

FREE TRADE AGREEMENT BETWEEN ARMENIA AND MOLDOVA

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

**AGREEMENT
BETWEEN THE GOVERNMENT OF REPUBLIC OF ARMENIA AND
THE GOVERNMENT OF REPUBLIC OF MOLDOVA ON FREE TRADE**

The Government of Republic of Armenia and the Government of Republic of Moldova, hereafter referred to as the Contracting Parties,

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

Based upon the sovereign right of each state to conduct its independent foreign economic policy,

Aiming at fostering economic activities, providing full employment, increasing productivity and rational use of resources,

Striving to promote harmonious development and growth of world trade, elimination of barriers in its development,

HAVE AGREED as follows:

Article 1

1. Contracting Parties shall not apply customs duties, taxes and charges having equivalent impact on exportation and/or importation of goods originating from the customs territory of one of Contracting Parties and destined for the customs territory of the other Contracting Party.

Special cases of application of this trade regime between the two countries to commodities on the basis of the agreed nomenclature shall be formalized by annual documents, which shall be an integral part of this Agreement.

2. For the purposes of this Agreement, and for its effective term, goods originating from the territories of Contracting Parties shall be deemed to be:

- (a) Completely produced in the territory of Contracting Parties or;

- (b) Having been processed on the territory of Contracting 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 provided that their total cost does not exceed a fixed proportion of the export price of commodities sold.

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

Article 2

Each Contracting Party shall not:

- directly or indirectly impose any internal taxes or charges on commodities covered by this Agreement, in excess of corresponding taxes and charges imposed on similar commodities of domestic production or of third country origin;
- apply any special limitations or conditions to commodities covered by this Agreement, in excess of limitations or conditions applied under similar circumstances to similar commodities of domestic production or of third country origin;
- apply rules to warehousing, reloading, storage, and transportation of goods that originating from the territory of the other Contracting Party, as well as to payments and payment transfers, other than those applied in similar situations regarding goods of domestic production or of third country origin.

Article 3

With the goal to maintain existing ties and implement essential for both countries trade and economic relations, on the basis of mutual agreement indicative lists can be compiled of goods and services which are items of mutual export and have paramount importance.

The said indicative lists will be agreed by competent bodies of the Contracting Parties within the timeframe and for the effective period established on mutual agreement and will be formalised by a separate protocol, as a rule, annually.

Article 4

Contracting Parties in their mutual trade shall refrain from discriminatory measures, introduction of quantitative restrictions or similar measures for exportation and/or importation of goods within the framework of this Agreement.

Parties may introduce unilaterally quantitative restrictions only within reasonable limits, and for a strictly defined time period.

These restrictions shall be of exceptional nature and may only be applied in cases of sharp deficit in the balance of payment.

A Contracting Party which applies quantitative restrictions under this Article shall provide the other Contracting Party, if possible, in advance with full information on the main reasons for