

**The original documents are located in Box 21, folder “October 19-23, 1975 - People's Republic of China - Briefing Book for China - Bilateral Issues (1)” of Trip Briefing Books and Cables of Henry Kissinger at the Gerald R. Ford Presidential Library.**

### **Copyright Notice**

The copyright law of the United States (Title 17, United States Code) governs the making of photocopies or other reproductions of copyrighted material. Gerald R. Ford donated to the United States of America his copyrights in all of his unpublished writings in National Archives collections. Works prepared by U.S. Government employees as part of their official duties are in the public domain. The copyrights to materials written by other individuals or organizations are presumed to remain with them. If you think any of the information displayed in the PDF is subject to a valid copyright claim, please contact the Gerald R. Ford Presidential Library.

VISIT OF SECRETARY KISSINGER  
TO PEKING  
October 19-23, 1975  
BILATERAL ISSUES BOOK

NSC - Mr. Rodman

~~SECRET~~/NODIS

GDS



NATIONAL ARCHIVES AND RECORDS ADMINISTRATION  
Presidential Libraries Withdrawal Sheet

WITHDRAWAL ID 031225

REASON FOR WITHDRAWAL . . . . ÇNational security restriction  
TYPE OF MATERIAL . . . . . ÇMemorandum  
CREATOR'S NAME . . . . . Habib, Lord and Solomon  
RECEIVER'S NAME . . . . . Henry A. Kissinger  
RECEIVER'S TITLE . . . . . Secretary of State  
TITLE . . . . . Your October "Advance" Visit to Peking:  
Putting U.S. - PRC Relations on a  
Sustaining Basis  
CREATION DATE . . . . . 10/11/1975  
VOLUME . . . . . 12 pages  
COLLECTION/SERIES/FOLDER ID . 035900298  
COLLECTION TITLE . . . . . NATIONAL SECURITY ADVISER. TRIP  
BRIEFING BOOKS AND CABLES OF HENRY  
KISSINGER  
BOX NUMBER . . . . . 21  
FOLDER TITLE . . . . . October 19-23, 1975 - People's Republic  
of China - Briefing Book for China -  
Bilateral Issues (1)  
DATE WITHDRAWN . . . . . 09/07/2010  
WITHDRAWING ARCHIVIST . . . . CCG

*Open w/ portions exempt*

MEMORANDUM

NATIONAL SECURITY COUNCIL

~~TOP SECRET/SENSITIVE~~

October 11, 1975

MEMORANDUM FOR SECRETARY KISSINGER

FROM: EA - Philip C. Habib  
S/P - Winston Lord  
NSC - Richard H. Solomon

SUBJECT: Your October "Advance" Visit to Peking:  
Putting U.S.-PRC Relations on a Sustaining Basis

The primary purpose of your late October visit to Peking is to lay the groundwork for the President's trip late in the year. At the same time, your discussions with senior PRC leaders -- certainly Vice Premier Teng Hsiao-p'ing, and hopefully Chairman Mao -- will provide an opportunity to reinforce the policy positions you discussed with Foreign Minister Ch'iao Kuan-hua during the September 28 working dinner.

You have indicated to the Chinese on several occasions that you intend to have a mutually agreeable communique drafted before you depart Peking at the end of the October advance trip; thus, most of the concrete effort of the forthcoming visit will be focussed on the drafting process. At the same time, however, your initial discussions prior to tabling a draft document, and the negotiations themselves, will be an important test of current Chinese intentions on both international and bilateral issues, and an opportunity to begin shaping the pattern of our relationship with Peking over the next several years.

It has been determined that the primary objectives of the President's visit are to sustain the formal U.S.-PRC relationship at approximately its present level for at least the next year or so,

~~TOP SECRET/SENSITIVE~~

DECLASSIFIED in portions exempted  
AUTHORITY RAC/NLF-TB-HK-14-3-1-7 9/10/04  
State Review 12/9/03 NSC Guidelines  
NLF DATE 3/3/09

Presidential Library Review of NSC & D

~~TOP SECRET~~/SENSITIVE

2

while at the same time to project an image abroad of an on-going and vital relationship with overtones of cooperation on international security issues. These objectives may be, in some measure, contradictory. The Chinese are likely to be unwilling (for bargaining purposes), or may find it difficult (for domestic political reasons), to demonstrate much "vitality" in our bilateral dealings in the absence of some signs of progress on normalization. At the same time, doubts in Peking about the ability of the U.S. to act in international affairs (especially in view of Congressional constraints on Executive Branch initiatives), and concern about our "detente" strategy for coping with the Soviets, seem to have reinforced Peking's instinct to sharply limit any cooperative actions with the U.S. on international issues, and to play up in their public rhetoric China's identification with the "Third World" and the disruptive impact on the world of U.S.-Soviet "contention." Chinese leaders now probably believe that they can sustain their public ideological posturing (as in Ch'iao's U.N. speech) without disrupting their basic relationship with the United States.

On the other hand, Peking does not appear to have attractive foreign policy alternatives at this time which would enhance their security. No country except the United States can play the role of an effective counterweight to the Soviet Union. Moreover, as recent domestic polemics seem to confirm, while Mao, Chou, and Teng control policy in Peking, a move back toward the Soviets seems to be precluded. Geopolitical realities, combined with the symbolic half-steps on normalization that we are prepared to offer Peking, just might induce the Chinese to give some content to the President's visit. At a minimum, we judge that Peking will not see its own interests served, any more than our own, by having the world judge the President's trip to be a meaningless political exercise or to represent a stalling-out of the U.S.-PRC relationship.

In this context, the major objectives of your exchanges with senior PRC leaders should be to:

~~TOP SECRET~~/SENSITIVE

~~TOP SECRET/SENSITIVE~~

3

-- Emphasize that the U.S. will continue to play a vigorous international role, and that we are not constrained on basic security issues, despite the short-term effects of Congressional actions and our post-Vietnam/post-Watergate domestic mood. (You should not, however, appear defensive about our domestic situation.)

-- Explain again our "two handed" strategy of combining diplomatic and defense activities in order to constrain the USSR and create a public orientation to the Russians in the U.S. which will support resistance to Soviet pressures around the world.

-- Review recent examples of American actions which indicate that we remain both determined and capable of countering Moscow's outward pressures, and that we are not "strategically passive." (Cite recent examples, such as Congressional support for your Middle East diplomacy, aid to Turkey, our increased efforts in Portugal and Angola, and the forthcoming European economic summit meeting.)

-- Reaffirm the importance we attach to U.S.-PRC relations, and our commitment to complete the normalization process, while at the same time emphasizing that this must be done on a mutual basis.

-- Stress the importance to both sides of sustaining efforts to build the psychological conditions in the U.S. for a policy of cooperation with China on international security and bilateral issues. In this regard you can point out that Chinese rhetorical attacks (as in Ch'iao's U.N. speech) and game-playing or grudging cooperation on bilateral issues (exchanges and trade contacts) are working in specific and unhelpful ways against the Administration's objectives of strengthening the U.S.-PRC relationship.

#### The International Context

Your trip to Peking comes at a time when the Chinese are showing heightened concern for their own security. At the

~~TOP SECRET/SENSITIVE~~

~~TOP SECRET/SENSITIVE~~

4

same time, however, they seem to have greater doubts about the American role as a counter to Soviet pressures. Since the turn of the year, Peking's public pronouncements on international developments have increasingly emphasized the prospects for a new world war precipitated by the contention of the two "superpowers." Foreign Minister Ch'iao, of course, stressed this line privately to you during your working dinner with him in New York last month. While he again repeated the view that Soviet pressures are primarily directed against the West, he did not seem to press his case with much conviction, and you quite effectively revealed the weakness in his argument.

25X

This new emphasis in Peking's public statements of a concern for China's security seem to be a result of heightened international pressures which have begun to play on the PRC in the wake of developments of the past year. Subsequent to the spring collapse of the American presence in Indochina, and the CSCE agreement in Helsinki early in the summer, Soviet maneuverings against China have increased. The Russians are now pressing with greater vigor Brezhnev's notion of an Asian Collective Security arrangement, while at the same time sustaining the reinforcement of their military deployments against China (through the stationing of advanced fighter aircraft along the Sino-Soviet frontier, and by conducting major sea and land exercises targetted against the PRC). In response, the Chinese have pressed their "anti-hegemony" diplomacy, most obviously in the peace and friendship treaty negotiations with the Japanese and in the communiques concluded with Southeast Asian states. As well, they have shown a heightened interest in Europe, as indicated most recently by the visits of West German, Yugoslav, and Romanian leaders to Peking.

At the same time, Peking may believe that our leverage with the Soviets has weakened at this time because of problems in our

~~TOP SECRET/SENSITIVE~~

~~TOP SECRET/SENSITIVE~~

5

diplomacy with Moscow, and that as a result we need more active dealings with them to strengthen our hand with the Russians. If this is, in fact, their perception of our circumstances, they may feel that they need give us little to sustain the relationship because of our presumed need for them. This line of reasoning would have some weight if we were asking the Chinese to give us something of significant political value (such as a peaceful intentions statement on Taiwan), but as we are seeking little more than symbolic progress (as in the exchange program and trade dealings) we do not believe this consideration will have much effect. Moreover, it would seem to be counterweighted by the factors which continue to motivate Peking to sustain at least an optically positive relationship with the U.S.

Among these factors are the developments in Cambodia and Vietnam this spring which drastically reduced the American presence on China's southern frontier -- and in the process subjected Peking to a range of new concerns as Hanoi and Moscow maneuver in the fluid Indochina context. The Chinese are also contending with increased pressures from the North Koreans for a change in their circumstances, as was indicated first by Kim Il-song's rush trip to Peking in mid-April and more recently by the late September visit to Pyongyang of a high ranking PRC delegation (headed by leading Party figure Chang Ch'un-ch'iao). In the Korean case, the Chinese have increased their political pressure on us somewhat at the U.N., and they more completely support Pyongyang's own positions (as when Ch'iao told you at dinner that we should withdraw our troops from Korea at an early date). At the same time, they give every sign of restraining the North Koreans from taking any military initiatives, which would obviously create enormous problems for Peking's diplomacy and security situation.

Europe is of particular concern to the Chinese at this time. The increased public and private emphasis in Peking on the Soviet threat to Europe, their stepped-up contacts with European

~~TOP SECRET/SENSITIVE~~



TOP SECRET/SENSITIVE

6

leaders, the PRC's establishment of relations with the EEC, and sharp attacks by the Chinese on CSCE -- all these maneuvers are designed to counter what they see as a dangerous collapse of European morale and vigilance. They see great evidence of Soviet in-roads on the Continent: the CSCE ratification of borders and a lulling of Western resistance; the unraveling of NATO's southern flank; selective defense cuts by certain NATO countries; the possibility of increased movement on MBFR; and Soviet influence in European Communist Parties. Thus, this region -- and our policies there -- are apt to be a major topic of discussion in Peking. The fact is that while it is helpful to have the Chinese buck up our European friends, their influence on the Continent is limited. Our major European partners have much greater interests in Moscow, and they seem to have little inclination to use China as a lever on the Russians.

