

Agriculture**1. 2006-2008 Priorities of the National Programme Chapter on Agriculture**

The need for defining priorities in the agricultural sector stems from the particular structure and goals of the pertinent voluminous EU legislation. The major part of this legislation regulates the EU system of subsidies for agricultural production and rural areas as well as exports of agricultural products, and defines restrictions on imports of agricultural and food products. This part of the legislation applies to the EU member states only; hence it may not be applied in Armenia at present.

On the other hand, a substantial portion of the EU agriculture-related legislation is aimed at defining common standards and rules for quality and production of agricultural and food products with a view of reducing or thoroughly eliminating negative impact on human health and the environment.

The EU legislation on agriculture is based on 3 major constituent parts:

- Common Agricultural Policy (CAP) and rural development, which are aimed at establishing and applying the procedure for financing and providing subsidies for production and export, regulating imports of sensitive agricultural and food products for the EU, as well as promoting the development of agricultural areas;
- Food safety, which establishes common rules for all constituent parts of food production chain for human and animal consumption (this area is divided among sections of the EU legislation on free movement of goods, agriculture as well as protection of consumers and health, of which the chapter on agriculture mainly emphasizes issues related to feedstuffs, animal protection, veterinary issues and livestock-breeding, as well as plant protection);
- Common rules for organization and operation of agricultural markets, which regulate production, export and import based on the peculiarities of agricultural and food markets (i.e. wheat market, meat market, sugar, fruit and vegetables, etc.).

In view of the present level of development of the agricultural sector in Armenia and the policy pursued in this area, as well as taking into account the peculiarities of the EU agricultural legislation and policy and the experience of new EU Member States and accession countries, the following priorities have been defined for Armenia's present National Programme:

- The food safety sector taking into account the present structure of production, export and import of agricultural and food products;
- The area related to the organization of markets of various agricultural products (in respect of the part relating to the common standards);
- Rural development sector (in respect to the part relating to the rules established for development plans).

At present, taking into account that Armenia does not yet have a national strategy for agricultural subsidies and aid, the harmonization of domestic legislation with the EU legislation relating agricultural subsidies has not been included among the priorities.

2. Food Safety

Introduction

The provisions stipulated by the Armenian legislation governing the field of food safety are almost completely incompliant with the requirements of the EU legislation.

The European Union legislation on food safety (in terms of agriculture) regulates issues relating to animal health, veterinary checks, plant health, food hygiene and consumers' awareness. These issues in Armenia are regulated by the RoA laws on Food Safety¹, on Ensuring the Sanitary-epidemic Safety of the Population², on Veterinary Practices³, on Plant Quarantine and Protection⁴, on Consumer Protection⁵ and other legal acts. The majority of Armenian legal acts provide a rather general picture of the subject matter.

According to the EU legislation, ensuring food safety covers also animal feed safety. Based on the screening results it should be mentioned that there is a gap in that field of the Armenian legislation, as the latter does not envisage legal acts regulating animal feed safety.

Moreover, the Armenian legislation does not stipulate rules on organic production of agricultural produce, which will significantly facilitate the export of Armenian agricultural products to the EU market.

Food safety in Armenia is regulated by the following state agencies:

- Ministry of Agriculture of Armenia, which “in compliance with the procedure stipulated by the legislation of Armenia, for realization of its objectives and tasks, performs state control on food safety and compliance of food safety related equipments to the requirements of technological, veterinary and phytosanitary rules”.⁶
- State Hygienic and Sanitary-Epidemiological Inspection of the Ministry of Healthcare of Armenia, which is authorized to control the safeguarding of the food safety of the population in regard to the following:
 - a) sampling of food raw materials and foodstuffs for hygienic expertise and laboratory testing purposes;
 - b) import and usage of foodstuff additives and biologically active materials in the field of food raw materials and foodstuffs production, application of new technologies, development and production of new foodstuffs, as well as utilisation of polymeric and other materials related to food raw materials and foodstuffs, and of containers for food raw materials and foodstuffs.⁷
- Ministry of Trade and Economic Development of Armenia, which, among its activities, also has the mandate of elaboration of safeguard measures for prevention of existing threats⁸ to economic safety and food safety. The Department of Standardization, Metrology

¹ HO-25, 08.12.1999

² HO-43, 12.12.1992

³ HO-16, 26.10.1999

⁴ HO-46, 20.03.2000

⁵ HO-197, 26.06.2001

⁶ Decree of the Government of Armenia No 1516-N of 5 September 2002 on the Establishment of the “Ministry of Agriculture of Armenia” governmental body, the approval of the Charter and the structure of the staff of the Ministry of Agriculture of Armenia.

⁷ Decree of the Government of Armenia No 1316-N of 15 August 2002 on “Reorganization of the State Hygienic and Sanitary- Epidemiological Inspection of the Ministry of Health of Armenia and bodies subordinated to the latter, approval of the charter and the structure of the State Hygienic and Sanitary-Epidemiological Inspection”.

⁸ Decree of the Government of Armenia No 1229-N of 11 July 2002 on establishment of “The Staff of the Ministry of Trade and Economic Development of Armenia” governmental body, approval of the charter and the structure of its staff and making amendments to the Government Decree No. 197 of 6 March 2002”.

and Conformity Assessment and the Quality Inspectorate are dealing with foodstuffs' quality issues.

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In the field of plant protection and quarantine, it is envisaged to elaborate a draft law on Plant Quarantine and Protection and to make amendments to the Government Decree on laying down phytosanitary rules for import and export of plants, plant products and other regulatory items, which will mainly relate to the prohibition of placing on the market and use of plant protection products containing certain active substances, as well as preventive measures against the import and export of organisms harmful to plants or plant products and against their spread.⁹

Based on the relevant Council Regulation¹⁰, a new draft law on Food Safety shall be elaborated, which will provide for the establishment of a Food Safety Agency.

