

Article 1. Definitions

The terms below as used in this Law shall have the following meanings:

Customs taxation – means customs duties and taxes applied on imports and exports;

“Export (export of goods)” shall mean the selling of goods by Ukrainian subjects of

“International co-operation” shall mean collaboration of two or more business entities, among which at least one is foreign entity, involving joint design or joint production activities, joint sales of finished products and other goods on basis of specialization in the production of auxiliary products (spare parts, units, materials, as well as equipment that is used in complex supplies) or specialization in separate technological phases (functions) of research and development activities, production and sales, subject to co-ordination of respective programs on business activity;

“Moral damages” shall mean damage caused personal non-property rights of entities engaged in foreign economic activity through illegal acts or inaction of other persons and which has resulted or may result in losses that may be financially expressed;

“Service” shall mean complex of measures of civil-legal nature with implementation of definite action or execution of definite activity (works, operations);

“Permanent place of residence” shall mean the place of residence, within a period for at least one year, in the territory of any country of a natural person who has no permanent place of residence in other countries, and who intends to reside within the territory of this country for an indefinite period of time without limiting such residence by a certain objective, provided that such residence is a consequence of performance by such person of official duties or obligations under an agreement (contract);

“Representative office of a foreign business entity” shall mean an organization or an individual that represents interests of the foreign business entity in Ukraine and has duly executed powers therefor;

“Special economic zone” shall mean a territory within which an applicable law of Ukraine establishes and maintains a special legal regime of business activity and special procedures for application and operation of Ukrainian law;

Goods – any products; movable property (including currency values, cultural values); intellectual property rights; other non-property rights; electrical, heat and other energy, as well as vehicles, except the vehicles used exclusively for the purpose of transportation of citizens and goods through the customs border of Ukraine

“Lost profits” shall mean an income or profit, which could have been obtained by an entity engaged in foreign economic activity and which was not obtained by such an entity as a result of circumstances beyond its control, provided that the amount of the anticipated income or profits may be justified.

Article 2. Principles of Foreign Economic Activities

Ukrainian business entities and foreign business entities shall engage into foreign economic activity in accordance with effective Ukrainian law, fundamentals, principles, standards and rules of the generally recognized international norms and rules on international trade and commitments assumed by Ukraine under international agreements and treaties, and in the course of carrying out foreign economic activity shall be guided by the following principles:

The principle of sovereignty of the Ukrainian people in the realization of foreign economic activity, which principle shall consist in:

- the right of the Ukrainian people to engage in foreign economic activity on the territory of Ukraine autonomously and independently pursuant to the laws that are in effect on the territory of Ukraine;
- the obligation of Ukraine to comply consistently with all agreements and commitments of Ukraine in the area of international economic relations;

The principle of freedom of foreign economic entrepreneurship, which principle shall consist in:

- the right of entities engaged in foreign economic activity to enter freely into foreign economic relations;
- the right of entities engaged in foreign economic activity to realize foreign economic activity in any form that is not prohibited by the effective laws of Ukraine;
- the principle to apply MFN or national treatment to foreign business entities;
- the obligation to follow procedures laid down by the laws of Ukraine in the course of realization of foreign economic activity;
- the exclusive ownership right of entities engaged in foreign economic activity to all results of foreign economic activity obtained by them;

The principle of legal equality and non-discrimination, which principle shall consist in:

- legal equality of all entities engaged in foreign economic activity, as well as foreign business entities, including states, in the course of realization of foreign economic activity;
- prohibition of any actions by the State, except for those as are contemplated by this Law, which result in the limitation of rights and discrimination of entities engaged in foreign economic activity, as well as foreign business entities, due to their forms of ownership, location and other characteristics;
- inadmissibility of restrictive activities on the part of any entities engaged therein, except as otherwise provided by this Law;

The rule of law principle, which shall consist in:

- regulation of foreign economic activity exclusively by the effective laws of Ukraine;
- prohibition of use of subordinate legislation and administrative acts of local authorities that in any manner establish conditions less favorable than those established by the laws of Ukraine;

The principle of protection of interests of entities engaged in foreign economic activity, which shall consist in the Ukraine, as the State:

- shall ensure the equal protection of interests of all entities engaged in foreign economic activity and foreign business entities within the territory of Ukraine in accordance with the laws of Ukraine;
- shall effect the equal protection of interests of all entities engaged in foreign economic activity outside Ukraine in accordance with the rules of international law;

- shall protect state interests of Ukraine, both within the territory of Ukraine and abroad, only in accordance with the laws of Ukraine, terms and conditions of international treaties signed by Ukraine and pursuant to the rules of international law;

The principle of equivalent trading, inadmissibility of dumping in the event of exportation or exportation of goods.

