

1. The Parties shall seek to widen the scope of the Agreement to cover the right of establishment of firms of one Party in the territory of the other Party and the liberalization of the provision of services by one Party's firms to consumers of services in the other.

2. The Parties will discuss this cooperation in the Joint Committee with the aim of developing and deepening their relations under this Article.

CHAPTER IV

Common Provisions

Article 14

Internal Taxation

1. The Parties to this Agreement shall refrain from any measure or practice of an internal fiscal nature establishing, whether directly or indirectly, discrimination between the products originating in the Parties.

2. Exporters may not benefit from repayment of internal taxes in excess of the amount of direct or indirect taxes imposed on products exported to the territory of one of the Parties.

Article 15

Trade Relations Governed by Other Agreements

1. This Agreement shall not prevent the maintenance or establishment of customs unions, free trade areas or arrangements for frontier trade to the extent that these do not negatively affect the trade regime and in particular the provisions concerning rules of origin provided for by this Agreement.

2. Exchange of information between the Parties shall take place, on request, within the Joint Committee concerning agreements establishing such customs unions or free trade areas.

Article 16

Structural Adjustment

1. Exceptional measures of limited duration which derogate from the provisions of Article 4 may be taken by the Parties in the form of increased customs duties.

2. These measures may only concern infant industries, or certain sectors undergoing restructuring or facing serious difficulties, particularly where these difficulties produce important social problems.

3. Customs duties on imports applicable in the Parties to products originating in the other Party introduced by these measures may not exceed 25 per cent ad valorem and shall maintain an element of preference for products originating in the other Party. The total value of imports of the products which are subject to these measures may not exceed 15 per cent of total imports of industrial products from the other Party as defined in Article 3, during the last year for which statistics are available.

4. These measures shall be applied for a period not exceeding three years and shall cease to apply at the latest by the end of the third year from the date of entry into force of the Agreement.

5. No such measure can be introduced in respect of a product if more than three years have elapsed since the elimination of all duties and quantitative restrictions or charges or measures having an equivalent effect concerning that product.

6. The Parties shall inform the Joint Committee of any exceptional measures they intend to take and, at the request of either Party, consultations shall be held in the Joint Committee on such measures and the sectors to which they apply before they are applied. When taking such measures the Party concerned shall provide the Joint Committee with a schedule for the elimination of the customs duties introduced under this Article. This schedule shall provide for a phasing out of these duties starting at the latest two years after their introduction at equal annual rates. The Joint Committee may decide on a different schedule.

Article 17

Dumping

If a Party finds that dumping, within the meaning of Article VI of GATT is taking place in trade relations governed by this Agreement, it may take appropriate measures against this practice in accordance with Article VI of the GATT and WTO Agreement on Implementation of Article VI of the GATT 1994 and the rules established by agreements related to that Article, under the conditions and in accordance with the procedures laid down in Article 21.

Article 18

General Safeguards

Where any product is being imported in such increased quantities and under such conditions as to cause, or threaten to cause:

- (a) serious injury to domestic producers of like or directly competitive products in the territory of one of the Parties, or
- (b) serious disturbances in any sector of the economy or difficulties which could bring about serious deterioration in the economic situation of a region, the Party concerned may take appropriate measures under the conditions and in accordance with the procedures laid down in Article 21 of this Agreement, Article XIX of the GATT 1994 and the WTO Agreement on Safeguards.

Article 19

Re-export and Serious Shortage

Where compliance with the provisions of Articles 4-8 leads to:

- (1) re-export towards a third country against which the exporting Party to this Agreement maintains, for the product concerned, quantitative export restrictions, export duties or measures or charges having equivalent effect; or
- (2) a serious shortage, or threat thereof, of a product essential to the exporting Party; and where the situations referred to above give rise, or are likely to give rise to major difficulties for the exporting Party, that Party may take appropriate measures under the conditions and in accordance with the procedures laid down in Article 21. The measures shall be non-discriminatory and be eliminated when conditions no longer justify their maintenance.

Article 20

State Monopolies

The Parties shall progressively adjust any state monopolies of a commercial character so as to ensure that by the end of 1998, no discrimination regarding the conditions under which goods are procured and marketed will exist between nationals of the Parties. The Joint Committee will be informed about the measures adopted to implement this objective.

Article 21

Procedure for the Application of Safeguard Measures

1. Before initiating the procedure for the application of safeguard measures set out in this Article, the Parties to this Agreement shall endeavour to solve any differences between themselves through direct consultations, and shall inform the other Party.
2. In the cases specified in Articles 16, 17, 18 and 19 a Party which is considering to resort to safeguard measures shall promptly notify the Joint Committee. The Party concerned shall provide the Joint Committee with all relevant information and give it the assistance required to examine the case. Consultations between the Parties shall take place without delay in the Joint Committee with a view to finding a commonly acceptable solution.
3. If, within one month of the matter being referred to the Joint Committee, the Party in question fails to put an end to the practice objected to or to the difficulties notified and in the absence of a decision by the Joint Committee in the matter, the concerned Party may adopt the safeguard measures it considers necessary to remedy the situation.
4. The safeguard measures taken shall be notified immediately to the Joint Committee. They shall be restricted, with regard to their extent and to their duration, to what is strictly necessary in order to rectify the situation giving rise to their application and shall not be in excess of the damage caused by the practice or the difficulty in question. Priority shall be given to such measures that will least disturb the functioning of this Agreement.
5. The safeguard measures taken shall be the subject of regular consultations within the Joint Committee with a view to their relaxation, or abolition when conditions no longer justify their maintenance.
6. Where exceptional circumstances requiring immediate action make prior examination impossible, the Party concerned may, in the case of Articles 16, 17, 18, 19, 25 and 26, apply forthwith the precautionary measures strictly necessary to remedy the situation. The measures shall be notified without delay to the Joint Committee and consultations between the Parties to this Agreement shall take place within the Joint Committee.

Article 22

Rules of Origin and Cooperation in Customs Administration

1. Protocol C lays down the rules of origin and methods of administrative cooperation.
2. The Parties shall take all appropriate measures, including arrangements regarding administrative cooperation, to ensure that the provisions of Articles 2, 4, 5, 6, 7 and 8 of this Agreement and Protocol C are effectively and harmoniously applied, taking into account the need to reduce as far as possible the formalities imposed on trade and the need to achieve mutually satisfactory solutions to any difficulties arising out of the operation of those provisions.

Article 23

General Exceptions

This Agreement shall not preclude prohibitions or restrictions on imports, exports or goods in transit justified on grounds of public morality, public order or public security, the protection of health and life of humans, animals or plants and of environment, the protection of national treasures possessing artistic, historic or archaeological value, or the protection of industrial and commercial property, or rules relating to gold or silver or the conservation of exhaustible natural resources. Such prohibitions or restrictions shall not, however, constitute a means of arbitrary discrimination or a disguised restriction on trade between the Parties.

Article 24

Payments

The Parties undertake to authorize, in freely convertible currency, in accordance to the provisions of Article VIII of the Articles of the Agreement of the International Monetary Fund, any payments on the current account of balance of payments to the extent that the transactions underlying the payments concern movements of goods.

Article 25

Rules of Competition Concerning Undertakings, Public Aid

1. The following are incompatible with the proper functioning of this Agreement, in so far as they affect trade between the Parties:

- (a) all agreements between undertakings, decisions by associations of undertakings and concerted practices between undertakings which have as their object or effect the prevention, restriction or distortion of competition;
- (b) abuse by one or more undertakings of a dominant position in the territories of the Parties as a whole or in a substantial part thereof;
- (c) any public aid which distorts or threatens to distort competition by favoring certain undertakings or the production of certain goods. The provisions of this paragraph shall not apply to products referred in Chapter II.

2. Each Party shall ensure transparency in the area of public aid inter alia by reporting annually to the other Party on the total amount and the distribution of the aid given and by providing, upon request, information on aid schemes. Upon request by one Party, the other Party shall provide information on particular individual cases of public aid.

3. If Turkey or Latvia considers that a particular practice is incompatible with the terms of the first paragraph of this Article, and:

- (a) is not adequately dealt with under the implementing rules referred to in paragraph 3 of this Article, or
- (b) in the absence of such rules, and if such practice causes or threatens to cause serious prejudice to the interest of the other Party or material injury to its domestic industry, it may take appropriate measures under the conditions and in accordance with the provisions laid down in Article 21 of this Agreement.

4. In the case of practices incompatible with paragraph 1(c) of this Article, such appropriate measures may, where the WTO/GATT 1994 applies thereto, only be adopted in conformity with the procedures and under the conditions laid down by the WTO/GATT 1994 and any other relevant instrument negotiated under its auspices which are applicable between the Parties.

5. Notwithstanding any provisions to the contrary adopted in conformity with paragraph 3 of this Article, the Parties shall exchange information taking into account the limitations imposed by the requirements of professional and business secrecy.

Article 26

Balance of Payments Difficulties

Where either Party is in serious balance of payment difficulties or under threat thereof, Turkey and Latvia as the case may be, may, in accordance with the conditions laid down within the framework of GATT and with Article VIII of the Articles of Agreement of International Monetary Fund, adopt restrictive measures including measures related to imports, which shall be of limited duration and may not go beyond what is necessary to remedy the balance of payment situation. Either Party, as the case may be, shall inform the other Party forthwith and present to the other Party, as soon as possible, of a time schedule of their removal.

Article 27

Intellectual, Industrial and Commercial Property

1. Pursuant to the provisions of this Article and of Annex IV, by 1.1.1999, the Parties shall ensure adequate and effective protection of intellectual, industrial and commercial property rights in accordance with the international standards, including effective means of enforcing such rights.
2. If problems in the area of intellectual, industrial and commercial property affecting trading conditions were to occur, urgent consultations within the Joint Committee will be undertaken, at the request of either party, with a view to reaching mutually satisfactory solutions.

Article 28

Public Procurement

1. The Parties consider the opening up of the award of public contracts on the basis of non-discrimination and reciprocity, to be a desirable objective.
2. As of the entry into force of this Agreement, both Parties shall grant each other's companies access to contract award procedures a treatment no less favorable than that granted to companies of any other country according to the provisions of their internal legislation.

Article 29

Establishment of the Joint Committee

1. A Joint Committee is hereby established in which each Party shall be represented. The Joint Committee shall be responsible for the administration of this Agreement and shall ensure its proper implementation.
2. For the purpose of the proper implementation of this Agreement, the Parties shall exchange information and, at the request of any Party, shall hold consultations within the Joint Committee. The Joint Committee shall keep under review the possibility of further removal of the obstacles to trade between the Parties.
3. The Joint Committee may, in accordance with the provisions of paragraph 3 of Article 30, take decisions in the cases provided for in this Agreement. On other matters the Joint Committee may make recommendations.

Article 30

Procedures of the Joint Committee

1. For the proper implementation of this Agreement, the Joint Committee shall meet at an appropriate level whenever necessary upon request but at least once a year. Either Party may request a meeting to be held.
2. The Joint Committee shall act by common agreement.
3. If a representative in the Joint Committee of a Party to this Agreement has accepted a decision subject to the fulfilment of constitutional requirements, the decision shall enter into force, if no later date is contained therein, on the day the lifting of the reservation notified.
4. The Joint Committee shall adopt its rules of procedure which shall, inter alia, contain provisions for convening meetings and for the designation of the Chairman and his/her term of office.
5. The Joint Committee may decide to set up such sub-committees and working parties as it considers necessary to assist it in accomplishing its tasks.

Article 31

Security Exceptions

Nothing in this Agreement shall prevent a Party from taking any measures which it considers necessary:

- (a) to prevent the disclosure of information contrary to its essential security interests;
- (b) for the protection of its essential security interests or for the implementation of international obligations or national policies;
- (i) relating to the traffic in arms, ammunition and implements of war and to such traffic in other goods provided that such measures do not impair the conditions of competition in respect of products not intended for specifically military purposes materials and services as is carried on directly or indirectly for the purpose of supplying a military establishment; or
- (ii) relating to the non-proliferation of biological and chemical weapons, nuclear weapons or other nuclear explosive devices; or
- (iii) in time of war or other serious international tension constituting threat of war.

Article 32

Fulfilment of Obligations

1. The Parties shall take all necessary measures to ensure the achievement of the objectives of this Agreement and the fulfilment of their obligations under this Agreement.
2. If either Party considers that the other has failed to fulfill an obligation under this Agreement, the Party concerned may take the appropriate measures under the conditions and in accordance with the procedures laid down in Article 21.

Article 33

Evolutionary Clause

1. Where either Party considers that it would be useful in the interest of the economies of the Parties to develop the relations established by this Agreement by extending them to fields not covered thereby, it shall submit a reasoned request to the other Party. The Parties may instruct the Joint Committee to examine this request and, where appropriate, to make recommendations to them, particularly with a view to opening negotiations.

2. Agreements resulting from the procedure referred to in paragraph 1 will be subject to ratification or approval by the Parties to this Agreement in accordance with their internal legal procedures.

Article 34 Amendments

Amendments to this Agreement other than those referred to in paragraph 3 of Article 29, which are approved by the Joint Committee shall be submitted to the Parties for ratification or acceptance in accordance with their internal legal procedures and shall enter into force in accordance with the provisions of Article 37.

Article 35 Protocols and Annexes

Protocols and Annexes to this Agreement are an integral part of this Agreement. The Joint Committee may decide to amend the Protocols and Annexes in accordance with the provision of paragraph 3 of the Article 30 .

Article 36 Expiration

Each party may denounce this Agreement by means of a written notification to the other Party. This Agreement shall cease to apply six months after the date of receipt of such notification.

Article 37 Entry into Force

This Agreement shall enter into force on the first day of the second month, following the date on which the Parties have notified each other through diplomatic channels, that their internal legal requirements for the entry into force of this Agreement have been fulfilled.

IN WITNESS WHEREOF the undersigned plenipotentiaries, being duly authorized thereto, have signed this Agreement.

DONE at , this 16th day of June, 1998, in two originals each in the English language both texts being equally authentic

For the Republic of Latvia For the Republic of Turkey

1 The Annexes and Protocols thereto have been submitted to the Secretariat for consultation by interested Members (Office 3006).

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