

Sides are agreed that the maintenance of the principle of freedom of transit is the most significant term for achieving the objectives of the present agreement, and the essential element of the process of their linking up in the system of co-operation and international division of labour.

In this regard, each Side insures transit of the commodity originated on the customs area of another Side and/or of the third country and is designated for the customs area of another Side or of the third country, except the cases concerning national security interests of the Sides. Each Side will provide exporters, importers or conveyers with all necessary facilities and services for transit security in terms not worse than the ones for facilities and services that are given to own exporters, importers and conveyers or those of any other third country.

Sides are agreed that tariffs on transit, which is implemented through any kind of transport, including handling tariffs, will be economically proved.

Page 4

Article 10

This agreement does not prevent the right of any Side to implement measures adopted in international practice that are considered to be necessary for protection of the Side's fundamental interests and that are essential for fulfilment of international agreements, participant of which the Side is or intends to be, if such measures concern the following:

- Information concerning interests of national security;
- Trade in weapon, ammunition, military equipment;
- Investigation and production concerning defensive needs;
- Supply with materials and equipment applied in nuclear industry;
- Protection of the public moral and public order;
- Protection of industrial or intellectual property;
- Gold, silver or other precious stones and metals;
- Protection of human health, animals, plants and environment.

Article 11

With the aim to implement agreed policy on export control towards third countries, Sides will hold regular consultations and take mutually agreed measures for establishing an effective export control system.

Article 12

Provisions of the present agreement replace provisions of the previous agreement concluded between the Sides, where these provisions are incompatible or identical.

Article 13

Disputes between Sides, concerning interpretation and application of the agreement's provisions, will be settled through negotiations. Sides will attempt to avoid conflicts in reciprocal trade. Sides determine, that claims and disputes, arising through implementation and interpretation of commercial contacts and transactions between economic entities of both countries, are in the competence of arbitrages that are established on the areas of the Sides or on the area of the third country, which will be determined by Sides, if settlement of such disputes and claims is impossible through consultations and negotiations.

Sides may determine applied material rights, norms and procedures as well as places for case hearing.

Each Side to the agreement insures existence of effective facilities on its territory for recognition and implementation of arbitrage decisions.

Article 14

In order to implement the present agreement and to elaborate recommendations for improvement of trade and economic cooperation between two countries, Sides agreed to establish the

Page 5

joint Georgian-Azerbaijani Commission, which will take place in Georgia or Azerbaijan according to the request of one of the Sides.

Article 15