

AGREEMENT
BETWEEN
UKRAINE
AND
THE REPUBLIC OF AZERBAIDJAN
ON FREE TRADE

Ukraine and the Republic of Azerbaijan (hereinafter referred to as “the Contracting Parties”),

Reaffirming their commitment to free development of mutual economic co-operation.,

Considering the integration of economic links between Ukraine and the Republic of Azerbaijan and their mutual interest in economic cooperation,

Desiring to develop trade and economic cooperation between Ukraine and the Republic of Azerbaijan on the basis of equality and mutual benefit,

Recognizing that free transit of products and services requires mutually agreed measures,

Reaffirming the intention of Ukraine and the Republic of Azerbaijan to become the Contracting Parties to the General Agreement on Tariffs and Trade (GATT), sharing the purposes and principles of GATT and considering the results of agreements and arrangements reached within the framework of the Uruguay Round of Multilateral Trade Negotiations,

Have agreed as follows:

Article 1

1. The Contracting Parties shall not levy customs duties, taxes and charges having equivalent effect on exports and/or imports of goods, originating from the customs territory of one of the Contracting Parties and intended for the customs territory of the other Contracting Party. Exceptions to this trading arrangement may be made according to an agreed commodity nomenclature, which forms an integral part of the present Agreement, if the Contracting Parties deem it necessary.

2. For the purposes of the present Agreement and for the period of its implementation the goods originating in one of the Contracting Parties mean the goods specified in the Rules of Establishing the Place of Origin of Goods of September 24, 1993, determined by the Decision of the Council of the Heads of Governments of the Commonwealth of Independent States.

Article 2

Each Contracting Party shall not :

directly or indirectly impose internal taxes and charges on goods, covered by the present Agreement exceeding the relevant taxes and fees levied on domestically produced like goods;

apply to the warehousing, shipment, storage, transportation of goods originating in the other Contracting Party, as well as to the requirements and transfer of payments, rules other than those applied in similar cases to domestically produced goods and goods originating from the third countries..

Article 3

The Contracting Parties shall refrain in their mutual trade from applying discriminatory measures, imposing quantitative restrictions or equivalent measures on exports and imports of goods under the present Agreement.

Quantitative restrictions mentioned in this Article may be imposed unilaterally and for a definite period only in case of:

- sharp deficit of this product on the domestic market, - till the state of the market becomes stable;
- sharp deficit of the balance of payments, - till the state of the balance of payments becomes stable;
- when some product is imported into the territory of either Contracting Party in such increased quantities or on such conditions which damage or cause to damage domestic producers of similar or directly competing products;
- for the purpose of taking measures as provided for in Article 4 of this Agreement.

The Contracting Party which applies quantitative restrictions in accordance with this article shall present, if possible in advance, to the other Party complete information regarding the main reasons of such imposition, the form and expected period of application of the said restrictions, which is to be followed by the consultations.

Article 4

The Contracting Parties shall agree that issues related to the re-export of products shall be regulated in accordance with the Agreement on Re-export of Products and the Procedure of Issuing Re-export Permits of April 15, 1994, concluded at the Council of the Heads of Governments of the Commonwealth of Independent States in Moscow.

Article 5

The Contracting Parties shall regularly exchange information about:

laws and other normative acts relating to economic activity, including those regarding trade, investment, taxation, banking and insurance, and other financial services, transportation and customs, including customs statistics.

The Contracting Parties shall immediately inform each other about changes in their national legislation that may affect the implementation of the present Agreement.

The authorized bodies of the Contracting Parties co-ordinate the procedures for the exchange of such information.

The authorized bodies of the Parties shall agree on the procedure of exchange of such information.

Article 6

The Contracting Parties recognise unfair business practices to be incompatible with the purposes of the present Agreement and undertake in particular, but not exclusively, to prohibit the following methods thereof:

- agreements between enterprises, decisions taken by associations of enterprises, and common methods of business practice interfere with or restrict competition or which adversely affect the conditions for it on the territories of the Contracting Parties;
- actions by which one or several enterprises use their predominant position to restrict competition on the whole or considerable part of the territories of the Contracting Parties.

Article 7

In the course of applying of tariff and non-tariff measures to regulate their bilateral economic relations, to exchange statistical information, to conduct customs procedures, the Contracting Parties shall use the uniform nine digits Commodity Nomenclature of the Foreign Economic Activity (CN FEA), based on the Harmonised Commodity Description and Coding System and Combined Tariff and Statistical Commodity Nomenclature of the European Economic Community. However, if deemed necessary, the Contracting Parties shall develop Commodity Nomenclature beyond nine digits.

The introduction of a standard form of the Commodity Nomenclature is carried out on the mutual basis through the missions in the relevant international organizations.

Article 8

1. The Contracting Parties agree that respect for the principle of freedom of transit is most important condition for the achievement of the objectives of the present Agreement and an essential element of the process of becoming a part of the international division of labour and co-operation system.

To this effect each Contracting Party safeguards unimpeded transit of goods originating in the customs territory of the other Contracting Party and/or any other state and intended for the customs territory of the other Contracting Party or any other state. Each Contracting Party shall provide exporters, importers or carriers with all available means and services, necessary for the transit, upon conditions no worse than those available to domestic exporters or importers as well as for exporters, importers or carriers of any third state.

2. The procedure and conditions for the transit of goods in the territories of the states is regulated in accordance with the international transport rules.

Article 9

The present Agreement does not prevent the right of either Contracting Party, where deemed necessary, to take measures generally accepted in the international practice to protect its vital interests or where they are clearly necessary to carry out international agreements to which it is party or intends to become party, if such measures relate to:

- Information which concerns the interests of national defence;
- trade in weapons, ammunition and military technology;
- research or production related to the defence needs;
- supply of materials and equipment used in nuclear industry;
- protection of public morals, and public order;
- protection of industrial or intellectual property;
- gold, silver or other precious metals and stones;
- protection of the health of people, animals and plants.

Article 10

With a view to conduct coordinated export control of policy with regard to the third countries the Contracting Parties shall conduct regular consultations and take mutually agreed measures to create the effective system of export control.

Article 11

The provisions of the present Treaty replace the provisions of bilateral agreements concluded earlier between the Contracting Parties to the extent they are incompatible or identical.

Article 12

Disputes between the Contracting Parties regarding the interpretation or application of the provisions of the present Agreement shall be settled by way of negotiations.

The Contracting Parties shall seek to avoid conflict situations in mutual trade.

Each Contracting Party shall ensure the existence on its territory effective means for recognition and implementation of arbitration awards.

Article 13

To achieve the objectives of the present Agreement and develop recommendations with regards to improvement of trade and economic co-operation between the two countries the Contracting Parties agreed to establish a joint Ukrainian-Azerbaijani Commission.

Article 14

This Agreement shall enter into force from the date of exchange of notifications by the Parties on implementation of the required internal procedures and shall remain in force until the expiry of a twelve-month period from the date when one Party notifies the other Party in writing about its intention to terminate the Agreement.

Provisions of this Agreement after its termination shall be applied to the contracts between enterprises and organizations of both countries concluded but not fulfilled within its implementation period.

Done in the city of Baku, this 28th day of July 1995, in two originals, each in the Ukrainian, Azerbaijanian and Russian languages, all texts being equally authentic.

For the purpose of interpretation of provisions of this Agreement the Russian text shall prevail.

For the
Government of Ukraine

For the Government of the
Republic of Azerbaijan