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# STUDY ON REGULATIONS OF TRADE BETWEEN ARMENIA AND THE NETHERLANDS

**ARGUMENT Consulting Bureau**

## Report

Study on Regulations of Trade between Armenia and the  
Netherlands



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### Abbreviations and explanations

|      |                                                               |
|------|---------------------------------------------------------------|
| ACCI | ▶ Chamber of Commerce and Industry of the Republic of Armenia |
| AEO  | ▶ Authorised Economic Operator                                |
| AMD  | ▶ Armenian Dram                                               |
| ANIF | ▶ Armenian National Interests Fund                            |
| CEA  | ▶ Controlled Environment Agriculture                          |
| CEO  | ▶ Chief Executive Officer                                     |

|           |                                                                                      |
|-----------|--------------------------------------------------------------------------------------|
| CIS       | ▶ Commonwealth of Independent States                                                 |
| CITES     | ▶ Convention on International Trade in Endangered Species of Wild Fauna and Flora    |
| CNFEA     | ▶ Commodity Nomenclature of the Foreign Economic Activity of the EAEU                |
| DACCF     | ▶ Dutch Armenian Chamber of Commerce Foundation                                      |
| EAEU      | ▶ Eurasian Economic Union                                                            |
| EaP       | ▶ Eastern Partnership                                                                |
| EEC       | ▶ Eurasian Economic Commission                                                       |
| EPI       | ▶ Export Potential Indicator                                                         |
| EU        | ▶ European Union                                                                     |
| EUR       | ▶ Euro                                                                               |
| FMO       | ▶ Dutch Entrepreneurial Development Bank                                             |
| GCP       | ▶ Good Clinical Practice                                                             |
| GDP       | ▶ Good Distribution Practice                                                         |
| GLP       | ▶ Good Laboratory Practice                                                           |
| GMP       | ▶ Good Manufacturing Practice                                                        |
| GSP       | ▶ Generalized System of Preferences                                                  |
| GVP       | ▶ Good Pharmacovigilance Practice                                                    |
| HS        | ▶ Harmonized Commodity Description and Coding System                                 |
| ICT       | ▶ Information and Communications Technology                                          |
| IPPC      | ▶ International Plant Protection Convention                                          |
| IMF       | ▶ International Monetary Fund                                                        |
| IT        | ▶ Information Technology                                                             |
| ITC       | ▶ International Trade Centre                                                         |
| LLC       | ▶ Limited Liability Company                                                          |
| MFN       | ▶ Most Favoured Nation                                                               |
| n.e.s.    | ▶ Not Elsewhere Specified                                                            |
| NTM       | ▶ Non-Tariff Measure                                                                 |
| ODA       | ▶ Official Development Assistance                                                    |
| OIE       | ▶ The World Organisation for Animal Health (the Office International des Epizooties) |
| PDI       | ▶ Product Diversification Indicator                                                  |
| PPD       | ▶ Public-Private Dialogue                                                            |
| PPP       | ▶ Public-Private Partnership                                                         |
| RA        | ▶ Republic of Armenia                                                                |
| RVO       | ▶ The Netherlands Enterprise Agency                                                  |
| SME       | ▶ Small and Medium Enterprise                                                        |
| SPS       | ▶ Sanitary and Phytosanitary                                                         |
| TINL      | ▶ Trade and Innovate NL                                                              |
| TKI       | ▶ Top Sector Knowledge & Innovation framework                                        |
| UK        | ▶ United Kingdom                                                                     |
| UN        | ▶ United Nations                                                                     |
| UN/CEFACT | ▶ United Nations Centre for Trade Facilitation and Electronic Business               |
| UNCTAD    | ▶ United Nations Conference on Trade and Development                                 |
| U.S.      | ▶ United States of America                                                           |
| USD       | ▶ U.S. Dollar                                                                        |
| VAT       | ▶ Value Added Tax                                                                    |
| WTO       | ▶ World Trade Organisation                                                           |
| WUR       | ▶ Wageningen University & Research                                                   |

# 1 INTRODUCTION

## 1.1 BACKGROUND

Diplomatic relations between the Republic of Armenia (hereinafter referred to as RA) and the Kingdom of the Netherlands were established on 30 January 1992. On this day, the parties exchanged notes on the establishment of diplomatic relations. According to the Ministry of Foreign Affairs of Armenia, Armenia and the Netherlands have signed five agreements and eight memoranda on cooperation and implementation of programs in various fields during the 30 years of cooperation. The two countries cooperate in a number of areas, including international cooperation, economics, democracy and human rights.

In 2020 the Embassy of the Kingdom of Netherlands was opened in the Republic of Armenia with a sustainable trade and investment mandate. A specific and very important part in this mandate is to respond to the Dutch businesses requests related trade issues, mainly opportunities and gaps. Analysis of the foreign trade framework of Armenia is important for the achievement of this objective.

Globalization is one of the most defining aspects in the current climate of the world economy. With around one-fourth of total global production being exported, success in foreign markets has become vital to the long-term development of a country economy. Understanding this transformative process is imperative for stable indicators of a healthy economy, growing quality-of-life, and a firm positioning in the international market.

Being a land-locked country, the government of Armenia widely recognizes the importance of exports as a growth driver, which is reflected in government past and present programmes and strategies. For example, the Government Programme 2021-2026 puts emphasis on promoting exports and diversifying export markets. This is to be achieved by expanding export insurance toolkit, developing trade and economic cooperation with the Eurasian Economic Union (hereinafter referred to as EAEU), implementing the provisions and arrangements for trade-related issues in the Armenia-EU Comprehensive Extended Partnership Agreement, promoting bilateral and multilateral cooperation within the framework of the EU Eastern Partnership, expanding and deepening cooperation with the World Trade Organization (WTO).

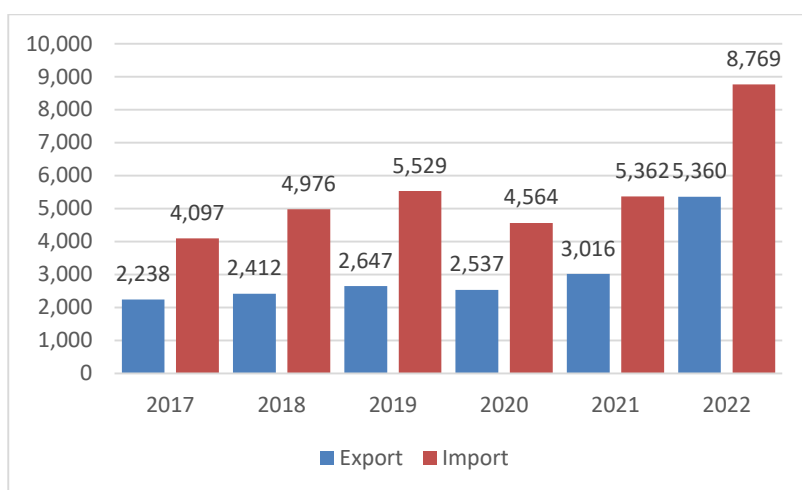
However, trade relating strategies or governmental wishes will not increase the growth per se. There is a need to analyse trade related regulations, identify bottlenecks, that hinder establishment of effective trade relations and improve trade regulations.

According to United Nations Conference on Trade and Development (UNCTAD), 677 non-tariff measures (NTM) are applied on the foreign trade of Armenian in 2023 compared to 673 in 2019. These are policy measures - other than ordinary customs tariffs - that can “potentially have an economic effect on international trade in goods, changing quantities traded, or prices or both” (UNCTAD, 2012). NTMs include a wide range of public policies, such as technical regulations, pre-shipment inspections, quantitative restrictions, price control measures, etc. imposed on imports and exports of goods. These measures not only affect the foreign trade, but have impact on local production and investment generation as well. In this report we will try to present these measures as much as possible. The measures, which are not presented in detail, are listed in the annexes of the report.

### 1.1.1 Foreign Trade of Armenia

In 2022, Armenia registered a trade to GDP ratio of 79%<sup>1</sup>, and merchandise trade accounted for 66.1% of Armenia's total trade. From 2017-2022, Armenia's merchandise exports grew by 21% on average and merchandise imports increased by 17% on average. Armenia reported strong results regarding the external trade in 2022. In 2022 the volume of the external trade expanded by 68.6% achieving to USD 14.1bln. During the same period, exports increased by 77.7% (USD 5.4bln) compared to 2021, while imports increased by 63.5% (USD 8.8bln.) Consequently, the foreign trade deficit widened by USD 1.6bln compared to 2021 rounding to USD 3.4bln. The foreign trade increase was several times higher than in Asia-Pacific region, where annual growth of export and import were forecasted to be 3% and 0.3% respectively.

**Figure 1. Dynamics of external trade of Armenia in 2017-2022, thousand USD**

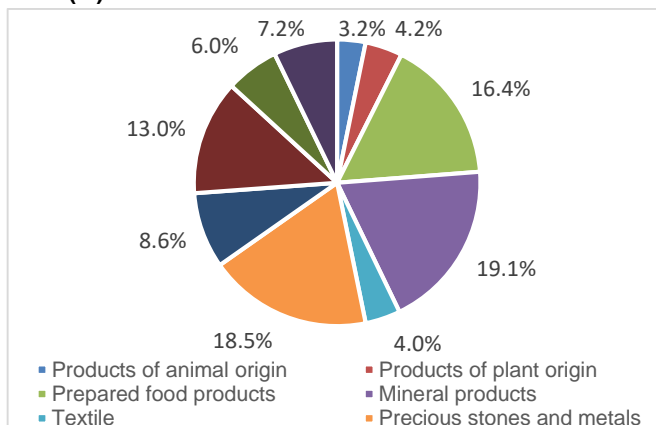


Source: Statistical Committee of the RA, 2023

The largest share of export is pertained to mining industry with an export share of 19.1% in 2022, followed by the second most exported product category, "precious stones and metals", which accounted for 18.5% of Armenia's total exports. Export of "Prepared food products" had the third highest share - 16.4%. The product category "Machinery and equipment" has double-digit share, as well - 13.0% of the total export of Armenia.

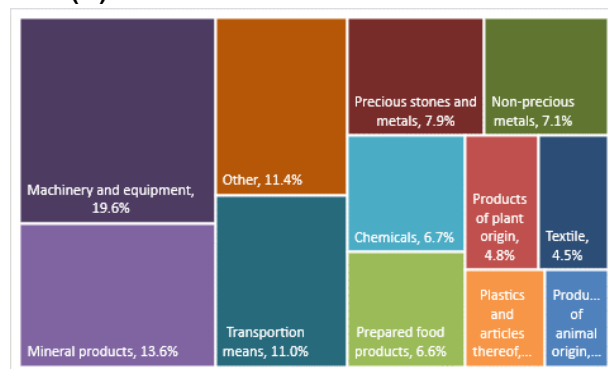
In terms of imports, "Machinery and equipment" represented 19.6% of total imports, standing out the top imported product category. "Mineral products" (mainly petroleum gases and other gaseous hydrocarbons) had a share of 13.6%, the second largest imported product category in Armenia in 2022.

**Figure 2. Structure of merchandise export of the RA, 2022 (%)**



Source: Statistical Committee of the RA, 2023

**Figure 3. Structure of merchandise import of the RA, 2022 (%)**



Source: Statistical Committee of the RA, 2023

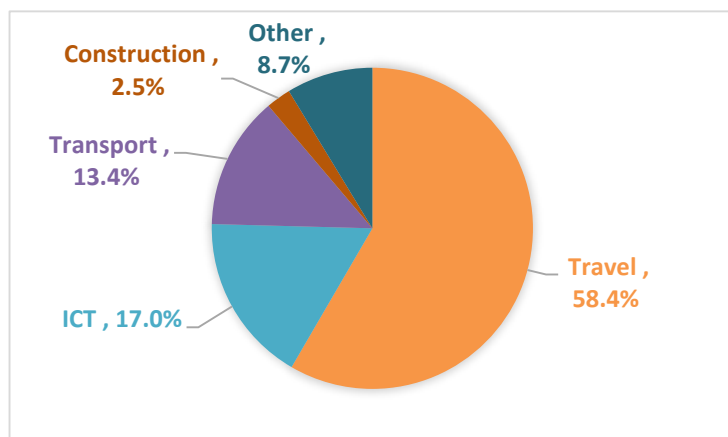
Russia was the main trade partner of Armenia in 2022, representing 45.0% of its exports and 32.8% of its imports, though only 29.9% of Armenian import was originated in this country. The second largest

<sup>1</sup> <https://data.worldbank.org/indicator/NE.TRD.GNFS.ZS?locations=AM>



trade partner by value is China with 12.4% of share in the total bilateral trade, though share of export to this country and import from China reduced by 6.1 and 1.7 percentage points respectively. Other significant trade partners are the EU (particularly Germany, Italy and the Netherlands), Iran, United Arab Emirates and USA.

**Figure 4. Structure of service export of Armenia, 2022 (%)**



Source: Central Bank of Armenia, 2023

services” at 13.4%. The main driver of growth in services exports for Armenia over the 2017-2022 period was “Travel services”, which saw an 29% increase on average in this period. On the imports side, “Transport services” was the greatest contributor to growth in commercial services, increasing by 67% on average over the same period.

According to the WTO, simple average final bound tariff rate<sup>2</sup> imposed on imports of products into Armenia is 8.7%. In 2021, the average MFN applied rate<sup>3</sup> was 6.3% (8.1% on agricultural products and 6.1% on non-agricultural products.)<sup>4</sup> Armenia acceded to the WTO on 5 February 2003. Currently, 100% of Armenia’s tariff lines are bound.

### **1.1.2 Foreign Direct Investment**

Armenia recorded an average annual FDI inflows growth of 2.7% from 2017 to 2021. In 2022, FDI inflows in the real sector of economy grew by 41.4%. Russian Federation is the biggest investor in the real sector of Armenia with the 53.26% of share of total foreign direct investments (AMD 2,933.2billion) in 2022. France and Germany are the next largest investors with 8.88% and 5.36% share in total foreign direct investments in Armenia (AMD 489.0 billion and AMD 295.1 billion respectively). Foreign direct investments are mainly done in the energy and telecommunication sectors of Armenia (45.84% and 14.04% respectively).

### **1.1.3 Foreign Trade Agreements**

Armenia had 11 free trade agreements in force, two (2) signed agreements pending ratification and five (5) trade agreements under negotiation as of 2022. Of the economy’s total exports for the year, 56.1% were directed to its trade agreement partners, while 66.2% of its total imports came from trade agreement partners.

<sup>2</sup> Bound rates (tariff binding): commitment not to increase a rate of duty beyond an agreed level. Once a rate of duty is bound, it may not be raised without compensating the affected parties

<sup>3</sup> Applied rates: duties that are actually charged on imports. These can be below the bound rates

<sup>4</sup> See [https://www.wto.org/english/res\\_e/statis\\_e/daily\\_update\\_e/tariff\\_profiles/AM\\_E.pdf](https://www.wto.org/english/res_e/statis_e/daily_update_e/tariff_profiles/AM_E.pdf)



**Table 1. List of countries having (negotiating) trade agreements with Armenia**

| Title                                                                                 | Status             | Year in force | Share of total exports (%) | Share of total imports (%) |
|---------------------------------------------------------------------------------------|--------------------|---------------|----------------------------|----------------------------|
| Armenia – Tajikistan                                                                  | In force           | 1994          | 0.0                        | 0.0                        |
| Armenia – Republic of Moldova                                                         | In force           | 1995          | 0.0                        | 0.0                        |
| Armenia – Turkmenistan                                                                | In force           | 1996          | 0.3                        | 0.1                        |
| Armenia – Ukraine                                                                     | In force           | 1996          | 0.2                        | 1.0                        |
| Armenia – Georgia                                                                     | In force           | 1998          | 2.9                        | 1.7                        |
| EAEU                                                                                  | In force           | 2015          | 46.8                       | 31.5                       |
| EAEU – Viet Nam                                                                       | In force           | 2016          | 0.0                        | 0.0                        |
| Armenia – EU                                                                          | In force           | 2018          | 14.4                       | 17.2                       |
| EAEU – Iran                                                                           | In force           | 2019          | 2.1                        | 6.8                        |
| EAEU – Serbia                                                                         | In force           | 2021          | 0.0                        | 0.0                        |
| EAEU – Singapore                                                                      | Signed             | N/A           | 0.0                        | 0.0                        |
| EAEU – China                                                                          | Signed             | N/A           | 6.9                        | 15.8                       |
| Treaty on a Free Trade Area between members of the Commonwealth of Independent States | In force           | 2012          | 0.8                        | 1.3                        |
| EAEU – Egypt                                                                          | Under negotiations | N/A           | 0.0                        | 0.0                        |
| EAEU – India                                                                          | Under negotiations | N/A           | 0.0                        | 0.0                        |
| EAEU – Israel                                                                         | Under negotiations | N/A           | 0.0                        | 0.0                        |
| EAEU – Indonesia                                                                      | Under negotiations | N/A           | 0.0                        | 0.0                        |
| EAEU – United Arab Emirates                                                           | Under negotiations | N/A           | 10.0                       | 0.7                        |

Source: WTO, Statistical Committee of the RA

## 1.2 PURPOSE OF THE ASSIGNMENT AND METHODOLOGY

### 1.2.1 Purpose

Main objective of this study was to reveal the Armenia's foreign trade (imports, exports, re-exports and charity) regulatory framework, identify the bottlenecks, suggest solutions for improvements (from the prism of relations with Netherlands), as well as identify traditionally formed trade relations with Netherlands. This study aims to contribute to intensification of Armenian - Dutch trade relations, empowerment of trade operators and overall improvement of business environment.

The scope of conducting of this study contains, but is not limited to the following specific tasks and subjects:

1. Review of Dutch-Armenia's trade regulation framework:
  - a. Overview of import legislation and sub-law regulations;
  - b. Overview of export legislation and sub-law regulations;
  - c. Overview of re-export legislation and sub-law regulations;
  - d. Identify the procedures for the charity donations and exemptions from the taxes and customs duties;
  - e. Overview of legislation and regulations related to Dutch - Armenian business, trade, and similar economic relations, including relevant sources of the data bases;
  - f. Identification of bottlenecks and provision of possible solutions, with a specific focus on logistics;
  - g. Identification of opportunities for development of relations;
  - h. Identification of instruments / options for supporting development opportunities.
2. Review of Dutch-Armenia's trade relations:
  - a. Overview of imports from Netherlands to Armenia - product groups and sub-groups,

- b. Overview of exports from Armenian to Netherlands - product groups and sub-groups
- c. Overview of Investment flows between Netherlands to Armenia.

### **1.2.2 Data Collection**

To meet this objective, the following methods have been applied:

- Desk review of Armenian foreign trade policies and regulations, as well as legislation relating to charity and tax/customs duties exemptions;
- Desk review and analysis of relevant literature, available secondary information, statistics, production volume, etc.;
- Expert interviews/consultations with trade companies and business representatives involved in foreign trade operations, transport/freight forwarding organisations and
- Discussions with the representatives of relevant state bodies, e.g. the RA Ministry of Economy, Food Safety Inspection Body, Enterprise Armenia as well as institutions contributing to foreign trade, such as the Chamber of Commerce and Industry etc.

For identification and analysis of relevant regulatory documents in the Republic of Armenia the desk-research analysis and mapping of policy documents has been applied using the following steps:

- 1) Setting up the boundaries of the project and clarification definition of export/import regulations. This has been done based on: 1) a literature review on existing definitions. Based on this definition, only policy documents regulating export/import related activities were identified and analysed. The examples of such regulations are legal acts defining customs procedures and duties, technical regulations, defining import or export restrictions, labelling, marking, transportation requirements or legal acts setting import or export licensing;
- 2) The categorized policy measures mapping, using an analytical framework for the mapping of the policy measures (as presented in Table 2 below). The mapping was done using mapping criteria such as:
  - the objectives of the policy;
  - goods covered by the policy document and link to the trade with the Netherlands (considering the existing trade statistics between Armenia and the Netherlands);
  - impact on the foreign trade: does the measure have a direct impact or possible direct impact on trade with the Netherlands.

**Table 2. An analytical framework to analyse selected policy measures and regulations**

| Title of the legal act or policy document | Type of legal act or policy document | Number of the document | Date of adoption | Title of the legal act or policy document | Objective (short description) of the document | Link to the document | Comments |
|-------------------------------------------|--------------------------------------|------------------------|------------------|-------------------------------------------|-----------------------------------------------|----------------------|----------|
|-------------------------------------------|--------------------------------------|------------------------|------------------|-------------------------------------------|-----------------------------------------------|----------------------|----------|

These mapping was done for export and import related policies. Based on the results from mapping exercise the analysis of the mapped regulations and legal documents of Armenia was carried out. The analyses were carried out in following 2 steps:

1. Firstly, an analysis of export-import statistics of Armenia and the Netherlands. Given the fact that in general not all product categories are traded between two countries and there are goods the trade volume of which are low, this step allowed to identify and separate those legal acts that are or could have an impact on the foreign trade;

2. Secondly, the identified legal acts are presented in two groups: group of legal acts that don't have direct impact on the trade between Armenia and the Netherlands as they don't cover relevant goods. The second group provides database of legal acts that involve the traded goods or create a foreign trade framework of Armenia, such as law on customs regulations or treaty of establishing the EAEU. These acts are analysed and provided in the report as detailed as possible.

In parallel to the analysis, the project team worked on identification of stakeholders (policy makers, civil society organisations, trade companies, transport of freight forwarding organisation) to be interviewed. The purpose of interviews was to identify main gaps in Armenian legislation and bottlenecks hampering trade between Armenia and the Netherlands. The snowball methodology has been used during the interviews, where selected respondent was asked to name other respondents for further interviews. More than 50 interview have been conducted, in the capital and different provinces of Armenia, which provided valuable information for further analysis.

### **1.2.3 Data Processing and Summarization**

The following methods were used to process, analyse and summarise the collected information and data:

- Systematisation and classification of the collected information and data.
- Authentication, verification and triangulation of the collected and systematised information and data.
- Data analysis and preparation of the report.

## 2 REVIEW OF DUTCH-ARMENIA TRADE AND INVESTMENT RELATIONS

### 2.1 OVERVIEW OF IMPORTS FROM THE NETHERLANDS TO ARMENIA

#### 2.1.1 Trade Turnover of the Netherlands

According to Forbes, the Netherlands is one of the richest countries in the world, with USD 68,572 GDP per capita<sup>5</sup> in 2022 with the real GDP per capita achieving EUR 43,310. It is above the EU average (EUR 28,810) and ahead of most nations of the European Union<sup>6</sup>. According to estimations it is the 19<sup>th</sup> country in the world by GDP (estimated to be USD 990,583 million) in 2022<sup>7</sup>.

In the Global Innovation Index, the Netherlands ranked 5<sup>th</sup> in 2022 with 58.0 points. Out of the 2,000 largest listed companies in the world, 24 originate from the Netherlands. The 10 largest companies in the country in 2022 were:

- Rank 79: Stellantis (Amsterdam);
- Rank 122: AIRBUS (Leiden);
- Rank 183: ING Group (Amsterdam);
- Rank 280: ASML Holding (Veldhoven);
- Rank 288: Royal Ahold Delhaize N.V. (Zaandam);
- Rank 337: NN Group (The Hague);
- Rank 410: Heineken (Amsterdam);
- Rank 419: Aegon (The Hague);
- Rank 425: Philips (Amsterdam);
- Rank 657: NXP Semiconductors (Eindhoven)<sup>8</sup>.

The market of the Netherlands is mainly competitive and requires from companies to satisfy consumers' expectations. The economic freedom score of the Netherlands is 78.0, making its economy the 8<sup>th</sup> freest in the 2023 Index. It is the 5<sup>th</sup> freest country in the Europe region, and its overall score is above the world and regional averages<sup>9</sup>.

The Netherlands foreign trade turnover comprised USD 1,116.3 billion in 2021. It was the 5<sup>th</sup> biggest exporter with the overall export volume of EUR 589.2 billion in 2021, increasing by 22.1% compared to the previous year, while overall import amounted to EUR 527.1 billion, increasing by 24.4% compared to the previous year.

<sup>5</sup> <https://www.forbes.com/sites/ceciliarodriguez/2022/08/07/the-richest-countries-in-the-world-tiny-luxembourg-at-the-top/?sh=4763e84be072>

<sup>6</sup> [https://ec.europa.eu/eurostat/databrowser/view/sdg\\_08\\_10/default/table](https://ec.europa.eu/eurostat/databrowser/view/sdg_08_10/default/table)

<sup>7</sup> <https://www.imf.org/en/Publications/WEO/weo-database/2022/October/weo-report?c=512,914,612,171,614,311,213,911,314,193,122,912,313,419,513,316,913,124,339,638,514,218,963,616,223,516,918,748,618,624,522,622,156,626,628,228,924,233,632,636,634,238,662,960,423,935,128,611,321,243,248,469,253,642,643,939,734,644,819,172,132,646,648,915,134,652,174,328,258,656,654,336,263,268,532,944,176,534,536,429,433,178,436,136,343,158,439,916,664,826,542,967,443,917,544,941,446,666,668,672,946,137,546,674,676,548,556,678,181,867,682,684,273,868,921,948,943,686,688,518,728,836,558,138,196,278,692,694,962,142,449,564,565,283,853,288,293,566,964,182,359,453,968,922,714,862,135,716,456,722,942,718,724,576,936,961,813,726,199,733,184,524,361,362,364,732,366,144,146,463,528,923,738,578,537,742,866,369,744,186,925,869,746,926,466,112,111,298,927,846,299,582,487,474,754,698.&s=NGDPD,&sy=2020&ey=2027&ssm=0&scsm=1&scs=0&ssd=1&ssc=0&sic=0&sort=country&ds=.&br=1>

<sup>8</sup> <https://www.worlddata.info/europe/netherlands/economy.php>

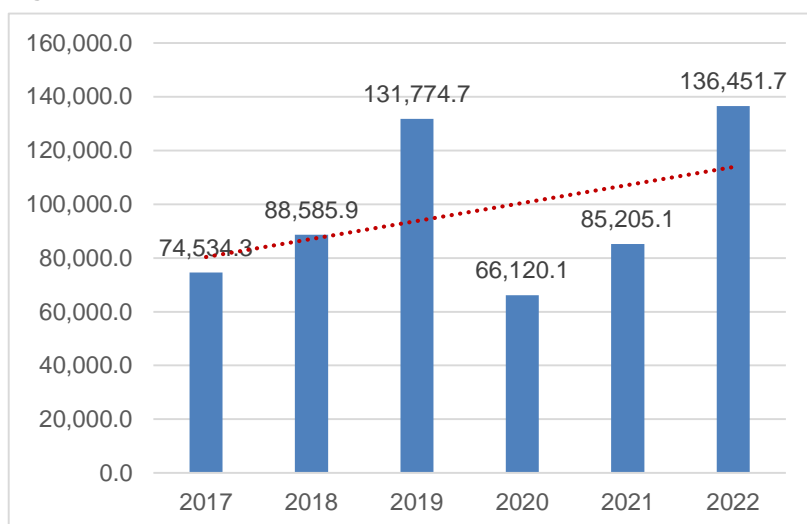
<sup>9</sup> <https://www.heritage.org/index/country/netherlands>

According to data by CBS<sup>10</sup>, 24% of exports in 2021 comprised machinery, followed by manufactured goods (21%), chemical products (19%), food and beverages (13%), and mineral fuels (12%). Most of the sales are re-exportations as the country plays the role of a European trade hub; therefore, the same product categories led imports (machinery accounting for 25% of the total, against 24% of manufactured goods). The share of total Dutch goods exports that went to Europe stood at 77% in 2021. As data by CBS show, Germany was the main destination, accounting for 23% of total exports, followed by Belgium (11%) and France (8%). Imports came from Germany (17%), China (10%) and Belgium (10%).

### 2.1.2 Imports from the Netherlands to Armenia

Armenia was the 114<sup>th</sup> export partner of the Netherlands with the export volume of USD 103.79mln in 2022<sup>11</sup>. According to data provided by the State Revenue Committee of Armenia, import from the Netherlands increased by 60% in 2022 compared to the previous year. From 2017 to 2022 the import from the Netherlands grew by 21% on average, though tremendous import decile was registered in 2020 due to COVID restriction and the Nagorno Karabakh war.

**Figure 5. Import of the RA from the Netherlands, 2017-2022, thousand USD**



Source: State Revenue Committee of the RA, 2023

According to data provided by the State Revenue Committee of Armenia, data processing machines (HS 8471) are the main group of products imported from the Netherlands and constitute 17.7% of imports in 2022 (USD 24,174.3 thousand). Import of these products grew by 220% in 2022 compared to the previous year. Tractors (HS 8701) and Instruments and appliances used in medical, surgical, dental or veterinary sciences (HS 9018) are the next category of products with

highest import volume in 2022. Though machinery and technical appliances are main part of import from the Netherlands, Armenia imports also some agricultural products<sup>12</sup>. Particularly, the 4<sup>th</sup> highest group of products imported from the Netherlands are live plants, cuttings and slips, as well as mushroom spawns (HS 0602) - 4% of imports in 2022.

**Table 3. Import of from the Netherlands to Armenia by Product (HS 4-digit), 2022 (thousand USD)**

| Product Code | Product label                                        | 2017    | 2018    | 2019    | 2020     | 2021     | 2022     |
|--------------|------------------------------------------------------|---------|---------|---------|----------|----------|----------|
| 8471         | Automatic data-processing machines and units thereof | 7,710.5 | 8,243.9 | 5,236.5 | 11,485.9 | 11,010.8 | 24,174.3 |
| 8701         | Tractors (other than tractors of heading 8709)       | 937.7   | 3,450.0 | 3,897.3 | 2,769.5  | 1,437.8  | 6,293.1  |

<sup>10</sup> <https://www.cbs.nl/en-gb/economy/international-trade>

<sup>11</sup> Source: UN COMTRADE

<sup>12</sup> There is no explanation of explanation of growth of export and import of Armenia. Most probably it is because Armenia became the closest entry point to the market of the Eurasian Economic Union for many countries after closing borders with Russia.

|              |                                                                                                                                                        |                 |                 |                  |                 |                 |                  |
|--------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|------------------|-----------------|-----------------|------------------|
| 9018         | Instruments and appliances used in medical, surgical, dental or veterinary sciences                                                                    | 1,138.0         | 3,022.1         | 6,091.0          | 3,536.8         | 4,982.8         | 5,667.7          |
| 0602         | Other live plants, cuttings and slips; mushroom spawn                                                                                                  | 857.9           | 1,155.7         | 1,859.8          | 1,639.0         | 5,137.5         | 5,444.5          |
| 8517         | Telephone sets for cellular networks or for other wireless networks; other apparatus for the transmission or reception of voice, images or other data  | 1,461.5         | 1,595.6         | 1,135.7          | 1,178.6         | 2,441.3         | 5,417.4          |
| 3004         | Medicaments, put up in measured doses or in forms or packings for retail sale                                                                          | 2,390.4         | 1,525.7         | 62,361.6         | 2,633.9         | 4,867.5         | 5,387.0          |
| 8429         | Self-propelled bulldozers, angledozers, graders, levellers, scrapers, mechanical shovels, excavators, shovel loaders, tamping machines and roadrollers | 586.4           | 1,376.8         | 1,279.7          | 1,428.5         | 706.7           | 4,873.2          |
| 9021         | Orthopaedic appliances; artificial parts of the body                                                                                                   | 1,817.7         | 2,495.9         | 2,394.4          | 974.9           | 2,585.0         | 4,708.7          |
| 1209         | Seeds, fruit and spores, of a kind used for sowing                                                                                                     | 1,728.6         | 3,059.4         | 2,760.7          | 2,368.0         | 3,445.3         | 4,350.4          |
| 8528         | Monitors and projectors; reception apparatus for television                                                                                            | 801.5           | 844.9           | 864.4            | 735.8           | 1,383.6         | 3,126.8          |
| 9406         | Prefabricated buildings                                                                                                                                | 9,350.9         | 21,404.7        | 693.8            | 51.8            | 4,648.9         | 3,091.8          |
| 2710         | Petroleum oils and oils obtained from bituminous minerals                                                                                              | 1,257.7         | 1,190.6         | 1,463.2          | 1,571.8         | 1,665.7         | 2,791.8          |
| 0901         | Coffee; coffee husks and skins; coffee substitutes                                                                                                     | 285.2           | 416.5           | 342.2            | 512.8           | 717.3           | 2,492.9          |
| 1801         | Cocoa beans                                                                                                                                            | 2,612.2         | 1,737.6         | 4,266.6          | 1,894.2         | 2,172.4         | 2,265.9          |
| 8716         | Trailers and semi-trailers; parts thereof                                                                                                              | 531.4           | 1,229.4         | 1,365.3          | 1.8             | 486.2           | 1,978.1          |
| 2309         | Preparations of a kind used in animal feeding                                                                                                          | 1,170.2         | 911.9           | 1,450.2          | 1,719.2         | 1,205.2         | 1,944.7          |
| 8443         | Printing machinery; other printers, copying machines and facsimile machines; parts and accessories thereof                                             | 248.8           | 512.3           | 1,344.6          | 986.4           | 303.2           | 1,751.5          |
| 0701         | Potatoes, fresh or chilled                                                                                                                             | 802.9           | 1,080.5         | 943.7            | 1,129.2         | 813.6           | 1,590.6          |
|              | Other                                                                                                                                                  | 38,844.8        | 33,332.4        | 32,024.3         | 29,501.8        | 35,194.5        | 49,101.3         |
| <b>Total</b> |                                                                                                                                                        | <b>74,534.3</b> | <b>88,585.9</b> | <b>131,774.7</b> | <b>66,120.1</b> | <b>85,205.1</b> | <b>136,451.7</b> |

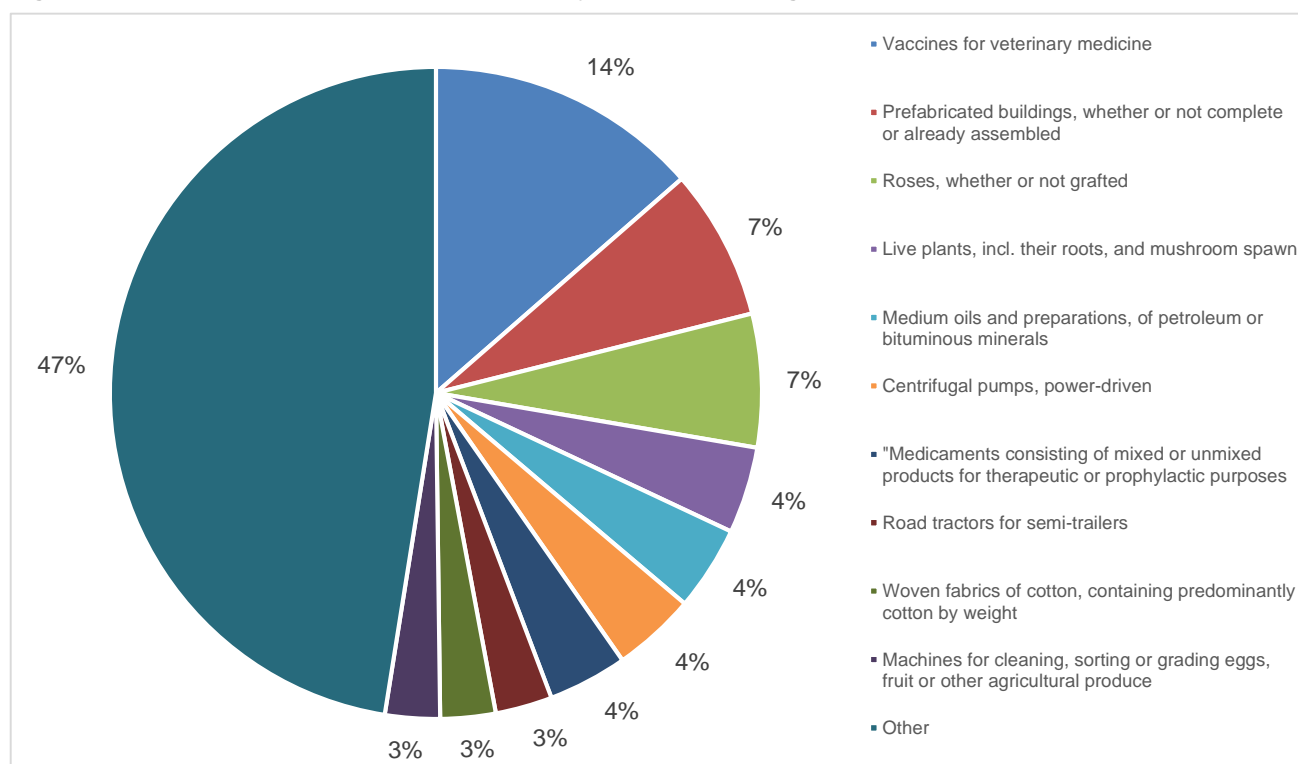
Source: State Revenue Committee, 2023

The table above however shows the import from the Netherlands, which are mainly re-export. According to the UN COMTRADE, import of products of Dutch origin were only USD 37,145.0 thousand in 2021<sup>13</sup>. According to the Statistical Committee of Armenia, this import increased by 45.4% in 2022 and achieved to USD 54,294.3 thousand.

According to data of the International Trade Centre (ITC), 14% of imports of Armenia from the Netherlands in 2021 comprised vaccines for veterinary medicine, followed by prefabricated buildings and roses (7% each). Moreover, import of roses (whether or not grafted) was increased by 189 times in 2021 compared to the previous year, while import of vaccines increased by 43%. About 16% decrease was registered for the import of live plants (HS 060290) and 64% for road tractors for semi-trailers (HS 870120).

<sup>13</sup> Unfortunately, neither the State Revenue Committee of Armenia, nor UN COMTRADE provide data at 6 or 10 digit level for 2022.

**Figure 6. Share of imports from the Netherlands by Product (HS 6-digit)**



Source: International Trade Centre (intracen.org), 2022

At the 10-digit level, main products imported into Armenia are almost the same as at the 6-digit level: vaccines for veterinary medicine, prefabricated buildings and roses. However, there are some differences as well. For example, at the 10-digit level we see the high volume of import of "twill weave cotton fabrics" while at the 6-digit level it was only mentioned as "woven cotton fabrics". Also, though oil preparations were one of the highest imported products at 6-digit level, at 10-digit level we see that the half of imported products of this group are products classified under HS 271019200 (engine oils, compressor oil, turbine oil).

**Table 4. List of main products imported into Armenia from the Netherlands at 10-digit level (thousand USD)**

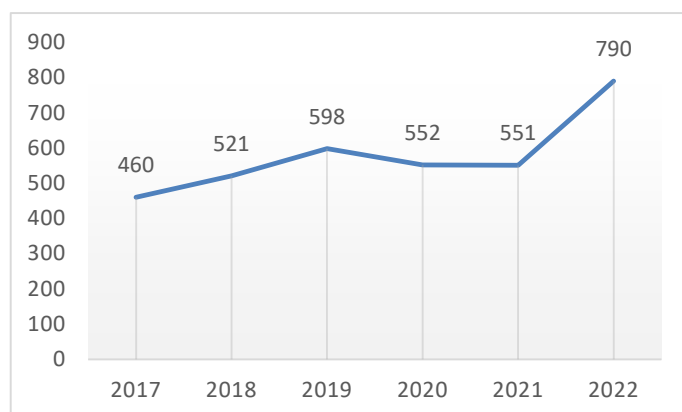
| Product code | Product label                                                                                     | Value in 2017 | Value in 2018 | Value in 2019 | Value in 2020 | Value in 2021 |
|--------------|---------------------------------------------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|
| 3002300000   | Vaccines for veterinary medicine                                                                  | 5,334.0       | 7,355.0       | 5,594.0       | 3,542.0       | 5,048.1       |
| 9406903100   | Prefabricated buildings, whether or not complete or already assembled (excl. of wood)             | 4,911.0       | 18,337.0      | 281.0         | -             | 2,781.9       |
| 0602400000   | Roses, grafted or not                                                                             | 37.0          | 70.0          | 8.0           | 13.0          | 2,456.7       |
| 8413708900   | Centrifugal pumps n.e.s. other centrifugal pumps: other, with a discharge outlet diameter         | 3.0           | -             | -             | -             | 1,528.2       |
| 3004900002   | Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes,     | 629.0         | 1,149.0       | 1,499.0       | 1,885.0       | 1,102.2       |
| 0602903000   | Plants live, n.e.s. other: vegetable and strawberry plants                                        | 102.0         | 185.0         | 686.0         | 542.0         | 1,082.2       |
| 5211520000   | Twill weave cotton fabrics                                                                        | 168.0         | 687.0         | 645.0         | 539.0         | 1,016.6       |
| 8433600000   | Machines for cleaning, sorting or grading eggs, fruit or other produce                            | 9.0           | -             | 400.0         | 17.0          | 1,011.1       |
| 8701209015   | Road tractors for semi-trailers (truck tractors) road tractors for semi-trailers: used: tractors: | 928.0         | 3,740.0       | 3,942.0       | 1,394.0       | 979.5         |



| Product code | Product label                                                                                          | Value in 2017   | Value in 2018   | Value in 2019   | Value in 2020   | Value in 2021   |
|--------------|--------------------------------------------------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| 3004390001   | Medicaments containing hormones or steroids used as hormones but not antibiotics, put up in            | 399.0           | 566.0           | 361.0           | 768.0           | 876.4           |
| 8424900000   | Parts of fire extinguishers, spray guns and similar appliances, steam or sand blasting machines        | 7.0             | -               | 2.0             | -               | 814.3           |
| 2710198200   | Medium oils and preparations, of petroleum or bituminous minerals, n.e.s. oil and oil products         | 538.0           | 614.0           | 647.0           | 617.0           | 731.9           |
| 0701100000   | Potatoes seed, fresh or chilled                                                                        | 751.0           | 877.0           | 915.0           | 1,056.0         | 705.9           |
| 9613100000   | Pocket lighters, gas-fueled, non-refillable                                                            | 316.0           | 522.0           | 389.0           | 443.0           | 615.7           |
| 1901100000   | Prep of cereals, flour, starch/milk f infant use, put up f retail sale                                 | 551.0           | 636.0           | 681.0           | 469.0           | 552.0           |
| 1511901902   | Palm oil and its fractions refined but not chemically modified other: solid fractions                  | -               | -               | 39.0            | 270.0           | 508.6           |
| 2710198400   | Medium oils and preparations, of petroleum or bituminous minerals, n.e.s. oil and oil products         | 186.0           | 222.0           | 288.0           | 333.0           | 416.8           |
| 2309903100   | Animal feed preparations n.e.s. other: other: containing starch, glucose, glucose syrup, maltodextrine | 217.0           | 93.0            | 424.0           | 374.0           | 355.8           |
| 0602208000   | Edible fruit or nut trees, shrubs and bushes, whether or not grafted (detailed label not available)    | 95.0            | 222.0           | 326.0           | 136.0           | 346.1           |
| 8428399009   | Continuous-action elevators and conveyors, for goods or materials (excl. those for underground         | 3.0             | -               | -               | -               | 318.5           |
| 0511998599   | Products of animal origin, n.e.s., dead animals, unfit for human consumption (excl. fish, crustaceans  | 389.0           | 291.0           | 300.0           | 228.0           | 315.7           |
| 2710198800   | Medium oils and preparations, of petroleum or bituminous minerals, n.e.s. oil and oil products         | 251.0           | 389.0           | 407.0           | 377.0           | 282.7           |
| 0102211000   | Pure-bred cattle for breeding domestic cattle: purebred breeding animals: heifers                      | -               | -               | -               | 74.0            | 267.2           |
| 5211590000   | Woven fabrics of cotton                                                                                | 35.0            | 202.0           | 52.0            | 15.0            | 261.7           |
| 5514290000   | Woven fabrics of other synthetic staple fib,170g/m <sup>2</sup>                                        | 514.0           | 740.0           | 482.0           | 45.0            | 257.8           |
| 2009199801   | Orange juice, unfermented, whether or not containing added sugar or other sweetening matter            | 37.0            | 44.0            | 11.0            | 51.0            | 246.5           |
| 9018908409   | Instruments and appliances used in medical or veterinary sciences, n.e.s. other instruments.           | 41.0            | 83.0            | 58.0            | 94.0            | 243.8           |
| 3808949000   | Disinfectants (excl. goods of subheading 3808.50) other: disinfectants                                 | 11.0            | 11.0            | 1.0             | 7.0             | 229.3           |
| 3209100009   | Paints & varnishes based on acrylic/vinyl poly, dspr in an aqueous medium based on acrylic or vinyl    | 264.0           | 525.0           | 340.0           | 215.0           | 224.7           |
| 3004900009   | Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes           | 931.0           | 537.0           | 465.0           | 113.0           | 221.3           |
| <b>TOTAL</b> |                                                                                                        | <b>32,883.0</b> | <b>54,851.0</b> | <b>38,877.0</b> | <b>29,134.0</b> | <b>37,145.0</b> |

Source: intracen.org

**Figure 7. Number of businesses involved in import from the Netherlands, 2017-2022**



Source: State Revenue Committee of the RA, 2023

In 2022, 790 businesses were involved in importing of products from the Netherlands, compared to 460 importers in 2017. This is the highest number in the period from 2017 to 2022. In general, the number of importers has a tendency to grow, despite the small decrease in 2020 and 2021.

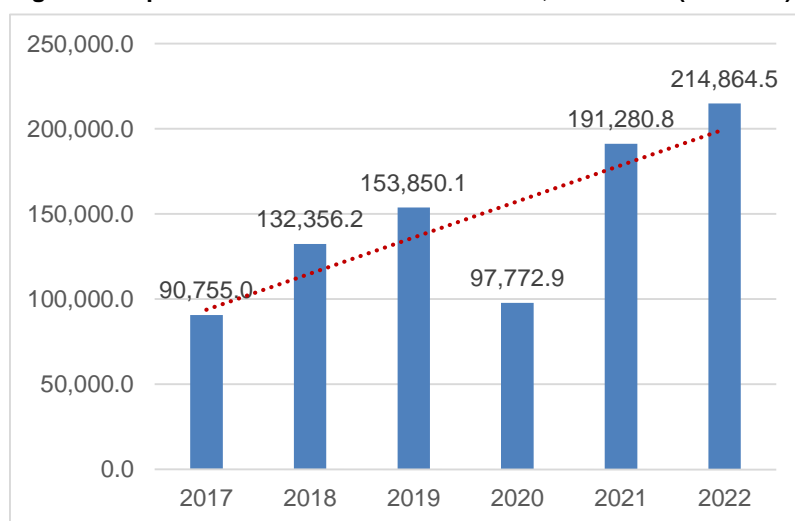
## 2.2 OVERVIEW OF EXPORTS FROM ARMENIA TO THE NETHERLANDS

### 2.2.1 Exports from Armenia to the Netherlands

The Netherlands is a gateway to Europe for foreign companies. Majority of Europe's profit-making markets are just 24 hours drive away from Amsterdam or Rotterdam. State-of-the-art infrastructure connects the Netherlands domestically and internationally, with efficient airports, railways, waterways and ports. Rotterdam is one of the largest ports in the world and Amsterdam Airport Schiphol meets the highest international standards. The Netherlands main imports are: fuel (29 percent of total imports), machinery (26 percent), food and live animals (8.6 percent), pharmaceuticals and electronics. Main import partners are: Germany (17 percent of total imports), Belgium (10 percent), China (8.5 percent), United Kingdom (6.9 percent), United States (6.6 percent), Russia and Italy.

Armenia is the 95<sup>th</sup> export partner of the Netherlands with overall export value of USD 214,864.4 in 2022. The Netherlands is one of the few countries<sup>14</sup>, with which Armenia has positive trade balance (USD 160,570.1 thousand in 2022). According to the data provided by the State Revenue Committee of Armenia, export to the Netherlands increased by 12% in 2022 compared to the previous year.

**Figure 8. Export of Armenia to the Netherlands, 2017-2022 (ths. USD)**



Source: State Revenue Committee, 2023

From 2017-2022 the export to the Netherlands grew by 27% on average, despite the decline registered in 2020 by 36% compared to 2019.

Ferro-alloys (HS 7202) are the main group of products exported from Armenia to the Netherlands and constitute 92.3% of exports in 2022 (USD 198,302.9 thousand). Export of this product group continuously grows in the period 2017-2022, with the small decline registered in 2020, due to COVID restrictions.

<sup>14</sup> Some of these countries are Bulgaria, Belgium, United Arab Emirates, Iraq, Georgia, etc.

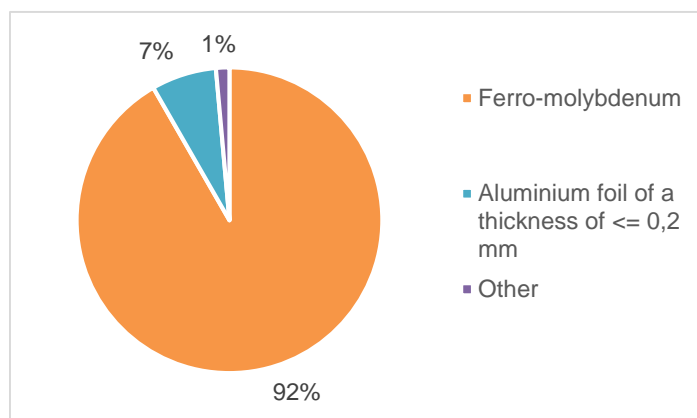
Aluminium foil of a thickness (excluding any backing) not exceeding 0,2 mm (HS 7607) is the next group of products with highest export volume in 2022. Together with the ferro-alloys, export of this product makes 98% of exports of Armenia to the Netherlands. Optical fibres and optical fibre bundles, women's or girls' suits, jackets, blazers, dresses, skirts or grape wines are product produced in Armenia and exported to the Netherlands.

