tax";
- Government Resolution No. 88 of 23 February 1994, "On the Order of Submitting Statistical Reports Regarding the Importation and Exportation of Services in the Republic of Armenia";
- Council of Ministers Resolution No. 161 of 5 March 1991, "On the Order of Exercising Diverse Types of Economic Activities on the Territory of the Republic of Armenia";
- Decree of the Government of the Republic of Armenia No. 124 of 29 December 1995 On Non-Tariff Regulation of the Commodities (Operations, Services) Import and Export in the Republic of Armenia;
- Statement of the Central Bank of the Republic of Armenia on Joining to Article VIII of the IMF Agreement.;
- The Law of the Republic of Armenia of 30 June 1996, "On Central Bank of Armenia";
- The Law of the Republic of Armenia of 30 June 1996, "On Banks and Banking";
- The Law of the Republic of Armenia of 10 June 1996, "On Bankruptcy of Banks";
- Decree of the Government of the Republic of Armenia No. 124 of 29 December 1995, "On Non-Tariff Regulation of the Commodities (Operations, Services) Import and Export in the Republic of Armenia";
- Amendments to the Law, "On Privatization and Denationalization of State-Owned Enterprises and Unfinished Construction Sites";
- List 2 of the Resolution of the Government of the Republic of Armenia No. 415 of 1995,"On types of Activities that are Subject to Licensing in the Territory of the Republic of Armenia";

- Statute of the Ministry of Economy of the Republic of Armenia of 20 June 1996, "On Issuing Inferences on Minimal Pricing of Exports of Products from Ferrous and Non-ferrous Metals not Produced in Armenia, as well as their Scrap";
- Statute of the Ministry of Health of the Republic of Armenia of 20 June 1996, "On Issuing Inferences on Import and Export of Pharmaceuticals into and from the Republic of Armenia";
- Statute of the Ministry of Environment Protection and Mineral Resources of the Republic of Armenia of 20 June 1996, "On Issuing Inferences on Export of Wild Animals and Plants Included in the Red Book (Endangered Species Listing) of the Republic of Armenia";
- Statute of the Ministry of Agriculture and Food of the Republic of Armenia of 20 June 1996 On Issuing Inferences on Import of Plant Protection Agents into the Republic of Armenia.
- Decree of the Ministry of Health of the Republic of Armenia, "On Regulation of Pharmaceutical Activity and Ensuring the Quality of Drugs and Medical Facilities";
- Programme of the Government of the Republic of Armenia, "On Privatization of State Enterprises and Unfinished Construction sites of the Republic of Armenia for 1996-1997"; and
- Amendment of 1 May 1996 to Annex N 1 to Decree of the Government of the Republic of Armenia No. 615 of 6 December 1993, "On Determining the Customs Duties";
- Law of the Republic of Armenia "On Customs Duties" of 30 December 1998;
- Law of the Republic of Armenia "On Customs User Fees of 30 December 1998;
- Decree of the Government of Armenia "To Define the Rules for Determining the Country of Origin of Goods";
- Civil Code of the Republic of Armenia of 5 May 1998;
- Civil Procedure Code of 20 January 1998;
- Criminal Procedure Code of 20 January 1998;
- Law of the Republic of Armenia "On Trade Names" of 12 May 1997;
- Law of the Republic of Armenia "On Trade and Service Marks and Appellations of Origin of Goods";
- Patent Law of 21 August 1993;
- Law of the Republic of Armenia "On Copyright and Neighbouring Rights" of 27 May 1996;
- Draft Law of the Republic of Armenia "Protection of Secret Information";
- Draft Law of the Republic of Armenia "On Protection of Selection Achievements";
- Law of the Republic of Armenia "On Legal Protection of Topographies of Integrated Circuits" of 3 February 1998;
- Draft Proposals on the Amendments in the Armenian Law on Patents Dealing with the Provisions of the WTO Component Agreement TRIPS;
- Regulation "On Importation of Goods Subject to Certification in the Republic of Armenia into the Customs Territory of the Republic of Armenia" of 16 January 1998;
- Decree No. 15 of the Government of the Republic of Armenia "On Compulsory Certification of Goods and Services in the Republic of Armenia" of 16 January 1998;
- Regulation "On Application of Certificate of Compliance when Realising and Advertising (Rendering Services) the Certified Goods Subject to Compulsory Certification in the Republic of Armenia" of 16 January 1998;
- Regulation "On Fees for the Compulsory Certification in the Republic of Armenia" of 16 January 1998;
- Decree No. 171 of the Republic of Armenia "On Establishment of Agrarian Regulations" of 11 March 1998;
- List of Toxic and Biological Means Permitted for the Use in the Republic of Armenia to Struggle Against Pests, Diseases and Weeds of Agricultural Cultivated Plants, Forestry and Ornamental Plants;
- List of Quarantine Pests, Diseases of Plants and Weeds for the Republic of Armenia;
- List of Quarantine Plants, Food, Seeds and Seedlings of Plant Origin for Quarantine Protection Purposes;
- Law of the Republic of Armenia "On Agrarian State Inspections" of 15 May 1996;
- Regulation "On Cooperation Between the Customs Authorities, Border Veterinary Inspection Stations and State Plant Quarantine Services of the Republic of Armenia" of 27 January 1998;

- Law of the Republic of Armenia "On Plant Protection and Plant Quarantine" of 20 March 2000;
- Law of the Republic of Armenia "On Veterinary" of 26 October 1999;
- Government Decree No. 26 of the Republic of Armenia "On the Measures to Ensure the Implementation of the Separate Articles of the Laws of the Republic of Armenia on "Standardization and Certification" and the "Uniformity of Measures" of 20 January 1998;
- Decree of the Government of Armenia No. 26 "Procedure on the Implementation of State Metrology Control Over the Quantity of Withdrawn Commodities" 20 January 1998;
- Government Decree No. 29 of 11 January 2000 on Preparation, Adoption and Application of Technical Regulations;
- Law on Taxes, adopted by the National Assembly of the Republic of Armenia, on 14 April 1997;
- Law on Excise Tax effective 1 August 2000;
- Law on Simplified Tax effective 5 June 2000;
- Government Decree No. 913 of 31 December 2000;
- Law on Amendment to the Customs Code of the Republic of Armenia of 26 December 2000;
- Draft Law on Land Tax;
- Draft Law on Antidumping and Countervailing Measures;
- Draft Law on State Registration of Legal Persons;
- Law on Medicines;
- Law on Licensing (May 30, 2001);
- Law on State Registration of Legal Entities (April 26, 2001);
- Resolution 239 of 12 May 2000, with amendments
- Government Resolution 581 of 20 September 2000; and
- Draft Law on Making Amendments and Additions to the Customs Code.

Introductory statements

4. In an introductory statement, the representative of Armenia said that since declaring independence from the former Soviet Union in 1991, Armenia had vigorously pursued free market reforms within a democratic framework, notwithstanding acute political and economic difficulties. Economic decline had been reflected in sharp reductions in output, falling incomes, reduced trade flows, severe shortages of energy, and scarcity of food and other consumer goods. Despite this adversity, the Government had persevered with the economic reform programme, placing particular emphasis on liberalization, stabilization, and economic restructuring. Most agricultural land was privatized shortly after independence and privatization in other sectors was moving ahead. Demonopolization and deregulation had removed barriers to private sector participation in all but a few areas of economic activity. Price controls were only applied to a limited number of essential goods and services, and were being phased out. Foreign investment was encouraged.

5. He further added that on the macroeconomic side, stabilization policy was a government priority, given the challenge of the difficult budgetary position, combined with the need to contain inflationary pressures and maintain exchange rate stability. The Government had successfully brought monthly inflation down to a single digit level, from the triple-digit levels prevailing at the end of 1993. By the end of 1997 the annual inflation was 21.9 per cent, and annual inflation for 1998 2.9

per cent, for year 1999 6 per cent, for year 2000 0.8 per cent and for year 2001 2.9 per cent. The Government was strongly committed to securing a sound and stable macroeconomic framework for future economic growth and development. Fuller integration into the world economy, and continuing diversification of Armenia's economic relations with other countries, were central planks of the Government's reform efforts. The Government of Armenia believed that these objectives could only be attained through open trade policies that emphasized specialization on the basis of international comparative advantage. It was for this reason that the Government of Armenia attached priority to its accession to the World Trade Organization, and wished to complete negotiations for membership at the earliest opportunity.

6. The Working Party welcomed Armenia's application for accession to the Agreement Establishing the WTO. Several members of the Working Party acknowledged that Armenia had undergone a rapid process concerning reform and trade liberalization which, notwithstanding internal and external difficulties, appeared to be succeeding in permitting economic growth. These members expressed support for Armenia's integration into the multilateral trading system and indicated their readiness to pursue the negotiations in earnest.

II. ECONOMY, ECONOMIC POLICIES AND FOREIGN TRADE

- Foreign exchange and payments

7. In response to questions from members of the Working Party concerning Armenia’s foreign exchange reserves and the convertibility of the Dram, the representative of Armenia stated that gross official reserves made up US$ 330 million by the end of 2000 and covered about 4 months of imports. Gross official reserves had risen from 0.7 months of import cover in 1994 to 2.3 months in 1996, 2.7 months in 1997 and 3 months in 1998. On 29 May 1997, Armenia had accepted Article VIII of the International Monetary Fund's Agreement and the obligations implied by Sections 2, 3 and 4 thereof and had committed to refrain from imposing restrictions on carrying out payments and transfers, and from engaging in discriminatory currency arrangements or multiple currency practices without IMF approval. According to Resolution No. 141 "On Foreign Exchange Regulation and Administration of Control", there were no restrictions on current account operations. After being licensed by the Central Bank natural persons and legal entities were allowed to act as foreign exchange dealers. The Central Bank of Armenia (CBA) determined the daily exchange rate as a midpoint of the previous day’s buying and selling operations in foreign exchange market (the participants of foreign exchange market are those dealing with over-the-counter market, stock exchanges, foreign exchange bureaus, etc.). Foreign exchange dealers (including banks) were free to establish their own exchange rates for transactions. Non-resident banks could be authorized to participate in the domestic foreign exchange

market on conditions equal to those set for resident banks. Legal entities and natural persons, residents and non-residents of Armenia could open and hold their current accounts in foreign banks without any restrictions. Residents of Armenia could undertake movement of capital without any restrictions unless otherwise specified by CBA. Non-residents could undertake the movement of capital according to the "Law on Foreign Investments" of the Republic of Armenia. All bilateral clearing arrangements based on barter had been eliminated.

- **Income Tax**

8. The representative of Armenia stated that according to the Law on Income Tax, which entered into force on 1 January 1998, personal income tax was determined on the basis of the amount of the taxpayer's income earned during the reporting period. In determining the taxable income the following deductions could be made from a gross income: deductible income, personal deductions, and expenses. Gross income was deducted by Dram 20,000 for each month during which an income was earned. The income tax rates were as follows:

Monthly taxable income	Amount of income tax
Less than Dram 80,000	10 per cent of total income
More than Dram 80,000	Dram 8,000 added to 20 per cent of total income exceeding Dram 80,000

Annual taxable income	Amount of income tax
Less than Dram 960,000	10 per cent of total income
More than Dram 960,000	Dram 96,000 added to 20 per cent of total income exceeding Dram 960,000

He further added that the rate of income tax for income received from royalties, payments of interest and property rent was 10 per cent. The following categories of receipts were exempt income for tax considerations: social security allowances under Armenian legislation, lump-sum allowances to families of military servicemen killed or handicapped, alimony payments, earnings of individuals for donations of blood and pectoral milk or for other type of donor activities, as well as income from agricultural activities.

- **Land Tax**

9. The representative of Armenia stated, that a land tax was imposed on private landowners and users of State owned land. The land tax was calculated as an annual fixed charge for a land plot unit. For agricultural land the land tax rate was set at 15 per cent of calculated net income determined by the estimated fiscal value of the land, and for the land for non-agricultural usage the land tax rate was

established at 1 per cent of the estimated fiscal l value of the land (0.5 per cent if outside residential area). In order to promote the development of plant-raising, newly established and immature orchards and vineyards were exempted from payment of land tax. In the event of adverse agricultural circumstances, the Government, with the consent of the National Assembly of Armenia, could grant certain tax exemptions to some taxpayers or to groups of taxpayers. In a new Draft of the Law on Land Tax, which was submitted to the National Assembly of Armenia, the property character of the tax was accentuated, and tax calculation methods were simplified. In particular, for both agricultural and non-agricultural land plots the amount of tax would be calculated based on their value, and that value would be determined according to the same Law.

- **Profit Tax**

10. The representative of Armenia stated that the new Law on Profit Tax, which entered into force on 1 January 1998, introduced a profit tax on residents and non-residents. For residents the profit tax was charged on taxable profit earned in Armenia and abroad. For non-residents the profit tax was charged on taxable profit earned from Armenian sources. For residents the amount of profit tax charged on taxable profit was determined at a rated of 20 per cent. The following types of revenues were included in Armenian taxable income of non-residents from Armenian :

- income derived from entrepreneurial activities within Armenian territory;
- passive income earned by non-residents from residents or non-residents; and
- other income obtained by non-residents within the Armenian territory.

The tax charged on income obtained by non-residents from the Armenian sources was levied according to the following rates:

Type of Income:	Profit tax rate
Interest	0 per cent
Insurance offsets received as a result of insurance; payments received for reinsurance, incomes received from shipment (freight)	5 per cent
Dividends, Royalties; income received from property rent; property value increment and other passive income (except income received from shipment (freight)), as well as other income received from Armenian sources	10 per cent

Taxpayers engaged in the production of agricultural products were exempted from the profit tax payments. Since 1 January 1998, Armenian resident statutory funds with foreign investments of greater than 500 million Drams had been permitted to reduce their profit tax as follows:

Year when the established investment benchmark in the statutory fund of a resident enterprises would be fulfilled	Proportion of profit tax reductions from the tax liability of the resident enterprise with foreign investment, allowed for the respective years	
	100 per cent	50 per cent
1998	1999 and 2000	2001-2008 inclusive
1999	2000 and 2001	2002-2009 inclusive
2000	2001 and 2002	2003-2008 inclusive
2001	2002 and 2003	2004-2007 inclusive
2002	2003 and 2004	2005-2006 inclusive
2003	2004 and 2005	
2004	2005 and 2006	
2005	2006 and 2007	
2006	2007 and 2008	
2007	2008 and 2009	

If the taxpayer's ceased operations during the period of tax reduction, the amount of the profit tax would be calculated at the full rate for the entire period of economic activity.

- **Simplified tax**

11. The representative of Armenia said that according to the Law on Simplified Tax, which entered into force on 5 June 2000, simplified tax replaced VAT and Profit Tax or Income Tax (as applicable) for entrepreneurial activities. All entrepreneurs, whether Armenian or foreign in origin were subjected equally to the tax. For legal persons simplified tax substituted for VAT and Profit Tax. For individual entrepreneurs simplified tax substituted for VAT and Income Tax. Tax privileges for VAT and Profit or Income Tax had been terminated for taxpayers covered by simplified tax. All legal persons and individual entrepreneurs were liable to simplified tax if during the previous reporting year the total amount of turnover of goods supplied and services rendered had not exceeded AMD 30 million (exclusive of VAT). The tax threshold did not apply to the trade and public catering activities carried out in shops and counters. He further noted that the legal persons and individual entrepreneurs to whom simplified tax applied in 2001 amounted to 0.8 per cent of GDP. The following taxpayers were not subject to simplified tax:

- Producers of goods subject to excise tax;
- Taxpayers with outstanding liabilities (including fines and penalties envisaged by Tax legislation) exceeding 100 thousand Drams as at 1 January of the relevant year;
- Loan and insurance companies, investment funds, specialized parties of stock market, organizers of casinos, cash winning games or lotteries, persons carrying out audits or consulting services, etc.;
- Presumptive taxpayers within the definition of the law "On Presumptive Payments";
- Taxpayers holding any remaining goods goods imported under a "for free circulation" customs regime, (non VAT taxable at the moment of import and not sold within the previous year) the value of which exceeded 1 million Drams;

- Those entities which ceased to be considered as that prior to 31 December inclusive of that year;
- Producers of agricultural products.

He further added that the simplified tax base was the sale turnover of goods supplied and services of taxpayers during the reporting quarter. The tax rate for income from sales by shops and counters was at the following rates:

a) For the amount up to 30 million Drams – 5 per cent;
b) For the amount exceeding 30 million Drams – 7 per cent.

For any other trading activity the tax was determined on sales turnover at the following rates:

- 8 per cent for the amount under AMD 30 million;
- 13 per cent for the amount over AMD 30 million.

- **Property tax**

12. The representative of Armenia stated that the property tax was a direct tax levied on all buildings and vehicles belonging to natural and legal entities. The calculation of the tax levied on buildings was based on their value (determined pursuant to the Law on Property Tax). Taxation of vehicles was determined based on the power output of its engine and age of the vehicle. Buildings were revalued every three years. If the value of a residential building was less than 3 million Dram, it was exempted from property tax. If a residential buildings had a value above 3 million Dram, the tax rates were set according to a scale, varying between 0.1-0.8 per cent.

13. The representative of Armenia stated that in accordance with the Law on Property Tax, the property tax levied on buildings for public and production usage was established at 0.6 per cent of their value.

The property tax for motor transport vehicles was levied according to the following annual rates:

For passenger vehicles with up to ten seats: if the tax base (engine power is):

- less than 120 horsepower/88 kilowatts: 200 Drams per horsepower/ 272 Drams per kilowatt;
- 120-250 horsepower/88-184kilowatts: then 300 Drams for each horsepower or 408 Drams for each kilowatt.

For passenger vehicles with over ten seats and trucks: if the tax base (engine power) is:

- less than 200 horsepower/147kilowatts: 100 Drams for each horsepower/136 Drams per kilowatt;
- Over 200 horsepower/147kilowatts: 200 Drams per horsepower/ 272 Drams per kilowatt.

- **State ownership and privatization**

14. In response to requests for information concerning the privatization of State owned assets, the representative of Armenia stated that the process of privatization had started in Armenia in 1991, when Government Decision No. 335 had permitted small enterprises in the sphere of public utilities, catering, trade and other services to be privatized. The Law on Privatization and Denationalization of Enterprises and Unfinished Construction Sites, adopted in 1992, was the legal basis for all subsequent privatization. He further added that by 1 January 2002 the Government of Armenia had adopted 2,067 decrees concerning the privatization of companies (including 170 decrees on dissolution of enterprises). The national Assembly of the Republic of Armenia had adopted Laws on Armenia's Privatization Program.

15. The representative of Armenia noted that five privatization programs adopted by the National Assembly had been undertaken since the beginning of the privatization process in Armenia. The first two privatization programs were covered the years (1994 and 1995 respectively. They were followed by the adoption of the 1996-1997 and 1998-2000 privatization programs. Those privatization programs included most companies in the fields of industry, agriculture and transport as well as all "small enterprises" (in the sphere of public utilities, catering, trade and other services) and unfinished construction sites. The current Privatization Program of State Assets for the for the period 2001-2003, was adopted by the National Assembly on 27 July 2001. It incorporated all enterprises intended to have been privatised under earlier programs. He further noted that foreign legal and natural persons were free to participate in the privatization of any state assets.

16. In response to further requests for information the representative of Armenia noted that up to 1 January 2002 1,643 medium and large enterprises had been privatised. Of those 1,081 had been privatised through the open subscription of shares, 62 through share auctions, 134 employee buy out, 102 through tenders, 20 through auctions, and 377 through direct sales, of which 200 to lessees. The most common form of privatisation was the open subscription of shares (65.8 per cent of privatized entities). Thirty six companies, the privatization of which failed, were dissolved, although a total of 367 enterprises' privatizations had failed, mainly because of high prices, poor business prospects and heavy indebtedness.

17. In response to requests for further information on the sale of privatised enterprises to foreigners, the representative of Armenia noted that the following enterprises privatized through international tenders: "Armentel" State Enterprise, Yerevan Brandy plant, Hotel "Armenia" and Hotel "Ani" (during the privatization of which there was an international mediator). The privatization or transfer of the management rights of the State power, production and distribution network, "Nairit"

Scientific-Research Union, as well as "Armenian Airlines" Company was anticipated. In the energy sector eleven hydro-electric power stations had been already privatized, two of had been purchased by foreign persons. The Armenian network of gas distribution was privatized, resulting in the establishment of "ArmRusGasArd" CSC. In 2001 the strategic enterprises of "Almast" CJSC, "Sapfire" JSC, "Tranzistor" and "Hrazdan Cement" were privatized, one of which to a foreign entity.

18. In response to further requests for information, the representative of Armenia stated that since 1999, privatisation in Armenia had focussed on attracting of strategic investors, as well as encouraging minority shareholdings in privatized companies. The government continued to seek to create new jobs and development social programs in privatized enterprises. To achieve this shares were privatized by tender, the terms of which reflected other development factors as well as the price.

19. Some members of the Working Party enquired whether any sectors were excluded from privatization. In response, the representative of Armenia stated that according to the “Privatization program for 2001-2003” enterprises of the following sectors were not subject to privatization:

- civil defence and mobilization establishments, military structures;
- minting, state decorations, seals and stamps producing enterprises;
- basic research institutions;
- institutions engaged in fundamental research investigations;
- geologic, cartographic, geodesic, hydrometeorological enterprises, enterprises exercising control over conditions and protection of environmental and natural resources;
- state strategic reserves and storage facilities;
- enterprises providing sanitary-epidemiological services;
- standardization and metrology services;
- railways, public highways, Yerevan metro, security services for railway and air traffic, army motorcades;
- enterprises producing radioactive materials (and appliances for them) as well as enterprises involved in research and constructing activities in this area;
- reformatories and corrective labour establishments;
- secondary educational institutions of the Republic of Armenia.

He further added that units generally subject to the Privatization could not be privatized if they are located in:

- engineering - technical buildings, transport structure (bridges, tunnels, dams, undergrounds and etc.) or similar areas, such as railways, social sphere units (schools, institutes, cultural units, etc.);
- defense and security units.

He noted, however that enterprises excluded from privatisation represented only 8 per cent of GDP.

Table 1 (a) Privatised enterprises in the period 1994-2002

Type of Privatization	Privatized		Industry and Trade	Agriculture	Urban Construction	Culture	Energy	Transport & Communi-cation	State Property Management	Health	Information & Typography	Others	In preparation Process	Not privatized	
	Total	In 2001												Total	In 2001
Direct Sale	377	48	144	67	40	17	8	24	25	15	5	32	17	13	
of which to lessees	200	10	81	29	30	11	7	9	1	8	1	23		3	
Tender	102	21	20	24	18		9	9	15	1		6	14	136	48
Auction	20	1	9	10				1					4	18	10
Share Auction	62		26	27	6			1			2			3	
Shares Open Subscription	1081	20	395	344	186	30	15	46	14	1	30	20	43	196	15
In Specialized Markets	1							1						1	
New Stock Issue															
Total	1643	90	594	472	250	47	32	82	54	17	37	58	78	367	73
Liquidation															
Government Decision	137	26	25	29	37	-	3	6	17	8	1	11			
Dissolved	49	21	12	7	6	-	1	2	15	1	-	5			
In the Process of Bankruptcy	52	17	10	8	24	-	1	4	-	-	1	4			
Court Decision on Bankruptcy	46	25	9	7	23	-	1	4	-	-	1	1			
No Court Decision on Bankruptcy	6	2	1	1	1	-	-	-	-	-	-	3			
Companies Dissolved	36	13	3	14	7	-	1	-	2	7	-	2			

Table 1 (b) Number of small enterprises privatized until 1999

	Evaluations made	Privatized 1994 – 1999	Privatized through auction	Subject to sale through auction
Small enterprises	8,308	9,391	286	7

Table 1 (c) Total privatizations

	Paid (thousand Drams) Total	of which by certificates	by Drams
Medium to large enterprises	105,321,836.2	39,766,020.0	65,555,816.2
Unfinished construction site	524,912.4	176,180.0	348,732.4
Small enterprises	27,161,321.8	23,856,460.0	3,304,861.8
Total	133,008,070.4	63,798,660.0	69,209,410.4

According to the amendments in the Law on Privatization made since the year 2001, the following changes applied to the above table:

1. The method of privatization through “International tender” was discontinued, since all types of prospective purchasers can participate in the tender so all types of tenders are presented together.
2. Closed distribution of shares was one of the methods of privatization through direct sales, so the information on privatization via closed distribution of stocks was included in the data on direct sales.
3. The sale of assets to the lessees was one of the methods of privatization through direct sales, so the information on privatization via sale of assets to the lessees was included in the data on direct sales.
4. Though the Law envisages privatization through share auction, it was currently out of practice by reason of its ineffectiveness. However, taking into account the fact that some enterprises were privatized via this method, the information was included in the table.
5. The Law on Privatization currently in force provides for privatization through the issuance of new shares.
6. The dissolution of companies was now used more frequently, so it was presented in the table in more detailed form.

20. The representative of Armenia added that within Armenia there remained some concerns about the privatization programme, particularly in relation to overall concept of privatization, and the desirability of voucher versus tender. As had been the case with some other transition economies, short term gains from privatization proved to be overstated. A more realistic approach currently prevailed which as oriented toward maximization of money gains from privatization. It was clear that many years may elapse before the privatised enterprise could become a genuinely profitable business, within which period the enterprise may change owners several times. The representative of Armenia stated that after taking all these considerations into account, the government had recently adopted a more pragmatic approach. Currently, the main objectives of the state privatization policy were to try and maximise cash returns from the privatisation on an enterprise in combination with appropriate management reform.

21. He further noted that this approach had lead to a recent focus on the tender method of company privatization. Whenever possible, enterprises were sold to strategic, long-term investors. This in turn assisted the government's objective of job creation and continuing social improvements. In this connection, the new Law on Privatization of State-owned Assets provided greater flexibility in privatizing individual enterprises, with respect to the form of privatization, as well as with respect to the terms of payment. The Government had also begun the process of winding-up enterprises previously offered for privatization in respect of which privatization had failed. He further noted that the transparency of information relating to privatized enterprises was ensured, and detailed information on privatized enterprises was readily available in Armenia's mass media and on a special internet page (www.privatization.am).

22. In response to a question concerning privatisation of agricultural land, the representative of Armenia stated that almost 70 per cent of agricultural land had been privatised. Title to all land had been made freely transferable. The small share of land still in State hands was reserve land and land used for certain kinds of agricultural support activities described in paragraphs 152-158 below. There was no timetable for the privatization of the agricultural land remaining in State hands.

23. The representative of Armenia confirmed that to ensure full transparency and to keep WTO members informed of its progress in the reform of its transforming economic and trade regime, Armenia would provide annual reports to WTO Members on developments in its programme of privatization along the lines of the information provided to the Working Party, and on the other issues related to its economic reforms as relevant to its obligations under the WTO Agreement. The Working Party took note of this commitment.

- **Investment regime**

24. The representative of Armenia stated that the 1994 Law on Foreign Investments regulated Armenia's foreign investment regime. The Law was designed to attract foreign investment and provided guarantees against nationalization, by requiring that expropriation only take place following a judicial decision. In such a case, full compensation would be payable. He further noted that foreign investors were indemnified against damages resulting from illegal actions by Government, or from the improper actions by the Government (as determined by a Court of Law). The Law also guaranteed investors the right to freely repatriate profits and assets. In the event that foreign investment legislation was changed after an investment has occurred, the investor concerned was entitled to an exemption from any less favourable provisions during a five-year period. The representative of Armenia further noted that discussion of a new Investment Law had been discontinued. The main reason for this was the recognition that the existing legislation did fit the current economic situation and there was no need for new legislation to coordinate foreign investors activities.

25. The representative of Armenia recalled the description of the Law on Profit Tax described in paragraphs […] above. He further added that Decree No. 124 expressly stipulated that the unified system of export and import of goods and services was extended to all economic entities of the Republic of Armenia, irrespective of the form of ownership and the place of registration. This permitted enterprises with foreign investment to also enjoy the benefits of certain duty-free treatment available to domestically owned enterprises.

26. In response to further questions he further noted that foreign investors were free to choose their own insurers. No investment performance requirements were maintained. There were no export performance requirements for foreign investors. The Government did not intend to introduce any such requirements. He further stated that foreign investors received full national treatment. Any restrictions on investment were applied on a non-discriminatory basis between national and foreign investors, although the Constitution of the Republic of Armenia provided that non-citizens did not have the right to own land, although the the Land Code permitted foreign citizens, juridical persons, other economic entities and international organizations to lease land on the territory of the Republic of Armenia. The Civil Code of Armenia permitted state bodies or local self-government to decide to lease publicly owned land or for private or collective owners to lease their land on the basis of a reciprocal contract between the parties.

- Pricing policies

27. In response to requests for an update on the progress of price reform, the representative of Armenia stated that since 1995, almost all government-mandated price controls had been removed. The only domestic prices that were still subject to regulation were those for irrigation (Government Decree No. 240 from March 2002), urban electrical transport, electricity, hot water, gas, heating (delegated to Energy Commission established by the Law on Energy of 7 March 2001), sewage services, garbage collection, and telephone services (Government Decree No. 658 of 28 October 1998 and Government Decree No. 717 of 26 November 1999). Those prices were still subject to regulation because State-owned enterprises were the exclusive or dominant suppliers, or in case of telephone services, the private supplier enjoyed exclusive rights on provision of services. All administered prices were adjusted on a regular basis to maintain their real value.

28. The representative of Armenia added that subsidies on bread, municipal electric transport and garbage collection, and cross-subsidies on water and sewerage had been eliminated. The subsidies on district heating and hot water (the only remaining consumer subsidies) were under review. In the case of district heating, which less than one-third of households actually receive, the issue of provision of targeted heating subsidies to vulnerable groups would be resolved as part of the overall reform of social assistance.

29. The representative of Armenia confirmed that price controls on products and services in Armenia have been eliminated with the exception of those listed in paragraphs 27 and 28 of this Report, and that in the application of such controls, and any that are introduced or re-introduced in the future, Armenia would apply such measures in a WTO-consistent fashion, taking account of the interests of exporting WTO members as provided for in Article III:9 of the GATT 1994. He also confirmed that the goods and services listed in paragraph 25 and 26 had been published in the Government's official newspaper and any products subject to State price controls in the future, including any changes in the initial list reported at the time of accession, would be published in the official newspaper. The Working Party took note of these commitments.

III. FRAMEWORK FOR MAKING AND ENFORCING POLICIES AFFECTING FOREIGN TRADE IN GOODS AND TRADE IN SERVICES

- Powers of executive, legislative and judiciary, administration of policies on WTO-related issues

30. The representative of Armenia said that the legislature of the Republic of Armenia was the National Assembly, which consisted of 131 deputies. The plenary powers of the National Assembly terminated in June in the fourth year after its election, on the opening day of a first session of the newly elected National Assembly when its plenary powers commence. The members of the National Assembly and the Government were authorized to submit Bills for approval by the National Assembly. The National Assembly elected the Chairman by majority vote for the whole period of its plenary powers. The Chairman conducted sessions, administered material and financial resources of the National Assembly and ensured the performance of its ordinary activities. Armenian Laws were enacted adopted by the National Assembly. Laws entered into force upon signature by the President of the Republic and following promulgation, if no other date was stipulated by the respective Law. This procedure applied to all legislative amendments and rectifications, including those relating to the establishment or alteration of tariffs and taxes. The President of the Republic was required to adhere to the Constitution, and oversaw the ordinary activities of the legislative, and all exercise of executive and judicial powers. The President of the Republic was elected by popular vote every five years. The President issued decrees and orders, which were subject to implementation throughout the Republic of Armenia. These decrees and orders should not be in conflict with the Constitution and laws.

31. The representative of Armenia added that the Government carried out the executive power in the Republic of Armenia and comprised the Prime Minister and Ministers. The President of the Republic appointed and dismissed the Prime Minister, as well as, upon recommendation of the Prime Minister, appointed and dismissed the members of the Government. Resolutions of the Government were signed by the Prime Minister, and were ratified by the President. The Prime Minister was responsible for the day-to-day running of the Government and for the coordination of activities of other Ministers. The Prime Minister issued resolutions, which should be signed also by the Minister, responsible for implementation, in cases, envisaged by the Order of Governmental Activities.

32. The representative of Armenia said that in conformity with the Constitution of the Republic of Armenia, judicial powers were executed exclusively by the Courts, in accordance with the Constitution and legislation. In administering justice, Judges were independent and answerable only to law. The guarantor of the independence of judicial bodies was the President of the Republic, who was the Head of the Council of Justice. The Minister of Justice and the Procurator General were the

Deputy Heads of the Council of Justice. The Courts of general competence were the Courts of First Instance, the Review Courts and the Court of Appeals. The Constitutional Court comprised nine members, five of which were appointed by the National Assembly, and another four were appointed by the President of the Republic. The Constitutional Court adopted resolutions and verdicts. These resolutions were final, could not be challenged and entered into force upon promulgation. According to the Constitution of the Republic of Armenia, the Constitutional Court should decide on conformity of the provisions of the Agreement Establishing the WTO and of other WTO Agreements with the Constitution of the Republic of Armenia before submitting them for ratification to the National Assembly. If norms, other than those provided by the laws of the Republic, were provided in these Agreements then the norms provided in that Agreement shall prevail. International treaties and agreements that contradicted the Constitution may be ratified after making a corresponding amendment to the Constitution.

33. The representative of Armenia said that according to the 1999 Civil Code of the Republic of Armenia (as amended on 11 September 2001), all economic disputes (whether the parties were natural or legal persons) should first be referred to the jurisdiction of Economic Court. Decisions taken by the Economic Court could be appealed according to the procedures stipulated by Armenian legislation. Armenian legislation did not contemplate any differential treatment between CIS and non-CIS legal entities. As a result of on-going judicial and legal reforms a number of legislative acts had been developed and adopted. In particular, economic litigation was required to be handled through the new Civil Procedure Code and the new Criminal Procedure Code, which entered into force on 1 January and 12 January 1999 respectively. In matters other than economic issue, judicial review of administrative action could be obtained through the Courts of general competence in the area of intellectual property rights protection and customs issues. The Economic Court was authorized to review administrative decisions in all other areas covered by WTO provisions, including rulings in antidumping, safeguard and countervailing duty investigations. The Court of First Instance was authorised to review administrative decisions in cases where citizens are in disagreement. The representative of Armenia advised that, according to the Law on Administrative Infringements, administrative decisions could be appealed to the higher authority within the administrative body after which it could be appealed to the court.

34. The representative of Armenia confirmed that from the date of accession Armenia's laws would provide for the right of appeal of administrative rulings on matters subject to WTO provisions to an independent tribunal in conformity with WTO provisions, including Article X:3(b) of the GATT 1994. The Working Party took note of this commitment.

35. The representative of Armenia added that as a result of the changes in the structure of the Government a Ministry of Trade and Economic Development had been created. That new Ministry had been given primary responsibility in most aspects of policy affecting international trade in goods and services. The Ministry of Finance and Economy was responsible for fiscal policy, but decisions on tariffs were made together with the Ministry of Trade and Economic Development. The Central Bank was responsible for monetary policy, exchange rate policy and the banking system. The Intellectual Property Agency within the structure of the Ministry of Trade and Economic Development was responsible for industrial property protection and copyright protection.

36. The representative of Armenia confirmed that international treaties and agreements ratified by Parliament, including the WTO Agreement, had precedence over domestic laws or other acts in Armenia. He stated that in matters of policy affecting trade in goods and services, including subsidies and taxation, the Central Government retained full authority. Sub-central and Local administrative bodies have no jurisdiction or authority to establish regulations or taxes on goods and services in Armenia independent of the central authorities in matters covered by provisions of the WTO Agreement. Within the framework of the process of Armenia's accession to the WTO, the obligations assumed by the Government of the Republic of Armenia, including the WTO Agreement and Armenia’s Protocol of Accession were subject to implementation uniformly throughout the customs territory of the Republic of Armenia, including in regions engaging in border trade or frontier traffic "special economic zones" and other areas where special regimes for tariffs, taxes and regulations are established. He further confirmed that, from the date of accession, the central government would eliminate or nullify measures taken by sub-central authorities in the customs territory of the Republic of Armenia that were in conflict with the WTO Agreement when those measures were brought to its attention, without requiring affecting parties to petition through the courts. The Working Party took note of these commitments.

37. The representative of Armenia informed the Working Party that after the signing of the WTO Accession Protocol by the Government of Armenia, all WTO Agreements would be submitted for review to the Constitutional Court of Armenia. Legal conclusion of Armenia's WTO Accession would be accomplished upon ratification of all WTO agreements by the National Assembly. He confirmed that international treaties and agreements ratified by the National Assembly, including WTO Agreements, had precedence over domestic laws or other acts in Armenia. All the laws and legislative instruments necessary for the application of the provisions would be adopted as provided in the Protocol of Accession and would be in place prior to that time. The Working Party took note of these commitments.

IV. POLICIES AFFECTING TRADE IN GOODS

- Market Access Negotiations

38. Armenia undertook negotiations on market access in goods with interested members of the Working Party. The Schedule of Concessions and Commitments resulting from those negotiations is in Annex I to the Appendix of the Protocol of Accession of Armenia.

- Registration requirements

- The rights of import and export (trading rights)

39. The representative of Armenia informed the Working Party that with certain exceptions necessary to safeguard human, animal and plant health and the environment, the former State monopoly in foreign trade in Armenia was abolished in 1989, and was replaced by a registration requirement Enterprises or private entrepreneurs engaging in trading (including importation) were required to be registered in the State Register of Enterprises.

40. He further stated that the Decree of the President of the Republic of Armenia of 4 January 1992 entitled On Foreign Economic Activity, provided that all enterprises or branches, subsidiaries and representations thereof that were registered and operating in the territory of Armenia, regardless of their form of ownership, were granted the right to conduct foreign economic activity without any additional registration requirements. The legislation governing company incorporation and registration consisted of: The Law on the State Register of Legal Entities; The Armenian Civil Code, 1999; The Law on Foreign Investment, 1994; The Law on State Fees, 1997. The State registration of enterprises and private entrepreneurs in the Republic of Armenia, as well as the procedure and conditions for the use of information provided through the registration process was defined in the Law on the State Registration of Legal Entities of 26 April 2001. Additional provisions could be found in the Civil Code, and for foreign investors in the Law on Foreign Investment.

41. Engaging in entrepreneurial activities without State registration was prohibited in the Republic of Armenia. Natural persons were permitted to import limited quantities of items into Armenia for personal use without registration, although to engage in resale of those items registration as a sole entrepreneur was required. No registration was required in Armenia for any enterprise operating from outside the territory as an exporter to Armenia. The representative of Armenia noted that with the entering into force of the new Law on State Registration of Legal Entities (26 April 2001) a significant improvement of registration procedures had taken place.

42. He further noted that certain types of activities required a licence. The Law on Licensing (adopted on 30 May 2001) listed the types of activities subject to licensing. Licenses were of the following type; licenses issued by "simple" procedures; licenses issued by "compound" procedures. A simple licence required submission of an application to receive a licence; a copy of a legal entity's charter and a copy of a state registration certificate, a copy of the state registration certificate (for an individual entrepreneur) and any other documents provided by law. To obtain a compound licence an applicant had to supply documents required for a simple licence as well as documents certifying the professional qualification of a person (as applicable). A simple licence was required to be issued within 3 days of submission of the complete application. A compound licence was required to be issued within 30 days, based on the conclusions of a licensing commission.

43. The State registration of legal entities and individual entrepreneurs was carried out by the State Registry, which operated as part of the Ministry of Justice. The State Registry consisted of a Central Body and regional divisions. In accordance with Article 21 of the Law on the State Registration of Legal Entities the following documents should be submitted to the regional subdivisions of the State Registry at the legal entity's place of location; the application of the founder; the protocol of the founders' meeting on establishment of the legal entity, (signed by the chairman and secretary); two copies of the charter approved by the meeting; and a receipt for the State fee. Legal entities with a foreign founder were also required to submit an extract from the commercial registration book of the given country (or equivalent document confirming the legal status of the foreign investor) and founding documents (or the corresponding extracts), translated into Armenian and verified.

44. He further added that not later than five days after submitting all necessary documents, the regional subdivision of the State Registry was required to complete the state registration of a legal entity. The state registration of individual entrepreneurs was required within a period of two days. A unified system of codes of the State registration of legal entities operated in the Republic of Armenia. The Unified State Register contained information about all legal entities and individual entrepreneurs registered in the Republic of Armenia and was maintained by the Central Body of the State Registry, which updated it at least once every 10 days. The information of the Unified State Register was open for general public access.

45. He further noted that to obtain state registration of an amended business charter, the following documents must be submitted to the regional subdivision of the State registry: an application; the decision of the authorized body relating to the amendments and supplements in the charter, as well as the approval of the restated charter with amendments and supplements; the amendments or

supplements of the charter; receipt for state fee payment. Any changes and amendments in statutory documents, or changes in any data entries verified by State registration, were also subject to State registration. The documents necessary for state registrations conditioned by different types of reorganization were defined by Article 23 of the Law.

46. For the state registration of the winding-up of a legal entity the following documents shall be submitted: an application, the decision of the founders; references from tax and social security bodies; a corresponding document on the return of the seal; the state registration certificate.

47. The representative of Armenia confirmed that the former State monopoly in foreign trade in Armenia had been abolished and that no restrictions on the right of foreign and domestic individuals and enterprises to import and export goods and services within Armenia's customs territory existed, except as provided for in WTO Agreements; that individuals and firms were not restricted in their ability to import or export based on their registered scope of business; and that the criteria for registration of companies in Armenia were generally applicable and published officially and generally available to traders for their review. He further confirmed that from the date of accession, Armenia would ensure that all of its laws and regulations relating to trade in goods and all fees, charges or taxes levied on such rights would be in full conformity with its WTO obligations, including Articles VIII:1(a), XI:1 and III:2 and 4 of the GATT 1994 and that it would also implement such laws and regulations in full conformity with these obligations. The Working Party took note of these commitments.

- **Customs tariff**

48. The representative of Armenia stated that the Law on Customs Tariffs, adopted by the Parliament in August 1993, provided a legislative framework for setting tariffs and dealing with customs matters. Decree No. 615 issued by the Government in December 1993 introduced new customs duties, which were further modified by Government Decree No. 224 of May 1994 and by Government Decree No. 39 of January 1995. According to the new Constitution of the Republic of Armenia, adopted in 1995, any alterations to the Tariff were required to be adopted by the National Assembly. The Law on Customs Tariffs Rates, adopted by the National Assembly in April 1997, introduced the new list of customs duties. The rectification of the Law on Customs Tariffs was accomplished by the Law on Amendments to the Law on Customs Tariffs in September 1997. In December 1998, the Law on Customs Duties was adopted by the National Assembly. The Law on Customs Duties covered the following sections: customs duties and types thereof; customs valuation; and customs tariffs rates. Thus an integration of the Law on Customs Tariffs of the Republic of Armenia and the Law on Customs Tariffs Rates of the Republic of Armenia had been made. The Law

was in full compliance with the relevant WTO provisions. Armenia had been using the Harmonized System of Commodity Classification since 1991. In July 2000, the new Customs Code Republic of Armenia was adopted by the National Assembly, which incorporated the provisions of the Law on Customs Duties, including the customs duty rates. The Customs Code entered into force on 1 January 2001.

