

## ANNEX B

### SAARC AGREEMENT ON TRADE IN SERVICES (SATIS)

#### PREAMBLE

The Governments of the South Asian Association for Regional Cooperation (SAARC) Member States comprising the Islamic Republic of Afghanistan, People's Republic of Bangladesh, the Kingdom of Bhutan, the Republic of India, the Republic of Maldives, Nepal, the Islamic Republic of Pakistan and the Democratic Socialist Republic of Sri Lanka hereinafter referred to individually as "Contracting State" and collectively as "Contracting States";

**Being committed** to strengthen SAARC economic cooperation to maximise the realization of the region's potential for trade and development for the benefit of their people, in a spirit of mutual accommodation, with full respect for the principles of sovereign equality, independence and territorial integrity of all States;

**Recognising** that regional trading arrangements both in goods and services in SAARC shall act as avenues for achieving objectives of economic development and growth in the region by expanding intraregional investment and production opportunities;

**Noting** that the Agreement on South Asian Free Trade Area (SAFTA) provides for trade liberalization on a preferential basis in trade in goods;

**Being convinced** of the increasing role that the services sector is playing in the economies and trade of the Contracting States; and immense potential to augment intra-regional trade in services in a mutually beneficial manner; and also

**Recognizing** further that Least Developed countries in the region need to be accorded special and differential treatment commensurate with their development needs;

**Have agreed as follows:**

ARTICLE I  
DEFINITIONS

For the purposes of this Agreement:

1. **a juridical person is:**

- 1.1 **owned** by persons of a Contracting State if more than 50 per cent of the equity interest in it is beneficially owned by persons of that Contracting State;
- 1.2 **controlled** by persons of a Contracting State if such persons have the power to name a majority of its directors or otherwise to legally direct its actions;
- 1.3 **affiliated** with another person when it controls, or is controlled by, that other person, or when it and the other person are both controlled by the same person;

2. **a service supplied in the exercise of governmental authority** means any service which is supplied neither on a commercial basis nor in competition with one or more service suppliers;

3. **aircraft repair and maintenance services** mean such activities when undertaken on an aircraft or a part thereof while it is withdrawn from service and do not include so-called line maintenance;

4. **commercial presence** means any type of business or professional establishment, including through:

- 4.1 the constitution, acquisition or maintenance of a juridical person, or
- 4.2 the creation or maintenance of a branch or a representative office, within the territory of a Contracting State for the purpose of supplying a service;

5. **computer reservation system (CRS) services** mean services provided by computerized systems that contain information about air carriers' schedules, availability, fares and fare rules, through which reservations can be made or tickets may be issued;

6. **direct taxes** comprise all taxes on total income, on total capital or on elements of income or of capital, including taxes on gains from the alienation of