

198154

JPRS-CPS-86-050

29 MAY 1986

China Report

POLITICAL, SOCIOLOGICAL AND MILITARY AFFAIRS

PRC STATE COUNCIL BULLETIN

No 22, 20 AUGUST 1985

RESTRICTION REMOVED
Approved for public release
Distribution Unlimited

19980225 140

FBIS

FOREIGN BROADCAST INFORMATION SERVICE

REPRODUCED BY
NATIONAL TECHNICAL
INFORMATION SERVICE
U.S. DEPARTMENT OF COMMERCE
SPRINGFIELD, VA. 22161

DTIC QUALITY INSPECTED 4

7
28
A03

NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

29 MAY 1986

CHINA REPORT

POLITICAL, SOCIOLOGICAL AND MILITARY AFFAIRS

PRC STATE COUNCIL BULLETIN

No 22, 20 AUGUST 1985

Beijing ZHONGHUA RENMIN GONGHEGUO GUOWUYUAN GONGBAO [PRC STATE COUNCIL BULLETIN] in Chinese No 22, 20 Aug 85

[This volume contains selected translations from the PRC STATE COUNCIL BULLETIN. Items marked [previously published] and [previously covered] have appeared in other JPRS or FBIS publications, and are cross-referenced wherever possible.]

CONTENTS

Circular of the CPC Central Committee and the State Council on Respecting and Cherishing the Army and Positively Supporting Its Reform and Building (27 July 1985) (previously published in FBIS-CHI-85-149, 2 August 1985, pp K 1-2)	
State Treasury Regulations of the PRC (27 July 1985).....	1
State Council Circular on the Approval and Circulation of the Report of the People's Bank of China on the Adjustment of Interest Rates for Savings Deposits and Interest Rates for Fixed Asset Loans (22 July 1985) (not translated)	
Report on Bank Savings and Loan Interest Rates (8 July 1985).....	5
Circular on Housing for Military Dependents (29 July 1985).....	9
Request for Instructions of the Ministry of Civil Affairs and General Political Department Concerning Proper Solution of the Housing Problem for Dependents of Military Cadres not Moving with the Troops (Summary) (2 July 1985).....	10
Circular on Management of Water Charges (22 July 1985).....	12

Chinese-Danish Agreement on Protecting Investments (29 April 1985)..	17
President Li Xiannian's Congratulatory Message to King Birendra on the Occasion of the 30th Anniversary of the Establishment of Diplomatic Relations Between China and Nepal (30 July 1985).... (not translated)	
President Li Xiannian's Congratulatory Message to Victor Paz Estenssoro on the Occasion of His Swearing in as Bolivia's New President (Summary OW050826 AUG) (not translated)	
Premier Zhao Ziyang's Congratulatory Message on the Occasion of the Opening of the 21st Head of State Conference of the Organization of African Unity (17 July 1985).....	24
Premier Zhao Ziyang's Reply to Takeshi Ito, Chairman of the Japanese Council of Organizations of Victims of Atomic and Hydrogen Bombs (Summary OW061330AUG) (not translated)	
State Council Approval of the Report of the Gansu Provincial People's Government on Abolishing Tianshui Prefecture and Putting the Counties Under the Jurisdiction of Tianshui City (8 July 1985) (not translated)	
State Council Approval of the Request by the Zhejiang People's Government to Abolish Yuyao County and Establish Yuyao City (16 July 1985) (not translated)	

STATE TREASURY REGULATIONS OF THE PRC

Beijing STATE COUNCIL BULLETIN in Chinese No 22, 20 Aug 85 pp 791-794

[State Treasury Regulations of the PRC (promulgated by the State Council on 27 July 1985)]

(GUO-FA (1985) No 96)

[Text] Chapter I: General Principles

Article 1: These regulations are formulated for the purpose of uniting and organizing state financial revenue and expenditure, and perfecting the treasury system of the state.

Article 2: The treasury of the state (referred to hereinafter as the state treasury) is responsible for handling revenue and expenditure of the state forecast budget. It is necessary, in the course of carrying out the tasks, to vigorously implement the state's principles, policies and financial system to give play to the state treasury's role of promotion and supervision.

Article 3: The People's Bank of China specifically manages the state treasury. To organize and manage work of the treasury is an important task of the People's Bank of China.

Article 4: In accordance with the regulations of the state financial system, the authority to allocate state treasuries funds at all levels belongs to financial organs of the same level.

Article 5: The people's governments at all levels should strengthen leadership over state treasuries of the same level and supervise subordinate departments and units to ensure that they do not exceed the scope stipulated by the state in their use of funds.

Chapter II: Organization and Structure of the State Treasury

Article 6: The structure of the state treasury should correspond to the state financial management system; in principle, primary level financial organs should establish primary level state treasury. Central organs must establish a head treasury; the provinces, autonomous regions and cities directly under

central administration must establish divisional treasuries; cities under provincial administration and autonomous districts must establish central branch treasuries; counties and cities equivalent to counties, and districts must establish branch treasuries. Business activities of payment offices subordinate to branch treasury should be managed by grassroots organizations of the professional banks.

Article 7: Directors of state treasuries at all levels should be concurrently taken up by the directors of the people's banks of the same level, and deputy directors should be concurrently taken up by the deputy directors of the banks in charge of state treasury work. In areas where there are no people's banks, business activities of state treasuries should be entrusted to the local professional banks by the people's bank, work should be subject to leadership of state treasuries at higher levels and the director of the entrusted professional bank should concurrently assume the post of director of the state treasury.

