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THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release

July 22, 1985

BACKGROUND BRIEFING
BY SENIOR ADMINISTRATION OFFICIAL
ON THE VISIT OF PRESIDENT LI XIANNIAN
OF THE PEOPLE'S REPUBLIC OF CHINA

The Briefing Room

2:44 P.M. EDT

SENIOR ADMINISTRATION OFFICIAL: Let me -- I have got some remarks here at the beginning.

This, of course, is a state visit in response to the invitation extended by the President during his meeting with President Li in April of 1984. That is Li, spelled L-I. I am sure that you can have the spellings. If you want spellings, shout.

The official party will have fourteen members -- and I will say a word in a minute about a few of the members of the party. They arrived at Niagara Falls yesterday following an official visit to Canada.

He arrived in Washington this morning. He will be greeted officially here tomorrow morning.

Q Time?

SENIOR ADMINISTRATION OFFICIAL: Ten a.m. is the greeting ceremony. Am I right on the time? Ten a.m. tomorrow morning? Okay.

Q Wait --

New system? Start over? Should I wait for a minute?

Q Well, you see, I was wrong. The PA system doesn't reach downstairs.

Q I was taking my orders from Sam Donaldson.

Q Sorry.

SENIOR ADMINISTRATION OFFICIAL: President Li's position as Chief of State, President of the People's Republic of China, which he has held since 1983, is a ceremonial position, but it would be a mistake to therefore conclude that he is purely ceremonial in his role. In fact, as a member of the six-person standing committee of the Politburo of the Communist Party of China, he is one of the key policy makers in the PRC.

Although he is not as well known here as, for example, Deng Xiaoping, he is a leader with over fifty years of significant and, in Chinese terms, almost legendary contributions to his country and his party. He fought during the revolution as a successful battlefield general. Though self-taught as a manager, he was the key manager of China's fiscal and administrative reconstruction after 1949.

He worked very closely over a long period with Premier Chou En Lai. He is one of the figures who has managed to survive unscathed virtually all of the violent swings of the political pendulum in China over the last two decades, and he stands today as a highly respected and still influential leader of what in Chinese

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terms would be called a centrist political orientation.

This is his first trip to this country, and also the first trip to the U.S. by a PRC Chief of State. I think that underscores the ongoing and developing nature of our high-level dialogue with the Chinese.

Visits like this one permit us to broaden our acquaintances and friendships with elements of the top leadership as well as the up and coming leadership that the President is bringing with him in his party.

I might say something at this point in fact

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about some of those members of his party.

The second ranking member of the delegation is one of the four vice premiers of China, Vice Premier Li Peng -- that's L-I, P-E-N-G. He's a leader in his mid 50s, thought by many to be a possible future premier of China. He's a technocrat, trained as an engineer in the Soviet Union for seven years. Among the four vice premiers of China, Li has -- is the one who has responsibility for China's energy sector, for high technology, for major infrastructure projects, and a few weeks ago, he also acquired the higher education portfolio.

As a result of that combination of portfolios, he's been in frequent contact with American businessmen interested in investment and development in China. He's also been one of our senior counterparts in discussions concerning a possible nuclear cooperation agreement.

Virtually all of Li Peng's interlocutors, private and government alike, have reported on his penetrating intellect, penetrating way of asking questions. I think it's fair to say he has generally made a very strong impression on the people who have met with him.

Following President Li's Washington activities, Li Peng will be traveling on a separate itinerary of his own that will take him to some institutions of higher learning, to high-tech enterprises including the famous Silicon Valley in California, to hydro-power and waterway facilities, I believe, including the Hoover Dam in Nevada, and some think tanks.

I also should mention a few other members of the entourage -- the President's wife, Madam Lin Jiamei is a physician. She's in her 60s. She's served with the Chinese Ministry of Public Health. This is not her first trip. She visited the U.S. previously in 1980.

State Counselor Ji Pengfei was previously a Foreign Minister of China from 1972 to 1974. For the past decade or so, he's been a member of an informal foreign policy coordinating group above the ministerial level. And since late 1983, he's been directly responsible for Chinese policy toward Hong Kong. He's in his mid 70s.

The youngest member of the official delegation, Wang Zhaoguo, has been noted as one of these young leaders who have been tapped by Deng Xiaoping for leadership roles. In fact, he reportedly first emerged on the national scene when Deng Xiaoping was said to have been impressed during a visit to an automobile plant in Wuhan, where he was a manager, by his expertise, his experience, and he was subsequently, as a result, named to head the Youth League of the Chinese Communist Party.

Q How old is this fellow?

SENIOR ADMINISTRATION OFFICIAL: Pardon?

Q How old is he?

SENIOR ADMINISTRATION OFFICIAL: -- 44.

Sorry, I --

Q What position did you say he has?

SENIOR ADMINISTRATION OFFICIAL: He's, among other things now, he's a member of the National People's Congress which, I believe, is the title he's carrying as a member of the delegation. He also was named to head the Chinese Communist Youth League, a position that, I believe, he still holds. But I'm sorry, I don't have that here for certain.

The principal events, I guess, are tomorrow. Following the customary ceremonial welcome on the White House lawn, President Reagan will meet with President Li in the Blue Room. Following that meeting, Secretary Shultz will be hosting a lunch in his honor at the State Department. And Shultz will be having a private meeting with him later in the day.

