

THEMES AND ISSUES: PEOPLE'S REPUBLIC OF CHINA

Following are suggested themes for the Delegation's use during the visit to the People's Republic of China (PRC).

1. US strength and confidence. In the PRC, we should emphasize the positive -- the major steps taken to strengthen our military capabilities; foreign policy initiatives such as the arms control talks and November Summit; and our economic vibrancy, relative to the rest of the industrialized world. The more the Chinese believe we have the wherewithal and determination to remain a superpower and the dominant geopolitical force in Asia, the more they will value our bilateral relations.
2. US-PRC bilateral relations. Despite differing systems, we can enjoy good bilateral relations. We have many common interests and goals, especially the stability of North Asia and the containment of Soviet expansionism. We should treat each other as equals, recognizing that our good relations benefit both sides equally. Each side should be sensitive to the needs and feelings of others -- neither side should gratuitously rock the boat.
3. Economic relations. Our economic relations have great potential but need work on both sides. China needs our investment and technology badly. We see China as a growing market for our exports. China needs to live up to its economic agreements (unlike with the grain agreement); reduce obstacles to US investment; regularize its trade processes, for a more efficient interface with the capitalist economies which dominate the world trading system; and be aware of the US sensitivity about China's emergence as an export competitor in some areas (e.g., corn).
4. Role of Congress. The Chinese have a relatively unsophisticated view of the US Government system, including the role of Congress. They need to understand that Congress is a major, independent player from the Executive and that it can be the dominant player on many issues and under some circumstances. They also need to get a better understanding of our party system and how the parties operate internally -- the idea of a Republican Senate disagreeing with and overruling a Republican President is alien to the way they have think, as Communists and as Chinese.
5. Asia as an important region. Asia is increasingly important to the US, economically and geopolitically. Trade relations are growing more rapidly than with any other region. Soviets are expanding presence, ambitions and threat. US is a major Pacific nation, and we will continue to play a major role throughout Asia, in all spheres.

ISSUES/TALKING POINTS

Taiwan. The Chinese are hypersensitive to any real or imagined challenge to their position on Taiwan, i.e., that Taiwan is a part of China and that the PRC is the only sovereign force in China. Although some believe Deng Xiao-ping wants to see the issue resolved before his death, there are no signs China is contemplating any attempt to take Taiwan by force (though it will never renounce its "sovereign right" to do so). The Chinese will probe for Congressional attitudes on arms sales to Taiwan. There is little utility in our raising the Taiwan issue, but the Chinese will.

SUGGESTED TALKING POINTS:

- STRONG CONGRESSIONAL SUPPORT FOR NORMALIZATION PROCESS.
- WE WILL NOT ABANDON FRIENDS ON TAIWAN. THEY HAVE RIGHT TO SECURITY FROM ATTACK.
- ASSUMPTION OF OUR POLICY IS PEACEFUL RESOLUTION OF TAIWAN ISSUE. IF FORCE USED, MANY IN CONGRESS WILL REASSESS POSITION.
- EACH SIDE MUST BE SENSITIVE TO NEEDS/FEELINGS OF OTHER.

Bilateral security/military relations. We now have regular, informal contacts with the Chinese on security/military issues, based on our strong, common interest in stability in North Asia and containment of the Soviet threat. Indiscreet Chinese public statements scuttled plans for a US Navy port call in the PRC, but it will be rescheduled after a cooling-off period. We are also talking about possible arms/munitions sales (though Navy Secretary Lehman's public suggestion that major naval-related sales may be in the offing was inaccurate). SUGGESTED TALKING POINTS (ALSO SEE SEPARATE PAPER DONE BY DEFENSE DEPARTMENT):

- US AND PRC HAVE MAJOR, COMMON INTERESTS IN SECURITY FIELD:
 - STABILITY OF NORTH ASIA.
 - CONTAINMENT OF SOVIETS.
- SHOULD COOPERATE TO EXTENT FEASIBLE IN PURSUIT OF THOSE INTERESTS.
- US REGARDS SOVIET THREAT AS GLOBAL. WILL NOT SEEK AGREEMENTS (E.G., ON ARMS CONTROL) WHICH BENEFIT EUROPE AT EXPENSE OF ASIA.

