



EU-Armenia Comprehensive and Enhanced Partnership Agreement (CEPA)

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

24-25 March 2021, (via videoconference)

Joint Report

The Third meeting of the EU-Armenia Partnership Committee in Trade Configuration took place via video conference on 24-25 March 2021 with Armenia formally hosting the meeting. The meeting was chaired by the Deputy Minister of Economy of the Republic of Armenia and co-chaired by Deputy Head of Unit in DG TRADE. In their opening statements both the Ambassador, Head of EU Delegation to Armenia and the Deputy Minister highlighted the importance of bilateral trade relations despite the negative effect on mutual trade caused by COVID 19. Irrespective of negative economic developments in 2020, the EU plays an important role for the Armenian economy. Both sides recognised the positive influence the GSP+ preferences have had on Armenian exports and expressed confidence that trade would develop further with the effective implementation of the Comprehensive and Enhanced Partnership Agreement (CEPA).

Implementation of the Comprehensive and Enhanced Partnership Agreement (CEPA)

Implementation of Article 237

The parties discussed phasing-out of cognac and related technical assistance (Art. 237 CEPA). Armenia informed that it had not yet decided on a new name to replace “Cognac”. Armenia informed that their roadmap on actions to be taken for phasing out cognac is underway with discussions and consultations within the government and relevant stakeholders. EU informed that a technical assistance project was underway since February. An Action Document of 3 million Euros (“Support for implementation of Article 237 CEPA – Phase I”) is ready to be signed. Armenia expressed concern about the potential conflict between Armenia’s obligation under the CEPA with regard

to GIs, particularly “Cognac” and the Eurasian Economic Union’s (EAEU) technical regulation on the safety of alcoholic products and requested the EU to provide detailed information. The EU will submit written questions to Armenia.

Geographical Indications -debrief of the GI Subcommittee meeting 24 March 2021

The Trade Partnership Committee was shortly briefed on the second meeting of the GI Sub-committee that took place on 24 March. During this meeting, the Parties agreed on the designated contact points and discussed the draft Rules of Procedure, which were ready to be adopted through written procedure. Both sides 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 technical regulation on safety of alcoholic products. It was agreed to update the lists of GIs including the withdrawal of UK GIs from the EU list. The parties provisionally agreed to organize the next GI Sub-committee in Brussels, back-to-back with the Trade Partnership Committee.

Intellectual Property Rights (measures to implement Chapter 7)

Armenia updated on the developments regarding its IPR legislation. The new laws “On Patents” and “On Industrial Designs” were adopted by the National Assembly on March 3, 2021. The draft Law on Copyright and Related Rights was submitted to the Government of Armenia.

Armenia informed that it had ratified most of the IPR related treaties. The ratification of the Beijing and Marrakesh treaties took place in 2020. With the aim of enforcement of IPR rules Armenia initiated the amendments to its Civil Code. The EU raised questions regarding the regime of regional exhaustion, resale right, collective management of authors’ rights and about the pharmaceutical and plant protection regulation, rules related to the supplementary protection certificate (SPC) regime for pharmaceuticals and plant protection products in conformity with Article 248 of CEPA. Armenia ensured that all the provisions on IPR provided for in CEPA are included in the new laws on patents and industrial designs and in the draft law on copyright. Armenia confirmed that the provisions under Articles 251 and 252 of CEPA in relation to regulatory data protection (RDP) had been incorporated in its legislation.

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

Armenia informed that its laws on quality infrastructure system were adopted in 2012. Currently, the legislation is under revision to be in line with EU and EAEU requirements. The draft technical regulations are published on the EAEU website. The strategy on metrology development was adopted in 2019 and the electronic system of

accreditation was established. The regulations and procedures are developed based on ISO standards.

Sanitary measures (measures to implement Chapter 4)

By its listing in the annex of Commission Decision 2011/163/EU Armenia has EU approved residue monitoring plans (RMP) for honey and aquaculture. The EU side informed that in order to maintain these authorisations, Armenia should sufficiently address recommendations stemming from an RMP-audit conducted by DG SANTE in 2017. Despite several information exchanges, the EU regards the proposed action plans as still not satisfactory. Armenia committed to submitting the results of the 2020 monitoring controls and the planning for 2021 by the end of March. DG SANTE informed that this information would be evaluated in conjunction with the additional responses to the audit-recommendation received from Armenia in November 2020. If required, a technical meeting between experts could be envisaged. Armenia mentioned that it had no access to TRACES. EU confirmed that it could start the process of providing access to TRACES once it receives a request from Armenia. Both sides discussed the advantages of uploading the 13 EU-Armenia veterinary certificates into TRACES, but recognised the challenges Armenia's membership of the Eurasian Economic Union presents in this respect. Further bilateral meetings could be organised to explore possible ways forward. Armenia informed that EAEU rules require informing other members about transit of products. Armenia presented updates in the sector, highlighting a close cooperation with the EU border authorities related to Coronavirus.

Services (measures to implement Chapter 5)

Armenia explained that its financial services legislation was fully compatible with EU standards and work on approximation would continue. Armenia announced the changes and amendments to be made to the law on postal communication for June and stressed that it would also lead to a higher degree of approximation in this area. Armenia recalled that the amended law would aim at improving the quality of postal services including digital services for e-commerce, payment services and warehousing. As regards approximation of maritime transport laws, Armenia confirmed its intention to do so with a legislative package by 2023. The first Maritime Code of Armenia is drafted and will take into account EU legislation.

