

AGREEMENT ON TRADE IN SERVICES

BETWEEN

**THE GOVERNMENT OF THE ISLAMIC REPUBLIC OF
PAKISTAN**

AND

**THE GOVERNMENT OF THE PEOPLE'S REPUBLIC
OF CHINA**

Preamble

The Government of the Islamic Republic of Pakistan (“Pakistan”) and the Government of the People’s Republic of China (“China”) hereinafter referred to collectively as “the Parties” and individually as “a Party”.

Committed to strengthening the all-weather friendship between the Parties;

Recalling the Free Trade Agreement between the Government of the People’s Republic of China and the Government of the Islamic Republic of Pakistan (“the Free Trade Agreement”) signed between the Parties in the witness of the Presidents of China and Pakistan in Islamabad on the twenty- fourth day of November two thousand and six;

Recalling Article 83 of the Free Trade Agreement which writes “ Unless otherwise agreed by the Parties, they shall negotiate trade in services after the conclusion of the negotiations of this Agreement” so as to progressively liberalize and eliminate substantially all discrimination and /or prohibition of new or more discriminatory measures with respect to trade in services between the Parties;

Resolved to enhance co-operation in trade in services between the Parties to improve efficiency and competitiveness, as well as to diversify the supply and distribution of services of the respective service suppliers of the Parties;

Recognizing the right of the Parties to regulate, and to introduce new regulations, on the supply of services in the territories of the Parties in order to meet national policy objectives;

Have agreed as follows:

Part I DEFINITIONS AND SCOPE

Article 1 Definitions

“GATS” means the General Agreement on Trade in Services;

“measure” means any measure by a Party, whether in the form of a law, regulation, rule, procedure, decision, administrative action, or any other form;

“person” means a natural or a juridical person;

“juridical person” means any legal entity duly constituted or otherwise organised under applicable law, whether for profit or otherwise, and whether privately-owned or governmentally-owned, including any corporation, trust, partnership, joint venture, sole proprietorship or association;¹

“juridical person of another Party” means a juridical person which is either:

- (i) constituted or otherwise organised under the law of the country of that other Party, and is engaged in substantive business operations in the territory of the country of that Party; or

¹ In order to prevent the possibility of companies of a third party unduly benefiting from this Agreement, companies of a third party registered in the territory of the country of the other Party, their offices, liaison offices, “shell companies” and “mail box companies” are not service suppliers of the other Party under this Agreement.

- (ii) in the case of the supply of a service through commercial presence, owned or controlled by:
 - (a) natural persons of the country of that Party; or
 - (b) juridical persons of the country of that other Party identified under subparagraph (i) of this paragraph;

a juridical person is;

- (i) “owned” by persons of the country of a Party if more than 50 per cent of the equity interest in it is beneficially owned by persons of that country;
- (ii) “controlled” by persons of the country of a Party if such persons have the power to name a majority of its directors or otherwise to legally direct its actions; and
- (iii) “affiliated” with another person when it controls, or is controlled by, that other person, or when it and the other person are both controlled by the same person;

"supply of a service" includes the production, distribution, marketing, sale and delivery of a service;

"commercial presence" means any type of business or professional establishment, including, *inter alia*, through the constitution, acquisition or maintenance of a juridical person, as well as branches or representative offices within the territory of a Party for the purpose of supplying a service;

"natural person of a Party" means a natural person who resides in the territory of a Party, and who under the law of that Party is a national of that Party;

"services" means any service in any sector except services supplied in the exercise of governmental authority;

"service supplier" means any person that supplies a service;

"trade in services" is defined as the supply of a service

- (i) from the territory of a Party into the territory of the other Party ("cross-border");
- (ii) in the territory of a Party to the service consumer of the other Party ("consumption abroad");
- (iii) by a service supplier of a Party, through commercial presence in the territory of the other Party ("commercial presence");
- (iv) by a service supplier of a Party, through presence of natural persons of a Party in the territory of the other Party ("presence of natural persons");

Article 2 Scope and Coverage

1. This Agreement applies to measures by the Parties affecting trade in services.
2. This Agreement shall not apply to: