

AGREEMENT
ON
TRADE, COMMERCE AND TRANSIT
BETWEEN
THE GOVERNMENT OF THE REPUBLIC OF INDIA
AND
THE ROYAL GOVERNMENT OF BHUTAN

The Government of the Republic of India and the Royal Government of Bhutan,

Conscious of the age-old ties between India and Bhutan and with a desire to strengthen them,

Convinced of the benefits which accrue to their people from the free trade and commerce between the two countries, expansion of the bilateral trade and collaboration in economic development,

Have, in furtherance of the aforementioned objectives, agreed as follows:

ARTICLE - I

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

ARTICLE - II

Notwithstanding Article - I, the Royal Government of Bhutan may, henceforth, impose such non-tariff restrictions on the entry into Bhutan of certain goods of Indian origin as may be necessary for the protection of industries in Bhutan. Such restrictions, however, will not be stricter than those applied to goods of third country origin.

ARTICLE - III

Notwithstanding Article - I, the Governments of the two countries may impose such non-tariff restrictions on entry into their respective territories of goods of third country origin as may be necessary.

ARTICLE - IV

In view of the free movement of goods flowing between the two countries and of the possibility of the flow from one to the other of goods of third country origin, the Governments of the two countries shall have annual consultations.

ARTICLE - V

All exports and imports of Bhutan to and from countries other than India will be free from and not subject to customs duties and trade restrictions of the Government of the Republic of India. The procedure for such exports and imports and the documentation which are detailed in the Protocol to this Agreement, may be modified by mutual agreement from time to time.

ARTICLE - VI

Notwithstanding the foregoing provisions, either contracting party may maintain or introduce such measures or restrictions as are necessary for the purpose of:

- i. Protecting public morals;
- ii. Protecting human, animal and plant life;
- iii. Implementing laws relating to import and export of gold and silver bullion;
- iv. Safeguarding national treasures; and
- v. Safeguarding such other interests as may be mutually agreed upon.

ARTICLE - VII

Trade between India and Bhutan will continue to be transacted in Indian Rupees and Bhutanese Ngultrums.

ARTICLE - VIII

Each of the Governments agrees to provide appropriate refund to be mutually decided annually in respect of excise duties on goods of its origin exported to the other.

ARTICLE - IX

Merchant ships sailing under the flag of Bhutan shall be accorded treatment no less favourable than that accorded to ships of any other foreign country in respect of matters relating to navigation, entry into and departure from the Indian ports, use of ports and harbour facilities in India, as well as loading and unloading dues, taxes and other levies, except that the provision of this Article shall not extend to coastal trade.

