

Cases handled: The Arbitration Committee will handle disputes arising from trade transactions between foreign individuals, firms or economic organizations and Chinese firms or economic organizations. But it may also arbitrate in cases where both parties are foreign if called upon to do so.

When a case is submitted to the committee, each party is given the opportunity to choose an arbitrator from among its members. The two persons named then select a third, also from among the members of the committee, who will act jointly with them in what is known as the Arbitration Tribunal, which actually hears the case. If they so desire, the disputing parties may also agree upon a single arbitrator.

Tribunal hearing: In the hearing before the tribunal, and in related proceedings, each side may appoint an attorney, who may be a foreign citizen. If it requires clarification of any technical matters or business practices the Arbitration Tribunal may consult such experts as it needs, who may also be either Chinese or foreign citizens. Hearings are in open sessions unless either party requests that they be closed. When the Arbitration Tribunal reaches its decision, it will be announced, along with the reasons for it. Both sides are expected to accept this as final and to execute it within the time limit set by the tribunal. If this is not done, one of the parties may petition the People's Court of the PRC to enforce it in accordance with law. To pay the costs of the arbitration, the committee may collect a fee of not more than one per cent of the amount of the claim. Thus both sides can estimate the cost of the arbitration process before it begins.

53. National Congress of Cooperatives, Chung-hua ch'uan-kuo kung-hsiao ho-tso-she tsung-she chang-ch'eng 中華全國供銷合作社章程 (Constitution of the National SMC of China), July 25, 1954.^{53/}

Chapter 1. General

Article 1. The National SMC is an independent, popular economic organization created jointly by the SMCs of the provinces (and autonomous regions); its functions are to systematize the supply and marketing of the cooperatives, expand urban-rural interflow of goods, develop the trade of the cooperatives, promote the cooperative movement in rural areas, and gradually increase the material and cultural standard of the members.

Article 2. In order to fulfill the functions outlined in Article 1, the National SMC will:

Call the national congress of the SMCs.

Enact rules and regulations of national application for the SMCs.

Draw up economic plans for the SMCs in the nation, examine and approve economic plans for the SMCs of the provinces (and autonomous regions); direct and supervise their implementation.

Examine and direct the management of supply, purchase, production, transportation in member cooperatives at different levels, and also their finances, accounting, planning, and statistics.

Organize and direct the drawing up of contracts and agreements of member cooperatives at different levels with government enterprises, (other) cooperative organizations, handicrafts, and other enterprises; purchase goods to supply the needs of the members; meet the requests of delegations and members for the purchase of agricultural products, subsidiary products, and industrial materials.

Establish supply and sale management departments and managing units for warehouses, factories, processing factories, transportation, etc.

Draw up plans for organizing and establishing SMCs in the nation, direct and examine member cooperatives at different levels as to their development of membership, strengthening of organization, and education of members.

Guide and supervise member cooperatives at different levels to observe the constitution and the democratic system, and guarantee the rights of the members.

Protect the property of the SMC.

Establish branch schools and direct the training programs of the branch schools by member SMCs at different levels and organize spare-time studies for the cooperative cadres.

Edit and publish books and periodicals related to SMC affairs

Chapter 2. Membership

Article 6. Those SMCs of the provinces (and autonomous regions) which recognize the constitution of the National SMC may become members.

Article 7. Members shall pay share funds to the National SMC; the value of these funds shall be twenty per cent of the total share funds of a member cooperative.

Article 8. Duties of a member cooperative:

To observe the constitution, and to carry out the decisions and directives of the National Congress of SMCs, the National Committee, and the Executive Board of the National SMC.

To submit to the National SMC various plans, tables and reports, according to regulations.

In accordance with the decisions of the Executive Board of the National SMC, to call the provincial (and autonomous regions') congress of SMCs.

To contribute annually a specific amount from its surplus to the National SMC, as a special reserve fund. The amount and terms of the contribution shall be determined by the National Committee of the SMC.

To accept direction and inspection from the National SMC.

