

AGREEMENT

Between the Government of the Republic of Armenia and the Government of Canada on trade and commerce

The Government of the Republic of Armenia and the Government of Canada (hereinafter referred to collectively as "Parties" and individually as "Party"),

Convinced that the development of bilateral trade in goods and services will contribute to increased mutual understanding and cooperation between the people of the Republic of Armenia and of Canada;

Conscious that trade and commercial relations are essential elements of the bilateral relationship between the Republic of Armenia and Canada;

Recognizing that the economic restructuring and progress towards a market-based economy in the Republic of Armenia is creating additional possibilities for expanded bilateral trade;

Reaffirming their desire to further expand commercial relations in accordance with the principles and conditions of the Final Act signed in Helsinki on August 1, 1975 and other documents of the Conference on Security and Cooperation in Europe, notably the Document of the Bonn Conference on Economic Cooperation convened in accordance with the relevant provisions of the Concluding Document of the Vienna Meeting of the Conference on Security and Cooperation in Europe;

Noting Canada's status as a Member of the World Trade Organization (WTO);

Looking forward to the accession of the Republic of Armenia to the Agreement Establishing the World Trade Organization (WTO Agreement) on terms to be agreed between the Republic of Armenia and the WTO Members;

Referring to the Long Term Agreement to Facilitate Economic, Industrial, Scientific and Technical Cooperation done in Ottawa on July 14, 1976, the Agreement for the Avoidance of Double Taxation on Income done in Moscow on June 13, 1985 and the Agreement for the Promotion and Reciprocal Protection of Investments done in Moscow on November 20, 1989;

Have agreed as follows:

Article 1 Objective

The objective of this Agreement is to establish a framework of balanced rights and obligations and agreed rules for the conduct of trade and commercial relations between the Republic of Armenia and Canada.

Article 2 Definitions

Territory

"Territory" means:

with respect to the Republic of Armenia, the territory to which its customs laws apply,

with respect to Canada, the territory to which its customs laws apply, including any areas beyond the territorial seas of Canada within which, in accordance with international law and its domestic law, Canada may exercise rights with respect to the seabed and subsoil and their natural resources;

Person

"Person" of a country means a citizen or permanent resident of the country or a body corporate constituted, under the laws applicable in, or principally carrying on its business within, the territory of the country.

Third Country

"Third country" means any country other than the Republic of Armenia or Canada.

Transit

"Transit" means the passage across the territory of a country, with or without transshipment, warehousing, breaking bulk, or change in the mode or means of transport, when such passage is only a portion of a complete journey beginning and terminating beyond the frontier of the country across whose territory the traffic passes.

Textile products

"Textile products" means tops, yarns, piece-goods, made-up articles, garments and other textile manufactured products (being products which derive their chief characteristics from their textile components) of cotton, wool, man-made fibres, or blends thereof, in which any or all of those fibres in combination represent either the chief value of the fibres or fifty (50) percent or more by weight (or seventeen (17) percent or more by weight of wool) of the product; artificial and synthetic staple fibre, tow, waste, simple mono- and multi-filaments, as well as textiles made of vegetable fibres, blends of vegetable fibres with fibres specified above, and blends containing silk, which are directly competitive with textiles made of fibres specified above and for which any or all of those fibres in combination represent either the chief value of the fibres or 50 (fifty) per cent or more by weight of the products.

Article 3

Most-favoured-nation treatment

1. Each Party shall accord to the like product of the other Party immediately and unconditionally, and irrespective of the nationality of the carrier, any advantage, favour, privilege or immunity that has been or may hereafter be accorded by it to any product originating in or destined for the territory of any third country with respect to:

(a) customs duties and charges of any kind imposed on or in connection with importation or exportation of products or imposed on the international transfer of payments for imports or exports;

(b) the method of levying the duties and charges referred to in clause (a) of this paragraph;

(c) the rules and formalities connected with importation or exportation;

(d) all internal taxes or internal charges of any kind imposed in connection with imported or exported products; and

(e) all laws, regulations and requirements affecting sale, offering for sale, purchase, transportation, distribution or use of imported products within the territory of the Party.

