

2. All quantitative restrictions and measures having equivalent effect on export of products originating in the Contracting Parties shall be abolished within two years of the date of entry into force of the Agreement.

Article 10

Maintaining the Value of Concessions

No Contracting Party, after coming into force of this Agreement, shall prejudice or withdraw any concessions already granted through imposition of duties or levies or trade-restricting practices in excess of those already existing, without permission of the Cooperation Council. The provisions of this Article shall not apply to Anti-Dumping Measures (Article 20), safeguard measures (Article 21) and measures relating to balance-of-payments (Article 25).

Article 11

Transparency

Laws, regulations and other relevant measures of general application including technical standards, specifications and certifications, which pertain to or effect the operation of the Agreement, shall be published within a period of 30 days, or where such publication is not applicable, made publicly available.

Chapter II General Provisions

Article 12

Rules of Origin

1. The Contracting Parties recognize that rules of origin is a necessity in the application of tariff concessions granted under the provisions of the Agreement and for this purpose agree to apply the ECO Rules of Origin annexed to the Agreement.
2. Products contained in the National Schedules of Concessions annexed to the Agreement shall be treated according to the provisions of the Agreement.
3. The Contracting Parties shall take appropriate measures, including regular reviews by the Cooperation Council and arrangements for administrative cooperation, to ensure that the ECO Rules of Origin are effectively and harmoniously applied, and to reduce, as far as possible the formalities imposed on trade, and to achieve mutually satisfactory solutions to any difficulties arising from the application of ECO Rules of Origin.
4. The Contracting Parties agree that, in adopting and executing the laws and regulations related to the Rules of Origin, the resulting difficulties and inconveniences, which can be caused to the trade and industry of exporting countries, must be minimized, and the necessity of protecting the consumers against false or misleading instructions should be taken into account.

Article 13

Transport

1. The Contracting Parties agree to undertake appropriate steps and measures for developing and improving the transport infrastructure and transport facilities for accelerating the growth of trade within the ECO region; and within the framework of ECO Transit Trade Agreement (TTA) and ECO Transit Transport Framework Agreement(TTFA).
2. While taking into consideration the need of landlocked member states, the Contracting Parties agree that the principle of free transit is an essential condition for promoting trade in the ECO region.

Article 14

Repayment of Internal Taxation

Repayment of internal duties and taxes on goods exported to the territory of a Contracting Party shall not be in excess of the amount of duties and taxes internally imposed on them.

Article 15

Exceptions

A. General Exceptions

1. The agreement shall not preclude the prohibitions or restrictions on imports, exports, or goods in transit justified on grounds of national security, religious faith, public morality, public security; the protection of health and life of humans, animals or plants, or to pursue sanitary and quarantine objectives, the protection of national treasures possessing artistic, historic or archaeological value, protection of intellectual property or rules relating to gold or silver or the conservation of exhaustible natural resources if such measures are made effective in conjunction with restrictions on domestic production or consumption. Such prohibitions or restrictions shall not, however, constitute a means of arbitrary discrimination or disguised restriction on trade among the Contracting Parties.

2. Pursuant to paragraph (1), nothing in this Agreement shall prevent the right of any Contracting Party to take any measures of public regulation, which it considers necessary, provided these measures refer to:

a. delivery of fissionable materials and sources of radio active substances, utilization of radio active wastes; and

b. actions it takes in pursuance of commitments as per the UN Charter to preserve the international peace and security.

B. Security Exceptions

3. Nothing in the Agreement shall prevent a Contracting Party from taking any measures, which it considers necessary:
 - a. to prevent the disclosure of confidential information contrary to its essential security interests;
 - b. for the protection of its essential security interests or for the implementation of international obligations or national policies such as:
 - i. relating to the traffic in arms, ammunition and implements of war, provided that such measures do not impair the conditions of competition in respect of products not intended for specifically military purposes, and to such traffic in other goods, materials and services as is carried on directly or indirectly for the purpose of supplying a military establishment; or
 - ii. relating to the non-proliferation of biological and chemical weapons, nuclear weapons or other nuclear explosive devices; or
 - iii. taken in time of war or other serious international tension.

Article 16 State Monopolies

1. The Contracting Parties shall adjust progressively any State monopoly of a commercial character so as to ensure that by the end of the eighth year after the entry into force of the Agreement, no discrimination regarding the conditions under which goods are procured and marketed exists between nationals of the Contracting Parties. The Cooperation Council shall be informed about the measures adopted to implement this objective.

