

SECRET/NODIS/XGDS

SECRETARY KISSINGER'S

TALKS IN CHINA

November 25 - 29, 1974

Originals

SECRET/NODIS/XGDS



SECRETARY KISSINGER'S TALKS IN CHINA

November 25 - 29, 1974

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Subjects

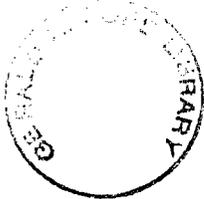
- Teng/Ch'iao/HAK Memcon
7:35 - 7:50 p. m. Welcoming
- Ch'iao/HAK Exchange of Toasts
- Report to the President

November 26, 1974

- Teng/Ch'iao/HAK Memcon
10:20 - 11:02 a. m. Japan; Normalization
- Teng/Ch'iao/HAK Memcon
11:15 a. m. - 12:20 p. m. (restricted) USSR; Mideast; Energy
and Food; Cambodia
- Lin/Habib Memcon
2:00 - 3:30 p. m.
- Teng/Ch'iao/HAK Memcon
3:45 - 5:00 p. m. Normalization
- Report to the President

November 27, 1974

- Teng/Ch'iao/HAK Memcon
9:30 - 11:32 a. m. (restricted) President's Visit; Nuclear
War; SALT; Yugoslavia
- Teng/Ch'iao/HAK Memcon
11:40 - 12:20 p. m. Sino-Soviet Relations;
Europe
- Report to the President
- Teng/Ch'iao/HAK Memcon
3:36 - 5:45 p. m. Europe; Japan; Mideast;
South Asia; Cambodia;
Energy and Food;
Normalization
- Report to the President



November 28, 1974

-- Lin/Habib Memcon
9:00 a. m. -

-- Teng/Ch'iao/HAK Memcon
4:00 - 6:15 p. m.

Middle East; Iran; MIA's;
Claims/Assets Agreement;
Congressional Visits;
Normalization; Tour d'
Horizon

-- HAK/Ch'iao Exchange of Toasts

-- Ch'iao/HAK Memcon
9:45 - 11:15 p. m.

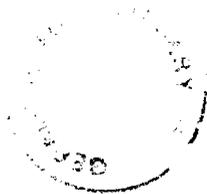
Communique

-- Report to the President

-- Joint Communique







MEMORANDUM

THE WHITE HOUSE
WASHINGTON

SECRET/NODIS/XGDS

MEMORANDUM OF CONVERSATION

PARTICIPANTS: Teng Hsiao-p'ing, Vice Premier of the State Council of the People's Republic of China
Ch'iao Kuan-hua, Minister of Foreign Affairs
Amb. Huang Chen, Chief of PRC Liaison Office, Washington
Wang Hai-jung, Vice Minister of Foreign Affairs
Lin Ping, Director, Department of American and Oceanic Affairs
T'ang Wen-sheng, Deputy Director, Department of American and Oceanic Affairs
Chang Han-chih, Deputy Director, Department of American and Oceanic Affairs
Tsien Ta-yung, Counselor, PRCLLO, Washington
Other Chinese Officials

Dr. Henry A. Kissinger, Secretary of State and Assistant to the President for National Security Affairs
Donald Rumsfeld, Assistant to the President
David and Elizabeth Kissinger
Amb. George Bush, Chief of U. S. Liaison Office, Peking, and Mrs. Bush
John H. Holdridge, Deputy Chief of USLO, and Mrs. Holdridge
Members of U. S. Official Party

DATE AND TIME: Monday, November 25, 1974
7:35 - 7:50 p. m.

PLACE: Great Hall of the People
Peking

SUBJECT: Vice Premier Teng's Welcome to Secretary Kissinger and His Party Before Banquet Hosted by Foreign Minister Ch'iao

SECRET/NODIS/XGDS

DECLASSIFIED
E.O. 12958 Sec. 3.6

MR 97-8, #19 NSC LN 9/25/97

By KBH NARA, Date 10/20/97



Teng: I welcome the Doctor on his seventh visit to China.

Kissinger: It is always a pleasure to be here.

Teng: This is the second visit we have met.

Kissinger: Yes, April this year was the first time.

Teng: Our Foreign Minister [Ch'iao Kuan-hua] is an old friend.

Kissinger: Yes, we spent a week together -- every night -- when we drafted the Shanghai Communique.

Teng: People are saying in the world that now relations between our two nations are chilling a bit. This is the seventh visit of the Doctor and this can be taken as the third exchange of views between our nations this year. So this opinion circulating in some places cannot be taken as accurate.

Kissinger: I don't believe the opinion is accurate. We speak very frankly and very fully. And I think our relations are proceeding in the direction laid down in the Shanghai Communique.

Teng: I think that is true.

Kissinger: And on our side there is no change at all.

Teng: The same is true on our side. And I don't think the signing of the Shanghai Communique on either side was taken as an expedient move.

Kissinger: No, it was a matter of principle. And our relations are proceeding in the direction foreseen in the Shanghai Communique.

Teng: You must be very tired now.

Kissinger: No, I had a very good night's sleep in Tokyo. And I have recovered from the frost of Vladivostok. [Laughter].

Teng: It must be below zero over there.

Kissinger: It was very cold. Now I know why the Chinese never settled in that territory.



Teng: There have been many Chinese in that area. In the past the inhabitants were mainly Chinese.

Kissinger: Really.

Teng: And our name for that place -- Haishenwei -- is an earlier name than Vladivostok.

Kissinger: What does it mean?

Ms. T'ang: "Haishen" means "sea slug", which you have had. [Laughter].

Kissinger: Yes!

Ms. T'ang: And "wei" means "place," or "ville". "Sea-slug-ville."

Teng: We hear the present name Vladivostok means "Rule the East."

Kissinger: We don't know what it means, but in any case we don't agree with it. [Laughter].

Teng: I don't think it has any other meaning except what it means on face value. But East also includes the part of the Pacific that you are in.

Kissinger: We have always known that any attempt at hegemony in one place can lead to hegemony everywhere, and that is why we reaffirmed what was said in the Shanghai Communique in our communique last year and applied it on a general basis.

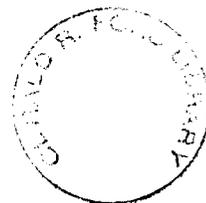
Teng: That seems a sentence that the Soviets are most reluctant to repeat.

Kissinger: I haven't read it in Izvestia.

Teng: I think we have reiterated it in the Shanghai Communique with you and also in the Joint Statement with Japan. This [Soviet attitude] seems an established policy that goes back to Tsarist days.

Kissinger: It is a policy of hegemony.

Teng: Yes. And it seems it won't be remedied, at least in the Brezhnev generation.



Kissinger: But it can be resisted.

Teng: Anyway, it will have to be dealt with.

Kissinger: Our views on that question are unchanged. And we will have an opportunity to discuss them at greater length.

Teng: They [the Protocol staff] have to see whether we are ready for pictures to be taken now.

Kissinger: I used to meet your Ambassador [Huang Chen] in Paris long before he came to Washington.

Teng: So he is also an old friend.

Kissinger: So he is also an old friend. When I visited him late at night, he was afraid I might starve to death, so he fed me again. [Laughter].

Teng: In Paris?

Kissinger: In Paris. He has also fed me in Washington.

Amb. Huang: How is the cook in Washington?

Kissinger: Very good.

Teng: In some places, so-called Chinese food doesn't have a Chinese taste. It has become internationalized.

Kissinger: I am told that in America there are many Chinese dishes that no Chinese has ever eaten. [Laughter]. Once in New York I went to a restaurant. They had found out who I was, and they served the menu of the first banquet of President Nixon's visit here. They had it.