Article 3. Entities engaged in Foreign Economic Activities

Entities engaged in foreign economic activity in Ukraine are as follows:

- business organizations – legal entities organized pursuant to the Civil Code of Ukraine, state-owned, communal and other enterprises organized pursuant to the Commercial Code, as well as other legal entities that carry out business activity and are registered pursuant to procedures prescribed by law;
- citizens of Ukraine, foreign nationals and stateless persons who carry out business activity and are registered pursuant to law as entrepreneurs;
- structural units (divisions) of foreign business entities, which structural units (divisions) are not legal entities pursuant to the law of Ukraine (branches, divisions etc.), but have a permanent place of business within the territory of Ukraine and are registered pursuant to procedures prescribed by law.
- other business entities contemplated by the laws of Ukraine.

Foreign economic organizations, which have the status of a legal entity and are organized in Ukraine pursuant to law by governmental authorities or local self-government authorities, may participate in foreign economic activity.

The State guarantees equal protections and for all entities engaged in foreign economic activity.

Article 4. Types of Foreign Economic Activities

All entities engaged in foreign economic activity shall have the right to carry out any types of foreign economic activity and foreign economic operations, unless otherwise provided by law.

Types of foreign economic activity, the list of foreign economic operations carried out within the territory of Ukraine, conditions and procedures for such

- rent, including leasing, operations between entities engaged in foreign economic activity and foreign business entities;
- works on a contractual basis performed by natural persons of Ukraine with foreign business entities both within and without Ukraine; works of foreign natural persons on a contractual paid basis with entities engaged in foreign economic activity both within and without Ukraine;
- any other types of foreign economic activity that are not directly and exclusively prohibited by the laws of Ukraine.

Article 5. Rights to carry out Foreign Economic Activities

All entities engaged in foreign economic activity shall have equal rights to carry out any types of foreign economic activity, which are not directly prohibited by the laws of Ukraine, irrespective of forms of ownership and other characteristics.

Natural persons shall have the right to carry out foreign economic activity as from the date when they acquired the civil capacity pursuant to the laws of Ukraine. Natural persons, who permanently reside within the territory of Ukraine, shall have the said right if they are registered as entrepreneurs according to the current legislation of Ukraine. Natural persons, who do not have a permanent place of residence in Ukraine, shall have the said right if they are business entities (persons) under laws of the country in which they have the permanent place of residence or the country of their citizenship.

Legal entities shall have right to carry out foreign economic activity in accordance with their constituent documents as from the date when they acquired the status of legal entity.

Interference of governmental authorities into foreign economic activity of entities engaged into such activities in cases that are envisaged by this Law, including by way of adoption of regulatory rules that establish conditions for the conduct of foreign economic activity worse than those provided for in this Law shall be viewed as restrictions on the right to carry out foreign economic activity and, as such, shall be prohibited.

In case of violation of the current Laws of Ukraine that regulate the order of implementation of foreign economic activity, the subjects of foreign economic activity can be applied with sanctions in the form of temporary suspension of foreign economic activity or individual licensing procedure according to the Article 34 of the given Law.

No one of the provisions of the given Article can be interpreted as a prohibition for subjects of foreign economic activity to have between themselves any relations that do not come under the definition of foreign economic activity.

An entity engaged in foreign economic activity, who has obtained property, money, property and non-property rights and other results into ownership, shall have the right to own, enjoy and dispose of them at its/his discretion.

It shall be prohibited to take results for foreign economic activity from the owner of such results without his consent with or without monetary compensation, except as otherwise provided by the laws of Ukraine.

Realization of foreign economic activity specified in Article 4 outside Ukraine shall also be subject to the laws of respective countries.

All entities engaged in foreign economic activity in Ukraine shall be entitled to open their representative offices within the territory of other countries in accordance with the laws of these countries.

All entities engaged in foreign economic activity shall be entitled to participate in international non-government economic organizations

Foreign business entities, which carry out foreign economic activity within the territory of Ukraine, shall be entitled to open representative offices in Ukraine. The said representative offices shall be registered by the central agency of executive power for economic policy affairs within 60 business days from the date from the time the foreign business entities submitted documents for registration. The following must be submitted for registration of a representative office of a foreign business entity in Ukraine:

- an application for registration of the representative office, which application is drawn in free form;

- an extract from a trade (or) registry of the country in which the foreign business entity has an officially registered office;

- a certificate from the bank with which an account of the applicant is officially opened;

- a power of attorney to carry out representative functions as issued in accordance with the Law of Ukraine No. 1499-VI of 14.05.2001.

Powers of a representative for entering into a foreign economic agreement (contract) may follow from a power of attorney, constituent documents, and agreements or on other grounds that are not inconsistent with this Law. Actions undertaken on behalf of a foreign entity engaged into foreign economic activity by a duly authorized Ukrainian entity engaged in foreign economic activity shall be regarded as actions of such foreign economic activity.

Entities engaged into foreign economic activity shall have a right to enter into any types of foreign economic agreements (contracts), except for those that are expressly and in exclusive form prohibited by the laws of Ukraine.

A foreign economic agreement (contract) may be declared invalid in court if it does not comply with requirements of Ukrainian laws or international agreements and treaties of Ukraine, to which binding force the Supreme Rada of Ukraine has given its consent.

The law may provide for special procedures applicable to the conclusion, performance and termination of certain types of foreign economic agreements (contracts).

The form of a foreign economic agreement shall be determined by the law of the locality where it is concluded. If requirements of Ukrainian law have been complied with, an agreement concluded abroad may not be invalidated as a result of failure to comply with the form.

The form of agreements regarding buildings and other immovable property located in the territory of Ukraine shall be determined by the laws of Ukraine.

Rights and obligations of parties to a foreign economic agreement shall be governed by the laws of the locality where it was entered into, unless otherwise agreed by the parties. The place of conclusion of the agreement shall be determined pursuant to the laws of Ukraine.

Rights and obligations of parties to foreign economic agreements (contracts) shall be determined by the laws of the country selected by the parties at the time of conclusion of an agreement (contract) or as a result of further agreement.

Absent an arrangement between parties as to the law applicable to foreign economic agreements (contracts), such agreements (contracts) shall be governed by the law of the country where is founded, has its place of residence or principal place of business a party that is:

- a seller – under a sale-purchase agreement;
- a lessor – under a property rent agreement;
- a licensor – under a licensing agreement for use of exclusive or similar rights;
- a safekeeper (safekeeping agent) under a safe-keeping agreement;
- a committent (consignor) – under a mission (consignment) agreement;
- a principal – under an agency agreement;
- a carrier – under an agreement for carriage;
- a forwarding agent - under an agreement for transportation and forwarding services;
- a insurer - under an insurance agreement;
- a creditor - under a loan (credit) agreement;
- a gift giver – under a gift agreement;
- a guarantor – under a guarantee agreement;
- a pledgor – under a pledge agreement.

Permanent place of business shall mean the place of an officially registered main governing body of a business entity (an entity engaged in foreign economic activity).

Foreign economic agreements (contracts) for joint production, specialization and co-operation, realization of construction/assembly works shall be governed by the law of the country where such activities are carried out or where results contemplated by the agreement (contract) are created, unless parties have agreed otherwise.

A foreign economic agreement (contract) entered into at an auction, as a result of a tender or at an exchange shall be governed by the laws of the country where the auction or the tender has been held or where the exchange is located.

Rights and obligations under foreign economic agreements (contracts) that are not specified in this Article shall be governed by the law of the country of foundation or residence or the main place of business of that party who performs such agreement (contract), which performance is of decisive importance for the agreement (contract).

When performance under a foreign economic agreement (contract) is accepted, such acceptance shall be governed by the law of the place where such acceptance is effected, unless the parties have agreed otherwise.

At that moment of completion of an export (import) contract shall mean a point in time at which there have been fulfilled all obligations under a concluded contract, including issuance of promissory notes (bills of exchange) or execution of loan agreements.

Moment of completion of export (import) shall mean a point in time when goods have crossed the customs border of Ukraine or when (ownership rights) to the said goods that are being exported or imported has been transferred from the seller to the buyer.

Section II

REGULATION OF FOREIGN ECONOMIC ACTIVITIES

Article 7. Fundamentals of Regulation of Foreign Economic Activities

Foreign economic activity in Ukraine shall be regulated in accordance with the principles defined by Article 2 of this Law for the purpose of:

- ensuring a balanced economy and equilibrium of the domestic market of Ukraine;
- creating incentives for progressive structural changes in the economy, including foreign economic relations of entities engaged in foreign economic activity of Ukraine;
- establishing the most favorable conditions for involvement of the economy of Ukraine into the world system of labor division, and approaching such system to market structures of developed foreign countries.

