AGREEMENT
BETWEEN THE GOVERNMENT OF THE RUSSIAN FEDERATION AND THE FEDERAL GOVERNMENT OF THE FEDERAL REPUBLIC OF YUGOSLAVIA ON FREE TRADE BETWEEN THE RUSSIAN FEDERATION AND THE FEDERAL REPUBLIC OF YUGOSLAVIA

(Belgrade, August 28, 2000)

The Government of the Russian Federation and the Federal Government of the Federal Republic of Yugoslavia, hereinafter referred to as the Contracting Parties,

seeking to freely develop and deepen mutual economic and trade cooperation,

reaffirming commitment to the principles of the market economy as the basis of trade and economic relations,

reaffirming their intention to actively participate and encourage the expansion of mutually advantageous trade and economic relations,

creating necessary conditions for the free movement of goods and capital in accordance with the current in each state laws and the rules of the World Trade Organization (WTO),

have agreed as follows:

Article 1

General provisions

The Contracting Parties liberalize mutual trade in accordance with the provisions of this Agreement and the WTO rules in order to establish a free trade regime.

Article 2

Objectives if this Agreement

The objectives of this Agreement are:

expansion and promotion of mutual trade and economic relations aimed at fostering of the economic development of both States, improvement of living and working conditions, increase in employment in the sphere of production, achievement of production and financial stability of both States;

ensuring conditions for fair competition between economic entities of both States;

harmonization of customs procedures and order of application of rules of origin of goods, relevant to standards of international practice, harmonization of rules of control of origin of goods by the customs authorities of both States.

Article 3

Scope of application

Provisions of this Agreement will apply to goods, specified in groups from 1 to 97 of the nomenclature of the Harmonized commodity description and coding system, adopted in accordance with the International Convention on the Harmonized system of description and coding of goods (Brussels, June 14, 1983), or in customs tariffs of each State.

Article 4

Import customs duties and other charges

The Contracting Parties shall endeavour to within the five-year period to take agreed measures to phase out in the mutual trade import customs duties and equivalent to them charges in respect of goods, originating from the customs territory of the States of the Contracting Parties.

The Contracting Parties annually agree on withdrawal from the regime, provided for in Article 1 of this Agreement, which will be applied on the basis of bilateral Protocols signed by the Contracting Parties in accordance with the legislation of their States.

Fees for customs clearance of goods will be levied in accordance with the laws of the States of each of the Contracting Parties.

Article 5

Technical regulation

The Contracting Parties shall cooperate and exchange information in the field of standardization, metrology and establishment of compliance of goods to prevent the creation of any technical obstacles in the mutual trade.

In order to implement the provisions of this Agreement the Contracting Parties shall conclude agreements on mutual recognition of the acts of testing, conformity certificates or other documents that are directly or indirectly relate to the goods which are the subject of trade between the two States.

Conditions and methods of compliance of the goods to regulations are determined by the authorised organisations of the Contracting Parties in accordance with the legislation of the importing State.

Article 6

Sanitary and hygienic, veterinary
and phytosanitary measures

The Contracting Parties shall apply regulations of their States in the area of veterinary, quarantine and plant protection in part of the competence of the relevant international institutions, providing information about the spread of contagious diseases in domestic animals and quarantine diseases, pests and weeds plants with the coordination of the necessary documents for mutual deliveries and transit of goods.

The Contracting Parties shall apply regulations of their States in the area of veterinary, protection of plants and animals on the non-discriminatory basis in accordance with the Agreement between the Government of the Russian Federation and the Federal Government of the Federal Republic of Yugoslavia on cooperation in the field of agro-industrial complex, the Agreement between the Government of the Russian Federation and the Federal Government of the Federal Republic of Yugoslavia on cooperation in the field of veterinary and the Agreement between the Government of the Russian Federation and the Federal Government of the Federal Republic of Yugoslavia on cooperation in the field of quarantine and protection of plants, signed in the city. Belgrade, October 31, 1996.

Article 7

Rules of origin

The origin of the goods shall be determined on the basis of the rules, provided for by the legislation of the importing State.

