

**AGREEMENT OF CO-OPERATION BETWEEN
GOVERNMENT OF NEPAL AND
THE GOVERNMENT OF INDIA TO CONTROL
UNAUTHORIZED TRADE**

The Government of Nepal and the Government of India (hereinafter also referred to as the Contracting Parties).

KEEN to sustain the good neighbourliness through mutually beneficial measures at their common border which is free for movement of persons and goods.

Have agreed as follows:

Article I

The Contracting Parties, while recognizing that there is a long and open border between the two countries and there is free movement of persons and goods across the border and noting that they have the right to pursue independent foreign trade policies, agree that either of them would take all such measures as are necessary to ensure that the economic interests of the other party are not adversely affected through unauthorized trade between the two countries.

Article II

The Contracting Parties agree to co-operate effectively with each other, to prevent infringement and circumvention of the laws, rules and regulations of either country in regard to matters relating to Customs, Narcotics and Psychotropic Substances, Foreign Exchange and Foreign Trade and shall for this purpose assist each other in such matters as consultation, enquiries and exchange of information with regard to matters concerning such infringement or circumvention.

Article III

Subject to such exception as may be mutually agreed upon, each Contracting Party shall prohibit re-exports to the territory of the other Contracting Party of goods imported from third countries without manufacturing activity.

However, the above shall not be applicable in case of the export of Nepalese goods into India under the procedure set out in protocol V to the Treaty of Trade between Government of Nepal and the Government of India.

There will be no restriction on re-export from the territory of a Contracting Party to third countries of the goods imported from the other Contracting Party without manufacturing activity in the Contracting Party.

Article IV

Each Contracting Party will;

- (a) prohibit and take appropriate measures to prevent import from the territory of the other Contracting Party of goods liable to be re-exported to third countries from its territory and the export of which from the territory of the other Contracting Party to its territory is prohibited;
- (b) in order to avoid inducement towards diversion of imported goods to the other Contracting Party, take appropriate steps through necessary provisions relating to Baggage Rules, gifts and foreign exchange authorization for the import of goods from third countries.

Article V

The Contracting Parties shall compile and exchange with each other statistical and other information relating to unauthorized trade across the common border. They also agree to exchange with each other regularly the lists of goods the import and export of which are prohibited, or restricted or subject to control according to their respective laws and regulations.

Article VI

The respective heads of the Border Customs Offices of each country shall meet regularly with his counterpart of appropriate status at least once in two months alternately across the common border:

- (a) to co-operate with each other in the prevention of unauthorized trade;
- (b) to maintain the smooth and uninterrupted movement of goods across their territories;
- (c) to render assistance in resolving administrative difficulties as may arise at the field level.

Article VII

In order to facilitate effective and harmonious implementation of this Agreement, the Contracting Parties shall consult each other regularly.

Article VIII

- (a) This Agreement shall come into force on the date of its signature. It shall supersede the Agreement of Cooperation to Control Unauthorized Trade concluded between the Government of Nepal and the Government of India on 6th December 1991, as amended or modified from time to time.

- (b) This Agreement shall remain in force for a period of seven years. It may be renewed for further periods of seven years, at a time, by mutual consent subject to such modifications as may be agreed upon.
- (c) In witness whereof the undersigned being duly authorized by their respective governments have signed this Agreement.

Done in duplicate in Hindi, Nepali and English languages, all the texts being equally authentic, at Kathmandu on 27th October 2009. In case of doubt, the English text will prevail.

(Rajendra Mahto)
Minister of Commerce and Supplies
For the Government of Nepal

(Anand Sharma)
Minister of Commerce and Industry
For the Government of India