**Table 5. List of main products (4-digit) exported from Armenia to the Netherlands in 2017-2022, thousand USD**

| Product Code | Product label                                                                                                                                                      | 2017            | 2018             | 2019             | 2020            | 2021             | 2022             |
|--------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|------------------|------------------|-----------------|------------------|------------------|
| 7202         | Ferro-alloys                                                                                                                                                       | 77,913.8        | 123,564.5        | 140,546.1        | 86,217.6        | 175,320.2        | 198,302.9        |
| 7607         | Aluminium foil of a thickness (excluding any backing) not exceeding 0,2 mm                                                                                         | 5,416.9         | 7,905.9          | 9,857.5          | 7,326.9         | 13,152.6         | 12,760.5         |
| 8514         | Industrial or laboratory electric furnaces and ovens                                                                                                               | 0.0             | 0.0              | 0.8              | 1.6             | 0.0              | 1,275.8          |
| 2208         | Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80 % vol; spirits, liqueurs and other spirituous beverages                               | 42.1            | 85.3             | 792.6            | 629.5           | 1,079.7          | 766.3            |
| 9027         | Instruments and apparatus for physical or chemical analysis; microtomes                                                                                            | 0.0             | 0.0              | 0.0              | 0.0             | 0.0              | 334.1            |
| 9001         | Optical fibres and optical fibre bundles; lenses, prisms, mirrors and other optical elements, of any material                                                      | 83.3            | 163.1            | 175.3            | 107.0           | 102.0            | 196.3            |
| 6204         | Women's or girls' suits, jackets, blazers, dresses, skirts etc.                                                                                                    | 0.0             | 0.0              | 588.8            | 1,285.9         | 331.7            | 190.2            |
| 2204         | Wine of fresh grapes                                                                                                                                               | 17.8            | 10.7             | 72.4             | 147.4           | 118.2            | 154.3            |
| 8471         | Automatic data-processing machines and units thereof                                                                                                               | 90.4            | 68.2             | 144.9            | 74.3            | 172.1            | 130.2            |
| 8517         | Telephone sets for cellular networks or for other wireless networks; other apparatus for the transmission or reception of voice, images or other data              | 369.6           | 243.1            | 194.4            | 74.7            | 290.8            | 102.0            |
| 8541         | Diodes, transistors, semiconductor-based transducers; mounted piezo-electric crystals                                                                              | 0.0             | 0.0              | 0.7              | 0.0             | 94.8             | 98.8             |
| 2007         | Jams, fruit jellies, marmalades, fruit or nut purée and fruit or nut pastes                                                                                        | 165.4           | 0.0              | 32.9             | 49.8            | 101.4            | 80.6             |
| 8473         | Parts and accessories suitable for use with machines of headings 8470 to 8472                                                                                      | 24.9            | 36.7             | 48.9             | 27.6            | 64.1             | 51.0             |
| 6104         | Women's or girls' suits, ensembles, jackets, blazers, dresses, skirts, divided skirts, trousers, bib and brace overalls, breeches and shorts, knitted or crocheted | 0.0             | 0.0              | 110.2            | 179.7           | 19.5             | 34.8             |
| 8504         | Electrical transformers, static converters and inductors                                                                                                           | 5.7             | 30.0             | 6.3              | 3.8             | 55.0             | 18.7             |
|              | Other                                                                                                                                                              | 6,625.1         | 248.6            | 1,278.4          | 1,647.1         | 378.7            | 367.8            |
| <b>Total</b> |                                                                                                                                                                    | <b>90,755.0</b> | <b>132,356.2</b> | <b>153,850.1</b> | <b>97,772.9</b> | <b>191,280.8</b> | <b>214,864.5</b> |

Source: State Revenue Committee of Armenia, 2023

**Figure 9. Share of exports of Armenia to the Netherlands by product group (6-digit level)**



Source: intracen.org

stainless steel waste with the amount of USD 693 thousand, though no export was registered in the period from 2017 to 2019. Spirits obtained by distilling grape wine or grape marc are the 4th category of products with the high volume of export to the Netherlands.

At the 6-digit level as well, ferro-molybdenum (92%) and aluminium foil (7%) are the main exported products from Armenia to the Netherlands in 2021. Products of the group “Spirits obtained by distilling grape wine or grape marc” (HS 2208 20) were the third high value exported product in 2021 (USD 1,080.0 thousand).

Interesting data can be seen at the 10-digit level. Ferro-molybdenum and aluminium foil are the group of products with the highest export value in 2020<sup>15</sup>. In 2020 the 3-rd more exported product to the Netherlands was

**Table 6. List of main products exported from Armenia to the Netherlands at 10-digit level (thousand USD)**

| Product code | Product label                                                                                   | Value in 2017 | Value in 2018 | Value in 2019 | Value in 2020 |
|--------------|-------------------------------------------------------------------------------------------------|---------------|---------------|---------------|---------------|
| 7202700000   | Ferro-molybdenum                                                                                | 75,329.0      | 123,565.0     | 140,546.0     | 86,218.0      |
| 7607111909   | Foil, aluminium, not backed, rolled but not further worked, not exceeding 0.2mm                 | 5,417.0       | 7,906.0       | 9,857.0       | 7,276.0       |
| 7204219000   | Waste and scrap, stainless steel waste and scrap of alloy steel: of stainless steel             | -             | -             | -             | 693.0         |
| 2208202900   | Spirits obtained by distilling grape wine or grape marc                                         | 42.0          | 85.0          | 777.0         | 630.0         |
| 6204631800   | Women's/girls trousers and shorts, of synthetic fibres, not knitted trousers                    | -             | -             | 270.0         | 437.0         |
| 6204420000   | Women's/girls dresses, of cotton, not knitted                                                   | -             | -             | -             | 329.0         |
| 8508110000   | Vacuum cleaners, incl. dry cleaners and wet vacuum cleaners, with self-contained electric motor | -             | -             | 538.0         | 276.0         |
| 6204691800   | Women's/girls trousers & shorts, of other textile materials, not knitted trousers               | -             | -             | 80.0          | 148.0         |
| 7404001000   | Waste and scrap, copper or copper alloy of refined copper                                       | -             | -             | -             | 120.0         |
| 6104440000   | Women's/girls dresses, of artificial fibres, knitted                                            | -             | -             | -             | 117.0         |
| 9001900009   | Lenses, prisms, mirrors and other optical elements, of any material, unmounted                  | 78.0          | 163.0         | 175.0         | 107.0         |
| 8441901000   | Parts of machinery for making up paper pulp, paper or paper board, incl cutting machine parts   | -             | -             | -             | 104.0         |
| 6204623900   | Women's/girls trousers and shorts, of cotton, not knitted trousers                              | -             | -             | 27.0          | 99.0          |
| 6204329000   | Women's/girls jackets, of cotton, not knitted jackets and blazers: of cotton: other             | -             | -             | 19.0          | 86.0          |
| 6204430000   | Women's/girls dresses, of synthetic fibres, not knitted                                         | -             | -             | 64.0          | 75.0          |
| 2204219800   | Grape wines n.e.s., incl grape must, unfermented                                                | 11.0          | 8.0           | 40.0          | 75.0          |
| 6204440000   | Women's/girls dresses, of artificial fibres, not knitted                                        | -             | -             | 30.0          | 67.0          |

<sup>15</sup> Unfortunately, neither the State Revenue Committee of Armenia, nor International Trade Centre provide data at 10-digit level for 2021 and 2022. This is why the data are provided for the year 2020.

| Product code | Product label                                                                              | Value in 2017   | Value in 2018    | Value in 2019    | Value in 2020   |
|--------------|--------------------------------------------------------------------------------------------|-----------------|------------------|------------------|-----------------|
| 8517620009   | Machines for the reception, conversion and transmission or regeneration of voice, images   | 210.0           | 200.0            | 124.0            | 62.0            |
| 6206400000   | Women's/girls blouses and shirts, of man-made fibres, not knitted                          | -               | -                | 14.0             | 55.0            |
| 9018120000   | Ultrasonic scanning apparatus                                                              | 116.0           | 16.0             | 27.0             | 51.0            |
| 7607111109   | Foil, aluminium, not backed, rolled but not further worked, not exceeding 0.2mm not backed | -               | -                | -                | 51.0            |
| 8516310009   | Electric hairdryers + detailed label not available +                                       | -               | -                | -                | 51.0            |
| 2007999708   | Jams, fruit jellies, fruit/nut purée & paste, cooked sugared, sweetened/not other          | 165.0           | -                | 33.0             | 50.0            |
| <b>TOTAL</b> |                                                                                            | <b>90,755.0</b> | <b>132,356.2</b> | <b>153,850.1</b> | <b>97,772.9</b> |

Source: intracen.org

Sixty-one businesses were involved in exporting products from Armenia to the Netherlands. This is a bit less than it was in 2021 (70 exporters) and similar to the number of exporters registered in 2020 (60 exporters).

**Table 7. Number of businesses involved in exporting products to the Netherlands, 2017-2022**

| 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|------|------|------|------|------|------|
| 38   | 34   | 56   | 60   | 70   | 61   |

Source: State Revenue Committee of the RA

### **2.2.2 Export potential of Armenia to the Netherlands**

As it can be seen from the above statistics, Armenian export to the Netherlands is not diversified. Though compared to 2022, share of products of other groups in the export to the Netherlands slightly increased by achieving to 2% compared to the 1% in 2021, there is a need to diversify export to the Netherlands, considering also that there is a such potential and opportunity.

In the international practice, one of the tools to calculate the export potential of a country is the calculation provided by the International Trade Centre. ITC is a multilateral agency with a joint mandate with the World Trade Organization and the United Nations through the United Nations Conference on Trade and Development. ITC provides country-and client-specific tailored support through unique advisory services, capacity building, training and mentoring, free tools and business data, and trade-specific publications. It improves the availability and use of trade intelligence; strengthens trade support institutions; enhances policies for the benefit of exporting enterprises; builds the export capacity of enterprises to respond to market opportunities; and mainstreams inclusiveness. It connects micro, small and medium-sized enterprises to global and regional value chains, a major contributor to economic growth and poverty reduction.

To achieve its goals, the ITC developed several tools, one of which is “*Export potential map*”. According to the ITC, this tool “*evaluates a country's export performance, a target market's demand, market access conditions, and bilateral linkages between the exporting and importing countries to estimate potential export values and rank opportunities for export diversification.*”

According to the methodology of ITC, export potential consists of two indicators:

- the Export Potential Indicator (EPI)<sup>16</sup> - indicates potential export values of existing export products in a given target market.
- the Product Diversification Indicator (PDI)<sup>17</sup> - indicates relative ranks of product diversification opportunities in a given target market.

Demand and market access conditions are the same. The methodology to estimate export potential is inspired by a gravity model specified at the product level. The starting point is the assumption that in a world without frictions, trade flows could be described by a combination of exporter  $\times$  product, importer  $\times$  product and exporter  $\times$  importer factors,

$$v_{ijk} = \alpha_{ik}\beta_{ij}\gamma_{jk}$$

where  $v_{ijk}$  corresponds to exports from exporter  $i$  of product  $k$  to market  $j$ . The parameter  $\alpha_{ik}$  describes exporter  $i$ 's performance in exporting product  $k$ ,  $\gamma_{jk}$  market reflects  $j$ 's demand for product  $k$  and  $\beta_{ij}$  the easiness to export any good from  $i$  to  $j$ .

One of important indicators in this methodology is export potential value and unrealized export potential. The export potential value follows directly from the combination of supply, demand and easiness to trade factors,

$$EP_{ijk} = Supply_{ik}^{EP} \times Easiness_{ij} \times Demand_{ijk}$$

A normalisation ensures that summation over  $i$  results in  $EP_{jk} = Projected\ v_{jk}$ .

The comparison of potential export values with actual export values allows revealing untapped opportunities that trade support institutions can address. The extent to which there remains unrealized export potential in a specific product or target market is calculated as

$$Unrealized\ potential_{ijk} = EP_{ijk} - \min(v_{ijk}, EP_{ijk})$$

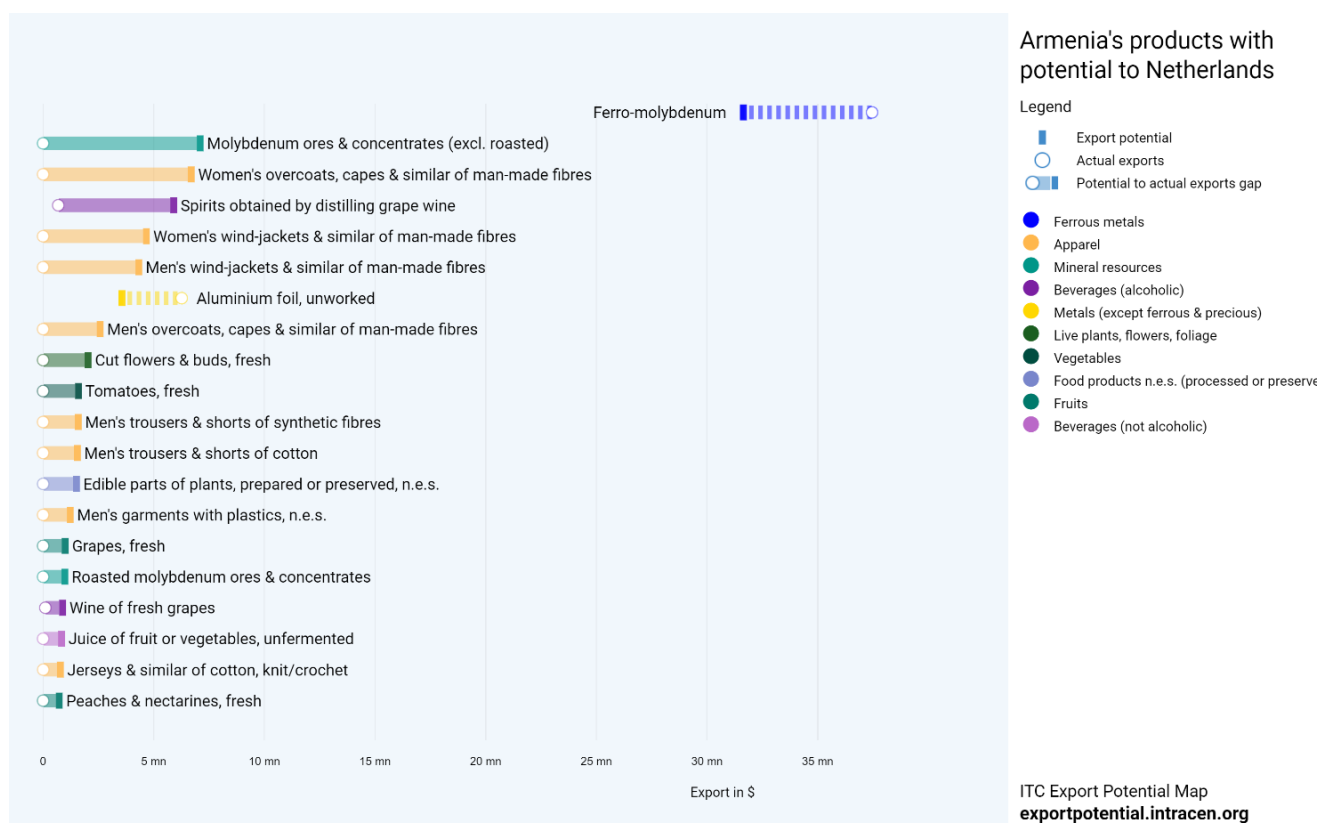
In case of  $v_{ijk} > EP_{ijk}$ , the unrealized potential equals zero.

According to the estimations of the ITC, Armenia reached its potential of exporting ferro-molybdenum and aluminium foil to the Netherlands. While, the country has unrealized export potential of number of products, such as apparel (women's or men's overcoats, wind-jackets etc. with the export potential of more than USD 20mln), spirits obtained by distilling grape wine (with USD 4.9mln unrealized export potential), or cut-flowers and buds (USD 1.7mln unrealised potential). Fresh agricultural products and wine made of fresh grapes have unrealized export potential with the unrealised export potential achieving several millions of USD.

**Figure 10. Gap chart of export potential of Armenian products to the Netherlands**

<sup>16</sup> The EPI serves countries that aim to support established export sectors in increasing their exports to existing and new markets. Inspired by a gravity-type framework, the EPI identifies products in which the exporting country has already proven to be internationally competitive and which have good prospects of export success in a given target market.

<sup>17</sup> The PDI serves countries that aim to diversify and develop new export sectors. Based on Hausmann and Hidalgo's notion of the product space, the PDI identifies products which the exporting country does not yet competitively export but which seem feasible given the country's current export basket and the export baskets of similar countries.

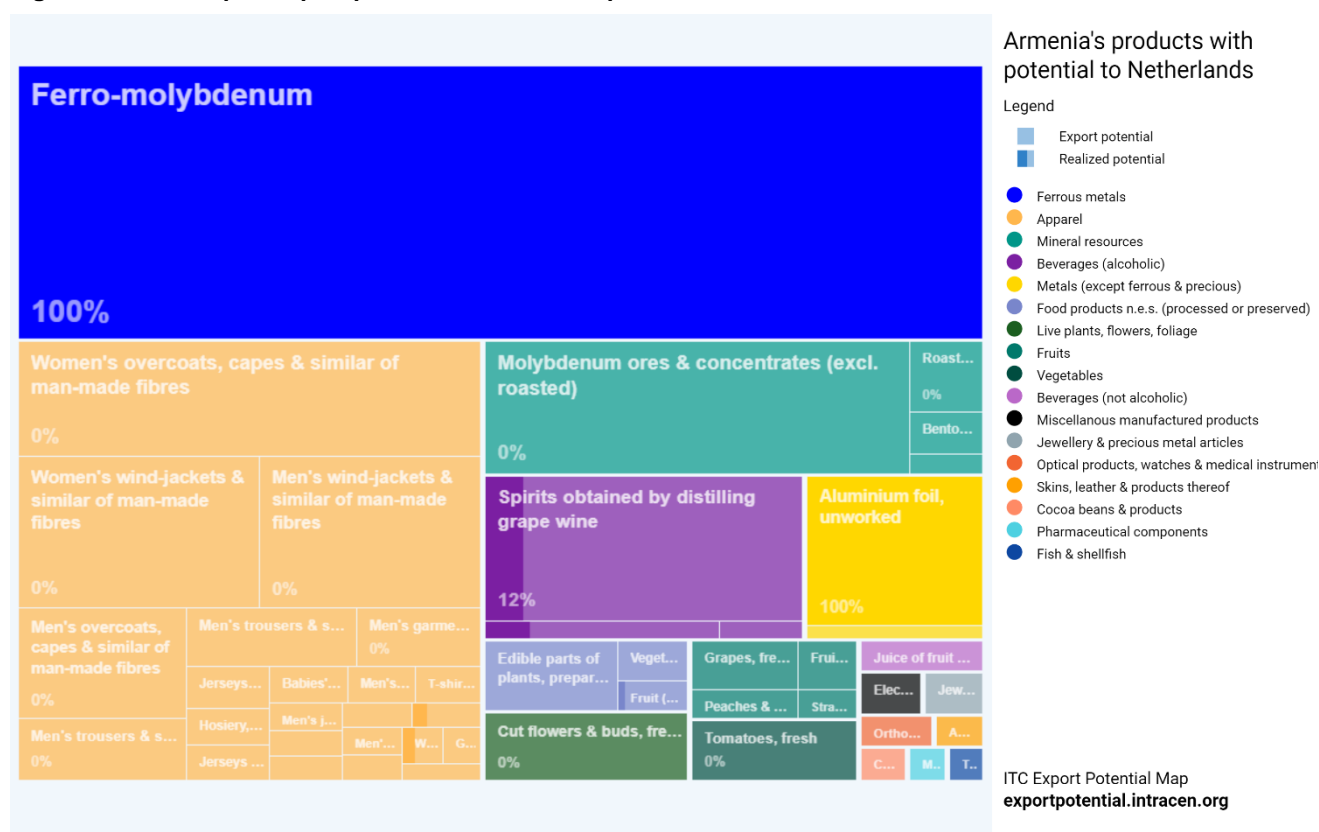


Source: [intracen.org](http://intracen.org)

The Figure 11 shows top 25 products, that can have an opportunity to successfully enter the Dutch market. Armenia's best options for export diversification in the Netherlands are sports footwear, rubber/plastic soles & textile uppers, walnuts, shelled and ferro-nickel. Armenia finds women's jackets of synthetic fibres, knit/crochet easiest to reach. Brassieres is the product that faces the strongest demand potential in the Netherlands.

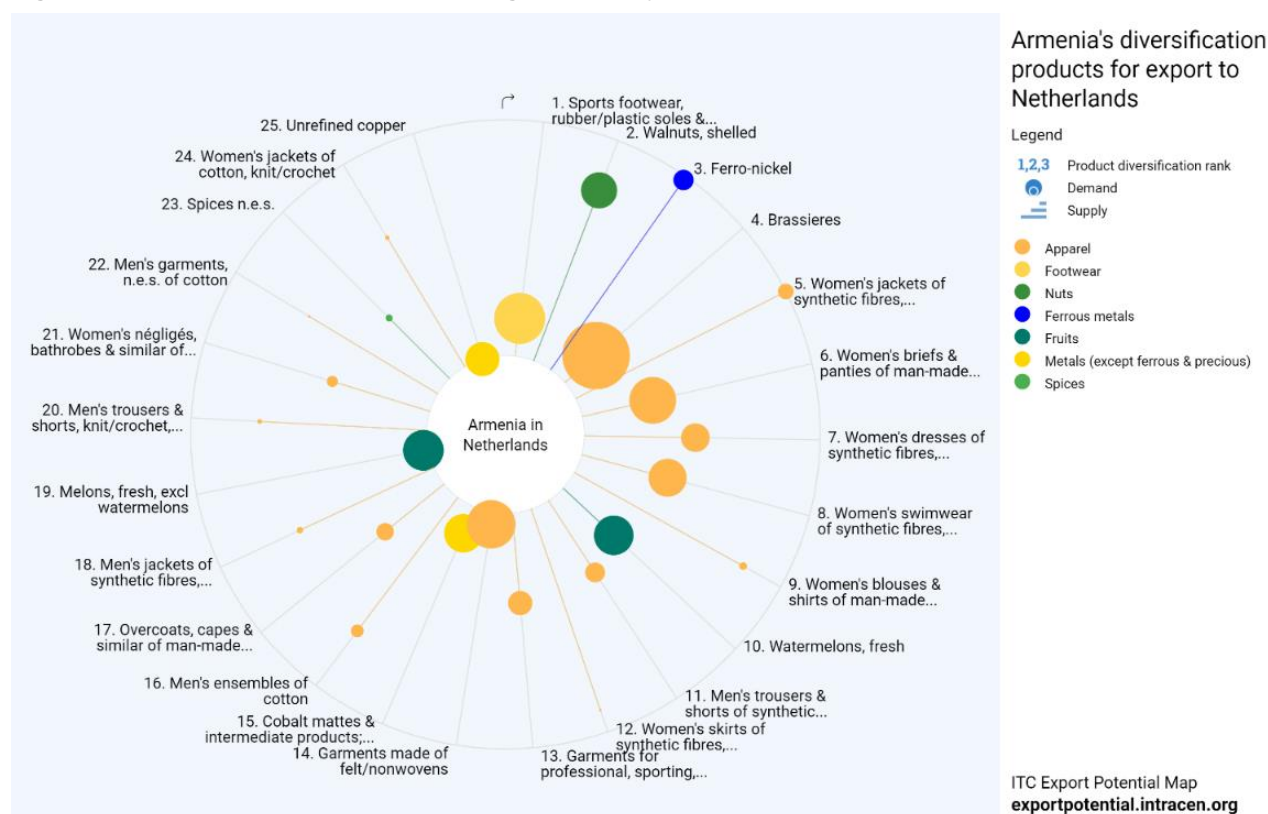


Figure 11. Tree map of export potential of Armenian products to the Netherlands



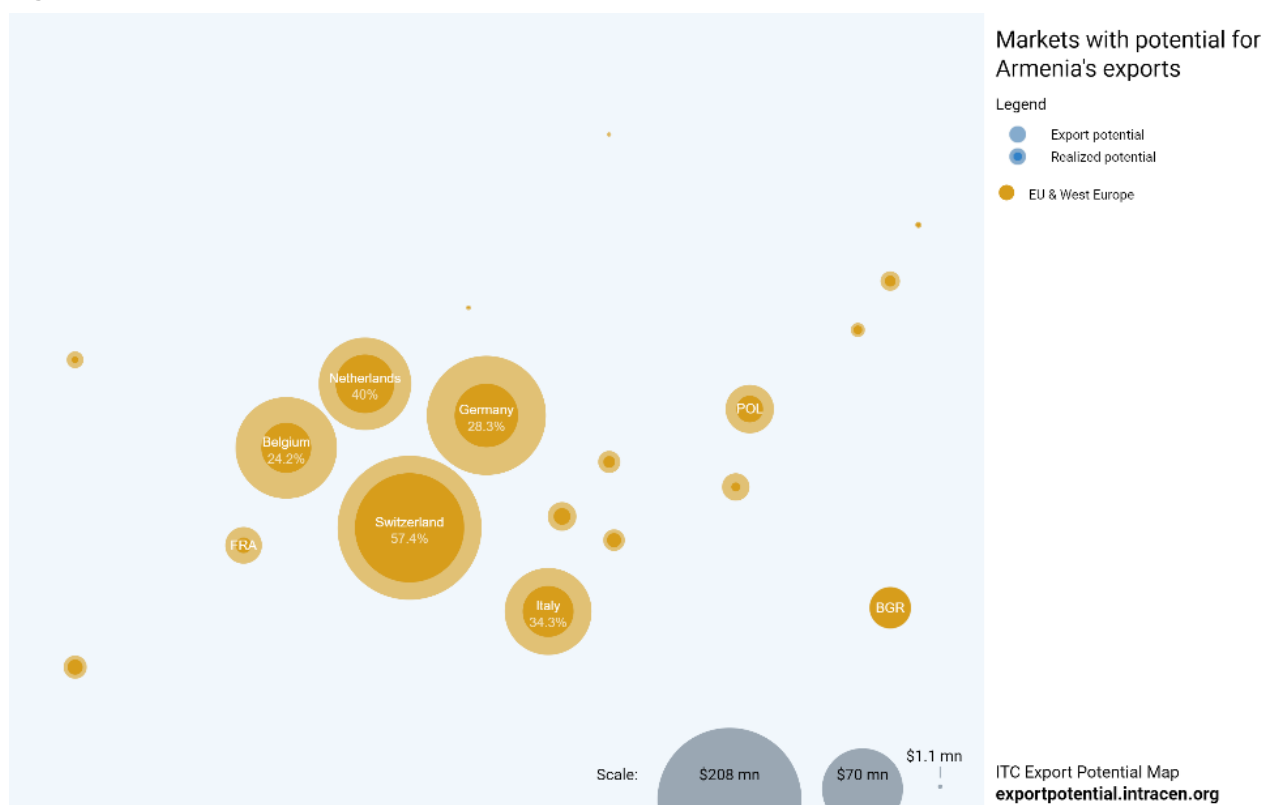
Source: intracen.org

Figure 12. Top 25 Armenian products having opportunity to enter the Dutch market



Source: intracen.org

**Figure 13. Export potential of Armenia to the EU and West Europe countries**



Source: intracen.org

In general, the Netherlands is the 4<sup>th</sup> market in the EU and West Europe region where Armenia has a high export potential: total export potential of Armenia to the Netherlands is USD 90mln of which only 40% is utilised yet.

### **2.2.3 Sanctions against Russia and its impact on Armenia's trade with the EU**

The EU, U.S., Canada and other countries imposed unprecedented sanctions against Russia in response to war against Ukraine started in beginning of 2022. Today Russia is the world's most sanctioned country. The sanctions are imposed not only against individuals but against vessels, entities and aircrafts.

According to the Centre for Economic Policy Research, "the EU has imposed export bans on the sale of goods to Russia, affecting approximately one-third of their overall value. Restrictions on transport equipment account for more than 45% of the total value of banned products, followed by chemicals (19%), electronics (12%), and machinery (11%).<sup>18</sup>" In general, we could say that the purpose of those sanctions was to disrupt the economy of the Russian Federation and restrict foreign trade.

As it was mentioned by the European Council these sanctions heavily impacted the Russian economy bringing to decline of GDP by 2.1%. Meanwhile, as it was estimated by the World Bank and IMF, Russia's foreign trade declined as well: according to IMF the import reduced by 15% in 2022, while export declined by 8,7%; while according to the World Bank import of Russia declined by 9,7% and export - by 9,6%<sup>19</sup>.

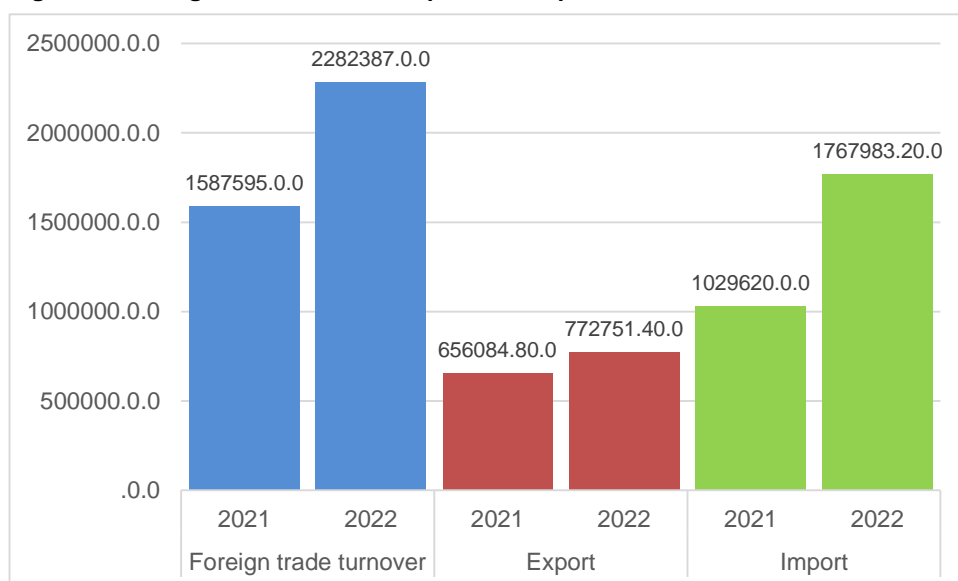
<sup>18</sup> <https://cepr.org/voxeu/columns/impact-eu-sanctions-russian-imports>

<sup>19</sup> <https://www.consilium.europa.eu/en/infographics/impact-sanctions-russian-economy/>

All these economic changes had an impact on Armenian foreign trade as well, as Armenia is one of the members of Eurasian Economic Union and has strong economic ties with Russia. As it was already mentioned in the section 1.1.1 of this report, the volume of the external trade of Armenia increased by 68.6% in 2022, with the exports increase by 77.7% and growth of import by 63.5%.

According to the statistical committee of Armenia, share of the European Union in the overall foreign trade turnover of Armenia constituted 16,2% in 2022 with decline by 2,8% compared to 2021. Despite of these decline, trade volume increased achieving to 2,282,387.0 thousand USD which is more than 43% higher than in 2021. Both, export and import to the EU had a positive trend in 2022: export from Armenia to the EU increased by 17,8%, while import growth was 71,7% in 2022 compared to 2021.

**Figure 14. Foreign trade turnover, export and import of Armenia with the EU in 2022, thousand USD**



Source: Statistical Committee of Armenia, 2023

Germany (3,8%), Italy (2,4%) and the Netherlands (1,9%) are the main trade partners within the EU. Export to the Germany increased by 36.7% in 2022, while import grew by 2.1 times (457,046.3 thousand USD). The highest export and import growth were registered with Cyprus and Greece. Export of Armenia to Cyprus grew by 19.3 times and to Greece by 15.5 times. Import from these countries increased by 3.9 and 3,7 times respectively. Meanwhile there are EU countries, where decline of import and export were registered in 2022. For example, decline of exports of Armenian products were registered to Austria (-5,3%), Denmark (-55.9%), Finland (-7.2%), France (-7.8%), Portugal (-99.7%), etc.

Import machinery and transport equipment from the EU recorded the highest growth in 2022 achieving to 858 million euro compared to 225 million euro in 2021. These are mainly office and telecommunication equipment (such as electronic data processing and office equipment (115mln euro with growth rate of 676.5%), telecommunications equipment (101mln euro, 325.8%), transport equipment (273mln euro, 802,9%). Import of chemicals and related products, other manufactured goods (such as plastics, rubber, textile, etc.) have been increased as well. Meantime, Armenia registered high growth in the export of transport equipment (around 1273.7% or approximately 5mln euro). Growth was also registered in export of textile products, which reached to 102mln euro in 2022, with the growth of 30.7%. Another group of products that have high export share in the export structure

of Armenia to the EU is base metals and articles thereof (particularly iron and steel) with the export volume of 319mln euro in 2022 and export growth of 40,3% compared to 2021<sup>20</sup>.

## 2.3 INVESTMENTS FLOWS BETWEEN THE NETHERLANDS TO ARMENIA

In the last ten years net investment flows<sup>21</sup> into Armenia were not stable: the growth in 2014 was followed by several years of sharp decline. Next growth of net flows was registered in 2018 and 2019, which was followed by a negative investment balance in 2020. In 2021, the net flows of foreign investments into the real sector of RA economy amounted to AMD 208,842.0 million, out of which AMD 128,564.2 million were foreign direct investment net flows. Net financial liabilities were equal to USD 1,168.2mln in 2021, USD 751.3mln more than in 2020 and USD 1,385.9 million less than in 2022 (USD 2,554.0mln). USD 378.8mln of the net financial liabilities in 2021 were FDIs compared to USD 998.1mln in 2022. According to initial data for 2022 net flows of foreign investments were AMD 196 717.5 million, of which AMD 181 825.2 million were foreign direct investments.

Sectors that attracted the highest shares of net investment flows in 2021 were energy (AMD 137,848.7mln), mining (AMD 30,323.9mln), air transportation (AMD 19,865.9mln), activities related to real estate property (AMD 17,603.2mln) and construction (AMD 7,939.4mln). Though these sectors attracted the highest shares of net FDIs in 2021, their sequence is not the same. For example, mining sector attracted more FDIs (AMD 46,397.8mln) than energy sector (AMD 31,171.1mln). The picture is different in 2022: the highest share of net-investments flows were activities related to real estate property (AMD 62,291.2mln), mining (AMD 53,879.5mln), energy (AMD 33,685.4mln) telecommunication (AMD 16,747.7mln). As to the FDIs, mining (AMD 54,155.3mln), energy (AMD 51,977.1mln), , activities related to real estate property (AMD 30,337.1mln) and air transportation (AMD 17,346.3mln) attracted more investments.

The EBRD (AMD 73,662.5) and Germany (AMD 59,119.8mln) have the highest net investments inflows in the real sector of Armenia in 2021 followed by Argentina (AMD 24,248.1mln), Italy (AMD 23,978.7mln) and Islamic Republic of Iran (AMD 14,563.8mln). In 2022 Russian Federation became the biggest investor in the real sector of Armenia with the net investment flows of AMD 158,580.8mln, followed by Cyprus AMD 15,382.1 million.

As regards the net foreign direct investments Russia (AMD 108,982.7mln) and Cyprus (AMD 10,249.3mln) had the leading positions in 2022. Net investment inflows from the Netherlands were negative in 2022 (AMD -24,005.5mln) despite the decrease recorded in 2021 (AMD – 3,443.1mln). Similarly, net inflow of FDIs is negative as well: AMD -20,656.6mln. This means, that more outflows were registered in 2022 to the Netherlands than inflows.

Despite of this, the Netherlands was the 4<sup>th</sup> country of gross inflows of foreign investments in the period from 1988 to 2022 – AMD 669,247.3 with the 4,92% of share in total gross inflows of foreign investments into Armenia. However, it is worth to mention, that within these 33 years, gross inflows of foreign direct investments from the Netherlands were only AMD 43,477.7mln or 0.79% of all foreign direct investments. More information on net and gross investments per countries are provided in the Annexes 1 and 2.

The sectors where net inflows of foreign direct investments were made by the Netherlands in the real sector of Armenia in 2021 are:

<sup>20</sup> [https://webgate.ec.europa.eu/isdb\\_results/factsheets/country/details\\_armenia\\_en.pdf](https://webgate.ec.europa.eu/isdb_results/factsheets/country/details_armenia_en.pdf)

<sup>21</sup> Net investment flow equals the total inflows minus the outflows and can be positive or negative.

- Mining sector, though the net inflow of FDIs were negative in 2022 – (AMD -21 485.7mln). Positive net inflow of FDIs in this sector were registered in 2017 with the amount of AMD 2,994.5mln and in 2019 – AMD 1,601.0mln;
- Telecommunication sector – AMD 169.6mln;
- Computer programming, consultancy and related activities in the field of information technology – AMD 641.4mln;
- Legal and accounting activities – AMD 18.2mln

The Netherlands also had foreign direct investments in the area of manufacture of wearing apparel with the amount of AMD 30.4mln in 2016, wholesale (AMD 66.5mln in 2015 and AMD 6.2mln in 2020) and retail trade (except of motor vehicles and motorcycles) – AMD 7mln in 2017 and AMD 1.3mln in 2020.

### **3 REVIEW OF DUTCH-ARMENIA'S TRADE REGULATION FRAMEWORK**

Almost all countries require documentation for imported and exported products and have certain regulations that must be met to ensure safety, quality, and conformity. These requirements often vary country-to-country. In several cases, traders will face additional regulations, testing, labelling, or licensing requirements for their products before they can sell to foreign markets.

In 2015 Armenia acceded to the EAEU. It is an international organization for regional economic integration which provides for free movement of goods, services, capital and labour, as well as pursues coordinated or single policy in different sectoral spheres within its members. In other word, it is a single market between Armenia, Belarus, Kazakhstan, Kyrgyzstan and Russian Federation with around 200mln population. It was established on the basis of the Customs Union of Eurasian Economic Community on May 29, 2014, by signing of the agreement on EAEU by Belarus, Kazakhstan and Russia, and has been in force since January 1, 2015.

According to Article 4 of the Treaty on the Eurasian Economic Union, the main objectives of the Union are to create conditions for the sustainable economic development of Member States, to strive to form a single market or goods, services, capital and workforce within the Union, comprehensive modernization, cooperation and competitiveness competition of national economies within the global economy.

The EAEU encourages free movement of goods and services, and provides for common policies in the macroeconomic sphere, transport, industry and agriculture, energy, foreign trade and investment, customs, technical regulation, competition, and antitrust regulation. Within the framework of the single policy of the Member States, free movement of goods through the territories of the Member States is implemented without requiring customs declaration and state control (transport, sanitary, veterinary-sanitary, quarantine phytosanitary), except for the “Customs Transit” customs procedure which is applied in the mutual trade with Armenia and other EAEU Member States because of the absence of a common border.

The EAEU is currently operating under the unified customs system with the common customs tariff applied to all member countries of the Union. The Eurasian Economic Commission (EEC) is responsible for external trade policy and regulation of the EAEU, including tariffs, transit trade, contingency measures, technical regulations, and SPS measures.

### 3.1 TRADE REGULATION FRAMEWORK OF ARMENIA

Foreign trade procedures of Armenia are mainly regulated by the following legal acts:

- Treaty on the Eurasian Economic Union of May 29, 2014;
- Treaty on Armenia's accession to the Treaty on the Eurasian Economic Union of May 29, 2014;
- Treaty on the Customs Code of the Eurasian Economic Union;
- Law on Customs Regulation of the Republic of Armenia of October 07, 2022;
- Laws and decision of the Republic of Armenia on several topics related to import, export, transit and re-export of goods into and/or from the territory of Armenia (the whole lists of these legal acts are provided in the Annexes 4-8 of this report).

#### 3.1.1 The Treaty on the Eurasian Economic Union

The Treaty on the EAEU is the main legal act, that defines general principles of the legal framework, including trade regulations of the EAEU. The Article 6, point 1 of the Treaty defines that the legal system of the Union is composed of international agreements within the Union (e.g. Customs Code of EAEU), international agreements of the Union with the third parties (e.g. Free Trade Agreement between the EAEU and Vietnam) and decisions and resolution of the Supreme Eurasian Economic Council, Eurasian Intergovernmental Council and Eurasian Economic Commission. It is an umbrella legal act that defines general principles of trade between members of the EAEU and other countries.

According to the Treaty, the common external tariff<sup>22</sup> and “other common measures regulating foreign trade in goods with third parties”, common regime for trade in goods with third parties and common customs regulation are applied in the territory of the EAEU<sup>23</sup>. Within the functioning of the internal market of the EAEU in mutual trade of goods the member countries shall not apply customs duties (other duties, taxes and charges having equivalent power), non-tariff measures, special protective, antidumping and countervailing measures, except the cases in which such restriction are necessary for:

- protection of human life and health;
- protection of public morals and public order;
- environmental protection;
- the protection of animal and plant species and cultural values;
- implementation of international obligations;
- the defence and security of the Member State.

The common external tariff applied to goods imported into the territory of the EAEU as well as the Common Commodity Nomenclature of Foreign Economic Activity of the Eurasian Economic Union (CNFEA) are defined by the decision of the Council of the Eurasian Economic Commission No. 80 of September 14, 2021<sup>24</sup>. It is developed on the basis of the seventh edition of the Harmonized Commodity Description and Coding System of the World Custom Organisation and entered into force on January 1, 2022.

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<sup>22</sup> A set of customs duty rates applied for goods being imported (imported) to the customs territory of the EAEU from third countries, classified in accordance with the Common Commodity Nomenclature of Foreign Economic Activity of the Eurasian Economic Union

<sup>23</sup> Article 25 of the Treaty on the Eurasian Economic Union

<sup>24</sup> See <https://eec.eaeunion.org/comission/departement/catr/ett/>



*Ad valorem*<sup>25</sup>, *specific*<sup>26</sup> and *combined*<sup>27</sup> import customs duties are applied at the common external tariff of the EAEU. Sometimes seasonal customs duty rates may be applied, though they can be valid no more than 6 months a year. Import customs duty rates of the common external tariff of the EAEU are unified and are not subject to change (except for the cases defined by articles 35, 36 and 43 of this Treaty)<sup>28</sup>.

According to the Treaty on the EAEU, the Eurasian Economic Commission may establish tariff quotas for certain categories of agricultural goods originating from third countries and imported into the EAEU customs territory. Based on this provision, tariff quotas for a number of types of meat products and whey for 2023 were established as follows:

**Table 8. Tariff quotas for a number of types of meat products and whey**

| Country            | Tariff quota for cattle meat | Tariff quota for pork meat | Tariff quota for meat and poultry offal | Tariff quota for whey |
|--------------------|------------------------------|----------------------------|-----------------------------------------|-----------------------|
| Armenia            | 11.3 thousand tons           | 7.5 thousand tons          | 39.1 thousand tons                      | 1.2 thousand tons     |
| Belarus            | -                            | 20 thousand tons           | 10.9 thousand tons                      | -                     |
| Kazakhstan         | 21 thousand tons             | -                          | 140 thousand tons                       | -                     |
| Kyrgyzstan         | 5 thousand tons              | 3 thousand tons            | 58 thousand tons                        | -                     |
| Russian Federation | 570 thousand tons            | -                          | 364 thousand tons                       | 15 thousand tons      |

Source: Eurasian Economic Commission (<https://eec.eaeunion.org/en/news/kollegiya-EEK-ustanovila-tarifnye-kvoty-na-vvoz-otdelnykh-vidov-myasa-i-molochnoy-syvorotki-v-eaes-v/>)

Foreign trade policy, that is, trade policy regarding non-EAEU countries, is an area of exclusive competence of the EAEU. Foreign trade policy is implemented by conclusion of international treaties with third parties, unilaterally by the EAEU or jointly with the Member States. This policy is mandatory for the EAEU Member States.

The Treaty on EAEU contains some basics of application of non-tariff measures (NTM). Generally non-tariff measures that are introduced within EAEU legislation are common among all EAEU members. However, there may be specifics of NTM implementation only in case of imports to one of the Member State. The following provisions of the Treaty on the EAEU cover the issues relation to adoption of NTMs: Article 44 and Annex 6, Article 46 and Annex 7, Articles 48–50 and Annex 8, Articles 51–55 and Annex 9, Articles 56–59 and Annex 12.

The following common non-tariff measures can be applied in trade with third countries by Member States of the EAEU:

- the prohibition of import and (or) export of goods;
- quantitative restrictions on the import and (or) export of goods;
- the exclusive right to export and (or) import of goods;
- automatic licensing (monitoring) of export and (or) import of goods;
- authorization procedure for import and (or) export of goods.

<sup>25</sup> Established as a percentage of the customs value of customable goods

<sup>26</sup> Established depending on physical characteristics of customable goods in kind (quantity, weight, volume or other characteristics)

<sup>27</sup> Combining both types specified above

<sup>28</sup> According to the Article 42 paragraph 6 of the Treaty, member states can apply import customs duty rates that are different from the rates of the common external tariff of the Eurasian Economic Union, provided that these goods cannot be re-exported to other member States without paying the difference between the applied tariff and the common external tariff of the EAEU. According to the available data, only Kazakhstan has such reduced tariffs due to its obligations taken during the accession to the World Trade Organisation: <https://eec.eaeunion.org/comission/departement/catr/ttr/stavki.php>



The Treaty provides also main principles of determining the origin of goods, principles of application of safeguard, antidumping and countervailing measures, as well as other measures of protection of the internal market of the Union.

According to the Article 71 of the Treaty, goods imported from the territory of one Member State into the territory of another Member State shall be levied by indirect taxes (taxes, other charges and payments). Collection of indirect taxes in mutual trade of goods is carried out by the principle of country of destination, provided for an application of zero rate of value added tax and (or) exemption from payment of excise taxes on export of goods, as well as levying of import of goods by indirect taxes.

The EAEU Member States have concluded separate accords concerning export duties, according to which each Member State establishes its own list of goods to which export duties may apply. For Armenia, the applied rate of exports duties for all goods is zero (0). Exported goods and ancillary services are zero-rated for VAT purposes. Exported goods are also exempt from excise tax.

### **3.1.2 Customs Code of the EAEU**

#### *3.1.2.1 General Provisions*

The new agreement on the Customs Code of EAEU was signed on April 11, 2017 and entered into force on January 1, 2018. It mainly concerns:

- the procedures for, and the terms of, movement of goods across the customs border of the Union, their remaining and being used in and outside the customs territory of the Union,
- the procedures for performing customs operations related to entry of goods into the customs territory of the Union, their leaving the customs territory of the Union, temporary storage of goods, their customs declaration and release and other customs operations,
- the procedures for payment of customs charges and safeguard, anti-dumping and countervailing duties and conducting of customs control, as well as regulating of the authoritative relationships between the customs authorities and individuals exercising their right of possession, use and/or disposal of the goods in and outside the customs territory of the Union.

EAEU customs legislation establishes the right of appeal and defines the general rights of a declarant<sup>29</sup>. Appeals procedures are set out in national legislation, and can vary across Member States.

The EAEU Customs Code counts over 1,000 pages, and it is designed to systematize and codify over 20 international treaties of the EAEU in the sphere of international trade, including on customs valuation, rules of origin, customs clearance of goods delivered via international mail, etc. After the adoption of the EAEU Customs Code the above-mentioned international treaties of the EAEU were repealed. The EAEU Customs Code is aimed at making customs operations more transparent and provides instruments that would facilitate interaction between businesses and state authorities by reducing paperwork and direct contact with customs officials.

The customs territory of the Union includes the territory of the Member States together with artificial islands, constructions, facilities and other objects located outside the territories of the Member States, in respect of which the exclusive jurisdiction of the relevant Member State is applied.

Goods imported into the customs territory of the Union are considered to be under customs control as soon as they cross the customs border of the Union. Union goods exported from the customs territory

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<sup>29</sup> The person who declares goods or in whose name goods are declared

of the Union remain under the customs control from the moment of registration of the customs declaration or after the performance of actions aimed at exporting of goods from the customs territory of the Union. Processed products, waste and scrap that have been produced/generated and are remaining in the customs territory of the Union and that have obtained the status of foreign goods in accordance with the Customs Code shall be deemed to remain under customs control as soon as they have been produced/generated.

The goods moved across the customs border of the Union in violation of the requirements established by treaties and acts on customs regulation shall be handled with the application of customs tariff regulatory measures, prohibitions and restrictions, trade remedies, treaties and acts on customs regulation, Member States legislative acts on tax regulation effective on the day when the goods actually cross the customs border of the Union. Compliance with sanitary, veterinary-sanitary and quarantine phytosanitary measures and radiation requirements shall be confirmed based on the results of sanitary-epidemiological, veterinary, phytosanitary, radiation control/supervision carried out in the manner established in the Union Treaty and the acts of the Commission adopted thereunder, and/or in the manner established in the legislation of the Member States.

Customs documents shall be completed in the Russian language or in the official language of the Member State, with whose customs authorities the customs documents are submitted. Customs documents which are completed in one Member State and are to be presented to the customs authorities of another Member State during customs operations shall be completed in the Russian language.

#### *3.1.2.2 EAEU Product Classification System*

All goods imported into or exported from the EAEU must be classified for customs purposes. The Single Commodity Nomenclature of Foreign Economic Activity of the EAEU (CNFEA) is a commodity description and coding system which is used for classification of goods. Each separate product is assigned a particular classification code in order to:

- apply customs tariff regulatory measures,
- calculate customs duties,
- apply prohibitions and restrictions and trade remedies and
- maintain customs statistics.

The CNFEA of the EAEU is formed on using two classifiers:

- The single commodity nomenclature of foreign economic activity of the Commonwealth of Independent States (CIS) and
- The Harmonized Commodity Description and Coding System (the HS) - a coding system developed by World Customs Organization in order to classify goods worldwide.

The Harmonized System complies with three conditions:

- Goods are divided into 3 big groups, so they have a common feature in each one. All chain links of classification are independent and could be further divided;
- Goods are subject to be classified only by the one main feature;
- Classification of goods is carried out according to main feature first, then to specific ones.

It comprises more than 5,000 commodity groups; each identified by a six-digit code. The system is used by more than 200 countries and economies as a basis for their Customs tariffs and for the collection of international trade statistics.

Since the HS was adopted, a number of major changes have taken place. The HS 2022, which is the seventh edition of the Harmonized System nomenclature, entered into force from January 1, 2022.

The EAEU CNFEA code is 10-digits long and consists of the group code (first 2 digits), the heading (4 digits), the subheading (6 digits) and specific subheading (8 digits), so it is written as XXXX XX XXX X, where:

XX — the EAEU CNFEA chapter;  
XXXX — the EAEU CNFEA heading;  
XXXX XX — the EAEU CNFEA subheading;  
XXXX XX XX — the EAEU CNFEA specific subheading;  
XXXX XX XXX X — the full EAEU CNFEA code<sup>30</sup>.

