APPENDIX 4

Agreement on Trade and Commerce between India and Bhutan, 1972

The Royal Government of Bhutan and the Government of India.

Conscious of the age-old ties between India and Bhutan and animated by the desire to strengthen them.

Recalling Article V of the Treaty of Perpetual Peace and Friendship between India and Bhutan, 1949, which provides for free trade and commerce between their territories;

Convinced of the benefits which can accrue to their people from the expansion of trade and from collaboration in economic development.

Have, in furtherance of the said Article of the Treaty, agreed as follows:

Article I: There shall, as heretofore, be free trade and commerce between the territories of the Government of India and of the Royal Government of Bhutan.

Article II: The two Governments will, in agreement with each other, identify the areas of cooperation and complimentarily in their agricultural, industrial and commercial plans, with a view to further the economic development of Bhutan.

Article III: The Government of India agree to provide, as appropriate, technical and financial assistance to the Royal Government of Bhutan for the development and diversification of Bhutan's economy.

Article IV: (1) The King of Bhutan will continue to enjoy freedom from import duties on goods imported from third countries on the same basis as heretofore.

(2) The Royal Government of Bhutan will continue to enjoy as heretofore freedom from import duties in respect of goods imported on official account from third countries for consumption in Bhutan or from export duties in respect of goods of Bhutanese origin exported on official account to third countries.

Article V: Except as provided in Article IV, exports to and imports from third countries shall continue to be regulated in accordance with the laws, rules and regulations relating to imports, exports and foreign exchange applicable in India.
Article VI: The Government of India agree to provide foreign exchange to the extent possible for import into Bhutan of such items as are essential for the diversification and growth of Bhutan's economy.

Article VII: The subjects of Bhutan and the citizens of India will have the right to carry on trade in each other's country, subject to such exceptions as may be mutually agreed upon.

Article VIII: To ensure the effective and harmonious implementation of this Agreement, the two Governments undertake to consult each other periodically, so that such difficulties as may arise in its implementation are resolved satisfactorily and speedily. The Royal Government of Bhutan also agrees to consult the Government of India in regard to its commercial, economic and trade relations with foreign countries.

Article IX: The Agreement shall come in force upon signature. It shall remain in force for a period of 10 years. It shall continue to be in force thereafter for a further period of 10 years unless terminated by either party by giving notice in writing of not less than one year.

Done at Thimphu on the Seventeenth day of January 1972, in two originals in the English language, both texts being equally authentic.

Sd/-
His Royal Highness Namgyal Wangchuck, Minister for Trade and Industry, Royal Government of Bhutan, Thimpu, For the Royal Government of Bhutan

Sd/-
Shri B.S. Das, Representative of India in Bhutan (Ambassador Extraordinary and Plenipotentiary), For the Government of India.