Chinese-Soviet relations. Both the Chinese and the Russians are interested in more normal relations, especially economically. Some progress has been made (e.g., increasing trade), but their

- 2 -

fundamental strategic and political differences will not go away. The Chinese will not talk directly about their bilateral relations with the Russians, but they might be drawn out in the context of a broader discussion of the Soviet threat. SUGGESTED TALKING POINTS:

- BELIEVE THAT SOVIET INTENTIONS IN ASIA ARE INIMICAL TO INTERESTS OF BOTH OF OUR COUNTRIES.
- UNDERSTAND DESIRE FOR NORMALIZED RELATIONS/DIALOGUE WITH RUSSIANS. JUST AS IMPORTANT TO TALK TO ADVERSARIES AS FRIENDS. DO IT OURSELVES, IN GENEVA AND ELSEWHERE.
- NOTE WITH INTEREST YOUR INCREASING CONTACTS/TRADE. HOW IS PROCESS COMING? WHAT DO YOU SEE AS LONG-TERM GOALS?

Chinese-North Korean relations. We heard a great deal in Seoul about warming Soviet-North Korean and cooling Chinese-North Korean relations. Again, the Chinese are not going to want to talk in detail about whatever problems they're having in Pyongyang, but their assessment of Soviet intentions and activities may be revealing. SUGGESTED TALKING POINTS:

- SOUTH KOREANS TOLD US OF RAPIDLY GROWING SOVIET PRESENCE IN NORTH KOREA.
- BOTH WE AND SEOUL ARE CONCERNED.
- WHAT ARE YOUR VIEWS ON SOVIET INTENTIONS ON THE PENINSULA?

Arms control and the November Summit. The Chinese have a permanent fear that we will strike some deal with Moscow, especially on arms control, at Beijing's expense. They will be intensely interested in the November Summit. SUGGESTED TALKING POINTS:

- US WILL NOT MAKE ANY DEALS WITH MOSCOW AT BEIJING'S EXPENSE.
- SUMMIT IS GOOD OPPORTUNITY FOR US TO SIZE UP GORBACHEV.
better and judge his intentions
- BUT DO NOT EXPECT ANY BREAKTHROUGHS, ON ARMS CONTROL OR ANYTHING ELSE.

Asian Development Bank (ADB) and GATT. China wants to join the ADB. The sticking point is that Taiwan is a charter member. Negotiations over a formula to permit both to participate fully in the ADB are well-advanced -- the main sticking point is what to call Taiwan. The PRC is also considering accession to GATT.

- 3 -

There are technical problems and one political issue -- whether the PRC takes the old "China seat" abandoned by Taiwan many years ago. SUGGESTED TALKING POINTS (ON GATT, SEE SEPARATE TRADE PAPER):

- PRC IS INCREASINGLY IMPORTANT ECONOMIC FORCE IN ASIA.
- JOINING ADB WOULD BE NATURAL STEP.
- ALSO BELIEVE PEOPLE ON TAIWAN DESERVE CONTINUED ACCESS TO ADB FACILITIES.
- HOPE FORMULA CAN BE FOUND TO ALLOW BOTH FULL PARTICIPATION.
- GATT ACCESSION BY PRC WOULD BE USEFUL STEP IN INTEGRATING CHINA INTO GLOBAL TRADING SYSTEM.

Family planning/abortion. The Chinese are upset at Congressional action and rhetoric on China's family planning efforts. Critics charge that China practices infanticide and forced abortion.

NOTE: There are separate, more detailed papers on economic, trade, nuclear cooperation and other issues.