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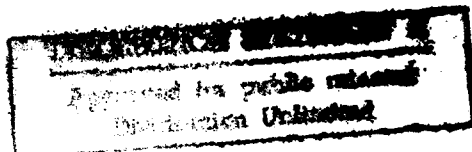
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China Report

POLITICAL, SOCIOLOGICAL AND MILITARY AFFAIRS

PRC STATE COUNCIL BULLETIN

No 13, 20 MAY 1985



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CHINA REPORT
POLITICAL, SOCIOLOGICAL AND MILITARY AFFAIRS

PRC STATE COUNCIL BULLETIN

No 13, 20 MAY 1985

Beijing ZHONGHUA RENMIN GONGHEGUO GUOWUYUAN GONGBAO [PRC STATE COUNCIL BULLETIN] in Chinese No 13, 20 May 1985

[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.]

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RULES ON THE COLLECTION OF SURCHARGE ON VEHICLE PURCHASE (2 APRIL 1985)

Beijing STATE COUNCIL BULLETIN in Chinese No 13, 20 May 85 pp 371-373

[Text] Article 1. Highways are basically facilities that serve the whole society. To speed up the construction of highways and thus satisfy increasing daily demand for roads resulting from socioeconomic development and improvements in people's livelihood, it has been decided to levy a surcharge on vehicle purchase as a special source of funds for the construction of highways. For this purpose, the following rules have been formulated:

Article 2. The surcharge on vehicle purchase is levied throughout the country, and is levied only once on each vehicle.

Article 3. The vehicle purchase surcharge must be paid on any vehicle purchased or assembled by the user (not including vehicles drawn by man or animal and bicycles, the same for later contexts) at the time of purchase or before the vehicle is put into use.

Article 4. The purchaser or user (including state organs and PLA units) of the vehicle is regarded as the person who has the duty to pay the surcharge on vehicle purchase (shortened to surcharge payer below).

Article 5. The scope of the collection of the surcharge on vehicle purchase is as follows:

1. Large or small passenger automobiles, general cargo trucks, cross-country vehicles, vans, motorcycles (two or three wheels), tractor trucks, semitractor trucks, and other transport vehicles (such as carriage vehicles, container vehicles, self-loading and unloading vehicles, tank vehicles, vehicles specially used for carrying powder, cold storage trucks, temperature controlled trucks, livestock trucks, and mail vehicles), trailers, semi-trailers, and special trailers that are produced or assembled domestically (including those produced and assembled by various forms of enterprises of joint Chinese and foreign capital or of foreign capital, the same in later context) and that are sold and used domestically.

2. The vehicles listed in the preceding paragraph that are imported (new or second hand).

Article 6. The surcharge on vehicle purchase is exempted for the following vehicles:

1. nontransport vehicles that have no permanent fixtures;
2. vehicles of foreign embassies to China for their own use;
3. other vehicles for which permission has been obtained from the Ministries of Communications and Finance for the exemption of the surcharge.

Article 7. The Ministry of Communications is responsible for managing the collection of surcharges on vehicle purchases and the units listed in these rules will act as collection agents.

Article 8. The surcharge on vehicle purchase on vehicles produced or assembled in China is to be collected by the factory that produces or assembles the vehicles. The amount of the surcharge is based on the actual sale price of the vehicles. For a vehicle that a unit has assembled for its own use, the surcharge is to be collected by the transportation department of the areas concerned and is to be based on the local price of the same kind of vehicle. The surcharge rate for all vehicles produced and assembled domestically is 10 percent.

Article 9. For imported vehicles the custom houses will collect the surcharge on vehicle purchase. The surcharge is based on the total price after adding the value added tax to the purchase price (in other words the sum of C.I.F. price plus custom duties plus value added tax). The rate is 15 percent.

Article 10. After a surcharge payer pays the surcharge on vehicle purchase, a unified invoice will be issued. The unified invoice is to be designed by the Ministry of Communications.

Article 11. Only after payment of the surcharge on vehicle purchase and receipt of an invoice can a surcharge payer apply for a vehicle license to the transportation supervision department or the vehicle administration section of the public security department. If the transportation supervision department or the vehicle administration section of the public security department discovers that someone has failed to pay the surcharge, it should enjoin the person to pay the surcharge plus an additional processing charge to the local transportation department.

Article 12. When a vehicle purchaser purchases a surcharge-exempt vehicle, the person should apply to the local transportation department concerned to process the exemption procedures. Only after obtaining a certificate of exemption can he apply for a vehicle license from a transportation supervision department or the vehicle administration section of the public security department.

Article 13. The revenue from the surcharge on vehicle purchase should be deposited in the Industrial and Commercial Bank of China and transferred into a special account of the Ministry of Communications. The branches of the Industrial and Commercial Bank of China in various areas are responsible for making the transfer.

Article 14. The levy for the state energy and communications construction fund is exempted on the surcharge on vehicle purchase.

Article 15. All the revenue from the surcharge on vehicle purchase will be a source for state highway development funds. The spending of these funds is to be uniformly arranged by the Ministry of Communications in accordance with relevant state regulations.

Article 16. Area transportation departments shall uniformly manage and supervise the collection and delivery of the surcharge on vehicle purchase. A unit that acts as an agent in collecting the surcharge on vehicle purchase should establish a special account and deposit the amount collected periodically in the special account that the Ministry of Communication has with the branch of the Industrial and Commercial Bank in the area. It should also fill out report forms for the transportation department in charge of the surcharge collection. The agent unit can charge a commission of 0.3 percent on the amount it has collected as an agent.

Article 17. The transportation department in charge of collecting the surcharge is empowered to check collection and delivery of the surcharge in the unit that acts as an agent of collection. If it finds that the unit fails to act in accordance with these rules, it should require the unit to correct the mistake immediately. In case of any evasion or delay in payments, it should immediately fine the offender.

Article 18. If a surcharge payer fails to pay the surcharge due, in addition to forcing the surcharge payer to pay the surcharge, the department should, according to these rules, also fine the payer an amount less than five times the amount of surcharge due depending on the seriousness of the offense. Forgery of invoices is to be punished by law.

Article 19. In case of any dispute between the surcharge payer and the collection department, the surcharge payer must first pay the surcharge required by the department of collection, then apply to the transportation and financial departments one level higher for a review of the case.

Article 20. Units or individuals who informs against or expose any evasion of payments of the surcharge on vehicle purchase or forgery of the invoice should be rewarded.

Article 21. The Ministries of Communications and Finance are responsible for the interpretation of these Rules and for the formulation of the detailed rules for their implementation.

Article 22. These Rules go into force on 1 May 1985.

STATE COUNCIL CIRCULAR ON THE APPROVAL AND CIRCULATION OF THE REPORT BY THE
MINISTRY OF URBAN AND RURAL CONSTRUCTION AND ENVIRONMENTAL PROTECTION ON THE
REFORM OF URBAN PUBLIC TRANSPORT (19 APRIL 1985)

Beijing STATE COUNCIL BULLETIN in Chinese No 13, 20 May 85 pp 373-374

(Guofa [0948 4099] (1985) No 59)

[Text] In principle, the State Council approves the "Report on the Reform of Urban Public Transport" of the Ministry of Urban and Rural Construction and Environmental Protection and circulates it to you now. Please implement it according to local situations.

Urban transport is an important issue that concerns urban people's livelihood and production. Because the increase of the flow of passengers exceeds the number of vehicles, for a long time "getting a ride" has become very problematic in some cities, particularly large ones. To overcome the crowded transportation situation in cities, the problem must be dealt with comprehensively by exercising a strict administration over various kinds of vehicles, vigorously developing public transport facility, and increasing public passenger vehicles. At the same time we must step up the reform and construction of our road networks, extend old roads into links of roads which form into systems of trunk roads. Viewed from a long-term, some large cities should consider development of high-speed track or underground track railway transport to ease the shortages of roads. Concerning the roads of entry and exit of a city that suffer serious traffic jams, transport and urban construction departments should closely coordinate and widen these roads in a planned manner. This work can be subsidized by the revenue from highway road toll.

The problem of readjusting ticket prices of urban public transport service has wide-reaching implications; therefore, the prices are not to be changed this year.

Areas should combine this work with the urban structural reform, thoroughly realize the goal of diverse sectors engaged in business under unified management, provide necessary labor, material and financial aid, invigorate and run well urban passenger transport facilities, thus gradually easing the shortage of public transport facilities for the masses.

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CSO: 4005/171

REPORT BY THE MINISTRY OF URBAN AND RURAL CONSTRUCTION AND ENVIRONMENTAL PROTECTION ON THE REFORM OF URBAN PUBLIC TRANSPORT (1 APRIL 1985)

Beijing STATE COUNCIL BULLETIN in Chinese No 13, 20 May 85 pp 374-377

[Text] For many years, there has been a shortage of urban public transportation, and we have failed for a long time to solve the "difficulty in getting a ride." In particular, urban and rural economy prospers and as the livelihood of the people improves, the volume of urban passenger flow continues to increase and public transport is very crowded in our large cities.

To gradually change this situation, we have studied this problem based on the spirit of the 3d Plenary Session of the 12th CPC Central Committee and on the reform implemented over the past year or more, and we hold that the reform must be speeded up and urban public transport service vitalized in line with the realities of public transport. Last July and December the leading comrades of the CPC Central Committee and the State Council gave written instructions respectively on two letters from the people entitled "A Few Suggestions on Urban Public Transport," which point out that the urban public transport problem has very great impact and requires the departments concerned to adopt concrete measures and that we should never be careless in dealing with a problem of great concern for the masses. To solve the problem of public transport shortages in cities, we should allow many to be engaged in this business and give play to the initiative of all sectors in developing public transport. To implement the spirit of the instructions of the leading comrades of the CPC Central Committee and the State Council, we invited the directors of the public utility bureaus of 10 cities including Beijing, Tianjin, Shanghai and Chongqing to a forum to sum up experiences and study the reform plan and concrete measures of implementation. We have also obtained consent from the State Planning Commission, the State Economic Commission, the Ministry of Finance, the People's Bank of China, the Ministry of Communications, the Ministry of Public Security, the State Administration for Commodity Prices, and the State Administration for Industry and Commerce. We hereby report the situation and opinions as follows:

Since the founding of the PRC, the urban transport industry has developed rapidly. By the end of 1983, the number of public transport vehicles in the cities throughout the country totaled 44,749 (of which 34,103 were buses, 4,192 were trolley buses, 321 were trams, 5,965 were taxis, and 168 were subway cars), 19 times more than in 1949. Moreover, there were 453 urban passenger ferry

ferry ships and some cable passenger transport lines. In 1983, the volume of passengers transported totaled 23.1 billion persons, 61 times more than in 1949. The development of urban public transport nevertheless falls far short of the demand resulting from the development of urban economy and people's livelihood. The biggest problems are: 1) the volume of passenger flow has increased so quickly that the existing vehicles cannot meet the demand, 2) current prices for the transport service are too low, not having been readjusted for 30 years, and the prices of monthly tickets have been 30-70 percent below cost for a long time, 3) the burden on enterprises are too heavy, 4) the ratio of vehicles to maintenance facilities is not balanced, the vehicle depreciation has been extended for too many years, and repair and maintenance of vehicles is very poor, and 5) road construction has fallen short of the demands imposed by increased numbers of vehicles, and traffic administration is backward. Therefore, roads are jammed, vehicle speed is slowing, and transport efficiency is very low.

