

TRADE AGREEMENT (BETWEEN THE REPUBLIC OF INDIA AND THE PEOPLE'S REPUBLIC OF CHINA, 14 OCTOBER 1954

The Government of the Republic of India and the Central People's Government of the People's Republic of China, animated by the common desire to develop trade between the two countries and to strengthen further the friendship that already exists between the Governments and the peoples of India and China have, on the basis of equality and mutual benefit, reached agreements as follows:-

Article I

The two contracting parties being desirous of adopting all appropriate measures for the expansion of trade between the two countries agree to give the fullest consideration to all suggestions for the promotion of such trade.

Article II

The two contracting parties agree that all commercial transactions between the two countries shall be carried out in accordance with the Import, Export and Foreign Exchange Regulations in force from time to time in their respective countries.

Article III

The two contracting parties agree to accord, subject to the laws and regulations of the two countries for the time being in force, facilities for the import and export of the commodities mentioned in the attached Schedules 'A' and 'B'.

Article IV

The present Agreement will not preclude the two contracting parties from facilitating trade in commodities not mentioned in the attached Schedules 'A' and 'B'.

Article V

The Trade between the Republic of India and the Tibet Region of the People's Republic of China will be conducted in accordance with the provisions of the Agreement between the Republic of India and the People's Republic of China on Trade and Intercourse between India and the Tibet Region of China signed in Peking on the 29th April 1954.

Article VI

The Government of the Republic of India agree that on request by the Government of the People's Republic of China, they will subject to the regulations in force, accord reasonable facilities for the entry into the Port of Calcutta and subsequent movement to the Tibet Region of the People's Republic of China, of such

* Schedules of Goods for Import and Export not reproduced in the book.

commercial goods as cannot be obtained in India These facilities will be accorded only to goods of Chinese origin.

Article VII

All commercial and non-commercial payments between the Republic of India and the People's Republic of China may be effected in India rupees or in pounds sterling as may be mutually convenient. For the purpose of facilitating such payments, the People's Bank of China will open one or more account(s) with one or more commercial bank(s) in India authorised to deal in Foreign Exchange to be called account(s) 'A'. In addition, the People's Bank of China will, if necessary, open another account with the Reserve Bank of India to be called account 'B'. All payments between the two countries will be made through account(s) 'A' whenever necessary. Payments to be made by residents of India to residents of the People's Republic of China will be effected by crediting the amounts of such payments to the above-mentioned account(s) 'A'. Payments to be made to residents of India by residents of the People's Republic of China will be effected by debiting the said account(s) 'A'. The account(s) 'A' will be replenished as and when necessary by one of the following methods, namely:-

- (i) by transfer of funds from another account 'A' of the People's Bank of China with another commercial bank, or from account 'B' with the Reserve Bank of India;
 - (ii) by sale of sterling to the bank concerned. Account 'B' will be replenished by either sale of sterling to the Reserve Bank of India or by transfer of funds from account(s) 'A'.
2. Article VII of this Agreement covers the following payments:-
- (i) Payments for the commodities imported or exported under the present agreement;
 - (ii) Payments connected with commercial transactions and covering insurance, freight (in case of shipments of goods by the ships of either country), port charges, storage and forwarding expenses and bunkering;
 - (iii) Payments for distribution of films, for incomes and expenses of cultural performances and other exhibitions;
 - (iv) Payments of expenses on account of tours of delegations of commercial, cultural, social or official nature;
 - (v) Payments for the maintenance of the Embassy, Consulates and Trade Agencies of the Republic of India in China and for the maintenance of the Embassy, Consulates and Trade Agencies of the People's Republic of China in India;
 - (vi) Other non-commercial payments on which agreement is reached between the Reserve Bank of India and the People's Bank of China.

3. Any balances on the credit side of the account(s) 'A' or account 'B' maintained by the People's Bank of China will be convertible on demand into sterling at any time at the usual Banks' selling rate of sterling as fixed from time to time by the Indian Exchange Banks' Association. The above-mentioned balances will be convertible into sterling even after the expiry of this Agreement.
4. Payments for Border Trade between the Republic of India and the People's Republic of China, however, will be settled according to the customary practice.

Article VIII

The two contracting parties agree to consult with each other on questions that may arise in the course of the implementation of the present Agreement.

Article IX

This Agreement will come into force from the date of its signature and will remain valid for a period of two years.

This Agreement can be extended or renewed by negotiation between the two contracting parties to be commenced three months prior to its expiry.

Done in duplicate in New Delhi on the fourteenth Day of October 1954, in the Hindi, Chinese and English languages, all texts being equally authentic.

(Sd.) KUNG YAN,
On behalf of the Government of
the People's Republic of China

(Sd) HVR IENGAR
On behalf of the Government of
the Republic of India