The first 6 digits of the EAEU CNFEA match the HS, the 7<sup>th</sup> and 8<sup>th</sup> number - to the Common Nomenclature<sup>31</sup> of the European Union, the 9<sup>th</sup> - to the CIS CNFEA. The 10th digit is only used to specify the code within the EAEU territory.

The regulation **“On the procedures for applying the CNFEA the Customs Union in the classification of goods”**, approved by the Decision of the Commission dated January 28, 2011 No. 522<sup>32</sup>, determines that when classifying goods, only the main criteria used in the CNFEA of the EAEU: the material, technical and functional characteristics of the goods, the degree of processing, should be used.

It also should be noted that foreign exported HS codes cannot always be applicable for EAEU customs services, even the first digits, because exporters often classify the goods using a convenient HS code which allows them to simplify exportation or decrease duties paid. Therefore, an EAEU importer should check the HS codes for goods in advance of importing them into the EAEU territory.

Why pay attention to the classification?

- In accordance to the EAEU Customs Code all goods crossing the EAEU border should be provided with the EAEU CNFEA code;
- Classifying is a key process during customs clearance because the HS code affects customs duties which vary in different headings;
- The CNFEA code also affects restrictions and prohibitions applicable for the goods and stipulates obtaining licenses, certificates;
- Another important function of the EAEU HS code is that considering it, customs services track customs value of the goods.

The Eurasian Economic Commission has created a special online tool that assists economic operators to identify the correct tariff classification for goods they intend to import or export. It contains information on about 36,500 goods from the preliminary decisions on the classification of goods in accordance with the CNFEA the EAEU, adopted by the customs authorities of the Member States<sup>33</sup>. Moreover, the

<sup>30</sup> Explanatory notes to the EAEU CNFEA are available here:

<https://eec.eaeunion.org/en/comission/departement/catr/psn/default.php>

<sup>31</sup> The Combined Nomenclature is the EU's 8-digit coding system, comprising the HS nomenclature with further EU subdivisions. It both serves the EU's common customs tariff and provides statistics for trade inside the EU and between the EU and the rest of the world.

<sup>32</sup> [https://docs.eaeunion.org/docs/en-us/0126872/cuc\\_04022011\\_522](https://docs.eaeunion.org/docs/en-us/0126872/cuc_04022011_522)

<sup>33</sup> [https://portal.eaeunion.org/sites/odata/\\_layouts/15/Portal.EEC.Registry.Ui/DirectoryForm.aspx?ViewId=01d0337c-71f3-455b-950d-d882bf9547d9&ListId=0e3ead06-5475-466a-a340-6f69c01b5687&ItemId=219#](https://portal.eaeunion.org/sites/odata/_layouts/15/Portal.EEC.Registry.Ui/DirectoryForm.aspx?ViewId=01d0337c-71f3-455b-950d-d882bf9547d9&ListId=0e3ead06-5475-466a-a340-6f69c01b5687&ItemId=219#)

Commission publishes the list of goods classifications of which are adopted by the decisions of the Eurasian Economic Commission<sup>34</sup>. Nevertheless, it is worth to mention, that *correctness of goods classified will be verified by the customs authorities*.

### 3.1.2.3 *Authorised Economic Operator (AEO)*

AEO is a legal person, involved in foreign economic activities, in customs activity sphere as a customs broker, a temporary storage warehouse owner, a customs warehouse owner for at least 3 years, or carrying out the activity as a customs carrier for at least 2 years prior to the date of registration by the customs authority of the application for inclusion in the registry of authorised economic operators.

Usually, large manufacturing or trading companies receive this status in order to import products or raw materials easier and faster. The following simplification may be distinguished among provided ones:

- priority performance of the customs operations;
- no need to provide security of performance of obligations on payment of customs duties;
- release of goods prior to submission of the declaration on goods;
- temporary storage of goods at the authorized economic operator premises.

AEOs are divided into 3 types with each of them having special simplifications upon performance of the customs operations. To obtain this status, companies must comply with certain conditions specified in the Customs Code. These requirements are defined in the article 433 of the Customs Code of the EAEU.

### 3.1.2.4 *Provision of Preliminary Information*

The purpose of providing preliminary information is to ensure that the customs authorities receive information on the goods planned to be moved across the customs border of the Union in order to assess the risks and make preliminary decisions with regard to the choice of objects, forms of customs control and measures ensuring the conduction of customs control before the goods enter the customs territory of the Union.

Preliminary information may be presented in the form of an electronic document. It shall be presented to the customs authority of the Member State, in whose territory the proposed checkpoint across the customs border of the Union is located, at least 2 hours before arrival of goods. Preliminary information shall be presented in the Russian language, and if the Russian language is not an official language in the Member State to whose customs authority preliminary information is presented, then preliminary information is presented in the Russian language or in the official language of that Member State, at the choice of the submitting person.

Preliminary information can be provided by the sender, recipient, carrier, customs representative or other interested person, regardless of where s/he is located.

The Board of the Eurasian Economic Commission has adopted decisions on defining obligation, procedures and terms for submitting preliminary information in relation to goods intended for import into the customs territory of the Union by water, air, rail and road transport, as well as the procedure for its registration and use:

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<sup>34</sup> [https://eec.eaeunion.org/comission/departement/dep\\_tamoi\\_zak/klassifikatsiya-tovarov-v-sootvetstvii-s-tn-ved-eaes/resheniya-o-klassifikatsii-tovarov.php](https://eec.eaeunion.org/comission/departement/dep_tamoi_zak/klassifikatsiya-tovarov-v-sootvetstvii-s-tn-ved-eaes/resheniya-o-klassifikatsii-tovarov.php)

- Decision No. 51 of April 10, 2018 “On Approval of the Procedure for Submitting Preliminary Information on Goods to be Imported into the Customs Territory of the EAEU by **Water Transport**<sup>35</sup>”, as amended by decisions No. 124 of July 31, 2018 and No. 128 of October 20, 2020;
- Decision No. 56 of April 17, 2018 “On Approval of the Procedure for Submitting Preliminary Information on Goods to be Imported into the Customs Territory of the Eurasian Economic Union by **Road**<sup>36</sup>”; decisions No. 124 of July 31, 2018 and No. 128 of October 20, 2020;
- Decision No. 57 of April 17, 2018 “On Approval of the Procedure for Submitting Preliminary Information on Goods to be Imported into the Customs Territory of the Eurasian Economic Union by **Rail**<sup>37</sup>” as amended by decisions No. 124 of July 31, 2018 and No. 128 of October 20, 2020;
- Decision No. 62 of April 24, 2018 “On Approval of the Procedure for Submitting Preliminary Information on Goods to be Imported into the Customs Territory of the Eurasian Economic Union by **Air**<sup>38</sup>”, as amended by decisions No. 124 of July 31, 2018 and No. 128 of October 20, 2020.

Decisions of the Board of the Eurasian Economic Commission No. 191, 192, 193 and 194<sup>39</sup> of November 28, 2018 (as amended by the decision No. 130 of October 20, 2020), provides the structure and sample of preliminary information on goods to be imported into the territory of the EAEU for respectively water, air, rail and road transports.

#### 3.1.2.5 Customs Valuation

The legislation on customs valuation is based on the general principles and the rules provided for by Article VII of the General Agreement on Tariffs and Trade 1994 (GATT 1994) and Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade 1994. This agreement was transposed into the Customs Code of the EAEU and local legislation of Member States.

The main goal of customs valuation is the application of customs tariff of the Union. Customs valuation is important not only for the calculation of customs duties, but in a number of other sectors (calculation of safeguard, anti-dumping or countervailing duties). The customs value of goods shall not be determined when goods are placed under the customs procedure for transit, customs procedure for customs warehouse, customs procedure for destruction, customs procedure for refusal in favour of the State and special customs procedure.

There are six methods of valuation applicable to all goods, namely:

- 1) transaction value method;
- 2) transaction value of identical goods;
- 3) transaction value of similar goods;
- 4) deduction method;
- 5) computed method; and
- 6) residual method.

<sup>35</sup> [https://docs.eaeunion.org/docs/ru-ru/0054856/clcd\\_13042018\\_51](https://docs.eaeunion.org/docs/ru-ru/0054856/clcd_13042018_51)

<sup>36</sup> [https://docs.eaeunion.org/docs/ru-ru/01523789/clcd\\_20042018](https://docs.eaeunion.org/docs/ru-ru/01523789/clcd_20042018)

<sup>37</sup> [https://docs.eaeunion.org/docs/ru-ru/01523790/clcd\\_20042018](https://docs.eaeunion.org/docs/ru-ru/01523790/clcd_20042018)

<sup>38</sup> [https://docs.eaeunion.org/docs/ru-ru/01521192/clcd\\_27042018\\_62](https://docs.eaeunion.org/docs/ru-ru/01521192/clcd_27042018_62)

<sup>39</sup> [https://docs.eaeunion.org/docs/ru-ru/01520080/clcd\\_30112018\\_191](https://docs.eaeunion.org/docs/ru-ru/01520080/clcd_30112018_191), [https://docs.eaeunion.org/docs/ru-ru/01520084/clcd\\_30112018\\_192](https://docs.eaeunion.org/docs/ru-ru/01520084/clcd_30112018_192), [https://docs.eaeunion.org/docs/ru-ru/01520088/clcd\\_30112018\\_193](https://docs.eaeunion.org/docs/ru-ru/01520088/clcd_30112018_193), [https://docs.eaeunion.org/docs/ru-ru/01520092/clcd\\_30112018\\_194](https://docs.eaeunion.org/docs/ru-ru/01520092/clcd_30112018_194) and [http://docs.eaeunion.org/docs/ru-ru/01527508/err\\_23102020\\_130](http://docs.eaeunion.org/docs/ru-ru/01527508/err_23102020_130)

The *transaction value method* is the primary basis for determining customs value in the EAEU. This is based on the price actually paid or payable by a buyer to a seller for the imported goods when sold for export in the customs territory of the EAEU. There is a need to provide evidence of the price paid, e.g. a copy of the seller's invoice.

If the customs value of imported goods cannot be determined based on their transaction value, it is to be determined in accordance with Articles 41 and 42 of the Customs Code of the EAEU, consistently applied. This may involve holding consultations between the customs authority and the declarant to ensure reasonable selection of the basis for determining the customs value of imported goods.

If at least one of the below conditions are not met, the price actually paid or payable shall not be acceptable for determining the customs value of the imported goods and method 1 shall not apply:

- there are no restrictions to the buyer's right to use and dispose of the goods, with the exception of the restrictions, which:
  - limit the geographical area in which the goods may be resold;
  - do not substantially affect the value of goods;
  - have been established in acts adopted by the bodies of the Union or in the legislation of the Member States;
- sale of goods or their price is not subject to any conditions or obligations, whose influence on the price of the goods cannot be quantified;
- no part of the income or proceeds of any subsequent sale or any other disposal or use of the goods by the buyer will accrue directly or indirectly to the seller;
- the buyer and seller are not related, or, where the buyer and seller are related, the transaction value of imported goods is acceptable if this relationship did not influence the price actually paid or payable.

In determining the customs value of imported goods based on their transaction value the following additional adjustments shall be made to the price actually paid or payable for those goods, if they are not already included in the price of the good:

- the costs incurred or to be incurred by the buyer which are not included in the price actually paid or payable for imported goods, including:
  - commission to intermediaries/agents and brokerage, except buying commission payable by the buyer to its agent/intermediary for providing at its request the services related to purchasing imported goods outside the customs territory of the Union;
  - the cost of containers which are treated as being one, for customs purposes, with imported goods,
  - the cost of packing of the imported goods, including packing materials and labour;
- the value of goods and services supplied directly or indirectly by the buyer free of charge or at reduced cost for use in connection with the production and sale of the goods:
  - components, parts, semi-finished goods and other goods, of which the imported goods are produced/composed;
  - tools, dies, moulds and other similar items used in the production of the imported goods;
  - materials consumed in the production of the imported goods;
  - engineering, development, works involving engineering and designing, artwork, design work, and plans and sketches undertaken outside the customs territory of the EAEU.
- any part of the income/proceeds of any subsequent resale, disposal or use in any other way of the imported goods that accrues directly or indirectly to the seller;
- the cost of transportation (shipment) of the imported goods to the points of entry of those goods into the customs territory of the Union;



- charges for loading, unloading and handling of imported goods and other operations associated with their transportation (shipment) to the point of entry of such goods into the customs territory of Union;
- the cost of insurance, licence fees and other similar payments for use of intellectual property, including royalties, patent, trademark, copyright payments related to imported goods that the buyer must pay, either directly or indirectly, as a condition of sale of the goods for export to the customs territory of the Union.

The following shall not be included in the customs value:

- charges for the right to reproduce/replicate the goods in the territory of the Union;
- payments for the right to distribute or resell the goods;
- charges for construction, erection, assembly, maintenance or technical assistance, undertaken after import of goods into the customs territory of the Union;
- charges for the transportation (shipment) within the customs territory of the Union;
- duties and taxes and fees payable for the importation of goods into the customs territory of the Union or sale of imported goods in the customs territory of the Union

All six methods of valuation mentioned above should be tried in order: if Method 1 doesn't apply to you, try Method 2. If that doesn't apply, try 3 and so on. However, Method 5 can be tried before 4.

#### 3.1.2.6 Customs Procedures

The carrier shall notify the customs authority of the entry of the customs territory of the Union by way of presenting the documents and the data depending on the means of transport used for transportation (shipment) of the goods, or by way of presenting a document containing the data on the registration number of the preliminary information submitted as an electronic document, within the following time limits:

- for goods carried by road transport, within **1 hour after the goods have been delivered to the point of entry**, and if the goods have been delivered to the point of entry outside the working hours of the customs authority, within 1 hour after the commencement of the working hours of the customs authority;
- for goods carried by water, air or rail transport, within the time limit determined by the technological process (timetable) of a port, airport or railway station for international carriage, or within other time limit stipulated by the legislation of the Member States on customs regulation (see the Chapter 3.1.3 of this report).

When notifying the customs authority of the entry of goods into the customs territory of the Union, the carrier shall present the following documents and data:

1) for international road carriage:

- the documents for the vehicles for international transportation;
- transport (shipping) documents;
- commercial documents for the transported goods available to the carrier;
- data about:
  - the state of registration of a vehicle for international transportation;
  - the carrier of the goods (name and address);
  - the country of departure and the country of destination of goods (name);
  - the sender and the recipient of the goods (names and addresses);
  - the seller and the buyer of goods in accordance with the commercial documents available to the carrier;



- the number of pieces of freight, their marking and types of packaging of the goods;
- the goods (names and codes of the goods in accordance with the CNFEA at least the first 6 digits);
- gross weight of the goods (in kilograms) or volume of the goods (in cubic metres);
- availability/absence of any goods the import of which into the customs territory of the Union is prohibited or restricted;
- place and date of the execution of the international consignment note;
- container identification numbers;

2) for international air carriage<sup>40</sup>:

- standard carrier's document established in international civil aviation treaties (general declaration);
- a document containing the data about the goods carried on board the aircraft (cargo statement);
- a document containing data about aircraft stores;
- transport (shipping) documents;
- a document containing the data about the passengers transported on board the aircraft and their luggage (passenger list);
- commercial documents for the transported goods available to the carrier;
- data about:
  - nationality signs and registration signs of the aircraft;
  - flight number, flight route, point of departure and point of arrival of the aircraft;
  - aircraft operator (name);
  - the number and members of the crew of the vessel;
  - passengers on board the aircraft (number, names and initials, names of the points of embarkation and disembarkation);
  - the goods (name);
  - airway bill number, the number of places under each airway bill;
  - the point of loading and the point of discharge of the goods (names);
  - the number of aircraft stores loaded to or unloaded from the aircraft;
  - availability/absence of any international postal items on board the vessel;
  - availability/absence on board the aircraft of any goods the import of which into the customs territory of the Union is prohibited or restricted, any pharmaceuticals containing narcotic or potent drugs and psychotropic and poisonous substances, weapons or ammunition;
  - container identification numbers;

3) for international railway carriage:

- transport (shipping) documents;
- transfer statement for the rolling stock;
- a document containing data about stores;
- commercial documents for the transported goods available to the carrier;
- data about:
  - the sender and the recipient of the goods (names and addresses);
  - the station of departure and the station of destination of the goods (names);
  - the number of pieces of freight, their marking and types of packaging of the goods;
  - the goods (names and codes of the goods in accordance with the CNFEA at the level of at least the first 6 digits);
  - gross weight of the goods (in kilograms);
  - container identification numbers.

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<sup>40</sup> Information about water carriage is not provided as Armenia does not have sea border crossing point

For the goods to depart from the customs territory of the Union, the carrier must present to the customs authority the documents and data provided above, depending on the means of transport used for transportation (shipment) of the goods.

Regardless of the means of transport used for the transportation (shipment) of the goods, in order for the goods to depart from the customs territory of the Union, the carrier or any other person shall present:

- a declaration for the goods or a copy thereof, the transit declaration, or the data from the declaration for the goods or the transit declaration, if such declaration for the goods or such transit declaration is not presented in accordance with paragraph 2 of Article 80 of the Code, or any other document that allows the goods to be exported from the customs territory of the Union;
- the documents and/or data confirming the compliance with prohibitions and restrictions applied by the Code.

Goods may, once they have been presented to customs, and with the permission of the customs authorities, be examined or samples may be taken, in order to assign relevant customs-approved treatment or use. No separate customs declaration for samples and/or specimens of goods shall be submitted, provided they are mentioned in the declaration for the goods when the goods are placed under customs procedures.

When goods arrive at the customs office of entry to the EAEU, they are either placed into temporary storage or under the customs procedure for free customs zone in the territory of the port FEZ or logistics FEZ (this should be done within 3 working hours). Customs declaring of goods for export from the customs territory of the Union can be applied as well. Goods placed into the temporary storage remain under customs supervision (no longer than 4 months if shorter period is not determined by the Eurasian Economic Commission) until they are assigned one of the customs procedures.

Depending on the purpose of the location and use of goods in the customs territory of the Union, their export from the customs territory of the Union and/or their location and use outside the customs territory of the Union, the following customs procedures apply to goods:

- *release for internal consumption* – a customs procedure applied to foreign goods under which goods are placed and used in the customs territory of the Union without any restrictions on possession, use and/or disposal. Goods are released for consumption once all applicable customs duties and taxes, safeguard, anti-dumping and countervailing duties have been paid and all applicable authorisations and certificates (e.g. for quotas, health requirements, etc.) have been presented;
- *exportation* - the customs procedure applied to the Union goods, under which the goods are exported from the customs territory of the Union for permanent presence outside its territory;
- *transit* - when the goods are transported (shipped) from the customs authority of departure to the customs authority of destination without payment of customs duties and taxes, safeguard, anti-dumping and countervailing duties;
- *customs warehouse* - a customs procedure applied to the foreign goods, under which those goods are stored in a customs warehouse without the payment of import customs duties and taxes, and safeguard, anti-dumping and countervailing duties;
- *processing within the customs territory* - applicable to the foreign goods, in accordance with which the goods are subject to the processing within the customs territory of the Union for obtaining their processed products to be exported from the customs territory of the Union

without paying import customs duties and taxes, and safeguard, anti-dumping and countervailing duties for these foreign goods;

- *processing outside the customs territory* - the customs procedure applied to the Union goods, under which the goods are exported from the customs territory of the Union for the purpose of obtaining processed products as the result of performance of processing operations outside the customs territory of the Union, and their further importation into the customs territory of the Union without paying import customs duties for these goods;
- *processing for internal consumption* - applied to the foreign goods, under which those goods are subject to processing operations for internal consumption, for the purpose of obtaining their processed products intended for further placement under the customs procedure for release for internal consumption, without any payment of the import customs duties for those foreign goods;
- *free customs zone* - is a customs procedure applied to the foreign goods and Union goods, under which the said goods are placed or used in the territory of the FEZ or its part, without paying customs duties, taxes, and safeguard, anti-dumping, countervailing duties;
- *free warehouse* - applied to the foreign goods and to the Union goods, under which the goods are placed to and used in free warehouse without paying customs duties, taxes, and safeguard, anti-dumping, countervailing duties;
- *temporary admission* - applied to the foreign goods, under which those goods are temporarily kept and used in the customs territory of the Union, provided that terms and conditions of placement of the goods under this customs procedure and their use in accordance with that customs procedure are complied with, with partial payment of the import customs duties, taxes, and without paying safeguard, anti-dumping, countervailing duties, or without paying the import customs duties, taxes, and without paying safeguard, anti-dumping, countervailing duties;
- *temporary exportation* - is a customs procedure in respect of the Union goods in accordance with which such goods are exported from the customs territory of the Union for their temporary stay and use outside the customs territory without payment of export customs duties, subject to the conditions of placement of the goods under the customs procedure and their use in accordance with such customs procedure;
- *re-importation* - is a customs procedure in respect of foreign goods, in accordance with which such goods, previously exported from the customs territory of the Union, are imported into the customs territory of the Union without paying import customs duties, taxes, safeguard, anti-dumping, countervailing duties, subject to the conditions of placement of the goods under this customs procedure;
- *re-exportation* - is a customs procedure in respect of foreign goods and the Union goods, in accordance with which foreign goods are exported from the customs territory of the Union without paying import customs duties, taxes, safeguard, anti-dumping, countervailing duties;
- *duty-free trade* - is a customs procedure in respect of foreign goods and the Union goods, in accordance with which such goods are introduced and sold in retail duty-free shops without paying import customs duties, taxes, safeguard, anti-dumping, countervailing duties in respect of the foreign goods;
- *destruction* - is a customs procedure in respect of foreign goods, in accordance with which such goods shall be destroyed without paying import customs duties, taxes, safeguard, antidumping, countervailing duties, subject to the conditions of placement of the goods under this customs procedure;
- *refusal in favour of the state* - is a customs procedure in respect of foreign goods, in accordance with which such goods shall be turned into the property (income) of the Member State free of charge without paying import customs duties, taxes, safeguard, anti-dumping, countervailing duties, subject to the conditions of placement of the goods under this customs procedure;

- *special customs procedure* - is a customs procedure applied to certain categories of foreign goods and the Union goods, in accordance with which such goods are moved across the customs border of the Union, and/or are used in and outside the customs territory of the Union without paying customs duties, taxes, safeguard, anti-dumping, countervailing duties.

More details and relevant provisions on these procedures can be found in the Customs Code of the EAEU.

### 3.1.2.7 Declaration

Goods are subject to customs declaring when they are placed under a customs procedure. Customs declaring is carried out mainly in electronic form: the written declaring procedure is allowed in exceptional cases.

Goods are placed under customs procedures by using a declaration for goods<sup>41</sup>, except for the customs procedure for transit, and in cases stipulated by the Customs Code. A transit declaration<sup>42</sup> is used when goods are placed under the customs procedure for transit (usually used when goods are exported from Armenia to Member States of the EAEU).

The following data shall be specified in a declaration for goods:

- the stated customs procedure;
- the declarant, customs broker, sender, recipient, seller and buyer of goods;
- vehicles for international transportation as well as vehicles that transported goods (will transport goods) within the customs territory of the Union;
- goods:
  - their name, description required for the calculation and collection of customs duties, safeguard, anti-dumping and countervailing duties and other fees collected by the customs authorities to ensure compliance with prohibitions and restrictions, trade remedies, adoption of measures to protect intellectual property rights by customs authorities, identification, attribution to one 10-digit code of the CNFEA;
  - the code of goods in accordance with the CNFEA;
  - origin of goods;
  - name of the country of departure and of destination;
  - producer of goods;
  - trademark;
  - geographical indications of goods, which is an intellectual property
  - object included in the common customs registry of intellectual property of the Member States and/or the national customs registry of intellectual property maintained by the customs authority of that Member State to the customs authority of which a declaration for goods is submitted;
  - description of packages;
  - price, quantity in kilograms (gross weight and net weight) and additional units of measurement;
  - customs value of goods (value, a method of determining the customs value of goods);
  - statistical value;

<sup>41</sup> The decision of the Commission of the Customs Union No. 257 of May 20, 2010 approves the template of the declaration and instructions on how to fill it in ([https://docs.eaeunion.org/docs/en-us/0125769/cuc\\_02062010\\_257](https://docs.eaeunion.org/docs/en-us/0125769/cuc_02062010_257), <https://eec.eaeunion.org/upload/medialibrary/3c7/DT1.pdf>)

<sup>42</sup> Template of the declaration and instructions are defined by the decision No. 289 of the Commission of the Customs Union dated June 18, 2010 ([https://docs.eaeunion.org/docs/en-us/0146180/cuc\\_25062010\\_289](https://docs.eaeunion.org/docs/en-us/0146180/cuc_25062010_289), <https://eec.eaeunion.org/upload/medialibrary/26f/TRANZITNAYA-DEKLARATSIYA.pdf>)

- calculation of customs duties, taxes, safeguard, anti-dumping and countervailing duties:
  - rates of customs duties, taxes, safeguard, anti-dumping and countervailing duties;
  - customs payments exemptions;
  - tariff preferences;
  - calculated amounts of customs duties, taxes, customs fees, safeguard, anti-dumping and countervailing duties;
  - the exchange rate used to calculate customs duties, taxes, safeguard, anti-dumping and countervailing duties in accordance with the Code;
- a transaction with goods and its terms;
- compliance with prohibitions and restrictions in accordance with Article 7 of the Code;
- compliance with terms of the placement of goods under the customs procedure;
- documents confirming data stated in a declaration for goods specified in Article 108 of the Code;
- documents confirming compliance with the legislation of the Member States, the monitoring of which is entrusted to customs authorities;
- a person who has filled the declaration for goods in and the date of its preparation;
- other data stipulated by the Commission.

The release of goods usually should be completed by the customs authorities within 4 hours from the date of registration of the customs declaration or making changes in it, and in cases where the customs declaration is registered less than 4 hours before the end of the business hours of the customs authority - within 4 hours after the beginning of the business hours of the customs authority.

#### 3.1.2.8 Customs Documents

According to the operation and the nature of the imported goods, additional documents must be declared with the declaration for goods and presented together with it. The most important documents are<sup>43</sup>:

##### 1) **documentary proof of origin**

According to Article 37 of the Treaty on the EAEU, uniform rules for determining the origin of goods are applied in the customs territory of the EAEU. Two decisions of the Council of the Eurasian Economic Commission define rules of origin of goods imported into the territory of the EAEU.

- For the purposes of applying measures of customs and tariff/non-tariff regulations, protecting the internal market, establishing requirements for labelling of origin of goods, conducting government procurement, carrying out foreign trade statistics in goods, the **Rules for Determining Origin of Goods Imported into the Customs Territory of the EAEU** (non-preferential rules for determining the origin of goods), approved by the Decision of the Council of the EEC No. 49 of July 13, 2018<sup>44</sup>, are applied.

A declaration of origin or a certificate of origin should be used to prove the origin of goods. In order to confirm the origin of goods, original documentary proof of origin on paper, its copy (hard or soft copy) or certificate issued by the authorized body in electronic form without issuing the original certificate on paper (hard or soft copy) may be used. Main requirement for completion of certificate of origin are provided in the annex of this decision.

<sup>43</sup> The full list of customs documents with reference to relevant legal acts is available here:

[https://eec.eaeunion.org/comission/department/dep\\_tamoi\\_zak/tamoiDocs.php](https://eec.eaeunion.org/comission/department/dep_tamoi_zak/tamoiDocs.php)

<sup>44</sup> [https://eec.eaeunion.org/upload/medialibrary/4d9/Non\\_preferential-rules-of-origin- new\\_R.47.pdf](https://eec.eaeunion.org/upload/medialibrary/4d9/Non_preferential-rules-of-origin- new_R.47.pdf)

- For the purposes of granting preferential tariff treatment in respect of goods imported into the customs territory of the Union from developing or least developed countries, the **Rules for Determining the Origin of Goods from Developing and Least Developed Countries**, approved by the Decision of the Council of the EEC No. 60 of June 14, 2018, are applied<sup>45</sup>.

To qualify for preferential duty rates, products originating in the beneficiary countries of the EAEU's GSP must be accompanied by a proof of origin. This can be either:

- **a Certificate of Origin** "Form A" (Annex 1 of the decision) - issued by the competent authorities in the beneficiary country. Certificate of origin shall be completed in the English or French languages. It should be presented in the hard copy, except in cases, when there is an arrangement between customs authority of the Member State and the authorized body responsible for the issuance of the certificate on the use of electronic verification system. Certificate of origin is valid for a period of 12 months from the date of its issuance.
- or **a declaration of origin** - for consignments with the value of EUR 5 000 or less. The declaration shall be in English or French languages, as provided in the Annex 3 of the decision and should be approved by the signature of the authorized representative of producer, seller or consignor with the indication of its surname as well as the date of approval. The declaration of origin is valid for a period of 12 months from the date of its approval.

For the purpose of applying preferential tariff treatment to goods imported into the customs territory of the EAEU from countries with which the EAEU has the free trade agreement, rules for determining the origin of goods set by those agreements are applied. As of now, separate rules of origin are applied for

- the Commonwealth of Independent States;
- Viet Nam;
- Serbia and
- Iran<sup>46</sup>.

## 2) *transport document*

Depending on the means of transport used, the following documents are to be filled in and presented to the customs authorities of the importing Member State of the EAEU upon importation in order for the goods to be cleared:

- *Bill of Lading (B/L)*- serves as proof of receipt of the goods by the carrier obliging him to deliver the goods to the consignee.
- *Road Waybill (CMR)* - A document containing the details of the international transportation of goods by road.
- *Air Waybill (AWB)* - A document which serves as a proof of the transport contract between the consignor and the carrier's company.
- *Rail Waybill (CIM)* - A document required for the transportation of goods by rail
- *TIR Carnet* - Customs transit documents used for the international transport of goods, a part of which has to be made by road. They allow the transport of goods under a procedure called the TIR procedure

## 3) *Customs value declaration*

<sup>45</sup> [https://eec.eaeunion.org/upload/medialibrary/4f6/Rules-of-origin-for-DC-and-LDC- new\\_Reshenie-33.pdf](https://eec.eaeunion.org/upload/medialibrary/4f6/Rules-of-origin-for-DC-and-LDC- new_Reshenie-33.pdf)

<sup>46</sup> [https://eec.eaeunion.org/en/comission/departement/dotp/prav\\_proish/zst.php](https://eec.eaeunion.org/en/comission/departement/dotp/prav_proish/zst.php)



A customs value declaration is an integral part of a declaration for goods and is submitted with this declaration. Depending on the customs valuation method two types of customs value declaration are used. For the transaction value method (Method 1) ДТС-1 (DTS-1) type of declaration is used. For the other cases, ДТС-2 (DTS-2) type should be used.

### *3.1.2.9 Customs Payments*

When goods are entering the customs territory of the Union, the carrier's obligation for payment of import customs duties and taxes and safeguard, anti-dumping and countervailing duties shall commence after the goods have crossed the customs border of the Union.

According to the Customs Code of the EAEU, customs payments include:

- import customs duty;
- export customs duty;
- value added tax levied on importation of goods into the customs territory of the Union;
- excises (excise tax or excise fee) chargeable on import of goods into the customs territory of the Union;
- customs fees.

#### Import customs duties

According to the Treaty on the EAEU, import customs duty is a compulsory payment levied by the customs authorities of the Member States in connection with the importation of goods into the customs territory of the Union. The common customs tariff is common for all members of the Union, though some exemptions exist.

Armenia's accession to the EAEU in 2015 has resulted in increased tariffs for the majority of imports. Armenia was required to harmonize its customs tariffs with those of the EAEU. The Common external tariff of the Union is based on the applied rates of the Russian Federation and its WTO accession commitments. Armenia continues to apply MFN<sup>47</sup> tariff to all WTO members.

The simple average applied MFN tariff rate is 6.3% as of the year 2021. Based on the relevant WTO definition, the average applied rate for agriculture is 8.1%. The average applied rate for manufactured goods (non-agricultural products) from outside the European Union is 6.1 percent and is usually based on the CIF-value<sup>48</sup> of the goods at the port of entry.

#### Export customs duties

The EAEU Member States have concluded separate accords concerning export duties, according to which each Member State establishes its own list of goods to which export duties may apply. For Armenia, the applied rate of exports duties for all goods is zero (0). Exported goods are also exempt from excise tax.

#### Value Added Tax

In general, domestic and imported goods and services are subject to value added tax (VAT). VAT rates differ across Member States of the EAEU. The standard rate applied in Armenia is 20%. For imported products VAT is charged when customs clearance procedures take place, before the release of the

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<sup>47</sup> Most-favoured-nation treatment, the principle of not discriminating between one's trading partners (WTO)

<sup>48</sup> The CIF-value is the price of the goods (usually the sales price) plus packing costs, insurance, and freight charges to the port of entry.



goods. The taxable base is the customs value of goods, plus the amount of any import duties and excise taxes levied at the time of importation.

VAT liability arises for the import of goods to the Republic of Armenia under the customs procedure “Release for internal consumption” or for the import of goods from the Member States of the EAEU having the status of the EAEU goods. As it is provided below (Section 3.5.2), The period of VAT payments for goods imported within the framework of investment programs, according to decrees by the government, is postponed for a period of three years. After this period the VAT must be paid.

The Section 3.5.2 of this document also lists the VAT exemption cases as well as cases, when the VAT rate is zero (0). Exported goods and related services are zero-rated. VAT is also not applied to imports of goods and services by individuals for personal use, imports of personal property by individuals taking up permanent residency in Armenia or imports of cultural items.

### Excise Tax

Excise taxes are indirect taxes imposed on goods that damage consumer health or pollute the environment. According to the Treaty on the EAEU, the trade between member countries is exempt from excise tax. Each member country defines their own rates for excise taxes.

To confirm the validity of applying a zero rate VAT and (or) the exemption from payment of excise tax the taxpayer of the Member State, from whose territory the goods were exported, along with the tax declaration shall submit the following documents (their copies) to the tax authorities:

- agreements (contracts), concluded with a taxpayer of another Member State or with taxpayer of state, which is not a Member of the EAEU under which the goods are exported, in case of a lease of goods or trade credit - leasing agreements (contracts), agreements (contracts) on trade credits, agreements (contracts) for the manufacturing of goods; agreements (contracts) for the processing of raw material supplied by the customer;
- bank statements confirming the real receipt of proceeds from the sale of exported goods to the account of the taxpayer-exporter, unless otherwise is provided by the legislation of the Member State;
- statement on import of goods and payment of indirect taxes made in accordance with a form, provided by separate international interagency agreement, marked by the tax authority of the Member State, on whose territory the goods were imported, on payment of indirect taxes (exemption or in other manner of the tax liabilities execution) or list of applications;
- transportation (shipping) and (or) other documents provided by the legislation of Member States, confirming the movement of goods from the territory of one Member State to the territory of another Member State
- other documents confirming the validity of applying zero rate VAT (or) exemption from payment of excise taxes provided by the legislation of the Member State, from whose territory the goods are exported.

The above-mentioned documents should be submitted to the tax authority within 180 calendar days from the date of shipment (transfer) of goods. If these documents are not submitted in the mentioned timeframe, these indirect taxes should be paid.

Rates of excise tax is levied on domestically-produced and imported alcoholic beverages, tobacco products, petrol, and diesel fuels (see Table 8). The tax rate varies according to the product and, in most cases, is defined as a specific rate. The tax rates in Armenia are defined by the Article 88 of the Tax Code.

**Table 9. Excise tax rates of Armenia, 2023**

| CNFEA code of the product                                                                         | Title of the Product Group                                                                      | Unit of Measure                           | Tax rate (AMD) after January 1, 2023                                                                                                                                                                                                                                                                                                                                                                      |
|---------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|-------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2207                                                                                              | Ethyl alcohol                                                                                   | 1 litre (by recalculation of 100% spirit) | 5 700                                                                                                                                                                                                                                                                                                                                                                                                     |
| 2208<br>(Except 2208 90 330 0<br>2208 90 380 0<br>2208 90 480 0<br>2208 20<br>2208 30<br>2208 40) | Alcoholic beverages                                                                             | 1 litre                                   | 3 430                                                                                                                                                                                                                                                                                                                                                                                                     |
| 2208 90 330 0<br>2208 90 380 0<br>2208 90 480 0                                                   | Vodka made of fruits and/or berries                                                             | 1 litre (by recalculation of 100% spirit) | 800                                                                                                                                                                                                                                                                                                                                                                                                       |
| 2208 20                                                                                           | Cognac, brandy and other spirituous liquors                                                     | 1 litre (by recalculation of 100% spirit) | a) 3 000 for 1 to 3 years old spirits, including aged drinks<br>b) 3 500 for 4 to 5 years old spirits, including aged drinks<br>c) 6 000 for 6 to 10 years old spirits, including aged drinks<br>d) 8 500 for 11 to 15 years old spirits, including aged drinks<br>e) 14 000 for 16 to 19 years old spirits, including aged drinks<br>f) 22 000 for more than 20 years old spirits, including aged drinks |
| 2208 30<br>2208 40                                                                                | Whiskies, Rum and other spirits                                                                 | 1 litre                                   | 7 000                                                                                                                                                                                                                                                                                                                                                                                                     |
| 2203 00                                                                                           | Beer                                                                                            | 1 litre                                   | 130                                                                                                                                                                                                                                                                                                                                                                                                       |
| 2204                                                                                              | Wine of fresh grapes                                                                            | 1 litre                                   | 150                                                                                                                                                                                                                                                                                                                                                                                                       |
| 2205                                                                                              | Vermouth and other wine of fresh grapes                                                         | 1 litre                                   | 1 000                                                                                                                                                                                                                                                                                                                                                                                                     |
| 2206 00                                                                                           | Other fermented beverages (for example, cider, perry, mead, saké), fruit, berry and other wines | 1 litre                                   | 150                                                                                                                                                                                                                                                                                                                                                                                                       |
| 2402<br>(Except 2402 10 000 01<br>2402 90 000 01<br>2402 10 000 02<br>2402 90 000 02)             | Tobacco products                                                                                | 1 000 units                               | 14 640                                                                                                                                                                                                                                                                                                                                                                                                    |
| 2402 10 000 01<br>2402 90 000 01                                                                  | Cigars                                                                                          | 1 000 units                               | 605 000                                                                                                                                                                                                                                                                                                                                                                                                   |
| 2402 10 000 02<br>2402 90 000 02                                                                  | Cigarillos                                                                                      | 1 000 units                               | 16 500                                                                                                                                                                                                                                                                                                                                                                                                    |
| 2403                                                                                              | Tobacco substitutes                                                                             | 1 kg                                      | 1 500                                                                                                                                                                                                                                                                                                                                                                                                     |
| 2710 19 710 0 -<br>2710 19 980 0<br>3403 19 100 0, 3403 19 900 0, 3403 99 000 0                   | Petroleum oil                                                                                   | 1 kg                                      | 500                                                                                                                                                                                                                                                                                                                                                                                                       |
| 2710 12                                                                                           | Petrol                                                                                          | 1 ton                                     | 40 000                                                                                                                                                                                                                                                                                                                                                                                                    |

| CNFEA code of the product                                    | Title of the Product Group                                        | Unit of Measure | Tax rate (AMD) after January 1, 2023 |
|--------------------------------------------------------------|-------------------------------------------------------------------|-----------------|--------------------------------------|
| 2710<br>(Except 2710 12<br>2710 19 710 0 -<br>2710 19 980 0) | Diesel fuel                                                       | 1 ton           | 13 000                               |
| 2709 00                                                      | Petroleum oils and oils obtained from bituminous minerals, crude. | 1 ton           | 27 000                               |
| 2711<br>(Except 2711 11 000 0<br>2711 21 000 0)              | Petroleum gases and other gaseous hydrocarbons                    | 1 ton           | 1 000                                |
| 2711 21 000 0                                                | Compressed natural gas                                            | 1 ton           | 34 000                               |
| 2404 11 000 9                                                | Tobacco products                                                  | 1 000 units     | 3 100                                |
| 2404 12 000 0<br>2404 19 000                                 | Tobacco products                                                  | 1 millilitre    | 55                                   |

Source: Tax Code of the Republic of Armenia

### Customs fees/duties

In addition to tariffs and above-mention taxes, importers must also pay fees for customs formalities and other charges, although the Customs Code of the EAEU states that customs fees should not exceed the estimated cost of the customs authorities.

According to the Article 19.9 of the Law “**On State Duty**” of Armenia, for the implementation of customs operations, customs escort, temporary storage of goods, filling out customs declarations based on the applications submitted by the declarant, as well as issuing preliminary decisions by the customs authorities in the cases prescribed by law, the following customs fees are charged:

| Type of action                                                                                                                                                                                                                                                                                                                         | Customs fee |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| For customs formalities of goods and means of transport transported across the border of the Republic of Armenia, as well as for currency and foreign currency transported by banks (except for inspection and recording of goods)                                                                                                     | AMD 3 500   |
| For inspection and recording of goods:                                                                                                                                                                                                                                                                                                 |             |
| a. for customs control of goods weighing up to one ton, declared by the same customs declaration                                                                                                                                                                                                                                       | AMD 1 000   |
| b. for each additional ton                                                                                                                                                                                                                                                                                                             | AMD 300     |
| For customs control of the quantity of goods transported by pipelines and power lines in one month based on the same contract in the same direction                                                                                                                                                                                    | AMD 500 000 |
| For every 100 km customs escort of goods on the territory of Armenia                                                                                                                                                                                                                                                                   | AMD 10 000  |
| For temporary storage by the customs authorities:                                                                                                                                                                                                                                                                                      |             |
| a. per ton per day                                                                                                                                                                                                                                                                                                                     | AMD 1 000   |
| b. for each additional ton                                                                                                                                                                                                                                                                                                             | AMD 300     |
| For customs control of transport means:                                                                                                                                                                                                                                                                                                |             |
| a. passenger cars with up to 10 seats                                                                                                                                                                                                                                                                                                  | AMD 2 000   |
| b. of other transport means                                                                                                                                                                                                                                                                                                            | AMD 5 000   |
| For each preliminary decision of the customs authority on the classification of goods, the methods of determining the customs value of imported goods and the country of origin of goods in accordance with the procedures established by the Customs Code of the Eurasian Economic Union and the Law on Customs Regulation of Armenia | AMD 30 000  |
| For the issuance of a decision by the customs authorities on the classification of goods transported in several batches that are not collected or disassembled, including unassembled or unfinished goods, in accordance with the law On Customs Regulation of Armenia                                                                 | AMD 30 000  |

| Type of action                                                                                                                                                                                                                   | Customs fee |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| For the creation of the electronic version of the customs declaration by the customs authorities if the customs declaration is submitted on paper and the declarant cannot submit the electronic copy of the customs declaration | AMD 3 500   |
| For completing the customs declaration based on the application submitted by the declarant                                                                                                                                       | AMD 30 000  |

When customs formalities and/or inspections are carried out elsewhere than in places determined by the customs authorities or during non-working hours, the customs fees are doubled. For temporary storage of goods, requiring special storage conditions, the duty foreseen for the storage will be doubled.

Customs duties and taxes are calculated in the currency of the Member State where they are payable in accordance with Article 61 of the Customs Code of the EAEU, except in the cases provided for by international treaties within the Union and/or bilateral international treaties between the Member States when customs duties and taxes are calculated in a foreign currency. If calculation of customs duties and taxes requires conversion of the foreign currency into a currency of a Member State or any other currency, such conversion shall be affected at the currency exchange rate effective on the day when the customs declaration is registered by the customs authority.

Customs duties and taxes shall be payable in the Member State whose customs authority releases the goods, except for the release of goods under the customs procedure for transit and release of vehicles for international transportation in accordance with Chapter 38 of the Customs Code of the EAEU.

#### Other taxes

Apart from VAT and excise taxes, Armenia levies other taxes, such as environmental tax and road tax. The environmental tax is applied among others on products that have a negative impact on environment, for their importation or alienation by importer-distributors in the territory of Armenia. Rates of environmental taxes for import and sale of goods having negative impact on the environment are provided in the Article 171 of the Tax Code of Armenia<sup>49</sup>.

The **road tax** is applied for the purpose of generating funds necessary for the development of the highway network of Armenia, the construction, repair and maintenance of public highways of the country. The tax is applied to trucks not registered in Armenia for their entry and their stay in the territory of Armenia. The article 188 of the Tax Code of Armenia lists rates of road tax applied for the use of the highways of Armenia by the trucks not registered (unregistered) in the country.

#### *3.1.2.10 Trade Defence Measures*

The foreign trade of the EAEU can be considered as principally liberalized. There are, however exceptions and restrictions in the form of anti-dumping, surveillance measures as well as safeguard measures against dumping and illegal subsidies. A decision on application, modification, revocation or non-application of a safeguard, anti-dumping or countervailing measure is adopted by the Eurasian Economic Commission.

The legal framework regulating in trade defence measures in the EAEU includes:

- Treaty on the EAEU, Articles 48, 49 and 50;
- Annex No. 8 to the EAEU Treaty (Protocol on the Application of Safeguard, Anti-dumping and Countervailing Measures with respect to Third Countries);
- Customs Code of the EAEU, Chapter 12;

<sup>49</sup> <https://www.arlis.am/DocumentView.aspx?DocID=172748>

- Decision of the Board of the EEC No 1 of March 7, 2012 “On some issues of Safeguard, Anti-dumping and Countervailing Measures in the Common Customs Territory of the Customs Union”<sup>50</sup>;
- Decision of the Board of the EEC No. 44 of May 16, 2012 “On some issues of protection of the domestic market”<sup>51</sup>.

#### Anti-dumping measures

An anti-dumping measure is applied to the product that is considered to be dumped if, pursuant to an investigation, the investigating authority determines that imports of such product into the customs territory of the Union cause or threaten to cause material injury to a domestic industry of the Member States or materially retard the establishment of a domestic industry of the Member States. Anti-dumping measures are generally imposed for 5 years and may be subject to review.

#### Safeguard measures

A safeguard measure is applied to a product if, pursuant to an investigation, the investigating authority determines that such product is being imported into the customs territory of the Union in such increased quantities (absolute or relative to domestic production of the like or directly competitive product in the Member States), and under such conditions as to cause or threaten to cause serious injury to the domestic industry of the Member States. The safeguard measures are usually applied for 4 years.

#### Countervailing measure

A countervailing measure may be applied to an imported product that was granted a specific subsidy from an exporting third country on the manufacture, production, export or transportation of the product if, pursuant to an investigation, the investigating authority determines that imports of such product into the customs territory of the Union cause or threaten to cause material injury to a domestic industry of the Member States or materially retard the establishment of a domestic industry of the Member States. Measures are usually imposed for 5 years.

According to the official website of the Eurasian Economic Commission, there were 24 anti-dumping measures in force as of the end of March 2023<sup>52</sup>. No safeguard and countervailing measures were applied at that time.

#### *3.1.2.11 Non-Tariff Regulatory Measures*

According to the Treaty on the EAEU common non-tariff measures are applied in trade with third countries on the territory of the Union. All decisions on the introduction, application, extension and cancellation of these measures should be adopted by the Eurasian Economic Commission. The main regulatory approaches for applying these measures are defined in the Annex 7 of the Treaty on the EAEU: **Protocol on Non-Tariff Regulatory Measures in Relation to Third Countries**.

The Protocol stipulates general rules and principles for the adoption, imposition and use of specific types of non-tariff measures. While the adoption of each non-tariff measure and management of the respective unified lists of the measures are done by the EEC, administration and enforcement of the measures remain within the competence of the EAEU Member States and are governed by their national laws. According to the Treaty and the Protocol, the following common non-tariff regulatory measures may be applied on imports and exports:

<sup>50</sup> [https://docs.eaeunion.org/docs/ru-ru/0045836/clcd\\_16032012\\_1](https://docs.eaeunion.org/docs/ru-ru/0045836/clcd_16032012_1)

<sup>51</sup> [https://docs.eaeunion.org/docs0/ru-ru/0145274/clcd\\_21052012\\_44](https://docs.eaeunion.org/docs0/ru-ru/0145274/clcd_21052012_44)

<sup>52</sup> <http://www.eurasiancommission.org/ru/act/trade/podm/investigations/Measures.aspx>

- prohibition of import and/or export of goods;
- quantitative restrictions on import and/or export of goods;
- exclusive right to export and/or import of goods;
- automatic licensing (surveillance) of export and/or import of goods;
- authorisation-based procedure for import and/or export of goods.

The Eurasian Economic Commission published a common list of goods on which non-tariff measures are applied<sup>53</sup>. The list also includes all goods in respect of which the Commission has adopted a decision to establish tariff quotas or import quotas as a safeguard measure and to issue licenses. The Common list was adopted by the decision of the Board of the EEC No. 30 of April 21, 2015 and includes:

- I. goods prohibited for importation into or exportation from the customs territory of the EAEU (nine (9) categories of products);
- II. goods covered by a permit-based procedure for importation into or exportation from the customs territory of the EAEU (thirty (30) categories of products);
- III. goods subject to export quantitative restrictions (two (2) categories of products);
- IV. goods subject to automatic licensing (one (1) category of products)
- V. goods to which tariff quotas are applied (three (3) categories of products).

Moreover, the EEC publishes the list of goods that are essential for the internal market of the EAEU and for which, in exceptional cases, temporary prohibitions or quantitative restrictions on exports may be introduced. This list<sup>54</sup> includes both agricultural and non-agricultural products.

#### Prohibitions and quantitative restrictions of import and export of goods

In general, export and import in the EAEU is carried out without any restrictions. However, in exceptional cases prohibitions and restrictions may be introduced, according to the legal framework of the EAEU. Introduction of quantitative restrictions by the Commission on the territory of the Union requires the application of export and/or import quotas. Tariff quotas on import are defined:

- for certain agricultural products (such as meat, rice etc.)
- for flat-rolled products of iron or non-alloy steel
- for certain products originated in Serbia (such as cheese, alcoholic beverages, tobacco products, etc.)

Export quantitative restrictions are also applied for two categories of products: buckwheat and wood.

A distinction should be made between *preferential tariff quotas*, which the EAEU has bilaterally concluded with third countries and which are provided for a pre-determined volume of goods originating in a specified country, and *autonomous tariff quotas*, which apply to certain sectors as a whole, irrespective of the origin of the goods.

