

# FREE TRADE AGREEMENT BETWEEN GEORGIA AND ARMENIA

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## AGREEMENT ON FREE TRADE BETWEEN THE GOVERNMENT OF THE REPUBLIC OF GEORGIA AND THE GOVERNMENT OF THE REPUBLIC OF ARMENIA

*The Government of the Republic of Georgia and the Government of the Republic of Armenia,* hereinafter referred to as the "Sides" to the agreement,

*Confirming* their tendency towards free development of mutual economic cooperation,

*Taking into account* integral economic relations between Georgia and Armenia as well as the interdependence and mutual complement of the economy of both countries,

*Striving* for the development of trade and economic cooperation between Georgia and Armenia on the basis of equality and mutual advantage,

*Acknowledging* the tendency of Georgia and Armenia towards principles of the General Agreement on Tariffs and Trade (GATT) and the World Trade Organization (WTO),

*Agreed* on the following:

### *Article 1*

1. The Side to the agreement do not impose the customs duties on export and/or import and also taxes and charges, having an equivalent effect, on commodity originated from the customs area of one of the Sides and designated for the customs area of another Side. If Sides consider it necessary, exclusion from such trade regime on the agreed commodity nomenclature is generally drawn up through protocol, which is the inherent part of the present agreement.

2. For objectives of the present agreement, commodity, originated from the territories of the Sides is considered to be determined in accordance with the regulations determining the originator country of commodity since 24 September 1993, that are ratified by the Decision of the Council of Governments of Independent States.

### *Article 2*

Each Side will not:

- impose local taxes or charges, directly or indirectly, on goods covered by the present agreement, at the rate that exceeds the level of relevant taxes or charges imposed on analogous goods of the local production or those produced in third countries;
- introduce special restrictions or demands towards export or import of goods covered by the present agreement that are not used towards analogous goods of the local production or those produced in third countries;
- use different rules towards warehousing, unloading, storage, shipment of goods originated on the territory of another Side as well as towards repayments and

remittances, with the exception of the rules that in similar cases are used towards domestic goods or those originated from third countries.

### *Article 3*

Sides will refrain from carrying out discriminative measures in reciprocal trade as well as from applying quantitative restrictions or their equivalent measures on export and/or import of goods or their equivalent measures within the framework of the present agreement.

Sides may ascertain quantitative or other special restrictions unilaterally and in strictly determined terms.

These restrictions must be of exclusive character and may be applied only in cases provided by agreements within the framework of GATT.

The Side, which applies quantitative restrictions in accordance with this Article, will provide another Side with full information about the basic reasons for establishment, forms and possible terms of application of mentioned restrictions; hence the consultations are appointed.

### *Article 4*

All repayments and remittances in trade and economic cooperation between Georgia and Armenia will be implemented in accordance with the agreement between the authorized banks of the Sides.

### *Article 5*

Sides will exchange, on regular basis, an information about the laws and other regulatory acts concerning economic activity in trade and transport spheres, investments, taxation, banking and insurance activity and other financial services including customs issues and statistics.

Sides immediately inform each other about changes taking place in the national legislation that may affect implementation of the present agreement.

Authorized bodies to the Sides coordinate the rule of such exchange of information.

### *Article 6*

1. Sides will be striving for establishment of the common customs tariff applied in trade with third countries and to this end they agreed to hold regular consultations.
2. Sides will notify each other of the operating tariffs and all their exceptions.

### *Article 7*

Sides consider that unfair business practice is incompatible with the agreement's objectives and undertake not to permit the following methods:

- Agreements between enterprises, decisions of their associations and common methods of business practice that aim to prevent or restrict competition or violate its conditions at the territories of the Sides;
- Actions, through which one or several enterprises using their dominant condition, restrict the competition on the whole or on the substantial part of the Side's territory.

### *Article 8*

During implementation of tariff and non-tariff regulation of bilateral economic relations, for exchange of statistics and for implementation of customs procedures, the Sides will apply common nine-digit commodity nomenclature of foreign economic activity based on the harmonized system of description and coding of goods and on the combined tariff and statistic nomenclature of European Community. Herewith, for their needs, the Sides implement, in case of necessity, the development of commodity nomenclature beyond the bounds of nine-digits.

Establishment of standard pattern of the Commodity nomenclature is implemented on the basis of mutual agreements through representatives in relevant international organizations.

### *Article 9*

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

In this regard, each Side to the agreement will insure free and duty-free transit, through its territory, of commodity originated from the customs area of another Side and/or of third countries and designated for the customs area of another Side or of any other third country. Each Side will provide exporters, importers and conveyers with all existing and necessary facilities and services for transit security in terms not worse than the ones with facilities and services that are given to own exporters and importers.

2. The order and terms for passing of goods through territories of the countries are regulated in accordance with the agreement between the Government of Georgia and the Government of Armenia on the basic principles of transit, signed on 19 May 1993, in Yerevan.

### *Article 10*

The present agreement does not prevent the right of any Side to implement governmental regulation measures that are considered to be necessary for protection of the Side's fundamental interests or that are unconditionally essential for fulfilment of international agreements, participant of which this Side is or intends to be, if such measures concern the following:

- Information concerning interests of national security;
- Trade in weapon, ammunition and 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 and plants.

*Article 11*

1. The Side provides, in advance, another Side with an information about reasons, character and possible terms of adoption and operation of governmental regulation measures.
2. Sides carry out preliminary consultations. In case of impossibility of making coordinated decisions within six months, the Side, noted in paragraph 1 of the present agreement, has the right to carry out governmental regulation measures at discretion.

*Article 12*

Each Side will not permit unauthorized re-export of goods, in regard to the export of which another Side producing these goods applies governmental regulation measures.

Sides determine lists of goods, according to which unauthorized re-export is prohibited. Sides also exchange lists of goods to which governmental regulation measures are applied.

Re-export of such goods to third countries may be implemented only through the letter of consent and in terms defined by the authorized bodies of the country, which is the originator of the commodity.

*Article 13*

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 effective export control system.

*Article 14*

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

*Article 15*

Nothing in the present agreement prevents the Sides from establishing relations, without violating objectives and terms of the agreement, with countries that are not participants of the present agreement as well as with their associations and international organizations.

*Article 16*

Disputes between the Sides, concerning interpretation or application of the agreement's provisions, will be settled through negotiations.

Sides will strive for avoiding conflicts in reciprocal trade.

*Article 17*

In order to implement objectives of the present agreement and to elaborate recommendations for improvement of trade and economic cooperation between two countries, Sides agreed to establish the joint Georgian-Armenian Commission.

*Article 18*

The Republic of Armenia may establish its trade representation in the Republic of Georgia, and the Republic of Georgia may establish its trade representation in the Republic of Armenia. The

legal status, functions and location of such trade representations will be coordinated by the Sides in addition.

*Article 19*

Any State may accede to the present agreement in terms that will be agreed between the Sides and the States striving for accession.

*Article 20*

Amendments and annexes may be entered into the present agreement according to the mutual consent of the Sides.

*Article 21*

The present agreement comes into effect from the date of exchanging notifications on implementation of intergovernmental procedures that are necessary for the agreement's coming into force, and will be in force within twelve months from the date of sending the written notification on the agreement's termination by one of the Sides.

Provisions of the present agreement will be applied, after its termination, to contracts between corporations and organizations of both countries that were concluded but not fulfilled during the operating period of the agreement.

DONE on 14 August 1995 in Stepanavan, in two originals, each in Armenian, Georgian and Russian languages. All texts are equally authentic.

Text in Russian language is used during interpretation of the provisions of the present agreement.

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