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FOIA

F02-025/1

Box Number 6

COHEN, WARREN

5

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
60130	CABLE	BEIJING 6761 R 10/18/2013 M386/1	21	8/19/1981	B1
60131	MEMO	PIPES TO ALLEN RE. US-PRC RELATIONS PAR 10/18/2013 M386/1	1	8/19/1981	B1 B3
60132	CABLE	STATE 218802 R 10/18/2013 M386/1	2	8/17/1981	B1
60133	CABLE	DIST 17AUG 81 PAR 3/12/2013 M386/1	4	8/17/1981	B1 B3
60134	CABLE	BEIJING 8938 R 10/18/2013 M386/1	2	8/22/1981	B1
60135	CABLE	BEIJING 9020 R 10/18/2013 M386/1	6	8/25/1981	B1
60136	CABLE	BEIJING 9038 R 10/18/2013 M386/1	4	8/26/1981	B1
60137	CABLE	BEIJING 9072 R 10/18/2013 M386/1	1	8/26/1981	B1
60138	CABLE	STATE 227784	3	8/26/1981	B1
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DE RUMJPG #8761/01 2310024

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FM AMEMBASSY BEIJING

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NLRR M386/1 #60130

BY KML NARA DATE 10/18/13



TO SECSTATE WASHDC IMMEDIATE 4608

INFO AMCONSUL HONG KONG 8440

AIT TAIPEI

AMEMBASSY TOKYO 8146

CINCPAC HONOLULU HI

ZEN/AMCONSUL SHANGHAI (POUCH)

ZEN/AMCONSUL GUANGZHOU (POUCH)

~~*****CONFIDENTIAL*****~~ SECTION 1 OF 7 BEIJING 8761

CINCPAC FOR POLAD

U.O. 12065; RDS-1, 8/18/81, (FREEMAN, CHARLES W. JR.) OR-M

TAGS: SEPR, MASS, CH, TW

SUBJ: CHINESE OFFICIALS DISCUSS U.S.:

RELATIONS WITH TAIWAN

1. / - ENTIRE TEXT

2. BEGIN SUMMARY.

A. IN A CONVERSATION WITH SENATOR GLENN, VICE MINISTER ZHANG WENJIN STATED THAT AT THE TIME OF NORMALIZATION OF U.S.-CHINA RELATIONS, THE CHINESE HAD "UNDERSTOOD" THAT THE QUESTION OF U.S. ARMS SALES TO TAIWAN "WOULD BE DISPOSED OF AFTER NORMALIZATION." ZHANG IMPLIED THAT AT THE LAST MOMENT IN NORMALIZATION TALKS, THE U.S. SIDE HAD SAID THAT ARMS SALES "WERE A TRANSITIONAL MATTER." THE CHINESE HAD UNDERSTOOD THAT--AT SOME POINT--ARMS SALES WOULD CEASE. OTHERWISE, HE NOTED, THERE WOULD HAVE BEEN NO NORMALIZATION.

B. SENATOR GLENN RESPONDED THAT IT WAS PROBABLE THAT THERE WOULD HAVE BEEN NO NORMALIZATION IF THE CHINESE HAD INSISTED THAT THE U.S. COULD NOT HELP MAINTAIN THE "MILITARY BALANCE" IN THE TAIWAN STRAITS.

CHINA WENT AHEAD WITH NORMALIZATION KNOWING FULL WELL THAT OUR ATTITUDE WAS TO "MAINTAIN THE BALANCE."

FOREIGN RELATIONS COMMITTEE STAFFER FORD NOTED THAT IN DECEMBER, 1978, THE STATE DEPARTMENT ANNOUNCED THAT U.S. POLICY WAS TO SELL DEFENSIVE WEAPONS "INDEFINITELY" TO

ATTN: *ROB: GREGG, LILLEY, KIMMITT

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BEIJING 8761

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TAIWAN, AND THAT OUR POSITION HAD NOT CHANGED. ZHANG NOTED THAT THE QUESTION OF ARMS SALES HAS BECOME MORE IN THE FOREFRONT PARTICULARLY NOW SINCE TAIWAN IS PLAYING ON THAT. THERE IS A CAMPAIGN OF SENDING ARMS TO TAIWAN EVEN ON A MORE INTENSIVE SCALE." HE STATED THAT "ANY SALE OF ARMS TO TAIWAN WILL CONSTITUTE INTERVENTION IN CHINESE AFFAIRS. CHINA HAS NO CHOICE BUT TO MAKE STRONG REACTIONS. OUR RELATIONSHIP CANNOT BE MAINTAINED ON THIS LEVEL." THIS MATTER "NOT ONLY ENDANGERS OUR RELATIONS BUT OUR STRATEGIC (COOPERATION) AND STRATEGY OVER ALL." THE U.S. CONCERN FOR THE SECURITY OF TAIWAN ADDED TO THE CHANCES OF THOSE WHO DESIRED TAIWAN INDEPENDENCE, AND PUT A BRAKE ON THE "ROC'S" WILLINGNESS TO NEGOTIATE.

ZHANG ASSERTED THAT CHINA SINCERELY WANTED TO SOLVE THE TAIWAN QUESTION PEACEFULLY, BUT SAID THE CHINESE "WILL MAKE NO FIRM COMMITMENTS" TO ANY FOREIGN COUNTRY ON THIS MATTER. THIS WAS A QUESTION OF PRINCIPLE. CHINA DID NOT GIVE UP ITS HOPES FOR UNITY UNDER SOVIET PRESSURE, AND WOULD NOT DO SO FOR THE U.S. THE U.S. HAS "THE OPTION OF ROC OR PRC -- YOU HAVE TO CHOOSE," AND "TAKE THE CONSEQUENCES."

ZHANG SAID THAT IF TAIWAN DECLARED INDEPENDENCE, IT WOULD SPOIL THE WHOLE BALANCE." ALTHOUGH THE U.S. SAYS IT DOES NOT ENCOURAGE INDEPENDENCE, "MAYBE YOU WOULD JUST LIKE TO SEE THAT HAPPEN... THAT WILL DESTROY THE WHOLE RELATIONSHIP."

THE VICE MINISTER AND HAN XU CRITICIZED THE TAIWAN RELATIONS ACT IN STANDARD TERMS. THE ACT WAS A SUBSTITUTE FOR THE DEFENSE TREATY. IT TREATED TAIWAN AS A (SEPARATE) POLITICAL ENTITY. IT PROVIDED FOR AGREEMENTS SIGNED WITH TAIWAN TO REMAIN IN EFFECT. ZHANG REITERATED STANDARD POLICY THAT CHINA WOULD ACCEPT U.S. ECONOMIC AND CULTURAL RELATIONS WITH TAIWAN, SIMILAR TO JAPAN'S TIES WITH THE ISLAND. HE SAID THAT CHINA HAD "MADE A VERY GENEROUS OFFER-- THEY CAN HAVE (THE) STATUS QUO."

END SUMMARY.

4. SENATOR JOHN GLENN, ACCOMPANIED BY FOREIGN RELATIONS COMMITTEE STAFFER CARL FORD AND BUSINESSMEN IN HIS PARTY MET WITH CHINESE VICE FOREIGN MINISTER ZHANG WENJIN AND AMERICAN AND OCEANIC AFFAIRS DIRECTOR HAN XU ON AUGUST 15. AN EMBASSY OFFICER AND OTHER MEMBERS OF THE GLENN PARTY ALSO ATTENDED THE BREAKFAST MEETING IN BEIJING. ZHANG SPOKE IN ENGLISH. WHERE NECESSARY TO AID UNDERSTANDING, THE EMBASSY HAS INSERTED WORDS IN PARENTHESIS. EXCEPT FOR THESE INSERTS, THE TEXT WAS REVIEWED BY SENATOR GLENN

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PRIOR TO HIS DEPARTURE FROM BEIJING.

A. TEXT BEGINS AFTER SOCIAL BANTER:

GLENN: PARTICULARLY IN LIGHT OF WHAT WE HAVE SEEN
 THE SOVIET UNION -- THE MOVES IN AFGHANISTAN, USE OF
 CUBAN SURROGATES -- AND THEIR BIG MILITARY BUILD UP
 HERE IS CONTINUING IS SOMETHING THAT IS TREMENDOUS, AND
 IN THE U.S. ARE GOING TO A LARGER DEFENSE BUDGET NOW.
 WE HAVE SUPPORTED THIS FOR A LONG TIME, AND I THINK IT
 WILL REQUIRE A GREAT DEAL OF EFFORT. WE DO NOT SEE ANY
 TEND TO THE SOVIET BUILDUP YET. THEY ARE STILL GOING AS
 THEY HAVE FOR THE LAST 15 YEARS, OUTSPENDING US 30-50 PER-
 CENT ON DEFENSE MATTERS. THEY STARTED FROM A POSITION OF
 INFERIORITY BUT NOW WE SEE THAT UNLESS WE START BUILDING,
 THE SOVIETS COULD EXCEED US IN MILITARY POWER BY 1988
 OR SO. WE CANNOT LET THAT HAPPEN. YOU HAVE ON YOUR
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BTU5427
DE RUMJPG #8761/02 2310840
O R 190800Z AUG 81
FM AMEMBASSY BEIJING

TO SECSTATE WASHDC IMMEDIATE 4609

INFO AMCONSUL HONG KONG 8441
AIT TAIPEI
AMEMBASSY TOKYO 8147
CINCPAC HONOLULU HI
ZEN/AMCONSUL SHANGHAI (POUCH)
ZEN/AMCONSUL GUANGZHOU (POUCH)

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NORTHERN BORDER SOMEWHERE AROUND ONE-FOURTH OF THE SOVIET MILITARY FORCES LINED UP.

6. ZHANG: THAT IS ALSO OUR ESTIMATE. SOME SAY THE SOVIET UNION'S STRENGTH IS GOING DOWN. THEY HAVE MORE TROUBLE BUT THEY SHOULD NOT BE UNDERESTIMATED. I THINK IT IS VERY IMPORTANT THAT NOT ONLY THE U.S. OR ANY OTHER COUNTRY ALONE CAN CHECK THE SOVIETS, AND THAT IS WHY IT IS OF GREAT IMPORTANCE -- THAT ALL OF THE COUNTRIES WORK TOGETHER TO CHECK THE SOVIET EXPANSION. I THINK THE NORMALIZATION OF RELATIONS AND THE SHANGHAI COMMUNIQUE AND THE JOINT COMMUNIQUE WORKED AGAINST THE HEGEMONISTS.

7. GLENN: WHAT OPTIONS DO YOU THINK THEY HAVE IN POLAND? THE SOVIETS ARE PLANNING A BIG MILITARY MANEUVER FOR THIS FALL ALONG THE SOVIET BORDER. WHAT DO YOU THINK THEY WILL DO?

8. ZHANG: ONE THING WE ARE SURE -- THEY WILL NOT LET POLAND BE OUT OF CONTROL BUT AS TO HOW THEY MAINTAIN IT DEPENDS ON THE SITUATION. IF THEY GO FORWARD THEY WILL HAVE A LOT OF PROBLEMS BUT IF POLAND SHOULD GET OUT OF CONTROL, THE REPERCUSSIONS ARE TOO BIG FOR THE SOVIET UNION THAT IT WOULD NEVER BE LET GO -- THE IMPACT ON WARSAW PACT. THERE IS TALK ABOUT A SUMMIT WITH BREZHNEV. IS THAT GOING TO OCCUR?

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KSR COMMENTS:

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10. GLENN: THERE HAS NOT BEEN ANY DATE SET. HAIQ
WILL MEET WITH GROMYKO IN SEPTEMBER. THAT MEETING IS
ALREADY SET.

11. ZHANG: BILATERAL RELATIONS -- THERE ARE STILL SOME
POINTS -- IT IS A GREAT ACHIEVEMENT THAT WE HAVE
NORMALIZED. ONE POINT MANY AMERICANS DON'T UNDERSTAND
IS REGARDING SOLVING THE TAIWAN QUESTION BY PEACEFUL
MEANS. I WOULD VERY MUCH SEE TO IT THAT THE TAIWAN
QUESTION WAS RESOLVED PEACEFULLY AND HAVE WORKED TOWARD
THAT BUT WE CAN NEVER COMMIT OURSELVES TO THAT. ONE
PRINCIPLE -- (THIS IS THE) DOMESTIC AFFAIRS OF CHINA
IN WHICH NO OTHER COUNTRY SHOULD INTERVENE. WE
CANNOT GIVE UP PART OF OUR SOVEREIGNTY. NO PREVIOUS
CHINESE GOVERNMENTS WOULD MAKE THAT COMMITMENT BECAUSE
THE PEOPLE WOULD NOT ACCEPT THAT. AS LONG AS TAIWAN
HAS A HOSTILE ATTITUDE, THEY REFUSE NEGOTIATION AND
IT CAN DRAG ON. YOU CAN SEE THAT WE HAVE A SINCERITY
TO SOLVE IT PEACEFULLY. THERE IS STILL MUCH MISUNDER-
STANDING ABOUT THIS QUESTION.

12. GLENN: THERE MAY BE SOME, BUT I DON'T THINK
ANYONE QUESTIONS YOUR SINCERITY TO SOLVE THE TAIWAN
SITUATION PEACEFULLY. NOR DO I THINK ANY OF US --
SINCE TAIWAN AND THE PRC BOTH SAY THEY ARE ALL ONE
COUNTRY SO THAT DECIDES IT AS FAR AS WE ARE CONCERNED
SO NO ONE QUESTIONS THE SOVEREIGNTY. BUT AT THE TIME
OF NORMALIZATION THE EXISTING SITUATION ON TAIWAN WAS
THAT THERE WAS A MILITARY BALANCE OR STAND OFF AT THAT
TIME AND IT IS THAT BALANCE THAT WE HAVE SOUGHT TO SEE
MAINTAINED. I THINK THERE WOULD BE A CONSIDERABLE
FEELING BY MANY PEOPLE IN THE UNITED STATES, THAT
IF WE REALIZE THE PRC WANTS PEACEFUL SOLUTIONS, THE
PRC HAS NOT BEEN WILLING TO SAY THAT THEY WOULD NEVER
USE A MILITARY OPTION. THE PRC HAS USUALLY SAID WHAT
YOU JUST SAID -- YOU WOULD NOT SINCE IT WAS AN INTERNAL
MATTER. IT IS UP TO THE PRC AS TO WHAT THE ATTITUDE
WOULD BE. WE HAD A LONG RELATIONSHIP WITH THE PEOPLE
WHO WENT TO TAIWAN -- CHIANG KAI-SHEK -- AND THERE
ARE MANY PEOPLE WHO STILL FEEL CLOSE TO THAT
GROUP, AND I THINK THEY DON'T WANT TO SEE THE CHANCE
OF THERE EVER BRING A BLOOD BATH OR A MILITARY SOLUTION
BEING TRIED ACROSS THE STRAIT OF TAIWAN. THE EXECUTIVE
BRANCH HAS UNDER REVIEW NOW WHAT WEAPONS, IF ANY, WILL
BE SENT TO TAIWAN. WHAT THE FINAL DECISION ON THAT
WILL BE, I DO NOT KNOW. THERE HAS BEEN NO DECISION
MADE YET AS FAR AS I KNOW.