Article 9. Rights of a member cooperative:

To elect and send delegates to the National Congress of SMCs.

To consign the National SMC to buy or sell merchandise.

To use the operational and other facilities provided by the National SMC.

To request the National SMC to help solve various problems.

To present recommendations and criticisms on the work of the National SMC.

Article 10. The obligation of a member cooperative for debts acquired by the National SMC is limited to the amount contributed by the member as share funds.

Article 11. A member may withdraw from the National SMC upon the decision of the provincial (autonomous region's) congress of the SMCs. Following a member's withdrawal, its share funds shall be returned within three months after the final accounting of the National SMC in that year. If the National SMC shows a deficit in that year, the member's share of the deficit shall be deducted. However, the amount contributed to the special fund shall not be returned.

Article 12. If a member disobeys the constitution or decisions of the National SMC, the Executive Board of the National SMC may order the

member cooperative to reorganize if the offense is serious. When necessary, expulsion may be ordered, with the approval of the National Congress of SMCs. The membership fund and special reserve fund contributed by the expelled member shall be disposed of as stipulated in Article 11.

Chapter 3. Leadership Organs

A. The National Congress of SMCs

Article 13. The National Congress of SMCs shall be the supreme organ of the National SMC.

Article 14. Delegates to the National Congress shall be elected by secret ballot from the provincial (autonomous region's) congresses of SMCs. Representation shall be determined in the following manner: one delegate for every 300,000 members, with an additional delegate if the remaining number of members is above 150,000; in provinces (or autonomous regions) where the membership is less than 300,000 one delegate may still be elected.

Those members of the Executive Board and the Supervisory Board of the National SMC who are not elected delegates to the National Congress may attend the congress meetings. They shall have the right to speak, but not to vote.

Article 15. Rights and duties of the National Congress:

To pass and rectify the constitution of the National SMC.

To examine and approve reports and plans submitted by the Executive Board and Supervisory Board.

To elect or dismiss members and alternate members of the National Committee, and members of the Executive Board and Supervisory Board.

To examine and settle complaints made by member cooperatives against the illegal activities of the National Committee, the Executive Board, or the Supervisory Board.

To determine the admission or expulsion of members.

To discuss and determine other important matters.

Article 16. The National Congress shall be convened by the Executive Board once every four years. An extraordinary meeting may be called

under any one of the following conditions: when decided upon by the National Committee or the Executive Board; when requested by the Supervisory Board; or when suggested by one-third or more of the members. Within two months of receiving such a request or suggestion, the Executive Board should call the meeting.

Delegates to an extraordinary National Congress shall be elected by secret ballot by the extraordinary SMC congress of the provinces (and autonomous regions).

Notice of the date, place, and agenda of the coming congress should be sent to the members by the Executive Board fifty days in advance.

Article 17. The National Congress shall only convene when a majority of the delegates attend; a decision shall only be carried when a majority of the attending delegates vote for it.

Article 18. A presidium shall be elected by the delegates at the convocation of the congress. Qualifications of the attending delegates shall be examined by the Credential Committee.

Decisions and minutes of the congress sessions shall be signed by members of the presidium. Minutes and attendant lists shall be kept by the Executive Board.

B. The National Committee of the SMC

Article 19. The National Committee is composed of 97 regular and 31 alternate members, all elected by secret ballot by the National Congress. They serve a four-year term.

Members of the Executive Board and Supervisory Board of the National SMC shall be ex officio members of the National Committee and included in the 97 regular members.

Article 20. The National Committee is the executive organ of the National Congress when the latter is not in session. The National Committee shall not have the right to replace more than one-third of the members on the Executive Board or the Supervisory Board, expel members, change the constitution or dissolve the National SMC. Apart from the above restrictions, the National Committee shall have the rights and duties of the National Congress.

Article 21. The National Committee meets annually; extraordinary meetings may be called under any one of the following conditions: upon the decision of the Executive Board, the decision of the Supervisory Board; or the recommendation of more than one-fifth of the members.

