

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(81) 266 final

Brussels, 27 May 1981

Proposal for a
COUNCIL REGULATION (EEC)

on the conclusion of the Agreement for Commercial
and Economic Cooperation between the European Eco-
nomic Community and India

(submitted to the Council by the Commission)

COM(81) 266 final

EXPLANATORY MEMORANDUM

1. By decision of 22 April 1980, the Council authorised the Commission to open negotiations with India, with a view to the conclusion of an agreement for commercial and economic cooperation to replace the 1974 Commercial Cooperation Agreement between the European Economic Community and India.
2. In accordance with that Council decision, and in accordance with the Article 113 Committee, the Commission conducted negotiations with India between June 1980 and April 1981. The English text of the negotiated Agreement has been initialled on 14 April 1981 by the Heads of the Delegations after they had noted that it correctly represented the results of the negotiations. On this occasion, the negotiator of the Commission read out the following declaration to the Indian delegation with a view to overcoming a possible French reserve:

"The Commission and the Council declare that their interpretation of Article 6, first alinea of the Agreement is that it does not provide for the intervention of the European Bank of Investments, whereas it does not confine the intervention of financial institutions only to institutions of private nature."
3. Besides the text of the Agreement for Commercial and Economic Cooperation, both sides negotiated the text of a Protocol concerning Commercial and Economic Cooperation between the European Coal and Steel Community and India.

Once the Agreement is signed the Commission will adopt a decision concluding the Protocol on behalf of the ECSC.
4. The English version of the negotiated texts has already been placed at the disposal of the Member States' representatives in the Article 113 Committee.
5. The Commission considers that the text of the Agreement is acceptable to the Community. It therefore recommends that the Council initiate the procedures for signing and concluding the Agreement for Commercial and Economic Cooperation with India.
6. With a view to the conclusion and implementation of the Agreement, the Commission herewith transmit to the Council a proposal for a regulation concluding the Agreement and the Annexes thereto.

Proposal for a
COUNCIL REGULATION (EEC)

on the conclusion of the Agreement for Commercial and
Economic Co-operation between the European Economic Community
and India.

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,
and in particular Articles 113 and 235 thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament, (1)

Whereas the conclusion by the European Economic Community of the Agreement
for Commercial and Economic Co-operation between the European Economic Community
and India appears necessary for the attainment of the ends of the
Community in the sphere of external economic relations ; whereas it appears
that certain forms of economic co-operation provided for by the Agreement exceed
the powers of action provided for in the Treaty, and in particular those speci-
fied in the field of the common commercial policy,

HAS ADOPTED THIS REGULATION :

Article 1

The Agreement for Commercial and Economic Cooperation between the European
Economic Community and India is hereby approved on behalf of the Community.

The text of the Agreement is annexed to this Regulation.

(1)

Article 2

Pursuant to Article 15 of the Agreement, the President of the Council shall give notification that the procedures necessary for the entry into force of the Agreement have been completed on the part of the European Economic Community (1).

Article 3

The Community shall be represented on the Joint Commission referred to in Articles 10 and 11 of the Agreement by the Commission, assisted by representatives of the Member States.

Article 4

This Regulation shall enter into force on the day following its publication in the Official Journal of the European Communities.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the Council
the President

(1) the date of entry into force of the Agreement will be published in the Official Journal of the European Communities by the General Secretariat of the Council.

6

AGREEMENT FOR COMMERCIAL AND ECONOMIC COOPERATION
between the European Economic Community and India

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

of the one part,

THE GOVERNMENT OF INDIA,

of the other part,

HAVING REGARD to the friendly relations and historic links between India and the Member States of the Community and to the foundations for cooperation laid by the Agreement between India and the Community signed on 17 December, 1973 and which came into operation on 1 April, 1974;

NOTING with satisfaction the progress achieved during the operation of the said Agreement in the development of commercial and economic relations between India and the Community;

BELIEVING that the time is opportune to give a new impetus to the mutual relationship between India on the one hand, and the Community on the other;

MINDFUL that the more dynamic relationship which both the European Community and India desire calls for closer cooperation across the whole range of commercial and economic endeavour to the full extent of their growing capacity to meet each other's requirements on the basis of comparative advantage, mutual benefit and consistent with their developmental needs;

PERSUADED that such cooperation should be realised in an evolutionary and pragmatic fashion, as their policies develop;

REAFFIRMING their determination to expand mutual trade, and recognising that trade is not an end in itself but a means of achieving wider economic and social objectives, and as an important instrument for furthering international economic cooperation;