To solve the "difficulty in getting a ride" for urban people, we plan to adopt the following improvements:

1. Change the monopolistic system of public transport industry and allow many to be engaged in this industry, while exercising centralized administration. With the state-run public transport as a core, develop collective and individual public transport. Internally, state-run enterprises are to implement diverse forms of contract operation responsibility system. In the 14 cities opened to the outside, the special economic zones, and the cities capable of doing so, we should conscientiously draw in foreign capital and import technology and equipment to inject life into urban public transportation.

We should vigorously develop taxis by increasing the number of various kinds of vehicles, expanding the scope of business, to make it easy for the masses to hire taxis. Enterprises would operate entirely as independent units that take responsibility for their own profits and losses. The contract responsibility system is to be thoroughly implemented in these enterprises. We can also assign by contract the management of an enterprise owned by the whole people to an individual while keeping ownership unchanged. Prices for transport service should be higher for good quality service, and allowed to seasonally fluctuate within prescribed range.

We should fully mobilize and organize vehicles in the community (including passenger vehicles of offices, enterprises and institutions) to provide transport service on holidays and during rush hours when people go to or leave their work. We should allow these units some economic profits.

After more enter the urban public transportation business, departments in charge of urban public transport should exercise uniform planning and management to closely coordinate and harmonize the development of various kinds of vehicles, develop rational competition to promote improvement and thus invigorate public transportation. A unit that is not an urban construction unit, a collective unit, or an individual who is engaged in passenger

public transportation business should purchase life insurance. Vehicles should be checked and drivers tested by the local public security or transport vehicle administration department, business licenses applied for and obtained at the local administrative department for industry and commerce. The business scope is to be determined by the urban construction department together with the administrative department for industry and commerce.

2. Vigorously support the development of urban public transportation. Public transportation is a sector of production which is of a service nature, and which should do independent accounting and shoulder sole responsibility for profits and losses. Act according to the law of value, and appropriately readjust irrational transport fares. According to the stipulations of the State Council's "Provisional Rules on Price Control," the price of fares for inner-city buses, trolley buses and trams is controlled by provincial, autonomous region and municipal administrative departments handling commodity prices and business management. If readjustments are needed the local department responsible for public transport should consult with the local administrative department for commodity prices, and present their opinions to the local government for approval. There are many defects in the current monthly ticket system and the amount and scope of monthly ticket sales is becoming increasingly larger, so the system must be reformed. Providing that monthly tickets are guaranteed for employees traveling to and from work, sales of monthly tickets should be properly restricted. In cities capable of doing so, the monthly ticket system should be gradually changed into a ticket book system (one ticket is torn from the book for each trip). New traffic routes established on urban trunk roads and the routes that serve mainly tourists can be equipped with vehicles of good quality which charge high fares. No monthly tickets are to be sold on these routes. To expedite the renewal and technological transformation of urban public transport vehicles, the rate of depreciation can be raised in accordance with the "Provisional Rules on the Depreciation of Fixed Assets in State-owned Enterprises."

Because the level of profits is relatively low for urban public transport enterprises, we suggest that local governments grant them preferential financial treatment. If an enterprise has difficulty paying income tax or readjustment tax, it can apply for preferential treatment.

3. Deal with urban public transport in a comprehensive manner.

1) Stagger office hours to reduce the peak volume of passengers to balance transport and keep transportation on schedule. This work should be done under unified leadership of the city government.

2) Reduce the volume of unnecessary traffic. Do a good job of laying out residential and commercial areas, rationally shorten the travel distance for residents, support people's efforts to exchange residential flats and trade positions of the same nature in different units to enable employees to live nearer to work.

3) Do a good job in construction of terminals and garages for public transport. Give thorough consideration to, arrange a rational layout of, and expedite the construction of large, key passenger transport stations in cities, and of parking lots (garages) for vehicles, U-turns in roads, and taxi stands. To facilitate change of vehicles, satisfactorily coordinate the links between various kinds of transport facilities and at the same time organize combined transport.

4) Speed up the transformation of road installations. At present, the fundamental cause for traffic jams and slow vehicle speeds in cities is antiquated road installations, the lack of roads, and the large number of bottle-necks, impeding the flow on road networks. Therefore, we should hasten the construction of trunk roads and transportation facilities, eliminate bottlenecks, extend roads to link with one another, widen crossroads, and build necessary overpasses (including simple ones) and pedestrian overpasses (or tunnels) at key locations.

The main reasons transportation to other areas for many cities is impeded are because the urban roads are not linked and the junctions of trunk roads and highways are narrow and bottle-necked. Link and widen these sections of roads in a planned manner. The highway transportation department should subsidize this construction with highway tolls. Gradually and organically link urban roads with trunk highways.

5) Strengthen traffic administration. Improve modern traffic administration methods and technology and gradually give preferential treatment to public transport vehicles or set up special travel routes for them. Large cities should control the development of bicycles and private motorcycles, by first ceasing the policy of encouraging the development of bicycles, and gradually levying license fees on these vehicles. Rationally arrange and draw up plans on routes and parking sites for bicycles.

4. Concerning passenger transport in large cities, adopt the goal of gradually developing track facilities for transportation. At present, it is hard for large cities to rely on limited roads and existing buses and trolley buses to eliminate the "difficulty in getting a ride." Subways and overpasses must be developed to implement a three-dimensional traffic system characterized by diverse tiers and structures. Put into the agenda the issue of developing large-capacity, express track facilities (including subways) and build these facilities in a planned manner to meet the demands for large volume passenger transport. Use advanced telecommunications and dispatching equipment, and heighten the level of operation and management.

5. Urban public transport enterprises should undergo conscientious consolidation, strengthen construction of a spiritual civilization, continue to improve the quality of service, and strive to provide convenient, safe, quick, punctual, and comfortable travel conditions for urban and rural people. Teach the broad urban and rural masses to respect the labor of public transport employees and make joint efforts to satisfactorily develop the public transportation.

If the above opinions are suitable, please approve and issue them to various areas for implementation depending on local conditions.

STATE COUNCIL CIRCULAR ON THE APPROVAL AND CIRCULATION OF THE REPORT OF THE
MINISTRY OF PUBLIC HEALTH ON CERTAIN POLICIES CONCERNING THE REFORM OF THE
WORK OF PUBLIC HEALTH (25 APRIL 1985)

Beijing STATE COUNCIL BULLETIN in Chinese No 13, 20 May 86 p 377

(Guofa (1985) No 62)

[Text] In principle, the State Council approves the "Report on Certain Policies Concerning the Reform of the Work of Public Health" of the Ministry of Public Health and herewith circulates it to you. Please implement it according to the actual situation in your areas.

/8309

CSO: 4005/171

REPORT OF THE MINISTRY OF PUBLIC HEALTH ON CERTAIN POLICIES CONCERNING THE REFORM OF THE WORK OF PUBLIC HEALTH (29 MARCH 1985)

Beijing STATE COUNCIL BULLETIN in Chinese No 13, 20 May 85 pp 377-381

[Text] To implement the Decision of the 3d Plenary Session of the 12th CPC Central Committee on reform of the economic structure, further create new prospects in the work of public health and to establish a public health undertaking with Chinese characteristics, the Ministry of Public Health has drawn up a report on certain policies concerning the reform of the work of public health. The report was already discussed in January this year in a nationwide meeting of the directors of public health departments and bureaus. The Ministry of Public Health has made further revisions, and now reports as follows:

Over the past 35 years since the founding of PRC, under the leadership of the party and government, our country's public health undertakings have scored great achievements. By the end of 1983, the number of public health organizations throughout the country had already expanded to 196,000, and there were 2,110,000 beds in hospitals and 4.09 million personnel specialized in field of public health. Medical organizations, sanitation and epidemic prevention organizations, health centers for women and children, educational organizations and organizations for scientific research and for inspecting medicines have basically been set up, forming a medical and health network which spread throughout urban and rural areas. The incidence of various diseases dropped sharply and the general level of the people's health improved universally.

At present, the major problem is that the development of public health undertakings is slow and not adapted to the construction of the country's economy, or to the needs of medical treatment of the masses. By the end of 1983, hospitals in our country had only 2.07 beds on average for every 1,000 persons and only 1.33 doctors (qualified doctors and practitioners with secondary medical education) on average for every 1,000 persons. Every year, many patients who need hospital treatment cannot be hospitalized. The main reasons for this are: 1) Insufficient funds for and investment in public health undertakings; moreover, since the 1960's, there have been three sharp reductions in fees and charges, resulting in charge of too low a standard for medical treatment and serious losses in the medical

organizations; 2) Policies have had too strict and rigid a control over public health endeavors. The problem of eating out of "the same big pot," was quite serious. We failed to bring into play the initiatives of various sectors.

To expedite development of public health undertakings, our opinion is that the central and local authorities must gradually increase public health funds and investments; and at the same time, must carry out reforms, relax policies, streamline administrations and delegate power. They should amass funds from various sectors and open up paths for developing pursuits in public health to stimulate the work of public health. The reform of public health work is aimed at giving play to initiatives in various fields, improving attitudes in attending patients, upgrading the quality of service and raising the level of administration. This is conducive to preventing and curing diseases and it gives convenience to and benefits the people. It is imperative to adhere to proper therapeutic principles in reforming our hospitals. We must pay attention to using medicines rationally and to checking up on the patients properly to avoid any waste, and refrain from giving consideration only to economic problems. To promote all-round development of the reform of public health work, our opinion is that concerning our policies, we should make the following points clear and explicit:

1. With regard to the problem of developing public health organizations owned by the whole people, while developing public health organizations owned by the whole people, implement the policy that the central, local and departmental authorities run their public health organizations together. According to the current financial system, the development of local public health endeavors depends mainly upon local investments. Governments at all levels should actively develop and construct organizations for medical treatment, prevention of disease and health protection. Encourage our industrial and communications enterprises and other departments to set up public health organizations which are open to society. Public health departments should assist and support them technologically. Enterprises and other departments may also unite with public health departments to set up public health organizations for mutual benefit.

In developing public health organizations, combine the large, medium-sized and small public health organizations, giving priority to medium-sized and small public health organizations. The development of public health organizations should be synchronized with the construction of cities and small towns and with the construction of small urban areas, under a uniform plan and a rational overall arrangement. Pay attention to the construction of specialized medical care centers and the construction of sanatoriums and health restoration organizations. Along with the development of economy, science and technology, gradually use modern technology to equip public health organizations at all levels.

