We work closely with the Americans on this problem and our assessment is generally in line with theirs. We are both agreed that the Sino-Soviet dispute goes very deep; that it affects practical policies as well as ideology; that it is closely bound up with national and personal rivalries; and that no fundamental reconciliation can be expected, either under the present leaders or under their immediate successors. We are also agreed that although the continuation of the dispute is in the interest of the West, there is little that we can do to exacerbate it.

2. Where we differ from the Americans is in our estimate of the likelihood of an open breach between Moscow and Peking, involving the rupture of the alliance and the cutting of both inter-party and inter-state relations. At least until recently, the Americans believed that this was quite likely to occur. In January we have always thought it unlikely. This difference is reflected in the British and United States assessments of the events of the last few weeks. Although we see no bridging of basic points of disagreement, we believe that since the middle of March both the Russians and the Chinese have been deliberately exercising restraint in their handling of the points of disagreement, in order to limit the damage to their cause which has been caused by the open quarrel of 1960-61. The Americans have been less impressed by these events. They interpret them as designed to damp down speculation abroad on a breach in relations or as signs that the Soviet and Chinese Governments are informing their own people that inter-state relations will continue even if inter-party relations are broken off.
3. A month ago the Americans raised this subject in the Political Committee of NATO, tabling a paper which covered both the history and causes of the dispute and the likely consequences of its continuation or aggravation. This has provoked a lively discussion in NATO, with contributions from ourselves and from several other delegations. We consider that this promises to be a useful exercise, but that it is too early to say whether it will lead to the evolution of a common NATO policy towards the Sino-Soviet dispute.

4. If we ever reach the point of trying to formulate such a common policy, we are likely to run into trouble on the question of trade with China. We believe that the willingness of the non-Communist world to trade with China in certain essential commodities (especially grain, fertilisers, some engineering goods and potentially oil also) contributes to Chinese freedom to diverge from the Soviet Union and thus helps to keep the dispute alive. A recent example was the sale of Viscounts to China: if China had not been able to obtain aircraft from Britain or some other non-Communist source, she would have been compelled to apply to Russia, which would have put another means of pressure into Soviet hands. This argument is not likely to commend itself to the Americans.