



# Free Economic Zones in Armenia

## THE PURPOSE

The goal of creation of Free Economic Zones (FEZ) in Armenia is to:

Promote Foreign Direct Investments

Develop new and advanced technologies

Generate employment

Increase export from Armenia

Contribute to sustainable economic development

## FEZ LEGISLATION

The Law of the Republic of Armenia on “Free Economic Zones” adopted on May 25, 2011

Streaming regulations: Government decrees on:

FEZ organizer (Operator) selection and criteria for selection

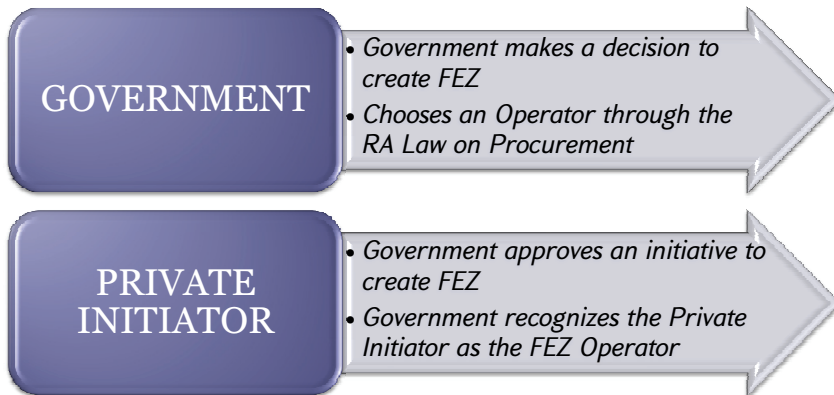
Permission granting to entrepreneurs (Residents) for operating in FEZ; requirements to and assessment of the resident's business plan,

FEZ borderline technical requirements

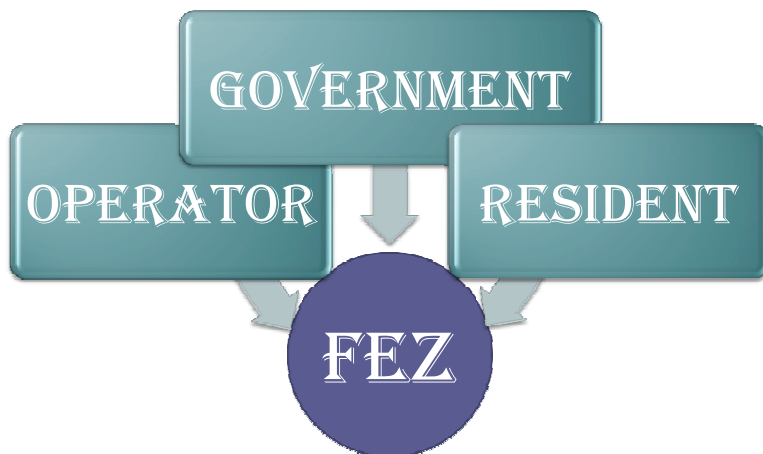
Provision of the state services in FEZ through One Stop Shop

Accountability of the FEZ Operator on FEZ operation

## WHO CAN INITIATE FEZ IN ARMENIA ?



## PARTIES INVOLVED IN FEZ



## PRIVATE INITIATION PROCESS

How to Become FEZ Operator ?

Step I

- **Submit application to the Government**
- **Application includes the following: *Business Plan, Design Plan for FEZ, FEZ Description and Purpose, Services List and Fees***

Step II

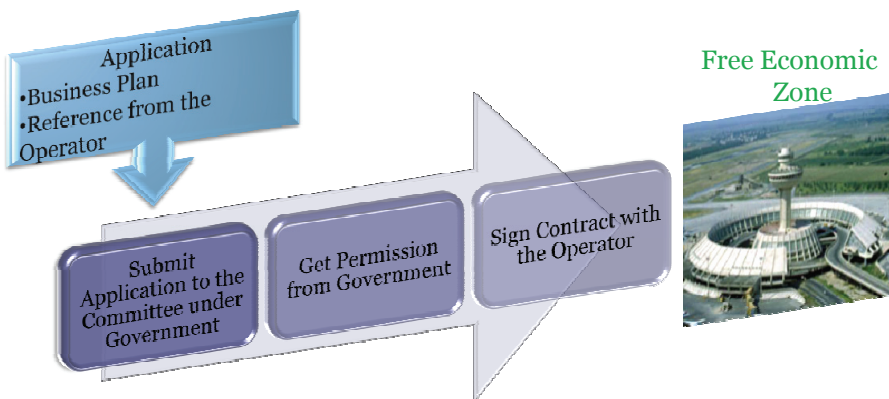
- **Government Consideration**
- **Government Decision on FEZ creation (*if application approved*)**

Step III

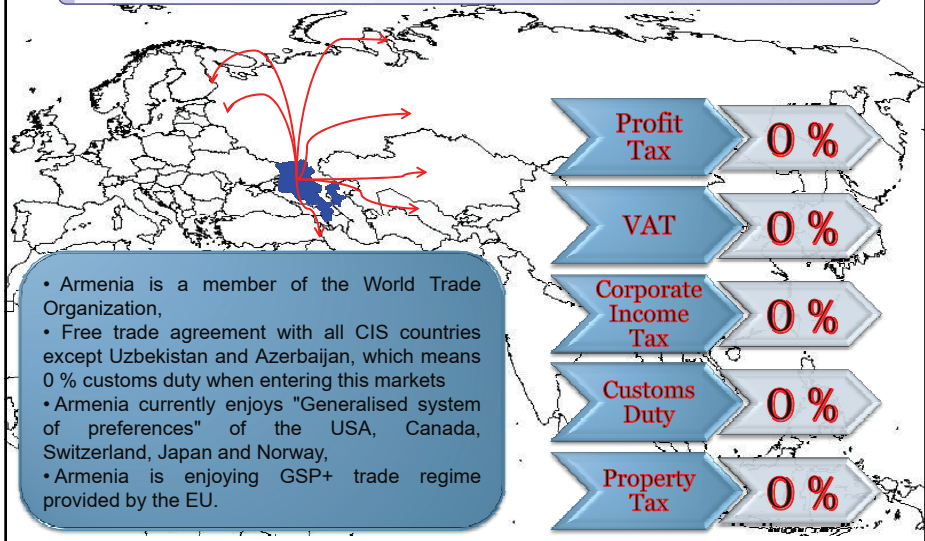
- **Sign Contract with the Government**
- **Start to Operate**

## FEZ RESIDENT

How to Become FEZ resident ?



## How the FEZ residents benefit ?



## Government

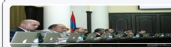
### What is the role of the government ?



Implements state policy on FEZ



Issues a decree on establishing a FEZ



Carries out the selection process of FEZ Operator pursuant to RA Law "On Procurement" applying competitive dialogue method



Accepts applications for establishing FEZ on private initiative and creates permanent Interagency Committee to evaluate the bids for becoming FEZ Operator and Resident

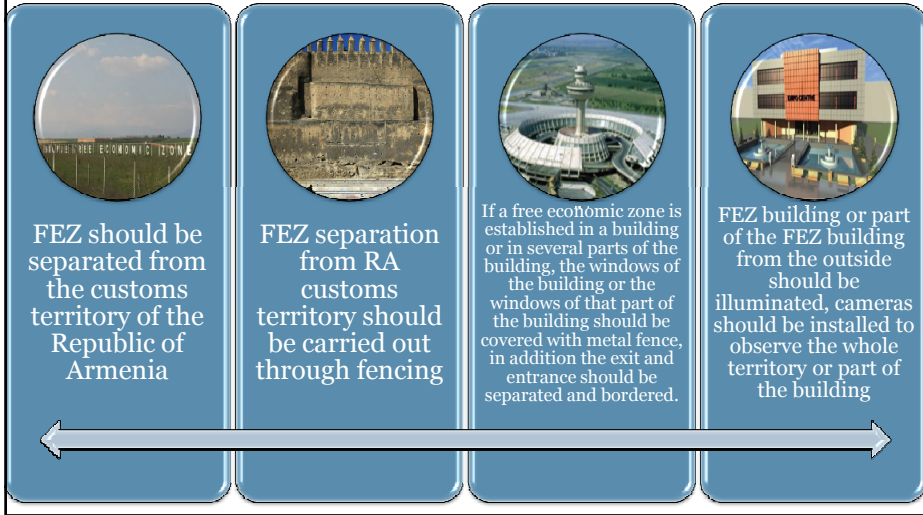


The Ministry of Economy on behalf of the Government signs an agreement with the selected Operator and controls the execution of the contractual obligations



Makes decisions to grant permissions for becoming FEZ Resident, provides permission certificates and carries out control over the requirements specified by the FEZ Resident permission

