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# China Report

POLITICAL, SOCIOLOGICAL AND MILITARY AFFAIRS

PRC STATE COUNCIL BULLETIN,

No 6, 10 March 1985

PRC STATE COUNCIL BULLETIN 6

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18 January 1986

CHINA REPORT  
POLITICAL, SOCIOLOGICAL AND MILITARY AFFAIRS  
PRC STATE COUNCIL BULLETIN,  
No 6, 10 MARCH 1985

Beijing ZHONGHUA RENMIN GONGHEGUO GUOWUYUAN GONGBAO [PRC STATE COUNCIL BULLETIN] in Chinese No 6, 10 March 1985

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Beijing STATE COUNCIL BULLETIN in Chinese No 6, 10 Mar 85 p 119

[State Council Circular on the Approval and Transmittal of a Report by the National Tourism Administration on Certain Issues in Current Tourism Reforms; issued 31 January 1985]

(Guofa [0948 4089] (1985) No 14)

[Text] The State Council has approved the "Report on Several Problems in the Current Reform of the Travel and Tourism System" by the State Bureau of Travel and Tourism and it is hereby transmitted to you. It is requested that you arrange implementation of the measures in accordance with the actual situation of your regions.

Travel and tourism is a newly developing and comprehensive undertaking. It is hoped that all regions and departments will give it strong support, and will strengthen cooperation and coordination so as to jointly promote the development of our nation's travel and tourism.

/8309

CSO: 4005/1362

## REPORT ON TOURISM REFORM PROBLEMS ISSUED

Beijing STATE COUNCIL BULLETIN in Chinese No 6, 10 Mar 85 pp 120-123

[Report by the National Tourism Administration on Certain Issues in Current Tourism Reforms (18 December 1984)]

[Text] Since the 3d Plenum of the 11th CPC Central Committee, following the implementation of the policy of invigorating the domestic economy and opening to the outside, our nation's travel and tourism work has developed rapidly and has seen definite results. Travel and tourism has already become an important avenue for developing friendly contacts and economic, cultural, scientific and technological interchange between the people of our nation and the people of all countries of the world. However, because we had not sufficiently anticipated the swift development of both international and domestic travel and tourism, the basic facilities, operations management and service quality in the travel and tourism industry far from meet demands. This does not match with our nation's rich resources for travel and tourism and our international status. Only by liberating our minds and boldly engaging in reform can we quickly change this state of affairs, catch up with the developing situation and push our nation's travel and tourism industry into a new stage.

Based on the guiding spirit of the Central Committee Secretariat and the State Council in regard to travel and tourism work, and the actual situation in this work, we herewith submit the following report containing our ideas on several problems in the current reform of the travel and tourism system:

### I. Correct the Industry's Guiding Ideology and Speed the Pace of Reform

The major objective of the current reform of the travel and tourism system is to eliminate those old ideas, old methods and old conventions which do not harmonize with the development of travel and tourism, to basically correct the guiding ideology in the travel and tourism business and to fully bring into play the enthusiasm of all sides so that the travel and tourism industry can achieve faster and better development. We must switch from only handling international travel and tourism to handling both international and domestic business, and switch from just handling reception of tourists to both opening up and developing tourist resources and handling the reception of tourists. We must change from where we mainly rely on state investment in developing

tourist bases and facilities to where the state, localities, departments, collectives and individuals all provide investment. We can stress both self-reliance and the use of foreign funds in this regard. In accordance with the principles of "separation of enterprise and government functions, unified leadership, graded management, dispersed operations and unified policies in regard to the outside world," we must establish a travel and tourism operational system with many forms, many channels and few links, and which has state-owned travel and tourism enterprises as its main part. It is necessary to establish a travel and tourism industry management system where responsibilities and interests are linked up, where there are high economic benefits and high quality of service. By these means, we can vitalize the travel and tourism industry, bring new prospects to the work of this industry and embark on a new path of travel and tourism which suits national conditions, becomes daily more prosperous and which has Chinese characteristics. This will result in great benefits both politically and economically.

