CHINA
STATE COUNCIL BULLETIN
No 21, 30 Aug; No 22, 10 Sep; No 23, 20 Sep 1986

[Translation of the tables of contents and selected items from ZHONGHUA RENMIN
GONGHEGUO GUOWUYUAN GONGBAO published in Beijing.]

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CIRCULAR ON STOPPING CERTAIN FUNDRAISING FOR CAPITAL CONSTRUCTION

Beijing STATE COUNCIL BULLETIN in Chinese No 21, 30 Aug 86 p 627

[State Council Circular on Stopping Fundraising for Capital Construction by Using Inflated Figures (19 July 1986)]

(Guo-fa [0948 4099] (1986) No 80)

[Text] For a time recently, certain regions and departments have used inflated prices and figures to raise funds for capital construction on power plants and factory building. This not only increased the burden of the enterprises and the people but also expanded the scale of capital construction, being extremely injurious to national construction as a whole, and must be firmly rectified. Hence, this circular is made with reference to the relevant problems:

1. The state encourages the raising of funds for the establishment of various economic enterprises, but the source of the funds must conform with the relevant regulations of the state. Inflating prices or price inflation in disguise to raise funds, thus enlarging the scale of capital construction and increasing the burden of the enterprises and of the populace, is strictly forbidden.

2. Except when sanctioned by the State Council, starting from the date of the arrival of this circular, the various departments and people's governments at various levels which have of their own decided to inflate prices or to inflate prices in a disguised form in order to raise funds for construction purposes should immediately stop from doing so and banks must stop paying out funds from this source and proceed with the regulation and subsequent handling work.

3. Regarding the funds which the various departments and people's governments at various levels have raised through inflating prices or figures or doing so in a disguised form, their delivery of the funds to the state treasury or refund to the original units shall be supervised and carried out by the planning, financial, auditing, banking, and price control departments at various levels. In the event the funds raised have already been expended on the capital construction investment, the various departments of the State Council and the people's governments of the provinces, autonomous regions, and directly subordinate municipalities shall handle the matter in a satisfactory manner.
4. From now on, if further cases are found of the self-inflating of prices or figures or doing so in a disguised form, they shall be severely dealt with as violations of financial and economic discipline and, in accordance with the subordinate relationship, the targets for capital construction with self-raised funds of the relevant departments of the State Council or of the provinces, autonomous regions and directly subordinate municipalities shall be correspondingly deducted or reduced.

The various regions and the various departments are requested to report to the State Council at the end of September the conditions of their handling and regulation of the raising of funds by using inflated prices or figures or doing so in a disguised form for capital construction.

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CSO: 4005/562
CIRCULAR ON ESTABLISHMENT OF FINANCIAL REPRESENTATIVE OFFICES ON FACTORIES

Beijing STATE COUNCIL BULLETIN in Chinese No 22, 10 Sep 86 p 643


(Guo-fa [0948 4099] (1986) No 84)

[Text] The State Council approves the "Report by the Ministry of Finance on the Establishment of Central Enterprise Financial Representative's Offices in Factories," and hereby issues it to you and requests you to implement it.

The enterprises in various localities of the economics departments of the State Council have an important bearing on the development of the national economy and the equilibrium of financial revenues and expenditures. In order to amend the difficulties currently incurred by the financial departments in the localities in the supervision and control of these enterprises and in view of the condition of the central department-in-charge being "far away and unable to extend its control promptly," it is necessary for the Ministry of Finance, for the purposes of definitely strengthening financial supervision, improving operation and management and enhancing economic benefits, to establish Central Enterprise Financial Representative's Offices in the provinces and cities where many central enterprises are located. The various localities are requested to tightly grasp the establishment of the organs, select and assign the cadres to them in strict accordance with the provisions, and do the organization work simultaneously with performing the requisite tasks.

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CSO: 4005/563
REPORT ON ESTABLISHMENT OF FINANCIAL REPRESENTATIVE'S OFFICES IN FACTORIES

Beijing STATE COUNCIL BULLETIN in Chinese No 22, 10 Sep 86 pp 643-644

[Report by the Ministry of Finance on the Establishment of Central Enterprise Financial Representative's Offices in Factories (Summary) (11 July 1986)]

[Text] At present, in the localities there are about 20,000 enterprises which are subordinate to the various economics departments of the State Council. These enterprises have an important bearing on the development of the national economy and the equilibrium of the financial revenues and expenditures. Due to the profits and losses of these enterprises being incorporated into the central financial budget, the local financial departments' inability to exercise supervision and control over them and the central department in charge being "far away and unable to promptly exercise control," there are many loopholes, and serious phenomena have appeared of many enterprises suffering losses from extravagance and violating financial and economic discipline.

For the purpose of strengthening the control over the financial affairs and financial supervision of the central enterprises, improve economic results, and observe the directive of the leadership comrades of the State Council that "the Ministry of Finance may continue to station representatives in the factories," we recommend that the Ministry of Finance establish central enterprise financial representative's offices in factories in the finance departments (bureaus) of the 18 provinces and cities so as to enforce on-the-spot supervision and control. The concrete ideas are as follows:

1. Establishment of central enterprise financial representative's offices in factories in the finance departments (bureaus) of the 18 provinces and cities wherein there are located a relatively large number of central medium-sized and large enterprises and where the enterprises have relatively large profits or losses, namely, Beijing, Tianjin, Shanghai, Hebei, Liaoning, Jirin, Heilongjiang, Jiangsu, Zhejiang, Anhui, Fujian, Shandong, Henan, Hubei, Guangdong, Sichuan, Shaanxi, and Gansu; and also the separate establishment of foreign trade financial representative's offices in factories in those cities with relatively large volumes of import and export trade, namely, such principal ports as Beijing, Shanghai, Tianjin, Dalian, Qingdao, Guangzhou, and Shenzhen. The central enterprise financial representative's offices are subordinate units of the Ministry of Finance, entrusted to the care of the provincial and city or
municipal finance departments (bureaus). The Ministry of Finance is responsible for the business leadership of these offices while the provincial finance departments (bureaus) are responsible for administering their daily affairs. The cadres of the departmental or office grade are nominated by the finance departments (bureaus) for appointment by the Ministry of Finance.

2. The principal functions of the central enterprise financial representative's offices in factories are: To propagate and carry out the party's and state's guidelines and policies relevant to financial and economic work; to help the enterprises in perfecting the financial and accounting systems, strengthening business accounting and improving economic benefits; to supervise and examine the enterprises' various revenues and expenses and the conditions of their use and return or refund of special funds and loans; to examine the enterprises' financial plans on receipts and outlays and their financial and accounting statements and to give their preliminary views thereon; and to inspect and examine cases of violation of financial and economic discipline, reflect the enterprises' problems in production and management and offer suggestions on their solutions.

3. The organization of the central enterprise financial representative's offices in factories comprises a staff of 2,800 people in the 18 provinces, cities, and municipalities. Their concrete distribution is made and forwarded to the lower levels by the Ministry of Labor and Personnel and the Ministry of Finance. The source of the personnel comes from selection from among the cadres of the financial and taxation systems of the various localities and the departments of industry and communications, foreign trade, grain, currency and finance, agricultural development, culture and education, and a number will be selected from the graduates of specialized colleges and specialized middle schools. The qualifications for the personnel are that cadres in employment must have over 3 years' experience in financial and economic work; while the age limits are: for male comrades, below 55 years in age; and female comrades, below 50 years in age. In the case of graduates of specialized colleges and middle schools, their specialized course of study must be finance and economics.

4. The finance departments (bureaus) of the provinces and municipalities are responsible for the organization and establishment of the central enterprise financial representative's offices. The relevant departments are requested to actively support the project and select or transfer the needed personnel strictly according to their qualifications.

5. Central enterprise financial representatives in factories belong to the enterprise category in organization. The Ministry of Finance will be responsible for appropriation of the expense funds needed.

If the above views meet with your approval, please issue them for execution.

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CSO: 4005/563
CIRCULAR ON EXAMINING, CONTROLLING FIXED-ASSETS INVESTMENTS

Beijing STATE COUNCIL BULLETIN in Chinese No 22, 10 Sep 86 pp 647-650

[Circular of the State Planning Commission on Organizing Examinations on the Scale of 1986 Fixed-Assets Investments and Regulation of Projects in Progress (20 August 1986)]

(Ji Ji [6060 1015] (1986) No 1518)

[Text] According to the State Statistical Bureau, in the first half of this year, the total amount of national capital construction investments completed was 33.67 billion yuan, an increase of 7.9 percent over the same period of last year. The heated rising trend was somewhat halted but still it was not under full control. Some provinces and municipalities showed an increase of over 20 percent over the same period of last year. Investments on renovation and rebuilding amounted to 15.22 billion yuan, an increase of 45.1 percent over the same period last year. In the first half of this year, there were 45,039 national capital-construction projects under construction of which those begun since the beginning of the year numbered 10,845 projects, showing a slight decrease compared with the corresponding period of last year but the number of projects still being too many. In the first quarter of this year, in the whole country 16,909 renovation and rebuilding projects were under construction. Of them, 117 projects were above limits while 69 projects had not been originally contemplated in the plan. Among the other fixed-assets investment projects, there were also many which should not have started work. In order to ensure the smooth progress of the reform of the economic structure and the stable development of the national economy, it is necessary to make an earnest examination and regulation of the scale of fixed-assets investments and projects in progress.

The State Council's "Certain Regulations Governing the Scale of Fixed-Assets Investments" dated 9 July 1986 (Guo-fa [0948 4099] (1986) No 74) pointed out: We must control the scale of fixed-assets investments, "enforce the administrative head responsibility system, and strengthen supervising and regulating work."
"Regarding projects in progress we must carry out earnest regulation: construction must be stopped or delayed on all those construction projects which have no definite sources of funds or supply of materials, those whose construction
and production conditions are lacking or not coordinated, those which show poor investment effects and are backward in technology and artcraft, and those which are unnecessary and redundant." Accordingly, we have formulated the "Concrete Rules for the Regulation of Projects in Progress" and are now forwarding them to you. You are requested to earnestly and thoroughly implement them.

In view of this inspecting and regulating work being extremely important and touching on an extensive field, the various regions and departments are requested to definitely strengthen their leadership work and to assign a principal leadership comrade to personally take charge of this work. The various localities should form an office for the regulation of projects in progress, absorb comrades from the financial, banking, statistical, and auditing units to participate, and to concretely take charge of the regulating work. In the course of the inspecting and regulating work, it is necessary to understand the model cases, to commend those units which have turned in a good performance, to criticize those units which have not, and to punish those which have violated law and discipline. Leadership cadres at various levels must personally analyze issues and understand the first-hand sources of materials. Materials of model cases should be promptly forwarded to us. In order to do a good job of this work, the full cooperation of the newspapers and broadcast stations of the localities is invited. They must promptly give progress reports and report on good or poor cases of performances.

Inspecting and regulating work will start in the last 10-day period of August and be concluded at the end of October this year. The various regions and departments are requested to submit a written report to us at the end of October detailing the results of the inspecting and regulating work so as to enable us to submit a final report to the State Council.

Attached herewith: "Concrete Rules on the Regulation of Projects in Progress."

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CSO: 4005/563
RULES FOR REMEDIATION OF PROJECTS IN PROGRESS

Beijing STATE COUNCIL BULLETIN in Chinese No 22, 10 Sep 86 pp 648-650

[Circular of the State Planning Commission of 20 August 1986 continued: Concrete Rules for the Remediation of Projects in Progress]

[Text] I. Scope of Remediation

The scope of remediation includes capital construction projects of units under the system of public ownership and above-limit renovation and rebuilding projects. It embraces both projects inside and outside the plan; it also embraces large, medium-sized and small projects.

The requirements of the regulation are based on the projects embodied in the statistics at the end of June 1986 compiled by the State Statistical Bureau.

II. Remediation Principles

This remediation must be closely combined with the control of the scale of this year's fixed-assets investments and the formulation of next year's plan. According to the State Council Guo-fa [0948 4099] (1986) No 74 Circular, construction must be stopped or delayed on all construction projects which have no definite sources of funds or supply of materials, those whose construction and production conditions are lacking or not coordinated, those which show poor investment effects and are backward in technology and artcraft, and those which are unnecessary and redundant. Concrete rules for handling this are as follows:

1. Stopping construction of projects that are not included in the 1986 plan. As for a few necessary construction projects which conform with the demands of the investment structure, can produce good economic results, and have confirmed sources of funds, materials, and equipment, they must follow the rules, be duly reported, approved, and be incorporated into their separate plans and scales.

Projects not included in the plan refer to: large and medium-sized projects and above-norm or limited renovation projects which are not included in the state plan; small capital construction projects which the state has not arranged for inclusion in the scale of the investment plans of the various departments or regions.
The plan's reserve projects which have been turned into projects in progress without approval should also be treated as projects not included in the plan.

2. If, in the case of the major construction projects such as those related to energy, communications, and raw materials, it is found that the coordinating projects or the progress of the coordinating engineering and construction work cannot catch up, it is necessary to first speed up the coordinating projects and the pace of progress of the construction and engineering work so that they can go in production and produce results at the same pace. If there is no way to speed up the coordinating projects or the coordinating engineering work, or, if even after speeding up, they cannot go into coordinated construction with the main projects, thus adversely affecting the supply of energy and raw materials to the main projects following their going into operation or making the communications and transport facilities unable to catch up with the requirements, and causing the main projects unable to adequately achieve their economic results, then the pace of construction on the main projects should be appropriately slowed down.

Other projects having difficulties in coordinated construction should be treated according to the same principle.

3. In the case of projects in progress, such as processing industry projects which do not anticipate having a stable supply of raw materials and electric power or which have found that in the same city and the same region other factories of the same category are suffering from a setback in production due to the insufficient supply of raw materials and electric power, such projects should stop or slow down construction; those not having yet started construction should delay the start of construction.

4. Projects with the following conditions should stop construction:

a) Projects whose capital funds are an "assorted dish" of funds coming from various channels and the people in charge "fish" for funds but without any definite or fixed source;

b) Projects which originally made low estimates of the requisite funds but with the rising prices of the raw materials and power supply the estimates had to be increased and the people in charge could not raise the necessary funds;

c) Projects with improper sources of funds (including the use of circulating funds on capital construction investment, raising the funds for use on capital construction through hiking the prices of their products, employing bank loans for capital construction investments, and so forth);

d) Public capital construction projects arranged through the use of bank loan funds not incorporated into the state's credit and loan plan, and the state's capital construction plan;
e) Nonenergy and noncommunication projects arranged through use of the portion of energy and communications construction funds retained by the localities;

f) Projects whose supply of materials and equipment is clearly not definite or fixed;

g) Projects whose environmental pollution exceeds the state's fixed limits; and

h) Projects using equipment whose production is prohibited by the state.

5. In the case of "comprehensive thoroughfare construction" projects in cities and towns, those which have not yet started work should not start work; those which have started house demolition work should stop the demolition work; and those which have already started work should make the utmost efforts to reduce the scale or to slow up and delay the construction.

6. In the case of large-scale highway widening projects, those requiring the requisition of large areas of farmland or demolition of many houses should stop or delay construction.

7. In the case of various kinds of office buildings, hostels, and high-class guest houses, including projects purported to be various kinds of "centers" under construction or new projects under the pretext of "rebuilding," those that have not started work should not start work while those that have already started work should be dealt with according to their different circumstances.

8. Regarding the various kinds of tourist facilities, their construction should proceed in accordance with the plans of the National Tourism Administration. Projects which have not been reported to and obtained the approval of the administration should stop construction. A few necessary construction projects should be reported first to the administration and obtain its approval before they can resume construction.

III. Leadership Organization

The State Council holds the State Planning Commission responsible for taking the lead in forming an office for the remediation of projects in progress which will be concretely responsible for the remediation of projects in progress throughout the country.

The various regions should form separate offices for the remediation of projects in progress, absorbing comrades from the financial, banking, statistical, and auditing departments for participation and taking up the concrete responsibilities for the remediation of projects in progress in their respective localities.

