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WITHDRAWAL SHEET

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Collection Name EXECUTIVE SECRETARIAT, NSC: COUNTRY FILE

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File Folder CHINA, PRC AUGUST 1981 (3 OF 3)

FOIA

F02-025/1

Box Number 6

COHEN, WARREN

6

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
60140	CABLE	BEIJING 9130 R 10/18/2013 M386/1	2	8/27/1981	B1
60141	CABLE	BEIJING 9201 R 10/18/2013 M386/1	15 1	8/28/1981	B1
60142	CABLE	BEIJING 9203 R 10/18/2013 M386/1	14	8/28/1981	B1
60143	CABLE	BEIJING 9205 R 10/18/2013 M386/1	2	8/28/1981	B1
60144	CABLE	BEIJING 9210 R 10/18/2013 M386/1	1	8/29/1981	B1
60145	CABLE	BEIJING 9221 R 10/18/2013 M386/1	1	8/29/1981	B1
60146	CABLE	BEIJING 9302 R 10/18/2013 M386/1	9	8/31/1981	B1
60147	MEMO	SHOEMAKER TO ALLEN RE. CHINA R 1/29/2013 M386/1	1	9/15/1981	B1
60148	MEMO	CARLUCCI TO SEC. STATE, COMMERCE, AND APSNA RE. CHINA [W/TABLE] R 12/5/2012 M386/1	12	8/31/1981	B1

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DATE 09/16/81//259

SITUATION: NODIS IN
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MESSAGE / ANNOTATION:

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MESSAGE:

NLRR M386/1 #60140BY KML NARA DATE 10/18/13

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PASS DOD/OSD/ISA/EAP - DASD ARMITAGE
E.O. 12065: RDS-1, 8/27/01 (FREEMAN, CHARLES W. JR.) DR-M
TAGS: MASS, PEPR, CH, US
SUBJ: LIU HUAQING VISIT
REF: STATE 227784
1. ~~1~~ - ENTIRE TEXT
2. CHARGE MADE PRESENTATION PER REFTEL MORNING
OF AUGUST 27 TO VICE FOREIGN MINISTER ZHANG WENJIN.
HIS REACTION WAS GUARDEDLY POSITIVE. ZHANG SAID
WE APPEARED TO HAVE PROVIDED THE DEGREE OF
SPECIFICITY THAT THE CHINESE HAD FELT THEY
NEEDED. HE SAID HE UNDERSTOOD OUR CONCERN FOR
IMMEDIATE CONFIRMATION OF THE DATES. HE NOTED
GENERAL LIU HUAQING'S PERSONAL CONCERN WITH THE
STATUS OF HIS VISIT, AND SAID HE HOPED TO BE BACK
TO US ASAP WITH AN ANSWER AFTER CONSULTATIONS WITH
THE LEADERSHIP. HE DID NOT RAISE THE ISSUE OF OUR
INTENTIONS VIS-A-VIS TAIWAN.
3. ON THE AFTERNOON OF AUGUST 27 DEFENSE ATTACHE
BGEN WEBB MET WITH GENERAL ZHANG BINGYU, DEPUTY
DIRECTOR FAB/MND TO MAKE A MORE DETAILED
PRESENTATION. A FULL TRANSLATION OF EACH POINT
WAS MADE. FOLLOWING THE PRESENTATION GENERAL
ZHANG (WHO HAD PROBABLY ALREADY BEEN BRIEFED BY
MFA) EXPRESSED HIS APPRECIATION FOR OUR RESPONSE,
NOTING THAT MND WILL TAKE A POSITIVE ATTITUDE ON
THIS AFFAIR. HE CONTINUED, STATING THAT HE AND
HIS STAFF WILL WORK ON THE SUBJECT TODAY AND MAKE
A POSITIVE PROPOSAL TO THEIR SUPERIORS. ZHANG ALSO
SAID THAT HE WOULD URGE A DEFINITE RESPONSE AT
THE EARLIEST POSSIBLE MOMENT. HE NOTED THAT ALL
UNDERSTOOD THE IMPORTANCE OF THIS EVENT TO OUR
BILATERAL RELATIONS.

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4. DATT BELIEVES ZHANG WAS SATISFIED WITH THE POINTS
WE MADE. THIS IS PROBABLY VERY SIGNIFICANT
AS HE WAS A FULL-TIME PARTICIPANT IN THE 1980 LIU
VISIT. MORE IMPORTANTLY, HIS INDICATION OF A
POSITIVE RECOMMENDATION UP THE CHAIN OF COMMAND
PROBABLY MEANS THAT HE HAS THE DESIRED US RESPONSE.

FREEMAN

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MESSAGE / ANNOTATION:

MESSAGE:
IMMEDIATE

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NLRR M386/1 #60141

BY KML NARA DATE 10/18/13

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FM AMEMBASSY BEIJING

TO SECSTATE WASHDC IMMEDIATE 4909

~~SECRET~~ SECTION 1 OF 5 BEIJING 9201

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E.O. 12065: RDS-1 - 8/28/01 (FREEMAN, CHARLES W. JR.) DR-M

TAGS: PEPR, PDIP, CH, TW, US

SUBJ: FORMER PRESIDENT CARTER'S AUGUST 27 MEETING WITH DENG

XIAOPING: FURTHER DISCUSSION OF TAIWAN ISSUE

1. ~~X~~ ENTIRE TEXT

2. SUMMARY. VICE CHAIRMAN DENG XIAOPING PRESENTED ONE OF THE
CLEAREST PRC EXPOSITIONS TO DATE ON BEIJING'S APPROACH
TO TAIWAN DURING HIS AUGUST 27 TALKS WITH FORMER
PRESIDENT CARTER. HE FOCUSED AT LENGTH ON CHINA'S
PLANS FOR THE PEACEFUL REUNIFICATION OF TAIWAN, CLAIMING
THAT THIS APPROACH IS INCREASINGLY BEING "UNDERSTOOD"
BY THE PEOPLE ON TAIWAN, DESPITE THE CONTINUED
INTRANSIGENCE OF THE TAIWAN "AUTHORITIES." DENG SAID
TAIWAN WOULD BECOME A "SPECIAL REGION" WITHIN THE PRC
FOLLOWING REUNIFICATION. THE TAIWAN GOVERNMENT WOULD
BECOME A LOCAL GOVERNMENT. "PROPER ARRANGEMENTS" WOULD
BE MADE TO ENSURE APPROPRIATE POLITICAL POSITIONS FOR
TAIWAN'S LEADERS. TAIWAN WOULD MAINTAIN ITS ARMED
FORCES, ITS "SOCIAL SYSTEM," CAPITALISM, AND ITS
"WAY AND STYLE OF LIFE." TAIWAN NEED NOT
"ACCEPT COMMUNISM" AND COULD -- AS A LOCAL GOVERNMENT
-- CARRY ON CONTACTS WITH FOREIGN GOVERNMENTS, FOR
EXAMPLE JAPAN AND THE US. HE REMARKED THAT "FOR A
CONSIDERABLE PERIOD OF TIME -- NOT A SHORT PERIOD --
WE CAN AND WILL CONCENTRATE" ON PEACEFUL UNIFICATION.
DENG ALSO EXPRESSED STRONG CONCERN ABOUT THE LACK
OF MOVEMENT ON TAIWAN. HE REITERATED THE CHINESE
WARNING THAT THE TAIWAN PROBLEM COULD CAUSE SINO-US RELATIONS

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WHSR COMMENTS:

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DTG:280718

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TO MARK TIME OR EVEN TO RETROGRESS. HE REMARKED THAT THE CHINESE LEADERSHIP IS VULNERABLE ON THE ISSUE AND COULD BE "KICKED OUT OF OFFICE" IF IT IS NOT HANDLED PROPERLY. DENG LISTED THREE SPECIFIC SITUATIONS WHICH COULD LEAD BEIJING TO RESORT TO FORCE ON TAIWAN: TAIWAN LEADERS CONTINUE TO REFUSE TO NEGOTIATE, CHIANG CHING-KUO TURNS TO THE USSR, OR HE ATTEMPTS TO CARRY ON THE CIVIL WAR BY USING FORCE. DENG URGED THAT THE US FACILITATE REUNIFICATION, STATING THAT "THE US IS IN A UNIQUE POSITION TO PROMOTE NEGOTIATIONS TOWARD A PEACEFUL SETTLEMENT, THERE IS A LOT YOU CAN DO." HE DID NOT DIRECTLY ADDRESS US ARMS SALES TO TAIWAN. ON GLOBAL ISSUES, DENG EMPHASIZED CONCERTED ACTION AGAINST THE USSR DURING THE DANGEROUS DECADE OF THE 1980'S. HE INSISTED THAT CHINA HAS NO AGGRESSIVE DESIGNS AGAINST ITS NEIGHBORS, NOTING THAT "CHINA CAN'T EVEN MANAGE ITS OWN AFFAIRS AND NEEDS NO MORE TERRITORY OR PROBLEMS." END SUMMARY.

3. AFTER AN EXCHANGE OF COMPLIMENTS ABOUT THE DECISIVE ROLE EACH HAD PLAYED IN THE DEVELOPMENT OF UNITED STATES-CHINA RELATIONS, AND EXPRESSIONS OF HOPE FOR THEIR FURTHER PROGRESS, THE FORMER PRESIDENT AND VICE CHAIRMAN DENG EXCUSED THE PRESS FROM THE ROOM AND TURNED TO SUBSTANCE.

4. REFERRING TO THE VICE CHAIRMAN'S REFERENCE TO THE TAIWAN QUESTION IN HIS INTRODUCTORY, PUBLIC REMARKS, PRESIDENT CARTER SAID THAT BOTH SIDES HAD PROCEEDED WITH NORMALIZATION DESPITE THE CONTINUING EXISTENCE OF SOME DIFFERENCES BETWEEN THE UNITED STATES AND CHINA. BOTH SIDES HAD MADE IT CLEAR AT THE TIME THAT THEY RECOGNIZED THE EXISTENCE OF SUCH DIFFERENCES, BUT BOTH HAD MADE IT CLEAR THAT THEY DID NOT INTEND TO LET THEM GET IN THE WAY OF THE DEVELOPMENT OF OUR RELATIONSHIP. IN HIS PERSONAL VIEW, THE FORMER PRESIDENT SAID, DIFFERENCES WERE INEVITABLE, BUT NEITHER NEW DIFFERENCES NOR THOSE LEFT OVER FROM THE PAST SHOULD BE ALLOWED TO INFLUENCE THE COURSE OF UNITED STATES-CHINA RELATIONS. HE ADDED THAT HE WAS CONFIDENT THAT IN TIME SUCH DIFFERENCES COULD BE RESOLVED.

5. THE VICE CHAIRMAN RESPONDED THAT THIS SHOULD INDEED BE THE CASE. HE NOTED THAT THERE WERE OFTEN DIFFERENCES EVEN BETWEEN ALLIES AND THAT SOME WERE TO BE EXPECTED BETWEEN THE UNITED STATES AND CHINA, WHICH HAVE DIFFERING SOCIAL SYSTEMS. IN ORDER TO ADDRESS THESE DIFFERENCES, HE SAID, WE NEED TO

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ENGAGE IN GOOD CONSULTATIONS ON THE BASIS OF MUTUAL RESPECT AND UNDERSTANDING.

6. PRESIDENT CARTER ASKED WHETHER THE VICE CHAIRMAN WAS SATISFIED WITH THE PROGRESS TO DATE IN SINO-AMERICAN RELATIONS. DENG REPLIED THAT "GENERALLY SPEAKING PROGRESS HAD BEEN NOT BAD." BUT NOW, HE SAID, SINO-AMERICAN RELATIONS WERE "CLOUDED" AND "A SHADOW" WAS OVER THEM, I.E., THE TAIWAN PROBLEM. HE FELT OBLIGED TO SAY AGAIN THAT THE PROBLEM WAS STILL TAIWAN. BOTH SIDES NEED TO HANDLE THIS ISSUE "PROPERLY," PARTICULARLY THE UNITED STATES. HE HOPED TO SEE SINO-AMERICAN RELATIONS CONTINUE TO MAKE HEADWAY, HE SAID. HE BELIEVED THAT THIS WAS REQUIRED BY THE NEEDS OF THE GLOBAL STRATEGIC SITUATION. IT WAS ALSO REQUIRED, HE ADDED, BY BOTH CHINA AND THE UNITED STATES (I.E., IN TERMS OF BILATERAL INTERESTS).

7. SOME TIME AGO, HE SAID, SOME IN THE UNITED STATES HAD THE NOTION THAT THE UNITED STATES HAD NOTHING WHICH IT NEEDED TO ASK FROM CHINA, BUT THAT CHINA HAD MUCH TO SEEK IN ITS RELATIONSHIP WITH THE UNITED STATES. THIS NOTION WAS ERRONEOUS. THE

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SUBJECT CATEGORY: LIST

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MESSAGE:
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TO SECSTATE WASHDC IMMEDIATE 4910

~~SECRET~~ SECTION 2 OF 5 BEIJING 9201

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PLAIN FACT WAS THAT "WE NEED EACH OTHER." IF OUR PROBLEMS WERE "NOT HANDLED WELL -- MEANING THE TAIWAN PROBLEM -- THIS COULD CAUSE SINO-AMERICAN RELATIONS TO MARK TIME, OR EVEN TO RETROGRESS."

8. THE VICE CHAIRMAN SAID THAT HE HAD TOLD SECRETARY HAIG IN JUNE THAT THE UNITED STATES GOVERNMENT NEEDED TO "PAY ATTENTION TO THIS PROBLEM" AND TO APPROACH IT WITH "ALL PRUDENCE." SECRETARY HAIG HAD SHARED THIS VIEW, HE ASSERTED.

9. THE VICE CHAIRMAN SAID "THERE ARE LIMITS TO EVERYTHING." SHOULD THE SITUATION DEVELOP BEYOND THESE LIMITS, THEN THE UNITED STATES WOULD NOT BE ABLE TO "SWALLOW" THE RESULT. NEITHER COULD CHINA STOMACH IT. THE PROBLEM HE WAS DISCUSSING, HE SAID, WAS NOT ONE THAT A FEW LEADERS COULD ARBITRARILY (N.B.: INTERPRETED AS "WILLFULLY") RESOLVE OR DECIDE BECAUSE IT INVOLVED THE SENTIMENTS OF ONE BILLION CHINESE PEOPLE. THE VICE CHAIRMAN SAID HE HAD DRAWN THE ATTENTION OF SECRETARY HAIG TO THIS AND URGED THAT THE UNITED STATES PAY ATTENTION TO THE FEELINGS OF THE CHINESE PEOPLE. "SHOULD WE (THE CHINESE LEADERSHIP) NOT HANDLE THIS ISSUE PROPERLY," THE VICE CHAIRMAN SAID, "THEN WE WILL BE KICKED OUT OF OFFICE."

10. DENG SAID THAT HE HAD TOLD THE SECRETARY THAT IN THE UNITED STATES OPINION POLLS WERE OFTEN ORGANIZED BY LOBBIES, BUT THAT IN CHINA THERE WAS NO NEED TO CONDUCT A POLL ABOUT TAIWAN. THE LEADERSHIP KNEW CLEARLY WHAT THE ONE BILLION CHINESE PEOPLE FELT ON

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WHSR COMMENTS:

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THIS ISSUE. HE HAD SUGGESTED TO THE SECRETARY, HE SAID, THAT THE AMERICAN LEADERSHIP DID NOT NEED THE OPINION OF LOBBIES AND SPECIAL INTEREST GROUPS, WHICH REPRESENTED ONLY TENS OF THOUSANDS OF PEOPLE, AS DISTINCT FROM THE ONE BILLION CHINESE PEOPLE WHOSE FEELINGS WERE INVOLVED IN THIS ISSUE.