The role of autonomous tariff quotas is to stimulate economic activity in certain EAEU industries, by creating more competition through lower tariffs. Such tariff quotas are normally granted to raw materials, semi-finished goods or components which are available within the EAEU but in insufficient quantities.

<sup>53</sup> The full list of restrictions is available at

<http://www.eurasiancommission.org/ru/act/trade/catr/nontariff/Pages/ep.new.aspx>. Similar legal act is adopted by the Government of Armenia as well, which is available at <https://www.irtek.am/views/act.aspx?aid=78744>

<sup>54</sup> <http://www.eurasiancommission.org/ru/act/trade/catr/nontariff/Documents/syshest/svtt.pdf>



The EAEU also has restrictions and prohibitions in place as regards the importation and exportation of some products. More detailed information on legal provision regarding import and export prohibitions and restrictions is possible to find in the Annex 7 of the report as well as on the website of the Eurasian Economic Commission.

### Exclusive right

Foreign trade activities may be restricted by granting the exclusive right. A decision to impose restrictions on foreign trade activities through the granting of the exclusive right is adopted by the Eurasian Economic Commission on proposal from a Member State.

### Import Licensing

The main purpose of the licensing is to monitor, control and authorise the import and export of products which are classified as sensitive for the Member States of the EAEU and/or by the international community.

Import/export licences are required: (i) in the event of temporary quantitative restrictions on imports of certain types of goods; (ii) to regulate the importation of certain goods for reasons of national security, health, safety or environmental protection; (iii) to grant an exclusive right to import or export certain goods; or (iv) to carry out international obligations.

A unified list of goods to which import and export limitations and prohibitions are applied has been established at the EAEU level, based on which certain categories of goods (e.g., fertilizers; rare animals and plants; goods with a high level of cryptographic protection, hazardous waste, drugs, items of cultural value, precious stones and metals, etc.) require an import or export license for their movement across the EAEU border<sup>55</sup>.

There are number of products that don't require an import license, but require permits (double-purpose goods, which cover the majority of IT hardware and software goods, such as electronics; phones; computers; laptops; modems; software, etc.) or are subject of mandatory notifications (import of vodka, import and/or export of natural processed or raw but unframed or loose diamonds, grape wine, etc.) with the Ministry of Economy, National Security Service or Ministry of High-tech industry of Armenia<sup>56</sup>. However, it is worth to mention that not all IT related products, radio electronic means or cryptographic means are subject of licensing, permission or notification. The list of these products is published on the website of the Eurasian Economic Commission<sup>57</sup>. The Eurasian Economic Commission publish the Unified registry of notifications on the characteristics of encryption (cryptographic) means and goods containing them<sup>58</sup>.

<sup>55</sup> <http://www.eurasiancommission.org/ru/act/trade/catr/nontariff/Pages/ep.new.aspx>

<sup>56</sup> Please visit either the website of the Ministry of Economy (<https://mineconomy.am/en/page/1253>) or find the relevant list of legal acts provided in the Annexes of this report. The Ministry of Economy of Armenia is responsible for Implementation of the Kimberley Process Certification in Armenia and for issuing relevant certificates.

<sup>57</sup> <http://www.eurasiancommission.org/ru/act/trade/catr/nontariff/Pages/default.aspx>,  
<http://www.eurasiancommission.org/ru/act/trade/catr/nontariff/Documents/%d0%9e%d1%81%d0%be%d0%b1%d0%b5%d0%bd%d0%bd%d0%be%d1%81%d1%82%d0%b8%20%d0%b4%d0%bb%d1%8f%20%d1%84%d0%b8%d0%b7%d0%b8%d1%87%d0%b5%d1%81%d0%ba%d0%b8%d1%85%20%d0%bb%d0%b8%d1%86/2.19%20%d1%88%d0%b8%d1%84%d1%80%d0%be%d0%b2%d0%b0%d0%bb%d0%ba%d0%b0/%d0%9f%d1%80%d0%b8%d0%bb%d0%be%d0%b6%d0%b5%d0%bd%d0%b8%d0%b5%20%e2%84%96%205.pdf>,  
[https://portal.eaeunion.org/sites/cp65/\\_layouts/15/Portal.EEC.Registry.Ui/Registry65.aspx?ItemId=9&ListId=535beaa1-4129-43e7-8be2-a03dee7bed94](https://portal.eaeunion.org/sites/cp65/_layouts/15/Portal.EEC.Registry.Ui/Registry65.aspx?ItemId=9&ListId=535beaa1-4129-43e7-8be2-a03dee7bed94),  
<http://www.eurasiancommission.org/ru/act/trade/catr/nontariff/Documents/Radio/%d0%9f%d1%80%d0%b8%d0%bb%d0%be%d0%b6%d0%b5%d0%bd%d0%b8%d0%b5%20N%202.pdf>

<sup>58</sup> [https://portal.eaeunion.org/sites/odata/\\_layouts/15/Portal.EEC.Registry.Ui/DirectoryForm.aspx?ViewId=859ec98d-f4fe-423a-b6bc-d01b53fd4b7c&ListId=0e3ead06-5475-466a-a340-6f69c01b5687&ItemId=232#](https://portal.eaeunion.org/sites/odata/_layouts/15/Portal.EEC.Registry.Ui/DirectoryForm.aspx?ViewId=859ec98d-f4fe-423a-b6bc-d01b53fd4b7c&ListId=0e3ead06-5475-466a-a340-6f69c01b5687&ItemId=232#)



**Decision of the Board of the Eurasian Economic Commission No. 199**<sup>59</sup> of November 6, 2014 approves instructions on filing an application for a license to export and (or) import certain types of goods and on issuing such a license. It also defines the unified templates of applications and licenses.

In exceptional cases (such cases are provided in the sections VII and VIII of the Protocol), the Member States in trade with third countries may unilaterally impose temporary measures. As of the end of March 2023, Armenia has introduced eight temporary restriction measures on import or export of certain goods. Particularly it is prohibited to export from the territory of Armenia:

- ceramic waste of used catalysts of automobile mufflers;
- certain goods made of ferrous metals, scrap and waste from ferrous and non-ferrous metals, as well as waste and scrap of primary elements, primary batteries and electric accumulators; spent primary cells, spent primary batteries and used electric accumulators;
- certain type of agricultural products (wheat and meslin, barley, corn, buckwheat, sunflower seeds, sunflower oil);
- mercury-added products;
- whitefish caviar;
- raw hides of cattle, raw skins of sheep or lamb skins, as well as other raw skins.

Armenia also introduced a temporary licensing requirement on import of cement<sup>60</sup>.

### 3.1.2.12 Technical Regulations and Standards

The safety of products circulated in the territory of the EAEU is ensured through applying technical regulations. Technical regulations of the Union are developed in order to protect life and/or health of people, property, environment, life and/or health of animals and plants, prevent consumer misleading actions and ensure energy efficiency and resource conservation in the Union. Goods imported into the EAEU must meet the EAEU technical requirements.

The technical regulation is a document, adopted by the Eurasian Economic Commission, that establishes requirements which are legally binding on the territory of the Union. The development, adoption, modification and cancellation of technical regulations of the Union are carried out according to the decision of the Council of the EAEU No. 147 of October 18, 2016<sup>61</sup>. Technical regulations or national mandatory requirements are applied only to products included in the ***unified list of products subject to mandatory requirements within the EAEU***<sup>62</sup>. As of now, 67 products are included in this list and forty-one (41) technical regulations are in force<sup>63</sup>. The registry of important questions in the field of technical regulations provide necessary answers that could interest importers and exporters of products<sup>64</sup>.

#### Standards

In order to meet the requirements of the technical regulations and assess the conformity with its technical regulations, international, regional (interstate), and in case of their absence, national standards may be applied.

<sup>59</sup> <http://www.eurasiancommission.org/ru/act/trade/catr/nontariff/Documents/razmeshen/Lis.metod.pdf>

<sup>60</sup> [https://eec.eaeunion.org/upload/medialibrary/5d2/Interim\\_new.pdf](https://eec.eaeunion.org/upload/medialibrary/5d2/Interim_new.pdf)

<sup>61</sup> [https://docs.eaeunion.org/docs/ru-ru/01413049/cncd\\_08022017\\_147](https://docs.eaeunion.org/docs/ru-ru/01413049/cncd_08022017_147)

<sup>62</sup> <http://www.eurasiancommission.org/ru/act/txnreg/deptexreg/tr/Documents/Ed%20perech%20new.pdf>,

[https://docs.eaeunion.org/docs/ru-ru/01425153/err\\_02032020\\_18](https://docs.eaeunion.org/docs/ru-ru/01425153/err_02032020_18)

<sup>63</sup> <http://www.eurasiancommission.org/ru/act/txnreg/deptexreg/tr/Pages/TRVsily.aspx>

<sup>64</sup> <https://portal.eaeunion.org/sites/odata/layouts/15/Portal.EEC.Registry.UI/RegistryPstrQA.aspx?=-undefined>

Standard is the main instrument for implementing technical regulations, as standards contain, for the purposes of repeated use, the characteristics of the product, rules for implementation and characteristics of design processes (including research), production, construction, installation, commissioning, operation, storage, transportation, sale and disposal, performance of work or provision of services, rules and methods (tests) and measurements, sampling rules, requirements for terminology, symbols, packaging, marking or labelling and the rules for applying them.

The Eurasian Economic Commission publishes the list of authorities authorized to carry out state control (supervision) over observance of technical regulations of the Customs Union in the respective Member States<sup>65</sup>.

### Conformity Assessment

Conformity assessment is a direct or indirect determination of compliance with the requirements to subjects of technical regulation. Products subject to technical regulations can be circulated in the territory of the Union provided that they have completed the required conformity assessment procedures as determined by the relevant technical regulations.

Conformity assessments of subjects of technical regulations shall be held in the form of registration (state registration), testing, conformity assessments, examinations and/or in any other form. Mandatory conformity assessment is carried out in the forms of declaration of conformity and certification only in cases established by the relevant technical regulation of the Union and exclusively for conformity with the requirements of the technical regulation of the Union. Conformity assessment forms, processes and procedures are described in relevant technical regulations of the Union on the basis of standard conformity assessment schemes approved by the Commission.

**Table 10. Conformity assessment forms of the EAEU**

| Standard conformity assessment schemes | Certification                            | 1c, 2c, 5c, 6c, 7c, 8c – for mass-produced products<br>3c, 4c, 9c – for product batches       |
|----------------------------------------|------------------------------------------|-----------------------------------------------------------------------------------------------|
|                                        | Declaration involving a third party      | 3d, 5d, 6d – for mass-produced products<br>4d – for product batches                           |
|                                        | Declaration on the basis of own evidence | 1d – for mass-produced products<br>2d – for product batches                                   |
|                                        | State registration                       | 1r – for products manufactured in the EAEU<br>2r – for products manufactured outside the EAEU |

In addition to the unified list of products subject to mandatory requirements within the EAEU the Eurasian Economic Commission publishes the ***list of products subject to mandatory conformity assessment***<sup>66</sup>, with the issuance of certificates or declaration, in respect of which, when placed under customs procedures, compliance with technical regulation measures is confirmed.

Confirmation by customs authorities of compliance with technical regulation measures is carried out only in relation to goods that are placed under one of the following four customs procedures:

- release for internal consumption;

<sup>65</sup>

<http://www.eurasiancommission.org/ru/act/tehnreg/deptexreg/tr/Documents/%d0%9e%d1%80%d0%b3%d0%b0%d0%bd%d1%8b%20%d1%81%d1%82%d0%be%d1%80%d0%be%d0%bd%20%d0%bf%d0%be%20%d0%b3%d0%be%d1%81%d0%ba%d0%be%d0%bd%d1%82%d1%80%d0%be%d0%bb%d1%8e.pdf>

<sup>66</sup>

<http://www.eurasiancommission.org/ru/act/tehnreg/deptexreg/coordination/Documents/%d0%95%d0%9f%d0%9f%2c%20%d0%bf%d0%be%d0%b4%d0%bb%20%d0%be%d0%b1%d1%8f%d0%b7%20%d0%9e%d0%a1%20620.pdf>,  
[https://docs.eaeunion.org/docs/ru-ru/01415683/cncd\\_25122017\\_84](https://docs.eaeunion.org/docs/ru-ru/01415683/cncd_25122017_84)

- free customs zone;
- special customs procedure;
- refusal in favour of the State.

Unified register of issued and registered conformity assessment certificates and declarations contains the list of products and organisations that possess relevant certificates and declarations in each Member State of the EAEU<sup>67</sup>. The Eurasian Economic Commission also publishes the common register of certification bodies and testing laboratories (centers) of the EAEU<sup>68</sup>.

Decision the Council of the Eurasian Economic Commission No. 130 “**On the procedure for importing into the customs territory of the Eurasian Economic Union of products subject to mandatory conformity assessment in the customs territory**”<sup>69</sup> of November 12, 2021 defines import procedures of goods subject to mandatory conformity assessment. According to the decision conformity assessment is required when products are placed under the following customs procedures:

- release for internal consumption;
- free customs zone;
- refusal in favour of the state;
- special customs procedure.

#### EAC marking



EAC marking indicates that a product complies with all the applicable essential requirements and has passed the relevant conformity assessment procedure. It should only be used for products which have been formally tested and approved by officially recognized certification authorities of one of the Member States of the EAEU. The EAC marking consists of a combination of three stylized letters “E”, “A” and “C”, the mark has the same height and width forming a rectangle. The symbol must be placed on a contrasting background.

The dimensions of the EAC mark must ensure it is easily legible with the naked eye on the background and must be no less than 5 mm.

The EAC label should be attached to each individual production unit, piece of packaging or accompanying documentation. Besides the EAC marking, no other symbols or seals of approval that could question the validity of the EAC marking are allowed.

#### Labelling

Labelling requirements have generally been harmonized across the EAEU Member States for products entering the territory. Where required, the official certification mark logo (“EAC”) should be applied to each production unit, packaging, or instructions for use, and should be clearly visible throughout the lifetime of the product.

Technical regulation of the Customs Union “**On Food Labelling**”<sup>70</sup> provides main requirements to labels on food items. According to this regulation, the labelling of a food product should contain the following information, among others:

- Name of the product;
- Food contents (name of basic ingredients/additives listed by weight in decreasing order);

<sup>67</sup> <https://portal.eaeunion.org/sites/commonprocesses/ru-ru/Pages/ConformityDocsRegistryDetails.aspx>

<sup>68</sup> [http://www.eurasiancommission.org/ru/docs/Pages/IL\\_OS.aspx](http://www.eurasiancommission.org/ru/docs/Pages/IL_OS.aspx)

<sup>69</sup> [https://docs.eaeunion.org/docs/en-us/01430678/err\\_01122021\\_130](https://docs.eaeunion.org/docs/en-us/01430678/err_01122021_130)

<sup>70</sup> <https://eec.eaeunion.org/upload/medialibrary/9db/TrTsPishevkaMarkirovka.pdf>

- Nutritional value (calories, vitamins if their content is significant or if the product is intended for children, for medical, or for dietary use);
- Production date;
- Expiration date;
- Storage conditions;
- Name and legal address of the producer;
- Warning information with regard to any restrictions and side effects;
- Terms and conditions of use.
- Weight/volume of the product; etc.

Labels on non-food items must include:

- Name of the product;
- Country of origin and name of manufacturer (may be given in Latin letters);
- Usage, storage, repair and disposal instructions;
- Any other information determined by the state regulation body.

All labelling and marking information should be in Russian and in language of the corresponding Member State (Kazakh, Armenian, Belarus or Kyrgyz languages).

In addition, the regulation also establishes several product-specific requirements. For example, non-alcoholic beverages containing more than 150 mg/l of caffeine or other plant-based “tonic” ingredients should carry the written warning *“Not recommended for consumption by children under the age of 18, during pregnancy and lactation, and by people suffering from increased nervous irritability, insomnia, and arterial hypertension.”*

Other EAEU technical regulations also establish product-specific labelling requirements for specific food products, including fat-and-oil products, juice products, meat products, alcohol products, milk and dairy products, specialized dietary food products, fish, and drinking water.

In 2019 the **Agreement of the Eurasian Economic Union on Labelling of Products with Identification Marking**<sup>71</sup> entered into force. The purpose of the agreement is creation of the uniform and coordinated policy in the area of labelling of products with identification marking. Within these unified system products are to be marked with “means of identification” - a frequency of symbols provided in machine-readable form and represented as a bar code, recorded on an RFID (Radio-frequency identification) tag or represented with the use of another means (technology) of automated identification.

In order to ensure public consultations on the list of goods for which it is meaningful to introduce marking by means of identification, an online platform was created by the Eurasian Economic Commission. This platform (operates only in Russian), has five working groups (medical products, shoes, jewellery, tobacco products and other products) where labelling requirements are being discussed<sup>72</sup>.

All information related to product identification information is to be communicated and stored in a common register that is to be created and maintained by the Eurasian Economic Commission. The Agreement aims to ensure fair competition and traceability of products as well as protection of consumers from counterfeit goods. The EAEU Member States are to transpose the Agreement into

<sup>71</sup> [https://docs.eaeunion.org/docs/en-us/01416869/itia\\_06022018](https://docs.eaeunion.org/docs/en-us/01416869/itia_06022018)

<sup>72</sup> <https://label.eaeunion.org/ru-ru>

their national laws. The system of identification marking, notification procedure, identification rules will be set out at the national level of the EAEU Member States.

Simplification of labelling rules may be applied in the Member State of the EAEU until September 1, 2023. This decision was made by the Council of the Eurasian Economic Commission<sup>73</sup>. Particularly, it was decided to give the possibility of applying the EAC mark on products and labelling with information for consumers about ingredients, expiration date, information about the manufacturer after the import of products - passing through customs procedures. In this case, the marking must be applied to the product before it is sold to the consumer.

### Packaging

The **Technical Regulation on Safety of Packaging**<sup>74</sup> is a key regulation covering standards and requirements for packaging, including that of food products, produced both as a finished product and as part of the products' manufacturing process. It applies to all types of packaging (except for packaging for medical devices, medicines, pharmaceutical products, tobacco products and dangerous goods), covers the main rules for the packaging of ready goods and regulates the following areas:

- market circulation rules;
- safety requirements;
- requirements for marking of packaging;
- conformity assessment requirements;
- EAC marking rules.

Appendixes of the regulations provide sanitary-hygienic requirements to relevant types of packaging materials as well as numerical and alphabetic (abbreviation) designation of the material from which the packaging (closures) is made. Before the packaging can be released into circulation in the territory of the Eurasian Economic Union, it needs to go through the obligatory confirmation of compliance with the requirements of the technical regulation. As a result, producer and importer obtain the declaration of conformity for the packaging.

Other technical regulations of the EAEU also establish product-specific packaging requirements, including fat-and-oil products, juice products, meat products, alcohol products, milk and dairy products, specialized dietary food products, fish, and potable water.

### *3.1.2.13 Sanitary, Phytosanitary and Veterinary Requirements*

As with standards and technical regulations, the legal and institutional framework for sanitary and phytosanitary (SPS) protection is a mixture of national and EEC competences. At the EAEU level, the legal framework for SPS measures is set out in the EAEU Treaty, Section XI and Annex 12 (**Protocol on the Application of Sanitary, Veterinary and Phytosanitary Quarantine Measures**). Pursuant to the Article 56 of Treaty on the EAEU "*Sanitary, veterinary-sanitary and phytosanitary quarantine measures shall be applied based on scientifically justified principles and only to the extent required to protect life and health of humans, animals and plants*".

The EEC is responsible for coordinating the elaboration and implementation of SPS measures by EAEU Member States. Its competencies include:

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<sup>73</sup> <https://eec.eaeunion.org/news/do-1-sentyabrya-2023-goda-uproshcheny-pravila-markirovki-tovarov-znakom-eas/>

<sup>74</sup> <http://www.eurasiancommission.org/ru/act/txnreg/deptexreg/tr/Pages/bezopypakovki.aspx>

- approving the common lists of goods subject to sanitary-epidemiological control at the EAEU border<sup>75</sup>;
- approving the common lists of goods subject to phytosanitary control at the EAEU border<sup>76</sup>;
- approving the common lists of goods subject to veterinary control at the EAEU border<sup>77</sup>
- setting common sanitary-epidemiological<sup>78</sup>, veterinary<sup>79</sup>, phytosanitary<sup>80</sup> and hygienic requirements for goods marketed within the EAEU;
- approving standardized SPS certificates; and
- establishing unified procedures for inspections and market monitoring activities carried out by the competent national authorities.

The state registration must be carried out prior to the goods' importation into the territory of the EAEU. As of March 2023, common phytosanitary controls on imports from third countries applied to 132 product groups. The corresponding figures for common veterinary and sanitary-epidemiological controls were 107 product groups and 96 product groups, respectively. Products subject to state registration in accordance with acts of the Commission shall be circulated on the territory of the Union only after their state registration. **The Food Safety Inspection Body of Armenia** publishes the registry of companies and persons allowed to import into the territory of Armenia products subject to the control both from the Member States of the EAEU and from the third countries<sup>81</sup>.

In addition, domestic legal acts relating to SPS measures may apply to the extent that it does not contradict the Treaty on the EAEU and other relevant EAEU decisions. The Annexes 4-8 of the report provide the list of legal acts of Armenia, that might apply to export and import of SPS products.

The Customs Union Commission Decision No. 721 of June 22, 2011 “**On Application of International Standards, Guidelines and Recommendations**” provides that, in cases of absence of in Customs Union or national documents in force establishing mandatory requirements in the veterinary, phytosanitary, sanitary epidemiological, or hygienic spheres, the Member States may apply standards, recommendations, and guidelines of the OIE, IPPC, and the Codex Alimentarius. Similarly, if EAEU veterinary, phytosanitary and sanitary epidemiological and hygiene mandatory requirements in effect in the territory of the EAEU are more stringent than relevant international standards, guidelines and recommendations, in the absence of scientific justification of risk to human, animal, or plant life or health, relevant international standards, guidelines, and recommendations, or parts thereof, may be applied<sup>82</sup>.

<sup>75</sup> <http://www.eurasiancommission.org/ru/act/txnreg/depsanmer/regulation/Documents/EdpertovarovEEU.pdf>

<sup>76</sup> [http://www.eurasiancommission.org/ru/act/txnreg/depsanmer/regulation/Documents/%D0%9F%D0%B5%D1%80%D0%B5%D1%87%D0%B5%D0%BD%D1%8C%20%D0%BF%D1%80%D0%BE%D0%B4%D1%83%D0%BA%D1%86%D0%B8%D0%B8\\_02.01.2022.pdf](http://www.eurasiancommission.org/ru/act/txnreg/depsanmer/regulation/Documents/%D0%9F%D0%B5%D1%80%D0%B5%D1%87%D0%B5%D0%BD%D1%8C%20%D0%BF%D1%80%D0%BE%D0%B4%D1%83%D0%BA%D1%86%D0%B8%D0%B8_02.01.2022.pdf)

<sup>77</sup> <http://www.eurasiancommission.org/ru/act/txnreg/depsanmer/regulation/Documents/%D0%9F%D1%80.1%20%D0%95%D0%B4%D0%B8%D0%BD%D1%8B%D0%B9%20%D0%BF%D0%B5%D1%80%D0%B5%D1%87%D0%B5%D0%BD%D1%8C%20%D1%82%D0%BE%D0%B2.pdf>

<sup>78</sup> [http://www.eurasiancommission.org/ru/act/txnreg/depsanmer/sanmeri/Pages/P2\\_299.aspx](http://www.eurasiancommission.org/ru/act/txnreg/depsanmer/sanmeri/Pages/P2_299.aspx)

<sup>79</sup> <http://www.eurasiancommission.org/ru/act/txnreg/depsanmer/regulation/Documents/%D0%95%D0%B4.%D0%B2%D0%B5%D1%82.%D1%82%D1%80%D0%B5%D0%B1.%20%D1%81%20%D0%B8%D0%B7%D0%BC%D0%B5%D0%BD.pdf>

<sup>80</sup> <http://www.eurasiancommission.org/ru/act/txnreg/depsanmer/regulation/Documents/%D0%95%D0%9A%D0%A4%D0%A2%20%D0%B2%20%D1%80%D0%B5%D0%B4.%20%D0%A0%D0%B5%D1%88.%20109.pdf>

<sup>81</sup> <https://snund.am/hy/page/registry/109>

<sup>82</sup> [https://docs.eaeunion.org/docs/en-us/0027347/cuc\\_29102012\\_721\\_doc.pdf](https://docs.eaeunion.org/docs/en-us/0027347/cuc_29102012_721_doc.pdf)



### Sanitary measures

Sanitary-epidemiologic control is performed at EAEU customs entry points when goods cross the EAEU customs border, as well as within the EAEU territory. State registration certificates for the controlled goods, if any, must be issued prior to the goods' importation into the territory of the EAEU. Sanitary epidemiological supervision is exercised at the checkpoints designed for the transportation of products (goods) subject to state sanitary and epidemiological supervision (control) across the customs border of the Union.

All Member States of the Union should follow the provisions of the **Uniform Sanitary Epidemiological and Hygienic Requirements for the Goods Subject to Sanitary and Epidemiological Supervision (Control)** adopted by the decision No. 299 of the Customs Union Commission on May 28, 2010<sup>83</sup>. It contains sanitary-epidemiological requirements to 23 group of food and non-food products. Information for the consumer on the content and method of provision should allow to identify the product and its manufacturer, satisfy the labelling requirements to goods defined in the legal documents and technical regulations for a particular type of product of the Member State.

### Phytosanitary measures

Phytosanitary quarantine measures are applied to products included in the list of products subject to phytosanitary quarantine control (quarantinable freights, materials, goods) at the customs border of the Union and on the customs territory of the Union<sup>84</sup>, quarantine items included in the common list of quarantine items of the Union<sup>85</sup>. According to the requirements, Member States of the Union should take all necessary measures to prevent the importation of the listed quarantine items into the territory of the Union. Import into the territory of the Union and transit through the customs territory of the Union products contaminated with quarantine items is **prohibited**.

Phytosanitary quarantine control (supervision) at the customs border of the Union and on the customs territory of the Union is carried out according to the decision of Customs Union Commission No. 318 adopted on June 18, 2010<sup>86</sup>. The Council of the European Economic Commission has adopted also **Common rules and norms of plant quarantine in the territory of the Union**<sup>87</sup>.

Quarantine phytosanitary control is performed during importation and exportation of quarantine products into the territory of the Union. Each consignment of the products with high phytosanitary risk based on the principle of scientific analysis imported into the Union's customs territory must be accompanied by a **phytosanitary certificate** whenever in transit within the area. The certificate should be filled in in one of the languages of the Member States of the Union and/or English. Quarantine phytosanitary control (supervision) upon importation is carried out in order to verify the compliance of

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<sup>83</sup> [http://www.eurasiancommission.org/ru/act/texnreg/depsanmer/sanmeri/Pages/P2\\_299.aspx](http://www.eurasiancommission.org/ru/act/texnreg/depsanmer/sanmeri/Pages/P2_299.aspx)

<sup>84</sup>

[http://www.eurasiancommission.org/ru/act/texnreg/depsanmer/regulation/Documents/%D0%9F%D0%B5%D1%80%D0%B5%D1%87%D0%B5%D0%BD%D1%8C%20%D0%BF%D1%80%D0%BE%D0%B4%D1%83%D0%BA%D1%86%D0%B8%D0%B8\\_02.01.2022.pdf](http://www.eurasiancommission.org/ru/act/texnreg/depsanmer/regulation/Documents/%D0%9F%D0%B5%D1%80%D0%B5%D1%87%D0%B5%D0%BD%D1%8C%20%D0%BF%D1%80%D0%BE%D0%B4%D1%83%D0%BA%D1%86%D0%B8%D0%B8_02.01.2022.pdf)

<sup>85</sup>

<http://www.eurasiancommission.org/ru/act/texnreg/depsanmer/regulation/Documents/%D0%95%D0%9F%D0%9A%D0%9E%D0%B8%D0%B7.%20%E2%84%96%2025,%20%E2%84%96%2074,%20%E2%84%96%2054,%20%E2%84%96%20108.pdf>

<sup>86</sup>

<http://www.eurasiancommission.org/ru/act/texnreg/depsanmer/regulation/Documents/%D0%9F%D0%BE%D0%BB%D0%BE%D0%B6%D0%B5%D0%BD%D0%B8%D0%B5%20%D0%BE%20%D0%9A%D0%A4%D0%9A%20%D0%BD%D0%B0%20%D0%93%D1%80%D0%B0%D0%BD%D0%B8%D1%86%D0%B5.pdf>

<sup>87</sup>

<http://www.eurasiancommission.org/ru/act/texnreg/depsanmer/regulation/Documents/%D0%A0%D0%B5%D1%88%D0%B5%D0%BD%D0%B8%D0%B5%20%D0%A1%D0%BE%D0%B2%D0%B5%D1%82%D0%B0%20%D0%9A%D0%BE%D0%BC%D0%B8%D1%81%D1%81%D0%B8%D0%B8%20%D0%BE%D1%82%2030.11.2016%20%E2%84%96159.pdf>

imported products with the unified quarantine phytosanitary requirements applied to quarantine products and quarantine items, as defined by the **decision No. 157 of the Board of the EAEU** of November 30, 2016<sup>88</sup>.

Primary quarantine phytosanitary control (supervision) upon importation provides for the following control measures:

- documentary check;
- inspection of vehicles;
- examination of quarantine products;
- inspection of quarantine products.

In cases where, based on the results of a documentary check, the authorized body decides to prohibit the import of a consignment, or place it under the customs procedure of customs transit, the quarantine goods are subject to return or destruction at the expense of the owner of the products.

Unified EAEU phytosanitary requirements are also defined following documents, Unified EAEU List of Quarantine Pests<sup>89</sup> and Unified Rules and Norms to Ensure Plant Quarantine on the EAEU Territory<sup>90</sup>.

### Veterinary measures

Veterinary-sanitary measures are applied to goods (as well as goods for personal use) included in the **common list of goods subject to veterinary control** (supervision)<sup>91</sup> and to items subject to veterinary control (supervision), imported into and moved through the customs territory of the Union.

The **common veterinary requirements** are defined by the decision of the Commission of the Customs Union No. 317 of June 18, 2010. According to this decision, all goods included in the list of goods subject to veterinary control are subject to three requirements:

- the exporting establishment has to be included in the registry of establishments authorized to export to the Customs Union;
- the goods must be accompanied by a veterinary certificate; and
- an import permit must be issued from an establishment in the Registry.

Imports of regulated products from third countries into the EAEU are permitted for exporting enterprises included in the **register of organizations and individuals engaged in the production, processing and/or storage of products subject to veterinary control**. The procedures for inclusion in the list of approved enterprises and individuals is set out in the Decision of the EAEU Council No. 94 of October 9, 2014 “**On Regulation on Common System of Joint Inspections of Objects and Sampling Goods (Products), Subject to Veterinary Control (Surveillance)**”<sup>92</sup>.

If the system of supervision in a third country has been satisfactorily audited as being equivalent to that of the EAEU, then establishments on the list provided by the authorities of that country may be included

<sup>88</sup>

<http://www.eurasiancommission.org/ru/act/texnreg/depsanmer/regulation/Documents/%D0%95%D0%A4%D0%A2%D0%B2%D1%80%D0%B5%D0%B4.%20%D0%A0%D0%B5%D1%88.%20109.pdf>;  
[https://docs.eaeunion.org/docs/ru-ru/01437903/err\\_20012023\\_4](https://docs.eaeunion.org/docs/ru-ru/01437903/err_20012023_4); [https://docs.eaeunion.org/docs/ru-ru/01436721/err\\_27102022\\_151](https://docs.eaeunion.org/docs/ru-ru/01436721/err_27102022_151)

<sup>89</sup> [https://www-alta-ru.translate.goog/tamdoc/16sr0158/?x\\_tr\\_sl=ru&x\\_tr\\_tl=en&x\\_tr\\_hl=ru](https://www-alta-ru.translate.goog/tamdoc/16sr0158/?x_tr_sl=ru&x_tr_tl=en&x_tr_hl=ru)

<sup>90</sup> [https://www-alta-ru.translate.goog/tamdoc/16sr0159/?x\\_tr\\_sl=ru&x\\_tr\\_tl=en&x\\_tr\\_hl=ru](https://www-alta-ru.translate.goog/tamdoc/16sr0159/?x_tr_sl=ru&x_tr_tl=en&x_tr_hl=ru)

<sup>91</sup> [https://portal.eaeunion.org/sites/odata/\\_layouts/15/portal.eec.registry.ui/directoryform.aspx?viewid=922c300a-b58d-4f98-a839-492105ac478b&listid=0e3ead06-5475-466a-a340-6f69c01b5687&itemid=217#](https://portal.eaeunion.org/sites/odata/_layouts/15/portal.eec.registry.ui/directoryform.aspx?viewid=922c300a-b58d-4f98-a839-492105ac478b&listid=0e3ead06-5475-466a-a340-6f69c01b5687&itemid=217#)

<sup>92</sup> [https://docs.eaeunion.org/\\_layouts/15/Portal.EEC.NPB/Pages/Download.aspx?siteid={bef9c798-3978-42f3-9ef2-d0fb3d53b75f}&webid=632c7868-4ee2-4b21-bc64-1995328e6ef3&docguid=284f2fb6-f598-4ba6-880e-2020794692b1&lcid=1033&type=document](https://docs.eaeunion.org/_layouts/15/Portal.EEC.NPB/Pages/Download.aspx?siteid={bef9c798-3978-42f3-9ef2-d0fb3d53b75f}&webid=632c7868-4ee2-4b21-bc64-1995328e6ef3&docguid=284f2fb6-f598-4ba6-880e-2020794692b1&lcid=1033&type=document)

in the *EAEU register*. If an audit has not been conducted or completed, or, as a result of an audit the third country was not recognized as providing an equivalent level of protection, an establishment may be included in the register on the basis of joint inspections or guarantees provided by the competent authority of the third country.

The costs associated with the audit of foreign official supervision systems and joint audits (inspections) shall be funded from the respective budgets of the Member States, unless another procedure is agreed on a case-by-case basis.

Import of products subject to veterinary control into the territory of the EAEU is allowed only in the presence of the veterinary certificate issued by the competent authority of the exporting country. Movement of products subject to veterinary control between the Member States of the EAEU is carried out only in presence of *veterinary certificate* issued by the relevant authority of the Member State<sup>93</sup>. Each EAEU Member State is obliged to recognize veterinary certificates issued by the other Member States.

Based on common veterinary requirements and international recommendations, standards and guidelines, the Member States may agree with authorised authorities of the country of the sender (third party) model veterinary certificates for goods subject to veterinary control (supervision) imported into the customs territory of the Union and included in common list of goods subject to veterinary control (supervision), other than the common forms.

Import of products subject to veterinary control into the territory of the Union can be performed only in the presence of a permit provided by the relevant authority of a Member State to the territory of which the product is imported. No permit is requested in case of movement of these products with the customs territory of the EAEU.

Animals imported from third countries or moved between Member States are quarantined for at least 21 days in the country of origin and the country of recipient, unless otherwise provided by veterinary requirements for a particular animal species. Veterinary medicines, veterinary diagnostic agents, feed additives, disinfectants, disinfestation and disinfection agents can be imported into the territory of the EAEU and moved between Member States, if they are registered in the register of veterinary medicines, veterinary diagnostic agents, feed additives, disinfectants, disinfestation and disinfection agents<sup>94</sup>.

### **3.1.3 Law on Customs Regulation of Armenia**

Among one of the foreign trade related umbrella legislations of Armenia is law “**On Customs Regulation**”<sup>95</sup>. As it was mentioned above, the Treaty of the EAEU and the Customs Code of the EAEU define main rules of foreign trade between Member States of the Union and the rest of the world. Nevertheless, both documents mention, that several peculiarities can be defined by the legislation of the Member States on customs regulation. The Law of Armenia on Customs Regulation was renewed in 2022.

The law defines procedures and conditions for carrying out customs operations by the customs authorities in the case of transportation of goods across the state border of the Republic of Armenia or

<sup>93</sup> [http://www.eurasiancommission.org/ru/act/texnreg/depsanmer/vetsanmeri/Documents/P\\_455\\_1.pdf](http://www.eurasiancommission.org/ru/act/texnreg/depsanmer/vetsanmeri/Documents/P_455_1.pdf)

<sup>94</sup> <https://portal.eaeunion.org/sites/odata/layouts/15/portal.eec.registry.ui/directoryform.aspx?listid=0e3ead06-5475-466a-a340-6f69c01b5687&itemid=231#>

<sup>95</sup> <https://www.arlis.am/DocumentView.aspx?DocID=169292>

in other cases defined by the Customs Code of the EAEU, provisions relating to customs fees, special, antidumping and countervailing duties, as well as other taxes payable to the customs authorities, as well as other relations subject to regulation by the legislation of the Member States of the Union or not regulated by the Customs Code of the Union.

According to the law, the State Revenue Committee of Armenia is the institution responsible for management, organisation and control of customs procedures in Armenia. The Ministry of Finance is responsible in developing customs related legislation. The law establishes border crossing points, the list of which should be defined by the Government of Armenia. As of the March 2023, the following border crossing points are established in Armenia, according to the decree of the Government of Armenia No. 703-N of May 12, 2011:

**Table 11. List of Customs Border Crossing Points of Armenia, 2023**

| Title of the border crossing point | Type of the transport mean                                                  | Address                                    | Neighbour country        | Status                                                                                          |
|------------------------------------|-----------------------------------------------------------------------------|--------------------------------------------|--------------------------|-------------------------------------------------------------------------------------------------|
| Shirak Airport                     | Air transport                                                               | Gyumri, Shirak Province, 3111 Armenia      | -                        | Operating                                                                                       |
| Meghri (Agarak)                    | Road transport, with the exception of vehicles indicated under codes 31, 32 | Karchevan, Syunik Province, 3403 Armenia   | Islamic Republic of Iran | Operating                                                                                       |
| Ayrum - Jiliza                     | Railway transport                                                           | Ayrum, Tavush Province, 4102 Armenia       | Georgia                  | Operating                                                                                       |
| Bagratashen                        | Road transport, with the exception of vehicles indicated under codes 31, 32 | Bagratashen, Tavush Province, 4104 Armenia | Georgia                  | Operating                                                                                       |
| Gogavan - Privolnoye               | Road transport, with the exception of vehicles indicated under codes 31, 32 | Gogavan, Lori Province, 2122 Armenia       | Georgia                  | Operating                                                                                       |
| Zvartnots Airport                  | Air transport                                                               | Yerevan, 0042 Armenia                      | -                        | Operating                                                                                       |
| Bavra                              | Road transport, with the exception of vehicles indicated under codes 31, 32 | Bavra, Shirak Province, 2802 Armenia       | Georgia                  | Operating                                                                                       |
| Privolnoye                         | Road transport, with the exception of vehicles indicated under codes 31, 32 | Privolnoye, Lori Province, 2115 Armenia    | Georgia                  | Operating                                                                                       |
| Margara                            | Road transport                                                              | Margara, Armavir Province, Armenia         | Turkey                   | Not-operating. Foreseen to operate for third country nationals and emergency purposes in future |
| Akhurik                            | Railway transport                                                           | Akhuryan, Shirak Province, Armenia         | Turkey                   | Not-operating                                                                                   |
| Erebuni                            | Air transport                                                               | Erebuni Airport, Yerevan, Armenia          | -                        | Operating                                                                                       |

Source: Eurasian Economic Commission, 2023

More detailed information on border crossing points of Armenia and Member States of the EAEU may be found on the register of border crossing points of the EAEU<sup>96</sup>.

### Classification of goods

<sup>96</sup> <https://portal.eaeunion.org/sites/commonprocesses/ru-ru/Pages/ArrivePointDetails.aspx>

If declarants are not able to classify goods, they can apply to the customs authority for goods classification. According to the law, the customs authority may take a decision on advance rulings on the classification of goods within 30 days. However, in case of need, this deadline can be extended to 90 days. The State Revenue Committee of Armenia on its website publishes decisions about classifications. As of the end of March 2023, four (4) decisions were taken by the Committee relating to 18 product categories<sup>97</sup>.

#### Rules of Origin

The Chapter 4 of the law provides main criteria for defining the origin of products, particularly the criteria, according to which the product is considered wholly obtained or produced in Armenia.

#### Customs Valuation

Transaction value is the main method used for determining the customs value of exported goods. The customs value of the exported goods is declared by the declarant or by the customs representative. The value is mainly defined by the declarant according to relevant explanatory notes of the Customs Valuation agreement of the WTO. The following elements are not included in the customs value of the exported goods:

- indirect taxes paid in Armenia;
- interest arising from the buyer's financial obligations to the supplier;
- the value of information included in electronic data carriers (software packages, etc.);
- payments for construction, assembly, maintenance or technical assistance related to factories, machinery or equipment and other goods exported from the Republic of Armenia, if they are not included in the amount actually paid or payable for those goods.

If it is not possible to determine the value of the exported good on the transaction value method, other methods shall be applied, as they are provided by the decree, Customs Code of the EAEU and relevant agreement of the WTO.

#### Customs Payment

Export customs duty in the territory of Armenia is 0%. The law defines main procedures related to payment of customs duties, antidumping, countervailing and safeguard duties etc. The relevant provisions are listed in Chapters 6-11 of the law.

#### Customs procedures

The carrier shall notify the customs authority of the entry of goods into the customs territory of the Union by way of presenting the documents and the data depending on the means of transport used for transportation (shipment) of the goods. For the goods presented by rail or air transport the following requirements are applied:

- for the goods carried by **air transport**, within **12 hours after the arrival of goods**, and if the goods have been delivered outside the working hours of the customs authority, within 8 hours after the commencement of the working hours of the customs authority;
- for the goods carried by **railway transport**, within **12 hours after the arrival of goods**, and if the goods have been delivered outside the working hours of the customs authority, within 8 hours after the commencement of the working hours of the customs authority.

Goods imported into the territory of Armenia that are not considered as the products of the Union are formalized according to the customs procedure chosen by the declarant. Goods of the EAEU can be moved to the territory of the Member State of the Union under 'transit' customs procedure.

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<sup>97</sup> <https://www.petekamutner.am/Content.aspx?itn=csCILegislativeClassification>



### Declaration

According to the law, the declarant can submit customs declaration either in paper format or electronically. If declaration is submitted in paper, electronic declaration should be submitted as well.

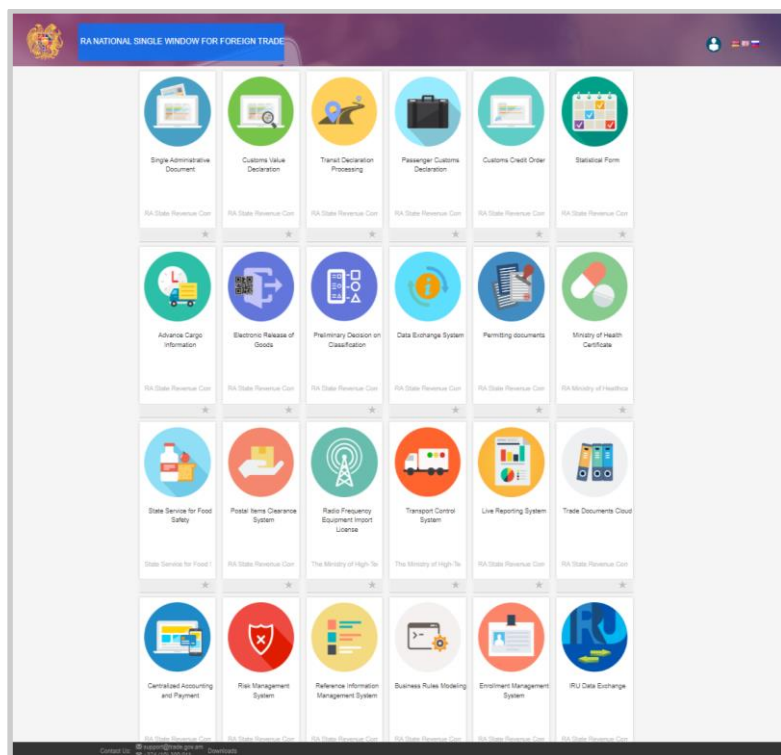
The State Revenue Committee keeps and publishes the register owners of temporary storage warehouses, owners of customs warehouses, owners of free warehouses and owners of duty-free shops supervised by the customs authorities<sup>98</sup>. The Committee also publishes the Register of registered Customs Brokers<sup>99</sup>.

### **3.1.4 National Single Window for Foreign Trade**

One of the important tools suggested by the State Revenue Committee of Armenia to businesses involved in foreign trade is the **National Single Window for Foreign Trade**<sup>100</sup>. It is an electronic system, which was launched at the end of 2021 and is implemented based on UN/CEFACT single window recommendations. Following the implementation of the system, the process of obtaining customs services and practically all permits is simplified. According to the state authorities, once the platform fully operates, all export and import related permits and circulation of documents will be done through this platform, which will radically reduce trade related time and burden.

To obtain the necessary permits for customs clearance legal entities and individuals are able to enter all data on goods moved or to be moved across the border from anywhere and at any time by filling out only one application on the electronic platform. After carrying out the necessary technical checks, the system will automatically generate and send the necessary applications to all competent authorities of Armenia involved in the implementation of foreign economic activity.

**Figure 15. Screenshot of the Single Window of Foreign Trade of Armenia**



The electronic system also allows to obtain the corresponding patents, licenses, certificates, and other permits and expert opinions, which automatically become available to the customs authorities, as well as integrated into the customs declarations submitted to the customs authorities. The platform also allows the payment of state duties and other fees for the provision of the necessary documents in electronic form.

The portal provides a full single-entry point service which gives an opportunity to do all required procedures with a single sign on service. With this property, a user logs in with a single ID and password to gain

<sup>98</sup> <https://www.petekamutner.am/Content.aspx?itn=csCICustomsWarehouses>

<sup>99</sup> <https://www.petekamutner.am/Content.aspx?itn=csCICustomsRepresentatives>

<sup>100</sup> <https://trade.gov.am/trade/home/index>



access to any of several related systems.

The single window provides the following services:

- E-Customs, which includes
  - submission of a declaration for goods;
  - submission and approval of a customs value declaration;
  - processing of the transit declaration;
  - advance cargo information - it is used for electronic submission of preliminary information by the freight forwarder or importer prior to the arrival of its goods to the customs border;
  - electronic release of goods;
  - centralized weightings for centralized storage of weighting records;
  - ministry of health certificate - the system enables electronic submission of import applications and related documents for importing of drugs to the Ministry of Health of RA and Drug Expertise Center;
  - food safety inspection body - electronically submission of applications for import, export and transit permits for products subject to veterinary and phytosanitary controls, substances in direct contact with food;
  - radio frequency equipment import license - submission of applications to the relevant authority which is responsible for issuing import licenses; etc.

### **3.2 OVERVIEW OF IMPORT LEGISLATION AND SUB-LAW REGULATIONS**

Almost all provisions on customs procedures are regulated in the EAEU Customs Code, some at EEC level; only minor peculiarities are regulated at the level of national legislation. All goods exported from Armenia outside the EAEU or imported into Armenia are subject to customs declarations. Since there is no border with the other EAEU Member States, land and sea transportation between Armenia and other EAEU Member States is carried out through '*transit*' procedure. Goods can be declared at the customs offices where the goods are located, as set out in Armenian legislation. A declaration form is submitted to the customs official, who is responsible for verifying its completeness as well as the validity of the supporting documentation and, if there is no basis for rejection, the form is then registered.

Goods and vehicles with International Road Transport (TIR) carnets exported by legal persons may be declared at any customs house. Goods must be released in four hours after registration of a declaration. In exceptional cases, release can take one working day or more.

In the above chapters we have provided detailed analysis of export-import legislation of the EAEU, which applies to Armenia as well. In this and next chapter we will provide main requirements of import and export legislation and sub-law regulations of the EAEU and Armenia, that apply to main products imported from the Netherlands to Armenia and to products that are mainly exported from Armenia to the Netherlands (if such regulations exist).

As it is provided in Chapter 2.1.2, main products imported from the Netherlands to Armenia in the period of 2017-2022 are:

- boilers, machinery and mechanical appliances (mainly data-processing machines; self-propelled bulldozers, angledozers, graders; printing machinery), telephone sets, monitors and projectors;
- tractors, trailers;

- medicine (including veterinary medicine), medical or surgical instruments and apparatus;
- seeds, fresh agricultural products
- animal feeding.

Armenia is a member of the World Organization for Animal Health and Codex Alimentarius, and is a contracting party to the International Plant Protection Convention. Which means, Armenian laws and regulations are aligned with international standards in line with the EAEU framework. Further, the phytosanitary veterinary and food safety legislation has been brought into compliance with the procedures defined by the International Standards for Phytosanitary Measures of the IPPC, and the standards and practices of the OIE and Codex Alimentarius. Additionally, Armenia has worked on a food safety risk assessment and a risk management framework to enhance the performance of the food safety system.

### **3.2.1 Import of Machinery and IT equipment**

For the purposes of this report, we have divided these products into two groups:

- machinery, including self-propelled bulldozers, angledozers, graders, levellers, scrapers (HS 8429, 8432, 8701, 0008716, etc.);
- IT equipment, which includes automatic data-processing machines and printing machinery (HS 8443, 8471, 8517, 8528) – products under control.

#### *3.2.1.1 Import of Machinery*

The technical regulation of the EAEU “**On safety of machinery and equipment**” (TR CU 010/2011)<sup>101</sup> defines main requirements that are applied to imported and domestically produced machinery, including tractors, bulldozers, agricultural machinery, etc. The regulation defines the minimal safety requirements to these machinery and equipment that should be followed during the design, manufacturing, installation, storage, transportation and sale in the territory of the EAEU. The machinery can be circulated in the territory of the Union, if they meet the requirements of the regulation and have passed the conformity assessment procedures. The unified mark of the EAEU (EAC) is applied to these products, if they have passed the conformity assessment procedures.

The conformity assessment is done in two forms:

- certification by an accredited certification body included in the Unified Register of Certification Bodies and Testing Laboratories (Centers) of the Customs Union<sup>102</sup>;
- declaration of conformity based on own evidence and (or) obtained with the participation of a certification body or an accredited testing laboratory (center) included in the Unified Register of certification bodies and testing laboratories (centers) of the Customs Union.