Teng: So they have good intelligence.

Kissinger: They do!

[The conversation ended. The party proceeded to the landing on the main staircase for the group photograph, and then began the banquet hosted by the Foreign Minister in the Secretary's honor].





PRESS DEPARTMENT OF STATE



November 26, 1974

No. 513

EXCHANGE OF TOASTS BETWEEN
HIS EXCELLENCY CHIAO KUAN-HUA
FOREIGN MINISTER OF THE PEOPLE'S REPUBLIC OF CHINA
AND THE HONORABLE HENRY A. KISSINGER
SECRETARY OF STATE
AT A BANQUET IN PEKING
NOVEMBER 25, 1974

Foreign Minister Chiao Kuan-Hua

The Honorable Secretary of State and Mrs. Kissinger, all the other American guests, comrades and friends:

The last three years or more, Dr. Kissinger has come a long way across the ocean to visit our country on six occasions. We are glad that he has now come to Peking again, providing our two sides with an opportunity to continue the exchange of views on the normalization of Sino-American relations and on international issues of common interest. Here, I wish to bid welcome to Secretary of State Kissinger, to Mrs. Kissinger who is in China for the first time, and to the other American guests accompanying the Secretary of State on the visit.

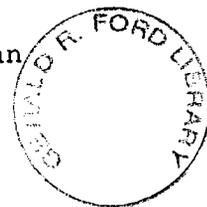
A year has elapsed since the last visit of Mr. Secretary of State. In this year the international situation has undergone great changes, which further demonstrate that the current international situation is characterized by great disorder under heaven. The entire world is amidst intense turbulence and unrest. This reflects the sharpening of various contradictions and is something independent of man's will. The history of mankind always moves forward amidst turmoil. In our view, such turmoil is a good thing, and not a bad thing.

The Chinese and American peoples have always been friendly to each other. After more than two decades of estrangement, the door was opened for exchanges between the two countries, and the friendly relations between the two peoples have developed. Here, we ought to mention the pioneering role Mr. Richard Nixon played in this regard, and we also note with appreciation President Ford's statement that he would continue to implement the Shanghai Communique.

China and the United States have different social systems, and there are differences between us on a series of matters of principle. But this does not hinder us from finding common ground on certain matters. It is always beneficial for the two sides to have candid exchanges of views and increase mutual understanding. On the whole, Sino-American relations have in these years been moving ahead. We believe that the current visit of Mr. Secretary of State will contribute to the further implementation of the principles established in the Shanghai Communique.

I propose a toast to the friendship between the Chinese and American peoples.

For further information contact:



To the health of the Secretary of State and Mrs. Kissinger, to the health of all the other American guests, and to the health of all comrades and friends present here.

Secretary Kissinger

Mr. Vice Premier, Mr. Foreign Minister, distinguished guests, friends:

I appreciate this warm reception on my seventh visit to China, which is all the more meaningful to me because I am accompanied by my wife and by my children. I am glad that they can share what to the American people and to all of us in public life will always be one of the most significant initiatives of American foreign policy.

The beginning of the process of normalization of relations with the People's Republic of China, and its continuation in the years since then, has not been a matter of expediency but a fixed principle of American foreign policy.

Since I was here last, there have been many changes internationally and some changes in the United States. But it was no accident that the new American President saw your Ambassador the first afternoon he was in office, within a few hours of having taken his oath of office, and that he reaffirmed on that occasion that we would continue to pursue the principles of the Shanghai Communique and that we would continue to follow the goal of normalization of relations with the People's Republic of China.

And President Ford has sent me here to continue the fruitful exchanges of views that we have had in every year, to continue the process of normalization and to affirm again the fixed principles of American foreign policy.

I look forward to my talks with the Vice Premier and the Foreign Minister. I am glad that I have already had an opportunity to see the Prime Minister and to recall the many occasions of previous visits when we exchanged views.

We live in a period of great change and a period that is characterized by much upheaval. We believe that this change must lead to a new and better order for all of the peoples of the world, and it is to this goal that American foreign policy is dedicated.

We consider the exchanges on these subjects as well as others with the leaders of the People's Republic of China of the greatest consequence.

We agree that in the last years, relations between our two countries have moved ahead steadily. I am here to continue this process, and I am confident that it will succeed.

So, I would like to propose a toast to the friendship of the American and Chinese peoples and to the health and long life of the Vice Premier and the Foreign Minister, and to the health and long life of Chairman Mao and to our lasting friendship.

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Report to the
President



MEMORANDUM

THE WHITE HOUSE
WASHINGTON

MR 97-7, #20; NSC Letter 12/7/97

By LT NARA, Date 1/20/98

INFORMATION

SECRET/SENSITIVE

November 26, 1974

MEMORANDUM FOR: THE PRESIDENT

FROM: BRENT SCOWCROFT

BS *JK*

Secretary Kissinger asked that I pass the following report to you:

"During my first evening in Peking, the Chinese set a forthcoming mood in preparation for beginning of substantive talks tomorrow. The new Foreign Minister Chiao Kuan-hua met me at the airport and accompanied me on the now familiar half hour trip to the Guest House complex. Chiao has been their de facto Foreign Minister for several years, a close colleague of Chou En-Lai, the head of their United Nations General Assembly Delegation and key collaborator in the Shanghai Communique. It was a crisply cool evening and the streets as usual were quiet and filled with bicycles. We are staying in the Villa that President Nixon used in 1972, whereas we usually stay in another one nearby. Chiao informed me that Prime Minister Chou wished to see me, my wife and children right away at the hospital. So after ten minutes of tea and greetings at the Guest House, we went to see Chou.

"Chou greeted the four of us vigorously. He did not look any worse physically than last year and was as sharp and charming as ever. We met for half an hour in a reception room at the hospital. Chiao and Teng Hsiao-P'ing (Vice Premier) were also present. The talk was generally non-substantive except for a few jabs at the Russians by Chou.

"We then went to the massive Great Hall of the People for the welcoming banquet given by the Foreign Minister. This huge building, where most meetings, banquets and cultural events are held, was built in ten months in the late 1950's. The official party was greeted by Vice Premier Teng Hsiao-P'ing for fifteen minutes before a formal picture taking session. Teng, who along with Chiao will be my primary interlocutor, is a stocky, tough-looking individual who seems to have gained more self-assurance since my only other meeting with him in New York last April. He has been de facto Prime Minister since Chou became sick and is touted to be his replacement when key government positions are filled in the forthcoming National People's Congress. He was the second highest official denounced and humiliated in the Cultural Revolution in the mid-sixties and has made a remarkable comeback. He wasted no time, during what could easily have been a small talk situation, affirming that our bilateral relations were on course despite public speculation to the contrary. He also immediately sounded anti-Soviet notes and criticized their hegemonial designs.

SECRET/SENSITIVE

~~SECRET~~ - XGDS (3)
CLASSIFIED BY: HENRY A. KISSINGER

"The banquet was held in a huge dining room which was used in the 1972 summit, with the Army Band playing such songs as God Bless America, Home on the Range and Shenandoah. The Foreign Minister's toast was friendly though not overly so. He referred approvingly to your endorsement of the principles of the Shanghai Communique but he also welcomed the turmoil that has been taking place in the world during the past year. I responded with a toast that included your intention to pursue the development of US-China relations. I also stressed that turmoil would not be an end in itself and had to lead to a new order -- which is the US objective.

"The first plenary meeting is Tuesday at 10:00 a.m. after brief sightseeing in the Forbidden City. Only when we get to the business meetings will we have a chance to gauge the Chinese mood and intentions, of course. But tonight they clearly were bent on striking a generally upbeat note as an overture."



