

**TREATY
ON A FREE-TRADE AREA
(St. Petersburg, October 18, 2011)**

The member states of the Commonwealth of Independent States, hereinafter referred to as the Parties,

Taking into account the necessity of proper and efficient functioning of the free-trade area,

For the purpose of formation of conditions for a free flow of goods;

Understanding the necessity of being integrated into the world economy and international trade system;

Being guided by a desire for a constant rise in the living standards of the population of its states,

Proceeding from the assumption that provisions of this Treaty are applicable to trade in goods between the Parties,

And recognizing generally accepted norms of international law and being guided by the norms of the WTO agreements, in particular GATT 1994, including Article XXIV of GATT 1994,

Have agreed as follows:

**Article 1
Definitions**

1. Definitions used in this Treaty shall mean the following:

WTO - World Trade Organisation, created in accordance with the Marrakech Agreement on Establishing the World Trade Organization, signed on April 15, 1994;

GATT 1994 - General Agreement on Tariffs and Trade of 1994 contained in Annex 1A to the Agreement on the Establishment of a World Trade Organisation of April 15, 1994;

payments equivalent to customs duties - payments collected at importation or exportation of goods, and also in other cases established by the national legislation of a Party analogous, by the purposes and economic effect, to customs duties which are not customs duties, a compensation for the value of services rendered in connection with the carrying out of procedures for importation or exportation and are not connected with the application of safeguard, antidumping, countervailing measures in mutual trade;

import of goods - importation of goods onto the customs territory of a Party without the obligation on re-export;

export of goods - exportation of goods from the customs territory of a Party without the obligation on re-import;

re-export - exportation of a commodity originating from the customs territory of one of the Parties from the customs territory of another Party to third countries;

authorized export - re-export of a commodity in whose respect a Party which is the country of origin of such commodity establishes or maintains customs duties in its export to third countries effectuated in the presence of a properly drawn up written permit issued by the authorised body of the country of origin of the goods;

unauthorized re-export - re-export of a commodity in whose respect a Party which is the country of origin of such good establishes or maintains customs duties in its export to third countries effectuated without a properly drawn up written permit issued by the authorised body of the country of origin of the goods.

2. When using in this Treaty references to provisions of GATT 1994 or to any other international treaties concluded within the WTO, the terms contained therein "contracting Party/Parties" or "member/members" shall mean, respectively, Party/Parties as they are defined in the preamble of this Treaty.

Article 2

Application of Customs Duties and Payments Equivalent to Customs Duties

1. A Party shall not apply customs duties and any other payments equivalent to customs duties with respect to export of goods intended for the customs territory of another Party, and/or to import of a good originating from the customs territory of another Party, except for the cases stipulated in Annex 1 to this Treaty.

2. The Parties shall not increase the level of custom duties in mutual trade of goods mentioned in Annex 1 to this Treaty.

3. If a Party applying an export duty according to Annex 1 to this Treaty has abolished it or reduced its level with respect to a third country, then it is applicable with respect to the Parties. This applies without prejudice to the provisions of Article 18 of this Treaty.

4. Unless otherwise stipulated by this Treaty, customs duties shall not be applied in a manner which would lead to the increase of discrimination between Parties and third countries.

5. If with respect to the goods mentioned in Annex 1 to this Treaty there is stipulated a mechanism of changing the rates of a duty depending on the change in economic, statistical or other indicators, except for the customs value of goods, then the Parties shall not change such mechanism in a way that would increase the level of tariff protection.

6. A state which has acceded to this Treaty shall not apply any customs duties with respect to the export or import of goods originating from the customs territories of the other Parties and intended for the customs territories of the other Parties in a manner which would lead to an increase of the duty rate as compared with the one that was applied by the acceding state with respect to the other Parties as on the date of the entry into force of this Treaty, unless otherwise results from the procedure for establishing a duty which is used as on the date of entry into force of this Treaty.

7. Nothing in this Article shall prevent any Party from collecting with respect to the import of goods:

obligatory payment, equivalent in accordance with the provisions of Article 5 of this Treaty, to the internal tax levied on goods, if such goods are produced on the territory of this Party, or on goods from which the imported goods were fully or partly manufactured or produced, or a payment connected with the application of domestic taxes on imported goods in accordance with the provisions of Article 5 of this Treaty;

duty to be applied in accordance with the provisions of Articles 8 and 9 of this Treaty.

