ANNEX 29
to the Treaty on the
Eurasian Economic Union

PROTOCOL
on Measures of State Support to Agriculture

1. This Protocol shall be developed in accordance with the Article 97-98 of the Eurasian Economic Union Treaty and shall be used in respect to products specified in the section II of this Protocol (furthermore – agricultural products).

2. The terms used herein, shall have the following meanings:

«administrative-territorial units» – administrative-territorial units of the Republic of Belarus and the Republic of Kazakhstan (including Minsk, Astana and Almaty) and the regions and municipal entities of the Russian Federation;

«state support to agriculture» - financial assistance provided by the government or other state body of the member State or local authorities in favour of the producers of the agricultural products either directly or through their authorized agents;

«subsidizing body» - one or more state bodies or local authorities of the member States, which take a decision on state support to agriculture.

Subsidizing body in accordance with the legislation of the member States shall request or make an order to the authorized agent (any other organization) to fulfill one or more of its functions on the state support to agriculture. Such activities of authorized agent will be considered as activities of the subsidizing body.

Activities of the president of the member State relating to the state support to agriculture shall be considered as activities of the subsidizing authority.

I. Measures of State Support to Agriculture

3. Measures of State support to agriculture shall be classified as follows:

1) measures that do not distort agricultural trade between the member States;

2) measures that distort agricultural trade between the member States to a larger extent;

3) measures that distort agricultural trade between the member States.

4. Measures that do not distort agricultural trade shall be those measures, which are specified in the section III of this Protocol. Measures that do not distort trade could be applied by the member States without limitations.

5. Measures that distort agricultural trade between the member States to a larger extent shall be the following:

state support measures contingent, whether solely or as one of the several other conditions, upon the export of agricultural product from the territory of the member State, which applies such measure, to the territory of any other member State;

state support measures contingent, whether solely or as one of the several other conditions, upon the use of agricultural products originating solely from the territory of the member State, which applies such measure in the production of agricultural products regardless of whether specific products, their volume, value, share of the volume or value of production, or the use of domestic products, level of localization in the production of used local goods are determined or not.

An illustrative list of state support measures that distort trade to a larger extent is provided in the section IV of this Protocol.

6. Member States shall not apply measures that distort trade to a larger extent.

7. Measures that distort agricultural trade shall be those measures, which cannot be classified as measures that do not distort agricultural trade or measures that distort agricultural trade to a larger extent referred to in paragraphs 2 and 3 of this Protocol.

8. Amount of measures that distort agricultural trade shall not exceed 10% of the gross value of production of agricultural products.

Methodology for calculations of state support volumes shall be developed by the member States based on international experience and shall be approved by Council of the Commission. member States provide one another and the Commission with the information on state support measures in accordance with this methodology from the date of its approval in a manner prescribed by the Commission.

Commitment on state support measures that distort agricultural trade shall be established in accordance with this methodology and approved by the Supreme Council.

Application of provisions of this paragraph shall be implemented in accordance with transition provisions provided for in Article 106 of the EAEU Treaty.

9. Upon the accession of the member State to the World Trade Organization, commitment on state support measures that distort agricultural trade undertaken as a condition for the accession to the World Trade Organization, shall become its commitment within the EAEU.

10. Calculation of the volumes of state support to agriculture shall be made in accordance with V of this Protocol, taking into account methodology for calculation of state support to agriculture specified in the paragraph 8 of this Protocol.

II. Products Subject to the Common Rules for State Support of Agriculture.

11. Common rules for state support of agriculture shall cover the following products of the Single Commodity Nomenclature of Foreign Economic Activity of the Customs Union of the Republic of Belarus, the Republic of Kazakhstan and the Russian Federation:

1) HS Group 01 – 24 except for HS group 03 (fish and crustaceans, molluscs and other aquatic invertebrates), HS headings 1604 (prepared or preserved fish ; caviar and caviar substitutes prepared from fish eggs) and 1605 (prepared or preserved crustaceans , molluscs and other aquatic invertebrates);

2) HS Subheading 2905 43 000 0 (mannitol);

3) HS Subheading 2905 44 (D- glucitol (sorbitol);

4) HS Heading 3301 (essential oils (whether or not containing terpenes), including concretes and absolutes; resinoids; extracted oleoresins; concentrates of essential oils in fats, in fixed oils, in waxes or the like, obtained by enfleurage or maceration; terpenic by-products of the deterpenation of essential oils; aqueous distillates and aqueous solutions of essential oils);