13. ZHANG: THE QUESTION IS STILL UNDER CONSIDERATION?
CHI: AT THE TIME OF NORMALIZATION, THAT WAS ONE ISSUE

THAT THERE WAS DISAGREEMENT ON. WE UNDERSTAND THAT THIS QUESTION WOULD BE DISPOSED OF AFTER NORMALIZATION AND WE APPRECIATED THAT. ACTUALLY, THIS QUESTION HAS BECOME MORE IN THE FOREFRONT PARTICULARLY NOW SINCE TAIWAN IS PLAYING ON THAT. THERE IS A CAMPAIGN OF SENDING ARMS TO TAIWAN EVEN IN A MORE INTENSIVE SCALE, AND I THINK THERE IS (NO?) UNDERSTANDING OF CHINESE SENTIMENT. I THINK IT IS SOMETHING LEFT OVER BY THE OLD MAINLANDERS (CHINA LOBBY?) OF THE U.S. THEY NEVER HAD CHINA IN MIND AND FELT THEY HAD TO LOOK AFTER CHINA AND DO SOMETHING GOOD FOR CHINA.

13. GLEN: IT IS GOOD TO REMEMBER THAT IF THERE HAD BEEN AN INSISTENCE AT THE TIME NORMALIZATION WAS BEING CONSIDERED -- THAT THERE BE NO AID TO TAIWAN WHATSOEVER, THAT WE COULD NOT HELP MAINTAIN THAT MILITARY BALANCE -- I THINK THE PROBABILITY WOULD HAVE BEEN THAT THERE WOULD NOT HAVE BEEN NORMALIZATION. THERE WAS A SENTIMENT IN THE U.S. THAT WE SHOULD NOT LEAVE UNASSISTED THE PEOPLE THAT WERE OUR FRIENDS FOR SO MANY YEARS. IF THERE HAD BEEN AN INSISTENCE BY THE PRC THAT WE WOULD NOT BE ABLE TO HELP THEM MAINTAIN THE MILITARY BALANCE -- WE WOULD PROBABLY NOT HAVE HAD NORMALIZATION APPROVED IN THE U.S. IT WAS VERY WISE OF THE PRC TO ACCEPT THAT FACT. YOU DID NOT PUSH YOUR VIEWS ON TAIWAN TO THE POINT WHERE IT WOULD STOP THE NORMALIZATION PROCESS. IT WAS WISE.

TO IMMED /ROUTINE
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OR RUMJPG #8761/03 2310653
OR R 190600Z AUG 81
FM AMEMBASSY BEIJING

TO SECSTATE WASHDC IMMEDIATE 4610

INFO AMCONSUL HONG KONG 8442
INFO TAIPEI
AMEMBASSY TOKYO 8148
CINCPAC HONOLULU HI
ZEN/AMCONSUL SHANGHAI (POUCH)
ZEN/AMCONSUL GUANGZHOU (POUCH)

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14. ZHANG: IT WAS MADE QUITE CLEAR DURING THE NORMALI-
ZATION AND THE JOINT COMMUNIQUE THAT THE AMERICAN
RELATIONSHIP WITH TAIWAN IS TO BE ON A PEOPLE-TO-PEOPLE
BASIS (AND THAT THE U.S. WILL) NOT RECOGNIZE IT (TAIPEI)
AS THE LEGAL GOVERNMENT OF THE CHINESE. IN ECONOMIC,
CULTURAL MATTERS, WE WERE CLEAR THAT WE WOULD BE PRE-
PARED TO SEE THAT THE U.S. HAD RELATIONS AS JAPAN HAS.
THERE IS NO COUNTRY WHICH HAS NORMALIZED WITH THE PRC
THAT HAS SOLD ARMS TO TAIWAN EXCEPT THE DUTCH. THIS
IS QUITE CLEAR. BUT, AT THE LAST MOMENT WE DISAGREED,
AND YOU SAID THIS IS A TRANSITIONAL MATTER. WE CAN
NEVER AGREE (TO ARMS SALES).

15. HAN: YOUR AMBASSADOR...

16. GLENN: I DON'T THINK ANYONE EVERY LOOKED AT IT THAT
WE WERE ASKING THE PRC TO PAY A PRICE FOR IT. FROM
THE AMERICAN VIEWPOINT IT WAS JUST THAT WE HAD A LONG
RELATIONSHIP WITH TAIWAN AND WE DIDN'T WANT TO CUT
THAT. OUR COMMITMENT IN THE TAIWAN RELATIONS ACT WAS
TO SEE THAT THE BALANCE WAS MAINTAINED. THERE WAS NO
CONSIDERATION WHATSOEVER OF EVER GIVING TAIWAN OTHER
THAN A DEFENSIVE FORCE. IF THERE WAS NEVER ANY ATTACK
FROM THE MAINLAND THEN THE FORCES ON TAIWAN WOULD
NEVER BE ABLE TO ATTACK CHINA. I HAVE NEVER HEARD
ANYONE PROPOSE OFFENSIVE ARMS SALES THAT WOULD ENABLE
TAIWAN TO ATTACK CHINA.

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17. ZHANG: IT IS A FALS APPROACH TO THE TAIWAN QUES-
TION FOR THE U.S. TO PLAY SOME SUCH GAME. IT IS A
MATTER OF INTERVENTION (IN CHINESE INTERNAL AFFAIRS)
BECAUSE YOU WOULD BE SUPPORTING SOME OF THE REBELLION
FORCES AGAINST THE CHINESE GOVERNMENT. THAT IS INTER-
VENTION IN CHINESE AFFAIRS AND FROM THAT POINT (OF
VIEW) IT IS AGAINST INTERNATIONAL LAW. IT IS NOT
SOMETHING THAT ORDINARY BUSINESS WILL DO. WHEN YOU
DO THAT, YOU ENDANGER (SINO-AMERICAN) RELATIONS. THAT
IS WHY WE LAY GREATER EMPHASIS ON THIS MATTER. IF
YOU DON'T CARE ABOUT NORMALIZATION, THAT IS ANOTHER
MATTER, BUT I THINK YOU DO CARE ABOUT NORMALIZATION.
WE HAVE TO WORK OUT AND MAKE IT CLEAR TO THE U.S.
THAT YOU HAVE TO CONSIDER SERIOUSLY THIS MATTER BECAUSE
THIS NOT ONLY ENDANGERS OUR RELATIONS BUT OUR STRATEGIC
(COOPERATION AND) STRATEGY ALL OVER.

18. GLENN: WE DO CARE ABOUT NORMALIZATION AND HAVE
LOOKED AT IT AS AN IMPORTANT ELEMENT NOT ONLY IN THIS
PART OF THE WORLD BUT IN THE OVERALL STRATEGIC BALANCE.
CONTINUING OUR DEVELOPING RELATIONSHIP IS VERY IMPORTANT
TO BOTH COUNTRIES, NOT ONLY STRATEGICALLY, BUT ALSO
DOMESTICALLY FOR CHINA WITH THE HELP FOR THE FOUR
MODERNIZATIONS -- THE HELP WE CAN PROVIDE BETTER THAN
ANY NATION IN THE WORLD. HOW MUCH OF YOUR CONCERN
ABOUT THIS COMES FROM THE CONFLICTING STATEMENTS MADE
DURING THE LAST ELECTION CAMPAIGN AND THE ATTITUDE THE
NEW PRESIDENT MIGHT HAVE TOWARDS THE PRC? DO YOU FEAR
THAT HE MIGHT GO BEYOND JUST DEFENSIVE WEAPONS ON
TAIWAN, OR IS IT JUST SOLELY THE FACT THAT WE ARE
SENDING ANY WEAPONS?

19. ZHANG: WE HAVE MADE CLEAR OUR STAND ON PRINCIPLE --
ANY SALE OF ARMS TO TAIWAN WILL CONSTITUTE INTERVENTION
IN CHINESE AFFAIRS. CHINA HAS NO CHOICE BUT TO MAKE
STRONG REACTIONS. OUR RELATIONSHIP CANNOT BE MAINTAINED
ON THIS LEVEL.

20. GLENN: YOU ARE CONSIDERED TO BE THE CHINESE EXPERT
ON AMERICA. DO YOU THINK IF AT THE TIME NORMALIZATION
WAS BEING CONSIDERED, IF THERE HAD BEEN NO RELATIONSHIP
OR NO CONCERN FOR TAIWAN PERMITTED FOR AMERICA, DO YOU
THINK THERE WOULD HAVE BEEN ANY NORMALIZATION TO BEGIN
WITH?

21. ZHANG: FOR OUR STAND IT IS VERY CLEAR. IT IS FOR
THE U.S. TO MAKE THE DECISION, BUT OF COURSE WE WERE
GIVEN INDICATIONS THAT YOU HAD ACCEPTED THE PRINCIPLES
THAT WE HAD LAID DOWN THAT AS WE HAD INDICATED WOULD
BE MORE OR LESS AS THE SAME PATTERN AS JAPAN. WE

WE'RE THAT IS SOMETHING THAT WE HAVE GIVEN TO THE MAXIMUM TO ACCEPT. AFTER NORMALIZATION, THERE WAS THE TAIWAN RELATIONS ACT. WE WERE VERY UPSET BECAUSE THERE ARE MANY CONTRADICTIONS WITH THE JOINT COMMUNIQUE, AND THEY ARE DIRECTED AGAINST THE TERMS OF NORMALIZATION. THE U.S. (SAYS IT) IS RESPONSIBLE FOR THE SECURITY OF TAIWAN AND TO MAINTAIN THE SYSTEM OF THE POLITICAL SETUP OF TAIWAN AND ALL OF THAT.

22. GLENN: WE DID NOT GUARANTEE THE CONTINUING OF THE POLITICAL SETUP ON TAIWAN. THAT IS UP TO THE TAIWANESE AND IF THEY UNITE BACK INTO ONE CHINA, THAT IS UP TO THEM ALSO. WHAT WE DID AT THE TIME OF NORMALIZATION, WE BROKE RELATIONS, CEASED THE OPERATION OF THE MAAG GROUP AND ABROGATED THE DEFENSE TREATY.

23. ZHANG: BUT YOU SUBSTITUTED SOMETHING WHICH IS WITHOUT A NAME (I.E., THE SAME THING BY A DIFFERENT NAME).

24. GLENN: WHICH MAY NOT HAVE BEEN FULLY ACCEPTABLE TO YOU OR TO US, BUT WITHOUT THAT WE PROBABLY WOULD NOT HAVE NORMALIZATION. NORMALIZATION HAS BEEN A BIG ENOUGH BENEFIT TO BOTH SIDES, AND CAN CONTINUE TO BE AN INCREASING BENEFIT THAT I WOULD HATE TO SEE THIS SET BACK BY WHAT MIGHT HAPPEN WITH REGARD TO THE ARMS SALES -- THEY ARE NOT A THREAT TO THE PRC. THEY ARE STRICTLY DEFENSIVE ARMS AND I DO NOT KNOW WHAT THE DECISION WILL BE ON THIS.

25. ZHANG: IT IS VERY HARD TO MAKE A LINE BETWEEN DEFENSIVE AND OFFENSIVE. ARMS ARE ARMS. THE
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STU5547
OF RUMJPG #8761/04 2310735
O R 190600Z AUG 81
FM AMEMBASSY BEIJING
RUEHC/SECSTATE WASHDC IMMEDIATE 4611

INFO AMCONSUL HONG KONG 8443
AIT TAIPEI
AMEMBASSY TOKYO 8149
CINCPAC HONOLULU HI
MEN/AMCONSUL SHANGHAI (POUCH)
MEN/AMCONSUL GUANGZHOU (POUCH)

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ASSUMPTION THAT THE KEY (IS) TO MAINTAIN THE BALANCE OF FORCES IS NOT EXACTLY PROPER BECAUSE THE NORMALIZATION OF CHINA DOES A GREAT TURN ABOUT. IT (THE U.S.) HAS TO GET OUT FROM THE MISTAKE IT MADE IN 1949 AND 1980 WHEN YOU RECOGNIZED TAIWAN AS THE GOVERNMENT OF CHINA, WHICH IS A FAKE. WE HAVE EVEN MORE INTEREST TO BE SURE THAT TAIWAN WILL BE RESOLVED (REUNITED?) WITH CHINA IN A PEACEFUL MANNER. WHY SHOULD WE DO IT BY MILITARY FORCE?

26. GLENN: CHINA WENT AHEAD WITH NORMALIZATION KNOWING FULL WELL THAT THIS WAS OUR ATTITUDE TO MAINTAIN THE BALANCE -- IT WAS TOLERATED.

27. ZHANG: YOU EXPRESS A HOPE THAT TAIWAN (IS RELATIONSHIP WITH THE REST OF CHINA) WILL BE RESOLVED PEACEFULLY. THAT IS OK BECAUSE WE ALSO CARRY THAT HOPE, BUT WHEN THE TAIWAN RELATIONS ACT LATER ON SAID THAT THE U.S. WOULD TAKE ACTION, THEN IT IS MUCH MORE THAN JUST INTERNATIONAL LAW (WILL ALLOW).

28. GLENN: THAT WE WOULD TAKE ACTION OR JUST THE ARMS SALES?

29. ZHANG: NOT ONLY THE ARMS. IN THE TAIWAN RELATIONS ACT. IF THE PEACE OF TAIWAN SHOULD BE THREATENED, THEN THE AMERICAN GOVERNMENT WOULD CONSIDER TO TAKE SOME ACTIONS.

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EDB: GREGG, LILLEY
WHR COMMENTS:

30. GLENN: IF THERE IS AN ATTEMPT TO TAKE TAIWAN BY FORCE.

31. ZHANG: ANY THREAT TO THAT.

32. FORD: OUR POSITION WAS VERY CLEAR AT THE TIME AND HASN'T CHANGED. BEFORE THE TAIWAN RELATIONS ACT, STATE ANNOUNCED THAT IT WAS U.S. POLICY TO SELL VERY DEFENSIVE WEAPONS INDEFINITELY TO TAIWAN -- IN DECEMBER, 1978, BEFORE THE TAIWAN RELATIONS ACT, SO OUR POSITION HAS NOT CHANGED. WE HAVE NOT BEEN PRO-VOCATIVE, THERE HAS BEEN LIMITED AMOUNTS OF EQUIPMENT SOLD TO TAIWAN -- NO OFFENSIVE WEAPONS.

33. ZHANG: I AM ACCEPTING AT POINTS, BUT TAKE SOME EXCEPTIONS. WE DON'T CARE FOR THE STATEMENTS, THAT IS (WHAT I AM SAYING).

34. FORD: THAT IS WHAT THE CARTER ADMINISTRATION ANNOUNCED AS THE KEY TO NORMALIZATION. IT WAS THE U.S. POSITION THAT WE WOULD CONTINUE TO SELL ARMS TO TAIWAN. CHINA SAID THEY WOULD OBJECT, BUT THEY NORMALIZED RELATIONS ANYWAY. WITHOUT THAT PROVISION, THERE PROBABLY WOULD NOT HAVE BEEN NORMALIZATION. THREE PRESIDENTS MAINTAINED THERE HAD TO BE ARMS SALES.

