

GOVERNMENT OF THE REPUBLIC OF ARMENIA

DECISION

No 1521-N of 13 October 2011

ON APPROVING THE REQUIREMENTS FOR SELECTING AND SETTING CRITERIA  
FOR THE ORGANISER OF A FREE ECONOMIC ZONE, ISSUING AND  
TERMINATING PERMITS FOR OPERATORS IN THE FREE ECONOMIC ZONE,  
AS WELL AS THE REQUIREMENTS FOR A BUSINESS PLAN SUBMITTED BY  
AN OPERATOR AND THE PROCEDURES FOR EVALUATION AND TECHNICAL  
REQUIREMENTS FOR THE BOUNDARY OF A FREE ECONOMIC ZONE,  
ON MAKING AMENDMENTS TO THE DECISION OF THE GOVERNMENT  
OF THE REPUBLIC OF ARMENIA NO 844 OF 22 JUNE 2002 AND  
ON RECOGNISING AN AUTHORISED STATE BODY IN THE FIELD  
OF THE STATE POLICY ON FREE ECONOMIC ZONES

*(title edited by No 1495-N of 17 December 2015)*

Taking as a basis 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 **decides**:

1. To approve:

- (1) the procedure for selecting and setting criteria for the organiser of a free economic zone, pursuant to Annex No 1;
- (2) the requirements for issuing and terminating permits of operators in a free economic zone, as well as those for a business plan submitted by the operator and the procedure for the evaluation thereof, pursuant to No Annex 2;

- (3) the procedure for technical requirements for the boundary of a free economic zone, pursuant to Annex No 3.
2. To recognise the Ministry of Economy of the Republic of Armenia as an authorised public administration body prescribed by law.
  3. To assign the Minister of Economy of the Republic of Armenia and the Minister of Finance of the Republic of Armenia to approve the form of a permit certificate within a three-month period following entry into force of this Decision.
  4. To repeal sub-points "g" and "j" of point 1 of 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 licensing under the Customs Code of the Republic of Armenia".
  5. This Decision shall enter into force on the tenth day following its official promulgation.

**Prime Minister  
of the Republic of Armenia**

**T. Sargsyan**

1 November 2011

Yerevan

**Annex No 1**

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

**PROCEDURE**

**FOR SELECTING AND SETTING CRITERIA FOR THE ORGANISER  
OF A FREE ECONOMIC ZONE**

**I. GENERAL PROVISIONS**

1. This Procedure (hereinafter referred to as “the Procedure”) shall establish the procedures and criteria for selecting the organiser of a free economic zone in the Republic of Armenia.
2. The concepts used in this Procedure shall arise from the Law of the Republic of Armenia “On free economic zones” and shall have the same meanings provided for in the specified law.
3. The organiser shall carry out his or her activities in accordance with the procedure established 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 AN ORGANISER**

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

- (1) at the initiative of the Government of the Republic of Armenia;
  - (2) at a private initiative.
5. Selection of the organiser of a free economic zone created at the initiative of the Government of the Republic of Armenia and conclusion of an agreement shall be carried out under the following procedure:
- (1) following adoption of the decision of the Government of the Republic of Armenia “On establishing a free economic zone”, the authorised body shall select the organiser of a free economic zone in accordance with the procedure established by the Law of the Republic of Armenia “On procurements”, applying the method of competitive dialogue for procurement;
  - (2) the organiser shall be selected based on the results of evaluation of bids based on the evaluation criteria referred to in Chapter IV of the Procedure;
  - (3) the authorised body shall send the results of the selection to the Government of the Republic of Armenia for approval;
  - (4) within 30 days following the entry into force of the decision of the Government of the Republic of Armenia “On approving the organiser of the free economic zone”, the Government of the Republic of Armenia, represented by the authorised body, shall conclude with the selected organisation an agreement on organising a free economic zone.
6. At a private initiative, the establishment of a free economic zone, the selection of an organiser and the conclusion of an agreement shall be carried out under the following procedure:
- (1) with a view to establishing a free economic zone in the territory of the Republic of Armenia at a private initiative, the initiator shall submit a bid to the Staff of the Government of the Republic of Armenia;