The detailed list of products, in respect of which together with the customs declaration conformity assessment document should be provided is defined by the Decision of the Board of the Eurasian Economic Commission No. 6 of January 16, 2018<sup>103</sup>.

The decree of the Government of Armenia “**On approving the technical regulation on the safety of machinery and mechanisms**” No. 2390-N<sup>104</sup> of December 15, 2005 defines similar safety requirements, though it does not apply to agricultural tractors and machinery.

<sup>101</sup> <http://www.eurasiancommission.org/ru/act/texnreg/deptexreg/tr/Pages/bezopMashines.aspx>

<sup>102</sup> <https://portal.eaeunion.org/sites/commonprocesses/ru-ru/Pages/ConformityAuthorityDetails.aspx>

<sup>103</sup> [https://docs.eaeunion.org/docs/ru-ru/01415844/clcd\\_19012018\\_6](https://docs.eaeunion.org/docs/ru-ru/01415844/clcd_19012018_6)

<sup>104</sup> <https://www.arlis.am/DocumentView.aspx?DocID=22478>

Though these products are subject to customs duties, according to the law of Armenia “**On approving the list of products imported by organizations and individual entrepreneurs not subject to excise tax, whose import is exempt from value added tax**” of June 29, 2001, goods of the product category HS 84 (except for 8418 10 200 1, 8418 10 800 1, 8418 30 200 1, 8418 40 200 1, 8422 11 000 0, 8450 11, 8451 21, 8452 10) and 8701 are exempt from the VAT payment during their importation into the territory of the Republic of Armenia.

As regards the goods of HS 8716, according to the decree of the Government of Armenia No. 1308-N “**On approval of the list of military products, the procedure of import, export and transit of military products, procedures of licensing of mediation activities and forms of required documents**”<sup>105</sup> of November 12, 2009, products of CNFEA 8716 10 980 0, 8716 20 000 0, 8716 90 900 0, 8716 39 500 2 can be considered military products, if they correspond to the description provided in the decree. In this case in order to ensure the import of these products into the territory of Armenia, an import license, issued by the Ministry of Defence, is required.

### 3.2.1.2 Import of IT Products under Control<sup>106</sup>

Majority of IT equipment and printing machinery belonging to the CNFEA 8443, 8471, 8517, 8528 are considered as dual-purpose goods or cryptographic means, import, export and transit of which is done under strict control. This control applies not only according to Armenian legislation, but also by the legislation of the EAEU.

Particularly, the decision of the Board of the Eurasian Economic Commission No. 30 “**On Non-Tariff Regulatory Measures**”<sup>107</sup> defines the list of products import, export and/or transit of which in the territory of the EAEU is forbidden, restricted or allowed with several permits. Among the goods covered by a permit-based procedure for importation into or exportation from the customs territory of the EAEU are:

- radio-electronic means and (or) high-frequency devices for civilian purposes, including those built-in or included in other goods<sup>108</sup>;
- special technical means designed to secretly obtain information<sup>109</sup>;
- encryption (cryptographic) means<sup>110</sup>.

#### Radio-electronic means and (or) high-frequency devices for civilian purposes, including those built-in or included in other goods<sup>111</sup>

The import of radio-electronic means and (or) high-frequency devices is carried out

- a) in the presence of a license drawn up in accordance with the “**Instructions for Executing Application for Issuance of License to Export and/or Import Certain Types of Products and on Execution of Such License and the Instructions for Execution of Permission to Export and/or Import Certain Types of Goods**”, approved by the Decision No. 199<sup>112</sup> of the Board of the Eurasian Economic Commission dated November 6, 2014, or

<sup>105</sup> <https://www.arlis.am/DocumentView.aspx?DocID=169997>

<sup>106</sup> Dual-purpose goods - any type of property that is used for civilian purposes and, by its nature and properties, can also be used for military purposes, including for the creation of weapons of mass destruction and its vehicle

<sup>107</sup> <https://eec.eaeunion.org/comission/departement/catr/nontariff/30.php>

<sup>108</sup> <http://www.eurasiancommission.org/ru/act/trade/catr/nontariff/Documents/EP.pdf/2.16.pdf>

<sup>109</sup> [http://www.eurasiancommission.org/ru/act/trade/catr/nontariff/Documents/EP.pdf/2.17\\_137.pdf](http://www.eurasiancommission.org/ru/act/trade/catr/nontariff/Documents/EP.pdf/2.17_137.pdf)

<sup>110</sup> [http://www.eurasiancommission.org/ru/act/trade/catr/nontariff/Documents/EP.pdf/2.19\\_137.pdf](http://www.eurasiancommission.org/ru/act/trade/catr/nontariff/Documents/EP.pdf/2.19_137.pdf)

<sup>111</sup> <http://www.eurasiancommission.org/ru/act/trade/catr/nontariff/Documents/EP.pdf/PR15.pdf>

<sup>112</sup> [https://docs.eaeunion.org/docs/en-us/0043688/clcd\\_06112014\\_199](https://docs.eaeunion.org/docs/en-us/0043688/clcd_06112014_199)

- b) in the presence of a conclusion (permit) drawn up in the form approved by the Decision of the Board of the Eurasian Economic Commission No. 45<sup>113</sup>, dated May 16, 2012, or
- c) in the presence of information that radio electronic means and (or) high-frequency devices are included in *unified register* (if there is a registration number in the unified register)<sup>114</sup>.

The placement of radio electronic means and (or) high-frequency devices under the customs procedure for release for internal consumption is carried out upon submission to the customs authority of a Member State of a license or information on inclusion in a unified register. To obtain a license, legal entities and individuals registered as individual entrepreneurs (sole proprietor) submit the required documents and information to the authorized body of the Member State in whose territory the applicant is registered. The issuance of a conclusion (permit) is carried out by the authorized body for the issuance of permits of a Member State in the manner prescribed by the legislation of that state.

Import of radio-electronic means and (or) high-frequency devices for civilian purposes, including those built-in or included in other goods into the territory of Armenia is regulated by the decree of the Government of Armenia No. 1524-N **“On approval of the list of goods prohibited and restricted for the carriage through the customs territory of the Republic of Armenia, on establishment of competent authorities and on approval of framework procedures of issuing licenses and permits for export and (or) import of goods”**<sup>115</sup> of December 25, 2014 and the Order of the Minister of High-tech Industry No. 19-N **“On approving the procedure for issuing licenses and permits for the import of radio-electronic and/or civil high-frequency devices, including built-in devices or those included in other products subject to restrictions in the case of foreign trade by the Republic of Armenia”**<sup>116</sup> adopted on November 03, 2022.

According to the order, one-time license or permit is issued for import of the goods. The validity period of the license is maximum one year. The validity period of the permit is limited to the calendar year in which it was issued. Applications are submitted electronically the national single-window platform for foreign trade ([www.trade.gov.am](http://www.trade.gov.am)) through the “Permit Documents” (<https://sw.gov.am>) electronic system. The provision of the license is approved or rejected within three (3) working days. The state duty for the license is AMD 1 000.

#### *Special technical means designed to secretly obtain information*<sup>117</sup>

Import and (or) export of special technical means is carried out in the presence of a license drawn up in accordance with the **“Instructions for Executing Application for Issuance of License to Export and/or Import Certain Types of Products and on Execution of Such License and the Instructions for Execution of Permission to Export and/or Import Certain Types of Goods”**, approved by the Decision No. 199 of the Board of the Eurasian Economic Commission dated November 6, 2014, or in the presence of a *conclusion (permit)* drawn up in the form approved by the Decision of the Board of the Eurasian Economic Commission No. 45, dated May 16, 2012.

The placement of special technical means under the customs procedure for release for domestic consumption is carried out upon presentation of a license to the customs authority. The placement of special technical means under the customs procedure of *‘transit’* for transportation from the customs

<sup>113</sup> [https://docs.eaeunion.org/docs/en-us/0144907/clcd\\_21052012\\_45](https://docs.eaeunion.org/docs/en-us/0144907/clcd_21052012_45)

<sup>114</sup> [https://portal.eaeunion.org/sites/cp65/\\_layouts/15/portal.eec.registry.ui/registry65.aspx?itemid=9&listid=535beaa1-4129-43e7-8be2-a03dee7bed94](https://portal.eaeunion.org/sites/cp65/_layouts/15/portal.eec.registry.ui/registry65.aspx?itemid=9&listid=535beaa1-4129-43e7-8be2-a03dee7bed94)

<sup>115</sup> <http://www.irtek.am/views/act.aspx?aid=78744>

<sup>116</sup> <https://www.arlis.am/DocumentView.aspx?DocID=170279>

<sup>117</sup> <http://www.eurasiancommission.org/ru/act/trade/catr/nontariff/Documents/EP.pdf/pr16.pdf>

authority at the place of arrival to the customs authority at the place of departure is carried out without a license and (or) permit.

Import of technical means designed to secretly obtain information into the territory of Armenia is regulated according to the decree of the Government of Armenia No. 1524-N **“On approval of the list of goods prohibited and restricted for the carriage through the customs territory of the Republic of Armenia, on establishment of competent authorities and on approval of framework procedures of issuing licenses and permits for export and (or) import of goods”** of December 25, 2014 and the Order of the Head of the State Service for National Security No. 2 **“On approval of the rules of the import of technical means designed to secretly obtain information and printing materials into the customs territory of the Republic of Armenia”**<sup>118</sup> adopted on March 11, 2015.

According to the decree, if the imported goods fall under the list of restricted products approved by the Eurasian Economic Commission, they are subject of the decree and can be imported in presence of a license or conclusion (permit), provided by the National Security Service of Armenia. Re-export of these means is possible only if relevant conclusion (permit) is submitted to the customs authority. The application for issuance of license or conclusion should be submitted by the Single Window platform ([www.trade.gov.am](http://www.trade.gov.am)) through the “Permit Documents” page (<https://sw.gov.am/hy/login>). The license or conclusion are issued within 2 working days. The state duty for the issuance of one-time license or conclusion is AMD 1 000.

#### Encryption (cryptographic) means<sup>119</sup>

Import and (or) export of encryption (cryptographic) means are carried out on the basis of inclusion of the corresponding notification in the *Unified register of notifications*<sup>120</sup> or if there is a license issued in accordance with the *Instruction approved by the Decision of the Board of the Eurasian Economic Commission No. 199* dated November 6, 2014 or the conclusion (permit) in the *form approved by the Decision of the Board of the Eurasian Economic Commission No. 4*, dated May 16, 2012.

The placement of encryption (cryptographic) means under the customs procedure for ‘*release for domestic consumption*’ is carried out upon presentation of a license or information about the notification to the customs authority. The placement of special technical means under the customs procedure of ‘*transit*’ for transportation from the customs authority at the place of arrival to the customs authority at the place of departure is carried out without a license and (or) permit.

The placement of encryption (cryptographic) means under the customs procedures for ‘*re-export*’ at the end of the customs procedures for temporary import (admission) is carried out if there is a conclusion (permit) on the basis of which such goods were placed under the customs procedures for ‘*temporary import*’ (admission) or information about the notification.

Import of encryption (cryptographic) means into the territory of Armenia is regulated according to the decree of the Government of Armenia No. 1524-N **“On approval of the list of goods prohibited and restricted for the carriage through the customs territory of the Republic of Armenia, on establishment of competent authorities and on approval of framework procedures of issuing licenses and permits for export and (or) import of goods”** of December 25, 2014 and the Order of the Head of the State Service for National Security No. 8 **“On approval of the rules for notification of the import of encryption (cryptographic) means into the customs territory of the Republic of**

<sup>118</sup> <https://www.arlis.am/DocumentView.aspx?DocID=172532>

<sup>119</sup> <http://www.eurasiancommission.org/ru/act/trade/catr/nontariff/Documents/EP.pdf/pr9.pdf>

<sup>120</sup> [https://portal.eaeunion.org/sites/odata/\\_layouts/15/Portal.EEC.Registry.Ui/DirectoryForm.aspx?ViewId=859ec98d-f4fe-423a-b6bc-d01b53fd4b7c&ListId=0e3ead06-5475-466a-a340-6f69c01b5687&ItemId=232#](https://portal.eaeunion.org/sites/odata/_layouts/15/Portal.EEC.Registry.Ui/DirectoryForm.aspx?ViewId=859ec98d-f4fe-423a-b6bc-d01b53fd4b7c&ListId=0e3ead06-5475-466a-a340-6f69c01b5687&ItemId=232#)



**Armenia and export from the customs territory of the Republic of Armenia, of the characteristics of encryption (cryptographic) means and products containing encryption (cryptographic) means in the case of trade of the Republic of Armenia with third countries”<sup>121</sup>** adopted on November 30, 2015.

As it was provided in the decision of the Eurasian Economic Commission, if products are included in the list encryption (cryptographic) means adopted by the Eurasian Economic Commission, their import is carried out on the basis of inclusion of the corresponding notification in the unified register of notifications, or in presence of a license or conclusion (permit), provided by the National Security Service of Armenia. The application for issuance of license or conclusion should be submitted by the Single Window platform ([www.trade.gov.am](http://www.trade.gov.am)) through the “Permit Documents” page (<https://sw.gov.am/hy/login>). The license or conclusion are issued within 10 days or, if scientific and technical expertise is required - within 85 days. The state duty for the issuance of one-time license or conclusion is AMD 1 000.

The expert opinion on non-military nature of the imported goods is provided either by NPC LLC<sup>122</sup> or by the Armexpertiza LLC. Depending on the required duration of the expertise, the duties can vary. According to the NPC LLC, the minimum duty is AMD 10 000 for expertise of military products, if the results of this expertise will be provided in 5 days (without VAT). For one day – AMD 50 000 is required (without VAT). The State Revenue Committee of Armenia regularly publishes the list of goods that are not considered as military products or double-purpose goods<sup>123</sup> or goods that don't have restrictions according to the National Security Service of Armenia<sup>124</sup>.

### **3.2.2 Import of Medicine and Medical Products**

The common market of medicines and medical products (medical devices and equipment) functions in the territory of the Union in accordance with Articles 30 and 31 of the Treaty on the Eurasian Economic Union and the **Agreement on Unified Principles and Rules for the Circulation of Medicines within the Eurasian Economic Union**<sup>125</sup> and the **Agreement on Common Principles and Rules for the Circulation of Medical Devices (Medical Products and Medical Equipment) in the Framework of the EAEU**<sup>126</sup>, dated December 23, 2014, as well as in accordance with the acts of the Eurasian Economic Commission in the sphere of circulation of medicines and internal legislation of the Member States.

Common market of medicines, in compliance with the good pharmacy principle, is based on the following principles:

- harmonisation and unification of the legislation of the Member States in the sphere of circulation of medicines and medical products;
- uniformity of mandatory requirements for the quality, effectiveness and safety of circulation of medicines and medical products on the territory of the Union;

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<sup>121</sup> <https://www.arlis.am/DocumentView.aspx?DocID=172553>

<sup>122</sup> <http://npc.am/en/>

<sup>123</sup> [https://www.petekamutner.am/Shared/Documents/\\_cs/\\_ci/Legislative%20clarifications/ck\\_erkrazm\\_16.03%E2%80%A42023.xlsx](https://www.petekamutner.am/Shared/Documents/_cs/_ci/Legislative%20clarifications/ck_erkrazm_16.03%E2%80%A42023.xlsx)

<sup>124</sup> [https://www.petekamutner.am/Shared/Documents/\\_cs/\\_ci/Legislative%20clarifications/ck\\_aac\\_sahm\\_vochentapr\\_09.01.23.xlsx](https://www.petekamutner.am/Shared/Documents/_cs/_ci/Legislative%20clarifications/ck_aac_sahm_vochentapr_09.01.23.xlsx)

<sup>125</sup> [https://docs.eaeunion.org/docs/en-us/01213250/itia\\_24122014\\_doc.pdf](https://docs.eaeunion.org/docs/en-us/01213250/itia_24122014_doc.pdf)

<sup>126</sup> <http://www.eurasiancommission.org/en/act/txnreg/deptexreg/LSMI/Documents/Agreement%20on%20common%20principles%20and%20rules%20for%20the%20circulation%20of%20medical%20devices.pdf>



- adoption of common rules in the sphere of circulation of medicines and medical products;
- development and application of identical or comparable research and monitoring methods to assess the quality, effectiveness and safety of medicines;
- establishment of common approaches for the creation of a quality assurance system for medical products;
- harmonisation of the legislation of the Member States in the field of control (supervision) over circulation of medicines and medical products;
- exercising licensing and supervisory functions in the sphere of circulation of medicines by the relevant authorised authorities of the Member States.

The Agreement on Common Principles and Rules for the Circulation of Medicines within the Eurasian Economic Union dated December 23, 2014 is a fundamental document for the establishment of a common market of human medicines that requires establishment of common rules for expert examination of medicines, common rules of GMP, GVP, GCP, GDP, GLP, common rules for inspection, common requirements for labelling of medicines etc. For these purposes 74 legislative acts have been approved at the EAEU level<sup>127</sup>.



Functioning of the common market of medical devices within the Union is carried out in accordance with the Agreement on common principles and rules of circulation of medical devices (medical devices and medical equipment) within the EAEU. Rules for the assessment and registration of medical devices, rules of classification, rules of testing and research are approved at the EAEU level. A special symbol for the circulation of medical devices on the EAEU market has been introduced.

According to the recent changes done by the EEC in the agreement, there is a possibility to file an application for examining or registering a medical product according to the procedure stipulated by the Union's law or legislation of an EAEU Member State until December 31, 2025. Earlier such possibility was offered until December 31, 2022 and it was supposed that starting from January 1, 2023 medical products would be registered only in accordance with the Union's law.

### 3.2.2.1 *Medicine*

Registration of medicines under the unified rules of the Union becomes mandatory from January 2021. At the same time, all medicines registered under national procedures must be brought into compliance with the rules of the EAEU by the end of 2025. The holder of the registration certificate (MAH) can be any legal entity, a resident or non-resident of an EAEU Member State. According to the EAEU legislation, there are several types of procedures for registering a medicinal product in the EAEU:

- Procedure for bringing the registration dossier to EAEU requirements - it is possible to obtain a registration certificate according to the EAEU requirements on the basis of previous national registration in one or more Member States of the Union. This procedure is used to move from fragmented national registrations to a common certificate under the new rules. According to this procedure, registration dossiers of medicines registered before December 31, 2020 should be brought into compliance with the requirements of the EAEU before December 31, 2025.
- Registration by mutual recognition procedure (sequential procedure) - this procedure implies consistent registration: at the beginning, a medicinal product is submitted for registration and receives a certificate in the first country. Then, in the second stage, the product registration can be recognized in other EAEU Member States.

<sup>127</sup> [http://www.eurasiancommission.org/ru/act/texnreg/deptexreg/LSMI/Pages/drug\\_products.aspx](http://www.eurasiancommission.org/ru/act/texnreg/deptexreg/LSMI/Pages/drug_products.aspx)

- Registration through a decentralized procedure (parallel procedure) - this procedure allows submitting a medicinal product for registration simultaneously in the several EAEU Member States chosen by the Applicant.

According to the **Agreement on Common Principles and Rules for the Circulation of Medicines within the Eurasian Economic Union**, “distribution of medicinal products within the Union is allowed on condition that they have been registered in accordance with the procedure established by the Commission, and the information about them was entered in the Single Register of registered medicinal products<sup>128</sup> of the EAEU. Together with the Register of medicinal products, the Eurasian Economic Commission publishes the following registers:

| Name of the Register                                                                                                                     | Address                                                                                                                                                                                                                                                                                                 |
|------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Unified register of authorized persons of manufacturers of medicines of the EAEU                                                         | <a href="https://portal.eaeunion.org/sites/odata/ layouts/15/Registry/PMM02/TableView.aspx?ItemId=371&amp;ListId=0e3ead06-5475-466a-a340-6f69c01b5687">https://portal.eaeunion.org/sites/odata/ layouts/15/Registry/PMM02/TableView.aspx?ItemId=371&amp;ListId=0e3ead06-5475-466a-a340-6f69c01b5687</a> |
| Single database of medicines that do not meet quality requirements, as well as falsified and/or counterfeit medicines                    | <a href="https://portal.eaeunion.org/sites/odata/ layouts/15/Registry/PMM03/TableView.aspx">https://portal.eaeunion.org/sites/odata/ layouts/15/Registry/PMM03/TableView.aspx</a>                                                                                                                       |
| Single information database on the detected adverse reactions (effects) of medicines, including reports on the inefficiency of medicines | <a href="https://portal.eaeunion.org/sites/odata/ layouts/15/Registry/PMM04/TableView.aspx">https://portal.eaeunion.org/sites/odata/ layouts/15/Registry/PMM04/TableView.aspx</a>                                                                                                                       |
| Single database of medicines suspended, revoked and banned for human use                                                                 | <a href="https://portal.eaeunion.org/sites/odata/ layouts/15/Registry/PMM05/TableView.aspx">https://portal.eaeunion.org/sites/odata/ layouts/15/Registry/PMM05/TableView.aspx</a>                                                                                                                       |
| Unified register of pharmaceutical inspectors of the EAEU                                                                                | <a href="https://portal.eaeunion.org/sites/odata/ layouts/15/Registry/PMM09/TableView.aspx">https://portal.eaeunion.org/sites/odata/ layouts/15/Registry/PMM09/TableView.aspx</a>                                                                                                                       |

“Scientific Center of Drug and Medical Technology Expertise After Academician E. Gabrielyan” CJSC is the body responsible for the implementation of the Armenian medicine policy, for ensuring safety, efficacy and quality of medical products in the territory of Armenia and for registration of medical products in the country<sup>129</sup>. The body publishes the following registers:

| Name of the Register                                                     | Address                                                                                                                                                                                                                                                                                   |
|--------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| The List of medicines recommended for registration                       | <a href="https://pharm.am/index.php/en/medicines-recommended-for-registration-by-the-pharmacological-council-of-moh-of-republic-of-armenia">https://pharm.am/index.php/en/medicines-recommended-for-registration-by-the-pharmacological-council-of-moh-of-republic-of-armenia</a>         |
| The List of medicines not recommended for registration                   | <a href="https://pharm.am/index.php/en/medicines-not-recommended-for-registration-by-the-pharmacological-council-of-moh-of-republic-of-armenia">https://pharm.am/index.php/en/medicines-not-recommended-for-registration-by-the-pharmacological-council-of-moh-of-republic-of-armenia</a> |
| Register of medicines                                                    | <a href="https://pharm.am/index.php/en/register-of-medicines">https://pharm.am/index.php/en/register-of-medicines</a>                                                                                                                                                                     |
| Non-prescription medicines registered in Republic of Armenia             | <a href="https://pharm.am/index.php/en/non-prescription-medicines-registered-in-republic-of-armenia">https://pharm.am/index.php/en/non-prescription-medicines-registered-in-republic-of-armenia</a>                                                                                       |
| The list of registered prescription medicines in Republic of Armenia     | <a href="https://pharm.am/index.php/en/list-of-registered-prescription-drugs-in-republic-of-armenia">https://pharm.am/index.php/en/list-of-registered-prescription-drugs-in-republic-of-armenia</a>                                                                                       |
| The list of registered under controlled medicines in Republic of Armenia | <a href="https://pharm.am/index.php/en/list-of-registered-under-controlled-drugs-in-republic-of-armenia">https://pharm.am/index.php/en/list-of-registered-under-controlled-drugs-in-republic-of-armenia</a>                                                                               |
| The list of registered medicines produced in Republic of Armenia         | <a href="https://pharm.am/index.php/en/list-of-registered-armenian-drugs-up-to-30-04-2017">https://pharm.am/index.php/en/list-of-registered-armenian-drugs-up-to-30-04-2017</a>                                                                                                           |
| Rejection for registration                                               | <a href="https://pharm.am/index.php/en/rejection-for-registration">https://pharm.am/index.php/en/rejection-for-registration</a>                                                                                                                                                           |
| Revoked and suspended medicines                                          | <a href="https://pharm.am/index.php/en/withdrawal">https://pharm.am/index.php/en/withdrawal</a>                                                                                                                                                                                           |

<sup>128</sup> <https://portal.eaeunion.org/sites/commonprocesses/ru-ru/Pages/DrugRegistrationDetails.aspx?filter=%7B%22KeyWordsCertificate%22%3A%22%22%2C%22KeyWordsApplication%22%3A%22%22%2C%22KeyWordsSubstance%22%3A%22%22%2C%22KeyWordsStatement%22%3A%22%22%2C%22DosageFormCodes%22%3A%22%22%2C%22KeyWords%22%3A%22%22%7D>

129 <https://pharm.am/index.php/en/>

The law of the Republic of Armenia “**On Medicine**” regulates main requirements of registration, export and import of medicine in and from the territory of Armenia. According to the law, the following persons have the right to import<sup>130</sup> medical products into the territory of Armenia:

- suppliers, provided they have a license for wholesale distribution of medicinal products;
- the following, without having a license stipulated by the law for wholesale distribution of medicinal products:
  - legal entities or sole entrepreneurs the activities of which are related to research and trials of medicinal products, substances, and investigational medicinal product, or quality, efficacy, or safety controls - within the limits of the volume and assortment required for such activities;
  - legal entities or sole entrepreneurs importing medicinal products in the framework of projects recognized as charitable or donation under the procedure stipulated by the legislation;
  - legal entities or sole entrepreneurs that have a license to manufacture medicinal products in the Republic of Armenia, in case of importing substances and herbal materials for production purposes;
  - representations or representatives of foreign manufacturers - when importing or exporting registration and/or trial samples (medicinal products, substances, investigational medicinal product and/or exhibition samples); and
  - public administration institutions.

Medical products registered in Armenia may be imported into the country by any entity having a license for wholesale distribution of medicinal products. The annual state duty for the license is AMD 100 000.

**Table 12. State duties for registration, re-registration, renewal and reformulation of registration certificate of medical product in the Republic of Armenia**

| N | Type of application for registration                                                                                                                                        | Rate of the State Duty (Armenian dram) |
|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|
| 1 | Medicine including new, generic, biotechnological, blood or plasma derived, immunological (vaccines, serums, allergens), radioactive, homeopathic, veterinary               | 60 000                                 |
| 2 | Each additional pharmaceutical form and (or) dosage strength of medicine                                                                                                    | 40 000                                 |
| 3 | New indication(s) of registered medicine                                                                                                                                    | 40 000                                 |
| 4 | New combination of registered medicine                                                                                                                                      | 60 000                                 |
| 5 | Traditional and herbal medicine (including packed and labelled herbal preparations, medicinal teas)                                                                         | 10 000                                 |
| 6 | First and each additional pharmaceutical form, dosage strength, new indication(s) of homeopathic medicine without indication                                                | 5 000                                  |
| 7 | Antiseptic and antiparasitic medicine intended for the skin, mucous membrane, hair, nails which destroy infectious agents, as well as their transmitting insects, parasites | 20 000                                 |
| 8 | Reformulation of the registration certificate                                                                                                                               | 5 000                                  |
| 9 | Re-registration, renewal of registration certificate                                                                                                                        | 60 000                                 |

Source: Law “On State Duty” of the Republic of Armenia

The decree of the Government of the Republic of Armenia N 202-N “**On adopting the rule on importation in the Republic of Armenia and exportation from the Republic of Armenia of medicinal products, active substance, herbal substance and investigational medicinal products, the rule on assessment for the propose of importation and exportation and the list of necessary documents as well as on repeal of the Decree of the Government of the Republic of**

<sup>130</sup> The list of importers registered in Armenia is available at [https://pharm.am/attachments/article/263/en\\_nermucoxneri%20cank%20ang1..pdf](https://pharm.am/attachments/article/263/en_nermucoxneri%20cank%20ang1..pdf)

**Armenia N 581 of September 20, 2000**<sup>131</sup> of February 28, 2019 defines procedures on importing medicine into the territory of Armenia. According to the decree, the medical products can be imported into the territory of Armenia only on the basis of import certificate provided by the Ministry of Health.

Import license is issued for actually importation each consignment of pharmaceutical products through the customs border. The license is given for one year and is suspended once customs procedures are finished. In order to get an import permit, the applicant should submit an electronic application through the Single Window, attaching the required documents. The approval or rejection takes place within seven (7) working days, which includes sampling as well. The final decision shall be taken based on the results of examination, which takes 5 working days. Similar procedure applies to import of medical products into the territory of Armenia from the Member States of the EAEU.

The decree of the Government of the Republic of Armenia No. 166-N dated February 28, 2019 “**On adopting the fees in the Republic of Armenia for examination in the field of medicinal products state regulation**”<sup>132</sup> defines the fees required for examination of medicine for purposes of circulation in the territory of Armenia. Depending on the type of registration, re-registration or enlargement of certification, the fee can be more than AMD 2mln.

**Table 13. Examination fees necessary for issuing certificates to import medicinal products, active substance, herbal substance and investigational medicinal products**

|   | Type of examination                                                                                                            | Fee (including VAT), AMD |
|---|--------------------------------------------------------------------------------------------------------------------------------|--------------------------|
| 1 | Document examination of imported medicinal products, active substance, herbal substance and investigational medicinal products |                          |
|   | - for one to five titles                                                                                                       | 10 000                   |
|   | - for 6 to 20 titles                                                                                                           | 20 000                   |
|   | - in case of 21 or more titles, for each title                                                                                 | 1 000                    |
| 2 | Sampling                                                                                                                       |                          |
|   | - for one to five titles                                                                                                       | 12 000                   |
|   | - for 6 to 20 titles                                                                                                           | 20 000                   |
|   | - in case of 21 or more titles, for each title                                                                                 | 1 000                    |

Requirements for labelling on the packaging of medicine and veterinary medicinal products released for circulation in the common market of medicinal products within the EAEU are described in the Decision of the Council of the Eurasian Economic Commission No. 76 “**On the adoption of the requirements for the labelling of medicinal products for human use and veterinary medicinal products**” of November 03, 2016<sup>133</sup>.

According to the decree the following should appear on the primary/immediate packaging of a medicinal and veterinary product:

- the brand name of the medicinal/veterinary product;
- the international non-proprietary name or common/generic name;
- the pharmaceutical form;
- the strength and/or potency and/or concentration, as applicable, of the active substance(s);
- the contents of the medicinal/veterinary product per package;

<sup>131</sup> <https://www.arlis.am/DocumentView.aspx?DocID=163503>

<sup>132</sup> <https://www.arlis.am/DocumentView.aspx?DocID=163009>

<sup>133</sup>

<http://www.eurasiancommission.org/en/act/texnreg/deptexreg/LSMI/Documents/EEC%20Decision%2076%20Labeling%20Requirements.pdf>

- the route of administration;
- the name or logo of the marketing authorisation holder or the manufacturer, if necessary, of the medicinal product or name or logo of the holder of the veterinary product marketing authorisation;
- the batch number;
- the expiry date ('best before...').

### 3.2.2.2 *Veterinary Medicine*

The common rules of circulation of veterinary medicine are applied in the internal market of the EAEU. These rules are defined by the decision of the Council of the EAEU No. 1 **"On regulations of the address of veterinary medicines on customs area of the Eurasian Economic Union"** of January 21, 2022<sup>134</sup>. The rules aim to set out:

- common registration procedure for veterinary drugs;
- common requirements for quality, efficacy, safety, and assessment criteria of veterinary drugs;
- common rules and procedure for control and supervision of veterinary drugs circulation.

According to the rules, the quality and safety of veterinary drugs should be confirmed through studies conducted in compliance with the rules of Good Laboratory Practice. The transportation, storage and sale of veterinary drugs should comply with the principles of GxP (Good Pharmacy Practice).

In order to introduce the common procedures in all Member States, the decision sets transition period for all Member States as follows:

- the veterinary drugs continue to be registered in accordance with the legislation of the EAEU Member State before the new rules come into force on December 31, 2027. However, such veterinary drugs will be permitted for sale in country only if they have been approved by that country. The registration certificates for such veterinary drugs will be valid through December 31, 2032;
- a registration certificate for a veterinary drug issued before the common rules came into force will be valid until December 31, 2027;
- a registration dossier for a veterinary drug issued before the common rules came into force should be modified in compliance with the new rules by December 31, 2027.

According to the decision, the registration and circulation of veterinary medicine in the territory of the EAEU should be done according to these new rules. The decision defines main requirements to production of veterinary medicine, general principles of registration, examination, labelling of veterinary medicines etc.

The main legal act, regulating management of veterinary medicine, protection of animal health and animal welfare in Armenia is the law **"On Veterinary"**<sup>135</sup>. The law defines main principles of the state policy in veterinary medicine, main tasks of the government, competencies of the authorised state body and regional administrations. Import and export procedures of veterinary medicine in Armenia is defined by the decree of the Government No. 1088-N **"On defining export and import procedures of veterinary medicine"**<sup>136</sup>. Together with the export and import procedures, the decree also defines the list of veterinary medicine that can be exported or imported.

Import of veterinary medicine into the territory of Armenia takes place in the presence of a state registration certificate and a document confirming their quality and safety, issued by the manufacturing

<sup>134</sup> <https://cis-legislation.com/document.fwx?rgn=138262#A6AB0J3H72>

<sup>135</sup> <https://www.arlis.am/DocumentView.aspx?DocID=166253>

<sup>136</sup> <https://www.irtek.am/views/act.aspx?aid=30787>

company, and an import certificate provided by the Food Safety Inspection Body of Armenia. The import certificate is issued for the validity period for six (6) months for each consignment.

The registration of veterinary medicine is done by the “*Scientific Center of Drug and Medical Technology Expertise After Academician E. Gabrielyan*” CJSC<sup>137</sup>. State registration and provision of registration certifications for vaccines, serum, and diagnostic products applied in the veterinary sector in the Republic of Armenia is done by the *Ministry of Economy*. The *Scientific Center for Assessment and Analysis of Food Safety Risks* is authorized to conduct assessments of immunobiological veterinary products including animal vaccines.

The registration of vaccines, serum, and diagnostic products applied in the veterinary sector is conducted according to the decree of the Government of Armenia No. 1335-N “**On rules of registration of vaccines, serum, and diagnostic products applied in the veterinary sector and fees applied for the state examination**”<sup>138</sup>. According to the decree, production, import, circulation and storage of veterinary medicine is allowed, if they are registered. The registration is done per separate producer, country or producing country, if the same vaccines, serum, and diagnostic products applied in the veterinary sector is produced in several countries.

In order to ensure registration, the vaccines, serum, and diagnostic products applied in the veterinary sector should pass state examination. The maximum duration of the examination is 30 days. Additional three (3) days may be required for the state registration. Validity period of the registration is five (5) years. Registration of vaccines, serum, and diagnostic products applied in the veterinary sector, produced in the EU countries, Russian Federation and United States of America is done without state examination. More detailed information on registration procedures is published on the website of the Ministry of Economy<sup>139</sup>.

**Table 14. Fees for examination of vaccines, serum, and diagnostic products applied in the veterinary sector in Armenia**

| N | Cases of state registration                                                                                                                                                                                                     | Fees for examination including VAT (AMD) |                     |
|---|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|---------------------|
|   |                                                                                                                                                                                                                                 | For producers registered in Armenia      | For other producers |
| 1 | Vaccines                                                                                                                                                                                                                        | 168 000                                  | 336 000             |
| 2 | Serum                                                                                                                                                                                                                           | 112 000                                  | 224 000             |
| 3 | Diagnostic products                                                                                                                                                                                                             | 56 000                                   | 112 000             |
| 4 | Reformulation of the state registration certificate in relation to the change of product name, the name of the manufacturing company, packaging and other changes that do not affect the product's safety, efficacy and quality | 28 000                                   | 56 000              |

The database of veterinary medicine registered in Armenia is included in the register of veterinary medicine of the EAEU<sup>140</sup>.

### 3.2.2.3 Medical Products

The main legislative act regulating the registration of medical products on the territory of the EAEU, list of necessary documents, timelines and other aspects of the registration is the Decision of the Eurasian

<sup>137</sup> <https://www.pharm.am/index.php/en/veterinary-drugs>

<sup>138</sup> <https://www.arlis.am/DocumentView.aspx?DocID=149274>

<sup>139</sup> <https://mineconomy.am/page/1478>

<sup>140</sup> <http://www.eurasiancommission.org/ru/act/texnreg/depsanmer/vetsanmer/Pages/reestrleksredstv.aspx>



Economic Commission No. 46 **“On the rules of registration and examination of safety, quality and efficiency of medical devices”** of February 12, 2016<sup>141</sup>. In general, there are 22 legal acts at the EAEU regulating the production and circulation of medical products in the EAEU.

The registration does not start with the filing of the application and the registration dossier, but with the formation of the evidence base for the safety and efficiency of the medical product. For this purpose, it is necessary to conduct preliminary technical and, if necessary, metrological and clinical tests on the territory and according to EAEU rules. Tests are conducted only in the authorized organizations entered into the unified register of authorized organizations of the EAEU<sup>142</sup>. The test results form a part of the registration dossier, on the basis of which the examination and registration of the medical product takes place. The registration certificate is issued without expiry. The common register of medical products contains the user’s manual (instructions for use) and approved labelling mock-ups of the medical product.

Before a medical product is put into circulation, the manufacturer or its authorized representative<sup>143</sup> shall affix a special mark (EAC Med) for the circulation of medical product. The mark is applied to each individual medical product, by the manufacturer or his authorized representative before the product is placed on the market, indicating that it has passed the procedure of registration and confirmation of compliance with safety and efficiency requirements. The name and address of the authorized representative shall be affixed on the labelling of the medical product and/or instructions for use.

General requirements for safety and efficiency of medical products are set out in the decision of the Council of the Eurasian Economic Commission No. 27 **“On approval of general requirements for safety and efficiency of medical products, labelling requirements and operational documentation for them”** dated February 12, 2016<sup>144</sup>.

The image of the mark, its size and proportions, as well as other requirements are established by the Decision of the Council of the Eurasian Economic Commission No 26 **“On the special mark of circulation of medical products”** of February 12, 2016<sup>145</sup>. The minimum size of the mark is 6 mm in width and 6.42 mm in height.

Requirements for labelling of medical products, instructions for use (user manuals) are described in the Decision of the Council of the Eurasian Economic Commission No. 27 **“On approval of General requirements for safety and efficiency of medical products, requirements for their marking and operational documentation on them”** of February 12, 2016<sup>146</sup>.

### **3.2.3 Import of Seeds and Animal Feeding**

#### *3.2.3.1 Import of Seeds and Seedlings*

Import and circulation of seeds and seedlings is regulated by the Agreement of the EAEU **“On the Circulation of Agricultural Crops Seed within the EAEU”**<sup>147</sup> of November 7, 2017; decision No. 157 of the Board of the EAEU **“On approving unified phytosanitary quarantine requirements applied**

<sup>141</sup> [https://docs.eaeunion.org/docs/ru-ru/01410768/cncd\\_12072016\\_46](https://docs.eaeunion.org/docs/ru-ru/01410768/cncd_12072016_46)

<sup>142</sup> <https://portal.eaeunion.org/sites/odata/layouts/15/Registry/PMM07/TableView.aspx>

<sup>143</sup> A legal entity or an individual entrepreneur, who is a resident of the EAEU and authorized by the power of attorney to represent the interests of the manufacturer and be responsible for the quality, safety and efficiency of the medical device when it is used in the EAEU territory.

<sup>144</sup> [https://docs.eaeunion.org/docs/ru-ru/01410216/cncd\\_17052016\\_27](https://docs.eaeunion.org/docs/ru-ru/01410216/cncd_17052016_27)

<sup>145</sup> [https://docs.eaeunion.org/docs/ru-ru/01410213/cncd\\_17052016\\_26](https://docs.eaeunion.org/docs/ru-ru/01410213/cncd_17052016_26)

<sup>146</sup> [https://docs.eaeunion.org/docs/ru-ru/01410216/cncd\\_17052016\\_27](https://docs.eaeunion.org/docs/ru-ru/01410216/cncd_17052016_27)

<sup>147</sup> [https://docs.eaeunion.org/docs/en-us/01415254/itia\\_14112017](https://docs.eaeunion.org/docs/en-us/01415254/itia_14112017)

to products and items subject to quarantine inspection at the customs border and in the customs territory of the Eurasian Economic Union” of November 30, 2016; Decision of the Council of the EAEU No. 95 **“On the List of agricultural plants concerning which in state members of the Eurasian Economic Union there is critical dependence on import of seeds and (or) landing material”**<sup>148</sup> of October 5, 2021 and the national legislation of Armenia.

The agreement on the circulation of agricultural crops seed applies to agricultural crops seeds intended as cereals, grains, legumes, cereals, fodder, technical plants, oleaginous plants, essential oil plants, vegetables, cucurbits, fruits, berries, medicinal plants, as well as potatoes and grapes. The agreement regulates legal relations connected with the circulation within the Union of seeds of agricultural crops, with the exception of seeds of agricultural crops, the genetic varietal program of which contains genetically modified material.

Circulation of seeds of agricultural plants within the Union shall be accompanied by documents containing information about *varietal and sowing (planting) qualities* thereof issued in the Russian language and state language(s) of the Member State. Member States shall recognize documents containing information on varietal and sowing (planting) qualities of seeds of agricultural crops, issued by other Member States, according to the list approved by the Eurasian Economic on the basis of proposals of Member States.

In order to provide information support for activities, associated with the circulation of seeds of agricultural crops within the Union, the Eurasian Economic Commission shall form a unified register of varieties of agricultural crops. As of now this register is not established and the commission suggests to use the registers of Belarus, Kazakhstan and Russia<sup>149</sup>. In order to unify approaches to the performance of varietal identification of agricultural crops, determining varietal and sowing (planting) qualities of seeds of agricultural crops, the Member States shall ensure application of unified methods determined by the Council of the Commission. On October 25, 2022, the Board of the Eurasian Economic Commission adopted the decision No. 155 **“On approving methodological approaches to testing varieties of agricultural plants within the framework of the Eurasian Economic Union”**<sup>150</sup>. It is also planned to suggest the Member States the list of measures to unify national legislation in the field of seed production.

According to the Eurasian Economic Commission, the import of seeds to the EAEU exceeded 1 bln dollars in 2020, more than 80% of which are sunflower seeds, corn, sugar beet, vegetable crops and planting material of fruit crops. Considering this as an issue of food security within the EAEU, the Council of the Eurasian Economic Commission adopted decision **“On list of agricultural plants concerning which in state members of the Eurasian Economic Union there is critical dependence on import of seeds and (or) planting material”**, aiming to promote development of seed and breeding production in the EAEU.

According to the decision No. 157 of the Board of the EAEU import into and moved within the territory of the Union of goods with high phytosanitary risks (list is attached to the decision) should be done in presence of *phytosanitary certificate* issued by the relevant state authority of exporting country. Seed and planting materials (including seed and food potato and materials for selection and scientific research purposes) imported into and moved within the customs territory of the Union, including in mail, accompanied or unaccompanied luggage of passengers of vessels, aircrafts, passenger cars,

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<sup>148</sup> [https://docs.eaeunion.org/docs/en-us/01430393/err\\_08112021\\_95](https://docs.eaeunion.org/docs/en-us/01430393/err_08112021_95)

<sup>149</sup> <https://agro.eaeunion.org/SingleRegisterOfVarietiesAgriculturalPlants/Pages/default.aspx>

<sup>150</sup> [https://docs.eaeunion.org/docs/en-us/01436730/err\\_27102022\\_155](https://docs.eaeunion.org/docs/en-us/01436730/err_27102022_155)

motor vehicles, of crew members of vessels, airplanes, and in restaurant cars, shall be accompanied by a phytosanitary certificate issued by the authorised plant quarantine body of the exporting country and (or) the re-exporting country.

When importing regulated goods into the customs territory of the Union, the following packaging materials shall be used: materials (wood packaging materials completely made of thin wood (maximum 6 mm thick), cardboard, paper, textile and polymer materials, which cannot be carriers of quarantine objects, as well as wood packaging materials, which shall comply with phytosanitary requirements provided by the decision.

Seed (in the form of seeds or fruits) and planting material (in the form of seedlings) shall be free of quarantine objects, including quarantine weeds. Seed material (in the form of seeds or fruits) shall be produced in the areas free of plants of *Striga* spp. genus. Planting material (in the form of seedlings) shall be free of plants of *Cuscuta* spp. genus.

Consignments of seed and planting material imported into and moved within the customs territory of the Union shall be packaged and have labels containing the information on the product name, country, place and (or) site of production, and exporter. Seed and planting material imported or transported without the label and (or) not packaged are not allowed to be imported into or transported in the customs territory of the Union. The table 1 of the decision lists the special phytosanitary quarantine requirements to seed and planting material<sup>151</sup>.

The law of Armenia “**On Seeds**” regulates the registration of plant varieties authorized for use, seed production, reproduction, certification, transportation, storage, sale and use of. It applies to the production or reproduction of all types of domestic and imported crops, ornamental plants and forest seeds. It does not apply to methods of genetic engineering and genetically modified organisms. The law loses its force from 04.10.2023 based on the requirements of the Law No. HO-345-N of 14 September 2022 “**On seeds and seedlings**”<sup>152</sup>. This new law regulates relations related to the registration, production, reproduction, certification, transportation, storage, sale and use of plant varieties and hybrids with permission for use.

The law of the Republic of Armenia “**On the Protection of Varieties of Plants**” regulates relations related to the rights of creation, use, conservation and breeding of plant varieties, relations related to patent granting or termination rights etc. The new changes done in the law will enter into force on August 10 2023. These new changes bring the law in line with the requirements of the International Convention for the Protection of New Varieties of Plants (UPOV Convention). The law creates the necessary conditions for successful protection of breeders’ rights in Armenia.

According to the law, the breeders right is confirmed by the relevant patent, provided by the respective State Body. To get this right, the applicant should submit application, with detailed description of the new variety and should pay the state duty equal to AMD 5 000. Anyone who has filed an application for the right to protect a new plant variety in one of the member states of International Union for the Protection of New Varieties of Plants (UPOV), enjoys the right of primacy in granting of rights to the breeder by the authorized body within 12 months. This period is calculated from the moment of filling out the first application.

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<sup>151</sup> The updated version of the decision is available here <https://www.alta.ru/tamdoc/16sr0157/>

<sup>152</sup> <https://www.irtek.am/views/act.aspx?aid=155789>

In order to protect the rights of the breeder, the breeder is granted temporary protection of rights from the moment the application for the grant of the breeder's right is filed until the moment the breeder's right is granted. The law lists the exclusive rights of breeders that is applicable in the territory of Armenia.

Those varieties and hybrids and those forms of planting materials are allowed for the use and further propagation in the territory of Armenia that have passed the state test of economic efficiency and are registered in the list of varieties and hybrids with permission for use. *The Center for Agricultural Research and Certification state non-commercial organization* is responsible for certification of seedlings as well as seeds of varieties of plants subject to mandatory certification listed in the decree of the Government of Armenia No. 1344-N<sup>153</sup> of August 18, 2005. The center is responsible also for maintaining the list of varieties and hybrids of seeds and seedlings (planting materials) authorized for use in the territory of Armenia and publishes it once a year.

The procedures of certification of seeds are defined by the decree of the Government of Armenia No. 1479-N **"On approving the procedures of certification of seeds"**<sup>154</sup> of August 18, 2005. According to information, published by the Center, certification of a consignment of seeds costs AMD 6 000.

In order to import or export seeds, the legal or physical persons should be registered in the register of producers, importers or exporters of certified seeds. The registration is done by the Center and costs AMD 5 000. Seeds should be imported into the territory of Armenia in stamped (sealed) and labelled packages (containers).

Each consignment of crop seeds imported into Armenia should be accompanied by the following documents issued by the competent organization of the exporting country:

- certificates of varietal and sowing (planting) quality indicators of crop seeds;
- phytosanitary certificate.

Each consignment of certified seeds and planting material intended for transportation and sale shall be packed, sorted and stamped, indicating the name of the variety or hybrid, botanical classification, complete and accurate information about the origin and quality of the seeds and planting material on the container (product unit) or on the attached label.

According to the Point 20 of the Article 64 of the **Tax Code** of Armenia, the sale of seeds and planting material of agricultural crops and perennial plantations *is exempt from VAT* in the territory of Armenia. Moreover, according to the decree of the Government of Armenia No. 621 **"On approving the procedure for importing grapes cuttings, potatoes, spelt, soft wheat and meslin seeds, barley, peas and bean seeds into the Republic of Armenia without calculating and charging value added tax"** of May 25, 2002 these goods can be imported into the territory of Armenia without paying VAT, if their accompanying documents contain a certificate issued by the competent organization of the exporting country or another internationally recognized organization certifying the variety and quality of the seed.

The presence of a certificate from the sending country is a sufficient basis for the import of grape cuttings and potato seeds. For the others, relevant laboratory examination should be passed<sup>155</sup>. Customs or tax authorities recognize spelt, soft wheat and meslin seeds, barley, peas and beans as

<sup>153</sup> <https://www.irtek.am/views/act.aspx?aid=30998>

<sup>154</sup> <https://www.irtek.am/views/act.aspx?aid=31409>

<sup>155</sup> Sampling procedures for the laboratory examination is defined by the decree of the Government of Armenia No. 2007-N of November 15, 2005 (<https://www.arlis.am/documentview.aspx?docID=21487>)

subject to import into the Republic of Armenia *without calculation and collection of value added tax*, if there are available the following documents:

- certificate issued by the relevant state authorities of the exporting country;
- report of laboratory examination;
- positive conclusion of the Ministry of Economy of the Republic of Armenia.

### 3.2.3.2 Import of Animal Feeding

Feed and feed additives are subject to mandatory requirements with the territory of the EAEU according to the Decision of the Commission of the Customs Union No. 526 “**On unified list of products for which mandatory requirements are established in the Customs Union**”<sup>156</sup> of January 28, 2011. These products, including some goods that can be used for production of feeds are subject of mandatory *veterinary certification*, according to the decision of the Commission of the Customs Union No. 317 “**On application of veterinary and sanitary measures in the territory of the Customs Union**” of June 18, 2010. Detailed description of measures applied to feed and feed additives imported into the EAEU is provided in the appendixes of the decision<sup>157</sup>.

