

AGREEMENT
on trade and economic cooperation between the European Economic Community and
Mongolia

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

THE GOVERNMENT OF MONGOLIA,

CONSIDERING that the European Economic Community, hereinafter called the 'Community', and Mongolia wish to develop, extend and deepen their commercial and economic relations,

RECOGNIZING that Mongolia is undertaking considerable efforts to restructure its society and economy in order to strengthen democracy and to promote economic and social progress,

MINDFUL that there is scope for as extensive as possible a cooperation which, in the mutual interest of both parties, should include a whole range of commercial, economic and development activities,

CONVINCED that this cooperation must be placed in a pragmatic framework which will enable it to evolve in line with each partner's development and policies,

HAVE AGREED AS FOLLOWS:

Article 1

Cooperation ties between the Community and Mongolia and this Agreement in its entirety are based on respect for the democratic principles and human rights which inspire the domestic and external policies of the Community and Mongolia.

CHAPTER I

Trade cooperation

Article 2

1. This agreement shall apply to trade in all products originating in the Community or in Mongolia with the exception of the products covered by the Treaty establishing the European Coal and Steel Community.

2. The two Contracting Parties will endeavour, within the framework of their respective existing laws and regulations, and in accordance with the principles of equality and mutual advantage, to develop and expand trade and economic cooperation.

Article 3

1. In their trade relations, the two Contracting Parties shall accord each other most-favoured-nation treatment in all matters regarding:

(a) customs duties and charges of any kind imposed on, or in connection with, importation or exportation, re-export, or transit of products, including the procedures for the collection of such duties or charges;

- (b) methods of payment and the transfer of such payments;
- (c) regulations, procedures and formalities concerning customs clearance, transit, warehousing and transshipment of products imported or exported;
- (d) administrative formalities for the issue of import or export licences;
- (e) taxes and other internal charges levied directly or indirectly on products or services imported or exported;
- (f) the laws, regulations and requirements affecting the sale, offering for sale, purchase, transportation, distribution or use of goods on the domestic market.

2. Paragraph 1 shall not apply in the case of:

- (a) advantages accorded by either Contracting Party with the aim of creating a customs union or a free-trade area or pursuant to the creation of such a union or area;
- (b) advantages accorded by either Contracting Party to neighbouring countries for the purpose of facilitating border trade;
- (c) advantages accorded to particular countries in accordance with the General Agreement on Tariffs and Trade, including international commodity agreements.

Article 4

1. The Contracting Parties undertake to take appropriate measures in order to promote the development and diversification of their reciprocal commercial exchanges to the highest possible level taking into account their respective levels of development.

2. The Contracting Parties agree to study ways and means of facilitating trade and shall, each in accordance with its respective legislation and in the conduct of its policies, study and recommend trade promotion measures likely to encourage the expansion of imports and exports.

Article 5

1. Mongolia will ensure that, in matters that depend on the decision of its government, government agencies or State enterprises, Community exporters or suppliers of goods or services will have the possibility of participating on an equitable and non-discriminatory basis in opportunities for trade with Mongolia. This specifically concerns the issuing of import licences and the provision of convertible currencies for imports of Community origin.

2. The Community on its side will strive for a progressive liberalization of imports from Mongolia. In this context, the Community undertakes to abolish, on the entry into force of this Agreement, the quantitative restrictions on imports originating in Mongolia of those products and into those regions of the Community set out, in respect of Mongolia, in Annex III to Council Regulation (EEC) No 3420/83 of 14 November 1983, as last amended, with the exceptions of those restrictions concerning textile products of Section XI of the Combined Customs Nomenclature, and of those restrictions which are listed in Annex 1 to Council Regulation (EEC) No 288/82, as last amended, for the regions of the Community to which such restrictions apply.

Article 6

1. The two Contracting Parties shall exchange information on any problems that may arise with regard trade and shall open friendly consultations, with the intention of promoting trade, for the purpose of seeking mutually satisfactory solutions to those problems. Each of the two Contracting Parties will ensure that no action is taken before consultations are held.

2. In an exceptional case, however, where the situation does not admit any delay, either Contracting Party may take measures, but must endeavour as far as possible to hold friendly consultations before doing so.

3. Each Contracting Party will ensure that when it takes the measures referred to in paragraph

2, the general objectives of this Agreement are not prejudiced.

Article 7

Trade in goods and the provision of services between the two Contracting Parties shall be effected at market-related prices and rates.

