



EU-Armenia Comprehensive and Enhanced Partnership Agreement (CEPA)

Second Meeting of the EU - Armenia Partnership Committee in Trade configuration

17 October 2019, Brussels

Joint Minutes

The second meeting of the EU-Armenia Partnership Committee in Trade Configuration took place in Brussels on 17 October 2019. It was chaired by DG TRADE and co-chaired by the Deputy Minister of Economy of Armenia. From the Armenian side representatives of all line ministries and other relevant Bodies participated. Also the main line DGs of the EU Commission as well as EEAS participated in the meeting.

1. Opening of the meeting

After welcoming each other, both Parties underlined the progress made in implementation of the trade title of the Comprehensive and Enhanced Partnership Agreement (CEPA) since the first meeting of the Trade Partnership Committee in Yerevan in September 2018, as well as the important structural adjustments that are ongoing in almost all areas of the Armenian economy. They emphasised the importance of the meeting to bring the implementation agenda further forward, adopt the decision establishing the list of arbitrators and reach progress on agreeing to the EU assistance package for the gradual phase-out of the use of the geographical indication (GI) “Cognac” for products originating in Armenia, in line with Article 237 CEPA.

The EU also thanked Armenia for its contribution to the debate on the future strategic direction of the Eastern Partnership and invited it to send a written contribution before the end of the month.

2. Adoption of the Agenda

The Agenda was adopted without any changes and the Parties agreed to its publication.

3. Recent trends in the field of trade and investment

Both Parties underlined the positive dynamics of the Armenian economy and the importance of the bilateral trade relations between the EU and Armenia, with the EU continuing to be Armenia's second trading partner, its main export market and its second most important source of imports. Armenia mentioned the reform of its public investment system and the signature of additional investment agreements and underlined the importance of (mainly direct) EU investment. The EU also welcomed Armenia's reform efforts and congratulated it for the improvement of its ranking in the 2019 World Bank's "Doing Business Survey" and in the World Economic Forum's "Global Competitiveness Report".

4. Implementation of the Comprehensive and Enhanced Partnership Agreement (CEPA) – TITLE VI

4.1. Armenia - EU cooperation for the implementation of Article 237 (IPR)

4.1.1. Cognac - State of Play of the selection process on the new name

The EU reiterated the importance to come to a swift agreement on the EU technical and financial assistance needed for the gradual phase-out of the use of the geographical indication (GI) "Cognac" for products originating in Armenia, in line with Article 237 CEPA. It underlined the need for Armenia to accomplish internal procedures for selecting a new name in line with Articles 237 and 233.1 CEPA and using available EU support for gradual phase-out of the use of the geographical indication (GI) "Cognac". Both Parties underlined the sensitivity of the issue. Armenia confirmed that, after several stakeholders' meetings, the process of selecting a new name is in the final stage and that it will keep the EU closely informed on the process.

4.1.2. EAEU Technical Regulation and exports of Armenian brandy to Russia

The EU expressed concerns regarding the new EAEU Technical Regulation on Safety of Alcoholic Products (TR), in particular relating to the requirement to include a reference to "cognac" in Cyrillic and other non-Latin alphabet languages on the label of Armenian brandy when exported to EAEU members. The EU considered that this could contravene Article 237 CEPA if this requirement persists beyond the transition periods foreseen in that Article.

Armenia explained that it started consultations with other EAEU members and that it had initiated a (draft) order of the EAEU Council to review the TR to find out any

possible contradictions in order to comply with Armenia's commitments within CEPA. Armenia will keep the EU closely informed on the developments.

Armenia also confirmed that, in line with its CEPA obligations, the use of the name "Champagne" will be fully phased out (including in non-Latin characters) for Armenian products by June 2020 in Armenia (and by June 2021 for exports).

4.1.3. Exchanges on next steps regarding financial and technical assistance

Armenia explained that it has identified the foundation that will be responsible for the coordination of the rebranding of Armenian "Cognac".

In light of initial actions required for rebranding - independent on the rebranding option/name eventually selected - Armenia requested initial assistance to start up the rebranding process. For this purpose the Parties agreed to set up a meeting to plan assistance for brand creation and brand support activities and develop a detailed plan of actions with a view to mobilise relevant support as soon as possible.

Armenia further inquired whether it could also benefit from technical assistance from France.

4.1.4. Short debrief on the GI Subcommittee meeting of 16 October 2019

The Trade Partnership Committee was shortly briefed on the first meeting of the GI subcommittee that took place the preceding day. During this meeting, the Parties were reminded of the objectives of the GI subcommittee, they agreed on the designated contact points and provisionally agreed on draft Rules of Procedure (subject to internal approval procedures). They also updated each other on policy and legislative developments and discussed the phase-out obligations relating to the names "Cognac" and "Champagne" for products originating in Armenia, as well as the EAEU TR on Safety of Alcoholic Products, in particular relating to the GIs Cognac, Calvados and Champagne. They provisionally agreed to organize the next GI subcommittee in Yerevan, back-to-back with the Trade Partnership Committee.

