

TRADE AND PAYMENTS AGREEMENTS BETWEEN HIS MAJESTY'S GOVERNMENT OF NEPAL  
AND  
THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF BANGLADESH

*(Trade and Payments and Transit Agreements with Protocol signed in Kathmandu on April 2, 1976 with immediate effect)*

His Majesty's Government of Nepal and the Government of the People's Republic of Bangladesh (hereinafter referred to as the "Contracting Parties").

Being conscious of the need to promote and strengthen the trade and economic co-operation on the basis of equality and mutual benefit.

Being desirous of facilitating movements of goods to and from their respective countries, have agreed as follows:

Article I

The Contracting Parties shall take all measures necessary for developing trade between the two countries and agree to promote exchange of goods which one country needs from the other.

Article II

The two Contracting parties shall accord each other the most favoured nation treatment in respect of issue of licenses, customs formalities, customs duties and other taxes, storage and handling charges, fees and charges of any kind levied on export and import of goods to be exchanged between the two countries.

Article III

The provision of article II shall not, apply to the grant or continuance of any:

Advantage accorded by either Contracting Party to facilitate the border trade

- a) Preferences or advantages accorded by either Contracting Party to any third country before the date entry into force of this Agreement,
- b) Advantages resulting from any Custom union or from an Agreement on free trade zone or from regional or multilateral arrangements to which either Contracting Party is or may be the member.

#### Article IV

The two Contracting Parties shall conduct the exchange of goods in accordance with the schedules A and B annexed to this Agreement and within the framework of their respective laws, regulation and procedures relating to import and export of goods. This shall not, however, preclude the Contracting Parties to conduct the exchange of goods not enumerated in the said schedules.

#### Article V

Notwithstanding the foregoing provisions, either Contracting Party may maintain or introduce such restrictions as are necessary for the purpose of:

- a. Protecting public morals
- b. Protecting human, animal and plant life.
- c. Safeguarding national treasures.
- d. Safeguarding the implementation of laws relating to the import and export of gold and silver bullion.
- e. Safeguarding such other interests as may be mutually agreed upon.

#### Article VI

All payments in connection with exportation or importation of goods as well as other payments shall be effected in any convertible currency unless otherwise agreed upon

#### Article VII

The exchange of goods between the Contracting Parties shall take place through the means of transportation and routes as may be mutually agreed upon.

#### Article VIII

For facilitation the movement of goods, the two Contracting parties agree to provide necessary number and means of transportation, warehousing and handling facilities at point or points of entry, exit or breakpoints, on such terms as may be mutually agreed upon for the storage and speedy movement of trade cargo.

#### Article IX

The movement of goods between the two Contracting parties shall be governed by the procedures as laid down in the protocol hereto annexed. Except in case of failure to comply with the prescribed procedure goods to be exported to or imported from either Contracting Party shall not be subject to unnecessary delays or restriction.

Article X

The Contracting Parties shall consult with each other as and when necessary and also review the implementation of this Agreement.

For this purpose, representatives of the Contracting parties shall meet on request by either Party at a place and time to mutually agreed upon but not later than sixty days after the date of request.

Article X

This Agreement shall come into force from the date of its signing and shall remain valid for a period of three years. Thereafter, it shall to continue remain valid for further periods of three years subject to such modifications as may be mutually agreed upon, unless terminated by either Party by giving six months notice in writing to the other before the expiry of the extended period.

Done in Kathmandu on Twentieth day of Chaitra, Two Thousand Thirty-two Bikram Sambat corresponding to April Second, One Thousand Nine hundred and Seventy six in two original copies in English language.

On behalf of  
His Majesty's Government of Nepal  
S/d  
(Dr. Harka Bahadur Gurung)

On behalf of  
The Government of the People's  
Republic of Bangladesh  
S/d  
(Dr. Mirza Nurul Huda)

## SCHEDULE "A"

### Exports from Nepal to Bangladesh

#### **A. Primary Commodities**

1. Rice, Wheat and other cereals
2. Pulses
3. Mustard seeds and oil
4. Other oilseeds and oilcakes

#### **B. Semi-manufactures and manufactures**

5. Timber and Wood products
6. Boulders and Shingles
7. Catechu
8. Bidi and Tobacco [Image]
9. Big cardamom, ginger and chilies
10. Medicinal plants and herbs
11. Wool
12. Bristles
13. Cheese and ghee
14. Strawboard
15. Synthetic textiles
16. Stainless steel utensils
17. Woolen carpets
18. Curios and Handicrafts