To importing on customs area of the Union and (or) to move between the Member States are allowed the flour fodder of fish, sea mammals, Crustacea and the invertebrates, received in case of their conversion, intended for development of compound feeds and for feeding of agricultural animals, birds and fur animals, and shipped from the companies. Fish meal shall be made at the companies concerning which veterinary and sanitary restrictions were not set and which are located in the territories, safe by infectious diseases.

Import into the customs territory of the Union and (or) movement between the Member States of feed and feed additives produced from raw materials of animals is allowed from farms free from contagious animal diseases of animals.

Chapter 36 of the decision provides veterinary and sanitary requirements in case of import of feed for animals of plant origin. These products should be originated in the areas free of animal diseases. Feed should not be toxic for animals. The chapter also provides maximum allowable quantities for separate types of fodder grain and other fodder means. Special requirements are also set for import of feed and feed additives for cats and dogs, which are defined in the Chapter 37 of the decision.

As it was already mentioned in the Chapter 3.1.2.13 of this report, common veterinary measures are applied to the goods included in the list of goods subject to veterinary control. Which means, the measures mentioned in that chapter are applicable to feed and feed additives as well.

The import and export, production safety, storage, transportation, usage, marketing, marking, packaging requirements of animal feed in Armenia are defined by the law “**On animal feed**”<sup>158</sup>. Animal feed and feed additive circulated in the territory of Armenia should meet relevant safety requirements defined by the Eurasian Economic Commission and the order of the head of the State Service for Food Safety of the Ministry of Agriculture of the RA No. 84-N “**On the approval of the veterinary and sanitary requirements for import of animals, foodstuffs of animal origin, feed, and feed additives**”<sup>159</sup> of June 6, 2012.

<sup>156</sup> [https://docs.eaeunion.org/docs/en-us/0056191/cuc\\_29102012\\_526](https://docs.eaeunion.org/docs/en-us/0056191/cuc_29102012_526)

<sup>157</sup> [https://docs.eaeunion.org/docs/en-us/0127826/cuc\\_30062010\\_317](https://docs.eaeunion.org/docs/en-us/0127826/cuc_30062010_317)

<sup>158</sup> <https://www.irtek.am/views/act.aspx?aid=76504>

<sup>159</sup> <https://www.irtek.am/views/act.aspx?aid=66618>



Marketing of feed and feed additives *is prohibited*, if:

- they do not comply with the requirements laid down in normative legal acts in sphere of ensuring the feed safety;
- there are clear signs of deterioration;
- they do not have safety proving document;
- they do not have fixed storing date, or the shelf-life has expired, except for those feeds and feed additives, which do not have storing or shelf-life dates.
- they do not have marking.

The imported feed shall comply with the requirements of the legal acts regulating feed safety, which are recognized internationally at least as equal to or requirements mutually agreed with importing and exporting countries. In case of import, export and movement in the territory of Armenia of feed and feed additives, *veterinary certificate* is required. The decree of the Government of Armenia No. 1499-N **“On approval of the procedure for issuing and forms of veterinary accompanying documents, safety certificates and certificates of conformity for the import, export and transportation of animals, animal products, raw materials, feed, additives, feed mixtures, feed additives, food products, substances in contact with food, and food and biologically active additives in the territory of the Republic of Armenia”** of October 21, 2010 approves the template of the certificate and issuance procedures. These certificates are provided by the veterinary service.

Import of animal feed containing ingredients of animal origin should be accompanied with the *veterinary certificate* issued by the exporting country and permit provided by the Food Safety Inspection Body of Armenia.

The decree of the Government of Armenia No. 443-N on **“On Approval of the list of organic, inorganic, toxic, undesirable substances used for the purposes of feed production”**<sup>160</sup> of April 25, 2013, lists the organic, inorganic, toxic, undesirable substances used for the purposes of feed production and their maximum allowable level expressed in mg/kg at 12% humidity.

### **3.2.4 Import of Live Animals and Animal Products**

Import of live animals and animal products from third countries must comply with certain health and monitoring standards. The following categories are subject to veterinary control:

- live animals (all animals, including agricultural, domestic, wild, zoo, sea, commercial fur, circus, laboratory animals, etc.), live birds (all birds, including domestic, wild, ornamental, etc.), semen, and embryos
- all types of meat and meat by-products, including poultry
- milk and dairy products
- eggs and processed eggs products
- materials of animal origin.

Detailed information on veterinary control is already provided in the chapter 3.1.2.13 of this report.

As in the case of animal feed, main legal documents regulating import of animal and animal products in Armenia is the order of the head of the State Service for Food Safety of the Ministry of Agriculture of the RA No. 84-N **“On the approval of the veterinary and sanitary requirements for import of animals, foodstuffs of animal origin, feed, and feed additives”**. The Food Safety Inspection Body is the institution responsible for providing import permit. *The permit is free of charge*. However, the

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<sup>160</sup> <https://www.irtek.am/views/act.aspx?aid=70409>



inspection body charges a fee for inspection of imported food and products of animal origin and determination of conformity of accompanying documents, according to the below schedule:

- for a weight of 500-1000 kg AMD 1 000;
- in case of weight exceeding 1 ton, in the amount of AMD 300 for each additional ton,
- there is no charge for a weight of up to 500 kg.

The phytosanitary inspection is done on the basis of the decree of the Government of Armenia No. 156-N **“On approving the procedure for veterinary sanitary examination of fish, aquatic animals and fish products, meat and animal slaughter products, milk and milk products, eggs, honey”** of February 11, 2021. The decree defines sampling requirements as well as maximum amount of sampling, per category of product.

Import of wild animals is regulated by the *Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)*<sup>161</sup> and number of decrees of the Government, listed in the Annex 8 of the report.

### 3.3 OVERVIEW OF EXPORT AND RE-EXPORT LEGISLATION AND SUB-LAW REGULATIONS

The basic legislation on export procedures and requirements is contained in the EAEU Customs Code and law of the Republic of Armenia No. HO-353-N **“On Customs Procedures”** of September 14, 2022. Registration and documentation requirements for exports, in general, are similar to those for imports. To export goods from the customs territory of the EAEU, the carrier must submit to the relevant customs body documents and information listed in paragraphs 1 and 2 of Article 92 of the EAEU Customs Code:

- declaration for the goods or a copy thereof
- the documents and/or data confirming the compliance with prohibitions and restrictions in accordance with Article 7 of this Code, or
- the transit declaration, etc.

Exports of goods have to take place at designated points of departure within the working hours of customs bodies.

Export duties are not applied on intra-EAEU trade. The EAEU has no common regulation for export duties; Member States are thus free to unilaterally apply export duties in accordance with their respective domestic legislation and international commitments. There is no export duty applied in Armenia.

According to **part 2 of Article 65 of the Tax Code of Armenia**, the supply of goods exported from the territory of Armenia under the customs procedure *“Export”* (except for ferrous and non-ferrous metal scrap) or exported from the territory of Armenia to an EAEU Member State are taxed with 0% VAT, if relevant calculations are submitted to the tax authority, according to the Article 76 of the Code. If the product is exported to Member States of the EAEU, the exporter should submit export tax declaration. The tax payment issues in the trade between EAEU Member States are defined by the Article 72 of the Treaty on the EAEU. According to the law of Armenia **“On the specifics of calculation and payment of indirect taxes between the Republic of Armenia and the Member States of the Eurasian Economic Union”**<sup>162</sup>, in order to justify the application of the zero rate of VAT and/or exemption from excise tax, the exporter should submit to the tax authority of his place of registration

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<sup>161</sup> CITES is a multilateral treaty to protect endangered plants and animals from the threats of international trade. Over 40,900 species – including roughly 6,610 species of animals and 34,310 species of plants – are protected by CITES against over-exploitation through international trade. All import, export, re-export and introduction from the sea of species covered by the Convention has to be authorized through a licensing system. Armenia is a party of the CITES convention since October 2008

<sup>162</sup> <https://www.arlis.am/DocumentView.aspx?DocID=102744>

the export tax declaration completed by the exporter and the declaration of the importer on the import of goods and the payment of indirect taxes approved by the tax authority of the place of registration of the importer. If it is not submitted within 180 days of factual export of goods, VAT at the rate of 20% is applied to the customs value of exported goods.

Unfortunately, neither the State Revenue Committee of Armenia, nor the International Trade Centre provide data on Armenia's export to the Netherlands at 10-digit level. At 6-digit level main products exported to the Netherlands are **ferro-molybdenum** and **aluminium foil of a thickness (excluding any backing) not exceeding 0,2 mm**. Share of other goods is extremely low and not-stable. For example, the third most exported product to the Netherlands at 6-digit level was "Spirits obtained by distilling grape wine or grape marc" (HS 220820) in 2021 (USD 1 080 thousand), while "Industrial or laboratory electric furnaces and ovens" (8514) were the third largest exported product at the 4-digit level in 2022 (USD 1 275.8 thousand), though there were no export of this product in 2021.

Based on this as well as considering the export potential provided in the chapter 2.2.2 of this report, the following products are selected for the analysis:

- ferro-molybdenum;
- aluminium foil of a thickness (excluding any backing) not exceeding 0,2 mm;
- spirits obtained by distilling grape wine or grape marc;
- apparel.

### **3.3.1 Export of Ferro-molybdenum**

As it can be seen from statistics, the highest portion of Armenian export to the Netherlands is ferro-molybdenum (7202 70). It is one of the most important export commodities of Armenia in general. The export volume of this product reached about USD 189mln, (the 4th most valuable export item for the country (6.4% of whole export was this commodity), 93% of which were exported to the Netherlands.

Despite of this there is no specific legislation regulating export of this product. Meanwhile, decree of the Government of Armenia No. 124 "**On non-tariff regulation of import and export of goods (works, services) in the Republic of Armenia**" of December 29, 1995 approves the list of ferrous and non-ferrous metal products not produced in the Republic of Armenia, their scrap and scrap, export prices of which are controlled by the customs body of Armenia. However, the ferro-molybdenum is not involved in the list.

### **3.3.2 Export of Aluminium Foil**

This product category (HS 7607) is considered as very important for the economy of Armenia, as Armenia imports raw aluminium, processes it and exports aluminium foil. The export value of aluminium foil in 2022 rounded to USD 116.2mln. The share of this product category in total export of Armenia was around 2.4%. The main export direction of aluminium foil was Germany in 2021. This country attracted 32.4% of exports with a value of USD 38.3mln. Main importers of Armenian aluminium foil also were Poland, Netherlands, Italy and USA, with respective shares of 12.6%, 11.1%, 11.1% and 9.0%.

As in case of ferro-molybdenum, there is no special export-related legislation for this category of products. Export of this product and ferro-molybdenum is done according to the law "**On customs regulation**" of Armenia and Customs Code of the EAEU.

### **3.3.3 Export of Spirits Obtained by Distilling Grape Wine**

This is one of the product categories (HS 2208) that has significant share in the overall export value of Armenia and continuously grows since 2017. The highest share in this group has cognac (Armenian brandy) and similar drinks distilled from grape wine of grape marc of undenatured ethyl alcohol of an alcoholic strength by volume of less than 80 % vol. (HS 2208 20). The export value of this product was USD 269.7mln in 2022, 9.5% higher than in 2021. Though Russia and other post-soviet countries are the main markets of this group of products, the EU and U.S. markets are considered as high potential markets.

Production of Armenian brandy is strictly regulated in Armenia. There is a technical regulation adopted by the Government of Armenia on **Armenian brandy**<sup>163</sup>. Also, there is a law “**On viticulture and oenological practices**”, which provides main requirements for the production of Armenian brandy. However, according to EU regulations and the Comprehensive and Enhanced Partnership Agreement signed between the EU Member States and Armenia, Armenia will be able to use the name “cognac” only until 2043. Which means, local producers need to identify new name and start active branding today, in order to be able to develop and keep the market after 2043.

According to the Law “**On Notification about the Operation**”<sup>164</sup>, production of spirits obtained by distilling grape wine is subject to notification. Which means, the legal or physical person, should inform the relevant state body about production of spirits. The Ministry of Justice is responsible for managing the on-line register on notifications. Legal and physical persons, submitted such notifications, can have access to them by visiting the website [www.e-license.am](http://www.e-license.am). Here they can download relevant information free of charge. In order to acquire the right to produce spirits obtained by distilling grape wine and to sale up to 100,000 litres (based on 100% alcohol), a state duty of AMD 10mln should be paid. For each litre (based on 100% alcohol) sold by the manufacturer over 100,000 litres (except for products classified under the code 2208 20 890) additional AMD 25 should be paid. For the product of CNFEA 2208 20 890, this duty is AMD 100.

The technical regulation “**On Armenian brandy and Armenian brandy spirits**” defines the safety indicators of this beverages, the requirements for their production, labelling and packaging, as well as conformity assessment procedures. According to this regulation, in case of export, the labelling should be done in the language defined by relevant contract. In addition, in order to obtain a certificate of authenticity of Armenian brandy, the applicant submits an application to the Food Safety Inspection Body of Armenia with the invoice for relevant consignment. In case of need, this certificate can be provided in English or Russian.

Spirits obtained by distilling grape wine are subject of excise tax defined by the **Tax Code** of Armenia. Details of excise tax applied in Armenia are provided in the *Chapter 3.1.2.9* of this report. According to the decree of the Government of Armenia No. 1048-N “**On establishing the procedure and terms for compensation of excise tax paid in case of export of goods subject to excise tax purchased from producers or packers of goods subject to excise tax in the territory of the Republic of Armenia**”<sup>165</sup> of August 24, 2017, in case of export of goods subject to excise tax from the territory of Armenia by the resident company or sole entrepreneur, the later who purchased goods subject to excise tax from manufacturers or packers of goods subject to excise tax shall electronically submit an application to the tax authority in accordance with template provided by the decree. Based on this

<sup>163</sup> Technical regulation on Armenian brandy and Armenian brandy spirits, <https://www.arlis.am/DocumentView.aspx?DocID=149270>

<sup>164</sup> <https://www.arlis.am/DocumentView.aspx?DocID=172248>

<sup>165</sup> <https://www.arlis.am/DocumentView.aspx?DocID=115760>

application the excise tax is returned to the taxpayer. Maximum seven (7) working days are required for this process.

### **3.3.4 Export of Apparel and Textile Products**

The textile and clothing industry is one of the strategic export-oriented sectors in Armenia with about AMD 6 billion production capacity in 2021. Export value of apparel & textile products amounted USD 212.5mln in 2022, which was 15.7% percent higher than in 2021 (USD 183.6mln).

The important role of the textile industry in the development of the country's economy is recognised by the Government of Armenia: **Textile industry development programme and relevant action plan for 2023-2026**<sup>166</sup> were adopted by the Government of Armenia on February 2, 2023. As it is provided in the strategy, a model of outsourced textile services is operating in the textile sector of Armenia today. The big companies that have more than 250 employees generally work with foreign mass-market and luxury brands including Prada, Zara, Max Mara, Moncler, O'stin, and other foreign companies to produce down jackets, bubble coats, puffer jackets, corporate and professional uniforms, warm coats, underwear, and other clothing.

The aim of the textile industry development programme is *"to improve competition in the sector by promoting the growth of value added and productivity and entrance to the new markets by own brands."* The action plan consists of 70 activities allocated within 10 pillars and envisages implementation of complex measures *"targeted at technological rearmament of enterprises, as well as penetration into new international markets and strengthening of the existing positions"* in the international markets. Around AMD 14,249.90 million support is foreseen by the programme, more than 90% of which will be provided by the state budget.

One of the pillars of the programme is to *"... encourage the representation and visibility of Armenian brands in new consumer markets"*. This includes, among others, provision of refund of consultancy services on international e-commerce platforms such as e-Bay, Amazon, Wildeberries for Armenian textile companies/brands; co-finance participation and travel costs of textile companies in international expositions; etc.

The Technical Regulation of the Customs Union **"On Safety of Light Industry Products"**<sup>167</sup>, adopted on December 9, 2011 is one of the legal acts regulating the sector. The regulation sets the obligatory requirements for products of the light industry, such as clothing and shoes, with the aim of protecting people's lives and health. Textiles, clothing, leather goods, shoes, fur and garments made of fur, towels etc are subject of the regulation. The products, which have been confirmed to comply with the requirements of the technical regulation, are to be marked with the EAC marking, when circulated in the territory of the Union.

The Technical Regulation of the Customs Union **"On Safety of the Products for Children and Adolescents"**<sup>168</sup> of September 23, 2011 is the next important legal act regulating this sector. It consists of safety requirements to be applied to products intended for use by children and adolescent, including apparel and textile products as well. The list of products subject to the application of the regulation is set out in Annex 1 of the document. The products that meet the requirements of this regulation should be marked with the EAC marking, when exported to the markets of the Member States of the Union.

<sup>166</sup> Decree of the Government of Armenia No. 138-L "On approving Textile Industry Development Program and relevant action plan for 2023-2026" of February 2, 2023 (<https://www.arlis.am/DocumentView.aspx?DocID=173990>)

<sup>167</sup> <http://www.eurasiancommission.org/ru/act/txnreg/deptexreg/tr/Pages/bezopProductLegkProm.aspx>

<sup>168</sup> <http://www.eurasiancommission.org/ru/act/txnreg/deptexreg/tr/Pages/bezopDeti.aspx>

To be able to export products, the producers or exporters should follow general export requirements and there is no specific export-related regulation for this sector. However, exporters should follow the market requirements of importing countries, in terms of applied quality and safety requirements, standards and import procedures.

### 3.3.5 Certificate of Origin

The procedures and requirements of issuing certificates of origin and definition of the country of origin are defined by the Laws of Armenia “**On the Chamber of Commerce and Industry**”<sup>169</sup> and “**On Customs Regulation**”<sup>170</sup> as well as by the **Decree of the Government of Armenia No. 1772-N** of December 30, 2010<sup>171</sup>. Moreover, as a member of the EAEU, Armenia should follow requirements of the Union legislation, which include Customs Code of the Union and international multilateral or bilateral agreements.

Below is the list of main legal acts in force in Armenia, relating to the definition of the country of origin and provision of certificates of origin of goods exported from the Republic of Armenia.

**Table 15. Main legal acts regulating issuance of certificates of origin in Armenia**

| Name of the legal act                             | Short description of relevant provisions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|---------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Law On Chamber of Commerce and Industry           | <p>According to the Article 6 of the law, the Chamber of Commerce and Industry of the Republic of Armenia (ACCI) issues certificates of origin and bears responsibilities for their reliability.</p> <p>For this purpose, by the RA Government decree No. 1246, of 21 December 2001, the ACCI created “Expertiza” LLC, which was later renamed as “Armexpertiza” LLC. Currently, the certificates of origin are issued by the ACCI and Armexpertiza is responsible for the examination the origin of goods. Only based on the conclusion of Armexpertiza, the ACCI decides to approve or reject the issuance of a certificate of origin.</p>               |
| Law On Customs Regulation                         | <p>Chapter 4 of the law relates to the definition of the country of origin. Article 16 provides the list of products, which can be considered as wholly obtained or produced in the country. Article 17 provides criteria of sufficient processing.</p> <p>According to the law (Article 14), when importing goods from the non-EAEU member countries, the definition of the countries of origin shall be made according to the international agreements signed by the Member States and Chapter 4 of the EAEU Customs Code.</p> <p>The certificate of origin is a non-mandatory document for crossing the border of Armenia.</p>                          |
| Government Decree No. 1772-N of December 30, 2010 | <p>The decree defines procedures for issuing certificate of origin of goods produced in Armenia and for expertise. Any certificate of origin can be obtained by submitting a completed application form with the required documentation attached. If needed, these documents are submitted to Armexpertiza LLC for the expertise. The expertise is not required, if the goods are wholly obtained or produced in Armenia, according to the Law on Customs Procedures. Certificates of origin are issued by the ACCI within 3 working days.</p> <p>According to the decree, there are different types of certificates issued by the Armenian authority:</p> |

<sup>169</sup> <http://www.arlis.am/DocumentView.aspx?DocID=75238>

<sup>170</sup> <https://www.arlis.am/DocumentView.aspx?DocID=169292>

<sup>171</sup> <https://www.arlis.am/DocumentView.aspx?DocID=172044>



| Name of the legal act                                                                                                                                                               | Short description of relevant provisions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                     | <p>1. Non preferential certificate of origin;</p> <p>2. Preferential certificate – Form “A” - valid for exporting goods to the countries applying the Generalized System of Preferences;</p> <p>3. Preferential certificate – Type “CT-1” - valid for exporting goods to the countries bound by the CIS free trade agreements.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Treaty on the Customs Code of the EAEU                                                                                                                                              | <p>Chapter 4 of the code defines main requirements for determination of country of origin of goods imported into the territory of the Union. Particularly, according to clause 1 of Article 58 of the Customs Code, the country of origin of goods is a country in which the goods were fully produced or sufficiently processed (treated) according to the criteria established by the customs legislation of the Customs Union.</p> <p>Documents certifying the country of origin of goods shall be submitted according to Article 62 of the Customs Code of the Customs Union, if the country of origin of goods has tariff preferences in the territory of the Customs Union. These documents include, for example, the certificate of origin of goods and the declaration of origin of goods.</p> <p>However, there are cases, when submission of documents confirming the country of origin of goods is not required (for example, when imported goods are declared as part of the customs procedure of customs transit or the customs procedure of temporary import and are exempted from all customs duties and taxes, etc.)</p> |
| Decision of the Council of the Eurasian Economic Commission No. 49 on the Rules of Origin                                                                                           | These rules of origin are applied in respect of goods originating from third countries (non-Member States) except for goods originating from developing and least developed countries and countries having free-trade agreements in which all the Member States participate. The rules of origin apply in accordance with the annex, forming an integral part of the Agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Decision of the Council of the Eurasian Economic Commission No. 60 on the Rules of Origin for Developing and Least Developed Countries <sup>172</sup>                               | These rules are applied for products originating from developing and least developed countries, to which preferential treatments are applied.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Agreement on the Rules of Determination of the Country of Origin of Goods in the Commonwealth of Independent States, dated November 20, 2009 <sup>173</sup> (Certificate Form CT-1) | <p>According to the Customs Code of the EAEU, if goods are originating from countries that executed the free trade agreements with the Member States of the Customs Union, the rules for determination of the country of origin of goods shall be established by that agreement. An example of such agreements is the Agreement on the Rules of Determination of the Country of Origin of Goods in the Commonwealth of Independent States.</p> <p>Since the formation of the CIS, the rules for definition of the country of origin of products have been adopted three times. The initial rules were approved by the decree of the CIS Council of Heads of Government on 24 September 1993. The revision of these rules was approved by the Council on 30 November 2000.</p> <p>On 20 November 2009 the heads of governments of CIS Member States (except Turkmenistan and Uzbekistan) have signed the Agreement on the Rules for Determining the Country of Origin of Goods in the Commonwealth of Independent States, which was ratified and entered into force by all signatory countries.</p>                                       |
| Agreement on Free Trade between the Government of the Republic of Armenia and the Government of the Republic of Georgia, with amendments <sup>174</sup>                             | According to the Article 1.2 of the Agreement, parties agree that the originating status of products will be defined according to the Rules for Determining the Country of Origin of Goods, approved by the decision of the Council of Heads of Government of the CIS on 30 November 2000. The certificate form CT-1 will be used in this case.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |

<sup>172</sup> [https://eec.eaeunion.org/upload/medialibrary/24e/Pravila-dlya-RS-i-NRS\\_itog\\_Reshenie-33.pdf](https://eec.eaeunion.org/upload/medialibrary/24e/Pravila-dlya-RS-i-NRS_itog_Reshenie-33.pdf)

<sup>173</sup> [http://www.eurasiancommission.org/hy/act/trade/dotp/commonSytem/Documents/CIS\\_Agreement\\_on\\_ROO.pdf](http://www.eurasiancommission.org/hy/act/trade/dotp/commonSytem/Documents/CIS_Agreement_on_ROO.pdf)

<sup>174</sup> <https://www.arlis.am/DocumentView.aspx?docid=77918>



| Name of the legal act                                                                                                        | Short description of relevant provisions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| The Free Trade Agreement between the EAEU and the Socialist Republic of Vietnam <sup>175</sup>                               | <p>Chapter 4 of the agreement defines provisions of rules of origin of products applied in trade between the parties. According to these rules, goods can be considered as originating in a party, if they are:</p> <ul style="list-style-type: none"> <li>a) wholly obtained or produced in such Party as provided for in Article 4.4 of the Agreement; or</li> <li>b) produced entirely in one or both Parties, exclusively from originating materials from one or both Parties; or</li> <li>c) produced in a Party using non-originating materials and satisfy the requirements of product specific rules specified in Annex 3 to the Agreement.</li> </ul> <p>The origin of such products can be confirmed by a Certificate of Origin Form EAV issued by an authorised body.</p>            |
| Interim Agreement leading to formation of a free trade area between the EAEU and the Islamic Republic of Iran <sup>176</sup> | <p>The interim agreement, leading to formation of a free trade area between the EAEU and Iran in three years, was signed on 17 May 2018. One of the objectives of the Agreement is liberalisation and facilitation trade in goods between the Parties through, reduction or elimination of tariff and non-tariff barriers in respect of the originating goods, listed in the annex of the agreement. The Chapter 6 of the Agreements sets out rules of origin that should be applied for the purposes of granting preferential tariff treatment. It lists the products that are considered as wholly obtained or produced, as well as requirements to processed goods. The origin of goods should be confirmed by a Certificate of Origin (Form CT-3) issued by an authorised body.</p>         |
| Agreement on Economic and Trade Cooperation between the EAEU and the People's Republic of China <sup>177</sup>               | <p>The agreement, signed between parties on 17 May 2018, aims to cut trade barriers and facilitate economic activities between parties. The economic and trade agreement covers 13 chapters, ranging from customs cooperation and trade facilitation, intellectual property rights, to government procurement, with new topics including e-commerce and market competition.</p> <p>Though the agreement does not have special provisions of rules of origin, the parties agreed to develop and implement National Single Window systems and ensure the interoperability between these systems, "allowing the creation of conditions for mutual recognition of electronic documents and data necessary to carry out foreign trade activities."</p>                                               |
| Free Trade Agreement between EAEU and Republic of Singapore <sup>178</sup>                                                   | <p>Chapter 4 of the agreement addresses rules of origin. According to this agreement, goods are considered as originated in the country if they are either:</p> <ul style="list-style-type: none"> <li>(a) wholly obtained or produced in the territory of a Party as provided in Article 4.4 (Wholly Obtained or Produced Goods);</li> <li>(b) produced entirely in a Party exclusively from originating materials from one or more Parties as provided in Article 4.8 (Accumulation of Origin); or</li> <li>(c) produced in a Party using non-originating materials provided the goods satisfy all applicable requirements of Annex 4 (Product Specific Rules).</li> </ul> <p>A Certificate of Origin (Form EAS) is used to prove the origin of goods and to benefit from the preference.</p> |

<sup>175</sup>

[http://www.eurasiancommission.org/ru/act/trade/dotp/sogl\\_torg/Documents/%d0%92%d1%8c%d0%b5%d1%82%d0%bd%d0%b0%d0%bc/EAEU-VN\\_FTA.pdf](http://www.eurasiancommission.org/ru/act/trade/dotp/sogl_torg/Documents/%d0%92%d1%8c%d0%b5%d1%82%d0%bd%d0%b0%d0%bc/EAEU-VN_FTA.pdf)

<sup>176</sup> [http://www.eurasiancommission.org/ru/act/trade/dotp/sogl\\_torg/Documents/Interim%20Agreement%20EAEU-Iran\\_final.pdf](http://www.eurasiancommission.org/ru/act/trade/dotp/sogl_torg/Documents/Interim%20Agreement%20EAEU-Iran_final.pdf)

<sup>177</sup>

[http://www.eurasiancommission.org/ru/act/trade/dotp/sogl\\_torg/Documents/%d0%a1%d0%be%d0%b3%d0%bb%d0%b0%d1%88%d0%b5%d0%bd%d0%b8%d0%b5%20%d1%81%20%d0%9a%d0%b8%d1%82%d0%b0%d0%b5%d0%bc/d0%a2%d0%b5%d0%ba%d1%81%d1%82%20%d0%b0%d0%bd%d0%b3%d0%b8%d0%b9%d1%81%d0%ba%d0%b8%d0%b9%20%28EAEU%20alternate%29%20final.pdf](http://www.eurasiancommission.org/ru/act/trade/dotp/sogl_torg/Documents/%d0%a1%d0%be%d0%b3%d0%bb%d0%b0%d1%88%d0%b5%d0%bd%d0%b8%d0%b5%20%d1%81%20%d0%9a%d0%b8%d1%82%d0%b0%d0%b5%d0%bc/d0%a2%d0%b5%d0%ba%d1%81%d1%82%20%d0%b0%d0%bd%d0%b3%d0%b8%d0%b9%d1%81%d0%ba%d0%b8%d0%b9%20%28EAEU%20alternate%29%20final.pdf)

<sup>178</sup>

[http://www.eurasiancommission.org/ru/act/trade/dotp/sogl\\_torg/Documents/%d0%a1%d0%b8%d0%bd%d0%b3%d0%b0%d0%bf%d1%83%d1%80/EAEU-Singapore%20FTA\\_Main%20Agreement.pdf](http://www.eurasiancommission.org/ru/act/trade/dotp/sogl_torg/Documents/%d0%a1%d0%b8%d0%bd%d0%b3%d0%b0%d0%bf%d1%83%d1%80/EAEU-Singapore%20FTA_Main%20Agreement.pdf)

| Name of the legal act                                                                                    | Short description of relevant provisions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|----------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Free Trade Agreement between the EAEU and Republic of Serbia <sup>179</sup>                              | <p>Annex 3 of the agreement defines main principles of determining the rules of origin. For the purposes of those Rules goods shall be considered as originating in a Party if they are:</p> <p>(a) wholly obtained or produced in such Party as provided for in Article 4 of the Annex; or</p> <p>(b) produced in a Party using non-originating materials and satisfy the criteria of sufficient working (processing) provided for in Article 5 of the Annex; or</p> <p>(c) produced in one or more Parties exclusively from originating materials from those Parties in accordance with Article 6 of the Annex.</p> <p>The certificate of origin CT-2 will be used to confirm the origin of goods.</p>                                                                                                                                                                                                                                                                                     |
| Generalised System of Preferences of other countries (United States, Canada, Japan, Switzerland, Norway) | <p>Generalized System of Preferences (GSP) is a preferential tariff system extended by developed countries to developing countries. It involves reduced MFN tariffs or duty-free entry of eligible products exported by beneficiary countries to the markets of GSP provided countries. Armenia benefits from GSP schemes provided by the U.S., Canada and Japan and GSP+ provided by Switzerland and Norway.</p> <p>Only such products of a beneficiary country that fulfil the requirements of the rules of origin laid down by the importing country, are considered eligible for preferential tariff treatment on import into the markets of GSP provided countries (these requirements are laid down in relevant legislation of providing country and are presented in the handbooks published by the United Nations Conference on Trade and Development, UNCTAD<sup>180</sup>). In this case each assignment of goods should be accompanied with the Certificate of Origin Type A.</p> |

The Chamber of Commerce and Industry of Armenia issues certificates of origin of goods on the basis of the RA Government decree No. 1772-N “**On Approval of Rules of Providing Certificates of Origin of Goods and Conducting Expertise**” dated December 30, 2010. The types of Certificates of Origin provided by ACCI are as follows:

- General (*non-preferential*) Certificate of Origin - is issued when goods are exported to **any country**;
- Preferential Certificate of Origin (*Form CT 1*) - is issued when goods are exported to a member country of **CIS** or to the countries that accept these certificates in bilateral trade;
- Preferential GSP Certificate of Origin (*Form A*) - is issued when goods are exported to a country, which provides to Armenia the **GSP regime**;
- Preferential Certificate of Origin (*Form EAV*) - is issued when goods are exported to **Vietnam** (this is not defined by the Government decision, but the ACCI provides the certificates according to the provisions of the signed international agreement);
- Preferential Certificate of Origin (*Form CT 2*) - is issued when goods are exported to **Serbia** (this is not defined by the Government decision, but the ACCI provides the certificates according to the provisions of the signed international agreement);
- Preferential Certificate of Origin (*Form CT 3*) – is issued when goods are exported to **Iran** (this is not defined by the Government decision, but the ACCI provides the certificates according to the provisions of the signed international agreement);
- Preferential Certificate of Origin (*Form EAV*) - is issued when goods are exported to **Singapore** (this is not defined by the Government decision, but the ACCI provides the certificates according to the provisions of the signed international agreement).

<sup>179</sup>

[http://www.eurasiancommission.org/ru/act/trade/dotp/sogl\\_torg/Documents/%d0%a1%d0%b5%d1%80%d0%b1%d0%b8%d1%8f/Agreement.pdf](http://www.eurasiancommission.org/ru/act/trade/dotp/sogl_torg/Documents/%d0%a1%d0%b5%d1%80%d0%b1%d0%b8%d1%8f/Agreement.pdf)

<sup>180</sup> <https://unctad.org/publications-search?ff0=product%3A498>

Language requirements for the certificates vary depending on its type. The table below demonstrates permissible languages for different certificates:

| Type of Certificate | Language |
|---------------------|----------|
| Non-preferential    | English  |
| CT 1                | Russian  |
| A                   | English  |
| EAV                 | English  |
| CT 2                | English  |
| CT 3                | English  |

The issuance of the certificates of origin of goods, as well as necessary consultations on package and procedures of application is performed by the central office of the ACCI. Regional offices are not allowed to issue a certificate, though they can provide necessary consultation, mainly regarding the application procedures.

The certificate of origin is provided only for one consignment, which means that exporter should follow the procedures each time, when plans to export. The certificate of origin is issued in four (4) copies, three (3) copies of which are provided to the exporter and one (1) is kept at the ACCI for three years. The validity of certificates of origin is 12 months from the date of issue. The certificate should be issued within 3 working days.

### **3.3.6 Re-Export Legislation of Armenia**

According to the Customs Code of the EAEU, re-export is defined as a “*customs procedure in respect of foreign goods and the Union goods, in accordance with which foreign goods are exported from the customs territory of the Union without paying import customs duties, taxes, safeguard, anti-dumping, countervailing duties and/or with the refund (offset) of the amounts of such duties, taxes, and the Union goods - without payment of export customs duties subject to the conditions of placement of the goods under this customs procedure.*” The code also lists the procedures, under which goods can be placed under customs procedure “re-exportation” as well as actions that could be taken with goods placed under this customs procedure.

If goods are placed under the customs procedure for re-exportation, they should be exported from the customs territory of the Union within the period not exceeding 4 months from the day following the day of such placement. If foreign goods are placed under the re-exportation procedure, these goods either should be placed under the customs procedure for transit within 3 business days or if they did not leave the customs territory of the Union, they shall be placed in temporary storage.

The National Statistical Committee of Armenia does not provide any statistics related to re-exportation. Nevertheless, according to the United Nations COMTRADE database, value of re-export from Armenia was USD 185.1 thousand in 2021, while in 2022 it increased by 27% achieving to USD 235.5mln. Main re-exporting markets are Italy (20% of re-export in 2022), Belgium (19%), Germany (16%) and United Arab Emirates (13%). In 2022 Armenia re-exported to the Netherlands goods with value of USD 110,857.0 (detailed list of countries is presented in the Annex 3 of this report.

Main products re-exported from Armenia in 2022 are apparel and clothing accessories; not knitted or crocheted (39% of all re-exported products), natural, cultured pearls; precious, semi-precious stones

(36%), tobacco and manufactured tobacco substitutes (7%) and vehicles; other than railway or tramway rolling stock (5%).

There are not so many legal documents regulating re-export procedures in Armenia. However, the following legal acts are considered important to be provided and explained here.

Decree of the Government of the Republic of Armenia No. 1593-N **“On approval of the procedure for identification of goods transported through the customs border of the Republic of Armenia under the customs procedures “temporary admission (import)”, “temporary import for processing”, “temporary exportation” and “temporary export for processing”** of September 1, 2005. The identification is carried out with the data included in the customs declaration comparing it with the actual data during the customs formalities of the goods with “re-exportation” and “re-importation” customs procedures. For identification purposes, the customs authority accepting the customs declaration shall prepare an identification data sheet in two copies, the one copy of which should be provided to the declarant. The declarant should submit this copy to customs authorities during submission of “re-exportation” or “re-importation” declaration.

Decree of the Government of the Republic of Armenia No. 1929-N **“On approving the procedure for the refund of the previously charged import customs duties in case of export from the territory of the Republic of Armenia of goods imported under the “import for free circulation” customs regime within 180 days”** of November 3, 2005 defines the procedure and deadlines for refunding the customs fees (except for customs fees, environmental and road fees) previously charged for the import of goods under the customs procedure “Import for free circulation” in case of their export within 180 days from the territory of Armenia under the customs procedure “Re-exportation”. The return is done within 30 days of submission of an application.

According to the **Tax Code of Armenia** delivery of goods exported from the territory of Armenia under a customs procedure different from the “Export” customs procedure (except for the cases of applying the “Re-export” customs procedure to the goods imported under the “Processing within the customs territory” customs procedure) is exempt from VAT.

The official explanation of the Head of the State Revenue Committee No. 3 of March 3, 2008 on calculation and payment of VAT under the customs procedure “Re-exportation” clarifies, that **VAT is not calculated and paid** for the turnover of goods exported from the territory of the Republic of Armenia under the “Re-export” customs procedure.

According to the Tax Code of Armenia, supply of goods subject to excise tax exported from the territory of Armenia under the customs procedure “Export”, as well as supply of goods subject to excise tax, obtained as a result of the processing of raw materials imported into Armenia under the customs procedure “Processing within the customs territory” and exported from the territory of Armenia under the customs procedure “Re-exportation” is exempt from excise duty.

According to the Information Sheet No. 341 **“On the refund of the excise tax paid for the import of goods subject to excise tax, imported into the territory of the Republic of Armenia under the customs procedure “released for domestic consumption”, in the event that these goods are exported from the territory of the Republic of Armenia to the Member States of the Eurasian Economic Union”** published by the Head of the State Revenue Committee of Armenia on May 17, 2022, the amounts of excise tax paid for the import of these goods are not considered refundable amounts of excise tax and are not subject to compensation (refund).

### **3.4 OVERVIEW OF LEGISLATION RELATED TO DUTCH-ARMENIA BUSINESS, TRADE AND OTHER SIMILAR ECONOMIC RELATIONS**

Diplomatic relations between the Republic of Armenia and the Kingdom of the Netherlands were established on 30 January 1992. Armenia and the Kingdom of the Netherlands cooperate in many spheres: political, trade, economy, science, education, IT and culture, justice, territorial administration and Infrastructure, decentralized cooperation, etc. In general, there are five (5) agreements between Armenia and the Netherlands and eight (8) memoranda of cooperation as provided below:

#### **Agreements:**

- Between the RA State Revenue Committee and the Ministry of Finance of the Netherlands Bilateral Cooperation Program;
- Between the Ministry of Social Security and Labour of the Republic of Armenia and Avondglans Foundation Donation Agreement;
- Between the Government of the Republic of Armenia and the Government of the Kingdom of the Netherlands on Air Services;
- Between the Republic of Armenia and the Kingdom of the Netherlands on Prevention of Double Taxation with Respect to Taxes on Income and Capital;
- Between the Republic of Armenia and the Kingdom of the Netherlands on Encouragement and Protection of Investments.

#### **Memoranda**

- Between the Ministries of Foreign Affairs of the Republic of Armenia and the Kingdom of the Netherlands on the Work Permit of the Family Members of Diplomats;
- Between the Ministry of Health of the Republic of Armenia and PUM Senior Experts' Organization;
- Between the Government of the Republic of Armenia and the Government of the Kingdom of the Netherlands on the Dutch Program on Cooperation with Armenia during 1998;
- Between the Government of the Republic of Armenia and the Government of the Kingdom of the Netherlands on the Dutch Program on Cooperation with Armenia during 1999;
- Between the Government of the Republic of Armenia and the Government of the Kingdom of the Netherlands on the Dutch Program on Cooperation with Armenia during 2000-2001;
- Between the Ministry of Finance and Economy of the Republic of Armenia and the Ministry of Economic Affairs of the Kingdom of the Netherlands on Dutch Program on Economic Cooperation with Armenia during 2002-2003;
- Between the Government of the Republic of Armenia and the Government of the Kingdom of the Netherlands on the Program for Cooperation with Emerging Markets (PSOM);
- Between the Government of the Republic of Armenia and the Government of the Kingdom of the Netherlands on the Program for Investments in Private Sector.

There are no specific internal legal acts of Armenia, which relate to Armenia and the Netherlands trade or business relations. Nevertheless, some of the above-mentioned agreements and memoranda have important role in development of economic links between the both countries.

#### **3.4.1 Agreement between the Republic of Armenia and the Kingdom of the Netherlands on Prevention of Double Taxation with Respect to Taxes on Income and Capital**

This agreement applies to taxes of income and on capital. The agreement provides clear definition of tax on income and capital, which are “*taxes imposed on total income, on total capital, or on elements*”



*of income or of capital, including taxes on gains from the alienation of movable or immovable property, taxes on the total amounts of wages or salaries paid by enterprises, as well as taxes on capital appreciation”.*

The Agreement applies to the following taxes in Armenia:

- Profit tax
- Income tax
- Property tax and
- Land tax
- Any other similar tax, imposed after the signature of the Agreement.

In order to avoid double taxation, **income** derived by a resident of a contracting state (for example the Netherlands) **from immovable property** situated in other contracting state (for example Armenia), may be taxed in that state (for example Armenia).

**The profits** of an enterprise of a contracting state should be taxable only in that state, unless the enterprise carries on its business in the other contracting state through a permanent establishment<sup>181</sup> situated there. In determining the profit of the permanent establishment, it is allowed to deduct expenses which are incurred for the purposes of permanent establishment, including executive and general administrative expenses, whether in the state where this establishment is situated or elsewhere.

However, no deduction is allowed for the payments by the establishment to the head office or other offices for royalties, fees or other similar payments in return for use of patents or other rights, or by way of commission for specific services performed or for management, or by way of interest on moneys lent to the permanent establishment (except in case of banking enterprise). Likewise, in case of determination of the profits, these accounts are not taken into account.

Dividends paid by a company which is a resident of one contracting state to a resident of another contracting state may be taxed in that other state. The similar approach is applied to interests, royalties. However, such interests or royalties may also be taxed in the contracting state in which it arises, if the recipient is the beneficial owner of the interest or royalties. In this case the tax shall not exceed 5%.

Income derived by a resident of a contracting state in respect of professional services<sup>182</sup> or other activities of an independent character is taxable only in that state, unless s/he has a fixed base regularly available for her/him in the other contracting state. If s/he has such a fixed base, the income tax may be paid in the other contracting state, but only so much of it as is attributable to that fixed base.

Pensions, annuities and social security payments, salaries, wages and other similar remunerations derived by a resident of a contracting state in respect of an employment contract is taxable only in that state, unless the employment is exercised in the other contracting state. However, it is important to mention, that the agreement has several specific provisions relating to the taxation of these payments for directors, government service providers and professors and teachers.

Capital represented by immovable property and owned by a resident of a contracting state and situated in the other contracting state may be taxed in that other state. Regarding the movable property, if it is

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<sup>181</sup> The permanent establishment means a place of management, a branch, an office, a factory, etc.

<sup>182</sup> Professional service includes independent scientific, literary, artistic, educational or teaching activities as well as independent activities of physicians, lawyers, engineers, architects, dentists and accountants.



a part of the business property of a permanent establishment which an enterprise in the contracting state has in the other contracting state or is pertaining to a fixed base available to a resident of contracting state in the other contracting state for the purpose of performing independent personal services, can be taxed in that other state.

### **3.4.2 Agreement between the Republic of Armenia and the Kingdom of the Netherlands on Encouragement and Protection of Investments**

The purpose of this Agreement is to strengthen the economic ties and to extend and intensify the economic relations between Armenia and the Netherlands, particularly with respect to investments.

According to the Agreement, both parties ensure fair and equitable treatment of the investments of investors of the other party and do not impair, by unreasonable or discriminatory measures, the operation, management, maintenance, use, possession or disposal of investments by such investors. Moreover, each is obliged to accord to such investment's full physical security and protection.

Most favoured nation<sup>183</sup> and National treatment<sup>184</sup> approaches are used by both parties of the investments. However, if one party has accorded special advantages to investors of any third state by virtue of agreements establishing customs unions, economic unions, etc, it is not obliged to accord such advantages to investors of the other party.

By this Agreement, parties also guarantee that payments relating to an investment may be transferred. Such transfers include in particular though not exclusively:

- a) profits, interests, dividends and other current income;
- b) funds necessary
  - a. for the acquisition of raw or auxiliary materials, semi-fabricated or finished products, or
  - b. to replace capital assets in order to safeguard the continuity of an investment;
- c) additional funds necessary for the development of an investment;
- d) funds in repayment of loans;
- e) royalties or fees;
- f) earnings of natural persons legally gained as a result of investment or as a payment for labour;
- g) the proceeds of sale or liquidation of the investment.

Parties agreed, that they will not take any measures that will deprive, directly or indirectly, investors of the other party of their investments. However, there are several exemptions to this provision, one of which also foresees provision of a compensation equal to the genuine value of the investments affected.

Any dispute which may arise between an investor of one party and the other party in connection with an investment in the territory of that other party shall, if possible, be settled amicably by negotiations. If it is not possible to solve the issue within three months from the notification, the dispute should be submitted, at the option of the investor concerned, either to the competent court of the state where the investment was made, or to international arbitration. Nevertheless, the parties try to use all internal procedures to find solution of raised issues.

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<sup>183</sup> The most favoured nation principle is based on the idea that countries should treat all their trade partners equally - that no one country should be "more favoured."

<sup>184</sup> The principle of giving others the same treatment as one's own nationals

Any dispute between the contracting parties concerning the interpretation of the agreement, which cannot be settled within a reasonable lapse of time by means of diplomatic negotiations, shall, unless the parties have otherwise agreed, be submitted to an arbitral tribunal, composed of three members. Each party appoints one arbitrator and the two arbitrators together appoint a third arbitrator as their chairman who is not a national of either party.

The agreement was signed for a period of 15 years starting from August 1, 2006 (the entry date). According to Article 14.2, *“unless notice of termination has been given by either Contracting Party at least six months before the date of the expiry of its validity, the present Agreement shall be extended tacitly for periods of ten years...”* As of now, no termination notice was given by one of the parties, which means the agreement is extended for 10 years.

### **3.4.3 Agreement between the Government of the Republic of Armenia and the Government of the Kingdom of the Netherlands on Air Services**

The Agreement entered into force on December 1, 2001 and aims to create conditions for establishing regular air services between and outside their respective territories. Parties agree to provide the following rights to airlines implementing international air services:

- the right to fly over its territory without landing;
- the right to make stops in its territory for non-traffic purposes;
- the right to make stops in its territory at the points specified for that route for the purpose of taking on and/or discharging international traffic in passengers, baggage, cargo and mail, separately or in combination on a commercial basis.

Routes to be operated by the designated airline or airlines of the Republic of Armenia are as follows: points in Armenia; intermediate points; points in the Netherlands, beyond points and vice versa.

Routes to be operated by the designated airline or airlines of the Kingdom of the Netherlands are as follows: points in the Netherlands; intermediate points; points in Armenia, beyond points and vice versa.

Each contracting party has the right to designate one airline for the purpose of operating the agreed services on the specified routes, notifying the other contracting party in writing by diplomatic routes. On receipt of such designation, the other contracting party is obliged grant to the airline designated, the appropriate operating authorizations without any delay. When an airline has been so designated and authorized it may begin at any time to operate the agreed services fully or partially.

The rates to be charged by the designated airlines of the Contracting Parties for carriage between their territories shall be subject to the approval of the aeronautical authorities of both Contracting Parties and shall be fixed at acceptable rates, in which due account shall be taken of all relevant factors, including operating costs, acceptable profit and tariffs applied by other airlines on any part of the prescribed route. The airlines designated by the contracting parties may not charge tariffs different from the approved ones.

There shall be fair and equal opportunity for the airlines of both Contracting Parties to operate the agreed international air services.

According to the Agreement, aircraft operated on international air services by a designated airline of one contracting party, as well as their regular equipment, spare parts, supplies of fuel and lubricants, aircraft stores (including food, beverages and tobacco) on board such aircraft shall be exempted from all customs duties, inspection fees and other similar charges on arriving in the territory of the other

contracting party, provided such equipment, spare parts, supplies and stores remain on board the aircraft up to such time as they are re-exported. Moreover, regular equipment, fuel, lubricants, consumable technical supplies, spare parts including engines, aircraft stores introduced into the territory of the other Contracting Party by or on behalf of that designated airline or taken on board the aircraft operated by that designated airline, shall be exempted from all duties and charges.

The agreement also defines aviation security requirements, provision of approval of traffic programmes, dispute settlement procedures, mutual recognition of certificates and licenses.

As regards the other two agreements, the database of legal acts of Armenia, which contains list of all legal acts in force, does not provide any information on the agreements. The same we can say about the existing memoranda: though the government approved these memoranda, the texts of these documents are not available. No other legal acts exist, that address direct trade or investments cooperation between the Republic of Armenia and the Kingdom of Netherlands.

### **3.5 OVERVIEW OF LEGISLATION RELATED TO CHARITY DONATIONS AND EXEMPTIONS FROM TAXES AND CUSTOMS DUTIES**

#### **3.5.1 Legislation Relating to Charity Donations**

The activities relating to provision of charity donation in Armenia is regulated by the law “**On Charity**” adopted on October 8, 2002 (as amended on June 26, 2018). According to the law the purpose of charity includes:

- to support those physical persons (disabled people, orphans, the unemployed), and also the families in need which are not capable to provide independently own material and spiritual needs;
- to provide assistance to other type of non-profit organizations, and
- to support health care development (in the form of providing financial support to people injured during war, natural disasters, infectious diseases, epidemics and other emergency situations; assisting in implementation of programs in the field of science, education, art, literature, health care, sport and physical culture; supporting the activities for protection and improvement of nature and environment etc.)

According to the law, charity is a voluntary, disinterested, and permitted by the law provision (gratuitously or on preferential terms) of material and nonmaterial assistance to natural persons and non-profit organisations by natural and legal persons, for the accomplishment of the purposes mentioned above. Financial or other allocations to political parties or commercial organisations (except for health organisations) cannot be considered as charity.