4.2. Roadmap for CEPA implementation:

4.2.1 Intellectual Property Rights (measures to implement Chapter 7, including update on the exhaustion regime in the EAEU)

Armenia explained its ongoing legislative process with regard to patents, designs, copyright and trademark laws. It underlined that all draft laws are published in

Armenian and are in line with EU legislation and CEPA. Armenia will send an English version of the drafts as soon as translation is completed.

Armenia ensured that in the territory of Armenia, the regime of regional exhaustion will apply to European right-holders, in line with CEPA.

4.2.2 Trade in Goods (measures to implement Chapter 1)

The Parties discussed the steps Armenia is undertaking to work towards the implementation of the priority actions. Armenia confirmed that it currently does not apply export duties, VAT or excise tax to exported products, and there are no specific provisions in the legislation for the remanufactured goods. The EU stressed in particular the importance to put in place internal legislation clearly prohibiting export duties.

4.2.3 Transparency (measures to implement Chapter 12)

Armenia confirmed that no additional measures are needed to implement Article 311 CEPA on transparency. It also agreed to provide the English versions of its legislation concerning publication obligations.

4.2.4 Technical Barriers to Trade (TBT) (measures to implement Chapter 3)

Armenia confirmed that it is complying with the commitment to carry out public consultations for future technical regulations/conformity assessment procedures and that these are open to EU persons. Further, it confirmed that Armenia accepts stickers/non-permanent markers concerning marking and labelling. The Parties agreed on the importance of the implementation of Article 130.3 CEPA, which provides that the Parties shall endeavour to establish and maintain a process through which gradual approximation of the technical regulations, standards and conformity assessment procedures of the Republic of Armenia to those of the EU can be achieved.

4.2.5 Sanitary measures (measures to implement Chapter 4)

Armenia gave a presentation on the implementation of the SPS Roadmap conducted under CEPA. It informed that particular emphasis is made on: 1) establishing traceability systems for animals and animal products; 2) the application of Hazard Analysis of Critical Control Points (HACCP) and hygiene guidelines by food factories (slaughterhouses and others); 3) the credibility of official export certifications systems and 4) the introduction of risk-based inspections by the SPS authorities. The EU

thanked Armenia for this overview and confirmed that the right priorities were underlined.

The EU referred to the Eastern Partnership Trade Panel that was held last summer and had focussed on SPS issues with an emphasis on EU import rules and procedures, and thanked ARM for its active participation. It also underlined the need for Armenia to follow up on the non-compliances found by DG SANTE during an audit on residue monitoring programmes (RMP) and referred to the successful entering into force of the 13 veterinary harmonised certificates for exports from EU Member States (MSs) to Armenia. Finally, the EU mentioned the recent decision supported by the EU MSs to authorise Armenia for exporting snails to the EU.

Armenia acknowledged the importance of the RMP-file and the need to timely reply and the Parties agreed to organise a technical meeting on TRACES with a view to possibly updating the certificates.

4.2.6 Services (measures to implement Chapter 5)

Concerning financial services, the Central Bank of Armenia stressed that EU standards had already been taken into account and were consistent with CEPA provisions on market access and national treatment. Armenia underlined they were closely following legislative developments in the EU and would subsequently approximate their law. Regarding Postal Services, Armenia indicated that the current law does not conflict with the CEPA. The development of the new postal law is subject to stakeholder consultation and expected to be submitted to the Cabinet in March 2020. The legal reform is stipulated by the recent developments in the postal sector and would mark significant progress towards approximation. Milestones of the new law were rules on digital platforms and Fintech.

The EU welcomed the progress achieved and recalled the main deliverables: postal and transport services.

4.2.7 Customs (measures to implement Chapter 2, including planning the first meeting of the customs sub-committee)

The EU confirmed that the implementation by Armenia of the CEPA customs provisions is proceeding well and thanked Armenia for its fruitful participation in the Eastern Partnership activities, including in the workshop on IPR border measures held at the end of last September.

Armenia promised to provide clarification on real simplification of customs procedures (e.g. submitting customs declaration without hard copies of documents, automatic

release of goods) as well as on the Authorised Economic Operators (AEO) Programme. It highlighted the great efforts made to modernize customs procedures and pointed at the new law on the “one stop shop” principle to be fully implemented by 2022. Furthermore, Armenia considered that it has fully implemented its obligations under Articles 124 (Mutual administrative assistance) and 125 (customs valuation) CEPA. The Parties agreed that these topics will be further discussed in the first meeting of the Customs subcommittee, provisionally planned to take place in Yerevan next March 2020.

