On April 19, 1950, the governments of the USSR and the PRC signed their first trade agreement.1 Animated by the desire to expand commercial exchanges between the two countries, the High Contracting Parties stipulated that the delivery of goods from the USSR to the PRC and vice versa would be carried out in conformity with the lists which would be jointly drawn up by the sides and spelled out in a special protocol. Both governments would guarantee deliveries of the merchandise in accordance with said protocol. Soviet and Chinese foreign trade organizations would then conclude contracts for the delivery of the commodities featured on the aforementioned lists, in which they would set the quantities, nomenclature, prices, dates and places of delivery. These agencies were also empowered, pursuant to the existing regulations in their respective countries concerning the import and export of goods, to conclude contracts for the delivery of wares on the conditions prescribed by the present agreement above and beyond the contingents established by the lists referred to. In every instance, the prices of the goods to be shipped would be determined on the basis of world market prices computed in rubles. Payments for the commodities delivered under the terms of the agreement would be effected in the USSR through the State Bank of the USSR and in the PRC through the People’s Bank. To that end, these institutions would open in each other’s name special, interest-free accounts in rubles and would immediately notify each other of all disbursements from those accounts: on receipt of the information, the corresponding Bank was obliged to pay the amount at once.

Soviet and Chinese foreign trade entities were also authorized, with

---

the prior sanction of the competent state organs, to conclude contracts for the delivery of goods calling for payment in gold, American dollars or pounds sterling, as well as arrange for barter transactions. Payments on such contracts would take place through the above Banks without being recorded in the accounts in question. These rules applied to payments for items delivered in execution of the agreement, payment on expenses connected with the trade turnover between the two countries as well as payments for the repair of vessels and transit expenses, and other payments approved by the Banks.

The sums of all payments by each side (with the exception of those not entered on the accounts) had to balance semi-annually for the duration of the agreement. If, however, at the close of a six-month period one party's payments exceeded the other's by an amount up to 6 million rubles this would not be considered a violation of the principle of equivalence. Any indebtedness shown on these accounts could be liquidated through deliveries of goods or transfers of gold, American dollars or pounds sterling, by mutual consent of the parties. The conversion of rubles into US dollars or pounds sterling would follow the rate fixed by the USSR State Bank on the day of payment and the conversion of rubles into gold would be pegged to the gold content of the ruble.

The governments of the USSR and the PRC instructed, respectively, the Trade Representative of the USSR in China and the Representative of the PRC's Ministry of Trade to check every 6 months on the progress of implementation of the agreement and, in case of need, to draft appropriate recommendations regarding the execution of mutual deliveries and the achievement of equivalence of payments in line with the agreement. The State Bank of the USSR and the People's Bank of China would, in compliance with these provisions, conclude a written agreement on the technical procedure for handling accounts between them. In order to ensure timely deliveries of goods imported and exported under the present arrangement, both principals bound themselves to guarantee favorable conditions of railroad transportation and utilization of port facilities. Customs duties on the territory of each signatory on goods imported or exported pursuant to this agreement were to be paid by that party's trade organizations. Upon the expiration of the accord, the designated Banks would continue to accept bills against the accounts and issue payments as prescribed herewith on contracts concluded before the agreement lapsed. Any indebtedness remaining after that had to be extinguished within 3 months of the