Developments in South Asia and the Middle East during the past year continue to fuel Peking's basic concerns about Soviet activities in these regions. They have not, however, prompted major initiatives from the Chinese. Peking remains aloof from continuing Pakistani pressures for a more explicit defense commitment which was stimulated by India's explosion of a nuclear device last year. At the same time, the Chinese were willing to inject themselves into the Bangladesh situation to the extent of recognizing the new government on August 31 and then establishing relations on October 6. Peking obviously does not want to tie itself so irrevocably to Pakistan that a new round of Indo-Pak fighting would directly involve the PRC -- and thus open up China to direct military pressures from the Russians.

In the Middle East, despite Ch'iao Kuan-hua's public attacks on the influence of the two "superpowers" in the region

[redacted] Chinese press treatment of the interim agreement seemed intended to sustain a continuing American diplomatic role in the Arab-Israeli dispute, even while PRC propaganda increasingly emphasizes

TOP SECRET/SENSITIVE

TOP SECRET/SENSITIVE

7

the disruptive effect on the region of Soviet-American rivalry for influence (as in Ch'iao's U.N. speech).

In the past six months the Chinese have initiated more active efforts to build working relations with the Palestine Liberation Organization. Their objective seems to be to dilute the influence of the Soviets, who conceivably might goad the Palestinians to disrupt the next phase of the negotiations. Thus far Peking has not sought to actively undermine the American role in the region, but Ch'iao's U.N. speech is not a good omen. We were struck by the lack of discussion of Middle Eastern issues during your dinner with the Foreign Minister in New York. You should probe the Chinese for shifts in their approach to this region while you are in Peking.

While you reviewed much of the international scene with Ch'iao Kuan-hua on September 28, it will be useful for you to cover the same territory with Teng Hsiao-p'ing and -- more concisely -- with Chairman Mao. You should again review our approach to dealing with the Soviets, and discuss the full range of local and regional situations -- Korea, Japan, Indochina, South Asia, the Gulf States and Middle East, and Europe. You should also draw the Chinese out to see whether they are prepared to take parallel action with us -- or be even more directly cooperative -- in specific situations. It will be an interesting indicator of Chinese intentions, for example, to see whether your detailed discussion of the Angolan situation with the Foreign Minister might have induced Peking to track more actively with us there.

At the same time, your review of world developments will set the intellectual basis for possible inclusion of foreign policy issues or principles of international behavior in the Presidential communique.

#### Peking's Domestic Situation

The basic question one must ask in evaluating the significance of the PRC domestic political scene for the President's trip is

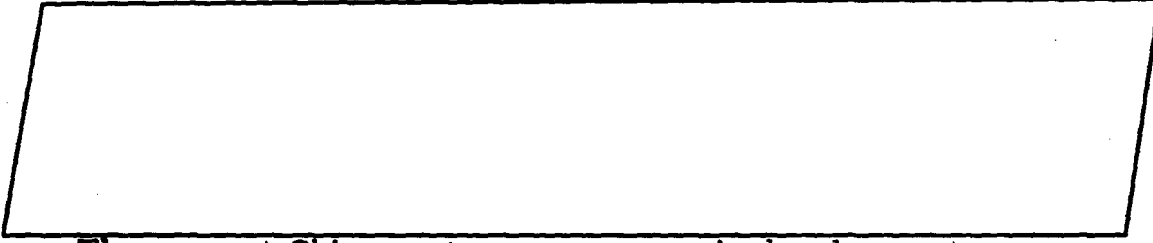
TOP SECRET/SENSITIVE

~~TOP SECRET/SENSITIVE~~

8

the degree to which the present leadership is willing to agree to some symbolic advances in international and bilateral dealings in order to impart additional momentum to the relationship, even while in formal terms it remains at approximately its current level. The signals from Peking since June have clearly been those suggesting an interest in sustaining the present relationship. They are prepared to be "patient" on normalization, and the President will be welcome whether or not he is prepared to discuss the Taiwan question. We doubt that PRC leaders will go very far toward enhancing the present level of their dealings with us on either international or bilateral issues. The area of greatest concern to us is whether the likely passing of Mao and Chou from the Chinese political scene within the next several years will result in a major reorientation of Peking's current policy trends.

By most outward appearances the PRC's current political scene appears relatively calm and disciplined. Since the National People's Congress meeting in January, Chinese media have emphasized a law and order program of economic development and political unification. The use of troops to restore order to feuding workers groups in Hangchou and other cities during the summer seemed prompted by efforts to end factional disruptions of the economy, and consolidate the leadership position of Teng Hsiao-p'ing and the reconstituted Party and governmental organizations.



The current Chinese stress on economic development seems related, in part, to more emphasis on conventional military

~~TOP SECRET/SENSITIVE~~

~~TOP SECRET/SENSITIVE~~

9

weaponry and tactics, and efforts to accelerate progress in the development of advanced weapons systems.

These policy shifts of the past year seem to be promoted by a coalition of leaders headed by rehabilitated Vice Premier Teng Hsiao-p'ing, with Party Chairman Mao and Premier Chou providing general policy blessing from the background. The rapid return to prominence since 1973 of Teng Hsiao-p'ing -- who less than a decade ago was vilified in the Cultural Revolution purges as a "capitalist roader" -- represents a truly remarkable political comeback. Teng appears to have based his reestablishment of a position of primary influence upon his acceptability to the military, and to broad segments of the Party and government bureaucracies. At the same time, of course, his return required the support of Chairman Mao and the Premier.

Teng's skill in consolidating his positions as Vice Premier, Politburo Standing Committee member, and PLA Chief of Staff, is indicated not only by the steady reappearance of former colleagues who were purged with him during the Cultural Revolution, but also by the further attenuation of the political standing of the left wing of the Party. Mao's wife seems to have declined steadily in influence during the past year; while other leaders identified with the Party's radical faction -- Chang Ch'un-ch'iao, ideologue Yao Wen-yuan, and young superstar Wang Hung-wen -- appear to be playing the part of a co-opted "left."

For all these signs of a consolidation of Teng Hsiao-p'ing's leadership position, the late August outbreak of a polemic over Mao's favorite novel Water Margin (All Men Are Brothers) indicates that political tensions remain active below surface appearances in the Chinese capital. Criticism of the Emperor's policy of "amnesty," and varying interpretations of the meaning of "capitulationism," indicate that the Party leadership probably had heated debates during the summer months about the rehabilitation of other leaders purged during the 1960s.

~~TOP SECRET/SENSITIVE~~



TOP SECRET/SENSITIVE

10

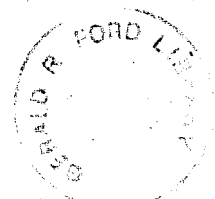
In addition, continuing emphasis in PRC media on the need to criticize "traitors" who would capitulate to "social imperialism" suggests that foreign policy issues may have been an additional element of debate. We have no evidence, however, that Sino-American relations have been subject to criticism:

25X1

Our best judgment is that you, and later the President, will receive correct but low-key receptions from the Chinese, and that they will continue to use our relationship for their own anti-Soviet purposes. They will probably seek to sustain the present level of activity in our dealings. At the same time, lack of movement on normalization issues will probably lead Peking to be unresponsive to appeals for some progress on other bilateral issues as a way of demonstrating vitality in the relationship. They will also probably resist efforts to pull China into a more cooperative relationship with us on international issues other than the problem of "hegemony."

[A less likely outcome of your visit -- yet one which we think you should keep in the back of your mind as a possibility -- would be Chinese agreement to nothing more than a bland communique which implied stagnation in our relationship. If this development were accompanied by rather sharp and unproductive private exchanges in Peking, and perhaps the absence of a meeting with the Chairman, you might be faced with very bleak prospects for the Presidential trip. In such circumstances -- which we do not anticipate are the most likely development -- you would have to weigh the impact on our dealings with the Soviets of a postponement of the President's trip against the costs of domestic criticism of an apparently meaningless investment of Mr. Ford's time.]

TOP SECRET/SENSITIVE



~~TOP SECRET/SENSITIVE~~

11

Despite this rather unpromising outlook, we believe it is important for you to attempt to draw out the Chinese on both bilateral and international issues, both to establish the principle of mutuality in further developing the relationship and to create a sufficient public sense of progress to deflate anticipated press criticism of a second Presidential trip to Peking (if it appears unproductive) and to maintain the impression abroad of an increasingly active relationship between Washington and Peking.

A Strategy for Your Talks

As you are scheduled to arrive in Peking in the afternoon of Sunday, October 19, we anticipate that the Chinese will probably hold a welcoming banquet that night; alternatively they might schedule a light, private dinner that evening and hold the banquet on Monday night. You will be escorted from the airport by the Foreign Minister, which will give you the chance to discuss the scenario for your visit. There will be brief small talk among the group at the Guest House. It is conceivable that you might have a late evening session with Chairman Mao on Monday night, but more likely this will come later in the process.

You will begin formal discussions on Monday. This will give you at least a day with Teng to provide a sense of the mood of the Chinese toward your visit and the President's trip. On this basis, you will be able to decide which type of draft communique to table -- presumably on Tuesday morning. (Several variations on a communique are at another tab of this book, along with comments on the political variables you will want to consider in the drafting process.) You would then have the rest of Tuesday, Wednesday, and Thursday to focus the discussion as you negotiate specific communique language.

We suggest you delay discussion of specific dates and detailed arrangements for the President's visit until the drafting process is well along and you have a clear idea of the political context Mr. Ford will face in Peking.

~~TOP SECRET/SENSITIVE~~

~~TOP SECRET/SENSITIVE~~

12

On the assumption that an acceptable communique is negotiated, there will then remain a few wrap-up items to be worked out before you depart:

- You will probably want to have a brief public announcement at the close of your visit giving the specific dates of the President's trip. (We do not think there need be -- or should be -- an extensive communique as a result of your advance trip.)
- You will want to reach some understanding with the Chinese about general logistic and scheduling arrangements for the President's visit. You will also want to lay the groundwork for an advance party to arrive in Peking early in November to work out technical arrangements.