That evening --

Q Can you give us some approximate times?

SENIOR ADMINISTRATION OFFICIAL: Pardon?

Q Approximate times for --

SENIOR ADMINISTRATION OFFICIAL: I believe the Blue Room meeting is at 10:30 a.m. The luncheon, I believe, is at 12:45 p.m. The State Dinner is 8:00 p.m. -- is that right?

At 3:45 p.m. tomorrow in the State Department, there is to be a signing ceremony of three agreements that we have concluded. One of them in the education area: a protocol on cooperation and educational exchanges, principally, as I understand it, designed to strengthen things like Fulbright exchanges with China. We consider this a very important area of our relationship, and, given the important role of younger people in this program, it's something that will be paying big dividends for a long time in the future.

Another agreement that we'll be signing is the implementing accord for cultural exchanges that outlines our programs for 1986 and 1987 within the general framework of the culture agreement that we signed in 1979.

And the third agreement will be a governing international fisheries agreement, known as a GIFA -- G-I-F-A. This is an agreement that permits the fishing industries of the two countries to work out cooperative arrangements that can also provide China with access to a share of our catch in U.S. waters.

Q Does that mean the nuclear agreement is out for this --

SENIOR ADMINISTRATION OFFICIAL: No. I'll come to the nuclear agreement. I assume you're going to want to ask a lot about that. But as I think you were -- was said earlier, that agreement and supporting documentation are now being reviewed by the NSC staff and other White House staff offices. It's not yet before the President. It would be presumptuous of me to predict when it might be or what the final outcome would be.

It could be signed tomorrow. It could be signed at a later point in this visit. It could be signed later. We're proceeding with that, and I really don't want to get myself afoul with predictions.

I will try to say a little bit about substantively my sense of where we are on that a little bit later.

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Yes, sir?

Q Let me come back.

SENIOR ADMINISTRATION OFFICIAL: Okay.

On Wednesday, President Li will visit Capitol Hill, hopefully get in some sightseeing as well. He will be

attending a lunch hosted in his honor jointly by the National Council on U.S.-China trade and the National Committee on U.S.-China relations. And he will be meeting in the afternoon with Secretary of Defense Weinberger.

In the evening, he'll be hosting a return dinner at the Chinese Embassy that will be attended by the Vice President and, I believe -- I'm not certain on this -- I think also the Secretary of State.

If you're interested in times on the Weinberger meeting Wednesday, it's at 3:30 p.m. And the Vice President, on Wednesday -- I'm sorry, it's 4:30 p.m. -- Vice President on Wednesday at 3:30 p.m. will be meeting with Vice Premier Li Peng.

Later in the visit, President Li Will preside over another ceremonial event that serves to underscore the excellent health of our expanding bilateral relationship with China, mainly the formal opening in Chicago of a new Chinese Consulate General. This is an exchange where we are opening a new Consulate General in Chengdu a couple of months from now. Chengdu, you may or may not know, is the capital of the province of Sichuan, which is not only known as the home province of Deng Xiaoping and marvelous Chinese cuisine, but it's -- as happens in China -- a province of the population of 100 million people. So, we consider being able to have a consulate there quite a valuable thing for us.

Q What province doesn't have a 100 million people?

SENIOR ADMINISTRATION OFFICIAL: I think -- Well, no, I'm not sure. I think it is the biggest one in China. But they're all big. That's right.

Q Which one is this?

SENIOR ADMINISTRATION OFFICIAL: Sichuan.

Q Could you spell Chengdu for us?

SENIOR ADMINISTRATION OFFICIAL: Chengdu, C-h-e-n-g-d-u. And you can see Sichuan spelled in various ways. I gather the approved spelling now is S-i-c-h-u-a-n.

The President goes from Chicago to Los Angeles, and from there to Hawaii. And, as I mentioned, Vice Premier Li Peng will be breaking off from the main delegation in Chicago to visit our inland waterway system, the Hoover Dam, Silicon Valley and I think some institutions of higher learning.

Q Are you going to have --

Q Is that Thursday he leaves?

Q -- schedule of his --

SENIOR ADMINISTRATION OFFICIAL: Pardon?

Q -- available?

SENIOR ADMINISTRATION OFFICIAL: Pardon?

Q Going to issue a detailed schedule of his? Where exactly he's going and so forth.

SENIOR ADMINISTRATION OFFICIAL: We'll make sure you get one. I was looking for one before I came in here. I was a little frustrated to find we don't have it, except in a book that thick. So we'll get you something. There have been changes, obviously, in some of the events here, and uncertainties about them, so it's delayed the schedule publication.

Q If there is a nuclear agreement signed, will it be signed with the President? By the two Presidents?

SENIOR ADMINISTRATION OFFICIAL: No. President Li, I gather, is -- it's a measure of the ceremonial call of the office -- does not sign agreements, I understand.

In any case, the -- I think these are -- all the agreements we're talking about are ones that would be signed by Cabinet Officers or by special negotiators. My anticipation would be if we have the nuclear agreement ready during this visit, it would be signed probably by Vice Premier Li Peng and Secretary of Energy Herrington.

