

**THE LAW  
OF THE REPUBLIC OF ARMENIA  
"ON FOREIGN INVESTMENTS"**

This law shall establish the legal, economic and organisational basis for the implementations of foreign investments in the territory of the Republic of Armenia and shall be directed at the provision of protection of the rights, lawful interests and property of foreign investors, along with the creation of necessary conditions for attraction of foreign material and financial resources as well as investment and effective use of foreign advanced technologies and management and organising experience.

**SECTION 1  
GENERAL PROVISIONS**

**Article 1.** Definitions

**"Foreign investor"** shall mean any foreign state, foreign legal entity, foreign citizen, stateless person, citizen of the Republic of Armenia permanently residing out of the territory of the Republic of Armenia, as well as any international organisation which engages, in accordance with the legislation of the country of its location, in investment in the Republic of Armenia.

**"Foreign investment"** shall mean any type of property, including financial resources and intellectual values, which is being directly invested by a foreign investor in commercial and other activities implemented in the territory of the Republic of Armenia to gain profit (revenue) or to achieve any other beneficial result.

**"Enterprise with foreign investment"** shall mean an enterprise of any organisational-legal type created in compliance with the legislation of the Republic of Armenia, the founder or a participant in which is a foreign investor.

**Article 2.** Legal Regulation of Foreign Investments

Relationships arising from foreign investment in the Republic of Armenia shall be regulated by this law, as well as by other legislation of the Republic of Armenia and international treaties.

Should international treaties of the Republic of Armenia establish rules which differ from the one in this law, the rules of the international treaties shall apply to the respective cases.

### **Article 3. Forms of Foreign Investments**

Foreign investors shall be entitled to investment in the territory of the Republic of Armenia by means of:

- a) foreign currency; other currency values, and the national currency of the Republic of Armenia;
- b) movable and immovable property (structures, buildings, equipment, and other material values) and any property right related to that property;
- c) stocks, bonds, and other securities as established by legislation of the Republic of Armenia;
- d) any right to claim money or performance of contractual obligations; any claim
- e) any valuable right to intellectual property;
- f) a right, conferred by the legislation of the Republic of Armenia or by contract, to engage in economic activities, including the right to explore, extract, develop, or exploit natural resources;
- g) paid services, and
- h) any other type of investment not prohibited by legislation of the Republic of Armenia.

Implementation of the establishment forms of foreign investments may be prohibited or limited only in a manner provided by legislation of the Republic of Armenia.

### **Article 4. Methods of Implementing Foreign Investments**

Foreign investors shall be entitled to implement investments through the following methods:

- a) creation of enterprises entirely owned by foreign investors, creation of branches, divisions and representative offices owned by foreign legal entities, and the take-over of ownership of going concerns;
- b) foundation of joint ventures with legal entities and unincorporated enterprises of the Republic of Armenia as well as citizens of the Republic of Armenia, or acquisition of shares in going concerns;
- c) acquisition, within the limits defined by legislation of the Republic of Armenia, of stocks, bonds, and other securities as established by legislation of the Republic of Armenia;
- d) attainment of the right to use land independently or with the participation of legal entities or unincorporated enterprises of the Republic of Armenia as well as citizens of the Republic of Armenia and procurement of concessions to use natural resources in the territory of the Republic of Armenia.
- e) acquisition of other property rights; and
- f) other methods not prohibited by legislation of the Republic of Armenia, particularly the conclusion of contracts with legal entities or unincorporated enterprises of the Republic of Armenia.

Implementation of foreign investments through the established methods may be prohibited or limited only in a manner provided by legislation of the Republic of Armenia.

**Article 5.** Appraisal of Foreign Investments

Foreign investments shall be appraised according to the foreign investor's choice, in freely convertible foreign currency or the national currency of the Republic of Armenia.

The amount of foreign currency shall be estimated in the national currency of the Republic of Armenia at the exchange rate no higher than the one established in the Republic of Armenia by the Central Bank of the Republic of Armenia at the moment of investing.

**SECTION 2  
STATE GUARANTEES CONCERNING THE PROTECTION  
OF FOREIGN INVESTMENTS**

**Article 6.** Legal status of Foreign investment

The legal regime governing foreign investments and the methods of their implementation of the Republic of Armenia cannot be less favorable than the regime governing the property, property rights and investment activities of citizens, legal entities and unincorporated enterprises of the Republic of Armenia.