Given the necessity of legal regulation of organic production of agricultural products, a draft law on organic production of agricultural products shall be elaborated based on the relevant Council Regulation.¹¹

It is also envisaged to elaborate a draft Government Decree on establishing the technical regulation on fresh fruit and vegetables on the basis of the relevant Council Regulation.¹²

To control the maximum level for pesticides residues in and on agricultural products, a draft Government Decree on fixing maximum level for pesticides residues and nitrates in and on products of plant and animal origin shall be elaborated according to the relevant Council Directives.¹³

To ensure that the Armenian legislation provides for the regulation of issues relating to feedingstuffs, a new draft law on Feedingstuffs shall be elaborated. In an effort to increase the efficiency of controls, amendments shall be made to the RoA Law on Organizing and Carrying out Controls in the Republic of Armenia, based on the relevant Council Regulation.¹⁴

For strengthening the institutional capacities, courses shall be held on food hygiene, HACCP and food safety management.

⁹ Council Directive 79/117/EEC of 21 December 1978 prohibiting the placing on the market and use of plant protection products containing certain active substances
Commission Regulation No 3223/94 of 21 December 1994 on detailed rules for the application of the import arrangements for fruit and vegetables,
Council Directive 2000/29/EC of 8 May 2000 on protective measures against the introduction into the Community of organisms harmful to plants or plant products and against their spread within the Community.

¹¹ Council Regulation (EEC) No 2092/91 of 24 June 1991 on organic production of agricultural products and indications referring thereto on agricultural products and foodstuffs.

¹² Commission Regulation (EC) No 1148/2001 of 12 June 2001 on checks on conformity to the marketing standards applicable to fresh fruit and vegetables.

¹³ Council Directive 76/895/EEC of 23 November 1976 relating to the fixing of maximum levels for pesticide residues in and on fruit and vegetables,
Commission Directive 2002/63/EC of 11 July 2002 establishing Community methods of sampling for the official control of pesticide residues in and on products of plant and animal origin,
Council Directive 90/642/EEC of 27 November 1990 on the fixing of maximum levels for pesticide residues in and on certain products of plant origin, including fruit and vegetables,
Council Directive 86/362/EEC of 24 July 1986 on the fixing of maximum levels for pesticide residues in and on cereals.

¹⁴ Regulation (EC) 882/2004 of the European Parliament and of the Council of 29 April 2004 on official controls performed to ensure the verification of compliance with feed and food law, animal health and animal welfare rules.

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For strengthening the veterinary control, the RoA Law on Veterinary Practices shall be amended according to a number of EU Directives.¹⁵

To increase the efficiency of controls relating to the application of the Law on Feedingstuffs, as well as to ensure food safety, a draft law on organizing and carrying out controls for ensuring food safety in the Republic of Armenia shall be elaborated based on the relevant Council Directive.¹⁶

To ensure that the Armenian legislation provides for the regulation of issues relating to feedingstuffs, draft government decrees on Compound feeding stuff and on preventing the use of undesirable substances in animal feed shall be elaborated based on the relevant Council Directives.¹⁷

It is envisaged to make amendments to the Government Decree on laying down the order of state veterinary control during international and cross-border transportation of livestock goods taking into account the requirements on certification of animals and animal products as well as establishment of border inspection posts responsible for veterinary checks on products imported.¹⁸

Draft legal acts on requirements for production and placing on the market poultry meat, egg and egg products and on production and placing on the market meat and meat products shall be elaborated on the basis of the equivalent Council Directives.¹⁹

It is envisaged also to elaborate a draft Government Decree on Approving the technical regulation on poultry and a draft legal act on Approving the technical regulation on eggs in accordance with the relevant Council Regulations.²⁰

For strengthening the institutional capacities, courses shall be conducted on food safety management as well as seminars shall be organised for the staff members of food control laboratories, which will cover issues relating to quality assurance, use of statistical mechanisms, analysis methods.

¹⁵ Council Directive 89/662/EEC of 11 December 1989 concerning veterinary checks in intra-Community trade, Council Directive No 82/894/EEC of 21 December 1982 on the notification of animal diseases within the Community, Council Directive 92/65/EEC of 13 July 1992 laying down animal health requirements governing trade in and imports into the Community of animals, semen, ova and embryos,

Council Decision of 26 June 1990 on expenditure in the veterinary field (90/424/EEC).

¹⁶ Regulation (EC) 882/2004 of the European Parliament and of the Council of 29 April 2004 on official controls performed to ensure the verification of compliance with feed and food law, animal health and animal welfare rules.

¹⁷ Commission Regulation (EC) No 1436/98 of 3 July 1998 authorizing certain additives in feedingstuffs,

Council Directive 82/471/EEC of 30 June 1982 concerning certain products used in animal nutrition

Council Directive 2002/32/EC of the European Parliament and of the Council of 7 May 2002 on undesirable substances in animal feed

Council Directive 83/228/EEC of 18 April 1983 on the fixing of guidelines for the assessment of certain products used in animal nutrition.

¹⁸ Council Directive 96/93/EC of 17 December 1996 on the certification of animals and animal products,

Commission Decision No 2001/812 of 21 November 2001 laying down the requirements for the approval of border inspection posts responsible for veterinary checks on products introduced into the Community from third countries

¹⁹ Council Directive No 89/437/EEC of 20 June 1989 on hygiene and health problems affecting the production and the placing on the market of egg products,

Council Directive 90/539/EEC of 15 October 1990 on animal health conditions governing intra-Community trade in and imports from third countries of poultry and hatching eggs

Council Regulation (EEC) No 2137/92 of 23 July 1992 concerning the Community scale for the classification of carcasses of ovine animals and determining the Community standard quality of fresh or chilled sheep carcasses,

Council Directive 91/497/EEC of 29 July 1991 amending and consolidating Directive 64/433/EEC on health problems affecting intra-Community trade in fresh meat to extend it to the production and marketing of fresh meat.

