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Article 1. These regulations are specifically set down to strengthen management over the fixed assets of state-owned enterprises, raise their utilization efficiency, correctly compute their depreciation, bring about the rational use of depreciation funds, promote equipment renewal and technical transformation, and raise economic results.

Article 2. Depreciation of the fixed assets of state-owned enterprises is compensation for the wear-and-tear on fixed assets. The method of compensation is either by drawing off depreciation funds in accordance with the original value of the fixed assets and stipulated depreciation rates, or by drawing off renewal and transformation funds in accordance with output and stipulated standards.

Article 3. All state-owned enterprises which practice independent economic accounting, including industrial enterprises, agricultural enterprises, communications and transport enterprises, construction enterprises, commercial, foreign trade and materials supply and sales enterprises, financial, investment and insurance enterprises, urban public utility enterprises, cultural and education enterprises and other state-owned enterprises must, in accordance with the stipulations of these regulations, correctly calculate and draw off depreciation funds, and put the funds to rational use. They must also establish management responsibility systems for fixed assets and depreciation funds.

Article 4. The depreciation funds (including renewal and transformation funds) should be earmarked solely for this purpose in accordance with regulations.

Chapter II. The Scope of Depreciation Recovery

Article 5. There should be depreciation recovery for the following fixed assets:

(1) Housing and buildings.

(2) In-use machinery and equipment, meters and instruments and transport vehicles.
(3) Equipment used seasonally and equipment which is not in use due to overhauls.

(4) Economic forests of agricultural enterprises.

Article 6. Depreciation recovery will not be permitted for the following fixed assets:

(1) Land.

(2) Fixed assets for which total renewal is achieved by partial overhauls in rotation.

(3) Unused and unnecessary equipment.

Article 7. When full depreciation has been recovered on the books for any fixed assets, no further depreciation recovery will be permitted in respect of those fixed assets. If prior to the promulgation of these regulations, full depreciation has been recovered for certain fixed assets, but the equipment is still technically sound and no advanced equipment is available to replace it, the equipment can continue to be used, and depreciation recovered, up to 1990. After 1990, it will no longer be permitted to recover depreciation on this equipment.

Article 8. If a workshop has ceased work for a month or longer, or if an enterprise has basically ceased production, it will not be permitted to recover depreciation for its equipment. If production tasks are insufficient, and an enterprise has partly shut down production, half depreciation can be recovered in respect of its assets unless there are other stipulations by the state.

Article 9. As to backward equipment which, due to social and technical progress, must be replaced with advanced equipment, and high energy-consumption equipment which, in accordance with state stipulations, is to be phased out, the enterprise can report such equipment to the relevant departments for inspection and approval for scrapping. If full depreciation has not been recovered, it will be permitted to recover supplementary depreciation. As to fixed assets which an enterprise has requested permission to scrap, but the condition of which has resulted from poor management by the enterprise and other such reasons, if depreciation has not been fully recovered, it will not be permitted to recover supplementary depreciation.

Article 10. As to pit shafts, tunnel engineering and associated surface and underground equipment in mining enterprises, and railways, roads and temporary equipment in felling areas in timber enterprises, renewal and transformation funds shall be recovered on the basis of output volume, and calculation and recovery standards stipulated by the state.
Chapter III. The Basis and Methods of Calculating and Recovering Depreciation

Article 11. The basis for calculating depreciation is the original value of fixed assets.

For fixed assets which are constructed using basic construction allocations or basic construction credit, the fixed assets' price as set down in the specifications form when the constructing unit hands over the assets for use will be taken as the original value.

When special allocations, or special funds or credit are used to purchase fixed assets, the actual purchase costs will be taken as the original value.

When assets are obtained on compensated transfer, the transfer price or the price which has been agreed upon by the two sides, added together with packing costs, transport and miscellaneous costs, will be taken as the original value.

When assets are obtained on uncompensated transfer, the book value of the assets in the transferring unit, less the original installation costs, but with the installation costs of the receiving unit added, will be taken as the original value.

Article 12. The methods of calculating and recovering depreciation will be the method of adopting a fixed average number of years for depreciation (that is, straight-line depreciation, same below) and the work-total method.

Article 13. Depreciation for the specialized equipment listed below will be calculated and recovered by the work-total method:

1) Motor vehicles employed by communications and transport enterprises and other enterprises' vehicle fleets for passengers and cargo will have depreciation calculated and recovered on the basis of the unit mileage depreciation figure and the actual mileage traveled.

2) Large-scale equipment will have depreciation calculated and recovered on the basis of hourly depreciation figures and the actual number of hours operated.

3) Large-scale construction machinery will have depreciation calculated and recovered on the basis of machine-shift depreciation figures and the actual number of machine-shifts operated.

Article 14. Apart from as stipulated in Article 13, the depreciation of all fixed assets will be calculated and recovered based on a method using a fixed average number of years for depreciation. That is, the depreciation will be calculated and recovered every year in accordance with the original value of the fixed assets, the stipulated number of years set for depreciation and the proportion of net remaining value.
Article 15. Depreciation should be recovered on a monthly basis and be included in monthly costs.

The production equipment of enterprises producing on a seasonal basis will have to recover the entire year's depreciation within their production season. This will have to be included in production season costs.

Chapter IV. Depreciation Rates and Unit Depreciation Figures

Article 16. The depreciation of fixed assets will be calculated and recovered on a category basis. The time limit for depreciation of the various categories of fixed assets is based on the value of the material wear and tear and natural damage to which the fixed assets are subject. In respect of equipment for which technical development is relatively swift, and large-scale, precision instruments, invisible wear and tear can also be taken into appropriate consideration.

Article 17. The depreciation rates for fixed assets and unit depreciation figures will each be stipulated by the following methods:

When depreciation is based on a fixed average number of years for the life span of the fixed assets, the depreciation rate will be stipulated according to the amount left after subtracting the net remaining value from the original value of the fixed assets, and the number of years set down for depreciation. The net remaining value of fixed assets is the figure which remains after subtracting cleaning charges from the remaining value.