Foreign economic activity in Ukraine shall be regulated by:

- Ukraine, as the State, in the person of its bodies within the scope of their competence;
- non-government bodies managing the economy (commodity exchanges, stock, foreign currency exchanges, chambers of commerce, associations, societies and other coordination-type organizations) acting on the basis of their constituent documents;
- entities engaged into foreign economic activity themselves on the basis of applicable coordination agreements concluded between them.

Foreign economic activity in Ukraine shall be regulated by virtue of:

- laws of Ukraine;
- international agreements and treaties which binding force the Supreme Rada of Ukraine has given its consent;
- acts of tariff and non-tariff regulations contemplated by Ukrainian laws, which acts are issued by Ukrainian government authorities within the scope of their competence;
- economic measures of operative regulation (foreign exchange and financial, credit and other regulation) within the limits contemplated by the laws of Ukraine;
- decisions of non-government bodies managing economy, which decisions are passed in accordance with the said bodies' constituent documents within the limits of Ukrainian laws;
- agreements which are entered into between entities engaged into foreign economic activity and which are consistent with the laws of Ukraine.

It shall be prohibited to regulate foreign economic activity through acts and actions of governmental authorities and non-government bodies that are not directly provided in this section.

The following treatment for foreign business entities shall be introduced in Ukraine:
- the national regime, which means that foreign business entities have the scope of rights and duties no less than business entities of Ukraine. The national regime shall apply to all types of economic activities of foreign business entities connected with their investments in the

- protection of Ukraine's economic interests and legitimate interests of entities engaged into foreign economic activity;
- creation of equal opportunities for entities engaged into foreign economic activity to develop all types of business activity, regardless of forms of ownership, and to develop all areas of use of incomes and investments;
- promotion of competitiveness and elimination of monopolies in the area of foreign economic activity.

The State and its bodies shall have no right to interfere directly into foreign economic activity carried out by entities engaged into such foreign economic activity, except for instances when such interference is made pursuant to this Law and other laws of Ukraine.

Article 9. Bodies of State Regulation of Foreign Economic Activities

Authorities charged with state regulation of foreign economic activity shall regulate foreign economic activity within limits of their competence.

The competence of the Supreme Rada of Ukraine shall include:

- adoption, amendment and annulment of laws relating to foreign economic activity;
- approval of the main courses of foreign economic policies of Ukraine;
- ratification and denunciation of international treaties and agreements of Ukraine, and bringing of effective Ukrainian law into conformity to rules established by such treaties and agreements;
- approval of rates and conditions of taxes, customs tariffs, customs duties and customs procedures in Ukraine applicable to foreign economic activity;
- establishment of special regimes of foreign economic activity within the territory of Ukraine in accordance with Articles 23, 24 of this Law;

The President of Ukraine shall:

- under legislative initiative procedures submit draft laws on matters of foreign economic activity to the Supreme Rada of Ukraine for consideration and adoption;
- conclude international treaties and agreements of Ukraine on matters of foreign economic activity;
- establish, re-organize and liquidate ministries and other central agencies of executive power that regulate foreign economic activity;
- control activities of the Cabinet of Ministers of Ukraine concerned with foreign economic activity;

The Cabinet of Ministers of Ukraine shall:

- organize and ensure the conduct of foreign economic activity of Ukraine pursuant to the laws of Ukraine, acts of the Ukrainian President and international treaties and agreements of Ukraine, to which binding force the Supreme Rada of Ukraine has given its consent;
- direct and co-ordinate activities of ministries, other agencies of executive power concerned with regulation of foreign economic activity; co-ordinate activities of Ukraine's trade representative offices in foreign countries;
- adopt regulatory acts on matters of foreign economic activity in instances provided by the laws of Ukraine;
- conduct negotiations on and enter into governmental agreements of Ukraine on matters of foreign economic activity in instances provided by Ukrainian laws on international treaties and agreements of Ukraine, ensure performance of international treaties and agreements of Ukraine on matters of foreign economic activity by all agencies of executive power subordinated to the Cabinet of Ministers of Ukraine, and shall involve other entities engaged in foreign economic activity to perform such treaties and agreements on a contractual

basis;- approve lists of goods, whose export and import are subject to licensing or are prohibited pursuant to Articles 15, 16 of this Law;

- ensure implementation of resolutions of the UN Security Council on matters of foreign economic activity.

The National Bank of Ukraine shall:

- keep and use gold and currency reserves of Ukraine and other state-owned valuables which ensure Ukraine's paying capacity;

- represent interests of Ukraine in relations with central banks of other countries, international banks and other financial and credit institutions, and enter into respective inter-bank agreements;

- regulate the exchange rate of the Ukrainian international currency vis-à-vis currencies of other countries;

- carry out other functions in accordance with the Law of Ukraine "On the National Bank of Ukraine" and the Law of Ukraine "On Banks and Banking Activities" and other Ukrainian laws. The National Bank of Ukraine may delegate functions vested therein to a foreign economic activity bank in Ukraine.