2. On the question of how to expand the decisionmaking power of public health organizations owned by the whole people, public health organizations at all levels should positively create conditions to implement the responsibility system of directors of commune hospitals, clinics and medical stations. These

directors are to be appointed by authorities one level above or recommended democratically and approved by the authority at the upper level and given a limited tenure. Incompetent directors may be transferred. For other cadres, implement a recruitment system, and for workers, a contract system. Directors of commune hospitals, clinics and medical centers have the right to punish or reward employees, to dismiss and discharge employee, and to advertise for the recruitment of medical workers from outside but within the scope of the authorized strength of their organizations in accordance with their needs. Medical workers may work full-time or part-time. Employees also have a right to resign according to contract. At the same time, gradually establish and perfect various systems of democratic management.

As for subsidy funds given to hospitals by the state, except for those given for major renovations or the purchase of large equipment, after the hospital has assigned its quota of contracts and by contract the responsibility to not exceed the subsidy quota. Once the subsidy quota is decided, the hospital has the right to spend it independently. A method of assigning contract responsibility for fulfilling budgets should be adopted for other public health organizations. Inside public health organizations, implement diverse forms of management responsibility systems adapted to the characteristics of public health organizations that combine responsibility, power and advantages. Under the condition of maintaining ownership, the management of district and township hospitals and other medical institutions smaller in scale can be conducted with methods adopted by collective ownership units and can also be assigned by contract to employees.

All levels of medical institutions and in particular those at grassroots level, should conscientiously send doctors to visit patients at home and should vigorously develop family hospital beds. Reform the clinic system and lengthen clinic service hours. An ordinary hospital should persist in all-day clinic service for the convenience of the masses. All medical and public health units should fully develop the use of existing medical equipment including valuable instruments and equipment, raise equipment utilization ratio, and allow equipment to be used by other units and people if they can provide the service. Large and medium-sized cities can set up scan diagnosis and test centers on a trial basis to serve all levels of medical, disease prevention and health institutions as well as individual practitioners. For businesses involved in rear-service supply, maintenance and welfare, actively create conditions to socialize them and turn them into enterprises.

Public health work is technical work. Personnel who have not undergone professional training must not be appointed to posts in public health departments. Give professional training to existing employees who lack professional knowledge but who have the prospects for training, and organize the others to perform various tasks in service of their units and society. These others should have independent accounting units and take sole responsibility for profits and losses.

3. Conscientiously develop collective public health institutions. Encourage and help collective economic organizations and city, small town and neighborhood organizations to set up medical and public health institutions, encourage democratic parties and mass bodies to set up public health institutions, and encourage retired medical workers to pool funds to set up public health institutions. The units that have surplus public health technical workers can allow some of their medical workers to leave their posts and set up public health institutions after they have considered the situation in their units and obtained approval. A collective public health institution should have adequate decisionmaking power over their personnel affairs, finance, administration and management, operate as an independent accounting unit, shoulder sole responsibility for profit and loss, and implement distribution according to labor and democratic management. After making proper deduction for its public employment and welfare funds, its wage and bonus payments can fluctuate along with the income of the collective, in accordance with individual worker performance and relevant regulations. Respect the ownership of our collective public health institutions, do not willfully transfer or encroach on the property of the collective.

Reform the methods with which the state subsidizes existing collective public health institutions, and give subsidies based on how the institutions have fulfilled medical, disease prevention and public health tasks. Subsidies are to be spent mainly in the construction of public health institutions and the training of personnel. Rural hospitals should set up disease prevention groups or employ personnel specialized in vaccination and disease prevention to be in charge of sanitation, epidemic prevention, and maternity and child care work. This work should be funded with the funds for epidemic prevention and maternity and child care.

4. Support individual practitioners to practice medicine. Vigorously organize and help idle medical workers proven to be qualified through examination (including those who have professional skills related to Chinese traditional medicine, herb medicine, and medical treatment) and retired medical workers to practice medicine, give medical treatment in medicine shops, set up hospitals and midwife centers, provide special nursing service, conduct X-rays and other tests, and provide public health and sanitation advisory service. Subject to approval, a private practitioner can set up a dispensary in his office. If a medical worker retired from a unit owned by the whole people practices medicine, he shall continue to receive his retirement pension; the method for pension payment for practitioners retired from collective units should be decided by areas on their own in light of the situation there.

5. Concerning the problem of full-time personnel being invited to provide service in their spare time, encourage full-time medical workers to do concurrent medical work, teach or work as technical advisors in nearby rural villages, urban neighborhood hospitals and clinics, and medical schools. Allow doctors, nurses, and midwives to utilize their spare time under the prerequisite of fulfilling a work quota, to provide treatment, nursing, midwifery and other medical and public health services. Different public health

institutions can adopt different methods and units where doctors, nurses and midwives work, can make uniform arrangements for such activities, or allow them to arrange their own activities. The income earned in their spare time belongs to them as individuals, but when they use public equipment for these activities, they should give a share of their income to the public.

6. On the question of the establishment of rural public health institutions at village levels, proceed from actual local situations, follow the desire of the masses and establish diverse medical service units, to achieve the aim of enabling these units to provide medical treatment, medicine and disease prevention service, make propaganda about family planning, and give technical guidance for family planning. Concerning the medical system, adopt method such as charging a fee at each visit of the doctor or cooperative medical service. The management of a village public health institution can be assigned to a collective economic organization or to a collective of doctors and health workers by responsibility contract. Support rural doctors or health workers in establishing village public health institutions on their own and have commune hospitals set up branches in villages. Allow the establishment of health centers and joint clinics and individual medical workers to open private practice. Whatever form these institutions take, the public health administration departments should strengthen leadership and management and ensure the fulfillment of the task of disease prevention and health protection. When rural doctors and health workers engage in work related to public health, epidemic prevention, maternity and child care, and in the technical work of family planning, their villages should give them appropriate subsidies for their labor. In poorer areas where the income of rural doctors and health workers is lower, local governments should give them certain amounts of aid and subsidies.

7. Continue to satisfactorily carry out a reform in rural medical and public health work. As the rural commodity economy develops, peasants are gradually becoming rich; rural medical and public health undertakings have entered a new stage. Our 800 million peasants have an increasingly greater demand for disease prevention and medical treatment service, but it is impossible for a large number of peasants to go to cities for treatment. Therefore, continue to consolidate, perfect and improve existing rural public health institutions and at the same time, open up paths to develop multi-tiered, multi-channel and multi-format medical institutions in rural areas and small towns, support medical and public health endeavors by collectives and individuals and thus make it convenient for the masses to seek medical advice. In rich areas, we should encourage local governments and the masses to pool funds and establish hospitals and schools of Chinese traditional or Western medicine to recruit students who will return to where they come from after they graduate and thus train medical workers for rural areas. Encourage urban hospitals and medical colleges and schools to set up branches in rural areas or set up "joint ventures" with rural areas thus supporting the development of rural medical and public health undertakings.

8. Reform the system of medical fees and charges. Excessively low medical charges are not advantageous to the development of public health endeavors or for the upgrading of medical treatment or improvement of the quality of medical services. The irrational system which now exists should therefore undergo gradual reform. At present, it is still difficult to universally readjust the standards of medical fees and charges, so we will refrain from making any big changes this year, but we can fix the standard of medical fees and charges according to the cost for some medical services which apply new instruments and equipment and for some new medical services. Newly built, rebuilt, or expanded medical units which have good medical services can appropriately raise fees and charges for services rendered. Hospital rooms can be divided into classes with different standards for charges. Service charges of collective and individual medical institutions can be more flexible to enable them to earn a profit. Standards of charges on outpatient clinic service by appointment can be different from that of ordinary outpatient clinic service. Concrete items and range of readjustment can be decided by provinces, autonomous regions, and municipalities on their own in light of actual conditions. There should be appropriate charges for administering planned epidemic prevention injections and maternal and child care services. There should be certain charges for labor and to cover costs on services related to public health epidemic prevention, public health inspection and testing, public health inspections, health checkups, physical examinations, and approval and testing of medicines, and so on. All areas should continue to implement both methods of collecting medical charges approved by the State Council's Guofa 1981 Document No 25.

Employees who enjoy free medical treatment provided by the state or labor insurance medical service should be allowed to seek treatment at individual practitioners or private hospitals approved by government public health departments. The scope and methods of disbursement for service and treatment charges and medicines are to be stipulated in detail by provinces, autonomous regions, and municipalities after conducting pilot projects.

The above-mentioned points are only rulings in principle; the public health departments and bureaus of provinces, autonomous regions and municipalities can formulate their own methods of concrete implementation in light of actual local situations and implement them after obtaining approval from provincial, autonomous regional and municipal people's governments concerned.

Please approve and issue this report for implementation by various areas and departments if the report is found to be proper.

/8309

CSO: 4005/171

REPORT BY THE STATE STATISTICAL BUREAU ON COMPILING TERTIARY INDUSTRY
STATISTICS (SUMMARY) (19 MARCH 1985)

Beijing STATE COUNCIL BULLETIN in Chinese No 13, 20 May 85 pp 382-384

[Text] In the spirit of instructions from leading comrades in the State Council on the development of the tertiary industry, we have studied the question about the country's tertiary industry statistics with other relevant departments and comrades involved in some provinces and municipalities. To compile comprehensive tertiary industry statistics and gradually formulate a set of statistical regulations, with the approval of the State Planning Commission, we now put forth the following opinion:

1. Concerning the definition of the three industries

According to state standards (the classification of and code for the trades in the national economy) that have been jointly promulgated by the State Planning Commission, the State Economic Commission, the State Statistical Bureau, and the State Administration for Standardization, and through referring to practices abroad, we define the three industries as follows:

Primary industry: agriculture (including forestry, animal husbandry, and fishery)

Secondary industry: industry (including mining and manufacturing industries; supply of running water, power, steam, hot water, and coal gas) and construction.

Tertiary industry: all other services which do not fall into the first and second categories mentioned above.

Because the tertiary industry involves many trades and is extensive in scope, it can be divided into two major departments in light of our country's actual situation, the circulation department and the service department; these two major departments can be subdivided into four levels:

First level: circulation departments, including transportation and shipping, postal and telecommunications services; commercial catering trade, commodity supply, and marketing services, and storage services.

Second level: departments serving production and daily life, including banking, insurance, geological survey, real estate, public utilities, community services, tourism, consultative and information services, and various types of technical services.

Third level: departments set up to promote science and education and people's well-being, including educational and cultural services, radio and television broadcasting, scientific research, health care, sports, and social welfare services.

Fourth level: departments serving public needs, including state organs, government and party organs, social groups, as well as the armed forces and police.

2. Concerning the requirements for evaluating the tertiary industry output value and GNP at home and for companies with those abroad

In view of the different roles played by the various trades of tertiary industry in the nation's social and economic development, it is suggested that the methods used for computing the output values of the first, second, and third levels mentioned above be used to observe and evaluate the tertiary industry's output value and GNP. But when we compare our figures with those of Western countries, we should include what Western countries generally include; in other words, we should include all four levels mentioned above in computing the tertiary industry's output value and GNP.

3. The statistical method for calculating the output value of the tertiary industry

To arrive at the output value of the tertiary industry, we can add up the total value or add up the increased value, in other words, the total increments of value. In calculating the total value, the method of calculation is the same as the method of calculating the gross output value of material production sectors, taking into account the total value of the materials consumed and the newly created value. In calculating the increased value, take into account the depreciation for fixed assets, wages, profits and tax payments, but not consumption other than depreciation of fixed assets.