- (2) the bid shall comprise the entirety of the following documents:
  - (a) application;
  - (b) the list and tariffs of services provided by the organiser;
  - (c) description of the free economic zone, the objective of its establishment, the main directions of activities;
  - (d) place of location, plan of the territory, as well as the design of constructions in case of existence thereof within the territory;
  - (e) the business plan, which must meet the criteria referred to in Chapter IV of the Procedure;
- (3) with a view to evaluating the bid submitted by a private organisation for the establishment of a free economic zone, a standing inter-agency commission shall be established upon the decision of the Prime Minister of the Republic of Armenia (hereinafter referred to as “the Commission”). The Staff of the Government of the Republic of Armenia shall, within 3 working days, transfer the bid to the Commission;
- (4) the Commission shall, within 20 working days<sup>corrected.</sup>, evaluate the documents included in the bid in accordance with the evaluation criteria of the bid prescribed by the Procedure and 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 the private organisation as the organiser of a free economic zone, as a result whereof a decision on awarding or rejecting the bid shall be adopted;
- (6) the authorised body shall, within 3 working days<sup>corrected.</sup> following the adoption of the decision, inform the initiator on the decision of the Government of the Republic of Armenia;

- (7) within 30 working days following the entry into force of the Decision of the Government of the Republic of Armenia “On establishing a free economic zone and approving the organiser of a free economic zone”, the Government of the Republic of Armenia, represented by the authorised body, shall conclude with the initiator an agreement on organising a free economic zone.

***(point 6 amended, edited by No 1495-N of 17 December 2015)***

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

7. The Commission shall comprise 9 persons: the Chairperson, Secretary and 7 members. The head of the authorised body shall be the Chairperson of the Commission, and the head of the relevant subdivision of the authorised body shall be the Secretary.
8. Minutes shall be drawn up during each sitting of the Commission. The minutes shall be signed by the Chairperson of the Commission and other members having attended the sitting.
9. The sitting of the Commission shall have quorum if attended by two thirds of the members of the Commission, whereas in case less than two thirds of the members of the Commission attended, the sitting shall be considered as failed and a new sitting shall be scheduled. The Commission shall inform all bidders on the day and time of the new sitting.
10. In case of absence of the Chairperson of the Commission, the activities of the Commission shall be managed by one of the members of the Commission upon the decision of the Chairperson.

#### IV. EVALUATION CRITERIA FOR THE BID

11. The following are the evaluation criteria for a bid:
  - (1) compliance of the activities of each potential operator with the objective of establishing a free economic zone;
  - (2) the list and tariffs of services provided by the organiser;
  - (3) the amount, direction and terms of investments, including the types of investments — financial and property;
  - (4) compliance with the requirements referred to in Article 6 of the Law, including architectural and construction design (hereinafter referred to as “the design”) and visual model, or ensurance of justifications necessary for not following the requirements referred to in point 1 of part 1 of Article 6 of the Law;
  - (5) measures for the international recognition of a free economic zone and dissemination of the brand thereof, including availability of marketing contracts, activites aimed at supporting the engagement of international brands and other operators in the free economic zone and the export of the products manufactured and services provided in the free economic zone, and the expected outcomes;
  - (6) experience in the field of organising a free economic zone (will be considered as an advantage);
  - (7) division of obligations between the organiser and the State and correlation of participation of the parties;
  - (8) justification of necessity to establish a free economic zone (only in case of a private initiative);
  - (9) environmental impact assessment;

(10) the number of jobs to be created by the organiser and the amount of the average wage.

*(Annex amended, edited by No 1495-N of 17 December 2015)*

**Chief of Staff of the Government  
of the Republic of Armenia**

**D. Sargsyan**



**Annex No 2**

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

**PROCEDURE FOR ISSUING AND TERMINATING PERMITS FOR THE OPERATORS  
OF FREE ECONOMIC ZONES, AS WELL AS THE REQUIREMENTS  
FOR A BUSINESS PLAN SUBMITTED BY THE OPERATOR AND  
THE EVALUATION PROCEDURE THEREOF**

**I. GENERAL PROVISIONS**

1. This Procedure (hereinafter referred to as "the Procedure") shall define the procedures related to issuing and terminating permits for the operators of free economic zones, as well as the requirements for a business plan submitted by the operator and the evaluation procedure thereof.
2. The concepts used in this Procedure shall arise from the Law of the Republic of Armenia "On free economic zones" and shall have the same meanings provided for in the specified law.
3. A commercial legal person, individual entrepreneur and the representation of a foreign organisation (hereinafter referred to as "the operator"), which have been issued the relevant permit as prescribed by the Procedure and have concluded an agreement with the organiser and are registered within the Republic of Armenia, shall be considered as an operator of a free economic zone.
4. The permit to operate within the free economic zone shall be issued for the period requested by the operator, but for no longer than the end of activities carried out within the free economic zone.