35. ZHANG: THIS IS INCONSISTENT WITH THE (TERMS OF) AMERICAN-CHINA NORMALIZATION BECAUSE YOU ARE TRYING TO SUPPORT A LOCAL AUTHORITY WHICH IS AGAINST THE CHINESE GOVERNMENT.

36. GLENN: THE WHOLE RELATIONSHIP IS INCONSISTENT WITH ANYTHING I HAVE EVERY HEARD OF. WE WERE WILLING TO DO THAT TO OPEN UP BENEFITS THAT COULD FLOW TO BOTH SIDES. IT WAS IMPORTANT. IN AN INCREASINGLY RESOURCE-HUNGRY WORLD -- YOU HAVE RESOURCES YOU HAVE NOT YET ASSESSED AND THE STRATEGIC BALANCE IS IMPORTANT. THESE ARE REASONS WHY THE U.S. FELT IT WAS IMPORTANT ENOUGH THAT WE WOULD GO THROUGH ALL OF THESE SUPER CRAZY ARRANGEMENTS -- SOMETHING I HAVE NEVER HEARD OF BEFORE OF BREAKING RELATIONS BUT GETTING THAT COUNTRY TO AGREE TO SET UP AN INTEREST SECTION -- AN AIT AS WE HAVE ON TAIWAN BECAUSE WE THOUGHT IT WAS IMPORTANT AND THE ARMS SALES BEING CONSIDERED ARE DEFENSIVE. THEY ARE NOT A THREAT. I DON'T THINK ANY ARMS ARE NEEDED ON EITHER SIDE OF THE STRAIT. WHAT WE ARE DEALING WITH ARE SELF PERCEPTIONS ON BOTH SIDES OF THE STRAIT; ONE FROM THE PRC. (ONE CHINA..WE SHOULD NOT BE INVOLVED IN THIS, AND THE OTHER SIDE..IT IS

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ONE CHINA BUT WE WISH FOR NOW TO MAINTAIN OUR OWN
 INDEPENDENT STATUS... AND THE U.S. POSITION -- WE
 DO NOT WANT TO PERMIT FORCE TO BE USED BY EITHER
 SIDE SO WE ASKED THE PRC TOLERATION OF ARMS SALES IN
 THE INTEREST OF BIGGER ADVANTAGES TO BE GAINED BY
 NORMALIZATION. NO ONE IS DISAGREEING WITH THE VIEW
 THAT TAIWAN AND THE PRC THINK IT IS ALL ONE CHINA.
 BUT THERE COULD BE THE BEGINNINGS HERE OF A BIGGER
 PROBLEM FOR THE PRC LONG-TERM. MOST OF THE PEOPLE ON
 TAIWAN -- THE ONES THAT WERE THERE BEFORE THE MOVE TO
 TAIWAN FROM THE MAINLAND -- THEY WOULD LIKE TO SEE A
 MORE INDEPENDENT TAIWAN AND IF IT EVER GETS TO THE
 POINT WHERE THEY FEEL CHIANG CHING-KUO IS NOT MAIN-
 TAINING A DISTANCE FROM THE PRC AS EXEMPLIFIED BY THE
 ARMS SALES FROM THE STATES, IF THAT SITUATION EVER
 ARISES WHERE THE MAJORITY OF THE PEOPLE ON TAIWAN
 REALLY FEEL THAT THEIR CURRENT STATUS IS THREATENED,
 YOU COULD FACE A SERIOUS INDEPENDENCE MOVEMENT ON
 TAIWAN, IF THAT OCCURRED AND OTHER NATIONS STARTED
 TO RECOGNIZE TAIWAN AS AN INDEPENDENT COUNTRY, IT
 WOULD MAKE AMUCH MORE DIFFICULT SITUATION FOR YOU.
 I WILL NOT SAY YOU WOULD WANT TO SEE US SELL ARMS
 TO AVOID THAT, BUT I CAN SAY THAT SOME OF OUR
 SUPPORT -- NOT THE AIRCRAFT SALES NECESSARILY, BUT IF
 WE WOULD NOT PERMIT TAIWAN TO HAVE ARMS AND IF THEIR
 SELF-PERCEPTION WAS THAT THEY WERE GETTING VERY
 WEAK AND THERE MIGHT BE A MILITARY ATTACK ON TAIWAN
 FROM THE MAINLAND, THERE MIGHT BE A GROWING SENTIMENT
 FOR INDEPENDENCE ON TAIWAN. IF THEY TOOK OVER THE

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IN

OP IMMED /ROUTINE
OUTS 4374
DE RUMJPG #8761/05 2310750
O R 190600Z AUG 81 ZDK NUMEROUS SVCS AS MISSING
FM AMEMBASSY BEIJING

TO SECSTATE WASHDC IMMEDIATE 4812

INFO AMCONSUL HONG KONG 8444
BIT TAIPEI
AMEMBASSY TOKYO 8149
CINCPAC HONOLULU HI
ZEN/AMCONSUL SHANGHAI (POUCH)
ZEN/AMCONSUL GUANGZHOU (POUCH)

~~*****CONFIDENTIAL*****~~ SECTION 6 OF 7 BEIJING 8761

GOVERNMENT AND THE NUMBER OF PEOPLE THERE ARE PROBABLY GREATER, A PEACEFUL RESOLUTION WOULD BECOME MORE DIFFICULT.

37. ZHANG: WE HAVE A DIFFERENCE IN ASSESSMENT. THEY ARE PART OF CHINA, AND THERE ARE STRONG TIES.

38. GLENN: NOT FROM THE NATIVE TAIWANESE. WE HAVE MANY ASSESSMENTS ON OPINIONS IN TAIWAN THAT WOULD BACK UP WHAT I SAID.

39. ZHANG: FOR TOO LONG TAIWAN HAS BEEN OUT OF TOUCH WITH MAINLAND CHINA. I THINK YOU ARE ENCOURAGING THIS WHEN YOU TRY TO KEEP TAIWAN OUT OF THE PRC. YOU ENCOURAGE THIS TENDENCY TO MAKE IT INDEPENDENT. IT IS AGAINST THE INTERESTS OF THE PEACE AND SECURITY OF THIS PART OF THE WORLD AND THE GLOBAL SITUATION IN GENERAL. I THINK YOU ARE DOING A CONTRADICTIONARY TACTIC.

40. GLENN: I AM NOT SAYING THAT WE ARE ADVOCATING AN INDEPENDENT TAIWAN. IF THEY EVER GET THE PERCEPTION THAT THERE IS A GREAT WEAKNESS, INCLUDING A PROHIBITION ON ARMS SALES, THAT IT COULD GIVE MORE STRENGTH TO THE PEOPLE THAT ADVOCATE INDEPENDENCE. THAT WOULD NOT BE IN YOUR INTEREST.

41. ZHANG: WE HAVE MADE A VERY GENEROUS OFFER. THIS

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42. SOMETHING THAT IS THE MAIN INTEREST OF CHINA, AND TO ATTAIN THAT GOAL WE HAVE MADE A VERY GENEROUS OFFER -- THEY CAN HAVE SOME STATUS QUO.

43. GLENN: DO YOU BELIEVE THAT NATIVE TAIWANESE WANT TO REUNITE WITH THE MAINLAND EXCEPT THAT THEY ARE BEING PREVENTED FROM THAT BY CHIANG CHING-KUO AND THE ROC GOVERNMENT?

43. ZHANG: IT IS TO THEIR INTEREST. THEY DO NOT KNOW MUCH ABOUT WHAT IS GOING ON IN CHINA. IT IS BECAUSE THEY GET DISAPPOINTED. THERE ARE FRAGMENTS ADVOCATING INDEPENDENCE OF TAIWAN, BUT THERE IS NO WAY OUT AND THIS WILL HAVE SERIOUS REPERCUSSIONS IN CHINA AND THE OUTSIDE WORLD. IF THEY WANTED TO DECLARE THEIR INDEPENDENCE IT WOULD SPOIL THE WHOLE BALANCE.

44. GLENN: WE ARE NOT ADVOCATING THIS BALANCE.

45. ZHANG: WE DO NOT KNOW WHAT YOUR MENTALITY IS -- YOU SAY YOU ARE NOT ENCOURAGING BUT MAYBE YOU WOULD JUST LIKE TO SEE THAT HAPPEN. I DON'T KNOW. THAT WILL DESTROY THE WHOLE RELATIONSHIP. BOTH THE INTERNAL MATTER OF CHINA AND THE RELATIONSHIP WITH THE U.S. -- THIS WILL BE VERY SERIOUS. YOU NEED NOT ENCOURAGE INDEPENDENCE, BUT BY TAKING CONCERN FOR SECURITY, WHICH IS JUST (A MATTER OF) PERCEPTION, YOU ARE ACTUALLY ADDING TO THE CHANCES OF THOSE PEOPLE WHO WANT TO CREATE THE TROUBLE OF INDEPENDENCE.

46. GLENN: YOU HAVE TWO DIFFERENT THINGS HERE. YOU ARE REFERRING TO THE ARMS SALES WHICH PERMIT TAIWAN IN THE PERSON OF THE ROC GOVERNMENT TO MAINTAIN ITS INDEPENDENCE AND RESIST UNIFYING WITH THE MAINLAND. YOU WAS REFERRING NOT TO THE ROC GOVERNMENT BUT TO A LOT OF THE OTHER PEOPLE ON TAIWAN WHO HAVE NO DESIRE TO REUNITE WITH THE MAINLAND. WE HAVE NOTHING TO DO WITH THEM. WE DO NOT ENCOURAGE THEM. OUR GOVERNMENT DOES NOT HAVE ANYTHING TO DO WITH THEM, BUT IF THEY DECIDE THERE IS A MOVEMENT TO UNITE, THEY MIGHT BE ENCOURAGED TO TRY AND TAKE OVER THE GOVERNMENT ON TAIWAN AND DECLARE AN INDEPENDENT TAIWAN. ONE OF THE THINGS THAT MIGHT LEAD THEM TO THAT WOULD BE IF THE ROC GOVERNMENT APPEARED TO BE WEAK ENOUGH THAT THEY COULD NOT MAINTAIN THEIR OWN DISTANCE FROM THE MAINLAND. SO IT IS A DIFFERENCE BETWEEN THE LONG-TERM NATIVE TAIWANESE EVEN THOUGH THEY HAVE THEIR ORIGINAL CONNECTION AND THOSE WHO CAME TO TAIWAN AFTER 1949. MANY OF THEM DO NOT HAVE THE SAME STRONG FEELINGS

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ABOUT REUNIFICATION AS THE SO-CALLED MAINLANDERS.

47. ZHANG: IT IS A WRONG PERCEPTION IF YOU THINK THE OPTION IS BETWEEN A STRONG GOVERNMENT IN TAIWAN INDEPENDENT FROM CHINA OR AN INDEPENDENT TAIWAN SO YOU JUST KEEP THE UNIFICATION OF CHINA OUT OF THE WAY -- I THINK THAT IS VERY DANGEROUS -- THE ONLY WAY TO SOLVE IT IS TO HAVE CHINA UNIFIED, AND THE U.S. AND ANY OTHER COUNTRY WILL KEEP OUT OF THE WAY -- HAVE PEOPLE-TO-PEOPLE RELATIONSHIPS (WITH TAIWAN). IF YOU DO NOT SUPPORT IT, THE ROC WOULD BE MORE WILLING TO NEGOTIATE WITH CHINA, BUT, BY (YOUR) SELLING ARMS AND PROVIDING) OTHER SUPPORT, THEY WILL TRY TO STOP ANY NEGOTIATIONS AND THEY WILL TAKE THE CHANCE TO ANY RISKS OF MAKING THE SITUATION MORE DIFFICULT.

48. GLENN: I UNDERSTAND YOUR SENSITIVITY ON THIS, BUT I THINK WHAT CARL FORD AND I SAID EARLIER STILL APPLIES. HAD THERE BEEN SOME REQUIREMENT THAT WE HAVE NO FURTHER CONTACT WITH TAIWAN, THERE WOULD NOT HAVE BEEN NORMALIZATION. THE PRC TOLERATED THAT, AND DID NOT MAKE THE WHOLE NORMALIZATION PROCESS CONTINGENT UPON NO ARMS SALES TO TAIWAN, SO IN EFFECT YOU ACCEPTED AND UNDERSTOOD THAT RELATIONSHIP AND OUR NORMALIZATION PROCESS HAS GONE AHEAD AND HAS DEVELOPED FOR THE BENEFIT OF BOTH COUNTRIES. AND IT IS DEVELOPING INTO THE FUTURE NOT ONLY IN A REGIONAL CONTEXT AND DOMESTICALLY, BUT ALSO AS PART OF THE WORLD BALANCE OF THINGS AS WE SEE THE SOVIETS BUILDING UP THEIR STRENGTH. IT IS DIFFICULT FOR US TO SEE WHAT HAS CHANGED IN THE MEANTIME. YOU HAD THE SAME PERCEPTION WITH REGARD TO TAIWAN AT THE TIME OF NORMALIZATION AND THE SITUATION HAS NOT CHANGED -- WE HAVE NOT UNBALANCED THAT SITUATION. WE ONLY WISH TO MAINTAIN THE SAME STATUS OF THINGS THAT YOU TOLERATED AT THE TIME OF NORMALIZATION.

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IN

08 IMMED /ROUTINE

08 0803

08 RUMJRG #8761/06 2318813

08 R 190600Z AUG 81

08 AMEMBASSY BEIJING

TO SECSTATE WASHDC IMMEDIATE 4613

INFO AMCONSUL HONG KONG 8445

INFO TAIPEI

INFO EMBASSY TOKYO 8151

INFO PAC HONOLULU HI

INFO AMCONSUL SHANGHAI (POUCH)

INFO AMCONSUL GUANGZHOU (POUCH)

~~*****CONFIDENTIAL*****~~ SECTION 6 OF 7 BEIJING 8761

00. ZHANG: WE WERE VERY CLEAR THAT YOU CAN HAVE PEOPLE-TO-PEOPLE RELATIONS WITH TAIWAN, THAT WAS THE MAXIMUM WE CAN DO, LIKE JAPAN HAS DONE TO THE MAXIMUM.

01. GLENN: BUT OUR SIDE SAID AND MADE CLEAR THAT WE WOULD CONTINUE OUR RELATIONSHIP WITH TAIWAN -- AN ARMS RELATIONSHIP SO THAT THEY COULD NOT BE TAKEN OVER MILITARILY.