Article 8: Vertical leadership is to be adopted regarding business activities of the state treasuries. Divisional state treasuries of the various provinces, autonomous regions and cities under direct central administration and their subordinate branch state treasuries are branch organizations of the central state treasury as well as local state treasuries.

Article 9: State treasuries at all levels should establish professional work organs to deal with business activities of state treasuries. The structure of these organizations should correspond to Article 6 of these regulations; the four levels of the state treasuries should respectively be: department, office, section and unit. The establishment must be clearly delineated and the number of personnel should be stable. County branch treasuries with a small volume of business may not establish a professional work organ, but they must have personnel in charge of business activities of the state treasuries.

Chapter III. Duties and Authority of the State Treasuries

Article 10: The basic duties of the state treasuries are as follows:

- 1) handle revenue, division and retention of state forecast revenue.
- 2) handle allocation of funds of state forecast expenditure.
- 3) reflect to state treasuries at higher levels and financial organizations of the same level the situation of revenue and expenditure of the forecast budget.
- 4) assist financial and taxation organizations in reminding enterprises and units which have financial income to promptly pay tax to the state; for those which fail to comply despite several reminders, income should be deducted in accordance with taxation laws.
- 5) organize management, carry out inspection and guide work of state treasuries at lower levels.

6) handle other work of state treasuries as instructed by the state.

Article 11: The main authority of state treasuries is as follows:

1) Supervise whether all the money collected by the various payment offices and revenue organs is submitted to the state treasury in accordance with regulations; those which violate the regulations should be promptly investigated and dealt with.

2) The state treasury may reserve the right not to deal with cases where the proportion of division of funds and retention of funds among financial organizations of various levels is arbitrarily changed and where the deposit balance of deposit accounts is arbitrarily readjusted.

3) The state treasury may reserve the right not to handle withdrawal of accounts in violation of state regulations.

4) Supervise the opening of accounts of financial deposits and allocation of financial funds.

5) The state treasury may reserve the right not to be forced by any units or individuals to handle matters in violation of state regulations. Under such circumstances, the state treasury should immediately report the matter to the higher levels.

6) The state treasury may reserve the right not to recognize any certificates which violate regulations.

Article 12: State treasuries at all levels should strengthen accounting work, strictly carry out auditing work, perfect account books and statements and ensure accuracy in all items of revenue and expenditure.

Article 13: All personnel of the state treasury must be loyal and enthusiastic, and must strictly keep confidential all information of the state. It is necessary to commend and encourage those who adhere to state principles, policies and the financial system and who are bold enough to struggle against those who violate financial and economic discipline; it is also necessary to deal seriously with those who take revenge on state treasury personnel.

Chapter IV. Collection and Withdrawal of Funds

Article 14: All items of state forecast revenue must be submitted to the state treasury in accordance with regulations, no unit is allowed to keep a portion of the revenue or keep funds in its own custody.

Article 15: Financial organs, taxation organs and customs at various levels are responsible for management and supervision of the submission of various items of state forecast revenue to the state treasury. The method of submission is to be separately stipulated by the Ministry of Finance and the head branch of the People's Bank of China.

Article 16. The state treasury collects money in Renminbi. Gold, silver and foreign currencies should be exchanged for Renminbi prior to making payment.

The method of making payment to the state treasury in special economic zones, and the method of making payment by Chinese and foreign joint venture enterprises, enterprises run under Chinese and foreign cooperation and foreign personnel are to be separately fixed by the Ministry of Finance and the head branch of the People's Bank of China.

Article 17: Withdrawal of forecast revenue must be in accordance with withdrawal limits stipulated by the state. The sum to be refunded from revenue should be withdrawn from the relevant items of forecast budget of various levels strictly in accordance with financial management system regulations.

Chapter V: Allocation of Funds

Article 18: All items of state forecast expenditure are to be handled by the state treasury on presentation of funds allocation certificates of various financial organs.

Article 19: Two methods are to be adopted for central forecast expenditure: actual allocation of funds and management of limited amounts. Administrative affairs adopt limited amount of management for expenditure at the central level, and actual allocation of funds for forecast expenditure of localities. For management of limited amount financial organs should allocate sufficient funds in accordance with the limits and funds are not to be advanced by banks.

Article 20: Allocation of funds of state treasuries at different levels must be paid from financial deposits of the financial organs of the same level. Funds can only be transferred between accounts and must not be paid in cash.

Chapter VI: Supplementary Rules

Article 21: Details of implementation of these regulations are to be jointly formulated by the Ministry of Finance and the head branch of the People's Bank of China.

Article 22: Specific procedures of professional banks in dealing with business activities of the state treasury are to be separately formulated by the head branch of the People's Bank of China.

Article 23: These regulations take effect from the date of promulgation. These regulations supercede the "Central State Treasury Regulations" promulgated by the Central People's Government on 3 March, 1950.

/9716

CSO: 4005/378

REPORT ON BANK SAVINGS AND LOAN INTEREST RATES (8 JULY 1985)

Beijing STATE COUNCIL BULLETIN in Chinese No 22, 20 Aug 85 pp 795-797

[Text] To improve the economic results of fixed asset investments, control the gross scale of fixed asset investments, and coordinate with this year's reform of commodity prices and wages and organizing the withdrawal of currency from circulation, it is proposed to adjust the existing interest rates for savings deposits and interest rates for fixed asset loans. The concrete proposals are as follows:

1. Raising the interest rates for fixed savings deposits and vigorously promoting the savings deposit business. The interest rate for semi-annual fixed savings deposits will be increased from the existing 5.4 percent to 6.12 percent; the annual interest rate for 1-year fixed deposits will be increased from the existing 6.84 percent to 7.20 percent; the annual interest rate for 3-year fixed deposits will be increased from the existing 7.92 percent to 8.28 percent; the annual interest rate for 5-year fixed deposits will be increased from the existing 8.28 percent to 9.36 percent; the interest rate for 8-year fixed deposits will be increased from the existing 9 percent to 10.44 percent; the interest rate for current fixed deposits will not be readjusted. Appropriate adjustments will be made on the interest rates for RMB savings deposits of overseas Chinese and for the various kinds of savings deposits such as deposits by installments for lump sum repayment of principal, lump-sum deposits for petty withdrawal, deposit of principal for periodic interest withdrawals, and so forth.