Q Well, what's the real holdup? I mean, we can't believe that it's gone forward to this point and no one knows what Ronald Reagan thinks or what he would do about it. There must be some problem in -- that I don't understand. Can you enlighten me?

SENIOR ADMINISTRATION OFFICIAL: Yes. Can I just finish a little bit on the general stuff, because we'll never get back to it.

Q Sure. I thought we were open to questions.

SENIOR ADMINISTRATION OFFICIAL: No, no. I was asked about the schedule. I was trying to respond. I'll come back to that. Let me try to finish here quickly.

I think -- I'd just like to say a few comments generally

about the substance and the state of U.S.-China relations. As we have said on several occasions, we feel that we have made a lot of progress in building this relationship to a stage where we no longer alternate between euphoria on the one hand or depression on the other when problems arise. I think we recognize how fundamentally important this relationship is with both of us and we also recognize that given the range of differences between us, there are going to be problems that crop up with some frequency and that we can try to manage them and to solve as many of those as possible.

We both have a great stake in this relationship, not only because, I think, of the broader implications for peace in the region and the world, but also because we both have a stake in seeing China's modernization effort succeed. And we have a stake in helping China reduce the threats to them over the long term from Soviet expansionism.

I might say just a few words here on what is now going on between China and the Soviet Union. As I think you probably know, one of the Chinese Vice Premiers, this one named Yao Yilin, whose main responsibility is foreign trade, was just in Moscow where he signed a long-term trade agreement that calls for a significant increase in bilateral Sino-Soviet trade.

For the first time since the 1950s, the Soviets will assist China in building new factories and refurbishing old ones. So the two sides are doing what they have proclaimed since 1982 as their common aim. That is to reduce tensions between them and to normalize governmental relations. I think that makes sense for them, just as our current effort to engage the Soviets in dialogue makes sense for us. And I think it's not something that need cause concern or anxiety here or elsewhere in the West.

Just as we make no bones about the need for realistic expectations as we deal with the Soviets, the Chinese have stated repeatedly that they have neither the aim or the expectation of returning to any relationship with the Soviets that remotely resembles that of the 1950s. And the so-called three obstacles that the Chinese refer to often -- and Yao Yilin referred to them during his trip to Moscow -- namely, one of them, the Soviet military buildup on the Chinese border including conventional forces and nuclear armed SS-20 missiles, as one; the Soviet occupation of Afghanistan is a second one. And Soviet support for the Vietnamese occupation of Cambodia is the third one -- are real obstacles. They do not figure to be removed in the near future and it's certainly our view that if real progress could be made in reducing these causes of tension, it would serve the interest of world peace in a broad way.

Looking to our relationship with the Chinese, we have substantial achievements across a very broad range and the prospect of more to come. Let me just mention a few facts. Our two-way trade reached about \$6.5 billion last year, and figures to continue. That's a record level. And it figures to continue.

Q Calgary '84?

SENIOR ADMINISTRATION OFFICIAL: Calgary '84, right.

Americans are the most significant group of foreign investors in China with the special exception of Hong Kong Chinese. Our bilateral science and technology program between our two countries is the largest such undertaking that either of us has.

Our educational and cultural exchanges with the Chinese are substantial and growing. We estimate now that there are roughly 15,000 Chinese students in this country for advanced education and training.

We have a defensive military cooperative relationship -- and I want to stress the word "defensive" -- that is developing prudently but steadily.

We've upgraded the frequency and content of our consultations with the Chinese on questions of mutual concern, including regional issues in Asia, global strategic issues, and arms control, as an example.

And in areas where we have continuing differences, as over Taiwan, for example, we've agreed to proceed with patience and with fidelity to commitments that the two sides have undertaken.

Before turning to questions, shall I take the question first here that had been asked about where are we with the nuclear agreement?

Q And why are you publicly playing this role of not really knowing what's going to happen tomorrow or the next day?

SENIOR ADMINISTRATION OFFICIAL: Well, there are two things. One is I genuinely do not know about timing. And, secondly, while I suppose I could venture some predictions based on what I know about the outcome, it really would be presumptuous of me to prejudge that because we're dealing with an agreement that has to meet some very strict standards of U.S. law.

And I think it might be helpful in understanding the issue if I just gave a capsule summary of what it is that the law requires of us. It's really two different requirements: First of all, I think it's Section 129 of the Atomic Energy Act that lays out in the first instance criteria that have to be met by the agreement itself that governs the conditions that will apply to equipment that's transferred to China. Under this agreement which would permit us to sell peaceful nuclear reactors to China, the agreement specifies such things as the use of our equipment, provisions about the retransfer of our equipment, provisions about the handling of fuels that passes through a U.S.-supplied reactor, and those kinds of things related specifically to what we sell.

But there's a second set of criteria that also are laid out in U.S. law that don't have to be in the agreement itself, but they apply to the activities a receiving country undertakes with third countries. And that is that we're not allowed to supply any U.S. equipment to a country that is helping even with its own resources, that is helping third countries acquire nuclear explosives. And we have to be absolutely confident that that's not taking place. If we thought it were taking place and we had -- cooperation begun, we would have to terminate it.

It's in the second area really that we have been working with the Chinese since the initialing of the agreement itself last May. We've had some substantial discussions, including a trip there in June by Ambassador Kennedy

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in which we discussed in some detail what the two sides mean by this phrase, "not helping other countries acquire nuclear explosives." And it is on that point obviously that the most recent determinations have been made.

Since we are talking about determinations that we have -- are meeting the requirements of U.S. law, it is something I have learned to be cautious about. A lot of us may agree that we have reached that level and then find that you get to the White House General Counsel's office or somebody here that says, wait a minute, there is a question that we have got to have answered. So it has got to be gone through carefully. That may take time. I cannot predict the time.

But I don't see -- I do not see major problems. I am fairly optimistic.

Q Is it Pakistan that you are referring to?

SENIOR ADMINISTRATION OFFICIAL: Well, there is a lot that is known about this that I am not free to talk about, but, as you know, at the time back in May when we first had questions arise about this, there were various intelligence-related matters that were pretty widely known. As intelligence matters, I am prohibited from discussing them.

Q But you wouldn't guide us away from the stories that we have all been reading.

SENIOR ADMINISTRATION OFFICIAL: I think I am not, am I?

There were specific cases that were of concern to us, and there were also general principles that were of concern. And if I may, at the risk of boring you, go through a little more background on this point, the issue has never been, as some people have tried to describe it, that the Premier's statement was made in a dinner toast and this wasn't a sufficiently formal presentation.

For one thing, it was the key formal event in an official state visit. It was quite -- taken very seriously by the Chinese. Moreover, that statement has been reiterated in what they call the work program in the National People's Congress. It is as formal a policy statement as they can make.

It is not the formality of it that we needed to be clear about, it is the content, because over the last two decades, roughly, we have found that many countries say they are not helping others develop -- acquire nuclear explosives -- and mean it, but engage in practices that, by our standards, are far too loose.

To give you an example that is now twenty years old, the Canadians built a reactor in India that did not have international atomic energy safeguards -- energy agency safeguards applied to it. It became the source of major problems when India set off its explosion in 1974.

Ten years ago, largely in the wake of the Indian explosion, the various major suppliers, with the notable exception of China, got together to try to construct some rules about what you could supply and what you could not supply. And I think it is fair to say that in the two years that we have been discussing this subject with the Chinese that they have come a very long way in the direction of accepting this consensus which has taken twenty years for the other suppliers to work out. So we view this as rather major progress in the area of non-proliferation.

Just to mention an example, the declaration of policy itself is a significant change. More recently, China's policy on non-proliferation was ambiguous, and if you go back further, they even claimed not so long ago that the spread of nuclear weapons to

additional countries could be beneficial because it would help to break the monopoly of the super powers. That was a line of rhetoric the French took for a while also. And both China and France have come a very long way in that regard.

Another example is that China has joined the International Atomic Energy Agency, or the IAEA, as those who can get the letters out without twisting their tongue would say. And it has made clear that it will be requiring IAEA safeguards on its nuclear exports to non-nuclear weapon states. Previously, China had no such limitations on their exports and I think it's fair to say that two years ago or three years ago, before these changes, China was one of the major sources of unsafeguarded nuclear exports.

So there's been a lot of movement of a very positive kind from the point of view of limiting the spread of nuclear weapons, and we welcome that. I hope -- I guess I'm hopeful that it's enough to get us over the top, but I'm not the guy who has to make the final decision.

Yes.

Q One of the main concerns in Congress is over the verbal nature of that. Are you going to have written agreements, written assurances that China sign when you present this -- if you present this to Congress?

SENIOR ADMINISTRATION OFFICIAL: In the area of its policy, its own policy with regard to third countries, I think the law does not require that we have a formal agreement and it won't be a formal agreement. But I think what we have will meet a standard of clarity and specificity that's probably a good deal more than the law actually requires.

And the reason we've gone after that is because it became clear to us on the basis of what we saw going on that there was at least the potential for some misinterpretation or differing interpretation. And I think we've -- again, I can't predict that we -- we've gone a very long way toward clearing that up.

Q So to follow up on that, the written statements that you're going to provide are written by the administration and not by China, is that right? The assurances?

SENIOR ADMINISTRATION OFFICIAL: Let me back up again. I'll go over what I said before. There are two different kinds of things we have to have here. One is an agreement which will be signed by the Chinese which lays out in great specificity how our equipment will be handled. That will be written and it will be clear. It will be signed by them. It governs stuff that's under our sovereign control.

The second thing has to do with their policies and they, like any other country, consider their policies toward a third country, in a sense, to be none of our business. It may be none of our business, but under our law, we're not permitted to engage in cooperation with China if China were engaged in those activities. So we've got to be fairly sure they understand that there's that limitation on our cooperation and we've been very clear about that.

And there's a great deal of evidence, some of it written in various forms, that supports that.

Q But that would --

Q I get the impression that the status report that you put out, I think, a week or ten days ago at the State Department essentially says that the Chinese have given you the kinds of assurances you are talking about. And that leads me to the point that you're where the President merely needs to say, okay, that's

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good enough for me, let's go ahead with it.

SENIOR ADMINISTRATION OFFICIAL: That's right.

Q Well, so you've given him that -- essentially, that recommendation, too -- that you've got adequate assurances from the Chinese, based on the Kennedy visits over there?

