AGREEMENT

on commercial cooperation between the European Economic Community and
the Republic of Sri Lanka

THE COUNCIL OF THE EUROPEAN COMMUNITIES,
of the one part,

THE GOVERNMENT OF THE REPUBLIC OF SRI LANKA,
of the other part,

HAVING REGARD to the friendly relations and historic links between the Member States of the
European Economic Community and Sri Lanka 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 design-
nated as their Plenipotentiaries:

THE COUNCIL OF THE EUROPEAN COMMUNITIES:

Mr Mariano RUMOR,
Minister for Foreign Affairs,
President of the Council of the European Communities;

Sir Christopher SOAMES,
Commissioner of the Commission of the European Communities;

THE GOVERNMENT OF THE REPUBLIC OF SRI LANKA:

Mr Tikiri Banda ILANGARATNE,
Minister of Foreign and Internal trade;

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 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 such 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 promote 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 shall 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 set up comprising representatives of the Community and of the Republic of Sri Lanka. 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 work programme.

3. The Joint Commission may set up specialized sub-commissions to assist it in the performance of certain tasks.

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 be required in particular:

(a) to study and devise ways of overcoming trade barriers and in particular existing non-tariff and quasi-tariff barriers in the various sectors of trade, taking into account the work undertaken in this field by the international organizations concerned;

(b) to 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) to facilitate exchanges of information and encourage contacts on all subjects which may bear 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 the Republic of Sri Lanka to the extent to which the latter are either incompatible or identical with them.

Article 13

This Agreement shall apply to the territories where the Treaty establishing the European Economic Community applies, on the conditions established in the said Treaty, and to the territories where the constitution of the Republic of Sri Lanka applies.

Article 14

The Annexes form an integral part of this Agreement.

Article 15

1. 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 (1).

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. The Contracting Parties may amend this Agreement at any time to take account of new situations arising in the economic field and of 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, Italian and Sinhala languages, each text being authentic.

(1) The date of entry into force of this Agreement will be published in the Official Journal of the European Communities.
For regeringen vor republikken Sri Lanka
Für die Regierung der Republik Sri Lanka
For the Government of the Republic of Sri Lanka
Pour le gouvernement de la république de Sri Lanka
Per il governo della Repubblica di Sri Lanka
Voor de Regering van de Republiek Sri Lanka

\[\text{Signature}\]
ANNEX I

Joint Declaration concerning Article 8 of the Agreement

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 to the respective authorities for further consideration.

2. The Joint Commission should, when making proposals and recommendations, have due regard to the Republic of Sri Lanka'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 Republic of Sri Lanka.

ANNEX II

Your Excellency,

During the discussion which led to the conclusion this day of the Commercial Cooperation Agreement between the European Economic Community and the Republic of Sri Lanka, the Community declared that it is prepared to bind the tariff reductions and suspensions already applied autonomously in respect of the products listed below which are of particular interest to Sri Lanka. These concessions shall remain valid until they are confirmed or modified, under the General Agreement on Tariffs and Trade, with the agreement of both Contracting Parties.
## List of products concerned