[Handwritten signature] *V. V. . . .*

7

DESIROUS of making their contribution to a new phase of international economic cooperation commensurate with their respective human, intellectual and material resources;

EMPHASISING their common commitment to the promotion of international economic relations founded on freedom, equality, justice and progress;

HAVE decided to conclude a Commercial and Economic Cooperation Agreement between India on the one part, and the European Economic Community, on the other, and to this end have designated as their plenipotentiaries :

who have agreed as follows :

Article 1

The Contracting Parties are determined to consolidate, deepen and diversify their commercial exchanges on the basis of comparative advantage and mutual benefit, with a view to increasing as much as possible mutual trade and its rate of growth.

Article 2

The Contracting Parties shall, in their commercial relations, accord each other most-favoured-nation treatment in conformity with the provisions of the General Agreement on Tariffs and Trade.

Article 3

The Contracting Parties shall grant each other the highest degree of liberalisation of imports and exports which they generally apply to third countries and undertake to discuss ways and means of providing maximum facilities compatible with their respective policies and obligations, with regard to products of interest to either Party.

L. 1 -
..

8

Article 4

In accordance with their respective policies and objectives, and with the need, recognised by both Parties, to promote new relations of dynamic complementarity, based on comparative advantage and mutual benefit, in the industrial field between India and the European Economic Community, the Contracting Parties undertake to promote the development and diversification of their commercial exchanges to the highest possible level. To this end, they shall, in particular, take the following steps:

- a) maintain consultation and cooperation in the solution of international commercial and economic problems which either Party may consider of interest;
 - b) use their best endeavours to maintain and strengthen an open and equitable international trading system and respect their obligations under the General Agreement on Tariffs and Trade;
 - c) intensify exchange of available information regarding their respective markets and industries, and their changing trends and policies with a view to identifying possibilities for increased production and improved marketing prospects in order to attain optimal overall economic growth;
 - d) promote visits by persons, groups and delegations from trade, economic and industrial circles to facilitate industrial and technical exchanges and contacts connected with trade, foster the organisation of fairs and exhibitions by both sides, and the appropriate provision of services including publicity for the development of trade in items of special interest to either Party;
 - e) support the institutions which have been or may be set up by them to enhance contacts and cooperation between their commercial organisations;
 - f) bring together economic operators of both sides to better identify sectors and products in which the production and exports of each should be developed, and support market development programmes, based on such identification;
 - g) promote studies for the fulfilment of the objectives of this Article.
- h-y-

9

Article 5

In the light of their respective policies and economic objectives, the Contracting Parties shall foster economic cooperation in all fields of mutual interest in order to contribute to the development of their respective economies, to raise living standards, and to meet their developmental needs. To this end the Contracting Parties agree to take the following steps :

- a) promote industrial cooperation and transfer of technology through concerted measures at Community and national levels of both Parties for creating favourable conditions for such cooperation, on a long-term basis through a fuller utilisation of each other's material, manpower and technological resources, on the basis of comparative advantage and mutual benefit;
- b) promote and facilitate increased and mutually beneficial investment, consistent with the relevant laws and policies;
- c) support institutions which have been or may be set up by them to enhance contacts and cooperation between their economic organisations;
- d) facilitate exchanges of information on all subjects which may have a bearing upon the prospects for cooperation in the economic field;
- e) encourage technological and scientific cooperation including joint programmes of research and development, for example in the fields of energy sources, energy conservation, energy related technology, protection and improvement of the environment.

Article 6

The Community will take all possible measures to intensify its support, within the framework of its programmes in favour of non-associated developing countries, for India's development programmes, through direct concessional transfers as well as through institutional and other sources of finance in accordance with the rules and policies of such institutions.

The Parties shall encourage and facilitate the promotion of cooperation between financial institutions of the two regions.

1.1

70

Article 7

The Contracting Parties shall hold friendly consultations on any problems that may arise in the achievement of the aforesaid objectives and shall exchange information and seek to obtain mutually satisfactory solutions to these problems. At the request of either of the Parties, consultations shall be held as soon as possible, on any problems adversely affecting bilateral commercial and economic relations, and any representation on such problems made by either Party shall be examined in a positive manner.

Article 8

The Contracting Parties recognise that cooperation between operators and organisations concerned in the field of export to, and economic relations with third countries, especially developing countries, will be to their mutual benefit. Accordingly, they undertake to promote such cooperation and to create favourable conditions for furthering it.

