

FIVE-YEAR TRADE AGREEMENT RELATING TO RUBBER
AND RICE BETWEEN THE GOVERNMENT OF CEYLON AND
THE CENTRAL PEOPLE'S GOVERNMENT OF THE
PEOPLE'S REPUBLIC OF CHINA

For the purpose of strengthening the friendship between the Governments and the peoples of Ceylon and China and of promoting long-term collaboration in trade between the two countries, the Government of Ceylon and the Central People's Government of the People's Republic of China (hereinafter referred to as the Government of China) have, on a basis of equality and mutual benefits, reached agreement as follows:-

ARTICLE I.

(1) The Government of Ceylon agrees to sell and the Government of China agrees to purchase sheet rubber in Ceylon for exportation to China during the period of five years commencing on the date of ratification of this Agreement by both Governments at the rate of 50,000 (Fifty Thousand) metric tons each year.

(2) The Government of China agrees to sell and the Government of Ceylon agrees to purchase rice in China for exportation to Ceylon during the period of five years commencing on the date of ratification of this Agreement by both Governments at the rate of 270,000 (Two Hundred Seventy Thousand) metric tons each year.

ARTICLE II.

(1)

(a) The price per pound for all purchases
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of sheet rubber of Grades 1, 2 & 3 and the price per pound for all purchases of sheet rubber of Grades 4 & 5 made by the Government of China in terms of this Agreement, shall be fixed respectively by mutual agreement between the Government of Ceylon and the Government of China, having regard to paragraph (2) of this Article, and shall be applicable to all purchases of sheet rubber made during the period of one year commencing on a date to be determined at the time of fixation.

(b) The price per metric ton for all purchases of rice made by the Government of Ceylon in terms of this Agreement shall be fixed by mutual agreement between the Government of Ceylon and the Government of China at the same time that the aforementioned prices of sheet rubber are fixed and shall be applicable for the same period of one year.

(c) The prices for sheet rubber and rice shall be fixed, in accordance with sub-paragraphs (a) and (b) of this paragraph, once each year for a period of one year during the validity of this Agreement, and shall be fixed at least one month before the end of the preceding period of one year referred to in sub-paragraphs (a) and (b) of this paragraph.

(2) The Government of China agrees to pay for Grades 1, 2 & 3 and for Grades 4 & 5 of sheet rubber, purchased in Ceylon in terms of this Agreement, a price in excess of the average Singapore F.O.B. market price for Grades 1, 2 & 3 and for Grades 4 & 5 of sheet rubber respectively.

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(3) The average Singapore F.O.B. market price for Grades 1, 2 & 3 sheet rubber referred to throughout this Article shall be the weighted average over one calendar month, using as weights the percentages of Grades 1, 2 & 3 sheet rubber to be supplied under the rubber contract which is signed under Article V and which is in force at the time. The average Singapore F.O.B. market price for Grades 4 & 5 sheet rubber shall be calculated in the same way.

(4)

(a) Whenever the average Singapore F.O.B. market price for sheet rubber of Grades 1, 2 & 3 over any one calendar month in the period of one year for which the price has been fixed under sub-paragraphs (a) and (c) of paragraph (1) of this Article, exceeds the current price for sheet rubber of Grades 1, 2 & 3 fixed under the provisions of this Article, the Government of China agrees that new prices for Grades 1, 2 & 3 sheet rubber and Grades 4 & 5 sheet rubber shall be negotiated, having regard to paragraph (2) of this Article, if a request for the revision of prices is made by the Government of Ceylon in the month following the calendar month in which the average Singapore F.O.B. market price for sheet rubber of Grades 1, 2 & 3 exceeds the current price for sheet rubber of Grades 1, 2 & 3 fixed under the provisions of this Article.

(b) If the Government of Ceylon makes a request as provided for in sub-paragraph (a) of this

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this paragraph for revision of the prices fixed for sheet rubber, the Government of China is entitled at the same time to make a request for the revision of the price of rice, whereupon the Government of Ceylon agrees that new prices for rice shall be negotiated simultaneously.

(c) Any new prices fixed under sub-paragraphs (a) and (b) of this paragraph shall be applicable to all purchases of sheet rubber and rice made in terms of this Agreement during the period commencing from a date to be determined at the time of fixation of the new prices to the end of the period of one year for which the prices were originally fixed under paragraph (1) of this Article. Any such new prices may also be revised under the preceding provisions of this paragraph. Any prices for sheet rubber and rice fixed under paragraph (1) of this Article, or any revised prices for sheet rubber and rice fixed under paragraph (4) of this Article, shall remain in force at least for a period of three months. Within such period of three months, both Governments shall have the right under paragraph (4) of this Article to seek negotiations for the revision of prices, but any new prices resulting from such negotiations will not be effective until the expiry of the period of three months from the date on which the prices last fixed became effective.

(d) Until any new price that might be fixed under the preceding provisions of this paragraph becomes effective,

effective, purchase and sale of sheet rubber and rice under this Agreement shall be carried out by the two Governments in compliance with all provisions of the contracts signed under Article V which are in force at the time.