8. None of the provision of this Article shall prevent a Party from collecting, with respect to the import or export of goods, any fees based on the cost of rendered services and to be applied in accordance with the provisions of paragraph 1 of Article VIII of GATT 1994.

9. A Party shall not change methods and procedure for establishing and applying the fees stipulated by paragraph 7 of this Article in a manner which would lead to an increase of the size of the fee as compared with the size of the fee to be applied by the Party as on the date of entry into force of this Treaty without increasing the value of the services rendered unless such change is aimed at a fuller reflection of the level of the value of the services rendered.

10. Within 30 days from the date of entry into force of this Treaty the Parties shall notify one another about the fees stipulated by paragraph 8 of this Article.

11. In case if a Party applies zero or reduced rates of export duties on export to the customs territories of the other Parties as compared with the duty rates applied with respect to the export of goods intended for the customs territories of third countries, then such other Parties shall prohibit unauthorized re-export of such goods.

In case if such prohibition has not been established or has not actually been applied, then a Party applying zero or reduced export-duty rates on export to the customs territories of other Parties may increase them to the level applied on export to the customs territories of third countries.

12. The Parties may, within the framework of bilateral arrangements, agree on other methods of regulating the relations stipulated by paragraph 11 of this Article not stipulating the introduction of prohibition on re-export.

13. Within 30 days from the date of entry into force of this Treaty, each Party shall, in writing, notify the other Parties about the goods in whose export to third countries customs duties shall be collected, and also about the sizes of the rates (and, when applicable, about the mechanism for calculating the rates) of such customs duties.

14. Any changes of the list of the goods mentioned in paragraph 13 of this Article, as well as any changes of the rate sizes or of the mechanism for calculating the customs-duty rates mentioned in paragraph 13 of this Article shall be notified, in writing, by each Party to other Parties not later than 30 days before the date of entry into force of such changes.

15. The Parties have agreed to negotiate reduction and gradual abolition of export duties mentioned in Annex 1 to this Treaty. The first round of such negotiations shall take place within six months after the entry into force of this Treaty.

The results of such negotiations shall be formalized by protocols.

Article 3

Abolition of Quantitative Restrictions in Mutual Trade

1. None of the Parties shall establish and/or maintain on import of any goods from the territory of another Party or for export of any goods intended for the territory of another Party, any prohibitions or restrictions other than those permitted by Article XI of GATT 1994, including by the Notes and supplementary provisions to that Article, and also by Articles 8 and 9 of this Treaty.

2. Prohibitions and restrictions which are subject to abolition in accordance with paragraph 1 of this Article and which are effective on the moment of entry into force of this Treaty, shall be abolished according to the schedule stipulated by Annex 2 to this Treaty which is an integral part thereof.

3. A Party establishing certain quantitative restrictions permissible in accordance with paragraph 1 of this Article, shall, in advance, inform the other Parties about the reasons for the establishment, forms and possible periods of application of such restrictions affecting interests of the Parties, with justification of such action.

4. The Parties shall settle all issues arising in connection with the application of permissible quantitative restrictions by means of consultations.

5. In selecting the measures in accordance with this Article, the Parties shall give priority to those of them which least negatively affect the achievement of purposes of this Treaty.

6. In applying any quantitative restrictions, the Parties shall comply with the provisions stipulated by Article XIII of GATT 1994.

Article 4

Determination of the Country of Origin of Goods

1. For determining the country of origin of goods which originate from the Parties and are in trade turnover among them, the Parties shall be guided by the Rules for Determining the Country of Origin, which are an integral part of the Agreement on the Rules for Determining the Country of Origin of Goods in the Commonwealth of Independent States of November 20, 2009.

2. The procedure for determining the country of origin of goods originating and imported onto the customs territories of the Parties from third countries, shall be governed by the national legislation of the Parties and by the international treaties ratified by the Parties.

Article 5

National Regime

The Parties shall grant national treatment to each other in accordance with Article III of GATT 1994.

