

THE LAW OF UKRAINE

ON TRANS-BORDER ECONOMIC ACTIVITIES

(The Official Journal of the Verkhovna Rada, 1991, No. 29, p. 377)
(Enforced by Resolution of VR No. 960-XII (960-12) of 16 April 1991, OJVR, 1991, No. 29, p.378)

As amended by the Laws of Ukraine
No. 2139-XII (2139-12) of 19 February 1992, OJVR, 1992, No. 20, p.276

Resolutions of the Verkhovna Rada of Ukraine
No. 2330-XII (2330-12) of 12 May 1992, OJVR, 1992, No. 31, p.442
No. 2489-XII (2489-12) of 23 June 1992, OJVR,1992, No. 36, p.534

Decrees

No. 6-92 of 9 December 1992,
(repealed by the Law No. 3898-XII (3898-12)
of 1 February 1994, OJVR,1994, No. 20, p.120
No. 4-93 of 11 January 1993, OJVR,1993, No. 12, p.107
No. 6-93 of 12 January 1993, OJVR,1993, No. 12, p.109
No. 15-93 of 19 February 1993, OJVR,1993, No. 17, p.184
No. 25-93 of 17 March 1993, OJVR,1993, No. 19, p.209)

Laws

No. 3898-XII (3898-12) of 1 February 1994, OJVR, 1994, N 20, p.120
No. 68/95-VR of 15 February 1995, OJVR,1995, No. 11, p. 66
No. 75/95-VR of 28 February 1995, OJVR,1995, No. 13, p. 85
No. 82/95-VR of 2 March 1995, OJVR,1995, No. 14, p. 90
No. 90/95-VR of 14 March 1995, OJVR,1995, No. 14, p. 93

(For official interpretations on the Law, see Decision of the Constitutional Court No. 16-рп/98
(v016p710-98) of 26 November 1998)

(as amended by the Laws of Ukraine

No. 335-XIV (335-14) of 22 December 1998, OJVR,1999, No. 7, p.49
No. 1182-XIV (1182-14) of 21 October 1999, OJVR,1999, No. 51, p.447
No. 1595-III (1595-14) of 23 March 2000, OJVR,2000, No. 24, p.186
No. 1807-III (1807-14) of 08 June 2000, OJVR,2000, No. 38, p.318
No. 2953-III (2953-14) of 17 January 2002, OJVR,2002, No. 17, p.121
No. 3047-III (3047-14) of 7 February 2002, OJVR,2002, No. 29, p.194
No. 362-IV (362-15) of 25 December 2002, OJVR,2003, No. 7, p. 62
No. 762-IV (762-15) of 15 May 2003, OJVR,2003, No. 30, p.247
No. 869-IV (869-15) of 22 May 2003, OJVR,2003, No. 37, p.300
No. 1294-IV (1294-15) of 20 November 2003, OJVR,2004, No. 13, p.181
No. 1315-IV (1315-15) of 20 November 2003, OJVR, 2004, No. 14, p.197
No. 2157-IV (2157-15) of 4 November 2004, OJVR, 2005, No. 3, p.78
No. 2709-IV (2709-15) of 23 June 2005, OJVR, 2005, No. 32, p.422
No. 3078-IV (3078-15) of 15 November 2005, OJVR, 2006, No. 5-6, p.74
No. 3268-IV (3268-15) of 22 December 2005, OJVR, 2006, No. 15, p.129
No. 139-V (139-16) of 14 September 2006, OJVR, 2006, No. 43, p.419)

(In the title and the text of this Law, words “Ukrainian Soviet Socialist Republic”, “Ukrainian SSR,” “Government”, “Council of Ministers of the Ukrainian SSR”, “Ministry of Foreign Economic Relations of the Ukrainian SSR”, “State Department for Customs Control of the Ukrainian SSR”, and “court or arbitration” are replaced by words “Ukraine”, “the Cabinet of Ministers of Ukraine”, “Ministry of Foreign Economic Relations and Trade of Ukraine”, “Customs Service of Ukraine” and “court” respectively, according to the Law of Ukraine No. 335-XIV of 22 December 1998.)

(In the text of this Law, words “Ministry of Foreign Economic Relations and Trade” in all cases shall be replaced by words “Ministry of Economy” in all grammar cases, according to the Law of Ukraine No. 1595-III of 23 March 2000)

(In the text of this Law, words “Ministry of economy of Ukraine” in all grammar cases shall be replaced by words “central executive body on economic policy” in corresponding cases, according to the Law of Ukraine No. 860-IV of 22 May 2003)

The Verkhovna Rada of Ukraine,

having regard to the provisions of the Constitution (the Fundamental Law) of Ukraine (888-09, 254к/96-VR), the Declaration of the State Sovereignty of Ukraine (55-12), the Law of Ukraine "On Economic Independence of Ukrainian SSR" (142-12) and general international rules and norms,

considering that, one of the grounds for achieving the state sovereignty of Ukraine is its independence in pursuing and regulating trans-border economic relations,

having regard to obligations conferred on Ukraine under international agreements to which Ukraine is a party and other treaties,

(indent four of Preamble as amended by the Law No. 2157-IV (2157-15) of 4 November 2004

having strong desire for comprehensive development of economic relations with foreign countries on the mutually profitable basis,

having as an objective to establish legal framework for all kinds of trans-border economic activities in Ukraine, including foreign trade, economic, scientific and technical co-operation, specialization and co-operation in production, science and technology, economic ties in the sphere of construction, transport, shipping, insurance, clearing transaction, credit and other banking operations, provision of different services,

has adopted this Law on the following:

SECTION I

GENERAL PROVISIONS

Article 1. Definitions

The definitions used in this Law shall mean:

Audit – verification of public accounting reports, book-keeping, initial documents and other information on financial and business activities of business entities with a view of establishing the authenticity of the accounting reports, book-keeping, its completeness and conformity to the legislation and norms currently in force;

(Paragraph 2 of Article 1 is amended according to the Law No. 90/95-VR of 14 March 1995)

Currency funds shall mean values in currency:

- foreign currency in cash,
- payment documents (checks, bills, bills of exchange, deposit certificates, letters of credit and others) in foreign currency;
- securities (shares, bonds, coupons for them, stock obligations, bills, etc.) in foreign currency,
- gold and other precious metals in bars, plates, coins, as well as certificates, bonds, warrants and other securities with their face-value denominated in gold, precious stones;

Economic activity shall mean any type of activity, including business undertakings related to production and exchange of material and non-material benefits in the form of goods;

Dumping shall mean import of goods at prices lower than the comparable prices of similar goods in the country of export, thus causing damages to domestic manufacturers of such goods;

(Paragraph 9 of Article 1 in the wording of Law No. 335-XIV of 22 December 1998)

Export (export of goods) shall mean sales of goods by Ukrainian business entities to foreign business entities of foreign trade (including with payments made in cashless form) with or without transferring these goods across the customs border of Ukraine, including re-export of goods. In this context, re-export (re-export of goods) means sales to foreign business entities and export of previously imported goods;

(Paragraph 10 of Article 1 in the wording of Law No. 335-XIV of 22 December 1998)

Export (import) of capital shall mean taking capital out of Ukraine (or bringing it to Ukraine) in any form (currency, products, services, works, intellectual property rights and other non-property rights) for the purpose of receiving incomes from production and other forms of economic activities;

Foreign economic activities shall mean activities of business entities of Ukraine and foreign business entities, based on mutual relations between them, which takes place both on the territory of Ukraine and abroad;

Foreign economic agreement (contract) shall mean a materially drawn up agreement between two or more bodies of foreign economic activities and their foreign counterparts, aimed at establishment, change or termination of their mutual rights and duties in foreign economic activities;

Import (import of goods) shall mean acquisition (including purchase with payments in cashless form) of goods by Ukrainian bodies of foreign economic activities from foreign business entities, with or without import of these goods, including such purchases made for owned (personal) consumption by institutions and organizations of Ukraine located beyond its borders;

(Paragraph 14 of Article 1 in the wording of Law No. 335-XIV of 22 December 1998)

Foreign currency:

- currency in cash, monetary symbols (bank-notes, state treasury notes, coins) in circulation that are legal as payment means on the territory of a respective foreign country, and also monetary symbols withdrawn or being withdrawn from circulation but also being subject to exchange for currently valid monetary symbols;

- payment documents in monetary symbols of foreign countries and international payment units;

- funds (resources) in monetary symbols of foreign countries, international payment units and Ukrainian national currency with free conversion, which are allocated on accounts and deposits in banking and credit institutions on the territory of Ukraine and abroad;

Foreign investments shall mean all types of property and intellectual values, invested by foreign business entities in Ukraine, resulting in incomes (profits) or causing some social effect;

Foreign business entities shall mean business entities permanently located or residing outside Ukraine;

(Paragraph 20 of Article 1 is amended according to Law No. 2157-IV (2157-15) of 4 November 2004)

Global quotas (contingents) shall mean quotas established for goods without specification of countries (groups of countries), whereto goods are exported or from which goods are imported;

Group quotas (contingents) shall mean quotas established for goods with specification of countries, whereto goods are exported or from which goods are imported;

Export (import) quota shall mean limited volume for certain category of goods permitted for export from Ukraine (import to Ukraine) within the established period of time and which is designated in natural or cost units;

Individual quotas (contingents) shall mean quotas for good (goods) with specification of a definite country, whereto goods may be exported or from which goods may be imported;

Antidumping quotas shall mean a limited volume of imports with regard to certain goods being subject to antidumping investigation and/or antidumping measures, allowed to be imported to Ukraine within a certain period of time, designated in natural and/or cost units of measurement;

(Article 1 is supplemented with paragraph 25 according to Law No. 335-XIV (335-14) of 22 December 1998)

Compensatory quotas shall mean a limited import volume with regard to certain goods subject to an anti-subsidy investigation and/or compensatory measures, which is allowed to be imported to Ukraine within a certain period of time, designated in natural and/or cost units of measurement;

(Article 1 is supplemented with paragraph 26 according to Law No. 335-XIV (335-14) of 22 December 1998)

Special quotas shall mean a limited import volume with regard to certain goods subject to a special investigation and/or special measures, which are allowed to be imported to Ukraine within a certain period of time, designated in natural and/or cost units of measurement;

(Article 1 is supplemented with paragraph 27 according to Law No. 335-XIV (335-14) of 22 December 1998)

Antidumping license shall mean a duly registered right to import to Ukraine, within a certain period of time, certain goods subject to an antidumping investigations or antidumping measures;

(Article 1 is supplemented with paragraph 28 according to Law No. 335-XIV (335-14) of 22 December 1998)

Compensatory license shall mean a duly registered right to import, within a certain period, certain goods subject to an anti-subsidy investigation and/or compensatory procedures;

(Article 1 is supplemented with paragraph 29 according to Law No. 335-XIV (335-14) of 22 December 1998)

Special license shall mean a properly executed right to import, over a certain period, certain goods subject to a special investigation and/or special procedures;

(Article 1 is supplemented with paragraph 30 according to Law No. 335-XIV (335-14) of 22 December 1998)

Open license (individual) shall mean a permit for export (import) of goods within an established period of time (but no less than one month) with specification of its total volume;

General license shall mean an open permit for export (import) operations with specified goods and/or with a specified country (group of countries) during the validity term of licensing regime for these goods;

Export (import) license shall mean a duly registered right for export (import) of specified goods or currency with the purpose of investments and crediting within an established period of time;

Single license (individual) shall mean a one-time permit of personalized nature issued for each individual operation to a specified body of foreign economic activity within the period no shorter than required to perform an export (import) operation;

