

# FREE TRADE AGREEMENT BETWEEN UKRAINE AND THE REPUBLIC OF MACEDONIA

## Annex Information concerning a regional trade arrangement

### **THE FREE TRADE AGREEMENT between Ukraine and Republic of Macedonia**

#### **I. General information on the agreement**

1. Parties to the agreement: Ukraine, Republic of Macedonia

DATE OF SIGNING: 18.01.2001

DATE OF RATIFICATION: 05.07.2001

2. Type of the agreement – free trade agreement.

3. Scope of the agreement

The agreement applies to:

- industrial goods originating in one the Contracting Parties. For purposes of this Agreement, the term "industrial goods" applies to goods that fall under sections 25 to 97 of the Harmonized system for product description and codification except for products listed in Annex I.

- agricultural products the countries of origin of which are the Contracting Parties. The term "agricultural products" applies to products that fall under sections 1 to 24 of the Harmonized system for product description and codification, as well as products listed in Annex № 1 to the Agreement.

The purpose of the Agreement is to gradually set up a free trade zone for the transition period that is to last no longer than 10 years as of the moment of the enactment of this Agreement,

4. Information concerning trade

Indicators concerning bilateral trade in goods between  
Ukraine and Republic of Macedonia  
(according to the State statistics committee of Ukraine, thous. USD)

Yeas	2001	2002	%	2003	%	2004	%	2005	%	2006	%	2007	%
<b>Turnover</b>	43121	20382	<b>-53</b>	44273	<b>117,2</b>	52612,2	<b>18,8</b>	38491	<b>-26,8</b>	74377	<b>93,2</b>	105430	<b>41,7</b>
<b>Export</b>	41801	19847	<b>-53</b>	42732	<b>115,3</b>	50240,8	<b>17,6</b>	35925	<b>-28,4</b>	69501	<b>93,4</b>	97102	<b>39,7</b>
<b>Import</b>	1319	535	<b>-59</b>	42732	<b>187,9</b>	2371,3	<b>49,9</b>	2566	<b>8,2</b>	4876	<b>90</b>	8328	<b>70,7</b>
<b>Balance</b>	40482	19312		41192		47869,5		33359		64625		88774	

Leading product groups – Ukraine's exports to Macedonia over 9 months in 2006-2007.  
(according to the State statistics committee of Ukraine, thous. USD)

ct sub- group	Product sub-group	Export		
		2006	2007	Dynamics

		Total	Relative share, %	Total	Relative share, %	Total	Growth, fall, %
	<b>Total</b>	<b>47038</b>	<b>100,0</b>	<b>67751</b>	<b>100,0</b>	<b>20713</b>	<b>44,0</b>
7207	Semi-finished products of iron or non-alloy steel:	16582	35,3	15694	23,2	-888	-5,4
7208	Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, hot rolled, not clad, plated or coated	6140	13,1	11739	17,3	5599	91,2
4101	Raw hides and skins of bovine or equine animals	6750	14,4	7616	11,2	866	12,8
7213	Bars and rods, hot-rolled, in irregularly wound coils, of iron or non-alloy steel:	1195	2,5	6979	10,3	5784	484,0
7209	Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, cold-rolled (cold-reduced), not clad, plated or coated	380	0,8	5439	8,0	5059	1331,3
7214	Other bars and rods of iron and non-alloy steel, not further worked than forged, hot rolled, hot drawn or hot extruded, but including those twisted after rolling	7440	15,8	3708	5,5	-3732	-50,2

Leading product groups – Ukraine's imports from Macedonia over 9 months in 2006-2007.  
(according to the State statistics committee of Ukraine, thous. USD)

Product sub-group code	Product sub-group	Import					
		2006		2007		Dynamics	
		Total	Relative share, %	Total	Relative share, %	Total	Growth, fall, %
	<b>Total</b>	<b>3076</b>	<b>100,0</b>	<b>6761</b>	<b>100,0</b>	<b>3685</b>	<b>119,8</b>
2401	Unmanufactured tobacco; tobacco refuse	2319	75,4	5521	81,7	3202	138,1
8434	Milking machines and dairy machinery	0		266	3,9	266	
8536	'Electrical apparatus for switching or protecting electrical circuits, or for making connections to or in electrical circuits	143	4,6	222	3,3	79	55,2
8544	Insulated (including enamelled or anodised) wire, cable (including co-axial cable) and other insulated electric conductors	28	0,9	120	1,8	92	328,6
6302	Bed linen, table linen, toilet linen and kitchen linen	82	2,7	112	1,7	30	36,6
2204	Wine of fresh grapes, including fortified wines; grape must	5	0,2	96	1,4	91	1820,0
3824	Prepared binders for foundry moulds or cores; chemical products and preparations of the chemical or allied industries	23	0,7	83	1,2	60	260,9
6807	Articles of asphalt or of similar material (for example, petroleum bitumen or coal tar pitch)	49	1,6	66	1,0	17	34,7

Contrary to the expectations, the enactment of the Agreement did not increase the bilateral trade turnover, and the rates of growth of the total trade turnover in 2002-2007 were lower than those of the trade between Ukraine and other Balkan countries

## II. Trade provisions

### 1. Limitations on imports

#### Industrial products:

Under commercial trade transactions within the scope of this Agreement, products imported to Republic of Macedonia shall be subject to customs tariffs of Republic of Macedonia. Products imported to Ukraine shall be subject to the customs tariffs of Ukraine.

For every product, the basic customs duty rate, which under this Agreement is subject to gradual rate reduction, shall be the most favorable nation customs duty rate applied in the Contracting Parties on 1 January 2001.

If after this date the reduced customs duty rate is applied erga omnes, in particular, the reduced customs duty rate resulting from the tariff agreements made in conformity with the Uruguay Round GATT 1994 and Marrakech agreement establishing the World Trade Organization, the basic customs duty specified in paragraph 2 shall be replaced by this reduced customs duty as of the date of introduction of the reduced tariff rate.

#### 1.1. Customs duties and fees

Neither new customs duties for imports, nor fees having equivalent effect shall be introduced in the trade between the Contracting Parties.

As of the date of enactment of this agreement, the Contracting Parties shall eliminate all import duties and any fees having equivalent effect, imposed on goods originating in Ukraine or Macedonia, except goods specified in Protocol A.

#### In the area of agriculture

The Contracting Parties shall grant each other concessions specified in Protocol B, which has annexes listing tariff quotas for particular categories of agricultural products. Products not listed in the annexes to this Protocol shall be subject to the customs duty rates predominantly used in the country at the time of actual importation of the products. The customs duty rates, which are specified in this Protocol, include ad valorem and specific customs, as well as special charges for goods.

#### 1.2. Quantitative limitations

Neither new quantitative limitations on imports or exports, nor new measures having equivalent effect shall be introduced in the trade between Republic of Macedonia and Ukraine.

All quantitative limitations on imports or exports of the Contracting Parties, as well as measures having equivalent effect, shall be eliminated as of the date of enactment of this Agreement in accordance with Article 38, except for limitations which are necessary for purposes of fulfilling the obligations under international agreements of the Contracting Parties.

### 1.3. Common external tariff

Establishment of the common external tariff is not provided for under this Agreement.

## 2. Limitation on exports

### 2.1 Customs duties and fees

Neither new customs duties on exports, nor fees having equivalent effect, shall be introduced in the trade between the Contracting Parties.

At the time of enactment of this Agreement in accordance with Article 38, the Contracting Parties shall eliminate the customs duties on exports and fees having an equivalent effect in their bilateral trade.

## 3. Rules of origin

Protocol C of this Agreement sets forth the rules of origin and related methods of administrative cooperation.

The Contracting Parties shall take equivalent measures, including regular reviews in the Joint Committee and arrangements concerning administrative cooperation to ensure effective and coordinated implementation of provisions of Protocol 2 and Articles 3 - 8, 12, 15 and 17 of this Agreement, to reduce to the extent possible the trade-related formalities and to achieve mutually acceptable decisions on any disputable issues that may arise in the course of application of these provisions.

## 4. Standards

### 4.1 Technical barriers to trade

#### For industrial goods:

The Contracting Parties shall cooperate and share information in the area of standardization, metrology, conformity assessment and accreditation with a view to eliminating technical barriers to trade and unifying domestic procedures in accordance with the WTO rules concerning technical barriers in the course of trade transactions.

2. A Contracting Party, at the request of another Contracting Party, shall provide information concerning a particular case relating to standards, technical rules or similar measures.

3. The Contracting Parties shall, where practicable, conduct talks with a view to making agreements on mutual recognition of conformity assessment, in line with recommendations of the world Trade Organization on issues concerning technical barriers to trade, in the course of trading transactions.