5) HS Headings 3501 - 3505 (casein, caseinates and other derivatives of casein, casein glues; albumins (including concentrates of two or more whey proteins containing more than 80 wt. % whey protein, calculated on the dry matter) and other derivatives albuminates albumin, gelatin (including rectangular (including square) sheets, surface treated or untreated, or colored) and gelatin derivatives; isinglass; other glues of animal origin (except casein of HS heading 3501); peptones and their derivatives, other proteinaceous materials and derivatives thereof, in another not elsewhere specified or included; hide powder, or offal, whether or not chromed, dextrins and other modified starches (for example, starches, pregelatinized or esterified); glues based on starches, or on dextrins or other modified starches); except HS subheading 3503 00 800 1 (isinglass dry) and 3503 00 800 2 (isinglass liquid);

6) HS Subheading 3809 10 (finishing agents to accelerate the dyeing or fixing of dyestuffs and other products and preparations (for example, dressings and mordants), of a kind used in the textile, paper, leather or like industries, not elsewhere specified or included, based on amylaceous substances);

7) HS Subheading 3824 60 (sorbitol other than that of Subheading 2905 44);

8) HS Headings 4101 - 4103 (raw hides and skins of bovine (including buffalo) or equine animals (fresh, or salted, dried, limed, pickled or otherwise preserved, but not tanned, parchment-dressed or further prepared), whether or not dehaired or split, raw skins of sheep or lambs (fresh, or salted, dried, limed, pickled or otherwise preserved, but not tanned, parchment-dressed or further prepared), whether or not with wool on or split, other than those excluded by Note 1 to this chapter, other raw hides and skins (fresh, or salted, dried, limed, pickled or otherwise preserved, but not tanned, parchment-dressed or further prepared), whether or not dehaired or split, other than those excluded by Note 1b or 1c in this group);

9) HS Heading 4301 (raw furskins (including heads, tails, paws and other pieces or cuttings, suitable for furriers' use), other than raw hides and skins of HS Headings 4101, 4102 or 4103);

10) HS Headings 5001 00 000 0 - 5003 00 000 0 (silk-worm cocoons suitable for reeling, raw silk (not thrown) silk waste (including cocoons unsuitable for reeling, yarn waste and cocoon garnetted stock);

11) HS Headings 5101 - 5103 (wool, not carded or combed; fine or coarse animal hair, not carded or combed; waste of wool or of fine or coarse animal hair, including yarn waste but excluding garnetted stock);

12) HS Headings 5201 00 - 5203 00 000 0 (cotton, not carded or combed; cotton waster (including yarn waste and garneted stock); cotton, carded or combed);

13) HS Heading 5301 (flax, raw or processed flax, but not spun; flax tow and waste (including yarn waste and garnetted stock);

14) HS Heading 5302 (true hemp (cannabis sativa L.), raw or processed but not spun; tow and waste of true hemp (including yarn waste and garnetted stock.

III. Measures that Do Not Distort Agricultural Trade between the Member States.

12. Measures of state support to agricultural producer of agricultural products (furthermore - producers) that do not distort trade of the member States shall conform to the following basic criteria:

1) the support shall be provided through the budget (including government revenue foregone), including through the government programs, not involving transfers from consumers. The revenue foregone means sums of due mandatory payments, from which a member State refused finally or temporarily refusal.2) the support shall not have the effect of providing price support to producers.

13. In addition to the criteria listed in paragraph 12 of this Protocol, measures that do not distort trade, shall conform specific criteria and conditions, specified in paragraphs 14-25 of this Protocol.

14. Government programs on general services, which involve expenditures (or revenue foregone) in relation to services or benefits provided to agriculture or the rural community, with the exception of direct payments to those, who produce or process agricultural products.

15. Government programs on general services may include the following areas:

1) research, including general research, research in connection with environmental programs, and research programs relating to particular products;

2) pest and disease control, including general and product-specific pest and disease control measures, such as early-warning systems, quarantine and eradication;

3) training services, including both general and specialist training facilities;

4) extension and advisory services, including the provision of means to facilitate the transfer of information and the results of research to producers and consumers;

5) inspection services, including general inspections services and the inspection of particular products for health, safety, grading or standardization purposes;

6) marketing and promotion services, including market information, advice and promotion relating to particular products but excluding expenditure for unspecified purposes that could be used by sellers to reduce their selling price or confer a direct economic benefit to purchasers;

7) infrastructural services, including electricity reticulation, roads and other means of transport, market and port facilities, water supply facilities, dams and drainage systems, and infrastructural works associated with environmental programs. In all cases, the expenditure shall be directed to the provision or construction of capital works only, and shall exclude subsidies to inputs or operating costs, or preferential user charges.