To actively develop the savings deposit business, it is proposed to adopt the following measures: 1) Actively organize various government organs, armed forces and enterprise units to vigorously develop the savings agency business. The bank will appoint savings agents from the various units, absorb savings deposits, and pay agency fees according to the regulations. Party and government leadership in various localities are requested to give strong support, and the units must earnestly create conditions for developing the agency business. It is necessary to strengthen the administration of savings agency work and the guidance of the agents. 2) Appropriately increase the number of bank offices and branches for accepting savings deposits and the relevant business personnel. It is also necessary to arouse the zeal of the savings personnel; those with good performances should be duly rewarded. 3) Develop diversified forms of savings deposits and increase the kinds of savings deposit account,

such as premium savings, residential savings, durable consumer goods savings, and so forth.

2) Raise the interest rates for fixed asset loans. The interest rates for the two kinds of loans, that is, technical transformation loans and capital construction loans, will be converted into interest rates for one kind of loans, and be called interest rates for fixed asset loans. Different interest rates for fixed asset loans will be appropriately raised. Existing irrationalities in interest rates for fixed asset loans being lower than the interest rates for circulating-fund loans and interest rates for savings deposits should be changed. Concrete suggestions for the readjustment are: the annual interest rates for 1-year loans will be readjusted from the existing 5.04 percent to 9.36 percent; annual interest rates for 3-year loans will be readjusted from the existing 6.48 percent to 9.36 percent; annual interest rates for 5-year loans will be readjusted from the existing 6.48 percent to 9.36 percent; annual interest rates for 10-year loans will be readjusted from the existing 7.20 percent to 10.08 percent; and interest rates for loans of over 10 years' duration, from the existing 7.92 percent to 10.80 percent.

Fixed asset loans granted to collective enterprises in cities and townships will likewise be subjected to the above-mentioned interest rates for fixed asset loans. In regard to the interest rates for production equipment loans granted to rural township enterprises, will be appropriately raised higher than that of the interest rates for fixed asset loans.

Interest rates for loans converted from the originally direct appropriations from the Treasury will this year be subjected to the provisions of the "Provisional Regulations on the Conversion into Loans of the Full Amount of Appropriations for Capital Construction Investments Under the State Budget" of the State Planning Commission, Ministry of Finance and the Construction Bank (Ji Zi [6060 6327] (1984) Document No 2580). For subsequent years, the unified interest rates for fixed asset loans will apply.

3) Following the increase in the interest rates for fixed asset loans, both the central government and localities must take up the state's major construction projects which are necessary but are not highly profitable such as energy, building materials, transportation and communication projects and certain other technical transformation projects. If necessary, the method of interest payments may be adopted, with whoever undertaking the task being responsible for the interest payments. Concrete interest-payment methods, will be drawn up and decided by the State Planning Commission and the State Economic Commission in coordination with relevant departments. For construction projects showing poor economic results and offering no guarantee for repayment of the principal and payment of the interest of bank loans, banks have the right to stop granting loans. If in the opinion of banks certain capital construction projects under the unified arrangements of the state plan do not meet the conditions for bank loans, banks should make known their views in time so that various departments may make the necessary readjustments.

4. Following the readjustment of the interest rates for savings deposits, credit cooperatives may suffer losses in redepositing in banks the savings

deposits which they have absorbed. For the sake of encouraging credit cooperatives to actively develop the savings deposit business, banks should suitably subsidize credit cooperatives any differences in interest rates in redepositing with banks their savings deposits, so that the credit cooperatives will not incur any losses.

5) On fixed asset loans granted by the banks, settling and payment of interest accounts will be changed to a quarterly basis. All deposits and loans made before the readjustment of the interest rates will be subjected to the method of settling the interest accounts in sections.

If the above proposals for readjusting the interest rates are in order, it is requested that they be approved for circulation to the various regions and departments, to be effective as of 1st August, 1985.

- Appendix: 1. Table of plan for readjusting the interest rates for savings deposits in banks.
 2. Table of plan for readjusting the interest rates for fixed asset loans from banks.

Appendix 1

Table of Plan for Readjusting the Interest Rates for Savings Deposits in Banks

<u>Items</u>	<u>Existing Rates</u>		<u>Readjusted Rates</u>		
	<u>Monthly Per Mile</u>	<u>Yearly Percent</u>	<u>Monthly Per Mile</u>	<u>Yearly Percent</u>	
Individual savings deposits of urban and rural residents:	Current	2.4	2.88	As before	As before
Fixed:	Half-year	4.5	5.40	5.1	6.12
	1-year	5.7	6.84	6.0	7.20
	3-year	6.6	7.92	6.9	8.28
	5-year	6.9	8.28	7.8	9.36
	8-year	7.5	9.00	8.7	10.44

Appendix 2

Table of Plan for Readjusting the Interest Rates for Fixed
Asset Loans from Banks

<u>Items</u>	<u>Existing Rates</u>		<u>Readjusted Rates</u>	
	<u>Monthly Per mile</u>	<u>Yearly Percent</u>	<u>Monthly Per mile</u>	<u>Yearly Percent</u>
1. Fixed Asset Loans:				
Below 1-year (including 1-year)	4.2	5.04	6.6	7.92
Above 1-year to 3-year (including 3-year)	4.8	5.76	7.2	8.64
Above 3-year to 5-year (including 5-year)	5.4	6.48	7.8	9.36
Above 5-year to 10-year (including 10-year)	6.0	7.20	8.4	10.08
Above 10-year	6.6	7.92	9.0	10.80
2. Loans under "loan in lieu of appropriation" plan (rates applicable to most industries and trades)	3.0	3.6	No readjustment for the time being	

Notes: Fixed asset loans include loans for technical information and capital construction loans granted from credit and loan funds of banks. Originally, interest rates for technical transformation loans were at a 1 to 5-year grade only and capital construction loans, at 1 to above 10 years.

/9716
CSO: 4005/378

CIRCULAR ON HOUSING FOR MILITARY DEPENDANTS (29 JULY 1985)

Beijing STATE COUNCIL BULLETIN in Chinese No 22, 20 Aug 85 p 798

(GUO-FA [0948 4099] (1985) No 97)

[Text] The State Council and Central Military Commission concur with views submitted by the Ministry of Civil Affairs and General Political Department concerning proper solution of the housing problem for dependants of military cadres not moving with the troops and now circulate them to you for enforcement.

The People's Liberation Army bears the important tasks of protecting the Fatherland and participating in the socialist modernization program. Various regions, departments and units must, starting from the main task of supporting army construction, cementing national defense, and safeguarding socialist modernization and based on respective actual situation and conditions, actively solve the difficult housing problem of dependants of military cadres not moving with the troops and take concrete action in support of national defense construction. Upon receipt of this circular, localities shall carry out an investigation of the housing condition of dependants of military cadres not moving with the troops in their respective regions, departments and units and properly solve existing problems.

/9716

CSO: 4005/378

REQUEST FOR INSTRUCTIONS OF THE MINISTRY OF CIVIL AFFAIRS AND GENERAL
POLITICAL DEPARTMENT CONCERNING PROPER SOLUTION OF THE HOUSING PROBLEM FOR
DEPENDANTS OF MILITARY CADRES NOT MOVING WITH THE TROOPS (SUMMARY) (2 JULY 1985)

Beijing STATE COUNCIL BULLETIN in Chinese No 22, 20 Aug 85 pp 798-799

[Text] In recent years, certain improvements have been made in the housing conditions of the extensive masses of employees and city and township residents. Certain local governments and units are also concerned about the difficult housing problems of dependants of military cadres (spouses of military personnel and their children not yet of age) not moving with the troops. In allocating housing, however, certain units have emphasized males or given preference to the working couples of their own units. As a result, the problem of lack of housing or having housing difficulties on the part of the dependants of military cadres not moving with the troops has not been solved, thus affecting military and civilian relations.

In accordance with the stipulations of Article 45 of the "Constitution of the People's Republic of China" on "priority treatment of dependants of military personnel" and Article 51 of the "Military Service Law of the People's Republic of China" which provides that "dependants of in-service military personnel are entitled to respect from society and to preferential treatment from the state and the people," we now present the following views on solving the housing problem of dependants of military cadres not moving with the troops:

1. In principle, the housing conditions of dependants of military cadres not moving with the troops and residing in the cities and townships shall not be lower than the level of the conditions of employees of the same grade in the units to which they belong and of the conditions of residents of the locality. If the conditions are lower, they shall gradually be readjusted and solved.
2. In housing distribution, state organs, civilian bodies and enterprise units shall take the military cadres whose dependants have not moved with the troops as belonging to the category of separate housing population and accord the dependants of military cadres with separate housing treatment enjoyed by working couples. In particular, preferential arrangements shall be made to dependants under the same conditions as military cadres working in border areas, islands and highland areas.

3. In the case of dependants of military cadres not moving with the troops who are residents of cities and townships, who do not belong to any work unit or are not formal employees, their housing problem shall be solved by the local housing department in a unified manner. In cities and townships where commercialization of residences is in force, special treatment shall be accorded to dependants of military cadres not moving with the troops who, of their own accord, wish to purchase residences.

4. In the event that dependants of military cadres not moving with the troops who reside in the countryside require repair or construction of residences, the local government and relevant departments shall, in accordance with relevant regulations, make the necessary arrangements and give due consideration to such matters as building site and construction materials and organize forces to help in the repairs and construction at reasonable charges.

If the above views are in order, it is requested that they be approved and circulated to various localities for implementation.

/9716

CSO: 4005/378

CIRCULAR ON MANAGEMENT OF WATER CHARGES (22 JULY 1985)

Beijing STATE COUNCIL BULLETIN in Chinese No 22, 20 Aug 85 pp 800-803

[Text] Chapter I: General Principles

Article 1. Water consumption of water conservancy projects must be charged to achieve rational consumption of water resources, speed up economy in water consumption, control costs of operational management and repair and renovation of water conservancy projects, and to bring about better economic results. All industrial, agricultural and other water consuming units must pay water charges, in accordance with the regulations, to the water conservancy projects management units.

Article 2. People's governments at all levels must strengthen publicity and education for consumers on paying water charges according to regulations, and reinforce leadership in determining standards for water charges, and in supervising the collection, utilization and management of water charges.

Article 3. Standards for water charges and the methods of calculation of water conservancy projects under collective management should refer to standard water charges and management methods of localities concerned.

