

# **A BOOK OF NEPAL CHINA AGREEMENTS**



**Ministry of Industry, Commerce and Supplies**

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**PROTOCOL OF THE PHYTOSANITARY REQUIREMENTS FOR THE  
EXPORTS OF CITRUS FRUIT FROM NEPAL TO CHINA  
BETWEEN  
MINISTRY OF AGRICULTURE AND LIVESTOCK DEVELOPMENT OF  
THE GOVERNMENT OF NEPAL (MOALD)  
AND  
GENERAL ADMINISTRATION OF CUSTOMS OF THE PEOPLES'  
REPUBLIC OF CHINA.**

Signed on 2019.10.13. in three versions, Nepali, Chinese and English. In case of divergence of interpretation, English version will prevail.

Validity of this agreement will be for two years. Automatic renewal each time unless either of the parties propose to amend or terminate the protocol within two months before the expiry date.

**Contents of the agreement**

Altogether 11 articles in the protocol.

**Purpose:** Safe exports of Nepal citrus fruits to China on the basis of pest risk analysis

- Art.1 Compliance with the phytosanitary laws and regulations of China
- Art.2 Quarantine Test
- Art.3 Registration and approval of orchards, packaging houses including cold treatment
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- Art.10 Further risk assessment
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**PROTOCOL OF PHYTOSANITARY REQUIREMENTS FOR THE  
EXPORTED CITRUS FRUIT FROM NEPAL TO CHINA  
MINISTRY OF AGRICULTURE AND LIVESTOCK DEVELOPMENT OF  
THE GOVERNMENT OF NEPAL  
AND  
GENERAL ADMINISTRATION OF CUSTOMS OF THE PEOPLE'S  
REPUBLIC OF CHINA**

For the purpose of safe exports of Nepali citrus fruits to China and on the basis of the pest risk analysis, the Ministry of Agriculture and Livestock Development of the Government of Nepal (hereinafter referred to as MOALD) and the General Administration of Customs of the People's Republic of China (hereinafter referred to as GACC), have exchanged views and reached a consensus as follows.

**Article 1**

Nepali citrus fruits exported to China, including sweet orange (*Citrus X sinensis*), mandarin orange (*Citrus reticulata*) and lemon (*Citrus limon*) (hereinafter referred to as citrus) must comply with the relevant phytosanitary laws and regulations of China and satisfy the phytosanitary requirements as stipulated in this Protocol.

The citrus fruits exported to China should be limited in Xizang Autonomous Region for consumption and use

**Article 2**

Citrus shall be free of any quarantine pests concerned by China which are specified in the Appendix.

If any other pests are newly detected in citrus growing areas that

have not been assessed by GACC, MOALD shall inform GACC as soon as possible, in order to determine if they are quarantine pests and adopt proper quarantine measures if required.

### **Article 3**

The citrus orchards and packinghouses (including cold treatment facilities) shall be registered officially by MoALD, and jointly approve by GACC and MoALD. Before each export season, MoALD shall provide GACC with a list of citrus orchards and packinghouses.

### **Article 4**

The citrus orchards shall be monitored and found free of the following quarantine diseases. If any of these pests are detected, the relevant orchards will be banned from exporting citrus to China for the season.

1. *Candidatus Liberibacter asiaticus* Jagoueix
2. *Xanthomonas campestris* pv *citri* (Hasse)

For the following quarantine pests of concern to China, citrus fruits shall come from the orchards that conduct cold treatment before export according the international standards or the standard that both sides agreed. Upon request by MOALD, GACC will provide technical assistance for the establishment of cold treatment facilities and shall support capacity enhancement activities for the concerned MoALD officials and farmers.

1. *Bactrocera correcta* (Bezzi)
2. *Bactrocera cucurbitae* Coquillett
3. *Bactrocera dorsalis* (Hendel)
4. *Bactrocera tsuneonis* (Miyake)
5. *Bactrocera zonata*, (Saunders)

## **Article 5**

Under the supervision of MoALD, the citrus orchards and packinghouse, shall undertake effective monitoring, precaution and Integrated Pest Management (IPM) to avoid and control the occurrences of quarantine pests of concern to Chinese side, and ensure that orchards and packinghouses maintain the phytosanitary conditions.

Upon request by GACC, MOALD shall provide GACC with relevant procedure and results of the above-mentioned pest monitoring, precaution and IPM programs.

## **Article 6**

The processing, packing, storage, and transportation of citrus shall be conducted under the quarantine supervision of MoALD. Before the packing, citrus shall be culled and sorted, those with the color or surface are abnormal shall be removed, to ensure that citrus are free of insects mites, rotten fruits as well as twigs, leaves, root and soil.

The citrus processed (selected for packing) shall be stored separately in the chamber to avoid re-infestation. The packaging material shall not be of raw plant material, and for citrus shall be clean, sanitary unused. Every citrus packaging carton shall have markings in English indicating the place of origin, the name or registration numbers of orchards and packinghouses. The cartons must be marked with Nepal, Chinese and English characters "For Export to the People's Republic of China".

## **Article 7**

MOALD will sample no less than 2% of fruits in a consignment for expert quarantine inspection. In cases where live quarantine pests of concern to China are detected, the whole consignment shall not be exported China. On completion of quarantine inspection MoALD shall issue Phytosanitary Certificate, with the following declaration;

"The consignment is in compliance with Protocol of Phytosanitary Requirements for the Export of citrus fruit from Nepal to China and is free of any quarantine pest concern to China". The Certificate shall indicate in English the producing area, the orchard and the packinghouse. The Phytosanitary Certificate of shipments having undergone cold treatment before export must indicate the cold treatment temperature and duration, together with the facility name or code.

MOALD shall supply GACC with a template of the Phytosanitary Certificate in advance of trade, for confirmation and keeping record.

## **Article 8**

When citrus arrives at entry port, China Customs (the port branch of GACC) will examine relevant certificates and labels, and conduct quarantine inspection. For items having undergone cold treatment before export, the cold treatment results with attached MoALD's sign-offs, as well as fruit temperature sensor record table, must also be delivered.

In cases where citrus comes from unapproved orchards or packinghouse the shipment shall not be allowed entry.

Any shipment that is determined as the cold treatment is invalid shall undergo a cold treatment at the destination port (such as in the container itself), or be returned or destroyed.

In cases where any quarantine pest or other non-compliances is found, the citrus shipment shall be re-exported, destroyed or quarantine treated (only limited to cases where pests can be exterminated effectively). Accordingly, GACC may suspend the importation of citrus from relevant orchards and/or packinghouses or even suspend the whole program until both parties conduct investigations to find out the causes and take relevant corrective measures.

If such situation arises GACC will facilitate to MOALD for technical support from the People's Republic of China to comply with the quarantine requirements of China.

### **Article 9**

After signing of this Protocol, if necessary and agreement is reached by both sides, GACC will send two quarantine inspectors to Nepal to conduct on-site investigation, audit and inspection of the citrus growing areas, orchards, packinghouses, to examine pest monitoring and control

### **Article 10**

GACC shall conduct further risk assessment according to the pest occurrences and interceptions information. In consultation with MoALD the quarantine pest list and relevant quarantine measures shall be adjusted.

## Article 11

In order to ensure the efficient performance, all operations and activities described in this Protocol could be reviewed and evaluated. This protocol may be revised by mutual agreement between the two countries.

The Protocol will come into effect from the date of signature. It has two-year validity. In the case that neither party requests revision nor termination within two months before its expiration date, the Protocol shall be extended automatically for every year.

This protocol is signed in Kathmandu on 13 October 2019 in duplicate in Nepali, Chinese and English languages, each side shall retain a copy of all texts. All texts shall be equally authentic and in case of divergence of interpretation, the English text shall prevail.

For the Ministry of Agriculture  
Administration  
and Livestock Development of  
the Government of Nepal

For the General  
of Customs of the People  
Republic of China

Name: Yubak Dhoj G.C.  
Designation: Secretary  
Date: 2019/10/13

Name: Hou Yanqi  
Designation: Ambassador  
Date: 2019/10/13

**PROTOCOL ON IMPLEMENTING AGREEMENT  
ON  
TRANSIT TRANSPORT  
BETWEEN  
THE GOVERNMENT OF NEPAL AND THE GOVERNMENT OF THE  
PEOPLES' REPUBLIC OF CHINA**

Signed on April 19, 2019

**Contents of the protocol**

Altogether 15 articles in the Protocol

**Purpose:** To develop transit transport between the two countries.

- Art.1 Definitions
- Art.2 Ports and Routes
- Art.3 Means of Transport
- Art.4 Facilities
- Art.5 Contraband
- Art.6 Road Transit Transport
- Art.7 Other Modes of Transit Transport
- Art.8 Costs and Fees
- Art.9 Transit Transport Procedures
- Art.10 Facilitation
- Art.11 Treatment to Traffic in Transit
- Art.12 Application of law
- Art.13 Punishment and notification
- Art.14 Joint Consultation Mechanism
- Art.15 Entry into Force and Duration of the Protocol

**PROTOCOL**  
**BETWEEN THE GOVERNMENT OF NEPAL AND THE GOVERNMENT**  
**OF THE PEOPLE’S REPUBLIC OF CHINA**  
**ON IMPLEMENTING AGREEMENT ON TRANSIT TRANSPORT**  
**BETWEEN THE GOVERNMENT OF NEPAL AND THE GOVERNMENT**  
**OF THE PEOPLE’S**  
**REPUBLIC OF CHINA**

The Government of Nepal (Nepal) and Government of the People’s Republic of China (PR China), hereinafter to as the “contracting Parties”,

Desiring to implement the “Agreement on Transit Transport between the Government of Nepal and the Government of the People’s Republic of China” (hereinafter referred to as “the Agreement”) signed on March 21, 2016, to develop transport between the two countries.

Have agreed as follows:

**Article 1**  
**Definition**

In this Protocol:

1. “Means of transport” refers to railway vehicles, road transport vehicles, ships, vessels, and other means of transport agreed by the Contracting Parties.
2. “Competent authority” refers to:
  - (a) Ministry of Transport, on the part of the People’s Republic of China
  - (b) Ministry of Industry, Commerce and Supplies, on the part of Nepal.



## **Article 2**

### **Ports and Routes**

1. The People's Republic of China allows Nepal to use open sea ports for handling its traffic-in-transit. The list of sea ports to be used by Nepal is attached in Appendix I Which may be reviewed by the Joint Consultation Mechanism referred to in Article 14 of this protocol.
2. The people's Republic of China allows Nepal to use open dry ports for handling traffic-in-transit. The list of dry ports to be used by Nepal is attached in Appendix II which may be reviewed by the Joint consultation referred to in Article 14 of this protocol.
3. The border ports between Nepal and China for transit transport are attached in Appendix III.
4. The PR China allows the movement of vehicles registered in Nepal which hold the permits issued as per Article 6 of this protocol to transport transit cargo between Nepal border points and Rikaze dry port.
5. The transit routes to be provided to China by Nepal are to be decided through future consultation between the two sides upon adequate development of transport infrastructure in Nepal.

## **Article 3**

### **Means of Transport**

The means of transport for the movement of traffic-in-transit by road as defined in Paragraph I of Article I of this protocol shall meet the conditions required by the competent authorities and hold the permits issued as per Article 6 of this protocol.

## **Article 4**

### **Facilities**

The provision of transit facilities shall be in accordance with applicable international instruments, customs and agreements. Facilities for traffic-in-transit shall include railways; channels, berthing facilities and docks for cargo ships; multi-modal transport or transshipment; terminal handling equipment; warehouses or sheds for storages of transit goods awaiting customs clearance before onward transmission.

## **Article 5**

### **Contraband**

The contraband items prohibited from transportation by either party shall not be allowed in traffic-in-transit.

## **Article 6**

### **Road Transit Transport**

1. Transit transport operators shall be any natural or legal person registered in the territory of either Contracting Party having acquired transit transport in the territory of such Contracting Party.
2. The number of transit transport permits required for a year shall be determined by the competent authorities as per need of the relevant Contracting Party through consultation every year. The permits shall be exchanged between the two Competent Authorities and delivered to the transport operators by the competent Authority of the Contracting Party or by a body designated by such competent Authority.
3. The permits issued under this protocol shall be used and remain valid for one (entry-exit) journey unless otherwise

stated in the permit. The permits shall be valid from issue until 31 January of the successive calendar year.

4. Transit transport permits are owned by the transit transport operators for which the permits are issued. The permits shall not be used by, and are not transferable to, other transport operators.
5. Cabotage is forbidden in the territory of the relevant Contracting Party other than those services, facilities, condition and modalities specified in this cabotage.
6. Vehicles used for transit transport shall meet the applicable national standards of the relevant contracting Party with respect to safety and environment and the customs regulatory requirements. Vehicles for international transport operation shall have the license plates, nationality identification marks and safety technology verification signs or certificates registered in their respective countries.
7. The permissible maximum weight, axle. Weight and dimension of vehicles must not exceed those stated in the relevant legal provisions and technical standards of the relevant Contracting Party. In case of exceeding the permissible limit in terms of weight and dimension due to the indivisibility of the load, an authorization is required from the competent authority of the relevant contracting Party beforehand.
8. Transit transport operators of relevant Contracting Party transporting dangerous goods shall obtain special permits issued by the Competent Authority of the other Contracting party and the routes must be specified in the permits. Vehicles varying dangerous goods must be equipped in accordance with the requirements of the national

legislations or applicable international conventions, and are required to be labelled with dangerous goods placards and marks.

9. Drivers engaged in transit transport operations shall possess valid driving license in accordance with the vehicle category and vehicle registration certificate and their translated documents specified in this protocol shall be kept in the vehicle and be produced in demand by the competent authority of either Contracting Party.

### **Article 7**

#### **Other Modes of Transit Transport**

Transit transport operators from one Contracting Party may use railways, ports, inland water ways and other modes of transport in the territory of the other Contracting Party to carry out the movement of transit transport. Such transit transport shall be in accordance with the laws and regulations of the relevant Contracting Party.

### **Article 8**

#### **Costs and Fees**

The cargo and goods in transit transport shall be exempted from Customs duties and from all transit duties, or deposits for the payments of these taxes of transit state if the customs and the relevant quarantine and inspection departments of the Contracting Parties are satisfied that the requirements for transit transport procedures are met, except reasonable charges for transportation and such other charges as are commensurate with the costs of services rendered in respect of such transit transport.

### **Article 9**

#### **Transit Transport Procedures**

Transit transport operators shall follow the transit transport

procedures of the Customs agency of the Contracting Party in regard to submitting or transmitting of all necessary transit documents, including cargo lists, information/data of transport means, prior to arrival of the cargo.

## **Article 10**

### **Facilitation**

1. Facilitation for traffic-in-transit shall be extended between authorities of the contracting parties, according to the laws and regulations of the applicable international instruments.
2. Priority shall be given to traffic-in-transit containing animal and perishable goods in extending facilitation by Border Security, Customs, Transport Administration and Sanitary Agencies upon application.

## **Article 11**

### **Treatment to Traffic-in-transit**

1. No discrimination shall be made to traffic-in-transit of relevant Contracting party by any mode of transport on the basis of flag of vessel, ownership of goods, ownership of vessels, place of origin, departure, entry, exit or destination or nay other ground.
2. Exemption of technical standards and conformity assessment for traffic-in-transit shall be in accordance with laws and regulations of the relevant contracting party in conformity with the applicable international instruments.

## **Article 12**

### **Application of Law**

Transit transport operators shall abide by traffic rules, compulsory insurance for traffic accident and other laws and regulations of the relevant Contracting party and comply with applicable international instruments and other bilateral and

multilateral agreement to which both Contracting Parties are party to.

In the event of traffic accident involving a transport vehicle registered in the states of both contracting parties, it shall be dealt in accordance with the relevant provisions of the country in which the accident occurred and the competent authorities of the other party shall assist in providing the necessary information for the investigation of the cause of the accident.

### **Article 13**

#### **Punishment and Notification**

Transit transport operator of one Contracting Party violating the transit transport related laws and regulations of the other Contracting party shall be liable to punishment as per the laws of the Contracting Party where the action occurred. In such case, the Contracting Party shall notify the action taken to the other Contracting Party.

### **Article 14**

#### **Joint Consultation Mechanism**

1. A Joint Consultation Mechanism (JCM) at the level of Vice-Minister in the Ministry of Transport of the People's Republic of China and the Secretary at the Ministry of Industry, Commerce and Supplies of the Government of Nepal shall be established to review the implementation status of the Agreement and this protocol, to discuss and resolve the issues forwarded by the Joint Consultative Sub-Committee (JCSC) specified in Paragraph 2 of this Article, to mandate JCSC to work out on particular technical matter, and to conduct negotiations on other issues pertaining to the Agreement and this Protocol.

2. The JSCS shall be constituted at the level of Joint Secretary/Director General of the aforesaid Ministries of the two Governments with members from relevant Ministries/Agencies dealing with foreign affairs, Customs, public security/ home affairs, transport, and quarantine and so on. A local level mechanism shall be formed under the JCSC to deal with day-to-day issues regarding the implementation of this Protocol.
3. The JCSC shall review modalities, routes, conditions of transit, Customs and other necessary arrangements, conduct technical consultations, discuss transit transport related issues and recommend to the JCM for modifications and revisions of the agreement and this protocol with a view to further facilitating transit transport.
4. The JCM and JCSC shall meet at least once a year or as deemed necessary, alternatively in Nepal and the people's Republic of China. The JCSC shall schedule such meeting at least three months before the JCM meeting.

## **Article 15**

### **Entry into Force and Duration of the Protocol**

1. This protocol shall enter into force on the first day of the next month following the day of the receipt of the later notification in writing through diplomatic channel, by which the Contracting Parties shall notify each other on the completion of internal procedures necessary for entry into force of this Protocol.
2. This protocol shall remain valid in accordance with the validity of the Agreement.

3. This protocol does not affect the rights and obligations arising from the other international instruments to the Contracting parties.
4. Done at Beijing on 29 April 2019 in Nepali, English and Chinese, each text being equally authentic. In case of any divergence in interpretation, the English version shall prevail.

For the Government of Nepal

For the Government of the  
People's Republic of China



## **Appendix I**

The list of sea ports in China to be used by Nepal is as Follows:

1. Tianjin
2. Shenzhen
3. Lianyungang
4. Zhanjiang

## **Appendix II**

The list of dry ports in China to be used by Nepal for traffic-in-transit is as follows:

1. Lanzhou
2. Lasa
3. Rikaze

## **Appendix III**

1. Rasuwa-Jilong
2. Kodari-Zhangmu
3. Kimathanka-Chentang
4. Nechung-Lizi
5. Yari- Pulan
6. Olangchung Gola- Riwu

Chentang, Lizi and Riwu shall be used after formal opening.

# **AGREEMENT ON TRANSIT TRANSPORT BETWEEN THE GOVERNMENT OF NEPAL AND THE GOVERNMENT OF PEOPLES'S REPUBLIC OF CHINA**

Signed in Beijing on March 21, 2016 in Nepali, Chinese and English language texts. All texts are authentic but, in case of divergence in interpretation, English Text will prevail. Entry into force on date of signature. Validity period for 10 years. Automatic renewal for the same period unless either of the parties informs in writing its intention to terminate the agreement before 6 months of expiration.

## **Contents**

Altogether 12 articles in the agreement.

**Purpose:** Maintain, develop and strengthen the existing friendly relations and cooperation between the two countries Special references.

Noting the relevant international legal instruments, especially the 1982 United Nations Convention on the law of the SEA Recognizing Nepal, as a land locked country, has the right to have permanent access to and from the sea, and the right of freedom of transit, and realizing the need to facilitate the transit transport through their territories.

Considering the importance of the One Belt One Road Initiative proposed by the Government of the People's Republic of China

Art.1 Freedom of Transit and Operation Modality

Art.2 Indispensable measures to stop infringement of legitimate interest, security interest and transnational crimes and adoption of least trade restrictive measures

Art.3 Definition of the term "transit transport". No obligation to establish or permit to establish permanent facilities. Use of mutually agreed transport means

Art.4 Exemption of custom duties, and other transit related

taxes and charges except charges commensurate to service provided

- Art.5 Warehouses or sheds for the storage of transit goods as per this agreement and other internal legal provisions.
- Art.6 Transit transport will follow the mutually agreed procedures complying with their domestic laws and relevant international treaties signed by the Parties
- Art.7 Most Favored Nation Treatment to Nepal flag ships in Chinese ports and high sea
- Art.8 Restrictions to protect public morals; human animal and plant life, health and security; safeguarding implementation of laws relating to the import and export of gold and silver; safeguarding state security and political, economic and social stability; preventing the smuggling of goods; and safeguarding such other goods as may be mutually agreed upon.
- Art.9 Freedom of action against contraband trade in accordance to general or specific international conventions and treaties.
- Art.10 Smooth and effective implementation, review and modification of the agreement by mutual consultation.
- Art.11 Dispute settlement by consultation.
- Art.12 Come into force, validity, renewal and termination.

# **AGREEMENT ON TRANSIT TRANSPORT BETWEEN THE GOVERNMENT OF NEPAL AND THE GOVERNMENT OF PEOPLE'S REPUBLIC OF CHINA**

The Government of Nepal and the Government of the people's Republic of China ("the Contracting parties"),

With the desire to maintain, develop and strengthen the existing friendly relations and cooperation between the two countries;

Noting the relevant international legal instruments, especially the 1982 United Nations Convention on the Law of the SEA, recognizing that Nepal, as a land-locked country, has the right to have permanent access to and from the sea, and the right of freedom of transit, and realizing the need to facilitate the transit transport through their territories;

Considering the importance of the One Belt One Road Initiative proposed by the Government of the people's Republic of China,

Have agreed as follows:

## **ARTICLE I**

The Contracting Parties shall provide each other with the freedom of transit across their respective territories through routes mutually agreed upon. Operational modalities including the utilization of ports, routes, conditions of transits, mode of transport and transfer of goods, customs and other necessary arrangements to facilitate transit transport shall be mutually agreed upon by competent authorities of the Contracting Parties and shall be laid down in the protocol which shall be an integral part of this Agreement.

## **ARTICLE II**

- i. Each Contracting Party shall have the right to take all indispensable measures to ensure that transit activities on its territory does not in any way infringe its legitimate interests of any kind or facilitate any transnational crimes such as stowaways, money laundering and arms smuggling.
- ii. Nothing in this Agreement shall prevent either Contracting Party from taking any measures which may be necessary for the protection of its essential security interests.
- iii. While protecting legitimate interests under this Article, the Contracting Parties shall adopt least transit and trade restrictive measures.

## **ARTICLE III**

- i. The term “transit transport” mean traffic-in-transit which covers the passages of goods, including consigned baggage, across the territory (including territorial land, inland waters and territorial seas) of a Contracting party when the passage is apporportion of a complete journey which begins to terminates within the territory of the other Contracting Party, with or without transshipment, warehousing, assembly, disassembly or change in the mode of transport. Nothing in this Article shall be construed as imposing an obligation on either Contracting party to establish or permit the establishment of permanent facilities on its territory for such assembly, dis-assembly or reassembly.
- ii. The Contracting Parties agree to use railway rolling stock and road vehicles, vessels and other transport means agreed upon by the Contracting Parties in transit transport.

#### **ARTICLE IV**

The cargo and goods in transit transport shall be exempt from customs duties and from all transit duties, or deposits for the payments of these taxes of transit state if the customs and the relevant quarantine and inspection departments of the Contracting Parties are satisfied that the requirements for transit transport procedures are met, except reasonable charges for transportation and such other charges as are commensurate with the costs of services rendered in respect of such transit transport.

#### **ARTICLE V**

For convenience of the transit transport, the Contracting Parties agree to provide at point or points of entry or exit, on such terms as may be mutually agreed upon by competent authorities and subject to the relevant laws and regulations prevailing in either country, warehouses or sheds, for the storage of transit goods awaiting customs clearance before onward transmission.

#### **ARTICLE VI**

Transit transport shall be subject to the procedures to be mutually agreed upon by competent authorities and subject to relevant laws and regulations prevailing in either country, as well as international treaties to which the contracting Parties are signatories. Except in cases of failure to comply with the procedures prescribed, all appropriate measures should be taken by either contracting Party to rule out avoidable delays or restrictions in such transit, such procedures may be laid down in a protocol agreed upon by competent authorities of both sides.

## **ARTICLE VII**

In order to enjoy the freedom of the high seas, merchant ships sailing under the flag of Nepal shall be accorded, subject to the laws of the People's Republic of China, treatment no less favorable than that accorded to ships from any other foreign country in respect of matters relating to navigation, entry into and departure from the ports of China, use of these ports and harbor facilities, except that the provisions of this Article shall not be extended to the coastal trade.

## **ARTICLE VIII**

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

- i. Protecting public moral;
- ii. Protecting human, animal and plant life, health and security;
- iii. Safeguarding implementation of laws relating to the import and export of gold and silver;
- iv. Safeguarding state security and political, economic and social stability;
- v. Preventing the smuggling of goods; and
- vi. Safeguarding such other interests as may be mutually agreed upon.

## **ARTICLE IX**

Nothing in this Agreement shall prevent either Contracting Party from taking any measures which may be necessary in pursuance of general international conventions, whether the Contracting Party has signed or will sign hereafter, relating to transit

transport, export or import of particular kinds of articles such as narcotics and psychotropic substances, animal and plant quarantine objects or in pursuance of general international conventions intended to prevent infringement of copyright or trademark right or relating to false marks, counterfeits or other methods of unfair competitions.

#### **ARTICLE X**

- i. In order to facilitate effective and smooth implementation of this Agreement, the Contracting Parties shall consult each other when necessary. This Agreement may be amended upon consensus reached by the Contracting Parties through consultation.
- ii. The modalities, routes, condition of transit, customs and other necessary arrangements may be reviewed and modified by the Contracting Parties to further facilitate the transit transport.

#### **ARTICLE XI**

Any dispute or difference which may arise in the application or interpretation of this Agreement shall be settled through consultation between the Contracting Parties.

#### **ARTICLE XII**

This Agreement shall come into force on the date of signature, remain valid for a period of ten years and be automatically renewed in every ten years unless either of the Contracting Party gives to the other a written notice, six months in advance, of its intention to terminate the Agreement.



Done in Beijing on March 21, 2016, in duplicate in the Nepalese, English and Chinese languages, all texts being equally authentic. In case of divergence, the English text shall prevail.

For the Government of Nepal

For the Government of  
the Republic of China

**AGREEMENT BETWEEN  
THE GOVERNMENT OF NEPAL AND GOVERNMENT OF THE  
PEOPLE'S REPUBLIC OF CHINA  
ON  
MANAGEMENT OF PORTS IN NEPAL-CHINA BORDER AREAS**

The Government of Nepal and the Government of the people's Republic of China (hereinafter referred to as the "two parties"), desiring to further consolidate and develop the traditional good neighbourly and friendly relations between the people of the two countries, and promote the bilateral trade and movement of people between the two countries, have agreed as follows based on the principle of equality and mutual benefit:

**Article 1**

In this Agreement the two Parties use the terms as follows:

1. The term "Ports" means the designated regions that are located on the two sides of the Nepal-China border, supervised and managed by the designated authorities, and that serve as channels for entry and exit of people, vehicles, cargos and goods. Ports include bilateral Ports and international Ports.

Bilateral Ports are the Ports that allow entry and exit of people, vehicles, cargos and goods of the two Parties, International Ports are the Ports that allow entry and exit of people, vehicles, cargos and goods of the two Parties and third countries and regions.

2. The term "border areas" means countries or districts on the two sides of the Nepal-China border.

3. The term “border inhabitants” means permanent residents of either country living in the border areas.
4. The term “Force Majeure” means an event that is unforeseeable, inevitable, and insuperable and beyond the control of the two Parties, which may prevent a Party from complying with any of its obligations under this Agreement or may require a Party to make any other alternative arrangement to respond to the event.
5. The term “inspection offices at the Port” means border control, customs, inspection and quarantine departments of the Chinese side and customs, immigration, food inspection and quarantine offices and security agencies of the Nepalese side.
  1. The two Parties shall upgrade the following existing trading points into the Ports in Nepal-China border areas:

**Chinese side**

Pulan

Lizi

Jilong

Zhangmu

Riwu

Chentang

**Nepalese side**

Yari

Nechung

Rasuwa

Kodari

Olangchung Gola

Kimathanka

2. The location and type of the Ports listed in Paragraph 1 above shall be as defined in the Annex hereto. The two Parties shall agree, through exchange of diplomatic notes, when adequate infrastructures are in place and internal procedures are completed, on the full

operationalization of the above-mentioned Ports which have not been fully operationalized yet. The opening duration and working hours of the Ports shall be agreed through consultations between the administrative authorities of the two Parties where the Ports are located or through the Ports contact mechanism, subject to confirmation by the two parties.

3. The two parties shall consult on the opening of new Ports or closing of existing, Ports through exchange of diplomatic notes between the two Parties. Such notes shall be an integral part of this Agreement.
4. Changes in the location and type of the existing ports shall be agreed through exchange of diplomatic notes between the two parties. Such notes shall be an integral part of this Agreement. Changes in the opening duration and working hours of the ports shall be agreed through consultation between the administrative authorities of the two parties where the ports are located or through the ports contact mechanism, subject to confirmation by the two parties.
5. In case of force Majeure or other special needs, the two parties may open temporary ports. The opening of temporary ports shall be agreed by the two Parties and confirmed through exchange of diplomatic notes. People, vehicles, cargos and goods waiting for entry or exit shall comply with the procedures as required by the local laws or the bilateral agreements in force between the two Parties.

### **Article 3**

1. Citizens of either country who wish to travel through the Ports shall hold valid passports or other travel documents that are recognized by the two Parties, and abide by the agreements on international traveling between the two countries.

Citizens of a third country who wish to travel through the Ports shall hold valid passports or other valid travel documents, and comply with the regulations on international traveling of both countries and bilateral agreements or international treaties to which both the countries are parties.

2. Border inhabitants of the two Parties may enter or exit with exit-entry passes of Nepal-China border areas. The exit-entry passes of Nepal-China Border areas shall be issued and used in accordance with the Agreement between the Government of the People's Republic of China and the Government of Nepal on Trade and Other Related Matters between the Tibet Autonomous Region of China and Nepal, Signed in 2002.

### **Article 4**

During the working hours of the ports, the inspection offices at the ports of either Party shall exercise their power in accordance with the laws and regulations of their respective country. People, vehicles, cargos and goods shall be subject to inspection by the relevant departments, offices or agencies of the two Parties. The two Parties or the inspection offices at the Ports of the two Parties may agree on working arrangement for simplifying the inspection procedures as and when necessary.

## Article 5

1. Ports that are officially opened in either side shall not be closed during the official holidays of either party unless there is special agreement otherwise.
2. In case one Party needs to open the Ports temporarily under special circumstances, it shall notify the other Party through diplomatic channels at least 5 days in advance, or no less than 24 hours in case of emergency, and reach agreement in this regard with the latter through consultation. Either Party shall notify the other Party through diplomatic channels of the closure of Ports that have been opened temporarily and get the other Party's confirmation in that regard.
3. In order to maintain social and public interests and safeguard national security, or as a result of Force Majeure, either Party may close Ports temporarily or limit passage through the Ports, but it shall notify the other Party 5 days, or 24 hours in emergency in advance. Either Party shall notify the other Party through diplomatic channels of reopening of the Ports that have been closed temporarily or lifting restrictions on passage and get the other Party's confirmation ion that regard.
4. Neither Party shall close ports without the prior consent of the other party, except in the situations prescribed in Paragraph 3 of this Article. If either Party closes Ports without the other Party's prior consent and such closure causes loss to the other Party, the two Parties shall settle their disputes through diplomatic channels.

## **Article 6**

The two Parties shall strengthen the construction of infrastructure and inspection facilities of the Ports, improve the passage conditions and enhance the capacity of passage. The future development needs of the Ports shall be considered while designing and constructing the port facilities.

## **Article 7**

In order to ensure the effective implementation of this Agreement, the two Parties may establish the following mechanism:

- (a) The competent authorities as designated by the two Parties or the local authorities/agencies may be the leading agencies of the cooperation mechanism. They shall coordinate with each other and work out, through study, measures to increase efficiency and carry out their communication.
- (b) The inspection offices at the Ports of the two Parties may create counterpart contact mechanism to hold meetings and communications.

## **Article 8**

This Agreement shall not affect the rights and obligations of the two Parties arising from other international treaties that they have concluded and are still in force.

## **Article 9**

The two Parties shall settle all differences that may arise concerning the interpretation or application of this Agreement through diplomatic channels.

## **Article 10**

This Agreement may be amended or modified, during its period of validity, by mutual agreement of the two Parties.

## **Article 11**

This Agreement shall enter into force on the date of signature, and remain in force for a period of 10 years.

This Agreement shall be renewed automatically every successive 10 years unless either Party requests its termination by serving the other Party a written notice 6 months prior to the date of expiration.

Done in Kathmandu on 14 January 2012, in duplicate in the Nepali, Chinese and English languages, all texts being equally authentic. In case of divergence, the English text shall prevail.

For the Government of Nepal

For the Government of the  
People's Republic of China



**Annex**  
**The Location and Type**  
**Of**  
**Nepal-China Ports**

**1. Pulan-Yari Port**

One side of the Port is Pulan Town, Pulan Country, Tibet Autonomous Region of China, and the other side is Hillsa Village, Humla District of Nepal.

It is an international port.

**2. Jilong- Rasuwa Port**

On the side of the Port is Jilong Town, Jilong country, Tibet Autonomous Region of China, and the other side is Rasuwagadhi village, Rasuwa District of Nepal.

It is an international port.

**3. Zhangmu- Kodari Port**

One side of Port is Zhangmu Town, Nielamu contry, Tibet Autonomous Region of China, and the other side is Tatopani Village Sindhupalchowk district of Nepal.

It is an international port.

**4. Riwu- Olangchung Gola Port**

One side of the Port is Riwu Town, Dingjie country, Tibet Autonomous Region of China, and the other side is Olangchung Gola village, Taplejung District of Nepal.

It is a bilateral port.

**5. Lizi-Nechung Port**

One side of the port is Zhongba Country, Tibet Autonomous Region of China, and the other side is Kimathanka Village, Sankhuwasabha District of Nepal.

It is bilateral port.

Date 14 May 2010

H.E. Mr. Purushottam Ojha

Secretary

Ministry of Commerce and Supplies Government of Nepal

Kathmandu

Your Excellency,

I have the honor to inform you that in order to promote the economic development of your country and to strengthen the economic and trade relations between our two countries, the Government of the People's Republic of China (hereinafter referred to as "China") has decided to phase in zero-tariff treatment to 95 percent of the products originated in your country and exported to China. Within 2010, 60 percent of the products will start to enjoy zero-tariff treatment (please refer to Annex I for the list of products concerned). The tariff rates of the imported goods listed in Annex I will be reduced to zero after the two sides complete the exchange of notes and the Chinese side fulfills the relevant domestic procedures.

The General Administration of Customs of China has amended the rules of origin and related procedures on goods eligible for the Special Preferential Tariff (please refer to Annex II), which are ready for the confirmation by the relevant authorities of your government.

After the special preferential tariff treatment is implemented, where one of the products on the list is being imported into China

in such increased quantities as to cause or threaten to cause serious injury to the domestic industry that produces like or directly competitive products of China, the Government of China shall be free to suspend the special preferential tariff treatment of the product in question and will enter into consultations with your country with a view to seeking mutually satisfactory solution.

If Your Excellency could confirm it with a letter of reply, this letter, together with Annex I, II and your reply shall constitute an agreement between our two governments.

Please accept, Your Excellency, the assurances of our highest consideration.

Qiu Guohong

Ambassador Extraordinary and Plenipotentiary of the People's Republic of China to Nepal

Date 14 May 2010

H.E. Mr. Qiu Guohong  
Ambassador Extraordinary and Plenipotentiary of the  
People's Republic of China to Nepal

Your Excellency,

I write to acknowledge the receipt of your letter of to-day's date, which reads as follows:

"I have the honor to inform you that in order to promote the economic development of your country and to strengthen the economic and trade relations between our two countries, the Government of the People's Republic of China (hereinafter referred to as "China") has decided to phase in zero-tariff treatment to 95 percent of the products originated in your country and exported to China. Within 2010, 60 percent of the products will start to enjoy zero-tariff treatment (please refer to Annex I for the list of products concerned). The tariff rates of the imported goods listed in Annex I will be reduced to zero after the two sides complete the exchange of notes and the Chinese side fulfills the relevant domestic procedures.

The General Administration of Customs of China has amended the rules of origin and related procedures on goods eligible for the Special Preferential Tariff (please refer to Annex II), which are ready for the confirmation by the relevant authorities of your government.

After the special preferential tariff treatment is implemented, where one of the products

on the list is being imported into China in such increased quantities as to cause or threaten to cause serious injury to the domestic industry that produces like or directly competitive products of China, the Government of China shall be free to suspend the special preferential tariff treatment of the product in question and will enter into consultations with your country with a view to seeking mutually satisfactory solution.

If Your Excellency could confirm it with a letter of reply, this letter, together with Annex I, II and your reply shall constitute an agreement between our two governments".

I confirm that the foregoing correctly sets out the understanding reached between our two Governments.

Please accept, Excellency, the assurances of my highest consideration.

Purushottam Ojha

Secretary

Ministry of Commerce and Supplies

Government of Nepal

Kathmandu

**Note:** The list of products under zero-tariff is available at [www.mocs.gov.np](http://www.mocs.gov.np)

## **Rules of Origin and Related Procedures on Goods Eligible for Duty-free Treatment**

### **Section I: Rules of Origin**

#### **Rule1**

In accordance with the Official Letters (hereinafter referred to as "Exchange Letters") exchanged between the governments of the People's Republic of China (hereinafter referred to as "China") and the Beneficiary Country on the goods exported from the Beneficiary Country under the Duty-free Treatment, these rules shall be applied in determining the origin of the goods claimed for Duty-free Treatment.

#### **Rule 2**

For the purpose of these rules,

**"Beneficiary Country"** means the country or region with which China has signed the Exchange Letters under the Duty-free Treatment.

**"Originating Materials"** means goods which qualify as originating in compliance with the provisions of the rules of origin in this Section and which are used in the production of another good.

**"Materials"** means goods which are used in the production of another good, including any assembly, ingredients, raw materials, parts or components.

