

**TRADE AGREEMENT¹ BETWEEN THE
GOVERNMENT OF INDIA AND
THE GOVERNMENT OF THE
DEMOCRATIC REPUBLIC
OF AFGHANISTAN
Kabul, 24 June 1978**

The Government of the Republic of INDIA

AND

The Government of the Democratic Republic of AFGHANISTAN,

RECALLING the provisions of the Treaty² of trade and commerce between their two Governments, signed on 4th April, 1950 - especially Article 15 thereof,

DESIROUS OF further increase and diversification in trade, and -
WITH A VIEW TO FURTHER strengthening economic cooperation between the two countries;

HAVE AGREED as follows :

Article I

The two Governments shall, subject to the Laws, Regulations and Procedures in force in their respective countries from time to time take appropriate measures to facilitate and diversify trade between the two countries.

Article II

In order to advance the objectives of Article I of this Agreement, the two Governments shall also encourage relevant enterprises and organisations of their respective countries to explore the scope for long-term contracts and, where appropriate, to conclude such contracts.

1. Came into force on 24 June 1978.

2. IBTA Vol. 1 Doc. No. 33.

Article III

The two Governments undertake to grant import/export licences and permits in accordance with their respective Laws and Regulations relating to import/export and foreign exchange.

Article IV

- (1) The two Governments shall accord 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.
- (2) The provisions of Article IV(1) shall not, however, apply to the grant or continuance of any advantages or preferences accorded by either Government to contiguous countries to facilitate frontier traffic or to advantages or preferences resulting from a Customs Union or free trade area or any multilateral, regional or sub-regional arrangements for expansion of trade and economic cooperation among developing countries to which either of the Government is or may become a Party.

Article V

The two Governments agree to cooperate effectively with each other to prevent infringement and circumvention of the Laws, Rules and Regulations of either country in regard to matters relating to foreign exchange and foreign trade.

Article VI

The two Governments shall keep each other informed of developments in regard to their respective import and export policies.

Article VII

All payments and charges in connection with trade between the two countries shall be affected in freely convertible and transferable currencies through normal banking channels.

Article VIII

For the purpose of promoting the aims of this Agreement, a joint Committee of representatives to be designated by the respective Governments shall be established.

The Committee shall meet at least once a year, or as often as may be mutually agreed upon alternatively in India and Afghanistan.

The Committee shall :

- (a) review the implementation of the provisions of this Agreement;
- (b) examine and recommend measures for the solution of problems which may arise in the implementation of this Agreement or in the course of the development of trade between the two countries;
- (c) consider proposals made by either of the Governments, within the framework of this Agreement, aimed at further expansion and diversification of trade between the two countries.

Article IX

The present Agreement replaces the 'Trade and Payment Agreement'¹ signed between the Government of India and the Government of Afghanistan on the 3rd September, 1975.

This Agreement shall come into force provisionally upon signature and finally on the date of exchange of notes confirming the approval of this Agreement by the two Governments.

This Agreement shall be valid for a period of one year. The period of validity thereafter shall be automatically renewed for a period of one year each time unless one of the Parties gives to the other one month's notice in writing before the expiry of any such period, of its intention to terminate this Agreement.

DONE at Kabul on Saturday, 24th June, 1978, in two original copies in English language - both of which are equally authentic.

Sd/-

P.M.S. MALIK
Director,
Ministry of Commerce,
Government of the Republic
of India
(Leader of the delegation)

Sd/-

G.H. BAYAT
President of Foreign Trade,
Ministry of Commerce,
Government of the Democratic
Republic of Afghanistan
(Leader of the delegation)

1. IBTA Vol. 8 Doc. No. 575.