

Chinese authorities have the power to look into the cases and deal with them in accordance with law.

Article 16. A resident office should notify in a written form, 30 days in advance of the termination of its operation, to the original approval-granting organization when the duration of its operation expires or it decides to end its business activities before the due date and, after clearing up its debts, paying up taxes and winding up other related matters, go through the formalities with the original registration certificate issuing organization for cancelling the registration and turn in the certificate.

The foreign enterprise which the said resident office represented, should continue to be held responsible for any matter that the said resident office may leave unfinished at the time of its termination.

Article 17. Those resident offices that have already been established with approval should, within 30 days of the promulgation of the "Interim Regulations", make up for the procedure of registration with the General Administration for Industry and Commerce of the People's Republic of China on the strength of the documents of approval.

Article 18. Any other matter that may be uncovered in the "Interim Regulations" should be handled in accordance with the relevant Chinese laws, decrees and regulations.

Article 19. The "Interim Regulations" should apply to any foreign enterprise which desires to appoint a resident representative(s) as to those desiring to establish resident offices.

Article 20. The "Interim Regulations" comes into effect on the day of promulgation.

China and US Exchange Notes on Investment Insurance and Guaranties

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[Beijing: from our special correspondent] Notes on an agreement for investment insurance and investment guaranties were exchanged between the government of the People's Republic of China and the government of the United States of America in Beijing on October 30.

Zhang Wenjin, Chinese Vice-Minister of Foreign Affairs, and Leonard Woodcock, U.S. Ambassador to China, signed the notes on behalf of their respective governments. The full text of the agreement is as follows:

Article 1

As used herein, the term "coverage" shall refer to any investment insurance (including reinsurance) against loss from political risk or to any investment guaranty which is issued in accordance with this agreement by OPIC or by any successor US government agency, OPIC and any such successor being hereinafter referred to as the "issuer" to the extent of its interest as insurer or reinsurer in any coverage.

Article 2

The procedures set forth in this agreement shall apply only with respect to coverage of investments relating to projects or activities approved by the government of the People's Republic of China.

Article 3

(a) If the issuer makes payment to any investor under coverage, the government of the People's Republic of China shall, subject to the provisions of Article 4 hereof, recognize the transfer to the issuer of any currency, credits, assets, or investment on account of which payment under such coverage is made, as well as the succession of the issuer to any right, title, claim, or cause of action existing, or which may arise, in connection therewith, subject to existing legal obligations.

(b) The issuer shall assert no greater rights than those of the transferring investor with respect to any interests transferred or succeeded to under this paragraph. The government of the United States of America does, however, reserve its rights to assert a claim in its sovereign capacity under international law.

Article 4

To the extent that the laws of the People's Republic of China partially or wholly invalidate or prohibit the acquisition from a covered investor of any interest in any property within the territory of the People's Republic of China by the issuer, the government of the People's Republic of China shall permit such investor and the issuer to make appropriate arrangements pursuant to which such interests are transferred to an entity permitted to own such interests under the laws of the People's Republic of China.

Article 5

Amounts in the lawful currency of the People's Republic of China, including credits thereof, acquired by the issuer by virtue of such coverage shall be accorded treatment by the government of the People's Republic of China no less favorable as to use and conversion than the treatment to which such funds would be entitled in the hands of the covered investor. Such amounts and credits shall be freely available for use by the government of the United States of America to meet its expenditures in the territory of the People's Republic of China. Such amounts and credits may also be transferred by the issuer to any person or entity agreed by the government of the People's Republic of China for use by such person or entity in the territory of the People's Republic of China.

Article 6

(a) Any dispute between the government of the United States of America and the government of the People's Republic of China regarding the interpretation of this agreement or which, in the opinion of one of the governments, involves a question of public international law arising out of any investment or project or activity relating to such investment for which coverage has been issued shall be resolved, insofar as possible, through negotiations between the two governments. If at the end of three months following the request for negotiations the two governments have not resolved the dispute by agreement on the dispute, including the question of whether such dispute presents a question of public international law, shall be submitted, at the initiative of either government, to an arbitral tribunal for resolution in accordance with Article 6 (b).

(b) The arbitral tribunal for resolution of disputes pursuant to Article 6 (a) shall be established and function as follows:

(1) each government shall appoint one arbitrator; these two arbitrators shall designate a president by common agreement who shall be a citizen of a third state and be appointed by the two governments. The arbitrators shall be appointed within two months and the president within three months of the date of receipt of either government's request for arbitration. If the appointments are not made within the foregoing time limits, either government may, in the absence of any other agreement, request the

secretary general of the United Nations to make the necessary appointment or appointments, and both governments agree to accept such appointment or appointments.

(II) the ~~arbitral~~ tribunal shall base its decision on the applicable principles and rules of public international law. The arbitral tribunal shall decide by majority vote. Its decision shall be final and binding.

(III) each government shall pay the expense of its arbitrator and of its representation in the proceedings before the arbitral tribunal; the expenses of the president and the other costs shall be paid in equal parts by the two governments. The arbitral tribunal may adopt regulations concerning the costs, consistent with the foregoing.

(IV) in all other ~~matters~~ ^{matters}, the arbitral tribunal shall regulate its own procedures.

Article 7

The two governments, desiring reciprocity, agree that, in the event the government of the People's Republic of China is authorized under its laws to issue coverage for investments in any project or activity within the United States of America under a program similar to the investment incentive program to which this agreement relates. There shall be, upon the request of either government, an exchange of notes to make applicable, with respect to such investments made in the United States of America, provisions equivalent to those of this agreement.

Article 8

Upon receipt of a note of confirmation from your excellency on behalf of the government of the People's Republic of China indicating that the foregoing provisions are acceptable, this note and your reply thereto shall constitute an agreement between our two governments on this subject, and enter into force on the date of your reply. This agreement shall continue in force until six months from the date of receipt of a note by which one government informs the other of a request for the termination of the agreement. In such event, the provisions of the agreement with respect to coverage issued while the agreement was in force shall remain in force for the duration of such coverage, but in no case longer than twenty years after the denunciation of the agreement.