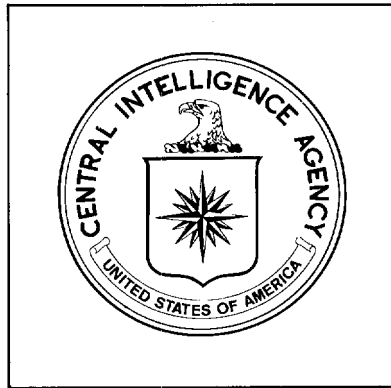


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131

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CHINESE AFFAIRS

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CONTENTS

November 24, 1975

[REDACTED]

25X1D

Angola: A Propaganda Windfall 4

[REDACTED]

25X1D

Shaking Up Szechwan. 8

Bearish on the Fedayeen. 10

China's Growing Trade
Deficit with Japan 12

Defining "Hegemony" for Japan. 14

Tientsin Is China's
First Containership Port 16

[REDACTED]

25X1D

SECRET SPOKE

25X1D

Approved For Release 2001/08/08 : CIA-RDP79T00865A002200190002-7

Next 2 Page(s) In Document Exempt

Approved For Release 2001/08/08 : CIA-RDP79T00865A002200190002-7

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25X1A

Angola: A Propaganda Windfall
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③ Anti-Soviet vitriol has been a standard feature of Chinese commentary on the Angolan strife for some time. The effort to embarrass Moscow for its heavy-handed involvement with the Popular Movement has, however, gained momentum since Peking lowered the visibility of its own involvement by withdrawing Chinese advisers from Zairian training programs for the National Front late last month. *People's Daily* has carried two commentator articles in recent weeks lambasting Soviet "interference" in Angola. The traditional independence day editorial gave heavy play to this same theme. NCNA has carried several lengthy reports of its own focusing on the Soviet role in Angola, and its daily broadcasts have been saturated with replays of anti-Soviet articles from numerous African capitals.

① At the same time, the Chinese have sought to contrast Moscow's policy with Peking's "evenhanded" approach to the Angolan imbroglio. An official statement issued by the Chinese Foreign Ministry on November 15, for example, gave official endorsement to the stand taken by the Organization of African Unity (OAU)--including non-recognition of any Angolan government until "national unity" has been achieved--while charging the Soviets with efforts to "sow discord and create disharmony" in Angola. Two days later the Chinese ambassador in Kampala delivered an official letter to OAU Chairman Amin--whose recent frictions with Moscow over the Angolan situation have been widely reported by the Chinese media--which praised and supported his mediatory efforts. Unconfirmed reports from Kampala indicate that Amin may also have been invited to visit China in the near future.

② Despite this public posture, the South Africans reportedly sighted a Chinese vessel transferring cargo to trawlers off the Angolan coast on November 11--in

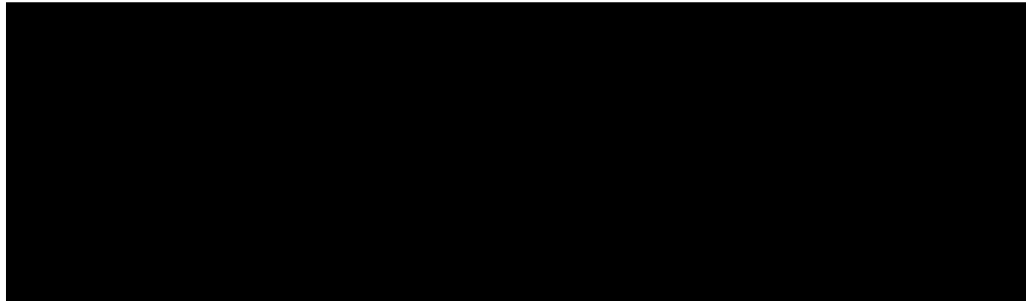
November 24, 1975

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SECRET SPOKE

③ an area just off the territory controlled by the National Union. The Chinese vessel could have been making good a long-standing Chinese promise to provide some arms to Jonas Savimbi's group. An earlier arms shipment destined for delivery to the Union was embargoed by Tanzanian President Nyerere.

③ In light of the embarrassment that public disclosure of such direct assistance would cause, future Chinese assistance will probably be channeled through African intermediaries such as Zaire's Mobutu in order to leave Peking with a plausible case for denying any direct role in Angola. (SECRET NOFORN/NOCONTRACT/ORCON)



25X1A

November 24, 1975

SECRET SPOKE

25X1D

Approved For Release 2001/08/08 : CIA-RDP79T00865A002200190002-7

Next 1 Page(s) In Document Exempt

Approved For Release 2001/08/08 : CIA-RDP79T00865A002200190002-7

25X1A

Shaking Up Szechwan
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① A number of new provincial party secretaries have been named in the last few months. Most are veteran civilians who held similar posts before the Cultural Revolution and who suffered under the assaults of leftist Red Guards. Many of the more recent appointees attended the national Tachai conference, convened in mid-September, and their appointments seem specifically designed to strengthen provincial leadership in support of Peking's priority goal of economic progress and to underscore the regime's commitment to social and political stability.

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③ Szechwan provides a good example of the provincial party shakeup now under way. Although Peking has not yet publicly revealed the transfer of former Kwangtung first secretary Chao Tzu-yang to Szechwan, the populace has been informed in official party documents. The delay seems related to changes below the first secretary level--four new secretaries have been named in Szechwan recently, three of whom were secretaries prior to the Cultural Revolution, and there is an unconfirmed report that the second secretary has been transferred. An unusual number of Szechwan leaders were in Peking for National Day on October 1, suggesting that meetings on the new leadership arrangement were under way. Chao Tzu-yang may still be involved in meetings at the center because the lame duck first secretary, Liu Hsing-yuan, appeared in Szechwan in late October after news of the rotations was passed down. Liu is variously reported as slated for the top job in Kwangsi and as remaining in Szechwan as the Chengtu Military Region commander.

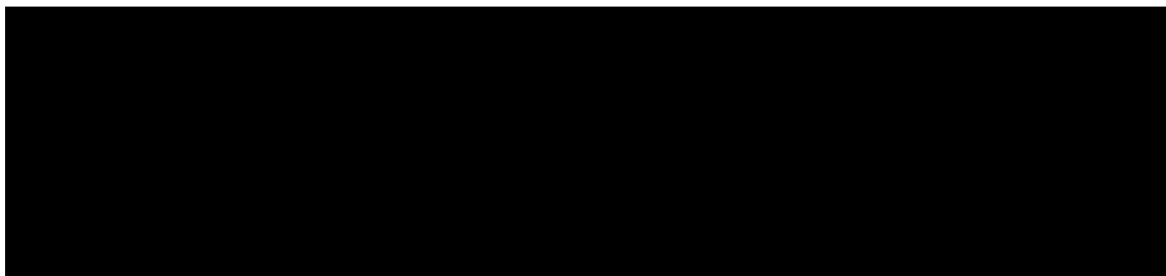
Numerous reports agree that Chao Tzu-yang was sent to Szechwan to improve lagging agricultural production. To achieve this goal, Chao will have

November 24, 1975

SECRET SPOKE

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to overcome persistent and deep rooted factionalism that has been only slightly less pronounced than in Chekiang. The central authorities brought troops in to restore order in that province and have now turned their attention to Szechwan, and the difficult process of restoring order and production there seems to be under way.

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Although the situation in Szechwan was not quite as bad as in Chekiang, the solution will probably be more difficult. Szechwan is China's most populous province and has many more industrial facilities than Chekiang. On the other hand, the growing authority of the no-nonsense Vice Premier Teng Hsiao-ping, a new sense of unity at the center, the heavy and continuing propaganda barrage against bourgeois factionalism, and Peking's demonstrated willingness to take the measures necessary to restore order--including the use of troops--may make the contending forces in Szechwan and other troubled provinces more amenable to compromise. (SECRET NOFORN/NOCONTRACT)



25X1A

November 24, 1975

SECRET SPOKE

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25X1A

Bearish on the Fedayeen
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② After some fairly open wooing of fedayeen groups this summer, the Chinese are again turning cool toward the Palestinians. Fedayeen delegations that were greeted with considerable ceremony when they visited China during the summer, for example, are now being received in a more low key manner, and there have been signs of friction during discussions between the visitors and Chinese officials. Differing views over the Soviet role in the Middle East have undoubtedly been a major bone of contention.