## SCHEDULE "B"

### Exports from Bangladesh to Nepal

#### **A. Primary Commodities**

1. Raw Cotton
2. Tea
3. Fish-fresh, dried and salted

#### **B. Semi-manufactures and manufactures**

1. Cotton threads and textiles
2. Hosiery goods
3. Specialized textile and handlooms products such as bed cover, pillowcases, bed sheets etc.
4. Brass and copper sheets
5. Newsprint
6. Paper and paper board

7. Pharmaceuticals
8. Chemical
9. Soaps and cosmetics
10. Ware and cable
11. Electric goods and batteries
12. Tents and canvass
13. Cycle tire and tubes
14. Coir products
15. Jute Carpets
16. Feature films
17. Fertilizers and insecticides

**PROTOCOL TO THE TRADE AND PAYMENTS AGREEMENTS  
BETWEEN  
HIS MAJESTY'S GOVERNMENT OF NEPAL  
AND  
THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF BANGLADESH**

With reference to Article VII and IX

With regard to the points of entry, exit procedures, storage and other related facilities for bilateral trade between Nepal and Bangladesh the points of entry, exit, procedure and facilities stipulated in the Protocol to the Transit Agreement signed between His Majesty's Government of Nepal and Government of the People's Republic of Bangladesh for Nepal trade with third countries shall apply mutatis mutandis.

**TRANSIT AGREEMENT  
BETWEEN  
HIS MAJESTY'S GOVERNMENT OF NEPAL  
AND  
THE GOVERNMENT OF THE PEOPLE'S REPUBLIC BANGLADESH**

His Majesty's Government of Nepal and the Government of People's Republic of Bangladesh (hereinafter referred to as the "Contracting Parties"). Being desirous of promoting the trade between their two countries two countries and facilitating the transit of trade with third countries.

Article I

The Contracting Parties shall accord "traffic-in-transit" Freedom of transit across their respective territories through routes mutually agreed upon.

Article II

The term "traffic-in-transit" means the passage of goods including unaccompanied baggage across the territory of a Contracting Party when the passage in a portion of a complete journey which begins or terminates within the territory of the other contracting Party. The transshipment warehousing, breaking bulk and change in the mode of transport of such goods as well as the assembly, disassembly or reassembly of machinery and bulky goods shall not render the passage of goods outside the definition of "traffic-in-transit" provided any such operation is undertaken within the framework of mutually agreed procedure solely for the convenience of transportation

Article III

Traffic-in-transit shall be exempt from customs duty and from all transit duties or other charges except reasonable charges for transportation and such other charges as are commensurate with the costs of services rendered in respect of such transit.

Article IV

For the convenience of traffic in transit Government of the People's Republic of Bangladesh agrees to provide the points of entry, exit or breakpoints as well as storage and port facilities including warehouses or transit sheds for the speedy movement of the transit cargo on such terms as may be mutually agreed upon

Article V

The procedure to be followed for traffic-in-transit to or from third countries is laid down in the protocol hereto annexed. Except in case of failure to comply with the procedure prescribed such traffic-in transit shall not be subject to avoidable delays or restrictions.

#### Article VI

In order to enjoy the freedom of the High Seas, merchant ships sailing under the flag of Nepal shall be accorded, subject to Bangladesh laws and regulations, 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 ports, use of ports and harbour facilities, as well as loading and unloading dues, taxes and other levies, except that provisions of this Article shall not extend to coastal trade.

#### Article VII

Nothing in this agreement shall prevent either Contracting Party from taking any measure which may be necessary for the protection of its essential security interests or in pursuance of general international convention, whether already in existence or concluded hereafter, to which it is a party.

#### Article VIII

The Contracting Parties shall take appropriate measures to ensure that the provisions of this Agreement are effectively and harmoniously implemented and the consult with each other periodically so that such difficulties as may arise in its implementation are resolved satisfactorily and speedily.

#### Article IX

This Agreement shall come into force from the date of its signing and shall remain valid for a period of five years. Thereafter, it shall be continue to remain valid for further periods of five years subjected to such modifications as may be mutually agreed upon, unless terminated by either Party by giving six months' notice in writing to the other before the expiry of the extended period.