(5)

(a) In terms of paragraph (1) of this Article and having regard to paragraph (2) of this Article, the Government of Ceylon and the Government of China agree, subject to paragraph (4) of this Article, that the price per pound for all sheet rubber of Grades 1, 2 & 3 purchased under this Agreement shall be 32d (Thirty-two pence) F.O.B. Colombo and the price per pound for all sheet rubber of Grades 4 & 5 shall be 29d (Twenty-nine pence) F.O.B. Colombo during the first one year period commencing from the date of ratification of this Agreement.

(b) In terms of paragraph (1) of this Article, the Government of Ceylon and the Government of China agree, subject to paragraph (4) of this Article, that the price fixed for all rice purchased under this Agreement shall be £54 (Pounds Sterling Fifty-four) per metric ton F.O.B. China ports, during the same period of one year referred to in sub-paragraph (a) of this paragraph.

ARTICLE III.

(1) The sale of sheet rubber under this Agreement by the Government of Ceylon shall be made on a F.O.B. basis, and the Government

Government of China shall be responsible for making all arrangements with respect to ocean freight for the exportation of all sheet rubber purchased in terms of this Agreement.

(2)• The sale of rice under this Agreement by the Government of China shall be made on a F.O.B. basis, and the Government of Ceylon shall be responsible for making all arrangements with respect to ocean freight for the exportation of all rice purchased in terms of this Agreement.

ARTICLE IV.

(1) The Government of Ceylon will open an account in the Bank of China, Peking, and the Government of China will open an account in the Bank of Ceylon, Colombo, both accounts to be used solely for the purposes of financing the trade in sheet rubber and rice provided for in this Agreement.

(2) Notwithstanding that the price for sheet rubber is fixed under this Agreement in terms of Sterling, the full value of every shipment of sheet rubber exported from Ceylon to China in pursuance of this Agreement shall, upon presentation of the shipping and other necessary documents, be paid by the Government of China into the account of the Government of Ceylon, in the Bank of China, Peking, in Ceylon Rupees at the exchange rate current for the time being. The Bank of Ceylon, Colombo, will thereupon debit the account of the Government of China, in the Bank of Ceylon, Colombo, by the same amount.

(3) Notwithstanding that the price for rice is fixed under this Agreement in terms of Sterling, the full value of every shipment of rice exported from China to Ceylon in pursuance of this Agreement shall, upon presentation of the shipping and other necessary documents, be paid by the Government of Ceylon into the account

account of the Government of China, in the Bank of Ceylon, Colombo, in Ceylon Rupees at the exchange rate current for the time being. The Bank of China, Peking, will thereupon debit the account of the Government of Ceylon in the Bank of China, Peking, by the same amount.

(4) The exchange rate referred to in paragraphs (2) and (3) of this Article shall be the average of the official buying and selling rates of exchange of the Ceylon Rupee as against the Pound Sterling at the time of presentation of shipping and other necessary documents referred to in paragraphs (2) and (3).

(5) The accounts established respectively by the Government of Ceylon and the Government of China under paragraph (1) of this Article, shall be settled once every three months by the Bank of China, Peking, and the Bank of Ceylon, Colombo, who shall also arrange between themselves all procedural matters arising therefrom. Any credit balance then outstanding may be carried forward or settled by payment in Sterling, or in any other manner as may be mutually agreed upon between the two Governments.

ARTICLE V.

(1) For the implementation of the trade in sheet rubber and rice in terms of this Agreement, contracts for sheet rubber and rice each covering a period of one year and including such items as specifications, unit prices, shipping, time of delivery, ports of delivery, arbitration, method of payment, quality and weight inspection, shipping documents, and any other necessary terms and conditions, shall be signed by the two Governments each year.

(2) In order to assure the implementation of this Agreement,

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Agreement, the annual contracts for sheet rubber and rice shall be negotiated and signed simultaneously. During the period of validity of the contracts, if one of the two Governments should fail to carry out its obligations under either contract, the other Government shall be automatically released from all its obligations under the other contract.

ARTICLE VI.

The contracts for the first year for sheet rubber and rice signed between the Government of Ceylon and the Government of China under Article V of this Agreement shall be regarded as the execution of a part of the General Trade Agreement signed between the Government of Ceylon and the Government of China in Peking, on the 4th October, 1952.

ARTICLE VII.

During the period of validity of this Agreement, any revision, if proposed by either of the two Governments, shall be made only upon agreement by the other Government.

ARTICLE VIII.

This Agreement may be extended through further negotiations, if a suggestion to that effect is made at least two months prior to the date of its expiry by either Government and is agreed to by the other Government.

ARTICLE IX.

This Agreement shall become effective for a period
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of five years upon ratification by both Governments.

Signed in Peking on December 18th, 1952, in two copies, each copy written in the English and Chinese languages, both texts being equally valid.

REPRESENTATIVE FOR
THE GOVERNMENT OF
CEYLON

Susanta de Silva

REPRESENTATIVE FOR THE CENTRAL
PEOPLE'S GOVERNMENT OF THE
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高文华