4. Strengthen statistical and accounting work

To satisfactorily compile the statistics of tertiary industry and obtain accurate and reliable data, it is necessary to perfect the accounting systems of relevant departments and further strengthen statistical work. Transportation, postal and telecommunications, commerce, catering service, and other sectors that have already set up accounting systems should continue to perfect these systems. In other sectors of the tertiary industry, accounting work is very weak and there are only fragmentary data. It is therefore very hard to meet the requirements for calculating the output value of the tertiary industry. We suggest requesting educational and cultural services, radio and

television broadcasting, health care, sports, scientific research, industrial, commercial, urban construction, tourism, national defense and government administration departments, social groups and other sectors to set up necessary accounting systems, strengthen statistical organs, and provide financial data according to schedule. At the same time, we suggest that the financial departments improve grouping and computing methods in existing financial systems to satisfy requirements for the calculation of the GNP and tertiary industry output value.

5. Grasp firmly the establishment of a national economic accounting system with Chinese characteristics

For many years, because of the difference in theoretical bases, two kinds of national economic accounting systems have existed, namely, the Eastern system of national economic balancing (also called the system of balancing of material products) and the Western system of national economic accounts. These two systems differ in their scope and methods of calculation, but the United Nations acknowledges both methods and has stipulated a method for converting one into the other. The system of national economic balance table divides the total social labor into the material production sector and the nonmaterial production sector. It first calculates material products created by the material production sector to reflect the scale, structure, and rate of increase of development of material production. At the same time, it also calculates the redistribution of national income in the nonmaterial production sector. In the past, we calculated gross social product and national income using this system, but some aspects of calculation were not careful enough so in the future, we should continue to do this work well. Concurrently, it is also necessary to learn from the Western system of national economic accounts and calculate the GNP and tertiary industry output value. The index of the GNP cannot only reflect the state of the development of material production, but also the state of the increase of various sectors of labor and thus the full scale and level of our national economic and social development. At present, simultaneously adopting both methods of calculation will meet the demand for observing questions from different angles and facilitate international comparison and research. From a long-term point of view, proceed from the realities in our country, assimilate the advantages of the Eastern and Western systems, and gradually establish, through continuous research and practice, a system of calculation that is suited to our socialist planned economy.

Please approve and circulate this report to departments of the State Council and to provincial, regional and municipal people's governments for implementation, if the report is found feasible.

/8309

CSO: 4005/171

AGREEMENT BETWEEN THE PRC GOVERNMENT AND THE FRENCH GOVERNMENT ON AVOIDING
DOUBLE TAXATION AND PREVENTING TAX EVASION (30 MAY 84)

Beijing STATE COUNCIL BULLETIN in Chinese No 13, 20 May 85 pp 386-402

[Agreement between the PRC Government and the French Government on Avoiding Double Taxation and Preventing Tax Evasion (The Chinese and French sides exchanged diplomatic notes on 22 January 1985 affirming that respecting legal procedures necessary for the application of this agreement have already been taken. This agreement went into effect on 20 February 1985]

[Text] The governments of the PRC and the Republic of France, desiring to conclude an agreement for the avoidance of double taxation and the prevention of tax evasion, have agreed as follows:

Article 1. Scope of Persons

1. This agreement shall apply to persons who are residents of one or both of the Contracting States.

Article 2. Scope of Taxes

1. This agreement shall apply to all taxes levied by a Contracting State or its local authorities, irrespective of the manner in which such taxes are levied.

2. Taxes on all or a particular item of income, including taxes on income from the transfer of movable and immovable properties and taxes levied on increases in the value of capital, shall be treated as income tax.

3. Taxes to which this agreement shall apply are:

A. In the PRC:

- i) individual income tax;
- ii) income tax on joint ventures of Chinese and foreign investment;
- iii) income tax on foreign enterprises;
- iv) local income tax;

Including source withholdings for the above-mentioned taxes.

(Hereinafter referred to as "Chinese tax")

B. In the Republic of France:

- i) income tax;
- ii) corporate tax;

Including source withholdings and advance withholdings for the above-mentioned taxes.

(Hereinafter referred to as "French tax")

4. This agreement shall also apply to any identical or substantially similar taxes which are imposed after the date of signature of this agreement in addition to, or in place of, those referred in paragraph 3. The competent authorities of the Contracting States shall notify each other of any substantial changes which have been made in their respective taxation laws within a reasonable period of time after such changes.

Article 3. General Definitions

1. For the purposes of this agreement, unless the context otherwise requires:

- i) The terms "a Contracting State" and "the other Contracting State" mean the PRC or the Republic of France, as the context requires;
- ii) The term "tax" means Chinese tax or French tax, as the context requires;
- iii) The term "person" includes a natural person, a company and any other body of persons;
- iv) The term "company" means any corporate body or any entity which is treated as a corporate body for tax purposes;
- v) The terms "enterprise of a Contracting State" and "enterprises of the other Contracting State" mean, respectively, an enterprise run by a resident of a Contracting State and an enterprise run by a resident of the other Contracting State;
- vi) The term "nationals" means all individuals of the nationality of either Contracting State and all legal persons created or organized under the laws of that Contracting State and all organizations without legal persons treated for the purposes of tax of that Contracting State as juridical persons created or organized under the laws of that Contracting State;
- vii) The term "competent authority" means, in the case of the PRC, the Ministry of Finance and its authorized representative and, in the case of the Republic of France, the minister in charge of budgets and his authorized representative.

2. As regards the application of this agreement by a Contracting State, any term not defined in this agreement shall, unless the context otherwise requires, have the meaning which it has under the laws of that Contracting State concerning the taxes to which this agreement applies.

Article 4. Residents

1. For the purposes of this agreement, the term "resident of a Contracting State" means any person who, under the laws of that Contracting State, is liable to tax therein by reasons of his domicile, residence, place of head office or any other criterion of a similar nature.

2. Where by reason of the provisions of paragraph 1 a natural person is a resident of both Contracting States, then the component authorities of the Contracting States shall determine by mutual agreement the Contracting State of which that natural person shall be deemed to be a resident for the purposes of this agreement.

3. Where by reason of the provisions of paragraph 1 a person other than a natural person is a resident of both Contracting States, then it shall be deemed to be a resident of the Contracting State in which its head or main office is located.

Article 5. Permanent Establishment

1. For the purpose of this agreement, the term "permanent establishment" means a fixed place of business through which the business of an enterprise is wholly or partly carried out.

2. The term "permanent establishment" includes especially:

- i) a place of management;
- ii) a branch;
- iii) an office;
- iv) a factory;
- v) a workshop; and
- vi) a mine, an oil or gas well, a quarry or any place of extraction of natural resources.

3. The term "permanent establishment" also includes:

- i) a building site, a construction, assembly or installation project--provided that these continue for a period of more than 6 months.

ii) Labor services, including consultancy services and supervisory activities, furnished by an enterprise through employees or other personnel employed for the above purposes--provided that such activities (for the same project or connected projects) continue on the territory of that country for an aggregate or cumulative period or periods of more than 6 months within any 12-month period.

4. Notwithstanding the provisions of paragraphs 1 to 3, the term "permanent establishment" shall be deemed not to include:

i) The use of facilities solely for the purpose of storage, display or delivery of goods or merchandise belonging to the enterprise;

ii) The maintenance of an inventory of goods or merchandise belonging to the enterprise solely for the purpose of storage, display or delivery;

iii) The maintenance of an inventory of goods or merchandise belonging to the enterprise solely for the purpose of processing by another enterprise;

iv) The maintenance of a fixed place of business solely for the purpose of purchasing goods or merchandise, or of collecting information, for the enterprise;

v) The maintenance of a fixed place of business solely for the purpose of carrying on, for the enterprise, any other preparatory or auxiliary activity.

5. Notwithstanding the provisions of paragraphs 1 and 2, where a person--other than an agent of an independent status to whom the provisions of paragraph 6 apply--is acting in a Contracting State on behalf of an enterprise of the other Contracting State, and has, and habitually exercises in the first-mentioned Contracting State, an authority to conclude contracts in the name of the enterprise, that enterprise shall be deemed to have a permanent establishment in the first-mentioned Contracting State in respect of any activities which that person undertakes for the enterprise, unless activities exercised through a fixed place of business are limited to those mentioned in paragraph 4 which, under the provisions of that paragraph, would not make this fixed place of business a permanent establishment.

6. An enterprise of a Contracting State shall not be deemed to have a permanent establishment in the other Contracting State merely because it carries on business in that other Contracting State through a broker, general commission agent or any other agent of an independent status, provided that such persons are acting in the ordinary course of business. Such an agent shall not be deemed to be an agent of an independent status to whom the provisions of this paragraph apply if all or virtually all activities are carried out for that enterprise.

7. A company which is a resident of a Contracting State controls or is controlled by a company which is a resident of the other Contracting State, or which carries on business in that other Contracting State (whether through a permanent establishment or otherwise), shall not itself constitute a permanent establishment of the other.

Article 6. Immovable Property

1. Income derived by a resident of a Contracting State from immovable property situated in the other Contracting State may be taxed in the other Contracting State.

2. The term "immovable property" shall have the meaning which it has under the laws of the Contracting State in which the property in question is situated. The term shall in any case include property accessory to immovable property, livestock and equipment used in agriculture and forestry, rights to which the provisions of general law respecting landed property apply, [word indistinct] of immovable property and rights to variable or fixed income in consideration of the working of, or the right to work, mineral deposits, sources and other natural resources. Ships and aircraft shall not be regarded as immovable property.

3. The provisions of paragraph 1 shall apply to income derived from the direct use, letting, or use in any other form of immovable property.

4. The provisions of paragraphs 1 and 3 shall also apply to the income from immovable property of an enterprise and to income from immovable property used for the performance of independent personal services.

Article 7. Business Profits

1. The profits of an enterprise of a Contracting State shall be taxable only in that Contracting State unless the enterprise conducts business in the other Contracting State through a permanent establishment situated therein. If the enterprise conducts business as aforesaid, its profits may be taxed in that other Contracting State but only so much as is attributable to that permanent establishment.

2. Subject to the provisions of paragraph 3, where an enterprise of a Contracting State does business in the other Contracting State through a permanent establishment situated therein, there shall in each Contracting State be attributed to that permanent establishment the profits which it might be expected to make if it were a distinct and separate enterprise engaged in the same or similar activities under the same or similar conditions and dealing wholly independently with the enterprise of which it is a permanent establishment.

3. In determining the profits of a permanent establishment, there shall be allowed as deductions expenses which are incurred for the purposes of the permanent establishment, including executive and general administrative expenses

so incurred, whether in the Contracting State in which the permanent establishment is situated or otherwise. No deductions shall be allowed (unless in the case of the reimbursement of actual expenses) for royalties, fees and other similar payments paid by that permanent establishment to the head office of the enterprise or other offices thereof, for commission on specific services and management, and for interest on loans (unless the enterprise in question is a banking establishment). Likewise, in determining the profits of a permanent establishment, royalties, fees and other similar payments obtained by the permanent establishment from the head office of the enterprise and other offices thereof, commissions on specific services and management, and interest from loans extended to the head office of the enterprise or other offices thereof (unless the enterprise in question is a banking establishment) shall not be taken into consideration (unless in the case of the reimbursement of actual expenses).