²⁰ Council Regulation (EEC) No 1906/90 of 26 June 1990 on certain marketing standards for poultry,

Council Directive 1999/74/EC of 19 July 1999 laying down minimum standards for the protection of laying hens.

Council Regulation (EEC) No 1907/90 of 26 June 1990 on certain marketing standards for eggs.

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A draft Government Decree on laying down health rules concerning animal by-products not intended for human consumption and a draft Government Decree on the protection of animals kept for farming purposes shall be elaborated on the basis of the equivalent Council Regulation²¹ and Council Directive, correspondingly.²²

Strengthening of Institutional Capacities

To approximate the management of food safety issues in Armenia with EU requirements, as well as to increase the efficiency of regulation, a Food Safety Agency shall be established in 2007 as a result of the elaboration of a new law, which will pursue a common food safety policy and be responsible for the implementation of food safety legislation. This institution shall ensure a comprehensive and complete strategy for the quality and safety of food provided to consumers, including domestic, imported and exported foodstuff.

²¹ Regulation (EC) No 1774/2002 of the European Parliament and of the Council of 3 October 2002 laying down health rules concerning animal by-products not intended for human consumption

²² Council Directive 98/58/EC of 20 July 1998 concerning the protection of animals kept for farming purposes.

2.1. Legislative Approximation

0	1	2	3	4	5	6
NN	Measure	EU Legal Source	Responsible Institution	Submission Date	Necessary Resources (man/day)	EU Technical Assistance
2006						
1.	Elaboration of a draft law on plant quarantine and protection	Council Directive 79/117/EEC of 21 December 1978 prohibiting the placing on the market and use of plant protection products containing certain active substances	Ministry of Agriculture of Armenia	4 th quarter	15	Provisional expertise
2.	Elaboration of a draft law on making amendments to the RoA Law on the Organization and carrying out of controls in the Republic of Armenia	Regulation (EC) 882/2004 of the European Parliament and of the Council of 29 April 2004 on official controls performed to ensure the verification of compliance with feed and food law, animal health and animal welfare rules	Ministry of Agriculture of Armenia	4 th quarter	20	Consultancy, provisional expertise
3.	Elaboration of a draft decree on making amendments to the Government Decree on laying down phytosanitary rules for import and export of plants, plant	Commission Regulation No 3223/94 of 21 December 1994 on detailed rules for the application of the	Ministry of Agriculture of Armenia (State Customs Committee)	4 th quarter	111	Consultancy, provisional expertise

	products and other regulatory items	import arrangements for fruit and vegetables Council Directive 2000/29/EC of 8 May 2000 on protective measures against the introduction into the Community of organisms harmful to plants or plant products and against their spread within the Community				
4.	Elaboration of a draft law on organic production of agricultural products	Council Regulation (EEC) No 2092/91 of 24 June 1991 on organic production of agricultural products and indications referring thereto on agricultural products and foodstuffs	Ministry of Agriculture of Armenia (Ministry of Healthcare of Armenia, Ministry of Nature Protection of Armenia)	4 th quarter	220	Consultancy, provisional expertise
5.	Elaboration of a draft law on Food Safety	Regulation (EC) No 178/2002 of the European Parliament and of the Council of 28 January 2002 laying down the general principles and requirements of food law, establishing the European Food Safety Authority and laying down	Relevant Institution authorized by the Government of Armenia	4 th quarter	136	Consultancy, Provisional expertise

		procedures in matters of food safety				
6.	Elaboration of a draft Government Decree on Approving the technical regulation on fresh fruit and vegetables	Commission Regulation (EC) No 1148/2001 of 12 June 2001 on checks on conformity to the marketing standards applicable to fresh fruit and vegetables	Ministry of Agriculture of Armenia (Ministry of Healthcare of Armenia, Ministry of Trade and Economic Development)	4 th quarter	29	Provisional expertise
7.	Elaboration of a draft legal act of Armenia on fixing maximum level for pesticides and nitrates in and on products of plant and animal origin	Council Directive 76/895/EEC of 23 November 1976 relating to the fixing of maximum levels for pesticide residues in and on fruit and vegetables Commission Directive 2002/63/EC of 11 July 2002 establishing Community methods of sampling for the official control of pesticide residues in and on products of plant and animal origin Council Directive 90/642/EEC of 27 November 1990 on the	Relevant Institution authorized by the Government of Armenia	4 th quarter	120	Consultancy, provisional expertise

		fixing of maximum levels for pesticide residues in and on certain products of plant origin, including fruit and vegetables Council Directive 86/362/EEC of 24 July 1986 on the fixing of maximum levels for pesticide residues in and on cereals				
8.	Elaboration of a draft law on Feedingstuffs	Regulation(EC) 882/2004 of the European Parliament and of the Council of 29 April 2004 on official controls performed to ensure the verification of compliance with feed and food law, animal health and animal welfare rules	Ministry of Agriculture of Armenia	4 th quarter	122	Consultancy, provisional expertise
TOTAL					753	
2007						
9.	Elaboration of a draft law on organizing and carrying out controls for ensuring food safety in the Republic of Armenia	Regulation (EC) 882/2004 of the European Parliament and of the Council of 29 April 2004 on official controls performed to	Ministry of Agriculture of Armenia	1 st quarter	20	Consultancy, provisional expertise

		ensure the verification of compliance with feed and food law, animal health and animal welfare rules				
10.	Elaboration of a draft law on making amendments to the RoA Law on Veterinary Practices	<p>Council Directive 89/662/EEC of 11 December 1989 concerning veterinary checks in intra-Community trade</p> <p>Council Directive No 82/894/EEC of 21 December 1982 on the notification of animal diseases within the Community</p> <p>Council Directive 92/65/EEC of 13 July 1992 laying down animal health requirements governing trade in and imports into the Community of animals, semen, ova and embryos</p> <p>Council Decision of 26 June 1990 on expenditure in the</p>	Ministry of Agriculture of Armenia	1 st quarter	145	Consultancy, provisional expertise