11. PRESIDENT CARTER SAID THAT AMERICANS, INCLUDING HIMSELF, WERE WELL AWARE OF THE IMPORTANCE OF THIS ISSUE TO THE CHINESE LEADERSHIP AND PEOPLE. IN NORMALIZING RELATIONS HE HAD EMPHASIZED THE NEED FOR PRUDENCE, PATIENCE AND PEACEFUL MEANS IN APPROACHING THE ISSUE. HE HAD COMMITTED THE UNITED STATES -- AND DONE SO PUBLICLY -- TO THE RECOGNITION OF ONE CHINA OF WHICH TAIWAN IS A PART. HE HAD EXPRESSED HIS UNDERSTANDING THAT "EVERY EFFORT" WOULD BE MADE BY THE CHINESE ON THE MAINLAND AND THE PEOPLE OF TAIWAN TO RESOLVE THE ISSUE PEACEFULLY "WITHOUT INTERFERENCE FROM OUR COUNTRY." ALL OF THE AGREEMENTS WHICH HAD BEEN CONSUMMATED WERE CLEARLY RECORDED IN THE NORMALIZATION STATEMENTS. THERE WERE NO CONFLICTING STATEMENTS, RULES OR LAWS THAT OVERRODE THOSE COMMITMENTS. HE ADDED THAT THE UNITED STATES RECOGNIZED THAT CHINA FACED A SERIOUS SECURITY SITUATION TO ITS NORTH AS WELL AS ITS SOUTH, AND THAT IT WOULD BE A SERIOUS MISTAKE FOR THE UNITED STATES TO DO ANYTHING TO ADD A SECURITY PROBLEM TO CHINA'S EAST.

12. THE FORMER PRESIDENT SAID THAT WHEN HE RETURNED TO THE UNITED STATES HE WOULD COMMUNICATE VICE CHAIRMAN DENG'S DEEP CONCERNS ABOUT THIS ISSUE TO PRESIDENT REAGAN AND SECRETARY HAIG. HE ADDED THAT HE WOULD ALSO EXPRESS HIS OWN PERSONAL VIEWS ON THE ISSUE TO THEM. HE WOULD BE HAPPY TO CONVEY THESE VIEWS TO THE VICE CHAIRMAN AS WELL, IN PRIVATE.

13. DENG AGREED TO A PRIVATE SESSION WITH PRESIDENT CARTER. HE SAID HE SINCERELY HOPED THAT SINO-AMERICAN RELATIONS WOULD CONTINUE TO PROGRESS AND NOT COME TO A STANDSTILL. "THIS IS REQUIRED," HE SAID, "BY DEVELOPMENTS IN THE GLOBAL STRATEGIC SITUATION."

14. THE VICE CHAIRMAN REMARKED THAT THE DECADE OF THE 1980'S HAD JUST BEGUN. AS WE HAD APPROACHED THIS DECADE, HE SAID, MANY HAD FORESEEN THAT IT WOULD BE A "DECADE OF DANGER." THIS VIEW WAS "FAR FROM BASELESS." HE ASKED RHETORICALLY WHETHER THE SOVIET UNION HAD SLACKENED ITS CHALLENGE, AND ANSWERED THAT

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IT HAD NOT. RATHER THE SOVIETS REMAINED READY TO EXPLOIT EVERY POSSIBLE OPENING. HAD THE SITUATIONS IN AFGHANISTAN AND KAMPUCHEA BEEN SOLVED? HAD THE MIDDLE EAST SITUATION BEEN SOLVED? NEW PROBLEMS CONTINUALLY CROPPED UP, INCLUDING NEW PROBLEMS IN THE MIDDLE EAST, HE SAID. HE DESCRIBED THE MIDDLE EAST AS A "VERY DANGEROUS AND EXPLOSIVE SITUATION." IF ONE ASKED WHETHER THESE KINDS OF PROBLEMS IN THE WORLD HAD DIMINISHED OR GROWN, IT WAS OBVIOUS, HE SAID, THEY HAD CONTINUED TO INCREASE.

15. DENG NOTED THE RECENT FORGING OF A MILITARY ALLIANCE BETWEEN ETHIOPIA, LIBYA AND OTH YEMEN. HE REFERRED TO THE CLASH -- "IN INTERNATIONAL WATERS" -- BETWEEN AMERICAN AIRCRAFT AND LIBYAN JETS. HE ADDED THAT THE ISRAELIS HAD RECENTLY RESORTED TO A SERIES OF ILL-ADVISED TACTICAL MOVES. HE NOTED THAT QADHAFI HAD SAID THAT IF THE UNITED STATES COULD LOOK TO ITS OWN FRIENDS, LIBYA COULD DO LIKEWISE. DENG REMARKED ON THE CONTINUING EXISTENCE OF SERIOUS PROBLEMS CONCERNING IRAN AND, SUMMARIZING, SAID THAT MANY NEW PROBLEMS WERE EMERGING. HE ADDED THAT "ONE CAN FIND THE HAND OF THE SOVIET UNION BEHIND ALL THIS."

16. THE VICE CHAIRMAN CONCLUDED BY SAYING THAT HE HAD MENTIONED THESE PROBLEMS IN THE HOPE THAT THE
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MESSAGE:
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FM AMEMBASSY BEIJING

TO SECSTATE WASHDC IMMEDIATE 4911

~~SECRET~~ SECTION 3 OF 5 BEIJING 9201

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UNITED STATES ADMINISTRATION WOULD NOT THINK THAT A TIGHT STANCE INTERNATIONALLY WOULD REDUCE THE IMPORTANCE OF THESE PROBLEMS OR SOLVE THEM. HE SAID THAT BREZHNEV HAD RECENTLY RETURNED TO DISCUSSING "DETENTE," AND NOTED THAT SOME SEEMED TO TAKE THIS AS IF, "IN THIS WAY, THE UNITED STATES HAS GAINED A POINT."

17. PRESIDENT CARTER RESPONDED THAT THE UNITED STATES DID NOT WANT TO LOSE THIS POINT. HE ADDED THAT IT WAS IMPORTANT TO ISOLATE AS MUCH AS POSSIBLE THE AGGRESSORS IN AFGHANISTAN AND KAMPUCHEA. IT WAS VERY IMPORTANT, HE SAID, THAT VIETNAM KNOW THAT IT COULD "FIND NO FRIEND EITHER IN THIS REGION OR ELSEWHERE IN THE WORLD AS LONG AS IT MAINTAINS ITS INVASION FORCES IN KAMPUCHEA." VICE CHAIRMAN DENG SAID HE AGREED.

18. PRESIDENT CARTER CALLED THE RECENT INTERNATIONAL CONFERENCE ON KAMPUCHEA IN NEW YORK A VERY GOOD STEP IN THE RIGHT DIRECTION, AND LAUDED THE CHANGES IN THE RESOLUTION BROUGHT ABOUT BY CHINESE EFFORTS. THE CONFERENCE HAD ACHIEVED GOOD RESULTS. SIMILARLY, PREMIER ZHAO ZIYANG'S RECENT VISIT TO SOUTHEAST ASIAN COUNTRIES HAD BEEN HELPFUL IN ALLEVIATING THEIR LONG-TERM CONCERNS ABOUT CHINESE INTENTIONS. THOSE COUNTRIES THREATENED BY JOINT SOVIET-VIETNAMESE AGGRESSION MUST KNOW WITH CERTITUDE THAT THE UNITED STATES, CHINA, JAPAN, ASEAN, AUSTRALIA AND NEW ZEALAND STAND TOGETHER IN OPPOSITION TO AGGRESSION

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THAT THIS UNITY WILL NOT FLAG.

19. IT WAS THE SAME WITH SOVIET AGGRESSION IN AFGHANISTAN, THE FORMER PRESIDENT ADDED. IN HIS VIEW, THE SOVIETS HAD MADE A SERIOUS MISTAKE IN THEIR INVASION OF AFGHANISTAN. THIS ACTION HAD DAMAGED THEIR STATUS AMONG MANY DEVELOPING NATIONS. IT HAD REVEALED THEIR TRUE INTENTIONS. HE CALLED THE HEROISM OF THE AFGHANISTAN FREEDOM FIGHTERS AND THE CONSISTENT, UNSWERVING OPPOSITION OF OTHER NATIONS TO THIS AGGRESSION "VERY IMPRESSIVE." ON THESE QUESTIONS, HE SAID, THE UNITED STATES AND CHINA HAD VERY SIMILAR, IF NOT IDENTICAL, VIEWS.

20. PRESIDENT CARTER SAID THAT HIS EFFORTS IN THE MIDDLE EAST HAD BEEN DIRECTED TO THE EXCLUSION OF SOVIET INFLUENCE AND THE SEARCH FOR PEACE BETWEEN ISRAEL AND HER NEIGHBORS. HE HAD BEEN SUCCESSFUL TO SOME DEGREE WITH EGYPT, HE SAID, BUT THE OVERALL QUESTION WAS HOW TO HONOR THE RIGHTS OF THE PALESTINIAN PEOPLE. HE TERMED SOME ISRAELI ACTIONS VERY DISAPPOINTING TO HIM PERSONALLY AND VERY EMBARRASSING TO THE UNITED STATES GOVERNMENT. HE ADDED, HOWEVER, THAT IT WAS IMPORTANT THAT THE CHINESE LEADERSHIP REALIZE THAT THE STRONG COMMITMENT TO ISRAEL'S SECURITY AMONG THE ONE QUARTER BILLION AMERICAN PEOPLE WAS NOT LIMITED TO A SMALL GROUP OR TO A PORTION OF THE AMERICAN POLITICAL LEADERSHIP. HE NOTED THAT IN A FEW MONTHS -- IN APRIL -- ISRAEL WOULD BE RETURNING THE REMAINING TERRITORY IN THE SINAI TO EGYPT. PRESIDENT SADAT, WHO HAD COME TO SEE HIM DURING HIS MOST RECENT VISIT TO THE UNITED STATES, HAD TOLD HIM THAT BOTH PRESIDENT REAGAN AND SECRETARY HAIG WERE COMMITTED TO PURSUE THE PEACE PROCESS FURTHER AFTER THIS LAND WAS RETURNED. THE LAST POINT ON THIS MATTER WAS THAT ISRAEL MUST HONOR PALESTINIAN RIGHTS AND THE PALESTINIANS, FOR THEIR PART, MUST RECOGNIZE ISRAEL'S RIGHT TO LIVE IN PEACE.

21. THE FORMER PRESIDENT EXPRESSED THE HOPE THAT THE UNITED STATES WOULD CONTINUE TO REACH OUT THE HAND OF FRIENDSHIP TO THE NATIONS OF AFRICA AND ASIA. HE HOPED THAT PRESIDENT REAGAN AND SECRETARY HAIG WOULD CONTINUE THE EFFORTS THAT HE HAD BEGUN IN THIS REGARD, AND HE BELIEVED THAT THEY WOULD.

22. VICE CHAIRMAN DENG SAID THAT, AS HE HAD EARLIER REMARKED, WE WERE NOW AT THE BEGINNING OF THE "DANGEROUS DECADE OF THE 1980'S." WHEN HE HAD TALKED

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TO PRESIDENT CARTER IN WASHINGTON, HE SAID, HE HAD STATED THAT CHINA HAD NO OBJECTIONS TO MEETING THE SOVIET CHALLENGE THROUGH THE SIGNING OF AGREEMENTS WITH MOSCOW, BUT THAT TO REALLY COUNTER THE SOVIETS SUCCESSFULLY, IT WAS IMPORTANT "TO DO SOMETHING SUBSTANTIVE AND DOWN TO EARTH." HE RECALLED THAT HE HAD CITED THE SINO-JAPANESE TREATY OF PEACE AND FRIENDSHIP AND THE ESTABLISHMENT OF NORMAL RELATIONS BETWEEN CHINA AND THE UNITED STATES AS EXAMPLES OF THIS KIND OF ACTION.

23. VICE CHAIRMAN DENG SAID THAT THE UNITED STATES COULD NOT STAND UP TO THE SOVIET CHALLENGE BY ITSELF ALONE. NOR COULD WESTERN EUROPE DO SO, LET ALONE CHINA, "WHICH IS A POOR AND WEAK COUNTRY." IT WAS ESSENTIAL, THEREFORE, HE SAID, THAT CHINA, JAPAN, THE UNITED STATES, WESTERN EUROPE AND OTHERS IN THIS GEOGRAPHICAL BELT, INCLUDING THIRD WORLD NATIONS IN THE MIDDLE EAST, AND IN SOUTH AND SOUTHEAST ASIA, BAND TOGETHER TO MEET THE CHALLENGE. "WE ARE REQUIRED TO COORDINATE OUR COURSES OF ACTION." NOW, HE SAID, OUR FIRST PRIORITY MUST BE TO PURSUE THIS EARNESTLY TO COPE WITH DEVELOPMENTS IN THIS "DANGEROUS DECADE." "EACH AND EVERY STEP TOWARD UNITY AMONG THE COUNTRIES I HAVE MENTIONED IS ONE MORE STEP TOWARD REDUCING THE RISK OF SOVIET AGGRESSION. PERHAPS YOU WILL RECALL THAT WHEN I

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MESSAGE:
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~~SECRET~~ SECTION 04 OF 05 BEIJING 9201

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SPOKE TO YOU IN WASHINGTON I STRESSED THE NEED FOR CONCERTED ACTION AMONG THESE COUNTRIES, AND THE REQUIREMENT THAT WE MAKE AFGHANISTAN AND KAMPUCHEA OUR FIRST LINE OF STRUGGLE BECAUSE THESE ARE THE TWO BIG, REAL PROBLEMS WE NOW CONFRONT. I SINCERELY HOPE THAT LEADERS IN THE UNITED STATES, CHINA, JAPAN AS WELL AS IN WESTERN EUROPE WILL CONSIDER MATTERS FROM A GLOBAL STRATEGIC PERSPECTIVE, AND I INCLUDE IN THAT THE HOPE THAT THAT WILL BE OUR APPROACH TO SINO-AMERICAN RELATIONS."

24. PRESIDENT CARTER INQUIRED WHETHER VICE CHAIRMAN DENG COULD BE MORE SPECIFIC ON THOSE OPPORTUNITIES WE SHOULD BE PURSUING AND STEPS WE SHOULD BE TAKING TO FORGE GREATER UNITY AMONG US. THE VICE CHAIRMAN REPLIED THAT THERE WERE INDEED FURTHER OPPORTUNITIES, AND CITED RESOLUTION OF THE TAIWAN ISSUE AS "ONE EXAMPLE IN THE CONTEXT OF SINO-AMERICAN RELATIONS." HE EXPRESSED THE HOPE THAT QUESTIONS OF THIS KIND NOT BE ALLOWED TO DEVELOP "IN A BAD WAY." HE ADDED THAT HE AND OTHER CHINESE COULD NOT HELP BEING CONSCIOUS OF THESE PROBLEMS. HE HAD TOLD SECRETARY HAIG THAT "WE CANNOT BUT CONSIDER THAT INTERFERENCE AND THE SHADOWS THAT LIE OVER SINO-AMERICAN RELATIONS COULD CAUSE THEM TO STAND STILL OR TO RETROGRESS." CHINA WOULD NOT LIKE TO SEE THIS HAPPEN. BUT, HE ADDED, SHOULD THIS HAPPEN "IT WOULD NOT TERRIFY THE CHINESE PEOPLE."

25. HE AND OTHER CHINESE HAD TOLD SECRETARY HAIG

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AND OTHER AMERICANS THAT SOME MAY CONSIDER CHINA TO BE UNSTABLE, BACKWARD AND AFRAID OF THE INTERNATIONAL SITUATION. HE HAD TOLD THE SECRETARY THAT CHINA DID NOT FEAR ANY FOREIGN COUNTRY. CHINA MIGHT BE POOR AND BACKWARD, HE SAID, BUT IT HAD GREAT ABILITY TO SURVIVE.

26. THE VICE CHAIRMAN NOTED THAT SOME IN SOUTHEAST ASIA, FOR EXAMPLE, IN INDONESIA AND MALAYSIA, SEEM TO BELIEVE THAT THE MAIN THREAT TO THEM WAS FROM CHINA. "BUT I HAVE SAID TO THEM THAT WE CAN'T EVEN MANAGE OUR OWN AFFAIRS IN THE 9.6 MILLION SQUARE KILOMETERS WE NOW HAVE, SO WHY SHOULD WE WANT TO TAKE ON MORE TERRITORY AND MORE PROBLEMS?" THE VICE CHAIRMAN SAID THAT IF ONE STUDIES MODERN CHINESE HISTORY, ONE WOULD SEE THAT CHINA HAD NEVER INVADED ANY OTHER COUNTRIES. HE SAID HE HAD TOLD THE LEADERS OF ASEAN THAT EVEN IF THE STRAITS OF MALACCA WERE CUT, CHINA WOULD STILL SURVIVE. SOVIET TROOPS WERE MASSED ON CHINA'S BORDERS, HE SAID, "BUT, SO WHAT? WE WENT THROUGH OUR MOST DIFFICULT TIMES IN YAN'AN BUT WE STILL SURVIVED EVEN THAT."

27. "SO," HE CONCLUDED, "WE CHINESE ARE REALISTIC. WE DON'T JUST THINK ABOUT CHINESE INTERESTS, WE ALSO APPROACH QUESTIONS FROM THE PERSPECTIVE GLOBAL STRATEGY."

