

THE WHITE HOUSE
WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with China's Ambassador Zhu Qizhen

PARTICIPANTS: General Brent Scowcroft, Assistant to the President for National Security Affairs
Douglas H. Paal, Senior Director of Asian Affairs

Ambassador Zhu Qizhen
Liu Xiaoming, Second Secretary, Embassy of the People's Republic of China

DATE, TIME AND PLACE: Tuesday, June 25, 1991 5:47 - 6:05 p.m. EDT
West Wing

Ambassador Zhu: I was instructed to call on you on Saturday, but you were out of town and I spoke with Mr. Gates. Yesterday I called on President Carter and we talked about MFN. He continues to support MFN without conditions. I have talked with Senator Mitchell. He has his doubts and is a very independent person. I will call on other senators. President Carter will make a call to you. (S)

General Scowcroft: Fine. I will take it upon myself to call him. (U)

Ambassador Zhu: I have been instructed to call again on another subject, Senator Baucus' letter, with which we have some concern. Recently, Senator Max Baucus, in his letter to the President, while proposing to deal with China's MFN status and other issues in China-U.S. bilateral relations separately, urged the U.S. Administration to take actions in human rights, immediately supporting Taiwan's GATT application, reinvigorating U.S. opposition to multilateral loans for China and addressing China's so-called unfair trade barriers. The Chinese side cannot but express its serious concern over such propositions as they run counter to the basic norms governing international relations as well as the principles embodied in the three joint communiques between China and the United States. The existing issues in China-U.S. bilateral relations ought to be solved through consultation on the basis of equality and noninterference in each other's internal affairs, and the practice of one side putting pressure upon the other will lead nowhere. (S)

We attach great importance to the issue of resuming China's status as a contracting party to GATT. We maintain that all contracting parties to GATT, including the United States, should actively push forward the relevant talks instead of slowing down

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the process because the early resumption of China's status conforms with the interests of all parties concerned. With regard to the question of Taiwan's application for accession to GATT, as we all know, there is only one China in the world. The Government of the People's Republic of China is the sole legal government representing China, and Taiwan is an inalienable part of Chinese territory. It is illegal for Taiwan authorities, posing as the government of a sovereign state, to apply for accession to GATT on behalf of the so-called "separate customs territory of Taiwan, Penghu, Jinmen and Mazu." The Taiwan authorities have no right to apply on their own for accession to GATT. Only after China resumes its status as a contracting party to GATT, and with the approval of the Chinese Central Government, can the question of Taiwan's application for accession to GATT be considered. The Chinese Government has all along opposed the attempt of creating "two Chinas" or "one China, one Taiwan" through international economic organizations. Taiwan's application for GATT membership is first and foremost a serious political issue. We ask the U.S. Government to give serious consideration to and full respect for China's position. At the time when China-U.S. relations are at a crucial juncture, any attempt on the part of the U.S. to allow Taiwan to get accession to GATT before the resumption of China's status as a contracting party to GATT in spite of China's repeated statements and representations would cause serious damage to China-U.S. relations. (S)

As to the provision of loans to China by multilateral financial institutions to China, the institutions concerned have all set up rules and regulations forbidding interference in the member countries' political affairs and requesting actions to be taken only out of economic considerations. We are of the view that all member countries have the obligation to observe these rules. The Chinese side noted that in the recent period of time, the U.S. side has not obstructed those institutions from granting loans to China on certain items, which is conducive to the restoration and development of China-U.S. relations. We hope that the U.S. side will support the all-round resumption of loans to China by the institutions concerned instead of staying put, let alone going backward, in this respect. (S)

In a word, it is our hope that the U.S. side will, proceeding from the overall relations between China and the United States, carefully handle the above-mentioned issues so as to avoid new difficulties in restoring and improving China-U.S. relations. (S)

General Scowcroft: We have a common goal, to retain MFN, there is no question. We are in a tactical situation, it is tactical to survive. The letter is an attempt to follow the example of fast-track procedures, which Congressmen Gephardt and others used to pass Uruguay Round authority. Some things are more distasteful and dangerous than others. To get the most votes, we may have to do something you do not like. Any suggestions you have to help work this out would be looked at carefully. I am

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not saying that things you pointed out are to be done. We are opposing conditionality. (S)

Ambassador Zhu: We appreciate that. (U)

General Scowcroft: We are opposing conditionality -- we need votes. (S)

Ambassador Zhu: Are you more optimistic? (U)

General Scowcroft: I am more optimistic than at the time of the Yale speech. We are still far behind in getting enough votes. But now we are able to get some Democratic votes. The Pelosi veto was sustained by Republicans only. (S)

Ambassador Zhu: I remember Pelosi. (S)

General Scowcroft: I never worked so hard in my life as on Pelosi. We are still working for a veto, not passing the bill. (S)

Ambassador Zhu: We still have to go through the whole procedure of a veto. (S)

General Scowcroft: There is virtually no chance of what happened last year. Both Houses will have a vote. As it looks right now, Senator Mitchell is determined to have a vote. Speaker Foley is much more sympathetic. Senator Mitchell will not stick his neck out. (S)

Ambassador Zhu: On our part, we are trying to do things. (U)

General Scowcroft: We appreciate that. (U)

Ambassador Zhu: We assured you we will take positive steps at Paris. We are more concerned about the GATT issue, and maybe multilateral banks. (S)

General Scowcroft: Frankly, there are some Senate votes that will switch on that issue. Let me put it this way, if we are down to 33 votes and need one more vote... I do not want to forecast, but I do not want to lose. (S)

Ambassador Zhu: At the same time, Taiwan's status is a very serious issue for China. (S)

General Scowcroft: We are opposed to conditionality. This all has to be balanced against what is needed to avoid conditionality. (S)

Ambassador Zhu: We certainly do not want to see that while the President makes tremendous efforts for MFN status, which is essential for the gradual improvement in U.S.-China relations, at the same time, the United States Government takes actions that cause the same effect. I hope we have your understanding. (S)

General Scowcroft: We understand. I hope you understand, too. We may have to do things we do not want to do. We are trying not to have a negative effect. (S)

Ambassador Zhu: I am sure we have a good understanding on this issue. The Taiwan issue is always the most important single issue. (S)

General Scowcroft: Yes, we have a good understanding. Do not get too excited over this. (S)

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