

**COMMERCIAL COOPERATION AGREEMENT**

between the European Economic Community and the Islamic Republic of Pakistan

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

of the one part,

THE GOVERNMENT OF THE ISLAMIC REPUBLIC OF PAKISTAN,

of the other part,

HAVING REGARD to the friendly relations and historic links between the Member States of the European Economic Community and the Islamic Republic of Pakistan and their common desire to consolidate and expand their commercial and economic relations;

INSPIRED by their determination to strengthen, deepen and diversify their commercial and economic relations on the basis of comparative advantage and mutual benefit;

VIEWING modern commercial policy as an important instrument for furthering international economic cooperation;

AFFIRMING their common will to contribute to a new phase of international economic cooperation and to facilitate the development of their respective human and material resources on the basis of freedom, equality and justice;

HAVE DECIDED to conclude a Commercial Cooperation Agreement and to this end have designated as their Plenipotentiaries:

THE COUNCIL OF THE EUROPEAN COMMUNITIES:

THE GOVERNMENT OF THE ISLAMIC REPUBLIC OF PAKISTAN:

WHO, having exchanged their Full Powers, found in good and due form,

HAVE AGREED AS FOLLOWS:

*Article 1*

The Contracting Parties are determined to develop their commercial exchanges on the basis of comparative advantage and mutual benefit so as to contribute to their economic and social progress and to the improvement of the balance of their mutual trade to as high a level as possible.

*Article 2*

The Contracting Parties shall, in their commercial relations, grant each other most-favoured-nation

treatment in accordance with the provisions of the General Agreement on Tariffs and Trade.

*Article 3*

The Contracting Parties shall grant each other the highest degree of liberalization of imports and exports which they apply to third countries in general, and shall endeavour to provide maximum facilities compatible with their respective policies and obligations with regard to products of interest to either Party.

*Article 4*

The Contracting Parties undertake to promote the development and diversification of their mutual trade to the highest possible level. They shall take all appropriate steps to achieve these results, including particular measures which are relevant to the pattern and potential of their mutual trade.

*Article 5*

The Contracting Parties may develop their economic cooperation, when linked with trade, in fields of mutual interest and in the light of developments in their economic policies.

*Article 6*

With a view to implementing Articles 4 and 5, the Contracting Parties agree to enhance contacts and cooperation between their economic organizations and to support the institutions which have been or may be set up to this end.

*Article 7*

The Contracting Parties will endeavour to increase their cooperation in commercial and related economic matters in third countries, so far as it is in their mutual interest.

*Article 8*

1. A Joint Commission shall be established comprising representatives of the Community and of Pakistan. It shall hold one session each year. Additional sessions may be convened by common agreement at the request of either Contracting Party.
2. The Joint Commission shall adopt its own rules of procedure and programme of work.
3. The Joint Commission may set up specialized sub-commissions to assist it in the performance of such tasks as it may mandate.

*Article 9*

The Joint Commission shall ensure the proper functioning of this Agreement and shall devise and

recommend practical measures for achieving its objectives. It shall examine any difficulties likely to hinder the development and diversification of trade between the Contracting Parties.

*Article 10*

The Joint Commission shall in particular:

- (a) study and devise ways of overcoming trade barriers and in particular non-tariff and quasi-tariff barriers in the various sectors of trade, taking into account the relevant work undertaken in this field by the international organizations concerned;
- (b) endeavour to find ways of encouraging the development of economic and commercial cooperation between the Contracting Parties, in so far as this would promote the development and diversification of their trade;
- (c) facilitate exchanges of information and encourage contacts on all subjects bearing upon the prospects for cooperation in the economic field between the Contracting Parties on a mutually advantageous basis and the creation of favourable conditions for such cooperation.

*Article 11*

The Joint Commission shall also ensure the proper functioning of any sectoral Agreements between the Contracting Parties and, to this end, shall exercise the responsibilities entrusted to the joint bodies which have been or may be set up under such Agreements.

*Article 12*

The provisions of this Agreement shall be substituted for provisions of Agreements concluded between Member States of the Community and Pakistan to the extent to which the latter are either incompatible or identical with the former.

*Article 13*

The Annexes form an integral part of this Agreement.

