



Customs Regulation and International Trade Newsletter

Contacts at Ernst & Young:

Pavlo Moroz
Telephone: +380 (44) 490 3049
Pavlo.Moroz@ua.ey.com

Eduard Zlydenny
Telephone: +380 (44) 490 3000
Eduard.Zlydenny@ua.ey.com

Verkhovna Rada supports Draft Law on ratification of CIS free trade agreement submitted by President of Ukraine

Contents

- ▶ Verkhovna Rada ratifies CIS free trade agreement

Verkhovna Rada supports Draft Law on ratification of CIS free trade agreement submitted by President of Ukraine.

On 30 July the Verkhovna Rada ratified the CIS free trade agreement drafted in St. Petersburg on 18 October 2011. The Russian Federation ratified the agreement on 28 March 2012 and the House of Representatives of the National Assembly of Belarus ratified it on 19 April 2012.

The CIS free trade agreement cancels customs duties on goods originating in the countries that are parties to the agreement.

The agreement also:

- ▶ limits the possibility of increasing duties on goods that are removed from the free trade regime;
- ▶ obligates participating countries not to apply new restrictions in mutual trade;
- ▶ determines the terms for repealing import exemptions;
- ▶ initiates the process of abolishing export duties;
- ▶ reduces the number of existing agreements that guide trade and economic relations with CIS countries;
- ▶ fosters resolution of trade disputes in accordance with WTO mechanisms and procedures.

Please note that the Verkhovna Rada's relevant committee did not support the ratification of the CIS free trade agreement. Committee representatives stressed that ratification of the agreement could create a system of dual rights in mutual trade with Customs Union countries (Russia, Belarus, Kazakhstan). The

legal provisions of the Customs Union will thus have priority over the CIS free trade agreement.

The Committee also noted the lack of calculated risk losses to the State budget that could arise after the implementation of this agreement.

If the President signs the law, the CIS free trade agreement will take force for Ukraine 30 days from the moment that the depository receives the third notification that Ukraine has performed the necessary internal ratification procedures for this agreement.

We will continue monitoring amendments and informing you of developments in customs legislation.