November 26





THE WHITE HOUSE

WASHINGTON

~~TOP SECRET/SENSITIVE/EXCLUSIVELY EYES ONLY~~

MEMORANDUM OF CONVERSATION

PARTICIPANTS:

Teng Hsiao-p'ing, Vice Premier of the State Council, People's Republic of China
Ch'iao Kuan-hua, Minister of Foreign Affairs
Ambassador Huang Chen, Chief of the PRC Liaison Office, Washington
Lin P'ing, Director, Department of American and Oceanic Affairs, Ministry of Foreign Affairs
T'ang Wen-sheng, Deputy Director, Department of American and Oceanic Affairs, Ministry of Foreign Affairs
Chu Ch'uan-hsien, Director, Protocol Department, Ministry of Foreign Affairs
Tsien Ta-yung, Counselor, PRC Liaison Office, Washington
Ting Yuan-hung, Director, United States Office, Department of American and Oceanic Affairs, Ministry of Foreign Affairs
Chao Chi-hua, Deputy Director, United States Office, Department of American and Oceanic Affairs, Ministry of Foreign Affairs
Chang Han-chih, Translator
Lien Cheng-pao, Notetaker

DECLASSIFIED
E.O. 12958 SEC. 3.6

MR 05-19 #1; state vls 10/19/07

del NARA DATE 10/30/08

Dr. Henry A. Kissinger, Secretary of State and Assistant to the President for National Security Affairs
Donald Rumsfeld, Assistant to the President
Ambassador George Bush, Chief of the United States Liaison Office, Peking
Ambassador Robert Anderson, Special Assistant to the Secretary of State for Press Relations
Winston Lord, Director, Policy Planning Staff, Department of State
Philip C. Habib, Assistant Secretary of State for East Asian and Pacific Affairs



~~TOP SECRET/SENSITIVE/EXCLUSIVELY EYES ONLY~~

William H. Gleysteen, Deputy Assistant
Secretary of State for East Asian and
Pacific Affairs
John H. Holdridge, Deputy Chief, United
States Liaison Office, Peking
Oscar V. Armstrong, Director, People's
Republic of China and Mongolian Affairs,
Department of State
Richard H. Solomon, Senior Staff Member,
National Security Council
Robert C. McFarlane, National Security Council
Karlene Knieps, Notetaker

DATE AND TIME: Tuesday, November 26, 1974, 10:20-11:02 a.m.

PLACE: Great Hall of the People
Peking, People's Republic of China

SUBJECT: Introductory Tour d'Horizon: Japan;
Bilateral Relations and Normalization

[Note: The discussion began with members of the American press party traveling with the Secretary in the room. Some of Vice Premier Teng's remarks seemed oriented to this press presence.]

Vice Premier Teng: I would like to take this opportunity to once again express our welcome to the Doctor on his seventh visit to China. I might also say this is the third time we have had the opportunity to exchange views this year. And we hear that the Doctor has made a trip around the globe recently. So we are happy to have this opportunity to have an exchange of opinions again with the Doctor and all the other friends on your staff -- to provide us with the opportunity to exchange views not only with old familiar friends, but with new friends like, for instance, Mr. Rumsfeld

Secretary Kissinger: I want to thank you on behalf of my colleagues for the very warm reception we have received here. We have, as you said, had three exchanges this year with you and with the Foreign Minister, and we always progress in our relationship.



Vice Premier Teng: It probably would be good if one day we would be able to exchange views in Washington.

Secretary Kissinger: I hope we can do that very soon --

Vice Premier Teng: I think it is a common desire, and that is good.

Secretary Kissinger: -- because your Foreign Minister always refuses my invitations.

Vice Premier Teng: It is difficult for him to come now. What will he do if he meets the Chiang Kai-shek Ambassador in Washington?

[Note: At this point in the conversation the press is ushered from the room.]

Secretary Kissinger: I thought he wanted to wait until the Ambassador's [Huang Chen's] residence was fully furnished. I think we can arrange a visit so that there is no danger of his meeting anybody there he wishes to avoid.

Vice Premier Teng: It might be difficult.

Secretary Kissinger: That we could arrange, and we are prepared on this visit to discuss the whole question of normalization.

Vice Premier Teng: That is good. We have just received news that Tanaka has resigned.

Secretary Kissinger: Yes. I think I told your Foreign Minister last night that we knew he would resign this morning. Our indications are that there will now be a rush of consultations in which -- . All the candidates are in favor of consultation because they think they will emerge as the Prime Minister. I think there will be an election around December 9. We think that Ohira is the most likely to succeed him, and if he doesn't make it then Shiina will probably become the successor.

Vice Premier Teng: What about Fukuda?

Secretary Kissinger: We don't think Fukuda can make it now, and therefore if they want Fukuda they will first put in Shiina as a transitional figure.



Vice Premier Teng: But you should also know that Fukuda would be voted for by the Soviet Union too.

Secretary Kissinger: This I frankly would not know.

Vice Premier Teng: Their relationship is growing closer day-by-day.

Secretary Kissinger: Between Fukuda and Shiina, or between the Japanese and Soviets?

Vice Premier Teng: No, between Fukuda and the Soviet Union.

Secretary Kissinger: This I was not aware of.

Vice Premier Teng: Would you vote for Ohira?

Secretary Kissinger: I, personally? Ohira personally is a good friend of mine. And we would be very content with Ohira. And we are certainly not supporting Fukuda.

Vice Premier Teng: So we would have similar opinions.

Secretary Kissinger: We have no difficulty at all with Ohira. He would support the policy we are familiar with.

Vice Premier Teng: That is so, and we also feel that one of the characteristics of Ohira is that what he says counts. And perhaps, in this respect, if he carries out a certain policy he might be even more firm than Tanaka.

Secretary Kissinger: Well, he is more experienced than Tanaka. In any event, we think that in all probability Ohira will be Prime Minister. And if for any reason he should not be, which we do not expect -- but it isn't certain where it could line up. My student [Nakasone] has not yet declared himself. He has his uses. But if there should be some other Prime Minister, you should know that the U.S. believes that the Japanese foreign policy is continuing, and we will encourage them to maintain the course they have begun, particularly regarding China.

Vice Premier Teng: Even if Fukuda should be Prime Minister, we don't think it would be of any great consequence. Perhaps there might be some twists and turns because in the development of events there are always difficulties.



Secretary Kissinger: We think Japan would have to be very careful to come closer to the Soviet Union. It is a very dangerous course for Japan.

Vice Premier Teng: But no matter whoever comes to office, they still have a fundamental issue they cannot solve. This issue we discussed last night. The question of the Northern Territories [the four northern islands which Japan wants the Soviets to return].

Secretary Kissinger: We will know in ten days, which is more than you can say of most international events. Perhaps after the Prime Minister is selected, if there is an unexpected development, we can exchange ideas.

Vice Premier Teng: So how do you think we should carry on our talks?

Secretary Kissinger: I think perhaps we can make a few observations now of a general nature, and then we might work in smaller groups. One set of views should concern our usual review of the international situation, and then discussion of continuing the process of normalizing relations. The second set of views covers more technical issues, which we should have discussed among our experts.

On the bilateral issues, if I could perhaps say one word before the experts get carried away with their enthusiasm: Such issues as the bilateral exchanges and cultural agreements are essentially a symbolic aspect of our foreign policy, of our political relations, and therefore we will deal with them in this context. Frankly I am indifferent as to whether there is a million dollars more or less in settling the question of blocked accounts, or whether one group more or less goes back and forth between the United States and China. We should use these as a symbol of our overall relationship. So when you want to settle them [the claims/assets problems] you let us know, and we will find a way of settling them.

