

FREE TRADE AGREEMENT BETWEEN LATVIA AND SLOVENIA

PREAMBLE

The Republic of Latvia and the Republic of Slovenia (hereinafter called "the Parties"),

Recalling their intention to participate actively in the process of economic integration in Europe and expressing their preparedness to co-operate in seeking ways and means to strengthen this process,

Recalling their firm commitment to the Final Act of the Conference on Security and Cooperation in Europe (CSCE), the Charter of Paris for a new Europe, and in particular the principles contained in the final document of the CSCE Bonn Conference on Economic Cooperation in Europe,

Reaffirming their commitment to the principles of a market economy, which constitutes the basis for their relations,

Reaffirming their commitment to a pluralistic democracy based on the rule of law, human rights and fundamental freedoms,

Desiring to create favourable conditions for the development and diversification of trade between them and for the promotion of commercial and economic cooperation in areas of common interest on the basis of equality, mutual benefit and international law,

Resolved to contribute to the strengthening of the multilateral trading system and to develop their relations in the field of trade in accordance with the basic principles of the General Agreement on Tariffs and Trade (GATT) and the Agreement Establishing the World Trade Organization (WTO),

Considering that no provision of this Agreement may be interpreted as exempting the Parties to this Agreement from their obligations under other international agreements,

Declaring their readiness to examine, in the light of any relevant factor, the possibility of developing and deepening their economic relations in order to extend them to fields not covered by this Agreement,

Have decided, to conclude this Agreement:

Article 1

Objectives

1. The Parties shall, by progressively eliminating the obstacles to substantially all their trade, gradually establish a free trade area in accordance with the provisions of this Agreement and in conformity with those of the GATT and WTO.

2. The objectives of this Agreement, which is based on trade relations between market economies, are:

- (i) to promote, through the expansion of mutual trade, the harmonious development of the economic relations between the Parties and thus to foster in the Parties the advance of economic activity, the improvement of living and employment conditions, increased productivity, financial stability and sustainable growth;
- (ii) to provide fair conditions of competition for trade between the Parties;
- (iii) to contribute in this way, by removal of barriers to trade, to the harmonious development and expansion of world trade.

Article 2

Scope

This Agreement shall apply:

- (a) to products falling within Chapters 25 to 97 of the Harmonized Commodity Description and Coding System originating in the Republic of Slovenia or the Republic of Latvia, excluding the products listed in Annex I;
- (b) to products specified in Protocol A, with due regard to the arrangements provided for in that Protocol.

Article 3

Trade in Agricultural Products

1. The Parties declare their intention to foster, insofar as their agricultural policies allow, the harmonious development of trade in agricultural and fisheries products.
2. The Parties shall grant each other concessions on trade in agricultural and fisheries products falling within Chapters 1 to 24 of the Harmonised Commodity Description and Coding System and the products listed in Annexes I, II and III as provided for in Protocol A.
3. The Parties shall apply their regulations in veterinary, sanitary and phytosanitary matters in a non-discriminatory fashion and shall not introduce any new measures that have the effect of unduly obstructing trade.

Article 4

Rules of Origin and Cooperation in Customs Administration

1. Protocol B lays down the rules of origin and methods of administrative cooperation.
2. The Parties shall take appropriate measures, including regular reviews by the Joint Committee, established under Article 26 of this Agreement, and arrangements for administrative cooperation, to ensure that the provisions of Article 5 (Customs Duties on Imports), Article 6 (Charges Equivalent to Customs Duties on Imports), Article 7

(Customs Duties of a Fiscal Nature), Article 8 (Customs Duties on Exports and Charges Having Equivalent Effect), Article 9 (Quantitative Restrictions on Imports or Exports and Measures Having Equivalent Effect), Article 11 (Internal Taxation) and Article 22 (Re-export) of this Agreement and of Protocol B are effectively and harmoniously applied, and to reduce, as far as possible, the formalities imposed on trade, and to achieve mutually satisfactory solutions to any difficulties arising from the operation of those provisions.

Article 5

Customs Duties on Imports

1. No new customs duty on imports shall be introduced in trade between the Parties.
2. Customs duties on imports shall be abolished on the date of entry into force of this Agreement.

