

**TRADE AND PAYMENTS AGREEMENT¹ BETWEEN
THE GOVERNMENT OF INDIA AND THE
GOVERNMENT OF THE POLISH
PEOPLE'S REPUBLIC
Warsaw, 16 February 1978**

The Government of the Republic of INDIA

AND

The Government of the POLISH People's Republic,

HEREINAFTER referred to as Contracting Parties;

BEING DESIROUS of further expanding and strengthening of economic and trade relations between the two countries and increasing the volume of trade between them to as high a level as possible;

HAVE AGREED as follows :

Article I

1. The Contracting Parties shall, in every possible way, develop the trade relations between the two countries on the principle of equality and mutual benefit. During the period of validity of this Agreement, the trade shall be conducted on a balanced basis.
2. For this purpose, and for periodic reviews, imports, whether under credits or on deferred payment terms or on cash basis, relating to contracts concluded and to be concluded on the basis of this and earlier Indo-Polish Trade Agreements, shall be taken into account as and when payments are made. Likewise, payments for exports, payments in respect of obligations on account of commercial transactions under this Agreement, repayments of credits under the agreements on economic co-operation and payment of interest thereon, shall also be similarly taken into account.

1. Came into force on 1 January 1978.

Article II

1. (a) The Contracting Parties shall accord to each other most favoured-nation treatment in respect of import and export licences, customs duties and all other charges and taxes applicable to importation, exportation or transit of commodities.
(b) The Contracting Parties shall grant each other in respect of import and export licences or permission where such licences/permissions are prescribed under their regulations, treatment no less favourable than that granted to any other country.
2. Any advantage, favour, privilege or immunity granted by either Contracting Party to any product originating in the territory of a third country or destined for its territory shall be granted immediately and unconditionally to the like product originating in the territory of the other Contracting Party or destined to be imported into its territory.
3. The provisions of paragraphs 1 and 2 above shall not, however, apply to the grant or continuance of any :
 - (a) advantage accorded by either Contracting Party to contiguous countries for the purpose of facilitating frontier traffic;
 - (b) preference, or advantage, accorded by either Contracting Party to any country, as existing on the date of the conclusion of the present Agreement or in replacement of such preference or advantage that existed prior to the 10th April, 1947;
 - (c) advantage or preference accorded under any scheme for expansion of trade and economic co-operation among developing countries which is open for participation by developing countries and to which either of the Government is, or may become, a Party;
 - (d) advantage and preference resulting from a customs union and/or free-trade area of which either Government is, or may become, a Party.

Article III

1. The export and import of goods between the Contracting Parties during the period of validity of this Agreement will be carried out in accordance with the commodity lists which shall be agreed upon between them for every calendar year.

These lists do not exclude the possibility of trade in other goods, and may be modified, altered or renewed by mutual consent of the Contracting Parties.

2. The exchange of goods stipulated above shall be carried out in accordance with the export, import and foreign exchange regulations in force in both countries on the basis of contracts to be concluded between the Indian judicial and physical persons, including Indian state owned organisations and the Polish Foreign Trade Enterprises.
3. Import and export of goods stipulated in para 1 of this Article shall be effected provided that the said goods are internationally competitive as to the quality, prices and terms of delivery.

Article IV

The Contracting Parties shall render all possible assistance to facilitate the export and import of goods as provided for in para 1 of Article III of this Agreement.

Further, they shall, subject to laws, rules and regulations in force in either country, facilitate conclusion of long-term contracts for goods which are of importance to their economies.

Article V

The goods exported from the Republic of India to the Polish People's Republic and from the Polish People's Republic to the Republic of India are meant for use in Poland and India respectively and shall not be re-exported to any other country.

Article VI

For the purpose of promoting and diversifying trade between the two countries as well as expanding their cooperation in the fields of economy and technology, the Contracting Parties shall facilitate each other's participation in trade fairs to be held in either country, organisation of commercial and technical exhibitions by one Contracting Party in the territory of the other and contracts between the trade, manufacturing and end-user organisations.

Article VII

Recognising that the Indo-Polish Joint Commission for Economic, Trade, Technical and Scientific Cooperation has to play an important role in further development of cooperation between the two countries, the Contracting Parties undertake to work for expansion and

diversification of trade and development of economic cooperation in accordance with the decisions taken on the recommendations of the Joint Commission.

Article VIII

1. All payments of a commercial and non-commercial nature between the Republic of India and the Polish People's Republic shall be effected in non-convertible Indian rupees.

