

CHINA



Treaty Series No. 39 (1986)

Agreement

between the Government of the
United Kingdom of Great Britain and Northern Ireland
and the Government of the People's Republic of China
concerning the Financial Arrangement
relating to Development Loans

London, 15 May 1986

[The Agreement entered into force on 15 May 1986]

*Presented to Parliament
by the Secretary of State for Foreign and Commonwealth Affairs
by Command of Her Majesty
July 1986*

LONDON
HER MAJESTY'S STATIONERY OFFICE

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Treaty Series No. 39 (1986)

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CORRECTION

Pages 6 and 13

Amend the name of the Chinese Signatory to read

[ZHENG TUOBIN]

September 1986

LONDON: HER MAJESTY'S STATIONERY OFFICE

AGREEMENT
BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF
GREAT BRITAIN AND NORTHERN IRELAND AND THE
GOVERNMENT OF THE PEOPLE'S REPUBLIC OF CHINA
CONCERNING THE FINANCIAL ARRANGEMENT RELATING TO
DEVELOPMENT LOANS

The Government of the United Kingdom of Great Britain and Northern Ireland (hereinafter referred to as "the Government of the United Kingdom") and the Government of the People's Republic of China (hereinafter referred to as "the Government of China");

Having regard to the friendly relations between them and in order to develop their economic and technical co-operation;

Have agreed as follows:

ARTICLE 1

Financial Arrangements

(1) The form of the financial arrangement shall be the provision of certain sums by way of Government Grants (hereinafter referred to as "Government Grants") supplied through the Overseas Development Administration of the Government of the United Kingdom (hereinafter referred to as "ODA") to enable certain bank loans (hereinafter referred to as "the Loans") to be provided on the terms set out in paragraph (1) of Article 3 of this Agreement.

(2) The Loans, which shall be supported also by the United Kingdom Export Credits Guarantee Department (hereinafter referred to as "ECGD") shall not exceed in aggregate £300,000,000 (three hundred million pounds sterling) and shall be made by banks acceptable to the Government of the United Kingdom and the Government of China (hereinafter referred to as "the Lending Banks") to the Bank of China which is authorised by the Government of China to be the borrower (hereinafter referred to as "the Borrower"). The Loans shall be eligible for financial support under this Agreement provided the terms of this Agreement are met.

ARTICLE 2

Procedures and Practices

(1) The Government of the United Kingdom and the Government of China shall consult and assess the suitability of individual projects for funding. If a project satisfies the criteria of both Governments, Notes shall be exchanged as set out in Appendix A, approving the project for funding and stating the amount of Loan funds to be provided through the Lending Bank or Banks. Four projects which have been identified as suitable for further consideration are recorded in Appendix B.

(2) After the Exchange of Notes and subject to the conditions set out in this Agreement, the Government of China shall in respect of the relevant project authorise the Chinese purchaser approved by the Ministry of Foreign Economic

Relations and Trade of the Government of China (hereinafter referred to as "MOFERT") to negotiate contracts (hereinafter referred to as "the Contracts"), to be approved by ODA and MOFERT with companies registered in and carrying on business in the United Kingdom (hereinafter referred to as "United Kingdom companies").

(3) The Government of the United Kingdom shall, on the request of the Government of China, arrange through ECGD with the Lending Banks for the terms set out in paragraph (1) of Article 3 of this Agreement to be applied to the Loan agreement signed by the Borrower and the Lending Bank and shall subsequently make the necessary payments due from the Government Grants to implement and sustain the said terms.

(4) Grant allocations made to any project within the scope of this Agreement shall be agreed between the Foreign Investment Administration acting on behalf of MOFERT and the British Embassy in Peking acting on behalf of ODA.

ARTICLE 3

Terms and Conditions

(1) Subject to the conditions in paragraph (1) of Article 2 of this Agreement, the terms of the Loans shall be twenty years' maturity, including five years' grace period for principal and repayment over fifteen years in equal semi-annual instalments. The rate of interest in respect of each drawing shall be five per cent per annum commencing from the draw-down date of the relevant drawing. Interest shall be payable at intervals not exceeding six months. For Loans in respect of projects with a scheduled commissioning period of more than four years the Government of the United Kingdom will be prepared to consider an extension of the grace period for principal of up to two years after the scheduled commissioning date, subject to a maximum grace period of seven years, within the twenty years' maturity.

(2) Unless the Government of the United Kingdom accepts otherwise, goods financially supported under this Agreement shall be produced in and supplied from the United Kingdom (and shall hereinafter be referred to as "United Kingdom Goods") and services financially supported under this Agreement shall be provided by persons normally resident in the United Kingdom (and shall hereinafter be referred to as "United Kingdom Services"). One hundred per cent of the value of the United Kingdom Goods and United Kingdom Services provided under the Contracts shall be financed by the Loans.