Article 22. The National Committee shall conduct meetings only when the attendance exceeds one-half of its membership. A resolution shall be passed only when it is supported by more than one-half of the attending members. If an individual member has dissenting opinions on a decision, he may submit his opinions in writing and have them incorporated in the minutes. Resolutions and minutes shall be signed by members of the presidium. When the National Committee convenes, the attending members shall select a presidium to manage the sessions.

C. The Executive Board

Article 23. The Executive Board shall be the executive organ of the National SMC. It shall have 17 members, to be elected by secret ballot by the National Congress.

The Executive Board shall have a director and several deputy directors, to be elected by the committee members. The tenure of the committee members shall be four years.

Article 24. Duties of the Executive Board:

To carry out the resolutions of the National Congress and the National Committee.

To convene the National Congress and the National Committee.

To represent the National SMC and the SMCs of the nation.

To approve regulations of the various bureaus (departments) and enterprises of the National SMC and the standard provisions for enterprises belonging to the cooperatives at various levels.

To promulgate decisions or directives pertaining to the work of the SMCs in the nation.

To approve plans and reports of the administrative and business units of the National SMC as well as those of the member cooperatives.

To legislate or approve the organization and personnel of the member SMCs at different levels.

To protect properties of the National SMC.

To sign agreements, contracts, and deeds.

To decide on the renting, buying, selling or mortgaging of properties of the National SMC.

To manage the various funds contributed by the members.

To negotiate loans with the national banks and other credit organs, and to distribute such loans.

To settle disputes among member SMCs on property matters.

To draw up procedures on labor emulation contests and to rule on awards and punishments.

To appoint and discharge the important functionaries of the National SMC.

To manage other matters provided for in this constitution.

Article 25. The Executive Board shall be convened by its director. Meetings shall be held only when they are attended by a majority of the members. A resolution shall be carried only when it is passed by a majority of those present. If an individual member has dissenting opinions on a resolution, he may present his opinions in writing and they will be incorporated in the minutes. Resolutions shall be recorded in the minutes and signed by the director of the Executive Board and its attending members.

Article 26. When a member of the executive board or supervisory board of a member SMC in a province (or autonomous region) commits a serious error resulting in substantial loss of property or work, the Executive Board of the National SMC may relieve him of his post and appoint an ad interim substitute.

If a member (cooperative) passes a decision which is in contradiction to the national laws and regulations, the constitution of this cooperative, the interests of the members, or the directives of the National SMC, the Executive Board of the National SMC may overrule such a decision.

Chapter 4. The Supervisory Board

Article 27. The Supervisory Board is the supervisory organ of the National SMC. It shall be composed of seven members elected by secret ballot by the National Congress. The Supervisory Board shall select from its

members, a director and several deputy directors. The tenure of the members of the Supervisory Board shall be four years

Chapter 5. Funds

Article 33. The funds of the National SMC shall derive from the following sources: membership share funds, special funds, surpluses, and income which does not need to be returned.

Article 34. The composition and the disposal of the special funds of the National SMC shall be determined by the Executive Board.

Article 35. The National SMC may, according to legal procedures, borrow from the national banks and other credit organs.

Chapter 6. Surplus and Deficit

Article 36. The Executive Board shall draw up a plan for the distribution of annual surplus of the National SMC, after deduction of the income tax. The plan shall then be examined by the Supervisory Board and presented to the National Congress or the National Committee for approval and for distribution of surplus. The reserve funds, however, shall constitute not less than 50 per cent of the total surplus. The remaining sum may be allocated to the special funds.

Article 37. If there is a deficit in the National SMC at the end of the year, it may be made up from the reserve funds and the membership funds, in that order, with the approval of the National Congress or the National Committee.

Chapter 7. Dissolution

Article 38. The National SMC, upon the decision of the National Congress, may be dissolved in accordance with legal procedures. Assets remaining after the dissolution shall be distributed according to the resolutions of the National Congress.

Chapter 8. Appendix

Article 39. This constitution shall be enforced after its passage by the First National Congress of the Cooperatives of China.