2) Depreciation figures based on work-totals (mileage traveled, working-hours or machine-shifts) for specialized equipment will be calculated based on the amount remaining after net remaining value is subtracted from the original value, and the total amount of work (total mileage traveled, total number of working-hours or total number of machine-shifts) is stipulated.

Article 18. When the net remaining value of fixed assets in any category falls to 3 to 5 percent of the original value, this will be confirmed by the enterprises' responsible department and reported to the financial department at the same level for the record.

Chapter V. The Use of Depreciation Funds

Article 19. Depreciation funds are the main source of renewal and transformation funds. Uses include:

1) Renewal of machinery and equipment, and rebuilding of houses and buildings.

2) Carrying out technical transformation of existing fixed assets to raise product quality, increase the types of product or reduce energy and materials consumption.
3) Trial-producing new products.

4) Measures to comprehensively utilize and handle the "three wastes."

5) Labor safety measures.

6) Occasional purchase of fixed assets.

Article 20. Depreciation funds retained by an enterprise can be planned and arranged together with the enterprises' after-tax retained development funds, and be used in renewal and technical transformation of the enterprises' fixed assets or in technical progress measures. While overhauling fixed assets, enterprises should combine this with technical transformation and, while guaranteeing the normal carrying out of overhauls, can use depreciation funds together with overhaul funds.

Article 21. New construction, expansion projects and other capital construction work must not be funded with depreciation funds.

Chapter VI. Management and Supervision of Depreciation Funds

Article 22. Enterprises and their responsible departments should both draw up medium- and long-term plans and annual plans for the renewal or technical transformation of fixed assets. Major projects planned by enterprises for renewal and technical transformation should, in accordance with stipulated examination and approval procedures, be reported to the relevant upper-level leading organs for approval.

Article 23. Enterprises must use depreciation funds in accordance with the principles of only using funds they have already recovered and only using as much as has been recovered. They must also guarantee that these funds are really used in renewal, technical transformation and technical progress. Before any renewal or technical transformation projects are carried out, there must be an analysis of economic benefits, and a strict responsibility system must be established.

Article 24. Departments which administer enterprises have the responsibility of carrying out inspection and supervision of the use of depreciation funds, the renewal and transformation plans and economic benefits in respect of the fixed assets of enterprises under their jurisdiction.

Article 25. Financial departments, tax departments, and banks at which the enterprises have accounts should inspect and supervise depreciation fund recovery and use, and the implementation of renewal and transformation plans for enterprises in the regions they administer.

Article 26. Enterprises must accept inspection and supervision, correctly give an account of their situations and provide required materials.
Article 27. Enterprises violating these regulations and carrying out any of the actions detailed below should be handled in accordance with the relevant stipulations of the tax or financial systems:

1) Arbitrarily change the number of years fixed for depreciation as uniformly set down by the state in any of the fixed asset categories, and recover more or less in depreciation funds.

2) Expand voluntarily the scope of depreciation funds' use, or misappropriate depreciation funds.

3) Blindly purchase fixed assets, resulting in serious losses and waste.

Article 28. Whenever an enterprise commits any of the violations noted in Article 27 of these Regulations, financial organs may also, through the enterprise's responsible department, deal out any of the following administrative penalties directly responsible persons:

1) a warning.

2) a fine totaling not more than the amount which was over-recovered or under-recovered.

The above administrative penalties can be imposed separately or jointly.

Article 29. If an enterprise or individual objects to the administrative penalty prescribed by the financial department they may, within 15 days of the penalty notice, make a direct application to the next-higher level financial organ to reconsider the decision. When the next-higher level financial organ receives the application, it should reexamine the case within a month and make a decision. If no application for reexamination is made within the prescribed period, the penalty will be implemented in accordance with the decision of the financial department.

Article 30. When violations of these regulations constitute a crime, the financial departments will turn the case over to the judicial departments and criminal liability will be investigated and affixed.

Article 31. The state will protect those who expose or report offenses and, in accordance with the situation, will commend or reward them.

Chapter VII. Supplementary Provisions

Article 32. The recovery and use of funds for overhauling fixed assets will continue to be done in accordance with relevant current state regulations. There is no need to recover more or less overhaul funds as a result of changes in the methods of calculating and recovering depreciation.
Article 33. Collective enterprises, in determining the depreciation rates for their fixed assets, can use the rates as stipulated in these Regulations for reference.

Article 34. If, during implementation, there is a need to revise the "Table of Number of Years Over Which Depreciation Is To Be Recovered for Various Categories of Fixed Assets in State-owned Enterprises" which is appended to these Regulations, the Ministry of Finance is empowered to make appropriate adjustments. In accordance with the needs of technical progress, a few specific enterprises will need to recover depreciation funds over shorter periods than those stipulated. Such situations will be approved by the Ministry of Finance.

Article 35. The Ministry of Finance is empowered to interpret these Regulations, and the detailed rules and regulations of implementation will be set down by the Ministry of Finance.

Article 36. These Regulations will come into effect on the date of their promulgation.

[Appended table (pp 424-443) omitted]

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CSO: 4005/172
STATE COUNCIL CIRCULAR ON THE APPROVAL AND CIRCULATION OF A REPORT BY THE STATE PLANNING COMMISSION AND OTHER DEPARTMENTS ON THE PRICE AND SHIPMENT OF TIMBER IN SOUTHERN COLLECTIVE FOREST AREAS AFTER THE ABOLITION OF STATE TIMBER MONOPOLY (27 APRIL 1985)

Beijing STATE COUNCIL BULLETIN in Chinese No 14, 30 May 85 p 443

(Guofa (1985) No 64)

[Text] The State Council has approved the "Report on the Price and Shipment of Timber in Southern Collective Forest Areas After the Abolition of State Timber Monopoly" by the State Planning Commission and other departments. Please implement it accordingly.

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CSO: 4005/172
REPORT BY THE STATE PLANNING COMMISSION, STATE ECONOMIC COMMISSION, MINISTRY OF FINANCE, MINISTRY OF FORESTRY, STATE ADMINISTRATION OF COMMODITY PRICES, AND STATE SUPPLY BUREAU ON THE PRICE AND SHIPMENT OF TIMBER IN SOUTHERN COLLECTIVE FOREST AREAS AFTER THE ABOLITION OF STATE TIMBER MONOPOLY (SUMMARY) (27 FEBRUARY 1985)

Beijing STATE COUNCIL BULLETIN in Chinese No 14, 30 May 85 pp 443-444

[Text] In accordance with the instructions of the leading comrades of the State Council, the State Planning Commission and the Ministry of Forestry invited the State Economic Commission, the Ministry of Light Industry, the Ministry of Finance, the Ministry of Railways, the State Administration of Commodity Prices, the State Supplies Bureau and other relevant departments on 8 February this year to study some problems which need to be solved in southern collective forestry areas after the abolition of the state timber monopoly. The following is a report on the relevant situation and ideas on handling the problems:

To better implement the Central Committee's ideas on enlivening the economy in the mountainous areas and changing the situation in poor areas as quickly as possible, tasks allocated at the state planning conference convened in November last year, by upper levels to the southern collective forestry areas were reduced and the method of "linking state investment with the quantity of timber to be sold to the state" was adopted. Through repeated discussions with relevant provinces and autonomous regions, the 1985 Forestry Work Plan (Draft) was formulated. At that time it was decided through consultation to make arrangements in three respects: 1) Where the requirement to sell timber to the state was completely abolished, the state would no longer make arrangements for investment in basic forestry industry construction. Local enterprise units under the jurisdiction of the central authorities and directly supplied would continue to be directly supplied by that locality; 2) Where the amount of timber to be sold to the state is partially reduced the state's investment in basic forestry industry construction would be reduced by an appropriate portion; 3) Where the level set in the 1984 plans for sale of timber to the state is maintained, the amount of forestry industry investment will remain unchanged.
The abolition of the monopoly purchase of timber in collective forestry areas, the opening up of markets and the implementation of negotiated sales and purchases have been warmly welcomed by peasants engaged in forestry. In the implementation, there are some problems which need to be resolved. To handle problems which have appeared since forestry in the southern areas was opened up, the following ideas are suggested:

1. The amounts set down to be sold to the state in 1985 should be implemented in accordance with the plans already handed down, as this will be of benefit in arranging construction and light industry markets. If there are difficulties in selling the amounts set at ordinary prices, it is permitted to appropriately raise prices, but things must be done in accordance with the principle of "linking state investment with the quantity of timber to be sold to the state." If timber is sold to the state at normal prices, then the originally arranged forestry investment will be provided. If timber is sold to the state at a higher price, then the forestry investment will be appropriately reduced, and the funds can be expended on subsidies for the newsprint required by central newspapers and magazines.

2. After the pricing of southern timber was freed, timber prices rose, increasing the burdens on enterprises. The coal, railways, construction and military departments all want the timber for themselves. The price of newsprint produced in the south can be appropriately raised, but the price of newspapers and magazines cannot. It is possible to provide subsidies to central and provincial level newspapers and magazines. The central newspapers and magazines will be subsidized by the central financial departments, while the local ones will be subsidized by local financial departments. Small newspapers currently in vogue in general will not be subsidized. The specific methods of subsidy will be decided on and passed down by the financial departments and relevant departments together. As to the question of newsprint price, the State Administration of Commodity Prices will write a report and present it to the State Council for examination and approval.

3. We should strengthen guidance over the price of timber from the southern collective forest areas. Following the freeing of the pricing of southern timber, all areas should carry out necessary guidance in respect of timber prices. Prices cannot be allowed to rise without limit. The specific price levels will be decided on by the State Administration of Commodity prices together with relevant departments. Goods and materials departments and localities can use goods and materials to exchange for timber, on the basis of high-priced goods for high-priced timber and low-priced goods for low-priced timber. Tax management over the increased timber prices must be strengthened and financial departments must turn over some of these funds. All provinces and autonomous regions shall invest some funds in forestry industry construction.
4. There is also the problem of restricted railway transport for timber. Under the condition of not altering the state's "rational flow," if individual provinces or autonomous regions wish for special reasons to change the transport flow, railway departments must give all the support possible in resolving the problem. The railway transport departments must pay special attention to making arrangements for timber for pit props, sleepers, paper-making, pencils and matches.

If the above report is not inappropriate, it is requested that it be approved and circulated to all regions and relevant departments for implementation.

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CSO: 4005/172
The State Council has approved the State Economic Commission's "Report on Stepping up the Building of Economic Management Institutes for Cadres in Industrial, Communications, Financial, and Trade Systems" which is now circulated to you for implementation.

The development of the national economy and the in-depth implementation of economic system reform urgently requires a large number of economic management personnel who are able to open up new prospects. Both the number of existing economic management cadres and the training of the same have failed to meet current demand. It is, therefore, necessary for all localities and departments to strengthen the leadership of economic management institutes for cadres and to speed up the building of such institutes in a bid to train a large corps of socialist economic management cadres.

