

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(85) 68 final

Brussels, 4 March 1985

Proposal for a
COUNCIL REGULATION (EEC)

on the conclusion of the Agreement for commercial, economic and
development cooperation between the European Economic Community
and the Islamic Republic of Pakistan

(submitted to the Council by the Commission)

COM(85) 68 final

EXPLANATORY MEMORANDUM

C OM - 68

1. By decision of the Council, at its session of October 22nd/23rd 1984, the Commission was authorised to open negotiations with Pakistan, with a view to the conclusion of an agreement for commercial and economic cooperation to replace the 1976 Commercial Cooperation Agreement between the European Economic Community and Pakistan.
2. In accordance with that Council decision, and with the concurrence of the Article 113 Committee, the Commission conducted negotiations with Pakistan between 15th and 17th January 1985. The English text of the negotiated Agreement was initialled on 17th January 1985 by the Heads of the Delegations after they had noted that it correctly represented the results of the negotiations.
3. The English version of the negotiated texts has already been placed at the disposal of the Member States' representatives in the Article 113 Committee.
4. The Commission considers that the text of the Agreement is acceptable to the Community. It therefore recommends that the Council initiate the procedures for signing and concluding the Agreement with Pakistan.
5. With a view to the conclusion and implementation of the Agreement, the Commission herewith transmit to the Council a proposal for a regulation concluding the Agreement and the Annexes thereto.

II

(Preparatory Acts)

COMMISSION

Proposal for a Council Regulation on the conclusion of the Agreement for commercial, economic and development cooperation between the European Economic Community and the Islamic Republic of Pakistan

COM(85) 68 final

(Submitted by the Commission to the Council on 11 March 1985)

(85/C 81/04)

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Articles 113 and 235 thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament,

Whereas the conclusion by the European Economic Community of the Agreement for commercial, economic and development cooperation between the European Economic Community and Pakistan appears necessary for the attainment of the ends of the Community in the sphere of external economic relations; whereas it appears that certain measures of economic cooperation provided for by the Agreement exceed the powers of action provided for in the Treaty in the field of the common commercial policy,

HAS ADOPTED THIS REGULATION:

Article 1

The Agreement for commercial, economic and development cooperation between the European

Economic Community and Pakistan is hereby approved on behalf of the Community.

The text of the Agreement is attached to this Regulation.

Article 2

The President of the Council shall give the notification provided for in Article 10 of the Agreement (¹).

Article 3

The Community shall be represented on the Joint Commission set up in Article 7 of the Agreement by the Commission, assisted by representatives of the Member States.

Article 4

This Regulation shall enter into force on the 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.

(¹) The date of entry into force of the Agreement will be published in the *Official Journal of the European Communities* by the General Secretariat of the Council.

AGREEMENT**for commercial, economic and development cooperation between the European Economic Community and 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 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 Community signed on 1 June 1976 and which 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 European 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 as 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:

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

Most-favoured-nation treatment

The 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 contacts 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 to better 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 field;
- (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 will 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 Parties shall encourage and facilitate the promotion of cooperation between developmental and financial institutions of the two regions.
3. The Community will 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 Treaties establishing the Community, the present 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 can be convened at the request of either of the Contracting Parties.
2. (a) The Joint Commission shall ensure the proper functioning of the Agreement and shall devise and recommend practical measures for achieving its objectives, keeping in view Pakistan's growing developmental requirements, and 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 contacts 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 the present Agreement. 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, to decide expenditure or 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 Parties.

3. The Joint Commission 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

The 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 the said 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 is 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 two Contracting Parties in order to take account of new situations.

Article 11

Authentic languages

This Agreement is drawn up in two copies in the Danish, Dutch, English, French, German, Greek, Italian and Urdu languages, each of these texts being equally authentic.

In witness whereof the undersigned Plenipotentiaries have signed this Agreement.

ANNEX I

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, which in December 1980 was extended for a second decade (1981-1990). 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.

ANNEX II

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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