

AGREEMENT BETWEEN
THE GOVERNMENT OF THE UNITED STATES OF AMERICA
AND
THE GOVERNMENT OF THE REPUBLIC OF LATVIA

CONCERNING ECONOMIC, TECHNICAL AND RELATED ASSISTANCE

The Government of the United States of America and the Government of the Republic of Latvia (the "Parties"):

Recognizing the substantial efforts and progress which the Republic of Latvia has made to advance its economic and political development;

Recognizing that the Government of the United States of America has initiated a program of assistance in the Republic of Latvia in support of economic and political reform, involving activities in areas such as privatization, improved quality of life and support for democratic initiatives;

Recognizing the important role played by United States public and private organizations in implementing such assistance programs; and

Desiring to consolidate and confirm certain arrangements and to establish a framework to govern and facilitate the provision of assistance which has been provided to date and which may be provided in the future by the Government of the United States of America, subject to the applicable laws and regulations of the United States of America.

HEREBY AGREE AS FOLLOWS:

Article 1

For the purposes of this Agreement, the term "Assistance Implementer" means any department or agency of the Government of the United States of America, or any international or nongovernmental organization or individual, which is financed by the Government of the United States of America, and which

(a) is present in the Republic of Latvia to implement United States Government assistance programs in Latvia, that have been approved by the Technical Assistance Commission; and

(b) is included on the list submitted by the Embassy of the United States of America in the Republic of Latvia before January 1, 1996, to the Ministry of Foreign Affairs of the Republic of Latvia or on the list as modified in accordance with the following procedure:

On a case-by-case basis, the Embassy of the United States of America in the Republic of Latvia shall notify the Government of the Republic of Latvia of changes in the list of Assistance Implementers through diplomatic channels, and the Government of the Republic of Latvia shall respond not later than thirty days after receipt thereof. The change in the list shall be effective on the date of an affirmative response by the Government of the Republic of Latvia.

The Embassy of the United States of America in the Republic of Latvia shall notify the Ministry of Foreign Affairs of the Republic of Latvia whenever an Assistance Implementer ceases to implement United States assistance programs in Latvia. The deletion of that Assistance Implementer from the list of Assistance Implementers shall be effective on the date specified in the notice.

Article 2

The diplomatic mission of the United States of America to the Republic of Latvia will carry out and discharge the responsibilities of the Government of the United States of America under this Agreement, and a section of that diplomatic mission has been established for this purpose.

Article 3

The Government of the Republic of Latvia shall:

- (a) make such contribution as may be appropriate and as agreed to by both Governments, permitted by its personnel, resources, facilities, and general economic conditions in furtherance of the purposes for which assistance may be provided;
- (b) take appropriate steps to ensure the effective use of such assistance;
- (c) provide the Government of the United States of America with full and complete information concerning the implementation of assistance provided by the Government of the United States of America as well as other relevant information which representatives of the Government of the United States of America may need in order to assess the nature, scope and effectiveness of such assistance programs, projects and operations; and
- (d) upon reasonable notice, permit observation and review by representatives of the Government of the United States of America of any United States Government assistance programs, projects and operations, and records pertaining thereto.

Article 4

In order to assure the maximum benefits to the people of the Republic of Latvia from United States assistance programs and except as may be agreed by the two Governments:

- (a) Services, commodities, supplies, equipment, or other property imported into the Republic of Latvia by Assistance Implementers for United States assistance programs shall be exempt from any tariffs, customs duties, import taxes, export taxes, value-added taxes or other taxes or similar charges. Value-added taxes or other taxes or similar charges paid in Latvia in connection with the acquisition or use of such services, commodities, supplies, equipment or other property shall be refunded to the Assistance Implementers in accordance with the legislation of the Republic of Latvia;
- (b) Any goods or services financed by United States assistance programs in Latvia shall be exempt from any tariffs, customs duties, import taxes, export taxes, value-added taxes and other taxes or similar charges in the Republic of Latvia;
- (c) Assistance Implementers shall be exempt from any income taxes imposed by the Republic of Latvia with respect to income derived from implementation of the United States assistance programs. Income derived from other activities is not exempted by this Agreement from taxation under the legislation of the Republic of Latvia;

(d) All personnel (and their families) of Assistance Implementers, except permanent residents of the Republic of Latvia, shall be exempt from any income, social security or other taxes levied under the laws of the Republic of Latvia with respect to income derived from United States assistance programs;

(e) All personnel (and their families) of Assistance implementers, except permanent residents of the Republic of Latvia, shall be exempt from any tariffs, customs duties, import taxes, value-added taxes and other similar taxes and charges upon personal or household goods imported into the Republic of Latvia within a period of six months from the date of their arrival in the Republic of Latvia for personal use of such personnel and members of their families, and such personal or household goods may be used in and exported from the Republic of Latvia free from any such taxes; and

(f) In the event that the Government of the Republic of Latvia does not have procedures to exempt payment of value-added taxes, pursuant to this article 4, at the point of sale or importation, the Government of the Republic of Latvia shall refund the payment of such taxes.

Article 5

The Republic of Latvia shall apply the national exchange control regulations for funds brought into the Republic of Latvia for United States assistance programs without discrimination.

Article 6

The Government of the United States of America and the Government of the Republic of Latvia may from time to time enter into implementing arrangements to assist in the implementation of this Agreement.

Article 7

(a) Each Party shall notify the other in writing that its legal requirements for the entry into force of the Agreement have been fulfilled. This Agreement shall enter into force on the date of the later of the two notifications. *[Editor's Note: This Agreement entered into force after the exchange of U.S. and Latvian Diplomatic Notes, dated December 27, 1995 and February 2, 1996 respectively.]*

(b) The provisions of this Agreement shall have effect from the date of entry into force of the Agreement.

(c) This Agreement may be amended or revised by written consent of the Parties.

(d) This Agreement shall remain in force until thirty days after the receipt by either Party of written notification of the intention of the other Party to terminate the Agreement. Notwithstanding any such termination, this Agreement shall be applicable to assistance furnished while the Agreement was in force.

IN WITNESS WHEREOF, the undersigned, duly authorized for this purpose, have signed this Agreement.

DONE AT Riga, in duplicate, in the English and Latvian languages, both texts being equally authentic, on this twentieth day of December, 1995.

FOR THE GOVERNMENT OF THE UNITED STATES OF AMERICA

/s/

FOR THE GOVERNMENT OF THE REPUBLIC OF LATVIA

/s/