28. PRESIDENT CARTER ASKED WHAT PROGRESS HAD BEEN MADE OVER THE PAST TWO AND A HALF YEARS, SINCE NORMALIZATION, IN PROMOTING CONTACT AND RECONCILIATION WITH THE PEOPLE OF TAIWAN. DENG RESPONDED THAT THERE HAD BEEN NO MARKED PROGRESS. NVERTHELESS, THERE HAD BEEN A CERTAIN EFFECT FELT IN TAIWAN IN TERMS OF MORE AND MORE EXPRESSIONS OF HOPE FOR THE REUNIFICATION OF THE COUNTRY. CHINA'S TAIWAN POLICY, HE SAID, "IS SLOWLY BEING UNDERSTOOD BY MORE AND MORE PEOPLE IN TAIWAN, THAT IS OUR POLICIES VIS-A-VIS TAIWAN AFTER REUNIFICATION ARE BECOMING BETTER KNOWN."

29. THE VICE CHAIRMAN SAID "WE WANT TO SOLVE THE PROBLEM OF TAIWAN'S REUNIFICATION WITH CHINA PEACEFULLY; THAT IS OUR ENTIRE EMPHASIS." HE NOTED THAT PRESIDENT CARTER AS WELL AS MEMBERS OF THE UNITED STATES CONGRESS HAD ASKED THE CHINESE GOVERNMENT POINTEDLY WHETHER CHINA WOULD GIVE UP THE RESPONSIBILITY OF USING FORCE TO BRING ABOUT REUNIFICATION. "CHINA HAS NOT DONE SO," HE SAID. "AND, WERE WE TO DO SO, CHIANG CHING-KUO AND THE TAIWAN AUTHORITIES WOULD HAVE NOTHING TO WORRY

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ABOUT, SO THEY WOULD BECOME EVEN MORE COCKY AND STICK UP THEIR TAIL 10,000 METERS INTO THE SKY." 30. THE VICE CHAIRMAN THEN SAID HE HAD TOLD THE UNITED STATES CONGRESS DURING HIS JANUARY 1979 VISIT TO WASHINGTON THAT THERE WERE TWO SETS OF CIRCUMSTANCES IN WHICH CINA WOULD HAVE NO ALTERNATIVE TO USE OF FORCE. FIRST, SHOULD TAIWAN'S LEADERS REFUSE TO TALK. IF THEY REFUSED TO TALK "THEN WE EITHER HAVE TO GIVE UP OUR EFFORT TO REUNIFY THE COUNTRY OR WE HAVE TO USE FORCE." SECOND, IF CHIANG CHING-KUO WERE TO TURN TO THE SOVIET UNION AND MAKE TAIWAN INTO A SOVIET BASE. "THEN WHAT? CHIANG CHING-KUO HAS A RUSSIAN WIFE, WE KNOW THAT THE TAIWAN AUTHORITIES HAVE CERTAIN CONTACTS WITH THE SOVIET UNION. BUT, IT IS NOT TOO EASY FOR CHIANG CHING-KUO TO TURN TO THE SOVIETS, GIVEN THE AMERICAN AND JAPANESE PRESENCE IN TAIWAN THROUGH INVESTMENTS AND OTHER LINKAGES. IT IS NOT EASY FOR HIM TO FREE HIMSELF FROM THE EFFECTS OF THAT PRESENCE. I ASKED MEMBERS OF THE CONGRESS WHETHER, IF THE SOVIET UNION WERE TO MOVE INTO TAIWAN, YOU WOULD STILL OPPOSE THE USE OF FORCE BY US AGAINST IT?"

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31. DENG CONTINUED BY SAYING THAT HE HAD "RECENTLY THOUGHT OF ANOTHER CIRCUMSTANCE" IN WHICH THE USE OF FORCE MIGHT BE UNAVOIDABLE. "DOESN'T CHIANG CHING-KUD CONSISTENTLY SAY THAT HE WANTS TO RECONQUER THE MAINLAND AND REUNIFY CHINA? IF HE USES FORCE AGAINST US, THEN WHAT CAN WE DO?"

32. SO DENG SAID, "THESE THREE ARE ABOUT THE ONLY CIRCUMSTANCES I CAN THINK OF IN WHICH WE MIGHT BE FORCED TO USE MILITARY MEANS TO REUNIFY THE COUNTRY. BUT MAYBE, SOMEONE WILL COME UP WITH A FOURTH. THAT IS WHY WE CAN'T ABANDON THE OPTION. NEVERTHELESS, FOR A CONSIDERABLE PERIOD OF TIME -- NOT A SHORT PERIOD -- WE CAN AND WILL CONCENTRATE OUR EFFORTS ON REUNIFICATION BY PEACEFUL MEANS."

33. "IN ORDER TO BRING ABOUT PEACEFUL SETTLEMENT, WE HAVE TOLD THE TAIWAN AUTHORITIES OUR IDEAS ABOUT THE STATUS OF TAIWAN AFTER REUNIFICATION. OUR IDEAS ARE VERY REALISTIC. AFTER REUNIFICATION, TAIWAN'S SOCIAL SYSTEM WILL NOT CHANGE -- IT CAN REMAIN CAPITALISTIC INSTEAD OF SOCIALIST. THE WAY AND STYLE OF LIFE IN TAIWAN ALSO NEED NOT CHANGE. THERE WILL BE NO REDUCTION IN THE STANDARD OF LIVING OF THE PEOPLE. AFTER ALL, THEIR ECONOMIC CONDITIONS IN TAIWAN ARE BETTER THAN THOSE ON THE MAINLAND, SO WHAT'S THE BENEFIT OF REUNIFICATION IF LIVING STANDARDS ARE LOWERED? IF TAIWAN WANTS TO CONTINUE TO BE GOVERNED BY SUN YAT-SEN'S THREE PEOPLE'S PRINCIPLES, THAT IS FINE WITH US. WE

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DO NOT ASK THEM TO ACCEPT COMMUNISM. NOR NEED THEIR CONTACTS WITH FOREIGN COUNTRIES, SUCH AS JAPAN AND THE UNITED STATES, CHANGE, BUT THOSE CONTACTS MUST BE MAINTAINED BY THEM AS A LOCAL GOVERNMENT WITHIN CHINA. WE HAVE ALSO MADE IT CLEAR THAT WE WILL PERMIT TAIWAN TO RETAIN ITS ARMED FORCES AFTER REUNIFICATION.

34. "AFTER REUNIFICATION, TAIWAN WILL BE A SPECIAL REGION WITHIN THE PEOPLE'S REPUBLIC OF CHINA. THE GOVERNMENT ON TAIWAN WILL BE A LOCAL GOVERNMENT. IN THAT CONNECTION, THEY MUST ABANDON THEIR CLAIM TO BEING THE NATIONAL GOVERNMENT OF CHINA AND DO AWAY WITH THE FLAG THAT SYMBOLIZES THAT CLAIM. WE ALSO PROMISE TO MAKE PROPER ARRANGEMENTS TO ENSURE APPROPRIATE POLITICAL POSITIONS FOR TAIWAN'S LEADERS AFTER REUNIFICATION.

35. "OF COURSE, THE NATIONAL GOVERNMENT OF CHINA IS IN BEIJING, SO IT WOULD BE INAPPROPRIATE FOR US TO CONDUCT NEGOTIATIONS WITH TAIWAN ON A GOVERNMENT-TO-GOVERNMENT LEVEL. WE HAVE THEREFORE PROPOSED NEGOTIATIONS ON A PARTY-TO-PARTY BASIS WHICH COULD USHER IN THE THIRD PERIOD OF COOPERATION BETWEEN THE KUOMINTANG AND THE CHINESE COMMUNIST PARTY.

36. "THIS IS WHAT WE MEAN BY PEACEFUL SETTLEMENT OF THE TAIWAN QUESTION. IF WE WERE PREPARED TO OFFER ONLY TERMS THAT WERE UNACCEPTABLE TO TAIWAN, THEN OUR OFFER WOULD BE ONLY EMPTY TALK."

37. PRESIDENT CARTER ASKED HOW WELL INFORMED THE AVERAGE PERSON IN TAIWAN WAS ON THE DETAILS OF THE CHINESE COMMUNIST PARTY'S PROPOSAL. DENG RESPONDED THAT THEY WERE GRADUALLY FINDING OUT "DESPITE THE TAIWAN AUTHORITIES' EFFORTS TO BLOCK COMMUNICATIONS AND JAM OUT THE NEWS." THESE EFFORTS HAD NOT SUCCEEDED, HE SAID.

38. "FOR THE TWO SIDES TO NEGOTIATE, THAT IS TO PAVE THE WAY FOR NEGOTIATIONS, WE HAVE PROPOSED THE RE-ESTABLISHMENT OF TRADE, SHIPPING AND AIR COMMUNICATIONS, AND POSTAL LINKS. THIS COULD INCREASE MUTUAL UNDERSTANDING AND CONTACTS BETWEEN US. BUT THE TAIWAN AUTHORITIES HAVE REFUSED TO CONSIDER THIS. THE WHOLE PURPOSE OF OUR EFFORTS IS TO ACHIEVE A PEACEFUL SETTLEMENT OF THE TAIWAN ISSUE. TO DO SO WE HAVE ADOPTED REASONABLE POLICIES. BUT, WE HAVE NOT FORSAKEN THE RIGHT TO USE FORCE IN THE EVENT WE CANNOT SETTLE THIS PROBLEM PEACEFULLY. WE HOPE THE UNITED STATES WILL NOT DO ANY DISSERVICE TO THE

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PEACEFUL SETTLEMENT OF THE TAIWAN ISSUE. THE UNITED STATES IS IN A UNIQUE POSITION TO PROMOTE NEGOTIATIONS AND PROGRESS TOWARD A PEACEFUL SETTLEMENT. THERE IS LOTS THAT YOU CAN DO."

39. AT THIS POINT FORMER PRESIDENT CARTER AND VICE CHAIRMAN DENG ADJOURNED TO ANOTHER ROOM FOR A PRIVATE MEETING.

40. THIS MESSAGE WAS CHECKED WITH PRESIDENT CARTER'S STAFF, BUT NOT SEEN BY THE FORMER PRESIDENT. FREEMAN

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TO SECSTATE WASHDC IMMEDIATE 4915

~~SECRET~~ SECTION 1 OF 5 BEIJING 9203

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E.O. 12065: RDS-1, 8/28/11 (FREEMAN, CHARLES W., JR.) DR-M
TAGS: CH, ML, TW, PDIP, PINT, PEPR, PGDV, EINV, EAGR
SUBJ: MEETING OF FORMER PRESIDENT CARTER WITH
CHARMAN HU YAQBANGK

1. ~~1~~ - ENTIRE TEXT)

2. SUMMARY: CHINESE COMMUNIST PARTY CHAIRMAN HU YAQBANG MET WITH FORMER PRESEIDENT CARTER ON AUGUST 27, A RARE MEETING FOR CHAIRMAN HU WITH A FOREIGN VISITOR. MOST OF THE DISCUSSION WAS ON CHINESE DOMESTIC AND INTERNAL PARTY MATTERS. NOTING RECENT CHANGES IN CHINA'S LEADERSHIP, HU PREDICTED FURTHER CHANGES NEXT YEAR, WITH AN EMPHASIS ON BRINGING IN YOUNGER PEOPLE TO LEADERSHIP POSITIONS. HE REVEALED THAT AT THE SIXTH PLENUM THE WHOLE CENTRAL COMMITTEE HAD WANTED DENG TO BECOME PARTY CHAIRMAN BUT THAT HE HAD DECLINED BECAUSE OF HIS FEELING A MAN OVER 70 SHOULD NOT BE CHAIRMAN. HE DESCRIBED THE PARTY'S DIRECTION, DOMESTICALLY AND EXTERNALLY, AS CONSTANT SINCE THE THIRD PLENUM, PRAISING THE PARTY'S "FINE TRADITIONS" FROM WHICH IT HAD UNFORTUNATELY DEPARTED (PRESUMABLY DURING THE CULTURAL REVOLUTION). HE DESCRIBED RESTORATION OF COLLECTIVE LEADERSHIP, SEPARATION OF PARTY AND GOVERNMENT, AND MAKING CHINA'S POLITICAL AND ECONOMIC SYSTEM CONFORM TO REALITY AS MAJOR GOALS. HU DESCRIBED HIS OWN WORK AS PRIMARILY CONCERNED WITH PARTY AND DOMESTIC AFFAIRS, SAYING DENG XIAOPING, ZHAI ZIYANG, AND LI XIANNIAN ARE THE MAIN FOREIGN POLICY ACTORS. NOTING CHINA EXPECTED A BUMPER HARVEST THIS YEAR AND A

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BIG INCREASE IN LIGHT INDUSTRY PRODUCTION, HU STRESSED THAT CHINA'S MAIN TASK REMAINED ECONOMIC DEVELOPMENT. NEVERTHELESS, HE REMINDED FORMER PRESIDENT CARTER THAT CHINA CANNOT FORGET THE IMPORTANCE OF RESTORING TAIWAN TO THE MOTHERLAND. END SUMMARY.

3. FORMER PRESIDENT CARTER MET WITH CHINESE COMMUNIST PARTY CHAIRMAN HU YAOBANG AT 2030 ON AUGUST 27.

4. PRESIDENT CARTER CONGRATULATED HU ON HIS APPOINTMENT AS CHAIRMAN. CHAIRMAN HU SAID HE HAD BEEN UNDER VERY HEAVY PRESSURE SINCE HIS APPOINTMENT BUT WAS GLAD TO HAVE THE OPPORTUNITY TO MEET WITH THE FORMER PRESIDENT. HE NOTED THAT PRESIDENT CARTER HAD PROPOSED THE MEETING OVER LUNCH WITH VICE CHAIRMAN DENG XIAOPING, WHO HAD "HELPED TO BRING IT ABOUT. I DON'T HANDLE FOREIGN AFFAIRS. THAT IS THE JOB OF VICE CHAIRMAN DENG XIAOPING, PREMIER ZHAO ZIYANG AND VICE CHAIRMAN LI XIANNIAN," HU SAID.

5. THE FORMER PRESIDENT REMARKED THAT ON BOTH THE CHINESE AND AMERICAN SIDES, THERE HAD BEEN A SUCCESSION OF LEADERS ENGAGED IN BUILDING STRONG TIES BETWEEN THE TWO COUNTRIES. ON THE US SIDE, HE SAID, PRESIDENT NIXON HAD INAUGURATED THE PROCESS WITH THE SHANGHAI COMMUNIQUE. IT HAD FALLEN TO HIM TO CONSUMMATE THE NORMALIZATION PROCESS BEGUN BY PRESIDENT NIXON, HE SAID. NOW UNDER PRESIDENT REAGAN, THE PROCESS APPEARED TO BE ADVANCING FURTHER. THIS SHOWED, HE STATED, THAT THE CONTINUITY OF A NATIONAL COMMITMENT AND NATIONAL INTERESTS WERE MORE IMPORTANT THAN THE IDENTITY OF POLITICAL LEADERS. "ALL AMERICANS ARE GRATEFUL FOR THE WAY IN WHICH OUR NEW RELATIONS WITH CHINA HAVE PROGRESSED. THE RESULTS TOUCH THE LIVES OF PEOPLE IN EVERY DEPARTMENT AND AGENCY IN THE US AND CHINESE GOVERNMENTS, AS WELL AS THAT OF PEOPLE IN EVERY STATE OR PROVINCE." CHAIRMAN HU NODDED AGREEMENT.

6. THE FORMER PRESIDENT ASKED HOW THE CHAIRMAN ASSESSED THE PROCESS OF PARTY REFORM THAT HE WAS OVERSEEING, SAYING THAT AMERICANS WERE DEEPLY INTERESTED IN THE EVOLUTION OF CHINA'S POLITICAL STRUCTURE AS WELL AS ITS INTERNATIONAL POLICIES.

7. CHAIRMAN HU RESPONDED THAT, AS THE FORMER PRESIDENT HAD MENTIONED, THERE HAD BEEN SOME CHANGES IN THE IDENTITY OF CHINA'S LEADERSHIP RECENTLY, "AND NEXT YEAR THERE MAY BE SOME FURTHER CHANGES AS WELL. EARLY NEXT YEAR WE WILL BE HOLDING OUR TWELFTH PARTY CONGRESS, AND ADJUSTING THE PROCEDURES

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BY WHICH WE CONVENE OUR SIXTH NATIONAL PEOPLE'S CONGRESS, WHICH WILL ALSO TAKE PLACE NEXT YEAR. MANY OF OUR LEADERS ARE NOW TOO OLD. WE NEED NEW PEOPLE -- YOUNGER PEOPLE -- IN LEADERSHIP POSITIONS. WE HAVE DONE SOME CALCULATIONS. THE AVERAGE AGE IN OUR POLITBUREAU IS NOW ABOUT SEVENTH. LAST YEAR THE AVERAGE IN OUR SECRETARIAT WAS SIXTY-FIVE. SO NOW I'VE TOLD YOU A STATE SECRET. BUT WE MAKE NO SECRET THAT WE THINK IT IS TIME FOR YOUNGER LEADERSHIP".

