6 STRATEGIC CHALLENGES

6.1 Market Challenges

6.1.1 National Trade: Exports and Imports

World Trade Partners

Armenia has a unique geographical position among TRACECA countries.

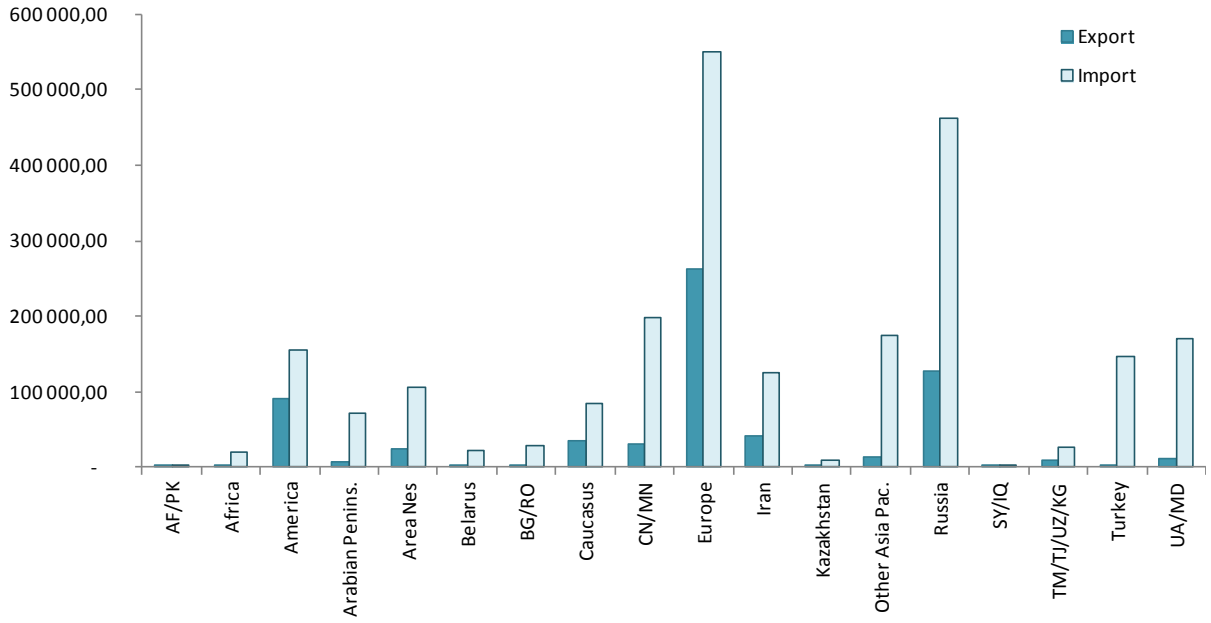
- It is the only Caucasus landlocked country.
- Armenia is not crossed by the main section of TRACECA East – West corridor which passes through the Caucasus.
- Due to political conflicts, Armenia does not have border crossing points with neighbouring Turkey and Azerbaijan.

Given the three above mentioned reasons, the vast majority of Armenia's land trade (trade with Iran excepted) is transported via Georgia from where it continues on to reach international markets using TRACECA corridors. Unlike its two neighbouring Caucasus countries, Armenia is also not a transit country. The features of goods flows for Armenia differ therefore a lot from its neighbours.

As shown in figure 2, Armenia is a net importer of goods. In 2010, the volume of imports reached 2 357.5 bn Euros while the volume of exports hit 666 bn Euros. The commercial balance is in favour of imports with every trade partner. This is easily understood due to the specific geographical location, and geopolitical situation of the country. The main trade partners of Armenia are Europe and Russia. Together, they account for 46.49 % of Armenia total international trade. They are followed by America (8.20%), China (7.54%) and Asia & Pacific (6.25%).

The share of Armenia's international trade with TRACECA countries is low in comparison with the total trade volume (15.4%). Among these countries, Armenia's main trade partners are Ukraine-Moldova, Iran and the Caucasus region (see Table 3). Trade with Central Asian countries and West TRACECA countries (Bulgaria-Romania) is almost inexistent (see Table 3).