49. The representative of Armenia said that the customs tariffs were expressed in ad valorem terms and were levied on c.i.f. values, except for tobacco products. The Law "On Fixed Charges for Tobacco Products" of 31 March 2000 provided that customs duties on tobacco products were levied at a fixed rate. This law stipulated that imports of tobacco products were subject to specific charges consisting of a value added tax, an excise tax and customs duties, according to the following rates:

Table Two

CN Code	Brief Description of Products	Amount of fixed charges (US$ for 1,000 items) for imported products	Amount of fixed charges (US$ for 1,000 items) for domestically produced products
2402 10 001	Cigars	3,000	2,200
2402 100 09	Cigarillos	30	22
2402 20 900	Cigarettes with filters	11	8
2402 20 910	Cigarettes without filters	3	2.2

He further added that the difference between the fixed charges on imported products and the fixed charges on domestically produced products represented a customs duty within the context of the Republic of Armenia's commitment on ad valorem tariff rate bindings, as follows:

Table Three

CN Code	Brief Description of Products	Average Value of Imports in 2001 (per 1000 items) US$	Specific Customs Duty (rate per 1000 items) US$	Equivalent Ad Valorem Customs Duty rate %
2402 10 001	Cigars	5,750	800	13.9
2402 100 09	Cigarillos	65	8	12.3
2402 20 900	Cigarettes with filters	27	3	11.5
2402 20 910	Cigarettes without filters	27	3. 8	14.6

50. In response to requests for information on any further specific duties charged on imports, he noted that the Law on Amendment to the Customs Code of the Republic of Armenia of 26 December 2000, established customs duties for alcohol and alcoholic beverages. Some members of the Working

Party expressed concerns that the specific rates applied might exceed the bound *ad valorem* rate. In response, the representative of Armenia stated that following accession, the Ministry of Trade would periodically review specific rates against average import values for subject goods to ensure that those rates did not exceed the bound *ad valorem* equivalent rate. In response to further requests for information he provided the following table:

Table Four

HS number	Product description	Unit Measure	Customs Duty Rate (AMD)	Average of Customs Value (AMD per liter)	Equivalent Ad Valorem Customs Duty Rate %
2203	Beer	1 litre	50	434.8	11.5
2204	Grape wines	1 litre	100	845.0	11.8
220410	Sparkling wines	1 litre	75	591.0	12.7
2205	Vermouth and other wine of fresh grapes flavoured with plants or aromatic substances	1 litre	140	1166.6	12.0
2206	Other brewed drinks (for example, cider, perry, mead);	1 litre	60	572.9	10.5
2207	Ethyl spirit	1 litre (by recalculation of 100% spirit)	70	498.2	14.1
2208	Spirit drinks, including				
220820	Made from distillation of grape wine and wine ingredients (cognac, armanyak, etc.)	1 litre (by recalculation of 100% spirit)	1100	7329.3	13.9
220830	Whiskies		370	2892.9	12.8
220840	Rum & tafia		420	2438.6	12.9
220850	Gin & Geneva		450	3913.0	11.5
220860	Vodka		240	2000	12
220870	liquor, and fruit-vodka		600	5454.5	11
220890	Other		240	1920.0	12.5

51. The representative of Armenia stated that 279 items were specified in Armenia's tariff schedule. The majority of product categories identified at the two-digit level of the Harmonized System had the same rate of duty. Some members of the Working Party asked whether it would be possible to disaggregate the tariff to the four or greater digit level. In response, the representative of

Armenia stated if it proved necessary the Government of Armenia would continue disaggregating its tariff schedule from its present level.

52. The representative of Armenia noted that more than sixty per cent of the items in the tariff schedule were subject to a duty rate of zero (161 items) with the remaining 97 items subject to a 10 per cent duty rate. Taking into account the volume of imported goods belonging to each of those groups, the weighted average tariff was less than 4 per cent. Tariff revenue comprised about 5.06 per cent of budget revenue in 2001.

53. The representative of Armenia stated that the rates of customs duty would not be increased beyond levels bound in Armenia's WTO Schedule of Concessions on Goods, which is annexed to the Protocol of Accession of Armenia. The Working Party took note of this commitment.

- **Other duties and charges levied on imports**

54. The representative of Armenia confirmed that there were no other duties and charges levied on imports except ordinary customs duties and the fees for services rendered by customs bodies as described in paragraphs 57-62 below. Any such charges applied to imports from the date of accession would be in conformity with WTO provisions of Armenia's Protocol of Accession. The representative of Armenia confirmed that regarding import/export documentation there was no requirement for authentication of the documentation by Armenian consulates overseas, and there was no fee charged in this respect. The representative of Armenia stated that Armenia would bind all duties and charges, other than ordinary customs duties, at zero in Armenia's Market Accession Schedule under Article II:1(b) of the GATT 1994, annexed to the Protocol of Accession of Armenia. The Working Party took note of this commitment.

- **Tariff rate quotas**

55. The representative of Armenia stated that Armenia did not apply any import quotas, including tariff rate quotas. The representative of Armenia confirmed that his Government had no plans to introduce tariff rate quotas.

- **Tariff exemptions**

56. The representative of Armenia stated that all tariff exemptions other than those granted in the context of free trade area agreements were granted on a MFN basis. According to Article 18 of the Republic of Armenia Law on Customs Duties of 30 December 1998, tariff exemptions were granted in respect of the following:

- capital assets imported by foreign investors and designated for a statutory fund of joint ventures and enterprises with foreign investments;
- goods in transit through the Armenian territory;
- trucks and vehicles, regularly operating as freight and passenger carriers through the Armenian territory, as well as fuel, food, tools and other minor items necessary for temporary use to perform these operations;
- foreign exchange, bonds and other securities;
- goods imported into the Republic of Armenia within the framework of humanitarian aid or charity programs;
- specific goods temporarily imported into Armenian territory and further exported without being processed, such as fair and exposition exhibits, commodity patterns and package, professional equipment of temporary visitors, advertising materials, live animals, etc.;
- goods imported into duty-free shops for subsequent exportation from the Armenian customs territory;
- goods imported into the Republic of Armenia as a property of foreign clients with a view of processing in the Republic of Armenia's territory and subsequent exportation;
- goods and articles imported by the Central Bank of the Republic of Armenia;
- any other instances foreseen in international agreements.

According to Article 104 of the new Republic of Armenia's Customs Code, which had replaced the Law on Customs Duties, the following goods were exempt from the imposition of customs duties:

- goods in transit;
- goods temporarily imported;
- goods temporarily exported;
- goods temporarily imported for inward processing;
- goods temporarily exported for outward processing;
- goods released into a customs warehouse;
- goods released into a free customs warehouse;
- goods released under the regime of re-importation and re-exportation, except for the cases foreseen by the Code;
- goods released to be destroyed;
- goods released to a duty free shop;
- vehicles used for regular interstate transport of freight, luggage and travellers, as well as tools, fuel, foodstuffs, which may be needed during the trip, at stopovers or for fixing the malfunctions of the mentioned means of transport;
- currency, foreign currency and securities;
- goods imported into the Republic of Armenia within the framework of humanitarian aid or charity programmes;
- goods imported into the Republic of Armenia for the contribution to the statutory fund of commercial organizations and included in the list of goods established by the Government of the Republic of Armenia;
- sample quantities of goods imported into the Republic of Armenia within the framework of exhibitions, international fairs and similar events.

- **Customs fees and charges for services rendered**

57. Some members of the Working Party stated that they considered the *ad valorem* customs fee levied by Armenia on imports was inconsistent with the provisions of the WTO, in particular, Article

VIII of the GATT 1994. They also noted that a transition period to bring the fee into conformity with Article VIII was not appropriate. Those members considered that Armenia should conform with the requirements of Article VIII from the date of accession, and from that time the proceeds from the collection of fees should only be used for the operation of customs clearance facilities. They further stated that total revenues from the fee should not exceed the actual cost of customs clearance of the imported goods. Those members stated that following accession, Armenia should provide information on the method of calculation of the fee and the cost of provision of customs clearance facilities, to WTO Members upon request.

58. In response, the representative of Armenia stated that according to the amendment to Government Decree No. 615, which had entered into force on 1 May 1996, an ad valorem, customs fee of 0.3 per cent had been charged on imports, with the upper limit of AMD 600,000 (approximately US$1,200). The Law on Customs Fee, adopted by the National Assembly on 28 December 1998, abandoned the ad valorem principle for the charging of customs fees replacing it with a uniform fee of Dram 3,500 (about US$6.50) for customs processing and specific weight-related fee of Dram 300 per ton (about US$0.55) for freight inspection. Article 3 of the Law on Customs Fee, set the amounts of the fees.

59. He further noted that the Republic of Armenia's Customs Code, which incorporated the provisions of the Law on Customs Fees, was adopted by National Assembly on 28 December 1998. According to Article 110 of the new Code, the following rates of customs fees were applicable as of 1 January 2001:

1. A customs fee of AMD 3,500 for the customs formalities (apart from inspection and registration) in respect of the goods and means of transport carried across the customs border of the Republic of Armenia, as well as currency and foreign currency carried by the banks.

2. A customs fee levied on the inspection and registration of the goods, except the goods transported through pipelines and electric transmission circuits, the amount of:

   - AMD 1,000 for the customs control of cargo declared under the same declaration and having up to one ton of weight;
   - AMD 300 for each additional (or incomplete) ton of weight of cargo declared under the same declaration and having above one ton of weight.

3. A customs fee of AMD 500,000 monthly for the customs control and registration of the goods transported through pipelines and electric transmission circuits.

4. If the customs formalities are performed in places other than those specified by the customs bodies, the customs fees should be levied as twice the amount of the rates prescribed by Article 110.

5. A customs fee of AMD 1,000 for each document form distributed by the customs bodies.

6. A customs fee of AMD 10,000 per each 100 km for the customs escort of the goods throughout the customs territory of the Republic of Armenia.

7. A daily customs fee for the cargo stored by the customs bodies:

   - AMD 1,000 for the cargo under 1 ton of weight;
   - AMD 300 for each additional one (or incomplete) ton of cargo;

8. A customs fee for the customs control of the means of transport:

   - AMD 2,000 for a car with up to 10 seats;
   - AMD 5,000 for other means of transport.

According to Article 111 of the new Customs Code, the following goods were exempt from the customs fees:

- goods that entered into the customs territory of the Republic of Armenia within the framework of humanitarian aid and charity programmes;
- all goods carried across the customs border of the Republic of Armenia by natural persons and permitted for duty free importation;
- cultural values exported under the regime of temporary exportation and subject to re-importation;
- means of transport involved in regular international transport operations when in the course of such transportation.

The fee was also applied to exports and to import purchases by the Government of Armenia. Proceeds from customs fee collection are transferred to the State budget.

60. Members noted that Armenia's exemption of domestic agricultural output sold by farmers from the value added tax appeared to constitute discriminatory treatment of imports in relation to similar domestic products and was therefore inconsistent with Article III of the GATT and should be eliminated upon accession. The representative of Armenia responded that the value added tax exemption for farmers was not extended beyond the point of first sale, i.e., agricultural produce after it left the farm was subject to application of the VAT, and that it was not intended to discriminate against imports. The exemption was an integral part of Armenia's agricultural support system and, a transitional period of application after accession would be necessary prior to its elimination in order to minimize harm to Armenia's agricultural sector. In this regard, legislation would be adopted by Armenia's Parliament prior to adoption of the terms of accession by the WTO General Council eliminating the VAT exemption. This legislation, Law No. […], was enacted on […] 2002 and would be implemented from […] 2009.

61. The representative of Armenia confirmed that his government had enacted legislation that would eliminate, by December 31 2008, the existing exemption from the value added tax of domestic

agricultural production sold by producers. He added that during this period, the scope of the exemption would not be increased, either in terms of coverage or level of exemption, nor would the scope or amount of the tax exemption be restored if it were reduced during this period. He further confirmed that, to ensure transparency during this period, Armenia would notify the General Council annually of the status of the tax exemption, and on its scope and level. Upon request, Armenia would consult with WTO Members concerning the status of the VAT exemption and its effect on their trade. The Working Party took note of these commitments.

62. The representative of Armenia confirmed that from the date of accession, Armenia would not reintroduce an ad valorem customs fee. The fee for customs processing established under the Law on Customs Fees of 30 December 1998 and as of 1 January 2001, by the new Republic of Armenia's Customs Code, would be applied in conformity with WTO obligations, in particular Articles VIII and X of the GATT 1994. The level of applied fee would not exceed the approximate cost of customs processing of individual import and export transactions. Revenues from the collection of the fees would be used solely for customs processing of imports and exports, and total annual revenue from collection of the fees would not exceed the approximate cost of customs processing operations for the items subject to fees. He also confirmed that revenues from the fees were not used for customs processing of imports exempted from the fees. Information on the application and level of the fees, revenues collected and their use, would be provided to WTO Members upon request. The Working Party took note of these commitments.

- **Application of internal taxes to imports**

63. The representative of Armenia informed the Working Party that Armenia's tax system had been completely overhauled since 1992, as part of the Government's overall policy of economic transformation towards a market economy. On 14 April 1997 the National Assembly of the Republic of Armenia adopted the new Law on Taxes. Under this Law the taxes applied in Armenia were as follows:

- value added tax;
- excise tax;
- profit tax;
- income tax;
- property tax;
- land tax
- simplified tax.

In particular, two indirect taxes were imposed on imports and domestic production in Armenia - the value added tax, which was charged on the turnover of goods and services, and the excise tax on certain goods. He recalled that details of those taxes were provided in paragraphs 64-71 below of this Report.

- **Value Added Tax**

64. The representative of Armenia informed the Working Party that after the Law on Value Added Tax entered into force on 1 July 1997, the destination principle of VAT application was applied to all countries. Armenian exports to any destination were charged at zero rate, and any imports to Armenia were charged at the standard rate. In this regard, Armenia ensured MFN treatment in the application of VAT to imports. The VAT was uniformly charged at the rate of 20 per cent on sales of domestic and imported goods and services. The value added tax was calculated and levied by customs bodies on goods imported to Armenia irrespective of the countries of exportation. With respect to certain imported goods with zero customs duty rate and not subject to excise tax, listed in the Law "On approval of the list of goods imported by organizations and private enterprises that have zero custom duty rate and are not subject to excise taxation and for which VAT shall not be calculated and levied by customs authority" adopted by the National Assembly on 25 June 2001, the value added tax was calculated and levied by the Tax Authorities upon their sale or consumption.

65. He further added that the VAT for all imported goods (except for goods to which a 0 per cent customs duty applied and which were not subject to excise tax) was levied by customs bodies at the moment of importation irrespective of the country of origin. The items exempted from VAT included: education in secondary schools, exercise books and music books for schoolchildren scientific research work; sales of veterinary drugs; sales of domestically produced agricultural products by the producer; activities related to the provision of pensions; some financial operations and services, etc. In addition, zero-rate tax was applied to: the taxable turnover of goods exported out of the customs territory of Armenia; goods imported for official usage by diplomatic and consular representations or by other equivalent international, intergovernmental (interstate) organizations, as well as goods and services acquired by those organizations in the territory of Armenia; transit of foreign pay-loads through the territory of Armenia; construction and relevant (designing, research, etc.). He recalled that the full list of VAT exemptions had been provided to the Working Party. That list forms Annex 2 to this Report.

- **Excise Tax**

66. In response to requests for information from members of the Working Party concerning excise tax the representative of Armenia stated that according to the Law on Excise Tax, which entered into force on 1 August 2000, imposed excise tax on both domestic and imported goods.

Excise tax on imported goods was collected by the customs authorities, and excise tax on local production was collected by the tax authorities. According to the Law on Excise Tax, excise tax was imposed on the following goods:

- Beer;
- Grape and other wines, wine ingredients, including:
  - sparkling wines;
  - champagne;
- Vermouth and other wine of fresh grapes flavoured with plants or aromatic substances;
- Other brewed drinks, including:
  - made from distillation of grape wine and wine ingredients (cognac, armagnac, etc.);
  - vodka, liquor, and fruit-vodka;
- Tobacco substitutes;
- Primary oil and oil
- Diesel fuel;
- Oil gas and other gaseous hydrocarbons (except for natural gas).

67. He added that for goods produced in Armenia the amount of excise tax collected was based the value of the turnover or the sale of the goods, based on the sales prices (without excise and value added taxes). The taxpayers producing/selling taxable goods in Armenia paid the excise tax on domestically produced goods within ten working days following the sale of goods. For goods imported into Armenia the amount of excise tax collected was based on the customs value of the goods (without value added taxes and customs tariffs). In the Republic of Armenia excise taxes charged on imported goods were levied by the customs bodies within ten days after importation.

The rates of excise taxes were as follows:

Table Five

HS number	Product description	Taxable base	Rate(AMD)
2203	Beer	1 litre	70
2204	Grape and other wines, wine ingredients, including	1 litre	100
	Sparkling wines,		180
220410	Champagne		250
2205	Vermouth and other wine of fresh grapes flavoured with plants or aromatic substances.	1 litre	500
2206	Other brewed drinks (for example, cider, perry, mead);	1 litre	180
2207	Ethyl spirit	1 litre (by recalculation of 100% spirit)	600
2208	Spirit drinks, including	1 litre	1,500
220860,	Made from distillation of grape wine and wine ingredients (cognac, armangac, etc.)		1,200
220870	Vodka, liquor, and fruit-vodka		300
2403	Tobacco substitutes	1 kilogram	1,500
2709	Primary oil and oil	1 ton	27,000

HS number	Product description	Taxable base	Rate(AMD)
271000690	Diesel fuel	1 ton	11,500
2711 (excluding 271111 and 271121)	Oil gas and other gaseous hydrocarbons (except for natural gas)	1 ton	1,000

For goods under code 2208 with spirit concentration over 40 per cent the tax rate was increased by additional AMD 7.5 for each per cent exceeding 40 per cent. The excise tax rates of tobacco products and petrol were determined by separate laws. The Law "On Fixed Charges for Tobacco Products" of 31 March 2000 established fixed fees on tobacco products. According to the Law the fixed fees on imported tobacco products substituted for the value added tax, the excise tax and customs duties, and the fees on tobacco products produced in Armenia substituted for the value added tax and the excise tax. The law stipulated the following rates for imported and domestically produced tobacco products:

Table Six

CN code	Brief Description of Products	Amount of fixed fees ($US for 1,000 items)	
		On imported products	On domestically produced products
2402 10 001	Cigars	3,000	2,200
2402 100 09	Cigarillos	30	22
2402 20 900	Cigarettes with filters	11	8
2402 20 910	Cigarettes without filters	6	2.2

68. The representative of Armenia stated that on 1 January 1997 Armenia equalized excise taxes on domestic goods and imports of the same or like products as part of its accession commitments (see tables five and six of this Report). Furthermore, from 1 August 2000 the new law on Excise Tax defined specific tax rates, that were the same for both domestically-produced and imported goods.

69. Some members of the Working Party stated that they considered that the taxation of vodka was only one-fifth the rate of excise taxation of other spirits. This appeared to conflict with the provisions of Article III concerning the taxation of similar products. Those members requested that Armenia present information on how it intended to bring its excise taxation of vodka into conformity with the its excise taxation of other distilled spirit beverages. Some members of the Working Party also noted that the different rates of excise tax for tobacco products constituted a tariff duty applied within Armenia's bound rates of duty. In response, the representative of Armenia stated that as the rate of excise tax applied to imported vodka was the same rate as applied to the "like product of domestic origin", i.e.

vodka, Armenia was of the view that there was no conflict with the provisions of Article III of the GATT 1994.

70. Some members of the Working Party noted that the non-application of these taxes to imports from FSU States could be seen to give rise to discrimination against products from non-FSU countries. The representative of Armenia stated that Armenia had switched to the destination principle of taxation with respect to imports from all sources. In addition Armenia was attempting to persuade its CIS trading partners of the desirability of charging these taxes at destination and not origin. He further confirmed that no credit was given for excise taxes applied in the exporting CIS country when determining the amount of excise tax payable for CIS imports into Armenia.

71. The representative of Armenia confirmed that, from the date of accession, Armenia would apply its domestic taxes, including value-added and excise taxes, in a non-discriminatory manner consistent with Articles I and III of the GATT 1994, with the exception noted in paragraph 61 above. In this regard, in accordance with the new Laws on VAT and on Excise tax, these taxes were applied at an equal rate on domestic and imported goods and Armenia applied the destination principle to value-added and excise taxes with respect to imports from all sources, and no credit was given for excise or other taxes applied to imports in their home markets prior to export to Armenia. In addition, the method of application of all indirect taxes applied to imports would be published in the official newspaper or other widely available source and readily available to importers, exporters, and domestic producers. The Working Party took note of these commitments.

- **Quantitative import restrictions (including prohibitions, quotas and licensing systems) and licensing procedures**

72. The representative of Armenia stated that Resolution No. 124, 29 December 1995, regulated non-tariff measures in Armenia. Most imports were free of any prohibitions or quotas. Import restrictions were imposed only for health, security, and environmental reasons. The items affected were all kinds of weapons; military technology and the consumables necessary for its production; technologies, equipment and locators of nuclear materials (including heating materials); special non-nuclear materials and services related to it; and ionizing radiation sources. The importation of those products was subject to specific authorization issued by the Government of the Republic of Armenia. In response to requests from members of the Working Party, the representative of Armenia stated that Armenia would provide its initial notification of the laws and measures that establish these requirements and give illustrative HS classification numbers to the Committee on Import Licensing upon accession.

73. The representative of Armenia noted that, taking into consideration the need to control the safety of certain products, labour and services for the protection of the national environment and human life and health, as well as the protection of consumer rights, some products were subject to mandatory conformity assessment according to Resolution No. 239, 12 May 2000. Pharmaceutical products and medicines are excluded from the list of products subject to mandatory conformity assessment (mandatory certification), but were subject to import and export permission requirements. The representative of Armenia stated that the list of pharmaceutical products and medicines subject to import and export permission was established by Government Resolution 581 of 20 September 2000 as follows:

Table Seven

	HS number
Pharmaceutical products, medicines	051000; 1211; 2941; 3001; 3002; 3003; 3004; 3005; 300630 000; 300650 000; 300660; 380840; 1108*; 1301; 1302; 1504; 152000 000; 1702; 1804; 1805; 2207; 2209; 2501; 2520; 2712; 2801-2802; 280440 000; 281000 000; 284700 000; 285100; 2904-2909; 2912-2940; 2942; 3301.

