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## BRIEFING PAPER

#### KOREAN QUESTION

#### ISSUES AND TALKING POINTS

You have told Foreign Minister Kim that you would raise the Korean question in Peking during your visit there. For this and other reasons, you should raise the subject, even though you discussed our initiative on the Korean question with Ch'iao Kuan-hua during your September 28 dinner.

#### TALKING POINTS

-- The position on Korea which Foreign Minister Ch'iao took in his UN speech and my discussions with him in New York unfortunately illustrate the great differences in our viewpoints on Korea.

-- Nevertheless, both of us have a continuing interest in maintaing peace on the Korean peninsula. Neither of us benefits from a continuation of high levels of tension and neither of us wants an incident along the DMZ or the offshore islands. Given the possibly radical impact in Japan, and the impression that the US is withdrawing from Asia, I do not believe it in China's interest that there be a precipitate withdrawal of US forces from Korea.

-- I want to emphasize once again that our proposal for a meeting between the ROK, the US, the DPRK, and the PRC to discuss the maintenance of the Armistice Agreement and easing of tensions is a serious one.

-- We are prepared to improve relations with North Korea, but not at the price of isolation of South Korea or its exclusion from negotiations which directly affect its security.

-- We believe it is in China's interest as well as ours to move to more lasting arrangements to secure peace on the peninsula.

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-- North Korea seems to think that the tactics it is following in the UN and elsewhere, including its pressures against South Korea, will force us to acquiesce in moves against our own interest and those of the ROK. They are wrong because we will not be pressured in this way even though we are prepared to be flexible.

-- We regret that we are on a confrontation course in the UN General Assembly and wish we could have avoided it.

#### ANALYSIS/BACKGROUND

The uncompromising position which Ch'iao took in his speech and in his meeting with you, together with the North Korean reaction, indicate that we are not going to get an early favorable response to our current policy initiatives.

Despite the negative PRC reaction, we believe it is essential that we continue to engage the Chinese in a dialogue on Korea. Over the past year the Chinese position with regard to Korea has not changed in substance but has steadily toughened and the Chinese give no indication that they are willing to induce the North Koreans to move to a more flexible position. Their public position on the US force presence has become consistently harder and they have lined up behind Pyongyang's view that it is the "sole legal sovereign government" on the peninsula. At the same time the Chinese have sought in our meetings to assure us that they do not expect hostilities on the Korean peninsula and that North Korea is not planning aggressive military moves. Circumstantial evidence suggests they continue to exert a restraining hand in this respect.

The Chinese position of rigid public support for North Korea is in part a measure of Chinese preoccupation with the USSR and its desire not to be outflanked by the Soviets on the Korean question. At the same time, North Korea's policies have had a run of significant international successes including admittance to the non-aligned conference, growing support among third world countries, and a fair possibility that its resolution may pass at this year's UNGA. Given this situation which the PRC see as continuing to favor North

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Korea over the longer term, the Chinese undoubtedly have no desire to embroil themselves on our behalf in trying to reverse North Korean diplomatic policies with which they are in basic sympathy.

For our part, we want to make sure that the Chinese understand the importance we attach to the Korean problem and that they understand it is in their interest as well as ours to move to more lasting arrangements to secure peace on the peninsula and the eventual disengagement of the major powers. We also want to make clear to them, and through them to the North Koreans, that we will resist any North Korean military aggression.

At this point it appears that your visit to Peking will now coincide with the opening of substantive debate on the Korean question which is scheduled for October 21. Our estimate is that we will have a very difficult time in the UNGA and that the outcome is still doubtful. Consequently, we will also want the Chinese and Pyongyang to understand that we are determined to accept no UNGA action which would threaten the Armistice Agreement or challenge our military presence in the ROK.



Department of State October 1975

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DEPARTMENT OF STATE

## BRIEFING PAPER

## JAPAN

## ISSUES AND TALKING POINTS

We assume that you will cover Japan in your tour <u>d'horizon</u> with the Chinese.

