FREE TRADE AGREEMENT BETWEEN ARMENIA AND KAZAKHSTAN

AGREEMENT
BETWEEN THE GOVERNMENT OF THE REPUBLIC OF ARMENIA AND
THE GOVERNMENT OF THE REPUBLIC OF KAZAKHSTAN ON FREE TRADE

The Government of Republic of Armenia and *the Government of Republic of Kazakhstan*, hereafter referred to as the Parties,

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

Guided by the principles of the Agreement by the Council of Heads of CIS States of April 15, 1994 on establishing a free-trade zone, and

Expressing their determination to develop bilateral relationships in the trade and economic interaction area in compliance with international trade norms and regulations,

HAVE AGREED as follows:

Article 1

1. The Parties shall not apply customs duties or equivalent taxes and fees to the export and import of goods that originated within the customs territory of one of the Parties and are destined for the customs territory of the other Party. Exemptions to these trading terms may be formalized for an agreed-upon list of commodities by a separate protocol, in the event the parties consider this to be necessary.

2. For the purposes of this Agreement, and for its effective term, the country of origin shall be determined according to the Rules of Establishing the Country of Origin for Goods, approved by Resolution of CIS Board of State Governments on September 24, 1993. The following goods are considered to have originated within the customs territory of anyone of the Parties:

(a) Completely produced on the territory of the Parties or;

(b) Having been processed on the territory of the 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.

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

Article 2

The Parties shall not:

- directly or indirectly impose any internal taxes or fees on commodities that are subject to this Agreement, in excess of corresponding taxes and fees imposed on similar commodities of domestic production or of third country origin;

- apply any special limitations or conditions to commodities that are subject to this Agreement, in excess of limitations or conditions applied under similar circumstances to similar commodities of domestic production or of third country origin;

- apply special rules to warehousing, reloading, storage, and transportation of goods that originated within the territory of the Parties, and to payments and payment transfers, different from rules applied in similar situations regarding goods of domestic production or of third country origin.

Article 3

1. The Parties shall refrain from discriminating, introducing quotas or similar measures against each other in the export and/or import of goods within the framework of this Agreement.

2. Quotas referred to in Paragraph 1 of this Article may be introduced unilaterally, within reasonable limits, and with strictly defined time frames only in the event of:

- heavy deficit of a given commodity on the internal market -until the market condition stabilizes;

- heavy deficit in the balance of payment -until the balance of payment situation stabilizes;

- some commodity being imported into the territory of one of the Parties in such increased quantities or under such conditions that harm or threaten to harm domestic manufacturers of similar or directly competing goods.

3. If necessary, the quotas referred to in Paragraph 2 of this Article may be formalized in a separate protocol to this Agreement.

4. The Party that uses quotas pursuant to Paragraph 2 of this Article prior to formal introduction of these quotas, shall, upon request of the other Party, provide the necessary information on the reasons, forms, and possible time frames for using these quotas and any additional requested information.

5. The Party that intends to apply protective measures shall notify the other Party of its intent in a timely fashion, not later than 30 days before the planned implementation of such measures.

6. When selecting protective measures indicated in this Article, the Parties shall give priority to those that exert the least negative impact upon achieving the goals of this Agreement.

Article 4

All settlements and payments related to the trade/economic cooperation between the Parties shall be carried out in compliance with the inter-bank settlement agreements between the authorized banks of the Parties.

Article 5

For the purposes of this Agreement, the term "re-export" shall refer to the export of goods that originated within the territory of one of the Parties by the other Party to the outside of its customs territory, for the purpose of exporting it into a third country.

Neither Party shall permit re-export of goods that were subject to tariff-based or non-tariff-based regulation while being exported by their Country of origin. The Parties shall establish a listing of goods, whose re-exportation is prohibited, and shall also exchange lists of goods that are subject to tariff-based or non-tariff-based regulation. Re-export of such goods into third countries is permitted only upon written consent and upon conditions stipulated by an authorized state agency of the country of origin of the subject goods. In the event of non-compliance with this stipulation, the Party whose interests have been violated has the right for unilateral introduction of measures to regulate export of goods into the territory of the Party that permitted the non-sanctioned re-export, upon prior notice of the intent to introduce such measures, and, if necessary, upon conducting joint consultations.

Article 6

The Parties shall exchange customs-related information, including the available customs statistics relating to the subject of this Agreement, fully, and on regular basis. The appropriate authorized agencies of the Parties shall coordinate the manner of such information exchange.