The Contracting Parties will exchange the rules of origin of goods, determined by the legislation of their States at the time of signature of this Agreement.

In case of such amendments to the rules of origin of goods, the Contracting Party which made these changes, shall notify in writing the other Contracting Party. The other Contracting Party within fifteen days after receiving the notice, shall notify the interested participants of the foreign economic activities of its State.

Article 8

Transit of goods

The Contracting Parties shall ensure free transit of goods originating from the customs territory of the state of one Contracting Party and transported through the territory of the other Contracting Party, in accordance with the legislation of their States.

Article 9

Re-export of goods

One Contracting Party shall not allow unauthorized re-export of goods originating from the customs territory of the state of the other Contracting Party, which apply measures of tariff and non-tariff regulation in respect of exports.

Article 10

General exceptions

This Agreement shall not preclude the right of each of the Contracting Parties to apply the prohibitions or restrictions on import, export or transit of goods, justified from the point of view of public morals, public order or state security, protection of life and health of humans, animals or plants and the environment, protection of artistic, historical or archaeological values that are national property, protection of intellectual property, standards relating to import or export of gold or silver, keeping of irreplaceable natural resources, if such measures are carried out simultaneously with the limitations of domestic production or consumption.

These prohibitions or restrictions must not be a means of intentional discrimination or a disguised restriction on trade between the States of the Contracting Parties.

The Contracting Parties shall not exclude application of measures of surveillance and control of export and import of goods, as well as under international control technologies, originating from the customs territory of the States of the Contracting Parties.

Article 11

Security exceptions

Nothing in this Agreement shall not be interpreted as a requirement for one of the Contracting Parties to provide any information, disclosure of which is considered by the Contracting Party as contra dictionary to the interests of its national security or as preventing the Contracting Party to take measures, as it deems necessary for the protection of the interests of its security in respect of fissionable materials or the materials from which they are produced, in regard to the traffic of arms, munitions and war material, as well as other trade of goods and materials, if such trade is directly or indirectly carried out for the purpose of supplying the armed forces and/or if such measures are taken in time of war or other emergency in international relations.

In respect of goods, which export or import falls under the authorisation regime, stipulated by international treaties, which States of the Contracting Parties are parties to, competent authorities of the Contracting Parties shall issue permission for their export or import, in accordance with the legislation of their States.

Article 12

Protection of intellectual property

For the purposes of this Agreement "protection of intellectual property" means of protection of copyright and related rights, including protection of computer programs and databases, inventions, useful models and industrial samples, trade marks and service marks and names of places of origin of goods, topologies of integrated circuits and confidential information.

The Contracting Parties shall promote the protection of intellectual property rights, including the procedure of obtaining such rights and remedies against any violations.

Such protection will be ensured in accordance with the regulatory issues of intellectual property international treaties, which States of the Contracting Parties are parties to.

In case, if States of one or both of the Contracting Parties are not parties to these treaties, the principle of reciprocity and non-discrimination will apply.

Article 13

Payments

All payments between the States of the Contracting Parties are carried out in accordance with Article 4 of the Agreement between the Government of the Russian Federation and the Union Government of the Federal Republic of Yugoslavia on trade and economic cooperation as of August 24, 1994.

Payments related to trade in goods between the economic entities of the States of the Contracting Parties, and transfer of such payments to the territory of one of these States at the place of location of the creditor are not subject to restrictions.

The Contracting Parties will refrain from administrative restrictions in the provision of or repayment of short-term or medium-term loans that provide trade operations of economic entities of their own States.

Article 14

Anti-dumping and countervailing measures

The provisions of this Agreement in any way shall not limit the right of the Contracting Parties to make, after the relevant procedures, the decision on application of anti-dumping or countervailing measures in accordance with the legislation of their States on conditions and/or according to the procedure, established by Article 16 of this Agreement.