2. The provisions of this Article shall apply to any body through which the competent authorities of the Contracting Parties, in law or in fact, either directly or indirectly supervise, determine or appreciably influence imports or exports among the Contracting Parties. These provisions shall likewise apply to monopolies delegated by a Contracting Party to others.

Article 17

Payments

1. Payments in freely convertible currencies relating to trade in goods among the Contracting Parties and the transfer of such payments to the territory of a Contracting Party to the Agreement, where the creditor resides shall be free from any restrictions.

2. The Contracting Parties shall refrain from any exchange or administrative restrictions on the grant, repayment or acceptance of short and medium term credits to trade in goods in which a resident participates.

3. Notwithstanding the provisions of paragraph 2, any measures concerning current payments connected with the movement of goods shall be in conformity with the conditions laid down under Article VIII of the Agreement of the International Monetary Fund.

Article 18

State Aid

1. Any financial contribution granted by a Contracting Party or through resources of that Contracting Party in any form whatsoever, which distorts or threatens to distort competition by favoring certain goods shall, in so far as it may affect trade between that Contracting Party and other Contracting Parties to the Agreement, be deemed incompatible with the proper functioning of the Agreement.

2. The provisions of paragraph 1 shall not apply to the agricultural products.
3. The criteria on the basis of which the practices contrary to paragraph 1 shall be assessed, as well as the rules for their implementation will be reflected in the Annex to the Agreement.
4. The Contracting Parties shall ensure transparency in the area of state aid, inter alia by reporting annually to the Cooperation Council on the total amount and the distribution of the aid given and by providing to the other Contracting Parties, upon request, information on aid schemes and on particular individual cases of state aid.
5. If a Contracting Party considers that a particular practice:
 - a. is incompatible with the terms of paragraph 1, and is not adequately dealt with under the implementing rules referred to in paragraph 3; or
 - b. in the absence of such rules, and if such practice causes or threatens to cause serious prejudice to the interest of that Contracting Party or material injury to its domestic industry,

it may take appropriate measures under the conditions of and in accordance with the provisions laid down in Article 21.

Article 19

Protection of Intellectual Property Rights

1. The Contracting Parties shall grant and ensure protection of intellectual property rights on a non-discriminatory basis, including measures for the grant and enforcement of such rights.

2. For the purpose of the Agreement, protection of “intellectual property rights” includes in particular protection of copyright, comprising computer programs and databases, and neighboring rights, archeological heritage, trademarks, geographical indications, industrial designs, patents, plant varieties as well as traditional knowledge, undisclosed information and know-how.

3. The protection shall be gradually improved and, before the end of the eighth year after the entry into force of the Agreement, of a level corresponding to the substantive standards of the multilateral agreements, which shall be reflected in Annexes to the Agreement.

4. The Contracting Parties shall co-operate in matters of intellectual property rights. They shall hold, upon request of any Contracting Party, expert consultations on these matters, in particular on activities relating to the existing or to future international conventions on harmonization, administration and enforcement of intellectual property and on activities in international organizations, such as WTO and WIPO, as well as relations of the Contracting Parties with third countries on matters concerning intellectual property.

Article 20

Dumping and Anti-Dumping Measures

In order to counteract or prevent dumping and unfair trading practices, the Contracting Parties shall prepare, within one year after the entry into force of the Agreement, the anti-dumping rules to be followed in the application of anti-dumping measures. Such rules governing the anti-dumping measures shall be formulated and annexed to the Agreement.

Article 21

General Safeguard Measures

1. If any product, which is subject to concession with respect to a preference under this Agreement, 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 importing Contracting Party, the importing Contracting Party concerned may, with prior consultations, except in critical situations, suspend provisionally without discrimination, the concession accorded under the Agreement. When such action has taken place, the Contracting Party which initiates such action shall notify the other Contracting Party(s) concerned, inform the ECO Secretariat and shall enter into consultation with the concerned Contracting Party and endeavour to reach mutually acceptable agreement to remedy the situation.

2. In particular, where any products are being imported in such increased quantities and under such conditions as to cause or threaten to cause:

a. serious injury to domestic producers of like or directly competitive products in the territory of the importing Contracting Party, or

b. serious disturbances in any related sector of the economy or difficulties, which could bring about serious deterioration in the economic situation of a region, the Contracting Party concerned may take appropriate measures under the conditions and in accordance with the procedure laid down in Article 24. Such measures should:

i. be consistent with the objectives of the Agreement;

ii. be applied non-discriminately to imports from all Contracting Parties; and

iii. be applied only for such duration and to such extent as may be necessary for the prevention of the injury.