The central agency of executive power for economic policy affairs shall:

- ensure through the mechanism of the Cust

- territorial divisions (departments) of agencies of executive power of foreign economic activity in Ukraine.

The competence of local self-government authorities in Ukraine and their executive bodies in the area of administration of foreign economic activity shall be determined by this Law and the Law of Ukraine "On Local Self-Government in Ukraine".

Regulatory rules of local government authorities and their subordinated bodies with respect to regulation of foreign economic activity shall be adopted only in instances

- efficiency;
 - compliance with rights and legislatively protected interests of natural person and legal entities;
 - openness and transparency.
- Particularities of customs control and cu

shall be applied for a time period that enable prevent considerable harm to domestic producers and makes it possible for domestic producers to restore their position on the given market;

a need to ensure protection of and patents, trademarks and copyright;

a need to ensure performance of international treaties and agreements of Ukraine.

Resolutions to apply a licensing regime for exports (imports) of goods, including establishment of quotas (quantitative or other restrictions), shall be adopted by the Cabinet of Ministers of Ukraine upon a submission from the central agency of executive power for economic policy affairs with stating out a list of specific goods, whose export (import) is subject to the licensing regime, and a time period within which such regime and quantitative or other restrictions with respect to each of the goods will be in effect.

In the event that anti-dumping, countervailing or safeguard measures are used to protect domestic producers, decisions on introducing a licensing regime shall be adopted by

Exports (imports) of laser-readable discs, matrixes, equipment and raw materials for their production shall be licensed subject to requirements of law dealing with matters of production, export (import) laser-readable discs pursuant to the license issuance procedures as are laid down in this Article.

The regime of licensing shall not extend to exports and selling of compensation and profit-related products received by an investor ownership under terms and conditions of an agreement for product sharing entered into pursuant to the requirements of the Law of Ukraine "On Agreements for Product Sharing". It shall be prohibited to introduce any restrictions on exports and sale of such products, including quantitative restrictions, unless otherwise provided by the agreement for product sharing.

Licensing procedures specified in this Article shall not extend to exports (imports) of goods mentioned in Article 19 of this Law.

The list of goods, whose export (import) is subject to the licensing regime, information on validity terms of licenses and on any changes thereto, procedures for submission and consideration of applications shall be published in official printed gazettes in Ukraine, with a notification to an applicable committee of World Trade Organization (the WTO) within 60 days from the date of publication, and with furnished copies of such gazettes.

In the event that a quota allocated among supplying countries, information on the allocation of the quota must be published with notifications thereof to other countries interested in supplying certain goods into Ukraine.

An official publication shall be carried out prior to the date of introduction of

-to export from Ukraine's territory goods in the framework of implementation of UN Security Council resolutions apply restrictions or embargoes on supplies of goods to a certain country.

The specific list of goods falling under the effect of th

application of technical rules, regulations and standards exclusively in forms that would not constitute a hidden restriction on international trade;
application of technical rules, regulations and standards only within limits of scopes necessary for achieving goals as defined by effective Ukrainian law.

Article 19. Measures concerned with Protection of Economic Competition in the Area of Foreign Economic Activities

Foreign economic activity shall be carried out by entities engaged into foreign economic activity in compliance with the requirements of law on protection of economic competition, except as is provided in this Article.

Exports and imports of weapons, ammunition, military machinery and special components for production thereof, explosive substances, nuclear materials (including materials in the form of heat radiating assembly units), technologies, equipment, plants, special non-nuclear materials and services connected with them, sources of ionizing radiation, as well as other types of products, technologies and services, which are currently used for production of weapons and military machinery constitute State secrets of Ukraine as determined by the laws of Ukraine; precious metals and alloys, gold and silver, drugs and psychotropic means; exports of pieces of arts and artifacts from museum funds of Ukraine – shall be effected exclusively by entities engaged in foreign economic activity that have been empowered by Ukraine as the State.

Appointments of authorized entities engaged in foreign economic activity, which are entitled to carry out specified exports and imports, and regulation of relevant export and import operations shall fall within the competence of the Cabinet of Ministers of Ukraine. It shall be prohibited to establish in any form a State monopoly on exports and imports of other types of goods that are not specified in this Article, and any such establishment may be challenged in court. Any organization, including state-owned organizations, shall have no authority to carry out functions that directly or indirectly impede entities engaged in foreign economic activity to freely carry out such activities or impede them in other form, except as expressly specified in this Law.