#### TALKING POINTS

-- We understand that your relations with Tokyo are developing satisfactorily. This is in accord with our own interest; as you know we have told the Japanese that we believe friendly PRC-GOJ relations are an important pillar of stability in the area.

-- (Optional) I would be interested in whether there has been any recent change in prospects for concluding a Peace and Friendship Treaty with Japan. Insofar as the Japanese have discussed this issue with us, we have indicated to them that we could not object to a concept we included in our own communique. Opposition to hegemonic designs in Asia is a fundamental principle of our foreign policy. We have no objection when others affirm this principle so long as it is not directed against us.

-- Our own relations with Japan have never been in better shape. There are no contentious bilateral issues between us. Opposition in Japan to the Security Treaty has abated. Recent exchanges of high level visits have broadened popular understanding in both countries of the importance of cordial relations between us for the preservation of stability in Northeast Asia.

-- The growing capacity of the Soviet Union to project its military power into the Far East, developments in Indochina during the early part of

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this year, and subsequent Japanese anxieties about rising tensions in Korea have led to reexamination of the premises underlying Japan's defense and foreign policy orientation. We detect no significant shift in Japan's basic orientation, and we believe this is important for both of us. Korean stability is particularly important in this respect.

-- The Japanese remain apprehensive about the situation in Korea. Their basic interest is in avoiding any renewal of conflict and promoting a reduction of North-South tensions. They remain interested in gradually developing their ties with North Korea, though not at the expense of further isolating Seoul. Their interests in this respect-and ours--would be served best by indications of your own preparedness to contemplate reciprocal contacts with the South.

-- As you are undoubtedly aware the Japanese uncertainties about its situation have been expressed, inter alia, in indications of their interests in expanded defense cooperation with us. These matters were recently discussed by our defense officials. In our judgment no basic shifts in Japan's defense posture are impending. Limitations on their defense spending--reinforced by the current recession-make major quantitative increases in Japanese forces unlikely for the foreseeable future. There will be qualitative improvements, particularly in maritime and air defense. We hope to attain more effective coordination of US and Japanese forces. We expect Japan to continue to concentrate strictly on the defense of its home islands, supplemented gradually by some extension in the range of its maritime patrolling. These developments are fully compatible with your interests.

-- (Review any significant themes from your talks in Tokyo on October 18-19.)

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-- I plan to stop over in Japan after my visit here. (You may wish to indicate in general terms what you plan to tell the Japanese about your Peking talks.)

## BACKGROUND/ANALYSIS

Peking continues to see close US/Japanese ties as a means of limiting Soviet political opportunities in Northeast Asia and lending steadiness to Japan's foreign policy and defense orientation. Thus, the Chinese will be reassured by indications that our own relations with Tokyo are in good shape. We will also wish to get across the point that during a period of somewhat greater fluidity in Japanese politics when some of the premises of foreign and defense policy are being reexamined, it is in our common interest to avoid situations of heightened tensions that could have a destabilizing impact on Japanese attitudes and policies.

In both Peking and Tokyo there is momentum toward closer bilateral links. In 1974 bilateral trade reached \$3.1 billion, and exceeded Japan's trade with Taiwan for the first time since the Cultural Revolution. China will export 8 million tons of oil to Japan this year, and plans are well advanced for the conclusion of a long-term oil agreement projecting oil exports of 30-50 million tons annually by 1980. In mid-August the PRC and the GOJ concluded a fisheries agreement and authorized a new consulate in each country. We have seen no evidence of genuine friction over Asian political questions. Japan has recently established diplomatic relations with Hanoi and Phnom Penh, and the PRC has not reacted adversely. Differences obviously exist over Korea, but these apparently have not interfered with GOJ-PRC relations. The recent Miyazawa-Ch'iao meetings in New York produced the widest-ranging political exchange between them to date. Both remain content to let the Senkakus territorial issue rest for the time being. There has been no public reaction by the Chinese in recent months to Tokyo's deliberations over the NPT, the more open debate in Japan on security issues, or the Schlesinger-Sakata talks.