We believe that, hopefully conditions are favorable to show some advance in our relationship. We think this is, would be, a fulfillment of the principles of the Shanghai Communique as well as some of the discussions we had when we made our first visits to China. We think it is desirable in terms of the overall international situation, so that there is no misunderstanding about the evolution of our relationship in the eyes of other countries.

So we are prepared. On the other hand, we won't press you, and you let us know at what speed you want to proceed on these technical bilateral



issues. The advantage of discussing them while I am here is that the complexity of the issues tends to increase by the size of my staff, and on this basis you and I and the Foreign Minister can talk and we can cut through the complexities somewhat more rapidly.

To return to the more decisive issues I spoke about with the Foreign Minister in New York in October: With respect to our general views on normalization, and this is one of the topics we can discuss with greater precision when we meet in smaller groups, I simply wanted to say that we are prepared to discuss seriously and in an attempt to meet the time limit we previously discussed in my past meetings with the Prime Minister [Chou En-lai].

The second category of problems is our usual detailed review of the international situation. The press always asks me before I come here whether I am coming to reassure the Chinese. They also always tell me that our relationship has deteriorated. But you cannot reassure serious people by words. What we have done, as you know and as all our friends who have been at these meetings [know], is to give you as detailed a description of our intentions and strategy as is possible -- and I would say more detailed than with any other country. As you know -- I think you may have learned that our word counts, and that you have not been surprised by an foreign policy moves we have made. I think that during the course of the last year things have evolved about as we discussed when I was here [in November, 1973]. And we are prepared to do this [review] again for the near future.

This would seem to me to be the most useful way we could spend our time, but we are open to any suggestions as to approaches that you would suggest.

Vice Premier Teng: That's all?

Secretary Kissinger: It is one of my shortest speeches. [Laughter] I also have a fifty minute version, as your Foreign Minister knows.

Vice Premier Teng: As for the way of holding the talks, we are in agreement that some questions can be discussed in smaller groups as you suggested. And in the Doctor's discussions with the Foreign Minister this October, you laid stress on both bilateral and especially international issues. And we welcome the words expressed by



Dr. Kissinger in his toast yesterday to the effect that you would foresee further progress on the issue of normalization along the lines of the Shanghai Communique. Outside there are many opinions in the world and a lot of talk saying that our relations have chilled and our speed has slowed down. But in the essence I believe that both sides hold that the progress of our relations has been normal.

But we should also say it is not correct to say that there is no ground whatsoever for such talk. For instance, the Doctor mentioned yesterday and also in October in his discussions with the Foreign Minister that our cannons are sounding more frequently.

Secretary Kissinger: Yes, and also becoming more accurate.

Vice Premier Teng: And it is only natural that there should be some speculation and talk when you send an Ambassador to Taiwan, and when they increase the number of their consulates in the United States.

Secretary Kissinger: Especially since you will never believe that some of our actions are the result of stupidity and not planning. I never knew about the consulates until it had been done.

Vice Premier Teng: As for our views on the question of normalization, I believe the Doctor and other American friends are familiar with these: that is, the Japan way. And in this aspect, you have expressed the desire that we on our side should put forward specific mode of how we should do it. But actually we have given our opinion long ago: that is, the Japan way. On our side we would also hope that you on your side can move forward a few steps.

Secretary Kissinger: Mr. [Vice] Prime Minister, the point in reflecting about what you said -- you have given us a general idea, which is the Japan way. But it is always said the Japanese imitate us. Now you are forcing us to imitate the Japanese. This is a new style. But we can accept that basic principle. But we have a number of special circumstances which the Japanese do not have. And at various stages of our relationship we have found means, which were consistent with your principles, which also took into account our necessities. It is perhaps not proper to ask you to make a specific proposal on an issue that is of such profound principle to you.



I remember when we drafted our first communique, on my very first visit, when I did not have the pleasure of knowing the Foreign Minister -- I was still being treated gently by the Chinese. But Ambassador Huang Hua, with whom I was drafting the communique, before we started working on the text said let us have a frank talk about what we must have, each of us, and when we do we can find the words. And it worked out that way.

And I think that within the framework of the Japanese model we should have a frank talk of some of our necessities consistent with your principles, and then see whether we can find some way to reach our goal. After this then we can put forward a specific proposal.

Vice Premier Teng: We perhaps can go into more detail in the smaller groups.

Secretary Kissinger: I agree.

Vice Premier Teng: But I must first fire a cannon.

Secretary Kissinger: At me?

Vice Premier Teng: Well, empty or full, as you like. That is, on this issue, as we see it, you owe us a debt. We don't have to discuss it now.

As for the bilateral issues, as we have said many times, and as Chairman Mao has said and also as Premier Chou En-lai has said in the past, we can sum up our views in two sentences: According to our wishes, we would like this matter to come more quickly; but secondly, we are not so much in a hurry. That is to say, if we are able to reach a point acceptable to both sides in a relatively quicker period of time, we would welcome this.

But Chairman Mao has also said in his talk with the Doctor that we pay special attention to international issues. And therefore we agree with the Doctor that it would be good to do as you proposed; that is, to exchange views on international and bilateral issues in smaller groups.

So we can nominate some people on both sides to discuss the more technical issues and bilateral matters.



Secretary Kissinger: On our side, Secretary Habib and Mr. Armstrong, and maybe one or two others, will be having our discussions. And Mr. Holdridge from the Liaison Office.

Vice Premier Teng: On our side we will have Director Lin P'ing and Mr. Tsien Ta-yung from our Liaison Office, and also a few others. Would you agree?

Secretary Kissinger: Yes.

Vice Premier Teng: See how easy it is to reach an agreement. [Laughter]

Secretary Kissinger: Our first agreement. We should make a special announcement.

Vice Premier Teng: So do you think that is about all for this section of our discussion?

Secretary Kissinger: We can now go into smaller groups.

Vice Premier Teng: And we can leave it to that group to decide themselves when they would like to meet and what they would like to discuss. Good.

Secretary Kissinger: Good.

Vice Premier Teng: So would you want to rest?

[The meeting adjourned at 11:00 a. m.]



Teng/Ch'iao/HAK
memcon (restricted)



THE WHITE HOUSE
WASHINGTON

~~SECRET/NODIS/XGDS~~

MEMORANDUM OF CONVERSATION

PARTICIPANTS:

- Teng Hsiao-p'ing, Vice Premier of the State Council of the People's Republic of China
- Ch'iao Kuan-hua, Minister of Foreign Affairs
- Amb. Huang Chen, Chief of PRC Liaison Office, Washington
- Wang Hai-jung, Vice Minister of Foreign Affairs
- Lin P'ing, Director, Department of American and Oceanic Affairs
- T'ang Wen-sheng, Deputy Director, Department of American and Oceanic Affairs
- Chang Han-chih, Deputy Director, Department of American and Oceanic Affairs
- Tsien Ta-yung, Counselor, PRCLO, Washington
- Chu
- Dr. Henry A. Kissinger, Secretary of State and Assistant to the President for National Security Affairs
- Amb. George Bush, Chief, U. S. Liaison Office
- Donald Rumsfeld, Assistant to the President
- Winston Lord, Director, Policy Planning Staff
- Philip Habib, Assistant Secretary of State for East Asian and Pacific Affairs
- Richard Solomon, National Security Council Senior Staff
- Peter W. Rodman, National Security Council Staff
- Karlene Knieps, Department of State (notetaker)

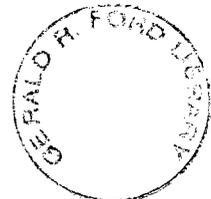
DECLASSIFIED
 E.O. 12858, SEC. 3.5
 NSC MEMO, 11/25/88, STATE DEPT. GUIDELINES STATE REVIEW 9/15/03
 BY , NARA, DATE 12/31/03

DATE AND TIME:

11:15 a. m. - 12:20 p. m.
Tuesday, November 26, 1974

PLACE:

Great Hall of the People
Peking



Teng: So how should we commence? I suggest we listen to the Doctor first, because you have traveled to so many lands.