For this purpose, the Bank Handlowy W. Warszawie SA will maintain a Central Account with the Reserve Bank of India and one or more accounts with one or more commercial banks in India, authorised to deal in foreign exchange.

2. (a) The Central Account, maintained by the Bank Handlowy W. Warszawie SA with the Reserve Bank of India, will be used for depositing the rupee holdings of the Bank Handlowy W. Warszawie SA and for replenishing the accounts of the Bank Handlowy W. Warszawie SA with the authorised Indian commercial banks and for operating the technical credit.
(b) The accounts maintained by the Bank Handlowy W. Warszawie SA with the Indian commercial banks will be used for carrying out all other operations connected with the payments of a commercial and non-commercial nature, as mentioned above.
3. (a) The Central Account will be replenished by transfer of funds in Indian rupees from the accounts maintained by the Bank Handlowy W. Warszawie SA with the Indian commercial banks and by receipts under the technical credit.
(b) The accounts with the commercial banks will be replenished by transfers of funds from other similar accounts and from the Central Account.
4. (a) The payments permitted in accordance with the Indian Foreign Exchange Control Laws and Regulations shall be effected on the basis of this Agreement to the physical and juridical persons residing in the Polish People's Republic by the physical and juridical persons residing in the Republic of India by crediting the amounts of such payments to the accounts of the Bank Handlowy W. Warszawie SA with the Indian commercial banks.
(b) Likewise, the payments which are to be effected by the

physical and juridical persons residing in the Polish People's Republic to the physical and juridical persons residing in the Republic of India in accordance with the Polish Foreign Exchange Control Laws and Regulations shall be effected by debiting the accounts maintained by the Bank Handlowy W. Warszawie SA with the Indian commercial banks, under the instructions of the Bank Handlowy W. Warszawie SA.

Article IX

1. Upon expiry of this Agreement, any balance in the rupee accounts of Bank Handlowy W. Warszawie SA or any debt in connection with the grant of technical credit, or advances by commercial banks in India, shall be used during the ensuing 12 months for the purchase of Indian or Polish goods, as the case may be. Payments arising from contracts concluded before the expiry of this Agreement, but falling due after the expiry of this Agreement, shall, notwithstanding the expiry of this Agreement, continue to be effected in accordance with Article VIII of this Agreement, and be utilised for the purchase of Indian or Polish goods, as the case may be, during the ensuing 12 months.
2. If on the expiry of the said period of twelve months some balances are left outstanding, the Contracting Parties will hold consultations immediately for preparing a plan for liquidating the outstanding balances within a period of six months through purchase of goods, taking into account the special interest of the creditor.
3. However, in case there are still some outstanding balances after the expiry of this period, the Contracting Parties shall meet and evolve a mutually acceptable solution.

Article X

In order to facilitate the implementation of this Agreement, the Contracting Parties agree to consult each other in respect of matters connected with the trade and payments between them. For this purpose, the representatives of the Contracting Parties shall meet at the request of either Party at a place and date to be mutually agreed upon within forty five days of the request.

Article XI

The present Agreement shall come into force with effect from January 1, 1978 and shall remain valid for a period of three years.

DONE and signed in Warsaw on the 16th February, 1978 in two originals in English language, both being equally authentic.

On behalf of the Government
of the Republic of India

On behalf of the Government
of the Polish People's Republic

Sd/-

R. D. THAPAR
Secretary to the Government
of India, Ministry of Commerce

Sd/-

E. WISNIEWSKI
Deputy Minister of Foreign
Trade and Shipping

EDWIN WISNIEWSKI,
Deputy Minister of Foreign Trade and Shipping
of the Polish People's Republic.

Warsaw, 16th February, 1978

EXCELLENCY,

With reference to the Trade and Payments Agreement between the Government of the Polish People's Republic and the Government of the Republic of India signed to-day, it has been agreed between the Contracting Parties that with effect from January 1, 1981, all new trade and payments transactions between Poland and India shall be concluded and settled in freely convertible currency.

I should be grateful to you, Excellency, if you could confirm that the contents of this letter correctly set out the understanding reached between us.

The present letter and your confirmation will constitute an integral part of the said Trade and Payments Agreement.

Yours sincerely

Sd/-

EDWIN WISNIEWSKI

His EXCELLENCY
Mr. R. D. THAPAR
Secretary to the Government of India
Ministry of Commerce

(Letter in Confirmation not printed)