Chapter II: Principles for Determining the Standards for Water Charges

Article 4. On the basis of cost of water supply and in accordance with the state economic policies and the situation of water resources in localities, there should be different standards of water charges for different types of water consumption.

The cost of water supply includes the operational and management expenses of the projects, the cost of major repairs, cost of depreciation and other expenses which should be included in accordance with regulations. The rate of depreciation and rate or cost of major repair and other expenses which should be included in the total production cost are to be separately fixed by the Ministry of Water Resources and Electric Power, Ministry of Commerce and Ministry of Finance.

Article 5. The assessment of different standards of water charges for different types of water consumption:

1) Water charges for agricultural use. The standard charges for grain crops should be assessed in accordance with the cost of water supply; for cash crops, it can be slightly higher than the cost of water supply. In water charges for agricultural use the cost of water supply does not include depreciation of fixed asset investment, being part of the peasants' investment in return for their labor.

2) Water charges for industrial use.

Water charge standards are to be determined according to the cost of water supply which is calculated in accordance with total investment (including investment of peasants in return of labor) of the water supply portion and surplus of 4 to 6 percent of water supply investment. Water charges in areas where there is shortage of water resources can be slightly higher than the above standard.

The standards for water charges of flowing water (water which goes back into the original water supply system after use, the quality of which meets standards and is suitable for irrigation and other water conservancy usage) and circulating water (water which returns to water tanks, the quality of which meets standards) is to be determined according to the principle that both the water supply units and the water consuming units share the economic effects produced by making use of flowing water and circulating water.

3) Water charges for daily use in urban areas. Water charges of water for daily consumption of people in urban areas which is supplied by water works of water conservancy projects are to be determined according to the cost of water supply or with slight surplus, the standard can be slightly lower than that of water for industrial use.

4) Water charges for generation of hydroelectric power. Water which is used in connection with other kinds of water for generation of hydroelectric power should be charged at a rate of 12 percent of electricity cost of the hydro-power stations or 8 percent of the average electricity cost of the powerline network. Water purely for generation of hydroelectric power should be 200 to 300 percent of the former rate depending on the situation of water resources. As regards water for stepped hydroelectric power stations regulated by the same water conservancy project, water for the first step should be charged at the above rate; water for the lower steps should be charged at a lower rate.

Water for small hydropower station (single generator of 6,000 kilowatt), total capacity below 12,000 kilowatt) can be charged at a slightly lower rate, we can still give preferential treatment to water charges for water consumption of small hydropower stations run by peasants.

There will be charges for water stored for electricity generation so as to control operations and management expenses and major repair of the regulatory reservoir in the lower course (or upper course).

5) Charges for water used for environment protection and public health facilities can be determined by referring to charges for water for agricultural use.

6) Water supplied by the water conservancy facilities for breeding new plants and cultivation can be determined by referring to water charges for agricultural cash crops.

It is necessary to confirm the units of water supply in determining the standard for water charges for industrial, agricultural, and other usage.

Water resource and irrigation channel projects which set up independent organs for calculation and management should have different water charges in accordance with the above regulations.

Chapter III: Calculation of Water Charges

Article 6. Water conservancy project management units must strengthen management of water consumption, practice planned water consumption and calculate water charges according to volume of water consumption (water consumption for generation of hydropower can be charged according to the volume of electricity generated).

Water consumption for agricultural use can employ the system of basic water charges plus estimated units of water consumption; the method of floating seasonal charges can also be practiced. Water charges for irrigation by running water during the flood period and amount of water used beyond planning can be reduced in light of actual situations.

The method of additional charges for water consumption in excess of quotas for agriculture and industry can be adopted in areas where water resources are short.

Water consuming units must install water meters. In units where there are no water meters, it is necessary to use hydrological surveys to estimate water consumption.

Article 7. Water consumption of industries and daily living in urban areas, and water consumption at the hydropower stations must be charged according to units of water consumed.

Water consumption for agricultural use must be charged according to frequency; seasonal charges may be applied in units where the frequency of water consumption is high.

Water consuming units must pay water charges by specified dates; a late charge should be added to units which fail to make payment on time. As regards units which fail to make payment despite reminders, water conservancy project management units have the right to limit or even suspend water supply.

Chapter IV: Utilization and Management of Water Charges

Article 8. Water conservancy project management units must adopt economic accounting, strengthen business management and constantly improve economic results, gradually making the transition to enterprise management and socialization.

Operational and management fees, cost of major repair and cost of renovation needed by the water conservancy and supply projects are to be settled by the water charges collected. Maintenance and repair expenses needed by flood prevention projects and comprehensive utilization projects are to be included, according to prevailing regulations, in the budget of water conservancy affairs or to be settled in accordance with Article 15 of this regulation.

Article 9. The revenue from water charges is the main revenue of the water conservancy project management units. Income which can be used to settle costs of water supply and allocation of public funds upon consultation of the financial departments can be regarded as forecast revenue, and is exempted from being turned in as priority construction funds for energy and transportation. Surplus income can be retained and used year after year, on the condition that it will not be used for expenses other than water conservancy management. No other departments are allowed to retain or make use of water charges.

Article 10. Departments in charge of water conservancy work should appropriately regulate surplus and deficits of income of water charges of the subordinate water conservancy project management units. In units where natural conditions and the project situation is favorable, or the rate of water charges is higher than the cost of water supply, it is necessary to adopt the method of "submitting a fixed amount of surplus to the state, and retaining the remaining portion"; in units where natural conditions and the project situation are less favorable, or the rate of water charges is lower than the cost of water supply, it is necessary to adopt the method of "giving a fixed subsidy despite serious deficits, and demanding that deficits turn into profits within a fixed time limit"; for the majority of units, it is necessary to adopt the method of "offsetting expenditure with income, not turning in profits and not being given subsidies."

Article 11. The departments in charge of water conservancy work can reallocate part of the depreciation funds of the water conservancy project management units for overall arrangement of renovation tasks of the subordinate water conservancy projects, but the reallocated funds cannot be used for expenses of the organs themselves.

Article 12. Most of the surplus balance of the water charges of the water conservancy project management units is to be used for setting up a public development fund, and a minor portion is to be used for collective welfare and award funds (the specific proportion of amount is to be approved by the superior departments in charge). In years during which income from water charges is excessive, a "fund to cover deficits" should be set up to settle shortage of funds in years during which income from water charges is short.

Article 13. Water conservancy project management units must strengthen financial management, strive to perfect the financial system, and work hard to economize expenses and promote management and utilization of water charges. Financial departments and departments in charge of water conservancy work at all levels must be responsible for the supervision of implementing various financial systems and the results of capital utilization.

Chapter V: Supplementary Rules

Article 14. For reservoirs where there are problems of migrants left behind, the water charges can be paid by the emigrants assistance funds of the reservoir district used for helping emigrants to develop production.

Article 15. When dams, banks, ponds and management units of flood prevention projects where the scope of benefits is clear demand project maintenance and management fees from beneficiary units such as industrial and commercial establishments, farms, farm households and other units, the rate should be fixed according to project operational and management expenses and the cost of major repair.

Article 16. Water charges of large-scale water supply projects which span provinces, autonomous regions and municipalities directly under central administration are to be proposed by the provinces, autonomous regions and municipalities directly under central administration concerned and approved by the Ministry of Water Resources and Electric Power. The rate and management methods of water supply of water conservancy projects subordinate to the Ministry of Water Resources and Electric Power should be formulated by the organs in charge of river works in accordance with this regulation and local regulations and approved by the Ministry of Water Resources and Electric Power.

Article 17. Water charges for newly constructed and expanded water conservancy projects can be formulated and approved independently.

Water charge standards and the management methods of water conservancy projects of various provinces, autonomous regions and municipalities directly under central administration and those subordinate to the Ministry of Water Resources and Electric Power can be revised every several years.

Article 18. The Ministry of Water Resources and Electric Power has the right to explain this regulation and to supervise and exercise management in the course of implementation. Water conservancy departments of provinces, autonomous regions and municipalities directly under central administration can, in accordance with this regulation and in connection with the actual situation of the localities and in consultation with pricing, financial and other departments concerned of the same level, work out standards for water charges and the management methods and then submit them to the people's governments of provinces, autonomous regions and municipalities directly under central administration for approval prior to implementation. Simultaneously, a record should also be kept by the Ministry of Water Resources and Electric Power.

Article 19. This regulation will take effect from the date of promulgation. This supercedes the "Trial Methods of Collection, Utilization and Management of Water Charges of Water Conservancy Projects" formulated by the Ministry of Water Resources and Electric Power and approved by the State Council on 13 October 1985.

CHINESE-DANISH AGREEMENT ON PROTECTING INVESTMENTS

Beijing STATE COUNCIL BULLETIN in Chinese No 22, 20 Aug 85 pp 804-809

[It is stipulated in the Agreement that the agreement goes into force after the Chinese and Danish sides sign the agreement. They signed the agreement on 29 April 1985 and the agreement went into force on that day.)

[Text] Introduction

The Government of the People's Republic of China and the Government of the Kingdom of Denmark,

are willing to create favorable conditions for investment in the two countries and strengthen cooperation between the two countries to encourage effective utilization of resources; knowing that granting fair and reasonable treatment to investment on the basis of equality and mutual benefit conforms to the above-mentioned goal, have reached the following agreement:

Article 1. Definition

In this agreement:

I. A) "Investment" means the various assets that the parties to this agreement allow according to their respective laws and regulations. These assets are mainly the following:

- 1) the shares, any portion of the shares, or any other form of sharing of equity in a company established in the territory of any of the parties to the agreement;
- 2) the income from any reinvestment, the right to ask for money payment, or other right related to service that has monetary value;
- 3) movable property, immovable property, and other right to property, such as the right of mortgage, guarantee, and any other similar right that conforms to the stipulation of the laws of the party to the agreement in which the property is situated;

4) rights of ownership related to industry and knowledge, technology, trade marks, goodwill, patented technology, and other similar rights; and

5) special permission for operation granted by contracts that conforms to or is allowed by law, including special permission related to natural resources.

B) "Investment" should be applicable to all direct investment in a company made in accordance with the law and regulations of the party to the agreement in which the investment is made.

"Investment" includes all investment that a national or company of one party to the agreement has made before or after this agreement comes into force in the territory of the other in accordance with the latter's valid laws.

II. "Income" means money income yielded by investment, mainly: profit, interest, capital profit, dividends, percentage deductions, or remuneration.

III. "National":

A) in the People's Republic of China, means any natural person who has acquired the status of citizen of the People's Republic of China in accordance with PRC laws;

B) in the Kingdom of Denmark, means any natural person who has acquired the status of a Danish subject in accordance with the laws of the Kingdom of Denmark.

IV. "Company":

A) in the People's Republic of China, means any company, firm or social entity that has been established or organized in any area of the People's Republic of China in accordance with valid laws.

B) In the Kingdom of Denmark, means any company, firm or social body that has been established or organized in any area of the Kingdom in accordance with valid laws.

V. This agreement is also applicable to the investment that a national or company of one party to the agreement has made in the sea area or seabed area over which the other party to the agreement exercises sovereignty, sovereignty right, or power of jurisdiction in accordance with international law.

This agreement is not applicable to the Ferro Islands or Greenland.

Article 2. Promotion of Investment

Either party to the agreement should accept investments of any national or company of the other party in accordance to its legislation and the practice of its government administration and should do its best to promote such investment.

Article 3. Protection of Investment

I. The investment that a national or company of one party to the agreement has made in the territory of the other party to the agreement should always enjoy fair and reasonable treatment and be protected and secured. Any party to the agreement should scrupulously abide by the duties that it may incur in approving the investment contracts of a national or company of the other party to the agreement.

II. Any party to the agreement should give treatment to the investment or treatment related to investment income of a national or company of the other party to the agreement in its territory not less than the investment or income treatment it gives to any national or citizen of any third party country.

III. Any party to the agreement should give in its territory treatment to a national or company of the other party to the agreement concerning the management, use, possession or disposal of the national's or company's investment or income not less than the treatment it gives to any national or company of any third party country.

IV. Any party to the agreement pledges that under the condition of not violating its law and regulations, to refrain from adopting any discriminating measures against the joint venture enterprise of joint capital in which a national or company of the other party to the agreement has a share or against any investment of a national or company of the other party to the agreement including the management, maintenance, use, possession or disposal of the investment.

V. The regulations in this article do not affect the international agreements entirely or partially related to taxation that any party to the agreement has signed.

Article 4. Takeover and Compensation

I. Any party to the agreement must not nationalize, take over or adopt measures that have the same effect as nationalization or takeover (hereinafter takeover) toward the investment or income of a national or company of the other party to the agreement unless done for a public purpose related to the needs of the country and on a nondiscriminatory basis and unless compensation is given for the takeover. Compensation should be equal to the value of the investment or income that is publicly known at the time of the takeover or immediately before the takeover. There should be no improper delay in paying compensation and payment should include interest calculated at an appropriate rate from the date of takeover to the date of payment and should be able to be effectively cashed and freely diverted. The national or company concerned is entitled to have the court that has the power of justice in the party to the agreement who adopts the takeover measures, to make timely examination according to its legal procedures on the legitimacy of the takeover measures toward its investment or income and on the valuation of the compensation.

II. When any party to the agreement takes over the property of a company that has been set up or organized in its territory in accordance with its valid laws and in which a national or company of the country that is the other party to the agreement holds shares or bonds, it should ensure that the stipulation of paragraph 1 of this article is applicable to the takeover and thus guarantee that the holder of the shares and bonds be compensated for the investment.

Article 5. Compensation for Losses

I. When the investment of a national or company of a country that is a party to the agreement in the territory of the other party to the agreement suffers losses from war or other armed conflicts, state of national emergency, rebellion, or disturbance in the territory of the latter party, the latter party should adopt relevant measures and give treatment to the national and company of the former party that is nondiscriminate compared to or less than the measures and treatment it adopts and gives to the national or company of any third party country.

Article 6. Remittance and Transference of Capital and Income of the Investment

I. Under the condition of nondiscriminate exercise of power granted by its law, any party to the agreement should allow without delay the transference of the following:

- A) the principal of the investment and total or part of amount from the liquidation or transference of the investment;
- B) the income realized from the investment;
- C) the payments for the principal and interest of the loans for the investment;
- D) the proper income of the citizens who are allowed to work for a certain investment project in its territory; and
- E) the payments for the compensation stipulated in Article 4. Delays must not exceed 6 months from the date when the relevant application is delivered.

II. The transfer of currency related to in clauses D) and E) of paragraph I of this article should be exchanged into the convertible currency which was the currency when the investment was made or into any other convertible currencies according to the valid official rate at the date of the transfer.

Article 7. Transfer of Investment to State

In case a country that is party to the agreement pays to the national or company the security of the investment of the national and company in the territory of the other party to the agreement, the latter party should acknowledge:

A) the national or company has transferred all its rights or power of demand to the former party not only in accordance with the latter party's law but also in accordance with legal action in the latter party; and

B) through the payment for the transfer, the former party is empowered to exercise the rights of the national and company concerned, implement its power of demand, and undertake the duties related to the investment.

Article 8. Arbitration and Mediation

I. When a national or company of a party to the agreement is in a dispute with the other party to the agreement concerning the investment that it has made in the territory of the other party, the national or company can appeal to the organ of jurisdiction power of the other party. The parties concerned in the dispute will solve the problem through consultation.

II. In case the above-mentioned dispute cannot be resolved within 6 months, any party of the dispute has the right to sue at the court that has power of justice over the dispute in the country of the other party to the agreement.

III. In case of a dispute concerning the compensation for the takeover stipulated in Article 4, when the dispute remains unsolved 6 months after the national or company resorted to the procedures stipulated in paragraph I of this article, it can deliver the case of dispute to the international arbitration court formed by the two parties to the agreement.

If the national or company of the party to the agreement has already resorted to the method stipulated in paragraph II of this article, this paragraph is not applicable.

IV. The above-mentioned international arbitration court should be specially established according to the following way: each of the parties concerned appoints an arbitrator and these two arbitrators then recommend as chief arbitrator a national of a third country that has diplomatic relations with both parties to the agreement. The two arbitrators should be appointed within 2 months after one party to the dispute gives notice to the other on its delivery of the dispute to arbitration, and the chief arbitrator should be appointed within 4 months.

In case of failure to appoint the necessary arbitrators within the above-mentioned time, and there is no other agreement, any party of the dispute can appeal to the chairman of the arbitration court of the Stockholm Chamber of Commerce for the making of necessary appointments.

The arbitration court should draw up arbitration procedures on its own by reference to the "Convention on the Solution of Investment Dispute between a Country and the National of Another Country." The arbitration of the court is final and binding. Implementation of the arbitration is in accordance with the laws of the country concerned. The arbitration court should state the grounds for the arbitration and explain the reasons for the arbitration at the request of any party to the dispute.

The parties to the dispute should each pay the expense for the appointment of its arbitrator and the expense related to the arbitration procedures it has undergone. The expense incurred by the chief arbitrator in performing his office of arbitration and other expense of the arbitration should be paid equally by the two parties.

V. The stipulation of this article should not deny any party to the agreement the right to resort to the procedures stipulated in Article 9 when there is a dispute concerning the interpretation and application of this agreement.

Article 9. Dispute Between the Two Parties to the Agreement

I. The two parties to the agreement should do their best to solve through their bilateral consultation any dispute concerning the interpretation and application of this agreement. In case the dispute cannot be solved 5 months after the beginning of the consultation, any party to the agreement can appeal to an arbitration court.

II. The arbitration court is to be established case by case in accordance with the following methods: Within 3 months after the appeal for arbitration is lodged, the parties to the agreement should each appoint an arbitrator. Those two arbitrators then recommend a national of a third country, who will be appointed chief arbitrator with the approval of both parties to the agreement. The chief arbitrator should be appointed within 3 months after the appointment of the two arbitrators.

In case of failure to appoint the necessary arbitrators within the above-mentioned time, except for the existence of any other agreement, any party to the agreement can request the president of the International Court to make the necessary appointments. In case the president is a national of any of the parties to the agreement, or in case that the president cannot perform this duty office because of other reasons, the vice president is to be requested to make the necessary appointments. In case the vice president is a national of any of the parties to the agreement or is unable to perform this office, a senior judge of the international court who is not a national of any of the parties to the agreement should be requested to make the necessary appointments.

III. The arbitration court should apply the stipulation of this agreement and other agreements made between the two parties to this agreement and the general principles of international law. The court should make its arbitration by majority vote and its arbitration is final and binding for both parties to this agreement.

IV. The parties to the agreement should each pay for the expenses of its arbitrator and for undergoing the arbitration procedure, respectively. The expenses incurred in performing arbitration duties by the chief arbitrator and other expenses incurred in the arbitration court should be shared equally between the two parties to the agreement.

VI. The arbitration court stipulates its procedures on its own.

Article 10. Other rights or interests

The stipulations of this agreement should not infringe on any rights or interests that a national or company of any party to the agreement has acquired in the investments according to the laws and regulations of the party to the agreement in which the investment has been made or according to the agreement in the international agreements in which both parties have participated.

Article 11. Going into Force, Duration and Termination.

I. This agreement goes into force at the date of signature.

II. This agreement is to remain in force for 10 years. This agreement will continue to be in force unless after the first 10 years, any party to the agreement notifies in writing the other party to the agreement its desire to terminate this agreement. The notice of termination of this agreement goes into force 1 year after the date the other party to the agreement receives the notice.

III. According to the stipulation of Article 1 and Article 10, the investments made before the notice to terminate this agreement goes into effect should continue to be valid for 10 years from the day of termination.

On 29 April 1985, two identical copies of this agreement were signed in Beijing. Each of the two copies of this agreement is in Chinese, Danish and English languages. The versions in all the three languages are equally effective. In case of any differences in their interpretation, the English version is regarded as the criterion.

Representative of the Government
of the PRC

Zheng Tuobin [6774 2148 1755]
(signed)

Representative of the Government
of the Kingdom of Denmark

Aileman-Yansen (5337 0519 2581 1750
2773)
(signed)

/9716
CSO: 4005/378

PREMIER ZHAO ZIYANG'S CONGRATULATORY MESSAGE ON THE OCCASION OF THE OPENING
OF THE 21ST HEAD OF STATE CONFERENCE OF THE ORGANIZATION OF AFRICAN UNITY

Beijing STATE COUNCIL BULLETIN in Chinese No 22, 20 Aug 85 p 812

[Text] Addis Ababa

Conference of the Head of State and Government Chief of the Organization of
African Unity:

On this occasion of the triumphant opening of the 21st Head of State and
Government Chief Conference of the Organization of African Unity, I, as the
representative of the Chinese Government and the Chinese people, wish to offer
our warm congratulations to the Conference.

At present, African countries and people are facing the historic tasks of
developing the economy and consolidating their independence. Many leaders of
African countries have pointed out: "Without economic independence, political
independence is not complete." Economic development and prosperity and
affluence of the people are reliable guarantees for the prosperity and safety
of a nation and are also the common tasks which we Third World countries are
facing. The congregation of state heads and governments chiefs of African
countries to seek and formulate new development strategies to vitalize the
African economy and to adopt further measures to strive for the complete
liberation of African countries undoubtedly has an important significance and
far-reaching effects. I believe that this conference will be able to make new
contributions to these purposes.

China is a developing socialist country, belongs to the Third World, and
shares the same fate and same breath with the vast number of African countries.
The Chinese Government and people will, as before, firmly support African
countries and peoples in their gigantic enterprise of strengthening African
unity and unification and vitalizing the African economy and firmly support
the Namibian people's struggle for national independence and the righteous
struggles of the South African people for racial equality.

Heartiest wishes for the success of the conference.

Zhao Ziyang
Premier of the State Council of
The People's Republic of China,
Beijing, 17 July 1985

/9716

CSO: 4005/378

END