The law provides main requirements to the charitable organisations, features of using the property of charitable organizations. Particularly, charitable organisations are non-profit organisations that carry out charitable assistance stipulated by this law. Further, Article 13 of the law defines charitable project as a description of activities implemented by a non-profit organisation to address specific issues. The authorised body shall qualify as charitable the projects aimed at achieving the charitable goals set forth by the law. The issue of qualifying the project may be raised in cases when the project implementer:

- 1) expects the incentive provided by Article 15 of the law;
- 2) on the basis of Part 1 of Article 16 of the law envisages the project to enjoy legal benefits set on taxes, duties, mandatory payments in the manner prescribed by law, if the above-mentioned benefits or qualification do not directly derive from the legislation or the international treaty ratified by the Republic of Armenia;

- 3) on the basis of Article 16, Part 2 of the law expects to receive logistical support or financial assistance from the government or relevant community.

The authorised body (Deputy Prime Minister of Armenia) is also responsible for changing the qualification of charitable programme, collecting and analysing information on the implementation status of a charitable programme, ensuring visibility in this field, etc. At the same time by the decision of the Prime Minister, a consultative commission for the coordination of charitable projects is established, which submits proposals to the authorised body on the implementation of the functions of the authorised body defined by the law.

The composition and the charter of the Commission is approved by the decision of the **Prime Minister No. 1111-A of August 21, 2018**<sup>185</sup>. A project cannot be qualified as charitable if it assumes getting interest, includes financial or other allocations to parties or commercial organisations (except for health organisations) or if an organisation satisfies the consumer needs of its employees or its separate subdivision or institution, or their employees. A project that includes purchase and sale of goods (monetization) cannot be qualified as charitable. And finally, projects may be considered charitable and receive tax benefits only if they are implemented or funded by foreign countries, their diplomatic missions, international intergovernmental (interstate) organisations, their representations, international, foreign, public (including charitable), religious and similar organisations, or individual benefactors.

Article 15 describes the *incentives for charity*. In particular, it mentions that to encourage the activities of benefactors/donors and volunteers in Armenia, the President of the Republic of Armenia awards the following titles:

- 1) Honourable Benefactor of the Republic of Armenia,
- 2) Honourable Volunteer of the Republic of Armenia,
- 3) Benefactor of the year of the Republic of Armenia,
- 4) Volunteer of the year of the Republic of Armenia.

Article 16 regulates the assistance to charitable projects and charitable organisations, stating that:

- 1) benefits on taxes, duties, obligatory payments are granted to projects that are qualified as charitable by the authorised body, in the manner stipulated by the law; and
- 2) charitable organisations may be provided with material-technical and financial assistance in accordance with the decision of the Government or relevant community council (including full or partial exemption from payment of fees for services rendered by state or community organisations, and from paying rent for using state or community property).

According to the Tax Code of Armenia, charitable projects are exempted from VAT.

#### Procedures for recognizing the project as charitable

The application must be submitted in advance before initiating the implementation of the project, so that at

the moment of starting the implementation of the program, its charitable qualification and related transactions within its framework are certain<sup>186</sup>. A deviation from this rule may occur if the project implementer justifies the impossibility of submitting the application earlier.

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<sup>185</sup> <https://www.irtek.am/views/act.aspx?aid=96251>

<sup>186</sup> Decree of the Government of the Republic of Armenia No. 66-N “On Charitable Projects” adopted on January 16, 2003

A separate application must be submitted to the committee for each project with all possible supporting documentation. If the application and the attached documents do not meet the requirements of the procedure, the authorized body shall notify the project implementer within 5 working days, after which the application shall be withdrawn from the discussion within 10 calendar days.

After receiving the application from the authorized body, before making a decision on it, the Commission ensures the receipt of the opinions of the interested state and local self-government bodies on the application. Obtaining the opinions of the Ministry of Finance and the State Revenue Committee is mandatory. The interested ministries and state and local self-government bodies must express their opinions on the program no later than 5 working days after receiving the relevant materials.

The application is considered through sittings. The maximum period for consideration of the application in the Commission is 30 calendar days. The application is discussed in the Commission with the participation of the project implementer. The project implementer must be informed about the day, time and place at least 2 days in advance. The absence of a properly informed project implementer is not an obstacle to consideration, but may be a basis for deciding to postpone consideration of the application. The consideration of the application may be postponed even if additional studies are needed to make a decision. The deadline set by the Commission for postponing the consideration of the application may not exceed 30 days.

The Commission shall send a copy of the decision on the projects involving transactions of goods, works and services in the territory of Armenia to the tax authority, from where it shall be sent to the relevant territorial tax inspectorate within two working days. The Commission shall send a copy of the decision on the plans involving the importation of goods to the superior customs authority, from where it shall be sent to the appropriate customs office within two working days.

In accordance with the requirement of Article 18 of the Law “On Charity”, the charitable organization submits the annual report on its activities to the authorized body. The authorized body exercises control over the implementation process and the results.

### **3.5.2 Legislation relating to exemptions from taxes and customs duties**

#### ***3.5.2.1 Exemption from Taxes***

The following types of tax benefits are provided by the Tax Code or the laws of the Republic of Armenia:

- 1) exemption from taxes;
- 2) reduction of the taxable object;
- 3) reduction of tax base;
- 4) reduction of tax rate;
- 5) reduction of tax;
- 6) deferral of tax payment;
- 7) exemption from, reduction of fines and penalties prescribed by the Code calculated for the violation of the provisions of the Code, as well as deferral of payment thereof.

Usually for the import and export of products into and from the customs territory of Armenia exemption from the value added tax or excise tax can be applied.

#### **Excise tax**

According to the Tax Code of Armenia, the following transactions are exempt from excise tax:

- supply of excisable goods exported from the territory of the Republic of Armenia through customs procedure “Export”, as well as the supply of excise goods obtained as a result of the processing of raw materials imported into the Republic of Armenia under the customs procedure “processing within the customs territory” and goods exported from the territory of Armenia under the customs procedure “re-export”;
- supply of excisable goods, having the status of EAEU product, exported from the territory of the Republic of Armenia into the EAEU Member State in case of submitting of the tax declaration of export to the tax authorities;
- supply of excisable goods to the organiser of a duty-free shop;
- supply of unbottled cognac with 40 percent or higher alcohol concentration to organisations or individual entrepreneurs producing cognac;
- transfer of the right of ownership over excisable goods to the state or community in the form of confiscation or gift;
- supply of excisable goods, having the status of EAEU product, exported from the territory of the Member State of the EAEU to the duty-free shops operating in Armenia.

Exemption from excise tax of transactions on supply of excisable goods having the status of EAEU product, exported to EAEU Member States from the territory of Armenia shall be substantiated on the day of the submission of the tax declaration of export to the tax authority by an exporter.

#### Value added tax

According to the article 64 of the Tax Code of Armenia, the following transactions are exempt from VAT, among others:

- gratuitous supply of goods, gratuitous performance of works and/or gratuitous provision of services by non-governmental, **charity**, and religious organisations;
- import of goods, supply of goods, performance of works and provision of services by foreign countries, international intergovernmental (interstate) organisations, international, foreign non-governmental, charity, religious organisations, and similar organisations of the Republic of Armenia, by individual benefactors within the framework of *humanitarian aid and charity projects (activity)*, as well as supply of goods, performance of works and provision of services directly related to and of crucial importance to the implementation of such programmes (according to the procedures described above);
- supply of goods to the state in the form of confiscation or donation;
- supply of goods, performance of works and/or provision of services within the framework of subsidy, subvention and grant programmes where the professional commission set up by the Government of Armenia drew up a positive conclusion with regard to these programmes;
- alienation of equipment and parts classified under CN FEA codes 8432, 8433, 8434, 8436, 8701, fertilizers classified under the code of commodity group 31, pesticides classified under the codes of commodity groups 3808 91, 3808 92, 3808 93, 3808 94, 3808 99, bees classified under the codes 0106 41 000, insects useful for scientific research or plant protection purposes classified under the code 0106 49 000, substrates on the basis of coconut fibers intended for growing plants, classified under the code 1404 90 000 8, greenhouses classified under the code 9406 90 310 0, as well as seeds and sprouts of crops and perennial seedlings;
- alienation by the direct manufacturer of hand-knotted carpets classified under CNFEA codes 570110, 570210 manufactured in Armenia;
- provision of services to an organiser of free economic zone and to an operator of the free economic zone, supply of goods within the territory of free economic zone;



- alienation of precious and semi-precious stones specified in the list defined by the decree Government No. 1564-N of December 7, 2017<sup>187</sup>;
- alienation of precious metals and half-finished products for use in jewellery made of precious metals and classified under CN FEA codes 7106, 7108, 7109 00 000 0, 7110, 7113, 7115;
- import of cultural values into the territory of the Republic of Armenia;
- supply of goods exported from the territory of the Republic of Armenia under the customs procedures other than the customs procedure “Export” (except for the cases of application of the customs procedure “Re-export” to the goods imported under the customs procedure “Processing within the customs territory”);
- import of goods into the territory of the Republic of Armenia from the states not considered to be EAEU members by the taxpayer having the status of an authorised economic operator as prescribed by the legislation or a group of resident income taxpayers implementing a programme approved by the Government of Armenia, where these goods and products generated from the processing thereof are - within 180 days following the day of import - exported (including to the EAEU Member States) from Armenia;
- supply of ferrous and non-ferrous scrap metals exported from the territory of the Republic of Armenia into the EAEU Member States under the customs procedure “Export”;
- From January 1, 2022 to January 1, 2024, the import and (or) alienation of vehicles classified under the codes 8702 40 000, 8703 80 000 and 8711 60 of the EAEU.

The following transactions are taxable at zero (0) percent of VAT:

- supply of goods (except for ferrous and non-ferrous scrap metals) exported from the territory of the Republic of Armenia through customs procedure “Export”;
- supply of goods (except for ferrous and non-ferrous scrap metals), having the status of EAEU product, exported from the territory of the Republic of Armenia into EAEU Member State in case of submitting of the tax declaration of export to the tax authorities;
- provision of international transport services related to the transportation of cargo, mail and/or passengers;
- performance of works and/or provision of services related to raw material processing in case of export of goods made from the raw material imported into Armenia through customs procedure “Processing within the customs territory” for the purpose of processing or imported into Armenia from EAEU Member States for the purpose of processing, as prescribed by the EAEU unified customs legislation;
- in case of export of the property imported into the Republic of Armenia through customs procedure “Processing within the customs territory” for the purpose of mending (repairing) or imported into the Republic of Armenia from EAEU Member States for the purpose of mending (repairing) as prescribed by the EAEU unified customs legislation, the supply of spare parts, parts, components, other supplementary elements used for repairing that property by the mender (repairer);
- supply of goods to diplomatic representations and consular offices accredited in the Republic of Armenia, international organisations equivalent thereto (hereinafter referred to as “diplomatic representations”), performance of works for and/or provision of services to them; etc.

In parallel to the Tax Code, the law **“On approving the list of products imported by organizations and individual entrepreneurs not subject to excise tax, the import of which is exempt from value added tax”**<sup>188</sup> provides the list of those goods that are exempt from payment of VAT during the import

<sup>187</sup> <https://www.irtek.am/views/act.aspx?aid=92876>

<sup>188</sup> <https://www.irtek.am/views/act.aspx?aid=150192>

into the territory of Armenia and are not subject of excise tax. These are animal and plant products, mining goods, textile and technological products.

There are number of other governmental decrees, that provide the list of products that are exempt from the value added tax during their import into the territory of Armenia. These are the following decrees:

- Decree No. 913 **“On approving the list of products imported by organizations and individual entrepreneurs with a 0% rate of customs duty and not subject to excise tax, from which value added tax is not calculated and charged by the customs authorities”**, adopted on December 31, 2000
- Decree No. 621 **“On approving the procedure for importing grapes, potatoes, spelt, soft wheat and meslin seeds, barley, peas and bean seeds into the Republic of Armenia without calculating and charging value added tax”**, adopted on May 25, 2002.
- The decree of the Government of Armenia No. 1119-N<sup>189</sup> of August 4, 2011 defines procedures of postponement of VAT payments for up to 3-year period for importing equipment and goods within the scope of investment projects.

### 3.5.2.2 *Exemption from Customs Duties*

In order to ensure import and usage in the territory of Armenia technological equipment and their constituent and complementary parts, raw materials and/or materials and industrial investments in Armenia, the Government has decided to exempt these products from payment of import customs duties. In order to be eligible for the exemption, these goods should be imported in the framework of an investment project in one of priority sectors, and should be from a non-EAEU member country that cannot be replaced by goods and equipment produced in EAEU country.

The priority sectors are:

- agriculture;
- industry;
- tourism;
- transport, information (high and information technology) and communication;
- energy;
- health.

The investment project should not be longer than 5 years. In order to get the support, the business should submit an application to the Ministry of Economy, according to defined template and provide relevant documents. After receiving comments from the Ministries of Finance and Justice, State Revenue Committee, as well as from relevant ministry, coordinating the sector, the package of applications should be submitted to the Government for discussion.

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<sup>189</sup> <https://www.arlis.am/DocumentView.aspx?DocID=107396>

## 4 MAIN BOTTLENECKS AND RECOMMENDATIONS

The Netherlands is one of important partners of Armenia. Producers and stakeholders of almost all sectors of economy highly value the cooperation, taking into consideration the leading role of the Netherlands in agriculture, high-tech and manufacturing. High level and modern education and innovations in this field and scientific achievements make this country one of exemplary countries for Armenian scientists and businesses.

Despite of this, foreign trade with the Netherlands is still not satisfactory. According to the Statistical Committee of Armenia, foreign trade turnover between the Netherlands and Armenia is only 1.9% of overall foreign trade of Armenia in 2022 making the Netherlands only the 9<sup>th</sup> trade partner of Armenia. Though this turnover has increased by 17.7% in 2022 compared to 2021, still there is a huge potential of mutual beneficiary cooperation between the both countries, taking into consideration several aspects:

- Membership of the EAEU – Armenia is a member of the EAEU, which allows to trade with the other Member States of the Union without any limitations. Products of Armenian origin can move and circulate in the territory of the Union without restrictions: these products are considered as products of the Union. The market with more the 200mln population, with the ability to consume goods of Dutch origin or produced in partnership with Dutch companies can be of interest;
- Comparably ease of doing business in Armenia – Armenian suggests liberal business and investment environment to potential partners. Moreover, the Government and supporting organisations try to identify possible bottlenecks, that hinder the business environment and try to solve them by making relevant legal improvement;
- Introduction of e-services – the Government tries to enlarge e-services provided by the government, thus making the communication and cooperation with the state bodies easier. The foreign trade single window system is one of examples of this approach;
- As a member of the EAEU, Armenia enforces legal documents adopted by relevant institutions of the Union. Nevertheless, the EAEU legislation allows Member States to adopt legal acts, that are not covered or are allowed by the Union legislation. Considering its geographical position (land-locked, crossroad of Europe and Asia), the Government of Armenia adopted the liberal legislation, making the foreign trade operation more flexible and profitable for local and foreign partners: exemption from taxes, low level of fees, etc.

### 4.1 MAIN BOTTLENECKS HAVING IMPACT ON DUTCH-ARMENIA TRADE RELATIONS

Despite of huge cooperation perspectives and the interest of Armenian businesses to enlarge business relations and trade with the Netherlands, there are number of issues raised by them during meetings and interviews, that could have or have an impact on this cooperation. Some of the issues presented by the stakeholders, are summarized below.

#### ***Logistics (cargo routes)***

Being a landlocked country with two closed borders, logistics have become one of the core issues for Armenian exports and imports, accounting for a big share of products' final price and thereby decreasing competitiveness in external markets. The outbreak of COVID-19 in 2020 and the war in Ukraine have exacerbated the issue. Armenia has four (4) neighboring countries out of which borders with Azerbaijan to the East and Turkey to the West are closed, thus leaving open the northern border with Georgia and the southern border with Iran.

Trucking and rail options are used through Georgia, trucking mode being the main option to achieve markets of Russia and EAEU. While through Iran only the trucking option is available as the former soviet rail connection though Julfa is going through the Nakhichevan Azerbaijani enclave. Armenia can achieve the EU market only through Georgia or by using airlights. The following options are available for achievement to the EU market:

- by truck through Georgia-Lars to Russia and then to the EU. Currently this line is not properly used to achieve the EU market, due to the war in Ukraine and uncertainties especially in the winter due to the weather conditions (when becomes impossible to travel through the Upper Lars checkpoint). Due to the war in Ukraine and increase of traffic flows through this border point, very often trucks stop on the border for more than 10 days. This is the main route to reach Russia and EAEU Member States;
- by truck (train) to Poti or Batumi ports of Georgia and by containership to the EU. Though this is the main option to reach Europe, it has disadvantages: lack of regularity, lack of capacity at Poti, lack of coordination with shipping lines, long lead time due to many intermediate calls. All of these activities make this mode time consuming and expensive;
- by truck through Georgia and Turkey to Europe. This is one of potentially best options that currently operates. However, the is trucked by Georgian trucks, as it is not allowed for Armenian truck to enter the territory of Turkey;
- by air through Zvartnots airport to the main airports of the EU. This mode is preferable to use generally for perishable products (such as flowers or other agricultural products) or for high-value products. However, there is only one cargo plane service (except Russia) which takes place once a week to Belgium, provided by Coyne Air. Other flights take place by using passenger planes, which makes the airfreight prices higher;
- other options are available as well, though they involve one or two of mentioned modes (by train to Georgia, then by track to the port and by vessels to the EU; or by truck to Tbilisi and then by airfreight to the EU etc.)

According to interviewed businesses and based on different researches, demand for airfreight is in general limited by cost, typically priced 4-5 times that of road transport and 12-16 times that of sea transport. Air freight rates generally range from EUR 2.50 – EUR 4.50 per kilogram (depending on the type of product). Sometimes, businesses need to pay higher prices for small pieces of products (for example EUR 200 was requested for 4kg apparel products). According to logistic professionals, the rough calculation of logistics costs from Yerevan to the final destination in a distance up to 1,000km is approximately USD 4 500 and take in general 20 days.

Moreover, according businesses, the local shipping companies are not able to provide information of freight charges until a few days before shipping. This is explained by a number of circumstances: freight forwarders are not able to accurately predict costs, shipments are not regular, therefore the offered prices fluctuate over time; there is no clear planning, freight schedule, fixed price list, etc. They provide freight costs only when the cargo is ready.

This situation not only negatively impacts the quality of products but has a huge negative impact on the reputation of Armenian producers and exporters. It increases prices of goods and make them non-competitive compared to similar goods of other countries.

The issue of logistics could become more serious, if relationship between Armenia and Russia becomes strained due to political disagreement and tension. As one of the exit points for Armenia to the world is the Upper Lars check point for trucks, decision of the Russian authorities to limit customs

checkpoints processing capacity, will impact on border crossing time of Armenian trucks, thus reducing negotiation power of Armenian exporters. However, as this line to the EU market is not properly operating due to Ukraine-Russia conflict, the impact of the mentioned possible action will not be huge.

### ***Foreign trade institutional framework and availability of trade related information and legislation***

Export promotion is declared as one of the priorities of the Government of Armenia. It reflected in the export-led industrial policy strategy adopted by the Government in December 2011 as well as in the Government Programme 2021-2026 adopted by the **Decision of the Government No. 1363-N** of August 18 2021. Particularly, according to this Programme, one of the goals of the economic policy of the Government of Armenia is *“to ensure conditions promoting export and create an environment for this.”*

However, according to businesses and interviewees, the foreign trade policy of the Government of Armenia is outdated. There were discussions on development of an export strategy since 2021, but still no news on it and seems it is not developed yet. Moreover, there is no public body responsible for providing necessary information to businesses, supporting them in identifying partners abroad, guiding them during the foreign trade transactions or explaining export procedures and tips. Though the ministry of economy is responsible for development of economic policy and solving export related issues, and according to information, as special unit was created for this purpose, this function is not properly done by the institution, as was presented by exporters.

**The limited information on trade reforms, regulations and requirements, poor access to information on international trade policy and market developments, on preferences and opportunities granted to Armenia by partner countries or by international agreements, on possible economic reforms and new market accession opportunities** – these are one of the main issues the trade community face today in Armenia. Moreover, sometimes the regulations, that could have negative impact on businesses, enter into force immediately or after very short period (according to the WTO requirements, as least 6 months are required in these cases) and businesses cannot adapt to new requirements.

Though the state bodies or institutions provide some information, that could be useful for traders or businesses interested to export or import goods to and from Armenia, this information is not exhaustive, sometimes outdated, incomplete, in most cases only in Armenian, sometimes the content may not cover the entire spectrum of information that trader may wish to obtain. The research shows that there is no single platform, where the information related to export and trade regulations is aggregated under one roof, available for searching and viewing.

For example, there is no online tool, where the breeder of plant variety can find information on variety protection requirements, patent giving procedures etc. Moreover, the website of the Ministry of Economy informs businesses that Armenia benefits from the Generalised System of Preferences provided by Canada, Switzerland, Japan, Norway, and the US, as well as is the beneficiary of a special incentive arrangement for sustainable development and good governance (GSP+) provided by the EU.

However, according to the DG TRADE Access2Markets portal Armenia is excluded from the GSP scheme by 01/01/2022 in accordance with R/UE 2021/114, as it has been classified by the World Bank as upper-middle income country in 2018, 2019 and 2021. *“Therefore, according to R/UE 2018/148, Armenia no longer qualifies for GSP beneficiary country status. As a consequence of ceasing to be a*

*GSP beneficiary, Armenia should also cease to be a GSP+ beneficiary country under Article 9(1) of Regulation (EU) No 978/2012.”<sup>190</sup>.*

In 2022 the EU and ITC launched the Eastern Partnership Trade Helpdesk platform for the countries involved in the Eastern Partnership. The Trade Helpdesk portal<sup>191</sup> is an online trade intelligence gateway for companies and business support organizations in EaP countries. Though it is a good tool, that could help Armenian exporters to learn foreign trade requirements of partners countries, it has several shortcomings:

- it is still beta version and some information is in English, which makes it difficult to use for local producers;
- the tool is developed only for EaP countries: traders from the Netherlands cannot check the requirements for their export;
- there are some links to websites of state institutions, that are mainly in Armenian and not user-friendly for foreigners;
- it is not clear how tax and customs related legislation and product specific regulations is reflected in the portal and updated.

The portal of the EAEU does not provide user friendly and precise information as well. The user should visit several pages of the portal, identify and read different regulations (mainly in Russian), in order to understand main legal requirements and regulations for a particular good.

Absence of a national export strategy and often changing legislation makes it difficult to follow regulatory changes, develop relevant plans and conclude long-term contracts.

### **Procedural issues**

Several procedural issues were raised by stakeholders as well, which, sometime extend custom clearance and export/import procedures (this issue relates mainly to import permit documents), thus making it difficult to follow the requirements of signed contracts. Most of the electronics imports into Armenia are subject to miscellaneous controls executed by different governmental bodies in accordance with the legislation of the EAEU and Armenia. There are currently 3 different types of the import permissive documents that the importers are required to obtain for imported electronics:

- Import permission from the National Security Service for encryption means and • special technical means designed to secretly obtain information;
- Import license for from the Ministry of High-Tech Industry for radio-electronic means and (or) high-frequency devices
- expert opinion from either NPC LLC or Armexpertiza LLC on non-military nature of the imported electronics.

In general, import of these goods takes at least from 8 to 11 days, for several cases achieving to several months. This process requires additional costs for importing high-tech companies, as they need to pay not only customs duties, but also customs storage fees, fees for getting expert opinion as soon as possible etc. If they import testing equipment, controllers or data-processing modules, for production of high-tech goods intended for export (based on signed contracts), which assumes implementation of number of tests before the final result, the procedure and costs could become enormous and make their production noy-effective. Because of this, the final production becomes expensive and not-competitive in the final destination market.

<sup>190</sup> <https://trade.ec.europa.eu/access-to-markets/en/news/armenia-leaves-gsp-scheme-01012022>

<sup>191</sup> <https://eap.tradehelpdesk.org/en>



The next issue raised by producers relates to the certificates of origin. According to regulations, the certificate of origin is given for each assignment subject to export. Though it is not too expensive (max AMD 30 000 or approximately EUR 70, if expertise is required), the exporters consider it not appropriate. They complain mainly request of having expert opinion of Armexpertiza LLC, which costs AMD 20 000 for each expertise.

There are number of other issues raised by businesses which have a direct impact mainly on export of Armenian products to the EU and particularly to the Dutch market, that are provided below:

- **Availability of trade markets** – many local producers of fresh and processed agricultural products mention that it is difficult to export to the market of the Netherlands, because of absence of information on potential partners, their requirement and market demands. Though there is a active Armenian diaspora in the Netherlands, local products are not presented in the Dutch market, because of this issue;
- **Absence of proper laboratory services** for analysis of hydroponic substrate as well as professional advisory service in the agricultural sector, that could provide proper advice on crop cultivation, cultivation, including recipe of the substrate (e.g. proper composition of fertilizers, pesticides etc.) This reduces efficiency and effectiveness of production in Armenia and as a result, goods produced in the country become expensive;
- **Low quality of raw materials and inputs** used in production or in agriculture sector, which impact on the quality and quantity of products. This issue is linked to the problem of identification of potential partners and creation of partnership or direct cooperation with Dutch companies without middlemen or regional offices;
- **Not competitive prices** of Armenian goods, aggravated by the fact that Armenia ceased to be GSP+ beneficiary and appreciation of Armenian dram against USD and Euro,
- **Lack of quality assurance** mechanisms, lack of value chain monitoring,
- Weak economic diplomacy and economic attaché institute.

## 4.2 RECOMMENDATIONS ON DEVELOPMENT OF RELATIONS, INCLUDING SUPPORT INSTRUMENTS

Armenian importers and exporters realize the leading role of the Netherlands in the global market taking into consideration the innovative technology, quality of goods and products, linkage between the science and industry, which results in production of high-tech and innovative goods and raw materials. Local producers are also aware about the important role the Netherlands plays in developing agricultural technologies, providing high education and knowledge in almost all sectors of economy. Majority of interviewed Armenian organisations involved in export-import activities or in production of goods are interested in establishing business relationship and long-term cooperation with the Dutch companies and advisory/educational institutions. Dutch companies clearly understand the advantages of Armenia and the role that this country can play for expanding their business in the EAEU and region, having in mind the recent changes in the world trade and supply chains.

Below are some recommendations and suggestions formulated based on the interviews conducted and discussions held with Armenian businesses foreign trade between Armenia and the Netherlands and deepen mutual beneficial cooperation.

- Information dissemination: Though the Armenian exporters and importers know about the advanced level of Dutch production and expectations of Dutch consumers, they are interested to work closely with Dutch producers, buyers, suppliers and investors, get knowledge and expertise from the Netherlands, as sometimes local producers (particularly producers of primary and processed agricultural products) don't have precise information and knowledge on

quality requirements and standards applied in the EU market. Sometimes local producers or buyers don't know wherefrom they can find partners from the Netherlands. In this regard, it is suggested:

- organise sectoral representative events for local producers, suppliers or buyers, inviting relevant potential partner companies and specialists from the Netherlands. This can be done in the form of “Dutch days in Armenia” or “Armenian days in the Netherlands”, where also exhibitions and master classes can take place;
  - organise exchange study visits for experts, business consultants, educational institutions and service providers to the Netherlands and vice versa. This will allow to closely understand business and cultural environment of both countries, to understand capacities of potential partners, business culture existing in companies etc. This valuable information and knowledge we serve a basis for developing workable business cooperation programmes and investment plans.
- Creation of logistic hubs: Armenia has a preferable geographical location not only because of for its weather and climate conditions (particularly for greenhouse production) but also Armenia is located in the crossroad of Europe and Asia and is a good starting point for entering the Eurasian market. Membership at the Eurasian Economic Union with almost 200mln consumers, give competitive advantages compared to the regional countries (as goods of Armenian origin can enter this market without any limitations). About 50% of Armenian export goes to this market. The country has big potential of exporting products to the Iranian market (because of the preferential trade agreement signed between the EAEU and Iran) and other markets of Asia and Europe. Because of the situation in Ukraine, it is very difficult for Dutch producers (particularly operating in agricultural sector and high-tech industry) to reach the post-soviet region and sell their products here (logistics is expensive and supply chains are disrupted, there are some production difficulties in the Netherlands, etc.) Thanks to the geographical position in this region Armenia and already established historical trade relations, Armenia can have different hubs/centers and distribute high quality of products to these markets. It would be desirable, if with the support of the Embassy of the Netherlands, Armenia attracts investments from Dutch companies for creating such hubs or distributions centers. The purpose of these hubs is not only distribution of products to these markets, but export of Dutch technologies, education, knowledge and expertise to Armenia and regional markets. With the investments in construction and management of hubs (particularly agricultural hubs), the Netherlands participates not only in development of the Armenian economy, but through exporting of seeds, fertilizers, pesticides, herbicides and introducing high quality standards and approaches in production and distribution practices, the Netherlands easily advertises its experience and technologies and creates conditions for entering the regional markets.
  - Suggestions to the Government of Armenia: There are number of suggestions/recommendations to the Government of Armenia that is responsible for creation and maintenance of relevant environment and conditions for extending foreign trade with the Netherlands and other countries. Below are some of these suggestions:
    - Logistics issues: As it was described above road transportation difficulties caused by the problems occurring from time to time at the Upper Lars checkpoint and high costs for road and air transportation to the EU result in increase of the prices of inputs imported into Armenia as well as the production costs from one side and final prices locally produced goods in foreign markets on another side.  
To solve this issue, two main options are suggested by local businesses:
      - a) to launch a *special aircraft* that will be involved in transportation of products of Armenian origin to foreign markets (particularly to the countries in EAEU, Europe, Middle East). For higher economic feasibility this aircraft can also transport other

high-value and perishable agricultural products to the same directions. In this case, for instance transportation to and from the Netherlands, according to opinions of some importers and exporters and relevant experts, as well as our rough estimations will cost ca. EUR 2.0 per 1 kg compared to the current average EUR 5 per 1kg. Chartered aircraft could be solution, as they provide the shipper with more reliable capacity. But for these crafts the freight rates are higher, especially for smaller cargo aircraft or for high load factors in only one direction. Capacity may also be a problem during peak seasons when all exporters compete for the available fleet capacity. Here most probably a state subsidy could be provided;

- b) if possible, develop a *cargo airport* to reduce landing and service cost, and liberalize access for foreign airlines. According to sector specialists, most international scheduled air freight services operate on global east-west routes. They serve airports that are major generators of air cargo, avoiding airports that already have a significant amount of wide-body passenger aircraft traffic. Sure, it will be difficult to attract cargo airlines into Armenia. However, if the volume of air freight grows (mostly by support of the Government), there is a natural progression from passenger aircraft to chartered cargo planes with scheduled cargo flights.

Which option will be used by the Government of Armenia, protection of the National Treatment and MFN principles is a must. Also, the government should follow the requirements of the WTO Agreement on Subsidies and Countervailing Measures.

- Export promotion agency: is a popular instrument to boost exports and reduce trade deficits, particularly in developing country. Lederman, Olarreaga and Payton (2006)<sup>192</sup>, export promotion agencies have a positive and statistically significant impact on national exports with some heterogeneity across levels of development and regions. The main function of the organization could include provision of market information and services on export markets (including relevant sector researches), information on existing and foreseen foreign trade regulations (export and import) in user-friendly manner, and online tools that could help potential exporters and importers in identifying partners. The agency may also offer paid services and technical assistance in cooperation with private consulting and marketing agencies. In addition to the Access2Markets and EaP Trade Helpdesk, models of online tools applied in the European countries, mainly Germany and the Netherlands, could be applicable in Armenia.

This agency also may open a network of *small hubs*, where the Armenian products will be exhibited on a constant basis, and supply order and contracts will be made. Moreover, *chain of shops* in all the towns with a high concentration of Armenian diaspora could be established. Each store can have different suppliers, which will solve the issue of small production quantities and constant supply.

- Foreign trade strategy: Armenia already had such a strategy name as Export lead industrial policy strategy, which was adopted in 2011 and contained number of actions for selected sector. The main objective of the suggested foreign trade strategy should be internationalisation, modernization of Armenian economy and entrance to new markets and increase of trade relations with existing partners. The strategy should contain the commitment of Armenia toward green and sustainable economy and climate resilience.

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<sup>192</sup> Lederman, Daniel; Olarreaga, Marcelo; Payton, Lucy. 2006. "Export Promotion Agencies: What Works and What Doesn't". Policy Research Working Paper; No. 4044. World Bank

## 5 OPPORTUNITIES FOR DEVELOPMENT OF RELATIONS

### ***1. Assist in improvement of laboratory capacities, particularly in the agricultural sector***

In order to enter the markets of the EAEU and the European Union, products should meet certain quality and safety requirements defined by common legislations of both Unions and domestic legislation of Member States. Very often it requires to conduct laboratory testing and analysis, to prove the compliance with the legal requirements. Moreover, the world changes very fast, and in order to be competitive, it is required not only to reduce the costs, but to be more innovative, more efficient and effective. Which means, there is a need to enlarge cooperation of scientific laboratories, outsource several functions to other countries, where it can be done with less cost and shorter time-period.

There are number of laboratories in Armenia, specialised in different sectors of economy and providing different services to local and foreign producers and exporter/importers. Our analyses have also shown that local laboratories and scientific centers try to expand the geography of cooperation, to modernise their equipment and conduct more detailed analysis. This is also the policy of the Government of Armenia - to improve scientific capacity of the country and finance more projects in the educational and scientific areas.

Laboratory analyses are mostly required in the agricultural sector. To grow plants and flowers, particularly in controlled environment agriculture<sup>193</sup>, all microelements necessary for their growth and development should be provided. Local producers very often send plant irrigation and drainage water samples to agrochemical laboratories in the Netherlands or other European countries to perform nutritional analysis of the microelements content in them and to prepare nutrition recipes based on the results obtained. Although there are laboratories in Armenia which conduct such tests, it is expensive and sometimes not comprehensive. In addition, many experts are not satisfied with the quality of those analyses. Delivering samples to European laboratories and obtaining test results sometimes takes a long time and is very costly which makes it impossible to respond to problems with plant nutrition in a timely manner.

The Netherlands is well known in the world with its state-of-the-art laboratories and high-quality scientific researches. The laboratories, such as Groen Agro Control or SGS Nederland B.V. are well known in the framework of producers and scientists. However, it is very difficult to establish contacts with such facilities, start negotiations and attract investments or establish cooperation in this area.

#### **Actions:**

- Organise B2B matchmaking events for the Dutch and Armenian laboratories and scientific research facilities. The event should foresee also study visits of Dutch business to relevant Armenian centers, in order to evaluate their capacities and services that can be offered to the Dutch partners;
- During the events Armenia should present the state policy in the sector, planned activities and incentives that the country is able to provide to investments. Meetings with state officials and institutions responsible for development of state policy would be desirable;
- This action could be supplemented with the involvement of relevant Dutch and Armenian regulatory bodies. This will give a possibility to establish professional links and cooperation between institutions, that will be followed by sharing of relevant experience and knowledge;
- Before the start of this activity, detailed sectoral analysis and needs assessment could be implemented. The analysis should include identification of all laboratories and scientific research

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<sup>193</sup> Controlled Environment Agriculture (CEA) encompasses a variety of systems that take a technology-based approach to farming. CEA can range from simple shade structures and hoop houses through greenhouses to full indoor or vertical farms (Wageningen University and Research, Feasibility Study of a Controlled Environment Agriculture Ecosystem in Kentucky)

institutions, assessment of their capacities and needs as well as their interest in cooperation with the Dutch counterparts.

## **2. Investments in construction and operation of agricultural product logistic hubs**

Armenia is one of the biggest producers of roses in the region. These roses are exported mainly to the market of the EAEU and Georgia. Moreover, according to experts the quality of roses grown in Armenia meets the requirements of the Royal FloraHolland. Greenhouse industry is growing in Armenia as well. According to the recent analyses, due to the support mechanisms provided by the Government, this sub-sector has grown very fast, involving almost all regions of the country. This is however only a small piece of agriculture development. The government makes strong efforts to promote the development of climate smart and innovative agriculture, in order to ensure food security in the country and well-being of society.

Greenports Netherlands<sup>194</sup> are good example for potential cooperation in this field. A Greenport is a concentration of horticultural companies in a certain geographical area that are (economically) connected to each other. In a greenport, producers, auctions, traders, seed companies, and other supplying companies and knowledge institutions are located which ensures knowledge exchange<sup>195</sup>.

Presently there are eight regional Greenports and horticultural regions in the Netherlands. All these regional greenports are united in one national network organisation Greenports Netherlands Foundation, which was established in December 2018. One of important peculiarities of greenports is their partnership: usually they include regional governments, knowledge parties, regional leading companies and regional representations of national partners or industry organizations as partners. In this way, the Triple Helix<sup>196</sup> approach is implemented in the Netherlands.

The Government of Armenia intends to promote the development of agriculture sector by establishing agriculture produce logistic hubs. This is defined by the Government programme 2021-2026. However, in order to establish a logistic hub, there is a need to identify the model that would properly operate in Armenia. The Dutch Greenport model could be a model for establishing this kind of governance and cross-agency engagement for aggregating fresh agricultural products and for contributing the sector development. Greenports can be considered as a type of logistic centers of agricultural products, that except aggregation and distribution of fresh agricultural products serve a place for introduction of innovation in agriculture, ensuring collaboration with different partners and promoting sustainable agriculture in the country.

### **Actions:**

- Present the Greenport Netherlands and Royal FloraHolland example to the state authorities, by providing detailed information on the structure of these organisation, operational models, business procedures, public-private partnership approaches etc.
- invite representatives of these institutions to Armenia and organise meetings with public authorities and interested profit making and non-profit organizations, research and knowledge institutions to share the experience and discuss cooperation perspectives;

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<sup>194</sup> Greenport was first mentioned in the Policy Paper 'Spatial Planning (Nota Ruimte)' in 2001, and in 2004 the national government formulated their vision on spatial development. For agro-food specifically, the clustering of knowledge-intensive horticultural production and processing was recommended.

<sup>195</sup> Wageningen University and Research, Feasibility Study of a Controlled Environment Agriculture Ecosystem in Kentucky

<sup>196</sup> This model proposes that the Academic, public, and private sectors are increasingly cooperating and linking together at various stages of the innovation process. The sharing of knowledge, facilitates innovation and the creation of startups by bringing together new academic knowledge with private sector parties.



- With the support of the Embassy of the Netherlands attract investments from Dutch companies, create clusters and negotiate with Royal FloraHolland and Greenport Netherlands on establishing a kind of branch or partnership with the Dutch business culture that will supply cut flowers and fresh agricultural products to the whole region (EAEU member states, Georgia, Turkey) from Armenia. There is a similar example in Kenya for cut flowers that can be replicated in Armenia.

### **3. Strengthen the role of Dutch Armenian Chamber of Commerce Foundation**

According to the Encyclopedia Britannica, Chambers of Commerce “are various voluntary organizations of business firms, public officials, professional people, and public-spirited citizens. They are primarily interested in publicizing, promoting, and developing commercial and industrial opportunities in their areas; they also seek to improve community schools, streets, housing, public works, fire and police protection, parks, playgrounds, and recreational and tourist facilities.”<sup>197</sup>

As it can be seen from this definition, chamber of commerce, no matter the type, is an association or network of businesspeople designed to promote and protect the interests of its members. A chamber of commerce is often made up of a group of business owners that share local interests, but can also be international in scope. Which means, they can work to promote economic and trade relations between countries, contribute to investments in particular country etc.

The Dutch-Armenian Chamber of Commerce Foundation (DACCF), founded in 2017, aims to foster “economic, investment, trade and tourism cooperation between the Republic of Armenia and the Kingdom of the Netherlands”<sup>198</sup>. According to the DACCF, its mission is:

- to serve as a bridge for Dutch-Armenian economic relations and build business links by promoting and supporting the development of closer investment and trade connections between Armenia and the Netherlands;
- to deliver a wide range of unique services to Dutch businesses and professionals through the provision of information about the economic environment in Armenia, introduction on legal framework for doing business in Armenia, advice on business related issues;
- to encourage and to strengthen and expand the government-to-government relationship between Armenia and the Netherlands through facilitating information sharing, business networking and professional development.

Despite of this, according to the website of the foundation, it does not provide the list of members, some information provided by the website is outdated. In fact, the chamber of commerce should be more proactive, by presenting its activities on a daily basis, sharing information on opportunities existing in Armenia and the Netherlands, organise different kind of events, provide services and conduct training to its members, provide, identify, aggregate and raise business related issue to the Governments and diplomatic missions of both countries, expecting solutions of raised issues, organise various business meetings and events in both countries etc.

The best example of similar operating institutions is the American Chamber of Commerce in Armenia<sup>199</sup>. It is a transparent institution, which provides detailed and clear information not only on the Board of Directors or executive team, but on its members, legal and business environment of Armenia, (through publishing monthly newsletters and business magazines), actively participates in the business environment improvement related activities, by presenting issues raised by its member to the

<sup>197</sup> <https://www.britannica.com/topic/chamber-of-commerce>

<sup>198</sup> <http://dacoc.nl/about-us/mission-statement/>

<sup>199</sup> <https://amcham.am/>



Government and relevant state institutions and participating in platforms ensuring public-private dialogue (PPD).

Actions:

Strengthen the role of the DACCF:

- Actively promote the purpose and role of the DACCF in Armenia and in the Netherlands aiming to involve businesses and associations as members;
- In general, every member of chambers of commerce, are required to pay dues, which help cover the organization's overall operating costs. Chambers may also hold fundraising events in order to raise additional funds or require the special purchase of tickets to attend their events. The DACCF should develop special membership principles in order to ensure smooth operation of the institution;
- Develop instruments and services that the foundation will be able provide to its members. These services should add value to activities of members and should be beneficial for them, otherwise members will not pay for such services;
- Actively participate in PPD platforms, regularly publish newsletters, publications or market researches, organise business-to-business events in the Netherlands and Armenia, etc.

#### **4. Strengthen cooperation in education, training and research**

Education is one of the best ways to distribute information; thus, the role of education is very important when it comes to developing an efficient and effective industry, introducing sustainability concept in all phases of product development and in promoting climate smart agriculture in Armenia. It is important to provide or disseminate knowledge at different educational levels including the vocational and university level. Education of entrepreneurs is also mandatory including practical or short-term trainings.

Different studies implemented in Armenia showed that current research, education and technical training system is not meeting the needs of the Armenia as a whole and specifically for knowledge driven, innovative and sustainable economy. It is clearly visible in agricultural sector, where the education is not attractive for youth because of teaching methods, sector development level and profit generated in the sector.

The knowledge development system is impacted by three primary challenges: 1) insufficient matching between the needs of the sector and the types of education and training provided to students; 2) a lack of coordination among research organizations and between research and the private sector; and 3) the absence of a functioning data collection system to inform business decisions by actors<sup>200</sup>.

The Netherlands is one of countries with advanced education and training capacities. The world-famous university in agriculture, Wageningen University & Research (WUR) is located in the Netherlands. Having more than 100 years of history, the WUR has over 7,200 employees and 13,200 students studying at their campuses. It also has over 150.000 participating members in over 100 countries in their lifelong learning program<sup>201</sup>. The WUR works everywhere around the world in the domain of healthy food and living environment for governments and the business community-at-large.

Another university that is a stand out in agri-tech field and in technology education as a whole is the Technical University Delft<sup>202</sup>. TU Delft is ranked 13th for Engineering & Technology in the QS World

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<sup>200</sup> Capacity Development Needs Assessment of the EU GAIA Stakeholders and Institutions, Wageningen University and Research

<sup>201</sup> <https://www.wur.nl/en/about-wur.htm>

<sup>202</sup> <https://www.tudelft.nl/en/>

University Rankings by Subject published on 22 March 2023. More than 25 000 students and 6 000 employees of the university share a fascination for science, design and technology.

These universities can cooperate with Armenian National Agrarian University and National Polytechnic University of Armenia. Both institutions have laboratories, colleges, branches in provinces of Armenia and research capacities. They try to innovate their practices, invite foreign trainers and professors for lectures etc. The Netherlands is a major exporter of agricultural and technological knowledge with numerous international projects from institutions, universities, international consultancy companies and initiatives of the Dutch Government. Despite of this, majority of local universities and institutions don't have connections with Dutch counterparts and don't know how to contact them and how to establish partnership.

Actions:

- Present the Dutch education and training system, practice and programmes to Armenian educational institutions, training and research centers;
- Support local institutions in identifying relevant partners and relevant projects that could contribute to establishment of partnership between Armenian and Dutch educational and research institutions;
- Support the organisation of regular study visits of professionals and lecturers from relevant universities and research institutions from Armenia to the Netherlands and vice versa. Invite professionals, professors and/or experts to special lectures for students, particularly on topics such as climate smart agriculture, precise agriculture, sustainable engineering, textile, etc.
- The above actions will lead to development of relevant curricula in Armenian educational institutions and strengthen cooperation with Dutch partners;
- Establish student exchange programs between Armenian academic Institutions and those in the Netherlands, involving the Government of Armenia.

## **5. Develop and strengthen agricultural advisory/extension networks**

In the Europe different models of extension service provision are applied. In the last twenty years, western European countries have moved away from public push extension services and more into a private extension service model with many consultancy companies, the government, and universities working together with farmers to combine research and practice<sup>203</sup>. This decentralization is motivated by reducing government expenditure, objectives of making services more demand-driven and farmer-led, increasing efficiency of service delivery, and improving the quality of provided services. It brings services closer to the people and provides advanced knowledge to farmers based on recent developments of the sector.

The Netherlands hasn't had an active extension service governmental organizations since the privatization of these services. Nevertheless, the Netherlands is a good example on how to become a leader in the agricultural sector through effective working extension services. Extension services done through the government now work through the Top Sector Knowledge & Innovation framework (TKI) for the best performing sectors in the Netherlands<sup>204</sup>. The top sector approach combines businesses, knowledge institutions and the government in the Triple Helix Model. The strong public-private cooperation in the extension field has allowed for the development of cutting-edge research in sectors

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<sup>203</sup> Why the Netherlands is the front runner in Agriculture, Austrian Development Agency

<sup>204</sup> The TKI programme brings together people from the government, farmer cooperations, knowledge institutes and high-placing business leaders like the CEOs of supermarkets and dairy cooperatives to coordinate and finance research projects through public and private funding (Why the Netherlands is the front runner in Agriculture, Austrian Development Agency). Nine sectors of economy of the Netherlands are considered as innovative to sectors. These are horticulture and propagation materials, agri-food, water, life sciences and health, chemicals, high tech, energy, logistics and creative industries

such as agri-food, greenhouses, and circular agriculture. The shift towards a privately-funded research model utilizing the triple helix approach has strengthened position of the Netherlands as a leader in agricultural innovation<sup>205</sup>.

One of the more well-known extension services in the Netherlands that operates not only locally, but internationally, is Delphy<sup>206</sup>. The organisation employs experts in all sub-sector of agriculture and provides high-quality services to farmers working abroad. In addition, the Netherlands is the leading country in the greenhouse technology and innovation. It also exports this technology to other countries, including Armenia.

Though Armenian agricultural sector has a huge development potential and capacity of becoming more climate smart and sustainable, there is no public extension services available to farmers. These extension services were dissolved two years ago and no alternative option was suggested to farmers. There is a need of outsourcing of some specific extension functions to private sector organizations, which can contribute to development of a climate smart agriculture in Armenia. To do this, the experience and Triple Helix Model practice of the Netherlands would be very exemplary.

#### Actions:

- A good cooperation between the government (policy, public service), industry (value chain partners) and knowledge institutions (education, research, extension) is the basis for a well-functioning of the economy. The Triple Helix Model could be a model for establishing this kind of stakeholder cooperation and engagement in Armenia. The Dutch Embassy could initiate experience sharing meetings by presenting the model to the Ministry of Economy of Armenia and by involving the relevant stakeholders from the industry (including agriculture) and knowledge institutions;
- Conferences are important events and help building interest and knowledge in these topics and give people a chance to share what they have learned and what types of new products are being made. Organisation of an experience sharing conference in Armenia on extension services, by involving high level officials, business representatives and knowledge institutions from the Netherlands could be a good occasion to share the best example to Armenian beneficiaries.

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<sup>205</sup> Why the Netherlands is the front runner in Agriculture, Austrian Development Agency

<sup>206</sup> <https://delphy.nl/>

## 6 INSTRUMENTS FOR SUPPORTING DEVELOPMENT OPPORTUNITIES

According to the <https://donortracker.org/>, the Netherlands was the 9<sup>th</sup> largest donor in the world in 2021 with USD 5.3 billion of support provided to developing and least developed countries. According to the latest development strategy, published in June 2022, the Netherlands will increase Official Development Assistance (ODA) spending by EUR 300 million from 2022-2024, and structurally per year by EUR 500 million from 2025 onward<sup>207</sup>.

The Netherlands' sectoral distribution of ODA is in line with its policy priorities. The Netherlands spent the largest share of its bilateral ODA in 2021 on "government and civil society" amounting to 19% of bilateral ODA, or USD 740 million. "Health and populations" received the second-largest share of ODA - 12% or USD 452 million. Spending on hosting refugees in the Netherlands and "humanitarian aid" are the fourth and fifth largest sectors of bilateral ODA, with funding levels at USD 408 and USD 300 million, respectively, in 2021. Support in agricultural sector is the sixth in the list of ODA with USD 295mln of assistance.

According to the [donortracker.org](https://donortracker.org/), 28% of bilateral ODA, or USD 1.1 billion, was channelled through the public sector. Civil society organisations and non-governmental organisations also play an important role in implementation development assistance, channelling 24% of Dutch bilateral ODA in 2021. In general, the Netherlands selects its focus regions and countries based on three elements:

- the urgency and need for development cooperation;
- the added value of Dutch efforts; and
- the potential for alignment with Dutch thematic priorities.

In 2022 the Government of the Netherlands has published a new policy document for Foreign Trade and Development Cooperation<sup>208</sup>. The new strategy, titled "*Doing what the Netherlands is good at*", places more emphasis on the Netherlands' competitive advantage in development cooperation. According to the strategy, strong SMEs help to accelerate the transition to sustained, inclusive, and sustainable economic growth with decent work for all, especially women and youth. The three main ways that the strategy aims to strengthen SMEs is:

- by strengthening the business climate;
- by improving trade conditions; and
- by making trade and production more sustainable (for example, through value chains, logistics etc.)