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8. PRESIDENT CARTER REMARKED THAT "IT'S FUNNY YOU SHOULD SAY THAT. THAT'S WHAT I WAS ARGUING LAST YEAR, BUT THE VOTERS DIDN'T AGREE." CHAIRMAN HU AND THE OTHER CHINESE PRESENT LAUGHED.

9. THE CHAIRMAN SAID, " I DON'T KNOW VERY MUCH ABOUT YOUR DOMESTIC POLITICAL SITUATION IN THE UNITED STATES. BUT I HAVE THE IMPRESSION THAT THE AVERAGE AGE OF FUNCTIONARIES AND LEADERS IN THE UNITED STATES -- WHETHER REPUBLICAN OR DEMOCRAT -- IS QUITE A BIT LOWER THAN IT IS HERE. I CAN TELL YOU A SECRET ABOUT WHAT HAPPENED AT THE SIXTH PLENUM OF OUR ELEVENTH PARTY CONGRESS IN JUNE. ORIGINALLY ALL THE MEMBERS OF OUR CENTRAL COMMITTEE WANTED DENG XIAOPING TO BECOME CHAIRMAN BECAUSE OF HIS OUTSTANDING ABILITY, RICH EXPERIENCE AND GREAT PRESTIGE IN THE PARTY AND AMONG THE PEOPLE. BUT OUR VETERAN LEADERS -- INCLUDING COMRADE DENG XIAOPING HIMSELF -- SAID THAT THERE SHOULD BE A RULE THAT NO ONE OVER SEVENTY COULD BE CHAIRMAN. SO I WAS ELECTED," HU SAID.

10. HE CONTINUED, " WE HAVE BEEN SAYING IN OUR PRESS THAT OUR PARTY NEEDS TO LOWER ITS AVERAGE AGE (NIANQINGHUA -- REJUVENATION) AND TO TURN TO PEOPLE WITH PROFESSIONAL COMPETENCE AND EXPERTISE (ZHISHIHUA). THERE IS, IN FACT, A RESERVOIR OF SUCH PEOPLE IN CHINA WHO CAN BE PROMOTED TO KEY POSTS UP AND DOWN THE PARTY. WE NOW HAVE ABOUT FIVE MILLION PARTY MEMBERS WITH A HIGHER EDUCATION. SO NEXT YEAR,

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AND INDEED IN THE FOLLOWING YEARS, THERE WILL BE QUITE A FEW PERSONNEL CHANGES -- BECAUSE WE WANT MORE KNOWLEDGEABLE PEOPLE IN POSITIONS OF AUTHORITY. OF COURSE, I CAN'T PINPOINT THE PRECISE CHANGES FOR YOU NOW. THAT MUST BE DECIDED THROUGH DEMOCRATIC DISCUSSION AND ELECTIONS WITHIN THE PARTY.

11. "BUT, IN ANOTHER SENSE, THERE WILL BE NO CHANGE. THAT'S BECAUSE THE DIRECTION OF OUR POLICY WILL REMAIN CONSTANT. LET ME PUT IT THIS WAY, OUR SITUATION DICTATES THAT WE RESTORE THE FINE TRADITIONS OF OUR PARTY, FROM WHICH WE HAVE LAPSED."

12. PRESIDENT CARTER SAID HE HAD NOTED ARTICLES IN THE CHINESE PRESS DEPLORING THE "PERSONALITY CULT." HE ASKED WHETHER THERE WAS NOW A DELIBERATE EFFORT TO DISPERSE AUTHORITY.

13. CHAIRMAN HU SAID, "JUST NOW WHEN I SAID THAT OUR POLICY WILL NOT CHANGE, I MEANT THE POLICIES WE HAVE BEEN FOLLOWING SINCE THE THIRD PLENUM OF OUR ELEVENTH PARTY CONGRESS. WE HAVE TO RESTORE SOME OF THE GOOD POLITICIES AND PRACTICES THAT OUR PARTY FOLLOWED IN THE PAST. I SHOULD ADD THAT THERE WILL BE NO CHANGE IN OUR FOREIGN POLICY. WE HAVE BEEN AND WILL REMAIN CONSISTENT.

14. "WHEN I SAY THAT WE WANT TO RESTORE THE OLD POLICIES, I MEAN THAT: FIRST, WE NEED TO RESTORE THE TRADITIONS OF COLLECTIVE LEADERSHIP OF THE PARTY. TWENTY YEARS OR SO AGO WE HAD A STRICT SYSTEM OF COLLECTIVE PARTY LEADERSHIP. SINCE THEN THIS GOOD SYSTEM HAS BEEN ERODED. CHAIRMAN MAO MADE A FEW MISTAKES IN THIS REGARD, THOUGH, OF COURSE, HE ALSO MADE GREAT CONTRIBUTIONS TO CHINA. OUR PARTY LEADERSHIP HAS GONE THROUGH VARIOUS STAGES. IN THE FIRST PERIOD OF THE REVOLUTION, IT MAY HAVE BEEN ALL RIGHT FOR ONE LEADER TO OCCUPY A VERY PROMINENT POSITION. THIS IS, OF COURSE, A PRODUCT OF HISTORICAL CONDITIONS. BUT SINCE OUR PARTY ASSUMED POWER THE SITUATION HAS CHANGED. NOW, IN VIEW OF THE ENORMITY OF THE TASKS WE CONFRONT, IT WOULD BE VERY DIFFICULT FOR ONE LEADER TO MONOPOLIZE POWER."

15. PRESIDENT CARTER ASKED WHETHER THERE WAS AN EFFORT UNDERWAY TO SEPARATE THE PARTY FROM THE GOVERNMENT.

16. CHAIRMAN HU RESPONDED THAT THERE WAS. "OUR PARTY HAS DISCUSSED THIS AND CONCLUDED THAT IN OUR COUNTRY, NO ONE PERSON SHOULD HOLD TOO MANY POSTS

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CONCURRENTLY, SO I WILL NEVER TAKE ANY GOVERNMENT POST MYSELF. WE HAVE ABOUT TWENTY MILLION CADRES TO WHOM THE WORKLOAD CAN AND SHOULD BE DISPERSED. WE WILL GET MUCH BETTER RESULTS IF WE APPROACH PROBLEMS ONLY AFTER BROAD DISCUSSION."

17. PRESIDENT CARTER ASKED WHETHER IT WOULD BE FAIR TO SAY THEN THAT CHAIRMAN HU'S PRIMARY RESPONSIBILITIES WERE REFORM OF PARTY PERSONNEL AND DOMESTIC POLICIES. CHAIRMAN HU LAUGHED AND SAID "YOU COULD PUT IT THAT WAY -- THAT WHAT I AM MOSTLY ENGAGED IN ARE PARTY AND DOMESTIC AFFAIRS."

18. PRESIDENT CARTER ASKED WHAT PREMIER ZHAO ZIYANG'S RESPONSIBILITIES WERE. HU ANSWERED "HE IS MAINLY RESPONSIBLE FOR THE CHINESE ECONOMY. HE HAS RICH EXPERIENCE IN ECONOMIC WORK."

19. PRESIDENT CARTER ASKED WHETHER FOREIGN POLICY WAS THEN SET BY VICE CHAIRMAN DENG IN CONSULTATION WITH OTHER LEADERS. CHAIRMAN HU SAID THAT WAS RIGHT. "HE HAS LONG EXPERIENCE IN FOREIGN POLICY. AMONG OUR OLDER LEADERS FROM THE LONG MARCH WHO ARE STILL WITH US, HE IS THE ONE WHO DOES THE MOST WORK. MARSHALL YE (YE JIANYING) IS NOW 84. HE'S JUST NOT STRONG ENOUGH TO DO MUCH ANYMORE."

20. PRESIDENT CARTER ASKED WHETHER CHAIRMAN HU PLANNED TO TRAVEL ABROAD, ADDING THAT HE WAS SURE HE WOULD BE MOST WELCOME IN THE UNITED STATES.

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21. THE CHAIRMAN RESPONDED, "I HONESTLY HAVEN'T THOUGHT ABOUT IT. I THINK PERHAPS PREMIER ZHAO, WHO WILL BE VISITING YOUR COUNTRY NEXT YEAR, MAY BE A BETTER CHOICE THAN I. HE CAN REPRESENT BOTH THE PARTY AND THE GOVERNMENT. AND, OF COURSE, OUR VERY ABLE VICE PREMIER HUANG HUA, WITH WHOM I WORKED FOR TEN YEARS IN SHANXI PROVINCE BEFORE THE FOUNDING OF THE PEOPLE'S REPUBLIC OF CHINA -- AND FOR A HALF YEAR LATER ALSO IN SHANXI -- GOES TO THE UNITED STATES FREQUENTLY."

22. PRESIDENT CARTER NOTED THAT CHAIRMAN HU HAD RECENTLY MET WITH THE LEADER OF MALI AND HAD ISSUED A STATEMENT ON THE PALESTINIAN QUESTION. SO HE SEEMED TO HAVE A PERSONAL INTEREST IN INTERNATIONAL AFFAIRS.

23. THE CHAIRMAN SAID, "WELL, I MET WITH THAT GUY FROM MALI BECAUSE HE IS THE GENERAL SECRETARY OF THE PEOPLE'S LEAGUE AND THEY WANTED TO ESTABLISH SOME PARTY-TO-PARTY CONTACT WITH US."

24. "LET ME SAY SOMETHING ELSE. THE MAJORITY OF OUR CADRES NEED TO CONCENTRATE NOW ON BOOSTING THE ECONOMIC DEVELOPMENT OF OUR COUNTRY. WHAT WE MEAN BY 'SOCIALIST CONSTRUCTION' IS THE GAINING OF A BETTER, MORE PROSPEROUS LIFE FOR OUR PEOPLE. CHINA AND THE US ARE ALMOST THE SAME SIZE IN TERRITORY, ABOUT 9.6 MILLION SQUARE KILOMETERS. BUT CHINA HAS A MUCH BIGGER POPULATION, AND WE ARE VERY POOR. SO OUR PRIMARY NEED IS TO DO A GOOD JOB IN ADVANCING OUR ECONOMY AND IN RAISING CULTURAL

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MESSAGE / ANNOTATION:

AND SOCIAL STANDARDS. THIS IS WHERE WE NEED TO CONCENTRATE OUR EFFORTS. OUR MAIN HOPE LIES HERE."

24. THE FORMER PRESIDENT ASKED WHAT PROGRESS WAS BEING MADE IN THIS REGARD. THE CHAIRMAN REPLIED THAT RELATIVELY GOOD PROGRESS HAD BEEN MADE OVER THE TWO AND ONE HALF YEARS SINCE 1979. PRESIDENT CARTER QUIPPED, "OH! YOU MEAN SINCE NORMALIZATION?" HU BOUCED UP IN HIS CHAIR AND LAUGHED UPROARIOUSLY. HE SAID, "WELL, I GUESS YOU COULD SAY THAT THAT WAS AN EXTERNAL FACTOR THAT PLAYED A A CERTAIN ROLE."

25. "THE PROGRESS WE HAVE MADE HAS BEEN MAINLY IN THREE AREAS. FIRST, IN AGRICULTURE. WE CAN EXPECT A BUMPER HARVEST THIS YEAR. SECOND, IN LIGHT INDUSTRY, WE PROJECT A BIG INCREASE IN THE VALUE OF LIGHT INDUSTRIAL OUTPUT THIS YEAR. AND THIRD, IN CORRECTING OUR THINKING AND OUR GUIDING PRINCIPLES. IN THE PAST, OUR APPROACH DIDN'T TALLY WITH THE ACTUAL ECONOMIC CONDITIONS IN CHINA. IF WE FOLLOW OUR PRESENT COURSE, I AM CONFIDENT WE WILL SHOW STEADY IMPROVEMENT."

26. THE FORMER PRESIDENT REMARKED THAT AMERICANS WERE VERY INTERESTED IN SEEING CHINA CONTINUE TO MAKE ECONOMIC PROGRESS. "WE THINK THAT THE GREATEST POSSIBLE AMOUNT OF EXCHANGE BETWEEN US SHOULD BE ENCOURAGED, IN SCIENCE AND TECHNOLOGY, CULTURE, TRADE, AMONG STUDENTS AND SCHOLARS, AND TOURISTS. THIS COULD BE VERY HELPFUL TO YOU AS WELL AS TO US."

27. THE CHAIRMAN REPLIED THAT "THE KIND OF EXCHANGE WE ARE MOST INTERESTED IN IS THAT JUST CARRIED OUT BY YOUR MR. HAMMER (ARMAND HAMMER, OCCIDENTAL PETROLEUM). HE HAS AGREED TO HELP US OPEN A BIG COAL MINE IN SHANXI AT PINGSUO. THIS IS EXACTLY THE BEST WAY TO HELP US."

28. THE FORMER PRESIDENT SAID HE WAS CONVINCED THAT MANY AMERICAN BUSINESSMEN WERE EAGER TO BE OF ASSISTANCE AND TO PURSUE OPPORTUNITIES LIKE THIS. CHAIRMAN HU SAID HE HOPED THAT, ON HIS RETURN TO THE US, PRESIDENT CARTER WOULD ENCOURAGE THEM, ADDING "YOU KNOW, WE CHINESE VALUE TRUST VERY MUCH." PRESIDENT CARTER REPLIED, "WE AMERICANS DO TOO."

29. CHAIRMAN HU SAID HE FELT OBLIGED TO SAY THAT "ALTHOUGH WE HAVE EMPHASIZED THE NEED TO CONCENTRATE ON THE FOUR MODERNIZATIONS, WE HAVE NOT FORGOTTEN THE TASK OF REUNIFYING OUR MOTHERLAND BY BRINGING TAIWAN BACK INTO ITS EMBRACE. THIS IS SOMETHING

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SITUATION: CHECK
SUBJECT CATEGORY: LIST

MESSAGE / ANNOTATION:

WE CANNOT AND WILL NOT FORGET."

30. PRESIDENT CARTER ASKED WHO HAD THE PRIMARY RESPONSIBILITY IN CHINA FOR THIS TASK, DRAWING LAUGHTER FROM THE CHAIRMAN WHEN HE ADDED "I SUPPOSE YOU CONSIDER THIS A DOMESTIC PROBLEM?" CHAIRMAN HU REPLIED THAT "EVERYONE IN THE POLITBURO IS CONCERNED WITH THIS. INDEED EVERYONE OF THE ONE BILLION CHINESE PEOPLE IS CONCERNED TO ACCOMPLISH IT. SO YOU COULD SAY THAT EVERYONE IN THE COUNTRY TAKES RESPONSIBILITY FOR THIS."

31. PRESIDENT CARTER ASKED "BUT, WHO IS RESPONSIBLE FOR ENSURING THAT YOUR MESSAGE ON REUNIFICATION AND ITS ADVANTAGES IS CLEAR TO THE PEOPLE IN TAIWAN?" HU REPLIED, " IN THE POLITBURO, THE STANDING COMMITTEE -- ALL SEVEN MEMBERS OF THE STANDING COMMITTEE." THE FORMER PRESIDENT SAID, "YOU MEAN ALL SEVEN -- EACH IS RESPONSIBLE FOR SENDING A CLEAR SIGNAL OF YOUR INTENTIONS TO TAIWAN?" THE CHAIRMAN RESPONDED, "ALL MAJOR POLITICAL DECISIONS ARE DISCUSSED BY THE STANDING COMMITTEE."

32. PRESIDENT CARTER SAID IT WAS HIS IMPRESSION THAT "YOUR MESSAGE TO TAIWAN ON THE ADVANTAGES TO THEM OF REUNIFICATION -- AS YOU HAVE EXPLAINED IT TO ME -- IS NOT GETTING THROUGH CLEARLY IN TAIWAN. IT ISN'T WELL UNDERSTOOD THERE, AND THERE DOESN'T SEEM TO HAVE BEEN MUCH PROGRESS. SO, I WOULD LIKE

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SITUATION(S) MESSAGE(S) LISTING

DATE 08/31/81//243

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 SUBJECT CATEGORY: LIST

MESSAGE / ANNOTATION:

MESSAGE:

IMMEDIATE

O 280943Z AUG 81
 FM AMEMBASSY BEIJING

TO SECSTATE WASHDC IMMEDIATE 4918

~~SECRET~~ SECTION 4 OF 5 BEIJING 9203

NODIS

TO ASK, WHO IS RESPONSIBLE FOR THIS KIND OF WORK?"