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CSO: 4005/172
REPORT BY THE STATE ECONOMIC COMMISSION ON STEPPING UP THE BUILDING OF ECONOMIC MANAGEMENT INSTITUTES FOR CADRES IN INDUSTRIAL, COMMUNICATIONS, FINANCIAL, AND TRADE SYSTEMS (7 MARCH 1985)

Beijing STATE COUNCIL BULLETIN in Chinese No 14, 30 May 85 pp 445-450

[Text] All the economic management institutes for cadres in industrial, communications, financial, and trade systems throughout the nation have developed greatly since the State Council's approval in May 1983 of the "Proposal of Setting up Management Institutes for Cadres" by the Ministry of Education, the State Planning Commission, the State Economic Commission, the Ministry of Labor and Personnel and the Ministry of Finance. To the end of August 1984, 63 economic management institutes have been set up with 3,000 instructors and 18,000 trainees. At present, more than 8,700 cadres are studying college-level programs at such institutes. More than 10,000 enterprise managers and factory directors have been trained and 15,000 trainees have studied in various short-term training courses. These institutes have become a major base for improving the quality of cadres, the management of enterprises and economic results.

At present, the economic management institutes for cadres are only at a rudimentary stage. There are still a great number of problems in relation to teachers, teaching materials, campuses and funds. It is necessary for the economic management institutes for cadres to fully implement the policy of "creating a large team of economic management cadres" adopted at the Third Plenum of the 12th CPC Central Committee to speed up the building of institutes, to actively and properly initiate educational reforms, to upgrade teaching quality and to train qualified economic management personnel. In view of the above, we suggest the following:

1. The Nature, Status and Role of the Institutes

The training of economic management cadres is an integral part of the entire national education as well as a part of economic work. Economic management institutes for cadres play a significant role in the education of cadres for they have to train enterprise managers, factory managers and economic department or bureau heads and their replacements. It is of great significance to run these institutes in a serious manner because they will help cadres achieve
the "Four Modernization," initiate the reform of the economic system, achieve the modernization of management and technology and meet the challenges of the new technological revolution.

Economic departments at all levels should strengthen their leadership of economic management institutes for cadres, try their best to create conditions and further improve the running of these institutes.

2. The Policies and Missions of the Institutes

The leaders of the central government have instructed that "education should be geared to modernization, to the world and to the future." This instruction serves as the fundamental policy of developing education and has also pointed out a new direction for the development of economic management institutes for cadres. The institutes should take Marxism-Leninism and Mao Zedong Thought as their guiding principles, concentrate on resolving the practical problems arising from our socialist modernization and economic construction, proceed from the special features of cadre education, improve the quality of cadres and help achieve the ultimate target and mission of the party.

The basic mission of the institutes is to let student cadres acquire the basics of Marxism, keep abreast of the party's policies on economic construction and the basic theories and methods of modern management and to train economic management personnel who are capable of leading and running modern enterprises. The institutes aim to train a large group of bold entrepreneurs who are able to implement the policies of improving the domestic economy and opening the country to the outside world. It is hoped that the following will be achieved step by step within the 7th Five-Year Plan: managers of large and medium-sized enterprises and factories and reserve cadres of party committee secretaries will generally be promoted to a post after being trained by economic management institutes for cadres (including training centers and schools of higher education).

Apart from training economic management cadres, the economic management institutes should do research and consulting work on economic and business management to solve practical problems.

3. Courses of Study and the Educational System

On the basis of requirements of our economic construction, existing institutes may open courses on business management (such as management of industrial enterprises, management of commercial enterprises), economic management (such as management of industrial economy, management of commercial economy) and political ideologies.

1) Professional courses: mainly 2-year courses which aim to train enterprise managers, factory managers and reserves of provincial economic department (bureau) or office heads who are high school graduates below 40 years of age.
with 5 years of working experience. They also aim to train the above-mentioned incumbent cadres who are at high school level and below the age of 40. A school of higher learning professional certificate will be awarded to those who pass the examination.

ii) major courses: there may be two types of major courses. The first type are four-year courses which aim to train outstanding young cadres who are at high school level and below the age of 35 with 5 years of working experience. The second type are two-year courses which aim to train outstanding cadres who possess a science or engineering degree or above and are below the age of 40. A school of higher learning management certificate will be awarded to those who pass the examination.

iii) refresher courses: aim to refresh incumbent leading cadres of enterprises and economic departments. At present, they also aim to train enterprise managers and factory managers to take public examination.

iv) teacher training courses: they mainly aim to train teachers of cadre schools run by key cities or provincial departments (bureaus).

All the economic management institutes for cadres should open professional and refresher courses. Leading institutes may, with the consent of the Ministry of Education, run major courses. Their enrollment target should be submitted to the Ministry of Education and the State Planning Commission for approval and be included in the enrollment plan for adult tertiary education of the current year and approved before they can admit students.

To avoid any time conflict between working and studying, institutes concerned may try full-time day release or part-time day release courses. The credit unit system may also be adopted. Certificates shall be awarded to students who have earned a certain number of credits.

4. Promote Foreign Contacts and Strengthen Domestic Cooperation

To train modern management personnel and to continuously absorb advanced and modern management knowledge and skills, leading institutes may establish contacts with their overseas counterparts and invite overseas Chinese and foreign experts through various means to give lectures or to join hands with them to run courses. Teachers may also be allowed to receive overseas training or go abroad on a tour of investigation.

Institutes should gear up to the needs of enterprises and serve them. Teachers may be sent to enterprises to run training courses and institutes may cooperate with enterprises to run training courses and scientific research projects. Enterprises should provide practice bases for the institutes, and send management experts to institutes to give lectures. Institutes may run courses with
schools of higher learning and make use of their teaching staff to train talented personnel for enterprises and train teachers for institutes. Scientific research projects may also be carried out with scientific research units.

5. Reform the Curricula, Teaching Methods and the Examination Format

Curricula and syllabuses should always be revised and courses should be designed in accordance with the latest achievements in science and management and problems arising from practice. To train senior management personnel, institutes should provide not only business management, applied economics, labor management, and business law, but also mathematics, computer science, natural sciences, international finance and international trade, all closely related to modern management.

Stress should be laid on the improvement of the students' analytical power. Effective teaching methods such as elicitation, discussion, quoting cases and giving examples and the use of audio-visual aids should be adopted. The number of practice classes should be increased. Institutes should create conditions and gradually adopt modern teaching methods.

