

# INFORMATION FOR INVESTORS

## Constitutional Guarantee For Investments

Armenia is a member of the following organizations: APCTT, BSEC, BSBTDB, CCC, CIS, EEC, EBRD, IFRCRCS, IFC, IMF, ISO, ITU, IPU, FAO, ECE, ESCAP, IAEA, IBRD, ICAO, IDA, IFAD, ILO, IOS, ICDO, ICAO, INTOSAI, IAPNTELSAT, INTERPOL, IOC, ITU, NACC, OIPO, OSCE, RAMSAR, UN, UNCTAD, UNESCO, UNIDO, MIGA, PCCNTBTO, UPU, WEC, WCO, WHO, WIPO, WMO, WOA, World Bank/IDA, WTO (World Tourism Organization), WTO and the Council of Europe. Armenia also has observer status at ADB, NAM, and participates in NATO PFP.

The Partnership and Co-operation Agreement between the European Union and Armenia came into effect in July 1999. The Agreement aims to improve economic cooperation and trade within the region and with the European Union. As Armenia is a member of MIGA it is possible to get MIGA guarantees to insure investment against political risk. On December 10, 2002 Armenia joined the WTO.

## Bilateral Investment Protection Agreements

**Bilateral Treaties on Investment Promotion and Protection (BITs)** have been concluded with 32 countries including: Argentina, Austria, Belarus, Belgium-Luxemburg economic union, Bulgaria, Canada, China, Cyprus, Egypt, France, Georgia, Germany, Greece, India, Iran, Italy, Israel, Kazakhstan, Kyrgyzstan, Lebanon, Qatar, Romania, Russia, Switzerland, Tajikistan, Turkmenistan, Ukraine, United Kingdom, United Arab Emirates, Uruguay, USA and Vietnam. BITs with Brazil, Czech Republic, Japan, Holland, Macedonia, Morocco, Slovenia and Jordan are under negotiation. Armenia is a signatory to the CIS Multilateral Convention on the Protection of Investor Rights.

## **Free Trade Treaty**

Armenia has Free Trade Regimes with Georgia, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, and Ukraine. And Most-Favored-Nation Trade Regimes with Argentina, Bulgaria, Canada, China, Cyprus, EU, Iran, India, Hungary, Lebanon, Poland, Romania, Syria, Switzerland, Vietnam and USA.

## **Double Taxation Treaties**

Double taxation treaties (DTTs) are in force with Belarus, Bulgaria, China, France, Georgia, Iran, Latvia, Lebanon, Lithuania, Romania, Russia, Turkmenistan and Ukraine. Treaties with Belgium, Egypt, Greece, Netherlands, Poland, Syria and Uzbekistan are subject to ratification. The number of DTTs is rapidly increasing.

## **Trade Liberalization**

Today, Armenia has a liberal foreign trade regime with a simple two-band import tariff (at 0% and 10%), no taxes on exports, and no quantitative trade restrictions. Import, export, and domestic production licenses are required only for health, security, and environmental reasons. There are no limits on hard currency imports.

Armenia is a member of WTO from 2002. Since then, it has advanced rapidly in trade liberalization. The accession process is in the final stage.

The new Customs Code (in force since January 1, 2001) streamlines customs procedures and complies with WTO Rules (see [www.customs.am](http://www.customs.am)).

Under the terms of free trade agreements, tariff exemptions are extended to goods

traded between Armenia and Belarus, Georgia, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan and Ukraine. Excise taxes are charged at various rates on the import or production of some goods, including alcohol, tobacco and petrol.

## **Why Armenia**

The investment and trade policies of Armenia are considered to be the most open in the CIS by international organizations. Foreign companies are encouraged to invest and are entitled by law to the same treatment as local companies, moreover they have certain advantages. Armenia's investment climate is continuously improving with a strong government commitment to attracting FDI, including refining the legislative framework.

The Law on Foreign Investment, adopted in July 1994, regulates foreign investment in Armenia. It provides guarantees to foreign investors and protects investors from changes in the business related laws for 5 years. According to the Law a "Foreign Investor" is any foreign company or citizen, a person without citizenship, an Armenian citizen permanently residing outside of Armenia, or an international organization that invests in Armenia. "Foreign investment" is any form of property, including financial assets and intellectual property, which is invested by a foreign investor directly in the territory of Armenia, in any economic or other venture.

- Political and Economic Stability
- Favorable Investment Legislation
- Investment Guarantees
- Strong Government Commitment to FDI Attraction
- Well Educated, Skilled and Easily Trainable Workforce
- Cost-Efficient Labor Force and Science Based Skills
- No Limitation on Foreign Ownership
- Competitive Energy Cost
- Access to CIS and Middle East Markets
- No Export Duty
- Foreign Exchange Free Conversion
- Free Repatriation of Profit
- No Restrictions on Staff Recruitment
- No Restrictions on Remittances

Foreign investors can make investments in Armenia through the establishment of fully foreign-owned companies (including representations, affiliates, and branches), the purchase of existing companies and securities, or the establishment of joint ventures. The company registration process takes about a week.

There are also incentives for exporters - no export duty and a VAT refund on goods and services exported.

There are no limitations on the volume and type of foreign ownership, the number of foreign employees and access to financial sources. Although foreigners can only lease land, a company registered by a foreigner as an Armenian business entity does have the right to buy land. Foreigners may obtain permission to use land under long-term leases, and concessions for the use of Armenian natural resources with the participation of an Armenian company.

## **OPPORTUNITIES BY SECTORS**

### **Information Technologies**

Armenia is one of the leading information technology nations among the neighboring CIS and Middle East countries. The growth of the present-day IT industry in Armenia can be traced back to the Soviet era during which time Armenia was a key science, R&D, and high-tech manufacturing center of the former USSR. At the peak of its growth in 1987, the science and technology sector in Armenia employed, according to various estimates, around 100,000 specialists. Independence in 1991 opened up new opportunities for the industry and particularly for entrepreneurs and IT professionals. The focus of the industry shifted from major manufacturing operations to the software and services segment, which has witnessed substantial growth during the period from 1998-2008. Today, Armenian IT industry is one of the most dynamic and promising sectors of the economy.

### **Electronics & precision engineering**

Armenia is strong in many sectors. In particular Armenia's tradition of scientific and technological excellence means we have great potential in sectors such as IT, Pharmaceuticals and Chemicals Engineering and Electronics. As it can be concluded from above the Armenian electronics and precision engineering sectors have great potential. In Soviet times it was one of the strongest sectors in Armenia, making up 20 percent of GDP and supplying 25-30% of computer related equipment to the Soviet defence and space industries. Today, highly qualified engineers with experience are one of the most valuable advantages of investing in this sector.

