

No. 4821

CEYLON
and
PEOPLE'S REPUBLIC OF CHINA

Trade and Payments Agreement (with schedules and exchange of letters). Signed at Peking, on 19 September 1957

Protocol (with schedules) relating to the exchange of commodities in 1958. Signed at Peking, on 19 September 1957

Official texts: English and Chinese.

Registered by Ceylon on 13 July 1959.

CEYLAN
et
RÉPUBLIQUE POPULAIRE DE CHINE

Accord de commerce et de paiements (avec annexes et échange de lettres). Signé à Pékin, le 19 septembre 1957

Protocole (avec annexes) relatif à l'échange de produits en 1958. Signé à Pékin, le 19 septembre 1957

Textes officiels anglais et chinois.

Enregistrés par Ceylan le 13 juillet 1959.

No. 4821. TRADE AND PAYMENTS AGREEMENT¹ BETWEEN THE GOVERNMENT OF CEYLON AND THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF CHINA. SIGNED AT PEKING, ON 19 SEPTEMBER 1957

The Government of Ceylon and the Government of the People's Republic of China, for the purpose of further developing the friendship between the Governments and the peoples of the two countries and of strengthening the economic and trade relations between the two countries have, on the basis of equality and mutual benefit, reached agreement as follows :

Article I

The two Contracting Parties will take all appropriate measures to develop trade between their two countries and agree to facilitate the exchange of goods between the two countries.

Article II

The trade between the two countries shall be based on the principle of a balance between the values of imports and exports.

Article III

The two annexed Schedules A² and B² which constitute an integral part of this Agreement show the export commodities of each country. This Agreement shall not preclude trade in commodities not mentioned in the annexed Schedules A and B.

Article IV

The two Contracting Parties shall, before the end of October each year, conclude a protocol of the commodities to be exchanged between the two parties in the following calendar year. This protocol shall specify :

- (1) The aggregate value together with the names and approximate quantities of the commodities which the two Contracting Parties will undertake to import and export during the year covered by the protocol and,

¹ Came into force on 1 January 1958, in accordance with article X.

² See p. 154 of this volume.

- (2) The aggregate value together with the names and approximate quantities of the commodities which the two Contracting Parties will endeavour to import and export during the year covered by the protocol.

Article V

The prices of commodities to be imported and exported under this Agreement shall be fixed at international market price levels.

Article VI

The exchange of goods between the two countries shall be carried out in accordance with the import and export and foreign exchange regulations in force from time to time in each country.

Article VII

The two Contracting Parties agree that trade under this Agreement, including trade under the protocols signed in terms of Article IV, may be conducted through the state trading organisations of China and Ceylon as well as through other importers and exporters in the two countries.

Article VIII

The two Contracting Parties will grant to each other most-favoured-nation treatment in respect of the issue of import and export licenses, and the levy of customs duties, taxes, and any other charges imposed on or in connection with the importation, exportation and transshipment of commodities, subject to the following exceptions :

- (1) Any special advantages which are accorded or may be accorded in the future by either of the Contracting Parties to contiguous countries in order to facilitate frontier trade and,
- (2) Any special advantages which are accorded or may be accorded in the future under any preferential system of which either of the Contracting Parties is or may become a member.

Article IX

The two Contracting Parties agree that the payment arrangements between the two countries under this Agreement shall be in accordance with the following terms :

- (1) The Government of China shall open two accounts in the Central Bank of Ceylon, Colombo, styled Government of China Account "A" and Government of China Account "B".

The Government of Ceylon shall open two accounts in the People's Bank of China, Peking, styled Government of Ceylon Account "A" and Government of Ceylon Account "B".

The above accounts shall bear no interest and shall be free of charges.

(2) Payments for the purchase of commodities which the two Contracting Parties have undertaken to import and export in terms of the yearly protocol referred to in Article IV of this Agreement, and payments for the relative incidental expenses, shall be made through the "A" accounts mentioned in paragraph (1) above.

Payments for other purchases and the relative incidental expenses as well as other payments approved by the Foreign Exchange Control authorities of both countries shall be made through the "B" accounts mentioned in paragraph (1) above.

The phrase "relative incidental expenses" shall mean the expenses of services in connection with the exchange of goods such as transport charges including charter hire of ships and connected expenses, insurance, arbitration awards, warehousing and customs fees, agents' commissions, advertising, brokerage and other such charges.

(3) The accounts specified in paragraph (1) above shall be maintained in Ceylon Rupees.

(4) Any residual balances in the "A" accounts specified in paragraph (1) above, outstanding on 31st March of the succeeding year, shall be settled by payment in Pound Sterling or any other currency mutually acceptable immediately after the accounts have been reconciled.

Payments in respect of contracts entered into under the annual protocol of any year, which are made after 31st March of the succeeding year shall be brought to account under the "A" account of the succeeding year.

(5) The balances in the "B" accounts specified in paragraph (1) above shall be reviewed once every quarter by the two Contracting Parties for the purpose of ensuring that trade between the two countries progresses in balance.

Any balances in the "B" accounts remaining outstanding at the end of each calendar year, shall be settled as far as possible by delivery of goods during the first three months of the succeeding year. Any residual balances in the "B" accounts still remaining outstanding on 31st March of the succeeding year, shall be settled by payment in Pound Sterling or any other currency mutually acceptable immediately after the accounts have been reconciled.

(6) The exchange rate for settlement of balances contemplated in paragraphs (4) and (5) above shall be the middle of the Central Bank of Ceylon's buying and selling rates for Pound Sterling or other currency at the time of payment.

(7) The People's Bank of China and the Central Bank of Ceylon shall work out the technical details necessary for the implementation of this Article.

Article X

This Agreement shall come into force on 1st January, 1958, and shall remain in force for a period of five years. This Agreement may be extended by negotiation of both parties three months before its expiration.

This Agreement is signed in Peking, this 19th day of September, 1957, in two copies, each written in the Chinese and English languages, and both texts being equally authentic.

For the Government
of Ceylon :
(Signed) Wilmot A. PERERA

For the Government
of the People's Republic of China :
(Signed) YEH Chi-chuang

SCHEDULE "A"

LIST OF EXPORT COMMODITIES FROM CEYLON TO CHINA

- | | |
|----------------------------|--|
| 1. Cardamom. | 7. Cocoa beans. |
| 2. Cinnamon. | 8. Pepper. |
| 3. Citronella oil. | 9. Rubber. |
| 4. Copra. | 10. Handicrafts. |
| 5. Coconut oil. | 11. Precious and semi-precious stones. |
| 6. Other coconut products. | 12. Others. |

SCHEDULE "B"

LIST OF EXPORT COMMODITIES FROM CHINA TO CEYLON

1. Steel.
2. Machinery including : construction machinery, mining machinery, textile machinery, agricultural machinery and tele-communication apparatus.
3. Scientific instruments.
4. Building materials.
5. Chemicals including : soda ash, caustic soda, sulphur black, sulphur and others.
6. Sundry commodities including : cotton piece-goods, cotton yarn, cotton knitted goods, tyres, calculating machines, paper, cultural supplies, thermos flasks, sewing machines, plywood tea chests, bicycles, cigarettes, leather products, pharmaceuticals, medical apparatus and equipment, rubber manufactures, domestic electric appliances and others.
7. Coal.
8. Rice, beans, oilseeds and oils.
9. Foodstuffs including : canned goods, frozen beef and mutton, egg products, vermicelli, walnut, apricot kernel, garlic, dried chillies, fruits and preserved fruits, onions, potatoes and other native produce.
10. Handicrafts.
11. Silk and silk piece-goods.
12. Others.

EXCHANGE OF LETTERS

I

Peking, 19th September, 1957

Your Excellency,

Import Control Regulations

I have the honour to refer Your Excellency to Articles VI and VIII of the Five-Year Trade Agreement between China and Ceylon signed by Your Excellency and myself today,¹ and to draw Your Excellency's attention to the special Import Regulations framed in Ceylon after the last World War to enable Ceylonese Traders to participate to a greater extent in the import trade of the country.

2. If, however, in the operation of trade under the Agreement referred to above, the exporting organisations in Your Excellency's country experience any special difficulties in appointing Ceylonese importers or agents to handle particular commodities, the Government of Ceylon will consider what action, if any, is necessary to overcome any particular hardship arising from the application of the regulations referred to above.

Accept, Your Excellency, the assurance of my highest consideration.

(Signed) Wilmot A. PERERA
Ambassador of Ceylon
in the People's Republic of China

His Excellency Yeh Chi-chuang
Minister of Foreign Trade
People's Republic of China

¹ See p. 148 of this volume.

II

Peking, 19th September, 1957

Your Excellency,

I have the honour to acknowledge receipt of Your Excellency's letter dated 19th September, 1957, which reads as follows :

[See letter I]

Accept, Your Excellency, the assurance of my highest consideration.

(Signed) YEH Chi-chuang
Minister for Foreign Trade
People's Republic of China

His Excellency Wilmot A. Perera
Ambassador of Ceylon
in the People's Republic of China

III

Peking, 19th September, 1957

Your Excellency,

Trade Involving Third Countries

I have the honour to refer to the Five-Year Trade Agreement between China and Ceylon signed by Your Excellency and myself today. It is the understanding of the Ceylon Government that trade under this Agreement would not exclude :

- (i) the supply of commodities by either country to the other country for sale to a third country, and
- (ii) the supply by either country to the other country of commodities purchased from a third country.

2. I shall be grateful if Your Excellency will confirm that this interpretation of the agreement is correct.

Accept, Your Excellency, the assurance of my highest consideration.

(Signed) Wilmot A. PERERA
Ambassador of Ceylon
in the People's Republic of China

His Excellency Yeh Chi-chuang
Minister of Foreign Trade
People's Republic of China

IV

Peking, 19th September, 1957

Your Excellency,

I have the honour to acknowledge receipt of Your Excellency's letter dated 19th September, 1957, which reads as follows :

[See letter III]

I confirm that the above interpretation of the agreement is correct.

Accept, Your Excellency, the assurance of my highest consideration.

(Signed) YEH Chi-chuang
Minister for Foreign Trade
People's Republic of China

His Excellency Wilmot A. Perera
Ambassador of Ceylon
in the People's Republic of China

PROTOCOL¹ RELATING TO THE EXCHANGE OF COMMODITIES BETWEEN CEYLON AND CHINA IN 1958. SIGNED AT PEKING, ON 19 SEPTEMBER 1957

In accordance with the provisions of the "Trade and Payments Agreement between the Government of Ceylon and the Government of the People's Republic of China" signed on the 19th September, 1957,² representatives of the Government of Ceylon and the Government of the People's Republic of China after negotiations in Peking on the exchange of commodities between Ceylon and China in 1958 have reached agreement as follows :

Article I

The Government of the People's Republic of China undertakes to buy and the Government of Ceylon undertakes to sell Ceylonese commodities of the guaranteed value set out in Schedule "A 1"³ of this Protocol ; and the Government of Ceylon undertakes to buy and the Government of the People's Republic of China undertakes to sell Chinese commodities of the guaranteed value set out in Schedule "A 2"³ of this Protocol. A variation of 5 per cent. more or less in the guaranteed values specified in Schedules "A 1" and "A 2" is permissible under this Protocol.

Article II

The Government of Ceylon and the Government of the People's Republic of China will endeavour to expand trade between their two countries on the basis of maintaining a balance between the values of imports and exports, and do their utmost to increase their respective imports and exports to the extent of the values set out in Schedules "B 1"⁴ and "B 2"⁴ attached to this Protocol.

Article III

In order to facilitate the implementation of this Protocol, the state trading organizations of Ceylon and China as well as other importers and exporters in the two countries may conclude contracts for the commodities listed in Schedules "A 1", "A 2", "B 1" and "B 2" of this Protocol.

¹ Came into force on 1 January 1958, in accordance with article IV.

² See p. 148 of this volume.

³ See p. 164 of this volume.

⁴ See p. 166 of this volume.

Article IV

This Protocol shall come into force on the 1st January, 1958, and remain valid for a period of one year.

It is mutually agreed that the contracts concluded in accordance with Article III of this Protocol may continue to be in force until the expiry of their respective terms of validity even after the termination of this Protocol.

This Protocol is signed in Peking this 19th day of September, 1957, in two copies, each written in the Chinese and English languages, both texts being equally authentic.

For the Government
of Ceylon :
(Signed) Wilmot A. PERERA

For the Government
of the People's Republic of China :
(Signed) YEH Chi-chuang

SCHEDULE "A 1"

Aggregate value of commodities which Ceylon undertakes to export to China and China undertakes to import from Ceylon : Rs. 95,000,000 (Ninety-Five Million Ceylon Rupees).

<i>Name of commodity</i>	<i>Approximate quantity</i>
Rubber	30,000 metric tons
Other commodities	unspecified

SCHEDULE "A 2"

Aggregate value of commodities which China undertakes to export to Ceylon and Ceylon undertakes to import from China : Rs. 95,000,000 (Ninety-Five Million Ceylon Rupees).

<i>Name of commodity</i>	<i>Approximate quantity</i>
Rice	200,000 metric tons
Steel	
Coal	
Cement	
Dried chillies	
Garlic	
Potatoes	
Onions	
Other commodities	unspecified

SCHEDULE "B 1"

Aggregate value of commodities which Ceylon will endeavour to export to China and China will endeavour to import from Ceylon : Rs. 165,000,000 (One Hundred Sixty-Five Million Ceylon Rupees). (This figure includes the value of commodities listed in Schedule A 1.)

<i>Name of commodity</i>	<i>Approximate quantity</i>
Rubber	50,000 metric tons
Coconut oil	5,000 metric tons
Cocoa	200 metric tons
Other commodities	unspecified

SCHEDULE "B 2"

Aggregate value of commodities which China will endeavour to export to Ceylon and Ceylon will endeavour to import from China : Rs. 165,000,000 (One Hundred Sixty-Five Million Ceylon Rupees). (This figure includes the value of commodities listed in Schedule A 2.)

<i>Name of commodity</i>	<i>Approximate quantity</i>
Rice	270,000 metric tons
Cotton textiles	15,000,000 yards
Tea chests	1,000,000 sets
Steel	20,000 metric tons
Cement	40,000 metric tons
Automobile tyres	10,000 sets
Dried chillies	5,000 metric tons
Newsprint and paper	4,000 metric tons
Garlic	1,500 metric tons
Potatoes	10,000 metric tons
Green gram	4,000 metric tons
Onions	4,000 metric tons
Machinery and equipment	
Chemicals	
Coal	
Other commodities	unspecified