Examination formats should be reformed and the examination system rigorously enforced. Examination formats should proceed from the special needs of the cadres, examining basic knowledge and analytic power and their ability to solve problems. Examinations should take various forms: oral, written, open-book or closed-book.

6. Reform Enrollment Work, and Closely Connect Training With Job Assignment

Candidates shall be nominated by the organs concerned or apply on their own with the consent of their organizations. All candidates shall take a public examination and those who are outstanding will be selected. All enterprises and economic departments must recommend potential members who have both ability and political integrity and who are fit for training. The institutes should carefully examine the cadres and make an overall assessment on the students' political knowledge, academic achievements and organizational ability. Institutes should also report to the recommending organs the performance of their nominees and give advice on job assignments upon graduation.

7. Strengthen the Building of Teaching Teams

The establishment of a large, professional and high-level teaching team is the key to running the institutes well. Institutes should make plans to build a teaching team. The ratio between the faculty and staff and the students should mesh with that specified in the Ministry of Labor and Personnel's Laorenjiao (0525 0086 2403) 1985 Document No 1. The number of faculty should not be less than 50 percent of the total number of faculty
and staff. The age distribution of the teachers should be in a form of trapezoid. What is urgently needed is a group of panel leaders and a core of young teachers. We have to strive to form in three to five years' time a team of teachers who are capable of teaching, doing research and giving advice. We may get teachers from 1) the professionals transferred from enterprises and economic departments; 2) the society through recruitment; 3) selected major graduates, graduate students and returned students; and 4) experts, scholars and professors from schools of higher learning, scientific research units and management departments acting as part-time teachers.

We should pay full attention to the existing training and improvement of teachers. First, recommend young teachers to study graduate programs or tutors' refresher courses and ask major schools of higher learning to train teachers for the economic management institutes for cadres through graduate programs and teaching assistant refresher courses; second, ask training centers and schools of higher learning to run short-term teachers' training courses which aim to refresh the teachers' knowledge or provide training on any particular subject; third, to arrange teachers who lack practical experience to practice in enterprises or to conduct surveys and do research; and fourth, to promote curricular activities to enhance the teachers' academic and teaching level.

8. Preparation of Teaching Materials

We should always take into consideration the actual situation of the country when we compile teaching materials. We should also be selective in absorbing the latest foreign theories and methods of management. We should closely link our teaching materials with practice and all teaching materials should fit the cadres. The Editorial Committee of the Teaching Materials for the Training of Cadres on Economic Management under the State Economic Commission should coordinate the economic management institutes for cadres, schools of higher learning concerned and leading enterprise cadres who have practical experience to compile teaching materials and strive to compile within 3 to 5 years a few sets of teaching materials urgently required by major professions. At present, we should continue to pay full attention to the compilation of teaching materials for college-level courses on management of industrial enterprises. We should also coordinate departments concerned to compile teaching materials on political education, management of industrial economy, management of commercial enterprises. Technical teaching materials should be compiled by the departments concerned. The economic management institutes for cadres and training centers may compile their own teaching materials and bibliographies as needed.

9. Capital Construction and Funds

At present, institutes should speed up capital construction and perfect installation of ancillary facilities in a bid to start running as soon as possible. All localities and departments should increase investment. Construction projects of the institutes should be included in the capital construction plan. Local governments should assist in land grants and construction work.
The funds of the economic management institutes for cadres come from the cadres training funds of their supervising units (provinces, autonomous regions, municipalities directly under the central government or central government departments).

10. The Establishment of Leading Groups and Reform of Management System

Institutes should establish department- or bureau-level leading groups whose members are small in number but highly trained, and select cadres who are enthusiastic about cadre education, young and energetic, professional and able to teach and organize to act as leaders of the institutes.

The institutes' management system should be reformed. Try out the presidential responsibility system and expand the autonomy of faculties, departments and teaching and research groups and gradually realize management by level so that responsibilities, authority and interests can be integrated. The teachers' work and number of teaching hours shall be specified. The economic responsibility system shall be carried out in rear service. Cafeterias shall be contracted to make college life more socialized.

11. Strengthen Leadership

All provincial people's governments, the people's government of the autonomous regions and municipalities directly under the central government and the departments concerned under the State Council should strengthen leadership over the institutes and put such work on their agenda. We should do a good job in forming leading groups of institutes, pay attention to the building of a large teaching team, show concern for and give support to teaching reforms, continuously improve conditions for running institutes and speed up the institutes' capital construction.

The State Economic Commission should, in consultation with the Ministry of Education and the Ministry of Labor and Personnel, always study and resolve policy-related problems of the economic management institutes for cadres, study and formulate development plans for economic management institutes, attach importance to the training of teachers, coordinate the compilation of teaching materials and arrange the exchange of experience.

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REPORT BY THE MINISTRY OF RAILWAYS AND THE STATE ADMINISTRATION OF COMMODITY PRICES ON THE ADJUSTMENT OF SHORT-DISTANCE PASSENGER FARE AND FREIGHTAGE (4 APRIL 1985)

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[Text] At present, passenger and freight transport on the railways is extremely crowded. This is especially so on short-haul journeys where charges for passenger and freight transport are too low. This seriously prevents the railways from bringing into play "long, large and heavy" superiorities. To achieve a more rational division of labor between the railways, road transport and water transport, to fully bring into play the effectiveness of all types of transport and to raise social benefits, the following programs to adjust short-haul railway passenger fares and railway freightage are proposed:

1. Program for Readjusting Passenger Transport Pricing

1) The price of hard-seat tickets for journeys within 100 kilometers (not including suburban journeys) will be increased from the current 1.755 fen per person-kilometer to 2.4 fen, an increase of 1.13 fen or 36.8 percent. The increased prices will bring an additional income of approximately 176 million yuan. After prices are readjusted for journeys of less than 100 kilometers, if prices for journeys of more than 100 kilometers are not readjusted, tickets for journeys of from 101 kilometers to 120 kilometers will be cheaper than a ticket for a journey of 100 kilometers. To avoid this price inversion for long and short journeys, we should link ticket prices for journeys of from 101 to 160 kilometers with the prices detailed above, and appropriately readjust ticket prices for these journeys. Not many passengers ride trains over such distances. Increasing ticket prices will provide approximately 33 million yuan, without greatly effecting business.