To encourage foreign investments in the most significant fields of social and economic development, additional privileges for such investments may be established in a manner provided by legislation of the Republic of Armenia.

The legislation of the Republic of Armenia may define those areas of the Republic of Armenia, wherein the activities of foreign investors and enterprises with foreign investment are limited or prohibited due to requirements of national security.

**Article 7.** Guarantee in the Event of Amendments to the Legislation of the Republic of Armenia

In the event of amendments to the foreign investment legislation of the Republic of Armenia, the legislation which was effective at the moment of implementation of investments shall be applied, upon the request of a foreign investor, during a five years period from that moment.

**Article 8.** Guarantees against Nationalisation and Confiscation

Foreign investments in the Republic of Armenia shall not be subject to nationalisation. Government bodies cannot, also, confiscate foreign investments.

Confiscation may be allowed only as an extreme means in case of emergency declared in accordance with the legislation of the Republic of Armenia, and it may be applied only upon the judgement of a court of law and with full compensation.

**Article 9.** Compensation for Damages Caused to Foreign Investors

Foreign investors shall be entitled to compensation, through a court order, for those material and moral damages, including lost profits, which damages are caused to them as a result of illegal actions by Government bodies of the Republic of Armenia or their officials as well as improper performance, by those bodies or their officials,, of their obligations established by legislation of the Republic of Armenia toward a foreign investor or enterprise with foreign participation.

All the damages caused to foreign investors as a result of actions identified in Article 8 and Article 9, Par. 1 of this law shall be subject to prompt compensation at current market prices or prices determined by independent auditors. This compensation shall be paid either in the currency invested, or in any other currency mutually agreed upon by the parties.

For the period from the moment of origination of the right to compensation through the moment of its execution, an interest in the due amount of compensation shall be calculated at current rates for deposit accounts established on the loan market of the Republic of Armenia.

**Article 10.** Disposal of a Foreign Investor’s Profits (Revenue) and Other Means

A foreign investor's profit (revenue), after paying the taxes and other fees established by legislation of the Republic of Armenia, shall remain under his/her disposal.

Foreign investors shall be entitled to open in the banks of the Republic of Armenia current and other accounts authorised by legislation of the Republic of Armenia, in a manner established by legislation of the Republic of Armenia.

Foreign investors shall be entitled to use their legally obtained means to acquire foreign currency or commodities on the domestic market of the Republic of Armenia, in a manner established by legislation of the Republic of Armenia.

**Article 11.** Guarantees Regarding the Export of Property, Profits (Revenues) and other Means Related to Foreign Investments

Foreign investors and foreign employees shall be entitled to and shall have the benefit of guarantees to freely export their property, profits (revenue) and other means legally gained as a result of investments or as a payment for labor or as a compensation under Article 9 of this law.

**SECTION 3  
CREATION OF ENTERPRISES WITH FOREIGN INVESTMENT  
AND TERMINATION OF ACTIVITIES THEREOF**

**Article 12.** Foundation and Registration of an Enterprise with Foreign Investment

Enterprises with foreign investment, their divisions, branches, representative offices and economic associations of enterprises, shall be founded and registered in a manner established by the Law of The Republic of Armenia “On Enterprises and Commercial Activities” and other legislation of the Republic of Armenia.

**Article 13.** Termination of Activities of an Enterprise with Foreign Investment

Activities of an enterprise with foreign investment, its division, branches, and representative offices shall terminate in a manner and in cases provided by their founding documents and legislation of the Republic of Armenia.

**SECTION 4**  
**CONDITIONS OF ACTIVITIES OF FOREIGN INVESTORS AND ENTERPRISES WITH**  
**FOREIGN INVESTMENT**

**Article 14.** Fields of Activities of Enterprises with Foreign Investment

Enterprise with foreign investment may conduct any economic activity which complies with the goals and objectives stated in its charter and which is not prohibited by legislation of the Republic of Armenia.

Certain economic activities, as defined by legislation of the Republic of Armenia, may be conducted by enterprises with foreign investment only after obtaining a license in the established manner.