Article 9

Without prejudice to the relevant provisions of the Treaties establishing the Communities, the present Agreement and any action taken thereunder shall in no way affect the powers of the Member States of the Community to undertake bilateral activities with India and to conclude, where appropriate, new economic cooperation agreements with India.

v.1 -

./.

Article 10

The Contracting Parties agree to set up a Joint Commission whose tasks shall be to ensure the proper functioning of this Agreement, to devise practical measures for achieving its goals and to discuss and pursue effectively, in the light of its principles and objectives, all matters which may arise in the course of its implementation. It shall be incumbent upon the Joint Commission to examine any difficulties likely to hinder the development and diversification of commercial and economic cooperation between the Contracting Parties and to recommend practical measures for action by the Contracting Parties; while making such recommendations, the Joint Commission shall have due regard to the development plans of India and to the progress of economic, industrial, social, environmental and scientific policies of both Parties as well as their level of economic development.

The Joint Commission shall, in particular, be required :

- a) to seek ways and means of encouraging the development of economic and commercial cooperation between India on the one part, and the European Economic Community on the other, in accordance with the provisions of this Agreement;
- b) to study and devise ways and means of overcoming trade barriers, tariff and non-tariff, in the various sectors of trade;
- c) to examine and recommend ways and means for the progressive adaptation of the trade pattern and marketing structures of the Contracting Parties with a view to promoting the evolution of their commercial and economic relations in accordance with their complementary possibilities as well as the long-term objectives of the economies of the Contracting Parties, so as to avoid imbalances and maladjustments;
- d) to make recommendations on the use of Community funds available for the implementation of the objectives of the present Agreement. In respect of such funds as may be put at the disposal of the Joint Commission by the Contracting Parties in a jointly agreed manner and in accordance with their respective criteria, to decide expenditure on relevant studies and activities;
- e) to examine possibilities of and make recommendations for an efficient and coherent utilisation of all available instruments, besides most-favoured-nation tariffs and generalized preferences, to promote trade in items of interest to both Parties.

Article 11

The Joint Commission shall be composed of representatives of both sides, at an appropriately high level. The Joint Commission shall meet as often as necessary and at least once a year at an agreed time and place; periodically it shall review the implementation of this Agreement and lay down guidelines for future action. The Joint Commission shall meet alternately in Brussels and New Delhi.

Extraordinary meetings may be convened by common agreement at the request of either Contracting Party. If necessary the Joint Commission may set up specialised sub-commissions to assist it in the performance of its tasks.

The representatives of the Contracting Parties in the Joint Commission will transmit the agreed recommendations to their respective authorities, for consideration and action to be taken as speedily and effectively as possible. In the event of the Joint Commission being unable to adopt a recommendation on a matter considered by either Contracting Party to be urgent or important, it shall submit the view of the two sides to the respective authorities in order to arrive at a mutually satisfactory solution.

The Joint Commission shall adopt its own rules of procedure and programme of work.

Article 12

The Contracting Parties agree that it shall also be the task of the Joint Commission to ensure the proper functioning of the sectoral agreements concluded or which may be concluded between India and the European Economic Community on jute, coir and cotton textiles and cottage industry goods (handicrafts and handlooms) and that, to this end, it shall exercise the responsibilities entrusted to the Joint Commissions set up under these agreements.

Article 13

The Annexes form an integral part of this Agreement.

Article 14

This Agreement shall apply to the territories in which the Treaty establishing the European Economic Community is applied and under the conditions laid down in the said Treaty on the one hand and to the territory of India, on the other hand.

Article 15

This Agreement shall enter into force on the first day of the month following the date on which the Contracting Parties have notified each other of the completion of the procedures necessary for this purpose. It is concluded for a period of five years. It shall be automatically extended from year to year if neither Contracting Party denounces it six months before the date of expiry. If both Contracting Parties agree, amendments to this Agreement may, however, be introduced at any time to take account of emerging situations and evolving policies.

Article 16

This Agreement is drawn up in two copies in the Danish, Dutch, English, French, German, Greek, Italian and Hindi languages, each of these texts being equally authentic.

b. ✓

ANNEX I

Declaration of the European Economic Community concerning tariff adjustments

The Community confirms that the Generalized Scheme of Preferences (GSP) was autonomously put into force by the European Economic Community on 1 July 1971 on the basis of Resolution 21 (II) of the second United Nations Conference on Trade and Development held in 1968. The Community is prepared, in the course of its endeavours to improve the system of Generalized Preferences, to take into account the interests of India in the extension and strengthening of its trade relations with the Community.