### 4.2 Sanitary and phytosanitary measures

#### For agricultural products:

The Contracting Parties shall apply national veterinary, sanitary and phytosanitary rules on a non-discriminatory basis and shall not implement any new measures causing unreasonable disruptions to trade.

Veterinary, sanitary and phytosanitary measures shall apply under international conventions in which the Contracting Parties participate.

## 5. Safeguard measures

In instances where goods are imported from any of the Contracting Parties in quantities so large and under such conditions that they cause or may cause:

a) significant losses to national producers of the same or like products in the territory of the importing Contracting Party, or

b) significant disruptions in the operation of relevant sectors of the economy, or difficulties that may cause serious deterioration of the economic situation in the region of the Contracting Parties,

the Contracting Party in question may apply necessary measures in accordance with conditions and the procedure specified in Article 22.

#### 6. Anti-dumping and countervailing measures

Neither provision of this Agreement can be interpreted as impeding or otherwise affecting the implementation by the Contracting Parties of anti-dumping or countervailing measures in accordance with Article VI of the General agreement on tariffs and trade (GATT) 1994, Agreement on implementation of Article VI of the General agreement on tariffs and trade (GATT) 1994 and the Agreement on subsidies and countervailing measures.

#### 7. Subsidies and state aid

1. The following principles are incompatible with proper operation of this Agreement, if they can affect trade between the Contracting Parties:

a) any agreements between the enterprises, decisions of associations of enterprises and concerted actions of enterprises, which are aimed at obstructing, limiting or distorting competition;

b) abuse, by one or several enterprises, of a dominant position in the entire territory of the Contracting Parties or in the particular part of it;

c) any state aid that distorts or may distort competition by providing more favorable conditions for particular enterprises or goods.

2. If a Contracting Party believes that a particular activity is incompatible with the principles of paragraphs 1(a), (b) of this Article, and in the event that such an activity seriously impairs or may impair interests of this Party or materially damage the national industry, then the Contracting Party in question may take relevant measures under conditions and in accordance with the procedure set forth in Article 22.

3. Provisions of paragraph 1(c) shall not apply to products specified in Section II.

4. The Joint Committee shall be required to develop, within 3 years following the enactment of this Agreement, the criteria on the basis of which the types of activities falling under the definition of paragraph 1(c) will be established, as well as the rules for application of such criteria.

5. The Contracting Parties shall ensure transparency of state aid provided to enterprises, in particular by annually reporting to the Joint Committee on the total amount and allocation of the state aid, and providing, upon request, information on the plan for provision of the state aid in particular cases.

6. If a Contracting Party finds that a particular activity:

- is inconsistent with the definition provided in paragraph 1(b) and is inadequately applied under rules of paragraph 4, or

- in the absence of the rules provided for under paragraph 4, it seriously damages or may damage the interests of a Contracting Party, or may materially damage its national industry, that Contracting Party may take necessary measures under conditions of and provisions set forth in Article 22.

Such measures may be only taken in accordance with provisions and conditions of the General agreement on trade and tariffs (GATT 1994) and Marrakech agreement establishing the WTO, or in accordance with any other instruments used under agreements made by the Contracting Parties under the auspices of the WTO.

#### 8. Provisions applicable to specific sectors

##### In the area of agriculture

The Contracting Parties shall grant each other concessions specified in Protocol B, which has annexes listing tariff quotas for particular categories of agricultural products

### **III. General provisions of the Agreement**

#### 1. Exceptions and exclusions

1. Either of the Contracting Parties may take emergency measures in the form of increased customs duties for a limited period.

2. Such measures may apply only to new industry sectors or to specific sectors, which are in the process of restructuring or have serious difficulties, particularly where such difficulties are causing significant social problems.

3. The customs duties applied by a Contracting Party to imported products originating in the other Contracting Party, and established under such measures, shall not exceed 25 % of the value of the products; in such cases certain preferences shall be preserved for products originating in the other Contracting Party. The total volume of imports subject to such measures may not exceed 15 % of the total volume of imports of industrial products of other Contracting Party, under Article 4, during the last year for which statistical data are available.

#### 2. Accession to the agreement

Not envisaged.

#### 3. Dispute settlement procedures

Disputes shall be settled by the Joint Committee for implementation of the Agreement.

#### 4. Relation to other trade agreements

This Agreement does not affect other agreements earlier concluded by the Contracting Parties with the third countries.

#### 5. Institutional framework

The Joint Committee for implementation of this Agreement was set up at the founding meeting in September 2007.

#### **IV. Other information**

This agreement is concluded for an indefinite period.