* 1108 and the following categories of products in the list used for pharmaceutical purposes, are subject to import and/or export permission.

74. The representative of Armenia stated that according to the provisions of the "Law on Licensing" of the Republic of Armenia, the types of activities subject to licensing are as follows:

- Security Sector (production of explosive materials, production of weapons, trade in weapons, collection and exhibition of weapons, acquisition of weapons, production of or trade in narcotic drugs, anaesthetic and radioactive materials, money printing or coining, preparation or production of state medals, stamps and seals, import or export of narcotic drugs, production of explosives or equipment for explosions, trade in explosive materials or equipment for explosion, explosive works, production of import of or trade in fireworks materials);
- Trade Sector (organization of trading in the exchanges (non-stock)); Health Sector (production of medicines, trade in medicines, trade in herbs, medical aid and services by organizations or individual entrepreneurs, genetic engineering, implementation of medium professional and high medical educational programs);
- Currency Regulation Sector (foreign currency trading, organization of foreign currency auctions); Securities Turnover Sector (printing of securities forms, professional activities in the securities market);
- Banking and Financial Organizations Sector (banking activities, organization of pawnshops, activities of investment companies, investment funds, insurance activity, rendering of collection services, insurance brokerage and mediation, rendering of audit services); Agricultural Sector (veterinary, bloodstock breeding);
- Power Engineering Sector (production, import and export, transport, distribution of and trade in natural gas; production, import, transmission, export, distribution of and

trade in electrical energy; production, import and export, transport, distribution of and trade in of thermal energy; rendering services on transmission and centralized regulation of electrical energy; construction of new capacities in the fields of electrical and thermal powers);

- Education Sector (implementation of basic general educational programs, implementation of secondary (full) general educational programs, implementation of special general educational programs, implementation of higher professional educational programs, excluding medical programs);
- Telecommunications Sector (rendering of telephone services, rendering of telegraphic communication services, rendering of data transmission services, rendering services on broadcasting of radio-television programs, production of trade in or import of radio-electronic devices within the frequency range above 9KHz and 400, production of radio-television programs, broadcasting of radio-television programs, production and broadcasting of radio-television programs);
- Customs Sector (maintenance of goods under customs control in the customs warehouse, trade in goods under customs control in duty-free shops, maintenance of goods in free customs warehouse, customs mediation, activities of a customs carrier);
- Nuclear Power Sector (works on selection, construction, putting into operation, operation, usage, maintenance and removing away from operation of nuclear and radioactive waste stations, sources and storage of ionizing radiation; works with radioactive wastes of nuclear and radioactive materials, including transportation, usage, storage, reprocessing and burial of such materials; import and export of nuclear, radioactive and special materials, radioactive wastes, special equipment, technologies; design and preparation of materials, equipment and systems for projects using atomic energy; expertise of projects using atomic energy, their designs and other documents);
- Environment Protection Sector (reprocessing, neutralization, storage, transport and placement of dangerous wastes);
- Quality, Standardization, Certification, Measurement Sector (production and repair of measurement means);
- Lotteries and Price Games Sector (organization of lotteries, organization of games of chance, organization of gambling halls);
- Transport Sector (activities of scheduled air transport, activities of not-scheduled air transport, organization of railroad transport);
- Urban Construction Sector (elaboration of urban construction documents in the area of capital construction in the following fields of urban construction, civic, industrial, transport, hydro technical, power engineering, communication, special; capital construction in the following fields of urban construction, civic, industrial, transport, hydro technical, power engineering, communication, special);
- Activities in other fields (statutory expertise examinations of types of activities subject to licensing, non-official publication, duplication or official re-publication of laws and legal-normative acts, implementation of activities of an administrator on insolvency issues of insolvent enterprises, site and cadastre mapping, evaluation of real estate, realtor activity, foodstuff production).

75. In response to questions concerning the importation of pharmaceutical products and medicines, the representative of Armenia stated that the importation of those products required authorisation from the Ministry of Health of the Republic of Armenia (except for veterinary drugs and related products). Resolution 581 "On issuing permission for importing and exporting pharmaceuticals", stipulated that:

- permissions for importation of pharmaceuticals were issued by the Ministry of Health of the Republic of Armenia;

- the permissions were for single use only;

- permissions could be obtained by:

  - those importers that had a licence for conducting exportation and importation activity in pharmaceutical products and (or) medicines, given by the Ministry of Health;

  - those importers that have a licence for production of pharmaceutical products and (or) medicines, given by the Ministry of Health;

  - those importers who had no licence, but whose activity was connected to the pharmaceutical products and medicines research, experimental testing, quality, effectiveness and safety control.

76. He further added that to obtain permission to import those products, the following documents and conditions were required:

(a) a licence for commercial activities involving pharmaceutical products in the Republic of Armenia. (The Law on Licensing, Resolution 36). The Law on Licensing stipulated that the production and trade in medicines, trade in herbs, pharmaceutical activities, medical aid and services by organisations or individual entrepreneurs, genetic engineering, implementation of medium professional and high medical educational programs were subject to State licensing in the Republic of Armenia. After the Law on Licensing had been adopted and entered into force some Resolutions needed to be changed to avoid overlaps and disparity. The Ministry of Health was responsible for these changes, but Resolutions except Resolutions 161 and 415 were still in force. The Law "On Medicines" stipulated that importation and exportation activity had to be licensed. Specific requirements for importation and exportation activity licensing were being elaborated by the Government. Presently, a licence for wholesale trade gave to business entities a right to conduct importation and exportation activities. Resolution 36 stipulated that:

  - pharmaceutical and medical activities were subject to licensing in the Republic of Armenia;
  - licensing was carried out by the Ministry of Health;
  - licenses were issued for a period of 5 years.

  Licenses for wholesale and retail trade in pharmaceutical products and medical utensils were issued by the State Licensing Committee of the Ministry of Health. The procedures for issuing licenses were approved by the Resolution 188. The same procedures (including import permission for pharmaceuticals) applied to individuals who had received medical and pharmaceutical education in foreign countries. In the case of the existence of international agreements signed by the Republic of Armenia the procedures specified in the agreement applied (Resolution 188, 24 July 1996). Foreign specialists invited to implement programs of international and intergovernmental agreements were not subject to licensing.

(b) Imported or exported pharmaceutical products were required to be registered in the Republic of Armenia. The registration of pharmaceutical products and medical utensils was performed in the Republic of Armenia in accordance with the recently passed Law "On Medicines" and in compliance with registration requirements, approved by the Pharmaceutical Department of the Ministry of Health.

(c) Imported and exported pharmaceuticals should have at least one year of their expiration period remaining, except for the pharmaceuticals whose original period of expiration was less than one year (the latter should have at least two-thirds of the period of expiration remaining at the time of importing).

77. The representative of Armenia further stated that any person, firm and institution wishing to apply for an import permission could do so if they possessed an appropriate license to perform pharmaceutical activities. Registration as a juridical person or sole entrepreneur was an automatic procedure, subject only to any state licensing requirement (as applicable). Applications for permissions were required to be determined within ten days of receipt of an application, although in practice permissions could be obtained within a shorter time period. If goods arrived without permission, they could only be cleared through customs upon production of the necessary import permission.

78. The representative of Armenia added that to receive permission for importation of pharmaceutical products the following documents were required: an application form, a document/contract relating to the acquisition of the pharmaceutical products, a licence to trade in pharmaceutical products in Armenia, a certificate of quality issued by the producer. The importation permissions were issued after the collection of a corresponding fee. In response to further questions, the representative of Armenia stated that fee was designed to only cover the costs of the services rendered in considering the application. The amount of the fee varied from application to application according to the particular expertise called upon to consider the application.

79. The representative of Armenia said that requests for permission could be refused if (a) there was incorrect and/or insufficient information in the presented documents, (b) the minimum shelf life requirement was not met (c) the actual pharmaceuticals did not correspond to the specifications stated in the importation documents (d) the imported pharmaceuticals were not registered in Armenia or(e) the quality of imported pharmaceutical products did not correspond to quality standards accepted in the Republic of Armenia. Unjustified delays and refusal to issue permission could give rise to judicial procedures within 30 days after the refusal.

80. The representative of Armenia further noted that permissions were issued for the period necessary to carry out the engagements, but no longer than three months. The validity of a permission could be extended upon the substantiated request of an applicant. The body issuing the permission

could suspend its validity or cancel it. Permissions were not transferable among importers. In response to further questions he confirmed that permissions and licenses were available to both domestic and foreign entities, provided that they were commercially registered, and that there was no difference in the requirements to obtain a licence depending on whether an applicant was domestic or foreign in origin.

81. The representative of Armenia stated that there were no agrochemicals other than fertilizers (HS 3102-3105) subject to mandatory conformity assessment (mandatory certification). Pursuant to Decree No. 124 of 19 December 1995 importation of phytoprotection chemicals (HS 38.08) should be permitted by the Ministry of Agriculture, moreover the permission for importation of phytoprotection chemicals should also be approved by the Inspection of Plant Protection office in the Ministry of Agriculture. The authority to make changes and amendments in the list of registered phytoprotection chemicals permitted to be imported was delegated to the Inspection of Plant Protection office in the Ministry of Agriculture (pending the establishment of the State Interdepartmental Committee for Registration of Phytoprotective chemicals. Imported or exported agricultural chemicals must be registered in the Republic of Armenia). According to the Rules on issuing permission on import of plant protection agents into the Republic of Armenia, to issue a permission the following documents were required: a) An application by the importer; b) a certificate of origin and quality certificate issued by the producer or an appropriate organization. Import permission for agrochemical products was given for an import transaction (for single use). Permission was given only to those agrochemicals which were included in the list of phytoprotection chemicals registered in Armenia. A permission was normally given in 24 hours after receiving permission requirement documents. A permission could be refused in case of incorrect information provided by an importer in the requirement documents. Unjustified delays and refusal to issue permission could give rise to judicial procedures, including to rights in the Code to appeal the superior body.

82. The representative of Armenia confirmed that, at the latest by the date of accession, Armenia would provide an initial notification of all laws, regulations and other procedures regulating its import licensing or permission requirements, i.e. the list of measures, the legislation and its responses to the import licensing questionnaire to the Committee on Import Licensing. The Working Party took note of this commitment.

83. The representative of Armenia confirmed that, from the date of accession, Armenia would eliminate and would not introduce, re-introduce or apply quantitative restrictions on imports or other non-tariff measures such as licensing, quotas, bans, permits, prior authorization requirements, licensing requirements, and other restrictions having equivalent effect, that cannot be justified under

the provisions of the WTO Agreement. He further confirmed that the legal authority of the Government of Armenia to suspend imports and exports or to apply licensing requirements that could be used to suspend, ban, or otherwise restrict the quantity of trade would be applied from the date of accession in conformity with the requirements of the WTO, in particular Articles XI, XII, XIX, XX, and XXI of the GATT 1994, and the Multilateral Trade Agreements on Agriculture, Sanitary and Phytosanitary Measures, Import Licensing Procedures, Safeguards and Technical Barriers to Trade. In this regard he also stated that the same kind of requirements contained in Resolution No. 124, 29 December 1995 relating to imports would be equally applied to imports and to the purchase or sale of similar domestic products. Any exemptions from those requirements would be equally applied to imports and the output of domestic firms. The Working Party took note of these commitments.

- **Minimum import prices**

84. The representative of Armenia noted that Armenia did not maintain a system of minimum import prices.

- **Customs Valuation**

85. Some members of the Working Party referred to the Agreement on Customs Valuation and to certain inconsistencies of the Customs Regulations of Armenia in respect of customs valuation. Those members requested more detailed explanations with regard to the implementation by Armenia of specific provisions of the Customs Valuation Agreement, in particular Articles 7, 8, 10, 11 and 12 thereof.

86. Noting that Armenia was a member of the World Customs Organization, the representative of Armenia stated that the customs valuation regime was set out in the Procedure for the Calculation of the Customs Value of Imported Goods attached to Government Decree No. 615 of 6 December 1993, and the Law on Customs Tariffs of 18 August 1993, and, following repeal of the Law on Customs Duties, by the Customs Code which entered into force on 1 January 2001.

87. According to those Laws, the primary method for determination of the customs value was the transaction value method. The Law, as well as the new Republic of Armenia's Customs Code, provided for the same six methods of valuation laid out in the Agreement on Implementation of Article VII of the GATT 1994. In response to further questions, the representative of Armenia stated that Paragraph 3 of Article 12 of the Law on Customs Duties provided a possibility of reversal of the order of application of the valuation methods specified in Articles 5 and 6 of the Customs Valuation

Agreement upon request of an importer. This provision was included in Article 94 (Paragraph 2) of the new Republic of Armenia's Customs Code.

88. In response to questions of some members of the Working Party concerning sales between related persons the representative of Armenia stated that provisions concerning such sales were incorporated in Articles 78 and 87 of the Customs Code. Concerning Article 11 of the Customs Valuation Agreement, Paragraphs 2 and 3 of Article 13 of the Law on Customs Duties, as well as Article 96 of the new Customs Code, provided for appeal procedures concerning the decisions and actions of Customs bodies as regards the customs valuation of goods. Paragraph 4 of Article 12 of the Law on the Customs Duties included provisions regarding the circumstances specified in Article 5.2 of the Valuation Agreement. The relevant provisions were incorporated in Article 91 (Paragraph 4) of the new Republic of Armenia's Customs Code.

89. In response to further questions, the representative of Armenia noted that the concept of "price paid or payable" was covered by Paragraph 1 of Article 7 of the Law on Customs Duties adopted in December 1998, as well as by Article 81 of the Customs Code. The representative of Armenia said that in relation to Article 8 of the Customs Valuation Agreement, Article 83 of the Customs Code stipulated that the customs value should include:

the transaction value of the goods in the country of exportation;

a) transport, loading, unloading, transhipment, insurance and other related costs made in connection of the goods' carriage up to the customs border of the Republic of Armenia;
b) commission and brokerage accrued in relation to the carriage of the goods up to customs border of the Republic of Armenia, except buying commissions;
c) the costs of the following goods and services where supplied directly or indirectly by the buyer to the supplier free of charge or at reduced cost for use in connection with the production and supply of the goods carried across the customs border of the Republic of Armenia:
    i) the value of materials, components, parts and similar items incorporated in the goods;
    ii) the value of tools and other similar items used in the production of the goods;
    iii) the value of materials consumed in the production of the goods;
    iv) the value of engineering, artwork, design work, and other similar work necessary for the production of the goods;
d) royalties and licence fees related to the sale of the goods being valued paid or payable by the buyer, either directly or indirectly, to the supplier;
e) the value of tare, packing and packaging;
f) the amounts payable to the supplier by the buyer for the further sale, use and disposal of the goods carried across the customs border of the Republic of Armenia.

90. In response to questions concerning the exchange rate applied by the Customs, the representative of Armenia stated that the exchange rate used was derived from the daily foreign

exchange auctions held by the Central Bank of Armenia. The Central Bank announced exchange rates daily and these rates were published in the press, as required by Article 9.1 of the Customs Valuation Agreement. In response to questions concerning the mechanism for protection of confidential information, the representative of Armenia stated that the provisions concerning confidentiality of information were incorporated in Article 95 (Paragraph 2) of the new Customs Code in conformity with provisions of Article 10 of the Customs Valuation Agreement.

91. In response to requests for a detailed description of the process of review of the decisions made on customs valuation of goods, the representative of Armenia said that in relation to Article 11 of the Customs Valuation Agreement, paragraphs 2 and 3 of Article 13 of the Law on Customs Duties provided for appeal procedures on the decisions and actions of the customs bodies. The Article provided for appeal of a decision by the customs body to a higher customs body or to a court. The higher customs body should make its decision regarding the appeal and inform the applicant about the decision within one month. Respectively, paragraphs 2 and 3 of Article 96 of the new Code provided for similar appeal procedures on the decisions and actions of the customs bodies.

92. The representative of Armenia said that as required by Article 12 of the Customs Valuation Agreement, relevant national laws, regulations, decisions and rulings were published in the Bulletin of the Government of Armenia or in the Manual of the National Assembly of the Republic of Armenia. In relation to the obligation contained in Article 13 (last sentence) of the Customs Valuation Agreement, when the customs value of goods cannot be immediately determined, the former paragraph 11 of Article 12 of the Law on Custom Duties had provided that: when the customs bodies deemed it necessary to verify or further scrutinize the customs value declared by the applicant in the respective declaration, importers were entitled to remove their goods from customs control against a bank guarantee valid for one month, in an amount equal to the disputed amount payable, on condition of subsequent clearance in accordance with the final decision. He further noted that the new Customs Code, Article 96 (Paragraph 1), had incorporated the content of Article 12 of the Law on Customs Duties. Article 95 (Paragraph 1) of the Republic of Armenia's Customs Code provided that the importer upon a written request should be entitled, within five working days, to receive a written explanation of the valuation decision and the valuation method used by the customs authorities.

93. The representative of Armenia stated that all the provisions of the WTO Agreement on the Implementation of Article VII of GATT 1994 would be adopted as an integral part of Armenia's Customs Code upon Armenia's accession to the WTO. All relevant laws would be in full conformity with the requirements of the Agreement on Implementation of Article VII of the GATT 1994. In particular, the interpretative notes of the Agreement would be fully incorporated in Armenia's

customs valuation laws. As well, the Decision of 24 September 1984 on the Valuation of Carrier Media Bearing Software for Data Processing Equipment was incorporated into the new Customs Code (Article 85, Paragraph (d)) ensuring that valuation of the software was based on the value of the media. The Working Party took note of these commitments.

- **Other customs formalities**

  - **Rules of origin**

94. The representative of Armenia stated that the rules of origin applied by Armenia followed the principles stated in the Agreement on Rules of Origin. Origin rules set forth the definitions of the goods wholly originating in one country, a change in the tariff classification of the goods, sufficient processing criteria, and the value-added criterion. The choice of a method for determining origin depended on the goods concerned and any relevant international agreement in respect of which origin rules were being applied. However, with the exception of the goods wholly originating in one country, the change in tariff heading criterion (at 4-digit level in the HS classification) was used unless an alternative was stipulated. According to the procedure of determination of the country of origin attached to Government Decree No. 615 of 6 December 1993, the country of origin was considered to be the country where entire goods had been manufactured or where they had undergone sufficient processing.

95. The representative of Armenia added that the Customs Code incorporated relevant provisions regulating the field of rules of origin. The Customs Code was in full conformity with relevant WTO provisions. In particular the precise definitions of goods that were to be considered as being wholly obtained in one country, criteria of sufficient processing in terms of change of tariff classification and the value added percentage criterion; and minimal operations or processes that did not by themselves confer origin to goods were given. According to Article 160 of the Republic of Armenia's Customs Code the following goods should be deemed as wholly obtained in one country:

a) live animals born and raised in that country;
b) animals obtained by hunting, trapping, fishing in the territorial and internal waters of that country or by performing other similar activities;
c) produce obtained from live animals in that country;
d) plants and plant products harvested, picked or gathered in that country;
e) minerals and other naturally occurring substances not included in items (a)-(d), which are obtained from the territory, entrails or territorial and internal waters of that country;
f) waste and recoverable resources derived from manufacturing and processing operations or from consumption in that country and fit only for disposal or as raw material;

g) products obtained by fishing in neutral waters by vessels lawfully flying the flag of that country;
h) produce made from the products referred to in (g) on board of the country's factory ship;
i) products obtained on board of a spaceship owned or rented by that country pending the flight;
j) goods obtained or produced in that country solely from products referred to in items (a)-(i).

96. He further added that according to Article 161 of the Customs Code, where more than one country were concerned in the production of the good, the country of origin of a good would be the last country where the good has undergone significant processing. Criteria of significant processing were defined as:

a) the processing operations, leading to a change in the four digit classification of goods;
b) processing operations, wherein the value of incorporated materials which originate in the given country and the value add up at least 30 per cent of the ex-works price of the manufactured goods, whereas indirect taxes, commissions, transport, insurance, security and other similar costs are disregarded in the ex-works price.

In the case of goods which were classified as sets (goods in sets) or were viewed as such, paragraph 3 of Article 162 of the Customs Code provided that the origin of the goods, was the country where the set had been assembled or put together, if the overall value of the non-originating parts of the set did not exceed 45 per cent of the value of the set. According to Article 163 of the Customs Code, the following should not be deemed as criteria of sufficient processing:

a) changes made exclusively in the meaning and end use of the goods, for instance the modification of a minibus into a lorry and the like;
b) mere packaging, in any form, including bottling, wrapping and the like;
c) classification of incomplete goods under finished goods, or the classification of finished, but not assembled products under assembled products pursuant to the rules of the Harmonized System;
d) simple assembling operations, particularly, mere plugging together of units to form a good classifiable in another heading, such as the joining of a monitor, CPU, keyboard and mouse to the end of making a computer and the like;
e) the mere addition of preservatives;
f) obtaining of goods classifiable under meat and meat offal, from the goods classifiable live animals;
g) preparatory works for the sale or transportation of the goods (making into lots, sorting, wrapping and the like),
h) necessary operations for the protection, transportation and storage of the products;
i) affixing of marks, labels or other distinguishing signs of the like on products or their packaging;
j) obtaining of products through mixing of goods (components), whereas the characteristics of these products little vary from the initial characteristics of the components;
k) combination of two or more actions referred to in subparagraphs (a) to (j) above.

