

CHAPTER 7

CURRENT PAYMENTS AND MOVEMENT OF CAPITAL

ARTICLE 137

Current payments

The Parties undertake to impose no restrictions and shall allow, in freely convertible currency, in accordance with the provisions of Article VIII of the Agreement of the International Monetary Fund, any payments and transfers on the current account of balance of payments between the Parties.

ARTICLE 138

Capital movements

1. With regard to transactions on the capital and financial account of balance of payments, from the entry into force of this Agreement, the Parties shall ensure the free movement of capital relating to direct investments, including the acquisition of real estate, made in accordance with the laws of the host country, investments made in accordance with the provisions of Chapter 6 (Establishment, Trade in Services and Electronic Commerce) of Title IV (Trade and Trade-related Matters) of this Agreement and the liquidation or repatriation of invested capital and of any profit stemming therefrom.

2. With regard to transactions on the capital and financial account of balance of payments other than the transactions listed in paragraph 1 of this Article, from the entry into force of this Agreement, each Party shall ensure without prejudice to other provisions of this Agreement:

- (a) the free movement of capital relating to credits for commercial transactions or for the provision of services in which a resident of one of the Parties is participating;
- (b) the free movement of capital relating to portfolio investments, financial loans and credits by the investors of the other Party.

ARTICLE 139

Safeguard measures

Where, in exceptional circumstances, payments or movements of capital cause, or threaten to cause, serious difficulties for the operation of exchange rate policy or monetary policy, including serious balance of payments difficulties, in one or more Member States or in Georgia, the Parties concerned may take safeguard measures for a period not exceeding six months if such measures are strictly necessary. The Party adopting the safeguard measure shall inform the other Party forthwith of the adoption of any safeguard measure and, as soon as possible, of a time schedule for its removal.

ARTICLE 140

Facilitation and evolution provisions

1. The Parties shall consult with a view to facilitating the movement of capital between the Parties in order to promote the objectives of this Agreement.
2. During the first four years following the date of entry into force of this Agreement, the Parties shall take measures permitting the creation of the necessary conditions for further gradual application of the Union rules on the free movement of capital.
3. By the end of the fifth year following the date of entry into force of this Agreement, the Association Committee in Trade configuration, as set out in Article 408(4) of this Agreement, shall review the measures taken and determine the modalities for further liberalisation.