2) The current suburban train fares are too low and monthly tickets are priced on the basis of using the train only 18 times. Quarterly tickets are also priced on the basis of using the train only 40 times. If we take Shenyang as an example, an ordinary monthly ticket for a train journey of 20 kilometers costs 3.7 yuan, only 46 percent of the price of suburban bus service tickets. Quarterly tickets are 8.2 yuan, only 30 percent of the price of suburban bus tickets. If we were to raise the price of railway monthly (quarterly) tickets to about the same level as long-distance bus tickets, we would have to raise them six or seven times. Prices should be gradually readjusted in consideration of ability of enterprises and the
masses to bear such prices. We should increase the current suburban ticket price rate of 1 fen per person-kilometer to 1.5 fen, an increase of 50 percent. Likewise, we should also increase the monthly (quarterly) ticket prices by a provisional 50 percent. The increased prices will produce approximately 14 million yuan. The additional costs of worker's monthly (quarterly) tickets will be met by their units. Student's monthly (quarterly) ticket prices will not be raised.

3) After the ticket prices for short-haul railway journeys are raised, students and disabled army men will continue to enjoy half-fares.

4) We should appropriately raise passenger baggage freight charges. After the charges for loose less-than-carload freight were increased in 1983, these charges have approached or exceeded passenger baggage freight charges. As a result, large amounts of goods are squeezed in as passenger baggage increasing the load on passenger transport. Thus, charges for passenger baggage should be increased in relation to the loose less-than-carload freight charges, and short-haul baggage charges should also be higher than the short-haul freight rates, including the surcharges. This will produce additional income of about 50 million yuan.

After the above-mentioned short-haul passenger tickets and passenger baggage freight charges are readjusted, additional revenue of approximately 273 million yuan will be produced.

2. Program for Readjusting Freight Charges

In regular railway department transport of freight over distances under 200 kilometers, a surcharge of 4 yuan per ton should be levied, while the standard rates should remain unchanged. For carload freight, the surcharge should be 4 yuan per ton; for less-than-carload freight, the surcharge should be 4 fen per 10 kilograms; for 5-ton containers, 12 yuan per container and for 1-ton containers, 4 yuan per container. Arranging things in this way will help free up of railway freight flow, and it is estimated that one-third of railway freight will be transferred to motor-vehicle or water transport. The additional income from the surcharges will amount to approximately 1,090 million yuan.

The increase in the short-haul railway freight charges will increase the costs of some products. The increased costs shall be gradually absorbed internally by enterprises and it shall not be permitted to raise product prices. For pig iron and coke, which will be more affected, departments and provincial, autonomous region and directly-administered city metallurgical industry departments may, in accordance with the stipulations of the State Council Guofa [0948 4099] 1985, No 41 document, link them to the effects of coal price readjustment and submit a temporary price rise request to the local commodity pricing department. Raising the price of urban home-use coal is not permitted; financial departments will have to subsidize losses.

If the above report is found appropriate, approval is requested so that it may be circulated to all regions and all departments and go into effect on 15 May 1985. Specific plans for implementation will be decided on and passed down by the State Administration of Commodity Prices.

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[Text] Recently, our ministry has held a conference on the work of agriculture, animal husbandry and fishery in large and medium-sized cities. The conference mainly discusses the principles, plans and measures in developing agriculture, animal husbandry, and fishery in large and medium-sized cities and exchanged experiences in relaxing control over agricultural, livestock and aquatic products, promoting production and improving supply. We hereby deliver this report:


Over the past few years, along with the development of production of agriculture, animal husbandry and fishery, the consumption of agricultural, livestock and aquatic products has improved in large and medium-sized cities. According to a survey in 45 large and medium-sized cities, in 1984, the total urban population in these cities was 55.53 million people. The per capita consumption of pork, beef, and mutton there averaged 66.7 jin, cow and goat milk, 19.3 jin, poultry, 2.3 birds, eggs, 16.4 jin, and aquatic products, 21.7 jin. The per capita consumption of meat, poultry, eggs and aquatic products in Guangzhou City was about 200 jin, ranking first in all large and medium-sized cities throughout the country.

The major problems related to the production and supply of agricultural and livestock products in large and medium-sized cities are low quantity and variety, poor quality, very few processed products, and blocked channels of circulation.

At present, as urban and rural people's income increases, as the level of social purchasing power rises, and as the composition of consumption changes, there are increasingly exacting demands for larger amounts and varieties and better quality of livestock and aquatic products. So the contradiction between supply and demand is quite evident. The departments of agriculture, animal husbandry and fishery should have a strong sense of urgency and responsibility in doing their best to develop the production of meat, milk, poultry, eggs, fish, vegetables, fruit, and flowers to meet the demand of consumption in cities.
2. Large and Medium-sized Cities' Principles, Plans and Measures in Developing Agriculture, Animal Husbandry, and Fishery

Large and medium-sized cities' principle in developing agriculture, animal husbandry and fishery is: serving cities, making peasants rich, enlivening the market, and providing convenience for the masses. Following the principles of adapting measures with local conditions, giving play to local advantages, and paying attention to economic results, large and medium-sized cities will mainly develop production of fine-quality fresh and live agricultural and sideline products to improve the supply of foodstuff there. They should support the development of the rural commodity economy with their funds, technology, personnel, and information and thus achieve the aim of integrating industry with agriculture and of urban and rural areas helping each other, developing in coordination, and becoming rich together to establish a new type of relation between urban and rural areas.