97. The representative of Armenia stated that Article 162 of the Customs Code set forth the sequence of application of the rules of origin. In his view, the Customs Code's r, rules on rules of origin did not pursue, directly or indirectly, any trade objectives,, nor create obstacles for free trade, in accordance with WTO provisions. The representative of Armenia added that the provisions of the Customs Code on rules of origin were applied to CIS imports as well as to imports of other countries and that certificates of origin were accepted for imports from CIS countries as well as from non-CIS countries. According to Article 168 of the new Customs Code the absence of a certificate of origin by itself could not be the only reason to deny the entry of the goods. In his view, the provisions of Article 167 (Paragraph 2) of the Customs Code complied with the requirements of Article 2(h) and Annex II, paragraph 3(d) of the WTO Agreement on Rules of Origin. Article 169 contained provisions on appeal against actions, inactivity and decisions of the State bodies and the officials thereof in relation to the determination and confirmation of the country of origin. That Article also provided that the declarant might apply to the Superior Bodies or to court, if it did not agree with the method of determination or confirmation of the country of origin of the goods. The Superior Body was required to hear and determine the request within one month and notify the applicant.

98. The representative of Armenia confirmed that from the date of accession its laws and regulations on rules of origin would be in conformity with provisions of the Agreement on Rules of Origin and other WTO provisions including the requirements of Article 2(h) and Annex II, paragraph 3(d). In this regard, he also confirmed that for non-preferential and preferential rules of origin, respectively, the relevant Armenian authorities, or preshipment inspection authority acting on their behalf, would provide, upon request of an exporter, importer or any person with a justifiable cause, an assessment of the origin of the import and outline the terms under which it will be provided. According to the provisions of the WTO Agreement on Rules of Origin specified above, any request for such an assessment would be accepted even before trade in the goods concerned began, and any such assessment would be binding for three years. The Working Party took note of these commitments.

- **Pre-shipment inspection**

99. In response to questions, the representative of Armenia stated that while the Government of Armenia had announced an international tender to submit competitive bids for selecting a company in charge of implementing pre-shipment inspection to imports from all directions in 1998, no agreement was ever signed. The representative of Armenia further noted that the Government of Armenia

currently did not see any reason or need to employ pre-shipment inspection companies. and noted that pre-shipment inspection was not in place in Armenia.

100. The representative of Armenia confirmed that his Government would ensure that the operation of any future pre-shipment inspection system program would be applied in conformity with the requirements of the WTO Agreement, in particular the Agreement on Pre-shipment Inspection, the recommendations of the Working Party on Pre-shipment Inspection of 2 December 1997 and any subsequent recommendations issued by that Working Party, the Agreement on the Implementation of Article VII (the Customs Valuation Agreement), and the Agreements on Import Licensing Procedures, Rules of Origin, Implementation of Article VI (Anti-dumping), Subsidies and Countervailing Measures (SCM), Technical Barriers to Trade, Sanitary and Phytosanitary Measures, Safeguards, and Agriculture. Armenia would ensure that any private firm performing customs duties covered by WTO rules would publish their practices and procedures as required by GATT Article X, that ruling by the firm would be advisory only to the Government of Armenia and would be appealable to the Government and to the judiciary, that any rulings of general applicability would be made available to WTO members and to importers and exporters upon request, and that Armenia would, upon request of WTO Members, meet to discuss the activities of such firms and their impact on trade with a view to resolving problems. The representative of Armenia stated that any pre-shipment inspection system would be temporary until such time as the Armenian customs authorities would be able to carry out these functions properly. The Working Party took note of these commitments.

- **Anti-dumping, countervailing and safeguards regimes**

101. In response to questions, concerning whether Armenia had at present an anti-dumping, countervailing or safeguards regime, the representative of Armenia stated that a draft Law on Anti-Dumping had been submitted to the National Assembly for adoption. Safeguard Measures had been established by the adoption of the Law on Protection of the Domestic Market (Safeguard Measures of 18 April 2001). The Law on Protection of Economic Competition had also been adopted (16 November 2000), the purpose of which was to protect and promote economic competition and to ensure an appropriate environment for fair competition. These legislative acts have been drafted in full conformity with the relevant WTO provisions, including Articles VI and XIX of the GATT 1994 and the Agreements on the Implementation of Article VI, the Agreement on Subsidies and Countervailing Measures and the Agreement on Safeguards.

102. The representative of Armenia confirmed that from the date of accession Armenia would not apply any anti-dumping, countervailing or safeguard measures until it had implemented and notified

to the WTO appropriate laws in conformity with the provisions of the WTO Agreements on the Implementation of Article VI, on Subsidies and Countervailing Measures, and on Safeguards. After such legislation was implemented and notified, Armenia would apply any anti-dumping duties, countervailing duties and safeguard measures in full conformity with the these Agreements and other relevant WTO provisions. The Working Party took note of these commitments.

- **Export regulations**

  - **Export restrictions and export licensing system**

103. The representative of Armenia stated that the Resolution No. 124, 29 December 1995 on Non-Tariff Regulation of Commodities (Operations, Services) Imported and Exported from the Republic of Armenia regulated Armenia's non-tariff measures on export, and operated as a form of non-automatic export licensing. The export permission required by Armenia for export of certain goods was justified under WTO provisions, eg., Articles XI, XX or XXI of the GATT 1994. Automatic export licences were also required for textiles (to the European Communities only). The export licences on textiles were required pursuant to an agreement with the European Communities, but no restrictions on these exports were currently in place. For medicines, and for certain live animals and plants, permission of the relevant authorities was required. The permission for medicines, live animals and plants were generally not restrictive - rather, they were designed to ensure public health and safety. The exportation and importation of weapons; military technology and the consumables necessary for its production; technologies equipment and locators of nuclear materials (including heating materials); special non-nuclear materials and services related to it; and ionizing radiation sources were carried out through authorization issued by the Government of the Republic of Armenia. All other products could be freely exported from Armenia. The system applied to exports to all destinations, except in the case of the licensing requirement for exports of textiles and clothing to the European Union. The permission requirements were not intended to restrict the quantity or value of exports. Rather, they were intended to protect the national interest and human, animal or plant life or health, and the environment. The representative of Armenia stated that the Government did not consider that at this time, a better way existed of achieving these objectives.

104. The representative of Armenia noted that Armenia's non-tariff regulation system on export closely paralleled that applied to imports. As on the import side, exportation of pharmaceuticals and rare animals and plants were subject to non-restrictive regulation, designed to protect health and the environment. Export permission procedures for pharmaceutical products were the same as import permission procedures, and were regulated by the same Resolutions. Permissions were required for exports of rare objects or artifacts considered part of the national heritage. In addition, exports of

textiles and clothing to the European Communities were subject to licensing under a bilateral agreement with the European Communities. The licensing of textile and clothing exports to the European Communities allowed these items to be monitored, but they were not currently subject to restrictions of any kind.

105. The representative of Armenia said that Armenia maintained export permission requirements on the following items:

Table Eight

	HS number
Objects considered part of national heritage	
Pharmaceutical products, medicines	051000; 1211; 2941; 3001; 3002; 3003; 3004; 3005; 300630 000; 300650 000; 300660; 380840; 1108*; 1301; 1302; 1504; 152000 000; 1702; 1804; 1805; 2207; 2209; 2501; 2520; 2712; 2801-2802; 280440 000; 281000 000; 284700 000; 285100; 2904-2909; 2912-2940; 2942; 3301
Rare wild animals and plants included in the Red Book of the Republic of Armenia	

* 1108 and the following categories of products in the list used for pharmaceutical purposes, are subject to import and/or export permission.

The Red Book of the Republic of Armenia identified approximately one hundred rare animals and birds, and 390 rare plants, in respect of which permissions would be required and whose exportation could be controlled.

106. The representative of Armenia stated that according to the Resolution No. 581, the exportation of pharmaceutical products and medicine had to be permitted by the Ministry of Health of the Republic of Armenia. According to Resolution No. 124, the exportation of rare wild animals and plants included in the Red Book of the Republic of Armenia was carried out through permissions issued by the Ministry of Nature and the Environment. Exports of objects considered of interest to the national heritage must be authorised by the Ministry of Culture. In the case of textile and clothing exports to the European Communities, the Ministry of Trade and Economic Development would have exclusive responsibility for issuing export licences. The exportation of pharmaceuticals and/or medicines could be refused if (a) there was incorrect and/or insufficient information in the presented documents, (b) the period of validity of the pharmaceutical products was exceeded, (c) the actual pharmaceuticals and (or) medicines did not correspond to the specifications stated in the importation documents, (d) the pharmaceuticals were not registered in Armenia, (e) the quality of the pharmaceutical products did not correspond to quality standards accepted in the Republic of Armenia. Unjustified delays and refusal to issue permission could give rise to judicial procedures. The Ministry

of Trade and Economic Development could deny an export licence to an applicant in respect of exports to the European Communities if exports of the items concerned were to exceed a certain quantitative limitation. Since this has not occurred so far, Armenia has not developed any mechanisms for administering export quotas.

107. The representative of Armenia said that any persons, firms and institutions wishing to apply for an export licence could do so provided they were registered as a juridical person or a sole entrepreneur undertaking a business activity in Armenia. As in the case of the importation of pharmaceutical products, to receive permission for exportation of pharmaceutical products the following documents were required: an application form, a certificate relating to the acquisition of the pharmaceutical products, a licence to trade in pharmaceutical products in Armenia, documents relating to the acquisition and sale of pharmaceutical products (contract, invoice, etc.), and a certificate of quality issued by the producer. Permissions were issued within ten days from the date of the application. Since the ten-day stipulation was a maximum period, in practice permission could be obtained within a shorter period. An export permission would generally not be granted immediately upon request, but in practice the necessary procedures could be completed within a day or two. The fee for an export permission was equal one month's minimum salary in the Republic of Armenia. Permissions were not transferable among exporters. A permission application and/or an exportation could be made at any time during the year. Permissions were issued for a period of three months. The refusal of permission for exportation could give rise to judicial procedures.

108. The representative of Armenia confirmed that any export licensing requirements or other export control requirements would be applied in conformity with WTO provisions including those contained in Articles XI, XVII, XX and XXI of the GATT 1994. The Working Party took note of this commitment.

- Other measures

109. The representative of Armenia noted that in order to prevent exports at artificially low prices, or the under-invoicing of exports, the Resolution 124 had established a list of minimum prices each quarter for a list of selected commodities as a reference base for tax purposes. The reference prices had been equally applied to all export destinations. With effect from 29 December 1995, this list only covered ferrous and non-ferrous metals, (HS 72.00, 72.04, 74.0-74.14. 75. 76.0-76.14, 78.80, 81.01, 81.13). According to Resolution 124 commodities of the mentioned list could be exported at prices less than the minimum established prices. However, the corporate tax liabilities of firms that export ferrous and non-ferrous metals and scrap were calculated on the basis of these reference prices if the declared export price was below the reference amount. In this case the exporter was required also to present the

certificate of conformity of the Agency of Standardization Measurement and Certification (SARM). The Customs Bodies of the Republic of Armenia were required to inform the Tax Inspectorate about the transaction within a month. At a later stage, the representative of Armenia informed the Working Party that on 21 April 1999, the list of minimum reference prices was eliminated.

- **Export subsidies**

110. The representative of Armenia stated that Armenia did not offer export incentives or export subsidies of any kind at the present time. The Government believed that export expansion was vital to Armenia's future economic viability. For this reason, consideration was being given to various ways of stimulating exports, particularly through promotional activities. The Government did not, however, intend to rely on export subsidies as part of an export expansion program. Export promotion measures currently related mainly to the establishment and development of appropriate institutions infrastructure such as the Armenian Development Agency, which could support the business community by providing such services as arranging trade fairs, promoting Armenia in the international scene, provision of market information, conducting research activities aimed at identifying sectors and products with export potential, etc.

111. The representative of Armenia confirmed that the Government did not maintain subsidies which met the definition of a prohibited subsidy, within the meaning of Article 3 of the Agreement on Subsidies and Countervailing Measures, and did not seek transitions to provide for the progressive elimination of such measures within a fixed period of time. He further stated that Armenia would not introduce such prohibited subsidies in the future, and would apply export promotion measures in conformity with WTO requirements. The Working Party took note of these commitments.

- **Internal policies affecting trade in goods**

  - **Industrial policy, including subsidies**

112. The representative of Armenia stated that Armenia's industrial policy aimed to ensure more efficient use of domestic resources within a market-oriented framework. A central policy objective affecting industry was privatization. Approximately 76 per cent of formerly public-owned enterprises in Armenia were privatized and 24 per cent remained under State control. The representative of Armenia added that as a result of ongoing privatization, as well as due to registration of newly established private enterprises, the share of publicly owned enterprises in Armenia gradually declined to 8 per cent of the total by the end of 1997, and to further 7 per cent by the end of 1998. At the end of 2001 the total number of legal entities existing in the Republic of Armenia was about 45,000, of

which only 39 were wholly state-owned enterprises (100 per cent of the stock belonging to the State). Correspondingly, the public-owned sector accounted for 57 per cent of industrial output by the end of 1997, which declined further to 52 per cent of industrial output in the end of 1998. In response to questions the representative of Armenia stated that pending completion of the privatization program, the Government required State-owned enterprises to operate according to market principles. Enterprises in Armenia were required to acquire their inputs on the open market. Most firms had not yet put proper market-economy accounting systems into use, but they were developing them. In response to requests for information concerning the payment of direct subsidies, the representative of Armenia stated that since the beginning of 1995, almost no direct subsidies have been granted to industry. In previous years direct subsidies had been provided on a fairly large scale via concessionary credits to firms. He further noted that the Government in general did not retain production subsidies in the industrial sector.

113. The representative of Armenia said that the only beneficiaries of direct subsidies in 1995 were the firms engaged in the production of strategic (military) equipment, for whom subsidies were granted for further construction and the equipping of plant. The beneficiary firms did not export their products. Any remaining indirect subsidies that might arise as a result of clearing arrangements were disappearing because of the contraction (and eventual elimination) of inter-governmental clearing contracts. The procurement via State orders, which could also entail indirect subsidies, was being replaced by competitive tendering procedures, however, the Government maintained the freedom to grant certain privileges to domestic bidders. In 1998 the Government recommenced the practice of write-offs of tax fine arrears in order to support the rehabilitation and restructuring of a few selected large enterprises, such as Armenmotor Company and Yerevan Jewellery Plant. For analogous purposes, tax fine arrears were written off for those enterprises which incurred indebtedness because of default against shipments being made within the framework of inter-governmental clearing contracts and procurements via State orders.

114. The representative of Armenia further added that because the continuing reform of policies might indirectly confer subsidies on industries, the Government also maintained a substantially deregulated business environment which, when combined with the Government's open investment policies, meant that there were effectively no barriers to market contestability. Firms were free to enter and exit sectors on the basis of their own market-based decisions. Additional measures designed to safeguard and strengthen this business environment were the establishment of anti-monopoly and bankruptcy laws. The Law on the Bankruptcy of Banks and the Law on the Bankruptcy of Juridical Persons, of Enterprises Without the Status of a Juridical Person, and of Entrepreneurs entered into force respectively on 1 October 1996 and on 1 March 1997.

115. The representative of Armenia stated that the Government of Armenia would ensure that its subsidy regime was in full conformity with the Agreement on Subsidies and Countervailing Measures from the date of its accession to the WTO. The Working Party took note of this commitment.

- **Technical Barriers to Trade**

116. The representative of Armenia noted that, after independence, Armenia took steps to establish and develop its national systems of standardization, metrology and certification. Relevant laws regulating those systems were the Law on Standardization and Certification and the Law on Uniformity of Measurements accepted by the National Assembly on 30 April 1997. The two laws incorporated the core principles of the WTO TBT Agreement. The Law on Standardization and Certification provided the legal basis in the Republic of Armenia for the standardization as well as certification of products, services, labour (processes) and quality systems. This was applicable to the bodies of State governance, enterprises, institutions and private entrepreneurs and defined the means for the protection of interests of consumers and the State through the elaboration and application of normative documents on standardization. It also defined the rights, obligations and responsibility of the participants in the certification process.

117. He further noted that the Law on Uniformity of Measurements defined the legal basis for ensuring the uniformity of measurements, regulated the relations of the bodies of State governance with enterprises, institutions and private entrepreneurs on issues relating to the production and issuance of measurement instruments, and the use and repairs thereof. It was directed at protecting the rights and rightful interests of consumers and the State from the negative impact of inaccurate results of measurements. The Department for Standardization, Metrology and Certification (SARM) was the coordinator of standardization, meteorological and certification activities in Armenia, and its rights and obligations were defined by the Law on Standardization and Certification and the Law on Uniformity of Measurements. Being the national body in charge of the administration related to standardization, certification and meteorology in Armenia, its responsibilities included the creation and administration of national standardization and certification systems; the adoption of national standards and classifiers; the application of international standards; the publication of official information in the fields of standardization and certification; accreditation of certification bodies and testing laboratories; dealing with appeals and disputes on certification matters, etc.

118. He further added that SARM was presided over by the State Chief Inspector, whose rights and obligations were contained in Article 23 of the Law on Conformity Assessment and Article 24 of the Law on Uniformity of Measurements. SARM was a collegial body that took decisions by majority vote. In order to further strengthen the compliance of Armenia's legislation with the principles of the

WTO Agreement on Technical Barriers to Trade two new laws were adopted by the National Assembly on 9 December 1999: the Law on Standardization and the Law on Conformity Assessment of Products and Services to the Normative Requirements (hereinafter Law on Conformity Assessment). Governmental Decree No 9 of 11 January 2000 on Preparation, Adoption and Application of Technical Regulations was also adopted. In his view, the definitions of standards and technical regulations in these acts were in full compliance with the respective definitions in Annex 1 to the TBT Agreement. According to the Law on Standardization, implementation of standards was voluntary. Standards become mandatory if they are referred to in technical regulations by exclusive reference. Relevant Ministries should be responsible for the preparation of technical regulations according to the Law on Standardization. Technical regulations shall be enacted at least two months after their promulgation and notified to the relevant international organizations and national bodies.

119. In response to further questions, the representative of Armenia stated that the non-discrimination principle, as it concerns the treatment of domestic and foreign products and services, as well as the principle of equivalency with the regulations of other countries was reflected in Decree No. 9, of 11 January 2000. Equivalent technical regulations from other countries could be incorporated into Armenian legislation to establish corresponding authorities which were responsible for setting up mandatory requirements for products and services. International and regional standards, directives and guidelines should be taken into account when elaborating national standards and regulations. The Law on Conformity Assessment regulated the activities for voluntary and compulsory conformity assessment of production, goods, labours and services to normative requirements. The Law also established the legal basis for State activity in that field, as well as determined the modalities for conformity assessment, conditions of product marketing and the rights and obligations of parties to conformity assessment. The three Laws currently in force (the Law on Standardization, the Law on Conformity Assessment, the Law on the Uniformity of Measurements) serve as the legal basis for the development of QSMCA (Quality Standardization, Metrology and Conformity Assessment) policy, pursued by SARM.

120. He further added that the main principles of this policy were:

- harmonization of legislation in the field of standardization, metrology and conformity assessment,
- ensuring the safety of products, processes and services through State regulating mechanisms (technical regulations),
- harmonization of national standards with international, regional and interstate ones,
- direct implementation of ISO/IEC and European (EN) standards in the field of conformity assessment,
- widening the scope of cooperation with international organizations,

- improvement of relevant accreditation systems to comply with international rules and procedures,
- providing uniformity of measurement through State regulation mechanisms,
- facilitating the removal of unnecessary barriers to trade, and
- ensuring the protection of consumers' rights.

SARM cooperated with the Ministries of Health and Agriculture in matters relating to sanitary and phytosanitary measures.

121. The representative of Armenia added that the National Standardization System was established with a mission to provide:

- the safety of products, labour (processes) and services to protect the natural environment, human life, health and property;
- the technical and informative compatibility and inter-changeability of products;
- the improvement in quality of products, labour and services;
- uniformity of measurements;
- preservation of resources;
- the security of economic objects, in the event of the occurrence of technical and other disasters and emergencies;
- the removal of technical barriers to trade;
- the essential conditions for the state of defence and mobilization readiness.

122. The representative of Armenia noted that the National Standards Institute (CJSC) was established under the SARM to perform standardization activities. The main provisions of that system and its procedures for preparation, adoption and application of Armenian standards were established by national basic standards of the AST 1 series. About 230 Armenian standards had been developed by the technical committees and adopted by SARM since 1993. The majority of the standards applied in Armenia were international and regional standards. More than 18,000 interstate standards of CIS countries are included in the national fund of standards. Fifty per cent of national standards would be aligned to international standards by the end of 2002. The National Standards Institute publishes a quarterly guide "Standards and Specifications", which provides current information on technical regulations and specifications and issues relating to standardization.

123. He further noted that the following were priorities in the field of standardization activities:

- establishment of quality and environment management systems' normative base in compliance with international standards,
- development of standards in the fields of military industry,
- standardization in the field of conservation of resources in fuel power engineering systems,
- standardization of information technologies in compliance with international standards,
- improvement of national metering standards base,

- personnel training and qualification improvement.

Priorities in the field of conformity assessment were:

- quality system introduction according to the requirements of ISO 9000 series standards,
- environmental management system introduction according to the requirements of ISO 14000 series standards,
- reduction of the list of products subject to mandatory conformity assessment,
- development of the process of conformity assessment results mutual and partial recognition,
- harmonization of conformity assessment rules and regulations with international requirements,
- cooperation with internationally recognized organizations and companies in the field of conformity assessment,
- improvement of accreditations system according to international requirements,
- development of systemized privatization procedures, certification bodies and test laboratories.

For the preparation, adoption and application of standards, SARM followed the TBT Code of Good Practice and would sign it from the date of Armenia's accession to WTO. SARM was cooperating with standards organizations in other countries and was a member of the International Organization ISO for Standardization from 1 January 1997. Presently SARM was a member of ISO and EASC, which enabled Armenia to participate through technical committees in the elaboration of international and regional standards and to apply these standards in Armenia. The only inquiry point operating in Armenia and the only body responsible for notifications was SARM, which would implement the obligations established in accordance with Article 10 of the TBT Agreement. According to Government Resolution, SARM was nominated as an inquiry point. The address of the inquiry point was:

Department for Standardization, Metrology and Certification
under the Government of the Republic of Armenia
Komitasa ave, 49/2
375051, Yerevan
Republic of Armenia
Tel: 3741 235 861
Fax: 3741 285 620
Email: armstandard@sarm.am
Press@sarm.am

The notification activities were taken over by the WTO Notification Centre in the Republic of Armenia's public institution, since 1 January 2001.