No prohibition or restriction, whether made effective through quotas, import or export licenses or other measures, shall be instituted or maintained by either Party on the importation of any product of the other Party or on the exportation or sale for export of any product destined for the territory of the other Party unless the importation of the like product of all third countries or the exportation of the like product to the territory of all third countries is similarly prohibited or restricted. Each Party shall accord to the other Party and persons of the other Party treatment no less favourable than it accords to any third country or the persons of any third country in all matters relating to the allocation of foreign exchange for transactions involving the importation and exportation of products and in the administration of foreign exchange regulations in relation to such transactions. The most-favoured-nation treatment provisions of this Agreement shall not apply to advantages now accorded, or which may hereafter be accorded, by either Party resulting from:

(a) membership in a customs union or free-trade area to which either Party is now or may become a party;

(b) preferences or advantages granted to other countries and authorized under the General Agreement on Tariffs and Trade 1994 (GATT 1994) or under other international agreements consistent with the WTO Agreement;

(c) advantages accorded by Canada to countries and their overseas dependencies that are entitled to benefits of the British Preferential Tariff (BPT); or

(d) advantages that are or may be accorded by the Republic of Armenia to other countries that are members of the Commonwealth of Independent States, or which were located within the customs territory of the former Union of Soviet Socialist Republics (USSR);

(e) advantages that are accorded to third countries on a reciprocal basis in accordance with the WTO Agreement and subsequent arrangements concluded under the WTO Agreement.

Article 4

Transit facilitation

1. In accordance with applicable laws and regulations, each Party shall facilitate the freedom of transit, via the established routes most convenient for international transit, of products of the other Party across its territory. Products in transit across the territory of a Party that are not released from customs control and have not entered into the commerce of such Party shall not be

subject to any unnecessary delays or restrictions and shall be exempt from all duties, taxes and other charges, except charges for transportation, administrative expenses or services rendered in relation to transit.

2. With respect to all charges, regulations and formalities applicable to products in transit, each Party shall accord to products of the other Party in transit across its territory treatment no less favourable than the treatment accorded to products of any third country in transit across its territory.

3. Each Party shall accord to the products of the other Party, which have been in transit across the territory of any third country and have not been released from customs control or entered into the commerce of such third country, treatment no less favourable than that which would have been accorded to such products had they been transported from their place of origin to their destination without going across the territory of such third country.

Article 5

State trading enterprises

Each Party undertakes that if it establishes or maintains a state enterprise wherever located, or grants to any enterprise, formally or in effect, exclusive or special privileges, such enterprise shall, in its purchases of imports or sales of exports, act in a manner consistent with the principles of non-discriminatory treatment provided for in the present Agreement. To this end, such enterprises shall make any purchases of imports or sales of exports solely in accordance with commercial considerations including price, quality, availability and other conditions, and shall afford to the enterprises of the other Party adequate opportunity in accordance with customary business practice to compete for participation in such transactions.

The provisions of paragraph 1 of this Article shall not apply to imports of products for immediate or ultimate consumption in governmental use and not otherwise for resale or use in the production of goods for sale.

Article 6

Disruptive trade practices

Nothing in this Agreement prejudices or qualifies the right of either Party to enact and administer laws and regulations:

(a) consistent with the requirements of the WTO Agreement, including GATT 1994 Article 6 (Anti-Dumping and Countervailing Duties), the Agreement on the Implementation of Article 6 of the General Agreement on Tariffs and Trade 1994, and the Agreement on Subsidies and Countervailing Measures; or

(b) applicable to products imported in such increased quantities and under such conditions as to cause or threaten to cause serious injury to domestic producers of like or directly competitive products.