The targets of the initial plan are: by 1990 the per capita consumption of foodstuffs in our 45 large and medium-sized cities (not including Lhasa) will be: 80 jin of meat, 30 jin of milk, 4 poultry birds, 25 jin of eggs, 38 jin of aquatic products, 40 jin of fruit, 365 jin of vegetables, and 30 yuan output value of flowers. The economic development of various cities is uneven and there is a great difference in consumption patterns, so cities should formulate their own concrete planned targets in light of local situations.

After the fulfillment of the above-mentioned plan, the production and supplies of meat, milk, poultry, eggs, fish, vegetables, melons and fruit, and flowers in large and medium-sized cities will improve and there will be an initial change in the composition of urban people's food.

The guiding thoughts for the formulation of the plans should be: 1) Persist in seeking truth from facts. Not only consider the needs of consumption, but also the habits of the people in our country and the potential increase of consumption funds, thus adapting developments in production with the demands of consumption. 2) Under the principle of giving play to the advantages of an area itself, organize cooperation between areas, expand commodity exchange and refrain from stressing self-sufficiency for everything. 3) In developing production, allow state-owned, collective and individual sectors to develop together and regard collectives and specialized households as the core. State-owned enterprises should mainly provide services for the collectives and specialized households. 4) The funds for production and construction should mainly be raised by collectives (including combines) and individuals, and the localities and state should give proper help and be good at utilizing bank loans and foreign capital.

To attain the above-mentioned targets, in light of the experiences of various areas, we must adopt a series of effective measures:

1) Restructure rural production and form an annular production network aimed at serving the cities which combine nearby, medium-distance, and far away areas, and links up into complete networks. To promote the development of animal husbandry and aquatic breeding industry, while redistributing production of the planting industry, ensure the allocation of land area for necessary production of feed for animals and fish.
2) Establish commodity production bases of meat, milk, poultry, eggs, fish, vegetables, fruit and flowers, and pay attention to developing well-known brand products, fine quality products and new and special products. Set up a number of all-inclusive commodity bases complete with production, processing, storage, transport, marketing, and services. Strengthen horizontal economic relations and develop cooperation and joint ventures between urban and rural areas, between localities, and between enterprises of different ownership. Give full play to the backbone role of the state agriculture (animal husbandry and fishery) industrial and integrated commercial enterprises. Cities can also link up with the areas of production and move cattle and sheep to different areas to breed and fatten them to provide fresh meat for the market.

3) Help peasants develop family undertakings. In particular, attach importance to the development of specialized households, integrated bodies, and specialized villages for animal and fish breeding. Departments of agriculture, animal husbandry and fishery should strengthen guidance and help them conduct intensive operations, select optimum scales, conduct scientific management and improve economic results.

4) Vigorously develop the industries to store, preserve, and process agricultural, livestock, and aquatic products and improve the quality and packaging of products. Meat should gradually be sold cut into parts and packaged; milk should be processed into many varieties and grades of milk products; and the supplies of fresh, live aquatic products, small frozen packages, and processed cooked food increased. Develop comprehensive utilization of livestock and aquatic products.

5) Satisfactorily set up and develop bases for breeding fine species of livestock, poultry, fish, shrimp, fruit, vegetables, and flowers, form a rational layout of these bases and turn these bases into a complete system with a variety of fine species. Perfect epidemic prevention and quarantine organs, strictly implement the State Council's "Farm Animal and Bird Epidemic Prevention Regulations" (Guofa [0748 4079] 1985 No 25) (Note: the "Farm Animal and Bird Epidemic Prevention Regulations" (Guofa [0748 4079] 1985 No 25) is published in 1985 issue No 7 of this journal), do a good job of preventing and curing animal diseases, and develop the farm animal disease insurance business.

6) Conscientiously develop the animal feed industry, grasp the good opportunity when supplies of food grain are more plentiful, fully utilize protein sources such as soya-bean cakes and rice dregs enabling the animal feed processing industry to develop intandem with the development of agriculture. Satisfactorily utilize the cheap animal feed grain the state supplies to support the development of animal husbandry and aquatic breeding industry, and give priority to ensuring supplies for the farms that breed stud stock, birds and fry. Give play to the initiative of all sectors, raise funds from all spheres, set up factories of diverse forms, do business through diverse channels, and develop mixed animal feed that is of fine quality and low in price. Factories that produce mixed animal feed can be large and medium-sized or small, but in the main they should be medium-sized and small and be run by collectives or jointly by peasants as individuals. The state should focus on setting up on its own or cooperating with localities to build synthetic animo acid factories,
additive factories, pre-mixing factories and condensed animal feed factories that require high technology and large investments. Make a thorough, rational arrangement for the supplies of raw materials and materials and goods for the establishment of animal feed processing factories. Perfect the supervision over animal feed and strengthen quality control over animal feed.

7) Conscientiously develop the machinery for processing, cold storing, preserving the freshness of, storing and transporting agricultural, livestock and aquatic products and the equipment for breeding animals, birds and fish and for processing animal feed. Quicken the pace of technological transformation. Step up research into, and development and popularization of the machinery that cultivates, reaps, processes, preserves the freshness of, stores, and transports, vegetables, fruit trees, and flowers.

8) Encourage urban agriculture, animal husbandry, and fishery scientific research institutes, colleges, and universities to vigorously take part in the establishment of production bases or to form "scientific research production combines" jointly with backbone enterprises to serve the production and development of agriculture, animal husbandry, and fishery in large and medium-sized cities.

9) Draw in foreign funds and introduce from abroad fine species and advanced technology and equipment in a planned manner to improve the quality and packaging of products and raise production levels.

Special economic zones, open cities and open areas should restructure rural undertakings in accordance with trade-industry-agriculture requirements.

10) Strengthen management over land. Urban and rural construction development is occupying more and more land and water areas in the suburbs of our cities. Resolutely implement the state's regulations on land management and end the bad practice of indiscriminate use of farm land and fish ponds for construction.

