

**REPLIES TO QUESTIONNAIRE ON IMPORT LICENSING PROCEDURES<sup>1</sup>**

Notification under Article 7.3 of the Agreement on Import Licensing Procedures

ARMENIA

The following communication, dated 29 September 2008, is being circulated at the request of the Delegation of Armenia.

**I. GAS AND ELECTRICAL ENERGY**

**Outline of system**

1. Imports of natural gas and electrical energy are regulated by the Law "On Licensing" of the Republic of Armenia (hereinafter referred to as RA), the Law "On Energy" of the RA and the Public Services Regulatory Commission Decree No. 24 of 3 April, 2002 "On Approval of the temporary order of the licensing for import and export of natural gas and electrical energy in the power engineering sector of the Republic of Armenia".

**Purposes and coverage of licensing**

2. Imports of natural gas and electrical energy are subject to non-automatic licensing.
3. The system applies to goods originating in (intended for export) and coming from all countries.
4. The import licensing system is not intended to restrict the quantity of imports. The licensing purposes to protect the consumers' rights, to support the regulation of developing market relations, to increase the quality of products and services and to administer control over persons engaged in the types of activities that are potentially most risky as threatening to the life and health of individuals, property, state and public interests.
5. The licensing is statutorily required. The licensing is regulated by the Law "On Licensing" of RA, Law "On Energy" of RA and the Public Services Regulatory Commission Decree No. 24 of 3 April 2002 "On Approval of the temporary order of the licensing for import and export of natural gas and electrical energy in the power engineering sector of the Republic of Armenia". The legislation does not leave designation of products subject to licensing to administrative discretion. The government can not abolish the system without a legislative approval.

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<sup>1</sup> See document G/LIC/3, Annex, for the Questionnaire.

### **Procedures**

6. There are no quantitative restrictions.
7. (a) To obtain a licence an applicant shall submit the application and all necessary documents to the Public Services Regulatory Commission of the RA. The Commission shall consider the application and shall adopt a decision within 60 days from the date when all the required documents are submitted by an applicant. There is no time-limit for submitting an application.
  - (b) There are no circumstances under which a licence can be granted immediately on request.
  - (c) There are no limitations as to the period of the year during which an application for a licence and/or importation may be made.
  - (d) Only the Public Services Regulatory Commission of the RA shall consider the application for a licence and adopt a final decision.
8. The application for a licence shall be refused if:
  - (a) An applicant is adjudicated a bankrupt or insolvent;
  - (b) The specifications set out in the application do not comply with the technical requirements operating in the RA;
  - (c) In case of issue of a licence the right of another licence holder is limited;
  - (d) An applicant does not submit the required additional information or documents or the additional decision of the commission of experts, the absence of which do not permit to continue the consideration of the application;
  - (e) Documents or information submitted by an applicant are defective, obviously false or distorted and do not comply with the legislation of RA;
  - (f) The import or export may result in security and safety distortions of the power system as well as the rise of the statutory prices of natural gas and electrical energy sold to consumers of RA.

The reasons and legal bases for the refusal to issue a licence are clearly laid down in the decision on the refusal of the application for a licence which is given to the applicant in the due manner. The decision on the refusal of the application may be appealed to a court according to the legislation of RA.

### **Eligibility of importers to apply for licence**

9. Only legal persons are eligible to apply for a licence.

### **Documentational and other requirements for application for licence**

10. The following information is required in an application:
  - (a) A copy of a charter;
  - (b) A copy of a state registration certificate;

- (c) Information about stockholders and their shares;
- (d) The financial statement of common nature of a firm (if available also the copies of the inspection acts made by other bodies and auditor's conclusion of a firm made up during last year);
- (e) Outline contract (agreement) on import concluded with a foreign dealer or memorandum of intentions about import or a final contract on import which will be considered to be in force from the point of obtaining an import licence;
- (f) The conclusion of the system operator about the possibility of realizing the proposed regimes of importation;
- (g) Financial guarantees according to the order established by the Commission;
- (h) A receipt of state duty payment in accordance with the Law "On State Duties" of the RA.

11. See point 10 above.

12. As provided by the Law "On State Duties" of RA AMD 10,000,000 (Armenian Dram) must be paid for a licence.

13. A legal person applying to the Commission for obtaining an import licence shall submit financial guarantees, by which the legal person or the guarantee are obligated to transfer the defined sum to the state budget of the RA as financial penalty, in case the legal person or the guarantee do not meet the requirements of the licence in the due manner. The amount of the financial guarantee for obtaining an import licence comprises 10 million Armenian Drams and it is guaranteed for the whole period of importation. In case of meeting the requirements set out in the licence, the Commission adopts a decision on reimbursement of the financial guarantee.

#### **Conditions of licensing**

14. Import licences are mainly granted according to the date specified in the contract of import concluded with a foreign dealer. In case of necessity of the extension of the validity period of a licence, the licence holder shall apply to the Commission at least 15 working days before the end date of the validity of a licence, designating the time required.