Article 15

Safeguard measures

If any goods are imported to the customs territory of the State of one of the Contracting Parties in such quantities or under such conditions as to cause or threaten to cause substantial damage to domestic producers of like or competing goods in the importing State, each of the Contracting Parties, depending on whether its interests were affected after conducting an appropriate procedure, may take appropriate measures under the law applicable in each State of the Contracting Parties on the conditions and/or according to the procedure established by the article 16 of this Agreement.

Article 16

Procedure of application of trade remedies

Prior to the application of measures stipulated in Articles 14 and 15 of this Agreement, the Contracting Parties shall endeavour to resolve the dispute by holding direct consultations in the framework of the working group on development of trade and economic cooperation and improvement of mechanism of intergovernmental Russian-Yugoslav Committee on trade, economic and scientific-technical cooperation, established in accordance with the Agreement between the Government of the Russian Federation and the Federal Government of the Federal Republic of Yugoslavia on the establishment of the intergovernmental Russian-Yugoslav Committee on trade, economic and scientific-technical cooperation, as of August 24, 1994. (hereinafter - the working group), in order to find a mutually acceptable solution.

A Contracting Party, which has taken the decision about the beginning of procedures preceding the imposition of anti-dumping, countervailing or safeguard measures provided for by Articles 14 and 15 of this Agreement, shall inform the other Contracting Party and provide the information envisaged by the laws of the State of the Contracting Party, which initiated the procedure.

If the Contracting Parties fail to reach a mutually acceptable solution within 30 days from the beginning of consultations in the framework of the working group, the Contracting Party, initiating the procedure, prior to the introduction of anti-dumping, countervailing or safeguard measures shall have the right after the appropriate procedures to apply measures on elimination the consequences of substantial damage or threat of substantial damage, informing about this the other Contracting Party. The volume and period of application of the said measures should be limited, necessary to remedy the damage.

When choosing the measures provided for in Articles 14 and 15 of this Agreement, the Contracting Parties shall give preference to those of them, which would cause least damage to the achievement of the objectives of this Agreement.

In exceptional cases, when the delay in the adoption of measures, stipulated in Articles 14 and 15 of this Agreement, may lead to damage that is hard to remedy, the Contracting Party which initiated the procedure of application of trade remedies, may impose interim measures before the consultations, on the condition that these consultations are requested to take place immediately after the application of such measures.

Article 17

Non-fulfillment of obligations

If one of the Contracting Party finds that the other Contracting Party has not fulfilled any of the given obligations under this Agreement, at the end of the consultation or by the end of three months period from the date of informing the other Contracting Party, it may take appropriate measures in order to eliminate the consequences of the damage.

Article 18

The influence of balance of payments

In case if one of the Contracting Parties is under serious difficulties in the field of balance of payments or there is a risk of any of such difficulties, it may introduce restrictive measures, including measures related to imports of goods, for a period of these difficulties.

The Contracting Party shall promptly inform the other Contracting Party of the intention to enter the restrictive measures, the period of validity and cancellation.

Article 19

Development of the Agreement

If one of the Contracting Parties considers it advisable to extend the provisions of this Agreement in the field of trade-economic cooperation, not provided in this Agreement, then it gives the other Contracting Party the reasonable suggestion. After the adoption of this proposal the present Agreement may be amended in accordance with the laws of the State of each of the Contracting Parties.

Article 20

Control over the application of the Agreement

Control over the application of this Agreement is entrusted to the working group, referred to in Article 16 of this Agreement.

The working group shall hold its meetings on the review of the implementation of this Agreement and contentious cases to the extent necessary, but not less than two times a year.

Article 21

Entry into force and period of validity

The present Agreement shall be applied provisionary from the date of its signing and shall enter into force on the date of the last written notification on completion by the Contracting Parties of internal procedures required for its entry into force.

This Agreement is concluded for an indefinite term and shall cease to have effect six months after the date of written notification of one of the Contracting Parties of its intention to terminate it. The contracts concluded in the framework of this Agreement, but not executed to the moment of its termination remain in force until their full implementation in accordance with the provisions of this Agreement.

Done in the city of Belgrade, August 28, 2000, in two original copies, each in Russian and Serbian languages, both texts being equally authentic.

(Signature)