Figure 2: Armenia Trade Partners, 2010, th euros

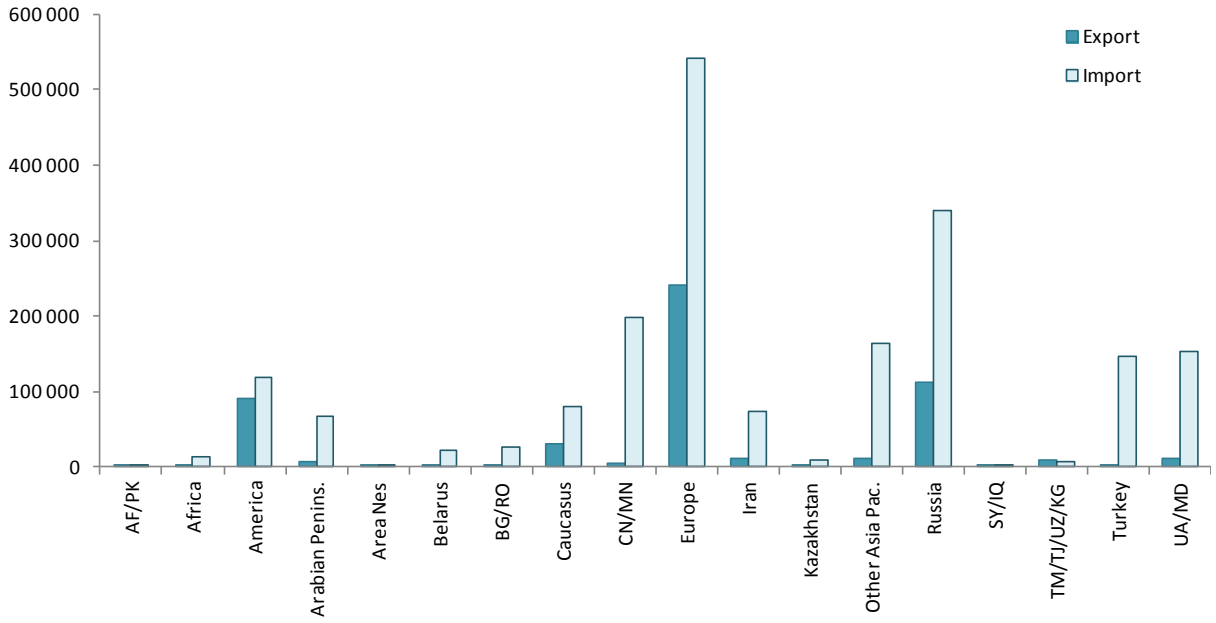


Source: Computation based on Eurostat and UN Comtrade databases

The analysis of Armenia's potential trade (bulk goods are left aside) is relevant for TRACECA corridors. It firstly tells that the total volume of potential trade accounts for two third of the total trade volume (1 819 bn Euros / 2 718 bn Euros). Imports remain extensively predominant over exports. When looking at the repartition of trade between partners, no significant changes are to be noticed (Table 3). Europe holds the largest trade share (31.15%) followed by Russia (18%), America (8.32%) and China (8.04%). Trade with TRACECA countries is slightly higher and amounts to almost 20%.

Armenia's relation with TRACECA's interests is therefore dual. Although TRACECA countries do not constitute the main partners of Armenia, TRACECA corridor (in particular the western part) is of high importance to access international market.

Figure 3: Armenia Trade Partners, Potential Trade, 2010, th euros



Source: Computation based on Eurostat and UN Comtrade databases

Table 3: Distribution of Armenia Potential Trade Partners, 2010, % in trade value

Zones	All products		Total all products	No min. fuel & ores		Total no min. fuel & ores
	Import	Export		Import	Export	
Afghanistan-Pakistan	0.08%	0.04%	0.07%	0.10%	0.05%	0.09%
Africa	0.86%	0.18%	0.71%	0.67%	0.22%	0.57%
America	6.64%	13.75%	8.20%	5.99%	16.73%	8.32%
Arabian Peninsula	3.08%	0.95%	2.61%	3.42%	1.16%	2.93%
Area Nes	4.52%	3.53%	4.30%	0.09%	0.71%	0.22%
Belarus	0.95%	0.56%	0.87%	1.14%	0.68%	1.04%
Bulgaria-Romania	1.27%	0.07%	1.00%	1.34%	0.09%	1.07%
Caucasus	3.54%	5.31%	3.93%	4.11%	5.48%	4.40%
China-Mongolia	8.37%	4.60%	7.54%	10.03%	0.87%	8.04%
Europe	23.34%	39.45%	26.89%	27.49%	44.35%	31.15%
Iran	5.30%	6.14%	5.49%	3.77%	2.14%	3.42%
Kazakhstan	0.40%	0.34%	0.39%	0.48%	0.42%	0.47%
KY-TJ-TM-UZ	1.08%	1.47%	1.17%	0.33%	1.77%	0.65%
Other Asia Pacific	7.41%	2.13%	6.25%	8.32%	2.19%	6.99%
Russia	19.59%	19.21%	19.50%	17.30%	20.49%	17.99%
Syria-Iraq	0.14%	0.06%	0.12%	0.17%	0.07%	0.15%
Turkey	6.22%	0.34%	4.93%	7.41%	0.42%	5.89%
Ukraine-Moldova	7.19%	1.85%	6.01%	7.84%	2.16%	6.61%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Source: Computation based on Eurostat and UN Comtrade databases

The study of trade flows from and to Armenia must be completed with the analysis of their estimated tonnage. Table 4 below shows that tonnage of exports is only one sixth the sizes of those of imports. It also evidences s that more than half of exports, as far as potential tonnage

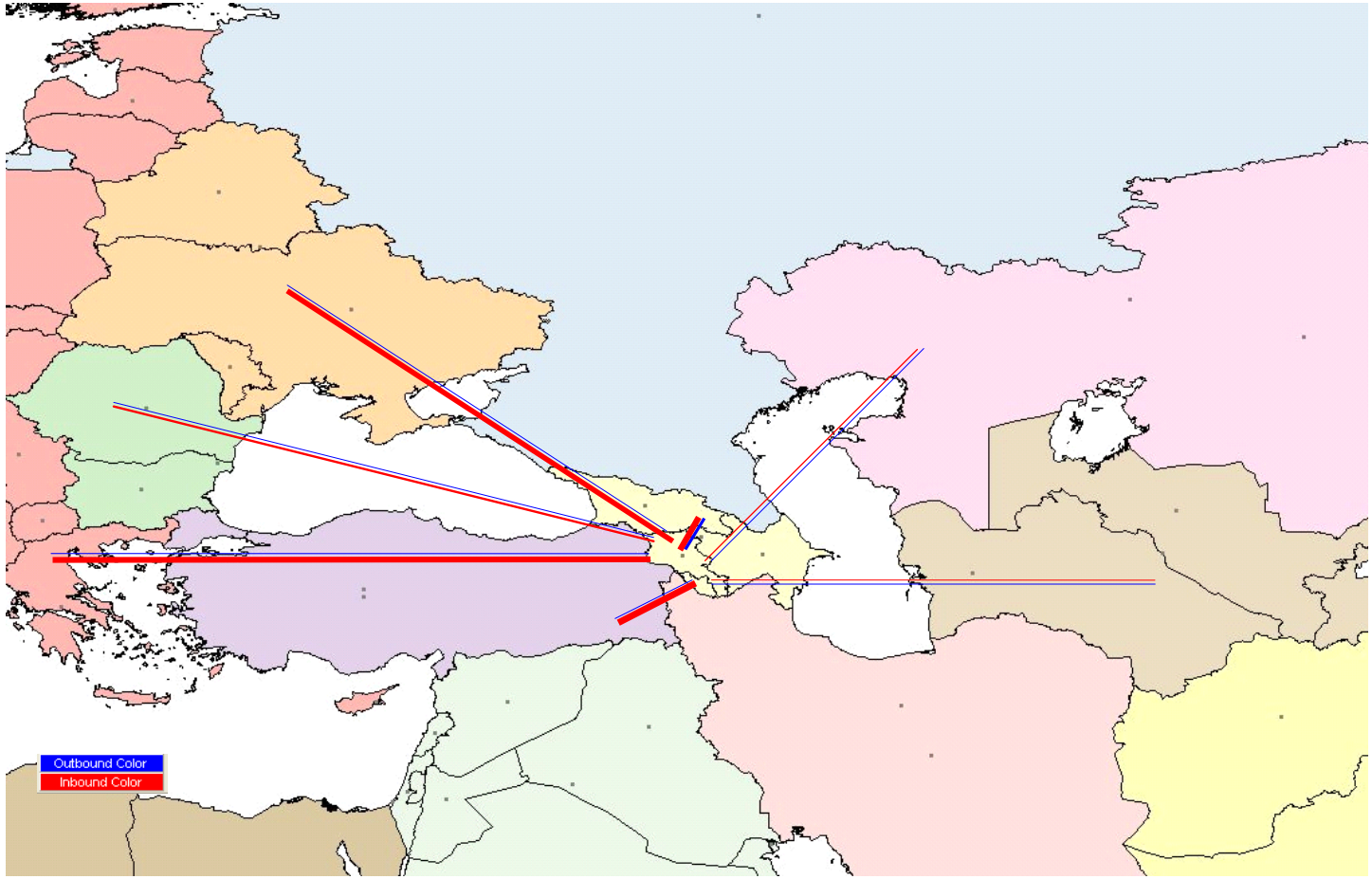
is concerned, are destined to Caucasus region (56.76%). Regarding imports, the highest trade exchange for Armenia is with Ukraine/Moldova (32.18%) followed almost equally by Turkey (19.86%), Caucasus region (18.63%) and Europe (17.96%).