~~TOP SECRET/SENSITIVE~~





DEPARTMENT OF STATE

Washington, D.C. 20520

VISIT OF SECRETARY KISSINGER TO PEKING

October 19-23, 1975

BILATERAL ISSUES BOOK

- Tab 1 - Tibet
- Tab 2 - US Private Claims and PRC Blocked Assets
- Tab 3 - PRC Economic and Trade Relations
- Tab 4 - US-PRC Cultural Exchange Program for 1976
- Tab 5 - Military Attaches
- Tab 6 - Increased USLO Office Space and Staffing
- Tab 7 - Future Embassy Sites
- Tab 8 - Hot Line
- Tab 9 - Branch Liaison Offices
- Tab 10 - US Press Representation and Visits
- Tab 11 - Reunification of Families
- Tab 12 - Americans Missing in the Vicinity of China  
and Recovery of Remains
- Tab 13 - Jamming of the Voice of America
- Tab 14 - Overview of Day-to-Day Relations
- Tab 15 - US-PRC Communiques

BIOGRAPHIC SKETCHES



~~SECRET~~/NODIS  
GDS

HR 7/20/10



4

1



**DEPARTMENT OF STATE**  
**BRIEFING PAPER**

**TIBET**

**ISSUES AND TALKING POINTS**

The Chinese may raise this issue, although they may decide that their formal public protest against our refusal to ban activities in the United States by Tibetan groups associated with the Dalai Lama relieves them of the need to press you hard on it. We have provided talking points in the event they should raise the matter. If you raise the subject, it would at least show that you have given personal attention to their protest, but the Chinese will feel compelled to restate forcefully their "principled" position.

**TALKING POINTS** (if raised)

-- I am of course aware of your concern over activities in the United States by Tibetan groups associated with the Dalai Lama and of your public statement on this matter.

-- Let me first say that in view of the importance we attach to our overall relationship and our commitment to normalization, it would be foolish for us to try to play games with Tibet.

-- We explained to your Liaison Office our reasons for taking the position we did.

-- (OPTIONAL, if you wish to reiterate the details) As we explained to your Liaison Office, the Office of Tibet in New York is properly registered with the US Department of Justice under the Foreign Agents Registration Act, and we therefore have no way legally to force it to close. Any material issued by that Office carries a statement that registration with the Department of Justice does not imply approval by the US Government. There are many groups or individuals who are similarly registered and whose points of view may differ greatly from our own position, for example

-- (OPTIONAL) In the case of the Tibetan song and dance troupe, we determined that its US tour is

DECLASSIFIED  
DATE 01/01/2004  
BY 10401  
HR RETAIL 7/20/10

~~**SECRET/NODIS**~~  
**GDS**



~~SECRET/NODIS~~

-2-

being sponsored by a commercial organization and that it met the visa requirements for such a tour. We therefore had no legal basis for preventing the group from coming to the United States.

-- We publicly stated, and so informed your Liaison Office, that none of our policies or actions is based on the premise that Tibet is not a part of China. We respect the territorial integrity of China. We also told your Liaison Office of the steps we have taken to discourage visits to the United States by the Dalai Lama.

-- I want to mention a fact that is very much related to this question. As we have both long recognized we have very different societies, which operate in different ways. This will create problems occasionally, sometimes for us, sometimes for you. For example, because of the nature of our society and of our legal system, we do not have the same authority that you have here in certain areas.

-- The important thing is that we should both exercise maximum sensitivity so that any problems of this sort that arise do not affect our overall relationship.

#### ANALYSIS/BACKGROUND

In a Foreign Ministry statement October 13, the PRC surfaced our long-standing disagreement over activities in the US by representatives of the Dalai Lama. The Chinese statement (attached) charged us with "undisguised interference in China's internal affairs" and "flagrant violation of the principles of the Shanghai Communique," in that we failed to accede to their request to "ban" the Office of Tibet (which represents the Dalai Lama in the US) and to prevent a US tour by a song and dance troupe from the Dalai Lama's settlement in India. The language constitutes the strongest rebuke to the U.S. on a bilateral issue since the Shanghai Communique.

~~SECRET/NODIS~~

~~SECRET/NODIS~~

-3-

The Chinese first protested the existence of the Office of Tibet in representations made July 30, 1974 in Washington. They demanded an explanation and that we take steps to close it down. We deliberately did not respond to their request at that time. On August 8, 1975, PRCLO renewed the protest also demanding that we prevent a planned tour of the US by a Tibetan song and dance group "being brought here by the Office of Tibet.

After a thorough investigation, we determined that the Office of Tibet is properly registered under the Foreign Agents Registration Act. Similarly, we determined that the Tibetan song and dance troupe was intending a normal theatrical tour under commercial auspices, and that the sponsor (a theatrical management firm in New York) had met the requirements of the visa law.

On September 24, as you had authorized, we informed PRCLO that we had determined that we are precluded, under our laws and Constitution, from taking the action the PRC had requested. We emphasized that the USG position did not imply recognition of the Dalai Lama, and that the USG respects the territorial integrity of China. We rejected Chinese charges of US "connivance" in Tibetan rebel activities." As a demonstration of our attitude on Tibet, we also told the Chinese of our efforts on several occasions to discourage US groups from bringing the Dalai Lama to this country. On October 8, a PRCLO official renewed the PRC protest. He asked that we report to you, and that we reconsider our position. If we did not do so, he warned, the PRC would have no alternative but to issue a public statement on this important matter of principle involving the territorial integrity of the motherland."

The issuance of the Chinese statement so soon after the latest demarche surprised us. As of October 8, the Chinese apparently did not know that the Tibetan song and dance troupe had already begun its tour of the US. The discovery of this and the fact that the tour is continuing may have convinced them that we had no intention of changing our position, despite their demarche.

~~SECRET/NODIS~~

~~SECRET/NODIS~~

-4-

Another consideration may have been that if we had not responded to their last demarche and they had not made a public statement before you reached Peking, they would have felt it necessary to escalate the matter to your level. They may have preferred to avoid that type of personal confrontation on a sensitive side issue during your trip. Conversely, they may have thought that making their position public before you arrive is another means of putting the U.S. psychologically on the defensive. It is also possible that their handling of this issue was affected by our strong demarche to them on Puerto Rico and by the public statement made by the U.S. mayors group in response to the PRC refusal to let the San Juan mayor be a member of their delegation.

In our responses to the Chinese representations on the Tibetan issue, we have tried to separate our legal inability to do what they ask from our general policy vis-a-vis Tibet. In answering queries following the Chinese statement, the Department's spokesman said that we respect the territorial integrity of China, and that none of our policies or actions is based on the premise that Tibet is not part of China. (Transcript is attached.)

Since circumstances have changed since the Office of Tibet was established, and in view of the PRC protest, we will want to review that and other aspects of the Tibet question. In the meantime, however, we think we should not say anything to the PRC that implies that we may later try to find some way to close the Office of Tibet. To do so would undermine our position that we have no means of taking that step, and would also run the risk of making a commitment before we can be sure that we can carry through on it.

The Chinese may interpret our carefully worded statement as meaning that the US recognizes Tibet as part of China. We need not argue with that interpretation, but before explicitly accepting it should consider its implications for our relations with India.

~~SECRET/NODIS~~

~~SECRET~~/NODIS

-5-

Incidentally, the Dalai Lama's representative in New Delhi contacted our Embassy October 15 to ask that the Dalai Lama's personal thanks for the position we had taken be forwarded to Washington.

Attachments:

PRC Foreign Ministry Statement on  
Tibet 'Office' in New York

Transcript of Press Briefing  
October 14, 1975



~~SECRET~~/NODIS

PRC FOREIGN MINISTRY STATEMENT ON TIBET 'OFFICE' IN NEW YORK

(Text) Peking, October 13, 1975 (Hsinhua)--The spokesman of the Information Department of the Ministry of Foreign Affairs of the People's Republic of China made the following statement today on the U.S. Government's connivance at and support to the Tibetan traitors' activities in the United States:

It has been learned that a so-called "Office of Tibet" set up in New York City, U.S.A. has been circulating "news" bulletins, in which it has spread all sorts of slanders against our great socialist motherland. It is stated in the "bulletins" that the "office" is an "agent" of the traitor Dalai, that it is registered under the Foreign Agents Registration Act of the United States and that the "bulletins" are filed with the U.S. Department of Justice. Regarding this matter, the Chinese Liaison Office in the United States made representations to the U.S. State Department on July 30 last year, pointing out that this was intolerable and requesting the U.S. side to give an explanation and ban the "office". But the U.S. side procrastinated and gave no reply on the excuse that investigations were needed.

According to recent reports, a "Tibetan song and dance ensemble" is going to the United States on a performance tour in mid-October. On August 8 the Chinese Liaison Office in the United States pointed out to the U.S. State Department that it was against the spirit of the Shanghai Communique for the U.S. side to remain deaf to the Chinese side's request concerning the banning of the "office" of the Tibetan traitors and, moreover, to have now a song and dance ensemble of the Tibetan traitors come to the United States for a performance tour. The Chinese Liaison Office reiterated its request that the U.S. side ban that "office" and asked it to take measures to stop the "song and dance ensemble" from going to the United States to carry out activities. But in its reply to the Chinese side on September 24, the U.S. State Department flagrantly asserted that these activities of the Tibetan traitors were in accord with the constitution and law of the United States. On October 8 the Chinese Liaison Office in the United States reaffirmed China's principled stand to the U.S. State Department and asked the U.S. side to reconsider its approach. But the U.S. side obstinately clung to its unreasonable position and



- 2 -

once again refused to attend to this matter, using the U.S. constitution and law as a pretext. It is thus most clear that the U.S. Government openly connives at and supports the above-mentioned treasonable activities of the Tibetan traitors in the United States. This action of the U.S. side is an undisguised interference in China's internal affairs and a flagrant violation of the principles of the Shanghai Sino-U.S. communique.

It is known to all that Tibet has been an inalienable part of China's territory since ancient times. Tibet was peacefully liberated twenty-five years ago. After the putting down of the armed rebellion of the reactionary ruling clique of the upper strata with Dalai as its chieftain in 1959, democratic reforms were carried out in Tibet, the dark and cruel feudal serf system was abolished, and the million serfs stood up and became masters of their own fate. In 1965 the Tibet autonomous region was established. In this short historical period, Tibetan society has skipped several centuries in its development. Today, a resplendent socialist new Tibet stands rock-firm on the southwestern frontier of our great motherland. The handful of traitors, Dalai and others, who have hired themselves out to foreign forces and vainly attempted to restore the barbarous feudal serf system and divide China, have long been repudiated by the masses of the people in Tibet and all China. The treasonable activities of Dalai and others, like the plotting of mayflies to topple a giant tree, can in no way obstruct the advancing strides of socialist new Tibet. Any foreign forces that attempt to make use of the Dalai traitors to achieve their ulterior objective are also doomed to failure.





b-2

DEPARTMENT OF STATE

DPC 174

TRANSCRIPT OF PRESS, RADIO AND TELEVISION NEWS BRIEFING  
TUESDAY, OCTOBER 14, 1975, 1:00 P.M.

(ON THE RECORD UNLESS OTHERWISE NOTED)

MR. FUNSETH: As you know, the Secretary will be having a news conference in Ottawa tomorrow afternoon at 3:30. We plan to have that press conference broadcast live into the briefing room, for those of you who are interested.