## Technical Requirements to the FEZ Border



## Free Economic Zone at MARS & Yerevan Computer R&D Institute



- Export of intellectual production
- R&D center of telecommunication systems, information maintenance, systems to social and urban safety
- Base for innovation projects and for activity of foreign IT companies
- Localization, implementation, informational maintenance and service of e-government
- Organization of exhibitions
- Industrial design cluster

## Orientation of the Free Economic Zone

### At MARS

**Production & Exports** of high and innovative technologies in the following fields:

- *Electronics*
- *Precision engineering*
- *Pharmaceutics and biotechnologies*
- *Information technologies*
- *Alternative energy*
- *Industrial design*
- *Telecommunications*

### At YCRDI

**Research & Development** of high and innovative technologies in the following fields:

## Industrial Area and Office Spaces Provided by the Free Economic Zone

### At MARS

**Industrial area** - 55.799 sq m

**Office spaces** - 10.908 sq m

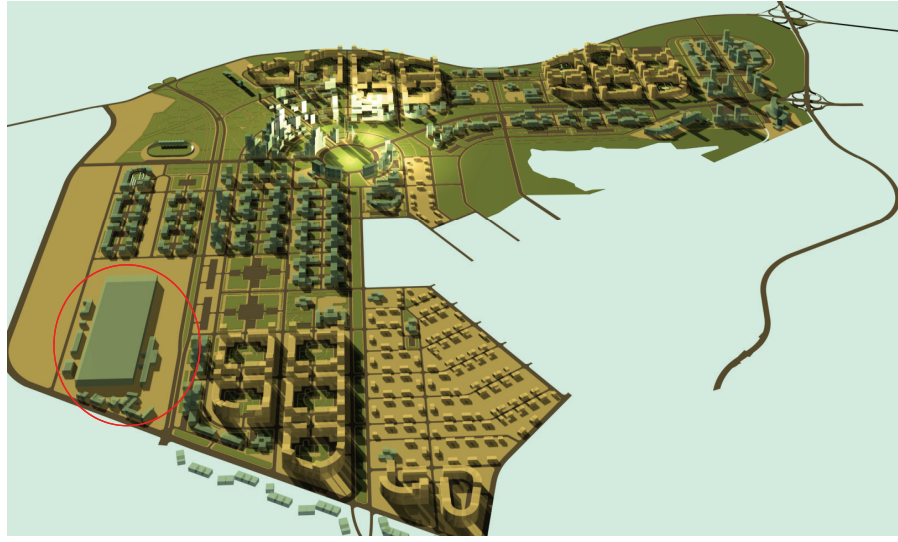
Maximum price per square meter – 10 USD per month (negotiable)

### At YCRDI

**Office spaces** - 27.060 sq m

Maximum price per square meter – 15 USD per month (negotiable)

## FEZ MARS and Projected Neighborhood



## CONTACTS

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# FEZ LEGISLATION

# LAW OF THE REPUBLIC OF ARMENIA

*Adopted on 25 May 2011*

## ON FREE ECONOMIC ZONES

### **Article 1. Subject matter of the Law**

*This Law regulates the legal relationships arising during the establishment, organisation and liquidation of free economic zones.*

### **Article 2. Legislation on free economic zones**

*1. The legislation on free economic zones in the Republic of Armenia comprises this Law, the Civil Code, laws regulating customs and tax relationships and other legal acts of the Republic of Armenia.*

*2. Where international treaties of the Republic of Armenia provide for norms other than those envisaged by this Law, the norms of the international treaties shall apply.*

### **Article 3. Concepts used in this Law**

*Main concepts used in this Law:*

*(1) “Free economic zone” shall mean the special area defined by the Government of the Republic of Armenia (hereinafter referred to as “the Government”) in accordance with this Law, which is deemed to be beyond the customs area of the Republic of Armenia and wherein entrepreneurial activities are carried out in accordance with the specifics of this Law.*

*Different operational types of free economic zones may be established in the territory of the Republic of Armenia;*

*(2) “Organiser of a free economic zone” (hereinafter referred to as “the Organiser”) shall mean the legal person established (founded) by the Government or selected upon the decision of the Government, with the sole aim of organising a free economic zone that ensures the creation of*

*infrastructures necessary for carrying out activities in the free economic zone and the rendering of services;*

*(3) “Operator of a free economic zone” (hereinafter referred to as “the Operator”) shall mean the commercial legal person, individual entrepreneur or a branch registered in the Republic of Armenia that performs entrepreneurial activities solely in the free economic zone in accordance with this Law, as well as the representation of a foreign organisation holding a respective authorisation issued by the Government and a respective contract signed with the Organiser;*

*(4) “Authorised body” shall mean the state administration body authorised by the Government in the field of state policy on free economic zones.*

#### **Article 4. Granting authorisation of the Operator and the selection of the Organiser**

*1. The authorisation of the Operator shall be granted and withdrawn under the procedure established by the Government.*

*2. The authorisation of the Operator shall be issued by the Government following the evaluation of the business plan submitted by the Operator.*

*3. The requirements to the business plan submitted by the Operator and the evaluation procedure thereof shall be established by the Government.*

*4. The Operator shall receive an additional authorisation for carrying out activities other than those defined by the authorisation.*

*5. In case of violation of or failure to comply with the requirements defined by the authorisation granted in accordance with part 1 of this Article, the authorisation shall be withdrawn.*

*6. The procedure and criteria for selecting the Organiser shall be defined by the Government.*

## **Article 5. Establishment of a free economic zone**

*1. The free economic zone shall be established upon the decision of the Government.*

*2. The decision of the Government on the establishment of a free economic zone shall include:*

*(1) the objective of establishing a free economic zone;*

*(2) the description and the borders of the area;*

*(3) the operational type;*

*(4) the types of activities to be carried out by the Operator;*

*(5) the time limits for the activities of the free economic zone;*

*(6) the qualifying standards for the Organiser and the Operator;*

*(7) the investment programme for the establishment of a free economic zone;*

*(8) personal data of the Organiser, if the Organiser is known in advance;*

*(9) other necessary data and requirements.*

*3. If the free economic zone fails to start operating within one year after adopting the decision of the Government on the establishment of a free economic zone, the decision of the Government on the establishment of a free economic zone shall be revoked.*

## **Article 6. Requirements for a free economic zone**

*1. The free economic zone should qualify for the following requirements:*

*(1) be equipped with facilities for bringing in cargo transportation means, including railway transport, with a parking space and a dead end;*

*(2) be demarcated with a border in compliance with the technical requirements to the borderline approved by the Government;*

*(3) be provided with the conditions necessary for carrying out customs control and customs formalities by customs officers;*

*(4) have facilities for free movement of goods within the free economic zone;*

*(5) be equipped with safety, first-aid and anti-fire systems;*

*(6) have uninterrupted water supply and wastewater collection system, energy supply, gas supply, solid waste disposal and at least a telephone line and internet as means of communication;*

*(7) be equipped with appropriate means of complying with sanitary and hygienic norms;*

*(8) have a quarantine service area;*

*(9) be provided with logistics equipment for preservation of goods as well as with communication and other means necessary for the loading, unloading, transportation and storage facilities.*

*2. The requirements of point 1 of part 1 of this Article may be not complied with where the fulfilment thereof is justified to be technically impossible.*

#### **Article 7. Concluding the contract on organising the free economic zone**

*1. The authorised body, on behalf of the Government, shall conclude a relevant contract with the Organiser.*

*2. The legal regime defined by the legislation of the Republic of Armenia for the free economic zone shall be applied from the date referred to in the contract concluded between the authorised body, on behalf of the Government, and the Organiser, unless another date is defined upon the decision of the Government.*

*3. The contract concluded between the authorised body and the Organiser shall be subject to publication in the official webpage of the authorised body.*

#### **Article 8. Powers of the authorised body**

*1. The authorised body:*

*(1) may recommend the Government to make amendments to the contract on organisation of the free economic zone or to rescind it;*

*(2) shall exercise control over the compliance with the contractual obligations of organising the free economic zone;*

*(3) shall conduct a study on the compliance with the requirements defined by the authorisation of the Operator of a free economic zone and, if necessary, furnish the Government with a respective recommendation;*

*(4) shall require reports from the Organiser on the activities in the free economic zone under the procedure provided for and as prescribed by the Government;*

*(5) shall perform other functions envisaged by the legislation of the Republic of Armenia;*

*(6) shall submit a proposal to the Government on withdrawal of the authorisation granted to the Operator.*

## **Article 9. Obligations of the Organiser**

*1. The obligations of the Organiser shall be as follows:*

*(1) to construct, exploit the engineering constructions and infrastructures of the free economic zone as prescribed by the legislation of the Republic of Armenia as well as to ensure the requirements provided for by Article 6 of this Law;*

*(2) to conclude a contract with the Operators having received an authorisation from the Government and exercise control over the implementation of the contract;*

*(3) to define the peculiarities of internal safety rules of the free economic zone;*

*(4) to ensure the fulfilment of the qualifying requirements for the free economic zone, provided for by this Law;*