Kissinger: Perhaps we should have a general review of events since we last met. I'm deciding whether to read the black [briefing] book, which has 400 pages, or the green book, which has 200. [Laughter]

Teng: It is up to you.

Kissinger: Let me review the international situation as we see it, as it has developed during the year.

I agree with the analysis of Chairman Mao that we should make progress in normalization, but also that there is an international environment which brought us together in the first place and which determines in many respects our relationship.

In this respect, the factor in which we both have an interest, and which has produced some common fronts, is your ally and northern neighbor. In this respect, our assessment has not changed since last year. We believe Soviet purposes are still essentially hegemonial. We don't think it is particularly fruitful to debate in which direction the primary thrust is going, because in which ever direction it goes, the ultimate consequence will be the same. And therefore, we believe the principal necessity is to keep in mind the overall objectives and the means to prevent them from being realized.

In this respect, we have to keep in mind -- and I'm being very frank with you -- a very complicated domestic situation. For the United States to take strong actions in crises, it is necessary to do so from a position of having demonstrated to our people that we have exhausted every avenue for peace. I think Chairman Mao, last year, said the United States plays complicated games, and China too plays complicated games, but more energetically. [Laughter].

Teng: I think he had discussed actually the difference between shadow-boxing and boxing in the Sha-lin style, which is more energetic.

Kissinger: Yes, shadow-boxing. But it was a profound observation. We have to do a lot of shadow-boxing to get into a position to take action when we are in a crisis. I say this only so you will distinguish between appearances and reality. We will not permit a strategic gain for Soviet power. We will attempt to reduce Soviet power where we can. We do not, however,... At the same time we go through many stages which create either diplomatic obstacles to the extension of Soviet power or which psychological and political obstacles against Soviet military action. We do not intend to create a condominium with the Soviet Union, because such a policy -- by removing all obstacles to Soviet expansion -- would eventually, with certainty, turn against us.



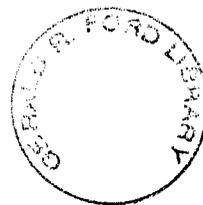
So events of this past year fitted this pattern. We have made a number of agreements with the Soviet Union on limiting arms competition to some extent, and certain technical cooperation on specific subjects. But this has enabled us, at the same time, to prevent any further extension of Soviet power. If we were in a position of open confrontation with the Soviet Union it would create the domestic situation I have described, And in addition, in each European country, the European left would be able to polarize the political spectrum by labeling us as the source of world tensions. Our present policy forces the Communist parties of Italy and France to support NATO, and [this is] despite their domestic battles on purely domestic issues.

We will have a separate session, I suppose, in which we can go into greater detail on the recent discussions in Vladivostok, than I can now in a general review. On that occasion I will give you the exact figures that were agreed upon. But you know now that the Soviet Union agreed upon equal numbers without counting our overseas based systems, which means in effect that we have a substantial advantage. And, in addition, we will have a very substantial advantage in warheads for the entire period of the agreement. I will explain this when I go through the figures with you.

So we believe the agreement in Vladivostok demonstrates the Soviet Union is not as strong as it sometimes pretends, or they would not have agreed to that -- at least vis-a-vis us. Perhaps during our discussions we can set aside an hour for detailed discussion of the Soviet situation.

In other parts of the world, our relations with Western Europe have substantially improved since I was last here. Relations between France and the United States are much better, and the discussions of last year have resulted in greater cohesion of the Atlantic Alliance along the lines we pointed out [to you in previous discussions].

In the Middle East, since I was here last year we have brought about two agreements, between Egypt and Israel and between Syria and Israel. Let me explain our Middle East strategy to you: The Soviet Union attempts to produce a comprehensive solution rapidly. And every time I see your ally Gromyko he gives me a list of 10 principles, 20 main points, 40 points, 160 sub-sub paragraphs which he would like me to agree to. [Laughter] There is only one thing wrong with their proposals -- the United States has to do all the work, and the Soviet Union will get all the advantages. That we are not prepared to do.



For us, quite candidly, the problem of Israel is an issue which has profound domestic consequences. If we do not behave carefully, we can produce a situation within the United States in which a very serious domestic problem is created in the Middle East which will affect our overall foreign policy. And this China should keep in mind as well. So we have to divide the problem into parts, each of which can be handled separately, and each of which can be managed domestically. And this is why we are proceeding step by step.

[Teng bends over and spits loudly into his spittoon.]

Our press, which has a great desire to see American setbacks, is always seeing stalemates. The fact of the matter is we are now proceeding by methods different from the spectacular methods of last year. We are now proceeding by the methods of the Vietnamese negotiations and our early contact with you, and we are confident we can produce another step within the next 3 or 4 months. But we would like to have it culminate a little closer to Mr. Brezhnev's visit to Egypt, so they'll have something to celebrate when he comes there. So those negotiations are going on quietly. And we are announcing today that the Israeli Foreign Minister is coming to Washington next week and you should assume this will be an integral part of our approach.

With respect to the Palestinians, this is an issue on which the last word has not yet been spoken. We would have preferred it if negotiations had taken place between King Hussein and Israel, and then subsequent negotiations between the Palestinians and Hussein.

T'ang: First between Hussein and Israel?

Kissinger: Yes, [negotiations] which could have restored the West Bank to Arab control, and then with the ultimate disposition settled between the Palestinians and Hussein.

Teng: You mean by returning the West Bank to the Arabs, returning it to Jordan?

Kissinger: Our idea, specifically, was -- and it is a tragedy -- we had achieved agreement that the West Bank, or a substantial part of the West Bank, with two-thirds of the population, would go technically to Jordan, but under U.N. supervision, so we would have been in a position to have discussions in the U.N. in another year or so as to the ultimate disposition. From this point of view, the Rabat decision was premature.



Now we need a period on this issue of some moderation and cooling off, to allow both sides to adjust to the new circumstances.

It is, in any event, important to keep the following in mind: The Arabs cannot win a war in the next 5 years. Historically they may be stronger, but in the short term they are certainly not the stronger. Therefore, any political progress has to come through the United States. There is no other way. The only interest we have in the political process is that it appear that our decisions are made at our own free will. If we are pressed [by the Arabs] we will resist long enough to demonstrate that pressure cannot possibly succeed. And if we are pressed by the Soviet Union, we will simply do nothing and we will tell the Soviet Union to produce progress.

I think President Asad, whom I like very much, visited you last year.

Teng: No, it was their Vice President, Shafei. Asad or Sadat?

Kissinger: Asad.

Ch'iao: He didn't come here. He went to North Korea.

Kissinger: Oh!

Ch'iao: He didn't come from the South.

Kissinger: I think you would like him. He gets many arms from the Soviet Union, but he is a realist. At any rate, I mention him only because even he has understood that under conditions of pressure the United States diplomacy will not operate. And he has now agreed to the extension of the United Nations forces in Syria, and we are going to ask Austria to introduce a resolution which he has worked out with us, and which, for your information, Israel has already accepted. So, we hope you will not veto it. [Laughter]

This isn't known yet. We have negotiated it for the last week with Syria. I don't think the Soviet Union knows about it yet. They made very many threatening statements about Syria in Vladivostok.

I mention it only to indicate that even good friends of the Soviet Union in the Arab world have to understand our policy.