Table 4: Armenia Potential Trade with TRACECA Countries and Europe, 2010, in tons and %

Zones	Tonnage		Share in trade with TRACECA countries and Europe	
	Export	Import	Export	Import
Bulgaria-Romania	232.7	42 934.3	0.22%	6.63%
Caucasus	61 395.0	120 660.8	56.76%	18.63%
Europe	21 778.3	116 349.0	20.13%	17.96%
Kazakhstan	587.8	27 244.5	0.54%	4.21%
KY-TJ-TM-UZ	1 646.4	3 486.9	1.52%	0.54%
Turkey	3 949.1	128 678.3	3.65%	19.86%
Ukraine-Moldova	18 573.0	208 474.5	17.17%	32.18%
Total	**108 162**	**647 828**	**100%**	**100%**

Source: Computation based on Eurostat and UN Comtrade databases

Figure 4: Armenia Potential Trade with TRACECA Countries and Europe, 2010, in tons



Source: Computation based on Eurostat and UN Comtrade databases

6.1.2 Regional TRACECA Trade

In a perspective to develop transport infrastructures and logistics centres to enhance trade between TRACECA countries, it is essential to look also at the commodity structure of trade flows. The following Figure 5 and Table 5 detail the composition of imports to Armenia from others TRACECA countries and Europe.

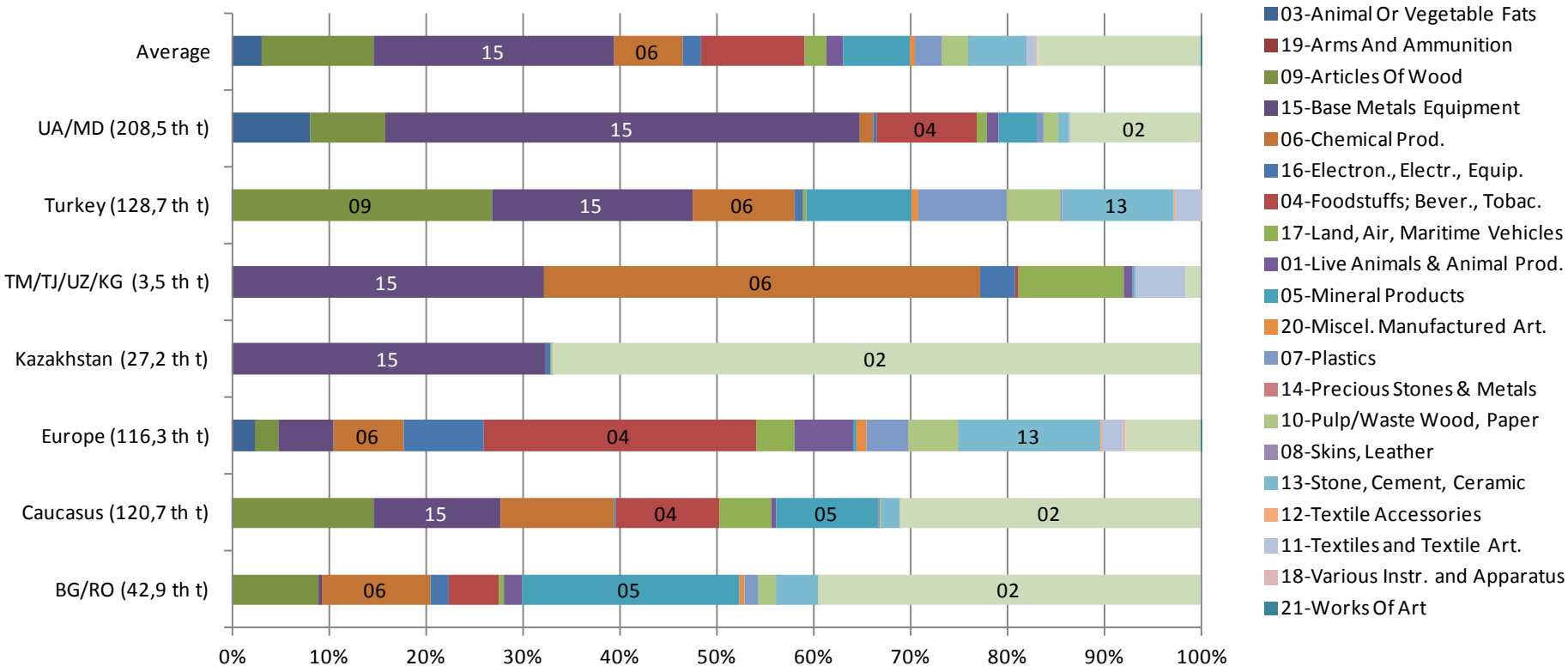
Main observations noticed are the following ones:

- The volume of imports is very much unbalanced. Imports from Ukraine/Moldova reach a weight of 208.5 th. tons while those from the South-East TRACECA region do not exceed 3.5 th. tons.
- On average, base metal equipment and vegetal products dominate the composition of trade inflows. They are then followed by the commodities “articles of wood” and “foodstuffs”.