**Article 15.** Customs Duties

The import of the goods included in the list established by the Government of RA, which is directed at supplementing the charter capital by the enterprises with foreign investments, is exempted from custom duties. In case of sale of the goods in the period of 3 years, after using the mentioned privilege, the custom duty, including the collection of calculated penalties for its payment delay is carried out in accordance with the rules and procedures set by the customs legislation.

Property imported into the Republic of Armenia on an international contractual basis as a foreign investment shall be exempted from customs duties within the time-limits established by the corresponding contracts.

Property imported into the Republic of Armenia by foreign employees of enterprises with foreign investment and intended for their personal use shall be exempted from customs duties.

**Article 16.** Exportation and Importation of Products, Works and Services

Enterprises with foreign investment shall be entitled to export their own products, works and services and import products, works and services for their own needs without any license, with the exception of those cases defined by legislation of the Republic of Armenia and by international treaties. Regulations regarding the certification of exported products, works and services as the private products of the above mentioned enterprises shall be established by legislation of the Republic of Armenia.

Products, works and services being imported for the needs of the above mentioned enterprises shall be recognised as their own in a manner established by legislation of the Republic of Armenia.

Profits (revenues), including currency, gained by the above mentioned enterprises from exportation of their own products, works and services, after the payment of taxes established by legislation of the Republic of Armenia, remains at the disposal of those enterprises.

Exportation and importation of other products, works and services by enterprises with foreign investment shall be done on a basis generally established by legislation of the Republic of Armenia.

**Article 17.** Taxation of Enterprises with Foreign Investment.

Enterprises with foreign investment shall pay taxes and enjoy tax privileges in a manner established by legislation of the Republic of Armenia.

**Article 18.** Establishment of Privileges for Enterprises with Foreign Investment

Privileges established by this law shall apply to those enterprises with foreign investment where such investment is no less than 30 (thirty) percent at the moment of foundation.

For the purpose of drawing up the balance sheet and inventory, an enterprise with foreign investment shall convert foreign currency into the national currency of the Republic of Armenia at the exchange rate determined in accordance with Article 5 of this law and other legislation of the Republic of Armenia.

**Article 19.** Property Rights over Land and Other Natural Resources

The acquisition by foreign investors of property rights over land and other natural resources shall be regulated by the relevant legislation of the Republic of Armenia.

**Article 20.** Leasing of Property

Property may be leased to foreign investors and enterprises with foreign investment on the basis of lease contracts, in a manner established by legislation of the Republic of Armenia.

**Article 21.** Concession Contracts

Any foreign investor shall be entitled to exploit renewable and non-renewable natural resources on the basis of concession contracts signed by the foreign investor and the Government of the Republic of Armenia or authorised governmental body, in a manner established by the Republic of Armenian's legislation on concessions.

Concession contracts may contain exceptions from the legislation in force in the Republic of Armenia. In such cases they shall be subject to approval by the Supreme Council (i.e. the Parliament) of the Republic of Armenia.

**Article 22.** Intellectual Property Rights

The exercise and protection of foreign investor's intellectual property rights shall be guaranteed in accordance with legislation of the Republic of Armenia.

**Article 23. Insurance of Property and Risks**

Foreign investors may insure their property and risks at their discretion, unless otherwise stipulated by legislation of the Republic of Armenia.

**Article 24. Procedure for Resolution of Disputes**

Disputes arising between foreign investors and the Republic of Armenia in respect to foreign investments shall be considered by the courts of the Republic of Armenia, in a manner established by the legislation of the Republic of Armenia.

Those disputes related to foreign investments, to which the Republic of Armenia is not a party, shall be considered by the courts of the Republic of Armenia or by other bodies for economic dispute settlement, in accordance with legislation of the Republic of Armenia. Such disputes shall be considered by a mediation court, should be parties have so agreed unless, otherwise established by international treaties or by the preliminary agreement (founding documents, economic contracts, and so on) of the parties.

**Article 25. Responsibility and Obligations of Foreign Investors**

Foreign investors shall bear responsibility for any violation of legislation of the Republic of Armenia, as defined by legislation of the Republic of Armenia.

Property of a foreign investor, including working capital and property rights may be used by that investor to guarantee any type of its/his/her obligations.

**President of the Republic of Armenia**

**L.Ter-Petrossian**

**July 31, 1994**