

FREE TRADE AGREEMENT BETWEEN UKRAINE AND KAZAKHSTAN

Annex Information on the regional trade agreement

FREE TRADE AGREEMENT Between the Government of Ukraine and the Government of Kazakhstan

I. Background information on the Agreement.

1. Membership: Ukraine, the Republic of Kazakhstan.

DATE OF SIGNATURE: September 17, 1994.

RATIFICATION: October 2, 1998.

ENTRY INTO FORCE: October 19, 1998.

2. Type of Agreement – free trade agreement.

3. Scope.

The Agreement covers goods:

- a) wholly produced in the territories of the Contracting Parties or;
- b) which have undergone transformation in the territories of the Contracting Parties using raw materials, products and components originating from the territories of the third parties and as a result changed its tariff classification within the Harmonized Commodity Description and Coding System at least at four-digit level;
- c) manufactured with the use of raw materials, products and components mentioned in paragraph “b”.

Goods exempted from free trade when imported from Ukraine to the Republic of Kazakhstan.

Product description	HS 1993 Code
Alcoholic and non-alcoholic beverages	chapter 22. (except for 22.01, 22.02 and 22.09)
Tobacco and manufactured tobacco substitutes	chapter 24.

Goods exempted from free trade when imported to Ukraine from the Republic of Kazakhstan.

Product description	HS 1993 Code
Live bovine animals	01.02.90100
(live bovine animals youngsters)	
Heifers, cows, bulls, buffalos and others	01.02.90310 - 01.02.90900
Live sheep	01.04.10
Hides and skins:	

of bovine animals	41.01
of sheep or lambs	41.02
of swine only	41.03.90000

Goods exempted from free trade between the Contracting Parties shall be accorded the most favored nation treatment with respect to:

- customs duties and charges imposed on or in connection with importation of goods exempted from free trade, including methods of levying such duties and charges;
- regulations on customs formalities related to transit, transportation, storage, transshipment and other similar services;
- methods of payments and remittances;
- import licensing;
- rules relating to selling, purchasing, transportation, distribution and use of goods in the domestic market.

4. Trade data.

COMMODITY STRUCTURE OF EXPORT from Ukraine to Kazakhstan during January-December 2007-2006

(according to the State Statistics Committee of Ukraine)

(ths. USD)

(according to the State Statistics Committee of Ukraine)				(uns. USD)		
HS Code	Product description	12 months	12 months	Share in %	2007/ 2006	
		2006	2007		+,-	%
	Total	828009	1433698	100,0	605689	173,2
	Agricultural products	150091	234813	16,4	84722	156,4
	<i>including:</i>					
4	Milk and milk products, birds' eggs	29059	56987	4,0	27928	196,1
15	Animal or vegetable fats and oils and their fractions	9538	23725	1,7	14187	248,7
17	Sugar and sugar confectionary	29166	31402	2,2	2236	107,7
18	Cocoa and cocoa preparations	30925	44584	3,1	13659	144,2
19	Preparations of cereals, flour, starch or milk	25568	33859	2,4	8291	132,4
21	Miscellaneous edible preparations	3659	2615	0,2	-1044	71,5
22	Beverages, spirits and vinegar	7139	8053	0,6	914	112,8
25-26	Mineral products	11265	18084	1,3	6819	160,5
	<i>including:</i>					
25	Salt, sulphur, earths and stone, plastering materials, lime and cement	2734	1753	0,1	-981	64,1
26	Ores, slag and ash	8531	16331	1,1	7800	191,4
28-40	Products of chemical or allied industries	65186	102341	7,1	37155	157,0
	<i>including:</i>					
30	Pharmaceutical products	12392	10491	0,7	-1900	84,7
34	Soap, organic surface-active agents, washing preparations	6175	7198	0,5	1023	116,6
38	Miscellaneous chemical products	8175	15212	1,1	7037	186,1
40	Rubber and articles thereof	17711	25339	1,8	7628	143,1
44-49	Wood and articles of wood	40462	48977	3,4	8515	121,0
	<i>including:</i>					
44	Wood and articles of wood, wood	4133	7442	0,5	3309	180,1

	charcoal					
48	Paper and paperboard; articles of paper pulp, of paper or of paperboard	34014	40978	2,9	6965	120,5
72-81	Base metals and articles of base metal	220046	471375	32,9	251329	214,2
	<i>including:</i>					
72	Iron and steel	73154	246752	17,2	173597	337,3
73	Articles of iron and steel	142503	216462	15,1	73959	151,9
76	Aluminium and articles thereof	3927	6817	0,5	2890	173,6
84-91	Products of machinery-producing industry	296632	446264	31,1	149632	150,4
	<i>including:</i>					
84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	101411	157642	11,0	56231	155,4
85	Electrical machinery and equipment and parts thereof	76519	146010	10,2	69491	190,8
86	Railway or tramway locomotives; rolling stock and parts thereof	93044	99000	6,9	5956	106,4
87	Vehicles other than railway or tramway rolling-stock, and parts and accessories thereof	17881	36366	2,5	18485	203,4
27-27	Energy products	4120	6758	0,5	2638	164,0
27	Mineral fuels, mineral oils and products of their distillation	4120	6758	0,5	2638	164,0
41-43 50-67	Softgoods	7239	9231	0,6	1992	127,5
68-70	Articles of stone, plaster, cement, asbestos, mica or similar materials	12213	26847	1,9	14634	219,8
70	Glass and glassware	1629	3338	0,2	1709	204,9
90-91	Instruments and apparatus	3281	13931	1,0	10650	424,6
	Other industrial goods	12086	25580	1,8	13494	211,6
	Miscellaneous	5388	29497	2,1	24109	547,5

**COMMODITY STRUCTURE OF IMPORT
from the Republic of Kazakhstan to Ukraine
during January-December 2007-2006.**

(according to the State Statistics Committee of Ukraine)

(ths. USD)

HS Code	Product description	12 months	12 months	Share in %	2007 to 2006	
		2006	2007		+, -	%
	Total	965678	1591829	100	626151	164,8
02-24	Agricultural products	19279	6381	0,4	-12898	33,1
	<i>including:</i>					
17	Sugars and sugar confectionary	14285	751	0,0	-13533	5,3
23	Residues and waste from the food industries	353	650	0,0	297	184,2
25-26	Mineral products and ores	28425	23752	1,5	-4673	83,6
	<i>including:</i>					
25	Salt, sulphur, earths and stone, plastering materials, lime and cement	25425	22789	1,4	-2636	89,6
26	Ores, slag and ash	3000	963	0,1	-2037	32,1

27	Energy products	713045	1301954	81,8	588909	182,6
	<i>including:</i>					
27	Mineral fuels, mineral oils and products of their distillation	713045	1301954	81,8	588909	182,6
28-40	Products of chemical or allied industries	5196	12883	0,8	7687	247,9
	<i>including:</i>					
28	Inorganic chemicals	4194	4937	0,3	743	117,7
30	Pharmaceutical products	472	1432	0,1	959	303,2
38	Miscellaneous chemical products	246	1417	0,1	1171	575,7
39	Plastics and articles thereof	69	227	0,0	159	331,5
40	Rubber and articles thereof	105	2399	0,2	2294	2285,1
68-70	Articles of stone, plaster, cement, asbestos, mica or similar materials	820	771	0,0	-49	94,0
	<i>including:</i>					
69	Ceramic products	461	308	0,0	-154	66,7
72-81	Base metals and articles of base metal	175212	226842	14,3	51630	129,5
	<i>including:</i>					
72	Iron and steel	68790	151654	9,5	82864	220,5
78	Lead and articles thereof	7391	12629	0,8	5238	170,9
79	Zinc and articles thereof	98707	61356	3,9	-37351	62,2
83-89	Products of machinery-producing industry	17704	11512	0,7	-6192	65,0
	<i>including:</i>					
84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	4452	9951	0,6	5499	223,5
88	Aircraft, spacecraft, and parts thereof	11988	0	0,0	-11988	0,0
44-49	Wood and articles of wood	579	490	0,0	-89	84,6
50-67	Softgoods	4366	4914	0,3	548	112,6
90-91	Instruments and apparatus	376	363	0,0	-13	96,5
	Other industrial goods	676	1954	0,1	1278	0,0
	Miscellaneous	0	13	0,0	13	0,0

II. Trade provisions.

1. Import restrictions.

1.1. Duties and charges.

The Contracting Parties shall not apply customs duties, taxes and charges, which have an equivalent effect, with respect to importation of goods, originating from the customs territory of one Party and destined for the customs territory of the other Contracting Party.

1.2. Quantitative restrictions.

Under this Agreement in mutual trade the Contracting Parties will refrain from applying discriminatory measures or introducing quantitative restrictions or measures, equivalent to them, with respect to importation of goods.

1.3. Common customs tariff.

Introduction of the common customs tariff is not envisaged.

2. Export restrictions.

2.1 Duties and charges.

The Contracting Parties shall not apply customs duties, taxes and charges, which have an equivalent effect, with respect to exportation of goods originating from the customs territory of one Contracting Party and destined for the customs territory of the other Contracting Party.

2.2. Quantitative restrictions.

Under this Agreement in mutual trade the Contracting Parties will refrain from applying discriminatory measures or introducing quantitative restrictions or measures, equivalent with them, with respect to exportation of goods.

The Contracting Parties may unilaterally apply quantitative or other special restrictions, but only in reasonable limits and strictly for a definite period of time.