SENIOR ADMINISTRATION OFFICIAL: Certainly that's the judgment in the papers that are with the NSC staff now. And it lays out in detail what the basis of those assurances are.

Q Are these controls the same and as stringent as the limitations we require from Egypt and Korea and the Philippines and other places who transfer nuclear materials?

SENIOR ADMINISTRATION OFFICIAL: They all have to meet the same very stringent standards of U.S. law. And each case is somewhat different. China's a major nuclear supplier, Egypt is not a nuclear supplier. So my guess is, without knowing the Egyptian case, my guess off the top of my head is that this is a great deal more specific in the case of China than in the case of Egypt because we don't worry about -- Egypt's not supplying to other countries.

So each one has to be taken as a special case, but each has to meet the same standards of law.

Lars? No, sorry. Excuse me.

Q That's okay. The point of this agreement is solely to authorize or to allow U.S. nuclear exports -- nuclear machinery exports to China, right?

SENIOR ADMINISTRATION OFFICIAL: That's right. And I'd emphasize only peaceful nuclear reactors. There is a range of more sensitive nuclear technology, specifically things like reprocessing, that are not authorized by this agreement.

Q Can you give us a rundown of how much money is involved, how much potential business is in this for us?

SENIOR ADMINISTRATION OFFICIAL: I think I may have made the mistake in a backgrounder two years ago or so of trying to put a number on it. It's a hazardous business. If you add up China's very ambitious nuclear plans and figure that all of that would be provided by U.S. contractors, you can get up to numbers in the \$10 billion to \$12 billion range. But I think that is certain to be an over-estimate, and probably by a very substantial margin, because, clearly, in this area, as in most other areas of technology, one can expect the Chinese to be pushing as hard and as fast as possible for self-sufficiency and they have agreements now, I think, with the UK, with Germany, with Japan, possibly also with France. There's a lot of competition. So we won't have even all of the foreign supply. So the number's anyone's guess.

Andrea?

Q On the matter of timing, if this were to be accepted by the NSC and the President signs off on it, would you expect then that it would happen during this visit and, in fact, could it take place tomorrow during any kinds of Presidential statements or --

SENIOR ADMINISTRATION OFFICIAL: It could take place whenever it's put before the President and he decides it's okay. But I just -- it would be -- I just don't have any basis for telling you when that might be.

Q And can you touch on the family planning issue -- whether that will come up in the bilateral session and how you expect that President Reagan will deal with that question?

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Q -- the question --

Q The abortion issue, the family planning.

SENIOR ADMINISTRATION OFFICIAL: I don't know --

Q The Chinese sensitivity over Congressional action.

SENIOR ADMINISTRATION OFFICIAL: Well, Chinese sensitivity over Congressional action and U.S. sensitivity over some of China's practices in this area -- I emphasize the word practices rather than policy because, partly in response to concerns that we've raised and others have raised, they've made it clear that it's not their policy to practice coercion in the area of family planning, including abortion. But there is a lot of evidence that the very strong pressures of their "one child, one family" policy have led to violations of that policy in practice.

both We've expressed strong concerns about this, registered

directly with the Chinese and with the UN Fund for Population Activities, the UNFPA.

At the same time, I think the Chinese are upset, not only about that, but, even more so, I guess, perhaps, about some of the language in some of the Congressional resolutions that goes a good deal further than that and I think probably is so inflammatory as to discourage the Chinese from being helpful.

I would assume if the -- don't -- if the subject comes up, and I wouldn't predict that it would come up, it might. It might come up in some of the other meetings. I imagine it's one of these things where both sides are going to state concerns. One of our goals is to try to structure a UNFPA program in China that we could support, presumably one that kept absolutely solidly out of the area of abortion, since we cannot be funding any program that has anything to do with that.

Q But is the President likely, if it does come up, to express his -- Well, if he expresses his concern, is he likely to also say that he disagees with the language in some of those Congressional resolutions?

SENIOR ADMINISTRATION OFFICIAL: It depends on the form they come --

Q What is our policy?

SENIOR ADMINISTRATION OFFICIAL: If the question is about the specific language, he might say so. If the question is about the policy difference in general, I imagine he'd make clear his own feelings on the substance. It depends on the form in which the issue came up. But, frankly -- I guess I'd hazard a guess -- I'd be surprised if it came up in a meeting with the President. I wouldn't be totally surprised if it came up in a meeting with Shultz, but even there --

I'd say generally speaking our feeling about the way to make progress on an issue that's as touchy as this -- and it is touchy because, as strongly as we may feel about Chinese practices, they feel they have an absolutely unmanageable population problem with more than a billion people projected by the end of the century. So, on an issue that is touchy like this, generally speaking, we've found somewhat lower-level exchanges to be more productive. But I think if they come up at a high level, you've got to be frank and direct and also polite about it.

Q Will Taiwan come up, also?

Q Can we stick with abortion for a second?

SENIOR ADMINISTRATION OFFICIAL: Okay.

Q On the family planning, has the U.S. explicitly to the Chinese disowned that strong Congressional language?

SENIOR ADMINISTRATION OFFICIAL: I think you're talking about something that just came up last week, the --

Q Yes.

SENIOR ADMINISTRATION OFFICIAL: -- amendment, and --

Q And there was a comment from the podium on it -- about it, but have we told the Chinese --

SENIOR ADMINISTRATION OFFICIAL: You mean, just now or earlier?

