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FREE TRADE AGREEMENT BETWEEN ARMENIA AND KAZAKHSTAN

The following communication, dated 17 June 2004, is being circulated at the request of the Delegation of Armenia.

AGREEMENT
BETWEEN THE GOVERNMENT OF THE REPUBLIC OF ARMENIA AND
THE GOVERNMENT OF THE REPUBLIC OF KAZAKHSTAN ON FREE TRADE

The Government of Republic of Armenia and *the Government of Republic of Kazakhstan,* hereafter referred to as the Parties,

Striving to develop trade and economic cooperation between Republic of Armenia and Republic of Kazakhstan based upon equality and mutual benefits,

Guided by the principles of the Agreement by the Council of Heads of CIS States of April 15, 1994 on establishing a free-trade zone, and

Expressing their determination to develop bilateral relationships in the trade and economic interaction area in compliance with international trade norms and regulations,

HAVE AGREED as follows:

Article 1

1. The Parties shall not apply customs duties or equivalent taxes and fees to the export and import of goods that originated within the customs territory of one of the Parties and are destined for the customs territory of the other Party. Exemptions to these trading terms may be formalized for an agreed-upon list of commodities by a separate protocol, in the event the parties consider this to be necessary.

2. For the purposes of this Agreement, and for its effective term, the country of origin shall be determined according to the Rules of Establishing the Country of Origin for Goods, approved by Resolution of CIS Board of State Governments on September 24, 1993. The following goods are considered to have originated within the customs territory of anyone of the Parties:

(a) Completely produced on the territory of the Parties or;

(b) Having been processed on the territory of the Parties by utilizing raw materials and components of third country origin, whose classification under the Harmonized

System of Commodity Description and Coding changed in at least one of the first four digits due to this processing;

(c) Produced with the use of raw materials and components listed in "b" above.

Detailed rules on establishing commodity origins shall be coordinated by the Parties and included in a document that shall become an integral part of this Agreement.

Article 2

The Parties shall not:

- directly or indirectly impose any internal taxes or fees on commodities that are subject to this Agreement, in excess of corresponding taxes and fees imposed on similar commodities of domestic production or of third country origin;

- apply any special limitations or conditions to commodities that are subject to this Agreement, in excess of limitations or conditions applied under similar circumstances to similar commodities of domestic production or of third country origin;

- apply special rules to warehousing, reloading, storage, and transportation of goods that originated within the territory of the Parties, and to payments and payment transfers, different from rules applied in similar situations regarding goods of domestic production or of third country origin.

Article 3

1. The Parties shall refrain from discriminating, introducing quotas or similar measures against each other in the export and/or import of goods within the framework of this Agreement.

2. Quotas referred to in Paragraph 1 of this Article may be introduced unilaterally, within reasonable limits, and with strictly defined time frames only in the event of:

- heavy deficit of a given commodity on the internal market -until the market condition stabilizes;

- heavy deficit in the balance of payment -until the balance of payment situation stabilizes;

- some commodity being imported into the territory of one of the Parties in such increased quantities or under such conditions that harm or threaten to harm domestic manufacturers of similar or directly competing goods.

3. If necessary, the quotas referred to in Paragraph 2 of this Article may be formalized in a separate protocol to this Agreement.

4. The Party that uses quotas pursuant to Paragraph 2 of this Article prior to formal introduction of these quotas, shall, upon request of the other Party, provide the necessary information on the reasons, forms, and possible time frames for using these quotas and any additional requested information.

5. The Party that intends to apply protective measures shall notify the other Party of its intent in a timely fashion, not later than 30 days before the planned implementation of such measures.