



for a better business environment

# MONTHLY NEWSLETTER

February 2021



AmCham is an independent business association operating in Armenia since 2000. AmCham represents the interests of 140+ member companies from almost all sectors of the economy. AmCham's goal is to enhance the U.S.-Armenia business relations and improve the business and investment climate in the country. The Chamber is pleased to have both local companies and companies from all over the world among its members. AmCham Armenia is a member of U.S. Chamber of Commerce and AmChams in Europe.

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## ARMENIA-US TRADE AND INVESTMENT COUNCIL MEETING-DISCUSSION

On 18 February, 2021 the Ministry of Economy of RA in cooperation with AmCham in Armenia within the framework of the Armenia-US Trade and Investment Council, organized a meeting-discussion and a brainstorming session on the issues/recommendations that the companies or their clients face during the export/import processes from Armenia to the United States. The event was led by Mr. Varos Simonyan, Deputy Minister of the Economy.

Officials from the RA Ministry of Economy, State Revenue Committee, Food Safety Inspectorate – businessmen and AmCham Members participated in the event. Mr. Varos Simonyan informed that the Armenia-US Trade and Investment Framework Agreement (TIFA) is in force, and within this framework, a joint council on trade and economic cooperation has been established in order to promote trade and economic cooperation. Moreover, he added that the discussion was organized to intensify the existing cooperation and to activate business ties between these two countries and get prepared for the upcoming round table discussion.

Mr. Varos Simonyan mentioned that the main purpose of the meeting is to understand what barriers businesses face when entering the US market and how the state can support businesses entering other countries markets. How to better represent businesses to US businessmen and formulate a targeted agenda for [the](#) upcoming business meeting "to introduce and discuss with partners, as well as to provide solutions to problems at the state level".

Ms. Karine Sarkissian, Executive Director, AmCham also gave a thank you note to the public-private sector for the excellent cooperation and informed them about possible franchising conference which is in the plans, as well as about the opportunities of cooperation within the framework of TIFA for activating the Armenian-American business relations. The local business community mainly highlighted the issues related to the technical, documentary, logistical and other issues. As a result of the discussion, an agreement was reached to make such meetings regularly, to set up working groups when necessary, to organize separate sectoral meetings with the participation of ministries and representatives of the American Chamber of Commerce.



## SEMINAR ON LEGISLATIVE CHANGES IN MODERN BUSINESS FROM 2021



On 4 February 2021, AmCham valued member BDO Armenia organized a seminar on "Legislative changes in modern business from 2021" for their Partners strictly observing the instructions of anti-pandemic safety rules of the Ministry of Health. During the seminar the BDO Team presented:

- Changes to the Tax Code and application guidelines in 2021
- Latest changes in the Labor Code
- Changes of the economic legislation and improved overall understanding of the key factors of running a business
- Real Estate Taxation new legislation application

## FIRST BUSINESS INTEGRITY CLUB ORGANIZED BY THE CENTER FOR INTERNATIONAL PRIVATE ENTERPRISE

On 5 February 2021, AmCham Executive Director Ms. Karine Sarkissian participated in the first Business Integrity Club organized by the Center for International Private Enterprise (CIPE).

Under the leadership of the Corporate Governance Center, with the professional and financial support of the Center for International Private Enterprise (CIPE, [www.cipe.org](http://www.cipe.org)), the Business Integrity Club (the Club) was established in Armenia.

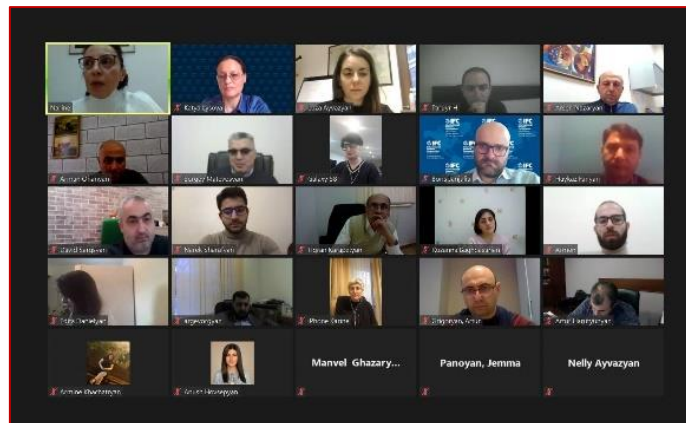
The Club aims to unite the representatives of the Armenian business community that respect the culture of integrity, and to promote their collective actions on issues related to corporate governance. Currently, 20 organizations have joined the Club, including AmCham Armenia.