*(5) to ensure the fulfilment of contractual obligations concluded in accordance with Article 7 of this Law, for the performance of activities in the free economic zone;*

*(6) to submit reports to the authorised body on the activities for the previous year in the free economic zone, as prescribed by the Government;*

*(7) to implement measures aimed at the international recognition of the free economic zone and the engagement of Operators therein;*

*(8) to define and publish the operational rules of the free economic zone and fulfil other obligations defined by the contract.*

**Article 10. Obligations of Operators**

*1. The obligations of Operators shall be as follows:*

*(1) to construct in the area of the free economic zone in accordance with the plan approved in advance, by agreeing it with the Organiser;*

*(2) to comply with the requirements of the legislation of the Republic of Armenia with regard to pursuing activities in the free economic zone and those of the procedure for operation of the free economic zone;*

*(3) to comply with the safety rules of the free economic zone, the requirements defined by the authorisation and to fulfil other obligations as defined by the contract.*

**Article 11. Restrictions in the free economic zone**

*1. The following types of activities may not be carried out in the free economic zone:*

*(1) production and trade of radioactive substances;*

*(2) production and trade of arms, ammunition and explosives;*

*(3) imports, storage, production and trade of narcotic drugs and psychotropic substances without an authorisation issued as prescribed by the legislation of the Republic of Armenia.*

*2. The entry and exit of natural persons, goods and transportation means into and out of the free economic zone without customs control shall be prohibited.*

*3. The entry and exit of natural persons and transportation means into and out of the free economic zone shall be carried out as prescribed by the legislation of the Republic of Armenia.*



## **Article 12. Operation of the free economic zone**

*1. The operation of the free economic zone shall be carried out on the basis of a contract concluded between the Operator and the Organiser in accordance with the operation procedure established by the Organiser.*

*2. Other types of activities in the free economic zone other than those defined by the decision of the Government on the establishment of a free economic zone may be carried out only by legal persons and individual entrepreneurs not deemed as Operators.*

*The activities carried out in the free economic zone by legal persons and individual entrepreneurs not deemed as Operators shall not be considered as activities carried out beyond the customs border of the Republic of Armenia.*

## **Article 13. Tax, customs and currency regulation in the free economic zone**

*1. The tax and customs relationships in the free economic zone shall be regulated by the tax and customs legislation of the Republic of Armenia, taking into consideration that the Operators of the free economic zone are granted privileges for paying profit tax, value added tax, property tax, and customs duty.*

*2. Peculiarities shall be defined by the Law of the Republic of Armenia “On currency regulation and currency control” with regard to the transactions carried out in the free economic zone as well as the transactions carried out between the Operators and other entities of civil law relations.*

## **Article 14. Rendering services and exercising supervision by the State in the free economic zone**

*1. The services rendered by the State in the free economic zone shall be implemented upon a simplified (‘one window’) principle defined by the Government.*

*2. The respective state bodies rendering state services and exercising supervision may have subdivisions within the territory of the free economic zone.*

**Article 15. Liquidation of the free economic zone**

*1. The free economic zone may be liquidated:*

*(1) upon the expiry of the defined time limit, in case the Government does not adopt a decision on the extension of the time limit;*

*(2) early — upon the decision of the Government — with prior compensation of damages incurred by the Organiser and the Operators in result of the liquidation.*

*2. The process of early liquidation as per point 2 of part 1 of this Article may start not earlier than one year after adopting the decision thereon.*

**Article 16. Dispute settlement in the free economic zone**

*1. The settlement of disputes with regard to the operation of the free economic zone shall be carried out as prescribed by the legislation of the Republic of Armenia.*

*2. The settlement of disputes among the Operators may be carried out also through international arbitration.*

**Article 17. Entry into force of the Law**

*This Law shall enter into force on the tenth day following the day of the official promulgation.*

**President**

**of the Republic of Armenia**

**S. Sargsyan**

*18 June 2011 Yerevan HO-193-N*

**LAW OF THE REPUBLIC OF ARMENIA**

**Adopted on 25 May 2011**

**ON MAKING A SUPPLEMENT TO THE LAW OF THE REPUBLIC OF  
ARMENIA “ON VALUE ADDED TAX”**

*Article 1. Article 15 of the Law of the Republic of Armenia HO-118 of 14 May 1997 “On value added tax” shall be supplemented with point 36 which reads as follows:*

*“(36) provision of services to the Organiser of the free economic zone and to an operator of free economic zone, supply of goods within the territory of free economic zone.”.*

*Article 2. This Law shall enter into force on the day following the official promulgation.*

**PRESIDENT**

**OF THE REPUBLIC OF ARMENIA**

**S. SARGSYAN**

*18 June 2011 Yerevan HO-194-N*

**LAW OF THE REPUBLIC OF ARMENIA**

**Adopted on 25 May 2011**

**ON MAKING A SUPPLEMENT TO THE LAW OF THE REPUBLIC OF  
ARMENIA “ON INCOME TAX”**

*Article 1. The Law of the Republic of Armenia HO-183 of 27 December 1997 “On income tax” shall be supplemented with Article 11.2 which reads as follows:*

*“Article 11.2. Income received from operation of the free economic zone*

*When determining the taxable income which is due to taxable persons acting as operators of the free economic zone established in the territory of the Republic of Armenia as prescribed by law, the gross income generated for the entire year shall be decreased in the amount of the income received from the operation in the free economic zone.”.*

*Article 2. This Law shall enter into force on the day following the official promulgation.*

**PRESIDENT**

**OF THE REPUBLIC OF ARMENIA**

**S. SARGSYAN**

*18 June 2011 Yerevan HO-195-N*

## LAW OF THE REPUBLIC OF ARMENIA

Adopted on 25 May 2011

### ON MAKING AN AMENDMENT AND A SUPPLEMENT TO THE LAW OF THE REPUBLIC OF ARMENIA “ON PROFIT TAX”

*Article 1. Article 39.1 of the Law of the Republic of Armenia HO-155 of 30 September 1997 “On profit tax” (hereinafter referred to as “the Law”) shall be amended as follows:*

*“The profit tax amount of the reporting year resulting from the activities in the free economic zone established in the territory of the Republic of Armenia and which is due to the taxpayer acting as an operator of the free economic zone as prescribed by law shall — for the period of operating in the free economic zone — be reduced by 100%.”.*

*Article 2. The words “, as well as from the operators of the free economic zone established in the territory of the Republic of Armenia” shall be added after the word “person” in Article 55(2) of the Law.*

*Article 3. This Law shall enter into force on the day following the official promulgation.*

**PRESIDENT**

**OF THE REPUBLIC OF ARMENIA**

**S. SARGSYAN**

*18 June 2011 Yerevan HO-196-N*

**LAW OF THE REPUBLIC OF ARMENIA**

**Adopted on 25 May 2011**

**ON MAKING A SUPPLEMENT TO THE LAW OF THE REPUBLIC OF  
ARMENIA “ON PROPERTY TAX”**

*Article 1. Article 15(1) of the Law of the Republic of Armenia HO-491-N of 26 December 2002 “On property tax” shall be supplemented with point 7 which reads as follows:*

*“(7) public and industrial buildings and constructions located in the territory of the free economic zone, which belong to the operators of the free economic zone or are used thereby.”.*

*Article 2. This Law shall enter into force on the day following the official promulgation.*

**PRESIDENT**

**OF THE REPUBLIC OF ARMENIA**

**S. SARGSYAN**

*18 June 2011 Yerevan HO-197-N*

## LAW OF THE REPUBLIC OF ARMENIA

Adopted on 25 May 2011

### ON MAKING A SUPPLEMENT TO THE LAW OF THE REPUBLIC OF ARMENIA “ON CURRENCY REGULATION AND CURRENCY CONTROL”

*Article 1. Article 6 of the Law of the Republic of Armenia HO-135-N of 24 November 2004 “On currency regulation and currency control” shall be supplemented with point 8 which reads as follows:*

*“8. Price quotes or payments for transactions carried out in the free economic zone established in the territory of the Republic of Armenia, as well as price quotes and non-cash payments for transactions carried out between operators of the free economic zone and legal persons (individual entrepreneurs), which are residents of the Republic of Armenia, may also be performed in freely convertible foreign currency.”.*

*Article 2. This Law shall enter into force on the day following the official promulgation.*

**PRESIDENT**

**OF THE REPUBLIC OF ARMENIA**

**S. SARGSYAN**

*18 June 2011 Yerevan HO-198-N*

**LAW OF THE REPUBLIC OF ARMENIA**

**Adopted on 25 May 2011**

**ON MAKING AN AMENDMENT TO THE LAW OF THE REPUBLIC OF  
ARMENIA “ON LICENSING”**

*Article 1. Section 12(5) of the Table of types of activities subject to licensing in Article 43(2) of the Law of the Republic of Armenia HO-193 of 30 May 2001 “On licensing” shall be repealed.*

*Article 2. This Law shall enter into force on the day following the official promulgation.*

**PRESIDENT**

**OF THE REPUBLIC OF ARMENIA**

**S. SARGSYAN**

*18 June 2011 Yerevan HO-199-N*



**LAW OF THE REPUBLIC OF ARMENIA**

**Adopted on 25 May 2011**

**ON MAKING AMENDMENTS AND A SUPPLEMENT TO THE CUSTOMS  
CODE OF THE REPUBLIC OF ARMENIA**

*Article 1. Article 59(1)(f) and (g), Articles 67.1, 67.2, 67.3 and Article 67.4(2) of the Customs Code of the Republic of Armenia of 6 July 2000 (hereinafter referred to as “the Code”) shall be repealed.*

*Article 2. Article 67.5(2) of this Code shall be supplemented with a sentence which reads as follows:*

*“The provision on not applying non-tariff regulatory measures defined by this point shall not cover products of military significance, as well as goods of dual significance and outcome of information and intellectual activities.”*

*Article 3. This Law shall enter into force on the day following the official promulgation.*

**PRESIDENT**

**OF THE REPUBLIC OF ARMENIA**

**S. SARGSYAN**

*18 June 2011 Yerevan HO-200-N*

**LAW OF THE REPUBLIC OF ARMENIA**

**Adopted on 25 May 2011**

**ON MAKING AN AMENDMENT TO THE LAW OF THE REPUBLIC OF  
ARMENIA “ON STATE DUTY”**

*Article 1. Article 19(10)(10.5), (10.5.1) and (10.5.2) of the Law of the Republic of Armenia HO-186 of 27 December 1997 “On state duty” shall be repealed.*

*Article 2. This Law shall enter into force on the day following the official promulgation.*

**PRESIDENT**

**OF THE REPUBLIC OF ARMENIA**

**S. SARGSYAN**

*18 June 2011 Yerevan HO-201-N*

## LAW OF THE REPUBLIC OF ARMENIA

Adopted on 25 May 2011

### ON MAKING AMENDMENTS TO THE LAW OF THE REPUBLIC OF ARMENIA “ON CARRYING OUT TYPES OF ACTIVITIES SUBJECT TO LICENSING IN THE TERRITORIES OF “ZVARTNOTS” AIRPORT OF YEREVAN AND “YEREVAN” FREE ECONOMIC ZONE”

*Article 1. The title of the Law of the Republic of Armenia HO-329 of 29 May 2002 “On carrying out types of activities subject to licensing in the territories of “Zvartnots” Airport of Yerevan and “Yerevan” free economic zone” (hereinafter referred to as “the Law”) shall be amended as follows:*

*“ON CARRYING OUT TYPES OF ACTIVITIES SUBJECT TO LICENSING IN THE TERRITORY OF “ZVARTNOTS” AIRPORT OF YEREVAN”.*

*Article 2. Article 1 of the Law shall be amended as follows:*

*“This Law regulates the relations pertaining to licensing of a person who carries out activities in the territory of “Zvartnots” Airport of Yerevan” (hereinafter referred to as “the Airport”).”.*

*Article 3. In Article 2 of the Law, the words ““Yerevan” free economic zone – a territory adjoining the Airport as prescribed by the decision of the Government of the Republic of Armenia” shall be deleted.*

*Article 4. Article 3(2) and (3) of the Law shall be repealed.*

*Article 5. In Article 5 of the Law, the second sentence shall be deleted.*

*Article 6. This Law shall enter into force on the day following the official promulgation.*

**PRESIDENT**

**OF THE REPUBLIC OF ARMENIA**

**S. SARGSYAN**

*18 June 2011 Yerevan HO-202-N*

**GOVERNMENT OF THE REPUBLIC OF ARMENIA**

**DECISION**

**No 1521-N of 13 October 2011**

**ON APPROVING THE PROCEDURES FOR SELECTING AND DETERMINING THE QUALIFYING STANDARDS FOR THE ORGANISER OF THE FREE ECONOMIC ZONE, ISSUING PERMITS TO THE OPERATORS IN THE FREE ECONOMIC ZONE AND TERMINATION THEREOF, AS WELL AS REQUIREMENTS FOR THE BUSINESS PLAN SUBMITTED BY THE OPERATOR AND EVALUATION THEREOF AND TECHNICAL REQUIREMENTS FOR BORDERLINE OF THE FREE ECONOMIC ZONE, AS WELL AS MAKING AMENDMENTS TO THE DECISION No 844 OF 22 JUNE 2002**

*Having regard to parts (1), (3), and (6) of Article 4 and point (2) of part (1) of Article 6 of the Law of the Republic of Armenia "On Free Economic Zones" (hereinafter referred to as "the Law"), the Government of the Republic of Armenia hereby d e c i d e s:*

*1. To approve:*

*(1) the procedure for selecting and determining the qualifying standards for the organiser of the free economic zone;*

*(2) the qualifying requirements for issuing permits to the operators in free economic zones and termination thereof, as well as the requirements for the business plan submitted by the operator and its evaluation, in accordance with Annex 2;*

*(3) the procedure for qualifying technical requirements for the borderline of the free economic zone, in accordance with Annex 3.*

*2. To recognise the Ministry of Economy of the Republic of Armenia as the authorised public administration body defined by law.*

*3. To the Minister of Economy of the Republic of Armenia and the Minister of Finance of the Republic of Armenia - to approve the form of the permit certificate within a three-month period following the entry into force of this Decision.*

*4. To repeal subpoints 1(g) and (j) of the Decision of the Government of the Republic of Armenia No 844 of 22 June 2002 “On approving the procedures for licensing certain types of activities subject to license under the Customs Code of the Republic of Armenia”.*

*5. This Decision shall enter into force on the tenth day following the day of the official promulgation.*

**PRIME MINISTER**

**OF THE REPUBLIC OF ARMENIA**

**T. SARGSYAN**

*1 November 2011 Yerevan*

**GOVERNMENT OF THE REPUBLIC OF ARMENIA**

**DECISION**

**No 1521-N of 13 October 2011**

**ON APPROVING THE PROCEDURES FOR SELECTING AND DETERMINING THE QUALIFYING STANDARDS FOR THE ORGANISER OF THE FREE ECONOMIC ZONE, ISSUING PERMITS TO THE OPERATORS IN THE FREE ECONOMIC ZONE AND TERMINATION THEREOF, AS WELL AS REQUIREMENTS FOR THE BUSINESS PLAN SUBMITTED BY THE OPERATOR AND EVALUATION THEREOF AND TECHNICAL REQUIREMENTS FOR BORDERLINE OF THE FREE ECONOMIC ZONE, AS WELL AS MAKING AMENDMENTS TO THE DECISION No 844 OF 22 JUNE 2002**

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*1. To approve:*

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*2. To recognise the Ministry of Economy of the Republic of Armenia as the authorised public administration body defined by law.*

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*5. This Decision shall enter into force on the tenth day following the day of the official promulgation.*

**PRIME MINISTER**

**OF THE REPUBLIC OF ARMENIA**

**T. SARGSYAN**

*1 November 2011 Yerevan*

**to the Decision of the Government of the Republic of Armenia**

**No 1521-N of 13 October 2011**

**PROCEDURE**

**FOR SELECTING AND DETERMINING THE QUALIFYING STANDARDS FOR  
THE ORGANISER OF THE FREE ECONOMIC ZONE**

**I. GENERAL PROVISIONS**

*1. This Procedure (hereinafter referred to as “the Procedure”) determines the procedures and standards for the selection of the organiser of the free economic zone in the Republic of Armenia.*

*2. The definitions used in this procedure derive from the Law of the Republic of Armenia “On Free Economic Zones” and shall have the same meanings as per the referred Law.*

*3. The organiser shall carry out its activities in the manner defined by the legislation of the Republic of Armenia, on behalf of the Government of the Republic of Armenia based on the agreement concluded with the Ministry of Economy of the Republic of Armenia (hereinafter referred to as “the authorised body”).*

**II. PROCEDURE FOR SELECTING THE ORGANISER**

*4. With a view to organising a free economic zone, upon the decision of the Government of the Republic of Armenia, the legal person may be selected as the organiser of the free economic zone, in the following two cases of establishing free economic zones:*

*(1) at the initiative of the Government of the Republic of Armenia;*

*(2) at the private initiative.*



5. *The selection of the organiser of the free economic zone created at the initiative of the Government of the Republic of Armenia and the conclusion of the agreement shall be carried out in accordance with the following procedure:*

*(1) following the adoption of the Decision of the Government of the Republic of Armenia “On establishing a free economic zone”, the authorised body shall carry out the selection of the Organiser of the free economic zone in accordance with the procedure defined by the Law of the Republic of Armenia “On Procurements”, applying competitive dialogue procedure;*

*(2) the Organiser shall be selected upon the evaluation results of bids based on the evaluation standards referred to in Chapter IV of the Procedure;*