Article 20. Supplies of Products for Government Needs and Procurement of Goods, Works and Services for Government Funds

Matters relating to supplies of products for government needs and procurement of goods, works and services shall be governed by special laws of Ukraine.

Entities engaged in foreign economic activity, including foreign business entities, shall participate in supplies of products for government needs and in procedures for procurement of goods, works and services for government funds exclusively on a voluntary basis under conditions and in amounts as are determined by civil-law agreements (contracts) that are entered into between such entities and a governmental customer.

Legislative regulation, procedures and practices of supplies of products for government needs and procedures for procurement of goods, works and services for government funds must be carried out on a basis of transparency.

Article 21. Accounting of Foreign Economic Operations, Reporting and Audit of Entities engaged in Foreign Economic Activities

Matters relating to accounting of foreign economic operations, reporting and audit of entities engaged in foreign economic activity shall be governed by special laws of Ukraine.

Article 22. Informational Support for Foreign Economic Activities

Every entity engaged in foreign economic activity shall have a right to receive any information necessary for the conduct of foreign economic activity, which information does not constitute a state or commercial secret. Volume of information that constitutes state secrets shall be determined in accordance with the laws of Ukraine.

The composition and volume of commercial secrets shall be determined in accordance with the Law of Ukraine "On Information".

Every subject of foreign economic activities has the right for timely familiarizing with

anti-dumping, countervailing and safeguard measures;
 export taxes;
 export subsidies, exemption from taxes and financing of concession exports;
 adopted and proposed technical regulations, standards, effective or proposed
 procedures for conformity assessment, sanitary and phytosanitary procedures, and risk
 assessment procedures;
 free trade zones, including production areas not subject to a customs tax;
 restrictions on exports, including voluntary;
 other types of State assistance, including subsidies, tax exemptions;
 currency controls relating to imports and exports;
 trade per assuagements by the State;
 place where relevant notifications are posted, or furnishing of information on
 places where such information may be obtained;
 membership or participation of Ukraine applicable central or local government
 authorities in international and regional bodies and organizations;
 participation of Ukraine in bilateral and multi-lateral arrangements within the
 framework of the GATT/WTO system;
 other measures that will be undertaken within the framework of the GATT/WTO
 system.

If necessary, appropriate centers for processing of requests may be established within
 central agencies of executive power, which pursuant to their competence regulate matters
 specified in Part 8 of this Article, in order to promptly provide information under requests
 from WTO members and all interested parties. WTO members and the National Information
 Center.

determined by the Cabinet of Ministers of Ukraine in accordance with international treaties and agreements of Ukraine with neighboring countries and Ukrainian law.

Section IV

ECONOMIC RELATIONS OF UKRAINE WITH OTHER COUNTRIES AND INTERNATIONAL INTERGOVERNMENTAL ORGANISATIONS

Article 25. Economic Relations of Ukraine with Economic Groups, Customs Unions and other Countries

Economic relations of Ukraine with economic groups, customs unions and other countries shall be governed by respective international treaties and agreements and rules of international law.

Ukraine shall conclude, fulfil and denounce international treaties and agreements on matters of foreign economic activity, as well as agreements relating to such matters, pursuant to the Constitution (Basic Law) of Ukraine and the laws of Ukraine.

The legal status of business entities of other countries within the territory of Ukraine shall be determined by this Law, other laws of Ukraine and the above referenced treaties and agreements.

Article 26. Relations of Ukraine with International Intergovernmental Economic Organizations

Article 28. Measures of Ukraine in Response to Actions of Discrimination and/or Unfriendly Actions of other Countries, Customs Unions or Economic Groups

If there is information that other countries, customs unions or economic groups restrict the exercise of legitimate rights and interests of Ukrainian entities engaged in foreign economic activity, governmental authorities dealing with regulation of foreign economic shall, pursuant to their competence, be authorized to take adequate measures in response to such actions. In the event that such actions cause or threaten to cause damage to the State and/or to entities engaged in foreign economic activity, the said measures may provide for indemnification therefor.

Measures of Ukraine in response to actions of discrimination and/or unfriendly actions of other countries, customs unions or economic groups shall be undertaken in accordance with the laws of Ukraine, international treaties and agreements, to which binding force the Supreme Rada of Ukraine has given its consent and generally recognized norms, standards and rules of international law.