The strategy aims to focus more on foreign trade. The Dutch government's approach is to encourage international trade and support the Dutch business community worldwide. The government will reduce the number of priority markets for economic diplomacy to 25 but will take steps to make a more visible difference for the Dutch private sector. Dutch efforts will also be more sustainable, and more future-driven. For example, the government will phase out export credits for fossil energy products at international level, and make its trade instruments greener. "*The Dutch missions abroad, the Netherlands Enterprise Agency and all trade instruments are at the disposal of businesses that can ease these transitions by offering innovative solutions*"<sup>209</sup>. The strategy also aims to offer more

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<sup>207</sup> [https://donortracker.org/donor\\_profiles/netherlands](https://donortracker.org/donor_profiles/netherlands)

<sup>208</sup> [https://www.government.nl/binaries/government/documenten/policy-notes/2022/10/10/policy-document-for-foreign-trade-and-development-cooperation-do-what-we-do-best/178.047+Beleidsnotitie\\_BHOS-18.10.pdf](https://www.government.nl/binaries/government/documenten/policy-notes/2022/10/10/policy-document-for-foreign-trade-and-development-cooperation-do-what-we-do-best/178.047+Beleidsnotitie_BHOS-18.10.pdf)

<sup>209</sup> [https://www.government.nl/binaries/government/documenten/policy-notes/2022/10/10/policy-document-for-foreign-trade-and-development-cooperation-do-what-we-do-best/178.047+Beleidsnotitie\\_BHOS-18.10.pdf](https://www.government.nl/binaries/government/documenten/policy-notes/2022/10/10/policy-document-for-foreign-trade-and-development-cooperation-do-what-we-do-best/178.047+Beleidsnotitie_BHOS-18.10.pdf)

opportunities for Dutch businesses in developing countries, enabling them to gain access to “promising” new markets.

In the chapters above we have already listed some instruments or measures that can be used for strengthening cooperation between the Dutch and Armenian businesses and policy makers. There are number of other instruments as well offered by the Governments of the Netherlands and Armenia, that could be used for development partnership in trade and investment. These instruments should be promoted more actively in both countries through public institutions, foreign missions (for example embassies), business associations, consulting companies and/or civil society organisations.

### **Dutch Entrepreneurial Development Bank (FMO)**

Founded in 1970, the FMO is a banking institution and an economic development agency based in the Hauge, Netherlands. The FMO aims to stimulate investment in the private sector of developing countries which promotes sustainable economic, ecological and social development of the surroundings. It is a public-private partnership, with 51% of our shares held by the Dutch government and 49% held by commercial banks, trade unions and other members of the private sector. FMO has a triple A rating from both Fitch and Standard & Poor's<sup>210</sup>.

FMO finances commercially viable businesses and projects in key sectors for development in developing countries and emerging markets in Africa, Asia, Latin America and Eastern Europe. The bank focuses on three key sectors, namely energy, agribusiness and financial institutions. FMO offers a range of financial products including long-term project financing, private equity (directly or indirectly or co-invest with partners), loans, guarantees, capital market transactions, and other forms of financing. The bank offers direct medium and long-term loans at both fixed and variable interest rates and arranges syndicated loans by bringing together commercial banks, investors, and other development finance institutions.

#### **CONTACT INFORMATION**

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Postal address: Post Office Box 93060, 2509 AB The Hague, The Netherlands

### **The Netherlands Enterprise Agency (RVO)**

The RVO is a part of the Ministry of Economic Affairs and Climate Policy of the Netherlands. The RVO is a point of contact for Dutch companies operating in the Netherlands: it helps entrepreneurs and organisations to invest, develop and expand their businesses and projects both in the Netherlands and abroad. The support is provided to entrepreneurs, non-governmental organisations, knowledge institutions, policymakers etc.

RVO encourages entrepreneurs in sustainable, agrarian, innovative and international business. For the agricultural sector they provide knowledge on all the subsidy possibilities and rules and regulations. The RVO is responsible for the Agricultural Attaché Network. Through agricultural attachés they support Dutch agricultural companies and knowledge institutes interested in doing business abroad. They offer support in more than 75 countries.

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<sup>210</sup> <https://www.fmo.nl>

Through the subsidies and programmes guide<sup>211</sup> the Netherlands Enterprise Agency helps partners to find financial support for their plans. It suggests number of other services, such as:

- find business partners - <https://english.rvo.nl/partners-network/find-partner-development-project>
- get advice of development project - <https://english.rvo.nl/about-us/contact>
- expand international networks - <https://english.rvo.nl/partners-network/expand-your-international-network>
- access legal advice on patents and comply with legislation and regulations - <https://english.rvo.nl/advice>

#### CONTACT INFORMATION

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Postal address: Post Office Box 93144, 2509 AC The Hague, The Netherlands

#### Trade and Innovate NL (TINL)

TINL<sup>212</sup> helps entrepreneurs in the Netherlands to expand internationally. They do it by working together with the national government, regions, provinces and cities. The TINL is an initiation of the Ministries of Foreign Affairs and Economic Affairs and Climate Policy of the Netherlands and works as a public network organisation within the RVO.

Currently the cooperation of the TINL focuses on Germany, U.S, China and on the topic of “Smart Cities”. The TINL offers a large number trade missions to Dutch organisations abroad, which are organized by the RVO, commissioned by the Ministry of Foreign Affairs. The events calendar of RVO and the public-private website <https://www.internationaalondernemen.nl/> offer the complete overview of events organised by the Dutch foreign missions, private and third parties.

#### CONTACT INFORMATION

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#### NL International Business (NLinBusiness)

The next organisation through which the government of the Netherlands supports Dutch businesses is the NL International Business. The NLinBusiness supports the Dutch SMEs that are interested to do business internationally but don't have relevant knowledge and don't know how to do it. The organisation has selected 40 Cities of Opportunity worldwide, where they build NL Business Hubs. These hubs enable to quickly find the right people and to make doing business internationally almost as easy as doing business in the Netherlands.

NL Business Hubs work closely with Dutch Embassies and local governments, which allows to help Dutch entrepreneurs to understand the market and solve issues once they arise. NL Business Hubs, in collaboration with (local) partners, offer services including market exploration, networking events, (online) workshops, legal services and matchmaking services.

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<sup>211</sup> <https://english.rvo.nl/subsidies-programmes>

<sup>212</sup> <https://tradeandinnovate.nl/>



Today already a strong network in 20 cities is built and trade trips, workshops, introductory sessions and other events are organised. The website NLinBusiness.com lists these cities, which include cities from all parts of the world (Africa, America, Asia, Europe, EAEU). The list includes also Kiev and Moscow as potential Cities of Opportunity. Though Yerevan is not included in this list, we think that the Government of Armenia in close collaboration with the Embassy of the Netherlands in Armenia can start negotiations with the NLinBusiness for increasing interest and involving Yerevan (or Armenia) in the list.

#### CONTACT INFORMATION

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#### **Netherlands Foreign Investment Agency (NFIA)**

The NFIA assists companies from around the world to establish or expand existing operations in the Netherlands. It is an operational unit of the Ministry of Economic Affairs and Climate Policy of the Netherlands. It assists foreign companies wishing to establish their business in the Netherlands and to take advantage of the Dutch business environment as a strategic base to cover Europe. The NFIA was established for the specific purpose of helping and advising such companies by providing them with advice, information and practical assistance, quickly and on a confidential basis, as well as providing them access to a broad network of business partners and government institutions.

Services provided by the NFIA include:

- provision of customized information on the Netherlands, relevant business locations, Dutch legislation and tax regulations, labour law, permit procedures, governmental incentives and much more through in-person or digital meetings;
- fact finding: The NFIA organises tailored fact-finding missions, which may include site visits, meetings with relevant partners etc.;
- organisation of introductory meetings to key partners, including commercial service providers, tax, customs and immigration authorities, regional investment agencies and companies;
- personalized support by NFIA specialists in the agrifood, chemical industry, information technologies and tech (such as artificial intelligence, cyber security, etc.), high tech systems, life sciences and health, energy, creative industry and other sectors.

#### CONTACT INFORMATION

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#### **The Centre for the Promotion of Imports from developing countries (CBI)**

The CBI has more than 50 years of experience contributing to local, sustainable economic development through exports. It was established by the Ministry of Foreign Affairs of the Netherlands and works with over 10,000 SMEs from 70 countries, connecting them to buyers or partners in the European market. The CBI has a network of over 250 business-support organizations and manages the unique network of international experts that can be involved in various projects.

The mission of the CBI is to support the transition towards inclusive and sustainable economies by strengthening social, economic and environmental sustainability of SMEs in developing countries. To achieve its aim, the CBI implements projects in close cooperation with local and international stakeholders, partner organizations, and other Dutch government-funded programmes supporting sustainability transitions. Services offered by CBI include:

- raising awareness about opportunities for the export of sustainable products and services to European and regional markets;
- building the capacity of SMEs and service providers in the ecosystem of SMEs;
- providing knowledge on markets and their requirements via the market information platform<sup>213</sup>;
- providing support to address corporate social responsibility related risks and opportunities. This includes (self)-assessments and the development and implementation of action plans and codes of conduct at the SME level;
- supporting sector and value chain links, including linkages and matchmaking with market players; and
- promoting the use of sustainable technologies and management practices to help minimize the impact on the environment.

#### CONTACT INFORMATION

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More information on development cooperation, activities implemented by the Netherlands, budget and results per topics and countries can be found at the websites of:

- the Government of the Netherlands - <https://www.government.nl/topics/development-cooperation>
- the Ministry of Foreign Affairs - <https://www.nlontwikkelingssamenwerking.nl/en/#/>
- the Netherlands Enterprise Agency - <https://english.rvo.nl/>

#### Enterprise Armenia

Enterprise Armenia (Investment Support Center) is the national investment promotion authority of Armenia with the main mission to promote and facilitate foreign and domestic investments, attract new foreign direct investments, support and provide financing to SMEs.

Services provided by the institution include:

- provision of information about investment climate of Armenia, including laws and regulations, business opportunities, investment projects, optimal options for investment location, and advice on land acquisition, co-financing sources, potential resident partner;
- organisation of matchmaking activities and support develop connections with local and international organisations, business support organisations, financial institutions;
- preparation and organisation of site visits, business forums, business to business (B2B) meetings;
- provision of aftercare services to investors, such as prompt responses from the experts in the post-investment stage.

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<sup>213</sup> <https://www.cbi.eu/market-information>

The organisation also serves as a contact point for export promotion purposes by assisting Armenian companies to enter new export markets, by providing information on potential markets and supporting in participation in trade missions and exhibitions.

#### CONTACT INFORMATION

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E-mail: [onewindow@isc.am](mailto:onewindow@isc.am)  
Visiting address: 5a Mher Mkrtchyan str., Yerevan 0010, Republic of Armenia

#### Armenian National Interests Fund (ANIF)

ANIF is a state-owned enterprise with the aim to co-invest in large-scale projects in Armenia at their initial stage of development. By participating in potentially successful and strategic business projects, ANIF supports economic diversification and builds trust between internal and external investors and the state of Armenia as a reliable partner. The mission of the enterprise is to support and empower Armenia's economic development potential.

Environmental, social, and governance responsibility are key axis of work of the enterprise. According to the last report of ANIF (2021 report), they *"prefer to invest in the projects and companies that take responsibility for the continuous improvement of the implementation of modern environmental, social, and management decisions in their sphere of activity, as well as in the projects that have a positive impact on surrounding communities."*<sup>214</sup> Agriculture, industry, healthcare, tourism, high tech and defence are among the list of priority sectors of the institution.

For the achievement of its goals ANIF mainly:

- develops and provides the acceleration of investment projects and business ideas;
- participates in investment projects and business initiatives as an investor and/or consultant;
- supports the Government of Armenia in the management of large investment projects;
- participates in the development and management of public-private partnership programs;
- supports the Government of Armenia in reforms related to state-owned companies; etc.

#### CONTACT INFORMATION

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<sup>214</sup> <https://drive.google.com/file/d/142S0AR1eLJdCdgXwT2uFwI3KMpS2j7us/view>

## 7 ANNEXES

### 7.1 ANNEX 1. INFLOWS OF FOREIGN AND DIRECT INVESTMENTS BY COUNTRIES, 2017 -2022 (MLN AMD)

| Country                                                                         | 2017              |                    | 2018              |                    | 2019              |                    | 2020              |                    | 2021              |                    | 2022              |                    |
|---------------------------------------------------------------------------------|-------------------|--------------------|-------------------|--------------------|-------------------|--------------------|-------------------|--------------------|-------------------|--------------------|-------------------|--------------------|
|                                                                                 | Total investments | Direct investments | Total investments | Direct investments | Total investments | Direct investments | Total investments | Direct investments | Total investments | Direct investments | Total investments | Direct investments |
| <b>Total investment</b>                                                         | <b>59,190.5</b>   | <b>85,800.8</b>    | <b>33,989.0</b>   | <b>94,197.9</b>    | <b>98,442.6</b>   | <b>(18,629.4)</b>  | <b>(5,836.1)</b>  | <b>(43,200.9)</b>  | <b>208,842.0</b>  | <b>128,564.2</b>   | <b>196,717.5</b>  | <b>181,825.2</b>   |
| International organizations-<br>European Bank of Reconstruction and Development | (590.3)           | -                  | -                 | -                  | (838.3)           | (238.0)            | (148.7)           | -                  | 73,662.5          | -                  | (12,010.3)        | -                  |
| Argentina                                                                       | (3,890.4)         | 2,940.9            | (9,570.1)         | 2,590.4            | 1,028.6           | 8,949.7            | (15,292.4)        | (10,718.9)         | 24,248.1          | 24,283.0           | (10,329.2)        | 15,477.4           |
| Austria                                                                         | -                 | -                  | -                 | -                  | 219.6             | 219.6              | 67.0              | 67.0               | 43.2              | 106.6              | 652.7             | 652.7              |
| Belgium                                                                         | (53.3)            | 3.8                | 38.5              | 18.0               | (34.4)            | (11.5)             | 11.6              | (7.4)              | (2.0)             | 1.5                | 15.1              | 5.9                |
| Beliz                                                                           | 327.3             | 327.3              | 431.5             | 431.5              | (296.3)           | (296.3)            | (0.7)             | (0.7)              | (26.1)            | (26.1)             | 257.1             | 257.1              |
| Virgin Islands, British                                                         | (1,678.9)         | -                  | (1,031.4)         | (278.5)            | (1,422.0)         | (265.8)            | (932.2)           | 250.2              | (83.7)            | 665.8              | 856.5             | 2,336.0            |
| Belarus                                                                         | 192.3             | 2.6                | 101.1             | (0.1)              | -                 | -                  | 1.7               | 1.7                | 6.9               | 6.9                | (1.2)             | (1.2)              |
| Canada                                                                          | (3,412.8)         | 11.5               | (2,555.1)         | -                  | (1,088.6)         | -                  | 4,602.7           | 4,384.5            | (9,182.6)         | 1,109.5            | 1,042.4           | 8,051.5            |
| Cayman Islands                                                                  | (617.8)           | -                  | (728.2)           | -                  | -                 | -                  | -                 | -                  | -                 | -                  | 863.1             | 863.1              |
| China                                                                           | -                 | -                  | -                 | -                  | (7.5)             | (7.5)              | (37.1)            | (37.1)             | 168.7             | 169.0              | (63.9)            | (63.9)             |
| Croatia                                                                         | 8.2               | -                  | (152.2)           | 6.1                | 35.1              | 35.1               | 2.1               | 2.1                | (61.3)            | (61.3)             | 2.8               | 2.8                |
| Cuba                                                                            | 751.1             | 751.1              | 126.1             | 126.1              | 1,237.6           | 1,237.6            | 1,082.7           | 1,082.7            | (530.7)           | (530.7)            | 683.3             | 683.3              |
| Cyprus                                                                          | (2,502.9)         | (1,477.0)          | (1,135.6)         | 3,198.7            | 2,665.3           | 6,101.4            | (7,038.2)         | (4,471.7)          | 141.6             | 14,327.5           | 15,382.1          | 10,249.3           |
| Czech Republic                                                                  | -                 | -                  | -                 | -                  | 13.2              | 13.2               | (204.1)           | (204.1)            | (193.8)           | 141.3              | (86.2)            | (86.2)             |
| Finland                                                                         | (1,723.8)         | (162.7)            | (4,245.5)         | (2,566.4)          | 1,063.4           | 1,947.8            | -                 | -                  | -                 | -                  | -                 | -                  |
| France                                                                          | (6,326.9)         | (6,088.2)          | (4,030.9)         | (4,213.1)          | (1,292.4)         | (1,196.1)          | 1,990.3           | 2,001.1            | (985.9)           | (1,116.9)          | 5,384.9           | 5,005.8            |
| Georgia                                                                         | (181.0)           | (83.6)             | 2,534.6           | (770.0)            | (848.7)           | (1,110.5)          | 1,020.0           | (199.2)            | (244.4)           | (11.2)             | 5,270.5           | 1,331.7            |
| Germany                                                                         | 2,931.6           | 14,419.0           | (30,923.2)        | 15,602.3           | 38,507.4          | 8,880.1            | 40,694.9          | (1,468.7)          | 59,119.8          | 41,304.0           | 1,179.4           | 353.8              |
| Hungary                                                                         | 1,671.4           | 1,613.2            | 195.6             | (5.3)              | 491.3             | 14.3               | (160.7)           | (71.6)             | 232.9             | 196.4              | (7.6)             | 291.8              |
| Iran, Islamic Rep. of                                                           | (31.3)            | 85.8               | (149.9)           | -                  | -                 | -                  | -                 | -                  | 14,563.8          | 19.4               | 2,746.3           | 11.9               |

| Country             | 2017              |                    | 2018              |                    | 2019              |                    | 2020              |                    | 2021              |                    | 2022              |                    |
|---------------------|-------------------|--------------------|-------------------|--------------------|-------------------|--------------------|-------------------|--------------------|-------------------|--------------------|-------------------|--------------------|
|                     | Total investments | Direct investments | Total investments | Direct investments | Total investments | Direct investments | Total investments | Direct investments | Total investments | Direct investments | Total investments | Direct investments |
| Ireland             | 650.9             | 634.4              | 1,570.6           | 1,436.4            | -                 | -                  | 349.1             | 349.1              | 567.0             | 567.0              | 1,144.4           | 1,144.4            |
| Italy               | (776.6)           | (685.4)            | 450.2             | 130.3              | 37,725.0          | 12,954.0           | 18,606.0          | 6,477.0            | 23,978.7          | 17,958.1           | 8,010.0           | 6,675.0            |
| Japan               | -                 | -                  | -                 | -                  | -                 | -                  | -                 | -                  | 1,872.0           | -                  | (6,545.3)         | -                  |
| Kazakhstan          | -                 | -                  | -                 | -                  | -                 | -                  | -                 | -                  | -                 | -                  | (74.3)            | -                  |
| Lebanon             | (6,848.6)         | (6,711.5)          | 6,615.5           | 4,859.8            | (7,580.0)         | (7,430.3)          | 36.4              | 36.4               | 36.2              | 36.2               | 44.3              | 44.3               |
| Luxembourg          | 2,890.1           | (21,891.2)         | 1,724.6           | (1,067.1)          | 6,354.3           | (1,291.6)          | 10,712.8          | 7,072.1            | 6,009.1           | 3,956.4            | 3,973.7           | 3,917.6            |
| Netherlands         | (12,329.8)        | 2,928.4            | (14,674.7)        | (4,150.3)          | 1,228.7           | 1,481.3            | (21,707.7)        | (21,963.0)         | (3,443.1)         | (5,097.4)          | (24,005.5)        | (20,656.6)         |
| Panama              | 1,053.5           | (212.8)            | (280.2)           | -                  | (66.4)            | -                  | (896.1)           | -                  | 92.4              | -                  | (494.9)           | -                  |
| Russian Federation  | (9,752.3)         | (12,073.1)         | 43,507.1          | 60,194.3           | 80,405.0          | 12,592.9           | (79,364.4)        | (59,616.7)         | 7,252.2           | 17,787.5           | 158,580.8         | 108,982.7          |
| Slovenia            | 3.6               | 3.6                | (6.4)             | (6.4)              | 2.6               | 2.6                | 0.4               | 0.4                | (0.3)             | (0.3)              | (0.8)             | (0.8)              |
| Switzerland         | 328.0             | 275.6              | 322.8             | 257.4              | 1,460.8           | 1,326.1            | 769.0             | 759.1              | (96.2)            | (267.0)            | 1,049.3           | 1,099.8            |
| UAE                 | 492.3             | 480.9              | 567.0             | 587.7              | 761.3             | 761.3              | (66.6)            | (85.4)             | (81.2)            | (38.3)             | 2,131.1           | 1,484.5            |
| Ukraine             | 188.3             | 188.3              | 110.9             | 110.9              | (57.1)            | (57.1)             | (350.8)           | (350.8)            | -                 | -                  | -                 | -                  |
| United Kingdom      | 394.9             | 1,648.2            | 4,052.0           | 745.8              | (3,552.1)         | (1,304.7)          | 3,260.1           | (1,661.9)          | 7,551.8           | 5,388.9            | 4,574.9           | (1,062.8)          |
| Jersey              | 107,888.2         | 107,888.2          | 20,640.0          | 20,640.0           | -                 | -                  | (406.9)           | (406.9)            | -                 | -                  | -                 | -                  |
| United States       | (2,069.0)         | 592.5              | 1,472.8           | 1,388.3            | 1,262.6           | (289.5)            | 796.6             | (1,575.2)          | 1,834.0           | 1,564.5            | 291.4             | 603.7              |
| Uzbekistan          | -                 | -                  | (0.8)             | (0.8)              | -                 | -                  | -                 | -                  | -                 | -                  | -                 | -                  |
| Republic of Artsakh | -                 | -                  | (619.9)           | (619.9)            | -                 | -                  | 244.7             | 244.7              | 82.6              | 82.6               | 142.8             | 142.8              |
| Other countries     | (7,795.5)         | 391.1              | 19,632.2          | (4,448.1)          | (58,935.3)        | (61,647.5)         | 36,522.4          | 36,910.3           | 2,309.6           | 6,041.3            | 36,058.0          | 34,028.0           |

Source: Central Bank of Armenia, Statistical Committee of Armenia, 2023

## 7.2 ANNEX 2. GROSS INFLOWS AND STOCKS OF FOREIGN AND DIRECT INVESTMENTS BY COUNTRIES, 2014-2022 (MLN AMD)

| Country                           | 2017               |                    | 2018               |                    | 2019                |                    | 2020                |                    | 2021                |                    | 2022                |                    |
|-----------------------------------|--------------------|--------------------|--------------------|--------------------|---------------------|--------------------|---------------------|--------------------|---------------------|--------------------|---------------------|--------------------|
|                                   | Gross inflow       |                    | Gross inflow       |                    | Gross inflow        |                    | Gross inflow        |                    | Gross inflow        |                    | Gross inflow        |                    |
|                                   | Total investments  | Direct investments | Total investments  | Direct investments | Total investments   | Direct investments | Total investments   | Direct investments | Total investments   | Direct investments | Total investments   | Direct investments |
| <b>Total investments</b>          | <b>7,398,354.0</b> | <b>3,869,374.1</b> | <b>8,606,645.6</b> | <b>4,160,544.8</b> | <b>10,029,261.1</b> | <b>4,444,546.7</b> | <b>10,970,707.1</b> | <b>4,688,110.4</b> | <b>12,320,909.8</b> | <b>5,091,452.0</b> | <b>13,597,294.9</b> | <b>5,507,217.2</b> |
| <i>of which:</i>                  |                    |                    |                    |                    |                     |                    |                     |                    |                     |                    |                     |                    |
| Russian Federation                | 2,664,737.1        | 1,801,337.4        | 3,137,352.2        | 2,003,430.0        | 3,617,505.1         | 2,185,368.8        | 3,978,425.1         | 2,371,637.3        | 4,683,720.9         | 2,629,523.5        | 5,592,328.1         | 2,933,178.3        |
| France                            | 522,927.9          | 465,170.8          | 532,462.3          | 467,597.5          | 544,731.3           | 474,050.4          | 551,824.3           | 476,062.2          | 562,793.2           | 480,870.3          | 576,649.5           | 488,955.1          |
| Germany                           | 829,850.3          | 197,456.6          | 1,112,788.5        | 217,894.9          | 1,441,186.4         | 227,814.8          | 1,755,686.5         | 240,052.8          | 2,001,484.8         | 288,090.9          | 2,011,142.9         | 295,116.6          |
| Cyprus                            | 583,554.3          | 88,040.3           | 625,160.9          | 98,976.8           | 669,933.4           | 114,824.6          | 718,548.2           | 121,317.1          | 707,357.8           | 140,252.5          | 772,040.0           | 169,381.1          |
| Argentina                         | 302,689.9          | 160,589.4          | 305,280.3          | 163,179.8          | 314,230.0           | 172,129.5          | 306,714.0           | 164,613.5          | 321,189.4           | 179,088.9          | 336,666.8           | 194,566.3          |
| Greece                            | 196,125.9          | 123,581.5          | 196,125.9          | 123,581.5          | 196,125.9           | 123,581.5          | 196,125.9           | 123,581.5          | 196,125.9           | 123,581.5          | 196,125.9           | 123,581.5          |
| Lebanon                           | 260,791.5          | 105,008.8          | 292,577.9          | 114,368.6          | 313,393.0           | 121,938.3          | 313,522.9           | 122,062.5          | 313,604.1           | 122,143.7          | 313,677.0           | 122,216.6          |
| Canada                            | 361,083.4          | 60,144.1           | 400,216.1          | 60,144.1           | 463,959.9           | 60,144.1           | 513,492.6           | 64,528.6           | 547,911.1           | 66,921.1           | 594,317.1           | 68,958.1           |
| United States                     | 213,156.8          | 123,509.3          | 217,643.2          | 126,110.5          | 225,593.6           | 127,602.4          | 233,472.6           | 128,810.5          | 244,340.2           | 131,342.7          | 249,760.8           | 133,089.2          |
| <b>Netherlands</b>                | <b>178,249.3</b>   | <b>12,797.7</b>    | <b>358,806.7</b>   | <b>15,208.6</b>    | <b>612,962.1</b>    | <b>32,761.0</b>    | <b>624,307.8</b>    | <b>33,856.5</b>    | <b>642,005.7</b>    | <b>40,304.7</b>    | <b>669,247.3</b>    | <b>43,477.7</b>    |
| United Kingdom                    | 283,027.5          | 94,454.7           | 358,679.7          | 95,297.3           | 432,981.3           | 93,992.6           | 493,393.5           | 94,692.6           | 549,559.2           | 98,580.0           | 606,517.0           | 98,352.1           |
| Switzerland                       | 128,594.5          | 92,533.1           | 129,455.0          | 92,817.7           | 132,544.9           | 95,168.2           | 134,658.7           | 96,693.6           | 135,361.3           | 97,141.8           | 137,279.3           | 98,965.1           |
| Luxembourg                        | 222,336.4          | 118,615.6          | 238,095.4          | 119,200.5          | 265,160.9           | 122,793.2          | 296,013.5           | 132,884.7          | 326,662.4           | 140,209.9          | 360,210.5           | 150,023.3          |
| Virgin Islands, Brit.             | 65,571.8           | 9,084.4            | 66,027.0           | 9,433.4            | 77,496.0            | 9,167.7            | 81,186.8            | 9,418.0            | 85,854.1            | 10,083.8           | 97,145.1            | 12,419.8           |
| Finland                           | 37,698.8           | 9,237.6            | 35,132.4           | 6,671.2            | 37,080.2            | 8,619.0            | 37,080.2            | 8,619.0            | 37,080.2            | 8,619.0            | 37,080.2            | 8,619.0            |
| Hungary                           | 59,693.4           | 1,873.5            | 68,368.8           | 1,868.2            | 77,472.6            | 1,882.5            | 87,998.2            | 1,810.8            | 97,961.7            | 1,944.3            | 107,397.3           | 2,236.1            |
| Italy                             | 29,252.7           | 28,207.8           | 30,852.4           | 29,296.2           | 90,397.6            | 43,737.0           | 113,040.4           | 53,112.2           | 139,950.7           | 72,164.5           | 152,309.8           | 79,822.5           |
| Liechtenstein                     | 23,159.8           | 2,519.0            | 23,159.8           | 2,519.0            | 23,159.8            | 2,519.0            | 23,159.8            | 2,519.0            | 23,159.8            | 2,519.0            | 23,159.8            | 2,519.0            |
| Ireland                           | 22,861.9           | 18,360.6           | 24,432.5           | 19,797.0           | 24,432.5            | 19,797.0           | 24,781.6            | 20,146.1           | 25,348.6            | 20,713.1           | 26,493.0            | 21,857.5           |
| Australia                         | 12,636.1           | 7,549.1            | 12,636.1           | 7,549.1            | 12,636.1            | 7,549.1            | 12,636.1            | 7,549.1            | 12,636.1            | 7,549.1            | 12,636.1            | 7,549.1            |
| Belgium                           | 12,555.6           | 10,944.0           | 12,928.9           | 10,962.0           | 13,280.2            | 10,950.4           | 13,429.2            | 10,943.1           | 13,569.5            | 10,944.6           | 13,717.7            | 10,950.5           |
| Panama                            | 10,984.2           | 2,198.3            | 10,984.2           | 2,198.3            | 10,984.2            | 2,198.3            | 10,984.2            | 2,198.3            | 10,984.2            | 2,198.3            | 10,984.2            | 2,198.3            |
| Seychelles                        | 13,660.0           | 11,603.4           | 13,660.0           | 11,603.4           | 13,660.0            | 11,603.4           | 13,660.0            | 11,603.4           | 13,660.0            | 11,603.4           | 13,660.0            | 11,603.4           |
| Bahamas                           | 5,184.7            | 398.0              | 5,184.7            | 398.0              | 5,184.7             | 398.0              | 5,184.7             | 398.0              | 5,184.7             | 398.0              | 5,184.7             | 398.0              |
| International organizations - BRD | 4,957.8            | 614.4              | 4,957.8            | 614.4              | 4,957.8             | 614.4              | 4,957.8             | 614.4              | 138,248.2           | 614.4              | 138,248.2           | 614.4              |



| Country               | 2017              |                    | 2018              |                    | 2019              |                    | 2020              |                    | 2021              |                    | 2022              |                    |
|-----------------------|-------------------|--------------------|-------------------|--------------------|-------------------|--------------------|-------------------|--------------------|-------------------|--------------------|-------------------|--------------------|
|                       | Gross inflow      |                    | Gross inflow      |                    | Gross inflow      |                    | Gross inflow      |                    | Gross inflow      |                    | Gross inflow      |                    |
|                       | Total investments | Direct investments | Total investments | Direct investments | Total investments | Direct investments | Total investments | Direct investments | Total investments | Direct investments | Total investments | Direct investments |
| Iran, Islamic Rep. of | 3,455.9           | 2,374.6            | 3,673.9           | 2,374.6            | 3,673.9           | 2,374.6            | 3,673.9           | 2,374.6            | 20,423.6          | 2,394.0            | 27,190.7          | 2,405.9            |
| UAE                   | 17,742.3          | 1,920.0            | 18,548.9          | 2,507.7            | 19,614.9          | 3,269.0            | 19,700.3          | 3,183.7            | 19,578.1          | 2,959.2            | 25,008.1          | 4,691.4            |
| Ukraine               | 2,110.5           | 1,750.6            | 2,221.4           | 1,861.5            | 2,164.2           | 1,804.3            | 2,130.8           | 1,770.9            | 2,130.8           | 1,770.9            | 2,130.8           | 1,770.9            |
| Cayman Islands        | 3,592.9           | 1,892.6            | 3,592.9           | 1,892.6            | 3,592.9           | 1,892.6            | 3,592.9           | 1,892.6            | 3,592.9           | 1,892.6            | 4,456.0           | 2,755.7            |
| Israel                | 1,884.3           | 1,884.3            | 1,884.3           | 1,884.3            | 1,884.3           | 1,884.3            | 1,884.3           | 1,884.3            | 1,884.3           | 1,884.3            | 1,884.3           | 1,884.3            |
| Spain                 | 1,720.1           | 1,318.7            | 1,720.1           | 1,318.7            | 1,720.1           | 1,318.7            | 1,720.1           | 1,318.7            | 1,720.1           | 1,318.7            | 1,720.1           | 1,318.7            |
| Denmark               | 1,572.6           | 332.5              | 1,572.6           | 332.5              | 1,572.6           | 332.5              | 1,572.6           | 332.5              | 1,572.6           | 332.5              | 1,572.6           | 332.5              |
| Syrian Arab Republ.   | 1,190.2           | 1,190.0            | 1,190.2           | 1,190.0            | 1,190.2           | 1,190.0            | 1,190.2           | 1,190.0            | 1,190.2           | 1,190.0            | 1,190.2           | 1,190.0            |
| Bulgaria              | 1,113.4           | 103.5              | 1,113.4           | 103.5              | 1,113.4           | 103.5              | 1,113.4           | 103.5              | 1,113.4           | 103.5              | 1,113.4           | 103.5              |
| Turkmenistan          | 1,111.5           | 1,111.5            | 1,111.5           | 1,111.5            | 1,111.5           | 1,111.5            | 1,111.5           | 1,111.5            | 1,111.5           | 1,111.5            | 1,111.5           | 1,111.5            |
| Turkey                | 775.0             | 775.0              | 775.0             | 775.0              | 775.0             | 775.0              | 775.0             | 775.0              | 775.0             | 775.0              | 775.0             | 775.0              |
| Cuba                  | 2,453.3           | 2,453.3            | 3,333.8           | 3,333.8            | 4,571.4           | 4,571.4            | 5,654.1           | 5,654.1            | 7,283.6           | 7,283.6            | 9,199.8           | 9,199.8            |
| China                 | 542.4             | 536.4              | 542.4             | 536.4              | 534.9             | 528.9              | 498.6             | 491.8              | 669.3             | 660.8              | 607.1             | 596.9              |
| Slovenia              | 1,980.5           | 1,980.5            | 2,261.9           | 2,261.9            | 2,603.4           | 2,603.4            | 2,882.2           | 2,882.2            | 3,147.8           | 3,147.8            | 3,480.6           | 3,480.6            |
| Croatia               | 917.0             | 359.9              | 999.2             | 366.0              | 1,034.3           | 401.1              | 1,036.5           | 403.3              | 975.2             | 342.0              | 978.0             | 344.8              |
| Poland                | 423.3             | 423.3              | 423.3             | 423.3              | 423.3             | 423.3              | 423.3             | 423.3              | 423.3             | 423.3              | 423.3             | 423.3              |
| Monaco                | 304.7             | 154.9              | 304.7             | 154.9              | 304.7             | 154.9              | 304.7             | 154.9              | 304.7             | 154.9              | 304.7             | 154.9              |
| Liberia               | 265.1             | 265.1              | 265.1             | 265.1              | 265.1             | 265.1              | 265.1             | 265.1              | 265.1             | 265.1              | 265.1             | 265.1              |
| Georgia               | 5,522.7           | 130.9              | 8,487.2           | (517.8)            | 8,092.1           | (1,628.2)          | 10,888.1          | (1,827.5)          | 11,406.7          | (1,838.7)          | 16,688.4          | (507.0)            |
| Austria               | 193.9             | 188.3              | 193.9             | 188.3              | 613.6             | 608.0              | 894.9             | 889.3              | 1,512.6           | 1,507.0            | 2,165.3           | 2,159.7            |
| Kuwait                | 170.4             | 63.3               | 170.4             | 63.3               | 170.4             | 63.3               | 170.4             | 63.3               | 170.4             | 63.3               | 170.4             | 63.3               |
| Belarus               | 1,683.8           | 83.2               | 1,939.9           | 83.1               | 1,939.9           | 83.1               | 1,941.6           | 84.8               | 1,948.5           | 91.7               | 1,947.3           | 90.5               |
| Egypt                 | 61.5              | 61.5               | 61.5              | 61.5               | 61.5              | 61.5               | 61.5              | 61.5               | 61.5              | 61.5               | 61.5              | 61.5               |
| India                 | 47.5              | 47.5               | 47.5              | 47.5               | 47.5              | 47.5               | 47.5              | 47.5               | 47.5              | 47.5               | 47.5              | 47.5               |
| Czech Republic        | 42.8              | 8.7                | 42.8              | 8.7                | 56.0              | 21.9               | (148.1)           | (182.2)            | (6.8)             | (40.9)             | (93.0)            | (127.1)            |
| Slovakia              | 36.0              | 36.0               | 36.0              | 36.0               | 36.0              | 36.0               | 36.0              | 36.0               | 36.0              | 36.0               | 36.0              | 36.0               |
| Belize                | 2,218.0           | 2,218.0            | 4,038.5           | 4,038.5            | 6,920.8           | 6,920.8            | 7,301.7           | 7,301.7            | 7,596.6           | 7,596.6            | 7,853.7           | 7,853.7            |
| Nigeria               | 20.5              | 20.5               | 20.5              | 20.5               | 20.5              | 20.5               | 20.5              | 20.5               | 20.5              | 20.5               | 20.5              | 20.5               |
| Kazakhstan            | 9.3               | 9.3                | 9.3               | 9.3                | 9.3               | 9.3                | 9.3               | 9.3                | 9.3               | 9.3                | 58.5              | 9.3                |

| Country             | 2017              |                    | 2018              |                    | 2019              |                    | 2020              |                    | 2021              |                    | 2022              |                    |
|---------------------|-------------------|--------------------|-------------------|--------------------|-------------------|--------------------|-------------------|--------------------|-------------------|--------------------|-------------------|--------------------|
|                     | Gross inflow      |                    | Gross inflow      |                    | Gross inflow      |                    | Gross inflow      |                    | Gross inflow      |                    | Gross inflow      |                    |
|                     | Total investments | Direct investments | Total investments | Direct investments | Total investments | Direct investments | Total investments | Direct investments | Total investments | Direct investments | Total investments | Direct investments |
| New Zealand         | 1.4               | 1.4                | 1.4               | 1.4                | 1.4               | 1.4                | 1.4               | 1.4                | 1.4               | 1.4                | 1.4               | 1.4                |
| Latvia              | 0.8               | 0.8                | 0.8               | 0.8                | 0.8               | 0.8                | 0.8               | 0.8                | 0.8               | 0.8                | 0.8               | 0.8                |
| Republic of Artsakh | 0.2               | -                  | (619.7)           | (619.9)            | (619.7)           | (619.9)            | (375.0)           | (375.2)            | (292.4)           | (292.6)            | (149.6)           | (149.8)            |
| Tajikistan          | 0.1               | 0.1                | 0.1               | 0.1                | 0.1               | 0.1                | 0.1               | 0.1                | 0.1               | 0.1                | 0.1               | 0.1                |
| Japan               | 0.1               | 0.1                | 0.1               | 0.1                | 0.1               | 0.1                | 0.1               | 0.1                | 25,706.1          | 0.1                | 46,893.2          | 0.1                |
| Romania             | 0.1               | 0.1                | 0.1               | 0.1                | 0.1               | 0.1                | 0.1               | 0.1                | 0.1               | 0.1                | 0.1               | 0.1                |
| Iceland             | 0.1               | 0.1                | 0.1               | 0.1                | 0.1               | 0.1                | 0.1               | 0.1                | 0.1               | 0.1                | 0.1               | 0.1                |
| Norway              | (0.2)             | (0.2)              | (0.2)             | (0.2)              | (0.2)             | (0.2)              | (0.2)             | (0.2)              | (0.2)             | (0.2)              | (0.2)             | (0.2)              |
| Uzbekistan          | 5.5               | 5.5                | 4.7               | 4.7                | 4.7               | 4.7                | 4.7               | 4.7                | 4.7               | 4.7                | 4.7               | 4.7                |
| Jersey              | 118,007.4         | 118,007.4          | 138,647.4         | 138,647.4          | 138,647.4         | 138,647.4          | 141,880.3         | 141,880.3          | 141,880.3         | 141,880.3          | 141,880.3         | 141,880.3          |
| Other countries     | 181,835.5         | 181,835.5          | 195,060.0         | 195,060.0          | 204,059.0         | 204,059.0          | 214,157.2         | 214,157.2          | 226,890.7         | 226,890.7          | 242,318.3         | 242,318.3          |

Source: Central Bank of Armenia, Statistical Committee of Armenia, 2023

### 7.3 ANNEX 3. MAIN RE-EXPORT MARKETS OF ARMENIA IN 2017-2022 (USD)

| Country              | 2017         | 2018         | 2019         | 2020         | 2021         | 2022         |
|----------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Italy                | 32,947,029.4 | 40,956,731.5 | 44,627,121.7 | 32,746,359.6 | 46,011,032.3 | 46,815,896.5 |
| Belgium              | 9,052,840.7  | 12,725,070.1 | 18,862,115.0 | 15,590,276.8 | 27,823,670.2 | 44,298,204.5 |
| Germany              | 17,919,908.8 | 30,807,645.1 | 33,256,372.5 | 21,294,990.9 | 30,996,036.0 | 37,271,440.1 |
| United Arab Emirates | 29,082,889.3 | 31,550,136.4 | 25,536,314.6 | 12,069,886.9 | 30,314,738.4 | 30,791,390.8 |
| Slovakia             | -            | -            | -            | 7,938,173.6  | 13,510,485.6 | 21,175,501.8 |
| Georgia              | 6,851,645.3  | 7,970,166.5  | 5,046,877.2  | 5,564,356.8  | 5,795,794.3  | 12,304,056.0 |
| USA                  | 2,188,603.1  | 7,889,144.4  | 8,633,628.0  | 4,585,573.6  | 2,898,481.3  | 9,556,495.9  |
| Israel               | 126,190.2    | 5,883,414.4  | 5,394,608.3  | 1,873,800.6  | 5,858,393.0  | 6,368,454.0  |
| Iraq                 | 711,795.9    | 1,606,852.2  | 2,404,555.0  | 1,897,860.0  | 1,984,056.1  | 6,164,481.5  |
| Switzerland          | 11,163,776.6 | 31,344,329.5 | 38,151,646.5 | 28,192,821.8 | 9,357,953.6  | 5,861,097.2  |
| Iran                 | 2,240,218.6  | 87,173.6     | 734,319.5    | 2,122,407.9  | 2,446,805.2  | 2,569,534.3  |
| Turkmenistan         | 734,561.0    |              | 230,000.0    |              | 690,000.0    | 1,950,775.8  |
| Lithuania            | 309,844.0    | 133,564.3    | 103,219.9    | -            | 232,564.2    | 1,513,982.2  |
| Bulgaria             | 46,008.3     | 48,237.3     | 264,978.2    | 699,055.0    | 72,982.3     | 1,235,832.0  |
| Austria              | 72,968.7     | 2,872.2      | -            | 439,605.1    | 176,365.2    | 1,095,654.6  |
| Canada               | 3,123,173.0  | 10,253,427.7 | 8,056,998.2  | 2,508,181.9  | 1,382,901.1  | 940,569.0    |
| China                | 735,168.8    | 9,686,850.9  | 12,059,169.6 | 3,025,758.4  | 980,649.4    | 911,642.0    |
| Viet Nam             | -            | 83,314.0     | 73,100.0     | 822,305.5    | 740,600.0    | 856,398.7    |
| France               | 614,304.0    | 2,946,920.9  | 2,010,692.4  | 933,237.2    | 498,440.4    | 625,723.2    |
| Uzbekistan           | -            | -            | 46,195.8     | 262,456.5    | -            | 490,564.9    |
| Thailand             | 8,120,813.9  | 593,802.7    | 789,840.3    | 113,082.4    | 35,060.4     | 442,469.6    |
| Latvia               | 992,933.5    | 1,119,285.1  | 770,032.3    | 315,527.5    | 336,569.1    | 376,185.0    |
| Singapore            | 537,669.9    | -            | 87,964.8     | 164,601.5    | 622,128.9    | 309,139.5    |
| Japan                | 74,424.6     | 111,951.0    | 84,723.3     | 108,712.5    | 97,462.5     | 238,897.0    |
| United Kingdom       | 1,017,807.2  | 450,266.2    | 26,693.0     | 10,832.4     | 17,620.3     | 238,073.7    |
| Ukraine              | 157,353.9    | 234,919.4    | 176,423.0    | 287,490.5    | 174,069.6    | 198,389.3    |
| Türkiye              | 75,030.7     | 984,142.3    | 1,169,431.5  | 8,565.2      | 134,230.8    | 189,737.0    |

| Country              | 2017        | 2018        | 2019        | 2020        | 2021      | 2022      |
|----------------------|-------------|-------------|-------------|-------------|-----------|-----------|
| Mongolia             | -           | -           | 155,530.0   | 83,600.0    | -         | 168,585.0 |
| Afghanistan          | 60,000.0    | -           | -           | -           | 323,998.5 | 111,800.0 |
| Netherlands          | 66,661.1    | 22,393.1    | 762,571.0   | 1,411,513.1 | 401,025.1 | 110,857.0 |
| China, Hong Kong SAR | 481,505.7   | 50,132.3    | 642,902.6   | 331,490.0   | 152,206.5 | 109,399.6 |
| Egypt                | -           | -           | -           | -           | -         | 49,167.2  |
| India                | 26,300.0    | -           | 35,070.0    | 296,875.2   | 3,250.0   | 36,047.9  |
| Romania              | 47,708.2    | -           | 26,054.5    | 42,874.9    | 68,897.2  | 23,349.2  |
| Estonia              | -           | -           | -           | -           | -         | 22,227.9  |
| Kuwait               | -           | 29,580.0    | 10,200.0    | 190,750.0   | -         | 9,000.0   |
| Rep. of Korea        | 10.0        | 388.0       | 33,000.0    | 2,600.0     | -         | 7,420.0   |
| Hungary              | 1,272,544.8 | 173,145.4   | 470,734.4   | 137,459.1   | 3,685.7   | 6,548.3   |
| Australia            | -           | -           | -           | -           | -         | 894.0     |
| Indonesia            | -           | -           | -           | -           | -         | 308.4     |
| Luxembourg           | 4,150.8     | 205.5       | -           | -           | -         | 298.0     |
| Ireland              | 5,318.4     | -           | 66,237.2    | 256.9       | -         | 257.4     |
| Finland              | -           | -           | -           | -           | 683.7     | 10.4      |
| Areas, n.e.s.        | 7,179,154.9 | 7,053,192.0 | -           | -           | -         | -         |
| Bahrain              | -           | -           | -           | 90,500.0    | -         | -         |
| Brazil               | -           | 75,240.0    | -           | -           | -         | -         |
| Cyprus               | 119,625.7   | -           | 55,021.8    | -           | -         | -         |
| Czechia              | 108,245.5   | 664,932.3   | 1,162,351.1 | 508,386.2   | 3,888.8   | -         |
| Denmark              | 1,150.2     | -           | -           | 81,245.5    | 596.8     | -         |
| Greece               | 118,639.6   | 195,277.4   | 156,707.1   | 4,727.5     | -         | -         |
| Jordan               | 2.0         | -           | -           | -           | 820.0     | -         |
| Lebanon              | 30,546.4    | -           | 40,943.1    | -           | -         | -         |
| Libya                | -           | 1,026,886.9 | 349,564.0   | -           | -         | -         |
| Malta                | -           | -           | -           | -           | 300.0     | -         |
| Rep. of Moldova      | -           | -           | 17,062.1    | -           | 185,742.3 | -         |
| New Zealand          |             |             |             |             | 14,327.6  | -         |

| Country             | 2017                 | 2018                 | 2019                 | 2020                 | 2021                 | 2022                 |
|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Poland              | 223.0                | 155,708.9            | 778,639.4            | 128,682.2            | 12,688.1             | -                    |
| Portugal            | 412,768.9            | 395,407.5            | 371,053.8            | -                    | 37,500.0             | -                    |
| Qatar               | -                    | -                    | -                    | 1,261.8              | -                    | -                    |
| Russian Federation  | 109,922.5            | 850,000.0            | -                    | -                    | -                    | -                    |
| Saudi Arabia        | 6,100.0              | 7,100.0              | -                    | -                    | 470,126.9            | -                    |
| Seychelles          | -                    | -                    | -                    | -                    | 2,365.9              | -                    |
| Spain               | 1,384,285.9          | -                    | 7,108.9              | 957.7                | 215,884.7            | -                    |
| Sweden              | 15,593.2             | -                    | 348,302.1            | 6,052.7              | 4,104.0              | -                    |
| Syria               | 37,807.8             | 17,747.2             | -                    | -                    | -                    | -                    |
| Trinidad and Tobago | -                    | 21,093.7             | -                    | -                    | -                    | -                    |
| <b>TOTAL</b>        | <b>140,385,223.4</b> | <b>208,208,647.6</b> | <b>214,086,073.6</b> | <b>146,895,152.5</b> | <b>185,091,182.1</b> | <b>235,446,756.1</b> |

Source: UN COMTRADE, 2023

- 7.4 ANNEX 4. DATABASE OF EXPORT RELATED LEGISLATION OF ARMENIA APPLYING TO GOODS SUBJECT TO EXPORT TO THE NETHERLANDS**
- 7.5 ANNEX 5. DATABASE OF IMPORT RELATED LEGISLATION OF ARMENIA APPLYING TO GOODS SUBJECT TO IMPORT TO ARMENIA FROM THE NETHERLANDS**
- 7.6 ANNEX 6. DATABASE OF LAWS AND REGULATIONS RELATED TO CHARITY DONATIONS AND EXEMPTIONS FROM THE TAXES AND CUSTOMS DUTIES**
- 7.7 ANNEX 7. DATABASE OF LEGAL DOCUMENTS OF THE EAEU REGULATING EXPORT AND IMPORT**
- 7.8 ANNEX 8. DATABASE OF OTHER LEGAL ACTS OF THE REPUBLIC OF ARMENIA REGULATING EXPORT AND IMPORT PROCEDURES**
- 7.9 ANNEX 9. AGREEMENTS AND CONVENTIONS SIGNED BETWEEN THE KINGDOM OF NETHERLANDS AND REPUBLIC OF ARMENIA**