



**Committee on Trade and Development
Dedicated Session on Regional Trade Agreements**

FACTUAL PRESENTATION

PREFERENTIAL TRADE AGREEMENT BETWEEN MAURITIUS AND PAKISTAN
(GOODS)

Report by the Secretariat

This report, prepared for the consideration of the Preferential Trade Agreement between and Mauritius and Pakistan, has been drawn up by the WTO Secretariat on its own responsibility and in full consultation with the Parties. The factual presentation reproduces as closely as possible the terminology used in the Agreement and in the comments provided and does not imply official endorsement or acceptance by the Secretariat of such terminology. The report has been drawn up in accordance with the rules and procedures contained in the Decision for a Transparency Mechanism for Regional Trade Agreements (WT/L/671) and thus does not imply any value judgement by the Secretariat regarding the contents of the Agreement.

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Key Facts

Parties to the Agreement:	Mauritius and Pakistan
Date of Signature:	30 July 2007
Date of Entry into Force:	30 November 2007
Date of Notification:	30 September 2015
Full implementation:	30 November 2008

1 TRADE ENVIRONMENT¹

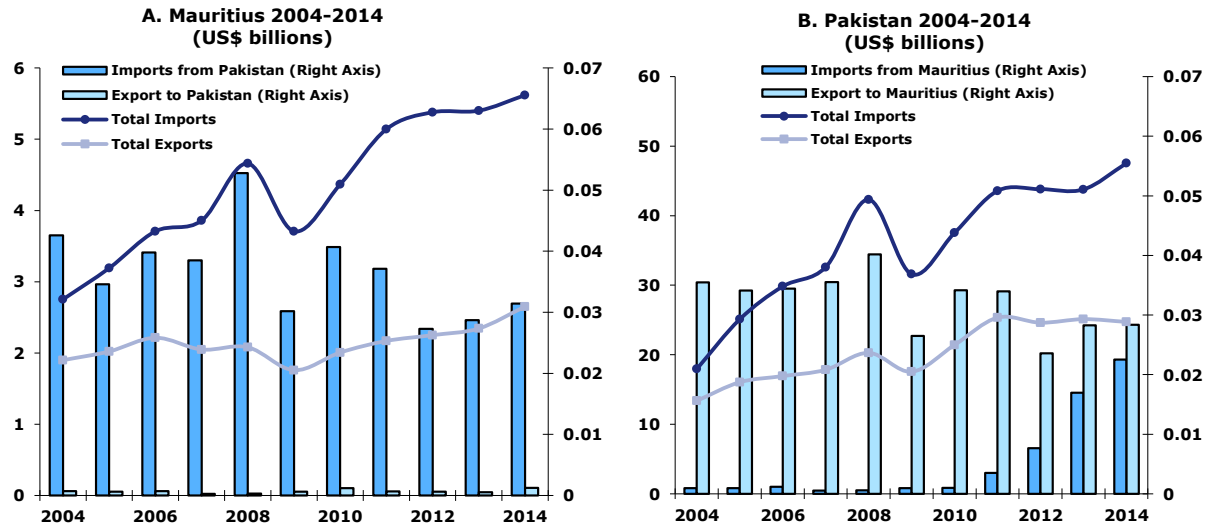
1.1. The Preferential Trade Agreement between Mauritius and Pakistan (hereinafter "the Agreement"), is the fifth RTA notified by Mauritius to the WTO and the ninth RTA notified by Pakistan to the WTO.²

1.2. In 2014 Mauritius had a GDP of US\$12,616 million and a population of 1.2 million, compared to Pakistan whose GDP in 2014 was US\$246,876 million, with a population of 185 million. Mauritius was ranked 97 and 99 in terms of world merchandise exports and imports, with exports valued at US\$2,662 million and imports at US\$5,607 million, compared to Pakistan whose rank in 2014 was 48th and 36th in exports and imports with a value of US\$24,722 million for exports and US\$47,544 million for imports. Their trade to GDP ratios are considerably different, 115.8 for Mauritius and 32.9 for Pakistan during 2012-2014. In 2014 the broad composition of trade of the Parties were similar, with exports dominated by manufactures especially for Mauritius (74.7% of total exports, and 56.7% for Pakistan), while manufactures and fuel imports are important for Pakistan (49.7% and 34.4% respectively) and manufactures and agricultural products for Mauritius (56.1% and 23.3%). Bilateral trade between the Parties is relatively small. In 2014 Pakistan was the 26th largest source of imports for Mauritius (0.6% of total imports) and the 38th largest export destination (negligible export share) while Mauritius was Pakistan's 48th largest source of imports (negligible share of total imports) and 62nd largest export destination (0.1% of total exports). Chart 1.1 below shows total and bilateral merchandise trade between the Parties for the period from 2004-2014. Both Parties ran a widening trade deficit during the period globally. In their bilateral trade Mauritius had a trade deficit with Pakistan during this period although the figures on bilateral trade reported by the Parties show considerable differences, with Pakistan showing a reduction in its trade surplus with Mauritius since 2010, the decline is less clear from figures reported by Mauritius.³

¹ Unless otherwise indicated, the data in this section are from the WTO's trade profiles and the UNSD Comtrade database.

² WTO Regional Trade Agreements Database (<http://rtais.wto.org>).

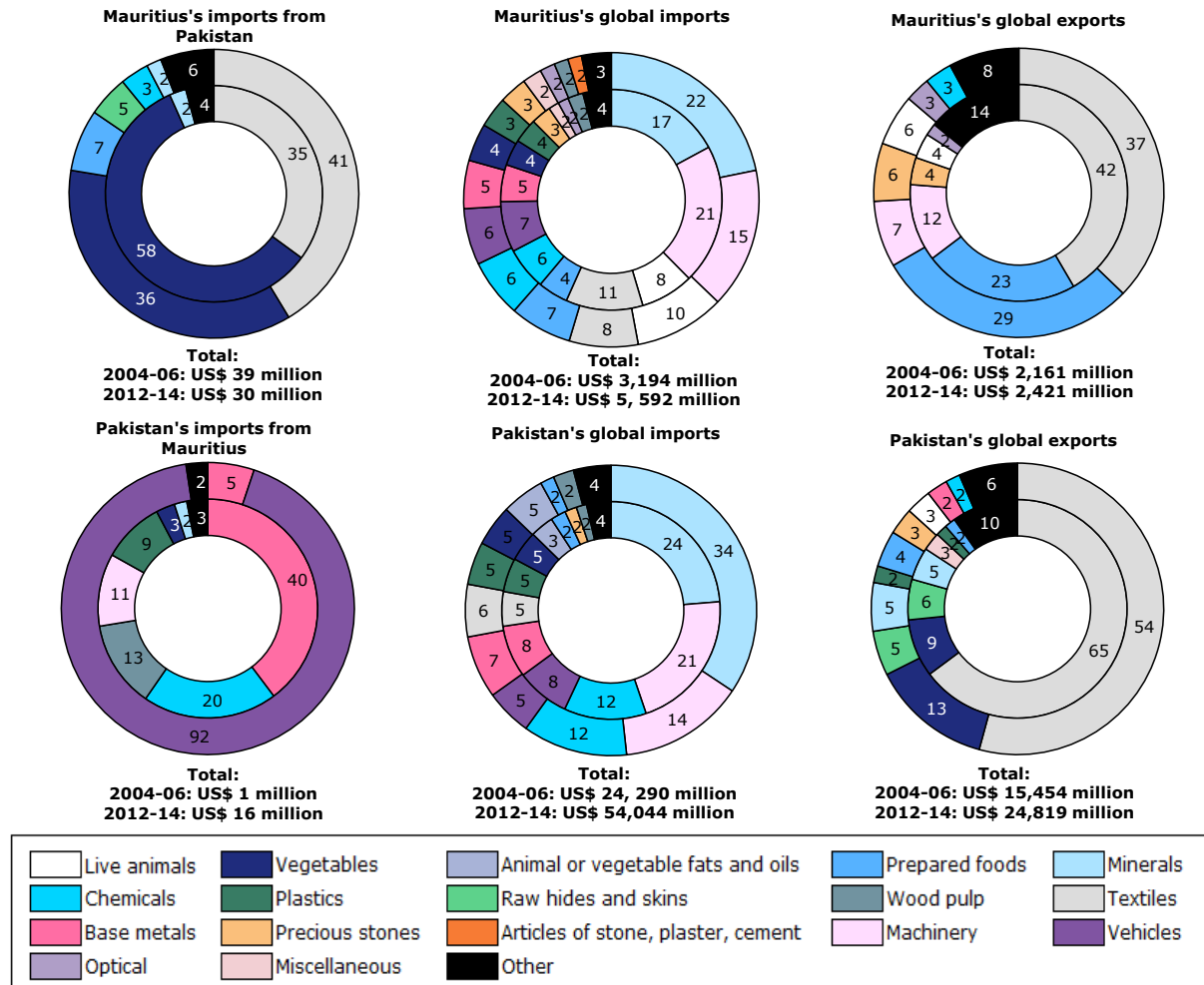
³ There are considerable discrepancies in the data reported by both Parties to the UNSD Comtrade Database. According to Pakistan, this may be due to different data reported for the Parties; for instance in 2014, Pakistan included certain imports under 89080000 while Mauritius did not include these products under its exports in that year.