124. In response to questions concerning mandatory certification the representative of Armenia stated that the Law On Conformity Assessment of Products and Services to the Normative Requirements provided the legal basis for the conformity assessment of products, services, labour

(processes) and quality systems. It defined the rights, obligations and responsibility of the participants in the conformity assessment process. The conformity assessment mechanisms were fixed in that Law. The use of less expensive and less trade restrictive methods of conformity assessment, as manufacturer's declarations and conformity marks were also included in the Law. According to the Law, a certificate on conformity and a registered declaration on conformity had the same legal authority, and domestic and foreign manufacturers and service providers were granted similar rights in applying declarations on the conformity of products or services. Mandatory certification activities are coordinated by SARM and conducted by the accredited certification bodies and testing laboratories.

125. He further noted that the procedure for accreditation of certification bodies and testing laboratories had been established in Decree No. 238 of 12 May 2000. According to the Decree accreditation was carried out by the Council for Accreditation of Certification Bodies and Testing Laboratories in the field of Conformity Assessment. Local and foreign bodies and laboratories had the same rights to be accredited in the National System for conformity assessment. Requirements to certification bodies and testing laboratories had to correspond to ISO/IEC 17025 and EN 45011, EN 45012, EN 45002. Taking into consideration the need to control the safety of certain products, labour and services for the protection of the national environment and human life and health, as well as the protection of consumer rights, some products were subject to mandatory conformity assessment according to Resolution No. 239 of 12 May 2000. Those products were selected taking into consideration the reports received from the inspection bodies, the Ministry of Agriculture, the Sanitary-Anti-epidemiological State Center, consumers, and based also on the data of research institutes and laboratories. Requirements for products covered by mandatory conformity assessment in Armenia were kept to the minimum. Mandatory certification procedures were the same for both imported and domestic products. Certificates were issued for product types based on testing of samples, analysis of production systems, quality system certification or declaration of suppliers depending on the scheme of certification. These internationally accepted certification schemes were fixed by AST 5.3.

126. The representative of Armenia also stated that pursuant to the Law on Conformity Assessment, recognition of foreign certificates on conformity or conformity marks for products was made by bilateral agreement of the Republic of Armenia on mutual recognition of conformity assessment results or unilateral recognition. Those procedures were regulated by Resolution No. 247 of 18 May 2000 of the Government of the Republic of Armenia. According to the Resolution, in the absence of mutual recognition agreement a decision on unilateral recognition of conformity was made

by SARM. Procedures on recognition of certificates issued by foreign certification bodies are regulated by Resolution No. 247 of 18 May 2000 of the Government.

127. He further noted that SARM had signed cooperation agreements on mutual recognition of conformity assessments with appropriate bodies of several countries such as Belarus, Georgia, Kazakhstan, the Kyrgyz Republic, Moldova, the Russian Federation, Tajikistan, Turkmenistan, Ukraine and Uzbekistan. SARM was carrying out negotiations with appropriate bodies of other countries, particularly with Bulgaria, China, India, Iran, Romania, the Slovak Republic and the United States, to sign similar agreements on cooperation. In the absence of agreements on mutual recognition, Resolution No. 247 of 16 May 2000, allowed for simplified procedures on acceptance of certificates and conformity marks issued by certification bodies of other countries, if the Armenian authorities were satisfied that conformity assessment procedures in those countries offered adequate assurance of conformity, and the safety requirements and norms conformed to those in force in Armenia.

128. In response to requests from members of the Working Party, the representative of Armenia stated that a list of products subject to mandatory conformity assessment were approved by Decree No. 239 of 12 May, with amendments approved by Decree No. 110 of 17 February 2001, Decree No. 297 of 12 April 2001 and Decree No. 825 of 6 September 2001. The list of above-mentioned products is given in Annex I to this Report. He noted that the following technical regulations had entered into force:

- The Indexes of Safety, Methods of Testing of Internal Combustion Engine Fuels and Requirements of Ensuring Safety in Phases of Their Maintenance, Handling, Realization and Usage and of Environment Conservation, approved by Order of SARM on 15 June 2001. Those Indexes defined quality indexes characterising the safety requirements for automobile petroleum, diesel and other engine fuels, as well as requirements on ensuring safety in the phases of fuel maintenance, handling, realisation and usage and on environment conservation. The requirements for automobile petroleum, diesel and other engine fuels were required to be included in their normative and technical documentation.

- Decree No. 41 of 15 January 2001 of the Government of the Republic of Armenia on Establishing Safety Requirements to Condensed Explosive Products. The Decree sets a regulation for the condensed explosive products to meet the requirements defined in established national standards.

- AST 214-2001: Condensed Explosive Products. General Safety Requirement.

- GOST R 51271-99: Condensed Explosive Products. Method of Certification Test.

129. The representative of Armenia informed the Working Party that the following legislative acts related to Technical Barriers to Trade were adopted and enacted in the Republic of Armenia:

Table Nine

Legislative Act	Date of enactment
Law on Conformity Assessment of Products and Services to the Normative Requirements	**03.12.99**
Law on Standardization	**03.12.99**
Law on Uniformity of Measurements	30.4.97

130. The representative of Armenia confirmed that from the date of accession, Armenia would accept conformance assessment certificates issued by internationally recognized authorities of exporting countries with which Armenia had signed mutual recognition Agreements, or approvals provided by recognized independent conformity assessment bodies or agencies recognized by SARM with respect to these requirements. He further confirmed that after December 31 2004, only those imports subject to technical regulations developed in accordance with Armenia's standardisation regime would be subject to mandatory certification. Upon request of WTO Members, Armenia would meet to discuss these measures and their impact upon trade with a view to resolving problems. The Working Party took note of these commitments.

131. The representative of Armenia confirmed that Armenia would apply the WTO Agreement on Technical Barriers to Trade from the date of accession without recourse to any transition period. The Working Party took note of this commitment.

- **Sanitary and Phytosanitary Measures**

132. The representative of Armenia informed the Working party that the following legislative acts related to Sanitary and Phytosanitary Measures were enacted in the Republic of Armenia:

Table Ten

Legislative Act	Date of Enactment
Armenian Law on Veterinary	26.10.99 by National Assembly
Armenian Law on Plant Protection and Plant Quarantine	20.3.2000 by National Assembly
Armenian Law on Food Safety	08.12.99 by National Assembly

133. The representative of Armenia stated added that SARM cooperated with the Ministries of Health and Agriculture in matters relating to sanitary and phytosanitary measures. Having the

objective to protect human health, safety and environment, the Government of Armenia had introduced a list of goods, some of which fell within the scope of the SPS Agreement, subject to mandatory certification (Resolution 15 of 16 June 1998, replaced by Resolution No. 239 of 12 May 2000, with amendments). In his view this was evidence of the fact that Armenia had started the process of elaboration of Sanitary and Phytosanitary Measures. In 1996, the National Assembly adopted the Law on State Agrarian Inspections. The law defined the legal, economic and organisation principles of State Agrarian Inspections in the Republic of Armenia. In particular, Articles 6 and 7 of the Law outlined the activities of the State Inspection Service of the Ministry of Agriculture, concerning cultivation of lands, use of fertilizers, the struggle against plant diseases, insects and weeds, transportation of toxic substances and mineral fertilizers, conditions of conservation and destruction, as well as livestock breeding with respect to veterinary services. According to Resolution No.17 of the Government (11 March 1998) the "National Agrarian Rules" were established. Those Rules dealt with the protection of the population from diseases common to man and animals, the prevention and eradication of contagious and non-contagious animal diseases, transportation, conservation, use and destruction of veterinary medicaments and disinfectants. The list of plant pests, weeds and diseases of quarantine significance for the Republic of Armenia was also established by this Resolution.

134. He further added that for the implementation of the Law on State Agrarian Inspections, a Law on Plant Protection and Plant Quarantine, as well as a Law on Veterinary have been established. The Law on Plant Protection and Plant Quarantine defined the legal, economic and organisation principles of the State Services of Plant Protection and Plant Quarantine of the Republic of Armenia, and regulated relations between farms, enterprises, organizations and individuals within the territory of the Republic of Armenia. The Law regulated phytosanitary controls during importation/exportation of plants or products of plant origin. The main concepts and requirements of the International Plant Protection Convention were taken into account in the Law. The Law also permitted the taking into consideration of the phytosanitary conditions and requirements of an importing country when issuing phytosanitary certificates. The Law on Plant Protection and Plant Quarantine was enacted on 20 March 2000.

135. The Law on Veterinary Medicine defined the legal, economic and organisation principles of the State Service of Veterinary Medicine of the Republic of Armenia, fixed the regulation for the prevention of diseases of animals, for the protection of the population from diseases common to man and animals, and provided the population with quality products according to veterinary and sanitary conditions. The law regulated relations between the State body in charge of veterinary medicine and enterprises, organizations, entrepreneurs, and individuals in the territory of the Republic of Armenia. The law established procedures of state veterinary inspection during importation/exportation of animals and products of animal origin. Armenia had been a member of the International Epizootic Office since

December 1997 and followed guidance and standards of that organization. In his view, both Laws were compatible with the requirements of the SPS Agreement.

136. The representative of Armenia informed the Working Party that Armenia was a member of the International Codex Alimentarius commission and would follow its standards and guidance in establishing procedures on food safety.

137. He further noted that a critical document in Armenia's sanitary rules and norms system was the so called SanPins (Sanitary and Hygienic Rules and Norms), issued by the Ministry of Health of the Republic of Armenia. The SanPins established limits on the amounts of toxic compounds, additives, contaminants in the food and foodstuffs and were based on scientific data and risk assessments conducted by research institutes. The Food Safety Law provided stabilization relating to food activities, particularly concerning the production and reproduction, importing, exporting, exchanging, keeping, packaging, selling as well as usage of products.

138. The representative of Armenia confirmed that upon accession to the WTO, Armenia would apply its sanitary and phytosanitary requirements consistently with the requirements of the WTO Agreement, including the Agreements on Sanitary and Phytosanitary Measures and Import Licensing Procedures without recourse to any transition period. The Working Party took note of this commitment.

- **Trade-Related Investment Measures (TRIMs)**

139. The representative of Armenia stated that Armenia did not maintain measures that were not in conformity with the Agreement on Trade-Related Investment Measures and would apply the TRIMs Agreement from the date of accession without recourse to any transitional period. The Working Party took note of this commitment.

- **State Trading Enterprises**

140. The representative of Armenia stated that the State monopoly over foreign trade of the Former Soviet Union was abolished in 1989, and was replaced by a registration requirement for the conduct of such activity. By a decree of the President of the Republic of 4 January 1992 entitled On Foreign Economic Activity, all enterprises registered and operating in the territory of Armenia, regardless of their form of ownership, had the right to conduct foreign economic activity, and are not subject to any additional registration requirements.

141. Some members of the Working Party stated that, in their view, certain telecoms enterprises were engaged in State-trading pursuant to Article XVII of the GATT 1994. In response, the representative of Armenia stated that, based on the definition of State-trading set out in the Interpretation of Article XVII of the General Agreement on Tariffs and Trade 1994, Armenia maintained one State trading enterprise in the telecommunications sector. Basic telecommunication services, mobile and international data transmission and value-added services had been reserved to Armentel, a joint-stock company owned by the Government of Armenia and a foreign private supplier, in exchange for commitments by Armentel to develop Armenia's telecommunications infrastructure.

142. In response to questions whether Armenia intended to report its State monopoly of natural gas distribution under Article XVII, the representative of Armenia replied that Armgas had not been granted exclusive or special rights or privileges in the market for natural gas distribution. The Armenian network of gas distribution was privatised, resulting in the establishment of "ArmRusGasArd" CSC. This did not prevent any other entity with majority private ownership from purchasing gas or from involvement in gas distribution.

143. The representative of Armenia confirmed that his Government would apply its laws and regulations governing the trading activities of State-owned enterprises and other enterprises with special or exclusive privileges and would otherwise act in full conformity with the provisions of the WTO Agreements, in particular Article XVII of the GATT 1994 and the Understanding on that Article; and Article VIII of the GATS. The Working Party took note of these commitments.

- **Free zones, special economic zones**

144. The representative of Armenia stated that Armenia did not maintain any free trade zones in which special duty privileges of any kind were granted. Armenia had, however, established a Frontier Trade Area in the Meghri Region, on the border with Iran. The Frontier Trade Area was established to promote trade between Armenia and Iran. Under the arrangement, Armenian enterprises were encouraged to establish a presence in the border area and Iranian enterprises were encouraged to do the same on their side of the frontier. Forty citizens from each country were entitled to freely enter each other's border areas in order to explore business and trading opportunities, but no special customs regime or privileged duty treatment was associated with any exchanges agreed on the basis of these contacts.

145. The representative of Armenia confirmed that if Armenia established any free zones or special economic areas, it would administer any such areas in compliance with WTO provisions,

including those addressing subsidies, TRIMs and TRIPS and that goods produced in these zones under tax and tariff provisions that exempt imports and imported inputs from tariffs and certain taxes would be subject to normal customs formalities when entering the rest of Armenia including the application of tariffs and taxes. The Working Party took note of these commitments.

- **Government procurement**

146. The representative of Armenia informed the Working Party that government procurement in Armenia had previously been governed by Government Resolution number 67 of 8 February 1995 "On the State Procurement Order of the Republic of Armenia". Pursuant to that Resolution, when government entities wished to procure goods, they could do so either through any procurement agent or directly from the marketplace on their own behalf. No procurement entity, either State-owned or private, enjoyed special rights or privileges. All interested parties could participate in procurement activities under the common rules. These purchases, which were given effect through State Orders, were financed directly from the budget, and involved the acquisition of goods and services by government entities for their own consumption (i.e. not for resale or use as inputs into production). In the past, these arrangements had sometimes involved implicit subsidy elements for the suppliers concerned, since prices under State Orders had not necessarily corresponded to market prices.

147. The representative of Armenia informed the Working Party that in its efforts to bring internal legislation into full compliance with WTO regulations, the Government had initiated the adoption of the Law on Procurement, which was adopted by the Parliament on 5 June 2000, and signed by the President on 19 June 2000. As required by the Law the State Procurement Agency was established as the single agency responsible for Government Procurement (in excess of Armenian Dram 250,000) from 2001 onward. For the 2000 budget all Government procurement was made in a non-centralized manner, while all agencies made their procurements according to the regulations specified in the Law. The Law defined clear and transparent procurement rules and regulations which are in conformity with the WTO Agreement on Government Procurement, in particular the national treatment and non-discrimination principles are guaranteed in conformity with Article III of the Agreement on Government Procurement.

148. The representative of Armenia stated that the Government of Armenia had decided to commence negotiations to join the Agreement on Government Procurement from the date of accession. In this connection, Armenia would request observer status in the Committee on Government Procurement prior to accession to the WTO and would submit an entity offer within three months of accession to the WTO. He also confirmed that, if the results of the negotiations were satisfactory to the interests of Armenia and other members of the Agreement, Armenia would

complete negotiations for membership in the Agreement by [31 December 2003]. The Working Party took note of this commitment.

- **Transit**

149. The representative of Armenia stated that Armenia permitted unimpeded and tax-free transit of goods through its territory, with the exception of those goods whose importation was prohibited, i.e. weapons, components used in the production of weapons, explosives, nuclear materials, poisons, narcotics, strong psychotropic substances, devices for use in opium smoking, and pornographic material. Thos items would only be allowed to be transit through the Republic of Armenia's territory with the explicit consent of the Government of Armenia. Transit goods remained under customs control while they on the Republic of Armenia's territory.

150. He further added that the Customs Code implemented on 1 January 2001 regulated transit trade. According to Article 27 of the Customs Code, within the framework of the transit shipment regime, customs charges were not levied, except for the customs fees and other fees in cases foreseen by law. Non-tariff measures were not applied, except where otherwise prescribed by the Code or other laws and international treaties to which the Republic of Armenia was a party. Armenia was a party to a plurilateral agreement on transit trade within the framework of the CIS Economic Cooperation Treaty. This agreement provided that signatories should not tax or impede transit trade through their territories. Armenia had also signed a bilateral agreement on this subject with Georgia. Similar agreements with Iran and the Ukraine were under consideration.

151. The representative of Armenia confirmed that the Government would apply the laws and regulations governing transit operations and would act in full conformity with provisions of the WTO Agreement, in particular with Article V of the GATT 1994. The Working Party took note of this commitment.

- **Agricultural policy**

152. The representative of Armenia said that as in the case of the industrial sector, the Government of Armenia did not maintain State planning of any kind in the agricultural sector. The representative of Armenia added that in the past the Government of Armenia did not consider direct subsidies as a part of the development program of the agricultural sector. The Government provided some indirect subsidies, and the main types of support to the agriculture sector included the following: covering electricity charges on irrigation water supply; provision of low-interest loans to farmers and tax exemptions (particularly exemption of VAT for producers of basic agricultural products). There had

been some provision of cereal seeds through "seed-loans" in the past. In addition, the Government supported a range of activities dedicated to reparation of the irrigation network, to restructuring of financial and communication infrastructures, to training farmers in improved agricultural techniques, to upgrading seed and livestock quality, to conducting pest and disease control, and to providing technical advice and extension services. In his view, those measures fit with the green box of domestic support tables as far as the provided services were available to all farmers and involved budgetary outlays. The Government intended to further increase direct support to agricultural producers. He further added that the support provided to agricultural producers was aimed to assist farmers to overcome structural and operational difficulties during the transition towards a market oriented economy.

153. He further noted that in contrast to the relatively slow pace of industrial reform, Armenia had privatized almost 70 per cent of agricultural land, and made land titles freely transferable. Information on Agricultural supports was submitted to the Working Party.

154. The representative of Armenia stated that Armenia would forego have recourse to subsidies provided for under Article 6.2 of the Agreement on Agriculture. The Working Party took note of this commitment.

155. The representative of Armenia stated that for the purposes of Article 6.4(a) of the Agreement on Agriculture, with respect to product-specific domestic support, the percentage of Armenia's total value of production of a basic agricultural product during the relevant year, and with respect to non-product specific domestic support, the percentage of the value of Armenia's total agricultural production, which would otherwise be required to be included in a Member's calculation of its Current AMS, would be 10 per cent through to 31 December 2008. Beginning on 1 January 2009 such percentages for product-specific and non-product-specific domestic support, which would otherwise be required to be included in Armenia's calculation of its Current AMS, would be 5 per cent. [The Working Party took note of these commitments.]

156. The representative of Armenia added that as far as inputs were concerned, two large State enterprises, Hayagrospasarkum (Armagroservice) and Hayberriutyun (ArmProsperity) were dominant suppliers of agricultural services and inputs such as agricultural machines and spare parts thereof, seeds, chemicals and fertilizers. In 1996, 66 per cent of each of these enterprises had been privatized while 34 per cent had remained State-owned in the form authorized by the Ministry of Agriculture (holding). Despite the fact that the competition remained somewhat constrained in the input market, there were no restrictions to stop other suppliers from entering it. More new private enterprises have been entering the market and increasing their market shares, particularly in the

market of fertilizers. This tendency was expected to be continued with the development of conditions of competition in the market. He further added that those enterprises had no exclusive or special rights or privileges granted by the Government of Armenia in the field in which they operated.

157. The representative of Armenia stated that Armenia would eliminate the current VAT exemption for producers of basic agricultural products from 31 December 2008, whereas the scope of the exemption would not be increased during the transition, nor would the scope or amount of the tax exemption be restored if it was reduced during the transition. The transition period would terminate on 31 December 2008. The VAT Law would be amended accordingly. The Working Party took note of these commitments.

158. The representative of Armenia stated that the Government of Armenia paid no export subsidies on exports of agricultural products. Accordingly the Government of Armenia would bind its agricultural export subsidies at zero level in the relevant part of the Schedule of Concessions on Goods. [The Working Party took note of this commitment]

V. TRADE RELATED INTELLECTUAL PROPERTY REGIME

159. The representative of Armenia stated that the first step in the direction of intellectual property protection was the establishment of the Armenian Patent Office in 1992. Since December 1992, it has been possible to file applications for patents in respect of inventions, and as from August 1993, after adoption of the Law on Patents, to register utility models and industrial designs. An applicant not a national of Armenia and not domiciled in Armenia must conduct his affairs through a patent attorney registered with the Armenian Patent Office.

- Intellectual property policy

160. In response to requests for information concerning the intellectual property policy of the Government of Armenia, the representative of Armenia stated that the Government of Armenia was currently engaged in a substantial program of legislative reform. During 1993-1994, the Armenian Patent Office received some 3,000 applications for trade marks, service marks and appellations of origin. From January 2000 to January 2002 the Armenian Patent Office had received 296 applications for inventions – of which 273 were submitted by local Armenians and 23 by foreigners, and approximately 446 applications for trademarks according to National Procedure. However, the reception of trademark applications for registration began after the issue of Resolution No. 4 of 19 August, 1995, "On Confirmation of the Temporary Regulations for Trademarks and Service Marks"

and Patent Office Order of 24 October 1995, "On re-registration of former Soviet Union valid certificates for trade and service marks".