4.2.8 Current payments (measures to implement Chapter 6)

The EU and Armenia discussed the steps Armenia has undertaken to work towards the full implementation of provisions on current payments and movement of capital. Armenia confirmed that all provisions relating to Chapter 6 CEPA that apply provisionally are already implemented.

4.2.9 Public Procurement (measures to implement Chapter 8)

Armenia confirmed that its obligations relating to chapter 8 CEPA on public procurement are fulfilled and that all acts mentioned in its roadmap for implementation of the trade title have been adopted. Armenia also agreed to provide statistics showing the number of procurements that fall within the scope of the GPA/CEPA.

4.2.10 Competition (measures to implement Chapter 10)

Armenia informed on the progress of amending its Competition Law: the proposed changes have been approved by the Armenian Government on 26 September 2019 and submitted to the Armenian Parliament according to the applicable procedure.

After the adoption of the draft law, it is also envisaged to develop and adopt relevant guidelines or other legal acts on provision of state aid.

Armenia further clarified that by the Armenian Law "On Protection of Economic Competition", “goods” mean any object of civil law, including property, work, service (including financial) which is designated for sale. Armenia explained that the reference to “other exceptional circumstances” is to be understood broadly, including territorial peculiarities, development of particular sectors, ecological issues, etc. It also explained that the fines are being calculated as a percentage when the fine can be calculated based on revenue, whereas in other cases fines are calculated up to relevant amount considering any relevant mitigating and aggravating circumstances.

4.2.11 State owned enterprises (SOEs) (measures to implement Chapter 11)

Armenia confirmed that it has not enacted any specific legal provisions for SOEs as regards commercial considerations and non-discriminatory treatment. Armenia considers that the general rules of the competition law, applicable to all enterprises, sufficiently cover these points also for SOEs. The EU expressed doubts and stated that it will revert to Armenia on this point.

Armenia is in a process of compiling a database of all special rights and privileges granted by various laws, and will then review the privileges with an overall aim of furthering liberalisation. It mentioned that technical assistance from the EU might be needed in this process.

4.2.12 Dispute Settlement (measures to implement Chapter 13)

The Partnership Committee in Trade Configuration adopted the decision establishing the list of arbitrators. The Parties discussed the need to revise the list to replace one of the Armenian arbitrators. For this purpose, Armenia proposed a new individual to serve as arbitrator for EU consideration. The Parties also agreed to consider each proposing a few additional arbitrators on their respective sub-lists and the list of the chairpersons.

The EU explained that further revisions should be made to the draft Rules of Procedure and promised to send a revised draft for Armenia's review.

4.2.13 Trade and Sustainable Development (measures to implement Chapter 9)

The EU and Armenia discussed CEPA's provisions on respect of multilateral labour and environmental agreements, which aim at ensuring that labour and environmental standards are not lowered in order to attract trade. Armenia updated on the state of play on improvement of the existing control system to ensure a fully-fledged and effective labour inspection and provided timelines for finalising a roadmap on the labour inspection (by October 2020) and for developing draft legislation (by October 2021). On the process of drafting amendments to the labour code, which aim to address, among other issues, gaps related to international labour standards, Armenia has established a working group of various stakeholders to develop necessary draft legislation by 2021. The EU expressed some concerns of the extended timelines, especially on the labour inspectorate while acknowledging the on-going work of the government. On environment, the EU noted the improved reporting efforts under environmental and climate conventions, with the exception of biodiversity, and the efforts to align

legislation with CITES. Armenia and the EU agreed to exchange further information on biodiversity.

5. Bilateral Trade Cooperation: GSP+ monitoring

The EU and Armenia discussed the question of the upcoming GSP+ report, which will be submitted to the Parliament and Council by the end of the year.

Armenia noted that the new Strategy on Human Rights Protection and 2020-2022 Action Plan will be adopted by the end of 2019. The previous Human Rights Action Plan covered the period 2017-2019. The Draft Law on Ensuring Equality is under discussion with the CSO representatives and will most probably also be ready in the first half of 2020. Work regarding the ratification of the Istanbul Convention is ongoing, but due to the heavy agenda its ratification might be delayed. Armenia further highlighted that the Strategies for a comprehensive judicial and anti-corruption reforms were adopted in October 2019. Work is ongoing on the draft amendments to the Criminal Code and the Code of Criminal Procedures, which should be adopted by the end of 2019 or in the beginning of 2020.

6. Any Other Businesses (AOB)

There were no items under AOB.

7. Approval of the operational conclusions and closing remarks

The Parties approved the operational conclusions, thanked each other for the fruitful meeting and agreed to stay in regular contact to pursue implementation of the trade title of CEPA.