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

**[This text reflects the amendments up to 12/02/2016 incorporating comments of some stakeholders as at 12/01/16 as well as the subsequent new comments of some members of the International Trade Agency (Designate) of the Ministry of Development Strategy and International Trade.]**

**PREAMBLE**

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

**Recalling** the successful meeting between the Prime Ministers of India and Sri Lanka in September 2015 held in New Delhi, where it was agreed to work towards a deeper economic engagement between the two countries;

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

**Recognizing** the performance and economic contribution of the existing Free Trade Agreement between the Parties;

**Considering** that further economic and trade liberalization will facilitate the optimal use of natural resources in accordance with the objective of sustainable development, seeking both to protect and preserve the environment;

**Reaffirming** the rights, 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;

**Further Referring** to the Agreement in the field of Science and Technology signed between the Parties on the 16<sup>th</sup> September 2008 and convinced that such cooperation will promote the development of the economies of the Parties;

**Desiring** to promote mutually beneficial economic relations, taking into account the asymmetric economic conditions of the two Parties; to promote the environment for trade and investment ; to further advance relations in other areas of cooperation such as technology and training by signing the Indo- Sri Lanka Economic & Technology Cooperation Framework Agreement (ETCFA) (hereinafter referred to as this ‘Agreement’); and to establish a cooperation mechanism beneficial to economic prosperity and development of the Parties.

**Have** agreed as follows through consultations:

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**Chapter 1**

**General Principles**

**Article 1: Objectives**

The objectives of this Agreement are to:

- a) further strengthen and advance economic, trade and investment cooperation between the Parties;
- b) promote further liberalization of trade in goods and services by enhancing the economic partnership and investments between the Parties taking into account the principle of non-reciprocity and special and differential treatment to address the asymmetry in the economies of the Parties and gradually establish improved, transparent and facilitative trading, investment and investment protection mechanisms;
- c) develop and strengthen scientific and technology cooperation and training between the Parties.
- d) establish proper cooperation mechanisms for implementation of this Agreement.

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**Chapter 2**

**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 an Early Harvest program in respect of the areas mentioned below;

- (a) Mutual Recognition of Conformity Assessment Procedures;
  - (b) Finalization of Product Specific Rules;
  - (c) Removal of Quantitative Restrictions under the existing Free Trade Agreement;
  - (d) Establishment of Focal Point of Trade Facilitation.
2. The said Program shall be implemented as expeditiously as possible to facilitate and enable enterprises of both countries to benefit from the proposed comprehensive agreement early and boost the confidence of both governments prior to future negotiations
3. The Early Harvest Program for trade in goods shall be implemented by establishing a Working Group or Sub-Group at respective levels.

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**Chapter 3**

**Trade and Investment**

**Article 1: Trade in Goods**

1. The Parties have agreed to initiate bilateral consultations on an agreement on trade in goods after the entry into force of this Agreement, and endeavor to 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 Margin of Preference (MoP) or Quotas under the existing Free Trade Agreement (FTA) between the Parties ;
  - 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 Safe- guards of the World Trade Organization, and the safeguard measures between the Parties applicable to the trade in goods between the Parties.
3. 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 Parties have agreed to initiate bilateral consultations on an agreement on trade in services after the entry into force of this Agreement, and endeavor to expeditiously conclude such consultations.
2. The consultations on the agreement on trade in services shall seek to:
  - (a) Negotiate and agree on the liberalization of trade in services between the Parties in sectors mutually agreed on while at all times ensuring that such measures shall be commensurate with each party's respective economic situation, development, trade, investment and financial needs;

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b) enhance cooperation in trade in services on mutually agreed sectors between the Parties.

**Article III : Investment (in goods and services)**

1. The Parties have agreed to initiate bilateral consultations on the matters referred to in paragraph 2 of this Article after the entry into force of this Agreement, and endeavor to expeditiously conclude such consultations seeking in particular to expand on the existing bilateral Investment Promotion and Protection Agreement

2. Such an agreement shall include, but not be limited to, the following:

- a) establishing an investment protection mechanism;
- b) increasing transparency of investment-related regulations;
- c) gradually reducing restrictions on mutual investments between the Parties ;
- d) promoting investment facilitation.