Article 6

Government Procurement

1. With respect to all laws, normative acts, procedures and practice concerning government procurement under paragraph 8(a) of Article III of GATT 1994 covered by the provisions of paragraph 3 of this Article, each of the Parties shall grant, with respect to goods originating from the territory of any other Party and its related suppliers, a not less favorable treatment than the one which is granted to:

- 1) domestic goods and suppliers;
- 2) goods originating from the territory of any other Party and its suppliers.

2. Provisions of paragraph 1 of this Article shall not be applicable with respect to customs duties and any other payments equivalent to customs duties applied on import.

3. Provisions of paragraph 1 of this Article shall be applicable on a bi- or multilateral basis among the interested Parties.

4. Within three months after the entry into force of this Treaty the interested Parties shall enter into negotiations for elaborating a Protocol to this Treaty determining the obligations of the Parties with respect to the rules and procedures regulating government procurement for the purposes of completing it within a three-year period.

Article 7

Freedom of Transit

1. Transit of goods and transport means within the framework of this Treaty shall be regulated in accordance with the provisions of Article V of GATT 1994.

2. The following conditions are applied to transit of goods and transport means:

1) goods being transited through the territory of a Party shall simultaneously:

a) remain unchanged, except for changes due to natural deterioration or loss under normal conditions of transportation and storage;

b) not be used for any purposes other than transit;

c) be delivered to the customs authority of destination within the periods established by the customs authority of departure, proceeding from capacity of the transport means carrying a commodity, the planned route and any other conditions of shipment;

2) in cases where it does not contradict the provisions of this Treaty, a Party may, in accordance with its legislation, establish a list of certain types of goods whose transit is prohibited and also a list of certain types of goods whose transit requires special permits from authorised bodies of the Parties. The Parties shall notify each other about its lists;

3) if transit is interrupted due to an accident or force majeure, then the carrier shall be guided by norms established by the national legislation of the Party on whose territory transit has been interrupted;

4) customs authorities of the Parties shall mutually recognise national means of identification, other means of customs support, and also documents necessary for controlling the goods and transport vehicles carrying them, in accordance with international conventions ratified by the Parties, and/or with the arrangements reached among them;

5) each Party shall grant the goods transiting across the territory of any other Party a regime not less favourable than the regime which would have been granted to such goods if they were transported from the place of origin to the place of destination without being transferred across the territory of such other Party.

3. Provisions of this Article shall not extend to pipeline transport.

4. Interested Parties shall enter into negotiations for elaborating an Agreement on the Transit by Pipeline Transport and shall complete such negotiations within six months after the entry into

force of this Treaty.

Article 8

Application of Safeguard Measures in Mutual Trade

1. Nothing in this Treaty shall restrict the right of a Party (customs union)¹ to apply any safeguard measures. Such measures with respect to industrial and agricultural goods shall be applied only in accordance with Article XIX of GATT 1994, the WTO Agreement on Safeguards and by this Treaty.

2. When applying any safeguard measures, a Party (customs union) shall remove from the effect of such measures a commodity originating from the territory of another Party on condition that such commodity has been imported in such quantities and under such conditions which have not caused any injury and/or have not created a threat of causing injury to the domestic industry of this Party (customs union).

Import originating from the territory of another Party shall be considered as not causing any injury and/or not threatening to cause injury to the domestic industry of a Party (customs union) if the other Party is not one of the five main suppliers of the imported commodity for the last three years and the following conditions are simultaneously met:

during the recent three years the import volumes from the other Party have been decreasing or growing in smaller volumes (in absolute and relative indicators) as compared with the import from other countries;

the price level of import of goods from the other Party is equal or higher than the price level of a domestic commodity producer of like or directly competitive goods on the internal market of the importing Party (customs union).

3. If one of the Parties (customs union) intends to apply safeguard measures, then this Party (customs union) shall, not later than 30 days before the completion of the investigation, inform about such intention the other Parties which may be affected by the application of a measure. Interested Parties shall conduct consultations for the purposes of finding a mutually acceptable solution.

4. When choosing a type of safeguard measures, the Parties (customs union) shall give the priority to those measures which will cause the least injury to achieving the purposes of this Treaty.