161. He further noted that in May 1997, the Armenian National Assembly had adopted the Law on Trade and Service Marks and Appellations of Origin of Goods, and the Law on Trade Names. The provisions of the adopted statutes were fully consistent with international norms in this area. A distinctive feature of the first of these Laws was the legal equality established between trademarks and service marks. The representative of Armenia confirmed that the following legislative acts related to intellectual property protection were currently enforced in the Republic of Armenia:

Table Eleven

Legislative act	Date of enforcement
1. Armenian Law on Patents	25. 8.93
2. Armenian Law on Copyright and Related Rights	31.5.96
3. Armenian Law on Advertising	31.5.96
4. Armenian Law on Trademarks, Service Marks and Appellations of Origin of the Goods	21.6.97
5. Armenian Law on Trade Names	1.7.97
6. Armenian Law on Topographies of Integrated Circuits	14.3.98
7. Civil Code	1.1.99
8. Civil Procedure Code	1.1.99
9. Criminal Procedure Code	12.1.99

The representative of Armenia stated that the following legislation related to intellectual property protection, (which included either amended or original legislation) had been prepared and enacted with the aim of bringing Armenia's intellectual property protection regime into conformity with WTO requirements.

Table Twelve

Legislative act	Date of Enforcement	Coverage
Law on Patents of the Republic of Armenia (new)	16.12.99	(Articles 27, 30, 31, 34 of the TRIPS Agreement)
Law on Copyright and Related Rights (new)	20.01.00	(Articles 12, 14^{ter} of the Berne Convention and Article 10 of the TRIPS Agreement)
Law on Trademarks, Service Marks and Appellations of Origin of the Goods (new)	20.01.00	(Articles 5 (C), $6^{bis,}$ $6^{septies}$, 10 of the Paris Convention and Articles 15, 16,17,19, 22, 23, 24, 46, 47 of the TRIPS Agreement)
Law on Trade Names	15.10.99	(Article 8 of the Paris Convention)

Legislative act	Date of Enforcement	Coverage
Amendments to Civil Code	14.3.2000	(Articles 17, 22, 30, 39 of the TRIPS Agreement)
Amendments to Civil Procedure Code	24.10.00	(Articles 42, 46, 47, 50 of the TRIPS Agreement)
Amendments to Criminal Procedure Code	5.4.2000	(Articles 46, 47, 50, 61 of the TRIPS Agreement)
Armenian Law on Selection Achievements	27.12.2000	(related to the protection of plant varieties. Article 27 of the TRIPS Agreement)
Armenian Law on Protection of Economic Competition (including the regulation of unfair competition and protection of undisclosed information)	15.12.2000	(Articles 10bis, 10ter of the Paris Convention and Article 39, 40 of the TRIPS Agreement)
Customs Code	01.01.2001	("Special Requirements related to Border Measures" provided by Section 4, Part III of the TRIPS Agreement)

162. The representative of Armenia stated that the Criminal Code, (implementing Articles 10^{bis}, 10^{ter} of the Paris Convention and Articles 46, 47, 50, 61 of the TRIPS Agreement), would be implemented from the date of Armenia's accession to the WTO. The Working Party took note of that commitment.

- **Responsible agencies for policy formulation and implementation**

163. The representative of Armenia said that policy formulation and implementation in the field of industrial property (patents, utility models, industrial designs, trademarks and service marks, trade names, layout designs of integrated circuits and appellations of origin) and copyrights was the responsibility of the Armenian Intellectual Property Agency acting within the Ministry of Trade and Economic Development. The Intellectual Property Agency was responsible for approving industrial property right applications, maintaining the State Register of industrial property rights, issuing an official bulletin reflecting its decisions, and cooperating with foreign institutions and international organizations. The Intellectual Property Agency was also responsible for the regime covering trademarks.

- **Participation in international intellectual property agreements**

164. The representative of Armenia stated that on 22 April 1993, Armenia became a Member of the World Intellectual Property Organization (WIPO). On 17 May 1994, Armenia also deposited a declaration of continued application of the Paris Convention for the Protection of Industrial Property, the Madrid Agreement Concerning the International Registration of Marks and the Patent Cooperation

Treaty. On 27 February 1996 Armenia became a Member of the Eurasian Patent Organization. The National Assembly of the Republic of Armenia ratified the Protocol relating to the Madrid Agreement concerning the International Registration of Marks on 5 April 2000 and the Berne Convention for the Protection of Literary and Artistic Works on 3 May 2000. Draft legislation concerning Armenia's accession to the Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations and the Geneva Convention for the Protection of Producers of Phonograms Against Unauthorized Duplication of their Phonograms recently passed its first reading in the National Assembly of the Republic of Armenia.

- **Application of national and MFN treatment to foreign nationals**

165. Some members of the Working Party noted that although the representative of Armenia had stated that foreigners enjoyed national treatment in both civil and criminal procedures before the courts, its replies to questions concerning administrative review proceedings, dealing with the powers of judicial branches of government, suggested that the jurisdiction of economic courts was not available to foreigners from outside the CIS. In response, the representative of Armenia stated that all persons enjoyed equal rights under the law, for example, the Law on Patents provided that all foreigners enjoy the same rights as nationals of Armenia in relation to all patent matters, including protection of patents and legal remedies against infringement. The Law on Trade and Service Marks and Appellations of Origin of Goods, and the Law on Trade Names similarly envisage full national and MFN treatment for foreigners. This was also the case with respect to the Law on Copyright, and any future laws and regulations adopted in the sphere of intellectual property protection.

- **Fees and taxes**

166. The representative of Armenia stated that fees were payable upon filing of an application and granting of a patent. Similar arrangements were in place for trademarks and service marks. All fees were set so as to be limited in amount to the approximate cost of services rendered, and the granting and protection of intellectual property rights was not subject to taxation, as any fee was collected on behalf of the budget. The fees for legal protection of Industrial property, established by the Law on State Duty of the Republic of Armenia, were identical for resident Armenians and non-residents.

- **Substantive standards of protection, including procedures for the acquisition and maintenance of intellectual property rights**

  - **Copyright protection**

167. The representative of Armenia stated that the National Copyright Agency was established in 1993. More than 2,000 authors and their artworks were registered with the Agency. In the framework of its activities the Agency also registered those organizations which made use of artworks, such as theatres, concert organizations, or organizations using works of arts and crafts for industrial purposes. Copyright policy implementation was the responsibility of the National Copyright Agency, which registered copyrights, assisted individuals to secure copyrights, provided advisory services, and collected and paid royalties due to authors and their successors in title. From March of 2002 the National Copyright Agency operated within the Armenian Intellectual Property Agency.

168. The representative of Armenia added that in accordance with the Law on Copyright and Related Rights, which was adopted by the National Assembly in May 1996, the National Copyright Agency provided protection for copyrights in the territory of Armenia. The new Law on Copyright and Related Rights had been elaborated in accordance with the provisions of the Bern Convention on the Protection of Works of Art and Literature and entered into force on 20 January 2000. It provided protection for the property rights of computer programs and compilations of data, as well as for related rights, i.e., the rights of phonogram and videogram producers and broadcasting and television stations, as protection of pre-existing copyrighted works and sound recording national treatment protection for works and sound recording.

  - **Trademarks, including service marks**

169. The representative of Armenia informed the Working Party that in May 1997, the Armenian National Assembly adopted the Law on Trade and Service Marks and Appellations of Origin of Goods and the Law on Trade Names which came into force in July 1997. As mentioned earlier, a distinctive feature of the first of these Laws was the legal equality established between trademarks and service marks. The Law set out the terms and conditions of trademark protection, the kinds of trademarks that may not be registered, the procedures for registering trademarks, the rights of appeal against decisions relating to trademarks, the circumstances in which trademarks may be used, and the documentary requirements for registering a trademark. Trademark protection was granted for 10 years, renewable for successive periods of 10 years. He stated that in his view, the provisions of the Law were in full conformity with Articles 15, 16.1 and 17–21 of the TRIPS Agreement. In response to further questions, the representative of Armenia stated that as regards the provisions of Articles

16.2 and 16.3 of the TRIPS Agreement concerning well-known trade and service marks, these were also taken into account in the Law on Trade and Service Marks and Appellations of Origin of Goods (unlike the former Resolution No. 4 of 19 August 1995), and they were fully reflected in the new Law on Trademarks, Service Marks and Appellations of Origin of the Goods which had entered into force on 15 April 2000.

- **Geographical indications, including appellations of origin**

170. Some members of the Working Party asked how Armenia would protect geographical indications under the Law on Trade and Service Marks and Appellations of Origin of Goods, and whether that legislation would be in conformity with Articles 22 to 24 of the TRIPS Agreement. The representative of Armenia stated that although geographical indications had not explicitly mentioned in Resolution No 4 of 19 August 1995, nor in the former Law on Trade and Service Marks and Appellations of Origin of Goods of 1997, Articles 22 to 24 of the TRIPS Agreement were now fully reflected in the Law on Trademarks, Service Marks and Appellations of Origin of Goods of 15 April 2000. The relevant provisions in that Law had been developed in compliance with the provisions of the Paris Convention (Articles 1(2), 10, 10*ter*, 10*bis*, 6*quinquies* B.3), the Madrid Agreement on the Repression of False or Deceptive Indications of Source on Goods (Articles 1(1), 1(2)), and the Lisbon Agreement for the Protection of Appellations of Origin and their International Registration (Articles 2(1), 2(2), 3, 6).

- **Industrial designs**

171. The representative of Armenia stated that industrial designs were protected by the Law on Patents of 1993. In particular, the articles of the Law which established the necessary conditions for patentability of industrial designs, were consistent with Articles 25 and 26 of the TRIPS Agreement. In response to requests for information concerning the specific protection for textile designs provided for in Article 25(2) of the TRIPS Agreement, the representative of Armenia stated that although textile designs were not explicitly mentioned in Article 8 of the Law on Patents of 1993 (Article 6 of the new Law on Patents of 1999), they were nevertheless covered under that provision. There was also a similar reference in Article 1.1.3 of the Rules of Drawing Up, Filing and Consideration of Applications for Industrial Design adopted on 31 August 2000.

- **Patents**

172. The representative of Armenia said that the owner of a title deed (title of protection patent or certificate) for invention or industrial design granted by the Patent Office of the Soviet Union, and

which was still current, could file with the Armenian Patent Office for an Armenian patent at any time during the validity period of the exclusive rights (20 years after the initial filing). In the ten-year period to 1990, residents of Armenia registered 6,000 inventions with the Patent Office of the Soviet Union. The Law on Patents specified the nature of patentable subject matter, the conditions for patentability, the rights of patent holders, the conditions of compulsory licensing, the procedures for granting patents, and dispute settlement.

173. The representative of Armenia stated that the Law on Patents was adopted in August 1993. Under the law, patents were granted for inventions, utility models and industrial designs. The term of patents for inventions was 10 years for preliminary patents, which were granted on the basis of a preliminary examination of the invention, and 20 years when the patent was granted on the basis of a substantive examination (principal patent). These periods were counted from the date of filing. Patents for inventions were granted subject to requirements that the object of the patent was new, involves an inventive step and was capable of industrial application, and that no conflict arose with respect to public order and security, good morals and law.

174. He further added that the patent application was subject to formal examination which was required to be carried out within two months from the filing date. If the application satisfied the formal requirements, it was laid open to public inspection for a period of four months from a date of publication, after which a preliminary patent could be granted. A principal patent was granted depending on the results of substantive examination, which was carried out upon request of the applicant or any other interested party. The request was required to be filed within seven years of the date of filing of the patent application. The request for substantive examination could be submitted within one year after the expiration of the said seven-year period, providing the person requesting review paid an additional fee.

175. Some members of the Working Party asked whether Armenia's Law on Patents was in full conformity with Articles 27 to 34 of the TRIPS Agreement, and requested further information on the conformity of Armenia's system of compulsory licensing. In response, the representative of Armenia said that in the interest of national security and in the public interests or in situations of emergency in the Republic of Armenia, as well as in instances of public non-commercial use, the Government of the Republic of Armenia was empowered to use or authorize third parties to use an invention, utility model or industrial design without the consent of the patent owner (compulsory licence), provided the patent owner was notified within 10 days and paid adequate remuneration taking into account the circumstances of each case and the economic value of such authorization.

176. The representative of Armenia stated that the new Law on Patents was in conformity with Articles 27 to 34 of the TRIPS Agreement, and amendments concerning compulsory licensing were adopted on 26 November 1999.

- **Plant variety protection**

177. Some members of the Working Party asked Armenia would ensure protection of plant varieties. The representative of Armenia stated that the Law on Selection Achievements, ensuring the *sui generis* protection of plant varieties was adopted on 22 December 1999 and had entered into force on 27 December 2000.

- **Layout designs of integrated circuits**

178. In response to questions concerning the system for protection of layout designs of integrated circuits, the representative of Armenia stated that the Law on Protection of Layout Designs of Integrated Circuits had been adopted on 3 February 1998 and entered into force on 14 March 1998.

- **Requirements on undisclosed information, including trade secrets and test data**

179. In response to requests for information concerning the protection of trade secrets and undisclosed information in Armenia, notably in view of Article 39 of the TRIPS Agreement, the representative of Armenia stated that Armenia had incorporated provisions for the protection of trade secrets and undisclosed information in its Civil Code (Article 141 and Chapter 68). Legislation to cover the protection of undisclosed information in the form of the Law "On Protection of Economic Competition" covering both the regulation of unfair competition and protection of undisclosed information had entered into force on 15 December 2000. By this Law the Agency of Economic Competition was established. This Agency was also responsible for unfair competition.

- **Measures to control abuse of intellectual property rights**

180. In response to a question, the representative of Armenia stated that appropriate measures to prevent or control abuse of intellectual property rights were contained in the Law "On Protection of Economic Competition" that had entered into force on 15 December 2000.

181. The representative of Armenia also stated that, for the purpose of combating restraints on trade and abuses of intellectual property rights, compulsory licensing was provided for under the Law on Patents. Article 16 of the Law on Patents stated that if an invention, a utility model or an industrial design were not used or were insufficiently used within four years from the date of filing an

application or three years from the grant of patent, any person who, on the expiry of the mentioned term, wished to use the invention, utility model or industrial design, but had not succeeded in concluding a licence contract with the patent owner, could submit a request for a compulsory licence to the Government of the Republic of Armenia. In this event, the licence would be granted, provided that the patent owner did not furnish evidence stating valid reasons for not using or insufficiently using the invention, utility model or the industrial design. Any dispute in respect of compulsory licence granting and amounts, order and terms of payments was required to be settled in the courts.

182. He further added that under the adopted Law on Trade and Service Marks and Appellations of Origin of the Goods, at the request of any person trademark protection could be nullified by a court decision, if a trademark has not been used within five years of the date of registration or preceding the date of request for nullification. A trademark owner has the right to defend the non-use of a trademark, and block a decision to remove the property right if the reasons for not using the trademark were beyond the control of the owner.

- **Enforcement**

  - **Civil judicial procedures and remedies**

183. The representative of Armenia stated that civil court procedures were always available to deal with legal matters relating to intellectual property protection. The courts were empowered to order the payment of damages and court expenses. Other remedies envisioned in the TRIPS Agreement were also within the decision-making authority of Armenian courts. In response to questions concerning foreigners' rights to enforce intellectual property rights, and whether the remedies, procedures and penalties were in conformity with Articles 42 to 49 of the TRIPS Agreement, the representative of Armenia stated that the civil courts in Armenia were fully empowered to provide the remedies referred to in the above mentioned Articles of the TRIPS Agreement. Civil remedies could not be ordered as a result of administrative procedures. Foreigners enjoyed the same rights as Armenian nationals in this area. Remedies against criminal behaviour were available under Armenia’s courts and penal system. Foreigners had the same access to those remedies as Armenian nationals. The Government was considering the amendment of existing legislation and introduction of additional legislation containing remedies that were framed in more specific terms for the enforcement of intellectual property rights. At a later stage, the representative of Armenia stated that the missing provisions were included in the Civil Procedure and Criminal Procedure Codes, which was adopted on 17 June 1998 and 1 July 1998 respectively and entered into force on 12 January 1999.

184. Some members of the Working Party asked whether Armenian judicial authorities had the authority to order injunctions or provisional measures against infringement of intellectual property rights, as provided for in Articles 44 and 50 of the TRIPS Agreement, and whether administrative authorities enjoyed similar authority. In response the representative of Armenia stated that the judicial authorities had the power to order injunctions or provisional measures. Articles 15, 16 and 22 of the new Law on Patents indicated the areas in which remedies may be sought through the courts in the area of patent protection. Article 46 of the new Law on Trade and Service Marks and Appellations of Origin of Goods, as well as Articles 42 to 44 of the Law on Copyright and Neighbouring Rights provided similar provisions in the case of trademarks, service marks, copyrights and related rights.

- **Provisional measures**

185. The representative of Armenia stated that the Courts of First Instance also had authority to take the provisional measures envisioned in Article 50 of the TRIPS Agreement.

- **Administrative procedures and remedies**

186. The representative of Armenia stated that civil remedies could not be ordered as a result of administrative procedures in Armenia.

- **Special border measures**

187. Some members asked whether Armenia had a system of border enforcement against intellectual property rights infringements in accordance with Articles 51 to 60 of the TRIPS Agreement. The representative of Armenia replied that judicial authorities were empowered to take the kinds of measures envisioned in Articles 51 to 60 of the TRIPS Agreement. At a later stage, the representative of Armenia stated that full conformity with the requirements of Articles 51 to 60 of the Agreement on TRIPS had been achieved with the enactment of Section 14 "Assistance of the Customs Bodies in the Protection of Intellectual Property Rights" of the Customs Code which entered into force on 1 January 2001.

- **Criminal procedures**

188. The representative of Armenia stated that Article 140 of the original Criminal Code provided that infringement of copyright, publication (disclosure) of an invention before the application filing, appropriation of invention’s authorship, as well as coercion or inclusion into collaboration of persons not participating in the creation of an invention, could be punished by imprisonment for a period of up to two years or by a fine in the amount of 10-20 times of the established minimal wage. Article

157 of the same Code stated that deception of purchasers and customers was punishable by imprisonment for a period of up to two years or by a fine not in the amount of 20-40 times of the established minimal wage. In addition, as mentioned above, the additional provisions included in the new Criminal Code, which entered into force on 12 January 1999. Those provisions achieved conformity with the provisions of Part III of the TRIPS Agreement.

- **Laws, decrees, regulations and other legal acts relating to the above.**

189. Some members of the Working Party stated that since 1992, Armenia had bilateral commitments for the protection of intellectual property rights. Those members stated that Armenia should accelerate its legislative process to ensure the full implementation of the TRIPS Agreement from the date of its accession to the WTO. In addition, some members of the Working Party requested clarification of the status of the draft Law on Trade Marks, Service Marks and Appellations of Origin of Goods in Parliament, and whether the legislation was in full conformity with Articles 15 to 21 of the Agreement on Trade-Related Aspects of Intellectual Property Rights.

190. In response, the representative of Armenia replied that on May 1997, the Armenian National Assembly adopted the Law on Trade and Service Marks and Appellations of Origin of Goods and the Law on Trade Names and that the recently amended versions of those Laws were in full conformity with Articles 15 to 21 of the TRIPS Agreement, including the rights specified in Article 16.

- **Statistical data on applications for and grants of intellectual property rights, as well as any statistical data on their enforcement**

191. In response to requests for information concerning the numbers of patent applications filed in Armenia, the representative of Armenia stated that during 1993-2001, 16,834 patent applications had been filed with the Patent Office. In 1,220 cases a decision for granting a patent was adopted, in 426 cases a patent was refused or the application was withdrawn, and 38 applications were under examination. During 1994-2001, 52 applications for obtaining industrial design patents were filed, 34 from foreigners, and 42 applicants were granted a patent. As regards trade and service marks and appellations of origin, after adoption of the Law on State Duty in September 1996, 7,088 applications passed the preliminary examination and 6,506 trade and service marks were registered by the Armenian Patent Office. During 1997-2001, 11 applications for appellations of origin had been filed with the Patent Office and seven appellations were registered. Under the new legislation more than 2,000 authors, theatre and concert organizations had concluded contracts with the National Copyright Agency.

192. The representative of Armenia stated that the Government of Armenia would apply the provisions of the Agreement on TRIPS no later than the date of its accession to the WTO, without recourse to any transitional periods. The Working Party took note of this commitment.

VI. TRADE-RELATED SERVICES REGIME

- General

193. In response to questions, the representative of Armenia informed members of the Working Party that Armenian laws and regulations, and the policy framework did not generally distinguish between trade in goods and trade in services. The rights to trade were enshrined in the Civil Code of the Republic of Armenia, implemented on 1 January 1999. All enterprises were required to be registered and the register was open to public scrutiny. Those requirements applied to all juridical persons, whether they were self-employed persons (individual entrepreneurs) or commercial organizations.

194. Armenia's Schedule of Specific Commitments in Services is reproduced in Part II of the Annex to the Protocol of Accession.

- Trade Agreements

195. Some members of the Working Party requested that Armenia provide detailed information on the range of Free and Barter Trade Agreements to which Armenia was a party. Other members requested information so that the Working Party could examine whether Armenia's plurilateral and bilateral Free Trade Agreements were consistent with Article XXIV of the GATT 1994.

196. In response to these requests, the representative of Armenia informed the Working Party that Armenia had developed a network of plurilateral and bilateral trade agreements with various countries. A number of the arrangements were short-term in nature, designed to respond to particular needs, other agreements were viewed as more durable, representing the Armenian Government's perception of the directions in which future trade relations should develop. As a member of the World Trade Organization, Armenia would keep its bilateral and regional trade agreements under review, not only to ensure legal consistency, but also to ensure the coherence of Armenia's trade relations with a broad multilateral framework.

- **Plurilateral or regional agreements**

197. In response to further requests for information on Armenia's trade regional trade agreements, the representative of Armenia stated that the Treaty of Economic Union was a framework agreement signed by nine Heads of State of the Commonwealth of Independent States (CIS) in 1993 (Azerbaijan, Armenia, Belarus, Kazakstan, Kyrgyz Republic, Moldova, Russia, Tadjikistan, and Uzbekistan). The treaty envisaged that signatories would move towards the establishment of a customs union and common market among CIS countries, however, each signatory might exercise its own discretion on the pace and timing of integration into economic structures of the CIS. Other economic and financial components of the CIS treaty related to a payments union, cooperation on investment, industrial cooperation, and an agreement on customs procedures. The treaty set out quite specific commitments in many of these areas (as well as on cultural, scientific, and defence matters). Because the treaty was essentially an evolving framework document, it did not "operationalize" these commitments. Instead, the specifics of preferential trading relationships were defined in bilateral free trade agreements and in clearing agreements.