**"Production"** means methods of obtaining goods, including growing, raising, extracting, picking, collecting, mining, harvesting, fishing, trapping, hunting, manufacturing, processing or assembling of a good.

**“Customs Valuation Agreement”** means the Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade 1994, which is part of the Marrakesh Agreement Establishing the World Trade Organization.

**“Harmonized System (HS)”** means the Harmonized Commodity Description and Coding System of the World Customs Organization.

**“Ports of entry in China”** refers to a port where Customs Law of China is applicable, i.e. excluding those located in Hong Kong, Macao Special Administrative Regions and Taiwan area.

### **Rule 3**

The origin of goods included in the list of product eligible for Duty-free Treatment, imported directly to China from the beneficiary country, shall be determined in accordance with the following criteria:

- (a) Goods wholly obtained or produced entirely in the beneficiary country shall be regarded as originating in that country.
- (b) Goods not wholly obtained or produced entirely in the beneficiary country shall be regarded as originating provided that the last substantial transformation has been performed in that country.

### **Rule 4**

For the purpose of Rule 3(a) in this Section, “goods wholly obtained or produced entirely in the beneficiary country” refers to:

- (a) live animals born and raised in the beneficiary country;
- (b) goods obtained in the beneficiary country from the animals specified in paragraph (a) above;

- (c) plants and plant products harvested, picked or collected in the beneficiary country;
- (d) goods obtained by hunting or fishing in the beneficiary country;
- (e) fish, shellfish and other marine life taken outside the territorial waters by vessels registered or recorded in the beneficiary country and entitled to fly the flag of that country ;
- (f) goods obtained from the processing of goods listed in paragraph (e) above on board a factory ship registered or recorded in the beneficiary country and entitled to fly the flag of that country;
- (g) minerals and other naturally occurring substances extracted in the beneficiary country or goods, exclusive of fish, shellfish and other marine life, taken or extracted from the waters, seabed or subsoil beneath the seabed outside the territorial waters of the beneficiary country, provided that the beneficiary country has the right to exploit such waters, seabed or subsoil beneath the seabed.
- (h) used goods collected in the beneficiary country which are produced from consumption in that country and fit only for the recovery of raw materials;
- (i) waste and scrap which are produced from processing or manufacturing operations in the beneficiary country and fit only for the recovery of raw materials;
- (j) goods obtained through processing in the beneficiary country of goods set out in paragraphs (a) to (i) above.



## Rule 5

The criterion for “substantial transformation” under Rule 3 (b) in this Section shall be “ad valorem percentage” (the ad valorem percentage shall be no less than 40%), or “Change in Tariff Classification” (four- digit tariff heading changes under the “Harmonized System”). Whereas the goods listed in the “Product Specific Rules” (PSR) are not subject to the said criterion.

The Product Specific Rules are to be otherwise promulgated by the General Administration of Customs of China.

The “ad valorem percentage” shall be calculated on the basis of the following formula:

where:	$\frac{\text{FOB - Value of the Non-originating Materials}}{\text{ad valorem percentage = } \frac{\text{ad valorem percentage} \times \text{FOB}}{\text{ad valorem percentage}}}$	x100%
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**FOB** means the value of the good free on board, independent of the types of means of transportation, at the port or site of final shipment abroad;

The “**value of the non -originating materials**” shall be the cost of importation, the freight and insurance for transportation to the destination port or place of the non-originating materials of the beneficiary country (CIF). The value of materials of undetermined origin shall be taken into account as that of the non- originating materials, according to the earliest ascertainable price paid or payable for the non- originating materials in the territory of the beneficiary country. When the producer of a good acquires materials of undetermined origin within the territory of the

beneficiary country, the value of such materials shall not include freight, insurance, packing costs and any other costs incurred in transporting the materials from the supplier's warehouse to the producer's location.

The values referred to above shall be determined pursuant to the Customs Valuation Agreement.

### **Rule 6**

Minimal operations or processes listed below, either by themselves or in combination, do not confer origin. These include:

- (a) operations or processes for preservation of goods during transport or storage;
- (b) operations or processes for ease of unloading and reloading of the goods;
- (c) operations or processes such as packing or presenting for sale of the goods.
- (d) slaughter of animals.

### **Rule 7**

Simple diluting, mixing, packaging, bottling, drying, assembling, sorting or decorating shall not be regarded as substantial transformation.

Any production or pricing practices undertaken by the commercial operator with the intent to circumvent the legal provisions of the Rules shall not be regarded as substantial transformation.

### **Rule 8**

Sets, as defined in General Rule 3 of the Harmonized System, shall be regarded as originating when all the components of the sets are originating. Nevertheless, when a set is composed of originating and non-originating products, the set as a whole shall be regarded as originating, provided that the value of the non-originating products does not exceed 15% of the total value of the set, determined pursuant to Rule 5 in this Section.

### **Rule 9**

In determining the origin of a good, materials or articles used in the production of the good, but not physically incorporated into the good, nor compounded of the good do not confer origin. These include:

- (a) fuel, energy, catalysts and solvents;
- (b) equipment, devices and supplies used for testing or inspecting the goods;
- (c) gloves, glasses, footwear, clothing, safety equipment and supplies;
- (d) tools, dies and moulds;
- (e) spare parts and materials used in the maintenance of equipment and buildings;
- (f) lubricants, greases, compounding materials and other materials used in production or used to operate equipment and maintain buildings;
- (g) any other goods that are not incorporated into the good but whose use in the production of the good can reasonably be demonstrated to be a part of that production.

### **Rule10**

If the goods are subject to a change in tariff classification criterion, the origin of the package, packaging materials and containers presented with the goods for customs declaration and classified with the goods under the Harmonized System and parts, spare parts, tools and explanatory materials equipped customary with the goods shall be disregarded in determining the origin of the good.

If the goods are subject to “ad valorem percentage” criterion, the value of the package, packaging materials and containers presented with the goods for customs declaration and classified with the goods under the Harmonized System and parts, spare parts, tools and explanatory materials equipped customary with the goods shall be taken into account in calculating the ad valorem percentage of the goods.

### **Rule 11**

Goods claimed to be eligible for the Duty-free Treatment shall comply with the following directconsignment rule:

- (a) goods are transported directly from the beneficiary country to ports of entry in China;
- (b) For goods which are transported to China through a third country or region, for geographical reasons or by consideration related exclusively to transportation, with or without trans shipment or temporary storage of up to 3 months in such country or region:
  - (i) the goods do not enter into trade or consumption there; and

- (c) the goods do not undergo any operation there other than unloading and reloading or any other operation required to keep them in good condition.
- (d) the goods which are put in a temporary storage in a third country or region shall be subject to customs control in such country or region.

## **Section II: Operational Procedures Related to Origin**

### **Rule 12**

In order for originating goods from the beneficiary country to be eligible for duty-free treatment, the exporting beneficiary country shall designate any government authority or other entity authorized under the domestic legislation of that country (hereinafter referred to as “authorized body”) to issue a Certificate of Origin (format is attached as Appendix);

The authorized body shall issue the certificate of origin before or at the time of exportation of the goods. A Certificate of Origin shall remain valid for one year from the date of its issuance.

A Certificate of Origin shall comprise one original and three carbon copies, inclusive of duplicate, triplicate and quadruplicate. The duplicate shall be retained by China Customs for verification as necessary. The triplicate shall be retained by the authorized body in the exporting beneficiary country for record. The quadruplicate shall be retained by the exporter.

Before the exportation to China of the goods that qualify for duty-free treatment, the exporter shall make a written request to the authorized body of the beneficiary country applying for the issuance of a Certificate of Origin. A Certificate of Origin shall be completed in English as required and contain a unique certificate number, covering one or more goods under one consignment.

In the event of theft, loss or damage of a Certificate of Origin, based on the quadruplicate of the certificate of origin, the exporter may make a written request to the authorized body of

the beneficiary country for issuing a certified copy of the original certificate within the validity period of the original certificate, provided that the exporter makes sure that the original copy previously issued has not been used. The certified copy shall bear the words "CERTIFIED TRUE COPY of the original Certificate of Origin number dated\_" in the "Remarks" column and shall remain valid from the issuing date of the original copy. If the original copy has been used, the certified copy shall be invalid and vice versa.

The Certificates of Origin prescribed in this section shall be printed by the General Administration of Customs of China.

### **Rule 13**

The name, as well as correspondence address, email and official stamps used for issuing the certificates of origin of the authorized bodies in the beneficiary country shall be provided to the General Administration of Customs of China through the Economic and Commercial Counsellor's Office of the Embassy of China in the beneficiary country for record purpose. The authorized bodies and any change thereof shall be informed immediately to the Economic and Commercial Counsellor's Office of the Embassy of China in the beneficiary country.

### **Rule 14**

At the exportation of goods entitled to duty -free treatment, the customs authorities of the exporting country shall endorse and stamp on the certificate of origin to prove that the goods declared for exportation correspond to what is stated in the certificates.

### **Rule 15**

When presenting a customs declaration at the time of importation of the goods eligible for Duty-free treatment, the importer must

take the initiative to make a declaration to the customs that the goods qualify under the Duty-free Treatment and submit the following documentation:

- (a) the valid original copy of the certificate of origin bearing the stamp of customs and the duplicate copy issued by the authorized body of the beneficiary country of export.

When the importer did not submit the original copy, nor the duplicate copy to the customs, the importer shall make a supplementary declaration to the customs on whether the goods qualify as originating goods, in accordance with the Regulations Governing the Administration of Preferential Rules Origin for Imported and Exported Goods of China Customs.

- (b) The original commercial invoice of the goods.

When the imported goods are transported through the territory of a third country or region to ports of entry in China, the importer shall submit the Through Bill of Lading issued by the beneficiary country as well as the supporting documents proving that Rule 11 is satisfied; When the beneficiary country is an inland country, since the transport of goods has to depart from a third country or region, the importer shall submit the Through Bill of Lading issued in the third country or region where the combined international transport was initiated.

In case the goods are temporarily stored in a third country or region, the importer shall submit supporting documents provided by the customs in the third country or region, to prove that Rule 11 is satisfied.



### **Rule 16**

When the importer makes a supplementary declaration to the customs that the good qualifies as an originating good pursuant to Rule 15, the customs may, according to the application of the importer, release the goods upon payment of a guarantee that is equivalent to the amount of duties and taxes to be liable based on the MFN tariff rate (most favored nation tariff rate), general tariff rate or any other tariff rates as applicable to the goods.

### **Rule 17**

The importer may apply to the customs for a refund of the guarantee paid within one year from the date the guarantee was provided, provided that:

- (a) a supplementary declaration that the good qualifies as an originating good has been made to China Customs at the time of importation, stating that the good is subject to the Duty-Free Treatment ; and
- (b) a valid Certificate of Origin and other related documents have been submitted to the customs.

In the event where the importer does not apply to the customs for a refund of the guarantee within one year from the date the guarantee was provided, the guarantee will be converted into import duties and taxes and can not be refunded.

### **Rule 18**

Whereas suspicion arises as to the authenticity and validity of a certificate of origin, the General Administration of Customs of China or its authorized offices shall initiate a request for verification either by themselves or through the Economic and Commercial Counselor's Office of the Embassy of China in the

beneficiary country. The customs authorities or the authorized bodies of the beneficiary country shall collaborate by responding to China Customs within 180 days from the date such a request is received. In case China Customs fails to receive the response within the said period, the duty-free treatment shall not be granted to the goods concerned.

When deemed necessary and subject to the consent of the beneficiary country concerned, officials from China Customs may conduct on-site verification visits to the beneficiary country.

#### **Rule 19**

China Customs and the customs administrations of the beneficiary countries shall enhance cooperation on exchange of information and assistance in verification in relation to the enforcement of these Rules.

#### **Rule 20**

The Parties shall maintain the confidentiality of the relevant confidential information acquired pursuant to these Rules. Any violation of confidentiality shall be treated in accordance with the domestic legislation of each Party.

In the absence of consent from the individuals or the authorities which provided the above information, the said information shall not be disclosed, unless it is required by judicial proceedings.

#### **Rule 21**

The Rules are subject to a periodic review of the General Administration of Customs of China. In case there is any modification of the Rules, it will be notified to the relevant country in the form of “Exchange Letters” 60 (sixty) days before the said modification becomes effective.

## Rule 22

The General Administration of Customs of China is responsible for the interpretation of these Rules.

