

**PREFERENTIAL TRADE AGREEMENT
BETWEEN
THE ISLAMIC REPUBLIC OF PAKISTAN
AND
THE REPUBLIC OF MAURITIUS**

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PREAMBLE

The Government of the Islamic Republic of Pakistan and the Government of the Republic of Mauritius, hereinafter referred to, collectively as the “Contracting Parties” and individually as “Contracting Party”,

Recalling their longstanding friendship and common cultural heritage;

Desiring the creation of a new climate for economic and commercial cooperation between them;

Recognizing the- huge potential for developing trade relations between the two countries and the desire to promote mutually beneficial trade;

Considering that the expansion of their domestic markets, through commercial cooperation constitutes an important pre-requisite for accelerating their progress of economic development;

Convinced of the need to establish and promote preferential trading arrangements for strengthening the intra-regional economic cooperation and the development of their national economies;

Determined to liberalise trade between the two countries, while recognising their existing and future rights and

obligations arising from other bilateral, regional and multilateral agreements, particularly the World Trade Organization;

Convinced that progressive elimination of obstacles to trade through this preferential trade agreement (hereinafter referred to as “Agreement”) will contribute to the expansion of bilateral trade leading to Free Trade Agreement between the Contracting Parties:

HEREBY agree as follows: -

ARTICLE 1

OBJECTIVES

The objectives of this Agreement are to:

- (a) strengthen the economic and commercial relationship between the Contracting Parties;
- (b) increase the volume of trade in goods and services between the Contracting Parties;
- (c) promote a more predictable and secure environment for the sustainable growth of trade between the Contracting Parties;
- (d) expand mutual trade through exploring new areas of cooperation;
- (e) facilitate diversification of trade products between the Contracting Parties;

(f) encourage further competition amongst the enterprises of the Contracting Parties;

(g) contribute by the removal of barriers to trade, to the harmonious development / and expansion of bilateral trade, as well as world trade.

ARTICLE 2

GENERAL OBLIGATION

1 (a) The provisions of this Agreement shall be interpreted in light of the objectives set out under Article 1, as well as, the decisions of the Joint Trade Committee established under Article 19 of the Agreement.

(b) In making its decisions The Committee shall observe applicable rules of international law.

2. The Contracting Parties affirm their existing rights and obligations with respect to each other under the Marrakesh Agreement establishing the World Trade Organization and other Treaties/Agreements to which such Contracting Parties are signatories.

ARTICLE 3

DEFINITIONS

For the purpose of this Agreement, unless the context otherwise requires,:

“critical circumstances” mean the emergence of an exceptional situation, where massive preferential imports are causing or threatening to cause “serious injury”, which is difficult to repair and which calls for immediate action;

“dumping” means the introduction of a product into the commerce of the other Contracting Party at less than its normal value which is the comparable price in the ordinary course of trade for the like product destined for consumption in the exporting country, or, in the absence of such domestic price, is either the highest comparable price for the like product for export to any third country in the ordinary course of trade, or the cost production of the product in the country of origin plus reasonable addition for selling cost and profit;

“non-tariff barriers” (NTBs) means any measure, regulation, or practice other than tariffs and para-tariffs, the effect of which is to restrict imports or to significantly distort trade between the Contracting Parties;

“para-tariffs” mean border charges and fees other than tariffs on foreign trade transactions with a tariff-like effect, which are levied solely on imports but not those indirect taxes and charges, which are levied in the same manner on like domestic products. Import charges corresponding to specific services rendered, shall not be considered as para-tariff measures;

“preferential treatment” means any concession or privilege granted under this Agreement by a Contracting Party

through the reduction of tariffs and elimination of NTBs on the movement of goods and services;

“products” means all products including manufactured products and commodities in their raw, semi-processed and processed forms;

“serious injury” means significant impairment of the domestic industry of like or directly competitive products due to a surge in preferential imports causing substantial losses in terms of earnings, production or employment unsustainable in the short terms;

“subsidies” shall have the meaning as in the General Agreement on Tariffs and Trade 1994 (GATT 1994) and the relevant WTO Agreements;

“tariffs” means customs duties included in the national schedules of the Contracting Parties;

“The Committee” means the Joint Trade Committee established under Article 19;

“threat of serious injury” means a situation in which a substantial increase of preferential import is of a nature so as to cause serious injury to domestic producer/industry and that such injury, although not yet existing, is clearly imminent. A determination of threat of serious injury shall be based on facts and not on mere allegation, conjecture, or remote of hypothetical possibility.

ARTICLE 4

SCOPE AND COVERAGE

This Agreement shall apply to trade between the Contracting Parties relating to the products specified in Annexes A and B to this Agreement, including the extent of tariff preferences indicated against each tariff line. These annexes shall form an integral part of this Agreement.

ARTICLE 5

TARIFF LIBERALIZATION

1. The Contracting Parties, hereby, agree to initially establish a Preferential Trade Agreement for the purpose of free movement of goods between their countries through reduction and/or elimination of tariffs in accordance with the provisions of Annexes A and B.
2. On the request of either Contracting Party, the Contracting Parties shall consider accelerating the elimination and/or reduction of tariffs set out in Annex A and/or B, or to include new products to these Annexes.
3. An agreement between the Contracting Parties to accelerate the elimination/reduction of tariff on a good or to include new products for elimination of tariffs shall supersede any duty rate or staging category specified in Annexes A and/or B for such good as approved by each Contracting Party, in accordance with the provisions of this Agreement and its applicable legal procedures.

ARTICLE 6

PARA-TARIFFS AND NON-TARIFF BARRIERS

1. The Contracting Parties agree to identify measures, exchange information and negotiate with a view to eliminate all para-tariff and non-tariff barriers and any other equivalent measures on the movement of goods, other than those imposed in accordance with Articles 13 and 14, or after consultations under Article 20 of this Agreement, immediately after coming into force of this Agreement.
2. The Contracting parties also agree not to increase the existing para-tariffs, or introduce new or additional para-tariffs without mutual consent as from the date of coming into force of this Agreement.
3. The Contracting Parties shall consider further liberalization of their bilateral trade through future consultations.

ARTICLE 7

NON-APPLICATION

The provisions of this Agreement shall not apply to preferences already granted or to be granted by any Contracting Party to other parties and to third countries through bilateral, plurilateral and multilateral trade agreements or similar arrangements, and falling outside the framework of this Agreement.

ARTICLE 8

NATIONAL TREATMENT

1. The Contracting Parties shall ensure that domestic laws, regulations and all other measures and formalities applicable to imports from the other Contracting Party shall not be applied in such manner so as to afford undue protection to domestic production.
2. Subject to other provisions of this Agreement, the Contracting Parties shall accord treatment to products originating from the territory of the other Contracting Party no less favourable than that accorded to the like domestic products.

ARTICLE 9

TRANSPARENCY

1. The Contracting Parties shall ensure transparency with regard to their relevant regulations and practices through publication.
2. The Contracting Parties shall notify each other the existing and new measures, which pertain to or may affect the operation of this Agreement.
3. Where any regulation, practice or notification has been made by a Contracting Party in a language other than in the English language, an English translation of the text shall be provided to the other Contracting Party.

ARTICLE 10

EXCEPTIONS

1. The Contracting Parties shall not apply measures in such manner as to constitute arbitrary or unjustifiable discrimination or a disguised restriction on trade between them.

2. Subject to paragraph (1), nothing in this Agreement shall preclude prohibitions and/or restrictions on imports or exports of products, which are justified on grounds of-

- (a) public morality;
- (b) religious values;
- (c) national security;
- (d) the protection of human, animal and plant life and health;
- (e) the protection of national treasures possessing artistic, historic or archeological value;
- (f) the protection of exhaustible natural resources and genetic reserves; or
- (g) regulatory restrictions on trade in gold or silver.

3. Nothing in this Agreement shall be understood to require either Contracting Party to furnish any information the disclosure of which is contrary to its essential security interests.

4. Where a Contracting Party intends to apply an exception provided for in this Article, it shall forthwith notify the other party of its intention, and shall accord sympathetic consideration to any representation that may be made by the other Contracting Party.

ARTICLE 11

RULES OF ORIGIN

Products covered by the provisions of this Agreement shall be eligible for preferential treatment provided they satisfy the Rules of Origin as set out in Annex C to this Agreement, which shall form an integral part of this Agreement.

ARTICLE 12

CUSTOMS VALUATION

Matters relating to customs valuation shall be governed by Article VII of GATT 1994 and the WTO Agreement on the Implementation of Article VII of GATT 1994.

ARTICLE 13
SAFEGUARD MEASURES

1. Where any product is imported into the territory of a Contracting Party in such a manner or in such quantities as to cause or threaten to cause serious injury in the territory of that Contracting Party, such Contracting Party may after prior consultations with the other Contracting Party, except in critical circumstances, suspend provisionally the preferential treatment accorded to that product under this Agreement.

2. Any suspension of preferential treatment pursuant to paragraph 1 shall forthwith be notified to the other Contracting Party .

3. The Contracting Parties, through The Committee, shall enter into consultations and shall endeavor to reach a mutually acceptable agreement and to remedy the situation in accordance with the provisions of Articles 20 and 21 of this Agreement.

ARTICLE 14
ANTIDUMPING AND COUNTERVAILING
MEASURES

1. Where either Contracting Party determines that dumping is taking place in its territory from products emanating from the other Contracting Party, it may levy an anti-dumping duty on the importation of the products dumped, where it determines that the effect of the

dumping is such as to cause, or threaten to cause, material injury to domestic industry, or to retard materially the establishment of a domestic industry.

2. Either Contracting Party shall be free to apply countervailing measures in case where prices are influenced by unfair trade practices like subsidies, in accordance with the provisions of the relevant WTO Agreements.

ARTICLE 15

PROHIBITION & SHORTAGE CLAUSE

1. Any Contracting Party may prohibit the importation of product containing any inputs originating from any third country not covered by its diplomatic recognition or trade policy. Where a Contracting Party has prohibited the importation of a product under this paragraph, it shall forthwith notify the other Contracting Party of its decision.

2. Nothing in this Agreement shall preclude the maintenance or adoption by either Contracting Party of any trade restrictive measures necessary to remove or to forestall a serious shortage, or threat thereof, of a product essential to the exporting Contracting Party.

ARTICLE 16

STATE TRADING ENTERPRISES

1. Nothing in this Agreement shall prevent a Contracting Party maintaining or establishing a state trading enterprise as provided for in Article XVII of GATT 1994.
2. Each Contracting Party shall ensure that a state trading enterprise falling under its jurisdiction acts in a manner consistent with the provisions of this Agreement and accords non-discriminatory treatment in the import from and export to the other Contracting Party.

ARTICLE 17

STANDARDS AND TECHNICAL REGULATIONS

The Contracting Parties shall ensure that standards or technical regulations are not prepared, adopted or applied so as to create unnecessary obstacles to mutual trade or to protect domestic production, but are prepared, adopted and applied with a view to fulfill legitimate objectives taking into account any risk factor, including available scientific and technical information as well as the intended end uses of products.

ARTICLE 18

SPS MEASURES

1. The Contracting Parties shall ensure that any sanitary or phytosanitary measure is applied to the extent necessary to protect human, animal or plant life or health and not prepared, adopted or applied so as to create unnecessary obstacles to mutual trade or to protect domestic production.
2. Sanitary and phytosanitary measures applied pursuant to paragraph (1) shall be based on internationally established scientific principles and supported by sufficient evidence, taking into account the availability of relevant scientific information and regional conditions.

ARTICLE 19

JOINT TRADE COMMITTEE

1. A Joint Trade Committee, consisting of Officials of the Contracting Parties, shall be established. The Committee shall meet initially within three months of the entry into force of the Agreement and thereafter at least once a year.
2. The Committee shall review the progress made in the implementation of this Agreement including the review of notified para-tariff and non tariff barriers, and undertake such function as is vested into it by this Agreement.

3. The Committee shall set out its rules of procedures during the its first meeting.

4. The Committee may set up any Sub-Committee(s) and /or Working Group(s)for such specific purposes as it may consider necessary.

ARTICLE 20

CONSULTATIONS

1. Each Contracting Party shall accord sympathetic consideration and shall afford adequate opportunity for consultations regarding such representations as may be made by the other Contracting Party with respect to any matter affecting the operation of this Agreement.

2. The Committee shall meet at the request of either Contracting Party to consider any matter falling within the ambit of this Agreement.

ARTICLE 21

DISPUTE SETTLEMENT

1. Any dispute that may arise between the Contracting Parties regarding the interpretation and application of the provisions of this Agreement or any instrument adopted within its framework concerning the rights and obligation of the Contracting Parties shall be amicably settled through consultations.

2. Any request for consultation, which shall specify the measure in dispute, by a Contracting Party shall be sympathetically and favorably considered by the other Contracting Party.

3. Where a request for consultation is made pursuant to this Article, the Contracting Party shall:

(a) unless otherwise mutually agreed, reply to the request within 15 days after the date of its receipt; and

(b) enter into consultations, in good faith, within a period of no more than 30 days after date of receipt of the request, or such other period as may be mutually agreed with a view to reaching a mutually satisfactory solution.

4. Where a Contracting Party does not respond to a request for consultation or enter into consultations as provided for in paragraph (3), the matter shall be dealt with in accordance with working procedures drawn up by the Committee.

5. Consultations shall be confidential and without prejudice to the rights of any Contracting Party in any further conciliatory proceedings.

6. Any dispute not settled within 30 days, or such other period as may be agreed, of consultations being undertaken under this Article shall be referred to The Committee.

7. The Committee shall resolve any dispute referred to it under this Article in accordance with working procedures drawn up by it.

ARTICLE 22

TERMINATION OF AGREEMENT

Either Contracting Party may terminate this Agreement by means of a written notification through diplomatic channels to the other Contracting Party, which shall take effect 6 months after the date of such notification.

ARTICLE 23

AMENDMENTS

The Contracting Parties may amend and develop the provisions of this Agreement through mutual consent, taking into account the experience gained in its application.

ARTICLE 24

ANNEXES

An annex to this Agreement shall be constituted as an integral part of this Agreement.

ARTICLE 26

ENTRY INTO FORCE

This Agreement shall enter into force not later than 30 November 2007.

In witness thereof, the undersigned, duly authorized thereto by their respective Governments, have signed this agreement.

Done in two duplicates at Port Louis, Mauritius on the 30th Day of July 2007.

Hon. Madan Murlidhar
Dulloo,

Minister of Foreign
Affairs, International
Trade and Cooperation
Government of
the Republic of
Mauritius

Hon. Humayun Akhtar
Khan ,

Minister for Commerce,
Government of the
Islamic Republic of
Pakistan