To get in-depth review on this sectors and the country in a whole as a perspective place for investments we'll give You PEST analysis. They will give You full understanding of market growth or decline, business position, potential and direction for operations as well as certain overview of the different macroenvironmental factors that the investor will have to take into consideration.

### **Mining**

The subsurface of Armenia is rich in certain mineral resources, which were investigated during many decades. As a result, more than 480 deposits of mineral resources were discovered. Basic areas of subsurface use are: geological prospecting, output of mineral resources and the use of subsurface, non-connected with exploring and operating of mineral resources.

The following geological-industrial types of mineral formations of Armenian mineral resources present practical interest:

- Magnetit-olivinic formation – powerful vein bodies with sharp drop, formed with serpentinous olivine and magnetite. The ore is naturally alloyed.  
*Location: Syunik marz*
- Minerals formation (B, Al, Se, I, Tr) – presents industrial attraction in concentrations of alkaline intrusions. The rockforming nepheline is a basic material for extraction of aluminium.  
*Location: Kotayk marz*
- The formation of rhenium-wolfram ores – vein-disseminated zones, veins, sockets, and lenses. Mineral composition – molybdenyt, chalcopyrite, gold, pyrite, bornite, halenit, blende, scheelite, from the diffused elements - Rhenium, Cadmium, Bismuth, Gallium, Thallium, Germanium, Indium,

Selenium,  
*Location: Syunik and Lori marzes*

Tellurium.

- The copper-sulphuric-pyrite formation – veins, pins, sockets, vein-disseminated zones. Mineral composition – quartz, pyrite, chalcopyrite, halenit, blende, faded ores, enargite, and gold. It is necessary to point out the frequent existence of gold, cloth to the economic accumulation, in the form of admixtures in pyrite crystals. From the diffused elements - Rhenium, Cadmium, Bismuth, Gallium, Thallium, Germanium, Indium, Selenium, Tellurium, Gold, Silver, Ytterbium, Yttrium.  
*Location: Syunik and Lori marzes*
- Polymetallic formation – Occupies leading positions in RA by its scale and industrial importance. It is introduced with several types of ores: lead-zinc, pyrite-polymetallic and polymetallic itself, in association with halenit, blende (with Cadmium), pyrite, chalcopyrite, faded ores, seldom with molybdenyt, gold and silver, as well as with gold-silver-antimony-sulphur-polymetallic type.  
*Location: Syunik, Lori, Kotayk and Vayots Dzor marzes*
- The gold-silver-bismuth-tellurium formation: mineral composition – quartz, chalcedony, carbonates, pyrite, chalcopyrite, halenit, gold and electrum. The form of ore bodies – veins and vein-type bodies and zones of quartz-carbonate structure, stockworks.  
*Location: Gegharkunik, Vayots Dzor, Kotayk and Lori marzes*

There are plans to implement a program for reviving and developing the mining industry, with the objective of raising the extraction of copper and molybdenum, increasing the degree of processing and exporting semi-finished products instead of raw materials.

## **Chemicals and Pharmaceuticals**

### **Fine Chemicals**

There are multiple opportunities to source - right here in Armenia -both fine and specialty chemical products and the decades-long research development efforts that has led to the creation of these and other brand new performance products. Armenia has a long tradition of educational depth and research excellence that has been a hallmark of Armenian technology for literally hundreds of years.

The fine chemicals sector in Armenia is actually composed of two clusters. The first cluster is so called “Commercial Entities” that represents actual producers of fine chemicals. The second cluster called “Research Institutes,” is composed of those institutes conducting research in developing new fine chemicals and/or in applying fine chemicals to new applications.

Producers of specialty and fine chemicals are ready to provide over 5,000 specialty and fine chemical products. In addition, these producers are custom manufacturers, offering capacity and capability for producing relatively small amounts (up to ton lots) of high purity and high cost products, as well as products with difficult or time-consuming production routes. All this is regularly done for customers on six continents.

There are 93 research centers and institutions in Armenia. Of these, five research institutes can be said to be working primarily with fine chemicals. More specifically, these five research institutes are focused on three fields for most of their pure and applied research and development activities: pharmaceuticals, crop protection and

other agricultural chemicals, and food/ flavor ingredients and medical research products.

Armenian pharma research institutes have new active pharmaceutical ingredients (APIs) developed and patented, waiting for licensing discussions, as well as groundbreaking research in many directions: APIs for treatment of cardiovascular, neuropsychic, and infectious diseases and malignant tumors; clinical results (cellular level) for novel cardioactive hormones, and new metal-containing proteins and enzymes, for treating neurodegenerative diseases ranging from Alzheimer's to Parkinson's; etc.

Armenian agrochemicals institutes have new crop protection products patented and field-tested, showing high cost-effectiveness, low toxicity, and complete environmental acceptability in all applications: a full range of new technology commercial herbicides, pesticides, & fungicides; and new synthetic pheromones with biotrap for easy, safe, ecological, and cost-efficient use.

Armenia's tradition in the fine chemical sector together with Armenia's well-educated and experienced labour force with very competitive wage rates perfectly matches the needs of chemical component production, which is labour and scientific intensive. This makes the country a profitable location for chemical production and R&D.

### **Jewelry and Diamonds**

Jewelry and diamond processing are considered a very attractive field for investment in Armenia based on the existence of skillful diamond cutters with competitive wage rates, modern equipment and tax privileges (no taxes on the import of raw materials and on the export of finished products) in Armenia. Large proportions of exports are polished diamonds, imported into Armenia in their rough state for finishing, thus taking advantage of Armenia's skilled jewelers with competitive labor costs.

Today, 27 companies with 5000 employees (2500 in diamond processing) are operating in this sector, excluding individual jewelers. The largest companies are Yerevan Jewelry Plant (2000 employees), Sapphire Plant (520 employees), Lori Company (420 employees), Shoghakn Plant (408 employees) and Diamond Company of Armenia (DCA, 350 employees). In 1998, following a gathering of Armenian jewelers from all over the world, the Armenian Jewelers' International Association (AJIA) was founded. AJIA is one of the country's first international trade and development associations. The AJIA's aim is to bring Armenian jewelers together to develop the country's jewelry industry. It has regional representatives on the west and east coasts of the USA, in Europe, the Middle East, and Armenia.