Chart 1.1 Mauritius and Pakistan: Merchandise bilateral trade and with world 2004-2014)

Source: UNSD Comtrade database and data from Mauritius.

1.3. Chart 1.2 shows the product composition of trade by broad HS Sections of the two Parties, in their bilateral and global trade. Two reference periods are used, 2004-2006, before the Agreement entered into force, and the most recent three year period for which data are available, 2012-2014. Chart 1.2 shows that of Pakistan's two largest categories of exports during 2004-06, textiles, and vegetable products, which accounted for 74% of its global exports, were also Mauritius' main imports from Pakistan (accounting for 93% of Pakistan's imports from Mauritius). During the period 2012-2014 these two categories remained Pakistan's two largest exports globally and accounted for the two largest categories of imports by Mauritius from Pakistan. Of Mauritius' three largest export categories in 2004-06 (textiles, prepared foods and machinery, which accounted for 77% of its global exports), only machinery accounted for 11% of Pakistan's imports from Mauritius; Pakistan's other main imports from Mauritius during this period were base metals, chemicals, and wood pulp (accounting for 73% of its total imports from Mauritius). In 2014-16 the situation was unchanged, with Mauritius' key global exports remaining textiles, prepared foods and machinery (73% of total exports). Pakistan's imports from Mauritius however were dominated by motor vehicles (92% of its imports from Mauritius).

Chart 1.2 Mauritius and Pakistan: Product composition of merchandise trade, annual average 2004-2006 and 2012-2014



Annual average: 2004-2006 (inner circle); 2012-2014 (outer circle).

Source: UNSD, Comtrade database.

2 CHARACTERISTIC ELEMENTS OF THE AGREEMENT

2.1 Background Information

2.1. The Agreement was signed on 30 July 2007 and entered into force for both Parties on 30 November 2007. It was notified to the WTO pursuant to Paragraph 4(a) of the Enabling Clause on 30 September 2015.⁴ The text of the Agreement is available on the Parties' respective websites:

For Mauritius: <http://www.mauritiustrade.mu/en/trade-agreements/pakistan>

For Pakistan: http://www.commerce.gov.pk/?page_id=221

2.2. The Agreement consists of 25 Articles and three annexes A, B and C which form an integral part of the Agreement, as shown in Box 2.1 below.

⁴ WTO document WT/COMTD/N/47, 2 October 2015.

Box 2.1 Structure of the Agreement

Preamble	
Article 1	Objectives
Article 2	General Obligation
Article 3	Definitions
Article 4	Scope and Coverage
Article 5	Tariff Liberalization
Article 6	Para-Tariffs and non-tariff barriers
Article 7	Non-Application
Article 8	National Treatment
Article 9	Transparency
Article 10	Exceptions
Article 11	Rules of Origin
Article 12	Customs Valuation
Article 13	Safeguard measures
Article 14	Antidumping and Countervailing Measures
Article 15	Prohibition and Shortage Clause
Article 16	State Trading Enterprises
Article 17	Standards and Technical Regulations
Article 18	SPS Measures
Article 19	Joint Trade Committee
Article 20	Consultations
Article 21	Dispute Settlement
Article 22	Termination of Agreement
Article 23	Amendments
Article 24	Annexes
Article 25	Entry into force
Annexes	
Annex A	Mauritius Concession list to Pakistan
Annex B	Pakistan Concession List to Mauritius
Annex C	Rules of Origin

Source: Preferential Trade Agreement between Mauritius and Pakistan.

2.3. The objectives of the Agreement are to strengthen the Parties' economic and commercial relationship; increase their volume of bilateral trade in goods and services; promote a more predictable and secure environment for the sustainable growth of bilateral trade; expand mutual trade by exploring new areas of cooperation; facilitate trade diversification; encourage further competition amongst their enterprises; and contribute, by the removal of barriers to trade, to the harmonious development and expansion of bilateral and world trade (Article 1). The provisions of the Agreement are to be interpreted in light of these objectives and decisions of the Joint Trade Committee established by the Agreement (see Section 4.5 below). The Committee shall observe the applicable rules of international law in making its decisions (Article 2).

3 PROVISIONS ON TRADE IN GOODS

3.1 Import duties and charges, and quantitative restrictions

3.1.1 General provisions

3.1. The Parties agree to provide national treatment to each others' imports (Article 8). The Agreement shall not apply to preferences already granted or to be granted by any Party to third parties through bilateral, plurilateral and multilateral trade agreements or similar arrangements outside the framework of the Agreement (Article 7).

3.2. Article 4 of the Agreement on Scope and Coverage clarifies that it applies to trade between the Parties for the products specified in Annexes A and B, and the tariff preferences indicated therein. Article 5 clarifies that initially a preferential trade agreement will be established through the reduction and/or elimination of tariffs as indicated in the Annexes. However, upon the request of either Party, the Parties shall consider accelerating the elimination and/or reduction of tariffs set out in the Annexes, or to include new products. If there is an agreement to accelerate tariff reductions or elimination or include new products under the scope of the Agreement, it shall supersede any duty or staging category specified in Annexes A or B as approved by each Party in accordance with the provisions of the Agreement and its applicable legal procedures.

3.3. In addition, the Parties will identify measures, exchange information and negotiate with a view to eliminating all para-tariff⁵ and non-tariff barriers and any other equivalent measures on the movement of goods (other than imposed in accordance with Articles 13 and 14 on safeguards and anti-dumping and countervailing measures or after holding consultations under Article 20). They also commit to not increase existing para-tariffs or introduce new or additional para-tariffs without mutual consent upon entry into force of the Agreement. The Parties indicate that they currently have no para-tariffs in place. Furthermore the Parties agree to hold further consultations to consider further liberalization of their bilateral trade (Article 6).

3.4. The Parties may amend and develop the provisions of the Agreement through mutual consent, taking into account the experience gained through its application (Article 23).

