WORLD TRADE ORGANIZATION

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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

introduction, forms and expected terms of application of the abovementioned restrictions, whereupon the consultations shall be set.

Introduction of quantitative restrictions under this Article shall be formalized in a separate protocol.

Article 5

All settlements and payments related to the trade/economic cooperation between the Republic of Armenia and Republic of Moldova shall be carried out according to the agreement between en the authorized banks of the Contracting Parties.

Article 6

Contracting Parties shall on a regular basis exchange information on laws and other regulations related to economic activity, including trade, investment, taxation, banking and insurance and other financial services, on transport and customs issues, including customs statistics.

Contracting Parties shall inform each other without delay on any changes in the national legislation, which may influence implementation of this Agreement.

Authorized bodies of the Contracting Parties shall coordinate the way to exchange such information.

Article 7

1. Contracting Parties shall endeavour to establish a common customs tariff applied to trade with the third countries and to this purpose have agreed to conduct regular consultations.

2. Contracting Parties shall inform each other on existing customs tariffs and all exceptions thereto.

Article 8

Contracting Parties shall consider incompatible with the purposes of this Agreement any unfair business practices and shall not allow and eliminate the following methods thereof:

- agreements between enterprises, decisions made by the associations of enterprises, and general methods of business practices aimed at hindering or limiting competition or disrupting the competitive environment in the territories of the Contracting Parties;

- actions by means of which one or a few enterprises use their dominant position, limiting competition within the entire territory of the Contracting Parties or a significant part thereof.

Article 9

For the purposes of applying measures of tariff and non-tariff regulation in the bilateral economic relationships, statistical information exchange, and for carrying out customs procedures, the Contracting Parties will use the unified, nine-digit Commodity Nomenclature of Foreign Economic Activities (CN FEA), based upon the Harmonized Commodity Description and Coding System and Combined Tariffs and Statistics Nomenclature of the EEC. For their own needs Contracting Parties may expend this Commodity Nomenclature beyond the nine digits if necessary.

Introduction of the reference Commodity Nomenclature is carried on a mutually agreed basis through the existing representations in the relevant international organizations.

Article 10

Contracting Parties agree that the adherence to the principle of freedom of transit is the major condition for achieving goals of this Agreement and a substantial element in the process of their integration into the system of international division of labour and cooperation.

Thereupon each Contracting Party shall provide unimpeded transit through its territory for goods originating from the customs territory of the other Contracting Party or third countries and destined for the customs territory of the other Contracting Party or any third country, and shall supply exporters, importers, and carriers with all facilities and services available and necessary for ensuring transit on terms not worse than those granted to national exporters, importers, or exporters, importers or carriers of any other third state.

Contracting Parties shall conclude a special agreement on transit.

Article 11

This Agreement shall not impede the right of any of the Contracting Parties to take generally accepted in the international practice measures which it considers necessary for protecting its vital interests or which are undoubtedly necessary for compliance with international agreements to which it is or intends to become a party, if these measures relate to:

- information affecting the interests of national defence;
- trade in arms, munitions and military equipment;
- research or production related to the defence needs;
- supply of materials and equipment used in nuclear industry;
- protection of public morality and public order;
- protection of industrial and intellectual property;
- gold, silver, and other precious metals and stones;
- protection of human, animal and plant life.

Article 12

With the goal of pursuing coordinated policy of export control in relation to the third countries Contracting Parties shall conduct regular consultations and take mutually agreed measures for creation of effective system of export control.

Article 13

Provisions of this Agreement shall replace the provisions of agreements concluded earlier by the Contracting Parties insofar as the latter are incompatible or identical with the former.

Article 14

Nothing in this Agreement shall prevent, Contracting Parties from establishing relationships which do not contradict the goals and terms of this Agreement with the states which are not parties to this Agreement and with their associations and international organizations.

Article 15

Disputes between Contracting Parties related to interpretation or application of provisions of this Agreement shall be resolved by means of negotiations.

Contracting Parties shall endeavour to avoid conflicting situations in mutual trade.

Contracting Parties establish that claims and disputes between economic entities of both countries resulting from interpretation or implementation of commercial contracts or transactions, in case they cannot be settled amicably on the basis of consultations and negotiations and unless agreed otherwise, will be the exclusive competence of arbitration tribunals (permanent or ad hoc) established in the territory of Contracting Parties or the territory of the third states specified by the Parties having signed the contract.

The latter can also define the applicable substantive law, norms and procedures as well as the premises for the hearing of the case.

Each Contracting Party shall assure in its territory effective means to recognise and enforce arbitration awards.

Article 16

To achieve the goals of this Agreement and to elaborate recommendations for developing trade and economic cooperation between the two countries, Contracting Parties have agreed to establish a joint Armenian-Moldavian commission which will have its meetings at the request of one of the Parties in the Republic of Armenia and Republic of Moldova.

Article 17

Contracting Parties have agreed that the Republic of Armenia may establish its trade representation in the Republic of Moldova, and Republic of Moldova may establish its trade representation in the Republic of Armenia. The legal status of these trade representations, their functions and residence will be agreed by the Contracting Parties separately.

Article 18

Any state may accede to this Agreement on terms and conditions which would be agreed between the acceding state and the Contracting Parties.

Article 19

This Agreement becomes effective upon exchange of notices of completion by the Contracting Parties of intra-state procedures necessary for its entry into force.

This Agreement will become invalid after twelve months from the date, when one of the Contracting Parties notifies the other Contracting Party in writing of its desire to terminate this Agreement.

This Agreement after its termination shall apply to the contracts among the enterprises and organizations of both countries, concluded, but not implemented during the period when the Agreement is in force.

Done in the City of Ashgabat, on December 24, 1993 in two originals, each in Armenian, Romanian, and Russian, all texts being equally authentic.

For the purpose of interpretation of the provisions of this Agreement the text in Russian shall have prevalence.

The Agreement came into force on December 21, 1995.