<table>
<thead>
<tr>
<th>CCT heading No</th>
<th>Description</th>
<th>Binding proposed %</th>
</tr>
</thead>
<tbody>
<tr>
<td>08.01</td>
<td>Dates, bananas, coconuts, Brazil nuts, cashew nuts, pineapples, avocados, mangoes, guavas and mangosteens, fresh or dried, shelled or not: ex E : Desiccated coconut</td>
<td>2</td>
</tr>
<tr>
<td>09.02</td>
<td>Tea :</td>
<td></td>
</tr>
<tr>
<td></td>
<td>A. In immediate packings of a net capacity not exceeding 3 kg</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>B. Other</td>
<td>Free</td>
</tr>
<tr>
<td>09.04</td>
<td>Pepper of the genus 'Piper'; pimento of the genus 'Capsicum' or the genus 'Pimenta':</td>
<td></td>
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<tr>
<td></td>
<td>A. Neither crushed nor ground:</td>
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<td></td>
<td>I. Pepper:</td>
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<tr>
<td></td>
<td>a) For the industrial manufacture of essential oils or resinsoids (a)</td>
<td>Free</td>
</tr>
<tr>
<td>09.06</td>
<td>Cinnamon and cinnamon-tree flowers:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>A. Ground</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>B. Oth..</td>
<td>8</td>
</tr>
<tr>
<td>09.08</td>
<td>Nutmeg, mace and cardamom:</td>
<td></td>
</tr>
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<td></td>
<td>B. Crushed or ground:</td>
<td></td>
</tr>
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<td></td>
<td>III. Cardamom</td>
<td>Free</td>
</tr>
<tr>
<td>41.02</td>
<td>Bovine cattle leather (including buffalo leather) and equine leather, except leather falling within heading No 41.06, 41.07 or 41.08:</td>
<td></td>
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<tr>
<td></td>
<td>A. East India kip, whole, whether or not the heads and legs have been removed, weighing each not more than 4.5 kg net, not further prepared than vegetable tanned, whether or not having undergone further preservative treatment with oil, but obviously unsuitable for immediate use in the manufacture of leather articles</td>
<td>Free</td>
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(a) Entry under this subheading is subject to condition 1

We should be grateful if you would kindly confirm the agreement of the Government of the Republic of Sri Lanka to the contents of his letter.

Please accept, Your Excellency, the assurance of our highest consideration.

*For the Council of the European Communities*

Head of the Sri Lanka Delegation
Sir,

I have the honour to acknowledge receipt of your letter of today, which reads as follows:

'During the discussions which led to the conclusion this day of the Commercial Cooperation Agreement between the European Economic Community and the Republic of Sri Lanka, the Community declared that it is prepared to bind the tariff reductions and suspensions already applied autonomously in respect of the products listed below which are of particular interest to Sri Lanka. These concessions shall remain valid until they are confirmed, or modified, under the General Agreement on Tariffs and Trade, with the agreement of both Contracting Parties.

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(a) Entry under this subheading is subject to conditions to be determined by the competent authorities.
We should be grateful if you would kindly confirm the agreement of the Government of the Republic of Sri Lanka to the contents of this letter.

I have the honour to confirm the agreement of the Government of the Republic of Sri Lanka to the contents of this letter.

Please accept, Sir, the assurance of my highest consideration.

For the Government of the Republic of Sri Lanka

Mr. . . . .
Head of the Delegation of the European Economic Community

ANNEX III

Declaration of the European Economic Community concerning tariff adjustments

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 Republic of Sri Lanka in the extension and strengthening of its trade relations with the Community.

The Community is also prepared to examine in the Joint Commission the possibilities for further tariff adjustments to promote the development of trade with Sri Lanka.

The Community understands that the Republic of Sri Lanka will also be prepared to discuss in the Joint Commission the Community’s proposals, if any, with regard to tariff adjustments by the Republic of Sri Lanka aimed at the development of trade between the Contracting Parties, taking into consideration the development needs of Sri Lanka.

ANNEX IV

Declaration of the Government of the Republic of Sri Lanka concerning tariff adjustments

The Republic of Sri Lanka 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 Republic of Sri Lanka in the extension and strengthening of its trade relations with the Community. In this connection, the Republic of Sri Lanka will identify for consideration by the Community the areas in which the Community’s Generalized Scheme of Preferences can be improved, more especially in the context of the provisions of the Joint Declaration of Intent.

The Republic of Sri Lanka further notes that the Community is also prepared to examine in the Joint Commission the possibilities for further tariff adjustments to promote the development of trade with Sri Lanka.

In this connection the Republic of Sri Lanka may notify the Community of the list of products in respect of which tariff concessions are desired, for examination in the Joint Commission.

The Republic of Sri Lanka will also be prepared to discuss in the Joint Commission the Community’s proposals, if any, with regard to tariff adjustments by the Republic of Sri Lanka aimed at the development of trade between the Contracting Parties, taking into consideration the development needs of Sri Lanka.