

AGREEMENT
BETWEEN THE GOVERNMENT OF THE RUSSIAN FEDERATION AND THE
GOVERNMENT OF TURKMENISTAN ON FREE TRADE
(Moscow, 11 November, 1992)

The Government of the Russian Federation and the Government of Turkmenistan, hereafter referred to as the Contracting Parties,

Guided by the provisions of the Treaty on Friendship and Co-operation between the Russian Federation and Turkmenistan signed on 31 July 1992,

Taking into consideration the multilateral Agreement on customs policy principles of 13 March 1992,

Striving to develop trade and economic cooperation between the Russian Federation and Turkmenistan on the basis of equality and mutual benefit,

On the assumption of the sovereign right of each State to conduct its independent foreign economic policy and enforce relevant international obligations and realization of proclaimed intentions,

Intending to promote the establishment of common market for goods, services, capital and labour,

Desiring to promote the establishment of proper conditions for the Customs union,
HAVE AGREED as follows:

Article 1

1. Contracting Parties shall not apply customs duties, taxes and charges having equivalent impact on exportation and importation of goods originating from the customs territory of one of Contracting Parties and destined for the customs territory of the other Contracting Party.

Exceptions from this trade regime on the basis of the agreed nomenclature of goods shall be formalized by annual documents, which shall be an integral part of this Agreement.

2. For the purposes of this Agreement, and for its effective term, goods originating from the territories of Contracting Parties shall be deemed to be:

- (a) Completely produced in the territory of Contracting Parties;
- (b) Having been processed on the territory of Contracting Parties by utilizing raw materials and components of third country origin, and, with this regard, have been changed its classification under the Goods Nomenclature of International Trade, based under the Harmonized System of Commodity Description and Coding of Goods and Combined tariff-statistical nomenclature of the European economic community, on the basis of the first four digits;
- (c) Produced with the use of raw materials and components listed in "b" above, provided that its total cost shall not exceed fixed proportion of export price of goods sold.

Detailed rules on establishing origin of goods shall be formulated by the Contracting Parties in a separate document, which will become an integral part of this Agreement.

Article 2

Contracting Parties shall not:

directly or indirectly impose on goods, covered by this Agreement, any internal taxes or charges in excess of corresponding taxes and charges, imposed on domestically produced similar goods or goods of third country origin;

apply with regard to import or export of goods, covered by this Agreement, any special limitations or requirements, which are not applied in a similar situation to domestically produced similar goods or goods of third country origin;

apply with regard to warehousing, reloading, storage, transportation of goods, originated from the territory of the other Contracting Party, as well as to payments and payment transfers, rules other than those applied in similar situations to goods of domestic production or of third country origin.

Article 3

1. Contracting Parties shall refrain from imposing quantitative restrictions or equivalent to them measures on export and/or import of goods within the frames of this Agreement.

2. Quantitative restrictions, referred to in Paragraph 1 of this Article, may be introduced unilaterally within reasonable reasons and on a strictly defined period only in case of:

sharp deficit of the good on domestic market – until stabilization on domestic market;

sharp deficit in the balance of payment -until stabilization in the balance of payment;

if any good is being imported to the territory of one of the Contracting Parties in such increased quantity and on such conditions, that cause or threaten to cause injury to domestic producers of like or directly competitive goods;

for the purpose of implementing measures provided for in article 4 of this Agreement.

3. Quantitative restrictions, referred to in Paragraph 1 of this Article, may also be introduced by mutual agreement of the Parties and shall be included in the annual documents, as referred to in Paragraph 1 Article 1 of this Agreement.

4. A Contracting Party, which applies quantitative restrictions in accordance with Paragraph 2 of this Article, shall, upon request of the other Contracting Party, provide necessary information on reasons, forms and possible time frames for using the abovementioned restrictions.

5. Contracting Parties shall endeavour to solve all issues arising in relation to application of quantitative restrictions under Paragraph 2 of this Article by means of consultations.

Article 4

Neither Contracting Party shall permit re-export of goods in relation to export of which the other Contracting Party, on which territory these goods originate from, applies measures of tariff or non-tariff regulation. Contracting Parties shall define a list of goods, which are forbidden for re-export, and also exchange lists of goods, to which measures of tariff and non-tariff regulation are applied.

Re-export of such goods into third countries is permitted only upon written consent and on conditions stipulated by an authorized state agency of the country of origin of these goods. In case of non-compliance with this provision, the Contracting Party, whose interests have been violated, has the right for unilateral introduction of measures to regulate export of goods into the territory of the Contracting Party that permitted the non-sanctioned re-export. Currency gain from such re-export shall be repaid to the country of origin of relevant goods.

For the purposes of this Article the term "re-export" refers to the export of goods originating from the customs territory of one Contracting Party, by the other Contracting Party outside the customs territory of the latter, for the purpose of exporting it into a third country.

Article 5

Contracting Parties will exchange information on customs issues on a regular basis, including customs statistics. Relevant authorized bodies of Contracting Parties shall formulate in a relevant document an order of exchanging such information.

Article 6

1. Contracting Parties will apply measures to converge levels of customs duties, which are imposed in trade with third countries, and for this purpose will hold regular consultations.
2. Contracting Parties will inform each other of all exceptions from the existing in its states rules on customs tariffs.

Article 7

Contracting Parties shall recognize incompatible with the purposes of this Agreement unfair business practices, which are expressed, in particular, in the following:

concluding agreements between enterprises, its divisions, which purpose is to prevent or limit competition or violate conditions for it on the territories of Contracting Parties;

performing actions, by which means one or several enterprises use their dominant position, limiting competition within the entire or considerable part of the territory of Contracting Parties.

Article 8

At applying measures of tariff and non-tariff regulation in bilateral economic relationships, for statistical information exchange, for carrying out customs procedures, Contracting Parties have agreed to use the unified nine-digit Commodity Nomenclature of Foreign Economic Activity (CN FEA), based upon the Harmonized Commodity Description and Coding System and Combined Tariffs and Statistics Nomenclature of the European Economic Community. At the same time for the own needs of its states Contracting Parties exercise the development of Commodity Nomenclature beyond the nine digits if necessary.

Conduct of the standard specimen of the Commodity Nomenclature is carried out by the Russian Federation through the existing representations in relevant international organizations during the period of time, until Turkmenistan declares its independent conduct of such standard specimen.

Article 9

Contracting Parties agree that compliance with the principle of freedom of transit is the major condition for achieving goals of this Agreement and a substantial element in the process of its integration to the system of international specialization of labour and cooperation.

Thereupon each Contracting Party shall provide unimpeded transit through its territory for goods originating from the customs territory of the other Contracting Party and/or third countries and destined for the customs territory of the other Contracting Party or any third country, and shall provide exporters, importers and carriers with all available and necessary for ensuring transit facilities and services on terms not worse than these facilities and services are granted to national exporters, importers or carriers, or exporters, importers or carriers of any other third state.

Transit tariffs for all types of transportation, including tariffs for loading and unloading operations, shall be economically justified and shall not exceed normal operational expenses, including reasonable profit rates. Contracting Parties shall not request payment for warehousing, reloading, storage and transportation of goods in currency of any third state.

Article 10

Nothing in this Agreement shall prevent any of the Contracting Parties to take measures, which it considers necessary for protecting its vital interests or which undoubtedly are necessary

for compliance with international agreements, which it is or intends to become parties to, if these measures relate to:

- information affecting the interests of national security;
- trade in arms, ammunitions and military equipment;
- research or production related to security needs;
- supply of materials and equipment used in nuclear industry;
- protection of public morality, public order;
- protection of industrial and intellectual property;
- gold, silver and other precious metals and stones;
- protection of human, animal and plant life.

Article 11

Provisions of this Agreement shall replace the provisions of agreements concluded earlier between Contracting Parties insofar as the latter are either incompatible with the former or identical to it. Contracting Parties shall instruct its competent authorities to prepare an appropriate protocol on this matter.

Article 12

This Agreement shall not affect other Agreements, concluded earlier by Contracting Parties with third countries.

Article 13

Nothing in this Agreement shall prevent Contracting Parties from establishing relationships, which do not contradict goals and terms of this Agreement, with third countries, as well as with its associations and international organizations.

Article 14

Disputes between Contracting Parties, which are related to interpretation or application of provisions of this Agreement, shall be settled by means of negotiations.

Article 15

To achieve the goals of this Agreement and to elaborate recommendations for improvement of trade-economic cooperation between the two countries, Contracting Parties have agreed to establish a joint Russian-Turkmenistan commission.

Article 16

Contracting Parties have agreed that the Russian Federation may establish its trade representation in Turkmenistan, and Turkmenistan may establish its trade representation in the Russian Federation. The legal status of trade representations, its functions and residence shall be formulated in a separate agreement.

Article 17

Any state may accede to this Agreement on terms, which will be agreed between the acceding state and Contracting Parties.

Article 18

An integral part of this Agreement shall be a Protocol on exceptions to free trade regime, which Contracting Parties shall sign in by the end of 1992.

Article 19

This Agreement shall become effective upon exchange of notices of completion by Contracting Parties of intra-state procedures necessary for its entry into force and will remain in force upon the expiry of twelve months from the date, when one of Contracting Parties notifies the other Contracting Party in writing of its desire to terminate its action.

Done in the City of Moscow, on November 11, 1992 in two originals, each in Russian and Turkmen, both texts are being equally authentic.

(Signatures)