Our policy is to produce progress that returns Arab territory to Arab control, but gradually at a pace that doesn't produce paralysis of our foreign policy because of the domestic reaction. And we will not do it under Soviet pressure at all.

Eventually, there will be a return to the Geneva Conference, but that will produce a certain stalemate.

In the area of Iran, I think things have gone approximately as we foresaw.

Teng: May I insert a question here?

Kissinger: Certainly.

Teng: Have you decided with the Soviet Union when the Geneva Conference will be convened?

Kissinger: No.

Teng: I think the Soviet Union thinks it should be quicker and they will be attending.

Kissinger: Yes, we spent 4 months preparing for it, and then it met one day, after which we closed it. [Laughter] The Soviet Union always urges us to hold it. Eventually, it will have to take place. I don't think it can possibly be before March.

As long as the Arabs think they are making progress outside the Conference, they will be in no hurry to get there. No one wants it except the Soviet Union. They have an Ambassador in Geneva, Vinogradov, who spends all his time waiting for a conference that doesn't take place. We occasionally send Ambassador Bunker once every two months to keep him company there doing nothing. But we have not agreed on a resumption date. The earliest I could foresee would be March -- unless there is a total breakdown in the secret discussions now going on between Egypt and Israel and the other Arab countries and Israel through us. And I don't foresee such a breakdown.

On Iran, as I have said, things have developed in the direction of my discussions with Chairman Mao and the Prime Minister last year.

[Refreshments are brought in]



I was getting worried. No food was coming in for 20 minutes. [Laughter]. I didn't see how I was going to live through it. [Laughter]. [to Rumsfeld] See, I have gained 5 pounds here on every visit.

We can discuss that in great detail too. I mean about Iran, not about food. [Laughter]

In other parts of the world: I took a trip to India, as you know, As I explained to your Ambassador, my primary purpose was contributing to giving India another opening except [besides] total reliance on the Soviet Union. Our assessment is India's intentions in Southeast Asia are hegemonial, and that they would like to reduce all neighboring countries to the status of Bhutan, and that we are not prepared to accept.

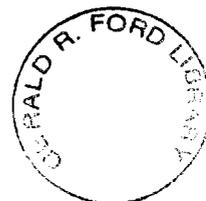
Ch'iao: May I insert something here? As I recall it, the Doctor made a speech to some scholarly association in which he said about the leading position of India on the sub-continent.

Kissinger: No, I said that India, as the strongest country on the sub-continent had a special obligation for restraint. And the intention was to point out the necessity for restraint. At any rate, we intend during the first half of next year to resume some cash arms sales to Pakistan which will restore some relationship. I will probably have to shoot half of Mr. Lord's staff before we can execute this.

But that is the direction in which we are moving. We have invited Prime Minister Bhutto to Washington, and within a few months after that we will do it.

Now, two events that have happened since last year that we did not discuss are the internationalization of the problem of energy, and the problem of food.

We are prepared in principle to discuss these issues with you, and to explain our views to you. They are areas in which we know you are sensitive to some statements that have been made by us. We are not indifferent to cannons that are fired at us with respect to these issues. And I think we should attempt to avoid unnecessary confrontations, because we have to solve the energy problem, nor for ourselves, but because if it continues in its present form it will lead to the political disintegration of Western Europe. We can solve it for ourselves easily -- relatively easily.



And this cannot be a matter of indifference to the People's Republic. It has for us nothing to do with the Third World against the industrialized world, and we don't think it should be approached from a strictly theoretical point of view. But while I am here I am prepared to discuss it in greater detail.

So this is the general situation. I have spoken for 50 minutes, which is what doctors do. I would propose, as we continue our discussions -- in addition to normalization, we could pick an area for discussion in greater detail -- the Soviet Union, the Middle East.

There is another issue which I leave it up to the Chinese side whether it wishes to discuss, and that is the problem of Cambodia. We don't insist on discussing it, I have the impression that whenever it is raised it creates a degree of irritation on the Chinese side, which is uncharacteristic -- and in addition to being uncharacteristic is out of proportion to the intrinsic importance of the subject being raised. From this I conclude the Chinese side considers us more than usually stupid on the issue of Cambodia. [Laughter] and that you must have the impression we are missing some point that should be perfectly obvious. So I thought, if you want to, we could give you our analysis.

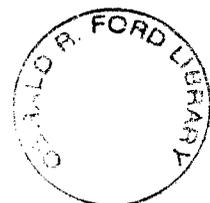
Because in one respect we are really not in disagreement. We are not opposed to Sihanouk. We have no interest in Sihanouk returning to Cambodia as a figurehead for Hanoi. But we would have no objection to him if he could head a truly independent government. And if you want to, we could have an exchange of views on this subject -- if you promise me not to get irritated.

Ch'iao: I don't think we have ever become irritated.

Kissinger: No, not personally. No, we understand your interest in Sihanouk and we are prepared to discuss it.

So this is the international scene as we see it, quickly. And then in our subsequent discussions we will go into more detail on each area.

[They confer].



Teng: Yes, it seems we don't have very much common language when it comes to the question of agriculture and energy. But we can exchange views.

Kissinger: I actually think we should have some common interests.

Teng: As for China itself, the food problem and energy problem do not exist for us, in that sense.

As for the Cambodian issues, I think you should be clear about our views, that is, both Samdech Norodom Sihanouk and the resistance forces within the country are neither puppets of Hanoi or puppets of China as some people say. Figureheads.

Kissinger: We agree they aren't figureheads of China.

Teng: Nor of Hanoi.

Kissinger: That we are not sure of.

Teng: We can assure you. They are entirely figureheads for the independence of their own country and nation. Actually why does the United States have to get itself involved in this issue? Because from the beginning it was their own problem. Let them solve their own problem.

Kissinger: The United States is already involved in the issue. It can't make the decision whether to get involved.

Teng: Since you have the power to decide whether to get involved, you also have the power to decide not to be involved.

Kissinger: That may be partly true, but for the U. S. to simply abandon people with whom we have been working has a larger significance and it is not a habit we should acquire lightly.

Teng: It should also be true to say you have worked with Sihanouk for an even longer period of time.

Kissinger: We don't exclude Sihanouk. We think we should find a formula for a negotiation to get started, the outcome of which would, in all probability be Sihanouk.



Teng: On this issue you would know we support Samdech Norodom Sihanouk and the resistance forces within the country and we support their position. And to put it frankly, we think if the United States is to place its hopes on Lon Nol or on any force you think would replace Lon Nol, that is not reliable.

Kissinger: We think it is possible to produce a negotiation, at the end of which Sihanouk could quite possibly emerge as the controlling factor. We think it is in his own interest to be totally dependent on one force. He should have many forces, factors to play with.

Teng: That is your idea.

Kissinger: It is our idea that it is possible to achieve a solution in Cambodia in which Sihanouk could emerge as the dominant force, yes.

Teng: As you wanted to discuss this specifically, we can.

Kissinger: All right.

Teng: But I think that is all for this morning.

Kissinger: That is probably right.

Teng: How should we proceed this afternoon?

Kissinger: It is up to you. We have not discussed normalization and we are prepared.

Teng: Perhaps we will invite you this afternoon to discuss what you didn't finish: bilateral relations and normalization. Because we will only have half an hour this afternoon. Tomorrow morning we can continue with our views.

Kissinger: That will be fine. That will be important.

Teng: 3:30 p.m. this afternoon.

Kissinger: At the Guest House?

Teng: Yes. It might be more convenient for you.

Kissinger: It is very courteous.

Teng: The same people?



Kissinger: The same numbers. I will probably add Mr. Gleysteen and drop somebody else.

Teng: That is your decision.

Kissinger: But the same numbers.

Teng: An agreement on quantity and not quality! [Laughter].

[The Meeting ended]



Lin/Habib
Memcon



DEPARTMENT OF STATE

Memorandum of Conversation

DATE: November 26, 1974

SUBJECT: Secretary Kissinger's Visit to Peking: Counterpart
Discussions on Exchanges and Claims/Assets (First
Session)

PARTICIPANTS:

Lin Ping - Director, American and Oceanic Affairs Department
Tsien Ta-yung - Counselor, PRC Liaison Office in Washington
Cheng Chi-hung - Deputy Director, U.S. Section
Ni Yao-li - Staff Member, American and Oceanic Affairs Department
Chao Chia, Staff Member, American and Oceanic Affairs Department
Ambassador Philip C. Habib, Assistant Secretary of State for East
Asian Affairs
Oscar V. Armstrong, Director, EA/PRCM
John H. Holdridge, Deputy Chief, U.S. Liaison Office, Peking
Christine Vick, Secretary's Office

(The meeting was held in the Concert Hall of the People, 2:00-3:15 p.m.)

Lin: Have you had a good rest?

Habib: Yes. We had a very nice lunch. Your hospitality is over-
whelming.

Lin: We are very glad to have this opportunity of having a talk
with Mr. Habib, Mr. Holdridge and other gentlemen on
bilateral specific questions between our two sides.
Present here today, I think, are friends who were here last
year except for Mr. Habib and the Miss. First I would like
to extend to you my welcome. Though Mr. Habib wasn't here
last year for the discussions on bilateral matters, I
believe Mr. Habib is quite aware of the practice in this
regard.

Habib: Yes. Since I had not met with Mr. Lin, my deputy, Mr.
Hummel, informed me fully of the previous conversations.
We are all looking forward to this opportunity to discuss
a few specifics with you. As the Secretary, Dr. Kissinger,
said this morning, there are matters which interest us and
we are pleased to discuss them with you, and we look upon

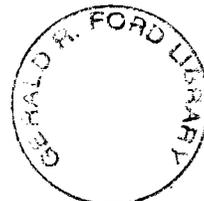
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(Drafting Office and Officer)

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these matters in the political context and as part of the overall process in which we are engaged.

Lin: This is already in the agreement reached between our two sides in February 1973.

Habib: How would you like to proceed?

Lin: What suggestions would you have in this regard?

Habib: I would suggest as is usual, that we might discuss the status of the exchanges that are about to take place. I understand that there have been preliminary exchanges between the facilitative Committees and their counterparts here with regard to the cultural and scholarly exchange for 1975. I think that the recent exchanges have reached a stage where it might be of interest to exchange views on what has transpired to date. As the Secretary pointed out this morning, the particulars and the numbers are not as important as the general progress and the general consequences of these exchanges. In our view, there is no question that the exchanges have an important part in the overall process toward normalization. We think that the National Committee for China-US Relations and the Committee for Scholarly Exchanges, are fulfilling the roles that they were expected to fulfill. From my observations of the manner in which they have been operating, this has been satisfactory to all concerned and we expect that degree of satisfaction to be maintained. Have you been satisfied with the manner in which the facilitative Committees have been functioning?

Lin: Well, I think I would like first of all to hear what suggestions or comments Mr. Habib may have on the bilateral specific questions between the two sides. How long do you expect that we shall have for our discussion this afternoon?

Habib: I think we should be relaxed and informal and we both need to be back at the Guest House before 3:30. We have two or three days before us in which we can fit in our time as is convenient to you. We might start with the exchanges because we have something specific to discuss and then we can go on to something else.

Lin: This means we shall have at most, one hour for our discussion.



Habib: If there is something to go on with, we can go on today or tomorrow, as you wish.

Lin: Maybe Mr. Habib will take the lead to let us know what suggestions or considerations you might have, including the following two aspects: namely, the cultural exchanges between our two sides and the question of claims to private properties and assets.

Habib: I will lead on the first one at this time. As I understand it, the preliminary exchanges with the Committee on Scholarly Communications and the National Committee on U.S.-China Relations have provided a list of proposed exchanges for 1975. In respect to the proposals that were made by the Chinese, the Chinese negotiators have suggested that in general, you want to maintain facilitated exchanges on the same quantitative and qualitative level. Is that correct?

Lin: Yes.

Habib: In the response received from the Chinese on the particular proposals, there have been, in terms of American groups coming to China under the auspices of the Committee on Scholarly Communications, 5 projects. I believe they are known to you and I won't list them unless you wish me to. So we will consider that as part of the record. With regard to the Chinese groups going to the United States, there were 7 groups proposed. In its response the Committee on Scholarly Communications accepted all the proposals for the American groups going to China, in accordance with your wishes, and has suggested that there be numerical reciprocity. That is, you should add two more American groups from the original proposals that were made to you.

For the Chinese groups going to the United States there was a request for clarification with regard to some of them to determine whether the delegations would be scientifically or commercially oriented. That was so the commercially oriented could be handled through other channels. The three groups were petrochemicals, communications techniques, and industrial automation.



With regard to the proposals made by the National Committee, the Committee has accepted the Chinese proposal with respect to the amateur track and field team but is in the process of determining whether or not it could go. As I understand it, that has not been clarified.

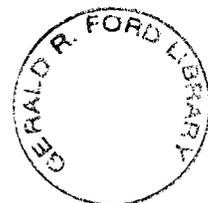
Here again, with respect to National Committee, I think there were three proposals for American groups to go to China and two with respect to Chinese groups going to the United States. Again, the suggestion was made that we achieve numerical reciprocity and that would mean one more group from China. It was suggested that a group of Chinese municipal officials visit the United States, or a visit by a delegation of the Institute of Foreign Affairs. The municipal officials group was on the 1974 list but was not implemented. I think that covers those items in which preliminary discussion has already taken place, and I would be interested in any reaction Mr. Lin may have with regard to these cultural exchanges.

Lin: Would it not be better if you go on and finish the second aspect of the question and then we shall exchange our views?

Habib: I will do it any way you wish. As you will recall, we have discussed the desirability of having some of our Congressional groups come to China and you have in the past been forthcoming in this regard. This has been very helpful to the general thrust of our policies, which is mutually desirable.

I might say this has produced a remarkable friendly reaction to your hospitality which has become renown among these groups, but in addition, it has produced a serious understanding which is also desirable.

Your hospitality and the interest with which these Committees have been discovering your country is reflected in some requests which we have now received. The Appropriations Sub-Committee of the House of Representatives has dealings with our State Department appropriations. The Chairman of this Committee has spoken to us of his desire and that of the members of the Sub-Committee to visit the People's Republic of China. This Committee is of particular



importance to us because it is the Committee that deals with the State Department budget. Mr. Armstrong and I and Mr. Holdridge do not want our pay reduced, so we have a great deal of interest in that Committee.

The Chairman of the Sub-Committee on Asian and Pacific Affairs of the Foreign Affairs Committee of the House of Representatives has also indicated an interest on the part of his Sub-Committee, for its members to visit the People's Republic of China. This Sub-Committee is part of the overall Committee which deals with foreign affairs legislation and is the particular Committee that deals with Asia. It is naturally most interested in visiting the People's Republic of China.

Additionally the women members of the House of Representatives have indicated an interest in a delegation of women members of Congress from the House of Representatives to visit China. Some members have discussed this interest with the wife of the Chief of your Liaison Office.

In making their interest known to you, we would hope you would consider them and indicate your general attitude toward receiving such groups. We could then, at a later stage and an appropriate time, get into the details of the proposed numbers, times and programs that might be most suitable for such a group. And, as is usual, if there are any groups of similar nature that you should wish to send to the United States on a reciprocal basis, we are open to any ideas that you may have.