Article 6

Charges Equivalent to Customs Duties on Imports

1. No new charges having an effect equivalent to a customs duty on imports shall be introduced in trade between the Parties.
2. All charges having an effect equivalent to customs duties on imports shall be abolished on the date of entry into force of this Agreement.

Article 7

Customs Duties of a Fiscal Nature

No customs duties of a fiscal nature shall be introduced in trade between the Parties.

Article 8

Customs Duties on Exports and Charges Having Equivalent Effect

1. No new customs duty on exports or charge having equivalent effect shall be introduced in trade between the Parties.
2. Customs duties on exports and any charges having equivalent effect shall be abolished on the date of entry into force of this Agreement, except as provided for in Annexes II and III.

Article 9

Quantitative Restrictions on Imports or Exports and Measures having Equivalent Effect

1. No new quantitative restrictions on imports or exports and measure having equivalent effect shall be introduced in trade between the Parties.

2. All existing quantitative restrictions on imports or exports and measures having equivalent effect shall be abolished on the date of entry into force of this Agreement.

Article 10

National Treatment

The goods originating in the territory of one Party imported into the territory of the other Party shall be accorded treatment no less favourable than that accorded to like goods originating in the latter Party in respect of all laws, regulations and requirements affecting their internal sale, offering for sale, purchase, transportation, distribution or use.

Article 11

Internal Taxation

1. The Parties shall refrain from any measure or practice of an internal fiscal nature establishing, whether directly or indirectly, discrimination between the products originating in one Party and like products originating in the other Party.
2. Products exported to the territory of one of the Parties may not benefit from repayment of internal taxes in excess of the amount of direct or indirect taxes imposed on them.

Article 12

General Exceptions

This Agreement shall not preclude prohibitions or restrictions on imports, exports, or goods in transit justified on grounds of public morality, public policy or public security; the protection of health and life of humans, animals, or plants; the protection of the environment; the protection of national treasures of artistic, historic or archaeological value; the protection of intellectual property; or, the rules relating to gold or silver. Such prohibitions or restrictions shall not, however, constitute a means of arbitrary discrimination or a disguised restriction on trade between the Parties.

Article 13

Payments

1. Payments relating to trade in goods between the Parties and the transfer of such payments to the territory of the Party where the creditor resides, shall be free from any restrictions. Payments shall be effected in freely convertible currencies, unless otherwise agreed by individual companies in individual cases.
2. The Parties shall refrain from any currency restrictions or administrative restrictions on the grant, repayment or acceptance of short and medium term credits to trade in goods in which a resident participates.

Article 14

Public Procurement

1. The Parties consider the liberalization of their respective public procurement markets as an objective of this Agreement, as defined in Article 1 (Objectives).
2. The Parties shall progressively develop their respective regulations for public procurement with a view to grant suppliers of the other Party upon the entry into force of this Agreement access to contract award procedures on their respective public procurement markets in accordance with the provisions of the Agreement on Government Procurement in Annex IV of the Agreement Establishing the World Trade Organization.
3. The Joint Committee shall examine developments related to the achievement of the objectives of this Article and may recommend practical modalities for implementing the provisions of paragraph 2 of this Article so as to ensure free access, transparency and full balance of rights and obligations.
4. During the examination referred to in paragraph 3 of this Article, the Joint Committee may consider, especially in the light of developments in this area in international relations, the possibility of extending the coverage and/or the degree of the market opening provided for in paragraph 2.
5. The Parties shall endeavour to accede to the relevant Agreements negotiated under the auspices of the World Trade Organization.

Article 15

Protection of Intellectual Property

1. The Parties shall grant and ensure adequate, effective and non-discriminatory protection of intellectual property rights, including measures for the enforcement of such rights against infringement thereof, counterfeiting and piracy. Particular obligations of the Parties are contained in Annex IV.
2. In the field of intellectual property the Parties shall, from the entry into force of this Agreement, grant to each others nationals and companies treatment no less favourable than that accorded to nationals and companies of any other country under international agreements.
3. The provisions of paragraph 2 shall not apply to advantages granted by the Parties before the entry into force of this Agreement to any third country on an effective reciprocal basis.
4. The Parties agree, upon request of either Party, to review the provisions on the protection on intellectual property rights contained in this Article and in Annex IV, with a view to further improve levels of protection and to avoid or remedy trade distortions which may be caused by actual levels of protection of intellectual property rights.

