

FREE TRADE AGREEMENT
BETWEEN
THE ISLAMIC REPUBLIC OF PAKISTAN
AND
THE DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA

The Government of the Islamic Republic of Pakistan and the Government of the Democratic Socialist Republic of Sri Lanka (hereinafter referred to individually as a "Contracting Party" and collectively as the "Contracting Parties"),

CONSIDERING that the expansion of their domestic markets, through commercial cooperation, is an important prerequisite for accelerating their processes of economic development,

BEARING in mind the desire to promote mutually beneficial bilateral trade in goods and services,

CONVINCED of the need to establish and promote free trade arrangements for strengthening intra-regional economic cooperation and the development of national economies,

RECOGNIZING that progressive reductions and elimination of obstacles to bilateral trade through a bilateral free trade agreement (hereinafter referred to as "The AGREEMENT") will contribute to the expansion of bilateral as well as world trade,

HAVE agreed as follows:

ARTICLE I - OBJECTIVES

The Contracting Parties shall establish a Free Trade Area in accordance with the provisions of this Agreement and in conformity with relevant provisions of the General Agreement on Tariffs and Trade, 1994.

2. The objectives of this Agreement are:

- (i) To promote through the expansion of trade in goods and services the harmonious development of economic relations between Pakistan and Sri Lanka,
- (ii) To provide fair conditions of competition for trade in goods and services between Pakistan and Sri Lanka,

- (iii) To contribute in this way, by the removal of barriers to trade in goods and services, to the harmonious development and expansion of bilateral as well as world trade,

ARTICLE II - DEFINITIONS

For the purpose of this Agreement:

1. "Tariffs" mean basic customs duties included in the national schedules of the Contracting Parties,

2. "Para tariffs" mean border charges and fees, other than "tariffs", on foreign trade transactions of 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 are not considered as para-tariff measures,

3. "Non-tariff barriers" mean any measures, regulation, or practice, other than "tariffs" and "para-tariffs", the effect of which is to restrict imports, or to significantly distort trade within the Contracting Parties,

4. "Products" mean all products including manufactures and commodities in their raw, semi-processed and processed forms.

5. "Preferential Treatment" means any concession or privilege granted under this Agreement by a Contracting Party through the elimination of tariffs on the movement of goods and services,

6. "The Committee" means the Joint Committee referred to in Article XI,

7. "Serious Injury" means significant damage to domestic producers, of like or similar products, resulting from a substantial increase of preferential imports in situations which cause substantial losses in terms of earnings, production or employment unsustainable in the short term. The examination of the impact on the domestic industry concerned shall also include an evaluation of other relevant economic factors and indices having a bearing on the state of the domestic industry of that product,

8. "Threat of Serious Injury" means a situation in which a substantial increase of preferential imports is of a nature so as to cause "serious injury" to domestic products, 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 or hypothetical possibility.