(3) The approved texts of the Contracts and the Loan agreements shall not be amended without the prior approval of ODA, ECGD, MOFERT and the Borrower.

(4) The Government Grants and the Loans shall not be used to meet the cost of any fiscal levies directly or indirectly imposed in the People's Republic of China except to the extent that British personnel who are normally resident in the United Kingdom and who are working in China for the purpose of the Contracts are liable to any such fiscal levies imposed in the People's Republic of China.

(5) Goods purchased under the Contracts shall be shipped and insured in accordance with normal commercial competitive practice by ships or companies of any flag or country acceptable to both Governments. This provision shall be stated explicitly in the Contracts.

(6) The Loans eligible for support under this Agreement shall be for capital goods and related services which shall be used only for civilian purposes.

(7) The Contracts shall contain a clause extending to the personnel or representatives of the Government of the United Kingdom sufficient access to permit a proper examination and assessment of procurement efficiency.

(8) The Government of China shall permit the personnel or representatives of the Government of the United Kingdom to visit any sites or locations where projects which are being financed under the Loans are being carried out, and shall furnish them with such information as they require regarding the projects, their progress, and financing.

(9) The Government of China shall ensure the provision of such additional finance, including local costs, that may be required to complete approved projects.

(10) If a project is suspended or terminated before completion the Government of the United Kingdom and the Government of China shall consult on measures to resolve the problems, including treatment of any Government Grants already paid or to be paid, and agree on appropriate action. Such consultations shall not affect the rights and obligations of the respective parties to the Contracts and the Loan agreements.

(11) The Government of China shall ensure that:

- (a) all goods and services for which payment has been financed under the Loans are employed for the purposes for which and by the user for whom they were supplied, for as long as their being so employed remains feasible and the items purchased will be used for civilian purposes only;
- (b) all reasonable precautions are taken to protect any Loan funds paid out for the Contracts in advance of work being carried out.

(12) Any sums payable to the Chinese purchaser by or on behalf of United Kingdom companies in relation to goods and services for which finance is made available under the Loans shall be paid to the appropriate Lending Bank which shall inform the Borrower and shall use such sums to reduce the Loan advances already made.

(13) Unless the Government of the United Kingdom accepts otherwise, the Contracts and the Loans must become effective by 31 March 1989 in order to be eligible for funding.

ARTICLE 4

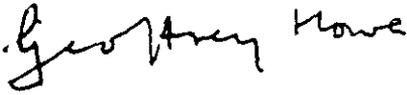
Entry into Force

This Agreement shall come into force on the date of its signature.

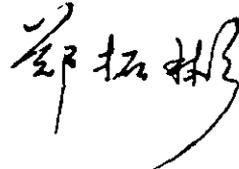
In witness whereof the undersigned, duly authorised thereto by their respective Governments, have signed this Agreement.

Done in duplicate at London this 15th day of May 1986 in the English and Chinese languages, both texts being equally authoritative.

For the Government of the United Kingdom of Great Britain and Northern Ireland:



For the Government of the People's Republic of China:



[ZHENG TOUBIN]

APPENDIX A (i)

From: The British Embassy

To: The Ministry of Foreign Economic Relations and Trade

Project Allocation No ...

I have the honour to refer to the Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland (hereinafter referred to as "the Government of the United Kingdom") and the Government of the People's Republic of China (hereinafter referred to as "the Government of China") concerning the Financial Arrangement Relating to Development Loans signed at London on 15 May 1986 (hereinafter referred to as "the Agreement") and to recent consultations between our two Governments regarding the project known as (Project Title).

The Government of the United Kingdom support for this project will be in the form of a Government Grant and will be for a sum not exceeding £..... (wordspounds sterling) (hereinafter referred to as "the Grant Allocation").

The Grant Allocation will be applied in support of a loan supported by the Export Credits Guarantee Department for a sum not exceeding £..... (wordspounds sterling) (hereinafter referred to as "the Loan") to be used to finance contracts with United Kingdom companies.

The Loan agreement will be negotiated between and signed by the Borrower and (name the bank approved by ECGD).

The terms, conditions and procedures set out in the Agreement will apply and will come into operation when the Loan agreement referred to above becomes effective.

The approval for this project and the purpose for which the allocation will be used are set out in the Project Memorandum attached hereto. These may be varied in detail within the above total allocations by arrangement of the Government of the United Kingdom and the Government of China.

If the arrangements set out above and in the Project Memorandum attached hereto are acceptable to the Government of China, I have the honour to suggest that this Note and your reply to that effect will place on record the understanding of the Government of the United Kingdom and the Government of China in this matter, which will be referred to as "the (name of the project) Allocation Note of 19 ..".

APPENDIX A (ii)

Reply from: The Ministry of Foreign Economic Relations and Trade

To: The British Embassy

I have the honour to refer to your Note of (date) which reads as follows:

(Quote original Note in full)

In reply I have the honour to confirm that the foregoing arrangements are acceptable to the Government of China and that your Note and this reply will place on record the understanding of our two Governments in this matter, which will be referred to as "the (name of project) Allocation Note of 19 ..".

APPENDIX B

In discussions which took place between representatives of the Governments of the United Kingdom of Great Britain and Northern Ireland and of the People's Republic of China in a spirit of mutual co-operation, friendship and understanding between 21 and 29 April 1986, it was agreed in principle that the following projects were suitable for further consideration under the Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the People's Republic of China concerning the Financial Arrangement Relating to Development Loans, with a view to the early conclusion of contracts, subject to the satisfactory completion of negotiations between the parties involved and of the respective procedures required by the two Governments:

Extension of Yueyang Power Station in Hunan Province

Daye Iron and Steel Plant: Seamless Tube Mill

Luoyang No. 1 Tractor Factory: Fuel Injection Equipment and Technology

Shanghai Telecommunications Equipment Factory: Optical Transmission Equipment and Technology.

中华人民共和国政府和大不列颠及北爱尔兰联合王国政府

关于发展贷款的财政安排协定

中华人民共和国政府（以下称中国政府）和大不列颠及北爱尔兰联合王国政府（以下称联合王国政府），鉴于两国间的友好关系，并为发展其经济技术合作，一致达成协议如下。

第一条 财政安排

第一款 财政安排的方式是通过联合王国政府海外开发署（以下称海外开发署）提供一定数额的政府赠款（以下称政府赠款），使某些银行贷款（以下称贷款）按本协定第三条第一款规定的条件进行提供。

第二款 贷款由联合王国出口信贷担保局（以下称出口信贷担保局）支持，其总额不超过300,000,000英镑（三亿英镑），并由中国政府和联合王国政府同意的银行（以下称贷款银行）提供给中国政府授权作为借款人的中国银行（以下称借款人）。只有符合本贷款协定的条件，银行贷款才能获得本协定项下的财政支持。

第二条 程序和实施

第一款 中国政府和联合王国政府将对每个使用资金的项目是否适当，进行协商和评价。如果项目符合两国政府规定的标准，两国政府将按附件一规定的格式换函，批

准项目使用资金，并说明通过贷款银行或银团提供贷款资金的数额。双方同意进一步考虑的四个项目列入附件二。

第二款 换函后，中国政府在符合本协定规定的条件下，将对有关项目授权由中国政府对外经济贸易部（以下称对外经济贸易部）批准的中国采购单位，同在联合王国注册和进行营业的公司（以下称联合王国公司）进行合同（以下称合同）谈判。合同由对外经济贸易部和海外开发署批准。

第三款 根据中国政府的要求，联合王国政府将通过出口信贷担保局，按本协定第三条第一款规定的条件和贷款银行一起作出安排。联合王国政府随即用赠款支出所需的资金，以便执行和保证实现上述条件。该条件也适用于借款银行和贷款银行签订的贷款协议。

第四款 对本协定项下任何项目的赠款分配，需经代表对外经济贸易部的外资管理局和代表海外开发署的英国驻华大使馆的同意。

第三条 条件和规定

第一款 以本协定第二条第一款规定的条件为前提，每笔贷款的期限为二十年，其中包括五年的本金宽限期，十五年还款期，每半年以同等数额还款一次。每笔提款的年利率为百分之五，利息从每笔提款之日算起，偿还间隔期不超过六个月。对项目计划投产期超过四年以上的贷款，联合王国政府拟考虑在项目计划投产日后增加最多

为二年的本金宽限期。但二十年贷款期中的宽限期最长为七年。

第二款 除联合王国政府同意外，根据本协定财政资助的货物将在联合王国制造并由其提供（以下称联合王国货物）根据本协定财政资助提供的服务将由正常居住在联合王国的人员提供（以下称联合王国的服务）。合同项下提供的联合王国的货物和联合王国的服务将百分之百的由贷款支付。

第三款 未经对外经济贸易部和借款人以及海外开发者和出口信贷担保局的事先同意，不得对已经批准的合同和贷款协议文本进行修改。

第四款 在联合王国正常居住的英国人，在中国执行合同期间所应交纳的中华人民共和国税收，可以用本政府赠款和贷款支付。除此以外，上述款项将不用于支付中华人民共和国规定的直接和间接的税收费用。