Article 9

Application of Antidumping and Countervailing Measures in Mutual Trade

1. Nothing in this Treaty prevents a Party (customs union) from applying, with respect to the import of a commodity originating from another Party, any antidumping or countervailing measures. Such measures with respect to industrial and agricultural goods must be applied only in accordance with Articles VI, XVI of GATT 1994, the WTO Agreement on the Application of Article VI of GATT 1994, the WTO Agreement on Subsidies and Countervailing Measures and with this Treaty.

2. If one of the Parties (customs union) intends to apply any antidumping or countervailing measures, then this Party (customs union) shall, before the application of the measures, provide the other interested Parties with the relevant information about the main facts and findings reasoning the application of such measures. For the Parties to be able to protect their interests, such information shall be provided in advance but not later than 30 days before the completion of the

¹For the purposes of Article 8 and Article 9 of this Treaty the customs union means union between the Parties which provides for the uniform application of safeguard, antidumping and countervailing measures.

investigation.

3. A Party (customs union) which intends to apply or prolong certain antidumping or countervailing measures, shall provide adequate possibility for conducting preliminary consultations before the completion of the investigation by the interested Parties.

4. When choosing a type of antidumping or countervailing measures, the Parties (customs union) shall give the priority to those measures which will cause the least damage to achieving the purposes of this Treaty.

Article 10

Granting of Subsidies

1. The Parties shall grant subsidies in accordance with the provisions of Articles VI, XVI of GATT 1994 and of the WTO Agreement on Subsidies and Countervailing Measures.

2. The Parties shall not maintain and shall not grant any prohibited subsidies under Article 3 of the WTO Agreement on Subsidies and Countervailing Measures, except for the measures stipulated in Annex 3 to this Treaty, which is its integral part.

3. The Parties shall refrain from granting any specific subsidies under Article 2 of the WTO Agreement on Subsidies and Countervailing Measures which may cause a serious infringement of interests of other Parties and will entail negative consequences stipulated by Article 6 of the WTO Agreement on Subsidies and Countervailing Measures.

4. Each Party shall ensure transparency of state aid to enterprises by means of annual information of the other Parties about the total amount and distribution of the aid rendered by the state and providing, upon the request of another Party, information about rendering of state aid in concrete cases and schemes of granting such aid.

Article 11

Technical Barriers to Trade

In mutual trade the Parties shall apply technical measures, including technical regulations, standards and procedures of conformity assessment, while being guided by the rules and principles of the WTO Agreement on Technical Barriers to Trade.

The Parties shall cooperate in the field of standardization, metrology, assessment (confirmation) of conformity, accreditation, state control (supervision) within the framework of the Interstate Council for Standardization, Metrology and Certification under the Agreement on Coordinated Policy in the Field of Standardization, Metrology and Certification of March 13, 1992.

Article 12

Sanitary and Phytosanitary Measures

In mutual trade the Parties shall be guided by the rules and principles of the WTO Agreement on the Application of Sanitary and Phytosanitary Measures, as well as international treaties in the relevant fields whose participants they are.

Article 13

Payments

1. The Parties shall not maintain ongoing restrictions and shall not establish new restrictions on international transfers and payments for the supply of goods within the framework of mutual trade in goods, except for the cases stipulated in Article 14 of this Treaty.

2. Nothing in this Treaty shall affect the rights and obligations of the Parties ensuing from their membership in the International Monetary Fund in accordance with the Articles of the Agreement on the International Monetary Fund or with the provisions of the special currency agreement to be concluded by the Parties in accordance with paragraph 3 of this Article.

3. If any state acceding to this Treaty is not a party to the Articles of the Agreement on the International Monetary Fund, then the Parties shall conclude with such state a special currency agreement establishing the payments procedure within the mutual trade in goods.

If any Party withdraws from the International Monetary Fund, revokes or otherwise terminates its obligations under Article VIII of the Agreement on the International Monetary Fund, then such Party shall, as soon as possible, conclude the said special currency agreement with the other Parties.

Article 14

Restrictions for the maintenance of the Balance of Payments

1. In the event of serious violations of the equilibrium of its balance of payments and serious external financial difficulties, any Party may establish or maintain certain restrictions that are not contradictory with the norms of Article XII of GATT 1994 and the Understanding on Balance-of-Payment Provisions of GATT 1994, on trade in goods with other Parties by applying measures stipulated by national legislation leading to restriction of quantity or value of goods permitted for import, including introduction of restrictions on payments and transfers related to trade in goods with the Parties.