## II. PROCEDURE FOR ISSUING A PERMIT

5. Permit to operate within a free economic zone shall be issued upon the decision of the Government of the Republic of Armenia, based on the opinion submitted by the Commission following the evaluation of the business plan of a bidder as prescribed by sub-point 3 of point 6 of Annex No 1 to the Decision of the Government of the Republic of Armenia No 1521-N of 13 October 2011.

***(point 5 supplemented, amended by No 1495-N of 17 December 2015)***

6. The bid submitted to the authorised body shall comprise the entirety of the following documents:
  - (1) application (in the prescribed form);
  - (2) business plan, which must meet the criteria referred to in Chapter IV of the Procedure;
  - (3) statement of information issued by the organiser on conditions for carrying out activities within a free economic zone.

***(point 6 amended No 1373-N of 29 December 2016)***

7. The authorised body shall, within one working day following the receipt of the bid, send the bid to members of the Commission electronically. Members of the Commission shall, within 5 working days following the receipt of the bid, examine the submitted documents based on the criteria set under the Procedure and submit an evaluation of the bid.

***(point 7 edited by No 1373-N of 29 December 2016)***

- 7.1. Evaluations of the bid shall be submitted electronically.

***(point 7.1 supplemented by No 1373-N of 29 December 2016)***

7.2. In case a member of the Commission fails to submit an evaluation of the bid within five working days, the results of evaluation of the given member of the Commission shall not be considered during the evaluation of the bid.

***(point 7.2 supplemented by No 1373-N of 29 December 2016)***

7.3. A sitting of the Commission shall be convened in the following cases:

- a. where the bid has not passed the passing threshold as a result of evaluation;
- b. where the bid has not been evaluated by at least one third of the members of the Commission, or a justification on the need for further consideration of the bid has been submitted to the Chairperson of the Commission by the member of the Commission.

***(point 7.3 supplemented by No 1373-N of 29 December 2016)***

7.4. The Chairperson of the Commission shall convene a sitting within 2 working days upon emergence of the grounds prescribed by point 7.3 of this Procedure.

***(point 7.4 supplemented by No 1373-N of 29 December 2016)***

7.5. The authorised body shall submit the evaluated bid and the relevant opinion of the Commission to the Government of the Republic of Armenia for consideration no later than within 10 working days following the receipt of the bid.

***(point 7.5 supplemented by No 1373-N of 29 December 2016)***

8. Within 15 working days following the receipt of the opinion, the Government of the Republic of Armenia shall:

- a. adopt a relevant decision on issuance or rejection of a permit, and
- b. inform the authorised body thereon.

Non-compliance of the bid with the business plan requirements prescribed by this Procedure shall be a ground for rejecting the application. The authorised body shall inform the bidder on the decision of the Government of the Republic of Armenia on issuing or rejecting a permit within 3 working days following the entry into force of the decision.

***(point 8 edited by No 1495-N of 17 December 2015, amended by No 1373-N of 29 December 2016)***

9. The bidder and the organiser shall conclude an agreement within 2 months following entry into force of the decision on issuance of the permit. The organiser shall provide the copy of the agreement to the authorised body.

***(point 9 amended by No 1495-N of 17 December 2015, supplemented by No 1373-N of 29 December 2016)***

10. Upon receipt of the copy of the agreement, the authorised body shall issue a permit certificate to the bidder within 2 working days. The form of the certificate shall be defined upon joint order of the head of the authorised body and the Minister of Finance of the Republic of Armenia.

***(point 10 edited by No 1373-N of 29 December 2016)***

11. Upon issuing the certificate, the authorised body shall, within 1 working day<sup>corrected</sup>, send the copy of the certificate to the State Revenue Committee adjunct to the Government of the Republic of Armenia.

***(point 11 amended by No 1495-N of 17 December 2015, No 459-N of 5 May 2016)***

12. The authorised body shall maintain the register for permits issued to operators (hereinafter referred to as "the register"), which shall be published on the official website of the authorised body and updated within one working day after the issuance of a certificate to each new operator.

***(point 12 supplemented by No 1495-N of 17 December 2015, edited by No 1373-N of 29 December 2016)***

12.1. The register shall contain the following information:

- (1) name of the operator of the free economic zone;
- (2) registration number;
- (3) number of the relevant decision of the Government of the Republic of Armenia on issuing a permit to the given operator;
- (4) copy of the certificate of permit for implementation of activities of the operator in the free economic zone.

***(point 12.1 supplemented by No 1373-N of 29 December 2016)***

13. The availability of the register is a ground for applying the privileges granted to the operator by the legislation of the Republic of Armenia.