During the meeting, the participants expressed their expectations from the Club and discussed:

- Joint efforts of Business Ethics and the importance of improving the business environment
- Business Ethics Club mission, propose, issues and expectations
- Strengthening ethical behavior and business ethics in general.

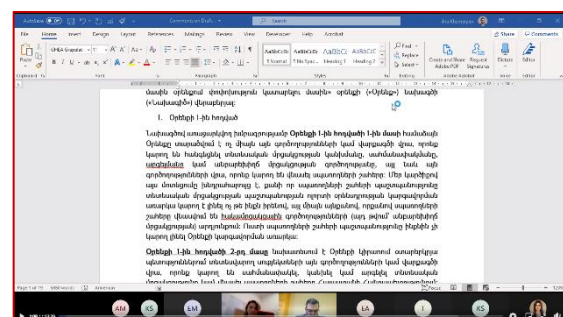
Ms. Katya Lysova, CIPE Senior Program Officer Eurasia, and Ms. Narine Melikyan, CIPE Armenia Director led the discussion and made a presentation on the Club Mission and Plans.

It was decided to have regular meetings to discuss the Action Plan of the Business Integrity Club.



## MEETING ON THE DRAFT LAW AMENDMENTS ON THE PROTECTION OF ECONOMIC COMPETITION

On 19 February, 2021 AmCham held a virtual meeting on the Draft Law Amendments on the Protection of Economic Competition, where Mr. Ara Khzmalyan, Partner, ADWISE Business and Legal Consulting presented the document with the recommended changes to the draft. Then the document was presented to the National Assembly and the State Commission for the Protection of Economic Competition of RA. About 30 % of the changes were accepted and the rest of the changes were accepted for regulating by bylaws.



On 25 February 2021, the Ministry of Economy Trade and Investment Framework Agreement (TIFA) working group with AmCham in Armenia organized a meeting-discussion on the issues and recommendations that the companies face during the export/import processes from Armenia to the United States.

Officials from the RA Ministry of Economy, Food Safety Inspectorate, the Business community participated in the meeting discussion: Ms. Hasmik Sargsyan, RA Ministry of Economy, Mr. Vahe Danielyan, RA Ministry of Agriculture, Food Safety State Service, Mr. Emil Stepanyan, Natfood CJSC, Export Armenia, Mr. Mikayel Hayrapetyan, Global USA, Mr. Ara Papyan, BDO Armenia, Ms. Zara Muradyan, Vine and Wine Foundation of Armenia, Mr. Vadim Harutyunyan, HACCP Consult, Mr. Gevorg Baghdasaryan, Ms. Gohar Galyan, Ms. Ani Khandamiryan, Investment Support Center.

The key issues raised during the meeting were as follows:

- A training should be organized on the FDA Fito-Sanitary requirements, as most of the exporters lack information on the requirements, and a permanent consulting body should be established for ongoing support.
- Information on the registration of Armenian products of animal origin in the US should be shared to ensure the required quality standards for export products comply with the FDA requirements.
- It is important to have consistent quality standards to build trust between the producers and the customers.
- An organization should be set up to assist and guide the companies in exporting their products.
- There should be a quality assurance laboratory established in Armenia in order to have a consistent testing system in place.
- create an international platform for Armenian products' promotion which will also help to come up with a mutual recognition agreement with the importing country.

Ms. Zara Muradyan, Executive Director, Vine & Wine Foundation of Armenia, shared the best practice of a joint initiative of a group of winemakers producing high-quality wine to be exporting it under an umbrella brand name. The idea is to ensure the quality and quantity requirements. She said that they would be happy to share it.

