

**FREE TRADE AGREEMENT BETWEEN AZERBAIJAN, ARMENIA, BELARUS,
GEORGIA, MOLDOVA, KAZAKHSTAN, THE RUSSIAN FEDERATION, UKRAINE,
UZBEKISTAN, TAJIKISTAN AND THE KYRGYZ REPUBLIC**

AGREEMENT ON THE CREATION OF A FREE-TRADE AREA

The Member States of this Agreement, hereinafter referred to as the Contracting Parties,

Confirming their adherence to free development of a mutual economic cooperation,

Introducing in practice the principles of market economy,

Acting towards the successive implementation of provisions of the Agreement on the Creation of Economic Union, as of 24 September 1993, the city of Moscow,

Forming the conditions for a free transference of goods and services,

Providing mutual trade balance and stabilization of domestic economic condition of the participating states,

Promoting the growth of economic potential of the Member States on the basis of the development of mutually beneficial cooperation relations and cooperation,

Being guided by aspiration to the regular increase of living standard of the population of their states,

Proceeding from a stage-by-stage creation of the Economic Union,

Entering into the Agreement on the Creation of a Free-trade area, further referred to as the Agreement,

Hereby agreed as follows:

Article 1

General

1. For the achievement of the objectives of this Agreement, the Contracting Parties shall provide cooperation in solving concrete tasks of the first stage of the creation of the Economic Union, directed at:

- a gradual cancellation of customs duties, taxes and levies which have equivalent effect and quantitative restrictions in mutual trade;
- elimination of other barriers to a free transfer of goods and services;
- creation and development of an effective system of mutual settlements and payments on trade and other transactions;

- coordination of trade policy with respect to the countries which are not signatories to this Agreement;
- coordination of economic policy to that extent to which this is necessary to achieve the objectives of the Agreement (in the area of industry, agriculture, transport, finance, investment, social sphere, development of fair competition, and etc.);
- promotion of cooperation of different branches, intra-branch and scientific technical cooperation:
- harmonization and/or unification of legislation of the Contracting Parties to that extent to which this is necessary for the proper and efficient functioning of a free-trade area.

2. Territory of the Agreement shall cover customs territories of the Contracting Parties.

3. If the meaning of terms is not specifically defined in the Agreement or by any other arrangement of the Contracting Parties, then in their interpretation the Contracting Parties will follow the provisions of the Vienna Convention on the Right of International Agreements of 1969.

Disagreements in connection with the interpretation of the Agreement or of its individual terms will be settled by the procedure accepted for the regulation of disputes in connection with this Agreement.

4. The Contracting Parties will refrain from actions that contradict the provisions of this Agreement and prevent from achieving its objectives. This provision concerns, in particular, terms and conditions of participation of the Contracting Parties in other regional economic groups, as well as other issues connected with the regulation of relations within the framework of the Agreement.

Article 2

Regime with respect to non-member states

The Contracting Parties shall reserve the right to a self-dependent and independent determination of a regime of foreign economic relations with the States which are not signatories to this Agreement.

Article 3

Customs duties, taxes and levies which have equivalent effect and quantitative restrictions

1. The Contracting Parties shall not apply customs duties, taxes and levies which have equivalent effect and quantitative restrictions to importation and/or exportation of goods originating in customs territory of one of the Contracting Parties and intended for customs territory of other Contracting Parties. Exceptions to this trade regime shall be formulated in the form of documents which are integral part of this Agreement.

2. In compliance with paragraph 1 of this Article the Contracting Parties will develop and coordinate within six months from the date of entry into force of this Agreement a general Schedule of exceptions to free trade regime and methods of application and of a stage-by-stage cancellation of such exceptions for a transitional period before the creation of a free-trade area.

3. Before the general Schedule of exceptions is agreed, current bilateral agreements on free trade and protocols on exceptions to this regime will be applied in relations between the Contracting Parties, unless otherwise provided by bilateral agreements.

4. The country of origin of a commodity shall be determined in compliance with the Rules of Determining a Country of Origin of Goods which are integral part of this Agreement (Annex I).

Article 4

Technical and other special requirements (restrictions)

1. For purposes of eliminating technical barriers and other restrictions of similar nature in mutual trade, the Contracting Parties will seek the harmonization of technical and other special requirements and the agreement of their policy in this area.

2. The Contracting Parties will instruct their competent bodies to develop relevant proposals for the implementation of the provisions of the first paragraph hereof on a multilateral or bilateral basis.

Article 5

Goods importation and exportation related levies and formalities

1. All levies and payments (except customs duties, taxes, and levies equivalent to them) established in mutual trade by the Contracting Parties in connection with importation or exportation of goods should not exceed within reasonable limits immediate actual costs.

2. The Contracting Parties will inform of the kinds of levies and payments and will seek an agreed reduction of their number and rates.

3. The Contracting Parties shall seek simplification and unification of administrative formalities.

4. The provisions of this Article shall apply in particular to levies and formalities relating to: quantitative restrictions; licensing; currency control; statistical accounting; documents, documentation, and certification of documents; analyses and inspection; quarantine, sanitary service, fumigation, and other.

Article 6

Unification and/or harmonization of customs procedures

1. The Contracting Parties will take measures for a maximum simplification and unification of customs formalities, in particular, by introducing single forms of customs and goods accompanying documentation, being guided by current international agreements and arrangements.

2. The Contracting Parties will instruct their competent bodies to develop proposals concerning the harmonization of customs procedures and a mutual admission of customs documents and customs sealing or fixing identification marks.

Article 7

Goods nomenclature

1. In implementing measures of tariff and non-tariff regulation, maintaining statistical accounting and exchanging statistical information, as well as for customs control and clearance, the Contracting Parties will apply Goods Nomenclatures of foreign economic activity based on the Harmonized Commodity Description and Coding System. And for their own needs the Contracting Parties shall, if necessary, carry out further development of national goods nomenclatures.

2. The Russian Federation shall carry out the maintenance of a standard copy of the Harmonized Commodity Description and Coding System through the existing representative offices in relevant international organizations, until other Contracting Parties declare their independent maintenance of the standard copy.

Article 8

Domestic taxes and other fiscal levies

1. The Contracting Parties will not directly or indirectly impose taxes and fiscal levies on goods originating in customs territory of other Contracting Parties in the amount exceeding their level for national goods.

2. The Contracting Parties will present full information on all current taxes and other fiscal levies.

Article 9

Subsidies

The Contracting Parties have agreed not to provide export and other subsidies to the enterprises located on their territories if as a result of providing such subsidies terms and conditions of fair competition are violated.

Article 10

Transit

1. The Contracting Parties agree that the observance of the principle of free transit is the most important condition for achieving the objectives of this Agreement and an essential element of the process of attaching them to the system of international division of labour and cooperation.

2. Transit transportation should not be subject to groundless delays or restrictions.

3. Conditions for transit including tariffs on transportation by any kind of transport and rendering services should not be worse than the conditions provided by the Contracting Parties for their own consignors and consignees and for their goods, as well as for carriers and vehicles for this Contracting Party, or provided to consignors, consignees, their goods, carriers and vehicles of any other foreign State, unless otherwise provided by bilateral agreements.

Article 11

Re-exportation

1. No Contracting Party will permit a non-sanctioned re-exportation of goods for export of which other Contracting Parties, on the territory of which these goods originate, shall apply measures of tariff and/or non-tariff regulation.

2. The Contracting Parties will not prevent business entities from including into contracts provisions affecting re-exportation of goods.

3. The issues concerning re-exportation of goods shall be regulated in compliance with the Agreement on Re-exportation of Goods and Procedure of Granting a Permit for Re-exportation (Annex II) which is integral part of this Agreement.

*Article 12*Production cooperation and scientific technical cooperation

The Contracting Parties will further the development of production cooperation and scientific technical cooperation on the interstate (inter-branch, regional) level and on the level of business entities, as well as by providing different forms of state support.

*Article 13*Exceptions

General Exceptions

1. This Agreement shall not hamper the right of any of the Contracting Parties to accept measures of state regulation in the area of foreign economic relations generally accepted in international practice, that it considers necessary for the protection of its vital interests or which are undoubtedly necessary for the implementation of international agreements of which it is a signatory or is intended to become a signatory, if these measures concern:

- protection of public moral and order;
- protection of life and health of people;
- protection of animals and plants;
- protection of environment;
- protection of artistic, archeological and historical values which are national treasure/property;
- protection of industrial and intellectual property;
- trade in gold, silver or other precious metals and stones;
- preservation of exhaustible natural resources;
- limitations of products export if domestic prices for them are lower than the world prices as a result of implementation of State support programmes;
- violation of balance-of-payments.

Exceptions for the reasons of safety

2. Nothing in this Agreement shall hamper the right of any of the Contracting Parties to accept any measures of state regulation that it considers necessary, if these measures concern:

- ensuring national security, including the prevention of leakage of confidential information that relates to a State's secret;
- trade in weapons, military equipment and ammunitions and rendering military services, transfer of technologies and rendering services for the production of arms and military equipment, and for other military purposes;
- delivery of fissionable materials and sources of radio-active substances, utilisation of radio-active wastes;
- measures applied in military time or under other extraordinary circumstances in international relations;
- actions for the fulfilment of obligations on the basis of the UN's Charter to preserve the international peace and safety.

*Article 14*The procedure of introducing measures of state regulation

1. The Contracting Party shall in advance notify other Contracting Parties about the reasons, nature and expected terms of introduction and validity of measures of state regulation.
2. The Contracting Parties shall conduct preliminary consultations and shall work out recommendations. In the event that it is impossible to make an agreed decision within a 6-monthly period, the Contracting Party mentioned in paragraph 1 hereof shall have the right to introduce measures of state regulation as it thinks best.
3. In specific cases which brook no delay, the Contracting Party shall have the right to introduce measures of state regulation in the area of foreign economic activity, notifying at the same time and subsequently and immediately conducting consultations with other Contracting Parties.

Article 15

Cooperation in the area of export control

The Contracting Parties shall cooperate and carry out agreed actions in the issues of export control.

Article 16

Coverage of the agreement with respect to goods

Free-Trade Area regime shall apply to goods originating in customs territory of the Contracting Parties and intended for customs territory of the Contracting Parties.

Article 17

Services

1. The Contracting Parties will, on the basis of mutuality, seek a gradual cancellation of restrictions with a view to create conditions for free rendering services within the territory of the Agreement.
2. The Contracting Parties will determine types of services which are subject to this Article and will single out priority types of services in the area of immediate service of trade turnover with respect to which the issues of liberalization of importation and exportation are to be immediately solved.
3. The Contracting Parties shall reserve the right to coordinate issues connected with rendering services both on a multilateral and bilateral basis.

Article 18

Exchange of information on legal regulation of foreign economic relations

The Contracting Parties shall, in accordance with agreed procedure, provide each other with information on domestic legal regulation of foreign economic relations.

Article 19

Procedure of dispute settlement

1. Any disputes and disagreements between the Contracting Parties concerning the interpretation and/or application of provisions of this Agreement, as well as other disputes affecting rights and

obligations of the Contracting Parties under this Agreement or in connection with it, shall be settled in the following way:

- the interested Contracting Parties conduct immediate consultations between each other or by mutual consent with the participation of representatives of other Contracting Parties;
- within the framework of a special conciliatory procedure (by creating working parties to study materials of dispute and work out recommendations);
- in the Economic Court of the CIS;
- within the framework of other procedures provided by international law.

2. Transition to the subsequent procedure is possible by mutual consent of the Contracting Parties between which disputable questions or disagreements arose, or by the order of one of them if agreement is not reached within six months from the day of the beginning of the procedure.

Article 20

Correlation of this agreement with other obligations and rights of the contracting parties

1. Nothing in this Agreement can be considered as something that prevents any of the Contracting Parties from fulfilling the taken obligations in compliance with any other international agreement of which this Contracting Party is a signatory or may be a signatory, provided these obligations do not contradict the provisions and objectives of this Agreement.

2. The provisions of this Agreement shall not affect the rights and advantages provided within the framework of a regional cooperation, frontier and coastal trade, preferences, free economic and customs areas regulated by domestic legislation or on the basis of international agreements.

3. The Contracting Party that intends to conclude preferential trade and integration agreements with Non-Member States of this Agreement shall in advance notify other Contracting Parties about this and shall inform them of expected conditions of its participation in the mentioned agreements.

4. For the purpose of this paragraph, the Contracting Parties shall be the Contracting Parties who signed this Agreement and the States that joined it.

Article 21

Transition to a customs union

A free-trade area shall be considered a transitional stage to the formation of a customs union.

A customs union can be created by the States which will express their desire to continue cooperation within its framework and will fulfill the terms and conditions of this Agreement.

Article 22

Amendments and supplements

1. This Agreement may be supplemented and amended by mutual consent of the Contracting Parties.

2. Reservations to this Agreement shall not be permitted.

Article 23

Entry into force

1. This Agreement is temporarily applied on the day it is signed and shall come into force on the date of giving a depositary a third notification on the fulfilment by the signatory Contracting Parties of all necessary interstate procedures.
2. The Republic of Belarus is the depositary of this Agreement.
3. Upon the expiration of one year from the date of signing of this Agreement, the Contracting Parties for which the Agreement has come into force may take a decision regarding the participation in the Agreement of the Contracting parties for which the Agreement is temporarily applied.

Article 24

Joining

1. This Agreement shall be open for any Member State of the Community of Independent States for joining that recognizes the provisions of the Agreement effective on the moment of joining and expresses its readiness to fulfill them in full volume.
2. The joining shall be carried out on terms and according to procedure established in a separate agreement with a joining state that is preliminarily agreed and is to be approved by all the Contracting Parties in compliance with their interstate procedures.

Article 25

Termination of participation in the agreement

1. Any Contracting Party may terminate its participation in the Agreement by sending, six months before leaving, an official written notification to other Contracting Parties concerning its intention to leave the Agreement.
2. In the event that any of the Contracting Parties violates the provisions of this Agreement that causes a serious damage for the achievement of its objectives, other Contracting Parties shall have the right to make a decision on the suspension of validity of the Agreement or of its individual provisions with respect to this Contracting Party or to make a decision on its individual provisions with respect to this Contracting Party or to make a decision on its exclusion from the number of the Agreement Members.
3. For purposes of settling possible disputes and claims, as well as those of material nature, the provisions of this Agreement continue to be effective with respect to the Contracting Party that terminated its participation up to the full regulation of all the requirements.

DONE in the city of Moscow on 15 April 1994, in one original copy, in the Russian language. The original copy is with the Archive of the Government of the Republic of Belarus that will send the Contracting Parties, signatories of this Agreement, its certified copy.