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FROM PEKING 270658Z JAN 65

TO PRIORITY FCG

TELEGRAM NUMBER 113 OF 27/1/65

INFO PRIORITY HONG KONG

BTC HONG KONG AND DTI FOR HALL OT 4

AND WASHINGTON

COCOM: CHINA

1. I WAS ASKED BY THE NEW DIRECTOR OF WESTERN EUROPEAN DEPARTMENT, MEI ZHAO RONG, TO CALL THIS MORNING TO DISCUSS COCOM

2. MEI RECALLED THAT ZHOU NAN HAD ALREADY RAISED COCOM WITH ME (MY TEL NUMBER 69-NOT TO BTC HONG KONG).

ZHOU NAN HAD ASKED MEI TO ELABORATE THE CHINESE ATTITUDE TOWARDS COCOM BECAUSE THE PROBLEM CONCERNED BILATERAL ECONOMIC AND TECHNICAL COOPERATION. THE PRIME MINISTER HAD EXPRESSED A WISH TO INTENSIFY THIS COOPERATION. A FAILURE TO SOLVE THE COCOM PROBLEM WOULD IMPEDE ITS DEVELOPMENT. THE CHINESE WERE AWARE THAT A HIGH LEVEL COMCOM MEETING ON 7/9 FEBRUARY WOULD DISCUSS THE QUESTION OF TECHNOLOGICAL EXPORTS TO CHINA. MEI THEREFORE WISHED TO MAKE THE FOLLOWING POINTS:

(A) COCOM HAD BEEN FOUNDED DURING THE COLD WAR. THE PRESENT WORLD SITUATION WAS QUITE DIFFERENT. CHINA HAD FRIENDLY RELATIONS WITH ALL COCOM MEMBERS. IT WAS THEREFORE QUOTE ANACHRONISTIC AND INAPPROPRIATE UNQUOTE FOR A COLD WAR POLICY TO BE MAINTAINED AND FOR DISCRIMINATORY RESTRICTIONS TO BE CONTINUED ON EXPORTS TO CHINA. THIS WAS NOT IN ACCORD WITH THE FRIENDLY BILATERAL RELATIONS BETWEEN CHINA AND COCOM MEMBERS.

(B) CHINA WAS PURSUING AN INDEPENDENT POLICY OF PEACE. IT WAS A FACT THAT CHINA WAS THE LARGEST NON-ALIGNED COUNTRY. A PROSPEROUS AND STRONG CHINA WAS IMPORTANT FOR WORLD PEACE AND STABILITY. THIS WAS IN THE INTERESTS OF COCOM MEMBERS. BUT COCOM STILL PUT CHINA ON A PAR WITH THE WARSAW PACT, WHICH PURSUED A HEGEMONISTIC POLICY. THIS WAS DIFFICULT TO UNDERSTAND AND UNWISE.

(C) CHINA'S OPENING UP TO THE OUTSIDE WORLD WAS A BASIC POLICY. IT PROVIDED FAVOURABLE CONDITIONS FOR INCREASING ECONOMIC AND TECHNOLOGICAL COOPERATION WITH WESTERN EUROPE, TO WHICH CHINA ATTACHED IMPORTANCE.

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HOWEVER COCOM RESTRICTION PROVIDED A XURIOUS OBSTACLE TO BILATERAL ECONOMIC COOPERATION. CHINA BELIEVE THAT OPEN RELATIONS SHOULD BE A TWO-WAY STREET AND THAT COOPERATION DEPENDED UPON GOOD WILL ON BOTH SIDES. FAILURE TO REMOVE COCOM RESTRICTIONS ON EXPORTS TO CHINA WOULD BE DETRIMENTAL TO THE INTERESTS OF COCOM MEMBERS.

(D) RECENTLY A NUMBER OF COCOM MEMBERS HAD ADVOCATED THE RELAXATION OR REMOVAL OF COCOL RESTRICTION ON EXPORTS TO CHINA. IT HAD ALSO BEEN SUGGESTED THAT SUCH EXPORTS SHOULD BE DECIDED BY EACH MEMBER STATE INDIVIDUALLY OR THAT, AT THE LEAST, APPROVAL PROCEDURES SHOULD BE SIMPLIFIED AND ACCELERATED. CTINA APPRECIATE THESE QUOTE FAR-SIGHTED OPINIONS AND EFFORTS UNQUOTE.

HOWEVER SOME COCOM MEMBERS OPOSED THESE SUGGESTIONS EITHER BECAUSE OF DIFFERENCES OVER POLICY ON EXPORTS TO THE USSR OR BEKAUSE OF COMPETITION FOR EXPORT MARKETS. CHINA HOPED TO SEE AN EARLY END TO THIS SITUATION. CHINA DID NOT OPOSE NORMAL COMMERCIAL COMPETITION BUT USING COCOM IN THIS WAY WAS NEITHER NORMAL NOR CORRECT.

3. MEI SAID THAT IN VIEW OF THE ABOVE, CHINA STRONGLY URGED ALL COCOM MEMBERS TO ADJUST TO THE CHANGED SITUATION AND LOOK TO THEIR WIDE INTERESTS, . RESTRICTIONS ON EXPORTS TO CHINA SHOULD BE REMOVED. AT THE LEAST APPROVAL PROCEDURES SHOULD BE RELAXED. SINO-BRITISH RELATIONS WERE GOOD. CHINA LOOKED FORWARD TO STILL CLOSER RELATIONS. CHINA HOPED THAT HMG WOULD EXERT A POSITIVE INFLUENCE AT THE 7/8 FEBRUARY MEETING TO REMOVE THE COCOM RESTRICTIONS ON EXPORTS TO CHINA. MEI BELIEVED THAT THE UK FAVOURED AN OPEN POLICY ON EXPORTS TO CHINA IN SOME FIELDS. HE UNDERSTOOD THAT UNANIMITY WAS REQUIRED FOR COCOM DECISIONS AND THAT HMG PLAYED A CRUCIAL ROLE WITHIN COCOM.

4. I TOLD MEI THAT I HAD NOTED HIS REMARKS CAREFULLY. I UNDERTOOK TO REPORT THEM. I REPEATED WHAT I HAD TOLD ZHOU NAN: COCOM WAS A MULTI-LATERAL ORGANISATION WITH COMPLEX RULES. ANY CHANGES REQUIRED THE AGREEMENT OF ALL MEMBERS. THIS WAS NOT A SIMPLE PROCESS. I UNDERTOOK TO GET IN TOUCH WITHOUT DELAY SHOULD WE HAVE A FORMAL RESPONSE TO MEI'S REMARKS. MEI LOOKED FORWARD TO OUR REACTION.

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COMMENT  
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5. IT SEEMS THAT THE CHINESE KNOW THAT WE ARE WELL DISPOSED TOWARDS SOME RELAXATION OF COCOM RESTRICTIONS ON EXPORTS TO CHINA. WE DO NOT THEREFORE BELIEVE THAT A SUBSTANTIVE BRIEFING ON OUR POSITION IS YET NECESSARY OR INDEED APPROPRIATE (PARAGRAPH 7 OF JOY'S TRED TELELETTER MTS 087/1/9 OF 24 JANUARY),.

THOMSON

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