		veterinary field (90/424/EEC)				
11.	<ul style="list-style-type: none"> • Elaboration of a draft Government Decree on additives in feedingstuffs • Elaboration of a draft Government Decree on preventing the use of undesirable substances in animal feed 	<p>Commission Regulation(EC) No 1436/98 of 3 July 1998 authorizing certain additives in feedingstuffs</p> <p>Council Directive 82/471/EEC of 30 June 1982 concerning certain products used in animal nutrition</p> <p>Council Directive 2002/32/EC of the European Parliament and of the Council of 7 May 2002 on undesirable substances in animal feed</p> <p>Council Directive 83/228/EEC of 18 April 1983 on the fixing of guidelines for the assessment of certain products used in animal nutrition</p>	Ministry of Agriculture of Armenia	1 st quarter	54	Consultancy, provisional expertise

12.	Elaboration of a draft Government Decree on making amendments to the Government Decree laying down the order of state veterinary control during international and cross-border transportation of livestock goods	Council Directive 96/93/EC of 17 December 1996 on the certification of animals and animal products Commission Decision No 2001/812 of 21 November 2001 laying down the requirements for the approval of border inspection posts responsible for veterinary checks on products introduced into the Community from third countries	Ministry of Agriculture of Armenia	2 nd quarter	22	Provisional expertise
13.	Elaboration of a relevant draft legal act on requirements for production and placing on the market poultry meat, egg and egg products	Council Directive No 89/437/EEC of 20 June 1989 on hygiene and health problems affecting the production and the placing on the market of egg products Council Directive 90/539/EEC of 15 October 1990 on animal health conditions governing intra-Community trade	Relevant Institution authorized by the Government of Armenia	3 rd quarter	77	Consultancy, provisional expertise

		in and imports from third countries of poultry and hatching eggs				
14.	Elaboration of a relevant draft legal act on production and placing on the market meat and meat products	<p>Council Regulation (EEC) No 2137/92 of 23 July 1992 concerning the Community scale for the classification of carcasses of ovine animals and determining the Community standard quality of fresh or chilled sheep carcasses</p> <p>Council Directive 91/497/EEC of 29 July 1991 amending and consolidating Directive 64/433/EEC on health problems affecting intra-Community trade in fresh meat to extend it to the production and marketing of fresh meat</p>	Relevant Institution authorized by the Government of Armenia	3 rd quarter	124	Consultancy, provisional expertise

15.	Elaboration of a draft Government Decree on Approving the technical regulations on poultry	Council Regulation (EEC) No 1906/90 of 26 June 1990 on certain marketing standards for poultry Council Directive 1999/74/EC of 19 July 1999 laying down minimum standards for the protection of laying hens	Ministry of Agriculture of Armenia (Ministry of Trade and Economic Development of Armenia)	4 th quarter	53	Consultancy, provisional expertise
16.	Elaboration of a relevant draft legal act on Approving the technical regulation on eggs	Council Regulation (EEC) No 1907/90 of 26 June 1990 on certain marketing standards for eggs	Relevant Institution authorized by the Government of Armenia	4 th quarter	16	Provisional expertise
TOTAL					511	
2008						
17.	Elaboration of a draft Government Decree on laying down health rules concerning animal by-products not intended for human consumption	Regulation (EC) No 1774/2002 of the European Parliament and of the Council of 3 October 2002 laying down health rules concerning animal by-products not intended for human consumption	Ministry of Agriculture of Armenia	2 nd quarter	230	Consultancy, provisional expertise
18.	Elaboration of a draft Government Decree on the protection of animals kept for	Council Directive 98/58/EC of 20 July 1998 concerning the	Ministry of Agriculture of Armenia	3 rd quarter	16	Provisional expertise

	farming purposes	protection of animals kept for farming purposes				
TOTAL					246	
TOTAL					1530	

2.2. Institutional Capacities²³

0 NN	1 Institution	2 Reorganization	3 Training Needs	4 Technical Assistance Needs
1.	RoA Ministry of Healthcare RoA Ministry of Agriculture RoA Ministry of Trade and Economic Development	-	Training courses on Food hygiene and HACCP (7 days / 2006)	Consultancy, provisional expertise
2.	RoA Ministry of Agriculture RoA Ministry of Healthcare RoA Ministry of Trade and Economic Development	-	Training courses on Food Safety Management (2006-2007)	Consultancy, provisional expertise
3.	RoA Ministry of Agriculture RoA Ministry of Healthcare RoA Ministry of Trade and Economic Development	-	Seminars for the Staff of Foodstuffs control laboratory (quality insurance, use of statistical methods, analysis methods) (2006-2007)	Consultancy, provisional expertise
4.	Institution authorized by the Government of Armenia	Regulation (EC) No 178/2002 of the European Parliament and of the Council of 28 January 2002 laying down the general principles and requirements of food law, establishing the European Food Safety Authority and laying down procedures in matters of food safety	Courses and training on functions of the Food Safety Authority and implementation thereof (2006-2007)	Consultancy, training

²³ For coordination of legislative approximation activities, relevant EU Integration subdivisions will be established within the responsible ministries and state agencies

3. Common Organization of Markets

Introduction

Among the European Union's policies, the Common Agricultural Policy (CAP) is regarded as one of the most important policy areas. Moreover, the legal basis of the EU Common Agricultural Policy is defined in Articles 32 to 38 of Chapter II of the EC Treaty. The share of CAP in the EU's budget totals to approximately 50% (decreasing over the years). In order to reach the CAP objectives, Article 34 of the EC Treaty provides for the creation of common organisation of agricultural markets (COM). COMs are financed from the European Agricultural Guidance and Guarantee Fund (EAGGF), mainly from its Guarantee Section, and accounts for a substantial part of the budget of the Fund. There are 18 COMs, each of which refers to one or a number of raw or processed types of products. Only few product markets are not regulated by COMs, namely the markets in potato and honey.