Such restrictions shall be of exceptional nature and shall be applied in accordance with provisions of the WTO Agreements.

3. Rules of Origin.

Goods originating from the customs territories of the Contracting Parties shall be goods determined by Regulations on Establishing a Country of Origin of 30 November, 2000 approved by Decision of the Governments Heads' Council of the Commonwealth of Independent States.

4. Standards.

The Agreement does not contain any specific provisions concerning standards.

5. Safeguards.

The Agreement shall not deprive the Contracting Parties of the right to take measures generally accepted in the international practice, which are considered by the Contracting Parties necessary for the implementation of international agreements of which they are signatories or intend to become signatories, and these measures concern:

- protection of public moral and order;
- protection of life and health of people;
- protection of life and health of animals and plants;
- protection of environment;
- protection of national treasures of artistic, archaeological and historical value;
- protection of industrial and intellectual property;
- trade in gold, silver or other precious metals and stones;
- conservation of exhaustible natural resources;
- restrictions on exports of domestic goods when the domestic price of such goods is held below the world price as part of a government stabilization plan;
- deficit of balance of payments.

6. Antidumping and Countervailing Measures.

The Agreement does not contain any specific provisions concerning anti-dumping and countervailing measures.

7. Subsidies and State Support.

The Agreement does not contain any specific provision concerning subsidies and state support as well as concerning countervailing measures.

8. Provisions concerning specific industries.

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

9. Other provisions.

The Contracting Parties shall exchange, on a regular basis, information concerning customs issues, including available customs statistics, which belongs to the subject of this agreement. Authorized bodies of the Contracting Parties shall work out the procedure for such exchange.

III. General provisions of the Agreement.

1. Exceptions and Reservations.

The Contracting Parties may introduce any state regulation measures, deemed relevant if they relate to:

- protection of its national security interests, including prevention of disclosure of confidential information, which constitutes a state secret;
- traffic in arms, military equipment, ammunition, supply of military services, transfer of technology and supply of services for manufacturing of weapons and military equipment as well as for other military purposes;
- supply of fissionable materials and sources of radioactive materials, utilization of nuclear waste;
- actions taken in time of war or other emergency in international relations;
- actions taken in pursuance of its obligations under the United Nations Charter for the maintenance of international peace and security.

2. Accession.

There is no provision in the Agreement allowing other countries to join it as this is a bilateral agreement.

3. Dispute Settlement Procedures.

Disputes between the Contracting Parties on the interpretation or application of the provisions of this Agreement shall be resolved through negotiations.

4. Relation with Other Trade Agreements.

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

5. Institutional Framework.

To implement the objectives of this Agreement and to work out recommendations on improving trade and economic cooperation between the two countries, the Contracting Parties agreed to establish the bilateral Commission.

According the Regulation on the Joint Ukrainian-Kazakh Commission on Economic Cooperation of July 9, 1996, the Commission's major functions are the following:

- to give consideration to issues and to elaborate major activities aimed at promoting bilateral trade and economic, scientific and technical cooperation between the states, which emanate from international treaties (agreements, minutes, communiqué, and other arrangements);
- to examine major areas of economic cooperation between the two states based on their interests and potential, first of all through the use of market mechanisms;
- to promote search and development of perspective areas of economic cooperation, including foreign capital and technology attraction, to create financial industrial groups, joint ventures with foreign equity and cooperative business;
- to formulate proposals aimed at widening and deepening trade and economic and science and technical cooperation in areas, which are of mutual interest to the Contracting Parties, as well as aimed at increasing foreign trade turnover in the process of liberalizing trade relations;
- to coordinate the work of ministries, administrations, organizations and companies of various ownership forms in the areas of trade and economic and science and technical

cooperation, as well as their involvement in the activities of the working bodies of the Commission (sub commissions, expert groups);

- to formulate general approaches on the issues of trade and economic, science and technical, cultural and social cooperation in the framework of the Commonwealth of Independent States;

- to establish and to develop contacts between the two national parts of the Commission, to facilitate immediate resolution of economic cooperation issues.

National part of the Commission functions under the auspices of the Governments of the relevant Contracting Parties.

National part of the Commission comprises Head, Deputy Head, Secretary and other members of the Commission. They shall be appointed according to the procedure set in each country.

IV. Other Information.

In accordance with the national legislation in place the Contracting Parties shall consider incompatible with the purposes of this Agreement any unfair business practices, in particular, but not exclusively the following methods thereof:

- agreements between enterprises, associations of enterprises, aimed at hindering or limiting competition or disrupting the competitive environment in the territories of the Contracting Parties;

- actions by means of which one or a few enterprises use their dominant position, limiting competition within the entire territory of the Contracting Parties or a significant part thereof.

In accordance with the national legislation in place each Contracting Party shall provide free transit via its territory of 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 a third country.