15. If licence holders breach the requirements of the Law "On Energy" of the RA, do not meet or fulfil inappropriately or violate the requirements of the legal acts of the Commission and of the licences, the Commission is eligible to commission with the elimination of the violations and apply the following penalties:

- Warning;
- Tariff reduction;
- Suspension of a licence operation;
- Deprivation of a licence.

16. Licences are not transferable between importers. A licence does not apply to the other legal persons jointly working with a licence holder, as well as to the legal persons established and acting by the participation of a licence holder.

17. No, there are no other conditions attached to the issue of a licence.

### **Other procedural requirements**

18. Administrative procedures are stipulated by the acquisition of the required documents for obtaining a licence designated in point 10 of this document.

19. Not applicable.

## **II. FIREWORKS AND DIAMONDS**

### **Outline of system**

1. Production, import or trade of fireworks materials and the trade, import, export and transportation of diamonds whether or not worked but mounted or set classified under HS nomenclature 710210000, 710221000, 710231000 are regulated by the Law “On licensing” of the Republic of Armenia. The licensing system is regulated by the Ministry of Finance.

### **Purposes and coverage of licensing**

2. Production, import or trade of fireworks materials and the trade, importation, export and transportation of diamonds whether or not worked but mounted or set classified under HS nomenclature 710210000, 710221000, 710231000 are subject to automatic licensing.

3. The system applies to goods originating in and coming from all countries.

4. The licensing of the aforementioned products is not intended to restrict the quantity or value of imports. The licensing purposes to protect the consumers’ rights, to support the regulation of developing market relations, to increase the quality of products and services.

5. The licensing is statutorily required. The licensing is regulated by the Law “On Licensing” of the Republic of Armenia. The government can not abolish the system without a legislative approval.

### **Procedures**

6. There are no quantitative restrictions.

7. (a) In accordance with our legislation the licence shall be granted in 3 days after submitting the application and all necessary documents to the Ministry of Finance of the Republic of Armenia.

(b) There are no circumstances under which a licence can be granted immediately on request.

(c) There are no limitations as to the period of the year during which an application for a licence and/or importation may be made.

(d) Only the Ministry of Finance of the Republic of Armenia shall consider the application for a licence.

8. The application for a licence shall be refused if:

(a) Documents submitted by an applicant are defective, obviously false or distorted;

(b) Submitted documents do not comply with the requirements of the Law “On Licensing” and the legislation of the Republic of Armenia;

- (c) The applying legal person, according to law and its charter, has no right to perform the requested type of activities subject to licensing;
- (d) The applying natural person has no right to perform the requested types of activities subject to licensing;
- (e) In other cases stipulated by laws or licensing procedures.

The reasons and legal bases for the refusal to issue a licence are clearly laid down in the decision on refusal of the application for a licence which is to be given to the applicant in the due manner. The decision on refusal of the application for a licence may be appealed to a court or higher authorities according to the legislation of the Republic of Armenia, within a month period following the day of receiving the respective refusal.

**Eligibility of importers to apply for licence**

9. All persons, firms and institutions are eligible to apply for a licence.

**Documentational and other requirements for application for licence**

10. The following information is required in an application:
- (a) For legal persons:
    - (i) The name and the organizational-legal form, location and place(s) of activity;
    - (ii) Type of activity subject to licensing which the applicant intends to perform.
  - (b) For an entrepreneur or natural person:
    - (i) The name and surname, residence and place(s) of activity;
    - (ii) Type of activity subject to licensing which the applicant intends to perform.

The following documents are required:

- (a) For legal persons:
    - (i) A copy of its charter;
    - (ii) A copy of a state registration certificate (with all copies);
    - (iii) A receipt of state duty payment in accordance with the Law "On State Duties" of the Republic of Armenia;
    - (iv) A copy of taxpayer's identification number;
  - (b) For entrepreneur or natural person:
    - (i) A copy of a state registration certificate of entrepreneur;
    - (ii) A receipt of state duty payment in accordance with the Law "On State Duties" of the Republic of Armenia;
    - (iii) Information about a taxpayer's identification number or number of a social card.
11. Not applicable.

12. As provided by the Law "On State Duties" of the Republic of Armenia the following amounts of duties must be paid: 1.000.000 AMD (Armenian Dram) for a licence for trade, importation, export and transportation of diamonds (whether or not worked but mounted or set); 50 000 AMD for a licence for production, import or trade of fireworks materials for legal persons and 10 000 AMD for a licence for production, import or trade of fireworks materials for entrepreneur or natural person.

13. There is no deposit or advance payment requirement associated with the issue of licences.

**Conditions of licensing**

14. The licences for production, import or trade of fireworks materials and the trade, importation, export and transportation of diamonds (whether or not worked but mounted or set) are granted without time limits.

15. There is no penalty for the non-utilization of a licence or a portion of it.

16. Licences are not transferable between other legal entities including importers.

17. No, there are no other conditions attached to the issue of a licence.

**Other procedural requirements**

18. Not applicable.

19. Not applicable.

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