

**FREE TRADE AGREEMENT  
BETWEEN UKRAINE AND RUSSIAN FEDERATION**

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BETWEEN THE GOVERNMENT OF UKRAINE AND THE GOVERNMENT OF THE  
RUSSIAN FEDERATION**

Date of signing: June 24, 1993  
Effective date: February 21, 1994

Additionally see protocols  
of June 24, 1993,  
of November 14, 1997,  
of October 4, 2001

The Government of Ukraine and the Government of the Russian Federation, referred to hereinafter as the Contracting Parties,

taking into account the Multilateral Agreement on Coordinating Issues of Export Control over Raw Materials, Materials, Equipment, Technologies and Services that May be Used for the Development of Weapons of Mass Destruction and their Delivery by Missiles of July 26, 1992,

striving to develop trade and economic cooperation between Ukraine and the Russian Federation on the basis of equality and mutual benefit, proceeding from the sovereign right of each state to pursue an independent foreign economic policy and ensure the performance of corresponding international commitments and the execution of declared intentions,

endeavoring to establish a single market of goods, services, capital and labor,

have agreed as follows:

**Article 1**

1. The Contracting Parties shall not apply customs duties, taxes and charges of equivalent effect on the export and/or import of commodities originating from the customs territory of one of the Contracting Parties and intended for the customs territory of another Contracting Party. Exclusion from the trade regime by a conciliated list of commodities shall be formalized by separate documents, which are an inseparable part of the present Agreement. The Contracting Parties shall conciliate the phased reduction of exclusions stipulated in the referred to documents.

2. For the purposes of the present Agreement and for its validity period, the commodities originating from the territory of the Contracting Parties shall mean commodities that have been:

a) completely manufactured on the territory of the Contracting Parties and/or

b) processed on the territory of the Contracting Parties with the use of raw materials, materials and components originating from third countries and, therefore, changed their affiliation with the classification of foreign trade commodities (CFTC) based on the Harmonized System of Description and Coding of Commodities and the combined tariff-statistical classification of the European Union, proceeding from the first four digits and/or

c) manufactured with the use of the raw materials, materials and components specified in subitem “b,” provided their aggregate value does not exceed the fixed share of the export price of the sold commodities.

The Contracting Parties shall formalize the detailed rules for origination of commodities in a separate document that will be an inseparable part of the present Agreement.

## **Article 2**

The Contracting Parties shall not:

- directly or indirectly impose on commodities, which come within the purview of the present Agreement, domestic taxes and charges that exceed corresponding taxes or charges imposed on similar commodities of domestic manufacture or commodities originating from third countries;
- apply to the import or export of commodities, which come within the purview of the present Agreement, special restrictions and requirements, which under similar situations are not applied to similar commodities of domestic manufacture or commodities originating from third countries;
- apply to the warehousing, reloading, storage, movement of commodities originating from another Contracting Party, as well as payments and remittance of payments other rules than those that are applied in similar cases to the commodities originating from third countries.

## **Article 3**

1. The Contracting Parties shall undertake not to apply quantitative restrictions or equivalent measures to the export and/or import of commodities under the present Agreement.

2. The quantitative restrictions referred to in Item 1 of this Article may be set under unilateral procedure within reasonable limits and for a clearly defined time only in the following cases:

- acute shortage of a given commodity on the domestic market before the stabilization of the situation on the market;
- acute balance of payments deficit before the stabilization of the balance of payments;
- import of commodities into the territory of one of the Contracting Parties in such large quantities and on such terms that cause or threaten to cause damage to domestic producers of similar or directly competitive commodities;
- in order to take measures provided for in Article 4 of the present Agreement.

3. The quantitative restrictions referred to in Item 1 of the Article may also be set by mutual consent of the Parties and be included in the protocols referred to in Item 1, Article 1 of the present Contract.

4. The Contracting Party that applies quantitative restrictions in accordance with Item 2 of this Article shall, prior to the introduction of the referred to quantitative restrictions, provide necessary information about the reasons of the introduction, forms and possible time of application of the referred to restrictions, as well as additional information in response to the request of the other Contracting Party.

5. The Contracting Parties shall strive to resolve through consultations all the issues that arise from the introduction of the quantitative restrictions referred to in Item 2 of this Article.

6. When selecting the measures in compliance with this Article, the Parties shall give priority to those of them that produce the least negative impact on the achievement of the purposes of the present Agreement.

#### **Article 4**

Each of the Contracting Parties shall not permit the reexport of commodities, relative to the export of which the Party from whose customs territory these commodities originate applies measures of tariff and/or nontariff regulation. The Contracting parties shall identify the list of commodities prohibited from reexport, and also exchange the lists of commodities to which are applied the measures of tariff and nontariff regulation.

