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

AGREEMENT
on the Establishment of the Common Economic Zone

Date of signing: September 19, 2003
Date of ratification: April 20, 2004 (with reservation)
Effective date: May 20, 2004

The Republic of Belarus, the Republic of Kazakhstan, the Russian Federation, and Ukraine, hereinafter – the Parties,

striving to promote the economic and social progress of all peoples, to raise their standards of living;

taking guidance from the desire to strengthen the economies of the peoples and ensure their harmonious development, to consistently effect economic reforms for the continued advancement of multilateral economic cooperation and intensification of integrative processes by reaching mutually beneficial agreements on the establishment of the Single Economic Space (hereinafter – SES);

recognizing the right of the Parties to determine their participation in the process of establishing the SES, with allowance for their readiness for the continued intensification of the integrative processes;

confirming the friendly relations that bind the states and peoples, desiring to ensure their prosperity, relying on the generally recognized principles and rules of international law;

taking into consideration the Statement of the Presidents of the Republic of Belarus, the Republic of Kazakhstan, the Russian Federation, and Ukraine of February 23, 2003,

have agreed as follows:

Article 1

In order to create conditions for the stable and efficient development of the Parties' economies and raise the standards of living of the population, the Parties are launching the process of establishing the SES.

By the Single Economic Space the Parties mean an economic environment that unites the customs territories of the Parties, in which operate the mechanisms of regulating the economies on the basis of uniform principles ensuring the free movement of goods, services, capital and labor, and in which is pursued a single foreign trade, tax, monetary and financial policy conciliated in the degree and in the scope that is necessary to ensure equal competition and to sustain macroeconomic stability.

The Parties shall strive to facilitate:

- the development of trade and investment between the Parties, which would ensure the sustained development of the Parties' economies on the basis of generally recognized principles and rules of international law as well as the rules and principles of the WTO;

- the strengthening of the unity and development of economic potentials, as well as raising the competitiveness of the Parties' economies on foreign markets.

Article 2

The Parties shall deal with the stage-by-stage tasks of deepening integration by meeting their undertaken commitments and actually achieving the objectives of:

- establishing a free trade area without exclusions and restrictions, which in mutual trade provides for the nonuse of antidumping, compensating and special protective measures on the basis of pursuing a uniform policy in tariff and nontarrif regulation, uniform rules of competition, application of subsidies and other forms of state support;

- unifying the principles of the design and application of technical regulations and standards, sanitary and phytosanitary rules;

- harmonizing macroeconomic policy;

- creating conditions for the free movement of goods, services, capital and labor;

- harmonizing the Parties' legislations to the extent that is necessary for the operation of the SES, of trade and competition policy included;

- designing uniform principles for regulating the activity of natural monopolies (in rail transport, telecommunication mains, transportation of electricity, oil, gas and other areas), uniform competition policy and assurance of nondiscriminatory access to and equal level of tariffs for services provided by natural monopolies.

Article 3

In compliance with the purposes and objectives referred to in articles 1 and 2 of the present Agreement, the Parties shall take the measures provided for by the Concept on the establishment of the Single Economic Space, which is attached to the present Agreement and is its inseparable part.

In order to implement the present Agreement, the Parties shall design the Main Action Plan for the establishment of the Single Economic Space

Article 4

Corresponding bodies whose structure is formed with allowance for the level of integration shall coordinate the processes of the establishment and operation of the SES.

The SES bodies shall be created on the basis of combining inter-state elements and principles of delegating a part of the Parties' powers to a single regulating body with the gradual enhancement of the latter's importance.

The Council of the Heads of States (hereinafter – CHS) shall ensure the coordination and management of the establishment and operation of the SES.

The number of votes of each member-state in the CHS shall be distributed by the principle of "one state – one vote." The CHS decisions shall be made by consensus.

The Parties shall set up a single SES regulatory body, to which they shall delegate a part of their powers on the basis of international agreements. Its decisions shall be binding for execution by all the Parties.