198. Also in response to requests for further information, the representative of Armenia explained that Armenia was also a member of the Black Sea Economic Cooperation (BSEC) Organization, along with ten other countries (Albania, Azerbaijan, Bulgaria, Georgia, Greece, Moldova, Romania, Russia, Turkey and Ukraine). This agreement covered a number of fields, including economic cooperation and trade, investment, scientific and technical cooperation, the establishment of a BSEC Bank, and cooperation on transport and communications. The agreement did not make any provision for preferential trade, although it envisaged the possibility of free trade zones in the future. More generally, the organization seeks to cement relations among neighbouring countries through cooperation in such areas as transport, international payments and industrial development.

199. Some members asked whether Armenia had concluded an economic cooperation agreement with the European Union. The representative of Armenia confirmed that the Partnership and Cooperation Agreement between the European Union and Armenia had been signed on 22 April 1996, and entered into force on 1 July 1999. The Agreement did not provide for any trade preferences.

- **Bilateral free trade agreements and trade and economic cooperation agreements with CIS countries**

200. In response to questions of some members about Armenia's bilateral agreements with CIS countries, the representative of Armenia stated that bilateral free trade agreements (FTAs) had been signed with Belarus, Georgia, Kazakhstan, Kyrgyz Republic, Moldova, Russian Federation,

Tadjikistan, Turkmenistan and Ukraine. The bilateral free trade agreements had been ratified with the Russian Federation (1993), Kyrgyz Republic (1995), Turkmenistan (1995), Georgia (1996), Ukraine (1996), Kazakhstan (1999) and Belarus (2000) and became legally binding. When the free trade agreements were established and operationalized, tariffs were set up at zero level, and non-tariff restrictions were eliminated. The representative of Armenia further responded that the FTAs had been an outgrowth of the trade and economic cooperation agreements that Armenia signed with CIS countries. Most of these early agreements were negotiated annually, they envisaged free trade and they included lists of products that the parties agreed to trade with one another. Particularly after 1992 product lists tended to become indicative with no prior agreement on prices, and the commitments were only partially fulfilled. From 1995 the practice of product commitments was eliminated. However, under the FTA with the Russia Federation, each party could exempt from duty free treatment any export items subject to quotas, licences and export taxes. Since Armenia did not maintain any export restrictions (other than those generally applicable for public security, health and safety reasons), there was nothing on Armenia's exception list under the free trade agreement. Russia maintained certain export restrictions which could be covered by the exception provisions of the FTA, but in practice, these often did not apply because of the trade and economic cooperation agreements that Armenia also signed annually with Russia. No other exceptions to duty-free treatment for imports were contemplated in the Russian-Armenian free trade agreement. Within the period after signing of a bilateral Free Trade Agreement with Armenia (1992-1997), the Russia Federation had substantially liberalized its foreign trade (removed quotas, export taxes etc.). Its legislation on tariff and non-tariff regulation of exports did not provide for a list of specific products. This ensured the conformity of the FTA between Armenia and the Russian Federation with the WTO rules on free trade. The bilateral protocol, signed on 28 August 1997, confirmed the fact that substantial deviations from the free trade regime between Armenia and Russia were eliminated. There were no exemptions from duty free treatment in the ratified bilateral agreements with Turkmenistan, Ukraine, Kyrgyz Republic and Georgia.

- **Bilateral clearing arrangements**

201. In response to requests for information in relation to Armenia's barter trade agreements with other countries, the representative of Armenia stated that barter was the essence of the remaining clearing arrangements maintained by Armenia. Barter arrangements had been The Government was committed to eliminating barter arrangements as soon as practicable and recognized that its role as trader or as intermediary in trade inhibited the establishment of independent networks and contacts with foreign buyers by enterprises which was an essential determinant for exporting success.

202. In response to requests for amount of trade flows arising from barter trade agreements, the representative of Armenia said that the 1993 clearing arrangements involved 74 per cent of total exports and 56 per cent of total imports. The respective figures in 1994 were 46 per cent for exports and 29 per cent for imports. As far as transport and payments problems were being settled, the importance of barter trade gradually decreased and by late 1995 deliveries under the clearing arrangements were abandoned in practice. In response to later requests for information on existing barter trade arrangements the representative of Armenia stated that in 1996 the Government announced its intention to cease barter trade, and none of the former barter arrangements was recommenced. The Government of Armenia did not envisage conducting barter or clearing settlements in the future.

- **Bilateral trade and cooperation agreements**

203. The representative of Armenia also stated that trade and cooperation agreements had also been signed with many non-CIS countries, including Argentina, Austria, Bulgaria, Canada, China, Cyprus, European Union, Hungary, India, Iran, Lebanon, Lithuania, Poland, Romania, Syria, Switzerland, Slovenia, Slovak Republic, the United States and Vietnam. The possibility of such agreements with a number of other countries was under active consideration. Those agreements sought to strengthen economic links, but did not contain any provisions for preferential trade.

- **Other non-trade bilateral agreements**

204. The representative of Armenia noted that Armenia had also signed a series of other agreements on investment and on customs relations. The reciprocal investment promotion and protection agreements sought to encourage investment between the parties, primarily by guaranteeing national and more favourable treatment, non-expropriation (expropriation, an extremely rare measure, could be executed only due to public needs, upon providing preliminary adequate and effective compensation for the expropriated investments), and unrestricted transfers of investment funds and returns from the investments, implementation of international arbitration practices in the case of disputes between parties, as well providing guarantees against legislative changes.

205. He further noted that investment agreements had been signed with 26 governments: Argentina, Austria, Belarus, Belgium-Luxembourg, Bulgaria, Canada, China, Cyprus Egypt, France, Georgia, Germany, Greece, Iran, Israel, Switzerland, Italy, Kyrgyz Republic, Lebanon, Romania, Russian Federation, Chinese Taipei, Turkmenistan, Ukraine, the United Kingdom, the United States and Vietnam. Agreements on customs relations were intended to ensure cooperation and smooth

working relations between the customs services of the signatories. Such agreements had also been signed with Georgia, Iran, Tadjikistan, Turkmenistan and Ukraine.

206. In response to further requests for clarification of the compatibility of Armenia's free trade agreements with the CIS States with Article XXIV of the GATT 1994, the representative of Armenia stated that within the framework of the 1994 Free-Trade Agreement among the countries of the Commonwealth of Independent States (CIS), Armenia's plurilateral and bilateral free-trade agreements eliminated duties and other restrictive regulations on substantially all trade between the parties. Armenia considered that these arrangements were consistent with Article XXIV of GATT 1994. He noted that at present Armenia did not conduct trade with all CIS countries, but in respect of those countries with which Armenia did trade, Armenia imposed no taxes nor barriers on its imports and exports of goods. These agreements did not cover trade in services.

207. The representative of Armenia confirmed that Armenia would observe the provisions of the WTO Agreement including Article XXIV of the GATT 1994 and Article V of the GATS in its trade agreements, and that it would ensure that the provisions of these WTO Agreement for notification, consultation, and other requirements concerning preferential trading systems, free trade areas, and customs unions of which Armenia was a member were met from the date of accession. He confirmed that Armenia would, upon accession, submit notifications and copies of its free-trade area and customs union agreements to the Committee on Regional Trade Agreements (CRTA). He further confirmed that any legislation or regulations required to be altered under its trade agreements would remain consistent with the provisions of the WTO and would, in any case, be notified to the CRTA during its examination. The Working Party took note of these commitments.

- Plurilateral trade agreements

208. The representative of Armenia informed the Working Party that the Government of Armenia would join the Agreement on Trade in Civil Aircraft reflecting corresponding tariff commitments in its Schedule of Concessions on Trade in Goods. The Working Party took note of these commitments.

- Transparency - Publication of Information

209. Some members of the Working Party requested that the Government of Armenia confirm that from the date of accession, all laws, regulations, rulings, decrees or other measures related to trade in goods or services would be published in its official publication for public review at least two weeks prior to implementation, unless a longer period was specified under the relevant WTO Agreement.

210. The representative of Armenia confirmed that, from the date of accession, all laws, regulations, rulings, decrees or other measures related to trade in goods or services would be published in its official publication for public review at least two weeks prior to implementation, unless a longer period was specified under the relevant WTO Agreement, and that no law, rule, etc., related to trade in goods and services would become effective prior to such publication. He further stated that Armenia would fully implement Article X of the GATT 1994, and Article III of the GATS and the other transparency requirements of WTO Agreements requiring notification and publication. The Working Party took note of these commitments.

Notifications

211. The representative of Armenia said that by Decree No. 321 of the Government of the Republic of Armenia of 17 June 2000 the "WTO Notification Agency in the Republic of Armenia" had been established and was now operational. The internet address was www.wtonc.am, and contact information for the Agency was as follows: email: wtonc@wtonc.am, fax no. (374 1) 543 983, tel. no. (374 1) 543 981 and 543 982.

212. The representative of Armenia said that at the latest upon entry into force of the Protocol of Accession, Armenia would submit all initial notifications required by an Agreement constituting part of the WTO Agreement. Any regulations subsequently enacted by Armenia which gave effect to laws enacted to implement any Agreement constituting part of the WTO Agreement would also conform to the requirements of that Agreement. The Working Party took note of these commitments.

Conclusions

213. The Working Party took note of the explanations and statements of Armenia concerning its foreign trade regime, as reflected in this report. The Working Party took note of the commitments given by Armenia in relation to certain specific matters, which are reproduced in paragraphs [23, 29, 34, 36, 37, 47, 53, 54, 61, 62, 71, 82, 83, 93, 98, 100, 102, 108, 111, 115, 130, 131, 138, 139, 143, 145, 148, 151, 154, [155], 157, [158], 162, 192, 207, 208, 210, 212] of this Report. The Working Party took note that these commitments had been incorporated in paragraph 2 of the Protocol of Accession of Armenia to the WTO.

214. Having carried out the examination of the foreign trade regime of Armenia and in the light of the explanations, commitments and concessions made by the representatives of Armenia, the Working Party reached the conclusion that, Armenia should be invited to accede to the Agreement Establishing the WTO pursuant to the provisions of Article XII. For this purpose the Working Party has prepared

the draft Decision and Protocol of Accession reproduced in the Appendix to this report, and takes note of Armenia's Schedule of Specific Commitments on Services (document ...) and its Schedules of Concessions and Commitments on Agriculture and Goods (document ...) that are attached to the Protocol of Accession. It is proposed that these texts be approved by the General Council when it adopts the Report. When the Decision is adopted, the Protocol of Accession would be open for acceptance by Armenia, which would become a Member thirty days after it accepts the said Protocol. The Working Party agreed, therefore, that it had completed its work concerning the negotiations for the accession of Armenia to the Agreement Establishing the WTO.

[to be completed]

ANNEX I

The List of Products Subject to Mandatory Conformity Assessment approved by the Decree No. 239 of the Government of Armenia of 12 May, with Amendments Approved by Decree No. 110 of 17 February 2001, Decree No. 297 of 12 April 2001 and Decree No. 825 of 6 September 2001.

Description	CN code
Meat of bovine animals, frozen.	0202
Meat of swine, frozen	020321-020329
Edible offal of bovine animals and swine, frozen	020621 000, 020622, 020641
Meat and edible offal of poultry, frozen	020712, 020714, 020725, 020727, 020733, 020736
Pig fat	020900 110
Meat and edible meat offal, salted, in brine, dried or smoked	0210
Fish, fish meat, frozen, dried, salted, smoked	0303, 030420, 0305
Milk and milk products	0401, 0402, 040310, 040510, 040590, 0406
Birds' eggs	040700
Natural honey	040900 000
Peas, chickpeas, lentils	0713-071340
Bananas, dates, pineapples, dried grapes, melons, dried fruit	080300, 080410 000, 080430 000, 0805, 080620, 0807, 0813
Coffee, tea	0901, 0902
Rice	1006
Cereal flours	110100, 1103
Soya-bean, olive, sunflower-seed, maize oil	150710 900, 150990 000, 151219 910, 151529 900
Animals and Vegetable fats and oils, margarine	1516, 1517
Preparations of meat, fish or crustaceans, molluscs and other aquatic invertebrates	1601-1605
Sugar, sugar confectionery	1701, 170290, 1703, 1704
Cocoa, preparations containing cocoa	180500 000, 1806
Infant food	190 110 000
Preparations of cereals, flour, starch and milk, pastry cooks' products	1902-1905 (ex. 190590 300)
Preparations of vegetables, fruit, nuts or other parts of plants	2001-2009
Miscellaneous edible preparations, yeast, ice-cream, cheese fondues	2101-2105, 210690 100
Beverages, spirits and vinegar	2201-2209
Tobacco and manufactured tobacco substitutes	2401-2403
Table salt	250 100 910
Natural sands of all kinds, whether or not coloured	2505
Road-metal used for concrete	251 710 100
Portland cement, not coloured and pozzolanic	252321 000, 252390 300
Oil products	2707, 2710, 2711
Fertilizers	3102-3105
Paints	3208, 3209
Perfumes, beauty or make-up preparations and preparations for use on the hair, preparations for oral hygiene, shaving, deodorants and antiperspirants	3303-3306, 330710 000, 330720 000
Soap, washing and cleaning preparations	3401, 3402 20, 3402 90
Modelling pastes, preparations for use in dentistry	340 700 000
Photographic plates for medical X-ray use	370 110 100
Hydraulic brake, anti-freezing fluids and their components	381900 000, 382000 000

Description	CN code
Articles of plastics for the conveyance, packing, tableware and kitchenware	392310-392330, 392410 000
Pneumatic tires of a kind used on motor cars, lorries and buses	401110 000, 401120
Retreated or used pneumatic tires	4012
Contraceptives, teats for babies	401410 000, 401490 100
Surgical gloves	401 511 000
Household and sanitary articles of paper, cellulose wadding or webs of cellulose fibres, cotton	481810, 481820, 481840, 560110
Men's, women's and children's pyjamas, underpants, knitted or crocheted	6107-6109, 6207, 6208
Babies' garments, knitted or crocheted	6111, 6209
Brassieres, girdles, corsets and similar articles	6212
Bars, hot-rolled, in irregularly wound coils, of iron or non-alloy steel, of circular cross-section measuring less than 14 mm in diameter, for reinforced concrete	721 391 100
Bars and rods, hot-rolled, for reinforced concrete	721 499 100
Electrodes and cored wire of base metal, for electric arc-welding	831110 900, 831120 000
Electro-mechanical domestic appliances	8509 (ex. 850990)
Electro-shavers, hair clippers	851010 000, 851020 000
Domestic electric heating apparatus, water heaters, immersion heaters	8516 (ex. 851680, 851690)
Line telephone sets with cordless handsets	8517 11 000
-Telephonic or telegraphic switching apparatus	8517 30 000
Other apparatus, for carrier-current line systems or for digital line systems	8517 50
Parts 0f apparatus for carrier-current line systems of subheading 8517 50 100	851790
Transmitting or receiving apparatus for radiotelephone, radiotelegraph communication, radio and television	8525 10 900; 8525 20 910; 8525 20 990
Aerials and aerial reflectors of all kinds; parts suitable for use therewith	8529 10 (8529 10 100; 8529 10 400; 8529 10 500)
Electric signalling apparatus for burglar or fire alarms	853 110 300
Electric apparatus for switching, protecting electric circuits, for making connections to or in electric circuits	853620 100, 853641, 853650, (ex. 8536 50 900) 853661, 853669, 853690
Electric lamps	853922, 853931
Electric cables and wires	8544 20 000, 8544 41 100, 8544 49 200, 854 459 800, 8544 70 000
Syringes of plastics, with or without needles	901 831 100
Revolvers and pistols, other than those of heading No. 93.03 or 93.04	9302 00
Plain-barrel single-barrelled sporting and hunting guns	From 9303 20 800
Plain-barrel double-barrelled sporting and hunting guns	From 9303 20 800
Combined guns	From 9303 20 800
Rifled sporting and hunting gun	From 93 03 30 000
Gas pistols and revolvers using cartridges charged with tear or stimulant substances	From 9303 90 000
Signal flares and other devises for lunching of signal flares	From 9303 90 000
Aerosol devises (gas cylinders), sprayers charged with tear or stimulant substances	From 9304 00 000
Pneumatic and gas arms, as well as spring arms	From 9304 00 000
Cartridges for riveting or similar tools or for captive-bolt humane killers and parts thereof	From 9306 10 000

Description	CN code
Cartridges	From 9306 21 000
Shot cartridge cases	From 9306 29 400
Bullets for pneumatic arms	From 9306 29 700
Wads for cartridges for hunting and sporting arms	From 9306 29 700
Little bullets, shot and grape-shot	From 9306 29 700 From 9306 30 100 From 9306 30 980
Bullets for cartridges for rifled and plain- barrel arms	From 9306 29 700 From 9306 30 100 From 9306 30 300 From 9306 30 980
Cartridges for gas pistols and revolvers	From 9306 30 910 From 9306 30 930
Cartridges and rockets for signal arms	From 9306 30 910 From 9306 30 930
Swords, cutlasses, bayonets, lances and similar arms and parts thereof and scabbards and sheaths therefore	9307 00 000
metal prefabricated building structures (reinforced preparations, bush parts welded on, their connections for ferro-concrete structures)	940 600 390
prefabricated building ferro-concrete structures (logs for coverings and anvils, posts, slide-valves, farms)	94 06 00 900
Toys	9502, 9503 (ex. 950291 000, 950299 000)
Gas fuelled	961 310 000

APPENDIX

[DRAFT DECISION

ACCESSION OF ARMENIA

Decision of […]

The General Council

Having regard to paragraph 2 of Article XII and paragraph 1 of Article IX of the Marrakesh Agreement Establishing the World Trade Organization (the "WTO Agreement"), and the Decision-Making Procedures under Articles IX and XII of the WTO Agreement agreed by the General Council (WT/L/93);

Conducting the functions of the Ministerial Conference in the interval between meetings pursuant to paragraph 2 of Article IV of the WTO Agreement;

Noting the results of the negotiations directed toward the establishment of the terms of accession of Armenia to the WTO Agreement and having prepared a Protocol on the Accession of Armenia;

Decides as follows:

1. Armenia may accede to the WTO Agreement on the terms and conditions set out in the Protocol annexed to this Decision.

DRAFT PROTOCOL

ON THE ACCESSION OF ARMENIA

Preamble

The World Trade Organization (hereinafter referred to as the "WTO"), pursuant to the approval of the General Council of the WTO accorded under Article XII of the Marrakesh Agreement Establishing the World Trade Organization (hereinafter referred to as the "WTO Agreement"), and Armenia,

Taking note of the Report of the Working Party on the Accession of Armenia to the WTO Agreement reproduced in document WT/ACC/ARM…, dated […] (hereinafter referred to as the "Working Party Report"),

Having regard to the results of the negotiations on the accession of Armenia to the WTO Agreement,

Agree as follows:

PART I - GENERAL

1. Upon entry into force of this Protocol pursuant to paragraph 8, Armenia accedes to the WTO Agreement pursuant to Article XII of that Agreement and thereby becomes a Member of the WTO.

2. The WTO Agreement to which Armenia accedes shall be the WTO Agreement, including the Explanatory Notes to that Agreement, as rectified, amended or otherwise modified by such legal instruments as may have entered into force before the date of entry into force of this Protocol. This Protocol, which shall include the commitments referred to in paragraph […] of the Working Party Report, shall be an integral part of the WTO Agreement.

3. Except as otherwise provided for in paragraph […] of the Working Party Report, those obligations in the Multilateral Trade Agreements annexed to the WTO Agreement that are to be implemented over a period of time starting with the entry into force of that Agreement shall be implemented by Armenia as if it had accepted that Agreement on the date of its entry into force.

4. Armenia may maintain a measure inconsistent with paragraph 1 of Article II of the GATS provided that such a measure was recorded in the list of Article II Exemptions annexed to this Protocol and meets the conditions of the Annex to the GATS on Article II Exemptions.

PART II - SCHEDULES

5. The Schedules reproduced in Annex I to this Protocol shall become the Schedule of Concessions and Commitments annexed to the General Agreement on Tariffs and Trade 1994 (hereinafter referred to as the "GATT 1994") and the Schedule of Specific Commitments annexed to the General Agreement on Trade in Services (hereinafter referred to as "GATS") relating to Armenia. The staging of the concessions and commitments listed in the Schedules shall be implemented as specified in the relevant parts of the respective Schedules.

6. For the purpose of the reference in paragraph 6(a) of Article II of the GATT 1994 to the date of that Agreement, the applicable date in respect of the Schedules of Concessions and Commitments annexed to this Protocol shall be the date of entry into force of this Protocol.

PART III - FINAL PROVISIONS

7. This Protocol shall be open for acceptance, by signature or otherwise, by Armenia until […].

8. This Protocol shall enter into force on the thirtieth day following the day upon which it shall have been accepted by Armenia.

9. This Protocol shall be deposited with the Director-General of the WTO. The Director-General of the WTO shall promptly furnish a certified copy of this Protocol and a notification of acceptance by Armenia thereto pursuant to paragraph 9 to each Member of the WTO and to Armenia.

This Protocol shall be registered in accordance with the provisions of Article 102 of the Charter of the United Nations.

Done at […] this […] day of […] in a single copy in the English, French and Spanish languages, each text being authentic, except that a Schedule annexed hereto may specify that it is authentic in only one of these languages.

ANNEX I

SCHEDULE […] – ARMENIA

Authentic only in the … language.

(Circulated in document WT/ACC/ARM/…/Add.1)

SCHEDULE OF SPECIFIC COMMITMENTS ON SERVICES
LIST OF ARTICLE II EXEMPTIONS

Authentic only in the … language.

(Circulated in document WT/ACC/ARM/…/Add.2)]