Restriction measures on mutual trade in goods, including limitations on payments and transfers, for the purposes mentioned in this paragraph, may be applied only if payments for delivery of goods imported by a Party within the framework of mutual trade, are made in currencies which form, as mentioned in paragraph 2 of this Article, the currency reserves of the Party applying such restrictive measures in mutual trade of goods.

2. Restrictions with respect to import, including payments and transfers established, maintained or strengthened by a Party in accordance with this Article, shall not be more considerable than it is necessary for preventing an inevitable threat of a serious reduction of the currency reserves of such Party or for restoring a rational rate of growth of currency reserves of this Party.

3. Any Party, having difficulties with balance of payments or external financial situation, primarily, to improve the situation, uses possibilities that are not affecting trade in goods, in particular, attracting external loans and other resources, and ensure proper use of such loans or resources.

4. The Parties applying restrictions according to this Article:

shall follow the Articles of the Agreement on the International Monetary Fund or the obligations stipulated in a special currency agreement;

shall not excessively damage commercial, economic and financial interests of any other Party;

shall not apply any measures beyond the necessary in connection with the state of the balance of payment;

shall not create any discrimination among the Parties unless the restrictive measures of trade in goods are aimed at smoothing the balance between the currencies; in such case the measures shall not go beyond the limits of the necessary discrimination approach;

shall gradually remove measures introduced in accordance with this Article - at the extent of mitigation of the circumstances which have caused their introduction;

shall not unreasonably impede, in the introduction of certain measures in accordance with this Article, the importation of any goods in minimum commercial quantities whose exclusion from trade turnover would violate the usual channels of trade;

shall not apply any restrictions which would prevent import of commercial samples or compliance with regulations on patents, trademarks, copyright or similar procedures.

5. The measures whose application is allowed under this Article shall not include such measures as introduction or maintenance of duties, licensing and quoting, unless due to critical state of the balance of payments other measures can not stop sharp worsening of the situation with foreign accounts.

6. In the introduction of measures restricting current payments and transfers, any Party applying such measures shall immediately inform the International Monetary Fund about the restriction of freedom of current operations in accordance with the provisions of Article VIII of the Agreement on the International Monetary Fund and shall conduct consultations with the International Monetary Fund for improving the situation with the balance of payments or the external financial situation, revealing economic problems which could lead to worsening of state of balance of payments of such Party, and for determining the optimality of the measures being taken.

7. Any restrictions introduced or maintained by a Party in accordance with this Article, or any changes in such restrictions, shall be subject to urgent notification of the other Parties.

8. If circumstances make it possible, no Party shall introduce any restrictions in accordance with this Article prior to consultations with the other Parties whose interests may be affected. If any restrictions have been introduced before consultations, then consultations shall be conducted in the shortest possible time.

Consultations shall be conducted for the purposes of:

assessing the character and scale of difficulties with the balance of payments and with the external financial situation of a Party introducing restrictive measures on trade in goods in accordance with this Article;

assessing foreign-economic and trade situation in which such Party has found itself;
identifying possible alternative improving measures which may be used.

Article 15

General Exceptions

Nothing in this Treaty shall be interpreted as impeding the application by any Party of measures referred to General Exceptions in accordance with Article XX of GATT 1994 with compliance of conditions set forth in the mentioned Article of GATT 1994.

Article 16

Security Exceptions

With respect to measures aimed at ensuring national security, the Parties shall apply the provisions of Article XXI of GATT 1994.

Article 17

Administration Issues

The collection of fees, performance of the formalities connected with import and export and the application of the rules of trade are carried out in accordance with Articles VIII and X of GATT 1994.

Article 18

Agreements on Customs Unions, Free Trade and Cross-Border Trade

1. This Treaty shall not impede the Parties to participate in agreements on customs union, free trade and/or cross-border trade in accordance with the WTO rules and, in particular, of Article XXIV of GATT 1994.

