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**Indo- Sri Lanka Economic & Technology Cooperation *Framework Agreement*
(ETCFA)**

PREAMBLE

The Government of the Republic of India and the Government of the Democratic Socialist Republic of Sri Lanka (hereinafter referred to as 'Parties'),

Noting the long standing bilateral relations between the two nations and recognizing their right to pursue economic philosophies suited to their development goals and their right to regulate activities to realize their national policy objectives,

Recognizing that further economic and trade liberalization allow for the optimal use of natural resources in accordance with the objective of sustainable development, seeking both to protect and preserve the environment;

Reaffirming the right, obligations and undertakings of the Parties as Developing Country Members of the World Trade Organization (WTO), and other multilateral, regional and bilateral agreements and arrangements;

Desiring to promote mutually beneficial economic relations, taking into account the asymmetric economic conditions of the two Parties, to gradually reduce or eliminate barriers to trade and investment for each other, create a fair trade and investment environment, further advance relations in other areas of cooperation by signing the Indo- Sri Lanka Economic & Technology Cooperation Framework Agreement (ETCFA) (hereinafter referred to as this 'Agreement'), and establish a cooperation mechanism beneficial to economic prosperity and development of the parties.

Have agreed as follows through consultations:

Chapter 1

General Principles

Article 1: Objectives

The objectives of this Agreement are:

- a) To strengthen and advance the economic, trade, investment and technology cooperation between the two Parties;
- b) To promote further liberalization of trade in goods, liberalizing trade in services between the two Parties and gradually establish fair, transparent and facilitative trading, investment and investment protection mechanisms;
- c) To expand areas of economic cooperation and establish a cooperation mechanism.

Article II : Cooperation Measures

The two Parties have agreed, in consideration of their economic conditions, to take measures including but not limited to the following, in order to strengthen economic exchange and cooperation:

- a) Gradually reducing or eliminating tariff and non-tariff barriers to trade between the two Parties;
- b) Gradually reducing or eliminating restrictions on in trade in services between the two Parties;
- c) Providing investment protection and promoting two-way investment;
- d) Promoting trade and investment facilitation and industry exchanges and cooperation.
- e) Promoting Technology cooperation and transfer of technology and knowhow].

Chapter 2

Trade and Investment

Article 1: Trade in Goods

1. The two Parties have agreed, on the basis of the Early Harvest for Trade in Goods as stipulated in Article 7 of this Agreement, to conduct consultations on an agreement on trade in goods no later than six months after the entry into force of this Agreement, and expeditiously conclude such consultations.

2. The consultations on the agreement on trade in goods shall include, but not be limited to:

a) modalities for tariff reduction or elimination on items included under negative lists or MRP or Quota under the FTA entered between the two parties on...;

b) rules of origin;

c) customs procedures;

d) non-tariff measures, including but not limited to technical barriers to trade (TBT) and sanitary and phytosanitary (SPS) measures;

e) trade remedy measures, including measures set forth in the Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994, the Agreement on Subsidies and Countervailing Measures and the Agreement on Safeguards of the World Trade Organization, and the safeguard measures between the two Parties applicable to the trade in goods between the two Parties.

3. Goods referred in Article 1: (2) (a) shall be divided into three categories: goods subject to immediate tariff elimination, goods subject to phased tariff reduction, and exceptions or others.

4. Either Party may accelerate the implementation of tariff reduction at its discretion on the basis of the commitments to tariff concessions in the agreement on trade in goods.

Article II : Trade in Services

1. The two Parties have agreed to conduct consultations on an agreement on trade in services no later than six months after the entry into force of this Agreement, and expeditiously conclude such consultations.

2. The consultations on the agreement on trade in services shall seek to:

a) gradually reduce or eliminate restrictions in trade in services between the two Parties;

IPS → Movement of Natural Persons.

- b) enhance cooperation in trade in services between the two Parties.
3. Either Party may accelerate the liberalization or elimination of restrictive measures at its discretion on the basis of the commitments to liberalization in the agreement on trade in services.

Article III : Investment

1. The two Parties have agreed to conduct consultations on the matters referred to in paragraph 2 of this Article within six months after the entry into force of this Agreement, and expeditiously reach an agreement.
2. Such an agreement shall include, but not be limited to, the following:
- a) establishing an investment protection mechanism;
 - b) increasing transparency on investment-related regulations;
 - c) gradually reducing restrictions on mutual investments between the two Parties;
 - d) promoting investment facilitation.

Chapter 3

Economic Cooperation

Article 1: Objectives

Parties shall seek to :

- (i) Strengthen and enhance economic co-operation between them on the basis of equality and mutual benefit
- (ii) Explore new areas of and develop appropriate measures for closer economic co-operation as a means to greater economic integration between the two countries;
and
- (iii) Support and augment economic cooperation in accordance with developmental needs of each other and the welfare of their respective peoples.