3.1.2 Liberalization of trade and tariff lines

3.5. Annexes A and B to the Agreement contain concessions respectively, by Mauritius to Pakistan and by Pakistan to Mauritius. Mauritius provides margins of preference over its MFN applied rates for the products listed ranging from zero to 100% in the first year following entry into force of the Agreement, followed by further liberalization in the second year, ranging from 33% to 100%. Pakistan provides a margin of preference of 50% at entry into force of the Agreement, followed by full liberalization at the end of the first year for the products listed in Annex B. In this regard Pakistan has indicated that it, like Mauritius, also implemented its tariff reductions on 30 November 2007, when the Agreement entered into force, and then on 30 November 2008 instead.

3.6. Table 3.1 shows Mauritius' tariff liberalization commitments for imports from Pakistan under the Agreement. In 2007, when the Agreement entered into force, around 79% of Mauritius' tariff was duty free on an MFN basis, corresponding to 97.5% of its average annual imports from Pakistan during 2004-2006.⁶ In 2007, Mauritius liberalized 5 tariff lines for imports from Pakistan followed by 44 lines in 2008, corresponding to 0.2% of its imports from Pakistan during 2004-2006. Following full implementation of the Agreement 20.2% of the tariff will remain subject to duty for imports from Pakistan, corresponding to 2.2% of imports from Pakistan.

⁵ Para tariffs are defined by the Agreement as "border charges and fees other than tariffs on foreign trade transactions with a tariff-like effect, which are levied solely on imports but not 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 para-tariffs.

⁶ In 2007, Mauritius' tariff contained 6,238 tariff lines at the HS eight-digit level. Of these lines 94.8% were subject to ad valorem rates of duty; of the remaining lines 368 were subject to specific rates of duty and one line carried mixed rates of duty.

**Table 3.1 Mauritius:
Tariff elimination commitments under the Agreement and corresponding average trade**

Duty phase-out period	Number of lines	% of total lines in Mauritius's tariff schedule	Value of Mauritius's imports from Pakistan (2004-2006) US\$ million ^a	% of Mauritius's total imports from Pakistan (2004-2006)
MFN (2007)	4,928	79.0	38.0	97.5
2007	5	0.1	-	-
2008	44	0.7	0.1	0.2
Remain dutiable	1,261	20.2	0.9	2.2
TOTAL	6,238	100.0	38.9	100.0

a Import coverage is from HS chapters 1-97.

Note: For the calculation of averages, specific rates are excluded and the *ad valorem* parts of alternate rates are included.
Based on the HS2007 nomenclature.

Source: WTO estimates based on data provided by Mauritius.

3.7. Table 3.2 shows Pakistan's tariff liberalization commitments for imports from Mauritius under the Agreement. In 2007, when the Agreement entered into force, 400 tariff lines (5.8%) were duty free on an MFN basis and under which 48.8% of Pakistan's imports from Mauritius entered in 2004-05.⁷ In 2008 Pakistan liberalized tariffs on 75 lines or 1.1% of its tariff lines. Imports under these lines were negligible from Mauritius during 2004-06. As a result of full implementation of the Agreement, 93.1% of Pakistan's tariff will remain subject to duties for imports from Mauritius, under which around 51.2% of imports from Mauritius entered Pakistan during 2004-06.

**Table 3.2 Pakistan:
Tariff elimination commitments under the Agreement and corresponding average trade**

Duty phase-out period	Number of lines	% of total lines in Pakistan's tariff schedule	Value of Pakistan's imports from Mauritius (2004-2006) US\$ million	% of Pakistan's imports from Mauritius (2004-2006)
2007 (MFN)	400	5.8	0.5	48.8
2008	75	1.1	0.0	0.0
Remain Dutiable	6,435	93.1	0.5	51.2
TOTAL	6,910	100.0	1.0	100.0

Note: Tariff lines subject to in-quota rates are excluded in the computation. For the calculation of averages, specific rates are also excluded.
Based on the HS 2007 nomenclature.

Source: WTO estimates based on data from WTO-IDB and Pakistan.

3.8. In addition to tariff elimination, Mauritius has committed to reduce tariff rates on 48 tariff lines (0.8% of the tariff). The lines correspond to around 1.2% of Mauritius' average imports from Pakistan in 2004-2006. The products concerned include: flowers, vegetables and fruit, food preparations, tobacco products, wood and articles of wood and other made up textiles. The duties are reduced, in most cases, by a margin of preference of 50% of the MFN applied tariff.

3.1.3 Liberalization schedule

3.9. Table 3.3 and Chart 3.1 below show tariff elimination by Mauritius under the Agreement organized by broad HS Section and by HS Chapter. Table 3.3 shows that Mauritius will eliminate

⁷ In 2007, Pakistan's tariff contained 6,910 tariff lines at the HS eight digit level. Of these 99.6% had *ad valorem* rates of duty, while 44 lines carried specific rates of duty.

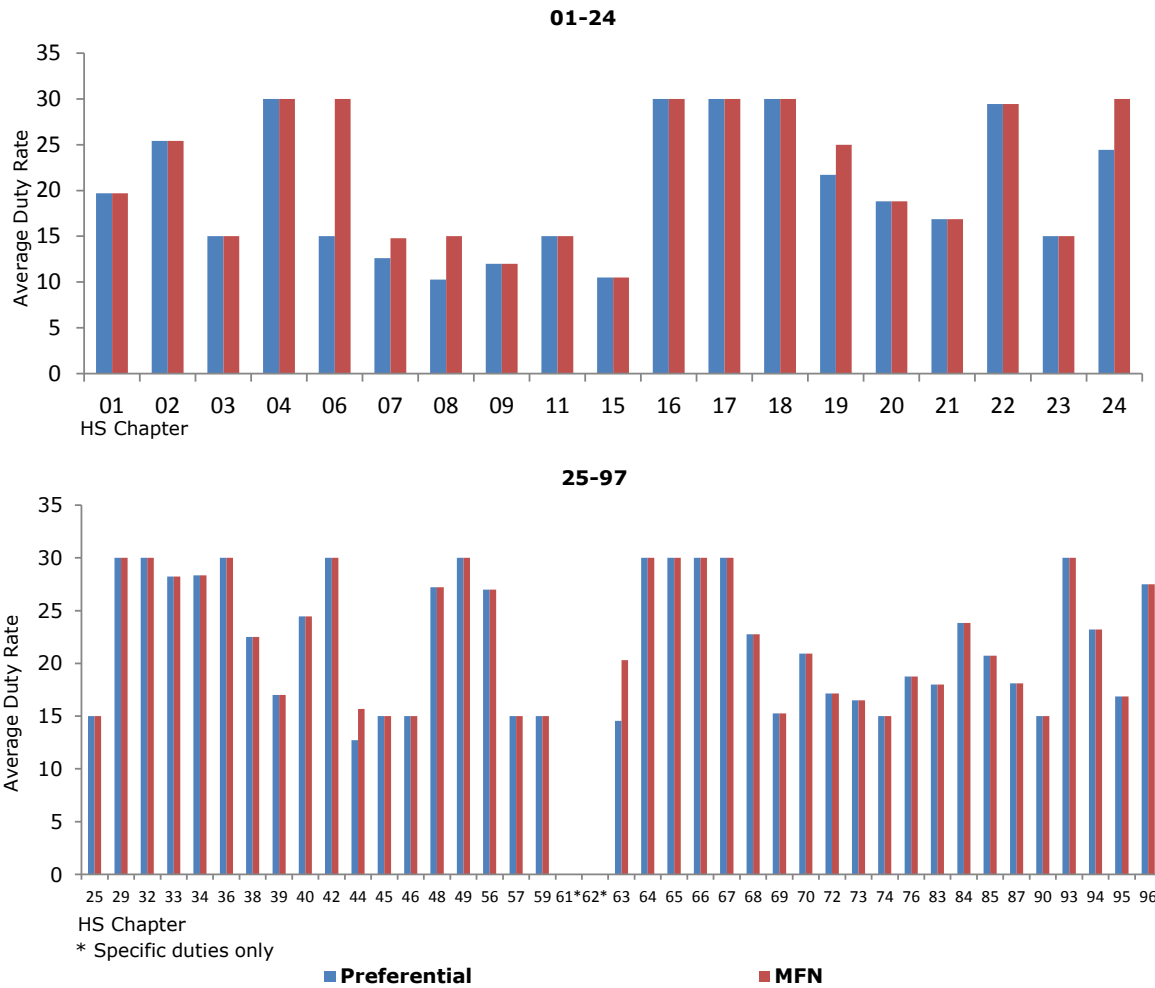
tariffs only in HS Sections XV (base metals) and XXI (works of art) once implementation is complete. Chart 3.1 shows that for most HS Chapters there is no difference between the final applied MFN and preferential duties for lines remaining dutiable. The HS Chapters for which Mauritius provides tariff preferences to Pakistan and where the final preferential average tariff for imports from Pakistan is lower than the corresponding MFN average are: HS 6 (live trees and other plants), 7 (edible vegetables), 8 (edible fruit and nuts), 19 (preparations of cereal), 24 (tobacco and manufactured tobacco substitutes), 44 (wood and articles of wood), and 63 (other made up textile articles). The differences in the average rates range from 2.2 percentage points in HS 7 to 15 percentage points for HS 6; Chapters 61 and 62 (articles of apparel and clothing) contain specific duties for which no *ad valorem* equivalents were available.