HU REPLIED, "WE HAVE SENT QUITE A FEW MESSAGES TO
 OUR KUOMINTANG COMPATRIOTS. BUT CHIANG CHING-KUO
 REFUSES TO HEED THEM." PRESIDENT CARTER ASKED HOW
 THESE MESSAGES WERE SENT, WERE THERE DIRECT
 CHANNELS? COULD THE RADIO SERVE THE PURPOSE?

33. THE CHAIRMAN REPLIED THAT "THERE ARE QUITE A
 FEW DIFFERENT CHANNELS BY WHICH WE CAN COMMUNICATE.
 BUT CHIANG CHING-KUO HAS NOT A FEW MISCONCEPTIONS
 ABOUT US AND WHAT WE WANT TO DO. WE CHINESE
 ARE NEVERTHELESS CONFIDENT THAT, WITH THE PASSAGE
 OF TIME, WE WILL FIND EVER MORE RELIABLE METHODS
 TO OVERCOME THE OBSTACLES. ONE OF THE SADDEST
 THINGS, I MIGHT SAY, WAS PREMIER ZHOU'S (ZHOU ENLAI'S)
 SORROW THAT OUR COUNTRY HAD NOT YET BEEN REUNIFIED
 AT THE TIME OF HIS DEATH. HE EXPRESSED HIS FEELINGS
 ON THIS, AND WHAT HE FELT IS THE SAME AS WHAT THE ONE
 BILLION PEOPLE IN CHINA FEEL."

34. THE FORMER PRESIDENT ASKED WHETHER ANY REAL
 PROGRESS TOWARD REUNIFICATION HAD BEEN MADE. THE
 CHAIRMAN REPLIED THAT "THERE'S BEEN SOME PROGRESS,
 BUT WE CAN'T SPEAK OF (TANBUSHANG) ANY DECISIVE
 PROGRESS HAVING BEEN MADE. THE TAIWAN
 AUTHORITIES ARE VERY OBSTINATE. BUT I BELIEVE
 WE'LL FIND A WAY THROUGH THIS AS A RESULT OF THE
 REALITY OF THE NATURE OF OUR PARTY, WHICH PURSUES
 A FIRM NATIONAL POLICY OF OPPOSITION TO HEGEMONISM
 AND IS DEDICATED TO SAFEGUARDING WORLD PEACE. I KNOW

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WHSR COMMENTS:

PSN:026779

DTG:280943

TOR:2401249

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THAT VICE CHAIRMAN DENG XIAOPING TOLD YOU THIS MORNING THAT WE CHINESE HAVE A VERY STRONG ABILITY TO SURVIVE. I WOULD LIKE TO ADD ONLY THAT WE ALSO HAVE A VERY HIGH SENSE OF JUSTICE. THIS IS SOMETHING INADEQUATELY APPRECIATED INTERNATIONALLY. SOME FOREIGN FRIENDS DOUBT OUR ABILITY TO SURVIVE, AND -- QUITE FRANKLY -- THEY LOOK DOWN ON US, BUT I CAN TELL YOU THAT THIS ONLY SPURS US ON IN OUR EFFORTS TO MAKE OUR COUNTRY STRONG AGAIN."

35. PRESIDENT CARTER SAID THAT MOST PEOPLE ABROAD ACTUALLY REGARD CHINA AS A STRONG COUNTRY. CHAIRMAN HU SAID, " IN THAT CASE, THEY ARE WRONG. WE ARE VERY, VERY BACKWARD AND WEAK -- VERY WEAK. SOME IN THE UNITED STATES SAY THAT VICE CHAIRMAN DENG XIAOPING RULES US WITH AN IRON FIST. IF BY THIS THEY MEAN THAT HE IS RESOLUTE, HAS A STRONG WILL, AND ACTS DECISIVELY, THEN I AGREE, BUT I DON'T THINK HE USES AN IRON FIST IN ALL MATTERS."

36. THE FORMER PRESIDENT SAID IN HIS EXPERIENCE DENG XIAOPING MADE DECISIONS AND CARRIED THEM OUT "QUICKLY AND WITH GREAT FORCE. THREE YEARS AGO, AS WE WERE APPROACHING NORMALIZATION, WHEN HE DECIDED TO CONCLUDE THE NEGOTIATIONS HE DID SO WITHOUT DELAY. AND FROM A DISTANCE, HE SEEMS VERY UNSELFISH IN REMOVING HIMSELF FROM POWERFUL OFFICES. I ADMIRE HIM AND AM PROUD OF HIS PERSONAL FRIENDSHIP. AFTER HIS VISIT, HE IS ONE OF THE MOST POPULAR MEN IN OUR COUNTRY."

37. CHAIRMAN HU NOTED "TO BE FAIR, ALTHOUGH I DON'T KNOW A GREAT DEAL ABOUT DOMESTIC POLITICS IN THE UNITED STATES, I HAVE HEARD THAT FORMER PRESIDENT NIXON IS NOT TOO POPULAR IN YOUR COUNTRY. BUT HE HAS THE ADMIRATION OF THE CHINESE PEOPLE FOR HIS BIG CONTRIBUTION TO SINO-AMERICAN RELATIONS. YOU LIKEWISE HAVE MADE A CONTRIBUTION AND ARE ADMIRERED HERE. SO I WOULD LIKE TO EXPRESS MY GRATITUDE THAT YOU HAVE COME HERE."

38. PRESIDENT CARTER THANKED THE CHAIRMAN FOR HIS TIME AND HIS CANDOR. HE ADDED THAT "YOU SHOULD NEVER UNDERESTIMATE THE FORCE OF THE TREMENDOUS FRIENDSHIP OF THE AMERICAN PEOPLE FOR THE CHINESE PEOPLE. THIS IMPARTS GREAT STABILITY AND AN UNCHANGING FOUNDATION TO OUR RELATIONS, AND TO THE PROSPECTS FOR PROGRESS IN THE FUTURE." HE SAID THAT MOST AMERICANS BELIEVED "STRONGLY IN THE NEED TO PRESERVE WORLD PEACE AND TO OPPOSE THE EXPANSIONISM OF TWO OF YOUR NEIGHBORS. THEY

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AGREE ON THE NEED TO DEVELOP GOOD RELATIONS WITH
THIRD WORLD COUNTRIES, TO MAINTAIN A STRONG PRESENCE
TO PRESERVE THE SECURITY OF THE WESTERN PACIFIC,
AND TO COOPERATE WITH JAPAN, CHINA, ASEAN, AUSTRALIA
AND OTHER COUNTRIES TO SOLVE THESE PROBLEMS. IT SEEMS
TO ME THAT IT IS MUCH THE SAME IN YOUR COUNTRY AS IN MINE. COMPARED
WITH THE LARGE AREAS OF AGREEMENT BETWEEN US, OUR DIFFERENCES
ARE VERY SMALL." HE
AGAIN CONGRATULATED HU ON HIS ELECTION AS CHAIRMAN.

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 SUBJECT CATEGORY: LIST

MESSAGE / ANNOTATION:

MESSAGE:
 IMMEDIATE

O 280943Z AUG 81
 FM AMEMBASSY BEIJING

TO SECSTATE WASHDC IMMEDIATE 4919

~~SECRET~~ SECTION 5 OF 5 BEIJING 9203

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39. CHAIRMAN HU REPLIED, "I AGREE COMPLETELY THAT THERE IS NO CONFLICT OF INTEREST BETWEEN OUR TWO COUNTRIES OR PEOPLES. BUT WE DO NOT UNDERSTAND EACH OTHER WELL ENOUGH. OUR FRIENDSHIP OUGHT TO BE CONSTANTLY NURTURED AND TO DEEPEN IN THE YEARS TO COME. WE, FOR OUR PART, ARE FIRMLY SET ON A POLICY OF FRIENDLY RELATIONS AND COOPERATION WITH THE AMERICAN PEOPLE AND WITH OTHER PEOPLES THROUGHOUT THE WORLD."

40. COMMENT: THIS WAS THE EMBASSY'S FIRST ENCOUNTER WITH HU YAORANG, SO THERE MAY BE SOME INTEREST IN MY PERSONAL IMPRESSIONS OF A MAN AT THE PINNACLE OF POWER HERE BUT RELATIVELY UNKNOWN TO US DIRECTLY. HU IS A TINY MAN, DWARFED BY THE OVERSTUFFED CHAIR ENVELOPING HIM, HIS LEGS AND FEET DANGLING, TOO SHORT TO REACH THE FLOOR. HIS HANDS ARE DAINTY, HIS SLENDER FINGERS TOYING WITH THE UNFILTERED CIGARETTE HE SMOKES. HIS PHYSICAL MANNERISMS BEAR AN UNCANNY RESEMBLANCE TO THOSE OF HIS MENTOR DENG XIAOPING, EXCEPT PLAYED AT 78 RPM INSTEAD OF 45. HE DOES NOT HAVE, HOWEVER, DENG'S PRESENCE, WITH HIS DELICATE, ALMOST BIRD-LIKE PHYSIQUE. HE SQUIRMS, WRIGGLES, VIGRATES, AND WRITHES; HIS ARMS WAVING, HIS BODY, LACKING A FOUNDATION ON THE FLOOR BECAUSE OF HIS DANGLING LEGS, BOUNCING WITH EXCITEMENT AS HE SPEAKS, HIS VOICE SOMETIMES NEARLY OUT OF CONTROL, REFLECTING THE ENERGY AND INTENSITY WHICH SEEM TO DRIVE HIM, HE SPEAKS WITH A HEAVY HUNAN ACCENT, WHICH NOT ONLY LEFT ME ADRIFT SEVERAL TIMES BUT SEEMED TO BAFLE

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SIT:
 EOB:
 WHSR COMMENTS:

PSN:026782

DTG:280943

TOR:2401251

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MESSAGE / ANNOTATION:

ALMOST EQUALLY HIS CHINESE INTERPRETER, WHO SEVERAL TIMES HAD TO ASK HIM TO REPEAT PHRASES. THE ACCENT, COMBINED WITH A FONDNESS FOR INELEGANT SLANG, LEFT AN IMPRESSION OF A MAN OF LIMITED EDUCATION. DIGNITY, CALM, COMPOSURE, THOSE TRAITS WHICH THE CHINESE EXPECT AND REVERE IN A LEADER, ALL ARE INCONSPICUOUS IN HU. INDEED SOME OF THE OTHER CHINESE IN THE ROOM SEEMED CLEARLY DISCOMFITED BY HU'S BEARING, WHICH THEY SEEMED TO CONSIDER AN EMBARRASSMENT TO DISPLAY TO FOREIGNERS.

41. HU DID NOT SEEM ACCUSTOMED TO DEALING WITH FOREIGNERS. UNTIL NOW, HIS PRACTICE HAS BEEN ONLY TO MEET WITH REPRESENTATIVES OF FOREIGN POLITICAL PARTIES OR PROMINENT PRIVATE INDIVIDUALS. HE SEEMED VERY NERVOUS AT THE OUTSET, FREQUENTLY TURNING TO HUANG HUA TO CONSULT BEFORE ANSWERING QUESTIONS. INCIDENTALLY, HE REFERRED SEVERAL TIMES TO HIS CLOSE FRIENDSHIP WITH HUANG HUA, DATING BACK TO THEIR WORK TOGETHER IN SHANXI. THIS COULD WELL REFER TO THE DIXIE AND MARSHALL MISSIONS. IF SO, HU MAY HAVE WORKED WITH AMERICANS AT THAT TIME (THE INTELLIGENCE COMMUNITY MAY WISH TO CHECK FILES). BUT AS THE MEETING WENT ON, HE GREW MORE ASSERTIVE, AND HIS SELF-CONFIDENCE, ESPECIALLY IN DISCUSSING PARTY PATTERNS AND INTERNAL POLITICS, WAS IMPRESSIVE. END COMMENT.

42. THIS MESSAGE COMPOSED AFTER THE DEPARTURE OF THE FORMER PRESIDENT'S DELEGATION AND NOT REVIEWED BY HIM. FREEMAN

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SITUATION: CHECK
 SUBJECT CATAGORY: LIST

MESSAGE / ANNOTATION:

MESSAGE:
 IMMEDIATE

O 281055Z AUG 81
 FM AMEMBASSY BEIJING

TO SECSTATE WASHDC IMMEDIATE 4921

INFO AMEMBASSY MOSCOW IMMEDIATE 2985
 AMEMBASSY SEOUL IMMEDIATE 1673
 AMEMBASSY TOKYO IMMEDIATE 8196
 CINCPAC HONOLULU, HI IMMEDIATE
 SECDEF WASHDC IMMEDIATE
 COMUS/KOREA SEOUL IMMEDIATE
 COMUS/JAPAN TOKYO IMMEDIATE

~~CONFIDENTIAL~~ BEIJING 9205

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E.O. 12065: RDS-1, 8/28/01 (FREEMAN, CHARLES W., JR.) OR-M
 TAGS: MOPS, KS, JA, KN, CH
 SUBJECT: DEMARCHE ON NORTH KOREAN MISSILE FIRING INCIDENT
 REF: A) STATE 2286608, B) STATE 229967

1. (2 - ENTIRE TEXT)
2. CHARGE TOOK OCCASION OF SEND-OFF CEREMONY FOR FORMER PRESIDENT CARTER TO PRESENT GIST OF REFTEL A TO MFA VICE FOREIGN MINISTER ZHANG WENJIN AND TO STATE THE U.S. VIEWS THE NORTH KOREAN ACT AS UNNECESSARY, VERY UNFORTUNATE AND LIABLE TO INCREASE TENSIONS IN AN ALREADY HIGHLY VOLATILE AREA. VICE FOREIGN MINISTER ZHANG AGREED THAT THE INCIDENT WAS UNFORTUNATE AND UNNECESSARY BUT DID NOT VOLUNTEER TO TAKE ANY ACTION.
3. A/DCM FOLLOWED UP CHARGE'S COMMENTS TO VICE MINISTER ZHANG WITH A FORMAL DEMARCHE ON MFA AMERICAN AND OCEANIAN AFFAIRS DEPUTY DIRECTOR ZHANG ZAI. AN MFA NOTETAKER WAS ALSO PRESENT. FOLLOWING A/DCM'S PRESENTATION OF TALKING POINTS, ZHANG ZAI STATED:
 -- UNFORTUNATELY, THE PRC IS UNABLE TO CONVEY U.S.

SIT: RA COL JP VP
 EOB: GREGG, LILLEY, PIPES
 WHSR COMMENTS:

PSN:026714

DTG:281055

TOR:2401137

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SUBJECT CATEGORY: LIST

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COMMENTS TO DPRK;

-- THE DPRK IS AN INDEPENDENT COUNTRY. CHINA RESPECTS THE SOVEREIGNTY, OF THE DPRK AND WILL DO NOTHING TO INTERFERE IN THE DOMESTIC AFFAIRS OF THE DPRK;

-- AS THE U.S. KNOWS, CHINA HAS NEVER CONVEYED U.S. MESSAGES TO THE DPRK. THE UNITED STATES GOVERNMENT ALSO REFUSED TO ACCEPT A MESSAGE FROM THE DPRK CONVEYED BY THE PRC DURING FORMER DEFENSE SECRETARY BROWN'S VISIT TO CHINA;

-- THIS IS A MATTER BETWEEN THE UNITED STATES AND THE DPRK. CHINA'S POSITION ON THIS IS WELL KNOWN. UNFORTUNATELY, THE PRC IS UNABLE TO COMPLY WITH THE U.S. REQUEST.

4. A/DCM EMPHASIZED THE SERIOUSNESS WITH WHICH THE USG VIEWS THE NORTH KOREAN MISSILE FIRING. HE REPEATED STATE DEPARTMENT SPOKESMAN'S AUGUST 27 (REF B) STATEMENT THAT THE U.S. IS DETERMINED TO TAKE WHATEVER STEPS ARE NECESSARY TO PROTECT ITS AIRCRAFT.

