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Memorandum of Understanding

Between

The Ministry of Privatization and Investment of  
the Islamic Republic of Pakistan

And

The Ministry of Commerce of the People's Republic of China

On

The Strengthening of Cooperation between Corporate Entities of the Two  
Countries in the Manufacturing Sector

The Ministry of Privatization and Investment of the Islamic Republic of  
Pakistan (hereinafter referred to as the Pakistani side) and the Ministry  
of Commerce of the People's Republic of China (hereinafter referred to  
as the Chinese side), in light of the time-honored friendship between the  
peoples of the two countries and friendly and cooperative relationship  
between the two governments, desire to strengthen cooperation between  
corporate entities of the two countries for promoting investments in  
Pakistan in the manufacturing sector on the basis of equality and mutual  
benefit.

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Article 1

The two sides are aware of the significance of manufacturing sector to the national economic development of a country. The two sides agree to jointly create a favorable environment in the manufacturing sector.

The Chinese side shall, by providing support in financing, insurance, foreign exchange, etc. and by providing investment facilitation, encourage Chinese enterprises to invest in manufacturing sector in Pakistan.

The Pakistani side shall grant Chinese enterprises treatment no less favorable than that enjoyed by any other enterprise, and shall offer them a set of more preferential policies in ~~specific~~ economic zones and facilitation in terms of investment, taxation, ~~import & export~~, personnel entry into and exit from Pakistan, work permit, staff employment, personal and property safety, etc.

Article 2

The two sides agree that the forms to strengthen cooperation in

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manufacturing between the two governments and enterprises from the two countries shall include, but not be limited, to the following:

- ◆ Exchange of Information on Investment Policies and Projects,
- ◆ Regular Sharing of Information on Industry Standards and Cooperation on the Formulation of the Standards,
- ◆ Research and Development.

#### Article 3

The two sides believe that sound bilateral cooperation in household appliances is already in place and are committed to further expanding the cooperation into other fields of manufacturing sector.

#### Article 4

The two sides express their readiness to support and promote cooperation between Chinese enterprises of well-known brands and the Government and enterprises of Pakistan, to participate in the establishment of Pakistan's industrial chain for household appliances, and to implement projects in the foregoing areas by way of investment, research and development, formulation of industry standards, establishment of

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certification and testing laboratories, logistics, sales, services, etc.

Article 5

A Working Group for Cooperation in the manufacturing sector (hereinafter referred to as the Working Group) shall be established between the Ministry of Privatization and Investment and other relevant departments of the Islamic Republic of Pakistan and the Ministry of Commerce and other relevant departments of the People's Republic of China, with the responsibility of promoting cooperation between relevant departments and enterprises on both sides and the implementation of this Memorandum of Understanding. The Working Group would function under the Bilateral Joint Economic Commission.

Article 6

The Working Group shall, with mutual consent, hold meetings in China or Pakistan alternately, to deliberate on issues in connection with the implementation of this Memorandum of Understanding.

Article 7

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This Memorandum of Understanding shall enter into force and effect on the date of its execution and shall remain valid for a term of two years. Upon expiration of the two-year term, unless either side objects, it shall be extended for another two-year term. The objecting side should notify the other side six months prior to the expiration date, in which event this Memorandum of Understanding shall terminate.

Done in duplicate in Islamabad on this day April 5, 2005 in the English and Chinese languages, both texts being equally authentic.

For and on behalf of

Islamic Republic of Pakistan

Ministry of Privatization & Investment

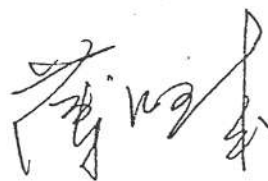


Minister for Privatization & Investment

For and on behalf of

People's Republic of China

Ministry of Commerce



Minister of Commerce

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