4. Insofar as it has been customary in a Contracting State to determine the profits to be attributed to a permanent establishment on the basis of an apportionment of the total profits of the enterprise to its various parts, nothing in paragraph 2 shall preclude that Contracting State from determining the profits to be taxed by such apportionment as may be customary; the method of apportionment adopted shall, however, be such that the result shall be in accordance with the principles contained in this article.

5. No profits shall be attributed to a permanent establishment by reason of the mere purchase by that permanent establishment of goods or merchandise for the enterprise.

6. For the purposes of paragraphs 1 to 5, the profits to be attributed to the permanent establishment shall be determined by the same method every year unless there is good and sufficient reason to the contrary.

7. Where profits include ~~items of income~~ which are dealt with separately in other articles of this agreement, then the ~~provisions of those articles~~ shall not be affected by the provisions of this article.

Article 8. Associated Enterprises

Where

i) an enterprise of a Contracting State participates directly or indirectly in the management, control or capital of an enterprise of the other Contracting State, or

ii) the same persons participate directly or indirectly in the management, control or capital of an enterprise of the other Contracting State.

In either case conditions between the two enterprises in their commercial or financial relations are different from those which would be made between independent enterprises, then any profits which would have accrued to one of the enterprises, but, reasons of those conditions, have not so accrued, may be included in the profits of that enterprise and taxed accordingly.

Article 9. Dividends

1. Dividends paid by a company which is a resident of a Contracting State to a resident of the other Contracting State may be taxed in the other Contracting State.

2. On the other hand, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident, and according to the laws of that Contracting State; but, if the recipient is the beneficial owner of the dividends, the tax so charged shall not exceed 10 percent of the gross amount of the dividends.

The provisions of this paragraph shall not affect the taxation of the company in respect of the profits out of which the dividends are paid.

3. The term "dividends" as used in this article means income from shares or other rights, not being debt-claims, participating in profits, as well as income from other corporate rights which is subjected to the same taxation treatment is income from shares by the taxation laws of the Contracting State of which the company making the distribution is a resident.

4. The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the dividends, being a resident of a Contracting State, carries on business in the other Contracting State of which the company paying the dividends is a resident, through a permanent establishment situated therein, or performs in the other Contracting State independent personal services from a fixed base situated therein, and the holding in respect of which the dividends are paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 7 or Article 13, shall apply as the case may be.

5. Chinese residents receiving dividends from a company which is a resident of France may receive repayment of withholdings on these dividends from France. These repayments are subject to taxation according to the stipulation in paragraph 2.

6. Where a company which is a resident of a Contracting State derives profits or income from the other Contracting State, the other Contracting State may not impose tax on dividends paid by the company, except insofar as such dividends are paid to a resident of the other Contracting State or insofar as the holding in respect of which the dividends are paid is effectively connected with a permanent establishment or a fixed base situated in the other Contracting State, nor tax the company's undistributed profits even if the dividends paid or the undistributed profits consist wholly or partly of profits or income arising in the other Contracting State.

Article 10. Interest

1. Interest arising in a Contracting State and paid to a resident of the other Contracting State may be taxed in the other Contracting State.

2. Such interest may nevertheless be taxed in the Contracting State in which it occurs, and according to the laws of that Contracting State. But if the recipient is the beneficial owner of the interest, the tax so charged shall not exceed 10 percent of the gross amount of the interest.

3. Notwithstanding the provisions of paragraph 2, interest arising in a Contracting State shall be exempt from tax in the Contracting State in question if the interest is paid to:

A. In the PRC:

i) The Government of the PRC;

ii) The People's Bank of China;

iii) The Bank of China or the China International Trust and Investment Corporation which directly or indirectly extends or guarantees loans; and

iv) Financial institutions owned by the Government of the PRC and unanimously recognized by the competent authorities of both Contracting States.

B. In the Republic of France:

i) The Government of the Republic of France;

ii) The Bank of France;

iii) The Foreign Trade Bank of France or the Foreign Trade Insurance Company of France which directly or indirectly extends or guarantees loans; and

iv) Financial institutions owned by the Government of the Republic of France and unanimously recognized by the competent authorities of both Contracting States.

4. The term "interest" as used in this article means income from debt-claims of every kind, whether or not secured by mortgage and whether or not carrying a right to participate in the debtor's profits, and in particular, income from government securities and income from bonds or debentures, including premiums and prizes attaching to such securities, bonds or debentures.

5. The provisions of paragraphs 1, 2 and 3 shall not apply if the beneficial owner of the interest, being a resident of a Contracting State, conducts business in the other Contracting State in which the interest occurs, through a permanent establishment situated therein, or performs in that other Contracting State independent personal services from a fixed base situated therein, and the debt-claim in respect of which the interest is paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 7 or Article 13 shall apply as the case may be.

6. Interest shall be deemed to occur in a Contracting State when the debtor is the government of the Contracting State, a local authority thereof or a resident of that Contracting State. But where the debtor, whether or not a resident of a Contracting State, has in a Contracting State a permanent establishment or a fixed base in connection with which the indebtedness on which the interest is paid was incurred, and such interest is borne by such permanent establishment or fixed base, then such interest shall be deemed to occur in the Contracting State in which the permanent establishment or fixed base is situated.

7. Where, by reason of a special relationship between the debtor and the beneficial owner or between both of them and some other person, the amount of the interest, having regard to the debt-claim for which it is paid, exceeds the amount which would have been agreed upon by the debtor and the beneficial owner in the absence of such relationship, the provisions of this article shall apply only to the last-mentioned amount. In such case, the excess portion of the payments shall remain taxable according to the laws of each Contracting State, due regard being given to the other provisions of this agreement.

Article 11. Royalties

1. Royalties arising in a Contracting State and paid to a resident of the other Contracting State may be taxed in the other Contracting State.

2. Such royalties may also be taxed in the Contracting State in which they occur, and according to the laws of that Contracting State; but, if the recipient is the beneficial owner of the royalties, the tax so charged shall not exceed 10 percent of the gross amount of the royalties.

3. The term "royalties" as used in this article means payments of any kind received as a consideration for the use of, or the right to use, any copyright of literary, artistic or scientific work, including cinematograph films and films or tapes for radio or television broadcasting; any patent, trade mark, design or model, plan, secret formula or process; or for the use of, or the right to use, industrial, commercial or scientific equipment, or for information concerning industrial, commercial or scientific experience.

4. The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the royalties, being a resident of a Contracting State, carries on business in the other Contracting State in which the royalties occur, through a permanent establishment situated therein, or performs in the other Contracting State independent personal services from a fixed base situated therein, and the right or property in respect of which the royalties are paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 7 or Article 13 shall apply as the case may be.

5. Royalties shall be deemed to arise in a Contracting State when the debtor is the government of that Contracting State, a local authority thereof or a resident of that Contracting State. But where the debtor of the royalties, whether or not a resident of a Contracting State, has in a Contracting State a permanent establishment or a fixed base in connection with which the liability to pay the royalties was incurred, and such royalties are borne by such permanent establishment or fixed base, then such royalties shall be deemed to occur in the Contracting State in which the permanent establishment or fixed base is situated.

6. Where, by reason of a special relationship between the debtor and the beneficial owner or between them and some other person, the amount of the royalties, in terms of the use, right or information for which they are paid, exceeds the amount which would have been agreed upon by the debtor and the beneficial owner in the absence of such relationship, the provisions of this article shall apply only to the last-mentioned amount. In such case, the excess part of the payments shall remain taxable according to the laws of each Contracting State, due regard being given to the other provision of this agreement.

Article 12. Gains From Property

1. Gains derived by a resident of a Contracting State from the alienation of immovable property referred to in Article 6 and situated in the other Contracting State may be taxed in the other Contracting State.

2. Gains from the alienation of movable property that forms part of the business property of a permanent establishment which an enterprise of a Contracting State has in the other Contracting State, or gains from movable property pertaining to a fixed base available to a resident of a Contracting State in the other Contracting State for the purpose of performing independent personal services, including such gains from the alienation of such a permanent establishment (alone or together with the whole enterprise) or of such a fixed base, may be taxed in the other Contracting State.

3. Gains derived by a resident of a Contracting State from the alienation of ships or aircraft operated in international traffic and movable property pertaining to the operation of such ships or aircraft shall be taxable only in that Contracting State.

4. Gains derived by a company from the alienation of its share holdings may, if the main part of its property is made up, either directly or indirectly, of immovable property situated in a Contracting State, be taxed in that Contracting State.

5. Gains derived from the alienation of shares other than those mentioned in paragraph 4 may, if the shares are equivalent to 25 percent of the share holding of a company which is a resident of a Contracting State, be taxed in that Contracting State.

6. Gains derived by a resident of a Contracting State from the alienation of any property other than that referred to in paragraphs 1 to 5 and arising in the other Contracting State may be taxed in the other Contracting State.

Article 13. Independent Personal Services

1. Income derived by a resident of a Contracting State in respect of professional services or other independent activities shall be taxable only in that Contracting State. Income may be taxed in the other Contracting State in either one of the following cases:

i) That resident has a fixed base regularly available in the other Contracting State for the purpose of carrying out activities, in which case that other Contracting State may only levy tax on income attributable to that fixed base;

ii) That resident is present in that other Contracting State for a period or periods exceeding an aggregate of 183 days in the calendar year concerned, in which case that other Contracting State may only levy tax on income derived from activities exercised therein.

2. The term "professional services" includes, especially, independent scientific, literary, artistic, educational or teaching activities as well as the independent activities of physicians, lawyers, engineers, architects, dentists and accountants.

Article 14. Non-independent Personal Services

1. Subject to the provisions of Articles 15, 17, 18, 19 and 20, salaries, wages and other similar remuneration derived by a resident of a Contracting State from employment shall be taxable only in that Contracting State unless the employment is in the other Contracting State. Remuneration as is derived from such may be taxed in the other Contracting State.

2. Notwithstanding the provisions of paragraph 1, remuneration derived by a resident of a Contracting State in respect of an employment in the other Contracting State shall be taxable only in the first-mentioned Contracting State, if:

i) the recipient is present in that other Contracting State for a period or periods not exceeding an aggregate of 183 days in the calendar year concerned;

ii) the remuneration is paid by, or on behalf of, an employer who is not a resident of that other Contracting State; and

iii) the remuneration is not borne by a permanent establishment or a fixed base which the employer has in that other Contracting State.

3. Notwithstanding the provisions of paragraphs 1 and 2, remuneration in respect of an employment aboard a ship or aircraft operated in international traffic by an enterprise of a Contracting State may be taxed in that Contracting State.

Article 15. Directors' Fees

Directors' fees and other similar payments derived by a resident of a Contracting State in his capacity as a member of the board of directors of a company which is a resident of the other Contracting State may be taxed in that other Contracting State.

Article 16. Artist and Athlete

1. Notwithstanding the provisions of Articles 13 and 14, income derived by a resident of a Contracting State as an entertainer such as a theater, motion picture, radio or television artist, a musician or an athlete, from personal activities as such performed in the other Contracting State, may be taxed in that other Contracting State.

2. Where income in respect of personal activities performed by an entertainer or an athlete in a capacity as such accrues not to the entertainer or athlete but to another person, that income may, notwithstanding the provisions of Articles 7, 13 and 14, be taxed in the Contracting State in which that entertainer or athlete performs activities.

3. Notwithstanding the provisions of paragraphs 1 and 2, income derived by an entertainer or athlete who is a resident of a Contracting State from activities performed pursuant to cultural exchange programs agreed upon by the governments of the Contracting States shall be exempt from tax in the other Contracting State.

Article 17. Pensions

1. Subject to the provisions of paragraph 2 of Article 18, pensions and other similar remuneration paid to a resident of a Contracting State in consideration of past employment shall be taxable only in that Contracting State.

2. Notwithstanding the provisions of paragraph 1, pensions and other payments paid by the government of a Contracting State or a local authority thereof in accordance with the social security system prescribed by the law shall be taxable only in that Contracting State.

Article 18. Government Employees

1. (A) Remuneration, other than pensions, paid by the government of a Contracting State or a local authority thereof to a natural person in respect of services rendered to the government of that Contracting State or a local authority thereof shall be taxable only in that Contracting State.

(B) Such remuneration shall be taxable only in the other Contracting State if services are rendered in that other Contracting State and the natural person is a resident of that other Contracting State who:

i) is a national of that other Contracting State; or

ii) did not become a resident of that other Contracting State solely for the purpose of rendering the services.

2. (A) Any pension paid by, or out of funds to which contributions are made by, the government of a Contracting State or a local authority thereof to a natural person for services rendered to the government of that Contracting State or a local authority thereof shall be taxable only in that Contracting State.

(B) Such pension shall be taxable only in the other Contracting State if the natural person rendering the services is a resident of, and a national of, that other Contracting State.

3. The provisions of Articles 14, 15, 16 and 17 shall apply to remuneration and pensions in respect of services rendered in connection with a business carried on by the government of a Contracting State or a local authority thereof.

Article 19. Teachers and Researchers

Any natural person who is, or immediately before visiting a Contracting State was, a resident of the other Contracting State and is present in the first-mentioned Contracting State solely for the purpose of teaching, giving lectures or conducting research at a university, college, school or other accredited educational institution in the first-mentioned Contracting State shall be exempt from tax in the first-mentioned Contracting State for a period not exceeding 3 years from the date of his arrival in the first-mentioned Contracting State, in respect of remuneration for such teaching, lectures or research.

Article 20. Students and Trainees

Payments received for the purpose of maintenance, education or training by a student, business apprentice or trainee who is present in a Contracting State solely for the purpose of education or training and who is, or immediately before being so present was, a resident of the other Contracting State, shall be exempt from tax of the first-mentioned Contracting State.

Article 21. Other Income

1. Any income of a resident of a Contracting State not dealt with in the foregoing articles of this agreement and arising in the other Contracting State may be taxed in the other Contracting State.
2. Any income of a resident of a Contracting State not dealt with in the foregoing articles of this agreement and other than income referred to in paragraph 1, shall be taxable only in that Contracting State.
3. The provisions of paragraphs 1 and 2 shall not apply to income other than income from immovable property as defined in paragraph 2 of Article 6, if the recipient of such income who is a resident of a Contracting State conducted business in the other Contracting State through a permanent establishment situated therein, or performs in that other Contracting State independent personal services from a fixed base situated therein, and the right or property in respect of which the income is paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 7 or Article 13 shall apply as the case may be.

Article 22. Methods of Eliminating Double Taxation

Double taxation in the Contracting State shall be eliminated as follows:

1. In the PRC:

i) Where a resident of the PRC derives income from France, the amount of French tax payable in accordance with provisions of this agreement shall be allowed as a credit against the Chinese tax imposed on that resident. The amount of credit, however, shall not exceed the amount of the Chinese tax computed as appropriate to that income in accordance with the taxation laws and regulations of the PRC.

ii) Where the income derived from France is dividend paid by a company which is a resident of France to a company which is a resident of the PRC and which owns not less than 10 percent of the shares of the company paying the dividend, the credit shall take into account the French tax payable by the company paying the dividend in respect of its income.

2. In the Republic of France:

i) Income other than those referred to in sub-paragraph ii) below shall be exempt from French tax mentioned in sub-paragraph ii) of paragraph 3, Article 2, if taxed in the PRC in accordance with the provisions of this agreement.

ii) Income derived from the PRC as referred to in Articles 9, 10, 11, 12, 15 and 16 may be taxed at the full amount in France in accordance with the provisions of these articles. The amount of Chinese tax payable in respect of that income shall be allowed as a credit against the French tax imposed on that resident. The amount of credit, however, should not exceed the amount of French tax collected on that income.

iii) In accordance with sub-paragraph ii), the amount of Chinese tax payable in respect of income referred to in Articles 9, 10 and 11 shall be:

a) 10 percent in the case of the total amount of dividends paid by a joint venture in the PRC and 20 percent in the case of other dividends;

b) 20 percent in the case of the total amount of interest; and

c) 20 percent in the case of the total amount of royalties.

iv) Notwithstanding the provisions of sub-paragraphs i) and ii), income taxable in France in accordance with the provisions of this agreement may be computed in the full amount in accordance with tax rates stipulated in the laws of France.

Article 23. Non-differential Treatment

1. Nationals of a Contracting State shall not be subjected in the other Contracting State to any taxation or any obligations connected therewith which is other or more burdensome than the taxation and connected obligations to which nationals of that other Contracting State in the same circumstances are or may be subjected. The provisions of this paragraph shall, notwithstanding the provisions of Article 1, also apply to persons who are not residents of one or both of the Contracting States.

2. The taxation on a permanent establishment which an enterprise of a Contracting State has in the other Contracting State shall not be less favorably levied in that other Contracting State than the taxation levied on enterprises of that other Contracting State carrying on the same activities. Nothing contained in this provision shall be construed as obliging a Contracting State to grant to residents of the other Contracting State any personal allowances, reliefs and reduction for tax purposes which are available to residents of the first-mentioned Contracting State on the grounds of civil status of family burdens.

3. Except where the provisions of Article 8, paragraph 7 of Article 10 or paragraph 6 of Article 11 apply, interest, royalties and other disbursements paid by an enterprise of a Contracting State to a resident of the other Contracting State shall, for the purpose of determining the taxable profits of such enterprise, be deductible under the same conditions if they had been paid to a resident of the first-mentioned Contracting State.

4. Part or all of the capital of enterprises of a Contracting State, which is directly or indirectly owned or controlled by one or more residents of the other Contracting State, shall not be subjected in the first-mentioned Contracting State to any taxation or any obligations connected therewith which is other or more burdensome than the taxation and connected obligations to which other similar enterprises of the first-mentioned Contracting State are or may be subjected.

5. Notwithstanding the provisions of Article 2, the provisions of this article apply to all kinds of taxes.

Article 24. Consultative Procedures

1. Where a person considers that the actions of one or both of the Contracting States result or will result in taxation not in accordance with the provisions of this agreement, the person may, irrespective of the remedies provided by the domestic laws of those Contracting States, present a case to the competent authority of the Contracting State of which the person is a resident or, if the case comes under paragraph 1 of Article 23, to that of the Contracting State of which the person is a national. The case must be presented within 3 years from the first notification of the action resulting in taxation not in accordance with the provisions of this agreement.

2. The competent authority shall endeavor, if the objection appears to it to be justified and if it is not itself able to arrive at a satisfactory solution, to resolve the case by mutual agreement with the competent authority of the other Contracting States, to avoid taxation which is not in accordance with the provisions of this agreement. Any agreement reached shall be implemented notwithstanding time limits in the domestic laws of the Contracting States.

3. The competent authorities of the Contracting States shall endeavor to resolve by mutual agreement any difficulties arising as to the application of this agreement. They may also consult together for the elimination of double taxation in cases not provided for in this agreement.

4. The competent authorities of the Contracting States may communicate with each other directly for the purpose of reaching an agreement in the sense of paragraphs 2 and 3. When it seems advisable for the purpose of reaching agreement, the competent authorities may meet together for an oral exchange of opinions.

Article 25. Exchange of Information

1. Competent authorities of the Contracting States shall exchange such information as is necessary for carrying out the provisions of this agreement, or of the domestic laws of the Contracting States concerning taxes covered by this agreement (insofar as the taxation thereunder is not contrary to the provisions of this agreement), particularly for the prevention of tax evasion. The exchange of information is not restricted by Article 1. Any information so exchanged shall be treated as secret and shall be disclosed only to persons or authorities involved in the investigation, settlement and collection of taxes within the scope of this agreement, including related courts of adjudication and appeal. The above-mentioned persons or authorities shall use such information solely for the above-mentioned purposes, but may quote relevant information in proceedings and rulings in open courts.
2. In no case shall the provisions of paragraph 1 be construed so as to impose on a Contracting State the obligation:
 - i) to carry out administrative measures at variance with the laws and the administrative practice of that or of the other Contracting State;
 - ii) to supply information which is not obtainable under the laws or in the normal course of the administration of that or of the other Contracting State; or
 - iii) to supply information which would disclose any trade, business, industrial, commercial or professional secret or trade process, or information, the disclosure of which would be contrary to public policy.

Article 26. Diplomats

Nothing in this agreement shall affect the tax privileges of diplomatic agents or consular officers under the general rules of international law or under the provisions of special agreements.

Article 27. Territorial Scope

- i) This agreement is applicable in the PRC to all PRC territories on which Chinese tax laws are effectively enforced, including its territorial waters and areas beyond its territorial waters which, according to international law, the PRC has sovereign rights to explore and exploit the resources in the sea bottom, sea bed and waters above the sea bottom.
- ii) in the Republic of France, to all provinces or territories of the Republic of France on which French tax laws are effectively enforced, including its territorial waters and areas beyond its territorial waters which, according to international law, the Republic of France has sovereign rights to explore and exploit the resources in the sea bottom, sea bed and waters above the sea bottom.

Article 28. Entry Into Force

The Contracting States shall notify each other in writing through diplomatic channels after internal legal procedures necessary for the entry into force of this agreement have been completed. This agreement shall enter into force on the thirtieth day after the date on which the last party dispatched the note. This agreement shall have effect as respects income derived during the fiscal years beginning on or after the first day of January in the calendar year following the year in which this agreement enters into force.

Article 29. Termination

This agreement shall continue in effect indefinitely but either of the Contracting States may, before the first day of July in any calendar year after the expiration of a period of 5 years from the date of its entry into force, notify the other Contracting State through the diplomatic channels with a notice of termination in writing. In such event this agreement shall cease to have effect as respects income derived during the fiscal years beginning on or after the first day of January in the next calendar year following that in which the notice of termination is given.