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Despite Peking's currently benign public attitude toward Japan and US-Japanese relations, Chinese leaders are not confident they understand Japan and they continue to harbor some uncertainties over Japan's long-term course. In part these PRC concerns apparently reflect some doubts about Prime Minister Miki's will and/or capacity to follow through on steps subsequent to the normalization agreement in 1972. Their apprehensions are surely fueled by current Soviet efforts to carve out a wider regional role, including the development of wider economic and political links with Japan. And the Chinese probably fear that increased Japanese uncertainties about future American intentions in the Far East may precipitate unexpected shifts in Japanese attitudes, including eventually a more active regional policy and perhaps largescale rearmament. Such developments would obviously complicate their position in Asia.

To counter such tendencies Peking has placed a high priority on improving ties with Japan and encouraging continued US-Japanese cooperation. Indeed, PRC leaders repeatedly stress to Japanese journalists and politicians that Japan's relations with the US are even more important than PRC-GOJ relations. And particularly since Hanoi's victory in Indochina, the Chinese have been seeking to nail down a Japanese commitment to an "anti-hegemony" clause in the Peace and Friendship Treaty they are negotiating. While this treaty will probably eventually emerge, it is unlikely to be concluded in the near future.

The Soviets continue to make a major issue of the anti-hegemony clause. Ambassador Troyanovsky recently tried to pressure Miyazawa by implying that Gromyko's scheduled visit to Tokyo this year would be canceled if the Japanese give in to Peking on this point. The chronic impasse over the Northern Territories, the relatively slow pace at which Japanese businessmen are involving themselves in Siberian resource development projects, and

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persistent Soviet diplomatic heavy-handedness with Tokyo combine to limit prospects for early improvement in Soviet-Japanese relations. And despite its proclaimed policy of "equidistance" in relation to their Communist neighbors, Japan is clearly more interested at this point in filling out its relations with the PRC than in upgrading its ties with Moscow-even if that means temporarily foregoing the pleasure of Gromyko's company in Tokyo.

According to Japanese accounts of the most recent discussions with PRC leaders on the subject, Ch'iao Kuan-hua expressed understanding of Japanese difficulties with an anti-Soviet hegemony clause and conveyed assurances that its presence in the treaty would not be used by Peking to involve Tokyo in anti-Soviet actions. He also indicated that the PRC would not object to a separate Japanese statement interpreting the clause, providing that it did not violate their common understanding of the phrase. This suggests possible outlines of an eventual compromise.

But the Chinese are clearly in no hurry; and while Ch'iao has given some ammunition to Miki and other Japanese who want to conclude the treaty, Peking still insists that Tokyo subscribe to an "hegemony clause" with its anti-Soviet thrust intact. For his part, Miki is not prepared to accept any agreement that could be portrayed by his political opponents as "capitulation" to the Chinese; thus, the search for middle ground will continue. Both the PRC and the GOJ recognize that attempts to force a conclusion of the treaty might harm bilateral relations. When President Ford visits Peking, the Japanese will be watching for US-Chinese statements reaffirming opposition to hegemonism that might help the GOJ counter domestic and foreign (i.e. Soviet) pressures against inclusion of this clause.

> Department of State October 1975

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#### BRIEFING PAPER

## THE PRC AND SOUTHEAST ASIA (MINUS INDOCHINA) (See separate paper on Indochina)

## ISSUES AND TALKING POINTS

You may wish to mention this area, together with Indochina, in your <u>tour</u> <u>d'horizon</u> to stress our continuing interest in Southeast Asia and to elicit Chinese views.

### TALKING POINTS

-- The nations of Southeast Asia are going through a period of transition toward greater selfreliance and lessened dependence on outside powers. We have noted your success in establishing relations with Malaysia, the Philippines and Thailand, and would be interested in your views concerning present trends in the area, including Soviet efforts to expand their influence.

