

FREE TRADE AGREEMENT BETWEEN THE KYRGYZ REPUBLIC AND MOLDOVA

AGREEMENT ON FREE TRADE BETWEEN THE GOVERNMENT OF THE KYRGYZ REPUBLIC AND THE GOVERNMENT OF THE REPUBLIC OF MOLDOVA

The Government of the Kyrgyz Republic and the Government of the Republic of Moldova,
hereinafter referred to as the Contracting Parties,

aspiring to the development of trade economic cooperation between the Government of the Kyrgyz Republic and the Government of the Republic of Moldova on the basis of equality and mutual benefit,

proceeding from sovereignty of the right of each State to follow an independent foreign economic policy,

intending to further the growth of economic activity and ensuring of full employment and raise of the productivity and rational exploitation of resources,

aspiring to favour the harmonious development and growth of international trade, and elimination of barriers on the way of its development,

hereby agreed as follows:

Article 1

1. The Contracting Parties shall not apply customs duties, taxes and levies, which have equivalent effect, with respect to exportation and/or importation of goods originating in the customs territory of one Contracting Party and intended for the customs territory of the other Contracting Party.

2. For the purposes of this Agreement and for the period it is effective, goods originating in the territory of a Contracting Party shall be goods:

- (a) wholly produced on the territory of the Contracting Party;
- (b) which were subject to processing on the territory of a Contracting Party with the use of raw material, materials and parts from third countries and which changed (because of that) the belonging according to the classification of the Goods Nomenclature of Foreign Economic Activity at least by one of the first 4 digits;
- (c) produced with the use of raw material, materials and parts mentioned in subparagraph "b", provided that their total cost does not exceed a fixed share of the export price for saleable goods.

The rules of origin of goods in detail will be coordinated by the Contracting Parties in a separate document that will be integral part of this Agreement.

Article 2

Each Contracting Party shall not:

- directly or indirectly impose on goods of the other Contracting Party, subject to this Agreement, domestic taxes or levies which exceed the relevant taxes or levies imposed on similar domestically produced goods or goods originating in third countries;
- with respect to importation or exportation of goods, subject to this Agreement, introduce any special restrictions or requirements which in a similar situation are not applied to similar domestically produced goods or goods originating in third countries;
- with respect to warehousing, transshipping, storing and transporting goods originating in the territory of the other Contracting Party, and with respect to payments and transfers of payments, apply rules other than those applied in similar cases with respect to goods originating in third countries.

Article 3

Under this Agreement, in mutual trade, the Contracting Parties shall refrain from applying discriminatory measures and introducing quantitative restrictions or measures, equivalent with them, with respect to exportation and/or importation of goods.

The Contracting Parties may unilaterally establish quantitative restrictions, but in reasonable limits and for a strictly appointed term.

These restrictions must be exclusive and may be applied only in the event of an acute deficit of this product in the domestic market and acute deficit of the balance of payments.

A Contracting Party which applies quantitative restrictions in compliance with this Article must, as far as possible in advance, provide the other Contracting Party with full information concerning the basic reasons for the introduction, forms and expected terms of applying the mentioned restrictions. After that consultations shall be scheduled.

The introduction of quantitative restrictions in compliance with this Article shall be in the form of a separate Protocol.

Article 4

All settlements and payments on trade economic cooperation between the Kyrgyz Republic and the Republic of Moldova shall be made in compliance with the Agreement between the authorized banks of the Contracting Parties.

Article 5

Each Contracting Party shall not allow/permit re-exportation of goods, in respect of exportation of which the other Contracting Party, where these goods originate from, applies measures of tariff or non-tariff regulation.

Re-exportation of such goods to third countries may be carried out only by written consent and on terms and conditions to be determined by the authorized body of a State which is the country of origin of these goods. In the event of non-fulfilling this provision, a Contracting Party, whose national interests have been violated, shall have the right to unilaterally introduce measures on

regulating exportation of goods to the territory of the State which carried out non-sanctioned re-exportation. And the last currency earnings from such re-exportation shall return to the country of origin of the relevant goods.

Re-exportation shall be exportation of a product (that originates in the customs territory of one Contracting Party) by the other Contracting Party outside the customs territory of the latter in order to export to a third country.

Article 6

The Contracting Parties shall, on a regular basis, exchange information concerning laws and other normative [legislative] acts on economic activity, as well as concerning the issues of trade, investments, taxation, banking and insurance activity and other financial services, concerning transport and customs issues, including customs statistics.

The Contracting Parties shall, without delay, inform each other of changes in the national legislation which may affect the implementation of this Agreement.

The authorized bodies of the Contracting Parties shall coordinate the procedure of exchanging such information.

Article 7

The Contracting Parties shall aspire to bring together the levels of customs duty rates applied in trade with third countries, and for these purposes they have agreed to arrange regular consultations.

The Contracting Parties shall inform each other of current customs tariffs and all exceptions to them.

Article 8

The Contracting Parties shall acknowledge incompatibility of unfair business practice with the objectives of this Agreement and shall be obliged not to allow/permit and eliminate particularly the following methods:

- agreements between enterprises, decisions made by their associations and general methods of business practice aiming at preventing from or restricting competition or violating conditions for it on the territories of the Contracting Parties;
- actions with the help of which one or several enterprises use their dominant position restricting competition on the whole or considerable part of the territory of the Contracting Parties;

Article 9

When carrying out measures of tariff and non-tariff regulation of bilateral economic relations, for exchanging statistical information and carrying out customs procedures, the Contracting Parties have agreed to apply a single nine-digit Goods Nomenclature of Foreign Economic Activity based on the Harmonized Commodity Description and Coding System and the Combined Tariff Statistical Nomenclature of the European Economic Community. The Contracting Parties shall, for their own needs, if necessary, carry out the development of a Goods Nomenclature beyond nine digits.

The introduction of a standard copy of the Goods Nomenclature shall be carried out on a mutually coordinated basis through the available representative offices in relevant international organizations.

Article 10

The Contracting Parties have agreed that the observance of the principle of transit freedom shall be the most important condition for achieving the objectives of this Agreement and shall be an essential element of the process of their attachment to the system of international division of labour and cooperation.

In this connection, each Contracting Party shall provide a free transit, via its territory, of goods originating in the customs territory of the other Contracting Party and/or third countries and intended for the customs territory of the other Contracting Party or any third country. Each Party shall provide exporters, importers or carriers with means and services available and necessary for ensuring transit of a means and service on terms and conditions not worse than those on which the same means and services are provided to their exporters, importers or carriers or to exporters, importers or carriers of any third State.

The Contracting Parties have agreed that transit tariffs by any kind of transport including tariffs on loading and unloading works shall be economically based.

Article 11

This Agreement shall not prevent either of the Contracting Parties from the right to take measures generally accepted in the international practice, which are considered by the Party necessary for protecting its vital interests or which are undoubtedly necessary for the implementation of the international agreements to which it is a signatory or intends to become a signatory, if these measures concern:

- information affecting interests of the national defence;
- trade in weapons, ammunition and military equipment;
- investigations or production connected with needs of defence;
- deliveries of materials and equipment used in nuclear industry;
- defence of public moral and public order;
- protection of industrial or intellectual property;
- gold, silver or precious metals and stones;
- health protection of people, animals and plants.

Article 12

The provisions hereof shall replace provisions of the Agreements earlier concluded between the Contracting Parties, if the latter is not compatible with the provisions of this Agreement or is identical to them.

Article 13

Nothing herein shall prevent the Contracting Parties from establishing relations, which do not contradict the objectives and terms hereof, with States which are not Parties hereto and with their associations and international organizations.

Article 14

Disputes between the Contracting Parties regarding the interpretation or application of the provisions hereof shall be settled by way of negotiations.

The Contracting Parties shall aspire to avoid conflict situations in mutual trade.

The Contracting Parties shall determine that claims and disputes between business entities of both countries as a result of interpretation or fulfilment of commercial contracts or deals (if they are impossible to be settled in a friendly way on the basis of consultations and negotiations), unless otherwise coordinated, shall be the exclusive competence of Economic Courts (permanent or “ad hoc”) created on the territories of the Contracting Parties or on the territory of third states determined by the Parties which have signed Contract.

The Parties may also determine the applied material right, standards and procedures and a place for conducting hearing of the case.

Either Contracting Party shall ensure that effective means on the acknowledgement and carrying out arbitration decisions be on its territory.

Article 15

To implement the objectives of this Agreement and work out recommendations on improving trade economic cooperation between the two states, the Contracting Parties have agreed to establish a joint Moldova-Kyrgyz Commission which will, by concordance of the Parties, get together in the Kyrgyz Republic or Republic of Moldova.

Article 16

The Contracting Parties have agreed that the Kyrgyz Republic may establish its trade representative office in the Republic of Moldova, and the Republic of Moldova may establish its trade representative office in the Kyrgyz Republic.

The Contracting Parties shall additionally coordinate the legal status of these trade representative offices, their functions and location.

Article 17

Any state may, provided that the Contracting Parties approve this, join this Agreement on terms agreed between a joining State and the Contracting Parties.

Article 18

This Agreement shall come into force on the date of exchanging written notifications on the fulfilment by the Contracting Parties of all necessary formalities.

The Agreement shall be terminated upon the expiration of 12 months from the date of a written notification of one of the Contracting Parties concerning the termination of the Agreement.

Done in the city of Minsk on 26 May, 1995, in two originals. Each is in the Moldova, Kyrgyz and Russian languages. And all the texts shall be equally valid.

For the Government of the Kyrgyz Republic: A. Djumagulov

For the Government of the Republic of Moldova: A. Sanguely