## Rule 23

The Rules shall come into effect on .....  
appendix? **Original**

1. Exporter (full name, address and country):				Certificate No.:  <b>CERTIFICATE OF ORIGIN</b> <b>DUTY-FREE TREATMENT</b> <b>Granted by</b> <b>China (Combined Declaration and Certificate)</b> Issued in _____ ( See Instruction Overleaf )		
2. Producer's name and address, if known:						
3. Consignee (full name, address and country):						
4. Means of transport and route (as far as known) Departure date Vessel /Flight/Train/Vehicle No. Port of loading Port of discharge						
				For official use only:		
				5. Remarks		
6. Item number	7. Marks and numbers on packages	8. Number and kind of packages; Description of goods	9. HS Code (6-digit)	10. Origin Criterion	11. Gross weight, quantity (quantity unit) or other	12. Number, date of invoice and invoiced

					measures (litres, m <sup>3</sup> ,etc)	value
<p>13. Declaration by the exporter The undersigned hereby declares that the above details and statements are correct, that all the goods were produced in .....</p> <p>(country) and that they comply with the origin requirements specified for these goods under the Duty-Free Treatment exported to China.</p> <p>.....</p> <p>Place and date, signature of authority signatory.</p>			<p>14.Certification It is hereby certified, on the basis of control carried out, that the declaration by the exporter is correct.</p> <p>.....</p> <p>Place and date, signature and stamp of issuing body.</p>		<p>15. Customs verification This is to certify that the goods declared for exportation correspond to what is stated under this certificate</p> <p>.....</p> <p>Place, date, signature and stamp of exporting customs authority.</p>	

## Overleaf Instruction

Certificate No.: Serial number of Certificate of Origin assigned by the issuing body.

### **Box 1:**

State the full legal name, address (including country) of the exporter and the exporter should be in the beneficiary country.

### **Box 2:**

State the full legal name, address (including country) of the producer and the producer should be in the beneficial country. If more than one producer's good is included in the certificate, list the additional producers, including name, address (including country). If the exporter or the producer wishes the information to be confidential, it is acceptable to state "Available to the authorized body upon request". If the producer and the exporter are the same, please complete field with "SAME". If the producer is unknown, it is acceptable to state "UNKNOWN".

### **Box 3:**

State the full legal name, address (including country) of the consignee, and the consignee should be in the customs territory of China.

### **Box 4:**

Complete the means of transport and route and specify the departure date, transport vehicle No., port of loading and discharge.

### **Box 5:**

Any additional information such as Customer's Order Number, Letter of Credit Number, etc. may be included.

### **Box 6:**

State the item number.

**Box 7:**

State the shipping marks and numbers on the packages.

**Box 8:**

Number and kind of package shall be specified. Provide a full description of each good. The description should be sufficiently detailed to enable the products to be identified by the Customs Officers examining them and relate it to the invoice description and to the HS description of the good. If goods are not packed, state "in bulk". When the description of the goods is finished, add "\*\*\*" (three stars) or "\ " (finishing slash).

**Box 9:**

For each good described in Box 9, identify the HS tariff classification of China to six digits.

**Box 10:**

If the goods qualify under the Rules of Origin, the exporter must indicate in Box 10 of this form the origin criteria on the basis of which he claims that his goods qualify for preferential tariff treatment, in the manner shown in the following table:

The origin criteria on the basis of which the exporter claims that his goods qualify for Duty-Free Treatment	Insert in Box 10
The good is wholly obtained or produced in the territory of the beneficiary country as set out and defined in Rule 4.	WO
When the good is subject to "ad valorem percentage" no less than 40% of CTH.	CTH or Ad Valorem Percentage (40%)
When the good is subject to a requirement stipulated in PSR, indicate the specified criteria.	Criterion as specified in PSR.

**Box 11:**

Gross weight in kilograms should be shown here. Other units of measurement e.g. volume or number of items which would indicate exact quantities may be used when customary.

**Box 12:**

Invoice number, date of invoices and invoiced value should be shown here.Box 13:

The field must be completed, signed and dated by the exporter for exports from the beneficiary country.

**Box 14:**

The field must be completed, signed, dated and stamped by the issuing body.

**Box 15:**

The field must be completed, signed, dated and stamped by the Customs authority of the beneficiary country.

In case where there is not enough space on the first page of a Certificate of Origin for multiple lines of goods, additional pages can be used. The Certificate number will be the same as that shown on the first page. The main characteristics including box 6 to box 15 will be presented, together with the stamp of the issuing body and the Customs authority of the beneficiary country.

**Memorandum of Understanding Between  
The Ministry of Commerce and Supplies, Government of Nepal  
And  
Government of Tibet Autonomous Region of The People's  
Republic of China  
On  
The Establishment of Nepal-China's Tibet Trade Facilitation  
Committee**

Ministry of Commerce and Supplies, Government of Nepal (hereinafter referred to as the Nepalese side), and the Government of Tibet Autonomous Region of the People's Republic of China (hereinafter referred to as the China-Tibet Side) jointly referred to as Contracting Parties, Recognizing the historical trade relationship existing between the two countries and furthered by the Trade and Payment Agreement signed on 22 November 1981 and the Agreement on Trade and Related matters between Nepal and the Tibet Autonomous Region of the People's Republic of China signed on 10 July 2002.

Considering the need for promoting bilateral trade for the mutual benefit of the two countries and desirous of developing Trade, Nepal-China Tibet Trade Facilitation Committee will be established, both sides have agreed as follows:

**1. Nepal-Tibet Trade Facilitation Committee:**

The Contracting Parties hereby agree to constitute an Inter Governmental Trade Facilitation Committee (hereinafter referred to as NTTFC) led by the Joint Secretary, Ministry of Commerce and Supplies, Government of Nepal on the Nepalese side, and the Secretary General, (Economic Affairs,



Government of Tibet Autonomous Region, People's Republic of China) on the China-Tibet side. The NTTFC shall comprise the concerned senior government officials and border authorities of the Contracting Parties as per the requirements.

2. Meeting of NTTFC:

The meeting will be organized in Kathmandu and Lhasa in each alternate year. The first meeting of the NTTFC shall be held within six months of signing of this Memorandum of Understanding.

3. Forms of Meeting:

The meeting shall be carried out in two forms. One is the regular meeting of leading group of the NTTFC, the other is the Working Group meeting of two sides. The Working Group meeting shall comprise the representatives of relevant government Departments and concerned border authorities of the Contracting Parties as required. The Chief Custom Officer's of land custom station of the Nepalese side and the Chief Officer of the Port Office of the Government of Tibet Autonomous Region of the Chinese side will co-ordinate the meeting. The meeting will be held as and when required. The venue of the Working Group meeting will be at either side of the border post.

4. Hospitality:

The Contracting Parties agreed that the host side of the meeting shall provide local hospitality including accommodation and local transportation to the visiting delegation.

5. Implementation of Decision:

Leaders of the NTTFC of the two sides shall work together in close cooperation and be responsible for inter-governmental coordination on the trade matters and shall endeavor to implement the decisions of the meetings in their respective countries.

6. Duties and Responsibilities of the NTTFC:

The duties and responsibilities of the NTTFC shall be as follows:

- A. Take measures to facilitate the flow of trade, investment and other related matters of mutual interest; facilitate trade through simplification of procedures and documentation in customs, quarantine, transportation etc.
- B. Further promote bilateral trade and economic cooperation.
- C. Review progress of the implementation of the decisions taken at the preceding meeting.
- D. Discuss and take measures to resolve the issue referred by the working group.
- E. Propose and recommend to the respective government any matter of common interest for the facilitation and promotion of bilateral trade and economic cooperation.

7. The NTTFC office shall be located in the Department of Commerce of Tibet Autonomous Region and Ministry of Commerce and Supplies, Government of Nepal respectively, and responsible for regular contact.

8 Entry into Force, Duration and Termination:

This Memorandum of Understanding shall enter into force on the date of signing by the Contracting Parties, and remain in force for a period of five years. It shall be automatically extended for further periods of five years unless either of the Contracting Parties notifies the other in writing to terminate the Memorandum of Understanding at least six months before its expiration.

Done and signed in Shigatse on 2<sup>nd</sup> day of September 2009 in English language.

(Deng Xiao Gang)  
Vice-Chairman  
Government of Tibet Autonomous of China

(Purushottam Ojha)  
Secretary  
Ministry of Commerce and Supplies  
Region of the People's Republic  
Government of Nepal

# **Agreement of Co-operation for Industrial Product Inspection between General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China (AQSIQ) and Nepal Bureau of Standards and Metrology (NBSM)**

## **1. General Provision**

With a view to promoting the development of industrial products between China and Nepal, and strengthening inspection cooperation in the field of industrial products between China and Nepal, the General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China (AQSIQ) Nepal Bureau of Standards and Metrology His Majesty's Government of Nepal (NBSM) (hereinafter referred to as the Parties) have agreed to conduct cooperation and exchanges on industrial product inspection under the conditions of mutual respect according to the relevant laws and regulations of each country.

The Parties believe that the mutual exchange, cooperation and the signing of this Agreement will help to enhance the understanding and bilateral cooperation between China and Nepal in the field of industrial product inspection and management, help to establish a liaison channel for mutual understanding and help to resolve problems arising in trade for achieving objectives of mutual benefits and mutual interest.

## **2. Areas of Cooperation**

The Parties agree to carry out cooperation for industrial product inspection in the following aspects:

- 2.1 To establish liaison channel for industrial products inspection and management;
- 2.2 To establish information channel for laws and regulations, and inspection standards on industrial products.
- 2.3 To conduct intercomparison of government-designated laboratories in accordance with ISO/IEC 17025;
- 2.4 To conduct exchange of inspection technology and training of inspection technicians;
- 2.5 To conduct technical cooperation projects for industrial product;
- 2.6 To conduct cooperation on mutual recognition of inspection certificates for import and export industrial product;
- 2.7 To set up channels for mutual notification and solution of quality problems of industrial product;

Within the above scope of cooperation, as to the product subject to national compulsory certification, the relevant laws and regulations of each country shall be abided by.

## **3. Working Procedures**

- 3.1 The list of products for inspection cooperation will be decided through mutual consultation (hereinafter referred to as the List).

3.2 Basis for inspection:

The Parties should provide the other Party with the technical regulations and inspection standards concerning the product covered by the List 3. The Parties should issue the inspection certificate according to the inspection basis of the other Party.

If the party has revised technical regulations and standards, it should notify the others months before the technical regulations and standards entering into force.

3.3 Exchange of information and personnel

The Parties agree, on the basis of mutual interest, to conduct exchange on aspects such as laboratory and inspection personnel within the scope of industrial products concerned.

3.4 Mutual recognition of inspection certificate

3.4.1 The Parties agree to mutually recognize each other's inspection certificate, and regard the certificate as evidence for release.

3.4.2 Prior to the shipment of products covered by the list exported from China to Nepal, the trade-related parties submit application for inspection to China entry- exit commodity inspection agencies; China entry-exit commodity inspection agencies will conduct inspection according to the inspection basis provided by Nepal. If the will issue the CIQ (China Inspection and Quarantine) certificate, which will be regarded by the customs of Nepal as evidence for customs clearance.

- 3.4.3 Prior to the shipment of products covered by the List exported from Nepal to China, the trade-related parties submit application for inspection to NBSM; the NBSM will conduct inspection according to the inspection basis provided by China. If the product is in the conformity with relevant standards, they will issue the NBSM certificate, which will be regarded by China entry-exit commodity inspection agencies as evidence for customs clearance.
- 3.4.4 Application of this Agreement shall not prevent the application of random check control by the competent body responsible for entry- exit commodity inspection of the importing country.
- 3.4.5 The cost inspection will be born by manufacturer, importer, or exporter or as per agreement between buyers and suppliers.
- 3.5 The Parties agree to have regular meetings every other year under this Agreement to coordinate and discuss the above key objectives, to resolve issues arising from the bilateral cooperation in industrial product inspection, discuss the activities and work plan for future cooperation on inspection technology, scientific cooperation projects, laboratory inter comparison and inspection certificates.
- 3.6 The biennial meetings will be held in China and Nepal in turn at Director General level.
- 3.7 The biennial meetings shall be followed with a Memorandum of Meeting done in duplicate in the Chinese, Nepali, and English languages.

### 3.8 Financial arrangement

Activities to be conducted by the Parties shall follow the schedule mutually agreed upon. The inviting Party shall make the schedule and each party shall fund its own participation, including costs of international and domestic transportation, meals and accommodation. The Parties shall abide by the principle of reciprocity.

## 4. Contact Points

The Parties agree to set up contact points for daily contact and implementation of this Agreement. The Contact point of the Chinese side: Department of Supervision on Inspection of AQSIQ. The contact point of the Nepalese side: Nepal Bureau of Standards and Metrology. See Annex for detailed information on contact points and contact persons.

## 5. Obligations

- 5.1 The exporting country will bear no obligation to compensate for the loss incurred by the use of inspection certificate or the use of other information obtained from this Agreement unless it is proved that such loss is caused due to the importer behavior of the inspection agencies of the exporting country.
- 5.2 If a third party claims compensation due to problems to one Party, then the Parties should solve the problem through timely communication, cooperative investigation, and consultation.

## 6. Confidentiality

The Parties agree that neither Party shall disclose to third party information, standards, technical documents, and



inspection results supplied by the other Party.

