WORLD TRADE
ORGANIZATION
WT/REG75/1

15 June 1999
(99-2401)
Committee on Regional Trade Agreements
Original: English

FREE TRADE AGREEMENT BETWEEN THE KYRGYZ REPUBLIC AND UZBEKISTAN

The following text reproduces the Agreement and the Protocol on Exceptions to the Free Trade Regime between the Kyrgyz Republic and Uzbekistan.

AGREEMENT ON FREE TRADE BETWEEN THE GOVERNMENT OF THE KYRGYZ REPUBLIC AND THE GOVERNMENT OF THE REPUBLIC OF UZBEKISTAN

The Government of the Kyrgyz Republic and the Government of the Republic of Uzbekistan, hereinafter referred to the Contracting Parties,

Aspiring to the development of trade economic cooperation between the Kyrgyz Republic and the Republic of Uzbekistan on the basis of equality and mutual benefit,

Taking into account the formed integration economic relations of the Kyrgyz Republic and the Republic of Uzbekistan and intercomplementation of economies of the two States,

Being guided by the provisions of the Agreement on the Creation of a Common Economic Area,

Considering that the free transfer of goods and services requires the execution of mutually coordinated measures,

Confirming the adherence of the Kyrgyz Republic and the Republic of Uzbekistan to the principles of the General Agreement on Tariffs and Trade (GATT) and the World Trade Organization (WTO),

Hereby agreed as follows:

Article 1

Being guided by the principles of equality and mutual profit and interest, the Parties shall develop and expand trade economic relations between business entities regardless their form of ownership on the basis of direct economic relations, following legislative acts in force in the Contracting States.

Each of the Parties shall refrain from actions which can damage economically the other Party.

Article 2

1. The Contracting Parties shall provide a free trade regime to each other.

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

2. In accordance with paragraph 1of this Article, the Contracting Parties shall yearly develop and coordinate a general schedule of exceptions to the free trade regime and methods of applying such exceptions.

3. For the purposes of this Agreement and for the period it is effective, goods originating in the territories of the Contracting Parties shall be goods determined by the Regulations on Determining a Country of Origin, as of 24 September, 1993, approved by the Decision of the Governments Heads' Council of the Community of Independent States.

Article 3

Each Contracting Party shall not:
-directly or indirectly impose on goods of the other Contracting Party, subject to this Agreement, domestic taxes or levies which exceed the relevant taxes or levies imposed on similar domestically produced goods or goods originating in third countries;
-introduce with respect to importation or exportation of goods, subject to this Agreement, any special restrictions or requirements which in a similar situation are not applied to similar domestically produced goods or to goods originating in third countries;
-with respect to warehousing, transhipping, storing and transporting goods originating in the territory of the other Contracting Party and with respect to payments and transfer of payments, apply rules other than those which are similarly applied with respect to its own goods or goods originating in third countries.

Article 4

Under the framework of this Agreement, in mutual trade the Contracting Parties shall refrain from applying with respect to the other Contracting Party discriminatory measures, or from introducing quantitative restrictions or measures, equivalent with them, with respect to exportation and/or importation of goods. The Contracting Parties may unilaterally establish quantitative or other special restrictions, but only in reasonable limits and for a strictly appointed term. These restrictions must be exclusive and may be applied only in cases provided by the Agreements under the GATT/WTO. A Contracting Party which applies quantitative restrictions in compliance with this Article must, as far as possible in advance, provide the other Party with full information concerning the basic reasons for the

introduction, forms and expected terms of applying the mentioned restrictions. After this, consultations shall be scheduled.

Article 5

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

- protection of life and health of people, environment, animals and plants;
- protection of public moral and order;
- ensuring national security;
- trade in arms, ammunition and military equipment;
- liveries of fissionable materials and sources of radio-active substances, utilization of radio-active wastes;
- trade in gold, silver or other precious metals and stones;
- preservation of exhaustible natural resources;
- violation of balance of payments;
- limitations of products export if domestic prices for them are lower than the world prices as a result of the implementation of State support programs;
- protection of industrial and intellectual property;
- protection of values of national treasure;
- measures applied in military time or under other extraordinary circumstances in international relations;
- actions for the fulfilment of obligations on the basis of the UNO's Charter to
- preserve the international peace and safety.

A Contracting Party that applies such measures in compliance with this Article must, as far as possible in advance, provide the other Contracting Party with full information concerning the basic reasons for the introduction, forms and expected terms of applying the mentioned restrictions. After this, consultations shall be scheduled.