3. Before initiating the procedure for the application of safeguard measures set out in the following paragraph of the present Article, the Contracting Parties shall endeavor to

solve any differences among them through direct consultations. Any Contracting Party intending to apply safeguard measures shall notify the other Contracting Parties through the ECO Secretariat within a maximum period of 30 days.

4. Safeguard measures will be applied in consultation with the other Contracting Parties, except in critical situations where a Contracting Party may introduce provisional measures without prior consultation, provided that it enters into consultation promptly after the application of such measures.

5. The Contracting Parties shall enter into consultation to reach an agreement on the nature and extent of safeguard measures within 90 days after the receipt of the initial notification. If no agreement is reached within this period, the matter shall be referred to the dispute settlement authority provided for in Article 27 below. If the aforesaid authority fails to settle the case within four weeks from the date of reference, the affected Contracting Parties shall have the right to withdraw the equivalent concessions or other commitments.

6. The safeguard measures taken shall be notified immediately to the other Contracting Party and to the Cooperation Council. They shall be restricted with regard to their extent and to their duration to what is strictly necessary in order to rectify the situation giving rise to their application and shall not be in excess of the injury caused by the practice or the difficulty in question. Priority shall be given to such measures as will least disturb the functioning of the Agreement. The measures taken by a Contracting Party against an action or an omission of another Contracting Party may only affect the trade with that Contracting Party.

7. The safeguard measures taken shall be subject to periodic consultations within the Cooperation Council with a view to their relaxation as soon as possible or abolition when conditions no longer justify their maintenance.

Article 22

Re-Export and Serious Shortages

Where compliance with the provisions of Articles 8 and 9 of the Agreement leads to:

- a. re-export towards a third country against which the exporting Contracting Party maintains for the product concerned quantitative export restrictions, export duties or measures or charges having equivalent effect, or
- b. a serious shortage, or threat thereof, of a product essential to the exporting Contracting Party; and
- c. where the situations referred to above give rise or are likely to give rise to major difficulties for the exporting Contracting Party. That Contracting Party may take appropriate measures under the conditions and in accordance with the procedures laid down in Article 24.

Article 23

Fulfillment of Obligations

1. The Contracting Parties shall take all necessary measures required to ensure the achievement of the objectives of the Agreement and the fulfillment of their obligations under the Agreement.
2. If a Contracting Party considers that the other Contracting Party has failed to fulfill an obligation under the Agreement, the Contracting Party concerned may take appropriate measures under the conditions in accordance with the procedure laid down in Article 24, or may take the issue to the Cooperation Council.

Article 24

Procedure for the Application of Other Measures

1. For action under Article 17, the Contracting Parties concerned shall give the Cooperation Council all assistance required in order to examine the case and, where appropriate, eliminate the practice objected to. If the Contracting Party in question fails to put an end to the practice objected to within the period fixed by the Cooperation Council, or if the Cooperation Council fails to reach an agreement within thirty working days of the matter being referred to it, the Contracting Party concerned may adopt the appropriate measures to deal with the difficulties resulting from the practice in question.

2. As regards Articles 20 and 22, the Cooperation Council shall examine the case or the situation and may take the decision needed to put an end to the difficulties notified by the Contracting Party concerned. In the absence of such decision within thirty days of the matter being referred to the Cooperation Council, the Contracting Party concerned may adopt the measures necessary in order to remedy the situation.

3. As regards Article 23, the Contracting Party concerned may take appropriate measures after the consultations have been concluded or a period of 90 days has elapsed from the date of notification.

Article 25

Balance of Payments Difficulties

1. The Contracting Parties shall endeavor to the extent possible to avoid the imposition of restrictive measures including measures relating to imports for balance of payments purposes.

2. Where a Contracting Party is in serious balance of payments difficulties, or under imminent threat thereof, that Contracting Party may, based on agreed provisions approved by the Cooperation Council, adopt restrictive measures, including measures related to imports, which shall be of limited duration and may not go beyond what is necessary to remedy the balance of payments situation. The measures shall be progressively relaxed as balance of payments conditions improve and they shall be eliminated when conditions no longer justify their maintenance. The Contracting Party shall inform the other Contracting Party forthwith of their introduction and, whenever practicable, of time schedule for their removal.