The Community is also prepared to examine in the Joint Commission the possibilities for further tariff adjustments to promote the development of trade between India and the Community.

The Community understands that India will also be prepared to discuss in the Joint Commission the Community's proposals, if any, with regard to tariff adjustments by India bearing on the development of trade between the Contracting Parties, taking into consideration India's development needs.

[Handwritten signature]

[Handwritten mark]

ANNEX II

Declaration of the Government of India concerning tariff adjustments

India understands that the Community is prepared, in the course of its endeavours to improve the system of Generalised Preferences, to take into account the interests of India in the extension and strengthening of its trade relations with the Community. In this connection, India will identify for consideration by the Community the areas in which the Community's Generalised Scheme of Preferences can be improved, more especially in the context of the provisions of the Joint Declaration of Intent.

India further understands that the Community is also prepared to examine in the Joint Commission the possibilities for further tariff adjustments to promote the development of trade between India and the Community.

In this connection India will notify to the Community the list of the products in respect of which total tariff suspension is desired, for examination by the Joint Commission.

India will also be prepared to discuss in the Joint Commission the Community's proposals, if any, with regard to tariff adjustments by India bearing on the development of trade between the Contracting Parties, taking into consideration India's development needs.

[Handwritten signature]

[Handwritten initials]

Declaration of the European Economic Community

In the course of the negotiations of the Commercial and Economic Cooperation Agreement between the Community and India, the Indian side presented a list of products for which a binding at zero of the rate of duty in the Common Customs Tariff of the European Economic Community was requested.

At present these products which are covered by the Indo-EEC Jute and Coir Agreements enter the Community at zero rates of duty under the Generalized Scheme of Preferences (GSP).

- 5706 Yarn of jute or of other textile bast fibres of heading No 5703
- 5710 A + B Woven fabrics of jute or of other textile bast fibres of heading No 5703
- 5802 A I Coir mats and matting, and tufted carpets, carpeting and rugs
- 6203 A II Sacks and bags, of a kind used for the packing of goods, other than used

The Community confirms that the above mentioned products are all covered at zero-duty in the Generalized Scheme of Preferences which was autonomously put into force by the European Economic Community on 1 July 1971 on the basis of resolution 21 (II) of the second United Nations Conference on Trade and Development held in 1968, and that it is not its intention to withdraw them from GSP in the foreseeable future.

The Community is prepared, in the course of its endeavours to improve the system of Generalized Preferences, to take into account the interests of India in the extension and strengthening of its trade relations with the Community.

[Handwritten signature]

[Handwritten mark]

PROTOCOL

concerning Commercial and Economic Cooperation between the European Coal and Steel Community and India

THE COMMISSION OF THE EUROPEAN COMMUNITIES, ON BEHALF OF THE EUROPEAN COAL AND STEEL COMMUNITY, AND

- THE GOVERNMENT OF THE KINGDOM OF BELGIUM
- THE GOVERNMENT OF THE KINGDOM OF DENMARK
- THE GOVERNMENT OF THE FEDERAL REPUBLIC OF GERMANY
- THE GOVERNMENT OF THE FRENCH REPUBLIC
- THE GOVERNMENT OF THE HELLENIC REPUBLIC
- THE GOVERNMENT OF IRELAND
- THE GOVERNMENT OF THE ITALIAN REPUBLIC
- THE GOVERNMENT OF THE GRAND DUCHY OF LUXEMBOURG
- THE GOVERNMENT OF THE KINGDOM OF THE NETHERLANDS
- THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND

of the one part, and

THE GOVERNMENT OF INDIA

of the other part,

HAVE AGREED AS FOLLOWS:

Article 1

The Provisions of Articles 1 to 5 of the Agreement for Commercial and Economic Cooperation between the European Economic Community and India signed in _____ on _____ shall also apply in the matters covered by the Treaty establishing the European Coal and Steel Community.

Article 2

This Protocol shall apply to the territories to which the Treaty establishing the European Coal and Steel Community applies, on the conditions laid down in that Treaty, and to the territory of India.

[Handwritten signature]

[Handwritten mark]

Article 3

This Protocol shall enter into force on the first day of the month following the date on which the Contracting Parties notify each other of the completion of the procedures necessary for this purpose. It shall cease to apply if the Agreement referred to in Article 1 is denounced.

Article 4

This Protocol is drawn up in two copies in the Danish, Dutch, English, French, German, Greek, Hindi and Italian languages, each text being equally authentic.