02. ZHANG: BUT YOU HAVE LATER EXPRESSED A HOPE THAT YOU WERE THAT TAIWAN WILL BE SOLVED PEACEFULLY.

03. GLENN: WHICH WE STILL HOPE.

04. ZHANG: WE WILL MAKE NO FIRM COMMITMENT AND YOU WILL NOT PRESS THAT.

05. GLENN: THIS IS WHAT LEFT AMERICANS UNCERTAIN OF THE POSSIBILITY OF A BLOOD BATH ON TAIWAN. ALTHOUGH YOU DO NOT INTEND THAT, YOU DO NOT WISH TO STATE POSITIVELY THAT THERE WILL NOT BE ANY MILITARY ACTION AND IF THE PRC WOULD MAKE THAT STATEMENT, IT WOULD CHANGE THINGS IN THE U.S.

06. ZHANG: THIS IS A QUESTION IN PRINCIPLE. WILL THE U.S. MAKE A DECLARATION ABOUT ITS TERRITORY? THE ASPIRATION OF THE CHINESE IS UNIFICATION. WE WOULD

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PAGE 01

BEIJING 8761
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60. NOT EVER GIVE IT (UP) FOR THE SOVIET UNION, WHY SHOULD WE GIVE IT (UP) TO THE U.S? THE U.S. HAS COMMITTED TO THE FIVE PRINCIPLES IN THE PAST AND WE CANNOT TOLERATE NOW OR IN THE FUTURE, OUR RELATIONSHIP WOULD NOT BE ON THE BASIS OF MUTUAL RESPECT -- IT IS ALL THE SAME.

61. GLENN: WE ACKNOWLEDGED THE VIEWS OF THE ROC AND THE PRC THAT IT IS ONE CHINA, IT IS NOT UP TO US TO DECIDE THAT AND WE ARE NOT TRYING TO DECIDE THAT.

62. ZHANG: BUT YOU HAVE TO MAKE THE OPTION OF ROC OR PRC -- YOU HAVE TO CHOOSE.

63. GLENN: WE DID CHOOSE

64. ZHANG: YOU HAVE TO TAKE THE CONSEQUENCES -- YOU CANNOT PUT YOUR FEET ON TWO BOATS -- THAT IS TWO CHINAS.

65. GLENN: WE MADE THAT DECISION AT THE TIME OF NORMALIZATION, WE ABROGATED THE TREATY -- THAT WAS EXTREMELY DIFFICULT FOR THE U.S. TO DO.

66. ZHANG: BUT YOU SUBSTITUTED FOR IT SOMETHING ELSE, YOU SHOULD HAVE DONE THAT (WHAT YOU DID) LONG BEFORE.

67. GLENN: WE TOOK OUR MILITARY ADVISERS OFF THE ISLAND, BY CHINESE STANDARDS, THIS WAS VERY RECENT, YOU SAID IT IS NOT MILITARY -- IT IS POLITICAL, I AGREE WITH THAT COMPLETELY, THE NEED IS MINIMAL, IT IS THE SELF-PERCEPTION THAT EACH SIDE WISHES TO MAINTAIN WHICH IS IMPORTANT, AND THAT IS THE ONLY REASON FOR THE SALES, THE PRC DOES NOT HAVE THE FORCE TO TAKE TAIWAN -- THE BOATS, LANDING CRAFT, NOR DOES TAIWAN, THEY DON'T HAVE LANDING CRAFT OR AIR TRANSPORTATION, SO THE PROBABILITY OF ANY SERIOUS MILITARY ACTION IS MINIMAL, IF AT ALL.

68. ZHANG: THAT IS PART OF THE CONSIDERATION, BUT THE MAIN THING IS THE LAW OF INTERNATIONAL RELATIONS, WHEN YOU HAVE NORMALIZATION WITH A COUNTRY, YOU CANNOT SUPPORT (LOCAL REBELLION).

69. GLENN: THIS IS THE MOST UNNORMAL SITUATION I KNOW OF, THE ONE UNNORMAL RELATIONSHIP WE ESTABLISHED WITH TAIWAN IS WHAT PERMITTED NORMALIZATION WITH THE PRC.

70. ZHANG: I THIN IT IS TIME TO TAKE YOU SERIOUSLY

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BECAUSE IF WE GO ON THIS CRAZY TRACK THINGS MAY GO OUT OF CONTROL AND IT IS VERY DANGEROUS.

66. WORD: YOU SAID THAT WHEN WE NORMALIZED RELATIONS YOU WERE LED TO BELIEVE BY OUR NEGOTIATORS THAT IF THEY DISPUTED THEIR STATEMENTS ABOUT ARMS SALES NOT TO WORRY. DID YOU THINK OVER THE SHORT TERM THAT ARMS SALES TO TAIWAN WOULD CEASE?

67. ZHANG: OF COURSE. OTHERWISE, IT WOULD NOT HAVE BEEN NORMALIZED. IT WAS AN ISSUE THAT WOULD BE LEFT TO BE SETTLED AFTER NORMALIZATION.

68. GLENN: WAS THAT STATED BY OUR AMBASSADOR?

69. ZHANG: IT WAS UNDERSTOOD. THIS WILL BE OVERCOME BECAUSE OTHERWISE IT CANNOT HOLD ON. IT IS A MATTER OF COMMON SENSE.

70. HANI: IN 1972, WITH THE SHANGHAI COMMUNIQUE, YOU HAD COMMITTED YOURSELVES TO FOLLOW THE FIVE PRINCIPLES. NO INTERFERENCE IN EQUALITY OR INTERNAL AFFAIRS.

71. ZHANG: THAT IS A PART OF THE TERMS OF NORMALIZATION OF CHINA WITH ANY COUNTRY, WITH NO EXCEPTIONS.

72. GLENN: THIS HAS BEEN THE MOST UNNORMAL RELATIONSHIP EVER ESTABLISHED BY THE U.S.

73. ZHANG: THE U.S. HAS UNNORMAL RELATIONSHIP WITH MANY COUNTRIES BECAUSE YOU ARE A SUPERPOWER, BUT CHINA CANNOT. FOR A SHORT WHILE WE (CAN) MAKE A TEMPORARY ARRANGEMENT, BUT WE CANNOT LET IT GO FOR LONG. AMERICA SHOULD PAY DUE RESPECT TO THE OTHER COUNTRY. CHINA HAS SUFFERED FOR YEARS AND THAT IS WHAT THE CHINESE HAVE BEEN FIGHTING FOR, AND IT IS NOT SOMETHING THAT CAN BE CONTINUED. U.S. SHOULD GIVE SERIOUS CONSIDERATION ABOUT THAT. OTHERWISE, THERE IS NO SOLID BASIS FOR RELATIONS.

74. GLENN: THE KEY APPEARS TO BE TIMING, IN THAT WHAT WAS CONSIDERED BY THE PRC TO BE WORKED OUT, BUT HAD NO TIME LIMIT. THE PRC MAY HAVE LOOKED AT THIS AS BEING A TEMPORARY CONDITION OF OUR RELATIONSHIP WITH TAIWAN BY OTHER MEANS.

75. ZHANG: THE ARMS SALE IS NOT AN ISOLATED THING. THE U.S. STILL HAS THE TENDENCY TO MAKE TAIWAN A
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IN

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BTU5814
DE RUMJPG #8761/07 2310830
O R 190600Z AUG 81
FM AMEMBASSY BEIJING
TO SECSTATE WASHDC IMMEDIATE 4614

INFO AMCONSUL HONG KONG 8446
AIT TAIPEI
AMEMBASSY TOKYO 8152
CINCPAC HONOLULU HI
ZREN/AMCONSUL SHANGHAI (POUCH)
ZREN/AMCONSUL GUANGZHOU (POUCH)

~~*****CONFIDENTIAL*****~~ SECTION 7 OF 7 BEIJING 8761

POLITICAL ENTITY. THERE ARE FACTORS IN AMERICAN POLICY THAT (ENCOURAGE) THE TAIWANESE (TO) HAVE A ONE-TAIWAN POLICY, SO IT HAS SERIOUS CONSEQUENCES.

76. GLENN: WE ARE TAKING NO ACTION THAT WOULD FURTHER ANY OFFICIAL RELATIONS. THERE WAS A MISUNDERSTANDING DURING THE PRESIDENTIAL ELECTION AS TO MAKING THE RELATIONSHIP WITH TAIWAN MORE OFFICIAL AND THAT WAS CONFUSING, BUT THERE IS NO MOVE TO CHANGE THAT NOW.

77. FORD: PART OF THE REASON THE TAIWAN RELATIONS ACT WAS WRITTEN WAS BECAUSE OF THE UNIQUE LAWS OF THE U.S. EVERYTHING IS VERY LEGAL IN THE U.S. SAME AS THE U.S. PROBLEM OF DOUBLE TAXATION IN DRILLING FOR CHINESE OIL. WE HAD TO DEFINE WHAT TAIWAN WAS FOR ALL THE LAWYERS SO THAT PEOPLE COULD PROTECT THEIR FINANCIAL INTERESTS ON TAIWAN. IT TOOK HUNDREDS OF LAWYERS TO WORK OUT THE TAIWAN RELATIONS ACT, BUT THAT HAD NO POLICY IMPLICATIONS. THE LAW WAS DESIGNED TO MAKE IT UNOFFICIAL. WE HAD MADE IT A POINT TO LIVE UP TO THE LETTER AND SPIRIT OF THE LAW -- UNOFFICIAL RELATIONS WITH TAIWAN. IT IS UNLIKE JAPAN, GREAT BRITAIN, FRANCE -- WE ARE A DIFFERENT COUNTRY. WE ARE JUST VERY LEGALISTIC.

78. ZHANG: IT IS A FACT THAT IN YOUR TAIWAN RELATIONS ACT YOU ACTUALLY CONSIDERED THAT TAIWAN HAS A POLITICAL

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ENTITY (I.E., SEPARATE POLITICAL IDENTITY?).

20. GLENN: I WOULD HAVE TO REREAD THE TAIWAN RELATIONS ACT, BUT I REMEMBER DURING DEBATE IN COMMITTEE WE CHANGED WHERE IT SAID "GOVERNMENT OF TAIWAN" -- WE CHANGED THAT TO THE "PEOPLE ON TAIWAN." I DOUBT IF YOU WILL FIND ANY REFERENCE TO THE GOVERNMENT.

21. ZHANG: SOME REFERS TO THE "AUTHORITIES".

22. HAN: ALL OF THESE AGREEMENTS YOU HAVE SIGNED WITH TAIWAN STILL REMAIN VALID? YOU SHOULD CHANGE ALL THESE TREATIES.

23. FORD: WE WILL, OVER TIME.

24. GLENN: WE WOULD NEGOTIATE THESE THINGS OUT OVER TIME. WE ARE STILL WORKING ON THEM, BUT HAVE ALREADY CHANGED MANY DIFFERENT AGREEMENTS, INCLUDING TERMINATION OF THE MUTUAL DEFENSE TREATY, THAT WE BROKE A TREATY -- THAT WAS A BIG STEP, AND A BITTER PILL.

25. ZHANG: THAT WAS A BASIC FIRST STEP TO MAKE NORMALIZATION POSSIBLE.

26. GLENN: I KNOW, AND THAT IS WHY WE WENT THROUGH WITH IT. BUT THAT WAS A BITTER PILL TO SWALLOW, AND THERE ARE PEOPLE IN THE CONGRESS THAT STILL MAKE SPEECHES ABOUT IT ON THE FLOOR OF THE SENATE. BEFORE TIME RUNS OUT, I WOULD LIKE TO CHANGE THE SUBJECT. FROM MY STANDPOINT IN THE STATES, YOU HAVE SOME ECONOMIC DIFFICULTIES. THE ONE BIG THING YOU HAVE THAT WOULD JUMP YOU OVER A BIG HURDLE IS DEVELOPMENT OF YOUR OIL. I KNOW THERE IS NEGOTIATION WITH THE FRENCH AND EVERYONE. WHY HAVEN'T YOU MOVED FORWARD MORE RAPIDLY IN THAT AREA? IT TAKES A LONG TIME TO DEVELOP SOME THINGS, BUT WITH MODERN TECHNOLOGICAL MEANS FOR OFFSHORE DRILLING, WE CAN HAVE A NUMBER OF OIL WELLS PRODUCING WITHIN A YEAR OR SO.

27. ZHANG: YOU SAY IT CAN BE WITHIN THE TIME OF A YEAR?

28. GLENN: I WOULD LEAVE IT UP TO THE COMPANIES, BUT I AM SURE THEY COULD HAVE SOME DRILLING WITHIN THAT TIME OR CLOSE TO IT. DESPITE THE BIG OIL RESERVES THAT YOU APPARENTLY HAVE, IT IS NOW INDICATED THAT CHINESE PRODUCTION OF OIL WILL GO DOWN TEN TO TWENTY-FIVE PERCENT. YOUR OIL IS DECREASING AND THAT IS A

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LOSS OF MONEY ON THE INTERNATIONAL MARKET, YOU CAN DO EVERYTHING YOU ARE HOPING TO DO IN THE FOUR MODERNIZATIONS IF YOU HAVE THE MONEY TO DO THEM. IT APPEARS TO ME THAT CHINA IS VERY COMPLACENT ABOUT THIS ISSUE.

88. ZHANG: WE ARE TRYING TO MOVE AHEAD. WE HAD FOREIGN COMPANIES TO MAKE THE SURVEYING AND SOON WE WILL HAVE BIDDING AND WE WILL MOVE AHEAD.

89. GLENN: WITH DOUBLE TAXATION?

89. ZHANG: NOT YET, BUT IT IS ONE OF THE DIFFICULTIES WE MUST DISCUSS WITH THE AMERICAN GOVERNMENT -- EACH HAS TO BE A SEPARATE NEGOTIATION.

91. FORD: VERY FEW COUNTRIES HAVE A PROBLEM WITH DOUBLE TAXATION. AMERICAN COMPANIES WILL NOT BE COMPETITIVE IF THERE IS NO COMPENSATION. CHINA WILL PAY A HEAVY PRICE IN THE LATEST TECHNOLOGY IF AMERICANS CANNOT BID.

92. ZHANG: WE ACKNOWLEDGE THAT, AND THAT IS WHY WE ARE TALKING TO AMERICAN COMPANIES.

93. GLENN: ONE PLACE IN DRILLING TECHNOLOGY WHERE U.S. HAS SUPERIOR CAPABILITIES THAT NO ONE CAN MATCH IS THE DEEP DRILLING. A LOT CAN DO SHALLOW DRILLING, BUT WHEN YOU GET TO THE DEEP OIL, NO ONE CAN DO THAT EASILY. THAT IS WHY SALES TO THE SOVIET UNION WERE IMPORTANT. THEY NOW NEED EQUIPMENT TO DO THEIR DEEP DRILLING. WHAT IT TAKES THEM WITH THEIR EQUIPMENT, 14 DAYS TO DRILL IN THE DEEP ROCK DRILLING, WE DO IN ONE DAY.