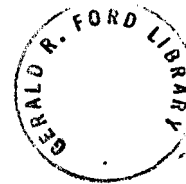
Because of the Secretary's news conference tomorrow, I do not plan to have a regular briefing. But I will, of course, be available to try to answer any questions you may have.

Q What time is the news conference?

A 3:30. Questions?

Q Yes, Bob. Are you able to give me anything regarding the charges by China of flagrant violation of the 1972 Sino-U.S. Agreement if the United States allows the so-called Tibetan Song and Dance Ensemble to tour the country?

A I have seen that statement, which was issued to the press in Peking yesterday. We believe that it must be based in part on a misunderstanding by the Chinese of the American political system. Previously the Chinese



had asked us to close the Office of Tibet in New York City.

We explained to them that this office is properly registered with the Department of Justice under the Foreign Agents Registration Act, and therefore we had no legal way to force it in close. We pointed out to them that any material issued by that office carries a statement that its registration with the Justice Department does not imply any approval by the U.S. Government.

Now, with respect to the Tibetan Song and Dance Ensemble, we also explained to the Chinese that it is being sponsored in the United States by a commercial organization --- that it met the visa requirements for such a tour --- and that we had no legal basis for preventing the group from coming to the United States.

Finally, I would like to note that none of our policies or actions is based on the premise that Tibet is not part of China.

Q Would you repeat that again slowly, starting with the negative?

A Finally, I would like to note that none of our policies or actions is based on the premise that Tibet is not part of China.



Q Well, prior to recent years I thought that our attitude always was one that China had suzerainty but not sovereignty over Tibet. Has that been changed while I had my head turned?

A I don't know whether --

Q I mean it is not -- if you had just suzerainty, you don't have -- it is not part of the country, Bob.

A I understand the distinction you are making. I think at this point we would like to limit our views on the relationship of Tibet to China in the way that I just stated.

Q Well, then, that means that you are changing the policy, I think. I mean not you, but the State Department.

Q Was any of this communicated separately before your statement here to the PRC mission here?

A No. And I must say the statement issued by the Chinese was not communicated to us officially. We read about it in the press. But as I have suggested, the Chinese had discussed the two points with us, about the Office of Tibet and the tour by the dance group.

Q Bob, you said that this was based in part on a misunderstanding.

A Yes.



Q What is the other part?

A You would have to ask the Chinese that.

Q Well, you have a feeling, though, or you wouldn't have said that. Otherwise you would have just said it was based on a misunderstanding, I would assume.

A Maybe I should rephrase it to say that apparently it must be based on a misunderstanding.

Q Do you have any response to the charges made by the Peking government that this is a flagrant violation of the Shanghai Communique?

A No. We reject that. It is not a violation of the Shanghai Communique. We have said recently, and I think the Secretary just recently reiterated that U.S. policy remains firmly committed to the Shanghai Communique.

Q There could be, by people looking for it, read into your statement an implication. You say that because this Tibetan song and dance team is being sponsored in the U.S. by a commercial organization there is no legal basis for preventing its tour.

A Yes.

Q The implication might be that if there were a legal basis for preventing its tour, you would do so. Do you mean that?



A No. I think what we are saying is that these people, who I believe live in India, applied for a visa to visit the United States for the purpose of giving these performances. We accepted that as their reason for coming here, and on that basis we had no legal basis for not issuing the visa.

Q What passport are they carrying?

A I do not know that.

Q In that case, why were their documents recalled just before their arrival?

A I was not aware of that. I would have to check into that. Who recalled their documents?

Q The State Department, I believe, or Immigration and Naturalization Service, whoever was handling it. Just before they arrived in this country, according to their representatives, the documents were recalled, and they were then reissued to them.

A I do not know. I will have to check into that.

Q Bob, is the Secretary upset at all that this squabble occurs in the same week that he plans to depart for China?

A I do not know the answer to that.



Q Did the Chinese make any --

Q Bob, the government of Iceland some months ago --

Q I have the same subject. Can I just finish the same subject?

Q Yes, sure, go ahead.

Q There is a group in town here, I think, Or there was, of the Taiwan acrobats. Did the Chinese protest at that time on that group?

A Not to my knowledge.

Q The Government of Iceland some months ago announced that it was going to extend its ban on fishing the 200-mile limit around Iceland. This unilateral action, I understand, is going into effect at midnight tonight. I wonder what the U.S. attitude is towards that.

A Stu, I do not have any official confirmation that Iceland is planning to make such an announcement, although I am aware of the report. But I would just reiterate that I think we have made clear a number of times that we are opposed to the unilateral extension of fishing rights zones. And we firmly believe that the problems of fishery rights can best be solved in the Law of the Sea





US PRIVATE CLAIMS AND PRC BLOCKED ASSETSISSUES AND TALKING POINTS

You should raise this issue, since an announcement of a settlement in the Presidential communique would be one of the more important concrete manifestations of forward movement in our relationship. Your primary objective should be to determine whether or not the Chinese are seriously interested in a settlement.

TALKING POINTS

-- A settlement of the private claims/blocked assets problem would be a significant and concrete step in the normalization of relations between our two countries, and would also be a logical next step in the development of our economic and trade relations.

-- The President's visit would be an ideal occasion for announcing a settlement.

-- There are only a few details that remain unresolved. We have had the impression that you may not be particularly eager to reach a settlement.

-- I hope that impression is wrong. In any event, I would welcome your views on whether we should instruct our staffs to discuss the matter in detail with an objective of reaching an agreement during my visit which could be formalized during the President's visit.

-- (Only if they refer to our previous statements that we would be prepared to discuss MFN once we reach agreement on the claims problem.) As you probably know, our freedom of action on extending MFN, whether to the PRC or some other countries, has been limited by some of the provisions of the 1974 Trade Act. It is still our hope to propose discussions with you about MFN at some point, but I imagine

~~SECRET/NODIS~~  
GDS

NR

7/20/10





~~SECRET/NODIS~~

- 2 -

you will agree that it would be difficult to have meaningful discussions at the present time. Nevertheless, we think that a claims settlement will be mutually beneficial and therefore can be handled on its own merits.

#### ANALYSIS/BACKGROUND

Whether or not the Chinese are willing to reach a settlement at this time will depend more on whether they want to demonstrate momentum in the relationship than on the means of resolving the few remaining issues. We see no advantage in holding detailed discussions at the counterpart level unless we have some reason for believing that the Chinese are genuinely interested in a settlement. Otherwise, those discussions would only reinforce the impasse, and the proposal we can make to resolve one issue (see below) would be wasted.

We believe that the Chinese decided in 1974 they did not want to reach a settlement at that time and that their rejection of our suggestions for resolving the remaining--essentially minor--issues derived from that decision. This judgment is based on the harshness of their June 1974 note (which withdrew Chou En-lai's offer to you regarding the \$17 million blocked assets in some third country banks) and on the uncompromising tone of the counterpart discussions of this issue during your last visit.

We can only speculate as to why the Chinese adopted this position. One possibility is that with a settlement in sight they decided against concluding a formal intergovernmental agreement with the US as long as relations are not fully normalized. Domestic political debates and rivalries may be involved, or the Chinese may have assigned low priority to an agreement since they are already getting most of what they want at the present time in trade and economic relations with the US. They may have decided that a claims/assets settlement should be part of a package which includes MFN, on which they may see no possibility of near-term movement.

~~SECRET/NODIS~~

~~SECRET/NODIS~~

- 3 -

Last December you agreed that we should not drop language defining "nationals of the PRC" from our proposal. We believe that the change in language prepared for your last visit--which was not given to the Chinese then--is our maximum fallback position for an adequate agreement and therefore should be put forward this time only if the Chinese give some indication they are willing to move on this issue. Our proposed language defines PRC nationals in terms of "pertinent United States law and regulations," thus avoiding the terms "designated nationals" and "special designated nationals" and avoiding an explicit reference to the Treasury regulations. This wording can be incorporated into the letters that constitute the agreement or it can be included in side letters that define PRC nationals for purposes of the agreement. (Both alternatives are included in the attachments.)

On the third-country bank problem, involving about \$17 million, we believe we should proceed on the assumption that if the Chinese decide to move ahead on a settlement, they will reactivate the offer which Chou En-lai made to you in November 1973 to pay this sum directly to the USG. The only requirement would be one which the Chinese should be willing to accept: an exchange of letters in which the Chinese specify the banks and amounts involved and offer to pay the \$17 million to the USG, and a US response accepting the offer and agreeing to unblock the assets in the specified third country banks. If the Chinese refuse to proceed on this basis, we will have a major problem. Excluding the blocked assets in third country banks would discriminate in favor of banks which in effect violated our Foreign Assets Controls. Moreover, it would reduce the amount of blocked assets recoverable by the USG from about \$80 million to about \$63 million, thus substantially reducing the pro rata payments to private American claimants--a move which, again, would very likely be unacceptable to Congress.

~~SECRET/NODIS~~

~~SECRET/NODIS~~

- 4 -

Finally, they may have been concerned by the impact on other negotiations, e.g., the UK last year presented the Chinese with a list of private British claims totaling 350 million pounds, although the UK has not pressed the matter.

### Unresolved Issues

At present there are three unresolved technical issues--the definition of PRC nationals for purposes of defining the scope of the assignment, the status of PRC assets held by third country banks, and the question of holders of bonds issued by previous Chinese Governments which are in default.

The problem of defining the claims to the assets which the PRC would assign to the USG arises from the fact that the Chinese have refused every formula we have proposed which would cover all of the claims to blocked assets of persons or entities that we treat as PRC nationals for purposes of our Foreign Assets Control Regulations. The Chinese insist that the exchange of letters refer only to assets of "nationals of the PRC." About \$12 million in blocked assets belong to individuals or corporations which are not "nationals of the PRC" in the normal meaning of the term (for example, the assets of a company registered in Hong Kong which were blocked because it was clearly acting as an agent of the PRC). Unless we can obtain language which makes it clear that the PRC is assigning these claims to us, the USG might well lose court cases involving about \$12 million. This might reduce the amount available to reimburse American claimants below the level acceptable to Congress, which must pass legislation to implement the agreement, thereby introducing an element of controversy which could erode Congressional support for our policy of normalizing relations with the PRC. Recent Congressional rejection of a claims settlement with Czechoslovakia that was more favorable for the US claimants involved than the one we are discussing with the Chinese (42 cents on the dollar versus 38 cents on the dollar) makes this a particularly important consideration.

~~SECRET/NODIS~~

~~SECRET/NODIS~~

- 5 -

We have tried, unsuccessfully, to convince the Chinese that the bondholders matter is not an issue, and that our statement in early 1973 that these bonds would not be part of the settlement was an act of good faith, to avoid future misunderstandings. During the counterpart talks on your last visit, we specifically stated that we were not asking the PRC to acknowledge that the bondholders have a claim against the PRC. In the counterpart talks in November 1973, the Chinese gave us a statement repudiating these bonds. We did not acknowledge that repudiation, since the bonds do not become a claim against the PRC until we recognize it as the successor government. Moreover, our traditional position has been that the USG does not espouse bondholder claims as long as the bonds are in default, but that our government does become involved if bonds are repudiated by a foreign government.