2. As soon as possible after a request for initiation of an investigation is accepted by the authorities of one Party pursuant to a law or regulation referred

to in paragraph 1 of this Article, and in any event upon the initiation of any investigation, the other Party shall be afforded an adequate opportunity for consultations with the aim of clarifying the situation and arriving at a mutually agreed solution. Furthermore, throughout the period of investigation, the other Party shall be afforded an adequate opportunity to continue consultations, with a view to clarifying the factual situation and to arriving at a mutually agreed solution.

3. The Party, which intends to initiate any investigation or is conducting such an investigation shall permit, upon request, access to non-confidential evidence and data being used for initiating or conducting the investigation.

4. Each Party shall ensure that its laws and regulations referred to in paragraph 1 of this Article are transparent and afford affected parties an opportunity to submit their views. Such laws and regulations shall not be applied in a manner that discriminates arbitrarily or unjustifiably between products of the other Party and products of any third country.

5. Notwithstanding paragraphs 1 and 2 of Article 3 or subparagraph 1 (b) of this Article, paragraphs 6 to 9 of this Article shall apply to trade in textile products.

6. The Parties agree to consult promptly at the request of either Party that considers that an actual or prospective increase in imports of a textile product of the other Party is causing or threatening to cause market disruption in its market.

7. The consultations provided for in paragraph 6 shall be concluded within sixty days from the date of request by the importing Party for such consultations, unless the Parties otherwise agree.

8. If, during such consultations, the Parties do not agree upon a means to prevent or to remedy the market disruption, the importing Party may restrain the imports of the product of the other Party, based on the date of import.

9. In critical circumstances, where delay would cause damage that would be difficult to repair, the importing Party may take action to restrain imports of a textile product on a provisional basis, provided that a request for consultations shall be effected by the importing Party within 30 days of taking action.

Article 7

Transparency of information

1. Each Party shall make available publicly on a timely basis all laws and regulations related to commercial activity, including trade, investment, taxation, banking, insurance, financial services, transport and labour.

2. Each Party shall provide interested persons of the other Party access to available non-confidential, non-proprietary data on the national economy, and specific industrial, agricultural, commodity or service sectors, including data on foreign trade and investment.

3. Each Party shall allow the other Party, when interested, the opportunity to consult on the formulation of laws and regulations which govern the conduct of business activities

Article 8 Services

The Parties will enter into consultations with a view to broadening the scope of this Agreement to include trade in services, consistent with multilateral principles established under the General Agreement on Trade in Services.

Article 9 Merchant vessels, waterborne cargoes and intermodal services

In relation to products transported between the Republic of Armenia and Canada, neither Party shall create or maintain discriminatory measures of any kind to marketing the services of, securing cargoes for, and transferring payments related to:

(a) the merchant vessels of the other Party or merchant vessels chartered by persons of the other Party; or

(b) the international intermodal cargo services provided by persons of the other Party.

Each Party shall, on the basis of reciprocity with the other Party, permit the establishment and operation of offices to act as agents for the international intermodal cargo services provided by persons of the other Party, for merchant vessels of the other Party, and for merchant vessels chartered by persons of the other Party.

In international traffic, the merchant vessels of the Republic of Armenia, merchant vessels chartered by persons of the Republic of Armenia, and the cargoes of such vessels shall during arrival, stay at, and departure from the seaports of Canada enjoy treatment, including access to harbour services, accorded to the most-favoured nation. This provision shall not apply to pilotage.

Article 10 Terms of payments

Subject to the laws and regulations in force in the Republic of Armenia and in Canada, all payments in respect of trade between the two countries shall be made on terms mutually agreed upon by the persons party to the commercial contracts governing that trade.

Neither Party shall require or encourage persons subject to their jurisdiction to engage in barter or counter trade transactions as a condition of bilateral trade between the Republic of Armenia and Canada.

Article 11 Trade-related finance

The Parties shall endeavour to enhance the relationship between the Republic of Armenia or its borrowing agent or agents, and Export Development Corporation of Canada, or its successor or successors, especially in relation to

financing trade in capital goods and services, based on reasonable assessments of commercial risk and, where appropriate, based on sovereign or state risk guarantees.

