FREE TRADE AGREEMENT
BETWEEN UKRAINE AND RUSSIAN FEDERATION

FREE TRADE AGREEMENT 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, 2992,

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.