Article 16

Rules of Competition Concerning Undertakings

1. The following are incompatible with the proper functioning of this Agreement insofar as they may affect trade between the Parties:

(a) all agreements between undertakings, decisions by associations of undertakings and concerted practices between undertakings which have as their object or effect the prevention, restriction or distortion of competition;

(b) abuse by one or more undertakings of a dominant position in the territories of the Parties, as a whole or in a substantial part thereof.

2. The provisions of paragraph 1 shall apply to the activities of all undertakings, including public undertakings and undertakings to which a Party grants special or exclusive rights. Undertakings entrusted with the operation of services of general economic interest or having the character of a revenue-producing monopoly shall be subject to the rules contained in this Article, insofar as the application of such rules does not obstruct the performance, in law or in fact, of the particular tasks assigned to them.

3. If a Party considers that a given practice is incompatible with paragraphs 1 and 2, it may take measures it considers necessary to deal with serious difficulties resulting from the practices in question, under the conditions and in accordance with the procedures laid down in Article 24 (Procedures for the Application of Safeguard Measures).

Article 17 State Aid

1. Any aid granted by a Party or through State resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods shall be, insofar as it may affect trade between the Parties, incompatible with the proper functioning of this Agreement, and in particular, the Parties shall not maintain or introduce export aid as listed in Annex V in trade between the Parties.

2. The Parties shall ensure transparency of State aid measures by exchanging information upon the request of either Party.

3. The Joint Committee shall keep the situation regarding application of State aid measures under review and shall elaborate rules on the basis of which the practices contrary to paragraph 1 shall be assessed, as well as the rules for their implementation. Such rules shall be applicable not later than one year after entry into force of this Agreement.

4. If a Party considers that a given practice is incompatible with paragraph 1 of this Article, it may take appropriate measures under the conditions and in accordance with the procedure laid down in Article 24 (Procedure for the Application of Safeguard Measures).

5. The Parties shall endeavour to accede to the relevant agreements negotiated under the auspices of the World Trade Organization.

Article 18 State Monopolies

1. The Parties shall ensure that any State monopoly of a commercial character be adjusted so that no discrimination regarding the conditions under which goods are procured and marketed will exist between nationals of the Parties. These goods shall be procured and marketed in accordance with commercial considerations.

2. The provisions of this Article shall apply to any body through which the competent authorities of the Parties, in law or in fact, either directly or indirectly supervise, determine or appreciably influence imports or exports between the Parties. These provisions shall likewise apply to monopolies delegated by the State to others.

Article 19 Technical Regulations

1. The Parties shall cooperate and exchange information in the field of standardization, metrology and certification with the aim to eliminate technical barriers to trade.

2. The relevant bodies of the Parties shall elaborate the rules of mutual recognition of the accreditation of testing and calibration laboratories and certification bodies and product and quality systems certificates of conformity issued in the Parties. Such rules shall include the rules of mutual recognition of the type approval of measuring equipment which are issued in the Parties and procedures for recognition of the results of the measurements, calibration and conformity with requirements.

Article 20 Dumping

If a Party finds that dumping within the meaning of Article VI of the General Agreement on Tariffs and Trade is taking place in trade relations governed by this Agreement, it may take appropriate measures against that practice in accordance with that Article and Agreements related thereto, under the conditions and in accordance with the procedures laid down in Article 24 (Procedure for the Application of Safeguard Measures).

Article 21 Emergency Action on Imports of a Particular Product

Where any product is being imported in such increased quantities and under conditions as to cause, or threaten to cause:

(a) serious injury to domestic producers of like or directly competitive products in the territory of the importing Party; or

(b) serious disturbances in any related sector of the economy or difficulties which could bring about serious deterioration in the economic situation of a region,

the Party concerned may take appropriate measures under the conditions and in accordance with the procedure laid down in Article 24 (Procedure for the Application of Safeguard Measures).

Article 22

Re-export

Where compliance with the provisions of Article 8 (Customs Duties on Exports and Charges Having Equivalent Effect) and Article 9 (Quantitative Restrictions on Imports or Exports and Measures Having Equivalent Effect) leads to re-export towards a third country against which the exporting Party maintains for the product concerned quantitative export restrictions, export duties or measures or charges having equivalent effect and this gives rise or is likely to give rise to major difficulties for the exporting Party, that Party may take appropriate measures under the conditions and in accordance with the procedures laid down in Article 24 (Procedure for the Application of Safeguard Measures).