The various ministries and departments of the State Council should each designate a vice minister to be in charge, form a small unit for the regulation of projects in progress and take up the responsibility of the work of remediating the projects in progress in the department or ministry.
IV. Progress Arrangements

Remediation of the project in progress should proceed in accordance with the subordinate relationship of the projects. The remedial work should commence from the third 10-day period of August and be concluded by the end of October this year. The various departments and regions should each prepare a brief report every half-month and by the end of October should prepare a report summarizing the views on handling the remedial work already done to be sent to the State Planning Commission's office for remediation of projects in progress so that the latter may submit a general summary to the State Council. The half-monthly brief report and the general summary should include and touch on such matters as the remediation progress, results, experiences and lessons, good and bad typical cases, existing problems and methods of solution, and so forth.

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CSO: 4005/563
PRC REGULATIONS ON DIPLOMATIC PRIVILEGES, IMMUNITY

Beijing STATE COUNCIL BULLETIN in Chinese No 23, 20 Sep 86 pp 669-673

[Regulations of the PRC Governing Diplomatic Privileges and Immunity (Adopted at the 17th Meeting of the 6th NPC Standing Committee on 5 September 1986)]

[Text] Article 1. These regulations are formulated for the purpose of defining the diplomatic privileges and immunity of foreign diplomatic missions and their staff in China so that they can effectively execute their duties on behalf of their countries.

Article 2. The diplomatic staff of a mission shall, in principle, be nationals of the appointing country. The approval of the competent Chinese department must be sought if a Chinese or third-country national is to be appointed a member of its diplomatic staff. The competent Chinese departments may rescind such approvals whenever necessary.

Article 3. The mission and its head have the right to use the national flag or emblem on the premises of the mission or on the means of transport of the head of the mission.

Article 4. The premises of the mission shall be inviolable. Entry of Chinese state functionaries into the premises of the mission is subject to the approval of the head of the mission or his authorized personnel. The Chinese departments concerned shall take appropriate measures to protect the premises of the mission from violation or damage.

The premises and equipment of the mission as well as other property inside the premises and the means of transport of the mission shall be exempt from inspection, requisition, detention or compulsion.

Article 5. The premises of the mission shall be exempt from taxes and levies, but this provision shall not apply to fees for special services rendered to them.

Charges and fees for official services rendered by the mission shall be exempt from taxes and levies.

Article 6. The archives and documents of the mission shall be inviolable.
Article 7. Members of the mission shall have freedom of movement and travel in the territory of China, but this provision shall not apply to areas of prohibited or restricted entry according to the regulations of the Chinese Government.

Article 8. The mission shall be free to communicate with the government of the appointing country and with other embassies and consulates of the appointing country for official purposes. All appropriate means of communication, such as diplomatic courier, diplomatic pouch, and telegrams in plain or secret codes.

Article 9. The approval of the Chinese Government must be obtained for the installation and use of wireless communications. The import of the above-mentioned equipment shall be handled in accordance with the relevant regulations of the Chinese Government.

Article 10. The correspondence of the mission shall be inviolable.

Diplomatic pouches shall not be opened or detained.

Diplomatic pouches shall only be used to carry diplomatic documents or material for office use, and shall be sealed and affixed with recognizable marks of identification.

Article 11. Diplomatic couriers must bear the credentials issued by the competent authorities of the appointing country. The person of the diplomatic courier shall be inviolable and shall not be subject to arrest or detention.

Temporary diplomatic couriers must bear the temporary credentials issued by the competent authorities of the appointing country, and shall enjoy the same kind of immunity accorded to diplomatic couriers during the period when diplomatic pouches are in their care.

The captains of commercial aeroplanes may be entrusted to deliver diplomatic pouches, but they must bear the official documents of the authorizing country indicating the number of diplomatic pouches carried. The flight captains shall not be considered diplomatic couriers. The mission should send its members to deliver or receive diplomatic pouches from the flight captains.

Article 12. The person of the diplomatic agent shall be inviolable and shall not be subject to arrest or detention. Appropriate measures should be taken by the Chinese departments concerned to prevent the violation of the personal freedom and dignity of the diplomatic agents.

Article 13. The residences of diplomatic agents shall be inviolable and protected.

The documents and correspondence of diplomatic agents shall be inviolable. The property of diplomatic agents shall be inviolable, except when otherwise stipulated in Article 14.
Article 14. Diplomatic agents shall be immune from criminal jurisdiction.

Except for following provisions, diplomatic agents shall be immune from civil jurisdiction and administration jurisdiction:

1) Proceedings taken by a diplomatic agent in a private capacity in respect of inheritance;

2) Proceedings in respect of professional or commercial activities carried out by a diplomatic agent outside the scope of his official functions in Chinese territory in violation of Clause (3) of Article 25.

Diplomatic agents shall be exempt from compulsory measures, except in the case of the above clause, where compulsory measures shall not constitute violation of their person and residence.

Diplomatic agents shall not be obliged to give evidence.

Article 15. Immunity from jurisdiction enjoyed by diplomatic agents and by personnel entitled to immunity under Article 20 may be renounced explicitly by the government of the appointing country.

Diplomatic agents or personnel entitled to immunity under Article 20 may not invoke immunity from jurisdiction if they initiate proceedings in a direct counterclaim.

The renunciation of immunity from civil or administrative jurisdiction does not include the renunciation of immunity from the execution of judgment. Immunity from the execution of judgment must be duly indicated in explicit terms.