Done in Kathmandu on twentieth day of Chaitra two thousand thirty two Bikram Sambat corresponding to ***April second, one thousand nine hundred and seventy six*** in two original copies in English language.

On behalf of His Majesty's Government of  
Nepal  
S/D  
(Dr. Harka Bahadur Gurung)

On behalf of The Government of the People's Republic of  
Bangladesh  
S/D  
(Dr. Mirza Nurul Huda)



PROTOCOL TO THE TRANSIT AGREEMENT  
BETWEEN  
HIS MAJESTY'S GOVERNMENT OF NEPAL  
AND  
THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF BANGLADES

I. With reference to Article I:

1. It is agreed that the Government of the People's Republic of Bangladesh shall designate the following points of entry and exit for movement of traffic-in-transit through her ports and other territory, by all means transportation:

- a) Khulna-Chalna Port
- b) Chitagong Port
- c) Biral
- d) Banglabandh
- e) Chilhati
- f) Benapole

I. With reference to Article IV:

- 1. The Government of the People's Republic of agrees to provide warehouses, transit sheds and open space at the ports and other agreed points of entry and exit referred to in clause I above for the storage, handling and breaking bulk of traffic-in-transit.
- 2. The above mentioned warehouses, transit sheds and open space shall be given on long term lease by the Government of the People's Republic of Bangladesh to His Majesty's Government of the People's Republic of Bangladesh to His Majesty's Government of Nepal on such terms and conditions as may be mutually agreed upon.
- 3. With regard to the points of entry and exit in Nepal for her trade with third countries through Bangladesh, His Majesty's Government of Nepal agrees to authorize all such points which she has been using to conduct her trade with third countries through India.
- 4. The Truck and other vehicles owned or hired by the owner of goods or his agent shall be allowed to carry the traffic-in-transit, other than those mutually agreed prohibited cargo, by road from the agreed point of entry to a port, transshipment or breaking point in Bangladesh and Previous
- 5. The port facilities such as the free period of storage, port charges and clearance procedures in respect of traffic-in-transit at the port of Bangladesh shall not be less favorable than the prevailing rates and practices therein.

6. Transit Liaison Officers from Nepal shall be stationed, if necessary, at the major ports of Bangladesh for the convenience of the traffic-in-transit and to facilitate the smooth and speedy movement of traffic-in-transit.

II. With reference to Article V:

A. Customs and other procedures in respect of goods entering Bangladesh for transit to Nepal by land.

1. On arrival of goods in Bangladesh the owner of the goods or his agent shall at the time of entering them at the Customs House

- a. Declare that the goods are intended for transit to Nepal:
  - b. Furnish in six copies the invoice of the goods as declared in prescribed form specifying therein the mode of transport and the exit point through which the goods are intended to be taken out of Bangladesh territory.
  - c. On receipt of the invoice, the Bangladesh Customs shall allow the onward movement of the goods to Nepal after the necessary notings. The Bangladesh Customs shall retain the original copy of the invoice and return the remaining five copies, duly certified by them, to the owner of the goods or his agent.
  - d. The goods while in transit shall not be subjected to the domestic laws of People's Republic of Bangladesh including customs duty, sales taxes and other local taxes or charges to the extent admissible under International law and practices in this regard.
- b) However, in case of any loss of the goods in transit, the Bangladesh Customs shall recover the customs duty and sales taxes from the carrier of the goods and may also take penal measures against the carrier where negligence or *mala fide* intention is proved.
- a. The owner of the goods or his agent shall present the five certified copies of the invoice to a Customs Inspector In-charge of the jetty where the goods have been landed from the importing vessels. The Customs Inspector-In-Charge will identify the packages and allow the goods to be loaded under his supervision in railway wagons or trucks as the case may be. In case of railway transport, the wagons made available for the carriage of goods in transit shall be sealed by the Customs and railway authorities. In case of road transport, the tarpaulin-covered trucks shall be sealed by the Customs authorities. Where heavy articles such as machinery, iron and steel etc. are carried in open wagons or trucks sealing may be dispensed with.
  - b. If the Customs Inspector In-charge finds any package damaged, the content will be surveyed in the presence of the owner of the goods or his agent and the goods will be released for loading on trucks or railway wagons after the customs sealing of such packages. The damages or short landings will be noted in all the certified copies of invoices presented to the Customs Inspector In-charge.