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**Chapter 4**

**Economic Cooperation**

**Article 1: Objectives**

The Parties shall seek to :

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

**Article II: Scope of Co-operation**

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

- (a) Protection of intellectual property rights;
- (b) financial matters;
- (c) trade promotion and facilitation;
- (d) Investment promotion and facilitation
- (e) Tourism;
- (f) customs;
- (g) e-commerce;
- (h) Industry
- (i) promotion of small and medium-sized enterprises and the enhancement of their competitiveness;

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2. The Parties shall expeditiously conduct consultations on the specific programs and contents of the cooperation matters listed in this Article upon entering into force of this Agreement.

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**Chapter 5**

**Technology Cooperation**

**Article I : Objectives**

The Parties shall seek to strengthen and enhance the cooperation on Science and Technology on the basis of equality and mutual benefit.

**Article II: Forms of Cooperation**

1. The Parties shall encourage cooperative activities, in view of facilitating the following;
  - a) Scaling up of research based innovative processes and technologies to pilot and commercialize sales.
  - b) Encourage research institutions to place greater emphasis on high-tech innovations, technology transfer and commercialization.
  - c) Facilitate entrepreneurship and foresight activities among scientists, technologists, researchers and inventors.
  - d) Ensure quality standards of institutions, products and services to achieve national and international recognitions.
2. The Parties shall implement the above activities through the Agreement in the field of Science and Technology signed between the two countries on the 16<sup>th</sup> September 2008.



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**Chapter 6**

**Training**

**Article I: Objectives**

Recognizing the importance of developing a strong human resource base to support the advancement of their economies, the two Parties agreed to cooperate in the fields of education, vocational training and skills development.

**Article II: Forms of Cooperation**

The two parties agreed to explore specific modalities for strengthening bilateral cooperation in the fields of education, vocational training and skills development.

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**Chapter 7**

**Other Provisions**

**Article 1: 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 Parties shall engage in consultations on the establishment of appropriate dispute settlement procedures to settle any disputes that may arise from the interpretation, implementation and application of this agreement no later than six months after the entry into force of this Agreement, and endeavor to expeditiously reach agreement on such procedures

2. Any dispute over the interpretation, implementation and application of this Agreement prior to the establishment of the procedures referred to in paragraph 1 of this Article shall be resolved through consultations between the 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 6(III) of this Agreement.

**Article III: Institutional Arrangements**

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

(a) concluding consultations necessary for the attainment of the objectives of this Agreement;

(b) monitoring and evaluating the implementation of this Agreement;

(c) Exchanging important economic and trade information;

(d) Settling any dispute over the interpretation, implementation and application of this Agreement as provided in Article II of this Chapter.

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

3. The Committee shall convene a regular meeting on an annual basis and may call ad hoc meeting(s) when necessary by mutual consent of the Parties.

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

**Article IV: Documentation Formats**

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

**Article V: Annexes and Subsequent Agreements**

All subsequent agreements entered in to in accordance with this Agreement shall form part and parcel of this Agreement.

**Article VI: Amendments**

Any amendments to this Agreement shall be subject to mutual consent expressed in writing by the Parties. Such amendments shall enter into force as per Article VII of this Agreement.

**Article VII: Entry into Force**

After the execution of this Agreement, the Parties shall complete their respective relevant internal procedures and notify each other thereof in writing. This Agreement shall enter into force (on the date of the last notification confirming completion of internal formalities by the Parties).

**Article VIII: Termination**

1. In the event that a party wishes to terminate this Agreement such party shall give the other party notice of such intent in writing. The Parties shall, upon such notice being given by either party commence consultations within thirty (30) days from the date of such notice and seek to reach consensus on matters of concern. If the Parties fail to reach consensus through such consultations within a period of one hundred and eighty (180) days of notice of intent to terminate, this Agreement shall stand terminated from such date.

2. All issues arising from the termination of this Agreement shall be dealt with by the Parties through mutual consultation which shall commence within thirty (30) days from the date of termination.

*This Agreement is signed in quadruplicate in the English language on this [...th day of ..... [20xx] all texts being equally authentic, with each Party retaining two copies,*