Despite the Chinese contention that this is an issue, we believe that if they decide to settle the claims/assets problem, they will be willing to drop the matter.

#### Consultation with Congress

If it appears that we can reach a settlement, we should avoid making a firm commitment until we can consult with the Congressional leadership. Congress has taken considerable interest in such settlements, e.g., with Czechoslovakia, and we need to minimize the risk of later Congressional disapproval. We should explain to the Chinese that while we foresee no problems, our procedures require that we consult with Congress before committing ourselves to the final exchange of letters. If no problems arise during the Congressional consultations, the letters that constitute the agreement could be signed during the President's trip.

~~SECRET/NODIS~~

Department of State  
October 1975





## DEPARTMENT OF STATE

## BRIEFING PAPER

10

PRC ECONOMIC AND TRADE RELATIONSISSUES AND TALKING POINTS

Your approach should depend in large measure on whether the Chinese demonstrate willingness to move on the claims/assets issue, which you will have to raise with Teng if there is to be any hope of movement. (See separate paper.) Without a breakthrough in claims, there is little probability of movement on other trade and economic matters. We have provided two sets of talking points: the first, in case the claims/assets issue remains stymied; and the second, for use if there is a breakthrough on claims/assets, in which case we would have grounds for "testing the water" on a number of other economic issues.

TALKING POINTS (if there is no progress on claims/assets)

-- I would like to mention briefly our economic relations.

-- (If claims/assets not previously mentioned, draw on talking points in that paper.)

-- We are pleased that our trade ties have been developing along positive lines. Obviously there is mutual advantage to be derived from the exchange of goods. But I think we both are more interested in trade as a reflection of our political relationship.

-- This is one reason why President Ford wished to meet with your delegation from the China Council for the Promotion of International Trade (CCPIT) when it visited the United States last month. I hope they reported that they had a good visit. Their visit provided the occasion for a good deal of favorable publicity, especially within our business community, which is politically a very influential group.

~~CONFIDENTIAL~~  
GDS



Hr

7/20/10

~~CONFIDENTIAL~~

- 2 -

-- Many of our most important companies are represented on the National Council for US-China Trade, which hosted the CCPIT delegation. We feel that the National Council can be of great service to both sides in developing trade. I understand that it has made some proposals to the CCPIT on the question of future visits and exchanges of delegations. I hope these proposals are given careful consideration.

-- Our staffs can discuss such matters in more detail if you wish.

-- I will welcome any thoughts you have on this aspect of our relationship.

Most Favored Nation Status (if raised)

-- We remained prepared to consider the question of extending Most Favored Nation treatment to the PRC once we have resolved the claims/assets issue.

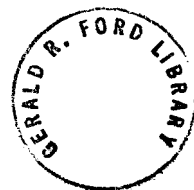
-- As you know, the 1974 Trade Act provided us with the legislative authority to confer MFN on those countries which do not currently enjoy it, but we would have to be guided by the provisions of that Act in our approach.

Export Control (Computer) Problems (if raised)

-- Our export controls do not discriminate against the PRC which is subject to the same controls applied to the USSR and Eastern European countries.

-- Our ability to approve export licenses for controlled items depends in part on the nature and completeness of the information provided regarding the specific use to which the equipment will be put. We have already licensed various items on the control list for sale to the PRC on the basis of a very liberal interpretation of our laws to the point where we are even open to criticism by the USSR that we are unfairly discriminating against them. Fuller information about how the item will be used would make our task easier.

~~CONFIDENTIAL~~



~~CONFIDENTIAL~~

- 3 -

-- We will continue to look carefully at each case, and I hope you will feel free to discuss any specific case with us.

Fluor Petrochemical Project in Hong Kong  
(only if raised)

-- Fluor representatives have told us about the project in general terms, and we have indicated that we have no objection to Fluor continuing its discussions of the project.

-- We would like to know how the PRC views the project.

-- The approval of the Hong Kong Government would of course be required.

ANALYSIS/BACKGROUND (assuming no progress on  
claims/assets)

Unless we can settle the claims/assets issue, there is little new that we can propose in the trade area. Virtually every significant proposal that we have considered is unworkable either because it would involve subjecting PRC property to the likelihood of attachment, or because Congress would not approve. Theoretically, Congress could pass legislation which would eliminate the risk of attachment. However, the likelihood that Congress would be willing to do so is near zero; we would be undermining the position we have taken with the PRC in the past regarding the need to achieve a claims settlement; and it would be a bad precedent for our dealings with other countries. Even if we could find some solution to the emigration provisions of the 1974 Trade Act, Congress would not approve a trade agreement extending MFN to the PRC without a claims settlement.

Both the level and the composition of our trade is largely determined by the PRC. Heavy Chinese imports of US grains in 1973 and 1974 were mainly responsible for the explosive growth and extreme lopsidedness of our trade for those years.

~~CONFIDENTIAL~~





~~CONFIDENTIAL~~

-4-

This year, because of reduced PRC grain purchases, bilateral trade will be down substantially (from \$934 million in 1974 to an estimated \$450 million), and the imbalance reduced from around 11/1 in 1973 to about 3/1. Non-agricultural trade has increased steadily but unspectacularly, with the US exporting high-technology items and importing miscellaneous semiprocessed goods and raw materials.

The volume of US-PRC trade is an insignificant part of total US trade, although the reverse is not true. Last year, the US was the PRC's second largest trading partner, and we should remain an important supplier to the PRC, both as a residual source of grain and as a source of high-technology manufactures.

The Chinese occasionally tell American visitors that the full potential for trade cannot be realized until political relations are normalized. This may be a factor, but purely economic considerations--dictated ultimately by Chinese development objectives--seem to be an important and growing determinant of the PRC's trade policy toward us.

Despite the limited possibilities for discussion on trade matters in the absence of a claims settlement, we think you should bring up the role of the National Council for US-China Trade (NCUSCT).

The Chinese have made it clear by their behavior that they wish to retain maximum freedom of manoeuvre in the US market. Not only have they studiously sought to minimize US governmental involvement in trade matters, but PRC trading organs are decidedly less than fully cooperative with the NCUSCT. The NCUSCT represents most large companies interested in China, and their support for our China policy is important. Also, we feel that it is in our interest to retain a certain measure of control over the activities of PRC trading missions to the US, if only for reasons of reciprocity and "even-handedness" vis-a-vis the USSR.

~~CONFIDENTIAL~~



~~CONFIDENTIAL~~

-5-

Depending on our reading of Chinese receptivity to some visible forward movement in the trade area, we could propose in the counterpart talks an agreement on trademark registration. Its practical impact would be minor, but it would require only a simple exchange of letters or notes.

Included above are contingency talking points on three issues that we do not want to raise ourselves but which the Chinese might raise in some form. The background on these three subjects follows.

#### Export Control Problems - Computers

The Chinese have not raised the question of US controls with us directly, but we gather from US businessmen that they remain sensitive to the existence of the program. They may mention this issue as an example of USG-created obstacles to the expansion of trade and scientific exchanges with the PRC that are contrary to the spirit of the Shanghai Communiqué.

As directed by NSDM 105, we apply the same export control criteria to the PRC as we do to the USSR and Eastern Europe. The Chinese have generally been reluctant to provide the end-use information required by US regulations, i.e., detailed information on how the item will be used, adequate to justify a conclusion by the USG that there is a legitimate civilian need for the item and that there is little likelihood that it will be diverted to a military use. Moreover, unlike the Soviets, they have adamantly refused to fill out USG forms. However, the Chinese have gradually displayed increased willingness to provide end-use information by means of a letter from the appropriate state trading corporation to the exporting firm, particularly for types of equipment uniquely available from the US. We have been provisionally accepting these letters in lieu of the more rigorous procedures that we require from the USSR.

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

-6-

Recently, the Chinese have been negotiating with several US companies (Burroughs, Control Data Corporation, and IBM) to purchase their top-of-the-line computers. We have licensed smaller machines for the USSR only under the most stringent controls involving resident US personnel and regular memory inspections. In contrast, the Chinese have yet to agree to sign an end-use statement, although they have hinted that in the case of the large computer, they might be willing to go that far.

An application by Burroughs to sell a 7700 computer to the PRC was turned down on September 23 by the Export Administration Review Board. This computer is far more sophisticated (five-fold, by one measurement) than any that have been previously licensed for export to the USSR or any other communist country. US computer experts were unable to devise even a hypothetical system of monitoring and inspection for this range of computers that would be able to detect diversion to military uses. A decision to license such a computer for export to the PRC would have required a judgment that the military applications of the general purpose computer are no longer considered relevant, a step that we are not prepared to take at this time.

#### Most Favored Nation Treatment

We have consistently taken the position with the Chinese that we are prepared to discuss an agreement extending MFN to the PRC in exchange for comparable benefits for us, but only after settlement of the claims/assets issue. The Chinese, for their own reasons, have not pressed us on the matter at authoritative policy levels, although lower level officials occasionally mention the MFN issue to American businessmen as an example of US-imposed obstacles to trade.

Negotiating a trade agreement with the PRC that will meet the requirements of the 1974 Trade

~~CONFIDENTIAL~~



~~CONFIDENTIAL~~

-7-

Act will be difficult under the best of circumstances, and the Jackson/Vanik language on emigration adds a further major complication. For this reason, we see no purpose to be served by getting into a detailed discussion of MFN with the Chinese at this time and do not believe we should abandon the linkage to the claims/assets issue.

#### Fluor Refinery Project in Hong Kong

There is an off-chance the Chinese will raise the Fluor Corporation's project for a huge petrochemical/refinery complex in Hong Kong that would be owned by the PRC through a front group of Hong Kong businessmen. Fluor representatives have told us that there is a possibility that high Chinese officials, including even Teng Hsiao-p'ing, may mention the project to you. There are many bizarre aspects to this case that call for caution, but a direct Chinese approach would help to clarify the degree of Chinese interest, which is in serious doubt. Our stance thus far has been cautiously positive but basically non-committal.

Fluor is a large, reputable engineering firm that has negotiated a number of projects overseas. The Hong Kong proposal entails a complex arrangement whereby the PRC would supply the crude and buy back most of the product, leaving about 15 percent to be marketed by the consortium of US banks which would finance the project. Fluor is convinced that the project is technically sound and that the PRC is very interested.

Our assessment has been complicated by the highly unusual manner in which the Fluor-PRC negotiations have been pursued. A Fluor consultant, Harned Hoose, who has played a major intermediary role in the negotiations, claims to have developed a secret "high political channel" to the top PRC leadership. (On a recent trip to Washington, Hoose claimed that he had been asked via this "channel" to inform you that during your trip to Peking, the PRC would be receptive to a

~~CONFIDENTIAL~~

CONFIDENTIAL

-8-

proposal for resolving the Taiwan question by creating a "non-military, non-combatant, neutral zone" around the island for an initial period of 10 years, to be patrolled eventually by a number of countries and even the UN. Hoose has, over many years, been pumping himself up as an intermediary (you'll recall Ambassador Huang's puzzlement when you once mentioned him) and we have been turning him off firmly.