### **Foreign Trade of RA 2009 according to statistical Handbook**

| Product Group Name           | Export          |                 | Import           |                 |
|------------------------------|-----------------|-----------------|------------------|-----------------|
| Diamonds, not mounted or set | 79,240.6 karats | US \$59,754.900 | 193,997.1 karats | US \$65,455,400 |

### **The volume of product productions for January-June 2010**

| Product Group | Amount                            |
|---------------|-----------------------------------|
| Diamond       | 2,632,780,000 AMD(7,300,000 \$US) |

|  |                                     |
|--|-------------------------------------|
| Mounted precious or semi precious stones, not diamonds | 106,984,000AMD (300,000 US\$)       |
| Jewelry ornaments                                      | 1,887,502,000 AMD (5,225,000 US\$)  |
| Precious stones and metals                             | 4,627,266,000 AMD (12,850.000 US\$) |

### **Textiles & Clothing**

Armenia offers great opportunities to investors in light industry (carpet, footwear, textiles and clothing) due to cost effective labor, long-established traditions and free access to the CIS market. The absence of tariffs and other related regulations is another strong argument in favor of investing in this sector of Armenian economy.

The main countries of export for light industry production are the USA, Russia, European Union and Canada. One of the fast-developing sectors of light industry is carpet production. Armenian carpets are well known among those who appreciate beauty and comfort. Currently, carpets are exported to the US and Western European markets.

Footwear production has traditionally been well developed in Armenia satisfying the needs of the domestic market and also exporting large volumes. Currently, Armenian companies are cooperating with European partners to enter Western markets. Nevertheless, the main market still remains the CIS. Presently, the Armenian textile industry consists of three major sectors: clothing (15%), knitting (20%) and textile processing (65%).

The knitting sector is one of the most successful in Armenia. Most of the companies operating in this sector export their production to Canada, USA, Europe, and CIS.

The clothing sector also has great potential for rapid development. Companies operating in this field export up to 100% of their production. Knitted and clothing products, made in Armenia, are successfully establishing themselves in niche markets throughout the world. A newly established Company producing unique ladies' handbags and leather accessories has successfully expanded in export markets and is developing brand recognition.

### **Food Processing & Drinks**

Armenia has a fast growing food processing sector with great export potential, based on domestic ecologically clean agro-products and excellent climatic conditions. Today, the Agriculture sector is the largest employer in the country and accounts for approximately a 15-20% of GDP.

Fruits and vegetables grown in Armenia are distinguished by taste and absence of chemical fertilizers. Grain crops, vegetables and fruits including grapes, figs, pomegranates, apricots, peaches, potatoes, sugar beets, tobacco, cotton, specific oils (such as geranium), peppermint, and special teas are cultivated in Armenia. The proof of the quality of Armenian foodstuff is shown by the growth of exports.

Since 1995 food processing has been one of the leading industrial sectors. Food processing enterprises mainly specialize in fruit and vegetable canning (fruit juices, jams, tomato paste, marinade, child nutrition etc); beverages (wines, beer, champagne, mineral water, etc.); meat and meat products (smoked meat, sausages etc.); milk and other dairy products (different types of cheese, sour-cream, matsun (yogurt), curd, ice-cream, etc.); flour and bread; tobacco and cigarettes. Large

growth has been recorded in fishing, sausages, beverages, and nonalcoholic drinks.

Fast growth in the agricultural sector has led to import substitution by domestic production during the last number of years. Investing in food processing will give foreign investors the opportunity to enter the CIS market, and to enjoy the “high quality - low cost - high profit triangle”.

## **Tourism**

Armenia is one of the most ancient countries in the world existing since the times of Babylon, Assyria and Egypt and once counted among the great powers. Greek Historians first referred to the land of Armenia about 3000 years ago. Armenia was the first country to adopt Christianity as the state religion in 301 AD. Armenia is an emerging market for most of the trends in tourism industry, especially spa resorts, agro tourism, organic hotels, MICE tourism etc.

The key benefits of Armenia as a tourism sector investment location are: Excellent Investment and Business Climate, New and Developing Niches in Tourism Sector, Outstanding Sanative Factors of Wide Range of Minerals Waters, Diversified Ecosystem, Unpolluted and Beautiful Nature, Growth of the Number of Incoming Tourists.

One of the key facts to indicate tourism sector development potential is an annual number of incoming tourists. During the last decade the number of incoming tourists in Armenia was increasing by 20% in average. In 2009 it constituted 575,281 tourists, which is approximately 15-20% of the country's population. Armenia is one of the most diversified ecosystems in the world: Five of the seven primary topographies exist in Armenia of some 30,000 square kilometers. Tourists can experience a remarkable range of flora and fauna. With snow capped mountains only a few hours drive from subtropical valleys, in the changes in altitude and local climates, tourists can experience seven springs in one visit.

The mountainous nature of Armenia results in a series of highly diverse landscapes, with variations in geological substrate, terrain, climate, soils, and water resources. These landscapes support a great variety of habitats, which support distinctive flora and fauna, and different human use. Seven distinct landscape zones are described in Armenia: deserts, semi-deserts, dry steppes, steppes, woodlands, sub-alpine and alpine lands.

Armenia is famous for its wide range of mineral water springs all over the country. 700 of them are studied to the present moment. They differ in their gas/chemical composition and temperature varies from 4°C at Gridzor to 83°C at Sevaberd. The most famous are mineral water springs are Jermuk, Bjni, Arzni, Dilijan, Sevan and Hrazdan where spa resorts and rest houses are situated. The bottled waters are also exported. Tourism sector has large opportunities of development and considered as one of the priority sectors by the Government of Armenia.

## **BUSINESS OPERATING COSTS**

### **Electricity**

#### **Tariffs**

|     | <b>Groups of final consumers</b>                                      | <b>Unit</b> | <b>Tariff rate (VAT inclusive)</b> | <b>Effective date</b> |
|-----|---|-------------|------------------------------------|-----------------------|
| 1   | consumers using 35 kV and above connection (2009-№70N resolution)     | AMD/kWh     | 21                                 | April 1, 2009         |
| 1.1 | night-time rate   | AMD/kWh     | 17                                 |                       |
| 2   | consumers using 6(10) kV direct connection (2009-№70N resolution)     | AMD/kWh     | 25                                 |                       |
| 2.1 | night-time rate   | AMD/kWh     | 17                                 |                       |
| 3   | consumers using 6(10) kV non-direct connection (2009-№70N resolution) | AMD/kWh     | 30                                 |                       |
| 3.1 | night-time rate   | AMD/kWh     | 17                                 |                       |
| 4   | consumers using 0.38 kV networks (2009-№70N resolution)               | AMD/kWh     | 30                                 |                       |
| 4.1 | night-time rate (2009-№70N resolution)                                | AMD/kWh     | 20                                 |                       |
| 5   | residential customers (2009-№70N resolution)                          | AMD/kWh     | 30                                 |                       |
| 5.1 | night-time rate (2009-№70N resolution)                                | AMD/kWh     | 20                                 |                       |