To follow Mr. Lin's proposal that I proceed with any ideas I may have, there are one or two things that I would like to present for your consideration.

You will recall in 1973 a group of White House fellows visited China. This is a very distinguished group of young Americans that are specially chosen for a year's work in the environment of the White House and I am sure you will recall the caliber and characteristics of these people from their 1973 visit. The present White House fellows have suggested a visit to the People's Republic of China and a return visit by young Chinese leaders. If that proposal is of interest to you, we would be prepared to pursue it.



Finally, there is a great deal of interest in matters effecting the environment and if there is much interest in a reciprocal exchange of delegations that are suitable for exchanges on environmental matters, we would consider that as useful.

I think that I have pretty well presented a variety of specific and general ideas within this general range that we think we can accomplish to our mutual interest. I would be interested in any reaction or comments the Director may have.

Lin: I have said that there are two questions between our two sides in connection with bilateral matters. One is the cultural and scholarly exchanges and the other is the claims to private properties and assets. I think Mr. Habib has just covered the first question and I would like to go on with the second. That is what I understand the bilateral matters included--the two questions. I am not sure Mr. Habib means to say there exists only one question between us and the second one doesn't exist.

Habib: Well, I think it would be preferable to discuss the exchanges and continue on to the other in its turn and not mix the two up. We can discuss the cultural and scholarly exchanges and then come to the other in its turn.

Lin: My idea is that maybe the United States side will proceed with its views and ideas upon these two questions this afternoon and after that we will express our views.

Habib: There has been a considerable exchange already between the two sides on the question of claims and assets and we have now reached the stage whereas one can recapitulate the positions fairly simply.

Lin: So far as the subjects which came under discussion today, the cultural exchanges between our two countries and claims to assets, I think the ideas of the Chinese side have already been made clear to the United States side. Therefore we are ready to hear what you might have on this subject.



Habib: Where we stand on the claims and assets situation--as I understand it, there has been a proposal by your side with respect to those assets which have already been transferred, that there be a payment made to the United States government. I think the amount proposed by your Prime Minister was \$17 million to cover that aspect--what we might call a gap--in the third country bank situation. We have stated that we will accept this proposal.

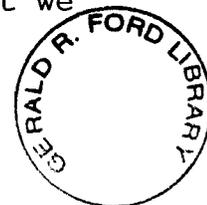
Secondly, there was the question of bonds. We have indicated that this is not a matter in which we intend to involve ourselves in any way as a government. I think that matter is resolved as a problem.

The only remaining question is the technical one: some way of identifying the assets so that we are in accordance with our own legal requirements and not subject to litigation which would be directed toward the American government.

I think there have been draft letters back and forth which have achieved a degree of understanding of the principles involved and now a decision is needed to proceed in the manner which meets the requirements of each of us. If you would like to proceed on that basis I don't imagine there would be too much difficulty. I consider from my point of view that the agreement in principle is still valid, and as the Secretary said this morning, once an agreement is reached, just the details need to be worked out.

Does the Director agree with me that generally speaking we have an agreement in principle and it is only a matter of finding a mutually agreeable way of achieving these precise principles?

Lin: With regard to claims and assets, on our part we have formally made a reply on June 14 this year to your memo dated December 22, 1973. As we understand it, if we proceed from the understanding reached between us in February 1973, a package settlement will be realized--in fact, could have been already realized--on the basis of political considerations. But in March last year, the United States side put forth a draft that created some side issues. The first of them refers to a phrase "designated or specially designated nationals" and the second required us to cover all the liabilities that occurred before 1949. With regard to this we made our new proposal last November. Judging from a memo that we



received from the United States side dated December 22, 1973, it is clear to us that though the United States side has changed the way it handles those questions, it had not given up the unreasonable demands in essence. Therefore we made our formal reply to you on June 14 stating our principled position.

What remains before us is how the US side will, on the basis of the understanding on a political package settlement, propose to solve this question in accordance with our reply made on June 14. I have just heard what Mr. Habib had to say on this subject and I understand those represent views you held before our June 14 reply. And you have not touched on what you have to say after receiving our reply made on June 14.

Habib: I read the June 14 reply and maybe it is my ignorance as a newcomer, but it struck me as quite probable that there is a degree of misunderstanding. I would like to explain to you why I come to that conclusion. In doing so I will attempt to reply to your June 14 memo.

First, we don't reject the idea of a package deal. On the contrary, I believe that it is the correct way to handle the matter. I don't believe there is any difference in principle. Now, as far as the phrase that you mention that you found objectionable, I think we have concluded it isn't the phrase that is important; we are not wedded to these particular phrases. We are hoping to find some way of defining the assignments so that we can solve the problem. As for the third element that you mentioned on the liabilities occurring before 1949: we have no legal interest in these liabilities. As I understand it, we have no interest in your acknowledging the existence of these liabilities and we have never proposed that you acknowledge these liabilities. So there again, this may have been a misunderstanding. We are not asking that you acknowledge in any way the existence of those liabilities. If there was any misunderstanding, I hope that I have helped to clear it up.



As I said earlier, it seems to me that we have reached agreement in principle with regard to the items the Director has mentioned and the \$17 million which you proposed in an earlier exchange. So the whole issue is to implement the agreement in principle with such tidying up as is needed. This is not a matter of extreme importance or urgency, as the Secretary mentioned this morning, but we hope to get clear that there isn't a difference in principle, as suspected in your note of June 14. I didn't understand that note, but now I think I have a better understanding of what might have led to that note.

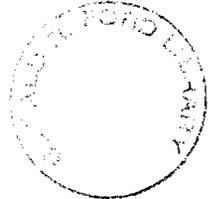
Lin: In my opinion, what exists between us is not merely a misunderstanding. What really exists is that the United States side insists on its demand to create some side issues. That is to say, the US side does not stick to the spirit of the understanding reached in February of 1973 to find a package settlement. That is why I think it is a matter of principle. In other words, we have not reached agreement on how to dispose of this question between us, and our stand has been clearly stated in our reply of June 14.

We mentioned last November the transfer of \$17 million to the US side that we have drawn from the third country banks. We made a considerable concession in accordance with the general understanding on a political settlement. And we acted upon the understanding that your side thought it would be easy to settle the question of the liability that occurred prior to 1949. But actually your reply in December does not conform to the commitment that you had expressed in November. That is why I say there have been some changes in the manner of your disposing of this question, while in fact you insist upon the unreasonable demands that you put forth. So we have explicitly stated that we cannot but withdraw the proposal we made before.

Habib: Can I ask a few questions?

Lin: This question is still outstanding between us. And I thought Mr. Habib might have put forth some proposals that would be to the satisfaction of both sides.

Habib: First, it is my understanding that we made the same statement in December as in November with respect to the liabilities prior to 1949. In effect, they will not be an issue between us and let's not make it one. But let me examine that again and we will talk about it again. I don't believe that a matter we do not ask you to acknowledge can become an issue



between us and we don't ask you to acknowledge it. But let me examine the proposal you have made and we will talk about it again.

Lin: I have to say that I do not agree with Mr. Habib as to the liabilities occurring before 1949. -- the way you put the question. As it is, the time is very very short. We can go on with our talks or find some other time.

Habib: I think we should find another time.

Lin: All right, so we have just expressed some of our preliminary views on this matter.

Habib: I think it was a very useful preliminary exchange. I hope I have shed some light on the matter.

Lin: I would also welcome your further explanation on this matter.

Habib: And I will expect to hear further about both subjects. With respect to exchanges, you owe me a little bit.

Lin: Yes, without question.





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