Customs regulation shall mean regulation of matters related to the establishment of customs duties and fees, procedures for customs control, organization of activities of customs control bodies of Ukraine;

International co-operation shall mean interaction of two or more business entities, provided at least one of them is foreign, to perform joint development or production, joint sale of finished products and other goods based on specialization in production of half-finished products (spare parts, units, materials, equipment used in complex supplies) or specialized in individual technological stages (functions) of scientific and research works, production and performance of economic activities with co-ordination of respective programs;

Moment of execution of export (import) contract shall mean a moment, when all obligations under the concluded contract are fulfilled, including drawing up bills (bills of exchange) or conclusion of credit contracts;

Moment of export (import) performance shall mean a moment when goods cross the customs frontier of Ukraine, or when property rights for specified goods being exported or imported are transferred from seller to buyer;

(Paragraph 38 of Article 1 is amended according to Law No. 2157-IV (2157015) of 4 November 2004)

Moral damage shall mean damage caused to private non-property rights of bodies of foreign economic activities, which resulted or may result in material losses;

Restrictive business practice shall mean implementation of individual or collective measures to restrict competition and monopolization of production, distribution, exchange and consumption of goods and reception of extra profits;

Transfer of currency outside Ukraine shall mean a transfer of money (currency) for the benefit (to an account) of a foreign business entity or to a banking credit institution which is not a business entity of Ukraine;

Advance import deposits shall mean money deposits in the currency under the agreement (contract) in the amount, determined in established interest rates to the cost of respective agreement (contract), made by bodies of foreign economic activity to non-interest accounts of banks which serve them on the territory of Ukraine, for the period from the date the agreement (contract) comes into force until the transfer of goods under this agreement (contract) across the customs frontier of Ukraine or transfer of goods by foreign economic bodies on the territory of Ukraine;

(Paragraph 42 of Article 1 is amended according to Law No. 2157-IV (2157-15) of 4 November 2004)

Permanent location shall mean location of the officially registered head managing body (office) of a business entity (body of foreign economic activities);

Permanent place of residence shall mean residence on the territory of a country for no less than one year for a natural person who does not have permanent residence on the territories of other countries and has an intention to reside on the territory of this country for an indefinite period of time, without restrictions of such residence by a certain purpose, provided such residence is not motivated by official duties or duties under the agreement (contract);

Representative office of foreign business entity shall mean an institution or a person who represents interests of a foreign business entity in Ukraine and has duly registered respective powers thereto;

Special economic zone shall mean a territory where a respective law of Ukraine establishes a special legal regime for economic activities and special procedures for application and enforcement of legislation of Ukraine;

Joint business (economic) activity shall mean an activity based on co-operation of Ukrainian and foreign business entities and joint share of results and risks of its implementation;

Joint ventures shall mean enterprises based on joint capital of Ukrainian business entities and foreign business entities, joint managing and sharing results and risks of their activities;

(Paragraph 48 of Article 1 is amended according to Law No. 2157-IV (2157-15) of 4 November 2004)

Goods shall mean any products, services, works, intellectual property rights and other non-property rights assigned for sale (paid transfer);

Commodity group shall mean a group of homogeneous goods under harmonized description and coding system for goods;

Transit of goods shall mean transportation of goods produced outside Ukraine through the Ukrainian territory, provided these goods are not in any manner used in Ukraine;

Lost profit shall mean income or profit which might have been received by a body of foreign economic activities in case of performing a foreign economic transaction, provided it has been missed as a result of circumstances which are beyond control of this body of foreign economic activities, unless the amount of the foreseeable profit or income cannot be reasoned.

Article 2. Principles of Foreign Economic Activities

While implementing foreign economic activities, business entities of Ukraine and foreign business entities shall be guided by the following principles:

Principle of sovereignty of the people of Ukraine in implementation of foreign economic activities:

- exclusive right of the people of Ukraine to perform foreign economic activities in Ukraine on an independent basis following the laws in force on the territory of Ukraine;
- obligation of Ukraine to execute all its agreements and duties in the sphere of international economic relations;

Principle of freedom of foreign economic entrepreneurship which is based on the following:

- a right of bodies of foreign economic activities to establish foreign economic relations on a voluntary basis;
- a right of bodies of foreign economic activities to perform the above-mentioned activities in any form which is not directly prohibited by current laws of Ukraine;
- an obligation to follow the procedure for foreign economic activities, as established by laws of Ukraine;
- exclusive property right of bodies of foreign economic activities to all results of these activities obtained by them.

Principle of legal equality and non-discrimination which is based on the following:

- equality of all bodies of foreign economic activities before the law, regardless of their forms of property, including the State, during implementation of foreign economic activities
- prohibition of any actions of the State except for those envisaged in this Law, if they result in limitation of rights and discrimination of bodies of foreign economic activities, as well as foreign business entities by their forms of property, location and other features;
- inadmissibility of restrictive activities from the part of any of its bodies, except for those provided by this Law;

Principle of the rule of Law which is based on the following:

- regulation of foreign economic activities only by laws of Ukraine;
- prohibition of use of subordinate legislation and acts of administration of local bodies, which in any form create conditions less favorable than those established by laws of Ukraine for the bodies of foreign economic activities;

Principle of protection of interests of bodies of foreign economic activities, which lies in the fact that Ukraine as a State:

- shall provide equal protection of interests to all bodies of foreign economic activities and foreign business entities on the territory of Ukraine according to laws of Ukraine;
- shall provide equal protection of interests to all Ukrainian bodies of foreign economic activities outside Ukraine according to the norms of international law;
- shall protect state interests of Ukraine, both on its territory and outside it, only in compliance with the Ukrainian laws under terms of international agreements signed by it and the norms of international law.

Principle of equivalence in exchange, inadmissibility of dumping when goods enter/leave the territory of Ukraine.

Article 3. Bodies of Foreign Economic Activities

Bodies of foreign economic activities in Ukraine are:

- natural persons-citizens of Ukraine, foreign citizens and persons without citizenship who have legal capacity and capability according to the laws of Ukraine and who permanently reside in Ukraine;

(Paragraph two of part one of Article 3 is amended according to Law No. 2157-IV (2157-15) of 4 November 2004)

- legal entities registered in Ukraine as such and permanently located on the territory of Ukraine (enterprises, organizations and amalgamations of all types, including joint stock and other business companies, associations, unions, concerns, consortiums, trading houses, intermediary and consulting firms, co-operatives, credit-financing institutions, international amalgamations, organizations and others), including legal entities whose property and/or capital are completely owned by foreign business entities;

- alliances of natural persons, legal entities, natural persons and legal entities which are not legal entities according to the laws of Ukraine but are permanently located on the territory of Ukraine and may perform economic activities according to civil laws of Ukraine;

- structural units of foreign business entities which are not legal entities according to the laws of Ukraine (branches, divisions, etc.), but are permanently located on the territory of Ukraine;

(Paragraph five of part one of Article 3 is amended according to Law No. 2157-IV (2157-IV) of 4 November 2004)

- joint ventures with participation of Ukrainian business entities and foreign business entities, registered in Ukraine as such and permanently located on the territory of Ukraine;

- other business entities, as stipulated by the laws of Ukraine.

Ukraine, represented by its bodies, local power and administration bodies in the person of foreign economic organizations established by them which participate in foreign economic activities, and also other countries participating in economic activities on the territory of Ukraine, shall act as legal entities according to part four of Article 2 of this Law and the laws of Ukraine.

Article 4. Types of Foreign Economic Activities

Types of foreign economic activities performed in Ukraine shall include the following:

- export and import of goods, capitals and workforce;

- rendering services to foreign business entities by bodies of foreign economic activities of Ukraine, including production, transportation and forwarding, insurance, consulting, marketing, export, intermediary services, broker, agent, consignment, managing, accountancy, auditing, legal, tourist and other services which are not prohibited by the laws of Ukraine; rendering of the above-named services by foreign business entities to bodies of foreign economic activities of Ukraine;

- scientific, scientific and technical, scientific and production, production, training and other types of co-operation with foreign business entities; training specialists on the commercial basis;

- international financial operations and operations with securities in cases stipulated by the laws of Ukraine;

- credit and settlement transactions between the bodies of foreign economic activities and foreign business entities; establishment of banking, credit and insurance institutions outside Ukraine by bodies of foreign economic activities; establishment of the above-named institutions in Ukraine by foreign business entities, as stipulated by the laws of Ukraine;

- joint business activities by the bodies of foreign economic activities and foreign business entities, including establishment of joint ventures of all types and forms of property,

implementation of joint economic transactions and joint possession of property both in Ukraine and abroad;

- business activities on the territory of Ukraine related to issue of licenses, patents, know-how, trade marks and other non-material property objects performed by foreign business entities; same activity of bodies of foreign economic activities outside Ukraine;

- organization and implementation of activities in the sphere of hosting exhibitions, auctions, tenders, conferences, symposiums, seminars and other similar events performed on the commercial basis with participation of bodies of foreign economic activities; organization and realization of wholesale, consignment and retail trade in Ukraine for foreign currency, as stipulated by the laws of Ukraine;

- barter (exchange of goods) transactions and other activities based on countertrade between the bodies of foreign economic activities and foreign business entities;

- rent, including lease, operations between the bodies of foreign economic activities and foreign business entities;

- currency purchase, sale and exchange operations at currency auctions, currency exchanges and the inter-bank currency market;

- contractual works of natural persons of Ukraine with foreign business entities both in Ukraine and abroad; works of foreign natural persons with the bodies of foreign economic activities on contractual basis both in Ukraine and abroad;

- other types of foreign economic activities not prohibited by the laws of Ukraine directly and exclusively.

Intermediary operations during which the property right for goods is not transferred to an intermediary (based on commission or agency contracts etc.) may be performed without restrictions.

Article 5. Right to Perform Foreign Economic Activities

All bodies of foreign economic activities shall have an equal right to perform any type of foreign economic activities not prohibited by laws of Ukraine directly, regardless of their forms of property and other features.

Natural persons shall have the right to perform foreign economic activities since the moment they acquire legal capacity according to the laws of Ukraine. Natural persons who permanently reside on the territory of Ukraine shall have this right, provided they are registered as entrepreneurs according to the Law of Ukraine "On Entrepreneurship" (698-12). Natural persons who do not reside permanently on the territory of Ukraine shall have this right, provided they are business entities according to laws of the country where they reside permanently or in case they are citizens of that country. Legal entities shall have the right to perform foreign economic activities according to their statutory documents since the moment they acquire the status of a legal entity.

(Part three of Article 5 is void according to Law No. 139-V (139-16) of 14 September 2006)

(Part four of Article 5 is void according to Law No. 139-V (139-16) of 14 September 2006)

(Part five of Article 5 is void according to Law No. 139-V (139-16) of 14 September 2006)

(Part six of Article 5 is void according to Law No. 139-V (139-16) of 14 September 2006)

(Part seven of Article 5 is void according to Law No. 139-V (139-16) of 14 September 2006)

(Part eight of Article 5 is void according to Law No. 139-V (139-16) of 14 September 2006)

(Part nine of Article 5 is void according to Law No. 139-V (139-16) of 14 September 2006)

Interference of the state bodies into foreign economic activities of its entities in cases when it is not stipulated by this Law, including adoption of subordinate legislation which creates unfavorable conditions worse than those established in this Law, shall be deemed limitation of the right to perform foreign economic activities and therefore shall be prohibited.

According to Article 37 of this Law, sanctions may be imposed on the bodies of foreign economic activities in the form of suspension of the right to perform foreign economic activities, provided they violate the current laws of Ukraine.

No provision of this Article can be interpreted as a prohibition to natural persons, legal entities and other bodies of foreign economic activities to establish any relations which are not considered to be foreign economic activities between them.

The body of foreign economic activities which received money, property, property and non-property rights and other results after performing such activities shall be entitled to possess, use and dispose of the above-named at his sole discretion.

Seizure of results of foreign economic activity from the owner in any paid or unpaid form and without the owner's consent shall be prohibited, except for cases stipulated by the laws of Ukraine.

Implementation of any types of foreign economic activities specified in Article 4 outside Ukraine shall also be subject to regulation by laws of respective foreign countries.

All bodies of foreign economic activities of Ukraine shall have the right to open their representative offices in other countries according to laws of respective countries.

All bodies of foreign economic activities shall have the right to participate in international non-governmental economic organizations.

Foreign business entities which perform foreign economic activities in Ukraine shall have the right to open their representative offices in Ukraine. Registration of these representative offices shall be performed by the Ministry of Economy of Ukraine within 60 working days from the date the documents are submitted for registration. For the registration of a representative office of a foreign business entity on the territory of Ukraine the following documents shall be submitted:

- application for registration of representative office in free form;
- extract from the trade (banking) register of the country where the foreign business entity is officially registered;
- reference from the banking institution where the applicant's account is officially opened;
- power of attorney to perform representative functions issued according to the law of the country where the office of the foreign business entity is officially registered.

The above-named documents shall be certified by a notary at the place of issue and duly legalized in the consular institutions of Ukraine, unless otherwise stipulated by international treaties of

Ukraine. Foreign business entities shall pay for the registration of a representative office in the amount established by the Cabinet of Ministers of Ukraine, which shall not exceed factual expenses of the country with regard to such registration.

Should the central executive body on matters of economic policy refuse to register a representative office of foreign business entity or take no decision on its registration within the established 60-day period, the foreign business entity may appeal against such refusal in judicial bodies of Ukraine.

It is prohibited to demand re-registration of previously registered representative office in Ukraine from a foreign body of economic activities.

Should any change of name, legal status, legal address of a foreign business entity or its bankruptcy occur, the respective representative office in Ukraine shall inform the central executive body on matters of economic policy thereof within seven days.

Economic activity, including foreign economic activities of foreign business entities on the territory of Ukraine, shall be regulated by the laws of Ukraine with regard to the procedure for implementation of economic activities in Ukraine. If this activity is related to foreign investments, it shall be regulated by respective laws of Ukraine.

Article 6. Agreements (Contracts) of Foreign Business Entities and Law Applied Thereto

The bodies which are parties to foreign economic agreement (contract) shall be capable to conclude an agreement (contract) according to this Law and other laws of Ukraine and/or the law of the country where the agreement (contract) is concluded. A foreign economic agreement (contract) shall be concluded according to this Law and other laws of Ukraine, taking into account the international treaties of Ukraine. While composing the text of foreign economic agreement (contract), the bodies of foreign economic activities shall be entitled to use the known international traditions, recommendations of international bodies and organizations, unless it is prohibited by this Law and other laws of Ukraine directly and exclusively.

A foreign economic agreement (contract) shall be concluded by a body of foreign economic activities or by its authorized representative in a simple written form, unless otherwise stipulated by the law or international treaties of Ukraine. Authorities of representative to enter into a foreign economic agreement (contract) may be exercised according to a power of attorney, statutory documents, contracts or other grounds which do not contradict this Law. Actions performed by a duly authorized Ukrainian body of foreign economic activities on behalf of a foreign body of foreign economic activities shall be deemed actions of such foreign body of foreign economic activities.

(Part two of Article 6 in the wording of Law No. 1182-XIV)1182-14) of 21 October 1999)

To sign a foreign economic agreement (contract), the foreign business entity does not require a permit of any state power body, administration or superior organization, except for cases stipulated by the laws of Ukraine.

Bodies of foreign economic activities shall be entitled to conclude any types of foreign economic agreements (contracts) except for those which are prohibited directly and exclusively by the laws of Ukraine.

A foreign economic agreement (contract) may be adjudged invalid in court proceedings if it does not meet the requirements of the laws of Ukraine or international treaties of Ukraine.

(Part six of Article 6 is void according to Law No. 2709-IV (2709-15) of 23 June 2005)

(Part seven of Article 6 is void according to Law No. 2709-IV (2709-15) of 23 June 2005)

(Part eight of Article 6 is void according to Law No. 2709-IV (2709-15) of 23 June 2005)

(Part nine of Article 6 is void according to Law No. 2709-IV (2709-15) of 23 June 2005)

(Part ten of Article 6 is void according to Law No. 2709-IV (2709-15) of 23 June 2005)

(Part eleven of Article 6 is void according to Law No. 2709-IV (2709-15) of 23 June 2005)

(Part twelve of Article 6 is void according to Law No. 2709-IV (2709-15) of 23 June 2005)

(Part thirteen of Article 6 is void according to Law No. 2709-IV (2709-15) of 23 June 2005)

(Part fourteen of Article 6 is void according to Law No. 2709-IV (2709-15) of 23 June 2005)

(Part fifteen of Article 6 is void according to Law No. 2709-IV (2709-15) of 23 June 2005)

(Last part of Article 6 is void according to
Decree of the Cabinet of Ministers of Ukraine No. 6-92 of 9 December 1992;
Validity of last part is restored
as Decree of the Cabinet of Ministers of Ukraine No. 6-92 of 9 December 1992 is void
according to Law No. 3898-12 of 1 February 1994)

Barter transactions between bodies of foreign economic activities implemented without settlements through the banks shall be subject to licensing by the central executive body on matters of economic policy according to the procedure established by Article 16 of this Law.

(See Decision of the Constitutional Court No. 16-пп/98 (v016p710-98)
of 26 November 1998 for official interpretation of provisions of part two of Article 6)

SECTION II

REGULATION OF FOREIGN ECONOMIC ACTIVITIES

Article 7. Basis of Regulation of Foreign Economic Activities

Regulation of foreign economic activities in Ukraine shall be performed according to the principles specified in Article 2 of this Law for the following purpose:

- provision of economy balance and balance of domestic market of Ukraine;

- stimulation of progressive structural changes in the economy, including foreign economic ties of bodies of foreign economic activities of Ukraine;
- creation of the most favorable conditions for the Ukrainian economy to enter the world system of labor division and approaching market structures of developed foreign countries.

Regulation of foreign economic activities in Ukraine shall be performed by:

- Ukraine as a State represented by its bodies within their competence:
- non-governmental economy management bodies (commodity, stock, currency exchanges, chambers of commerce, associations, unions and other organizations of coordinative type) which act on the basis of their statutory documents;
- bodies of foreign economic activities themselves on the basis of respective co-ordination agreements concluded between them.

Regulation of foreign economic activities in Ukraine shall be performed with the help of:

- laws of Ukraine:
- acts of tariff and non-tariff regulation stipulated in Ukrainian laws, which are issued by the state power bodies of Ukraine within their competence;
- economic measures of operative regulation (currency and finance, credit and others) within the frameworks of the laws of Ukraine;
- decisions of non-governmental economy management bodies which are made according to their statutory documents within the frameworks of the laws of Ukraine;
- agreements concluded between the bodies of foreign economic activities which do not contradict the laws of Ukraine.

Regulation of foreign economic activities which is not directly stipulated by this part, acts and activities of the state and non-state bodies shall be prohibited.

The following legal regimes shall be established for foreign business entities on the territory of 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 related to their investments in Ukraine and also with regard to export and import transactions of foreign business entities of those countries, which enter the economic unions along with Ukraine;
- regime of the largest assistance which means that foreign subjects of economic activities have the same scope of rights, preferences and privileges as to duties, taxes and fees, as used and/or shall be used by a foreign business entity of any other country which is provided with such regime, except for cases when the specified duties, taxes and fees and preferences thereon are established within the frameworks of a special regime specified below. The regime of the largest assistance shall be provided to business entities of other countries on the basis of mutual agreement according to respective agreements of Ukraine and shall apply in foreign trade;
- the special regime applied on the territories of special economic zones according to Article 24 of this Law and also on the territories of customs unions where Ukraine has membership, and in case any special regime is established according to international treaties to which Ukraine is a party, according to Article 25 of this Law.

Article 8. State Regulation of Foreign Economic Activities

Ukraine shall independently form the system and structure of the state regulation of foreign economic activities on its territory.

State regulation of foreign economic activities shall provide:

- protection of the economic interests of Ukraine and legal interests of bodies of foreign economic activities;
- establishment of equal possibilities for bodies of foreign economic activities to develop all types of business activities, regardless of the forms of property, and all directions of profit use and investments making;
- encourage competition and liquidation of monopoly in foreign economic activities.

The State and its bodies shall not have the right to interfere directly in the foreign economic activities undertaken by the bodies thereof, except for the cases when such interference takes place according to this Law and other laws of Ukraine.

Article 9. Bodies of State Regulation of Foreign Economic Activities

The supreme body performing the state regulation of foreign economic activities is the Verkhovna Rada of Ukraine. The competence of the Verkhovna Rada of Ukraine shall include:

- adoption, change and abolishment of laws with regard to foreign economic activities;
- approval of main directions of the foreign economic policy of Ukraine;
- consideration, approval and change of the structure of bodies of the state regulation of foreign economic activities;
- conclusion of international treaties of Ukraine according to the laws of Ukraine on international treaties of Ukraine and bringing the current legislation of Ukraine into accord with the regulations, provided by these agreements;
- approval of norms for compulsory distribution of currency proceeds between the state and local Councils of People's Deputies, taxation rates and terms, customs tariff, customs duties and customs procedures of Ukraine when foreign economic activities are performed.

(Paragraph six of part one of Article 9 is suspended
in the part with regard to approval of standards for compulsory distribution of currency proceeds
between the State and local Councils of People's Deputies
according to Decree of the Cabinet of Ministers of Ukraine
No. 15-93 of 19 February 1993)

- establishment of special regimes for foreign economic activities on the territory of Ukraine according to Articles 24 and 25 of this Law;
- approval of lists of goods export and import of which is subject to licensing or is prohibited according to Articles 16 and 17 of this Law.

The Cabinet of Ministers of Ukraine shall:

- take measures to implement the foreign economic policy of Ukraine according to the laws of Ukraine;
- co-ordinate activities of ministries, state committees and governmental departments of Ukraine for regulation of foreign economic activities; co-ordinate the work of trade representative offices of Ukraine in foreign countries;
- adopt normative acts for managing foreign economic activities in cases stipulated by the laws of Ukraine;
- negotiate and conclude intergovernmental treaties of Ukraine on foreign economic activities stipulated by the laws of Ukraine on international treaties of Ukraine, provide execution of international treaties of Ukraine on foreign economic activities by all state managing bodies subordinate to the Cabinet of Ministers of Ukraine, and invite other bodies of foreign economic activities to execute such agreements on contractual basis;

- within their competence specified by the laws of Ukraine, submit propositions with regard to the system of ministries, state committees and governmental departments-bodies of efficient state regulation of foreign economic activities whose authorities cannot exceed the authorities of the Cabinet of Ministers of Ukraine, which it has according to the laws of Ukraine, to the Verkhovna Rada of Ukraine;

- provide composition of the payment balance, consolidated currency plan of Ukraine;
- take measures to provide rational use of money of the State Monetary Fund of Ukraine;
- provide execution of decisions of the Council of Safety of United Nations Organization on matters of foreign economical activity.

(Part two of Article 9 is supplemented with a new paragraph according to Law No. 362-IV (362-15) of 25 December 2002)

The National Bank of Ukraine shall:

- keep and use the gold and currency reserve of Ukraine and other state values which ensure solvency of Ukraine;
- represent interests of Ukraine in relations with the central banks of other countries and other financial and credit institutions and conclude respective interbank agreements;
- regulate the national currency rate of Ukraine to monetary symbols of other states;
- perform accounting and make settlements with regard to granted and obtained state credits and loans, perform operations with centralized currency resources which are allotted from the State Monetary Fund of Ukraine at disposal of the National Bank of Ukraine;

(Paragraph six of part three of Article 9 is suspended according to Decree No. 25-93 of 17 March 1993)

- be a guarantor of the credits provided to bodies of foreign economic activities by foreign banks, finance and other international organizations on the security of the State currency fund and other state property of Ukraine;

(Part three of Article 9 is supplemented with paragraph six according to Law No. 2139-XII (2139-12) of 19 February 1992)

- perform other functions according to the Law of Ukraine "On Banks and Banking" (872-12) and other laws of Ukraine. The National Bank of Ukraine may delegate these functions to a bank for foreign economic activities of Ukraine.

The central executive body on matters of economic policy shall:

- ensure implementation of a unified foreign economic policy when bodies of foreign economic activities enter the foreign market, co-ordination of their foreign economic activities, including according to the international treaties of Ukraine;
- control that all bodies of foreign economic activities keep to the current laws of Ukraine and terms of international treaties of Ukraine;

(Paragraph four of part four of Article 9 is void according to Law No. 139-V (139-16) of 14 September 2006)

- perform antidumping, anti-subsidy and special investigations according to procedures established by the laws of Ukraine;

(Part four of Article 9 is supplemented with paragraph five according to Law No. 335-XIV (335-14) of 22 December 22 1998)

- perform other functions according to the laws of Ukraine and the Provision on the central executive body on matters of economic policy.

The State Customs Service of Ukraine shall:

- exercise customs control in Ukraine according to current legislation of Ukraine;

The Antimonopoly Committee of Ukraine shall:

- control adherence of bodies of foreign economic activities to the legislation on protection of economic competition;

(Article 9 is supplemented with part six according to
Law No. 82/95-VR of 2 March 1995,
as amended according to Law No. 1294-IV (1294-15) of 20 November 2003)

Interdepartmental Commission for International Trade shall:

- perform efficient state regulation of foreign economic activities in Ukraine according to the laws of Ukraine;

- make decisions on commencement and execution of antidumping, anti-subsidy or special investigations, as well as application of antidumping, compensatory or special measures.

(Article 9 is supplemented with part seven according to
Law No. 335-XIV (335-14) of 22 December 1998).

Article 10. Bodies of Local Management of Foreign Economic Activities

Bodies of local management of foreign economic activities are represented by:

- local Councils of People's Deputies of Ukraine and their executive and administrative bodies;
- territorial divisions (departments) of bodies for state regulation of foreign economic activities of Ukraine.

Competence of local self-governing bodies and their executive bodies shall be specified by this Law and the Law of Ukraine "On Local Self-Government" (280/97-VR). Normative acts of local self-governing bodies and their executive bodies with regard to regulation of foreign economic activities shall be adopted only in cases directly stipulated by the laws of Ukraine. Local self-governing bodies and their executive bodies shall act as bodies of foreign economic activities only through the foreign economic commercial organizations established by them and having the status of legal entities of Ukraine.

(Part two of Article 10 in the wording of
Law No. 2157-IV (2157-15) of 4 November 2004)

The bodies of state regulation of foreign economic activities of Ukraine may establish their territorial divisions (departments), provided this entails from their competence established by the laws of Ukraine and provisions for such bodies.

The mentioned bodies of territorial regulation of foreign economic activities shall be established upon the approval of respective local Councils of People's Deputies of Ukraine and within the general limit of budget funds appropriated for maintenance of the respective bodies for state regulation of Ukraine. Activities of the named divisions (departments) shall not contradict the normative acts of local Councils of People's Deputies of Ukraine, except for cases when such activities are envisaged by or result from the laws of Ukraine.

Article 11. Taxation Principles in Foreign Economic Activities

Taxation of bodies of foreign economic activities of Ukraine shall be performed according to the following principles:

- Ukraine shall independently establish and cancel taxes and privileges for bodies of foreign economic activities of Ukraine;
- tax rates shall be established and cancelled by the Verkhovna Rada of Ukraine upon submission of the Cabinet of Ministers of Ukraine;
- tax rates shall be established on the basis of self-repayment and self-financing of bodies of foreign economic activities and aimed at non-deficit of payment balance of Ukraine;
- stability of quantity of types and amounts of taxes shall be guaranteed by the State for the period no less than 5 years;
- it shall be prohibited to establish other taxes except those approved by the Verkhovna Rada of Ukraine;
- tax rates shall be the same for all bodies of foreign economic activities and fixed on the basis of commodity properties i.e., there shall be the same tax rate for same goods;
- promotion of exports of finished products.

(Part two of Article 11 is void according to Law No. 2157-IV (2157-15) of 4 November 2004)

(Part three of Article 11 is void according to Law No. 2157-IV (2157-15) of 4 November 2004)

(Part four of Article 11 is void according to Law No. 2157-IV (2157-15) of 4 November 2004)

It shall be prohibited to apply export and import taxes with regard to the same goods simultaneously with a licensing regime and quotation of export, as provided in Article 16 of this Law, except for cases of establishing the licensing regime and quotation as a measure to counteract discrimination activities of other countries according to Article 16 of this Law and in case of imposing sanctions according to Article 37 of this Law, when a body of foreign economic activities violates the established regulations for foreign economic activities.

Article 12. Mandatory Distribution of Foreign Currency Proceeds from Foreign Economic Activities

(Article 12 was suspended according to Decree No. 15-93 of 19 February 1993)

Mandatory distribution of foreign currency proceeds gained from foreign economic activities between currency funds of the entities involved therein and the State Currency Fund of Ukraine and currency fund of local Councils of People's Deputies of Ukraine shall be established on the territory of Ukraine.

(Part one of Article 12 was suspended for 1992 according to Resolution of the Verkhovna Rada of Ukraine No. 2489-XII of 23 June 1992)

Proceeds in foreign currency gained from foreign economic activities performed by subjects of such activities permanently located or permanently residing on the territory of Ukraine shall be subject to mandatory distribution.

(Part two of Article 12 was suspended for 1992 according to Resolution of the Verkhovna Rada of Ukraine No. 2489-XII of 23 June 1992)

The bodies of foreign economic activities mentioned in this Article shall undertake to transfer a share of the total amount of proceeds in foreign currency gained from foreign economic activities performed in conformity with stable five-year norms which are established by the Verkhovna Rada of Ukraine according to submission of the Cabinet of Ministers of Ukraine depending on the type of exported goods and are uniform for all bodies of foreign economic activities regardless of their property forms and organization of their economic activities.

(Part three of Article 12 was suspended for 1992 according to the Resolution of the Verkhovna Rada of Ukraine No. 2489-XII of 23 June 1992)

If the territory where a body of foreign economic activities is permanently located or permanently resides is subordinate to several local Councils of People's Deputies, the body of foreign economic activities shall transfer 2/3 of the amount subject to distribution to the currency fund of local Council of People's Deputies of local level, and 1/3 – to the currency fund of the higher local Council of People's Deputies of Ukraine.

The bodies of foreign economic activities shall receive reimbursement for the money directed to the State Monetary Fund of Ukraine, currency funds of local Councils of People's Deputies of Ukraine, from a relevant budget and in the currency valid on the territory of Ukraine in conformity with the rate specifically established by the National Bank of Ukraine and effective as of the moment when foreign currency proceeds are accrued to the account of a body of foreign economic activities.

(Part five of Article 12 was suspended for 1992 according to the Resolution of the Verkhovna Rada of Ukraine No. 2489-XII of 23 June 1992)

Mandatory distribution of proceeds in foreign currency shall be performed by banking institutions in which the bodies of foreign economic activities keep their currency accounts, by means of a respective transfer of the amounts mentioned in part three of this Article from the currency account of a body of foreign economic activities and simultaneous accrual of amounts in currency valid on the territory of Ukraine, equal to amounts of transferred foreign currency to a settlement account of this body. The moment of distribution shall be the date indicated in a payment document confirming transfer of foreign currency amounts to the National Bank of Ukraine or (in case of its commission) a bank for foreign and economic activities in Ukraine, or a bank where a currency account of local Council of Peoples Deputies is kept.

(Part six of Article 12 was suspended for 1992 according to the Resolution of the Verkhovna Rada of Ukraine No. 2489-XII of 23 June 1992)

Mandatory distribution of proceeds in foreign currency shall be performed within 30 working days from the moment when the funds in foreign currency are received by the respective bank institution. Should the National Bank of Ukraine or (in case of its commission) the bank for foreign economic activities, or the bank, where currency account of the relevant local Council of People's Deputies is kept, fail to transfer money equivalent in the currency valid on the territory of Ukraine to the bank which services the body of foreign economic activities, mandatory distribution of proceeds in foreign currency shall not be performed, and the State or any respective local Council of People's Deputies shall lose its right to receive respective amounts in foreign currency.

(part seven of Article 12 was suspended for 1992 according to the Resolution of the Verkhovna Rada of Ukraine No. 2489-XII of 23 June 1992)

The procedure for transactions with regard to mandatory distribution of proceeds in foreign currency shall be determined by the provision that shall be approved by the National Bank of Ukraine.

The bodies of foreign economic activities shall transfer a share of proceeds in foreign currency which is subject to mandatory distribution to the State Currency Fund of Ukraine only. Other countries cannot establish any procedure on the territory of Ukraine for transactions of any share of proceeds and/or deductions in foreign currency, which are mandatory for the bodies of foreign economic activities specified in this Article, to budgets or currency funds of those countries.

The bodies of foreign economic activities mentioned in this Article shall be entitled to sell foreign currency to other countries only on the basis of respective agreements (contracts) concluded in conformity with the laws of Ukraine, provided that the mentioned countries act as bodies of foreign economic activities under such contracts. The bodies of foreign economic activities mentioned in this Article shall not have any right to perform mandatory distribution or deductions in foreign currency on the basis of legislative acts of other countries.

It shall be prohibited to establish any currency funds on the territory of Ukraine, except for the State Monetary Fund of Ukraine and currency funds of local Councils of People's Deputies of Ukraine, to which the bodies of foreign economic activities shall transfer the share of their proceeds in foreign currency, without their duly registered consent. Ukraine shall make settlements in foreign currency with the USSR and other countries in compliance with respective agreements (treaties) of Ukraine through the National bank of Ukraine or (in case of its commission) through the bank for foreign economic activities within the State Monetary Fund of Ukraine. Other bodies of foreign economic activities of Ukraine shall not be liable for obligations under the above-mentioned settlements.

Article 13. Principles of Customs Regulation in Foreign Economic Activities

Ukraine shall implement customs regulation of foreign economic activities on its territory independently. The customs policy of Ukraine shall be established by the Verkhovna Rada of Ukraine.

Customs regulation of foreign economic activities shall be performed according to this Law, the Customs Code of Ukraine, the laws of Ukraine on customs regulation, the Unified Customs Tariff of Ukraine (2371a-14, 2371b-14, 2371c-14, 2371d-14) and international treaties of Ukraine.

(Part two of Article 13 in the wording of Law No. 2157-IV (2157-15) of 4 November 2004)

The territory of Ukraine shall be a single customs area, where customs regulations of Ukraine in conformity with the obligations arising from the international treaties of Ukraine shall be valid.

(Part three of Article 13 in the wording of Law No. 2157-IV (2157-15) of 4 November 2004)

The Unified Customs Tariff of Ukraine shall be determined according to the Law of Ukraine and Inter-republican agreements of Ukraine. The Unified Customs Tariff of Ukraine shall establish customs taxation on the single customs territory of Ukraine with regard to items imported/exported

to/from the territory of Ukraine or transited through the territory of Ukraine. The rates of the Unified Customs Tariff shall be uniform for all bodies of foreign economic activities regardless on the property forms, organization of economic activities and territorial location, except for cases stipulated by the laws of Ukraine and its international agreements.

(Part four of Article 13 is suspended in the part with regard to introduction of import duty rates by the Unified Customs Tariff of Ukraine according to Decree of the Cabinet of Ministers of Ukraine No. 4-93 of 11 January 1993)

Customs control and customs taxation on the territory of special economic zones shall be regulated by special laws of Ukraine and international agreements which establish special legal regime for these zones in each individual case.

Customs measures stipulated in Articles 29, 31 and 37 of this Law may be taken against the bodies of foreign economic activities (foreign business entities) that exercise dumping, and also against those countries which implement discriminating actions against Ukraine.

The customs rules of Ukraine which are supposed to include the procedure of goods declaration, payment of duties and customs fees, provision of customs privileges and other conditions of passing customs control, shall be established by the laws of Ukraine on customs regulation. The Unified Customs Tariff of Ukraine and customs rules of Ukraine shall be officially published in widely accessible mass media no later than within 45 days prior to their enforcement. If the above-mentioned documents remain unpublished officially, they shall not have any legal power. If the above-mentioned documents are published later than within 45 days prior to their enforcement, they shall come into force on the 46th day from the moment of their official publication. Official publication shall be deemed publication in an official periodical of the Verkhovna Rada or the Cabinet of Ministers of Ukraine. The date of official publication shall be the date of actual release of respective issue of this periodical.

(Part seven of Article 13 is suspended according to Decree No. 4-93 of 11 January 1993)

Ukraine as a state shall be liable for actions of its customs bodies according to Article 34 of this Law.

Article 14. Making Settlements with Bodies of Foreign Economic Activities and Their Crediting

All bodies of foreign economic activities shall be entitled to:

- determine the form of settlements in foreign economic transactions independently, except for those that contradict the laws of Ukraine and conform to the international regulations;
- take and grant commercial credits directly at their own expense in the currency valid on the territory of Ukraine and in foreign currencies both in Ukraine and abroad, make decisions with regard to the mentioned issues independently;
- choose freely banking and credit institutions which will keep their currency accounts and make settlements with foreign business entities, use their services with adherence with the current laws of Ukraine.

Settlement and credit services for foreign business entities shall be performed on the territory of Ukraine by the bank for foreign economic activities of Ukraine and authorized commercial banks and credit institutions, and also by foreign and international banks duly registered in Ukraine.

Foreign economic transactions shall be credited in currency valid in Ukraine and in foreign currencies on the basis of agreements and under terms approved by creditors and recipients of credits in the credit agreements (contracts).

Settlement credits of banks which are being granted to the bodies of foreign economic activities according to a special credit (loan) account in current national Ukrainian currency to cover funds temporarily withdrawn from the circulation, shall be guaranteed by goods and material values, payment, transportation and/or goods forwarding documents. All other credits, except for settlement credits, shall be guaranteed by property, belonging to the debtor under ownership terms and/or his non-property rights.

State crediting of the bodies of foreign economic activities and guarantee of commercial credits given to these entities by the State shall be performed in Ukraine through the bank for foreign economic activities of Ukraine and other authorized banks.

The terms for state crediting and state guarantee of commercial credits shall be determined by credit agreements (contracts) concluded between respective bodies of foreign economic activities and the bank for foreign economic activities of Ukraine.

Decision on granting state credits and guarantees shall be made by the bank for foreign economic activities of Ukraine within the limits of the state crediting of foreign economic activities in currency valid in Ukraine and in foreign currencies upon submission of bodies of foreign economic activities and according to the results of expert evaluation of technical and economic justification of the object of crediting and conditions of credits payback. The bank for foreign economic activities of Ukraine shall inform the applicant for a state credit (state guarantee of a commercial credit) about its decision within one month after the application is submitted. If the specified expert evaluation of object of crediting is absent, the refusal to grant state credit (state guarantee for commercial credit) to a foreign business entity shall not be allowed due to irrationality.

The amount of the state credit (state guarantee for commercial credit) which is granted in the currency valid in Ukraine and/or in foreign currencies to one body of foreign economic activities for the period of one year shall not exceed 5% of the respective annual limits for state crediting of foreign economic transactions.

All bodies of foreign economic activities that grant credits to foreign business entities or receive credits from them shall inform the National Bank of Ukraine about the above-mentioned credits (total amount, currency for the term of crediting) within three working days according to the procedure established by the National Bank of Ukraine. Should any circumstances specified in Article 16 of this Law arise, the National Bank of Ukraine may introduce licensing for reception of credits in foreign currency from foreign business entities by bodies of foreign economic activities in case of circumstances specified in Article 16 of this Law, or licensing of granting credits in foreign currency to foreign business entities in case of circumstances specified in Article 16 of this Law.

(last part of Article 14 is suspended according to
Decree of the Cabinet of Ministers of Ukraine
No. 15-93 of 19 February 1993)

Article 15. Insurance of Foreign Economic Transactions

Insurance of foreign economic transactions in Ukraine shall be performed by commercial insurance companies (state, joint stock, foreign, mixed, co-operative and others) and also by other bodies of foreign economic activities, provided that insurance operations are included in the scope of their activities fixed in their charters. The body of foreign economic activity shall choose an insurance company (insurer) independently.

Insurance of foreign economic transactions by the bodies of foreign economic activities shall be effected in Ukraine on contractual basis and shall be voluntary, unless otherwise stipulated by the laws of Ukraine.

In Ukraine, foreign economic transactions shall be insured against risks existing in the world practice.

Insurance of export credits, loans, individual contracts for supplies of machinery and equipment, investments both in Ukraine and abroad shall be performed by the specialized joint stock insurance association, the controlling share holding of which is held by the Cabinet of Ministers of Ukraine.

Article 16. Licensing of Foreign Economic Transactions

Licensing of foreign economic transactions is defined as a complex of actions of the executive body for issue of permission to export (import) goods by the body of foreign economic activity.

Licensing of export (import) of goods shall be performed in the form of automatic or non-automatic licensing.

Automatic licensing is defined as a complex of actions of the executive body for issue of permissions to export (import) goods which have no quotas (quantitative or other restrictions) by the body of foreign economic activity within a certain period. Automatic licensing of export (import) as an administrative procedure of registration and issuance of license shall not affect the goods, export and import of which requires licensing, in restrictive manner.

Non-automatic license is defined as a complex of actions of the executive body for issue of permission to export (import) goods which have certain quotas (quantitative or other restrictions) imposed on them. Non-automatic licensing of export (import) as an administrative procedure of registration and issue of license shall be used in case of establishment of quotas for export or import of goods.

Licensing of export of goods is introduced in Ukraine in the following cases:

- significant violation of balance for certain goods on the domestic market of Ukraine, especially with regard to agricultural products, fishing products, food products and first priority consumer goods, or goods that are critical for vital activity in Ukraine;
- the need to provide protection of life, health care of human beings, animals or plants, environment, public morality, national treasures of art, history or archeology, protection of intellectual property rights, and also according to the requirements of state defense;
- export of precious metals, except for banking metals;
- the need to take measures to protect domestic manufacturers;
- the need to provide protection of patents, trademarks and copyright;
- the need to guarantee execution of international treaties of Ukraine.

Licensing of import of goods in Ukraine shall be implemented in the following cases:

- there is a considerable aggravation of the payment balance of Ukraine (if other measures are ineffective);
- rapid decrease or minimal amount of gold and currency funds;
- the need to provide protection of life, health care of human beings, animals or plants, environment, public morality, national treasures of art, history or archeology, protection of intellectual property rights, and also according to the requirements of state defense;
- import of precious metals, except for banking metals;
- the need to take measures to protect domestic manufacturers;
- the need to provide protection of patents, trademarks and copyright;
- the need to guarantee execution of international treaties of Ukraine.

The decision on imposing the licensing regime for export (import) of goods, including establishment of quotas, shall be made by the Cabinet of Ministers of Ukraine upon submission of the central executive body on matters of economic policy with the definition of the list of certain goods, export (import) of which is subject to the regime of licensing, the period of validity of such regime and quantitative or other restrictions concerning each type of goods.

In case of application of antidumping, compensational or special measures to protect the domestic manufacturer, decisions on imposing the regime of licensing shall be made by the Interdepartmental Committee on International Trade according to the legislation.

Only one kind of license may be established for every type of goods.

Licenses shall be issued by the central executive body on matters of economic policy and, within the frameworks of authorities delegated by it, by respective body of the Autonomous Republic of Crimea, structural department of regional or municipal administration of the cities of Kyiv and Sevastopol.

Licenses shall be issued on the basis of applications of the bodies of foreign economic activities submitted in the form established by the central executive body on matters of economic policy.

To obtain the license, the applicants shall address to one executive body, as a rule. In case of necessity to receive approval, it is possible to address to several executive bodies, but no more than three.

Consideration of applications with regard to receiving licenses can be done in the order of their submission which is determined by the dates of registration of applications, or simultaneously after the end of the announced term of their reception.

Application for a license shall include the following data: full name of the body of foreign economic activity, name and surname of its director, name and code of goods according to the Ukrainian Classification of Foreign Economic Activity Goods (UKT ZED) (2371-14), name of manufacturer, consumer of goods, code and name of country (countries) of origin and destination (in case of export), code and name of country (countries) of origin and shipment (in case of import), term of license, quantity and value of goods, code and name of the customs office, full name and address of buyer and seller, type of contract, currency of payment, main and additional measuring units and price of goods, approval of executive bodies (if necessary), special terms and conditions of license.

When submitting the application, documents and information which are considered necessary for confirmation of data stated in the application and the foreign economic agreement may be required.

The application shall not be rejected in case of minor errors in the documents applied for license, if they do not change the main data contained in the application. The main data are the data stipulated by the terms of the foreign economic agreement.

In case of introduction of the automatic licensing regime, the application and other necessary documents can be applied on any working day before customs registration of goods. The term of issue of license shall not exceed 10 working days from the date of reception of application and the necessary documents that meet the established requirements.

In case of introduction of non-automatic licensing regime:

- the term for consideration of application shall not exceed 30 days from the date of reception of application, if they are considered in the order of their submission, and not more than 60 days starting from the date of termination of the announced term for reception of applications, if they all are considered simultaneously;
- the license shall be issued on the basis of application within the quota, specifying the term of expire date of license;
- if the established quotas are exhausted as of the day of application (in case when procedure of consideration in the order of submission is applied), such application shall not be considered. The fact of exhaustion of quotas shall be notified to the body of foreign economic activity which submitted a respective application, in writing within 7 working days from the date of receiving it;
- decisions on issue of licenses shall be made with respect to the data concerning use of previously received licenses, provided the bodies of foreign economic activity keep to the requirements of legislation on protection of economic competition.

The license shall be issued if the application and other submitted documents were registered according to the requirements established by legislation.

The decision on refusal to issue a license shall be motivated and made within terms established for consideration of applications, and shall be sent to the applicant in writing.

In case of refusal to issue a license, the applicant shall be entitled to appeal against this decision according to legislation.

A fee shall be imposed on the issued license in the amount established by the Cabinet of Ministers of Ukraine, with accounting of real expenses related to the licensing procedure.

Customs registration of goods shall be performed if the customs body receives the original license which was obtained by the body of foreign economic activity.

A copy of the license shall be enclosed to customs cargo declaration and serve as a ground to let the cargoes cross the customs frontier.

The central executive body on matters of economic policy shall inform the central executive body on customs matters about the issued licenses for export (import) of goods that are subject to licensing regime, on a monthly basis.

The central executive body on customs matters shall provide information about the rates of export (import) of licensed goods under the issued licenses to the central executive body on matters of economic policy on a monthly basis.

Licensing of barter operations shall be performed in case when the objects of these operations are goods, the export of which is subject to licensing.

Licensing of export (import) of CDs for laser systems, matrices, equipment and raw materials for their production shall be done in conformity with requirements of legislation on matters of production, export (import) of CDs for laser systems according to the procedure of licensing established by this Article.

The licensing regime shall not cover export and sale of compensational and profitable goods, received into ownership by the investor on the basis of the agreement on production distribution concluded according to the Law of Ukraine "On Agreements of Distribution of Products" (1039-14). The introduction of any restrictions concerning export and sale of such goods, including quantitative, shall not be allowed, unless otherwise established by the agreement on distribution of goods.

The licensing procedures established by this Article shall not cover export (import) of goods mentioned in Article 20 of this Law.

The list of goods, export (import) of which is subject to the licensing regime, information about the expire date of licenses and any changes to them, procedure of submission and consideration of applications shall be published in the official printed editions of Ukraine with the notification of the respective committee of World Trade Organization within 60 days from the date of publication and provision of copies of these publications.

If the quota is shared by the countries-suppliers, the information about the distribution of quotas shall be subject to publication with notification of other countries interested in supplying certain goods to Ukraine.

Official publication shall be performed no later than the date of introduction of licensing regime.

The respective information about the following shall be provided upon request of the state concerned which is a member of WTO:

- procedure of application of restrictions;
- amount of issued licenses for a certain period with notification of the rate and/or value of goods, if necessary;
- distribution of licenses among countries-suppliers;
- statistical data about the rates and/or values of goods.

This Article shall not cover operations of the National Bank of Ukraine performed by it according to the Law of Ukraine "On the National Bank of Ukraine" (679-14).

(Article 16 is amended according to Decree No. 6-92 of 9 December 1992,
Resolution of the Verkhovna Rada No. 2330-12 of 12 May 1992,
Decrees No. 6-93 of 12 January 1993,
No. 15-93 of 19 February 1993,
Laws No. 3898-12 of 1 February 1994,
No. 335-XIV (335-14) of 22 December 1998,
No. 1595-III (1595-14) of 23 March 2000,
No. 1807-III (1807-14) of 18 June 2000,
No. 2953-III (2953-14) of 17 January 2002,
in the wording of Law No. 1315-IV (1315-15) of 20 November 2003).

Article 17. Prohibition of Individual Types of Export and Import

The following shall be prohibited in Ukraine:

- export of items which are national, historical or cultural values of the Ukrainian people from the territory of Ukraine, as determined by the laws of Ukraine;
- import or transit of any goods, if it is known that they may cause damage to health or life of the population and also to flora and fauna, or have negative impact on the environment;
- import of products and services that propagate war, racism and racial discrimination, genocide etc., which contradict respective norms of the Constitution (Fundamental Law) of Ukraine;
- export and import of goods performed with violation of the intellectual property rights.

(Paragraph five of part one of Article 17 is amended according to
Law No. 75/95 of 28 February 1995)

The precise list of goods that are covered by this Article shall be approved by the Verkhovna Rada of Ukraine upon submission of the Cabinet of Ministers of Ukraine.

Control of execution provisions of this Article shall be exercised by the customs bodies of Ukraine and the central executive body on matters of economic policy.

Article 18. Procedure for Introduction and Use of Technical, Pharmaceutical, Sanitary, Phytosanitary, Veterinarian and Ecological Measures, Standards and Requirements

Technical regulations, pharmaceutical, sanitary, phytosanitary, veterinarian and ecological measures, standards and requirements to the goods being imported in Ukraine shall be applied according to the procedure established by legislation of Ukraine.

(Article 18 in the wording of
Law No. 3078-IV (3078-15) of 15 November 2005)

Article 19. Special Import Procedures

Special import procedures which are applied in Ukraine shall include the following:

- procedure of international bids or analogous procedures;
- regime of preliminary import deposits made to banks.

State acquisitions of complex equipment under import terms or mass batches of other goods using monetary resources of the State Monetary Fund of Ukraine shall be performed with mandatory application of procedures of international bids.

Regime of preliminary import deposits shall be introduced by the National Bank of Ukraine with the purpose of regulating the payment balance of Ukraine. The National Bank of Ukraine shall establish the procedure for performing operations with preliminary import deposits and relative amounts of deposits in percents to the value of agreement (contract) which cannot exceed 50%.

Preliminary import deposit shall be opened no later than within three working days from the date when the agreement (contract) enters into force. Should this term or other conditions for opening a

preliminary import deposits be violated, sanctions established by the procedure approved by the National Bank of Ukraine shall apply to the bodies of foreign economic activities.

Monetary funds which are being accrued to preliminary import deposit accounts shall be reflected in the consolidated special account which may be opened by every commercial bank that performs operations with preliminary import deposits, in favor of the National Bank of Ukraine. The specified monetary funds shall be at the disposal of the National Bank of Ukraine.

The body of foreign economic activities that has opened a preliminary import deposit shall receive a certificate of the established form from the respective bank. Such certificate shall serve as a ground for a permit for goods to cross the customs frontier of Ukraine. If goods are transferred through the bank and credit institutions of Ukraine by foreign business entities, and the goods have not crossed the customs frontier of Ukraine, the certificate specified in this clause shall be the basis for settlements with the foreign business entity through bank and credit institutions of Ukraine or for letting the respective amount in cash through the customs.

(Part six of Article 19 is amended according to
Law No. 2157-IV (2157-15) of 4 November 2004)

It is prohibited to apply the regime of preliminary import deposits for goods which are under the regime of import licensing and quotas.

Article 20. Measures to Protect Economic Competition in Foreign Economic Activity

(Title of Article 20 in the wording of
Law No. 1294-IV (1294-15) of 20 November 2003)

Foreign economic activities shall be performed by the bodies of foreign economic activity in conformity with the requirements of legislation on protection of economic competition, except for cases stipulated in this Article.

(Part one of Article 20 in the wording of
Law No. 82/95-VR of 2 March 1995,
amended according to Law No. 1294-IV (1294-15) of 20 November 2003)

The bodies of foreign economic activities which are exclusively authorized by Ukraine as a state may export and import arms, ammunition, defense military equipment and special components for production thereof, explosive substances, nuclear materials (including materials in the form of heat-radiating assemblages), technologies, equipment, mounts, special non-nuclear materials and connected thereto services, sources of ionizing radiation, as well as other types of products, technologies and services which now are used to develop arms and military equipment or are deemed a state secret of Ukraine, as determined by the laws of Ukraine; precious metals and alloys, precious stones; narcotic and psychotropic means; export masterpieces of arts and antique items from museum funds of Ukraine.

Appointment of the authorized bodies of foreign economic activities which may perform the specified export and import operations, and regulation of respective export and import operations shall be the competence of the Cabinet of Ministers of Ukraine which shall agree its decisions with the respective committees of the Verkhovna Rada of Ukraine.

(Part three of Article 20 is amended according to
Law No. 2157-IV (2157-15) of 4 November 2004)

Establishment of any form of the state monopoly for export and import of other goods not mentioned in this Article shall not be allowed and may be appealed against according to the court

procedure. No organization, including state organizations, shall be entitled to perform functions which directly or indirectly prevent the bodies of foreign economic activities from free performance of their activities, except for those specified directly in this Law.

(Part five of Article 20 is excluded according to Law No. 82/95-VR of 2 March 1995)

(Part six of Article 20 is excluded according to Law No. 82/95-VR of 2 March 1995)

(Part seven of Article 20 is excluded according to Law No. 82/95-VR of 2 March 1995)

(Part eight of Article 20 is excluded according to Law No. 82/95-VR of 2 March 1995)

Article 21. Government Order

The state administration bodies of Ukraine and local Councils of People's Deputies of Ukraine shall be entitled to place a government order for production, export and import of goods among the bodies of foreign economic activities on competitive basis.

The bodies of foreign economic activities shall accept the government order voluntarily, under terms and in volumes which are established by civil and legal agreements (contracts) concluded between them and the government customer.

Foreign business entities shall implement equal rights and shall bear equal obligations with the bodies of foreign economic activities of Ukraine, when a tender is held for placement of a government order.

Article 22. Accounting of Foreign Economic Transactions, Reporting and Audit of Bodies of Foreign Economic Activities

(Title of Article 22 is amended according to Law No. 90/95-VR of 14 March 1995)

The bodies of foreign economic activities shall keep accounting and efficient record of foreign economic transactions, as well as statistical reports which are forwarded to the bodies of the State Statistics of Ukraine.

While performing accounting and reports and also following the rules of commercial secrecy, the bodies of foreign economic activities shall be guided by the Law of Ukraine "On Enterprises in Ukraine" (887-12).

To keep account of foreign economic transactions, the bodies of foreign economic activities shall use a plan of accounts and instructions on its use which are in force on the territory of Ukraine, and respective amendments and supplements which reflect the specifics of foreign economic activities.

The bodies of foreign economic activities shall independently establish the procedure for analytical accounting of foreign economic activities and introduce respective sub-accounts.

The bodies of foreign economic activities shall reflect these activities and their results into their annual fiscal reports with separately specified data about the following:

- the balance shall contain separately specified funds (assets) which are the part of foreign economic turnover – goods, documents, securities, and also their sources (liabilities) – credits, loans, gained profits etc.;

- the profit and loss report shall contain separately specified incomes from foreign economic operations and related expenses. An appendix (comment) to the annual fiscal report shall contain necessary explanations of the provided foreign economic data.

The state tax inspection shall receive, beside the annual fiscal report, the information on paid taxes for imports and exports, on a monthly basis no later than the 10th day of the month following the fiscal month. The National Bank of Ukraine (or, upon its commission, the bank for foreign economic activities of Ukraine) shall receive the information on the amounts for mandatory distribution of profits in foreign currencies – four times a year, but no later than the 15th day of the month following the fiscal period.

Bank and credit institutions which perform crediting of the bodies of foreign economic activities shall be entitled to receive the required information with regard to financial status of these bodies of foreign economic activities and their solvency according to the terms of written agreements on crediting.

It shall be prohibited to require statistic reports with violations of the procedure established by this Law. Information which is not stipulated in requirements of the state statistics reporting procedure may be submitted by the bodies of foreign economic activities to the state administration bodies or law enforcement bodies on the contractual basis pursuant to the procedure established by the laws of Ukraine.

Audit of foreign economic activities reflected in annual fiscal reports of bodies of foreign economic activities shall be performed by authorized auditing organizations according to the current normative acts which regulate auditing activities on the territory of Ukraine.

(Part 9 of Article 22 is amended according to
Law No. 90/95-VR of 14 March 1995)

Tax revision of bodies of foreign economic activities shall be performed by the state tax inspection bodies within their competence no more than once a year.

Article 23. Informational Provision of Foreign Economic Activities

Each body of foreign economic activities shall be entitled to receive any information necessary to perform its activities, provided this information is not a governmental or commercial secrets. The volume of information which is deemed a state secret shall be determined according to the laws of Ukraine.

Content and volume of information which is deemed a commercial secret shall be defined according to the Law of Ukraine "On Enterprises in Ukraine".

Each body of foreign economic activities shall be entitled to timely familiarization with the official texts of laws and other normative acts with the following information on amendments to them, which regulate the relations directly or indirectly related to foreign economic activities. The state bodies, departments and institutions which issue normative acts shall officially publish these texts in mass media of Ukraine, and at that the specified acts shall not enter into force before their official

publication. Each body of foreign economic activities shall be entitled to directly receive information from the state bodies, which shall efficiently provide them with full official texts of normative acts on payment basis.

The State Committee for Statistics of Ukraine shall consolidate statistical information on the basis of data sent by the bodies that regulate foreign economic activities (finance bodies, bodies of state customs service, the National Bank of Ukraine) and by the bodies of foreign economic activities.

(Part four of Article 23 in the wording of
Law No. 3047-III (3047-14) of 7 February 2002)

The State Committee for Statistics of Ukraine shall prepare and publish information with regard to the condition and structure of foreign trade balance of Ukraine on quarterly basis.

(Part five of Article 23 in the wording of
Law No. 3047-III (3047-14) of 7 February 2002)

The Ministry of Finance of Ukraine shall compose information about the condition and structure of the foreign public debts.

(Part six of Article 23 in the wording of
Law No. 3047-III (3047-14) of 7 February 2002)

The State Committee for Statistics of Ukraine shall undertake to familiarize the bodies of foreign economic activities with statistical information being at its disposal in conformity with the procedure established by Laws of Ukraine “On Information” (2657-12) and “On State Statistics” (2614-12).

(Part seven of Article 23 in the wording of
Law No. 3047-III (3047-14) of 7 February 2002)

State administration bodies, legal entities and natural persons, other business entities who have received the information which is deemed a commercial secret of bodies of foreign economic activities shall not have the right to use this information without permission of the respective bodies of foreign economic activities and shall bear liability arising therein according to this Law and other laws of Ukraine.

SECTION III

SPECIAL LEGAL REGIMES FOR FOREIGN ECONOMIC ACTIVITIES

Article 24. Special Economic Zones

Special economic zones of various types may be established on the territory of Ukraine. The status and the territory of the specified zones shall be established by the Verkhovna Rada of Ukraine according to the laws of Ukraine on special economic zones by means of adopting a special law of Ukraine for every such zone individually.

Article 25. Other Special Legal Regimes for Foreign Economic Activities

Ukraine may conclude bilateral and/or multilateral agreements with the countries which share naval and/or land frontiers with Ukraine, establishing special legal regimes for trade, goods turnover (close-to-border, coast trade etc.) on a mutual basis and providing privileged conditions for the bodies of foreign economic activities of Ukraine and business entities of these countries in relations with them.

SECTION IV

ECONOMIC RELATIONS OF UKRAINE WITH OTHER COUNTRIES AND INTERNATIONAL INTERGOVERNMENTAL ORGANISATIONS

Article 26. Economic Relations of Ukraine with Other Countries

Economic relations of Ukraine with other countries shall be regulated by respective international agreements and norms of the international law.

Ukraine shall conclude, execute and denounce international agreements on foreign economic activities and also agreements on such matters according to the Constitution (Fundamental Law) of Ukraine and laws of Ukraine.

Legal status of business entities of other countries on the territory of Ukraine shall be determined by agreements of Ukraine currently in force and the above-mentioned agreements.

Article 27. Relations of Ukraine with International Intergovernmental Economic Organizations

Ukraine shall independently enter international intergovernmental economic organizations, if their constituent documents do not contradict objectives and principles of the Constitution (Fundamental Law) of Ukraine.

Ukraine may enter relations with international intergovernmental economic organizations on the basis of the related international agreements and/or constituent acts of these organizations.

SECTION V

PROTECTION OF RIGHTS AND LEGAL INTERESTS OF STATE AND OTHER BODIES OF FOREIGN ECONOMIC ACTIVITIES OF UKRAINE

Article 28. Protection of Rights and Legal Interests of Bodies of Foreign Economic Activities of Ukraine Abroad

Ukraine shall protect rights and legal interests of bodies of foreign economic activities of Ukraine outside the territory of Ukraine according to the norms of international law. Such protection shall be provided upon requests of the above-mentioned bodies of foreign economic activities through diplomatic and consular establishments, state trade representative offices which represent the interests of Ukraine.

Article 29. Measures of Ukraine in Response to Discrimination and/or Unfriendly Actions of Other Countries, Customs Unions or Economic Groups

In case there is information that other countries, customs unions or economic groups restrict the lawful rights and interests of Ukrainian bodies of foreign economic activities, the state bodies which regulate foreign economic activities, acting within their respective competence, shall take adequate measures in response to such actions. If such actions damage or threaten to damage the status or bodies of foreign economic activities, the specified measures may include reimbursement procedures.

The following shall be considered measures in response to discrimination and/or unfriendly actions perpetrated by other countries, customs unions or economic groups:

- enforcement of complete embargo on trade;
- enforcement of partial embargo on trade;
- deprivation of the most favorable assistance or special privilege regime;
- imposition of special duty;
- imposition of licensing or quotas on foreign economic transactions;
- establishment of quotas (contingents);
- establishment combined regime of quota and contingent;
- introduction of indicative prices for import and/or export of goods;
- other measures stipulated by the laws and international treaties of Ukraine.

Decisions with regard to measures in response to discrimination and/or unfriendly acts of other countries, customs unions or economic groups shall be made by:

the Verkhovna Rada of Ukraine with regard to:

- deprivation of the most favorable assistance regime or preferential special treatment;
- application of complete embargo on trade;

the Cabinet of Ministers of Ukraine with regard to:

- application of partial embargo on trade;
- import/export tariff regulation;
- introduction of regime of licensing or establishment of quotas for foreign economic transactions;

the central executive body on matters of economic policy with regard to:

- measures of non-tariff regulation of import and/or export of goods;
- licensing and registration of certain types of contracts;
- institution of import/export indicative prices;
- application of other measures in response to discrimination and/or unfriendly actions of other countries, customs unions or economic groups.

To establish facts of discrimination and/or unfriendly actions of other countries, customs unions or economic groups, the central executive body on matters of economic policy shall conduct respective investigations in conformity with the procedures determined by the Cabinet of Ministers of Ukraine.

The materials of such investigation shall be considered by the Interdepartmental Commission for International Trade, which will draw up recommendations addressed to respective government bodies with regard to the application of appropriate measures. On the basis of investigation materials, the central executive body on matters of economic policy jointly with the Ministry of Foreign Affairs shall address to the respective authorities of other countries, customs unions or economic groups with propositions aimed at settling such disputes.

In case of a positive response from the mentioned bodies, the central executive body on matters of economic policy shall form a delegation to conduct negotiations and prepare appropriate international agreements at the inter-departmental level.

In case respective state and/or competent bodies of other countries or customs unions or economic groups fail to provide an official consent to application of international and legal means to settle international disputes and/or when discrimination and/or unfriendly actions of these authorities directly or indirectly violate the international treaties of Ukraine with these countries, customs unions or economic groups, the central executive body on matters of economic policy shall, acting within its competence and according to the Interdepartmental Commission for International Trade recommendations, apply appropriate measures independently or forward the materials to the Cabinet of Ministers of Ukraine to decide on the application of required measures.

Measures in response to discrimination and/or unfriendly actions of other countries, customs unions or economic groups shall be terminated if such actions against Ukraine are stopped, an appropriate agreement is signed and/or damage is reimbursed.

Acts of the central executive body on matters of economic policy with regard to settling such disputes and taking measures in response to discrimination and/or unfriendly actions of other countries, customs unions or economic groups shall be binding for the executive authorities of Ukraine, as well as for the bodies of foreign economic activities and foreign business entities.

Decisions on measures specified in this Article may be appealed against according to the court procedure within one month from the date when such measures were taken, in conformity with procedures established by the laws of Ukraine.

(Article 29 in the wording of
Law No. 335-XIV (335-14) of 22 December 1998).

Article 30. Limit of Re-Export

Re-export of goods imported at the expense of the State Monetary Fund of Ukraine and the currency funds of local Councils of People's Deputies of Ukraine shall be prohibited.

The body which manages the State Monetary Fund of Ukraine or the currency fund of a local Council of People's Deputies of Ukraine may permit re-export, provided these goods cannot be used on the territory of Ukraine according to their end use.

Article 31. Measures against Unfair Competition and Growing Import in the Foreign Trade Sphere

Unfair competition in foreign economic activity shall be understood as the following:

- performance of dumping import which is subject to antidumping measures;
- performance of subsidized import which is subject to compensatory measures;
- other actions recognized as unfair competition under the laws of Ukraine.

Growing import shall be understood as performance of import in the amounts and/or under terms that cause serious damage or threaten to cause serious damage to Ukrainian manufacturers of such goods.

With regard to the results of antidumping, anti-subsidy or special investigations performed under the laws of Ukraine, decisions shall be made on taking antidumping, compensatory or special measures which may be appealed against according to the court procedure within one month from the date when these measures were taken, in conformity with procedures established by the laws of Ukraine.

Application of free trade, preferential and special preferential trade regimes (frontier (coastal) trade, special (free) economic zones, and other procedures stipulated by the laws of Ukraine), as well as tax, duties and other privileges effective during import of goods subject to antidumping, compensatory or special measures shall be suspended for the period until expiration of application of the above-mentioned procedures.

(Article 31 in the wording of Laws
No. 82/95-VR of 2 March 1995,
No. 335-XIV (335-14) of 22 December 1998)

SECTION VI

LIABILITY IN FOREIGN ECONOMIC ACTIVITIES

Article 32. General Grounds for Liability of Bodies of foreign economic activities.

Ukraine, as a state, and all bodies of foreign economic activities and foreign business entities shall be held liable for violations of this Law or other laws of Ukraine and/or their obligations entailing from agreements (contracts) according to the terms and the procedure established by the laws of Ukraine.

Ukraine, as a state, shall not be liable for the actions of bodies of foreign economic activities.

The bodies of foreign economic activities shall not be liable for actions of Ukraine as a state.

If Ukraine takes part in foreign economic activities as the body of such activities in conformity with Article 3 of this Law, it shall bear liability along with other bodies of foreign economic activities on common and equal principles.

All cases and matters related to establishment of liability arising as a result of application of this Law or other laws of Ukraine, shall be within the competence of judicial bodies of Ukraine. The bodies of foreign economic activities and foreign business entities shall be entitled to consider such cases and matters in court.

Article 33. Types and Forms of Liability in Foreign Economic Activities

In foreign economic activities, the following types of liability may be applied:

- property liability;
- criminal liability.

Property liability shall be applied in the form of material reimbursement for direct and indirect losses, lost profits, material reimbursement for moral damage, and also in the form of property sanctions.

If the bodies of foreign economic activities or foreign business entities violate this Law or other laws of Ukraine related thereto, thus causing losses, lost profits and/or moral damage to other such entities or the state, they shall be materially liable in full volume.

Criminal liability in foreign economic activities shall be applied only in cases stipulated by the criminal legislation of Ukraine.

Article 34. Liability of Ukraine as a State

Ukraine, as a state, shall be liable with its property in full volume before the bodies of foreign economic activities and foreign business entities for all its actions that contradict the current laws of Ukraine and cause losses (direct and indirect), moral damage, lost profit to these bodies, and also for other actions, including those that regulate foreign economic activities and are not specified directly in this Law, which cause the named losses (damage), lost profits, except for cases when the actions of bodies of foreign economic activities and foreign business entities are illegal.

Ukraine, as a state, shall be liable for actions specified in this Article with all its property.

Actions of state bodies and officials of these bodies shall be considered as actions of Ukraine as a state in general. The State shall be liable for them, as provided in this Article.

Any body of foreign economic activities or foreign business entity shall be entitled to file a lawsuit against Ukraine as a State. These lawsuits shall be considered in courts of Ukraine according to Article 39 of this Law.

The specified lawsuits shall be filed by the bodies of foreign economic activities at the places of their permanent location or residence, and by foreign business entities – at the place of location of the state body and/or official that performed actions specified in this Article.

The lawsuit shall be filed in conformity with the commonly established procedure, as provided by the civil and procedural legislation of Ukraine. The state body and/or person named in the lawsuit and/or one of the prosecutors of Ukraine shall act in the process on behalf of Ukraine as a state.

Ukraine as a state shall be entitled to recourse reimbursement for losses resulting from satisfying the specified lawsuit at the expense of the property of the state bodies and/or officials (institutional and personal).

Article 35. Liability of Bodies of Foreign Economic Activities

The bodies of foreign economic activities shall be liable for their actions in the forms and types, as provided by Articles 33 and 37 of this Law, other laws of Ukraine and/or foreign economic agreements (contracts).

Article 36. Procedure for Implementation of Liability

The procedure for calling to liability, implementation of liability and discharge of such liability shall be established by the procedural laws of Ukraine.

The procedure for calling to civil liability, implementation of such liability and discharge of it can be specified by foreign economic agreements (contracts), unless it contradicts the laws of Ukraine currently in force.

Article 37. Special Sanctions for Violations of This Law and Other Relating Laws of Ukraine

For violation of this Law or laws of Ukraine related thereto, the following special sanctions may be applied to the bodies of foreign economic activity or foreign business entities:

- imposing penalties in cases of untimely execution of obligations by the bodies of foreign economic activities or foreign business entities according to this Law or other laws of Ukraine related thereto. The amount of such penalties shall be determined by respective provisions of laws of Ukraine and/or decisions of judicial bodies of Ukraine;

(Paragraph three of part one of Article 37 is excluded according to
Law No. 335-XIV (335-14) of 22 December 1998)

- application of individual licensing regime to the bodies of foreign economic activity and foreign business bodies in case they violate this Law and/or laws related thereto that establish certain prohibitions, restrictions or the procedure of performing foreign economic operations;

(Paragraph four of part one of Article 37 is amended according to
Law No. 335-XIV (335-14) of 22 December 1998,
in the wording of Law No. 3268-IV (3268-15) of 22 December 2005)

- temporary suspension of foreign economic activity in cases of violation of this Law or other laws of Ukraine related thereto, commitment of actions which may damage the interests of the national economic safety.

Sanctions specified in this Article shall be applied by the central executive body on matters of economic policy by submission of the bodies of state tax and control and revision services, customs

bodies, law enforcement bodies, the bodies of the Antimonopoly Committee of Ukraine, specially authorized executive body in regulation of financial service markets and the National Bank of Ukraine, or according to a court decision. Sanctions specified in this Article may be applied to the bodies of foreign economic activity or foreign business entities for three years from the day when violation of legislation was detected.

(Part two of Article 37 is amended according to Law No. 335-XIV (335-14) of 22 December 1998, in the wording of Law No. 3268-IV (3268-15) of 22 December 2005)

Submissions with regard to application of sanctions shall contain the following data: name and information (requisites) of the body of foreign economic activity (for foreign business entities it shall be in the language of the country of their location), information about the content of the violation with reference to particular provisions of legislation of Ukraine, type of special sanction which is offered for application, name and information of counteragent, during the execution of contract with which legislation was violated, and other reasonable information.

(Article 37 is supplemented with a new part according to Law No. 3268-IV (3268-15) of 22 December 2005)

Application of special sanctions to the bodies of foreign economic activity and foreign business entities may be preceded by an official warning of the central executive body on matters of economic policy.

(Article 37 is supplemented with a new part according to Law No. 3268-IV (3268-15) of 22 December 2005)

Individual licensing regime shall be valid until the moment when violation of legislation of Ukraine is eliminated or until practical measures are applied guaranteeing execution of this Law and/or laws of Ukraine related thereto, and shall be cancelled by the central executive body on matters of economic policy.

(Article 37 is supplemented with a new part according to Law No. 3268-IV (3268-15) of 22 December 2005)

Temporary suspension of foreign economic activity shall be valid until the moment when violation of legislation of Ukraine is eliminated or until practical measures are applied guaranteeing execution of this Law and/or laws of Ukraine related thereto, but no more than three months from the date when respective decision was made by the central executive body on matters of economic policy. After temporary suspension of foreign economic activity, the bodies of foreign economic activity or foreign business entities shall be granted an individual licensing regime by the central executive body on matters of economic activity.

(Article 37 is supplemented with a new part according to Law No. 3268-IV (3268-15) of 22 December 2005)

Prolongation of validity of temporary suspension of foreign economic activity shall be performed according to a court decision only.

(Article 37 is supplemented with a new part according to Law No. 3268-IV (3268-15) of 22 December 2005)

To prolong validity of temporary suspension of foreign economic activity, the central executive body on matters of economic policy shall file a lawsuit application to the court on the basis of information of the initiator of the given sanction.

(Article 37 is supplemented with a new part according to Law No. 3268-IV (3268-15) of 22 December 2005)

When making a decision on prolongation of validity of temporary suspension of foreign economic activity, the court shall specify the term for which the validity of such sanction is extended.

(Article 37 is supplemented with a new part according to Law No. 3268-IV (3268-15) of 22 December 2005)

If the bodies of foreign economic activity or foreign business entities to which sanctions were applied eliminate violations of legislation of Ukraine or take practical measures which guarantee execution of this Law or other laws of Ukraine related thereto, the initiators of submission with regard to sanctions application may send the central executive body on matters of economic policy materials on their cancellation (change of type, temporary suspension).

(Article 37 is supplemented with a new part according to Law No. 3268-IV (3268-15) of 22 December 2005)

The validity of sanctions may be temporarily suspended by the central executive body on matters of economic policy in cases when force majeure events occur, filing of lawsuit to the court of the country of location of the counteragent or to the International Commercial Arbitration Court, Maritime Arbitration Commission attached to the Ukrainian Chamber of Trade and Industry on acknowledgment or coercive collection of debt related to failure to execute the terms of a foreign economic agreement (contract) from the foreign business entity, as well as in cases when measures are taken to eliminate violation of legislation. After the term of suspension of the sanction expires, it shall be renewed without any additional decision of the central executive body on matters of economic policy.

(Article 37 is supplemented with a new part according to Law No. 3268-IV (3268-15) of 22 December 2005)

If violations of legislation of Ukraine are eliminated or practical measures are taken that guarantee execution of this Law and/or laws of Ukraine related thereto, and bringing its foreign economic activity in line with the laws of Ukraine or provision of sufficient proof of impossibility (lack of prospects) of application of practical measures which guarantee execution of the law, the bodies of foreign economic activity and foreign business entities to which sanctions were applied shall be entitled to submit respective materials to the central executive body on matters of economic policy and solicitations on cancellation (change of type, temporary suspension) of validity of such sanctions.

(Article 37 is supplemented with a new part according to Law No. 3268-IV (3268-15) of 22 December 2005)

The solicitation shall contain the following documents:

- letter of application specifying reasons which led to the violation and information about taken measures with regard to bringing their activity in line with the norms of legislation of Ukraine;

- original documents or duly certified copies of materials (references) from the state bodies that exercise control of foreign economic activity or currency control, and/or from the agents of currency control, which certify as to practical measures taken by the body of foreign economic activity with regard to bringing its activity in line with the norms of legislation of Ukraine.

(Article 37 is supplemented with a new part according to Law No. 3268-IV (3268-15) of 22 December 2005)

The general term for consideration of such solicitations shall not exceed thirty calendar days.

(Article 37 is supplemented with a new part according to Law No. 3268-IV (3268-15) of 22 December 2005)

To verify the information, the central executive body on matters of economic policy may address to state bodies that exercise control in the sphere of foreign economic activity, currency control, and to agents of currency control with inquiries to receive additional materials (information) with regard to the activity of the bodies of foreign economic activity which filed a solicitation to it on cancellation (change of type, temporary suspension) of validity of sanctions.

(Article 37 is supplemented with a new part according to Law No. 3268-IV (3268-15) of 22 December 2005)

The initiator of submission shall bear liability for inaccurate information specified in the solicitations with regard to application (cancellation, change of type, temporary suspension) of sanctions on the basis of which respective decisions are made by the central executive body of foreign economic activity, according to the procedure stipulated by the law.

(Article 37 is supplemented with a new part according to Law No. 3268-IV (3268-15) of 22 December 2005)

The bodies of foreign economic activity shall bear liability for inaccurate information submitted to the central executive body on matters of economic policy.

(Article 37 is supplemented with a new part according to Law No. 3268-IV (3268-15) of 22 December 2005)

Application of sanctions specified in this Article may be appealed against in the court. Representation of interests of the state in consideration of such disputes in court shall be ensured by the central executive body on matters of economic policy and the state bodies which submitted claims with regard to application of sanctions. Appeal against the application of sanctions in court before the court makes a respective decision shall not terminate their validity.

(Part eighteen of Article 37 in the wording of Law No. 3268-IV (3268-15) of 22 December 2005)

(Part nineteen of Article 37 is excluded according to Law No. 335-XIV (335-14) of 22 December 1998, Amended according to Law No. 3268-IV (3268-15) of 22 December 2005)

SECTION VII

PROCEDURE FOR SETTLING DISPUTES IN FOREIGN ECONOMIC ACTIVITIES

Article 38. Settling Disputes in Foreign Economic Activities

Disputes arising between the bodies of foreign economic activities during performance of foreign economic activities shall be settled in courts and arbitration courts of Ukraine, and also, by consent of the parties of the dispute, in the International Commercial Arbitration Court and the Maritime Arbitration Commission attached to the Ukrainian Chamber of Commerce and Industry and other bodies, unless it contradicts the current Ukrainian legislation or not stipulated in the international treaties of Ukraine.

(Article 38 is amended according to Laws No. 68/95-VR of 15 February 1995, No. 762-IV (762-15) of 15 May 2003)

Article 39. Disputes Arising at Application of This Law

Any disputes arising from execution of the provisions of this Law and the laws adopted for implementation of this Law may be subject to consideration in:

- judicial bodies of Ukraine, provided one of the parties is a natural person and/or the State;
(Paragraph two of part one of Article 39 is amended according to Law No. 762-IV (762-15) of 15 May 2003)
- arbitration courts, provided the parties are legal entities.
(Paragraph three of part one of Article 39 is amended according to Law No. 762-IV (762-15) of 15 May 2003)

Interstate disputes which may arise as a result of actions of Ukraine during application of this Law shall be settled by the parties according to the agreed procedure in conformity with the norms of international law.

Chairman of the Verkhovna Rada of Ukraine

L.KRAVCHUK

Kyiv, 16 April 1991, No. 959-XII