5. COMMENT: ALTHOUGH THE CHINESE RESPONSE IS NOT HELPFUL, IT IS PREDICTABLE GIVEN (A) BEIJING'S ENDORSEMENT OF DPRK EFFORTS TO ESTABLISH DIRECT CONTACTS WITH USG, AND (B) EVER-PRESENT SENSITIVITIES REGARDING CHINESE POSITION IN DELICATE CHINESE-NORTH KOREAN-SOVIET TRIANGULAR RELATIONSHIP. UNLESS PRECEDED BY DEMARCHE IN WASHINGTON, THE CHINESE MAY BE MIFFED AND PERHAPS EMBARRASSED AS WELL AT U.S. PUBLIC ANNOUNCEMENT OF OUR INTENTION TO ASK THEM TO CONVEY A MESSAGE TO PYONGYANG PRIOR TO OUR ACTUAL DEMARCHE HERE. FREEMAN

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SITUATION LISTING

DATE 09/16/81//259

SITUATION: NODIS IN
SUBJECT CATEGORY: FE

MESSAGE / ANNOTATION:

MESSAGE:

HCE590
STU8350
PP RUEHC
DE RUMJPG #9210 2410310
ZNY SSSSS ZZH
P 290300Z AUG 81
FM AMEMBASSY BEIJING
TO SECSTATE WASHDC PRIORITY 4924
BT

~~SECRET~~ BEIJING 9210

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E.O. 12065: RDS-1, 3 - 8/28/01 (FREEMAN, CHARLES W. JR.) OR-M

TAGS: PDIP, CH (OVIP, CHARTER, JIMMY; ZHAO, ZIYANG)

1. ~~2~~ - ENTIRE TEXT.

2. DURING HIS AUGUST 25 MEETING WITH CHINESE PREMIER
ZHAO ZIYANG, FORMER PRESIDENT CARTER INVITED ZHAO,
GIVEN HIS INTEREST IN AGRICULTURE, TO VISIT HIM IN
PLAINS, GA. TO TOUR HIS OWN FARM AND OTHER FARMS IN
THE AREA. HE DESCRIBED THE KINDS OF CROPS GROWN
THERE AS SIMILAR TO THOSE IN MANY AREAS OF CHINA,
AND SAID HE WOULD BE GREATLY HONORED TO SHOW THE
PREMIER AROUND.

3. PREMIER ZHAO RESPONDED THAT HE HAD ACCEPTED
PRESIDENT REAGAN'S VERY GRACIOUS INVITATION TO VISIT
THE US. HE WOULD NOT BE GOING THIS YEAR, HE SAID,
"BUT IF (RPT "IF") I GO I WILL CERTAINLY CALL ON
YOU. I WOULD BE VERY INTERESTED IN SEEING YOUR
FARM. AS YOU KNOW, I AM GREATLY INTERESTED IN
EVERY ASPECT OF AGRICULTURE." FREEMAN

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NLRR M386/1 #60144

BY KML NARA DATE 10/18/13

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DATE 08/31/81//243

SITUATION: CHECK
SUBJECT CATEGORY: LIST

MESSAGE / ANNOTATION:

MESSAGE:
IMMEDIATEO 290155Z AUG 81
FM AMEMBASSY BEIJING

TO SECSTATE WASHDC IMMEDIATE 4938

~~SECRET~~ BEIJING 9221

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E.O. 12065: RDS-1, 8/29/01 (FREEMAN, CHARLES W. JR.) DR-M

TAGS: PEPR, PDIP, CH, TW, US

SUBJ: FORMER PRESIDENT CARTER'S AUGUST 27 MEETING WITH
DENG XIAPING: FURTHER DISCUSSION OF TAIWAN ISSUE

REF: BEIJING 9201

1. ~~8~~ ENTIRE TEXT2. PARA 29, SECOND SENTENCE, THE WORD "RESPONSIBILITY"
SHOULD BE CHANGED TO "POSSIBILITY." THAT PORTION OF
THE SENTENCE SHOULD READ: ...WHETHER CHINA WOULD
GIVE UP THE POSSIBILITY OF USING FORCE...
FREEMAN

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NLRR M386/1 #60145

BY KML NARA DATE 10/18/13

SIT:
EOB: LILLEY
WHSR COMMENTS:

PSN:027781

DTG:290155

TOR:2410312

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SITUATION: CHECK
SUBJECT CATEGORY: LIST

MESSAGE / ANNOTATION:

MESSAGE:
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Q R 310521Z AUG 81
FM AMEMBASSY BEIJING

TO SECSTATE WASHDC IMMEDIATE 5004

INFO CHINA POSTS COLLECTIVE

~~CONFIDENTIAL~~ SECTION 1 OF 3 BEIJING 9302

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E.O. 12065: GDS: 8/31/87 (FREEMAN, CHARLES W., JR) DR-M

TAGS: EINV, ENRG, MPOL, CH, US

SUBJ: FORMER PRESIDENT CARTER DISCUSSES TRADE AND
ECONOMICS WITH VICE PREMIER BO YIBO

1. ~~1~~ - ENTIRE TEXT
2. SUMMARY. DURING AN HOUR-LONG MEETING WITH FORMER PRESIDENT CARTER, VICE PREMIER BO YIBO OBSERVED THAT THERE IS A GOOD BASIS FOR DEVELOPING BILATERAL TRADE, FAILURE THUS FAR TO FULLY EXPLOIT THIS OPPORTUNITY, SAID BO, IS DUE PRIMARILY TO CHINA'S SHORTAGE OF CAPITAL, INADEQUATE ECONOMIC STRUCTURE, AND PROCESS OF ECONOMIC READJUSTMENT, BUT HE SAID THAT HIGH US INTEREST RATES AND US FAILURE TO EXTEND GSP TREATMENT TO CHINA ALSO PLAY A ROLE.
3. CHINA'S CURRENT PRIORITIES, ACCORDING TO BO, ARE IN DEVELOPING LIGHT INDUSTRY, ENERGY RESOURCES (OIL, COAL, AND HYDROELECTRIC), RAILWAYS AND PORTS, AND IN RENOVATING ITS MACHINE-BUILDING INDUSTRIES. BO CLAIMED THAT DEVELOPMENT OF CHINA'S COAL COMMANDS A HIGHER PRIORITY THAN OIL, SINCE COAL RESERVES ARE BETTER KNOWN. HE SAID THAT AN AGREEMENT OF INTENT HAS BEEN SIGNED WITH OCCIDENTAL PETROLEUM TO DEVELOP A 50 MILLION TON PER YEAR COAL MINE AT PINGSHUO IN SHANXI. PRESIDENT CARTER ASKED HOW THE COCA-COLA VENTURE IS DOING, AND BO THOUGHT IT A GOOD EXAMPLE OF BUILDING ON MODEST BEGINNINGS; THOUGH IMMEDIATE OPPORTUNITIES

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SIT: RA NAN COL JP VP
EOB: POATS, LILLEY, GUHIN
WHSR COMMENTS: CHECKLIST

PSN: 029684

DTG: 310521

TOR: 2430702

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SUBJECT CATEGORY: LIST

MESSAGE / ANNOTATION:

FOR INVESTMENT OR COMPENSATION TRADE ARE SMALL, US BUSINESSMEN SHOULD START SMALL AND THINK BIG: "THE POTENTIAL OF THIS MARKET IS TREMENDOUS."

4. THE FORMER PRESIDENT AND BO BOTH SPOKE FAVORABLY OF THE ROLE TECHNICAL TRAINING AND ASSISTANCE FROM THE US CAN PLAY IN CHINA'S MODERNIZATION. ON BUREAUCRATIC REFORM, THE VICE PREMIER SAID THAT PROGRESS "HAS NOT BEEN ALL THAT REMARKABLE," AND BETTER IN THE COUNTRYSIDE THAN IN THE CITIES. END SUMMARY.

5. FORMER PRESIDENT MET WITH VICE PREMIER BO YIBO FOR AN HOUR ON THE MORNING OF AUGUST 27. AFTER AN EXCHANGE OF REMINISCENCES AND COMPLIMENTS ABOUT THE SEPTEMBER 17, 1980 SIGNING BETWEEN THEM OF THE US/CHINA CONSULAR CONVENTION AS WELL AS MARITIME, AVIATION AND TEXTILE AGREEMENTS, PRESIDENT CARTER ASKED HOW THE VICE PREMIER WOULD ASSESS PROGRESS IN CARRYING OUT THE TERMS OF THOSE AGREEMENTS. VICE PREMIER BO REPLIED THAT IT HAD BEEN "NOT BAD, IN GENERAL, ACTUALLY, GOOD PROGRESS HAS BEEN MADE. BUT, DUE PRIMARILY TO THE PROCESS OF ECONOMIC READJUSTMENT IN CHINA, PROGRESS HAS NOT BEEN ALL THAT SATISFACTORY. NEVERTHELESS, THE AGREEMENTS LAID A FIRM FOUNDATION FOR THE DEVELOPMENT OF OUR BILATERAL TRADE RELATIONSHIPS."

6. THE FORMER PRESIDENT NOTED THAT HE HAD FOUND MANY US BUSINESSMEN EAGER TO ENGAGE IN JOINT VENTURES IN CHINA. HE ASKED WHAT IMPEDIMENTS NOW EXISTED TO THE ADOPTION OF A STANDARDIZED APPROACH TO SUCH US INVESTMENT IN CHINA. BO RESPONDED THAT THE DOOR TO TRADE AND INVESTMENT OPPORTUNITIES HAD ALREADY BEEN OPENED BETWEEN THE TWO COUNTRIES, THE PRINCIPAL DIFFICULTIES, HE SAID, WERE NOT ON THE US SIDE, BUT ON THE CHINESE SIDE. CHINA SUFFERED FROM A CAPITAL SHORTAGE AND AN INADEQUATE ECONOMIC STRUCTURE. IT ALSO FELT THE EFFECTS OF THE ECONOMIC READJUSTMENT. "BUT, THERE ARE ALSO SOME SMALL PROBLEMS ON THE US SIDE. YOUR INTEREST RATES ARE TOO HIGH FOR US TO MAKE EFFECTIVE USE OF YOUR EXPORT AND OTHER CREDITS. THE PROBLEM OF TARIFF TREATMENT HAS NOT YET BEEN COMPLETELY RESOLVED DESPITE REPEATED DISCUSSIONS -- BY THIS I MEAN THE POSSIBILITY OF EXTENDING THE GENERALIZED SYSTEM OF PREFERENCES FOR LESS DEVELOPED COUNTRIES TO CHINA."

7. PRESIDENT CARTER SAID HE UNDERSTOOD. THE BASIC

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SUBJECT CATEGORY: LIST

MESSAGE / ANNOTATION:

ISSUE WAS WHETHER THE UNITED STATES CONSIDERED CHINA A NEEDY COUNTRY. THAT ISSUE WAS BEING ACTIVELY DISCUSSED IN THE CONGRESS AND IN THE NEW ADMINISTRATION. HE ASKED WHETHER THERE WAS A MAXIMUM PERCENTAGE OF EQUITY THAT A US COMPANY COULD HOLD IN A JOINT VENTURE.

8. THE VICE PREMIER REPLIED THAT THERE WERE NO LIMITS OF THIS KIND. AMERICAN EQUITY WOULD NOT NECESSARILY HAVE TO BE 50 PERCENT OR BELOW, BUT COULD EXCEED 50 PERCENT. THE PERCENTAGE WOULD BE DECIDED AFTER COSTS OF THE SPECIFIC CIRCUMSTANCES OF INVESTMENT, THROUGH NEGOTIATIONS.

9. PRESIDENT CARTER NOTED THE CHINESE MOVE AWAY FROM EMPHASIS ON HEAVY MACHINERY TOWARD LIGHT INDUSTRY. HE SAID THAT IT WAS HIS UNDERSTANDING THAT, DESPITE THIS SHIFT IN PRIORITIES, CHINA HAD NEVERTHELESS HONORED ITS COMMITMENTS UNDER CONTRACTS THAT HAD BEEN CONCLUDED BEFORE THE NEW POLICIES WENT INTO EFFECT. HE ASKED WHAT SPECIFIC

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SITUATION(S) MESSAGE(S) LISTING

DATE 08/31/81//243

SITUATION: CHECK
SUBJECT CATEGORY: LIST

MESSAGE / ANNOTATION:

MESSAGE:

IMMEDIATE / ROUTINE

O R 310521Z AUG 81
FM AMEMBASSY BEIJING

TO SECSTATE WASHDC IMMEDIATE 5005

INFO CHINA POSTS COLLECTIVE

~~CONFIDENTIAL~~ SECTION 2 OF 2 BEIJING 9302

LIMDIS

CONSUMER GOODS THE CHINESE BELIEVED THEY MOST NEEDED TO
PRODUCE.

10. BO ANSWERED THAT THE FORMER PRESIDENT WAS
CORRECT, "WE ARE INDEED IN THE PROCESS OF TURNING
OUR PRIORITIES FROM HEAVY TO LIGHT INDUSTRY. THE
EMPHASIS IS ON PRODUCTION OF FOODSTUFFS AND GROCERY
PRODUCTS, TEXTILES AND HOUSEHOLD ELECTRICAL APPLI-
ANCES. BUT, OF COURSE, THIS IS NOT AN ABSOLUTE SHIFT
AWAY FROM HEAVY INDUSTRY. WE CONTINUE TO LAY EMPHASIS
ON THE DEVELOPMENT OF OUR ENERGY PRODUCTION, INCLU-
DING BOTH OFF-SHORE AND ON-SHORE OIL, COAL, AND HYDRO-
ELECTRIC POWER. WE ARE ALSO MAKING A MAJOR EFFORT TO
IMPROVE COMMUNICATIONS AND INFRASTRUCTURE, SUCH AS
RAILWAYS AND PORTS. MOREOVER, THERE IS A MAJOR NEED
FOR RENOVATION OF OUR MACHINE-BUILDING INDUSTRIES
SUCH AS SHIPBUILDING, AUTOMOBILES AND TRUCKS."

11. THE FORMER PRESIDENT NOTED THAT HE WOULD BE
VISITING THE SHIPYARDS IN SHANGHAI. HE ASKED
WHETHER, IN THE VICE PREMIER'S OPINION, HE
FOUND AMERICAN INVESTORS ADEQUATELY INTERESTED IN
OR TOO ENTHUSIASTIC ABOUT INVESTING IN CHINA. BO
RESPONDED THAT "THIS DEPENDS ON HOW YOU LOOK AT
IT. IN MY VIEW, DESPITE THE SHORT TERM LIMITATIONS,
AMERICAN INVESTORS AND BUSINESSMEN CANNOT POSSIBLY
OVERRATE THE POTENTIAL OF THE CHINESE MARKET. THE
PRESENT SCOPE OF OUR MARKET MAY BE LIMITED, AND IN

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PAGE 55 SITUATION(S) MESSAGE(S) LISTING

DATE 08/31/81//243

SITUATION: CHECK
SUBJECT CATEGORY: LIST

MESSAGE / ANNOTATION:

THE NEAR TERM THERE WILL NOT BE ANY BIG PROJECTS, BUT THE POTENTIAL IS VERY, VERY GREAT. IN FIVE TO TEN YEARS THIS WILL BE FULLY APPARENT. SO, IN MY VIEW, AMERICAN BUSINESSMEN SHOULD BE EVEN MORE INTERESTED THAN THEY ARE. THE POTENTIAL OF THIS MARKET IS TREMENDOUS."

12. PRESIDENT CARTER ASKED WHETHER COCA-COLA'S INVESTMENT IN CHINA, IN WHICH HE HAD A PERSONAL BUT NOT A FINANCIAL INTEREST, COULD BE TAKEN AS A MODEL. VICE PREMIER BO SAID, "SURE! COCA-COLA IS HERE ON AN EXPERIMENTAL BASIS. THEY HAVE INVESTED IN A PLANT IN BEIJING, AND THEY ARE NOW THINKING ABOUT EXPANDING THEIR OPERATIONS TO OTHER PARTS OF THE COUNTRY. WHEN I VISITED THE UNITED STATES LAST YEAR, I SAID I HOPED THAT US BUSINESSMEN WOULD CONSIDER THAT, ALTHOUGH INVESTMENT OPPORTUNITIES IN THE SHORT TERM ARE MAINLY SMALL DUE TO ECONOMIC READJUSTMENT, THERE ARE STILL OPPORTUNITIES FOR COMPENSATORY TRADE AND JOINT VENTURE ARRANGEMENTS ON A MODEST SCALE -- AND THE LONG-TERM PROSPECTS ARE BRIGHT. SO, YOUR BUSINESSMEN SHOULD BE PREPARED TO START SMALL, BUT THINK BIG. COCA-COLA HAS STARTED SMALL, BUT IT HAS GAINED ACCESS ALREADY TO PART OF THE CHINESE MARKET. LATER ON THIS CAN BE ENLARGED. I THINK THAT THERE IS GREAT POTENTIAL FOR INVESTMENT IN BOTH LIGHT INDUSTRY AND MACHINE BUILDING. AND, WE IN CHINA ARE READY TO GO FORWARD."

