

COMMISSION OF THE EUROPEAN COMMUNITIES

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Brussels, 20 April 1976

RECOMMENDATION FOR REGULATION (EEC) OF THE COUNCIL

on the conclusion of the Commercial Cooperation Agreement between the European Economic Community and the Islamic Republic of Pakistan

(submitted to the Council by the Commission)

COM(76) 163 final.

T/16/74

EXPLANATORY MEMORANDUM

1. On 15 October 1974 the Council authorized the Commission to enter into negotiations with Pakistan for a Commercial Cooperation Agreement; at the same time the Council approved a series of directives for the negotiations.

2. The formal opening of negotiations took place on 4th November 1974, preceded by a meeting of the Special Committee set up under Article 113 of the Rome Treaty to assist the Commission in such negotiations. A second negotiating session was held on 12th December 1974, following which the two delegations were in substantial accord on the terms of an agreement, but the Pakistan side found itself unable to accept the Commission's proposals as to the nature and scope of possible annexes. Assisted by further meetings of the Special Committee on 27th October and 10th November 1975, the Commission was able to refine its proposals on the outstanding points, and secured the acceptance by the Pakistan's authorities of the revised proposals following informal contacts both in Brussels and in Islamabad, where the texts annexed hereto were initialled on 16th March 1976. The titles of these texts, which were negotiated in the English language, are as follows:

- Commercial Cooperation Agreement between the European Economic Community and the Islamic Republic of Pakistan
- Annex 1, being a Joint Declaration on the functioning of the Joint Commission
- Annex 2, being a declaration of the European Economic Community on tariff adjustments and other measures for facilitating trade
- Annex 3, being a declaration of the Islamic Republic of Pakistan on tariff adjustments and other measures for facilitating trade.

3. The text of the proposed agreement is, mutatis mutandis, identical with that concluded with Sri Lanka, apart from a handful of verbal variants of no practical significance and the rephrasing of the evolutionary clause (Article 15, paragraph 3), again without altering its effect.

4. When the negotiation directives were under discussion in the various forums of the Council, it was envisaged that the Pakistan side might request tariff concessions analogous to those granted in the Commercial Cooperation Agreement with India, and subsequently in the Commercial Cooperation Agreement with Sri Lanka. A request for concessions was indeed presented by Pakistan but was not, as in the other cases, confined to bilateral bindings of existing suspensions of duties. Instead, Pakistan sought the phasing-out of the CCT duty of 7% on Single Cotton Yarn and the re-imbursement to Pakistan for development purposes of any levy imposed on the Community's imports from that country of Basmati Rice, in addition to concessions under the Generalized Scheme of Preferences for Sports Goods and certain varieties and manufactures of Leather. The Commission turned down these requests and instead, after taking the advice of the Special Committee (Art. 113), offered to expand the scope of the declaration of the Community on tariff adjustments (Annex 2) to include "other measures for facilitating trade" and to insert in the body thereof the following paragraph:

"3. Recognising 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, insofar as cotton products are concerned to the extent permitted by the current agreement between the Contracting Parties and their multilateral obligations."

These proposed changes would be accompanied by corresponding changes in Annex 3, which is Pakistan's reciprocal declaration. The Pakistan authorities eventually signified their acceptance of this proposal, and the texts of Annexes 2 and 3 now recommended reflect the agreement reached in this regards. The Commission considers that the terms of these Annexes are fully consistent with the directives given by the Council, as also are the terms of Annex 1 "on the functioning of the Joint Commission", this being closely modelled on the corresponding annex of the Sri Lanka Agreement.

5. In the negotiation directives, the Commission was asked to explore the terms on which the Community could obtain an undertaking from Pakistan with regard to non-discriminatory access to its natural resources. In the course of exploratory talks, the Pakistan delegation informed the Commission, as subsequently reported to the Special Committee, that it was not prepared to recommend such an undertaking to its authorities, nor did it envisage that they could contemplate any such commitment unless it were to be matched by a reciprocal undertaking on the part of the Community. In the light of the express unwillingness of certain Member States to enter into any commitments in regard to access to their natural resources, the Commission decided that it would be fruitless to seek to negotiate the inclusion of a specific reference to natural resources in an Agreement for Commercial Cooperation with Pakistan. Should the Community experience difficulties in purchasing on a non-discriminatory basis raw materials produced by Pakistan, the possibility remains open, especially under Articles 3, 9 and 10 of the agreement now proposed, to raise ^{these} difficulties in the Joint Commission with a view to examining and devising practical measures to overcome them.

6. The Commission now recommends that the Council:

- place on record that the Commission has complied with the Council's request to explore the possibility of having a provision in the Agreement relating to non-discriminatory access for the Community to Pakistan's natural resources; and
- initiate the procedures for the signature and conclusion of a Commercial Cooperation Agreement with Pakistan in the terms of the annexed texts.

7. With a view to the conclusion and implementation of the Agreement, the Commission herewith lays before the Council:

- a Recommendation for a Regulation (EEC) of the Council on the conclusion of the Commercial Cooperation Agreement with Pakistan.

1/16/76

RECOMMENDATION FOR REGULATION (EEC) OF THE COUNCIL

on the conclusion of the Commercial Cooperation Agreement
between the European Economic Community and
the Islamic Republic of Pakistan

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,
and in particular Articles 113 and 114 thereof;

Having regard to the Recommendation from the Commission;

Whereas the Commercial Cooperation Agreement negotiated between the
European Economic Community and the Islamic Republic of Pakistan should
be concluded;

HAS ADOPTED THIS REGULATION:

Article 1

The Commercial Cooperation Agreement between the European Economic Community
and the Islamic Republic of Pakistan, the text of which is annexed to
this Regulation, is hereby concluded on behalf of the Community.

Article 2

The President of the Council shall notify the other Contracting Party in
accordance with Article 15 of the Agreement of the completion, as regards
the Community, of the procedures necessary for the entry into force of
this Agreement.

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Article 3

The Community shall be represented on the Joint Commission provided for in Article 8 of the Agreement by the Commission of the European Communities, assisted by representatives of the Member States.

Article 4

This Regulation shall enter into force on the third day following its publication in the Official Journal of the European Communities.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

1976.

For the Council

The President

1/10/76-1

COMMERCIAL COOPERATION AGREEMENT BETWEEN THE EUROPEAN ECONOMIC COMMUNITY
AND THE ISLAMIC REPUBLIC OF PAKISTAN

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:

1/10/71

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 organisation 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 specialised 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 organisations 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 established 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 it expires.
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 authentic.

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.

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. Recognising 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, insofar 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.

ANNEX 3

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, insofar 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.