16. Formation of public stockholding for food security purposes shall be made through expenditures (or revenue foregone) provided in relation to the accumulation and holding of stocks of products, which form an integral part of a food security program identified in national legislation, and shall correspond to the following requirements and criteria:

1) the volume and accumulation of public stockholdings for food security purposes shall correspond to predetermined targets related solely to food security;

2) the process of stock accumulation and disposal shall be financial transparent;

3) food purchases by the government shall be made at current market prices and sales from food security stocks shall made at no less than the current domestic market price for the product and quality in question.

17. Domestic food aid is provided to sections of the population in need due to budgetary funds.

Domestic food aid shall correspond to the following requirements and criteria:

eligibility to receive domestic food aid shall be established by national legislation of the member State;

domestic food aid shall be provided in the form of direct provision of food to those concerned or the provision of means to allow eligible recipients to buy food either at market or at subsidized prices;

food purchases by the government for rendering domestic food aid shall be made at current market prices and the financing and administration of the aid shall be transparent.

18. State support measures in the form of direct payments to producers (or revenue foregone, including payments in kind) shall meet the basic criteria set out in paragraph 12 of this Protocol and other criteria applying to individual types of direct payment as set out in paragraphs 18-25 of this Protocol. Direct payments, other than those specified in paragraphs 18-25, shall conform to criteria 2 and 3 in paragraph 18, in addition to the general criteria set out in paragraph 12 of this Protocol.

19. "Decoupled" income support shall correspond to the following requirements and criteria:

1) eligibility for such payments shall be determined by national legislation of the member State depending on income, status as a producer, factor use or production level in a defined and fixed base period;

2) the amount of such payments shall not be related to the type or volume of production (including livestock units) undertaking by the producers, to domestic or international prices applying to production undertaken, or to the factors of production;

3) no production shall be required in order to receive such payments.

20. Government fanatical participation in income insurance and income safety-net programs shall correspond to the following requirements:

1) eligibility for such payments shall be determined by an income loss (only income derived from agriculture shall be taken into account), which exceeds 30% of average gross income or the equivalent in net income terms (excluding any payments, from the same or

similar programs) in the preceding three-year period or a three-year average based on the preceding five-year period, excluding the highest and the lowest entry. Any producer meeting this condition shall be eligible to receive the payments;

2) the amount of compensation shall not exceed 70% of the producer's income loss in the year the producer becomes eligible to receive this assistance;

3) the amount of such payments shall not be related to the type or volume of production (including livestock units) undertaken by the producer; or the domestic or international prices applying to such production; or to the factors of production;

4) where a producer receives payments during one calendar year under this paragraph and under paragraph 20 of this Protocol, the total of such payments shall be less than 100% of the producer's total loss.

21. Payments made either directly or by way of government financial participation (authorized organizations by the government) in crop and livestock insurance programs shall correspond to the following requirements:

1) eligibility for such payments shall arise only following a formal recognition by government authorities that a natural or like disaster (including technogenic events, disease outbreaks, pest infestations, nuclear accidents, and war on the territory of the member State, draughts, floods, wildfire, grasshopper plague and other dangerous hydrometeorological events);

2) the amount of such payments shall be determined by a production loss, which exceeds 30% of the average of production in the preceding three-year period or a three-year average based on the preceding five-year period, excluding the highest and the lowest entry;

3) payments shall be made only in respect of losses of income, livestock (including payments in connection with the veterinary treatment of animals), land or other production factors due to the natural disaster;

4) payments shall not exceed the total cost of such losses resulting from natural disaster and shall not require or specify the type or quantity of future production;

5) payments shall not exceed the level required to prevent or alleviate further loss as defined in criterion 3 of this paragraph;

6) where a producer receives during one calendar year under this paragraph and paragraph 19 of this Protocol, the total amount of compensation shall not exceed 100% of the producer’s total loss.