Mr. Ara Papyan, Senior Legal Counsel, BDO Armenia, informed that they would be happy to provide consulting services to the exporters. Mr. Vadim Harutyunyan, Quality Assurance and Quality Control Manager, HACCP Consult, informed that they are usually working with the exporters to pass the certification process on complying with the FDA requirements.

It was decided to invite all the participants to the TIFA private sector round table discussion in March.



# !!! WELCOME AMCHAM NEW MEMBERS !!!

## GOLD MEMBER – PHILIP MORRIS ARMENIA



PHILIP MORRIS  
ARMENIA LLC

**Philip Morris International (PMI)** registered its affiliate Philip Morris Armenia LLC (PMA) in Armenia in December 2010. PMA imports tobacco products under trademarks owned by PMI.

Currently PMA portfolio consists of **7 brand families** (36 variants): Marlboro, Parliament, Muratti, Chesterfield, L&M, Bond Street, and Red & White. Philip Morris Management Services BV – an affiliate of Philip Morris International (PMI) established its representative office in Yerevan yet in 1995.

**PMI** is the leading international tobacco company, with products sold in approximately 180 countries and has more than 78,000 employees. In 2011, PMI held an estimated 16.0 percent share of the international cigarette market outside of the USA.

PMI has an unequaled brand portfolio led by Marlboro, the world's number one international selling cigarette brand, and L&M, the third most popular brand. Along with Marlboro and L&M, seven of our brands rank in the top 15 international brands in the world.

## SILVER REGULAR MEMBER - PRIME COMMERCIAL



PrimeCommercial

The **Prime Commercial** advertising agency was founded in 2007. In 2010 the agency signed an affiliation contract with one of the world's famous companies **JWT and Mindshare**.

**Prime Commercial** is a **full-cycle advertising agency**, providing a wide variety of services in the advertising sector.

**Prime Commercial** is made of **qualified specialists** in the sphere of advertising, PR and marketing. 13 employees were graduates of the Advertising departments of universities. Many of the employees are also faculty members of different educational institutions. The team focuses mainly on victory. There are many achievements and tenders in the company portfolio.

**Prime Commercial** runs several Professional group pieces of training which increase the qualification of the staff members. The Training is held several times a year either by face-to-face or online meetings on different topics, which give the employees an opportunity for professional growth.

The **Prime Commercial** agency has a maximum level of client-orientation. As the company does not own media carriers, the proposals for the clients are made based on the preference of the target audience and the "quality-price" criteria correlation. Sometimes it is hard to offer "competitive prices", however, the experience shows that sometimes the agency offered price is lower than the one which is offered by a certain media, as it delivers high value for its services.



**Artcon** offers rapid and obtainable technologies for constructing buildings made of metal constructions. Since 1992 **Artcon** is evolved in the market of metal constructions. The buildings made of metal constructions have numerous advantages and can be applied in almost all the sectors of construction, such as:

**Agriculture** – greenhouse, poultry farm, veterinary clinic

**Education** – these technologies give a wide range of opportunities to build small village schools as well as universities and student campuses

**Storage complex** – warehouses do not transmit auxiliary rays which means that there is enough storage for both the preservation of consignment and disembarkation using special equipment

Conflicts and disaster zones-military bases, military canteens, warehouses, arsenals

Our advantages are the following:

**Durability** (from 50 to 100 years)

**Seismic resistance** (up to 9 magnitudes)

**Adjustment and ease of assemblage**

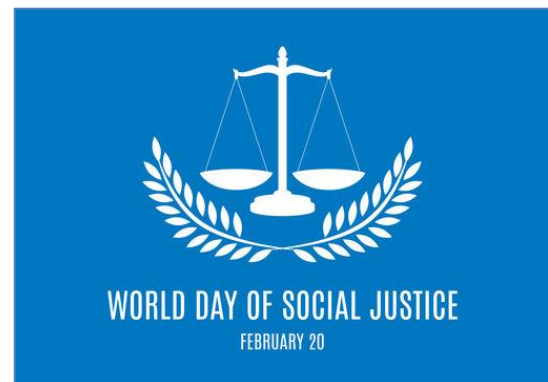
The **lightness** of constructions (each element does not exceed 100 kgs) helps to palliate the slabs of the constructions and repudiate cranes and truck cranes  
Eco Friendly, i.e. it is made of 100 % recycled, pure substances which in their turn maintain fire safety.

## DID YOU KNOW?

### World Day of Social Justice

The notion of justice is existence of proper balance of rights and its access under the laws of land. It refers to not depriving any person from availing privileges, opportunities where the interaction in a society must be free from any sort of discrimination. The United Nations General Assembly proclaimed 20 February as a World Day of Social Justice. The purpose is to join several communities together, to stop physical, religious and gender discrimination, as well as to eliminate poverty.

According to “Social Protection and Social Inclusion in Armenia” European Commission report, social justice system plays an important role in Armenia to alleviate extreme poverty. The main goal of the defense policy is risk management, reduction and prevention. There are several organizations in Armenia which work on different programs concerning social justice such as: State social assistance programs; Social security programs; Social protection programs; State social insurance programs and Employment programs.



## AMCHAM SUSTAINABLE WASTE MANAGEMENT PROJECT DISCUSSION

On 11 February 2021 AmCham Sustainable Waste Management Committee members participated in the Online Workshop on Deposit Refund System (DRS) development in Armenia organized by EU4Environment and Ministry of Environment with the support of UNEP.

The Meeting objectives were to:

- Exchange knowledge on the current status of the Armenian waste management system;
- Identify the key stakeholder's group for Deposit Refund System;
- Present the best EU practical examples;
- Discuss the preliminary findings of the situation analysis and possible options for the DRS for the packaging waste in Armenia.

The Expert Daiva Matoniene presented the best practice in Lithuania as well as the DRS, which can help reduce the amount of littering, boost recycling levels for relevant material, offer the possibility to collect high-quality materials in greater quantities and makes it easier for consumers to recycle through clear labelling and consumer messaging. An effective, functional and convenient DRS may entail high investment outlays. Armenia has recently completed an initial gap analysis study for the establishment of the DRS to understand what legislative amendments need to be put in place for the DRS to operate.

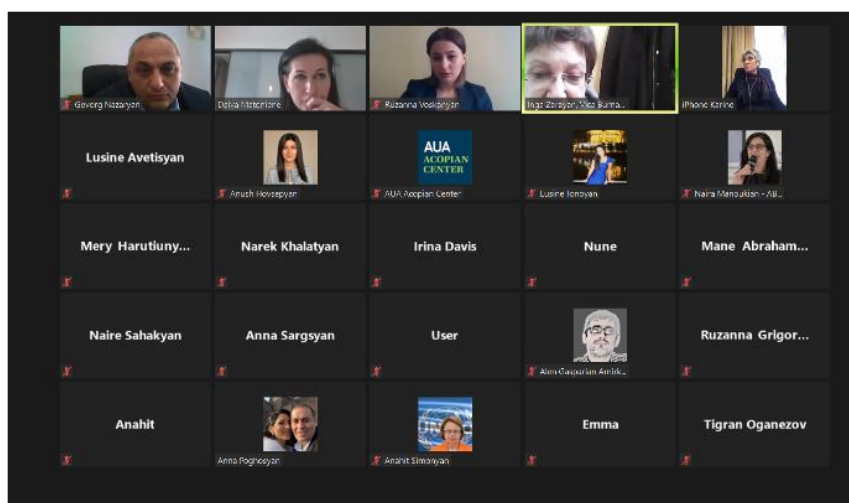
The next step for the country is to undertake an economic analysis of the DRS models (based on international experiences and best practices) to identify DRS options that are best suited for the country.

### About EU4Environment

The “European Union for Environment” (EU4Environment) aims to help the six partner countries: Armenia, Azerbaijan, Belarus, Georgia, Republic of Moldova, Ukraine preserve their natural capital and increase people's environmental well-being, by supporting environment-related action, demonstrating and unlocking opportunities for greener growth, and setting mechanisms to better manage environmental risks and impacts.

Under EU4Environment's component 1.2 on “Sectoral investment planning and comparative analysis of costs and benefits”, UNEP will support countries with assessing the investment needs for specific green growth areas/sectors which will help countries identify national investment gaps that might lead to specific investment programmes and to provide recommendations for a financing strategy. Specifically, under EU4Environment's component 1.2, UNEP will assist Armenia in assessing investment needs to develop the DRS for the packaging waste in Armenia.

The Action is funded by the European Union and implemented by five Partner organisations: OECD, UNECE, UNEP, UNIDO and the World Bank based on a budget of some EUR 20 million. The Action implementation period is 2019-2022.





Armenian Business Community

### Take the lead and make your voice heard in the upcoming changes!

With this letter, we encourage the Armenian business community to join the efforts in establishing transparent, efficient, and sustainable post-consumer waste management system to meet Armenia's obligations to introduce **Extended Producer Responsibility (EPR) system by 2023**. This commitment is part of the EU-Armenia Comprehensive and Enhanced Partnership Agreement (CEPA) signed between EU and RA of Armenia in 2017:

While Nature Protection Payments (Բնապահպանական վճարներ) aim to mitigate the damages caused to the environment, the **Extended Producer Responsibility** system ensures the proper handling of specific post-consumer waste products (tires, batteries, packaging, etc.) that producers or importers have put in the market.

The models of Extended Producer Responsibility vary from country to country, and **Armenia is yet to develop and adopt the best working model that would meet its environmental and economic needs. The global practice shows that the earlier the businesses engage in the initial stages of the strategy development, the better model the country adopts.** While the RA Government is obliged to create the necessary legislative framework, the role of the private sector is to support this process through the following:

- Engage in a dialogue with the government and follow up on policy development,
- Co-finance the research/study of various scenarios for the introduction of an Extended Producer Responsibility (EPR) in Armenia and the development of an appropriate model according to international experience.

**It is important that the private sector will take an active role in helping to create the best recycling system in the country.**

Municipal **Post consumption waste** (PCW) management is in a development stage in Armenia and we as a business community need to produce data and evidence on deciding the best case scenario to increase packaging waste recycling in the most effective and efficient way to create a win-win scenario that will meet compliance targets and at the same time mitigate potential tax implications on business.

Together, we need to conduct research/study through a professional agency for the following purposes:

- Analyze the current PCW situation, specifically volumes, types, collectors, recyclers, and opportunities; run SWOT to decide on the best waste collection and recycling practices, from the available alternatives, which will be the most suitable for Armenia and financially justified.
- Develop the best case implementation plan/guidance scenario for taking actions with the best expert agency.
- To engage with the government and negotiate the best case scenario of collaboration to drive the agenda and support the business interests.

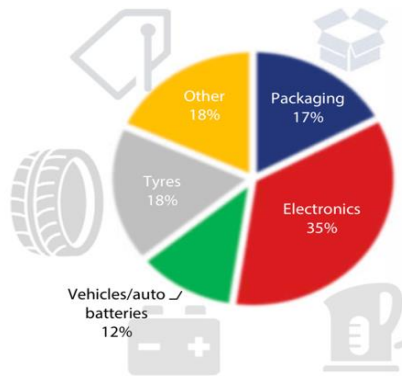
**Join the initiative!**

**American University of Armenia (AUA)**

**American Chamber of Commerce of Armenia (AmCham) Fast Moving Consumer Goods (FMCG) Committee  
Waste Management Working Group**

**European Business Association Armenia (EBA)**

**Union of Manufactures and Business of Armenia (UMBA)**



### Q&A

**Question. What are the start and end dates of the research?**

**Answer.** The dates will be determined when the number of organizations interested in the initiatives is confirmed. The study process is planned to start in September 2020. Before starting the study, a tender will be announced with detailed Terms of Reference. The best agency selection criteria will be based on the the best technical implementation experience and price.

**Question. Which organization will conduct the research and how will it be selected?**

**Answer.** Even though there are experienced organizations, the selection will follow the tender procedure – preparation of Terms of Reference, announcement for tender, receiving applications and selection.

**Question. What is the purpose of the research and what will be the result.**

**Answer.** As a result of the research, the best waste management model for both the public and private sectors will be selected. The model will be justified by financial and economic analysis based on the current situation in Armenia.

**Question. Which level specialist form an organization shall be involved?**

**Answer.** The organization should provide the contact details of a technical manager who is involved in waste management and environmental issues. However, the process must be under the general director's supervision.



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