*(3) the authorised body shall send the selection results to the Government of the Republic of Armenia for its approval;*

*(4) within 30 days after the Decision of the Government of the Republic of Armenia “On approving the Organiser of the free economic zone” enters into force, the Government of the Republic of Armenia represented by the authorised body shall conclude an agreement on organising a free economic zone with the selected organisation.*

6. *The establishment of a free economic zone at the private initiative, the selection of the Organiser and the conclusion of the agreement shall be carried out in accordance with the following procedure:*

*(1) With a view to establishing a free economic zone in the territory of the Republic of Armenia at the private initiative, the initiator shall submit a bid to the Government of the Republic of Armenia;*

*(2) The bid shall comprise the following documents:*

*(a) the application;*

*(b) the list and tariffs of services provided by the Organiser;*

*(c) the description of the free economic zone, the objective of its establishment, main directions of activities;*

*(d) the location, blueprint of the premises, as well as the design of constructions in case there are any constructions available at the premises;*

*(e) the business plan, which should be consistent with the standards referred to in Chapter IV of the Procedure;*

*(3) with a view to evaluating the bid of the private organisation submitted for the establishment of a free economic zone, a standing interagency commission shall be established upon the decision of the Prime Minister of the Republic of Armenia (hereinafter referred to as “the Commission”);*

*(4) the Commission shall, within 20 days, evaluate the documents included in the bid in accordance with the bid evaluation standards defined in the Procedure, and shall submit a conclusion on the establishment of a free economic zone to the Government of the Republic of Armenia;*

*(5) The Government of the Republic of Armenia shall consider the issue of appropriateness of establishing a free economic zone and recognising a private entity as the Organiser of a free economic zone, as a result of which the bid shall be either awarded or refused;*

*(6) the authorised body shall, within 3 days following the rendered decision, communicate to the initiator of the Decision of the Government of the Republic of Armenia;*

*(7) within 30 working days after the decision of the Government of the Republic of Armenia on establishing a free economic zone and approving the Organiser of the free economic zone enters into force , the Government of the Republic of Armenia represented by the authorised body, shall conclude an agreement on organising a free economic zone.*

### **III. STRUCTURE OF THE COMMISSION**

*7. The Commission shall comprise 9 persons: the chairperson, secretary and 7 members. The chairperson of the Commission shall be the head of the authorised body, and the secretary shall be the head of the relevant subdivision of the authorised body.*

*8. The minutes of each Commission sitting shall be taken. The minutes shall be signed by the chairperson of the Commission and by other members having attended the sitting.*

*9. The sitting of the Commission shall have a quorum, if attended by at least two thirds of the members of the Commission, and in case less than two thirds of the members of the Commission attended, the sitting shall be considered failed and a new sitting shall be appointed. The Commission shall inform all bidders of the day and time of the new sitting.*

10. *In case of the absence of the chairperson of the Commission, the activities of the Commission shall be managed by any member of the Commission upon the decision of the chairperson.*

#### **IV. BID EVALUATION STANDARDS**

11. *The following are the bid evaluation standards:*

*(1) The compliance of the activities of each potential operator with the objective of establishing a free economic zone;*

*(2) the list and tariffs for services provided by the Organiser;*

*(3) the amount, purpose and terms of the investments, including the types of investments, whether financial or property;*

*(4) the compliance with the requirements referred to in Article 6 of the Law, including engineering design (hereinafter referred to as “the design”) and visual outline, or the provision of grounds for not observing the requirements referred to in Article 6(1)(1) of the Law;*

*(5) measures aimed at recognising the free economic zone and branding, including availability of marketing contracts, involving international brands and other operators in the free economic zone and activities aimed at supporting export of the products manufactured and services provided in the free economic zone and expected outputs;*

*(6) experience in the field of organising a free economic zone (will be considered as advantage);*

*(7) division of obligations between the Organiser and the state, and the extent of involvement of the parties;*

*(8) justification of the necessity to establish a free economic zone (only in case of the private initiative);*

*(9) environmental assessment;*

*(10) the number of jobs to be created by the Organiser and the amount of average salary.*

**CHIEF OF STAFF OF THE GOVERNMENT  
OF THE REPUBLIC OF ARMENIA**

**D. SARGSYAN**

**Annex No 2**

**to the Decision of the Government of the Republic of Armenia**  
**No 1521-N of 13 October 2011**

**THE PROCEDURE FOR THE GRANTING OF PERMITS TO THE  
OPERATORS OF FREE ECONOMIC ZONES AND FOR THE TERMINATION  
THEREOF, AS WELL AS BUSINESS PLAN REQUIREMENTS SUBMITTED BY  
THE OPERATOR AND THE ASSESSMENT PROCEDURE THEREOF**

**I. GENERAL PROVISIONS**

- 1. This Procedure (hereinafter referred to as "the Procedure") shall define the procedures for the granting of permits to the operators of free economic zones and for the termination thereof, as well as business plan requirements submitted by the operator and the assessment procedure thereof.*
- 2. Definitions used in this Regulation shall arise from the Law of the Republic of Armenia "On Free Economic Zones" and shall have the meanings envisaged by the referred law.*
- 3. Operators of free economic zones shall be deemed to be commercial legal persons, individual entrepreneurs and representations of foreign organisations (hereinafter referred to as "operator"), which have been granted the relevant permit as prescribed by this Procedure, have concluded a contract with the Organiser and are registered within the Republic of Armenia.*
- 4. The permit to operate within the free economic zone shall be granted for the period requested by the operator, but not longer than the end of operation of the free economic zone.*

**II. THE PROCEDURE FOR GRANTING THE PERMIT**

- 5. The permit to operate within the free economic zone shall be granted upon the Decision of the Government of the Republic of Armenia, based on the opinion submitted by the Commission following the assessment of the applicant's business plan as prescribed by point 10 of the Annex No 1 of the*

*Decision of the Government of the Republic of Armenia No 1521 of 13 October 2011.*

*6. The application submitted to the Commission shall comprise the following documents:*

*(1) application (in prescribed form);*

*(2) business plan, which must meet the standards referred to in Chapter IV of the Regulation;*

*(3) statement submitted by the Organiser on conditions of carrying out activities within the free economic zone.*

*7. The Commission shall, within a 15-day period, examine the submitted documents, assess the business plan on the basis of standards defined in the Procedure and submit a relevant opinion to the Government of the Republic of Armenia for consideration.*

*8. The Government of the Republic of Armenia shall, within a 21-day period, adopt a relevant decision on either granting a permit or refusing the application. The ground for refusing the application shall be the non-compliance of the application with business plan requirements prescribed by this Procedure.*

*9. The applicant and the Organiser shall conclude a contract within 3 months after the decision to grant the permit enters into force.*

*10. Following the conclusion of the contract, the Ministry of Economy of the Republic of Armenia (hereinafter referred to as “the authorised body”) shall, within a 3-day period, grant a permit certificate to the applicant. The form of the certificate shall be defined upon the joint Decision of the head of the authorised body and the Minister of Finance of the Republic of Armenia.*

*11. Upon granting the certificate, the authorised body shall, within a 1-day period, submit the copy of the certificate to the State Revenue Committee adjunct to the Government of the Republic of Armenia.*

*12. The authorised body shall keep a register of permits granted to the operators, which shall be published on the official website of the authorised body.*

*13. The availability of the register shall serve as a ground for applying the privileges granted to the operator as per the legislation of the Republic of Armenia.*

### **III. THE PROCEDURE FOR TERMINATING THE OPERATOR'S PERMIT**

14. *The decision on terminating the operator's permit shall be adopted by the Government of the Republic of Armenia on the basis of the opinion submitted by the authorised body.*

15. *The operator's permit shall be terminated upon one of the following reasons:*

*(1) the request of the operator;*

*(2) the termination of the contract between the organiser and the operator;*

*(3) the liquidation of the free economic zone;*

*(4) the expiry of the term set by the permit;*

*(5) the violation of or non-compliance with the requirements prescribed by the permit;*

*(6) the violation of the requirements of Article 11(1) of the Law of the Republic of Armenia "On free economic zones".*

16. *Disputes regarding the termination of the permit shall be regulated as prescribed by the legislation of the Republic of Armenia.*

### **IV. BUSINESS PLAN REQUIREMENTS AND ITS ASSESSMENT STANDARDS**

17. *The business plan (hereinafter referred to as "the plan") shall be assessed by the Commission, by applying weight coefficients for each of the assessment standards where the sum total of these coefficients should not exceed 100 units. Considering the operational significance of the free economic zone, the weight coefficient for each of the standards shall be determined by the Commission prior to the assessment.*

18. *The plan shall be assessed based on the following standards:*

*(1) export policy, destinations and volumes;*

*(2) compliance of the plan with the aims of establishing the free economic zone and its operational nature;*