In the event that Ukraine and the country which has taken actions of discrimination and/or unfriendly actions with respect to Ukraine are members of the same international inter-governmental organization, the disputed situation shall be adjudicated and resolved in accordance with the rules and procedures of such organization.

In the event that Ukraine and a customs union or an economic group, which has taken actions of discrimination and/or unfriendly acts with respect to Ukraine, are members of the same international inter-governmental organization, the disputed situation shall be adjudicated and resolved in accordance with the rules and procedures of such organization.

Decisions to apply measures in response to actions of discrimination and/or unfriendly actions of other countries, customs unions or economic groups shall be adopted by governmental authorities that regulate foreign economic activity pursuant to their competence.

In order to establish facts of actions of discrimination and/or unfriendly actions of other countries, customs unions or economic groups, the central agency of executive power for economic policy affairs shall carry out investigations pursuant to procedures determined by the Cabinet of Ministers of Ukraine.

Materials of such investigations shall be reviewed by the Interdepartmental Commission for International Trade which will give recommendations for competent governmental authorities as to application of appropriate measures. On the basis of materials of investigations, the central agency of executive power for economic policy affairs, together with the Ministry of Foreign Affairs, shall contact relevant government and/or competent authorities of other countries, customs unions or economic groups with proposals to settle disputed situations.

In the event of a positive response from the said authorities, the central agency of executive power for economic policy affairs shall form a delegation to conduct appropriate negotiations and to prepare appropriate international agreements of an inter-departmental or intergovernmental nature.

In case if the correspondent governmental and/or competent authorities of other States or customs unions or economic associations did not give the official consent for appliance of international-legal tools of settlement of international disputes and/or when discriminating and/or dissocial acts of such authorities violate directly or indirectly the international agreements of Ukraine with those States, customs unions or economic associations, the Central executive power authority, within the frame of its competence, according to the recommendations of Interdepartmental Commission passes the materials to the Cabinet of Ministers of Ukraine for taking the appropriate decisions on appliance of necessary measures.

Application of measures in response to actions of discrimination and/or unfriendly actions of other countries, customs unions or economic groups shall be terminated if such actions of discrimination and/or unfriendly actions of the given countries, customs unions or economic groups against Ukraine are discontinued, an appropriate agreement is signed and/or damages are reimbursed.

Acts of the Cabinet of Ministers of Ukraine about settlement of dispute and appliance of measures in response to discriminating and/or dissocial actions of other States, customs unions or economic associations are obligatory for fulfillment by the executive power authorities of Ukraine, subjects of foreign economic activity and foreign subjects of economic activity.

A decision to apply appropriate measures in response to actions of discrimination and/or unfriendly actions of other countries, customs unions or economic groups may be challenged in court within one month from the date of introduction of such measures pursuant to procedures specified by the laws of Ukraine.

Article 29. Measures against Unfair Trade and Growing Imports in the course of Foreign Economic Activities

Unfair trade shall be understood as:

- effectuation of dumping imports that are subject to antidumping measures;
- effectuation of subsidized imports that are subject to countervailing measures;

Growing import shall be understood as imports in amounts and/or in conditions causing serious injury or threatening to cause serious injury to Ukrainian producers of such goods and shall be subject to safeguard measures.

Pursuant to results of antidumping, anti-subsidy or safeguard investigations carried out pursuant to the laws of Ukraine, decisions shall be passed to apply antidumping, countervailing or safeguard measures, which decisions may be challenged in court within one month from the date of introduction of the relevant measures pursuant to the procedures specified by the laws of Ukraine.

At that, safeguard quotas shall mean the maximum volume of import into Ukraine of a certain good (goods), which is subject to a safeguard investigation and/or safeguard measures, which volume is permitted for import to Ukraine within a specified time period, and is expressed in product units and/or price units and safeguard license shall mean a duly executed right to import into Ukraine a certain good (goods) within a prescribed time period, where such good (goods) is (are) subject to a safeguard investigation and/or safeguard measures.

Countervailing duty shall mean a speciality that is collected in the event of importation into Ukraine's customs territory of a product that is subject to applied countervailing measures (preliminary or final), in order to eliminate the effect of any grant or subsidy given directly or indirectly, for production, manufacturing or export of such product.

Anti-dumping, compensatory, and safeguard measures, when justifiable under respective legislation, shall be applied regardless of the nature of trade arrangement between Ukraine and other countries and shall be applied to affected imports including those destined to free economic zones.

Anti-dumping and countervailing duties shall be exclusive measures that may be applied in order to eliminate or prevent dumping and in order to eliminate the effect of any grant or subsidy, provided directly or indirectly, for production, manufacturing or export of such product.

