

# **AGREEMENT**

## **for commercial, economic and development cooperation between the European Economic Community and the Islamic Republic of Pakistan**

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

of the one part, and

THE GOVERNMENT OF THE ISLAMIC REPUBLIC OF PAKISTAN of the other part,

HAVING REGARD to the friendly relations and historic links between the Islamic Republic of Pakistan and the Member States of the Community and to the foundations for cooperation laid by the Agreement between the Islamic Republic of Pakistan and the European Economic Community which was signed on 1 June 1976 and came into operation on 1 July 1976,

NOTING with satisfaction the progress achieved during the operation of the said Agreement in the development of commercial and economic relations between the Islamic Republic of Pakistan and the Community,

BELIEVING that the time is opportune to give a new impetus to the mutual relationship between the Islamic Republic of Pakistan on the one hand, and the Community on the other,

MINDFUL that the more dynamic relationship which both the Community and the Islamic Republic of Pakistan desire calls for closer cooperation across the whole range of commercial and economic endeavour to the full extent of their growing capacity to meet each other's requirements on the basis of comparative advantage, mutual benefit and consistent with their developmental needs,

REAFFIRMING their determination to expand mutual trade and recognizing that trade is not an end in itself but a means of achieving wider economic and social objectives and an important instrument for furthering international economic cooperation,

DESIROUS of making their contribution to a new phase of international economic cooperation commensurate with their respective human, intellectual and material resources,

EMPHASIZING their common commitment to the promotion of international economic relations founded on freedom, equality, justice and progress,

HAVE DECIDED to conclude this Agreement and to this end have designated as their plenipotentiaries :

THE COUNCIL OF THE EUROPEAN COMMUNITIES:

Mr Jacques POOS, Deputy Prime Minister of the Government of the Grand-Duchy of Luxembourg, Minister for Foreign Affairs,

Mr Claude CHEYSSON, Member of the Commission of the European Communities,

THE GOVERNMENT OF THE ISLAMIC REPUBLIC OF PAKISTAN :

Mr Salim Saifullah KHAN, Federal Minister for Commerce, Petroleum and Natural Resources, Government of Pakistan,

WHO, having exchanged their full powers, found in good and due form,

HAVE AGREED AS FOLLOWS:

### **Article 1. Most-favoured-nation Treatment**

The contracting parties shall, in their commercial relations, accord each other most-favoured-nation treatment in accordance with the provisions of the General Agreement on Tariffs and Trade.

## **Article 2. Commercial Cooperation**

1. The contracting parties are determined to consolidate, deepen and diversify their commercial exchanges on the basis of comparative advantage and mutual benefit, with a view to increasing as much as possible mutual trade and its rate of growth.

2. To this end, the contracting parties shall grant each other the highest degree of liberalization of imports and exports which they generally apply to third countries and undertake to discuss ways and means of providing maximum facilities compatible with their respective policies and obligations, with regard to products of interest to either Party.

3. The contracting parties shall, in accordance with their legislation and in the conduct of their policies :

(a) maintain consultation and cooperation in the solution of bilateral and international, commercial and economic problems which either party may consider of interest ;

(b) use their endeavours to maintain and strengthen an open and equitable international trading system and respect their obligations under the General Agreement on Tariffs and Trade ;

(c) intensify exchanges of available information regarding their respective markets and industries and their changing trends and policies with a view to identifying possibilities for increased production and improved marketing prospects in order to attain optimal overall economic growth ;

(d) promote visits by persons, groups and delegations from trade, economic and industrial circles to facilitate industrial and technical exchanges and contracts connected with trade, foster the organization of fairs and exhibitions by both sides and the appropriate provision of services, including publicity for the development of trade in items of special interest to either party ;

(e) support the institutions which have been, or may be, set up by them to enhance contacts and cooperation between their commercial organizations ;

(f) bring together economic operators of both sides the better to identify sectors and products in which the production and exports of each should be developed, and support market development programmes, based. on such identification;

(g) promote studies for the fulfilment of the objectives of this Article.

## **Article 3. Economic Cooperation**

1. In the light of their respective policies and potential complementarity, and taking into account their long-term economic capabilities and objectives, the contracting parties shall foster economic cooperation in all fields of mutual interest in order to contribute to the development of their respective economies, to raise living standards and to meet their developmental needs.

Amongst the objectives of such cooperation shall be:

(a) the promotion of industrial cooperation and transfer of technology for the development and prosperity of their respective industries to their mutual advantage ;

(b) the opening up of new sources of supply and new markets ;

(c) scientific and technological cooperation ;

(d) cooperation in the field of energy, including, in particular, the development of new sources of energy ;

(e) cooperation in other fields of common interest, in particular, agriculture, fisheries, forestry, transport and communications, protection and improvement of the environment, in accordance with the relevant laws and policies.

