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21 June 1985

# China Report

POLITICAL, SOCIOLOGICAL AND MILITARY AFFAIRS

PRC STATE COUNCIL BULLETIN

No. 27, 20 November 1984

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21 June 1985

## CHINA REPORT

### POLITICAL, SOCIOLOGICAL AND MILITARY AFFAIRS

#### PRC STATE COUNCIL BULLETIN, No. 27, 20 NOVEMBER 1984

Beijing ZHONGHUA RENMIN GONGHEGUO GUOWUYUAN GONGBAO [PRC STATE COUNCIL BULLETIN] in Chinese, No. 27, 20 November 1984

[This volume contains selected translations from the PRC STATE COUNCIL BULLETIN. Items marked [previously published] have appeared in other JPRS or FBIS publications.]

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STATE COUNCIL REGULATIONS ON 1985 TREASURY BOND

(Guofa [0948 4099] (1984) No 148)

Beijing STATE COUNCIL BULLETIN in Chinese No 27, 20 Nov 84 pp 932-933

[Regulations on 1985 Treasury Bond of the PRC Promulgated by the State Council on 27 October 1984]

[Text] Article I: In order to appropriately concentrate the financial resources from various sectors to facilitate the socialist modernization program, the PRC has decided to issue the 1985 Treasury Bonds.

Article II: The Treasury Bonds are issuable to state enterprises, collective enterprises, leading departments of the enterprises, local governments, various organs, bodies, military units, institutions, rich communes and brigades in the rural areas and individuals in the urban and rural areas.

Article III: The amount of the Treasury Bonds to be issued will be decided by the State Council and their issuance will start from 1 January 1985. The deadline of payment for units is 30 June while that for individuals is 30 September.

Article IV: The annual interest rate on the Treasury Bonds will be 4 percent for units and 8 percent for individuals.

Interest on the Treasury Bonds will be calculated from 1 July, and there will be no interest on advance payment.

Interest on the Treasury Bonds will be paid together with the capital. No compound interest will be accumulated.

Article V: The Treasury Bonds will be issued in terms of RMB. Units purchasing Treasury Bonds will be given receipts, which may bear their names and may be reported in case of loss. Bonds are issuable to individuals in four denominations, i.e., 5 yuan, 10 yuan, 50 yuan and 100 yuan.

Article VI: The repayment of capital with interest on Treasury Bonds will start from the sixth year after their issuance. Lots will be drawn once for Treasury Bonds purchased by individuals and will be repaid five times in 5 years according to the amount issued, the amount repaid each time being 20 percent of the total. No lots will be drawn for Treasury Bonds purchased by units, which will be repaid in five equal installments in 5 years according to the total amount of bonds purchased.

Article VII: Matters related to the issuance of Treasury Bonds and the repayment of their capital with interest will be handled by the People's Bank of China and its subsidiary institutions.

Article VIII: The funds raised through Treasury Bonds will be appropriated by the State Council according to the needs of the development and overall balance of the national economy.

Article IX: The Treasury Bonds can neither be circulated as currency nor will they be transferrable.

Article X: Making counterfeit Treasury Bonds or damaging their credit will be punished according to the law.

Article XI: The Ministry of Finance has been authorized to interpret the regulations on the Treasury Bonds.

CSO: 4005/941

LI XIANNIAN MESSAGE ON 20TH ANNIVERSARY OF TIES WITH ZAMBIA

Beijing STATE COUNCIL BULLETIN in Chinese 20 Nov 84 pp 933-934

[President Li Xiannian's Message to President Kaunda Congratulating Him on the 20th Anniversary of the Establishment of Diplomatic Relations Between Zambia and the PRC]

[Text]

Beijing  
27 October 1984

Lusaka

Your Excellency, Dr Kenneth David Kaunda, president of the Republic of the Zambia,

On the 20th anniversary of the establishment of diplomatic relations between the PRC and the Republic of Zambia, I wish to extend, on behalf of the Chinese Government and the Chinese people, and in my own name, the warmest congratulations to you, and via you to the Zambian Government and the Zambian people.

The establishment of diplomatic relations between China and Zambia is a major event of historic significance. Over the past two decades since the establishment of diplomatic relations, the friendship between our two peoples has steadily consolidated and grown more and more profound, and our bilateral cooperation in the political, economic, cultural and other fields has borne satisfactory fruits. The progress of history during the past two decades has fully demonstrated that the development of Sino-Zambian friendly relations and cooperation is not only in the fundamental interests of our two peoples, but also stands as a fine example for South-South cooperation. I am convinced that with our joint efforts, the friendship between our two peoples and the amicable ties and cooperation between our two countries will certainly develop and grow further.

Your Excellency has persistently attached great importance to the friendship between the PRC and Zambia. The Chinese Government and people highly appreciate Your Excellency's outstanding contributions in furthering the friendly relations and cooperation between China and Zambia.

May the Republic of Zambia be prosperous, and her people be happy.

May the friendship between China and Zambia grow with each passing day.

May Your Excellency always be in good health.

Yours sincerely,

Li Xiannian  
President of the People's Republic of China

CSO: 4005/941

REVOLUTIONARY MARTYR LUMP-SUM PENSION STANDARDS ISSUED

(Min [3046] (1984) You [0327] No 43)

Beijing STATE COUNCIL BULLETIN in Chinese No 27, 20 Nov 84 p 936

[Circular of the Ministry of Civil Affairs and the Ministry of Finance on Raising the Revolutionary Martyr Lump-sum Pension Standards (9 October 1984)]

[Text] With the approval of the State Council, it has been decided to raise the revolutionary martyr lump-sum pension standards (for the specific standards see the attached table). The new pension standards apply from 1 April of this year. Lump-sum pensions in regard to all those people who died a martyr's death after 1 April this year, and who have been approved as revolutionary martyrs, will be issued in accordance with the new standards. In regard to those lump-sum pensions which have been issued in accordance with the original standards, an additional amount will be issued to cover the shortfall as compared to the new standards. The additional funds needed to cover the increased revolutionary martyr lump-sum pensions will be arranged by the local financial administration.

There have been changes made to the scope of some personnel duty grades in this table of revolutionary martyr lump-sum payment standards. Thus, from the date of the promulgation of this notice, the determination of personnel duty grades for people who die as martyrs and those who die of illness in the "Table of Lump-Sum Pension Standards for Servicemen, Workers in Organs, and People's Militiamen and Public Workers Serving in Combat, Who Die as Martyrs or Die of Illness" will be appropriately changed to conform with the scope of duty grades as stipulated in the new "Table of Revolutionary Martyr Lump-Sum Pension Standards."

Table of Revolutionary Martyr Lump-Sum Pension Standards

<u>Duty Grade</u>	<u>Pension Standard</u>
Squad Commander or Fighter Grade	2,000 yuan
Company Commander, Platoon Leader or Cadre Below Grade 21	2,100 yuan
Battalion Commander or Cadre From Grade 19 to Grade 20	2,200 yuan
Regimental Commander or Cadre From Grade 15 to Grade 18	2,300 yuan
Divisional Commander or Cadre of Grade 14 and above	2,400 yuan

Note: Pensions for people's militiamen, public workers and members of the masses who are serving in combat at time of death will be issued in accordance with the squad commander and fighter grade. Pensions for state employees will be issued in accordance with relevant stipulations and at the appropriate grade.

CSO: 4005/941

PROVISIONAL RULES ON HIRING RURAL CONTRACT WORKERS

(Laorenji [0525 0086 6060] (1984) No 49)

Beijing STATE COUNCIL BULLETIN in Chinese No 27, 20 Nov 84 pp 937-941

[Provisional Stipulations on the Hiring of Workers Under the Peasant Contract System and the Employment of Rural Construction Teams by State-Run Construction Enterprises--Approved by the State Council on 5 October 1984 and Promulgated by the Ministry of Labor and Personnel and the Ministry of Urban and Rural Construction and Environmental Protection on 15 October 1984]

[Text] Chapter One: General Principles

Article I: These stipulations have been specially formulated to raise the labor productivity and improve the economic results of state-run construction enterprises, to reform the employment system, and to open up avenues for the rural labor force to participate in urban and rural construction.

Article II: These stipulations are applicable to state-run construction and installation enterprises, housing maintenance enterprises, and parks and municipal engineering construction enterprises.

Article III: When enterprises require a labor force apart from the small number of people who are necessary for specialized technological work and the technological backbone force, they should hire workers under the peasant contract system and gradually reduce the proportion of permanent workers. Enterprises can also employ rural construction teams to participate in construction.