*(3) use of technological innovations;*

*(4) number of employees and other social actions;*

*(5) amount of total investments;*

*(6) information on key strategic partners (where appropriate).*

*19. The assessment standards defined by point 18 of this Procedure shall also be included in the business plan requirements.*

**CHIEF OF STAFF OF THE GOVERNMENT  
OF THE REPUBLIC OF ARMENIA**

**D. SARGSYAN**

To the head of the authorised body

Applicants' full name \_\_\_\_\_

Legal address \_\_\_\_\_

Phone number \_\_\_\_\_

**APPLICATION  
FOR RECEIVING A PERMIT TO OPERATE WITHIN THE FREE ECONOMIC  
ZONE**

1. The Applicant \_\_\_\_\_

*(applicant's full name and current address)*

in the person of \_\_\_\_\_

*(position, name, last name, patronymic name)*

operating on the basis of \_\_\_\_\_

requests a permit to carry out \_\_\_\_\_

*(type of activity)*

« \_\_\_\_\_ »

\_\_\_\_\_

*(name of the free economic zone)*

*(type of the free economic zone)*

*within the territory of the free economic zone.*

2. Applicant's information

Registered address: \_\_\_\_\_

Phone number: \_\_\_\_\_

Fax: \_\_\_\_\_

Applicant's legal form as registered in the state register and registration number \_\_\_\_\_



3. *Responsible contact person*

Name, last name, patronymic \_\_\_\_\_

Position \_\_\_\_\_

Phone number: \_\_\_\_\_

Fax: \_\_\_\_\_

Mailing address: \_\_\_\_\_

E-mail address: \_\_\_\_\_

4. *List of attached documents:*

\_\_\_\_\_

*Statement*

*I hereby confirm that the information provided in this document is correct to the best of my knowledge and complete. I fully acknowledge that any false document or information shall entail criminal and administrative liability as prescribed by law. I agree to notify the authorised body of any change in the information provided by me above.*

**Signature** \_\_\_\_\_

**Date** \_\_\_\_\_  
**day/month/year**

**Annex No 3**  
**to the Decision of the Government of the Republic of Armenia**  
**No 1521-N of 13 October 2011**

**PROCEDURE**

**ON TECHNICAL REQUIREMENTS SET FOR THE BOUNDARIES OF THE  
FREE ECONOMIC ZONE**

**I. GENERAL PROVISIONS**

- 1. This Procedure defines the technical requirements set for the boundaries of the free economic zones within the Republic of Armenia.*
- 2. The entry and exit of the free economic zone are under the control of the Organiser and the customs authorities of the Republic of Armenia.*

**II. THE TECHNICAL REQUIREMENTS SET FOR THE BOUNDARY  
OF THE FREE ECONOMIC ZONE**

- 3. Those free economic zones within the Republic of Armenia, the operational type whereof implies imports and exports of goods, must be demarcated in a way as to ensure its separation from the customs territory of the Republic of Armenia.*
- 4. The boundaries of the free economic zone separating it from the customs territory of the Republic of Armenia must be demarcated by fencing it so that to exclude the possibility of importing and exporting or damaging goods beyond the customs control from the free economic zone. The fence of the free economic zone must be built at such a distance from the buildings and structures constructed in the territory of the free economic zone in order to exclude the possibilities of importing and exporting goods beyond the customs control from the free economic zone.*
- 5. The following technical requirements are set for fencing the free economic zone:*
  - (1) the fence must be built of stone, concrete or other material which ensures the isolation of the territory;*

- (2) *the height of the fence must be not less than 2.5 metres;*
- (3) *the fence must be uninterrupted through its whole borderline, except for the entry for natural persons, as well as the checkpoints intended for imports and exports of goods and transportation means;*
- (4) *video cameras must be placed along the fence at such a distance so that it becomes possible to ensure the visibility of the whole territory;*
- (5) *the fence must be illuminated from the two sides (inside and outside).*
6. *The whole outer part of the fence of the free economic zone is deemed to be the customs boundary of the Republic of Armenia.*
7. *In the event that the free economic zone is based in a building or several parts of a building, the windows of the building or the part of the building must be latticed with a metallic lattice, and the entry and exit must be separated and demarcated ensuring its detachment from the customs territory of the Republic of Armenia in order to exclude the possibilities of importing and exporting goods beyond customs control from the territory of the free economic zone.*
8. *The building or the part of the building deemed to be the free economic zone must be illuminated from the outside.*
9. *Video surveillance means must be placed in the building or the part of the building deemed as the free economic zone, keeping the whole of the building or the part thereof visible.*
10. *For the purpose of conducting due security control, the Organiser must be supplied with an area necessary for video surveillance conducted by customs authorities and the Organiser's security bodies (checkpoint).*
11. *The following technical requirements are set for the checkpoint of the free economic zone:*
- (1) *the checkpoint must have an area intended for carrying out customs formalities;*
- (2) *the checkpoint must have an area intended for carrying out customs control;*
- (3) *the checkpoint must have a separated area supplied with the appropriate equipment for customs brokers;*
- (4) *the checkpoint must be provided with buildings or equipment specially separated and adjusted for maintenance of goods, which are under the maintenance of customs authorities, and require special maintenance*

*conditions (fragile and perishable items, requiring a certain regime of humidity and temperature – flammable, hazardous for the environment);*

*(5) the checkpoint must be equipped with electronic weighing scales (including scales having the capacity of weighing at least 80 tonnes of vehicle and at least 150 tonnes of railways in the event that the supply of goods into and from the free economic zone is to be carried out via railway or automobile transport);*

*(6) the checkpoint must be provided with devices and equipments necessary for detailed examination (x-raying, detecting radioactive means, etc.) pursuant to the requirements by the superior customs authority;*

*(7) the checkpoint must be provided with communication and electronic technical equipments, internet and radio-telecommunication necessary for the officers of the customs authority to organise the customs formalities on-site;*

*(8) the checkpoint must be provided with other technical means necessary for loading, unloading, carriage or transportation of goods;*

*(9) the checkpoint must be provided with an audiovisual recording system.*

*12. The Organiser of the free economic zone must ensure the availability of the security service (own or hired) and the sound condition of security equipment for the purpose of assuring the protection of the territory of the free economic zone and checkpoint control, as well as of video and audio recording of the actions in the whole territory via remote controlled video cameras. The video and audio records for each day must be kept separately in the computer or any other external media, which will give an opportunity to watch and hear the video and audio record clearly via numbering according to the date. The video records must indicate the date and hour of recording. The recorded video and audio sources must be kept at least for three years.*

*13. In the event of a damage of the fence during the exploitation of the free economic zone, the Organiser must forthwith eliminate the deficiencies and damages, moreover, during these activities the responsibility of ensuring the security of the free economic zone must be borne by the Organiser together with the security services.*

**CHIEF OF STAFF OF THE GOVERNMENT  
OF THE REPUBLIC OF ARMENIA**

**D. SARGSYAN**

**GOVERNMENT OF THE REPUBLIC OF ARMENIA**

**DECISION**

**No 1521-N of 13 October 2011**

**ON APPROVING THE PROCEDURES FOR SELECTING AND DETERMINING THE QUALIFYING STANDARDS FOR THE ORGANISER OF THE FREE ECONOMIC ZONE, ISSUING PERMITS TO THE OPERATORS IN THE FREE ECONOMIC ZONE AND TERMINATION THEREOF, AS WELL AS REQUIREMENTS FOR THE BUSINESS PLAN SUBMITTED BY THE OPERATOR AND EVALUATION THEREOF AND TECHNICAL REQUIREMENTS FOR BORDERLINE OF THE FREE ECONOMIC ZONE, AS WELL AS MAKING AMENDMENTS TO THE DECISION No 844 OF 22 JUNE 2002**

*Having regard to parts (1), (3), and (6) of Article 4 and point (2) of part (1) of Article 6 of the Law of the Republic of Armenia "On Free Economic Zones" (hereinafter referred to as "the Law"), the Government of the Republic of Armenia hereby d e c i d e s:*

*1. To approve:*

*(1) the procedure for selecting and determining the qualifying standards for the organiser of the free economic zone;*

*(2) the qualifying requirements for issuing permits to the operators in free economic zones and termination thereof, as well as the requirements for the business plan submitted by the operator and its evaluation, in accordance with Annex 2;*

*(3) the procedure for qualifying technical requirements for the borderline of the free economic zone, in accordance with Annex 3.*

*2. To recognise the Ministry of Economy of the Republic of Armenia as the authorised public administration body defined by law.*

*3. To the Minister of Economy of the Republic of Armenia and the Minister of Finance of the Republic of Armenia - to approve the form of the permit certificate within a three-month period following the entry into force of this Decision.*

*4. To repeal subpoints 1(g) and (j) of the Decision of the Government of the Republic of Armenia No 844 of 22 June 2002 “On approving the procedures for licensing certain types of activities subject to license under the Customs Code of the Republic of Armenia”.*