13. THE VICE PREMIER ASKED THE FORMER PRESIDENT WHETHER, GIVEN HIS "GRATIFYING INTEREST IN SINO-AMERICAN TRADE AND INVESTMENT MATTERS," HE HAD ANY SUGGESTIONS TO MAKE. THE FORMER PRESIDENT ASKED WHETHER THE CHINESE WERE MAKING ADEQUATE USE OF TRAINING PROGRAMS AND TECHNICAL ASSISTANCE FROM US COMPANIES IN AREAS SUCH AS FOOD PROCESSING, CONSUMER GOODS AND SALES, ENERGY, ELECTRONICS AND COMPUTERS. BO REPLIED THAT SOME COOPERATION IN THESE AREAS HAD ALREADY BEGUN, CITING FOODSTUFFS AND ELECTRONICS. "BUT THIS IS NOT YET ON A LARGE SCALE. WE ARE INTERESTED IN SENDING MANY MORE TECHNICIANS FOR TRAINING IN THE UNITED STATES. IT IS VERY POSSIBLE THAT THE RESULTS OF SUCH TECHNICAL TRAINING WOULD BEAR QUICK AND MORE PRACTICAL DIVIDENDS THAN TRAINING IN UNIVERSITIES."

14. THE FORMER PRESIDENT AGREED. HE NOTED THAT SUCH TRAINING WOULD BE RELATIVELY INEXPENSIVE FOR

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MESSAGE / ANNOTATION:

CHINA. IT WOULD BENEFIT US COMPANIES BY ENABLING THEM TO LEARN ABOUT CHINA AND TO EXPLORE INVESTMENT OPPORTUNITIES. HE SAID HE GUESSED THAT US COMPANIES WOULD THEREFORE BE WILLING TO PROVIDE SUCH TRAINING ON A COST-FREE BASIS OR AT A NOMINAL COST TO CHINESE CORPORATIONS AND THE CHINESE GOVERNMENT. HE SAID HE WOULD PURSUE THE IDEA ON HIS RETURN TO THE UNITED STATES, IF THE VICE PREMIER THOUGHT IT WORTHWHILE. BO SAID THIS WAS A VERY GOOD IDEA AND CHINA WOULD BE GRATEFUL FOR ANY EFFORT THE FORMER PRESIDENT MIGHT MAKE IN THIS REGARD.

15. PRESIDENT CARTER NOTED THAT ONE REQUIREMENT WOULD BE A MINIMUM KNOWLEDGE OF ENGLISH BY THE TECHNICIANS. THE VICE PREMIER SAID CHINA HAD SUCH PEOPLE, ADDING THAT "ONE OF OUR PRIME CRITERIA NOW FOR TECHNICIANS GOING TO THE UNITED STATES IS THAT THEY MUST KNOW ENOUGH ENGLISH TO BE ABLE TO MUDDLE ALONG."

16. PRESIDENT CARTER REMINDED VICE PREMIER BO OF THE INTEREST OF ARCHER DANIEL MIDLANDS IN INVESTING ONE HUNDRED MILLION DOLLARS IN FACILITIES TO PRODUCE HIGH PROTEIN FOOD PRODUCTS FROM SOYBEANS. HE ALSO RAISED THE ISSUE OF CHINESE PARTICIPATION IN THE FORTHCOMING WORLD'S FAIR IN KNOXVILLE,

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DATE 08/31/81//243

SITUATION: CHECK
 SUBJECT CATEGORY: LIST

MESSAGE / ANNOTATION:

MESSAGE:

IMMEDIATE / ROUTINE

Q R 310521Z AUG 81
 FM AMEMBASSY BEIJING

TO SECSTATE WASHDC IMMEDIATE 5006

INFO CHINA POSTS COLLECTIVE

~~CONFIDENTIAL~~ SECTION 3 OF 3 BEIJING 9302

LIMDIS

TENNESSEE, SAYING THAT IT WOULD BE A GREAT SHAME IF CHINA WAS THE ONLY MAJOR TRADING PARTNER OF THE UNITED STATES TO BE UNREPRESENTED THERE. VICE PREMIER BO SAID THAT CHINA WAS VERY INTERESTED IN AMERICAN TECHNOLOGY FOR SOYBEAN FOODSTUFFS AND THE PROCESSING OF CEREALS. HE WAS UNFAMILIAR WITH THE WORLD'S FAIR PROPOSAL. HE PROMISED TO PROVIDE THE FORMER PRESIDENT WITH A RESPONSE TO HIS QUESTIONS BEFORE HE LEFT CHINA. CONTINUING, HE SAID, "I AM SURE YOU KNOW YOU CAN'T BE IN A HURRY WITH US CHINESE. WE ARE FAMOUS ALL OVER THE WORLD FOR PROCRASTINATION. NOW WE ARE TRYING TO CHANGE OUR WAYS AND BRING ABOUT REFORMS TO SPEED OUR LETHARGIC BUREAUCRATIC PROCEDURES. THIS IS A VERY BIG THING IN TERMS OF OUR DOMESTIC AFFAIRS."

17. PRESIDENT CARTER ASKED WHAT PROGRESS WAS BEING MADE. VICE PREMIER BO SAID THERE HAD BEEN SOME PROGRESS, "BUT IT IS NOT ALL THAT REMARKABLE. WE HAVE MADE PARTICULAR PROGRESS IN THE FIRST HALF OF 1981, BUT WE ARE NOT TOTALLY SATISFIED. THE PROGRESS IN THE COUNTRYSIDE HAS BEEN MUCH BETTER THAN IN THE CITIES. OUR FARMERS HAVE EXPERIENCED A NOTABLE RISE IN THEIR LIVING STANDARDS. THE SITUATION WITH REGARD TO AGRICULTURAL PRODUCTION IS VERY GOOD. THERE HAS BEEN SOME PROGRESS IN THE URBAN AREAS, BUT MOSTLY IN THE COASTAL CITIES WHICH ARE

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 WHSR COMMENTS:

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DTG:310521

TOR:2431016

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SITUATION: CHECK
SUBJECT CATEGORY: LIST

MESSAGE / ANNOTATION:

DOING BETTER THAN THE INTERLANDS."

18. THE FORMER PRESIDENT ASKED WHAT EFFECTS THE RETRENCHMENT IN SPENDING HAD HAD ON CHINA'S DEFENSE BUDGET. VICE PREMIER BO REPLIED "WE HAVE INDEED MADE A BIG CUT IN OUR DEFENSE EXPENDITURES BUT THERE HAS BEEN NO PERCEPTIBLE INFLUENCE ON TRAINING PROGRAMS AND EQUIPMENT. I CAN TELL YOU THAT CHINA IS VERY CONCERNED ABOUT THE EQUIPMENT OF OUR TROOPS. WE NEED TO ALLOCATE MORE RESOURCES TO BEEF-UP OUR DEFENSE CAPABILITY."

19. PRESIDENT CARTER ASKED WHERE THE CUTS HAD FALLEN. BO ANSWERED THAT GIVEN THE PROBLEM OF BALANCING THE BUDGET, CUTS HAD BEEN MADE ACROSS THE BOARD. "BUT, SOME PROGRAMS CANNOT BE CUT, FOR EXAMPLE, LIGHT INDUSTRY, CONSUMER PRODUCTS, TEXTILES, EDUCATION, AND PUBLIC HEALTH. THERE HAVE HAD TO BE SOME CUTS IN INVESTMENT IN ENERGY PRODUCTION. THE SCOPE OF THESE CUTS HAD BEEN ABOUT THE SAME AS DEFENSE -- WITH CUTS AVERAGING AROUND TEN PERCENT."

20. PRESIDENT CARTER ASKED WHAT THE SITUATION IN OIL PRODUCTION WAS. VICE PREMIER BO REPLIED THAT "OUR EFFORTS TO DEVELOP OFF-SHORE OIL PRODUCTION HAVE NOT LET UP. BUT, OUR EMPHASIS ON ENERGY IS ON COAL. THIS IS BECAUSE THE SIZE OF OUR COAL RESERVES IS BETTER KNOWN TO US, SO COAL IS A Surer BET. THE PICTURE WITH REGARD TO OIL RESERVES IS STILL BLURRED. OF COURSE, WE ALSO HAVE TREMENDOUS HYDRO-ELECTRIC POTENTIAL OF ABOUT THIRTY MILLION KILOWATTS. OUR INSTALLED CAPACITY IS ONLY ABOUT FOUR PERCENT OF OUR POTENTIAL."

21. PRESIDENT CARTER ASKED WHETHER THE COAL STRIP-MINING DEAL HAD BEEN CONCLUDED WITH OCCIDENTAL PETROLEUM. BO SAID THAT AN AGREEMENT OF INTENT HAD BEEN SIGNED. THE MINE WAS LOCATED IN NORTHERN SHANXI PROVINCE AND WAS CALLED PINGSHUO AFTER THE TWO COUNTIES THAT IT WAS LOCATED IN, PINGLU AND SHUOXIAN. AMERICAN ENGINEERS WENT THERE IN 1979. AFTER TWO YEARS OF ON-AGAIN, OFF-AGAIN NEGOTIATIONS THE AGREEMENT OF INTENT HAD BEEN CONCLUDED. THE ANNUAL PRODUCTION CAPACITY OF THIS STRIP-MINE WAS FIFTEEN MILLION METRIC TONS PER YEAR.

22. THE MEETING ADJOURNED AT 1030 HOURS, WHEN THE FORMER PRESIDENT WAS DUE AT HIS MEETING WITH VICE CHAIRMAN DENG XIAOPING.

23. COMMENT. IN THIS MEETING, BO CONTINUES TO

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SUBJECT CATEGORY: LIST

MESSAGE / ANNOTATION:

SOUND THE VERY POSITIVE NOTES THAT HE HAS STRUCK DURING RECENT MEETINGS WITH OTHER US POLITICAL LEADERS ON THE BENEFITS TO BOTH SIDES OF TRADE AND INVESTMENT. HIS ADVICE TO AMERICAN BUSINESS TO BE PATIENT -- TO MAKE ALLOWANCES FOR THE CHINESE BUREAUCRACY AND TO WAIT FOR READJUSTMENT TO TAKE EFFECT -- IS A FAMILIAR THEME, AND BO ADDS THE INCENTIVE OF THE FUTURE "TERRIFIC" MARKET WHAT WILL BE CHINA. BO'S UNENTHUSIASTIC COMMENTS ON THE STATE OF BUREAUCRATIC REFORMS IN THE CITIES STRIKE US AS HONEST AND OBJECTIVE. HIS REMARKS ON THE DEFENSE BUDGET, ON THE OTHER HAND, APPEAR TO BE CONTRADICTORY OR AT LEAST OBFUSCATORY: HE CLAIMS THAT EXPENDITURES HAVE BEEN CUT, BUT TRAINING AND EQUIPMENT ARE NOT AFFECTED, AND YET, MORE RESOURCES NEED TO BE ALLOCATED. ALTOGETHER, THE MEETING CONVEYED THE SENSE OF EFFECTIVE COMMUNICATION AND PROGRESS IN THE BILATERAL RELATIONSHIP THAT HAS CHARACTERIZED MEETINGS WITH BO IN THE PAST. END COMMENT.

24. THIS MESSAGE WAS NOT SEEN BY THE FORMER PRESIDENT OR MEMBERS OF HIS PARTY BEFORE THEIR DEPARTURE FROM BEIJING.

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CHINA, PRC AUGUST 1981 (3 OF 3)

FOIA

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COHEN, WARREN

Box Number

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ID	Document Type	No of pages	Doc Date	Restrictions
	Document Description			
60146	CABLE BEIJING 9302	9	8/31/1981	B1

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44
ID 8105160

UNCLASSIFIED UPON REMOVAL
OF CLASSIFIED ENCLOSURE(S)

RECEIVED 31 AUG 81 13

TO

ALLEN

FROM CARLUCCI, F

DOCDATE 31 AUG 81

KEYWORDS: FMS

CHINA P R

HUAQING, LIU

TECHNOLOGY TRANSFERS

EXPORT CONTROLS

SUBJECT: CHINESE INTEREST IN US TECHNOLOGY

ACTION: PREPARE MEMO FOR ALLEN

DUE: 01 SEP 81 STATUS S FILES

FOR ACTION

FOR CONCURRENCE

FOR INFO

SCHWEITZER

KIMMITT

LILLEY

(out of tm)

GREGG

WEISS

LENZ

BERTA

HUBERMAN

DEGRAFFENREID

STEARMAN

BAILEY

Trenspose.

COMMENTS

REF# X15930

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ACTION OFFICER (S) ASSIGNED ACTION REQUIRED DUE COPIES TO

<i>RA</i>	<i>4 1/2</i>	<i>In Signature</i>	<i>9/8</i>	
<i>Schweitzer</i>	<i>3 9/04</i>	<i>for further action, per Colson</i>	<i>9/8</i>	
<i>RVA</i>	<i>X 9-15</i>	<i>For Signature</i>	<i>9-17</i>	
	<i>C 9/17</i>	<i>RVA ref memo to Carlucci</i>		<i>SC, L3 (CFI) ✓</i> <i>JK, BW, BH, RK ✓</i>

DISPATCH

done dom 9/17 8:30pm

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(C) dsm

THE WHITE HOUSE

WASHINGTON

~~SECRET~~

September 17, 1981

MEMORANDUM FOR FRANK C. CARLUCCI
Deputy Secretary of Defense

SUBJECT: Chinese Interest in US Technology (U)

Thank you for your memorandum of 31 August 1981. I have no objections to any of the positions you have taken on US items of interest to the Chinese.



Richard V. Allen
Assistant to the President
for National Security Affairs

~~SECRET~~

Classified by DepSecDef
Declassify 30 Aug. 1987

RW 1/5/09

MEMORANDUM

NATIONAL SECURITY COUNCIL

~~SECRET~~

September 15, 1981

ACTION

MEMORANDUM FOR RICHARD V. ALLEN

THROUGH: ROBERT SCHWEITZER *RS*FROM: CHRIS SHOEMAKER *CS*

SUBJECT: Chinese Interest in US Technology (U)

Deputy Secretary Carlucci has forwarded for your comment a table which summarizes the Defense Department positions on US items of interest to the Chinese. He asks that we identify any areas of disagreement with the positions outlined on each item by the DOD.

Recognizing our technical limitations, we have no objections to any of the DOD positions on any of these items.

Concurrences: *Bob* Kimmitt, *GA* Weiss, *Be* Huberman, *agf* Lenz, *n* Lilley

RECOMMENDATION

That you sign the memorandum at Tab I to Deputy Secretary Carlucci approving his decisions.

[Signature] Approve _____ Disapprove

SIGNED

Attachments

Tab I Memorandum for the DepSecDef
Tab II Incoming memorandum from Carlucci with tables

~~SECRET~~

Classified by DepSecDef
Declassify 30 Aug. 1987

DECLASSIFIED

NLRR M386 #60147

BY KML NARA DATE 1/29/13



~~SECRET~~

THE SECRETARY OF DEFENSE

WASHINGTON, D.C. 20301

31 AUG 1981

MEMORANDUM FOR THE SECRETARY OF STATE
SECRETARY OF COMMERCE
ASSISTANT TO THE PRESIDENT FOR NATIONAL
SECURITY AFFAIRS

SUBJECT: Chinese Interest in US Technology (U)

(S) The attached table summarizes the Defense positions on the US items of interest to the Chinese as they were presented to us in their latest list. The presentation used in the table is intended for US reviewers. In our presentation to the Chinese, we plan to omit the categorization and national security rationale in favor of a straightforward statement of our position on each item. Where appropriate, we will compare our positions with those of the previous Administration.

(S) I believe that these positions represent the appropriate balance of responsiveness and restraint in implementation of the President's policies on export controls and military sales for China. Statistically, of the 51 listed items (including 24 munitions items), the Defense positions include 25 approvable items (8 munitions), most with some restrictions. They include 15 items (8 munitions) which would be denied but for which we can offer approvable alternatives. Finally, 11 items (8 munitions) would be denied completely. More significant, however, is the fact that on 19 items (12 munitions) our position is more forthcoming than that previously taken with the Chinese: 7 new approvals; 5 less restricted approvals; and 7 denials, but with new and higher technology alternatives.