The COMs as mechanisms may be of the following three alternative forms:

- common rules on competition,
- compulsory coordination of various national market organisations,
- a European market organisation.

The COMs are instruments which eliminate obstacles to the intra-Union trade of agricultural products and maintain a common customs barrier with respect to third countries, as well as provide preferences for EU domestic products over imported agricultural products (e.g. price advantage). The CAPs in practice regulate relations relating to the production, carry-over, storage and marketing of separate agricultural products, as well as lay out technical regulations and standards, scales for classification (e.g. in markets in sugar and meat) for certain products and address intellectual property issues (e.g. in market in wine). These can include measures such as price regulation, aids for production and marketing of various products, storage and exports etc.

It should be mentioned that starting from January 2005, the major CAP reform alters the basis of direct aid to agricultural producers. Producers now receive direct aid in the form of decoupled income support; moreover, this reform covers the majority of COMs. The new system is intended to provide balanced income through the single farm payment scheme, and farmers can decide what and how much to produce.

In general, the agricultural policy of Armenia differs significantly from that of the EU. The agricultural products market (including external trade regime) in Armenia is much more liberalized than the EU market, and the system of state aid provided to agricultural production differs from that of the EU. The state aid system of Armenia, compared to that of the EU system, is, first of all, much simpler and not well regulated (strictly said, practically there is no system) and, secondly, it is small in size. In parallel to this, the agriculture-related commitments undertaken by Armenia within the framework of the World Trade Organization (WTO)²⁴ are different in nature and are more strict and limited than the EU commitments.

²⁴ Agriculture-related commitments undertaken by Armenia within the framework of WTO are as follows: Armenia, for access to the market, agreed to fix a 15% tariffs for all agricultural products except for certain types of products.

Obligations assumed by Armenia in terms of internal support and export subsidies in agriculture can be summarised in the following way:

- a) level of export subsidies set at zero, i.e. Armenia will not have a right to provide subsidies for agricultural products export.
- b) aggregate measurement of support (AMS) to agriculture is fixed at zero, i.e. Armenia will be required to keep its "amber box" subsidisation only to the *de minimis* level as provided in Point "c",

In this field, in respect to the policy and/or legislative approximation issues, together with institutional and human resources, these factors, as well as two other facts should be taken into account.

First, COMs mainly deal with EU Member States (e.g. external trade regime), second, the EU agricultural policy, including the system of COMs, is in the process of transformation (the transformations are and will continue to be conditioned, in particular, by the results of the Doha Round of WTO multilateral negotiations). As mentioned above, Armenia does not have institutions of COMs applied in the EU, and thus does not undertake measures defined by them. However, unlike the EU, Armenia does not have legislation regulating the field of common organization of markets.

The Armenian legislation governing the production and trade (internal and external) in agricultural products includes the Customs Code of Armenia²⁵, the Law on Domestic Market Protection²⁶, the Law on Conformity Assessment²⁷ and other legal documents. Issues relating to intellectual property of market in wine are regulated by the Chapter on "Intellectual Property" of the Civil Code of Armenia²⁸, the Law on Trade Marks, Service Marks and Appellations of Origin²⁹, the Law on Food Safety³⁰, the Law on Advertising³¹, the Law on Firm Names³², etc.

Armenia does not have special systems and relevant legal documents regulating separate agricultural products markets. Compared with the EU system, in Armenia legal relations and issues relating to agricultural production and marketing are considered and addressed within the framework of common organization of production and trade. From strictly legal point of view, there is no legal compliance in the field of regulation of agricultural products markets.

Furthermore, Armenia does not have special institutions and structures for coordination and implementation of issues relating to the common organization of agricultural markets, which exist in the European Union (e.g. European Guidance and Guarantee Fund (EAGGF), structures designated for provision and allocation of subsidies and other types of assistance, agencies dealing with purchases and storage of products, price intervention agencies, etc).

Taking into account the abovementioned and based on the predictable developments to take place in Armenia in the nearest future (including international commitments of Armenia³³), it is necessary to refer to the agriculture-related legislative approximation with some reservations. A sampling approach shall be used in the approximation process

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- c) the *de minimis* level of support with respect to product specific and non-product specific internal support will be 10% until 31 December 2008, and 5% from 1 January 2009, i.e. Armenia will be required to keep its "amber box" subsidisation at 5% of the value of the agricultural production of the given year.
 - d) Armenia will remove the existing exemption from the value added tax on domestic agricultural products sold by producers and on sales of veterinary products starting from 1 January 2009, i.e. agricultural producers will also be subjected to value added tax.

²⁵ HO-83, 06.07.2000

²⁶ HO-175, 18.04.2001

²⁷ HO-82, 26.05.2004

²⁸ HO-239, 05.05.1998

²⁹ HO-41, 20.03.2000

³⁰ HO-25, 08.12.1999

³¹ HO-55, 30.04.1996

³² HO-20, 23.11.1999

³³ For example, according to WTO commitments, Armenia cannot apply export subsidies, and starting from 2009 the defined amount of subsidies subject to restrictions (or so-called "amber box" cannot exceed 5% of general agricultural production (and in terms of separate products – 5% of production volume of the given product).

(sampling by product, as well as by policy measure), particularly in terms of choosing the price policy, external trade regime and state aid provided to agriculture. Within the framework of the Programme, it is envisaged to ensure the compliance in respect of the quality and safety requirements for agricultural products, as well as the requirements and standards for classification and marketing of products.

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Given the importance of wine production for the Armenian economy, a law on Grapes and Alcoholic Beverages from Grapes shall be adopted, which will ensure partial compliance with the Council Regulation (EC) 1493/1999³⁴.

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To defining measures and objectives of state aid (intervention) and common principles for their realization in the fields of agricultural production and marketing of agricultural products, a framework legal document (strategy paper) shall be adopted. During the elaboration of the paper, based on the current situation and needs of Armenia, the issue of ensuring the sampling compliance with the EU legislation shall also be considered.

A relevant law shall be adopted, which will provide basis for more efficient fulfilment of WTO obligations. The agriculture-related commitments undertaken by Armenia within the framework of WTO are rather strict and their fulfilment in case of failure to undertake the necessary preparatory measures may bring about economic and social problems, particularly connected with:

- a) changes in the taxation field, which can increase the tax burden on agricultural producers,
- b) restriction on the amount of state aid to agriculture,
- c) lack or insufficiency of necessary structures, mechanisms and specialists for undertaking "green box" support measures under the WTO Agreement on Agriculture.

Legal documents on different agricultural products markets (or different policy measures) shall be adopted for each product or aid (intervention) measure, on sampling basis (based on the expedience and necessity) with the purpose of ensuring the enforcement of the framework document on state aid in the spheres of agricultural production and marketing of agricultural products. These will define relevant principles, regulations and procedures for each case.

A draft Government Decree on the scale for the classification of carcasses of ovine animals and determining requirements for fresh or chilled carcasses shall be adopted, which will ensure the compliance with the Commission Regulation No 2137/92³⁵.

A similar decree shall be adopted on carcasses of bovine animals ensuring the compliance with the Council Regulation No 1208/81.³⁶

To regulate markets in poultry and eggs, a draft Government Decree on laying down requirements for marketing of poultry and eggs shall be adopted, ensuring the compliance with Council Regulations No. 1906/90 and No. 1907/90³⁷.

³⁴ Council Regulation (EC) No 1493/1999 of 17 May 1999 on the common organisation of the market in wine.

³⁵ Council Regulation (EEC) No 2137/92 of 23 July 1992 concerning the Community scale for the classification of carcasses of ovine animals and determining the Community standard quality of fresh or chilled sheep carcasses and extending Regulation (EEC) No 338/91.

³⁶ Council Regulation (EEC) No 1208/81 of 28 April 1981 determining the Community scale for the classification of carcasses of adult bovine animals

³⁷ Council Regulation (EEC) No 1906/90 of 26 June 1990 on certain marketing standards for poultry, Council Regulation (EEC) No 1907/90 of 26 June 1990 on certain marketing standards for eggs.

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The adoption of legal acts on different agricultural products markets (or different policy measures) for each product or aid (intervention) measure, on sampling basis (based on the expedience and necessity), shall be continued. These legal acts shall define relevant principles, regulations and procedures for each case.

A draft Government Decree on laying down minimum standards for the protection of laying hens shall be adopted, which will ensure the compliance with the Commission Directive No (EEC) 1999/74.³⁸ Furthermore, a draft Government Decree on the procedure for determining the meat and fat content of certain pig meat products shall be adopted ensuring the compliance with the Council Regulation No 2004/2002³⁹.

³⁸ Council Directive 1999/74/EC of 19 July 1999 laying down minimum standards for the protection of laying hens.

³⁹ Commission Regulation (EC) No 2004/2002 of 8 November 2002 relating to the procedure for determining the meat and fat content of certain pigmeat products.

3.1 Legislative Approximation

0	1	2	3	4	5	6
NN	Measure	EU Legal Source	Responsible Institution	Submission Date	Necessary Resources (man/ days)	EU Technical Assistance
2006						
1.	Elaboration of a draft law on Grapes and Alcoholic Beverages from Grapes	Council Regulation (EC) No 1493/1999 of 17 May 1999 on the common organisation of the market in wine	Ministry of Agriculture of Armenia Ministry of Trade and Economy of Armenia	4 th quarter	252	Consultancy, provisional expertise
TOTAL					252	
2007						
2.	Elaboration of a draft Government Decree on determining the scale for the classification of carcasses of ovine animals and requirements for fresh or chilled sheep carcasses	Council Regulation (EEC) No 2137/92 of 23 July 1992 concerning the Community scale for the classification of carcasses of ovine animals and determining the Community standard quality of fresh or chilled sheep carcasses and extending Regulation (EEC) No 338/91	Ministry of Agriculture of Armenia Ministry of Healthcare of Armenia	2 nd quarter	30	Consultancy, provisional expertise
3.	Elaboration of a draft Government Decree on determining scale for the	Council Regulation (EEC) No 1208/81 of 28 April 1981 determining	Ministry of Agriculture of Armenia	2 nd quarter	30	Consultancy, provisional expertise

	classification of carcasses of bovine and requirements for fresh or chilled sheep carcasses	the Community scale for the classification of carcasses of adult bovine animals	Ministry of Healthcare of Armenia			
4.	Elaboration of a draft Government Decree on laying down requirements for marketing of poultry	Council Regulation (EEC) No 1906/90 of 26 June 1990 on certain marketing standards for poultry	Ministry of Agriculture of Armenia (Ministry of Trade and Economic Development of Armenia)	4 th quarter	30	Consultancy, provisional expertise
5.	Elaboration of a draft Government Decree on laying down requirements for marketing of eggs	Council Regulation (EEC) No 1907/90 of 26 June 1990 on certain marketing standards for eggs	Ministry of Agriculture of Armenia (Ministry of Trade and Economy of Armenia)	4 th quarter	30	Consultancy, provisional expertise
TOTAL					120	
2008						
6.	Elaboration of a draft Government Decree on laying down minimum requirements for the protection of laying hens	Council Directive 1999/74/EC of 19 July 1999 laying down minimum standards for the protection of laying hens	Ministry of Agriculture of Armenia (Ministry of Healthcare of Armenia)	2 nd quarter	50	Consultancy, provisional expertise
7.	Elaboration of a draft Governmental Decree on the procedure for determining the meat and fat content of certain	Commission Regulation (EC) No 2004/2002 of 8 November 2002	Ministry of Agriculture of Armenia	2 nd quarter	20	Consultancy, provisional expertise

	pigmeat products	relating to the procedure for determining the meat and fat content of certain pigmeat products	(Ministry of Healthcare of Armenia)			
TOTAL					70	
TOTAL					442	