Article 7

1. The Parties shall exchange information about their international free-trade agreements with third parties.

2. The Parties shall inform each other about any changes in the customs tariffs enforced in their countries.

Article 8

Pursuant to their national legislations, the Parties shall declare incompatible with the purposes of this Agreement any unfair business practices exhibited, in particular, in the following:

- entering into agreements between enterprises or their associations for the purpose of hindering or limiting competition or to disrupt the competitive environment within the territories of the Parties;

- carrying out actions that aid one or a few enterprises in the use of their dominant position, limiting competition within the entire territory of the Parties or within a significant part of it.

Article 9

For the purposes of implementing tariff-based and non-tariff based regulation measures in the bilateral economic relationships, statistical information exchange, and for carrying out customs procedures, the Parties have agreed to use the unified, nine-digit Commodity Nomenclature of CIS Foreign Economic Activities that is based upon the Harmonized Commodities Description and Coding System and Combined Tariffs and Statistics Nomenclature of the EEC. For the needs of their own countries, these Commodity Nomenclatures may be expended as necessary.

Article 10

Each Party shall provide free transit over the territory of its country for goods originated within the customs territory of the other Party or having originated in third countries and destined for the customs territory of the other Party or any third country, and shall supply the exporters, importers, and shipping companies involved in such transit operations with all the available resources and services required for the execution of these transit operations on terms (including financial) that are not worse than the terms for providing the same resources and services to exporters, importers, and national shipping companies of any other third country.

Each Party guarantees waiving any customs duties and transit fees on trans-shipment of goods originated within the customs territory of the other Party, and this shall be formalized by a separate agreement.

Rates on trans-shipment by any means of transportation, including the rates for loading and unloading operations, shall be economically justified and shall not exceed normal operating expenses, including reasonable profit rates.

Article 11

1. This Agreement shall not prevent any of the Parties from taking measures of state control in the foreign economic relations area, generally accepted in the international practice, that are considered necessary for compliance with international agreements to which they are or intend to become a party, if these measures relate to:

- protection of public morale and public order;
- protection of human life and health;
- conservation of animal and plant life;
- protection of the environment;
- conservation of valuable art, archeological, and historical objects that are national treasures;
- protection of industrial and intellectual property;
- trade in gold, silver, and other precious metals and stones; conservation of non-renewable natural resources;
- limiting exports of a given commodity, in the event the domestic price for this commodity is lower that the world market price due to implementation of governmental support programs;
- disturbances in the balance of payments.

2. Nothing in this Agreement precludes the right of any of the Parties to use any means of state control deemed necessary by the Party, if these measures relate to:

- assuring national security, including the prevention of leaks in confidential information related to state secrets;
- trade in arms, military technology, munitions, offering military-type services, technology transfer, and providing services in the manufacture of armaments and military hardware, and for other purposes;

- supplying fissionable nuclear materials and sources of radioactive substances, processing of radioactive wastes;

- measures taken at time of war or during other extreme situations in the international relations;

- actions taken in compliance with the UN Charter for maintaining international peace and security.

Article 12

Provisions of this Agreement replace the provisions of any Agreements between the Parties insofar as the latter are incompatible or identical with the prior.

Article 13

Provisions of this Agreement do not affect any of the obligations taken by the Parties under other international agreements concluded earlier by the Parties with third countries, including Agreements concluded within the CIS framework with the participation of the Parties.

Article 14

Nothing in this Agreement prevents any of the Parties from establishing relationships with third countries and with their associations and international organizations on the condition that these relationships shall not contradict the purposes and provisions of this Agreement.

Article 15

Based upon the purposes of this Agreement and for the purpose of developing recommendations for improving the trade and economic cooperation between the two states, the Parties have agreed to create an Armenian-Kazakh commission.

The Commission shall meet upon the initiative of either Party, but not less than once a year, at alternating locations between the Republic of Armenia and Republic of Kazakhstan.

Article 16

The Parties may make amendments and additions to this Agreement upon mutual agreement. Any amendment shall become effective after the Parties are notified that all formalities needed for the enforcement of such amendment have been completed.

Article 17

All disputes related to interpretation and enforcement of this Agreement shall be resolved by the Parties by means of consultations and negotiations.

Article 18

This Agreement becomes effective upon receipt of the last written notice of completion of all intra-state procedures required for the enforcement of this Agreement and shall remain in force until either of the Parties should notify the other Party with a six-month advance written notice of its desire to terminate this Agreement.

Concluded in the City of Astana, on September 2, 1999 in two original copies, each in Armenian, Kazakh, and Russian languages, with all texts equally valid.

The Parties shall use the Russian language text as a guide to resolving any misunderstandings between the Parties regarding the interpretation, application, and execution of this Agreement.

The Agreement is effective as of December 25, 2001.

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