



REPUBLIK INDONESIA

**PREFERENTIAL TRADE AGREEMENT BETWEEN
THE GOVERNMENT OF THE REPUBLIC OF INDONESIA
AND THE GOVERNMENT OF THE REPUBLIC OF MOZAMBIQUE**

Preamble

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

RECALLING the Joint Ministerial Statement on the Launching of the Negotiations for Indonesia-Mozambique Preferential Trade Agreement which was agreed by the Minister of Industry and Trade of the Republic of Mozambique and the Minister of Trade of the Republic of Indonesia on 11 April 2018;

CONSCIOUS of their longstanding friendship and cooperation;

EXPECTING that this Agreement will create a new climate for economic cooperation between the Parties;

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

ACKNOWLEDGING that this Agreement will facilitate enterprises including the small and medium enterprises of both sides to benefit from closer economic relations;

BEARING IN MIND that the expansion of mutual trade and economic relations will foster further cooperation between the Parties;

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

BELIEVING that this Agreement could promote business collaborations and 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; and

RECOGNISING that elimination of barriers to trade through this Agreement will contribute to the expansion of bilateral trade;

HAVE AGREED as follows:

Article 1

Establishment of a Preferential Trade Agreement

The Parties hereby establish a Preferential Trade Agreement in accordance with Article XXIV of the General Agreement on Tariff and Trade in Annex 1A to the WTO Agreement (hereinafter referred to as "GATT 1994").

Article 2

Definitions

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

- (a) "days" means calendar days, including weekends and holidays;
- (b) "goods" constitute commodities and products under the Harmonized Commodity Description and Coding System;
- (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) "tariffs" mean import duties included in the national tariff schedules of the Parties;
- (e) "WTO Agreement" means the Marrakesh Agreement Establishing the World Trade Organization, done at Marrakesh, April 15, 1994, as may be amended.

Article 3

Objective

The objective of this Agreement is to strengthen trade relations between the Parties, particularly through:

- (a) reduction or elimination of tariffs on trade in goods;
- (b) elimination of non-tariff barriers on trade in goods.

Article 4
Annexes

The Annexes to this Agreement shall constitute an integral part of this Agreement.

Article 5
Scope

This Agreement covers the lists of products as set out in Annexes I and II.

Article 6
Reduction or Elimination of Tariff

1. The Most Favoured Nation (hereinafter referred to as "MFN") applied tariff rates of the Parties of 2017 on all products covered under this Agreement shall be reduced and, where relevant, eliminated in accordance with their respective schedule of tariff commitments set out in Annexes I and II.
2. If the MFN tariff rate of a Party is lower than the preferential tariff rate provided for in its schedule of tariff commitments in Annexes I and II, that Party shall apply the lower rate to the originating good of the other Party.

Article 7
National Treatment

Each Party shall accord national treatment to the goods of the other Party in accordance with Article III of GATT 1994. To this end, Article III of GATT 1994 shall be incorporated into and made part of this Agreement, *mutatis mutandis*.

Article 8
Rules of Origin

The rules of origin, as stipulated under Annex III shall be applicable to the goods covered under this Agreement to qualify for tariff preference.

Article 9

Antidumping and Countervailing Measures

1. The rights and obligations of the Parties related to antidumping and countervailing measures shall be governed by Article VI of GATT 1994, the Agreement on Implementation of Article VI of GATT 1994 in Annex 1A of the WTO Agreement (hereinafter referred to as "AD Agreement") and the Agreement on Subsidies and Countervailing Measures in Annex 1A of the WTO Agreement (hereinafter referred to as the "SCM Agreement").
2. This Agreement does not confer any additional rights or obligations on the Parties with regard to the application of antidumping and countervailing measures, as referred to in paragraph 1.
3. For greater certainty, antidumping and countervailing measures taken inconsistent with Article VI of GATT 1994, the AD Agreement and the SCM Agreement shall not be subject to Article 16 of this Agreement.