22. Structural adjustment assistance provided through producer retirement programs:

1) eligibility for such payments shall be determined by reference to clearly defined criteria in programs designed to facilitate the retirement of persons engaged in marketable agricultural production, or their movement to non-agricultural activities;

2) payments shall be conditional upon the total and permanent retirement of the recipients from marketable agricultural production.

23. Structural adjustment assistance provided through resource retirement programs:

1) eligibility for such payments shall be determined by reference to clearly defined criteria in programs designed to remove land or other resources, including livestock, from marketable agricultural production;

2) payments shall be conditional upon the retirement of land from marketable agricultural production for a minimum of three years, and in the case of livestock on its slaughter or definitive permanent disposal;

3) payments shall not require or specify any alternative use for such land or other resources which involves the production of marketable agricultural products;

4) payments shall not be related to either the type or quantity of production or to the domestic or international prices, applying to production undertaken using the land or other resources remaining in production.

24. Structural adjustment assistance provided through investment aids:

1) eligibility for such payments shall be determined by reference to clearly-defined criteria in government programs designed to assist the financial or physical restructuring of a producer's operations in response to objectively demonstrated structural disadvantages. Eligibility for such programs may also be based on a clearly-defined government program for the reprivatization of agricultural land;

2) the amount of such payments in any given year shall not be related to, or based on, the type or volume of production (including livestock units) undertaken by the

producer in any year after the base period other than as provided for under criterion 5 of this paragraph;

3) The amount of such payments shall not be related to, or based on, domestic or international prices on particular products;

4) the payments shall be given only for the period of time necessary for the realization of the investment in respect of which they are provided;

5) the payments shall not mandate or in any way designate the agricultural products to be produced by the recipients except to require them not to produce a particular product;

6) the payments shall be limited to the amount required to compensate for the structural disadvantage.

25. Payments under environmental programs:

1) eligibility for such payments shall be determined as part of a clearly-defined government environmental or conservation program and be dependent on the fulfilment of specific conditions under the government program, including conditions related to production methods or inputs;

2) the amount of payment shall be limited to the extra costs or loss of income involved in complying with the government program.

26. Payments under regional assistance program:

1) eligibility for such payments shall be limited to producers in disadvantaged regions. Disadvantaged region is administrative and (or) economic territory defined by national legislation of the member State;

2) the amount of such payments shall not be determined by, or dependent on, the types or volume of production (including livestock units) other than to reduce that production;

3) the amount of such payments shall not defined by, or dependent on, domestic or international prices on particular products;

4) payments shall be available only to producers in eligible regions, but generally available to all producers within such regions;

5) where related to production factors, payments shall be made at a degressive rate above a threshold level of the factor concerned;

6) The payments shall be limited to the extra costs or loss of income involved in undertaking agricultural production in the prescribed area.

IV. Measures that Distort Agricultural Trade between the Member States to a Larger Extent.

27. Measures that distort agricultural trade to a larger extent shall be the following:

1) the provision by government of direct payments (including payments in kind) to a particular producer, to a cooperative or association of agricultural producers, contingent on export performance;

2) the sale or disposal for export to the territory of the other member State of non-commercial stocks of agricultural products at a price lower than the comparable price charged for the like product to buyers in the domestic market of the member State;

3) payments on the export of an agricultural product to the territory of the other member State that are financed by virtue of governmental action, whether or not a charge on the public account is involved, including payments that are financed from the proceeds of a levy imposed on the agricultural product concerned or on an agricultural product from which the exported product is derived;

4) the provision of state support to reduce the costs of marketing exports of agricultural products for the export to the territory of the other member State (other than widely available export promotion and advisory services), including handling, upgrading and other processing costs, and the costs of the international transport and freight;

5) establishment of internal transport and freight charges on export shipments of agricultural products to the territory of the other member State, provided on terms on terms more favourable than for domestic shipments;

6) subsidies on agricultural products contingent on their incorporation in exported products for the export to the territory of the other member State.

V. Calculation of State Support to Agriculture

28. When calculating a volume of the state support for agriculture are accounted:

1) direct transfer of monetary funds;

2) provision of performance guarantee (for example, guarantees on bank loans);

3) purchase of good, service, stock, enterprises (property complex) or its part, share in the authorized capital of organization (including, purchase of shares), other property, intellectual properties rights etc. at prices exceeding market prices.

4) full or partial exemption for payments of dues to the budget and to the administrative-territorial units (for example, debt relief payments to the budget, etc.).

5) provision of goods and services free of charge or at preferential rates.