2. Once the goods are loaded on railway wagons or trucks, the Customs Officer In-charge shall initial and return the five copies of the invoice to the owner of the goods or his agent who, in turn, would present them to the railway authorities or to the transport carrier operating the trucks as the case may be. The railway authorities or the transport carrier operating the trucks will make necessary endorsement in all the copies of the invoice in token of receipt of the goods, The duplicate and triplicate copies shall be carried in sealed cover by the guard of the train or the driver of the truck to be submitted to a Customs Officer at the point of exit. The remaining three copies shall be handed over to the owner of goods or his agent.

3. On arrival of the goods at the point of exit the customs authorities shall receive the sealed cover containing duplicate and triplicate copies from the guard of the train or driver of the trucks as well as the three copies of the invoice from the owner of the goods or his agent. The customs authorities shall check the customs seal on railway wagon or the truck on which the goods have been transported but where sealing has been dispensed with, check the identity of the goods. If customs seal are found intact. The wagons or truck will be cleared for onward journey beyond Bangladesh. Necessary entries shall be made in the five copies of the invoice by the customs authorities.

4. When the transit procedure is completed the customs authorities shall retain the quadruplicate of the invoice for its record and shall send Previous the triplicate copy by registered post to the Customs House at the point of goods to Nepal. The Duplicate copy as well as he remaining two copies of the invoice shall be handed Previous after the necessary endorsement to the owner of the goods or his agent in order to facilitate the further movement of the transit goods to Nepal.

5. If there is transshipment en-route or change in the mode of transport e.g. rail to road or vice versa the seals on the wagons or trucks will be checked by the Customs Inspector and if found intact he will allow the transshipment in his presence. The wagons or trucks will be resealed and cleared for journey.

6. All the transshipment en-route or change in the mode of transport or during transit of goods by wagons or trucks if customs seals are not found intact physical examination of the entire broken or damaged cargo will be done and result recorded in the duplicate and triplicate copies carried by the guard of the train or driver of the truck under sealed cover. The goods will be allowed to move towards the point of exit only after resealing.

7. At the point of exit, in case any goods in transit are found in excess or short over the recorded quantity at the point of entry or transshipment or break points these goods shall be allowed to proceed further after necessary modification or remarks are made in all the copies of the invoice provided the customs seals are found intact.

In case the customs seals on wagons or trucks are found not intact at the points of exit, physical verification of the entire broken and damaged cargo shall be done and survey recorded in all the five copies of the invoice. Thereafter the goods shall be allowed to proceed further after resealing of the wagons or trucks.

B. Procedure in respect of goods from Nepal moving by land through Bangladesh in transit to third country. The provisions of Part III A above shall apply mutatis mutandis to goods arriving by land from Nepal and meant for onward transmission through Bangladesh to a third country.

C. Procedure in respect of goods entering Bangladesh for onward transmission to Nepal by air.

Where goods routed through Bangladesh to Nepal by air arrive at a customs airport for onward transmission such goods shall be transshipped to another aircraft under customs supervision. The owner of the goods or his agent shall not be required to comply with any further customs formalities other than those normally applicable in such cases.

1. Goods arriving in Bangladesh by land or by sea and meant for onward transmission to Nepal by air shall be forwarded from the place or entry to the airport of exit in accordance with the procedure set out in section A above. The requirement of sealing the railway wagons or trucks may be dispensed with in the case of such cargo subject to the condition that the individual packages are sealed with customs seals and moved from one mode of transport to another under customs supervision.

D. Procedure in respect of goods entering Bangladesh by air from Nepal for onward transmission to a third country. The provisions of part (c) above shall apply mutatis mutandis to goods entering Bangladesh by air from Nepal for onward transmission to a third country.

E. Procedure in respect of goods entering or leaving Bangladesh by Post Parcel or Railway Parcel. The provisions of Part (c) and Part (d) above shall apply mutatis mutandis to transit goods entering or leaving Bangladesh by Post parcel or Railway Parcel or of Small Cargo Booking, for outwards transmission to third country or to Nepal.

F. Procedure in respect of payment for traffic-in-transit.  
The procedures regulating to the payments in connection with the movement and port clearance of transit goods in Bangladesh may be mutually determined by the Central Banks of the two Countries, it necessary