Article 8

The two Contracting Parties agree that payments for transactions shall be made, in accordance with their respective laws and regulations, in convertible currencies.

CHAPTER II

Economic cooperation

Article 9

Within the limits of their competence respectively, and with the main aims of encouraging the development of industry and agriculture in the Community and in Mongolia, of diversifying their economic links, encouraging scientific and technological progress, opening up new sources of supply and new markets and helping to develop their economies and raise their respective standards of living, the two Contracting Parties agree to develop economic cooperation based on the principle of mutual interest, in all the areas within the framework of their respective policies, and in particular:

- industry and mining,
- agriculture and forestry,
- science and technology,
- energy,
- telecommunications,
- environmental protection,
- tourism,
- intellectual and industrial property, norms and standards,
- statistics.

Article 10

According to their needs, and within the means at their disposal, the two Contracting Parties shall encourage the application of the various forms of industrial and technical cooperation, for the benefit of their undertakings or organizations.

In order to attain the objectives of this Agreement, the two Contracting Parties shall endeavour to facilitate and promote, among other activities:

- joint production and joint ventures,
- common exploitation of resources,
- the transfer of technology,
- cooperation between financial institutions,
- actions such as visits, contacts and promotional activities designed to enhance cooperation between individuals and delegations representing enterprises or economic organizations,
- the organization of seminars and symposia,
- consultancy services.

Article 11

1. In order to attain the objectives of this Agreement, the two Contracting Parties agree, within the framework of their respective laws, rules and policies, to promote and encourage

greater and mutually beneficial investment.

2. In addition, the Parties undertake to improve further the investment climate, particularly through encouraging the extension, by and to the Member States of the Community and by and to Mongolia, of investment promotion and protection arrangements, based on the principles of reciprocity and equitable treatment.

Article 12

In view of the difference in the two Contracting Parties' levels of development, the Community will extend its financial and technical cooperation activities to the development of Mongolia, within the framework of its aid programmes in favour of non-associated developing countries.

CHAPTER III

Joint Committee

Article 13

1. The two Contracting Parties shall set up, under this Agreement, a Joint Committee comprising representatives of the Community on the one hand and representatives of Mongolia on the other.

2. The tasks of the Joint Committee shall be as follows:

- to monitor and examine the functioning of this Agreement,
- to examine the evolution of trade flows as well as the implementation of economic cooperation and development assistance,
- to find appropriate means in order to avoid problems which may be encountered in the various areas covered by the Agreement,
- to consider measures that may contribute to the development and diversification of trade and economic cooperations,
- to exchange views and formulate suggestions on all questions of common interest relative to the fields covered by the Agreement.

3. The Joint Committee shall meet once a year, in Brussels and Ulan Bator alternately, and its agenda will be fixed by mutual agreement. Extraordinary meetings may be convened by mutual agreement, at the request of either Contracting Party. The office of Chairman of the Joint Committee shall be held by each of the two Contracting Parties in turn. Where both Parties consider it necessary, the Joint Committee may set up working groups to assist it in its work.

The Community shall be represented by the Commission assisted by representatives of the Member States, according to the rules laid down in the Treaty establishing the European Economic Community.

CHAPTER IV

Final provisions

Article 14

This Agreement shall apply, on the one hand, to the territories in which the Treaty establishing the European Economic Community is applied and under the conditions laid down in that Treaty and, on the other, to the territory of Mongolia.

Without prejudice to the relevant provisions of the Treaties establishing the European Communities, this Agreement and any action taken thereunder shall in no way affect the

powers of any of the Member States of the Community to undertake bilateral activities with Mongolia in the field of economic cooperation and conclude, where appropriate, new economic cooperation agreements with Mongolia.

Article 15

This Agreement shall enter into force on the first day of the month following the date on which the Contracting Parties have notified each other of the completion of the legal procedures necessary for this purpose. It is concluded for a period of five years. The Agreement shall be tacitly renewed from year to year provided that neither Contracting Party notifies the other in writing of its denunciation of the Agreement six months before the date of expiry.

However, the Agreement may be amended by mutual consent of the two Contracting Parties in order to take account of new situations.

Article 16

This Agreement shall be drawn up in duplicate in the Danish, Dutch, English, French, German, Greek, Italian, Portuguese, Spanish and Mongolian languages, each text being equally authentic.

Done at Luxembourg on the sixteenth day of June in the year one thousand nine hundred and ninety-two.

For the Council of the European Communities

For the Government of Mongolia