第五款 合同项下购买的货物，将按照通常商业竞争的做法进行运输和保险。但运输船只所挂的旗帜或保险公司所属的国家须经双方同意。该条款应在提供这种货物和服务的合同中明确地说明。

第六款 本协定项下支持的贷款将只用于购买民用性质的资本货物及有关的服务。

第七款 合同中将包括使联合王国政府的人员或代表有充分机会对采购效率进行适当的检查和评价的条款。

第八款 中国政府将允许联合王国政府的人员或代表，访问任何本贷款项下资助的，正在执行中的项目现场或所

在地，并按其要求，向他们提供有关项目资料及项目进展和财务的情况。

第九款 中国政府将确保为完成已批准项目可能需要追加的资金，包括当地费用。

第十款 如果项目在完成以前中断或终止执行，中国政府 and 联合王国政府将对解决问题的措施，包括对已经支付或将要支付的政府赠款的处理问题进行协商，并同意采取适当行动。这种协商将不影响合同和贷款协议各方的权利和义务。

第十一款 中国政府将确保：

1、只要本贷款项下已付款的所有货物和所有服务继续可用，用户将按其提供的目的来使用，采购的货物仅为民用服务。

2、在合同执行以前，应采取一切合理的预防性措施，以保护付给合同的贷款资金。

第十二款 由联合王国公司或其代表向中国买方退还的有关本贷款项下资助的货物和服务的任何资金，将还给有关贷款银行用以冲抵已提取的贷款，并由该贷款银行通知借款人。

第十三款 除非经联合王国政府同意，合同和贷款协议须于一九八九年三月三十一日前生效，以便取得贷款资助。

第四条 生效

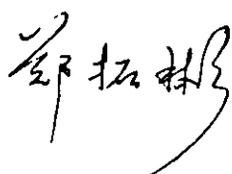
本协定自签字之日起生效。

为确认本协定的各项条款，经各自政府正式授权的签字

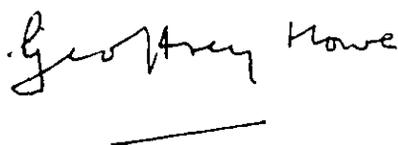
人于一九八六年五月十五日于伦敦签署了本协定。文本共二份，每份用中、英文书就，二种文本具有同等效力。

中华人民共和国
政府代表

大不列颠及北爱尔兰
联合王国政府代表



[ZHENG TOUBIN]



附件一 (1)

英国大使馆致对外经济贸易部的函

项目赠款分配第 号

我谨荣幸地提及1986年5月15日在伦敦签订的中华人民共和国政府(以下称中国政府)和大不列颠及北爱尔兰联合王国政府(以下称联合王国政府)关于发展贷款的财政安排协定(以下称协定),以及最近两国政府关于 (项目名称)项目的协商。

联合王国政府将用不超过 英镑(大写 英镑)的赠款(以下称赠款分配)为该项目提供支持。赠款分配将用于支持一笔由出口信贷担保局支持的、总额不超过 英镑(大写 英镑)的贷款(以下称贷款)。该贷款用于支付与联合王国公司签订的合同。

本贷款协议将由借款人和由出口信贷担保局认可的 (银行名称)进行谈判并签署。

一旦上述的贷款协议生效后,本协定所列的条件、规定和程序立即应用于此事并开始实施。

对该项目的批准和赠款分配使用的目的将在所附的项目备忘录中予以说明。经中国政府 and 联合王国政府的安排,在上述总的赠款分配范围内,具体项目及其赠款分配可以变化。

如上述安排及本函所附的项目备忘录内容为中国政府所接受,我谨荣幸地建议:本函及您的复函将把中国政府 and 联合王国政府对此事的谅解记录在案,这些函件应作为“一九 年 (项目名称)赠款分配函”。

附件一
(2)

对外经济贸易部给英国大使馆的复函

我谨荣幸地提及您 年 月 日的来函，内容如下：
“（全文引用上述来函）”。

我谨荣幸的在本函中确认，中国政府同意上述安排，并将您的来函及本复函作为19 年“（项目名称）”的拨款分配函，把两国政府对此事的谅解记录在案。

附件二

中华人民共和国政府代表和大不列颠及北爱尔兰联合王国政府代表，本着相互合作、友好和谅解的精神，于一九八六年四月二十一日至二十九日进行了讨论。以合同双方满意地完成谈判和各自政府要求的程序为前提，双方原则同意把下列项目，作为中国政府和联合王国政府关于发展贷款的财政安排协定项下的项目来进一步考虑，以便早日签订合同。

湖南省岳阳电厂扩建

大冶钢铁厂无缝钢管项目

洛阳第一拖拉机厂注油设备和技术项目

上海通讯设备厂光纤通讯设备和技术项目