94. ZHANG: WILL YOU SELL IT TO THE SOVIET UNION?

94. GLENN: THAT IS STILL UP IN THE AIR. THERE ARE TWO SCHOOLS OF THOUGHT ON THIS: 1) IF YOU SELL TO THEM, THEY CAN PRODUCE MORE OIL AND ARE LESS LIKELY TO GO TOWARD THE PERSIAN GULF. 2) IF YOU DO NOT SELL, THEY WILL MOVE TOWARD THE PERSIAN GULF. YOU DO NOT HAVE ANY OTHER MEANS TO GET A LOT OF MONEY IN A SHORT AMOUNT OF TIME. YOU HAVE HAD TO CUT BACK ON SOME MODERNIZATION PROGRAMS, BUT THE OIL REALLY GIVES YOU THE WAY TO JUMP THOSE HURDLES.

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~~SECRET~~ RW 1/5/09
UNCLASSIFIED UPON REMOVAL
OF CLASSIFIED ENCLOSURE(S)

RECEIVED 19 AUG 81 19

TO ALLEN

FROM PIPES

DOC DATE 19 AUG 81

KEYWORDS: CHINA P R

USSR

TNF

SUBJECT: CABLE RE HAIG COMMUNICATION TO MISSIONS ON US - CHINA MILITARY
RELATIONSHIP

ACTION: FOR INFORMATION

DUE:

STATUS IX FILES

FOR ACTION

FOR CONCURRENCE

FOR INFO

ALLEN

LILLEY

GREGG

RENTSCHLER

STEARMAN

SCHWEITZER

COMMENTS

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MEMORANDUM

NATIONAL SECURITY COUNCIL

August 19, 1981

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INFORMATION

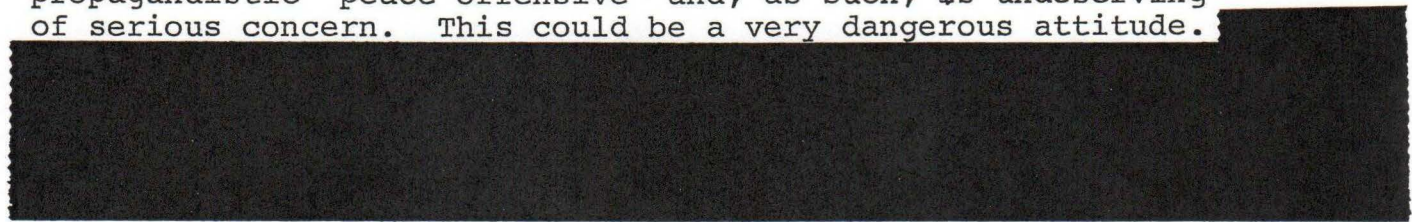
MEMORANDUM FOR RICHARD V. ALLEN

FROM: RICHARD PIPES *RP*

SUBJECT: U.S.-PRC Relations

13526
~~E.O. 12958~~
~~As Amended~~
Sec. 3.3(b)(1),
3.5(c)

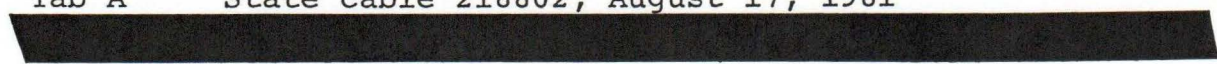
The attached communication from Secretary Haig to U.S. missions abroad (Tab A) dismisses stated Soviet concerns over the new U.S.-China military relationship as part of the general Soviet propagandistic "peace offensive" and, as such, ~~is~~ undeserving of serious concern. This could be a very dangerous attitude.



Noted!
8/21/81

Attachments:

Tab A State cable 218802, August 17, 1981



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Review August 17, 2001

DECLASSIFIED IN PART
NLRR M386/1 #60131
BY KML NARA DATE 10/18/13

60132

CHINA

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IN

OP IMMED
DE RUEHC #8802 2300457
O 172204Z AUG 81
FM SECSTATE WASHDC

TO USMISSION USNATO IMMEDIATE 3940 IMMEDIATE

NOTE

INFO ZEN/ALL NATO CAPITALS IMMEDIATE
ZEN/AMEMBASSY BEIJING 5297
ZEN/AMEMBASSY MOSCOW 5063
ZEN/AMEMBASSY TOKYO 8630
ZEN/USMISSION USUN NEW YORK 0234
ZEN/USNMR SHAPE BRUSSELS

DECLASSIFIED

NLRR M386/1 #60132

BY KML NARA DATE 10/18/13

~~CONFIDENTIAL~~ STATE 218802

C O R R E C T E D CO P Y (MRN 218802 VICE 228802)
E.O. 12065: GDS 8/17/87 (THOMAS, CHARLES H.)

TAGS: NATO, PEPR, UR, GE, US, CH

SUBJECT: (C) SOVIET DEMARCHE ON US-PRC RELATIONS

REF: A) USNATO 05032, B) SECTO 4103 (NOTAL)

1. ~~CONFIDENTIAL~~ - ENTIRE TEXT)

2. YOU MAY INFORM POLADS THAT, SINCE THE SECRETARY'S VISIT TO CHINA, THE SOVIETS HAVE DELIVERED TWO ORAL DEMARCHES ON THE SUBJECT OF US-PRC RELATIONS, SOVIETS HAVE CHARACTERIZE DEVELOPMENTS IN US-CHINA RELATIONS AS "HOSTILE" TOWARD USSR AND HAVE ASSERTED THAT USSR WILL TAKE WHATEVER STEPS ARE NECESSARY IN LIGHT OF THESE DEVELOPMENTS. WE BELIEVE SOVIE DEMARCHES TO US AND OUR EUROPEAN AND ASIAN ALLIES AND FRIENDS ARE PART OF ONGOING SOVIET DIPLOMATIC AND PROPAGAND EFFORTS TO PORTRAY US-CHINA TIES AS PART OF COMPREHENSIVE POSTURE OF CONFRONTATION TOWARD USSR. THUS THESE-DEMARCHES ARE CALCULATED NOT SO MUCH TO INFLUENCE ACTUAL DEVELOPMENT OF US-CHINA TIES AS TO COMPLEMENT GENERAL SOVIET "PEACE OFFENSIVE" DESIGNED TO DRIVE WEDGES BETWEEN U.S. AND OUR ALLIES.



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EOB: GREGG, LILLEY, PIPES, RENT
WHR COMMENTS:

PAGE 01

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DTG: 172204Z AUG 81
TOR: 230/0501Z

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CSN: HCE930

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3. THE SOVIETS HAVE TRIED SUCH TACTICS IN THE PAST WITH LITTLE SUCCESS. AS POLADS WILL RECALL, IN LATE 1978 BREZHNEV SENT LETTER TO ALL NATO HEADS OF STATE WARNING OF THE DANGERS OF US-CHINA NORMALIZATION, AND LAST FALL SOVIETS MADE ANOTHER ROUND OF DEMARCHES. WE BELIEVE CURRENT DEMARCHES FALL IN SAME GENERAL CATEGORY.

4. FOR GUIDANCE ON US-CHINA ARMS SUPPLY RELATIONSHIP MISSION SHOULD DRAW ON REF B.

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ALLIES (FRG)
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13526
E.O. 12958
As Amended
Sec. 3.3b(1)

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Intelligence Information Cable

IN 6943626
PAGE 001 OF 004

FURTHER DISSEMINATION AND USE OF THIS INFORMATION SUBJECT TO CONTROLS STATED AT BEGINNING AND END OF REPORT.

FYI



STATE/INR JCS/MC(DIA) CIA/NMCC
SWS NSA TREAS SOO
(HARD COPIES TO: NSC/S NFAC WHSITRM OCR).

DIRECTORATE OF OPERATIONS

THIS IS AN INFORMATION REPORT, NOT FINALLY EVALUATED INTELLIGENCE

REPORT CLASS--~~SECRET~~--WNINTEL--

DIST 17 AUG 81

COUNTRY: USSR/WEST GERMANY

SUBJECT: SOVIET JOURNALIST [REDACTED] POSITIVE EVALUATION OF SOCIAL DEMOCRATIC PARTY CHAIRMAN BRANDT'S VISIT TO MOSCOW [REDACTED]

[REDACTED]

1. IN EARLY AUGUST 1981, [REDACTED]

[REDACTED] CORRESPONDENT [REDACTED] CONTACTED [REDACTED]

TO

DISCUSS GENERAL SOVIET IMPRESSIONS OF BRANDT'S 30 JUNE - 2 JULY VISIT TO MOSCOW.

2. [REDACTED] WHO HAD JUST RETURNED FROM THREE WEEKS IN THE USSR, SAID THAT "PEOPLE" IN MOSCOW WERE DISMAYED AND MOVED IN EQUAL MEASURE. THEY WERE DISCONCERTED BECAUSE THEY MUST ADMIT THAT THEY HAD MISCALCULATED THE VARIOUS WESTERN REACTIONS TO THE SOVIET POLICY POSITIONS. THIS WAS PARTICULARLY THE CASE FOR THE MILITARY

DECLASSIFIED IN PART

NLRR M11-386 #60133

BY RW NARA DATE 3/12/13

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IN 6943626

PAGE 002 OF 004

~~WARNING NOTICE~~
~~INTELLIGENCE SOURCES AND METHODS INVOLVED~~

FURTHER DISSEMINATION AND USE OF THIS INFORMATION SUBJECT TO CONTROLS STATED AT BEGINNING AND END OF REPORT

INTERVENTION IN AFGHANISTAN AS WELL AS FOR THE SOVIET POSITION REGARDING THE PROBLEMS OF THE SO-CALLED THIRD WORLD. ABOVE ALL, "PEOPLE" WERE ASTOUNDED TO HAVE DISCOVERED ONLY THROUGH THE VISIT OF BRANDT WHAT THE EFFECTS WOULD BE IF THEY DID NOT SHOW THAT THEY ARE READY FOR ARMS CONTROL MEASURES.

[redacted] WAS STATIONED IN BONN FROM 1971-77 AT WHICH TIME HE FREQUENTLY SERVED AS A CHANNEL FOR INFORMAL MESSAGES FROM THE SOVIETS TO THE LEADERSHIP OF THE SPD. HE RETURNED TO BONN IN EARLY 1981 AFTER SERVING WITH THE INTERNATIONAL INFORMATION DEPARTMENT OF THE CPSU CENTRAL COMMITTEE AND HAS APPARENTLY RESUMED HIS ROLE AS INFORMAL GO-BETWEEN.)

3. [redacted] SAID THAT THESE INSIGHTS HAD LED TO THE FORMATION OF SEVERAL WORKING GROUPS TO COME UP WITH SOME CONCRETE SUGGESTIONS IN PREPARATION FOR THE VISIT OF SOVIET LEADER LEONID B R E Z H N E V TO BONN PLANNED FOR THIS FALL. THESE SUGGESTIONS SHOULD MAKE IT CLEAR THAT MOSCOW WILL INTRODUCE SERIOUS MEASURES FOR DISARMAMENT ON BETTER MEASURES TO STOP THE CURRENT ARMS RACE INTO THE EAST-WEST DIALOG WHEN THE UPCOMMING MOSCOW-WASHINGTON NEGOTIATIONS BEGIN.

4. [redacted] SAID "PEOPLE" IN MOSCOW WERE VERY IMPRESSED BY BRANDT'S COMMENT DURING HIS VISIT THAT THERE IS A COMMON INTEREST IN THE EAST AND WEST IN FINALLY ENDING THE ARMS SPIRAL AND IF POSSIBLE IN REVERSING THE SPIRAL.

5. WHEN ASKED WHY HE HAD USED THE FORMULATION "MOVED," [redacted] SAID THE SERIOUSNESS AND THE MANNER IN WHICH BRANDT

~~WARNING NOTICE~~
~~INTELLIGENCE SOURCES AND METHODS INVOLVED~~

FURTHER DISSEMINATION AND USE OF THIS INFORMATION SUBJECT TO CONTROLS STATED AT BEGINNING AND END OF REPORT

HAD EXPRESSED THE WESTERN STANDPOINT (ESPECIALLY THE SITUATION IN WEST GERMANY) AND, AT THE SAME TIME HIS UNDERSTANDING OF SOVIET CONSIDERATIONS AND APPREHENSIONS, HAVE LEFT BEHIND A LASTING IMPRESSION. PEOPLE MENTIONED ALSO IN THIS REGARD BRANDT'S PUBLIC STATEMENT ON THE 40TH ANNIVERSARY OF THE NAZI GERMAN ATTACK ON THE SOVIET UNION.

6. [] THEN SPOKE OF

THE GREAT CONCERN IN MOSCOW OVER THE ALLEGED ENCIRCLEMENT POLICY OF THE U.S. HE SAID WHAT THE U.S. IS DOING IN CHINA AND PAKISTAN IS SO OBVIOUS THAT ONE COULD SPEAK OF A PINCHER MOVEMENT. MOSCOW KNOWS EXACTLY THE AMOUNT OF U.S. ARMS DELIVERIES AND IS ALSO INFORMED ABOUT THE SIZE OF THE NETWORK OF EXPERTS WHO HAVE ALREADY BEEN SENT INTO ACTION BY WASHINGTON OR WHO ARE AVAILABLE. WHEN WESTERN EUROPE SPEAKS ABOUT THE ALLEGED SOVIET THREAT, THEY FORGET OR IGNORE THE FACT THAT THE U.S. PURSUES A CONSCIOUS ENCIRCLEMENT POLICY AGAINST THE SOVIET UNION WHICH IS MUCH MORE DANGEROUS THAN THE SO-CALLED THEATER NUCLEAR FORCE MODERNIZATION DECISION. AT LEAST THAT IS THE WAY THE SITUATION IS SEEN IN MOSCOW. []

SEEMED DEPRESSED BY THE INTERNATIONAL SITUATION.)

7. [] PASSED ON [] MESSAGE TO BRANDT, BUT BRANDT'S REACTION IS NOT KNOWN.

8. []

9. []

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IN 6943626

~~WARNING NOTICE~~
~~INTELLIGENCE SOURCES AND METHODS INVOLVED~~

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FURTHER DISSEMINATION AND USE OF THIS INFORMATION SUBJECT TO
CONTROLS STATED AT BEGINNING AND END OF REPORT

REPORT CLASS ~~SECRET~~-WARNING NOTICE INTELLIGENCE SOURCES
AND METHODS INVOLVED-

[Redacted]

RVW 17AUG01 DRV [Redacted] BY RECORDED REPORTING OFFICER. ALL
PORTIONS CARRY CLASSIFICATION AND CONTROLS OF OVERALL DOCUMENT.