3. Such measures shall be promptly notified to the authority responsible for surveillance over the implementation of the Agreement.
4. The Contracting Parties shall make every effort to create favourable conditions for holding consultation aimed at maintaining the concessions granted under the provisions of the Agreement.
5. Any Contracting Party which takes action in accordance with paragraph 2 of this Article shall afford, upon request from any other Contracting Party, adequate opportunities for consultations with a view to preserving the stability of the concessions negotiated under the Agreement. If no satisfactory adjustment is effected among the Contracting Parties concerned within 90 days of such notification, the matter may be referred to the Cooperation Council for review.

Article 26

Evolutionary Clause

1. Where a Contracting Party considers that it will be useful in the interest of the economies of the Contracting Parties to develop and deepen the relations established by the Agreement by extending them to fields not covered thereby, it shall submit a reasoned request to the other Contracting Parties. The Contracting Parties may require the Cooperation Council to examine such a request and, where appropriate, to make recommendations, particularly with a view to opening negotiations.
2. The Contracting Parties agree to consult promptly through appropriate channels at the request of a Contracting Party to discuss any matter concerning the interpretation and application of the Agreement and other relevant aspects of the relation among the Contracting Parties.
3. Agreements resulting from the procedure referred to in paragraph 1 shall be subject to ratification or approval by the Contracting Parties in accordance with their own procedures.

4. The decisions under this clause shall be affected by a consensus vote of all the Contracting Parties.

Article 27

Dispute Settlement

1. Any dispute arising from the interpretation and or application of the Agreement shall first be settled amicably through bilateral consultation within 90 days.

2. In case the dispute is not settled amicably, any Contracting Party may refer to the Cooperation Council.

3. The Cooperation Council shall act as the dispute settlement body and may seek the assistance of legal and trade experts.

4. The Contracting Parties shall give the Cooperation Council all assistance required to examine and resolve the case.

5. The Cooperation Council shall settle the dispute by means of decision and the Contracting Parties concerned shall be bound to take the measures involved in carrying out the decisions of the Cooperation Council. If any Contracting Party fails to implement the decisions of the Cooperation Council, the other concerned Contracting Parties shall have the right to adopt measures necessary in order to remedy the situation.

Article 28

Depository

The Secretary General of the ECO shall be the depository of the Agreement. The ECO Secretariat shall notify all Member States that have signed the Agreement of the deposit of any instrument of ratification, acceptance, or approval, the entry into force of the Agreement, any other act or notification relating to the Agreement or of its validity.

Article 29

The Cooperation Council

1. The Contracting Parties agree to set up the Cooperation Council comprising representatives of the Contracting Parties, preferably at senior civil servants level with relevant expertise.
2. For the purpose of the proper implementation of the Agreement, the Contracting Parties shall exchange information and, at the request of any Contracting Party, shall hold consultations within the Cooperation Council. The Cooperation Council shall keep under review the possibility of further removal of the obstacles to trade among the Contracting Parties.
3. The Cooperation Council may take decisions in the cases provided for in the Agreement. On other matters the Cooperation Council may make recommendations.

Article 30

Procedures of the Cooperation Council

1. The ECO Secretariat shall act as the Secretariat of the Cooperation Council and its allied bodies.

2. For the proper implementation of the Agreement the Cooperation Council shall meet whenever necessary but at least twice a year. Any Contracting Party may request for holding an extraordinary meeting as and when required.
3. Each member of the Cooperation Council shall have one vote.
4. Decisions and recommendations of the Cooperation Council shall be made by consensus where possible. In case the consensus is not reached the Cooperation Council shall decide by a two-third majority of the total votes.
5. If a representative in the Cooperation Council of a Contracting Party to the Agreement has accepted a decision subject to the fulfillment of constitutional requirements, the decision shall enter into force if no later date is contained therein, on the day the lifting of the reservation is notified.
6. For the purpose of the Agreement the Cooperation Council shall adopt its rules of procedure which shall, inter alia, contain provisions for convening meetings and for the designation of the Chairman and his term of office.
7. The office of the Chairman of the Cooperation Council shall be held by rotation for one year by a representative of a Contracting Party in an alphabetical order.

Article 31

Implementation Support Bodies

1. The Cooperation Council shall coordinate, liaison, monitor, administer and supervise the operation and implementation of the Agreement; and in particular, the compliance of the Contracting Parties with their obligation thereunder.

2. In order to accomplish its tasks, the Cooperation Council may decide to set up such bodies, committees or groups as it may consider necessary, with reference to dispute settlement, surveillance, and any other matter pertaining to the effective implementation of the Agreement.