Article 16. Subject to the following provisions, diplomatic agents shall be exempt from taxes and levies:

1) Taxes and levies that are usually included in the price of commodities or services;

2) Taxes and levies in respect of legacies, except in the case of movable property left by diplomatic agents in Chinese territory at the time of their death;

3) Taxes and levies in respect of private earnings made in Chinese territory; and

4) Fees charged for special services provided.

Article 17. Diplomatic agents are exempt from all personal and public service and military obligations.
Article 18. Official items imported by the mission and personal items imported by diplomatic agents shall be exempt from customs duties and other taxes and levies in accordance with the relevant provisions of the Chinese Government.

The personal luggage of diplomatic agents is exempt from inspection. However, inspection may be carried out if the Chinese departments concerned have sufficient reasons to reckon that it contains items not eligible for tax exemption as stipulated in the previous paragraph, or items which are prohibited to be imported or exported or are subject to quarantine regulations in accordance with Chinese laws and government regulations. Diplomatic agents or their authorized personnel must be present during the inspection.

Article 19. The import of firearms and ammunition by the mission and its members for their own use must be approved by the Chinese Government and handled in accordance with the relevant regulations of the Chinese Government.

Article 20. The spouses and minors living with diplomatic agents shall enjoy the privileges and immunity stipulated in articles 12 to 18 if they are not Chinese citizens.

The administrative and technical staff of the mission, and the spouses and minors living with them, shall, provided that they are not Chinese citizens and do not permanently reside in China, enjoy the privileges and immunity stipulated in articles 12 to 17; however, their immunity from civil and administrative jurisdiction shall be restricted to acts of official duties. Household items imported by the administrative and technical staff of the mission within 6 months of their assumption of office shall enjoy tax exemption as stipulated in Clause (1) of Article 18.

Members of the service staff of the mission shall, provided that they are not Chinese citizens and do not permanently reside in China, enjoy immunity in their acts of official duties, and their remuneration shall be exempt from income tax. Household items imported by them within 6 months of their assumption of office shall enjoy tax exemption as stipulated in Clause (1) of Article 18.

Private servants of members of the mission shall, provided that they are not Chinese citizens and do not permanently reside in China, be exempt from income tax in respect of their remuneration.

Article 21. Where a diplomatic agent is a Chinese citizen or a foreign national with right of permanent residence in China, he shall enjoy immunity from jurisdiction and inviolability only in his acts of official duties.

Article 22. The following personnel shall enjoy necessary immunity and inviolability during their transit or stay in China:

1) Foreign diplomatic agents resident in a third country and their spouses and minors during their transit in China;

2) Foreign officials coming to China on Chinese diplomatic visas or diplomatic passports (only applicable to countries with reciprocal visa exemption arrangements);
3) Other foreign nationals visiting China who have been granted the privileges and immunity stipulated in these regulations by the Chinese Government.

Third-country diplomatic couriers during their transit in China, and the diplomatic pouches they carry, shall be dealt with in accordance with the provisions of articles 10 and 11.

Article 23. Foreign heads of state, heads of government, ministers of foreign affairs, and other officials of equal standing shall, during their visit in China, enjoy the privileges and immunity stipulated in these regulations.

Article 24. Foreign delegates who have come to China to attend international conferences held by the United Nations and other special organs, officials and experts of the United Nations and other special organs who have come to China for a temporary stay, and agencies and staff of the United Nations and other special organs resident in China shall be treated in accordance with the international pacts to which China is a signatory and also the agreements signed between China and the international bodies concerned.

Article 25. Personnel enjoying diplomatic privileges and immunity shall:

1) Respect the laws and regulations of China;

2) Not interfere with China's internal affairs;

3) Not engage in professional or commercial activities for personal gains in the Chinese territory; and

4) Not use the premises of the mission and the residences of members of the mission for purposes that do not accord with the functions of the mission.

Article 26. If the diplomatic privileges and immunity extended by a foreign country to the Chinese diplomatic mission and its members in that country and to related personnel during their temporary stay in that country are inferior to the diplomatic privileges and immunity extended by China to the diplomatic mission of that country, to members of that mission and to related personnel during their temporary stay in China in accordance with these regulations, the Chinese Government may, on the basis of the principle of reciprocity, extend relevant diplomatic privileges and immunity to them instead.

Article 27. When an international treaty which China has concluded or participated into has provision(s) that differ from these regulations, the provision(s) of the said international treaty shall be applied, with the exception of clauses to which China has declared reservation.

When an agreement on diplomatic privileges and immunity which China has signed with another country has provision(s) that differ from these regulations, the provision(s) of that agreement shall be applied.
Article 28. The meaning of the following terms used in these regulations shall be:

1) "Head of the mission" refers to the ambassador, envoy, charge d'affaires, and other persons of the same standing assigned by the appointing country to assume this post;

2) "Members of the mission" refers to the head of the mission and the other staff of that mission;

3) "Staff of the mission" refers to the diplomatic staff, administrative and technical staff, and service staff of the mission;

4) "Diplomatic staff" refers to members of the mission with diplomatic titles;

5) "Diplomatic agent" refers to the head of the mission or to members of the diplomatic staff;

6) "Administrative and technical staff of the mission" refers to members of the mission engaged in administrative and technical work;

7) "Service staff of the mission" refers to members of the mission engaged in service work;

8) "Private servants" refers to the staff privately employed by members of the mission;

9) "Premises of the mission" refers to buildings and the attached land used by the mission and by the head of the mission as his residence.