Stripped of these bizarre political aspects, the Fluor project has elements of plausibility and might conceivably be attractive to the PRC, although it would mark a major new departure in the PRC's policy on developing its petroleum resources. Hong Kong and British authorities have been cautiously favorable to the project, but have serious reservations about the front group in Hong Kong and the seriousness of PRC interest.

The project has some important implications, but because of Fluor's insistence on secrecy at this stage, it has not been fully vetted within the US Government.

TALKING POINTS (If there is significant progress on claims/assets)

-- I am pleased that we seem to be near a settlement on the claims/assets issue. This is a very positive development which, if you are interested, can open up opportunities in a number of other areas.

-- These possibilities include:

- trade exhibitions in each other's country;
- an agreement to facilitate banking relations

CONFIDENTIAL



~~CONFIDENTIAL~~

-9-

- a maritime agreement
- a civil aviation agreement

-- If you are interested in any of these, they can be discussed by our staffs initially, and later by experts. One or more of these subjects could be mentioned in the Joint Communique on the President's visit.

Most Favored Nation Treatment (If raised, and if a breakthrough has been achieved on claims/assets)

-- We have consistently indicated our willingness to consider the question of extending Most Favored Nation treatment to your country once we have resolved the claims/assets issue.

-- We are prepared to move in this direction, but you know that Congress has an important role to play in this process.

-- The 1974 Trade Act required that MFN treatment be extended only through an inter-governmental trade agreement which includes what are called "comparable benefits" for the US.

-- You may know that the Trade Act incorporates certain other provisions, which were vigorously opposed by this Administration, that link our ability to extend MFN to the emigration practices of other countries. While these provisions were not formulated with the PRC in mind, they are part of the law as it now stands, and we will have to take them into account.

-- For these reasons, I believe both of us should study the various aspects of this matter carefully before beginning talks.

BACKGROUND/ANALYSIS (assuming breakthrough on claims/assets)

If a breakthrough on the claims/assets issue has been achieved, we will want to test the Chinese reaction on a number of subjects which will no longer be impeded by the US private claims. These are, in order of ascending complexity: trade exhibitions, facilitation of banking relations, a maritime agreement, and an aviation agreement.

~~CONFIDENTIAL~~



~~CONFIDENTIAL~~

-10-

We believe that the Chinese will be interested in mounting a trade exhibition in the US and would be willing to agree to discuss reciprocal exhibitions. We assume--and do not expect the Chinese to have any objections--that such discussion will involve the NCUSCT and the CCPIT.

From our standpoint, resolution of the US private claims issue removes the impediment to direct banking relations. The PRC has concluded payments agreements with a number of countries, and we should find out their desiderata for such an agreement with the US. We would expect it to take the form of joint communique language promising to "facilitate banking relations," or an exchange of notes to the same effect.

Maritime and aviation agreements would both be very complex, and we are not at all sure that the Chinese would be willing to enter into such negotiations in the absence of diplomatic relations. If they are, both agreements will require detailed negotiations, and the pitfall to be avoided for the moment is prejudicing the scope and modalities of such negotiations. Maritime agreements, for example, that the Chinese have concluded with other countries often are on an MFN principle. We would have legal difficulties with this. Both types of agreement involve international agreements and conferences. The question of our air links with the ROC would come up.

In the unlikely event that the PRC would be interested in communique language on these subjects, we would want to restrict it to something along the lines of "It was agreed to initiate technical discussions leading to the establishment of a commercial navigation treaty and the establishment of civil air routes between the two countries on a reciprocal basis."

Since we have previously established a linkage between claims/assets and MFN, we will have to be prepared for the Chinese to raise the question in the context of a settlement. If they do, it will probably be impossible to avoid all reference to provisions of the 1974 Trade Act regarding emigration and reunification of families without laying ourselves open to future charges of negotiating in bad faith. The Chinese will probably be even less inclined than the Russians to accept any linkage of tariff negotiations and emigration policy. In any event, before

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

-11-

committing ourselves to formal negotiations, we will have to review carefully the emigration provisions of the Trade Act, including prospects for amendment.

In addition to the difficulties associated with the Trade Act's linkage of MFN with emigration policies, there are a number of more conventional commercial issues that will prove difficult, but probably not impossible, to negotiate. It will be hard to achieve the "balance of concessions" required by the Trade Act, such as patent and copyright agreements. Even if some solution is found to the emigration problem, we foresee protracted negotiations on these commercial issues.

CONFIDENTIAL







DEPARTMENT OF STATE  
BRIEFING PAPER

12

US-PRC CULTURAL EXCHANGE PROGRAM FOR 1976

ISSUES AND TALKING POINTS

The primary purpose of your remarks should be to emphasize the importance of conducting the exchanges in a manner that will contribute to our mutual policy objectives. By putting the subject into a political context, you should attempt to obtain an indication of the Chinese attitude toward some forward movement in the exchange program. We have assured the two US committees that the Department will support their proposals for more and better exchanges. You told Senator Sparkman in September that you would mention to the Chinese his interest in organizing a visit by a Congressional group to the PRC next year. Your brief mention of exchanges will pave the way for more detailed counterpart talks.

TALKING POINTS

-- I think we should have a brief discussion of the cultural exchange program.

-- As I told Foreign Minister Ch'iao in New York, our basic objective is to create the psychological conditions in the United States for more active cooperation with your country on international issues of common concern and for further steps in the normalization process.

-- We believe that the exchange program is mainly important in terms of its contribution to the creation of this psychological mood, which is an essential condition for progress toward our common goal.

~~CONFIDENTIAL~~  
GDS

By

NR

7/20/10



~~CONFIDENTIAL~~

-2-

-- Overall, we think the exchange program has been constructive and has contributed to this purpose. However, over the last year, as you know, we have had a number of problems which we should try to avoid in the future. We think it would be wise for both sides to keep our political differences out of the exchange program and to handle these through governmental channels. In addition, to the extent that you can do so, our people feel that reciprocity, equality and mutual benefit are important.

-- In this regard, let me state frankly that we are somewhat concerned about the effect that some of the problems we have encountered in the exchange program could have on our relations. We understand that difficulties will arise from time to time, but both sides should display maximum restraint and sensitivity in such matters.

-- In terms of the exchange program for next year, we consider it important for our relations that we should not convey the impression that our relations are stagnating, particularly in view of the President's trip. As I said in my speech to the United Nations, we are trying to demonstrate the vitality of our relationship.

-- For this reason, we think we should find some way to strengthen the exchange program as a means of sustaining the broad domestic support in our country for the normalization process.

-- We are prepared to proceed on the same basis as in past years, but as I said last November, we think that an improvement in the pattern of exchanges would be a useful result of the President's visit.

-- We hope that we can move to more active and substantive programs in the scientific and cultural exchanges, in line with some of the proposals that our two committees have already given you. I will mention only several proposals. (FYI, the justification for having you mention these is covered in the Analysis/Background section.)

~~CONFIDENTIAL~~



~~CONFIDENTIAL~~

-3-

-- One of our committees would like to send an American photography exhibition to your country during 1976. The purpose would be to provide insights into our culture and people, much as your Archaeological Exhibition gave Americans a magnificent impression of your own cultural heritage. This would be the first exhibition of this type that we have sent to your country, and this would help to demonstrate progress in our exchange program.

-- We think a small exchange of Chinese and English language students, such as you already have with some countries, would help to stimulate interest in Chinese language study in the United States and would enable language specialists on both sides to learn the language as it is actually used in each country.

-- In the trade area, the recent visit by the China Council for the Promotion of International Trade (CCPIT) was very helpful. We would favor an exchange of industrial missions under the auspices of the CCPIT and the National Council for US-China Trade.

-- We also think it would be useful to have a mutual exchange of leadership groups at various levels. The White House Fellows enjoyed their visit to your country in 1973 and would be glad to host a group of young leaders from the PRC. They are also interested in making another visit next year.

-- There continues to be great interest in Congress in visiting the PRC, and we will have some suggestions in this area. In particular, I would note that Senator Sparkman, the Chairman of the Senate Foreign Relations Committee, has expressed interest in organizing a Congressional visit next year.

We do not think this should be a one-way flow to your country, and we would be glad to hear any specific ideas you might have for reciprocal visits to this country.

~~CONFIDENTIAL~~



~~CONFIDENTIAL~~

-4-

-- Progress along these lines in the exchange field could be included in the communique at the conclusion of President Ford's visit to your country.

-- I would welcome your general thoughts on what guidance we should give our staffs.

ANALYSIS/BACKGROUND

Exchanges have little to do with the fundamental reasons for our relationship with the PRC. Their significance lies in the manner in which they affect, for better or worse, the domestic constraints on our policy. Thus far, they have helped to build and sustain the remarkable domestic consensus in favor of our normalization policy, but over the past year there have been signs of erosion in this support on the part of those most involved in the programs. In particular:

-- By politicizing the exchanges, the Chinese are eroding the good will the exchanges are designed to build, and

-- the Chinese failure to be responsive on reciprocity issues of importance to the American participants has convinced some that the exchanges lack the balance of benefit necessary to achieve their purpose.

The two US committees which sponsor our programs have recently submitted proposals to the Chinese designed to expand the exchanges and make them more responsive to the interests of the US participants (Tabs 1 and 2). We doubt that the Chinese will be as receptive to the new proposals as the two US committees would wish, but it would be desirable to achieve at least some movement toward meeting their desires. A program with no new projects would be seen in many circles as evidence of stalemated US-PRC relations. Here at home it would tend to erode support for the pace and substance of our policy toward the PRC among an influential segment of American society which has supported our policies. We recognize that

~~CONFIDENTIAL~~



~~CONFIDENTIAL~~

-5-

although we would like to funnel most exchange activities through our chosen instruments, the Chinese clearly prefer to take advantage of our wide open society to channel their activities to suit their special interests, including political ones. At best we can only expect modest improvement in our arrangements.

### 1976 Exchange Proposals

The committees hope for some or all of the following improvements in the exchange program for 1976.

-- Changes in format: In their proposals to the PRC, they have recommended changes in the format of the exchanges to allow for more in-depth visits (i.e., longer visits to fewer places), more emphasis on cooperative research activities, and more sustained contact between scholars.

-- Numbers: In terms of numbers of exchanges, the committees' proposals, for tactical reasons, are only slightly higher than last year's level, but the Chinese have been informed that the committees are prepared to consider a larger number of exchanges if the PRC agrees.

-- Photography Exhibition: The National Committee has proposed to the Chinese a photography exhibit to the PRC in 1976. The exhibit would be a major effort involving some 300 carefully selected and mounted photographs covering various aspects of American history, culture and people. The suggested exhibition period would be for one month in each of three Chinese cities. This would be the first American exhibition to visit the PRC, and it would provide those Chinese permitted to see it with a view of America substantially different from the highly-distorted version perveyed by PRC media. We are in a good position to propose a return exhibit in the wake of the stunning success enjoyed by the PRC Archaeological Exhibition in the United States, which was visited by nearly two million Americans.



~~CONFIDENTIAL~~

-6-

Moreover, the PRC has been able to expose broad segments of the American public to its own favored picture of modern-day China through the distribution of magazines and films, an opportunity hitherto unavailable to us in China. The Chinese may well be reluctant to approve this proposal in the form desired by the National Committee, but it would be helpful for you to mention it to demonstrate our support.

#### Non-Committee Exchange Proposals

There are also a number of proposals for exchanges with the PRC that would be handled separately from the two committees.

-- Language Student Exchange: In response to strong interest in this country, we are proposing an exchange of language students to begin in 1976. The PRC has similar programs with several European countries and if the Chinese agree, the language exchange would present an attractive development to be highlighted in a presidential communique. We recommend that you mention this proposal since it would be a significant departure from the short-term visits that have characterized the exchange program so far and would probably require a top level leadership decision.

White House Fellows: Following on their 1973 visit, the Fellows asked for consideration for a trip to the PRC last year. We raised the matter in the counterpart talks in November 1974, but received no response from the Chinese. The Fellows have raised the idea again this year. We recommend that you mention their interest as a means of exploring whether the Chinese are prepared to consider sending groups to this country who are more directly involved in the governmental process than the scientific, sports, and performing arts delegations that have dominated their side of the exchanges to date for apparent policy reasons.



~~CONFIDENTIAL~~

-7-

Congressional Travel: We will wish to propose one or more visits for 1976. Additionally, in September you wrote to Senator John Sparkman and said you would mention to the Chinese his interest in organizing a Congressional delegation to the PRC in February 1976. The House Agriculture and Senate Commerce Committees have also requested support for travel by members of their committees to China, but we have promised only to keep their interest in mind. There is of course other Congressional interest, but nothing you need raise with the Chinese now.

CETA Dictionary Exchange: We have prepared, for the counterpart talks, a proposal for exchange of delegations and/or materials between CETA (Chinese-English Translation Assistance, a private, USG-funded effort to develop computer-assisted dictionaries) and Chinese counterparts. You might wish to mention this idea as an example of new areas in which exchanges could be fruitful.

Environmental Exchanges: Russell Train of EPA has proposed a range of options for environmental sciences cooperation with the PRC, ranging from a formal agreement such as we have with the USSR to various forms of a Joint Environmental Committee. In a letter on October 3 you agreed to consider his proposals as we proceed with planning for the President's trip. However, barring any change in the PRC's attitude on such agreements with us at this stage, only his lowest option (involving exchanges of environmental delegations under CSC auspices and some form of joint committee to coordinate such exchanges) has much hope. CSC and its Chinese counterpart have each proposed general environmental delegations for 1976. We believe that this exchange will give an opportunity for further exploration of Train's ideas, and therefore recommend no direct action by you at this time.

~~CONFIDENTIAL~~





~~CONFIDENTIAL~~

- 8 -

1975 Exchanges

With the notable exception of two cancellations because of political problems, 1975 cultural exchanges (Tab 3) (agreed to during your November 1974 trip to Peking) have been carried out successfully. Fifteen exchanges have been completed, two more are scheduled later this year and one was postponed until next year. Also completed during 1975 was the PRC Archaeological Exhibition, which from December 1974 to late August 1975 was viewed in Washington, D.C., Kansas City, Missouri and San Francisco by more than 1,800,000 Americans.

National Committee

Following the pattern of previous years, the National Committee on US-China Relations, which sponsors public affairs, performing arts and athletic exchanges, has borne the brunt of the political problems that led to cancellation of the Chinese performing arts troupe and the US Mayors' delegation. As a result the committee's existence is precarious. Its leadership, which includes a distinguished array of public figures interested in China, is questioning the value of continuing operations if the Chinese are not responsive to the Committee's 1976 proposals (Tab 1). Given the PRC's insistence on "private" exchanges, a continuing role by the National Committee in the program is desirable if we are to avoid abandoning the field to the "US-China Friendship Associations," which have and project a far less objective view of the PRC. The National Committee provides a means for mobilizing participation and support for our China policies among moderate and politically influential Americans.

CSC

In contrast to the National Committee's problems, exchanges sponsored by the Committee on Scholarly Communication with the PRC (CSC) have

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

-9-

proceeded smoothly. However, American scholars and scientists are increasingly expressing dissatisfaction with the superficiality of scientific exchanges and with Chinese reluctance for contacts in the social sciences and humanities. Instead, they are pressing for more cooperative research, longer visits of greater depth, more emphasis on seminars and symposia, and the removal of PRC-imposed obstacles to the development of sustained relationships with Chinese counterparts. (Tab 2)  
These rumblings of discontent could eventually affect the CSC's role in exchanges.

Attachments:

Tab 1 - National Committee on US-China Relations' Proposals for 1976

Tab 2 - Committee of Scholarly Communication's Proposals for 1976

Tab 3 - US-China Facilitated Exchanges 1972-1975

Department of State  
October 1975

~~CONFIDENTIAL~~



National Committee on US-China Relations'  
Proposals for US Delegations to PRC in 1976

Urban Affairs Specialists Delegation

American Magazine Editors Delegation

Third National Committee Delegation

Congressional Staff Personnel

Photographic Exhibition

Athletics - Choice of One:

soccer

volleyball

gymnastics



Committee on Scholarly Communication's  
Proposals for US Delegations to PRC in 1976

Historical Sites of Modern China

Liaoning Earthquake

Archaeology and Art History

Cancer Research and Treatment

Factories and Urban Neighborhoods

Environmental Sciences

National Economic Management

Pure and Applied Mathematics

Steroid Chemistry and Biochemistry

Maternal and Infant Health Care  
and family Planning

Soils and Soil Fertility

Petroleum Prospecting



U.S.-CHINAU.S.-FACILITATED EXCHANGES -- 1972-75To the People's Republic of China1972

<u>Delegation</u>	<u>Date</u>
Congressional (Boggs-Ford)	February
Congressional (Mansfield-Scott)	April
Computer Science Delegation (CSC-A)	July
Medical Delegation (CSC-A)	October
National Committee on U.S.- China Relations Delegation (NC)	December-January

1973

Committee on Scholarly Communication with the P.R.C. Delegation (CSC)	May-June
Congressional (Magnuson)	June
Medical Delegation (CSC)	June
Swimming and Diving Team (NC-A)	June
National Committee on U.S.-China Relations Delegation (NC)	June
Basketball Teams (NC-A)	June
Physicists Delegation (CSC-A)	July
White House Fellows Delegation	July-August
Teachers Delegation (NC)	August
Philadelphia Orchestra (NC-A)	September
Art and Archaeology Delegation (CSC)	November
Early Childhood Development Delegation (CSC)	November



1974

<u>Delegation</u>	<u>Date</u>
Acupuncture/Anaesthesia Delegation (CSC)	April
US Governors	May
Herbal Pharmacology Delegation (CSC)	June
Plant Studies Delegation (CSC)	August-September
Congressional (Fulbright)	September
Seismology Delegation (CSC)	October
Linguistics Delegation (CSC)	October
University Presidents Delegation (NC)	November

1975

Congressional (Albert-Rhodes)	March
Schistosomiasis Study Group (CSC)	April
AAU Track and Field (NC)	May
Paleoanthropology Study Group (CSC)	May
Rural Small-Scale Industry Group (CSC)	May
Insect Control Delegation (CSC)	June
Congressional (Anderson-Byrd)	August
Solid State Physics Delegation (CSC)	September
US Mayors Delegation (NC) (Cancelled as result of PRC refusal to accept Mayor of San Juan as member of delegation)	September
World Affairs Delegation (NC)	October



From the People's Republic of China1972DelegationDate

Table Tennis Delegation (NC)

April

Medical Delegation (CSC)

October-November

Scientific Delegation (CSC)

November-December

Sheyang Acrobatic Troupe (NC)

December-January

1973

Hydro-Technical Study Group (CSC)

April-June

Journalists Delegation (NC-A)

May-June

Gymnasts Delegation (NC-A)

May-June

High Energy Physicists Visiting  
Group (CSC)

May-June

Insect Hormone Visiting Group (CSC)

June-August

Librarians Delegation (CSC)

September-November

Computer Scientists Delegation (CSC)

October-November

Medical Professional Delegation (CSC)

November-December

Language Teaching Study Delegation (CSC/NC)

November-December

1974

Seismology Delegation (CSC)

April-May

Laser Delegation

June-July

Wushu Delegation (NC)

June-July

Agricultural Delegation (CSC)

August-September

Plant Photosynthesis Study Group (CSC)

November-December

Pharmacology Study Group (CSC)

November-December



1975

<u>Delegation</u>	<u>Date</u>
Solid State Physics Delegation (CSC)	April
PRC Performing Arts Troupe (NC) (Cancelled as result of PRC inclusion of song calling for liberation of Taiwan)	April
Molecular Biology (CSC)	May
Communications Techniques Study Group (CSC)	June
Petro-chemical Industry Delegation (CSC)	August
Scientific and Technical Association Delegation (CSC)	September- October
Industrial Automation Delegation (CSC)	October
Immunology Study Group (CSC) (At PRC request, this group postponed until 1976)	November
PRC Women's Basketball Team (NC)	November

KEY

NC -- National Committee on U.S.-China Relations sponsored  
 CSC -- Committee on Scholarly Communication with the  
           P.R.C. sponsored  
 NC-A -- National Committee assisted  
 CSC-A -- Committee on Scholarly Communication assisted







**DEPARTMENT OF STATE**  
**BRIEFING PAPER**

18

MILITARY ATTACHES

ISSUES AND TALKING POINTS

One of the "partial steps" proposals we could make is the assignment of Military Attaches to our respective Liaison Offices.

TALKING POINTS

-- One way we could demonstrate that the functions of our Liaison Offices are being expanded would be for each of us to assign a Military Attache to our respective Liaison Offices.

-- This would have considerable symbolic value, especially vis-a-vis the Soviets.

-- We have one administrative problem: our Liaison Office is now so crowded that we cannot assign more personnel unless you find some way to provide additional office space. (See separate paper on this problem.)

ANALYSIS/BACKGROUND

The main value of assigning Defense Attaches would be symbolic. However, there have recently been some press stories about possible PRC interest in obtaining military equipment from the US, and assignment of military attaches might be interpreted by some as a step towards a more significant military relationship.

The Chinese might welcome the idea because of its impact on the Soviets.