Article 32

Cooperation with International and Regional Organizations and Groupings

1. In order to promote ECO trade, the Contracting Parties agree to make whatever arrangements are appropriate for cooperation with the United Nations and its specialized agencies, and other international and regional trade and economic organizations and groupings.

2. The Contracting Parties shall reserve the right to identify the regime of external economic relations with the States, not participating therein, independently.

Article 33

Trade Relations Governed by this and Other Agreements

1. The Agreement shall not prevent the maintenance or establishment of customs unions, free trade areas or arrangements for frontier trade to the extent that these do not negatively affect the ECO trade regime and in particular the provisions concerning Rules of Origin provided for by the Agreement.

2. Notwithstanding the measures as set out in Article 4, the provisions of the Agreement shall not apply in relation to trade preferential arrangements under which preferences already granted or to be granted by any Contracting Party to other Contracting Parties outside the framework of the Agreement, and to third countries through bilateral, plurilateral and multilateral trade arrangements, and similar arrangements. The Contracting Parties shall not be obliged to grant preferences in the Agreement which impair the concession extended under those agreements.

3. The Contracting Parties shall abstain from actions which contradict the Agreement's provisions and hinder the objectives outlined in Article 2. This provision shall refer, in particular, to the conditions of participation of the Contracting Parties in other regional economic groupings and other matters related to the regulation of relations thereunder.

Article 34

Withdrawal and Validity

1. A Contracting Party may withdraw from the Agreement at any time after its entry into force. Such withdrawal shall be effective after six months from the day on which written notice thereof is received by the ECO Secretariat, the depository of the Agreement. Upon receiving such notification ECO Secretariat shall inform other Contracting Parties accordingly.

2. The rights and obligations of a Contracting Party, which has withdrawn from the Agreement, shall cease to apply as of that effective date.

3. Following the withdrawal by any Contracting Party, the Cooperation Council shall meet within 30 days to consider action subsequent to withdrawal.

4. Each Contracting Party shall at any time be free to withhold or to withdraw in whole or in part any item in its schedule of concessions in respect of which it determines that it was initially negotiated with a Contracting Party, which has ceased to be a Contracting Party in the Agreement. A Contracting Party taking such action shall notify the Cooperation Council and upon request consult with Contracting Parties that have a substantial interest in the product concerned.

5. If a Contracting Party withdraws, the agreement shall remain in force for the other Contracting Parties.

Article 35

Annexes and Protocols

The Annexes and Protocols to the Agreement are integral parts of it and references to the Agreement also constitute references to its annexes.

Article 36

Territorial Application

The Agreement shall apply to the territories of the Contracting Parties to the Agreement as defined in their national laws.

Article 37

Reservations

The Agreement may not be signed with reservations nor shall reservations be admitted at the time of notification to the ECO Secretariat after the completion of formalities.

Article 38

Amendments

The Agreement may be modified or amended through mutual agreement. Amendments shall enter into force in accordance with the procedure laid down in Article 39 of the Agreement.

Article 39

Entry Into Force

1. The Agreement shall enter into force on the thirtieth day after the date of receipt by the depositary of the instrument of ratification, acceptance, or approval by five governments of the Contracting Parties.

2. If the Agreement has not entered into force in accordance with the provision of paragraph 1, representatives of the Parties having deposited their instruments of ratification shall meet within one year and may decide when the Agreement shall enter into force in relation to those Contracting Parties.

The Agreement comprising 39 Articles and related Annexes is concluded for an initial period of ten years. The Agreement shall be automatically renewed year by year provided that no Party gives the other Parties written notice of denunciation of the Agreement six months before it expires.

IN WITNESS WHEREOF the Ministers/Heads of delegation being duly authorized thereto, have signed the present Agreement.

Done at Islamabad on July 17th, 2003 in two authentic copies in English and Russian language which shall be deposited with the Secretary General of the ECO Secretariat. In case of discrepancy between the English and Russian texts, the English text shall prevail. The depositary shall transmit certified copies to all Contracting Parties.

For the Transitional Islamic State of Afghanistan

For the Republic of Azerbaijan

For the Islamic Republic of Iran

For the Republic of Kazakhstan

For the Kyrgyz Republic

For the Islamic Republic of Pakistan

For the Republic of Tajikistan

For the Republic of Turkey

For Turkmenistan

For the Republic of Uzbekistan

[1] : Such as Commercial Benefit Tax in IR of Iran

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