## **7. Validity and Termination**

- 7.1 This Agreement will come in to effect on the date of its signature and will remain effective for a period of two years. It will be automatically renewed for successive period of two years, unless one Party notifies the other in writing of its intention to terminate this Agreement.
- 7.2 Either Party may notify the other in writing of its intention to terminate this Agreement 6 months in advance.
- 7.3 The termination of this Agreement will not affect the duration or validity of any cooperative activities under this Arrangement, which are in progress at the time of the notification of the termination of this Arrangement.

## **8. Amendment of Provisions**

This Agreement may be amended when mutually agreed by the Parties in writing.

## **9. Dispute Settlement**

Any differences on or concerning this Agreement will be resolved amicably through consultation between the Parties.

Done in Kathmandu on 6th October 2005, in duplicate in the Chinese, Nepali and English languages. In case of divergence, the English text shall prevail.

For the General Administration of  
Quality Supervision, Inspection and  
Quarantine of the People's Republic  
of China

For Nepal Bureau of Standards  
and Metrology,  
His Majesty's Government of Nepal

**Contact Points and Contact Persons**

- For the Chinese Side:  
Department of Supervision on Inspection, the General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China  
Contact person: Mr. Yuan Changxiang, Ms. Cao Yufang  
Tel:+86-10-82261922, +86-10-82261938  
Fax: +86-10-82260166  
E-mail: caoyf@aqsiq.gov.cn
- For the Nepalese side:  
Nepal Bureau of standard and Metrology Contact person:  
Mr. Shree Krishna Shrestha Tel: +977-1-4350818, 977-1-4350445  
Fax:+977-1-4350689  
E-mail: skshrestha@nbsm.gov.np

Foreign Secretary  
His Majesty's Government  
Kathmandu, Nepal  
Kathmandu, December 3, 2003

Excellency,

I have the honour to refer to Article VII of the Trade and Payments Agreement between His Majesty's Government of Nepal and the Government of the People's Republic of China of 22<sup>nd</sup> November 1981 as well as the Exchange of Notes relating thereto, and propose on behalf of His Majesty's Government of Nepal the following:

In order to further develop trade between the two countries, His Majesty's Government of Nepal and the Government of the People's Republic of China agree to utilize the following additional trading points along their frontier including the Kodari/Nielamu; Rasuwa/Jilong; Yari/Pulan; and Olangchunggola/Riwu trading points as provided for in the existing agreements:

Kimathanka (Nepal) -Riwu (China)Nechung (Nepal) - Lizi (China)

I have further the honour to propose that if the foregoing proposals are acceptable to your Government, this Note and your Note reply shall constitute an agreement between our two Governments, which shall enter into force on the date of your reply.

Please accept, Excellency, the assurances of my highest consideration.

His Excellency Mr. Sun Heping  
Ambassador Extraordinary and Plenipotentiary  
of the People's Republic of China  
to the Kingdom of Nepal

Sd.  
(Madhu Raman Acharya)  
Secretary

Kathmandu, December 3, 2003

Excellency,

I have the honour to acknowledge receipt of Your Excellency's Note dated December 3, 2003, which reads as follows:

"I have the honour to refer to Article VII of the Trade and Payments Agreement between His Majesty's Government of Nepal and the Government of the People's Republic of China of 22<sup>nd</sup> November 1981 as well as the Exchange of Notes relating thereto, and propose on behalf of His Majesty's Government of Nepal the following:

In order to further develop trade between the two countries, His Majesty's Government of Nepal and the Government of the People's Republic of China agree to utilize the following additional trading points along their frontier including the Kodari/Nielamu; Rasuwa/Jilong; Yari/Pulan; and Olangchunggola/Riwu trading points as provided for in the existing agreements:

Kimathanka (Nepal) -Riwu (China)Nechung (Nepal) - Lizi (China)

I have further the honour to propose that if the foregoing proposals are acceptable to your Government, this Note and your Note reply shall constitute an agreement between our two Governments, which shall enter into force on the date of your reply."

On behalf of the Government of the People's Republic of China, I hereby confirm the contents of the above-mentioned Note, and agree that it shall come into force from this day.

Please accept, Excellency, the assurances of my highest consideration.

His Excellency  
Mr. Madhu Raman Acharya,  
Secretary  
Ministry of Foreign Affairs of  
His Majesty's Government of Nepal

Sd.  
Sun Heping  
Ambassador Extraordinary and Plenipotentiary  
of the People's Republic of China  
to the Kingdom of Nepal

**AGREEMENT BETWEEN  
THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF CHINA  
AND  
HIS MAJESTY'S GOVERNMENT OF NEPAL  
ON  
TRADE AND OTHER RELATED MATTERS  
BETWEEN  
THE TIBET AUTONOMOUS REGION OF CHINA AND NEPAL.**

Signed on July 10, 2002 in Beijing for 10 years. The agreement will be renewed automatically for further 10 years unless a written termination notice is submitted by either party before six months of expiration. Amendments will be made through mutual consent of both the parties.

**Contents of the agreement**

Altogether 8 articles in the agreement

**Purpose:** To further develop friendly and good neighborly relations between the two countries.

**Objectives:** Enhance traditional friendly relations between the peoples of the two countries, particularly between the inhabitants of the Tibet Autonomous region of China and the people of Nepal on the basis of five principles.

Art. 1 Movement of people between TAR and Nepal

Art.2 Provisions for pilgrimage

Art.3 Full use of Lhasa- Kathmandu Highway

Art. 4 Permission to live and work in the territory of the other Party and to promote friendship between the two Parties

Art. 5 Protection and promotion of legitimate rights of each other and facilitation of trade in each other's territory

- Art.6 Encourage and support tourism, economic development, technological innovation, trade promotion and civil aviation service
- Art.7 Meeting and information sharing in local level
- Art.8 Specific arrangements

**AGREEMENT BETWEEN  
THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF CHINA AND  
HIS MAJESTY'S GOVERNMENT OF NEPAL ON  
TRADE AND OTHER RELATED MATTERS BETWEEN  
THE TIBET AUTONOMOUS REGION OF CHINA AND NEPAL**

The Government of the People's Republic of China and His Majesty's Government of Nepal (hereinafter referred to as the "two Parties");

Being desirous of further developing the friendly and good-neighborly relations between two countries;

With a view to enhancing the traditional friendly relations between the peoples of the two countries, and particularly between the inhabitants of the Tibet Autonomous Region of China and the people of Nepal on the basis of the five Principles of mutual respect for each other's sovereignty and territorial integrity, mutual non- aggression, non-interference in each other's internal affairs, equality and mutual benefit, and peaceful co-existence;

After friendly consultations have agreed on the following:

**Article I**

The two Parties agree that the movement of persons between the Tibet Autonomous Region of China and Nepal shall be governed by the following provisions:

1. Diplomatic personnel, civil servants and other nationals (except those covered by paragraph 3,5 and 6 of this Article and paragraph 3 of Article VII) of either country who wish to travel to the other country shall hold valid passports issued by their own country and visas issued by the other country. Nationals of either country entering the Tibet Autonomous



Region of China or Nepal via a third country shall also hold valid passports issued by their own country and visas issued by the other country.

2. Traders of either country customarily and specially engaged in trade between the Tibet Autonomous Region of China and Nepal (other than those persons covered by paragraph 3 of this Article), their spouses, dependent children and attendants shall hold valid passports issued by their own country and visas issued by the other country. They may be given visas for a single double, multiple entry valid for one year, depending on the situation and their needs.
3. Inhabitants of the border districts as specified by either Party (hereinafter referred to as "border inhabitants") who wish to travel to the border districts of the other country for border trade including small fairs or border trade in small volumes or petty trade, or for visiting relatives or friends shall hold exit - entry passes of the border districts (Details of such passes shall be determined by the two Parties through diplomatic channels and implemented duly) issued by the competent authorities and accept the check-up by the Frontier Inspection Station or Border Check-Post, or the first encountered duly authorized government agency before traveling to the border districts of the other country. They shall not go beyond the border districts into the interior of the country. However, the existing practices shall continue until such specification and the introduction of the new arrangement referred to in this Paragraph.
4. Border inhabitants who wish to travel beyond the border districts of the other country and other nationals of either

country shall hold valid passports issued by their own country and visas issued by the other country.

5. Border inhabitants of either country who are religious believers may travel to the other country for the purpose of pilgrimage with exit-entry passes of the border districts, provided that they will not go beyond the border district of that country; border inhabitants of either country who wish to travel beyond the border districts of the other country and religious believers of either country who are not border inhabitants shall hold valid passports issued by their own country and visas issued by the other country or identity certificates of pilgrims affixed with the pictures of the holders, issued by the authorized agency of their own government and recognized by the other country, and accept the check-up by the Frontier Inspection Station or Border Check-Post or the first encountered duly authorized government agency of the other country at the entry and exit points. Those who hold the identity certificates of pilgrim shall enter into and exit from the other country only through the entry points agreed upon by the two sides and shall not stay in the border districts of the other country more than one month. Until such points are agreed upon, the existing entry-exit points shall continue to be utilized.
6. Porter, muleteers, drivers of motor vehicles and artisans of either country may not enter the border districts of the other country without an exit-entry pass of the border district and without accepting the check-up by the Frontier Inspection station or the Border Check-Post or the first encountered duly authorized government agency and they shall not go beyond the specified areas. Motor vehicles of either country may, after

obtaining permission of the other country, enter into appropriate places of the other country.

7. Border inhabitants of either country may travel to the other country for border trade, small fairs or border trade in small volumes or petty trade; for the purpose of pilgrimage or for visiting relatives or friends through the routes and entry points agreed upon by the authorities of the two Parties through consultations. Until such routes and entry points are specified, the existing routes and entry points shall continue to be utilized. Traders of either country who wish to travel to the other for trade in large volumes or in groups or delegations shall go through the routes and entry points opened by the two government i.e. Purang, Kyerong, Nyalam and Riwo on the Chinese side and Yari, Rasuwa, Kodari and Olangchung Gola on the Nepalese side and any other points as may be agreed upon between the two government from time to time. However, the provisions of this paragraph shall in no way affect the facilities being enjoyed by the inhabitants of border district to carry on the traditional trade on barter basis under the provisions of Article 8 of the Trade and Payments Agreement of 1981. Further, such traditional trade on barter basis shall not be restricted by the provisions mentioned in this paragraph as regards routes and exit-entry points.
8. Government officials, pilgrims, businessmen and tourists of both counties shall have the facility of engaging the means of transport at normal and reasonable rates.
9. Notwithstanding the provisions of the foregoing paragraphs of this Article, either Party has the right to refuse entry into its territory of any persona non grata.

10. Nationals of either country who have entered the territory of the other country in accordance with the foregoing paragraphs of this Article may stay within the territory of the other country only after completing the procedures specified by the other country.

## **Article II**

The two Parties agree that pilgrimage contacts between the Tibet Autonomous Region of China and Nepal shall be maintained and for this purpose have agreed on the following provisions:

1. The competent local authorities of either country shall provide facilities for pilgrims to enter into and exit from its territory.
2. Pilgrims of either country shall complete the procedures specified in paragraph 5 of Article I of the present Agreement for their entry into and exit from the territory of the other.
3. The personal luggage and pilgrimage articles carried by pilgrims as stipulated by the laws of either country shall be exempted from duties.

## **Article III**

The two sides agree to make full use of the Lhasa- Kathmandu Highway on a reciprocal basis to transport passengers and cargo, and promote cooperation between the two countries in trade, tourism and other fields, according to the procedures agreed upon by the two Parties.

## **Article IV**

In order to ensure that the nationals of either country live and work in peace and contentment in the territory of the other and promote the development of friendship between the two countries, the two Parties have agreed on the following:

1. Either country shall protect the life, property and legitimate rights and interests of the nationals of the other country in its territory.
2. Unless otherwise agreed by the two Parties, nationals of either country shall not be allowed to engage without permission in such activities as herding, grazing, farming, hunting, felling trees and picking medicinal herbs in the territory of the other country. Any violation of this provision shall be handled by the host country according to its laws.
3. Nationals of either country in the territory of the other shall abide by the laws and regulations of the host country, pay taxes and respect the local customs.
4. All civil and criminal cases or disputes in the territory of either country involving nationals of the other country shall be handled by the Government or the judicial organs of the host country. If such a case comes up, the host country shall inform without undue delay the diplomatic or consular missions or local foreign affairs office, as the case may be, of the sending country.
5. Livestock, plants and their products of either country shall require duly certified quarantine certificates of the exporting country and the importing country shall recognize such certificates on a reciprocal basis.
6. The two Parties shall co-operate with each other in the conservation, promotion and development of the protected zones in the border areas of the two countries, and in prohibiting illegal export and import of specimens or products or any part of the dead or living wild animals, birds and plants. The two Parties have also undertaken to protect

and conserve the animals and birds migrating across the border.

### **Article V**

1. The two Parties shall encourage and support the development of economic and trade relations between the Tibet Autonomous Region of China and Nepal. The authorities concerned of either country shall protect the legitimate right and interests of the traders of the other country in its territory and facilitate their business activities. The traders of either country in the territory of the other must abide by the laws and regulations of the host country and shall be subject to the jurisdiction of the authorities concerned of that country.
2. The two Parties shall promote traditional border trade between the Tibet Autonomous Region of China and Nepal. Border inhabitants and traders of either country shall enter into and exit from the other country through the entry points and routes designated by the competent local authorities of that country and shall do business in the designated places. The competent local authorities shall provide facilities and protection to the border inhabitants and traders of the other country who are engaged in barter trade, trade paid in cash or other forms of border trade.
3. The two Parties should encourage and support payment through banks for such trade, particularly by letters of credit. The two Parties shall take pragmatic attitude and facilitate the border trade between border inhabitants and traders of the two sides when

conditions are not ripe for trade by letters of credit. In case of any debt disputes arising from border trade, the local officials of the two Parties shall try to settle them through consultations.

#### **Article VI**

The two Parties shall encourage and support cooperation between the Tibet Autonomous Region of China and Nepal in tourism, economic development, technological innovation, trade promotion, and civil aviation service.

#### **Article VII**

1. In order to strengthen the friendship between the local officials of the two Parties and settle any disputes, which may arise from time to time, the local officials of the border districts of the two Parties may hold meetings and exchange information as and when necessary.
2. The level, time and venue and other matters concerning such meetings shall be decided through consultations between the local officials concerned of the two Parties.
3. Local officials of either country shall travel to the other country for such meetings with exit-entry passes of the border districts or identity certificates affixed with the pictures of the holders, issued by the authorized agency of their own government and recognized by the other government.

#### **Article VIII**

The two Parties may enter into specific arrangements for the purpose of implementing the provisions of this Agreement and make other arrangements independent of this Agreement.

#### **Article IX**

This Agreement shall come into force on the date of its signing

and shall remain in force for a period of ten years and shall be renewed automatically for further periods of ten years unless it is terminated by either Party through a written notice to that effect six months before its expiration. Amendment to this Agreement shall be negotiated by the two Parties and confirmed through diplomatic channels if either Party proposes to amend the Agreement.

Done at Beijing on the Tenth Day of the Month of July of the Year Two Thousand Two in Duplicate in the Chinese, Nepali, and English Languages, all texts being equally authentic. In case of divergence, the English text shall prevail.

Signed  
For the Government of People's  
Republic of China

Signed  
For His Majesty's Government of  
Nepal



**AGREEMENT  
BETWEEN HIS MAJESTY'S GOVERNMENT OF NEPAL  
AND  
THE GOVERNMENT OF PEOPLE'S REPUBLIC OF CHINA  
CONCERNING BILATERAL ROAD TRANSPORTATION**

Signed on May 6,1994, in Beijing for 5 years. The agreement will be renewed automatically for further 5 years unless it is terminated by either party by giving written prior notice to the other party before six months of expiration. Signed on three versions, Nepali, Chinese and English. In case of divergence of interpretation English text will prevail.

**Contents**

Altogether 19 articles in the agreement

**Purpose:** To further develop the traditional friendship and close relationship between the Kingdom of Nepal and the People's Republic of China.

**Objectives:** Developing bilateral trade and economic cooperation further by developing the transportation of passengers, goods and mails on reciprocal basis between the two countries.

- Art.1 Operation of regular and non-regular bilateral road transportation of passengers including tourists, goods and mail services through agreed routes.
- Art. 2 Operation of regular and non-regular transportation by mutual consent.
- Art. 3 Issuance of permit for the operation of vehicles
- Art.4 Special Permit for sub-standard vehicles
- Art.5 Requirements for vehicle operation
- Art.6 Cabotage not permitted
- Art.7 Consignment notes for transportation of goods
- Art.8 Requirement of valid Documents for the transport operation (driver and vehicle related)
- Art.9 Issues settlement

- Art.10 Payment for road transportation
- Art.11 Permission and tax exemption for fuels, spare-parts and other accessories required for transit transport movement
- Art.12 Compulsory third party liability insurance
- Art.13 Compliance with International, bilateral treaties and internal laws
- Art.14 Priority treatment
- Art.15 Compliance with the rules and regulations of country where vehicle is in operation
- Art.16 Direct consultation between concerned officials of both parties on matters related to transport operation
- Art.17 Settlement of misunderstanding related to the interpretation or application of this agreement
- Art.18 The international rights and obligations of either party will not be affected
- Art.19 Enter into force, Validity, review, renewal and termination of agreement

**AGREEMENT**  
**BETWEEN HIS MAJESTY'S GOVERNMENT OF NEPAL AND**  
**THE GOVERNMENT OF THE PEOPLE'S REPUBLIC CHINA**  
**CONCERNING BILATERAL ROAD TRANSPORTATION**

His Majesty's Government of Nepal and the Government of the People's Republic of China hereinafter referred to as the 'Contracting Parties';

With a view to further promoting traditional friendship and close relationship between the Kingdom of Nepal and the People's Republic of China.

Taking into account the need for further development of bilateral trade and economic cooperation; and Desiring to develop on the basis of reciprocity the transportation of passengers, goods and mail between the two countries:

Have agreed through friendly consultations upon the following:

**Article 1**

The contracting Parties hereby agree to operate regular and non-regular bilateral road transportation of passengers including tourists, goods and mail services between the two countries. Such transportation shall be carried out on the road and on the points opened and agreed by the Contracting Parties. Specific routes and passing points shall be mentioned in the Rules for Implementation to this Agreement.

**Article 2**

Regular and non-regular transportation shall be operated by mutual consent of the competent authorities of the Contracting Parties.

### **Article 3**

The competent authorities of the Contracting Parties shall issue permits for vehicles for that part of the route which passes through their respective territory.

### **Article 4**

1. When the dimensions and the weight of a road transport vehicle traveling with or without goods exceed the standards established in the territory of the other Contracting Party and also when hazardous goods are being carried, the carrier shall obtain a special permit from the competent authorities of the Contracting Party concerned.
2. If the permit referred to in paragraph (1) of this Article provides for the movement of a road transport vehicle by a specific route, the transportation must take place along that route.

### **Article 5**

1. The transport operation envisaged in this Agreement may be performed only by carriers who, in conformity with the internal law of their country, are permitted to carry out bilateral road transport operations.
2. Road transport vehicles involved in bilateral road transport operations shall have a vehicle registration plate and the distinguishing mark of their country.

### **Article 6**

Notwithstanding anything contained in other provisions of this Agreement, a carrier shall not be permitted to transport passengers or goods between two points on the territory of the other Contracting Party.

### **Article 7**

Transportation of goods provided for in this Agreement shall be

undertaken under consignment notes of each Contracting Parties, the form of which observes the generally accepted international model.

### **Article 8**

1. The driver of a coach or of a goods vehicle shall hold a valid national or international drivers' licence corresponding to the category of the road transport vehicle he is driving, and national registration documents for road transport vehicle.
2. Permits and any other documents required in accordance with the provision of this Agreement shall be carried in the road transport vehicle to which they relate and be produced upon the request of competent authorities.

### **Article 9**

Practical matters connected with carrying out the transportation of passengers and goods envisaged in this Agreement may be settled directly between the competent authorities of the Contracting Parties.

### **Article 10**

The payment for the bilateral road transportation under this Agreement shall be made either in the freely convertible foreign currency or as per the bilateral agreements concluded or to be concluded from time to time between the two Contracting Parties.

### **Article 11**

1. In the performance of transport operation on the basis of this Agreement the following items brought on to the territory of the other Contracting Party shall be allowed and exempted from customs, taxes and duties.
  - a) fuel held in the tanks in/on each model of road

transport vehicle and which are linked technically and structurally with the engine's feed system.

- b) Lubricants necessary for use during the transport operation.
  - c) Spare parts and tools required for the repair of a road transport vehicle involved in bilateral road transport operation and such items shall be declared in the customs office.
2. Unused spare parts shall be subject to being taken back out of the country while spare parts that have been replaced should be either taken out of the country or destroyed or handled in the manner prescribed in the territory of the Contracting Party concerned.

### **Article 12**

Transportation of passengers and goods on the basis of this Agreement shall be performed under third party liability insurance. The carrier shall be obliged to insure in advance each road vehicle undertaking the said transport operation.

### **Article 13**

In relation to border, customs and quarantine formalities, taxation and fees, the provisions of international treaties to which both Contracting Parties are party or the bilateral agreements between the Contracting Parties shall be applied and in deciding matters which are not regulated by this Agreement the internal law of each of the Contracting Parties shall be applied.

### **Article 14**

In relation to border, customs and quarantine formalities, priority attention shall be given to seriously ill patients who are being transported, to passengers carried by regular coach services and also to animals and perishable goods being transported respectively.

### **Article 15**

Carriers of one Contracting Party are obliged to observe the traffic laws and other laws and regulations of the Contracting Party on whose territory their vehicles are plying.

### **Article 16**

For the purpose of ensuring fulfillment of this Agreement the competent authorities of the Contracting Parties shall carry out direct contacts and at the suggestion of either Contracting Party hold consultations to decide matters connected with the system of permits for the transportation of passengers and goods and shall also exchange experience and information on the use of permits that are issued.

### **Article 17**

The contracting Parties shall settle all differences which may arise in connection with the interpretation or application of this Agreement, through negotiations and consultations.

### **Article 18**

This Agreement shall not affect the rights and obligation of the Contracting Parties arising from other international treaties which they have concluded.

### **Article 19**

1. This Agreement shall enter into force on the date of signature.
2. The Contracting Parties shall review the operation of this Agreement after two years from the date of effect of this Agreement.
3. This Agreement shall remain valid for a period of five years. Its validity shall be automatically extended for successive periods of five years unless terminated by either contracting party by giving a notice as mentioned in

paragraph 4 below.

4. This Agreement may be terminated by either contracting Party by giving a six month written notice to the other contracting party.

Done in Beijing on six of May 1994 in duplicate in Nepali, Chinese and English languages, all texts being equally authentic. Incase of any differences in interpretation, the English text shall prevail.

(Shiva Raj Joshi)  
Assistant Minister)  
Ministry of works and Transport.  
for His Majesty's Government of Nepal.

(Li Juchang)  
Vice Minister  
Minister of Communication  
for The Government of the  
People's Republic of China



**PROTOCOL**  
**ON THE APPLICATION OF THE AGREEMENT BETWEEN HIS**  
**MAJESTY'S GOVERNMENT OF NEPAL AND THE GOVERNMENT OF**  
**THE PEOPLE'S REPUBLIC OF CHINA CONCERNING BILATERAL**  
**ROAD TRANSPORTATION**

With respect to the application of the Agreement Between His Majesty's Government of Nepal and the Government of the People's Republic of China Concerning Bilateral Road Transportation signed in Beijing, on May 6, 1994, an understanding has been reached as follows:

1. The term "Competent Authorities" mentioned in the various Articles of the Agreement shall be as follows.
  - (1) For His Majesty's Government:
    - (a) For the purpose of the Articles 2,3,4,9 and 16 of the Agreement  
The Ministry of Works and Transport or any authority or authorities as designated by the said Ministry from time to time.
    - (b) For the purpose of Paragraph 2 of Article 8,
      - i. Concerned District Administrative Offices,
      - ii. Concerned District Police offices
      - iii. Concerned Immigration Offices,
      - iv. Concerned Customs Offices.
  - 2 For the Government of the People's Republic of China:
    - (a) for the purpose of the Article 2,3,9 and 16 of the Agreement- the Ministry of Communications of the People's Republic of China (MOC) and the authorized Department of Communication of Xizang (Tibet).
    - (b) For the purpose of the Article 4 and 8 of the Agreement

the Ministry of Communications of the People's Republic of China, the Ministry of Republic Security of the People's Republic of China and the authorized Department of Communications of Xizang (Tibet) and the authorized Department of Public Security of Xizang (Tibet).

2. In the side Agreement the terms should be understood as follows:
  - (1) the term "road transport vehicle" means
    - (a) In transporting goods-goods vehicle, a goods vehicle with trailer or semi-trailer and a road towing vehicle,
    - (b) In transporting passengers-a coach, i.e. a road transport vehicle designed for carrying passengers including tourist and having no fewer than 8 seats excluding the driver's seat, and also vehicle (s) for carrying baggage when required,
  - (2) the term "regular transportation" means transportation carried out by road transport vehicles of the Contracting Parties according to a previously agreed.  
timetable and route, where the initial, terminal and stopping points are designated.
    - (1) The term- "non-regular transportation" means all other road transportation services except the regular transportation.
3. The authorization envisaged in Article 3 of the Agreement does not exempt carriers and owners of goods from the duty to obtain customs clearance necessary in accordance with the internal laws and regulations of each country.
4. The term "quarantine formalities" mentioned in Article 13

and 14 should be understood to mean health, veterinary and also phytological inspection.

This Protocol shall be an integral part of the Agreement.

Done in Beijing on May 6, 1994, in duplicate in Nepali, Chinese and English languages, all the texts being equally authentic.

