

**AGREEMENT BETWEEN THE GOVERNMENT OF THE LAO PEOPLE'S DEMOCRATIC REPUBLIC AND THE
GOVERNMENT OF REPUBLIC OF INDIA ON TRADE AND ECONOMIC CO-OPERATION**

The Government of the Lao People's Democratic Republic and the Government of the Republic of India hereinafter referred to as "the Contracting Parties"

Aspiring to continue and consolidate their historic friendship and co- operation,

Wishing to further strengthen trade, commercial co-operation and economic relations between the two countries on the principles of equality and mutual benefit,

have agreed as follows:

Article I

The Contracting Parties shall, in accordance with their respective laws and regulations, promote and facilitate trade, commercial and economic co-operation between them on a long-term and stable basis

Article II

(a) The Contracting Parties shall accord to each other most favoured nation treatment in respect of import and export licenses, custom duties and all other charges and taxes applicable to importation, exportation or transit of goods/products

(b) The Contracting Parties will grant each other in respect of import and export licenses or permissions where such licenses/permissions are prescribed under their regulations treatment no less favourable than that granted to any other country

(c) Any advantages, favour, privilege or immunity granted by either of the Contracting Parties 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 either of the Contracting Parties or destined to be imported into its territory

Article III

The provisions of Article II above shall not, however, apply to the grant or continuance of any

(a) advantages accorded by either party to contiguous countries for the purpose of facilitating frontier traffic;

(b) preferences or advantages accorded by Contracting Parties to any other country prior to the date of the conclusion of the present Agreement;

(G) any advantage or preference accorded under any scheme for expansion of trade and economic cooperation 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) advantages and preferences resulting from a customs union and/or free trade area of which either country is or may become a party

Article IV

The Contracting Parties shall encourage and facilitate contacts between their natural and juridical persons, inter alia, through exchange of visits of delegations of business, participation in fairs and exhibitions, and sharing of information.

They shall encourage the opening of representative offices or branch offices of the trade organizations, companies, firms and banks in each other's territory, in accordance with their national laws and regulations.

Article V

The Contracting Parties shall promote co-operation in the fields of science and technology, ecology, transport, tourism and communications, training of personnel and in other spheres of mutual interest.

Article VI

Import and export of goods and services shall take place on the basis of the contracts to be concluded between the national and juridical persons of the two Contracting Parties at world market prices in accordance with their laws and regulations and International trade practices. Neither of the Contracting parties shall be responsible for liabilities of natural and juridical persons arising from such commercial transactions

Article VII

All payments for goods and services between the two Contracting Parties shall be made in freely convertible currencies, in accordance with the foreign exchange laws and regulations in force in each country and following the international payment practices, unless otherwise specifically agreed upon between the two Contracting Parties.

Article VIII

Natural and juridical persons of either Contracting Party shall also be free to import or export goods and services from each other on the basis of counter-trade compensation arrangements, leasing and buy-back arrangements, or any other internationally recognized form of business cooperation, in accordance with their national laws and regulations

Article IX

The Contracting Parties shall encourage investment and technological cooperation between their countries in accordance with their national laws and regulations to produce goods for their domestic markets or export to third countries

Article X

The Contracting Parties will hold regular consultations as may be necessary in order to facilitate smooth implementation of this Agreement.

Article XI

(a) If as a result of unforeseen developments and of the effect of the obligations incurred by a party under this agreement, including tariff obligations, any product is being imported into the territory of that party in such increased quantities and under such conditions as to cause or threaten serious injury to domestic producers in that territory of like, or directly competitive products, the party shall be free, in respect of such product, and to the extent and for such time as may be necessary to prevent or remedy such injury, to suspend the obligation in whole or in part or to withdraw or modify the concession.

(b) Before any party takes such action, it shall give notice in writing to the other party as far in advance as may be practicable and shall afford the other party an opportunity to consult with it in respect of the proposed action. In critical circumstances, where delay would cause damage which it would be difficult to repair, action under paragraph 1 of this Article may be taken provisionally without prior consultation, on the condition that consultation shall be effected immediately after taking such action.

Article XII

Any difference of dispute arising out of the interpretation or application of the provisions of this Agreement shall be settled amicably by consultation or negotiation between the Contracting Parties.

Article XIII

This Agreement may be amended with the mutual consent in writing of the Contracting Parties through diplomatic channels

Article XIV

- (a) This Agreement shall come into force on a mutually agreed date through exchange of notes confirming the completion of the legal procedures required by their countries for its entry into force and shall remain valid for a period of five years.
- (b) The period of validity of this Agreement shall be automatically extended for further successive period of five years unless either of the Contracting Parties informs the other Party in writing of its intention to cancel the Agreement at least six months prior to its expiry. Upon such expiry, the terms and conditions of this Agreement shall continue to apply to all contracts concluded during the period of the validity of the Agreement and not fully executed till the date of expiry of this Agreement.

The present Agreement could be terminated on mutual agreement between the Contracting Parties. Alternatively, it should be terminated six months after written notification by either Contracting Party.

Done in Vientiane on the ninth day of November 2000 in two original copies, each in the Hindi, English and Lao languages, all three texts being equally authentic. In the event of divergence between any of the texts of this Agreement, the English text shall prevail.

FOR THE GOVERNMENT OF
THE LAO PEOPLE'S
DEMOCRATIC REPUBLIC

(SOMSAVAT LENGSAVAD)
Deputy Prime Minister,
and Minister of Foreign Affairs

FOR THE GOVERNMENT OF
THE REPUBLIC OF INDIA

(JASWANT SINGH)
Minister for External Affairs