AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF MONGOLIA CONCERNING THE DEVELOPMENT OF TRADE AND INVESTMENT RELATIONS

The Government of the United States of America and the Government of Mongolia (individually a "Party" and collectively the "Parties"):

1. Desiring to enhance the bonds of friendship and spirit of cooperation between the two countries;

2. Desiring to promote further both countries' international trade and economic interrelationship;

3. Recognizing the importance of fostering an open and predictable environment for international trade and investment;

4. Recognizing the benefits to each Party resulting from increased international trade and investment, and that trade-distorting investment measures and protectionist trade barriers would deprive the Parties of such benefits;

5. Taking into account the membership of the two countries in the World Trade Organization (WTO) and noting that this Agreement is without prejudice to each Party's rights and obligations, where applicable, under the Marrakesh Agreement Establishing the WTO and the agreements, understandings, and other instruments relating thereto or concluded under the auspices of the WTO;

6. Recognizing the contribution of the Agreement on Trade Relations between the Government of the United States and the Government of Mongolia signed January 23, 1991 (the "Bilateral Trade Agreement") and the Treaty Concerning the Encouragement and Reciprocal Protection of Investment between the Government of the United States and the Government of Mongolia signed October 6, 1994 (the "Bilateral Investment Agreement").

7. Recognizing the essential role of private investment, both domestic and foreign, in furthering growth, creating jobs, expanding trade, improving technology, and enhancing economic development;

8. Recognizing that foreign direct investment confers positive benefits on each Party;

9. Desiring to encourage and facilitate private sector contacts between the two countries;

10. Recognizing the desirability of resolving trade and investment problems as expeditiously as possible;

11. Recognizing the increased importance of services in their economies and in their bilateral

relations;

12. Taking into account the need to eliminate non-tariff barriers in order to facilitate greater access to the markets of both countries and the mutual benefits thereof;

13. Recognizing the importance of providing adequate and effective protection and enforcement of intellectual property rights and of membership in and adherence to intellectual property rights conventions;

14. Reiterating the commitment reaffirmed in the Doha Declaration and recognizing the importance of providing adequate and effective protection and enforcement of worker rights in accordance with each nation's own labor laws and of improving the observance of internationally recognized core labor standards;

15. Desiring to ensure that trade and environmental policies are mutually supportive in the furtherance of sustainable development;

16. Desiring that this Framework Agreement reinforce the multilateral trading system by strengthening joint efforts to complete successfully the Doha Development Agenda; and

17. Considering that it would be in their mutual interest to establish a bilateral mechanism between the Parties for encouraging the liberalization of trade and investment between them.

To this end, the Parties agree as follows:

ARTICLE ONE

The Parties affirm their desire to promote an attractive investment climate and expand trade in products and services consistent with the terms of this Agreement. They shall take appropriate measures to encourage and facilitate the exchange of goods and services and to secure favorable conditions for long-term development and diversification of trade between the two countries.

ARTICLE TWO

The Parties shall establish a United States-Mongolia Council on Trade and Investment ("the Council"), which shall be composed of representatives of both Parties. The Mongolian side will be chaired by the Ministry of Industry and Trade, and the U.S. side will be chaired by the Office of the U.S. Trade Representative ("USTR"). Both Parties may be assisted by officials of other government entities as circumstances require. The Council will meet at least once a year and at such times as agreed by the two Parties.

ARTICLE THREE

The objectives of the Council are as follows:

1. To monitor trade and investment relations, to identify opportunities for expanding trade and investment, and to identify issues relevant to trade or investment, such as intellectual property, labor, or environmental issues that may be appropriate for negotiation in an appropriate forum.

2. To hold consultations on specific trade and investment matters not arising under the Parties' Bilateral Investment Agreement of interest to the Parties.

3. To identify and work toward the removal of impediments to trade and investment flows.

4. To seek the advice of the private sector, where appropriate, in their respective countries on matters related to the work of the Council.

ARTICLE FOUR

Either Party may raise for consultation any trade or investment matter not arising under the Parties' Bilateral Investment Agreement between the Parties. Requests for consultation shall be accompanied by a written explanation of the subject to be discussed and consultations shall be held within 30 days of the request, unless the requesting Party agrees to a later date. Each Party shall endeavor to provide for an opportunity for consultations before taking actions that could affect adversely the trade or investment interests of the other Party.

ARTICLE FIVE

This Agreement shall be without prejudice to the domestic law of either Party or the rights and obligations of either Party under any other agreement to which it is a party.

ARTICLE SIX

This Agreement shall enter into force on the date of signature by both Parties.

ARTICLE SEVEN

This Agreement shall remain in force unless terminated by mutual consent of the Parties or by either Party upon six months written notice to the other Party.

IN WITNESS WHEREOF, the undersigned, being duly authorized by their respective governments, have signed this Agreement.

DONE at Washington, D.C. this 15th day of July 2004, in the English and Mongolian languages, with both texts being equally authentic.

FOR THE GOVERNMENT OF THE UNITED STATES OF AMERICA:

FOR THE GOVERNMENT OF MONGOLIA: