

Brussels, 15 May 2012

ENP Country Progress Report 2011 – Armenia

The European Commission and the High Representative of the Union for Foreign Affairs and Security Policy published on 15 May 2012 the annual “neighbourhood package”, consisting of a joint communication (“Delivering on the new European Neighbourhood Policy”) making an assessment of the first year of implementation of the new ENP adopted in 2011, a separate joint communication proposing an “Eastern Partnership Roadmap”, a report on the “Partnership for Democracy and Shared prosperity” with Southern Mediterranean (including a roadmap for future action), an Eastern Partnership progress report, 12 country reports (on developments in 2011 and with a set of recommendations for the future), including one on Armenia, and a statistical annex.

Within the Eastern Partnership, the negotiations for an EU-Armenia Association Agreement (AA) progressed at a good pace. Armenia made substantial progress in implementing the “key recommendations” allowing for the launching of negotiations on a Deep and Comprehensive Free Trade Area (DCFTA). Overall, Armenia made good progress in the areas of Democracy and Human Rights.

On the basis of this year’s report and with a view to sustained implementation of the ENP Action Plan in 2012, Armenia is invited to:

- Ahead of the upcoming presidential elections scheduled in 2013, address the shortcomings identified by OSCE/ODIHR concerning the May 2012 Parliamentary elections, in order to fully meet recognized international democratic standards
- Step up efforts with Azerbaijan to reach agreement on the Madrid Principles in accordance with the commitments made by the Presidents of Armenia and Azerbaijan in the framework of the Minsk Group.
- Provide unconditional access for representatives of the EU to Nagorno Karabakh and surrounding regions.
- Fully investigate the deaths that occurred during the clashes of March 2008 and the allegations of ill-treatment in police custody and violation of due process.
- Ensure finalisation and implementation of the National Human Rights Strategy and Action Plan.
- Adopt amendments to the legislation on broadcasting in compliance with the recommendations of the OSCE and the Council of Europe, and ensure pluralism in the broadcasting media.

- Finalise the draft law on Conscience and Religious Freedoms, in line with international standards as well as the legislation on alternative civilian service, in conformity with Venice Commission and OSCE recommendations.
- Adopt comprehensive anti-discrimination legislation, including further steps leading to the harmonisation of legislation with the EU *acquis* in the areas of gender equality and non-discrimination.
- Strengthen enforcement of the Anti-Corruption Strategy and boost capacity for combating corruption.
- Strengthen the implementation of the reform agenda presented by the Armenian authorities, including measures to reform public administration and the judicial sector (especially increase the independence of the judiciary, improve the training of judges, review the code of criminal procedure, pursue the Police Reform Programme).
- Continue to advance sectoral reforms and regulatory approximation to the EU *acquis* in trade and trade-related areas based on the key and additional recommendations identified in the preparation for the DCFTA.
- Work towards the earliest possible closure of the Medzamor Nuclear Power Plant and adopt a detailed decommissioning plan for this plant, taking into account the result of stress tests.

Political dialogue and reform

- In the area of **deep and sustainable democracy**, positive steps were taken to prepare the country for upcoming elections, with changes in the electoral code and a presidential amnesty for the remaining persons detained for charges related to the March 2008 events. There are however concerns about **media freedom** relating to the limitations on TV broadcasting and to suits for insult and defamation. Significant restrictions to the **freedom of assembly** and **association** remain. Despite a strong reform effort, public trust in the judiciary continues to be low, and perception of **corruption** high.
- **Civilian control** over the security forces is effective. Despite information about incident being published by the Ministry of Defence, impunity for human rights violations committed by members of the security forces is a matter of concern.
- No significant progress occurred in the area of **freedom of religion** and belief. The alternative civilian service continues to remain a problem in 2011 both in legislation and practice. The government was active in strengthening the legal framework to ensure children's rights and gender equality. As regards **civil society**, registration requirements for non-governmental organizations (NGOs) are cumbersome and time-consuming, while labour organisations are weak and relatively inactive in practice.
- The National Preventive Mechanism under the Optional Protocol to the UN Convention against **Torture** should be further strengthened. Cases of torture and ill treatment among military conscripts, in prison facilities and police stations are not adequately investigated.
- Negotiations on the **Nagorno-Karabakh conflict** within the Minsk Group led to no tangible results in 2011. Amidst increasing tension along the Line

of Contact, mediation efforts resulted in marginal progress on the investigation of the violation of the ceasefire agreement.

Economic and social reform

- As the authorities maintained prudent macroeconomic policies and introduced several structural reforms, Armenia showed encouraging signs of **recovery** (**4.6%** growth rate in 2011) after the severe recession that resulted from the international crisis in 2009.
- The economy was supported by an IMF financing arrangement and exceptional donor assistance, including Macro-Financial Assistance from the EU worth **EUR 100 million**.
- Armenia continued to progress towards meeting the objectives of the Action Plan in the area of **macroeconomic policy, poverty reduction and social cohesion**. Longer-term growth prospects are very uncertain due to lack of diversification, low competitiveness and closed borders with two out of four Armenia's neighbour countries.
- In 2011, **6 %** of the population was **unemployed** and **36%** was below the **poverty** line. The implementation of Armenia's Sustainable Development Programme on poverty reduction 2008-2021 continued to be suspended in 2011.