(S) We should present the Chinese with a Government position on these items when we meet with Liu Huaqing. Accordingly, I would appreciate your identification of any areas of disagreement with these positions by 2 September. For any technical questions, you may refer your staff to the Office of the Under Secretary of Defense for Research and Engineering, Office of Military Technology Sharing (697-9203) for munitions items or Office of Technology Trade (694-4777) for dual-use items.

Frank C. Carlucci
Deputy Secretary of Defense

Classified by Dep Sec Def
Declassify on 30 August 1987

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Sec Def Cont Nr. X-

15930

DECLASSIFIED

NLRR M11-386 #60148

BY fw NARA DATE 12/5/02

60148
5160

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Date 26 August 1981

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ITEM	At Issue	Approvable *	Approvable with Restrictions *	Deny with Alternatives	Deny	REMARKS
1. LSI Electronic Components						* Case-by-case review with approval depending on end use, end user, level of technology requested, quantity, appropriateness of request to end use, and risk of diversion to nuclear weapon development or delivery systems, ASW, EW, or intelligence production.
a. TTL Digital IC						
74 Series Products		X				
Turn key technology			X			No 74LS Technology because of risk of diversion and level of technology.
54 Series Products		X				
Turn key technology			X			Complete production, including testing, but limited to indigenous ceramic packaging. No LS technology.
b. MOS Memory Chips						State-of-the-art memory devices critical to digital processing and control for ASW, EW and missile delivery.
16 RAM Products			X			Approvable in limited quantities.
Turn key technology			X			Assembly and packaging only; testing limited to capability of d.4), below. No chip production.
16 ROM Products			X			Depending on contents of ROM. Specific application firmware is approvable. (Not on September 80 list)
Turn key technology			X			Assembly and packaging only; testing limited to capability of d.4), below. No chip production.

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07 RW
 M11-386 #60148-A
 10/5/82

Date 26 August 1981~~SECRET~~

ITEM	At Issue	Approvable *	Approvable with Restrictions *	Deny with Alternatives	Deny	REMARKS
PROM Products			X			Approvable when installed as firmware in a licensed product. This does not mean approval for unprogrammed PROM's or PROM Programmers. No EPROMs.
64K RAM Products			X			Approvable when installed as main memory of large computers.
c. Research and Test Equipment (Actually keystone production equipment)						Equipment specified by China is keystone for the design, test and manufacture of advanced products particularly applicable to missile delivery, ASW, EW and intelligence gathering. Some approvable substitutes are suggested. Technology is limited to 1976 (minimum of 5 Microns) and maximum package count of 24 pins.
1) Computer-Aided Design (Applicon AGS 860 and 885 or CALMA Type II)			X			Approval depends on technology requested. Software is limited to 1975 technology compatible with Pattern Generator. Approval easier for AGS 870.
2) VLSIC Design System (GCA 9400)					X	(1978 technology) No acceptable alternatives.
3) Pattern Generator (GCA DW Mann 3600)				X		Substitute Gyrex Model 1001-4 or DW Mann 3000 level with software limitations compatible with the CAD system.
4) Test System (Fairchild Sentry Type VIII)				X		Substitute Fairchild Sentinel Model: Sentry 100, 200 or 400, 5000c, or Qualifier 901; or HP 5046A; Max. 24 pin count. Sentry has availability problem.
5) Electron Beam Exposure Equipment (ETEC 511-0000-82)					X	No acceptable alternatives.
6) Projection Mask Aligner (Perkin Elmer 140 or Cobilt CA 3000)				X		Substitute any contact aligner, e.g., KNS 686, Casper 2001C, Cobilt 800

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Date 26 August 81~~SECRET~~

ITEM	At Issue	Approvable *	Approvable with Restrictions *	Deny with Alternatives	Deny	REMARKS
7) Ion Implantation System (Varian 400 KeV)					X	No acceptable alternatives. This equipment is not required for companion approvable equipment.
8) Photorepeater (GCA D.W. Mann 3696)				X		Substitute Mann 3095 or Jade Single Barrel Step and Repeat.
2. Computer						
a. Level 66/DPS-1, -2, -3, -4, -5 Products			X			Need better definition of system desired. Restrictions on special attached processors and or software. DPS-4 and DPS-5 may be approved only for lease for certain applications under equivalent "Western Geophysical" safeguards. No sales. Lower capability systems would be considered.
Production			X			Certain peripherals or parts approvable, depending on technology.
b. Level 6 minicomputers Products		X				Need better definition of systems desired.
Production			X			Certain peripherals or parts approvable, depending on technology.
c. PDP 11/34 M			X			Restrictions required on certain software, such as networking/communications. The PDP 11/34M is used by the U.S. Intelligence Community and by the military command control structure.

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Date 26 August 81

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ITEM	At Issue	* Approvable	Approvable with Restrictions *	Deny with Alternatives	Deny	REMARKS
d. Magnetic Disc Drives and Packs, 100-200 MB Products			X			Limitation on bit transfer rate, technology, and total installed capacity.
e. IBM 3032/3033				X		Substitute lower capability systems. Lease approvable for certain applications under equivalent "Western Geophysical" safeguards. No sales.
3. IR Devices and Technology						General Comment: This technology is critical to both U.S. tactical and strategic capabilities. It has certain applications (e.g. ASW-IR) which could significantly increase the vulnerability of our strategic forces (SSBNs, SSNs, and surface combatants). This technology (and devices) are part of our most advanced systems. Some equipment could be sold on a case-by-case basis, but no technology or production "know-how" or equipment should be transferred.
a. Multi-element Passive Detectors, Coolers, Displays and Preamplifiers 3-14 Micron			X			Only multi-element detectors of much older design technology are approvable, e.g., the Magnavox Dragon Night Sight (AN/TAS-3); Hand-Held Thermal Viewer (AN/PAS-7); and Hughes Probeye Hand-Held Thermal Viewer (commercial item). The AN/PVS-4 sight and AN/PVS-5 goggles could also be considered on a case-by-case basis.

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Date 26 August 1981

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ITEM	At Issue	Approvable *	Approvable with Restrictions *	Deny with Alternatives	Deny	REMARKS
b. 180 Line Thermo Image					X	Low-noise preamplifiers, detector arrays, closed cycle cryogenic coolers and light-emitting diode arrays and their technology are critical. Devices in this area are in our first line equipment. As an alternative to passive IR devices we suggest image intensification devices such as the AN/PVS-2 Crew-Served Weapon Sight. This is the 180 element linear array, which is the basis for the tri-service common module forward looking IR (MOD FLIR) system, a component of our first line equipment.
4. Microwave electron tubes and Semiconductors						
a. Transmitter Tubes and Solid State						
1. Octave Bandwidth TWTs, 100W (1-18 GHz)			X			1-9 GHz approvable to 100W, no ruggedized or miniaturized models. Higher capability devices are specially designed for EW and satellite applications. 9-18 GHz to 20W approvable.
2. Narrow band tubes (5% B.W.) up to 20 GHz and 10 KW		X				
3. Solid State Amplifiers, up to 10 GHz (10% B.W.)			X			Approvable case-by-case up to 1 watt, with greater bandwidths approvable.
b. Low Noise Preamplifiers, 10% B.W.		X				Greater bandwidths approvable.

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Date 26 August 1981

ITEM	At Issue	Approvable *	Approvable with Restrictions *	Deny with Alternatives	Deny	SECRET	REMARKS
5. Inertial Navigation Systems							General Comment: The LTN-51, a commercial version of the LN-33 (minus certain key features), was included as part of the Boeing 707 sale. It or the LTN-72 (an updated version of the LTN-51) could be released as installed, on a case-by-case basis, however, production engineering information and detailed test procedures should not be transferred (i.e., No INS production "know-how" equipment, etc., should be transferred.
a. SINS MK2 Model 6					X		This is a submarine INS used on our Poseidon and TRIDENT (backfit) nuclear submarines. Has been sold only to the UK.
b. SKN-2416					X		This is a weapons delivery navigator. Has been released to NATO, Israel and Egypt. Is part of an offensive weapons (bomb delivery) capability. Is used on the F-16 fighter/bomber.
LN-33			X				The basic LN-33, appropriately "detuned" by Litton, can on a case-by-case basis be made acceptable for release. Release would, by law, require FMS.
LN-33 (Improved)					X		First-line equipment on U.S. Navy aircraft.

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ITEM	At Issue	Approvable *	Approvable with Restrictions *	Deny with Alternatives	Deny	REMARKS
c. Sperry MK III, Mod 3					X	This INS is used by our SSN Nuclear Attack submarines, has never been released.
6. Test Equipment						Willing to consider these equipments, but capabilities for programmability, automatic operation, and the IEEE-488 interface bus may be grounds for denial depending on end use and quantities due to their applications in the SigInt/EW areas.
(1) Network Analyzer HP 8507B			X			Will consider automated systems on a case-by-case basis in limited quantities to end users engaged in activities such as education and R&D. Larger quantities of manual systems such as HP-8410S (without HP-1B) would be approvable.
HP 8409A				X		Substitute 8410S, as above.
(2) Automatic Signal Generators at 40 GHz and higher				X		Non-automatic generators, 1-18 GHz at milliwatt powers, are approvable. Denial based upon frequency range and programmability which have applications as discussed above. Non-synthesized, non-YIG, manual signal generators at frequency ranges up to 18.0 GHz, and/or synthesized, or YIG, manual signal generators at frequency ranges up to 1.3 GHz would be approvable on a case-by-case basis. Examples: HP 618C (3.8 - 7.6 GHz); HP 602B (7-11 GHz); HP 8660A with 86602B and w/o HP-1B (1-1300 MHz)
(3) Microwave Measurement Equipments below 40 GHz.			X			Need specifics. Remarks above apply. Nonprogrammable equipments operating below 18.0 GHz approvable case-by-case.

Date 26 August 81~~SECRET~~

ITEM PRODUCT/TECHNOLOGY	At Issue	Approvable *	Approvable with Restrictions *	Deny with Alternatives	Deny	REMARKS
7. Aircraft and Marine Turbine Engines a. LM-2500 Marine Gas Turbine b. F-100 Aircraft Engine			x	X		Product approvable; technology has restrictions (variable geometry, combustor/turbine design, turbine cooling) This is our first-line engine for the F-15 and F-16 aircraft. Alternative engines (e.g. J79) could be provided. Engineering and technical assistance to improve current indigenous Chinese engines will be considered. Cermet (ceramic-metallic) engine coatings of their engines by U.S. companies could be permitted. We oppose transfer of the coating technology however.
8. Early Warning Radar 1. AN/TPS-43 and associated command and control system. 2. AN/TPS-59		X		X		The export version (<u>not</u> the USAF version) of the AN/TPS-43 has already been approved for release to China. The GE-117 radar is a commercial version of the AN/TPS-59 and may be acceptable substitute to the Chinese.
9. Flight Motion Simulators with Hyshare 700 computer			X			Software restrictions.

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Date: 26 August 198

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ITEM	At Issue	Approvable *	Approvable with Restrictions *	Deny with Alternatives	Deny	REMARKS
10. Portable Radios: PRC-70				X		Alternative license has already been approved for E-Systems PRC-77 Radio. PRC-70 is very latest state-of-the-art; is a SSB VHF manpack used by Special Forces and the RDF. Are looking for other alternatives.
11. Optics						We would support sale of second generation image intensifier tubes, but oppose manufacture of the two critical components: micro-channel plates and advanced cathodes. These items are difficult to reverse engineer, and the secret is in the manufacturing technology. Second generation image intensifier tubes are currently in production and represent mid to late 1970s technology, so the alternatives we are offering are quite good.
a. Micro-channel plate and wafer tube for Night Vision				X		
b. Fiber Optic Plate Inverter and amplifier.				X		
12. Surveying Equipment Position Azimuth Determination System				X		The PADS is designated the AN/USQ-70. Recommend the "Litton Auto-Surveyor System" (LASS). Other substitute seismic system (e.g., Exxon, Geosource, Texas Instruments) should be considered.
13. Improvement of F-8						A US commercial (e.g. Emerson; Westinghouse, et al) system tailored for the PRC might be possible. Due to limited information on the F-8, it is difficult to suggest realistic alternatives. However, see 13b response below.
a. Pulse Doppler Radar (WX-200, (APG-65))					X	

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Date: 26 August 81

ITEM	At Issue	Approvable *	Approvable with Restrictions *	Deny with Alternatives	Deny	REMARKS
b. Fire Control System			X			The AN/APG-149-153 series of fire control radars produced by Emerson for the F-5 aircraft could be approvable. It has been sold to many countries. It is not a pulse doppler radar, but is a very good system.
c. Engine (F-404)				X		The J79 could be provided; also engineering and technical assistance to improve current F-8 engine should be considered.
d. Inertial Navigation System			X			The LTN-51, LTN-72 or the basic LN-33 (appropriately detuned) INS systems could be considered for release. INS technology should not be released.
e. ECM (Coop. in improvement)					X	We need more specific information on this request. Basic DoD position should be to deny assistance. The Chinese have sufficient technology to engineer ECM equipment from requested components. Any US equipment sales would markedly increase capability against US allies in Asia.
14. Laser Guidance System					X	We have no information as to what laser guidance system(s) they are specifically interested in. We must be provided additional info before we can recommend a DoD position. These systems generally contain our most advanced technologies. Release could lead to development of counter-measures. Recommend denial.
15. Sonar Systems					X	Any assistance in this area could cause very serious consequences for US strategic underwater weapon systems, including our SSBNs, SSNs, etc.

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ITEM- PRODUCT/TECHNOLOGY	At Issue	Approvable *	Approvable with Restrictions *	Deny with Alternatives	Deny	REMARKS
16. PRC Visitors Study at Research Centers Los Alamos, Livermore Lab. Nevada Test Site			Visit	X	Study	PRC "visits" to either LASL and LL similar to those previously approved for Soviet scientists is approvable on a case-by-case basis. PRC "study" at either research center is not approvable. PRC visits to the NTS should not be approved. The NTS is strictly a nuclear weapons test site. Visits/study at NTS is not appropriate. The DoD position noted should be communicated to the DoE, which has primary jurisdiction concerning this request.
17. Anti-tank Missile: Improved "TOW"			X			Requires NDP exception. Basic TOW is no longer in production, but can be licensed produced by PRC. I-TOW advanced technology warhead not approvable for their production. Normal procurement lead time is @ 30 months. ECM capabilities will not be provided.
18. Surface-to-Air-Missiles: Improved "HAWK"			X			NDP Exception required. Basic HAWK out of production since 1972; and not supportable as no current Tech Data Package exists. US I-HAWK production phase out begins April 1982. Requires sophisticated manufacturing techniques. Normal procurement lead time is @ 36 months. Partial co-production can be considered. CHAPARRAL, PATRIOT, ROLAND, STINGER and REDEYE should all be denied.
19. Torpedo: MK 48					X	The Chinese have already been told _____ that the MK-48 torpedo is not available.

#5160

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 2050615 Sep 81

Memo for Janet

S: Chinese Interest in Technology

- Somehow the attached got waylaid. It arrived on my desk today. We cannot determine whether it was "waylaid" enroute or even by us. If appropriate, please accept our apologies -- whether or not owed.
- Jim Lilley's Chop is not on because he was not here ~~and still is not~~. I had to handle solo; He has now chopped.
- Although Carlucci asked for a response by 2 Sep, I think it is still right to send him a reply simply to convey fact we saw memo and reviewed positively.
Bob Schweitzer

15

#5160

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RECEIVED

81 SEP 3 A 9: 55

JANET COLSON _____

BUD NANCE _____

DICK ALLEN _____

IRENE DERUS _____

JANET COLSON _____

BUD NANCE _____

PETER _____

CY TO VP _____ SHOW CC _____

CY TO MEESE _____ SHOW CC _____

CY TO BAKER _____ SHOW CC _____

C TO DELIVER _____ SHOW CC _____

C 9/04 BRADY THE WHITE HOUSE SHOW CC _____

WASHINGTON

C _____

#5160

Bob Schwartz

① need Jim Hillen's
Comments.

② Also send via
Lenny (even tho he's
not there, his office
is functioning.
Unless this goes via him,
it's temporarily lost in
so far as the computer
is concerned. Thanks. J.

5160

RECEIVED

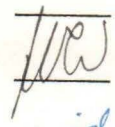
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JANET COLSON

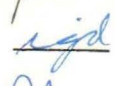
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DICK ALLEN

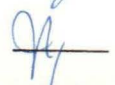
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SIGNED

IRENE DERUS

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JANET COLSON



BUD NANCE

PETER

CY TO VP

SHOW CC _____

CY TO MEESE

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CY TO BRADY

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Comments: