

**AGREEMENT ON FREE TRADE
BETWEEN
THE GOVERNMENT OF UKRAINE
AND THE GOVERNMENT OF THE REPUBLIC OF MOLDOVA
(hereinafter referred to as “Contracting Parties”),**

proceeding from the sovereign right of each state to pursue an independent foreign economic policy,

striving to foster trade and economic co-operation between the Republic of Moldova and Ukraine, based on equality and mutual benefit,

intending to promote harmonious development and growth of mutually advantageous trade, eliminate impediments to it,

confirming that the intentions of the Republic of Moldova and the Republic of Ukraine to become the Contracting Parties of the General Agreement on Tariffs and Trade (GATT/WTO), sharing its goals and principles and taking into account the results of agreements and arrangements reached within the Uruguay Round of multilateral negotiations,

have agreed upon the following:

Article 1

The Contracting Parties implement mutual trade of goods and services based on a Free Trade Agreement.

The provisions of this Agreement cover the goods manufactured in the Republic of Moldova and in Ukraine envisaged by the Harmonized System of Description and Codification of Goods.

Article 2

1. The Contracting Parties do not apply customs duties, taxes and fees having an equivalent effect on export and/or import of goods originating from the customs territory of one of the Contracting Parties and intended for the customs territory of the other Contracting Party.
2. To the purpose of this Agreement and for the period of its validity the following goods are considered to originate from the territory of the Contracting Parties:
 - a) produced completely on the territory of the Contracting Parties, or
 - b) processed on the territory of the Contracting Parties with raw materials, supplies and components originating from third countries and having changed their belonging by classification of the Commodities Nomenclature of the External Economic Activity (CN EEA) at least by first four digits;

- c) manufactured with raw materials, supplies and components mentioned in sub-item b) provided that their aggregated cost does not exceed the established share of the export price of the traded goods.
- 3. The detailed rules of origin of goods will be agreed upon by the Contracting Parties in a separate document, which shall become an integral part of this Agreement.
- 4. Exceptions of point 1 shall be drawn in a separate protocol which becomes an integral part of this Agreement.

Mutual trade of goods included in this Agreement shall be carried out under the most favorable treatment.

Article 3

The Contracting Parties agree that respecting the principle of non-discrimination is one of the essential conditions for successful bilateral economic relations.

The Contracting Parties shall not:

directly or indirectly tax goods of the second Contracting Party covered by this Agreement, with internal taxes and fees exceeding the relevant taxes and fees levied on domestically produced like goods or goods originating from third countries;

impose restrictions on import and export of goods covered by this Agreement, any special limitations or requirements which in a similar case are not applied to like domestically produced goods or goods originating from third countries;

bring warehousing, re-loading, storage of goods originating from the other Contracting Party, as well as payment methods and transfer of payments, under rules other than those applied to like domestically produced goods or goods originating from third countries.

Article 4

- 1. Contracting Parties shall not impose quantitative restrictions or any equivalent measures on export and/or import of goods within this Agreement, except in cases when there is a need for carrying out stabilization measures with regard to substantial shortages of food or an acute balance of payments deficit, until the situation is stabilized, or if certain commodities are imported in the territory of one of the Contracting Parties in such quantities and conditions which damage or are likely to damage the interests of domestic producers of like or competing goods.
- 2. If prohibitions or restrictions are applied, the Contracting Parties shall act in such a way as to maximally diminish the possible damage to the economic interests of the Second Contracting Party, as well as the commercial interests of its companies.
- 3. The Contracting Party introducing a prohibition or a restriction, or increasing the latter, shall immediately proceed into consultations with the other Contracting Party as regards

concrete terms for introducing prohibitions or restrictions, their reasons, as well as eventual actions for their elimination.

4. Quantitative and other restrictions may also be introduced at a mutual agreement of the Contracting Parties and be included in the Protocol, mentioned in item 4 of Article 2 of this Agreement.

Prohibitions and restrictions shall have a non-discriminatory character and not exceed the required limits by volume as well as by terms.

Article 5

All settlements and payments within the framework of trade and economic co-operation between the Republic of Moldova and Ukraine shall be performed in compliance with the payment agreement between the National Bank of the Republic of Moldova and the National Bank of Ukraine.

Article 6

The Contracting Parties shall exchange information on laws and normative acts related to external economic activity, including issues on trade, investments, taxation, banking and insurance activity and other financial services, on transportation and customs issues, including customs statistics.

The Contracting Parties shall timely inform each other about changes in national legislation which may adversely affect the implementation of this Agreement.