~~SECRET/NODIS~~  
GDS

By HR

7/20/10

~~SECRET~~/NODIS

2.

Having a Defense Attache in Peking would be of little practical value to us; foreign military attaches in Peking have minimal contact with the Chinese military and therefore find little to do.

While we doubt the Chinese would mention it, you should know that some Congressional testimony was recently released which quoted the head of DIA as saying he expected to have a military attache in Peking by the end of 1976 and that the PRC would probably welcome the idea. His overall testimony implied that having an attache in Peking would significantly increase our acquisition of military intelligence. His testimony received some press attention.

Department of State  
October 1975

~~SECRET~~/NODIS





20

**DEPARTMENT OF STATE**  
**BRIEFING PAPER**

INCREASED USLO OFFICE SPACE AND STAFFING

ISSUES AND TALKING POINTS

We think it would be useful to increase the USLO staff (by perhaps three officers) but cannot do so until we have more office space. You mentioned to Teng Hsiao-p'ing last November our desire to increase our staff but he failed to respond. We recommend that you raise the subject again.

TALKING POINTS

-- As part of the process of normalization, we would like to assign some additional staff to our Liaison Office in Peking.

-- However, there is almost no spare space in our Liaison Office building.

-- Our Liaison Office will be taking this up through normal channels, and I hope the Diplomatic Service Bureau will be able to meet our needs.

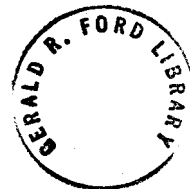
ANALYSIS/BACKGROUND

We think we should start a gradual augmentation of our staff in Peking as part of a phased shift in reporting responsibilities for PRC developments from Hong Kong to Peking, in the expectation that our main reporting effort on mainland China will eventually be centered in our Peking mission. We are thinking of assigning one or two political officers and an economic officer. Increased consular work may also require additional staff over time.

The office space problem has become acute with the addition in the next month or so of an Agricultural Attache to our Peking staff. Any further additions are precluded for the time being by the absence of the necessary office space.

~~CONFIDENTIAL~~  
GDS

DECLASSIFIED  
E.O. 12958 (as amended) Sec. 1.4  
Classified by SP-1  
HR 7/20/10



~~CONFIDENTIAL~~

-2-

USLO mentioned this problem to the Chinese in general terms last year and the Chinese did not respond. We believe USLO should make a more detailed approach shortly, after you flag the matter in your discussions.

At present we have only 27 staff members assigned to USLO while the Chinese have three times that number in Washington. Even allowing for the Chinese practice of assigning cooks, chauffeurs, and other support personnel to their Liaison Office, there is still a substantial disparity since approximately 35 PRCLC staff members carry official titles.

Depending on how this works out, some generalized phrasing might be included in the Presidential communique about strengthening the two sides' Liaison Offices.

Department of State  
October 1975

~~CONFIDENTIAL~~





22

**DEPARTMENT OF STATE**  
**BRIEFING PAPER**

FUTURE EMBASSY SITES

ISSUES AND TALKING POINTS

This is one of the "partial steps" proposals we could make. It would also have the practical benefit of reserving a site for our future use in Peking.

TALKING POINTS

-- Looking forward to the time when our Liaison Offices are changed to Embassies, we think it would be useful to start discussions on permanent sites for our respective missions.

-- We would find this useful, as it would enable us to begin planning for a larger and more permanent facility in Peking.

-- More importantly, inclusion in the communique of a statement that we have agreed to discuss permanent facilities would be a signal of the intent of our two countries to continue the process of normalization of relations.

ANALYSIS/BACKGROUND

We do not know how the Chinese would react to this proposal. They may find the symbolism attractive. However, they may see little practical benefit to them, since they may have purchased their present building on Connecticut Avenue, and the two residences on S Street, N.W., with the intention of continuing to use them after diplomatic relations are established.

On the other hand, our Liaison Office in Peking is so crowded that little expansion of staff is possible even now. (See separate paper at Tab 8). We will certainly want a better permanent facility at some point.

~~SECRET~~/NODIS

GDS

DECLASSIFIED

EX-12958 (as amended) SEC 3.0

State Dept. Guidelines

By HR DATE 7/20/10





~~SECRET/NODIS~~

-2-

Detailed discussions, however, would not be without risk:

-- We wish to avoid a discussion of the disposition of the ROC Embassy's properties, since the ROC could make a last-minute sale of the properties--a move we probably could not prevent.

-- Until we can discuss the subject in the context of full diplomatic relations, we should not get into a detailed discussion of compensation for official USG properties in China which were seized by the PRC. It is very unlikely that we will get back those properties in Peking or elsewhere, but our claims may well be relevant to the financial arrangements for the land and buildings we will eventually want for an Embassy.

-- If the Chinese were to say that they also would want land for a future Embassy and residences, we could have a difficult time working out the details.

We think these potential problems are manageable, since at this stage our only objective--aside from symbolism--is to persuade the Chinese to reserve some land for us in one of the two diplomatic areas in Peking. This would in itself be useful, since good sites are becoming scarce as new Embassies are established.

If we make this proposal, and the Chinese agree, a statement along the following lines could be included in the Presidential communique: "The two sides, looking forward to the further normalization of relations, have agreed to initiate discussions regarding more permanent facilities for their respective missions in each other's capital."

Department of State  
October 1975

SECRET/NODIS





## DEPARTMENT OF STATE

## BRIEFING PAPER

24

HOT LINEISSUES AND TALKING POINTS

This is one of the "partial steps" which we might propose.

TALKING POINTS

-- I mentioned on one of my early visits that it might be useful to establish a means for rapid and secure communication between the leaders of our two countries, but we did not pursue the subject.

-- For several reasons, I still think such a system would be useful. In case of contingencies, it could serve a very practical purpose.

-- (Optional) It may help our Governments stay informed about our respective positions toward crisis situations involving third countries.

-- (Optional) Also, the symbolism would not be lost on the Soviets.

-- We would of course have to sort out the technical details. My staff can start the process if you are interested, and we could send more information after I return to Washington.

-- If you agree, some statement about this could be included in the communique at the end of the President's visit.

ANALYSIS/BACKGROUND

The Chinese showed no interest in the possibility of a Washington-Peking hotline (or any other agreements like ones we have with Moscow) when you raised it on a previous trip. The Chinese may nevertheless be attracted to the idea, if only for its symbolism and its impact on the Soviets.

~~SECRET~~/NODIS  
GDS

DECLASSIFIED

EO 12958 (as amended) SEC 3.2  
State Dept Guidelines

By 1512 NARA, Date 7/20/10



~~SECRET/NODIS~~

-2-

Technically, a hot line would upgrade and make more reliable the communications link between our two Governments. The cost and time required to establish a Washington-Peking hot line are low due to the existence of two INTELSAT ground stations in the Peking area. (We will have with us a technical analysis if you wish to see it.) While we cannot be certain of the exact circumstances under which a Washington-Peking hot line might be used, the PRC is of course a nuclear power with a capability that extends to countries covered by our nuclear umbrella. There is also the possibility of a Sino-Soviet conflict, which could involve us or our allies, or of crisis situations of other types where rapid and reliable communications or exchange of information would be highly beneficial.

Politically, a hot line would underline our interest in timely and effective contact and establish a counterpart to the Washington-Moscow and Moscow-Peking hot lines already in existence. The Soviets would not be happy with it, but they should not be deeply concerned and could not, in any event, appear to object to arrangements they themselves have with Washington and Peking.

The Chinese should perceive the political significance and technical advantages noted above. It would not require a treaty commitment out of step with the process of normalization. It could conceivably lead the two sides to expand further their strategic and arms control dialogue over the long term, though this is not in the cards for the time being.

Your talking points broach this suggestion in very general terms, leaving its implementation to a subsequent stage if the Chinese respond favorably. (We would anticipate that the PRC would prefer implementation through the commercial, INTELSAT link and Peking earth stations instead of alternative and independent US military channels. It declined last year to permit a direct communication link to USLO via our military communications satellite system DSCS-II, and we continue to use high-frequency radio from Clarke Air Force Base for this purpose.)

~~SECRET/NODIS~~

~~SECRET/NODIS~~

-3-

Wording along the following lines could be included in the Joint Communique for the President's visit:

"In order to enable the two Governments to maintain even more timely and effective contact, it was agreed to establish means of direct, instantaneous communication between the two capitals."

We have with us the texts of the 1963 and 1971 US-Soviet hot line agreements and a comparable memorandum of understanding which could, if the Chinese wish, be adopted as a basis for discussions on implementation. However, we do not favor floating this unprecedented format, which the PRC would probably reject at this stage of our relationship.

Department of State  
October 1975

~~SECRET/NODIS~~





DEPARTMENT OF STATE  
BRIEFING PAPER

26

BRANCH LIAISON OFFICES

ISSUES AND TALKING POINTS

We have reservations about floating this idea, but depending on the course of your general discussions, you may wish to raise it since agreement on this step would provide visible evidence of progress in our relations.

TALKING POINTS

-- If you are interested, we are prepared to discuss the reciprocal opening of branch liaison offices in our respective countries.

-- An agreement in principle on this question could be announced in connection with the President's visit, with the details to be worked out later.

ANALYSIS/BACKGROUND

We will eventually wish to open branch posts in the People's Republic of China. For the moment, however, the PRC would derive substantially greater benefit from branch posts in the US than we would in China. The main advantage from our standpoint would lie in the visible evidence such a step would provide of forward movement in our relations.

A branch office in Canton could be marginally justified on trade and consular grounds. There would be more justification if the PRC decided to let more relatives of Chinese-Americans leave the PRC and let them have access to a US office in Canton for that purpose. At present, there would be hardly any operational reason for opening a branch office in Shanghai.

~~CONFIDENTIAL/EXDIS~~  
GDS

DECLASSIFIED  
EO 12958 (2) (a) (b) (c) (d) (e) (f) (g) (h) (i) (j) (k) (l) (m) (n) (o) (p) (q) (r) (s) (t) (u) (v) (w) (x) (y) (z)  
State Dept Guidelines  
By HR DATE 7/20/10



~~CONFIDENTIAL~~/EXDIS

-2-

In contrast, a PRC branch liaison office on the West Coast would allow the PRC to expand significantly its contacts with the Chinese-American community and would facilitate its cultural, intelligence and propaganda work among the general American public. The existence of Republic of China (Taiwan) consulates in virtually all major cities, however, might complicate matters for the PRC.

The Japanese have recently opened a consulate in Shanghai. This is the first time since the Cultural Revolution that a non-communist government has been permitted to have representation outside of Peking (the sole exception is the Nepalese consulate in Lhasa). However, there are no foreign consulates in Canton, which would be the most logical place for us to open a branch office.

Thus there are some concrete drawbacks in the idea of branch offices at this point which must be weighed against the political symbolism the move would have in suggesting momentum in US-PRC relations.

Department of State  
October 1975

~~CONFIDENTIAL~~/EXDIS