-- Our own role there is changing, but we will continue to work in close cooperation with the local governments. We have and will continue to have important interests in Southeast Asia for the indefinite future.

-- We remain opposed to efforts by any country to establish a position of hegemony in that region and are impressed by the determination of local governments to preserve their independence.

-- As I told the Foreign Minister in New York, we are prepared to work toward a new relationship with each of the Indochina states. The process may be difficult with Vietnam which may have hegemonic ambitions (see separate paper on Indochina).

-- Over the last few years there has been a trend toward regional cooperation, as expressed in the formation and continued vitality of the Association of

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Southeast Asian Nations (ASEAN). We consider this a positive development, since local rivalries and domestic instabilities could give the Soviets opportunities to exploit.

-- None of the SEA countries appears interested in Moscow's idea of an Asian security system. As you know, I specifically rejected this scheme in a public statement.

-- We would appreciate knowing whether you share this general assessment, and how you feel the desire of the Southeast Asian nations for a greater sense of security can best be met.

#### ANALYSIS/BACKGROUND

Peking's longer-term goal in Southeast Asia is to preserve the region as a buffer, free of other great power influences, with the independence of action of governments within the region constrained by the proximity of Chinese power.

Peking recognizes, however, that present-day realities limit its ability to attain this goal:

-- At least tactically it has a relatively benign view of the US presence because it fears the Soviets are trying to move into the vacuum left by the rapid draw down of US power in Indochina. The Chinese fear that the nations of Southeast Asia will be tempted to use better relations with the USSR as a balance to Chinese (and perhaps North Vietnamese) influence. Peking envisions any expansion of Soviet presence in the region as a highly dangerous element of Moscow's encirclement policy.

-- In the wake of the communist victory in Indochina, the Chinese are also concerned that a self-confident and historically independent North Vietnam (perhaps leaning increasingly toward Moscow) will emerge as a rival rather than an ally. Should Hanoi seek to expand its influence or control, in Indochina or beyond, the result would be directly contrary to Peking's long-term interests.

-- The Southeast Asian governments, and particularly their internal security authorities, are seriously concerned about the loyalty of their Overseas Chinese

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communities. They worry that improved relations with the PRC, especially if an official PRC presence is established in the capital, will lead to enhanced Chinese efforts to manipulate these communities against the interest of the host government.

An added complication in Peking's approach to Southeast Asia derives from the Chinese ideological commitment to support indigenous revolutionary movements. Although Peking has reduced material support to such movements in Southeast Asia (except in Burma) and is pursuing good state relations as its main policy line, it has not foreclosed the option of reverting to a destabilizing "revolutionary" policy. In pursuing this "dual-track" approach, Peking has shown that it is not willing to forego a certain level of moral and propaganda support for insurgencies, even to protect newly-established relationships such as that with Malaysia.

## The Shifting Superpower Focus

The focus of Chinese attention to external threats to the region has shifted markedly in recent years. In the past Peking sought to extend its influence largely at US expense, rebuking Thailand and others for tolerating US bases and scathingly attacking SEATO, US bilateral defense pacts, and US naval activities in the area. Since 1972, when a degree of Sino-US rapprochement converged with growing Chinese concern about Soviet ambitions in Asia, the target has sharply changed. The Chinese now portray the USSR as the main danger in the area, and Chinese leaders in recent months have repeatedly warned visiting Southeast Asian dignitaries that in the wake of the US withdrawal from Indochina, they must guard against "letting the tiger in through the back door, while repelling the wolf through the front gate." By contrast, the US is generally criticized only mildly. Peking has dropped criticism of SEATO and our ANZUS commitments, while at the same time denouncing what it sees as the true anti-Chinese intention behind Moscow's Asian collective security proposal. In private, Peking's leaders continue to suggest that the USSR seeks a naval base at Cam Ranh Bay, regarding this as proof of Soviet hegemonic ambitions in the region. In establishing state relations with several countries in Southeast Asia recently, Peking has negotiated joint communiques including anti-hegemony clauses clearly directed against the Soviet Union. In the

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same vein, Peking now publicly supports ASEAN and implicitly endorses the ASEAN concept of a zone of peace and neutrality in the region.