Article IV: Under the preconditions of strengthening labor management, tapping existing latent labor potential, making appropriate arrangements for those personnel who do not meet current production requirements, and raising the quality of enterprises, enterprises should hire workers under the peasant contract system and employ rural construction teams.

Chapter Two: Hiring Workers Under the Peasant Contract System

Article V: In accordance with the characteristics of production in the construction industry, the state will implement guidance plans in regard to the necessary hiring of workers under the peasant contract system by enterprises.

Enterprises where a contract for wage content per 100 yuan of production value has been approved and implemented can, under the condition of not exceeding the wage content as stipulated in the contract, of their own accord hire workers under the peasant contract system. However, they should provide an outline plan to the labor and personnel department and State Planning Committee at the level above them in accordance with their jurisdiction relationships.

The hiring of workers under the peasant contract system should generally be done locally. As to the specific places where workers are to be recruited, the enterprises can propose an area and report this to the local labor department for approval.

Article VI: An enterprise which hires workers under the peasant contract system should sign a labor contract with the relevant unit of the county or township.

In signing the labor contract, the relationship between the state, the collective and the individual must be handled correctly and the principles of free choice and reaching consensus through discussion must be carried out. The labor contract when signed will have the binding force of law, and the two sides must strictly implement it. Neither side can change or terminate the contract on its own authority.

The major provisions of the labor contract should include: the number of people to be hired; conditions of recruitment; period of employment; production tasks; wages, benefits and labor insurance; labor safety; labor discipline and rewards and penalties; responsibilities if there are violations of the labor contract; and any other matters which the two sides feel should be stipulated. After the labor contract is signed, outline plans should be reported to the department responsible for the enterprise and to the local labor department.

The period of the labor contract should be fixed in accordance with the demands of the enterprise's production tasks, and in general should be 3 to 5 years. When the contract period is completed, the labor relationship will lapse. If the enterprise needs to continue the contract, this must be agreed to by the department responsible for the enterprise and approved by the labor department.

Article VII: When hiring workers under the peasant contract system, the methods of open recruitment, voluntary registration and selecting the best for employment will be used.

The basic requirements for being employed as a worker under the peasant contract system will be met by male peasants aged between 18 and 35 who have a good political outlook and a healthy body (for technical work above the average level, the age limit can be appropriately extended).

If a worker who is hired under the peasant contract system, due to health or other reasons, is unable to accord with the demands of production, the contract can be terminated ahead of time with the approval of the enterprise. As for those who violate labor discipline, the enterprise can handle things in accordance with the seriousness of the case and can remove the names of the workers from the books and can dismiss them.

Article VIII: The wages and conditions for workers hired under the peasant contract system will be fixed in accordance with the specific conditions in each area. In general, for 3 months after the workers enter an enterprise, their wages should be at the fixed wage standard of permanent workers doing the same work. After 3 months, the standards will be examined and reviewed on the basis of the workers' technical level, their attitude toward labor and their strength. Their wages and conditions should be the same or a little higher than permanent workers doing the same work.

Article IX: If, during his period of work in the enterprise, a worker hired under the peasant contract system falls ill or suffers injury in circumstances other than carrying out his work tasks, his period of recuperation away from work is limited to 3 months. His benefits, in regard to medical expenses provided and livelihood expenses while away from work will be the same as those for permanent staff, and will be borne by the enterprise. If a worker, on recovery, is unable to continue with his original work or if he has not fully recovered in the time allowed for recuperation away from work, the enterprise may discharge him. At its discretion, the enterprise may provide the worker with up to 2 months of his original standard wage as a subsidy for medical costs. For a worker who is killed in circumstances other than in carrying out his work tasks, the enterprise will provide a lump-sum funeral subsidy amounting to 2 months of the average wage within the enterprise. The enterprise may also provide those directly related family members who were supported by the worker, with 3 months of the worker's original standard wage as relief funds.

If a worker suffers injury through work, the enterprise will provide him with free medical treatment and will each month provide him with livelihood costs appropriate to his original standard wage. If, at the end of the medical treatment (in general, this should be limited to 6 months), the worker in the opinion of the labor appraisal committee, is unable to engage in his original work, the worker will be settled back in his original production team by the relevant county or township unit with which the contract was signed, and will be given compensation for injuries received through work.

In regard to workers hired under the peasant contract system; compensation for injuries received through work, funeral subsidies for workers killed while working or who die after being settled back in their village subsequent to their suffering injuries resulting in total inability to work, as well as compensation for directly related family members who were supported by the worker, shall be issued in accordance with the stipulations relating to permanent workers, and should be paid from the special funds for labor insurance. The special funds for labor insurance should be drawn off in fixed proportions from the standard wages of the workers hired under the peasant contract system by the enterprise, and quarterly or on a monthly basis be paid to the relevant county or township unit with which the contract was signed, for its use. The funds will be drawn off for this specific purpose and they should be used for that purpose. They must not be transferred for other uses. After the contract is completed, the handling of all other resultant problems will be the responsibility of the relevant county or township unit.

Article X: While workers hired under the peasant contract system are working in an enterprise, they will be provided with labor safety equipment of the same standard as that supplied to permanent workers doing the same work.

If a worker, who has been hired under the peasant contract system and who has worked in the enterprise for over a year, needs to visit relatives, he will be allowed 15 days (including travel time) leave for this purpose. He will receive wages as usual and he may apply for reimbursement of travel costs.

When a worker hired under the peasant contract system leaves the enterprise on the completion of the contract or because, for some reason, the enterprise brings forward the termination of the labor contract, the enterprise will provide the worker with an extra 1 month's original standard wage for every completed year of work, based on a year of 270 working days.

Article XI: While a worker, hired under the peasant system, is working in an enterprise, his official household grain relationship will not change. He will be supplied with a grain ration of higher priced grain (supplied at purchase price plus costs) by the grain department at the location of the enterprise. The enterprise will be responsible for the differential in price. If a worker is injured while working and loses the ability to perform any work, after he returns to his township, he will be supplied with cheap grain by the local grain department.

Article XII: The relevant county or township unit which signs the labor contract should provide assistance to the enterprise in handling well the recruitment, organization, and management of workers who are hired under the peasant contract system, as well as in handling matters following an injury or death. The enterprise should, on a monthly, quarterly and yearly basis, pay to the relevant county or township unit which signed the contract an amount, equivalent to about one-third of the standard wage of the workers hired under the peasant contract system, as a management fee.

Public welfare funds paid to the commune or team by a worker who is hired under the peasant contract system will not exceed in total 5 percent of that person's standard wage.

The plot of a worker hired under the peasant contract system should be reserved for him, while the fields for which he was responsible will be handled in accordance with relevant state regulations.

Article XIII: While workers hired under the peasant contract system are working in an enterprise, they are part of the enterprise staff. On the political level, they should be treated as equals of the permanent workers. The enterprise should provide them with political and ideological education as well as education in production safety. It should pay attention to their livelihood and fully arouse their enthusiasm. The workers who are hired under the peasant contract system should establish a sense of responsibility as masters, should observe discipline and make a positive contribution to the four modernizations.

### Chapter Three: Employment of Rural Construction Teams

Article XIV: In accordance with the demands of production tasks, and with the approval of both the local department responsible for urban and rural construction and the people's government, an enterprise can employ rural construction teams to carry out construction. The forms of employment include: solely supplying labor; contracts for a stage of construction; contracts for labor, materials and costs; and joint production operations.

Article XV: When a rural construction team takes on construction tasks, it must go through the examination and approval procedures for obtaining a business license from the department responsible for urban and rural construction in the area where the construction is to be carried out, and obtain a construction permit. If a rural construction team does not have a business license and a construction permit, an enterprise cannot employ it.

Article XVI: When an enterprise employs a rural construction team, the two sides must sign a contract and observe the relevant stipulations of the "Economic Contract Law of the PRC." After the contract is signed, it should be reported to the local department responsible for urban and rural construction as well as to the bank where accounts have been opened.

Article XVII: When an enterprise employs a rural construction team under contract for a stage of construction, the standard of payment will be in accordance with the regulations set down by the local people's government, or as decided through consultation by the two sides. When a joint production operation is engaged in with a rural construction team, it is important to adhere to the principles of voluntary participation and mutual benefit. The ownership system on neither side will change, while each will undertake independent accounting and will be responsible for its own profits and losses. The economic benefits of each side should be rationally stipulated in accordance with the number of tasks completed, the amount of equipment supplied, and the amount of responsibility taken by each side.

Article XVIII: When an enterprise employs a rural construction team, it must carry out construction strictly in accordance with the technical and safety rules of operation and the checking and acceptance standards promulgated by the state, so as to guarantee engineering quality and production safety.

An enterprise must provide the rural construction team it has employed with assistance and guidance in terms of technology, engineering quality and safe operations, as well as carry out supervision and inspection so as to gradually raise its level of construction technology and operations management.

Article XIX: The grain rations for a rural construction team employed by an enterprise will be handled by the rural construction team itself.

During the period a rural construction team is employed by an enterprise, all medical fees required for workers who fall sick, are injured, disabled or killed, as well as livelihood subsidies and compensation in regard to workers injured or killed, will be handled by the rural construction team itself. The

rural construction team should set aside a certain proportion of its income as a special fund to cover the above-mentioned labor insurance costs.

Article XX: When an enterprise undertakes a contract for a project or for the supply of labor services outside the country, with the approval of the department responsible for urban and rural construction, it can select rural construction teams who are quite good in terms of the quality of their ideology and technology, and who have a certain operations management level, to go abroad and undertake joint contract work or supply labor services.

#### Chapter Four: Supplementary Articles

Article XXI: If disputes arise during the carrying out of the contract, the two sides should settle them in a timely way through consultation. When consultation brings no results, either side can request the local labor department or department responsible for urban and rural construction, to act as a regulator or arbitrator. It is also possible to bring complaints to the people's court in accordance with the law.

Article XXII: Any province, autonomous region, or directly administered city can, on the basis of these stipulations and in the light of their own specific situations, formulate detailed rules and regulations as to their implementation.

Article XXIII: These stipulations will come into effect on the date of their promulgation. All cases of sickness, injury, disability or death where enterprises were using workers hired under the peasant contract system, and which had been handled in accordance with the contract provisions before these stipulations were promulgated, will remain unchanged. Those which have not as yet been handled, can be handled in accordance with the relevant provisions of these stipulations.

CSO: 4005/941

MINISTRY ISSUES RULES FOR PURCHASE, SALE OF FARM PRODUCTS

(Shangshizi [0794 7380 1316] (1984) No 20)

Beijing STATE COUNCIL BULLETIN in Chinese No 27, 20 Nov 84 pp 941-944

[Stipulations on the Purchase and Sale of Pigs, Eggs, Cows, Sheep and Poultry Promulgated by the Ministry of Commerce on 28 August 1984]

[Text] Chapter One: General Stipulations

Article I: In accordance with the "Stipulations on Purchase and Sale Contracts Involving Agricultural and Sideline Products" (published in No 2, 1984, of this BULLETIN) issued by the State Council, the following stipulations are promulgated in order to protect the legal rights of the two parties of a contract, to promote the commodity production of pigs, eggs, beef cattle, mutton and poultry, to guarantee the fulfillment of sale and purchase tasks assigned by the state and the strengthening of the management of privately negotiated sale and purchase activities involving such products, and to do a good job in the circulation of meat, poultry and egg commodities.

Article II: These stipulations are applicable to purchase and sale contracts signed between purchasing units, on the one hand, and producers (including state-run farms, rural people's communes and production brigades, producers' associations, specialist households, etc., similarly herein after) or individual producers, on the other.

Article III: The signing of a purchase and sale contract shall be in accordance with the laws, regulations and policies of the state. It should be prepared and signed in written form, and in addition to the signing parties each keeping a copy of the contract, copies of the same should also be forwarded to the government departments concerned.

Article IV: After a contract has been signed, if the two signing parties deem it necessary, they can, on a voluntary basis, request the local industrial and commercial administration and management departments to sign in certification, or request the notarization organs of the judiciary to notarize the signing of the contract.

## Chapter Two: The Signing and Execution of Contracts

Article V: Immediately after the legal signing of a purchase and sale contract involving pigs, eggs, beef cattle, mutton and poultry, it has legal binding force. The two signing parties must strictly adhere to the stipulations of the contract, which is not liable to unauthorized changes or cancellation by one party without the approval of the other party.

Article VI: As for the sale and purchase of products by the state, contracts will be signed with the producers in accordance with the sale and purchase tasks or sale and purchase base quantities assigned to the respective production units via government organs of various levels.

For the purchase and sale of products negotiated after the fulfillment of the state's sale and purchase tasks or base quantities, the contract should be negotiated and signed between the two parties concerned.

Article VII: Purchase and sale contracts involving pigs, eggs, beef cattle, mutton and poultry should include the following main items:

1. Name of Product. Product names must be accurate. If local customary names are to be used, or if it is necessary to specify breeds or varieties of products (e.g., ordinary cattle, buffaloes, etc.), they will be as negotiated and agreed between the two parties concerned.
2. Quantity of Product and Unit of Quantification. The quantity of product, the unit of quantification and the method of calculation must be specified or stipulated clearly.
3. Class and Quality of Product. Livestock and poultry products are fresh or living products. Regarding their class and quality, practicable methods of quarantine and inspection should be negotiated and agreed upon in accordance with the relevant regulations of the state. Where the state has set no relevant regulations, such specifications should be determined as negotiated between the two parties concerned.
4. Price of Product. For sale and purchase tasks assigned by the state and for products sold or purchased within the state's sale and purchase assignment base quantity, prices will be as fixed by the state. In the case of price changes within the execution period of the contract, the new prices will be adopted. As for the sale and purchase of products negotiated after the fulfillment of the state's sale and purchase assignment task or base quantity, the prices will be as negotiated between the two parties concerned.
5. Time, Place and Manner of Delivery. Purchase and sale contracts signed in accordance with the state's sale and purchase assignment have a time limit of 1 year in principle, and will be executed in stages of quarters or months. As for the sale and purchase of products negotiated after the fulfillment of the state's sale and purchase assignment task or base quantity, the time limit

for delivery will be as negotiated between the two parties concerned. In accordance with the characteristics of fresh and live commodities, the date of delivery may, upon discussion and agreement between the two parties, be advanced or delayed as appropriate. As regards the place and manner of delivery, they may be discussed and determined between the two parties concerned.

6. Settlement of Payment. Cash on delivery will generally be required for individual commune members, special trade households, individually operated households, etc. If settlement is to be made via banks, the manner of settlement should be in accordance with the centralized stipulations of the People's Bank of China.

7. Responsibilities in case of breaking of contract.

8. Other items negotiated and agreed upon by the parties concerned (e.g., the method of conversion with respect to quantity and price and hygienic requirements in the case of accepting carcasses instead of live items, the sales award policy stipulated by the state, and preproduction and post-production service items, etc., should be specified in the contracts).

### Chapter Three: Changes in and Cancellation of Contracts

Article VIII: Changes in or cancellation of the contract should be allowed if both parties concerned or any one party gets into one of the following situations:

1. The execution or full execution of the contract is not possible as a result of natural disaster or other forms of irresistible force. The party thus affected should nevertheless inform the other party as soon as possible, and then changes in or cancellation of the contract may be allowed upon certification by the government department concerned.

2. Upon negotiation and agreement between the two parties concerned, such that the interests of both parties and the purchasing schedules of the state will not be adversely affected.

Article IX: When one party initiates changes in or cancellation of the contract, it should notify the other party in advance, and agreement should be arrived at between the two parties and confirmed in written form. Before the accomplishment of a written agreement, the original contract will still be in force.

Article X: When one party of the contract receives notification by the other party of its demand to change or cancel the contract, it should reply within 7 days as of the date of receipt of notification (if the two parties have an agreement otherwise, the time limit for reply will be as agreed between them). If reply is not given within the stipulated (or agreed upon) time limit, acquiescence will be assumed.

Article XI: Changes in purchase and sale contracts connected with the state's purchase and sale assignment tasks or base quantities should in addition be reported for approval to the higher government and business managing departments that assigned those tasks or base quantities.

#### Chapter Four: Responsibilities in Case of Breaking of Contract and Settlement of Disputes

Article XII: When one party breaks the contract, a break-contract penalty is payable to the other party. If the damages caused by the breaking of the contract exceed the break-contract penalty, further compensation is payable to make good the deficiency of the break-contract penalty. The time of payment of the break-contract penalty and compensation money will be as negotiated and agreed between the two parties of the contract or within 10 days after the relevant department has determined the responsibilities. Otherwise, it will be considered a case of late payment. Neither party is allowed to seek settlement on its own by deducting from payment for goods.