*Article 14*

This Agreement shall apply to the territories where the Treaty establishing the European Economic Community applies, on the conditions laid down in the said Treaty, and to the territories where the Constitution of the Islamic Republic of Pakistan applies.

*Article 15*

1. This Agreement shall enter into force on the first day of the month following the date on which the Contracting Parties notify each other of the completion of the procedures necessary for this purpose.

2. This Agreement is concluded for a period of five years and shall be extended from year to year if neither Contracting Party denounces it six months before the date of expiry.

3. If both Contracting Parties agree, this Agreement may, however, be amended at any time, to take account of emerging situations in the economic field and the evolution of economic policies on both sides.

*Article 16*

This Agreement is drawn up in two copies in the Danish, Dutch, English, French, German and Italian languages, each text being equally authentic.

## ANNEX I

## Joint Declaration on the functioning of the Joint Commission

1. The representatives of the Contracting Parties in the Joint Commission will transmit the agreed recommendations to their respective authorities, for consideration and action to be taken as speedily and effectively as possible. In the event of the Joint Commission being unable to evolve a recommendation on a matter considered by either Contracting Party to be urgent or important, it shall submit the views of the two sides to the said authorities for further consideration.
2. The Joint Commission should, when making proposals and recommendations, have due regard to the Islamic Republic of Pakistan's development plans and to the progress of economic, industrial, social, environmental and scientific policies of the Community as well as to the level of economic development of the Contracting Parties.
3. The Joint Commission will examine possibilities of and make recommendations for the efficient utilization of all available instruments, besides most-favoured-nation tariffs and Generalized Preferences, to promote trade in items of interest to the Islamic Republic of Pakistan.

## ANNEX II

## Declaration of the European Economic Community on tariff adjustments and other measures for facilitating trade

1. On 1 July 1971, the Community autonomously introduced a Generalized Scheme of Preferences on the basis of Resolution 21 (II) of the Second United Nations Conference on Trade and Development, 1968. The Community is prepared, in the course of its endeavours to improve this system, to take into account the interests of the Islamic Republic of Pakistan in the extension and strengthening of its trade relations with the Community.
2. The Community is also prepared to examine in the Joint Commission possibilities for tariff adjustments to promote the development of trade with Pakistan.
3. Recognizing the vital importance of exports of cotton products and Basmati rice to the economic development of Pakistan, the Community is ready to examine in the Joint Commission the situation of Pakistan's trade with the Community in these products and to explore possibilities for facilitating it, in so far as cotton products are concerned to the extent permitted by the current agreement between the Contracting Parties and their multilateral obligations.
4. The Community understands that the Islamic Republic of Pakistan will also be prepared to discuss in the Joint Commission the Community's proposals, if any, with regard to tariff adjustments by the Islamic Republic of Pakistan aimed at the development of trade between the Contracting Parties, taking into consideration the development needs of Pakistan.

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*ANNEX III***Declaration of the Islamic Republic of Pakistan on tariff adjustments and other measures for facilitating trade**

1. The Islamic Republic of Pakistan notes that the Community is prepared, in the course of its endeavours to improve the system of Generalized Preferences, to take into account the interests of the Islamic Republic of Pakistan in the extension and strengthening of its trade relations with the Community. In this connection, the Islamic Republic of Pakistan will identify for consideration by the Community the areas in which the Community's Generalized Preferences can be improved, more especially in the context of the provisions of the Joint Declaration of Intent.
  2. The Islamic Republic of Pakistan also notes that the Community is prepared to examine in the Joint Commission possibilities for tariff adjustments to promote the development of trade with Pakistan. In this connection, the Islamic Republic of Pakistan may notify the Community of products in respect of which such concessions are desired, for examination in the Joint Commission.
  3. The Islamic Republic of Pakistan further notes that the Community is ready to examine in the Joint Commission the situation of Pakistan's trade with the Community in cotton products and Basmati rice and to explore possibilities for facilitating it, in so far as cotton products are concerned to the extent permitted by the current agreement between the Contracting Parties and their multilateral obligations.
  4. The Islamic Republic of Pakistan will also be prepared to discuss in the Joint Commission the Community's proposals, if any, with regard to tariff adjustments by the Islamic Republic of Pakistan aimed at the development of trade between the Contracting Parties, taking into consideration the development needs of Pakistan.
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