## II. Separate Government and Enterprise Functions, Strengthen Administration and Management and Expand the Power of Enterprises

China's current travel and tourism system is basically one where government and enterprise functions are not separated. It is a monopoly with unified responsibility for profits and losses, and everybody eats from the "big pot." Things are not done according to economic laws and economic results are not good, shackling the development of the travel and tourism industry. If we wish to change this system, we must implement reforms.

1. Travel and tourism units at all levels must gradually become independent from the administrative departments to which they are at present subordinate. They must become economic entities which are responsible for their own operations and which take sole responsibility for their profits and losses. They must change the laissez-faire workstyle and participate in competition within the industry. Superior units will thus thrive and inferior units will be eliminated.

Travel agencies, tourist hotels, bus companies (vehicle teams) and pleasure boat companies should all be turned into businesses. Those not meeting the conditions should actively create conditions so that they can become businesses as early as possible.

After these units become business enterprises, higher level responsible departments should expand the operational, financial and personnel autonomy of these enterprises, in accordance with relevant State Council regulations. Departments should not interfere with normal operational activities of enterprises. The enterprises must establish and perfect internal economic responsibility systems and assign rights and responsibilities to individuals. They must also continually improve management quality, service levels and economic results. The labor achievements of employees should be linked up with wages and benefits so as to smash the "big pot" and the "iron rice-bowl." Those who show a poor attitude and do not respond to education can be retired or dismissed, while those who perform outstandingly can be specially promoted. Henceforth, when enterprises take on new staff, they must employ the most able applicants and advertise vacancies and employ on a contract system whereby people can be hired and dismissed.

2. The establishment of travel and tourism administrative organs must mesh with the needs of the development of the industry. The State Bureau of Travel and Tourism, as a functional department of the State Council, must look after the whole industry, and manage the travel and tourism business on the national level. Provinces, autonomous regions and directly administered cities can establish travel and tourism offices based on the demands made by the development of travel and tourism. These offices will manage travel and tourism work within each region. Good use must be made of administrative, economic and legal measures to strengthen the management of the travel and tourism industry.

If there is the need for special economic zones, cities below the provincial level and counties to set up travel and tourism administrative organs, they must ensure that they are streamlined and suited to local conditions. They need not adhere to any particular model.

3. The travel and tourism work of national travel services (for example, China International Travel Service, China Travel Service and China Youth Travel Service) will be under the leadership of the National Tourism Administration. Travel and tourism work of local travel and tourism agencies will be under the leadership of local travel and tourism administrative departments.

All units in the travel and tourism business, or in the soliciting and reception of foreign or Chinese tourists, must establish travel and tourism agencies. All must go through examination and approval procedures, obtain a permit to operate and pay stipulated taxes as required by the "Provisional Regulations on the Management of Travel and Tourism Agencies" formulated by the National Tourism Administration.

### III. Delegate the Power To Develop Foreign Relationships and Issue Visas to Increase the Channels for Canvassing Business

From now on, we must further expand the power of localities to develop foreign relationships. At present, our nation faces limits in terms of its ability to receive tourists. This is especially so in the peak tourist season, when accommodations in the major tourist cities, and air and other passenger-conveyance capabilities are sorely insufficient. In this situation, the power to develop foreign relationships and to issue visas must be delegated in a planned and gradual manner. This will help to avoid a situation where passenger flows exceed receiving capacities, which would have bad effects abroad. The specific measures in this regard are:

Every province, autonomous region and directly administered city should have the power to develop foreign relationships. However, there should be a unified, comprehensive balance in these relationships developed by localities.

The National Tourism Administration has authorized the China International Travel Service to plan an overall balance of foreign relationships developed by various areas. The travel and tourism agencies in each province, autonomous region and directly administered city should report their foreign relationship

plans for the year to the China International Travel Service, especially those for the tourists entering the four major tourist cities Beijing, Shanghai, Xi'an and Guilin in the peak tourist seasons (May and August to October each year). The International Travel Service will examine and approve these plans once or twice a year, and each region will carry out its foreign relationships on this basis. The provincial, autonomous region and directly administered city travel and tourism agencies will notify Chinese embassies abroad of visas which should be issued.