IN WITNESS WHEREOF the undersigned, duly authorized thereto by their respective governments, have signed this agreement.

Done in Paris on 30 May 1984, in duplicate in the Chinese and French languages, both texts being equally authentic.

For the Government of the PRC:

Zhao Ziyang, Premier of the State Council

For the Government of the
Republic of France:

Pierre Mauroy, Premier

Protocol

At the signing of the agreement between the Government of the PRC and the Government of the Republic of France on Avoiding Double Taxation and Preventing Tax Evasion, the undersigned have agreed upon the following provisions which form an integral part of the agreement.

1. With respect to paragraph 3, Article 5, of the agreement, supervision and management provided by an enterprise engaged in the sale of industrial and commercial equipment or instruments for the purpose of fitting or installing the said equipment or instruments shall be regarded as connected to the sale and shall not constitute a permanent establishment of the enterprise if supervision and management fees do not exceed 5 percent of the total amount of sales.

2. With respect to paragraph 3, Article 10, of the agreement, only 60 percent of the total amount of royalties paid for the use, or right to use, industrial, commercial or scientific equipment shall be taxable.

3. No provision in the agreement shall affect the provisions of the Agreement and Exchange of Notes on Maritime Transport signed between the Government of the PRC and the Government of the Republic of France on 28 September 1975 and the provisions of the Agreement on the Mutual Exemption of Taxation on Air Transport Enterprises signed on 23 January 1979.

Done in Paris on the thirtieth day of May, 1984, in duplicate in the Chinese and French languages, both texts being equally authentic.

For the Government of the PRC:

For the Government of the Republic of France:

Zhao Ziyang
Premier of the State Council

Pierre Mauroy
Premier

/8309

CSO: 4005/171

CIRCULAR OF THE MINISTRY OF FOREIGN ECONOMIC RELATIONS AND TRADE ON THE
ISSUANCE OF EXPORT PERMITS BY ADMINISTRATIVE LEVEL (18 MARCH 1985)

Beijing STATE COUNCIL BULLETIN in Chinese No 13, 20 May 85 pp 402-412

(Wai Jingmao Guan Chu [1120 4842 6319 4619 0427] (1985) No 107)

[Text] To adopt to the situation of reform of the foreign trade system, our ministry has, in keeping with the principles of arousing the enthusiasm of all quarters to ensure the vitality of foreign trade and of taking concerted action in external dealings and exercising macroeconomic control so that foreign trade can develop soundly and vigorously, decided to amend the list of merchandise for which export permits are required effective 15 April 1985. The approval and issuance of permits shall be exercised at two levels. The following circular is hereby issued concerning related matters:

1. It has been determined that the list of 129 types of merchandise for which export permits are now required shall be revised to 127 types. Following revision, in keeping with the principle of administration by separate levels under unified policy and planning, 15 types of merchandise shall have their export permits approved and issued by the Ministry of Foreign Economic Relations and Trade; 40 types shall have their export permits approved and issued by commissioner's offices of the ministry at principal ports; and 72 types (listed below) shall have their export permits approved and issued by authorized departments (committees and bureaus) of foreign economic relations and trade in provinces, autonomous regions, and municipalities directly under the central government (including cities approved by the State Council for individually-listed strategies and for the exercise of provincial-level authority in the administration of economic matters, same below).

2. Method of approving and issuing export permits:

1) Trade associations shall gradually be established to handle merchandise for which export licensing has been announced. (Before the establishment of associations, relevant corporations specializing in foreign trade shall continue the task of coordination. Merchandise coordination groups shall be set up and every effort made to enlist the participation of companies in the export business). As administrative assistants, the associations shall carry out market, client and price coordination of export merchandise within their respective trades.

ii) For commodities for which export permits are issued by commissioner's offices of the ministry at principal ports and by authorized departments (committees and bureaus) of foreign economic relations and trade, permits shall be approved and issued by the issuing units in accordance with export plans (both command and guidance) handed down by the ministry if they involve quantitative control. Above-quota export of merchandise subject to command planning must be reported to the Ministry of Foreign Economic Relations and Trade for approval before permits can be issued. Items not included in either command or guidance planning shall be approved in accordance with plans formulated by the departments (committees and bureaus) of foreign economic relations and trade of provinces, autonomous regions and those municipalities directly under the central government. Permits for any of the 16 [sic] types of export commodities (list attached) subject to unified handling by specialized corporations shall be approved and issued in accordance with contracts of foreign transactions signed or approved by these corporations.

iii) For merchandise other than those subject to export licensing, foreign trade companies shall not be obliged to apply for export permits if the merchandise falls within their approved scope of business. However, export permits shall be required if the export is outside the scope of business and if the export is carried out by units not in the foreign trade business. Export permits for merchandise coordinated by corporations specializing in foreign trade shall have to be applied for from the Ministry of Foreign Economic Relations and Trade; permits for other merchandise are obtainable from the departments (committees and bureaus) of foreign trade of provinces, autonomous regions, and municipalities that are directly under the central government. All ministries at the central level and their directly-administered enterprises shall apply for export permits from the Ministry of Foreign Economic Relations and Trade.

iv) Companies and enterprises without a specific scope of business or catalog of products and not charged by the state with the task of collecting export remittance shall be obliged to apply for export permits item by item should they decide to export their products, such export being deemed to be outside the scope of their business.

v) Export agents: In the case of foreign trade companies commissioned to export merchandise within their scope of business but for which permits are required if exported by other units, the foreign trade company commissioned shall be obliged to apply for export permits from foreign trade management departments in accordance with regulations.

vi) Export from the special economic zones and from the Hainan Administrative Region in Guangdong Province: Foreign trade enterprises in these areas shall be required to apply for export permits in accordance with regulations for the export of locally produced products within their scope of business if these products are subject to general export licensing or under unified state handling for which licensing has not yet been announced. For other products covered by their scope of business, no permits shall be required. The special economic zones and the Hainan Administration Region shall be

required to obtain permits for the export of products not produced locally (including exports undertaken jointly with other places or on a commission basis).

vii) For merchandise requiring export permits (including that issued by the ministry and by commissioner's offices) exported in small-volume frontier trade, export permits are obtainable directly from departments (committees) of foreign relations and trade in the province or autonomous region, and the words "small-volume frontier trade" must be clearly indicated in the "mode of trade" column on the permit.

viii) Permits are exempt for the export of samples within the scope of business of foreign trade companies. For the export of samples and exhibits outside their scope of business or by units not engaged in foreign trade, central government departments shall apply for permits from the Ministry of Foreign Economic Relations and Trade and local units from the departments (committees and bureaus) of foreign economic relations and trade of provinces, autonomous regions, and municipalities directly under the central government.

3. The permit-granting jurisdiction of commissioner's offices and the departments (committees and bureaus) of foreign economic relations and trade of localities and the filing of forms:

i) For the permit-granting jurisdiction of the departments (committees and bureaus) of foreign economic relations and trade of provinces, autonomous regions, and municipalities directly under the central government, (see list attached). Permits can only be issued by the principal producing provinces for the following merchandise:

For frozen suckling pigs, by the departments (committees) of foreign economic relations and trade of Hunan, Guangdong and Zhejiang provinces;

For fresh water crabs, by the departments (committees) of foreign economic relations and trade of Jiangsu, Hubei and Anhui provinces;

For Jinhua ham, by the Department of Foreign Economic Relations and Trade of Zhejiang Province;

For raw lacquer, by the Department of Foreign Economic Relations and Trade of Hubei Province;

For reed curtains, by the Committee for Foreign Economic Relations and Trade of Tianjin Municipality and the Foreign Trade Bureau of Shandong Province;

For reed, by the Committee for Foreign Economic Relations and Trade of Tianjin Municipality, the Foreign Trade Bureau of Shandong Province and the Committee for Foreign Economic Relations and Trade of Heilongjiang Province;

For cloisonne, by the Committee for Foreign Economic Relations and Trade of Beijing Municipality;

For peppermint essence and oil, by the commissioner's office of the ministry at Shanghai; and

For caustic soda and pure soda, by the Committee for Foreign Economic Relations and Trade of Tianjin Municipality and the Foreign Trade Bureau of Liaoning Province.

ii) Localities must rigorously adhere to the principle of administration by separate levels in issuing export permits. The foreign trade administrative departments and commissioner's offices of various localities must not overstep their jurisdiction and scope in issuing permits, and should not accept applications that are not within the jurisdiction of the local department (committee or bureau) of foreign economic relations and trade and commissioner's office. They should contact the foreign trade administrative bureau of the ministry in case of problems.

iii) With the exception of the Ministry of Foreign Economic Relations and Trade, the departments (committees and bureaus) of foreign economic relations and trade of provinces, autonomous regions, municipalities directly under the central government, and the commissioner's offices of the ministry at principal ports, which are in a position to issue permits in accordance with regulations, no other unit has the authority to issue export permits.

iv) The departments (committees and bureaus) of foreign economic relations and trade of provinces, autonomous regions, municipalities directly under the central government, and the commissioner's offices must report monthly to the ministry on the issuance of export permits.

Attachments: 1. Lists of export permits issued by the Ministry of Foreign Economic Relations and Trade, the commissioner's offices and the departments (committees and bureaus) of foreign economic relations and trade of provinces, autonomous regions, and municipalities directly under the central government.

2. List of merchandise handled uniformly by specialized corporations.

Attachment 1

List of Merchandise for Which Export Permits Are Issued and Approved
by the Ministry of Foreign Economic Relations and Trade

<u>Serial No</u>	<u>Item</u>	<u>Note</u>
1	Corn	Refers to whole-kernel corn
2	Canned mushrooms	
3.	Mushrooms in salt water	In barrels
4	Cotton yarn	These four items of textiles are only intended for Hong Kong, Macao and Japan. Prints and yarn-dyed fabrics are not included
5	Cotton grey	
6	Cotton dacron grey	
7	Cotton dacron yarn	
8	Cotton	Includes various types of cotton, substandard cotton and cotton waste
9	Rabbit fur	
10	Woolen	Includes cashmere and flannelette
11	Crude oil	
12	Finished oils	Includes gasoline for aircraft and automobiles, various types of solvent gasoline, kerosene for use in aviation and lighting, light diesel oil, diesel oil for general use, heavy diesel oil, lubricating oil, basic lubricating oil, liquid paraffin, naphtha, residue, heavy oil and liquid hydrocarbon.
13	Tungsten and tungsten products	Tungsten products refer to ammonium tungstate, tungstic trioxide, tungsten powder, tungsten carbide powder, and tungsten carbide powder for casting
14	Coal	Includes raw coal, screened coal, dressed coal, lump coal, low quality coal (including medium quality coal and peat), mixed coal, fine coal, gangue, humic acid raw materials, and shaped coal (including coal balls and honeycomb briquets)

Serial No

Item

Note

15

Internal combustion engines and related units for agricultural use

Includes diesel engines, gasoline engines, kerosene engines and methane engines

Related units refer to power-generating machines, water pumps and gear boxes powered by diesel engine

List of Export Permits Issued by Commissioner's Offices of the
Ministry of Foreign Economic Relations and Trade at
Principal Ports

<u>Serial No</u>	<u>Item</u>	<u>Note</u>
1	Common eel fry	
2	Peppermint essence, oil	
3	Star jelly	
4	Musk	
5	Antler	Includes antlers of sika deer, and deer, and white-lipped deer
6	Ginseng	Includes crude ginseng, crude ginseng cubes, fine roots of crude ginseng, pillar ginseng, clarified ginseng, sun-dried ginseng, clarified ginseng cubes, fine roots of clarified ginseng, and decoction ginseng
7	Chinese caterpillar fungus roots	Properly named cordyceps sinensis
8	Danggui, Chinese angelica roots	Includes its different varieties
9	Membranous milk vetch -	Includes its different varieties
10	Fruits of Chinese wolfberry	Includes its different varieties
11	Eucommia ulmoides	
12	Coptis	Includes coptis and western coptis
13	Fritillary bulb	Includes its different varieties
14	Rahmannia	
15	Dioscorea opposita	
16	Poris cocos	Includes whole, sliced, and in lumps

<u>Serial No</u>	<u>Item</u>	<u>Note</u>
17	Ligusticum wallichii	
18	Momordica grosvenori	
19	Panax	Pseudo-ginseng
20	Chrysanthemum	Includes its different varieties
21	Licorice root and its products	Its products refer to extract, powder, essence and acid
22	Codonopsis pilosula	
23	Pinellia ternata	
24	Rhubarb	
25	Paeonia lactiflora	
26	Ophiopogon japonicus	
27	Honey suckle	
28	Niu-xi [3662 1119]	Also called Huai-niu-xi [2037 3662 1119]
29	Yuan-hu [0337 5170]	
30	Paeonia suffruticosa	
31	Magnolia officinalis	
32	Forsythia suspensa	
33	Colocasis esculenta	
34	Gastrodia elata	
35	Bezoar	
36	Platycodon grandiflorum	
37	Atractylodes macrocephala	
38	Royal jelly	A product categorized as raw material. Prepared medicine not included
39	Insulin	
40	A/C motors and A/C generators	Includes single-phase and triple-phase

**List of Export Permits Issued by Departments (Committees and Bureaus)
of Foreign Economic Relations and Trade in Provinces, Autonomous
Regions and Municipalities Directly Under the Central Government**

<u>Serial No</u>	<u>Item</u>	<u>Note</u>
1	Rice	Rice belongs to commodities handled uniformly by corporations, and permits are issued upon evidence of contracts signed or verified by the corporation concerned. It includes glutinous rice, short-grain rice and long-grain rice. It also includes husked rice, broken rice and unhusked rice.
2	Soybeans	Soybeans belong to commodities handled uniformly by corporations, and permits are issued upon evidence of contracts signed or verified by the corporation concerned.
3	Edible sugar	Including white granulated sugar and powdered sugar
4	Tung oil	
5	Peanuts	Peanuts belong to commodities handled uniformly by corporations, and permits are issued upon evidence of contracts signed or verified by the corporation concerned. It includes unprocessed peanuts, both shelled and unshelled
6	Sesame	Excluding cooked and preserved products
7	Water chestnuts in plain water	
8	Frozen pork	Frozen pork belongs to commodities handled uniformly by corporations, and permits are issued upon evidence of contracts signed or verified by the corporation concerned. Export to Hong Kong is subject to quota
9	Frozen suckling pigs	Export to Hong Kong is subject to quota

<u>Serial No</u>	<u>Item</u>	<u>Note</u>
10	Garlic	Refers to garlic bulbs and includes baked garlic
11	Dried wei-cai [5633 5475]	
12	Fresh-water crab	Export to Hong Kong is subject to quota
13	Jinhua ham	Export to Hong Kong is subject to quota
14	Arab robes and pants	
15	Logs	
16	Lumber	
17	Red dates	
18	Raw lacquer	
19	Cured tobacco	Cured tobacco belongs to commodities handled uniformly by corporations and permits are issued upon evidence of contracts signed or verified by the corporation concerned
20	Resin	
21	Carpets	Includes rugs, tapestries and velvet carpets, both hand- and machine-made, excluding straw rugs and tapestries and silk carpets. Does not apply to exports to the United States
22	Plywood	
23	Plate glass	
24	Pearls	Includes fresh-water pearls, sea-water pearls, strands of pearls and pearl necklaces
25	Reed curtains	
26	Reed	

<u>Serial No</u>	<u>Item</u>	<u>Note</u>
27	Cloisonne	Includes cloisonne jewelry, knick-knacks, ornaments and articles of practical use
28	Stationery	Includes writing brushes, ink-sticks, rice paper and ink-stones
29	Drawnwork	<p>Drawnwork belongs to commodities handled uniformly by corporations, and permits are issued upon evidence of contracts signed or verified by the corporation concerned. It includes hand-embroidered articles made of cotton linen, cotton and linen blended fabrics, organdy and cotton polyester, such as table cloths, quilt slips, pillow cases, bed spreads, handkerchiefs (cotton gauze, bamboo silk and French silk), face towels (hand towels), place mats, aprons, cushions, woolen yarn embroideries and curtains.</p> <p>It also includes hand-crocheted articles such as laces, ruffling edgings and beadings, crocheted blouses and dresses. The above, except for crocheted blouses and dresses, does not include articles using silk material.</p>
30	Silk garments	Refers to embroidered garments, embroidered piecegoods, silk garments and silk cotton-padded coats using pure silk, artificial silk and other mixed fabrics as raw materials, but excludes articles made from fabrics mixed with silk
31	Silk	Silk belongs to commodities handled uniformly by corporations, and permits are issued upon evidence of contracts signed or verified by the corporation concerned. It includes both mulberry and tussah cocoons, raw silk, processed silk yarn, doupian silk, spun silk, sash silk, waste silk balls and threads, discolored waste silk, waste silk, and mixed fabrics made from cocoon and the above-mentioned raw materials

<u>Serial No</u>	<u>Item</u>	<u>Note</u>
32	Billets	
33	Pig iron	
34	Steel products	Includes rolled steel products, wire and wire rope
35	Copper and copper products	Includes brass, bronze and red copper. Copper products include various types of copper products, copper threads, copper wire and bare copper wire
36	Aluminum and aluminum products	Includes various types of aluminum products, aluminum wire, bare aluminum wire and steel-scored aluminum
37	Lead and lead products	
38	Zinc	
39	Cement	
40	Manganese	Refers to manganese ingots
41	Mercury	
42	Cobalt	
43	Bismuth	Refers to bismuth ingots
44	Selenium	
45	Molybdenum	Includes molybdenum concentrates and ammonium molybdenum
46	Ferrous sulfide	Refers to raw ore and ferrous sulfide concentrates
47	Coke	Includes whole coke, broken coke and coke powder but excludes petroleum coke
48	Iron nails and iron wires	Iron nails refer to component nails over one inch in length not including one inch or less in length)
49	Chromium ore	

<u>Serial No</u>	<u>Item</u>	<u>Note</u>
50	Antimony	Includes antimony trisulfide concentrates, antimony oxide and antimony ingots (refined antimony, metallic antimony, antimony lumps and antimony concentrates)
51	Tin	
52	Iron alloy	Includes ferromanganese, metallic manganese and electrolytic manganese; chrome iron (carbon chrome, medium- and low-carbon chrome, micro-carbon chrome, vacuum chrome and chromium nitride); ferrosilicon (silicon-chromium alloy, silicon-manganese alloy and silicon-calcium alloy) and ferromolybdenum
53	Paraffin wax	
54	Natural rubber	
55	Soda	
56	Caustic soda	Excluding sodium hydroxide reagent
57	Calcium carbide	
58	Ethylene resin	
59	Polypropylene	Excluding random polypropylene
60	Phosphorus	Refers to the raw ore and phosphorus concentrates
61	Phosphate	Refers to common phosphate, calcium-manganese and heavy calcium
62	Sulphur	
63	Anhydride	
64	Acetone	

<u>Serial No</u>	<u>Item</u>	<u>Note</u>
65	Mirabilite	Also called anhydrous sodium sulfate
66	Cystine	
67	Vitamin C	
68	Tetracycline	
69	Graphite electrode	Includes graphite electrode lumps and powder but excludes graphite flakes and irregular graphite
70	Hand tools	Includes 1) Various types of pliers (bench pliers and table pliers), hammers, spanners, files, saw blades, saw stands and screw drivers 2) Measuring tools (refers to tape measures, straight rulers, protractors, folding pocket rulers, and inside and outside calipers) 3) Hand tools for masons, carpenters, tilers, plumbers (refers to pipe clippers, cutters and reamers), and electric welders, 4) Other hand tools: Pi-chong [4122 0394], glass cutters, tinsmith snippers, steel brushes and various types of clippers
71	Fire extinguisher	Refers to small fire extinguishers with ornamental exteriors made from easily breakable material such as porcelain or glass, containing fire extinguishing chemicals.
72	Demolition equipment for civilian use	Permits for demolition equipment for civilian use are issued upon evidence of contracts signed by the Beifang Industrial Company. It includes various types of explosives, detonators, fuses, lead-ins, non-electric lead-in systems, detonating agents and demolition agents

Attachment 2

List of Merchandise Handled Uniformly by Specialized Corporations

Rice
soybeans
peanuts
frozen pork
cotton
cotton yarn
cotton grey
cotton dacron yarn
cotton dacron grey
drawnwork
cured tobacco
tea leaves
silk
crude oil
manufactured oils
coal

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CSO: 4005/171

EMERGENCY CIRCULAR OF THE MINISTRY OF FOREIGN ECONOMIC RELATIONS AND TRADE
ON THE CONTROL OF EXPORT PERMITS FOR COMMODITIES UNDER THE QUOTA SYSTEM,
INCLUDING CATTLE, PIGS AND EGGS, DIRECTED TOWARD HONG KONG AND MACAO
(30 MARCH 1985)

Beijing STATE COUNCIL BULLETIN in Chinese No 13, 20 May 86 p 413

(Waijingmaoguanchuzi [1120 4842 6319 4619 0427 1316] (1985) No 134)

[Excerpt] The Ministry of Foreign Economic Relations and Trade has always implemented a quota system to control the export of fresh, live and frozen commodities to Hong Kong and Macao and has exported them in a balanced way. During recent years, however, some localities and units did not export fresh, live and frozen commodities in accordance with the quota system and bought them over at high prices and exported them haphazardly. They compete with each other by reducing prices and thus gave rise to confusion in Hong Kong and Macao markets and a fall in prices and a reduction of the foreign exchange income of the state.

To overcome the confusion and do a good job supplying commodities to Hong Kong and Macao, in addition to the announced control over the export permits for frozen suckling pigs, frozen pork, Jinhua ham and crabs, the Ministry of Foreign Economic Relations and Trade has now decided that beginning from 10 April, the control of export permits will also be exercised over live pigs and cattle and fresh eggs (hen's eggs and duck's eggs) that are directly exported to Hong Kong and Macao.

[Remaining parts of circular omitted]

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END