Such commodities may be reexported only by a written consent and on the terms set by the authorized agency of the country of origin of the said commodities. In case of failure to comply with this provision, the Contracting Party whose interests have been affected shall be entitled to unilaterally take measures on regulating the export of such commodities to the territory of the other Party that permitted the unsanctioned reexport, after preliminary notification about the intention to introduce such measures and joint consultations. In this case the currency earnings from such reexport shall be returned to the country of origin of the corresponding commodities.

For the purposes of this Article, reexport shall mean the removal of commodities from the customs territory of one of the Contracting Parties by another Contracting Party beyond its customs territory in order to export them to a third country.

#### **Article 5**

The Contracting Parties shall on a regular basis exchange principal information about customs issues, all available customs statistics included. Corresponding authorized agencies of the Contracting Parties shall conciliate the procedure for exchanging such information.

#### **Article 6**

1. The Contracting Parties shall strive to approximate the customs rates that are used in the trade with third countries, for which purpose regular consultations shall be held.

#### **Article 7**

The Contracting Parties recognize the incompatibility with the purposes of the present Agreement of the unfair business practices manifested, in particular, in the following:

- agreements between enterprises, decisions made by associations of enterprises that aim to hinder or restrict competition or violate the terms for it on the territories of the Contracting Parties;
- actions by which one or several enterprises use their dominating status, restricting competition on the entire and/or a substantial part of the territories of the Contracting Parties.

#### **Article 8**

When effecting measures of tariff and nontariff regulation of bilateral economic relations, for the exchange of statistical information and for conducting customs procedures, the Contracting Parties have agreed to use the uniform nine-digit classification of foreign trade commodities (CFTC) based on the Harmonized System of Description and Coding of Commodities and the combined tariff-statistical classification of the European Union. For their own needs the Contracting Parties shall, when necessary, develop the commodity classification beyond the nine-digit limit.

#### **Article 9**

The Contracting Parties agree that abidance by the principle of free transit is a most important condition for achieving the purposes of the present Agreement and an essential element in the process of their linkup with the system of international division of labor and cooperation.

In this connection, each Contracting Party shall ensure unhindered transit through its territory of commodities originated from the customs territory of another Contracting Party and/or third countries and intended for the customs territory of the other Contracting Party or any third country, and provide to exporters, importers or carriers all the available and required facilities and services for transit on terms that are not worse than those on which the very same facilities and services are provided to their own exporters, importers or carriers of any third country.

The transit tariffs for any type of transport, including tariffs of loading and unloading, shall be economically justified and not exceed the normal operational expenses, the reasonable profit rates included.

#### **Article 10**

Nothing in the present Agreement shall hinder any of the Contracting Parties to take measures it considers necessary for the protection of its vital interests or which are undoubtedly necessary for the performance of the international treaties to which it is a party or intends to be a party, if these measures concern the following:

- information that affects the interest of national defense;
- trade in weapons, ammunition and materiel;
- research or production related to the needs of defense;
- delivery of material and equipment used in the nuclear industry;
- protection of public morals and public order;
- protection of industrial or intellectual property;
- gold, silver or other precious metals and stones;
- protection of the health of people, animals and plants.

#### **Article 11**

The provisions of the present Agreement shall replace the provisions of the agreements concluded earlier between the Contracting Parties insofar as the latter are either incompatible with the first or identical to them.

#### **Article 12**

The present Agreement does not affect the validity of the agreements the Contracting Parties concluded with third countries.

#### **Article 13**

Nothing in the present Agreement shall hinder the Contracting Parties from maintaining relations with third countries, which does not contradict the purposes and terms of the present Agreement, as well as with their associations and international organizations.

#### **Article 14**

Disputes between the Contracting Parties as to the interpretation or application of provisions of the present Agreement shall be settled through negotiations. For achieving agreement, the Parties shall take guidance from the provisions of the present Agreement and the documents concluded on its basis.

#### **Article 15**

For achieving the purposes of the present Agreement and in order to work out recommendations for the improvement of trade and economic cooperation between the two states, the Contracting Parties have agreed to establish a joint Russian-Ukrainian Commission.

#### **Article 16**

The Protocol on the Exclusion from the Regime of Free Trade shall be an inseparable part of the present Agreement.

#### **Article 17**

The present Agreement shall come into force after the exchange of notifications about the Contracting Parties' performance of the inter-state procedures, and remain in force until the expiry of twelve months from the date when one of the Contracting Parties forwards a written notification to the other Contracting Party about the intention to terminate the effect of the Agreement.

Made at the city of Kyiv on June 24, 1993 in two valid copies, each in the Ukrainian and Russian languages, both texts being of equal force.

**On behalf of the Government of Ukraine**

**On behalf of the Government of the Russian Federation**

**Leonid Kuchma**

**Victor Chernomyrdin**

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(signature)

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(signature)