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SITUATION LISTING

DATE 09/16/81//259

SITUATION: NODIS IN
SUBJECT CATAGORY: FE

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NLRR M386/1 # 60134

BY KML NARA DATE 10/18/13

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FM AMEMBASSY BEIJING
TO SECSTATE WASHDC IMMEDIATE 4744
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~~SECRET~~ BEIJING 8938

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E.O. 12065: RDS-1 8/22/01 (FREEMAN, CHARLESW) DR-M

TAGS: PARM, TECH, ENRG, CH, SF

SUBJECT: SWISS REQUEST FOR INFORMATION ON POSSIBLE SHIPMENT
OF PRC URANIUM TO SOUTH AFRICA

REF: STATE 224110

1. ADCM AUGUST 22 PASSED INFORMATION IN PARA 2 OF REFTEL, EXCEPT FOR DATA ON CYLINDERS, TO ZHANG ZAI, DEPUTY DIRECTOR, AMERICAN AND OCEANIC AFFAIRS, MFA.
 2. FRENCH COUNSELOR AUGUST 22, CALLED ON ADCM TO DISCUSS THE REPORTED PRC URANIUM SHIPMENT TO SOUTH AFRICA. THE COUNSELOR SAID THAT THE FRENCH EMBASSY IN BERN HAD BEEN INFORMED BY THE FRG EMBASSY OF OUR APPROACH TO BONN ON THIS SUBJECT. THE COUNSELOR SAID THAT AS THE REPORTED DESTINATION OF THE URANIUM SHIPMENT WAS TO THE FRENCH BUILT KOEBERG REACTORS, PARIS WAS CONCERNED. THE CONTRACT FOR KOEBERG, HE SAID, INCLUDED FRENCH FABRICATION OF THE REACTOR CORES WITH US-SUPPLIED ENRICHED URANIUM. THE US HAS, OF COURSE, REFUSED TO SUPPLY ENRICHED URANIUM FOR THE KOEBERG REACTORS. THE FRENCH ARE CONCERNED THAT IF THE SOUTH AFRICANS OBTAIN ENRICHED FUEL FROM ANOTHER SOURCE THEY MIGHT INSIST THAT THE FRENCH PROCEED WITH THE FABRICATION.
 3. ADCM SAID THAT WE HAD EXPRESSED OUR CONCERN TO THE CHINESE ABOUT THE REPORTED SHIPMENTS. THE CHINESE SAY THAT THEY HAVE MADE NO SALES OF ENRICHED URANIUM TO SOUTH AFRICA, BUT HAVE PROMISED TO LOOK INTO OUR INFORMATION THAT CHINESE SALES MADE TO A EUROPEAN COMPANY WILL BE DIVERTED TO SOUTH AFRICA.
 4. THE FRENCH COUNSELOR ASKED IF A FRENCH APPROACH TO THE CHINESE WOULD BE DESIRABLE FROM THE US POINT OF VIEW. ADCM SUGGESTED THAT THE FRENCH DISCUSS THIS SUBJECT IN WASHINGTON.
- FREEMAN

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SITUATION LISTING

DATE 09/16/81//259

SITUATION: NODIS IN
SUBJECT CATAGORY: FE

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SITUATION(S) MESSAGE(S) LISTING

DATE 08/31/81//243

SITUATION: CHECK
SUBJECT CATAGORY: LIST

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MESSAGE / ANNOTATION:

NLRR M386/1 #60135

MESSAGE:

BY KML NARA DATE 10/18/13

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Q 250850Z AUG 81
FM AMEMBASSY BEIJING

TO SECSTATE WASHDC IMMEDIATE 4775

~~SECRET~~ SECTION 1 OF 2 BEIJING 9020

NODIS

E.O. 12065: RDS-1, 3 - 8/25/01 (FREEMAN, CHARLES W. JR.) DR-M

TAGS: PDIP, PEPR, MASS, CH, TW, US

SUBJ: FORMER PRESIDENT CARTER'S MEETING WITH PREMIER ZHAO

ZIYANG: DISCUSSION OF THE TAIWAN ISSUE

1. ~~8~~ - ENTIRE TEXT

2. SUMMARY. DURING PRESIDENT CARTER'S AUGUST 25 MEETING WITH CHINESE PREMIER ZHAO, THE CHINESE LEADER ALLEGED THAT THE CHINESE UNDERSTANDING DURING THE NORMALIZATION NEGOTIATIONS WAS THAT THE US WOULD CEASE FURTHER ARMS SALES TO TAIWAN WITHIN A "SHORT PERIOD OF TIME." THE FORMER PRESIDENT TOOK POLITE BUT FIRM ISSUE WITH THIS STATEMENT. HE SAID THAT THE ONLY COMMITMENT OF THE US GOVERNMENT HAD BEEN TO PRUDENT AND RESTRAINED IN SUCH SALES, WHILE LIMITING THEM TO PURELY DEFENSIVE SYSTEMS. HE INDICATED THE NEED FOR BOTH SIDES TO ADHERE TO THE TERMS OF NORMALIZATION. THE PREMIER CONCLUDED BY SAYING THAT SHOULD US WEAPONS SALES TO TAIWAN "CONTINUE FOR A LONG TIME, RETROGRESSION IN SINO-AMERICAN RELATIONS WOULD BE HARDLY AVOIDABLE. THE PREMIER ADDED THAT VICE CHAIRMAN DENG XIAOPING WOULD LIKELY RAISE THIS ISSUE ON AUGUST 27, WHEN HE MEETS AND LUNCHES WITH PRESIDENT CARTER. END SUMMARY.

3. IN HIS MEETING WITH FORMER PRESIDENT CARTER ON AUGUST 25, PREMIER ZHAO ZIYANG DESCRIBED THE PROGRESS IN US/CHINA RELATIONS SINCE NORMALIZATION AS "GENERALLY GOOD," BUT SAID THAT THE TAIWAN ISSUE REMAINED AN OBSTACLE TO FURTHER PROGRESS. HE NOTED

SIT: "RVA" COL JP VP
EOB: LILLEY, KIMMITT
WHSR COMMENTS: C H E C K L I S T

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DTG:250850

TOR:2371130

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DATE 08/31/81//243

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SUBJECT CATAGORY: LIST

MESSAGE / ANNOTATION:

THE NEW ADMINISTRATION'S RECONGNITION OF THE STRATEGIC IMPORTANCE OF SINO-AMERICAN RELATIONS AND OUR REPEATED STATEMENTS THAT THE US WANTS ITS RELATIONS WITH CHPNA TO DEVELOP FURTHER ON THE BASIS OF THE JOINT COMMUNIQUE OF JANUARY 1, 1979. HE DESCRIBED SECRETARY HAIG'S TALKS IN BEIJING AS PRODUCTIVE AND SUCCESSFUL IN DEEPENING MUTUAL UNDERSTANDING. HE SAID THAT THE CHINESE GOVERNMENT HAD FURTHER CLARIFIED TO THE SECRETARY ITS POLICY ON THE TAIWAN QUESTION, PARTICULARLY THE QUESTION OF US ARMS SALES TO TAIWAN. "OUR DIFFERENCES ON THIS QUESTION REMAINED UNRESOLVED," HE SAID. PREMIER ZHAD NOTED THAT THE SECRETARY HAD EXPRESSED RECOGNITION OF THE SENSITIVITY TO CHINA OF FURTHER US WEAPONS TRANSACTIONS WITH TAIWAN AND HAD AFFIRMED THAT THE US WOULD ACT WITH "ALL PRUDENCE" ON THIS QUESTION. NEVERTHELESS, HE SAID, THE CHINESE GOVERNMENT WILL HAVE TO WAIT AND SEE WHAT "ACTIONS" THE US GOVERNMENT TAKES.

4. PREMIER ZHAD NOTED THAT PRESIDENT CARTER AND THE CHINESE GOVERNMENT HAD "SIGNED" THE JOINT COMMUNIQUE DESPITE FUNDAMENTAL DIFFERENCES ON THE QUESTION OF ARMS SALES TO TAIWAN. CHINA HAD STATED ITS FIRM OPPOSITION TO SUCH SALES. IT HAD BEEN THE CHINESE "UNDERSTANDING" THAT "AFTER A RELATIVELY SHORT TIME THE US WOULD CEASE TO MAKE SUCH SALES TO TAIWAN. BUT THAT HAD NOT TURNED OUT TO BE THE CASE." THE PREMIER EMPHASIZED THAT THE TOLERANCE OF THE CHINESE GOVERNMENT AND PEOPLE IN THIS REGARD WAS "LIMITED." NOTING THAT THE FORMER PRESIDENT HAD MADE GREAT CONTRIBUTIONS TO SINO-AMERICAN RELATIONS DURING HIS TERM IN OFFICE, THE PREMIER EXPRESSED THE HOPE THAT HE WOULD CONTINUE TO WORK ACTIVELY TO MAKE SURE THAT RELATIONS WOULD "NOT RETROGRESS."

5. PRESIDENT CARTER RESPONDED THAT HIS PURPOSE IN COMING TO CHINA WAS PRECISELY TO DEEPEN MUTUAL UNDERSTANDING AND TO ENHANCE THE PROSPECTS FOR FURTHER COOPERATION BETWEEN THE AMERICAN AND CHINESE PEOPLES. HE SAID THAT HE HAD TALKED WITH SECRETARY HAIG BEFORE HIS DEPARTURE. THE SECRETARY HAD STRESSED THAT HIS TALKS IN BEIJING HAD REVEALED A WIDE RANGE OF COMMON UNDERSTANDING ON SUBSTANTIVE ISSUES, BUT THAT HE RECOGNIZED THE CONTINUING EXISTENCE OF DIFFERENCES OF OPINION ON THE ISSUE OF TAIWAN. THE FORMER PRESIDENT SAID THAT HE HAD BEEN AWARE OF SOME UNCERTAINTIES

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ABOUT THE INTENTIONS OF THE NEW ADMINISTRATION IN ITS EARLY DAYS IN OFFICE, HE HAD BEEN PLEASED TO SEE THESE UNCERTAINTIES STEADILY REMOVED.

6. PRESIDENT CARTER NOTED THAT US POLICY TOWARD CHINA WAS A BIPARTISAN MATTER, BEGUN BY PRESIDENT NIXON WITH THE SHANGHAI COMMUNIQUE, FURTHERED BY HIMSELF DURING HIS PRESIDENCY, AND NOW CARRIED FORWARD BY THE REAGAN ADMINISTRATION, HE COULD STATE POSITIVELY HIS CONFIDENCE THAT FURTHER PROGRESS WOULD OCCUR DESPITE SOME UPS AND DOWNS -- WHICH WERE ONLY TO BE EXPECTED IN RELATIONS BETWEEN TWO GREAT NATIONS SUCH AS CHINA AND THE UNITED STATES. THE IMPORTANT THING, HE STRESSED, WAS THAT THERE BE AN UNDERLYING BASE OF MUTUAL UNDERSTANDING AND FRIENDSHIP, AND A COMMON RECOGNITION OF THE IMPORTANCE OF GOOD CHINESE/US RELATIONS TO THE MAINTENANCE OF GLOBAL PEACE AND THE STRENGTHENING

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MESSAGE:
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FM AMEMBASSY BEIJING

TO SECSTATE WASHDC IMMEDIATE 4776

~~SECRET~~ SECTION 2 OF 2 BEIJING 9020

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OF OPPOSITION TO AGGRESSION IN AREAS SUCH AS KAMPUCHEA AND AFGHANISTAN. HE PERSONALLY FELT CONFIDENT, HE SAID, THAT ON THIS BASIS THE TAIWAN PROBLEM COULD, OVER TIME, BE SOLVED.

7. THE FORMER PRESIDENT STRESSED, HOWEVER, THAT HE FELT IT IMPORTANT THAT THERE BE NO MISUNDERSTANDING OF WHAT HE HAD AGREED UPON WITH VICE CHAIRMAN DENG XIAOPING. HE HAD AGREED, HE SAID, TO BE "PRUDENT" IN MAKING FURTHER SALES OF WEAPONS TO TAIWAN, TO LIMIT SUCH WEAPONS TO CLEARLY DEFENSIVE TYPES, AND NOT TO PROVIDE TAIWAN WITH THE CAPABILITY TO ATTACK THE MAINLAND OF CHINA. FOR HIS PART, VICE CHAIRMAN DENG HAD AGREED TO ANNOUNCE THAT CHINA WOULD APPROACH THE TAIWAN QUESTION WITH PATIENCE IN AN EFFORT TO RESOLVE IT PEACEFULLY.

8. PRESIDENT CARTER SAID THAT HE HAD OBSERVED WITH PLEASURE THE QUIET DEVELOPMENT OF TRADE AND OTHER LINKS BETWEEN TAIWAN AND THE MAINLAND AS WELL AS THE CONTINUING REDUCTION OF TENSIONS IN THE AREA. HE STRESSED HIS STRONG PERSONAL PREFERENCE THAT ALL TERMS OF THE RI A-AMERICAN AGREEMENT BE CARRIED OUT. HE PREDICTED THAT THE REAGAN ADMINISTRATION WOULD HONOR THE AGREEMENTS OF THE US GOVERNMENT IN THIS REGARD.

9. PREMIER ZHAD NOTED THAT AFTER NORMALIZATION THE US CONGRESS HAD PASSED A "TAIWAN RELATIONS ACT" IN WHICH THE UNITED STATES ASSUMED CONTINUING RESPONSIBILITIES FOR TAIWAN'S SECURITY AND UNDERTOOK

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SIT:
EOB: KEMP, LILLEY
WHSR COMMENTS:

PSN:022558

DTG:250850

TOR:2371133

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MESSAGE / ANNOTATION:

TO CONTINUE WEAPONS SALES TO THE ISLAND. THIS HAD "AROUSSED GREAT DISSATISFACTION AMONG THE CHINESE PEOPLE." IN FACT, THE PREMIER SAID, THE TAIWAN RELATIONS ACT HAD "RESTORED" THE "ABROGATED" MUTUAL DEFENSE PACT BETWEEN THE UNITED STATES AND THE TAIWAN AUTHORITIES. DURING SECRETARY HAIG'S VISIT, THE CHINESE SIDE HAD SAID EMPHATICALLY THAT THE US GOVERNMENT MUST NOT ASSUME THAT BECAUSE OF THE REQUIREMENT OF JOINT OPPOSITION TO SOVIET EXPANSIONISM, THE US COULD RETREAT FROM ITS COMMITMENTS ON THE TAIWAN QUESTION. HE REITERATED THAT THE TOLERANCE OF THE CHINESE GOVERNMENT AND PEOPLE ON THIS MATTER WAS LIMITED. PREMIER ZHAO ADDED THAT IF THE UNITED STATES WERE TO ACT IMPRUDENTLY ON THE BASIS OF AN INADEQUATE ASSESSMENT OF THE MOOD OF THE CHINESE PEOPLE ON THIS QUESTION, THE CONSEQUENCES WOULD BE VERY SERIOUS INDEED. THE CRITICAL QUESTION WAS HOW THE US GOVERNMENT WOULD ACT.

11. THE FORMER PRESIDENT REITERATED THAT HE HAD "NEVER MADE ANY COMMITMENT TO DENG XIAOPING THAT THE US WOULD STOP SELLING WEAPONS TO TAIWAN." RATHER, HE HAD ACKNOWLEDGED THE CHINESE OBJECTIONS TO THIS, AND HAD TOLD VICE CHAIRMAN DENG THAT THE US GOVERNMENT ASSUMED A COMMITMENT TO BE PRUDENT IN SUCH SALES, TO LIMIT THEM TO DEFENSIVE WEAPONS ONLY, AND TO ENSURE THAT SUCH WEAPONS WOULD NOT BE USED TO ATTACK THE MAINLAND. PRESIDENT CARTER NOTED THAT VICE CHAIRMAN DENG HAD MADE CLEAR CHINESE OBJECTIONS TO ANY WEAPONS SALES TO TAIWAN AS WELL AS TO US NAVAL VESSELS CALLING IN TAIWAN OR TO JOINT MANEUVERS BETWEEN THE US AND TAIWAN. HE SAID THAT HE HAD INFORMED THE VICE CHAIRMAN THAT THERE WOULD BE NO JOINT MANEUVERS AND THAT THE LAST US NAVAL VESSEL WOULD VISIT TAIWAN IN APRIL 1979.

12. THE FORMER PRESIDENT STRESSED THAT WHILE IN OFFICE HE HAD SCRUPULOUSLY HONORED ALL OF THE COMMITMENTS HE HAD MADE TO THE CHINESE. HE PREDICTED THAT THE REAGAN ADMINISTRATION WOULD LIKEWISE HONOR THOSE COMMITMENTS. HE NOTED THAT THE PRESIDENT AND OTHERS IN THE ADMINISTRATION HAD CAREFULLY REVIEWED THE MINUTES OF AMBASSADOR WOODCOCK'S TALKS WITH FOREIGN MINISTER HUANG HUA AND HIS OWN TALKS WITH VICE CHAIRMAN DENG DURING THE LATTER'S VISIT TO WASHINGTON. HE SAID THAT HE UNDERSTOOD THE CONTINUING DIFFERENCES OF OPINION OVER THE TAIWAN

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MESSAGE / ANNOTATION:

ISSUE BUT HOPED -- AND EXPECTED -- THAT THESE WOULD NOT BE PERMITTED TO CAUSE SERIOUS PROBLEMS IN OUR RELATIONS.

13. PREMIER ZHAO SAID THAT CHINA ALSO HOPED THAT SINO-AMERICAN RELATIONS WOULD CONTINUE TO ADVANCE, AND NOT RETROGRESS. BUT, HE ADDED, "SHOULD THE US GOVERNMENT CONTINUE TO SELL WEAPONS TO THE TAIWAN AUTHORITIES FOR A LONG TIME, A RETROGRESSION IN OUR RELATIONS IS HARDLY AVOIDABLE AND PROGRESS WILL NOT BE POSSIBLE." THE PREMIER SUGGESTED THAT "OUR DISCUSSION OF THIS MATTER GO NO FURTHER," ADDING THAT "PERHAPS" VICE CHAIRMAN DENG WOULD WISH TO TALK ABOUT IT WITH THE FORMER PRESIDENT.

14. PRESIDENT CARTER SAID HE "WOULD BE SURPRISED IF THAT WERE NOT THE CASE." HE ADDED THAT "WE HOPE THAT THE EFFORTS OF YOUR GOVERNMENT TO REALIZE THE PRINCIPLE OF ONE CHINA, OF WHICH TAIWAN IS A PART, WILL CONTINUE TO MAKE PROGRESS." HE NOTED THAT HE HAD SAID SO PUBLICLY IN DECEMBER 1978.

15. PRESIDENT CARTER HAS SEEN THIS MESSAGE.
FREEMAN

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NLRR M386/1 #60136

BY KML NARA DATE 10/18/13

Q R 260257Z AUG 81
FM AMEMBASSY BEIJING

TO SECSTATE WASHDC IMMEDIATE 4797

INFO CHINA POSTS COLLECTIVE

~~C O N F I D E N T I A L~~ SECTION 01 OF 02 BEIJING 9038

EXDIS

E.O. 12065: RDS-4 8/26/11 (FREEMAN, CHARLES W., JR.) DR-M

TAGS: PEPR, CH, TW

SUBJECT: PRC VICE FOREIGN MINISTER TALKS ABOUT TAIWAN'S FUTURE

1. (Ø - ENTIRE TEXT).

2. SUMMARY: VICE FOREIGN MINISTER ZHANG WENJIN TOLD CODEL HATFIELD THAT CHINA "CANNOT TOLERATE" A TAIWAN THAT IS A SEPARATE POLITICAL ENTITY, BUT REAFFIRMED BEIJING'S FIRM INTENTION TO SEEK REUNIFICATION THROUGH PEACEFUL MEANS. HE SAID THAT ONCE POLITICAL REUNIFICATION WAS RELAIZED TAIWAN WOULD BE ABLE TO MAINTAIN ITS CURRENT WAY OF LIFE, TRADE AND COMMERCE WITH OTHER COUNTRIES, AS WELL AS A CERTAIN AMONT OF AUTONOMY IN CONDUCTING ITS MILITARY AFFAIRS. THE PRC WILL NEGOTIATE WITH THE TAIWAN AUTHORITIES AS TO WAHT LEVEL OF AMRED FORCES THE ISLAND WOULD MAINTAIN. AS FOR ARMS SUPPLIES FROM OTHER COUNTRIES, HE SAID THAT THIS WAS STRICTLY A FUNCTION OF THE CENTRAL GOVERNMENT BUT THAT NEGOTIATIONS WITH TAIWAN ALSO COULD BE CONDUCTED ON THIS QUESTION. FOREIGN INVESTMENT ON TAIWAN COULD CONTINUE, ACCORDING TO ZHANG. THE VICE FOREIGN MINISTER SAID THAT THERE ARE A SMALL HANDFUL OF PEOPLE IN THE U.S. WHO ARE HOSTILE TO THE PRC AND ARE NOT AWARE OF THE STRONG FEELINGS OF THE CHINESE PEOPLE ON THE TAIWAN ISSUE. HE CALLED UPON THE U.S. TO "UNDERSTAND AND SYMPATHIZE" WITH CHINESE VIEWS ON REUNIFICATION SO THAT THE ISSUE COULD BE SETTLED "AS SOON AS POSSIBLE."

* * * * *

SIT: RVA COL JP VP
EOB: LILLEY
WHSR COMMENTS:

PSN:024096

DTG:260257

TOR:2381103

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SITUATION(S) MESSAGE(S) LISTING

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SUBJECT CATEGORY: LIST

MESSAGE / ANNOTATION:

THE VICE FOREIGN MINISTER CHARACTERIZED SINO-U.S. RELATIONS AS "FAIRLY GOOD ON THE WHOLE," ESPECIALLY WITH REGARD TO THE TWO COUNTRIES VIEWS TOWARD THE SOVIET UNION. END SUMMARY.

3. AT A BREAKFAST MEETING WITH CODEL HATFIELD ON AUGUST 24, VICE FOREIGN MINISTER ZHANG WENJIN, IN RESPONSE TO QUESTIONS FROM THOSE PRESENT, TALKED ABOUT TAIWAN'S FUTURE. ZHANG SAID THAT CHINA "CANNOT TOLERATE" A TAIWAN THAT IS A SEPARATE POLITICAL ENTITY, BUT REAFFIRMED BEIJING'S FIRM INTENTION TO SEEK REUNIFICATION THROUGH PEACEFUL MEANS. HE SAID THAT THE PRC HAS CALLED FOR POSTAL, TRANSPORTATION, AND COMMUNICATION LINKS WITH TAIWAN BUT SO FAR THESE EFFORTS HAD MET WITH "STUBBORN REFUSAL." NEVERTHELESS, ZHANG SAID, THE U.S. CAN REST ASSURED THAT CHINA WILL HANDLE THE TAIWAN ISSUE WELL SO LONG AS NEITHER THE TAIWAN AUTHORITIES NOR OTHERS DID ANYTHING THAT FORCED THE PRC TO ACT AS IT WOULD STRONGLY PREFER NOT TO (I.E., RESORT TO FORCE.) MOST CRUCIAL FOR THE PRESENT IS THE ONE CHINA PRINCIPLE, THE VICE FOREIGN MINISTER SAID.

4. ZHANG STRESSED THAT ONCE POLITICAL REUNIFICATION WAS REALIZED, TAIWAN WOULD HAVE A SPECIAL STATUS AND WOULD BE ABLE TO MAINTAIN ITS CURRENT WAY OF LIFE AND SOCIAL SYSTEM. IT COULD CONTINUE ITS OWN TRADE AND COMMERCE WITH OTHER COUNTRIES WHILE BEIJING AND TAIPEI WORKED TOGETHER FOR REUNIFICATION. FOREIGN INVESTMENT ON TAIWAN COULD ALSO CONTINUE, ACCORDING TO ZHANG. LOCAL LEADERS WOULD MAINTAIN THEIR POSITIONS AND BE ABLE TO PLAY ADMINISTRATIVE ROLES AS WELL AS A ROLE IN CONDUCTING THE ISLAND'S OWN MILITARY AFFAIRS. LATER QUESTIONED ON THIS POINT, ZHANG SAID THE PRC WOULD NOT DISARM TAIWAN AS A MATTER OF PRINCIPLE, BUT THAT BEIJING WILL HAVE TO NEGOTIATE WITH THE TAIWAN AUTHORITIES AS TO WHAT LEVEL OF ARMED FORCES THEY WOULD MAINTAIN. AS FOR ARMS SUPPLIES FROM

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MESSAGE:
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Q R 260257Z AUG 81
FM AMEMBASSY BEIJING

TO SECSTATE WASHDC IMMEDIATE 4798

INFO CHINA POST COLLECTIVE

~~C O N F I D E N T I A L~~ SECTION 02 OF 02 BEIJING 9038

EXDIS
OTHER COUNTRIES, THE VICE FOREIGN MINISTER SAID THAT THIS WAS STRICTLY A FUNCTION OF THE CENTRAL GOVERNMENT. "THE CENTRAL GOVERNMENT WILL CONDUCT NEGOTIATIONS WITH TAIWAN ON THIS QUESTION." ZHANG SAID THAT THE ONE CONDITION THAT BEIJING INSISTS UPON IS THAT THE TAIWAN AUTHORITIES SHOULD BE LOYAL TO THE COUNTRY. THEY CANNOT BE A "TRAITOROUS CLIQUE," HOSTILE TO THE BEIJING GOVERNMENT. ZHANG REVIEWED VARIOUS EPISODES OF COMMUNIST PARTY (CCP) COOPERATION WITH THE NATIONALIST PARTY (KMT) IN THE PAST, POINTING OUT THAT THERE ARE PRECEDENTS FOR CURRENT EFFORTS TO PROMOTE COOPERATION BETWEEN THE CCP AND KMT. IN RESPONSE TO A QUESTION LIKENING HONG KONG'S TRANSITIONAL STATUS TO THAT OF TAIWAN, ZHANG SAID THAT BOTH WERE A PART OF CHINESE TERRITORY AND THAT BOTH WOULD BE SETTLED THROUGH NEGOTIATIONS. AS FOR HONG KONG, HE ADDED, THE PRC WAS NOT READY TO NEGOTIATE AT THIS TIME. 5. TURNING TO TAIWAN AS AN ISSUE IN SINO-U.S. RELATIONS, ZHANG SAID THAT THERE ARE "A SMALL HANDFUL OF PEOPLE IN THE U.S. WHO ARE HOSTILE TO THE PRC AND ARE NOT AWARE OF THE STRONG FEELINGS OF THE CHINESE PEOPLE ON THE TAIWAN ISSUE. TAIWAN IS A CRUCIAL ISSUE AND WE HOPE THE U.S. WILL UNDERSTAND AND SYMPATHIZE WITH THE CHINESE VIEWS ON REUNIFICATION." ZHANG SAID HE HOPED THAT THE TAIWAN ISSUE WILL BE SETTLED "AS SOON AS POSSIBLE;" THE PRESTIGE OF TAIWAN AUTHORITIES WILL DECREASE THE MORE THEY DELAY IN COMING TO TERMS, HE SAID. HE DECLINED

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WHSR COMMENTS:

PSN:024092

DTG:260257

TOR:2381104

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SUBJECT CATAGORY: LIST

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TO SPELL OUT WHAT INCENTIVES THE PRC WAS PREPARED TO OFFER THE TAIWAN AUTHORITIES TO INDUCE THEM TO ACCEPT THE DIMINISHED PRESTIGE OF A PURELY LOCAL ROLE WITHIN A REUNIFIED CHINA BUT SAID THAT THERE WOULD BE "ALL SORTS OF POSSIBILITIES" TO BE EXPLORED LATER.

6. THE VICE FOREIGN MINISTER CHARACTERIZED SINO-U.S. RELATIONS AS "FAIRLY GOOD ON THE WHOLE," ESPECIALLY WITH REGARD TO THE TWO COUNTRIES' VIEWS TOWARD THE SOVIET UNION: "OUR COOPERATION IN CHECKING THE AGGRESSION OF THE SOVIET UNION HAS BEEN VERY GOOD." AS FOR ECONOMIC RELATIONS, ZHANG SAID CHINA AND THE U.S. ALSO HAVE A BRIGHT FUTURE IN THE LONG TERM -- MUCH BRIGHTER THAN THE FUTURE FOR THE U.S. AND TAIWAN.

7. THS CABLE WAS NOT SEEN BY SENATORS HATFIELD AND HAWKINS PRIOR TO THEIR DEPARTURE,
FREEMAN

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PAGE 243 SITUATION(S) MESSAGE(S) LISTING DATE 08/31/81//243

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SUBJECT CATAGORY: LIST

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MESSAGE / ANNOTATION:

NLRR M386/1 # 60137

MESSAGE:
IMMEDIATE

BY KML NARA DATE 10/18/13

Q 260830Z AUG 81
FM AMEMBASSY BEIJING

TO SECSTATE WASHDC IMMEDIATE 4835

~~SECRET~~ BEIJING 9072

NODIS
E.O. 12065: RDS -3 - 8/26/2011(FREEMAN, CHARLES W. JR.) OR-M
TAGS: MNUC, PARM, CH
SUBJ: CHINESE NUCLEAR TESTING IN THE ATMOSPHERE
1. 6 - ENTIRE TEXT
2. DURING HIS AUGUST 25 MEETING WITH CHINESE PREMIER ZHAO ZIYANG, FORMER PRESIDENT CARTER INQUIRED WHAT PROGRESS HAD BEEN MADE TO IMPLEMENT HIS SUGGESTION TO VICE CHAIRMAN DENG XIADPING IN JANUARY 1979 THAT THE CHINSE BUY AMERICAN TECHNOLOGY TO ENABLE THEM TO MOVE THEIR NUCLEAR TESTS UNDERGROUND. ZHAO SAID HE WAS NOT UP-TO-DATE ON THE MATTER. HAN XU (DIRECTOR FOR AMERICAN AND OCEANIAN AFFAIRS, MFA) BROKE IN TO EXPLAIN THAT, IN THE END, THE AMERICAN BUREAUCRACY HAD BEEN UNWILLING TO LICENSE THE EXPORT OF THE NECESSARY EQUIPMENT AND THE MATTER HAD DROPPED, "THOUGH WE WOULD HAVE WELCOMED THE CHANCE TO CEASE TESTING IN THE ATMOSPHERE."
3. PREMIER ZHAO COMMENTED THAT THIS STORY WAS ALL TOO TYPICAL OF CHINA'S EXPERIENCE WITH THE U.S. IN TECHNOLOGY TRANSFER. PROMISES WERE NOT FOLLOWED UP BY ACTIONS, OR AS A CHINESE SAYING PUT IT "THERE'S LOTS OF THUNDER BUT NEVER ANY RAIN."
FREEMAN

BT

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SIT: "RVA" COL VP JP
EOB: LILLEY, GUHIN, HUBERMAN, SCHWEITZER
WHSR COMMENTS: C H E C K L I S T

PSN:024114 DTG:260830 TOR:2381259

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CHINA, PRC AUGUST 1981 (2 OF 3)

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<i>Document Description</i>				
60138	CABLE STATE 227784	3	8/26/1981	B1

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C. Closed in accordance with restrictions contained in donor's deed of gift.

