

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