## Bilateral Relations

Thailand -- Bangkok established diplomatic relations with the PRC in July 1975, at the close of an official visit to Peking by Thai Prime Minister Kukrit Pramot. With the reduction in US power, a prime consideration in Bangkok's approach to Peking is hope that the PRC will restrain or offset threats from Viet-Nam. As was the pattern with Malaysia and the Philippines earlier, the Chinese in private meetings downplayed the importance of their support for communist insurgents, said nothing critical of the US military presence, implied they might even assist Thailand militarily if it were attacked by the Vietnamese, and publicly pledged non-interference in Thailand internal affairs. In Bangkok as elsewhere, there is considerable skepticism about the Chinese pledge, though North Vietnam is mainly responsible for material support to the Northeastern Thai insurgency, and the Northern insurgency which Peking has backed in the past is currently simmering at a relatively low level.

Peking's propaganda line on Thailand has varied with the tactical situation; since Kukrit began to move toward normalized relations with Peking early this year, the PRC media have not criticized Thai leaders by name. However, they continue to support the clandestine Voice of the People of Thailand, which continues harsh invective against the Bangkok authorities.

During the period of active US involvement in the Vietnam War, Thailand came under heavy verbal attack from Peking for allowing US bases to remain. More recently, the Chinese have continued to relay reports of Thai demonstrations against US military bases, most recently in connection with the <u>Mayaguez</u> incident. But speaking for themselves, Peking has shifted the focus to warning the Thai to guard against Soviet political and economic penetration, and the Chinese have applauded Thai public rejection of the Soviet Asian collective security proposal.

Malaysia -- Peking's establishment of diplomatic relations with Malaysia in May 1974 was the first such breakthrough in Southeast Asia in almost two decades, and set the stage for parallel developments with the Philippines and Thailand later. The relationship also illustrates, however, the pitfalls inherent in Peking's dual-track approach. While PRC leaders disclaimed interest in Malaysia's huge Chinese minority and endeavored initially to reassure the Malaysians about Chinese intentions toward the small but simmering pro-Peking Malayan insurgency, NCNA apparently felt obliged in April 1975 to give banner treatment to the Chinese Communist party message congratulating the Malayan Communist Party on its 45th Anniversary. Even though the Chinese message was noticeably tamer than the last previous example five years before, it nevertheless provoked a sharp Malaysian private reaction and cast a pall over state relations which were just getting started. The Malaysian authorities are also concerned about the intensive proselytizing being conducted among Overseas Chinese organizations in Malaysia by the newly-established PRC Embassy. And finally, Peking continues to support the clandestine Voice of the Malaysian Revolution, which broadcasts acerbic attacks on Malaysia's leadership, especially Prime Minister Razak.

Philippines -- Soon after the fall of Indochina, President Marcos moved rapidly vis-a-vis Peking, motivated by his perception of the changed balance of power in the area and by a "third world-ish" desire not to be left standing as the bandwagon moves on. Peking was prepared to reciprocate for different reasons: to balance any increase in Philippine-Soviet relations, to erode Taiwan's international position, and to enhance the PRC diplomatic standing.

Relations were established in June 1975 during President Marcos' visit to Peking, and the Chinese tried hard to downplay their support for Communist insurgents in the Philippines. In fact the Philippine insurgency has never received much attention from Peking, although the PRC media have occasionally given favorable coverage to statements by insurgent leaders. Nevertheless, Marcos appears to have some realistic doubts about Chinese sincerity on this point.

The Chinese reportedly made no mention of US bases in the Philippines during Marcos visit but did express, in



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general terms, support for a continued US presence in Southeast Asia. By contrast, the Chinese were sharply critical of Soviet hegemonis ambitions, and the decision to postpone Marcos' planned 1975 visit to Moscow may have been influenced at least in part by concern over the PRC's reaction to such a step.

