

AGREEMENT
BETWEEN
THE GOVERNMENT OF THE REPUBLIC OF INDIA
AND
THE GOVERNMENT OF MONGOLIA
ON TRADE AND ECONOMIC COOPERATION

The Government of the Republic of India and the Government of Mongolia (hereinafter referred to as the "Contracting Parties"),

being desirous to develop trade and economic cooperation between the two countries on principles of equality and mutual benefit on a long and stable basis in accordance with the provisions of the Treaty on Friendly Relations and cooperation between the Republic of India and Mongolia signed on 22nd February, 1994,

convinced that this Agreement would form the basis of favourable conditions for development of bilateral relations,

have agreed upon the following:

Article 1

The Contracting Parties shall encourage and develop trade and economic cooperation between the two countries within the framework of their laws and regulations.

Article 2

1. The contracting Parties shall accord to each other the most-favoured-nation treatment in respect of customs duties and all other taxes on imports and exports and the methods of levying such duties and taxes.

2. Either of the Contracting Parties, if it prescribes imports and exports licenses or permissions, shall grant the other Contracting Party treatment no less favourable than that granted to a third country in respect of such licenses or permissions.

3. The provisions 1 and 2 of this Article shall not, however, apply to the following advantages or preferences:

a) advantages or preferences resulting from a customs union or free trade area of which either of the Contracting Parties is a party;

b) advantages accorded by either of the Contracting Parties to contiguous countries for the purpose of facilitating frontier traffic;

c) advantages or preferences accorded by either of the Contracting Parties to a third country under an international agreement.

Article 3

1. Juridical and natural persons of the two countries shall be free to import and export goods and services from each other on the basis of counter trade, barter or any other internationally recognised form of business cooperation.

2. The import and export of goods and services shall be carried out on the basis of contracts concluded between juridical and natural persons of the two countries at international market prices.

3. Juridical and natural persons of the two countries may agree that legal disputes arising from contracts concluded in commercial or other economic matters shall be referred to arbitration.

4. The Contracting Parties shall not be responsible for the liability of their juridical and natural persons arising from their contracts.

Article 4

All payments of commercial nature between the two countries shall be made in freely convertible currencies.

Article 5

1. The Contracting Parties shall promote and facilitate the expansion of contracts between juridical and natural persons of the two countries, inter alia, through all forms including exchange of visits of delegations, participation in fairs and exhibitions and sharing of trade related information.

2. The Contracting Parties shall promote and facilitate the opening of branch offices of juridical and natural persons of the two countries in each other's territory in accordance with their national laws and regulations.

Article 6

The Contracting Parties shall encourage active participation of cottage, small, medium and large size enterprises in bilateral economic cooperation.

Article 7

All matters of trade and economic cooperation under this Agreement shall be as per standard international trade practices and in accordance with the laws and regulations of the two countries.

Article 8

1. This Agreement shall come into force on the date of its signing.

2. This Agreement is concluded for an indefinite period and shall be terminated upon expiry of six months period from the date when either of the Contracting Parties has given to the other Contracting Party written notice of its intention to terminate this Agreement.

In the event of termination of this Agreement, the contracts concluded between juridical and natural persons of the two countries which are under execution shall, till such execution is completed, be governed by the provisions of this Agreement.

3. This Agreement may be amended by mutual consent of the Contracting Parties.

4. Upon entry into force of this Agreement, the Trade Agreement between the Government of the Republic of India and the Government of Mongolia and of 8th February, 1978 stands terminated.

Done at Ulaan Baatar on this 16th day of September, 1996 in two originals each in the Hindi, Mongolian and English languages, all the texts being equally authentic. In case of any doubt in interpretation the English text shall prevail.

FOR THE GOVERNMENT OF
THE REPUBLIC OF INDIA

Y. K. Alagh

FOR THE GOVERNMENT OF
MONGOLIA