The authorized bodies of the Contracting Parties shall coordinate the order of information exchange.

Article 7

Contracting Parties shall strive to harmonize the rates of customs duties applied in trade with third countries and to this effect have agreed to conduct regular consultations.

Article 8

Contracting Parties consider unscrupulous business practices incompatible with the objectives of this Agreement and pledge themselves not to admit and to eliminate, particularly but not exclusively, such methods as:

agreements between enterprises, decisions taken by the associations of enterprises and general methods of business practice aimed at interference or restriction of competition or at adversely affecting the conditions for competition on the territory of the Contracting Parties;

Activities by which one or several enterprises use their dominant market position to adversely affect competition on all or substantial part of the Contracting Parties territory.

Article 9

While taking tariff and/or non-tariff measures to regulate bilateral trade and economic relations, in order to exchange statistical information, carry out customs procedures, the Contracting Parties agree to use a nine signs Commodity Nomenclature of External Economic Activity (CN FFA) based on the Harmonized System of Description and Codification of Goods and on the Combined Tariff-Statistical Nomenclature of the European Economic Community. However, for their own needs, the Contracting Parties, if deemed necessary, extend the Commodity Nomenclature beyond the nine signs.

The introduction of the standard copy of the Commodity Nomenclature shall be carried out on the mutual basis by missions to relevant international organizations.

Article 10

1. Contracting parties agree that respecting the free transit principle is one of the most important conditions of realizing the objectives of this Agreement.
2. Each Contracting Party shall ensure unimpeded transit through its territory of goods originating from the customs territory of the second Contracting Party or/and third countries and intended for the customs territory of the second Contracting Party or any other third country and shall provide the exporters, importers or forwarders all means and services available and necessary for ensuring transit on conditions no worse than those on which the same means and services are provided to the home exporters, importers or forwarders, exporters, importers or forwarders of any third state.
3. The Contracting Parties agree that tariffs for transit by any kind of transport, including tariffs on loading-unloading works shall be based on economic principles and shall not exceed normal operational expenditures, including the reasonable profit rate.
4. In case of disputes on transit issues the Contracting Parties pledge to undertake bilateral consultations aiming at the search of mutually satisfying conditions.

Article 11

Each Contracting Party shall not permit re-export of goods, export of which is tariff or non-tariff regulated by the other Contracting Party, where the goods originate.

Re-export of goods in the third countries may be carried out only at a written permission and on conditions set forth by any entitled state authority of the country - origin of goods. Re- export conditions and the checklist of such goods is drawn up in a separate protocol, becoming an inalienable part of this Agreement.

In case of violation of this provision, the interested Contracting Party, after the preliminary notification, has the right to unilaterally introduce measures on regulating export of goods on the territory of the state which permitted non-approved re-export.

Article 12

This Agreement does not impede any of the Contracting Party to take measures, universally accepted in international practice, which it deems necessary for the implementation of international agreements to which it is or intends to become a party, if these measures are related to:

- information dealing with interests of national defense;
- trade of arms, ammunition and military equipment;
- research or production concerning defense requirements;
- supply of materials and equipment used in nuclear industry;
- protection of public order and moral;
- gold, silver or other precious metals and stones;
- environmental protection and health protection of people and animals;

Article 13

In order to promote coordinated export control policies regarding third countries, the Contracting Parties shall conduct regular consultations and undertake coordinated measures aiming at the creation of an efficient system of export control.

Article 14

The provisions of this Agreement replace those of agreements previously concluded between the Contracting Parties to the extent they are not compatible with the former or if identical.

Article 15

This Agreement does not impede the Contracting Parties to establish relations that do not run counter the objectives and conditions of the former, with third parties as well as with their associations and international organizations.

Article 16

The Contracting Parties shall strive to avoid conflicts in mutual trade.

Disputes between the Contracting Parties resulting from interpretation and/or implementation of this Agreement shall be settled by means of negotiations.

The parties agree that complaints and disputes between companies of the both countries, as a result of the interpretation or implementation of contracts or transactions, if not possible to be settled in a convenient way by means of consultations and negotiations and if not otherwise stipulated, shall be an exclusive competence of the arbitration courts (permanent or “ad hoc”), created on the territories of the Contracting Parties or on the territories of third states named by the Contracting Parties which have signed the contract.

The latter may also determine the applied material law, norms and procedures, as well as the place of hearing of the case.

Each Party shall ensure efficient means for acknowledgement and performance of arbitration (court) decisions on disputes between companies of both Contracting Parties.

Article 17

Contracting Parties agreed that the Republic of Moldova may establish in Ukraine its Trade Mission and that Ukraine establishes in the Republic of Moldova its Trade Mission. The legal status of the Trade Missions, their functions, location and order of organization shall be coordinated additionally.

Article 18

The present Agreement shall enter into force by the date the Contracting Parties exchange written notification that all the necessary procedures have been carried out by both of the Contracting Parties.

The Agreement loses its validity after 12 months from the date when one of the Contracting Parties forward to the other Contracting Party a written notice about its intention to terminate the Agreement.

The provisions of this Agreement, after the expiration of its term, shall be applied to the arrangements between enterprises and organizations of both countries, concluded but not carried out during the term of their validity.

Concluded in Khishineu on August 29, 1995 in two original copies each in Moldavian, Ukrainian and Russian languages, each text having equal validity.

**For the Government
of the Republic of Moldova
Signature**

**For the government
of Ukraine
Signature**

PROTOCOL

On the Rules of Determining the Country of Origin To the Free Trade Agreement Between the Government of Ukraine and the Government of the Republic of Moldova

The Government of Ukraine and the Government of Moldova, referred to hereinafter as the Contracting Parties,

In accordance with Article 2 of the Free Trade Agreement between the Government of Ukraine and the Government of the Republic of Moldova,

Striving to assist each other in the cause of safeguarding and protection of their mutual interests in the sphere of foreign economic activity,

Have agreed upon the following:

Article 1

To determine the country of origin of goods and to implement the Agreement the Contracting Parties apply the Rules of Determining the Country of Origin of Goods, approved on September 24, 1993 and the Decision of Heads of Governments of the Commonwealth of Independent States on Amending items 9 and 10 of the Rules of Determining the Country of Origin of Goods of April 15, 1994.

Article 2

These rules on determining the Country of Origin of Goods shall be applied to goods originating in the customs territory of Ukraine or the Republic of Moldova and which are traded between the two countries in accordance with the Agreement.

Article 3

This Protocol is an inalienable part of the Free Trade Agreement between the Government of Ukraine and the Government of the Republic of Moldova.

Done at the city of Khishinev on August 29, 1995 in two valid copies, each in Ukrainian, Moldavian and Russian, both texts having equal validity.

For the Government
of Ukraine

For the Government
of the Republic of
Moldova

PROTOCOL

On Re-export of Goods and the Procedure of Granting Permission for Re-export to the Free Trade Agreement between the Government of Ukraine and the Government of the Republic of Moldova

The Government of Ukraine and the Government of the Republic of Moldova, referred to hereinafter as the Contracting Parties,

in accordance with Article 11 of the Free Trade Agreement between the Government of Ukraine and the Government of the Republic of Moldova
(referred to hereinafter as "Agreement"),

desiring to assist each other in safeguarding and protection of their mutual interests in the sphere of foreign activity,

Have agreed upon the following:

Article 1

The Contracting Parties, as regards re-export issues, shall be guided by the Agreement on Re-export of Goods and the Procedure for Granting Permission for Re-export of April 15, 1994, signed by heads of governments of the member states of the Commonwealth of Independent States.

Article 2

To grant permission for re-export and to settle other issues, related to re-export, the Ministry for Foreign Economic Relations and Trade of Ukraine on the Ukrainian Part and the Ministry of Economy of Moldova on the Moldavian Part are designated as the authorized bodies.

Article 3

The Contracting Parties exchange with lists of goods, re-export of which can be legalized only if they are encompassed with a duly legalized written permission. The lists of such goods are given in Addenda 1 and 2, that are an inalienable parts of the Protocol.

Re-export of goods not included into the lists, shall be conducted in accordance with the rules, universally accepted in international practice.

Article 4

The authorized bodies of the Contracting Parties shall regularly, should the need arise, conduct consultations aimed at settling controversial issues related to unauthorized re-export and in accordance with national legislation take decisions on measures, affecting subjects of entrepreneurial activity which conduct unauthorized re-export.

The authorized bodies shall :

- assist each other in detecting cases of unauthorized re-export;
- conduct consultations aimed at coordination of measures that are of mutual interest.

Article 5

This Protocol is an inalienable part of the Free Trade Agreement between the Government of Ukraine and the Government of Moldova.

Done at the city of Khishinev on August 29, 1995 in two copies, each in Moldavian and Russian, both texts being equally authentic.

**For the Government
Of Ukraine**

**For the Government
of the Republic
of Moldova**