# AGREEMENT ON FREE TRADE BETWEEN THE GOVERNMENT OF GEORGIA AND THE GOVERNMENT OF TURKMENISTAN

The Government of Georgia and the Government of Turkmenistan, hereinafter referred to as the "Sides" to the agreement,

Confirm their tendency towards free development of economic cooperation;

Take into account integral economic relations between Georgia and Turkmenistan;

Strive for development of trade and economic cooperation between Georgia and Turkmenistan on the basis of equality and mutual advantage;

Acknowledge that free movement of commodity and service requires implementation of mutually agreed measures;

Proceeding from the sovereign rights of each Government to carry out independent foreign economic policy, Sides intend to promote the increase in economic activity, insurance of complete employment, growth of productivity and rational utilization of recourses;

Strive for promoting the harmonized development and growth of world trade, as well as the eradication of obstacles to its development.

The Sides agreed on the following:

Article 1

1. Sides do not impose customs duties taxes and equivalent charges on export and/or import of commodity originated from the customs area of one of the Sides and designated for the customs area of another Side. Exclusion from such trade regime on the agreed commodity nomenclature is generally drawn up through annual documents that are inherent parts of the present agreement.

2. For objectives and operating period of this agreement, the following commodity is considered to be originated from the customs area of the Side:
(a)Commodity fully produced on the territories of the Sides;
(b)Commodity, processed on the territories of the Sides through utilization of raw materials and associated items of the third country, and relatively having changed the identity according to the classificaton of commodity nomenclature of foreign economic activity;
(c)Commodity, produced through utilization of raw materials and associated items noted in the paragraph (b), provided that its aggregate cost does not exceed the fixed rate of export part of the realized commodity. Such rules of the origin of commodity will be agreed by the Sides in the separate document, which will be the inherent part of the present agreement.

Article 2

Sides will not impose local taxes or charges directly or indirectly on goods, covered by the present agreement, of another Side, at the rate that exceeds the level of relevant taxes and charges imposed on analogous goods of the local production or those produced in third countries; Sides will not introduce special restrictions or

demands towards export and import of goods, covered by the present agreement; that in similar cases are not used towards analogous goods of the local production or those produced in third country; Sides will not 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 rules that in similar cases are used towards the goods produced in the third country; Sides will not permit unauthorized re-export of the commodity, towards the export of which its originator Side applies tariff and non-tariff regulation measures.

Article 3

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

2. Quantitative restrictions, noted in this Article, may be ascertained unilaterally and in strictly determined terms in the following cases only:
-In the case of sharp commodity deficiency at the domestic market - until stabilization of balance-of-payments;
-In the case, where any kind of goods are imported into the area of one of the Sides, by such an increased quantity, or in such conditions that cause the damage or threatening to inflict damage on domestic producers of similar or directly competitive goods, with the aim of implementation of the measures provided in Article 6 of this agreement.

3. Sides, which will apply quantitative restrictions in accordance with this Article, will provide another Side with full information about the reasons for establishment, forms and possible terms of application of mentioned restrictions; hence consultations are appointed. Establishment of such quantitative restrictions is drawn up through the separate protocol in accordance with this Article.

Article 4

Repayments and remittances in trade and economic cooperation between the Sides will be implemented in accordance with mechanisms determined by the central banks of the countries. Relations concerning repayments and credits are defined through the special agreement.

Article 5

Sides will exchange, on regular basis, information about laws and other regulatory acts concerning economic activity, trade, investments, taxation, banking and insurance activity as well as other financial services, transport and customs issues, including customs statistics. Sides will immediately inform each other about the changes, taking place in the national legislation, that may affect the implementation of this agreement. Authorized bodies to the Sides coordinate the rule of exchange of such information.

Article 6

Sides consider that unfair business practice is incompatible with the agreement's objectives and undertake not to permit, in particular but not exceptionally, 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 applying their dominant conditions, restrict competition on the whole areas of the Sides or on the substantial part of the Side's territory.

Article 7

During implementation of tariff and non-tariff regulation of bilateral economic relations, for exchange of statistics and for implementation of customs procedures Sides agreed to apply common nine-digital 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 Union. Herewith, in case of necessity, Sides will implement, for their needs, enhancement of commodity nomenclature beyond the bounds of nine-digits. Establishment of standard pattern of the commodity nomenclature is generally implemented on the basis of mutual agreements through representatives in relevant international organizations.

Article 8

1. Sides are agreed that the maintenance of the principle of free 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 cooperation and international division of labour.
In this regard, each Side insures free transit, through its territory, of the commodity originated from the customs area of another Side and/or of the third country and designated for the customs area of another Side or of the third country. Each Side will provide exporters, importers or conveyors with all necessary facilities and services for transit security in terms not worse than the ones with facilities and services that are given to own exporters, importers and conveyors or those of any other third country.

2. Rules and conditions for transition of goods through territories of the Sides are regulated in accordance with the international rules on transportation.

Article 9

This agreement does not prevent the right of any Side to implement the 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 these measures concern the following:
- Information about 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 public moral and public order;
- Protection of industrial and intellectual property;
- Gold, silver or other precious stones and metals;
- Protection of human health, plants, animals and environment;
- Protection of works of art, archaeological and historical valuables of national property;
- Maintenance of irreplaceable natural resources;
- Restriction of export of products, when the internal price on such products is lower than the world price as a result of implementation of governmental assistance programmes;
- Violation of balance-of-payments.

Article 10

In order 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 11

Provisions of this agreement replace the provisions of bilateral agreement concluded earlier between the Sides, where these provisions are identical or incompatible.

Article 12

Disputes between Sides concerning interpretation and application of the agreement's provisions will be settled through negotiations. Sides will endeavour to avoid conflicts in reciprocal trade. Sides determine that claims and disputes arising through implementation and interpretation of commercial contracts and transactions between economic entities of both countries are in competence of arbitrages of the Sides or they are discussed on the territories of third countries in accordance with the agreement between the Sides, if settlement of such disputes and claims is impossible through consultations and negotiations. Each Side insures existence of effective facilities on its territory for recognition and implementation of arbitrament.

Article 13

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 Georgia-Turkmenistan Commission, which will take place in Georgia or Turkmenistan according to the request of one of the Sides.

Article 14

Amendments and annexes may be entered into this agreement and will be drawn up through separate protocols that will be inherent parts of the present agreement.

Article 15

This agreement comes into effect from the date of exchanging of final notifications on implementation of all intergovernmental procedures that are necessary for the agreement's coming into force. It will remain in force within twelve months since the date, when one of the Sides send the written notification on the intention of agreement's termination to another one.

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

DONE in Tbilisi, on 20 March 1996, in two originals, each in Georgian, Turkman and Russian languages. All texts are equally authentic.

Text in Russian language is used in case of disagreement during interpretation of agreement's provisions.

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WT/REG122/1