Article 23

Balance of Payments Difficulties

1. Where a Party is in serious balance of payments difficulties, or under imminent threat thereof, it may, as the case may be, in accordance with the terms and conditions established under the General Agreement on Tariffs and Trade and associated legal instruments, adopt trade restrictive measures, which shall be of limited duration and non-discriminatory, and may not exceed what is necessary to address the balance of payments situation. The Parties shall give preference to price-based measures. The measures shall be progressively relaxed as balance of payments conditions improve and they shall be eliminated when conditions no longer justify their maintenance. Either Party shall inform the Joint Committee forthwith of their introduction and of a time schedule for their removal.

2. The Parties shall, nevertheless, endeavour to avoid the imposition of restrictive measures for balance of payments purposes.

Article 24

Procedure for the Application of Safeguard Measures

1. Before initiating the procedure for the application of safeguard measures set out in this Article, the Parties shall endeavour to solve any difficulties between them through direct consultations.

2. Without prejudice to paragraph 5 of this Article, a Party which considers resorting to safeguard measures shall promptly notify the other Party thereof and supply all relevant information. Consultations between the Parties shall take place without delay in the Joint Committee with a view to finding a mutually acceptable solution.

3. (a) As regards Article 16 (Rules of Competition Concerning Undertakings) and Article 17 (State Aid) the Party concerned shall give the Joint Committee all the assistance required in order to examine the case and, where appropriate, eliminate the practice objected to. If the Party in question fails to put an end to the practice objected to within the period fixed by the Joint Committee or if the Joint Committee fails to reach an agreement after consultations, or after thirty days following a referral for such consultations, the Party concerned may adopt the appropriate measures to deal with the difficulties resulting from the practice in question.

(b) As regards Article 20 (Dumping), Article 21 (Emergency Action in Imports) and Article 22 (Re-export), the Joint Committee shall examine the case or the situation and may take any decision needed to put an end to the difficulties notified by the Party concerned. In the absence of such a decision within thirty days of the matter being referred to the Joint Committee, the Party concerned may adopt the measures necessary in order to remedy the situation.

(c) As regards Article 30 (Fulfilment of Obligations), the Party concerned shall supply the Joint Committee with all relevant information required for a thorough examination of the situation with a view to seeking a mutually acceptable solution or if a period of three months has elapsed from the date of notification, the Party concerned may take appropriate measures.

4. The safeguard measures taken shall be immediately notified to the other Party. They shall be restricted with regard to their extent and to their duration to what is strictly necessary in order to rectify the situation giving rise to their application and shall not be in excess of the injury caused by the practice or the difficulty in question. Priority shall be given to such measures as will least disturb the functioning of the Agreement.

5. The safeguard measures taken shall be the object of regular consultations with a view to their relaxation, substitution or abolition as soon as possible.

6. Where exceptional circumstances requiring immediate action make prior examination impossible, the Party concerned may, in the cases of Article 16 (Rules of Competition Concerning Undertakings), Article 17 (State Aid), Article 20 (Dumping), Article 21 (Emergency Action on Imports) and Article 22 (Re-Export) apply forthwith the precautionary and provisional measures strictly necessary to deal with the situation. The Joint Committee shall be notified of these measures without delay and consultations between the Parties shall take place as soon as possible.

Article 25

Security Exceptions

Nothing in this Agreement shall prevent a Party from taking any measures which it considers necessary:

(a) to prevent the disclosure of information contrary to its essential security interests;

(b) for the protection of its essential security interests or for the implementation of international obligations or national policies:

(i) relating to the traffic of arms, ammunition and implements of war, provided that such measures do not impair the conditions of competition in respect of products not intended for specifically military purposes, and to such traffic in other goods, materials and services as is carried on directly or indirectly for the purpose of supplying a military establishment; or

(ii) relating to the non-proliferation of biological and chemical weapons, nuclear weapons or other nuclear explosive devices; or

(iii) taken in time of war or other serious international tension.

Article 26

The Joint Committee

1. The implementation and functioning of this Agreement shall be supervised and administered by a Joint Committee.
2. The Joint Committee shall be comprised of the representatives of the Parties.
3. For the purposes of the proper implementation of this Agreement, the Parties shall exchange information and, at the request of any Party, shall hold consultations within the Joint Committee. The Committee shall keep under review the possibility of further removal of the obstacles to trade between the Parties.
4. The Joint Committee may take decisions in cases provided for in this Agreement. On other matters it may make recommendations.

Article 27

Procedures of the Joint Committee

1. For the proper implementation of this Agreement the Joint Committee shall meet whenever necessary, but at least once a year. Each Party may request that a meeting be held.
2. The Joint Committee shall act by mutual agreement.
3. If a representative in the Joint Committee of a Party has accepted a decision, subject to the fulfilment of internal legal requirements, the decision shall enter into force, if no later date is contained therein, on the date the lifting of the reservation is notified.
4. For the purposes of this Agreement the Joint Committee may adopt its rules of procedure which shall, inter alia, contain provisions for convening meetings and for the designation of the Chairman and his/her term of office.

5. The Joint Committee may decide to set up sub-committees or working parties as it considers necessary to assist it in accomplishing its tasks.

Article 28

Evolutionary Clause

1. The Parties undertake to examine, in the light of any relevant factor, the possibility of further developing and deepening the relations established by the Agreement by extending them to fields not covered thereby. The Parties may instruct the Joint Committee to examine this possibility and, where appropriate, to make recommendations to them, particularly with a view to opening up negotiations.

2. Agreements resulting from the procedure referred to in paragraph 1 will be subject to ratification or approval by the Parties in accordance with their own procedure.

Article 29

Services and Investment

1. The Parties recognise the growing importance of certain areas, such as services and investments. In their efforts to gradually develop and broaden their cooperation, in particular in the context of European integration, they will cooperate with the aim of achieving a gradual liberalization and mutual opening of markets for investments and trade in services, taking into account the results of the Uruguay Round as well as any relevant future work under the auspices of the World Trade Organization.

2. The Parties will discuss this cooperation in the Joint Committee with the aim of developing and deepening their relations under this Agreement.

Article 30

Fulfilment of Obligations

1. The Parties shall take all necessary measures to ensure the achievement of the objectives of the Agreement and the fulfilment of their obligations under this Agreement.

2. If either Party considers that the other Party has failed to fulfill an obligation under the Agreement, the Party concerned may take the appropriate measures under the conditions and in accordance with the procedure laid down in Article 24 (Procedure for the Application of Safeguard Measures).

Article 31

Annexes and Protocols

The Annexes and the Protocols to this Agreement are an integral part of it. The Joint Committee may decide to amend the Annexes and Protocols in accordance with the provisions of paragraph 3 of Article 27 (Procedures of the Joint Committee).

Article 32

Customs Unions, Free-Trade Areas and Frontier Trade

This Agreement shall not prevent the maintenance or establishment of customs unions, free-trade areas or arrangements for frontier trade to the extent that these do not negatively affect the trade regime and in particular the provisions concerning rules of origin provided by this Agreement.

Article 33

Amendments

Amendments to this Agreement other than those referred to in Article 31 (Annexes and Protocols) which are approved by the Joint Committee shall be submitted to the Parties for acceptance and shall enter into force according to each Party's internal procedure.

Article 34

Entry into Force

This Agreement shall enter into force on the first day of the month following the date on which the Parties have notified each other through diplomatic channels that their internal legal requirements for the entry into force of this Agreement have been fulfilled, and shall remain in force indefinitely.

Article 35

Provisional Application

Pending the entry into force of this Agreement according to Article 34 (Entry into Force) this Agreement shall be provisionally applied from the first day of the month following the date of notification by the Republic of Latvia that its internal legal requirements for the entry into force of this Agreement have been fulfilled.

Article 36

Withdrawal

Either Party may withdraw from the Agreement by means of a written notification to the other Party. The Agreement shall cease to be in force six months after the date on which the notification was received by the other Party.

IN WITNESS WHEREOF, the respective plenipotentiaries, being duly authorized thereto, have signed this Agreement.

Done in duplicate at Riga this 22nd day of April 1996, in the English language.

For the Republic of Slovenia For the Republic of Latvia