Article 29. These regulations shall go into force on the day of their promulgation.

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CSO: 4005/564
STATE COUNCIL PROPOSAL ASKING DELIBERATION OF DIPLOMATIC PRIVILEGES

Beijing STATE COUNCIL BULLETIN in Chinese No 23, 20 Sep 86 p 673

[State Council Proposal Requesting Deliberation of the "Regulations of the PRC Governing Diplomatic Privileges and Immunity (Draft)" (15 May 1986)]

[Text] Members of the NPC Standing Committee:

With the growth of our diplomatic work in recent years, the number of foreign diplomatic agencies and staff in China is steadily on the rise, and so is the number of important foreign guests on short visits. Different departments and localities frequently have direct contact with these agencies and staff. In order to ensure that foreign diplomatic missions in China can effectively carry out their duties on behalf of their countries, and in order to enable our various departments and localities to correctly handle problems relating to diplomatic privileges and immunity, the Ministry of Foreign Affairs has, in accordance with the "Vienna Pact on Diplomatic Relations" and relevant international practices and China's own diplomatic practices, and after soliciting the opinions of departments concerned, drawn up the "Regulations of the PRC Governing Diplomatic Privileges and Immunity (Draft)." These regulations (draft) have now been adopted at a standing meeting of the State Council and are hereby submitted for deliberation and approval.

Zhao Ziyang,
Premier of the State Council
15 May 1986

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CSO: 4005/564
STATE COUNCIL ACTION ON CONTROL OF SPECIAL GRAIN FUNDS

Beijing STATE COUNCIL BULLETIN in Chinese No 23, 20 Sep 86 p 675


(Guo-fa-ban [0948 4099 6586] (1986) No 54)

[Text] The State Council has approved the "Report by the Ministry of Finance, the Ministry of Agriculture, Animal Husbandry, and Fisheries, and the Ministry of Water Resources and Electric Power on the Control of Special Funds for the Development of Grain Production" and the appendix "Stipulations on the Control of Special Funds for the Development of Grain Production," which is hereby issued to you for implementation.

[Report by the Ministry of Finance, the Ministry of Agriculture, Animal Husbandry, and Fisheries, and the Ministry of Water Resources and Electric Power on the Control of Special Funds for the Development of Grain Production (Summary) (15 July 1986)]

In accordance with the spirit of CPC Central Committee Document No 1, 1986, beginning from this year, the state will each year earmark from the increased tax receipts from township enterprises a sum of 1 billion yuan for use on the development of grain production. This is a large amount of money. How to manage it rationally and how to use it effectively are the universal concern of the people. This needs the various localities to strengthen their leadership, carry out the stipulations and ensure the benefits. Hence, we recommend that a good job be done of the following work:

1. The people's governments of the various provinces, autonomous regions, and directly subordinate municipalities must strengthen their organization and leadership, designate a leadership comrade to be responsible, and also designate a department that can sum up the views of all concerned, to take the lead in doing a good job of the organization and coordination work.

2. We should formulate as soon as possible the 5 years' stipulations for the development of grain production and the enforcement plans in separate periods.
The finance, agriculture, animal husbandry, and fisheries and water resources and electric power departments should put their functions and role into full play, ensure the smooth enforcement of plans, be responsible for inspecting the conditions of their execution as well as the effects of the use of funds, definitely ensure the increased production of grain and supply more commodity grain.

3. The investment and use of funds must be solely for the purpose of developing grain production, must be relatively centralized, and cannot be for substitutive purpose or diverted to other purposes. If diverted to other purposes, the matter will be treated as a breach or violation of financial and economic discipline. It is necessary to set up a clear-cut economic responsibility system, to firmly insist on investing according to projects and to inspect the results of the projects. Definite departments and special personnel must take charge of investment projects and there must be definite checking and evaluating targets. Economic responsibility agreements must be signed at every level.

Based on the above-mentioned demands, the Ministry of Finance, the Ministry of Agriculture, Animal Husbandry, and Fisheries and the Ministry of Water Resources and Electric Power have jointly formulated the "Stipulations on the Control of Special Funds for the Development of Grain Production" which are submitted herewith.

If the above views and the stipulations receive your concurrence, please issue them to the people's governments of the various provinces, autonomous regions, directly subordinate municipalities and the relevant departments of the State Council for implementation.

Appendix

Stipulations on the Control of Special Funds for the Development of Grain Production

In order to strengthen the vigor of agricultural development and ensure the stable growth of grain production, the CPC Central Committee and the State Council have decided that each year during the Seventh 5-Year Plan from the increased tax revenues from the township enterprises the central and local government financial departments will jointly arrange for a sum of 1 billion yuan to be designated as special funds for the development of grain production. To ensure that these special funds will be managed well and used well and that they will be for special uses only and accomplish the anticipated economic effects, the following stipulations are now made on the use and control of the special funds:

I. Principles Governing Use of the Funds

1. Establishment of special funds for the development of grain production is an important measure adopted by the CPC Central Committee and the State Council for the development of grain production. All the regions and departments making use of these funds must follow the demands of the
development of grain production and ensure that the funds are directly used to improve production conditions and technological measures, to increase grain production and augment the vigor of grain production. These funds are special funds designated for special uses. No region or department may under any pretext seize the funds and divert their use.

2. Financial departments at various levels shall not be allowed to employ the special funds for the development of grain production to take the place of the agricultural capital construction investments of the central government or local governments, or to render support to rural production outlays and the normal business expenses of the agricultural, forestry, water resources and meteorological departments; nor shall they be allowed thereby to reduce the above-mentioned funds which should normally increase. The various funds for the aid of rural production must be arranged in a unified manner, used rationally and any redundancy and dislocation in use must be avoided.

3. These special funds shall be mainly invested in basic counties for grain production and areas which have a great potential for grain production and their financial strength must not become scattered. Increasing grain production shall be the starting theme, measures should be suited to local conditions, whatever is lacking should be replenished, real results must be looked for, and productive forces must be formed as soon as possible. The base areas for grain production should be formed separately and one piece after another.

4. There must be a demarcation between capital construction investments and ordinary business expenses, strictly following the relevant stipulations. Projects which according to regulations should be funded from capital construction investments must be so funded from such investments and should not encroach upon the special funds for the development of grain production.

II. Scope of the Use of Funds

1. For use as subsidies for the expenses for requisite materials and equipment and technicians' salaries and wages in the building, repairing, or overhauling of small-scale farmland water conservancy facilities. Small-scale farmland water resources facilities and measures refer to the coordinating engineering work below the level of branch channels or ditches (not including the branch channels or ditches) of the backbone projects of large or medium-sized drainage and irrigation areas and the building, renovation or remaking of equipment, and cleaning and oiling of the machines of the irrigation and drainage works and stations and electric motor-pumped wells belonging to the counties; augmenting the structure of small water reservoirs; preventing seepage and leakage of canals and ditches and water and energy-saving measures in pipeline irrigation.

2. For use by business units of the county level and below in meeting the expenses of procuring instruments and equipment and setting up small laboratories (of a size of about 20 square meters per county) for the purposes of rebuilding farmland of medium-level or low yield and the extension of advanced agricultural technologies.
3. For use on expenses for the additional procurement of basic equipment for the breeding and promotion of good strains, including sunning grounds, concentration and processing facilities, inspection instruments, and facilities for storage of good strains.

To encourage the seed departments to actively engage in, demonstrate, and promote the use of good and new strains which the local peasants have never planted before, and, following approval by the agricultural and finance departments of the provinces and localities (cities), "demonstration and promotion of subsidies for new strains" may be suitably made but the subsidy period should not exceed two years.

4. For use by county-level agricultural servicing units as circulating funds to promote the appropriate means of production for the spreading of new techniques in agricultural and water conservancy.

5. For use to meet expenses needed in the printing of materials, purchase of equipment, and subsidies to teachers in county-level activities promoting advanced technologies in agriculture, water conservancy, and farm machines and training of cadres and peasant technicians.

Special funds for the development of grain production are prohibited from being used on price subsidies for means of production for agriculture and agricultural products, or on the personnel and office outlay of enterprise units, or on the development of township enterprises and other diversified businesses, or on the purchase of motor cars, television and photographic equipment, or on the building of halls and estates, or on such nonproductive building projects as building or repairing offices, dormitories, and so forth.

III. Management and Control of the Funds

1. The annual targets are determined by the Finance Ministry in consultation with the Ministry of Agriculture, Animal Husbandry, and Fisheries and the Ministry of Water Resources and Electric Power. Central finance will provide for 40 percent of these funds and local finance, 60 percent. In the event that the portions provided by local finance are not up to 60 percent, then in closing the accounts at the end of the year the deficit portions will be proportionately deducted from central finance appropriations or be set aside from central appropriations in the ensuing year.

Regarding the funds to be arranged by local finance, the provinces, autonomous regions, and directly subordinate municipalities shall themselves determine the amounts of the shares of the provinces and the county levels and duly organize their realization.

2. People's governments at various levels shall be responsible for the use and control of the funds and their economic results. The plans for the construction projects of grain production bases, distribution of funds and economic benefits of the various provinces, autonomous regions, directly
subordinate municipalities and cities listed in the State Plan shall be reported to the Ministry of Finance, the Ministry of Agriculture, Animal Husbandry, and Fisheries and the Ministry of Water Resources and Electric Power for references. Finance departments at provincial levels shall, in accordance with the approved stipulations, make the appropriations according to projects and the progress of work.

3. The special funds for the development of grain production shall be incorporated into the budget for control and shall be entered into the relevant budget items according to the purposes of the use of the funds to aid agriculture. In addition to being duly reflected in the gross local finance budget, separate budgets shall be compiled. At yearend, final accounts for outlay shall be compiled promptly in accordance with the procedure and computation standards for budget compilation, with a statement on the economic results to be attached. Yearend balances (including targets awaiting distribution) shall be carried forward to the following year for use.

4. The various regions shall, depending on actual conditions, enforce the integrated method of the compensatory use of funds and the noncompensatory use of funds as subsidies. Projects which in 3 to 5 years' time have made obvious receipts shall, in principle, be subjected to the method of the compensatory use of funds. Funds that have been returned or retrieved shall continue to be used on the development of grain production, subject to the control of the relevant regulations of the Ministry of Finance.

5. Departments at various levels of finance, agriculture, animal husbandry, and fisheries, and water resources and electric power shall strengthen their supervision and inspection of the progress of the construction projects and the use of funds. In particular, rigid control must be exercised in the cost of equipment purchases and equipment should not be requisitioned freely or at will. Problems discovered shall be promptly rectified. Funds that are appropriated or diverted to other uses shall be returned within a time limit. Expenses in excess of the stipulated limits shall be annulled. Upon the completion of a project, its inspection and takeover shall be promptly organized. If its quality is found to be below the required standard, remedial measures shall be taken at once.

