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PRIME MINISTER'S DISCUSSIONS WITH PREMIER CHOU EN-LEI^A31 OCTOBER - 3 NOVEMBER 1973S U M M A R YBilateral Questions

At Chou's invitation, the Prime Minister began by outlining the various policy initiatives which had been taken since his Government had assumed office. He illustrated the broadening of Australia's international relationships with references to the pattern of overseas visits he had made in recent months. He explained that we hoped to see in our region the establishment of satisfactory relationships between China and the ASEAN countries and hoped that the development of our relations with China would give encouragement to the ASEAN countries to take a similar course. We hoped that consultations with China would be as close and significant as those we have had traditionally with Britain and the United States and similar to discussions we now had annually with Japan at Ministerial level and with the Soviet Union at the officials level.

Chou gave a favourable response when the Prime Minister raised the question of relatives of Australian Chinese being permitted to leave China for visits or residence in Australia. Chou said that in any case where the members of the family concerned were agreed and our Embassy gave its approval, there would be no difficulty with exit formalities. Such persons would also be free to return to China again if they wished, although the authorities here would tend to advise them to settle in Australia.

Chou said that our recent initiatives in foreign policy had opened up a new situation. Australia was now broadening its relationships to include new areas and continents. Chou noted Australia's attitude towards African problems and the question of racial discrimination.

Regarding our specific proposals, Chou saw difficulties in the way of his making a visit to Australia, but he described our proposals for more ministerial visits and officials consultations as "a very good idea", and he spoke of China's need to learn more about Australia and its close neighbours.

South East Asia and Overseas Chinese Affairs

Chou placed some emphasis on the conservatism of the overseas Chinese and the difficulties they had had in fitting into modern Chinese society on return to China. He reiterated the advice given to the overseas Chinese to adopt the nationality of their country of residence and re-affirmed the Chinese Government's opposition to dual nationality. In response to the Prime Minister's

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suggestion that some anxieties about the role of the overseas Chinese in South East Asian countries could be eased by the promulgation of a law of nationality, Chou indicated that a government statement on the subject would be issued, partly to test the reaction of the overseas Chinese, and after an interval treaties would be concluded with friendly countries, such as Cambodia and Viet-Nam. As a third step, a law of nationality would then be promulgated. Chou mentioned that the movement of overseas Chinese across the Sino-Vietnamese border had created considerable difficulties in the past.

He suggested that bilateral agreements on the nationality of overseas Chinese could be concluded with other countries as well as with Cambodia and Viet-Nam and mentioned specifically that Singapore would be a suitable case. He said that the Prime Minister might wish to pass this advice to Singaporean leaders at some convenient time. Chou indicated a readiness to enter into diplomatic relations with Singapore provided that relations with Chiang Kai-shek were broken off and the People's Republic of China was recognised as the sole legal government of China. The Prime Minister mentioned that the Foreign Minister of Singapore would be visiting Australia in the near future and said he would take the opportunity of this visit to pass on Chou's remarks. The Prime Minister referred to the difficulties which had arisen over the nationality of overseas Chinese in Malaysia's negotiations with China and Chou said that these negotiations had now been resumed.

Chou indicated that China would attempt to make a breakthrough in developing relations with countries of the region and suggested that China would hope Singapore might be the first of the ASEAN countries to establish diplomatic relations with China, (although on this point Foreign Minister Chi Peng-fei expressed in an aside some apparently personal reservations related to Singapore's juxtaposition with Malaysia.) Chou expressed regret over Singapore's political separation from Malaysia and indicated some misgivings about prospects for the island's future independent development. He claimed that the Soviet Union was attempting to establish a presence in Singapore and, in particular, to build a shipyard in the outer islands.

The Prime Minister raised with Chou the question of hostile radio broadcasts directed to Malaysia and Thailand and the anxieties to which these gave rise concerning the possibility of subversion. Chou replied firmly that Chinese sympathy for the cause of revolution was a matter of principle and was not negotiable.

Great Power Relationships

In response to mention by the Prime Minister of a view put to him in Japan that, under the pressure of confrontation with the Soviet Union, China was no longer as firmly opposed to United States imperialism or as concerned about a possible revival of Japanese militarism as in the past, Chou pointed to references in his report to the Tenth Party Congress on United States imperialism. He recalled that he had criticised Soviet imperialism even more severely

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and that he had spoken critically to President Nixon on United States imperialism and to Prime Minister Tanaka on Japanese militarism. He had told them that China had feared that if the United States and the Soviet Union came into collusion, the Soviet Union might attack from the north and occupy areas to the north of the Yellow River, while the United States would attack from the south and occupy the Yangtze River Valley. Japanese militarists might gain influence and attack from the east to occupy the area centred on Tsingtao and Shanghai and the Indian reactionaries would attack through Tibet in the West. Chou said this was only a hypothetical concept and the threats would not become actual, but it was only the preparations which China made that caused others to refrain from launching attacks.

Although China was still opposed to both of the imperialist powers, relations with the United States were now clearly better than those with the Soviet Union. The United States wanted to retract to some extent, but was not yet ready to withdraw completely. Although the United States had already accepted peace agreements relating to Laos and Viet-Nam, there had still been no settlement in Cambodia and, while Congressional opposition had forced cessation of the bombing of Cambodia, arms were still supplied (albeit without much practical effect) to Lon Nol. Chou asked what was the point of having so many B-52s stationed in Thailand when United States experience in Viet-Nam had shown the limited effectiveness of aerial bombing. He claimed that the Philippines wanted a reduction in the United States military presence, as did Japan. But he went on to draw attention to the danger that if these countries did not possess adequate means of defending themselves, United States withdrawals could bring the worse consequence of Soviet involvement. Chou concluded that although China continued to support the principle that foreign troops should not be stationed in foreign countries, this principle could be implemented only when the countries concerned possessed adequate means of self-defence. Even in the case of Taiwan, where China still believed in principle that United States troops should be withdrawn, China would not want United States withdrawal to be followed by the entry of the Soviet Union, and if this were to occur, China would hold the US responsible. The position of South Korea was similar in that withdrawal of United States troops from South Korea could lead to the growth of Japanese influence although Japan was not now in a position to gain control of the country.

Chou reiterated that Japan was now at a cross roads, a view which he had put personally to Prime Minister Tanaka. If Japan remained committed to unlimited economic expansion and pursued economic advantage indiscriminately, militaristic expansionism would seem to be an inevitable result. Chou recalled that he had given a warning along these lines to Nakasone. The alternative was for Japanese economic development to accept the limitations involved in taking into account the need for consultation with other countries and Australia's own relationship with Japan was a test of whether Japan was prepared to conduct such relationships on a basis of mutual benefit. Chou claimed that the concentration on industrial development and neglect of Japanese agriculture had produced a situation of rising consumer prices and an unhealthy economy. There were militarists active in Japan but the experience of Asian countries during the

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Second World War had heightened their vigilance against any threat from this quarter. Chou claimed that the United States was more concerned (than China) about the possible revival of militarism but was not prepared to speak out publicly. The reason why China had not been devoting more attention to the problem in public media was that diplomatic relations with Japan had only recently been established and China was reluctant to bring about a deterioration in the atmosphere of relations. As proof of China's continuing opposition to the revival of Japanese militarism, Chou read out the relevant clause of the Tanaka communique.

India/Pakistan/Bangladesh

The Prime Minister recalled that a beginning had been made in implementing the provisions of the New Delhi Agreement and mentioned that Australia had made a financial contribution toward the costs involved. He asked whether China would be prepared to accept the admission of Bangladesh to the United Nations when the exchange of prisoners of war and Biharis had been completed.

Chou noted that the exchange of civilians had been begun but claimed there had been no repatriation of prisoners of war. On the question of the prisoners of war, he asked why India could not follow China's example after the 1962 war and return all prisoners of war, their equipment and weapons.

The Prime Minister indicated that he had difficulty in accepting China's attitude towards Bangladesh and Pakistan. The Government of Yahya Khan appeared to have been an unpopular, repressive military regime. While appreciating the Chinese view that India in fact had invaded East Pakistan, he pointed out that this had followed a period in which the people of East Pakistan and their leaders had suffered very bad treatment and this had engendered strong feeling about the 195 prisoners of war who were regarded as war criminals. There could be advantages in China softening its attitude toward Bangladesh which could otherwise become increasingly dependent on India and, through India, on the Soviet Union.

Chou suggested that this view had not taken all relevant factors into account. He said that China had never interfered in the internal affairs of any of the countries of the sub-continent. Although there might be some individuals who claimed to be Maoists these were self-styled partisans. The outbreaks of armed struggle in India had followed mistaken, Guevarist tactics rather than the strategy of peoples war. Because they had failed to mobilise the masses the movements were bound to end in failure. Chou recalled the overwhelming support which had been given to the UN resolutions and he claimed that this represented confirmation of the view that justice was on the side of Pakistan. He also saw it as supporting the principle that even when a country had serious internal problems, there was no justification for any foreign country sending in troops. He argued that the invasion of East Pakistan had been carried out under Soviet guidance. China would accept Bangladesh's entry to the UN only when the relevant UN resolutions had been fully implemented.

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Regional Co-Operation

The Prime Minister raised with Chou his view of the need for arrangements whereby all the countries of the Western Pacific, irrespective of ideological differences, might be able to exchange views. Chou responded by expressing the hope that all countries of the Asia-Pacific region might make a concerted stand on the questions of peace and neutrality, but he added that it would take time to achieve this kind of co-operation. Among the difficulties he saw were the continued presence of US forces in the Philippines and Thailand, the attitude of Indonesia (which now seemed to be acting as a representative of the US on the Viet-Nam ICCS), and the lack of relations between China and a number of regional countries.

China and IBRD/IMF

In response to the Prime Minister's question on China's attitude to the World Bank and IMF, Chou drew a distinction between the expulsion of Taiwan and the establishment of China's right to membership on the one hand and the question of possible participation in the World Bank and IMF on the other. The latter question he said was currently under study. He suggested that China might not necessarily follow the lead of the Soviet Union on the question of participation and he referred to the fact that China participates in FAO whereas the Soviet Union does not.

Taiwan

Chou En-lai devoted some time to discussing the economic performance of Taiwan. He emphasised that figures for Taiwan's total foreign trade were inflated to a very considerable extent by the flow of materials of the final product into and out of the proclaimed "Export Processing Zone". He said that this zone represented a means of trading in invited capital particularly from Japan and the Overseas Chinese and taking advantage of the low wage levels in Taiwan. Although the trade passing through these Zones might provide some revenue to the Government, it made little contribution to improving the living standard of the Taiwanese people. At the same time, however, Chou paid tribute to the business acumen of the authorities in Taiwan, particularly Vice President C.K. Yen, who Chou noted was not a member of the KMT but was retained by the Chiang's for his practical ability. He particularly commended the way in which Taiwan's traders tailored their exports to assist market requirements.

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