*5. This Decision shall enter into force on the tenth day following the day of the official promulgation.*

**PRIME MINISTER**

**OF THE REPUBLIC OF ARMENIA**

**T. SARGSYAN**

*1 November 2011 Yerevan*

**to the Decision of the Government of the Republic of Armenia**

**No 1521-N of 13 October 2011**

**PROCEDURE**

**FOR SELECTING AND DETERMINING THE QUALIFYING STANDARDS FOR  
THE ORGANISER OF THE FREE ECONOMIC ZONE**

**I. GENERAL PROVISIONS**

- 1. This Procedure (hereinafter referred to as “the Procedure”) determines the procedures and standards for the selection of the organiser of the free economic zone in the Republic of Armenia.*
- 2. The definitions used in this procedure derive from the Law of the Republic of Armenia “On Free Economic Zones” and shall have the same meanings as per the referred Law.*
- 3. The organiser shall carry out its activities in the manner defined by the legislation of the Republic of Armenia, on behalf of the Government of the Republic of Armenia based on the agreement concluded with the Ministry of Economy of the Republic of Armenia (hereinafter referred to as “the authorised body”).*

**II. PROCEDURE FOR SELECTING THE ORGANISER**

- 4. With a view to organising a free economic zone, upon the decision of the Government of the Republic of Armenia, the legal person may be selected as the organiser of the free economic zone, in the following two cases of establishing free economic zones:*
  - (1) at the initiative of the Government of the Republic of Armenia;*
  - (2) at the private initiative.*

5. *The selection of the organiser of the free economic zone created at the initiative of the Government of the Republic of Armenia and the conclusion of the agreement shall be carried out in accordance with the following procedure:*

*(1) following the adoption of the Decision of the Government of the Republic of Armenia “On establishing a free economic zone”, the authorised body shall carry out the selection of the Organiser of the free economic zone in accordance with the procedure defined by the Law of the Republic of Armenia “On Procurements”, applying competitive dialogue procedure;*

*(2) the Organiser shall be selected upon the evaluation results of bids based on the evaluation standards referred to in Chapter IV of the Procedure;*

*(3) the authorised body shall send the selection results to the Government of the Republic of Armenia for its approval;*

*(4) within 30 days after the Decision of the Government of the Republic of Armenia “On approving the Organiser of the free economic zone” enters into force, the Government of the Republic of Armenia represented by the authorised body shall conclude an agreement on organising a free economic zone with the selected organisation.*

6. *The establishment of a free economic zone at the private initiative, the selection of the Organiser and the conclusion of the agreement shall be carried out in accordance with the following procedure:*

*(1) With a view to establishing a free economic zone in the territory of the Republic of Armenia at the private initiative, the initiator shall submit a bid to the Government of the Republic of Armenia;*

*(2) The bid shall comprise the following documents:*

*(a) the application;*

*(b) the list and tariffs of services provided by the Organiser;*

*(c) the description of the free economic zone, the objective of its establishment, main directions of activities;*

*(d) the location, blueprint of the premises, as well as the design of constructions in case there are any constructions available at the premises;*

*(e) the business plan, which should be consistent with the standards referred to in Chapter IV of the Procedure;*



*(3) with a view to evaluating the bid of the private organisation submitted for the establishment of a free economic zone, a standing interagency commission shall be established upon the decision of the Prime Minister of the Republic of Armenia (hereinafter referred to as “the Commission”);*

*(4) the Commission shall, within 20 days, evaluate the documents included in the bid in accordance with the bid evaluation standards defined in the Procedure, and shall submit a conclusion on the establishment of a free economic zone to the Government of the Republic of Armenia;*

*(5) The Government of the Republic of Armenia shall consider the issue of appropriateness of establishing a free economic zone and recognising a private entity as the Organiser of a free economic zone, as a result of which the bid shall be either awarded or refused;*

*(6) the authorised body shall, within 3 days following the rendered decision, communicate to the initiator of the Decision of the Government of the Republic of Armenia;*

*(7) within 30 working days after the decision of the Government of the Republic of Armenia on establishing a free economic zone and approving the Organiser of the free economic zone enters into force , the Government of the Republic of Armenia represented by the authorised body, shall conclude an agreement on organising a free economic zone.*

### **III. STRUCTURE OF THE COMMISSION**

*7. The Commission shall comprise 9 persons: the chairperson, secretary and 7 members. The chairperson of the Commission shall be the head of the authorised body, and the secretary shall be the head of the relevant subdivision of the authorised body.*

*8. The minutes of each Commission sitting shall be taken. The minutes shall be signed by the chairperson of the Commission and by other members having attended the sitting.*

*9. The sitting of the Commission shall have a quorum, if attended by at least two thirds of the members of the Commission, and in case less than two thirds of the members of the Commission attended, the sitting shall be considered failed and a new sitting shall be appointed. The Commission shall inform all bidders of the day and time of the new sitting.*

10. *In case of the absence of the chairperson of the Commission, the activities of the Commission shall be managed by any member of the Commission upon the decision of the chairperson.*

#### **IV. BID EVALUATION STANDARDS**

11. *The following are the bid evaluation standards:*

*(1) The compliance of the activities of each potential operator with the objective of establishing a free economic zone;*

*(2) the list and tariffs for services provided by the Organiser;*

*(3) the amount, purpose and terms of the investments, including the types of investments, whether financial or property;*

*(4) the compliance with the requirements referred to in Article 6 of the Law, including engineering design (hereinafter referred to as “the design”) and visual outline, or the provision of grounds for not observing the requirements referred to in Article 6(1)(1) of the Law;*

*(5) measures aimed at recognising the free economic zone and branding, including availability of marketing contracts, involving international brands and other operators in the free economic zone and activities aimed at supporting export of the products manufactured and services provided in the free economic zone and expected outputs;*

*(6) experience in the field of organising a free economic zone (will be considered as advantage);*

*(7) division of obligations between the Organiser and the state, and the extent of involvement of the parties;*

*(8) justification of the necessity to establish a free economic zone (only in case of the private initiative);*

*(9) environmental assessment;*

*(10) the number of jobs to be created by the Organiser and the amount of average salary.*

**CHIEF OF STAFF OF THE GOVERNMENT  
OF THE REPUBLIC OF ARMENIA**

**D. SARGSYAN**

**Annex No 2**

**to the Decision of the Government of the Republic of Armenia**  
**No 1521-N of 13 October 2011**

**THE PROCEDURE FOR THE GRANTING OF PERMITS TO THE  
OPERATORS OF FREE ECONOMIC ZONES AND FOR THE TERMINATION  
THEREOF, AS WELL AS BUSINESS PLAN REQUIREMENTS SUBMITTED BY  
THE OPERATOR AND THE ASSESSMENT PROCEDURE THEREOF**

**I. GENERAL PROVISIONS**

- 1. This Procedure (hereinafter referred to as "the Procedure") shall define the procedures for the granting of permits to the operators of free economic zones and for the termination thereof, as well as business plan requirements submitted by the operator and the assessment procedure thereof.*
- 2. Definitions used in this Regulation shall arise from the Law of the Republic of Armenia "On Free Economic Zones" and shall have the meanings envisaged by the referred law.*
- 3. Operators of free economic zones shall be deemed to be commercial legal persons, individual entrepreneurs and representations of foreign organisations (hereinafter referred to as "operator"), which have been granted the relevant permit as prescribed by this Procedure, have concluded a contract with the Organiser and are registered within the Republic of Armenia.*
- 4. The permit to operate within the free economic zone shall be granted for the period requested by the operator, but not longer than the end of operation of the free economic zone.*

**II. THE PROCEDURE FOR GRANTING THE PERMIT**

- 5. The permit to operate within the free economic zone shall be granted upon the Decision of the Government of the Republic of Armenia, based on the opinion submitted by the Commission following the assessment of the applicant's business plan as prescribed by point 10 of the Annex No 1 of the*

*Decision of the Government of the Republic of Armenia No 1521 of 13 October 2011.*

*6. The application submitted to the Commission shall comprise the following documents:*

*(1) application (in prescribed form);*

*(2) business plan, which must meet the standards referred to in Chapter IV of the Regulation;*

*(3) statement submitted by the Organiser on conditions of carrying out activities within the free economic zone.*

*7. The Commission shall, within a 15-day period, examine the submitted documents, assess the business plan on the basis of standards defined in the Procedure and submit a relevant opinion to the Government of the Republic of Armenia for consideration.*

*8. The Government of the Republic of Armenia shall, within a 21-day period, adopt a relevant decision on either granting a permit or refusing the application. The ground for refusing the application shall be the non-compliance of the application with business plan requirements prescribed by this Procedure.*

*9. The applicant and the Organiser shall conclude a contract within 3 months after the decision to grant the permit enters into force.*