Article 6

All settlements and payments on trade economic cooperation between the Contracting Parties shall be coordinated by a separate inter-banking agreement.

Article 7

The Contracting Parties shall, on a regular basis, exchange information on domestic legal regulation of foreign economic relations, as well as on issues of trade, investments, taxation, banking and insurance activity and other services, on transport and customs issues, including customs statistics that concerns the Contracting Parties. The Contracting Parties shall immediately inform each other of changes in the national legislation which may affect the implementation of this Agreement.

The authorized bodies of the Contracting Parties shall coordinate the procedure of exchanging such information.

The provisions of this Article shall not:

- be interpreted as those which bind competent bodies of either Contracting Party to give information which can not be received according to legislation or in the course of usual administrative practice of one of the Contracting Parties;
- provide information which would disclose a trade, entrepreneurship, industrial, commercial or professional secret, or a trade process, or other information the disclosure of which would contradict the State's interests of the Contracting Party.

Article 8

The Contracting Parties shall acknowledge incompatibility of unfair business practice with the objectives of this Agreement and shall be obliged not to allow/permit and eliminate the following methods of the practice:

- agreements between enterprises, decisions made by the enterprises' associations, and general methods of business practice aiming at preventing from or restricting competition, or violating conditions for competition on the territories of the Contracting Parties;
- actions with the help of which one or several enterprises use their dominant position, restricting competition on the whole or considerable part of the territory of the Contracting Parties.

Article 9

When carrying out measures of tariff and non-tariff regulation of bilateral economic relations, for exchanging statistical information and carrying out customs procedures, the Contracting Parties shall apply a single nine-digit Goods Nomenclature of Foreign Economic Activity (GN FEA) based on the Harmonized Commodity Description and Coding System and the Combined Tariff Statistical Nomenclature of the European Economic Union. The Contracting Parties shall, for their own needs, if necessary, carry out the development of a Goods Nomenclature beyond nine digits. The introduction of a standard copy of the Goods Nomenclature shall be carried out on a mutually coordinated basis through the existing representative offices in relevant international organizations.

Article 10

The Contracting Parties have agreed that the observance of the principle of transit freedom shall be the most important condition for achieving the objectives of this Agreement and shall be an essential element of the process of their attachment to the system of international division of labour and cooperation. In this respect, each Contracting Party shall provide a free transit, via its territory, of goods originating in customs territory of the other Contracting Party and/ or third countries and intended for customs territory of the other Contracting Party or any third country. Each Contracting Party shall provide exporters, importers or carriers with all means and services available and necessary for ensuring transit on terms not worse than those on which the same means and services are provided to their own exporters, importers or carriers or to exporters, importers or carriers of any third state.

The procedure and conditions for the movement/passing of goods over the territory of the Contracting Parties shall be regulated in compliance with international Transportation Rules.

Article 11

Each Contracting Party shall not allow/permit a non-sanctioned re-exportation of goods, in respect of exportation of which the other Contracting Party, where these goods originate in, applies measures of state regulation and/or grants foreign economic privileges during their exportation from its customs territory. The Contracting Parties shall establish a schedule of goods for which a non-sanctioned re-exportation is prohibited. They shall also exchange schedules of goods to which measures of state regulation are applied.

Re-exportation of such goods to third countries may be carried out only with the written consent and on terms to be determined by the authorized body of the State which is the country of origin of these goods.

Article 12

With a view to follow an agreed policy of export control with respect to third countries, the Contracting Parties shall conduct regular consultations and take mutually agreed measures for the creation of the effective export control system.

Article 13

The provisions of this Agreement shall replace provisions of the bilateral agreements concluded earlier between the Contacting Parties to that extent to which the latter is either not compatible with the former or is identical with them.

Article 14

Nothing in this Agreement shall prevent any of the Contracting Parties from establishing relations with third countries or fulfilling undertaken commitments in compliance with any other international agreement of which this Contracting Party is a signatory or may be a signatory, provided that these relations and commitments do not contradict the provisions and objectives of this Agreement.

Article 15

Each Contracting Party shall, in compliance with its legislation and international commitments, provide equal legal, as well as judicial protection of rights and lawful interests of business entities of the other Contracting Party.

Article 16

Disputes between the Contracting Parties regarding the interpretation or application of the provisions hereof shall be settled by way of negotiations or by any other way acceptable for the Contracting Parties.