Article XIII: If a higher leading organ or the business managing department changes its plans at will, manage and control improperly, and illegally interfere, etc., and as a result of this one party of the contract cannot execute or fully execute the purchase and sale contract, thus bringing about economic losses, the contract-breaking party will in the first place pay the other party the break-contract penalty and the compensation money as stipulated. Then, the higher leading organ or the business managing department should be held responsible for the breaking of the contract, it will be required to make good the losses and deal with any arising problems.

Article XIV: In situations as described in Article 8, contract-breaking responsibilities may be partially or fully waived.

#### Article XV: Responsibilities of Supplier Breaking Contract:

1. When delivery is not effected within the time limit stipulated in the contract or when the quantity of goods delivered falls short of the quantity stipulated, the goods required will have to be delivered up to the quantity stipulated in the contract and the break-contract penalty will be as negotiated between the two parties concerned if the buyer still wants the goods. If the buyer no longer needs the goods, the break-contract penalty will be 1 to 20 percent of the value of the goods not delivered within the time limit.

When the goods are delivered in advance of the date specified in the contract, the buyer may consider agreeing to receive the goods if the reasons given by the supplier have been certified appropriate by the relevant departments. In such cases, payment for the goods will be as stipulated in the contract. In the case of advance delivery without appropriate reasons, the buyer has the right to refuse to receive the goods.

2. When the products delivered are not up to the standards and hygienic requirements specified in the contract, the buyer may refuse to receive them. If the relevant departments certify that the reasons for refusing to receive the products are appropriate, delivery may be effected at a later date if the buyer still needs the products, and this will not be considered a case of breaking contract.

## Article XVI: Responsibilities of Buyer Breaking Contract

1. If the buyer fails to receive the goods as stipulated in the contract or returns the goods during the period of validity of the contract, the buyer will have to pay a break-contract penalty at 5 to 25 percent of the value of the goods not received or returned. Any losses thus incurred on the supplier should be compensated for in accordance with the actual situation.

2. If the buyer wants to have the goods before the date specified in the contract, and if the supplier agrees, the contract may be amended, provided that the supplier pays the supplier an appropriate amount as compensation. If the buyer must receive the goods at a date later than specified in the contract for some special reasons, a break-contract penalty based on the total value of the goods received late and calculated in accordance with the relevant late payment regulations laid down by the People's Bank of China is payable. In addition, the buyer should also be responsible for the safekeeping and feeding expenses incurred on the supplier during the period concerned, as well as any other actual losses caused.

3. If payment is to be made through banks but the buyer fails to effect payment within the specified period, a late-payment break-contract penalty should be payable to the supplier in accordance with the relevant late-payment regulations laid down by the People's Bank of China.

4. In the case of the supplier delivering the goods as stipulated in the contract but the buyer refuses to receive the goods without appropriate reasons, the buyer will have to pay a break-contract penalty at 5 to 25 percent of the total value of the goods refused receipt. In addition, the buyer should also be responsible for any actual losses and expenses thus incurred on the supplier.

Article XVII: When the two parties of a contract have any dispute, an effort should first be made to settle the dispute through negotiation. If the dispute cannot be settled through negotiation, the mediation of the higher managing departments of the two parties should be sought. Finally, when such mediation is still not effective, one of the parties concerned may apply to the industrial and commercial administration and management departments for arbitration or bring a suit with the local people's court against the other party.

Any commodity losses or expenses incurred in the process of negotiating a settlement of the dispute will be the responsibility of one of the parties involved as decided by the departments concerned.

## Chapter Five: Other Stipulations

Article XVIII: When organizations and bodies, etc., sign purchase and sale contracts involving pigs, eggs, beef cattle, mutton and poultry with state-run purchasing units, reference may also be made to the present stipulations.

Article XIX: Any matters not covered by the present stipulations shall be dealt with in accordance with the "Stipulations on Purchase and Sale Contracts Involving Agricultural and Sideline Products." Management departments of the individual provinces, autonomous regions and municipalities may draw up detailed implementation regulations or kind-specific purchase and sale contract stipulations in accordance with the present stipulations.

Article XX: These stipulations take effect as of 1 October 1984.

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END