The China International Travel Service, the China Travel Service and the China Youth Travel Service will still separately advise Chinese embassies abroad of the foreign tour groups (or individuals) for which visas need to be issued.

It is possible, on the basis of voluntary participation and mutual interests, for various provinces, autonomous regions or directly administered cities (especially provinces or cities which are close to each other) to establish broad relations of cooperation or organize loose regional cooperation. This will link up the various areas so that they can cooperate and develop coordination.

#### IV. Relationships Between Travel and Tourism Business Units

Business relationships should be established between travel and tourism agencies, tourist hotels, bus companies (or vehicle teams) and tour boat companies by means of economic contracts or agreements, which should set down clearly the rights and obligations of both sides. In this way, each side will be able to accommodate and assist the other party and this will guarantee service quality in the travel and tourism industry and normal business operations.

China International Travel Service, China Travel Service and China Youth Travel Service are the national backbone travel services and should do their best to arrange more sources of guests for all areas. At the same time, they must bring into play their role in guiding business and coordinating with all those within the system. However, in economic terms, the main travel services and regional and branch travel and tourism agencies will all be economic entities with independent accounting. Thus, in doing business together, both parties should gradually arrange economic contracts or accords.

#### V. Strengthen Pricing Management in the Travel and Tourism Industry

The price of travel and tours is a major component of competition in international travel and tourism markets. To protect our nation's good reputation of our nation's travel industry, we must implement unified leadership in terms of travel and tour price management. There must be graded levels of management and unified policies in dealing with the outside world. Also, prices must be set rationally and according to quality.

The National Tourism Administration, together with the State Bureau of Commodity Prices, will formulate specific price-fixing principles and methods for travel and tours pricing. Prices set by each province, autonomous region and directly administered cities should be based on the travel and tourist resources within their area, conditions for receiving tourists and their sources of tourists in accordance with principles stipulated by the state in regard to travel and tour pricing. Violating the regulations, raising prices without authorization or cutting prices to compete for sales is not permitted. This would disrupt the travel and tourism market and would harm our nation's interests and reputation.

#### VI. Reforming the Construction and Management of Tourist Hotels

If we are to speed up the construction of tourist hotels, we must motivate enthusiasm on all sides and, at the same time, simplify examination and approval procedures. Henceforth, the construction of tourist hotels wherever joint ventures, or cooperative or sole investments by localities are used must be handled according to relevant local government regulations, and plans must be reported to the National Tourism Administration for the record. Provincial, autonomous region and directly administered city travel services must plan the construction of tourist hotels in an overall way, in accordance with the needs of different types of tourists.

An important breakthrough in the reform of our nation's hotel management system is that, with the approval of the State Council, 50 hotels throughout the nation have been chosen as experimental bases for the dissemination of the Jianguo Hotel's management methods. During the reform, we will have to fine tune leader groups in the hotels, stress improvement of operations management, raise service quality and improve economic results. At the same time, we must gradually establish a hotel booking system for the convenience of guests. The responsible departments for travel and tourism in each region must provide timely supervision and inspection, and sum up and exchange experiences.

#### VII. Strengthening the Management of Domestic Tourism

China is a huge country with a population of 1 billion people. Following the continued improvement in people's living standards, the number of domestic tourists increases daily. By handling domestic tourism well, we will be able to tighten currency circulation, increase employment and promote the building of both socialist material and spiritual civilization. The National Tourism Administration and the trade and tourism administrative departments at various levels must strengthen leadership over and management of domestic tourism, and actively create conditions to satisfy the ever-increasing demands of the masses.

If we are to do well in domestic tourism, we must bring into play the enthusiasm of the state, localities, departments, collectives and individuals, and guide and encourage all sides to build hotels, guesthouses and restaurants, and increase the size of vehicle fleets, either with their own funds or with joint funds. These measures will help in resolving the problems domestic tourists encounter in terms of food, accommodation and transport. In areas where tourists congregate, we must open up new sightseeing spots and adopt effective measures to smooth the way for domestic tourists.

All levels of administrative departments responsible for travel and tourism must take the responsibility for managing the organization of domestic tourism. They must formulate specific methods, strengthen management over those enterprises which handle domestic travel and tourism, and earnestly protect the legitimate interests of domestic tourists. Enterprises must provide enthusiastic service, keep incomes rational, display prices clearly, and provide graded services.

The reform of the travel and tourism system will affect many areas and is very complicated. Thus, it is necessary to strengthen leadership over it. We must be brave in reform and bold in blazing new trails. At the same time, we must proceed from actual situations and carry out the reforms in a planned and step-by-step manner so as to achieve real results.

It is requested that if this report contains nothing inappropriate it be approved and transmitted to all regions and departments for implementation.

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CSO: 4005/1362

## REPORT ON VEHICLE SALES WORK ISSUED

Beijing STATE COUNCIL BULLETIN in Chinese No 6, 10 Mar 85 pp 124-126

[Report by the State Council Rural Development Research Center, the State Supplies Bureau, the China Motor Vehicle Co, the Ministry of Agriculture, Animal Husbandry and Fishery, the Ministry of Communications, the State Administration of Industry and Commerce, and the Agricultural Bank of China on Doing a Good Job of Vehicle Sales Work in 1985; issued 5 February 1985]

[Text] The Rural Policy Research Center of the Secretariat of the CPC Central Committee proposed that in the sale of vehicles to rural areas this year, most vehicles be sold to cooperative transport organizations. The leading comrades of the State Council have approved this idea. After research into the question with relevant units, the following report is presented:

1. This year, the total number of vehicles to be sold to rural areas is 76,500. Of these, the State Bureau of Supplies will provide 44,800 and the China Motor Vehicle Co will provide 31,700 all of which will be delivered before the end of the year to various areas in two batches. The first batch will consist of 42,500 vehicles. The State Supplies Bureau will provide 24,800 of these and all will be sold to cooperative transport organizations. The China Motor Vehicle Co will provide 17,700 of the vehicles and, in principle, 70 percent of them will be sold to cooperative transport organizations and 30 percent of them will be sold to individual or joint households in rural areas. The second batch will comprise 34,000 vehicles, of which the State Supplies Bureau will provide 20,000 and the China Motor Vehicle Co will supply 14,000. These will be allocated continually as supplies become available and all will be sold to cooperative transport organizations.

2. This year's sale of motor vehicles is intended to support the cooperative economy and tighten the circulation of currency, and should be well-organized and well-implemented. Sales of motor vehicles to rural areas over the last 2 years, in many cases were to individuals, often on bank credit. The profits gained from the vehicles went to the individuals. In the course of vehicle sales, it often occurred that the vehicles were resold for profit many times and fraudulent practices occurred. The vehicle purchasers paid out large amounts of money but the state did not get any of it. In order to overcome the above-mentioned malpractices, we must guarantee that this year's vehicles are mainly sold to cooperative transport organizations. We must also do well in linking up the purchases and the sellers, so that the peasants can buy

vehicles at reasonable prices and the state can withdraw the appropriate amount of money from circulation. It is suggested that the State Council entrust the Rural Development Research Center to take the lead and that the Ministry of Agriculture, Animal Husbandry and Fishery, the Ministry of Communications, the State Supplies Bureau, the China Motor Vehicle Co and the Agricultural Bank of China send people to participate in organizing groups to allocate special-purpose vehicles to the rural areas, and to take responsibility for formulating allocation plans and supervising sales work. At the same time, provinces, autonomous regions, directly administered cities and relevant counties (cities) can also establish temporary groups to unite the efforts of those above and those below and to earnestly carry out this work well.

3. In this year's vehicle sales work, we are preparing to adopt the method of providing vehicle purchase permits. The agricultural-use vehicles allocation groups of provinces, autonomous regions and directly administered cities will, in accordance with vehicle sales quotas, print vehicle purchase permits and distribute these to the county allocation groups. The county allocation groups will then directly distribute these permits to those units which have, after examination and approval, been permitted to purchase vehicles. The units which are to purchase vehicles will take the permit to the representative sales unit for the State Supplies Bureau or the China Motor Vehicle Co to complete the sales arrangements and will take delivery of the vehicle at a stipulated place. On the vehicle purchase permit, the name of the purchasing unit and the vehicle model must be clearly filled in. These permits cannot be transferred and it is strictly forbidden to sell them for profit.

Agricultural-use vehicle allocation groups at all levels are forbidden from receiving any fees other than the fees to cover the cost of handling the vehicle-purchase permit. Any person who, in the process of distributing vehicle-purchase permits, practices favoritism, engages in fraudulent activity, accepts bribes or sells vehicle-purchase permits for profit shall be regarded as having disturbed socialist economic order and will be punished in accordance with the law.

4. Purchasers of vehicles must raise funds by themselves. Banks will not provide them with credit. Those people who have already obtained credit but still have not purchased a vehicle should be subject to another examination.

5. In the 1985 allocation of motor vehicles to rural cooperative transport organizations, the sales targets will include former and newly organized transport cooperatives, transport teams of regional cooperative economic organizations, and those vehicle-using units in rural townships which engage in production or the provisions of services to the society.

Current transport cooperatives are of two types: the first type is where collective funds are pooled, the vehicles are commonly owned and profits are divided in accordance with shares held. The second type is where the vehicles are privately owned but are used in a unified way through cooperative operations. In order that more people can obtain material benefits, this year's allocation of vehicles should encourage the development of the first type of cooperatives. We should allow the second type of transport cooperatives to purchase vehicles through communal accumulation or pooled funds.

6. Regardless of the type of cooperative transport organization, all should handle matters in accordance with the following principles: Voluntary participation and mutual interests, meaning that participation in the cooperative must be voluntary and that there must be the freedom to withdraw from it; democratic-management; from income obtained through operations, it is necessary to retain the agreed amounts for accumulation funds and public welfare funds before allocation of profits to individuals; cooperative members on withdrawing from the cooperative must be allowed to take back their shares of the initial funds, but will not be allowed to carve up the communal fixed assets; the main method of distribution will be allocation according to work, while at the same time there will be a certain distribution of profits in accordance with shares held; there should be responsibility systems instituted and people should not eat from the "big pot."

7. Agricultural departments and communications departments should strengthen guidance over cooperative transport organizations, and in a timely way assist them in formulating simple regulations and resolving specific, relevant problems. They should arrange well service work, such as provision of vehicle parking areas and petrol stations, so that these cooperatives can continue to develop and improve. All problems encountered and experiences gained in the implementation of these plans should be reported, in a timely way, to the State Council Rural Development Research Center, the State Supplies Bureau, the China Motor Vehicle Co and the rural-use vehicle allocation groups.

It is requested that if this report does not contain anything inappropriate it be approved and circulated to all areas for implementation.

/8309

CSO: 4005/1362

PRC PRESIDENT SENDS GREETING TO COLOMBIAN PRESIDENT

Beijing STATE COUNCIL BULLETIN in Chinese No 6, 10 Mar 85 pp 126-127

[Congratulatory Message by President Li Xiannian to President Betancur of Colombia on the Fifth Anniversary of the Establishment of Diplomatic Relations Between the PRC and Republic of Colombia (7 February 1985)]

[Text] To His Excellency Belisario Betancur Cuartas  
Bogota  
Republic of Colombia

On the occasion of the fifth anniversary of the establishment of diplomatic relations between the People's Republic of China and the Republic of Colombia, I, on behalf of the Chinese Government, the Chinese people and in a personal capacity, would like to extend warm greetings to Your Excellency, and through Your Excellency, to the government and people of your nation.

The establishment of diplomatic relations between China and Colombia opened a new chapter in the relations of friendship between our two nations. Over the last 5 years, through our combined efforts, our two nations have achieved satisfactory development of our relations of friendship in political, economic and other spheres. China has always placed importance on Chinese-Colombian relations, and hopes to continue, together with the Colombian Government, to make great efforts in unceasingly strengthening the relations of friendly cooperation between our two nations and in deepening the friendship between the people of our two nations.

President of the People's Republic of China

Li Xiannian  
Beijing, 7 February 1985

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