### **Water**

## **POTABLE WATER SUPPLY, DISCHARGE, AND WASTEWATER TREATMENT**

### **RETAIL TARIFFS**

#### **(Consumer Services Provided by Water Supply Companies)**

|     |   | <b>Unit</b> | <b>Tariff</b>        |                      | <b>Effective date</b> |
|-----|---|-------------|----------------------|----------------------|-----------------------|
|     |   |             | <b>VAT exclusive</b> | <b>VAT inclusive</b> |                       |
| 1   | <b>Yerevan Water CJSC (2010-№258N), including</b> | AMD/cu m    | 150,883              | 181,0                | July 8, 2010          |
| 1.1 | tariff for potable water supply                   | AMD/cu m    | 128,208              | 153,85               |                       |
| 1.2 | tariff for drainage service                       | AMD/cu m    | 10,558               | 12,67                |                       |

|     |  |             |        |        |                  |
|-----|--|-------------|--------|--------|------------------|
| 1.3 | tariff for wastewater treatment  | AMD/cu<br>m | 12,067 | 14,48  |                  |
| 2   | <b>ArmWaterSewerage CJSC, including (2009-№71N)</b>  | AMD/cu<br>m | 149,82 | 179,78 | April 1,<br>2009 |
| 2.1 | tariff for potable water supply  | AMD/cu<br>m | 128,72 | 154,47 |                  |
| 2.2 | tariff for discharge service   | AMD/cu<br>m | 21,1   | 25,31  |                  |
| 3   | <b>"Nor Akunk" CJSC, including (2010-№58N)</b>   | AMD/cu<br>m | 168,86 | 202,63 | April 1,<br>2010 |
| 3.1 | tariff for potable water supply  | AMD/cu<br>m | 153,35 | 184,02 |                  |
| 3.2 | tariff for discharge service   | AMD/cu<br>m | 15,51  | 18,61  |                  |
| 4   | <b>"Shirak Water-Sewerage" CJSC, including (2010-№56N)</b>   | AMD/cu<br>m | 143,51 | 172,21 | April 1,<br>2010 |
| 4.1 | tariff for potable water supply  | AMD/cu<br>m | 121,92 | 146,30 |                  |
| 4.2 | tariff for discharge service   | AMD/cu<br>m | 21,59  | 25,91  |                  |
| 5   | <b>"Lori Water-Sewerage" CJSC, including (2010-№57N)</b>   | AMD/cu<br>m | 150,81 | 180,98 | April 1,<br>2010 |
| 5.1 | tariff for potable water supply  | AMD/cu<br>m | 122,18 | 146,62 |                  |
| 5.2 | tariff for discharge service   | AMD/cu<br>m | 28,63  | 34,36  |                  |
| 6   | <b>Tariff for drainage of undergroundwater from "Yerevan Subway after Karen Demirchyan" CJSC (2010-№258 N)</b> | AMD/cu<br>m | 6,402  | 7,682  | July 8,<br>2010  |

## WHOLESALE TARIFFS

(For Services Provided by Water Supply Companies to Others Persons or Communities Authorized to Use Water System)

|     |   | Unit        | Tariff        |               | Effective date  |
|-----|---|-------------|---------------|---------------|-----------------|
|     |   |             | VAT exclusive | VAT inclusive |                 |
| 7   | <b>Yerevan Water CJSC (2010-№258N)</b>    |             |               |               | July 8,<br>2010 |
| 7.1 | wholesale tariff for potable water supply | AMD/cu<br>m | 10,218        | 12,262        |                 |
| 7.2 | wholesale tariff for drainage and         | AMD/cu      | 21,544        | 25,853        |                 |

|   |   |          |       |       |               |
|---|---|----------|-------|-------|---------------|
|   | wastewater treatment  | m        |       |       |               |
| 8 | <b>Wholesale tariffs for potable water supply by ArmWaterSewerage CJSC (2009-Nº71N)</b> | AMD/cu m | 42,91 | 51,49 | April 1, 2009 |

## IRRIGATION WATER SUPPLY

|     |  | Unit     | Tariff        |               | Effective date |
|-----|--|----------|---------------|---------------|----------------|
|     |  |          | VAT exclusive | VAT inclusive |                |
| 1   | <b>To water user companies, water user company associations and other users within the service area of "Sevan-Hrazdan Intake" CJSC (2007-Nº61A, 2008 Nº575A)</b> |          |               |               | April 1, 2007  |
| 1.1 | tariff for gravity-fed irrigation water supply   | AMD/cu m | 0,85          | 1,01          |                |
| 1.2 | tariff for pumped irrigation water supply  | AMD/cu m | 9,60          | 11,52         |                |
| 2   | <b>To water user companies, water user company associations and other users within the service area of "Akhuryan-Araks Intake" CJSC (2007-Nº61A)</b>             |          |               |               |                |
| 2.1 | tariff for gravity-fed irrigation water supply   | AMD/cu m | 0,59          | 0,71          |                |
| 2.2 | tariff for pumped irrigation water supply  | AMD/cu m | 4,11          | 4,94          |                |
| 3   | <b>To water user companies, water user company associations and other users within the service area of "Debet-Aghstev Intake" CJSC (2007-Nº61A)</b>              |          |               |               |                |
| 3.1 | tariff for gravity-fed irrigation water supply   | AMD/cu m | 1,74          | 2,08          |                |
| 3.2 | tariff for pumped irrigation water supply  | AMD/cu m | 30,39         | 36,47         |                |

## Telecommunication

There are three telephone companies in Armenia: Beeline, which holds all fixed-line and 30% of cellular networks, and VivaCell-MTS, which holds 70% of cellular networks, and Orange. Beeline has around 550,000 mobile subscribers, and VivaCell-MTS has around 1,750,000, and Orange has around 250,000.

ArmenTel provides mobile telephony services in GSM 900/1800 and 3G (UMTS) standards, fixed telephony, and access to high-speed Internet through modern technologies: CDMA and ADSL in all regions of Armenia. In 2008 the first 3G network was launched in Armenia, which significantly increased data transfer speed and improved the quality of telecommunications. The strategy of corporate social responsibility of CJSC ArmenTel is implemented under the title "For the bright future" and includes support of educational programs, contests and summer schools, opening of computerized classrooms in different regions of Armenia as well as introduction of new technologies. The company supports the improvement of educational quality throughout the country and stable development of all regions.

The keystone of the social strategy is cultural succession, delivery of cultural heritage of Armenian nation across generations. Generally as a strategic operator, the activities of the Company are aimed at harmonious development of the whole country. The Company encourages and assists in the development and professional growth of its employees. The first subdivision of VimpelCom corporate university in CIS countries was established in Armenia. The advantage of the corporate university is that it provides an opportunity to implement and realize the strategy of Company's development, to accumulate knowledge and exchange experience. CJSC ArmenTel (Beeline trade mark) is included in the group of VimpelCom Ltd, which consists of telecommunications operators providing voice and data services through a range of wireless, fixed and broadband technologies. The VimpelCom Ltd. group is headquartered in Amsterdam and has operations in Russia, Ukraine, Kazakhstan, Uzbekistan, Tajikistan, Georgia, Armenia, Kyrgyzstan, Vietnam and Cambodia, covering territory with a total population of about 345 million. VimpelCom Ltd. operating companies provide services under the "Beeline", "Kyivstar" and "Djuice" brands. VimpelCom Ltd.'s ADSs are listed on the New York Stock Exchange under the symbol "VIP". The group of VimpelCom Ltd. companies offers integrated mobile and fixed communication services, long distance and international communication, data transmission, and telematic services through a range of fixed and wireless solutions, including FTTB internet access, WiFi, and 3G technologies. VimpelCom's customer base includes private consumers, large-, medium- and small-scale enterprises, transnational corporations and telecom operators.

Since the very beginning the VivaCell brand shined in Armenia with a clearly defined scope: to bring the world to Armenia and Armenia to the world. That was the commitment and the Company strives to achieve this every single day with state of the art services, features and products - all of which are offered by a newly co-branded VivaCell-MTS to the Armenian society.

VivaCell-MTS spearheaded the development of the telecommunication sector in Armenia, and offered innovative mobile voice and data products and services, and tailored solutions for different market segments. Furthermore, excellent network coverage has always been the competitive advantage of VivaCell-MTS which has managed to roll-out and build a radio network in the entire country within a short period of time. Simultaneously, our company managed to build an extensive network of service centers across Armenia with the objective to come as close as possible to its subscribers. Our network provides a capacity to serve over 2.5 million subscribers. On April 17, 2009, VivaCell-MTS announced the commercial launch of its state of the art 3G network. In the 3G network, the subscribers will be able to use all services currently available in VivaCell-MTS 2.5G network, as well as benefit from such innovative services as "Videocall" and high-speed mobile internet. In Armenia converged 2G/3.5G network was built using existing sites for mobile masts without termination or significant reconfiguration of GSM, a 2nd generation network. Orange Armenia, 100% subsidiary of France Telecom, launched its mobile voice and internet services on November 5, 2009 on the whole territory of the Republic of Armenia.

During 2009, 140 million dollars have been invested in Armenia, some 50 million dollars will be invested till the end of 2010, and now the company provides a full range of voice and data services in 500 cities and villages of Armenia. Orange has the widest 3G+ network in Armenia which covers more than 93% of the population. Orange is an innovative and friendly brand in Armenia and within the short period of operation has led a range of innovations in the country, such as HD voice, which made Armenia the second country in the world having this technology, internet at up to 14.4Mbps download speed, e-shop etc, which aim at making the world innovations accessible to the largest part of the Armenian population.

## **FOREIGN DIRECT INVESTMENT STATISTICS**

### **Foreign Direct Investment By Kind of Activities**

2009 (January - December)

| <b>Sector</b>                               | <b>FDI (thous. USD)</b> | <b>Weighing</b> |
|---|-------------------------|-----------------|
| Communication                               | 253402.5                | 34.6            |
| Power Supply, Gas                           | 151320.8                | 20.6            |
| Mining Industry                             | 20901.4                 | 2.85            |
| Agriculture, hunting                        | 6700                    | 0.91            |
| Chemical Industry                           | 4574.7                  | 0.62            |
| Air Transport Activities                    | 31184.3                 | 4.2             |
| Food and Beverage Production                | 29435.7                 | 4.02            |
| Real Estate deals                           | 34628                   | 4.72            |
| Hotels' and Restaurants' Services           | 5033.7                  | 0.68            |
| Research                                    | 4470.1                  | 0.61            |
| Wholesale Trade                             | 4517                    | 0.61            |
| Accounting                                  | 4575.4                  | 0.62            |
| Water Collection, Cleaning and Distribution | 1923.2                  | 0.26            |
| Transport                                   | 14880                   | 20.32           |
| Other                                       | 30651.7                 | 4.1             |
| <b>TOTAL</b>                                | <b>732118.5</b>         | <b>100</b>      |

### **Foreign Direct Investment By Countries**

2009 (January-December)

| <b>Country</b> | <b>FDI (thous. USD)</b> | <b>Weighing</b> |
|----------------|-------------------------|-----------------|
| Russia         | 384831.2                | 52.5            |
| France         | 197421.4                | 26.9            |
| Argentina      | 48258.2                 | 6.59            |
| Italy          | 33480.3                 | 4.5             |
| Lebanon        | 13548.8                 | 1.85            |
| USA            | 12982.9                 | 1.77            |
| Germany        | 19358                   | 2.64            |
| Cyprus         | 6939.7                  | 0.94            |
| Netherlands    | 4569.2                  | 0.62            |
| Luxemburg      | 2487                    | 0.33            |
| Belgium        | 1213.1                  | 0.16            |

|              |                 |            |
|--------------|-----------------|------------|
| Other        | 7028.7          | 0.96       |
| <b>TOTAL</b> | <b>732118.5</b> | <b>100</b> |

**Foreign Direct Investments in Armenia**  
since 2000 till 2009(January-December)

| <b>Year</b>  | <b>FDI level, mln. US\$ (per year)</b> | <b>%</b>   |
|--------------|--|------------|
| 2000         | 124.7                                  | 3.2        |
| 2001         | 75.9                                   | 1.9        |
| 2002         | 141.0                                  | 3.6        |
| 2003         | 153.5                                  | 3.9        |
| 2004         | 226.7                                  | 5.7        |
| 2005         | 244.4                                  | 6.2        |
| 2006         | 250.7                                  | 6.3        |
| 2007         | 582.3                                  | 14.7       |
| 2008         | 1000.9                                 | 25.6       |
| 2009         | 732.1                                  | 18.5       |
| <b>TOTAL</b> | <b>3951.6</b>                          | <b>100</b> |

**Foreign Trade of the Republic of Armenia**  
(USD mln.) from 1997-2009 (January-December)

| <b>Year</b>  | <b>Export</b> | <b>%</b>   | <b>Import</b>  | <b>%</b>   | <b>Trade Turnover</b> | <b>%</b>   |
|--------------|---------------|------------|----------------|------------|-----------------------|------------|
| 1997         | 330.0         | 3.8        | 952.0          | 4.0        | 1282.0                | 3.9        |
| 1998         | 360.0         | 4.2        | 1000.0         | 4.2        | 1360.0                | 4.1        |
| 1999         | 383.0         | 4.4        | 919.0          | 3.8        | 1302.0                | 4.0        |
| 2000         | 443.0         | 5.1        | 965.0          | 4.0        | 1408.0                | 4.3        |
| 2001         | 342.0         | 4.0        | 874.3          | 3.6        | 1216.3                | 3.7        |
| 2002         | 507.0         | 5.9        | 991.1          | 4.1        | 1498.1                | 4.5        |
| 2003         | 678.1         | 7.9        | 1269.4         | 5.3        | 1947.5                | 5.9        |
| 2004         | 715.0         | 8.3        | 1351.0         | 5.6        | 2066.0                | 6.3        |
| 2005         | 950.3         | 11.0       | 1767.9         | 7.4        | 2718.2                | 8.3        |
| 2006         | 985.1         | 11.4       | 2194.6         | 9.1        | 3176.7                | 9.8        |
| 2007         | 1157.3        | 13.4       | 3267.8         | 13.6       | 4420.1                | 13.5       |
| 2008         | 1057.2        | 12.3       | 4426.1         | 18.4       | 5483.3                | 16.8       |
| 2009         | 710.2         | 8.2        | 3321.1         | 13.9       | 4031.3                | 12.3       |
| <b>TOTAL</b> | <b>8613.2</b> | <b>100</b> | <b>23963.3</b> | <b>100</b> | <b>327765</b>         | <b>100</b> |

### FOREIGN INVESTORS 2000-2009

| Country        | Armenian Company                                 | Sector  | Year    |
|----------------|--|---|---------|
| Argentina      | Zvartnots -Armenia International Airports, CJSC  | Airways   | 2001    |
| Australia      | Agrinco International Company                    | Agriculture   | 2005    |
| Austria        | Vienna   | Diversified business                                | 2005    |
| Belarus        | Belaz Caucasus Trans Service                     | Wholesale trade                                     | 2002    |
| Belgium        | Jermuk   | None-alcohol beverages production, mineral water    | 2003    |
| Bulgaria       | Teletec-M  | Restaurant Business                                 | 2008-09 |
| Canada         | Grand Candy JV                                   | Sweets production                                   | 2000    |
| Canada         | "Deno Gold Mining Company", CJSC                 | Mining  | 2004    |
| Canada         | "Europro Communications" Translation Agency, LLC | Web Design, Copywriting, Translation                | 2005    |
| Canada         | Parev Tun  | Land Development                                    | 2008    |
| Cuba           | Yumi   | Mineral water bottling and juice production         | 2001    |
| Cyprus         | Intracom Armenia                                 | Sale and maintenance of "Skoda" automobiles         | 2005    |
| Czech Republic | Valti Motors                                     | Hotel and leisure services on the shore of the Lake | 2005    |
| Czech Republic | Bohemian Resort                                  | Switzerland   | 2006    |
| France         | Sweet Land JV                                    | Manufacturing. Sweets, Caramel, Confectionary       | 2003    |
| France         | Freny University                                 | Education   | 2003    |
| France         | Gab-Hemag  | Carpets   | 2003    |
| France         | Avangad Motors                                   | Import, maintenance service of cars, diagnosis      | 2003    |
| France         | Yerevan Water                                    | Water Supply  | 2005    |
| France         | Kapan-Energy Co                                  | Power Engineering                                   | 2007-08 |
| France         | Apaga Technologies                               | Information technology                              | 2007-09 |
| India          | Karma Co   | Restaurant business, Textile                        | 2006-08 |
| Iran           | Alishan  | Canned Vegetables, juices                           | 2001    |

|               |   |  |         |
|---------------|---|--|---------|
| Iran          | "Arpimed" Pharmaceutical Enterprise JV, CJSC                                      | Manufacturing of medicines, medicinal cosmetics                        | 2003    |
| Iran          | "Regineh" hotel complex   | Hotel services, bar, restaurant, swimming pool                         | 2003    |
| Iran          | Didas International   | Construction   | 2005    |
| Iran          | Cavendish University  | University   | 2006    |
| Ireland       | Synopsis Armenia  | EDA and intellectual property development                              | 2004    |
| Israel        | Shoghakn  | Jewelry production   | 2001    |
| Israel        | Twilight Zone Work Shop   | Silver and Obsidian articles production                                | 2004    |
| Israel        | H. Panosyan Co  | Hotel Business   | 2008    |
| Italy         | Itar  | Textile Production   | 2001    |
| Italy         | "Renco Armestate" LLC   | Engineering construction services                                      | 2001    |
| Italy         | "Glass World Company" Glass container manufacturing enterprise, CJSC              | Glass containers manufacturing, full color label printing on glassware | 2003    |
| Georgia       | "Mava Term" Co.Ltd  | "Ferrol", "Valliant", "Austrohit" heating systems                      | 2002    |
| Germany       | "Heifer Project International", Branch office in Armenia                          | Social and economic development of rural communities                   | 2001    |
| Germany       | "Heidelberger Druckmaschinen Osteuropa Vertriebs GMBH", Representation in Armenia | Printing equipment   | 2004    |
| Germany       | Wilo company, UPVC  | Pipes Installation   | 2005    |
| Germany       | German Invest Group   | Legislative activity   | 2005    |
| Germany       | "Procredit Bank", CJSC  | Banking  | 2007    |
| Germany       | Zeppelin  | Special Construction Equipment   | 2007-09 |
| Great Britain | Glass World Company   | Glass items production   | 2004    |
| Great Britain | Hoktemberyan Ferroplast Factory   | Ferroplast manufacturing   | 2005    |
| Great Britain | Aquatek   | Water park, fitness, spa center, hotel, restaurant                     | 2006    |
| Great Britain | "Caspian Chemical", LLC   | Sale of chemical products and industrial raw materials                 | 2006    |
| Greece        | "MASIS TOBACCO", LLC  | Manufacturing, sale and export of tobacco products                     | 2000    |

|             |  |   |         |
|-------------|--|---|---------|
| Greece      | Intracom Armenia                               | Telecommunication and IT solutions provider                           | 2005    |
| Latvia      | "NORVIK" Universal Credit Organization, CJSC   | Providing various types of loans                                      | 2006    |
| Lebanon     | Vivacell                                       | Telecommunication, Mobile communication operator                      | 2004    |
| Lebanon     | CSP Caucasus                                   | Consulting  | 2007-08 |
| Netherlands | "Sun Energy", Co.Ltd                           | Manufacturing of solar water heating systems; Installation Services   | 2001    |
| Norway      | "NORVIK" Universal Credit Organization, CJSC   | Providing various types of loans                                      | 2006    |
| Norway      | Armenian Datacom Company                       | Telecommunications  | 2006    |
| Norway      | Lusakert Biogas Plant                          | Methane Capture and Combustion From Poultry Manure Treatment          | 2006    |
| Russia      | HayRusGasard                                   | Gas Distribution  | 2000    |
| Russia      | Grand Candy                                    | Candy production  | 2000    |
| Russia      | Hagenas  | Pharmaceuticals   | 2000    |
| Russia      | Armenian Railway Roads                         | Railways  | 2000    |
| Russia      | Prompt   | Crinkled paper production   | 2001    |
| Russia      | Electric Network of Armenia                    | Power supply  | 2002    |
| Russia      | "Bishin", LLC                                  | Construction, real estate on the built-up lands or under construction | 2002    |
| Russia      | Tashir Invest Group                            | Business development  | 2002    |
| Russia      | Kaghtsrashen Wine Factory, Armenian-Russian JV | Wine, cognac and grape alcohol manufacturing                          | 2003    |
| Russia      | Valetta  | Diversified business  | 2003    |
| Russia      | "Hrazdan Power Company (Hraztes)", OJSC        | Electricity and thermal energy production                             | 2004    |
| Russia      | Moscow House                                   | Hotel services, business center                                       | 2006    |
| Russia      | "Euroset"                                      | Telecommunication facilities chain store                              | 2006    |
| Russia      | Troyka   | Banking   | 2006    |
| Russia      | "Rostiks KFC" Fast Food Restaurant             | Chicken fast food restaurant  | 2007    |
| Russia      | Nogram   | Real Estate Development   | 2007-09 |

|             |   |   |         |
|-------------|---|---|---------|
| Russia      | Vanadzor-Khimprom   | Fertilizers production  | 2008-09 |
| Russia      | ArmRuscogeneration  | Heating & hot water supply  | 2007-09 |
| Russia      | Geopromining  | Mining  | 2007-09 |
| Singapore   | Ararat Gold Recovery Plant  | Mining activity   | 2002    |
| Spain       | Grand Mans  | Land Development, Trading   | 2008    |
| Spain       | Valencia, JV  | Sport Activity  | 2000    |
| Spain       | Azati HEC   | Power supply  | 2006    |
| Syria       | FMH. Co. Ltd  | Construction  | 2008    |
| Switzerland | Caritas, JV   | Production of wood products   | 2000    |
| Switzerland | "Franck Muller Yerevan Watch Distribution" CJSC                               | Jewelry and watch trade   | 2002    |
| Switzerland | Azad Fine Chemicals LLC   | Pharmaceutical & chemical products  | 2004    |
| UK          | Bulvinos Chemicals  | Production of soap, detergents, perfume, etc.   | 2000    |
| UK          | "British American Tobacco (UK & Export)" LTD., Armenia Representative Office  | Representations of Foreign Commercial Organizations                                   | 2000    |
| UK          | "London-Yerevan Co" Insurance   | Insurance, Reinsurance  | 2000    |
| UK          | Nevada  | Entertainment   | 2001    |
| UK          | "Azad Fine Chemicals" LLC   | Marketing of chemical-pharmaceutical products   | 2004    |
| UK          | "British Armenian Educational Services and Tourism" ("BAEST"), Yerevan Branch | Training and refresher courses abroad, tourism  | 2005    |
| UK          | "Benjamin Moore" Painting materials shop                                      | Full range of paint and vanish products   | 2006    |
| UK          | "GT-AR GROUP" CJSC  | Lubricating oils, lubricants, automotive oils and chemicals. Car service              | 2006    |
| USA         | NOKI Armenian-American German JV  | Production of Pharmaceutical Components   | 2000    |
| USA         | Hovnanyan International   | Construction, Sale and renting of private residences in Vahakni residential community | 2000    |
| USA         | Netsys JV   | Internet Service provider   | 2000    |
| USA         | Solaren   | Solar and Wind Energy,  | 2000    |

|                |   |   |           |
|----------------|---|---|-----------|
|                |   | Biogas  |           |
| USA            | Multi Rest House  | Hotel complex   | 2000      |
| USA            | Arevka  | Flower trade  | 2000      |
| USA            | Tufenkian Hospitality   | Tourism in Armenia. Hotel services  | 2001      |
| USA            | Art Bridge  | Specialized Shops   | 2001      |
| USA            | "NAIRI" Medical Services, CJSC                                      | Outpatient and inpatient care   | 2002      |
| USA            | Credence Systems Armenia  | Database Development  | 2002      |
| USA            | "AAFPC" Armenian-American JV, Co.Ltd                                | "Melo Grano" Pasta Production   | 2003      |
| USA            | Two Lips  | Shoes production  | 2004      |
| USA            | "Washington Capital" Universal Lending Organization, CJSC           | Mortgage, landing, financial advice   | 2005      |
| USA            | "Nairit Plant", CJSC  | Manufacturing of polychloroprene, carbinol syrup, caustic soda, liquid chlorine, monocarboxylic acids | 2005      |
| USA            | "World Medicine" Pharmaceutical company, Armenian Representation    | Providing information on medicines in Armenia and Nagorno Karabagh                                    | 2006      |
| USA            | "Citadel" Business Center of Branch of "Leda Campus" LLC in Armenia | Business center. Office premises for rent   | 2006      |
| USA            | "MICROSOFT RA", Representative office in Armenia                    | Representative office of "Microsoft" company  | 2006      |
| USA            | Lionheart Company   | Financial and Legal Consulting  | 2006      |
| USA            | "Cascade Credit" Universal Credit Organization, CJSC                | Financial Services  | 2006      |
| USA            | "Melinet" IT Solution Provider, LLC                                 | Information technology solution provider  | 2007      |
| USA            | Avnik Co  | Construction  | 2008-2009 |
| Virgin Islands | Inorient  | Obligatory social insurance   | 2004      |
| Virgin Islands | Karart  | Natural Stone processing and quarrying  | 2004      |

## **Types of Companies**

Armenian legislation provides the same legal guarantees and protections to foreign and local businesses. Foreign investors have the right to create any form of enterprise.

The Civil Code of the RA defines the following most common types of enterprises:

- Joint-Stock Company
- Limited Liability Company
- Business partnership (general or limited).

### **Joint Stock Company (JSC)**

This form is similar to a corporation in Europe and USA. A JSC is a legal entity whose charter capital is divided into a defined number of shares. The founders determine the quantity and value of the shares of stock. The liability of the founders is limited to the nominal value of the shares in their possession. The Joint Stock Company law defines two types of JSCs - open, when the stocks are sold to the public without the consent of the other stockholders, and closed, when the stocks are distributed only among its founders or other previously determined group of persons or entities. The minimum capital requirement for an open JSC is 1,000 times the minimum monthly wage (the base of calculations is 1000 AMD). For closed JSCs, this is reduced to 100 times the minimum monthly wage. In certain industries, e.g. banking, higher minimum investment requirements may apply. The founders of a JSC are obliged before registration of the company to fully pay up the charter capital. Upon the founding of a JSC all its shares must be distributed among the founders.

### **Limited Liability Company (LLC)**

This form of organization is basically the same as a closed stock company with the only difference being that the capital of LLC is divided into ownership shares. The LLC is a legal entity founded by one or several persons. The liability of its founders is limited to the initial investment. The founders of a LLC are obligated before registration of the company to pay up 50% of the charter capital but no less than minimum capital stipulated by law. The profits are divided among founders according to the investment share ratio unless another ratio is stipulated in the charter. The LLC and founders are taxed separately. business as owners.

### **Business partnerships**

They may be created in the form of a general or limited partnership. A general partnership is a form of legal entity that represents an association of two or more individuals (general partners) who act as owners of the partnership. The partners jointly bear liability with all their property for the obligations of the partnership. A limited partnership is a form of legal entity that represents an association of two or more individuals who act as owners or contributor participants of the partnership. It is different from a general partnership with respect to the liability obligations of its partners. A limited partnership has two types of partners-general and limited. General partners are liable for the obligations of the partnership with all their property. Limited partners do not participate in the conduct of the daily operations of the company, and are only liable to the extent of their contributions to the charter capital or working capital of the company. An individual may be a general partner in only one partnership.

## **Daughter enterprises**

A business company is considered to be a daughter enterprise if another (or principal) business company or partnership, by virtue of dominant participation in the subsidiary's charter capital or in accordance with a contract concluded between them, has the power of determining decisions taken by such a company. A subsidiary is not liable for the debts of the parent company.

## **Dependent companies**

A business company is a dependent company if another (the dominant or participant) partnership or company has more than 20% of the charter capital of a LLC or more than 20% of the voting shares of a JSC.

## **Representative Offices and Branches**

Foreign companies may operate in Armenia without establishing a new entity, i.e. by registering in Armenia a representative office or a branch of a foreign legal entity. Representative offices and branches are not legal entities, and they act on the basis of statutes approved by their foreign legal entity.

## **Steps for establishing a Business**

### **How to begin the process of registration for Sole Proprietors?**

To begin the process of registration you will need to pay the State duty of 3,000 dram at any bank or bank branch (some post offices have bank branches).

Direct the payment to the account number for registering a sole proprietorship 900005160750.

Do this before going to the State Registrar's office in order to save a step in the process.

### **What do I need for the State Registrar?**

Complete and submit the registration application at the State Registrar's office.

You will need:

- a) a photocopy of both the photo page and the registration page of your passport
- b) One 3cm X 4cm photo
- c) Receipt for payment of State duty (of 3,000 dram) from the bank (from Step 1).

(Make a copy of this receipt for your records before submitting it).

### **How long will it take for the State Registrar to accept or reject my application?**

The State Registrar will accept or reject your application within two business days.

### **Where do I get my registration certificate?**

If accepted, collect your registration certificate from the State Registrar's office.

### **How to register with the Tax Service?**

Before registering with the Tax Service, you must determine whether to become a simplified or regular tax payer.

Complete and submit tax registration forms at the local tax office. You will need to submit a copy of your company registration certificate. Sole proprietors will need some form of identification such as a passport.

If you have registered a legal entity, you will also need to submit a copy of your charter.

TIP

You may request to become simplified taxpayer at this time.

### **Where do I get my Taxpayer Identification Number (TIN) from?**

Return to the tax office to collect your Taxpayer Identification Number (TIN) - an eight digit number used for taxpayer identification and filing purposes. It should be available within one or two days of submitting the tax registration forms.

### **Where do I submit my social security registration?**

Complete and submit social security registration at your local Social Security Fund office. You must do this within thirty days of registering with the State Registrar or you will face fines. Be sure to take a copy of your registration certificate, a copy of your charter and your TIN.

### **How should I obtain Seal?**

If you need a seal to conduct your business, you must first obtain permission from the police, at 5 Yervand Kochar street, Yerevan. The following documents must be submitted:

- a) Completed application form
- b) Copy of Certificate of State Registration
- c) Copy of charter
- d) Tax Identification number (TIN)
- e) Receipt for paying the State duty for requesting permission to order seal (6,000 dram), which can be paid at any bank or bank branch (direct your payment to account number 900005016473).

Permission is typically issued within one day.

### **Where to order Seal from?**

Once you have obtained permission from the police, you may order your seal. This can only be done at "Seal" JSC, also located at 5 Yervand Kochar street, Yerevan. Producing your seal may take several days and depending on the design and delivery time will cost between 10,000-20,000 dram.

### **Do I need a license?**

#### **Simple License**

To apply for a simple license, submit a written request to the Ministry of Finance and Economy at 1 Melik Adamyán street, Yerevan 0010. Include the following information: your name, address, geographical area of activity, copy of registration certificate and type of planned activity subject to licensing.

#### **Compound License**

Submit a written request for a license to the agency that oversees your economic activity (see table in Annex H). The following information must be included: company name, address, geographical area of activity, copy of registration certificate, type of planned activity subject to licensing, and documents confirming professional capability of people engaged in the activity subject to licensing.

#### **Simple license**

If the application is not rejected within three days after submission, you can assume your license has been approved and you may begin your business activity.

#### **Compound license**

If the application is not rejected within thirty days after submission you can assume your license has been approved and you may begin your business activity.

### **Who needs to register with Customs Committee?**

Not all companies are required to register with Customs; only those companies that plan on exporting and/or importing are required to register with customs. To register with your local customs office, be sure to bring with you the necessary documents indicated in Section 7, registering with the Customs Committee, of this guide.

## **Employing staff - contracts and conditions**

Labor relationships are regulated by Labor Code of the Republic of Armenia as well as by Law on Foreigners.

Employer-Employee relationships are based on agreement, allowed working time- 40 hours per week, minimum paid vacation 20 working days, according to the Law minimum salary is 30.000 AMD, approx. 85 USD, and the average salary in the market is 70.000- 80.000 AMD, approx. 200-230 USD.

Social payment for each employee shall be paid by the employer- minimum 7000 AMD and the employer /not foreigners/ pays 3% of the salary/wage as social payment.

Foreigners can work for a local company without any limitation, they need to apply for residence card or to have work permission when the procedure will be stipulated by law. The Government regulations for foreigners' work permission are not finalized still and not in force.