Current payments (measures to implement Chapter 6)

Discussions on the implementation of the current payments chapter of the CEPA were based on the roadmaps provided by Armenia. On the implementation of Article 204 on Current Payments, Armenia confirmed that the scope of Article 7 of the Law of Armenia on Currency Regulation and Currency Control applies to all payments,

including those involving individuals. Regarding the implementation of Article 205 on capital movements, Armenia confirmed that the obligation to liberalize portfolio investment, financial loans and credits by investors have already been transposed into national law and committed to provide to EU information regarding the implementation. Armenia also agreed to provide information on the scope of the concept of ‘economic risk’ for the prevention of which the Central Bank of Armenia could take measures to restrict capital movements under the Law on Currency Regulation and Currency Control. Finally, Armenia considers that Article 208 of the CEPA on facilitation is already implemented, as there are no restrictions to cross-border capital movements at this point. However, Armenia underlined that it remained open to working with the EU on the content of future implementation and would welcome any suggestions to that end.

Competition (measures to implement Chapter 10)

Armenia presented the main amendments to the competition law adopted by the National Assembly in March 2021. The amendments touch upon substantial issues (dominant position, strong negotiating position) and procedural issues (remedies, fines, dawn raids). Armenia explained that the State Commission for the Protection of Economic Competition of Armenia (SCPEC) performs the functions provided by the competition law in sectors regulated and supervised by the Central Bank on the basis of mutual cooperation with the Central Bank. Armenia also presented the adoption of amendments with regard to state aid, including state aid registry and its functioning. The EU requested the translation of the amendments to the Competition Law and to provide information on the functioning of the state aid register. EU also expressed concerns as regards the intervention of the Central Bank in investigations that relate to the financial sector and asked for further clarifications on the matter, in reply to which Armenia clarified the cooperation between SCPEC and Central bank.

State owned enterprises (measures to implement Chapter 11)

Armenia clarified the mandate of the State Commission for the Protection of Economic Competition of Armenia with regard to state owned enterprises and the application of the law in the field. EU welcomed the clarification on the implementation of Article 300 on delegated authority, Article 304 on non-discrimination and commercial considerations and Article 305 on the regulatory framework. Armenia mentioned that the law on economic competition also applies to state owned enterprises.

Public Procurement (measures to implement Chapter 8)

A representative of Armenia’s Ministry of Finance updated on developments in the area of public procurement and highlighted that recent reforms had improved transparency

rules. The EU requested statistical data on public procurement under the WTO Government Procurement Agreement (GPA).

Customs (measures to implement Chapter 2)

EU confirmed that it continues to provide assistance to Armenia's customs authority. There has been a project on modernization of all the border-crossing points at the Armenia-Georgia border. The EU expressed satisfaction about steps undertaken by the Government related to the modernization of the Armenia-Iran border crossing point. The parties agreed that the following questions would be discussed in the upcoming customs sub-committee: information about Armenia's customs and single electronic window for trade facilitation, possible participation of Armenia in the Common Transit Convention working group as an observer.

Transparency (measures to implement Chapter 12)

Armenia informed about the modified draft website for the publication of measures and legislation. The exact scope, coverage and accessibility are still under development and Armenia will provide the EU with the information on the features and modalities of the modified version of the website. Armenia will also provide information as regards the electronic platform (www.e-draft.am) set up for public consultations.

Dispute Settlement (measures to implement Chapter 13)

Armenia announced that four of the Armenia arbitrators currently on the list of arbitrators needed to be replaced. The foreseen adoption of the amended list of arbitrators would therefore have to be discontinued. Both sides agreed to propose new arbitrators, extending the list of arbitrators to seven candidates and to envisage adopting the amended list by the end of 2021. EU informed that it would send a revised text on the rules of procedures for dispute settlement in the second half of 2021.

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

The EU and Armenia discussed CEPA provisions in respect of labour, energy and environment. On labour Armenia provided updates in particular on the Health and Labour Inspection Body and the amendments to the Labour and Administrative Codes concerning labour inspections, adopted in December 2019 and during the COVID-19 pandemic. Armenia also informed about the signature in October 2020 of a new collective agreement with the Confederation of Trade Unions and the Republican Union of Employers. Amendments to the Labour Code, aimed at addressing gaps relating to international labour standards, are under preparation. Armenia informed that a new Article, defining discrimination in employment, was added to the amended Labour Code of RA. It is stipulated that the labour law prohibits discrimination (including

gender basis) and that there should be no discrimination also in the process of hiring to work. Armenia also stated that no changes were planned in the Labour Code regarding the Gender Policy during 2021. Armenia stated that no amendments were planned to the legal framework related to the freedom of associations during 2021. The EU stressed the importance of continuing work on the following issues, which are also priorities under the current GSP+ monitoring cycle: enforcement and implementation of labour standards, including by further developing the labour inspection system in line with ILO standards and with the work carried out within the EU-funded ILO project; child labour; freedom of association, for which the concerns identified by the ILO need to be addressed. The EU also stressed the importance of enhancing gender equality and non-discrimination in the field of employment. Armenia also provided updates on the draft laws on fauna, protected areas and hunting, on hazardous substances and waste policy and approved by-law on the transboundary movements of hazardous waste, and on the development of its Nationally Determined Contributions (NDCs) under the Paris Agreement and the National Adaptation and Action Plan 2021-2025, which were currently being finalized by the government. 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. EU provided an update on the European Green deal and recent developments.

5. Bilateral Trade Cooperation: GSP+ monitoring

The EU and Armenia discussed the on-going GSP+ monitoring, including the upcoming GSP+ report to the European Parliament and Council and the upcoming graduation of Armenia from GSP+. The EU and ARM discussed priority issues for GSP+ monitoring related to human rights (anti-discrimination, violence against women and domestic violence prevention, criminal justice system reform) and good governance (anti-corruption), in addition to the labour and climate and environment priorities, relevant both under GSP+ and TSD. The EU and Armenia expressed commitment to build on the successful cooperation under GSP+ as part of the CEPA implementation and the TSD chapter in particular.