

**FRAMEWORK AGREEMENT
BETWEEN
THE KINGDOM OF THAILAND AND
THE KINGDOM OF BAHRAIN
ON CLOSER ECONOMIC PARTNERSHIP**

PREAMBLE

**The Governments of the Kingdom of Thailand and the Kingdom of Bahrain,
hereinafter called individually "the Party" and collectively "the Parties";**

Desiring to strengthen the special bonds of friendship and economic relations and co-operation that exist between them with a view to raising living standards, promoting economic growth, investment opportunities, employment, development and prosperity;

Desiring to raise the capacity and international competitiveness of their goods and services;

Aspiring to promote their mutual interests through liberalization and expansion of trade and investment between them and with a view to establishing a Free Trade Area;

Re-affirming their respective rights and obligations under existing bilateral, regional and multilateral agreements and in conformity with Article XXIV of the General Agreement on Trade and Tariffs 1994 ("GATT") and Article V of the General Agreement on Trade in Services ("GATS");

Re-affirming their commitments to strengthen and reinforce the multilateral trading system as reflected by the World Trade Organisation ("WTO") and to contribute to regional and international co-operation; and

According to the Joint Declaration on Bahrain-Thailand Closer Economic Partnership;

HAVE AGREED as follows:

**ARTICLE 1
OBJECTIVES**

The Parties shall use their best endeavours to:

1. create favourable conditions for greater economic co-operation and to promote fair competition;
2. eliminate barriers to trade in, and facilitate the cross-border movement of, goods and services between the territories of the Parties;
3. increase substantially investment opportunities in the territories of the Parties;
4. create effective procedures for the implementation and application of this Agreement; and
5. provide adequate and effective protection and enforcement of intellectual property rights in the territories of the Parties.

ARTICLE 2

TRADE IN GOODS

1. Each Party shall reduce its customs duties on goods originating from the territory of the other Party by the 29th Day of December 2002 to between zero (0%) per cent and three (3%) per cent in accordance with the list set out in the Schedule annexed hereto and shall use its reasonable endeavours to reduce the customs duties for commodity tariff lines in stages to zero percent (0%) by 2010.
2. Each Party shall:
 - 2.1 not impose any other duty (other than customs duties) which have an equivalent effect;
 - 2.2 not impose quantitative restrictions on imports originating in the territory of the other party; and
 - 2.3 endeavour to reduce non-tariff barriers on goods (other than those non-tariff barriers permitted by the WTO.)
3. Neither of the Parties shall introduce a new customs duty or new quantitative restrictions on imports between the two Parties.

4. If one Party to this Agreement finds that the other Party is dumping goods in its territory, then the Parties agree to apply the provisions of the WTO Agreement on Implementation of Article VI of GATT 1994 ("the WTO Anti-Dumping Agreement") to prevent such dumping. In any event the parties agree to under take consultations before the imposition of any final anti-dumping duties.

ARTICLE 3

RULES OF ORIGIN

1. Each Party shall, in a manner consistent with the objectives of this Agreement endeavour to administer effectively and uniformly the rules regarding eligibility for preferential tariff treatment set out in this Agreement.

2. Originating goods and products imported into the territory of the Parties shall be eligible for preferential tariff treatment if they conform to the following requirements;

2.1 The goods or products were wholly produced by or obtained from natural resources arising in the territory of the exporting Party; or

2.2 the goods or products were partly produced in the territory of the exporting Party and have value added of at least 40%.

3. Guidelines for implementation of the Rules of Origin will be established by the Joint Committee.

ARTICLE 4

TRADE IN SERVICES

1. This Article applies to measures by a Party affecting trade in services between the Parties.

2. With respect to market access each Party shall accord services and service suppliers of the other Party treatment no less favourable than that provided for under the terms, limitations and conditions to be agreed and specified by the Technical Working Group.

3. Each Party shall liberalize and promote trade in services giving priority to finance, including banking, Islamic banking, insurance and joint ventures, education and training,

tourism, healthcare, transport and communication, and construction, by the 1st of January 2004.

ARTICLE 5
INVESTMENT

1. Each Party shall encourage and create favourable conditions for investors of the other Party to invest in its territory and to collaborate through joint ventures, joint investments or any other form of investment.

2. This Article shall be construed in accordance with the Agreement between the Parties for the Promotion and Protection of Investments signed on the 21st of May 2002.

ARTICLE 6
SAFEGUARD MEASURES

A Party shall apply safeguard measures, either in the form of a duty or quantitative restrictions, only to the extent necessary to prevent or remedy serious injury in accordance with WTO rules and regulations.

ARTICLE 7
ECONOMIC CO-OPERATION

1. The Parties shall foster economic co-operation between them in all areas, including energy, finance, including banking, Islamic banking, insurance and joint ventures, manufacturing, trade and investment, promotion and facilitation, mobility of business people, transportation, fisheries, information and communication technology, customs procedures and quarantine, and standards and specifications in accordance with the objectives of this Agreement.

2. This Agreement shall be construed in accordance with the Agreement between the Parties on Economic, Trade and Technical Co-operation signed on the 3rd of November 2001.

ARTICLE 8
JOINT COMMITTEE

1. A Joint Committee composed of representatives of the Parties and headed by Thailand's Minister of Commerce and Bahrain's Minister of Finance & National Economy, or their

designees shall supervise the proper implementation of this Agreement and shall review the economic and trade relationship between the Parties.

2. The Joint Committee shall have the following extended functions under this Agreement:

2.1 Reviewing the implementation of this Agreement generally and specifically with regard to the objectives of the customs union established under the Economic Agreement between the Gulf Co-operation Council Member States and Thailand's commitment under ASEAN;

2.2 Providing interpretation and guidelines for implementation of this Agreement;

2.3 Considering and making recommendations on the amendment or introduction of additional annexes, commitments or schedules to this Agreement or modification to the commitments subject to the domestic legal requirements of each Party;

2.4 Preparing the Schedules to be annexed hereto;

2.5 Facilitating the avoidance and settlement of disputes, through consultation; and

2.6 Any other related issues to this Agreement.

3. The Joint Committee may establish and delegate responsibilities to working groups or ad-hoc task forces.

4. The Joint Committee shall convene as and when necessary.

ARTICLE 9

MISCELLANEOUS PROVISIONS

1. Any dispute arising between the Parties regarding the interpretation, application or implementation of this Agreement shall be settled amicably by consultation between the Parties.

2. This Agreement may be amended by the written consent of the Parties.

ARTICLE 10

ENTRY INTO FORCE AND TERMINATION OF THE AGREEMENT

1. This Agreement shall enter into force on the 29th day of December 2002. Each Party will exchange notices of fulfillment of the Parties' respective domestic procedures regarding the approval and ratification thereof.

2. This Agreement shall remain in force unless terminated by either Party upon six months notice in writing.

DONE on the 29th day of December 2002 in duplicate copies in the English language, with all copies being equally authentic.

For the Government of
the Kingdom of Thailand

Adisai Bodharamik
Minister of Commerce

For the Government of
the Kingdom of Bahrain

Abullah Hassan Saif
Minister of Finance
and National Economy