Table 3.3 Mauritius: Tariff elimination under the Agreement, by HS Section

HS Section	MFN Average %	No. of lines	Duty-free lines under MFN 2007	Number of duty-free lines under the Agreement		Remain dutiable	Avg. Final Tariff (Dutiable)
				2007	2008		
I	5.8	237	178			59	23.9
II	3.9	274	203	2		69	12.0
III	2.3	46	36			10	10.5
IV	14.9	271	110	2	2	157	24.4
V	1.0	170	159		9	2	15.0
VI	1.7	890	837			53	28.9
VII	4.3	274	217			57	20.5
VIII	3.2	74	66			8	30.0
IX	4.6	114	80			34	13.5
X	4.7	175	145			30	27.5
XI	1.5	1,125	738		31	356	16.9
XII	9.5	103	45			58	30.0
XIII	8.6	176	101			75	20.2
XIV	0.0	57	57				-
XV	1.2	702	654		1	47	16.9
XVI	2.4	840	746	1		93	21.3
XVII	3.8	275	217			58	18.1
XVIII	0.7	235	224			11	15.0
XIX	27.3	22	2			20	30.0
XX	8.3	171	106		1	64	22.0
XXI	0.0	7	7				-
Total	3.5	6,238	4,928	5	44	1,261	21.3

Note: For the calculation of averages, specific rates are excluded and the *ad valorem* parts of alternate rates are included.
Based on the HS2007 nomenclature.

Source: WTO estimates based on data provided by Mauritius.

Chart 3.1 Mauritius: Average of dutiable rates, by HS Chapter

Based on the HS 2007 nomenclature.

Source: WTO estimates based on data from WTO-IDB and Mauritius.

3.10. Table 3.4 and Chart 3.2 below show tariff elimination by Pakistan under the Agreement organized by broad HS Section and by HS Chapter. Table 3.4 shows that at the end of implementation Pakistan will retain tariffs across all HS Sections, eliminating some tariffs under HS Sections II, III, IV, VI, X, XI, XV, XVI and XX. Chart 3.2 shows no difference between average applied MFN and preferential tariffs by HS Chapter. Average (preferential and MFN) applied tariffs range from 5% for HS Chapters 31 (fertilizers), 81 (other base metals), and 88 (aircraft), to 71.3% for HS 22 (beverages, spirits and vinegar).

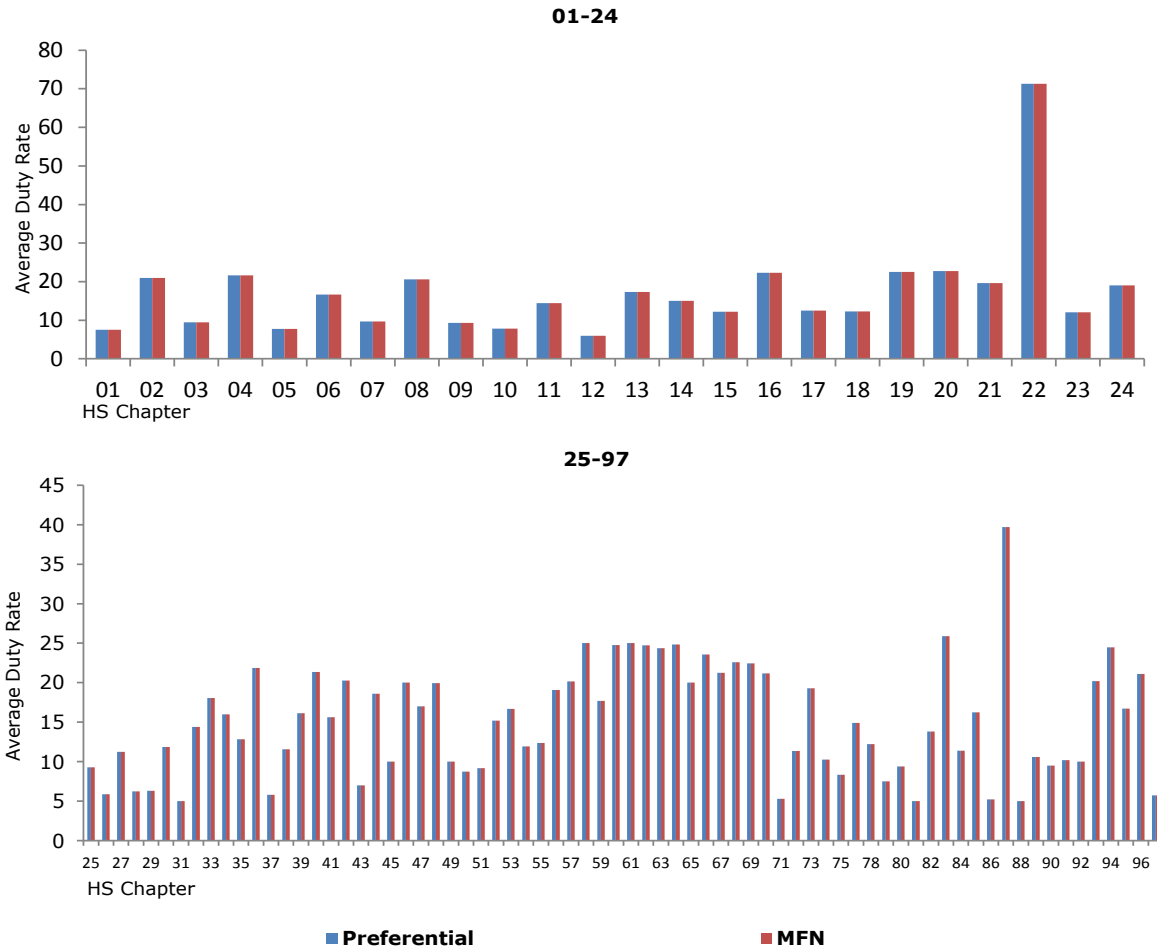
Table 3.4 Pakistan: Tariff elimination under the Agreement, by HS Section

