

**PREFERENTIAL TRADE AGREEMENT  
BETWEEN  
THE GOVERNMENT OF THE ISLAMIC REPUBLIC OF PAKISTAN  
AND  
THE GOVERNMENT OF THE REPUBLIC OF INDONESIA**

The Government of the Republic of Indonesia and the Government of the Islamic Republic of Pakistan and (hereinafter referred to individually as "a Party" and collectively as "the Parties")

**RECALLING** the Framework Agreement between the Parties on Comprehensive Economic Partnership (CEP) signed in Islamabad on 24<sup>th</sup> November, 2005;

**CONSCIOUS** of their longstanding friendship and common religious and cultural heritage;

**EXPECTING** that this Agreement will create a new climate for economic and regional cooperation between them;

**RECOGNIZING** that strengthening of their closer economic partnership will bring economic and social benefits and improve the living standards of their people;

**ACKNOWLEDGING** that the Preferential Trade Agreement (PTA) will facilitate enterprises of both sides to benefit from the PTA and boost the confidence of both governments for Free Trade Agreement (FTA) negotiations;

**BEARING** in mind that the expansion of mutual trade and economic relations will foster further cooperation between the Parties thus promoting regional peace and stability;

**DESIRING** to promote further cultural cooperation and developing exchange of information;

**CONSCIOUS** that such mutual trade arrangements will contribute to the promotion of closer links with other economies in the region;

**BELIEVING** that this contractual framework could promote gradually and could also extend to new areas of mutual interests;

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

**BEARING** in mind the desire to promote mutually beneficial bilateral trade; and

**RECOGNISING** that elimination of obstacles to trade through this Agreement (PTA) will contribute to the expansion of bilateral trade leading to FTA between the Parties,

Have agreed as follows:

### **Article One**

#### **Definitions**

For the purpose of this Agreement, the following terms shall have the meaning assigned to them unless the context otherwise requires:

- (a) "goods" and "products" shall be understood to have the same meaning unless the context otherwise requires;
- (b) "Government" means either the Government of the Republic of Indonesia or the Government of the Islamic Republic of Pakistan;
- (c) "Margin of Preference" means percentage of tariff by which MFN tariffs are reduced on products imported from one party to another as a result of preferential treatment;
- (d) "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";
- (e) "Parties" means Indonesia and Pakistan and the term "Party" means either Indonesia or Pakistan;
- (f) "Tariffs" mean customs duties included in the national tariff schedules of the Parties;

(g) "WTO Agreement" means the Marrakesh Agreement Establishing the World Trade Organization, done at Marrakesh, April 15, 1994, as may be amended;

## **Article Two**

### **Coverage of Products**

The PTA covers the lists of products as set out in Annex I and II of this Agreement.

## **Article Three**

### **Reduction / Elimination of Tariff**

The Most Favoured Nation (MFN) applied tariff rates of the Parties of 2012 on all products covered under the PTA shall be reduced and where relevant eliminated in accordance with the modality as set out in Annex III of this Agreement.

## **Article Four**

### **Rules of Origin**

Rules of Origin, as in Annex IV shall be applicable to the goods covered under the PTA to qualify for tariff preference.

## **Article Five**

### **Rights and Obligation Under the WTO**

The provision of GATT 1994 and World Trade Organization (WTO) Agreements shall be applicable to goods covered under this PTA.

## **Article Six**

### **Dispute Resolution**

Any disputes concerning the interpretation, implementation or application of this Agreement shall be settled amicably by mutual consultation.

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## **Article Seven**

### **Review**

The Agreement is subject to review after 1 (one) year of the enforcement of the Agreement or at any time on the request of a Party. The review shall be undertaken by a committee to be set up under Article 11 of the Framework Agreement between the Government of the Islamic Republic of Pakistan and Government of the Republic of Indonesia on Comprehensive Economic Partnership (CEP) signed in Islamabad on 24<sup>th</sup> November, 2005.

## **Article Eight**

### **Para Tariffs**

Both Parties shall eliminate para tariffs on goods covered in this Agreement within 6 (six) months of its enforcement and shall not introduce any new para tariffs on such goods.

## **Article Nine**

### **Amendment**

The agreement may be modified or amended through mutual agreement of the Parties. Such amendments shall enter into force on such a date as may be determined by the Parties and shall form an integral part to this Agreement.

## **Article Ten**

### **Final Provisions**

1. This Agreement shall enter into force 30 (thirty) days after the date on which the Parties exchange written notifications for the completion of their respective domestic procedures.
2. This Agreement shall remain in force until the entry into force of the Free Trade Agreement (FTA) between the Parties.
3. Either Party may terminate this Agreement by a written notification to the other Party. This Agreement shall expire 180 days after the date of such notification.

**IN WITNESS WHEREOF**, the undersigned, being duly authorized thereto by their respective Governments, have signed this Agreement.

**DONE** in Duplicate at Jakarta on 3<sup>rd</sup> February 2012 in the English and Indonesian languages. Both texts being equally authentic. In case of any dispute arising from the interpretation of this Agreement, the English text shall prevail.

**On behalf  
of the Government of  
the Islamic Republic of Pakistan**



**Sanaullah  
Ambassador**

**On behalf  
of the Government of  
the Republic of Indonesia**



**Gita Irawan Wirjawan  
Minister for Trade**