6) price support, which includes measures aimed at market price support.

29. Volume of support corresponds to the amount of received funds, which are provided on a non-repayable basis (for example, in the form of grants, compensations and etc.). If non-repayable funds are provided on a more favorable conditions than those currently available on a market (market of banking credits, obligations, and etc.), the volume of support shall be calculated using the gap between the amount, which would otherwise be required to be paid for using these funds in case of receiving them on a market, and actual paid amount.

30. The volume of support for performance guarantee shall be calculated using the gap between the amount, which would otherwise be required to be paid at the rates of risk insurance for non-performing respective obligations on an available market of insurance services, and the amount, which is required to be paid for the provision of guarantee to the subsidized authority.

Budgetary payments on performance guarantee shall be included to the volume of support in the amount, which exceeds the level, calculated in accordance with part 1 of this paragraph.

Member State shall include to the notifications provided for in the section VI of this Protocol information allowing access the level of state support regarding performance guarantee provided by the government.

31. Purchase of good, service, stock, enterprises (property complex) or its part, share in the authorized capital of organization (including, purchase of shares), other property,

intellectual properties rights etc. at prices exceeding market prices. The volume of support shall be calculated using the gap between the amount, paid for the purchase of objects and the amount, which would otherwise be required to be paid for such objects at current market prices.

Such measures as state purchases of stocks or increase of the share in the authorized capital of the enterprises etc., which meet the conditions of normal investment practices, shall not be considered as state support measures.

32. When full or partial exemption for payments of dues to the budget of a member State and to the administrative-territorial units, the volume of support shall correspond to the amount of non-performed financial obligations of the agricultural producer to the budget, including obligations that would arise, if the support is not provided. When deferring performance of obligations, the volume of support shall be determined based on the amount, which is required to be paid in the form of interest for the use of borrowed means equal to the amount of the deferred obligations.

33. When provision of goods and services free of charge or at preferential rates,the volume of support shall be calculated using the gap between market cost and amount actual paid for purchase (provision) of goods or services.

34. The volume of market price support shall be calculated using the gap between the applied administered price and fixed external reference price multiplied by the quantity of production of a particular agricultural product eligible to receive the applied administered price adjusted to take account of differences in quality and extent of goods processing (for example, dairy fat at baseline). Budgetary payments made to maintain this gap (such as buying-in or storage costs) shall not be included.

VI. Notifications on State Support to Agriculture.

35. Member State shall notify each other and Eurasian Economic Commission (furthermore – Commission) in writing of any planned in the current year program of state support financed at the federal and (or) republican levels, as well as at the level of administrative-territorial units, including information regarding the volume and procedures

of provision of state support. Notification shall contain sufficient information necessary to access its compliance with this Protocol and the size of state support to agriculture by the competent authority of each of the member State and by the Commission. member States shall not transfer to the section of restricted information all information of state support to agriculture. member States shall provide notifications to each other and to the Eurasian Economic Commission annually, not later than 1 of May of the current year.

36. Member States shall send to each other and Commission notifications, specified in paragraph 33 of this Protocol, which shall contain expenditure of the projects of the federal or state budget provided by section, subsection and kinds of functional and departmental expenditure classifications, as well as rules on the procedure and volume of state support to agriculture. Expenditures of budgets of administrative-territorial unites of the member States shall be reflected in the notifications in any other available way.

37. List of the source of such information regarding the volumes and directions of state support to agriculture at the federal and (or) republic levels, as well as at the administrative-territorial level shall be provided by the member State or its authorized state body on request of the other member State or Commission.

38. Authorized bodies of the member State shall send to each other and to the Commission notifications on the provision of the state support to agriculture on the territory of their states for the reporting year before 1 of December of the year following after reporting year.

39. The form of notification on planned in the current year programs of state support to agriculture and on state support to agriculture provided in the reporting year is established by the Commission upon the agreement with the member States.

VII. Liability of the Member States.

40. In case of violation by the member State of the paragraph 6 and 8 of this Protocol that member State within the reasonable period of time shall discontinue further use of measures that distort agricultural trade to a larger extent, or measures that distort agricultural trade over the allowed amount, and shall pay to other member States

compensation in the amount of support that distort agricultural trade to a larger extent, or of exceeding the allowed amount. Procedures for the payment of compensation shall be established by the Council of Commission. If compensation has not been paid, other member State have a right to impose countermeasures against violating member State.