Burma -- Since normalization of relations in August 1971, Peking has generally characterized its relations with Burma as "warm and friendly," even while continuing to provide significant rhetorical and material support to the Burmese Communist Party insurgents. This support is the most extensive which Peking currently provides to any Southeast Asian rebel group, and includes extensive training and supply efforts across the Sino-Burman border. Although some analysts believe that the Burmese insurgency would effectively fold without Chinese support, the Rangoon authorities seem unwilling to press very hard for Peking to relent. Interestingly, however, the USSR has scathingly denounced the Chinese for interfering in Burma's internal affairs "under cover of official statements of friendship."

<u>Singapore</u> -- Despite a March 1975 visit to the PRC by its Foreign Minister, Singapore remains wary of Chinese intentions and is in no apparent hurry. Prime Minister Lee Kuan Yew is known to be particularly concerned about the impact that an official Chinese presence could have on his predominantly Chinese citizenry. While he reportedly views eventual normalization with Peking as probably inevitable, he is obviously not anxious to accelerate the process.

Indonesia -- Similar considerations motivate Jakarta's reluctance to respond to Peking's advances. For their part, the Chinese have adopted a gradualist approach that is designed to allay Indonesian fears stemming from close Chinese ties to Sukarno and the PKI before and at the time of the 1965 Communist attempt to take total power. There reportedly is considerable difference of opinion within the Indonesian government on how fast to move toward normalization with Peking, but Indonesia can also be expected to resume formal relations in due course.

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## US DIPLOMATIC RELATIONS WITH MONGOLIA

#### ISSUES AND TALKING POINTS

This is not an issue between the US and the People's Republic of China. You need not mention it, and we do not expect the Chinese to raise the matter.

### TALKING POINTS (if raised)

-- We began discussions with the Mongolians on the establishment of diplomatic relations in March 1973, but they have not pursued the matter with us for some time.

-- This is not a high priority matter for us, but we are prepared to continue these discussions whenever the Mongolian side is ready.

### ANALYSIS/BACKGROUND

In your October 1974 meeting with Ch'iao Kuan-hua in New York, there was a brief discussion of Mongolia. You half-jokingly mentioned that you might visit Mongolia, but also said that we might establish relations with Mongolia to create "a sense of insecurity in other capitals." Ch'iao said that there are two aspects to the situation: the PRC has diplomatic relations with Mongolia, but it is just a puppet state.

Although the PRC has maintained formal diplomatic relations with Mongolia since 1949, relations have been strained for some years, because Mongolia faithfully echoes Moscow's line regarding China and permits the Soviets to station its forces there. (These forces consist of a tank division, a motorized rifle division and several SAM sites (about 25,000 men).

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The Mongol failure to pursue with us the negotiations begun in 1973 undoubtedly reflects political constraints rather than any feeling that our initial proposals were non-negotiable. The most likely possibility is that the Soviets had second thoughts about a US presence in Ulaanbaatar, a view held by the former British Ambassador to the MPR and other knowledgeable diplomats. There have also been intimations, however, that a "problem with China" may be involved, although we doubt this refers to pressures from Peking, to which the Mongols have been singularly insensitive.

Most recently, a Mongol diplomat in their UN mission has suggested that "something important" might develop soon in US-MPR relations. Thus far, there has been no follow up to this hint.

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#### BRIEFING PAPER

#### NUCLEAR SUPPLIERS' CONFERENCE

## ISSUES AND TALKING POINTS

You may wish to inform the Chinese confidentially of our multilateral discussions on nuclear export policy in London, as you have recently done with Indian Foreign Minister Chavan.

#### TALKING POINTS

-- I am of course aware of your general views about arms control measures, including efforts to prevent the proliferation of nuclear weapons. Frankly, I don't believe the spread of these weapons to certain areas is in your interest (FYI: Taiwan, South Korea, etc.)