② The Chinese viewed the Sinai II agreement as a major setback for the Soviets but have voiced apprehension that Moscow is capitalizing on militant Arab backlash to the agreement. In recent months, public and private Chinese commentary on the Middle East has focused almost exclusively on warnings of "destructive" Soviet tactics in the region and on the need for the Arabs to submerge their differences and maintain unity (see *Chinese Affairs*, September 29, 1975). Such Chinese advice may go down with less militant Arabs, particularly the Egyptians, but clearly does not appeal to the Palestinians, who believe that their cause was ignored in the Sinai II negotiations and that a Soviet role in any future negotiations is in their best interest.

② Peking's strong opposition to any such Soviet role was reflected in the decision not to participate in the recent voting on the UN resolution calling for Palestinian participation in any UN-sponsored Middle East conference. The Chinese have traditionally voted with the Arabs on Palestinian related issues at the UN. In this case, however, they believed that the resolution would provide further impetus for a reconvening of the Geneva Conference and bring Moscow back onto center stage in the Middle East. In explaining his country's stand on the issue, the Chinese representative stated that China firmly opposed any "expanded superpower role" in the region.

November 24, 1975

SECRET SPOKE

~~SECRET SPOKE~~

② Suspicion of fedayeen ties with the Soviets also appears to be coloring Peking's outlook on Palestinian involvement in the Lebanese strife. Last summer when the Chinese were trying to exploit strains between Mosocw and the PLO, Peking had high praise for fedayeen attempts to limit the fighting in Beirut. With Soviet-Palestinian relations again on the upswing, the Chinese now appear convinced that a major Palestinian role in working out a compromise between the Lebanese groups will only result in increased Soviet influence in Beirut. Chinese officials are privately opposing any "external" involvement whatsoever in Lebanon.

② All this, however, does not point toward a complete freeze in Peking's relations with the Palestinians. The Chinese are well aware of fedayeen potential for upsetting the delicate balance in the Middle East and will want to maintain contacts if for no other reason than to monitor Palestinian activities and attitudes. The Palestinian cause will also remain too important in China's efforts at Third World leadership for Peking to risk major friction or strains. The fedayeen, for their part, recognize that the leverage their ties with Peking give them with the Soviets is reason enough to keep the relationship correct if not cordial. (SECRET NOFORN)

25X1A

November 24, 1975

~~SECRET SPOKE~~

25X1A

China's Growing Trade Deficit with Japan

China's trade with Japan, its largest trading partner, will show a record deficit of over \$1 billion this year, despite Peking's efforts to reduce its trade deficits with non-Communist countries.

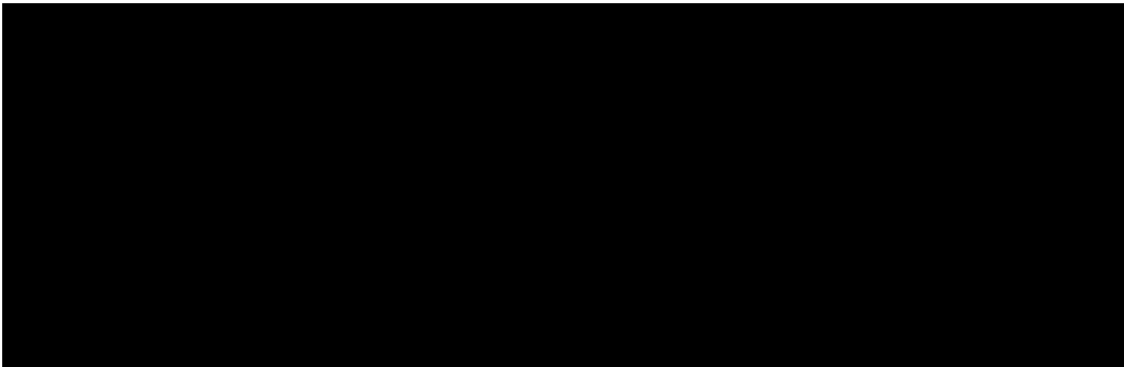
For the first nine months of 1975 China registered an \$880 million deficit in trade with Japan compared with \$845 million for all of 1974. Increased purchases of Japanese steel, machinery and equipment, and fertilizer pushed imports up 40 percent over the same period in 1974. Chinese exports rose only 18 percent for the first three quarters to \$1.02 billion. Crude oil deliveries accounted for all of the increase.

Recession continues to hold down Japanese demand for other Chinese goods, with Tokyo's embargo on raw silk imports being a major factor in the decline. Textiles are a major Chinese export, and Japanese government efforts to protect domestic industries has caused problems. The Chinese, trying to boost other exports to Japan, have sent seven Chinese trade missions to Japan so far this year seeking increased sales.

Japanese trade makes up about one fourth of China's total trade--in addition to being the major supplier of industrial goods, Japan last year supplanted Hong Kong as China's largest export market. Oil has become the dominant item, accounting for almost one half the total this year. Negotiations on a long term agreement for oil are currently bogged down, and one probably will not be signed until next year because of Japanese reluctance to accept the large increases the Chinese are trying to sell. Price is also a problem. Peking recently raised the price of oil to Japan for the last quarter by 20 cents to \$12.30 per barrel, a move that would increase Chinese earnings by \$3 to \$4 million.

November 24, 1975

The trade deficit with Japan will not improve much next year. Peking has been able to obtain lower prices for Japanese steel and fertilizer for delivery into 1976 which will hold down import costs, but major improvement in exports to Japan will depend on Peking's ability to boost oil sales and some recovery of the Japanese economy, which would increase the demand for Chinese goods. (UNCLASSIFIED)



25X1A

November 24, 1975

SECRET SPOKE

Defining "Hegemony" for Japan
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25X1A

① The Chinese are using the "anti-hegemony" issue in the proposed Sino-Japanese peace treaty as a peg for sharp propaganda attacks on Soviet "expansionism" in Asia.

① In recent months, the Chinese have maintained a steady flow of comment on what they characterize as wide popular support in Japan for early agreement on the peace treaty--and for a strong statement in the treaty opposing attempts by any country to establish hegemony in Asia. Although the Chinese are not specifically naming the Soviet Union as the target of this campaign, there is no doubt that it is aimed at Moscow.

① In their Japanese campaign, the Chinese are focusing on the northern territories issue as an example of Moscow's "hegemonistic" designs in Asia. Peking is even more adamant than Tokyo in contending that the northern territories, a group of islands north of Hokkaido that have been occupied by the Soviet Union since the end of World War II, should be returned to Japan. The Chinese argue that the Soviet objection to the anti-hegemony clause in the Sino-Japanese peace treaty is based on Moscow's fear of losing these islands. Last week, Chinese media reported that Japan-China Friendship Association leader Hisao Kuroda, while in Peking on a visit, had specifically made this link between Soviet opposition to the hegemony statement and Moscow's desire "to perpetuate its illegal occupation" of the islands.

② The Chinese hope to use the link with the sensitive northern territories issue to make it difficult for Tokyo to water down any subsequent "definition" of hegemony after the treaty has been signed. Japanese Prime Minister Miki and Foreign Minister Miyazawa have implied that they could agree to including anti-hegemony language in the Sino-Japanese

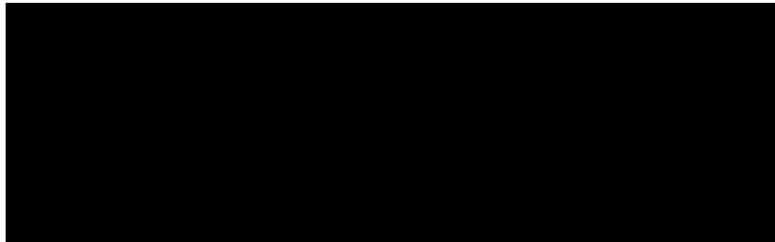
November 24, 1975

treaty, but would insist on "defining" hegemonism as a "universal peace principle" not directed at any specific country.

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While the Chinese will continue their firm opposition to any Japanese move that would in any way imply that the Soviets were not the main target of the anti-hegemony clause, they have already indicated they would not object to a Japanese explanation that the clause does not imply a commitment to joint action against another country. (CONFIDENTIAL NOFORN)

25X1A




November 24, 1975

Tientsin Is China's First Containership Port


25X1A

Chinese reports indicate that new construction has made Tientsin, the port for Peking, the first port in China capable of accommodating containerships. Tientsin now has berths for 10 ships over 10,000 tons, and the new container docks together with new railways and warehouses have reportedly doubled the cargo-handling capacity of the port. China is also building container facilities at Shanghai and at Canton's port, Huang-pu. In addition to reducing port congestion because of faster loading and unloading, containerships with their greater speeds and cargo volumes are much more economical to operate than ordinary freighters.
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25X1A



November 24, 1975

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