

FREE TRADE AGREEMENT BETWEEN UKRAINE, BELARUS, KAZAKHSTAN AND RUSSIAN FEDERATION

Annex
Information on the regional trade agreement

AGREEMENT on establishing the Common Economic Zone

I. Background information on the agreement.

1.

Membership: the Republic of Belarus, the Republic of Kazakhstan, the Russian Federation, Ukraine.

DATE OF SIGNATURE: 19.09.2003.

RATIFICATION: 20.04.2004 (ratified by Ukraine with the following reservation: "Ukraine shall participate in the formation and functioning of the Common Economic Zone within the framework of the Constitution of Ukraine").

ENTRY INTO FORCE: 20.05.2004.

2. Type of agreement – free trade agreement.

3. Scope.

Covers goods, services, capital, labor, which move across customs borders of the Contracting Parties.

4. Trade Data.

COMMODITY STRUCTURE OF FOREIGN TRADE WITH CES MEMBERS **during January-December 2007 (ths. USD)**

(according to the State Statistics Committee of Ukraine)

	Export		Import		Balance
	Reporting period, ths. USD	In % to the same period of the previous year	Reporting period, ths. USD	In % to the same period of the previous year	
TOTAL	49248063,6	128,4	60669923,0	134,7	-11421859,4
CES COUNTRIES	15663409,9	149,2	19874216,8	134,0	-4210806,9
BELARUS	1561387,0	127,7	1444792,4	115,1	116594,6
KAZAKHSTAN	1433699,0	173,5	1591828,9	164,8	-158129,9
THE RUSSIAN FEDERATION	12668323,9	146,4	16837595,5	122,1	-4169271,6

II. Trade provisions.

1. Import restrictions.

1.1. Duties and charges.

Import tariff restrictions shall not be applied.

1.2. Quantitative restrictions.

The Parties shall eliminate import restrictions based on the common policy in the area of tariff and non-tariff regulation.

1.3. Common customs tariff.

The Contracting Parties decided to create the common customs tariff based on the methodology agreed by the Parties.

2. Export restrictions.

2.1 Duties and charges.

Tariff restrictions shall not be applied in trade among the Contracting Parties.

2.2. Quantitative restrictions.

The Parties shall eliminate export restrictions based on the common policy in the area of tariff and non-tariff regulation.

3. Rules of Origin.

The Agreement covers all goods, which are located in the territory of any Contracting Party of this Agreement irrespective of their origin.

4. Standards.

4.1 Technical Barriers to Trade.

The Contracting Parties shall standardize their principles of development and application of technical regulations and standards.

4.2 Sanitary and Phytosanitary Measures.

The Contracting Parties shall standardize their principles of development and application of sanitary and phytosanitary standards.

5. Safeguards.

Mechanisms of application of special and safeguard measures in mutual trade will be substituted with common competition and subsidies rules.

6. Antidumping and Countervailing Measures.

The Contracting Parties committed themselves to not apply in mutual trade antidumping, countervailing and special safeguard measures.

Mechanisms of application of antidumping and countervailing measures in mutual trade shall be substituted with common competition and subsidies rules.

7. Subsidies and State Support.

The Agreement stipulates the need for establishing common rules in the areas of competition, natural monopolies, including ensuring non-discriminatory access and single tariff rate for services of natural monopolies, subsidization and other forms of state support.

8. Provisions concerning specific industries.

The Agreement does not contain any specific provision concerning specific industries.

9. Other provisions.

III. General provisions of the Agreement.

1. Exceptions and Reservations.

Exceptions and reservations related to security concerns as well as to other Parties are not envisaged in the Agreement.

2. Accessions.

The Agreement is open for joining by other states, which share its goals and principles, subject to conditions agreed upon by all the Contracting Parties of this Agreement.

This Agreement enters into force for an acceding state as of the date of receipt by the depositary of the last approval notification by the Contracting Parties.

3. Dispute Settlement Procedures

Disputes and misunderstandings between the Contracting Parties on the interpretation and/or application of the provisions of this Agreement shall be settled by way of consultations and negotiations.

4. Relation with Other Trade Agreements.

The Agreement does not establish any specific relation with other trade agreements.

5. Institutional Framework.

Coordination and management of the process of formation and functioning of the CEZ at the intergovernmental level shall be conducted through the Council of the Heads of States (hereafter – CHS).

The Contracting Parties' votes in the CHS shall be allocated according to the principle "one state – one vote". Decisions of the CHS shall be adopted by consensus.

The CHS shall entertain the following powers:

- to identify the perspectives of further integration within CEZ;
 - to control the implementation of the Complex of major measures on establishing the Common Economic Zone;
 - to ensure application and adherence to the basic principles and measures applied in the process of establishing CEZ.
 - to formulate trade and economic policy towards third countries;
 - to adopt decisions on the accession of new Parties to the CEZ;
 - to set targets on unification of customs and tariff and competition policy of the Contracting Parties to the CEZ and to review reports of the Commission;
 - to make other decisions on the principal issues of functioning of the CEZ;
- In order to ensure proper functioning and development of the CEZ the Commission within its competence shall:
- ensure realization of goals and tasks of the CEZ;
 - make decisions and draw conclusions on the issues related to achieving the goals and performing the tasks of the CEZ;
 - draft legislative acts, methodological materials and other documents required to achieve the goals and to perform the tasks of the CES;
 - perform other duties.

IV. Other Information

The Common Economic Zone shall be established on a step-by-step basis, taking into consideration the possibilities of multi-level and multi-speed integration.

The Contracting Parties, which have fully implemented the measures of preceding stage of the Complex of major measures on establishing the Common Economic Zone, shall move to the next stage of integration.