

**TRADE AGREEMENT<sup>1</sup> BETWEEN THE  
GOVERNMENT OF INDIA AND THE  
GOVERNMENT OF THE PEOPLE'S  
REPUBLIC OF BULGARIA**  
**Sofia, 5 December 1978**

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The Government of the Republic of INDIA

AND

The Government of the People's Republic of BULGARIA,

NOTING with satisfaction the successful development of economic and trade relations between the two countries;

BEING desirous of further promoting economic co-operation and expanding the volume of trade between the two countries and adhering to the general principles of the United Nations Conference on Trade and Development (UNCTAD);

HAVE AGREED as follows :

*Article I*

Both Governments shall in every possible way develop and strengthen the trade and economic relations between the two countries, on the basis of equality and mutual benefit. They will study and with utmost goodwill take decisions on the suggestions which either of them would like to present for consideration of the other with the purpose of achieving closer trade and economic relations.

*Article II*

Both Governments shall accord, upon importation and exportation of goods from one country to the other, all possible assistance and maximum facilities allowed by their respective laws, rules and regulations.

1. Came into force on 1 January 1979.

*Article III*

- (a) Both Governments have agreed to accord to each other most favoured nation treatment in respect of import and export licences, customs duties and all other charges and taxes connected with or applicable to importation, exportation or transit of commodities;
- (b) Both Governments shall grant each other in respect of import and export licences or permissions where such licences/permissions are prescribed under their regulations, treatment no less favourable than that granted to any other country.

*Article IV*

Any advantages, favours, privileges or immunity granted by either Government to import and export of 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 Government or destined to be imported into its territory.

*Article V*

The provisions of Article III, and IV above shall not, however, apply to the grant or continuance, if any, of :

- (a) advantages accorded by either Government to contiguous countries for the purpose of facilitating frontier traffic;
- (b) preferences or advantages, accorded by India to any third country, existing on the date of the conclusion of the present Agreement or in placement of such preferences or advantages that existed prior to 10th April, 1947;
- (c) advantages and preferences resulting from a customs union and/or more free trade area of which either country is or may become a Party;
- (d) any advantages or preferences 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 Government is or may become a Party.

*Article VI*

Juridical and physical persons of either country shall enjoy the most favoured nation treatment in respect of personal protection and protection of property when effecting commercial activities in the

territory of the other provided that the enjoyment of the treatment shall be subject to the laws and regulations of such other country which are generally applicable to all foreigners alike.

*Article VII*

The import and export of goods shall be carried out in accordance with the export, import and foreign exchange regulations in force, from time to time, in either country and on the basis of contracts to be concluded between the Indian physical and juridical persons including Indian state-owned organisations on the one hand and the Bulgarian organisations duly authorised under the Bulgarian laws to carry on foreign trade activities as juridical persons on the other.

*Article VIII*

With effect from 1st January, 1979 trade and payments transaction between India and Bulgaria shall be concluded/settled in any freely convertible currency mutually agreed upon between the Parties to the individual contacts in accordance with the foreign exchange laws, rules and regulations of the two countries.

*Article IX*

Notwithstanding the provisions contained in Article VIII of this Agreement, all payments falling due after 31st December, 1978 in respect of all export/import contract/agreements and other contracts/agreements concluded between India and Bulgaria before 31st December, 1978 and in respect of the Agreement on Economic and Technical Co-operation dated 2nd May, 1967 between the Government of the Republic of India and the Government of the People's Republic of Bulgaria shall be governed by the relevant provisions contained in the Agreement signed simultaneously with this Agreement between the two Governments regarding the liquidation of Rupee Balances and Rupee payment obligations consequent on the termination of the Trade and Payments Agreement<sup>1</sup> dated 6th March, 1974 between the two Governments.

*Article X*

In order to facilitate the implementation of this Agreement the two Governments agree to consult each other at the request of either Government in as short a time as possible, in respect of matters connected with trade and payments between the two countries.

1. IBTA Vol. 8 Doc. No. 507.

*Article XI*

The legal capacity and disposing power of the physical and legal persons of the Republic of India as well as those of the People's Republic of Bulgaria shall be judged in conformity with the laws of the state of which they are nationals or accordingly to the laws by which they have been formed.

The physical and juridical persons of either country shall have the right to act either as plaintiffs or as defendants before the courts of justice of the other country.

For the meeting of an obligation assumed by physical and or juridical persons of the two countries other physical and juridical persons can only be made liable on the basis of a definite legal provision to this effect or of an explicitly written undertaking of an obligation. Accordingly for the liabilities of any state-owned undertaking or other juridical persons, in the absence of a specific provision neither the state nor any of its organs undertaking or legal persons shall be held responsible.

*Article XII*

The physical and juridical persons of the Republic of India and the physical and juridical persons of the People's Republic of Bulgaria may agree that legal disputes arising from contracts concluded in commercial or other economic matter shall be referred to arbitration. The arbitration agreement must be made out in writing. Such an agreement shall bar the jurisdiction of the courts of the two countries.

*Article XIII*

In order to expand and diversify mutual trade, both Governments agree to facilitate increasing contracts between the Indian and Bulgarian trading as well as manufacturing and actual-user organisations through exchange of visits, participation in fairs and exhibitions, and supply of information and encouraging mutual co-operation in studying each other's requirements and each consumer preferences.

*Article XIV*

The two Governments agree to promote collaboration between industrial and trading enterprises in the two countries for the purpose of pooling together their resources and expertise for joint marketing in third countries and for meeting the needs of Industrial Development Programmes in third countries on the basis of mutual co-operation.

*Article XV*

The present Agreement shall come into force on 1st January, 1979, after both Governments have informed each other in writing of the approval of this Agreement, and shall be valid till the 31st December, 1981. Thereafter the Agreement shall be automatically extended successively for a further period of one year each time unless a notice of termination in writing is given by either Government to the other at least 90 days prior to the expiry of the aforesaid period, of validity of this Agreement.

DONE in Sofia on 5th December, 1978, in two originals, each in the Hindi, Bulgarian and English languages, all the texts being equally authentic. In the event of any difference arising regarding interpretation, the English text shall prevail.

*Sd/-*

SURESH KUMAR  
For the Government of the  
Republic of India

*Sd/-*

GUEORGI VUTEV  
For the Government of the  
People's Republic of Bulgaria

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