In case of any difference in interpretation the English text shall prevail.

Shiva Raj Joshi  
Assistant Minister  
Ministry of Work and Transport  
For His Majesty's Government of Nepal

Li Juchang  
Vice Minister  
Ministry of Communications  
For the Government of the People's  
Republic of China

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

Signed on 22<sup>nd</sup> day of November 1981 in Beijing. This agreement will replace the Trade and Payments Agreement of May 31, 1974. It will remain active for three years unless renewed.

**Contents of the agreement**

Altogether 14 articles in this agreement

**Purpose:** Further development of friendship and strengthening the economic and trade relationship between the two countries including the traditional trade relations between Nepal and Tibet Autonomous Region of China on the basis of equality and mutual benefit.

- Art.1 Appropriate measures to promote, facilitate consolidate and develop trade including exchange of goods and traditional trade overland
- Art.2 Exchange of goods
- Art.3 The export import lists and issuance of licenses
- Art.4 Bilateral Trade based on and regulated by Principles of Equilibrium
- Art.5 Trade through the government as well as other agencies
- Art.6 Most Favored Nation (MFN) Treatment and exceptions
- Art.7 The overland trading points
- Art.8 Barter trade exceptions for border inhabitants
- Art.9 Overland trade on the basis of C&F at the border points or mutually agreed area by the local officials

- Art.10 Overseas trade on the basis of C.I.F. and F.O.B. at the sea ports or mutually agreed ports
- Art.11 No derogation from any existing or future international obligations of either Parties
- Art.12 Supervision of implementation of the agreement and solution of problems through friendly consultation
- Art.13 Payments of overseas trade in freely convertible currency and of overland trade in traditional customary way
- Art.14 Renewal and termination

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

His Majesty's Government of Nepal and the government of the People's Republic of China (hereinafter referred to as the Contracting Parties) for the purpose of further developing the friendship between the two countries and strengthening the economic and trade relations between the countries, including the traditional trade relations between Nepal and Tibet Autonomous Region of China, have on the basis of equality and mutual benefit agreed as follows: -

**Article I**

The two Contracting Parties shall take all appropriate measures to develop the trade between their two countries and agree to promote the exchange of goods between them. The two Contracting Parties, in addition to trade overseas, shall provide each other all possible facilities for the further consolidation and development of the traditional trade overland between the two countries.

**Article II**

The exchange of goods between the two countries shall be conducted in accordance with their respective laws, regulations and procedures regarding import and export and foreign exchange regulations in force from time to time in the two countries.

### **Article III**

The exchange of goods between the two countries shall be carried out according to List "A" (China's exports to Nepal) and List "B" (Nepal's exports to China) attached to this Agreement. However, this Agreement does not preclude the trade in commodities not mentioned in the annexed Lists "A" and "B" as referred to above. The two Contracting Parties shall provide each other facilities in respect of the issuance of import and export Article IV licenses for the commodities traded between the two countries.

### **Article IV**

The trade between the two countries shall be based and regulated as far as possible on the principle of equilibrium.

### **Article V**

The trade between two countries may be conducted through the state trading organizations of Nepal and China, as well as other importers and exporters of the two countries.

### **Article VI**

The two Contracting Parties shall grant to each other the most favored nation treatment in all matters relating to customs duties and other taxes, fees and charges to be levied on exportation and importation of commodities and to the rules, formalities and charges of customs management.

This provision, however, shall not apply to:

1. advantages resulting from any customs union or other agreement on customs free trade to which wither contracting Parties is or may become in the future a party:

2. advantages accorded by multilateral economic agreement relating to international commerce.

### **Article VII**

In order to develop the trade overland between the two countries the two Contracting Parties agree to utilize the following trading points along their frontier:

1. Kodari/Nyalam
2. Rasuwa/Kyerong
3. Yari (Humla)/Purang

### **Article VIII**

With a view to improve the economic life of the border inhabitants, the two Contracting Parties agree that the border inhabitants of the two countries, may, within area of 30 Kilometers from the border, carry on the traditional trade on barter basis, which shall not be subjected to the limitation of the above-mentioned provisions.

### **Article IX**

The trade overland between the two countries shall be on the basis of C & F at the point of transfer of the goods over the border between Nepal and the Tibet Autonomous Region of China, or such other places in the vicinity of the border as may be determined by the local authorities concerned.

### **Article X**

The trade overseas between the two countries shall be, in the case of export from China, on the basis of C.I.F. Calcutta or other port on which both Parties have agreed, or of F.O.B. China's port; and in the case of export from Nepal, on the basis of F.O.B. Calcutta or other port on which both Parties have agreed, or of C.I.F. China's port.



## **Article XI**

Nothing in this Agreement shall be construed to derogate from any obligations of either of the Contracting Parties under any international convention or agreement, resolution, including those relating to landlocked countries entered in to by either of the Contracting Parties, before or after the conclusion of this Agreement.

## **Article XII**

At the request of either Contracting Party, their representative shall meet to supervise the implementation of this Agreement and settle problems which may arise there-from through friendly consultations.

## **Article XIII**

The payments of trade overseas between the two countries shall be made in freely convertible currency.

The payments of the trade overland between the two countries shall remain to be made in the traditional customary way.

## **Article XIV**

This Agreement, which shall replace the earlier Trade and Payments Agreements signed between the two Contracting Parties on 31<sup>st</sup> day of May 1974, remain in force for a period of three years. If neither party notifies the other in writing to terminate Agreement at least six months before its expiration, the validity shall be automatically extended for another three years and further extensions shall be effected in a similar manner.

The present Agreement is concluded in Kathmandu on 22<sup>nd</sup> day of November, 1981 in duplicate in the Nepalese, Chinese and English languages, all the three texts being equally authentic.

Sd For His Majesty's Government of Nepal	Sd For the Government of the People's Republic of China
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## **List 'A'**

### **CHINA'S EXPORTS TO NEPAL**

#### **China's overseas exports to Nepal.**

1. Textiles
2. Garments
3. Light industrial products
4. Food stuffs
5. Cement
6. Metals and steel products
7. Lubricant oil
8. Chemicals
9. Others

#### **Exports from the Tibet Autonomous Region of China to Nepal.**

1. Raw wool
2. Living sheep
3. Salt
4. Yak and Yak tails
5. Carpets
6. Others

## **List 'B'**

### **NEPAL'S EXPORTS TO CHINA**

#### **Nepal's Exports to China**

1. Jute
2. Sugar
3. Timber
4. Tanned sole leather
5. Medicinal Herbs
6. Tea
7. Other

#### **Nepal's exports to the Tibet Autonomous Region of China**

1. Food grains
2. Wheat Flour
3. Sugar
4. Jute bags and Jute cloth
5. Tobacco
6. Dried chillies
7. Candles
8. Dyestuffs
9. Soaps
10. Timber
11. Cross bred yak (male)
12. Others

**AGREEMENT TO MAINTAIN THE FRIENDLY RELATIONS BETWEEN  
CHINA AND NEPAL AND ON TRADE AND INTERCOURSE BETWEEN  
THE TIBET REGION OF CHINA AND NEPAL  
2000/11/15**

The Government of the People's Republic of China and the Government of the Kingdom of Nepal, Being desirous of further developing the friendly relations between the two countries as good neighbours on the basis of the long-standing friendship between the two peoples, Reaffirm that the five principles (Panch Shila) of

- Mutual respect for each other's territorial integrity and sovereignty,
- Non-aggression,
- Non-interference in each other's internal affairs for any reasons of an economic, political or ideological character,
- Equality and mutual benefit, and
- Peaceful co-existence,

Should be the fundamental principles guiding the relations between the two countries. The two Parties have resolved to conclude the present agreement in accordance with the above-mentioned principles and have for this purpose appointed as their respective plenipotentiaries:

The Government of the People's Republic of China, His Excellency Pan Txu-li, Ambassador Extraordinary and Plenipotentiary of the People's Republic of China to the Kingdom of Nepal: the Government of the Kingdom of Nepal, His Excellency Chuda Prasad Sharma, Minister for foreign Affairs of the Kingdom of Nepal, who, having examined each other's credentials and finding them in good and due form, have agreed upon the following:

## **ARTICLE 1**

The High Contracting Parties declare that peace and friendship shall be maintained between the People's Republic of China and the Kingdom of Nepal.

## **ARTICLE 2**

The High Contracting Parties hereby reaffirm their decision to mutually exchange diplomatic representatives on ambassadorial level.

## **ARTICLE 3**

All treaties and documents which existed in the past between China and Nepal including those between the Tibet Region of China and Nepal are hereby abrogated.

## **ARTICLE 4**

In order to maintain and develop the traditional contacts between the peoples of the Tibet region of China and Nepal the High Contracting Parties agree that the nationals of both Parties may trade, travel and make pilgrimage in those places in each other's territory as agreed upon by both Parties, and the two Parties agree to safeguard the proper interests of the nationals of the other Party in its territory in accordance with the laws of the country of residence, and for this purpose the High Contracting Parties agree to do as follows:

### **Paragraph I**

The High Contracting Parties mutually agree to establish Trade Agencies:

The Chinese Government agrees that the Government of Nepal may establish Trade Agencies at Shigatse, Kyerong and Nyalam;

The Government of Nepal agrees that the Chinese Government may establish an equal number of Trade Agencies in Nepal, the

specific locations of which will be discussed and determined at a later date by both Parties;

The Trade Agencies of both Parties shall be accorded the same status and same treatment. The Trade Agents of both Parties shall enjoy freedom from arrest while exercising their functions, and shall enjoy in respect of themselves, their wives and their children who are dependent on them for livelihood freedom from search.

The Trade Agencies of both Parties shall enjoy the privileges and immunities for couriers, mail-bags and communications in code.

### **Paragraph II**

The High Contracting Parties agree that traders of both countries may trade at the following places:

The Chinese Government agrees to specify (1) Lhasa, (2) Shigatse, (3) Gyantse and (4) Yatung as markets for trade;

The Government of Nepal agrees that when with the development of Chinese trade in Nepal, it has become necessary to specify markets for trade in Nepal, the Government of Nepal will specify an equal number of markets for trade in Nepal;

Traders of both counties known to be customarily and specifically engaged in border trade between the Tibet Region of China and Nepal may continue trade at the traditional markets for such trade.

### **Paragraph III**

The High Contracting Parties agree that pilgrimage by religious believers of either country to the other may continue according to religious custom. Personal baggages and articles used for pilgrimage carried by the pilgrims of either Party shall be exempted from taxation by the other Party.

#### **Paragraph IV**

For travelling across the border between the Tibet Region of China and Nepal, the High Contracting Parties agree that the nationals of both countries shall use the customary routes.

#### **Paragraph V**

For travelling across the border by the nationals of the two countries, the High Contracting Parties agree to adopt the following provisions:

Diplomatic personnel and officials of the two countries and nationals of the two countries except those provided by Sub-paragraphs 2,3 and 4, who travel across the border between the Tibet Region of China and Nepal, shall hold passports issued by their respective countries and visaed by the other Party. Nationals of the two countries who enter the Tibet Region of China or Nepal through a third country shall also hold passports issued by their respective countries and visaed by the other Party.

Traders of the two countries known to be customarily and specifically engaged in trade between the Tibet Region of China and Nepal, their wives and children dependent on them for livelihood and their attendants, not covered by Sub-paragraph 3 of this Paragraph, who enter into the Tibet Region of China or Nepal as the case may be for the purposes of trade, shall hold passports issued by their respective countries and visaed by the other Party, or certificates issued by their respective Governments or by organs authorized by their respective Governments.

Inhabitants of the border districts of the two countries who cross the border to carry on petty trade, to visit friends or relatives, or for seasonal changes of residence, may do so as they have customarily done heretofore and need not hold passports, visas or other documents of certification.



Pilgrims of either Party who travel across the border between the Tibet Region of China and Nepal for the purposes of pilgrimage need not hold passports, visas or other documents of certification, but shall register at the border checkpoints or the first authorized government office of the other Party, and obtain permits for pilgrimage therefrom.

Notwithstanding the provisions of the foregoing Sub-paragraphs of this Paragraph, either Government may refuse entry to any particular person.

Nationals of either country who enter the territory of the other Party in accordance with the foregoing Sub-paragraphs of this Paragraph may stay within the territory only after complying with the procedures specified by the other Party.

## **ARTICLE 5**

This Agreement shall be ratified. It shall come into effect after mutual notice of ratifications,

and remain in force for eight (8) years. Extension of the present Agreement may be negotiated by the two Parties if either Party requests for it six (6) months prior to the expiry of the Agreement and the request is agreed to by the other Party.

Done in Kathmandu on the 20th day of September, 1956, in duplicate in the Chinese, Nepalese and English languages, all texts being equally authentic.

(Signed)  
Pan Tzu-li  
Plenipotentiary of the Government of  
the People's Republic of China

(Signed)  
Chuda Prasad Sharma  
Plenipotentiary of the Government of the  
Kingdom of Nepal

