

MEMORANDUM OF UNDERSTANDING BETWEEN THE REPUBLIC OF INDIA AND THE PEOPLE'S REPUBLIC OF BANGLADESH FOR COOPERATION ON ESTABLISHING INDIAN ECONOMIC ZONE IN BANGLADESH

The Republic of India (hereinafter referred to as the Indian Party) and the People's Republic of Bangladesh (hereinafter referred to as the Bangladesh Party), desiring to further the friendly relationship between the two countries and expand trade and economic cooperation, regarding cooperation on Indian Economic Zone, through friendly consultation,

Have agreed as follows:

Article 1

The Indian Party and the Bangladesh Party (hereinafter collectively referred to as the Parties) shall encourage and support efforts by investors/companies/business communities of the two countries to establish Indian Economic Zone(s) in Bangladesh. Therefore, the Parties agreed to cooperate on Indian Economic Zone with the participation of business entities from the two countries.

Article 2

The construction of the Indian Economic Zone (Zones) shall uphold the following principles:

1. On the basis of equality and mutual benefit and guided by the Parties, the Zone shall see businesses make and shall follow market principles in operation.

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2. The Zone shall comply with the existing laws and regulations of Bangladesh and bilateral and multilateral treaties to which both governments of the two countries are Parties.

3. The construction of the Zone and Indian Investment in the Zone will be facilitated through the concessional Line of Credit extended by Govt. of India to Govt. of Bangladesh.

Article 3

The Two Parties will establish a Working Group under the framework of the Trade Agreement between India and Bangladesh. The Working Group will hold meetings from time to time, conduct studies on the feasibility of establishing Indian Economic Zone in Bangladesh and industries in the Zone, and discuss preferential policies that the Parties provide for the Zone.

Article 4

The Parties will work out a plan for the next step based on the results of the Working Group's feasibility study on Indian Economic Zone.

Article 5

Through consultation, the Parties will hold Working Group meetings as needed in Bangladesh and India in rotation.

Each Party shall bear its own costs incurred in organizing activities of the Working Group.

Article 6

In the event of a dispute arising out of the interpretation or implementation of this Memorandum, the Parties shall seek to resolve the dispute through consultation.

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