

EXPLANATORY MEMORANDUM ON A COMPREHENSIVE AND ENHANCED PARTNERSHIP AGREEMENT BETWEEN THE EUROPEAN UNION AND THE EUROPEAN ATOMIC ENERGY COMMUNITY AND THEIR MEMBER STATES, OF THE ONE PART, AND THE REPUBLIC OF ARMENIA, OF THE OTHER PART

TITLE OF TREATY

Comprehensive and Enhanced Partnership Agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part, and the Republic of Armenia, of the other part

Command Paper Number: 9588

SUBJECT MATTER

1. This explanatory memorandum accompanies the EU-Armenia Comprehensive and Enhanced Partnership Agreement (CEPA, hereafter, 'the Agreement'). The Agreement was signed and concluded on 24 November 2017 at the European Union Eastern Partnership Summit in Brussels. The Agreement will replace the EU-Armenia Partnership and Cooperation Agreement (PCA, 1999), upon which EU-Armenia relations are currently based. Both the European Union and the European Atomic Energy Community (EURATOM) will become party to the agreement.
2. The Agreement is a mixed agreement. After it has been ratified by Armenia and all EU Member States, it will then be ratified by the European Union (with the consent of the European Parliament) and the European Commission on behalf of EURATOM, at which point it will come into force. Other EU Member States have started the process of ratifying the Agreement in national parliaments. The UK Government has decided to ratify the Agreement to further deepen the broad range of cooperation between Armenia, the UK and the European Union.
3. The Agreement strengthens the existing PCA, providing a strong foundation for future political and economic cooperation. The Agreement will enhance EU-Armenia dialogue on domestic reform, human rights, trade and all other areas of mutual interest. These areas of cooperation are closely aligned with UK policy priorities for Armenia. In 2017, the UK appointed a Prime Ministerial Trade Envoy to Armenia to boost bilateral trade, and from 2018 Armenia will be included in the Good Governance Fund, helping support internal reform. Both of these initiatives will benefit from the trade and governance reform provisions contained in the Agreement.
4. The UK remains a full member of the European Union and all the rights and obligations of EU membership remain in force until exit negotiations are complete. During this period, the Government will also continue to negotiate, implement and apply EU legislation, including ratifying EU-Third Country agreements. It is in both UK and EU interests to support enhanced partnership and cooperation with Armenia. The Government therefore intends to ratify the Agreement before EU exit negotiations are complete to reflect UK commitment to the region beyond the UK's exit from the European Union.

MINISTERIAL RESPONSIBILITY

5. The Secretary of State for Foreign and Commonwealth Affairs is the Minister with overall responsibility for UK policy towards the EU's Common Foreign and Security Policy. Given the broad content of the Agreement, the Secretaries of State at the Department for Business, Energy and Industrial Strategy; the Department for International Trade; the Home Office; the Department for Exiting the European Union; the Department for Environment, Food and Rural Affairs; HM Revenue and Customs; HM Treasury; the Ministry of Justice; the Department of Transport; the Department of Health; the Department for Work and Pensions and the Department for Digital, Culture, Media and Sport have an interest.

POLICY CONSIDERATIONS

GENERAL

6. The Agreement is well aligned to UK priorities in Armenia and the wider South Caucasus and EU Eastern Partnership region. It strengthens political and economic cooperation in a broad range of areas. The Agreement commits the parties to respect for democratic principles, the rule of law, human rights and fundamental freedoms. The Agreement reaffirms respect for good governance, effective multilateralism and regional cooperation, including through the UN, the Council of Europe and the OSCE.
7. The Agreement links Armenia's internal reforms with wider regional stability and confidence building. As such, it promotes anti-corruption measures and improvements to governance, including in the area of tax, public administration and the civil service. The Agreement supports institution building and the strengthening of civil society. In certain areas, the Agreement is also designed to bring Armenian law gradually closer to the EU *acquis*. However, it does not go as far as to establish an association between the EU and Armenia.
8. The Agreement supports enhancing EU-Armenia dialogue in the field of migration, asylum and border management. The Agreement supports broad cooperation in the fields of justice, freedom and security within the framework of the United Nations and the Organisation for Security and Co-operation in Europe (OSCE). In addition, the Agreement contains provisions on legal cooperation, the rule of law, combating money laundering and terrorist financing, and fighting transnational organised crime. The UK opt-in on justice, freedom and security is not triggered.
9. The Agreement recognises the importance of peaceful settlement of the Nagorno-Karabakh conflict through the negotiations led by the OSCE Minsk Group Co-Chairs. The Agreements further commits the parties to fight against the proliferation of WMDs and their delivery systems, including through the EU Chemical, Biological, Radiological and Nuclear Risk Mitigation Centre of Excellence Initiative.
10. The Agreement contains provisions on cooperation in areas such as transport, energy, health, the environment, climate change, taxation, education and culture, employment and social affairs, banking and insurance, industrial policy, agriculture and rural development, tourism, research and innovation, and mining. It also calls for the parties to increase people-to-people contacts.

11. The Agreement commits the parties to expanding trade cooperation. These will improve conditions for bilateral EU-Armenia trade, while taking full account of Armenia's obligations as a member of the Eurasian Economic Union. These will ensure a better regulatory environment in areas such as trade in goods and services, setting up and running companies, capital movements, government procurement, intellectual property rights, sustainable development, and competition.
12. The Agreement accords the parties reciprocal most-favoured nation status in trade in goods. It also affirms the commitment of the parties to a progressive liberalisation of trade in services and to cooperation in electronic commerce.
13. The Government supports the priorities the EU has set out in the Agreement and, noting that they are well aligned with UK interests, further supports its ratification.

FINANCIAL

14. The Agreement does not provide for increased financial obligations.

RESERVATIONS AND DECLARATIONS

15. None.

IMPLEMENTATION

16. The Agreement will enter into force on the first day of the month following the date on which the Parties notify each other of the completion of the procedures necessary for that purpose.
17. The UK will need to specify the Agreement as an EU Treaty under Section 1(3) of the European Communities Act 1972, which will require an Order in Council. The One In-Three Out rule has been considered as part of the process of concluding the Treaty, but is not applicable.
18. Application to Gibraltar: Yes.

CONSULTATIONS

19. The relevant Government departments were consulted.

A handwritten signature in black ink, appearing to read 'Alan Duncan', written in a cursive style.

Rt Hon Sir Alan Duncan MP
Minister for Europe and the Americas
Foreign and Commonwealth Office