Article 10

Safeguard Measures

1. Each Party retains its rights and obligations under Article XIX of GATT 1994 and the Agreement on Safeguards in Annex 1A of the WTO Agreement (hereinafter referred to as "Safeguards Agreement"), and any other relevant safeguard provisions in the WTO Agreement.
2. This Agreement does not confer any additional rights or obligations on the Parties with regard to safeguard measures taken pursuant to Article XIX of GATT 1994 and the Safeguards Agreement.
3. For greater certainty, safeguard measures taken inconsistent with Article XIX of GATT 1994 and the Safeguard Agreement shall not be subject to Article 16 of this Agreement.

Article 11

Technical Barriers to Trade

1. The Parties reaffirm their commitment to the Agreement on Technical Barriers to Trade in Annex 1A of the WTO Agreement (hereinafter referred to as "TBT Agreement"), and to facilitate access to each Party's market, while respecting legitimate objectives, *inter alia*, national security, prevention of deceptive practices, protection of human health or safety, animal or plant life or health, or the environment.
2. The Parties shall establish a consultation mechanism or any appropriate measure to enhance cooperation and facilitate the exchange of information to effectively address problems and obstacles potentially resulting from technical barriers to trade measures.

Article 12

Sanitary and Phytosanitary Measures

1. The Parties reaffirm their existing rights and obligations with respect to each other under the Agreement on the Application of Sanitary and Phytosanitary Measures in Annex 1A to the WTO Agreement (hereinafter referred to as "SPS Agreement").
2. The Parties commit to apply the principles of the SPS Agreement in the development, application, or recognition of any sanitary or phytosanitary measure with the intent to facilitate trade among the Parties while protecting human, animal, or plant life or health in the territory of each Party.
3. The Parties agree to exchange information on the application of sanitary and phytosanitary measures with regard to regulation, standards and procedure.
4. The Parties agree to co-operate in the areas of animal health and plant protection and food safety through their respective competent authorities.

Article 13

Customs and Trade Facilitation

1. Each Party shall apply its customs legislation and other trade-related laws and regulations in a predictable, consistent, transparent, and non-discriminatory manner and shall ensure that its customs procedures are consistent with international standards and recommended practices.
2. The customs administration of each Party shall cooperate in order to simplify and harmonise its customs procedures through capacity building, training, and knowledge sharing.

Article 14

Transparency

1. Each Party shall ensure that its laws, regulations, procedures relating to any trade matter covered by this Agreement are published or made publicly available, whether in print or in electronic form to the extent practicable and in a manner consistent with laws and regulations.
2. A Party shall, upon request of the other Party, provide information and reply in the English language to any question within a period of 30 (thirty) days, relating to proposed or actual measures that might affect the operation of this Agreement.

Article 15

Joint Committee

1. The Parties hereby establish a Joint Committee on the implementation of this Agreement (hereinafter referred to as the "Joint Committee") consisting of representatives of the Parties.
2. The functions of the Joint Committee shall be to:
 - a. review the implementation and operation of this Agreement;
 - b. consider any matter that may affect the operation of this Agreement; and
 - c. carry out any other function as the Parties may agree.
3. The Joint Committee shall meet at least once in every two year, unless the Parties agree otherwise, to review the progress made in the implementation of this Agreement.

4. The Joint Committee shall set out its rules of procedures during its first meeting.
5. Decisions of the Joint Committee shall be taken by consensus.
6. The Joint Committee may also establish any other sub-committees or working groups as it deems necessary.

Article 16

Dispute Settlement

1. The Parties shall at all times endeavor to agree on the interpretation and implementation of this Agreement and shall make every attempt through cooperation and consultations to avoid disputes between them.
2. Any disputes arising from the interpretation or application of this Agreement shall first be settled amicably through bilateral consultations.
3. The request for consultations shall be in writing through diplomatic channel and shall include the reasons for the request, including the identification of the measure at issue and an indication of the legal basis for the complaint, and provide sufficient information to enable an examination of the matter.
4. If the Parties fail to resolve a dispute within 60 (sixty) days, or another period of time agreed by the Parties, after the date of receipt of the request for consultations provided under paragraph 3, the complaining Party may request in writing the establishment of an Arbitration Panel.
5. The Arbitration Panel shall comprise of three arbitrators, where each Party shall appoint, within 20 (twenty) days of the date of referral, one arbitrator, and the Parties shall choose, within 45 (forty five) days of the date of referral, a third arbitrator who will serve as the chairperson.
6. The third arbitrator shall not be a national of either Party and shall be a national of a state having diplomatic relations with both Parties at the time of appointment.
7. The date of establishment of the Arbitration Panel shall be the date on which the chairperson is appointed.
8. All arbitrators shall:
 - (a) be chosen strictly on the basis of objectivity, reliability, and sound judgment;