Q No.

SENIOR ADMINISTRATION OFFICIAL: When it happened?

Q It was in the past week.

SENIOR ADMINISTRATION OFFICIAL: I don't know. I mean, we might even want to say to the Chinese that what the Congress does is our internal affair, as they're fond of telling us.

I think the point is there is a real issue here. There is a real question about U.S. support for UN population activities in China, which we would like to see continued. But in order to continue it, we're going to have to have the kinds of changes that make us able to go and tell the Congress, with complete conviction, that American taxpayers' money is not going to pay for abortion of any kind, coerced or non-coerced.

Taiwan, you asked me will that come up. I'm almost certain the Chinese side will bring it up. You'd have to ask them their intentions

in that regard. We're certainly prepared to discuss it -- it's come up in every such high level visit that I've been involved in previously. Again, I can't predict whether it'd be with the President or maybe with Shultz.

In the back?

Q Yes, two questions. One, on the nuclear accord, has there been any change in the text that was initialed last year and, if not, what's taken a year -- why has it taken a year and linked to another trip before it can be clarified. And the second question is, would the Reagan administration be concerned if the Soviets pulled 10 or 20 divisions off a Chinese border, or would they -- would that be viewed as helping -- stabilizing move in terms of --

SENIOR ADMINISTRATION OFFICIAL: I'm going to answer the second one first. A lot depends on what they did with them. (Laughter.) You know, if they take SS-20's on the Chinese border, if they removed them and dismantled them, we would obviously consider that a gain for everybody. If they removed them and just take them west of the Urals, frankly, I don't think the Chinese are fools enough to believe that that's a gain for them either because what moves one way one day can move back again later.

I don't mean to sound impatient, because I realize it's -- on your first question, it is a complicated issue. But, let me go over, a third time, the two different kinds of requirements we have to meet because it seems to me it's almost self-evident why just the second one alone could have taken a long time.

The agreement itself that governs the transfer of our own equipment with something that was initialed -- and we're still dealing with the text that was initialed back in May of last year -- the question was, in effect, why the remaining issue is so complicated that they've taken 14 months to further resolve. And these remaining issues concern the question of what constitutes helping other countries acquire nuclear explosives. And I said, dealing with countries that had a much -- history of being much more fully cooperation in the area of nonproliferation -- countries like Canada, England, France, West Germany -- it took us 10 years to work out the London supplier guidelines in essentially the same area.

It's very complex issues -- there are very different views in each country of what's commercially acceptable and what isn't. And I think the fact that we have come as far as we have with China in just the two or three years of this negotiation is a real step forward for nonproliferation. I'm not surprised that it took this long.

Q You made it clear that the State Department and presumably Energy Department signed off on this and it's now before NSC review. Just within the last hour or two -- within the last day, has there been anything back to view from either NSC or anyone in the White House saying what about Paragraph -- Have they raised --

SENIOR ADMINISTRATION OFFICIAL: Not yet.

Q You say not yet. Does that mean you expect them to?

SENIOR ADMINISTRATION OFFICIAL: No, I don't. But it means -- you're helping me explain to other people why I'm cautious about predictions. They may raise a question and we may even find that we have a question we have trouble answering. I mean, I've been through the process of things in the past that require lots and lots of clearances and you often find that a question gets raised later in the process and you've got to reconsider it. I don't anticipate problems, but it would be absolutely wrong of me to dismiss the possibility there could be any.

Q Well, that's what I was going to ask you when you

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said earlier -- and you said several times -- it would be presumptuous on your part, you know, to predict tomorrow. Is it presumptuous because of a protocol thing, or presumptuous because the process is still going on?

SENIOR ADMINISTRATION OFFICIAL: Because the process is still going on and I -- I wish I'd brought it with me -- we should show you what Section 129 of the Atomic Energy Act looks like and I think you'd realize how many kinds of legal questions can be raised. It's -- this was passed back in 1978 and the Congress laid out with incredible specificity the kinds of things we would insist on as a condition of cooperation, and this agreement has got to meet all of those and Chinese practice has to meet all of the things that go beyond the agreement.

Q Could I just ask you when did this reach the White House?

SENIOR ADMINISTRATION OFFICIAL: Are we in a position to say that?

SENIOR ADMINISTRATION OFFICIAL: No.

SENIOR ADMINISTRATION OFFICIAL: Apparently not. I read some things in the press about that, though.

Larry?

Q Getting away from the legalisms, has there been any change since the Reagan party was in Beijing last year in either what we proposed to sell them in the way of technology or what they desire to buy, or is that still as it was?

SENIOR ADMINISTRATION OFFICIAL: As far as I know, that's still as it was. But that's a matter basically between the Chinese procuring agencies, which are government agencies, and our private contractors. We're not going to be selling things as a government.

Q Yes, I understand that. But we haven't -- the U.S. government has not, either passively or otherwise, put some new restriction on the types of things that will be licensed for export -- U.S.-China?

SENIOR ADMINISTRATION OFFICIAL: No, because those things were pretty much covered in the agreement as initialed in May. The extensive discussions that we've had -- and they've been extensive and they've substantially -- they've closed a lot of potential gaps between us -- have concerned not the provision of our own equipment, but what China may do with its technology vis-a-vis third countries.

Spencer?

Q Have the appropriate Congressional committess been informed of the new Chinese assurances?

SENIOR ADMINISTRATION OFFICIAL: I know Ambassador Kennedy's had some fairly extensive consultations already. So, I think the answer's yes.

Greg?

Q If I understood your answer to Joanne's question earlier, the Chinese didn't have to sign off on the second document -- if that's right -- if I understood you right -- how do we know that they support that particular document? That's the same interpretation they have.

SENIOR ADMINISTRATION OFFICIAL: Well, there are a lot of ways in diplomatic discussion of making sure that both sides have a common understanding of something without necessarily signing an

agreement.

Q For example?

SENIOR ADMINISTRATION OFFICIAL: I'd better not get into examples, but we'll wait until -- I -- I've probably gone a lot -- I'm not quite sure I want to see Dick Kennedy after he reads what I've said so far.

Q Secondly, is that -- does the supporting document have a name? Is there something -- it's not the agreement per se, is it called something else?

SENIOR ADMINISTRATION OFFICIAL: We're talking essentially more about what is -- been made clear through the kinds of conversations that Kennedy's been having, and he's been having them with the Chinese since -- these didn't just start in May, they've been taking place throughout the negotiations -- can give you a sort of illustration, I think. One question is -- concerns

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the issue that some countries have used as a loophole, that they're helping other people acquire peaceful nuclear explosives and that's okay, and it's only nuclear weapons prohibited.

Well, our law permits absolutely no ambiguity. It's nuclear explosives of any type. And this is a gap that was closed very clearly before the agreement was even initialed. It's one of the most elementary ones that you can expect would come up.

And the point is the record of Kennedy's conversations with the Chinese make it absolutely clear that when they say they don't help countries build nuclear weapons they mean explosives of all kinds. The important thing is this is self-enforcing from our side. If the Chinese are engaged in policies that are not permitted, that are -- not permitted is not the right word. If they're engaged in certain policies under U.S. law, we are not permitted to continue cooperation with them. And the point is we've wanted it to be clear to them that that's the situation.

We don't want to get into a situation where we're forced a year from now to say we have to terminate cooperation because you're doing something that our law says we can't cooperate with you on. And they say, well, we had no idea that this wasn't allowed. We've wanted it to be absolutely clear what the terms of our law are.

Q But, sir, they could buy all the equipment they wanted and then proceed in a different direction. And, then, it's too late, right? The barn door is open?

SENIOR ADMINISTRATION OFFICIAL: Well, let me say something even more fundamental. They could walk away from this agreement entirely and go off and do what they want. I mean, this agreement is not making China a nuclear power or nuclear supplier. China has been a major nuclear supplier. And these negotiations have helped to bring China a very long way into the general framework of nonproliferation.

I think it is true that to a very considerable degree we rely on China's perception of its own interest in preventing the spread of nuclear weapons, more than we rely on some special leverage that the United States may hold over China. And I don't think that's unrealistic.

I can point you to the case of France, where, again, we had a country that originally had an almost ideological position that since others had tried to prevent France from becoming a nuclear power they took the position that it was good for countries to get nuclear weapons. It took them a long time to get past that to realizing, well, maybe the club was just big enough at whatever it was for when France joined it. And, now, I think France's nonproliferation policies are based on a very clear recognition of France's own interests.

And that's what I think we have with China. And that's a much solidier basis.

Q Speaking of nonproliferation, can you update us on the port calls issue?

SENIOR ADMINISTRATION OFFICIAL: I can, but it has nothing to do with nonproliferation. (Laughter.) It's exactly where it was when we announced that the visit was not on. I don't anticipate any developments on that in the near future.

Michael?

Q Given the complexity of all this business on the nuclear cooperation agreement and given the fact that China can buy pretty much anything it wants from the Europeans anyway, why have they bothered to go through all this?

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SENIOR ADMINISTRATION OFFICIAL: The question was, why have the Chinese bothered to go through all of this? I think they've been willing to talk with us in the kind of detail they have because -- I am just guessing, but I think there is a sort of assumption that in technology in general, American technology is the best and in this area that is probably even more true. But I also would like to think -- and I think the record as I have seen it bears it out -- that they have been persuaded in the course of these discussions that the things that we need to have them do are in their own interests anyway.

China did not join the IAEA because we forced them to join it. I am not sure that they would have joined it without the push that came from these discussions, but I think their decision to join it is now based on the kind of calculations that our decision was based on. So it is a lot easier when you are trying to get somebody to see what is in their own interest than when you are trying to get them to do something they believe is not in their interest but they are only doing it because they want your technology.

Q But isn't that because the other countries are asking for on-site verifications of those agreements?

SENIOR ADMINISTRATION OFFICIAL: No, there is a range of -- as we have pieced them out, and I am not sure that we have the texts of these agreements. Each one of the agreements China has signed has been different, and that has partly got to do with their own views of what they -- it is appropriate to do with a nuclear weapons state as opposed to a non-nuclear weapons state as opposed to a developing country, non-nuclear weapons state. So every one is different.

Q A senior official was quoted today as making very clear that the Chinese are communists, and that any liberalization in their economic policy should not be misinterpreted. Would you then disagree with the characterization of them as "so-called communists" by the President in Alaska last year?