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MESSAGE / ANNOTATION:

MESSAGE:
IMMEDIATE / ROUTINE

O R 270733Z AUG 81
FM AMEMBASSY BEIJING

TO SECSTATE WASHDC IMMEDIATE 4869

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~~C O N F I D E N T I A L~~ SECTION 1 OF 2 BEIJING 9126

NOFORN

E.O. 12065: RDS 4, 8/27/01 (FREEMAN, CHARLES W., JR.) DR-M

TAGS: PINT, ECON, CH

SUBJ: CODEL HATFIELD'S MEETING WITH VICE PREMIER BO YIBO

1. ~~CONF~~ - ENTIRE TEXT

2. SUMMARY: ON AUGUST 24 VICE PREMIER BO YIBO HELD FORTH ON A WIDE RANGE OF ECONOMIC QUESTIONS IN A MEETING WITH CODEL HATFIELD. BO SAID THAT CHINA'S ECONOMIC READJUSTMENT WOULD LAST UNTIL 1985. DURING THE READJUSTMENT PERIOD, CHINA WILL FOCUS ON CONTROLLING INFLATION AS WELL AS THE BUDGET DEFICIT AND REFORMING THE ECONOMIC STRUCTURE. CONTINUING EMPHASIS WILL BE PLACED ON EFFORTS TO IMPROVE LIVING STANDARDS WHILE UPGRADING THE COUNTRY'S INFRASTRUCTURE. BO SAID THAT IT IS PRC POLICY TO ABSORB FOREIGN INVESTMENT IN A "BROAD AND SUBSTANTIAL WAY" AND THAT THIS POLICY WILL REMAIN UNCHANGED. IN PARTICULAR HE ENCOURAGED U.S. INVESTMENT IN OIL, MINING, AND A VARIETY OF HIGH TECHNOLOGY AREAS. THE VICE PREMIER CALLED FOR AN EXPANSION OF SINO-U.S. TRADE AND SAID THAT GIVEN THE COMPLEMENTARITY OF OUR ECONOMIES, THE U.S. IS IN AN EXCELLENT POSITION TO DISPLACE JAPAN AS CHINA'S NUMBER ONE TRADING PARTNER. BO NOTED THAT PRESIDENT REAGAN AND SECRETARY HAIG HAD BOTH STATED IT IS ESSENTIAL THAT SINO-U.S. ECONOMIC RELATIONS BE STRENGTHENED IN ORDER TO BUTTRESS THE STRATEGIC RELATIONSHIP. HE SAID THAT THE ONLY "WEAK LINK" IS THE TAIWAN PROBLEM, NOT-

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SIT: RA COL JP VP
EOB: LILLEY
WHSR COMMENTS: CHECKLIST

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TOR:2391034

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ING THIS MUST BE HANDLED WELL LEST IT BE DETRIMENTAL TO THE FURTHER DEVELOPMENT OF OUR BILATERAL RELATIONS.
END SUMMARY.

3. ON AUGUST 24 VICE PREMIER BO YIBO HELD FORTH ON A WIDE RANGE OF ECONOMIC QUESTIONS IN A MEETING WITH CODEL HATFIELD. BO IS MINISTER IN CHARGE OF THE STATE COUNCIL'S MACHINE BUILDING COMMISSION. DISCUSSING CHINA'S CURRENT ECONOMIC SITUATION, HE SAID THAT 1980-1985 WOULD BE A PERIOD OF ECONOMIC READJUSTMENT, FOLLOWED BY A 1985-1990 PHASE DURING WHICH THE CHINESE ECONOMY WOULD MAKE MAJOR NEW ADVANCES. IN THE COURSE OF READJUSTMENT THE MAIN TASK WILL BE CONTROLLING INFLATION AND THE BUDGET DEFICIT. THE VICE PREMIER SPECIFIED THAT AN INTEGRAL PART OF THE READJUSTMENT PROCESS IS REFORM OF THE ECONOMIC STRUCTURE.

4. BO DESCRIBED THE SOVIET ECONOMIC MODEL OF THE 1950'S AS DEFECTIVE AND CHARACTERIZED CHINA'S "READJUSTMENT" AS AN ALTERNATION OF THAT MODEL. READJUSTMENT SHOULD NOT BE SEEN AS RETROGRESSION BUT RATHER A CHANGE OF PRIORITIES WHICH BEGAN AFTER THE FALL OF THE GANG OF FOUR IN 1976. NOW CHINA IS INCREASING ITS INVESTMENT IN LIGHT INDUSTRY AND THE PRODUCTION OF CONSUMER GOODS. HE DESCRIBED THIS AS PART OF A LARGER EFFORT TO RAISE STANDARDS OF LIVING IN CHINA, AND IN THIS CONNECTION MENTIONED THE HIGH PRIORITY BEING GIVEN TO THE CONSTRUCTION OF MORE URBAN HOUSING AND THE DEVELOPMENT OF CHINA'S INTELLECTUAL AND CULTURAL LIFE. TURNING TO CHINA'S ENERGY NEEDS, BO SAID PRIORITY MUST BE GIVEN TO THE DEVELOPMENT OF OIL, GAS, AND COAL RESOURCES. HE ALSO SAID CHINA MUST DEVELOP HYDROELECTRIC POWER AS WELL AS "A LITTLE BIT OF NUCLEAR ENERGY." TRANSPORTATION AND COMMUNICATION SECTORS WILL ALSO RECEIVE INCREASED ATTENTION INCLUDING THE BUILDING OF MORE RAILROADS, PORTS, AND RIVERINE TRANSPORT.

5. THE VICE PREMIER STATED THAT CURRENT READJUSTMENT POLICIES HAD ALREADY PRODUCED GOOD RESULTS, PARTICULARLY IN THE RURAL AREAS. NOT LONG AGO CHINA'S PER CAPITA INCOME STOOD AT APPROXIMATELY 250 U.S. DOLLARS BUT NOW IT MAY BE AS HIGH AS 280 OR 300 U.S. DOLLARS. HE SAID THESE FIGURES MAY NOT BE TOO ACCURATE BUT NONETHELESS THE STANDARD OF LIVING IN CHINA HAS IMPROVED. DURING THE FIRST HALF OF 1981, INFLATION HAS CONTINUED BUT THE RATE IS LOWER COMPARED TO THE SAME PERIOD LAST YEAR. INFLATION LAST YEAR WAS FED BY THE LARGE VOLUME OF MONEY IN CIRCULATION, BUT FORTUNATELY MUCH OF THIS WAS NOT SPENT AND THE INFLATION RATE DID NOT SOAR OUT OF CONTROL. BO SAID THAT CHINA'S CURRENT

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ECONOMIC GROWTH RATE IS BETWEEN 3 AND 5 PERCENT PER ANNUM BUT BY 1985 HE PREDICTED IT WOULD BE IN THE 5-7 PERCENT RANGE.

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MESSAGE / ANNOTATION:

MESSAGE:
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D 270733Z AUG 81
FM AMEMBASSY BEIJING

TO SECSTATE WASHDC IMMEDIATE 4870

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~~CONFIDENTIAL~~ SECTION 2 OF 2 BEIJING 9126

6. THE VICE PREMIER SAID THAT CHINA HAS "FAILED TO MAKE GOOD USE OF FOREIGN LOANS OFFERED BY THE U.S., JAPAN, AND OTHER WESTERN COUNTRIES." APPROXIMATELY U.S. DOLLARS 30 BILLION IN FOREIGN CAPITAL HAS BEEN LINED UP, BUT CHINA HAS BEEN RELUCTANT TO DRAW DOWN ON THIS EQUITY BECAUSE OF THE HIGH INTEREST RATES, HE REMARKED. ANOTHER CONSTRAINING FACTOR IS THAT THE PRC'S OWN DOMESTIC FUNDS ARE NOT SUFFICIENT TO SUPPORT "AUXILLARY PROJECTS" THAT SHOULD BE BUILT IN CONJUNCTION WITH THE PROJECTS CONSTRUCTED WITH FOREIGN MONEY.

7. BO ALSO DISCUSSED AT SOME LENGTH THE ROLE OF FOREIGN CAPITAL IN THE MODERNIZATION OF CHINA. HE SAID THAT IT IS PRC POLICY TO ABSORB FOREIGN INVESTMENT IN A "BROAD AND SUBSTANTIAL WAY" AND THAT THIS POLICY WILL REMAIN UNCHANGED. THE VICE PREMIER SPECULATED THAT FOREIGN EQUITY COULD EVENTUALLY AMOUNT TO BETWEEN 10 AND 20 PERCENT OF THE TOTAL CAPITAL CHINA INVESTS UNDER ITS ECONOMIC PLAN, BUT HE GAVE NO INDICATION WHEN SUCH A HIGH LEVEL MIGHT BE REACHED WHILE CHINA'S POLICY OF WELCOMING FOREIGN INVESTMENT IS FIRM, BO SAID THAT THERE ARE MANY CONCRETE PROBLEMS, SUCH AS DOUBLE TAXATION, THAT REMAIN TO BE SOLVED.

8. THE VICE PREMIER SAID THAT CHINA IS OPEN TO DIRECT INVESTMENT, JOINT VENTURES, AND COMPENSATION TRADE FROM THE UNITED STATES -- ADDING THAT THERE IS A BRIGHT FUTURE IN ALL OF THESE AREAS. TURNING TO SPECIFICS, HE SAID THAT BIDS ON OFF-SHORE OIL BLOCKS IN THE SOUTH CHINA SEA SHOULD BE TENDERED BY NOVEMBER OR DECEMBER AND

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PSN:025261

DTG:270733

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EXPRESSED THE HOPE THAT THE U.S. WILL PARTICIPATE IN THE BIDDING. HE ALSO WELCOMED U.S. PARTICIPATION IN HYDROELECTRIC (THE ERTAN DAM) AND MINING PROJECTS (PANZIHUA IRON MINE) INSICHUAN PROVINCE. THE MINE IS INTENDED TO EXTRACT VANADIUM AND TITANIUM. ANOTHER PROJECT IN WHICH THE U.S. MIGHT BECOME INVOLVED IS A STRIP MINE PROJECT AT PINGSUO IN SHANXI PROVINCE. HE SAID THAT THIS MINE HAS THE POTENTIAL TO PRODUCE 15 MILLION TONS OF COAL PER YEAR.

9. ASIDE FROM ENERGY PROJECTS, BO SAID THAT CHINA WELCOMES U.S. INVOLVEMENT IN MACHINE BUILDING AND ELECTRONICS AS WELL AS HIGH TECHNOLOGY AREAS SUCH AS CARS, TRUCKS, HEAVY-DUTY MACHINERY, COMPUTERS, OIL EXTRACTING EQUIPMENT, AND THE MANUFACTURE OF AIRCRAFT AND AIRCRAFT SPARE PARTS. THE VICE PREMIER STRESSED THAT CHINA HOPED TO USE THIS KIND OF INVESTMENT TO ABSORB U.S. TECHNOLOGY AND EXPERTISE.

10. BO SAID THAT INVESTING IN CHINA WOULD HAVE ITS SHARE OF PROBLEMS. HE CHARACTERIZED THE PRESENT STAGE AS A "PROBING PERIOD" IN WHICH FOREIGN INVESTORS AND CHINA WERE SIZING EACH OTHER UP. HE COUNSELED THAT U.S. BUSINESS SHOULD BE PATIENT WITH THE PROBLEMS ENCOUNTERED IN THIS INITIAL STAGE AND TRY TO COME TO AN EARLY DECISION ON COOPERATION WITH CHINA. AFTER 1985, THE PROJECTS WILL BE MUCH LARGER, HE PREDICTED.

11. DISCUSSING SINO-U.S. TRADE, VICE PREMIER BO SAID THAT OVER THE LAST TWO TO THREE YEARS THERE HAS BEEN AN INCREASE IN THE VOLUME BUT THE INCREASE STILL HAS NOT BEEN THAT LARGE. THERE IS AN IMBALANCE IN OUR TRADE RELATIONS AND CHINA MUST LOOK FOR WAYS TO EXPAND THE TYPES OF PRODUCTS IT EXPORTS TO THE U.S. BO SAID THAT THE PRC IS RICH IN NONFERROUS METALS, AND CALLED FOR AN INCREASE OF SINO-US TRADE IN THIS AREA AS WELL AS IN MACHINE BUILDING. BO SAID THAT -- GIVEN THE COMPLEMENTARITY OF OUR ECONOMIES -- THE U.S. IS IN AN EXCELLENT POSITION TO BECOME CHINA'S NUMBER ONE TRADING PARTNER, DISPLACING JAPAN.

12. THE U.S. AND CHINA HAVE A COMMON INTEREST IN BUILDING A STRONG CHINA TO STAND UP TO THE SOVIET UNION. BO NOTED THAT PRESIDENT REAGAN AND SECRETARY HAIG HAVE BOTH STATED IT IS ESSENTIAL THAT SINO-U.S. ECONOMIC RELATIONS BE STRENGTHENED IN ORDER TO BUTTRESS THE STRATEGIC RELATIONSHIP. U.S. TECHNOLOGY ON THE ONE HAND AND CHINESE MANPOWER AND NATURAL RESOURCES ON THE OTHER ARE VERY COMPLEMENTARY, ACCORDING TO THE

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VICE PREMIER. MOREOVER, CHINA'S INTERNAL POLITICAL SITUATION IS MORE STABLE NOW THAN AT ANY TIME SINCE THE EARLY 1960'S.

13. BO SAID THE ONLY "WEAK LINK" IS THE TAIWAN PROBLEM. HE EXPRESSED "UNDERSTANDING" OF THE REAGAN GOVERNMENT'S SITUATION AND SAID A WAY MUST BE FOUND TO SATISFY BOTH SIDES. TAIWAN IS A "MOST SENSITIVE QUESTION" IN CHINA AND MUST BE APPROACHED IN THE CONTEXT OF OVERALL STRATEGIC INTERESTS AND HANDLED WELL, LEST IT BE DETRIMENTAL TO THE FURTHER DEVELOPMENT OF OUR BILATERAL RELATIONS. BO SAID THAT ON MAJOR ISSUES THE CONVERGENCE OF INTERESTS BETWEEN BEIJING AND WASHINGTON FAR EXCEEDS THE DIFFERENCES, PARTICULARLY WITH REGARD TO THE SOVIET UNION.

14. THIS CABLE HAS NOT BEEN SEEN OR CLEARED BY THE CODEL.
FREEMAN

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