HS Section	MFN Average %	No. of lines	Duty-free lines under the MFN 2007	Number of duty-free lines under the Agreement	Remain dutiable	Avg. Final Tariff (Dutiable)
				2008		
I	11.7	248	24		224	13.0
II	10.9	312	68	12	232	13.8
III	11.8	54	0	1	53	12.2
IV	24.1	229	0	19	210	24.5
V	8.2	195	24		171	9.3

HS Section	MFN Average %	No. of lines	Duty-free lines under the MFN 2007	Number of duty-free lines under the Agreement	Remain dutiable	Avg. Final Tariff (Dutiable)
				2008		
VI	8.3	1,153	51	14	1,088	8.6
VII	16.9	300	21		279	18.2
VIII	10.2	93	38		55	17.2
IX	12.1	106	34		72	17.8
X	16.0	182	28	3	151	18.9
XI	18.8	920	30	19	871	19.3
XII	23.2	53	0		53	23.2
XIII	21.9	191	0		191	21.9
XIV	5.0	60	3		57	5.3
XV	13.7	761	24	2	735	14.1
XVI	12.8	1,247	46	1	1,200	13.2
XVII	33.3	287	1		286	33.4
XVIII	9.4	274	7		267	9.7
XIX	20.2	52	0		52	20.2
XX	20.5	186	1	4	181	20.6
XXI	5.7	7	0		7	5.7
Total	14.5	6,910	400	75	6,435	15.4

Note: Tariff lines subject to in-quota rates are excluded in the computation. For the calculation of averages, specific rates are also excluded.
Based on the HS 2007 nomenclature.

Source: WTO estimates based on data from WTO-IDB and Pakistan.

Chart 3.2 Pakistan: Average of dutiable rates, by HS Chapter

Based on the HS 2007 nomenclature.

Source: WTO estimates based on data from WTO-IDB and Pakistan.

3.1.4 Tariff rate quotas

3.11. Pakistan provides additional preferential market access through tariff rate quotas (TRQs) for textiles and clothing products as listed in Annex B of the Agreement (Table 3.5).

3.12. The TRQs apply to products in Chapters 61 and 62 (articles of textiles and clothing) and provide either a 35% or 40% margin of preference over the applied MFN rate, which in 2007 was 25%. The preferential rate applies to imports of 200,000 or 300,000 pieces per tariff line per year. Mauritius does not provide TRQs under the Agreement.

Table 3.5. Tariff rate quotas provided by Pakistan for imports from Mauritius

HS code	MFN rate 2007	Margin of Preference
6103.42.00, 6108.91.00, 6111.20.00, 6112.41.00, 6112.49.00, 6203.11.00, 6203.19.10, 6203.19.90, 6203.31.00, 6203.32.00, 6203.33.00, 6203.39.00, 6204.32.00, 6204.61.00, 6204.62.10, 6204.62.20, 6204.63.00, 6204.63.10, 6204.63.20, 6204.69.00, 6206.30.00, 6206.30.10, 6206.30.20, 6206.30.30, 6206.30.40, 6206.40.00, 6206.40.10, 6206.40.20, 6206.40.30, 6206.40.40, 6209.20.10, 6209.30.00	25%	35% of the MFN rate for 200,000 pieces per tariff line

HS code	MFN rate 2007	Margin of Preference
6103.32.00, 6105.10.00, 6105.20.00, 6108.31.00, 6108.39.00, 6109.10.00, 6109.90.90, 6112.39.00, 6203.42.00, 6203.43.00, 6205.20, 6208.21.00, 6212.10.00	25%	40% of the MFN rate for 300,000 pieces per tariff line

Source: WTO estimates based on data provided from Pakistan.

3.2 Rules of origin

3.13. Article 11 and Annex C to the Agreement define the Agreement's rules of origin. The Agreement confers origin on products that are wholly produced or obtained in the territory of the exporting Party; products not wholly produced in the territory of the exporting Party also qualify for preferential treatment if the total value of the materials, parts or produce originating from outside the territory of the exporting Party does not exceed 65% of the FOB value of the product and provided that the final process of manufacturing takes place within the territory of the Party and has undergone sufficient processing. Sufficient working or processing is defined by the Agreement as a change in tariff classification (CTC) at the HS six-digit level. Minimal operations and processes listed in Article 7 are not to be included in calculations of sufficient processes, nor is it necessary to establish whether power, fuel, plant and equipment and machines and tools used to obtain the final products originate in third parties (Article 6). Product specific rules are to be defined at a later stage. According to the Parties this has not been formally discussed so far.

3.14. Bilateral cumulation between the parties is permitted as long as the value addition in the exporting Party is at least 25% of the FOB value of the product concerned, and that the aggregate value addition in the territories of the Parties is at least 35% of the FOB value of the product (Article 8).

3.15. Under Article 10 goods that are directly transported without passing through the territory of third parties are considered to be directly consigned. Goods that are transported through third parties, with or without transshipment or temporary storage, can be considered originating if the transit is justified for geographical reasons or for transportation requirements. Such products should not have entered into trade or consumption in the third party, nor any operation other than unloading and reloading or any operation required to keep them in good condition. Products that have undergone subsequent production or any operation outside the territories of the Parties other than operations necessary to preserve them in good condition or to transport them to the territory of the importing Party, shall not be considered originating.

3.16. Certificates of origin as described in Schedule B to the Annex are required for products to be determined eligible for preferential treatment (Article 13). The Certificate shall be issued by an authority designated by the Government of the exporting Party, and notified to the other Party in accordance with procedures described in Schedule A (on operational procedures for the rules of origin) to the Annex. The Parties will cooperate to specify the origin of inputs in the Certificate; take measures necessary to address, to investigate and where appropriate to take legal and/or administrative action to prevent circumvention of the Agreement through a false declaration concerning country of origin or falsification of original documents; and cooperate fully, consistent with their domestic laws and procedures, in instances of circumvention or alleged circumvention of the Agreement, to address problems arising from circumvention, including by facilitating joint plant visits and contacts by representatives of the Parties upon request and on a case by case basis. If a Party believes that the rules of origin are being circumvented, it may request consultations to address the matter to seek a mutually satisfactory resolution. The consultations are to be held promptly (Article 15).

3.17. The rules of origin may be reviewed as and when necessary, upon request by either Party, and may be modified as mutually agreed (Article 16).

3.3 Export duties and charges, and quantitative restrictions

3.18. There are no specific references in the Agreement to export duties and charges or quantitative restrictions on exports.

3.4 Regulatory Provisions of the Agreement

3.4.1 Standards

3.4.1.1 Sanitary and phytosanitary measures

3.19. Sanitary or phytosanitary measures are to be applied to the extent necessary to protect human, animal or plant life or health and should not be prepared, adopted or applied so as to create unnecessary obstacles to the Parties' mutual trade or to protect domestic production. SPS measures applied pursuant to the Agreement 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 18).

3.4.1.2 Technical barriers to trade

3.20. Under Article 17 the Parties agree to ensure that standards or technical regulations are not prepared, adopted or applied so as to create unnecessary obstacles to their mutual trade or to protect domestic production. They must fulfil legitimate objectives taking into account any risk factor, including available scientific and technical information as well as the intended end use of products.

3.4.2 Safeguard mechanisms

3.21. Safeguard measures may be taken where any product is imported into the territory of a Party in such a manner or in such quantities as to cause or threaten to cause serious injury in the territory of that Party. In such cases, the Party affected may take a safeguard after prior consultations with the other Party, except in critical circumstances, by suspending provisionally the preferential treatment accorded to the product concerned by the Agreement (Article 13).

3.22. Any suspension must be notified to the other Party and the Parties shall enter into consultations to reach a mutually acceptable agreement through the Committee established by the Agreement. The consultations shall take place in accordance with the provisions of Articles 20 and 21 of the Agreement (consultations and dispute settlement respectively).