2. Provisions of this Treaty shall be applied in relations among the participants of the Customs Union and the Common Economic Space so far as they are not contrary to:

International agreements concluded by them within the framework of the Customs Union and the Common Economic Space, as well as, decisions, adopted on their basis by the bodies of the Customs Union;

bilateral treaties concluded among the members of the Customs Union and the Common Economic Space.

3. Participation of the Parties in the international treaties mentioned in paragraphs 1 and 2 of this Article, shall not restrict their rights and shall not release from the obligations under this Treaty before the other Parties, which are not participants of such treaties (Annex 6).

4. In case if participation of one of the Parties in an agreement, stipulated by paragraph 1 of this Article, exercises considerable negative impact on mutual trade of the participants of this Treaty, by the request of any interested Party, the Parties shall conduct consultations in order to elaborate and implement measures aimed at restoring mutual trade.

Article 19

Disputable Issues

1. Parties shall take all necessary measures to fulfill their obligations under this Treaty.

2. If one of the Parties considers that the other Party does not fulfill its obligations under this Treaty and such nonfulfillment of obligations damages or threatens to damage economic interests of the former Party, then both Parties shall conduct consultations for the purpose of reaching a mutually acceptable elimination of existing differences.

If no agreement has been reached, then a dispute may, at the choice of the former Party, be submitted for consideration of the CIS Economic Court if both Parties are members to the Agreement on the Status of the Economic Court of the Commonwealth of Independent States of July 6, 1992, or to the commission of experts in accordance with the dispute settlement procedure stipulated by Annex 4 to this Treaty, which is its integral part.

3. Disputes on issues which are in this Treaty to be settled by referring to the provisions of the WTO agreements, shall be resolved among the Parties which are WTO members in the procedure stipulated by the relevant WTO agreements. The provisions of this paragraph shall not impede the Parties which are WTO members to settle disputes in accordance with paragraph 2 of this Article.

Article 20

Amendments and Supplements

By mutual consent of the Parties, amendments and supplements may be introduced into this Treaty, which shall be its integral part and which shall be formalised by relevant protocols.

Protocols shall enter into force in accordance with the procedure stipulated for entry into force of this Treaty, except for the protocols stipulated in paragraph 15 of Article 2 of this Treaty.

Article 21

Reservations

Reservations to this Treaty shall not be permitted.

Article 22

Entry into Force

1. This Treaty shall enter into force upon the expiry of 30 days from the date of receipt by the depositary of a third notification on the fulfillment by its signatory Parties of the internal procedures necessary for its entry into force.

2. With regard to other Parties that fulfill intrastate procedures later, this Treaty shall enter into force upon the expiry of 30 days from the date of receipt of relevant documents by the depositary.

Article 23

Correlation with Other International Obligations

1. In relations among the Parties, for which this Treaty has entered into force, its provisions shall be applied while international treaties, specified in the list (Annex 5 to this Treaty which is its integral part), shall become ineffective.

2. The Parties have agreed that from the date of entry into force of this Treaty, they will take measures for terminating bilateral international treaties existing between them in the manner and within the terms stipulated by such treaties, unless the Parties have not agreed otherwise.

Article 24

Accession

This Treaty, after its entry into force, shall be open for accession of any state by submitting the accession document to the depositary.

For the CIS member state, this Treaty shall enter into force upon the expiry of 30 days from the date of receipt of the accession document by the depositary.

For a state, which is not a CIS member, this Treaty shall enter into force upon the expiry of 30 days from the date of receipt by the depositary of the accession document as well as terms, agreed by the Parties, for accession to this Treaty.

Article 25

Validity, Termination, Withdrawal

1. This Treaty is concluded for an indefinite period.

Each of the Parties may withdraw from this Treaty by sending to the depositary a written notification about such intention not later than twelve months before the withdrawal and having settled the financial and other obligations which have arisen during the effect of this Treaty.

2. For the purposes of resolving the possible disputes and claims, including those of material character, the provisions of this Treaty shall continue being effective with respect to a Party which has terminated its participation up to the complete settlement of all the obligations.

Done in the city of St. Petersburg on October 18, 2011 in one original copy in Russian. The original copy is deposited at the Executive Committee of the Commonwealth of Independent States, which shall send its certified copy to each signatory state to this Treaty.

/Signatures/