### **III. PROCEDURE FOR TERMINATING PERMIT OF OPERATOR**

14. The decision on termination of the permit of the operator shall be adopted by the Government of the Republic of Armenia on the basis of the opinion submitted by the authorised body.
15. The permit of an operator shall be terminated in case of existence of one of the following conditions:
  - (1) upon desire of the operator;
  - (2) upon termination of the agreement between the organiser and the operator;
  - (3) upon liquidation of the free economic zone;
  - (4) upon expiry of the term prescribed by the permit;

- (5) upon violation of or non-compliance with the requirements set by the permit;
- (6) upon violation of the requirements of point 1 of Article 11 of the Law of the Republic of Armenia "On free economic zones".

15.1. The authorised body shall, within one working day, send the application on termination of the permit of the operator submitted by the operator, and in case of termination at the initiative of the authorised body — the application on termination of the permit of the operator, on relevant grounds.

***(point 15.1 supplemented by No 1495-N of 17 December 2015)***

15.2. The Commission shall, within 3 working days following the receipt of the documents, examine the submitted documents and submit a relevant opinion to the Government of the Republic of Armenia for consideration.

***(point 15.2 supplemented by No 1495-N of 17 December 2015)***

15.3. The Government of the Republic of Armenia shall, within 15 working days following the receipt of the opinion, adopt a relevant decision on termination of the permit.

***(point 15.3 supplemented by No 1495-N of 17 December 2015, amended by No 1373-N of 29 December 2016)***

15.4. The authorised body shall inform the applicant on the decision of the Government of the Republic of Armenia on termination of the permit within 3 working days following the entry into force of the decision. The authorised body shall, within one working day following the adoption of the decision, send the decision to the State Revenue Committee adjunct to the Government of the Republic of Armenia and make relevant changes in the register. The operator shall, within one working day following the receipt of the decision, deliver the certificate to the authorised body.

***(point 15.4 supplemented by No 1495-N of 17 December 2015, amended by No 459-N of 5 May 2016)***

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

#### **IV. REQUIREMENTS AND EVALUATION CRITERIA FOR BUSINESS PLAN**

17. The business plan (hereinafter referred to as "the plan") shall be evaluated by the Commission, by applying weighting coefficients for each of the evaluation criteria, the sum total whereof shall not exceed 100 points. Considering the operational significance of the free economic zone, the value of weighting coefficient for each of the criteria shall be defined by the Commission prior to the evaluation.
18. The plan shall be evaluated based on the following criteria:
- (1) export directions and volumes;
  - (2) compliance of the plan with the aims of establishing a free economic zone and the operational type thereof;
  - (3) use of technological innovations;
  - (4) number of jobs and other social actions;
  - (5) amounts of total investments;
  - (6) *(sub-point repealed by No 1373-N of 29 December 2016)*
- (point 18 edited, amended by No 1373-N of 29 December 2016)*
19. The evaluation criteria set under point 18 of this Procedure shall also be considered as requirements for the business plan.

**Chief of Staff  
of the Government  
of the Republic of Armenia**

**D. Sargsyan**

***Form***

To the head of the authorised body

Full name of the bidder \_\_\_\_\_

\_\_\_\_\_

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

\_\_\_\_\_

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

**APPLICATION**

**TO OBTAIN A PERMIT TO OPERATE WITHIN A FREE ECONOMIC ZONE**

1. Bidder \_\_\_\_\_  
(full name and actual address of the bidder)

represented by \_\_\_\_\_,  
(position, name, surname, father's name)

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

asks to permit implementation of \_\_\_\_\_  
(type of activity)

" \_\_\_\_\_ "

\_\_\_\_\_

(name of the free economic zone) (type of free economic zone)

within the territory of the free economic zone.

2. Data of the bidder

Place of location \_\_\_\_\_

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

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



Organisational and legal form of registration of the bidder in the state register and his or her registration number \_\_\_\_\_

3. Responsible contact person

Name, surname, father's name \_\_\_\_\_

Position \_\_\_\_\_

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

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

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

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

4. List of attached documents: \_\_\_\_\_

**Statement**

I certify that the information contained in this document is reliable and complete. I fully acknowledge that the submission of 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 supplemented, edited, amended by No 1495-N of 17 December 2015, amended by No 459-N of 5 May 2016, amended, edited, supplemented by No 1373-N of 29 December 2016)***

**Annex No 3**

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

**PROCEDURE  
OF THE TECHNICAL REQUIREMENTS FOR THE BOUNDARY  
OF A FREE ECONOMIC ZONE**

**I. GENERAL PROVISIONS**

1. This Procedure defines the technical requirements for the boundary of free economic zones within the Republic of Armenia.
2. The entry into and exit from a free economic zone are under the control of the organiser and the customs authorities of the Republic of Armenia.