Article 12

Law applicable to contracts and settlement of commercial disputes

1. Neither Party shall interfere with the freedom of persons subject to its jurisdiction to agree with persons of the other Party on the choice of law to govern the conclusion and performance of contracts between them.

2. Persons of the Republic of Armenia, on the one hand, and persons of Canada, on the other hand, may agree to settle disputes arising out of commercial transactions by arbitration.

3. Such persons, involved in disputes arising out of individual commercial transactions, may agree to arbitration in accordance with the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL), adopted in 1976.

4. Without prejudice to their ability to decide otherwise, the persons party to commercial transactions may agree on a place for conducting the arbitration in a country, other than the Republic of Armenia or Canada, that is a party to the UN Convention on the Recognition and Enforcement of Foreign Arbitral Awards, done in New York on June 10, 1958.

5. Nothing in the present Agreement shall be interpreted in such a way as to hamper, nor shall either Party prevent, the parties to commercial transactions from agreeing on any other form of arbitration for the settling of commercial disputes, which they mutually prefer and which, in their opinion, best answers their commercial needs.

6. The persons of the Republic of Armenia and of Canada shall enjoy access to the courts of the other Party on the same basis as persons of any third country.

7. The rights and obligations arising out of contracts entered into between persons of the Parties shall be the responsibility of such persons only. Termination of this Agreement, as provided for under Article XVI, shall not affect the fulfillment of obligations or undertakings arising from contracts entered into during the period the Agreement was in force.

Article 13

National security

The provisions of this Agreement shall not limit the right of either Party to take any action for the protection of its national security interests.

Article 14

Other exceptions

Subject to the requirement that such measures are not applied in a manner which would constitute a means of arbitrary or unjustifiable discrimination between countries where the same conditions prevail, or a disguised restriction on international trade, nothing in this Agreement shall be construed to prohibit the adoption or enforcement by either Party of:

- (a) measures necessary to secure compliance with laws or regulations which are not inconsistent with the provisions of this Agreement, or
- (b) any other measure referred to in Article XX (General Exceptions) of the GATT 1994.

Article 15 Consultations

1. The Parties shall consult with each other from time to time regarding the operation of this Agreement or of any provision thereof.
2. The terms of reference for consultations held pursuant to paragraph (1) of this Article shall be:
 - (a) To keep under review the possibility of broadening this Agreement;
 - (b) To consider matters affecting trade and commerce between the Republic of Armenia and Canada;
 - (c) To exchange information and views on matters that might adversely affect either Party's existing levels or future development of trade;
 - (d) To review multilateral trade matters of common interest; and
 - (e) To review progress towards expanding bilateral trade, and to examine, where appropriate, proposals designed to encourage further growth in trade or to overcome hindrances to such growth.
3. Consultations pursuant to this Article may be initiated at the request of either Party on reasonable notice to the other Party.
4. The location of meetings held pursuant to the present Article shall alternate between the Republic of Armenia and Canada unless the Parties agree otherwise. Each meeting shall be chaired by a representative of the host Party.

Article 16 Entry into force, term and termination

1. For the purpose of the entry into force of this Agreement, the Parties will inform each other by an exchange of notes that their respective legal requirements have been completed. This Agreement shall enter into force on the date of the exchange of notes or, in the event that the exchange of notes does not take place on the same day, on the date of the last note.
2. This Agreement shall remain in force unless terminated by either Party upon six months' notice to the other Party. Should this Agreement be terminated, both Parties will, to the extent possible, seek to minimize possible disruption to their trade relations.
3. Except as expressly provided herein, nothing in this Agreement overrides or modifies agreements already in force between the Parties.

In witness whereof, the undersigned, being duly authorized by their respective Governments, have signed this Agreement.

Done in duplicate at Ottawa, this 8th day of May 1997, in the Armenian, English and French languages, each version being equally authentic.

The Agreement has entered into force on April 1, 1999.