3.2. Institutional Capacities

0	1	2	3	4
N/N	Institution	Reorganization	Training Needs	Technical Assistance Needs
1.	RoA Ministry of Agriculture	<ul style="list-style-type: none"> • Creation of relevant positions • Creation of a position responsible for agricultural matters at the permanent representation of Armenia in WTO 	Training courses on the agricultural provisions of WTO, as well as WTO commitments related to agriculture of and their fulfilment (10 days, 2006)	Training, consultancy, provisional expertise
2.	RoA Ministry of Agriculture RoA Ministry of Trade and Economic Development RoA Ministry of Finance and Economy	-	Training courses on types and ways of state intervention in the field of agricultural products and marketing	Training, consultancy, provisional expertise
3.	RoA Ministry of Agriculture	Establishment of relevant agencies, if necessary, (e.g. price intervention agency, agency for addressing and allocating subsidies)		Training, consultancy, provisional expertise
4.	RoA Ministry of Agriculture City Halls of Armenia (marzpetaran) Local self-governing bodies of Armenia	-	Courses upon necessity	Training, consultancy

.3.3 Policy Approximation and Implementation

0	1	2	3	4	5	6
NN	Measure	EU Legal Source	Responsible Institution	Submission Date	Necessary Resources (man/ days)	EU Technical Assistance
2007						
1.	Elaboration of a draft law on state support (intervention) for agricultural production and marketing	-	Ministry of Agriculture of Armenia (Ministry of Trade and Economic Development of Armenia, Ministry of Finance and Economy of Armenia, State Tax Service under the Government of Armenia)	1 st quarter	150	Consultancy, provisional expertise
2.	Elaboration of a draft Government Decree on Measures ensuring fulfilment of commitments of Armenia in terms of agriculture within the framework of the World Trade Organization	Council Regulation (EC)No 3290/94 of 22 December 1994 on the adjustments and transitional arrangements required in the agriculture sector in order to implement the agreements concluded during the Uruguay Round of multilateral trade negotiations	Ministry of Agriculture of Armenia (Ministry of Trade and Economic Development of Armenia, Ministry of Finance and Economy of Armenia, State Tax Service under the Government of Armenia)	1 st quarter	150	Consultancy, provisional expertise

3.	Elaboration of draft laws and government decrees on markets in different agricultural products (or different policy measures) depending on the case	-	Ministry of Agriculture of Armenia (Ministry of Trade and Economic Development of Armenia, Ministry of Finance and Economy of Armenia, Ministry of Healthcare of Armenia)	3 rd quarter	150	Consultancy, provisional expertise
TOTAL					450	
2008						
4.	Elaboration of draft laws and government decrees on markets in different agricultural products (or different policy measures) depending on the case	-	Ministry of Agriculture of Armenia (Ministry of Trade and Economic Development of Armenia, Ministry of Finance and Economy of Armenia, Ministry of Healthcare of Armenia)	2 nd quarter	150	Consultancy, provisional expertise
TOTAL					150	
TOTAL					600	

4. Rural Development

Introduction

The Common Agriculture Policy (CAP) is one of the major and most significant constituent parts of the EU economic policy. Moreover, the legal basis of the EU agriculture policy is defined by Articles 32 to 38 in Title II of the EC Treaty. The CAP accounts for 50% of the Community budget (decreasing over the years). Rural development is the second pillar of the CAP in the current stage of continuous reforms and it gradually gains more and more importance.

The main legal document⁴⁰ of the EU for rural development defines the main objectives and measures aimed at rural development, for the implementation of which direct allocations are made from the funds of the European Guidance and Guarantee Fund (EAGGF).

Particularly, the measures include:

- a) Support for investment in agricultural holdings,
- b) Assistance to young farmers,
- c) Support for farmers in mountainous areas and other areas with handicaps,
- d) Environmental Support,
- e) Assistance aimed at food quality and safety,
- f) Assistance provided for processing and marketing of foodstuffs,
- g) Assistance provided for improvement of economic, ecological and social functions of forests
- h) Assistance aimed at promoting the adaptation and development of rural areas, etc.

According to new Rural Development Programme (2007-2013), measures aimed at rural development shall be financed from the Agricultural Fund for Rural Development, and the management and supervision system shall be further simplified. The new rural development programme is aimed at:

- a) Reinforcing the competitiveness of agriculture through reorganization, as well as by means of measures such as investment support to young farmers, improvement of access to information, etc.,
- b) Improving the environment and rural development through support for land management and by means of including rural development into programmes for maintenance and improvement of rural areas and forests,
- c) Enhancing the living standards in rural areas and diversifying economic activities,
- d) Formulating and implementing community (domestic) development strategy programmes.

Armenia does not have a common rural development policy and relevant legal documents. Unlike the EU system, rural development in Armenia is not entrusted with a vital role and it is observed and addressed within the framework of general poverty reduction.

In fact, Armenia does not apply the special assistance measures used for rural development purposes in the EU. Unlike the EU system, Armenia does not have legislation directly regulating the sphere of rural development. The Armenian legislation on rural development includes the Government Decree No 682-N of 14 April 2004 on

⁴⁰ Council Regulation (EC) No 1257/1999 of 17 May 1999 concerning rural development support from the funds of the European Guidance and Guarantee Fund (EAGGF), amending and repealing certain regulations.

“Approving the strategy of sustainable development of the agriculture in Armenia”, Government Decree No 994-N of 8 August 2003 on “Approving the Poverty Reduction Strategy Programme.” The Armenian legal documents in the sphere of rural development contain only general provisions related to agriculture and rural development, as well as to measures aimed at rural development. The goals and objectives defined in these documents are in compliance with the objectives defined in relevant EU legal documents. However, from strictly legal point of view, there is no legal compliance in the field of rural development.

Unlike the European Union, Armenia does not have special mechanisms and institutions responsible for implementation and coordination of rural development issues (such as the European Guidance and Guarantee Fund (EAGGF)⁴¹ in the EU or the EU Integrated Administration and Control System (IACS) in each Member State designated for appropriate implementation of rural development measures). According to the Government Decree No 1193-N of 17 September 2003⁴², a fund for rural and agricultural support has been established, however the objectives and tasks of the Fund are quite limited.

Taking into account the importance of rural development in the context of the overall agricultural development of Armenia, as well as the up-to-dateness and acuteness of rural development issues, and aimed at the improvement of the common social and economic situation in Armenia, it is envisaged to approximate the subchapter on “Rural Development” with the EU legislative requirements by 2008.

Y2007

Taking into account the multifaceted and comprehensive nature of rural development, it is expedient to first adopt a framework legal document (strategy), which will define the tasks, objectives and priorities of rural development. The paper will bring in line and/or ensure partial compliance with Council Regulation (EC) 1257/1999 and Commission Regulation (EC) No 2603/1999.

Appropriate institutional capacities and human resources shall be required for efficient implementation of the rural development strategy and/or programmes. It will also be necessary to establish relevant administrative structures. The tasks of this system will include:

- a) elaboration of relevant programmes and sub-programmes and/or assistance to the their development,
- b) due addressing and allocation of state aid,
- c) undertaking of functions and procedures relating to the development, evaluation and implementation of the programmes,
- d) monitoring the implementation process of the programmes and evaluation of outcomes⁴³.

⁴¹ According to the new Programme, rural development programmes will later be financed by the European Agricultural Fund for Rural Development.

⁴² Decree No 1193-N of 17 September 2003 of the Government of Armenia on establishment of a fund for rural and agricultural support.

⁴³ Given the current situation and expedience, the following organization of the system is recommended:

a) to establish rural development subdivision within the Ministry of Agriculture of Armenia with relevant authorities and human resources (or to delegate this function to an already existing subdivision), which will be responsible for coordination and implementation of the activities in this field.

b) to create similar subdivisions and positions in the city halls and the local self-governing bodies,

For organizing the implementation of rural development on the appropriate level, a draft Government Decree on measures and procedures for realization of objectives provided by the rural development strategy shall be elaborated.

At the same time, the implementation of rural development programmes will require relevant financing. However, it will be necessary to adopt a Government Decree on Financing the Rural Development. There are two ways for settlement of the financing issue:

- a) financing of programmes directly from the state budget through relevant annual allocations established by the RoA Law on the State Budget of the Republic of Armenia,
- b) establishment of special funds for rural development, which will finance the programmes.

c) taking into account the comprehensive nature of rural development, to establish an administrative system and procedures for cooperation between local self-governing bodies, as well as with the ministries and state agencies.

d) given the specific importance of rural development, high probability of side-effects (social, economic, environmental, cultural etc.), it is recommended that key decisions should be adopted in the form of government decrees and the Ministry of Agriculture should provide the Government with annual reports on the activities undertaken (being undertaken) to the Government.

4.1 Institutional Capacities

0	1	2	3	4
N/N	Institution	Reorganization	Training Needs	Technical Assistance Needs
1.	RoA Ministry of Agriculture	Establishment of a rural development subdivision and/or creation of positions for relevant specialists	Training courses on rural development issues, their settlement methods, as well as elaboration and assessment of development programmes (20 days / 2006)	Training, consultancy, provisional expertise
2.	RoA Ministry of Agriculture RoA Ministry of Finance and Economy RoA Ministry of Territorial Administration RoA Ministry of Nature Protection	-	Training courses on rural development issues, their settlement methods, as well as elaboration and assessment of development programmes (20 days / 2006)	Training, consultancy, provisional expertise
3.	City Halls of Armenia (marzpetaran) Local self-governing bodies of Armenia	Establishment of a subdivision for rural development and/or creation of positions for relevant specialists	-	Training, consultancy, provisional expertise
4.	City Halls of Armenia (marzpetaran) Local self-governing bodies of Armenia	-	Training courses on rural development issues, their settlement methods, as well as elaboration and assessment of development programmes (20 days / 2006)	Training, consultancy, provisional expertise

4.2. Policy approximation and implementation

0	1	2	3	4	5	6
NN	Measure	EU Legal Source	Responsible Institution	Submission Date	Necessary Resources (man/ days)	EU Technical Assistance
2007						
1.	Elaboration of a draft Government Decree on Rural Development Strategy	<ul style="list-style-type: none"> - Council Regulation (EC) No 1257/1999 of 17 May 1999 on support for rural development from the European Agricultural Guidance and Guarantee Fund (EAGGF) and amending and repealing certain Regulations - Commission Regulation (EC) No 2603/1999 of 9 December 1999 laying down rules for the transition to the rural development support provided for by Council Regulation (EC) No 1257/1999(12) - Commission notice to the Member States of 	<ul style="list-style-type: none"> Ministry of Agriculture of Armenia (Ministry of Finance and Economy of Armenia Ministry of Trade and Economic Development of Armenia Ministry of Territorial Administration of Armenia Ministry of Nature Protection of Armenia) 	3 rd quarter	300	Consultancy, provisional expertise

⁴⁴ Leader+ initiative is defined by the Council (EC) 1260/1999 Regulation of 21 June 1999, which stipulates general provisions on structural funds.

		14 April 2000 laying down guidelines for the Community initiative for rural development (Leader+) ⁴⁴				
2.	Elaboration of a draft Government Decree on measures and procedures for realization of objectives provided by the rural development strategy	-	Ministry of Agriculture of Armenia (Ministry of Territorial Administration of Armenia Ministry of Finance and Economy of Armenia)	3 rd quarter	300	Consultancy, provisional expertise
TOTAL					600	
TOTAL					600	