3.23. The Agreement also has a prohibition and shortage clause which allows imports to be prohibited under certain circumstances (Article 15 – see Sections 3.4.6 and 4.3 below).

3.4.3 Anti-dumping and countervailing measures

3.24. Anti-dumping and countervailing measures may be taken by the Parties under Article 14. For anti-dumping, where the Party determines that dumping⁸ is taking place in its territory of products originating in the other Party, it may impose an anti-dumping duty on the products concerned, if it determines that the dumping causes, or threatens to cause, material injury to domestic industry or to retard materially the establishment of a domestic industry.

3.25. The Parties are also free to apply countervailing measures in accordance with the provisions of the relevant WTO Agreements in cases where prices are influenced by unfair trade practices such as subsidies. No such measures have been taken to date according to the Parties.

⁸ Dumping is defined by the Agreement as "the introduction of a product into the commerce of the other 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 of production of the product in the country of origin plus reasonable addition for selling cost and profit.

3.4.4 Subsidies and State-aid

3.26. There are no explicit provisions relating to subsidies and State-aid in the Agreement.

3.27. Article 16 permits the Parties to maintain or establish a State trading enterprise as provided for under Article XVII of GATT 1994. Each Party shall ensure that a state trading enterprise falling under its jurisdiction acts in a manner consistent with the provisions of the Agreement and accord non-discriminatory treatment in imports from and exports to the other Party.

3.4.5 Customs-related procedures

3.28. Article 12 on Customs valuation states that matters relating to customs valuation are to be governed by Article VII of GATT 1994 and the WTO Agreement on the Implementation of Article VII of GATT 1994. Customs related procedures are also contained in the provisions on the rules of origin and Certificates of Origin (Section 3.2 above).

3.4.6 Other regulations

3.29. Article 15 permits the Parties to restrict imports from each other if this is necessary to remove or forestall a serious shortage, or threat thereof, of a product essential to the exporting Party. The Parties indicate that they have not taken any such measures to date.

3.5 Sector-Specific Provisions of the Agreement

3.30. There are no sector-specific provisions in the Agreement.

4 GENERAL PROVISIONS OF THE AGREEMENT

4.1 Transparency

4.1. Under Article 9 of the Agreement the Parties agree to ensure transparency in their relevant regulations and practices through publication of these regulations. They will also notify each other of existing and new measures which pertain to or may affect the operation of the Agreement. Furthermore, where any regulation, practice or notification has been made by a Party in a language other than English, an English translation of the text will be provided to the other Party.

4.2 Current payments and capital movements

4.2. There are no provisions on current payments and capital movements under the Agreement. According to the Parties, this issues will be discussed if the Agreement is expanded or under FTA arrangements.

4.3 Exceptions

4.3. The Parties agree not to apply measures in a manner so as to constitute an arbitrary or unjustifiable discrimination, or a disguised restriction on their mutual trade. Subject to this commitment, nothing in the Agreement shall preclude prohibitions and/or restrictions on imports or exports of products, which are justified on the grounds of public morality; religious values; national security; the protection of human, animal and plant life and health; the protection of national treasures possessing artistic, historic or archaeological value; the protection of exhaustible natural resources and genetic reserves; or regulatory restrictions on trade in gold or silver. Furthermore, nothing in the Agreement shall be understood to require either Party to provide any information, the disclosure of which is contrary to its essential security interests (Article 10).

4.4. If a Party wishes to apply an exception as provided for by the Agreement, it shall notify the other Party and accord sympathetic consideration to any representation that may be made by that Party.

4.5. Under Article 15 of the Agreement, import prohibitions by the Parties are permitted for products containing any inputs originating in any third party that the Party does not provide diplomatic recognition to or that is not covered in its trade policy. Any such prohibition must be notified to the other Party immediately.

4.4 Accession and Withdrawal

4.6. There are no provisions for third parties to accede to the Agreement. Either Party may terminate the Agreement through a written notification to the other Party. The Agreement shall terminate six months following the date of the notification (Article 22).

4.5 Institutional framework

4.7. The Agreement in Article 19 establishes a Joint Trade Committee consisting of Officials of the Parties. It shall review progress made in the implementation of the Agreement, including the review of notified para-tariff and non-tariff barriers, and any other functions under the Agreement. It shall meet initially within three months of the entry into force of the Agreement and at least once a year thereafter. It shall set out its rules of procedure at its first meeting and shall set up any sub-committees and/or working groups for any specific purposes it may consider necessary. According to the Parties, the Joint Trade Committee has not met yet. The last Joint Working Group meeting held in 2014 recommended that the Joint Trade Committee and the Sub-Committee on Customs matters be established. The latter has been established and met in September 2015 in Islamabad.

4.8. Pakistan: the Joint Trade Committee has not yet been convened. Any bilateral issues under the PTA are handled at the Joint Working Group Forum.

4.6 Dispute settlement

4.9. Article 20 deals with consultations, while Article 21 contains dispute settlement provisions. Under Article 20 each Party shall accord sympathetic consideration and adequate opportunity for consultations regarding any representations that may be made by the other Party on any matter affecting the operation of the Agreement. Such consultations shall take place in the Committee formed by the Agreement which shall meet at the request of other Party to consider any matter falling under the Agreement.

4.10. Any dispute between the Parties on the interpretation and application of the provisions of the Agreement or any instrument adopted within its framework concerning the rights and obligations under the Parties shall be amicably settled through consultations. While under Article 20, "consultations" serve the purpose of discussing any matter related to the operationalization of the Agreement, consultations under Article 21 are for resolving disputes that may arise between the Parties. Where a request for consultations is made pursuant to Article 21, the other Party shall, unless mutually agreed otherwise, reply to the request within 15 days of its receipt and enter into consultations in good faith, no more than 30 days after the date of receipt of the request, or any other period mutually agreed by the Parties, with a view to reaching a mutually satisfactory solution. If the requested Party does not respond to the request or enter into consultations in this period of time, the matter shall be dealt with in accordance with the working procedures drawn up by the Committee.

4.11. The consultations will be confidential and without prejudice to the rights of the Parties in any further conciliatory proceedings. Any dispute not settled within 30 days or any other period as agreed, the consultations shall be referred to the Committee which shall resolve the dispute according to its working procedures.

4.7 Relationship with other agreements concluded by the Parties

4.12. The Parties in Article 2 affirm their existing rights and obligations with respect to each other under the Marrakesh Agreement established the WTO and other treaties or agreements to which they are signatories.

4.13. Table 4.1 below lists all other RTAs (notified and non-notified) to which the Parties are a party.

Table 4.1 Pakistan and Mauritius: Participation in other RTAs (notified and non-notified in force), as of 28 June 2016

RTA Name	Date of entry into force	Coverage	GATT/WTO Notification	
			Year	WTO Provision
Mauritius				
Southern African Development Community (SADC) - Accession of Seychelles ^a	25-May-15	Goods	2016	GATT Art. XXIV
Turkey - Mauritius	01-Jun-13	Goods	2013	GATT Art. XXIV
EU - Eastern and Southern Africa States Interim EPA	14-May-12	Goods	2012	GATT Art. XXIV
Southern African Development Community (SADC) ^a	01-Sep-00	Goods	2004	GATT Art. XXIV
Common Market for Eastern and Southern Africa (COMESA)	08-Dec-94	Goods	1995	Enabling Clause
SADC - Accession of Madagascar ^a	1981	Goods	Not notified	
COMESA - Accessions of DR Congo, Djibouti, Egypt, Libya, Madagascar, Seychelles ^b	DR Congo: n.a. Djibouti: 1981 Egypt: 1998 Libya: 2006 Madagascar: n.a. Seychelles: 1993	Goods	Not notified	
Indian Ocean Commission (IOC) ^c	n.a.	Goods	Not notified	
Pakistan				
Pakistan - China	01-Jul-07 10-Oct-09	Goods Services	2008 2010	GATT Art. XXIV GATS Art. V
Pakistan - Malaysia	01-Jan-08	Goods & Services	2008	Enabling Clause & GATS Art. V
South Asian Free Trade Agreement (SAFTA)	01-Jan-06	Goods	2008	Enabling Clause
Pakistan - Sri Lanka	12-Jun-05	Goods	2008	Enabling Clause
South Asian Preferential Trade Arrangement (SAPTA)	07-Dec-95	Goods	1997	Enabling Clause
Economic Cooperation Organization (ECO) ^d	17-Feb-92	Goods	1992	Enabling Clause
Global System of Trade Preferences among Developing Countries (GSTP)	19-Apr-89	Goods	1989	Enabling Clause
Protocol on Trade Negotiations (PTN)	11-Feb-73	Goods	1971	Enabling Clause
Pakistan - Iran	01-Sep-06	Goods	Not notified	
SAFTA - Accession of Afghanistan	07-Aug-11	Goods	Not notified	
SAARC Agreement on Trade in Services (SATIS)	29-Nov-12	Services	Not notified	
Pakistan - Indonesia	03-Feb-13		Not notified	
ECO - Accessions of Afghanistan, Azerbaijan, Iran, Kazakhstan, Kyrgyz Republic, Pakistan, Tajikistan, Turkey, Turkmenistan, Uzbekistan ^d	2008	Goods	Not notified	

n.a.: Not available.

- a WTO notification on 2 August 2004 (WT/REG176/N/1/Rev.1) no longer reflects the current membership of SADC and needs to be updated. The Democratic Republic of Congo is a member of SADC but is not a party to the Trade Protocol.
- b WTO notification on 4 May 1995 (WT/COMTD/N/3) no longer reflects the current membership of COMESA and needs to be updated.

- c Mauritius indicates that "Members of the IOC have initiated trade liberalization in 1996 but so far, only Madagascar and Mauritius are trading under preferences. Because most IOC members are also Members of the COMESA, they are trading and implementing a COMESA type trade regime".
- d WTO notification on 10 July 1992 (L/7047) no longer reflects the current membership of ECO and needs to be updated. Pakistan indicates that the "Agreement was signed in 2003 and came into force in 2008; however, the agreement is not yet operational due to issues on difference of interpretation on its entry into force and on tariff concession modality."

Source: WTO Secretariat.

4.8 Government procurement

4.14. There are no provisions on Government procurement in the Agreement.

4.9 Intellectual Property Rights

4.15. There are no provisions on intellectual property rights in the Agreement.

ANNEX 1

1. Tables A1.1 and A1.2 show the Parties tariff elimination schedule by all, agricultural and non-agricultural products. In 2007 Mauritius overall average MFN tariff was 3.5%; it was considerably lower at 2.7% for non-agricultural products than for agricultural products at 8.5%. Around 79% of its tariff was duty free on an MFN basis (81.5% for non-agricultural products and 61.2% for agricultural products). As a result of the Agreement entering into force, the overall average tariff fell for imports from Pakistan to 3.3%, and to 2.6% and 8.5%, respectively, for non-agricultural and agricultural products. Pakistani exporters benefited from an average margin of preference of 8.6% overall and 3.7% and 5.9% respectively, for non-agricultural and agricultural products. At the end of implementation in 2008, 79.8% of the tariff became duty free for imports from Pakistan, 82.3% for non-agricultural products and 61.9% for agricultural products.

Table A1.1 Mauritius: Indicators of MFN tariff rates and preferential rates for imports from Pakistan

Origin of goods	Year	ALL PRODUCTS			Agricultural products ^a			Non-agricultural products		
		Average applied tariff		Share of duty-free tariff lines (%)	Average applied tariff		Share of duty-free tariff lines (%)	Average applied tariff		Share of duty-free tariff lines (%)
		Overall (%)	On dutiable (%)		Overall (%)	On dutiable (%)		Overall (%)	On dutiable (%)	
MFN	2007	3.5	21.7	79.0	8.5	22.0	61.2	2.7	21.6	81.5
Pakistan	2007	3.3	20.8	79.1	8.0	21.0	61.7	2.6	20.7	81.5
	2008	3.2	21.3	79.8	7.9	20.9	61.9	2.5	21.4	82.3

a WTO Definition.

Note: Tariff lines subject to in-quota rates are excluded in the computation. For the calculation of averages, specific rates are also excluded. Based on the HS 2007 nomenclature.

Source: WTO estimates based on data from WTO IDB and Mauritius.

2. In 2007 Pakistan's overall average MFN tariff was 14.5%, and respectively 14.5% and 14.8%, for non-agricultural and agricultural products. The total share of duty free lines for MFN imports was 5.8%, 4.6% for non-agricultural products and 15% for agricultural products. When the Agreement entered into force, Pakistan's overall average tariff for imports from Mauritius fell to 14.3%; it was 14.3% for non-agricultural products and 14.2% for agricultural products. The total share of duty free lines for imports from Mauritius increased to 6.9%, 5.4% for non-agricultural products and 18.1% for agricultural products. As a result of the Agreement entering into force, exporters from Mauritius benefited from an average margin of preference of 1.4% overall, 1.4% for non-agricultural products and 4.1% for agricultural products.

Table A1.2 Pakistan: Indicators of MFN tariff rates and preferential rates for imports from Mauritius

Origin of goods	Year	ALL PRODUCTS			Agricultural products ^a			Non-agricultural products		
		Average applied tariff		Share of duty-free tariff lines (%)	Average applied tariff		Share of duty-free tariff lines (%)	Average applied tariff		Share of duty-free tariff lines (%)
		Overall (%)	On dutiable (%)		Overall (%)	On dutiable (%)		Overall (%)	On dutiable (%)	
MFN	2007	14.5	15.4	5.8	14.8	17.5	15.0	14.5	15.2	4.6
Mauritius	2007	14.4	15.3	5.8	14.5	17.2	15.0	14.4	15.1	4.6
	2008	14.3	15.4	6.9	14.2	17.5	18.1	14.3	15.1	5.4

a WTO Definition.

Note: Tariff lines subject to in-quota rates are excluded in the computation. For the calculation of averages, specific rates are also excluded. Based on the HS 2007 nomenclature.

Source: WTO estimates based on data from WTO-IDB and Pakistan.

3. Tables A1.3 and A1.4 show market access opportunities under the Agreement respectively for the top 25 global exports from Pakistan and Mauritius to each others' markets. Table A1.3 shows that the top 25 global exports from Mauritius accounted for 54.4% of its global exports and were covered under 37 tariff lines at the HS eight digit level. Of these 37 lines, 27 were already duty free on an MFN basis. As a result of the Agreement, two further line (toilet and kitchen linen and carpets) was liberalized in 2008, while eight lines will remain subject to duties.