SENIOR ADMINISTRATION OFFICIAL: I don't know what the word "so-called" means. Obviously they are engaged in a very interesting range of experimentation. They are doing things that -- sometimes they talk as though they have new discoveries about human behavior and they come down to being, if you let people keep some of what they earn they produce more. And, you know, some people may be inclined to call that capitalism, or to put a little footnote in front of the communism, but they are equally clear that it is a communist country, that the dominant institution in the country is the Communist Party. None of that is about to change in the near future.

Q Do they react in any fashion to that characterization? Was there any discussion --

SENIOR ADMINISTRATION OFFICIAL: No, I never heard any reaction at all.

I have got time for about two more and then I have got to go. Back there.

Q Would you respond to a question on which regional issues are most likely to be the most important from the U.S. perspective in the discussions with Li Xiannian and his party?

SENIOR ADMINISTRATION OFFICIAL: I may give you a parochial view. I have got two that I am very interested in -- Indo-China and Korea. And either one of them, if we have time to cover, will be important for us to talk with the Chinese about. There is at least one other that -- we draw the boundaries -- my responsibilities end at the border of Burma, so I don't know as much

as I should about India and Afghanistan. But clearly, with the Rajiv Gandhi visit and with the continuing high level of concern by both the U.S. and the PRC about the Soviet occupation of Afghanistan, that is a third regional issue of considerable importance.

Q Could I ask you a two-part question. On the naval port calls, the Chinese have indicated indirectly that the port call was put off because of the question of nuclear weapons. Since China is a nuclear supplier, what is the real reason why they put it off? Is it geopolitical?

And the other question concerns U.S.-China trade. The Chinese today -- or the Chinese press said today that there is a crisis in trade relations because of legislation now in Congress to restrict textiles. So what is the status of both of these?

SENIOR ADMINISTRATION OFFICIAL: On the first, you have got to ask the Chinese for what they may want to give as their reasons.

It's their decision. I don't think it's geo-political, I think it's got a lot more to do with all the complexities of our neither confirm or deny policy and the things that go with that.

In trade issues, I'm sure, in fact, that trade and economic matters are going to be a big subject between us. I think we share a common interest in preventing protectionism. One of the specific things I think your question even referred to is the bill in the Congress that would roll back textile quotas, I think, to levels of two years ago, which would reek havoc with a lot of our suppliers, not just the Chinese.

At the same time, I think we'll want to impress on them that we have a very good record, we've been a very open market. We have had substantial growth in textile imports. And it's an industry that's still hurting from unemployment, so there's got to be some control and some regulation. It's a matter of striking a reasonable balance between some control and some regulation and the kind of roll-back that's in the Jenkins' bill.

I'd like to say a general comment, too. I mean I've indulged, as we all do, in sort of focusing in on the nuclear agreement, but it really -- if it leaves the impression that we see this as the main point of the visit, then I've got to correct that. In fact, the relation between agreements and visits is kind of the other way around.

We don't need agreements to make visits successful. We didn't need -- even if it had gone without a hitch, we didn't need a nuclear agreement back in May of '84 to make a success out of what was the first ever visit by a U.S. President to China since normalization.

It's really more the other way around. And I know this as somebody who tries to get agreements finished. The prospect of a high-level visit, the attention that you can get at high levels to issues like this often make it possible to move agreements forward. But if -- it would surprise me, frankly, if the President and President Li Xiannian were to spend even a minute now discussing the nuclear agreement. It's something whose details have got to be worked out at levels like mine and Ambassador Kennedy's.

The purpose of exchanges at the highest level is really to talk much more about issues like basic strategy of how we're both going to approach the Soviet Union, about issues of, for example, what our attitude is toward China's economic modernization. It's something that's very important for the Chinese to hear from our President. Attitudes of the President on basic issues like protectionism are important to them. And, of course, on issues where we have differences, like Taiwan, it's important to air those at a high level.

And that, in my view, is the real purpose of the visit. If we can get a nuclear agreement, that's fine. But that's not what the President came here for.

Q They'll be alone together in the Blue Room when all this is discussed with an interpreter? There will be no other --

Q One-on-one?

SENIOR ADMINISTRATION OFFICIAL: I'm not sure if it's one-on-one or whether --

Q These are the subjects they're going to talk about, right?

SENIOR ADMINISTRATION OFFICIAL: Right.

Q I know you have to go but --

Q Can you tell us --

Q -- is there anything new to be said about Taiwan on either side?

SENIOR ADMINISTRATION OFFICIAL: I think our feeling is we've got three communiques -- the most recent was the August, '82 -- that were worked out with a lot of pain and difficulty. They don't eliminate the differences between us, but they sort of provide a framework for managing them. And our view is that what we can do now is to live up to those communiques. And as far as the remaining differences, they're one that have got to be solved, presumably over a considerable period of time by the Chinese, themselves, on Taiwan and on the Mainland, dealing directly with one another.

Q Can you tell us whether or not the Chinese did request, before the President's illness, a scaled-back ceremony and -- for the --

SENIOR ADMINISTRATION OFFICIAL: I'm not -- I don't even know that. I don't know.

THE PRESS: Thank you.

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3:37 P.M. EDT