

# 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)

| HS Code      | Product description  | 12 months     | 12 months      | Share in %   | 2007/ 2006    |              |
|--------------|--|---------------|----------------|--------------|---------------|--------------|
|              |  | 2006          | 2007           |              | +,-           | %            |
| <b>Total</b> |  | <b>828009</b> | <b>1433698</b> | <b>100,0</b> | <b>605689</b> | <b>173,2</b> |
|              | <b>Agricultural products</b>   | <b>150091</b> | <b>234813</b>  | <b>16,4</b>  | <b>84722</b>  | <b>156,4</b> |
|              | <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        | <b>Mineral products</b>  | <b>11265</b>  | <b>18084</b>   | <b>1,3</b>   | <b>6819</b>   | <b>160,5</b> |
|              | <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        | <b>Products of chemical or allied industries</b>                       | <b>65186</b>  | <b>102341</b>  | <b>7,1</b>   | <b>37155</b>  | <b>157,0</b> |
|              | <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        | <b>Wood and articles of wood</b>                                       | <b>40462</b>  | <b>48977</b>   | <b>3,4</b>   | <b>8515</b>   | <b>121,0</b> |
|              | <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          | <b>Base metals and articles of base metal</b>   | <b>220046</b> | <b>471375</b> | <b>32,9</b> | <b>251329</b> | <b>214,2</b> |
|                | <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          | <b>Products of machinery-producing industry</b>   | <b>296632</b> | <b>446264</b> | <b>31,1</b> | <b>149632</b> | <b>150,4</b> |
|                | <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          | <b>Energy products</b>  | <b>4120</b>   | <b>6758</b>   | <b>0,5</b>  | <b>2638</b>   | <b>164,0</b> |
| 27             | Mineral fuels, mineral oils and products of their distillation                          | 4120          | 6758          | 0,5         | 2638          | 164,0        |
| 41-43<br>50-67 | <b>Softgoods</b>  | <b>7239</b>   | <b>9231</b>   | <b>0,6</b>  | <b>1992</b>   | <b>127,5</b> |
| 68-70          | <b>Articles of stone, plaster, cement, asbestos, mica or similar materials</b>          | <b>12213</b>  | <b>26847</b>  | <b>1,9</b>  | <b>14634</b>  | <b>219,8</b> |
| 70             | Glass and glassware   | 1629          | 3338          | 0,2         | 1709          | 204,9        |
| 90-91          | <b>Instruments and apparatus</b>  | <b>3281</b>   | <b>13931</b>  | <b>1,0</b>  | <b>10650</b>  | <b>424,6</b> |
|                | <b>Other industrial goods</b>   | <b>12086</b>  | <b>25580</b>  | <b>1,8</b>  | <b>13494</b>  | <b>211,6</b> |
|                | <b>Miscellaneous</b>  | <b>5388</b>   | <b>29497</b>  | <b>2,1</b>  | <b>24109</b>  | <b>547,5</b> |

**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           |            | +,-           | %            |
|         | <b>Total</b>   | <b>965678</b> | <b>1591829</b> | <b>100</b> | <b>626151</b> | <b>164,8</b> |
| 02-24   | <b>Agricultural products</b>   | <b>19279</b>  | <b>6381</b>    | <b>0,4</b> | <b>-12898</b> | <b>33,1</b>  |
|         | <i>including:</i>  |               |                |            |               |              |
| 17      | Sugars and sugar confectionary Residues and waste from the food industries | 14285         | 751            | 0,0        | -13533        | 5,3          |
| 23      |  | 353           | 650            | 0,0        | 297           | 184,2        |
| 25-26   | <b>Mineral products and ores</b>   | <b>28425</b>  | <b>23752</b>   | <b>1,5</b> | <b>-4673</b>  | <b>83,6</b>  |
|         | <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    | <b>Energy products</b>   | <b>713045</b> | <b>1301954</b> | <b>81,8</b> | <b>588909</b> | <b>182,6</b> |
|       | <i>including:</i>  |               |                |             |               |              |
| 27    | Mineral fuels, mineral oils and products of their distillation                 | 713045        | 1301954        | 81,8        | 588909        | 182,6        |
| 28-40 | <b>Products of chemical or allied industries</b>                               | <b>5196</b>   | <b>12883</b>   | <b>0,8</b>  | <b>7687</b>   | <b>247,9</b> |
|       | <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 | <b>Articles of stone, plaster, cement, asbestos, mica or similar materials</b> | <b>820</b>    | <b>771</b>     | <b>0,0</b>  | <b>-49</b>    | <b>94,0</b>  |
|       | <i>including:</i>  |               |                |             |               |              |
| 69    | Ceramic products   | 461           | 308            | 0,0         | -154          | 66,7         |
| 72-81 | <b>Base metals and articles of base metal</b>                                  | <b>175212</b> | <b>226842</b>  | <b>14,3</b> | <b>51630</b>  | <b>129,5</b> |
|       | <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 | <b>Products of machinery-producing industry</b>                                | <b>17704</b>  | <b>11512</b>   | <b>0,7</b>  | <b>-6192</b>  | <b>65,0</b>  |
|       | <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 | <b>Wood and articles of wood</b>   | <b>579</b>    | <b>490</b>     | <b>0,0</b>  | <b>-89</b>    | <b>84,6</b>  |
| 50-67 | <b>Softgoods</b>   | <b>4366</b>   | <b>4914</b>    | <b>0,3</b>  | <b>548</b>    | <b>112,6</b> |
| 90-91 | <b>Instruments and apparatus</b>   | <b>376</b>    | <b>363</b>     | <b>0,0</b>  | <b>-13</b>    | <b>96,5</b>  |
|       | <b>Other industrial goods</b>  | <b>676</b>    | <b>1954</b>    | <b>0,1</b>  | <b>1278</b>   | <b>0,0</b>   |
|       | <b>Miscellaneous</b>   | <b>0</b>      | <b>13</b>      | <b>0,0</b>  | <b>13</b>     | <b>0,0</b>   |

## 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 to 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.