Section VI

LIABILITY IN FOREIGN ECONOMIC ACTIVITIES

Article 30. General Grounds for Liability of Entities engaged in Foreign Economic Activities

Ukraine as the State and all entities engaged in foreign economic activity and foreign business entities shall be liable for violations of this Law or related laws of Ukraine and/or their obligations arising from agreements (contracts) only conditions and under procedures as are determined by the laws of Ukraine.

Ukraine as the State shall not be liable for actions of entities engaged in foreign economic activity.

Entities engaged in foreign economic activity shall not be liable for actions of Ukraine as the State.

If Ukraine participates in foreign economic activity as an entity engaged in foreign economic activity pursuant to Article 3 of this Law, it shall be liable on general and equal principles that are applicable to other entities engaged in foreign economic activity.

All matters and issues regarding the determination of liability arising from application of this Law and related laws of Ukraine shall

The said lawsuits shall be filed by entities engaged in foreign economic activity at the place of their permanent office or residence, and foreign business entities – at the place of location of the governmental authority and/or official that has committed actions specified in this Article.

The lawsuit shall be filed under general procedure specified by the law of civil procedure of Ukraine.

Article 33. Liability of Entities engaged in Foreign Economic Activities

Subjects of foreign economic activity bear responsibility for violation of the order of foreign economic activity fulfillment fixed by the given and/or other Laws of Ukraine in the forms and ways foreseen by the Articles 31 and of the given Law, other Laws of Ukraine and/or foreign economic agreements (contracts).

Article 34. Special Sanctions for Violation of this Law and Related Laws of Ukraine

The following special sanctions may be applied against entities engaged in foreign economic activity or foreign business entities in violation of this Law or related laws of Ukraine:

- individual licensing procedure in cases of violation of the given Law and/or Laws of

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Article 35. Adjudication of Disputes Arising in the Course of Foreign Economic Activities

Disputes between entities engaged in foreign economic activity, foreign business entities arising in the course of foreign economic activity may be adjudicated by Ukrainian commercial courts and, upon consent of parties to a dispute, by the International Commercial Arbitration Court and the Maritime Arbitration Commission under the Ukrainian Chamber of Commerce and Industry, and by other dispute resolution bodies, if it is not inconsistent with effective Ukrainian laws or is envisaged by international treaties and agreements of Ukraine.

Article 36. Disputes Arising in the Course of Application of this Law

Any disputes as to application of provisions of this Law and laws adopted in implementation hereof may be the subject matter of proceedings in:

- Ukrainian courts, if one of the parties in a case is a natural person and/or the State;
- commercial courts, if parties in a case are legal entities.

Interstate disputes, which may arise as a result of actions of Ukraine in applying this Law, shall be settled in accordance with procedures agreed by parties pursuant to the rules of international law.

II. FINAL PROVISIONS

1. The given Law is coming into force from January 1, 2005.
2. To make alterations to the following legislative acts of Ukraine:

In the title and text of the Law of Ukraine "On use of special measures regarding import to Ukraine" (Vidomosti Verkhovnoji Rady Ukrainy (News of the Parliament of Ukraine (VVR), 1999, No 11, article 78, VVR, 2000, No 24, article 186, VVR, 2003, No 26, article 193, VVR, 2003, No 37, article 300), in text of the Law of Ukraine "On common customs tariff" (Vidomosti Verkhovnoji Rady Ukrainy (VVR), 1992, No 19, article 259, VVR, 1993, No 12, Article 107, VVR, 1993, No 24, article 270, VVR, 1996, No 41, article 192, VVR, 2002, No 35, article 259, VVR, 2004, No 17-18, article 250, VVR, 2004, No 25, article 346, VVR, 2004, No 29,

To stop the validity of the Law of Ukraine "On appliance of special measures concerning import to Ukraine" (Vidomosti Verkhovnoji Rady Ukrainy of Ukraine (VVR), 1999, No 11, article 78, VVR, 2000, No 24, article 186, VVR, 2003, No 26, article 193, VVR, 2003, No 37, article 300) in the part of appliance of special duties preliminary special measures and establishment of special duties on import to Ukraine, which is an object of special investigation.

3. The Cabinet of Ministers of Ukraine within six months from the day of coming into effect of the given Law should:

- submit for the consideration of Verkhovna Rada (Parliament) of Ukraine proposals concerning the bringing of legislative acts of Ukraine in compliance with the given Law;
- bring its normative-legal acts into compliance with the given Law;
- ensure the review and revocation by the Ministries and other central executive power authorities of their normative-legal acts that contradict to the given Law.