Article II: Scope of Cooperation

1. To enhance and expand the benefits of this Agreement, the two Parties have agreed to strengthen cooperation in areas including, but not limited to, the following:

- (i) intellectual property rights protection and cooperation;
- (ii) financial cooperation;
- (iii) trade promotion and facilitation;
- (iv) customs cooperation;
- (v) e-commerce cooperation;
- (vi) discussion on the overall arrangements and key areas for industrial cooperation, promotion of cooperation in major projects, and coordination of the resolution of issues that may arise in the course of industrial cooperation between the two Parties;
- (vii) promotion of small and medium-sized enterprises cooperation between the two Parties, and enhancement of the competitiveness of these enterprises;
- (viii) promotion of the mutual establishment of offices by economic and trade bodies of the two Parties.

2. The two Parties shall expeditiously conduct consultations on the specific programs and contents of the cooperation matters listed in this Article.

Chapter 4

Technology Cooperation

Regulatory controls not in place in Sri Lanka

Chapter 5

Early Harvest

Article 1: Early Harvest for Trade in Goods

1. To accelerate the realization of the objectives of this Agreement, the two Parties have agreed to implement the Early Harvest Program with respect to Mutual Recognition of Conformity Assessment Procedures. The Early Harvest Program shall start to be implemented within six months after the entry into force of this Agreement.
2. The Early Harvest Program for trade in goods shall be implemented in accordance with the following rules:
 - (i) two Parties shall implement a 'Scheme of Mutual Recognition of Conformity Assessment Procedures' for pre-identified list of products interest to each party.
 - (ii) two Parties shall establish working group on MRA to finalize and implement the scheme referred in (i)

Chapter 6

Other Provisions

Article I: Exceptions

No provision in this Agreement shall be interpreted to prevent either Party from adopting or maintaining exception measures consistent with the rules of the World Trade Organization and other Agreements to which they are parties.

Article II: Dispute Settlement

1. The two Parties shall engage in consultations on the establishment of appropriate dispute settlement procedures no later than six months after the entry into force of this Agreement, and expeditiously reach an agreement in order to settle any dispute arising from the interpretation, implementation and application of this Agreement.
2. Any dispute over the interpretation, implementation and application of this Agreement prior to the date the dispute settlement agreement mentioned in paragraph 1 of this Article enters into force shall be resolved through consultations by the two Parties or in an appropriate manner by the Indo- Sri Lanka Economic & Technology Cooperation Framework Agreement (ETCFA) committee to be established in accordance with Article 11 of this Agreement.

Article III: Institutional Arrangements

1. The two Parties shall establish 'Indo- Sri Lanka Economic & Technology Cooperation Framework Agreement (ETCFA) Committee' (hereinafter referred to as the Committee), which consists of representatives designated by the two Parties. The Committee shall be responsible for handling matters relating to this Agreement, including but not limited to:

- (i) concluding consultations necessary for the attainment of the objectives of this Agreement;
- (ii) monitoring and evaluating the implementation of this Agreement;
- (iii) interpreting the provisions of this Agreement;
- (iv) notifying important economic and trade information;
- (v) settling any dispute over the interpretation, implementation and application of this Agreement in accordance with Article 2 under this Chapter..

2. The Committee may set up working group(s) as needed to handle matters in specific areas pertaining to this Agreement, under the supervision of the Committee.

3. The Committee will convene a regular meeting on [annual basis] and may call ad hoc meeting(s) when necessary with consent of the two Parties.

4. Matters related to this Agreement shall be communicated through contact persons designated by the competent authorities of the two Parties.

Article IV: Documentation Formats

The two Parties shall use the agreed documentation formats for communication of matters arising from this Agreement.

Article V: Annexes and Subsequent Agreements

All annexes to this Agreement and subsequent agreements signed in accordance with this Agreement shall be parts of this Agreement.

Article VI: Amendments

Amendments to this Agreement shall be subject to consent through consultations between, and confirmation in writing by, the two Parties.

Article VII: Entry into Force

After the signing of this Agreement, the two Parties shall complete the relevant procedures respectively and notify each other in writing. This Agreement shall enter into force as of the day following the date that both Parties have received such notification from each other.

Article VIII: Termination

1. The Party terminating this Agreement shall notify the other Party in writing. The two Parties shall start consultations within 30 days from the date the termination notice is issued. In case the consultations fail to reach a consensus, this Agreement shall be terminated on the 180th day from the date the termination notice is issued by the notifying Party.
2. Within 30 days from the date of termination of this Agreement, the two Parties shall engage in consultations on issues arising from the termination.

This Agreement is signed in quadruplicate on this [...th day of [20xx] with each Party retaining two copies. The different wording of the corresponding text of this Agreement shall carry the same meaning, and all four copies are equally authentic.

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