

**Understanding on the Free Trade Agreement between the
Government of the People's Republic of China and the government
of the Islamic Republic of Pakistan**

Parties hereby agree as follows:

1. For the products listed in Category I, Category II, Category III and Category IV as provided in Annex I of the *Free Trade Agreement between the Government of the People's Republic of China and the government of the Islamic Republic of Pakistan (Agreement)*, neither Party may increase any existing import customs duty, or adopt any new import customs duty, on a good of the other Party from the date of signing of the Agreement.

2. For the products listed in Category V as provided in Annex I of the Agreement,

- (i) During Phase I, Pakistan shall bind the import customs duties to the level of no higher than 50% of its bound rates in WTO.
- (ii) During Phase I, In the case of tariff lines which are not bound in WTO, Pakistan shall bind the import customs duties of the products at the level of less than 50% to a ceiling rate of 50%; and the import customs duties of products with 50-90% to the level no higher than the ceiling rate of 130%.
- (iii) During Phase II, the applied MFN tariff rates of the end year of Phase I shall be the ceiling of the import customs duties of the products listed in Category V.
- (iv) Reduction/elimination of the import customs duties of the products listed in Category V shall be based on the applied MFN tariff rates of the end year of Phase I, and unless agreed otherwise

by the Parties, the import customs duties of the products listed in Category V shall not be increased thereof by both Parties.

3. This Understanding shall be done in Chinese and English. The two texts of this Understanding are equally authentic.

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

DONE at Islamabad, the Islamic Republic of Pakistan, in duplicate, the twenty-fourth day of November two thousand and six.

For and on behalf
of the Government of
the People's Republic of China

For and on behalf
of the Government of
the Islamic Republic of Pakistan

Minister of Commerce

Minister of Commerce