3. Strengthen Leadership Over the Work of Agriculture, Animal Husbandry, and Fishery in Large and Medium-sized Cities

The commodity economy is most active in large and medium-sized cities and special economic zones and in open cities and open areas. The agriculture in these two categories of areas can be regarded as the "leading factors" in rural commodity economy. They respectively give impetus to and promote the development of the rural commodity economy in their areas or in the whole country. Proceed from the overall development of rural commodity economy and the development of our urban and rural economy in the whole country, emphasize agriculture, animal husbandry, and fishery of large and medium-sized cities and open areas, strengthen leadership over them, and thoroughly plan to coordinate their development.
Over the past 2 years, we have achieved satisfactory results in reforming the production and marketing system of meat, vegetables, poultry, fish, and eggs in Guangzhou, Wuhan, Shijiazhuang, Nanchang, Shenyang, and other cities. Their major experiences are: adjusting the production structure to fit market demand; establishing all-inclusive commodity bases with full sets of facilities; giving play to the initiative of the state, collective and individual sectors and coordinating their development; reforming production and marketing system and allowing peasants and agricultural enterprises to directly enter the sphere of circulation; relaxing control in a planned and systematic manner, doing a good job of redistribution to supply areas with shortages from areas with a surplus, and satisfactorily controlling prices of goods. Their experiences offer a reference for other cities.

Under the unified leadership of the government of various cities, our departments of agriculture, animal husbandry, and fishery in various large and medium-sized cities should vigorously cooperate and coordinate with other relevant departments, formulate plans for the implementation of these measures, strengthen leadership, provide information, do a good job of service, and pay attention to solving new problems that crop up in the process of implementation.

Please circulate this report for reference and implementation if there is nothing wrong with it.

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7 May 1985


Appoint Jin Boxiong [6855 0130 7160] PRC Ambassador Extraordinary and Pleni-
potentiary to the Republic of Uganda and remove Li Shi [2621 4258] from
the post of PRC Ambassador Extraordinary and Plenipotentiary to the Republic
of Uganda.

Appoint Yang Guirong [2799 2710 2837] PRC Ambassador Extraordinary and Pleni-
potentiary to the Democratic Republic of Madagascar and remove Dai Ping [2071
1627] from the post of PRC Ambassador Extraordinary and Plenipotentiary to
the Democratic Republic of Madagascar.

Appoint Han Xu [7281 0650] PRC Ambassador Extraordinary and Plenipotentiary
to the United States of America and remove Zhang Wenjin [4545 2429 2516]
from the post of PRC Ambassador Extraordinary and Plenipotentiary to the
United States of America.

Appoint Lin Aili [2651 5676 7787] PRC Ambassador Extraordinary and Pleni-
potentiary to the Republic of Finland and remove Sun Shengwei [1327 4141 3262]
from the post of PRC Ambassador Extraordinary and Plenipotentiary to the
Republic of Finland.

Appoint Yang Hushan [2799 5706 1472] PRC Ambassador Extraordinary and Pleni-
potentiary to the Socialist People's Libyan Arab Jamahiriya and remove
Pei Jianzhang [5952 1017 4545] from the post of PRC Ambassador Extraordinary
and Plenipotentiary to the Socialist People's Libyan Arab Jamahiriya.

Appoint Wang Yusheng [3769 1525 3932] PRC Ambassador Extraordinary and Pleni-
potentiary to the Federal Republic of Nigeria and remove Lei Yang [7191 7122]
from the post of PRC Ambassador Extraordinary and Plenipotentiary to the
Federal Republic of Nigeria.

Appoint Liang Taosheng [2733 3447 3932] PRC Ambassador Extraordinary and
Plenipotentiary to the Republic of Cape Verde.

Appoint Chen Duan [7115 4551] PRC Ambassador Extraordinary and Plenipotentiary
to Mauritius and remove Chen Feng [7115 2800] from the post of PRC
Ambassador Extraordinary and Plenipotentiary to Mauritius.

Appoint An Guozheng [1344 0748 2398] PRC Ambassador Extraordinary and Pleni-
potentiary to the Republic of Zaire and remove Li Shanyi [2621 0810 0001] from
the post of PRC Ambassador Extraordinary and Plenipotentiary to the Republic
of Zaire.

Appoint Liu Qingyou [0491 1987 2589] PRC Ambassador Extraordinary and Pleni-
potentiary to the United Republic of Tanzania and remove He Gongkai [0149
0501 2818] from the post of PRC Ambassador Extraordinary and Plenipotentiary
to the United Republic of Tanzania.


Appoint Gao Jianzhong [7559 1017 0012] PRC Ambassador Extraordinary and Plenipotentiary to Papua New Guinea and remove Hu Hongfan [5170 3163 5400] from the post of PRC Ambassador Extraordinary and Plenipotentiary to Papua New Guinea.


Appoint Li Chengren [2621 2052 0088] PRC Ambassador Extraordinary and Plenipotentiary to the Yemen Arab Republic and remove Zhong Hanjiu [4429 3352 0046] from the post of PRC Ambassador Extraordinary and Plenipotentiary to the Yemen Arab Republic.


Appoint Cao Guisheng [2580 2710 3932] PRC Representative and Ambassador Extraordinary and Plenipotentiary to the Vienna Office and other international organizations of the United Nations.


Remove He Gongkai [0149 0501 2818] from his concurrent post of PRC Ambassador Extraordinary and Plenipotentiary to the Federal Islamic Republic of the Comoros.

Remove Shen Zhiwei [3947 1807 0251] from his post of PRC Ambassador Extraordinary and Plenipotentiary to Fiji and his concurrent posts as PRC Ambassador Extraordinary and Plenipotentiary to the Republic of Kiribati and as PRC Ambassador Extraordinary and Plenipotentiary to the Republic of Vanuatu.

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