The commodity “base metal equipments” is mainly imported from Ukraine and then Turkey (see Table 5). Vegetal products come mainly from Caucasus and Ukraine. It is also to be noticed that the composition of imports from every trading partners is much diversified. The only exception is Kazakhstan from where only three commodities are imported: base metal equipments, electronics and vegetal products.

The commodity structure of exports is on average dominated by “mineral products” followed by “basic metal equipments” and “stone, cement, ceramic” (see Figure 6 and Table 6 below). However, it varies very much from one country to another. For instance, the exports to Caucasus are dominated by mineral products, while exports to Europe are predominantly composed of base metal equipments. An exception would be Turkey where the two main commodities share an equal part along with the “foodstuffs, beverage, tobacco” commodity.

Figure 5: Potential Trade with TRACECA Region – Commodity Structure of Imports to Armenia, 2010, in tons and %



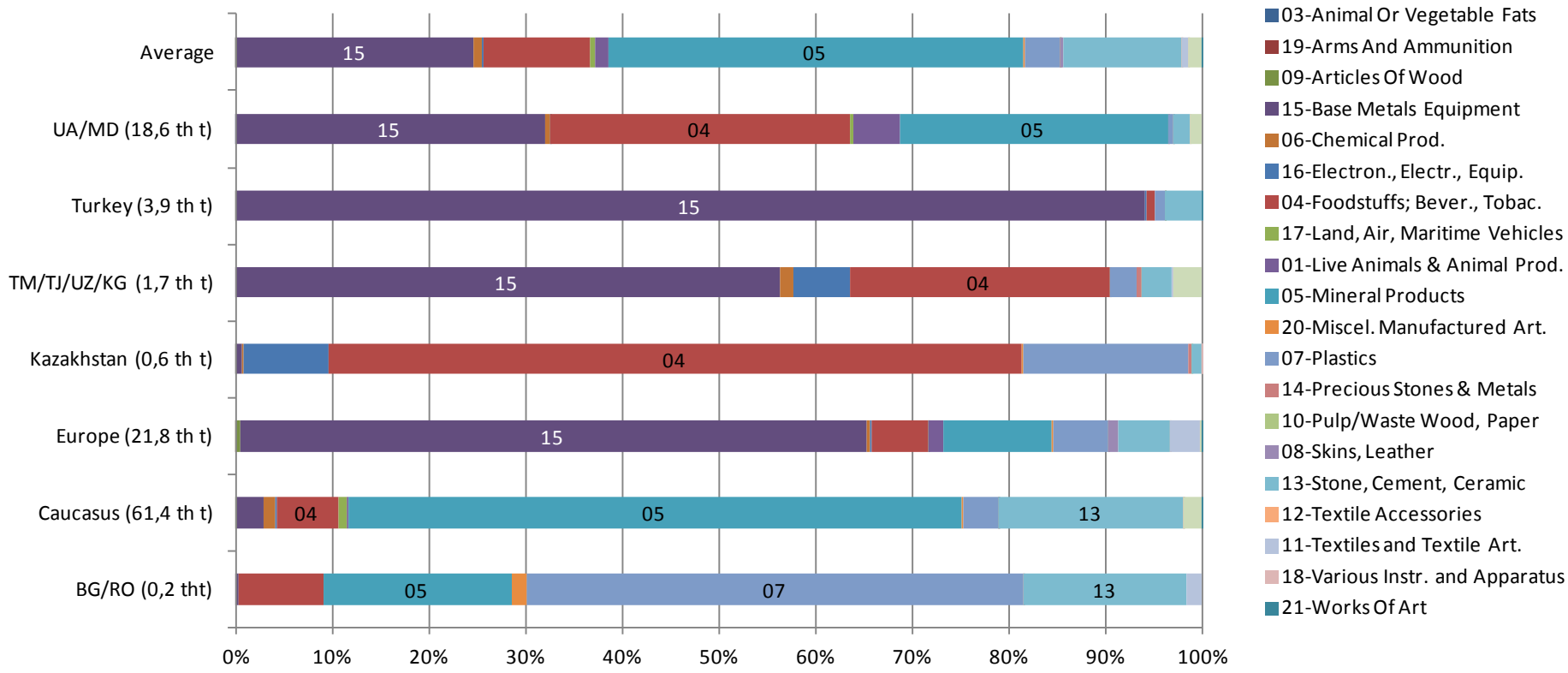
Source: Computation based on Eurostat and UN Comtrade databases

Table 5: Potential Trade with TRACECA Region – Commodity Structure of Imports to Armenia, 2010, in tons

Commodity Groups	Bulgaria-Romania	Caucasus	Europe	Kazakhstan	KY-TJ-TM-UZ	Turkey	Ukraine-Moldova
Animal Or Vegetable Fats	n/a	95.48	2 780.10	n/a	n/a	1.78	16 730.16
Arms And Ammunition	n/a	n/a	68.92	n/a	n/a	n/a	n/a
Articles Of Wood	3 842.50	17 617.33	2 700.99	n/a	n/a	34 509.70	16 438.93
Base Metals Equipment	166.00	15 682.91	6 636.21	8 822.75	1 121.60	26 637.88	101 872.61
Chemical Prod.	4 785.10	14 103.00	8 495.65	1.05	1 570.33	13 539.65	2 782.72
Electron., Electr., Equip.	821.70	280.20	9 551.76	147.23	122.73	1 198.58	956.08
Foodstuffs; Bever., Tobac.	2 190.60	12 815.88	32 672.61	0.41	16.71	0.17	21 336.40
Land, Air, Maritime Vehicles	242.00	6 437.70	4 730.83	2.07	379.36	323.52	2 106.89
Live Animals & Animal Prod.	800.90	792.25	7 005.00	n/a	25.16	n/a	2 534.33
Mineral Products	9 611.80	12 632.35	226.50	n/a	0.11	13 918.65	8 343.28
Miscel. Manufactured Art.	212.80	51.61	1 350.94	1.27	0.26	947.56	181.44
Plastics	593.30	199.92	4 922.05	3.29	7.18	11 674.51	1 270.94
Precious Stones & Metals	n/a	0.16	10.50	n/a	n/a	0.72	0.01
Pulp/Waste Wood, Paper	859.60	133.74	6 034.41	20.30	n/a	7 271.45	3 363.75
Skins, Leather	0.30	13.33	61.66	0.00	0.01	76.48	1.11
Stone, Cement, Ceramic	1 832.20	2 230.47	17 035.68	0.19	5.03	14 997.59	2 152.52
Textile Accessories	4.50	2.79	106.16	n/a	0.01	151.77	10.66
Textiles and Textile Art.	10.50	18.19	2 510.55	0.03	179.19	3 424.90	129.19
Various Instr. and Apparatus	1.10	5.48	259.68	0.64	n/a	3.42	21.43
Vegetable Products	16 959.40	37 548.04	9 186.61	18 245.26	59.23	n/a	28 242.10
Works Of Art	n/a	0.00	2.20	n/a	n/a	n/a	n/a
Total imports	**42 934.30**	**120 660.82**	**116 349.02**	**27 244.50**	**3 486.90**	**128 678.33**	**208 474.54**

Source: Computation based on Eurostat and UN Comtrade databases

Figure 6: Potential Trade with TRACECA Region – Commodity Structure of Exports from Armenia, 2010, in tons and %



Source: Computation based on Eurostat and UN Comtrade databases

Table 6: Potential Trade with TRACECA Region – Commodity Structure of Exports from Armenia, 2010, in tons

Commodity Groups	Bulgaria-Romania	Caucasus	Europe	Kazakhstan	KY-TJ-TM-UZ	Turkey	Ukraine-Moldova
Animal Or Vegetable Fats	n/a	n/a	0.00	n/a	n/a	n/a	0.06
Arms And Ammunition	n/a	n/a	10.80	n/a	n/a	n/a	n/a
Articles Of Wood	0.00	93.72	83.60	0.15	n/a	0.00	n/a
Base Metals Equipment	0.60	1 736.58	14 130.68	3.27	926.27	3 716.77	5 937.20
Chemical Prod.	n/a	664.79	59.90	1.78	24.15	n/a	107.90
Electron., Electr., Equip.	0.00	86.58	31.51	51.84	95.20	3.32	12.64
Foodstuffs; Bever., Tobac.	20.50	3 978.78	1 275.01	421.03	442.70	34.65	5 758.59
Land, Air, Maritime Vehicles	0.00	465.21	17.91	n/a	n/a	n/a	38.20
Live Animals & Animal Prod.	n/a	187.73	347.70	n/a	n/a	n/a	913.08
Mineral Products	45.40	38 857.49	2 442.73	n/a	2.07	n/a	5 140.18
Miscel. Manufactured Art.	3.80	97.19	6.52	0.51	0.05	n/a	1.03
Plastics	119.40	2 225.74	1 243.30	100.97	44.52	40.29	109.91
Precious Stones & Metals	0.10	0.31	11.10	1.87	8.84	0.01	n/a
Pulp/Waste Wood, Paper	n/a	87.15	8.30	0.10	0.06	0.06	0.08
Skins, Leather	n/a	9.38	229.10	n/a	n/a	n/a	0.01
Stone, Cement, Ceramic	39.30	11 707.75	1 150.88	5.45	51.49	150.24	303.63
Textile Accessories	n/a	8.09	0.50	0.05	n/a	n/a	n/a
Textiles and Textile Art.	3.60	24.46	681.56	0.16	1.38	3.71	n/a
Various Instr. and Apparatus	n/a	1.04	6.50	0.60	1.22	n/a	2.05
Vegetable Products	n/a	1 163.01	40.26	n/a	48.40	n/a	248.43
Works Of Art	n/a	0.01	0.50	n/a	n/a	0.00	n/a
Total exports	**232.70**	**61 395.02**	**21 778.35**	**587.78**	**1 646.37**	**3 949.05**	**18 572.98**

Source: Computation based on Eurostat and UN Comtrade databases

6.2 Intermodal Maritime Based Transport Challenges

LOGMOS aiming at developing seamless door-to-door intermodal services, all components of the transport chain may be considered as possible segments of LOGMOS projects, depending on their relevance for potential LOGMoS trade flows.

Port interfaces for operations, services, procedures etc. between land and sea are among the most critical points.

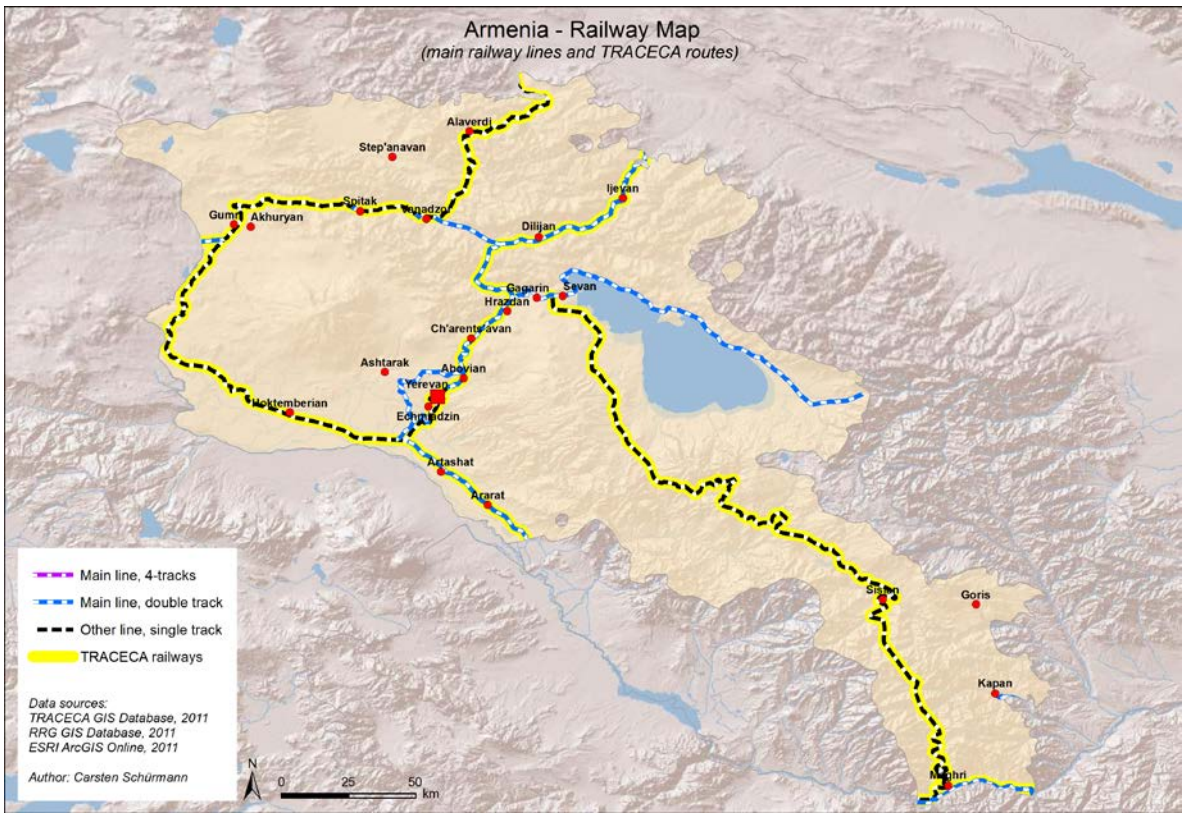
6.2.1 Port System and Maritime Links

Armenia is a land-locked country and does not possess any maritime façade. The most accessible ports are those of Georgia, Poti and Batumi, situated on the Black Sea distant of 650 km from Yerevan. The route to Iranian ports is much longer (2000km from Yerevan) and more expensive. The main trade partners of Armenia being Europe, Russia and China, cargos reach those destinations using in majority rail ferry services from Georgian Ports. Land connection with Russia exists through the Verkhny Lars crossing points between Georgia and Russia but its opening is dependent on the state of Russo Georgian relations and the climate conditions.

Given this situation, Georgian Ports and Black Sea maritime links are vital for Armenia's economy. A rapid container train is operated between Karmir-Blur / Yerevan and the port of Poti in Georgia since 2008. The train circulates 3 times per week in both directions and the journey lasts 36 hours. The maximum capacity the container train can handle is 30 wagons-platforms.

6.2.2 Inland Transport Mode: Railways

Figure 7: Armenia Railway Map



Source: TRACECA (2011)

The railway transportation is important for maintaining a reliable transport connection, promoting economic and social development in Armenia.

The closed Joint-Stock Company "Southern Caucasian Railways" (SCR) – an affiliate of Open Joint-Stock Company "Russian railways" - is the single railway operator in Armenia. On February 13th 2008 the Government of Armenia and SCR signed a 20-year concession contract for the operation of the State Close Joint-Stock Company "Armenian railway". The amount of total planned investments is 572 M USD, including 220 M USD to be invested during 2008-2013. Details of the concession investment are illustrated in the Table 7 below:

Table 7: SCR Concession Investment 2009-2020 (million AMD)

Item	2009	2010	2011	2012	2013-2015	2016-2020
Infrastructure:						
Track replacement	-	100	-	43	71	22
Track repair	813	292	926	574	943	287
Other infrastructure (bridges etc.)	3,525	4,295	3,766	3,216	5,282	1,608
Stations (including station track)	407	527	441	430	707	215
Other buildings and equipment (locomotive and wagon depots etc.)	3,525	1,216	1,910	1,099	1,805	549
Signalling and communications	1,356	988	2,446	1,161	1,908	581
Electric power facilities	3,931	4,444	4,915	5,339	8,771	2,670
Sub-Total	**13,557**	**11,862**	**14,404**	**11,862**	**19,487**	**5,932**
Rolling stock:						
Electric locomotives		685			343	
Diesel shunters				212	1,480	
EMUs		208	139	69	69	69
Wagons		143	117	365	1,294	1,523
Coaches	508				111	885
Sub-Total	**508**	**1,036**	**256**	**646**	**3,297**	**2,477**
Total (AMD million)	**14,065**	**12,898**	**14,660**	**12,508**	**22,784**	**8,409**
Total ($ million)	**46.6**	**42.7**	**48.5**	**41.4**	**75.4**	**27.8**

Source: Armenia Transport Sector Development Strategy 2020

South Caucasus Railways was set into operations on June, 1st, 2008. Its mission is to develop and establish the national railway operator and improve the quality of services by means of upgrading railway transport infrastructure, enhancing partnership with neighbouring countries, operating national and international passenger and cargo transport in Armenia. In more details, the company provides:

- cargo and passenger (distance and suburban) transport services
- infrastructure facilities and locos;
- repairs and overhaul of rolling stock;
- infrastructure building, etc.

The company transports cargos in international (export and import) directions and in Armenia. Among transported cargoes are cement, grains, oils and mineral oil, chemical and mineral fertilizers.

The total length of railway tracks in Armenia is 1 328.6 km (including 780 km of express tracks) but only 726 km is operated. Double tracks constitute 2.56% of the network. These are Russian-gauge (1520 mm) rail tracks.

Table 8: Main Features of the Armenian Railway Network

Total route length (km)	Gauge (mm)
780	1,520
Electrified lines (km)	**Electrification system**
764	3kV DC

Out of them 726 km are operated now by SCR. SCR is capable of transporting 50 M tons and 5.5 M passengers per year. Almost all rail tracks are single, electrified and equipped with semi-automated blocking and modern communication systems. SCR operates 75 stations, including four border railway stations:

- 1 at the border with Georgia - Ayrum / Sadakhlo. Its capacity is 18 train pairs der day;
- 1 at the border with Turkey - Akhuryan / Dogukapi and
- 2 at the border with Azerbaijan Yeraskh / Velidagh and Ijevan / Barkhudarli.

SCR owns 49 electric and 30 diesel locos, but also 1,839 freight and 135 passenger cars.

Railway freight traffic declined with the fall of USSR. The main reasons were a dramatic decline in rail-based industries, an improving road network and strong competition from the trucking industry. In 2011, rail freight traffic reached more than 3 M tons (see the Table 9 below) demonstrating the recovery of the sector (in 1999, rail freight traffic hit 1.9 M tons). Transit traffic was completely lost due to the closing of Armenia's borders and the end of a direct rail connection with Russia. With new, competing lines under construction in Georgia and Iran, transit traffic may never be recovered.

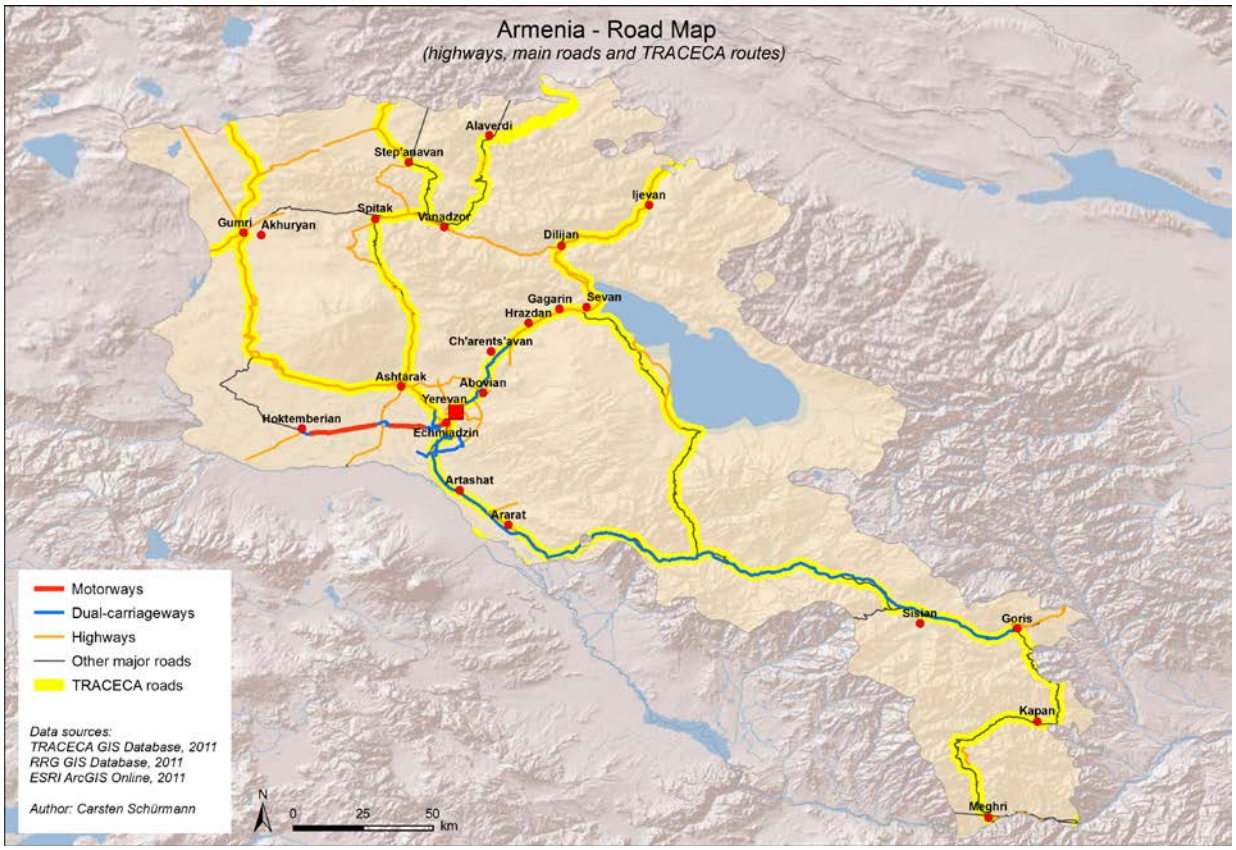
Table 9: Rail Freight Traffic in 2011

Commodity	Tons '000				Ton Km Million	Haul Km	Revenue AMD Million	Revenue/ Ton Km AMD
	Import	Export	Local	Total				
Total	**1,351.1**	**449.8**	**1,468.5**	**3,269.4**	**815.9**	**707.4**	**14,364.4**	**17.6**

Source: National Statistical Service of the Republic of Armenia

6.2.3 Inland Transport Mode: Roads

Figure 8: Armenia Road Map



Source: TRACECA (2011)

The total length of road network in Armenia is about 7,749 km divided into 1,730 km of inter-state roads, 4,057 km of state roads and 1,962 of local roads (2011 statistics). The road network constitutes the backbone for the country's economic development and has undergone drastic evolution over the past 20 years.

After gaining its independence, Armenia experienced an economic distress, mainly caused by the post-soviet reconstruction and the economic blockade by Turkey and Azerbaijan which resulted in the border closing with these countries. Given the mentioned reasons and a lack of investment in road development programs in the 1990's, the Government of Armenia decided to prioritize the improvement/rehabilitation of roads which connect the country with Georgia and Iran. In parallel, very few local roads were rehabilitated and maintained, which resulted in their considerable deterioration.

Therefore, according to the Poverty Reduction Strategy Paper (PRSP) for Armenia, which was prepared jointly by the World Bank and IMF in 2003 and targeted the period of time up to 2015, development of infrastructure in the rural areas, particularly the improvement/ rehabilitation of local roads, is considered to be one of the most important instruments for the poverty alleviation. To implement the Strategy, the Government adopted "Lifeline Road Network Program" (LRNP) based on the "Rural Enterprise & Small-Scale Commercial Agriculture Development Project" financed by the World Bank. Under the LRNP, the rehabilitation of existing local roads (up to 2 700 km) is considered to be an advantage even though they are in poor technical conditions.

Within the frames of this project, the Government of Armenia, ADB and the World Bank, have already invested into rehabilitation of some 530 km, 220 km and 150 km of local roads, respectively. However, the funding source for the remaining 1 000 km was not determined yet and Government of Armenia seeks for an investor.

To ensure an alternative road transport connection with Iran, in 2005-2007 some 96.4 km of new motor road was completed, which helped to reduce the transit time through the territory of Iran by 1 hour. All road construction initiatives are financed from the state budget.