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

3. The free economic zones within the Republic of Armenia the operational type whereof implies import and export of goods must be demarcated in a way as to ensure separation thereof from the customs territory of the Republic of Armenia.
4. Demarcation of the free economic zone from the customs territory of the Republic of Armenia must be carried out via enclosure so that to exclude the possibility of importing and exporting or damaging goods beyond the customs control from the territory of the free economic zone. The enclosure of the free economic zone must be built at such a distance from the buildings and

constructions built in the territory of the free economic zone as to exclude the possibilities of importing and exporting goods beyond the customs control from the territory of the free economic zone.

5. The following technical requirements are set for enclosure of the free economic zone:

- (1) the wall must be built of stone, concrete or other material, which ensures isolation of the territory;
- (2) the height of the wall must be not less than 2.5 m;
- (3) the enclosure must have a whole and continuous outline, except for the entry and exit for natural persons, as well as the checkpoints intended for import and export of goods and transport means;
- (4) video cameras must be placed along the entire length of the enclosure at such a distance so that it is possible to ensure the visibility of the whole territory;
- (5) the enclosure must be illuminated from both sides (inside and outside).

6. The whole of the outer part of the wall of the free economic zone shall be deemed to be the customs border of the Republic of Armenia.

7. ***(point repealed by No 1352-N of 25 September 2014)***

7.1. The requirements of points 4 and 5 and sub-points 5 and 6 of point 11 of this Procedure may not be followed for free economic zones established within a building or in several sectors of a building, based on the opinion of the Commission referred to in sub-point 3 of point 6 of Annex No 1 to the Decision of the Government of the Republic of Armenia No 1521-N of 13 October 2011.

***(point 7.1 supplemented by No 979-N of 13 September 2013, edited by No 1352-N of 25 September 2014)***

8. The building or the part of the building deemed to be a free economic zone must be illuminated from the outside.
9. Means of video surveillance must be placed within the building or the part of the building deemed to be a free economic zone, keeping the whole of the building or the part thereof visible.
10. For the purpose of exercising proper security control, the organiser must be provided an area necessary for video surveillance by customs authorities and security bodies of the organiser (checkpoint).
11. The following technical requirements are set for the checkpoint of the free economic zone:
  - (1) the checkpoint must have a separated area intended for carrying out customs formalities;
  - (2) the checkpoint must have a separated area intended for carrying out customs control;
  - (3) the checkpoint must have a separated area with appropriate equipment for customs brokers;
  - (4) the checkpoint must be supplied with constructions or equipment specially separated and adjusted for goods placed under the responsible maintenance of customs authorities and requiring special conditions for maintenance (perishable and fragile, requiring a certain regime of humidity and temperature flammable, harmful 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 vehicles and at least 150 tonnes of railways, where the supply of goods into and from the free economic zone is to be carried out via railway or vehicular transport);
  - (6) the checkpoint must be equipped with devices and equipment necessary for detailed screening (x-raying, detecting radioactive means, etc.), pursuant to the requirements set by the superior customs authority;

- (7) the checkpoint must be supplied with communication and electronic technical equipment, internet and radio-telecommunication necessary for the officers of the customs authority to organise the customs formalities on-site;
  - (8) the checkpoint must be equipped with other technical means necessary for loading, unloading, carriage or transportation of goods;
  - (9) the checkpoint must be equipped with an audio video recording system.
12. The organiser of the free economic zone must ensure the availability of the security service (own or hired) and the permanent good order of security equipment to ensure the protection of the territory of the free economic zone and carrying out of passport control, as well as to video and audio record the actions carried out within the whole territory via remote controlled video cameras. The recorded video and audio materials for each day must be kept separately in a computer or any other external media, which will enable watching and hearing the video and audio recording clearly via numbering it according to the date. The date and hour of the video recording must also be indicated in the video recordings. The recorded video and audio materials must be kept for at least 3 days;
13. In the event of damage of the enclosure during the operation of a free economic zone, the organiser must immediately eliminate the shortcomings and damages; moreover, during these activities, the organiser and the security services must be jointly responsible for ensuring the security of the free economic zone.

***(Annex supplemented by No 979-N of 13 September 2013, amended, edited by No 1352-N of 25 September 2014)***

**Chief of Staff of the Government  
of the Republic of Armenia**

**D. Sargsyan**