2. As means to such ends and within the limits of their respective competences the contracting parties shall, as appropriate, encourage and facilitate, inter alia:

(a) increased links between their respective industries and economic operators, including joint ventures, inter alia, through

encouraging the extension, by all Member States of the Community and by Pakistan, of investment promotion and protection arrangements, based on fair and equitable treatment ;

(b) exchange of information on all subjects which may have a bearing upon the prospects for cooperation in the economic fields ;

(c) contacts between firms or institutions which have been, or may be, set up by them to enhance cooperation between economic organizations ;

(d) joint programmes of research in areas where both parties are engaged in such activities.

#### **Article 4. Development Cooperation**

1. The Community shall take all possible measures to intensify its support, within the framework of its programmes in favour of non-associated developing countries, for Pakistan's development programmes, through provision of technical assistance, direct concessional transfers and finance from institutional and other sources, in accordance with the rules and policies of such institutions.

2. The contracting parties shall encourage and facilitate the promotion of cooperation between developmental and financial institutions of the two regions.

3. The Community shall seek a coordination of the development cooperation activities of the Community and its Member States in Pakistan.

#### **Article 5. Cooperation with Third Countries**

The contracting parties shall endeavour to increase their cooperation in commercial and related economic matters in third countries, especially developing countries, so far as it is in their mutual interest.

#### **Article 6. Other Agreements**

Without prejudice to the relevant provisions of the Treaty establishing the Community, this Agreement and any action taken thereunder shall in no way affect the powers of the Member States of the Community to undertake bilateral activities with Pakistan in the field of economic cooperation or to conclude new economic cooperation agreements with Pakistan.

#### **Article 7. Joint Commission**

1. (a) A Joint Commission shall be established, comprising representatives of the Community and of Pakistan at an appropriately high level.

(b) The Joint Commission shall adopt its own rules of procedure and programme of work.

(c) The Joint Commission may set up specialized sub-commissions to assist it in the performance of its tasks.

(d) The Joint Commission shall meet once a year alternately in Brussels and Islamabad. Additional meetings may be convened at the request of either of the contracting -parties.

2. (a) The Joint Commission shall ensure the proper functioning of this Agreement and shall devise and recommend practical measures for achieving its objectives, keeping in view Pakistan's growing development requirements, its need for structural change, the economic and social policies of the two contracting parties and their respective level of economic development ;

(b) The Joint Commission shall, in particular :

- study and devise ways of overcoming trade barriers and, in particular, non-tariff barriers in the various sectors of trade, taking into account the relevant work undertaken in this field by the international organizations concerned,

- endeavour to find ways of encouraging the development of economic and commercial cooperation between the contracting parties, in accordance with the objectives of this Agreement,

- arrange exchange of information and encourage contracts in all matters relating to cooperation in the economic field between the contracting parties on a mutually advantageous basis and the creation of favourable conditions for such cooperation,

- make recommendations on the use of Community funds available for the implementation of the objectives of this Agreement and, in respect of such funds as may be put at the disposal of the Joint Commission by the contracting parties in a jointly agreed manner and in accordance with their respective criteria, decide expenditure on relevant studies and activities,

- examine possibilities of, and make recommendations for, an efficient and coherent utilization of all available instruments, besides most-favoured-nation tariffs and generalized preferences, to promote trade in items of interest to both contracting parties.

3. The Joint Committee shall also ensure the proper functioning of any sectoral Agreements between the contracting parties and, to this end, shall exercise supervision of the joint bodies which have been, or may be, set up under such Agreements.

## **Article 8. Annexes**

The Annexes shall form an integral part of this Agreement.

## **Article 9. Territorial Application**

This Agreement shall apply, on the one hand, to the territories in which the Treaty establishing the European Economic Community is applied and under the conditions laid down in that Treaty and, on the other hand, to the territory of the Islamic Republic of Pakistan.

## **Article 10. Entry Into Force and Duration**

This Agreement shall enter into force on the first day of the month following the date on which the contracting parties have notified each other of the completion of the procedures necessary for this purpose. It shall be concluded for a period of five years. It shall be automatically extended from year to year if neither contracting party denounces it six months before the date of expiry.

However, the Agreement may be amended by mutual consent of the contracting parties in order to take account of new situations.

## **Article 11. Authentic Languages**

This Agreement shall be drawn up in duplicate in the Danish, Dutch, English, French, German, Greek, Italian and Urdu languages, each text being equally authentic.

In witness whereof the undersigned Plenipotentiaries have signed this Agreement.

Done at Brussels on the twenty-third of July in the year one thousand nine hundred and eighty-five.

For the Council of the European Communities

For the Government of the Islamic Republic of Pakistan