-- For my part, I have drawn attention, most recently at the UN, to the implications of an unrestrained spread of nuclear weapons for the danger of nuclear war as well as world instability. These risks have become more imminent as a result of the expanding use of commercial nuclear power generation throughout the world.

-- The users of nuclear material and equipment are working, both in the IAEA and in smaller forums, to minimize the dangers of translating international cooperation in the expanding field of peaceful nuclear power into a multiplication of independent nuclear explosive capabilities.

-- In this context, I wish to advise you in strict confidence about the private discussions which major nuclear suppliers are holding in London. The purpose is to strengthen and standardize nuclear safeguards and controls while preventing commercial competition between the supplier states from distorting their application.

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-- The only participants in the London meeting are the major suppliers of peaceful nuclear materials, facilities and technology, namely Britain, Canada, France, Japan, West Germany, the US and USSR. Once an initial consensus has been reached among these seven suppliers, we expect that consultations will take place with other nuclear suppliers and recipients and the consensus will be incorporated, as appropriate, into the IAEA system.

-- The reason for this procedure is practical and is in no way designed to organize the major suppliers against other nuclear industrial states. Our fundamental aim is to ensure the greatest possible peaceful cooperation to serve nuclear energy needs while not contributing to the risks of proliferation.

-- We will continue to ensure that the non-proliferation effort does not single out particular countries. For example, Moscow has consistently urged us to make a major bilateral effort with them. This is one reason we have gone the multilateral route.

-- Naturally, it is for you to decide what role you wish to play in the nuclear safeguards field. We are prepared to keep you informed about this process if you are interested.

### ANALYSIS/BACKGROUND

We are approaching consensus in our multilateral nuclear export consultations in London, and will soon enter a crucial phase of expanding this consensus to include smaller nuclear suppliers and nuclear recipients. It is very much in our interest to ensure that critics of the Non-Proliferation Treaty, such as India and the PRC, do not react negatively to a perceived "cartel" of nuclear exporters. If possible, we hope that they will come to view our safeguard efforts as consistent with their own policies.

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As in the Indian case, we are most likely to encourage PRC acquiescence through timely bilateral discussions which keeps Chinese leaders informed of the London consultations on a privileged basis. While giving them a general picture of the suppliers' meeting, we should continue to respect the major suppliers' insistence on two points: preserving the confidentiality of the substantive specifics under discussion; and reaching initial agreement among the Seven before soliciting the participation of others and seeking to incorporate the understandings into the IAEA system.

We do not expect the Chinese will find it necessary to make a significant substantive reaction, other than tacitly, on this subject. While a nuclear weapons state, the PRC is not a major producer or potential supplier of commercial nuclear materials for the near future. From recent Chinese statements and behavior, the PRC clearly would not welcome further nuclear proliferation and does not intend to contribute to it. However, they might express skepticism that nuclear proliferation can be contained, as Teng Hsiao-p'ing indicated in connection with Taiwan last August. Our position is that we can meaningfully inhibit, if not prevent, access to sensitive nuclear technology, and indeed we have prevented Taiwan from acquiring a plutonium-producing facility from France. Even if there is no way to prevent nations from ultimately "going nuclear," we believe that international nuclear transfers, which will continue to be vital to most non-nuclear weapon states for some time, should not contribute to independent nuclear explosive capabilities. This is consistent with the concrete, practical steps we have been taking to lessen the risk of nuclear spread through multilateral action.

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Most recently, PRC Vice Premier Teng Hsiao-p'ing and Vice Foreign Minister Han Nien-lung discussed nuclear proliferation on October 10 with a visiting American delegation led by Cyrus Vance. Han explicitly stated that the PRC is opposed to proliferation, but added that in order to prevent proliferation from occuring there must be total and complete destruction of nuclear weapons. Teng commented that the PRC neither encourages nor engages in nuclear proliferation, but is not afraid of it. He cited India as an example of proliferation which does not "intimidate" Peking. Teng and Vance then had a long exchange over a "no first use" agreement, which they agreed was desirable, but which Teng doubted either the US or the USSR would agree to.

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