Trade-related issues, market and regulatory reform

- **Bilateral trade** continued to improve in 2011 from the 2009 slowdown with 18.2% increase year-on-year. EU exports to Armenia increased by 15.7%, while EU imports from Armenia increased by 23.3%.
- Armenia made substantial progress in implementing the “key recommendations” for the launching of negotiations on a **Deep and Comprehensive Free Trade Area**, in particular legislative and institutional reforms in the areas of Technical Barriers to Trade, Sanitary and Phytosanitary Standards and Intellectual Property Rights. It adopted for example a food safety strategy.
- 23 laws were adopted between February and April with the aim of improving **business climate** and to facilitate company establishment.

Cooperation on justice, freedom and security

- Following adoption of the 2010 Border Security and **Border Management Strategy 2011-2015**, Armenia approved an implementation Action Plan in April. A National Action Plan 2012-2016 for the implementation of the Concept for the Policy of State Regulation of **Migration** was adopted in November.
- Directives for the negotiation between the EU and Armenia of **visa facilitation and readmission agreements** were adopted by the EU in December and were launched on 27th February 2012. In October 2011, the EU-Armenia **Mobility Partnership** was established, proposing cooperation in four major areas (mobility, legal migration and integration; migration and

development; fight against irregular immigration; asylum and international protection).

- Armenia adopted national strategy and programmes or legislative amendments to improve effectiveness of the **fight against organised crime, terrorism, drug trafficking, money laundering and trafficking in human beings**.

Transport, energy, environment, the information society, research and development

- **Transport:** Armenia continued to implement its 2009-2020 transport strategy. In July, Armenia became a full member of the Organisation for International Carriage by Rail.
- **Energy:** Armenia started updating its energy strategy and adopted a renewable energy roadmap. The EU continues to request the closure of Medzamor Nuclear Power Plant as soon as possible, as it cannot be upgraded to meet internationally recognised nuclear safety standards. Armenia expressed readiness to undertake with the EU a comprehensive risk and safety assessment of the plant, taking account of EU standards. Armenia became observer of the Energy Community.
- **Climate change:** The government adopted a five year action plan for the implementation of the UN Framework Convention on Climate Change (UNFCCC). Armenia is encouraged to engage in the new carbon market mechanism to be developed following the UNFCCC COP 17, as well as to fully implement the Cancun and Durban agreements.
- **Environment:** Armenia started preparing a new environment action plan post 2012. The Regional Environmental Centre for the Caucasus continued its activities in 2011; its founders want to see its role enhanced in the years to come and tried to find a solution to its debt problem
- **Research and innovation:** Armenia continued to increase the number of applications to the 7th Framework Programme (24 research organisations involved in 22 projects).

People-to-people contacts, education and health

- **Education:** Higher education reform continued to benefit from EU-Armenia cooperation and support via the Tempus IV programme (two additional projects), the Erasmus Mundus programme (49 scholarships and mobility grants), the Marie Curie scheme (seven institutions and six individual researchers) and the Jean Monnet programme (one module awarded to Yerevan State University).
- **Culture:** Armenia participated in four projects under the 2010 Special Action for ENP countries under the Culture Programme. The Youth Parliament of the Armenian National Assembly started its work in May 2011. Youth organisations continued benefitting from the exchange opportunities under the Youth in Action programme (380 participants).
- **Health:** Reform continued with a view to improving, within the limited available financial means, access to, availability of and quality of health care services. Special attention was paid to address the burden of tuberculosis.

EU–Armenia – BACKGROUND

THE POLICY

The **European Neighbourhood Policy** governs the relations between the EU and Armenia. Since 2009 the EU implements the **Eastern Partnership**, the Eastern dimension of the ENP framework, aiming at substantially upgrading engagement with the six Eastern neighbours via:

- a Bilateral track, whose objectives include the establishing of Association Agreements with Deep and Comprehensive Free Trade Areas, once conditions have been met, as well as progress on visa and mobility issues, and
- a Multilateral track (i.e. intergovernmental platforms and Flagship Initiatives).

This approach allows for gradual political association and deeper economic integration.

FACTS AND FIGURES

1999: Entry into force of the EU-Armenia Partnership and Cooperation Agreement.

2006: Approval of the EU-Armenia Action Plan.

2009: EU Advisory Group to Armenia (financed by the EU) started its activities with the aim of supporting the Armenian authorities in the implementation of the key areas of the ENP Action Plan

2009: Neighbourhood Investment Facility committed EUR 14.6 million in grants and technical assistance for two projects in the transport sector. Armenia is also eligible for three regional projects, committing EUR 24 million in the energy and financial sectors

2007-2010: The ENPI¹ envelope for Armenia stands at EUR 98.4 million

2011-2013: The new National Indicative Programme (NIP) 2011-13 for Armenia was adopted in March 2010 and has a budget of EUR 157.3 million. The programme is geared towards supporting the achievement of key policy objectives as outlined in the EU-Armenia Action Plan and pursues three priorities: (1) democratic structures and good governance, (2) trade and investment; regulatory alignment and reform, and (3) socio-economic reform and sustainable development.

2011: Establishment of the EU-Armenia Mobility Partnership.

2011: Armenia became observer of the Energy Community.

More info at:

http://ec.europa.eu/world/enp/documents_en.htm

http://eeas.europa.eu/armenia/index_en.htm

http://eeas.europa.eu/enp/index_en.htm

¹ the European Neighbourhood Partnership Instrument