Table A1.3 Mauritius: Market access opportunities under the agreement for Pakistan's top 25 exports to the world

Pakistan's top export products in 2004-2006		Access Conditions to Mauritius's import markets					
HS number and description of the product		Share in global exports (%)	MFN 2007			No. of duty free lines under the agreement	Remain Dutiable
			Average MFN applied rate (%)	No. of dutiable lines	No. of duty free lines	2008	
100630	Semi-milled or wholly milled rice, whether or not polished or glazed	6.2	0.0		1		
630231	Bedlinen of cotton	6.1	15.0	1			1
271019	Medium oils and preparations, of petroleum or bituminous minerals, n.e.s.	3.8	0.0		11		
630260	Toilet linen and kitchen linen, of terry towelling or similar terry fabrics of cotton	3.6	30.0	1		1	
610510	Men's or boys' shirts of cotton, knitted or crocheted	3.3	0.0	1			1
520512	Single cotton yarn, of uncombed fibres, containing \geq 85% cotton by weight and with a linear density of 232,56 decitex to $<$ 714,29 decitex " $>$ MN 14 to MN 43"	3.3	0.0		1		
620342	Men's or boys' trousers, bib and brace overalls, breeches and shorts, of cotton	2.9	0.0	1	1		1
520819	Woven fabrics of cotton, containing \geq 85% cotton by weight and weighing \leq 200 g/m ² , unbleached	2.8	0.0		1		
420310	Articles of apparel, of leather or composition leather	2.4	0.0		1		
521051	Plain woven fabrics of cotton, containing predominantly, but $<$ 85% cotton by weight, mixed principally or solely with man-made fibres and weighing \leq 200 g/m ² , printed	1.8	0.0		1		
570110	Carpets and other textile floor coverings, of wool or fine animal hair, knotted, whether or not made up	1.6	15.0	1		1	
630210	Bedlinen, knitted or crocheted	1.5	15.0	1			1
520532	Multiple "folded" or cabled cotton yarn, of uncombed fibres, containing \geq 85% cotton by weight and with a linear density of 232,56 decitex to $<$ 714,29 decitex " $>$ MN 14 to MN 43" per single yarn	1.5	0.0		1		
521213	Woven fabrics of cotton, containing predominantly, but $<$ 85% cotton by weight, other than those mixed principally or solely with man-made fibres, weighing \leq 200 g/m ² , dyed	1.5	0.0		1		
630232	Bedlinen of man-made fibres	1.5	15.0	1			1
610910	T-shirts, singlets and other vests of cotton, knitted or crocheted	1.3	0.0	1			1
950662	Inflatable balls	1.3	0.0		1		
630710	Floorcloths, dishcloths, dusters and similar cleaning cloths, of all types of textile materials	1.2	0.0		1		

Pakistan's top export products in 2004-2006		Access Conditions to Mauritius's import markets					
HS number and description of the product		Share in global exports (%)	MFN 2007			No. of duty free lines under the agreement	Remain Dutiable
			Average MFN applied rate (%)	No. of dutiable lines	No. of duty free lines	2008	
520522	Single cotton yarn, of combed fibres, containing \geq 85% cotton by weight and with a linear density of 232,56 decitex to $<$ 714,29 decitex " $>$ MN 14 to MN 43"	1.1	0.0		1		
521031	Plain woven fabrics of cotton, containing predominantly, but $<$ 85% cotton by weight, mixed principally or solely with man-made fibres and weighing \leq 200 g/m ² , dyed	1.1	0.0		1		
901890	Instruments and appliances used in medical, surgical or veterinary sciences, n.e.s.	1.0	0.0		1		
620462	Women's or girls' trousers, bib and brace overalls, breeches and shorts of cotton	1.0	0.0	1	1		1
420329	Gloves, mittens and mitts, of leather or composition leather	0.9	0.0		1		
520511	Single cotton yarn, of uncombed fibres, containing \geq 85% cotton by weight and with a linear density of \geq 714,29 decitex " \leq MN 14"	0.9	0.0		1		
630239	Bedlinen of textile materials	0.8	15.0	1			1
Total		54.4	17.5	10	27	2	8

Based on the HS 2007 nomenclature.

Source: WTO estimates based on data from WTO IDB, UNSD Comtrade and Mauritius.

4. Table A1.4 shows market access opportunities for Mauritius' top 25 in Pakistan. These exports accounted for 76.1% of Mauritius' global exports during 2004-06 and were covered by 47 lines at the HS eight digit level. As a result of the Agreement five lines were liberalized in 2008, while 41 lines remain subject to duty for imports from Mauritius.

Table A1.4 Pakistan: Market access opportunities under the agreement for Mauritius's top 25 exports to the world

Mauritius's top export products in 2004-2006		Access Conditions to Pakistan's import markets					
HS number and description of the product		Share in global exports (%)	MFN 2007			No. of duty free lines under the agreement	Remain Dutiable
			Average MFN applied rate (%)	No. of dutiable lines	No. of duty free lines	2008	
610910	T-shirts, singlets and other vests of cotton, knitted or crocheted	17.6	25.0	1			1
170111	Raw cane sugar	17.2	15.0	1		1	
620520	Mens or boys shirts of cotton	5.9	25.0	3			3
160414	Prepared or preserved tunas, skipjack and atlantic bonito, whole or in pieces	5.7	20.0	1		1	
620342	Men's or boys' trousers, bib and brace overalls, breeches and shorts, of cotton	2.5	25.0	1			1

Mauritius's top export products in 2004-2006			Access Conditions to Pakistan's import markets				
HS number and description of the product		Share in global exports (%)	MFN 2007			No. of duty free lines under the agreement	Remain Dutiable
			Average MFN applied rate (%)	No. of dutiable lines	No. of duty free lines	2008	
851762	Machines for the reception, conversion and transmission or regeneration of voice, images or other data, incl. switching and routing apparatus	2.3	7.1	7			7
851761	Base stations of apparatus for the transmission or reception of voice, images or other data	2.3	20.0	1			1
851712	Telephones for cellular networks "mobile telephones" or for other wireless networks	2.3	13.3	2	1		2
852560	Transmission apparatus for radio-broadcasting or television, incorporating reception apparatus	2.3	7.5	8			8
610990	T-shirts, singlets and other vests of textile materials, knitted or crocheted	2.2	25.0	2			2
710239	Diamonds, worked, but not mounted or set	2.1	5.0	1			1
611020	Jerseys, pullovers, cardigans, waistcoats and similar articles, of cotton, knitted or crocheted	1.8	25.0	1		1	
610510	Mens or boys shirts of cotton, knitted or crocheted	1.5	25.0	1			1
620462	Women's or girls' trousers, bib and brace overalls, breeches and shorts of cotton	1.3	25.0	3			3
010611	Live primates	1.3	5.0	1			1
711319	Articles of jewellery and parts thereof, of precious metal other than silver, whether or not plated or clad with precious metal	1.2	5.0	3			3
611090	Jerseys, pullovers, cardigans, waistcoats and similar articles, of textile materials, knitted or crocheted	1.1	25.0	1		1	
611011	Jerseys, pullovers, cardigans, waistcoats and similar articles, of wool, knitted or crocheted	1.0	25.0	1		1	
030361	Frozen swordfish "xiphias gladius"	0.8	10.0	1			1
030362	Frozen toothfish "dissostichus spp."	0.8	10.0	1			1
030379	Frozen freshwater and saltwater fish	0.8	10.0	1			1
520942	Denim, containing \geq 85% cotton by weight and weighing $>$ 200 g/m ² , made of yarn of different colours	0.6	25.0	1			1
880240	Aeroplanes and other powered aircraft of an of an unladen weight $>$ 15.000 kg	0.6	5.0	1			1
510610	Carded wool yarn containing \geq 85% wool by weight	0.5	5.0	1			1
611019	Jerseys, pullovers, cardigans, waistcoats and similar articles, of fine animal hair, knitted or crocheted	0.4	25.0	1			1
TOTALS		76.1	16.5	46	1	5	41

Note: Tariff lines subject to in-quota rates are excluded in the computation. For the calculation of averages, specific rates are also excluded. Based on the HS 2007 nomenclature.

Source: WTO estimates based on data from WTO IDB, UNSD, Comtrade and Pakistan.