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

Article 17

To carry out the objectives of this Agreement and work out recommendations on improving trade economic cooperation between the two States, the Contracting Parties have agreed to establish a joint Uzbek-Kyrgyz Commission.

Article 18

If necessary, amendments or supplements can be made by agreement of the Parties.

Article 19

This Agreement shall come into force from the date of exchanging notifications on the fulfilment by the Contracting Parties of inner-state procedures necessary for this and shall be in force before the expiration of 12 months from the date when one of the Contracting Parties sends a written notification to the other Contracting Party of its intention to terminate the Agreement. The provisions of this Agreement shall be applied, after its termination, to contracts between enterprises and organizations of both countries concluded but not implemented in the period of its validity, but no more than 5 years.
Done in the city of Tashkent on 24 December 1996, in two originals, each is in Kyrgyz, Uzbek, and Russian. All the texts shall be equally valid.
In order to interpret the provisions of this Agreement the text in Russian shall be preferable.
For the Government of the Kyrgyz Republic
For the Government of the Republic of Uzbekistan

ANNEX

Protocol on the Exception to Free Trade Regime to the Agreement on Free Trade

between the Government of the Kyrgyz Republic and the Government of the Republic of Uzbekistan as of 24 December 1996

The Government of the Kyrgyz Republic and the Government of the Republic of Uzbekistan, further referred to as the Contracting Parties hereby agreed as follows:

Article 1

Exceptions provided by Article 2 of the Agreement on Free Trade between the Government of the Kyrgyz Republic and the Government of the Republic of Uzbekistan, as of "24" December 1996, shall apply to:

(i) Goods subject to export tariff legislation of the Republic of Uzbekistan and legislation on licensing and quoting of export and import (of works and services), that is in force at the moment of customs clearance of goods during their exportation/importation from the Republic of Uzbekistan to the Kyrgyz Republic or vice versa (for the moment of signing this

Protocol, export tariffs and restrictions in the area of non-tariff regulation of exportation and importation shall be in force, which are established by No 219 Resolution of the Cabinet of Ministers of the Republic of Uzbekistan, as of 18 June 1996, (Annexes 1, 2) and No 287 Resolution, as of 25 July 1995, (Annexes 3,4,5,6,8,9)).

(ii) Goods subject to export tariff legislation of the Kyrgyz Republic and legislation on licensing and quoting of exportation and importation of goods (works, services) which is in force at the moment of customs clearance during their exportation/importation from the Kyrgyz Republic to the Republic of Uzbekistan and vice versa (for the moment of signing this Protocol, export tariffs and restrictions in the area of non-tariff regulation of exportation and importation shall be in force, which are established by No 408 Governmental Resolution of the Kyrgyz Republic, as of 13 June 1994, and No 97 Governmental Resolution, as of 22 March 1995)).

The Contracting Parties shall immediately inform each other of all changes in the domestic legislation on the above mentioned issues.

Article 2

1. With respect to goods to which tariff and non-tariff export restrictions are applied in compliance with Article 1 hereof, the Contracting Parties shall provide each other with the MFN treatment with respect to:

- customs duties and levies, charging of such duties and levies, procedures and rules relating to exportation of goods, including those which relate to their customs clearance, transit, warehousing and transhipment;
- taxes and other domestic levies of any kind directly or indirectly related to goods to be exported;
- rules of sale, purchase, transportation, distribution and use of goods in the domestic market;
- issue of licenses.

Article 3

The provisions of Article 2 hereof shall not be applied with respect to advantages and privileges provided by each of the Contracting Parties to:

- third countries in order to create a customs union or a free trade area, or as a result of the creation of such a union or area;
- developing countries on the basis of international agreements;
- neighbouring countries with a view to facilitate frontier trade;
- each other in compliance with special Agreements.

Article 4

1. This Protocol shall be integral part of the Agreement on Free Trade between the Government of the Kyrgyz Republic and the Government of the Republic of Uzbekistan, as of "24" December, 1996, and shall come into force at the same time with the mentioned Agreement.

This Protocol shall be in force for the period until a new Protocol provided by Article 2 of the Agreement on Free Trade is signed.

Done in the city of Tashkent, on December 24, 1996, in duplicate, in the Kyrgyz, Uzbek and Russian languages. All the texts shall be equally valid.

The text in Russian shall be used for purposes of interpreting the provisions of this Protocol.

For the Government of the Kyrgyz Republic

For the Government of the Republic of Uzbekistan

_____