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CSO: 4005/564
CIRCULAR ON TRANSFER OF LOCAL SCIENCE RESEARCH FUNDS

Beijing STATE COUNCIL BULLETIN in Chinese No 23, 20 Sep 86 pp 686-688

[Circular of the State Science and Technology Commission and the Ministry of Finance on Doing a Good Job in Transferring Appropriated Funds for Local Scientific Research (19 August 1986)]

(Guo-ke-fa Tiao-zi [0948 4430 4099 2742 1316](1986) No 0577)

[Text] In accordance with the "Decision of the CPC Central Committee on the Reform of the Scientific and Technological Structure" and Guofa 1986 No 12, "Provisional Regulations of the State Council on the Administration of Appropriations for Science and Technology," the various State Council departments have completed their work of transferring appropriated funds for scientific research and have basically completed the work of classification. At present, the reform of funds appropriation at the local level is developing in an uneven way. Some places have already started, some are just starting, while many provinces and cities are taking a wait-and-see attitude. In order to promote the reform of funds appropriation for local scientific research, the State Scientific and Technological Commission and the Ministry of Finance held a seminar on the reform of funds appropriation for local scientific research in Beijing from 10 to 12 August 1986. The seminar held that the time was ripe for carrying out reform on the appropriation of funds for scientific research at the local level. Reform of the system of funds appropriation for scientific research is the key to the reform of the S&T structure. Unless the reform of funds appropriation for local scientific research is accelerated, the reform of the entire S&T structure will be affected. In order to speed up the reform of fund appropriation for local scientific research, we hereby issue the following circular on matters pertaining to doing a good job of transferring appropriated funds for local scientific research in accordance with the regulations of Document Guofa 1986, No 12 and the unanimous demand of the participants of that seminar:

1. On the framework of transfers: Appropriated funds for local scientific research to be administered by the local S&T shall be the scientific research funds and funds for scientific undertakings (including the operational expenses of S&T associations) allocated from the operational expenses of various departments: The outlay for independent scientific research institutions, which was hitherto allocated from the state treasury rather than being
paid out of scientific research funds, should, in principle, also be transferred. Now, outlays for natural science and social science institutions belonging to the same departments which were formerly allocated from the funds for scientific research should be transferred along with the others and no stones should be left unturned. Outlays for research institutions under enterprises, colleges and universities, and hospitals, outlays which are not allocated from the funds for scientific research, should not be transferred.

2. On the question of the base of transfer and "one-time appropriations":
The content of "one-time appropriations" differs from place to place, and in some cases the proportion of "one-time appropriations" in the outlay is quite big (usually between 30 and 40 percent). If we decide without going through the process of analysis that none of these are to be transferred, the development of science and technology is bound to be affected. Thus, all local authorities must make concrete analysis of "one-time appropriations."
Standing expenses which have to be allocated year after year (such as funds for overhauls and special tasks) should be transferred. Operational expenses formerly allocated by various departments to the research institutions in the name of "one-time appropriations" should, in principle, also be handled in this way. In accordance with their actual conditions, the local S&T committees may work out proper measures in conjunction with the financial departments.

3. On the question of the administration and application of funds for scientific research saved by exploratory research institutions: Considering the small amounts of funds for local scientific research and the lack of resources common to these institutions, there is very little room for maneuver if the outlay thus saved is used in a diversified way. Thus, the local S&T committees may pool these funds together for application. The extent of the pooling of these funds is to be determined by the local S&T committees in conjunction with departments of finance and the like in accordance with actual conditions. The local S&T committees should work out means of administering and using these funds, which are to be spent on developing science and technology and must not be spent on capital construction or other items of expenditure.

4. On the time of transfers: The work of transferring funds for local scientific research should be completed before the end of 1986. The work of transferring funds for scientific research at the provincial, prefectural, city, and county levels should be carried out simultaneously. As of 1 January 1987, funds for local scientific research shall come under the unified management of local S&T committees at various levels, and shall be handled in accordance with the revenue and expenditure ledgers of the new state budget drawn up by the Ministry of Finance.

The reform of the system of appropriating funds for local scientific research is an integral part of the reform of the S&T structure. It involves much work, covers many aspects, and has strong policy implications. The local authorities must strengthen their leadership over this reform. S&T committees and financial departments at all levels must do a good job of investigations and study, and be elaborate in giving instructions. Relevant sections (offices)
must be assigned to carry out this work. Efforts must also be made to make appropriate readjustments and replenish strength, and put forward plans for the implementation of the reform before 10 September. These must be submitted to the State Scientific and Technological Commission and the Ministry of Finance. A written report on the progress of the reform must be submitted to the State Scientific and Technological Commission and the Ministry of Finance before the end of the year.

In order to promote the reform of the S&T structure, a national meeting for the exchange of experience in the reform of the appropriation of funds for scientific research shall be convened at a suitable time next year to commend the advanced, compare notes, and study the next steps of reform.

Local S&T committees, departments (bureaus) of finance and various competent departments concerned must, under the unified leadership of the provincial and city authorities, strengthen their unity, strive to work in close coordination, and strive to complete the work of transferring funds for scientific research before the end of the year in order to ensure the smooth progress of the reform of the S&T structure in the whole country.

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CSO: 4005/564

- END -
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