- (b) have specialised knowledge or experience in law, international trade or other matters relating to this Agreement or in the resolution of disputes arising under international trade agreements; and
- (c) shall be independent, serve in their individual capacities and not be affiliated with, nor take instructions from any Party or organisation related to this dispute.

9. Unless otherwise decided by the Parties, Arbitration Panel proceedings shall take place in the territory of the Party complained against. The Parties shall establish the Rules of Procedure of the Arbitration Panel within two years after the entry into force of this Agreement.

10. Each Party shall bear the expenses of its appointed arbitrator and its own expenses. The expense of the chairperson of the Arbitration Panel and other expenses associated with the conduct of the proceedings shall be borne equally by the Parties.

11. The Parties shall take the necessary measures to implement the decision of the Arbitration Panel. If a Party fails to implement the decisions, the other Party shall have the right to withdraw the equivalent preferential treatment. Such withdrawal shall be a temporary until the decision is implemented or a mutually satisfactory solution is reached.

Article 17

Relation to Other Agreements

Each Party reaffirms its rights and obligations under the WTO Agreement and other international agreements to which the Parties are party. This Agreement shall not prevent the establishment of customs unions, free trade areas, preferential trade agreements, multilateral trade agreements, or cross-border trade arrangements between a Party and other states.

Article 18

Contact Points

Each Party shall designate a contact point to facilitate communication among the Parties on any matter relating to this Agreement. A Party shall notify the other Party promptly of any amendment to the details of its contact point.

Article 19

Review

This Agreement is subject to review after two years of the entry into force of this Agreement or at any time on the request of a Party. The review shall be undertaken by the Joint Committee.

Article 20

Work Programme

1. The Parties shall conclude the discussions on Product Specific Rules (Attachment B of Annex III) within one year of the date of entry into force of this Agreement, unless otherwise agreed by the Parties.
2. Product Specific Rules (Attachment B of Annex III) shall enter into force on date to be agreed by the Parties.

Article 21

Amendment

1. Any Party shall notify in writing to the other Party of its intention to modify, or amend any provision or concession under this Agreement.
2. Any modification or amendment of this Agreement or its Annexes shall upon the agreement of the Parties and shall constitute an integral part of this Agreement.
3. Such amendment shall enter into force 60 (sixty) days, or as otherwise agreed by the Parties, after the receipt of the latter diplomatic note confirming that all procedures required by the national legislation of each Party for the entry into force of the modification or amendment have been completed.

Article 22

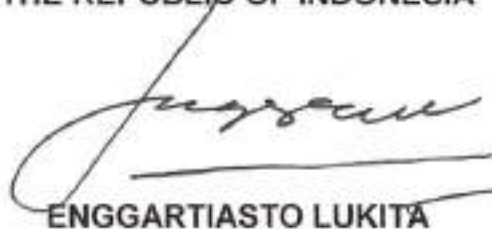
Final Provisions

1. This Agreement shall enter into force 60 (sixty) 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 unless terminated by either Party.
3. Either Party may terminate this Agreement by a written notification to the other Party. This Agreement shall expire 180 (one hundred eighty) days after the date of such notification.

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

DONE in duplicate at Maputo, Mozambique, on 27 August 2019, in the English, Indonesian, and Portuguese languages. All texts being equally authentic. In case of any dispute arising from the interpretation of this Agreement, the English text shall prevail.

**FOR THE GOVERNMENT OF
THE REPUBLIC OF INDONESIA**



ENGGARTIASTO LUKITA
Minister of Trade

**FOR THE GOVERNMENT OF
THE REPUBLIC OF MOZAMBIQUE**



RAGENDRA BERTA DE SOUSA
Minister of Industry and Trade