As for the international transport corridors concerned, Armenia, as well as other countries in South Caucasus, are located on the crossroad of several transport corridors:

- TRACECA connects European and Asian countries via Caucasus. The corridor is recognized to serve as an alternative transport connection that helps to reduce cargo transport costs in the region;
- North-South corridor even though established recently, it appears to be a promising alternative for transit transport. But Armenia could realize its full transport and transit potential only after opening its borders;
- Pan-European transport network which should be reviewed by HWG in terms of its expansion to EU neighbouring countries and regions. The South Caucasus should be included into South-Eastern axis.

In addition, Armenia is also included into Asian Highways Network. The intergovernmental Agreement on the Asian Highway Network entered into force on 4 July 2005, under the auspices of UNESCAP. The Asian Highways network in Armenia comprises 966 km (see Table 10 below). These routes together constitute the principal international links between Iran, Georgia and Azerbaijan (currently non-operational) through Armenia.

Table 10: Asian Highway Routes in Armenia

AH No.	Route	Kilometre
AH 81	Bagratashen (Georgia Border) – Yerevan – Eraskh	271
	Agarak – Meghri	61
AH 82	Bavra (Georgian Border) – Gyumri - Ashtarak	158
	Eraskh – Goris – Kapan – Meghri	324
AH 83	Aigehovit (Azerbaijan border) – Sevan – Yerevan	152

Source: UNESCAP, 2003, Asian Highway Handbook

6.3 Trade and Transit Facilitation

6.3.1 General Presentation

- **Procedures and formalities** are among the **main barriers** that are hampering the development of Motorways of the Sea:
  - several **border points** must be crossed, mostly in ports but also on land routes f.i. along the central land corridors: minimum 2 points in a single / one sea service, up to 5 points in inter-seas services linking western Black Sea Countries and Eastern

Caspian Sea Countries, and possibly more in the case of longer multicountry transit and transshipments trades;
- several physical mode transfers, handling movements and intermediate storage are taking place along the sea based transport chains: commonly 3 transfers and minimum 6 handling plus 2 storage in the case of a single sea leg, and several more handling operations in the inter-seas services
- previous and ongoing experiences of Motorways of the Sea in other regions as well as the global worldwide transport system of containers have demonstrated that the resolution of difficulties in this field is an essential success factor.

- The procedural process in ports and at other border crossing point are **dominantly related to Trade Laws and Regulations**, but actors of the transport and transit chain are responsible for their fulfilment. A significant part of their activities is to deal with these complex issues and they are drawing the corresponding revenues out of their capacities.
  Relationships between institutions on one side, - Customs first, but also other Ministries and inspection bodies - operators and users on the other side, are affected by these functions which are mixing with the physical transit and transport operations.
- The **impacts of administrative and regulatory barriers** are generally more important when there is a sea leg since:
  - maritime transport and port transits require more formalities than land transport modes, including specific exchange of information, paper documentation etc. which are rightly perceived as a factor of complexity
  - this adds to the weakness of intermodal sea based transport, particularly when compared to the most simple unimodal road transport
  - transit times are increased if and when formalities and operations are mismatching, f.i. when the transport means of one mode is not coordinated with those of the next mode, which is a frequent situation between the maritime and railways legs in the TRACECA Region
  - costs are not only direct but also indirect, and not only formal but also informal, and unofficial transit levies and other transaction costs are adding to the sum of official tariffs, taxes and dues.
- **Common Weaknesses / barriers** have been identified in all LOGMOS project Countries to various extents and at different degrees. This diagnosis has been shared under the key word "Facilitation" by Country stakeholders and at bilateral and regional levels. Barriers in this field are referred to in the "W" (Weaknesses) list of the various SWOT analyses summarized in the following project documents:
  - Country profiles, as synthesized hereafter
  - Presentations for workshops and meetings
- Among the **solutions** discussed in the diagnosis phase, the following is a series of common **recommendations and targets** that are partly implemented, planned, or contemplated for the future LOGMOS projects and more generally for the development of intermodal transport including port / border crossing points:
  - I.T. systems and solutions electronic solutions / EDI for:
    - information (for users and operators)
    - declarations

- pre-alert (for Customs and other)
- duties, taxes and fees

- One stop shop scheme and extension to Single Window System (SWS)
- Risk management system and methods
- IT interchange solutions between MoS port / communities
- Tracking and Tracing (in coordination with operators)
- Upgrading / redesigning border points layouts
- Training (management, IT organization…)

6.3.2 SWOT Analysis

The following table summarizes key-findings for national SWOT analysis in trade and transit facilitation procedures that have been adopted in Armenia.

Table 11: SWOT Analysis in Trade and Transit Facilitation Procedures

STRENGTHS	• WTO Member since 2003 • Demonstrated a firm commitment to advance the Integrated Border Management (IBM) system which was attested by the signature of the Presidential Decree on Adoption of the Strategy on Border Security and Integrated State Border Management on 3 November 2010. • Development of a new National Strategy for Transport Security (openly circulated); • Signature of bilateral agreements with Georgia on the development of Border Crossing Points • Implementation of the comprehensive SCIBM Action Plan and of a Twinning Project “Support to the State Revenue Committee for Strengthening of Customs Control Procedures and Enforcement in Armenia according to Best Practices in the EU Member States”
WEAKNESSES (BARRIERS)	• Perceived uncertainties with commitment to Customs and trade facilitation reform and modernization • Mistrust between Customs and trade facilitation agencies and private industry because of integrity issues and lack of complete Customs and trade facilitation • Lack of electronic pre alert import and export declaration on a country wide-scale • Lack of a facilitation "PRO" structure • Not acceded to the UN Landlocked State Convention
OPPORTUNITIES	• Realization of the EU-supported programme "Supporting Integrated Border Management in the South Caucasus (SCIBM)" implemented by UNDP. Within this programme, design documentation for the modernization of Bagratashen, Bavra and Gogavan border crossing points has been developed. Construction works are expected to start in the first quarter of 2012.

	• Ratification of the Kyoto convention expected in May/June 2013
THREATS	• Lack of coordination with Georgian counterparts, in the construction of BCPs • Borderline between Georgia and Armenia is not always clear