*10. Following the conclusion of the contract, the Ministry of Economy of the Republic of Armenia (hereinafter referred to as “the authorised body”) shall, within a 3-day period, grant a permit certificate to the applicant. The form of the certificate shall be defined upon the joint Decision of the head of the authorised body and the Minister of Finance of the Republic of Armenia.*

*11. Upon granting the certificate, the authorised body shall, within a 1-day period, submit the copy of the certificate to the State Revenue Committee adjunct to the Government of the Republic of Armenia.*

*12. The authorised body shall keep a register of permits granted to the operators, which shall be published on the official website of the authorised body.*

*13. The availability of the register shall serve as a ground for applying the privileges granted to the operator as per the legislation of the Republic of Armenia.*

### **III. THE PROCEDURE FOR TERMINATING THE OPERATOR'S PERMIT**

*14. The decision on terminating the operator's permit shall be adopted by the Government of the Republic of Armenia on the basis of the opinion submitted by the authorised body.*

*15. The operator's permit shall be terminated upon one of the following reasons:*

*(1) the request of the operator;*

*(2) the termination of the contract between the organiser and the operator;*

*(3) the liquidation of the free economic zone;*

*(4) the expiry of the term set by the permit;*

*(5) the violation of or non-compliance with the requirements prescribed by the permit;*

*(6) the violation of the requirements of Article 11(1) of the Law of the Republic of Armenia "On free economic zones".*

*16. Disputes regarding the termination of the permit shall be regulated as prescribed by the legislation of the Republic of Armenia.*

### **IV. BUSINESS PLAN REQUIREMENTS AND ITS ASSESSMENT STANDARDS**

*17. The business plan (hereinafter referred to as "the plan") shall be assessed by the Commission, by applying weight coefficients for each of the assessment standards where the sum total of these coefficients should not exceed 100 units. Considering the operational significance of the free economic zone, the weight coefficient for each of the standards shall be determined by the Commission prior to the assessment.*

*18. The plan shall be assessed based on the following standards:*

*(1) export policy, destinations and volumes;*

*(2) compliance of the plan with the aims of establishing the free economic zone and its operational nature;*

*(3) use of technological innovations;*

*(4) number of employees and other social actions;*

*(5) amount of total investments;*

*(6) information on key strategic partners (where appropriate).*

*19. The assessment standards defined by point 18 of this Procedure shall also be included in the business plan requirements.*

**CHIEF OF STAFF OF THE GOVERNMENT  
OF THE REPUBLIC OF ARMENIA**

**D. SARGSYAN**

To the head of the authorised body

Applicants' full name \_\_\_\_\_

Legal address \_\_\_\_\_

Phone number \_\_\_\_\_

**APPLICATION  
FOR RECEIVING A PERMIT TO OPERATE WITHIN THE FREE ECONOMIC  
ZONE**

1. The Applicant \_\_\_\_\_

*(applicant's full name and current address)*

in the person of \_\_\_\_\_

*(position, name, last name, patronymic name)*

operating on the basis of \_\_\_\_\_

requests a permit to carry out \_\_\_\_\_

*(type of activity)*

« \_\_\_\_\_ »

\_\_\_\_\_

*(name of the free economic zone)*

*(type of the free economic zone)*

*within the territory of the free economic zone.*

2. Applicant's information

Registered address: \_\_\_\_\_

Phone number: \_\_\_\_\_

Fax: \_\_\_\_\_

Applicant's legal form as registered in the state register and registration number \_\_\_\_\_

3. *Responsible contact person*

Name, last name, patronymic \_\_\_\_\_

Position \_\_\_\_\_

Phone number: \_\_\_\_\_

Fax: \_\_\_\_\_

Mailing address: \_\_\_\_\_

E-mail address: \_\_\_\_\_

4. *List of attached documents:*

\_\_\_\_\_

*Statement*

*I hereby confirm that the information provided in this document is correct to the best of my knowledge and complete. I fully acknowledge that any false document or information shall entail criminal and administrative liability as prescribed by law. I agree to notify the authorised body of any change in the information provided by me above.*

**Signature** \_\_\_\_\_

**Date** \_\_\_\_\_  
**day/month/year**



**Annex No 3**  
**to the Decision of the Government of the Republic of Armenia**  
**No 1521-N of 13 October 2011**

**PROCEDURE**

**ON TECHNICAL REQUIREMENTS SET FOR THE BOUNDARIES OF THE  
FREE ECONOMIC ZONE**

**I. GENERAL PROVISIONS**

- 1. This Procedure defines the technical requirements set for the boundaries of the free economic zones within the Republic of Armenia.*
- 2. The entry and exit of the free economic zone are under the control of the Organiser and the customs authorities of the Republic of Armenia.*

**II. THE TECHNICAL REQUIREMENTS SET FOR THE BOUNDARY  
OF THE FREE ECONOMIC ZONE**

- 3. Those free economic zones within the Republic of Armenia, the operational type whereof implies imports and exports of goods, must be demarcated in a way as to ensure its separation from the customs territory of the Republic of Armenia.*
- 4. The boundaries of the free economic zone separating it from the customs territory of the Republic of Armenia must be demarcated by fencing it so that to exclude the possibility of importing and exporting or damaging goods beyond the customs control from the free economic zone. The fence of the free economic zone must be built at such a distance from the buildings and structures constructed in the territory of the free economic zone in order to exclude the possibilities of importing and exporting goods beyond the customs control from the free economic zone.*
- 5. The following technical requirements are set for fencing the free economic zone:*
  - (1) the fence must be built of stone, concrete or other material which ensures the isolation of the territory;*

- (2) *the height of the fence must be not less than 2.5 metres;*
- (3) *the fence must be uninterrupted through its whole borderline, except for the entry for natural persons, as well as the checkpoints intended for imports and exports of goods and transportation means;*
- (4) *video cameras must be placed along the fence at such a distance so that it becomes possible to ensure the visibility of the whole territory;*
- (5) *the fence must be illuminated from the two sides (inside and outside).*
6. *The whole outer part of the fence of the free economic zone is deemed to be the customs boundary of the Republic of Armenia.*
7. *In the event that the free economic zone is based in a building or several parts of a building, the windows of the building or the part of the building must be latticed with a metallic lattice, and the entry and exit must be separated and demarcated ensuring its detachment from the customs territory of the Republic of Armenia in order to exclude the possibilities of importing and exporting goods beyond customs control from the territory of the free economic zone.*
8. *The building or the part of the building deemed to be the free economic zone must be illuminated from the outside.*
9. *Video surveillance means must be placed in the building or the part of the building deemed as the free economic zone, keeping the whole of the building or the part thereof visible.*
10. *For the purpose of conducting due security control, the Organiser must be supplied with an area necessary for video surveillance conducted by customs authorities and the Organiser's security bodies (checkpoint).*
11. *The following technical requirements are set for the checkpoint of the free economic zone:*
- (1) *the checkpoint must have an area intended for carrying out customs formalities;*
- (2) *the checkpoint must have an area intended for carrying out customs control;*
- (3) *the checkpoint must have a separated area supplied with the appropriate equipment for customs brokers;*
- (4) *the checkpoint must be provided with buildings or equipment specially separated and adjusted for maintenance of goods, which are under the maintenance of customs authorities, and require special maintenance*

*conditions (fragile and perishable items, requiring a certain regime of humidity and temperature – flammable, hazardous for the environment);*

*(5) the checkpoint must be equipped with electronic weighing scales (including scales having the capacity of weighing at least 80 tonnes of vehicle and at least 150 tonnes of railways in the event that the supply of goods into and from the free economic zone is to be carried out via railway or automobile transport);*

*(6) the checkpoint must be provided with devices and equipments necessary for detailed examination (x-raying, detecting radioactive means, etc.) pursuant to the requirements by the superior customs authority;*

*(7) the checkpoint must be provided with communication and electronic technical equipments, internet and radio-telecommunication necessary for the officers of the customs authority to organise the customs formalities on-site;*

*(8) the checkpoint must be provided with other technical means necessary for loading, unloading, carriage or transportation of goods;*

*(9) the checkpoint must be provided with an audiovisual recording system.*

*12. The Organiser of the free economic zone must ensure the availability of the security service (own or hired) and the sound condition of security equipment for the purpose of assuring the protection of the territory of the free economic zone and checkpoint control, as well as of video and audio recording of the actions in the whole territory via remote controlled video cameras. The video and audio records for each day must be kept separately in the computer or any other external media, which will give an opportunity to watch and hear the video and audio record clearly via numbering according to the date. The video records must indicate the date and hour of recording. The recorded video and audio sources must be kept at least for three years.*

*13. In the event of a damage of the fence during the exploitation of the free economic zone, the Organiser must forthwith eliminate the deficiencies and damages, moreover, during these activities the responsibility of ensuring the security of the free economic zone must be borne by the Organiser together with the security services.*

**CHIEF OF STAFF OF THE GOVERNMENT**

**OF THE REPUBLIC OF ARMENIA**

**D. SARGSYAN**

